



# **AGILITY IN ACTION**

**CRAMO PLC**

**ANNUAL REPORT 2008**

# CRAMO PRODUCT PORTFOLIO

## TOOLS



Ground vibrators  
Concrete processing machines  
Electrical equipment  
Compressors  
Drying and heating equipment  
Pumps  
Screw/nail tools, chipping and hewing hammers

Cutting machines, saws and welding equipment  
Grinding, milling and drilling machines  
Bending machines  
Measuring instruments  
Cleaning equipment

## CONSTRUCTION EQUIPMENT



Rollers  
Excavators  
Skidsteer loaders  
Compact loaders  
Wheel loaders  
Compressors  
Generators  
Drilling rigs  
Demolition robots

## ACCESS EQUIPMENT



Mini cranes  
Telescopic handlers  
Vertical mast lifts  
Scissor lifts  
Articulated boom lifts  
Telescopic boom lifts  
Crawler-mounted lifts  
Trailer-mounted lifts  
Truck-mounted lifts

Forklift trucks  
Warehouse trucks

## MODULAR SPACE



Products:  
Site huts  
Modules  
Trailers  
Toilets  
Containers

Applications:  
Offices  
Schools  
Daycare/pre-school  
Accommodation  
Building sites  
Storage

**ESTIMATED TOTAL EUROPEAN EQUIPMENT RENTAL MARKET\*:  
EUR 23.5 BN (2007), UP BY 9% FROM EUR 21.5 BN A YEAR EARLIER.**

## RELATED CONCEPTS AND SERVICES



Total solution concepts:  
Building site infra structure  
Facility management  
Outsourcing (insourcing)

Site services, such as:  
On site deliveries  
Drying  
Heating  
Scaffolding  
Temporary electricity  
Diamond drilling  
Floor grinding and milling  
Facilities management

Training  
Lift operators  
Safe scaffolding work

\* Source: European Rental Association best estimate, June 2008

## MARKET AREAS



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# CRAMO – A LEADING RENTAL SERVICE PROVIDER

Cramo is a service company specialising in equipment rental services, as well as the rental and sale of modular space.

Cramo's equipment rental services comprise construction machinery and equipment rentals and rental-related services.

Cramo Plc is one of the industry's leading service providers in the Nordic countries and Central and Eastern Europe with annual sales of EUR 579.8 million. Through a total network of 303 depots, with the number of rental items totalling approximately 220,000, Cramo's 2,617 employees serve over 90,000 customers in 11 countries.

Cramo shares are listed on the NASDAQ OMX Helsinki Ltd.

## MISSION

To provide rental solutions to help customers improve their competitiveness, thereby creating value for Cramo's shareholders and growth opportunities for its employees.

## VISION

- To be the preferred rental solution provider in the eyes of customers
- To rank among the two largest industry players in every market of presence
- To be one of the most profitable companies in the industry

## VALUES

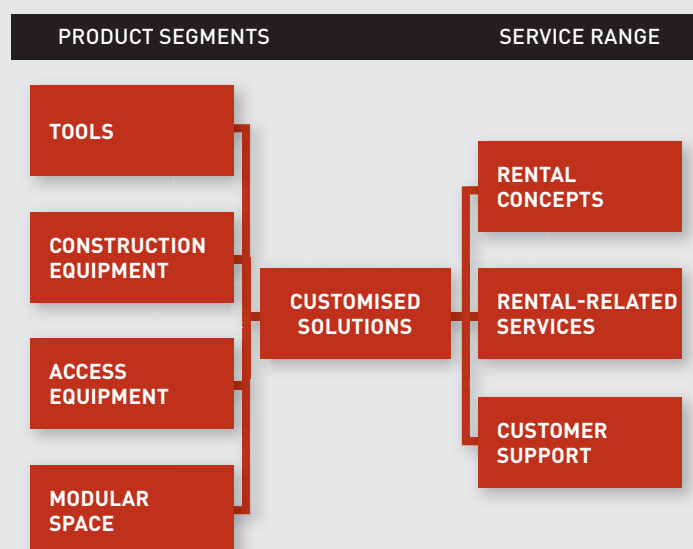
- Credibility
- Creativity
- Commitment to all stakeholders

## BUSINESS MODEL

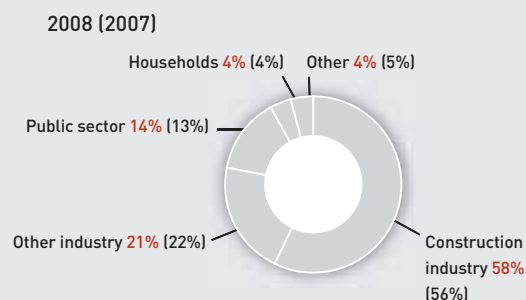
Cramo provides modern, full-service rental solutions to construction companies, customers in trade, customers, industry and the public sector as well as private customers. The Cramo Concept, a total solution provider concept is a central piece of Cramo for business expansion. By combining the broad product portfolio of machinery, equipment and modular space with its extensive offering of services, Cramo reduces the capital investment needs of its customers. Cramo also creates total rental solutions for every possible short and long term need, from project agreements to outsourcing.

Due to the wide geographical spread of operations, Cramo combines the commitment of a local company with the strength and business professionalism of a large international company.

## THE TOTAL SOLUTION PROVIDER CONCEPT



## CUSTOMER MIX, % OF SALES



## DISTINCTIVE CAPABILITIES

**Understanding customer needs.** An extensive customer base facilitating a deeper understanding of various customer needs. The understanding and ability to adapt according to customer needs forms the basis for service and solution development.

**Leadership in rental development.** A strong position in the selected solutions and services. A forerunner in offering services and know how for the use of more complex equipment and machinery.

**Technical and functional expertise.** Up-to-date and technically well-maintained and served equipment. Effective adaptation of new technical innovations to increase efficiency. The power and resources of a large company.

**Quality, safety and environmental leadership.** Committed to being at the forefront of the rental industry within quality, safety and environment. Leadership achieved through quality-certified operations, Cramo safety concept, and an active promotion of environmental matters.



### RENTAL COMPANY OF THE YEAR

The European Rental Association (ERA) granted Cramo its first ever "Rental Company of the Year" award in June. Cramo received the award for "a successful and swift transformation of two companies into one of Europe's leading actors in the industry". In the Rental Environmental Award category, Cramo was in second place.

## CRAMO GROUP BUSINESS SEGMENTS 2008

Business segment	EQUIPMENT RENTAL				MODULAR SPACE
<b>Business</b>	Rental of construction machinery and equipment, rental-related services				Rental and sale of modular space
<b>Offering</b>	Total solutions from building site facilities to tools and rental-related services for construction industry, other industries and the public sector as well as private customers.				High quality customisable modular buildings, typically for schools, day care, or office purposes to all types of industry and the public sector.
<b>Geographical segment</b>	Finland	Sweden	Western Europe	Central and Eastern Europe	All markets
<b>Market</b>	Finland	Sweden	Norway, Denmark	Estonia, Latvia, Lithuania, Poland, Russia, the Czech Republic, Slovakia	Finland, Sweden, Norway, Denmark
<b>Market position estimate</b>	#2 in Finland	#1 in Sweden	#3 in Norway #3 in Denmark	#1 in Estonia, Lithuania and the Czech Republic #2 in Latvia and St. Petersburg #3 in Poland #6 in Slovakia	#1 in the Nordic countries
<b>Competitive landscape</b>	Two strong players with a number of local and specialist competitors.	Two strong players with a number of local and specialist competitors.	Four strong players with a number of local and specialist competitors in Norway. Fragmented markets under consolidation in Denmark.	Mainly smaller national and local and specialist players with a few Western European competitors.	Finland and Sweden dominated by few strong players. Norway and Denmark fragmented markets under consolidation.

From January 1, 2009 Cramo reporting is based on geographical segments, which are divided into five main areas: Finland, Sweden, Norway, Denmark and Central and Eastern Europe. Modular space business is included in these segments.

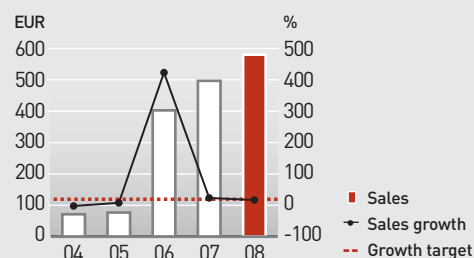
# CRAMO GROUP PERFORMANCE 2008

Information on operational achievements on pages 10–11 (Group) and on pages 16–17 (Business segments).

KEY FIGURES AND RATIOS	2008	2007	CHANGE, %
<b>Income statement</b>			
Sales, MEUR	579.8	496.4	16.8
Operating profit before amortisation on intangible assets resulting from acquisitions (EBITA), MEUR	102.2	96.0	6.5
EBITA margin, %	17.6	19.3	
Operating profit (EBIT), MEUR	91.8	91.8	0.0
Profit before tax (EBT), MEUR	63.7	75.8	-16.0
Profit for the period, MEUR	48.7	57.5	-15.4
<b>Balance sheet</b>			
Gearing, %	149.3	109.4	
Equity ratio, %	32.4	37.3	
Net interest-bearing liabilities, MEUR	477.1	365.0	30.7
Total assets, MEUR	997.6	895.0	11.5
Shareholders equity, MEUR	319.5	333.7	-4.3
Market capitalisation, MEUR	141.0	531.0	-73.4
<b>Share information</b>			
Earnings per share (EPS) before amortisation on intangible assets resulting from acquisitions, diluted, EUR	1.84	1.96	-6.1
Earnings per share (EPS), undiluted, EUR	1.59	1.88	-15.4
Earnings per share (EPS), diluted, EUR	1.59	1.87	-15.0
Dividend per share, EUR	0.40*	0.65	-38.5
Equity per share, EUR	10.42	10.88	-4.2
<b>Other information</b>			
Return of investment (ROI), %	12.0	13.7	
Return on equity (ROE), %	14.9	18.4	
Gross capital expenditure, MEUR	201.2	175.5	14.6
Gross capital expenditure, % of sales	34.7	35.4	
Cash flow from operations, MEUR	121.0	138.7	-12.8
Average number of personnel	2,617	2,070	26.4
Number of depots	303	268	13.1

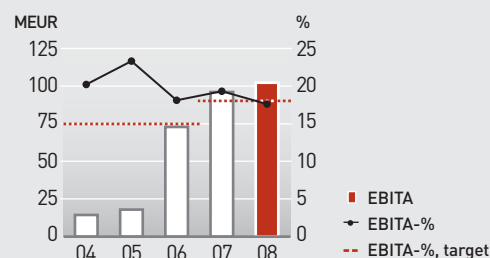
\* Board proposal

SALES, MEUR,  
SALES GROWTH, %



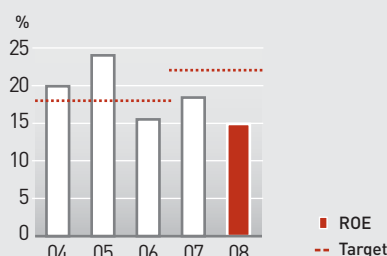
Strong sales growth continued in all markets in 2008.

EBITA, MEUR,  
EBITA-%



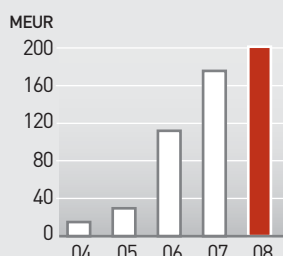
EBITA increased but EBITA margin decreased in a weakening market.

RETURN ON EQUITY (ROE), %



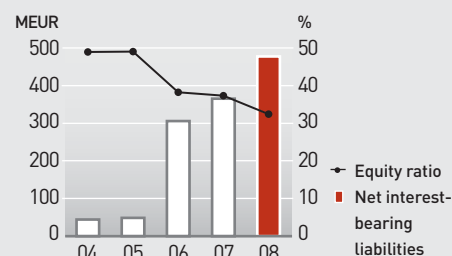
ROE decreased as a result of weakening profitability.

GROSS CAPITAL EXPENDITURE, MEUR



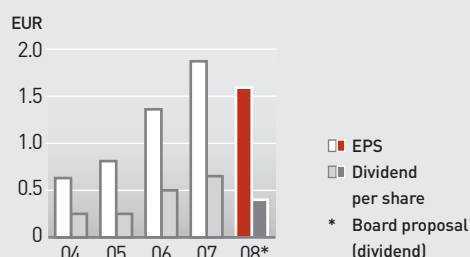
Growth investments brought to an end in H2 2008.

NET INTEREST-BEARING LIABILITIES,  
MEUR AND EQUITY RATIO, %



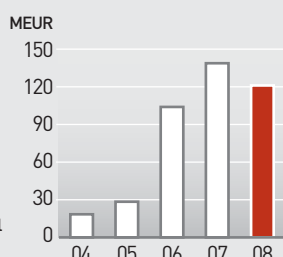
Impact of growth investments on balance sheet. Improvements in H2 2008.

EPS AND DIVIDEND PER SHARE, EUR



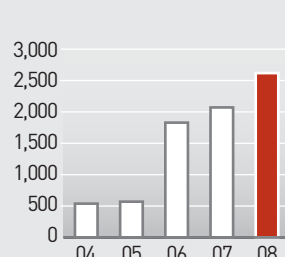
Cramo's profit distribution goal is to distribute approximately a third of the Group's annual profit.

CASH FLOW FROM OPERATIONS, MEUR



Solid operational cash flow throughout the year.

AVERAGE PERSONNEL

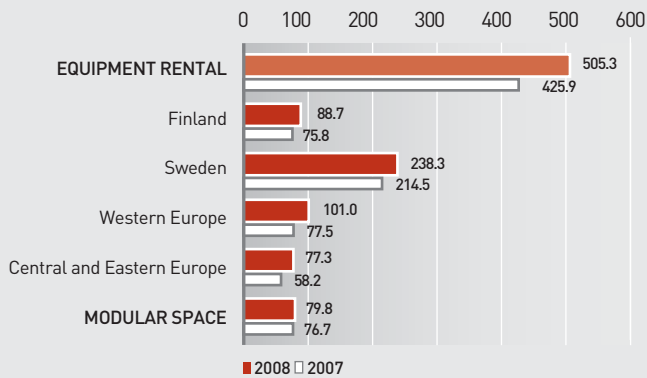


Growth in personnel reflected the expansion of geographical footprint.



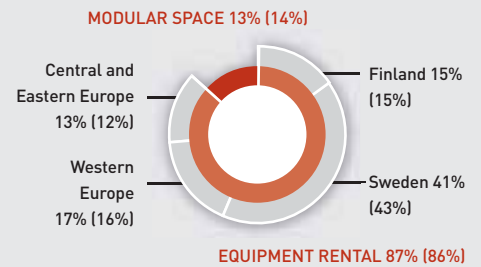
# SEGMENTS IN 2008

SALES PER SEGMENT, MEUR



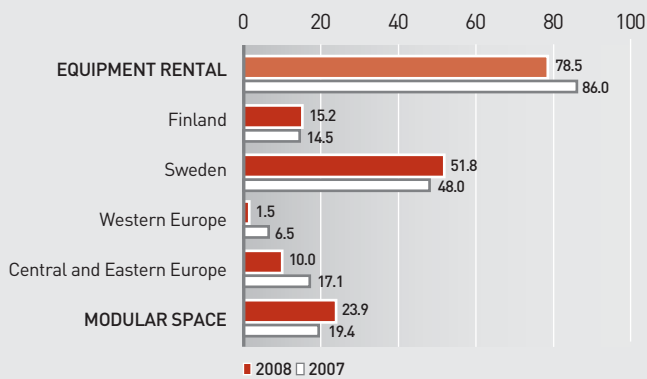
Highest sales growth was achieved in Western Europe and CEE.

SALES PER SEGMENT, % OF GROUP 2008 (2007)



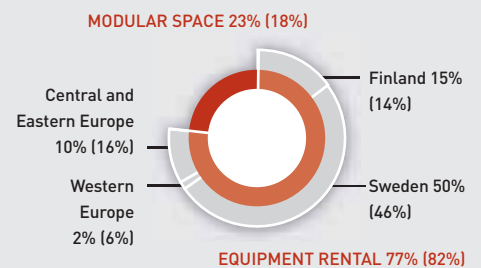
Share of Western Europe and CEE grew due to broadened geographical distribution.

EBITA PER SEGMENT, MEUR



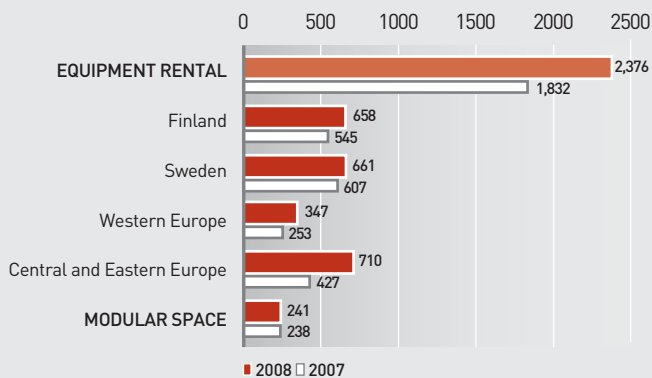
EBITA increased in Finland, Sweden and Modular Space, but fell in Western Europe and CEE due to expansion of activities in H1 and a drop in demand in H2.

EBITA PER SEGMENT, % OF GROUP 2008 (2007)



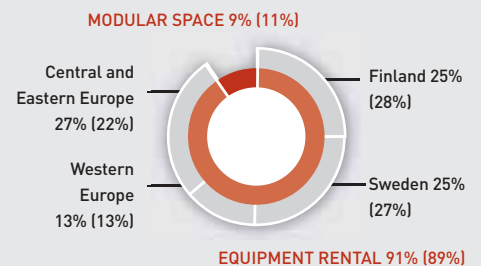
Share of modular space, Sweden and Finland of EBITA increased.

AVERAGE NUMBER OF EMPLOYEES PER SEGMENT



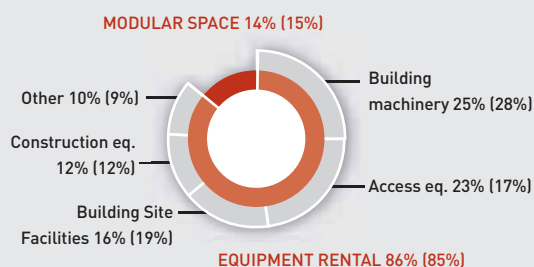
Growth in number of employees reflected the expansion of operations especially in CEE.

PERSONNEL PER SEGMENT, % OF GROUP 2008 (2007)



The share of employees in CEE increased substantially.

SALES BY PRODUCT GROUP, % 2008 (2007)



Balanced mix of sales across product areas.

# BUSINESS AGILITY SECURES GOOD PERFORMANCE

2008 was a year of great opportunities and one of tremendous challenges. We maintained our focus on advancing our profitable growth strategy while adjusting to the changing situation. As a result, Cramo succeeded in performing well in tough times. In 2009, we will focus on a strong cash flow and profitability.

Cramo's growth remained at a good level in spite of the drastic changes in the market environment during the second half of the year. We enjoyed particularly high full-year growth rates in Denmark, Norway and Central and Eastern European countries. Our sales growth was driven by acquisitions and a high-level of equipment investments completed in 2007 and in the first half of the year, we also opened new depots and entered new markets.

In the new market situation the Group focus was quickly shifted into prioritising profitability and cash flow from operations. For example, we put new equipment investments on hold and focused on optimising the usage of the existing fleet throughout the whole Group. As a result, we achieved a good profitability level in 2008.

We are pleased to enjoy the results from the record high equipment investment levels of the last few years. We have a modern and competitive fleet that can move between different markets – within and between countries – depending on the shifts in demand. At the same time, we focus on investments in the growing modular space business.

Our Cramo concept lives on time on widening markets. We focus on strengthening long-term customer relationships, based on trust and understanding, especially in outsourcing. We believe that in the future we will increasingly serve customers operating in more and more countries. The share of the other industry and modular space customers in our clientele continues to increase. In addition to the strong modular space demand in Finland and Sweden as well as in the new markets, Denmark and Norway, we also see increasing interest in modular space solutions in Central and Eastern Europe.

At the same time we were delighted to recognise that our investments in the creation of One Cramo have been successful. Our early warning systems and contingency plans developed and fine-tuned throughout the years enabled us to react early to the changing environment. Thus we were able to start systematic cost adjustment in time and with good results. Unfortunately this also led to personnel adjustments in some countries.

Our business agility was proven during the turbulent second half of the year, particularly in Estonia, Latvia, Lithuania and Denmark. Here, our contingency plans were revised many times to meet the quickly changing environment. To keep up-to-date, we will continue focusing on further improving our fleet management to optimise the utilisation rates. We will also work on organisational agility, ensuring smooth collaboration within and between countries, and financial agility employing various financing options.



As for the regions, we had a very strong year in Sweden. As a market leader we are in a good position to perform well in this market in the future as well. The fast slow down in Finland required adjustments resulting in satisfactory results considering the situation. In Norway and Denmark, having now reached the size required to enjoy economies of scale we will focus on improving profitability.

In spite of the significant drop in construction, we have reached a strong position in the Baltic countries. We achieved a considerable development in Poland. Our good position in the Czech Republic and Slovakia will bring stability to our operations. In Russia, our profitability was particularly good in St. Petersburg while the operations in Moscow and Yekaterinburg are in their early phases. Our expansion continues there, but at a slower rate.

My most sincere thanks go to our employees. You have proven, beyond any doubt, that our business is our people. 2008 was a year of great achievement and you made it happen. The European Rental Association's (ERA) first ever "Rental Company of the Year" award shows that our external partners and stakeholders also recognised all the effort we have put into building "One Cramo". This work goes on.

I thank our shareholders for your ongoing support. Bear with us in the future, as I am confident that we belong to that group of winning companies in tough times. Our foundations are solid. We have modern equipment and highly professional personnel. Actions taken in 2008 already show that our business agility creates results. For 2009 we have a clear plan including strengthening our balance sheet and continuing to do our utmost to perform in a changing environment.

Vesa Koivula



# DEAR FELLOW SHAREHOLDERS IN CRAMO,

2008 marked a sharp turn in Cramo's markets. Starting already in mid-2007, the financial crisis affected the economy at large in 2008. During the second part of 2008, the crisis hit global industrial markets with full force.

## THE CHAIRMAN'S LETTER TO SHAREHOLDERS



Our main customer, the construction industry was among the first to feel the impact.

The irony of the situation is striking. Whilst 2008 was a good year in all aspects for Cramo, with good growth and profits, our share price plummeted to valuations of less than the company's net asset value, a clear "crisis" valuation.

The reason for the valuation is clear and logical. With its high debt load, Cramo is believed not to be in a good position to carry its business through a long recessionary period. Let me here offer a few comments on why, in my opinion, Cramo possesses intrinsic strengths that outweigh the load of recession and debt.

First, the Management. Cramo is a well managed company. From its background of multiple mergers, Cramo's top management has worked diligently to build "One Cramo". The most important feature in "One Cramo" is the ability to allocate its assets according to need, between depots, between regions, between nations. The result is a good utilisation rate. The success of this work is evidenced by the sustainability of its margins, also during periods of lesser activity, such as during late 2008.

Second, asset control. Cramo manages its debt load well. The absolute majority of Cramo's debt is long term, with maturities not starting until 2012 and beyond. Typical for the construction equipment rental business, the cash flow before investments is strong. Cramo, with its modern equipment fleet, controls its investment levels, without negative impacts on its business. The present no-new-investment regime secures a rapid debt reduction.

Third, the business model. Cramo is known as a construction equipment rental company, but it's also very active in temporary space rentals. With its roots in construction site huts, it now spans a wide variety of flexible space needs, such as schools, hospitals, daycare centers, offices and the traditional site huts. The median rental period is over five years, yielding good stability. Low new construction feeds the need for flexible rented space. Construction in itself is not a homogenous business. We differentiate between residential and commercial, industrial and infrastructure related construction. Also, repair, rebuild and extensional construction is a significant part of construction. Today this market, with infrastructure related construction, is not in recession.

In summary, Cramo today is a very interesting business proposition. With scarce financing, equipment rental is an attractive solution. With its high utilisation rates, Cramo may offer modern equipment at attractive rates. The business model is well suited for mature markets, but equally well suited for emerging markets in the east, with their huge pent-up demand.

I welcome all new shareholders, and I thank all old holders of our stock. We have challenging times ahead of us, but, I believe, with good rewards.

Stig Gustavson

# STRATEGY ADJUSTED TO CHANGING SITUATION

In 2008, Cramo continued to implement its strategy of strong international growth and took decisive actions to increase the agility of its business model in order to respond to the rapid changes in the market environment. More emphasis was put on profitability.

## STRATEGIC THEMES

Cramo's strategic themes are based on the company's vision, values and identity. Strategic themes define the current strategic focus areas and priorities in order to attain profitable growth.

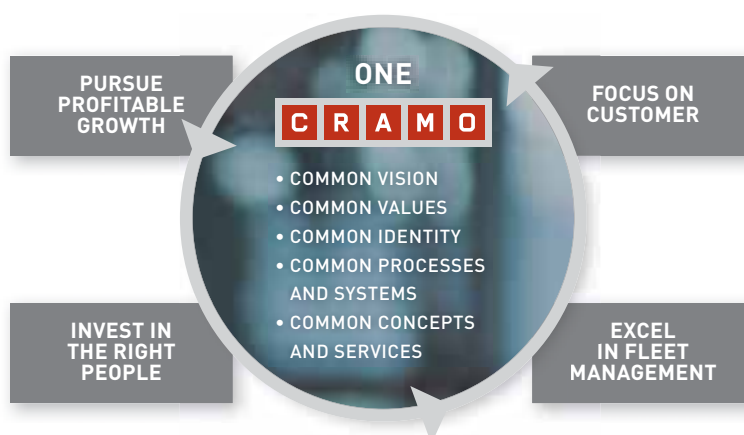
### ONE CRAMO

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 the fast growing Central and Eastern European markets. A focused strategy ensures discipline in taking the Cramo Concept into new markets.

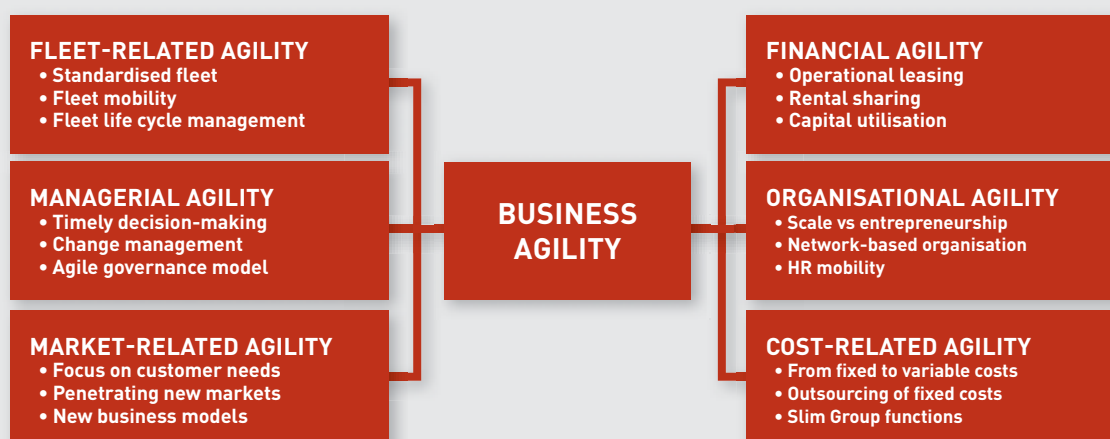
### BUSINESS AGILITY

Prompt adaptation is key in the fast changing rental industry. One of Cramo's strengths is an agile business model, which has been achieved by developing agility in six areas: rental fleet, financing, management, organisation, market and customers as well as cost structure.

