



# A YEAR OF GROWTH

CRAMO PLC

ANNUAL REPORT 2007

# POWERING YOUR BUSINESS



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**ONE CRAMO**  
**ONE BRAND**



# INFORMATION FOR SHAREHOLDERS

## ANNUAL GENERAL MEETING

The Annual General Meeting of Cramo Plc will be held on Wednesday, 23 April 2008, at 10 am, in the Finlandia Hall. The address of the venue is Mannerheimintie 13e, Helsinki (entrance from doors M4 and K4). Admission of registered shareholders begins at 9 am.

Shareholders who wish to attend the AGM must notify the company of their attendance no later than 16 April 2008 at 4 pm in writing to Castrén & Snellman Attorneys Ltd., Mr Antti Rintakoski, P.O. Box 233, FI-00131 Helsinki, by telephone to +358 7765 315 / Antti Rintakoski on weekdays Monday to Friday from 9 am to 4 pm (Finnish time), by fax to +358 20 7765 001/ Antti Rintakoski, or by e-mail to antti.rintakoski@castren.fi.

## DIVIDEND PAYMENT

The Board of Directors proposes to the AGM that a dividend of EUR 0.65 per share be paid for the financial year 2007. The matching day for the payment of dividends is 28 April 2008, and the proposed dividend payment date is 6 May 2008.

## CRAMO BASIC SHARE INFORMATION

- Listed at the OMX Nordic Exchange Helsinki
- Trading code: CRA1V
- Industry: Commercial Services & Supplies
- Number of shares, 31 Dec 2007: 30,660,189

Additional information about shares and shareholders is presented in Note 36 in the Consolidated Financial Statements in the Financials.

## FINANCIAL REPORTING

- Annual report, March 31, 2008
- Interim report for January-March, May 13, 2008
- Interim report for January-June, August 12, 2008
- Interim report for January-September, November 11, 2008

The annual reports and interim reports are available in Finnish and English and can also be read on Cramo's website at [www.cramo.com/investors](http://www.cramo.com/investors).

Cramo's management serves analysts and the media with regular press conferences. Management also gives interviews on a one-on-one and group basis. Cramo participates in various conferences for investors.

Cramo observes a three week closed period preceding the publication of its results.

## INVESTOR RELATIONS

**Vesa Koivula**, President and CEO, tel. +358 10 661 1240, e-mail: [vesa.koivula@cramo.com](mailto:vesa.koivula@cramo.com)

**Martti Ala-Härkönen**, CFO, tel. +358 10 661 1270, e-mail: [martti.ala-harkonen@cramo.com](mailto:martti.ala-harkonen@cramo.com)

**Päivi Dahlqvist**, Executive Assistant, tel. +358 10 661 1241, e-mail: [paivi.dahlqvist@cramo.com](mailto:paivi.dahlqvist@cramo.com)

Financial documents can be obtained from Cramo Plc, Kalliosolantie 2, FI-01740 Vantaa, tel. +358 10 661 1241, e-mail: [investor.relations@cramo.com](mailto:investor.relations@cramo.com).

Investor information is available online at [www.cramo.com/investors](http://www.cramo.com/investors). The investor section contains the information presented here, together with other IR-related information, including a share monitor, delayed by 15 minutes, a list of company's public permanent insiders and their holdings, a collection of presentation materials and current market data as well as services such as an investment calculator.

## CHANGE OF ADDRESS

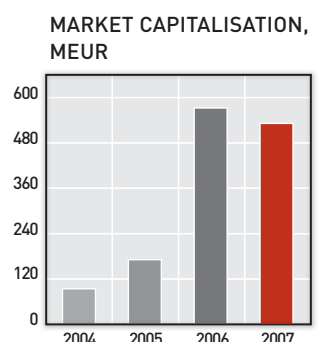
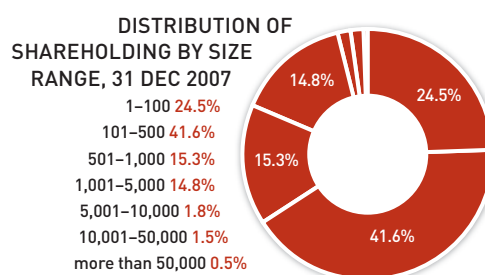
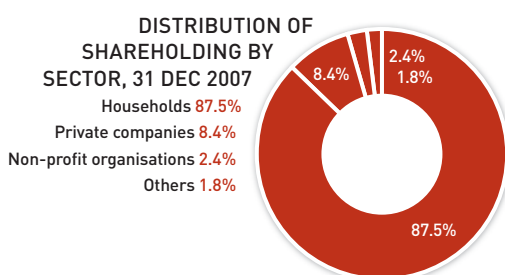
If your address or account number for dividend payment changes, we request that you send a written notification of this to the particular register holding your Book Entry Account. If your account is held at the Finnish Central Securities Depository Ltd's account operator, please send the written notification to: Finnish Central Securities Depository Ltd., P.O. Box 1110, FI-00101 Helsinki, fax +358 20 770 6656.

## ANALYSTS

To our knowledge at least the following financial analysts follow Cramo's development on their own initiative. They have analysed Cramo and drawn up reports and comments and they are able to evaluate the company as an investment target. Cramo takes no responsibility for the opinions expressed.

- ABN AMRO Securities
- Carnegie
- Danske Markets
- eQ Bank
- Evli Bank Plc
- Glitnir Securities
- Handelsbanken Capital Markets
- Kaupthing Bank
- Nordea Markets
- Pohjola Bank plc
- SEB Enskilda Equities

Updated contact information on analysts following Cramo is available at [www.cramo.com/investors](http://www.cramo.com/investors).



# CRAMO IN BRIEF

Cramo is a service company specialising in equipment rental services, as well as the rental and sale of modular space. Its equipment rental services comprise machinery and equipment rentals as well as rental-related services. As one of the industry's leading service providers in Europe, Cramo operates in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, the Czech Republic and Russia.

Cramo provides modern rental solutions through the Cramo Concept. Under the Cramo concept, construction companies and customers in trade, industry and the public sector, as well as private customers, are provided with machinery, equipment and modular space through different rental solutions and services.

By combining the product portfolio with its extensive offering of services, Cramo reduces the capital invested by its customers and can create total rental solutions for every need for both the short and long term.

Through a total of 268 depots and offices, with the number of rental items totalling approximately 175,000, Cramo's 2,270 employees serve over 80,000 customers in ten countries. The wide geographical spread of operations enables Cramo to combine the commitment of a local company with the strength and access to professional business management of a large company.

Cramo shares are listed on the OMX Nordic Exchange in Helsinki.

## MARKET AREAS



Number of depots by country as of 31 December 2007.

## CRAMO GROUP BUSINESS SEGMENTS

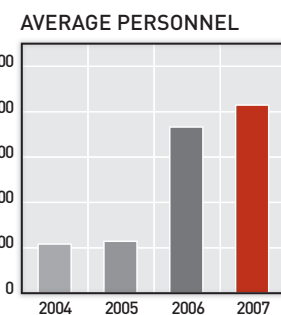
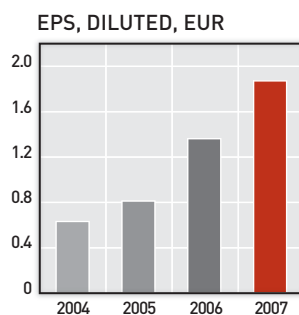
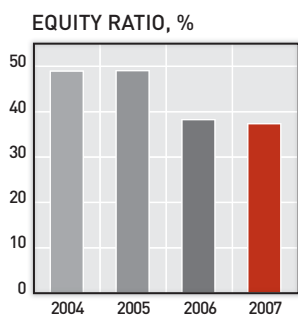
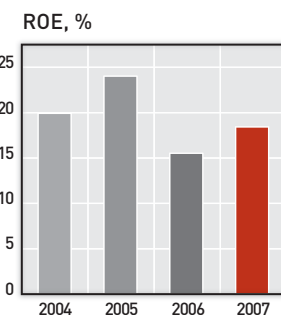
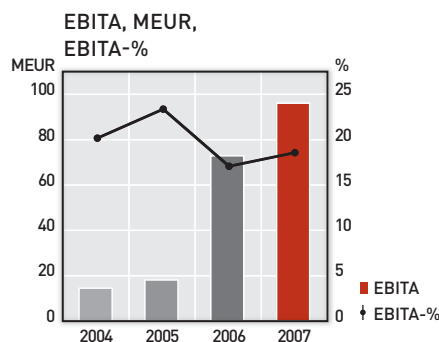
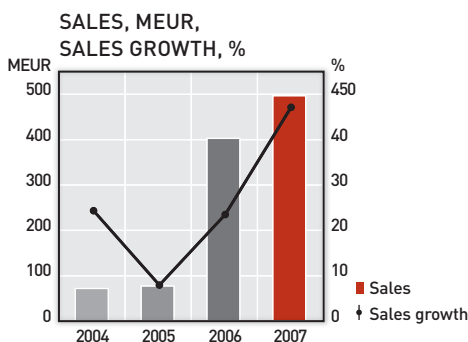
Business segment	EQUIPMENT RENTAL				MODULAR SPACE
	Finland	Sweden	Western Europe	Other Europe	All markets
Geographical segment	Finland	Sweden	Norway Denmark	Estonia Latvia Lithuania Poland Russia The Czech Republic	Finland Sweden Norway Denmark
Market	Finland	Sweden			
Sales, EUR 1,000 (of Group's sales, %)	75,761 (15.1)	214,515 (42.7)	77,462 (15.4)	58,202 (11.6)	76,733 (15.3)
EBITA, EUR 1,000 (of Group's EBITA, %)	14,493 (13.2)	47,952 (43.8)	10,513 (9.6)	17,082 (15.6)	19,358 (17.7)
Personnel	584	618	300	529	239
Market position estimate	#2 in Finland	#1 in Sweden	#3 in Norway #4 in Denmark	#1 in Estonia and Lithuania #2 in Latvia and St. Petersburg area #3 Poland	#1 in the Nordic countries
Competitive landscape	Two strong players with a number of local competitors.	Two strong players with a number of local competitors.	Four strong players with a number of local competitors in Norway. Fragmented markets under consolidation in Denmark.	Mainly smaller national and local players with a few Western European competitors.	Finland and Sweden dominated by few strong players. Norway and Denmark fragmented markets under consolidation.

# YEAR 2007 HIGHLIGHTS

- Strong growth in sales, profits and EPS; Cramo exceeded its sales and EBITA financial targets in 2007
- Market position solidified in Finland and market share increased in Sweden, Norway and Denmark
- Continuous expansion in the growing CEE markets. Leading position reinforced in Estonia and achieved in Lithuania.
- Organic growth carried out through successful investments in the expansion of the depot network and development of the rental fleet and service concepts
- Several acquisitions made in Finland, Sweden, Norway, Estonia and Lithuania
- Major outsourcing deals completed with construction company Hartela in Finland and Skanska in Denmark
- Joint venture established with ZAO Rentakran in Russia
- Cramo Netherlands BV divested in accordance with Group strategy
- Common name and brand launched in the entire Group and a single, unified Cramo brand recognised in Europe
- Equipment rental and modular space operations combined under joint management in each country
- Considerable development in Group-internal processes, eg. Group operating principles and risk management
- Financial targets revised upwards and dividend policy reconfirmed

KEY FIGURES AND RATIOS	2007	2006	CHANGE, %
Sales, MEUR	496.4	402.4	23.4
Operating profit before amortisation on intangible assets resulting from acquisitions (EBITA), MEUR	96.0	72.8	31.8
Operating profit (EBIT), MEUR	91.8	68.6	33.9
Profit before tax (EBT), MEUR	75.8	56.6	34.0
Profit for the period, MEUR	57.5	41.9	37.1
Earnings per share (EPS) before amortisation on intangible assets resulting from acquisitions, diluted, EUR	2.00	1.50	33.3
Earnings per share (EPS), undiluted, EUR	1.88	1.39	35.3
Earnings per share (EPS), diluted, EUR	1.87	1.36	37.5
Equity per share, EUR	10.88	9.66	12.6
Return on equity, %	18.40	15.50	18.7
Equity ratio, %	37.3	38.2	-2.4
Gearing, %	109.4	104.6	4.6
Net interest-bearing liabilities, MEUR	365.0	305.6	19.4
Gross capital expenditure, MEUR	175.5	111.9	56.9
% of sales	35.4	27.8	27.3
Average personnel	2,070	1,828	13.2

Company announcements in 2007 to be found in the Investors section of Cramo's website.



We continued to successfully advance our growth strategy in all markets resulting in a strong financial performance. Markets favoured us in all our operating countries.



## CEO'S REVIEW



In 2007, we continued to successfully advance our growth strategy in all markets, resulting in a strong financial performance. We fuelled organic growth on a country level with all time high investments and by opening up more new depots than planned. At the same time we further strengthened our market position by acquiring a number of companies.

Markets favoured us in all our operating countries. Growth in construction continued and the rental business developed favourably throughout the year. In Finland, we focused on developing our operations after the integration. The entire customer service and sales staff attended a new type of sales and marketing training. This, combined with a renewed organisation, was reflected in increased market share during the second half of the year. Strong growth throughout the year in Cramo Sweden contributed to an increase in market share and improved profitability. The good result was facilitated by a professional organisation and successful investments in the development of the equipment fleet, depot network and service concepts.

Good development also continued in Norway and Denmark where, in addition to opening 14 depots, we made a major outsourcing deal by acquiring Skanska Danmark's rental organisation and signing a pan-Nordic cooperation agreement between Cramo

structure enlarged in every sector. The share of the construction industry sector increased compared to the other sectors during last year.

We are happy with our profit development and continuous work on profitability showed results. Some good examples of profit improvement activities during the year include the centralisation of repairs for building machinery in Sweden and the development of our hub network structure. Strong growth coupled with the strengthening of market share in certain markets has affected profitability.

Consolidation continues slowly in the rental business and Cramo will carry on as an active player especially in Central and Eastern Europe where we continuously seek growth opportunities. Competition in the Nordic countries is also tightening as more international players enter the markets. At the same time, construction growth is expected to slow down in Northern Europe while the growth in Central and Eastern Europe will continue on a high level. I am confident that our strong performance provides us with a solid foundation for continued success in these markets despite tightening competition.

The launch of a single unified Cramo brand was received extremely positively in all our markets. Lining up under a single brand

## OUR STRONG PERFORMANCE PROVIDES A SOLID FOUNDATION FOR CONTINUED SUCCESS

*In 2007, we experienced a year of exciting growth for Cramo. After the successful business integration of Rakentajain Konevuokraamo and Cramo in 2006, the company updated its strategic plans in autumn 2007, introducing more ambitious time schedules and targets. Now we will concentrate on growth in all businesses and seek potential for improvement.*

and Skanska. In line with our strategy, we divested our Dutch operations in March.

Our Central and Eastern European operations developed positively, speeding up the achievement of already ambitious targets. To benefit from the huge growth potential in Russia, we opened a new depot in St. Petersburg and established a joint venture in Moscow with ZAO Rentakran in August. The joint venture provides us with a good base to enlarge our business outside St. Petersburg and Moscow. Reorganisation of our business in Russia in early 2007 was reflected in improved operations and further growth. YIT Lentek, for example, selected Cramo as a preferred supplier. New depots were opened also in key areas in Poland. The Czech operations performed according to plan and we continued to investigate possibilities of entering new markets within Central and Eastern Europe. In Estonia, Cramo reinforced its leading position. In Lithuania, we grew into a #1 position and also in Latvia we saw a major improvement in our market position.

I am especially delighted with the favourable development of the modular space business both in growth and profitability. During the reporting year, equipment rental and modular space businesses were combined under joint management in each country. By combining all our products and services in a single organisation in each country, we expect that we will be able to more effectively take advantage of the existing synergies and further develop our entire operations and service offering. The modular space operations will be launched in the Baltic countries in 2008.

Our equipment utilisation rates reached all time highs in many countries. However, as there is still room for improvement, we have launched country-level development projects. Our customer

yields clarity and cost-efficiency. The advantage of working as one company is also reflected in the enhanced Cramo Team spirit, which is felt every day. Quite simply, it means that your Cramo team is better than ever.

We have achieved a great deal in 2007, none of which would have been possible without commitment and dedication. To our employees, I offer my deepest thanks for your contribution to Cramo's success. To our shareholders, I thank you for placing your trust in Cramo and for your continued support.

Cramo is well positioned to continue achieving financial and operational success, while generating value for our investors. We intend to work hard to continue reaching our targets and to create ongoing value in the years ahead. I am confident that we will stay ahead by focusing on the customer and on operational excellence. We look forward to growing together with our stakeholders in 2008 and beyond.



Vesa Koivula  
President and CEO

# FOCUSED STRATEGY CREATING PROFITABLE GROWTH

## MISSION

Cramo's mission is to help customers improve their competitiveness through modern rental solutions, thereby creating value for Cramo's shareholders. For its employees, Cramo aims to promote professional growth.

## VISION

Cramo's ambition is to be the preferred rental solutions provider in the eyes of customers. Cramo aims to rank among the two largest industry players in every market it operates in, and to be one of the most profitable companies in the industry.

## BUSINESS MODEL

Cramo provides modern, full-service rental solutions to construction companies and customers in trade, industry and the public sector via the Cramo Concept, the total solution provider concept.

a company oriented towards common systems and approaches, IT platforms are shared, customer driven organisation is scalable and the company has one face towards the customer. Equipment rental and modular space are optimised in terms of the offering, fleet development and synergies.

Through long-term contracts, the modular space business widens the product offering and offers a financial hedge to the shorter-term contracts of the equipment rental business.

## STRATEGIC THEMES

Cramo's strategic themes are based on the company's vision, values and identity. They are related to improving customer satisfaction, strengthening market position and improving profitability. Strategic themes define the current strategic focus areas and priorities to attain profitable growth.

*Since 2004, Cramo has implemented its strategy of profitable international growth. In 2007, management focus has shifted from the integration of Rakentajain Konevuokraamo and Cramo to the creation of one company and strong international growth. At the same time, the company continues to exploit profit improvement opportunities by strongly focusing on the customer, investing in the right people and excelling in fleet management.*

## STRATEGY

## VALUES

- Customer orientation
- Innovativeness
- Personal growth
- Credibility
- Result orientation

## ONE CRAMO FOCUSED ON PROFITABLE GROWTH

Cramo's goal is to provide sustainable long-term value growth for its shareholders from its two core businesses, equipment rental and modular space, by leveraging the power of a unified Cramo. The company focuses on its core markets in the Nordic countries and on the fast growing Central and Eastern European markets. Focused strategy ensures discipline in taking the Cramo Concept into new markets.

Equipment rental primarily serves the construction industry, but also companies and organisations in other segments of trade and industry as well as the public sector, by offering total solutions from building site facilities to building machinery and rental-related services. Modular space offers high quality customisable modular buildings, typically for schools, day care, or office purposes to all types of industry and the public sector.

As complementary business areas, equipment rental and modular space create economies of scale through consolidated fleet management, sharing of best practices and resources combined customer efficiency and cross-organisational teaming. Cramo is

## PURSUE GROWTH

To reach its goal of profitable growth, Cramo has a differentiated growth strategy and focus in each market. The company is primarily seeking growth in regions enjoying the strongest growth in construction and rental services. 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.

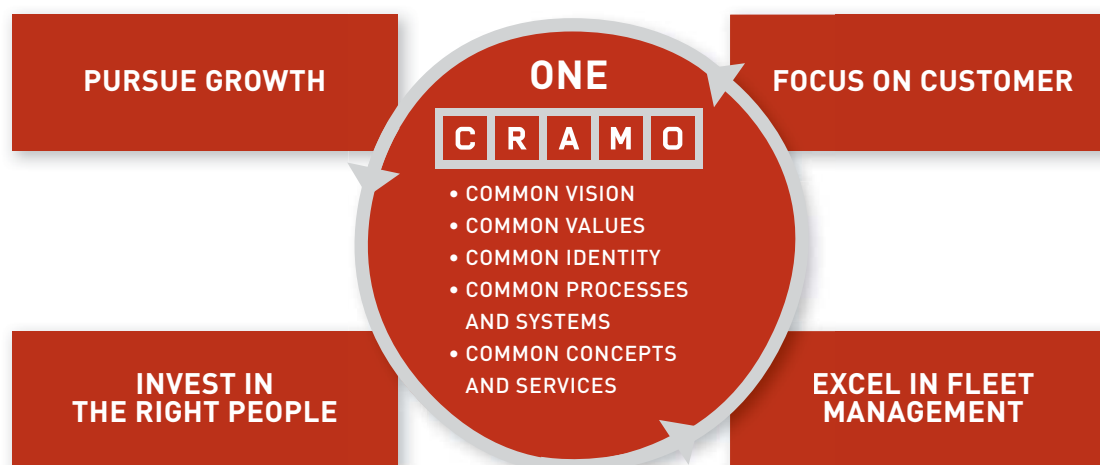
At the same time the company will boost growth in equipment rental in the Nordic countries by developing innovative offerings and promoting outsourcing. To maintain better sustainable performance over business cycles, the modular space business develops the latent demand for temporary space in the Nordic countries.

Cramo aims to support growth by introducing the Cramo Concept throughout the Group and by complementing organic growth with acquisitions. Furthermore, rental services are developed in order to create turnkey solutions.

## FOCUS ON CUSTOMER

Cramo aims to fully leverage its total customer-driven organisation approach to speed up market impact and ensure one face to the customer. Cramo's goal is to continuously serve its customers more effectively and more efficiently. Building strong customer relations based on trust and understanding, while adapting to customer needs at the local and international level in order to deliver more value than the competition, is the highest priority. This includes focusing on developing new and increasingly efficient

## CRAMO GROUP'S STRATEGIC THEMES



service concepts and rental-related services with key customers for current and future customer needs.

Cramo aims to maintain a local proactive and entrepreneurial approach to sales with structured sales processes and segmentation including up-to-date rental and CRM systems. The company supports customer growth both nationally and internationally with a wide range of services from cross-border frame agreements to online and other supporting services. Cramo's depot network is continuously improved and enlarged to better meet the customers' needs. To reduce dependency on the construction industry, Cramo seeks growth in other segments of trade and industry and in the public sector. Regular customer satisfaction surveys form the basis for service and solution development.

### INVEST IN THE RIGHT PEOPLE

The creation of a strong, common customer-focused and entrepreneurial corporate culture, shared values and a rewarding environment form an essential part of Cramo's strategy as the company aims to attract the right people by becoming an employer of choice.

This target is supported by a continuous development of people by investing in training on all levels including leadership development and for working expertise as well as individual development. Cramo offers opportunities to grow within and beyond the current

job position and geography. The company aims to retain the right people by celebrating success and incentivising execution in line with the strategy, creating a winning culture. One Cramo is enhanced by implementing Group personnel policies and tools.

### EXCEL IN FLEET MANAGEMENT

In order to grow on a profitable basis, Cramo continuously seeks to optimise asset allocation across countries and exploit the Group's increased purchasing power created by its size. This includes centralised purchasing and standardised equipment and supply options. Establishing a multi-vendor sourcing strategy and forming key alliances with vendors to develop new products also has a high priority. At the same time, the company aims to increase customer competitiveness by being an active partner in outsourcing deals and product development.

### ONE CRAMO

Cramo recognises that there are considerable economies of scale and scope to be driven from other internal operations such as product development, cross-selling, IT operations, financing, training, brand management and communications. Methodical work to continually increase co-operation between units and improve all aspects of operations as well as to make effective use of experiences with successful projects in every part of the Group is encouraged.

## GROUP FINANCIAL TARGETS

As a result of a positive financial development and the continued favourable market situation, Cramo revised its financial targets upwards in August 2007.

KEY FIGURES	TARGET	ACTUAL	TARGET	ACTUAL
	2007	2007	2006	2006
Sales, CAGR, %	18	23.4	10	422.6
EBITA, %	18	19.3	15	18.1
ROE, %	22	18.4	18*	15.5

\* The old ROE % target is derived from the previous return on investment (ROI %) target of > 13%.

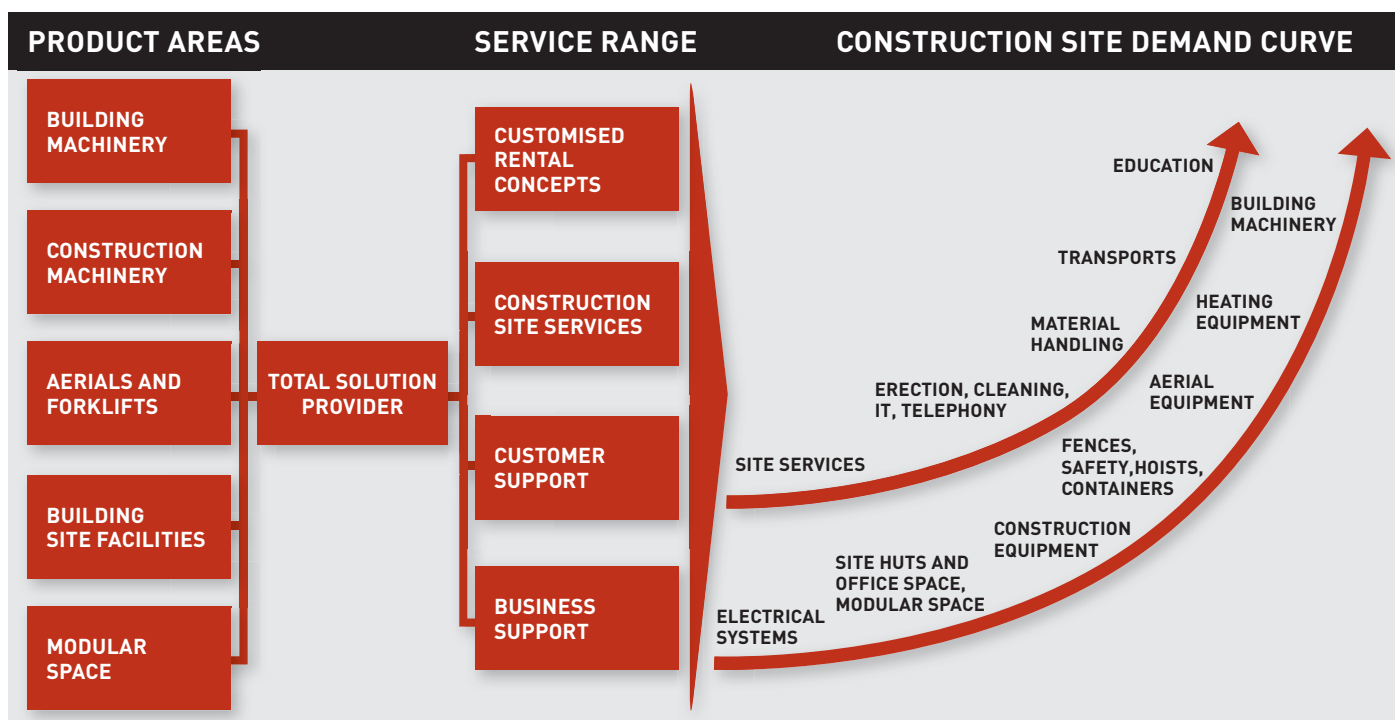
## DIVIDEND POLICY

Cramo Plc's profit distribution goal is to distribute approximately 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, while taking into account the Group's investment requirements for growth.

KEY FIGURES	2007	2006
	Earnings per share, EUR	1.88
Dividend per share, EUR	0.65	0.50
Effective dividend yield, %	3.8	2.6
Dividend, MEUR	19.9*	15.3

\* Board proposal

# THE TOTAL SOLUTION PROVIDER CONCEPT



By combining its broad product portfolio with its extensive offering of services, Cramo can create total rental solutions for every need.

Flexible and customised solutions range from satisfying short-term rental needs to completing longer term project agreements in which Cramo assumes responsibility for the equipment needs of an entire project. Cramo's offering also covers function agreements where the customer is guaranteed equipment over a longer period and outsourcing solutions in which Cramo takes over the ownership and operation of a customer's machinery fleet. With cross-border agreements, companies expanding abroad can administer their equipment use in a single comprehensive solution.

A well-developed depot network with a broad mix of machinery and equipment serves local customers and expanding companies with operations in many places. A number of service depots supplement the rental depots with specialist services and an expanded inventory of spare parts and technical expertise.

For a heavier, more capital-intensive assortment, there are a number of hubs from which equipment can quickly be moved between different markets depending on shifts in demand. This means that all the equipment in the Group is available to all customers. The hub structure has so far been developed most extensively in Sweden, from where it has been brought into other Cramo countries.

## CRAMO'S DISTINCTIVE CAPABILITIES

### UNDERSTANDING CUSTOMER NEEDS

Cramo has an extensive customer base, facilitating a deeper understanding of various customer needs both locally and internationally. Understanding and adapting to customer needs forms the basis for service and solution development.

### LEADERSHIP IN INNOVATION AND CUSTOMER OFFERINGS

Cramo has a strong position in the solutions and services it has selected. The company aims to be a forerunner in offering services and know how for the use of more complex equipment and machinery.

### TECHNICAL AND FUNCTIONAL EXPERTISE

Cramo ensures that all equipment is up-to-date and technically well maintained and served. Cramo analyses the adaptation of new technical innovations to increase efficiency. Cramo has the power and resources of a large company, allowing for the most efficient organisation of specialised skills in areas such as IT, fleet management, communications and finance and control.

### EFFICIENT FLEET MANAGEMENT

A strong market position, combined with presence in many countries, enables Cramo to move equipment quickly between markets depending on changes in demand. The scale and scope of Cramo's operations enable high levels of efficiency in fleet management throughout the rental asset lifecycle, all the way from procurement to disposal.

# STRATEGY IN ACTION IN 2007

## DISCIPLINED PURSUIT OF GROWTH

- Growth strategy updated
- Organic growth achieved in all markets through successful investments into the development of rental fleet and service concepts as well as an expansion of the depot network
- Operations expanded through acquisitions in several key market areas
- Significant new outsourcing agreements signed
- Joint rental operation established in Russia
- New markets in the CEE area reviewed
- Decision to expand modular space operations into the Baltic Countries taken
- The Dutch operations divested to focus growth effort on the main market areas

## CUSTOMER-DRIVEN ORGANISATION

- Key Account Management structure launched in new countries
- CRM systems developed and launched in several countries
- New product groups launched particularly in the CEE countries to build up a comprehensive product offering
- New products introduced in all countries
- New customer-driven service concepts developed and introduced in many countries

## RIGHT PEOPLE WITH THE RIGHT SKILLS

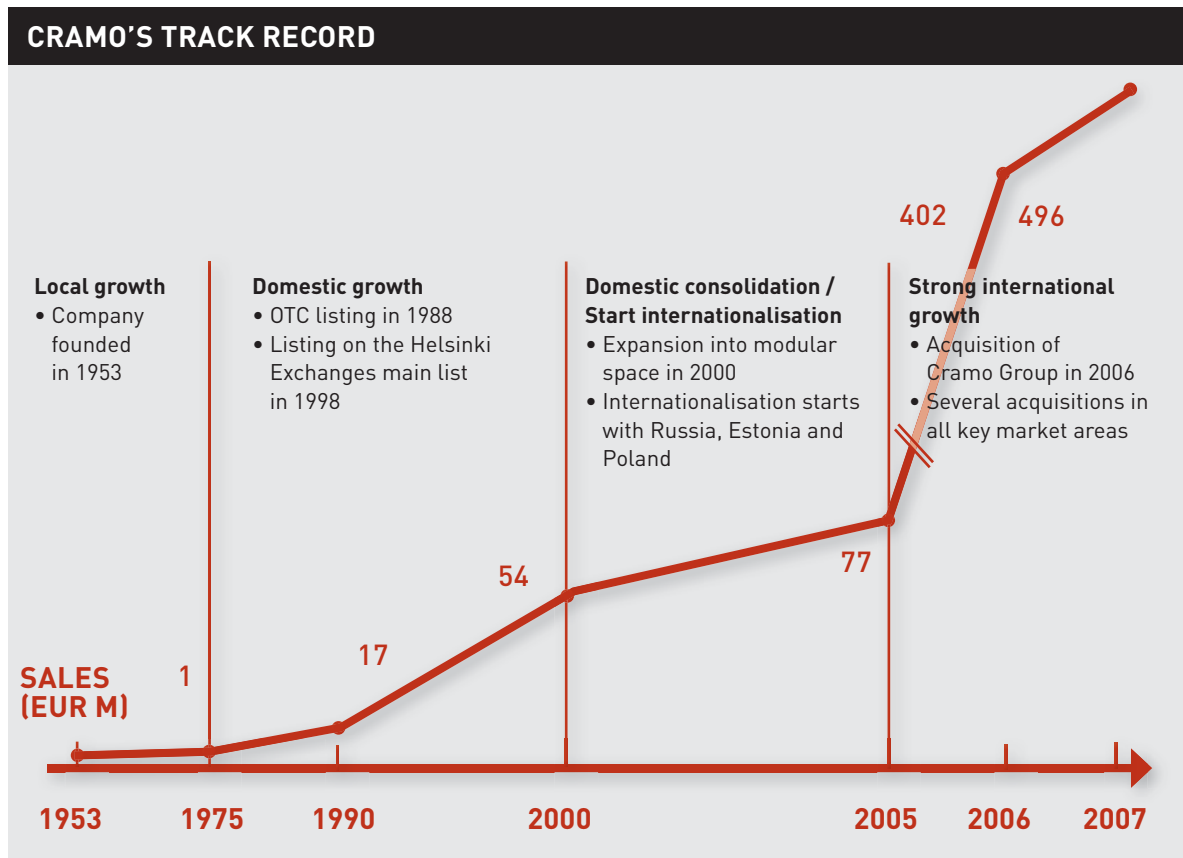
- Resources geared up for further growth particularly in the CEE area
- Cramo School, aimed at sales and customer service training, carried out in several countries

## IMPROVED AGILITY IN FLEET MANAGEMENT

- Fleet management strategy revised and aligned with Group strategy
- Further development of the depot network and hub structure carried out
- The hub structure adopted in several operating countries
- Focus on KPI's in fleet management increased
- Fleet standardisation
- Multi-vendor sourcing
- Facilitate cross-border transfer

## TOWARDS ONE CRAMO

- Rebranding project successfully carried out in the whole Group
- Equipment rental and modular space operations combined under single management in each country of operation
- Reporting systems integrated
- Management system developed to facilitate the cross-border sharing of management resources and knowledge



# MARKETS FAVOURED CRAMO

## GDP GROWTH STRONG IN CRAMO COUNTRIES

The European economy was characterised by positive developments in 2007 and the EU averaged a 2.9% real GDP growth rate according to estimates collected by Eurostat. Substantially stronger growth continued in Central and Eastern Europe (CEE) as well as in Russia. The highest real GDP growth in Cramo's market area within CEE

growth in 2007 varied from 1.2–6.5% in the Nordic countries, and between 6.0–19.0% in the CEE as estimated by Euroconstruct. This development was mainly driven by the positive economic development and rapidly increasing wealth creation particularly in the CEE countries as well as major infrastructure projects in the industry and the public sector.

