

Ramirent Plc

Business identification code: FI09771354

Report of the Board of Directors, Consolidated Financial Statements (IFRS) and Parent Company Financial Statements (FAS)

Financial year 2006

(1 Jan. – 31 Dec. 2006)

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Report of the Board of Directors

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Auditors' report

To the shareholders of Ramirent Plc

[xx]

Consolidated financial statements - IFRS**Consolidated income statement**

	Notes reference	2006	2005
Net sales		497,858	388,977
Other operating income		6,907	1,802
Material and service expenses		-121,658	-98,658
Employee benefit expenses		-125,742	-112,025
Depreciation, amortisation and impairment charges		-61,243	-51,166
Other operating expenses		-85,802	-72,974
Operating profit		110,320	55,955
Financial income		4,404	3,990
Financial expenses		-11,781	-11,290
Profit before taxes		102,943	48,655
Income taxes		-23,787	-13,144
Net profit for the financial year		79,156	35,511
Sharing of profit			
To the parent company's shareholders		79,129	35,498
To the group's minority		27	13
Earnings per share (EPS)			
EPS on parent company shareholders' share of profit, diluted			1.34
EPS on parent company shareholders' share of profit, non-diluted			1.35

Consolidated balance sheet

	Notes reference	2006	2005
ASSETS			
Non-current assets			
Tangible assets		384,486	286,806
Goodwill		76,112	73,211
Other intangible assets		1,527	1,389
Available-for-sale investments		119	414
Deferred tax assets		1,200	1,421
Total non-current assets		463,444	363,241
Current assets			
Inventories		17,767	15,280
Trade and other receivables		97,304	72,726
Income tax receivables on the taxable income for the financial period			
Cash and cash equivalents		1,113	1,320
Total current assets		116,183	89,326
Non-current assets held for sale		4,638	11,723
TOTAL ASSETS		584,265	464,290
EQUITY AND LIABILITIES			
Equity belonging to the parent company's shareholders			
Share capital		11,625	11,441
Share premium fund		126,011	122,788
Revaluation fund		105	-580
Translation difference		4,898	4,236
Retained earnings		122,062	59,027
Items recognised directly to equity on non-current assets held for sale		140	-
		264,841	196,912
Minority interest		83	82
Total equity		264,924	196,994
Non-current liabilities			
Deferred tax liabilities		33,165	21,475
Pension obligations		8,090	7,530
Provisions		1,186	-
Interest bearing liabilities		169,769	146,121
Total non-current liabilities		212,210	175,126
Current liabilities			
Trade payables and other liabilities		79,358	69,490
Provisions		581	-
Income tax liabilities on the taxable income for the financial period		9,604	1,327
Interest bearing liabilities		17,588	21,353
Total current liabilities		107,131	92,170
Total liabilities		319,341	267,296
TOTAL EQUITY AND LIABILITIES		584,265	464,290

Consolidated cash flow statement

Consolidated statement of changes in equity

	Share capital	Share premium fund	Cumulative translation differences	Revaluation fund	Retained earnings	Entries on non-current assets held for sale	Parent company shareholders' equity	Minority interest
Equity on 31 December 2004	11,134	118,703	3,467	-	32,753	-	166,057	183
Adoption of IAS 32 and 39	-	-	-	-1,774	-803	-	-2,577	-
Income taxes on adoption of IAS 32 and 39	-	-	-	461	209	-	670	-
Adjusted equity on 1 January 2005	11,134	118,703	3,467	-1,313	32,159	-	164,150	183
Share-based payment	-	-	-	-	183	-	183	-
Change of defined benefit pension obligation *)	-	-	-	-	-4,052	-	-4,052	-
Translation differences	-	-	769	-	-	-	769	15
Fair value adjustment of interest rate SWAPs	-	-	-	991	-	-	991	-129
Income tax on directly to equity entries	-	-	-	-258	1,134	-	876	-
Entries directly to equity (net)	-	-	769	733	-2,735	-	-1,233	-114
Net profit for the financial year	-	-	-	-	35,498	-	35,498	13
Net of income and expenses for the period	-	-	769	733	32,763	-	34,265	-101
Dividend distribution	-	-	-	-	-5,895	-	-5,895	-
Directed share issue	73	2,734	-	-	-	-	2,807	-
Increase of counter-book value of shares	131	-131	-	-	-	-	-	-
Used share options	103	1,482	-	-	-	-	1,585	-
Equity on 31 December 2005	11,441	122,788	4,236	-580	59,027	-	196,912	82
Translation differences	-	-	662	-	-	-	662	-7
Decrease of minority interest	-	-	-	-	-	-	-	-19
Fair value adjustment of interest rate SWAPs	-	-	-	925	-	-	925	-
Fair value adjustment of available-for-sale investments	-	-	-	-	-	190	190	-
Income tax on directly to equity entries	-	-	-	-240	-	-50	-290	-
Entries directly to equity (net)	-	-	662	685	-	140	1,487	-26
Net profit for the financial year	-	-	-	-	79,129	-	79,129	27
Net of income and expenses for the period	-	-	662	685	79,129	140	80,616	1
Dividend distribution	-	-	-	-	-16,094	-	-16,094	-
Directed share issue	13	896	-	-	-	-	909	-
Used share options	171	2,327	-	-	-	-	2,498	-
Equity on 31 December 2006	11,625	126,011	4,898	105	122,062	140	264,841	83

Disclosures to the consolidated financial statements TO BE UPDATED BY ROGER*[Business activities]*

Ramirent Plc is a Finnish public limited liability company organised under the laws of Finland and domiciled in Helsinki, Finland. The company's registered address is Tapulikaupungintie 37, PB 31, FI-00751 Helsinki, Finland. The parent company Ramirent Plc's shares are listed on the Helsinki stock exchange since 1998.

Ramirent's business activities comprise rental of construction machinery and equipment for construction and industry. In addition to this the company provides services related to the rental of machinery and equipment and also conducts some trade of construction related machinery, equipment and accessories.

Ramirent is an international company operating in 11 countries – Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Hungary, Russia and Ukraine. The business operations are conducted from a total of 270 rental outlets located in these countries.

At the end of 2005 Ramirent employed 2,678 people. The consolidated net sales amounted to 389 million EUR, of which 77% was generated outside Finland.

*Accounting principles for the consolidated financial statements***General**

Ramirent Plc's year 2005 consolidated financial statements are the company's first financial statements prepared in accordance with the International Financial Reporting Standards (IFRS). Prior to year 2005 Ramirent prepared and published its annual consolidated financial statements in accordance with the Finnish Accounting Standards (FAS).

The figures for the comparative year 2004, which were reported under FAS in the company's year 2004 Annual Report, have been restated to comply with IFRS. Consequently all figures presented in the year 2005 consolidated financial statements are in accordance with IFRS.

The date of transition from FAS to IFRS was 1 January, 2004. In restating the year 2004 figures to comply with IFRS, Ramirent applied certain exception rules allowed by IFRS 1 "First-time adoption of International Financial Reporting Standards". The exception rules applied are included in the description of accounting principles and in the section "Transition to IFRS" below.

The effects of the restatements of the full year 2004 FAS figures to IFRS, as well as descriptions of the adjustments made, are presented separately in section "Transition to IFRS" below. The effects of the IFRS adjustments on year 2004 interim figures were set forth in the company's year 2005 quarterly interim reports issued on 18 May 2005 (Q1/2005), 31 August 2005 (Q2/2005) and 17 November 2005 (Q3/2005).

All IFRS's in force on 31 December 2005 that are applicable to Ramirent's business operations, including all SIC- and IFRIC-interpretations thereon, have been complied with when preparing both year 2005 and year 2004 figures. International financial reporting standards, referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of this Act, refer to the standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the EU. The disclosures to the consolidated financial statements conform also with the Finnish accounting and company legislation.

The consolidated financial statements are presented in thousands of EUR except where specifically otherwise stated. Due to this rounding the figures might occasionally differ from their sum when added.

Basis for preparation of the consolidated financial statements

The consolidated financial statements are prepared under the historical cost method, with the exception of available-for-sale financial assets, derivative instruments, share-based payment expenses, assets and liabilities connected with defined benefit pension plans and non-current assets classified as held for sale.

Derivative instruments are measured at their fair value in 2005. In accordance with the regulations of IFRS 1, Ramirent has not restated its 2004 figures for its derivative instruments. Instead they are accounted for and presented in accordance with the FAS regulations in the comparative year 2004 accounts. Thus, Ramirent applies IAS 39 and IAS 32 from 1 January 2005 onwards.

Share-based payment expenses are recognised in the income statement at their fair value measured on their granting date.

Non-current assets classified as held for sale are measured at the lower of their fair value less cost to sell and their carrying amount.

Goodwill items stemming from business combinations executed before 1 January 2004 (the IFRS transition date) are measured at their carrying amount in the FAS financial statements at year end 2003. The FAS carrying amount of goodwill at year end 2003 is in turn the difference between the historical cost and the accumulated FAS amortisation until year end 2003. Hence, the classification or accounting treatment of these goodwill items has not been changed in the company's IFRS opening balance on 1 January 2004. Consequently, they are carried at their deemed cost on the IFRS transition date less any impairment charges recognised after the transition date.

Application of estimates

The preparation of the consolidated financial statements in accordance with IFRS requires the company's management to make and rely on certain estimates and to make certain judgements when applying the company's accounting principles. Although these estimates are based on management's best knowledge of events and transactions, actual results may, nevertheless, differ from the estimates.

The most common and significant situations when management uses judgement and makes estimates are when it decides on the following:

useful life, and thus total depreciation/amortisation periods, for different categories of intangible and tangible non-current assets,

recoverable amount for different categories of intangible and tangible non-current assets,

probability of future taxable profits against which tax deductible temporary differences can be utilised thus giving rise to recognition of deferred tax assets,

net realisable value of inventories,

fair value (collectable amount) of trade receivables,

amount of cost provisions,

need for disclosure of contingent assets and/or liabilities,

measurement of fair value of assets acquired in connection with business combinations, and

future business estimates and other elements of impairment testing.

Consolidation principles

The consolidated financial statements include the parent company Ramirent Plc and all of its subsidiaries. This is due to the fact that the parent company, either directly or indirectly through some other subsidiary, is in control of all its subsidiaries. Control is the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities.

There was no associated company and no joint venture belonging to the group neither during 2004 nor during 2005.

The consolidated accounts are prepared by use of the purchase method, according to which the assets, liabilities and contingent liabilities of the acquired company are measured at their fair value at the date of acquisition. The date of acquisition is the date when control is gained over the subsidiary. A subsidiary is consolidated from the date of acquisition until the date when the parent company loses control over the subsidiary.

The cost of goodwill is the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable net assets, liabilities and contingent liabilities of the acquiree at the date of acquisition. It represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognized as assets.

Goodwill is not amortised, but instead it is subject to an annual impairment testing procedure once a year, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment charge is recognised on goodwill in the consolidated income statement if the impairment test shows that its carrying amount exceeds its estimated recoverable amount, in which case its carrying value is written down to its recoverable amount. Thus, subsequent to its initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. An impairment loss on goodwill cannot be reversed.

The net assets acquired are denominated in the functional currency of the acquired subsidiaries and translated to the parent company's functional currency EUR at the balance sheet rates. The result of this is that goodwill on all acquisitions measured in any other currency than EUR is subject to exchange rate differences, which causes a fluctuation of the goodwill amount and any fair value adjustment amount when translated to the parent company's functional currency EUR.

The acquisition costs and net assets acquired due to business combinations that have taken place before 1 January 2004 have been translated to the respective functional currency of those subsidiaries using the exchange rate at balance sheet date 31 December 2003.