## CRAMO GROUP'S STRATEGIC THEMES



## BUSINESS AGILITY IN A FAST CHANGING ENVIRONMENT



	STRATEGY	IMPLEMENTED 2008	TARGETS 2009
PURSUE PROFITABLE GROWTH	<ul style="list-style-type: none"> <li>Differentiated strategy and focus on profitable growth per market</li> <li>Innovate offerings and drive outsourcing in the Nordic countries</li> <li>Focus on the growing CEE markets</li> <li>Introduce the Cramo Concept throughout the Group</li> <li>Develop and exploit synergies between countries and product areas</li> <li>Support and facilitate investment in full depot network and product mix</li> <li>Complement organic growth with acquisitions</li> <li>Improve business agility</li> </ul>	<ul style="list-style-type: none"> <li>Sales and profitability in line with financial targets</li> <li>Growth and market share gain achieved in most markets</li> <li>Strongest growth in the CEE area</li> <li>Dedicated investments in rounding off the rental fleet and completing the depot network throughout the Group</li> <li>Operations expanded to Slovakia and within Russia</li> <li>Several acquisitions and outsourcing deals to support organic growth</li> <li>Operational and organizational alignment of the equipment rental and modular space businesses</li> <li>Successful efficiency improvement measures and cost adjustments in markets with slower growth</li> <li>Contingency plans made for all markets</li> <li>Substantial improvements achieved in financial flexibility</li> <li>Internal control and risk management activities tightened</li> </ul>	<ul style="list-style-type: none"> <li>Focus on positive cash flow after investments</li> <li>Reduce indebtedness in order to improve financial flexibility</li> <li>Focus on sustaining profitability</li> <li>Implement further contingency plans in the weakest performing market areas</li> <li>Prepare further contingency actions for all markets</li> <li>Tighten risk management activities and processes further</li> <li>Focus growth efforts further on the CEE area</li> <li>Exploit opportunities arising for acquisitions and outsourcing</li> </ul>
FOCUS ON CUSTOMER	<ul style="list-style-type: none"> <li>Develop industrial expertise to improve understanding of customers' business and processes to deliver value beyond competition</li> <li>Leverage Cramo's customer-driven organisation to speed up market impact</li> <li>Focus on customer-driven innovation by co-operating with key customers</li> <li>Maintain local, entrepreneurial approach to sales</li> <li>Measure customer satisfaction</li> <li>Support customer growth nationally and internationally</li> </ul>	<ul style="list-style-type: none"> <li>New business intelligence portal launched in several countries and development of a new rental system continued</li> <li>Key Account Management structure expanded and segment-based sales organisation planned</li> <li>Sales and customer service training carried out in several countries</li> <li>New products and ways to serve customers introduced</li> <li>New customer-driven service concepts developed and introduced in several countries</li> </ul>	<ul style="list-style-type: none"> <li>Continue on building long-term customer relationships throughout the Group, including outsourcing deals</li> <li>Further development of the Cramo concept based on customer needs</li> <li>Integrated offering and further reaping the synergies from integration of business lines</li> <li>Improve measurement of customer satisfaction and brand awareness</li> <li>Continue customer-centric training in all markets</li> </ul>
INVEST IN THE RIGHT PEOPLE	<ul style="list-style-type: none"> <li>Create a common culture, shared values and a rewarding environment</li> <li>Attract the right people by becoming an employer of choice</li> <li>Develop people by offering training and opportunities for growth and competence development</li> <li>Retain the right people by celebrating success and creating a winning culture</li> </ul>	<ul style="list-style-type: none"> <li>Cramo values updated</li> <li>Human resource organization strengthened</li> <li>Development of Group-level HR processes, systems and tools started</li> <li>Implementation of common HR processes and tools initiated in several countries</li> <li>Extensive leadership and talent development continued, and Cramo Academy founded</li> <li>Employee surveys carried out in some countries, as pilots</li> <li>Enterprise Wisdom process carried out</li> </ul>	<ul style="list-style-type: none"> <li>Group-level HR processes and basic tools implemented in all countries</li> <li>Common leadership practises and systematic talent management process implemented, Cramo Academy launched</li> <li>Cramo School roll-out continued</li> <li>Employee surveys in all countries</li> <li>Common guidelines for remuneration with incentives</li> </ul>
EXCEL IN FLEET MANAGEMENT	<ul style="list-style-type: none"> <li>Optimize fleet allocation across countries</li> <li>Leverage the Group's purchasing power</li> <li>Establish a multi-vendor sourcing strategy</li> <li>Manage equipment and supply standards and options</li> <li>Implement common fleet development and fleet strategy</li> <li>Establish key alliances with vendors to develop new products</li> </ul>	<ul style="list-style-type: none"> <li>Modernization and standardization of fleet continued</li> <li>Quick and decisive adjustment of investment levels to new market conditions</li> <li>Internal fleet transfer processes, systems and organization improved in order to increase fleet mobility</li> <li>Group-level coordination and support of the external fleet sale process increased</li> <li>Fleet management processes improved and centralized; hub and repair &amp; maintenance structures developed in many countries</li> <li>Multi-vendor sourcing structure implemented</li> </ul>	<ul style="list-style-type: none"> <li>Investments on hold; growth achieved mainly through the improved utilization of existing fleet</li> <li>Use the Group's purchasing power to achieve further gains in the supply of fleet</li> <li>Develop processes, tools and channels for the external sale of equipment</li> <li>Further improve fleet management processes and organization</li> <li>Initiate fleet life cycle management</li> </ul>
ONE CRAMO	<ul style="list-style-type: none"> <li>Create a common internal culture and shared vision</li> <li>Creating a common identity and external image</li> <li>Create common processes and systems</li> <li>Create common concepts and services</li> </ul>	<ul style="list-style-type: none"> <li>Vision and values updated and communicated</li> <li>New intranet developed</li> <li>Active Inspire – Group wide idea generation</li> <li>Customer satisfaction survey and brand image survey in 9 markets</li> <li>Group web updated and rolled out in remaining (2) markets</li> <li>Brand Portal</li> <li>Rebranding of acquisitions (e.g. Latvia)</li> <li>Development of new rental system</li> <li>Development and implementation of a Group Business Intelligence and planning solution</li> <li>Development of Group internal trade process</li> <li>Standardized depot model created</li> <li>A new modular space strategy</li> </ul>	<ul style="list-style-type: none"> <li>Communication and implementation of vision and values to all employees (local level)</li> <li>Roll out new intranet</li> <li>Local implementation of Active Inspire</li> <li>One name, one brand in all markets</li> <li>Swiftly rebranding acquired units</li> <li>Customer satisfaction and brand image surveys in 4–6 markets</li> <li>Brand portal launch and implementation</li> <li>Rental system roll-out starting in 2009</li> <li>Roll-out of Business Intelligence and planning solution</li> <li>Implementation of a Group Portal solution</li> </ul>

# RAPIDLY CHANGING MARKET ENVIRONMENT

The instability of the North American and European financial markets resulted in a global financial crisis in 2008, escalating into a rapid general economic downturn.

World economic growth is expected to moderate further in 2009, driven by continuing growth in emerging and developing economies of Europe and Asia, which is offset by a decline in the major developed economies, including the US, Euro area and Japan.

## EUROPEAN ECONOMIC GROWTH SLOWING DOWN

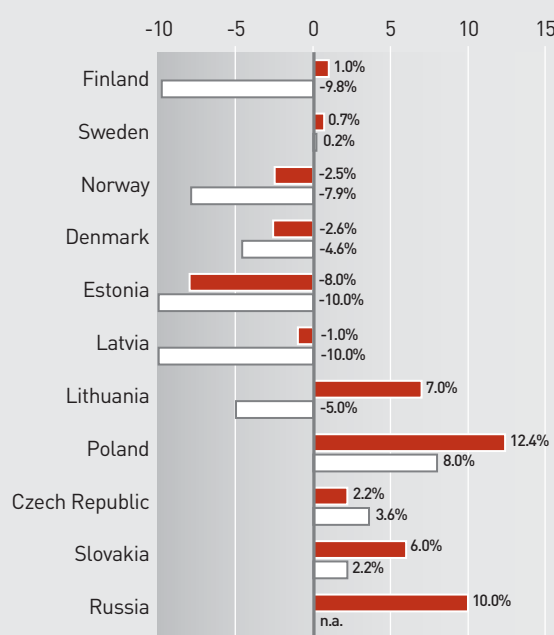
In the second half of 2008, the deepening global financial crisis started to impact prospects for economic growth. In Europe, tighter financial conditions, weaker income growth and negative effects from lower equity and real estate prices were holding down consumption, investments and confidence levels. As actions already taken to ease the monetary situation and financial turbulence gain traction, the period of extreme financial stress, starting towards the end of Q3 2008, is expected to be rather short-lived. However, economic activity levels in Europe are expected to remain weak for most of 2009, and the first signs of recovery are not expected before the end of 2009.

Recent economic growth estimates by IMF and OECD indicate GDP growth for the Euro area of approximately 1.0% in 2008, which is less than half of the growth achieved in 2007. In 2009, the Euro area economy is expected to go into a decline up to 2.0%. (Source: OECD Economic Outlook, November 2008; IMF World Economic Outlook Update, January 2009.)

Of the Nordic economies, according to OECD, Norway is expected to be the least affected, delivering 2.7% and 1.3% GDP growth rates in 2008 and 2009, respectively. In Finland, GDP is expected to grow by 2.1% in 2008, but growth will slow down to 0.6% in 2009. The Swedish GDP is expected to advance less than 1% in 2008 and come to a complete halt in 2009, while in Denmark economic growth nearly stops already in 2008 and is expected to decline by 0.5% in 2009. (Source: OECD Economic Outlook, November 2008.)

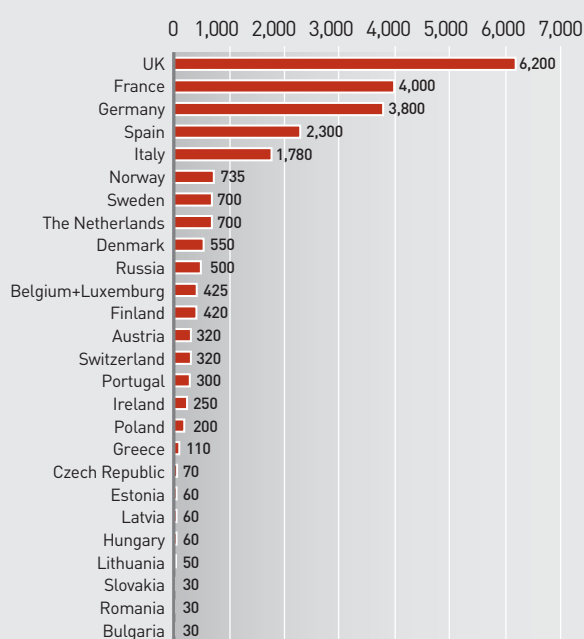
According to IMF, GDP growth rates in Central and Eastern Europe (CEE) and Russia are also expected to decline. The CEE area is expected to grow by 3.2% in 2008 and decline by 0.4% in 2009, while growth rates for Russia are 6.2% and -0.7%, respectively. (Source: IMF World Economic Outlook Update, January 2009.)

**CONSTRUCTION OUTPUT GROWTH, %**  
ESTIMATES, 2008-2009 (CONSTANT PRICES)



■ 2008 □ 2009 estimate | Source: Euroconstruct, December 2008

**EUROPEAN RENTAL MARKET SIZE 2007**  
TOTAL RENTAL TURNOVER (EUR MILLION)



Source: European Rental Association Best Estimates, June 2008.

## CONSTRUCTION MARKET IMPACTED BY ECONOMIC TURBULENCE

Following a phase of strong expansion, the growth in most European construction markets slowed down in 2008 as the global economic uncertainty started to impact construction investments. Weakening demand combined with increasing costs and a limited availability of funding resulted in construction project postponements and cancellations. However, solid construction order books supported a satisfactory level of construction activity until the end of 2008. Real construction market growth in 2008 in the Nordic countries varied between estimated -2.6% in Denmark and 1.0% in Finland. In the CEE area, construction markets were estimated to grow in 2008 between -8% in Estonia and 12.4% in Poland. (Source: Euroconstruct, December 2008.)

The residential construction slow-down that started already in 2007 in some Cramo markets worsened into a steep decline in most markets. Residential construction growth rates in the Nordic countries ranged from an estimated -13.5% in Norway to -5.2% in Denmark. In the CEE area, growth rates ranged from -35% in Estonia to 16.0% in Slovakia. Although overall growth in construction was affected by a decline in residential construction, non-residential construction was estimated to grow in the Nordic countries between -0.1% in Denmark and 6.0% in Norway and in the CEE area between -1.1% in the Czech Republic and 10.3% in Poland respectively. In civil engineering, growth rates in the Nordic countries varied between 0.5% in Norway and 11.9% in Sweden, and in the CEE area between -6.1% in Slovakia and 14.3% in Poland.

In 2009, construction volumes are expected to develop negatively particularly in the Nordic and

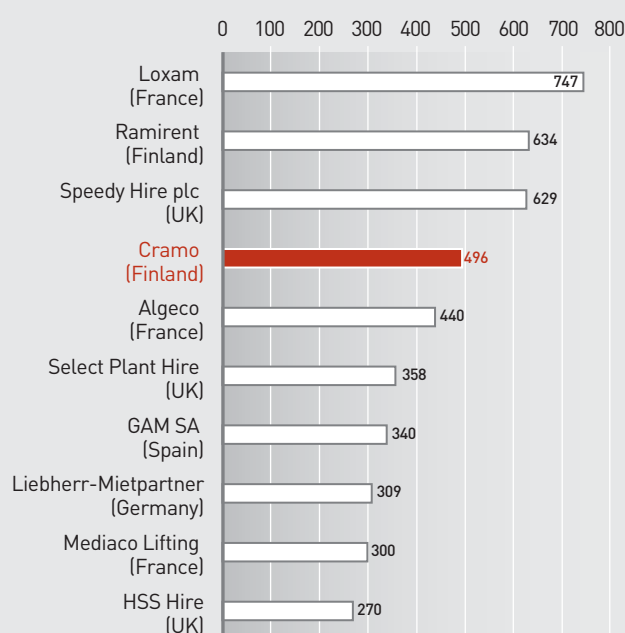
Baltic countries. Poland, the Czech Republic, Slovakia and Russia are expected to see some construction growth but at a lower rate than in the previous years. Residential construction is expected to remain weak in most markets and also growth in non-residential construction is expected to level off. Public sector funding is expected to fuel some growth in civil engineering and to some extent also in non-residential construction. Renovation activity is expected to continue steady growth.

## RENTAL MARKET CONTINUED TO INCREASE

The European rental markets were also impacted by the economic uncertainty and a slow-down in construction and industrial activity. At the end of 2007, according to the estimations by the European Rental Association and Cramo, the volume of the equipment rental market was estimated to total EUR 3.2 billion for the markets in which Cramo operates, resulting in a growth rate of approximately 20% compared to previous year. Cramo estimates that rental markets continued to outgrow general construction activity in 2008. Rental activity remained lively in most of Cramo's market areas with the exception of the Baltic countries and Denmark, where market growth was more limited.

Cramo expects that the impact of the economic slow-down on the demand for rental services is not going to be as severe as it is feared to be in construction in general. Cramo expects rental penetration rates to continue increasing, equipment outsourcing to increase and the demand for rental-related services to also continue growing further. In a cyclical downturn, rental services provide an attractive alternative to purchasing new equipment. With its relatively

## LEADING RENTAL COMPANIES BY EUROPEAN SALES 2007/2008 (EUR MILLION)



Source: International Rental News, June 2008



high utilisation rates, rental is more cost-efficient compared to owned equipment. It also releases investment funds for other usage.

In spite of the overall slow-down, the demand for modular space is expected to continue growing, supported by relocations, demographic changes and the industry's and public administration's needs for increasingly flexible space solutions. The modular space business is less cyclical than equipment rental, due to substantially longer rental contracts and a different mix of customers.

### LONG-TERM GROWTH DRIVERS IN RENTAL REMAIN UNCHANGED

Despite the current economic turbulence, Cramo believes that the positive long-term growth drivers of the equipment rental industry have remained unchanged. Construction and the general industry are expected to face difficult times in the short and medium term but activity will start to pick up again as the financial markets normalise and economic confidence is restored. There is also substantial pent-up demand for construction in the CEE area.

**Rental penetration rates** have increased in all of Cramo's market areas, but there is still room for further increases as customers get more knowledgeable about rental services and accustomed to the benefits of the rental option compared with the ownership of equipment. Particularly in the CEE area, penetration rates remain on a low level compared with Western Europe.

**Outsourcing** activity is expected to increase in difficult times, as customers in various industries seek to free up capital tied to construction equipment in order to focus on the development of their core business operations. By outsourcing their

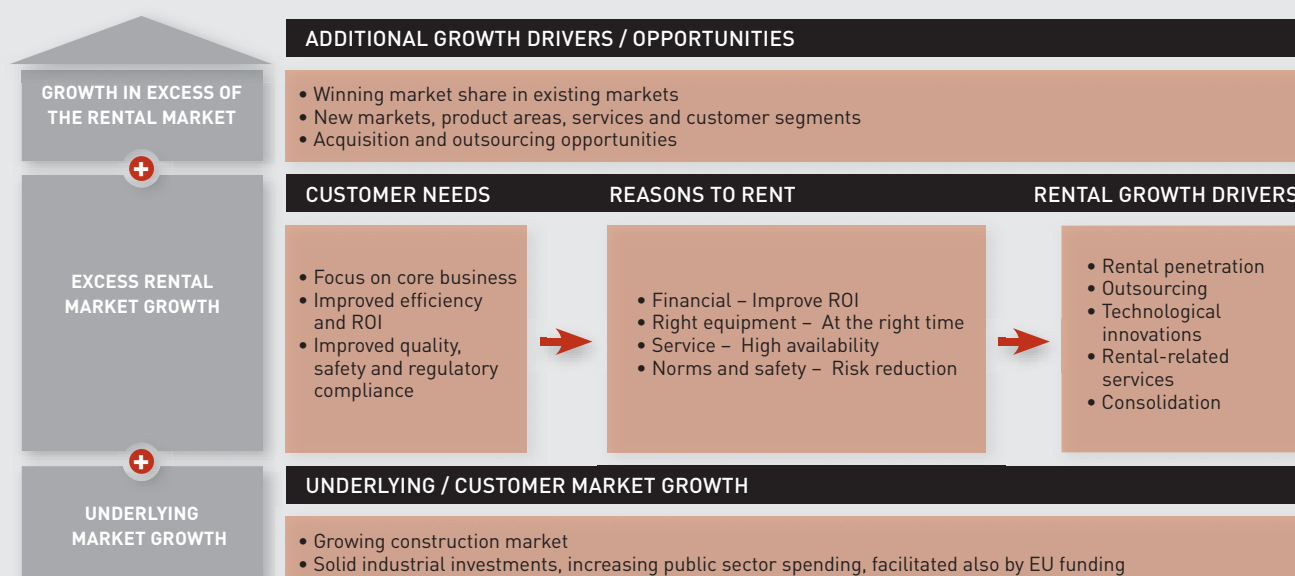
fleet, customers are able to enjoy all the benefits available to rental customers, including flexibility, better services and logistics efficiency. In addition, equipment rental companies can achieve better utilisation rates for the equipment.

Large equipment rental companies can benefit from **technological innovations** with the latest equipment available and have the capacity to build expertise in various types of even specialised equipment. Technological innovations will help customers improve their operating efficiency by substituting manpower for technology. The need for efficiency is most pronounced in the mature markets, in which labour costs have a significant impact on profitability. The same trend is emerging in the CEE area, where old manual working methods are rapidly being changed to more efficient ones with the help of modern technology.

**Rental-related services**, such as construction site set-up services, continue to 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 service areas, thus enabling rental companies to take broader responsibility for projects to fulfil customers' needs.

The European equipment rental industry continues to be fairly fragmented with a few strong multinational players and a large number of smaller regional or local companies. The difficult economic situation is expected to further increase competition in most market areas, but may also help reshape the whole industry by creating new **opportunities for consolidation**. The market for modular space is still relatively young but is developing fast in most of Cramo's market areas, with the exception of Finland and Sweden, where it has a longer history.

## GROWTH DRIVERS IN RENTAL BUSINESS







## TRENDS OF THE RENTAL INDUSTRY

### STRATEGIES DEVELOPED BY THE RENTAL COMPANIES IN THE RECENT PAST

Over the last few years, the leading rental companies, especially in Europe, have been conducting consistent if not similar strategies, which provide the best indications for the future.

The development of large networks with heavy market coverage has allowed in major markets for:

- A hub and spoke approach, allowing for rationalisation of the commercial activities, the maintenance support, the logistics and up to the back office activities.
- A multi-specialization according to the specificities of some product groups:
  - First of all, the powered access products range which enables to penetrate a maximum of market segments
  - The power and temperature control sector which favours the industrial market segments and the non-construction related market segments in general
  - The temporary accommodation business and its related products, also present in many markets segments.
- A new policy on global accounts. For large rental players with extensive networks and multi-national operations, big customers represent an increasing share of their turnover.

The rental companies are trying to reduce the share of their activity with the construction industry and the building construction activity in particular. As a consequence, an increased penetration of the rental concept into new markets (industry, wind farms, power supply, events, homeowners...) can only increase the size of the rental market and protect the rental companies against a major downturn in construction.

The need to lower costs and improve productivity has led the rental companies to review their internal processes and to start adopting new technologies such as asset tracking and all kinds of online processes including commercial transactions, maintenance management, parts ordering...

The benefits of some of these new technologies go beyond fleet logistics and ultimately carry lower lifetime costs on top of improving warranties, buy-backs and finance agreements. The equipment manufacturers are participating to the same trend and some of them have, over the last year, launched major innovative programmes.

### INDUSTRY AND MARKET CONDITIONS OVER THE NEXT TWO YEARS

As construction markets are experiencing downturns in many countries and general economic conditions are worsening internationally, it is quite clear that the rental fleets will be either exceeding the market's demand and/or be inadequate.

Although the large rental companies have started and will continue reducing their inventories, the smaller rental companies usually tend to resist and the consequence is that utilisation goes down and prices come under pressure.

At the same time, rental companies are generating and managing cash, meaning that capex plans will have to wait. Moreover, rental companies may dedicate part of their cash buying back shares, taking advantage of the sharp drop in shares values of listed companies.

### LONG TERM TRENDS

The continued trend for outsourcing maintains the pressure on the contractors and recent moves indicate a lesser interest in managing their own fleet. The question is how long major contractors throughout Europe will continue to operate equipment rental companies.

The development of rental is constant, although it experiences variations according to economic cycles. There is little doubt that downturns accelerate the penetration of rental. This has been noticed and analysed on the North American rental market over the last 25 years and will most probably happen again throughout this crisis.

Markets mature more rapidly in a globalising economy and, as a consequence, emerging and/or underdeveloped markets are experiencing faster growing rates of rental penetration. It is the case of Southern and Eastern Europe, just to speak about our continent.

Finally, the recent consolidation of the rental industry in various countries of Western Europe has raised the industry's awareness and profile and fostered its penetration into new market segments.

**Michel Petitjean**  
ERA Secretary general

# PROGRESS IN ALL MARKETS

## TARGETS FOR 2008

## KEY ACTIVITIES AND ACHIEVEMENTS IN 2008

### EQUIPMENT RENTAL



#### FINLAND

- Continue profitable growth
- Increase customer focus and improve customer service
- Growth rate of 17% achieved
- Profitability nearly maintained in a weakening market
- EBITA increased to EUR 15.2 (14.5) million
- Further actions taken in the second half to maintain profitability levels
- Change of sales organisation to sector specific
- Training in sales and supervisory skills



#### SWEDEN

- Continue profitable growth through organic measures as well as outsourcing and acquisitions
- Focus on the Total Solution Provider concept, add-on sales and competence development
- Improve customer service
- Sales and profitability targets achieved
- Leading market position strengthened
- Acquisitions strengthened position in Central and Southern Sweden
- A major four-year deal with LKAB
- Demand for rental-related services increased



#### WESTERN EUROPE

- Move into a leadership position through continual, rapid and balanced growth
- Focus on the Total Solution Provider concept, add-on sales and competence development
- Further expand depot network
- Sales growth 30% at a very high level in a difficult market
- Profitability affected by the fast growth and intense competition
- No 3 position gained in Denmark, No 3 position strengthened in Norway
- Growth supported by acquisitions and outsourcing deals
- Depot network strengthened
- Cost adjustment measures taken in order to improve profitability



#### CENTRAL AND EASTERN EUROPE

- Continue strong organic growth
- Achieve high profitability in all markets
- Increase rental equipment investments to meet the needs of growing markets
- Focus on improving service in order to better meet customer needs and tighter competition
- Enter new markets where appropriate
- Further expansion of depot network
- High growth rate of 33% maintained
- Profitability declined due to slowdown in the Baltics
- No 1 position gained in the Czech Republic, position in other markets strengthened
- Expansion to the Yekaterinburg and Kaliningrad area in Russia, as well as in Slovakia
- Depot network strengthened by 27 to a total of 82
- Growth supported by acquisitions in the Czech Republic / Slovakia and Latvia
- Cost adjustment measures taken in the Baltic markets to improve profitability
- Dedicated fleet investments carried out

### MODULAR SPACE



- Sustain high utilisation rate
- Improve market share in Denmark and Norway
- Convert latent demand
- Start operations in the Baltic countries
- Investigate the possibility of entering new markets in the CEE area
- High utilisation rate maintained
- Order book value improved to a remarkably higher level in all Nordic countries
- Profitability developed well, especially in Finland and Sweden
- Market share increased in Denmark and Norway

From January 1, 2009 Cramo reporting is based on geographical areas, which are divided into five main areas:

Finland, Sweden, Norway, Denmark and Central and Eastern Europe. Modular space business is included in these segments.

Cramo's operations are divided into two business segments: equipment rental and modular space. Cramo's reporting of equipment rental is based on geographical areas, which are divided into four

areas: Finland, Sweden, Western Europe including Norway and Denmark and Central and Eastern Europe including Baltic countries, Poland, the Czech Republic, Slovakia and Russia.

## TARGETS FOR 2009

- Achieve best possible profitability in a weakening market
- Continue contingency plan actions
- Grow market share in strategic focus areas
- Enhance customer service
- Increase business activity

- Achieve best possible profitability in a weakening market
- Continue contingency plan actions
- Grow market share in strategic focus areas
- Focus on the Total Solution Provider concept and add-on sales
- Drive penetration through outsourcing

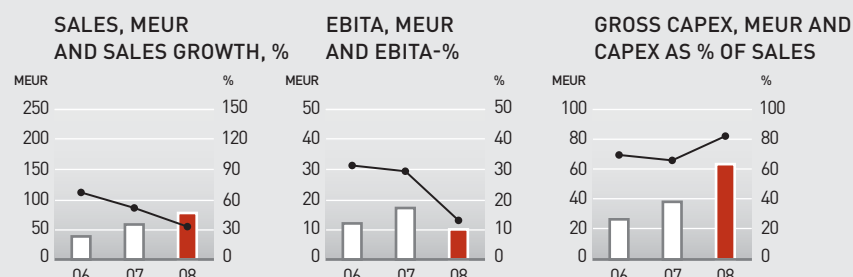
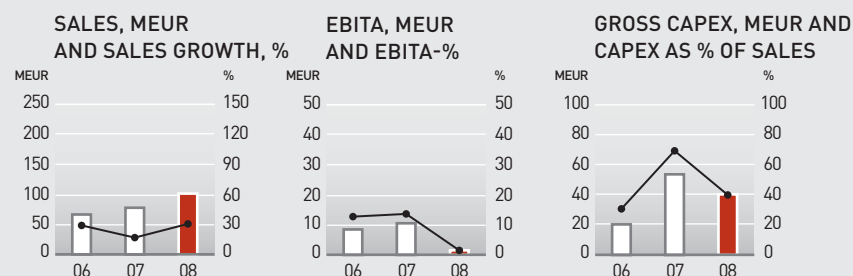
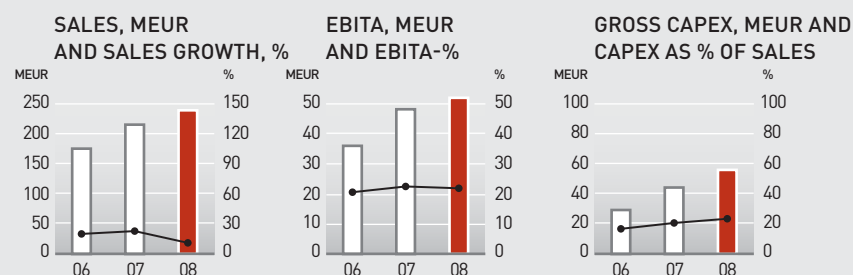
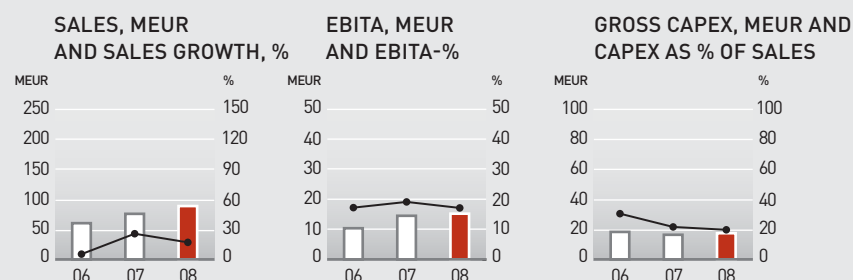
- Continue contingency plan actions
- Achieve balanced growth towards leadership position
- Improve profitability
- Roll out full range of products and services
- Provide the Total Solution Provider concept to large accounts

- Continue growth in Russia, Poland, the Czech Republic and Slovakia
- Continue contingency plan actions
- Expand customer and product segments
- Roll-out the Total Solution Provider concept
- Increase customer loyalty
- Further expand of depot network
- Develop new markets where appropriate

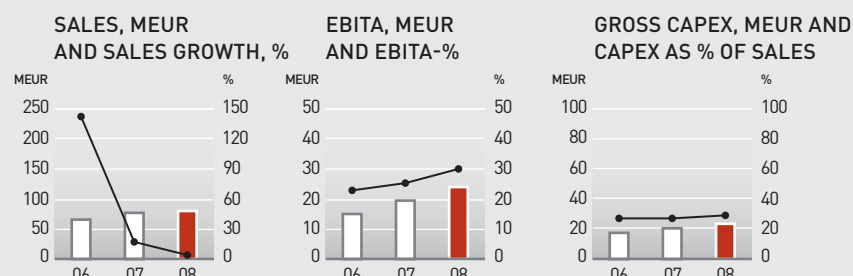
- Maintain high utilisation rate, order book and profitability
- Achieve full synergies between equipment rental and modular space operations
- Exploit growth opportunities in the public sector
- Increase the share of long-term rental agreements
- Focus on fleet optimisation and logistics efficiency
- Develop new products to meet technical requirements particularly in energy-efficiency and for special accommodation needs

## FINANCIAL PERFORMANCE IN 2006–2008

■ Sales    ▲ Sales growth %    ■ EBITA    ▲ EBITA %    ■ Gross capex    ▲ Gross capex as % of sales



■ Sales    ▲ Sales growth %    ■ EBITA    ▲ EBITA %    ■ Gross capex    ▲ Gross capex as % of sales



# FOCUS ON CUSTOMERS AND SERVICES IN FINLAND

**MEUR 420**  
rental market  
in 2007

## 2008

**2.1%**  
GDP growth

**1.0%**  
construction  
growth

## 2009

**0.6%**  
GDP growth

**-9.8%**  
construction  
growth

Sources: Euroconstruct,  
Dec 2008, OECD, Nov  
2008

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.

Adapting the business through greater customer focus and the creation of outsourcing possibilities provide major growth opportunities for Cramo in Finland. Growth potential also exists in rental-related services, new offerings and through the improvement of rental utilisation rates.

### RENTAL-RELATED SERVICES STRENGTHENED

The rental-related services were strengthened during the year while the company also focused its service offering to concentrate on core rental-related services. Cramo can now provide its customers with a whole range of rental solutions ranging from over the counter machinery rental to complex rental equipment and modular space solutions and services throughout the country.

Collaboration with other parts of the Group continued in cross-border rental solutions for customers with international operations. As an example, heating solutions were developed together with Sweden and Russia.

### FOCUS ON CUSTOMER

Cramo increased customer focus in its operations. For example, customer segmentation was further developed and implementation of a segment-based sales organisation was started. In order to further harmonise operational models and leadership, an extensive management training was organised. Customer service training will be continued in 2009.

Cramo's customers consist of the construction industry, other industries, the trade sector 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.

### MARKET SHARE INCREASED, PROFITABILITY FELL SLIGHTLY

Competition tightened in 2008 in the Finnish rental market. The market is characterised by two leading rental players with a relatively large number of small and highly specialised local competitors.

During the year Cramo strengthened its position as one of the two leading players in Finland. Sales in Finland increased according to plans by 17.1% compared to the year before. Although more and more customers wish to purchase several different services from a single service provider, the strong growth in demand was slowed down in the second half of the year. Acquisition of a scaffolding service company Pohjolan Teline Oy, strengthened Cramo's position in northern Finland, particularly among industrial enterprises. The company decreased its depot network by five to 61.

