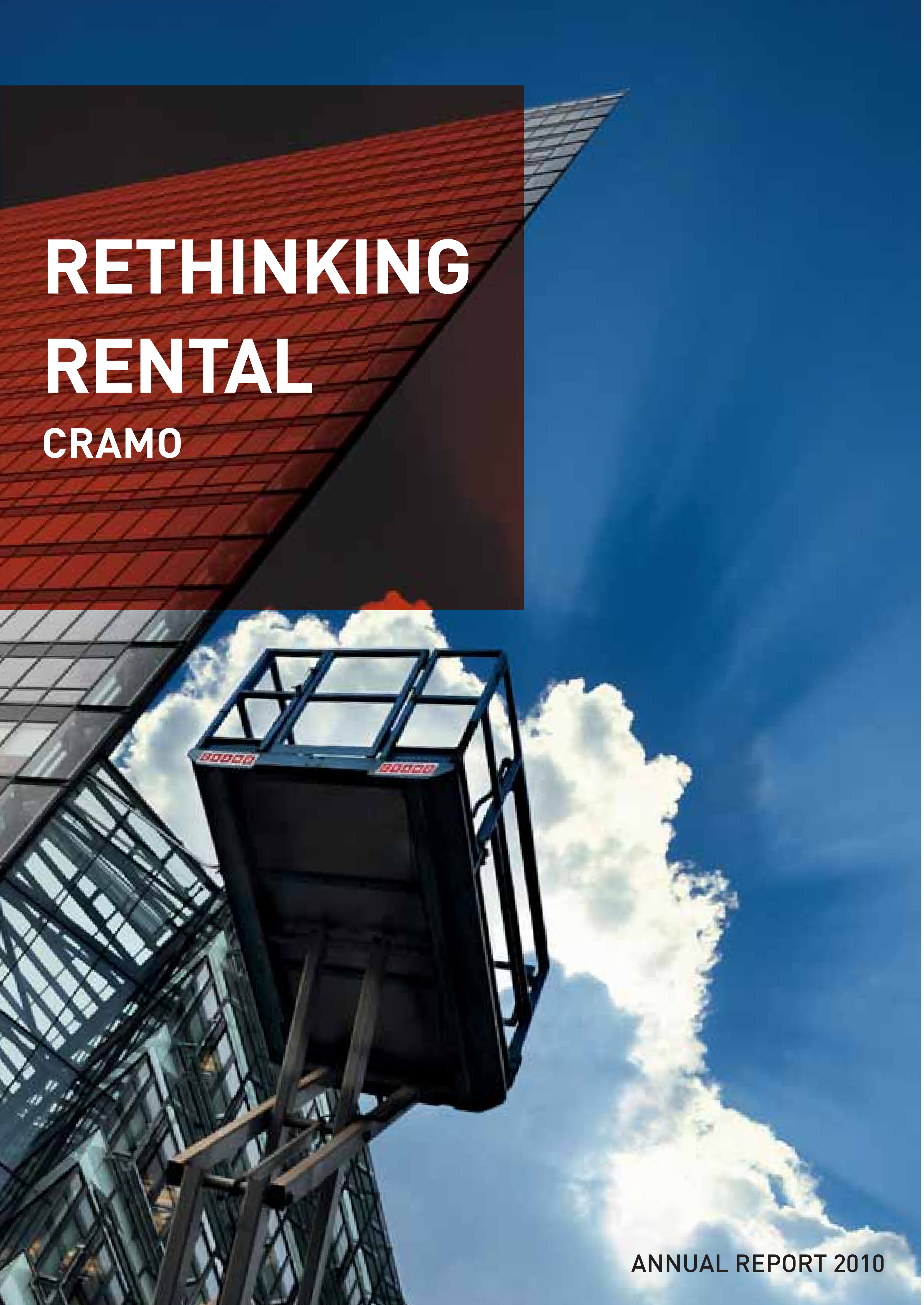


RETHINKING RENTAL

CRAMO

ANNUAL REPORT 2010

2010

CONTENTS PAGE

TOOLS
At Cramo you will find the widest assortment of tools on the market, from standard equipment to special machines such as heat cameras and tools for welding plastic pipes. You will find premium brands with good functionality and high quality. Cramo is a full-range supplier and one-stop shop for its customers.

Transportation equipment
Concrete mixers
Conveyors and tanks
Compaction equipment
Concrete machines
Temporary power equipment
Temporary electricity equipment
Compressed air equipment
Heating and ventilation equipment
Pumps
Lifting equipment
Earth and rock boring equipment
Screw and nail tools
Chisel hammers
Cross-cutting machines and saws
Grinding and milling machines
Drilling machines
Cutting and bending equipment
Measurement and control instruments
Safety equipment and fall protection
Cleaning equipment

Total number of tools: about 130,000

CONSTRUCTION EQUIPMENT
At Cramo you will find an extensive selection of machines for road and construction work. In order to be able to offer specialist competence and the best service possible, Cramo has concentrated its operations for construction equipment in special depots, called construction hubs.

Dumpers
Excavators
Loaders
Demolition equipment
Rollers
Generators
Compressors
Drill rigs

Total number of construction equipment items: about 3,600

ACCESS EQUIPMENT
Cramo is a full-range supplier and one of the largest rental companies for access equipment. We offer a full line of machinery from 4 to 42 meters in working height.

Vertical mast lifts
Scissor lifts
Articulated boom lifts
Telescopic boom lifts
Crawler mounted lifts
Trailer mounted lifts
Truck mounted lifts
Hoists
Climbing work platforms
Scaffolding
Lift trucks

Total number of access equipment items: 12,250

MODULAR SPACE
You can rent and buy movable, flexible modular units from Cramo with the same standards as permanent premises. We manage the project planning for installation while external contractors are used for set-up and dismantling

Site huts
Modules
Trailers
Storage containers

Applications:
Construction sites
Offices
Schools
Day-care centres
Accommodation

Total number of units:
for construction applications about 25,700
for non-construction applications about 15,600

RENTAL CONCEPTS
Rental concepts and services
By combining its product portfolio with an extensive offering of services, Cramo can create total rental solutions for every need and situation, for the short or long term.

Outsourcing (insourcing)
Building site infrastructure
Facility management
Cramo Smart Energy
Cramo School
Cramo Flexi
Cramo Safety
Cramo Security
Cramo Dry Construction
Cramo Healthy House

Construction Site Services:
On-site delivery
Temporary on-site depots
Drying
Heating
Scaffolding
Temporary electricity

Other services:
Cramo web shop
Cramo 24
Shop assortment in depots
Business Support
Used equipment sales

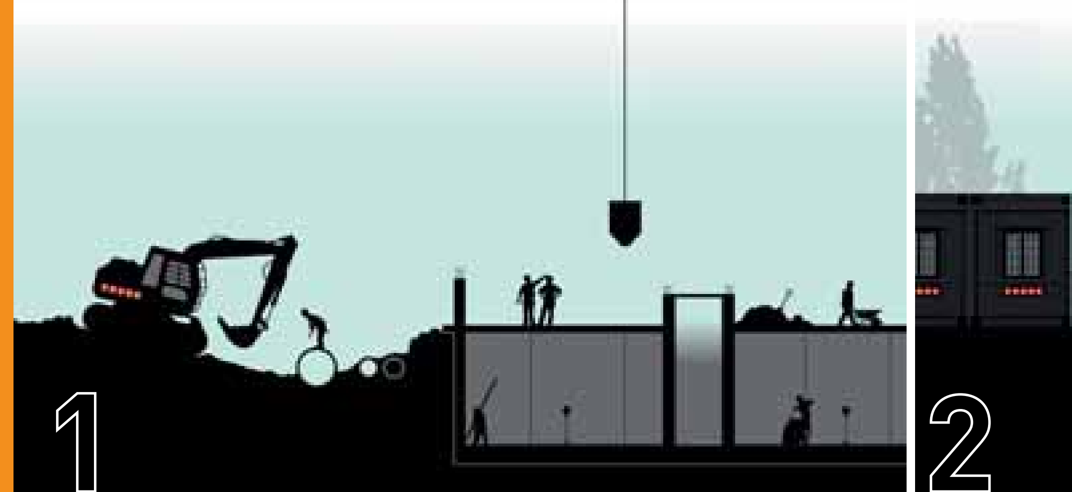
EFFECTIVE RENTAL SOLUTIONS

Cramo provides modern rental solutions through the Cramo Concept for all kinds of customer needs in the construction sector. Selected rental products and services are also widely used by customers in trade, industry and the public sector as well as private customers. Cramo's customers are small and large organisations with local, national or international operations.

COMPACTION
Compaction is needed in the early stages of a construction site. From tamping rammers and ground vibrators to rollers for soil and asphalt.

MODULAR SPACE
Temporary space solutions for offices, dressing rooms with lockers, washroom/shower facilities storage units. In one, two or three storeys and connected to one another. Hooked up to water, sewage and electricity systems.

EARTH MOVING
From small compact loaders suitable in confined spaces to traditional wheel loaders for heavy earth moving – we have them all.



FOR EVERY CUSTOMER NEED

Customers who rent sporadically, customers who have made a strategic choice to rent a substantial portion of their equipment or modular space needs and, increasingly, those who have chosen a complete outsourcing arrangement: by combining its product portfolio of machinery, equipment and modular space with an extensive offering of services, Cramo can create total rental solutions for every need and situation, for the short or long term.

MATERIALS HANDLING
Telehandler, a very versatile machine to be used as a service machine on the construction site, equipped with bucket and forks. Crane arm and work platform make it even more versatile.

CLEAN HOUSE
A clean house is also a healthier working environment. Cramo offers a range of dust extractors, from portable dust collectors to semi-mobile units for the entire site.

ACCESS
Cramo has thousands of lifts, from small pillar lifts to large diesel powered scissor lifts or boom lifts. There is always a lift for every phase of construction.

SAFETY
Fall protection such as steel mesh barriers are becoming more and more important in improving work safety. In addition, in some markets, personal equipment such as safety harnesses is mandatory when working over a certain height.

DRILLING
This number one tool comes in many versions from light battery-powered units to core drilling machines on drill stands, in some cases with water cooling.

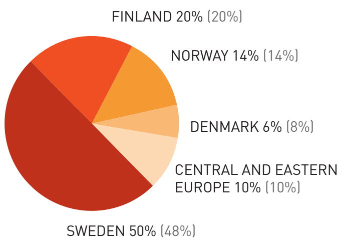
BOLT DRIVING
There are a number of efficient tools for driving nails or screwing bolts into concrete or steel beams. Powered by gas or compressed air, the choice is yours – we have it all.

CRAMO IN BRIEF

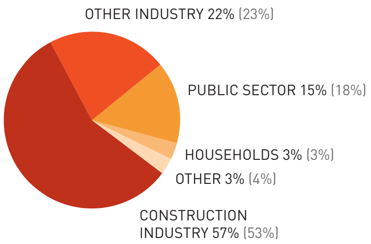
Cramo is a service company specialising in equipment rental services as well as the rental and sale of modular space. Cramo's equipment rental services comprise machinery and equipment rental as well as rental-related services. As one of the industry's leading service providers in Europe, the Company operates in the Nordic countries and Central and Eastern Europe.

In 2010 the Group consolidated sales was EUR **492.1** million. Cramo has **2,083** employees and **288** depots in **11** countries.

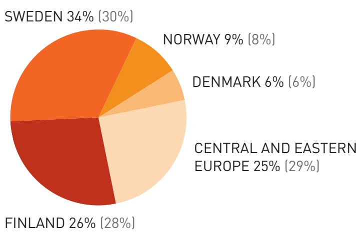
SALES BY BUSINESS SEGMENT 2010 (2009),
% TOTAL SALES



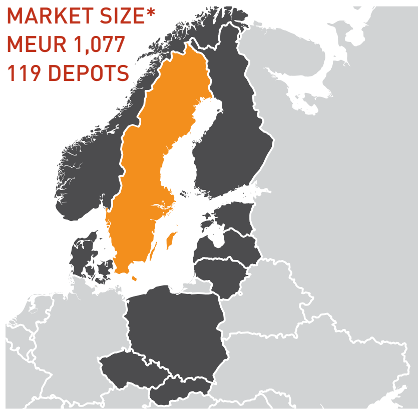
SALES BY CUSTOMER SEGMENT 2010 (2009),
% TOTAL SALES



AVERAGE NUMBER OF EMPLOYEES BY SEGMENT 2010 (2009), % TOTAL NUMBER



BUSINESS SEGMENTS IN 2010



FINLAND

OFFERING Total Solution Provider

STRATEGIC ROLE Maximising cash flow, development of new service concepts

STRENGTHS Strong market position, wide range of rental-related services, efficient hub organisation in place

STRATEGIC PRIORITIES Return to growth and improve profitability, focus on customer

MARKET POSITION ESTIMATE Strong #2. In modular space #1.