*Economic development remained favourable with respect to Cramo's business environment. Growth in residential and non-residential construction activity coupled with major infrastructure projects in the industry and public sector continued to fuel growth in the equipment rental and modular space businesses. At the same time, other growth drivers such as increasing rental penetration made the rental market a clear growth market.*

## GROWTH DRIVERS & MARKET TRENDS

is recorded in Latvia, estimated by Euroconstruct at 10.5% and the lowest in the Czech Republic, estimated at 5.8%. After years of exceeding the EU average growth rate, the pace of growth slowed somewhat in the Nordic Countries. Finland led the market with an estimated 4.2%, while the growth rate in Sweden was 3.5%. In Norway, GDP growth improved from 2006 to an estimated 3.5%, while Denmark fell back to an estimated 2.0% growth rate.

In 2008 the GDP is projected to grow in the Nordic countries by 2.0%–3.8% and in the CEE area Cramo operates by 5.0–9.5%.

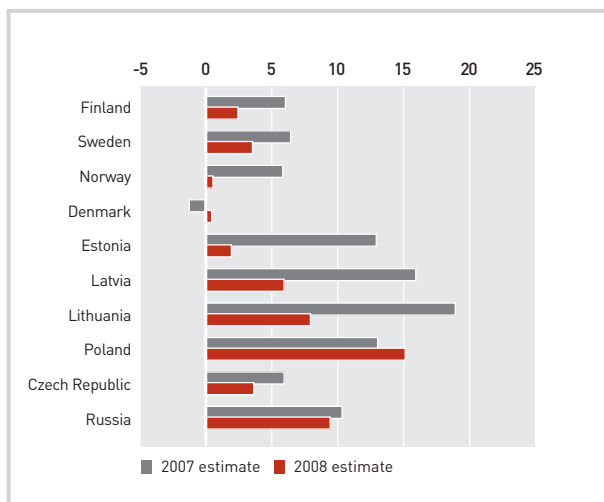
## CONSTRUCTION MARKETS BOOMING

The European construction market continued to grow in all the countries in which Cramo operates. Real construction market

Growth rates differ within construction segments due to differences in development cycles over time. Since customers have differing equipment needs depending on the type of construction project. Customer requirements guide fleet investment and allocation decisions, as meeting customer needs and reaching an optimal utilisation level require good cross-border mobility of the rental fleet.

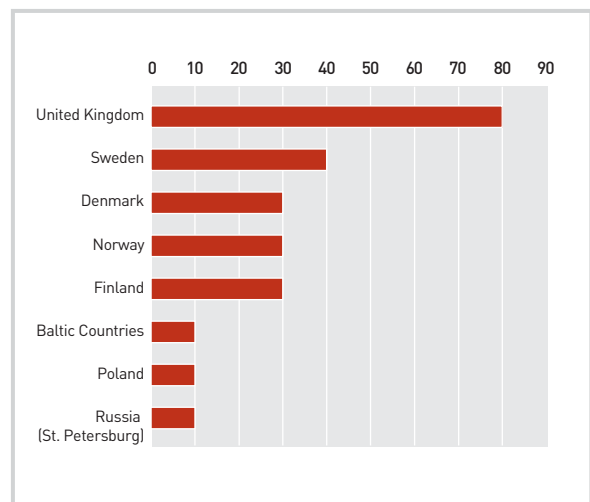
In 2007, the residential construction market slowed down in all Nordic Countries. Growth rates ranged from an estimated 4.0%–6.4% in the Nordic countries to 11.1%–30.0% in the CEE area. The Danish residential market was set back the most. Growth in the non-residential market was also on a high level, estimated at 2.9–13.6% and 10.0–18.0% respectively. The non-residential market

## REAL CONSTRUCTION OUTPUT GROWTH ESTIMATES, 2007-08 (CONSTANT PRICES)



Source: Euroconstruct, November 2007

## EQUIPMENT RENTAL PENETRATION RATE ESTIMATED RENTAL PENETRATION RATES, %



Source: Cramo estimates, International Rental News



in Finland grew particularly fast, along with all the CEE markets. Cycles in civil engineering developed differently in different markets. The CEE countries varied between estimated 2.5%–25.0%, with the Czech market declining but both Lithuania and Poland growing strongly. The growth rates for Nordic Countries varied between an estimated 0.0%–11.1%, with Sweden growing most strongly while Denmark remained on the same level as in 2006.

Nordic construction growth is expected to stabilise on a slightly lower level in 2008 apart from Denmark, which is expected to show positive growth in 2008 after a small decline in 2007. Central and Eastern Europe are projected to experience sustained, strong growth in construction. In Poland, the anticipated growth rate exceeds even that of year 2007.

### INCREASING RENTAL PENETRATION

Equipment rental services expanded at a faster rate in Cramo's market areas compared to general growth in construction. This was due to a number of factors, such as the increasing rental penetration rates as customers get more knowledgeable of rental services and accustomed to the benefits of the rental option compared with the ownership of equipment. The demand for modular space continued to increase, supported by relocations, demographic changes and industry needs for increasingly flexible building solutions.

At the end of 2006, according to estimations by the European rental association and Cramo, the volume of the European equipment rental market was estimated to total EUR 2.3–2.4 billion for the markets in which Cramo operates. The rental penetration rate continued to range in the Nordic Countries from 30 to 40% while in CEE the rates were less than 10% in most countries, giving room for substantial growth potential. Nordic penetration rates are expected to reach approximately 60%, the level observed in countries with most developed rental operations, such as the UK (80%) and Japan.

The equipment rental market is anticipated to continue to grow faster than the construction market in 2008 on an increasing penetration rate. Demand for modular space is also expected to continue increasing particularly for lower sophistication and lower cost modules as well as turnkey solutions. The general increase in the penetration rate is expected to continue in the Nordic countries but at a lower pace. Construction companies' internal capacity is fully used increasing the demand for the rental of equipment. The lack of machines for construction companies, especially for site huts and access equipment, will have an impact on the market.

### MARKET CHARACTERISTICS

The rental industry is characterised by a multitude of different customers in diversified segments. This requires excellent marketing, sales orientation and communication skills from the rental companies. Numerous and often small transactions put high demands on logistics and supporting IT systems. Heavy investments into rental machinery and equipment present high demands on finance and control and fleet management.

### OUTSOURCING INCREASING

Construction companies as well as other parts of trade and industry and the public sector seek to free up capital to fuel the growth in their respective core operations. In order to reduce capital tied up in construction machinery and equipment, many companies have chosen to outsource their construction equipment fleet. By doing so, they are able to enjoy the benefits available to rental customers, including flexibility, better services and greater logistics efficiency. In addition, equipment rental companies can achieve better utilisation rates for the equipment.

## TECHNOLOGICAL INNOVATIONS SUBSTITUTE MANPOWER

In the construction sector there is a general trend of substituting manpower for technology. The need for increased operational efficiency is more pronounced in the mature construction markets, in which labour costs have a significant impact on profitability.

The same trend is also emerging in the CEE, where old and sometimes manual working methods are changed to more efficient ones with the help of modern technology. Equipment rental companies have the resources to be in the forefront of technological innovation with the latest equipment available. In addition, the major rental companies have the capacity and resources to build expertise in various types of equipment, even in highly specialised equipment. Increasing standardisation drives growth.

## POTENTIAL IN RENTAL RELATED SERVICES

Rental related services, such as construction site set-up services, provide substantial growth opportunities for the equipment rental industry in the future. Equipment rental companies can benefit from this by building up expertise and service concepts around these rental related service areas, thus enabling rental companies to take broader responsibility for projects to fulfil customers' needs.

## INCREASING MARKET CONSOLIDATION

The European equipment rental market is mainly divided between a few strong players and a large number of smaller regional or local players. In some market areas, such as in the CEE, competition is becoming more intense as some equipment manufacturers are interested in launching their own rental operations. The competitive arena may also undergo changes as a result of the entry of non-European rivals into Cramo's market and by mergers between the European and US-based players. As an example, the Danish rental industry is undergoing a consolidation phase and a major

international player entered the market by acquiring the business formed from two smaller companies.

The market for modular space is still relatively young and being developed, except in Sweden and Finland where it has a longer history. Until the autumn of 2007, when new international competitors entered the market, there were only a few competitors mainly focusing on sales operations in Finland. The Swedish modular space industry is undergoing a consolidation phase.

## ENVIRONMENTAL AND SAFETY LEGISLATION AS DRIVERS

Environmental and safety legislation are becoming increasingly important drivers to be taken into account in rental equipment life cycle management, from production to disposal.

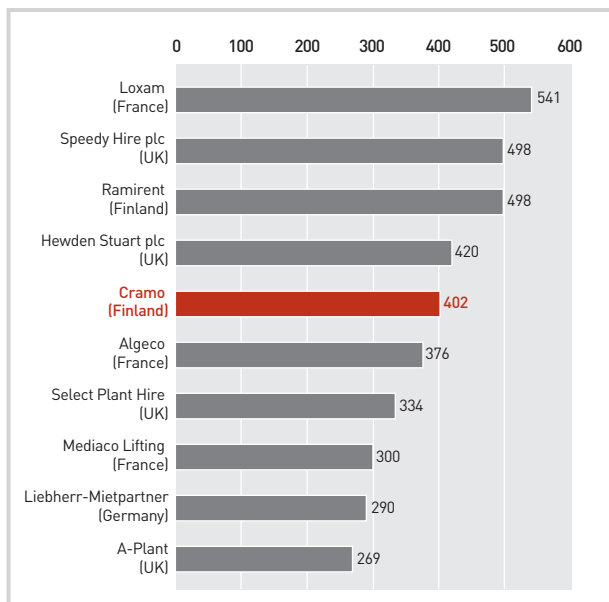
## CUSTOMER BENEFITS OF RENTING

There are lots of reasons to rent machinery and modular space instead of buying them. The rental of machinery and equipment allows companies to focus on their core business. Rental solutions also reduce the amount of assets and release capital for better usage. They also increase transparency by giving a clear overview of costs for every item rented. Budgeting and control are simplified and hidden costs become visible. With a rental solution, many companies share the capital and maintenance costs of equipment, making it considerably cheaper for each and every company.

A rental solution enables companies to expand or reduce the equipment fleet delivered on the site according to the situation. Companies have a large diversity of state of the art equipment available when needed while rental companies ensure quality, safety and regulation compliance of the machinery. Modular space rental solutions similarly allow the volume of available space to be adjusted according to customer needs.

## LEADING RENTAL COMPANIES BY EUROPEAN SALES

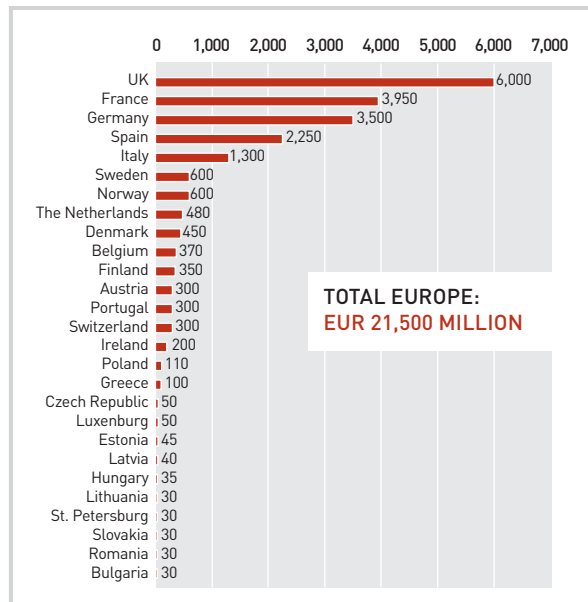
SALES 2006 (EUR MILLION)



Source: International Rental News, June 2007

## EUROPEAN RENTAL MARKET SIZE 2006

TOTAL RENTAL TURNOVER (EUR MILLION)



Source: European Rental Association "Best Estimates", June 2007, except for the St. Petersburg market size, which is Cramo's estimate.



# THE RENTAL MARKET AS SEEN BY AN INDUSTRY EXPERT

*Ask 20 business analysts in Europe to nominate their most dynamic industry and you are unlikely to see anyone choosing equipment rental. Rental, if it means anything, means cars or apartments. Equipment rental – a service industry depending largely on the unglamorous construction sector – has a profile that could be described accurately as low.*

*And yet, it is possible to argue that Europe's €21.5 billion equipment rental sector is currently one of the most fascinating businesses in Europe.*

*What makes this so is an almost bewildering set of market conditions that combines mature rental markets (the UK, France) with completely undeveloped areas (eastern Europe); high and low growth economies; business cultures that favour or resist renting; and trends in equipment use that play directly into the hands of rental (a good example being powered access platforms).*

*At the same time, you have major equipment manufacturers – companies like Caterpillar, Komatsu, JCB, Terex and Volvo – all taking their own approaches to the development of rental. Some of these, like Cat, emphasise the creation of their own 'captive' rental networks through distributors, while others, such as Komatsu and JCB, are focused on being suppliers to independent rental companies.*

*Add into that mix the drive towards consolidation of rental companies and the presence of very large, acquisitive rental giants – both inside and outside Europe – and you have the perfect recipe for a truly dynamic market.*

*All of which makes it difficult to predict how the equipment rental scene will look in five years time. To take just a few specific examples: how quickly will rental be adopted in eastern Europe, where currently less than 5% of all equipment is sold directly to rental companies, compared to 80% in the UK? Will that adoption be hastened by healthy construction growth, or will recession – and the resulting pressures to cut costs – best drive the take-up of rental? When will rental in Germany – still Europe's biggest economy – evolve into a true rental service business and away from the dealer/rental model that currently predominates.*

*Equally, how long before North America's multi-billion dollar rental businesses decide to move across the Atlantic, and how long, too, before the UK's bigger players start to act on the obvious potential in mainland Europe?*

*None of these questions can be answered with certainty, but everyone can have their best guess. Here, for what it's worth, are mine. The recent merger of US-based Williams Scotsman and UK-owned Algeco in the portable accommodation rental sector will not be the last transatlantic rental deal. However, expect further consolidation among the big US players before they set sail for Europe. This delay has the further advantage of letting Europeans do the consolidation 'legwork' before the US companies swoop.*

*Look out for consolidation among the bigger rental companies in Europe, firms like Loxam, Ramirent and – yes – Cramo. UK rental companies could well be involved in this, although perhaps just as likely is a strategic investment by UK players in big national rental companies on the continent.*

*Germany will grow steadily but still, in five years, be considered a market that is not realising its full rental potential. Eastern Europe will see continued high growth in rental, from a low base, although in five year's time it is unlikely that Cramo and Ramirent will be alone among big west European renters in developing this market. And expect Europe to have a rental market valued at over €30 billion by 2012.*

*What else? I confidently predict that equipment rental will still be an unglamorous business, but then it probably always will be.*

Murray Pollok, Editor  
International Rental News



# BUSINESS REVIEW



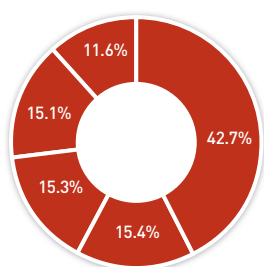
# A SUCCESSFUL YEAR IN ALL MARKETS

All Cramo's business segments developed favourably in 2007. Growth in sales and EBITA continued and market shares were maintained or increased in all the markets. Cramo's operations are divided into two business segments: equipment rental and 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 and Denmark and Other Europe including Estonia, Latvia, Lithuania, Poland, the Czech Republic and Russia.

## BUSINESS OVERVIEW

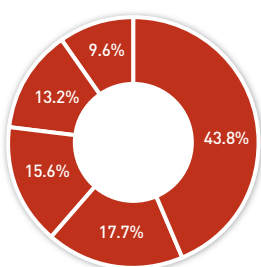
TARGETS FOR 2007	KEY ACTIVITIES AND ACHIEVEMENTS 2007	TARGETS FOR 2008
<b>EQUIPMENT RENTAL</b>		
<b>Finland</b> <ul style="list-style-type: none"> <li>Improve the growth rate and profitability</li> <li>Increase the awareness of Cramo brand</li> <li>Extend services and products for civil engineering projects</li> <li>Increase sales and market share as a provider of rental-related services</li> </ul>	<ul style="list-style-type: none"> <li>Growth rate up to 25.8% with improved profitability</li> <li>Maintained a leading position</li> <li>Renewed sales process</li> <li>Acquired three companies</li> <li>Sales and marketing training for the entire customer service and sales staff</li> </ul>	<ul style="list-style-type: none"> <li>Continue profitable growth</li> <li>Increase customer focus and improve customer services</li> </ul>
<b>Sweden</b> <ul style="list-style-type: none"> <li>Grow both through organic measures as well as outsourcing and acquisitions</li> <li>Improve profitability and return on investment</li> </ul>	<ul style="list-style-type: none"> <li>Increased market share</li> <li>Acquired three companies</li> <li>Successful investments to develop the rental fleet</li> <li>A major repair centre for building machinery opened in Stockholm</li> <li>Key account management system expanded to some 500 largest customers</li> </ul>	<ul style="list-style-type: none"> <li>Continue profitable growth both through organic measures as well as outsourcing and acquisitions</li> <li>Focus on total solutions provider concept and add-on sales as well as competence development</li> <li>Improve customer service</li> </ul>
<b>Western Europe</b> <ul style="list-style-type: none"> <li>Grow in a balanced manner towards a leadership position through organic measures as well as outsourcing and acquisitions</li> <li>Expand depot network and widen the range of offerings particularly in larger cities</li> <li>Improve profitability and return on investment</li> </ul>	<ul style="list-style-type: none"> <li>Increased market share</li> <li>Acquired two companies in Norway and Skanska's rental fleet in Denmark</li> <li>Successful investments to develop the rental fleet</li> <li>Depot network strengthened by 7 in Norway and by 7 in Denmark</li> <li>Dutch operations divested in March.</li> </ul>	<ul style="list-style-type: none"> <li>Continue rapid growth in a balanced manner into a leadership position</li> <li>Focus on total solutions provider concept, add-on sales and competence development</li> <li>Further expansion of depot networks</li> </ul>
<b>Other Europe</b> <ul style="list-style-type: none"> <li>Strengthen market share in all markets</li> <li>Expand depot network in St. Petersburg and nationwide in Poland and the Baltic countries</li> <li>Plan for expansion in Russia</li> <li>Expand strongly the rental equipment fleet throughout Other Europe</li> <li>Develop the total solution provider concept</li> <li>Investigate the possibility to enter new markets in the CEE area</li> </ul>	<ul style="list-style-type: none"> <li>Increased market share and high profitability in all markets</li> <li>Growth rate was 51.4%</li> <li>Several new depots opened in Poland, Lithuania and Latvia and expansion in Estonia by an acquisition in Tallinn</li> <li>New depot in St. Petersburg and a joint rental operation started in Moscow</li> <li>Rental equipment fleet expanded and service offering widened</li> <li>Supply of services associated with rental increased in the CEE area</li> </ul>	<ul style="list-style-type: none"> <li>Continue strong organic growth</li> <li>Achieve high profitability in all markets</li> <li>Increase rental equipment investments to meet the needs of the growing markets</li> <li>Focus on improving service in order to better meet customer needs and keener competition</li> <li>Enter new markets where appropriate</li> <li>Further expansion of depot network</li> </ul>
<b>MODULAR SPACE</b>		
<ul style="list-style-type: none"> <li>Sustain profitable growth in the Nordic countries</li> <li>Maintain market position in Finland and Sweden</li> <li>Improve productivity and market share in Denmark and Norway</li> <li>Evaluate potential entry into the CEE area</li> </ul>	<ul style="list-style-type: none"> <li>Sales up by 17.1%</li> <li>Substantial increase in profitability</li> <li>Leadership position maintained in Finland and Sweden</li> <li>Increased market share in Norway and Denmark</li> <li>Decision to start operations in the Baltic countries</li> </ul>	<ul style="list-style-type: none"> <li>Sustain high utilisation rate in Finland and Sweden</li> <li>Improve market share in Denmark and Norway</li> <li>Convert latent demand</li> <li>Start operations in the Baltic countries</li> <li>Investigate the possibility of entering new markets in the CEE area</li> </ul>

SALES BY SEGMENT, % (2006)



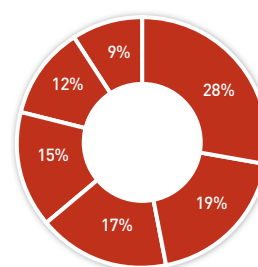
Sweden 42.7% (43.1%)  
 Western Europe 15.4% (16.4%)  
 Modular Space 15.3% (16.2%)  
 Finland 15.1% (14.9%)  
 Other Europe 11.6% (9.5%)

EBITA BY SEGMENT, % (2006)



Sweden 43.8% (43.9%)  
 Modular Space 17.7% (18.3%)  
 Other Europe 15.6% (14.7%)  
 Finland 13.2% (12.7%)  
 Western Europe 9.6% (10.3%)

SALES BY PRODUCT GROUP, % (2006)



Building machinery rentals 28% (28%)  
 Site set-up infrastructure and services 19% (19%)  
 Aerial and forklift rentals 17% (17%)  
 Modular space services 15% (17%)  
 Construction machinery rentals 12% (12%)  
 Merchandise sales and other 9% (7%)

# A YEAR OF GROWTH AND INCREASED EFFICIENCY IN FINLAND

In Finland, Cramo provides its customers with a broad range of rental solutions, ranging from over the counter machinery rental to complex rental equipment solutions and services.

Customers can order or pick up equipment in a depot or rent project-based solutions for all or part of their machinery and equipment needs delivered on-site. Rental related and contracting services help customers with jobs such as drying, dehumidification, infrared photography, diamond drilling the laying of concrete for flooring, heating and temporary electrification.

favourably in Finland despite of the slight slowdown of residential construction.

The availability of skilled labour restrained construction growth, especially in growth centres in southern Finland.

Growth in equipment rental and associated services continued across the country at a higher rate than construction industry growth. This was mainly driven by the growth in construction focused on segments favouring equipment rental while

*The Finnish equipment rental market provides Cramo with a good base for developing its rental-related service offering. Furthermore, the Finnish equipment rental business generates solid sales, profits and a steady cash flow.*

## FINLAND

Demand for Cramo's Finnish rental services comes mainly from companies in construction, trade and industry as well as the public sector. Compared with other parts of the Group, there is also a relatively large number of private individuals as customers in Finland.

### FOCUS ON RENTAL-RELATED SERVICES

Adapting the business through greater customer focus and the creation of outsourcing possibilities provides growth opportunities for Cramo in Finland. There is also growth potential in the coordination of cross-country, rental-related services and new offerings as well as a possibility to improve rental utilisation rates. Growth opportunities also lie in outsourcing and acquisitions.

The strength of Cramo's Finnish equipment rental business lies in its strong market position and wide range of rental-related services. The unit focuses on supporting profitable growth by developing these customer-driven services, which in due time will be rolled out in other markets.

### CONSTRUCTION REMAINED ACTIVE

The Finnish construction market had a year of strong growth in 2007 with a growth rate between 5.0% (the Confederation of Finnish construction industries) and 6,1% (Euroconstruct). According to the same sources, growth is forecasted to decrease to 2.5–3.0% in 2008.

Housing construction growth was roughly 6.0%, as estimated by the confederation of Finnish construction industries. Non-residential construction continued developing favourably driven by office and storage buildings, but residential construction decreased a little. Civil engineering projects continued to grow steadily, and new road construction projects saw their launch towards the end of the year. Renovation activity developed

construction companies restrained from investing in construction machinery and equipment. The rental penetration rate is estimated to have increased in Finland.

### A LEADING PLAYER

There are two leading players in Finland with a relatively large number of small and highly specialised local competitors.

Cramo maintained its position as one of the two leading players in Finland, holding its estimated market share.

The volume of equipment rental market in Finland in 2006 was estimated by the European Rental Association (ERA) to be EUR 350 million.

### SALES AND PROFITS UP

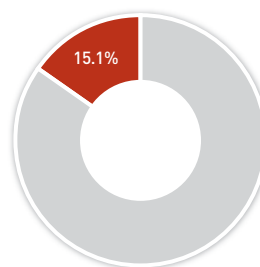
Sales of the Finnish equipment rental operations grew as planned in 2007 to EUR 75.8 million (growth of 25.8% compared to 2006). Organic growth was mainly facilitated by a continued increase in demand for equipment rental services throughout Finland, complemented by the acquisitions of the rental assets of Oskarin Vuokrakone Oy, JM-Alltrans Oy and Jyväskylän Konevuokraamo Oy. In addition, Cramo acquired Sisu Diesel Inc.'s heavyweight class diesel generator leasing business in November, expanding services for sites requiring a short-term power supply. A major new outsourcing agreement was made with Hartela for about 200 site huts. Dedicated efforts taken to develop rental-related services also contributed to an increase in sales.

EBITA increased to EUR 14.5 million in 2007 or 39.8% from 2006, accounting for 19.1% of sales. Profitability was burdened by costs associated with the further development of services, extensive staff training and the launch of a new name and brand.

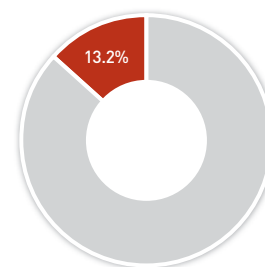
## KEY FIGURES

	2007	2006	Change %
Sales, MEUR	75.8	62.2	21.9
EBITA, MEUR	14.5	10.4	39.8
EBITA-%	19.1	17.2	11.2
Gross capital expenditure, MEUR	16.4	18.3	-10.6
Number of depots	69	62	11.3
Average number of employees	584	449	30.1

SHARE OF GROUP SALES, %



SHARE OF GROUP EBITA, %



## HUB ORGANISATION UNDERWAY

Cramo aims to develop a hub organisation for the heavier, more capital-intensive equipment in Finland. By distributing heavier equipment from a number of strategically placed specific depots, the company can improve its logistic efficiency. It can maintain a high service level at all depots as equipment can easily be moved between different parts of the markets depending on shifts in demand.

Locations for hubs, complementing those already existing in the Helsinki region, were chosen during the year and one new hub was opened in Oulu. In 2008, when all the hubs are in operation, there will be 9 hubs serving customers.

Methodical work is continuously carried out to improve the efficiency of the rental fleet. The rental utilisation rate was increased during the year by increasing co-operation between regions and depots and by scrapping and selling out-of-date equipment.

Dedicated efforts continued in the development of rental-related services. A new electrical installation service was launched in early 2007 and scaffolding system and heating installation services were rolled out throughout the country. Cross-border rental solutions for customers with international operations were further developed in collaboration with other parts of the Group.

Implementation of the Group-wide financial system continued. The new system will begin being used in 2008.

## OUTLOOK 2008 POSITIVE

The market outlook for 2008 is positive. Demand for equipment rental services in Finland is projected to continue to increase, supported especially by civil engineering projects and an

active market for commercial construction. There seems to be no increase in the availability of skilled labour, restraining construction growth, especially in southern Finland.

Cramo will target continuous growth while keeping profitability on a good level. At the same time, the company aims to increase customer focus and improve customer satisfaction. Cramo will also invest further in rental-related services and the development of building site services.

# STRONG PROFITABLE GROWTH WITH FOCUS ON CUSTOMERS

The Swedish rental operation is the single largest operation in the Cramo Group. There are over one hundred depots with good geographical spread, covering the whole Swedish market. There is also one specialized repair centre for building machinery in Stockholm and a few hubs for the heavier, more capital-intensive parts of the rental fleet to enable moving equipment quickly between the different markets depending on shifts in demand.

There are some 40,000 customers in Sweden, with 400 customers accounting for nearly 60% of revenues and there is no single customer accounting for more than 10%. Cramo's biggest

Construction is expected to continue growing in all sectors but at a slower pace compared to 2007. The focus of growth is expected to shift from residential construction to other construction in 2008. The availability of labour and equipment, particularly access equipment and construction site facilities restrained growth.

Rental penetration increased particularly among the large construction companies. The internal capacities of construction industry were fully used driving the rental of equipment. Customers' involvement in major building and contractor projects has increasingly shifted the rental fleet towards heavier, capital-intensive

*The relatively mature Swedish equipment rental market, together with Cramo's long-standing leading market position, provides an excellent platform to further develop the Cramo concept. It will be used throughout the Group while at the same time presenting further potential for growth. In 2007, the Swedish rental operations posted strong growth and further improved profitability.*

## SWEDEN

customers comprise construction companies that rent part or all of their equipment from Cramo. Other major customers are manufacturing companies in the industrial sector.

### MAINTAIN SOLID GROWTH

Adapting the business through greater customer needs and the creation of outsourcing possibilities are key to provide growth opportunities for Cramo in Sweden. Additionally there is growth potential in the coordination of cross-country operations, in rental-related services and new offerings.

The strength of Cramo's rental business in Sweden lies in its extensive depot network, covering nearly all municipalities with over 25,000 inhabitants and in its extensive product and service offering. Efficient depot management is supported by hub organisation, enabling the movement of equipment between different parts of the market.

Cramo focuses on maintaining the growth of the business and expanding its total solutions provider concept, in line with Cramo's aim to be the leading total solutions provider. The objective is to increase market share particularly in large cities. As to environmental issues, Cramo aims to be the leading rental company in meeting customers' demands and certifications.

### STRONG DEMAND REMAINED

Demand in the rental business remained very strong in Sweden in 2007. After a 12% increase in the volume of construction investments in 2006, growth was still estimated to be strong but slower, approximately 7% during the reporting year, according to Sveriges Byggindustrier, Euroconstruct estimated 6.5% growth. According to the same sources, construction growth is anticipated to slow down to 3.6-4.0% in 2008. The equipment rental market is expected to continue to grow at a much faster pace than the underlying construction market.

equipment. The lack of machines for construction companies, especially for site huts and aerial equipment impacted the market.

### MARKET LEADER

In 2007, Cramo succeeded in further strengthening its position as the largest rental provider in Sweden. Cramo believes that market share gains were especially large in the North of Sweden, Stockholm and Gothenburg.