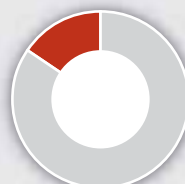
Overall profitability in 2008 fell slightly short of 2007 levels. EBITA in 2008 was EUR 15.2 (14.5) million, representing 17.1 (19.1) per cent of sales. Measures initiated to enhance profitability helped sustain the full year profitability on the expected level. During the year, Cramo held statutory cooperation discussions with its personnel in Finland, part of which will continue in 2009.

#### KEY FIGURES

	2008	2007	CHANGE, %
Sales, MEUR	88.7	75.8	17.1
EBITA, MEUR	15.2	14.5	4.7
EBITA-%	17.1	19.1	-
Gross capital expenditure, MEUR	17.4	16.4	6.3
Number of depots	61.0	66	-7.6
Average number of employees	658	545	20.7

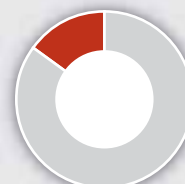
#### SHARE OF GROUP SALES, %

FINLAND 15%



#### SHARE OF GROUP EBITA, %

FINLAND 15%





## STRUCTURAL IMPROVEMENTS TO BOOST UTILISATION

Rental utilisation rates were increased notably during the year, reaching an excellent level particularly in the access equipment product area. Logistics efficiency was improved in heavier machinery such as aerials and forklifts, construction machinery and site huts. Development of a hub organisation for the more capital-intensive equipment advanced according to plans.

In addition to its three hubs in Tuusula, Vantaa and Oulu launched already in 2007, four new hubs were opened in Jyväskylä, Kouvola, Turku and Vaasa. At the same time, the depot network was optimised by integrating three depots in the capital region. Hubs for modular space are located in Ylöjärvi and Leppävirta. In addition, an un-manned hub serves modular space customers at the Pyhäjoki factory.

The full effect of the new hub organisation is anticipated to become visible in 2009, when all the hubs will be operating at full speed. With a hub organisation, Cramo can maintain high logistics efficiency and a high service level at all depots, as equipment can be easily moved between different parts of the markets in reaction to shifts in demand.

Cramo continued to scrap and sell older equipment. Furthermore, the volume of equipment with a low utilisation rate was decreased. The planning for

centralising all tool repair activities into one depot in Finland was started. A new central repair centre will open in Tuusula in 2009.

## CONSTRUCTION MARKET EXPECTED TO SLOW DOWN IN 2009

According to the Federation of Finnish Construction Industries, construction is expected to decrease by 3.0% in 2009, while Euroconstruct forecasts a downfall of 9.8%. Residential construction is anticipated to decline by 4.0% by the Federation of Finnish Construction Industries and as much as 7.6% by Euroconstruct, as it is expected that there will be a sharp decline in the number of new housing construction projects. The number of new commercial construction projects is also expected to reduce in 2009. The financial crisis is expected to reduce the level of property investments, particularly concerning office buildings and partially also commercial buildings. Civil engineering is expected remain at the 2008 level in 2009 according to the Federation of Finnish Construction Industries, and decline by 2.7% according to Euroconstruct. Renovation projects, which account for about 40% of all residential construction, are expected to continue showing a steady growth of 3.5% or by 1.7% estimated by Euroconstruct. (Source: Federation of Finnish Construction Industries, October 2008; Euroconstruct, December 2008.)



CASE STORY

### SHIELD AGAINST FLUCTUATIONS

**In autumn 2008, Cramo signed** an agreement whereby it takes over the existing machinery fleet of Taskinen Oy, a subsidiary of a Finnish construction company Lemminkäinen Talo Oy. Related to the deal is a five year cooperation agreement which makes Cramo the equipment rental supplier to Taskinen Oy.

"Our aim is to build our construction sites by the best workers in the field and with best machinery. By outsourcing our machinery to Cramo we want to reduce the impact of economic fluctuations

and modernize the machinery. The long-term contract enables above all development of co-operation and the whole operational chain. We believe that Cramo can provide access to well-maintained up-to-date equipment that is available according to our needs. This also increases efficiency", says Ari Laamanen, managing director of Taskinen Oy.

The outsourcing deal strengthens Cramo's position in Joensuu-Kitee-Lieksa-Savonlinna region in Eastern Finland.

# ANOTHER STRONG YEAR FOR SWEDISH OPERATIONS

**MEUR 700**  
rental market  
in 2007

## 2008

**Less than 0.8%**  
GDP growth

**0.7%**  
construction  
growth

## 2009

**0.0%**  
GDP growth

**0.2%**  
construction  
growth

Sources: OECD, Nov  
2008, Euroconstruct,  
Dec 2008

Cramo provides an extensive product and service offering in equipment rental in Sweden. Its extensive depot network covers nearly all municipalities with over 25,000 inhabitants.

Efficient depot management is supported by a hub organisation, enabling the movement of equipment between different parts of the market. The long-standing leading market position provides an excellent platform to further develop the Cramo Concept in Sweden.

Adapting the business through greater customer focus and the creation of outsourcing possibilities provides growth opportunities for Cramo in the future. Additional growth potential lies in the coordination of cross-country, rental-related services and new offerings. Cramo's strong position in Sweden offers the company excellent opportunities for also succeeding in the changed operating environment.

### INCREASED FOCUS ON RENTAL-RELATED SERVICES

Cramo continued to develop rental-related services, particularly in scaffolding as well as in heating and cooling services for modular spaces.

Collaboration with other parts of the Group continued and resulted, for example, in an outsourcing deal in Norway with JM Byggholt, a subsidiary of a Swedish-origin developer of housing and residential areas.

### NEW CUSTOMER SERVICES

A major effort in developing new customer services continued in 2008. The sales organisation was reorganised into teams lead by sales managers, and further trained in sales and project management

skills and the implementation of the Total Solution provider concept. Training in daily business management was also initiated. The S.M.A.R.T. training (Specific, Possible to evaluate, Ambitionus, Realistic, Time scheduled), based on a train-a-trainer concept, for sales and customer relationships, was started. The concept of mystery shopping, where the evaluators act as if they are actual or potential customer was introduced. All the depots were ranked on the basis of customer experience and other depot-specific criteria. During the year, customer service improved particularly in Southern and Western Sweden.

A new call centre concept for the centralised handling of contacts from all large accounts and overflow calls from depots was launched in the Stockholm area. The concept will be fully implemented in 2009. A quality and environmental expert service for customers planning construction projects was also started.

A new Cramo bonus program was initiated to increase loyalty among customers with less than five employees. With the program customers receive bonus points for every rental purchase made and using collected points, they can rent various items.

### LEADING POSITION STRENGTHENED, EBITA INCREASED

Competition tightened in Swedish equipment rental market in 2008. In Sweden, Cramo competes against one nationwide company and a number of smaller companies.

#### KEY FIGURES

	2008	2007	CHANGE, %
Sales, MEUR	238.3	214.5	11.1
EBITA, MEUR	51.8	48.0	8.1
EBITA-%	21.8	22.4	-
Gross capital expenditure, MEUR	55.8	44.1	26.5
Number of depots	111	104	6.7
Average number of employees	661	607	8.9

#### SHARE OF GROUP SALES, %

SWEDEN 41%



#### SHARE OF GROUP EBITA, %

SWEDEN 51%





In 2008 Cramo succeeded in strengthening its leading position in rapidly changing markets, particularly in eastern and northern parts of Sweden as well as in the greater Stockholm area. Sales developed as expected and grew by 11.1%. The growth rate was affected by the strongly depreciating Swedish krona (SEK) against the euro in the latter part of the year. Demand for rental and add-on services increased as more and more customers showed growing interest in purchasing construction-related services from a single supplier. There was strong demand particularly in construction projects and civil engineering. However, the uncertain situation of the financial market has led to several construction projects being postponed. EBITA increased as expected and was EUR 51.8 (48.0) million, 21.8 percent of sales.

The co-operation with mining group LKAB in Kiruna, which started in 2005, was enlarged as LKAB selected Cramo the main rental supplier of several product groups. Cramo was also chosen as the preferred supplier of access equipment to Skanska with an annual volume of approximately EUR 6.5 million. After the opening of four new depots of which one was an un-manned night depot open 24/7 in central Stockholm, the company had 111 depots in Sweden at the end of 2008.

Cramo acquired equipment rental companies Hyrmaskiner i Bollnäs AB, focused on small and medium-sized construction companies in central Sweden, and GMM Hyrservice i Lund, in southern Sweden. The acquisition of Kranab, an access equipment rental company operating in the

Stockholm area, took Cramo into a leading position in access equipment rentals in Sweden.

### OPERATIONAL EFFICIENCY IN FOCUS

Work to improve operational efficiency continued. Key performance indicators to be followed in every depot were defined with focus areas, such as improvement of machine return control and speeding up time used for repairs. The system will be fully implemented in 2009.

Rental utilisation rates remained at a good level throughout the year, although starting to slightly decrease towards the end of the year. Operational efficiency and focus on utilisation rates will remain in focus in the changed operating environment in 2009.

### GROWTH IN NON-RESIDENTIAL CONSTRUCTION IN 2009

According to the forecast published by the Swedish Construction Federation, construction will decline by 6–11% in 2009, while Euroconstruct forecasts small growth of 0.2%. The estimated reduction in residential construction for 2009 is 28–36% according to the Swedish Construction Federation while Euroconstruct anticipates decline by 7.8%. Public sector investments are expected to maintain the growth in commercial construction at 0–4% while Euroconstruct forecasts decline by 1.5% in 2009. Civil engineering is expected to grow by 8–10% while Euroconstruct anticipates growth of 10.6% in 2009. (Source: Swedish Construction Federation, December 2008, Euroconstruct, December 2008.)



CASE STORY

### CUSTOMER ORIENTATION AND CREDIBILITY COUNTS

**Swedish mining group LKAB** chose Cramo as the main rental supplier of construction machinery, access equipment, modular space and related site services for its EUR 1.2 billion KUJ 1365 project at the Kiruna mine. As part of the deal Cramo will open a project depot in the mine itself, which may well be the first ever underground rental depot.

"From our perspective the supplier selection is a question of credibility. We know Cramo well, and very few rental companies have the capacity needed to supply everything we need in a project like this. Using numerous suppliers was never an

alternative from an administrative point of view", says Ulf Gräsvik, project manager at LKAB.

The initial order with its estimated minimum order value of EUR 15 million over a four year period, with a possibility for extensions and prolongation is one of the largest ever in the Nordic rental industry. It is based on Cramo's almost unique capability to deliver everything that is needed in terms of site infrastructure services in a huge work place. But it is also the fruit of the good relationship that has developed between LKAB and Cramo's Swedish operations in earlier projects like KK4 and KA3.

# GROWTH IN A WEAKENING MARKET IN WESTERN EUROPE

Rental market  
in 2007  
**MEUR 735**  
million in Norway  
**MEUR 550**  
million in Denmark

## 2008

GDP growth  
**2.7%** in Norway  
**0.2%** in Denmark

Construction  
growth  
**-2.5%** in Norway  
**-2.6%** in Denmark

## 2009

GDP growth  
**1.3%** in Norway  
**-0.5%** in Denmark

Construction  
growth  
**-7.9%** in Norway  
**-4.6%** in Denmark

Sources: OECD, Nov 2008,  
Euroconstruct, Dec 2008

Cramo's equipment rental business in Western Europe covers its Norwegian and Danish operations. The company's strength in these countries lies in its dynamic organisation and rapidly growing size as well as in the Cramo concept and processes already proven in other markets.

In Norway and Denmark, Cramo is growing by adapting the business to customer needs and through deals of outsourcing. There is also growth potential in the coordination of cross-country opportunities, in rental-related services and in new offerings. Improved rental utilisation rates, and acquisitions also provide growth opportunities.

### PRODUCT PORTFOLIO EXTENDED

In 2008, Cramo further intensified packaging products and services into total solutions in Denmark. This extension of services and solutions into such areas as hospital and day care, enables the company to further enlarge its business into other segments such as municipalities. By successfully focusing on the public sector, the company has within the last few years reduced its reliance on the building and construction industry.

New products and rental-related services were also introduced in Norway, while the selection of tools and access equipment was extended. Construction-site services such as heating and temporary electricity were rolled out throughout the country. The company has also begun providing a scaffolding assembly service in co-operation with partners. In Denmark and Norway, compared with the other parts of the Group, there is also a relatively large number of shipping and oil and gas industry companies as industrial customers.

Both Denmark and Norway intensified collaboration with other parts of the Group, particularly with Sweden.

### IMPROVED COVERAGE AND CUSTOMER SERVICE

In Denmark, Cramo focused on competence development in sales and customer service. The organisation was refined to better provide total solutions. A quality department was established to improve working quality at Cramo's depots and at customers' sites. The Cramo School was launched for both employees and customers with the aim of improving customer service, usage of equipment and safety.

In 2008, five new depots were opened in Denmark, increasing the number to 22 and further enhancing Cramo's coverage of the country. In Norway, extensive investments in competence development continued. All the customer service and sales personnel were given further training during the year. The opening of one new depots increased the number of depots to 27 at the end of 2008.

### MARKET SHARE BOOSTED, PROFITABILITY IN FOCUS

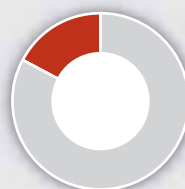
The Danish rental market remained fragmented and highly competitive in 2008 with a few larger players and a large number of small and mid-size service providers. In Norway, competition tightened as a national construction company entered the rental market already covered by one large player, a few medium-sized service providers and several local rental service companies.

#### KEY FIGURES

	2008	2007	CHANGE, %
Sales, MEUR	101.0	77.5	30.4
EBITA, MEUR	1.5	6.5	-76.5
EBITA-%	1.5	13.6	-
Gross capital expenditure, MEUR	40.2	53.5	-24.8
Number of depots	49	43	14.0
Average number of employees	347	253	37.2

#### SHARE OF GROUP SALES, %

WESTERN EUROPE 17%



#### SHARE OF GROUP EBITA, %

WESTERN EUROPE 2%



In spite of the difficult economic situation during the second half of 2008, Cramo strongly gained market share in Denmark and Norway, and is now one of the major rental companies in both countries. Sales in Western Europe was EUR 101.0 (77.5) million in 2008, representing a growth rate of 30.4 per cent. Due to rapid expansion and tight competition in the markets, EBITA ended up at EUR 1.5 (6.5) million, 1.5 (8.4) per cent of sales.

Several outsourcing agreements concluded in the last few years play an important role in the development of long-term customer relationships. In Norway, an outsourcing deal was signed with JM Byggholt and the rental business of Kranenentreprenören AS was acquired.

### FOCUS ON EFFICIENCY AND COST ADJUSTMENTS

Rental utilisation rates decreased to a certain extent particularly in Denmark, being affected by the rapid expansion, intense competition and worsening market conditions towards the end of the year. In

Denmark, personnel reductions were carried out to adjust operations with regard to the slowdown in construction. In Norway, measures were initiated to improve logistics efficiency and to control repair and maintenance costs. In addition to two existing hubs for the heavier, more capital-intensive parts of the rental fleet in Western and Northern part of Norway, a new hub was opened in Oslo.

### SHARP DECLINE IN CONSTRUCTION GROWTH IN 2009

Construction growth in Norway is projected to decrease by 7.9% in 2009. New housing projects are expected to decrease by 27%, but make a sharp upturn in 2010. New commercial construction is expected to decrease by 15% while renovation projects are expected to decline by 0.3% and civil engineering to grow by 5%. The offshore industry is expected to continue its expansion projects in 2009. Danish construction is anticipated to decrease by 4.6% in 2009. New residential construction in particular will decrease markedly. [Source: Euroconstruct, December 2008]



CASE STORY

### GROWTH THROUGH OUTSOURCING

**Several outsourcing agreements concluded** supported Cramo's growth and the development of long-term customer relationships in Western European markets in 2008. The outsourcing of Skanska Danmark's rental organisation with all personnel, existing machine fleet and related external contracts signed in 2007 moved to the integration phase.

In Norway, through an agreement with JM Byggholt, a subsidiary of the Sweden-based housing and residential developer JM with sales of EUR 212.5 million, Cramo took over the rental operations and became the main equipment rental supplier to JM Byggholt's operations for the next seven years.

In Denmark, an equipment outsourcing deal signed with regional Danish engineering contractor MSE A/S provided an immediate access to larger volumes with a strong well-known customer for the next five years and well-maintained rental fleet consisting primarily of construction machines and site huts. By outsourcing our rental division to Cramo we expect to lower our cost for machinery and equipment and gain access and efficiency in the supply of equipment to support the continued growth of our core business, says Thor Olaf Askjer, managing director, JM Byggholt

# CONTINUED EXPANSION IN CEE

Rental market  
in 2007  
**MEUR 500**  
in the CEE area

## 2008

Construction growth  
**12.4%** in Poland  
**10.0%** in Russia  
**2.2%** in the  
Czech  
Republic  
**-8.0%** in Estonia  
**-1.0%** in Latvia  
**7.0%** in Lithuania  
**6.0%** in Slovakia

## 2009

Construction growth  
**8.0%** in Poland  
**3.6%** in the  
Czech  
Republic  
**-10.0%** in Estonia  
**-10.0%** in Latvia  
**-5.0%** in Lithuania  
**2.2%** in Slovakia

Sources: Euroconstruct,  
Dec 2008; VTT Technical  
Research Centre of  
Finland, 2008, The  
European Rental  
Association, 2008,  
Buildecon, 2008.

Cramo Group's equipment rental business in Central and Eastern Europe (previously Other Europe) consists of operations in Russia, Estonia, Latvia, Lithuania, Poland, the Czech Republic and Slovakia.

The strength of Cramo's Central and Eastern European rental business lies in its early entry into the market, proven rental concepts, experienced organizations and the transferable best practices Cramo employs in the CEE markets. It is further enhanced by the increasing supply of rental equipment.

Cramo expects to grow in the CEE area by building its Total Solution Provider concept in all markets of presence. Despite the weakened current economic situation, there is long-term pent-up demand in construction in the CEE area. Public sector investments, including major infrastructure projects in Poland, help sustain business volumes in the downturn.

### RAPID SERVICE ROLL-OUT

The roll-out of Cramo's Total Solution Provider concept and the development of value-added services continued. Construction-site services, such as setup and installation of temporary electricity, were rolled out. Extensive sales training and the related development of key customer relationships were carried out in the Baltic countries and Russia. Cramo School, aimed at improving customer service, the usage of equipment and safety was launched both for own employees and customers in Lithuania. In Poland, sales and customer service personnel training focused on the usage of equipment.

A 24/7 service was introduced to international construction companies in St. Petersburg, as well as a new city depot concept providing smaller tools for

builders finishing interiors. A concept for establishing new depots was developed, which will be later rolled out in all Cramo countries in the CEE area. Rental of site huts was introduced in Poland, the Czech Republic and Moscow. In Poland, Cramo has grown to become the provider for basic site equipment and site huts.

### COVERAGE AND PRODUCT PORTFOLIO EXPANDED

The number of depots increased in 2008 by 27 to a total of 82. In addition to acquisitions, five new depots were opened in Poland, while in Russia three in St. Petersburg, one in Yekaterinburg and one in Kaliningrad. Some depots were closed in the Baltic countries.

The depots in Moscow and Yekaterinburg provide site huts, construction hoists and access equipment with gradual expansion of the equipment fleet. At the end of 2008, Cramo had a relatively good coverage in those Central and Eastern European markets in which it operates.

### STRONG GROWTH IN MARKET POSITION, PROFITABILITY STRAINED

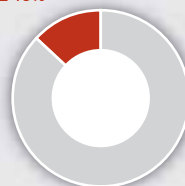
Year 2008 was characterised by stiffening competition in the Baltic countries and in Poland as some new competitors entered the markets, mainly from Western Europe. Competition in other Central and Eastern European markets remained mainly characterised by a few national players and a number of locally-based rental companies.

#### KEY FIGURES

	2008	2007	CHANGE, %
Sales, MEUR	77.3	58.2	32.8
EBITA, MEUR	10.0	17.1	-41.4
EBITA-%	13.0	29.3	-
Gross capital expenditure, MEUR	63.3	38.3	65.2
Number of depots	82	55	49.1
Average number of employees	710	427	66.3

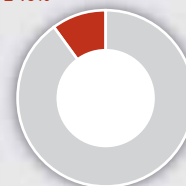
#### SHARE OF GROUP SALES, %

CENTRAL AND EASTERN  
EUROPE 13%



#### SHARE OF GROUP EBITA, %

CENTRAL AND EASTERN  
EUROPE 10%





Cramo clearly strengthened its market position in the Central and Eastern European markets in 2008. Good demand, together with organic and acquisitive growth actions boosted sales up by 32.8%, being EUR 77.3 (58.2) million. Excluding Estonia, where the growth was negative, the sales growth rate in CEE was approximately 68%. EBITA in 2008 was EUR 10.0 (17.1) million, representing 13.0 (29.3) per cent of sales.

Profitability in 2008 was strained by the demand growth levelling off in the Baltic countries and due to tightening competition.

Following the acquisition of Techline s.r.o, Cramo became the market leader in the rapidly growing, well-developed equipment rental market of the Czech Republic. The acquisition also provided Cramo with an entry to the Slovakian market, where rental penetration is still rather low. The acquisition of the Latvian company SIA Tapeks Noma made Cramo the second-largest equipment rental service provider in the Latvian market.

The Moscow-based ZAO Cramo Rentakran expanded its operations to the Yekaterinburg area. In December 2008, Cramo bought out the minority shareholder to become sole owner of ZAO Cramo Rentakran. Cramo also established a new wholly owned subsidiary in Kaliningrad. Entry into other growth areas in Russia is under review and potential areas for new depots have been identified. In Poland, Cramo maintained its market leadership position in access equipment.

## FOCUS ON LOGISTICS EFFICIENCY

Due to the rapidly changing market conditions, specific emphasis has been put on logistics. Measures were initiated to adapt equipment investments to the weakening market and increase the optimisation of the rental fleet between markets. The structure of the depot network was enhanced, leading to the integration of some depots in the Baltic countries. A hub network is under consideration in the Baltic countries. Furthermore, Cramo focused on implementing common procedures and transferring used equipment particularly to Russia and Poland.

## PENT-UP LONG-TERM DEMAND

The rental markets in the Baltic countries are slowing down due to a decline in construction, particularly in residential construction. Construction is expected to decrease by 10% in 2009 in Estonia and Latvia and by 5% in Lithuania. The outlook for housing production has taken a turn to a more conservative direction in Russia as well, where signs of increasing demand for equipment rental instead of equipment purchasing are nevertheless visible. While the market outlook remains good in Poland with an estimated growth of 8.0% due to lively civil engineering, and the Czech Republic and Slovakia with expected growth rates of 3.6% and 2.2% respectively, the impact of economic uncertainty is visible through delays concerning new projects. (Source: Euroconstruct, December 2008). Despite the current downturn, Cramo believes that there is substantial pent-up demand in construction in the CEE area, improving long-term growth prospects in rental business.



## CASE STORY

### RELIABLE AND CLOSE TO THE CUSTOMER

**Cramo has worked with YIT in Russia** from 2007 onwards. In 2008, Cramo was chosen the main supplier for YIT's projects in Saint Petersburg consisting of 180 apartments, and in Gorelovo two logistics centers totaling 90,000 m<sup>2</sup> and a new meat products plant and a logistic center of ca 22,000 m<sup>2</sup>. As part of the deal, Cramo opened a depot close to the construction site providing especially smaller equipment and 24/7 service for generators and modular heaters producing electricity and heat for the construction sites.

YIT's requirements for co-operation with a rental partner are that the equipment works, is well-maintained and available

when needed in the right place and at the right time. Cramo as a biggest equipment rental partner complements YIT's own equipment and brings economies of scale and benefits as to time schedules, quality and cost efficiency.

Cramo has rapidly expanded its operations in Russia. At the end of 2008, the company had a total of eight depots in Saint Petersburg, Moscow, Yekaterinburg and Kaliningrad. In 2009, the focus will be on implementing the full Cramo concept throughout the operations.

# EXCELLENT PROFITABILITY IN MODULAR SPACE

The long-term rental agreements for modular space bring stability to Cramo Group's operations over the business cycle. Furthermore, modular space solutions enlarge Cramo's total rental offering in large residential and non-residential projects to a unique level.

Modular space segment operations involve the rental and sale of modular space in all markets as well as the manufacture of modular space in Finland. From the beginning of 2009, Cramo's modular space segment operations will be reported as part of the geographic segments. The new reporting structure will follow Cramo's own organisation to combine the equipment rental and modular space operations in each market, in order to better reap the synergies between the businesses.

An increased rental penetration rate with additional organic growth through new applications creates growth potential for Cramo in modular space. Further potential exists in the conversion of latent demand in the Nordic countries and in new markets such as the Baltic countries and Poland. Increased co-operation between Cramo entities further enhances the realisation of the strategy.

## MEETING CUSTOMER NEEDS

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

In 2008, Cramo improved its rental-related services in modular space and upgraded its offering to meet increasing customer demand and regulations. The

development of modular space to meet the tightening energy requirements was begun. Further information on the energy-efficient module can be found on page 76. The large fleet of modules was further extended while total solution offerings, for example for care-homes, enables Cramo to enter projects as an expert earlier than before.

## MARKET SHARE STRENGTHENED, PROFITABILITY UP

Competition for the supply of modular space started increasing in Finland and clearly tightened in Sweden. The Danish market remained fragmented. Competition remained still quite moderate in Norway. The overall economic uncertainty which started in the financial markets is also reflected in the extended decision-making concerning space rental. However, clear market growth has kept the price level and profitability good.

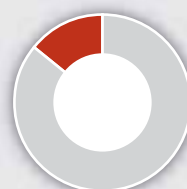
In 2008, Cramo's modular space business developed favourably in all Nordic countries and the company strengthened its position as the leading player in Finland. The market leader position was maintained in Sweden. Market share increased remarkably in Norway, where Cramo is the market leader, and in Denmark, where the company holds a relatively good market share. Sales for modular space increased in line with the Group's targets in 2008, reaching EUR 79.8 (76.7) million, representing a growth rate of 4.0%. Profitability improved noticeably from the previous year and was at an excellent level. EBITA was EUR 23.9 (19.4) million, representing 29.9 (25.2)% of sales.

### KEY FIGURES

	2008	2007	CHANGE, %
Sales, MEUR	79.8	76.7	4.0
EBITA, MEUR	23.9	19.4	23.2
EBITA-%	29.9	25.2	-
Gross capital expenditure, MEUR	23.4	20.4	14.6
Average number of employees	241	239	0.8

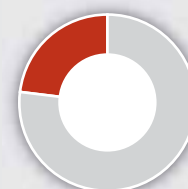
### SHARE OF GROUP SALES, %

MODULAR SPACE 14%



### SHARE OF GROUP EBITA, %

MODULAR SPACE 23%





## UTILISATION RATES REMAINED HIGH

Utilisation rates remained high in the Nordic countries. Demand in the public sector, particularly for day-care and care homes for old and disabled people, increased significantly. Cramo rapidly expanded operations in Norway and Denmark where more and more customers are showing increasing interest in modular space. Introduction of modular units as part of the Group's Total Solution Provider concept in all Cramo countries was initialised during the course of the year.

During the year Cramo signed several new long-term rental agreements, the most significant of which concerns day-care centres delivered to the city of Espoo, Finland. The share of public sector and long-term rental agreements in proportion to sales operations were increased. This was reflected in a strong order book for rentals at the end of 2008.

As part of the decrease in the level of investments, Cramo will downsize the production of new modular space units in 2009.

## REORGANISATION WITH EQUIPMENT RENTAL

Cramo continued to improve agility and flexibility in the modular space business. Further logistics efficiency and business support was sought by reorganising the fleet management organisation at the Group level to support business in new countries in particular. The reorganised equipment rental and modular space service range and operations under one management in each country, started in the end of 2007, created synergy benefits. Cross-selling operations such as the sale of modular space for expansion investments in the industry increased sales. Other sources of Group level synergies are under evaluation.

## MARKET OUTLOOK STILL POSITIVE IN 2009

Market outlook for modular space rental is still positive in 2009, supported by relocations, demographic changes and the industry's and public administration's needs for increasingly flexible solutions. Cramo believes that a portion of the construction projects postponed due to the credit crunch will be offset by the rental of modular space.



### CASE STORY

## FACILITATING UNINTERRUPTED HOSPITAL OPERATIONS

**One of the largest, most state-of-the-art** hospitals in Denmark, Herlev hospital is undergoing a huge renovation and enlargement by 2012. During the construction phase some of the hospital services will be carried in temporary locations of nearly 9,000 m<sup>2</sup> that Cramo has built out of modulares by the end of February 2009.

In the first phase modular space wards are used for example natal inspection, pathological laboratory, pain therapy, casualty clinic and training. The whole fertility department is placed in modules. Some 600 m<sup>2</sup> are made as hotel rooms for doctors on 24 hour shifts and some 1,200 m<sup>2</sup> will be set up in three stocks

for administration and for relaxing area for the surgery staff during the operations. Later the modular space wards will be used for example for research purposes.

This very complicated project presented many challenges such as construction works at five meters from the ground in between the modular space and existing building and installation of material lift into modular construction. Close co-operation with the hospital's consultants has enabled meeting these challenges and other requirements such as building a mammography room walls with lead shieldings.

# FINANCIAL STATEMENTS OF THE GROUP



# BOARD OF DIRECTORS' REPORT ON THE 55TH YEAR OF OPERATION

## OPERATING ENVIRONMENT

Cramo is a service company specialising in equipment rental services, as well as the rental and sale of modular space. As one of the industry's leading service providers in the Nordic countries and Central and Eastern Europe, Cramo operates in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia and Russia.

The Group's operating environment changed dramatically during 2008. Demand continued to be good early in the year in nearly all market areas, and the use of rental services continued to increase. The market slowdown began in the Baltic countries in early 2008 and spread to other market areas in the autumn, as a result of the international financial crisis. Growth in construction came to a halt and began to fall in many markets during 2008.

The Finnish construction market was estimated to have grown by 1 per cent and the Swedish market by 0.7 per cent in 2008. The markets in Norway and Denmark decreased by 2.5 per cent. The market fell by 8 per cent in Estonia and 1 per cent in Latvia. The market in Lithuania continued to grow at an annual rate of 7 per cent. The market grew by 12 per cent in Poland, 2.2 per cent in the Czech Republic and 6 per cent in Slovakia. (Source: Euroconstruct: December 2008).