In accordance with the exemption rule allowed by IFRS 1, acquisitions prior to the IFRS transition date (1 January 2004) have not been restated compared to their carrying value and their accounting treatment under FAS at year end 2003. Under FAS goodwill was not subject to the same kind of allocation process as required by IFRS, but was instead subject to straight line amortisation during a period that could vary between 5-20 years. Hence, the goodwill items that have arisen before the transition date are not fully comparable with goodwill items that have arisen after the transition date.

All group internal transactions, balances and internal unrealised profits as well as group internal dividends are eliminated. Group internal losses are not eliminated if the loss is due to an impairment of value.

Subsidiaries resident in Russia, which as per year end 2003 were regarded as a hyper-inflationary country, were previously under FAS consolidated using the monetary/non-monetary method. Following the fact that Russia no longer is a hyper-inflationary country, this consolidation method was abandoned at the IFRS transition date (1 January 2004). The balance sheet amounts expressed in EUR at year end 2003 for the Russian subsidiaries have been used as the basis for the carrying amounts in RUB in the IFRS opening balance as per 1 January 2004.

The minority's share of the net result of Ramirent's subsidiaries is presented separately from the consolidated net result belonging to the parent company's shareholders in the consolidated income statement. Likewise is the minority's share of the equity of Ramirent's subsidiaries presented as a separate equity item apart from the consolidated equity belonging to the parent company's shareholders in the consolidated balance sheet.

Foreign currency transactions

The result and financial position of each group company is measured in the currency of the operational environment in which the company is operating (functional currency). The consolidated financial statements are presented in EUR, which is the functional currency of group's parent company Ramirent Plc.

Foreign currency transactions are translated into EUR using the exchange rates prevailing at the dates of the transactions. Receivables and liabilities denominated in foreign currencies are translated to EUR using the exchange rates prevailing at the balance sheet date. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are for operating items recognised affecting operating profit in the consolidated income statement, whereas those stemming from financing items are recognised in financial income and expenses in the consolidated income statement. Foreign currency exchange differences arising from items that are regarded as forming part of the net investment in the foreign subsidiaries are recognised as translation differences directly to equity in the consolidated balance sheet.

The income statements of the group's subsidiaries whose functional currencies are not EUR are translated to EUR using the average exchange rates for the financial period. Their balance sheets are translated to EUR at the exchange rates prevailing at the balance sheet date.

The difference arising due to the consolidation process between the net result for the financial period in the consolidated income statement and that in the consolidated balance sheet is, as are the exchange rate differences arising from the elimination of the acquired net assets of the foreign subsidiaries at the acquisition date, recognised as translation differences directly in equity in the consolidated balance sheet. When a subsidiary is sold or liquidated, any translation difference relating to the sold or liquidated subsidiary and previously recognised directly in equity is recognised in the income statement as part of the gain or loss of the sale or liquidation.

Translation differences that have arisen under FAS before the IFRS transition date (1 January 2004) have been included in retained earnings at transition date. They will not be recognised in the income statement as part of the sales or liquidation gain or loss even though the subsidiary(ies) which they relate to would eventually be sold or liquidated.

Reporting by segment

Segment information is presented for Ramirent's primary segment, which is determined by geographical split. The geographical segment information is based on Ramirent's internal organisational structure and its internal economic reporting.

Ramirent's geographical segments are:

Finland

Sweden

Norway

Denmark

Rest of Europe (Eastern and Central European countries)

The geographical income statement information is presented according to customer location, whereas asset and liability information is presented by asset and liability location.

No secondary segment split has been defined within the group. Therefore, and due to the fact that the company's profitability and risk of operations above all varies due to different risk level in different geographical areas, Ramirent does not present segment information by secondary segment split.

The pricing for group internal transactions between the different geographical segments is based on the arm's length principle.

The segment's assets and liabilities consist of operational items that the segment utilises in its business operations added with group common items that can be allocated to the segment on a rational basis. The items that are not allocated to the segments consist of financial and tax items as well as assets and liabilities that are commonly used by the whole group.

Revenue recognition

All rental income and income from sale of goods are accounted for as revenues. The revenues are reported to the actual/fair value of what has been received in cash or will be received in cash reduced by sales discounts, VAT and other taxes directly linked to the sales amount.

Rental revenue and revenues from services related to the rental income are recognised in the period when the service is rendered to the customer.

Income from sale of inventories and sale of rental machinery and equipment is recognized as revenue when the significant risks and benefits related to the ownership have been transferred to the buyer and the seller no longer retains control or managerial involvement in the goods.

Employee benefits

Pension obligations

The group companies have organised their pensions by means of various pension plans in accordance with local conditions and practices. Defined contribution plans exist in all countries in which Ramirent is operating, whereas defined benefit plans exist in Sweden and Norway only.

The pension contributions paid or payable for defined contribution pension plans are expensed in the income statement during the financial period to which the payment relate.

There is one defined benefit pension plan in Ramirent AB in Sweden which is organised through PRI Pensionstjänst AB and administrated by Alecta, and five defined benefit pension plans in Bautas AS in Norway which are organised through Storebrand Livsförsikring AS. The defined benefit pension obligation due to these pension plans have been recognised in the balance sheet on the basis of actuarial calculations. The actuarial calculations are based on projected unit credit method by applying market interest rates quoted at the balance sheet date for low risk government or corporate bonds the maturity of which materially corresponds to the maturity of the defined benefit pension obligation.

The pension expenses for defined benefit pension plans are recognised in the income statement during the total projected service period for the employees covered by the plans. Actuarial gains and/or losses less than the greater of 10% of the present value of the defined benefit obligation and the fair value of the plan assets are not recognised as pension obligation in the balance sheet (the "corridor" approach). To the extent that those actuarial gains and/or losses exceed the aforementioned 10% threshold, they are credited/debited to the pension expenses in the income statement over the expected average remaining working lives of the employees participating in the defined benefit pension plans.

Ramirent has not applied the exemption rule included in IFRS 1 according to which all actuarial gains and losses at the date of transition to IFRS could have been recognised as pension obligation in the company's balance sheet as at the IFRS transition date (1 January 2004). The unrecognised actuarial losses at the IFRS transition date amounted to EUR 1,230 thousand gross of deferred tax (EUR 886 thousand net of deferred tax).

Share-based payments

Ramirent has applied IFRS 2 "Share-based payments" on all option programs granted after 7 November 2002 regardless of whether the exercise date for the option rights is before or after 1 January 2005.

The option rights have been measured at fair value at the grant date using the Black & Scholes valuation model. The fair value at grant date is expensed in the income statement on a linear basis during the vesting period. The fair value calculated at grant date is based on Ramirent's estimate of the number of option rights that are expected to be given at the end of the vesting period. Any change of the estimated number of option rights expected to be given is taken into account at the end of each financial period. The effect of the change is recognised in the income statement.

When the options are exercised, the proceeds received, net of any transaction costs, are credited to share capital and the share premium account.

Borrowing costs

Interest and other costs related to interest bearing liabilities are expensed in the income statement on an accrual basis. Transaction expenses directly attributable to the raising of loans from financial institutions, and which are clearly connected to a specific loan, are offset against the initial loan amount in the balance sheet and recognised as financial expenses in the income statement using the effective interest method.

Operating result

The operating result is the total of sales and other operating income from which expenses for material and services, employee benefits and other operating expenses as well as depreciation, amortisation and impairment charges on non-current assets are subtracted.

Foreign currency differences stemming from working capital items are included in the operating result, whereas foreign currency differences from financial assets and liabilities are included in financial income and expenses.

Income taxes

Income taxes consist of current income taxes and deferred income taxes. Current income taxes include income taxes for the current fiscal year as well as adjustments to the current income taxes for previous fiscal years in terms of tax expenses or tax refunds that had not been recognised in prior year income statements. The income tax charge for the current fiscal year is the sum of the current income taxes recorded in each group company, which in turn are calculated on the company specific taxable income using the tax rates prevailing in the different countries where the group companies are operating.

Deferred taxes are calculated on all temporary differences between the carrying value and the tax bases of assets and liabilities. The main temporary differences arise from the depreciation difference on non-current assets, defined benefit employee benefit plans, unused prior year tax losses and fair value adjustments made in connection with business combinations. Deferred taxes are not recognised on tax non-deductible impairment charges on goodwill. Deferred taxes are neither recognised on subsidiary retained earnings to the extent that it is not probable that the timing difference will materialise in the foreseeable future.

Deferred taxes are calculated using the country specific tax rates imposed in local tax laws as at balance sheet date.

Deferred tax assets are recognised to the extent it is probable that there will be future taxable profits to offset the temporary difference against.

Income taxes on items recognised directly in equity are also recognised directly in equity.

Goodwill and other intangible non-current assets

Goodwill

For business combinations executed after the IFRS transition date (1 January 2004) goodwill represents the excess of the cost of a business combination over the acquirer's interest in the recognised net fair value of the identifiable assets, liabilities and contingent liabilities. For business combinations executed before the IFRS transition date goodwill is the initial goodwill amount recognised under previously applied FAS regulations deducted by the cumulative FAS

amortisation booked until year end 2003. Business combinations executed before the IFRS transition date have not been restated in the opening IFRS balance as per 1 January 2004.

Goodwill is stated at cost and is not amortised, but tested annually for impairment. For this purpose goodwill has been allocated to the cash generating units (CGU's) which it relates to. Goodwill is carried at initial cost less any impairment charges recognised after the acquisition date.

Other intangible non-current assets

An intangible asset is recognised only if it is probable that the future economic benefits that are attributable to the asset will flow to the company, and the cost can be measured reliably.

Other intangible non-current assets comprise software licenses and costs for IT-systems which are stated at initial cost less cumulative amortisation. The initial cost comprises expenses directly attributable to the acquisition of the asset and other expenses associated with the development of the system such as personnel expenses for the company's own development team.

In addition to the aforementioned other intangible non-current assets also include non-competition and customer agreements acquired and identified in business combinations. They are carried at initial fair value at the date of acquisition less cumulative amortisation.

Other intangible non-current assets with a finite economic useful life are amortised over the estimated useful lives of the assets. The estimated useful lives and the amortisation methods used are per asset category as follows:

Software licenses and IT-systems	linear	3-8 years
Non-competition agreements	agreement specific method and useful life	
Customer agreements	agreement specific method and useful life	

Tangible non-current assets

A tangible non-current asset is recognised in the balance sheet only if it is probable that future economic benefits associated with the asset will flow to the company and its cost can be measured reliably.

Tangible non-current assets (buildings and structures, machinery and equipment, land and other tangible assets) acquired by group companies are stated at historical acquisition cost less accumulated amortisation and accumulated impairment charges, except when acquired in connection with a business combination when they are measured at fair value at acquisition date less depreciation and impairment charges accumulated after the acquisition date.

The acquisition cost includes all expenses attributable to bringing the asset to working condition. In addition to direct purchasing expenses it also includes other expenses related to the acquisition, such as duties, transport costs, installation costs, inspection fees etc. Borrowing costs are not included.

Expenditure subsequent to the initial acquisition cost is added to the cost of the asset only when it is probable that it will give rise to increased future economic benefits compared to the situation before the subsequent expenditure was incurred.

Major repairs may qualify for the capitalisation criteria for subsequent expenditures. This is the case when the costs spent on the repair enhance the capacity of the asset or extends its useful life compared to its capacity or useful life before the repair. If not, subsequent expenditures are not capitalised in the balance sheet, but instead recognised as expenses in the income statement. Ordinary repair and maintenance expenditures are expensed in the income statement when incurred.

Tangible non-current assets are subject to linear item-by-item depreciation during their estimated useful life. Some non-itemised asset categories, like scaffoldings, are depreciated using the declining balance method. Land is not subject to depreciation.

