

# ANNUAL REPORT

# 2006

CRAMO PLC





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## INFORMATION FOR SHAREHOLDERS

### ANNUAL GENERAL MEETING

Cramo Plc's Annual General Meeting will be held on Wednesday, 18 April 2007 at 10.00 a.m. Those shareholders who have been entered in the list of shareholders maintained by Finnish Central Securities Depository Ltd. by 5 April 2007, shall be entitled to participate in the Annual General Meeting.

### DIVIDEND PAYMENT

At Board proposal, dividend, adopted by the Annual General Meeting, will be paid to shareholders entered in the shareholders' register maintained by the Finnish Central Securities Depository Ltd. on the record day, 23 April 2007. The dividend will be paid on 30 April 2007.

### FINANCIAL INFORMATION SCHEDULE FOR 2007

Financial Statements bulletin 2006	Wednesday, 28 February 2007
Annual report 2006	week 13, 2007
Three-month interim report	Tuesday, 22 May 2007
Six-month interim report	Thursday, 16 August 2007
Nine-month interim report	Thursday, 15 November 2007

The reports are available on the company's web pages at [www.cramo.com](http://www.cramo.com).

### SHARE PERFORMANCE ANALYSES

Cramo Plc share performance is monitored and analysed e.g. by the following analysts:

Tomi Tiilola	eQ Bank	tel. +358 9 681 781
Mika Karppinen	Evli Bank Plc	tel. +358 9 4766 9643
Jari Westerberg	FIM Securities	tel. +358 9 613 4600
Ari Järvinen	Handelsbanken Capital Markets	tel. +358 10 444 2406
Mika Metsälä	Kaupthing Bank Oyj	tel. +358 9 478 4241
Robin Johansson	Mandatium Securities Ltd	tel. +358 10 236 4828
Matias Rautionmaa	OKO Bank Plc	tel. +358 10 252 4408



## YEAR 2006 IN BRIEF

- On 3 January 2006, Cramo Plc (Rakentajain Konevuokraamo Oyj) acquired Cramo Holding B.V., based on a share swap. The Extraordinary General Meeting of 3 January 2006 decided on a rights issue based on offering shares for subscription by four of Cramo Holding B.V.'s shareholders in such a way that Cramo Plc increased its share capital by offering 14,984,507 new shares to Cramo Holding B.V.'s shareholders. The resulting number of shares totalled 30,015,501 and share capital EUR 24,312,555.81, registered in the Trade Register on 4 January 2006. The Extraordinary General Meeting also decided to combine the company's two series of shares to form one share series.
- The strategy for the new Group was completed in August. The Group has the goal of growing into one of Europe's three largest equipment rental services companies, ranking among the two largest industry players in each of its market areas, becoming the preferred supplier in the eyes of customers and being one of the most profitable companies in the industry.
- The Group was renamed Cramo Plc
- The integration of the combined businesses progressed as planned
- Growth and profitability showed a marked improvement from the previous year's pro forma comparatives

## KEY FIGURES AND RATIOS

	2006	2005	Change %	Pro Forma 2005	Change %
Sales, MEUR	402.4	77.0	422.6	334.3	20.4
Operating profit (EBITA) before amortisation on intangible assets resulting from acquisitions, MEUR	72.8	18.0	304.4	40.8	78.4
Operating profit (EBIT), MEUR	68.6	18.0	281.1	36.5	87.9
Net profit, MEUR	41.9	11.9	252.1	18.7	124.1
Earnings per share (EPS) before amortisation on intangible assets resulting from acquisitions, diluted, EUR	1.50	0.83			
Earnings per share (EPS), undiluted, EUR	1.39	0.83			
Earnings per share (EPS), diluted, EUR	1.36	0.81			
Equity/share, EUR	9.66	3.77			
Equity ratio, %	38.2	49.0			
Gearing, %	104.6	89.7			
Gross capital expenditure, MEUR	111.9	29.6	278.0	92.2	21.3
Balance sheet total, MEUR	770.9	120.7	538.7		
Average personnel	1,828	569	221.3	1,646	11.1





On 3 January 2006, the new Cramo Group saw the light of day as a result of the merger of Rakentajain Konevuokraamo Oyj of Finland (renamed Cramo Plc at a later date) and Cramo, Sweden's equipment rental market leader. The Group is now a leading European rental services provider in the construction sector.

In the context of this merger, Rakentajain Konevuokraamo Oyj acquired Cramo Holding B.V., the Cramo Group's Dutch parent company, through a share swap. Based on an Extraordinary General Meeting's decision taken in November, Rakentajain Konevuokraamo Oyj was renamed Cramo Plc on 24 November 2006.

Cramo Plc has been listed on the Helsinki Exchange since 1988.

## EQUIPMENT RENTAL SERVICES IN ELEVEN MARKETS

Cramo Plc provides equipment rental services and rents and sells modular space. Its equipment rental services comprise construction machinery and equipment rentals and related services, with construction-site and installation services representing the most significant rental-related services.

Finland and Sweden are Cramo's main markets, generating around three-quarters of consolidated sales, but the Group's vision includes serving Norway, Denmark and Central and Eastern Europe as its future main market areas. In 2006, the Group expanded its depot network through acquisitions in Poland, the Czech Republic and Lithuania, in addition to the Cramo acquisition.

This network of 250 depots provides a wide variety of product and rental offerings according to local demand. With the number of items of equipment totalling around 140,000 and customers some 75,000, Cramo serves construction firms, manufacturing industry, the public sector and private customers.

Cramo Group's business consists of the following two segments: equipment rental and modular space. Its equipment rental business segment is also reported by geographical segments as follows: Finland, Sweden, Western Europe (Norway, Denmark and the Netherlands) and Other Europe (Esto-

nia, Latvia, Lithuania, Poland, the Czech Republic and Russia).

## TARGETING TO RANK AMONG THE TOP THREE IN EUROPE

Cramo has the ambition of growing into one of Europe's three largest equipment rental services companies through both organic growth and acquisitions. Cramo aims to rank among the two largest industry players in each of its market areas, to become the preferred supplier in the eyes of customers and one of the most profitable companies in the industry.

Cramo aims to meet the following financial targets over the business cycle:

- Annual sales growth exceeding 10 per cent per year
- EBITA at over 15 per cent
- Return on investment at over 13 per cent
- Gearing at around 100 per cent

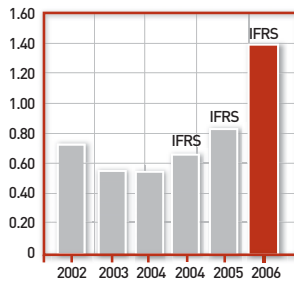
Cramo Plc's profit-distribution goal is to distribute around a third of the Group's annual profit in terms of share buybacks and/or dividends. The target is to maintain a steadily improving flow of dividends, however while taking into account the group's investment requirements for growth.

In recent years, Nordic demand for equipment rental services and modular space has grown at an annual rate of around five per cent, and this upward trend is expected to remain relatively steady. Central and Eastern Europe are showing considerably stronger growth. Cramo believes that its business growth will remain at least at market growth level.

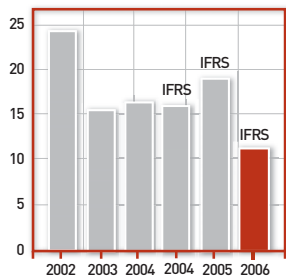
Cramo's strength lies in its long experience as a provider of rental services and the applicability of its depots' service concept, enabling the fast and efficient opening of new depots according to local needs. Purchasing and managing equipment on a centralised basis guarantees customers competitive prices, while securing high utilisation rates and cost efficiency for Cramo.

Through its new corporate name, brand and Group-wide corporate identity, Cramo conveys the message of its extended service network and shared policies and practices to its customers, stakeholders and employees.

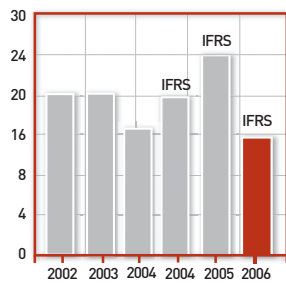
**EARNINGS PER SHARE, €**



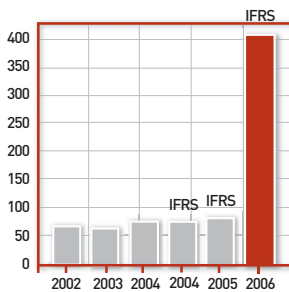
**RETURN ON INVESTMENTS, %**



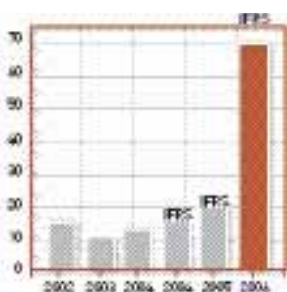
**RETURN ON EQUITY, %**



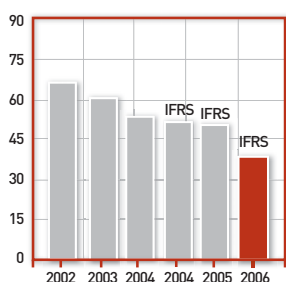
**SALES, MEUR**



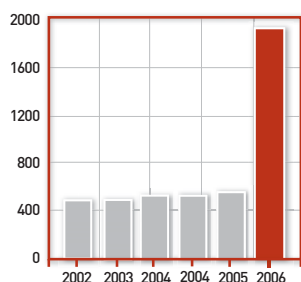
**OPERATING PROFIT, MEUR**



**EQUITY RATIO, %**



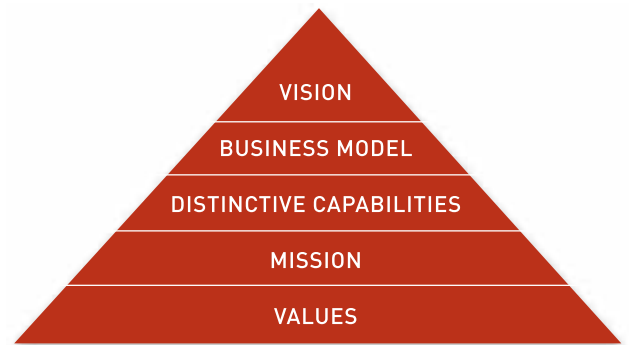
**PERSONNEL**



**CRAMO**

**GROUP STRATEGY**

**Target: to grow into one of Europe's three largest equipment rental services companies and rank among the two largest industry players in each of its market areas.**



Cramo is seeking growth both organically and through acquisitions. It is primarily seeking growth in regions enjoying the strongest growth in construction and rental services and in market areas in which it does not yet rank among the two largest industry players. In the next few years, Central and Eastern Europe is expected to show the most robust growth in construction and rental penetration rates in Europe. Cramo aims to strengthen its market position in Central and Eastern Europe both through acquisitions and by opening new depots. It also seeks to rank among the two largest players in Norway and Denmark, in terms of market share.

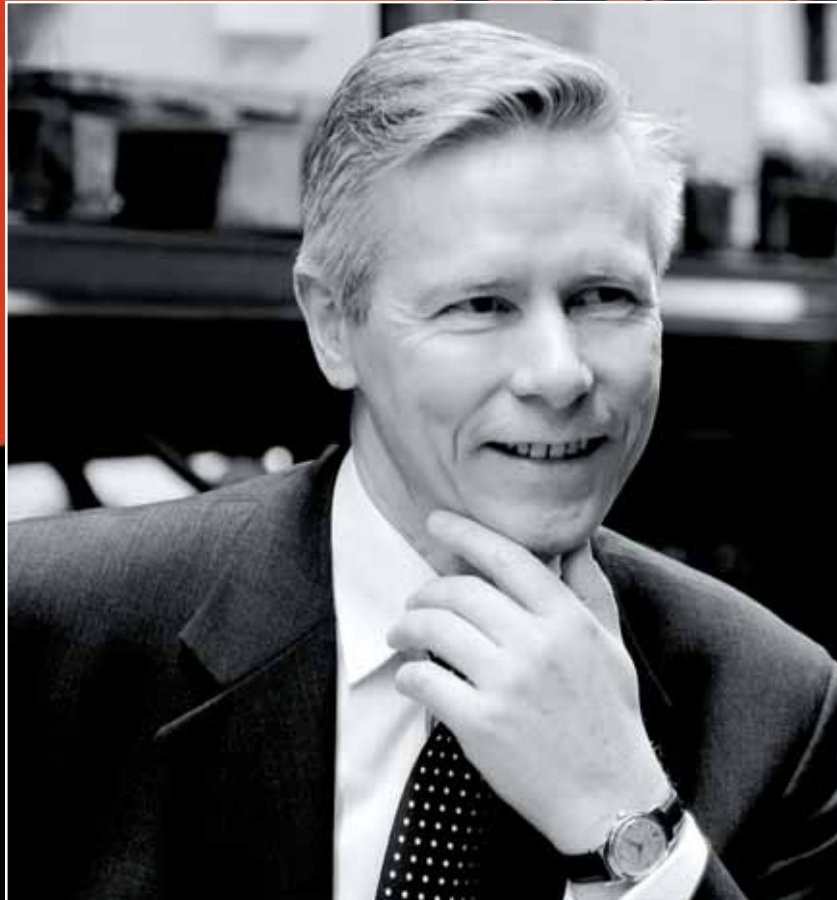
**TARGET: TO BE THE PREFERRED SUPPLIER FOR CUSTOMERS**

Service has become a more important competitive advantage in the equipment rental services business. In line with its customer-focused and entrepreneurial corporate culture, Cramo develops new service concepts and rental-related services for current and future customer needs. While a standard model for contracts and services is making it easier for customers to choose the services they prefer, customised solutions and long-term contracts are also available. Cramo provides international customers with cross-border frame agreements, enabling them to receive even-quality service and the machines, equipment and space they need from the depots they prefer.

The Group systematically develops its staff's technical skills, salesmanship and customer service capabilities.

**TARGET: TO BE AMONG THE MOST PROFITABLE COMPANIES IN THE INDUSTRY**

In order to grow on a profitable basis, Cramo exploits economies of scale enabled by its larger corporate size, including centralised purchasing and standardised equipment, not to mention special local needs. The Group spurs its units on to top performances by monitoring key performance indicators and rewarding those demonstrating the best progress and performance. The Group also continuously develops its employees' competences and encourages a motivating and inspiring working climate on a systematic basis.



*Paul Lein*

“Since the business integration was a great success, we have pushed ahead with our plans to expand our operations.”



## STRENGTH FOR EXPANSION THROUGH BUSINESS INTEGRATION

2006 was a year of business integration for Cramo. Creating a new Cramo Group required huge efforts from all of our business units, and from our companies' management and our administration. We completed our business integration with great success and ahead of schedule, which is far from commonplace. This success was due to our understanding the benefits of the related corporate transaction, and its smooth implementation.

Then again, 2006 was also a year of construction, showing growth in all of Cramo's market areas.

Within the context of our corporate transaction, we set the goal of growing into one of Europe's three largest equipment rental services companies and ranking among the two largest industry players in each of our market areas. We also aim to be the preferred supplier in the eyes of customers and one of the most profitable companies in the industry.

Thanks to the delightfully swift progress of our business integration, we have been able to push ahead with our plans to expand our operations. We seek to continue strengthening our market position in Central and Eastern Europe both through acquisitions and by opening new depots and offices. We have also begun to investigate our possibilities of entering new markets within Central and Eastern Europe.

While Central and Eastern Europe is expecting a long period of construction buoyancy, equipment rental is in its infancy in the region, where Cramo is among the first Western European rental services providers. As part of the Cramo Group's integration, we combined units and their service offerings in Estonia and Poland during the financial year. In Poland and Lithuania, we strengthened our market position through company acquisitions. We also opened doors to the Czech Republic through our Polish personnel hoist company. Despite this business expansion, our business was profitable throughout the Central and Eastern European market.

Western and Northern Europe also saw growth in construction and we are now seeking to increase the industry's and public sector's share of our customers.

With respect to the previous year's results, I would like to highlight the wonderful profit performance of our Norwegian and Danish operations. Sweden also made good progress and we can be happy with our profit performance in Finland, although our integration efforts took their toll on Finnish operations.

We can expect more corporate transactions within the European construction industry. While Northern Europe will probably experience market growth for a couple of years, Central and Eastern Europe will expect a considerably longer period of growth. I am confident that the new, more powerful Cramo Group will be able to meet the challenge of competition in all of its market areas.

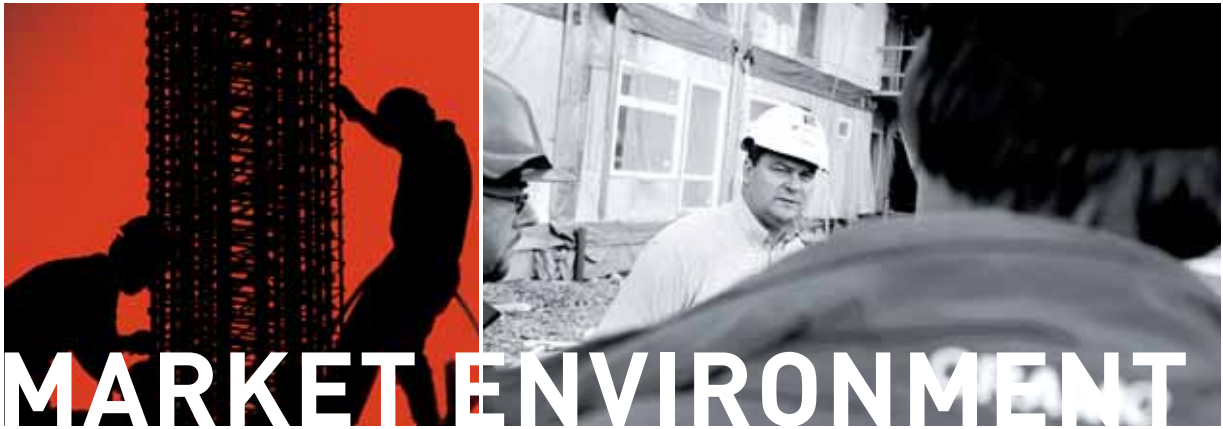
We can already witness the benefits of the combination of two companies, in the form of our knowledgeable and strong company management based on an excellent team performance throughout the year. Additionally, this combination is also reflected in more diversified skills across the Group and in cross-border customer relationships. In Northern Sweden, for example, our Finnish and Swedish units have already co-operated in providing services to their shared customers.

The company's name, Cramo Plc, which it assumed in November, and its shared corporate look reflect the Group's consistent corporate identity.

I should like to take this opportunity to thank Cramo's employees for their splendid performance in integrating the two companies and for our excellent financial performance achieved in spite of the exceptional workload. I also wish to express my thanks to our customers, shareholders and all our stakeholders for a successful 2006.

I am confident that 2007 will be a year of success for Cramo Group. Since the business integration was a great success, we have pushed ahead with our plans to expand our operations.

*Vesa Koivula*  
President and CEO



# MARKET ENVIRONMENT

## CONSTRUCTION CONTINUES GROWING

Europe has enjoyed an unusually long period of sustained growth in construction, 2006 being the 13th successive year of growth. However, many of these growth years have seen construction increase more modestly than GDP. Growth in construction is expected to continue for at least the next three years.

In 2006, European construction grew by an average of around three per cent, the growth rate in Sweden standing at approximately 10 per cent, in Finland at around 4.5 per cent, in Norway at some 6 per cent and in Denmark at roughly 2.5 per cent. Growth in GDP and construction in Cramo's Other Europe market area was markedly faster than in Northern and Western Europe. Country-specific construction growth-rate estimates in Central and Eastern Europe vary between 8 and 15 per cent. *(Sources: Confederation of Finnish Construction Industries RT, Sveriges Byggindustrier, VTT and Euroconstruct)*

The equipment rental services market is expanding at a faster rate than the total construction market. In Central and Eastern Europe in particular, equipment rental penetration rates are still at low levels, but there is also scope for growth in Northern Europe in this respect. Describing the overall prevalence of the use of equipment rental services, the rental penetration rate in Northern Europe varies between 25 and 40 per cent while standing at below 10 per cent in Central and Eastern Europe. The UK boasts the highest rental penetration rate in Europe, at around 80 per cent. Cramo believes that the rental penetration rate may rise to some 60 per cent in the Nordic countries.

The reason for the increasing popularity of rental services lies in companies' willingness to reduce their investments in machinery and equipment with a view to minimising tied-up capital. Moreover, machines and equipment require increasingly specialised skills and know-how. Other reasons include the replacement of labour input with machines and equipment and the improved supply and wider range of rental services.

In addition to machines and equipment, customers want supplementary services, such as heating services and construction-site services related to drying, grinding or concrete sawing and drilling. Demand for services related to equipment rentals in several market areas will increase even faster than actual equipment rental services.

### CHANGING MARKETS DUE TO LEGISLATION AND MARKET ENTRANTS

More stringent EU legislation, such as a directive governing maximum vibration levels, will increase demand for professionally serviced and high-quality machines and equipment. The entry into the Eastern European market of Western European construction firms, accustomed to using rental services, and that into Europe of North American construction firms, may add to demand for equipment rental services.

According to Cramo, general economic and industrial fluctuations will present the greatest threat to growth in the equipment rental services market. Although Western and Northern Europe has perhaps already peaked in terms of new construction, Central and Eastern Europe should continue to witness market growth for many years. In the Nordic countries and Western Europe, renovation projects have long represented a significant sector within equipment rental services.

In addition to economic cycles, any legislative amendments that may apply to either equipment fleets or the use of modular buildings may present extra challenges.

In light of these aspects, the sufficiency of skilled employees forms a major competitive strength. The competitive arena may also undergo changes as a result of the entry of non-European rivals into Cramo's market area.

Construction volumes are expected to grow in all of Cramo's operating regions over the next few years. The Group predicts that equipment rental services in all market areas will show a faster growth rate than total growth in the construction market, due for example to the rising rental penetration rate.

### RENOVATION PROJECTS ON THE RISE IN FINLAND

Cramo estimates that the Finnish equipment rental market totals around EUR 250 million, while the penetration rate, or the ratio of rented to owned equipment, stands at slightly below 30 per cent.

Cramo is one of the two leading players in the Finnish equipment rental market. In addition, there are a large number of small and highly specialised competitors in Finland. Cramo reckons that its market share is approximately one quarter.

Based on estimates reported by the Federation of Finnish Construction Industries RT, Finnish construction grew by around 4.5 per cent in 2006, housing starts showing the fastest growth rate but being expected to decline in 2007. The construction of manufacturing, commercial and office facilities was also buoyant. Industrial and commercial construction is also expected to grow in 2007. It is anticipated that residential renovation will experience relatively strong growth in the years to come, with blocks of flats the first to be subjected to renovation followed by detached houses. An ageing population will also increase the need for renovation and refurbishment.

## BUOYANCY IN CONSTRUCTION IN SWEDEN

According to Cramo's estimates, the Swedish equipment rental market totals roughly EUR 500 million, while the equipment rental penetration rate stands at around 40 per cent.

As the Swedish market leader, Cramo has one nationwide competitor, a few regional competitors and more than 200 rival rental firms on a local basis. Some competitors are rental firms with a strong position as a provider of a limited range of products. Cramo believes that it holds a market share of slightly over one third. In recent years, its Swedish operations have shown more vigorous growth than the total market.

Remaining sluggish for a long time, construction began to pick up in mid-2005 and, according to projections by the Swedish Construction Federation (Sveriges Byggindustrier), expanded by 10 per cent in 2006. This growth is expected to slow down to around four per cent in 2007.

In Sweden, the last 15 years saw an increase in renovation from 51 per cent to 66 per cent and renovation is expected to remain buoyant. Housing starts have long been at lower levels than elsewhere in Western Europe, although they took off in 2006. Institutional construction, which recovered in 2006, ground engineering and commercial construction are expected to remain on a growth trajectory.

## CHALLENGER IN WESTERN EUROPE

Cramo believes that the equipment rental market totals around EUR 405 million in Norway, roughly EUR 370 million in Denmark and approximately EUR 600 million in the Netherlands, with Norway and Denmark showing a somewhat lower rental equipment penetration rate, some 30 per cent, than Sweden.

Cramo believes that its market share in Norway stands at around nine per cent. The Norwegian market is characterised by one, undisputable market leader, a few medium-sized and several small local rental services companies. Cramo reckons that it is the third largest rental services provider in Norway, which is specifically characterised by large-scale infrastructure projects related to crude oil and gas transmission, as well as projects for the shipbuilding and maritime industries.

In Denmark and the Netherlands, Cramo still holds a relatively small market share: five per cent in Denmark and two per cent in the Netherlands. Two major national companies operate in the highly competitive Dutch market. A large number of small service providers operate in Denmark, where Cramo believes that it ranks fifth in terms of market share. Danish residential construction in particular showed marked growth in 2006 but its growth rate is expected to slow down in 2007. Civil engineering is at a significantly lower level in Denmark than in Norway and construction is concentrated in the Copenhagen region.



## LOW RENTAL PENETRATION RATES IN CENTRAL AND EASTERN EUROPE

Cramo estimates that the equipment rental market totals around EUR 115 million in the Baltic countries and some EUR 100 million in Poland. The rental equipment penetration rate in Poland and the Baltic countries stands at below 10 per cent.

In 2007, the construction volume is expected to increase by 8–13 per cent in Baltic countries.

Construction should grow annually by 8.5 per cent in Poland, albeit with a great deal of regional variation, spurred by increasing industrial construction and investment in infrastructure as well as commercial construction.

Housing construction in Russia is boosted by internal migration and more prosperous households. Increasing housing construction will also be reflected in the construction of shopping centres.

The Central and Eastern European market is currently served by only a few Western European equipment rental service providers. New construction-market entrants from e.g. Turkey and China are in the offing.

Estimates of market sizes are Cramo's estimates of equipment rental markets excluding equipment owned by construction companies.

## GREATER NEED FOR MODULAR SPACE

Cramo reckons that it leads the market in modular space in Finland and Sweden, holding an estimated market share of some 80 per cent in Finland and 30 per cent in Sweden.

Municipalities and industry form the largest customer group within modular space, and construction accounts for less than 10 per cent of sales.

In addition to various uses on construction sites, modular and portable buildings are increasingly used for schools, day-care centres and residential homes for senior citizens, which has raised the public sector's share of Cramo's customers. New applications, such as industrial projects, will also increase demand for modular space. In recent years, the modular space market has grown at a faster rate than the total construction market.