COMPETITIVE LANDSCAPE Two strong players with a number of local and specialist competitors. Modular space product area dominated by a few strong players. More on pages 26–29

SWEDEN

OFFERING Total Solution Provider

STRATEGIC ROLE Maximising cash flow, a leading position in developing Group-wide processes and concepts

STRENGTHS Long-standing leading market position, efficient depot management with efficient hub organisation in place

STRATEGIC PRIORITIES Pursue growth, excel in fleet management, improve profit

MARKET POSITION ESTIMATE Strong #1 both in equipment rental and modular space

COMPETITIVE LANDSCAPE Two strong players with a number of local and specialist competitors. Modular space product area dominated by a few strong players. More on pages 26–27 and 30–31

From February 1, 2011 onwards Cramo reporting is based on six geographical segments, which are: Finland, Sweden, Norway, Denmark, Central Europe and Eastern Europe. Central Europe segment consists of Theisen Group operating in Germany, Austria, Switzerland and Hungary. Eastern Europe segment consists of Estonia, Latvia, Lithuania, Poland, Russia, the Czech Republic and Slovakia.

* ERA European Rental Industry 2009 Report, Spring 2010

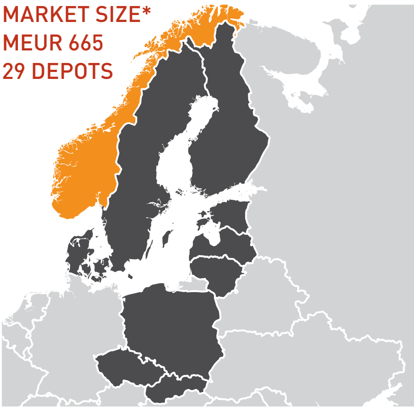
** Cramo Management Estimate. Including Baltic Countries, Poland, Czech, Slovakia and Russia.

VISION The role model in rental

MISSION Building flexibility and efficiency through rental solutions

STRATEGY Rolling out the Cramo Concept with Cramo Processes and Cramo People more on pages 17–21

VALUES Credibility, Creativity, Commitment



NORWAY

OFFERING Total Solution Provider

STRATEGIC ROLE Generating growth potential

STRENGTHS Improving market position, utilisation of proven Cramo concepts and products, efficient hub organisation in place

STRATEGIC PRIORITIES Increase profitability, pursue growth, improve cash flow

MARKET POSITION ESTIMATE #2

COMPETITIVE LANDSCAPE Four strong players with a number of local competitors. A few players in modular space product area.

More on pages 26–27 and 32–33

DENMARK

OFFERING Total Solution Provider

STRATEGIC ROLE Generating growth, complementing Cramo's full Nordic offering

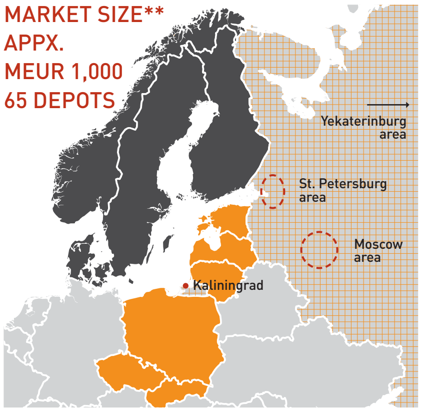
STRENGTHS Improving market position, utilisation of proven Cramo concepts and processes

STRATEGIC PRIORITIES Improve profitability, optimise service structure, profitable growth, expand in Modular Space

MARKET POSITION ESTIMATE #2

COMPETITIVE LANDSCAPE Fragmented markets under consolidation. A few small players in modular space product area.

More on pages 26–27 and 34–35



CENTRAL AND EASTERN EUROPE

OFFERING General rental offering in all the CEE countries with broad tool offering in the Baltic countries and strong access equipment offering in Poland, the Czech Republic and Slovakia

STRATEGIC ROLE Generating growth and synergies

STRENGTHS Strong market position gained by early entry into the market, proven rental concepts, experienced organisation, transferable best practices, increasing supply of rental equipment

STRATEGIC PRIORITIES Profitable growth, improve operational processes and fleet optimisation, implement more complete Cramo offering, exploit modular space opportunities

MARKET POSITION ESTIMATE #1 in Estonia, Latvia and Lithuania, #2 in Russia and Poland, #1 in access equipment in the Czech Republic, #4 in Slovakia

COMPETITIVE LANDSCAPE Mainly smaller national and local players with a few Western European competitors. Several niche players in Russia. Various European entrants from 2008 exited markets in 2010. Markets in an early phase in modular space product area.

More on pages 26–27 and 36–37

THE YEAR IN BRIEF

KEY FIGURES AND RATIOS

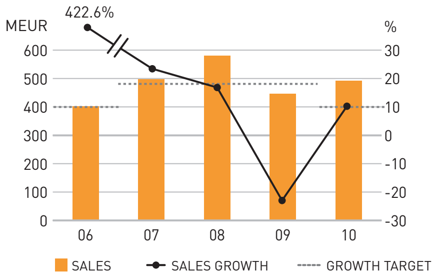
KEY FIGURES AND RATIOS	2010	2009	CHANGE, %
Income statement			
Sales, MEUR	492.1	446.7	10.2
EBITA, MEUR	34.5	17.3	99.5
EBITA-%	7.0	3.9	81.0
Operating profit/loss (EBIT), MEUR	27.4	-11.5	**
Profit/loss before tax (EBT), MEUR	4.8	-34.2	**
Profit/loss for the period, MEUR	-2.2	-39.9	-94.5
Balance sheet			
Gearing, %	103.4	113.4	
Equity ratio, %	38.7	37.4	
Net interest-bearing liabilities, MEUR	382.0	383.7	-0.4
Total assets, MEUR	965.7	918.4	5.2
Shareholders' equity, MEUR	319.3	288.3	10.8
Share related and other information			
Average personnel	2,083	2,356	-11.6
Number of depots	288	284	1.4
Return on equity, %	-0.6	-12.1	
Return on investment, %	3.7	-1.2	
Gross capital expenditure, MEUR	86.2	31.9	**
of which business combinations, MEUR	33.8	0.5	**
Cash flow from operations, MEUR	68.3	76.6	-10.8
Earnings per share (EPS) undiluted, EUR	-0.07	-1.30	-94.6
Earnings per share (EPS) diluted, EUR	-0.07	-1.28	-94.5
Dividend per share, EUR	0.10*	0.00	**
Equity per share, EUR	10.52	9.50	10.7
Market capitalisation, MEUR	585.0	367.6	59.1

More on key figures and rations on page 61 and calculations on page 94.

*** Board proposal**

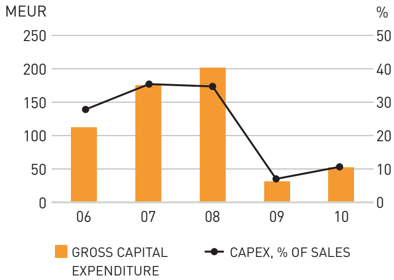
**** Change over 100%**

SALES, MEUR, SALES GROWTH %



Sales started to recover in the second half of the year and full-year sales growth amounted to 10%.

GROSS CAPITAL EXPENDITURE*, MEUR, CAPEX-% OF SALES

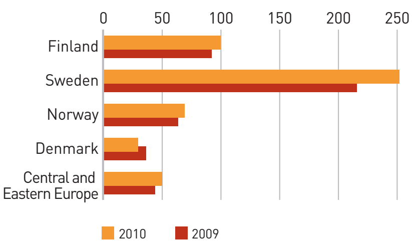


Investments in rental fleet increased clearly particularly in the final quarter of the year.

* EXCLUDING BUSINESS COMBINATIONS

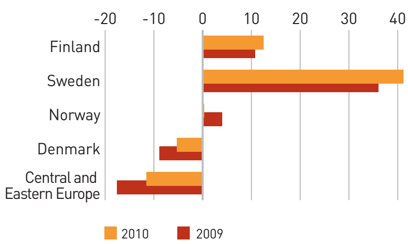
BUSINESS SEGMENT INFORMATION

SALES BY SEGMENT, MEUR



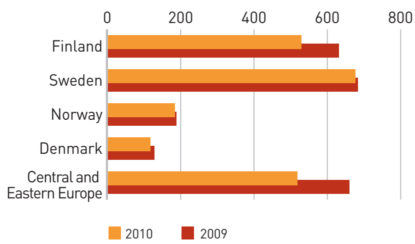
Sales grew in Finland, Sweden, Norway and CEE, but declined in Denmark.

EBITA BY SEGMENT, MEUR



EBITA was positive in Finland, Sweden and Norway. EBITA improved in 2010 in all segments except Norway.

AVERAGE NUMBER OF EMPLOYEES BY SEGMENT

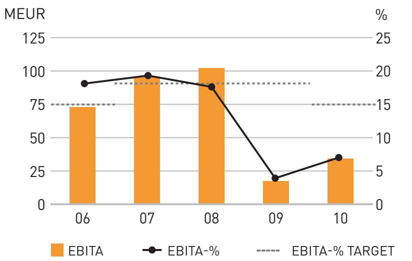


Average number of employees declined in all segments in 2010.

THE GROUP 5-YEAR FINANCIAL PERFORMANCE

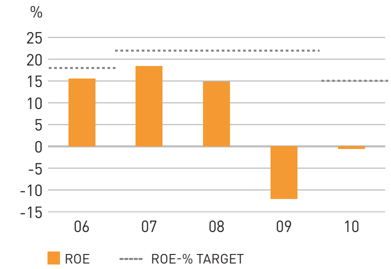
The Group's key targets for 2010 were a positive cash flow, improvement of profitability and a decreasing gearing. These targets were achieved. Cramo revised its strategic and financial targets in 2010. More on page 17

EBITA, MEUR, EBITA-%



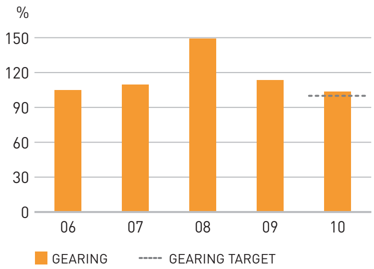
EBITA nearly doubled in 2010 compared to previous year, but profitability remained below target level.

RETURN ON EQUITY (ROE), %



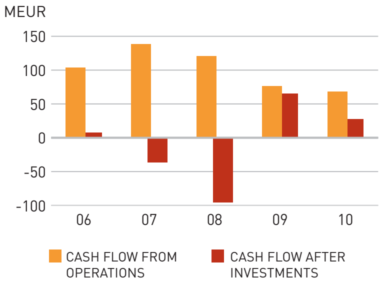
ROE improved clearly with recovering profitability but remained slightly negative.

GEARING, %



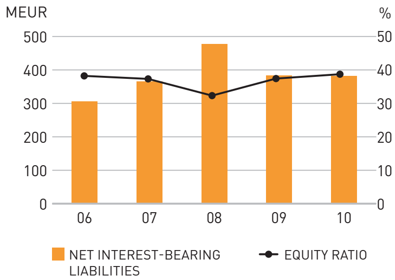
Balance sheet strengthened further in 2010 and gearing was nearly at the target level.

CASH FLOW FROM OPERATIONS AND AFTER INVESTMENTS, MEUR



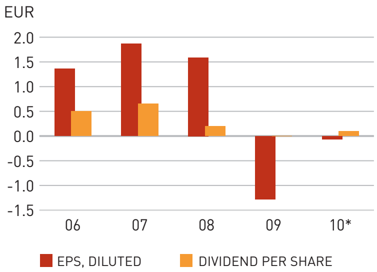
Cash flows remained clearly positive.

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



Net interest-bearing liabilities remained nearly unchanged in 2010, as investments were financed mainly with cash flow.

EPS AND DIVIDEND PER SHARE, EUR

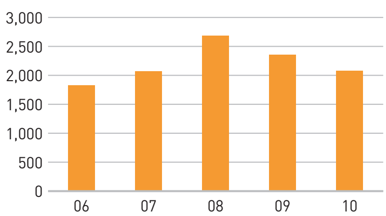


EPS improved clearly towards the end of year but full-year EPS was slightly negative.

* BOARD PROPOSAL (DIVIDEND)

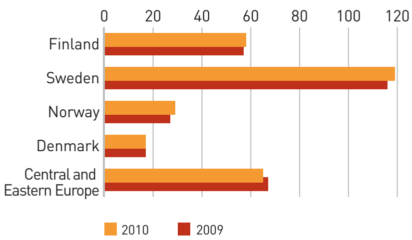
OTHER INFORMATION

AVERAGE NUMBER OF EMPLOYEES



Average number of employees continued to decline in 2010, falling by 12% compared to 2009.

NUMBER OF DEPOTS



Number of depots increased slightly in Finland, Sweden and Norway and declined somewhat in CEE.

SHARE PRICE, 2006–2010, EUR

For further information about Cramo's financial performance, see pages 61–65 (Group) and 27 and 73–74 (business segments).
Releases for 2010 can be found at www.cramo.com > Investors > Releases.

CRAMO STEERED THROUGH THE RECESSION WITH FLYING COLORS

We knew that 2010 would be a challenging year. So we acted accordingly, adjusting our operations. However, when the first signs of recovery were apparent at the end of the summer, we were ready. As a result, we steered through the recession with flying colours and are well-positioned for the growth.

While the depth and length of recession were uncertain in the beginning of 2010, our top priorities were to secure positive cash flow and keep profitability at the best possible level. That was the game plan we laid out, and we successfully executed it. And by doing so, 2010 went from being a problem to a year of opportunity.

Although the year started with the economic recession stronger than expected and extreme winter weather, which delayed construction start-ups in some Cramo countries, various adjustment measures initiated in 2008 bore fruit. Our cash flow improved in a weak market situation, and we succeeded in keeping our profitability at a relatively good level in general – a better performance, with room for improvement. The drive to boost profitability while maintaining moderate cost increases will continue.