## BUSINESS REVIEW

Cramo Plc's business during the year consisted of the two following business segments: equipment rental and modular space. The equipment rental business segment is also examined by geographic segment as follows: Finland, Sweden, Western Europe (Norway and Denmark) as well as Central and Eastern Europe (Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia and Russia).

The equipment rental business segment's major customers operate in the construction sector and manufacturing industry. In addition, the segment provides services to the public sector and private customers. More than half of the sales in modular space come from the public sector. The construction industry accounted for 58 per cent of the entire Group's sales during the year. The share of other industry was 21 per cent and public sector 14 per cent.

Strong growth in Cramo Group's sales continued and the company estimates that it strengthened its position in all market areas in 2008 in Finland and Sweden, and the modular space business also achieved growth that was in line with the targets.

Profitability in equipment rental fell as a result of a general drop in demand and the strong expansion of activities in Western Europe and Central and Eastern Europe at the beginning of the year. The profitability of modular space improved over the previous year and remained at a very good level throughout the year. The modular space business brings stability to Cramo Group through the economic cycle.

Finland generated EUR 126.3 (113.4) million or 21.3 (22.4) per cent of the total consolidated sales, Sweden EUR 273.8 (248.5) million or 46.3 (49.2) per cent, Western Europe EUR 114.1 (85.2) million or 19.3 (16.9) per cent, and Central and Eastern Europe EUR 77.4 (58.3) million or 13.1 (11.5) per cent. These figures include both the equipment rental business and the modular space business.

## SALES AND PROFIT

Cramo Group's sales increased in all market areas and totalled EUR 579.8 (496.4) million. Sales showed an increase of 16.8 per cent over the previous year. Growth in sales slowed at the end of the year due to the weakening of several European currencies, particularly the Swedish krona, in relation to the euro. Sales growth in local currencies was 19.5 per cent, which was in line with the Group targets. Sales in 2007, the year of comparison, included the Dutch business, which was divested on 1 April 2007. Sales growth without the Netherlands business was 17.5 per cent. Organic growth, which includes outsourcing agreements, was 12.4 per cent. Sales growth continued to be strongest in Central and Eastern Europe.

The systematic adjustment to the changed market situation that continued throughout the year kept the 2008 profit nearly in line with the targets. EBITA in 2008 was EUR 102.2 (96.0) million, representing 6.5 per cent growth over the previous year. EBITA was 17.6 (19.3) per cent of sales, which was slightly below the Group target. Profit was affected by a general drop in demand and the strong expansion of operations in Western Europe and Central and Eastern Europe at the beginning of the year, as well as expenses of EUR 1.6 million resulting from reorganisation.

Consolidated operating profit (EBIT) in 2008 was EUR 91.8 (91.8) million, representing 18.5 per cent of sales. Profit before taxes was EUR 63.7 (75.8) million and profit EUR 48.7 (57.5) million. Earnings per share in 2008 were EUR 1.59 (1.88), representing a decline of 15.6 per cent on the previous year. Diluted earnings per share were EUR 1.59 (1.87), representing a decline of 15.1 per cent.

The equipment rental business reported sales of EUR 505.3 (425.9) million in 2008, EBITA for the equipment rental business amounted to EUR 78.5 (86.0) million, representing 15.5 (20.2) per cent of sales.

The modular space business recorded sales of EUR 79.8 (76.7) million, for an increase of 4.0 per cent. EBITA for modular space amounted to EUR 23.9 (19.4) million, representing 29.9 (25.2) per cent of sales, up 23.2 per cent over the previous year. Profitability remained very good throughout the year.

Return on investment (ROI) stood at 12.0 (13.7) per cent and return on equity (ROE) at 14.9 (18.4) per cent.

## CAPITAL EXPENDITURE AND DEPRECIATION/AMORTISATION

Gross capital expenditure of EUR 201.2 (175.5) million in the review period was mainly allocated to the purchase of rental equipment. Investment in rental equipment was stronger than earlier in Central Europe and Russia and in the modular space business. Company acquisitions carried out during the period under review are not included in gross capital expenditure.

Reported depreciation on property, plant and equipment and software totalled EUR 85.4 (62.4) million. Amortisation on intangible assets resulting from acquisitions totalled EUR 10.4 (4.1) million. At the end of the year, goodwill totalled EUR 147.9 (152.4) million.

## FINANCIAL POSITION AND BALANCE SHEET

The Group showed a positive net cash flow of EUR 121.0 (138.7) million from operating activities. Cash flow from investments was EUR

216.6 to the negative (negative EUR 175.2) million, of which EUR 43.3 million was related to acquisitions. Cash flow from financing activities amounted to EUR 87.5 (13.7) million. At the end of the period, cash and cash equivalents amounted to EUR 8.1 (18.5) million, with the net change coming to negative EUR 8.1 (negative EUR 22.8) million.

At the end of the period, Cramo Group's gross interest-bearing liabilities totalled EUR 485.2 (383.5) million. The Group has used interest rate swaps of approximately EUR 142.3 million to hedge its non-current loans. Hedge accounting is applied to EUR 122.3 million of the non-current loans. Current loans include a total of EUR 125 million of loan withdrawals as current loans from non-current credit limits. Cramo Group's unused credit limits (excluding leasing limits) totalled EUR 100 million on 31 December 2008, of which non-current credit limits totalled EUR 70 million and current credit limits EUR 30 million.

Cramo established the Cramo Finance NV financing company in Belgium at the end of November. The financing company will help Cramo to increase its financing opportunities in international markets and increase loan management efficiency inside the Group.

On 31 December 2008, Cramo Group's net interest-bearing liabilities totalled EUR 477.1 (365.0) million, with gearing at 149.3 (109.4) per cent. The growth in gearing resulted from the Group's capital expenditure and acquisitions in the first half of 2008.

The balance sheet total on 31 December 2008 was EUR 997.6 (895.0) million and the equity ratio was 32.4 (37.3) per cent.

Property, plant and equipment amounted to EUR 585.6 (487.0) million, with equipment rental representing EUR 448.1 million, or 76.5 per cent, and modular space representing EUR 137.5 million, or 23.5 per cent. Off-balance sheet operating lease liabilities amounted to EUR 68.9 (54.2) million on 31 December 2008.

Net working capital on 31 December 2008 amounted to EUR 33.0 (28.0) million, with equipment rental representing EUR 27.3 (24.6) million, or 82.7 per cent, and modular space representing EUR 5.7 (3.4) million, or 17.3 per cent. Inventories amounted to EUR 15.9 (16.9) million on 31 December 2008, with modular space representing EUR 8.3 million, or 52.0 per cent.

## BUSINESS DEVELOPMENT AND ACQUISITIONS AND DIVESTMENTS

Cramo's key objective in 2008 was to fuel profitable international growth and strengthen its position in all market areas. In the latter half of the year, the focus shifted to reinforcing profitability and positive cash flow. Contingency plans to adjust to the changed market situation were implemented in various countries starting in the second quarter. Cramo's contingency plans include measures to improve sales and customer service and to cut costs. Adjustment in line with the contingency plans will continue during 2009.

In order to free up capital for its core activities, in April Cramo Plc sold nine Finnish properties to Aberdeen Property Fund Finland I Ky and companies owned by Aberdeen. Cramo also sold seven other properties in Finland in the first half of the year. The total capital gain from the property transactions is EUR 6.0 million, which is recognised under other operating income.

Equipment rental services were expanded, particularly in Central and Eastern Europe. In the future, an increasing share of the Group's business will come from developing markets. Modular space rental operations were expanded, particularly in Norway and Denmark.

Measures to develop internal processes and policies and shared IT systems continued during the year. The Group's business intelligence system was taken into use in 2008, and a new ERP system will be implemented in 2009.

The European Rental Association (ERA) presented Cramo with its "Rental Company of the Year" award for the successful and quick conversion of two companies into one of Europe's leading players in the industry.

During the year, Cramo utilised company and business acquisitions to expand in the Czech Republic, Latvia, Sweden, Finland and Norway and also concluded significant outsourcing agreements in Norway and Denmark. The most important transactions were the acquisition of Techniline s.r.o, which specialises in renting access equipment in the Czech Republic, and the acquisition of Kranab AB in Sweden. The acquisition of Techniline made Cramo the market leader in equipment rental services in the Czech Republic.

In accordance with an agreement with ZAO Rentakran, Cramo acquired Cramo Rentakran's entire 25% minority share of the joint venture in Moscow. Following this transaction, Cramo has a total of eight depots in Russia, located in St. Petersburg, Moscow, Jekaterinburg and Kaliningrad.

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

## GROUP STRUCTURE

At the end of the period under review, the operating companies of Cramo Group consisted of the parent company and its wholly-owned subsidiaries in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania, Poland and the Czech Republic, as well as a financing company in Belgium, Cramo Instant Oy's subsidiaries in Finland and Suomen Tähtivuokraus Oy's subsidiaries in Poland and St Petersburg, Russia. Cramo Plc also has a 100 per cent holding in Cramo JV Oy, which has a subsidiary, ZAO Cramo Rentakran, in Russia. The Slovakian business unit is part of the Czech company.

Equipment rental services were provided through a network of 303 (268) depots. Cramo Instant Oy in Finland, Cramo Instant AB in Sweden, Cramo Instant AS in Norway and Cramo A/S in Denmark are engaged in the modular space business.

## HUMAN RESOURCES

During the period under review, Group staff averaged 2,617 (2,070). The equipment rental business had an average of 2,376 (1,832) employees and the modular space business 241 (238) employees.

In particular, the number of staff increased as a result of company and business acquisitions and outsourcing agreements, which brought over 200 new employees to the Group.

The geographical distribution of personnel is as follows: Finland 30.4 per cent, Sweden 27.4 per cent, Western Europe 13.1 per cent and Central and Eastern Europe 29.2 per cent.

As part of its normal operations, the Group continuously monitors and adjusts its costs, including human resources costs. Due to the adjustment measures made necessary by the weakened market situation, the number of staff was reduced by about 270 in 2008 through dismissals and lay-offs of permanent staff. This figure includes employment relationships that have already ended and those that were agreed upon in the statutory negotiations ending by 31 December 2008. Reductions are likely to continue.

In 2008, human resources development and administration focused on standardising policies in areas such as recruiting, induction and human resources planning. Human resources administration was strengthened with the aim of developing the staff to better meet business and local needs. Management practices were standardised, and the management took part in country-specific coaching



programmes in all Cramo operating areas. In particular, the training for upper management and key personnel in Central and Eastern Europe supports growth in new markets. Staff training focused on developing sales skills. Expansion of the Cramo School, which focuses on customer service and equipment use and safety, from Sweden to all market areas began in Latvia.

#### STAFF SEGMENTS AT YEAR END

STAFF SEGMENTS	Number of employees		Per cent of the entire staff	
	2008	2007	2008	2007
<b>Equipment rental</b>				
Finland	651	584	23.3	25.7
Sweden	733	618	26.2	27.2
Western Europe	356	306	12.7	13.5
Central and Eastern Europe	814	529	29.1	23.3
<b>Equipment rental, total</b>	<b>2,554</b>	<b>2,037</b>	<b>91.3</b>	<b>89.7</b>
<b>Modular space rental</b>	<b>242</b>	<b>233</b>	<b>8.7</b>	<b>10.3</b>
<b>Group, total</b>	<b>2,796</b>	<b>2,270</b>	<b>100.0</b>	<b>100.0</b>
<b>Group activities</b>	<b>63</b>	<b>59</b>	<b>2.3</b>	<b>2.6</b>
– of which in the parent company	25	20	0.9	0.9

STAFF AGE DISTRIBUTION	Number of employees		Per cent of the entire staff	
	2008	2007	2008	2007
–23	161	135	5.8	6.0
24–35	904	696	32.3	30.7
36–45	868	714	31.0	31.4
46–59	728	601	26.0	26.5
60–	135	124	4.8	5.4
<b>Total</b>	<b>2,796</b>	<b>2,270</b>	<b>100.0</b>	<b>100.0</b>

#### GROUP MANAGEMENT

At the end of the year, Cramo Group's Executive Committee consisted of President and CEO Vesa Koivula, Deputy CEO Göran Carlson and CFO Martti Ala-Härkönen. In addition, the Group Management Team included Senior Vice Presidents Tatu Hauhio (Finland), Erik Bengtsson (Sweden), Jarmo Laasanen (Central and Eastern Europe) and Ossi Alastalo (modular space business development) as well as Vice President, Marketing and Communications Anders Collman, Vice President, Fleet Management Mats Stenholm, CIO Eva Harström, Vice President, Human Resource Development Pirjo Saarni and Vice President, Legal Affairs Mika Puittinen. Effective 1 January 2009, Martin Holmgren took over as Vice President, Fleet Management. His previous position was Product Area Manager in Cramo Group's Fleet Management unit. His predecessor Mats Stenholm will continue to serve as a Senior Advisor to the Group management until his retirement at the end of 2009.

The Group's Deputy CEO Göran Carlson was appointed Senior Vice President, Business Development and Strategic Planning on 1 January 2008. Göran Carlson continues to serve as Deputy CEO and reports to CEO Vesa Koivula. At the same time, the Senior Vice President, Scandinavia, who previously reported to Göran Carlson, will now report to Vesa Koivula. Erik Bengtsson, who earlier served as Region Manager, East at Cramo Sverige AB, took over as the new Senior Vice President, Sweden on 15 June 2008, after Magnus Rosén, who was responsible for Scandinavian functions announced in January that he was resigning to join another company. Simultaneously, responsibility for the Scandinavian business was divided between the country managers, as a result of which the CEOs of the Danish and Norwegian companies began reporting to President and CEO Vesa Koivula.

Pirjo Saarni, M.Sc. Psychology, was appointed Vice President, Human Resources Development on 7 April 2008 and Mika Puittinen Vice-President, Legal Affairs on 17 November 2008. Saarni came to Cramo from the position of HR Manager at Vahanen Oy while Puittinen's earlier position was Vice President, Legal Affairs at Perlos Oyj.

#### SHARES AND SHARE CAPITAL

On 31 December 2008, Cramo Plc had a share capital of EUR 24,834,753.09 and the total number of shares was 30,660,189. There were no changes in the share capital or the number of shares during the period under review.

#### VALID OPTION SCHEMES

The Extraordinary General Meeting held on 20 November 2006 decided on an option scheme under which a maximum of 3,000,000 stock options will be issued, entitling their holders to subscribe for a maximum of 3,000,000 new company shares. The subscription period for stock options 2006A is from 1 October 2009 to 31 January 2011, stock options 2006B from 1 October 2010 to 31 January 2012 and stock options 2006C from 1 October 2011 to 31 January 2013. The subscription price for stock options 2006A is EUR 14.51, in other words, the trading-weighted average share price between 1 October and 31 October 2006. The subscription price for stock options 2006B is the trading-weighted average share price between 1 October and 31 October 2007, or EUR 26.47, and for stock options 2006C the trading-weighted average share price between 1 October and 31 October 2008 or EUR 5.56. Annual dividends will be deducted from the subscription price.

On 31 December 2008, Cramo Group's key personnel held a total of 712,000 2006A stock options, 865,000 2006B and 1,000,000 2006C stock options. The 2007 option scheme covers approximately 100 key persons of the Group.

#### ANNUAL GENERAL MEETING

Cramo Plc's Annual General Meeting on 23 April 2008 discussed matters assigned to the AGM under the Articles of Association, the proposals of the Board's proposals concerning authorisation to repurchase and sell company shares and the Board's proposals concerning the authorisation to issue shares and decide upon special rights entitling their holder to shares.

The AGM approved the financial reports for the Group and the parent company for 2007 and discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2007. The AGM decided that a dividend of EUR 0.65 per share be distributed.

The AGM re-elected Stig Gustavson, Gunnar Glifberg, Eino Halonen, Hannu Krogerus, Esko Mäkelä and Juhani Nurminen to the Board of Directors. Mr Fredrik Cappelen was elected as a new member of the Board.

The Annual General Meeting confirmed the remuneration as EUR 60,000 per year for the Chairman of the Board, EUR 40,000 per year for the Vice Chairman and EUR 30,000 for the other members of the Board. Forty per cent of the remuneration is to be paid in Cramo Plc shares and the remaining 60 per cent in cash. Remuneration for foreign members can be paid entirely in cash. In addition, an attendance fee of EUR 1,000 was approved for attendance at each meeting of the Board's Audit Committee and the Nomination and Compensation Committee.

The AGM authorised the Board of Directors to decide upon the acquisition or transfer of a maximum of 3,066,000 treasury shares in one or more tranches. The AGM authorised the Board of Directors to decide on a share issue and on issuing option rights, convertible

bonds and other special rights entitling their holder to shares as referred to in Chapter 10, section 1, of the Finnish Limited Liability Companies Act as well as all the terms of the share issue and provision of special rights entitling their holder to shares.

Cramo Plc's auditors were Tomi Englund, Authorised Public Accountant, and Ernst & Young Oy Authorised Public Accountants, with Erkka Talvinko as the main responsible accountant.

## VALID BOARD AUTHORISATIONS

The Annual General Meeting held on 23 April 2008 authorised the Board of Directors to acquire treasury shares in one or several tranches and to decide on their transfer in one or several tranches. The Board of Directors is also authorised to decide on a share issue and on issuing option rights, convertible bonds and other special rights entitling their holder to shares as referred to in Chapter 10, section 1, of the Finnish Limited Liability Companies Act.

The Board also has the authorisation to issue a maximum of 3,000,000 stock option rights pertaining to the 2006 option scheme.

Prior to the AGM on 23 April 2008, the Board of Directors did not have any authorisations to issue stock options, convertible bonds, increase share capital or buy back treasury shares.

## CORPORATE GOVERNANCE AND AUDITORS

As of 24 April 2008, the Cramo Plc Board of Directors consists of Stig Gustavson (Chairman), Gunnar Glifberg, Eino Halonen, Hannu Krogerus, Esko Mäkelä, Juhani Nurminen and Fredrik Cappelen.

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, Juhani Nurminen and Eino Halonen are deemed independent of the company and its major shareholders. Gunnar Glifberg is deemed independent of the major shareholders, but as the former President and CEO of Cramo AB until autumn 2005, he is deemed dependent of the company until the autumn of 2008.

The Board members until 23 April 2008 were Stig Gustavson (Chairman), Eino Halonen (Vice Chairman), Gunnar Glifberg, Hannu Krogerus, Juhani Nurminen and Esko Mäkelä. The Audit Committee members until 23 April 2008 were Eino Halonen (Chairman), Esko Mäkelä and Juhani Nurminen. Members of the Nomination and Compensation Committee were Stig Gustavson (Chairman), Gunnar Glifberg and Hannu Krogerus.

Stig Gustavson, Hannu Krogerus, Esko Mäkelä, Juhani Nurminen and Eino Halonen are deemed independent of the company and its major shareholders. Gunnar Glifberg is dependent of the company until the autumn of 2008.

In 2008 the Board met 12 times, the Audit Committee four times and the Nomination and Compensation Committee two times.

On 31 December 2008, the Board members, the President and CEO and his deputy held, either directly or through companies in which they exercise control, a total of 122,591 Cramo Plc shares, which represents 0.40 per cent of the company's shares and votes, and a total of 458,000 stock options.

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

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 and 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. As of the beginning of 2009, Cramo Plc has observed the Finnish Corporate Governance Code that entered into effect on 1 January 2009.

## ESSENTIAL RISKS AND UNCERTAINTIES

The main sources of uncertainty in Cramo's business are related to global economic developments, as well as the economic cycle and financial development of each country, fluctuations in interest and exchange rate, availability of financing, credit loss risks and the success of the Group's acquisitions. The international financial crisis has increased the risks involved with business. There are increased risks associated with availability of financing and its cost as well as credit loss risks. In addition, the weakened market situation brings depreciation risks to the balance sheet values resulting from acquisitions and risks of deviating from the covenant terms in the Group's long-term loans. Greater attention will be paid to the Group's risk management in the changed operating environment.

## RISK MANAGEMENT AND THE ENVIRONMENT

At Cramo Group, the objective of risk management is to ensure that the Group identifies its business-related risks, and assesses and monitors them on an ongoing basis. Risk management at Cramo refers to continuous and systematic activities aimed at preventing personal injuries, safeguarding the assets of the Cramo Group, and ensuring a steady and profitable business growth.

## STRATEGIC RISKS

The Group's business is closely linked to general economic development and activity in the construction and property markets. Unfavourable development in these markets may have a negative impact on the Group's operations, profitability and financial position. Efforts have been made to decrease the risks associated with demand and price development by dividing business into different product and customer segments and reducing dependence on one geographic market.

The construction industry has historically been characterised by seasonal fluctuations. Despite the fact that Cramo has reduced its dependence on the construction industry, the Group's sales and profit vary in different quarters in a manner typical of equipment rental operations. The Group tries to counteract the possible unfavourable impacts of economic trends by ensuring the cost efficiency of its service production and the competitiveness of its equipment and service range. The modular space business is less dependent on economic cycles than the equipment rental business and thus reduces the Group's sensitivity to economic fluctuations.

Expansion and business development are partly based on acquisitions. The risks of acquisitions are in part related to knowledge of local markets, customers, key persons and suppliers. The target is to take the risks into consideration through careful preparation and systematic monitoring of the acquisition. Expansion into new geographic areas means exposure to cultural, political, economic, and regulatory and legal risks.

In addition, there are also risks associated with the amount, allocation and timing of Group investments, and with other business decisions at the strategic level. The aim is to control the risks associated with investments by means of a careful approval process.



for investments, optimising fleet use on a Group-wide basis, financing some investments through operative leasing, and utilising external and internal indicators to forecast future market development. Indicators that illustrate the future are monitored by each country company on a monthly basis.

The group pays a special attention to utilization ratio of the rental fleet and cost structure related to market development.

### OPERATIVE RISKS

The Group's operative risks include risks associated with business and the staff, contract risks, occupational safety risks, IT-related risks, risks associated with observing general laws and regulations, and risks related to the Group's administrative principles.

In order to control the most significant strategic and operative risks, the Group and its subsidiaries have their own contingency plans. During 2008, the contingency plan was taken into use in several countries as a result of the strong change in the operating environment.

### ECONOMIC AND FINANCING RISKS

The objective of economic and financing risk management is to safeguard the company's quality external and internal financial reporting and the availability of Group financing, as well as to minimise the harmful impacts that changes in operating environment and financial markets have on the Group's profit and financial position.

The Group's primary financing risks are interest risk on cash flow, currency rate risk, credit risk and liquidity risk. In order to manage interest risk, Group borrowing and investments have been dispersed to fixed and variable interest instruments. Derivative contracts, such as interest rate swaps, have also been used to manage interest risk. Exchange rate risk mainly comprises net investments in foreign units and currency denominated loans, with protection instruments including currency forwards. The objective of protection activities is to protect the Group from significant financing risks.

The Group's financing policy specifies the responsibilities and procedures as well as the targets and principles of the financing function. Group financing is handled in a centralised manner, primarily through internal Group loans. Group financing identifies, analyses and manages financing risks in co-operation with Group management and the Group companies.

### TRANSACTION RISKS

The Group's transaction risks include risks associated with uninterrupted equipment rental and operations, which can be managed by means of insurance. Comprehensive insurance coverage is an essential part of Cramo Group's risk management.

### ENVIRONMENTAL RISKS

Environmental responsibility is an increasingly important part of Cramo's business model. Cramo's environmental responsibility involves ensuring that its rental equipment and modular space solutions are of high quality and carefully serviced and overhauled. The environmental load caused by equipment manufacture and use is taken into consideration in purchase. Long equipment service life is maintained through careful maintenance. Cramo's processes in Sweden, Denmark and Norway are based on the ISO 14001 environmental certificate and the ISO 9001 quality system certificate. In Finland, the Group's quality management system is based on the ISO 9001:2000 quality management certificate granted by Det Norske Veritas.

The Group aims to minimise environmental harm by recycling equipment and modular space solutions from one user to another. It also strives to reduce environmental load by delivering its equipment to customers fully tested and without unnecessary packaging. Regional profit centres are responsible for the appropriate storage and reprocessing of chemicals and hazardous waste. All material from equipment that is removed from use is recycled as effectively as

possible. The Group also seeks to reduce the environmental load of construction by maintaining high utilisation rates for its equipment.

## PROFIT DISTRIBUTION POLICY AND THE BOARD OF DIRECTORS' PROPOSAL FOR PROFIT DISTRIBUTION

In accordance with the company's profit distribution policy specified in February 2007, Cramo Plc's profit distribution goal is to distribute around one third of the Group's annual profit in terms of share buybacks and/or dividends. The aim is to maintain a steadily improving flow of dividends, 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 EUR 0.40 be paid for the financial year 1 January-31 December 2008. 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.

## OUTLOOK FOR 2009

The economic operating environment is expected to weaken in 2009. The Group expects the amount of construction to fall in all Nordic countries and the Baltic countries. Construction is expected to continue to increase in Poland, in the Czech Republic and in Slovakia, although at a lower level. The outlook for new construction has also weakened in Russia, but the growing popularity of equipment rental will support demand for rental services. Continued growth is anticipated in the demand for modular space. This demand continues to be supported by relocations, demographic changes and by the need for increasingly flexible space solutions in industry and public administration.

Cramo operates in three main business sectors: construction equipment rental, equipment rental for the other industry and modular space rental. All of these business areas fall into the categories of public and private. The construction industry consists not only of residential construction, but also of non-residential construction, infrastructure construction and renovation. In spite of a general decline in construction, there are pockets of growth which Cramo intends to utilise in full.

Public spending especially in infrastructure construction is expected to grow during the year. The same is expected in renovation. With rental contracts averaging five years, the modular space business has a stable earnings pattern.

As a result of investments made in recent years, the Group has a modern and competitive rental fleet and no investments are needed in 2009. Rather than investing in new equipment, Cramo will focus on optimising the use of its fleet on a Group-wide basis in 2009. Furthermore, the Group will continue its systematic cost adjustment measures to protect its profitability and its cash flow from operating activities in all situations. The cost reduction measures are expected to bring cost savings of at least EUR 25 million in 2009.

Many European currencies weakened in comparison to the euro at the end of 2008. If currency rates remain at the same level as in the beginning of 2009, this will have a negative impact on the Group's figures measured in Euros in relation to the comparison figures for 2008.

In 2009, consolidated sales and EBITA margin will not reach the levels recorded in 2008. However, the Group's cash flow after investments is expected to stay positive.

## KEY FIGURES AND RATIOS

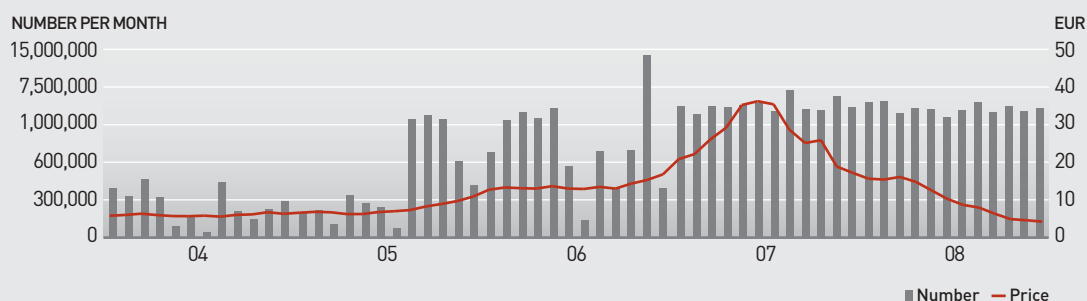
KEY FIGURES ON FINANCIAL PERFORMANCE		IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2004
Sales	M€	579.8	496.4	402.4	77.0	71.4	73.0
Change -%	%	+16.8	+23.4	+426.6	+7.8		+24.2
Operating profit	M€	91.8	91.8	68.6	18.0	14.4	12.1
% of sales	%	15.8	18.5	17.0	23.3	20.1	16.6
Profit before taxes	M€	63.6	75.8	56.6	16.2	13.0	11.5
% of sales	%	11.0	15.3	14.1	21.1	18.2	15.8
Profit for the period	M€	48.6	57.5	41.9	11.9	9.2	8.0
% of revenue	%	8.4	11.6	10.4	15.5	12.9	10.9
Return on equity	%	14.9	18.4	15.5	24.0	19.9	16.4
Return on investment	%	12.0	13.7	11.7	18.6	16.6	16.9
Equity ratio	%	32.4	37.3	38.2	49.0	48.9	56.3
Gross capital expenditure	M€	201.2	175.5	111.9	29.6	15.0	12.0
% of revenue	%	34.7	35.4	27.8	38.5	21.0	16.4
Equity	M€	319.5	333.7	292.2	54.1	45.4	47.1
Net interest-bearing liabilities	M€	477.1	365.0	305.6	48.6	44.2	26.2
Gearing	%	149.3	109.4	104.6			
Average number of personnel	No.	2,617	2,070	1,828	569	538	538
PER-SHARE RATIOS							
Earnings per share	€	1.59	1.88	1.39	0.83	0.64	0.56
Earnings per share diluted *)	€	1.59	1.87	1.36	0.81	0.63	0.55
Shareholder's equity per share	€	10.42	10.88	9.66	3.77	3.17	3.29
Dividend per earnings	%	25.2	34.6	36.0	30.8	39.5	44.6
Dividend per share	€	0.40**	0.65	0.50	0.25		0.25
Market capitalisation of A/B Series share capital	M€	141.0	531.0	571.8	170.4		93.4
Trading volume of B Series shares	No.	38,913,460	45,714,185	37,070,980	6,830,907		3,495,110
% of total number	%	127	149	123	54		28
Issue-adjusted average number of A series shares	No.				1,728,000		1,728,000
Issue-adjusted average number of B series shares	No.	30,660,189	30,586,040	30,121,137	12,611,807		12,586,507
Issue-adjusted average number of A series shares at financial year end	No.				1,728,000		1,728,000
Issue-adjusted average number of B series shares at financial year end	No.	30,660,189	30,660,189	30,332,793	14,699,675		12,586,507
P/E ratio		2.9	9.2	13.9	15.2	10.3	11.7
Effective dividend yield	%	8.7	3.8	2.6	2.0		3.8
Market capitalisation of share capital	M€	141.0	531.0	571.8	155.9		82.4
Average price	€	10.96	26.66	13.44	8.42		6.36
Closing price at year end	€	4.60	17.32	18.90	12.36		6.55
Lowest quotation	€	4.25	16.75	11.10	6.15		5.70
Highest quotation	€	18.50	38.80	19.00	12.46		7.45

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

\*\*) Board proposal

## DISCLAIMER

This report 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.