## BUSINESS GROWTH IN ALL MARKET AREAS

Cramo Group's network of 250 depots provides a wide variety of products and rental offerings according to local demand. While its products range from various construction machines, earthwork equipment, hoists and trucks to construction-site infrastructure and, as an independent business, modular space, its rental-related services include construction-site and installation services.

In recent years, demand for equipment rental services and modular space has grown at an annual rate of around five per cent in Finland and Sweden, Cramo's main markets. This upward trend is expected to remain relatively steady. However, the Central and Eastern European equipment rental services markets are expected to grow even faster. Cramo forecasts that its business growth will remain at least at market growth level.

In 2006, Cramo reported consolidated sales of EUR 402.4 million (77.0), up by 20.4 per cent on pro forma sales for 2005 (EUR 334.3 million). The equipment rental business recorded sales of EUR 339.7 (52.2) million in 2006, up by 22.5 per cent on pro forma sales for 2005 (EUR 277.3 million). The modular space business posted sales of EUR 65.5 million in 2006, up by 12.3 per cent on pro forma sales for 2005 (EUR 58.3 million).

Finnish sales improved by 5.2 per cent against pro forma sales a year ago and Swedish sales were up by 20.0 per cent. Compared with pro forma sales for 2005, Western Europe's sales rose by 28.9 per cent and Other Europe's by 66.8 per cent.

EBITA recorded by the equipment rental business before amortisation on intangible assets resulting from corporate acquisitions rose by 5.1 per cent in Finland, 79.5 per cent in Sweden, 466.9 per cent in Western Europe and 97.5 per cent in Other Europe, against pro forma EBITA a year ago. Modular space posted a 14.3 per cent improvement in its EBITA.

### NEW SERVICE CONCEPTS

An in-depth understanding of customer needs, an innovative approach to developing new service concepts, technical and functional expertise of personnel and efficient use of equipment are of primary importance to Cramo in order to achieve the objectives set for growth.

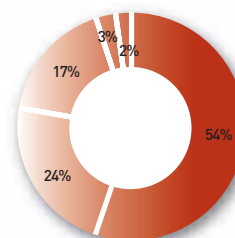
With a view to enhancing customer focus, a significant share of Group employees participated in internal customer service and salesmanship training, which will continue in 2007. In order to make more efficient use of its equipment, in late 2006 Cramo began to reshape its depot organisation. The underlying concept was that the heaviest products and equipment tying up the most capital would be relocated to outlets enabling quick movements of equipment between markets, according to changes in demand.

Cramo has also drawn up integrated, cross-border contract models guaranteeing increasingly international customers even-quality services throughout the Group's operating regions. Among the first examples of operating models enabled by such integration is a contract with Peab-Seicon, based on the Swedish model, whereby Cramo is Peab-Seicon's sole equipment supplier in Northern Finland.

In 2007, Cramo will continue to develop its service concepts further and map out new markets.

### BREAKDOWN OF SALES BY CUSTOMER SEGMENTS

CONSTRUCTION INDUSTRY 54%  
OTHER INDUSTRY 24%  
PUBLIC SECTOR 17%  
HOUSEHOLDS 3%  
OTHER 2%







## GROWING DEMAND FOR RENTAL-RELATED SERVICES IN FINLAND

In Finland, Cramo provides its customers with the full range of Group services, from the rental of individual small equipment to complete, industry-specific solutions. In 2006, Cramo's equipment rental staff averaged 448 in a total of 62 depots.

Finnish sales recorded by the equipment rental business in 2006 came to EUR 60.2 million, representing 17.7 per cent of the sales recorded by the Group's equipment rental business. EBITA, at EUR 10.4 million, represented 15.6 per cent of the Group's equipment rental business. Sales growth did not quite reach the market growth rate, due to subdued new construction projects in Cramo's main market, the Helsinki Metropolitan Area, and Group efforts required by business integration.

Finnish equipment rental services are organised into the following three categories: 1) General equipment rental services according to which customers order or collect the needed equipment from Cramo's depot; 2) Construction-site services which provide customers with services for drying, moisture control, thermal imaging, concrete sawing and drilling, floor laying and concrete placing; 3) Project rental services concentrated in the Helsinki Metropolitan Area, according to which Cramo provides the customer with a customised solution based on a long-term project, covering machines or equipment throughout.

In Finland, large construction companies represent Cramo's most significant customers, all construction firms accounting for around 70 per cent of its sales. Representing some 10 per cent of sales, private customers occupy a larger share of the Group's customers in Finland than in other market areas. Public-sector organisations account for approximately seven per cent of sales.

### RENOVATION PROJECTS ADD TO DEMAND FOR EQUIPMENT RENTAL SERVICES

Based on estimates reported by the Federation of Finnish Construction Industries RT, Finnish construction grew by around 4.5 per cent in 2006, housing starts and other new construction projects showing the most vigorous growth. Renovation projects saw an increase, whereas civil engineering projects were hit by a decline.

Growth in renovation projects has the most favourable effect on demand for equipment rental services. Equipment costs generally account for 5–20 per cent of total renovation costs whereas they represent only 1–5 per cent of housing starts within blocks of flats. However, housing starts suffer from milder seasonal fluctuations than renovation projects. Cramo's most typical customers include builders of new blocks of flats, who purchase site huts, small equipment supplementing their own, finishing work for personnel hoists and heating services in the winter.

### Cramo strengthened its market position in civil engineering projects last year.

Cramo strengthened its market position in civil engineering projects in 2006 and aims to extend its range of services and products for this sector.

Demand for rental-related services, such as heating and electrical installation, are expected to increase more rapidly than basic equipment rental services, and Cramo also aims to enhance its sales and market share as a provider of these services.

### FAVOURABLE OUTLOOK FOR 2007

The Confederation of Finnish Construction Industries RT forecasts that construction will grow by 2.5 per cent in 2007, sustained by commercial construction and manufacturing and warehouse construction. New construction projects are also beginning in the Helsinki Metropolitan Area. Renovation projects are expected to see steady growth, while civil engineering projects should experience an upward trend. Cramo predicts that the equipment rental services market will grow at a rate faster than that of the total construction market, and expects its Finnish business to increase at the market growth rate at a minimum.

The business integration project, implemented in 2006, coupled with total market growth and renovation project expansion, will provide a solid basis for Cramo's improved sales and profitability in 2007.



## MARKET LEADER IN SWEDEN

At the end of 2006, Cramo had 106 depots in Sweden, employing a total staff of 610. Swedish sales recorded by the equipment rental business came to EUR 174.7 million, representing 51.4 per cent of the sales recorded by the Group's equipment rental business. EBITA, EUR 35.9 million, accounted for 53.8 per cent of the Group's equipment rental business total.

For the Swedish construction industry and Cramo, 2006 was perhaps the best year since the late 1980s. Beginning in mid-2005, growth in construction doubled the market from the level recorded at the beginning of the millennium. In December, the Swedish Construction Federation (Sveriges Byggindustrier) revised its construction-sector growth forecast for 2006 upwards, from seven to ten per cent.

**The biggest customers in Sweden comprise construction firms which have outsourced part or all of their equipment to Cramo.**

This handsome profit was due, in addition to sustained demand, to previous investments in machines and equipment, the depot network and service concepts. The rental fleet's utilisation rate remained at a very high level.

Since a significant share of Cramo's customers in Sweden are involved in extremely large-scale construction and contracting projects, the range of rental equipment increasingly includes heavier and more capital-intensive equipment.

In Sweden, Cramo's biggest customers comprising construction firms have outsourced part or all of their equipment to Cramo. Other major customers include manufacturing companies expanding their operations, such as LKAB, a high-tech minerals Group, which is building a new pellet factory in Kiruna. A temporary heating installation supplied to LKAB's site is the first site in whose deliveries both Cramo Finland and Cramo Sweden have jointly been involved.

In addition to equipment rental services, an increasing number of Swedish companies are willing to purchase an energy solution for construction sites from an external service provider.

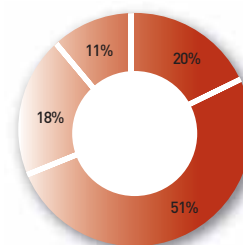
Construction firms account for slightly less than 60 per cent of customers. Industrial customers, public-sector customers and private customers represent about 30 per cent, around 10 per cent and some two per cent of sales, respectively.

### FAVOURABLE PROSPECTS

Growing demand is setting new requirements for logistics solutions and supply flexibility. In order to respond to changing needs for labour in Sweden, Cramo has concluded agreements with staffing companies with a view to guaranteeing sufficient personnel despite fluctuations in demand.

Cramo believes that demand for equipment rental services in Sweden will remain brisk in the next few years.

### BREAKDOWN OF EQUIPMENT RENTAL SALES BY GEOGRAPHICAL SEGMENTS, 1,000 €



FINLAND (20%)	60,227
SWEDEN (51%)	174,721
WESTERN EUROPE (18%)	66,319
OTHER EUROPE (11%)	38,446
<b>TOTAL (100%)</b>	<b>339,713</b>



## TARGETING AT GREATER MARKET SHARE IN WESTERN EUROPE

At the end of 2006, Cramo had 19 depots in Norway, 10 in Denmark and 10 in the Netherlands, with the number of employees totalling 102 in Norway, 74 in Denmark and 77 in the Netherlands.

Sales reported by Western European operations in 2006 came to EUR 66.3 million, accounting for 19.5 per cent of sales recorded by the Group's equipment rental business. EBITA, EUR 8.4 million, represented 12.6 per cent of the Group's equipment rental operations total.

In recent years, Cramo's business has made good progress, especially in Norway where the company has strengthened its market position and is currently involved in major infrastructure projects related, for example, to natural gas distribution.

### In Norway and Denmark, Cramo plans to extend its depot network significantly.

The firm's Danish operations also underwent expansion in 2006. The financial year saw dedicated efforts to develop the depot network and organisation, which were gradually reflected in greater operational efficiency towards the year-end.

Customers in Norway and Denmark, as in Sweden, are in many cases involved in major construction and contracting projects, and recent years have seen a shift towards heavier and more capital-intensive equipment within the range of rental equipment. Customers consist mainly of large industrial and contracting companies. Operations in Norway focus on infrastructure services for construction machinery and construction sites while construction site infrastructure represents the largest product group in Denmark. In the Netherlands, Cramo operates in Randstad area with a focus on civil engineering.

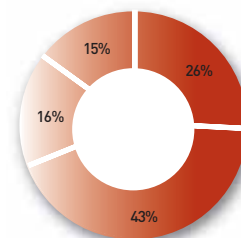
### NEW DEPOTS

In both Norway and Denmark, there are plans to extend the network of depots significantly and widen the range of offerings, especially in major towns. The purpose is to expand operations both by opening new depots and carrying out corporate transactions.

In January 2007, Cramo AS of Norway, a Cramo subsidiary, expanded its operations by acquiring Hamar Liftutleie AS and Kongsberg Maskinutleie AS. With a staff of five, Hamar Liftutleie should record sales of roughly EUR 2.0 million in 2006. This acquisition will strengthen Cramo's position in the Norwegian equipment rental market, especially in the Ostlandet region. With a staff of two, Kongsberg Maskinutleie sales of EUR 0.65 million in 2006.

Cramo expects conditions in the Norwegian and Danish equipment rental services markets to remain favourable and its sales to increase at a markedly faster rate than the total growth in the construction market and the rental equipment services market.

### NUMBER OF DEPOTS, BY GEOGRAPHICAL SEGMENTS



FINLAND (26%)	62
SWEDEN (43%)	106
WESTERN EUROPE (16%)	39
OTHER EUROPE (15%)	38
TOTAL (100%)	245



## OTHER EUROPE

Cramo Group's equipment rental business' sales in Other Europe come from Estonia, Latvia, Lithuania, Poland, the Czech Republic and the St. Petersburg region in Russia.

Other Europe's equipment rental sales totalled EUR 38.4 million, accounting for 11.3 per cent of sales recorded by the Group's equipment rental business, and EBITA EUR 12.0 million, representing 10.7 per cent of the Group's equipment rental business. Demand for equipment rental services increased in all of Cramo's Central and Eastern European operating regions.

### HOUSING AND COMMERCIAL CONSTRUCTION IN RUSSIA

In Russia, Cramo has one depot with a staff of 18, based in St. Petersburg. It aims to open another one during 2007 and is also analysing opportunities for expansion outside the city.

## Cramo also aims to enter new markets within Central and Eastern Europe.

Cramo provides construction firms in the St. Petersburg region with equipment and services needed, in particular, for setting up construction sites. In order to widen its offerings, Cramo has decided to make heavy investments in personnel hoists, with a typical construction site in Russia needing dozens of hoists at once. Additionally, Cramo plans to invest in electrical installation and site hut services for construction sites, since demand for such services is still increasing rapidly. In addition to housing construction, St. Petersburg and other fast-growing cities in particular are experiencing a boom in the construction of commercial premises, usually built by Western European companies accustomed to rental services.

### STRONG POSITION IN THE BALTICS

Cramo has operated in the Baltic countries since 2000 and is the market leader in equipment rental services in Estonia and Lithuania. During 2006, the Group integrated its Estonian op-

erations with the result that it ran a network of 17 depots with a staff of 151. Offering covers Cramo's whole product range excluding heavy construction machinery.

With three depots in Riga employing a staff of 30 at the end of the financial year, Cramo's offerings in Latvia focus on heavy-duty equipment suitable for civil engineering projects, but it also offers lightweight equipment.

At the end of the year in Lithuania, Cramo had seven depots with a staff of 56. In January 2007, Cramo Plc's Lithuanian subsidiary, UAB Cramo, acquired the country's leading hoisting equipment rental company, UAB Aukstumines Sistemos (AS), making Cramo the Lithuanian market leader in equipment rental services. The acquiree has 31 employees on its payroll at three sites in Lithuania, and its estimated sales for 2006 were EUR 2.2 million.

### NO. 1 IN PERSONNEL HOISTS IN POLAND

At the end of 2006 in Poland, Cramo operated a total of ten depots in Warsaw and other major southern cities, with a staff averaging 102. As a result of the acquisition in March 2006 of Maropol Sp.z.o.o, specialising in personnel hoists, Cramo reckons that it leads the Polish personnel hoist market. Through this acquisition, Cramo also obtained possession of the acquiree's outlet in the Czech Republic.

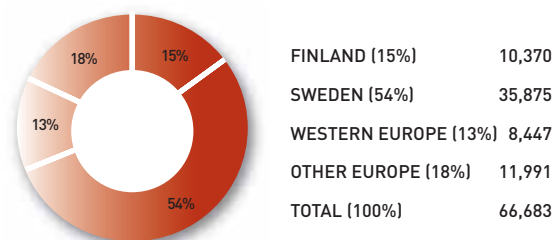
In Poland, growing industrial construction, investment in infrastructure and a rising rental penetration rate are increasing demand for equipment rental services. With the majority of its existing customers representing companies specialising in housing construction and renovation projects, Cramo also aims to branch out into products designed for the needs of industry while extending its depot network nationwide.

### SUSTAINED STRONG GROWTH

The financial year saw the integration of Cramo Group companies in Central and Eastern Europe and the standardisation of offerings, with the ultimate goal of establishing a Group company in each country. Cramo expects to expand its share of the fast-growing Central and Eastern European markets, thanks to its early market entry, long-term customer relationships, multi-cultural organisation and extensive range of effectively managed offerings.

Vigorous growth in construction coupled with rapidly rising rental penetration rates will support Cramo's growth targets. The Group also aims to enter new markets within Central and Eastern Europe.

### BREAKDOWN OF EQUIPMENT RENTAL EBITA BY GEOGRAPHICAL SEGMENTS, 1,000 €





## MODULAR SPACE

Modular space refers to highly prefabricated and pre-equipped building modules that can be moved as space requirements change. Its most important applications include schools, day-care centres and offices.

In 2006, the modular space business reported sales of EUR 65.5 million, accounting for 16.3 per cent of Cramo Group's consolidated sales, and showed an operating profit (EBITA) of EUR 14.9 million, representing 20.5 per cent of consolidated EBITA. The business had an average staff of 194.

This profit improvement stemmed from higher utilisation rates boosted by brisk demand, and price hikes.

Sweden and Finland represent the main market areas for modular space. Eight service offices serve customers in Sweden while Finland has one office and two manufacturing plants. Both Denmark and Norway have one office. The number of modules on offer totals around 10,700, or 330,000 square metres, around one third of which are located in Finland and two-thirds in the other Nordic countries.

Rental operations account for some 70 per cent of sales and around 30 per cent of sales come from the sale of industrial sheds, site facilities and modular space.

### PUBLIC SECTOR AND INDUSTRY AS MAJOR CUSTOMERS

Recent years have seen steady growth in the use of modular space in Finland. With long experience of the use of modular space, Sweden has four large suppliers competing for market share. In Finland, Cramo is the undisputable market leader.

The most typical applications of modular space include day-care centres and schools. For example, in its early years, a new detached housing area usually attracts a large number of families with children in need of child day-care centre services. In order to supplement their conventionally constructed day-care centre buildings, an increasing number of municipalities opt for modular buildings convertible into a school when children reach school age. For schools built using modular units, it is possible to build more classrooms or remove them according to need. Another, increasingly popular application includes sheltered housing and care homes for senior citizens. One of Cramo's most important public-sector customers in Finland is the City of Espoo, which has over 10,000 square metres of modular space in use.

Modular building offices are used on large construction sites or if a company wishes to, say, place its long-term project staff on the same premises. In Norway, for instance, Aker Stord has around 4,000 square metres of modular facilities used as a project office.

In Finland, the Olkiluoto nuclear power plant construction site has approximately 3,500 square metres of Cramo modular offices and some 13,000 square metres of site facilities, while Vattenfall's nuclear power plant project in Ringhals, Sweden, has around 5,200 square metres of modular space used for accommodation.

The public sector generates almost half of Cramo's modular space sales, as does industry while construction firms account for less than 10 per cent.

### TREND TOWARDS LONGER LEASES

The average rental period for modular space is becoming longer. According to Cramo's projections, leases of up to ten years will see growth. A typical modular space changes location 3–4 times within a 20 year period during its active use.

It is anticipated that the rental penetration rate will increase, bearing in mind that sustained migration will entail constantly changing demand for space. Faced by rapid changes in their needs, companies will also require alternative options for conventional, long-term building solutions.

### LONG ORDER BOOKS

The integration of the businesses of Cramo Instant, operating in Sweden, and Tilamarkkinat of Finland, involved a combined product range, higher manufacturing capacity and internal learning. Cramo also expects restructuring measures to improve productivity and enhance its market position in Norway and Denmark as of 2007.

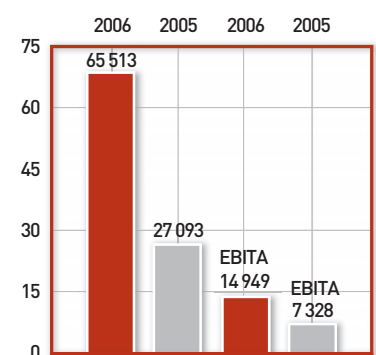
In 2006, Master Tilaelementit Oy, a manufacturer of pre-fabricated units, completed its extension project, doubling the plant's production capacity. 2006 saw the launch of the development of a new enterprise resource planning system at Master's and Parmaco Oy's plants, due for adoption in the first half of 2007.

## Sustained migration will increase demand for modular space.

Demand for modular space is vigorous in Finland, Sweden and Norway alike. The Norwegian market is expected to expand faster than average due to new space requirements dictated by legislative reforms, among other things.

In addition to growing demand, Cramo expects previous price hikes to strengthen its profit performance, which will be reflected in lease agreements for several years. Cramo boasts a very long order book for 2007.

### SALES AND EBITA, MODULAR SPACE, 1,000 €



# FINANCIAL STATEMENTS OF THE GROUP





# REVIEW

## BY THE BOARD OF DIRECTORS

### OVERVIEW ON OPERATIONS

Construction volumes grew in all of Cramo's operating regions in 2006. Euroconstruct, an international construction business research group, estimated that construction grew in Europe by approximately three per cent on average. In Finland, the Confederation of Finnish Construction Industries RT estimated construction to have grown by 4.5 per cent. The Swedish Construction Federation (Sveriges Bygginstitut) estimated that the Swedish construction market grew by 10 per cent. According to Euroconstruct's estimates, construction grew by six per cent in Norway and 2.5 per cent in Denmark. In Russia and Central and Eastern Europe, the construction investment growth rate is considerably higher than in the Nordic countries. Country-specific growth-rate estimates in Central and Eastern Europe vary between 8 and 15 per cent.

Cramo reckons that equipment rental services in all of its market areas have shown a faster growth rate than the total growth in the construction market, due for example to the rising rental penetration rate. Demand for modular space is also estimated to have increased faster than growth in construction. Cramo believes this trend to continue throughout the next few years.

### SALES AND PROFIT

Cramo's consolidated sales and profit outperformed expectations during the financial year, full-year sales improving by 422.6 per cent, to EUR 402.4 (77.0) million. This substantial improvement in sales was due to Cramo Holding B.V. Group accounts' inclusion in Cramo Plc's consolidated accounts as of 1 January 2006. Compared to the previous year's pro forma sales, the increase was 20.4 per cent.

Consolidated operating profit before amortisation on intangible assets resulting from corporate acquisitions (EBITA) in 2006 grew by 304.4 per cent, to EUR 72.8 (18.0) million. The fourth-quarter EBITA includes costs of EUR 0.3 million associated with the change of the firm's business name.

Operating profit (EBIT) for 2006 increased by 281.1 per cent, to EUR 68.6 (18.0) million. Year on year, EBIT rose by EUR 32.1 million against the pro forma EBIT (EUR 36.5 million) of year

ago and represented an operating margin of 17.0 (10.9) per cent. Healthy demand, higher prices in the main market areas and higher rental equipment utilisation rates contributed to this profitability improvement.

Profit before tax came to EUR 56.6 (16.2) million and net profit totalled EUR 41.9 (11.9) million. Undiluted earnings per share amounted to EUR 1.39 (0.83) and diluted earnings per share amounted to EUR 1.36 (0.81).

Return on investment (ROI) was 11.7 per cent and return on shareholder's equity was 15.5 per cent. The balance sheet 31.12.2005 used for calculating the ratios is based on pro forma figures.

### CAPITAL EXPENDITURE AND DEPRECIATION

Strong demand in all of the Group's main markets required heavy investments in 2006. Gross capital expenditure of EUR 111.9 (29.6) million for the financial year was mainly allocated to the purchase of rental equipment. Pro forma gross capital expenditure in 2005 totalled EUR 92.2 million. The gross capital expenditure for 2006 includes the acquisition of the Polish company MAROPOL Sp.zo.o. in the first quarter. This acquisition did not generate any group goodwill for Cramo.

Reported depreciation on property, plant and equipment, and software totalled EUR 51.1 (11.2) million. Amortisation on intangible assets resulting from acquisitions totalled EUR 4.3 million. At the end of the review period, goodwill totalled EUR 152.8 million, of which EUR 141.2 million was related to the Cramo acquisition.

### FINANCIAL POSITION AND BALANCE SHEET

The Group showed a positive cash flow from operating activities in 2006, EUR 103.9 (28.4) million. Cash flow from investing activities came to EUR -96.3 (-28.4) million. The fourth quarter showed a highly positive cash flow, as a result of which the full-year 2006 cash flow from operating activities exceeded that from investing activities. Cash flow from financing activities in 2006 was EUR 10.8 (1.3) million. At the end of the financial year, cash and cash equivalents amount-



ed to EUR 41.8 (1.9) million, with the net change coming to EUR 18.4 (1.3) million.

Cramo Group's interest-bearing liabilities on 31 December 2006 totalled EUR 347.5 (50.4) million. The Group has used interest-rate swaps of around EUR 152.8 million to hedge its non-current loans, and applies hedge accounting to this entire amount. Cramo Group's off-balance sheet operating lease liabilities amounted to EUR 30.3 (1.5) at the end of the financial year.

On 31 December 2006, Cramo Group's net interest-bearing liabilities totalled EUR 305.6 (48.6) million while its gearing stood at 104.6 (89.7) per cent.

On the same date, the balance sheet total came to EUR 770.9 (120.7) million and the equity ratio was 38.2 (49.0) per cent.

## GROUP STRUCTURE

At the end of the financial year, Cramo Group consisted of the following operating companies: Cramo Plc (parent company) and its subsidiary Cramo Holding B.V.'s subsidiaries in Sweden, Norway, Denmark, the Netherlands, Estonia, Latvia, Lithuania and Poland; Tilamarkkinat Oy; and Suomen Tähtivuokra Oy and its subsidiaries in Estonia, Poland, the Czech Republic and Russia.

The reporting year saw the launch of measures to reduce the number of Group subsidiaries and simplify the Group's legal structure. On 30 September 2006, Suomen Projektivuokra Oy, a subsidiary of VTM-Rakennuskonevuokraamo Oy, merged with the latter, and VTM-Rakennuskonevuokraamo Oy merged with the parent company. The simplification of the Group structure will continue in 2007.

A network of some 250 depots provides Cramo's equipment rental services. Tilamarkkinat in Finland and Cramo Instant in Sweden, Denmark and Norway are engaged in the modular space business.

## EXPANSION THROUGH ACQUISITIONS AND A NEW STRATEGY

In the first quarter of 2006, Cramo Plc, at the time known as Rakentajain Konevuokraamo Oyj, acquired Cramo Holding B.V., based on a share swap. The consolidated Group of companies resulting from this transaction is one of the industry's largest in Europe. The acquired Cramo Holding B.V. account-

ed for approximately EUR 257.3 million of Cramo Group's pro forma sales in 2005 (Group total EUR 334.3 million), and it had a staff of 1,077 (Group total 1,646).

The Extraordinary General Meeting (EGM) of 3 January 2006 decided to carry out a merger with Cramo Holding B.V. through a share swap, allowing each shareholder of Cramo Holding B.V. to subscribe for the company's shares, based on a private placement, and pay the subscription price by disposing of all their holdings in Cramo Holding B.V. shares to Cramo Plc. The subscription of new shares was carried out as a subscription in kind so that each Cramo Holding B.V. shareholder who subscribed for new shares in Cramo Plc received a total of 7,492,2535 new Cramo Plc shares for each Cramo Holding B.V. share. In connection with the above, the EGM decided to increase the company's share capital by a minimum of EUR 1 and by a maximum of EUR 12,137,450.67 through a rights issue based on a private placement, waiving the shareholders' pre-emptive subscription right, by offering a minimum of one and a maximum of 14,984,507 new company shares, at a state value of EUR 0.81, for subscription by the shareholders of Cramo Holding BV. All of the shares were subscribed and paid immediately after the general meeting.