The depreciation method used, the estimated useful lives and the annual depreciation percentage are per asset category as follows:

Buildings and structures	linear	20 years	
Machinery and equipment for own use		linear	3-10 years
Other tangible non-current assets		linear	3-8 years
Itemised rental machinery, fixtures and equipment			
Lifting and loading equipment	linear	8-15 years	
Minor machinery	linear	3-8 years	
Portable spatial units	linear	10 years	
Non-itemised rental machinery, fixtures and equipment			
Scaffolding	declining balance	10%	
Formwork and supporting fixtures	declining balance	10%	
Other non-itemised tangible assets	declining balance	10-33%	

The useful lives and the depreciation percentage are reviewed at each balance sheet date and, where they differ significantly from previous estimates, depreciation periods or the annual depreciation percentages are changed accordingly.

Depreciation ceases when assets are classified as held for sale in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. Assets classified as held for sale are carried at the lower of carrying value and fair value less costs to sell.

Gains and losses on sold tangible non-current assets are included in the income statement. Sales income from sold rental machinery and equipment is recognised in net sales, whereas the costs related to the sales are recognised as material and service expenses. Sales gains from sold tangible non-current assets are recognised as other operating income, whereas sales losses are recognised as other operating expenses.

Impairment of assets and impairment testing

Non-current and current assets are reviewed annually as to whether there are any indications that any asset is impaired, i.e. whether any events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Goodwill is subject to an annual impairment testing process. The impairment test on goodwill is performed on lowest cash generating unit (CGU) level to which assets and liabilities can be rationally allocated and which generate separately identifiable cash inflows and outflows.

The recoverable amount for non-current assets is the higher of their fair value less cost to sell and their value in use. The value in use is determined by reference to discounted cash flows expected to be generated by the asset. The financial valuation models used for impairment testing require application of estimates. The recoverable amount for current assets is either the fair value or the present value of future cash flows discounted using the effective interest method.

An impairment charge (loss) is recognised when an asset's carrying amount is higher than its recoverable amount. Impairment losses are recognised in the income statement.

A recognised impairment loss is reversed only if such changes of circumstances have occurred which have had an increasing effect on the recoverable amount compared to its amount when the impairment loss was recognised. Impairment losses may not, however, be reversed in excess of such a reversal amount which would cause the assets carrying value after the reversal to be higher than the carrying value it would have had if no impairment loss would have been recognised.

Impairment losses on goodwill cannot under any circumstances be reversed.

Goodwill has been tested for impairment at the IFRS transition date (1 January 2004), at year end 2004 and at year end 2005.

Leases

Leases of tangible non-current assets are classified as finance leases where the company has substantially all the rewards and risks of ownership. Finance leases are capitalised at the commencement of the lease term at the lower of the fair value of the leased asset and the present value of the underlying minimum lease payments. Each lease payment is allocated between the reduction of capital liability and finance charges to achieve a constant interest rate charge on the finance lease liability outstanding.

The finance lease liability, net of finance charges, is included in interest bearing liabilities. The finance charge is recognised as financial expenses in the income statement over the lease period. The leased assets are depreciated during their useful life in accordance with the depreciation principles applied by the company for different categories of non-current assets.

Leases of assets where the lessor retains all the benefits and risks of ownership are classified as operating leases. The company's operating leases are classified into four main groups: 1) split-rental agreements, 2) re-renting agreements, 3) renting agreements, and 4) other operating lease agreements.

Split-rental and re-renting agreements are used for short-term leasing of rental machinery and equipment. Their expenses are included in material and service expenses in the income statement.

Operating leases of property used by the company in its business operations are classified as renting agreements. The renting agreements may be made for a certain period of time or be drawn up for an unspecified period of time without any date of expiration. They may also include clauses on termination period or termination fee payable in case of termination before expiration date. Their expenses are recognised as other operating expenses in the income statement.

Other assets than property used by the company or its personnel and leased by means operating leases are classified as other operating lease agreements. They are usually valid for a certain period of time and their expenses are recognised as other operating expenses in the income statement.

The company's obligations in terms of future minimum non-cancellable leasing payments are reported as off-balance sheet disclosure information. The disclosures information contains the future minimum non-cancellable leasing payments only on those lease agreements for which they can be reliably measured. Due to this, the disclosure information does not include those operating lease agreements that are made for an unspecified period of time without any date of expiration and which do not include any clause of termination period or termination fee payable. In cases where termination periods or a termination fees exist, the lease payments for the termination period or the termination fee are regarded as the future minimum non-cancellable lease payments.

Inventories

Inventories are valued at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cost is determined using the weighted average cost formula. The cost is defined as all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Borrowing expenses are not included in cost of inventories.

Inventories comprise assets that are held for sale in the ordinary course of business, or in the form of materials or supplies to be consumed in the rendering of services. The main categories of inventories are machinery and equipment for sale, spare parts and accessories for sale as well as spare parts, accessories and materials to be consumed in the rendering of services.

Financial assets, financial liabilities, derivative instruments and hedge accounting

Ramirent has adopted IAS 39 “Financial Instruments: Recognition and Measurement” and IAS 32 “Financial Instruments: Disclosure and Presentation” as of 1 January 2005. The company has applied the exemption rule of IFRS 1 which allows non-restating of year 2004 figures. The previously used FAS regulations have instead been applied for the comparative year 2004 figures.

Classification of financial assets and liabilities

From the beginning of year 2004 financial instruments are classified into “loans and other receivables”, “available-for-sale financial assets” and “liabilities at amortised cost”. The company has not classified any financial assets as being “financial assets at fair value through profit or loss” or “held-to-maturity investments”. The classification of financial assets and liabilities is done at the date of the initial acquisition.

Available-for-sale financial assets

Equity securities are designated as “available-for-sale financial assets”. Equity shares are measured at fair value and the valuation is based on quoted market prices. Unlisted equity shares for which fair value cannot be reliably measured are carried at cost less impairment charges. Fair value changes of “available-for-sale financial assets” are recognised directly in the equity (the revaluation fund) net of income taxes.

Purchases and sales of available-for-sale financial assets are recognised at the trade date. Transaction expenses are included in the initial acquisition cost. When disposed of, the accumulated fair value changes are released from equity to financial income and expenses in the income statement. Changes in fair value are recognised in the income statement to the extent they cause impairment losses.

All available-for-sale financial assets are presented as non-current assets if their sale is not regarded probable within the following 12 months after the balance sheet date. Otherwise they are presented as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets the settlements of which are fixed or can be determined and which are not quoted on functional markets and which the company does not hold for trade. These include the financial assets that the company has received by transferring money, goods or services.

Loans and receivables, except for derivative instruments, are recognised at settlement date and measured at amortised cost using the effective interest method. They are presented as non-current assets to the extent that they fall due more than 12 months after the balance sheet date.

Trade receivables are carried at their estimated fair value (collectable amount), which is the originally invoiced amount less an estimated allowance for impaired receivables. The allowance need is determined on a lot by lot inspection of overdue receivables.

Financial liabilities

All financial liabilities, except for derivative instruments, are recognised at settlement date and measured at amortised cost using the effective interest method.

Transaction expenses directly attributable to the raising of loans from financial institutions, and which are clearly connected to a specific loan, are offset against the initial loan amount in the balance sheet and recognised as financial expenses in the income statement using the effective interest method.

Financial liabilities are included in both non-current and current liabilities and they can be interest or non-interest bearing.

Derivative instruments and hedge accounting

The main derivative instruments used by the company for the financial years 2004 and 2005 were interest rate SWAP's. They have been used as hedging instruments in accordance with the company's finance policy.

Hedge accounting is applied for interest rate SWAP's. The hedged object comprises the future cash flow on interest expenses payable on interest bearing debt. All hedging has been effective in both year 2005 and 2004.

In addition to interest rate SWAP's some short-term currency forwards have also been used in minor scale.

The hedging instruments are initially recognised at fair value on the date of entering the derivative contract. After the initial recognition they are re-measured at fair values, which are based on quoted market prices and rates. The change of the fair value is recognised in the revaluation fund directly to equity to the extent that the hedging is effective. The ineffective part of the hedging is recognised in the income statement.

The hedging program is documented according to the requirement of IAS 39 and the hedging instruments are subject to prospective and retrospective testing of effectiveness. Any ineffective part of the gain or loss of the hedging instrument is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, deposits held at call with banks and other short-term highly liquid financial investments with a maturity shorter than 3 months. When bank overdrafts show a liability balance, they are presented as non-current interest-bearing liabilities.

Provisions

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that a future outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The most usual types of provisions that may exist are restructuring provisions and provisions due to litigation or tax risks.

Dividends

The dividend proposed by Ramirent's Board of Directors is included in retained earnings in the consolidated balance sheet. Retained earnings are reduced by the dividend payable only after it has been approved by the General Meeting of Shareholders.

Earnings per share

Earnings per share (EPS) are calculated by dividing the net result belonging to the parent company's shareholders with the weighted average number of shares during the financial period. Treasury shares, if any, are subtracted from the number of outstanding shares.

The diluted earnings EPS is calculated by dividing the net result belonging to the parent company's shareholders with the weighted average number of shares during the financial period to which the additional calculated number of shares presumed to have been subscribed with options is added. Option rights have a diluting effect if the share market price is higher than the subscription price of the shares when using options.

Application of new and revised IFRS's and IFRIC-interpretations

IFRIC 4, which was issued by IASB in 2004 and which describes how to define whether an arrangement constitutes a lease agreement or not, will be adopted in 2006. It is estimated that the adoption this IFRIC-interpretation will not have any material effect on future financial statements.

In addition to the above, the company starts adopting IFRS 7 *Financial instruments: Disclosures* in 2007. It is estimated that the adoption of this standard, which was issued in 2005, will affect disclosure information only in future years.]

*Disclosures to the consolidated income statement***1. Segment information****Year 2006 segment information****Year 2005 segment information****Net sales and operating profit**

Net sales (group external)	84 307	105 050	100 767	42 496	56 357	-	388 977
Inter-segment net sales	461	101	1	181	18	-762	-
Total net sales	<u>84 768</u>	<u>105 151</u>	<u>100 768</u>	<u>42 677</u>	<u>56 375</u>	<u>-762</u>	<u>388 977</u>
Operating profit	15 069	9 234	15 666	4 186	11 800	-	55 955
Financial items and taxes							-20 444
Net result from continuing operations							35 511
Group net result							35 511

Other information

Assets	181 996	161 300	120 404	43 532	109 163	-153 526	462 869
Unallocated assets							<u>1 421</u>
Total Group assets							<u>464 290</u>
Liabilities	189 143	65 609	57 535	19 630	70 577	-156 673	245 821
Unallocated liabilities							<u>21 475</u>
Total Group liabilities							<u>267 296</u>
Investment in non-current assets	14 547	49 269	16 649	9 080	41 131	-14 895	115 781
Depreciation	-8 623	-14 048	-13 810	-5 475	-9 210	-	-51 166

Number of employees

At balance sheet date	558	576	548	200	796		2 678
Average during the year	580	567	540	194	734		2 614

2. Net sales by sales category

	2006	2005
Rental income	335,346	254,903
Service income	110,446	91,593
Sale of used rental machinery and equipment	12,619	10,159
Sale of goods	<u>39,447</u>	<u>32,322</u>
	497,858	388,977

3. Other operating income**4. Material and service expenses**

	2006	2005
Operating leases	-24,006	-19,057
Cost of sold rental equipment	-8,477	-5,470
Cost of goods sold	-26,458	-23,105
Repair and maintenance	-26,271	-24,457
Transportation	<u>-36,446</u>	<u>-26,569</u>
	-121,658	-98,658