The recovery in rental was apparent in all of the Cramo's markets after the summer. We launched our new growth strategy with the upturn. Our focus shifted from cutting costs to identifying and systematically exploiting existing and new regions, districts or cities where we have the possibility to become the number one in the rental business. However, without this potential, we will be ready to pull back even from existing locations. Wherever our operations, we strive to be the best in town.

Increasing interest in fleet outsourcing offers us growth opportunities. Not just major construction companies but mid-sized operators as well are changing their operational methods. As a result we concluded several significant outsourcing agreements and acquisitions in the Nordic region.

We performed well and succeeded in strengthening our market position in several of our markets. We were especially strong in Sweden, where the recession did not hit as hard. Tough adjustments also paid off in Finland, where the downturn was deeper than expected. We likewise strengthened our position in modular business, not only in our traditionally strong markets Finland and Sweden but also in Denmark and Norway. Non-construction modular space also made an entry into the Central and Eastern European markets – the first school was delivered in Latvia.

We are well-positioned to carry on aggressively in all our markets, and even beyond. And we aim to grow faster than the market.

At the same time, we will further develop our business agility and contingency planning to be even better in these areas in the future. We will also keep on further optimising synergies by harmonising our way of doing business, product offering, customer service and competence development as well as systems and processes enabling efficient operations. As a result, over time, we will provide our customers uniform service and a uniform product offering in every market we operate.

Owing to increased demand and steady fleet optimisation, which was identified as one of the sources of internal efficiency a few years ago, our time utilisation rates improved significantly in 2010. Our transfer of equipment between countries, regions and depots together with internal fleet management processes were raised to a good level. While our external fleet sales surpassed the normal level, we did this according to plan and with a profit. By year-end, fleet sales were back at normal levels. Work to fine-tune processes will continue as our intent is to excel in operations.

Despite difficult times, we steadily continued our forward-looking initiatives: systematic competence development in sales, and customer service and leadership, in particular, as well as investment in new rental offerings, business concepts and processes.

To be the customer's first choice and be "best in town" requires excellence in all areas, rental development, where our ambition is to be the driver, not a follower. We will strive for continuous improvements, whether it is a question of new offerings, customer service or processes, and we will drive the change in the industry. A new energy-efficient modular space concept, to be launched in early 2011, is one example of what we deliver.

Our new strategy will continue to be vigorously implemented, as demonstrated by acquisition in early 2011 of Theisen, one of the top three providers of equipment rental services in Germany. This well-managed professional organisation is an ideal complement to our current business operations, not only in geographic terms, but also from a product, service and customer standpoint, thus providing substantial synergy potential while strengthening our leading market position in the European equipment rental. In the long-run, our vision is that Germany, the fourth largest rental market in Europe, will provide us with the platform for future growth across Central Europe. We also believe that the timing of the transaction was right, as we are already seeing economic recovery in Theisen's markets.

I would like to express my sincere gratitude to our shareholders, employees and managers. The last two years have been tough for all of you. I am extremely proud of all the players in our team. Thank you again for your commitment. The Cramo spirit endures. This provides us with an excellent foundation for the future.

As I mentioned last year, the financial downturn really serves as an acid test for our business model and agility. I am pleased to say that both have now been tested, fine-tuned and well-proven. The outlook is positive, growth is strengthening. I am confident that we are ready for it; we are more agile than ever. We will capitalise on growth.

Sincerely,

Vesa Koivula
President and CEO

DEAR FELLOW CRAMO SHAREHOLDER,

During the second half of 2010, Cramo´s business started to climb back from the deep downturn it experienced with the global recession. The sentiment among our major customers in the construction industry turned to the better as early as the beginning of the year. Projects were started in increasing numbers, and after some months, the rental business also picked up the pace.

In geographic terms, recovery was uneven. Our main markets, Finland and especially Sweden, were among the first to react to recessionary trends by increasing public spending and government funding for construction.

In Central Europe, where Cramo´s business is concentrated in the newly born but still feeble post-Communist economies, the recession hit hard, and recovery is slow. Still, we are now also seeing better business there.

Our share price has staged a remarkable recovery, appreciating some 60% in 2010. However, the current share price is still some distance from its all-time high, EUR 37.50, which occurred as recently as July 2007. The low point during the recession, EUR 4.41, was in late December 2008. The share price thus dramatically reflects the turbulence in our environment.

During these turbulent years, our operations still fared reasonably well. True, the recession was deeper and struck harder than anyone expected. However, by taking decisive actions, including lay-offs and cost cutting, and trimming the balance sheet through the sale of excess equipment, we managed to maintain a positive cash flow. Naturally, in the tough fight for whatever jobs were available, margins suffered.

2010 was also a year of operational improvement. Lower business volumes gave us a chance to sharpen our tools for allocating resources based on need and earnings potential in every part of Cramo´s operations. The result has been rising utilisation rates across the Group.

Lower business volumes also gave us the opportunity to improve Cramo´s business procedures and administrative systems.

Throughout its modern history, Cramo has pursued a growth strategy. During the recession, there was no growth, but Cramo still managed to close a number of expansion projects.

During Q4/10 Cramo prepared and then in January 2011 signed and closed its biggest acquisition ever. Theisen AG, of Germany, marks a significant step in Cramo´s expansion story.

Our strategy is two-fold: We want to safeguard and sensibly expand our core Nordic platform, and we want to expand our market platform in the virgin markets of Central and Eastern Europe. Our presence in Europe has been built systematically. However, until now our operations there have lacked the size required for much-needed business stability. We have not had a presence in the most important market, Germany.

Now, with the acquisition of Theisen, we will become a major player in our chosen area of Central Europe as well. As demonstrated above, we see expansion possibilities for Cramo. The Board has therefore moved to increase the equity of the Group in a rights issue, announced on 17th February 2011.

The rights issue is not intended to fill voids caused by the recession. The new equity is needed to fund new, profitable growth.

I wish to thank all our loyal shareholders for their continued support. I invite all new shareholders to share with us a future of growth and profitability.

Stig Gustavson

LONG-TERM GROWTH POTENTIAL IN RENTAL BUSINESS

Cramo believes that the positive long-term growth drivers of the equipment rental industry remain unchanged.

GROWING CONSTRUCTION MARKET

According to Euroconstruct, the construction market started to recover in most Cramo countries in 2010, and nearly every market is expected to be on a solid recovery path in 2011, which is expected to continue also in 2012–2013.

INCREASING RENTAL PENETRATION

Equipment rental is expected to grow faster than the construction market in the long term despite short-term fluctuations in penetration. Particularly in the CEE region, penetration rates still remain at a low level compared with Western Europe.

OUTSOURCING

Interest in fleet outsourcing is clearly increasing among construction companies. By outsourcing their fleet, construction companies can improve service and logistics efficiency and flexibility. Furthermore, equipment rental companies can achieve greater utilisation rates for rental equipment. Outsourcing offers growth opportunities for large rental companies, which are able to provide customers all the equipment and services they require anywhere they need it.

TECHNOLOGICAL INNOVATION

There is a general replacement of manpower with technology underway in construction. Rental companies are becoming experts in various types of ever more specialised machinery. The need for efficiency and environmental rental solutions is greatest in more mature markets, where labour costs have a significant impact on profitability and awareness about sustainability is high.

RENTAL-RELATED SERVICES

Construction companies tend to purchase an increasing amount of external services, such as various types of construction site set-up services. Developing expertise and service conceptualisation will lead to rental companies taking broader responsibility for their clients' needs.

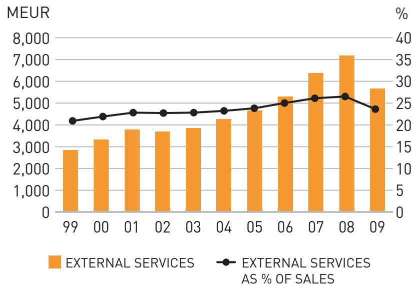
DEMOGRAPHIC CHANGES

Population growth together with increasing migration, urbanisation and aging drives a growing demand for improved infrastructure as well as for more flexible solutions for various purposes such as schools, day-care centres and temporary offices – creating demand for construction as well as modular space.

CONSOLIDATION

The aftermath of the economic recession is expected to help reshape the fairly fragmented rental industry by creating opportunities for consolidation. The market for modular space is still relatively young but is developing quickly in most of Cramo's market areas, with the exception of Finland and Sweden, where it has a longer history.

COSTS OF EXTERNAL SERVICES PURCHASED BY CONSTRUCTION COMPANIES IN FINLAND, MEUR



SOURCE: STATISTICS FINLAND

WHY RENT?

Equipment rental helps customers to focus on their core business, improve quality and reduce costs.

- **FOCUS ON YOUR CORE BUSINESS** The supply of equipment may not be your core business, but for us it is. We can help your company focus on what you do best while we take care of machinery and equipment.
- **FLEXIBILITY** A rental solution enables you to expand or reduce your fleet of machinery depending on your situation.
- **IMPROVED ACCESS** Rental gives you access to modern, high-quality equipment, wherever you need it.
- **COST EFFICIENCY** Owning machinery with low utilisation is not really smart. With a rental solution you can share the capital and maintenance costs with many other companies.
- **TRANSPARENCY** With rental, you can clearly see the full costs of your equipment fleet. Budgeting and control are simpler than ever.
- **FREEDOM** It is our job to stay informed about new developments, laws and regulations pertaining to equipment. Keep your freedom. Avoid investing in technologies that may soon become obsolete.

IMPROVING MARKET CONDITIONS

The economic revival in Europe, while still fragile and gradual, has progressed at a faster pace than previously envisaged, and the basis of recovery is broadening. However, uncertainty about the extent of economic growth persists, and the pace of improvement is still rather uneven across Europe.

Recovery in the global economy, which saw a fragile start in 2009, continued in the first half of 2010. Led initially by emerging market economies in Asia, growth also accelerated in developed economies, including most of Europe. The second quarter of the year was particularly strong in terms of economic revival, stemming from an increase in world trade and exports as well as a strengthening in domestic demand, and more recently, investments. Against this backdrop and despite formidable adjustment challenges in some European countries, recovery is expected to continue, albeit potentially at a lower rate than in the earlier phase of recovery.

The GDP growth rate in Europe is expected to moderate in mid-2011 as a result of lower export growth and weak labour markets combined with the phasing out of the extraordinary stimulus measures and inventory adjustments that were important positive factors in the first phase of the recovery. The fiscal consolidation phase underway in many European countries as well as the tensions in sovereign debt markets also continue to weigh on the growth prospects in the short term.

ECONOMIC RECOVERY PROGRESSING

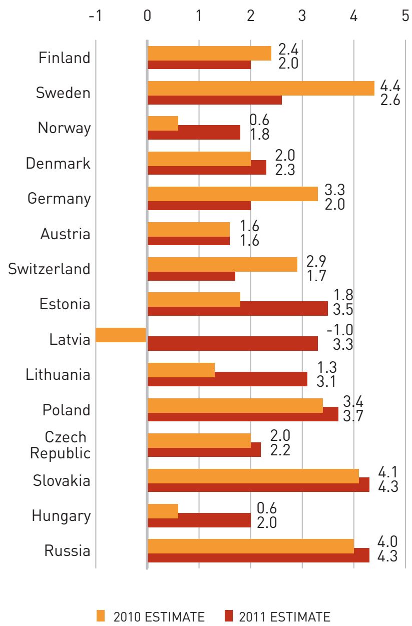
GDP growth in the Euro zone is estimated at about 1.7% in 2010 and is expected to maintain similar momentum in 2011–2012. However, in Europe as a whole, the economic outlook varies considerably from country to country.

Of the Nordic economies, Sweden is considered to have had the fastest recovery in 2010, with GDP increasing by more than 4%, followed by projected growth of about 3% in 2011. The Finnish and Danish economies are estimated to have grown by over 2% in 2010, with fairly similar rates of improvement in sight for 2011. Norway is expected to have fared the worst, with a modest increase of less than 1% in 2010 and a projected increase of some 2% in 2011.

The economies in Central and Eastern Europe have generally returned to positive growth, although the downturn during the economic recession was stronger there than elsewhere in Europe. Of Cramo's markets in the CEE area, Estonia was estimated to lead recovery in the Baltic countries, with growth of about 2% in 2010, compared to a more sluggish recovery in Lithuania and a small decline in Latvia. In 2011, every Baltic state is expected to show solid rates of economic revival of 3–4%. In contrast, Russia, Poland and Slovakia were estimated to have grown by 3–4% in 2010, with a slower speed of some 2% in the Czech Republic; similar recovery rates are also predicted for these countries in 2011. Cramo's newest geographic markets Germany, Austria, Switzerland and Hungary are also expected to grow approximately 2% in 2011.

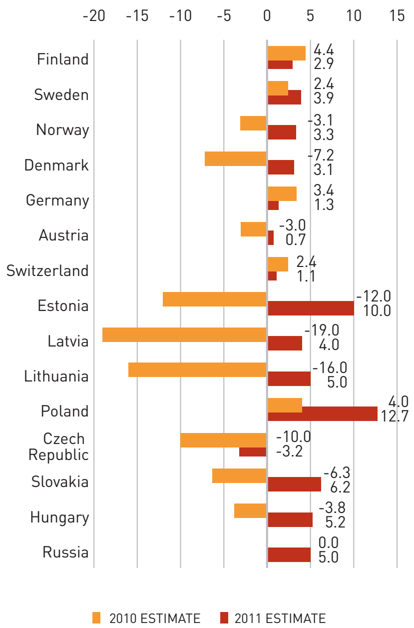
Sources: European Commission Economic Forecast, November 2010; IMF World Economic Outlook, October 2010; OECD Economic Outlook, November 2010.