The integration progressed according to plan during the year, with operations being integrated by closing down eight depots in Finland and combining operations in Estonia and Poland. Other market areas have no overlapping operations.

The company estimates that the acquisition of Cramo Holding B.V. will generate approximately EUR 5 million in synergies in 2007. The greatest benefits will be gained from the rationalisation of overlapping operations, higher order volumes in procurement, the optimisation of modular space production, improved customer relationship management and transfer of equipment across market borders, as well as the introduction of best practices.

The strategy for the new Group was completed in August. In accordance with the new strategy, the Group confirmed its ambition of growing into one of the three largest rental service companies in Europe, through both organic growth and acquisitions. The Group aims to rank among the two largest industry players in each of its market areas, develop into the preferred supplier from the customer's perspective and be one of the most profitable companies in the industry.

Based on a decision by the Extraordinary General Meeting in November, the Group was renamed Cramo Plc. The Group es-



timates that this change of business name will generate costs of EUR 8 million, of which EUR 0.3 million were recorded in 2006. EUR 4.3 million in expenses and EUR 0.2 million in depreciation are expected in 2007. Approximately EUR 3.4 million of the total expenses will be amortised over 10 years.

The Group's new ERP system project will continue in 2007. The total cost of the project is estimated to be approximately EUR 6 million.

Following its successful integration, the Group began to identify new growth opportunities in the second half of 2006.

On 21 December, Cramo's Lithuanian subsidiary, UAB Cramo, acquired UAB Aukstumines Sistemose (AS), the leading hoisting equipment rental company in Lithuania. AS specialises in the supply of demanding hoisting equipment and mast climbing platforms for construction and installation businesses and industry. AS employs 31 people at three sites in Lithuania, and its sales for 2006 are EUR 2.2 million. This acquisition also made Cramo a market leader in Lithuania. AS personnel will continue with Cramo, and the company will be consolidated within Cramo Group as of 1 January 2007.

The Group aims to continue growth in accordance with its strategy, both organically and through acquisitions. In particular, it is seeking growth in Central and Eastern Europe, where it is also evaluating the possibility of entering new market areas.

## GROUP MANAGEMENT

Vesa Koivula continued as the President and CEO after the Cramo acquisition. Göran Carlson, Cramo AB's CEO, was appointed his deputy in accordance with the combination agreement, and Martti Ala-Härkönen as CFO.

Within Machine and Equipment Rental Services, Tatu Hauhio acts as Senior Vice President Finland; Magnus Rosén as Senior Vice President, Scandinavia; and Jarmo Laasanen as Senior Vice President, Other Europe. Ossi Alastalo, Tilamarkkinat Oy's Managing Director, was appointed Senior Vice President, Modular Space, on 1 October 2006. Camilla Hensäter was appointed Senior Vice President for Modular Space in Sweden, Norway and Denmark. Until October, Modular Space was the responsibility of CEO Vesa Koivula in Finland and deputy CEO Göran Carlson in Sweden.

Eva Harström took up her duties as Chief Information Officer on 14 August 2006.

The Group's Executive Committee comprises CEO Vesa Koivula, deputy CEO Göran Carlson and CFO Martti Ala-Härkönen. The Enlarged Executive Committee also includes the Senior Vice Presidents Tatu Hauhio, Magnus Rosén, Jarmo Laasanen and Ossi Alastalo, Vice President of Corporate Communications Anders Collman, Vice President of Asset Management Mats Stenholm and CIO Eva Harström (Hans König until 16 June 2006).

## HUMAN RESOURCES

During 2006, Group staff averaged 1,828 (569), up 11.1 per cent compared with the average pro forma staff (1,646) a year earlier. This growth was due to business expansion, especially in Sweden and Central and Eastern Europe. The equipment rental business had 1,634 employees and the modular space business 194 employees on average in 2006.

The geographical distribution of personnel is as follows: Finland 33.2%, Sweden 33.4%, Western Europe 13.8% and Other Europe 19.6%.

The first quarter saw statutory Information and Consultation of Employees related to the integration of Cramo's Finnish operations with those of Cramo Plc and Suomen Projektivuokraus Oy. The closure of eight depots led to 16 redundancies that took effect in the second quarter.

Human resource development has focused on the development of sales and customer service skills. The most significant project includes a three-year sales and management training programme launched in Sweden in August 2005, in which almost all of Swedish sales and executive personnel are participating. A programme for sales and customer service competencies was launched in Finland in December 2006. Similar training has also been arranged in the other Nordic countries. Systematic development of sales, leadership and customer service competencies will begin in Central and Eastern Europe in 2007.

### Personnel by segments

	The amount of personnel		Percentage of all employees	
	2006	2005	2006	2005
Equipment rental				
Finland	449	408	24.6	75.6
Sweden	574		31.4	
Western Europe	253		13.8	
Other Europe	358		19.6	
Equipment rental, total	1,634		89.4	
Modular Space	194	132	10.6	24.4
	1,828	540	100.0	100.0

### Breakdown of age under the period

	The amount of personnel		Percentage of all employees	
	2006	2005	2006	2005
-23	82	27	4.5	5.0
24-35	477	127	26.1	23.5
36-45	618	206	33.8	38.1
46-60	534	162	29.2	30.0
60+	117	18	6.4	3.3
	1,828	540	100.0	100.0

### Salaries and wages (1,000 euros) of sick days and injure days

	The amount		Percentage of all employees	
	2006	2005	2006	2005
Sick days salaries/wages	3,200	408	3.8	1.9
Salaries/wages for sick days due to work-related accidents	118	50	0.1	0.2
Salaries/wages for sick days of a child of an employee	194	10	0.2	0.0
	3,512	468	4.2	2.0
Number of employees in Parent Company	449	312		

## OPERATIONAL RISKS

The business operations of the Group will to a degree be dependent on the economic development, as well as on the average activity of construction and property markets. Negative development on the aforementioned markets could have a negative effect on the Group operations, result and financial position. The operations have been divided into separate product and customer segments in order to minimize risks

related to general demand and price development as well as to decrease the dependency on one specific geographical market.

Seasonal fluctuations have historically been characteristic of the construction industry. Regardless of the fact that Cramo has managed to decrease its dependency on the construction industry in general, the Group's net sales have substantial seasonal fluctuation in a way that is typical of machinery and equipment rental business. Because the business operations of the Group are dependent on the general economic development, cyclic fluctuation has an impact on the Group's result and financial position. The Group strives to even out the possible negative effect of cyclic fluctuation by making sure that the operations are cost-efficient and that the machinery, equipment and service offering is competitive.

The expansion and business development of the Group is partly based on acquisitions. The risks of acquisitions may refer, among others, to knowledge of local markets, customers, key personnel and suppliers. The aim is to take the risks into account through a proper preparation process as well as structured follow-up of the takeover. The expansion to new geographical markets is subject to cultural, political, economic, regulatory and legal risks.

## FINANCE RISKS

The objective of the Group's financial risk management is to assure the sufficient finance of the business operations and to minimize the unfavourable effects on the Group's profit caused by changes in financial markets. The main financial risks are cash flow interest rate risk, currency risk, credit risk and liquidity risk. To manage the interest rate risk Group's borrowings and investments are spread to fixed and floating rate instruments. Derivative instruments such as interest rate swaps can also be used to manage the interest rate risk. Foreign exchange risk arises primarily from net investments in foreign operations and recognised assets and liabilities. To hedge foreign exchange risk the Group uses forward contracts. The Group estimates not to expose to significant foreign exchange risk arising from transaction exposure and either it is not exposed to any significant price risks.

The Group's finance functions are carried out by a central treasury department (Group Treasury) and the financing of Group's operating units is mainly done using internal loans. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

## ENVIRONMENT

The Group strives to minimize environmental defects by rotating well-maintained machinery, equipment and renovated buildings as well as by delivering all equipment to the customers tested and without unnecessary packages. Regional profit units assume responsibility for the appropriate storing and treatment of chemicals and hazardous waste. All material originating from the equipment subject to disposal are recycled.

Also in the purchasing decisions of the Group environmental responsibility is emphasized. Machinery and equipment are purchased on the basis of their lowest possible burden on the environment, and they meet the latest standards. Well-overhauled equipment lengthens the life cycle of the machinery

By aiming to high utilization ratio of the machinery fleet the Group can reduce the environmental impact of its operations.

## SHARES, SHARE CAPITAL AND STOCK OPTION SCHEMES

On 31 December 2006, Cramo Plc had a share capital of EUR 24,507,658.08 and total shares of 30,256,368.

As part of the merger between Cramo Plc (Rakentajain Konevuokraamo Oyj) Cramo Holding B.V., the Extraordinary General Meeting (EGM) of 3 January 2006 decided to lower the stated value of the company's share with the effect that the share capital was reduced to EUR 11,615,243.67. This share capital reduction was entered under unrestricted shareholders' equity. The EGM of 3 January 2006 decided to combine the Company's two share series to form a single series of shares, and a private placement related to this combination of share series increased the share capital by EUR 559,861.47 and the number of shares by 691,187. The EGM decided to reduce the share capital by decreasing the stated value of all company shares without payment by EUR 0.88, from EUR 1.69 to EUR 0.81. As regards the company's Series A shares, the reduction of share capital amounted to EUR 1,520,640, and for Series B shares EUR 11,098,390.16. As a result of the reduction in share capital, Cramo's share capital of EUR 24,234,273.83, as registered on 3 January 2006, was reduced to EUR 11,615,243.67. This had no impact on the number of shares issued by the company. The EGM also decided that, simultaneous to the reduction in share capital, the share capital be increased by a total of EUR 12,697,312.14 by issuing new shares, whose amount would exceed the amount of reduced share capital. The restricted equity did not decrease as a result of this planned reduction and increase of share capital.

The EGM of 3 January 2006 decided on a rights issue, offering shares for subscription by four of Cramo Holding B.V.'s shareholders in such a way that Cramo Plc increased its share capital by EUR 12,137,450.67 by offering 14,984,507 new shares to Cramo Holding B.V.'s shareholders against 2,000 Cramo Holding B.V. shares given as subscription in kind. The resulting change in share capital was registered in the Trade Register on 4 January 2006, the number of shares totalling 30,015,501 and share capital EUR 24,312,555.81.

The EGM of 3 January 2006 decided to combine the company's Series A and B shares in such a way that the differences between Series A and B shares were removed from the Articles of Association and both share series were combined to form a single series of shares. The Series A shares were converted into Series B shares (one Series B share in exchange for one Series A share). Furthermore, the Series A shareholders were offered, waiving the shareholders' pre-emptive subscription rights, the right to subscribe for one new share with an stated value of EUR 0.81 in exchange for 2.5 Series A shares in compensation for the decrease in higher voting rights.

The EGM decided to increase share capital by a maximum of EUR 559,872 by offering a maximum of 691,200 new company shares, at a stated value of EUR 0.81, for subscription by the holders of Series A shares. All of the shares were subscribed immediately after the general meeting, upon which the subscriptions were paid.

As a result of the combination of the share series and the related private placement, Cramo Plc shares and the rights they confer changed in such a way that the company has now only one share series, and all shares are listed on the Helsinki Stock Exchange. All company shares entitle their holders to exercise the same rights.

From January to March, Cramo Plc's share capital increased by EUR 29,484.00 as a result of share subscriptions based on the 2002 stock options, registered in the Trade Register on 9 March 2006. Between 9 March and 30 September 2006, a total of 58,400 shares were subscribed based on the 2002 stock options. At its meeting on 24 October 2006, the Board considered these share subscriptions and the resulting increase of share capital, registered in the Trade Register on 3 November 2006. The new shares have been traded since 6 November 2006.

From October to December, a total of 187,292 Cramo Plc shares were subscribed based on the 2002 stock options. The Board confirmed the share subscriptions and the resulting increase of share capital on 27 February 2007.

The Board will next discuss share subscriptions based on the stock option schemes at its meetings on 28 March 2007 and 18 April 2007.

## VALID STOCK OPTION SCHEMES

The EGM of 20 November 2006 decided on a stock option scheme comprising a maximum total of 3,000,000 stock options entitling their holders to subscribe for a maximum of 3,000,000 new company shares. The share subscription price is based on the market price of Cramo Plc shares quoted on the Helsinki Stock Exchange in October 2006, October 2007 and October 2008. The share subscription period is: for stock options 2006A, 1 October 2009-31 January 2011; for stock options 2006B, 1 October 2010-31 January 2012; and for stock options 2006C, 1 October 2011-31 January 2013.

The Annual General Meeting (AGM) of 4 April 2002 decided on the stock option scheme 2002 in which a total of 670,000 stock options were issued to key personnel, entitling them to subscribe for 670,000 Cramo Plc shares. As a result of this stock option scheme, the share capital may increase by EUR 1,132,300.00. The share subscription price is the trading-weighted average price of the company's Series B share quoted on the Helsinki Stock Exchange between 5 April and 4 June 2002, plus 10 per cent - EUR 5.27 - which will be deducted by the amount of dividends distributed before the share subscription on the record date. The minimum subscription price is the share's stated value.

As a consequence of dividend payments, the subscription price decreased by EUR 0.50 on 7 April 2003, EUR 0.50 on 7 April 2004, EUR 0.30 on 13 December 2004, EUR 0.25 on 11 April 2005 and EUR 0.25 on 11 April 2006, resulting in a subscription price of EUR 3.47 per share.

A total of 335,000 B stock options, based on Cramo Plc's 2002 stock option scheme, have been listed for trading together with the listed 2002 A stock options since 2 May 2006. The subscription period for both stock options will end on 31 March 2007.

## GENERAL MEETINGS OF SHAREHOLDERS

### Extraordinary General Meeting on 3 January 2006

The Extraordinary General Meeting of 3 January 2006 made the following decisions related to the combination agreement between Cramo Plc (Rakentajain Konevuokraamo Oyj) and Cramo Holding B.V., in accordance with the Board of Directors' proposal:

The EGM approved the reduction of share capital by decreasing the stated value of the share. The EGM approved the com-

bination of the series A and B shares, the amendment to the Articles of Association related thereto and the share issue placed with the holder of Series A shares. In connection with the combination of the share series, the EGM decided to amend the title III and the underlying article 4 of the Articles of Association as follows: "The Company has a minimum of 2,000,000 and a maximum of 44,000,000 shares. The shares have no nominal value." The EGM approved the share issue placed with the shareholders of Cramo Holding BV.

The EGM elected the following Board members: Gunnar Glifberg, Stig Gustavson, Phil van Haarlem, Eino Halonen, Pekka Heusala, Hannu Krogerus and Juhani Nurminen.

### Annual General Meeting on 6 April 2006

Cramo Plc's Annual General Meeting on 6 April 2006 considered the matters assigned to the Annual General Meeting as stipulated in the Articles of Association, and approved the financial statements of the company and the Group for 2005.

Based on the Board's proposal, the AGM decided that a dividend of 0.25 EUR per share be distributed. The AGM discharged the members of the Board and the CEO from liability for the financial year 2005.

The AGM re-elected all members of the Board of Directors elected on 3 January 2006.

The AGM elected the following auditors: APA Tomi Englund and Ernst & Young Oy (Authorised Public Accountants), APA Erkkä Talvinko with the main audit responsibility, and APA Roger Rejström as deputy auditor.

### Extraordinary General Meeting on 20 November 2006

In accordance with the Board's proposals, Cramo Plc's Extraordinary General Meeting of 20 November 2006 decided to rename the company Cramo Plc and update the Articles of Association as a whole. The new Articles of Association were presented in the stock exchange release of 20 November 2006.

In accordance with the Board's proposal, the EGM of 20 November 2006 made the decision to issue stock options to Cramo Plc's key personnel and Kiinteistö Oy RK-Kehä, a wholly owned subsidiary. The maximum number of stock options is 3,000,000, entitling their holders to subscribe for a maximum of 3,000,000 new company shares. The terms and conditions of the stock option scheme were disclosed in the stock exchange release of 25 October 2006.

## VALID BOARD AUTHORISATIONS

The Board has no valid authorisations to issue convertible bonds, increase share capital or buy back treasury shares. The Board has a valid authorisation to grant 2006 stock options comprising a maximum amount of 3,000,000 as decided in EGM of 20 November 2006.

## CORPORATE GOVERNANCE AND AUDITORS

Cramo Plc's Board of Directors from 3 January 2006 onwards comprises Gunnar Glifberg, Stig Gustavson, Phil van Haarlem, Eino Halonen, Pekka Heusala, Hannu Krogerus and Juhani Nurminen. The Audit Committee is made up of Pekka Heusala (Chair), Eino Halonen and Phil van Haarlem. The Nomination and Compensation Committee comprises Stig Gustavson (Chair), Pekka Heusala and Hannu Krogerus.

All members of the Board, except Gunnar Glifberg, are non-executive Board members independent of the company. Glifberg, Gustavson, Heusala, Nurminen, Krogerus, and since 29 November 2006, Phil van Haarlem are independent of major shareholders.

On 31 December 2006, the members of the Board of Directors, CEO and his deputy, either personally or through controlled corporations, held a total of 105,290 Cramo Plc shares representing 0.35 per cent of all shares and votes, as well as a total of 12,450 stock options. Furthermore, neither the Board members, CEO nor his deputy have subscribed shares using stock options between 1 January and 27 February 2007.

Members of the Board of Directors until 2 January 2006 included Paavo Ruusuvoori (Chair), Matti Koskenkorva, Asko Järvinen, Jari Lainio, Juhani Nurminen, Eino Halonen and Pekka Pystynen.

The company's auditors were Tomi Englund, Authorised Public Accountant, and Ernst & Young Oy, Authorised Public Accountants, with Erkka Talvinko, Authorised Public Accountant, having the main audit responsibility, and Roger Rejström, Authorised Public Accountant, as the deputy auditor.

Cramo Plc observes the Corporate Governance Recommendation for Listed Companies issued by the Helsinki Stock Exchange, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers. Cramo Plc's insider guidelines are based on the Securities Market Act, rules and regulations issued by the Financial Supervision Authority, as well as the insider guidelines of the Helsinki Stock Exchange effective since 1 January 2006. Finnish Central Securities Depository Ltd maintains an insider register of Cramo Plc's permanent insiders, whose holdings are also available on Cramo Plc's website.

## BOARD OF DIRECTORS' PROPOSAL FOR PROFIT DISTRIBUTION

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.50 per share be paid for the financial year 1 January-31 December 2006. The Board of Directors has assessed the company's future business operations and considers that the proposed dividend distribution does not constitute a risk to the company's solvency.

At its meeting on 27 February 2007, the Board of Directors specified the company's new profit distribution policy as follows: "Cramo Plc's profit distribution goal is to distribute around a third of the Group's annual profit in terms of share buybacks and/or dividends. The target is to maintain a steadily improving flow of dividends, however while taking into account the group's investment requirements for growth."

## EVENTS AFTER THE FINANCIAL YEAR

On 2 January 2007, Cramo's Norwegian subsidiary, Cramo AS, acquired Hamar Lifttulleie AS. With a staff of five, Hamar Lifttulleie should record sales of roughly EUR 2.0 million in 2006. This acquisition will strengthen Cramo's position in the Norwegian equipment rental market, especially in the Ostlandet region. Furthermore, Cramo AS acquired Kongsberg Maskintulleie AS on 4 January 2007. With a staff of two, Kongsberg Maskintulleie sales was EUR 0.65 million in 2006.

The personnel of all of these acquirees will continue with Cramo Group and the acquired companies have been included in Cramo Group's accounts since 1 January 2007.

The company announced on 26 January 2007 that it had issued a total of 786,000 2006A stock options to its key personnel. The total expenses of these stock options are estimated at EUR 4.5 million, EUR 1.6 million of which will be recognised in 2007.

A total of 288,145 shares have been subscribed for under the Cramo Plc 2002 stock option scheme since the end of the financial year 2006 and share capital will be increased by EUR 233,397.45. The Board of Directors confirmed the subscriptions on 27 February 2007.

As part of the simplification of the corporate structure, the parent company Cramo Plc's equipment rental operations in Finland will be transferred to Cramo Finland Oy, a wholly owned subsidiary of the parent company, as of 1 April 2007.

## FUTURE PROSPECTS

Economic development is expected to remain favourable with respect to Cramo's business environment. Growth in construction coupled with major infrastructure projects in industry and in the public sector will fuel growth in the equipment rental business. The growth in Nordic construction is forecasted to stabilise on a slightly lower level after 2006. Central and Eastern Europe are expected to see sustained strong growth in construction. Equipment rental services should expand faster than growth in construction, due for example to increasing penetration rates for these services. Demand for modular space is also expected to continue growing in the near term.

The company's profit performance in 2006 showed that the successful integration of the Cramo Group's operations has provided solid foundations for the Group's favourable development in the future. Cramo will continue to seek new growth opportunities. In 2007, Cramo expects its sales growth to exceed 10 % and its profitability (EBITA-%) to increase against year 2006.



## KEY FIGURES AND RATIOS

KEY FIGURES ON FINANCIAL PERFORMANCE		IFRS 2006	IFRS 2005	IFRS 2004	FAS 2004	FAS 2003	FAS 2002
Revenue	MEUR	402.4	77.0	71.4	73.0	58.7	61.0
Change -%	%	+422.6	+7.8		+24.2	-3.8	-10.2
Operating profit	MEUR	68.6	18.0	14.4	12.1	10.1	14.7
% of revenue	%	17.0	23.3	20.1	16.6	17.2	24.0
Profit before taxes	MEUR	56.6	16.2	13.0	11.5	9.8	14.2
% of revenue	%	14.1	21.1	18.2	15.8	16.7	23.3
Profit for the period	MEUR	41.9	11.9	9.2	8.0	8.0	9.7
% of revenue	%	10.4	15.5	12.9	10.9	13.7	15.9
Return on equity	%	15.5	24.0	19.9	16.4	21.1	21.1
Return on investment	%	11.7	18.6	16.6	16.9	15.6	24.4
Equity ratio	%	38.2	49.0	48.9	56.3	61.3	68.4
Gross capital expenditure	MEUR	111.9	29.6	15.0	12.0	16.6	8.1
% of revenue	%	27.8	38.5	21.0	16.4	28.2	13.2
Equity	MEUR	292.2	54.1	45.4	47.1	52.8	50.1
Net interest-bearing liabilities	MEUR	305.6	48.6	44.2	26.2	20.5	13.0
Gearing	%	104.6					
Average number of personnel	No.	1 828	569	538	538	447	447

## PER-SHARE RATIOS

Earnings per share	EUR	1.39	0.83	0.64	0.56	0.57	0.72
Earnings per share diluted *)	EUR	1.36	0.81	0.63	0.55	0.56	0.69
Shareholder's equity per share	EUR	9.66	3.77	3.17	3.29	3.60	3.53
Dividend per earnings	%	36.0	30.8	39.5	44.6	140.4	69.4
Dividend per share	EUR	0.50**	0.25		0.25	0.80	0.50
Market capitalisation of A/B Series share capital	MEUR	571.8	170.4		93.4	82.5	74.2
Trading volume of A Series shares	No.	37,070,980	6,830,907.0		3,495,110.0	3,048,642.0	5,847,263.0
% of total number	%	123	54.2		27.8	23.8	47.4
Issue-adjusted average number of A series shares	No.		1,728,000.0		1,728,000.0	1,728,000.0	1,728,000.0
Issue-adjusted average number of B series shares	No.	30,121,137	12,611,807.0		12,586,507.0	12,832,518.0	12,332,418.0
Issue-adjusted average number of A series shares at financial year end	No.		1,728,000.0		1,728,000.0	1,728,000.0	1,728,000.0
Issue-adjusted average number of B series shares at financial year end	No.	30,332,793	14,699,675.0		12,586,507.0	12,832,518.0	12,332,418.0
P/E ratio		13.9	15.2	10.3	11.7	10.1	7.4
Effective dividend yield	%	2.6	2.0		3.8	13.9	9.4
Market capitalisation of share capital	MEUR	571.8	155.9		82.4	73.8	65.5
Average price	EUR	13.44	8.42		6.36	5.02	5.02
Closing price at year end	EUR	18.90	12.36		6.55	5.75	5.31
Lowest quotation	EUR	11.10	6.15		5.70	4.35	4.42
Highest quotation	EUR	19.00	12.46		7.45	5.90	5.70

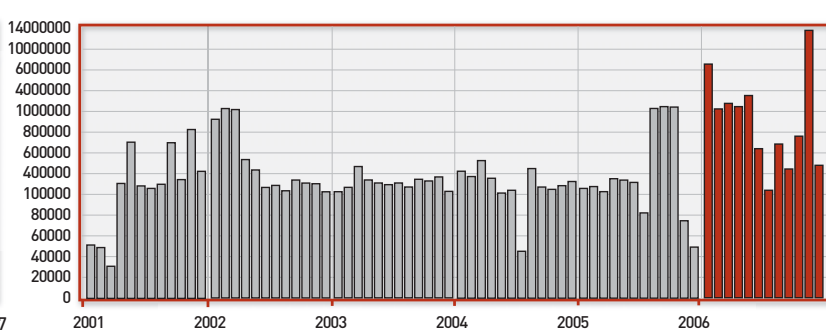
\*) Adjusted by the dilution effect of shares entitled by warrants

\*\*] Board proposal

## SHARE PRICE, €



## INTERCHANGE OF B SERIES SHARE PER MONTH, SHARES



## DISCLAIMER

This review includes certain forward-looking statements based on management's expectations at the time they are made. Therefore, they involve risks and uncertainties and are subject to change due to changes in general economic and industry conditions.