5. Employee benefit expenses

	2006	2005
Wages and salaries	-95,980	-81,641
Share-based payment	-	-747
Social security	-12,505	-13,635
Post employment benefits		
Pension expenses - defined benefit plans	-1,730.0	-1,607
Pension expenses -defined contribution plans	-5,452.0	-6,361
Other personnel expenses	<u>-10,075</u>	<u>-8,034</u>
	-125,742	-112,025

6. Depreciation, amortisation and impairment charges

	2006	2005
Tangible non-current assets		
Buildings and structures	-812	-1,017
Machinery and equipment	-58,370	-48,583
Other tangible assets	-517	-352
Impairment charges	-808	-347
Intangible non-current assets		
Intangible assets	-480	-639
Other long-term expenditure	<u>-256</u>	<u>-228</u>
	-61,243	-51,166

7. Other operating expenses

	2006	2005
Property operating leases	-14,784	-10,752
Other property expenses	-7,252	-7,163
IT and office	-11,919	-12,008
Other operating leases	-3,201	-2,365
External services	-31,318	-25,782
Bad debts	-3,120	-2,839
Other	-14,208	-12,064
	<u>-85,802</u>	<u>-72,973</u>

8. Non-recurring expenses**9. Financial income and expenses**

	2006	2005
Financial income		
Dividend income	3	3
Interest income	278	472
Exchange rate gains	4,123	3,515
	<u>4,404</u>	<u>3,990</u>
Financial expenses		
Interest expenses		
Bank loans	-5,699	-5,512
Finance lease liabilities	-537	-1,044
Derivative instruments	-470	-1,220
Exchange rate losses	-4,191	-2,354
Other financial expenses	-884	-1,160
	<u>-11,781</u>	<u>-11,290</u>
Net sales includes exchange rate differences	156	66
Material and service expenses include exchange rate differences	<u> </u>	<u> </u>
Other operating expenses include exchange rate differences	<u> </u>	<u> </u>

10. Income taxes

	2006	2005
Current income tax for the year	-13,952	-2,485
Income tax for prior years	420	315
Deferred tax	-10,255	-10,974
	<u>-23,787</u>	<u>-13,144</u>

Reconciliation of income tax to the Finnish corporate income tax rate	2006	2,005
Income tax at Finnish tax rate (26%) on profit before tax	-26,765	-12,644
Impact of different tax rate outside Finland	1,505	733
Impact of tax non-deductible expenses	-821	-738
Impact of tax exempt income	1,880	274
Income tax for prior years	421	315
Changes in the carrying amount of deferred tax assets from prior year	102	-835
Impact of the changes in tax rates on deferred tax assets	-	33
Impact of the changes in tax rates on deferred tax liabilities	-	-72
Benefit arising from previously unrecognised items used to reduce current tax expense	217	40
Benefit arising from previously unrecognised items used to reduce deferred tax expense	31	403
Impact of changes in accounting principles and/or of prior year errors	-591	160
Impact of consolidation and eliminations	96	-651
Other items	<u>138</u>	<u>-162</u>
	-23,787	-13,144

11. Earnings per share

[Diluted earnings per share are calculated by adjusting the average number of shares outstanding to assume conversion of all potential shares. Ramirent has one option program comprising two option series (series 2002A and 2002B).

The options have a diluting effect when the exercise price with an option is lower than the market value of the share. The diluting effect is the number of shares that Ramirent has to issue free of charge because the received funds from the exercised options do not cover the fair value of the shares. The fair value of Ramirent's share is the market price at the end of the financial year.

The subscription period for option series 2002A ended on 31 October 2006, whereas the end date for options series 2002B is 31 October 2007.]

*Disclosures to the consolidated balance sheet***12. Tangible non-current assets****Movement in tangible non-current assets 2005**

Property, machinery & equipment and other tangible assets	Land	Buildings & structures	Machinery & equipment	Leased machinery & equipment	Other tangible assets	Total
Historical cost on 1 January	7 127	21 190	444 481	-	1 961	474 759
Additions	93	1 058	102 575	2 022	1 944	107 692
Acquisitions of subsidiaries	453	206	2 775	-	45	3 479
Disposals	-145	-1 714	-28 714	-1 953	-177	-32 703
Reclassifications	771	-727	-14 504	14 465	-115	-110
Assets held for sale	-4 594	-7 981	-	-	-	-12 575
Translation differences	-189	45	-3 384	1	14	-3 513
Historical cost on 31 December	3 516	12 077	503 229	14 535	3 672	537 029
Accumulated depreciation on 1 January	-	-2 755	-219 367	-	-807	-222 929
Additions	-	-1 140	-5 425	-	-274	-6 839
Disposals	-	955	24 013	507	64	25 539
Reclassifications	-	-3	2 040	-2 221	-11	-195
Assets held for sale	-	852	-	-	-	852
Depreciation	-	-1 017	-45 832	-2 751	-352	-50 054
Translation differences	-	-307	3 614	-	-6	3 403
Accumulated depreciation on 31 December	-	-3 415	-240 957	-4 465	-1 386	-250 223
Carrying value on 1 January	7 127	18 435	225 114	-	1 154	251 830
Carrying value on 31 December	3 516	8 662	262 272	10 070	2 286	286 806

13. Goodwill and other intangible non-current assets

Movement in goodwill and other intangible non-current assets 2005

Goodwill, other intangible assets and other capitalised long-term expenditure	Goodwill	Other intangible assets	Other capitalised long-term expenditure	Total
Historical cost on 1 January	74 627	2 274	2 302	79 203
Additions	-	491	756	1 247
Acquisitions of subsidiaries	5 763	206	-	5 969
Disposals	-	-69	-2	-71
Reclassifications	-205	-26	15	-216
Translation differences	580	-	-	580
Historical cost on 31 December	<u>80 765</u>	<u>2 876</u>	<u>3 071</u>	<u>86 712</u>
Accumulated depreciation on 1 January	-7 033	-1 415	-1 857	-10 305
Additions	-	-41	-	-41
Disposals	-	22	-398	-376
Reclassifications	-	5	-7	-2
Amortisation	-	-641	-226	-867
Translation differences	-521	-	-	-521
Accumulated depreciation on 31 December	<u>-7 554</u>	<u>-2 070</u>	<u>-2 488</u>	<u>-12 112</u>
Carrying value on 1 January	67 594	859	445	68 898
Carrying value on 31 December	73 211	806	583	74 600

[Impairment testing of goodwill – UPDATE (RL)]

Goodwill is allocated to Ramirent's cash generating units (CGU's) on a rational basis to reflect the capital employed by each CGU. The goodwill split per segment is set forth in the table below.

Goodwill is subject to an annual impairment testing procedure by which its carrying amount is tested against its recoverable amount for each predetermined cash-generating unit (CGU). Impairment tests are made also when any indication of impairment is noted. An impairment loss is recognised if the carrying amount of goodwill allocated to a CGU is higher than its recoverable amount. The recoverable amount of each CGU is determined by using the Discounted Cash Flow (DCF) method.

The impairment testing calculations are based on future cash flow estimates in the strategic plans approved by Ramirent's management covering a three year period. On top of this three year period, cash flows estimates are projected for a further period of five years. The cash flow estimates for this five year period are based on prudent growth expectations and prudent increase of cost level reflecting medium term market inflation expectations prevailing at the date of testing. Cash flows beyond the above eight year (three years + five years) period, the terminal value, are calculated using long-term growth estimates.

The estimated cash flows for the total eight year period is based on the existing cash generating capacity that the different CGUs use at the time of testing. Thus, no future capacity increasing investments are taken into account in the cash flow estimates. Prior year impairment testing data is retrospectively checked against actual outcomes in order to ensure that future impairment testing estimates are sufficiently prudent.

The most important assumptions, in addition to future cash flow estimates, are those made on the weighted average cost of capital (WACC), which is used as the discounting factor of future cash flows. The elements affecting the WACC are Ramirent's future target capital structure, equity beta, the CGU specific cost of equity and the cost of interest bearing debt. The cost of capital also includes estimates of the risk-free interest rates and risk premiums in the different countries where the CGUs are operating.

The impairment testing has been carried out for goodwill as per 1 January 2004 (the IFRS transition date), 31 December 2004 and 30 September 2005. The reason for the testing day having been brought forward in time for year 2005 is Ramirent's decision to tie the testing process to the strategic planning and budgeting processes. The discount rate (the

IFRS WACC; pre-tax) used for impairment testing for the different CGUs has been within the following range at each testing date.

The impairment tests carried out as per the above dates showed no need for recognition of impairment losses on goodwill.]

14. Non-current assets held for sale

	2006	2005
Real estate property in Finland	3,548	-
Available-for-sale investments in Finland	476	-
Real estate property in Latvia	614	-
Real estate property in Sweden	-	11,723
	<u>4,638</u>	<u>11,723</u>

[An agreement on the sale of Ramirent's fully owned Swedish subsidiary's 18 real estates to Kungsleden AB (publ.) was made on 22 December 2005. The sale took effect on 31 January 2006.

The sales price amounted to EUR 19.8 million (SEK186 million). Estimated direct costs attributable to the sale amount to EUR 2.7 million (SEK 25 million). Thus, the estimated pre-tax sales profit which will be recognised in the company's year 2006 accounts amounts to EUR 5.4 million (SEK 51 million).

Ramirent AB continues as lessee on the sold outlet properties on operating lease basis.]

15. Available for sale financial assets

	2006	2005
Other shares	119	414

Available for sale financial assets consist mainly of listed and unlisted equity shares. They are carried at a prudently calculated fair value.

16. Deferred tax assets

	Balance on 1 Jan.	Recogn. in income statement	Recogn. in equity	Transl. diff.	Acquis./ disposals	Balance on 31 Dec.
Movement in deferred tax assets in year 2006						
Tax losses carried forward	871	-734	-	-37	-	100
Fair value adjustments	427	64	-240	-1	-	250
Pension obligations	1,306	55	-	-28	-	1,333
Effects of consolidation and eliminations	61	-22	-	-	-	39
Other tax deductible temporary differences	860	96	-	-27	-	929
Deferred tax assets and liabilities netted	<u>-2,104</u>	<u>618</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>-1,451</u>
	1,421	77	-240	-58	-	1,200

Movement in deferred tax assets in year 2005	Balance on 1 Jan.	Recogn. in income statement	Recogn. in equity	Transl. diff.	Acquis./ disposals	Balance on 31 Dec.
Tax losses carried forward	2,462	-1,630	-	39	-	871
Fair value adjustments	107	39	203	78	-	427
Pension obligations	198	-4	1,134	-22	-	1,306
Effects of consolidation and eliminations	83	-22	-	-	-	61
Other tax deductible temporary differences	745	-116	209	22	-	860
Deferred tax assets and liabilities netted	<u>-1,032</u>	<u>109</u>	<u>-1,134</u>	<u>-47</u>	<u>-</u>	<u>-2,104</u>
	2,563	-1,624	412	70	-	1,421

17. Inventories

18. Trade and other receivables

Prepayments and accrued income comprise mainly operating expenses paid in advance and accrued rental income.

19. Cash and cash equivalents

	2006	2005
Cash at banks and in hand	1,111	1,320
Short-term bank deposits and investments	2	-

Fair value of cash and cash equivalents is not different from their carrying value.

20. Equity

Number of shares, share capital and share premium fund

The company's share capital on 31 December 2006 consists of 27,033,745 shares the counter-book value of which is 0.43 EUR per share.

On 31 December 2004, however, the share capital consisted of 13,099,053 shares with a counter-book value of 0.85 EUR per share. Taking into account the share split in 2005, the share capital on 31 December 2004 corresponded to 26,198,106 shares with a counter-book value of 0.425 EUR per share.