GDP GROWTH ESTIMATES, %
(REAL GROWTH) 2010–2011



SOURCE: IMF WORLD ECONOMIC OUTLOOK, OCTOBER 2010

CONSTRUCTION OUTPUT GROWTH ESTIMATES, %
(REAL GROWTH) 2010–2011



SOURCE: EUROCONSTRUCT/VTT

CONSIDERABLE VARIATION IN CONSTRUCTION SECTOR RECOVERY IN 2010

The construction sector in many European countries was hit exceptionally hard by the economic recession. Despite a general economic recovery in most countries, the European construction sector was estimated to have experienced its third year of decline in 2010, and a clear upturn is not expected to be underway until late 2011 or 2012.

The construction sector recovery in Cramo's markets is proceeding at varying speeds. Finland was estimated to have improved more than anticipated in 2010, with growth of 4.4%, backed by improving exports, investments and consumer confidence. Sweden is also considered to have clearly rebounded, showing estimated growth of some 2.4%. However, the other Nordic markets, Norway and Denmark, were estimated to have experienced further sizable declines in 2010 of 3.1% and 7.2%, respectively. In Denmark in particular, the start of recovery has been postponed compared to earlier projections.

Within the CEE, Polish construction output was estimated to have grown by about 4% in 2010. In Russia, construction output was expected to remain at the same level as in 2009, despite clear improvement towards the end of the year. The Czech Republic and Slovakia were anticipated to report higher than expected further declines of 10% and 6%, respectively. The Baltic countries were anticipated to have experienced clear double-digit rates of decline in construction during 2010, despite signs of improvement towards the end of the year, particularly in Estonia.

Substantial variation between markets characterised the year in residential construction. In Finland, total residential construction was expected to be up by some 18% in 2010, with a clear recovery also in Sweden and Norway. The positive trend has been fuelled by a surge in new residential construction. In Denmark, however, new residential construction was expected to have declined by another 25%, on top of several difficult years. In the CEE area, residential construction in Poland was expected to have recovered slightly in 2010, whereas the Czech Republic, Slovakia and the Baltic countries were estimated to have experienced another year of major decline. In Russia, residential construction output was anticipated to have been at the same level as in 2009 or slightly higher.

Non-residential construction output continued to decrease in nearly every Cramo market in 2010, although in most cases at a lower rate than in 2009. In the Nordic countries, Denmark posted a 10% decrease in 2010, with smaller yet notable declines in the other countries. In the CEE area, Poland was anticipated to be the only market with a small upturn in non-residential construction, while clear declines were expected to be reported in all other markets, with decreases of up to 20–30% in the Baltic countries.

Civil engineering output was also mixed in Cramo's markets. While output was forecast to have grown by about 4% in Sweden and remained close to zero growth in Finland and Denmark, it was expected to have dropped by nearly 4% in Norway. In the CEE area, Polish civil engineering output was anticipated to have improved the most, some 8%, with the Slovak output also expected to show improvement. Estonia and Lithuania were projected to end the year on par with 2009, while Latvia and the Czech Republic were thought to be set back by as much as 10%.

Sources: Euroconstruct / VTT, December 2010

RECOVERY IN CONSTRUCTION EXPECTED TO CONTINUE IN 2011

According to Euroconstruct, the European construction sector overall is projected to embark on a gradual, fragile recovery in 2011. Forecasts for 2011 indicate positive growth in construction in almost every Cramo market. Recovery is predicted to be more broad-based not only in geographic terms but also across construction sub-segments. Non-residential construction output is also expected to rebound in many markets in 2011. Revival in the construction sector is forecast to continue in the Nordic countries at rates of 3–4% in 2011, with Norway and Denmark also returning to growth. Higher growth rates in the CEE area are expected, with double-digit growth rates possible in Poland and Estonia. The other CEE markets are forecast to grow at a solid 4–6%, with the exception of the Czech Republic, which is still anticipated to decline by some 3% in 2011 as a result of sluggish private demand and tight restrictions on public-sector investments. Construction in Cramo's newest markets is expected to recover by about 1% in Germany, Austria and Switzerland, while Hungary is projected to grow over 5% in 2011.

Sources: Euroconstruct / VTT, December 2010

BOTTOM OF THE CYCLE IN RENTAL PASSED DURING 2010

The first half of 2010 seems to have marked the bottom of the business cycle for the equipment rental industry in a number of Cramo markets. Recovering construction output has been reflected in the rental industry with some delay; signs of construction recovery were already apparent in the first part of 2010, but the upswing in equipment rental did not materialise until the second half of the year. As in the construction sector, the extent and timing of recovery in the rental industry have varied substantially between the different geographic markets. The rental market in the Nordic countries, according to ERA projections in spring 2010, was expected to have remained almost flat in Finland and Sweden in 2010 on a full-year basis, with declines expected in Norway and Denmark. In modular space, demand remained good in the Nordic countries.

Sources: The European Rental Industry 2009 Report, European Rental Association, Spring 2010

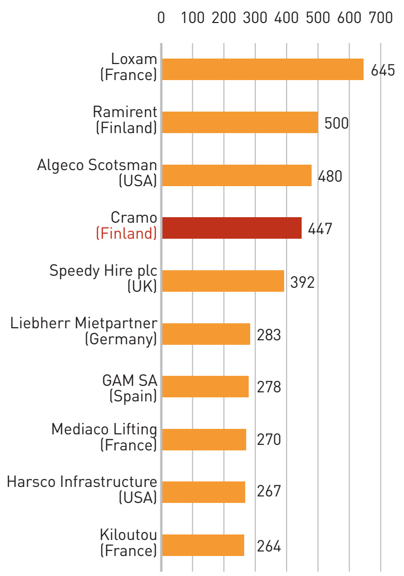
RENTAL BUSINESS CONDITIONS IMPROVING FURTHER

The ERA/IRN Rental Tracker survey indicates improving business conditions in the European equipment rental industry. The balance of rental business conditions turned positive in the first quarter of 2010 and has remained clearly positive since. The improvement in business conditions continued and to some degree strenghtened in the final quarter despite uncertainty in the general economy. However, since over 50% of rental companies surveyed reported improving utilisation rates in 2010, fleet investments by rental companies are also predicted to gradually increase in 2011. Nevertheless, investment levels are anticipated to remain below the peak levels of 2005–2007.

Cramo expects the construction and equipment rental service markets to grow in every Cramo market area in 2011 except the Czech Republic. Demand for rental services is expected to strengthen more than construction output growth in most markets. According to ERA projections in spring 2010, every Nordic equipment rental market, as well as Germany, is expected to show clear recovery in the course of 2011, at rates of 5–10%. Increasing market acceptance of equipment rental as an alternative to owning supports market growth. Construction companies also find arrangements to outsource their equipment to rental services companies increasingly attractive.

Sources: The European Rental Industry 2009 Report, European Rental Association, Spring 2010; European Rental Association and International Rental News, January 2011.

LEADING EQUIPMENT RENTAL COMPANIES BY EUROPEAN SALES 2009, MEUR



SOURCE: INTERNATIONAL RENTAL NEWS, JUNE 2010

RENEWAL

Murray Pollok, Editor of International Rental News (IRN) magazine, looks at how rental companies have responded to a much changed operating environment.

IT IS PROBABLY FAIR to say that many rental companies started to take it for granted that their businesses would grow. After all, economies were healthy and the demand for rental services was expanding, inexorably it seemed.

If there was complacency – and who would deny it? – then you can be sure that it has been firmly banished by the events of the past two years, replaced by a new ethos of thrift, hard work and innovation.

The thrift and hard work relate to the necessary and often difficult measures that rental companies have had to take over the past two years, but innovation is more forward looking and optimistic term in the recovery equation.

Rental innovation was always happening, but the slowdown has focused minds on how rental companies can differentiate themselves, often in unexpected ways.

This innovation – 'renewal' is a good word for it – has been channelled in lots of directions, but one way to look at it is to split activities into three categories: new services, channels to market, and technology, each interlinked.

NEW SERVICES

It seems appropriate to start with the topic of new services, because it has profound implications for all rental companies, taking them beyond the simple renting of metal to customers.

Take the case of Speedy Hire in the UK. When chief executive Steve Corcoran was asked recently if Speedy was still a 'hire business', he responded with a question; "Why do people hire at the end of the day? There are three key things: to offset operational risk, offset financial risk, and offset compliance risk. If these are the primary issues, would they have achieved these goals if they had just hired equipment?"

He's talking about "advisory services", including things like operator training, equipment maintenance, testing, and more. He was talking about operator training, equipment maintenance, testing, and more. He might easily have added environmental consultancy – a service that Cramo is now offering.

This widening of services is also prompting new contract arrangements, says Speedy. With rental companies doing more and more you are now starting to see 'client framework' contracts where the ultimate client,such as a utility company, rather than the lead contractor on site, procures a complete package of rental services directly. Although emerging first in utilities, Speedy says it expects this model to appear in other sectors, and outside the UK.

CHANNEL TO MARKET

Channel to market is the second of the 'renewal' themes, and it covers topics as diverse as customer segmentation and diversification, depot networks, online renting and franchising.

One of the key issues here is the attempt by the larger rental companies to grow their business with major accounts.

In the UK, for instance, it is not uncommon for major or national accounts to represent as much as half of a rental company's revenues. National accounts have become crucial: these bigger contractors have tended to grow their market shares during the recession, they offer long term contracts that give rental companies visibility on future revenues, and they tend to be more profitable contracts as well.

United Rentals, the largest equipment rental company in the world, reports that its national accounts revenues represented 24% of total revenues in 2009. The company's president and chief executive officer, Michael Kneeland, said early in 2010 that "Customer segmentation is a transformative strategy for us. We want to use our leadership position to our competitive advantage. That includes developing a defensible base of customers who value our geographic reach and depth of fleet."

Diversification of customers is another key theme, with the bigger rental companies trying hard to boost their activities in industrial, non-construction markets. This means relocating depots to areas where there are oil and gas, manufacturing or petrochemical facilities and investing in equipment tailored to the needs of these types of customer (such as power generation).

It also means finding clever ways to support these facilities. For example, power and temperature control renter Aggreko has recently extended the services it offers to industrial facilities by providing power, cooling or heating solutions to improve industrial processes. One example is the use of air movement systems to enhance the performance of catalytic crackers during hot weather.

Another approach is to team up with other companies that have better links to industrial customers. United Rentals has just announced a joint venture with AMECO – the rental division of Fluor Corp – to support industrial facilities in the Gulf Coast of the US. **Cramo** provides another recent example, having signed a cooperation agreement with crane rental company Nordic Crane Group that will give it access to a wider industrial customer base.

Other 'channel to market' trends include the use of franchising and small 'in-store' rental operations at large builders' merchants chains.

The big in-store players include Sunbelt Rentals in the US (with Lowes), Boels Verhuur in the Netherlands (with several partners) and Compact Equipment Rental Centers (at Home Depot stores in the US). These offer low-cost opportunities for rental companies to reach a different customer base, including small tradesmen, builders and homeowners.

Franchising, meanwhile, has long been recognised in other industries as a good way of expanding a brand or network quickly. In the rental sector, Hertz Equipment Rental Co (HERC) is working closely with its car rental partners and others in seeking to enter new markets, and Volvo Rents is creating a global network using its dealers or other independent partners.

Of course, for most rental companies the traditional channel to market is a physical one – the fixed depot network. Here, too, the recession has made companies take a hard look at what they are doing. In the UK, for example, the long-held practice among the national 'tool hire' players of covering the country with hundreds of depots has been replaced with a more nuanced approach.

As companies have rationalised and consolidated their depot networks, they have concluded that different customers need different types of depot. Thus, a kind of three-tier approach as emerged, with 'Super' depots for the largest customers, big depots for mid-sized customer or smaller towns and cities, augmented by a much larger number of standard depots.

NEW TECHNOLOGY

A final element of this channel to market discussion leads naturally into the 'new technology' category, and that is the use of the internet both as a way to communicate with customers and to improve internal processes.

Renting equipment over the internet is an obvious opportunity for rental companies. This is being done either via a rental company's own website (or customer extranets) or through 'third-party' websites such as the erento site now operating in Germany and the UK.

Erento, and other sites such as Zilok in Europe or RentalHawk in the US, act as a kind of 'rental ebay', linking customers to rental companies who subscribe to the site.

Another take on using the internet is being taken by Hire Station, a UK renter, which has a 'white label' strategy under which established UK retail and online brands – typically garden centres, DIY stores and decorating centres - use Hire Station to add a tool rental offering to their websites, with enquires directed to Hire Station.

When it comes to their own websites, many rental companies are expanding functionality to provide customers with the ability to see what equipment they have on rent, at what prices and at what locations. Some are even sending text or e-mail alerts to customers when the 'end of rental' period approaches (it is for this reason that A-Plant in the UK now requests an 'off-hire' date with every order).