**CONSOLIDATED BALANCE SHEET, 1,000 €**

ASSETS	Note	31.12.2006	31.12.2005
<b>NON-CURRENT ASSETS</b>			
Tangible assets	6	367,950	91,846
Intangible assets	7	95,452	831
Goodwill	7	152,802	11,615
Financial assets available for sale	6	320	306
Deferred tax assets	14	2,423	576
Receivables	9	446	173
<b>Total non-current assets</b>		<b>619,393</b>	<b>105,347</b>
<b>CURRENT ASSETS</b>			
Inventories	8	15,788	3,383
Trade receivables and other receivables	9	91,469	10,151
Current income tax receivables		2,310	
Derivative financial instruments	31	113	
Cash and cash equivalent	10	41,823	1,850
<b>Total current assets</b>		<b>151,503</b>	<b>15,384</b>
<b>TOTAL ASSETS</b>		<b>770,896</b>	<b>120,731</b>
<b>EQUITY AND LIABILITIES</b>			
	Note	31.12.2006	31.12.2005
<b>EQUITY</b>			
Share capital	12	24,508	24,234
Share issue	12	143	32
Share premium	12	185,836	1,607
Fair value reserve	12	117	117
Hedging fund	12	3,301	
Translation differences	12	2,818	114
Retained earnings	12	75,521	28,027
<b>Total equity</b>		<b>292,244</b>	<b>54,131</b>
<b>NON-CURRENT LIABILITIES</b>			
Reserves	11	348	
Deferred tax liabilities	14	51,829	3,862
Interest-bearing liabilities	13	306,968	37,668
<b>Total non-current liabilities</b>		<b>359,145</b>	<b>41,530</b>
<b>CURRENT LIABILITIES</b>			
Interest-bearing liabilities	13	40,499	12,739
Trade and other payables	15	76,274	4,226
Short-term deferred tax liabilities		2,734	8,105
<b>Total current liabilities</b>		<b>119,507</b>	<b>25,070</b>
<b>Total liabilities</b>		<b>478,652</b>	<b>66,600</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>770,896</b>	<b>120,731</b>

**CONSOLIDATED INCOME STATEMENT, 1,000 €**

	Note	1.1.-31.12.2006	1.1.-31.12.2005
<b>REVENUE</b>	17	<b>402,425</b>	<b>76,982</b>
Other operating income	18	3 507	909
Changes in inventories	19	-184	-499
Production for own use		7,754	6,230
Materials and services	19	-74,256	-16,995
Employee benefit expenses	20	-83,773	-21,136
Depreciation	21	-51,060	-11,228
Amortisation on intangible assets resulting from acquisitions	21	-4,265	
Other operating expenses	22	-131,579	-16,305
<b>OPERATING PROFIT</b>		<b>68,569</b>	<b>17,958</b>
Finance cost (net)	23	-11,984	-1,709
<b>PROFIT BEFORE TAX</b>		<b>56,585</b>	<b>16,249</b>
Income tax expense	24	-14,641	-4,322
<b>PROFIT OF THE YEAR</b>		<b>41,944</b>	<b>11,927</b>
Calculated from shareholder's profit:			
Earnings per share, €	25	1.39	0.83
Diluted earnings per share, €	25	1.36	0.81

**CHANGES IN GROUP'S EQUITY, 1,000 €**

	Share capital	Share issue	Share premium	Fair value reserve	Hedging fund	Translation difference	Retained earnings	Total
Share capital 1 January 2005	24,191	1	1,555	117		-59	19,680	45,485
Translation difference						173		173
Profit for the period							11,927	11,927
Dividend distribution							-3,580	-3,580
Registered share issue	43	-1	52					94
Unregistered share issue		32						32
Total	43	31	52			173	8,347	8,646
<b>Equity at 31 December 2005</b>	<b>24,234</b>	<b>32</b>	<b>1,607</b>	<b>117</b>		<b>114</b>	<b>28,027</b>	<b>54,131</b>
Share capital 1 January 2006	24,234	32	1,607	117		114	28,027	54,131
Translation difference						2,704	2	2,706
Hedging fund					3,301			3,301
Total income and expense for the year recognised directly in equity					3,301	2,704	2	6,007
Profit for the period							41,944	41,944
<b>Total income and expense for the year</b>					<b>3,301</b>	<b>2,704</b>	<b>41,946</b>	<b>47,951</b>
Dividend distribution							-7,513	-7,513
Exercise of options, registered	196	-32	650					814
Exercise of options, unregistered		143						143
Share-based payment							442	442
Combining of share classes	560							560
Shares of Cramo Holding B.V.	12,137		184,159					196,296
Share issue costs of Cramo Holding B.V.			-580					-580
Decrease of par value	-12,619						12,619	
Total	274	111	184,229		3,301	2,704	47,494	238,113
<b>Equity at 31 December 2006</b>	<b>24,508</b>	<b>143</b>	<b>185,836</b>	<b>117</b>	<b>3,301</b>	<b>2,818</b>	<b>75,521</b>	<b>292,244</b>

**CONSOLIDATED CASH FLOW STATEMENT, 1,000 €**

	1.1.-31.12.2006	1.1.-31.12.2005
<b>Cash flows from operating activities</b>		
Operating profit	68,569	17,958
Adjustments for:		
Depreciation	55,326	11,228
Change in working capital 1)	-2,135	3,895
Financial income	-13,128	-1,042
Financial expenses	1,523	128
Taxes	-4,745	-3,784
Other non cash corrections	-1,530	
<b>Net cash flow from operating activities</b>	<b>103,880</b>	<b>28,383</b>
<b>Cash flow from investing activities:</b>		
Investments in tangible and intangible assets	-109,015	-29,601
Sale of tangible and intangible assets	13,416	2,825
Acquisition of a subsidiary, net of cash acquired	-655	-1,638
<b>Cash flow from investing activities</b>	<b>-96,254</b>	<b>-28,414</b>
<b>Cash flow from financing activities:</b>		
Proceeds from issue of share capital	787	126
Increase (+)/decrease (-) in liabilities	-17,066	5,525
Increase (+)/decrease (-) in lease liabilities	34,610	-938
Dividends paid	-7,513	-3,580
Translation difference		172
<b>Net cash used in financing activities</b>	<b>10,818</b>	<b>1,305</b>
<b>Net (decrease)/increase in cash and bank overdrafts</b>	<b>18,444</b>	<b>1,274</b>
Cash and bank overdrafts at beginning of the year	1,850	576
Translation difference	302	
Cash and bank overdrafts from acquisitions	21,227	
Cash and bank overdrafts at end of the year 31.12.	41,823	1,850
1) Change in working capital		
Increase (-)/decrease (+) in inventories	-3,966	526
Increase (-)/decrease (+) in short-term receivables	-14,697	-911
Increase (+)/decrease (-) in short-term non-interest bearing liabilities	16,528	4,280
<b>Total</b>	<b>-2,135</b>	<b>3,895</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 GENERAL INFORMATION

Cramo Plc (until 24 November 2006 Rakentajain Konevuokraamo Oyj) is a service company specialising in construction machinery and equipment rental and rental-related services, as well as rental and sale of modular space. Cramo operates in eleven countries in the Nordic countries and Central and Eastern Europe with 248 outlets and with employees more than 1,800.

Cramo Oyj, the parent company of the Group, has its legal domicile in Vantaa in the address Kalliosolantie 2, 01740 Vantaa, Finland.

Cramo Oyj has its listing on the mid-cap list of Helsinki Stock Exchange.

These consolidated financial statements have been approved for issue by the Board of Directors on 27 February 2007.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the consolidated financial information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The consolidated financial statements of Cramo have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

This IFRS consolidated financial statements have been prepared under the historical cost convention, except available-for-sale investments and interest rate derivatives, which have been recognised at fair value.

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. While these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. Areas where assumptions and estimates are significant to the consolidated financial statements are discussed in Note 4.

These IFRS consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue to realise its assets and discharge its liabilities in the normal course of business.

#### 2.2 Consolidation

Subsidiaries, which are those entities in which the Company has an interest of more than one half of the voting rights or otherwise has power to exercise control to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control is transferred to the Company and are no longer consolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Accounting policies for subsidiaries

have been changed to ensure consistency with the policies adopted by the Company.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of an acquisition is measured, as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the costs of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

#### 2.3 Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

The company's primary segment reporting is based on the following lines of business:

- equipment rental
- modular space

The reporting of equipment rental segment is based on geographical areas, which are divided into four main areas, Finland, Sweden, Western Europe including Norway, Denmark and the Netherlands and Other Europe including Poland, Lithuania, Latvia, Estonia, Czech Republic and the greater St. Petersburg in Russia.

#### 2.4 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial information is presented in Euro, which is the functional and presentation currency of the parent company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement under sales, materials and services or under financial income and expenses based on the nature of transaction.

Income statements and cash flows of foreign entities are translated into the Company's reporting currency at the weighted average exchange rates for the year and balance sheets are translated at the exchange rates on the balance sheet date. Exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign entity is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity in the functional currency of the entity and translated at the closing rate.

### 2.5 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation less any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as separate asset when it is probable that future economic benefits associated with the item will flow to the group and the cost can be measured reliably. Repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write off the cost of each asset, to their residual values over their estimated useful life as follows:

Buildings and structures	15 – 50 years
For rental:	
- Modular space	10 – 20 years
- Machinery and equipment	6 – 10 years
- Tents and shelters	6 years
Machinery and equipment for drying services	10 years
Machinery and equipment for diamond boring and cutting services	6 years
Machinery and equipment for own use	3 – 6 years
Other tangible assets	3 – 10 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

Interest costs on borrowings to finance the construction of property, plant and equipment are expensed when incurred.

### 2.6 Intangible assets

#### Goodwill:

Goodwill, arising from the acquisitions after 1 January 2004, represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. For the goodwill, arising from the acquisitions before 1 January 2004, the carrying amount of goodwill under previous GAAP at the date of transition to IFRSs is used as the deemed cost of goodwill under IFRS at that date.

#### Customer relationships, brand and depot network

Valuation of customer relationships has been prepared by applying the Multi-period Excess Earnings Method and fair value of Cramo brand is determined by applying the relief-from-royalty method. The depot network has been valued based on the benefit gained compared the earnings of depot in normal course of business with the earnings of start-up depot. The useful life of brand has been defined indefinite because there is no foreseeable limit to the period over which the asset is expected to generate cash inflows.

Goodwill and brand are not amortised, instead, they are tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill and brand are allocated to cash-generating units for the purpose of impairment testing. Brand has been considered as a corporate-level asset and for testing purposes the brand is reallocated to cash generating units annually based on sales. The allocation of assets is presented in Note 7.

### Research and development

Research expenditure is recognised as an expense as incurred. Development costs are capitalised when the entity can demonstrate the technological and commercial feasibility of the product and cost can be measured reliably. Other development expenditures are recognised as expense.

Currently the development work the entity is performing, is of such nature that it does not fulfil the criteria of capitalisation and thus the development costs are recognised as expense as incurred.

### Other intangible assets

Intangible assets include mainly computer software and some other intangible rights. Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 3 - 7 years.

Other intangible assets are carried at cost less amortisation less any impairment loss. These are amortised over their estimated useful life as follows:

- Customer relationships	10 years
- Depot network	20 years
- Other intangible assets	3 – 5 years

### 2.7 Impairment of assets

Goodwill and other assets that have an indefinite useful life are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events of changes in circumstances indicate that the carrying amount may not be recoverable. If there is any indication of impairment, the recoverable amount is estimated as the higher of the net selling price and the value in use with an impairment loss being recognised to income statement whenever the carrying amount exceeds recoverable amount. For the purposes of impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The increased carrying amount must not, however, exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. However, previously recognised impairment loss of goodwill is not reversed.

### 2.8 Financial assets

The Company classifies its financial assets into the following categories; a) financial assets at fair value through profit and loss, b) loans and receivables and c) available-for-sale investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates such designation on a regular basis.

#### a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless hedge accounting is applied. Assets in this category are classified as current assets.

#### b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet

date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet in Note 9.

#### c) Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date, in which case they are included in current assets.

Purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

All unrealised gains and losses arising from changes in the fair value of available-for-sale securities are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recorded in equity are included in the income statement in financial income and expenses.

Financial assets are derecognised when the rights to receive cash flows from the investment have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

### 2.9 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- (a) hedges of the fair value of recognised liabilities (fair value hedge);
- (b) hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge); or
- (c) hedges of a net investment in a foreign operation (net investment hedge).

There were no fair value hedges or hedges of a net investment in a foreign operation on the balance sheet date.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement and classified in finance cost.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within finance costs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within finance cost.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 12. Movements on the hedging reserve in shareholders' equity are shown in Note 12. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Derivatives, for which hedge accounting is not applied, are classified as a current asset or liability.

Derivatives, for which hedge accounting is not applied are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments are recognised immediately in the income statement and classified in finance cost.

### 2.10 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of selling.

### 2.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows.

**2.12 Cash and cash equivalents**

Cash and cash equivalents, which include cash accounts and short-term cash deposits at banks, have maturities of up to three months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**2.13 Share capital**

Share capital consists solely of ordinary share capital.

External costs directly attributable to the issue of new shares are shown as a deduction, net of tax, in equity from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid and any directly attributable incremental costs (net of taxes) are deducted from equity.

**2.14 Borrowings**

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. (Note 13)

**2.15 Borrowing costs**

Borrowing costs are recognised as an expense when incurred.

**2.16 Deferred income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for impairment losses that are not taxable or investments in subsidiaries where the timing of reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**2.17 Employee benefits****Pension obligations**

The Group companies have various pension schemes in accordance with the local conditions and practises in the countries in which they operate. The schemes are generally funded through payments to insurance companies. Currently all pension schemes are classified as defined contribution plans.

Defined contribution plan is a pension plan under which the Company pays fixed contributions to insurance company, the Group has no further obligations to pay contributions. Under defined contribution plans the payments are accounted as expense for the period for which the payment is made.

The future disability benefit of Finnish Statutory Employment Pension Scheme ("TEL") qualifies as a defined benefit plan under IFRS (until 2006). The disability obligation has been

calculated and recognised as a liability in the opening IFRS balance sheet. This obligation has been substantially reduced during 2004 and was abolished by the end of 2005.

**Share-based payments**

The Group has two equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable and recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

**2.18 Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Research and development grants related to income are credited to other operating income in the income statement. Government grants relating to the purchase of property, plant and equipment are presented by deducting the grant in arriving at the carrying amount of the assets and are credited to the income statement on a straight line basis over the expected lives of the related assets. Impact of government grants is presented in Note 6.

**2.19 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. The amount to be recognised, as a provision is the best estimate of the expenditure required to settle the obligation. Where the effect of time value of money is material, the amount of the provision is discounted.

**2.20 Revenue recognition**

Revenue is measured at fair value of the consideration received or receivables of the sale of goods and services, net of value-added tax, rebates and discounts. Revenue is recognised as follows:

**Sales of goods**

Sales of goods are recognised when a Group entity has delivered the products to the customer, collectibility of the related receivables is reasonably assured, the selling entity has no significant risks and rewards of ownership and the selling entity retains neither managerial commitment nor control of the sold goods.

**Rental contracts (lessor)**

Lease income from operating leases has been recognised in income on a straight-line basis over the lease term, unless another systematic basis has been more representative of the time pattern in which use benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income have been recognised as an expense.

The sales of movable buildings, which also include the rental agreement with the third party, and when the movable building has been sold to a finance company on a repurchase commitment, has been considered as lease agreement, due to the



significant risks and rewards incidental to ownership are not considered to transfer to the finance company. The proceeds of the sale of the buildings with the related rental agreements are recognised as rental income over time. Interest on the liability is calculated using the effective interest rate method.

#### Other services

Sales of services are recognised in the accounting period in which the services are rendered.

#### 2.21 Leases (lessee)

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. The Group has several leases that are classified as finance leases, in which the Group is the lessee.

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

The Group has entered into various operating leases, the payments under which are treated as rentals and charged to the income statement on a straight-line basis over the lease term.

#### 2.22 Dividend distribution

Dividend distribution to shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by shareholders.

#### 2.23 New accounting standards and IFRIC interpretations

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2007 or later periods but which the Group has not early adopted. The Group will apply the following standards (and amendments) and interpretations from 1 January 2007:

- IAS 1 Presentation of Financial Statements, paragraphs 124A-124C. The company assesses the impact of the amendment on disclosures of financial statements when specifying its finance policy.
- IFRS 7, Financial Instruments: Disclosures. Amendments of the standard will increase the disclosures in financial statements.
- IFRS 8, Operating Segments. Company estimates that the standard will somewhat change disclosures presented in financial statements. Changes are not assessed to be significant.
- IFRIC 11, Group and Treasury Share Transactions. The group has adopted the interpretation in 2006.
- IFRIC 12, Service Concession Arrangements. The interpretation is not applicable in the group's business.

## 3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group

uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group Treasury). Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

### 3.1 Market Risk

#### 3.1.1 Interest rate risk

The Group's interest rate risk arises from long-term borrowings. The Group is mainly exposed to cash flow interest rate risk related to borrowings issued at variable rates. At the balance sheet date 44.0 percentage of outstanding interest bearing liabilities were fixed interest rate.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. IAS 39 Hedge accounting is applied on interest rate swaps.

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Interest bearing liabilities and their average interest rates are presented in Note 13.

#### 3.1.2 Currency risk

The Group operates internationally and is thus exposed to foreign exchange risks, arising from various currency exposures, primarily with respect to the Swedish Krona and Norwegian Krona (SEK and NOK). Foreign exchange risk arises primarily from net investments in foreign operations and recognised assets and liabilities.

Since Cramo has subsidiaries outside the Eurozone, the euro-dominated value of the shareholders' equity is exposed to fluctuations in exchange rates. Equity changes caused by movements in foreign exchange rates are shown as a translation difference in the Group consolidation. The Group Treasury is regularly monitoring and evaluating the translation risk and manages the hedges. At December 31, 2006 the equity exposure has not caused a need for hedging.

Foreign exchange risk arising from recognised assets and liabilities is managed primarily through forward contracts.

Sales and purchases in Group companies are mainly in the functional currency of the local entities' and thus the Group estimates not to be exposed to significant foreign exchange risk arising from these transaction exposures.

#### 3.1.3 Price risk

The Group holds a minor amount of unquoted shares, which do not expose to material price risk. The Group is not exposed to commodity price risk.

### 3.2 Credit risk

The Group's policy identifies clients, investment transactions and derivative financial instruments counterparty credit rating requirements and principles of investment. The Group has no significant credit risk concentrations, because it has broad clientele, that is geographically spread into a wide area and the Group grants credits to companies and private persons, which have proper credit information. The Group's maximum exposure to credit risk for receivables and other financial assets is represented by their fair value at 31 December 2006.

### 3.3 Liquidity risk

Due to the dynamic nature of the underlying businesses,

Group Treasury manages the Group's liquidity risk and ensures flexibility in funding by maintaining availability under committed credit lines and holds sufficient cash and financial assets for which there is a liquid market and that are readily saleable to meet liquidity needs.

The Group uses diverse funding sources and borrowings are primary long-term. The Group has committed borrowing facilities or other lines of credit that it can access to meet liquidity needs. At the end of December 31, 2006 the unused commercial paper facility totalled 50 MEUR and unused committed borrowing facilities totalled 50 MEUR. The Group has also committed leasing facilities from financial institutions.

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. The recoverable amounts of cash-generating units have been determinate based on value-in-use calculations, which require the use of estimates defined in Note 8.

#### Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the group-wide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

#### Share-based compensation

The Group has equity settled share-based compensation schemes for employees. Fair value of stock options is estimated by using the Black Scholes model on the date of grant based on certain assumptions. Those assumptions are described in Note 27 and include, among others, the dividend yield, expected volatility and expected life of the options. These variables make estimation of fair value of stock option difficult.

### 5. SEGMENT REPORTING

Segment information is presented for the Group's business segments and geographical segments.

Segment assets and liabilities are such business items, that are used in the business operations of segments or that can be reasonably be allocated to segments. Unallocated items include tax or financing items and common costs for the Group. Capital expenditure comprises additions to property, plant and equipment and intangible assets, that are used in one or more periods.

Pricing between segments is set at the market price.

The Group's primary reporting format is business segments as follows:

- Equipment rental
- Modular space

Construction site services, which were presented as a separate segment in 2005 is presented in the Equipment rental segment in 2006 according to the revised segment definition.

#### BUSINESS SEGMENTS 2006, 1,000 €

	Equipment Rental						Total Group
	Finland	Sweden	Western Europe	Other Europe	Modular space	Eliminations	
Sales	60,227	174,721	66,319	38,446	65,513		405,227
Inter-segments	-300	-121			-2,382	-2,802	-2,802
<b>Total revenue</b>	<b>59,927</b>	<b>174,601</b>	<b>66,319</b>	<b>38,446</b>	<b>63,132</b>	<b>-2,802</b>	<b>402,425</b>
Segment EBITA	10,370	35,874	8,447	11,991	14,949	-183	81,448
Non-allocated							-8,616
<b>EBITA</b>							<b>72,832</b>
Net finance items							-11,984
Profit before taxes							56,585
Income taxes							-14,641
<b>Net results</b>							<b>41,944</b>
<b>Segment assets</b>							
Intangible assets	21,704	112,276	38,941	36,175	35,560		244,655
Tangible and other assets	73,538	187,378	71,438	59,683	134,204		526,241
<b>Total assets</b>	<b>95,242</b>	<b>299,654</b>	<b>110,379</b>	<b>95,858</b>	<b>169,764</b>		<b>770,896</b>
Segment liabilities	44,058	116,635	60,661	37,620	87,308		346,282
Non-allocated							132,022
<b>Total liabilities</b>							<b>478,304</b>
Capital expenditure	18,309	29,207	20,306	26,681	17,362		111,864
Depreciations	9,292	16,259	9,535	7,748	8,226		51,060
Amortisations	265	2,689	816	496			4,265

**BUSINESS SEGMENTS 2005, 1,000 €**

	Equipment Rental					Eliminations	Total Group
	Finland	Sweden	Western Europe	Other Europe	Modular space		
Sales	46,452			5,790	27,093		79,335
Inter-segments	-167				-2,186		-2,353
<b>Total revenue</b>	<b>46,285</b>			<b>5,790</b>	<b>24,907</b>		<b>76,982</b>
Segment EBITA	9,193			2,037	7,328		18,558
Non-allocated							-600
<b>EBITA</b>							<b>17,958</b>
Net finance items							-1,709
Profit before taxes							16,249
Income taxes							-4,322
<b>Net result</b>							<b>11,927</b>
Segment assets	59,362			16,286	45,083		120,731
<b>Total assets</b>							<b>120,731</b>
Segment liabilities	8,041			1,518	28,169		37,728
Non-allocated							28,872
<b>Total liabilities</b>							<b>66,600</b>
Capital expenditure	12,905			9,140	7,556		29,601
Depreciations	7,426			1,001	2,801		11,228

## Value of outstanding orders for the sales and rental of modular space

	2006	2005
Sales	7,452	6,884
Rental	74,507	24,198
<b>Total</b>	<b>81,959</b>	<b>31,082</b>

**GEOGRAPHICAL SEGMENTS 2006, 1,000 €**

	Finland	Sweden	Western Europe	Other Europe	Eliminations	Total Group
Sales	91,671	206,094	70,803	38,451	-4,595	402,425
Assets by segment	333,819	260,119	74,236	59,122	43,602	770,898
Capital expenditure	23,353	39,227	20,306	23,697		106,583

**GEOGRAPHICAL SEGMENTS 2005, 1,000 €**

	Finland	Sweden	Western Europe	Other Europe	Eliminations	Total Group
Sales	71,193			5,789		76,982
Assets by segment	104,445			16,286		120,731
Capital expenditure	20,461			9,140		29,601

The sales of geographical segments are allocated based on the country in which the customer is located while assets are allocated based on where the assets are located.

## 6. NON-CURRENT ASSETS, 1,000 €

TANGIBLE ASSETS	Land	Buildings	Modular space	Machinery and equipments	Other tangible assets	Uncompleted purchases	Total
Acquisition cost at 1 Jan. 2006	3,299	18,004	37,409	72,995	646	323	132,676
Additional	284	2,306	20,464	83,007	4,030		110,091
Acquisition of a subsidiary	760	2,490	48,171	174,313	3,479		229,213
Disposals	-128	-35	-3,260	-17,997	-704	-323	-22,447
Exchange adjustment	-21	-180	127	8,094	2,286		10,306
Acquisition cost at 31 Dec. 2006	4,194	22,585	102,911	320,412	9,737		459,839
Accumulated depreciation 1.1.2006		-6,102	-9,742	-24,764	-221		-40,829
Depreciation for the financial year		-1,337	-7,443	-40,848	-1,432		-51,060
Net book value at 31 Dec 2006	4,194	15,146	85,726	254,800	8,084		367,950
	Land	Buildings	Modular space	Machinery and equipments	Other tangible assets	Uncompleted purchases	Total
Acquisition cost at 1 Jan. 2005	3,236	19,861	31,699	56,840	523		112,159
Additional	117	530	6,184	22,220	201	323	29,575
Disposals	-54	-2,387	-474	-6,065	-78		-9,058
Acquisition cost at 31 Dec. 2005	3,299	18,004	37,409	72,995	646	323	132,676
Accumulated depreciation 1.1.2005		-5,406	-7,489	-16,657	-157		-29,709
Depreciation for the financial year		-696	-2,253	-8,107	-64		-11,120
Net book value at 31 Dec 2005	3,299	11,903	27,666	48,231	425	323	91,846

In 2006 the Group obtained and recognised a government grant of 50 thousand euros (EUR 236 thousand in year 2005) to compensate for the cost of buildings and machinery.

	Available for sale investments	Total
<b>AVAILABLE FOR SALE INVESTMENTS, 1,000 €</b>		
Acquisition cost at 1 Jan. 2006	306	306
Additional	36	36
Disposals	-22	-22
Net book value at 31 Dec 2006	320	320
	Available for sale investments	Total
Acquisition cost at 1 Jan. 2005	207	207
Additional	159	159
Disposals	-60	-60
Net book value at 31 Dec 2005	306	306

Available-for-sale investments consist of shares in As. Oy Saarihely and Golf Sarvik and unquoted shares in telephone companies. Value of shares in Saarihely is based on the assessment of an external expert and value of shares in Golf Sarvik on reference from the market. Value of unquoted shares are stated at historical cost.

## FINANCE LEASE CONTRACTS, MACHINERY AND EQUIPMENT, 1,000 €

	2006	2005
Acquisition cost at 31 Dec.	185,061	651
Accumulated depreciation 31 Dec.	-43,914	-83
Net book value at 31 Dec	141,147	568

Finance lease contracts are included in Machinery and equipment.