As the Swedish market leader, Cramo competes against one nationwide company and a number of smaller companies, often with strong regional ties or a position in limited product areas.

The Swedish equipment rental market totalled approximately EUR 600 million at the end of 2006, as estimated by the European Rental Association (ERA)

### SALES AND PROFITABILITY UP

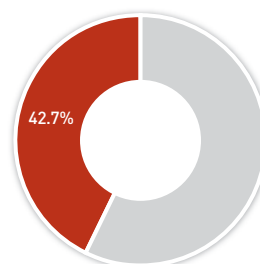
The Swedish equipment rental business continued to develop favourably and reported sales of EUR 214.5 million, up by 22.8%. Cramo's sales growth rate is estimated to have exceeded that of the market. Strong organic growth was complemented by three acquisitions.

Acquisition of Göby AB, based in the north of Sweden, strengthened Cramo's presence and offering in the rental of site huts, work platforms and electricity equipment. Acquisitions of Kumla Lift AB and Hyrcenter i Skövde AB strengthened the company's presence and offering in access equipment rentals in Central Sweden.

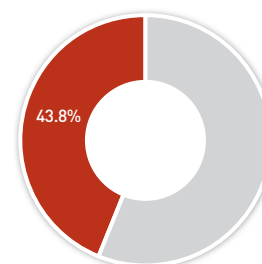
Demand remained strong the whole year. In addition to good market conditions, successful investments in the development of the equipment stock in line with demand, the depot network and service concepts started in 2006 contributed to the good performance.

KEY FIGURES			
	2007	2006	Change %
Sales, MEUR	214.5	174.7	22.8
EBITA, MEUR	48.0	35.9	33.7
EBITA-%	22.4	20.5	9.3
Gross capital expenditure, MEUR	44.1	29.2	50.8
Number of depots	113	106	6.6
Average number of employees	618	610	1.3

SHARE OF GROUP SALES, %



SHARE OF GROUP EBITA, %



The rental utilisation rate remained high, and Cramo carried out price increases as of the beginning of the year.

The profitability of the Swedish operations improved clearly, with an EBITA of EUR 48.0 million, accounting for 22.4% of sales. A major repair centre for building machinery started its operations in Stockholm, decreasing investments needs, while increasing utilisation rates. The LKAB project in Kiruna, started in 2005 and extending into 2008, continued according to plans.

### IMPROVED CUSTOMER SERVICE

Customers continued to streamline their operations and become increasingly international. Cramo continued to develop rental-related services, supporting entire building projects. A key account management system was extended to cover approximately the 500 largest customers at national, regional and depot levels.

To better serve international customers, Cramo developed its pricing system further during the year. A CRM system was introduced during the year. Development of a new rental system, started in 2006, continued. The new system will be implemented in 2009. Work with a new business intelligence system aimed at improving the linking of financial figures with operational figures continued.

### STRONG OUTLOOK INTO 2008

Outlook for the next few years is expected to remain good. This mainly reflects the situation in the general construction sector, given the number of infrastructure projects, which continue to drive demand. In the building sector, demand is expected to remain strong and outsourcing to further increase.

In 2008 Cramo will focus on the further development of the total service provider concept offering and add-on sales while continuing sales and management competence development.

Customer service will be further improved. Additionally, quality and the environment concept, aimed at improving the working quality at Cramo's depots and at customers' sites will be developed. A new call centre concept will be introduced in Stockholm. Sales and customer synergies are also sought between the core businesses.

# MARKET SHARE GAINS BY OPENING UP NEW DEPOTS

Cramo's equipment rental business in Western Europe covers its Norwegian and Danish operations. In these markets, Cramo provides its customers with almost everything from over the counter machinery rental to complex solutions for the machinery needs of an entire construction project.

Operations are organised on well tested principles for example in terms of the structure of depot networks. Some of the depots also function as service depots having specialist expertise in service and maintenance. Hubs for the heavier, more capital-intense parts

and there were extensive infrastructure projects in progress, particularly in the energy sector.

Construction remained lively in Denmark, with the exception of residential construction in the Copenhagen region. Denmark is expected to post a negative growth rate of -1.2% in 2007, but it is estimated to return to a 0.5% growth track in 2008. The non-residential segment remained strong. Outsourcing is expected to increase in both countries and the focus to shift to non-residential construction and civil engineering in 2008.

*Norway and Denmark present growth potential in the equipment rental business. At the same time Cramo can develop its total solutions provider concept in these markets. In 2007 saw the divestment of the Dutch operations according to the Group's strategy.*

## WESTERN EUROPE

of the rental fleet enable equipment to be moved quickly between the different areas depending on shifts in demand.

Cramo's customers in Norway and Denmark consist mainly of building and construction companies outsourcing part or all of their equipment to Cramo. Other customers include municipalities and industrial customers such as shipping and the oil and gas industry.

### EXPANDING DEPOT NETWORK AND OFFERING

In Norway and Denmark Cramo provides growth opportunities by adapting the business to customer needs and through the creation of outsourcing potential. There is also growth potential in the co-ordination of cross-country opportunities, in rental-related services and new offerings as well as a possibility to improve rental utilisation rates. Growth opportunities also lie in outsourcing and acquisitions.

The strength of Cramo's rental business in Norway and Denmark lies in its dynamic organisation and quickly growing size as well as in the Cramo concept and processes already proven in other markets.

Cramo is focusing on sales growth and increasing market share by opening new depots and providing more extensive offerings in particular in major cities. In Norway, Cramo aims to grow through acquisitions as well as organically. Target customers are bigger building and construction companies. In Denmark, Cramo's goal is to obtain full country coverage.

### MARKETS REMAINED LIVELY

In Norway, growth in construction is estimated to have remained at 5.9% but is expected to decline to 0.6% in 2008 according to Euroconstruct. During 2007, the residential market grew strongly

### STRONG CHALLENGER

Cramo ranks among top (five) rental companies in Norway and Denmark. The Norwegian market is characterised by one market leader, a few medium-sized players and several local rental service companies. The Danish rental industry was characterised by a large number of mid or small size services providers until July 2007 when a strong player was formed by a major international rental company acquiring the businesses of two smaller companies.

The equipment rental market grew faster than the construction industry, totalling EUR 600 million in Norway and EUR 450 million in Denmark at the end of 2006, according to estimates by the European rental association (ERA).

### STRONG GROWTH HAD AN IMPACT ON PROFITABILITY

Both Norway and Denmark showed strong sales development. The Western European equipment rental business reported sales of EUR 77.5 million, up by 16.8% from 2006. Cramo estimates that the growth rate exceeded that of the market.

Demand remained strong the whole year. In addition to good market conditions, successful investments in the development of the equipment fleet together with the depot network and service concepts started in 2006 contributed to the good performance. Organic growth was complemented by two acquisitions in Norway and a major outsourcing deal in Denmark.

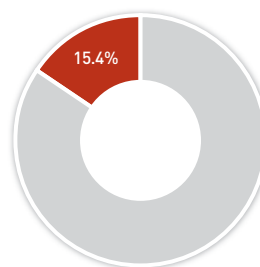
The rental utilisation rate remained high. The depot network was enhanced in Norway to 26 depots and in Denmark to 17.

The profitability of the Western European operations decreased by 24.3% to EUR 6.4 million, accounting for 8.3% of sales. Rapid expansion eroded profitability.

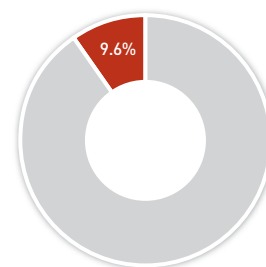


KEY FIGURES			
	2007	2006	Change %
Sales, MEUR	77.5	66.3	16.8
EBITA, MEUR	10.5	8.5	24.5
EBITA-%	13.6	12.7	7.1
Gross capital expenditure, MEUR	53.5	20.3	163.5
Number of depots	44	39	12.8
Average number of employees	306	253	20.9

SHARE OF GROUP SALES, %



SHARE OF GROUP EBITA, %



## ACTIVE EXPANSION

Cramo continued to provide a more extensive offering, particularly in major cities. In Norway, the company invested specifically in the manufacturing sector given the large number of projects, especially in the energy sector. In Denmark, investments were made especially in equipment for construction. The development of rental-related services, to support the whole construction project, continued.

Acquisitions of Kongsberg Maskinutleie and Hamar Liftutleie strengthened Cramo's presence in Norway and the outsourcing of Skanska Danmark's rental organisation with all the personnel, existing machine fleet and related external rental contracts in Denmark. As a part of the outsourcing deal Cramo and Skanska signed a pan-Nordic cooperation agreement. The outsourcing will fill product gaps in heavy scaffolding, hoists and larger construction equipment. At the same time it will accelerate Cramo's efforts to continue taking an active part in the consolidation of a fairly fragmented Danish rental market. Cramo opened 7 new depots in Norway and 7 in Denmark. Cramo's Dutch operations were divested in March according to plan.

A new CRM system and further developed pricing system for international customers was introduced during the year. A new rental system will be implemented in 2009 and a new business intelligence system, which more effectively links financial figures with operational figures, in 2008.

## EXCELLENT BASIS FOR FUTURE GROWTH

The economic outlook and Cramo's market position provide an excellent basis for considerable growth. The manufacturing sector, given the large number of projects, is anticipated to be a growth driver in Norway. Road construction and the housing sector are also expected to be sectors with considerable growth potential. In Denmark, the outlook is generally good but with fewer major infrastructure projects than in Norway.

Cramo aims to further increase its market share in Norway and Denmark in 2008, but the target is also to improve profitability. The development of the total site service offering and add-on sales while continuing sales, and management competence development, are going to remain a focus. Customer service will be further improved and the quality and environment concept, created to improve working quality at Cramo's depots and at customers' sites, developed. Sales and customer synergies are also sought between the core businesses.

# MARKET POSITION STRENGTHENED IN ALL MARKETS

Cramo Other Europe comprises equipment rental operations in Estonia, Latvia, Lithuania, Russia, Poland and the Czech Republic. In Russia, Cramo operates a wholly owned subsidiary in the St. Petersburg area, and a joint venture together with one of Russia's leading crane rental companies in Moscow.

The main focus in the Baltic countries, Russia and Poland is equipment rental to companies in the building and general construction sector. In St. Petersburg area, the focus is on the rental of heavier equipment, given the relatively undeveloped market penetration, with many companies still choosing to own the less capital-intensive machinery. There is a hub organisation in place in most countries to meet the needs in the area for heavy

the growth of construction in St. Petersburg and Moscow. The rapid economic growth has also attracted major international construction companies, thus increasing the usage and acceptance of rental. The need for equipment is expected to be very large over the next few years. The construction growth rate in Russia is expected to remain at 9.5% in 2008.

The robust growth of construction stabilised in the Baltic countries. Some overheating was seen mainly in residential construction, which is expected to slow down slightly. Residential construction in the Baltic countries is expected to decline in 2008, relieving the risk of overheating. The Latvian government already started actions to cool down the economy.

*The relatively young Central and Eastern European rental market offers huge growth potential for Cramo's rental business. Furthermore, the Central and Eastern European market provides an important operational hedge against economic fluctuations in the Nordic countries.*

## OTHER EUROPE

machinery and access equipment. Some of Cramo's largest customers in the Baltics and St. Petersburg are international companies in building and general construction with a strong position in the booming construction market. The other customers are primarily local construction companies.

### AIMING FOR ROBUST GROWTH

Leveraging Cramo's full product and service offering provides growth potential for the company in the CEE area. Increased investments in all the Baltic countries and Poland boost growth and strengthen market position. At the same time, good development in the Czech Republic continues. Large demand for site huts continues in all markets and the market window is open in Russia. The new Cramo brand gives good market visibility.

The strength of Cramo Other Europe's rental business lies in its early entry into the market, its proven rental concept and the transferable best practices it employs in the new markets. It is further enhanced by the continuously increasing supply of rental equipment.

Cramo focuses on strengthening its market position in Central and Eastern Europe while growing profitably. The goal is to increase sales by 50% annually during the next few years.

### CONSTRUCTION BOOM CONTINUES

Strong construction growth continued in all Central and Eastern Europe markets where Cramo operates. Construction in Russia is estimated to have grown by 10.4% in 2007 and in the Baltic countries 13.0–19.0% as estimated by Euroconstruct. In Poland, construction growth rate is estimated to have reached 13.1% while in the Czech Republic it stayed at 6.0%.

Various large residential segment and major commercial and industrial projects announced and underway have enhanced

Strong growth in construction continued in Poland and the Czech Republic. EU funding in the new EU member countries has facilitated the financing of construction projects and boosted construction. This, combined with the strengthening market position of international construction firms has increased demand for equipment rental services. Due to major infrastructure projects underway, construction in Poland is estimated to show double-digit growth rates for the next two years. Infrastructure and construction projects act as growth drivers also in the Czech Republic market with estimated growth rates of 3.7% in 2008 and 5.4% in 2009. The rental penetration rate overall in the Other Europe's markets also increased.

### INCREASED MARKET SHARE

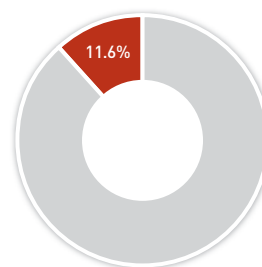
Cramo estimates that it has increased its market share in every individual country as well as in the Other Europe area in total during the year. In Estonia, solid market leadership was maintained. Cramo won market share continuously in Lithuania and Latvia, and achieved market leadership in Lithuania as a result of an acquisition and strong organic growth. In Poland and St. Petersburg, Cramo is among the three biggest players. In Poland, the Group maintained its market leadership in access equipment. In the Czech Republic, Cramo is expanding its operations rapidly.

There are only a few Western European equipment rental service providers serving the Central and Eastern European market. In all Cramo's countries of operation, competition comes mainly from a few national players and a number of locally based rental companies. In Poland, there is growing competition from Western companies.

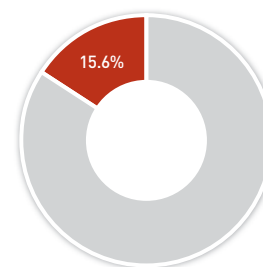
The total value of the equipment rental market in 2006 was approximately EUR 115 million in the Baltic countries, 110 million in Poland and EUR 50 million in the Czech Republic, according to estimates by the European Rental Association (ERA).

KEY FIGURES			
	2007	2006	Change %
Sales, MEUR	58.2	38.5	51.4
EBITA, MEUR	17.1	12.0	42.5
EBITA-%	29.3	31.2	-6.1
Gross capital expenditure, MEUR	38.3	26.7	43.3
Number of depots	55	38	44.7
Average number of employees	529	358	47.8

SHARE OF GROUP SALES, %



SHARE OF GROUP EBITA, %



## HIGH SALES AND PROFITABILITY

Cramo's Other Europe operations sales grew above the target to EUR 58.2 million. Cramo's growth rate, 51.4% exceeded that of the market.

The mild and short winter stimulated construction and resulted in new projects being rescheduled to an earlier date. Early investments in equipment contributed favourably to the growth. The demand for access equipment and other heavy equipment increased in Poland, Russia and Latvia. The demand in the Czech Republic market increased quickly. Heavy demand for site huts continued in all markets. The rebranding of Cramo improved market visibility considerably and contributed to an increase in sales, especially in St. Petersburg and Poland.

Profitability remained very high with the absolute EBITA increased 51.4% the prior year. Utilisation rates reached high level and investments were made ahead of schedule.

## STRENGTHENED PRESENCE

Cramo increased its supply of access equipment in Poland and Czech Republic and started the rental of construction equipment in Poland. The supply of services associated with rental also increased. Equipment investment levels increased significantly from 2006 in all the Other Europe markets. At the same time, Cramo has developed its reliability performance.

The depot network was expanded from 38 to 54 by opening 16 new depots in Poland, St. Petersburg, Latvia and Lithuania. The depot network in Estonia was expanded to 18 depots by acquisition of a Tallinn depot of the Bygg & Maskin company. In Lithuania, Cramo acquired at the end of 2006 Aukstumines Sistemos, the leading Lithuanian access platform rental company with three depots. A heavy equipment hub was also implemented, and several new depots were opened in Latvia and Lithuania.

In August, Cramo established a joint rental operation, ZAO Cramo Rentakran in Moscow with ZAO Rentakran, the leading heavy lifting rental service company in Russia. The wholly owned subsidiary ZAO Cramo opened a second depot in September in St. Petersburg. A preferred supplier agreement was signed with YIT in St. Petersburg. Other entries into new Russian, such as Krasnodar and Yekaterinburg cities as well as new markets are in plan.

## OUTLOOK STILL FAVOURABLE

The outlook for 2008 remains good. The demand for equipment rental services in Central and Eastern Europe is projected to continue to increase, supported by the booming economy, rising penetration rates and an increasing presence of international construction firms. However, the limited awareness of the benefits of rental combined with working methods, which differ from those in Western Europe, may keep rental penetration growth to a more modest level. While salary levels increase quickly, finding experienced personnel becomes challenging. Increasing competition may also have an effect on equipment rental price levels.

To encourage further growth, Cramo will put even greater effort into new acquisitions, as there is a lack of qualified candidates in the emerging markets. The company will stay focused on keeping profitability at a good level and developing competences. Local sales training started during the year will continue in 2008 and new management leadership training has also been initiated. The depot network and the organization will be strengthened and machinery and equipment will be increased in all countries to better meet customer needs. In Russia, Cramo plans to launch its offering in more large cities to satisfy the huge demand.

# SUBSTANTIAL INCREASE IN MODULAR SPACE PROFITABILITY

Cramo's modular space operations meet its customers' demands for temporary premises by providing space with the same level of standards as permanent structures. Highly prefabricated and pre-equipped building modules are flexible, functional and environmentally friendly. The most important applications include schools, day-care centres and offices. Demand originates mainly from large privately held companies that are expanding as well as organisations in the public sector.

Along with its core rental business Cramo also sells site huts and industrial halls and manufactures them in two factories in

Migration of people to larger cities and towns continued, creating an increasing need for flexible space solutions at both ends. When the demographic structure changes, there will probably be growing demand for care-home services. The need for flexibility increased the use of facilities.

## LEADING POSITION MAINTAINED

The company succeeded in maintaining its leading position in Finland and Sweden in 2007. Cramo reached a position among the biggest players in Norway and strengthened its position in Denmark where the market share still remained relatively small.

*The modular space rental agreements, often signed on a long-term basis, combined with different customer segment focus compared to equipment rental make the Group less vulnerable to economic fluctuations. Furthermore, modular space solutions enlarge Cramo's total rental offering in large residential and non-residential projects to a unique level. A renewed organisation structure was based on the drive to better reap synergies between equipment rental and modular space and increase sales growth.*

## MODULAR SPACE

Finland, with one factory producing site huts and modules, and the other industrial halls. Extensive experience in modular space, combined with knowledge about customer needs, has led to an expansion in the offering with a number of services, such as facility management, customer support and architectural design services. While its Finnish operations involve the rental, sale and manufacture of modular space, operations in Sweden, Norway and Denmark are fully focused on rental. Sweden and Finland currently represent the main markets.

### FOCUS ON PROFITABLE GROWTH

Increased rental penetration rate with additional organic growth by new applications create growth potential for Cramo in modular space. There is further potential in the conversion of latent demand in the Nordic countries and in the new markets such as the Baltic countries and Poland. Increased co-operation between Cramo entities combined with acquisitions, further enhance realisation of the strategy.

The main focus of modular space's strategy is on sustained profitable growth. As a part of the rebranding process carried out in 2007, modular space rental operations in Finland were named Cramo Instant and one of the factories Cramo Master in early 2007. Increasing rental business and efficiency in fleet management are further priorities supporting the strategy.

The strength of Cramo in modular space lies in its nationwide sales and project organisation with local expertise, long customer relationships, the large fleet of modules and quick delivery as well as a strong order book.

### MARKETS FAVOURED CRAMO

During the reporting period, due to a booming economy, the public sector showed an increasing demand for modular space rental. Other growth drivers such as increasing rental penetration, made the rental market a strong growth market.

Until the autumn of 2007 when a major international competitor begun its operations there were only marginal competitors mainly focusing on sales operations in Finland. After consolidation taking place in 2007, Sweden has four large suppliers totalling approximately 80% of the market share. In Norway, there are only a few larger players with some new international companies entering the market during 2007. The Danish market is highly fragmented with a large group of relatively small international or regional companies. Competition will intensify also in Central and Eastern Europe.

At the end of 2007, the size of the modular space market in Finland was estimated to be EUR 15 million, in Sweden EUR 65 million, in Norway EUR 25 million and in Denmark EUR 20 million according to estimates by Cramo.

### SALES AND PROFITABILITY UP

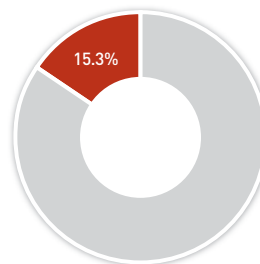
The increased demand experienced since late 2006 continued to intensify in 2007. Cramo's proactive approach to marketing and sales helped growing markets in all the countries of operations. The utilisation rate remained strong throughout the year and fuelled an increase in sales of 17.1%. The increase in rental contracts reduced sales of modules, although the sales of halls increased. The order book value for rental improved, whereas the order book value for sales remained at a lower level than a year ago.

The vast majority of sales still came from Finland and Sweden where the utilisation rates remained especially high while the operations grew at the same rate as the markets as a whole. In Norway and Denmark, Cramo intensified operations and reached good positions for the future. The growth in Norway continued at a considerable pace while in Denmark growth remained more moderate. At the end of the year the company had a markedly stronger order book than in the previous year.

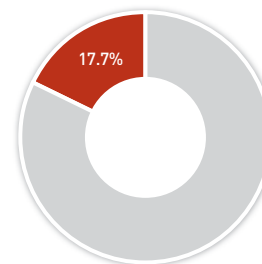
Despite increased costs, Cramo was able to improve its margins and show a substantial increase in profitability. EBITA was up to 25.2 %

KEY FIGURES			
	2007	2006	Change %
Sales, MEUR	76.7	65.5	17.1
EBITA, MEUR	19.4	15.0	29.5
EBITA-%	25.2	22.8	10.5
Gross capital expenditure, MEUR	20.4	17.4	17.3
Number of depots			
Average number of employees	239	194	23.2

SHARE OF GROUP SALES, %



SHARE OF GROUP EBITA, %



of sales, thanks to a strong volume growth enabled by increased manufacturing capacity, improved price levels and a more efficient fleet management. During 2007, the public sector in particular showed an increasing need for new premises.

Cramo has been able to increase the average length of rental contracts. The lengthening of contracts is expected to continue.

### NEW SERVICE SOLUTIONS

Increased competition has emphasised the need for strategic agility and flexibility while strongly growing demand has placed high requirements on long-term planning and efficient distribution of resources between the different markets. Cramo intensified focus on the long-term rental of modular space according to the strategy.

Development of the product and service offering to different segments continued in 2007. A new total service solution for day-cares with facility management services was introduced in Finland. One of the first long term contracts was signed with the Nurmijärvi municipality. The care-home segment is under investigation.

Equipment rental and modular space service ranges and operations were organised under one management, making the directors of geographical segments responsible for both businesses in their respective market area. The objective is to increase synergy benefits and to increase sales for the modular space business particularly in Norway, Denmark, the Baltic countries and Poland. Further sources of Group level synergy are under evaluation.

The Group-wide project launched in 2006 on the enterprise resource planning system, which aimed to increase efficiency in fleet management, reached the process identification phase in modular space unit in 2007. The new enterprise resource planning system was implemented in the modular space plants. Work to develop it for the use of rental services continued.

### GOOD OPPORTUNITIES FOR GROWTH

The outlook for 2008 is expected to continue to be favourable. Demand for modular space is anticipated to remain strong in all Cramo's markets, supported by relocations, demographic changes and industry needs for flexible solutions.

Cramo will focus on sustaining high utilisation rates in Finland and Sweden, while improving market share in Denmark and Norway. Share of long-term rental business will be increased. Modular space operations will be started in the Baltic countries utilising Cramo's existing presence.



# FINANCIAL STATEMENTS OF THE GROUP

**C R A M O**

# BOARD OF DIRECTORS' REVIEW OF THE 54TH YEAR IN OPERATION

## BUSINESS OVERVIEW

According to preliminary data, construction volumes grew in 2007 in all of Cramo's operating regions, with the exception of Denmark. While the Confederation of Finnish Construction Industries RT estimated that construction volumes grew by some five per cent in Finland, the Swedish Construction Federation estimated construction to have grown by some seven per cent in Sweden. Euroconstruct, an international construction business research group, estimated that the Norwegian construction business saw an increase of 5.9 per cent while construction decreased by 1.2 per cent in Denmark. In Russia and Central and Eastern Europe, the construction investment growth rate is considerably higher than in the Nordic region. For 2007, country-specific growth rate estimates in Central and Eastern Europe varied between 6 and 19 per cent.

Cramo estimates that equipment rental services in all of its market areas have shown a faster growth rate than the overall growth rate of the construction industry, owing, among other things, to the rising rental penetration rate. Demand for modular space is also estimated to have increased faster than growth in the construction business. Cramo believes this trend will continue throughout the next few years.

## CONSOLIDATED SALES AND PROFIT

The growth of Cramo's consolidated sales and profit continued throughout the year. The sales for 2007 amounted to € 496.4 (402.4) million, showing growth of 23.4 per cent. Growth in sales for continuous operations, i.e. sales excluding the Dutch business operations that were divested on 1 April 2007, amounted to 26.6 per cent.

Sales for the equipment rental business amounted to € 425.9 (339.7) million, while that for modular space business € 76.7 (65.5) million. Such growth was driven by the continuation of favourable market conditions, higher rental equipment penetration rate, positive price development, strong expansion through the opening of new depots and through acquisitions, and successful equipment investments.

Consolidated operating profit for 2007 before amortisation on intangible assets resulting from corporate acquisitions (EBITA) amounted to € 96.0 (72.8) million, or 19.3 (18.1) per cent of consolidated sales. EBITA increased by 31.8 per cent compared to the previous year. Healthy demand, growth in rental equipment utilisation rates and the synergy benefits derived from the combination of Rakentajain Konevuokraamo and Cramo boosted profitability. The most significant synergy benefits came, as targeted, from the rationalisation of overlapping operations, larger order volumes in purchasing, the optimised production of modular space, and more effective fleet management. In addition, all Cramo's business activities were brought under one Cramo brand, and the Group's key processes and policies were strongly unified using best practices.

EBITA for the equipment rental business amounted to € 90.0 (66.7) million, or 21.1 (19.6) per cent of sales. EBITA grew by 35.0 per cent year on year. For the modular space business, EBITA totalled € 19.4 (14.9) million, or 25.2 (22.8) per cent of sales, up by 29.5 per cent year on year.

Consolidated operating profit (EBIT) for 2007 was € 91.8 (68.6) million, representing 18.5 (17.0) of sales. Profit before tax in 2007 was € 75.8 (56.6) million while profit for the year was € 57.5 (41.9) million. Undiluted earnings per share were € 1.88 (1.39) and diluted earnings per share € 1.87 (1.36).

Profit for 2007 includes a € 4.0 million non-recurring capital gain from the divestment of the Dutch business recognised in other operating income, and expenses worth € 4.2 million and amortisations worth € 0.2 million associated with the Cramo brand change.

Return on investment (rolling 12-month ROI) stood at 13.7 (11.7) per cent and return on equity (rolling 12-month ROE) at 18.4 (15.5) per cent.

## CAPITAL EXPENDITURE AND DEPRECIATION/AMORTISATION

Gross investments of € 175.5 (111.9) million was mainly allocated to the purchase of rental equipment. Company acquisitions carried out during the reporting period are not included in gross capital expenditure.

Reported depreciation on property, plant and equipment, and software totalled € 62.4 (51.1) million. Amortisation on intangible assets resulting from acquisitions totalled € 4.1 million. At the end of the period, goodwill totalled € 152.4 million.

Growing demand in all of the Group's main markets will require continued capital expenditure growth in 2008.

## FINANCIAL POSITION AND BALANCE SHEET

The Group showed a positive net cash flow of € 138.7 (103.9) million from operating activities. Net cash flow used in investing activities was € -175.2 (-96.3) million, while that used in financing activities amounted to € 13.7 (10.8) million. At the end of the period, cash and cash equivalents amounted to € 18.5 (41.8) million, with the net change coming to € -22.8 (18.4) million.

On 31 December 2007, Cramo Group's gross interest-bearing liabilities totalled € 383.5 (347.5) million. The Group has used interest-rate swaps of around € 138.4 million to hedge its non-current loans, and applies hedge accounting to that amount. On 28 September 2007, Cramo signed an agreement for additional long-term additional financing of € 50 million in order to finance its growth strategy.

On 31 December 2007, Cramo Group's net interest-bearing liabilities totalled € 365.0 (305.6) million with gearing at 109.4 (104.6) per cent.

Consolidated balance sheet total on 31 December 2007 stood at € 895.0 (770.9) million, and the equity ratio was 37.3 (38.2) per cent.

Property, plant and equipment amounted to € 487.0 million, with equipment rental representing € 367.7 million, or 75.5 per cent, modular space representing € 119.3 million, or 24.5 per cent. Off-balance sheet operating lease liabilities totalled € 54.2 (30.3) million on 31 December 2007.

The net working capital on 31 December 2007 amounted to € 28.0 million, with equipment rental representing € 24.6 million, or 87.8 per cent, and modular space representing € 3.4 million, or 12.2 per cent. Inventories amounted to € 16.9 million, with modular space representing € 10.8 million, or 64.0 per cent.

## GROUP STRUCTURE

At the end of the financial year, the Cramo Group comprised the following companies: Cramo Plc (parent company), its fully-owned subsidiaries in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania and Poland, Cramo Instant Oy's subsidiaries in Finland as

well as Suomen Tähtivuokraus Oy's subsidiaries in Poland, the Czech Republic and St. Petersburg in Russia. Moreover, Cramo Plc owns a 75 per cent stake in Cramo JV Oy, with ZAO Cramo Rentakran acting as its subsidiary in Russia. Cramo Instant Oy operated under the name Tilamarkkinat Oy until 31 March 2007.

The Group's legal structure was simplified by taking measures such as reducing the number of subsidiaries. On 1 April 2007, the parent company, Cramo Plc's equipment rental operations within Finland were transferred Cramo Finland Oy, a subsidiary wholly owned by the parent company. On the same date, the majority of the Group's operating subsidiaries outside Finland were transferred under Cramo Plc's direct ownership. Non-operating subsidiaries were closed down in Sweden, and operating subsidiaries were combined. The Dutch operations were discounted on 1 April 2007 by selling Cramo Plc's Dutch subsidiary Cramo Nederland B.V. to the Dutch Jaston Groep B.V.

Equipment rental services are provided through a network of 268 depots. Cramo Instant Oy in Finland and Cramo Instant AB in Sweden, Norway and Denmark are engaged in the modular space business.

## BUSINESS DEVELOPMENT AND ACQUISITIONS AND DIVESTMENTS

Cramo's key objective for 2007 was to fuel its international growth and to improve profitability.

During the year, measures were taken to pursue the development work started on 1 January 2006 to exploit the synergies derived from the combination of Rakentajain Konevuokraamo and Cramo's operations. Measures were taken to improve the consistency and efficiency of the Group's internal processes and policies, and to develop the Group's shared IT systems. To benefit from the synergies between the business segments, a decision was made in September to combine the operations and service ranges of equipment rental and modular space businesses, giving the directors of geographic segments responsibility for both equipment rental and modular space in their respective market areas. The objective is to increase the sales of the modular space business, particularly in Norway, Denmark, the Baltic countries and Poland.

Measures associated with the change in the Cramo brand were completed as planned during the autumn. All of Cramo's subsidiaries and depots in different countries now operate under the same Cramo brand. The objective is to develop the total service provider concept further in the rental business, and to make use of the synergy benefits derived from equipment rental and modular space businesses.

In August, Cramo Plc's Board revised the Group's financial targets. The sales growth target was increased from "more than 10 per cent" annually to "more than 18 per cent". The EBITA target was increased from "more than 15 per cent" to "more than 18 per cent" of sales. The return on equity (ROE) target was set to "more than 22 per cent", up from the equivalent of more than 18 per cent as derived from the previous return on investment (ROI) target of "more than 13 per cent".

The Board confirmed that Cramo's strategic objectives are to rank among the two largest industry players in each of its market areas, to develop into the preferred supplier from the customer's perspective and to be one of the most profitable companies in the industry. Growth is targeted through both organic growth and acquisitions.