Some are now taking further steps, HSS Hire, another UK renter, offers a system that allows customers to on- and off-rent equipment in real time from its website. The system incorporates the customer's existing pricing arrangements for particular sites and products.

There are other ways that rental companies are exploiting modern communications technology. Many rental companies offer iPhone or Google Android 'Apps' for smartphones that give customers access to information on their fleets and rental depots.

Internally, however, smartphones are allowing rental companies to truly connect their field staff. A-Plant and its US sister company, Sunbelt Rentals, have both developed iPhone Apps for use by their own management and sales team. These offer the salesmen information on pricing and A-Plant reports that contracts signed using the iPhones have generated 6% higher prices. That kind of outcome is what drives investment in new technology.

That kind of outcome is what drives investment in new technology, and you can be sure that rental companies all over the world are looking at how they can use smartphones, RFID smart tags for asset management and other technology to give them a competitive advantage.

So rental companies are working hard to use every tool at their disposal: software to understand which assets and customers are most profitable; new services that deepen their relationships with major customers; alliances that broaden their customer base; and technology that makes it easier to use their services.

Nobody in the rental industry has enjoyed the recession. But if anything good does emerge from the gloom, it will be leaner, more responsive and more profitable rental companies.

THE AUTHOR

Murray Pollok is Editor of International Rental News (IRN) magazine, published by KHL Group (www.khl.com), and has been writing about the rental business for over 15 years. Murray can be contacted at: Murray.pollok@khl.com

CRAMOPOL COMMUNICATES AND CREATES DIALOGUE ABOUT STRATEGY AND VALUES

Cramopol is a game to promote winning one of the Company's must-win battles: developing of passionate rental business champions. It is an innovative, collaborative way to engage personnel in a dialogue about Cramo's strategy and way of working.

- "Cramopol enables cross-organisational learning and improves our shared understanding of the Company by bringing together employees from business units and corporate functions. The game is a good leadership tool for communicating Cramo's strategy and values and reinforcing the Cramo spirit," notes Mr Martti Ala-Härkönen, CFO at Cramo, in summing up the benefits.

- "Cramo's strategy is communicated through knowledge questions. Creativity cards ensure the generation of new ideas. Situation questions clarify what the Cramo way is of handling different situations in everyday life with players choosing the alternative which they believe corresponds to their own way of behaving in that situation. Everyone is then given the opportunity to describe how they made their decision and justify their choice of a solution so they can try to agree on the group's choice. The underlying principles used in these situations are Cramo's values, vision, policy, business model, and management and quality systems," continues Mr Ala-Härkönen.

THE GROUP VERSION OF THE GAME is a further development of the version played in Sweden in 2010.

- "Cramopol got a very good feedback in Sweden. The key to success was mainly that employees from every organisational levels took part in developing situation questions. Managers from all the different regions planned how to combine playing the game with the day-to-day business. In two weeks, 96 games were played across the country with all the staff participating. The opportunity to voice opinions was appreciated, and the game was considered a good way to share our values and common way of working. For example, a new depot manager said he learned more about the Cramo culture that week than he would have done over a long period," says Ms Ingrid Hollertz, HR Manager at Cramo Sweden.

- "The game is not just stimulating – it also gets people to bring up issues they want to improve as well as new ideas about how to do that. We got a lot of initiatives, and the management group selected some of these for further development. As a result, for instace, we already have implemented various new procedures for handling complaints and thus enhanced our customer services, which was one of the areas of improvement highlighted in the game," Ms Hollertz concludes.

- "When Cramopol was introduced at our depots, the first reaction was scepticism. However, soon our employees found it rewarding and fun. At the same time, they learned that they must communicate more with each other. For the new employees, this was the first time they learned about our strategy and values. The game gave people an opportunity to discuss things with colleagues, and it also encouraged dialogue afterwards. That is very valuable and rewarding," says Mr Jonas Svedin, Depot Manager at Cramo Örnsköldvik.

THE GAME WILL BE PLAYED IN EVERY CRAMO COUNTRY in early 2011.

- "I believe that with the help of Cramopol, we are able to communicate Cramo's values and strategy by discussing actual daily situations, which are easy to understand and familiar to every employee. At the same time, we can feel and touch our values," says Mr Darius Norkus, Managing Director at Cramo Lithuania, Latvia and Kaliningrad.

- "In the beginning, I was a bit sceptical when we played the game in the management team. I found out very quickly that it is a very good tool for communicating on all levels and easily adjustable to actual situations.
I imagine that we could use Cramopol on a regular basis for a long time," Mr Norkus concludes.

DEVELOP CRAMO PEOPLE / CRAMOPOL

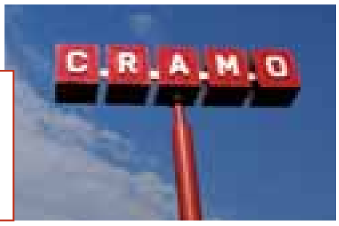
FROM A LEADING RENTAL COMPANY TO THE ROLE MODEL IN RENTAL

Cramo revised its strategy in 2010. The new strategy for 2010–2013 will focus on further optimising Group synergies and Cramo's unified business model as well as on further profitable growth while rolling out Cramo's core competences and winning the next markets.

Cramo's ambition is to become the role model in rental by rolling out the Cramo Concept with Cramo Processes and Cramo People. Cramo builds flexibility and efficiency for customers through rental solutions.

Must-win battles identified for success are:

1



RENEW THE CRAMO CONCEPT

Roll out the renewed Cramo Concept to every Cramo market. More on page 18

2

IMPLEMENT CRAMO PROCESSES

Implement unified Cramo Processes throughout the Group. More on pages 18–19

3

DEVELOP CRAMO PEOPLE

Develop Cramo People to be passionate rental business champions. More on pages 19–20

4

BE "BEST IN TOWN", WIN THE NEXT MARKETS

Successfully penetrate new geographic markets. More on pages 20-21

5

DRIVE MODULAR SPACE GROWTH

Drive profitable growth in non-construction modular space outside Finland and Sweden. More on page 21

STRATEGIC TARGETS 2010–2013

Customer's first choice

Best in town: #1 or possibility to become #1

Grow profitably faster than the market

Driver of rental development

FINANCIAL TARGETS

	2010	Target
Sales growth	10.2	> 10% per annum
EBITA margin	7.0	> 15% of sales
Return on equity (ROE)	-0,6	> 15%
Gearing	103.4	max 100%

The Group's target is to reach the financial target levels as soon as possible during the period 2010–2013.

1 RENEW CRAMO CONCEPT

Achieving the strategic targets requires the roll-out of a uniform Cramo Concept in every Cramo market

Cramo provides total rental solutions, a full range of machinery, equipment and modular space with rental-related services, customised solutions, support, instructions and training needed for the construction industry. Selected products and services are also widely used by other industries and in the public sector. Cramo strives for a unified offering of rental services and concepts in every market.

Cramo's long-term success in rapidly changing rental markets derives from its agile business model. By combining Group synergies with local business know-how, Cramo generates operational efficiency. By developing and implementing common business concepts, processes and systems between markets and customers, Cramo creates economies of scale and scope, thus further improving its efficiency.

Cramo has one common brand for every stakeholder group in every market and works systematically to maintain its strength. With its extensive international depot network, Cramo combines the strengths of a local company, such as entrepreneurship and proximity to the customer, with the resources of an international corporation. Cramo is a leader in delivering and demonstrating customer value.

IN 2010–2013, Cramo's objective is to roll out the renewed Cramo Concept to every Cramo market together with a common pricing tool in order to increase market share, revenue and profitability both on the operating country and Group level.

IN 2010, A NEW UNIFORM CUSTOMER SEGMENTATION model was prepared based on inventory and assessment of segmentation methods in each operating country. Development of a harmonised innovation process on the operating country level was initiated. Various distribution models were analysed and different depot networks in operating countries were benchmarked. A best practice for the depot network structure including hubs was developed.

A definition of which products should be included in the fleet based on the segmentation model was completed.

An organisational setup for how to introduce new products in the fleet on the operating country and Group level was formalised. Adherence of brand identity and communication to existing identity guidelines and policies was validated and the next steps in implementation were planned.

A definition of existing services, concepts and solutions was mapped and a definition of Group-wide services, concepts and solutions was started. At the same time, different pricing models used in operating countries were investigated and a Group level pricing system for products and services together with a pricing tool for product pricing and profitability were initiated.

IN 2011, the new Cramo Concept will be finalised and its implementation in every Cramo country will be launched. Group-wide concept training to introduce the new concept and ensure that it is understood will be organised.

2 IMPLEMENT CRAMO PROCESSES

Implementation of harmonised Cramo Processes in every market is required

Cramo's ambition is to have harmonised, efficient business processes that allow it to fulfil its mission. The key processes consist of fleet management, offering and product development, basic rental operations, depot start-ups, training and quality assurance and sustainability as well as marketing, branding and communications.

Cramo creates operational excellence and the possibility to achieve cost leadership through uniform processes.

IN 2010–2013, Cramo's objective is to roll out a unified rental platform and harmonised key processes, develop uniform quality, safety and environmental (QSE) standards and roll out Cramo Toolbox, unified tools for business and fleet management.

IN 2010, a harmonised way to manage the fleet and a common IT tool for searching available equipment were developed and implemented in every market as part of the development of a uniform rental platform.

Depots have up-to-date information about the technical status of equipment, its location and availability for rental through common status codes. At the same time, strict guidelines for maintaining and repairing fleet were taken into use. Harmonised processes improve equipment quality as well as fleet efficiency by decreasing lead time, time when equipment is not available for rental. The Cramo Toolbox, based on fleet management processes, makes equipment transfer between depots and countries easier by making the whole Group's equipment fleet transparent to every depot.

A common pricing tool for product pricing and product profitability was introduced in every market. The tool helps in improving profitability at the depot level by increasing transparency and information about net prices.

Common targets and a unified way of working in the fleet management organisation at the Group level and operating country level were further developed. An appropriate investment process with clear checkpoints regarding time utilisation optimisation, transfer possibilities and product profitability was taken into use. Centralised purchasing and a unified fleet have proven to be the right approach, providing obvious benefits in the downturn, with no restrictions in transferring equipment between countries and regions.

As a result, fleet transfers between depots and countries were increased and fleet optimisation – time utilisation, product profitability and lead times – was improved in every Cramo country. The quality level of equipment available for rental was also improved.

QUALITY, SAFETY AND ENVIRONMENTAL (QSE) ISSUES were introduced as part of business planning. A QSE inventory and on-site visits were made in every Cramo country to develop the QSE Action List (QSE-AL) tool and determine the QSE starting position for each country. Results were reported to Group Management as a basis for mandatory activities and targets for each country. Each country chose activities to work with in the coming years and developed action plans in line with the QSE-AL and targets set by Group Management.

IN 2011, Cramo will continue to fine-tune processes and tools developed in 2010. Most effort will be put into the pricing tool and in further improvement of internal fleet efficiency by reducing lead times and developing harmonised monitoring. At the same time, the focus is to shift from equipment sales to equipment purchases to meet the increasing demand.

In QSE-issues, Cramo will focus on activities in the QSE-AL and target the roll-out of ISO certification outside the Nordic countries as well as the extension of certification from environmental (ISO 14001) and quality management (ISO 9001) to work environment and safety certification (OHSAS 18001). As a result, the Group-level QSE requirements and processes should be in place by 2013.

3 DEVELOP CRAMO PEOPLE

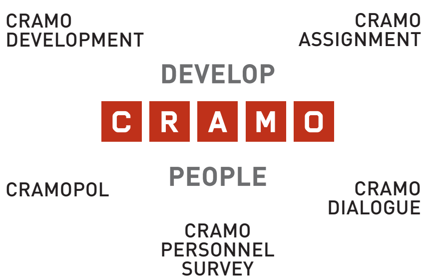
Naturally, success also calls for the input of competent, committed and customer-oriented personnel

Cramo's target in terms of personnel is to have the best people in the market with an entrepreneurial service attitude, who are rental business champions and passionate about their work. The unique Cramo spirit should be second to none. Open dialogue is the key for all internal communication. Cramo people are innovative and creative. They are trained on a continuous basis, offered career planning and job rotation, and rewarded for successful work and ideas.

IN 2010–2013, Cramo's objective is to roll out new models for training, inter-company job rotation and best practice sharing as well as Cramopol, a tool for communicating strategy and values.

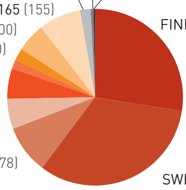
IN 2010, CRAMO REVISED THE GROUP'S HR STRATEGY to support the realisation of its new growth strategy. Five focus areas were identified as the core for success in delivering Cramo's vision and

CORNERSTONES OF HRD STRATEGY



KEY FIGURES	2010	2009	Change, %
Average number of employees (FTE)	2,083	2,356	-11.6
Number of employees at end of period (FTE)	2,131	2,018	5.6
Total number of employees	2,205	2,194	0.5
of which permanently employed	2,080	2,103	-1.1
of which temporarily employed	125	91	37.4
of which women	270	276	-2.2
of which men	1,935	1,918	0.9
Personnel Expenses /Employee (1,000 €)	48.9	43.7	11.9
Personnel Expenses /Sales, %	20.7	23.1	-10.2

EMPLOYEES BY COUNTRY 31 DECEMBER 2010 (2009)



promoting a corporate image of nurturing staff that attracts the right profile talent to Cramo.