The maximum share capital is according to Ramirent's Article of Association 25,000,000.00 EUR, whereas the counter-book value of is 0.43 EUR per share. Hence, the maximum number of shares is 58,139,535.

The company has one class of shares, each share giving equal voting right of one vote per share.

Calculation of the group's distributable funds

The group's distributable funds are calculated on the basis of restrictions in local legislation in the countries where Ramirent is operating.

Calculation of the parent company's distributable funds - FAS

The parent company's distributable funds are calculated in accordance with Finnish legislation and FAS (Finnish Accounting Standards) regulations.

Ramirent's option program

[Ramirent Plc's Extraordinary General Meeting decided on 12 December, 2002 to establish an options program. The number of the options was 500,000. Of these, 250,000 options were designated 2002A, and 250,000 options were designated 2002B.

On 25 January 2005, the Board of Directors decided to cancel 50,600 A options and 54,600 B options which were in the possession of Ramirent's subsidiary. In 2004, a total of 3,000 A options and 3,000 B options were cancelled. **After the cancellations and subscriptions, the number of 2002A options was 80,100 and the number of 2002B options was 188,300 at the year end.**

The Ramirent 2002B options were transferred to the book-entry system and trading with them began on 3 October 2005. Trading with the 2002A options began on the main list of the Helsinki Stock Exchange on 15 November, 2004.

The share subscription price when exercising the 2002A and 2002B options is the trade-weighted average price of the Ramirent Plc share on the Helsinki Stock Exchange, 1 October - 30 November, 2002. The share subscription price is reduced prior to a share subscription by the amount of decided dividends on the record date of each dividend distribution. Each option currently entitles its holder to subscribe to two shares with a counter-book value of EUR 0.43 for a total subscription price of EUR **13.16**. The subscription price of one share is EUR **6.58**. Based on the option rights, the company's share capital may be increased by a maximum of EUR **230,824**. **The share subscription period of the 2002A options is 1 October 2004 - 31 October, 2006 and for the 2002B options, 1 October 2005 - 31 October, 2007.]**

The Board of Directors' valid authorisation to acquire the company's own shares

Ramirent's Board of Directors is authorised until 19 April 2007 to decide the acquisition of the company's own shares, using its distributable funds on the condition that the shares will be acquired in order to develop the capital structure of the company, and to be used as consideration in corporate or business acquisitions. The shares can be also used as incentives for key persons. The maximum number of the company's own shares to be acquired is 1,341,190 the aggregate

counter book value of which corresponds to approximately 5% of the share capital and voting rights attached to all the shares of the company at the time of the Annual General Meeting. Pursuant to the Companies Act, the aggregate counter-book value of the company's own shares belonging to the company and its subsidiaries or the share of voting rights attached to them may not exceed 10% of the share capital or the voting rights attached to all the shares of the company. The shares will be acquired as to be decided by the Board of Directors either through public trading on the Helsinki Stock Exchange where the authorisation entitles the Board to acquire shares in deviation from the proportional holdings of the shareholders or by a public offer to acquire shares in proportion to the holdings of the shareholders and on identical terms for all shareholders. The shares will be acquired at their market value in public trading at the time of acquisition.]

The Board of Directors' valid authorisation to dispose of the company's own shares

Ramirent's Board of Directors is authorised until 19 April 2007 to decide on the disposal of the company's own shares acquired pursuant to the authorisation. The authorisation is valid for no more than 1,341,190 shares with a counter book value of EUR 0.43. The Board of Directors is authorised to decide to whom and in what order the company's own shares will be disposed of. The Board may decide on the disposal of the company's own shares in deviation from the pre-emptive rights of shareholders to acquire the company's shares. The shares can be used as consideration in cases of corporate or business acquisitions, or when the company otherwise acquires business-related assets in a way and to the extent decided by the Board of Directors. The shares can be also used as incentives for key persons. From the point of view of the company, the aforementioned situations constitute a valid economic reason for deviating from the shareholders' pre-emptive right. The shares can be disposed of also against other forms of consideration than cash. The transfer price must be no less than the market price quoted on the Helsinki Stock Exchange at the time of disposal.

The Board of Directors' valid authorisation to decide on the execution of a rights offering

Ramirent's Board of Directors is authorised until 19 April 2007 to decide on a directed share issue and to decide on the increase of share capital by one or more issues entitling for the subscription of a maximum of 1,341,190 new shares of the company, i.e. a maximum of approximately 5% of all the registered shares at the time of the Annual General Meeting, and pursuant to which the company's share capital can be raised by a total of no more than EUR 576,711.70. The authorisation entitles the Board to deviate from the pre-emptive rights of shareholders to subscribe for new shares, and to decide on the subscription prices and terms. The authorisation can be used in deviation from the pre-emptive rights of shareholders, provided that there are weighty financial reasons from the company's perspective, such as the financing of corporate or business acquisitions or other arrangements affecting the development of the company's business operations. The decision cannot be made for the benefit of those included in the inner circle of the company. If the share capital is increased by a share issue, the Board of Directors will be entitled to decide, whether the shares can be subscribed for against contribution in kind, or otherwise on particular conditions. The authorisation was partly used during the review period for the acquisition of Konevuokraamo P. Salminen Oy. The company's share capital was increased, by a decision of the Board on 14 August 2006, by EUR 12,900.00 and 30,000 new shares were issued.

Specification of Ramirent's shareholders on 31 December 2006

	Number of shares	% of shares and voting power
On 31 December 2006		
Nordstjernan AB	7,162,270	26.49 %
Oy Julius Tallberg Ab	2,730,200	10.10 %
Ilmarinen Mutual Pension Insurance Company	953,719	3.53 %
Odin Norden	525,240	1.94 %
Odin Forvaltnings AS	346,062	1.28 %
Odin Forvalting AS/Odin Europa SMB	231,795	0.86 %
Fondita Nordic Small Cap Placfond	215,000	0.80 %
Varma Mutual Pension Insurance Company	178,904	0.66 %
Veritas Pension Insurance Company Ltd.	166,700	0.62 %
Ruzsbaczký István	118,266	0.44 %
Nominee-registered shareholders	10,327,381	38.20 %
Other shareholders	4,078,208	15.09 %
Total	27,033,745	100.00 %

On 31 December 2005	Number of shares	% of shares and voting power
Nordstjernan AB	7 162 270	26,92 %
Oy Julius Tallberg Ab	2 707 800	10,18 %
Odin Norden	528 840	1,99 %
Odin Forvaltnings AS	371 586	1,40 %
Fondita Nordic Small Cap Placfond	261 248	0,98 %
OP-Suomi Kasvu Sijoitusrahasto	257 700	0,97 %
OP-Delta Sijoitusrahasto	242 150	0,91 %
FIM Fenno Sijoitusrahasto	222 300	0,84 %
Mutual Pension Insurance Company Eläke-Fennia	217 800	0,82 %
EQ Pikkujättiläiset/EG Rahastoyhtiö Oy	200 000	0,75 %
Nominee-registered shareholders	8 661 554	32,55 %
Other shareholders	<u>5 774 561</u>	<u>21,70 %</u>
	26 607 809	100,00 %

21. Deferred tax liabilities

Movement in deferred tax liabilities in year 2006	Balance on 1 Jan.	Recogn. in income statement	Recogn. in equity	Transl. diff.	Acquis./ disposals	Balance on 31 Dec.
Adjustments to fair value of non-current assets due to business combinations	69	-80	-	-	1,117	1,106
Accumulated depreciation in excess of plan	20,586	6,998	-	58	-	27,642
Other taxable temporary differences	2,924	2,796	50	86	12	5,868
Deferred tax assets and liabilities netted	<u>-2,104</u>	<u>618</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>-1,451</u>
	21,475	10,332	50	179	1,129	33,165

Movement in deferred tax liabilities in year 2005	Balance on 1 Jan.	Recogn. in income statement	Recogn. in equity	Transl. diff.	Acquis./ disposals	Balance on 31 Dec.
Adjustments to fair value of non-current assets due to business combinations	90	-	-	-	-67	23
Accumulated depreciation in excess of plan	13 225	8 745	-	-2 258	-98	19 614
Other taxable temporary differences	<u>-</u>	<u>605</u>	<u>1 134</u>	<u>-</u>	<u>99</u>	<u>1 838</u>
	13 315	9 350	1 134	-2 258	-66	21 475

22. Pension obligations

[At year end 2005 Ramirent has one defined benefit pension plan in Ramirent AB in Sweden which is organised through PRI Pensionstjänst AB and administrated by Alecta, and five defined benefit pension plans in Bautas AS in Norway which are organised through Storebrand Livsförsikring AS. The defined benefit pension obligation due to these pension plans have been recognised in the balance sheet on the basis of actuarial calculations. The actuarial calculations are based on the projected unit credit method by applying market interest rates quoted at the balance sheet date for low risk government or corporate bonds the maturity of which materially corresponds to the maturity of the defined benefit pension obligation.

The disability pension component of the Finnish TEL was accounted for as a defined benefit plan until year end 2004. After approval by the Finnish Ministry of Social Affairs and Health of certain changes of the Finnish legislation in December 2004, this pension scheme is no longer from the beginning of year 2005 regarded a defined benefit plan. Ramirent has therefore released the year end 2004 obligation of EUR 27 thousand in the year 2005 financial statements by crediting it to defined benefit pension plan expenses in the income statement.

Core disclosure information on defined benefit pension plans are set forth below.]

Amounts recognised in the income statement	2006	2005
Defined benefit pension plan expenses	-1,730	-1,607
Defined contribution pension plan expenses	<u>-5,452</u>	<u>-6,361</u>
	-7,182	-7,968

Elements of defined benefit pension plan expenses	2006	2005
Current service cost	-1,377	-1,331
Interest cost	-570	-526
Expected return on plan assets	247	254
Actuarial gains (+) and losses (-)	-28	-
Gains (+) and losses (-) on curtailments and settlements	<u>-2</u>	<u>-4</u>
	-1,730	-1,607

Elements of defined benefit plan net obligation	2006	2005
Present value of unfunded obligations	15,041	13,024
Fair value of plan assets	<u>-6,250</u>	<u>-5,285</u>
Surplus (-) / deficit (+)	8,791	7,739
Unrecognised actuarial gains (+) and losses (-)	<u>-701</u>	<u>-209</u>
Net obligation on 31 December	8,090	7,530

Amounts recognised in the balance sheet:		
Liabilities	8,090	7,530
Assets	<u>-</u>	<u>-</u>
Net liability	8,090	7,530

Reconciliation of the change of the present value of the defined benefit pension obligation	2006	2005
Obligation on 1 January	13,024	11,355
Translation differences	-185	224
Current service cost	1,377	1,331
Interest cost	570	526
Actuarial gains (+) and losses (-)	445	-228
Gains (+) and losses (-) due to curtailments	-8	-21
Benefits paid	<u>-182</u>	<u>-163</u>
Obligation on 31 December	15,041	13,024

Reconciliation of the change of the fair value of the plan assets	2006	2005
Fair value of plan assets on 1 January	5,285	4,335
Translation differences	-133	101
Expected return on plan assets	247	70
Actuarial gains (+) and losses (-)	-25	-
Employer contributions	958	859
Benefits paid	<u>-82</u>	<u>-80</u>
Fair value of plan assets on 31 December	6,250	5,285

Plan assets split by asset category, %	2006	2005
Shares and other equity investments	27.00 %	
Bonds and other security - fixed yield	29.00 %	
Bonds held to maturity	28.00 %	
Properties and real estate	10.00 %	
Loans	1.00 %	
Certificates	3.00 %	
Other short-term financial assets	<u>2.00 %</u>	
	100.00 %	0.00 %

Principal actuarial assumptions	2006	2005
Discount rate, %		
Sweden	4.25	5.00
Norway	4.25	4.25
Expected return on plan assets, %		
Sweden	0.00	0.00
Norway	5.25	5.25
Future salary increase expectation, %		
Sweden	3.00	3.00
Norway	4.25	2.50
Future benefit increase expectation, %		
Sweden	2.00	2.00
Norway	1.25	2.20

[*] The above effect of change of actuarial method, EUR 4,052 thousand, is the outcome of the change of actuarial method in Norway (Bautas A/S) on 1 January 2005. The defined benefit obligation included in 2004 financial statements was, with regard to Bautas A/S, calculated using the Norwegian actuarial method instead of the IFRS method. Due to lack of IFRS actuarial calculation on 1 January 2004 (Ramirent's IFRS transition date), it has not been possible to restate the year 2004 figures on this issue.]