On 9 November 2007, Cramo announced that it was exploring its opportunities to sell its real estate facilities in Finland. After the potential sale, Cramo would continue as a tenant in most of the properties placed for sale. The possible sale is expected to take place in the first half of 2008.

## ACQUISITIONS AND DIVESTMENTS

On 14 November 2007, Cramo's wholly-owned Swedish subsidiary Cramo Sverige AB acquired the entire share capital of two companies specialising in access equipment rental, Kumla Lift AB and Hyrcenter i Skövde AB. The estimated aggregate sales of these two companies amounted to about € 3.2 million in 2007, and the companies have 11 employees. The acquisition took effect on 1 December 2007.

On 30 October 2007, Cramo and Skanska Denmark agreed on outsourcing Skanska's rental machinery and equipment to Cramo in Denmark. The deal includes Skanska's personnel, the existing machine fleet and the related external rental contracts. This acquisition took effect on 1 November 2007. Cramo estimates that the acquisition will increase its sales by at least € 13.5 million a year. The integration of operations has convened as planned. The transaction includes a cooperation agreement, the objective of which is to increase Cramo's rental service provision to Skanska also in other Nordic countries.

In September, Cramo's Finnish subsidiary Cramo Finland Oy concluded an agreement on outsourcing Rakennusosakeyhtiö Hartela's building site huts to Cramo. The five-year agreement, covering approximately 200 site huts, is one of the first outsourcing agreements in the industry in Finland.

In August, Cramo Plc and the leading heavy lifting rental service company in Russia, ZAO Rentakran, agreed to establish a joint venture in Russia. While Cramo Plc owns 75 per cent and ZAO Rentakran 25 per cent of the new company, Cramo has an option to buy the minority share in the spring of 2011. The company began operating in Moscow in November, and its expansion to other major Russian cities such as Yekaterinburg and Krasnodar is scheduled to take place in 2008.

In June, Cramo Finland Oy acquired the rental and sales business of Oskarin Vuokrakone Oy operating in the Jyväskylä region. The company's sales in the 12-month accounting period that ended on 28 February 2007 amounted to approximately € 0.8 million. The business was consolidated with the Group on 1 July 2007.

On 1 June 2007, Cramo Plc's Estonian subsidiary Cramo Estonia AS acquired the operations of Madara service office located in Tallinn, from the company Bygg & Maskin. The service office's net sales in 2006 amounted to approximately € 0.1 million. The business was consolidated with the Cramo Group on 1 May 2007.

In May, Cramo Finland Oy acquired the equipment rental business of JM-Alltrans Oy. JM-Alltrans is based in Kirkkonummi, Finland, and specialises in the rental of small earth construction equipment. Its sales in 2006 amounted to approximately € 1.1 million. The business was consolidated with the Cramo Group on 1 May 2007.

In March, Cramo Sverige AB, the Swedish wholly-owned subsidiary of Cramo Plc, signed an agreement to acquire the entire share capital of Göby AB, a rental service company based in Sundsvall in the north of Sweden. Göby specialises in the rental of site huts, work platforms and electricity equipment. The company's sales in 2006 amounted to approximately € 3.5 million. Göby's two depots in Sundsvall were integrated with Cramo as of 1 May 2007.

On 1 March 2007, Cramo Plc acquired the rental and sales business of Jyväskylän Konevuokraamo Oy. Jyväskylän Konevuokraamo has one depot, and the acquired business was consolidated into the Cramo Group on 1 March 2007.

In Norway, Cramo expanded its operations with two business acquisitions in early 2007. Cramo's Norwegian subsidiary Cramo AS acquired the entire share capital of Hamar Liftutleie AS on 2 January 2007, and of Kongsberg Maskinutleie AS on 4 January 2007. The aggregate sales of these companies in 2006 amounted to



approximately € 2.65 million. Both companies were consolidated into the Cramo Group as of 1 January 2007. Similarly, Lithuania's leading lifting equipment rental company UAB Aukstumines Sistemos (AS), acquired by Cramo's Lithuanian subsidiary UAB Cramo in December 2006, was consolidated into the Cramo Group on 1 January 2007.

In March, Cramo divested its Dutch operations. With an agreement dated on 21 March 2007, Jaston Groep B.V. acquired the Group's Dutch subsidiary Cramo Nederland B.V. The acquisition took effect on 11 April 2007. Cramo Nederland is a general equipment rental company active in the Dutch rental market with sales amounting to approximately € 12.6 million in 2006, and a staff of 90. This divestment of the Dutch operations is in line with the Group's strategy of focusing on its core Nordic markets, and its emerging Central and Eastern European equipment rental services markets.

## GROUP MANAGEMENT

Vesa Koivula continued as President and CEO of the Group. At the end of the year, the Cramo Executive Committee comprised CEO Vesa Koivula, Deputy CEO Göran Carlson and CFO Matti Ala-Härkönen. The Group Management Team also included Senior Vice Presidents Tatu Hauhio (Finland), Magnus Rosén (Scandinavia), Jarmo Laasanen (rest of Europe) and Ossi Alastalo (development of modular space business) as well as Vice President of Corporate Communications Anders Collman, Vice President of Asset Management Mats Stenholm and CIO Eva Harström.

The Group's deputy CEO Göran Carlson was appointed responsible Director for business development and strategic planning as of 1 January 2008. Göran Carlson will continue as deputy CEO, reporting to CEO Vesa Koivula. Senior Vice President, Scandinavia who previously reported to Göran Carlson, will now report directly to CEO Vesa Koivula.

## HUMAN RESOURCES

During the reporting period, Group staff averaged 2,270 (1,828) people. The equipment rental business had an average of 2,031 (1,634) employees and the modular space business 239 (194) employees. Corporate acquisitions and transactions as well as outsourcing contracts brought in a total of some 110 employees. The divestment of the Dutch operations involved the loss of 90 employees.

The geographical distribution of personnel is as follows: Finland 34.5 (33.2) %, Sweden 28.8 (33.4) %, Western Europe 13.5 (13.8) % and Other Europe 23.2 (19.6) %.

The company's strong growth will require the constant development of staff competencies. In 2007, the local needs of markets were emphasised with regard to staff development. A particular focus was placed on the development of sales and customer service as well as supervisor skills, and the bolstering of technical expertise relating to rental equipment. In the future, Cramo will strive to extend staff development programmes over the entire Group on a more systematic basis than previously. In 2007, the reward systems for the management and staff were unified, and the bonus system was extended to cover nearly all staff.

STAFF SEGMENTS	Number of employees		Per cent of the entire staff	
	2007	2006	2007	2006
Equipment rental				
Finland	584	449	25.7	24.6
Sweden	618	574	27.2	31.4
Western Europe	306	253	13.5	13.8
Rest of Europe	529	358	23.3	19.6
Equipment rental, total	2,037	1,634	89.7	89.4
Modular space rental	233	194	10.3	10.6
Total	2,270	1,828	100.0	100.0

STAFF AGE DISTRIBUTION	Number of employees		Per cent of the entire staff	
-23	135	82	6.0	4.5
24-35	696	477	30.7	26.1
36-45	714	618	31.4	33.8
46-60	601	534	26.5	29.2
60-	124	117	5.4	6.4
	2,270	1,828	100.0	100.0
Employed by parent company on average	20	449		

## RISK MANAGEMENT

Cramo Group revised its risk management policy in 2007. The objective of risk management is to ensure that risks related to Cramo's business operations are identified as well as constantly evaluated and monitored. Risk management at Cramo is continuous and systematic, its objectives being to prevent personal injuries, protect Cramo Group's assets as well as ensuring a steady, profitable economic growth for the company.

## STRATEGIC RISKS

The Group's business operations are dependent on general economic trends and the rate of activity in the construction and real estate markets. Unfavourable developments in these markets could have detrimental effects on the Group's operations, profit and financial standing. Cramo has attempted to mitigate the risks related to demand and price developments by separating its business operations into various product and customer segments, and by reducing its dependency on any single geographical market.

Historically, seasonal variations have proven typical of the construction business. Despite the fact that Cramo has reduced its dependency on the construction business, the Group's turnover and profit markedly fluctuate between quarters, typically for the equipment rental business. Since the Group's business operations are dependent on general economic conditions, economic fluctuations impact on the Group's business results and financial standing. The Group attempts to balance potentially detrimental effects of economic fluctuations by ensuring that its services are cost-efficient and that its range of equipment and services remains competitive.

Expansion and business development is partially based on corporate acquisitions. Risks associated with corporate acquisitions might be related to issues such as knowledge of local markets, customers, key persons and suppliers. The goal is to take the risks into account by means of careful preparation and systematic monitoring of the acquisition. Expansion into new geographic areas will subject the company to cultural, political, economic, regulatory and legal risks.

There are additional risks related to the quantity, focusing and timing of the Group's investments as well as other risks related to strategic business decisions. The objective is to manage investment-related risks by means of, for instance, a meticulous approval procedure for investments and the utilisation of external and internal risk indicators, evaluated monthly by the operating companies.

## OPERATIONAL RISKS

The Group's operational risks include personnel risks, contract risks, occupational safety risks, IT-related risks, risks related to conformance with laws and regulations, risks related to the management policies of the Group as well as business process-related risks.

The Group Management Team determined and prioritised the Group's primary risks in 2007. Procedural plans and risk indicators were further developed in order to manage the primary risks, and a separate contingency plan for an economic recession was also drafted. The Group also revised and implemented new corporate governance instructions in 2007.

## FINANCIAL RISKS

The objective of financial risk management is to ensure high-quality internal and external financial reporting and the availability of Group financing as well as minimising any adverse effects that the operating environment and changes in the financial markets may have on the Group's profit.

The primary financial risks are the cash flow interest rate risk, currency risk, credit risk and the liquidity risk. In order to control the interest rate risk, the Group's borrowings and investments are distributed over fixed and floating rate instruments. Derivative instruments such as interest rate swaps are also used in order to manage the interest rate risk. The currency risk mainly arises from net investments in foreign operations and loans denominated in foreign currency. Moreover, the Group uses forward contracts in order to hedge the currency risk. The objective of these measures is to protect the Group against significant financial risks.

The Group Treasury implemented a revised financing policy in 2007. This policy determines the objectives and principles of protective actions as well as financing responsibilities and operating methods. Group financing operations are centralised with the parent company while the financing of the Group's companies is primarily performed using internal Group loans. The Group Treasury identifies, evaluates and hedges financing risks in partnership with the Group's companies.

## BUSINESS TRANSACTION RISKS

The Group's business transaction risks include risks related to equipment rental and the undisturbed continuation of operations that can be managed by means of insurance. Comprehensive insurance cover forms a crucial part of Cramo Group's risk management policy.

## ENVIRONMENTAL RISKS

Environmental responsibility is an ever more vital part of Cramo's business model. Cramo's environmental responsibility includes ensuring that the rented equipment and facilities are of high quality as well as carefully maintained and renovated. In purchasing decisions relating to equipment, the environmental load generated by the manufacture and use of the equipment is taken into account. Long equipment life cycles are ensured by means of careful maintenance. Cramo's operations in Sweden, Denmark and Norway are certified in accordance with the ISO 14001 environmental and ISO 9001 quality management systems. In Finland, Cramo's quality management and operational system is controlled by the ISO 9001:2000 quality certificate, granted by Det Norske Veritas.

The Group strives to minimise ill-effects on the environment by rotating equipment and facilities between users. An attempt is made to reduce its environmental load by delivering all equipment to customers tested, and without unnecessary packaging. Regional profit centres are responsible for the storage and treatment of chemicals and hazardous waste. All material originating from the equipment and subject to disposal is recycled as much as possible. By aiming at a high utilisation ratio for its machinery fleet, the Group can reduce the environmental impact of construction.

## SHARES, SHARE CAPITAL AND STOCK OPTION SCHEMES

On 31 December 2007, Cramo Plc had a share capital of € 24,834,753.09 and the total number of shares was 30,660,189.

Share capital and the number of shares were increased during the year as follows:

A total of 362,596 Cramo shares were subscribed with 2002A/B stock options rights between January and March. The resulting increases of the share capital, a total of € 293,702.76, were entered into the Trade Register on 8 March, 12 April and 8 May 2007. Trading in the shares on the OMX Nordic Exchange in Helsinki began on 9 March, 13 April and 9 May 2007.

Subscriptions for 74,551 shares under Cramo's 2002A/B option scheme were approved in April-June. A share capital increase amounting to € 54,067.50, due to share subscriptions, was registered in the Trade Register on 12 April 2007. This increased the share capital to € 24,828,515.28 and the number of shares to 30,652,488. The new shares have been traded on the OMX Nordic Exchange since 13 April 2007. A share capital increase amounting to € 6,237.81 was registered in the Trade Register on 8 May 2007, and the new shares have been traded since 9 May 2007.

The subscription period under the stock option scheme established by the Annual General Meeting on 4 April 2002 expired on 31 March 2007. The 2002 stock option scheme involved issuing 670,000 stock options to the company's key personnel, which entitled them to subscribe for 670,000 Cramo Plc shares. The maximum increase in share capital resulting from the option scheme was € 1,132,300.00. The actual increase was € 1,132,279.70. The share subscription price was the trading-weighted average price of the company's B share between 5 April and 4 June 2002 plus 10 per cent, in other words € 5.27, deducted by the dividends to be distributed before share subscription on the record date. As a result of dividend payment, the subscription price was decreased by € 0.50 on 7 April 2003, by € 0.50 on 7 April 2004, by € 0.30 on 13 December 2004, by € 0.25 on 11 April 2005 and on 11 April 2006, resulting in a subscription price of € 3.47 per share. The B stock options associated with the 2002 stock option scheme have been listed for trading together with the 2002 A stock options since 2 May 2006.

## VALID STOCK OPTION SCHEMES

The Extraordinary General Meeting held on 20 November 2006 decided on an option scheme under which 3,000,000 stock options will be issued, entitling their holders to subscribe for a maximum of 3,000,000 new shares in the company. The subscription period for stock options 2006A is from 1 October 2009 to 31 January 2011, for options 2006B from 1 October 2010 to 31 January 2012, and for options 2006C from 1 October 2011 to 31 January 2013. The subscription price for stock options 2006A is € 14.51, in other words the trading-weighted average price of the Cramo Plc share between 1 and 31 October 2006. Subscription price for stock options 2006B is the trading-weighted average share price between 1 and 31 October 2007, or € 26.47, and for stock options 2006C the trading-weighted average share price between 1 and 31 October 2008. Annual dividends will be deducted from the subscription price.

On 31 December 2007, Cramo Group's key personnel held a total of 813,000 2006A stock options and 904,000 2006B stock options. The 2006 option scheme covers approximately 80 key persons of the Group.

## ANNUAL GENERAL MEETING

Cramo Plc's Annual General Meeting (AGM) of 18 April 2007 discussed the matters assigned to the AGM in the Articles of Association, and approved the financial statements of the company and the Group for 2006.

Based on the proposal of the Board of Directors, the AGM decided that a dividend of € 0.50 per share be distributed. The AGM discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2006.

The AGM re-elected Gunnar Glibberg, Stig Gustavson, Eino Halonen, Hannu Krogerus and Juhani Nurminen to the Board of Directors. Esko Mäkelä was elected as a new member to the Board. Esko Mäkelä (M.Sc.Eng., MBA) served as the Executive Vice President and CFO of YIT Corporation between 1987 and 2006.

The AGM elected Tomi Englund, Authorised Public Accountant, and the auditing firm Ernst & Young Oy as the company's auditors.

## VALID BOARD AUTHORISATIONS

The Board has no valid authorisations to issue convertible bonds, increase share capital or buy back treasury shares.

## CORPORATE GOVERNANCE AND AUDITORS

As of 18 April 2007, Cramo Plc's Board of Directors consists of Stig Gustavson (Chairman), Eino Halonen (Vice Chairman), Gunnar Glifberg, Hannu Krogerus, Juhani Nurminen and Esko Mäkelä.

The Audit Committee members are Eino Halonen (Chairman), Esko Mäkelä and Juhani Nurminen. Members of the Nomination and Compensation Committee are Stig Gustavson (Chairman), Gunnar Glifberg and Hannu Krogerus.

Board members Stig Gustavson, Hannu Krogerus, Esko Mäkelä and Juhani Nurminen are deemed independent of the company and its major shareholders. Gunnar Glifberg is deemed independent of major shareholders, but as the former President and CEO of Cramo AB until the autumn of 2005, he is deemed dependent of the company until the autumn of 2008. Eino Halonen is independent of the company but as the President and CEO of Suomi Mutual Life Assurance Company he is dependent of major shareholders until 31 December 2007.

The Board members until 18 April 2007 were Gunnar Glifberg, Stig Gustavson, Phil van Haarlem, Eino Halonen, Pekka Heusala, Hannu Krogerus and Juhani Nurminen. Until 18 April 2007, the Audit Committee members were Pekka Heusala (Chairman), Eino Halonen and Phil van Haarlem. Members of the Nomination and Compensation Committee were Stig Gustavson (Chairman), Pekka Heusala and Hannu Krogerus. All Board members except for Gunnar Glifberg are independent of the company. Glifberg, Gustavson, Heusala, Nurminen, Krogerus and Phil van Haarlem are independent of major shareholders.

In 2007, the Board met nine times, the Audit Committee four times, and the Nomination and Compensation Committee three times.

On 31 December 2007, the Board members, the President and CEO, and his deputy held, either directly or through companies in which they exercise control, a total of 111,549 Cramo Plc shares, representing 0.36 per cent of the company's shares and votes, and a total of 0 stock options.

The company's auditors were Tomi Englund, Authorised Public Accountant, and Ernst & Young Oy Authorised Public Accountants, with Erkkä Talvinko as the main responsible auditor.

Cramo Plc observes the Corporate Governance Recommendation for Listed Companies issued by the OMX Nordic Exchange Helsinki, 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 DIRECTOR'S PROPOSAL FOR PROFIT DISTRIBUTION

In 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."

The Board of Directors proposes to the Annual General Meeting that a dividend of € 0.65 per share be paid for the financial year 1 January – 31 December 2007. 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.

## EVENTS AFTER THE FINANCIAL YEAR

On 10 January 2008, Cramo announced an agreement between its Swedish subsidiary Cramo Sverige AB and Skanska Sverige AB making Cramo Skanska's preferred supplier of lifting equipment. At this stage, the agreement applies to Sweden, but it may be extended to cover Skanska's other Nordic companies. The contracting parties estimated the annual volume of the agreement to be in the region of € 6.5 million.

Magnus Rosén, Senior Vice President for the Scandinavian operations, announced his resignation on 14 January 2008.

On 21 January 2008, UBS AG notified Cramo that shares held by UBS AG (Switzerland) and UBS AG London Branch in Cramo Plc had exceeded the five per cent limit on 28 January 2008. After the notification, the company held 1,677,610 shares, accounting for 5.47 percent of Cramo Plc shares and votes.

## FUTURE PROSPECTS

In spite of the instability of the financial markets and US economic development, brisk demand for rental services is expected to continue in Cramo's business environment. Growth in construction activity coupled with major infrastructure projects in industry and the public sector will continue to fuel growth in the equipment rental business. Nordic construction is expected to continue its growth, but at a slightly lower rate than in previous years. Although overall growth in construction is hampered by the decline in residential construction, industrial and commercial construction as well as civil engineering projects will continue to grow. Central and Eastern Europe are expected to see sustained strong growth in construction, although this growth is decelerating in the Baltic countries. Equipment rental services will expand at a faster rate compared to general growth in construction, due to factors such as increasing penetration rates for these services, increased equipment outsourcing, and growth in the demand for rental-related services. Continued growth is also anticipated in demand for modular space. This demand is supported by relocations, demographic changes, and industry needs for increasingly flexible building solutions.

Growing demand in all of the Group's main markets will require continued capital expenditure growth in 2008.

In line with its strategy, the Group intends to further enhance its position in all of its market areas. The Group will continue to map out its growth potential in the Nordic countries and Central and Eastern Europe, with the objective of being one of the top two service providers in each market. The supply of modular space in Central and Eastern Europe is seen as a new growth opportunity.

Besides global economic development, the most significant uncertainties faced by Cramo's business are associated with general cyclical and economic development in each country, changes in interest and foreign-exchange rates as well as the success of the Group's acquisitions. So far, the growing uncertainty in the financial markets and the US economy have had little impact on Cramo's business.

The Group's internal, as well as market indicators support a sales growth above 18% and EBITA above 18% of sales in 2008, in line with the Group's financial targets. However, macroeconomic development may change this picture.

## KEY FIGURES AND RATIOS

KEY FIGURES ON FINANCIAL PERFORMANCE		IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2004	FAS 2003
Revenue	M€	496.4	402.4	77.0	71.4	73.0	58.7
Change -%	%	+23.4	+422.6	+7.8		+24.2	-3.8
Operating profit	M€	91.8	68.6	18.0	14.4	12.1	10.1
% of revenue	%	18.5	17.0	23.3	20.1	16.6	17.2
Profit before taxes	M€	75.8	56.6	16.2	13.0	11.5	9.8
% of revenue	%	15.3	14.1	21.1	18.2	15.8	16.7
Profit for the period	M€	57.5	41.9	11.9	9.2	8.0	8.0
% of revenue	%	11.6	10.4	15.5	12.9	10.9	13.7
Return on equity	%	18.4	15.5	24.0	19.9	16.4	21.1
Return on investment	%	13.7	11.7	18.6	16.6	16.9	15.6
Equity ratio	%	37.3	38.2	49.0	48.9	56.3	61.3
Gross capital expenditure	M€	175.5	111.9	29.6	15.0	12.0	16.6
% of revenue	%	35.4	27.8	38.5	21.0	16.4	28.2
Equity	M€	333.7	292.2	54.1	45.4	47.1	52.8
Net interest-bearing liabilities	M€	365.0	305.6	48.6	44.2	26.2	20.5
Gearing	%	109.4	104.6				
Average number of personnel	No.	2,070	1,828	569	538	538	447

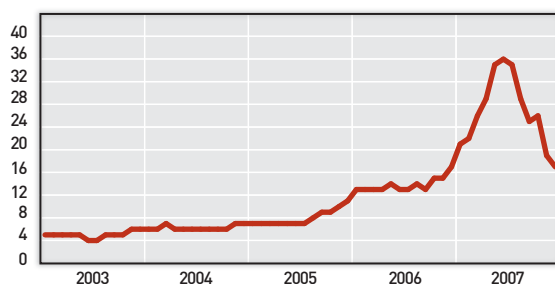
## PER-SHARE RATIOS

Earnings per share	€	1.88	1.39	0.83	0.64	0.56	0.57
Earnings per share diluted *)	€	1.87	1.36	0.81	0.63	0.55	0.56
Shareholder's equity per share	€	10.88	9.66	3.77	3.17	3.29	3.60
Dividend per earnings	%	34.6	36.0	30.8	39.5	44.6	140.4
Dividend per share	€	0.65**	0.50	0.25		0.25	0.80
Market capitalisation of A/B Series share capital	M€	531.0	571.8	170.4		93.4	82.5
Trading volume of B Series shares	No.	45,714,185	37,070,980	6,830,907		3,495,110	3,048,642
% of total number	%	149	123	54		28	24
Issue-adjusted average number of A series shares	No.			1,728,000		1,728,000	1,728,000
Issue-adjusted average number of B series shares	No.	30,586,040	30,121,137	12,611,807		12,586,507	12,832,518
Issue-adjusted average number of A series shares at financial year end	No.			1,728,000		1,728,000	1,728,000
Issue-adjusted average number of B series shares at financial year end	No.	30,660,189	30,332,793	14,699,675		12,586,507	12,832,518
P/E ratio		9.2	13.9	15.2	10.3	11.7	10.1
Effective dividend yield	%	3.8	2.6	2.0		3.8	13.9
Market capitalisation of share capital	M€	531.0	571.8	155.9		82.4	73.8
Average price	€	26.66	13.44	8.42		6.36	5.02
Closing price at year end	€	17.32	18.90	12.36		6.55	5.75
Lowest quotation	€	16.75	11.10	6.15		5.70	4.35
Highest quotation	€	38.80	19.00	12.46		7.45	5.90

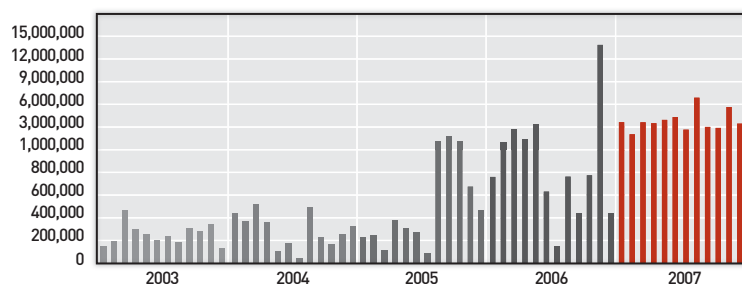
\*) Adjusted by the dilution effect of shares entitled by warrants

\*\*) Board proposal

## HISTORICAL SHARE PRICE, €



## TURNOVER OF SHARES PER MONTH, NUMBER



## 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	31.12.2007	31.12.2006
<b>NON-CURRENT ASSETS</b>			
Tangible assets	6	487,038	367,950
Intangible assets	7	95,359	95,452
Goodwill	7	152,367	152,802
Financial assets available for sale	6	332	320
Deferred tax assets	14	2,974	2,423
Receivables	9	3,954	446
<b>Total non-current assets</b>		<b>742,024</b>	<b>619,393</b>
<b>CURRENT ASSETS</b>			
Inventories	8	16,903	15,788
Trade receivables and other receivables	9	115,250	91,469
Income tax receivables		2,298	2,310
Derivative financial instruments	29		113
Cash and cash equivalent	10	18,489	41,823
<b>Total current assets</b>		<b>152,940</b>	<b>151,503</b>
<b>TOTAL ASSETS</b>		<b>894,964</b>	<b>770,896</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	12	24,835	24,508
Share issue	12		143
Share premium	12	186,910	185,836
Fair value reserve	12	117	117
Hedging fund	12	6,334	3,301
Translation differences	12	-1,867	2,818
Retained earnings	12	117,351	75,521
<b>Total equity</b>		<b>333,680</b>	<b>292,244</b>
<b>NON-CURRENT LIABILITIES</b>			
Reserves	11	363	348
Deferred tax liabilities	14	62,200	51,829
Interest-bearing liabilities	13	274,087	306,968
<b>Total non-current liabilities</b>		<b>336,650</b>	<b>359,145</b>
<b>CURRENT LIABILITIES</b>			
Interest-bearing liabilities	13	109,387	40,499
Trade and other liabilities	15	105,762	76,274
Income tax liabilities		9,485	2,734
<b>Total current liabilities</b>		<b>224,634</b>	<b>119,507</b>
<b>Total liabilities</b>		<b>561,284</b>	<b>478,652</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>894,964</b>	<b>770,896</b>

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

	Note	1.1.-31.12.2007	1.1.-31.12.2006
<b>REVENUE</b>		<b>496,428</b>	<b>402,425</b>
Other operating income	17	7,798	3,507
Changes in inventories	18	966	-184
Production for own use		15,379	7,754
Materials and services	18	-106,396	-74,256
Employee benefit expenses	19	-101,608	-83,773
Depreciation	6	-62,356	-51,060
Amortisation on intangible assets resulting from acquisitions	7	-4,119	-4,265
Other operating expenses	20	-154,248	-131,579
<b>OPERATING PROFIT</b>		<b>91,844</b>	<b>68,569</b>
Finance cost (net)	21	-16,036	-11,984
<b>PROFIT BEFORE TAX</b>		<b>75,808</b>	<b>56,585</b>
Income tax expense	22	-18,323	-14,641
<b>PROFIT OF THE YEAR</b>		<b>57,485</b>	<b>41,944</b>
<b>Calculated from shareholder's profit:</b>			
Earnings per share, €	23	1.88	1.39
Diluted earnings per share, €	23	1.87	1.36

**CHANGES IN CONSOLIDATED STATEMENT OF EQUITY, 1,000 €**

	Share capital	Share issue	Share premium	Fair value reserve	Hedging fund	Translation difference	Retained earnings	Total
<b>EQUITY AS AT 1.1.2006</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>
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
Reduction of par value	-12,619						12,619	
<b>Total</b>	<b>274</b>	<b>111</b>	<b>184,229</b>		<b>3,301</b>	<b>2,704</b>	<b>47,494</b>	<b>238,113</b>
<b>EQUITY AS AT 31.12.2006</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>
<b>EQUITY AS AT 1.1.2007</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>
Translation difference						-4,685	-2,134	-6,819
Hedging fund					3,033			3,033
Total income and expense for the year recognised directly in equity					3,033	-4,685	-2,134	-3,786
Profit for the period							57,485	57,485
<b>Total income and expense for the year</b>					<b>3,033</b>	<b>-4,685</b>	<b>55,351</b>	<b>53,699</b>
Dividend distribution							-15,326	-15,326
Exercise of options, registered	327	-143	1,074					1,258
Share-based payment							1,805	1,805
<b>Total</b>	<b>327</b>	<b>-143</b>	<b>1,074</b>		<b>3,033</b>	<b>-4,685</b>	<b>41,830</b>	<b>41,436</b>
<b>EQUITY AS AT 31.12.2007</b>	<b>24,835</b>		<b>186,910</b>	<b>117</b>	<b>6,334</b>	<b>-1,867</b>	<b>117,351</b>	<b>333,680</b>

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

	1.1.–31.12.2007	1.1.–31.12.2006
<b>Cash flows from operating activities</b>		
Operating profit	91,844	68,569
Adjustments for:		
Depreciation	66,474	55,326
Change in working capital <sup>1)</sup>	112	-2,135
Financial expenses	-14,731	-13,128
Financial income	694	1,523
Taxes	-3,170	-4,745
Other non cash corrections	-2,570	-1,530
<b>Net cash flow from operating activities</b>	<b>138,653</b>	<b>103,880</b>
<b>Cash flow from investing activities</b>		
Investments in tangible and intangible assets	-175,493	-109,015
Sale of tangible and intangible assets	9,490	13,416
Acquisition of subsidiaries and business operations, net of cash acquired	-20,638	-655
Disposal of a subsidiary	11,407	
<b>Cash flow used in investing activities</b>	<b>-175,234</b>	<b>-96,254</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of share capital	1,258	787
Increase (+)/decrease (-) in liabilities	34,393	-17,066
Increase (+)/decrease (-) in lease liabilities	-6,590	34,610
Dividends paid	-15,326	-7,513
<b>Net cash flow from financing activities</b>	<b>13,735</b>	<b>10,818</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>-22,846</b>	<b>18,444</b>
Cash and cash equivalents at beginning of the year	41,823	1,850
Translation difference	-488	302
Cash and cash equivalents from acquisition of Cramo Holding B.V.		21,227
<b>Cash and cash equivalents at year end</b>	<b>18,489</b>	<b>41,823</b>
1) Change in working capital		
Increase (-)/decrease (+) in inventories	-1,217	-3,966
Increase (-)/decrease (+) in short-term receivables	-26,551	-14,697
Increase (+)/decrease (-) in short-term non-interest bearing liabilities	27,880	16,528
<b>Total</b>	<b>112</b>	<b>-2,135</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Cramo Plc is a service company specialising in construction machinery and equipment rental and rental-related services, as well as the rental and sale of modular space. Cramo operates in ten countries in the Nordic countries and in Central and Eastern Europe with 268 depots and 2,270 employees.

The address of Cramo Oyj's registered office is Kalliosolantie 2, 01740 Vantaa, Finland. The parent company of the Group is domiciled in Vantaa.

Cramo Oyj has its listing at the OMX Nordic Exchange Helsinki.

These consolidated financial statements have been approved for issue by the Board of Directors on 14 February 2008.

## 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 the reported amounts of assets and liabilities and the 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

The consolidated financial statements include those subsidiaries, 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 the 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 (until 31 March 2007), and Other Europe including Poland, Lithuania, Latvia, Estonia, the Czech Republic and 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 Euros, which is the functional and presentation currency of the parent company.

Foreign currency transactions are translated into 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, while 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 from 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 a separate asset when it is probable that the 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 services	6–10 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 the carrying amount, and are included in the 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 IFRS 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. The fair value of the Cramo brand and co-brand has been determined by applying the relief-from-royalty method. The depot network has been valued based on the benefit gained, compared to the earnings of a depot in normal course of business with the earnings of a start-up depot. The useful life of the 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 an entity can demonstrate the technological and commercial feasibility of a product and the cost can be measured reliably. Other development expenditures are recognised as expenses.