Cramopol is a management and leadership tool for communicating and having a dialogue about Cramo's strategy and values, and for reinforcing the Company culture. More on page 16.

Cramo Development creates a common framework for employee and management training and development activities across Cramo Group. The work is to be completed in 2011. Meanwhile, competence development programmes in various countries were continued, with a further focus on developing customer service, sales and fleet management skills.

Cramo Assignment enables the mobility of key individuals across the Group and improves better cultural understanding. Creation of a generic process for expatriation and repatriation was launched in 2010.

Cramo Dialogue redefines the approach whereby Cramo engages in dialogue with its personnel for performance enhancement and talent development purposes. The aim is to create an open dialogue culture at Cramo, one with an atmosphere of confidence and trust. The method will be linked to reward mechanisms. Definition of the Dialogue process began with a renewal of the current appraisal discussion form. Performance appraisals during the year were carried out following the existing process almost everywhere in the Group.

The Cramo Personnel Survey, a uniform employee survey process was formalised. The Group level survey will be carried out in every operating country every two years, and on request more often at the country level.

THE HR ORGANISATION WAS STRENGTHENED BY THE FORMATION of a human resources development (HRD) steering group and HRD coordination group, a network of country HR specialists. The goal is to co-ordinate uniform HR activities and to ensure best practice and knowledge sharing.

IN 2011, *CRAMOPOL* will be rolled out in every Cramo country.

In Cramo Development, the requisite skills and competences needed to realise Cramo's vision and strategic ambition will be identified and defined. Based on these, core training modules will be designed and developed for on-boarding, Cramo School and Cramo Academy both at the Group and operating country level. The Cramo mentoring concept will be defined, and implementation will begin. The next Cramo Academy rounds will be in 2011 and 2013.

In Cramo Assignment, different scenarios in which an assignment becomes relevant will be identified, and cases will be exemplified. The Cramo Assignment policy and the repatriation process will both be defined.

In Cramo Dialogue, development of the structure, features and process of a dialogue with personnel will be completed together with supporting tools and templates. Implementation of the new dialogue model will be initiated.

In the Cramo Personnel Survey, a uniform employee survey will be carried out in every country.

4 BE "BEST IN TOWN", WIN THE NEXT MARKETS

Furthermore, the successful roll-out of the "Best in town" strategy in existing and new geographical areas in Europe is required

Cramo strives to be the best in each "town" of operation. This means being the leading rental solutions provider in each homogeneous local market, that is each city, district or region.

Cramo continuously evaluates its situation and ranking of depot locations based on internal and external criteria, including current market position and profitability. Action plans for each depot are created to address gaps in these. Based on an evaluation, a list of candidate depots is generated for expansion and development, a change in mode of operations or closure. Without the potential to become best in town, Cramo is ready to consider backing out even from the existing locations as well.

At the same time, Cramo is prepared to expand in existing and new markets.

IN 2010–2013, Cramo's objective is to roll out the "Best in town" strategy, develop an uniform integration model, drive growth in Russia and enter selected new European markets.

IN 2010, A UNIFORM ANALYSIS OF THE CURRENT market position and profitability of each depot was carried out. Based on the evaluation, depots were ranked for future actions. Action planning for each depot was initiated.

A NEW GROWTH STRATEGY for the Russian market was prepared.

IN 2011, depot-level action plans will be finalised and a uniform integration model will be developed. In January 2011, the acquisition of Theisen Baumaschinen broadened Cramo's geographic presence to Germany, Austria, Switzerland and Hungary. Growth opportunities in Cramo's markets will be further assessed in 2011.

5 DRIVE MODULAR SPACE GROWTH

Driving growth in the modular space business is also a must-win-battle for Cramo

Cramo provides flexibility, simplicity and interchangeability to its modular space customers with modular units of the same standards as permanent premises. The number of units is easy to adapt, expand or reduce based on customer needs, given the high degree of standardisation. A new building can be erected in just a few weeks.

In modular space, Cramo strives for growth that surpasses the market. The target is to maintain a clear leading position in Finland and Sweden while strengthening its positions in Norway and Denmark. Furthermore, Cramo aims to seize the opportunity in the less mature Central and Eastern European markets. This is done through the transfer of knowledge, utilisation of the existing standardised Nordic fleet, launch of new products and utilisation of proven product development competences.

By actively developing its modular space business, Cramo ensures a stable cash flow and provides synergies with its general rental. Since 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, it allows the Group to reduce its sensitivity to economic fluctuations.

IN 2010–2013, Cramo's objective is to drive modular space growth specifically in Norway and Denmark as well as outside the Nordic countries.

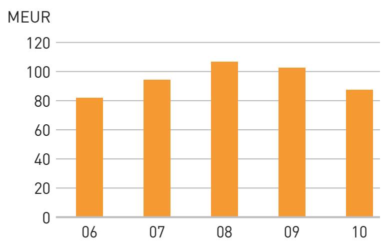
IN 2010, CRAMO CONTINUED TO STRENGTHEN its modular space organisations, particularly in sales and product development. The transfer of knowledge from Sweden and Finland was initiated to support the growing modular space organisation in Norway, Denmark and the Central and Eastern European countries. A modular space steering group with representatives from each Cramo country was formed to ensure optimisation of Group synergies and assistance in developing new markets. Modular space business processes were harmonised and the competences required in each country were identified. These, together with inter-country support teams, assist in developing new markets. Construction of a hub structure for modular space in Denmark and Norway began.

THE CRAMO GREEN MODULE, the first environmentally-friendly module launched in 2010, was further developed. As a result, a new high-quality Group-level concept for schools, day-care and office was developed, to be launched in early 2011. The rental of non-construction modules was also initiated in the Central and Eastern European countries.

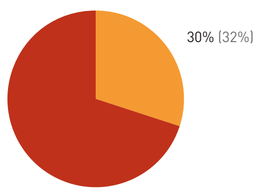
Cramo strengthened its position in modular space in all the Nordic countries. In CEE, the first non-construction agreements were signed. The company is well-positioned to take advantage of the anticipated change in demand for higher quality and greener solutions.

IN 2011, Cramo will continue to drive growth in Norway and Denmark as well as create markets for non-construction applications in the Central and Eastern European countries. At the same time, Cramo will play an active role in industry organisations and in co-operation with decision makers.

MODULAR SPACE ORDER BOOK, MEUR



SALES OF MODULAR SPACE 2010 (2009),
% OF GROUP SALES



BEST IN TOWN IN KALININGRAD

After an extensive market investigation, a new depot was opened in Kaliningrad in 2009. All the preparations were aimed at establishing the basis for becoming the leading rental provider in the region. Cramo has so far succeeded in this. It has the competence, open mindedness and ability to find new solutions that are top class in the Kaliningrad region.

PLANNING FOR, setting up and running a new depot in the first few months, require not just in-depth know-how about the company's processes, but also hands-on skills in every aspect of the depot's day-to-day operations. Every new location has its own challenges.

- "The location chosen in the industrial part of the city is logistically very convenient for customers. The depot is located on the property of a construction material warehouse for retail and wholesale so we can bring further value to our customers since our offerings complement each other," says Mr Jurij Vasiljev, Business Development Director at Cramo Lithuania, Latvia and Kaliningrad.

EXTENSIVE EXPERIENCE from the Lithuanian and Latvian markets was a great help in making decisions for the offering.

- "The depot was furnished with surplus equipment from other operating countries. The fleet management system shared with Lithuania and Latvia enables us to keep up to date on available equipment. So we can provide our customers equipment not included in our assortment, like heavy construction machinery, as an internal transfer with a short lead time. Furthermore, our product and service portfolio is continually being expanded to respond to customer needs. For example, we introduced ground water pumps since there was a constant demand to decrease water level in dams," Mr Vasiljev explains.

AT THE MOMENT, the Kaliningrad depot provides almost a full range of Cramo tools and construction equipment, a selection of access equipment and most of the service concepts. Modular space applications are also available both for construction and non-construction.

- "Professional personnel ensure in-time delivery and excellent service. In hiring, we used the same recruiting company as in Lithuania and Latvia. Some experts were recruited from Cramo's Lithuanian and Latvian depots. And both depot managers are from our Lithuanian organisation. In transferring this know-how and experience about Cramo's values, business model and processes, we have been able to quickly set up a first-class organisation," Mr Vasiljev notes.

KALININGRAD IS A GROWING market with considerable potential for equipment rental. Both infrastructure and equipment rental are in their early phases of development. In addition, there are large renovation projects underway.

- "There is a need to create the equipment rental market since the tradition here is to own equipment. For example, we started a project depot at the Baltic Nuclear Power Plant (BNNP) construction site last spring as a result of active sales. The depot offers tools and generators based on BNNP's needs while delivering heavier equipment from Kaliningrad. The customer also used our modules as offices. What is more, we delivered equipment for three other cities from the project depot because of our proximity," Mr Vasiljev adds.

- "**EFFICIENT HARMONISED** Group-wide business processes with best practices identified across the company have made start-up quick and easy from identifying a location and setting up facilities to recruiting and training employees to using standard rental concepts and solutions. So it is not surprising that we have become the market leader, the best in town, in equipment rental in a very short time," Mr Jurij Vasilijev notes.

- "And we are doing our best to maintain this leading position and become the customer's first choice in our selected target group. For example, within the next few years, we aim to have a network of three to four depots to provide our clients efficient service throughout the region. At the same time, we strive for continuous improvement in our customer service and in introducing new products and services in the market while keeping profitability and cost efficiency at a good level," says Mr Vasilijev summing up the future focus areas.

BEST IN TOWN, WINNING NEW MARKETS / KALININGRAD

CRAMO CARE – ROADMAP TO RESPONSIBILITY AND SUSTAINABILITY

As part of its strategy revision, Cramo also updated its approach to responsibility and sustainability in 2010. A new roadmap, Cramo Care, will form a structure that incorporates all aspects of a sustainable business for all stakeholders, from customers and employees to shareholders, suppliers and the local community. It will strengthen the business and brand while enabling Cramo to become the leader in responsibility and customer care.

CRAMO CARE'S KEY ISSUES

Climate: introducing climate calculations in the Nordic countries

Suppliers: introducing sustainability requirements in our supplier contract

Training: developing Cramo School, Cramo Academy and rolling out Cramopol

QSE: implementation of the QSE Action List in every country

Workplace: Group-level reporting of work accidents including reduction target

Management system: ISO, Code of Conduct, Operating Principles

Reporting: assessment of Global Reporting Initiative (GRI) as the basis

LEADERSHIP IN RESPONSIBILITY AND CUSTOMER CARE

Cramo Care is a clear framework that outlines the focus areas and the means by which Cramo will promote responsibility over the next three years. It entails everything covered by, or related to, the UN Global Compact, that is, the environment, including quality and safety (QSE), work environment and employee relations, business ethics and social responsibility.

Cramo Care is implemented through the Cramo Care roadmap for 2011–2012, which specifies the entire Group's shared responsibility strategy and organisation, key sustainability issues and the reporting and management system guiding the annual goal-setting and operational planning.

UN GLOBAL COMPACT SERVES AS BASIS

The international sustainability principles for Cramo's business are based on corporate responsibility principles outlined in the UN Global Compact since it joined the compact in 2009. By using international tools, such as a Code of Conduct and ISO certification, Cramo will ensure a harmonised approach for working towards Cramo Care.

Cramo's Code of Conduct lays the foundation for the Company's business conduct across the world. All Cramo employees are expected to conduct themselves and their business in compliance with the code – without exception. The Code of Conduct is based on Cramo's values and formed within the frame of the UN Global Compact. It includes principles pertaining to employee rights and ethical conduct.

Internally, progress is monitored via local business planning processes and internal audits. Externally, progress is reported to the Global Compact Office on a yearly basis. Use of the Global Reporting Initiative (GRI) as a reporting base will be evaluated.

STEP BY STEP

Cramo's sustainability strategy and organisation, together with a more detailed analysis of the current situation and action plans, are detailed incrementally at the Group level starting in 2010. A Group-level coordinator will be appointed to monitor execution of the strategy and roadmap. A coordinated strategy will be implemented and adapted by countries on a step-by–step basis.

SOLID FINANCIAL PERFORMANCE A PREREQUISITE

Cramo is committed to continuously creating added value for its shareholders, customers, employees, suppliers and other significant stakeholders as well as generating economic well-being for all its operating countries. Cramo as a company and in its customer relationships are long-lasting and sustainable.

"SUSTAINABILITY. RESPONSIBILITY. CSR. QSE: A BELOVED CHILD HAS MANY NAMES. AT CRAMO WE SIMPLY CALL IT CRAMO CARE;

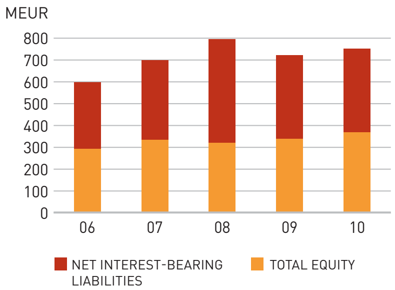
- **WE CARE** about our customers and their safety
- **WE CARE** about our employees and their work environment
- **WE CARE** about the environmental impact of our operations
- **WE CARE** about the communities in which we operate"

Vesa Koivula, President and CEO, Cramo Group

A strong financial performance and long-term business profitability are prerequisites for ensuring Cramo's responsibility towards the environment and society. This requires efficient, profitable and competitive Company operations.