CRAMO SHARE PRICE  
AND TURNOVER

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

		31.12.2008	31.12.2007
<b>ASSETS</b>	<b>Note</b>		
<b>Non-current assets</b>			
Tangible assets	6	585,554	487,038
Intangible assets	7	97,259	95,359
Goodwill	7	147,850	152,367
Financial assets available for sale	6	314	332
Deferred tax assets	14	17,391	2,974
Receivables	9	2,964	3,490
<b>Total non-current assets</b>		<b>851,333</b>	<b>741,560</b>
<b>Current assets</b>			
Inventories	8	15,920	16,903
Trade receivables and other receivables	9	113,075	115,250
Income tax receivables		4,394	2,298
Derivative financial instruments	29	4,741	464
Cash and cash equivalent	10	8,123	18,489
<b>Total current assets</b>		<b>146,254</b>	<b>153,404</b>
<b>TOTAL ASSETS</b>		<b>997,587</b>	<b>894,964</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	24,835	24,835
Share issue	12		
Share premium	12	186,910	186,910
Fair value reserve	12	117	117
Hedging fund	12	6,792	6,334
Translation differences		-30,289	-1,867
Retained earnings		131,111	117,351
<b>Total equity</b>		<b>319,476</b>	<b>333,680</b>
<b>Non-current liabilities</b>			
Provisions	11	186	363
Deferred tax liabilities	14	78,967	62,200
Interest-bearing liabilities	13	288,700	274,087
Other non-current liabilities	11	5,622	8,514
<b>Total non-current liabilities</b>		<b>373,475</b>	<b>345,164</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	13	196,546	109,387
Trade and other liabilities	15	95,235	97,248
Income tax liabilities		12,855	9,485
<b>Total current liabilities</b>		<b>304,636</b>	<b>216,120</b>
<b>Total liabilities</b>		<b>678,111</b>	<b>561,284</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>997,587</b>	<b>894,964</b>

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

		1.1.-31.12.2008	1.1.-31.12.2007
	Note		
<b>REVENUE</b>		<b>579,802</b>	<b>496,428</b>
Other operating income	17	16,855	7,798
Changes in inventories	18	-770	966
Production for own use		18,725	15,379
Materials and services	18	-117,240	-106,396
Employee benefit expenses	19	-118,460	-101,608
Impairment	7	-4,186	
Depreciation	6	-84,600	-62,356
Amortisation on intangible assets resulting from acquisitions	7	-6,976	-4,119
Other operating expenses	20	-191,346	-154,248
<b>OPERATING PROFIT</b>		<b>91,804</b>	<b>91,844</b>
Finance cost (net)	21	-28,129	-16,036
<b>PROFIT BEFORE TAX</b>		<b>63,675</b>	<b>75,808</b>
Income tax expense	22	-15,025	-18,323
<b>PROFIT OF THE YEAR</b>		<b>48,650</b>	<b>57,485</b>
Calculated from shareholder's profit:			
Earnings per share, €	23	1.59	1.88
Diluted earnings per share, €	23	1.59	1.87

**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 1.1.2007</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>
<b>EQUITY AS AT 1.1.2008</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>
Translation difference						-28,422	-17,729	-46,151
Hedging fund					458			458
Total income and expense for the year recognised directly in equity					458	-28,422	-17,729	-45,693
Profit for the period							48,650	48,650
<b>Total income and expense for the year</b>					<b>458</b>	<b>-28,422</b>	<b>30,921</b>	<b>2,957</b>
Dividend distribution							-19,929	-19,929
Share-based payment							2,768	2,768
<b>Total</b>					<b>458</b>	<b>-28,422</b>	<b>13,760</b>	<b>-14,204</b>
<b>EQUITY AS AT 31.12.2008</b>	<b>24,835</b>		<b>186,910</b>	<b>117</b>	<b>6,792</b>	<b>-30,289</b>	<b>131,111</b>	<b>319,476</b>

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

1.1.–31.12.2008

1.1.–31.12.2007

**Cash flows from operating activities**

Operating profit	91,804	91,844
Adjustments for		
Depreciation and amortisations	95,762	66,474
Change in working capital <sup>1)</sup>	-5,244	112
Financial expenses	-37,535	-14,731
Financial income	1,316	694
Taxes	-12,494	-3,170
Other non cash corrections	-12,649	-2,570
<b>Net cash flow from operating activities</b>	<b>120,960</b>	<b>138,653</b>

**Cash flow from investing activities**

Investments in tangible and intangible assets	-201,192	-175,493
Sale of tangible and intangible assets	18,968	9,490
Acquisition of subsidiaries and business operations, net of cash acquired	-43,252	-20,638
Disposal of subsidiaries	8,908	11,407
<b>Cash flow used in investing activities</b>	<b>-216,568</b>	<b>-175,234</b>

**Cash flow from financing activities**

Proceeds from issue of share capital		1,258
Increase (+) / decrease (-) in liabilities	68,235	34,393
Increase (+) / decrease (-) in lease liabilities	39,154	-6,590
Dividends paid	-19,929	-15,326
<b>Net cash flow from financing activities</b>	<b>87,460</b>	<b>13,735</b>

**Net (decrease)/increase in cash and cash equivalents**

Cash and cash equivalents at beginning of the year	18,489	41,823
Translation difference	-2,217	-488
<b>Cash and cash equivalents at year end</b>	<b>8,123</b>	<b>18,489</b>

## 1) Change in working capital

Increase (-) / decrease (+) in inventories	375	-1,217
Increase (-) / decrease (+) in short-term receivables	-11,259	-26,551
Increase (+) / decrease (-) in short-term non-interest bearing liabilities	5,640	27,880
Total	-5,244	112



# 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 eleven countries in the Nordic countries and in Central and Eastern Europe with 303 depots and 2,617 employees.

Cramo is Finnish public company operating under the legislation of Finland. 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 on the Main List of the NASDAQ OMX Helsinki Ltd.

These consolidated financial statements have been approved for issue by the Board of Directors on 10 February 2009.

## 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 Central and Eastern Europe including Poland, Lithuania, Latvia, Estonia, the Czech Republic, Slovakia 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 Cramo brand has been defined indefinite because there is no foreseeable limit to the period over which the asset is expected to generate cash inflows. The useful lives of co brands are defined finite and they are amortised over the useful economic lives.

Goodwill and Cramo brand are not amortised, instead, they are tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill and Cramo brand are allocated to cash-generating units for the purpose of impairment testing. Cramo 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 and implementation of ERP system 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	4–10 years
• Depot network	20 years
• Co-brands	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 are considered as a hedge to 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 retained earnings within 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 OTHER 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 one equity-settled, share-based compensation plan with three series; 2006A, 2006B and 2006C. 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. 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 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 2009 or later periods, but which the Group has not yet adopted. Standards and amendments which have material effect on group's reporting are commented below:

- IFRS 8, Operating Segments. As of the beginning of 2009, the group reports by geographic segment. The modular space business will no longer be reported as a separate segment. The new segment structure reflects the Group's internal reporting structure, in which equipment rental and modular space businesses have been combined under the management of each country. Norway and Denmark will be reported as separate segments. Group's segments are Finland, Sweden, Norway, Denmark and Central and Eastern Europe.
- IFRIC 12, Borrowing Costs. The production period of modular space elements is fairly short and due to this, the capitalisation of borrowing costs is considered immaterial.
- IFRS 3 (revised), Business combinations. Group will apply the revised standard as of 1 January 2010.
- IAS 1 (revised), Presentation of Financial Statements. Group will most likely present consolidated income statement as well as statement of comprehensive income. Group will apply the revised standard as of 1 January 2009.

## 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 objective of the Group's risk management is to minimize the negative effects on the Group's financial result caused by changes in financial markets. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group's centralised treasury function (Group Treasury). The Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units according to the Treasury policy accepted by the Board.

### 3.1 MARKET RISK

#### 3.1.1 Interest rate risk

The Group's interest rate risk arises mainly from its long-term borrowings. The Group is mainly exposed to cash flow interest rate risk, which arises from borrowings issued at variable rates. At the balance sheet date, 37% of outstanding interest-bearing liabilities were at fixed interest rates when including the effect of derivatives used. The weighted average fixing period for Gross debt was 1.2 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 interest rate swaps in accordance with the Treasury Policy. The economic effect of interest rate swaps is to convert borrowings from floating rates to fixed rates. The nominal value of the Group's interest rate swaps was € 142.3 million at 31 December 2008. IAS 39 hedge accounting was applied to a part of these interest rate swaps representing a total nominal value of € 122.3 million.

The following table illustrates how a change in interest rates of one percentage point would impact the profit/loss and equity of the Group. The sensitivity analysis is based on Gross debt at closing date and includes the effect of interest rate swaps.

1,000 €	EUR		SEK		OTHER	
	1%	-1%	1%	-1%	1%	-1%
P&L	-1,667	1,667	-744	744	-656	656
Equity	2,566	-2,566	1,197	-1,197	0	0

The Group has hedged the funding of its non-euro subsidiaries with currency derivatives. Note 31 presents the maturity structure of these derivatives. The changes in the fair value of derivatives are recognised in the profit and loss statement. The following table illustrates how a change in the interest rate of the internal funding currencies relative to Euribor would impact the profit and loss of the Group.

RATE VERSUS EURIBOR, 1,000 €		
	1%	-1%
Change		
P&L	457	-457

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.

The Group's 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 as well as from recognised assets and liabilities.

Since Cramo has subsidiaries outside the Eurozone, the euro-denominated 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 regularly monitors and evaluates the translation risk. At the balance sheet date the Group had hedged its Swedish krona-denominated equity with an external currency loan. The foreign exchange difference arising from the loan is recognised in equity under translation differences.

Foreign exchange risk arising from recognised assets and liabilities is managed primarily through forward contracts and swaps. The hedge accounting was not applied on those items.

Sales in Group companies are carried out in the functional currency of the local entities. These transactions do not expose the Group to significant foreign exchange risk. Purchases are carried out both in Euros and local currencies. The currency risk arising from purchases is considered insignificant. Hence, according to the Treasury Policy, future purchase commitments are not hedged.

Group's open exposure is presented in the following table. The open Euro exposure against other functional currencies arises from account payables, leasing liabilities in other than local currency, as well as from the open exposure of the Group Treasury. The sensitivity calculation is based on a change of 5% in the Euro exchange rate against all the functional currencies that the Group operates in.

1,000 €		
	5%	-5%
EUR		
P&L	-1,412	1,412

#### 3.1.3 Price risk

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



### 3.2 CREDIT RISK

The Group's policy identifies counterparty credit rating requirements and principles of investment for clients, investment transactions and derivative financial instruments. The Group has no significant credit risk concentrations since it has a broad clientele, which is geographically spread over a wide area. Credits are granted to companies and private persons, which have proper credit information. The Group's maximum exposure to credit risk is represented by the fair values of receivables and other financial assets at 31 December 2008.

The maturity structure of accounts receivables is presented in the following table.

31.12.2008, 1,000 €	
Not due	72,161
Overdue less than month	10,819
Overdue 1–2 months	3,279
Overdue 2–3 months	1,592
Overdue 3–4 months	1,071
Overdue > 4 months	7,700
<b>Total</b>	<b>96,621</b>

Credit losses and increase of provision for bad debts amounted to € 4,171 thousand (2007, € 2,163). Receivables do not include significant credit risk concentrations.

### 3.3 REFUNDING AND LIQUIDITY RISK

The 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 liquidity needs. At 31 December 2008 undrawn committed borrowing facilities totalled € 100 million.

In order to avoid refinancing risk the Group aims to diversify the maturity structure of its interest-bearing debt and negotiates new committed credit lines well in advance of need. The maturity structure of interest-bearing debt is presented 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. Deferred taxes are disclosed in note 14.

#### 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, illiquidity factor and the expected life of the options. These variables make the estimation of the fair value of stock options difficult.

#### Valuation of the rental fleet

The optimisation of the rental fleet's utilization is steered at group level. The valuation of rental fleet is based on value-in-use calculations where the mobility of the fleet has been taken into account. These calculations require the use of estimates.

## 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 2008, 1,000 €

	Finland	Sweden	Equipment Rental Western Europe	CEE	Modular space	Eliminations	Total Group
Sales	88,723	238,254	100,972	77,315	79,783		585,047
Sales between the segments	-143	-154		-27	-4,922	-5,245	-5,245
<b>Total revenue</b>	<b>88,580</b>	<b>238,100</b>	<b>100,972</b>	<b>77,288</b>	<b>74,861</b>	<b>-5,245</b>	<b>579,802</b>
Segment EBITA	15,172	51,836	1,524	10,015	23,857	-848	101,556
Non-allocated capital gains and other income							10,082
Non-allocated group activities							-9,485
<b>EBITA</b>							<b>102,153</b>
Net finance items							-28,128
Profit before taxes							63,675
Income taxes							-15,025
<b>Net profit for the period</b>							<b>48,650</b>
<b>Segment assets</b>							
Intangible assets	16,748	85,310	25,481	51,234	32,521		211,294
Non-allocated							33,817
Tangible and other assets	80,777	201,969	133,653	171,708	166,738	-2,369	752,476
<b>Total assets</b>	<b>97,525</b>	<b>287,279</b>	<b>159,134</b>	<b>222,942</b>	<b>199,259</b>		<b>997,588</b>
Segment liabilities	48,928	139,768	125,812	123,015	81,018	-528	518,013
Non-allocated							159,913
<b>Total liabilities</b>							<b>677,926</b>
Capital expenditure	17,438	49,314	37,714	58,032	20,390	2,746	185,634
Depreciations	-12,598	-23,736	-16,508	-22,186	-9,931	-453	-85,412
Amortisations	-313	-3,419	-654	-2,589		-3,374	-10,350

The capital gain of EUR 6.0 million from the sale of properties in Finland in 2008 and EUR 4.1 million other operating income from the acquisition of a minority share in Cramo Rentakran are presented as a non-allocated item.

## BUSINESS SEGMENTS 2007, 1,000 €

	Finland	Sweden	Equipment Rental Western Europe	CEE	Modular space	Eliminations	Total Group
Sales	75,761	214,515	77,462	58,202	76,733		502,673
Sales between the segments		-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	6,487	17,082	19,358	-576	104,796
Non-allocated capital gains							4,026
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. The capital gain of € 4.0 million from the divestment of rental operations in the Netherlands is presented as a non-allocated item.

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

	2008	2007
Sales	4,228	5,309
Rental	102,606	89,250
<b>Total</b>	<b>106,834</b>	<b>94,559</b>

## GEOGRAPHICAL SEGMENTS 2008, 1,000 €

	Finland	Sweden	Western Europe	CEE	Eliminations	Total Group
Sales	126,287	273,849	114,070	77,434	-11,839	579,802
Assets by segment	168,307	415,756	159,134	222,942	-2,369	963,770
Non-allocated						33,817
<b>Total assets</b>						<b>997,588</b>
Capital expenditure	18,584	70,975	37,315	58,032		184,907

## GEOGRAPHICAL SEGMENTS 2007, 1,000 €

	Finland	Sweden	Western Europe	CEE	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

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					
	Land	Buildings	Machinery and equipment	Uncompleted purchases	Total
Acquisition cost 1.1.2008	3,448	25,254	585,104	126	613,932
Additions	140	2,945	199,380	68	202,533
Acquisition of subsidiaries	1,299	149	35,683		37,131
Disposals	-2,599	-8,111	-18,842		-29,552
Transfer between asset categories	-76	406	39	-126	243
Translation differences	-88	-445	-36,335		-36,868
<b>Acquisition cost 31.12.2008</b>	<b>2,124</b>	<b>20,198</b>	<b>765,029</b>	<b>68</b>	<b>787,419</b>
Accumulated depreciation 1 Jan 2008		-8,588	-118,305		-126,893
Disposals		49	9,967		10,016
Depreciation for the period		-1,806	-82,371		-84,177
Impairment charges for the period	-8		-804		-812
<b>Book value 31.12.2008</b>	<b>2,116</b>	<b>9,853</b>	<b>573,516</b>	<b>68</b>	<b>585,554</b>
Acquisition cost 1.1.2007	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 between asset categories	-655	655			
Translation differences	2	27	-3,822		-3,793
<b>Acquisition cost 31.12.2007</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 31.12.2007</b>	<b>3,448</b>	<b>16,666</b>	<b>466,799</b>	<b>126</b>	<b>487,038</b>

**AVAILABLE-FOR-SALE INVESTMENTS, 1,000 €**

	2008	2007
Acquisition cost 1.1.	332	320
Additions		12
Disposals	-18	
<b>Book value 31.12.</b>	<b>314</b>	<b>332</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 €**

	2008	2007
Acquisition cost 31 Dec	254,157	190,177
Accumulated depreciation 31 Dec	-73,220	-53,732
<b>Book value 31 Dec</b>	<b>180,937</b>	<b>136,445</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 1.1.2008</b>	<b>156,591</b>	<b>105,023</b>	<b>261,613</b>
Additions		3,599	3,599
Acquisition of subsidiaries	9,166	16,968	26,134
Transfer between asset categories		-449	-449
Translation differences	-12,968	-7,446	-20,414
<b>Acquisition cost 31.12.2008</b>	<b>152,789</b>	<b>117,695</b>	<b>270,484</b>
Accumulated depreciation 1.1.2008	-4,224	-9,664	-13,888
Amortisations for the period		-7,398	-7,398
Impairment loss for the period	-715	-3,374	-4,089
<b>Book value 31.12.2008</b>	<b>147,850</b>	<b>97,259</b>	<b>245,109</b>
<b>Acquisition cost 1.1.2007</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 31.12.2007</b>	<b>156,591</b>	<b>105,023</b>	<b>261,613</b>
Accumulated depreciation 1.1.2007	-4,224	-4,847	-9,071
Amortisations for the period		-4,817	-4,817
<b>Book value 31.12.2007</b>	<b>152,367</b>	<b>95,359</b>	<b>247,725</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 of the business operations in each country. The Cramo brand has been considered to be a corporate-level asset. For testing purposes the brand has been reallocated to CGUs based on their sales. Initially the impairment testing was prepared as at 15 December 2008. Tested assets were based on 31 October 2008 balance sheet. Since then uncertainty increased and changes arose in the market environment. New impairment test was prepared in 31 January 2009, where updated estimates for 2009 were used. The testing for previous financial year was prepared as at 30 November 2007.

The segment-level summary of goodwill and other intangible assets is presented below in thousands of euros as per 31 October 2008:

	Finland	Sweden	Equipment rental		Modular space	Total
			Western Europe	CEE		
Goodwill	12,251	59,017	20,001	34,374	31,705	157,349
Customer relationships	712	11,146	2,867	6,803		21,527
Brand	6,006	12,186	5,776	4,893	1,681	30,541
Depot network	3,229	22,582	4,939	10,115		40,866
Other intangible assets	1,316	3,378	1,206	2,462	2,542	10,905
Total intangible assets	23,514	108,310	34,789	58,647	35,929	261,189
Tangible assets	64,977	157,144	109,522	154,591	146,136	632,371
Total assets tested	88,491	265,455	144,311	213,238	182,065	893,559

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. Plans to transfer rental assets from country to another has been taken into account, when defining value in use.

### Key assumptions used in value-in-use calculations:

	Finland	Sweden	Equipment rental		Modular space
			Western Europe	CEE	
EBITA, %	15.0–18.0	16.0–21.0	0.0–14.2	0.0–31.3	24.0–30.2
Growth rate, CAGR, % five-year period	2.1	2.0	1.0–3.0	2.1–28.7*	1.8–2.9
Growth rate, % beyond five-year period	1.0	1.0	1.0	1.0	1.0
Group WACC (pre-tax), %	8.7	8.7	8.7	8.7	8.7
CGU related risk-component, %	1.6	1.5	1.7–2.5	2.3–6.0	0.3
CGU discount rate (pre-tax), %	10.3	10.2	10.4–11.2	11.0–14.7	9.0

### Growth and profitability assumptions:

Management has made profitability and growth estimates for each CGU based on past performance and expected market development.

\*CAGR is high in certain CGU's where Cramo has expanded in 2008 and full year sales for has not yet been accumulated.

### Discount rate:

Discount rate is defined as pre-tax Weighted Average Cost of Capital of Cramo Group (pre-tax WACC).

CGU discount rate is calculated by combining Group WACC and CGU related risk-component.

Discount rate is before taxes and reflects the 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	CEE	
EBITA, %, max decrease in %-points	8.9	11.0	0.1–3.5	0.1–5.5	2.0–15.5
Growth rate, %, max decrease in %-points, five-year period	14.1	15.4	0.2–6.1	0.2–12.2	0.5–20.2
Growth rate, %, max decrease in %-points, beyond five-year period	29.5	33.5	0.1–5.5	0.2–6.6	1.8–54.0
Discount rate, %, max increase in %-points	9.0	9.7	0.1–2.9	0.1–3.3	0.7–12.4

Buffer between value in use and tested assets is the smallest in Latvia, Denmark and Lithuania. For Latvia the goodwill amounts to EUR 6.2 million, for Denmark EUR 5.5 million and for Lithuania EUR 7.4 million.



**8. INVENTORIES, 1,000 €**

	2008	2007
Materials and supplies	9,577	5,154
Work in progress	542	7,015
Finished goods	5,801	4,734
<b>Total</b>	<b>15,920</b>	<b>16,903</b>

The write-downs of inventories to net realisable value amounted to € 69 (€ 80) thousand.

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

	2008	2007
<b>Non-current receivables</b>		
Finance leases – gross receivables	2,279	3,822
Unearned finance income	-10	-1,543
	<b>2,269</b>	<b>2,279</b>
<b>Current receivables</b>		
Finance leases – gross receivables	244	217
Unearned finance income	-126	-123
	<b>118</b>	<b>94</b>
<b>Gross receivable from finance leases</b>		
No later than 1 year	244	217
Later than 1 year and no later than 5 years	1,052	1,019
Later than 5 years	2,507	2,804
	<b>3,803</b>	<b>4,039</b>
<b>Non-current receivables</b>		
Trade receivables	695	1,211
Finance lease receivables	2,270	2,279
<b>Total</b>	<b>2,965</b>	<b>3,490</b>
The book value of non-current trade receivables corresponds to fair value in material parts.		
<b>Current receivables</b>		
Trade receivables	91,219	93,267
Finance lease receivables	118	94
Other receivables	3,112	3,142
Prepaid expenses and accrued income	18,627	18,747
<b>Total</b>	<b>113,075</b>	<b>115,250</b>

The Group has recognised credit losses from receivables for € 4,171 thousand for the period (€ 2,163 thousand in 2007). 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 €**

	2008	2007
Cash in hand and at bank	8,123	18,489
<b>Total</b>	<b>8,123</b>	<b>18,489</b>

**11. PROVISIONS AND OTHER NON-CURRENT LIABILITIES****Provisions**

The Group has two non-cancellable lease contracts which do not produce an economic benefit. The provision amounts to € 186 thousand at the end of the period (€ 363 thousand in 2007) which covers the loss caused by these contracts.

Other non-current liabilities	2008	2007
Advances received	3,002	8,357
VAT related financial leases	1,717	
Other non-current liabilities	903	157
<b>Total</b>	<b>5,622</b>	<b>8,514</b>

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

	Share capital	Share issue	Share premium	Fair value reserve	Hedge fund	Total
1.1.2007	24,508	143	185,836	117	3,301	213,905
Change	327	-143	1,074		3,033	4,291
31.12.2007	24,835		186,910	117	6,334	218,196
Change					458	458
31.12.2008	24,835		186,910	117	6,792	218,654

Share capital at 31.12.2008 is distributed as follows:	Number of shares	Percentage of votes	Percentage of shares
Shares	30,660,189	100	100

**Number of shares**

1.1.2008	30,660,189
Subscription of options	
31.12.2008	30,660,189

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 0.40 (0.65) per share.

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

	2008		2007	
Non-current interest-bearing liabilities	Book value	Fair value	Book value	Fair value
Syndicated bank loan	145,243	145,243	173,753	173,753
Other bank loans	1,175	1,175	2,721	2,721
Loans from pension insurance companies	8,900	9,300		
Repurchase liabilities	3,134	3,134	4,116	4,090
Rent advances	3,002	3,002	2,422	2,404
Finance lease liabilities	127,247	127,247	91,075	91,075
<b>Total</b>	<b>288,701</b>	<b>289,101</b>	<b>274,087</b>	<b>274,043</b>
Current interest-bearing liabilities	Book value	Fair value	Book value	Fair value
Syndicated bank loan	136,280		31,978	
Other bank loans	4,377		2,608	
Repurchase liabilities	1,743		3,277	
Rent advances	1,524		1,768	
Finance lease liabilities	29,392		24,471	
Commercial papers	23,230		45,285	
<b>Total</b>	<b>196,546</b>		<b>109,387</b>	
<b>TOTAL INTEREST-BEARING LIABILITIES</b>	<b>485,246</b>		<b>383,474</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 31.12.2008 are presented below:

	Values of covenants 31.12.2008	Actual 31.12.2008
Gross debt to EBITDA, maximum	3.35	2.96
Interest Coverage Ratio, minimum	5.00	6.67
Equity Ratio, %, minimum	30.00	32.40

#### Interest bearing liabilities mature as follows: 1,000 €

	2009	2010	2011	2012	2013	2013+	Total
Syndicated bank loan	136,280	11,280	11,280	11,280	111,403		281,523
Other bank loans	4,377	339	703	133			5,552
Loans from pension insurance companies		2,543	2,543	2,543	1,271		8,900
Repurchase liabilities	1,743	1,334	802		260	738	4,877
Rent advances	1,524	1,049	498	404	391	660	4,526
Finance lease liabilities	29,392	28,251	30,046	22,359	20,050	26,541	156,639
Commercial papers	23,220						23,220
<b>Total</b>	<b>196,546</b>	<b>44,796</b>	<b>45,872</b>	<b>36,719</b>	<b>133,375</b>	<b>27,939</b>	<b>485,246</b>

Syndicated bank loans maturing in 2009 include a total of EUR 125 million of loan withdrawals as current loans from the long-term syndicated loan facility maturing in 2013.

#### Syndicated loan by currency and maturity, 1,000€

	2009	2010	2011	2012	2013+	Total
EUR	129,000	4,000	4,000	4,000	68,669	209,669
SEK	7,280	7,280	7,280	7,280	42,734	71,854
<b>Total</b>	<b>136,280</b>	<b>11,280</b>	<b>11,280</b>	<b>11,280</b>	<b>111,403</b>	<b>281,523</b>

#### Finance lease liabilities, 1,000 €

	2008	2007
Payable <1 year from balance sheet date	35,457	30,555
Payable 1–5 years from balance sheet date	117,682	87,768
Payable >5 years from balance sheet date	28,129	16,850
<b>Total</b>	<b>181,268</b>	<b>135,173</b>
Future interest payments	24,629	19,627
Present value of minimum future finance lease payments	156,639	115,546

#### Finance lease liabilities by currency, 1,000 €

SEK	71,526
NOK	16,028
DKK	12,012
EUR	25,370
Other	31,703
<b>Total</b>	<b>156,639</b>

#### Weighted average maturity and interest rates 31.12.2008

	Maturity (years)	Interest (%)
Bank loans	1.8	5.07
Bank loans including interest rate swaps	1.8	4.38
Loans from pension insurance companies	2.7	5.20
Finance leases	2.8	4.88
Repurchase liabilities	2.5	3.85
Rent advances	4.3	4.58
Commercial papers	0.3	5.18

**14. DEFERRED TAXES, 1,000 €**

	2008	2007
<b>Deferred tax assets</b>		
Tax losses carried forward	4,683	2,927
Appropriation		670
Financial leases	9,062	7,594
Fair value of hedging fund	4,827	798
Elimination of internal profit	1,687	799
Other temporary differences	1,210	1,191
<b>Total</b>	<b>21,469</b>	<b>13,979</b>
<b>Deferred tax liabilities</b>		
Appropriation	34,348	36,512
Financial leases	7,459	8,636
Fair value of hedging fund	4,380	2,226
Valuation of assets to fair value in business combinations	23,702	24,478
Unrealised exchange rate gains	7,128	
Other temporary differences	6,028	1,353
<b>Total</b>	<b>83,045</b>	<b>73,205</b>
<b>Deferred tax liabilities net</b>	<b>61,576</b>	<b>59,226</b>
<b>Reflected in the balance sheet as follows</b>		
Deferred tax asset	17,391	2,974
Deferred tax liabilities	78,967	62,200
<b>Deferred tax liabilities net</b>	<b>61,576</b>	<b>59,226</b>
<b>Change in deferred tax liabilities and assets recognised in the balance sheet</b>		
Deferred tax liabilities net as at 1.1.	59,226	49,406
Acquired and disposed subsidiaries	5,902	2,107
Change in tax rates	-3,892	
Other items recognised in the income statement	5,444	7,213
Items recognised in equity	196	1,066
Exchange rate differences	-5,300	-566
<b>Deferred tax liabilities net as at 31.12.</b>	<b>61,576</b>	<b>59,226</b>

The group did not recognise deferred income tax assets of 1.435 thousand euros related to losses carried forward in Russia, Latvia and Denmark. The group does not plan to distribute dividend in Estonia and due to that does not recognise the deferred tax liability on retained earning in Estonian subsidiary.

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

	2008	2007
<b>Trade payables</b>	<b>39,517</b>	<b>49,514</b>
Advances received	7,815	8,357
Accrued liabilities and deferred income	40,189	35,082
Other current liabilities	7,714	4,295
<b>Other liabilities total</b>	<b>55,718</b>	<b>47,734</b>
<b>Total</b>	<b>95,235</b>	<b>97,248</b>

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

**16. OPERATIONAL LEASE PAYMENTS, 1,000 €**

	2008	2007
Payable <1 year from balance sheet date	25,428	17,735
Payable 1–5 years from balance sheet date	43,217	35,613
Payable >5 years from balance sheet date	253	840
<b>Total</b>	<b>68,898</b>	<b>54,188</b>

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.

5.95m€ of the leases is related to non-rental investments

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

	2008	2007
Rental of premises and other revenues	7,027	1,700
Profit of sold tangible assets	5,879	1,986
Capital gain of disposals	3,949	4,111
<b>Total</b>	<b>16,855</b>	<b>7,798</b>

Capital gain in 2008 relates to the sale of real-estate companies in Finland and 2007 to the sale of operations in the Netherlands.