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
- Co-brand	3 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 substantially transferred 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 remeasured 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).

The group had loans in Swedish krona which loans were considered as 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 recognised 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 an interest rate swap 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. The amount of the loss is recognised in the income statement within 'other operating expenses' and against the allowance account for trade receivables.

## 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 the insurance company, and the Group has no further obligations to pay contributions. Under defined contribution plans the payments are accounted as expenses for the period for which the payment is made.

**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 from the carrying amount of the assets, and are credited to the income statement by decreasing the

depreciation of the asset on a straight line basis over the expected lives. 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 modular space, which also include a rental agreement with the third party, and when the modular space has been sold to a finance company on a repurchase commitment, has been considered as a lease agreement, because 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.

When assets are leased out under a finance lease, the lease income is recognised over the term of using the net investment method, which reflects a consistent periodic rate of return.

**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.

**Lessor**

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

**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 STANDARDS EFFECTIVE IN 2007**

IFRS 7, Financial instruments: Disclosures, and the complementary amendment to IAS 1, Presentation of financial statements, introduces new disclosures relating to financial instruments, and does not have any impact on the classification and valuation of the Group's financial instruments.

**2.24 NEW STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE**

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 2008 or later periods, but which the Group has not yet adopted:

- 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 12, Service Concession Arrangements. The interpretation is not applicable in the Group's business.
- IFRIC 13, Customer loyalty programmes. The interpretation is not relevant to the Group's operations.
- IFRIC 14, IAS 19 – The limit on defined benefit assets, minimum funding requirements and their interaction. The interpretation is not relevant to Group's employee benefits.

**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. 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 39.0 percentage of outstanding interest-bearing liabilities including impact of derivatives were at fixed interest rates. The weighted average fixing period for Gross debt was 1.8 years. The limits according to Treasury Policy are 20–50% (fixed to float) and 1–3 years (duration). During the financial period the Group moved towards the lower end of the range in both values.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps within the Treasury Policy. 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.

The following table illustrates the impact of change in interest rates in the profit and loss statement as well as in the balance sheet. The sensitivity analysis is based on Gross debt at closing date and includes interest rate swaps. Reasonable change is assumed to be 1% point.

Impact in thousand euros	EUR	SEK	Other
P&L	-1,143	-738	-453
Equity	2,710	2,396	

The Group has hedged internal funding with currency derivatives. The maturity structure of these derivatives is shown in Note 31. These derivatives are recognised in profit and loss statement. 1% point rise in Euribors would have had a positive impact of € 362 thousand in the Group's profit and loss statement.

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. 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 31 December 2007 the Group had hedged part of its SEK nominated equity with an external currency loan. The foreign exchange difference arising from the loan is recognised in translation differences in equity.

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

Sales in Group companies are carried out 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. Purchases are carried out both in Euros and local currencies. The impact of the currency differences recognised in profit and loss statement arising from purchases is considered insignificant and according to the Treasury Policy these future commitments are not hedged.

The open Euro exposure against other functional currencies arises from accounts payables, leasing liabilities in other than local currency, and open exposure of Group Treasury. The exposure is shown in table below. According to the Treasury Policy the Group aims to have limited risks from the impact of currency fluctuations in the income statement.

**31.12.2007, 1,000 €**

SEK	1,247
LTL	1,154
LVL	1,155
NOK	986
DKK	4,291
Other	5,151

**Total 13,983**

At the closing date the change in value of EUR (appreciation) against other functional currencies of the Group would have had a negative impact of € 699 thousand in the income statement.

**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 risks.

### 3.2 CREDIT RISK

The Group's policy defines the counterparty credit rating requirements and investment principles related to its clients, investment transactions and derivative financial instruments. The Group has no significant credit risk concentrations, because it has a broad clientele which 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 2007.

Ageing structure of trade receivables is demonstrated in the following table.

#### 31.12.2007, 1,000 €

Not due	72,774
Overdue less than month	11,766
Overdue 1-2 months	3,036
Overdue 2-3 months	1,259
Overdue 3-4 months	2,143
Overdue > 4months	3,500

<b>Total</b>	<b>94,478</b>
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Write down of credit loss for the period was € 2,163 thousand (2006, € 1,906 thousand). Receivables do not include significant credit risk concentrations.

### 3.3 REFUNDING AND 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.

The Group uses diverse funding sources and borrowings are primarily long-term. The Group has committed borrowing facilities or other lines of credit that it can access to meet its liquidity needs. At 31.12.2007 some € 55 million of a € 100 million commercial paper program was unexploited. Committed borrowing facilities totalled € 83 million. In addition the Group has committed leasing facilities from financial institutions.

In order to avoid the refinancing risk the Group aims to diversify the maturity structure of its interest-bearing debt and negotiate new committed credit lines well in time. The maturity structure of the Group's loans is demonstrated in Note 13.

## 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 AND BRAND

The Group tests annually whether goodwill or brand has suffered any impairment in accordance with the accounting policy stated in Note 2.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations, which require the use of estimates defined in note 7.

#### 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 an equity settled share-based compensation scheme for its employees. The 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 25 and include, among others, the dividend yield, expected volatility and the expected life of the options. These variables make the estimation of the fair value of stock options difficult.

#### BUSINESS COMBINATIONS

On 30 August 2007, the Group established a joint rental operation in Russia where Cramo holds 75 per cent of the shares with an option to buy the rest of the shares. The cost of the option has been recognised according to the purchase price scheme agreed with ZAO Rentakran and based on management's assessment of the factors defined in the scheme.

## 5. SEGMENT REPORTING

Segment information is presented for the Group's business segments and geographical segments. Segment assets and liabilities are business items that are used in the business operations of segments or that can be reasonably allocated to segments. Unallocated items include tax or financing items and common items 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 carried out at market price.

The Group primarily reports according to the following segments:

- Equipment rental
- Modular space

**BUSINESS SEGMENTS 2007, 1,000 €**

	Equipment Rental						Total Group
	Finland	Sweden	Western Europe	Other Europe	Modular space	Eliminations	
Sales	75,761	214,515	77,462	58,202	76,733		502,673
Inter-segment sales		-227			-6,017	-6,244	-6,244
<b>Total revenue</b>	<b>75,761</b>	<b>214,288</b>	<b>77,462</b>	<b>58,202</b>	<b>70,716</b>	<b>-6,244</b>	<b>496,428</b>
Segment EBITA	14,493	47,952	10,513	17,082	19,358	-576	108,822
Non-allocated							-12,859
<b>EBITA</b>							<b>95,963</b>
Net finance items							-16,036
Profit before taxes							75,808
Income taxes							-18,323
<b>Net profit for the period</b>							<b>57,485</b>
<b>Segment assets</b>							
Intangible assets	18,924	94,700	29,466	40,121	31,392		214,603
Non-allocated							33,123
Tangible and other assets	81,265	200,100	125,053	107,176	134,354	-710	647,238
<b>Total assets</b>	<b>100,189</b>	<b>294,800</b>	<b>154,519</b>	<b>147,297</b>	<b>165,746</b>		<b>894,964</b>
Segment liabilities	42,148	157,442	106,596	67,675	74,844		448,705
Non-allocated							112,216
<b>Total liabilities</b>							<b>560,921</b>
Capital expenditure	16,367	44,055	53,497	38,247	20,371	2,957	175,494
Depreciations	-11,307	-17,955	-11,173	-12,320	-9,042	-558	-62,356
Amortisations	-265	-2,686	-670	-497			-4,119

Western Europe includes the revenue of € 2,954 thousand and the capital gain of € 4.0 million from the divestment of rental operations in the Netherlands.

**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-segment sales	-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 profit for the periods</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

**VALUE OF OUTSTANDING ORDERS FOR THE SALES AND RENTAL OF MODULAR SPACE, 1,000 €**

	2007	2006
Sales	5,309	7,452
Rental	89,250	74,507
<b>Total</b>	<b>94,559</b>	<b>81,959</b>

**GEOGRAPHICAL SEGMENTS 2007, 1,000 €**

	Finland	Sweden	Western Europe	Other Europe	Eliminations	Total Group
Sales	113,416	248,456	85,177	58,278	-8,897	496,428
Assets by segment	151,759	408,976	154,519	147,297	-710	861,841
Non-allocated						33,123
<b>Total assets</b>						<b>894,964</b>
Capital expenditure	17,771	65,726	53,750	38,245		175,494

**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	402,424
Assets by segment	155,192	409,469	110,379	95,858		770,898
Capital expenditure	23,353	39,227	20,306	23,697		106,583

Revenue is allocated to geographical segments 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					Total
	Land	Buildings	Machinery and equipment	Uncompleted purchases	
Acquisition cost 1 Jan 2007	4,194	22,585	433,060		459,839
Additions		2,444	169,967	126	172,537
Acquisition of subsidiaries		122	19,801		19,923
Disposals	-93	-579	-33,902		-34,574
Transfer	-655	655			
Translation differences	2	27	-3,822		-3,793
<b>Acquisition cost 31 Dec 2007</b>	<b>3,448</b>	<b>25,254</b>	<b>585,104</b>	<b>126</b>	<b>613,932</b>
Accumulated depreciation 1 Jan 2007		-7,439	-84,450		-91,889
Disposals		579	26,075		26,654
Depreciation for the period		-1,728	-59,930		-61,658
<b>Book value 31 Dec 2007</b>	<b>3,448</b>	<b>16,666</b>	<b>466,799</b>	<b>126</b>	<b>487,038</b>
Acquisition cost 1 Jan 2006	3,299	18,004	111,050	323	132,676
Additions	284	2,306	107,501		110,091
Acquisition of subsidiaries	760	2,490	225,963		229,213
Disposals	-128	-35	-21,961	-323	-22,447
Translation differences	-21	-180	10,507		10,306
<b>Acquisition cost 31 Dec 2006</b>	<b>4,194</b>	<b>22,585</b>	<b>433,060</b>		<b>459,839</b>
Accumulated depreciation 1 Jan 2006		-6,102	-34,727		-40,829
Depreciation for the period		-1,337	-49,723		-51,060
<b>Book value 31 Dec 2006</b>	<b>4,194</b>	<b>15,146</b>	<b>348,610</b>		<b>367,950</b>

<b>AVAILABLE-FOR-SALE INVESTMENTS, 1,000 €</b>	<b>2007</b>	<b>2006</b>
Acquisition cost 1 Jan	320	306
Additions	12	36
Disposals		-22
<b>Book value 31 Dec</b>	<b>332</b>	<b>320</b>

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

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

Acquisition cost 31 Dec	190,177	185,061
Accumulated depreciation 31 Dec	-53,732	-43,914
<b>Book value 31 Dec</b>	<b>136,445</b>	<b>141,147</b>

Finance lease contracts are included in Machinery and equipment.

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

	Goodwill	Other intangible assets	Total
<b>Acquisition cost 1 Jan 2007</b>	<b>157,026</b>	<b>100,299</b>	<b>257,324</b>
Additions	1,603	2,956	4,559
Acquisition of subsidiaries	3,676	6,024	9,700
Disposals	-3,202	-2,798	-6,000
Translation differences	-2,512	-1,458	-3,970
<b>Acquisition cost 31 Dec 2007</b>	<b>156,591</b>	<b>105,023</b>	<b>261,613</b>
Accumulated depreciation 1 Jan 2007	-4,224	-4,847	-9,071
Amortisations for the period		-4,817	-4,817
<b>Book value 31 Dec 2007</b>	<b>152,367</b>	<b>95,359</b>	<b>247,725</b>
<b>Acquisition cost 1 Jan 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			
Translation differences	2,416	4,127	6,543
<b>Acquisition cost 31 Dec 2006</b>	<b>157,026</b>	<b>100,299</b>	<b>257,324</b>
Accumulated depreciation 1 Jan 2006	-4,224	-582	-4,806
Amortisations for the period		-4,265	-4,265
<b>Book value 31 Dec 2006</b>	<b>152,802</b>	<b>95,452</b>	<b>248,254</b>



## IMPAIRMENT TESTING OF GOODWILL AND OTHER ASSETS WITH INDEFINITE USEFUL LIFE, 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. The Cramo brand has been considered to be a corporate-level asset. For testing purposes the brand has been annually reallocated to CGUs based on sales. The impairment testing has been prepared as at 30 November 2007. The testing for previous financial year was prepared as at 31 December 2006.

The segment-level summary of goodwill and other intangible assets is presented below in thousands of euros:

	Finland	Sweden	Equipment rental		Modular space	Total
			Western Europe	Other Europe		
Goodwill	13,608	62,356	21,153	27,090	30,701	154,908
Customer relationships	614	10,966	2,435	1,351		15,366
Brand	4,487	12,439	5,155	2,917	4,501	29,499
Depot network	3,352	24,500	5,022	5,918		38,792
Other intangible assets	170					
Total intangible assets	22,231	110,261	33,765	37,414	37,349	241,020
Tangible assets	60,600	122,378	88,083	61,715	122,380	455,156
Total assets tested	82,831	232,639	121,848	99,129	159,729	696,176

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 future cash flows are estimated to reflect the gradual saturation 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, %	18.0	20.0	12.0–16.0	23.0–30.0	22.0–27.0
Growth rate, % first year	5.0	5.0	9.9–64.5	0.0–94.4	2.2–3.6
Growth rate, % year two-five period	3.0	3.0	3.0–10.0	3.0–15.0	2.5–3.0
Growth rate, % beyond five-year period	0.0	0.0	0.0	-1.0	0.0
Discount rate, %	11.2	11.3	11.2–11.3	11.0–12.0	9.75–10.5

These assumptions have been used for the analysis of each CGU. Management has made 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 ANALYSIS OF MAIN ASSUMPTIONS

Presented below are the maximum changes in key assumptions in percentage points, one at a time, after which the value in use equals the carrying amount.

	Finland	Sweden	Equipment rental		Modular space
			Western Europe	Other Europe	
EBITA, %, max decrease in percentage points	6.9	9.1	1.5	9.0–12.0	2.0–9.5
Growth rate, %, max decrease in percentage points, five-year period	11.5	14.0	2.5–3.0	9.0–18.0	1.5–13.0
Growth rate, %, max decrease in percentage points, beyond five-year period	19.5	36.0	2.1–2.5	16.0–73.0	1.2–24.0
Discount rate, %, max increase in percentage points	6.7	9.2	1.2–1.4	5.5–12.2	0.7–7.7

**8. INVENTORIES, 1,000 €**

	2007	2006
Materials and supplies	5,154	6,693
Work in progress	7,015	8,273
Finished goods	4,734	821
<b>Total</b>	<b>16,903</b>	<b>15,788</b>

The write-downs of inventories to net realisable value amounted to € 80 (€ 123) thousand.

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

	2007	2006
<b>Non-current receivables</b>		
Finance leases - gross receivables	3,822	
Unearned finance income	-1,543	
<b>Total</b>	<b>2,279</b>	
<b>Current receivables</b>		
Finance leases - gross receivables	217	
Unearned finance income	-123	
<b>Total</b>	<b>94</b>	
<b>Gross receivable from finance leases</b>		
No later than 1 year	217	
Later than 1 year and no later than 5 years	1,019	
Later than 5 years	2,804	
<b>Total</b>	<b>4,039</b>	
<b>Non-current receivables</b>		
Trade receivables	1,211	136
Finance lease receivables	2,279	
Other receivables	464	310
<b>Total</b>	<b>3,954</b>	<b>446</b>

Fair value of non-current trade receivables is € 3,289 thousand.

**Current receivables**

Trade receivables	93,267	74,928
Finance lease receivables	94	
Tax receivables	2,298	2,310
Other receivables	3,142	3,306
Prepaid expenses and accrued income	18,747	13,235
<b>Total</b>	<b>117,548</b>	<b>93,779</b>

The Group has recognised credit losses from receivables for € 2,163 thousand for the period (€ 1,906 thousand in 2006). 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 €**

	2007	2006
Cash in hand and at bank*	18,489	41,823
<b>Total</b>	<b>18,489</b>	<b>41,823</b>

\* Includes € 160.7 thousand escrow account related to the purchase of Säve Sp.zo.o in 2006.

**11. RESERVES**

The Group has two non-cancellable lease contracts which do not produce an economic benefit. The provision amounts to € 363 thousand at the end of the period (€ 348 thousand in 2006) which covers the loss caused by these contracts.

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

	Share capital	Share issue	Share premium	Fair value reserve	Hedge fund	Total
1.1.2006	24,234	32	1,607	117		25,990
Change	274	111	184,229		3,301	187,915
31.12.2006	24,508	143	185,836	117	3,301	213,905
Change	327	-143	1,074		3,033	4,291
<b>31.12.2007</b>	<b>24,835</b>		<b>186,910</b>	<b>117</b>	<b>6,334</b>	<b>218,196</b>

Share capital at 31.12.2007 is distributed as follows:	Number of shares	Percentage of shares	Percentage of votes
Shares	30,660,189	100	100

**Number of shares**

1.1.2007	30,256,368
Subscription of options	403,821
<b>31.12.2007</b>	<b>30,660,189</b>

Equity funds are described below:

**Fair value reserve**

The fair value reserve includes the change in fair values of assets classified as available for sale.

**Hedge fund**

Net investments in Swedish crowns are hedged to reduce the effect of exchange rate fluctuations. The hedging instruments are foreign currency loans and interest swaps.

**Dividends**

After closing date the Board has proposed a dividend of EUR 0.65 (0.50) per share.

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

Non-current interest-bearing liabilities	2007		2006	
	Book value	Fair value	Book value	Fair value
Syndicated bank loan	173,753	173,753	192,034	192,034
Other bank loans	2,721	2,721		
Repurchase liabilities	4,116	4,090	7,535	7,499
Rent advances	2,422	2,404	5,922	5,893
Finance lease liabilities	91,075	91,075	101,477	101,477
Total	274,087	274,043	306,968	306,903
<b>Current interest-bearing liabilities</b>				
Syndicated bank loan	31,978		14,595	
Other bank loans	2,608			
Repurchase liabilities	3,277		1,142	
Rent advances	1,768		2,727	
Finance lease liabilities	24,471		22,035	
Commercial papers	45,285			
Total	109,387		40,499	
<b>Total interest-bearing liabilities</b>	<b>383,474</b>		<b>347,467</b>	

Book values of current liabilities approximate their fair values. All bank loans are at floating rate and thus their fair values do not differ materially from their carrying amounts. Repurchase and rent advance liabilities are at fixed rate and their fair values are calculated by discounting contract amounts with the market rate.

Other bank loans consist of overdraft limits and other loans acquired through acquisitions.

The main covenants of the syndicated loan facility are the gross debt to EBITDA ratio, the interest coverage ratio and the equity ratio. In addition, there are other general terms related to the loan. Gross debt to EBITDA determines the interest rate of the syndicated loan quarterly within a fluctuation range of 0.5% p.a. The maximum values of the financial covenants will change during the loan period. The maximum and actual values of the financial covenants as at 31.12.2007 are presented below:

	Values of covenants 31.12.2007	Actual 31.12.2007
Gross debt to EBITDA, maximum	3.75:1	2.55:1
Interest Coverage Ratio, minimum	5.00:1	9.87:1
Equity Ratio, %, minimum	30.0	37.3

#### INTEREST BEARING LIABILITIES MATURE AS FOLLOWS, 1,000 €

	2008	2009	2010	2011	2012	2012+	Total
Bank loans	34,586	12,978	12,876	12,674	12,737	125,209	211,060
Repurchase liabilities	3,277	1,742	1,334	802	0	238	7,393
Rent advances	1,768	1,258	759	183	61	161	4,190
Finance lease liabilities	24,471	24,955	20,509	16,527	13,442	15,642	115,546
Commercial papers	45,285						45,285
<b>Total</b>	<b>109,387</b>	<b>40,933</b>	<b>35,478</b>	<b>30,186</b>	<b>26,240</b>	<b>141,250</b>	<b>383,474</b>

#### SYNDICATED LOAN BY CURRENCY AND MATURITY, 1,000€

	2008	2009	2010	2011	2012	2012+	Total
EUR	22,479	4,000	4,000	4,000	4,000	75,027	113,506
SEK	9,499	8,382	8,382	8,382	8,382	49,198	92,225
<b>Total</b>	<b>31,978</b>	<b>12,382</b>	<b>12,382</b>	<b>12,382</b>	<b>12,382</b>	<b>124,225</b>	<b>205,731</b>

#### FINANCE LEASE LIABILITIES, 1,000 €

	2007	2006
Payable < 1 year from balance sheet date	30,555	22,328
Payable 1–5 years from balance sheet date	87,768	86,204
Payable > 5 years from balance sheet date	16,850	24,275
<b>Total</b>	<b>135,173</b>	<b>132,806</b>
Future interest payments	19,627	9,294
Present value of minimum future finance lease payments	115,546	123,512

#### FINANCE LEASE LIABILITIES BY CURRENCY, 1,000 €

SEK	66,929
NOK	16,254
DKK	8,808
LTL	7,755
Others	15,800
<b>Total</b>	<b>115,546</b>

#### WEIGHTED AVERAGE MATURITY AND INTEREST RATES 31.12.2007

	Maturity (years)	Interest %
Bank loans	3.6	5.24
Bank loans including interest rate swaps	3.6	4.47
Finance leases	3.0	5.84
Repurchase liabilities	1.6	3.99
Rent advances	2.6	3.77
Commercial papers	0.1	4.74

<b>14. DEFERRED TAXES, 1,000 €</b>	<b>2007</b>	<b>2006</b>
<b>Deferred tax assets</b>		
Losses for the previous years	2,927	3,379
Appropriation	670	33
Financial leases	7,594	7,378
Fair value of hedging fund	798	
Elimination of internal profit	799	533
Other temporary differences	1,191	722
<b>Total</b>	<b>13,979</b>	<b>12,045</b>
<b>Deferred tax liabilities</b>		
Appropriation	36,512	26,638
Financial leases	8,636	7,075
Fair value of hedging fund	2,226	1,160
Valuation of assets to fair value in business combinations	24,478	25,885
Other temporary differences	1,353	693
<b>Total</b>	<b>73,205</b>	<b>61,451</b>
<b>Deferred tax liabilities net</b>	<b>59,226</b>	<b>49,406</b>
<b>Reflected in the balance sheet as follows</b>		
Deferred tax asset	2,974	2,423
Deferred tax liabilities	62,200	51,829
<b>Deferred tax liabilities net</b>	<b>59,226</b>	<b>49,406</b>
<b>Change in deferred tax liabilities and assets recognised in the balance sheet</b>		
Deferred tax liabilities net as at 1.1.	49,406	3,286
Acquired and disposed subsidiaries	2,107	34,607
Items recognised in the income statement	7,213	9,897
Items recognised in equity	1,066	1,160
Exchange rate differences	-566	456
<b>Deferred tax liabilities net as at 31.12.</b>	<b>59,226</b>	<b>49,406</b>

<b>15. TRADE AND OTHER LIABILITIES, 1,000 €</b>	<b>2007</b>	<b>2006</b>
<b>Trade payables</b>	<b>49,514</b>	<b>34,561</b>
Advances received	8,357	6,694
Accrued liabilities and deferred income	35,082	32,317
Other current liabilities	12,809	2,702
<b>Other liabilities total</b>	<b>56,248</b>	<b>41,713</b>
<b>Total</b>	<b>105,762</b>	<b>76,274</b>

Material items included in accrued liabilities and deferred income consist of personnel expenses and periodised interest expenses of liabilities.

<b>16. OPERATIONAL LEASE PAYMENTS, 1,000 €</b>	<b>2007</b>	<b>2006</b>
Payable < 1 year from balance sheet date	17,735	10,469
Payable 1-5 years from balance sheet date	35,613	18,441
Payable > 5 years from balance sheet date	840	1,396
<b>Total</b>	<b>54,188</b>	<b>30,306</b>

The operational lease agreements consist mostly of the equipment rental fleet. The terms of agreements do not include any extraordinary clauses.

Operational lease liabilities have floating rate and are mainly based on Euribor, Stibor, Nibor and Cibor varying between 1 and 3 months. The maximum maturity of operational lease payments is six years.

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

	2007	2006
Rental of premises and other revenues	1,700	1,703
Profit of sold tangible assets and available-for-sale investments	1,986	1,804
Capital gain of disposals	4,111	
<b>Total</b>	<b>7,798</b>	<b>3,507</b>

Capital gain relates to the sale of operations in the Netherlands.

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

	2007	2006
Purchases	41,060	30,029
External services	65,336	44,226
<b>Total</b>	<b>106,396</b>	<b>74,256</b>

Change in inventories of work in progress	966	-184
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<b>Total</b>	<b>966</b>	<b>-184</b>
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**19. PERSONNEL EXPENSES, 1,000 €**

	2007	2006
Salaries and fees of Board members	206	257
Wages	77,138	62,846
Pensions	8,724	8,306
Other statutory employee costs	15,540	12,364
<b>Total</b>	<b>101,608</b>	<b>83,773</b>

Salaries and fees of key management (note 26)

Average number of personnel	2,270	1,828
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**20. OTHER OPERATING EXPENSES, 1,000 €**

	2007	2006
Premises and equipment rentals	14,915	13,504
Marketing	12,689	7,359
Maintenance and accessories	66,396	60,800
Other expenses for premises	8,436	7,321
Operational leases	16,361	8,001
Temporary staff	6,402	5,310
Other personnel related expenses	9,092	6,997
Other expenses	19,958	22,287
<b>Total</b>	<b>154,248</b>	<b>131,579</b>

**21. NET FINANCIAL ITEMS, 1,000 €**

	2007	2006
Interest income from bank deposit and receivables	694	1,523
Other finance income	593	110
Exchange rate difference	-501	118
Change in fair value of financial instruments	-186	113
Interest expenses		
Borrowings	-10,414	-9,409
Finance leases	-5,903	-3,800
Other finance expenses	-319	-639
<b>Total</b>	<b>-16,036</b>	<b>-11,984</b>

<b>22. INCOME TAX EXPENSE, 1,000 €</b>	<b>2007</b>	<b>2006</b>
Current tax	-10,153	-4,746
Tax from previous financial periods	-957	2
Deferred tax change	-7,213	-9,897
<b>Taxes, total</b>	<b>-18,323</b>	<b>-14,641</b>
<b>Tax expense reconciliation</b>		
Profit before tax	75,808	56,585
Tax calculated with domestic corporate tax rate	19,710	14,712
Foreign subsidiaries divergent tax rate +/-	-1,453	234
Change in tax rates	-25	
Non-taxable income	-1,048	
Non-deductible expenses	435	235
Share based payments	469	13
Deductible goodwill	-598	-73
Unrecognised tax losses	-124	
Tax from the previous financial periods	957	-2
<b>Taxes in income statement</b>	<b>18,323</b>	<b>14,641</b>
<b>Group's effective tax rate, %</b>	<b>24.2</b>	<b>25.9</b>

The tax rate in Denmark was 28% in 2006 and 25% in 2007.

<b>23. EARNINGS PER SHARE</b>	<b>2007</b>	<b>2006</b>
Net profit attributable to parent company's shareholders, 1,000 €	57,485	41,944
Earnings per share, €	1.88	1.39
Diluted earnings per share, €	1.87	1.36
Weighted average number of shares	30,586,040	30,121,137
Number of shares, unadjusted	30,660,189	30,332,793
Share options	155,371	478,602
Number of shares, adjusted for the effect of dilution	30,815,560	30,811,395

When calculating earnings per share adjusted for the effect of dilution, the dilution effect of all potential shares is taken into account in the weighted average number of shares.

<b>24. DIVIDENDS PAID, 1,000 €</b>	<b>2007</b>	<b>2006</b>
Dividends paid	15,326	7,513

Dividends paid were € 0.25 per share in 2006 and € 0.50 per share in 2007.

After the balance sheet date the Board has proposed a dividend of € 0.65 per share for an estimated total of € 19.9 million.

## 25. SHARE BASED PAYMENTS

Cramo had two option schemes in operation during the period. The schemes were approved by Cramo Annual General Shareholders' Meetings in 2002 and 2006. The Annual General Meeting of Shareholders has authorized Cramo Board of directors to grant up to 3.67 million options to the Group key employees entitling the holders to subscribe for a total of 3.67 million Cramo shares. The stock options have a term up to 6 years from the grant date. After expiration of a 2 to 4 year vesting period, the options may be freely transferred or exercised. The options are forfeited if the employee leaves the Group before the options vest.

Key characteristics and terms of Cramo option schemes are listed in the table below.

OPTIONS Basic information	OPTION PLAN 2002		OPTION PLAN 2006		
	2002A	2002B	2006A	2006B	2006C
Annual General Shareholders' Meeting date	4.4.2002	4.4.2002	20.11.2006	20.11.2006	20.11.2006
Grant date			21.12.2006 27.2.2007	14.11.2007	
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	26.47	*
Dividend adjustment	Yes	Yes	Yes	Yes	Yes
Exercise price Dec. 31, 2005, € *	3.72	3.72	--	--	--
Exercise price Dec. 31, 2006, € *	3.47	3.47	14.51	--	--
Exercise price Dec. 31, 2007, € *	expired	expired	14.01	26.47	*
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, 2007, years	expired	expired	3.1	4.1	5.1
Number of persons Dec. 31, 2007	--	--	40	76	not granted

\* Subscription price is the weighted average price of Cramo share in October 2006 (2006A) and in October 2007 (2006B) and in October 2008 (2006C). The dividend to be distributed annually will be deducted from the share subscription price of the stock options.

OPTIONS Changes in 2007	OPTION PLAN 2002		OPTION PLAN 2006			Yhteensä
	2002A	2002B	2006A	2006B	2006C	
<b>Number of options 1.1.2007</b>						
Granted	339,500	346,500	786,000			1,472,000
Returned	4,500	11,500				16,000
Forfeited						
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
<b>Non-distributed</b>						
Granted			27,000	904,000	-	931,000
Returned						
Forfeited						
Exercised	146,454	216,142				362,596
Weighted average price of share during the exercise period, € *	22.00	22.00	-	-	-	-
Expired		12				12
<b>Number of options 31.12.2007</b>						
Granted	339,500	346,500	813,000	904,000		2,403,000
Returned	4,500	11,500				16,000
Forfeited						
Exercised	335,000	334,988				669,988
Outstanding			813,000	904,000		1,717,000
Non-distributed			187,000	96,000	1,000,000	1,283,000
The number of unvested options 31.12. 2007			813,000	904,000		1,717,000

\* The weighted average price of Cramo share from January to March 2007.



OPTIONS Changes in 2006	OPTION PLAN 2002		OPTION PLAN 2006			Yhteensä
	2002A	2002B	2006A	2006B	2006C	
<b>Number of options 1.1.2006</b>						
Granted	325,000	325,000				650,000
Returned	4,500	11,500				16,000
Forfeited						
Exercised	33,800					33,800
Outstanding	286,700	313,500				600,200
Non-distributed	14,500	21,500				36,000
Non-distributed						
Granted	14,500	21,500	786,000			822,000
Returned						
Forfeited						
Exercised	154,746	118,846				273,592
Weighted average price of share during the exercise period, € *	13.44	13.44	-	-	-	-
Expired						
<b>Number of options 31.12.2006</b>						
Granted	339,500	346,500	786,000			1,472,000
Returned	4,500	11,500				16,000
Forfeited						
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 31.12. 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 grant date and the fair value is recognised to personnel expenses during the vesting period. Grant date is the date of the decision of the Board of directors to grant stock options. According to IFRS-standards those options, which have been granted before 11 November 2002, have not been recognised as expenses. The fair value of stock options has been determined by using the Black-Scholes valuation model. The most significant inputs used to estimate the fair value are presented in the table below. The total fair value of options granted during the year was € 4.2 million. The effect of all employee stock options on the Company's earnings in 2007 was € 1.8 million of which 2006A options accounted for € 1.6 million and 2006B options accounted for € 0.2 million.

#### MOST SIGNIFICANT INPUTS IN BLACK-SCHOLES MODEL

	Granted in 2006	Granted in 2007	
	2006A	2006A	2006B
Number of granted options	786,000	27,000	904,000
Average price of share at grant date, €	17.64	22.16	22.34
Subscription price, €	14.51	14.51	26.47
Interest rate, %	3.9	3.9	4.1
Maturity, years	4.1	3.9	4.2
Volatility *, %	22.4	23.9	26.2
Probability of returned options, %	10.0	10.0	8.0
Expected dividends **	0	0	0
Fair value totally, €	4,301,749	246,281	3,954,612

\* Volatility has been estimated on the basis of historical data during the 5 year period prior to the grant date excluding a period of abnormal volatility June to August 2007

\*\* 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.