Present value of the defined benefit obligation and fair value of plan assets at year end and annual experience adjustments	2006	2005	2004
Present value of the defined benefit obligation	15,041	13,024	11,355
Fair value of plan assets	6,250	5,285	4,335
Surplus (-) / deficit (+)	8,791	7,739	7,020
Experience adjustments to plan assets	0.0	0.0	0.0
Experience adjustments to plan liabilities	0.0	0.0	0.0

23. Provisions

	2006	2005
Non-current		
Future obligations connected to the sale of the Swedish real estates	1,186	-
Current		
Future obligations connected to the sale of the Swedish real estates	581	-

[Provisions on 31 December 2004 consisted of redundancy expenses due to the 2004 restructuring of Ramirent's Swedish operations. The provision was based on best estimate on 31 December 2004.]

24. Interest bearing liabilities

[The fair value of interest bearing liabilities corresponds to their carrying value on 31 December 2005 and on 31 December 2004.]

25. Trade and other payables

	2006	2005
Trade payables	35,050	35,079
Other liabilities	21,426	16,853
Accruals and deferred income	21,735	17,131
Advances received	<u>1,147</u>	<u>427</u>
	79,358	69,490
Accruals and deferred income consist of the following main items		
Accrued interest expenses	501	110
Accrued employee-related expenses	15,662	10,943
Deferred income	733	1,241
Other	<u>4,839</u>	<u>4,837</u>
	21,735	17,131

[Accruals and deferred income consist mainly of incurred expenses such as accrued holiday pay allowance for employees and accrued insurance expenses as well accrued interest expenses.]

Other disclosures to the consolidated financial statements

26. Acquisitions and disposals

Acquisitions of subsidiaries and business operations executed in 2006

[On 13 April 2005 Ramirent's fully owned Swedish subsidiary Ramirent AB acquired Hyrgruppen Sverige AB, a privately owned machinery rental company. The acquisition took effect on 2 May 2005. Hyrgruppen Sverige AB's annual sales are some EUR 4.0 million and it conducts operations at five locations in Mälardalen.

On 31 August 2005 Ramirent acquired Hungary's leading construction machinery and equipment rental company Agentrade Plusz Kft (Agentrade). The year 2004 net sales of Agentrade, which has 18 rental outlets in different parts of Hungary, approximated EUR 6.3 million. The acquisition was partly conducted by a directed issue of 169,903 shares to

the sellers of which 50% are locked for a period of 24 months starting from the acquisition date. The shares can be sold only after the end of the lock-up period, but they can be released from the lock-up under specific conditions.

In addition to the above, Ramirent made two minor acquisitions in Poland. On 1 April 2005 Ramirent's Polish subsidiary Ramirent Scaffolding Sp. z o.o. acquired the rental business operations of North Construction Sp. z o.o. On 20 October 2005 Ramirent's fully owned Polish subsidiary Ramirent S.A. acquired the rental business operations of Alimak Hek Polska Sp. z o.o.

A summary of the above year 2005 acquisitions calculated by using foreign exchange rates at acquisition dates are set forth in the table below.]

Acquisitions of subsidiaries and business operations executed in 2005

[In January 2004 Ramirent acquired the Swedish construction machinery and equipment rental company Altima AB. The acquisition was executed through a directed share issue to Altima AB's previous owners by which a total of 12,199,484 shares (corresponding to 6,099,742 shares before the year 2005 share split) were issued to the sellers. The acquisition, the date of which was 31 January 2004, strengthened Ramirent's market position in Sweden remarkably.

The above acquisition calculated by using foreign exchange rate at acquisition date is summarised in the table below.]

[On 27 February 2004 Ramirent acquired the minority share (35%) of Ramirent Europe Oy from Alliance ScanEast Fund, thus achieving full control over its business operations in the Eastern and Central European countries (the rest of Europe segment).

Ramirent's fully owned Danish subsidiary Ramirent A/S acquired on 1 March 2004 the personnel lifts rental business of Treffco A/S. Treffco A/S had five outlets in Denmark and its annual sales approximated EUR 7.0 million.

On 29 March 2004 Ramirent's fully owned Polish subsidiary Ramirent S.A. acquired 75% of the shares of the Polish scaffolding rental company PMR-5 Sp. z o.o. The acquisition was executed by means of a directed share issue by the acquiree to Ramirent S.A.

The 33% minority share of Ramirent's two Latvian subsidiaries was acquired on 16 December 2004. The acquisition was executed through a directed share issue by Ramirent Plc to the sellers. The number of shares issued amounted to 304,500 (corresponding to 152,250 shares before the year 2005 share split).

In addition to the above, Ramirent's fully owned Polish subsidiary Ramirent S.A. acquired in the beginning of January 2004 the business operations of MVS Polska Sp. z o.o.

A summary of the above mentioned year 2004 acquisitions (Altima AB not included) calculated by using foreign exchange rates at acquisition dates is set forth in the below table.]

Disposals of subsidiaries and business operations executed in 2005

[On 17 December 2004 Ramirent sold its 50% holding in the Swedish Stavdal Lift AB to the other owner of the company, Hammarvikens Industri AB. The sale of Stavdal Lift AB improved the company's opportunities to develop its own personnel lift rental operations under the Ramirent brand in Sweden.

A summary of the above year 2004 disposal is set forth in the below table.]

27. Financial risk management

Financial Risk Management

According to Ramirent's finance policy the financial risk management strives to secure the sufficient funding for operational needs and to minimize the funding costs and the negative effects of foreign exchange rate, interest rate and other financial risks cost-effectively. The Board has approved the finance policy of Ramirent. The policy outlines the financing and financial risk management responsibilities covering also the use of financial instruments to hedge the selected risk exposures and acceptable risk levels.

Foreign Exchange Rate Risk

Ramirent is a multinational group operating in Northern and Eastern and Central European countries. The sales and rental income of the group companies are predominantly in their local currency. The purchases of the group companies are mainly both in local currency and in Euro. The major part of the investment purchases arise in Euro. Ramirent's policy is to minimize the effects of foreign exchange fluctuations on profitability (transaction risk). This is done by spreading the purchases, sales and financial contracts over time and fixing the rates of major exposures for certain periods of time. The financial needs of subsidiaries are funded mainly through equity and the group internal loans in local currency granted by the parent company. Loan exposures are considered to be long-term, and thus long-term external loans are matched against them to hedge parent company's risk exposures (translation risk). Ramirent has decided not to hedge the exchange rate risk associated with equity exposures.

Interest Rate Risk

The interest rate risk exposure represents the uncertainty of market value and profit of a company due to changes in interest rates. To reduce the interest rate risk affecting to Ramirent's profitability, interest rates are fixed for certain periods of time and fixing dates spread over time.

The finance policy outlines the average interest fixing term of the financial instruments to be between 9 and 15 months. The average interest fixing term was 6.2 months at year-end 2006 after which Ramirent regained the average interest fixing period to 12 months. On December 31 2006, Ramirent had outstanding interest rate swaps of 49.9m€(nominal value) with market value of +0.14m€

Funding Risk

Funding risk is the risk that refinancing of existing debt portfolio and/or raising new funding will not be available, or that the price for it is high. The aim is to minimize Ramirent's funding risk by spreading debt maturities over time and by securing refunding early enough. Ramirent's main borrowing facilities will expire in 2010.

Liquidity Risk

Liquidity risk is the risk that existing funds and borrowing facilities become insufficient to meet company's business needs or high extra costs are incurred for arranging them. The parent company raises most of Ramirent's interest-bearing debt centrally. Ramirent seeks to reduce liquidity risk by keeping sufficient amount of credit facilities available. Efficient cash management is also reducing liquidity risk.

The guidelines in Ramirent's finance policy state that at any time Ramirent shall within a maximum five banking days be able to access liquid funds and unused borrowing facilities corresponding to a minimum 2% of Ramirent's annual sales. At year-end, Ramirent had 58.1m€ of liquidity reserves readily available.

Credit Risk

Each operating Ramirent entity is responsible for managing credit risks associated with ordinary commercial activities. Ramirent's sales receivables are generated by a large number of customers, and Ramirent entities monitor outstanding credit balances constantly. Therefore, no major customer credit risk concentrations existed at end of financial year 2006. Ramirent's counterparty risk policy, with respect to financial transactions, is to minimize risk by selecting counterparties with high creditworthiness, and by using instruments with high liquidity. The parent company manages the main part of the credit risk related to financial transactions and financial counterparties.

28. Fair values of derivative instruments

Derivative instrument	2006 Positive fair value	2006 Negative fair value	2006 Net fair value
Interest rate SWAPs	146	-4	142

The fair values of the derivative instruments are based on market rates and on discounted future cash flows.

29. Exchange rates applied

Currency	Average rates 2006	Average rates 2005	Closing rates 2006	Closing rates 2005
DKK	7.4591	7.4517	7.4560	7.4605
EEK	15.6466	15.6466	15.6466	15.6466
HUF	264.1309	248.0444	251.7700	252.8700
LTL	0.6963	3.4528	3.4528	3.4528
LVL	3.4528	0.6962	0.6972	0.6962
NOK	8.0463	8.0129	8.2380	7.9850
PLN	3.8951	4.0226	3.8310	3.8600
RUB	34.1116	35.2036	34.6800	33.9200
SEK	9.2533	9.2801	9.0404	9.3885
UAH	6.3242	6.3592	6.6482	5.9716
CZK	28.3383	-	27.4850	-

30. Dividend per share

The dividends paid in 2006 were EUR 0.45 per share totalling EUR 16,094,285.40. The Board of Director's proposes to the Annual General Meeting to be held on 19 April 2007, that a dividend of EUR 1.20 per share be distributed to the company's shareholders.

The total proposed dividend of EUR xx,xxx,xxx.xx, which is based on the total of xx,xxx,xxx registered shares on x xxxxx 2007, is not reflected in the year 2006 financial statements.]

31. Related party transactions

Employee benefits for key management	2006	2005
Short-term employee benefits	-1,583	-1,724
Post employment benefits	-246	-266
Share-based payment	-	-346
	<u>-1,829</u>	<u>-2,336</u>

Key management's benefits due to sale of options are in year 2006 1,074 MEUR (xx in 2005).

Benefits paid to the Board members and the CEO	2006	2005
Bergh, Kaj-Gustaf	48	34
Eriksson, Torgny	24	19
Flaathen, Eigil	-	5
Haapala, Matti	15	30
Hofvenstam, Peter	59	41
Kallio, Kari	381	-
Lundahl, Ulf	36	24
Norvio, Erkki	294	297
Renlund, Susanna	15	-
Taivalkoski, Raimo	-	11
	<u>872</u>	<u>461</u>

CEO's benefits due to sale of options	2006	2005
Norvio, Erkki	-	560

Ramirent's key management consists of the members of the Board of Directors, CEO and the members of the Group Management Team. There were no outstanding loan receivables from key management neither on 31 December 2006 nor on 31 December 2005.