**7. GOODWILL AND OTHER INTANGIBLE ASSETS, 1,000 €**

	Goodwill	Other non-current assets	Total
<b>Acquisition cost at 1 January 2006</b>	<b>15,839</b>	<b>1,413</b>	<b>17,251</b>
Additions		76	76
Acquisition of subsidiaries	138,771	94,683	233,454
Disposals			
Exchange differences	2,416	4,127	6,543
<b>Acquisition cost at 31 December 2006</b>	<b>157,026</b>	<b>100,299</b>	<b>257,324</b>
Accumulated depreciation at 1 January 2006	-4,224	-582	-4,806
Depreciations for the period		-4,265	-4,265
<b>Book value at 31 December 2006</b>	<b>152,802</b>	<b>95,452</b>	<b>248,254</b>
	Goodwill	Other non-current assets	Total
<b>Acquisition cost at 1 January 2005</b>	<b>15,839</b>	<b>897</b>	<b>16,735</b>
Additions		541	541
Disposals		-26	-26
<b>Acquisition cost at 31 December 2005</b>	<b>15,839</b>	<b>1,413</b>	<b>17,251</b>
<b>Accumulated depreciation and impairment loss at 1 January 2005</b>	<b>-4,224</b>	<b>-498</b>	<b>-4,722</b>
Accumulated depreciation on disposals		24	24
Depreciation and amortisation for the period		-108	-108
Impairment loss for the period			
<b>Accumulated depreciation and impairment loss at 31.12.2005</b>	<b>-4,224</b>	<b>-582</b>	<b>-4,806</b>
<b>Book value at 31 December 2005</b>	<b>11,615</b>	<b>831</b>	<b>12,445</b>

## GOODWILL IMPAIRMENT TESTING, 1,000 €

Goodwill and other intangible assets acquired through business combinations have been allocated to cash-generating units (CGU) for impairment testing. A CGU comprises the business operations of Cramo's primary business segment in each country. Brand has been considered as a corporate-level asset.

For testing purposes the brand has been annually reallocated to CGUs based on sales.

The segment-level summary of goodwill and other assets are presented below in thousand euros.

	Finland	Sweden	Equipment rental		Modular space	Total
			Western Europe	Other Europe		
Goodwill	12,944	60,264	22,867	26,035	30,692	152,802
Customer relationships	691	12,337	3,671	1,520		18,219
Brand	4,495	13,421	4,835	2,392	4,868	30,012
Depot network	3,574	26,253	7,568	6,229		43,623
Total intangible assets	21,704	112,276	38,941	36,175	35,560	244,655
Tangible assets	45,689	88,049	52,444	40,502	117,482	344,166
Total assets tested	67,393	200,325	91,385	76,677	153,042	588,821

The recoverable amount of a CGU is based on value-in-use. These calculations use cash flow projections based on financial budgets and estimates approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rates used to extrapolate the future cash flows are estimated to reflect gradual maturation of the industry in which the CGU operates.

Key assumptions used in value-in-use calculations:	Finland	Sweden	Equipment rental		Modular space
			Western Europe	Other Europe	
EBITA, %	17.2-19.0	18.0-19.0	8.0-17.0	17.0-37.5	20.0-22.5
Growth rate, % five-year period	3.0	3.0	4.0-16.0	5.0-20.0	4.0-6.5
Growth rate, % beyond five-year period				-1.0	
Discount rate, %	11.0	11.0	11.0	11.0	9.75-10.5

These assumptions have been used for the analysis of each CGU. Management projected profitability and growth estimates for each CGU based on past performance and expected market development. The discount rates used are pre-tax and reflect specific risks of the relevant CGU.

### Sensitivity to changes in assumptions:

Maximum changes are presented below in key assumptions in per cent units, one at a time, after which the value-in-use equals to the carrying amount.

	Finland	Sweden	Equipment rental		Modular space
			Western Europe	Other Europe	
EBITA, %, max decrease in per cent units	6.8	10.9	1.8-4.0	5.0-12.0	0.0-4.5
Growth rate, %, max decrease in per cent units, five-year period	17.0	16.0	4.0-9.0	11.5-20.5	0.0-10.0
Growth rate, %, max decrease in per cent units, beyond five-year period	25.0	20.0	2.5-8.0	12.0-30.0	0.0-8.5
Discount rate, %, max increase in per cent units	7.5	7.0	1.4-5.0	5.0-9.0	0.0-4.0

**8. INVENTORIES, 1,000 €**

	2006	2005
Materials and supplies	6,693	1,335
Work in progress	8,273	1,380
Finished goods	821	668
<b>Total</b>	<b>15,788</b>	<b>3,383</b>

**9. TRADE AND OTHER RECEIVABLES, 1,000 €**

	2006	2005
<b>Non-current receivables</b>		
Trade receivables	136	
Other receivables	310	173
<b>Total</b>	<b>446</b>	<b>173</b>
Fair value of non-current trade receivables is EUR 121 thousand.		
<b>Current receivables</b>		
Trade receivables	74,928	7,050
Other receivables	5,616	2,268
Prepaid expenses and accrued income	13,235	833
<b>Total</b>	<b>93,779</b>	<b>10,151</b>

The Group has written down a credit loss from receivables for EUR 1 906 thousand for the period (EUR 233 thousand in 2005). Receivables do not include significant credit risk concentrations.

The book value of receivables corresponds to fair value in material parts.

**10. CASH AND CASH EQUIVALENTS, 1,000 €**

	2006	2005
Cash in hand and at bank*	41,823	1,850
<b>Total</b>	<b>41,823</b>	<b>1,850</b>

\* includes the escrow account of EUR 160.7 thousand (EUR 456 thousand in 2005) due to the purchase of Sève Sp.zo.o.

**11. PROVISION**

The group has two non-cancellable lease contracts, which do not produce any economic benefit to the group. The provision amounts to 348 thousand euros in the end of the year and covers the loss of these contracts. At the beginning of the year the group did not have any provisions.

## 12. SHARE CAPITAL AND EQUITY FUNDS, 1,000 €

	Share capital	Share issue	Share premium	Fair value reserve	Hedge fund	Total
1.1.2005	24,191	1	1,554			25,746
Alteration	43	31	53	117		244
31.12.2005	24,234	32	1,607	117		25,990
Alteration	274	111	184,229		3,301	187,915
<b>31.12.2006</b>	<b>24,508</b>	<b>143</b>	<b>185,836</b>	<b>117</b>	<b>3,301</b>	<b>213,905</b>

Share capital at 31 december 2006 distributes as follows:			
	Number of shares	Percentage of shares	Percentage of votes
Shares	30,256,368	100	100
<b>Total</b>	<b>30,256,368</b>	<b>100</b>	<b>100</b>
Fair value reserve		2006	2005
Share premium of investments available for sale		117	117
Number of shares		A series	B series
1.1.2006		1,728,000	12,611,807
Combining share classes		-1,728,000	2,419,200
Targeted share issue to shareholders of Cramo Holding B.V.			14,984,507
Subscription of options			240,854
<b>31.12.2006</b>			<b>30,256,368</b>

### Changes in number of shares and in A Series and B Series shares

As part of the merger between Cramo Plc. (Rakentajain Konevuokraamo Oyj) Cramo Holding B.V., the Extraordinary General Meeting (EGM) of 3 January 2006 decided to lower the stated value of the company's share with the effect that the share capital was reduced to EUR 11,615,243.67. This share capital reduction was entered under unrestricted shareholders' equity. The EGM of 3 January 2006 decided to combine the Company's two share series to form a single series of shares, and a private placement related to this combination of share series increased the share capital by EUR 559,861.47 and the number of shares by 691,187. The EGM decided to reduce the share capital by decreasing the stated value of all company shares without payment by EUR 0.88, from EUR 1.69 to EUR 0.81. As regards the company's Series A shares, the reduction of share capital amounted to EUR 1,520,640, and for Series B shares EUR 11,098,390.16. As a result of the reduction in share capital, Cramo's share capital of EUR 24,234,273.83, as registered on 3 January 2006, was reduced to EUR 11,615,243.67. This had no impact on the number of shares issued by the company.

The EGM of 3 January 2006 decided on a rights issue, offering shares for subscription by four of Cramo Holding B.V.'s shareholders in such a way that Cramo Plc increased its share capital by EUR 12,137,450.67 by offering 14,984,507 new shares to Cramo Holding B.V.'s shareholders.

The EGM of 3 January 2006 decided to combine the company's Series A and B shares in such a way that the differences between Series A and B shares were removed from the Articles of Association and both share series were combined to form a single series of shares. The Series A shares were converted into Series B shares (one Series B share in exchange for one Series A share). Furthermore, the Series A shareholders were offered, waiving the shareholders' pre-emptive subscription rights, the right to subscribe for one new share with a stated value of EUR 0.81 in exchange for 2.5 Series A shares in compensation for the decrease in higher voting rights.

The EGM decided to increase share capital by a maximum of EUR 559,872 by offering a maximum of 691,200 new company shares, at a stated value of EUR 0.81, for subscription by the holders of Series A shares. All of the shares were subscribed immediately after the general meeting, upon which the subscriptions were paid.

As a result of the combination of the share series and the related private placement, Cramo Plc shares and the rights they confer changed in such a way that the company has now only one share series. All company shares entitle their holders to exercise the same rights.

Equity funds are described in the following way:

#### Translation differences

Translation differences fund consists of the differences in converting the financial statements of the foreign units.

#### Fair value reserve

Fair value reserve consists of the changes of the fair value of financial assets available for sale.

#### Dividends

After the account closing date the Board has proposed a dividend of 50 cents per share.



**13. INTEREST-BEARING LIABILITIES, 1,000 €**

Non-current interest-bearing liabilities	2006		2005	
	Book value	Fair value	Book value	Fair value
Bank borrowings	192,034	192,034	23,847	22,782
Repurchase liabilities	7,535	7,499	7,980	7,215
Rent advances	5,922	5,893	5,790	6,222
Finance lease liabilities	101,477	101,477	52	52
Total	306,968	306,903	37,668	36,271

Current interest-bearing liabilities	Book value	Book value
Bank borrowings	14,595	7,617
Repurchase liabilities	1,142	2,119
Rent advances	2,727	2,920
Finance lease liabilities	22,035	83
Total	40,499	12,739

Total interest-bearing liabilities	347,467	50,407
------------------------------------	---------	--------

Book value of current liabilities approximate their fair value. The interest rates of all bank loans are floating for which reason the fair value of loans do not differ materially from the carrying amount. The interest rates of repurchase and rent advance liabilities are fixed and their fair values are calculated by the interest rate of the contracts discounted using a market interest rate.

The group has a syndicated loan facility of 250 million euros. At the end of financial year the group had the undrawn commercial paper facilities to the value of 50 million euros and committed credit limits to the value of 50 million euros. In addition, the group has other undrawn finance and leasing facilities.

The main covenants of the syndicated loan facility are the debt to EBITDA ratio, the interest cover ratio and the equity ratio. In addition, there are other general terms related to the loan. The debt to EBITDA defines the interest rate of the syndicated loan quarterly within a maximum range of 0.5 % p.a. The maximum values of the financial covenants will fluctuate during the loan period. The maximum and actual values of the financial covenants as at 31 December 2006 are presented below:

	Values of covenants 31 Dec 2006	Actual 31 Dec 2006
Debt to EBITDA, maximum	3,75:1	2,91:1
Interest Cover Ratio, minimum	5,00:1,00	10,34:1,00
Equity Ratio, %, minimum	26.5%	38.2%

**Non-current interest bearing liabilities mature as follows:**

	2007	2008	2009	2010	2011	2011+	Total Bank
Borrowings	14,595	13,396	12,753	12,753	14,126	139,004	206,629
Repurchase liabilities	1,142	3,418	1,743	1,334	802	238	8,677
Rent advances	2,727	2,321	1,746	1,104	528	223	8,649
Finance lease liabilities	22,035	31,076	16,414	16,414	16,414	21,159	123,512
Total	40,499	50,211	32,656	31,605	31,870	160,624	347,467

**Loans from financial institutions by currency**

	2007	2008	2009	2010	2011	2011+	Total
EUR	4,913	4,643	4,000	4,000	5,373	78,868	101,797
SEK	9,681	8,753	8,753	8,753	8,753	60,136	104,831
Total	14,595	13,396	12,753	12,753	14,126	139,004	206,629

## Finance lease liabilities

	2006	2005
Payable < 1 year from balance sheet date	22,328	84
Payable 1-5 years from balance sheet date	86,204	54
Payable > 5 years from balance sheet date	24,275	
<b>Total</b>	<b>132,806</b>	<b>138</b>
Future interest payments	9,294	3
Present value of minimum future finance lease payments	123,512	135

## Weighted average maturity and average interest rates on 31st December 2006

	Maturity (years)	Interest
Loans	6.1	4.05%
Loans including interest rate swaps	6.1	4.23%
Finance leases	3.5	4.10%
Finance lease liabilities	2.3	3.89%
Rent advances	1.8	3.89%

## 14. DEFERRED TAXES, 1,000 €

	2006	2005
<b>Deferred tax assets</b>		
Losses for the previous years	693	83
Appropriation	732	35
Other temporary differences	998	458
<b>Total</b>	<b>2,423</b>	<b>576</b>
<b>Deferred tax liabilities</b>		
Appropriation	23,795	3,807
Fair value of hedging fund	1,160	
Valuation of intangible assets to fair value in business combinations	25,885	
Other temporary differences	559	55
Translation difference	430	
<b>Total</b>	<b>51,829</b>	<b>3,862</b>
<b>Deferred tax liabilities (net)</b>	<b>49,406</b>	<b>3,286</b>

## Change in the deferred tax liabilities and assets entered on the balance sheet

Deferred tax liabilities (net) at 1 January	3,286	2,269
Acquired subsidiaries	34,607	
Items entered on the income statement	9,897	976
Items entered on the equity	1,160	41
Exchange rate differences	456	
Deferred tax liabilities (net) at 31 December	49,406	3,286

## 15. TRADE AND OTHER LIABILITIES, 1,000 €

	2006	2005
<b>Trade payables</b>	<b>34,561</b>	<b>4,226</b>
Advances received	6,694	1,648
Accrued liabilities and deferred income	32,317	4,873
Other current liabilities	2,702	1,584
<b>Other liabilities total</b>	<b>41,713</b>	<b>8,105</b>
<b>Total</b>	<b>76,274</b>	<b>12,331</b>

Material items included in accrued liabilities and deferred income include personnel expenses and amortisation of interest on liabilities.

## 16. OPERATIONAL LEASE LIABILITIES, 1,000 €

	2006	2005
Payable < 1 year from balance sheet date	10,469	415
Payable 1-5 years from balance sheet date	18,441	1,062
Payable > 5 years from balance sheet date	1,396	
<b>Total</b>	<b>30,306</b>	<b>1,477</b>

Operational lease liabilities at floating interest rates are mainly based on Libor, Euribor and Stibor varying periods of between 3 and 12 months. The maturities of operational lease liabilities are six years, at maximum.

**17. REVENUE BY BUSINESS AREA, 1,000 €**

	2006	2005
Equipment rental and construction site-services	339,713	52,242
Modular space	65,513	27,093
Intercompany sales	-2,803	-2,353
<b>Total</b>	<b>402,425</b>	<b>76,982</b>

**18. OTHER OPERATING INCOME, 1,000 €**

	2006	2005
Rental of premises and other revenues	1,703	341
Profit of sold tangible assets and investments available for sale	1,804	568
<b>Total</b>	<b>3,507</b>	<b>909</b>

**19. MATERIALS AND SERVICES, 1,000 €**

	2006	2005
Purchases	44,226	8,376
External services	30,029	8,619
<b>Total</b>	<b>74,256</b>	<b>16,995</b>
Change in inventories work in progress	-184	-499
<b>Total</b>	<b>-184</b>	<b>-499</b>

**20. PERSONNEL EXPENSES, 1,000 €**

	2006	2005
Board members' wages and salaries	257	210
Wages	62,846	16,453
Pensions	8,306	2,759
Other statutory employer contributions	12,364	1,714
<b>Total</b>	<b>83,773</b>	<b>21,136</b>
<b>Key managements wages and salaries (note 29)</b>		
Average number of personnel	1,828	569

**21. DEPRECIATION AND AMORTISATION, 1,000 €**

	2006	2005
Machinery and equipment	40,848	8,107
Modular space	7,443	2,253
Buildings and structures	1,337	696
Other tangible assets	1,316	64
Other intangible assets	116	108
<b>Total</b>	<b>51,060</b>	<b>11,228</b>
Amortisation on intangible assets resulting from acquisitions	4,265	

**22. OTHER OPERATING EXPENCES, 1,000 €**

	2006	2005
Premises and equipment rentals	13,504	2,675
Marketing	7,359	2,188
Maintenance and accessories	60,800	1,465
Overhead for premises	7,321	508
Operational leases	5,706	217
Temporary staff	5,310	150
Other expenses	31,579	9,101
<b>Total</b>	<b>131,579</b>	<b>16,305</b>

**23. NET FINANCIAL ITEMS, 1,000 €**

	2006	2005
Interest income:		
Bank deposit and receivables	1,523	121
Dividend income:		
Dividend income from others		6
Other finance income	110	
Exchange rate difference	118	61
Change in fair value of financial instruments	113	-77
Interest expenses:		
Borrowings	-9,409	-1,819
Finance leases	-3,800	
Other finance expenses	-639	-1
<b>Total</b>	<b>-11,984</b>	<b>-1,709</b>

**24. INCOME TAX EXPENSE, 1,000 €**

	2006	2005
Current tax	-4,746	-3,793
Tax from previous financial periods	2	10
Deferred tax change	-9,897	-538
<b>Taxes, total</b>	<b>-14,641</b>	<b>-4,322</b>
<b>Tax expense reconciliation:</b>		
Profit before tax	56,585	16,249
Tax calculated with domestic corporate tax rate	14,712	4,225
Foreign subsidiaries divergent tax rate +/-	1,408	-141
Non-deductible income	-1,652	248
Non-deductible expenses	248	
Deductible goodwill	-73	
Tax from the previous financial periods	-2	-10
<b>Taxes in income statement</b>	<b>14,641</b>	<b>4,322</b>
<b>Group's effective tax rate</b>	<b>25.9%</b>	<b>26.6%</b>

**25. EARNINGS PER SHARE**

	2006	2005
The net profit attributable to parent company's shareholders, 1,000 €	41,944	11,927
Earnings per share (EUR per share), €	1.39	0.83
Diluted earnings per share (EUR per share), €	1.36	0.81
<b>Weighted average number of shares</b>		
A-Share		1,728,000
B-Share	30,121,137	12,611,807
Number of shares, not adjusted by the dilution effect	30,121,137	14,339,807
Share options	690,258	359,868
Number of shares, adjusted by the dilution effect	30,811,395	14,699,675

When calculating earnings per share adjusted by the dilution effect, all the potential shares are regarded in the weighted average value of the number of shares.

**26. DIVIDEND PAID, 1,000 €**

	2006	2005
Dividend paid	7,513	3,580

Paid dividends in 2005 were EUR 3,580 (EUR 0.25 per share) and 7,513 in year 2006 (EUR 0.25 per share).

After the balance sheet date the Board has proposed a dividend of EUR 0.50 per share, estimated to total of 15.3 Me.



## 27. SHARE BASED PAYMENTS

The Annual General Meeting of 4 April 2002 decided to offer Rakentajain Konevuokraamo Group's key employees stock options, entitling their holders to subscribe for a total of 670,000 B Series shares. Of these B Series shares, a total of 335,000 will be subscribed using 2002A stock options from 1 May 2004 to 31 March 2007 and 335,000 B Series shares using 2002B stock options from 1 May 2006 to 31 March 2007. The Group's 2002A stock options have been traded on the Helsinki Stock Exchange since 3 May 2004 and 2002B options since 3 May 2006. Of the B Series, a total of 273,592 shares were subscribed in 2006. Since the end of the financial year, a total of 59,406 shares have been subscribed by the date of this report.

The Extraordinary General Meeting of Shareholders of 20 November 2006 made the decision to issue stock options to the key personnel of Cramo Plc. The maximum amount of stock options issued is 3,000,000, entitling their holders to subscribe for a maximum amount of 3,000,000 new shares in the Company. The share subscription period shall be: for stock options 2006A, 1 October 2009-31 January 2011; for stock options 2006B, 1 October 2010-31 January 2012; and for stock options 2006C, 1 October 2011-31 January 2013.

The share subscription price for stock options 2006A is EUR 14.51, that is the trade volume weighted average quotation of the Cramo Plc share on the Helsinki Stock Exchange during 1 October-31 October 2006, for stock options 2006B the trade volume weighted average quotation of the Cramo Plc share on the Helsinki Stock Exchange during 1 October-31 October 2007, and for stock options 2006C the trade volume weighted average quotation of the Cramo Plc share on the Helsinki Stock Exchange during 1 October-31 October 2008. From the share subscription price of stock options will be deducted the amount of the dividend distributed annually.

More specific information of the options and changes during the period are presented on the tables below.

OPTIONS	Option Plan 2002		Option Plan 2006		
	2002A	2002B	2006A	2006B	2006C
<b>Basic information</b>					
Maximum number of stock options	335,000	335,000	1,000,000	1,000,000	1,000,000
The number of shares subscribed by one option	1	1	1	1	1
Initial exercise price, €	5.27	5.27	14.51	*	*
Dividend adjustment	Yes	Yes	Yes	Yes	Yes
Exercise price Dec. 31, 2004, € *	3.97	3.97	--	--	--
Exercise price Dec. 31, 2005, € *	3.72	3.72	--	--	--
Exercise price Dec. 31, 2005, € *	3.47	3.47	14.51	*	*
Beginning of exercise period, date (vesting)	1.5.2004	1.5.2006	1.10.2009	1.10.2010	1.10.2011
End of exercise period, date (expiration)	31.3.2007	31.3.2007	31.1.2011	31.1.2012	31.1.2013
Remaining contractual life Dec. 31, 2006, years	0.2	0.2	4.1	5.1	6.1
Number of persons Dec. 31, 2006	--	--	37	non-distributed	non-distributed

\* Subscription price is the weighted average price of Cramo share in October 2007 (2006B) and in October 2008 (2006C).

OPTIONS	Option Plan 2002		Option Plan 2006			Total
	2002A	2002B	2006A	2006B	2006C	
<b>Changes in 2006</b>						
Number of options at Jan. 1, 2006						
Granted	325,000	325,000				650,000
Returned	4,500	11,500				16,000
Invalidated						
Exercised	33,800					33,800
Outstanding	286,700	313,500				600,200
Non-distributed	14,500	21,500				36,000
<b>Changes during the period</b>						
Granted	14,500	21,500	786,000			822,000
Returned						
Invalidated						
Exercised	154,746	118,846				273,592
Weighted average price of share during the exercise period *, € Expired	13.44 €	13.44 €	-	-	-	---
Number of options at Dec. 31, 2006						
Granted	339,500	346,500	786,000			1,472,000
Returned	4,500	11,500				16,000
Invalidated						
Exercised	188,546	118,846				307,392
Outstanding	146,454	216,154	786,000			1,148,608
Non-distributed			214,000	1,000,000	1,000,000	2,214,000
The number of unvested options Dec. 31, 2006			786,000			786,000

\* The weighted average price of Cramo share during the year 2006.

**Determination of fair value**

The fair value of options have been determined at the grant date and the fair value is recognised to personnel expenses during the vesting period. The Grant date is the date of the decision of the Board of Directors to grant stock options. According to IFRS-standards the options, which have been granted before November 11, 2002, have not been recognised as expenses. The fair value of stock options have been determined by using the Black–Scholes valuation model. The most significant inputs used to estimate the fair value of the 2006A stock options granted in 2006 are presented on the table below. The total fair value of the granted 2006A stock options was EUR 4.5 million and the effect of these stock options on the Company's earnings in 2006 was EUR 0.1 million. The estimated cost of stock options in 2007 and in 2008 is EUR 1.6 million annually and in 2009 EUR 1.2 million.

Most significant inputs in the Black–Scholes model	2006	Total
Number of granted options	786,000	786,000
Average price of share at grant date	17.64	17.64
Subscription price *	14.51	14.51
Interest rate	3.9%	3.9%
Maturity, years	4.1	4.1
Volatility *	22.4%	22.4%
Probability of returned options	6.0%	6.0%
Expected dividends **		
Weighted fair value of stock option, EUR per option	6.08	6.08
Fair value totally, €	4,492,938	4,492,938

\* Volatility has been estimated on the basis of historical data during the comparable period with the lifetime of option period.

\*\* From the share subscription price of stock options will be deducted the amount of the dividend distributed annually. Thus expected dividends are not taken into account when estimating the fair value.

The Board of Directors decided on 24 October 2006 to offer to the Group Management a total of 36,000 stock options 2002A and 2002B held by the Company, as a part of the Group's bonus plan, provided that the Company shares are subscribed for with at least 50% of the stock options. All 36,000 stock options were distributed. The fair value of the stock options upon distribution was the market price of Cramo stock options 2002A/B on 24 October 2006, i.e. EUR 10.86 per stock option, EUR 0.4 million in total.

The effect of 2002A/B and 2006A stock options (granted in 2006) on the company's earnings was EUR 0.4 million in 2006 (in 2005: EUR 0.0 million).

**Changes during the period and the weighted average exercise prices**

	2006	
	Number of options	Exercise price, € *
Outstanding Jan. 1.	600,200	3.72
Granted during the period	822,000	14.03
Returned during the period		
Exercised during the period	273,592	3.47
Expired during the period		
Outstanding Dec. 31	1,148,608	11.02
Available for share issue Dec. 31	362,608	3.47

\* Exercise price in the beginning of the period is status at Dec. 31, 2005. Dividend adjustment has been taken into account during the period and exercise price is based on the status at Dec. 31, 2006.