#### CHANGES DURING THE PERIOD AND THE WEIGHTED AVERAGE EXERCISE PRICES, 2007

	Number of options	Exercise price, € *
Granted 1.1.	1,472,000	9.37
Outstanding 1.1.	1,148,608	11.02
Granted during the period	931,000	26.11
Returned during the period	0	-
Exercised during the period	362,596	3.47
Expired during the period	12	3.47
Granted 31.12	2,403,000	14.70
Outstanding 31.12	1,717,000	20.57

\* Exercise price in the beginning of the period is the status on 31.12.2006. Dividend adjustment has been taken into account during the period for stock options 2006 and exercise price is based on the status on 31.12.2007. For stock options 2002 the exercise price is based on the status on 31.12. 2006 because the options expired before the dividend adjustment.

## 26. RELATED PARTY TRANSACTIONS

The Group has following interests in its subsidiaries:

Subsidiaries	Domicile	Parent Company	% of shares	
			Parent Company	Group
AS Cramo Estonia	Tallinn	Estonia	100	
Cramo A/S	Glostrup	Denmark	100	
Cramo AS	Oslo	Norway	100	
Cramo Finland Oy	Vantaa	Finland	100	
Cramo Holding BV	Amsterdam	Netherlands	100	
Cramo Instant AB	Sollentuna	Sweden	100	
Cramo Instant Oy	Ylöjärvi	Finland	100	
Cramo JV Oy	Vantaa	Finland	75	
Cramo New Holding AB	Sollentuna	Sweden	100	
Cramo SIA	Riga	Latvia	100	
Cramo Sverige AB	Sollentuna	Sweden	100	
Cramo UAB	Vilnius	Lithuania	100	
Kiinteistö Oy RK-Kehä	Vantaa	Finland	100	
Kiinteistö Oy Vantaan Viinikankaari 9	Vantaa	Finland	100	
Suomen Tähtivuokraus Oy	Vantaa	Finland	100	
Aukstumines Sistemos UAB	Vilnius	Lithuania		100
Cramo AB	Sollentuna	Sweden		100
Cramo Dutch Holding BV	Rotterdam	Netherlands		100
Cramo Entreprenadmaskiner AB	Sollentuna	Sweden		100
Cramo Instant AS	Drammen	Norway		100
Cramo Master Oy	Leppävirta	Finland		100
Cramo Podesty Sp.zo.o.	Cracow	Poland		100
Cramo Sp.zo.o.	Warsaw	Poland		100
Cramo Trade AB	Sollentuna	Sweden		100
Cramo ZAO	St. Petersburg	Russia		100
Cramo Rentakran ZAO	Moscow	Russia		100
Fastigheten Tändstiftet HB	Sollentuna	Sweden		100
Hamar Lifttulleie AS	Hamar	Norway		100
Hyrcenter i Skövde AB	Sollentuna	Sweden		100
Kumla Lift AB	Sollentuna	Sweden		100
Lokalnu i Sverige AB	Stockholm	Sweden		100
Maropol Cz s.r.o.	Lesetinska	Czech Republic		100
Maropol Sp.zo.o.	Radzionkow	Poland		100
Mupol Förvaltnings AB	Stockholm	Sweden		100
Parmaco Oy	Pyhäjoki	Finland		100

### Merged and liquidated subsidiaries

Addum Intressenter AB	Sollentuna	Sweden
Addum Industri AB	Sollentuna	Sweden
Byggmaskiner i Andestorp AB	Gislaved	Sweden
Byggmaskiner i Hudiksvall AB	Hudiksvall	Sweden
Liftcenter i Malmö AB	Sollentuna	Sweden
Lappri AB	Västerås	Sweden
Kjell Åkesson Entreprenad AB	Sollentuna	Sweden
Cramo Truck AB	Sollentuna	Sweden
Cramo Funktion AB	Sollentuna	Sweden
Eklind Invest i Kumla AB	Kumla	Sweden
Hyr-City i Skåne AB	Malmö	Sweden
Hyrpunkten i Helsingborg AB	Helsingborg	Sweden
Pilängens Maskinuthyrning AB	Kumla	Sweden
Rolf Nilander AB	Stockholm	Sweden
Rosenlund & Co i Helsingborg AB	Helsingborg	Sweden
Kramo Citarent Uthyrnings AB	Sollentuna	Sweden
Kiinteistö Oy Vikkiniitty	Lempäälä	Finland
Suomen Ykköstitilat Oy	Kouvola	Finland
Unicast AB	Sollentuna	Sweden

Real estate rent to the amount of € 266 (260) thousands has been paid to Kiinteistö Oy Hosionrinne, whose joint-owner is Tatu Hauhio, Senior Vice President of Equipment Rental Finland.

## EXECUTIVE REMUNERATION, 1,000 €

	2007	2006
<b>Salaries and other short-term benefits</b>		
Vesa Koivula, CEO	371	354
<b>Board Members</b>		
Stig Gustavson	48	37
Eino Halonen	34	34
Gunnar Glifberg	29	28
Hannu Krogerus	31	31
Esko Mäkelä	31	
Juhani Nurminen	31	28
Pekka Heusala	3	64
Phil van Haarlem	1	35
<b>Board total</b>	<b>206</b>	<b>257</b>
Salaries and fees for the Group management	1,589	1,431
Post-employment benefits	74	73

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

**Loans to related parties**

The company has not granted any loans to related parties.

**27. 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.

**28. COLLATERAL AND CONTINGENT LIABILITIES, 1,000 €**

	2007	2006
<b>COLLATERAL GIVEN ON OWN BEHALF</b>		
<b>Debts, secured by collateral</b>		
Loans from credit institutions	205,731	206,905
<b>Collateral given</b>		
Mortgages on real estates	5,663	5,663
Mortgages on company assets	83,317	77,487
Pledges	80,156	107,212
<b>Commitments, secured by collateral</b>		
Repurchase commitments	9,019	9,171
Construction and warranty guarantees	522	624

**29. DERIVATIVE FINANCIAL INSTRUMENTS, 1,000 €**

	2007		2006	
	Nominal value	Fair value	Nominal value	Fair value
<b>Interest rate derivatives</b>				
Interest rate swaps	138,395	5,492	152,803	4,461
Forward exchange agreements	87,151	-194	19,911	113

**MATURITY OF INTEREST DERIVATIVE INSTRUMENTS**

	2008	2009	2010	2011	2012	2012+	Total
EUR						51,000	51,000
SEK		291,713		291,713		241,713	825,140
in EUR		30,897		30,897		25,601	87,395
<b>Total, EUR</b>		<b>30,897</b>		<b>30,897</b>		<b>76,601</b>	<b>138,395</b>

The hedge accounting has been applied to interest rate derivatives and the fair value of interest derivative instruments have been recognised in equity net of tax.

**MATURITY OF FORWARD EXCHANGE AGREEMENTS**

	2008	2009	2010	2011	2012	2012+	Total
	65,766	11,037	10,348				87,151

The hedge accounting has not been applied to forward exchange contracts and the fair value of derivative financial instruments has been recognised in the income statement.

### 30. BUSINESS COMBINATIONS

During the financial year the Group has concluded ten acquisitions which provide equipment rental services.

On 30 August 2007, the Group and ZAO Rentakran established a joint rental operation in Russia. Cramo holds 75 per cent and ZAO Rentakran 25 per cent of the shares in the new company, ZAO Cramo Rentakran. According to the agreement Cramo has an option to buy ZAO Rentakran's share in ZAO Cramo Rentakran at the earliest 1 May 2011. The cost of the option has been recognised in the financial statements according to the purchase price scheme agreed with ZAO Rentakran and based on management's assessment of the factors of the scheme.

Based on the option terms ZAO Cramo Rentakran has been consolidated as a 100 per cent subsidiary since 1 December 2007. The contributed amount of revenues and net profit of start up operation was immaterial due to the short time of period during the financial year.

#### Purchase consideration, ZAO Cramo Rentakran, 1,000 €

Fair value of earn out option	6,949	
Total purchase consideration	6,949	
Fair value of net assets acquired	6,219	
Goodwill	730	

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

1,000 €	Fair value	Book value
<b>Non-current assets</b>		
Customer relationships	2,959	
Brand	388	
Depot network	750	
Non-competition agreement	552	
Property, plant and equipment	2,500	2,500
<b>Financial assets</b>		
Deferred tax assets		
<b>Current assets</b>		
Inventories		
Trade and other receivables		
Cash and cash equivalent		
<b>Assets total</b>	<b>7,149</b>	<b>2,500</b>
<b>Non-current liabilities</b>		
Borrowings	930	
Deferred tax liabilities		
<b>Current liabilities</b>		
Trade and other payables		
<b>Liabilities total</b>	<b>930</b>	
<b>Net assets as at 1 December 2007</b>	<b>6,219</b>	<b>2,500</b>

Other nine acquisitions have been considered individually minor and are presented as a summary. The acquired nine businesses contributed revenues of € 7,560 thousand and net profit of € 903 thousand during the period. If the acquisitions had occurred on 1 January 2007, the Group revenue would have been € 500,549 thousand, and net profit would have been € 58,388 thousand. The amounts have been calculated using the Group's accounting policies and by adjusting the results of subsidiaries and operations to reflect the depreciations and amortisations that would have been charged assuming the fair value adjustments had applied from 1 January 2007 including the consequential tax effect.

### 31. EVENTS AFTER BALANCE SHEET DATE

On 10 January 2008, Cramo announced an agreement between its Swedish subsidiary Cramo Sverige AB and Skanska Sverige AB making Cramo Skanska's preferred supplier of lifting equipment. At this stage, the agreement applies to Sweden, but it may be extended to cover Skanska's other Nordic companies. The contracting parties estimated the annual volume of the agreement to be in the region of € 6.5 million.

Magnus Rosén, Senior Vice President for the Scandinavian operations, announced his resignation on 14 January 2008.

### 32. 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.

#### Purchase consideration, other purchases, 1,000 €

Cash considerations	18,644
Direct costs relating to the acquisition	82
Adjustment of purchase considerations	-45
Aggregate purchase considerations	18,681
Fair value of net assets acquired	14,372
Goodwill	4,309

Goodwill of other nine acquisitions is attributable to the strengthening of local market position, geographical coverage, skilled workforce and synergy benefits expected to arise as a result of the acquisition.

1,000 €	Fair value	Book value
<b>Non-current assets</b>		
Customer relationships	1,013	
Depot network	420	
Non-competition agreement	890	
Property, plant and equipment	19,923	19,010
Financial assets	14	14
Deferred tax assets	71	
<b>Current assets</b>		
Inventories	207	207
Trade and other receivables	2,095	2,095
Cash and cash equivalent	600	600
<b>Assets total</b>	<b>25,233</b>	<b>21,926</b>
<b>Non-current liabilities</b>		
Borrowings	5,314	5,314
Deferred tax liabilities	2,952	2,004
<b>Current liabilities</b>		
Trade and other payables	2,595	2,595
<b>Liabilities total</b>	<b>10,861</b>	<b>9,913</b>
<b>Net assets acquired</b>	<b>14,372</b>	<b>12,013</b>
Purchase consideration settled in cash	18,681	
Cash and cash equivalents in subsidiary acquired	-600	
Cash flow on acquisition	18,081	

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

On 15 November 2007, Fidelity International Limited announced that on 14 November 2007 Fidelity International Limited and its direct and indirect subsidiaries have crossed below the 5% threshold. The exact proportion of voting rights and share capital of Cramo Plc is 1,520,760 shares and 4.96 percent of the shares and voting rights in total.

On 20 August 2007, Fidelity International Limited announced that on 16 August 2007 Fidelity International Limited and its direct and indirect subsidiaries have crossed above the 5% threshold. The exact proportion of voting rights and share capital of Cramo Plc is 1,587,777 shares and 5.18 percent of the shares and voting rights in total.

On 11 July 2007, Suomi Mutual Life Assurance Company announced that its holding had lowered to less than one tenth (1/10) of Cramo Plc's share capital and votes with the new holding totalling 3,027,658 shares, or 9.87 per cent of the shares and votes.

On 17 April 2007, Suomi Mutual Life Assurance Company announced that its holding had lowered to less than three twentieth (3/20) of Cramo Plc's share capital and votes with the new holding totalling 4,590,440 shares, or 14.98 per cent of the shares and votes.

### 34. 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."

#### Contractual penalty

Violation against the clause regulating the use of voting rights leads to the penalty payment of € 15,000,000.

### 35. CALCULATION OF THE KEY FIGURES AND RATIOS

#### KEY FIGURES ON FINANCIAL PERFORMANCE:

##### Return on equity, %

$$= \frac{100 \times (\text{profit for the period})}{\text{Shareholders' equity} + \text{minority interest}}$$

(mean calculated by the values of the balance sheet of the financial year and the previous financial year)

##### Return on investment, %

$$= \frac{100 \times (\text{profit before taxes} + \text{interest expenses and other financial expenses})}{\text{Balance sheet total} - \text{non-interest bearing liabilities}}$$

(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, %

$$= \frac{100 \times \text{dividend per share}}{\text{Issue-adjusted closing price for a B Share at the end of the Financial year}}$$

##### Price / earnings ratio (P/E)

$$= \frac{\text{Issue-adjusted closing price for a B Share at the end of the Financial year}}{\text{Earnings per share}}$$

##### 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

## 36. SHARES AND SHAREHOLDERS

2007

2006

	No	1,000 €	No	1,000 €
Shares	30,660,189	24,835	30,256,368	24,508

Each share entitles the holder to one vote.

## SHAREHOLDERS

The Group had 7,008 shareholders in the share register on 31 December 2007.

Major shareholders 31 Dec 2007	Number of shares	%	Number of voting rights	%
Nordea Pankki Suomi Oy, administrative registration	7,639,080	24.92	7,639,080	24.92
Skandinaviska Enskilda Banken, administrative registration	4,055,419	13.23	4,055,419	13.23
Suomi Mutual Life Assurance Company	2,510,176	8.19	2,510,176	8.19
Rakennusmestarien Säätiö	1,705,620	5.56	1,705,620	5.56
Ilmarinen Mutual Pension Insurance Company	1,192,652	3.89	1,192,652	3.89
Handelsbanken AB	1,173,573	3.83	1,173,573	3.83
Varma Mutual Pension Insurance Company	821,000	2.68	821,000	2.68
Odin Finland	473,100	1.54	473,100	1.54
Rakennusmestarit ja -insinöörit AMK Ry	300,938	0.98	300,938	0.98
Nordea Pankki Suomi Oyj	280,800	0.92	280,800	0.92
Thominvest Oy	250,340	0.82	250,340	0.82
Kuntien Eläkevakuutus	225,135	0.73	225,135	0.73
Laakkonen Mikko Kalervo	198,000	0.64	198,000	0.64
Nordea Nordic Small Cap Mutual Fund	197,000	0.64	197,000	0.64
Fondita Nordic Small Cap Placfond	175,000	0.57	175,000	0.57
OP-Suomi Pienyhtiöt	171,713	0.56	171,713	0.56
Helsingin Rakennusmestarit ja -insinöörit AMK Ry	156,873	0.51	156,873	0.51
Etera Mutual Pension Insurance Company	153,839	0.50	153,839	0.50
Mutual Insurance Company Eläke-Fennia	150,000	0.49	150,000	0.49
Insurance Company Pohjola Ltd	145,000	0.47	145,000	0.47
Lindström Kim	125,970	0.41	125,970	0.41
ESR EQ Pikkujättiläiset	125,000	0.41	125,000	0.41
Asikainen Visa	124,855	0.41	124,855	0.41
Nordea Life Assurance Company Finland Ltd	109,487	0.36	109,487	0.36
Other transferred to book-entry securities system	8,189,239	26.72	8,189,239	26.72
Total according to shareholder's register	30,649,809	99.97	30,649,809	99.97
In administrative registration	12,952,440	42.25		
Transferred to book-entry securities system total	30,639,429	99.97	30,639,429	99.97
Not transferred to book-entry securities system total	10,380	0.03	10,380	0.03
<b>Total</b>	<b>30,660,189</b>	<b>100.00</b>	<b>30,660,189</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 shareholders
1-100	1,715	24.5	118,304	0.4
101-500	2,915	41.6	854,512	2.8
501-1,000	1,074	15.3	863,849	2.8
1,001-5,000	1,035	14.8	2,317,399	7.6
5,001-10,000	126	1.8	906,451	3.0
10,001-50,000	105	1.5	2,049,375	6.7
more than 50,000	38	0.5	23,539,919	76.8
Transferred to book-entry securities system total	7,008	100.00	30,649,809	99.97
Not transferred to book-entry securities system total			10,380	0.03
<b>Total</b>			<b>30,660,189</b>	<b>100.00</b>

## DISTRIBUTION OF SHAREHOLDING BY SECTOR

Shareholding by sector	Number of shareholders	Percentage of all shareholders	Number of shares	Percentage of all shares	Number of votes	Percentage of all votes
Private companies	589	8.4	1,816,006	5.9	1,816,006	5.9
Public companies	1	0.0	21,682	0.1	21,682	0.1
Financial institutions, insurance companies	56	0.8	17,165,307	56.0	17,165,307	56.0
Public corporations	20	0.3	2,721,118	8.9	2,721,118	8.9
Non-profit organisations	167	2.4	2,916,266	9.5	2,916,266	9.5
Households	6,135	87.5	5,413,799	17.7	5,413,799	17.7
Foreign shareholders	40	0.6	595,631	1.9	595,631	1.9
Transferred to book-entry securities system total	7,008	100.0	30,649,809	99.97	30,649,809	99.97
Not transferred to book-entry securities system total			10,380	0.03	10,380	0.03
<b>Total</b>			<b>30,660,189</b>	<b>100.00</b>	<b>30,660,189</b>	<b>100.00</b>

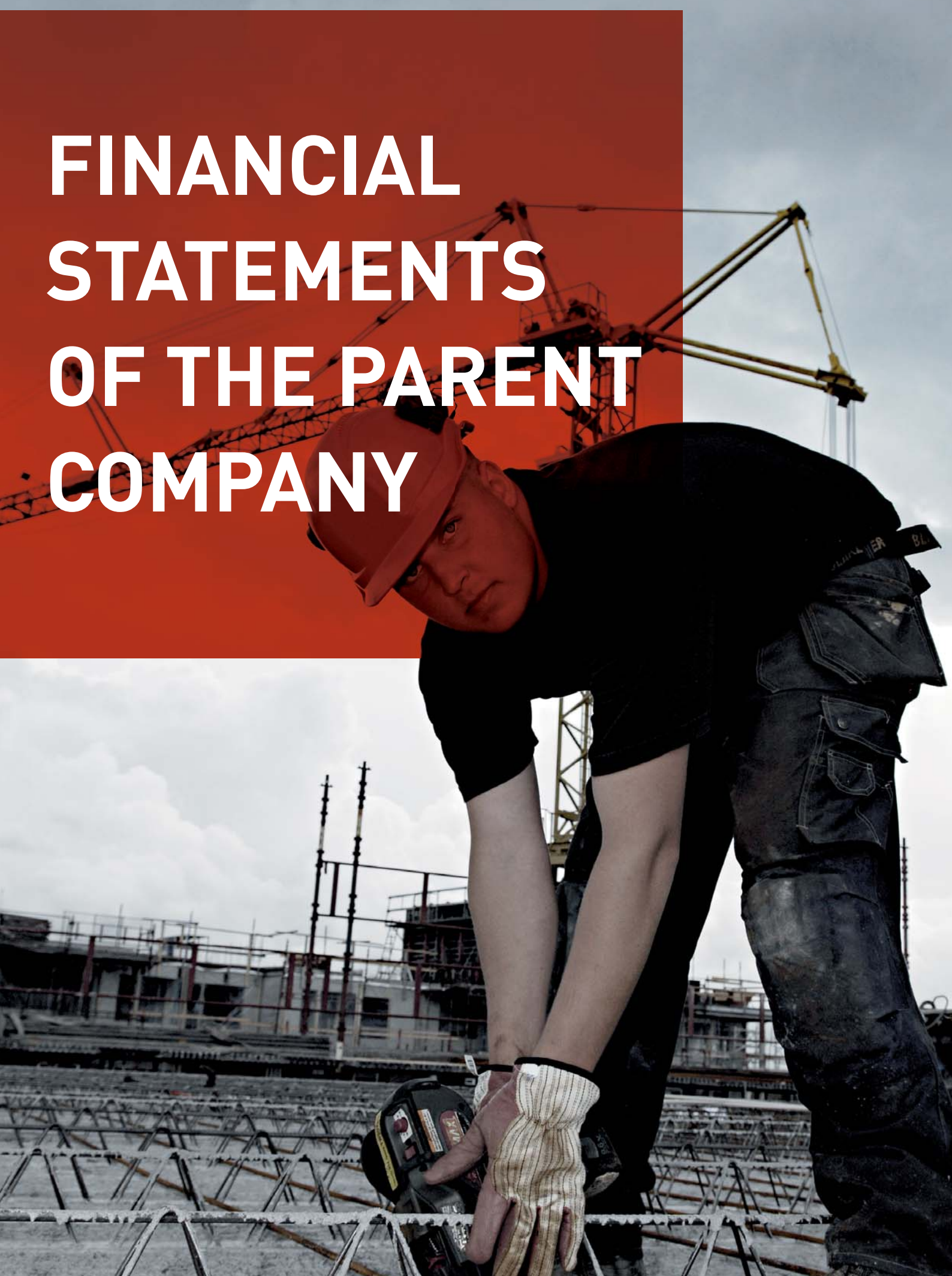
## Shareholding of Board members and CEO of the Group

On 31 December 2007, the Board members, the President and CEO, and his deputy held, either directly or through companies in which they exercise control, a total of 111,549 Cramo Plc shares, representing 0.36 per cent of the company's shares and votes, and a total of 293,000 stock options.

## 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.-31.12.2007

1.1.-31.12.2006

	Note	€	€
Sales	2	14,809,370.54	50,773,636.36
Other operating income	3	519,723.70	5,429,425.31
Materials and services	4	-1,334,841.57	-4,091,973.86
Personnel expenses	5	-6,579,001.43	-16,056,130.56
Depreciation and amortisation	6	-2,525,477.02	-6,980,461.52
Other operating expenses	8	-9,224,368.00	-20,040,885.76
<b>Total</b>		<b>-19,663,688.02</b>	<b>-47,169,451.70</b>
<b>Operating profit</b>		<b>-4,334,593.78</b>	<b>9,033,609.97</b>
Net financial items	9	29,501,083.16	-777,801.10
<b>Profit before extraordinary items</b>		<b>25,166,489.38</b>	<b>8,255,808.87</b>
Extraordinary income and expenses	10	11,722,760.00	4,494,000.00
<b>Profit after extraordinary items</b>		<b>36,889,249.38</b>	<b>12,749,808.87</b>
Appropriations	7	2,246,086.27	-1,070,283.92
Income taxes	11	-1,755,315.90	-1,670,853.95
<b>Profit for the period</b>		<b>37,380,019.75</b>	<b>10,008,671.00</b>

**BALANCE SHEET OF THE PARENT COMPANY**

31.12.2007

31.12.2006

	Note	€	€
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	12	115,563.35	1,303,820.31
Tangible assets	12	4,785,171.94	48,163,727.21
Investments	12		
Shares in Group companies		241,120,179.92	43,676,762.50
Shares in other companies		119,563.13	119,563.13
<b>Total fixed assets</b>		<b>246,140,478.34</b>	<b>93,263,873.15</b>
<b>Current assets</b>			
Inventories	13		660,214.91
Non-Current receivables	14	148,894,979.35	178,705,301.04
Current receivables	15	128,463,854.33	8,252,616.19
Cash and bank		750,895.76	9,934,669.25
<b>Total current assets</b>		<b>278,109,729.44</b>	<b>197,552,801.39</b>
<b>Total assets</b>		<b>524,250,207.78</b>	<b>290,816,674.54</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	24,834,753.09	24,507,658.08
Share issue			33,392.25
Share premium fund		3,331,086.25	2,366,580.89
Retained earnings		14,599,062.14	19,916,635.14
Profit for the period		37,380,019.75	10,008,671.00
<b>Total equity</b>		<b>80,144,921.23</b>	<b>56,832,937.36</b>
<b>Appropriations</b>	17	<b>556,684.27</b>	<b>12,213,205.03</b>
<b>Liabilities</b>			
Non-current liabilities	18	173,753,048.15	192,198,808.22
Current liabilities		269,795,554.13	29,571,723.93
<b>Total liabilities</b>		<b>443,548,602.28</b>	<b>221,770,532.15</b>
<b>Total equity and liabilities</b>		<b>524,250,207.78</b>	<b>290,816,674.54</b>

<b>CASH FLOW STATEMENT OF PARENT COMPANY, 1,000 €</b>	<b>1.1.-31.12.2007</b>	<b>1.1.-31.12.2006</b>
<b>Cash flow from business operations</b>		
Operating profit	-4,335	9,034
Adjustments:		
Merger profit		-5,154
Depreciation	2,525	6,980
Change in working capital <sup>1)</sup>	2,152	5,183
Financial income and expenses	-1,763	664
Taxes	-2,959	-1,992
<b>Net cash flow from business operations</b>	<b>-4,380</b>	<b>14,715</b>
<b>Cash flow from investments</b>		
Capital expenditure	-7,079	-12,772
Sale of fixed assets	339	1,146
<b>Net cash flow from investments</b>	<b>-6,740</b>	<b>-11,626</b>
<b>Cash flow from financing</b>		<b>179,908</b>
Proceeds from issue of share capital	1,259	787
Increase (+)/ decrease (-) in long-term liabilities	-18,446	173,299
Increase (-)/decrease (+) in long-term receivables	-12,655	-157,433
Increase (+) / decrease (-) in short-term loans	42,610	-5,652
Dividends paid	-15,326	-7,513
Extraordinary expenses (-) / income (+)	4,494	3,151
<b>Net cash flow from financing</b>	<b>1,936</b>	<b>6,639</b>
<b>Change in liquid assets</b>	<b>-9,184</b>	<b>9,728</b>
Liquid assets on 1 January	9,935	207
Liquid assets on 31 December	751	9,935
<sup>1)</sup> Change in working capital		
Increase (-) / decrease (+) in inventories	660	-11
Increase (-) / decrease (+) in short-term receivables	4,972	2,036
Increase (+) / decrease (-) in short-term non-interest bearing liabilities	-3,480	3,158
<b>Total</b>	<b>2,152</b>	<b>5,183</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 recognised 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 services	6–10
Machinery and equipment for own use	3–6
Other long-term assets	10
Other tangible assets	10
Goodwill	5
Other intangible assets	5

### Inventories

Inventories are stated at the lower of acquisition cost or replacement cost or likely net realizable 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 at the average rate on the date of closing the accounts. Exchange gains and losses are recognised 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 recognised on an accrual basis. Income from drying and diamond cutting services is recognised 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

As an 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.

### Income taxes

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

### 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 recognised under hedge accounting. The fair values of derivative instruments are not recognised in the accounts but they are disclosed as commitments. The effects of hedge instruments are recognised in the income statement as an adjustment to interest expenses which are based on the hedged item.

## 2. SALES BY BUSINESS AREA, €

	2007	2006
Equipment rental and construction-site services	14,809,370.54	50,773,636.36
Total	14,809,370.54	50,773,636.36

## 3. OTHER OPERATING INCOME, €

	2007	2006
Rental of premises	339,408.50	109,568.36
Profit on sale of real estate	169,175.24	105,710.54
Merger profit		5,154,569.81
Other	11,139.96	59,576.60
Total	519,723.70	5,429,425.31

## 4. MATERIALS AND SERVICES, €

	2007	2006
Materials and supplies		
Purchases	703,395.71	2,296,400.26
Change in inventory		-11,043.84
Total	703,395.71	2,285,356.42
External services	631,445.86	1,806,617.44
Total	1,334,841.57	4,091,973.86

**5. PERSONNEL EXPENSES, €**

	2007	2006
Wages and salaries	5,340,569.89	12,483,004.25
Pensions	701,588.20	2,252,877.91
Other statutory employer contributions	536,843.34	1,320,248.40
<b>Total</b>	<b>6,579,001.43</b>	<b>16,056,130.56</b>
Average number of personnel	102	450

**Executive remuneration**

Wages and salaries with fringe benefits		
Managing Director	371,414.00	300,479.00
Management	374,138.00	589,105.00
Board members	206,000.00	257,000.00
<b>Total</b>	<b>951,552.00</b>	<b>1,146,584.00</b>

**6. DEPRECIATION AND AMORTISATION, €**

	2007	2006
Amortisation on intangible assets	88,680.70	236,892.25
Depreciation on tangible assets	2,436,796.32	6,743,569.27
<b>Total</b>	<b>2,525,477.02</b>	<b>6,980,461.52</b>

**7. APPROPRIATIONS, €**

	2007	2006
Depreciation difference, increase (-) / decrease (+):		
Buildings and structures	22,282.79	-42,000.72
Machinery and equipment	2,223,803.48	-983,283.20
Goodwill		-45,000.00
<b>Total</b>	<b>2,246,086.27</b>	<b>-1,070,283.92</b>

**8. OTHER OPERATING EXPENSES, €**

	2007	2006
Premises and equipment rentals	1,372,274.75	4,780,844.56
Marketing	819,736.55	2,504,427.63
Transport and vehicles	996,285.71	3,260,723.43
Maintenance and accessories	836,297.90	2,099,980.08
Other expenses	5,199,773.09	7,394,910.06
<b>Total</b>	<b>9,224,368.00</b>	<b>20,040,885.76</b>

**9. NET FINANCIAL ITEMS, €**

	2007	2006
<b>Dividend income</b>		
From Group Companies	31,922,035.22	
Other companies	375.00	
<b>Total dividend income</b>	<b>31,922,410.22</b>	
<b>Interest income from long-term investments</b>		
From Group companies	10,387,390.72	7,151,225.60
From others	206,255.53	73,491.16
<b>Total financial income</b>	<b>10,593,646.25</b>	<b>7,224,716.76</b>
<b>Interest and other financial expenses</b>		
To Group companies	-5,688,766.82	-100,629.40
To others	-7,326,206.49	-7,901,888.46
<b>Total financial expenses</b>	<b>-13,014,973.31</b>	<b>-8,002,517.86</b>
<b>Net financial items total</b>	<b>29,501,083.16</b>	<b>-777,801.10</b>

**10. EXTRAORDINARY ITEMS, €**

	2007	2006
Group contribution	11,722,760.00	4,494,000.00

**11. INCOME TAXES, €**

	2007	2006
Current tax	1,141,663.59	-624,207.46
Taxes from previous financial periods	150,938.11	121,793.51
Taxes on extraordinary income	-3,047,917.60	-1,168,440.00
<b>Total</b>	<b>-1,755,315.90</b>	<b>-1,670,853.95</b>

## 12. NON-CURRENT ASSETS, €

### TANGIBLE ASSETS

2007	Land	Revaluation	Total land	Buildings and structures	Machinery and equipment	Other tangible assets	Total tangible assets
Acquisition cost at 1.1.2007	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
Additions					6,568,147.24	40,694.99	6,608,842.23
Disposals		-72,320.81	-72,320.81	-701,314.54	-113,506.45	-17,820.80	-904,962.60
Disposals from business transfer				-305,788.44	-70,620,342.91	-437,251.74	-71,363,383.09
Acquisition cost at 31.12.2007	1,450,297.31	504,563.78	1,954,861.09	3,978,832.03	36,836.62	222,584.53	6,193,114.27
Accumulated depreciation 1.1.2007				-1,294,642.02	-21,598,170.45	-226,306.66	-23,119,119.13
Accumulated depreciation from business transfer				156,253.61	23,822,645.10	169,074.41	24,147,973.12
Depreciation for the financial year 2007				-173,928.15	-2,233,012.64	-29,855.53	-2,436,796.32
Net book value 31.12.2007	1,450,297.31	504,563.78	1,954,861.09	2,666,515.47	28,298.63	135,496.75	4,785,171.94
2006	Land	Revaluation	Total land	Buildings and structures	Machinery and equipment	Other tangible assets	Total tangible assets
Acquisition cost at 1.1.2006	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 31.12.2006	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 1.1.2006				-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 31.12.2006	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