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

	2008	2007
Purchases	32,548	41,060
External services	84,692	65,336
<b>Total</b>	<b>117,240</b>	<b>106,396</b>
Change in inventories of work in progress	-770	966
<b>Total</b>	<b>-770</b>	<b>966</b>

**19. PERSONNEL EXPENSES, 1,000 €**

	2008	2007
Salaries and fees of Board members	268	206
Wages	86,363	77,138
Pensions	8,816	8,724
Other statutory employee costs	16,631	15,540
<b>Total</b>	<b>112,078</b>	<b>101,608</b>
Salaries and fees of key management (note 26)		
Average number of personnel	2,617	2,070

**20. OTHER OPERATING EXPENSES, 1,000 €**

	2008	2007
Premises and equipment rentals	18,938	14,915
Marketing	11,745	12,689
Maintenance and accessories	72,898	66,396
Other expenses for premises	10,880	8,436
Operational leases	23,462	16,361
Temporary staff	8,236	6,402
Other personnel related expenses	10,000	9,092
Other expenses	35,187	19,958
<b>Total</b>	<b>191,346</b>	<b>154,248</b>

**21. NET FINANCIAL ITEMS, 1,000 €**

	2008	2007
Interest income from bank deposit and receivables	1,230	694
Other finance income	87	593
Exchange rate difference	-6,600	-501
Change in fair value of currency derivatives	5,507	-186
Interest expenses		
Borrowings	-17,930	-10,414
Finance leases	-9,814	-5,903
Other finance expenses	-607	-319
<b>Total</b>	<b>-28,127</b>	<b>-16,036</b>

The ineffective share of cash flow hedge recognised in the net financial items was immaterial.



**22. INCOME TAX EXPENSE, 1,000 €**

	2008	2007
Current tax	-13,468	-10,153
Tax from previous financial periods	-5	-957
Deferred tax change	-1,552	-7,213
<b>Taxes, total</b>	<b>-15,025</b>	<b>-18,323</b>
<b>Tax expense reconciliation</b>		
Profit before tax	63,675	75,808
Tax calculated with domestic corporate tax rate	16,556	19,710
Foreign subsidiaries divergent tax rate +/-	-229	-1,453
Change in tax rates	-3,892	-25
Non-taxable income	-983	-1,048
Non-deductable expenses	971	435
Expenses not recognised in accounting	443	-598
Share based payments	720	469
Tax losses for which no deferred income tax asset was recognised	1,435	
Utilisation of previously unrecognised tax losses		-124
Tax from the previous financial periods	5	957
<b>Taxes in income statement</b>	<b>15,025</b>	<b>18,323</b>
<b>Group's effective tax rate, %</b>	<b>23.6</b>	<b>24.2</b>

Deferred taxes have been recalculated due to following changes in tax rates:

Sweden from 28% to 26.3%

Russia from 24% to 20%

The Czech Republic from 21% to 20%

Lithuania from 15% to 20%

**23. EARNINGS PER SHARE**

	2008	2007
Net profit attributable to parent company's shareholders, 1,000 €	48,650	57,485
Earnings per share, €	1.59	1.88
Diluted earnings per share, €	1.59	1.87
Weighted average number of shares	30,660,189	30,586,040
Number of shares, unadjusted	30,660,189	30,660,189
Share options		155,371
Number of shares, adjusted for the effect of dilution	30,660,189	30,815,560

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.

**24. DIVIDENDS PAID, 1,000 €**

	2008	2007
Dividends paid	19,955	15,326

Dividends paid were € 0.50 per share in 2007 and € 0.65 per share in 2008.

After the balance sheet date the Board has proposed a dividend of € 0.40 per share for an estimated total of € 12.3 million.

## 25. SHARE BASED PAYMENTS

In the end of the period Cramo had option plan 2006 in operation. The option plan consists of three option series. The options are granted by the Board of Directors to the key employees of Cramo Group or to the subsidiary of Cramo for future grants. The options are forfeited if the employee leaves the Group before the options vest. When the exercise period has commenced, the options can be freely transferred or exercised. Key characteristics and terms of Cramo option schemes are listed in the table below.

OPTIONS Basic information	OPTION PLAN 2006		
	2006A	2006B	2006C
Annual General Shareholders' Meeting date	20.11.2006	20.11.2006	20.11.2006
Grant dates	21.12.2006	14.11.2007	10.11.2008
	27.2.2007	2.4.2008	
		12.5.2008	
Maximum number of stock options	1,000,000	1,000,000	1,000,000
The number of shares subscribed by one option	1	1	1
Initial exercise price, €	14.51	26.47	5.56
Dividend adjustment	Yes	Yes	Yes
Exercise price Dec. 31, 2006, €	14.51	–	–
Exercise price Dec. 31, 2007, €	14.01	26.47	–
Exercise price Dec. 31, 2008, €	13.36	25.82	5.56
Beginning of exercise period, date (vesting)	1.10.2009	1.10.2010	1.10.2011
End of exercise period, date (expiration)	31.1.2011	31.1.2012	31.1.2013
Remaining contractual life Dec. 31, 2008, years	2.1	3.1	4.1
Number of persons Dec. 31, 2008	33	72	100.0

OPTIONS Changes 2008	OPTION PLAN 2006			Total
	2006A	2006B	2006C	
Number of options at Jan. 1, 2008				
Granted	813,000	904,000		1,717,000
Returned				
Invalidated				
Exercised				
Outstanding	813,000	904,000		1,717,000
Non-distributed	187,000	96,000	1,000,000	1,283,000

Changes during the period				
Granted		30,000	1,000,000	1,030,000
Returned	101,000	69,000		170,000
Invalidated				
Exercised				
Weighted average price of share during the exercise period, €	–	–	–	–
Expired				

Number of options at Dec. 31, 2008				
Granted	813,000	934,000	1,000,000	2,747,000
Returned	101,000	69,000		170,000
Invalidated				
Exercised				
Outstanding	712,000	865,000	1,000,000	2,577,000
Non-distributed	288,000	135,000		423,000
The number of unvested options Dec. 31, 2008	712,000	865,000	1,000,000	2,577,000

OPTIONS Changes 2007	2006A	OPTION PLAN 2006 2006B	2006C	Total
<b>Number of options at Jan. 1, 2007</b>				
Granted	813,000	904,000		1,717,000
Returned				
Invalidated				
Exercised				
Outstanding	813,000	904,000		1,717,000
Non-distributed	187,000	96,000	1,000,000	1,283,000
<b>Changes during the period</b>				
Granted		30,000	1,000,000	1,030,000
Returned	101,000	69,000		170,000
Invalidated				
Exercised				
Weighted average price of share during the exercise period, €	–	–	–	–
Expired				
<b>Number of options at Dec. 31, 2007</b>				
Granted	813,000	934,000	1,000,000	2,747,000
Returned	101,000	69,000		170,000
Invalidated				
Exercised				
Outstanding	712,000	865,000	1,000,000	2,577,000
Non-distributed	288,000	135,000		423,000
The number of unvested options Dec. 31, 2007	712,000	865,000	1,000,000	2,577,000

**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. The fair value of stock options have been determined by using Black–Scholes valuation model. The most significant inputs used to estimate the fair value are presented on the table below. The total fair value of options granted during the year was EUR 1.1 million. The effect of all employee stock options on the Company's earnings in 2008 was EUR 2.8 million of which 2006A options accounted for EUR 1.4 million, 2006B options accounted for EUR 1.3 million and 2006C options accounted for EUR 0.1 million. Illiquidity of the employee stock options secondary market has been taken into account in the options valuation prospectively as of 1 January 2009: 90% of the theoretical B&S value is assumed to be realized. Illiquidity discount of 10% will decrease the IFRS2 expense in 2009: 0.75 million EUR, in 2010: 0.14 million EUR and in 2011: 0.03 million EUR.

MOST SIGNIFICANT INPUTS IN BLACK–SCHOLES MODEL	Granted in 2006 2006A	Granted in 2006 2006A	Granted in 2007 2006B	Granted in 2008 2006B	Granted in 2008 2006C
Number of granted options	786,000	27,000	904,000	30,000	1,000,000
Average price of share at grant date	17.64 €	22.16 €	22.34 €	15.86	5.37
Subscription price*	14.51 €	14.51 €	26.47 €	26.25	5.56
Interest rate	3.9%	3.9%	4.1%	3.8%	3.3%
Maturity, years*	4.1	3.9	4.2	3.8	3.6
Volatility**	22.35%	23.86%	26.20%	31.8%	31.0%
Probability of returned options	15%	44%	13%	33.3%	13.0%
Expected dividends***	0	0	0	0	0
Fair value totally, €	3,656,487	137,917	3,365,719	32,940	1,102,926

\* Based on the history of subscriptions of the previous option scheme, it has been assumed that the options will be exercised steadily during the subscription period.

\*\* Volatility has been estimated on the basis of historical data during the 5 year period regarding the options 2006A and 2006B and 10 year period regarding the options 2006C prior to the grant date.

\*\*\* 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, 2008**

	Number of options	Exercise price*
Granted Jan. 1	1,717,000	20.57 €
Outstanding Jan. 1	1,717,000	20.57 €
Granted during the period	1,030,000	6.15 €
Returned during the period	170,000	18.42 €
Exercised during the period		
Expired during the period		
Granted Dec. 31	2,747,000	14.76 €
Outstanding Dec. 31	2,577,000	14.52 €

\* Exercise price in the beginning of the period is status at Dec. 31, 2007. Dividend adjustment has been taken into account during the period and exercise price is based on the status at Dec. 31, 2008.

## 26. RELATED PARTY TRANSACTIONS

The Group has following interests in its subsidiaries:

Subsidiaries	Domicile		Parent Company	% of shares Group
AS Cramo Estonia	Tallinn	Estonia	100	
Cramo A/S	Glostrup	Denmark	100	
Cramo AS	Oslo	Norway	100	
Cramo Finance NV	Antwerp	Belgium	99.9	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	100	
Cramo Kaliningrad OOO	Kaliningrad	Russia	100	
Cramo New Holding AB	Sollentuna	Sweden	100	
Cramo Sverige AB	Sollentuna	Sweden	100	
Cramo UAB	Vilnius	Lithuania	100	
SIA Cramo	Riga	Latvia	100	
Suomen Tähtivuokraus Oy	Vantaa	Finland	100	
Techniline s.r.o.	Prague	The Czech Republic	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.	Krakow	Poland		100
Cramo s.r.o.	Karvina	The Czech Republic		100
Cramo Scaffolding Oy	Kemi	Finland		100
Cramo Sp.zo.o	Warszawa	Poland		100
Cramo Trade AB	Sollentuna	Sweden		100
Cramo ZAO	St. Petersburg	Russia		100
CramoRentakran ZAO	Moscow	Russia		100
Fastigheten Tändstiftet HB	Sollentuna	Sweden		100
Göby AB	Sollentuna	Sweden		100
Hyrcenter i Skövde AB	Sollentuna	Sweden		100
Hyrmaskiner i Bollnäs AB	Sollentuna	Sweden		100
Kranaktiebolaget i Stockholm AB	Sollentuna	Sweden		100
Kumla Lift AB	Sollentuna	Sweden		100
Maropol Sp.zo.o.	Radzionkow	Poland		100
Mupol Förvaltnings AB	Stockholm	Sweden		100
Parmaco Oy	Pyhäjoki	Finland		100
Uthyraren i Lund AB	Sollentuna	Sweden		100

### Merged and liquidated subsidiaries

Hamar Liftutleie AS	Hamar	Norway
Lokalnu i Sverige AB	Stockholm	Sweden

Tatu Hauho, Senior Vice President of Equipment Rental Finland is a joint-owner of Kiinteistö Oy Hosionrinne, where has been paid real estate rents EUR 415 (266) thousands.

EXECUTIVE REMUNERATION, 1,000 €	2008	2007
<b>Salaries and other short-term benefits</b>		
Vesa Koivula, CEO	437	371
Board Members		
Stig Gustavson	63	48
Eino Halonen	44	34
Gunnar Glibberg	31	29
Hannu Krogerus	32	31
Esko Mäkelä	34	31
Juhani Nurminen	34	31
Fredrik Cappelen	30	
<b>Board total</b>	<b>268</b>	<b>202</b>
Salaries and fees for the Group management	1,848	1,589
Post-employment benefits	194	74

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 €

	2008	2007
<b>Collateral given on own behalf</b>		
<b>Debts, secured by collateral</b>		
Loans from credit institutions	281,523	205,731
<b>Collateral given</b>		
Mortgages on real estates		5,663
Mortgages on company assets	83,317	83,317
Pledges	64,740	80,156
<b>Commitments, secured by collateral</b>		
Construction and warranty guarantees	425	522
<b>Other contingent liabilities</b>		
Rental liabilities in the following year	1,135	
Subsequent rental liabilities	9,456	

## 29. DERIVATIVE FINANCIAL INSTRUMENTS AT DEC 31, 1,000 €

	2008		2007	
	Nominal value	Fair value	Nominal value	Fair value
<b>Interest rate swaps</b>				
Swap contracts	142,310	-1,637	138,395	5,492
<b>Currency swaps and forwards</b>				
	134,880	5,293	87,151	-194

Currency derivatives have been recognised in income statement.

### Currency derivative instruments mature as follows

	2009	2010	2011	2012	2013	2013+	Total
	125,567	9,313					134,880

### Interest derivative instruments mature as follows

	2009	2010	2011	2012	2013	2013+	Total
EUR		10,000			61,000		71,000
SEK	291,713		291,713		191,713		775,139
in EUR	26,837		26,837		17,637		71,310
<b>Total, EUR</b>	<b>26,837</b>	<b>10,000</b>	<b>26,837</b>		<b>78,637</b>		<b>142,310</b>

Interest derivatives instruments have been recognised in equity as net of tax.

At 31 December 2008 the open derivative exposure does not differ materially from the exposure retained open during the financial year.



### 30. BUSINESS COMBINATIONS

During the financial year the Group has concluded six share acquisitions and two acquisitions of rental operations.

Cramo acquired on 26th March 2008 the shares of Techniline s.r.o, based in Czech Republic. Techniline has been consolidated to Group figures from 1 April 2008 onwards. During the reporting period Techniline contributed to Group sales by EUR 8.0 million. Total sales of Techniline s.r.o was EUR 10.8 million in 2008.

Purchase price, 1,000 €		Purchase price, 1,000 €	
Purchase price	16,846	Purchase price	28,779
Directly attributable costs	129	Directly attributable costs	275
Total purchase price	16,975	Total purchase price	29,054
Fair value of the net assets acquired	12,279	Fair value of the net assets acquired	23,501
Goodwill	4,697	Goodwill	5,553

Goodwill of Techniline s.r.o. is attributable to the market presence, geographical coverage, skilled workforce and synergy benefits.

Goodwill is attributable to the market presence, geographical coverage, skilled workforce and synergy benefits.

1,000 €	Fair value	Acquiree's carrying amount	1,000 €	Fair value	Acquiree's carrying amount
<b>Non-current assets</b>			<b>Non-current assets</b>		
Customer relationship	3,877		Customer relationship	4,613	
Brand	581		Depot network	2,736	
Depot network	2,501		Non-competition agreement	1,523	
Non-competition agreement	1,533		Goodwill	5,553	
Goodwill	4,697		Property plant and equipment	19,228	13,681
Property plant and equipment	23,907	21,970	Financial assets		
Financial assets			Deferred tax assets		
Deferred tax assets					
<b>Current assets</b>			<b>Current assets</b>		
Inventories	209	209	Inventories	353	353
Trade and other receivables	3,315	3,315	Trade and other receivables	2,423	2,423
Cash and cash equivalents	332	332	Cash and cash equivalents	2,603	2,603
<b>Assets total</b>	<b>40,954</b>	<b>25,827</b>	<b>Assets total</b>	<b>39,087</b>	<b>19,114</b>
<b>Non-current liabilities</b>			<b>Non-current liabilities</b>		
Provisions	15	15	Provisions	57	57
Borrowings	19,738	19,738	Borrowings	2,195	2,195
Deferred tax liabilities	2,510	320	Deferred tax liabilities	5,113	1,816
<b>Current-liabilities</b>			<b>Current-liabilities</b>		
Trade and other payables	1,714	1,714	Trade and other payables	2,667	2,667
<b>Liabilities total</b>	<b>23,978</b>	<b>21,788</b>	<b>Liabilities total</b>	<b>10,033</b>	<b>6,736</b>
<b>Net assets at the acquisition date</b>	<b>16,975</b>	<b>4,039</b>	<b>Net assets at the acquisition date</b>	<b>29,054</b>	<b>12,378</b>
Purchase price		-16,975	Purchase price		-29,054
Cash and cash equivalents in the subsidiary		332	Cash and cash equivalents in the subsidiary		2,603
Unpaid amount of the purchase price		842	Unpaid amount of the purchase price		1,279
Cash flow on acquisition		-15,801	Cash flow on acquisition		-25,171

Other five share acquisitions and two acquisitions of rental operations has been presented together. Acquired businesses contributed to Group sales by EUR 13.4 million. Had the businesses been consolidated from the beginning of 2008, sales would have been approximately EUR 5.6 million higher.

### 31. EVENTS AFTER BALANCE SHEET DATE

The group does not have any material events after balance sheet date.

### 32. BOARD AUTHORIZATIONS

The Annual General Meeting held on 23 April 2008 authorised the Board of Directors to acquire treasury shares in one or several tranches and to decide on their transfer in one or several tranches. The Board of Directors is also authorised to decide on a share issue and on issuing option rights, convertible bonds and other special rights entitling their holder to shares as referred to in Chapter 10, section 1, of the Finnish Limited Liability Companies Act.

The Board also has the authorisation to issue a maximum of 3,000,000 stock option rights pertaining to the 2006 option scheme.

Prior to the AGM on 23 April 2008, the Board of Directors did not have any authorisations to increase share capital, issue convertible bonds or buy back treasury shares.

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

On 29 January 2008, UBS AG notified Cramo Plc that the shareholding of its companies 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, representing 5.47 per cent of Cramo Plc shares and votes.

On 24 April 2008, UBS AG notified Cramo that shares held by UBS AG (Switzerland) and UBS AG London Branch in Cramo Plc had fallen below the five per cent limit. Following the notification, the companies held a total of 100,299 Cramo Plc shares, representing 0.33 per cent of shares and votes.

On 25 April 2008, Morgan Stanley notified Cramo Plc that the shareholding of its companies Morgan Stanley & Co International plc, Morgan Stanley & Co. Incorporated and MSDW Equity Financing Services in Cramo Plc had exceeded the five per cent limit. After the notification, the companies held a total of 2,629,852 Cramo Plc shares, representing 8.57 per cent of shares and votes.

On 29 April 2008, Morgan Stanley notified Cramo Plc that the shareholding of Morgan Stanley & Co International plc and Morgan Stanley & Co. Incorporated in Cramo Plc had fallen below the five per cent limit. Following this notification, the companies held a total of 1,194,008 Cramo Plc shares, representing 3.89 per cent of shares and votes.

On 2 May 2008, UBS AG notified Cramo that the shareholding of UBS AG (Switzerland), UBS AG London Branch and UBS O'Connor LLC in Cramo Plc had exceeded the five per cent limit. After the notification, the companies held a total of 1,968,793 Cramo Plc shares, representing 6.42 per cent of shares and votes.

On 2 May 2008, Morgan Stanley notified Cramo Plc that the shareholding of Morgan Stanley & Co International plc and Morgan Stanley & Co. Incorporated in Cramo Plc had exceeded the five per cent limit. Following the notification, the companies held a total of 2,542,769 Cramo Plc shares, representing 8.29 per cent of shares and votes.

On 6 May 2008, Morgan Stanley notified Cramo Plc that the shareholding of Morgan Stanley & Co International plc and Morgan Stanley & Co. Incorporated in Cramo Plc had fallen below the five per cent limit. After this notification, the companies held a total of 1,172,239 Cramo Plc shares, representing 3.82 per cent of shares and votes.

On 14 May 2008, UBS AG notified Cramo that the shareholding of UBS AG (Switzerland), UBS AG London Branch and UBS O'Connor LLC in Cramo Plc had fallen below the five per cent limit. Following this notification, the companies held a total of 1,453,431 Cramo Plc shares, representing 4.74 per cent of shares and votes.

On 23 May 2008, UBS AG notified Cramo that the shareholding of UBS AG (Switzerland), UBS AG London Branch and UBS O'Connor LLC in Cramo Plc had exceeded the five per cent limit. After the notification, the companies held a total of 1,551,620 Cramo Plc shares, representing 5.06 per cent of shares and votes.

On 2 June 2008, UBS AG notified Cramo that the shareholding of UBS AG London Branch in Cramo Plc had fallen below the five per cent limit. Following this notification, the company held a total of 1,532,885 Cramo Plc shares, representing 4.99 per cent of shares and votes.

On 3 June 2008, UBS AG notified Cramo that the shareholding of UBS AG London Branch and UBS AG (Switzerland) in Cramo Plc had exceeded the five per cent limit. After this notification, the companies held a total of 1,540,622 Cramo Plc shares, representing 5.02 per cent of 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

$$= \text{Number of A Shares on the final day of the financial year} \times \text{average share price for a B Share} + \text{Number of B Shares on the final day of the financial year} \times \text{closing price for a B Share at the end of the financial year}$$

## 36. SHARES AND SHAREHOLDERS

	2008		2007	
	No	1,000 €	No	1,000 €
Shares	30,660,189	24,835	30,660,189	24,835

All shares are issued, authorised and fully paid. Each share entitles the holder to one vote. The par value of the share is 0.81 €.

### Shareholders

The Group had 10 327 shareholders in the share register on 31 December 2008.

Major shareholders 31.12.2008	Number of shares	%	Number of Voting rights	%
Nordea Pankki Suomi Oyj, administrative registration	5,025,832	16.39	5,025,832	16.39
Skandinaviska Enskilda Banken, administrative registration	3,145,703	10.26	3,145,703	10.26
Keskinäinen Henkivakuutusyhtiö Suomi	2,510,176	8.19	2,510,176	8.19
Rakennusmestarien Säätiö	1,862,620	6.07	1,862,620	6.07
Ilmarinen Mutual Pension Insurance Company	652,256	2.13	652,256	2.13
K. Hartwall Invest Oy	600,000	1.96	600,000	1.96
Odin Finland	528,864	1.72	528,864	1.72
Onninen-Sijoitus Oy	500,000	1.63	500,000	1.63
Thominvest Oy	420,340	1.37	420,340	1.37
Kuisla Reima	307,000	1.00	307,000	1.00
Keskinäinen Työeläkevakuutusyhtiö Varma	302,607	0.99	302,607	0.99
Rakennusmestarit ja -insinöörit AMK RKL Ry	300,938	0.98	300,938	0.98
Laakkonen Mikko	280,000	0.91	280,000	0.91
Koskenkorva Matti	245,731	0.80	245,731	0.80
Danske Bank AS Helsingin Branch	240,000	0.78	240,000	0.78
Nordea Henkivakuutus Suomi Oy	227,491	0.74	227,491	0.74
Svenska Handelsbanken AB, administrative registration	191,931	0.63	191,931	0.63
Etola Erkki	180,000	0.59	180,000	0.59
Svenska Litteratursällskapet i Finland	176,000	0.57	176,000	0.57
Pensionförsäkringsaktiebolaget Veritas	164,000	0.53	164,000	0.53
Helsingin rakennusmestarit ja -insinöörit AMK RY	156,873	0.51	156,873	0.51
Onnivaatio Oy	150,000	0.49	150,000	0.49
Keskinäinen Eläkevakuutusyhtiö Etera	147,479	0.48	147,479	0.48
ESR EQ Pikkujätkätiläiset	145,000	0.47	145,000	0.47
Other	12,199,348	39.79	12,199,348	26.72
Total according to shareholder's register	30,660,189	99.97	30,660,189	99.97
In administrative registration	8,483,745	27.67	8,483,745	27.67
Transferred to book-entry securities system total	30,651,270	99.97	30,651,270	99.97
Not transferred to book-entry securities system total	8,919	0.03	8,919	0.03
<b>Total</b>	<b>30,660,189</b>	<b>100.0</b>	<b>30,660,189</b>	<b>100.0</b>

**Distribution of shareholding by size range**

Number of shares	Number of shareholders	Percentage of all shareholders	Number of shares	Percentage of all shares
1–100	2,427	23.5	168,980	0.6
101–500	4,244	41.1	1,231,861	4.0
501–1 000	1,714	16.6	1,363,258	4.4
1,001–5,000	1,568	15.2	3,509,405	11.4
5,001–10,000	194	1.9	1,413,625	4.6
10,001–50,000	132	1.3	2,540,562	8.3
more than 50,000	48	0.5	20,423,579	66.6
	10,327	100	30,651,270	99.9
Transferred to book-entry securities system total			30,651,270	99.97
Not transferred to book-entry securities system total			8,919	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	803	7.8	3,832,577	12.7	3,832,577	12.7
Public companies	1	0.0	60,000	0.0	60,000	0.0
Financial institutions, insurance companies	54	0.5	12,006,466	39.2	12,006,466	39.2
Public corporations	13	0.1	1,451,931	4.7	1,451,931	4.7
Non-profit organisations	166	1.6	3,431,895	11.2	3,431,895	11.2
Households	9,244	89.5	9,154,765	29.9	9,154,765	29.9
Foreign shareholders	46	0.4	713,636	2.3	713,636	2.3
Transferred to book-entry securities system total	10,327	100.0	30,651,270	99.97	30,651,270	99.97
Not transferred to book-entry securities system total			8,919	0.03	8,919	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 2008, the Board members, the President and CEO, and his deputy held, either directly or through companies in which they exercise control, a total of 122,591 Cramo Plc shares, representing 0.40 per cent of the company's shares and votes, and a total of 485,000 stock options.

**Insider guidelines**

Since 1 July 2005, Cramo Plc. has applied the recommendation for Listed Companies' Corporate Governance confirmed by the NASDAQ OMX Helsinki Ltd, 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.-31.12.2008

1.1.-31.12.2007

	Note		
Sales	2		14,809,370.54
Other operating income	3	10,141,253.50	519,723.70
Materials and services	4		-1,334,841.57
Personnel expenses	5	-2,498,749.59	-6,579,001.43
Depreciation and amortisation	6	-102,181.70	-2,525,477.02
Other operating expenses	8	-6,135,316.13	-9,224,368.00
<b>Total</b>		<b>-8,736,247.42</b>	<b>-19,663,688.02</b>
<b>Operating profit</b>		<b>1,405,006.08</b>	<b>-4,334,593.78</b>
Net financial items	9	-18,662,695.38	29,501,083.16
<b>Profit before extraordinary items</b>		<b>-17,257,689.30</b>	<b>25,166,489.38</b>
Extraordinary income and expenses	10	20,111,200.00	11,722,760.00
<b>Profit after extraordinary items</b>		<b>2,853,510.70</b>	<b>36,889,249.38</b>
Appropriations	7	505,884.13	2,246,086.27
Income taxes	11	-780.57	-1,755,315.90
<b>PROFIT FOR THE PERIOD</b>		<b>3,358,614.26</b>	<b>37,380,019.75</b>

**BALANCE SHEET OF THE PARENT COMPANY, €**

31.12.2008

31.12.2007

	Note		
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	12	53,461.44	115,563.35
Tangible assets	12	931,307.86	4,785,171.94
Investments	12		
Shares in Group companies		484,599,671.15	241,120,179.92
Shares in other companies		119,563.13	119,563.13
<b>Total fixed assets</b>		<b>485,704,003.58</b>	<b>246,140,478.34</b>
<b>Current assets</b>			
Non-Current receivables	13	2,198,368.26	148,894,979.35
Current receivables	14	50,731,263.90	128,463,854.33
Cash and bank		38,465,065.69	750,895.76
<b>Total current assets</b>		<b>91,394,697.85</b>	<b>278,109,729.44</b>
<b>TOTAL ASSETS</b>		<b>577,098,701.43</b>	<b>524,250,207.78</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	15		
Share capital		24,834,753.09	24,834,753.09
Share premium fund		3,331,086.25	3,331,086.25
Retained earnings		32,049,959.04	14,599,062.14
Profit for the period		3,358,614.26	37,380,019.75
<b>Total equity</b>		<b>63,574,412.64</b>	<b>80,144,921.23</b>
Appropriations	16	50,800.14	556,684.27
<b>Liabilities</b>	17		
Non-current liabilities		298,162,714.37	173,753,048.15
Current liabilities		215,310,774.28	269,795,554.13
<b>Total liabilities</b>		<b>513,473,488.65</b>	<b>443,548,602.28</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>577,098,701.43</b>	<b>524,250,207.78</b>

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

	1.1.-31.12.2008	1.1.-31.12.2007
<b>Cash flow from business operations</b>		
Operating profit	1,405	-4,335
Adjustments:		
Depreciation	102	2,525
Change in working capital <sup>1)</sup>	13,916	2,152
Financial income and expenses	-4,854	-1,763
Taxes	-1,842	-2,959
<b>Net cash flow from business operations</b>	<b>8,727</b>	<b>-4,380</b>
<b>Cash flow from investments</b>		
Capital expenditure	-21,063	-7,079
Sale of fixed assets	17,643	339
<b>Net cash flow from investments</b>	<b>-3,420</b>	<b>-6,740</b>
<b>Cash flow from financing</b>		
Proceeds from issue of share capital		1,259
Increase (+) / decrease (-) in long-term liabilities	151,824	-18,446
Increase (-) / decrease (+) in long-term loan receivables	-76,922	12,810
Increase (+) / decrease (-) in short-term loans	-114,460	42,610
Increase (-) / decrease (+) in short-term loan receivables	91,920	-25,465
Dividends paid	-19,955	-15,326
Extraordinary expenses (-) / income (+)		4,494
<b>Net cash flow from financing</b>	<b>32,408</b>	<b>1,936</b>
<b>Change in liquid assets</b>	<b>37,715</b>	<b>-9,184</b>
Liquid assets on 1 January	751	9,935
Liquid assets on 31 December	38,465	751
<sup>1)</sup> Change in working capital		
Increase (-) / decrease (+) in inventories		660
Increase (-) / decrease (+) in short-term receivables	916	4,972
Increase (+) / decrease (-) in short-term non-interest bearing liabilities	13,000	-3,480
Total	13,916	2,152

# 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. 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
Machinery and equipment for own use	3–6
Other long-term assets	10
Other tangible assets	10
Other intangible assets	5

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

### Other operating income

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

### Pension schemes

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

### Research and development

Research and development costs are expensed as incurred.

### Extraordinary items

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

### Valuation of financial derivative instruments

Financial derivative instruments consist of interest rate swap agreements and forward exchange agreements. The forward exchange agreements designate as hedges of cash flow changes in foreign currency. Interest rate swap is 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.