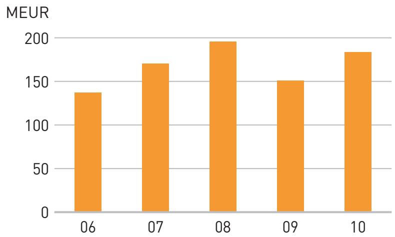
More on pages 56–65.

CAPITAL STRUCTURE, MEUR



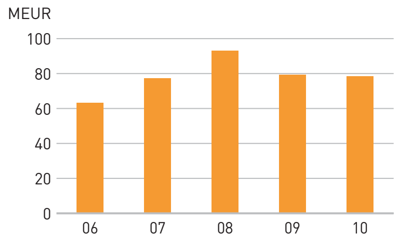
Capital structure improved further in 2010

MATERIALS AND SERVICES PURCHASED, MEUR



The use of materials and services increase with recovering business volumes

SALARIES AND WAGES, MEUR



Salaries and wages remained nearly unchaged in 2010

ECONOMIC IMPACT

Customers
Net sales in 2010
M€ 492.1
(M€ 446.7)

Other operating income
M€ 15.1
(M€ 7.3)

CRAMO

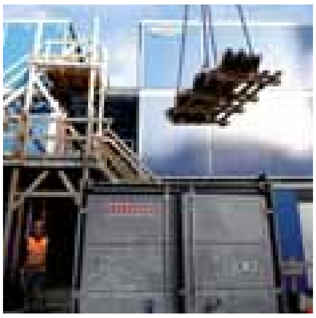
M€	2010	2009	CHANGE, %
Suppliers of materials and services			
- Materials and services and other expenses	286.1	244.3	17.1
- Gross capital expenditure	52.4	31.5	66.5
Personnel			
- Employee salaries, wages and bonuses	78.4	79.2	-1.0
Public sector and society			
- Taxes and social security charges	26.0	23.2	12.3
Owners and financial community			
- Finance expenses	29.3	24.4	20.1
- Dividends	-	6.1	-100.0

See more on Cramo's responsibility at **www.cramo.com > Corporate responsibility**

BUSINESS REVIEW

PROFITABILITY IMPROVED IN NEARLY EVERY MARKET

	STRATEGIC TARGETS FOR 2010–2013	KEY ACTIVITIES AND ACHIEVEMENTS IN 2010
FINLAND	• Increase market share • Return EBITA level to 2008 levels • Implement several new service offerings	• #2 market position strengthened • Significant outsourcing agreements signed • New rental-related services introduced • Profitability improved • Operational flexibility and utilisation rates improved
SWEDEN	• Be "best in town" • Increase efficiency • Improve profitability and return on investment	• #1 market position strengthened • New service concepts launched • Fleet-related processes and efficiency developed • Cramo spirit and operational model enhanced • Profitability at a good level
NORWAY	• Improve profitability and return on investment • Be "best in town" • Grow through organic measures as well as outsourcing and acquisitions	• Satisfactory profitability achieved in a challenging market situation • Reorganisation of logistics, transport and service network nearly completed • #2 market position achieved • Customer relations strengthened • Customer base expanded in construction and industry segments
DENMARK	• Achieve acceptable level of profitability • Build long-term sustainable profitability with full Cramo offering • Be "best in town" in selected areas	• Focus on core processes and key customers • Renewed organisation and management team • Basic processes aligned and improved • #2 market position achieved in a challenging market
CENTRAL AND EASTERN EUROPE	• Grow profitably faster than the market • Be the best rental service provider on the local level in each market • Decrease dependence on the construction industry	• Sales and profitability developed positively in Russia and the Baltic countries • Market position and Nordic customer base strengthened in Moscow and the Kaluga and Kaliningrad regions • Sales maintained at good level and customer base expanded in infrastructure in a difficult market situation in Poland • Improved fleet efficiency in Poland, the Czech Republic and Slovakia • Non-construction modular space applications introduced in the Baltic countries and Poland



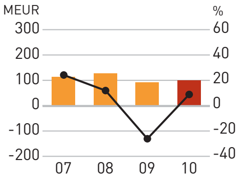

PRIORITIES IN 2011

FINANCIAL PERFORMANCE 2007–2010

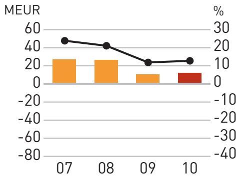
Sales · Sales growth % · EBITA · EBITA, % · Gross capex · Gross capex as % of sales

- Achieve improved growth and profitability
- Further increase customer focus: service levels, new services and concepts, expanded customer base
- Utilise outsourcing opportunities

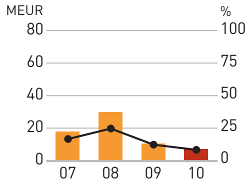
SALES, MEUR AND SALES GROWTH, %



EBITA, MEUR AND EBITA, %

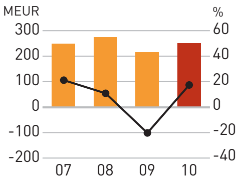


GROSS CAPEX, MEUR* AND CAPEX AS % OF SALES

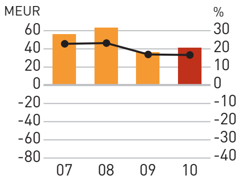


- Strengthen capability for add-on sales
- Excel in fleet management
- Develop depot productivity and customer service
- Further develop effective pricing and discounting policy
- Sharp cost control and defined key performance indicators

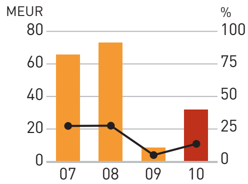
SALES, MEUR AND SALES GROWTH, %



EBITA, MEUR AND EBITA, %

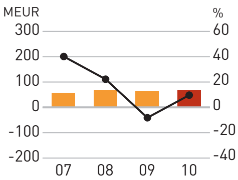


GROSS CAPEX, MEUR* AND CAPEX AS % OF SALES

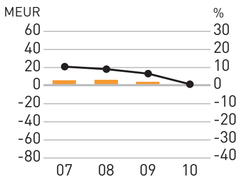


- Effective pricing and discount policy
- Prioritise investments in product areas where profitability opportunities are greatest
- Develop cost control and key performance indicators
- Increase growth, but with increased profitability

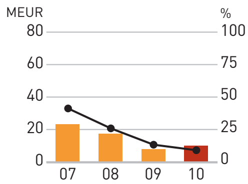
SALES, MEUR AND SALES GROWTH, %



EBITA, MEUR AND EBITA, %

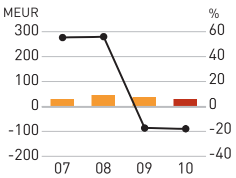


GROSS CAPEX, MEUR* AND CAPEX AS % OF SALES

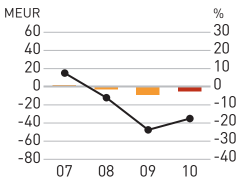


- Improve profitability
- Focus on profitable core business and customers as well as in areas with strong Cramo positions
- Improve pricing
- Pursue outsourcing deals and acquisitions
- Expand and build further from strong base in non-construction modular space

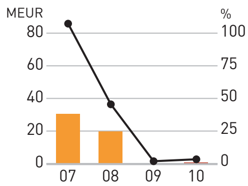
SALES, MEUR AND SALES GROWTH, %



EBITA, MEUR AND EBITA, %

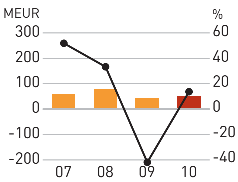


GROSS CAPEX, MEUR* AND CAPEX AS % OF SALES

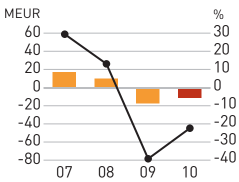


- Improve pricing and fleet optimisation in the Baltic countries
- Focus on strategic customers, organisational and process development as well as increasing tool rental in Russia
- Enlarge the "best in town" concept in the Baltics, Russia and Poland
- Grow profitably by rolling out the Total Solution Provider Concept as well as depot and hub optimisation in Poland
- Expand network and product range in the Czech Republic and Slovakia

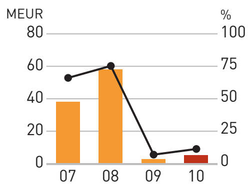
SALES, MEUR AND SALES GROWTH, %



EBITA, MEUR AND EBITA, %



GROSS CAPEX, MEUR* AND CAPEX AS % OF SALES



* Gross capital expenditure excluding business combinations

For further information about Cramo's financial performance, see pages 6–7 and 61–65 (Group) and 73–74 (business segments).
Releases for 2010 can be found at www.cramo.com > Investors > Releases.

CLEAR UPTURN IN FINLAND

Despite the low level of construction market activity, Cramo secured a double-digit EBITA margin and strengthened its number two position in the Finnish equipment rental market. Intensive demand together with several outsourcing deals and acquisitions provides an excellent base for further growth.

PROFITABILITY IMPROVED

Construction activity remained low in the first half of 2010. As a result of the economic recovery in the second half of the year, construction is estimated to have grown 2.0% in 2010 according to the Confederation of Finnish Construction Industries RT and by more than 4.4% according to Euroconstruct.

The upturn was visible particularly in residential construction which was up by 17.8% according to Euroconstruct, with new housing starts exceeding the previous year's level by as much as one third and with a clear increase in renovation projects thanks to government support measures. While civil engineering continued at the previous year's level, commercial and office construction activity declined further. Demand in modular space continued to develop well.

The Finnish operations reported sales of EUR 99.6 (92.1) million, up by 8.2%. The recovery in demand and successful implementation of adjustments, such as improving the efficiency of fleet management, had a positive impact on full-year profit. EBITA totalled EUR 12.5 (10.7) million, up by 16.5%, or 12.5% (11.6) of sales. The profitability of modular space remained good throughout the year. In 2009–2010, Cramo converted a total of 21 depots into entrepreneur-managed franchise outlets, which has increased the flexibility of operations. Fleet utilisation rates improved substantially.

Reflecting increasing interest in fleet outsourcing, Cramo expanded its long-term collaboration with Lemminkäinen Group and became its preferred equipment supplier. Cramo also acquired a significant portion of the Finnish company Lambertsson Oy's rental business and signed a five-year rental equipment agreement with Peab Finland. The Company's market position was strengthened in eastern Finland as well as in the Tampere and Turku regions in particular. Overall, Cramo holds a solid number two position in the Finnish market.

Cramo's service network consists of 58 (57) depots of which 21 (15) are entrepreneur-managed franchise outlets with a hub structure in place.

NEW SERVICES, STRONGER POSITION

In Finland, Cramo has a full Cramo Concept offering with a balanced mix of sales across product areas.

Close cooperation with builders has enabled Cramo to develop services and equipment fleet to correspond even better to its customers' needs. A new service concept, Cramo On Site Support, provides a comprehensive service for builders from site electricity to lighting and drying. It allows customers to concentrate on the actual construction while Cramo takes care of the rental and rental-related services according to an agreed plan.

In 2010, development of customer service was continued. Quality systems for

all of Cramo's own and franchise depots were certified. Work for full QSE certification of all operations was initiated and will be completed in 2011. Rental training aimed at the implementing the Group's new joint enterprise resource planning system in early 2011 was also completed. The system will further increase efficiency and flexibility.

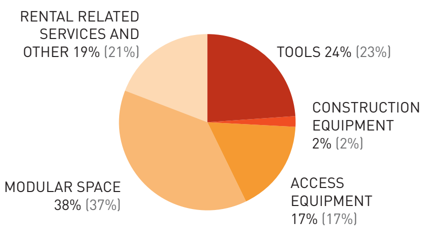
STABLE GROWTH IN SIGHT

In 2011–2013, Euroconstruct predicts quite stable improvement in total construction output in Finland, with about 3% annual growth. Residential construction is expected to continue to drive the construction recovery, increasing nearly 7% in 2011. Non-residential construction

KEY FIGURES	2010	2009	Change, %
Sales, MEUR	99.6	92.1	8.2
EBITA, MEUR	12.5	10.7	16.5
EBITA-%	12.5	11.6	
Gross capital expenditure, MEUR	7.2	10.4	-30.6
Number of depots	58	57	1.8
Average number of employees	529	632	-16.3

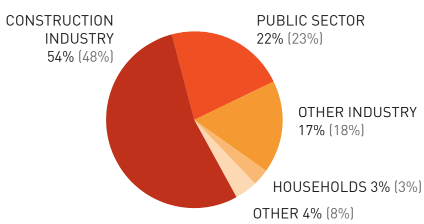
SALES BY PRODUCT GROUP 2010 (2009)

% OF TOTAL SALES



SALES BY CUSTOMER SEGMENT 2010 (2009)

% OF TOTAL SALES



USAGE OPTIMISATION THROUGH THE FLEET LIFE CYCLE

A brand new air compressor, item XAS97 is delivered by lorry to the hub in Riga. An entry in the Cramo fleet management system starts its life as one of 180 000 units in the Group's rental fleet. After that, what counts the most throughout its life cycle is usage optimisation. The life cycle of XAS97 shows how Cramo will win the battle to implement uniform processes throughout the Group.