32. Commitments and contingent liabilities

Commitments (off-balance sheet) on 31 December 2006	To secure own borrowings	To secure other own obligations	To secure third party obligations	Total
Real estate mortgages	378	-	494	872
Loan amount for which the collateral is given	270			
Floating charges	76,610	-	-	76,610
Other pledged assets	3,138	-	-	3,138
Loan amount for which the collateral is given	183,822			
Suretyships	-	2,830	-	<u>2,830</u>
				83,450

	To secure own borrowings	To secure other own obligations	To secure third party obligations	Total
Commitments (off-balance sheet) on 31 December 2005				
Real estate mortgages	378	-	378	756
Loan amount for which the collateral is given	301			
Floating charges	2,700	-	-	2,700
Loan amount for which the collateral is given	2,202			
Floating charges	76,405	-	-	76,405
Other pledged assets	3,143	-	-	3,143
Loan amount for which the collateral is given	157,457			
Suretyships	-	2,220	-	<u>2,220</u>
				85,224

	2006	2005
Non-cancellable minimum future operating lease payments		
Payable < 1 year from balance sheet date	15,352	9,553
Payable 1-5 years from from balance sheet date	55,931	22,056
Payable > 5 years from balance sheet date	<u>18,016</u>	<u>22,243</u>
Future gross operating lease payments	89,299	53,852

Operating lease expenses in the income statement

Lease payments expensed in the income statement	41,991	32,174
Received sublease payments credited to lease expenses in the income statement	<u>-577</u>	<u>-</u>
Net lease expenses in the income statement	41,414	32,174

Ramirent has loans, borrowing facilities and guarantees which have equity ratio, leverage ratio, interest cover ratio and/or other financial covenants. Ramirent's financial ratios were at closing date better than these financial covenants.

33. Disputes and litigations

Ramirent's management is not aware of any disputes and/or litigation processes that would significantly affect the company's operating performance and/or financial position in an adverse manner in case of negative outcomes from the company's point of view.

34. Subsidiaries by segment on 31 December, 2006

Segment / Company name	Country	Nature of activity	Group holding, %
Finland			
Ramirent Finland Oy	Finland	Operating	100.00
Rami-Cranes Oy	Finland	Operating	100.00
Teline-Rami Oy	Finland	Operating	100.00
Konevuokraamo P Salminen Oy	Finland	Operating	100.00
RSK-Järvinen Oy	Finland	Operating	100.00
Uudenmaan Telineasennus Oy	Finland	Dormant	100.00
Rami-Muotit Oy	Finland	Dormant	100.00
Rami-Tilat Oy	Finland	Dormant	100.00
Sweden			
Ramirent Holding AB	Sweden	Holding	100.00
Ramirent AB	Sweden	Operating	100.00
Hygruppen Sverige AB	Sweden	Operating	100.00
Mavex Verktyg AB	Sweden	Operating	100.00
Norway			
Bautas AS	Norway	Operating	100.00
Stavdal Liftutleie AS	Norway	Operating	100.00
Stavdal Maskinutleie AS	Norway	Operating	100.00
Altima AS	Norway	Real estate	100.00
Proff Utleie AS	Norway	Dormant	100.00
Denmark			
Ramirent A/S	Denmark	Operating	100.00
Europe			
Ramirent Europe Oy	Finland	Holding	100.00
LLC Ramirent	Russia	Operating	100.00
CJSC Peterrent	Russia	Operating	100.00
LLC Ramirent Machinery	Russia	Operating	100.00
AS Ramirent	Estonia	Operating	100.00
SIA Ramirent	Latvia	Operating	100.00
SIA Ramiteh	Latvia	Operating	100.00
UAB Ramirent	Lithuania	Operating	100.00
Ramirent S.A.	Poland	Operating	100.00
Ramirent Scaffolding Sp.z o.o.	Poland	Operating	100.00
Ramirent Polska Sp.z o.o.	Poland	Operating	100.00
Ramirent Agentrade Kft.	Hungary	Operating	100.00
Ramirent Ukraine LLC	Ukraine	Operating	90.49
Ramirent s.r.o.	Czech Republic	Operating	100.00
Merged and dissolved subsidiaries during 2006			
Ramirent Hungary Bérleti Kft.	Hungary		
Altima AB	Sweden		
Altima Baltikum & S:t Petersburg AB	Sweden		

35. Events after the balance sheet date

[The Board of Directors of Ramirent Plc appointed Kari Kallio (M.Sc., Eng.) as Chief Executive Officer of the Ramirent Group as of 1 January 2006.

Based on the 2002A and 2002B option rights, 216,000 new Ramirent shares were subscribed on 21 February, 2006. The subscription price was, according to the terms of the options program, EUR 6.58 per share. The corresponding EUR 92,880 increase in the share capital is expected to be entered in the Trade Register on 1 March, 2006. After the increase the share capital is EUR 11,534,237.87 and the number of shares is 26,823,809.

On 21 February 2006, the Board of Directors of Ramirent Plc decided to expand its business operations to the Czech Republic.

On 22 February 2006, Ramirent signed an agreement under which it acquired the 25% minority share of its Polish subsidiary Ramirent Scaffolding Sp.z.o.o. from five private shareholders of the acquiree.

Ramirent's management does not have knowledge of any year 2006 events which could, either separately or aggregated, have had material impact on the year 2005 consolidated financial statements.]

Financial and share-related key figures*Financial key figures*

	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2003	FAS 2002
Increase in net sales, %	28.0	23.0	82.8	70.3	48.7
Operating profit before depr., amort. and impairment charges, % of net sales	60.2	27.5	24.4	26.1	29.2
Operating profit, % of net sales	22.2	14.4	10.4	11.2	16.1
Profit before taxes, % of net sales	20.7	12.5	7.3	7.5	14.1
Net profit, % of net sales	15.9	9.1	4.9	6.1	9.4
Return on invested capital, %	28.1	17.2	14.2	10.3	13.3
Return on equity, %	34.3	19.6	13.3	16.7	19.7
Interest-bearing debt, EUR million	187.4	167.5	166.0	111.7	121.1
Net debt, EUR million	186.3	166.2	158.9	106.3	113.4
Gearing, %	70.3	84.3	95.6	156.1	160.0
Equity ratio, %	45.4	42.5	41.4	31.6	31.8
Personnel, average during financial year	2846	2,614	2,346	1,464	884
Personnel, at end of financial year	3016	2,678	2,317	1,452	1,327
Gross investments in non-current assets, EUR million	175.7	112.6	152.7	33.2	112.8
Gross investments, % of net sales	35.3	29.0	48.3	18.6	111.2

Share-related key figures

	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2003	FAS 2002
Earnings per share (EPS), weighted average, diluted, EUR	2.93	1.34	0.60	0.81	0.98
Earnings per share (EPS), weighted average, non-diluted, EUR	2.95	1.35	0.60	0.81	1.00
Equity per share, at end of financial year, diluted, EUR	9.74	7.35	6.33	4.60	5.02
Equity per share, at end of financial year, non-diluted, EUR	9.80	7.40	6.34	4.63	5.09
Dividend per share, EUR *	1.20	0.60	0.23	0.13	0.25
Payout ratio, %	40.96 %	44.78 %	37.50 %	15.43 %	25.51 %
Effective dividend yield, % *	2.7 %	2.4 %	2.3 %	1.8 %	3.5 %
Price/earnings ratio (P/E)	15.29	18.54	16.54	8.58	7.24
Highest share price, EUR	47.75	24.85	10.50	7.93	8.75
Lowest share price, EUR	21.50	9.85	6.42	6.36	6.77
Average share price, EUR	31.10	15.67	8.16	6.99	7.63
Share price at end of financial year, EUR	44.80	24.85	9.93	6.95	7.10
Market capitalisation at end of financial year, EUR million	1,211.1	661.2	260.0	92.9	90.9
Number of shares traded, thousand	17,431.6	19,136.8	14,029.5	3,712.5	1,446.2
Shares traded, % of total number of shares	64.5 %	71.9 %	53.6 %	27.8 %	11.3 %
Number of shares, weighted average, diluted	27,004,406	26,524,740	24,855,122	13,086,898	9,702,760
Number of shares, weighted average, non-diluted	26,857,071	26,337,739	24,824,232	13,007,304	9,508,150
Number of shares, at end of financial year, diluted	27,181,080	26,794,810	26,228,976	13,445,916	12,804,522
Number of shares, at end of financial year, non-diluted	27,033,745	26,607,809	26,198,106	13,366,322	12,804,522

* The Annual General Meeting will make the decision on the year 2006 dividend on 19 April 2007

All share-related key figures adjusted with regard to the share-split executed in 2005.

Definitions of key financial figures

Return on equity (ROE), %:	$\frac{\text{Net profit} \times 100}{\text{Total equity (average over the year)}}$
Return on invested capital (ROI), %:	$\frac{(\text{Profit before taxes} + \text{interest and other financial expenses}) \times 100}{\text{Total assets} - \text{non-interest bearing debt (average over the year)}}$
Equity ratio, %:	$\frac{\text{Total equity} \times 100}{\text{Total assets} - \text{advances received}}$
Earnings per share (EPS), EUR:	$\frac{\text{Net profit} +/- \text{minority's share of net profit}}{\text{Average number of shares, adjusted for share issues, during the year}}$
Shareholders' equity per share, EUR:	$\frac{\text{Shareholders' equity}}{\text{Number of shares, adjusted for share issues, on balance sheet date}}$
Payout ratio, %:	$\frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$
Net debt:	Interest-bearing debt - cash and bank receivables, and financial securities
Gearing:	$\frac{\text{Net debt}}{\text{Total equity} \times 100}$
Dividend per share:	$\frac{\text{Dividend paid}}{\text{Number of shares}}$
Effective dividend yield:	$\frac{\text{Share-issue-adjusted dividend per share}}{\text{Share-issue-adjusted final trading price at end of financial year} \times 100}$
Price/earnings ratio:	$\frac{\text{Share-issue-adjusted final trading price}}{\text{Earnings per share}}$

Financial development by quarter

	Full year 2006	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Full year 2005	Q4 2005	Q3 2005	Q2 2005	Q1 2005
Net sales, EUR million	497.9	146.2	129.8	116.7	105.1	389.0	113.0	103.3	95.1	77.6
Oper. profit bef. depr. (EBITDA), EUR million	171.6	49.2	50.0	37.7	34.7	107.1	30.4	34.4	25.7	16.6
Oper. profit bef. depr. (EBITDA), % of net sales	34.5 %	33.7 %	38.5 %	32.3 %	33.0 %	27.5 %	26.9 %	33.3 %	27.0 %	21.4 %
Operating profit (EBIT), EUR million	110.3	32.5	34.0	23.1	20.8	56.0	16.8	21.0	13.3	4.9
Operating profit (EBIT), % of net sales	22.2 %	22.2 %	26.2 %	19.8 %	19.8 %	14.4 %	14.8 %	20.3 %	14.0 %	6.3 %
Profit before taxes (EBT), EUR million	102.9	30.2	32.6	20.7	19.4	48.7	15.3	18.9	11.3	3.2
Profit before taxes (EBT), % of net sales	20.7 %	20.7 %	25.1 %	17.7 %	18.4 %	12.5 %	13.5 %	18.3 %	11.8 %	4.2 %