### INTANGIBLE ASSETS

2007	Intangible assets	Other non-current assets	Goodwill	Total intangible assets
Acquisition cost at 1.1.2007	50,535.39	227,993.79	1,310,625.00	1,589,154.18
Additions		119,863.41	350,000.00	469,863.41
Disposals	-3,700.00			-3,700.00
Disposals from business transfer		-271,524.79	-1,660,625.00	-1,932,149.79
Acquisition cost at 31.12.2007	46,835.39	76,332.41		123,167.80
Accumulated depreciation 1.1.2007		-99,708.87	-185,625.00	-285,333.87
Accumulated depreciation from business transfer		113,285.12	253,125.00	366,410.12
Depreciation for the financial year 2007		-21,180.70	-67,500.00	-88,680.70
Net book value 31.12.2007	46,835.39	68,727.96		115,563.35
2006	Intangible assets	Other non-current assets	Goodwill	Total intangible assets
Acquisition cost at 1.1.2006	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 31.12.2006	50,535.39	227,993.79	1,310,625.00	1,589,154.18
Accumulated depreciation 1.1.2006		-48,441.62		-48,441.62
Depreciation for the financial year 2006		-51,267.25	-185,625.00	-236,892.25
Net book value 31.12.2006	50,535.39	128,284.92	1,125,000.00	1,303,820.31

### INVESTMENTS

2007	Shares in group companies	Shares in other companies	Total investments
Acquisition cost at 1.1.2007			
Additions			
Disposals			
Net book value 31.12.2007	241,120,179.92	119,563.13	241,239,743.05
2006	Shares in group companies	Shares in other companies	Total investments
Acquisition cost at 1.1.2006	29,901,755.51	119,058.57	30,020,814.08
Additions	13,775,006.99	504.56	13,775,511.55
Disposals			
Net book value 31.12.2006	43,676,762.50	119,563.13	43,796,325.63

	2007	2006
<b>ACCUMULATED DIFFERENCES IN TOTAL DEPRECIATION AND DEPRECIATION ACCORDING TO PLAN</b>		
<b>Production machinery and equipment</b>		
Net book value at 31.12.		42,073,845.81
<b>Buildings and structures</b>		
Accumulated difference in total depreciation and depreciation according to plan at 1.1.	631,838.36	561,602.68
Increase in accumulated depreciation difference for the period of 1.1.-31.12.	-75,825.26	70,235.68
Accumulated difference in total depreciation and depreciation according to plan at 31.12.	556,013.10	631,838.36
<b>Machinery and equipment</b>		
Accumulated difference in total depreciation and depreciation according to plan at 1.1.	11,536,366.67	7,751,955.79
Increase in accumulated depreciation difference for the period of 1.1.-31.12.	-11,535,695.50	3,784,410.88
Accumulated difference in total depreciation and depreciation according to plan at 31.12.	671.17	11,536,366.67
<b>Goodwill</b>		
Accumulated difference in total depreciation and depreciation according to plan at 1.1.	45,000.00	45,000.00
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

### 13. INVENTORIES, € 2007 2006

Finished goods		660,214.91
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### 14. NON-CURRENT RECEIVABLES, € 2007 2006

<b>Group companies</b>		
Loan receivables	148,894,979.35	178,705,301.04

### 15. CURRENT RECEIVABLES, € 2007 2006

<b>Group companies</b>		
Accounts receivables		177,997.10
Loan receivables	126,057,474.94	696,469.54
<b>Other companies</b>		
Accounts receivables		6,429,822.52
Loan receivables		15,907.00
Pre-paid expenses and accrued income	2,406,379.39	932,420.03
<b>Total</b>	<b>128,463,854.33</b>	<b>8,252,616.19</b>

### 16. EQUITY, € 2007 2006

Share capital at 1.1.	24,507,658.08	24,234,273.83
Registered share issue		
Reduction of par value		-12,619,030.16
Registered increase of the share capital		12,697,312.14
Registered increase of the share capital	327,095.01	195,102.27
Share capital at 31.12.	24,834,753.09	24,507,658.08
Share issue at 1.1.	33,392.25	31,620.00
Registered share issue	-33,392.25	-31,620.00
Subscription share issue	233,397.45	29,484.00
Registered subscription share issue	-233,397.45	-29,484.00
Subscription share issue	54,067.50	165,618.27
Registered subscription share issue	-54,067.50	-165,618.27
Subscription share issue	6,237.81	
Registered subscription share issue	-6,237.81	
Subscription share issue		33,392.25
Share issue at 31.12.		33,392.25

	2007	2006
Share premium fund at 1.1.	2,366,580.89	1,607,116.17
Issue premium	766,465.70	105,924.00
Issue premium	177,555.00	543,882.22
Issue premium	20,484.66	109,658.50
Share premium fund at 31.12.	3,331,086.25	2,366,580.89
Retained earnings at 1.1.	7,297,604.98	5,363,098.14
Profit from previous period	10,008,671.00	9,447,482.09
Reduction of par value	12,619,030.16	12,619,030.16
Dividend	-15,326,244.00	-7,512,975.25
Profit from previous period at 31.12.	14,599,062.14	19,916,635.14
Profit for the period	37,380,019.75	10,008,671.00
<b>Total equity</b>	<b>80,144,921.23</b>	<b>56,832,937.36</b>

**SHARE CAPITAL**

	No.	€	No.	€
Shares	30,660,189	24,834,753.09	30,256,368	24,507,658.08

**Option rights**

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

<b>17. APPROPRIATIONS, €</b>	2007	2006
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Accumulated depreciation difference	556,684.27	12,213,205.03
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<b>18. LIABILITIES, €</b>	2007	2006
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<b>NON-CURRENT LIABILITIES</b>		
Loans from credit institutions	173,753,048.15	192,198,808.22

**CURRENT LIABILITIES****Borrowings from Group companies**

Trade payables		842,659.40
Accrued liabilities and deferred income	5,177,105.40	188,461.94
Other liabilities	185,872,024.26	6,615,471.83
<b>Total</b>	<b>191,049,129.66</b>	<b>7,646,593.17</b>

**To others**

Loans from credit institutions	29,381,613.00	13,084,499.00
Trade payables		570,717.53
Accrued liabilities and deferred income	5,275,213.17	6,854,396.60
Commercial papers	44,003,876.92	
Other current liabilities	85,721.38	1,415,517.63
<b>Total</b>	<b>78,746,424.47</b>	<b>21,925,130.76</b>

<b>Total current liabilities</b>	<b>269,795,554.13</b>	<b>29,571,723.93</b>
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<b>Total liabilities</b>	<b>443,548,602.28</b>	<b>221,770,532.15</b>
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**NON-INTEREST BEARING AND INTEREST BEARING LIABILITIES**

<b>Non-current</b>		
Interest bearing	173,753,048.15	192,198,808.22
<b>Total</b>	<b>173,753,048.15</b>	<b>192,198,808.22</b>

**Current**

Non-interest bearing	6,387,163.05	9,871,753.10
Interest bearing	263,408,391.08	19,699,970.83
<b>Total</b>	<b>269,795,554.13</b>	<b>29,571,723.93</b>

**19. OTHER NOTES, €**

2007

2006

**COLLATERAL AND CONTINGENT LIABILITIES****Guarantees given on own behalf**

Debts, secured by collateral		
Loans from credit institutions	203,134,661.15	202,930,370.18
Other contingent liabilities		
Leasing liabilities in the following year	52,774.27	1,384,000.00
Subsequent leasing liabilities	55,088.12	2,804,500.00
Securities given		
Mortgages on real estates	739,992.00	739,992.00
Mortgages on company assets	11,657,711.73	5,827,711.73
Pledges	80,155,537.79	22,771,091.53

**Guarantees given on behalf of the group**

Securities given	32,644,084.00	7,834,588.00
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**20. ACCRUALS, €**

2007

2006

For personnel expenses	592,943.42	2,454,811.30
For interest expenses	9,054,126.77	2,043,202.31
For taxes	92,383.11	1,228,657.36
Other accruals	798,586.65	1,127,725.63
<b>Total</b>	<b>10,538,039.95</b>	<b>6,854,396.60</b>

**21. SHAREHOLDINGS**

Subsidiaries	Domicile		% of shares	Parent company holdings and voting rights %
Cramo Holding B.V.	Amsterdam	Netherlands	100	100
Kiinteistö Oy RK-Kehä	Vantaa	Finland	100	100
Kiinteistö Oy Vantaan Viinikankaari 9	Vantaa	Finland	100	100
Cramo Instant Oy	Ylöjärvi	Finland	100	100
Suomen Tähtivuokraus Oy	Vantaa	Finland	100	100
Cramo New Holding AB	Sollentuna	Sweden	100	100
Cramo Sverige AB	Sollentuna	Sweden	100	100
Cramo Instant AB	Sollentuna	Sweden	100	100
Cramo AS	Oslo	Norway	100	100
Cramo A/S	Glostrup	Denmark	100	100
AS Cramo Estonia	Tallinn	Estonia	100	100
SIA Cramo	Riga	Latvia	100	100
Cramo UAB	Vilnius	Lithuania	100	100
Cramo Finland Oy	Vantaa	Finland	100	100
Cramo JV Oy	Vantaa	Finland	75	75

Shares and shareholders, see consolidated financial statements in Note 36.

**22. DERIVATE FINANCIAL INSTRUMENTS, 1,000 €**

	2007		2006	
	Book value	Fair value	Book value	Fair value
Interest rate derivatives				
Interest rate swap	138,395	5,491	152,803	4,370

**23. CURRENCY DERIVATIVES, 1,000 €**

	2007		2006	
	Book value	Fair value	Book value	Fair value
Company has hedged loans from subsidiaries in foreign currencies	82,575	-238	19,911	113



**24. DEFERRED TAXES, €**

	2007	2006
Deffered tax receivable from currency derivates	61,891.70	
Deffered tax expense from depreciation difference	144,737.91	3,175,433.00
Deffered tax expense from currency derivatives		29,380.00
Deffered tax expense from financial derivative instruments	1,427,833.42	1,136,200.00
<b>Total</b>	<b>1,510,679.63</b>	<b>4,341,013.00</b>

**BOARD PROPOSAL TO THE ANNUAL GENERAL MEETING**

Cramo Plc's net profit for the financial year totalled € 37,380,019.75. The Group's profit attributable to shareholders at the Annual General Meeting's disposal totalled € 51,979,081.89. The Board proposes to the Annual General Meeting that a pre-share dividend of € 0.65 be paid to shareholders entitling to dividends and the rest be held in retained earnings. On 14 February 2008, the number of shares entitling their holders to receive full dividends totalled 30,660,189, the corresponding dividend amounting to € 19,929,122.85. 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.

Vantaa, 14 February 2008

*Stig Gustavson*

*Eino Halonen*

*Gunnar Glifberg*

*Hannu Krogerus*

*Esko Mäkelä*

*Juhani Nurminen*

*Vesa Koivula, 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 for the financial year 2007. 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 3, 2008

ERNST & YOUNG OY  
Authorized Public Accountant Firm

*Erkka Talvinko*  
Authorized Public  
Accountant

*Tomi Englund*  
Authorized Public  
Accountant

# GOVERNANCE



# GOOD YEAR FOR ALL STAKEHOLDERS

*Cramo's sound profitability and growth is reflected in monetary flows. The financial targets were revised upwards and the good performance also increased the staff's profit-based bonuses.*

## ECONOMIC RESPONSIBILITY

### GROWTH IN SALES

For the past few years, the focus on the management agenda has been profitable international growth. The company aims to fully exploit the growth opportunities of favourable market situations and to capitalise on its strong local presence, customer service capabilities and know how, which provide business agility for transactions in different markets.

In 2007, Cramo revised its financial targets upwards and is pursuing annual sales growth of more than 18%, both organically and through acquisitions. The sales growth in 2007 was 23.4% and Cramo completed ten acquisitions.

### EXPENSES INCREASED

The success of the year is also reflected in increased expenses and investments. Capitalisation on the economies of scale reduced the prices on procured items in many cases while the total investment value of products, components and services that Cramo purchased increased by 56.9% compared to 2006 EUR 111.9 million. The growth was primarily due to the development of the rental fleet. The company invested in the different product areas in line with the Cramo concept. Heavy machinery and aerials are the most capital-intensive products purchased. Activities aimed to develop fleet management had a positive impact on profitability.

The number of employees in 2007 averaged 2,270. Investments in sales and customer service competence development had a positive impact on sales and the quality of customer service. The total value of wages, salaries, remuneration and indirect employee costs was up from EUR 83.8 million in 2006 to EUR 101.6 million, or 20.5% of sales.

The amount of income taxes Cramo paid increased by 134.2% to EUR 11.1 million. In its operational areas, Cramo paid the most income taxes in Sweden and Finland.

The net financial expenses of Cramo increased from the previous year and were EUR 16.1 million, or 3.4% of net sales. Cramo's cash flow from operations was strong as a result of good operational results. Net interest-bearing liabilities increased from the previous year due to heavy investments in the rental fleet.

### SHAREHOLDER VALUE UP

Cramo redefined its dividend policy in 2007. The goal is to distribute approximately a third of the Group's annual profit in terms of share buybacks and/or dividends. Due to good results, the Board of Directors proposes to the AGM that a dividend of EUR 0.65 per share be distributed for 2007. This would add up to a total of EUR 19.9 million, or 4.0% of net sales. At the end of the year, Cramo's market capitalization was EUR 531 million. For further information on shares and shareholders please refer to pages 62-63.

### SOCIAL RESPONSIBILITY

Cramo strives to support the positive development of the local communities in which it operates. An example is the decision to increase its five-year support of SOS Children's Villages by signing a main sponsorship contract focusing on the finalisation of the new SOS village in Ukraine. As a highly respected and independent non-governmental social development organisation, SOS Children's Villages stands for values that Cramo shares and has operations in all Cramo markets.

GENERATION AND USAGE OF VALUE ADDED AMONG VARIOUS STAKEHOLDERS				
		2007	2006	Change %
<b>Generation of value added</b>				
Customers	Sales	496,428	402,425	23.4
Suppliers	Gross capital expenditure	175,494	111,864	56.9
<b>Distribution of value added</b>				
Employees	Salaries, wages	77,138	62,846	22.7
Public sector	Taxes and social security charges	19,834	13,050	52.0
Creditors	Finance expenses	16,636	13,848	20.1
Shareholders	Dividends	15,326	7,513	104.0

# PROFESSIONAL GROWTH KEY TO SUCCESS

In 2007, Cramo started to harmonise its HR policy, including measures to draw up shared guidelines for incentive schemes by subsidiary and unit. Further harmonisation is underway.

## PERSONAL GROWTH ONE OF THE VALUES

Personal growth forms one of the values which guides Cramo's business operations. Professional growth and development are supported by training and development programs and by developing a culture of trust and personal accountability. Training and competence development aim to meet the mounting

Cramo School, is aimed at improving sales and leadership skills. Cramo also focuses on developing motivation and work safety.

In addition to these, Cramo invests in skills required in the use of its equipment and is in the process of strengthening competences needed for international expansion.

## SHARED GUIDELINES FOR REMUNERATION

Cramo harmonised remuneration guidelines for management in 2007. The guidelines support the company's strategic targets

*Professional personnel development represents a key factor for the success of Cramo. As long as it goes in line with the business strategy, human resource management is the responsibility of subsidiaries and business units.*

## HUMAN RESOURCES

needs and requirements that customers and the technological advancement of equipment set for the company. All subsidiaries provide various internal training programs related to their own needs. Cramo's leadership principles stress respect for individuals, the principles of teamwork and managers' and supervisors' role as a coach. The company also encourages its managers and supervisors to coach each other and share the operating models, which have proved best in practice.

## FOCUS ON SALES AND CUSTOMER SERVICE SKILLS

In order to sustain its employees' high professional skills, Cramo co-operates with training institutes, suppliers and manufacturers of equipment in the provision of tailored courses, and promotes and supports its staff's self-managed learning and competence development.

Cramo focuses on the development of sales and customer service skills as well as management and leadership skills. For example, the extensive three-year sales and management training program,

by providing a competitive remuneration in each country.

Almost all of Cramo's staff are covered by a country or subsidiary-specific annual profit-based incentive scheme. Under the scheme employees are rewarded with a bonus based on various key performance indicators.

## JOB SATISFACTION UNDER SURVEY

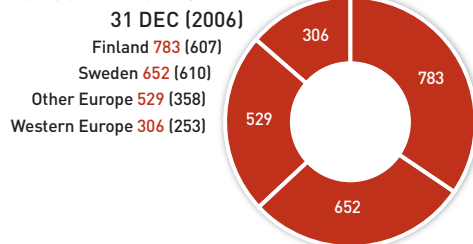
Cramo's subsidiaries and business units are responsible for monitoring job satisfaction. HR development plans are done based on survey results and realisation is monitored at a subsidiary and country level.

## A SAFE WORKPLACE FOR ALL

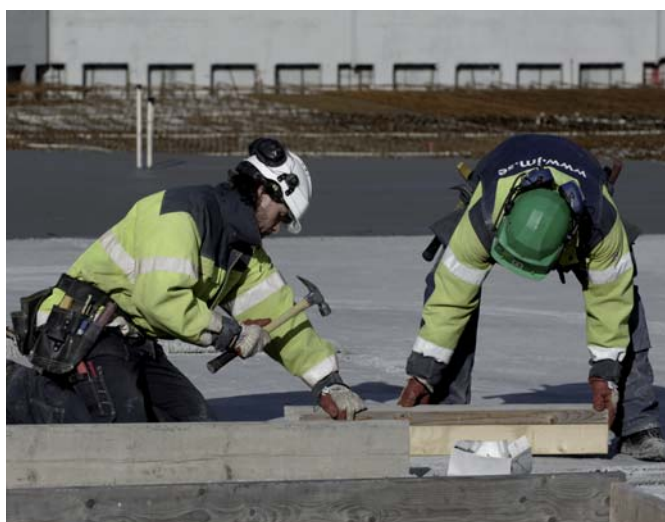
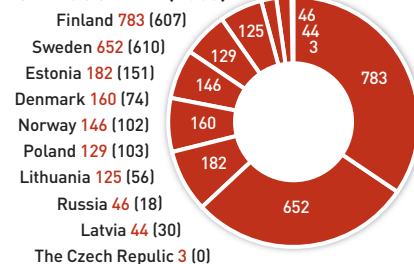
Cramo aims to be a safe and stimulating working environment, enhancing its competitiveness not only as an employer but also as a provider of rental services. Safety aspects are taken into consideration throughout operations and safety training forms an integral part of new employees' familiarisation and management training.

KEY FIGURES			
	2007	2006	Change %
Average number of employees	2,070	1,828	13.2
Number at 31 Dec	2,270	1,984	14.4

EMPLOYEES BY GEOGRAPHICAL SEGMENT



EMPLOYEES BY COUNTRY (2006)



In an effort to maintain the employee's working capacity and to reduce sick leave absences, the Group subsidises its employees' sports activities.

**PERSONNEL STRUCTURE**

In 2007 Cramo employed an average of 2,070 (1,828) people in ten countries. At the end of the year the number of personnel was 2,270 (1,984). 89% (89%) of the personnel worked for the equipment rental business and 11% (11%) for the modular space business.

Of the Group total, 783 employees worked in Finland, 654 in Sweden, 306 in Western Europe and 527 in Other Europe. The number of employees increased during the year by 286 people. Acquisitions increased personnel by 15 in Finland, by 12 in Sweden, by 5 in Norway, by 35 in Denmark and by 31 in Lithuania. The company divested its Dutch subsidiary with 90 employees. The overall geographical structure of Cramo was expanded further East as a result of establishing the joint venture in Moscow.

**HR FOCUS AREAS BY BUSINESS SEGMENTS**

EQUIPMENT RENTAL				MODULAR SPACE
Finland	Sweden	Western Europe	Other Europe	All markets
<ul style="list-style-type: none"> <li>• HR activities strengthened</li> <li>• Extensive sales and customer service training</li> <li>• Management training aimed at improving leadership skills started</li> <li>• A specific Motivo project survey carried out</li> <li>• Occupational safety specialists recruited for each region</li> <li>• Membership of the Zero Accidents Forum</li> </ul>	<ul style="list-style-type: none"> <li>• Training for the new CRM system</li> <li>• First internet-based training courses</li> <li>• Learning Management System (LMS) implemented to further systemise training</li> <li>• Strong promotion of employees' preventive health care</li> </ul>	<ul style="list-style-type: none"> <li>• Cramo School continued</li> <li>• Training for the new CRM system</li> <li>• LMS implemented to further systemise training</li> <li>• Strong promotion of employees' preventive health care</li> </ul>	<ul style="list-style-type: none"> <li>• Systematic development of sales and customer service competencies started</li> <li>• Management training aimed at improving leadership skills started</li> <li>• A management position responsible for health, safety, security and environment protection development implemented in most countries</li> <li>• Cramo School started in Lithuania</li> </ul>	<ul style="list-style-type: none"> <li>• A three-year Personal Business Fitness program continued with a focus on motivation and work safety</li> </ul>
<ul style="list-style-type: none"> <li>• Competence development, job well-being and familiarisation</li> <li>• A yearly development discussion practise will be launched</li> </ul>	<ul style="list-style-type: none"> <li>• Job satisfaction survey</li> <li>• Competence development through Cramo School combined with a rewarding bonus system</li> </ul>	<ul style="list-style-type: none"> <li>• Job satisfaction survey</li> <li>• Competence development through Cramo School combined with a rewarding bonus system</li> </ul>	<ul style="list-style-type: none"> <li>• Competence development</li> <li>• Management and leadership training will continue</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing job satisfaction and information flow, development of remuneration and training</li> <li>• Development discussion culture</li> </ul>

Actions and achievements 2007  
Focus areas 2008

# SUSTAINABLE DEVELOPMENT

C R A M O

# INCREASING FOCUS ON ENVIRONMENTAL MATTERS

*Cramo shall contribute to ecologically sustainable development in society by taking environmental considerations in the Group's operations. Because of different local legislations, the approach to environmental matters varies somewhat between countries. Local law and regulation is, however, the minimum standard in Cramo's operations in all countries, while the aim is always to reach higher.*

## ENVIRONMENTAL RESPONSIBILITY

For Cramo, environmental work is furthest advanced in Nordic countries, where the work with environmental and quality performance has become an ever more important argument for customers choosing rental solutions.

Equipment rental operations in Finland are certified according to ISO 9001:2000 while the plants of the modular space business have their own quality system waiting to be certified. All operations in Sweden, Norway and Denmark are certified according to ISO 19001 (quality) and ISO 14001 (environment).

### HIGH STANDARDS

Effectively implemented work with environmental performance, quality and work environment constitutes an important basis for the development of Cramo's operations. It promotes long-term development and serves as an increasingly powerful competitive tool vis-à-vis customers.

The goal of Cramo's environmental and quality management systems is to ensure that the company meets high environmental and quality assurance standards. Local depots are responsible for operative environmental management and activities.

### FOCUS ON PREVENTIVE WORK

In all Scandinavian depots there are emergency preparations and preventive work to reduce the risk of chemical spills and fire. Risk analysis and emergency drills are carried out on a regular basis. An emergency plan is available in every depot. Use of products that are harmful to people's health or the environment are avoided whenever possible, and chemical products are treated in a safe manner.

Employees are given training in environmental and quality control matters. Cramo's basic environment and quality assurance training was updated during the year.

### HIGH QUALITY EQUIPMENT

The company evaluates its suppliers on a continuous basis, and works to improve collaboration with suppliers in order to ensure high quality standards and a minimum environmental load. The Group provides customers not only with professional advice but also explicit instructions for equipment maintenance and safety. In Sweden, construction machinery and access equipment have environmental labels which describe their environmental performance with information about aspects like emissions, oils and noise.

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

### ENERGY-EFFICIENCY AND LOW EMISSIONS

Cramo can provide modular space which is energy efficient and includes building materials that have environmental labels. The company continuously carries out work to reduce transportation emissions and sets environmental standards for the carriers it hires.

Cramo uses environmentally-sound oils and fuels in its machinery in Sweden. By the end of 2008 Cramo aims to sell and use only environmentally friendly gasoline in Norway. Customers can also purchase environmentally friendly gasoline at Cramo's Swedish depots.

### MINIMISING WASTE, INCREASING RECYCLING, DECREASING CHEMICAL PRODUCTS

Cramo works continually to minimise the amount of waste produced while ensuring that there are safety systems in place for handling the waste from operations. Equipment is delivered to customers without unnecessary packaging. Machinery is washed in places, which have an oil separator. The separators are emptied on a regular basis and the contents are treated as hazardous waste.

All recyclable materials, such as waste wood and scrap metal are recycled as much as possible. Specialist firms take charge of the recycling of hazardous waste while Cramo's regional centres answer for the appropriate storage and reprocessing of chemicals and hazardous waste according to local legislation and Group's guidelines.

### ACTIVE MONITORING

Regular external and internal audits facilitate improvements in operations and service. The observance of laws and government regulations is monitored on a regular basis. Customer surveys provide information about what is important to customers and how well Cramo meets such demands.

# REVISED GROUP OPERATING PRINCIPLES IMPLEMENTED

*Cramo Group's headquarters are in Vantaa, Finland. It is listed on the OMX Nordic Exchange Helsinki. Corporate governance at Cramo is based on the laws of Finland and the company's Articles of Association.*

## CORPORATE GOVERNANCE

Cramo Group complies with Corporate Governance Recommendation for Listed Companies in Finland. Cramo prepares annual financial statements and interim reports conforming to Finnish legislation. They are published in Finnish and English. The International Financial Reporting Standard (IFRS) was adopted in 2005.

Furthermore, Cramo complies with the Rules of OMX Nordic Exchange Helsinki. The Board of directors approved revised Group operating principles in September 2007.

### GOVERNING BODIES

The Company's control and management responsibilities are divided between the General Meeting of Shareholders, the Board of directors with its two committees, and the President and CEO, assisted by the Executive Committee and Group management team, managing directors of operating companies and the general management meeting. The Board of directors supervises the performance of the company, its management and organisation on behalf of the shareholders. The Board of directors and the Group management team are separate bodies, and nobody serves as a member of both.

Day-to-day operational responsibility at the Group level rests with the President and CEO, assisted by the Executive Committee and the Group management team.

### GENERAL MEETING OF SHAREHOLDERS

The right of shareholders to make decisions over company matters is exercised at an appropriate convened General Meeting of Shareholders by those shareholders present, or by their authorised representatives. In accordance with the Articles of Association, a notice to convene the General Meeting of Shareholders is issued by the Board of directors. The notice is delivered no later than 17 days prior to the meeting by publishing the notice in a newspaper determined by the Board of directors and as a stock exchange release available on the company's website. The Annual General Meeting is held once a year, at the latest by the end of June. The duties of the Annual General Meeting are, among other things, to approve the parent company and consolidated income statement and balance sheet, agree on the amount of dividends, appoint the members of the Board of directors and decide on their compensation, and elect the Auditors. The Board of directors may call an Extraordinary General Meeting of Shareholders whenever necessary.

The shareholders who are registered as shareholders in the company's shareholder register, which is maintained by Finnish Central Securities Depository Ltd, by the record date for the General Meeting, are entitled to attend the meeting.

To take part in the General Meeting of Shareholders the shareholder shall register with the company at the latest by the date mentioned in the notice convening the meeting, and which may be no more than 10 days before the meeting. If a shareholder wishes to bring up a matter for consideration by the General Meeting of Shareholders, they shall present the matter in writing to the Board of directors early enough for the matter to be included in the notice convening the meeting.

A dividend as decided by the General Meeting is paid to shareholders who, on the date of record for dividend payment, are registered as shareholders in the company's shareholder register.

The Annual General Meeting in 2007 held on 18 April, approved the parent company's and consolidated financial statement for the financial period 1 January–31 December 2006 and granted discharge from liability to the members of the Board of directors and the President and CEO. The dividend for 2006 was decided to be EUR 0.50 per share.

### BOARD OF DIRECTORS

The Board of directors is responsible for Cramo Group's governance and appropriate management and for ensuring that the business complies with the relevant rules and regulations, Cramo's articles of Association, and the instructions given by the General Meeting of the Shareholders. The Board of directors is responsible for the company's strategic development and supervising and steering the business. It also decides on the Group's key policies and practices, approves the business strategy and the budget, approves the financial statements and interim reports, appoints and dismisses the President and CEO and his/her deputy and decides their compensation, decides the Group's structure, acquisitions and disposals as well as company finances and investment.

The Board of directors comprises 5–7 members, who are elected at the Annual General Meeting for a one-year term of office, which expires at the end of the first Annual General Meeting following their election. More than half of the members must be present



to constitute a quorum. The President and CEO, his/her deputy and the CFO have a right to attend Board meetings. Other Group management members may attend the Board meetings when required to provide information to the Board or upon invitation by the Board.

The Chairman of the Board, together with the President and CEO, prepares the items for discussion and to be decided upon at the Board of directors' meetings.

The Board of directors has defined its roles and responsibilities in the Group's operating principles / corporate governance manual. For Cramo's Board of directors, Board remuneration in 2007, please refer to page 59.

Board until 18 April 2007 consisted of the following persons: Mr. Pekka Heusala (Chairman), Mr. Stig Gustavson (Vice-Chairman), Mr. Gunnar Glifberg, Mr. Phil van Haarlem, Mr. Eino Halonen, Mr. Hannu Krogerus and Mr. Juhani Nurminen.

At the 2007 Annual General Meeting, the following persons were elected to the Board of directors: Mr. Stig Gustavson, Mr. Eino Halonen, Mr. Gunnar Glifberg, Mr. Hannu Krogerus, Mr. Esko Mäkelä and Mr. Juhani Nurminen. The Board's convening meeting elected Stig Gustavson as the Chairman of the Board and Eino Halonen as the Vice-Chairman of the Board.

In 2007, the Board of directors met nine times at an average attendance rate of 98%. In addition to steering and supervising the company's operational and financial development, the main items during the year were decisions related to the Group's investments, acquisitions and divestment, a review of the Group strategy, and subsequent supervision of several strategic projects.

## BOARD COMMITTEES

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. In 2007, the Audit Committee had three members and the Nomination and Compensation Committee had three members. A quorum is more than half of the members. Members are appointed for a one-year term of office, which expires at the end of the first Annual General Meeting following the election.

The Board has approved written charters for the committees. The main contents of these rules are outlined below.

The Audit Committee assists the Board of directors in its supervisory responsibilities. The committee supervises and controls corporate financial reporting, external and internal audit and risk management. It also proposes the auditors to be elected and assesses the effects of any exceptional or significant business transactions.

Meeting four times in 2007, the Audit Committee was chaired by Eino Halonen. Its members until 18 April 2007 were Phil van Haarlem and Pekka Heusala and from 18 April 2007 Esko Mäkelä and Juhani Nurminen. The main items during the year included reviewing and hearing a report from the Group's auditors both after the Q3 interim closing and the closing of the year's financial statements, planning the external audit for 2007, reviewing the Group's impairment tests, reviewing the Group's internal audit function, and reviewing the Group's risk management policy and treasury policy.

The Nomination and Compensation Committee is tasked with preparing a proposal for the Board members and their remuneration presented to the Annual General Meeting. 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 2007, the Nomination and Compensation Committee was chaired by Stig Gustavson. Its members until 18 April 2007 were Pekka Heusala and Hannu Krogerus and from 18 April 2007 Gunnar Glifberg and Hannu Krogerus. The main items during the year included reviewing the Group's bonus principles and bonus targets for the current year, reviewing the bonus calculations of the previous year, reviewing the employment contracts and benefits of Group management, and preparing a recommendation for the division of Cramo options 2006B.

## ASSESSMENT OF THE BOARD OF DIRECTORS

The Board of directors conducts an annual self-assessment in order to develop the work of the Board.

## REMUNERATION FOR BOARD SERVICES

The Annual General Meeting 2007 confirmed the following remuneration for Board service:

REMUNERATION FOR BOARD SERVICE, EUR/YEAR	
	2007
Chairman	45,000
Vice-Chairman	31,000
Members	27,500
Fee / committee meeting	1,000

40% of the annual fees are paid in the form of Cramo shares. The fee for attendance at committee meetings is paid in cash. The Board's members are not covered by the company's stock option scheme or bonus scheme.

## PRESIDENT AND CEO

The Managing Director, who also acts as the President and CEO is in charge of the Company's day-to-day management in accordance with the Finnish Companies Act, and related legislation, instructions and orders given by the Board of directors. The President and CEO is supported by the Executive Committee and the Group management team.

The performance of the President and CEO is evaluated annually by the Board of directors. The period of notice on the President and CEO's executive contract is 18 months, during which he/she receives a full salary.