## 28. RELATED PARTY TRANSACTIONS

Subsidiaries	Domicile		% of shares	
			Parent Company Group	
Cramo Holding BV	Amsterdam	Netherlands	100	
Cramo New Holding AB	Sollentuna	Sweden		100
Cramo AB	Sollentuna	Sweden		100
Addum Intressenter AB	Sollentuna	Sweden		100
Addum Industri AB	Sollentuna	Sweden		100
Cramo Sverige AB	Sollentuna	Sweden		100
Byggmaskiner i Andestor AB	Gislaved	Sweden		100
Byggmaskiner i Hudiksvall AB	Hudiksvall	Sweden		100
Unicast AB	Sollentuna	Sweden		100
Liftcenter i Malmö AB	Sollentuna	Sweden		100
Lappri AB	Västerås	Sweden		100
Lokal nu i Sverige AB	Stockholm	Sweden		100
Kjell Åkesson Entreprenad AB	Sollentuna	Sweden		100
Cramo Entreprenadmaskiner AB	Sollentuna	Sweden		100
Cramo Instant AB	Sollentuna	Sweden		100
Cramo Trade AB	Sollentuna	Sweden		100
Cramo Truck AB	Sollentuna	Sweden		100
Cramo Funktion AB	Sollentuna	Sweden		100
Eklind Invest i Kumla AB	Kumla	Sweden		100
Fastigheten Tändstiftet HB	Sollentuna	Sweden		100
Hyr-City i Skåne AB	Malmö	Sweden		100
Hyrpunkten i Helsingborg AB	Helsingborg	Sweden		100
Mupol Förvaltnings AB	Stockholm	Sweden		100
Pilängens Maskinuthyrning AB	Kumla	Sweden		100
Rolf Nilander AB	Stockholm	Sweden		100
Rosenlund & Co i Helsingborg AB	Helsingborg	Sweden		100
Kramo Citarent Uthyrnings AB	Sollentuna	Sweden		100
Cramo A/S	Glostrup	Denmark		100
AS Cramo Estonia	Tallinn	Estonia		100
Cramo AS	Oslo	Norway		100
Cramo Instant AS	Drammen	Norway		100
Cramo UAB	Vilnius	Lithuania		100
SIA Cramo	Riga	Latvia		100
Cramo Sp.zo.o	Warszawa	Poland		100
Cramo Dutch Holding BV	Rotterdam	Netherlands		100
Cramo Nederland BV	Amsterdam	Netherlands		100
Tilamarkkinat Oy	Ylöjärvi	Finland	100	
Master Tilaelementit Oy Leppävirta	Leppävirta	Finland		100
Suomen Ykköstitlat Oy	Kouvola	Finland		100
Parmaco Oy	Pyhäjoki	Finland		100
Kiinteistö Oy Vikkiniitty	Lempäälä	Finland		100
Suomen Tähtivuokraus Oy	Vantaa	Finland	100	
Zanevkaprokat ZAO	St. Petersburg	Russia		100
Säve Sp.zo.o.	Krakow	Poland		100
Maropol Sp.zo.o	Radzionkow	Poland		100
Maropol Cz s.r.o.	Lesetinska	Czech Republic		100
Kiinteistö Oy RK-Kehä	Vantaa	Finland	100	
Kiinteistö Oy Vantaan Viinikankaari 9	Vantaa	Finland	100	
<b>Merged and liquidated subsidiaries</b>				
Suomen Projektivuokraus Oy	Tuusula	Finland		
VTM-Rakennuskonevuokraamo Oy	Vantaa	Finland		
Cramo Suomi Oy	Helsinki	Finland		
RK Ehitustöörüst OÜ	Tallinn	Estonia		
OÜ Stroman	Tartu	Estonia		

During 2006 EUR 0,26 million and in 2005 EUR 0,25 million has been paid as real estate rent to Kiinteistö Oy Hosionrinne, whose joint-owner Tatu Hauhio has been acting as a director of the equipment rental business in Finland during 2006.

During the reporting period, the Group purchased machines and equipment and related services from Pon Holdings B.V.'s subsidiaries for a total of EUR 2,304 thousand.

Executive remuneration, 1 000 €	2006	2005
Wages and salaries		
Vesa Koivula, President and CEO	354	189
Board Members		
Pekka Heusala	64	
Gunnar Glifberg	28	
Stig Gustavson	37	
Phil van Haarlem	35	
Eino Halonen	34	23
Hannu Krogerus	31	
Juhani Nurminen	28	26
<b>Board total</b>	<b>257</b>	<b>199</b>
Group management's wages and salaries	1,431	461
Post employment benefits	73	25

The age of retirement for the President and CEO is 63 years and the notice period of the agreement is 18 months with full compensation.

#### Stock options

The EGM of 20 November 2006 decided on a stock option scheme comprising a maximum total of 3,000,000 stock options entitling their holders to subscribe for a maximum of 3,000,000 new company shares. The share subscription price is based on the market price of Cramo Plc shares quoted on the Helsinki Stock Exchange in October 2006, October 2007 and October 2008. The share subscription period is: for stock options 2006A, 1 October 2009-31 January 2011; for stock options 2006B, 1 October 2010-31 January 2012; and for stock options 2006C, 1 October 2011-31 January 2013.

The Annual General Meeting (AGM) of 4 April 2002 decided on the stock option scheme 2002 in which a total of 670,000 stock options were issued to key personnel, entitling them to subscribe for 670,000 Cramo Plc shares. As a result of this stock option scheme, the share capital may increase by EUR 1,132,300. The share subscription price is the trading-weighted average price of the company's Series B share quoted on the Helsinki Stock Exchange between 5 April and 4 June 2002, plus 10 per cent - EUR 5.27 - which will be deducted by the amount of dividends distributed before the share subscription on the record date. The minimum subscription price is the share's stated value.

#### Loans to related parties

There are no loans originated by the company to related parties.

## 29. PENSION OBLIGATIONS

In Sweden the ITP pension plans operated by Alecta are multi-employer benefit plans. It has not been possible to receive sufficient information for the calculation of obligation and assets by employer from Alecta and due to that the plan has been treated as a defined contribution plan in the financial statements. In addition, the group has defined benefit plans in Norway which are not significant and those plans are considered to be treated as defined contribution plans.

**30. COMMITMENTS AND CONTINGENT LIABILITIES, 1,000 €**

	2006	2005
Guarantees given on own behalf		
Debts, secured by guarantees		
Loans from credit institutions	206,905	50,407
Securites given		
Mortgages on real estates	5,663	5,663
Mortgages on company assets	77,487	10,957
Pledges	107,212	20,752
Debts, secured by guarantees		
Repurchase commitments	9,171	32
Contingent liabilities related to guarantees and services	624	457

**31. DERIVATE FINANCIAL INSTRUMENTS at Dec 31, 1,000 €**

	2006		2005	
	Nominal value	Fair value	Nominal value	Fair value
Interest rate swaps				
Swap contracts	152,803	4,461	17,263	-80

	2006		2005	
	Nominal value	Fair value	Nominal value	Fair value
Currency swaps				

Cramo Plc has hedged receivables in NOK and PLN, Forward exchange agreement will be mature at 3 December 2007 and at 14 December 2007.

Derivative financial instruments have been recognised in the income statement.

Interest derivative instruments mature as follows:

	2007	2008	2009	2010	2011	2011+	Total
EUR						56,000	56,000
SEK			291,713			583,427	875,140
Total, EUR			32,268			120,535	152,803

Interest derivative instruments have been recognised in the equity as a net of tax.



## 32. BUSINESS COMBINATIONS, 1,000 €

The Group acquired all shares in Dutch Cramo Holding B.V. by the exchange of shares on 3 January 2006. Cramo provides rental services of machinery, equipment and modular space in nine countries. In Sweden Cramo is the market leader in the equipment rental business. Cramo Holding B.V. has been consolidated since 1 January 2006.

### Purchase consideration:

Directly attributable costs	1,638
Fair value of shares issued	196,297
Total purchase consideration	197,935
Fair value of net assets acquired	59,164
Goodwill	138,771

The fair value of shares issued is the closing price of EUR 13.10 for Cramo Plc in the Helsinki Stock Exchange on 3 January 2006.

Goodwill is attributable to the geographical coverage, skilled workforce and synergy benefits expected to arise as a result of the acquisition.

Cramo Holding B.V. contributed a profit of 32.0 Me for the period.

Non-current assets	Fair value	Book value
Customer relationships	19,800	
Brand	29,500	
Depot network	45,000	
Goodwill		62,983
Property, plant and equipment	229,422	228,741
Financial assets	888	888
Deferred tax assets	8,973	8,450
Current assets		
Inventories	6,908	6,548
Trade and other receivables	60,635	60,635
Cash and cash equivalent	20,782	20,782
Assets total	421,908	389,026
Non-current liabilities		
Provisions	740	740
Borrowings	223,943	223,943
Deferred tax liabilities	42,840	16,144
Current liabilities		
Trade and other payables	95,221	95,221
Liabilities total	362,744	336,048
Net assets as at 31 December 2005	59,164	52,978
Purchase consideration settled in cash		
Cash and cash equivalents in subsidiary aquired		20,782
Cash flow on aquisition		20,782

Cramo Plc acquired on 8 March 2006 all shares in Maropol Sp.zo.o, a private company in Poland. The company has 17 employees and three depots in Poland and one in Czech Republic. The purchase consideration was 2,0 Me and the contribution to the profit for the period was 0.5 Me. No goodwill was recognised due to an acquisition.

In addition, on 21 December 2006 Cramo acquired UAB Aukstumines Sistemios. The company employs 31 people at three sites in Lithuania. The company employs 31 people at three sites in Lithuania. The control of UAB Aukstumines Sistemios was obtained 4 January 2007. On 2 January 2007, Cramo's Norwegian subsidiary, Cramo AS, acquired all shares in Hamar Liftutleie AS with a staff of five employees. Cramo AS acquired all shares in Kongsberg Maskinutleie AS on 4 January 2007. The company has two employees. The total purchase consideration of UAB Aukstumines Sistemios, Hamar Liftutleie AS and Kongsberg Maskinutleie AS is 3,9 Me.

## 33. EVENTS AFTER BALANCE SHEET DATE

On 2 January 2007, Cramo's Norwegian subsidiary, Cramo AS, acquired all shares in Hamar Liftutleie AS with a staff of five employees. Cramo AS acquired all shares in Kongsberg Maskinutleie AS on 4 January 2007. The company has two employees.

The company announced on 26 January 2007 that it had issued a total of 786,000 2006A stock options to its key personnel. The total expenses of these stock options are estimated at EUR 4.5 million, EUR 1.6 million of which will be recognised in 2007.

A total of 288,145 shares have been subscribed for under the Cramo Plc 2002 stock option scheme since the end of the financial year 2006 and share capital will be increased by EUR 233,397.45. The Board of Directors confirmed the subscriptions on 27 February 2007.

As part of the simplification of the corporate structure, the parent company Cramo Plc's equipment rental operations in Finland will be transferred to Cramo Finland Oy, a wholly owned subsidiary of the parent company, as of 1 April 2007.

## 34. BOARD AUTHORIZATIONS

The Board has no valid authorisations to issue convertible bonds, increase share capital or buy back treasury shares. The board has a valid authorisation to grant 2006 stock options comprising a maximum amount of 3,000,000 as decided in EGM of 20 November 2006.

## 35. NOTIFICATIONS REGARDING CHAPTER 2, SECTION 9 AND 10 IN ACCORDANCE WITH THE SECURITIES MARKET ACT

Rakennusmestarien Säätiö announced that its holding had lowered to less than one-tenth (1/10) of Rakentajain Konevuokraamo Oyj's share capital and votes (new holding of 9.3 per cent). Rakennusmestariit ja -insinöörit AMK RKL announced that its holding had lowered to less than one-twentieth (1/20) of Rakentajain Konevuokraamo Oyj's share capital and votes (new holding of 1.7 per cent). Pohjola Non-Life Insurance Company Ltd announced that its holding had lowered to less than one-twentieth (1/20) of Rakentajain Konevuokraamo Oyj's share capital and votes (new holding of 3.78 per cent). Suomi Mutual Life Assurance Company announced that its holding had lowered to less than one-tenth (1/10) of Rakentajain Konevuokraamo Oyj's share capital and votes (new holding of 5.34 per cent). Suomi Mutual Life Assurance Company announced that its holding exceeded three-twentieths (3/20) of Rakentajain Konevuokraamo Oyj's share capital and votes (new holding of 15.33 per cent). Pon Holdings B.V. announced that its holding exceeded a quarter (1/4) of Rakentajain Konevuokraamo Oyj's share capital and votes (new holding of 28.4 per cent). ABN AMRO Bank N.V. announced that its holding had increased to one-tenth (1/10) of the share capital and votes (new holding of 10.0 per cent). These changes in holdings related to the business combination took effect on 4 January 2006 and were published on the same date.

On 15 March 2006, ABN AMRO Bank N.V. announced that its holding had lowered to less than one-twentieth (1/20) of Rakentajain Konevuokraamo Oyj's share capital and votes (new holding of 3.3 per cent). On the same date, Highfields Capital Management LP announced that the holding of its investment funds Highfields Capital I LP, Highfields Capital II LP and Highfields Capital Ltd. had reached one-twentieth (1/20) of Rakentajain Konevuokraamo Oyj's share capital (new holding of 8.4 per cent).

On 29 November, Cramo Plc received a notification according to which Pon Holdings B.V.'s holding had lowered to less than one-twentieth (1/20) of Cramo Plc's share capital and votes, decreasing from 28.4 per cent to 0.00 per cent.

The OP Bank Group Central Cooperative announced on 7 December 2006 that the combined holdings of the subsidiaries of OP Bank Group Central Cooperative and the mutual funds managed by said subsidiaries had exceeded one twentieth (5%) of Cramo Plc's shares and share capital, with the new holding totalling 1,530,553 shares, or 5.06 per cent of the shares and votes.

The OP Bank Group Central Cooperative announced on 12 December 2006 that the combined holdings of the subsidiaries of OP Bank Group Central Cooperative and the mutual funds managed by said subsidiaries had lowered to less than one twentieth (5%) of Cramo Plc's share capital and votes, with the new holding totalling 960,553 shares, or 3.17 per cent of the shares and votes.

## 36. MAIN TERMS OF SHAREHOLDERS AGREEMENT

### Parties

Parties to this Agreement are Pon Holdings B.V., ABN AMRO Bank N.V., Suomi Mutual Life Assurance Company, and Rakennusmestarien Säätiö.

### The share holding of the parties in Cramo Plc.

Each party is committed not to submit shares or any documents or securities entitling submitting shares so that its ownership would rise over 30 per cent of the Cramo Plc. without written commitment given beforehand by other parties. This commitment does not include the funds under command of ABN AMRO Bank N.V.

### Use of voting rights

The old Cramo Holding B.V. shareholders (Pon Holdings B.V., ABN AMRO Bank N.V.) jointly and severally undertake not to use their voting rights to extent to total number of voting rights in the Cramo Plc. exceeds 20 per cent.

### Term and termination

"This Agreement remains in force for a period of three years since 3 January 2006, and will expire automatically thereafter or earlier for a party in case the following criteria are not met:

- in the part of Pon Holdings B.V. as long as its individual ownership of equity securities will not permanently fall to a level below 10 per cent or at any one time fall to a level below 7.5 per cent of all the equity securities in the Cramo Plc.,
- in the part of Suomi Mutual Life Assurance Company as long as its individual ownership of equity securities will not permanently fall to a level below 10 per cent or at any one time fall to a level below 3.75 per cent of all the equity securities in Cramo Plc.,
- in the part of ABN AMRO Bank N.V. as long as its individual ownership of equity securities will not fall permanently to a level below 5 per cent or at any one time fall to a level below 2.5 per cent of all the equity securities in Cramo Plc., and
- in the part of Rakennusmestarien Säätiö as long as its individual ownership of equity securities will not fall permanently to a level below 5 per cent or at any one time fall to a level below 2.5 per cent of all the equity securities in Cramo Plc."

### Breach of Agreement

If any party breaches the sections regarding the voting rights, the breaching party shall on first demand of a non-breaching party pay liquidated damages for an amount of fifteen million Euro (€ 15,000,000).

### 37. CALCULATIONS OF THE KEY FIGURES AND RATIOS

Key figures on financial performance:

Return on equity, %	= $\frac{100 \times (\text{profit before taxes})}{\text{Shareholders' equity} + \text{minority interest}}$ (mean calculated by the values of the balance sheet of the financial year and the previous financial year)
Return on investment, %	= $\frac{100 \times (\text{profit before taxes} + \text{interest expences})}{\text{Balance sheet total} - \text{non-interest bearing liabilities}}$ (mean calculated by the values of the balance sheet of the financial year and the previous financial year)
Equity ratio, %	= $\frac{100 \times (\text{shareholders' equity} + \text{minority interest})}{\text{Balance sheet total} - \text{advance payments received}}$
Personnel on average:	= Mean of the number of personnel at the end of the month, adjusted with the number of part-time employees
Gearing:	= $\frac{\text{Interest bearing liabilities} - \text{cash and cash equivalents}}{\text{Equity} + \text{minority interest}} \times 100$
Per-share ratios:	
Earnings per share:	= $\frac{\text{Profit before extraordinary items} + / - \text{minority interest} - \text{taxes}}{\text{Average number of issue-adjusted shares for the Financial year}}$
Shareholders' equity per share:	= $\frac{\text{Shareholders' equity}}{\text{Number of issue-adjusted shares on the date of closing of the accounts}}$
Dividend per share:	= $\frac{\text{Dividend distribution for the financial year}}{\text{Number of issue-adjusted shares on the date of closing of the accounts}}$
Dividend per earnings, %:	= $\frac{100 \times \text{dividend per share}}{\text{Earnings per share}}$
Effective dividend yield, %:	= $\frac{100 \times \text{dividend per share}}{\text{Issue-adjusted closing price for a share at the end of the financial year}}$
Price / earnings ratio (P/E):	= $\frac{\text{Issue-adjusted closing price for a share at the end of the financial year}}{\text{Earnings per share}}$
Market capitalisation:	= Number of A shares on the final day of the financial year x average share price for a B share + Number of B shares on the final day of the financial year x closing price for a B share at the end of the financial year

The key figures and ratios are calculated in accordance with the general instructions issued by the Finnish Accounting Standards Board on 29 October 2002.

## 38. SHARES AND SHAREHOLDERS, 1,000 €

	2006		2005	
	shares	1,000 €	shares	1,000 €
A-Series share			1,728,000	2,920
B-Series share	30,256,368	24,508	12,611,807	21,314

Each share entitles the holder to one vote.

## Shareholders

The Group had 5.346 shareholders in the share register on 31 December 2006.

Major shareholders 31 December 2006	Number of shares	%	Voting rights	%
Nordea Pankki Suomi Oyj hall.rek.	7,929,941	26.20	7,929,941	26.20
Keskinäinen Henkivakuutusyhtiö Suomi	5,200,102	17.19	5,200,102	17.19
OMXBS/Skandinaaviska Enskilda Banken AB hall.rek.	1,804,225	5.96	1,804,225	5.96
Rakennusmestarien Säätiö	1,705,620	5.64	1,705,620	5.64
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	865,000	2.86	865,000	2.86
Keskinäinen Vahinkovakuutusosakeyhtiö Pohjola	533,840	1.76	533,840	1.76
Keskinäinen Työeläkevakuutusyhtiö Varma	500,000	1.65	500,000	1.65
Thominvest Oy	444,200	1.47	444,200	1.47
OP-Suomi Pienyhtiöt	336,713	1.11	336,713	1.11
Svenska Handelsbanken AB hall.rek.	332,320	1.10	332,320	1.10
Sijoitusrahasto Nordea Nordic Small Cap	318,140	1.05	318,140	1.05
Rakennusmestarit ja -insinöörit AMK RKL Ry	300,938	0.99	300,938	0.99
FIM Fenno Sijoitusrahasto	205,577	0.68	205,577	0.68
Nordea Henkivakuutusyhtiö Suomi Oy	189,050	0.62	189,050	0.62
Keskinäinen Vakuutusyhtiö Eläke-Fennia	170,000	0.56	170,000	0.56
Helsingin Rakennusmestarit ja -insinöörit AMK Ry	156,873	0.52	156,873	0.52
Evli-Select Sijoitusrahasto	150,000	0.50	150,000	0.50
Asikainen Visa	143,455	0.47	143,455	0.47
Laakkonen Mikko	143,000	0.47	143,000	0.47
Fondita Nordic Small Cap Placfond	137,700	0.46	137,700	0.46
Lindström Kim	125,250	0.41	125,250	0.41
Sijoitusrahasto Mandatum Suomi Kasvuosakkeet	108,519	0.36	108,519	0.36
Placeringsfonden Aktia Secura	104,595	0.35	104,595	0.35
Kotakorpi Jukka	104,431	0.35	104,431	0.35
Other transferred to book-entry securities system	8,246,879	27.28	8,246,879	27.28
Total according to shareholder's register	30,256,368	100.00	30,256,368	100.00
In administrative registration	10,211,258	33.75	10,211,258	33.75
Transferred to book-entry securities system total	30,245,958	99.97	30,245,958	99.97
Not transferred to book-entry securities system total	10,410	0.03	10,410	0.03
<b>Total</b>	<b>30,256,368</b>	<b>100.0</b>	<b>30,256,368</b>	<b>100.00</b>

## Distribution of shareholding by size range

Number of shares	Number of shareholders	Percentage of all shareholders	Number of shares	Percentage of all shares
1-100	793	14.8	64,620	0.2
101-500	2,083	39.0	674,895	2.2
501-1 000	1,126	21.1	912,875	3.0
1 001-5 000	1,072	20.1	2,356,318	7.8
5 001-10 000	145	2.7	1,065,143	3.5
10 001-50 000	89	1.7	2,003,167	6.6
more than 50 000	38	0.7	23,168,940	76.6
Transferred to book-entry system total	5,346	100.0	30,245,958	99.97
Not transferred to book-entry system total			10,410	0.03
<b>Total</b>			<b>30,256,368</b>	<b>100.0</b>

**Distribution of shareholding by sector**

Shareholding by sector	Number of shareholders	Percentage of all shareholders	Number of shares	Percentage of all shareholders	Number of votes	Percentage of all votes
Private companies	399	7.5	1,880,488	6.4	1,880,488	6.4
Public companies	1	0.0	46,000	0.2	46,000	0.2
Financial institutions, insurance companies	45	0.8	17,885,628	59.1	17,885,628	59.1
Public corporations	8	0.2	1,635,056	5.4	1,635,056	5.4
Non-profit organisations	126	2.4	3,046,892	10.1	3,046,892	10.1
Households	4,747	88.7	5,592,769	18.5	5,592,769	18.5
Foreign shareholders	20	0.4	159,125	0.5	159,125	0.5
In administrative registration			10,211,258		10,211,258	
Transferred to book-entry securities system total	5,346	100.0	30,245,958	99.96	30,245,958	99.96
Not transferred to book-entry securities system total			10,410	0.03	10,410	0.03
<b>Total</b>	<b>5,346</b>	<b>100.0</b>	<b>30,256,368</b>	<b>100.0</b>	<b>40,467,626</b>	<b>100.0</b>

**Shareholding of Board members and President and CEO of the Group**

On 31 December 2006, the members of the Board of Directors, President and CEO and his deputy, either personally or through controlled corporations, held a total of 105,290 Cramo Plc shares representing 0.35 per cent of all shares and votes, as well as a total of 12,450 stock options. Furthermore, neither the Board members, President and CEO nor his deputy have subscribed shares using stock options between 1 January and 27 February 2007.

**Insider guidelines**

Since 1 July 2004, Cramo Plc. has applied the recommendation for Listed Companies' Corporate Governance confirmed by the HEX Helsinki Exchanges, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers.





# FINANCIAL STATEMENTS OF THE PARENT COMPANY

**INCOME STATEMENT OF THE PARENT COMPANY**      **1.1.-31.12.2006**      **1.1.-31.12.2005**

	Note	€	€
<b>Sales</b>	2	<b>50,773,636.36</b>	<b>35,390,911.30</b>
Other operating income	3	5,429,425.31	316,321.67
Materials and services	4	-4,091,973.86	-3,118,664.71
Personnel expenses	5	-16,056,130.56	-11,770,516.71
Depreciation and amortisation	6	-6,980,461.52	-4,486,161.85
Other operating expenses	8	-20,040,885.76	-11,299,234.81
Total		-47,169,451.70	-30,674,578.08
<b>Operating profit</b>		<b>9,033,609.97</b>	<b>5,032,654.89</b>
Net financial items	9	-777,801.10	-290,064.85
<b>Profit before extraordinary items</b>		<b>8,255,808.87</b>	<b>4,742,590.04</b>
Extraordinary income and expenses	10	4,494,000.00	7,995,000.00
<b>Profit after extraordinary items</b>		<b>12,749,808.87</b>	<b>12,737,590.04</b>
Appropriations	7	-1,070,283.92	7,596.05
Income taxes	11	-1,670,853.95	-3,297,704.00
<b>Profit for the period</b>		<b>10,008,671.00</b>	<b>9,447,482.09</b>

**BALANCE SHEET OF THE PARENT COMPANY**      **31.12.2006**      **31.12.2005**

	Note	€	€
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	12	1,303,820.31	159,822.54
Tangible assets	12	48,163,727.21	26,728,961.54
Investments	12		
Shares in Group companies		43,676,762.50	29,901,755.51
Shares in other companies		119,563.13	119,058.57
<b>Total fixed assets</b>		<b>93,263,873.15</b>	<b>56,909,598.16</b>
<b>Current assets</b>			
Inventories	13	660,214.91	622,929.71
Non-current receivables	14	178,705,301.04	21,273,169.33
Current receivables	15	8,252,616.19	4,851,344.72
Cash and bank		9,934,669.25	206,725.28
<b>Total current assets</b>		<b>197,552,801.39</b>	<b>26,954,169.04</b>
<b>Total assets</b>		<b>290,816,674.54</b>	<b>83,863,767.20</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	24,507,658.08	24,234,273.83
Share issue		33,392.25	31,620.00
Share premium fund		2,366,580.89	1,607,116.17
Retained earnings		19,916,635.14	5,363,098.14
Profit for the period		10,008,671.00	9,447,482.09
<b>Total equity</b>		<b>56,832,937.36</b>	<b>40,683,590.23</b>
<b>Appropriations</b>	17	<b>12,213,205.03</b>	<b>8,313,558.47</b>
<b>Liabilities</b>			
Non-current liabilities	18	192,198,808.22	18,900,000.00
Current liabilities		29,571,723.93	15,966,618.50
<b>Total liabilities</b>		<b>221,770,532.15</b>	<b>34,866,618.50</b>
<b>Total equity and liabilities</b>		<b>290,816,674.54</b>	<b>83,863,767.20</b>

**CASH FLOW STATEMENT, PARENT COMPANY, 1,000 €**

1.1.-31.12.2006

1.1.-31.12.2005

<b>Cash flow from business operations</b>		
Operating profit	9,034	5,033
Adjustments:		
Merger profit	-5,154	0
Depreciation	6,980	4,486
Change in working capital 1)	5,183	721
Financial income and expenses	664	-290
Taxes	-1,992	-1,219
<b>Net cash flow from business operations</b>	<b>14,715</b>	<b>8,731</b>
<b>Cash flow from investments</b>		
Capital expenditure	-12,772	-12,870
Sale of fixed assets	1,146	1,612
<b>Net cash flow from investments</b>	<b>-11,626</b>	<b>-11,258</b>
<b>Cash flow from financing</b>		
Proceeds from issue of share capital	787	126
Increase (+)/ decrease (-) in non-current liabilities	173,299	12,291
Increase (-)/decrease (+) in non-current receivables	-157,433	-11,423
Increase (+) / decrease (-) in current loans	-5,652	-867
Dividends paid	-7,513	-3,580
Extraordinary expenses (-) / income (+)	3,151	5,916
<b>Net cash flow from financing</b>	<b>6,639</b>	<b>2,463</b>
<b>Change in liquid assets</b>	<b>9,728</b>	<b>-64</b>
Liquid assets on 1 January	207	271
Liquid assets on 31 December	9,935	207
1) Change in working capital		
Increase (-) / decrease (+) in inventories	-11	23
Increase (-) / decrease (+) in current receivables	2,036	-1,635
Increase (+) / decrease (-) in current non-interest bearing liabilities	3,158	2,333
<b>Total</b>	<b>5,183</b>	<b>721</b>

## PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING PRINCIPLES

#### Measurement of property, plant and equipment

Property, plant and equipment are recorded at cost, including fixed manufacturing costs less depreciation according to plan. Land includes revaluations made before 1989. The company estimates that the market value of the land is higher than the book value. Maintenance and repair costs are recognized as expenses in the year in which they are incurred.