Key financial figures by segment

	Full year 2006	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Full year 2005	Q4 2005	Q3 2005	Q2 2005	Q1 2005
Net sales, EUR million										
Finland	102.7	29.4	28.2	24.3	20.8	84.8	23.0	24.8	21.5	15.5
Sweden	130.9	38.1	31.6	31.2	29.9	105.1	30.1	24.8	26.7	23.5
Norway	120.3	33.0	29.2	28.9	29.2	100.8	28.5	26.0	24.3	22.0
Denmark	50.0	14.1	14.0	11.6	10.2	42.7	12.5	11.3	10.7	8.2
Europe	96.4	31.8	28.4	20.8	15.5	56.4	19.0	16.8	12.0	8.6
Sales between segments	-2.4	-0.2	-1.6	-0.1	-0.5	-0.8	-0.1	-0.4	-0.1	-0.2
Total	497.9	146.2	129.8	116.7	105.1	389.0	113.0	103.3	95.1	77.6

	Full year 2006	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Full year 2005	Q4 2005	Q3 2005	Q2 2005	Q1 2005
Operating profit, EUR million and % of net sales										
Finland	25.7 25.0 %	7.0 23.8 %	9.4 33.5 %	5.6 23.1 %	3.6 17.5 %	18.1 21.4 %	3.7 16.3 %	7.9 31.9 %	4.4 20.5 %	2.0 13.1 %
Sweden	22.5 17.2 %	7.8 20.5 %	6.2 19.5 %	4.6 14.8 %	3.9 13.0 %	9.3 8.8 %	3.6 11.8 %	2.9 11.7 %	2.1 7.9 %	0.7 3.0 %
Norway	27.2 22.6 %	7.5 22.6 %	6.8 23.2 %	7.3 25.4 %	5.7 19.4 %	15.7 15.5 %	4.1 14.3 %	5.0 19.2 %	4.5 18.5 %	2.1 9.5 %
Denmark	7.3 14.6 %	2.6 18.3 %	2.6 18.5 %	1.4 11.8 %	0.8 7.4 %	4.2 9.8 %	1.6 12.7 %	1.6 14.2 %	0.9 8.4 %	0.1 1.2 %
Europe	26.2 27.2 %	9.4 29.7 %	9.6 33.9 %	4.8 23.1 %	2.4 15.5 %	11.8 21.0 %	4.8 25.4 %	4.3 25.4 %	2.1 17.5 %	0.6 7.1 %
Group administration expenses	-4.1	-1.8	-0.6	-0.7	-1.0	-3.1	-1.0	-0.7	-0.7	-0.6
Sale of Swedish real estates	5.4	-	-	-	5.4	-	-	-	-	-
Total	110.3 22.2 %	32.5 22.2 %	34.0 26.2 %	23.1 19.8 %	20.8 19.8 %	55.9 14.4 %	16.8 14.8 %	21.0 20.3 %	13.3 14.0 %	4.9 6.3 %

Parent company financial statements - FAS

Parent company income statement

Parent company balance sheet

Parent company cash flow statement

Disclosures to the parent company financial statements

[General information on the company and its business activities]

Ramirent Plc is a Finnish public limited liability company organised under the laws of Finland and domiciled in Helsinki, Finland. The company's registered address is Tapulikaupungintie 37, PB 31, FI-00751 Helsinki, Finland. The company is the parent company of the Ramirent Group and its shares are listed on the Helsinki stock exchange since 1998.

Ramirent Plc's business activities comprise rental of construction machinery and equipment for construction and industry in Finland. In addition to this the company provides services related to the rental of machinery and equipment and also conducts some trade of construction related machinery, equipment and accessories. It furthermore provides group internal administrative services to its subsidiaries.

Accounting principles for the parent company financial statements

General

The parent company's financial statements are prepared in accordance with Finnish Accounting Standards (FAS). They are presented in EUR, except the cash flow statement which is presented in thousands EUR.

Revenue recognition

All rental income and income from sale of goods are accounted for as revenues. The revenues are reported to the actual/fair value of what has been received in cash or will be received in cash reduced by sales discounts, VAT and other taxes directly linked to the sales amount.

Rental revenue and revenues from services related to the rental income are recognised in the period when the service is rendered to the customer.

Income from sale of inventories and sale of rental machinery and equipment is recognized as revenue when the significant risks and benefits related to the ownership have been transferred to the buyer and the seller no longer retains control or managerial involvement in the goods.

Repair and maintenance

Repair and maintenance expenses are recognised in the income statement when incurred. Only when the repair cost extends the capacity of the asset or extends its useful life, the expenses are capitalised in the balance sheet and amortised in accordance with the depreciation principles set forth under section *Tangible non-current assets* below.

Post employment benefits

Post employment benefits are arranged through an external pension insurance company. Pension expenses are recognised in the income statement as post employment benefit expenses when incurred. The Finnish legally based pension system is a defined contribution pension plan.

Borrowing costs

Interest and other costs related to interest bearing liabilities are expensed in the income statement on an accrual basis.

Extraordinary items

Extraordinary items consist of group contributions given to or received from the company's Finnish subsidiaries. Group contributions are recognised in accordance with Finnish tax regulations.

Appropriations

Appropriations in the income statement comprise depreciation recognised in excess of plan, which are recognised in accordance with Finnish tax regulations. Appropriations in the balance sheet consist of cumulative depreciation in excess of plan.

Income taxes

Income taxes consist of current income tax payable on the taxable profit in the financial year. They also include adjustments to the current income taxes for previous fiscal years in terms of tax expenses or tax refunds that had not been recognised in prior year income statements.

Deferred tax assets and liabilities are not recognised in the balance sheet. They are instead presented in the disclosures to the financial statements.

Goodwill and other intangible non-current assets

Goodwill and other intangible non-current assets (other intangible rights and other capitalised long-term expenditure) with a finite useful life are amortised over the estimated useful lives of the assets. The estimated useful life, the amortisation method and the total depreciation period are per asset category as follows:

Goodwill	linear	5-20 years
Software licenses and IT-systems	linear	3-8 years

Tangible non-current assets

Tangible non-current assets (buildings and structures, machinery and equipment, land and other tangible assets) are stated at historical acquisition cost less accumulated amortisation and accumulated impairment charges. Non-current assets leased (neither by means of finance nor operating leases) are not recognised in the balance sheet.

Tangible non-current assets are subject to linear item-by-item depreciation during their estimated useful life. Some non-itemised asset categories are depreciated using the declining balance method. Land is not subject to depreciation.

The depreciation method used, the estimated useful lives and the annual depreciation percentage are per asset category as follows:

Buildings and structures	linear	20 years
Machinery and equipment for own use	linear	3-10 years
Other tangible non-current assets	linear	3-8 years
Itemised rental machinery, fixtures and equipment		
Lifting and loading equipment	linear	8-15 years
Minor machinery	linear	3-8 years
Portable spatial units	linear	10 years
Non-itemised rental machinery, fixtures and equipment		
Formwork and supporting fixtures	declining balance	10%
Other non-itemised tangible assets	declining balance	10-33%

Inventory valuation principles

Inventories are valued at the lower of cost, net realisable value and re-acquisition value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cost is determined using the weighted average cost formula. The cost is defined as all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Borrowing expenses are not included in cost of inventories.

Sales receivables valuation principles

Sales receivables are carried at initial value less estimated allowance for doubtful receivables.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, deposits held at call with banks and other short-term highly liquid financial investments with a maturity shorter than 3 months. When bank overdrafts show a liability balance, they are presented as non-current interest-bearing liabilities.

Foreign currency transactions

Foreign currency transactions are translated into EUR using the exchange rates prevailing at the dates of the transactions. Receivables and liabilities denominated in foreign currencies are translated to EUR using the exchange rates prevailing at the balance sheet date. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are for operating items recognised affecting operating profit in the income statement, whereas those stemming from financing items are recognised in financial income and expenses in the income statement.

The foreign currency rates used in preparation of the financial statements are set forth in the below table.

Currency	Average rates 2006	Average rates 2005	Closing rates 2006	Closing rates 2005
DKK	7,4591	7,4517	7,4560	7,4605
EEK	15,6466	15,6466	15,6466	15,6466
HUF	264,1309	248,0444	251,7700	252,8700
LTL	0,6963	3,4528	3,4528	3,4528
LVL	3,4528	0,6962	0,6972	0,6962
NOK	8,0463	8,0129	8,2380	7,9850
PLN	3,8951	4,0226	3,8310	3,8600
RUB	34,1116	35,2036	34,6800	33,9200
SEK	9,2533	9,2801	9,0404	9,3885
UAH	6,3242	6,3592	6,6482	5,9716
CZK	28,3383	-	27,4850	-

Derivative instruments

The main derivative instruments used by the company for the financial years 2004 and 2005 were interest rate SWAP's. They have been used as hedging instruments in accordance with the company's finance policy.

Hedge accounting is applied for interest rate SWAP's. The hedged object comprises the future cash flow on interest expenses payable on interest bearing debt.

The fair value of hedging instruments is not recognised in the financial statements, but presented as commitments in the financial statement disclosures. Their hedging effect is recognised as an adjustment to the financial expenses that are incurred on the basis of the underlying objects (the interest bearing liabilities).

In addition to interest rate SWAP's some short-term currency forwards have also been used in minor scale.

Disclosures to the parent company's income statement

- 1. Net sales by geographical area**

- 2. Other operating income**

- 3. Material and service expenses**

- 4. Employee benefit expenses and number of personnel**

The above employee benefits paid to key management include post employment benefit expenses.

- 5. Depreciation, amortisation and impairment charges**

- 6. Other operating expenses**

- 7. Financial income and expenses**

8. Extraordinary items

9. Appropriations

10. Income taxes

Disclosures to the parent company's balance sheet

11. Tangible non-current assets

12. Goodwill and other intangible non-current assets

13. Investments

Ramirent Plc's subsidiaries and its ownership share are specified in disclosure 34 of the consolidated financial statements.

14. Inventories

15. Non-current receivables

16. Current receivables

Prepayments and accrued income comprise mainly operating expenses paid in advance, accrued rental income and accrued interest income.

17. Cash and cash equivalents**18. Equity**

[The company's share capital on 31 December 2005 consists of 26,607,809 shares whereas the counter-book value is 0.43 EUR per share.

On 31 December 2004, however, the share capital consisted of 13,099,053 shares with a counter-book value of 0.85 EUR per share. Taking into account the share split in 2005, the share capital on 31 December 2004 corresponded to 26,198,106 shares with a counter-book value of 0.425 EUR per share.]

The maximum share capital is according to Ramirent's Article of Association 25,000,000.00 EUR, whereas the counter-book value is 0.43 EUR per share. Hence, the maximum number of shares is 58,139,535.

The company has one class of shares, each share giving equal voting right of one vote per share.

For the Board of Directors' valid authorisations on acquiring the company's own shares, its valid authorisation on disposal of the company's own shares, its valid authorisation on deciding on the execution of a rights offering and the company's prevailing option program, reference is made to disclosure 20 of the consolidated financial statements.

19. Appropriations**20. Non-current liabilities**

21. Current liabilities

Accruals and deferred income consist mainly of incurred expenses such as accrued holiday pay allowance for employees, income tax liability payable and accrued interest expenses.

Other disclosures to the parent company's financial statements

22. Commitments and contingent liabilities

Ramirent has loans, borrowing facilities and guarantees which have equity ratio, leverage ratio, interest cover ratio and/or other financial covenants. Ramirent's financial ratios were at closing date better than these financial covenants.

Date and signing of the Report of the Board of Directors and the Financial Statements

Signing by the Board of Directors

Helsinki, 14 February 2007

Auditors' note

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The report of the Board of Directors and the financial statements of the parent company have been prepared in accordance with Finnish Standards on Accounting. We have today issued an auditors' report on the audit performed by us.

Helsinki, 14 February 2007

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