## EXECUTIVE COMMITTEE

Comprising the President and 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. It also formulates the Group vision, strategy and action plans, while overseeing financial issues, top management resources and policy issues concerning the Group as a whole.

The legal nature of the Executive Committee is consultative. It meets regularly to discuss and prepare the most important issues of the Company and tasks delegated by the Board of directors.

## GROUP MANAGEMENT TEAM

The Group management team consists of Executive Committee members and four Senior Vice Presidents being responsible for the Group's business areas. The Group management team meets regularly on a monthly basis. Every second month, the meeting is also attended by three heads from corporate support units.

The Group management team carries out strategic decisions made by the Board and monitors business units' performance and operations. For Cramo's Group management team members and their individual responsibilities and remuneration, please refer to pages 88-89.

## GENERAL MANAGERS OF SUBSIDIARIES

The General Managers located in the domicile of the operating country act as the Managing Director of the operating subsidiary company. When they are responsible for the business operations of an entire country, they also act as a Country Manager.

The General Managers are in charge of the day-to-day management in accordance with the strategy defined by the Cramo Plc and operating countries' Board of directors. At regular intervals, they report on the company's and its subsidiaries' financial position and implemented business operations to their superior, and to the operating company Board of directors.

All the subsidiary companies have own Boards of directors consisting of, at least, the CEO, the deputy CEO, the CFO and the General Manager.

## GENERAL MANAGEMENT MEETING

The General Management Meeting is a management meeting held 1–2 times a year, attended by the Group management team, general managers and other key group and operating personnel. The GMM lasts 1–2 days.

## REMUNERATION POLICY

Cramo offers a competitive compensation package for the management and its key personnel.

## PROFIT-BASED INCENTIVE SCHEMES

Cramo's short-term incentive system is aimed at supporting the company's strategic targets by strengthening a strong performance culture. Management and key personnel are covered by a country- or subsidiary-specific annual profit-based incentive schemes.

Management remuneration is based on an individual compensation package, which includes all taxable fringe benefits. Management bonuses are tied to the achievement of the Group's and operating countries' financial targets approved by the Nomination and Compensation Committee. The size of annual bonus is dependent on the Group's financial performance. Maximum management bonuses range between 10% and 50% of the person's annual base salary.

## LONG TERM-INCENTIVES

Cramo's stock option schemes for the top management and key employees and management launched in 2002 (2002A, 2002B) and in 2006 (2006A, 2006B and 2006C) all support the achievement of the Group's long-term goals by attracting and retaining identified key personnel. At the present, approximately 80 managers and key personnel, all of whom have been elected by the Nomination and Compensation Committee and the Board of directors are participants. For more information about the stock option programmes, please refer to the pages 56–57.

## PENSION

Cramo's Finnish executives participate in the Finnish TEL pension system, which provides for a retirement benefit based on years of service and earnings according to the prescribed statutory system. Finnish pension legislation offers a flexible retirement from age 63 to age 68 without any full pension limits.

For the President and CEO the retirement age is 63.

In addition to the statutory system, Cramo offers a voluntary pension insurance for the President and CEO.

## INSIDER GUIDELINES

Cramo observes the Guidelines Insiders issued by the Helsinki Stock Exchange. Cramo's own internal insider rules are regularly updated and made available to all permanent insiders, as well as employees. Finnish Central Securities Depository Ltd maintains an insider register for Cramo's permanent insiders.

Cramo requires that its employees and partners comply with the Insider Guidelines. The co-ordination and control of insider affairs are included in the responsibilities of the CFO.

## 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. It reports administratively to the CFO as well as to the Audit Committee and the Board of directors as necessary and/or requested by these bodies. The Audit Committee approves its charter and the annual audit plan as well as assesses its operations.

## AUDITORS

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. Their term of office expires at the end of the next Annual General Meeting following their election. 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.

TOTAL COMPENSATION FOR EXTERNAL AUDITING, EUR 1,000			
	2007	2006	Change %
Audit fees	443	462	-4.1
Tax assignment	123	105	17.1
Other fees	100	77	29.9
Total fees	666	644	3.4

# ENTERPRISE RISK MANAGEMENT CONCEPT IMPLEMENTED

*With continuous and systematic activities aimed at preventing personal injuries and safeguarding the assets of the Cramo Group and its Group companies, Cramo aims to secure its long-term competitiveness.*

## RISK MANAGEMENT

Cramo renewed its risk management policy in 2007. The focus areas in business risk management included implementing the forward-looking indicator and early warning signals system into the standard reporting package of operating companies and monthly reporting, on-going hedging against a potential downturn, and contingency planning. Furthermore, the Group's entire risk management policy was formulated under the Cramo Enterprise Management (ERM) framework.

### RISK MANAGEMENT PRINCIPLES

The new Enterprise Risk Management concept forms an important part of Cramo Group's monitoring and control system. It is aimed at ensuring that the Group identifies its business-related risks and assesses and monitors them on an ongoing basis.

Enterprise Risk Management is a continuous process which is integrated into Cramo Group's strategy process, operative planning, daily decision-making and the monitoring of operations. It is also part of the Group's internal control environment.

The Board of directors, Group management and Group Finance & Control are responsible for managing strategic, operational, financial, event and environmental risks as well as the related insurance cover. The General Manager of each operating country shall also draft a country-specific risk profile for his/her operating country annually when preparing the budget. The risk profile and the related risk management policy shall have to be adapted by the respective operating company.

### RISK MANAGEMENT RESPONSIBILITIES

The Board of directors monitors and is responsible for ensuring that the Cramo Group's risk management process functions and is comprehensive. It defines the risk bearing tolerance continuously, according to the current conditions.

The Group's operative management is responsible for achieving the set goals and controlling and managing risks that threaten them. The operative management is committed to fully supporting the implementation of the risk management work, and to ensuring the performance of the risk management process and the availability of sufficient resources.

Risk management assessments are coordinated by the Group Finance & Control function, which supports the management, business units and other support functions in implementing the risk management policy. It is responsible for instructions and

advice to the units, and monitoring the practical implementations of the process.

The internal audit unit of Group Finance and Control collaborates closely with corporate risk management and concentrates on assessing risks.

Business units and corporate functions identify and assess, within their area of responsibility, significant risks in their planning processes and prepare themselves accordingly and take necessary corrective measures, as well as report in the agreed manner.

### RISKS IDENTIFIED AND CATEGORISED

Cramo has identified risks related to the strategic themes at Group and operating country levels during the reporting year. Identified risks have been categorised into strategic, operational, financial, event, environmental and other risks. Risk areas have been prioritised with regard to the extent of impact and likelihood, and an action plan has been completed.

### MAIN IDENTIFIED RISKS

#### STRATEGIC RISKS

- Strategic internal risks relating to acquisitions, investments and strategic level business decisions
- Strategic external risks arising from changes in macroeconomic or political situations, strategic level regulatory environment or competitive situation

#### OPERATIONAL RISKS

- Organisation and HR risks related to HR processes such as recruiting and retaining people
- Process risks associated with the Group's key operative processes such as fleet management as well as support processes such as internal communications
- Health and safety risks arising from health and safety procedures
- Contractual risks associated with various contracts such as acquisition, customer, supplier and employee contracts
- IT and business continuity risks connected, e.g., with key software projects, IT infrastructure and IT security
- Laws and regulatory risks related to compliance issues with various regulations such as stock market regulations, and laws such as competition and company laws
- Corporate governance risks associated with governance structure, key internal policies and procedures as well as authorities and responsibilities

### FINANCIAL RISKS

- Financial market risks such as interest rate risks, foreign exchange risks and liquidity risks related to short term investments
- Liquidity risks related to own business operations such as effectiveness of planning, and management of cash reserves or facilities
- Credit risks associated with customers or financial market counterparties
- Finance operations related risks such as finance processes and controls, as well as internal and external financial reporting

### EVENT RISKS

- Fleet-related event risks
- Business interruptions
- Natural catastrophes

### PROACTIVE MONITORING

Cramo actively follows a defined set of forward-looking indicators and early-warning signals to give early indication of any changes in the market environment or the operations of the company.

The early warning signals can be divided into external indicators, such as GDP and construction growth rates in operating countries, and internal indicators, such as time utilisation of the rental fleet and order book of modular space. In addition to the formalized indicators, Cramo follows a number of weak signals originating in the day-to-day rental business.

### MANAGEMENT OF STRATEGIC RISKS

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.

The other main strategic risk area relates to the Group's equipment investments. Consequently, Cramo Group uses a lot of time to plan and analyse its rental and non-rental investments, and the utilisation ratios of its machine fleet on an on-going basis. The Group's Fleet Management and Finance & Control functions have the most important role in investment planning and analysis.

Cramo Group's strategic risks are managed by the Board of directors. The Board of directors decides on all of the Group's acquisitions, and quarterly monitors and releases for management to use the next quarter's planned fleet investments. In addition, strategic risks are monitored and assessed yearly as part of the strategy process.

### MANAGEMENT OF OPERATIONAL RISKS

Cramo Group's business largely depends on construction and property markets characterised by seasonal fluctuations. Modular space business acts as an important operational hedge against fluctuations as its contract times are longer than in equipment rental. If correctly managed, the return curve in modular space will have less volatility over a cycle and will peak later compared to equipment rental.

The Group is not dependent on individual customers or projects, since its extensive customer base is spread across several areas. Cramo continuously seeks to further expand, broaden and balance its customer base. Geographic expansion is sought from current and new Central and Eastern European markets.

The constant managing and optimising of the Group's equipment fleet's utilisation rates is a highly important success factor for the Group. The company focuses on high capital efficiency and utilisations as well as on a flexible financing mix. The international

network of depots and centralised fleet management combined with a standardised fleet enable asset transfer and relocation between markets depending on the shifts in demand.

The estimated optimal point of scrapping and selling equipment combined with actively managed and used sales channels for used equipment ensure continuous fleet clean-up based on utilisation rates. At the same time, Cramo creates and monitors the fulfilment of the optimal financing mix at the Group level.

Group management and the business units are responsible for managing the risks of their own operations. Group management supports the business units by co-operating and transferring best practises between business units.

In addition, Cramo has a contingency plan in place, which determines the actions to be taken in a market downturn.

### 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, financial risks are analysed and managed by the Group Treasury and the Group's Finance & Control function.

Cramo Group adopted a new Treasury policy at the end of 2007, which determines in more detail the risk levels for different types of financial risks. Starting in 2008, Cramo will implement the new Treasury policy and there related efficiency measures within the Group's Treasury function.

### MANAGEMENT OF EVENT RISKS AND INSURANCE COVER

The event risks are managed by the operating companies and co-ordinated by Group Finance & Control and Group management. The event risks are mitigated by the use of insurance whenever it is economically feasible.

Extensive insurance cover forms an integral part of Cramo Group's risk management. The Group's management, both Group level and in operating companies, must continuously assess the adequacy and scope of its insurance cover, in view of the extent and nature of Group operations.

Insurance coverage solutions should always contain the catastrophic coverage to secure maintaining of operations essential for the continuous carrying of business and high enough deductibles that would motivate sufficient loss prevention.

To maintain appropriate local services, domestic insurance companies (or a broker) in each country or a foreign insurance company with a local representative are normally utilised as primary insurers. In addition, Cramo Group seeks to utilise group-wide insurances, when such insurances bring economies of scale in terms of pricing and coverage.

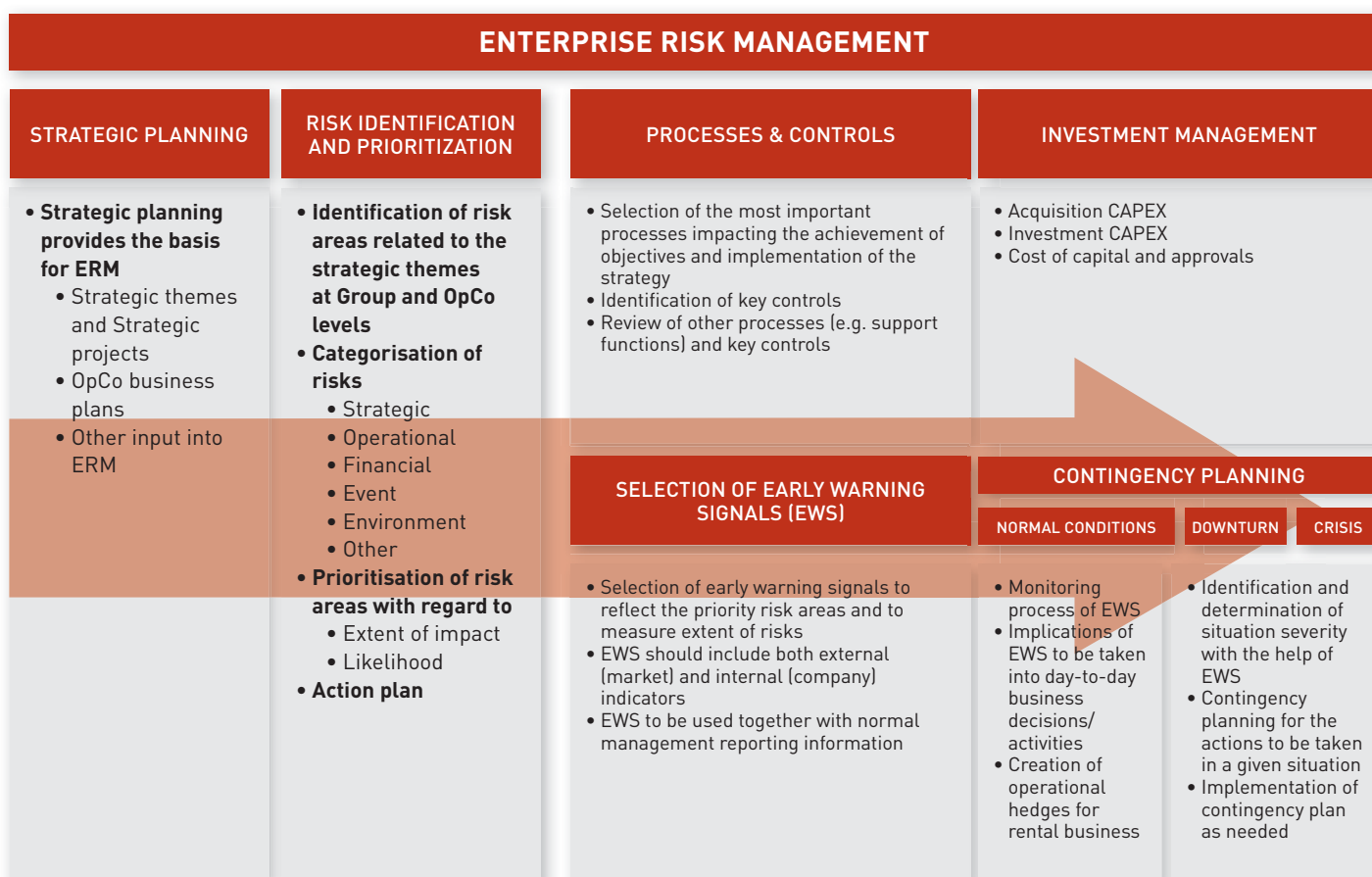
### MANAGEMENT OF ENVIRONMENTAL RISKS

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 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.



### ENTERPRISE RISK MANAGEMENT (ERM) IS LINKED TO STRATEGY AND MANAGEMENT PROCESSES



**1. STIG GUSTAVSON**

Born 1945, Dr.Tech. (hon.) and M.Sc. (Eng.)  
 Chairman since 2007, Board member since 2006  
 Chairman of the Nomination and Compensation Committee

**Primary work experience:**

Konecranes Plc's President and CEO during 1994–2005  
 President of KONE Cranes division 1988–1994

**Simultaneous positions of trust:**

Board Chairman: Konecranes Plc, Dynea Oy, Mercantile Oy Ab,  
 Arcada Foundation, Handelsbanken 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

Deemed independent of the Company and the major shareholders

**2. EINO HALONEN**

Born 1949, B.Sc. (Econ.)  
 Vice-Chairman since 2007, Board member since 2003  
 Chairman of the Audit Committee

**Primary work experience:**

Suomi Mutual Life Assurance Company's President and CEO  
 2000–2007

**Simultaneous positions of trust:**

Board member: Finsilva Oyj, Metsäliitto Cooperative, OKO Bank  
 Plc, Sato Oyj, YIT Corporation

Deemed independent of the Company and, in his role as Suomi  
 Mutual Life Assurance Company's President and CEO (until 31  
 December 2007), dependent of the major shareholders



## BOARD OF DIRECTORS 31 DECEMBER 2007

**3. GUNNAR GLIFBERG**

Born 1943, B.Sc. (Eng.)  
 Board member since 2006  
 Member of the Nomination and Compensation Committee

**Primary work experience:**

Cramo AB's President and CEO during 1994–2005

As Cramo AB's previous President and CEO, deemed dependent  
 of the Company until autumn of 2008, independent of the major  
 shareholders

**4. HANNU KROGERUS**

Born 1949, LL.M., Attorney-at-Law  
 Board member since 2006  
 Member of the Nomination and Compensation Committee

**Main occupation:**

Senior Partner of Krogerus Attorneys Ltd, founding Member of  
 Krogerus Attorneys Ltd

**Simultaneous positions of trust:**

Board Chairman: Krogerus Attorneys Ltd, Adelec Industries Ltd. Oy,  
 North-West Russia Development Company Ltd.

Board member: Genelec Oy, Startex Oy

Deemed independent of the Company and the major shareholders

**5. ESKO MÄKELÄ**

Born 1943, M.Sc. (Eng.), MBA  
 Board member since 2007  
 Member of the Audit Committee

**Primary work experience:**

Executive Vice President, CFO of YIT Corporation

Deemed independent of the Company and the major shareholders

**6. JUHANI NURMINEN**

Born 1939, Construction Engineer  
 Board member during 1989–1995, 1999–2000 and since 2001  
 Member of the Audit Committee

**Main occupation:**

Rakennus-Bettene Oy's Managing Director

**Simultaneous positions of trust:**

Member of the Board of Trustees of the Construction Engineers'  
 Foundation

Deemed independent of the Company and the major shareholders


**SHARES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS ON 31 DECEMBER 2007**

	Shares
Stig Gustavson	76,403
Juhani Nurminen	6,491
Gunnar Glifberg	4,701
Eino Halonen	3,758
Esko Mäkelä	1,395
Hannu Krogerus	1,001

**TOTAL REMUNERATION FOR BOARD OF DIRECTORS PAID BY CRAMO, EUR**

	2007
Chairman	48,000
Vice-Chairman	34,000
Other members of the Board	124,000

The members of the Board of directors are all independent of the Company and its major shareholders except Mr. Eino Halonen, who is deemed independent of the Company but in his role as Suomi Mutual Life Assurance Company's President and CEO (until 31 December 2007) is dependent of major shareholders, and Mr. Gunnar Glifberg, who is independent of major shareholders but as Cramo AB's previous President and CEO is deemed dependent of the Company until the autumn of 2008. "Independent" means that such a member of the Board does not have a material relationship with Cramo apart from his/her Board membership, and that the member is independent of a significant shareholder of the company.

**1. VESA KOIVULA**

Born: 1954, M.Sc. (Eng.)  
 President and CEO since 2003  
 Employed by Cramo since 2003

**Previous positions:**

Fiskars Inha Ähtäri Works, Managing Director 2001–2003 and Vice  
 Managing Director 1995–2001, Morus Oy, Managing Director 1992–1995

**2. GÖRAN CARLSON**

Born: 1958  
 Deputy CEO since 2006  
 Member of the Group management team since 2006  
 Employed by Cramo since 2005

**Previous positions:**

Cramo AB, CEO 2005, FläktWoods Group, SVP 2002–2004, Electrolux  
 South Africa, Managing Director 1998–2001, The Lux Group, CEO  
 1993–1998, Lux France, Managing Director 1991–1993, Electrolux  
 Philippines, Managing Director 1986–1991, Electrolux Far East,  
 Managing Director 1984–1986

**3. MARTTI ALA-HÄRKÖNEN**

Born: 1965, Dr.Sc. (Econ.), Lic.Sc. (Tech.)  
 CFO since 2006  
 Member of the Group management team since 2006  
 Employed by Cramo since 2006

**6. JARMO LAASANEN**

Born: 1950, MBA  
 Senior Vice President, Other Europe since 2006  
 Member of the Group management team since 2006  
 Employed by Cramo since 2004

**Previous positions:**

Cramo Suomi Oy, President 2004–2005, Addsoft Solutions Oy, Managing  
 Director 2001–2004, Getronics Oy/Corp., General Manager, North East Europe  
 Area Manager, Vice President 1998–2001, Olivetti Oy, Service Director, Managing  
 Director 1992–1998, Unisys Oy, Sales Manager, Sales Director 1980–1992

**7. OSSI ALASTALO**

Born: 1966, Studies at the Tampere University of Technology  
 Senior Vice President, Modular Space since 2006  
 Member of the Group Management team since 2006  
 Employed by Cramo since 2000

**Previous positions:**

Tilamarkkinat Oy (later Cramo Instant Oy), Managing Director 2001–2006,  
 Deputy Managing Director 1999–2001 and Logistic Manager 1989–1999

**8. ANDERS COLLMAN**

Born: 1954, PhD (Bus. Adm.)  
 Vice President, Marketing and Communications since 2006  
 Member of the Group management team since 2006  
 Employed by Cramo since 1998



# GROUP MANAGEMENT

## 31 DECEMBER 2007

**Previous positions:**

WM-data Oy, SVP, Finance and Administration, 2004–2006, Novo Group Oyj,  
 SVP-Business Development, CFO, 1998–2003, Postipankki Ltd, Finance  
 manager, Manager-Corporate Finance, 1995–1998

**Simultaneous positions of trust:**

Board member, Society for Economic Education 2006–

**4. MAGNUS ROSÉN**

Born: 1962, MBA  
 Senior Vice President, Scandinavia since 2006  
 Member of the Group management team since 2006  
 Employed by Cramo since 1997

**Previous positions:**

BT Svenska, Service market Director 1994–1997, BT Hyrsystem, Managing  
 Director 1991–1994, BT Industrier, Financial Manager 1989–1991

**5. TATU HAUHIO**

Born: 1970, M.Sc. (Econ.)  
 Senior Vice President, Finland since 2006  
 Member of the Group management team since 2006  
 Employed by Cramo since 2004

**Previous positions:**

RK Group, Director for Project Rental and foreign operations 2004–2005,  
 Suomen Projektivuokraus Oy, Business Development Director 2003,  
 Cap Gemini Oy, it-consultancy, quality and risk management positions  
 1997–2002.

**Previous positions:**

Cramo, Communications director 1998–2006, SalsAnsvar, Communications  
 director 1998, Addum, financial reconstruction 1992–1998, Nordea, consultant  
 and investment banking 1986–1992, University of Uppsala, professor and  
 research 1978–1986

**9. MATS STENHOLM**

Born: 1947, B.Sc.  
 Vice President, Fleet Management since 2006  
 Member of the Group management team since 2006  
 Employed by Cramo since 1998

**Previous positions:**

Cramo AB, Head of Asset Management (rental fleet) 1997–2006, Cramo AB,  
 Product manager Construction equipment 1992–1997, Cramo AB, Sales  
 manager Temp. heating division 1988–1992, Eurenus Byggmaskiner AB,  
 Rental manager 1979–1988, C.G.Eurenus AB, Sales manager construction  
 equipment 1973–1979

**10. EVA HARSTRÖM**

Born: 1961, M.Sc. (Ind. Mgt. and Eng.)  
 CIO since 2006  
 Member of the Group management team since 2006  
 Employed by Cramo since 2006

**Previous positions:**

St. Jude Medical AB, Project Manager, IT Manager, Director of IT 1995–2006,  
 IBS Sverige AB, System analyst and Project Manager 1986–1995




**SHAREHOLDING,  
GROUP MANAGEMENT TEAM**

Shares	31 Dec, 2007
Ossi Alastalo	21,114
Vesa Koivula	12,900
Tatu Hauhio	5,750
Göran Carlson	4,900
Martti Ala-Härkönen	4,900
Magnus Rosén	4,050
Mats Stenholm	2,500
Jarmo Laasanen	2,100
Anders Collman	1,250
Eva Harström	1,250

**REMUNERATION FOR THE PRESIDENT AND CEO  
AND THE GROUP MANAGEMENT TEAM, EUR**

	2007
<b>Salaries and fringe benefits</b>	
President and CEO	371,000
Other Management team members	1,589,000
<b>Total</b>	<b>1,960,000</b>

**OPTION RIGHTS,  
GROUP MANAGEMENT TEAM, 31 DEC 2007**

	2006A received	2006B received
Vesa Koivula	80,000	88,000
Göran Carlson	60,000	65,000
Martti Ala-Härkönen	60,000	65,000
Magnus Rosén	45,000	50,000
Jarmo Laasanen	35,000	40,000
Tatu Hauhio	35,000	35,000
Ossi Alastalo	35,000	35,000
Anders Collman	30,000	30,000
Eva Harström	30,000	30,000
Mats Stenholm	30,000	30,000



**BUILDING MACHINERY**

Wheel tractors and garden machinery  
 Forklift trucks  
 Carts and trailers  
 Concrete mixing machinery  
 Mortar mixing machinery  
 Plaster and concrete spray equipment  
 Conveyors  
 Material containment bins and tanks  
 Soil compaction vibrators

Concrete handling equipment  
 Generators  
 Electrical equipment  
 Steam generators  
 Drying and heating facilities  
 Ventilation fans  
 Pumps  
 Lifting equipment  
 Jacks, pulley blocks and telfers  
 Soil- and rock-drilling equipment  
 Chisels and pneumatic hammers  
 Screwing and hammering tools  
 Cross-cutting machinery and saws  
 Soldering equipment  
 Drilling machinery  
 Sanding and milling machinery  
 Cutting and bending machinery  
 Measurement instruments  
 Signaling equipment  
 Cleaning equipment, filter separators  
 Light metal scaffolding  
 Compressors  
 Crane equipment  
 Trolley hoists, winches and coilers



**CONSTRUCTION EQUIPMENT**

Dumpers  
 Compact loaders and wheel-mounted loaders  
 Excavators  
 Rollers  
 Bench drilling equipment  
 Demolition equipment  
 Compressors, heavy-duty  
 Generators, heavy-duty



**AERIALS AND FORKLIFTS**

Trailer-mounted lifts  
 Vertical column lifts  
 Scissor lifts  
 Knuckleboom lifts  
 Telescopic lifts  
 Lifting trolleys  
 Counterbalanced forklift trucks  
 Pallet trucks  
 Stand-up stackers  
 Reach trucks



**SITE INFRASTRUCTURE**

Office and employee site huts  
 Cramodules  
 Evacuation apartments  
 Portable toilets/washroom facilities  
 Repair shop facilities  
 Trailers  
 Containers  
 Storage facilities/protection from weather  
 Construction hoists  
 Work platforms  
 Scaffolding systems  
 On-site building electricity

**SITE SERVICES, SUCH AS DRYING, HEATING, SCAFFOLDING, ELECTRIFICATION, DIAMOND DRILLING, FLOOR GRINDING AND MILLING.**

*Equipment Rental services the construction industry, other industries and the public sector by offering total solutions from building site facilities to building machinery and rental-related services. Modular Space offers high quality customisable modular buildings to the construction and other industries and the public sector.*

# CRAMO PRODUCT PORTFOLIO

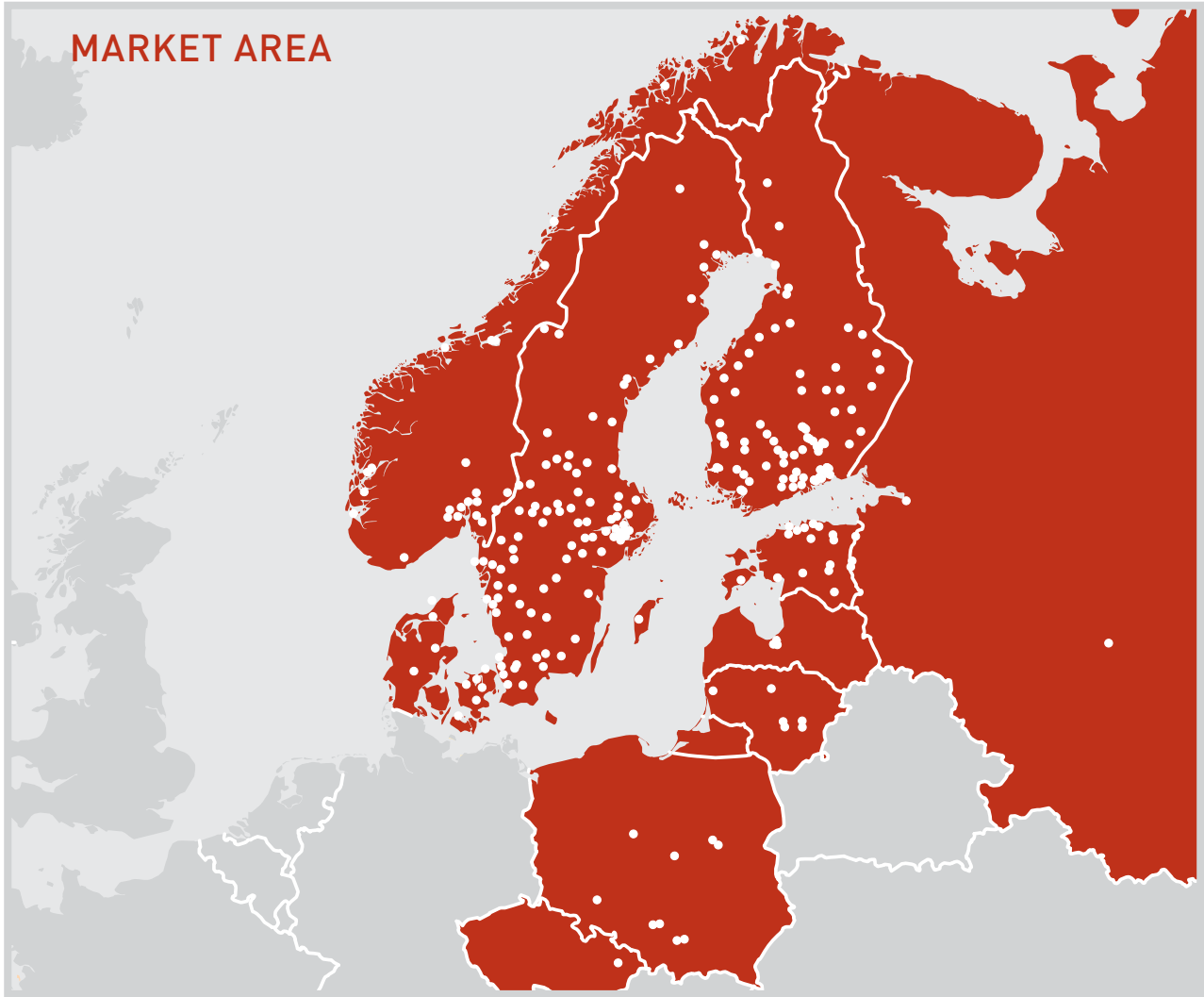
**RELATED SERVICES, SUCH AS FACILITIES MANAGEMENT, CUSTOMER SUPPORT AND ARCHITECTURAL DESIGN SERVICE.**



**MODULAR SPACE**

Offices  
 Schools  
 Day care and care homes  
 Manufacture and sales of site huts & halls

## MARKET AREA



# POWERING YOUR BUSINESS

## CONTACTS

### GROUP HEADQUARTERS

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Tel +358-10 661 10  
www.cramo.com

### GROUP OPERATIONAL CENTRE

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Torshamnsgatan 35  
SE-164 95 Kista  
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Tel +46-8 623 5400  
www.cramo.com

### EQUIPMENT RENTAL

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Kalliosolantie 2  
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Torshamnsgatan 35  
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Verkiu str. 50  
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Cramo Podesty  
Ruchome Sp.zo.o

Ul. Biskupinska 16  
PL-30732 Krakow  
Poland  
Tel +48-12 2903 10  
www.cramo-podesty.pl

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Zanevka 48/1  
RU-195298 St.Petersburg  
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ZAO Cramo Rentakran

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Mytischki District  
Moscow Region  
141032 Russia  
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www.cramorentakran.ru

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FI-33471 Ylöjärvi  
Finland  
Tel +358-10 661 5500  
www.cramo.fi

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Torshamnsgatan 35  
SE-164 95 Kista  
Sweden  
Tel +46-8 623 5470  
www.cramo.se

Cramo Instant AS  
PB 33, Tverrveien 1  
NO-3056 Solbergelva,  
Norway  
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