Depreciation according to plan is calculated, based on Group wide principles, on a straight-line basis over the expected useful lives of the assets.

#### Depreciation according to plan is as follows:

Buildings and structures	15–50
For rent:	
- Machinery and equipment	6–10
- Tents and shelters	6
Machinery and equipment for drying services	10
Machinery and equipment for diamond boring and cutting services	6
Machinery and equipment for own use	3–6
Other long-term assets	10
Other tangible assets	10
Goodwill	5

#### Inventories

Inventories are stated at the lower of acquisition cost or replacement cost or likely net realisable value. Cost is determined on a first-in-first-out (FIFO) basis. The total sum of inventories coming from materials and supplies includes direct acquisition costs.

#### Items denominated in foreign currencies

Assets and liabilities denominated in currencies other than those of the euro zone are translated into euros using the exchange rates prevailing at the balance sheet date. Exchange gains and losses are recognized through profit and loss.

#### Appropriations

The accumulated difference between planned and book depreciation is shown under appropriations.

#### Deferred taxes

Deferred tax liabilities and assets are not entered in to company's balance sheet. Deferred tax liabilities and assets significant to the company are disclosed in the notes.

#### Revenue and revenue recognition

Based on the term of rental, income from rental operations is recognized on an accrual basis. Income from drying and diamond cutting services is recognized upon performance of a service or part of it.

In calculating revenue, sales are recorded net of indirect taxes, discounts and rebates.

#### Other operating income

Other operating income includes, among other things, rental income and contributions received as well as gain/loss from mergers.

#### Pension schemes

Pensions are accounted as expense for the period they incurred. There are no uncovered pension liabilities. The pension scheme is based on pension insurance in compliance with the Employees' Pensions Act and the Employment Pensions Fund. The contractual retirement age of the Managing Director is 63 years.

#### Research and development

Research and development costs are expensed as incurred.

#### Extraordinary items

Extraordinary items include income and expenses which are based on material and non-frequent transactions departing from ordinary business or changes of accounting policies as well as received and given Group contributions.

#### Valuation of financial derivative instruments

Financial derivative instruments consist of interest rate swap agreements and forward exchange agreements. The forward exchange agreements designate as hedges of cash flow changes in foreign currency. Interest rate swap is recognized under hedge accounting. The fair values of derivative instruments are not recognized in the accounts but they are disclosed as commitments. The effects of hedge instruments are recognized in the income statement as an adjustment to interest expenses which are based on the hedged item.

#### Income taxes

Income taxes for the financial year and the previous financial years are recognized through taxes in profit and loss.

#### Mergers and acquisitions

During the financial year Cramo Oyj has merged VTM-Rakennuskonevuokraamo Oy which earlier merged Suomen Projektivuokraus Oy. Cramo Oyj acquired a part of the business in Cramo Suomi Oy.

**2. SALES BY BUSINESS AREA, €**

	2006	2005
Equipment rental and construction-site services	50,773,636.36	35,390,911.30
<b>Total</b>	<b>50,773,636.36</b>	<b>35,390,911.30</b>

**3. OTHER OPERATING INCOME, €**

	2006	2005
Rental of premises	109,568.36	111,232.80
Profit on sale of shares	0.00	83,418.18
Profit on sale of real estate	105,710.54	0.00
Merger profit	5,154,569.81	0.00
Other	59,576.60	121,670.69
<b>Total</b>	<b>5,429,425.31</b>	<b>316,321.67</b>

**4. MATERIALS AND SERVICES, €**

	2006	2005
Materials and supplies		
Purchases	2,296,400.26	1,633,271.14
Change in inventory	-11,043.84	22,886.12
<b>Total</b>	<b>2,285,356.42</b>	<b>1,656,157.26</b>
External services	1,806,617.44	1,462,507.45
<b>Total</b>	<b>4,091,973.86</b>	<b>3,118,664.71</b>

**5. PERSONNEL EXPENSES, €**

	2006	2005
Wages and salaries	12,483,004.25	9,241,843.04
Pensions	2,252,877.91	1,563,911.04
Other statutory employer contributions	1,320,248.40	964,762.63
<b>Total</b>	<b>16,056,130.56</b>	<b>11,770,516.71</b>

Average number of personnel	450	311
-----------------------------	-----	-----

Executive remuneration	2006	2005
Wages and salaries with fringe benefits		
Managing Director	300,479.00	188,711.96
Management	589,105.00	284,659.44
Board members	257,000.00	196,500.00
<b>Total</b>	<b>1,146,584.00</b>	<b>669,871.40</b>



**6. DEPRECIATION AND AMORTISATION, €**

	2006	2005
Amortisation on intangible assets	236,892.25	50,888.47
Depreciation on tangible assets	6,743,569.27	4,435,273.38
<b>Total</b>	<b>6,980,461.52</b>	<b>4,486,161.85</b>

**7. APPROPRIATIONS, €**

	2006	2005
Depreciation difference, increase (-) / decrease (+):		
Buildings and structures	-42,000.72	7,596.05
Machinery and equipment	-983,283.20	
Goodwill	-45,000.00	
<b>Total</b>	<b>-1,070,283.92</b>	<b>7,596.05</b>

**8. OTHER OPERATING EXPENSES, €**

	2006	2005
Premises and equipment rentals	4,780,844.56	2,780,800.23
Marketing	2,504,427.63	1,680,168.90
Transport and vehicles	3,260,723.43	2,192,061.90
Maintenance and accessories	2,099,980.08	1,339,049.50
Other expenses	7,394,910.06	3,307,154.28
<b>Total</b>	<b>20,040,885.76</b>	<b>11,299,234.81</b>

**9. NET FINANCIAL ITEMS, €**

	2006	2005
Dividend income		
Other companies		4 983.53
Total dividend income		4,983.53
Interest income from long-term investments		
From Group companies	7,151,225.60	340,080.18
From others	73,491.16	31,807.29
Total financial income	7,224,716.76	376,871.00
Interest and other financial expenses		
To Group companies	-100,629.40	
To others	-7,901,888.46	-666,935.85
Total financial expenses	-8,002,517.86	-666,935.85
<b>Net financial items</b>	<b>-777,801.10</b>	<b>-290,064.85</b>

**10. EXTRAORDINARY ITEMS, €**

	2006	2005
Extraordinary income	4,494,000.00	7,995,000.00

**11. INCOME TAXES, €**

	2006	2005
Current tax	-624,207.46	-1,240,919.22
From previous financial periods	121,793.51	21,915.22
Taxes on extraordinary income	-1,168,440.00	-2,078,700.00
<b>Total</b>	<b>-1,670,853.95</b>	<b>-3,297,704.00</b>

## 12. NON-CURRENT ASSETS, €

## INTANGIBLE ASSETS

2006	Intangible assets	Other non-current assets	Goodwill	Total
Acquisition cost at Jan 1, 2006	50,535.39	186,071.19		236,606.58
Additions		70,265.02	1,310,625.00	1,380,890.02
Disposals		-28,342.42		-28,342.42
Acquisition cost at Dec 31, 2006	50,535.39	227,993.79	1,310,625.00	1,589,154.18
Accumulated depreciation		-48,441.62		-48,441.62
Depreciation for the financial year 2006		-51,267.25	-185,625.00	-236,892.25
Net book value Dec 31, 2006	50,535.39	128,284.92	1,125,000.00	1,303,820.31

2005	Intangible assets	Other non-current assets	Goodwill	
Acquisition cost at Jan 1, 2005	50,535.39	163,813.55	214,348.94	
Additions		90,628.81	90,628.81	
Disposals		-68,371.17	-68,371.17	
Acquisition cost at Dec 31, 2005	50,535.39	186,071.19	236,606.58	
Accumulated depreciation		-25,895.57	-25,895.57	
Depreciation for the financial year 2005		-50,888.47	-50,888.47	
Net book value Dec 31, 2005	50,535.39	109,287.15	159,822.54	

## TANGIBLE ASSETS

2006	Land	Revaluation	Total land	Buildings and structures	Machinery and equipment	Other tangible assets	Total tangible assets
Acquisition cost at Jan 1, 2006	1,425,306.47	576,884.59	2,002,191.06	4,614,767.56	38,118,444.68	523,169.23	45,258,572.53
Additions	58,865.77		58,865.77	496,158.82	28,784,957.96	145,003.77	29,484,986.32
Disposals	-33,874.93		-33,874.93	-124,991.37	-2,700,863.90	-31,210.92	-2,890,941.12
Acquisition cost at Dec 31, 2006	1,450,297.31	576,884.59	2,027,181.90	4,985,935.01	64,202,538.74	636,962.08	71,852,617.73
Accumulated depreciation				-1,670,366.93	-15,099,651.00	-175,303.32	-16,945,321.25
Depreciation for the financial year 2006				-176,225.68	-6,498,519.45	-68,824.14	-6,743,569.27
Net book value Dec 31, 2006	1,450,297.31	576,884.59	2,027,181.90	3,139,342.40	42,604,368.29	392,834.62	48,163,727.21

2005	Land	Revaluation	Total land	Buildings and structures	Machinery and equipment	Other tangible assets	Total tangible assets
Acquisition cost at Jan 1, 2005	1,418,685.73	576,884.59	1,995,570.32	4,372,204.68	35,738,372.39	500,380.66	42,606,528.05
Additions	29,973.63		29,973.63	303,916.47	8,357,266.30	100,453.52	8,791,609.92
Disposals	-23,352.89		-23,352.89	-61,353.59	-5,977,194.01	-77,664.95	-6,139,565.44
Acquisition cost at Dec 31, 2005	1,425,306.47	576,884.59	2,002,191.06	4,614,767.56	38,118,444.68	523,169.23	45,258,572.53
Accumulated depreciation				-1,506,188.27	-12,445,415.19	-142,734.15	-14,094,337.61
Depreciation for the financial year 2005				-164,178.66	-4,209,120.68	-61,974.04	-4,435,273.38
Net book value Dec 31, 2005	1,425,306.47	576,884.59	2,002,191.06	2,944,400.63	21,463,908.81	318,461.04	26,728,961.54

## INVESTMENTS

	Shares in Group companies	Shares in other companies	Total investments
<b>2006</b>			
Acquisition cost at Jan 1. 2006	29,901,755.51	119,058.57	30,020,814.08
Additions	13,775,006.99	504.56	13,775,511.55
Disposals	0.00	0.00	0.00
Net book value Dec 31. 2006	43,676,762.50	119,563.13	43,796,325.63
<b>2005</b>			
Acquisition cost at Jan 1. 2005	26,196,143.51	178,617.46	26,374,760.97
Additions	3,987,552.00	0.00	3,987,552.00
Disposals	-281,940.00	-59,558.89	-341,498.89
Net book value Dec 31. 2005	29,901,755.51	119,058.57	30,020,814.08
		<b>2006</b>	<b>2005</b>

**Production machinery and equipment**  
Net book value at 31.12.2006

**42,073,845.81**                      20,978,973.67

**Buildings and structures**

Accumulated difference in total depreciation and depreciation according to plan at 1.1.

**561,602.68**                      569,198.73

Increase(+)/decrease(-) in accumulated depreciation difference for the period of 1.1.-31.12.

**70,235.68**                      -7,596.05

Accumulated difference in total depreciation and depreciation according to plan at 31.12.

**631,838.36**                      561,602.68

**Machinery and equipment**

Accumulated difference in total depreciation and depreciation according to plan at 1.1.

**7,751,955.79**                      7,751,955.79

Increase in accumulated depreciation difference for the period of 1.1.-31.12.

**3,784,410.88**

Accumulated difference in total depreciation and depreciation according to plan at 31.12.

**11,536,366.67**                      7,751,955.79

**Goodwill**

Accumulated difference in total depreciation and depreciation according to plan at 1.1.

Increase in accumulated depreciation difference for the period of 1.1.-31.12.

**45,000.00**

Accumulated difference in total depreciation and depreciation according to plan at 31.12.

**45,000.00**

Change in depreciation difference of buildings and structures as well as machinery and equipment 1.1. - 31.12. includes depreciation difference received through mergers.

**13. INVENTORIES, €**

	2006	2005
Finished goods	660,214.91	622,929.71

**14. NON-CURRENT RECEIVABLES, €**

	2006	2005
Group companies		
Loan receivables	178,705,301.04	21,273,169.33
<b>Total</b>	<b>178,705,301.04</b>	<b>21,273,169.33</b>

**15. CURRENT RECEIVABLES, €**

	2006	2005
Group companies		
Accounts receivables	177,997.10	27,093.17
Loan receivables	696,469.54	
Other companies		
Accounts receivables	6,429,822.52	3,145,763.20
Loan receivables	15,907.00	10,984.00
Pre-paid expenses and accrued income	932,420.03	1,667,504.35
<b>Total</b>	<b>8,252,616.19</b>	<b>4,851,344.72</b>

**16. EQUITY, €**

	2006	2005
Share capital at 1.1.	24,234,273.83	24,191,516.83
Registered share issue		42,757.00
Reduction of par value	-12,619,030.16	
Registered increase of the share capital	12,697,312.14	
Registered increase of the share capital	195,102.27	
Share capital at 31.12.	<u>24,507,658.08</u>	24,234,273.83
Share issue at 1.1.	31,620.00	1,191.00
Registered share issue	-31,620.00	-1,191.00
Subscription share issue	29,484.00	
Registered subscription share issue	-29,484.00	
Subscription share issue	165,618.27	31,620.00
Registered subscription share issue	-165,618.27	
Subscription share issue	33,392.25	
Share issue at 31.12.	<u>33,392.25</u>	31,620.00
Share premium fund at 1.1.	1,607,116.17	1,554,432.17
Issue premium	105,924.00	52,684.00
Issue premium	543,882.22	
Issue premium	109,658.50	
Share premium fund at 31.12.	<u>2,366,580.89</u>	1,607,116.17
Retained earnings at 1.1.	5,363,098.14	4,376,542.77
Profit from previous period	9,447,482.09	4,566,507.12
Reduction of par value	12,619,030.16	
Dividend	-7,512,975.25	-3,579,951.75
Profit from previous period at 31.12.	<u>19,916,635.14</u>	5,363,098.14
Profit for the period	10,008,671.00	9,447,482.09
<b>Total equity</b>	<b>56,832,937.36</b>	<b>40,683,590.23</b>

Share capital	2006		2005	
	No.	€	No.	€
Series A shares	-	-	1,728,000	2,920,320.00
Series B shares	30,256,368	24,507,658.08	12,611,807	21,313,953.83

**Option rights**

Option right details issued by the company and the Board of Directors are disclosed in the consolidated financial statements.

Statement of distributable funds of the Parent company	2006	2005
Profit from previous periods at Jan 1	14,810,580.23	8,943,049.89
Reduction of par value	12,619,030.16	
Dividend	-7,512,975.25	-3,579,951.75
Profit for the period at Dec 31	10,008,671.00	9,447,482.09
<b>Total</b>	<b>29,925,306.14</b>	<b>14,810,580.23</b>

**17. APPROPRIATIONS, €**

	2006	2005
Accumulated depreciation difference	12,213,205.03	8,313,558.47

**18. LIABILITIES, €**

	2006	2005
<b>Non-current liabilities</b>		
Loans from credit institutions	192,198,808.22	18,900,000.00
<b>Current liabilities</b>		
<b>Borrowings from Group companies</b>		
Trade payables	842,659.40	86,968.16
Accrued liabilities and deferred income	188,461.94	2,006,355.29
Other liabilities	6,615,471.83	3,416,814.03
<b>Total</b>	<b>7,646,593.17</b>	<b>5,510,137.48</b>
<b>To others</b>		
Loans from credit institutions	13,084,499.00	5,168,730.34
Trade payables	570,717.53	1,602,922.94
Accrued liabilities and deferred income	6,854,396.60	3,107,953.83
Other current liabilities	1,415,517.63	576,873.91
<b>Total</b>	<b>21,925,130.76</b>	<b>10,456,481.02</b>
<b>Total current liabilities</b>	<b>29,571,723.93</b>	<b>15,966,618.50</b>
<b>Total liabilities</b>	<b>221,770,532.15</b>	<b>34,866,618.50</b>
<b>Non-interest bearing and interest bearing liabilities</b>		
<b>Non-current</b>		
Interest bearing	192,198,808.22	18,900,000.00
<b>Total</b>	<b>192,198,808.22</b>	<b>18,900,000.00</b>
<b>Current</b>		
Non-interest bearing	9,871,753.10	5,374,718.84
Interest bearing	19,699,970.83	10,591,899.66
<b>Total</b>	<b>29,571,723.93</b>	<b>15,966,618.50</b>

**19. OTHER NOTES, €**

	2006	2005
<b>Commitments and contingent liabilities</b>		
<b>Guarantees given on own behalf</b>		
Debts, secured by guarantees		
Loans from credit institutions	202,930,370.18	27,485,544.37
Other contingent liabilities		
Leasing liabilities in the following year	1,384,000.00	404,030.65
Subsequent leasing liabilities	2,804,500.00	1,061,703.83
Securities given		
Mortgages on real estates	739,992.00	740,026.88
Mortgages on company assets	5,827,711.73	5,827,711.65
Pledges	22,771,091.53	22,781,956.53
<b>Guarantees given on behalf of the Group</b>		
Debts, secured by guarantees		
Repurchase commitments		31,930.10
Securities given	7,834,588.00	12,734,522.50
Guarantees		
Unlimited guarantee on behalf of Tilamarkkinat Oy.		

**20. ACCRUALS, €**

	2006	2005
For personnel expenses	2,454,811.30	1,339,530.89
For interest expenses	2,043,202.31	150,458.00
For taxes	1,228,657.36	1,549,792.46
For subsidiaries	188,461.94	2,006,355.29
Other accruals	1,127,725.63	68,172.48
<b>TOTAL</b>	<b>7,042,858.54</b>	<b>5,114,309.12</b>

**21. SHARE HOLDINGS**

Subsidiaries	Domicile	% of shares	Parent company holdings and voting rights %
Cramo Holding B.V.	Amsterdam	Netherlands	100
Kiinteistö Oy RK-Kehä	Vantaa	Finland	100
Kiinteistö Oy Vantaan Viinikankaari 9	Vantaa	Finland	100
Tilamarkkinat Oy	Ylöjärvi	Finland	100
Suomen Tähtivuokraus Oy	Vantaa	Finland	100

Shares and shareholdings, see consolidated financial statements in Note 28.

**22. DERIVATE FINANCIAL INSTRUMENTS AT 31 DEC, 1,000 €**

	2006	2006	2005	2005
	Book value	Fair value	Book value	Fair value
Interest rate swap				
Swap contract	152,803	4,370	10,000	-43

**23. CURRENCY DERIVATIVES AT 31 DEC, 1,000 €**

	2006	2006	2005	2005
	Book value	Fair value	Book value	Fair value
Cramo Plc has hedged receivables in NOK and PLN.	19,911	113		
Forward exchange agreement will be matured at 3 December 2007 and at 14 December 2007.				

**24. DEFERRED TAX EXPENSE 31.12.2006, €**

	2006	2005
Deferred tax expense from depreciation difference	3,175,433.00	2,161,525.21
Deferred tax expense from currency derivatives	29,380.00	
Deferred tax expense from financial derivative instruments	1,136,200.00	
<b>Total</b>	<b>4,341,013.00</b>	<b>2,161,525.21</b>



## BOARD PROPOSAL TO THE ANNUAL GENERAL MEETING

Cramo Plc's net profit for the financial year totalled EUR 10,008,671.00. The Group's profit attributable to shareholders at the Annual General Meeting's disposal totalled EUR 29,925,306.14. The Board proposes to the Annual General Meeting that a dividend of EUR 0.50 per share is paid to shareholders entitling to dividends and the rest be held in retained earnings. On 27 February 2007, the number of shares entitling their holders to receive full dividends totalled 30,585,738, the corresponding dividend amounting to EUR 15,292,869.00.

Vantaa, 27 February, 2007

*Pekka Heusala   Gunnar Glifberg   Stig Gustavson   Phil van Haarlem*

*Eino Halonen   Hannu Krogerus   Juhani Nurminen*

*Vesa Koivula, President and CEO*

## AUDITORS' REPORT

### TO THE SHAREHOLDERS OF CRAMO PLC

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Cramo Plc (former Rakentajain Konevuokraamo Oyj) for the financial year 2006. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies Act.

### CONSOLIDATED FINANCIAL STATEMENTS

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

### PARENT COMPANY'S FINANCIAL STATEMENTS, REPORT OF THE BOARD OF DIRECTORS AND ADMINISTRATION

In our opinion the parent company's financial statements and the report of the Board of Directors have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements and the report of the Board of Directors give a true and fair view of the parent company's result of operations and of the financial position. The report of the Board of Directors is consistent with the consolidated financial statements.

The parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Directors of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Vantaa, March 9, 2007

ERNST & YOUNG OY  
Authorized Public Accountant Firm

*Erkka Talvinko*

Authorized  
Public Accountant

*Tomi Englund*

Authorized  
Public Accountant

## COLLAGE OF ANNUAL INFORMATION 2006

This collage of annual information is a list of the stock exchange releases and announcements the Company has published in 2006. The documents listed below can be obtained from the Company's website [www.cramo.com](http://www.cramo.com).

**January 3, 2006** Decisions by extraordinary general meeting of Rakentajain Konevuokraamo Oyj and consummation of combination of Rakentajain Konevuokraamo Oyj and Cramo Holding B.V.

**January 4, 2006** Registration of decisions by extraordinary general meeting of Rakentajain Konevuokraamo Oyj and trading of new shares

**January 4, 2006** Notification pursuant to chapter 2 section 10 of the Finnish securities markets act and appointments in the management group

**January 9, 2006** Correction to date of the report on the Financial Statements 2005

**January 12, 2006** Rakentajain Konevuokraamo Oyj: 8,500 B-shares were subscribed with 2003 stock options in December 2005

**January 27, 2006** Rakentajain Konevuokraamo Oyj, Suomen Projektivuokraus Oy and Cramo Suomi Oy complete negotiations under statutory information and consultation with employees

**February 10, 2006** The annual general meeting will be held on Thursday, 6 April 2006 at 13.00 hrs

**February 28, 2006** Subsidiary mergers in the Group of Rakentajain Konevuokraamo Oyj

**February 28, 2006** Martti Ala-Härkönen appointed Chief Financial Officer of Rakentajain Konevuokraamo Oyj

**March 6, 2006** Report on Financial Statements for 2005

**March 8, 2006** Rakentajain Konevuokraamo Oyj Group has signed an agreement concerning the purchase of the shares of a Polish company Maropol Sp.zo.o.

**March 9, 2006** Shares subscribed with 2002A-stock options in Rakentajain Konevuokraamo Oyj

**March 17, 2006** Rakentajain Konevuokraamo Oyj has received on 16 March 2006 the following announcement according to the securities market act, chapter 2, paragraph 9

**March 17, 2006** Rakentajain Konevuokraamo Oyj has received on 17 March 2006 the following announcement according to the securities market act, chapter 2, paragraph 9

**March 20, 2006** Notice to convene to Annual General Meeting of Rakentajain Konevuokraamo Oyj on 6 April 2006

**April 6, 2006** Resolutions of Rakentajain Konevuokraamo Oyj's annual general meeting of shareholders

**April 10, 2006** Organization of the Board of Directors

**April 18, 2006** Rakentajain Konevuokraamo applies for listing

of stock options 2002B on the main list of the Helsinki Stock Exchange

**May 5, 2006** Rakentajain Konevuokraamo Oyj: 8,000 shares were subscribed with 2002 stock options in April 2006

**May 24, 2006** Publishing of Rakentajain Konevuokraamo's Q1 result on May 30

**May 30, 2006** Rakentajain Konevuokraamo's interim report Q1/2006 - strong first quarter, Cramo's integration proceeds on schedule

**July 31, 2006** Rakentajain Konevuokraamo Oyj: 3,000 shares were subscribed with 2002 stock options in June 2006

**August 16, 2006** Publishing of Rakentajain Konevuokraamo's Q2 result on August 23

**August 22, 2006** Rakentajain Konevuokraamo discloses 2005 pro forma key figures

**August 23, 2006** Rakentajain Konevuokraamo's interim report H1/2006 - RK's strong performance continued

**September 29, 2006** Implementations of subsidiary mergers

**October 5, 2006** Rakentajain Konevuokraamo Oyj: 23,200 shares were subscribed with 2002 stock options in September 2006

**October 25, 2006** Notice to convene Rakentajain Konevuokraamo Oyj's extraordinary general meeting of shareholders on 20 November 2006

**November 3, 2006** Share subscriptions with 2002A/B Rakentajain Konevuokraamo's stock options

**November 10, 2006** Publishing of Rakentajain Konevuokraamo's Q3 result on November 17

**November 13, 2006** Rakentajain Konevuokraamo Oyj has received the following information regarding one of its key owners

**November 17, 2006** Rakentajain Konevuokraamo's interim report Q1-Q3/2006 - strong profit performance continues

**November 20, 2006** Decisions of Rakentajain Konevuokraamo Oyj's extraordinary general meeting

**November 29, 2006** Cramo Oyj has received the following information regarding one of its key owners

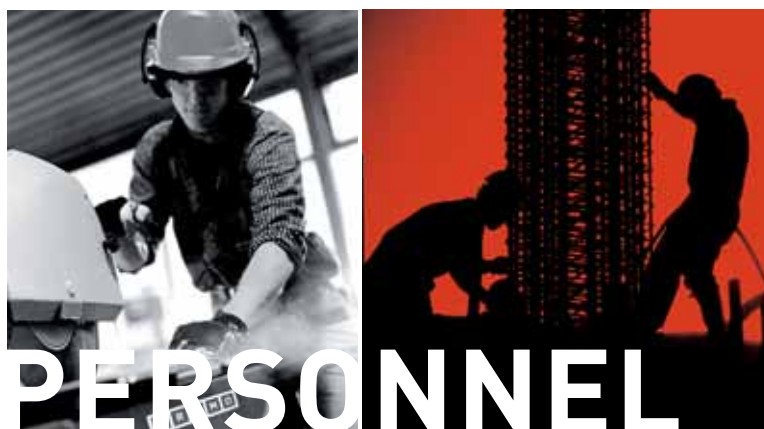
**November 29, 2006** Notification pursuant to chapter 2 section 10 of the Finnish securities act

**December 7, 2006** Notification pursuant to chapter 2, section 9 of the securities markets act

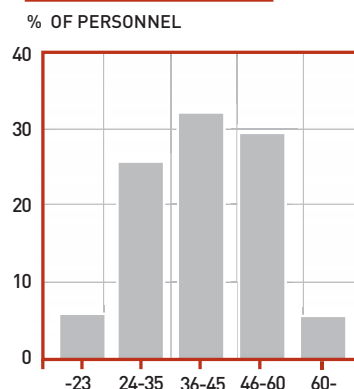
**December 8, 2006** Cramo Plc: 9,300 shares were subscribed with 2002 stock options in November 2006

**December 12, 2006** Notification pursuant to chapter 2, section 9 of the securities markets act

**December 21, 2006** Cramo acquired leading access platform rental company in Lithuania



## PERSONNEL BY AGE



The number of Cramo Group employees in 2006 averaged 1,828, 1,634 of whom, or 89 per cent, worked for the equipment rental business and 194, or 11 per cent, for the modular space business. Personnel by region was as follows:

- Finland 607
- Sweden 610
- Western Europe 253
- Other Europe 358

The number of employees grew by 221 per cent over the previous year, due mainly to Cramo Holding B.V.'s merger with the Group, while staff numbers rose by 11 per cent against the previous year's pro forma figures. Women and men accounted for 11 per cent and 89 per cent of employees, respectively.