### Income taxes

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

## 2. SALES BY BUSINESS AREA, €

	2008	2007
Equipment rental and construction-site services		14,809,370.54
<b>Total</b>		<b>14,809,370.54</b>

## 3. OTHER OPERATING INCOME, €

	2008	2007
Rental of premises	785,735.34	339,408.50
Profit on sale of shares	6,753,634.04	
Profit on sale of real estate	2,592,973.77	169,175.24
Other	8,910.35	11,139.96
<b>Total</b>	<b>10,141,253.50</b>	<b>519,723.70</b>

## 4. MATERIALS AND SERVICES, €

	2008	2007
Materials and supplies		
Purchases		703,395.71
<b>Total</b>		<b>703,395.71</b>
External services		631,445.86
<b>Total</b>		<b>1,334,841.57</b>

**5. PERSONNEL EXPENSES, €**

	2008	2007
Wages and salaries	2,107,610.87	5,340,569.89
Pensions	230,155.35	701,588.20
Other statutory employer contributions	160,983.37	536,843.34
<b>Total</b>	<b>2,498,749.59</b>	<b>6,579,001.43</b>

Average number of personnel	23	102
-----------------------------	----	-----

**Executive remuneration**

Wages and salaries with fringe benefits		
Managing Director	437,107.08	371,414.00
Management	534,515.88	374,138.00
Board members	268,000.00	206,000.00
<b>Total</b>	<b>1,239,622.96</b>	<b>951,552.00</b>

**6. DEPRECIATION AND AMORTISATION, €**

	2008	2007
Amortisation on intangible assets	15,266.53	88,680.70
Depreciation on tangible assets	86,915.18	2,436,796.32
<b>Total</b>	<b>102,181.71</b>	<b>2,525,477.02</b>

**7. APPROPRIATIONS, €**

	2008	2007
Depreciation difference, increase (-) / decrease (+):		
Buildings and structures	556,013.10	22,282.79
Machinery and equipment	-50,128.97	2,223,803.48
<b>Total</b>	<b>505,884.13</b>	<b>2,246,086.27</b>

**8. OTHER OPERATING EXPENSES, €**

	2008	2007
Premises and equipment rentals	1,223,279.39	1,372,274.75
Marketing	152,414.24	819,736.55
Transport and vehicles	129,913.00	996,285.71
Maintenance and accessories		836,297.90
Other expenses	4,629,709.50	5,199,773.09
<b>Total</b>	<b>6,135,316.13</b>	<b>9,224,368.00</b>

**Auditing fees**

	2008	2007
Audit	78,851.00	31,800.00
Tax related consultation	151,713.46	16,279.70
Other services	345,090.00	235,141.15
<b>Total</b>	<b>575,654.46</b>	<b>283,220.85</b>

**9. NET FINANCIAL ITEMS, €**

	2008	2007
<b>Dividend income</b>		
From Group Companies	4,553,941.44	31,922,035.22
Other companies	270.00	375.00
Total dividend income	4,554,211.44	31,922,410.22
<b>Interest income from long-term investments</b>		
From Group companies	15,188,605.79	10,387,390.72
From others	245,912.83	206,255.53
Total financial income	15,434,518.62	10,593,646.25
<b>Interest and other financial expenses</b>		
To Group companies	-23,119,674.24	-5,688,766.82
To others	-15,531,751.20	-7,326,206.49
Total financial expenses	-38,651,425.44	-13,014,973.31
<b>Net financial items</b>	<b>-18,662,695.38</b>	<b>29,501,083.16</b>

**10. EXTRAORDINARY ITEMS, €**

	2008	2007
Group contribution	20,111,200.00	11,722,760.00

**11. INCOME TAXES, €**

	2008	2007
Current tax	5,228,912.00	1,141,663.59
Taxes from previous financial periods	-780.57	150,938.11
Taxes on extraordinary income	-5,228,912.00	-3,047,917.60
<b>Total</b>	<b>-780.57</b>	<b>-1,755,315.90</b>

**12. NON-CURRENT ASSETS, €****TANGIBLE ASSETS**

2008	Land	Revaluation	Total land	Buildings and structures	Machinery and equipment	Other tangible assets	Total tangible assets
Acquisition cost at 1.1.2008	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
Additions	339,040.00		339,040.00		33,378.77	494,405.27	866,824.04
Disposals	-1,450,297.31	-504,563.78	-1,954,861.09	-3,938,466.91		-202,110.06	-6,095,438.06
Acquisition cost at 31.12.2008	339,040.00		339,040.00	40,365.12	70,215.39	514,879.74	964,500.25
Accumulated depreciation				-1,312,316.56	-8,537.99	-87,087.78	-1,407,942.33
Accumulated depreciation from business transfer				1,350,581.76		100,315.30	1,450,897.06
Depreciation for the financial year 2008				-48,356.48	-10,443.18	-17,347.56	-76,147.22
<b>Net book value 31.12.2008</b>	<b>339,040.00</b>	<b>0.00</b>	<b>339,040.00</b>	<b>30,273.84</b>	<b>51,234.22</b>	<b>510,759.70</b>	<b>931,307.76</b>

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				-1,294,642.02	-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
<b>Net book value 31.12.2007</b>	<b>1,450,297.31</b>	<b>504,563.78</b>	<b>1,954,861.09</b>	<b>2,666,515.47</b>	<b>28,298.63</b>	<b>135,496.75</b>	<b>4,785,171.94</b>

**INTANGIBLE ASSETS**

2008	Intangible assets	Other non-current assets	Goodwill	Total intangible assets
Acquisition cost at 1.1.2008	46,835.39	76,332.41	0.00	123,167.80
Disposals	-46,835.39			-46,835.39
Acquisition cost at 31.12.2008		76,332.41		76,332.41
Accumulated depreciation		-7,604.45		-7,604.45
Depreciation for the financial year 2008		-15,266.52		-15,266.52
<b>Net book value 31.12.2008</b>	<b>0.00</b>	<b>53,461.44</b>	<b>0.00</b>	<b>53,461.44</b>

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		-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
<b>Net book value 31.12.2007</b>	<b>46,835.39</b>	<b>68,727.96</b>	<b>0.00</b>	<b>115,563.35</b>

INVESTMENTS €	Shares in group companies	Shares in other companies	Total investments
<b>2008</b>			
Acquisition cost at 1.1.2008	241,120,179.92	119,563.13	241,239,743.05
Additions	245,769,163.21		245,769,163.21
Disposals	-2,289,671.98		-2,289,671.98
Net book value 31.12.2008	484,599,671.15	119,563.13	484,719,234.28
<b>2007</b>			
Acquisition cost at 1.1.2007	43,676,762.50	119,563.13	43,796,325.63
Additions	197,443,417.42		197,443,417.42
Net book value 31.12.2007	241,120,179.92	119,563.13	241,239,743.05

	2008	2007
<b>ACCUMULATED DEPRECIATION DIFFERENCE</b>		
<b>Buildings and structures</b>		
Accumulated difference in total depreciation and depreciation according to plan at 1.1.	556,013.10	631,838.36
Increase in accumulated depreciation difference for the period of 1.1.–31.12.	-556,013.10	-75,825.26
Accumulated difference in total depreciation and depreciation according to plan at 31.12.	0.00	556,013.10
<b>Machinery and equipment</b>		
Accumulated difference in total depreciation and depreciation according to plan at 1.1.	671.17	11,536,366.67
Increase in accumulated depreciation difference for the period of 1.1.–31.12.	50,128.97	-11,535,695.50
Accumulated difference in total depreciation and depreciation according to plan at 31.12.	50,800.14	671.17
<b>Goodwill</b>		
Accumulated difference in total depreciation and depreciation according to plan at 1.1.	0.00	45,000.00
Increase in accumulated depreciation difference for the period of 1.1.–31.12.	0.00	-45,000.00
Accumulated difference in total depreciation and depreciation according to plan at 31.12.	0.00	0.00

### 13. NON-CURRENT RECEIVABLES, €

	2008	2007
<b>Group companies</b>		
Loan receivables	2,198,368.26	148,894,979.35

### 14. CURRENT RECEIVABLES, €

	2008	2007
<b>Group companies</b>		
Accounts receivables	109,168.62	
Loan receivables	45,611,394.40	126,057,474.94
<b>Other companies</b>		
Other receivables	2,111,099.92	574,986.81
Prepaid expenses and accrued income	2,899,600.96	1,831,392.38
<b>Total</b>	<b>50,731,263.90</b>	<b>128,463,854.13</b>



**15. EQUITY, €**

	2008	2007
Share capital at 1.1.	24,834,753.09	24,507,658.08
Registered increase of the share capital		327,095.01
Share capital at 31.12.	24,834,753.09	24,834,753.09
Share issue at 1.1.		33,392.25
Registered share issue		-33,392.25
Subscription share issue		233,397.45
Registered subscription share issue		-233,397.45
Subscription share issue		54,067.50
Registered subscription share issue		-54,067.50
Subscription share issue		6,237.81
Registered subscription share issue		-6,237.81
Share issue at 31.12.	0.00	0.00
Share premium fund at 1.1.	3,331,086.25	2,366,580.89
Issue premium		766,465.70
Issue premium		177,555.00
Issue premium		20,484.66
Share premium fund at 31.12.	3,331,086.25	3,331,086.25
Retained earnings at 1.1.	1,980,031.98	7,297,604.98
Profit from previous period	37,380,019.75	10,008,671.00
Reduction of par value	12,619,030.16	12,619,030.16
Dividend	-19,929,122.85	-15,326,244.00
Profit from previous period at 31.12.	32,049,959.04	14,599,062.14
Profit for the period	3,358,614.26	37,380,019.75
<b>TOTAL EQUITY</b>	<b>63,574,412.64</b>	<b>80,144,921.23</b>

**SHARE CAPITAL**

	No.	2008 €	No.	2007 €
Shares and share capital	30,660,189	24,834,753.09	30,660,189	24,834,753.09

**Option rights**

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

**16. APPROPRIATIONS, €**

	2008	2007
Accumulated depreciation difference	50,800.14	556,684.27

**17. LIABILITIES, €**

	2008	2007
<b>NON-CURRENT LIABILITIES</b>		
Loans from credit institutions	154,142,720.54	173,753,048.15
Loans from Group companies	144,019,993.83	
<b>Total</b>	<b>298,162,714.37</b>	<b>173,753,048.15</b>
<b>CURRENT LIABILITIES</b>		
<b>Borrowings from Group companies</b>		
Trade payables	2,175,780.00	
Accrued liabilities and deferred income	6,161,389.70	5,177,105.40
Other liabilities	14,291,457.58	185,872,024.26
<b>Total</b>	<b>22,628,627.28</b>	<b>191,049,129.66</b>
<b>To others</b>		
Loans from credit institutions	136,280,128.79	29,381,613.00
Accounts payables	293,199.71	
Accrued liabilities and deferred income	32,379,442.36	5,275,213.17
Commercial papers	23,626,571.03	44,003,876.92
Other current liabilities	102,805.11	85,721.38
<b>Total</b>	<b>192,682,147.00</b>	<b>78,746,424.47</b>
<b>Total current liabilities</b>	<b>215,310,774.28</b>	<b>269,795,554.13</b>
<b>TOTAL LIABILITIES</b>	<b>513,473,488.65</b>	<b>443,548,602.28</b>
<b>NON-INTEREST BEARING AND INTEREST BEARING LIABILITIES</b>		
<b>Non-current</b>		
Interest bearing	298,162,714.37	173,753,048.15
<b>Total</b>	<b>298,162,714.37</b>	<b>173,753,048.15</b>
<b>Current</b>		
Non-interest bearing	54,404,074.46	6,387,163.05
Interest bearing	160,906,699.82	263,408,391.08
<b>Total</b>	<b>215,310,774.28</b>	<b>269,795,554.13</b>

**18. OTHER NOTES, €**

	2008	2007
<b>COLLATERAL AND CONTINGENT LIABILITIES</b>		
<b>Guarantees given on own behalf</b>		
Debts, secured by collateral		
Loans from credit institutions	281,523,000.00	203,134,661.15
<b>Other contingent liabilities</b>		
Leasing liabilities in the following year	84,850.49	52,774.27
Subsequent leasing liabilities	100,727.80	55,088.12
<b>Rental liabilities in the following year</b>	<b>1,134,713.04</b>	
Subsequent rental liabilities	9,455,942.00	
<b>Other</b>	<b>60,707.00</b>	
<b>Securities given</b>		
Mortgages on real estates		739,992.00
Mortgages on company assets	11,657,711.73	11,657,711.73
Pledges	64,739,588.77	80,155,537.79
<b>Guarantees given on behalf of the group</b>		
Securities given	65,130,000.00	32,644,084.00

**19. ACCRUALS, €**

	2008	2007
For personnel expenses	398,453.45	592,943.42
For interest expenses	8,497,785.07	9,054,126.77
For taxes		92,383.11
Unrealized exchange rate gains	27,414,364.21	0.00
Other accruals	2,230,229.33	712,865.27
<b>Total</b>	<b>38,540,832.06</b>	<b>10,452,318.57</b>

**20. SHAREHOLDINGS**

Subsidiaries	Domicile	% of shares	Parent company holdings and voting rights %
Cramo Holding B.V.	Amsterdam	Netherlands	100
Cramo Finance NV	Antwerpen	Belgium	99.9
Cramo Finland Oy	Vantaa	Finland	100
Cramo JV Oy	Vantaa	Finland	100
Cramo Instant Oy	Ylöjärvi	Finland	100
Suomen Tähtivuokraus Oy	Vantaa	Finland	100
Cramo New Holding AB	Sollentuna	Sweden	100
Cramo Sverige AB	Sollentuna	Sweden	100
Cramo Instant AB	Sollentuna	Sweden	100
Cramo AS	Oslo	Norway	100
Cramo A/S	Clostrup	Denmark	100
AS Cramo Estonia	Tallinn	Estonia	100
SIA Cramo	Riga	Latvia	100
Cramo UAB	Vilnius	Lithuania	100
Cramo s.r.o.	Karvina	The Czech Republic	100
Techniline s.r.o.	Prague	The Czech Republic	100
Cramo Kaliningrad OOO	Kaliningrad	Russia	100

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

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

	2008		2007	
	Book value	Fair value	Book value	Fair value
Interest rate derivatives				
Interest rate swap	142,310	-1,637	138,395	5,491

**22. CURRENCY DERIVATIVES, 1,000 €**

	2008		2007	
	Book value	Fair value	Book value	Fair value
Company has hedged loans from subsidiaries in foreign currencies.	131,415	5,289	82,575	-238

**23. DEFERRED TAXES, €**

	2008	2007
Deferred tax receivable from currency derivatives		61,891.70
Deferred tax receivable from financial derivative instruments	425,612.72	
Deferred tax expense from depreciation difference	13,208.04	144,737.91
Deferred tax expense from currency derivatives	1,375,172.50	
Deferred tax expense from financial derivative instruments		1,427,833.42
<b>Total</b>	<b>962,767.82</b>	<b>1,510,679.63</b>

## BOARD PROPOSAL TO THE ANNUAL GENERAL MEETING

Cramo Plc's net profit for the financial year totalled € 3,358,614.26. The Group's profit attributable to shareholders at the Annual General Meeting's disposal totalled € 35,408,573.30. The Board proposes to the Annual General Meeting that a pre-share dividend of € 0.40 be paid to shareholders entitling to dividends and the rest be held in retained earnings. On 10 February 2009, the number of shares entitling their holders to receive full dividends totalled 30,660,189, the corresponding dividend amounting to € 12,264,075.60. 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, 10 February, 2009

*Stig Gustavson*

*Eino Halonen*

*Fredrik Cappelen*

*Gunnar Glibberg*

*Hannu Krogerus*

*Esko Mäkelä*

*Juhani Nurminen*

*Vesa Koivula, CEO*

## AUDITOR'S REPORT

### TO THE ANNUAL GENERAL MEETING OF CRAMO PLC

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Cramo Plc for the financial period 1.1.2008 - 31.12.2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

### THE RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors and the Managing Director of the parent company have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report

of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

### OPINION ON THE COMPANY'S FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

In our opinion, the financial statements, together with the consolidated financial statements included therein, and the report of the Board of Directors give a true and fair view of the financial performance and financial position of the company in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Vantaa, February 26, 2009

Ernst & Young Oy  
Authorized Public Accountant Firm

*Erkka Talvinko*  
Authorized Public Accountant

*Tomi Englund*  
Authorized Public Accountant

# CRAMO IS COMMITTED TO RESPONSIBILITY

Cramo's commitment to sustainability entails the support of the sustainable development of the environment and natural resources. It also includes economic responsibility towards shareholders and investors as well as care for employees and an excellent customer service.

Credibility and commitment to all stakeholders form two of the values which guide Cramo's business operations. Ethical leadership is maintained through good times and hard times. The company is committed to being an employer and a partner that can be relied upon. It listens and keeps to its commitments and responsibilities. The company works continuously on improvements in the work environment, its own and that of its customers.

Professional growth and development are supported by training and development programs and by developing a culture of trust and personal accountability. By prioritising the safety of the working environment, Cramo aims to maintain a safe and attractive workplace. Furthermore, Cramo believes in and works towards sustainable

environmental improvements and strictly complies with legal and regulatory requirements in all of its operations.

Cramo strives to support the positive development of local communities in which it operates. Local level engagements encompass a variety of models to support, for example, schools, sport clubs and charity organisations. Cramo aims to support athletics by focusing both on individual and team performances. The company believes these sports reflect the way the company works as they reflect the diversity in Cramo's offering. What's more, they enjoy considerable popularity in Cramo's main market areas of Finland and Sweden. Consequently, the company is proud to be the main sponsor of the Finland-Sweden athletics international in 2007–2009.



CASE STORY

## HUMANISTIC VALUES TO THE INDUSTRY

**A new SOS-Children's Village** will become home to some 150 orphans in the town of Brovary outside Kiev in Ukraine. Construction of the village was financed entirely from the contributions of foreign donors of which Cramo is one.

"By committing to this sponsorship Cramo contributes to building real homes for the most destitute children. Obviously this is of great importance to the children, their families and the local society. From a broader perspective, it also has a positive impact on the industry and our own operations", says Anders Collman, Vice President of Marketing and Communications, and responsible for Group-wide sponsoring at the Cramo Group.

With the support for SOS-Children's Villages' new children's village, Cramo is building trust in the brand, locally as well as internationally. The sponsorship, together with a number of related local initiatives in various Cramo subsidiaries, also serves as a unifying cause among its employees. In addition, there are other,

more directly business-related reasons for the company's effort.

"Our operations are extremely local – that is why it is important to build goodwill in the markets Cramo operates in. Even though Cramo doesn't have any operations in Ukraine, by supporting a project there is a good fit for us as it is a large potential market in an interesting region. The sponsorship also provides important contacts to the local business community", says Anders Collman.

Apart from the EUR 70,000 donation, Cramo also offered the village a generator, to secure the village's supply of electricity until the permanent supply of electricity begins to function in 2009.

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. A main sponsorship was started with SOS-Children villages in 2008. Find out more at [www.sos-childrensvillages.org](http://www.sos-childrensvillages.org)

# ENHANCING ONE CRAMO

Cramo aims to attract the right people by becoming an employer of choice. All of Cramo's activities are grounded in its core values of credibility, creativity and commitment.

As customers' needs evolve and equipment becomes increasingly advanced, Cramo is harmonising practises and processes. These measures, combined with continuous competence development, also help the business to grow, while meeting the increasing demands for business agility.

## GROUP LEVEL HUMAN RESOURCES PROCESSES

In 2008, Cramo focused on enhancing One Cramo by developing human resources management, and the related processes and systems, as well as the human resources organisation. The role of HR functions within the Group and the businesses was clarified. While both work in close collaboration, the Group HR focuses on developing common HR services and processes, whereas the country level HR functions focus on supporting the local business operations. New Group-level processes and tools are first tried out in one country after which the proven models are rolled out in other countries.

Basic Group level HR tools were developed, for example, for recruiting. This process will be rolled out in all Cramo countries during 2009 aiming at more cost-effective and better-quality services for managers and job-seekers.

## BUSINESS SUPPORT FOR GROWING MARKETS

The operating mode of the management team and the roles of management team members were sharpened in the CEE countries. The role and minimum competence needed in new depots was modelled and the role and processes of HR within acquisitions was initiated.

New HR managers started working in several countries. Two-day workshops for HR specialists were launched. These events are held twice a year to align HR services with business strategy, enhance networking and sharing of the best of practices. HR's role as a multi-skilled business partner and a key player in the business will be further strengthened.

## LEADERSHIP AND TALENT DEVELOPMENT

Cramo supports professional growth and development through training and development programmes, supporting job rotation and participation in business development projects and developing a culture of trust and personal

accountability. Cramo's leadership principles stress respect for individuals, teamwork and managers' and supervisors' role as a coach.

In 2008, leadership practises were harmonised and the managerial network, used to exchange best practises, was enhanced. A management development program based on the 360 degree feedback system was developed in Sweden. In Finland, there was extensive management training in leadership and operational models. In Central and Eastern Europe, a wide management training programme was started for business performance management, aimed also at developing the leadership skills of the CEE management. In 2009, in order to attract, develop and retain talented management professionals, the company will start a systematic talent management process. Part of this will involve the Cramo Academy focusing on strategy implementation, financial management and leadership training.

## UNDERSTANDING CUSTOMERS BETTER

Cramo aims to develop industrial expertise to improve its understanding of customers' businesses and processes. The company promotes and supports its staff's self-managed learning and competence development. One example of this is Cramo sales professionals attending vocational examination in Finland.

In 2008, sales and customer service skills training remained a key focus area. In Lithuania, the framework for the Cramo School was launched. Developed in Sweden, this initiative aims to improve customer service, usage of equipment and safety. The concept will be rolled out in other countries in the near future.

## INDUCTION IMPROVES WORK SAFETY

Ensuring a safe and stimulating working environment is one of Cramo's main priorities. The company continuously works on developing this in cooperation with employee representatives. Safety aspects are taken into consideration throughout operations and safety training forms an integral part of new employees' familiarisation as well as management training.

In 2008, the development of Group level induction process was initiated to support new recruits. A new "Welcome to Cramo" material package is planned



and will be given to all new employees prior to the start of employment. In an effort to maintain its employees' working capacity and to reduce sick leave absences, the Group subsidises its employees' sports activities.

### PERSONNEL SURVEYS IMPLEMENTED

To follow progress, personnel surveys were carried out in Finland, Sweden and Latvia. Positive development was to be found at several areas such as in general job satisfaction, open communication, satisfaction to training possibilities and leadership, Cramo as an employer and trust towards management. In 2009, surveys will be introduced in other markets.

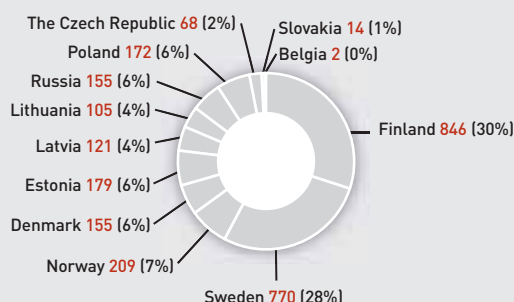
### GROWTH IN THE NUMBER OF PERSONNEL

In 2008, Cramo employed an average of 2,617 (2,070) people in 11 countries. The number of employees increased during the year by 526 people, most significantly in Central and Eastern Europe and Russia. Acquisitions increased personnel by 200.

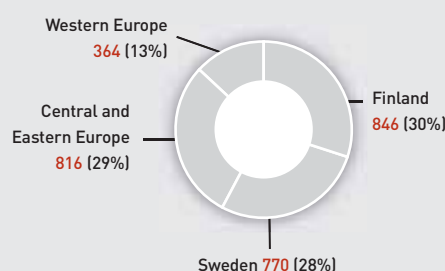
91% (90%) of personnel worked for the equipment rental business and 9% (10%) for the modular space business. Cramo paid a total of EUR 93.0 (77.3) million in wages and salaries. The basic salaries and wages are complemented by an annual profit-based incentive scheme under which employees are rewarded with a bonus based on various key performance indicators. Common guidelines for remuneration with incentives aligned to strategic targets and core values will be developed.

KEY FIGURES AND RATIOS	2008	2007	CHANGE, %
Average number of employees	2,617	2,070	26.4
Number at year-end	2,796	2,270	23.2

#### EMPLOYEES BY COUNTRY 31 DECEMBER 2008



#### EMPLOYEES BY GEOGRAPHICAL SEGMENT 31 DECEMBER 2008



### CASE STORY



### FOCUS ON WORK SAFETY IN NEW TRAINING CENTRE

**A new Cramo School** was opened in Lithuania in 2008 with the aim of increasing competitiveness by adding value to customers and improving the image of a professional rental company. At Cramo School employees and customers are trained to operate various construction machines safe and effectively.

"The High-Scalers' Managers training course was immensely useful to me. I obtained very well lectured and structured theoretical knowledge about work at height and protective measures. During the practical training session of the course, we had a possibility to test our theoretical knowledge in practice by using existing measures. I would recommend the training course to all those willing to obtain not only a certificate but also proper knowledge", says Linas Medzikauskas, Supervisor at UAB AVT Pastoliai.

"I took part in training course for High-Scalers' Managers to gain as much knowledge about work at height as possible, since I work using scaffolding myself and communicate for the most part with the people involved in this field of activity. It is very helpful when you can climb up the scaffolding with a client and explain how to use it in his workspace", explains Ramūnas Rumšas, Product Group Manager at Cramo Lithuania.

Educational programmes are audited by the Lithuanian Labour Market Training Authority at Ministry of Social Security and Labour. During 2008, about 200 students took part in the courses. Of these 70% were Cramo's customers, 25% its employees and 5% from other companies.

# CONTINUOUS WORK ON QUALITY AND ENVIRONMENT

Cramo is committed to sustainable improvements in quality control, environmental performance and work environments in all operations.

## CASE STORY



## ENERGY SAVING CONSIDERED IN PRODUCT DEVELOPMENT

**In 2008, Cramo developed** new standard site huts with 35% less energy usage compared to the traditional huts as a response to a major customer's request for energy saving at the construction sites.

"My opinion is that I have never been working in such nice and appropriately designed site huts. The climate has been better thanks to the fresh air ventilation and the glass partitions make the ambience more spacious and light. The conference room and canteen area is much better than before. The reduction of energy consumption is obvious. It is over our expectation and now, finally, we that are working out in the projects are getting closer to the standard that we find in our headquarters", says Project Manager Jan Olov Leijenquist from JM Entreprenad AB.

The new product substantially lowers energy consumption and has a generally lower impact on the environment. The major changes consisted of fresh air ventilation with heat exchanger in every room, motion sensor to turn on and off the light, triple glazed windows and a drying room with heat exchanger. Heat loss area is reduced by placing site huts in two levels and sealing horizontal and vertical joints as well as the foundation. The development work of the new site huts started as a result of the report "investigation of the energy consumption during production of apartment buildings" issued by the University of Uppsala.

Buildings make up some 30-40% of the total energy consumption around the world. Typically more than 80% of the total energy consumption takes place during the use of buildings, and less than 20% during construction of the same according to UNEP SBCI Buildings and Climate Change report 2007. Of the energy consumption in the production phase approximately 40% relates to site huts.

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

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

Employees are given training in quality control and environmental matters and preventive work is carried out in all depots. The company continuously carries out work to improve energy-efficiency and reduce transportation emissions. At the same time the amount of waste produced is minimised and materials are recycled as much as possible. The use of products that are harmful to health or the environment are avoided. Cramo ensures that there are safety systems in place for handling the waste from operations and that chemicals are treated in a safe manner.

The company evaluates its suppliers on a continuous basis, and works to improve collaboration with them 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. Regular external and internal audits facilitate improvements in operations and service.

Cramo is actively having its experts participating in such national and international organisations as the European Rental Association's committee promoting environmental matters.

# TARGET TO OPERATE ON A SUSTAINABLE BASIS

Cramo takes the view that sustainable profitability forms the basis for economic responsibility exercised towards customers, shareholders, employees and other stakeholder groups. In the long-term, sound profitability is reflected in employment, tax revenues, dividends and an increase in the Group's market capitalisation.

Cramo Group will capitalise on economies of scale, enabled by its larger corporate size, and its strong local presence, customer service capabilities and business knowledge. All these elements make the Group more agile and enable it to work more effectively in different markets.

## CUSTOMER-DRIVEN APPROACH

Cramo has over 90,000 customers in 11 countries. Cramo's goal is to continuously serve its customers more efficiently. In 2008, the company focused on improving customer service for example by opening 35 new depots and by strengthening rental-related services.

During the year, a new Head of Fleet Management was appointed and the Group Management team received two members. Operations of equipment rental and modular space were combined in order to provide the total solution for the customers and to better reap the synergies between the businesses.

## SALES MEUR 580, EXPENSES MEUR 309

Cramo is pursuing average net sales growth of over 18% annually, both organically and through complementary, value-enhancing acquisitions. Other financial targets are an EBITA margin of over 18% and a strong 22% return on equity.

Cramo's net sales increased by 16.8% in 2008. About 12.4% of that was organic growth and the remainder was the result of acquisitions. In the latter part of the year, the Group's growth rate was affected by the depreciation of several European currencies against the euro. However, improved business agility enabled Cramo to exploit the growth opportunities in a challenging environment. The growth rate was approximately at the target level while return

on equity reached 14.9%. Over 50% of the income from customers was paid to suppliers of goods and services. In 2008, the gross capital expenditure of products, components and services that Cramo purchased increased by 14.6% compared to 2007 and was EUR 201.2 (175.5) million. Gross capital expenditure was mainly allocated to the purchase of rental equipment.

The number of employees in 2008 averaged 2,617 (2,270). The total value of wages, salaries, remunerations and indirect employee costs paid by Cramo to its employees was EUR 86.6 (77.3) million, or 14.9% of sales.

In 2008, Cramo paid EUR 13.5 (11.1) million in income taxes, an increase of 21.3%. In its operational areas, most income taxes were paid in Sweden and Finland as in 2007. The states and municipal governments also benefit from the income taxes paid by Cramo employees on their salaries.

## DIVIDEND TO SHAREHOLDERS

Cramo aims to distribute approximately a third of the Group's annual profit in terms of share buybacks and/or dividends.

A proposal was made to the Annual General Meeting that Cramo should pay a total dividend of EUR 12.3 (19.9) million, or EUR 0.40 (0.65) per share to the shareholders for the financial year 2008. This would represent 2.1% (4.0) of net sales and approximately 25% of the Group's annual profit. Cramo had 10,327 shareholders as of the end of 2008. The company's market capitalisation, calculated using the closing quotation of the last trading day of the year, was EUR 141 (531) million. For further information on shares and shareholders please refer to [www.cramo.com](http://www.cramo.com).