The acquired company's integration also involved reorganisation measures affecting personnel and depots and offices. As a result of corporate transactions, the financial year saw statutory Information and Consultation of Employees related to the integration in Finland of Cramo Holding B.V.'s operations with those of Cramo Plc and Suomen Projektivuokraus Oy, with the result that eight offices were closed down leading to 16 redundancies taking effect in the second quarter. Other market areas have no major overlapping operations.

Wage costs per employee due to sick leave absences averaged EUR 1,921 vis-à-vis EUR 882 a year ago. The underlying reason for this growth stems from various social security systems within the expanded operating environment.

## INCREASINGLY IMPORTANT SALESMANSHIP AND CUSTOMER SERVICE COMPETENCIES

Employee skills and competencies have come to play a more important role in the service sector. While service is becoming increasingly important in both the equipment rental and modular space businesses, equipment's technological advancement is setting mounting requirements for employee skills.

Human resource development has focused on the development of sales and customer service skills. The most significant project includes a three-year sales and management training programme launched in Sweden in August 2005, in which almost all of Swedish sales and executive personnel

are participating. A programme for sales and customer service competencies was launched in Finland in December 2006. Similar training has also been arranged in the other Nordic countries. Systematic development of sales, leadership and customer service competencies will begin in Central and Eastern Europe in 2007.

Cramo's leadership principles stress respect for individuals and the managers'/supervisors' role as a coach. Cramo also encourages its managers/supervisors to coach each other and share operating models which have proved best in practice.

## A GOOD WORKING ENVIRONMENT – A COMPETITIVE ADVANTAGE

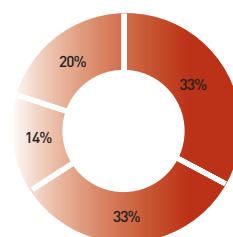
In addition to being safe, effective and clean, a working environment must fulfil each country's national legislative requirements. A well-managed working environment improves productivity, service quality and job satisfaction. Cramo aims at a safe and cosy working environment, enhancing its competitiveness not only as an employer but also as a provider of rental services.

In 2007, Cramo will continue to develop its operating units further, in order to meet its business needs more effectively. It will also seek to harmonise its HR policy, including measures to draw up shared guidelines for incentive schemes by subsidiary and unit. In addition to profit-based incentive schemes, Cramo rewards its employees for their years of service and their suggestions aimed at developing business and processes.

In human resource development Cramo continues sales and management training as well as strengthens competence needed in international expansions.

## PERSONNEL BY GEOGRAPHICAL SEGMENTS, %

FINLAND (33%)	607
SWEDEN (33%)	610
WESTERN EUROPE (14%)	253
OTHER EUROPE (20%)	358
TOTAL (100%)	1828





## FINANCIAL RESPONSIBILITY

Cramo aims to grow on a profitable basis. The Group takes the view that sustainable profitability forms the basis for corporate responsibility exercised towards customers, shareholders, employees and other stakeholder groups. Sound profitability is reflected in employment, tax revenues, dividends and an increase in the company's market capitalisation.

Cramo will capitalise on economies of scale, enabled by its larger corporate size, e.g. within information technology, purchasing, financing, employee competence development, strategic planning and logistics. In addition Cramo continuously capitalises on its strong local presence, local customer service capabilities and local business knowhow, which provide the Group with business agility to transact in different markets.

## SOCIAL RESPONSIBILITY

Successful business requires highly skilled and motivated employees. Indeed, employee competence development forms one of the values that guide Cramo's business operations. In order to sustain its employees' high professional skills, Cramo co-operates with training institutes and importers in the provision of tailored courses, and promotes and supports its staff's self-managed learning and competence development. In addition to skills in the use of equipment, Cramo invests in customer service skills, salesmanship, management and leadership skills.

Continuous improvement in occupational safety plays a vital role in Cramo's industry and the Group takes safety aspects into consideration throughout its operations. Cramo organises safety-training courses in co-operation with partners.

Cramo appreciates personnel with long years of service. In an effort to maintain its staff's working capacity and reduce sick leave absences, the Group subsidises e.g. its employees' keep-fit activities. Cramo gives a prize for employee suggestions aimed at developing Group processes and operations further, and places a special emphasis on respect for individuals and the principles of teamwork in its leadership culture.

## ENVIRONMENTAL RESPONSIBILITY

Environmental responsibility forms part of Cramo's business model: the rental of equipment and modular space is an environmentally and financially sound business. Based on its

environmental responsibility, Cramo ensures that its rental equipment and modular buildings are of high quality and carefully serviced and overhauled. Cramo prefers to purchase equipment with a minimum environmental load, including the related energy consumption, and aims at long equipment service lives based on careful maintenance.

Furthermore, Cramo seeks to reduce environmental load by handing its equipment over to customers without unnecessary packaging. The Group provides customers not only with professional advice but also explicit instructions for equipment maintenance and safety.

Cramo recycles all recyclable materials from equipment going out of use, such as waste wood and scrap metal. A local, specialist firm takes charge of the recycling of hazardous waste while Cramo's regional profit centres answer for the appropriate storage and reprocessing of chemicals and hazardous waste according to local legislation and the Group's guidelines.

Cramo's processes in Sweden, Denmark and Norway are based on the ISO 14001 environmental and ISO 9001 quality management certificates. In Finland, the Group's quality management system is based on the ISO 9001:2000 quality management certificate granted by Det Norske Veritas.

Quality management system certification requires continuous improvements in processes and quality management systems. Such improvements are manifested in better service, fewer errors, higher productivity and greater occupational safety.







Cramo Plc (hereinafter 'Cramo' or 'the Company') is a Finnish public limited company which complies in its decision-making and administration with the Finnish Companies Act, the Securities Markets Act and other rules and regulations governing public limited companies, as well as its Articles of Association.

Unless otherwise set forth under the sections specified below, Cramo observes the Insider Guidelines, issued by the Helsinki Stock Exchange, and the Corporate Governance Recommendation for Listed Companies, effective since 1 July 2004 and issued by the Helsinki Stock Exchange, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers.

The Company's control and management responsibilities are divided between the General Meeting of Shareholders, the Board of Directors, and the President and CEO.

## GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the Company's highest decision-making body.

Cramo's General Meeting convenes at least once a year and the Annual General Meeting (AGM) must be held by the end of June. The Board of Directors may call Extraordinary General Meetings (EGM) whenever necessary. In accordance with Cramo's Articles of Association, the Company shall publish notice of a General Meeting in a newspaper, determined by the Board of Directors, no later than 17 days prior to the meeting. The notice of meeting must also be published in a stock exchange release available on the Company's website. The Board of Directors' proposals to the General Meeting must be published in a stock exchange release available on the Company's website.

The AGM makes decisions on issues specified in Article 8 of the Company's Articles of Association.

A Cramo shareholder must be registered as a shareholder in the Company's shareholder register, maintained by Finnish Central Securities Depository Ltd, by the record date for the General Meeting, in order to be entitled to attend the meeting. Holders of nominee-registered shares wishing to attend the General Meeting should notify their custodian well in advance of their attendance prior to the meeting and follow the instructions provided by the custodian. A holder of nominee-registered shares wishing to attend the General Meeting must notify the Company of his/her intention within the period specified in the notice of General Meeting.

A shareholder may attend the General Meeting in person or through a representative who must present a proxy. When registering for the General Meeting, shareholders must inform the Company of any proxies. A shareholder and his/her representative may use an assistant at the meeting.

## BOARD OF DIRECTORS

In accordance with the Articles of Association, Cramo's Board of Directors comprises 5–7 members, whose term expires at the end of the first Annual General Meeting following their election. The Board of Directors elects a Chairman and Vice Chairman from among its members.

Under the Companies Act, the Articles of Association and other applicable Finnish laws and regulations, the Board of Directors is vested with powers and duties to manage and supervise Cramo's operations.

The Board's responsibilities and duties are determined by the Companies Act and the Company's Articles of Association. The Board of Directors has a general obligation to pursue the Company's best interests. It is accountable to the Company's shareholders. Board members shall act in good faith and with due care and exercise their business judgement on an informed basis in what they believe to be the best interests of the Company and its shareholders as a whole.

The Board of Directors is responsible for Cramo Group's governance and appropriate management and decides on the Group's key policies and practices, approves the business strategy and the budget, and adopts the financial statements and interim reports. Furthermore, the Board of Directors decides on the appointment and dismissal of the President and CEO and his/her deputy, the Group's structure, acquisitions and disposals, Company finances and investments, the continuous assessment and monitoring of Group companies' operations and performance, risk management and compliance with applicable laws, as well as any other issues within its competence.

In 2006, Cramo's Board of Directors met 15 times at an average attendance rate of 94 per cent.



## BOARD COMMITTEES IN 2006

Two permanent committees, the Audit Committee and the Nomination and Compensation Committee, assist the Board of Directors, which elects committee members from among its members.

The Audit Committee is tasked with supervising and controlling corporate financial reporting, external and internal audit and risk management. In accordance with the Audit Committee's charter, it also assesses the effects of exceptionally significant business transactions on the Company.

Meeting eight times in 2006, the Audit Committee comprised the following members: Pekka Heusala (Chair), Eino Halonen and Phil van Haarlem.

The Nomination and Compensation Committee is tasked with preparing a proposal for the Board members and their remuneration presented to the Annual General Meeting. In accordance with the Nomination and Compensation Committee's charter, it also prepares a proposal to the Board of Directors for the President and CEO's appointment and his/her employment terms, and prepares matters pertaining to the Company's compensation systems.

Meeting three times in 2006, the Nomination and Compensation Committee comprised the following members: Stig Gustavson (Chair), Pekka Heusala and Hannu Krogerus.

## REPRESENTING THE COMPANY

In accordance with the Articles of Association, two Board members together or the President and CEO together with a Board member may represent the Company.

The Board of Directors may authorise (a) person(s) to represent the Company. The Board of Directors decides on granting procuration in such a way that a holder of procuration may represent the Company together with a Board member, the President and CEO or another holder of procuration.

## COMPENSATION

The General Meeting of Shareholders decides on Board remuneration.

The Board of Directors decides on the CEO's salary and bonus system and his/her immediate subordinates' remuneration. The Company has a stock option scheme in place, approved by the AGM. Board members do not hold any stock options.

The Board of Directors' and the CEO's voluntary pension insurance contributions paid during the financial year ending on 31 December 2006 totalled EUR 73,000. In addition, the management is covered by statutory pension insurance.

## RISK MANAGEMENT

Forming part of Cramo Group's monitoring and control system, risk management is aimed at ensuring that the Company identifies its business-related risks and assesses and monitors them on an ongoing basis. In accordance with the Company's risk-management policy, risk management refers to continuous and systematic activities aimed at preventing personal injuries, safeguarding the assets of Cramo Group and its Group companies while ensuring a steady and profitable business growth.

Cramo Group's expansion and business development are partly based on corporate acquisitions. Risks associated with acquisitions may involve, for example, knowledge of local markets, customers, key personnel and suppliers. The aim is to take the related risks into account through careful pre-arrangements and the systematic monitoring of corporate acquisitions.

Risk management measures are aimed at securing Cramo Group's long-term competitiveness. The Board of Directors and the management are responsible for managing business, financial and environmental risks as well as the related insurance cover.

### *Management of business risks*

Cramo Group's business largely depends on construction and property markets characterised by seasonal fluctuations. On the other hand, the Group is not dependent on individual customers or projects, since its extensive customer base is spread across several market areas. Furthermore the constant managing and optimising of the Company's equipment fleet's utilisation rates is a highly important success factor for the Group.

The Board of Directors analyses the Group's and its business units' financial performance on a monthly basis. Cramo's business risks are mitigated by the Group's 250 depots and offices being spread among eleven countries.

### *Management of financial risks*

In addition to cash flow financing, the Group raises bank loans and concludes equipment lease agreements in financing its operations. Its main financial risks relate to interest-rate risks associated with cash flows, currency risks, credit risks and liquidity risks. To manage its interest-rate risks, Group borrowings and investments are spread across fixed and floating interest rate instruments. In an effort to manage its interest-rate risks, the Group can make use of derivative contracts, such as interest-rate swaps. Currency risks mainly involve net investments in foreign units and foreign-currency denominated loans, with currency forward contracts used as hedging instruments. Since Group companies mainly carry out their sales and purchases in the unit's functional currency, the Group is not exposed to any major foreign-exchange risks associated with these transactions.

In co-operation with Group companies, Group Treasury identifies, analyses and manages financial risks.



**Management of environmental risks**

Cramo Group's environmentally sound corporate mission refers to the high utilisation rates of professionally serviced equipment and the minimisation of the environmental burden caused by the use of equipment and energy – the aspects to which the Group pays special attention in purchasing its rental machinery and equipment. Cramo Group's quality management system is based on the ISO 9001:2000 quality management certificate granted by Det Norske Veritas, covering all of the Company's operations and depots in Finland. Cramo's operations in Sweden, Denmark and Norway are based on the ISO 14001 environmental and ISO 9001 quality management certificates. The Group performs internal auditing on an ongoing basis and occasionally stages audits carried out by external parties.

**Insurance cover**

Extensive insurance cover forms an integral part of Cramo Group's risk management. The Group's management continuously assesses the adequacy and scope of insurance cover, in view of the extent and nature of Group operations.

**INTERNAL CONTROL AND INTERNAL AUDIT**

Cramo Group's internal control is based on an independent Internal Audit function, internal policies and guidelines, financial reporting, supervision and documentation, as well as transparent processes and procedures. The Group pays particular attention to systematic operations at its offices, rental equipment management and clear reporting.

The Group's Internal Audit unit pays regular visits to depots and offices in different countries. The Group will assess the quality of its internal auditing in Spring 2007, with a view to further developing and standardising internal audit processes, procedures and tools.

Cramo discloses its financial statements and interim reports in Finnish and English and prepares its consolidated financial statements in compliance with the International Financial Reporting Standards (IFRS).

**INSIDER GUIDELINES**

Issued by the Board, Cramo's Insider Guidelines for internal use are based on the Securities Markets Act, rules and regulations issued by the Financial Supervision Authority, as well as the insider guidelines of the Helsinki Stock Exchange effective since 1 January 2006. Finnish Central Securities Depository Ltd maintains an insider register for Cramo's permanent insiders.

Cramo Group requires that its employees and partners comply with the Insider Guidelines.

**AUDITORS**

External auditors play an important role as a controlling body elected by the General Meeting of Shareholders. Their term of office expires at the end of the first Annual General Meeting following their election. Notice of the Annual General Meeting shall reveal the Board's proposal for the election of an external auditor.

In accordance with the Articles of Association, the Company has a minimum of one and a maximum of two Authorised Public Accountants (APA) or firms of Authorised Public Accountants, chartered by the Central Chamber of Commerce of Finland. If the AGM elects only one auditor, which is not a firm of Authorised Public Accountants chartered by the Central Chamber of Commerce, it must elect one deputy auditor.

**SHARES AND SHAREHOLDERS**

Information on Company share capital and 100 largest shareholders alongside the number of Company shares and votes is available at [www.cramo.com](http://www.cramo.com). Information on flagging notifications received by Cramo is available at [www.cramo.com](http://www.cramo.com).

**COMMUNICATION POLICY**

Cramo pursues an open, reliable and up-to-date disclosure practice, supporting the solid foundations of Cramo share's performance while providing shareholders with the opportunity to assess the effectiveness of the Company's corporate governance and make reasoned decisions on their holdings.

On its website at [www.cramo.com](http://www.cramo.com), Cramo discloses all information based on statutory disclosure requirements governing listed companies. It also publishes all Company press releases on its website with immediate effect.

**PEKKA HEUSALA, B. 1946**

Chairman since 2006  
 Deemed independent of the Company and the major shareholders  
 Teollisuusneuvos (Finnish honorary title), M.Sc. (Eng.)  
 Retired as Icopal Oy's President and CEO  
 Board member:  
 Autoparkki Norden Oy  
 EuroPark Finland Oy  
 Moneybian Oy  
 Pioneerisäätiö  
 Cramo shares: 3,212 (as of 29 December 2006)

## BOARD MEMBERS 3.1.–31.12.2006

**STIG GUSTAVSON, B. 1945**

Vice Chairman since 2006  
 Deemed independent of the Company and the major shareholders  
 Dr. Tech. (h.c.) and M.Sc. (Eng.)  
 KCI Konecranes Plc's President and CEO during 1988–2005  
 Board Chairman:  
 KCI Konecranes Plc  
 Dynea Oy  
 Eltel Group Oy  
 Mercantile Oy Ab  
 Arcada Foundation  
 Svenska Handelsbanken AB (publ), Regional Bank Finland  
 Tammet Oy  
 Board member:  
 Fastems Oy Ab  
 Vaisala Corporation  
 Technology Industries of Finland  
 Supervisory Board member of Mutual Pension Insurance Company Varma  
 Cramo shares: 75,757 (as of 29 December 2006)

**GUNNAR GLIFBERG, B. 1943**

Board member since 2006  
 As Cramo AB's previous President and CEO,  
 deemed dependent of the Company until the autumn of  
 2008, independent of the major shareholders  
 B.Sc. (Eng.)  
 Cramo AB's President and CEO during 1994–2005  
 Cramo shares: 4,306 (as of 29 December 2006)



**PHIL VAN HAARLEM, B. 1944**

Board member since 2006  
Deemed independent of the Company and, in his role as Pon Holdings B.V.'s Director, dependent of the major shareholders until 29 November 2006.  
Bachelor of Law  
Director, Pon Holdings B.V., Netherlands  
Board member of Pon Equipment & Power Systems B.V., Netherlands  
Senior Advisor, United Can Company Limited, Indonesia  
Cramo shares: 4,000 (as of 29 December 2006)



**EINO HALONEN, B. 1949**

Board member since 2003  
Deemed independent of the Company and in his role as Suomi Mutual Life Assurance Company's President and CEO, dependent of the major shareholders  
B.Sc. (Econ.)  
Suomi Mutual Life Assurance Company's President and CEO  
Board member:  
Finsilva Oyj  
Mutual Pension Insurance Company Ilmarinen  
Metsäliitto Cooperative  
OKO Bank Plc  
Sato Oyj  
YIT Corporation  
Cramo shares: 3,313 (as of 29 December 2006)



**HANNU KROGERUS, B. 1949**

Board member since 2006  
Deemed independent of the Company and the major shareholders  
LL.M, Attorney-at-law  
Founding member of Krogerus Attorneys Ltd  
Senior Partner of Krogerus Attorneys Ltd  
Board Chairman:  
Krogerus Attorneys Ltd  
Adelec Industries Ltd. Oy  
North-West Russia Development Company Ltd.  
Board member:  
Genelec Oy  
Startex Oy  
Cramo shares: 606 (as of 29 December 2006)



**JUHANI NURMINEN, B. 1939**

Board member during 1989–1995, 1999–2000 and since 2001  
Deemed independent of the Company and the major shareholders  
Construction Engineer  
Rakennus-Bettene Oy's Managing Director  
Member of the Board of Trustees of the Construction Engineers' Foundation  
Cramo shares: 6,096 (as of 29 December 2006)

## PRESIDENT AND CEO

The Company has a Managing Director, appointed by the Board of Directors, who also acts as the President and CEO.

The President and CEO is in charge of the Company's day-to-day management, in accordance with the instructions and orders given by the Board of Directors. The President and CEO may take measures which are unusual and far-reaching in view of the nature and scope of the Company's operations only if authorised by the Board of Directors. The President and CEO must also ensure that the Company's accounting complies with applicable laws and that financial management is organised in a reliable manner.

The President and CEO's retirement age is 63 years, and the period of notice on his/her executive contract is 18 months, during which (s)he receives a full salary.

The President and CEO's salary, including perquisites and performance-based bonuses, paid in 2006 totalled EUR 354,000.

## EXECUTIVE COMMITTEE AND GROUP MANAGEMENT

Comprising the CEO, the deputy CEO and the CFO, the Group's Executive Committee is responsible for the implementation of the Group's strategic lines issued by the Board of Directors.

The Group management team holds monthly meetings, attended by the aforementioned (Executive Committee) members and four Senior Vice Presidents. Every second month, the meeting is also attended by three heads from corporate support units.

Chaired by the CEO, the Group management team carries out strategic decisions made by the Board and monitors business units' performance and operations.

## GROUP MANAGEMENT TEAM

### VESA KOIVULA, B. 1954

President and CEO

M.Sc. (Eng.)

Employed by Cramo since 2003, CEO since 1 January 2004

Cramo shares: 8,000 (as of 29 December 2006)

Stock options for 2002 entitle him to subscribe for 12,450 Cramo shares

The number of Cramo shares subscribed on the basis of the stock options totals 2,450, not yet available for trading.

### GÖRAN CARLSON, B. 1958

Deputy CEO

Employed by Cramo since 2005

Cramo shares: 0 (as of 29 December 2006)

The number of Cramo shares subscribed on the basis of the stock options totals 4,900, not yet available for trading.

### MARTTI ALA-HÄRKÖNEN, B. 1965

CFO

D.Sc. (Econ. & Bus. Adm.), Lic.Sc. (Tech.)

Employed by Cramo since 2006

Cramo shares: 0 (as of 29 December 2006)

The number of Cramo shares subscribed on the basis of the stock options totals 4,900, not yet available for trading.

### MAGNUS ROSÉN, B. 1962

Senior Vice President, Scandinavia

MBA

Employed by Cramo since 1997

Cramo shares: 0 (as of 29 December 2006)

The number of Cramo shares subscribed on the basis of the stock options totals 4,050, not yet available for trading.

### TATU HAUHIO, B. 1970

Senior Vice President, Finland

M.Sc. (Econ. & Bus. Adm.)

Employed by Cramo since 2003

Cramo shares: 1,000 (as of 29 December 2006)

Stock options for 2002 entitle him to subscribe for 1,625 Cramo shares

The number of Cramo shares subscribed on the basis of the stock options totals 1,625, not yet available for trading.

### JARMO LAASANEN, B. 1950

Senior Vice President, Other Europe

MBA

Employed by Cramo since 2004

Cramo shares: 900 (as of 29 December 2006)

Stock options for 2002 entitle him to subscribe for 1,250 Cramo shares

The number of Cramo shares subscribed on the basis of the stock options totals 2,000, not yet available for trading.

### OSSI ALASTALO, B. 1966

Senior Vice President, Modular Space

Employed by Tilamarkkiant since 1989

Employed by Cramo since 2000

Cramo shares: 12,029 (as of 29 December 2006)

Stock options for 2002 entitle him to subscribe for 19,250 Cramo shares

The number of Cramo shares subscribed on the basis of the stock options totals 2,000, not yet available for trading.

### ANDERS COLLMAN, B. 1954

Vice President,

Marketing and Communications

PhD in Business Administration

Employed by Cramo since 1998

Cramo shares: 0 (as of 29 December 2006)

Stock options for 2002 entitle him to subscribe for 1,250 Cramo shares

The number of Cramo shares subscribed on the basis of the stock options totals 1,250, not yet available for trading.

### EVA HARSTRÖM, B. 1961

CIO

M.Sc. Industrial Management and Engineering

Employed by Cramo since 2006

Cramo shares: 0 (as of 29 December 2006)

Stock options for 2002 entitle her to subscribe for 1,250 Cramo shares

The number of Cramo shares subscribed on the basis of the stock options totals 1,250, not yet available for trading.

### MATS STENHOLM, B. 1947

Vice President, Asset Management

BBA

Employed by Cramo since 1988

Cramo shares: 0 (as of 29 December 2006)

The number of Cramo shares subscribed on the basis of the stock options totals 2,500, not yet available for trading.



**VESA KOIVULA**  
CEO



**GÖRAN CARLSON**  
Deputy CEO



**MARTTI ALA-HÄRKÖNEN**  
CFO

## GROUP MANAGEMENT 31.12.2006



**MAGNUS ROSÉN**  
Senior Vice President,  
Scandinavia



**TATU HAUHIO**  
Senior Vice President,  
Finland



**JARMO LAASANEN**  
Senior Vice President,  
Other Europe



**OSSI ALASTALO**  
Senior Vice President,  
Modular Space



**EVA HARSTRÖM**  
CIO



**MATS STENHOLM**  
Vice President,  
Asset Management



**ANDERS COLLMAN**  
Vice President,  
Marketing and  
Communications



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# POWERING YOUR BUSINESS



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