### CRAMO'S ECONOMIC IMPACT, EUR MILLION

		2008	2007	CHANGE, %
<b>Generation of value added</b>				
Customers	Sales	579,802	496,428	16.8
Suppliers of materials and services	Materials and services and other expenses	-308,586	-260,644	18.4
Supplier of non-current assets	Gross capital expenditure	-201,200	-175,500	14.6
<b>Distribution of value added</b>				
Employees	Salaries, wages and bonuses	-93,013	-77,345	20.3
Public sector	Taxes and social security charges	-40,472	-42,586	-5.0
Creditors	Finance expenses	-29,445	-17,324	70.0
Shareholders	Dividends	-19,929	-15,326	30.0

# CORPORATE GOVERNANCE



# CONSISTENT AND TRANSPARENT GOVERNANCE

Cramo strives to apply best practices and the highest standards. The Group's headquarters are in Vantaa, Finland. It is listed on the NASDAQ OMX Helsinki Ltd.

Corporate governance at Cramo is based on the laws of Finland and the company's Articles of Association. The Group complies with the rules of NASDAQ OMX Helsinki Ltd and Finnish Corporate Governance recommendations. Cramo has taken into consideration the new Finnish Corporate Governance Code dated 20 October 2008, and is in the process of planning and preparing for corporate governance statement with the financial results for fiscal 2009.

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.

## GOVERNING BODIES

The Group'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.

## SHAREHOLDERS' RIGHTS

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 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.

The financial statements of the company, as well as all other possible documents to be adopted in the General Meeting and all the proposals made by the Board of directors required by the Finnish Companies Act shall be held available for inspection by shareholders at the company headquarters and on the company website 21 days prior to the General Meeting in accordance with the Finnish Companies Act, and copies of these documents will be sent to shareholders upon request. Minutes of the General Meeting including the voting results and the appendices of the minutes that are part of a decision made by the General Meeting, shall be posted on the company website within two weeks of the General Meeting.

Cramo's intention is that all members of the Board of directors, the President and CEO as well as the CFO would be present in the General Meeting. The auditors of a company shall always be present in the Annual General Meeting and answer to the shareholders' questions.

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.

## GENERAL MEETING OF SHAREHOLDERS

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. Further information on the arrangement of the General Meeting is to be found on [www.cramo.com](http://www.cramo.com) > Investors > Shareholders meetings.

The Annual General Meeting in 2008 was held on 23 April. A total of 287 shareholders representing about 42.8% of the company's votes participated in the meeting either in person or by proxy. All members of the Board, Cramo's President and CEO and the CFO participated in the meeting. Information on Annual General Meeting decisions is to be found on [www.cramo.com](http://www.cramo.com) > Investors > Shareholders meetings > Annual General Meeting 2008.

## 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 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 for 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 investments.

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. Cramo is in the process of evaluating and updating Board members' selection criteria with regards to the new Corporate Governance Code. The proposal of the Nomination and Compensation committee for Board composition shall be included in the notice of the General Meeting. There is no specific order for the appointment of the directors in the articles of association.

More than half of the members of the Board 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 Board has an unlimited access to company information and receives continuous reporting.

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 and Board remuneration in 2008, please refer to page 81.

The Board of directors conducts an annual self-assessment in order to develop the work of the Board. Each director and the Board evaluate the independence of the directors on a yearly basis and whenever required.

**Board until 23 April 2008** consisted of the following persons of which the majority were independent of the company and significant shareholders: Mr. Stig Gustavson (Chairman), Mr. Eino Halonen (Deputy Chairman), Mr. Gunnar Glifberg, Mr. Hannu Krogerus, Mr. Esko Mäkelä and Mr. Juhani Nurminen. At the 2008 Annual General Meeting, the following persons were elected to the Board of directors: Mr. Stig Gustavson, Mr. Fredrik Cappelen, Mr. Gunnar Glifberg, Mr. Eino Halonen, 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 Deputy Chairman of the Board.

In 2008, the Board of directors met 12 times at an average attendance rate of 93%. 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 divestments, 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 2008, the Audit Committee and the Nomination and Compensation Committee had both 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. Both committees report regularly on their work to the Board in the Board meetings.

**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 2008, the Audit Committee was chaired by Eino Halonen. Its members were Esko Mäkelä and Juhani Nurminen both deemed



independent of the company and the major shareholders. The Chairman was independent of the company but dependent of the major shareholders. 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 2008, reviewing the Group's impairment tests, reviewing the Group's Internal Audit function, and reviewing the Group's risk management policy and treasury policy. Average attendance rate was 92%.

#### 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 two times in 2008, the Nomination and Compensation Committee was chaired by Stig Gustavson. Its members were Gunnar Glifberg and Hannu Krogerus. From autumn 2008 the Chairman and both members were deemed independent of the company. 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 2006C. Average attendance rate was 83%.

#### Remuneration for Board services

The Annual General Meeting 2008 confirmed the following remuneration for Board service:

REMUNERATION FOR BOARD SERVICE, EUR/YEAR	2008	2007
Chairman	60,000	45,000
Deputy Chairman	40,000	31,000
Members	30,000	27,500
Fee / committee meeting	1,000	1,000

40% of the remuneration is paid in shares of Cramo Plc and 60% in cash. The remuneration for the non-Finnish members of the Board of directors can be paid fully in cash. Reasonable travel expenses will be refunded in accordance with an invoice. The Board's members are not covered by the company's stock option scheme or bonus scheme. No shares or share-related rights were granted to the directors as remuneration during the financial period.

#### 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 appointed by the Board of directors. His service contract is approved by the Board.

The performance of the President and CEO is evaluated annually by the Board of directors. In addition to a monthly salary and fringe benefits, the President and CEO is eligible for a performance-based bonus on an annual basis (see Remuneration policy). The period of notice on the President and CEO's executive contract is 18 months, during which he 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 five 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 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 direct subsidiary companies of Cramo Plc have own Boards of directors consisting of, at least, the

CEO, the deputy CEO, the CFO and the General Manager of the subsidiary.

### GENERAL MANAGEMENT MEETING

The General Management Meeting ["GMM"] 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 100 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 54–55.

### 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 Insiders Guidelines issued by the NASDAQ OMX Helsinki Ltd. Cramo's own internal insider rules are regularly updated and made available to all permanent insiders, as well as employees. The 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 Head of Legal Affairs.

### INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDIT

Cramo's principles, systems and organisation for internal control, risk management together with identified risks and internal audit are presented on next pages.

### 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.

APA Tomi Englund and the firm of authorized public accountants Ernst & Young Oy, which has appointed APA Erkka Talvinko as the responsible auditor, were appointed in the Annual General Meeting on 23 April 2008 as the company's auditors to serve for a term ending at the end of the next Annual General Meeting in 2009. Tomi Englund has acted as auditor since 2006, Ernst & Young Oy since 2006 and Erkka Talvinko since 2006.

TOTAL COMPENSATION FOR EXTERNAL AUDITING, EUR 1,000			
	2008	2007	CHANGE %
Audit fees	525	443	18.5
Tax assignment	245	123	99.2
Other fees	393	100	293.0
Total fees	1,163	666	74.6

# RISK MANAGEMENT IN FOCUS

## INTERNAL CONTROL

According to the Finnish Corporate Governance Code, The Board of directors is responsible for defining the operating principles of internal control and for monitoring the functioning of the process to ensure the Group's profitable operations.

Cramo has specified internal control as a process which is effected by the Board of directors, management and all levels of Cramo's personnel. The objective of internal control is to ensure management's reasonable assurance that

- operations are effective, efficient and aligned with strategy;
- financial reporting and management information is reliable, complete and timely, and;
- the Group is in compliance with applicable laws and regulations as well as Cramo internal policies.

## INTERNAL CONTROL FRAMEWORK IN CRAMO

As a model for internal control definition, Cramo is in the process of implementing the most business-relevant components of the COSO ERM framework. The Group's Board of directors focuses on shareholder value creation and value protection. According to good corporate governance the Board ensures that Cramo has internal control principles and monitors the efficiency of the company's internal controls, internal audit and risk management.

Cramo's internal control framework consists of

- the internal control, risk management and corporate governance policies and principles set by the Board of directors;
- management overseeing the implementation and application of the policies and principles;
- Group Finance & Control function monitoring the efficiency and effectiveness of the operations and the reliability of financial and management reporting;
- enterprise risk management process identifying, assessing and mitigating risks threatening the

realization of Cramo's objectives;

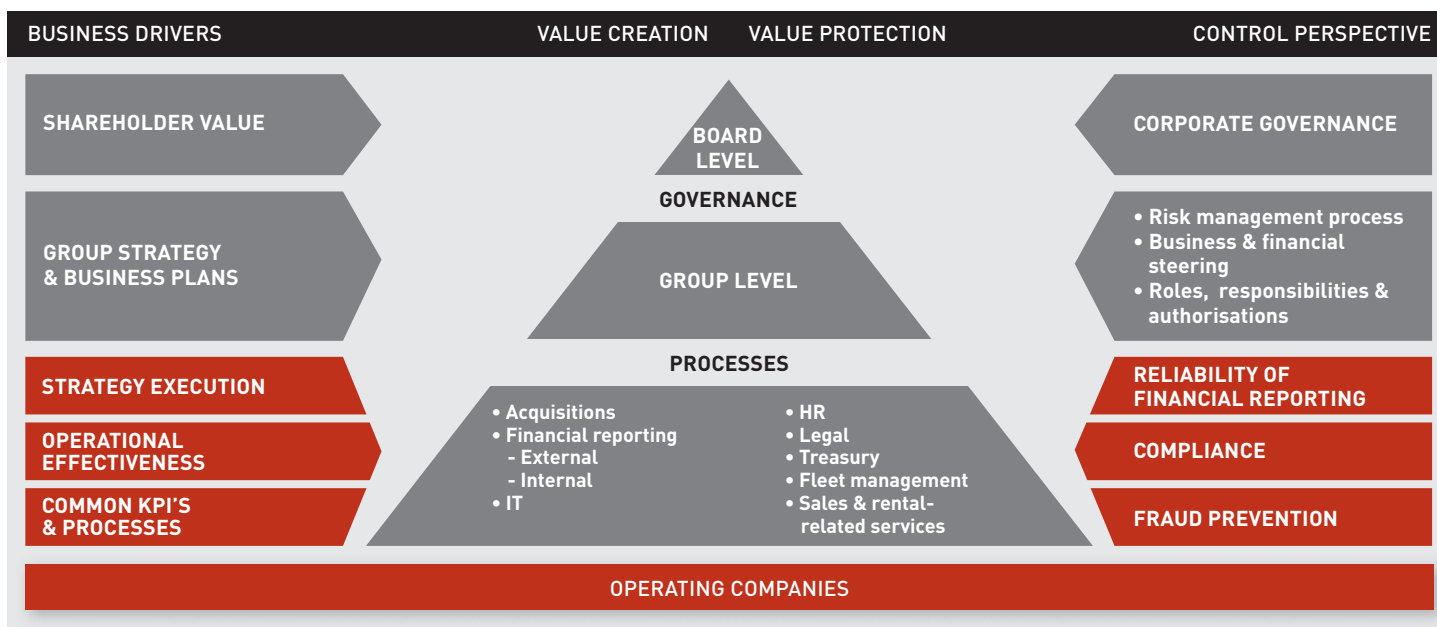
- compliance procedures making sure that all applicable laws, regulations, internal policies and ethical values are adhered to;
- effective control environment at all organisational levels, including control activities, are tailored for each process;
- shared ethical values and a strong internal control culture among all employees;
- The Board's Audit Committee and the Group's Internal Audit function following up the effectiveness of the internal controls.

## INTERNAL CONTROL ACTIVITIES

Control activities are the policies and procedures which help to ensure that management directives are carried out. They help to ensure that necessary actions are taken to address risks to achieving the entity's objectives. Control activities are set throughout the organization, at all levels and in all functions. They include a range of activities including but not limited to approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

Cramo's internal control comprises of Board and Group management level activities, as well as various controller activities. Compliance procedures are in a development phase to be in place at all levels of the organization to ensure that all applicable laws, regulations, internal policies and ethical values are adhered to.

The Group's legal function, business area and Group function directors are responsible for following up developments in legislation and regulations in their respective areas, and communicating them to the organization. Business area and Group function directors are responsible for setting up adequate compliance controls and compliance-related training in their units.



**PRIORITY AREAS IN 2009**

In 2009, the management's focus areas will be on risk assessments and control point identification in processes. Group-wide common control points which will serve as Group minimum requirements will be defined, and these are expected to be in place in all companies within Cramo Group. Internal control development also supports the Group's vision of One Cramo, as all the companies will be operating according to common high level principles and have more-detailed country specific controls.

**RISK MANAGEMENT**

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

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 on-going 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.

As part of strategic planning, Cramo has identified risks related to the strategic themes at Group and operating country levels. 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.

Strategy follow-up includes actively followed set of forward-looking indicators to give early indication of any changes in the market environment or the operations of the company. The forward-looking indicators can be divided into external indicators, such as GDP, construction growth rates and confidence indices and internal indicators, such as time utilisation of the rental fleet and order book of modular space. In addition to the formalised indicators, Cramo follows a number of weak signals originating in the day-to-day rental operations.

**OPERATIONAL HEDGES FOR RENTAL BUSINESS**

Cramo has created a number of operational hedges which facilitate increased business agility and reduced exposure to risks within the rental business operations. Firstly, Cramo has worked to reduce business exposure by actively developing the modular space business. The demand for modular space is less dependent on economic cycles, driven by longer rental contracts and the public sector's importance as a key customer segment.

**CRAMO'S ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK****ENTERPRISE RISK MANAGEMENT**

STRATEGIC PLANNING	RISK IDENTIFICATION AND PRIORITIZATION	PROCESSES AND CONTROLS	INVESTMENT MANAGEMENT
<ul style="list-style-type: none"> <li>Strategic planning provides the basis for ERM               <ul style="list-style-type: none"> <li>Strategic themes and Strategic projects</li> <li>OpCo business plans</li> <li>Other input into ERM</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Identification of risk areas related to the strategic themes at Group and OpCo levels</li> <li>Categorisation of risks               <ul style="list-style-type: none"> <li>Strategic</li> <li>Operational</li> <li>Financial</li> <li>Event</li> <li>Environment</li> <li>Other</li> </ul> </li> <li>Prioritisation of risk areas with regard to               <ul style="list-style-type: none"> <li>Extent of impact</li> <li>Likelihood</li> </ul> </li> <li>Action plan</li> </ul>	<ul style="list-style-type: none"> <li>Selection of the most important processes impacting the achievement of objectives and implementation of the strategy</li> <li>Identification of key controls</li> <li>Review of other processes (e.g. support functions) and key controls</li> </ul>	<ul style="list-style-type: none"> <li>Investment CAPEX</li> <li>Acquisition CAPEX</li> <li>Cost of capital and approvals</li> </ul>
		SELECTION OF FORWARD-LOOKING INDICATORS (FLI)	CONTINGENCY PLANNING
			NORMAL CONDITIONS   DOWNTURN   CRISIS
		<ul style="list-style-type: none"> <li>Selection of forward-looking indicators to reflect the priority risk areas and to measure the extent of risks</li> <li>FLIs include both external (market) and internal (company) indicators</li> <li>FLIs to be used together with normal management reporting information</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring process of FLIs</li> <li>Implications of FLIs to be taken into day-to-day business decisions/activities</li> <li>Creation of operational hedges for rental business</li> </ul>
			<ul style="list-style-type: none"> <li>Identification and determination of situation severity with the help of FLIs</li> <li>Contingency planning for the actions to be taken in a given situation</li> <li>Implementation of contingency plan actions as required</li> </ul>

Secondly, Cramo focuses on reducing customer exposure by expanding, broadening and balancing its customer base in order to reduce dependency on individual customers and individual customer segments. Thirdly, Cramo controls its geographic exposure by expanding the geographic footprint of its business, particularly in the growing markets of the CEE area.

Finally, Cramo limits its asset intensity by implementing a groupwide fleet management and financing strategy. Cramo's Fleet management strategy enables the Group to swiftly respond to changes in demand by either transferring fleet within the broad international network of rental depots or by selling or scrapping excess equipment through established sales channels. Fleet financing strategy helps Cramo in creating a flexible financing mix to address both long-term fleet financing needs and short-term changes in demand in a cost-efficient, risk-optimising manner.

### CONTINGENCY PLANNING THROUGHOUT THE BUSINESS CYCLE

Cramo's contingency plan determines the actions to be taken in a market downturn, both on the Group level and in the individual operating companies. Under normal market conditions, Cramo's contingency plan activities are focused on planning and the active monitoring of the business environment. The implications of forward-looking indicators and key performance indicators are taken into day-to-day business decisions regardless of the overall business cycle stage. In addition, Cramo focuses continuously on further improving its operational hedges for the rental business.

In a downturn or crisis, forward-looking indicators are further used to identify and determine the severity of the situation. Based on the situation analysis, contingency plans are implemented to a required degree. Contingency plan actions in a downturn include, among others, reductions in investment levels, returns of fleet financed through operational leases, transfers and sale of fleet, reductions in subcontracting work and various types of fixed cost adjustments.

### RISK MANAGEMENT RESPONSIBILITIES

The Board of directors monitors and is responsible for ensuring that the Group's risk management process functions and is comprehensive. It defines the risk-bearing tolerance continuously, according to 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 for 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, prepare themselves accordingly and take necessary corrective measures, as well as report in the agreed manner.

### PRIORITY AREAS IN 2009

In 2009, the Group's risk management will further concentrate on core process and control development, Fleet Management and Financial Reporting being the prioritized processes. The work on contingency planning started already in 2007, will also continue. In a changing market situation, the contingency plan actions being started already in 2008, will continue in 2009, both at the Group level and in operating companies.

### 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 scope of internal audit encompasses the examination and evaluation of the adequacy and effectiveness of the audited organisation's governance, risk management process, system of internal control structure, and the quality of performance in carrying out assigned responsibilities to achieve the audited organisation's stated goals and objectives. It includes:

- reviewing the reliability and appropriateness of financial and operating information;
- reviewing compliance with policies, plans, procedures, laws, and regulations which could have a significant impact on operations;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- reviewing and appraising the economy and efficiency with which resources are employed, used and protected;
- reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned;
- reviewing specific operations at the request of the Board or management, as appropriate, and;
- monitoring and evaluating the effectiveness of the audited organisation's risk identification and management system.

The Group's Internal Audit unit pays regular visits to depots and offices in Cramo countries. In addition, Internal Audit is responsible for the assessment of the efficiency of the Group's various units for operational and compliance auditing. The Head of Internal Audit reports administratively to the CFO as well as to the Audit Committee and the Board of directors. The Audit Committee approves Internal Audit's charter and annual audit plan as well as assesses its operations.



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## BOARD OF DIRECTORS 31 DECEMBER 2008

### 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 1994–2005; President of KONE Cranes division 1988–1994; various executive positions with major Finnish companies 1969–1988.

**Simultaneous positions of trust:**

Board Chairman: Konecranes Plc, Dynea Oy, Arcada Foundation, Svenska Handelsbanken AB (publ), Regional Bank Finland, Technology Academy Foundation

Board Vice Chairman: Mercantile Oy Ab

Board member: Vaisala Corporation

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: Metsäliitto Cooperative, OKO Bank Plc, YIT Corporation

*Deemed independent of the Company and as Suomi Mutual Life Assurance Company's previous President and CEO, dependent of the major shareholders until 31 December 2010*

### 3. FREDRIK CAPPELEN

Born 1957, B.Sc. Business Administration

Board member since 2008

**Primary work experience:**

Nobia's President and CEO 1995–2008

**Simultaneous positions of trust:**

Board Chairman: Byggmax AB, Svedbergs AB

Deputy Chairman: ICC Sweden

Board member: Securitas AB, Munksjö Paper AB

*Deemed independent of the Company and the major shareholders*

### 4. 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 1994–2005

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

### 5. 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*





#### 6. 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*

#### 7. 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

Shares	2008	2007	CHANGE, NO
Fredrik Cappelen	–	–	–
Stig Gustavson	78,351	76,403	1,948
Gunnar Glifberg	9,575	4,701	4,874
Eino Halonen	5,056	3,758	1,298
Hannu Krogerus	1,975	1,001	974
Esko Mäkelä	2,369	1,395	974
Juhani Nurminen	7,465	6,491	974

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

	2008	2007
Chairman	63,000	48,000
Vice-Chairman	44,000	34,000
Other members of the Board	161,000	124,000

"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.



## GROUP MANAGEMENT 1 JANUARY 2009

### 1. VESA KOIVULA

Born: 1954, M.Sc. (Civ. 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

**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. ERIK BENGTSOON

Born: 1969, M.Sc. (Industrial Engineering)

Senior Vice President, Sweden since 2008

Employed by Cramo since 2005

**Previous positions:**

Cramo Sverige AB, Region Manager East 2005–2008; BT Svenska, Sales Manager 2001–2005; Parker Hannifin, Production Engineer and field sales 1995–2001

### 5. JARMO LAASANEN

Born: 1950, MBA

Senior Vice President, Central and Eastern 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

### 6. 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.

### 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

**Previous positions:**

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



### 9. EVA HARSTRÖM

Born: 1961, M.Sc. (Ind. Mgt. and Eng.)

Vice President and 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

### 10. MARTIN HOLMGREN

Born: 1967, B.Sc. (Buss. Admin.)

Vice President, Fleet Management Equipment Rental since 1 Jan 2009

Member of the Group management team since 2009

Employed by Cramo since 2003

**Previous positions:**

Cramo, Product Area Manager Fleet Management, AB 2003–2008; Telia Mobile, Business Development Manager, 2000–2003; ABB, Supply Chain Manager, 1998–2000; Platzer Bygg, Site Manager, 1989–1995

**Positions of trust:**

Board Member, Swedish Rental Association, since 2004

Mats Stenholm acted as Vice President,

Fleet management until 31 December 2008.

### 11. PIRJO SAARNI

Born: 1965, M.Sc. (Psychology)

Vice President, Human Resource Development since 2008

Member of the Group management team since 2008

Employed by Cramo since 2008

**Previous positions:**

Vahanen Oy, HR Manager, 2006–2008; Itella Corporation, HRD Manager, 2001–2006; Psycon Oy, Consultant, 1995–2001

### 12. MIKA PUITTINEN

Born: 1970, LL.M., MBA

Vice President, Legal Affairs since 2008

Member of the Group management team since 2008

Employed by Cramo since 2008

**Previous positions:**

Perlos Oyj, Vice President, Legal Affairs 2005–2008; TietoEnator Oyj, Legal Counsel 2003–2005; ICL Data Oy (later Fujitsu Services Oy), Legal Counsel 1999–2000; General Counsel 2000–2003, Imatran Voima Oy (later Fortum Oyj), Legal Counsel 1996–1999

#### SHAREHOLDING, GROUP MANAGEMENT TEAM, 31 DECEMBER

Shares	2008	2007	CHANGE, NO
Vesa Koivula	12,900	12,900	0
Göran Carlson	4,900	4,900	0
Martti Ala-Härkönen	4,900	4,900	0
Erik Bengtsson	–	–	–
Jarmo Laasanen	2,450	2,100	350
Tatu Hauhio	5,750	5,750	0
Ossi Alastalo	21,114	21,114	0
Anders Collman	1,250	1,250	0
Eva Harström	1,250	1,250	0
Martin Holmgren	50	50	0
Pirjo Saarni	1,550	–	1,550
Mika Puitinen	–	–	–

#### REMUNERATION FOR THE PRESIDENT AND CEO AND THE GROUP MANAGEMENT TEAM, EUR 1,000

Salaries and fringe benefits	2008	2007	CHANGE, %
President and CEO	437	371	17.8
Other Management team members	1,848	1,589	16.3
Total	2,285	1,960	16.6

#### OPTION RIGHTS, GROUP MANAGEMENT TEAM, 31 DECEMBER 2008

	2006A RECEIVED	2006B RECEIVED	2006C RECEIVED
Vesa Koivula	80,000	88,000	95,000
Göran Carlson	60,000	65,000	70,000
Martti Ala-Härkönen	60,000	65,000	70,000
Erik Bengtsson	12,000	10,000	45,000
Jarmo Laasanen	35,000	40,000	42,000
Tatu Hauhio	35,000	35,000	38,000
Ossi Alastalo	35,000	35,000	30,000
Anders Collman	30,000	30,000	30,000
Eva Harström	30,000	30,000	30,000
Martin Holmgren	10,000	12,000	30,000
Pirjo Saarni	–	–	13,000
Mika Puitinen	–	–	10,000

# INFORMATION FOR SHAREHOLDERS

## ANNUAL GENERAL MEETING

The Annual General Meeting of Cramo Plc will be held on Wednesday, 1 April 2009, at 10.00 am, in Marina Congress Center, Helsinki. The address of the venue is Katajanokanlaituri 6. Admission of registered shareholders begins at 9.00 am.

Shareholders who wish to attend the AGM must notify the company of their attendance no later than 23 March 2009 in writing to Cramo Plc, "Annual General Meeting", Kalliosolantie 2, FI-01740 Vantaa, by telephone to +358 9 6864 8451/Ms. Riikka Aarnikallio (Mon-Fri 9 am-12 am and 1 pm-2 pm), by fax to +358 9 6864 8484, or by e-mail to [agm@cramo.com](mailto:agm@cramo.com).

## DIVIDEND PAYMENT

The Board of Directors proposes to the AGM that a dividend of EUR 0.40 per share be paid for the financial year 2008. The matching day for the payment of dividends is 6 April 2009, and the proposed dividend payment date is 15 April 2009.

## CRAMO BASIC SHARE INFORMATION

- Listed at the NASDAQ OMX Helsinki Ltd
- Trading code: CRA1V
- Industry: Commercial Services & Supplies
- Number of shares, 31 December 2008: 30,660,189

## FINANCIAL REPORTING

- Annual report, electric version in week 10, 2009
- Annual General Meeting, Wednesday, 1 April 2009
- Interim report for January-March, 6 May 2009
- Interim report for January-June, 6 August 2009
- Interim report for January-September, 3 November 2009

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](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.

## 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 Euroclear Finland Ltd's account operator, please send the written notification to: Euroclear Finland Ltd., P.O. Box 1110, FI-00101 Helsinki, fax +358 20 770 6656.

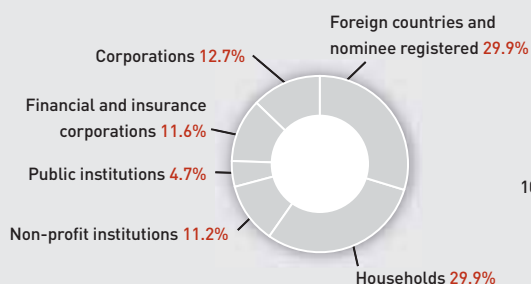
## ANALYSTS

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.

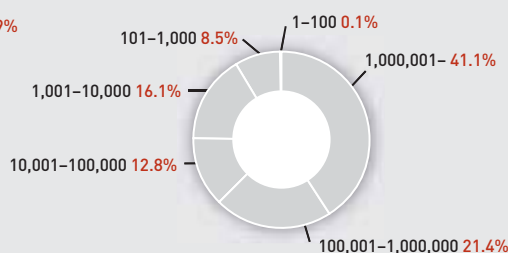
Carnegie  
eQ Bank  
Evli Bank Plc  
FIM  
Handelsbanken Capital Markets  
Nordea Markets  
Pohjola Bank plc  
SEB Enskilda Equities

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

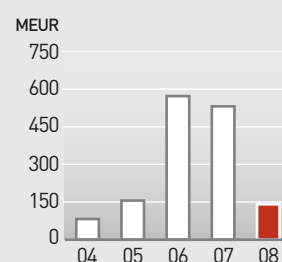
SHAREHOLDING  
BY SECTOR 31 DECEMBER 2008



SHAREHOLDING  
BY SIZE RANGE 31 DECEMBER 2008



MARKET CAPITALISATION  
31 DECEMBER, MEUR



## 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)

**Merja Naumanen**, Executive Assistant,

tel. +358 10 661 1241,

e-mail: [merja.naumanen@cramo.com](mailto:merja.naumanen@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](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.

# CONTACTS

## GROUP HEADQUARTERS

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Kalliosolantie 2  
FI-01740 Vantaa  
Finland  
Tel +358 10 661 10  
[www.cramo.com](http://www.cramo.com)

## GROUP OPERATIONAL CENTRE

Cramo AB  
Torshamnsgatan 35  
SE-164 95 Kista  
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Tel +46 8 623 5400  
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## EQUIPMENT RENTAL

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Tel +370 5 235 7040  
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Torshamnsgatan 35  
SE-164 95 Kista  
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PB 34, Alnabru  
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RU-195298 St.Petersburg  
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Fabriksparken 30-32  
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Denmark  
Tel +45 4363 0100  
[www.cramo.dk](http://www.cramo.dk)

ZAO Cramo Rentakran  
Yubileiny Prospekt, d. 1  
Khimki  
Moscow region  
141400 Russia  
Tel +7 812 448 4818  
[www.cramorentakran.ru](http://www.cramorentakran.ru)

### ESTONIA

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Kadaka tee 131  
EE-129 15 Tallinn  
Estonia  
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### CZECH REPUBLIC

Techniline s.r.o.  
Na Petynce 120,  
16900 Prague 6  
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[www.techniline.cz](http://www.techniline.cz)

### LATVIA

SIA Cramo  
Ganibu dambis 27/5  
LV-1005 Riga  
Latvia  
Tel +371 7 387 554  
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### SLOVAKIA

Techniline s.r.o.  
Kopcianska 16,  
85101 Bratislava,  
Tel +421 263810799

## MODULAR SPACE

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FI-33471 Ylöjärvi  
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Tel +358 10 661 5500  
[www.cramo.fi](http://www.cramo.fi)

Cramo Instant AS  
PB 33, Tverrveien 1  
NO-3058 Solbergmoen  
NO-3056 Solbergelva,  
Norway  
Tel +47 32 235 040  
[www.cramo.no](http://www.cramo.no)

Cramo Instant AB  
Torshamnsgatan 35  
SE-164 95 Kista  
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[www.cramo.se](http://www.cramo.se)

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[www.cramo.dk](http://www.cramo.dk)

# CRAMO PLC

# ANNUAL REPORT

# 08

# POWERING YOUR BUSINESS

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