Before the centralised purchasing unit has placed the order for the XAS97, Cramo's internal time utilisation reports indicated a lack of this kind of air compressors with no internal transfer possibilities. Before the investment was made a profitability assessment was also done for that specific type of air compressor.

- "The time utilisation rate – the number of days rented out in a year – is the most important key performance indicator for fleet optimisation since it directly reflects our internal efficiency. Time utilisation target levels vary by product group and product types. They are monitored daily and used as the basis for purchase decisions," explains Mr Martin Holmgren, VP Fleet Management at Cramo.

The air compressor also completed the equipment brand selection process based on a combination of factors – price, technical lifetime, brand recognition, second-hand value, cost of spare parts, service intervals and supplier support.

ONCE THE XAS97 WAS ADDED to the fleet, it was assigned a minimum annual rental revenue (MARR) target set for each product type. At the same time, XAS97 was given a scheduled maintenance plan to maximise its lifetime. Following the initial delivery inspection and registration in the rental system, the XAS97 was available for rental.

- "Since we have a well harmonised standardised fleet as well as guidelines, internal fleet handling processes and a rental system that supports inter-company trading, this XAS97 may visit every one of our 11 operating countries during its lifetime. The air compressor will be rented out around 500 times during its ten-year lifetime. A unique product search tool launched this year makes clear the location and status of all equipment throughout the Group," says Mr Holmgren.

UPON RETURN TO THE DEPOT network, the XAS97 is checked which includes cleaning as well as quality and safety inspection. The air compressor is transferred to service or repair if it is damaged or due for scheduled maintenance. To reduce the internal lead times of equipment – time used in return control, repair or service – every operating country has implemented harmonised processes. Furthermore, several supplier contracts have been signed for service and repair with guaranteed lead times.

- **"FLEET UP-TIME** is crucial for optimising total cost of ownership. One day in a workshop is lost revenue that can never be regained. Efficient processes in return handling and repair are improving time utilisation substantially. Central workshops have been implemented in many markets with very positive lead time and quality effects," Mr Holmgren adds.

At the end of its lifetime, or when time utilisation rates indicate equipment overcapacity for example due to structural changes in market demand, the XAS97 is sold through the sales organisation for specialised used equipment.

- "According to our product lifetime guidelines the optimal time to sell is when used equipment value is still satisfactory. At the same time, we make sure that when XAS97 is sold, it has been properly maintained. Cramo has built a reputation for having well-maintained equipment, which attracts international traders who purchase equipment at premium prices. Used equipment sales are an important component in the total cost of our ownership model," Mr Martin Holmgren concludes.

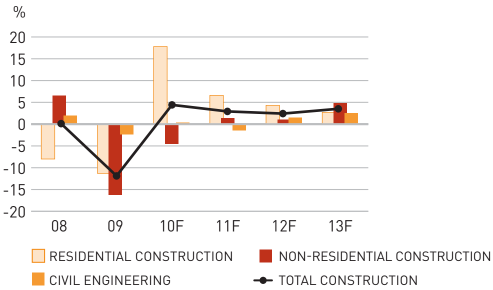
IMPLEMENT CRAMO PROCESSES / FLEET OPTIMISATION

is expected to support growth from 2011 onwards, with civil engineering expected to decline slightly. In 2012–2013, all construction subsectors are projected to experience balanced growth.

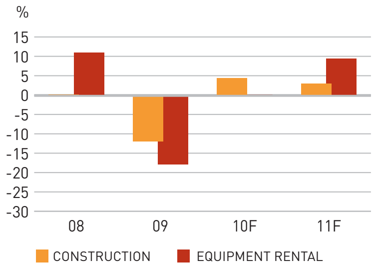
Rental demand is forecasted to rebound faster than the construction industry in 2011. Increasing demand and recovering rental prices accompanied by improving rental penetration will contribute to a growth in rental revenues in 2011.

Sources: Euroconstruct, December 2010; European Rental Association, Spring 2010.

CONSTRUCTION SUBSECTORS IN FINLAND
2008–2013, CHANGE IN CONSTRUCTION OUTPUT, F=FORECAST



CONSTRUCTION VS. RENTAL IN FINLAND
2008–2011, F=FORECAST



SOURCES: EUROCONSTRUCT, DECEMBER 2010; THE EUROPEAN RENTAL INDUSTRY 2009 REPORT, EUROPEAN RENTAL ASSOCIATION, SPRING 2010

POSITION STRENGTHENED IN SWEDEN

Cramo managed the downturn with a good level of profitability and strengthened its leading market position in equipment rental in Sweden. The company is well positioned for the growth.

PROFITABILITY AT A GOOD LEVEL

The demand for construction and equipment rental services in Sweden developed favourably throughout the year. Growth was particularly strong in the Stockholm area and in southern Sweden, and it picked up elsewhere in the second half of the year. The Swedish Construction Federation (Sveriges Byggindustrier) estimated the growth in construction activity in 2010 of 3.0% and Euroconstruct of 2.4%. Growth expanded from strong activity in the civil engineering sector in the previous year, up by 3.7% in 2010 to residential construction, up by 6.2%, particularly new residential construction. The demand for modular space remained good.

The Swedish operations reported sales of EUR 251.9 (215.7) million, up by 16.8%. In local currency, the change in sales was 5.2%. EBITA was EUR 41.2 (36.0) million, up by 14.3%, or 16.4% (16.7) of sales. In the first half of the year, profitability was weakened by price pressure, high repair and maintenance costs, and intra-Group transfers of equipment. However, growing demand and a clear improvement in fleet utilisation rates boosted full-year earnings. Nevertheless, shorter rental periods increased transport and repair costs. The profitability of modular space remained at a good level throughout the year.

Cramo sold its heavy equipment driving and operating services business in Sweden to Peab and renewed its equipment rental contract with Peab for the next five years. The business sold comprises rental-related driving and operating services which have generated sales of some EUR 15 million on an annual level. Acquisition of the rental business of Svensk Byggleasing and an outsourcing agreement with Frijo AB, reinforced Cramo's number one position in the Stockholm area.

Cramo has a network of 119 (116) depots with a hub structure in place. The network includes 41 (40) franchise depots.

NEW AND IMPROVED SERVICES

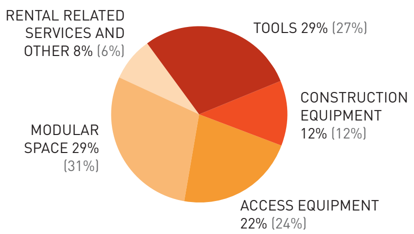
In Sweden, Cramo has a full Cramo Concept offering with a balanced mix of sales across product areas. In 2010, a new service concept, Dry Construction, was developed for preventing damage and delays in the construction process due to weather. The comprehensive concept, covering everything from instructions and products to building, operating and measuring humidity on site, will be launched in early 2011. The reception of green building – energy-efficient modules with efficient water heating launched in 2009 – was excellent, with one third of new projects using the new concept.

Long-term investment in processes and customer service resulted in improved productivity, better maintained machines and high-quality project management. The number of larger projects in sales subsequently increased.

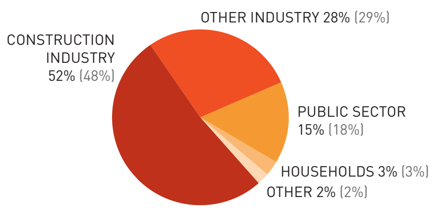
Cramopol, a game based on Cramo's strategy and values, and developed together with personnel, was launched and played

KEY FIGURES	2010	2009	Change, %
Sales, MEUR	251.9	215.7	16.8
EBITA, MEUR	41.2	36.0	14.3
EBITA-%	16.4	16.7	
Gross capital expenditure, MEUR	31.8	8.4	278.7
Number of depots	119	116	2.6
Average number of employees	677	683	-0.9

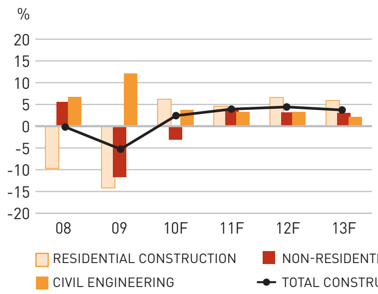
SALES BY PRODUCT GROUP 2010 (2009)
% OF TOTAL SALES



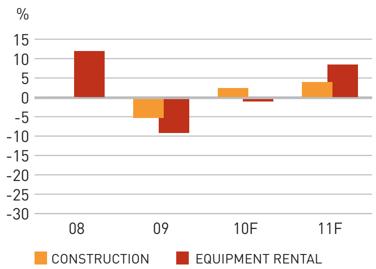
SALES BY CUSTOMER SEGMENT 2010 (2009)
% OF TOTAL SALES



CONSTRUCTION SUBSECTORS IN SWEDEN
2008–2013, CHANGE IN CONSTRUCTION OUTPUT, F=FORECAST



CONSTRUCTION VS. RENTAL IN SWEDEN
2008–2011, F=FORECAST



SOURCES: EUROCONSTRUCT, DECEMBER 2010; THE EUROPEAN RENTAL INDUSTRY 2009 REPORT, EUROPEAN RENTAL ASSOCIATION, SPRING 2010

CRAMO DRY CONSTRUCTION IMPROVES CONSTRUCTION QUALITY

Dampness in buildings causes billions of euros in damage each year. It often leads to the growth of moulds and bacteria and creates an unhealthy environment for occupants. Furthermore, it raises building costs and often delays construction projects. Cramo Dry Construction is a good example of how the Cramo concept is renewed. It is the first complete concept in the rental market to protect against the weather, thus improving construction quality and making the building healthier.

- "Experience has shown that, with good weather protection, we can not just prevent buildings from damaging humidity and mould problems but also improve the quality of construction, shorten the construction time and increase productivity. With a good weather protection, you can build throughout the year and still have fewer absences from work due to illness," explains Mr Erik Bengtsson, SVP and MD, Cramo Sweden, noting the reasons for developing the new service.

Cramo Dry Construction is a comprehensive solution for preventing damage and delays in the construction process caused by weather. As a complete package, it combines advice and training with the products required to protect the construction site from dampness and measure air humidity.

- **"THE MOST ESSENTIAL THING** in preventing dampness is to understand construction regulations and laws as well as what kind of products can be used for damage prevention in every kind of weather. We have years of experience in weather protection from construction projects of various types and sizes. So we are flexible and can provide detailed instructions or training, based on the customers' needs, on everything from the effects of dampness at construction time on building to how to prevent the damages caused by weather as well as methods and products available for different kinds of weather challenges," Mr Bengtsson explains.

- **"THE NEED** for weather protection products varies by construction sites. However, quite often the protection should be set up quickly. We can promptly deliver widest range of weather protection products and temporary site huts in the market, no matter whether it involves heating or drying equipment, tarpaulins or halls of various sizes for short or longer periods. For example, halls from 100 m² or larger can be set up or dismantled within a few days in a turnkey project," Mr Bengtsson says.

The new concept has been developed together with NSS, a Swedish supplier of weather protection materials.

- "Cramo's ambition is to be the driver of rental development. We are continuously developing new offerings that create more value for our customers, for instance, by improving our customers' processes," Mr Bengtsson concludes.

CRAMO DRY CONSTRUCTION

- weather protection products (tarpaulins, shelters, halls)
- advice and consultancy
- training and measurement services

RENEW THE CRAMO CONCEPT / CRAMO DRY CONSTRUCTION

in every district. As a result, a uniform Cramo culture and operational mode were reinforced, and dozens of new initiatives to develop operations were implemented. The game will be rolled out later in other Cramo countries. New trainee programmes both for new recruits and potential new managers were launched.

GROWTH TO CONTINUE IN 2011

The rate of growth in the Swedish construction market is expected to increase in 2011 to 4–5% according to Euroconstruct and the Swedish Construction Federation. Euroconstruct expects residential construction to grow by 4.6% while civil engineering will follow at a rate of 3.3%. Non-residential construction is expected to turn positive in 2011, with a growth rate of 3.8%. In 2012–2013, annual growth in residential construction is predicted to continue at about 6%, while the other subsectors should grow at a slightly lower rate.

Rental demand is expected to recover, with growth over 8% in 2011, considerably faster than the underlying construction output.

Sources: Euroconstruct, December 2010; Swedish Construction Federation, December 2010. European Rental Association, Spring 2010.

SECOND LARGEST RENTAL SERVICE PROVIDER IN NORWAY

Despite the challenging market situation, Cramo succeeded in expanding its market position in Norway. According to internal estimates, the Company is the second largest rental service provider in the sector in Norway. Cramo will continue measures to improve profitability.

PROFITABILITY SATISFACTORY

Euroconstruct estimates that construction decreased by 3.1% in Norway in 2010. However, demand started to recover in the second half of the year. Residential construction grew, up by 3.7%, but commercial and office construction as well as civil engineering declined, down by 7.5% and 3.7% respectively. The demand for modular space increased slightly in 2010.

The Norwegian operations reported sales of EUR 69.1 (63.4) million, up by 9.0%. In the local currency, the change in sales was 0.4%. Intense price competition in the first half of the year was reflected in Cramo's profit. Nevertheless, the situation improved in the second half of the year, resulting in better profitability from the third quarter onwards. EBITA was EUR 0.3 (4.0) million, down by 92.4%, or 0.4% (6.3) of sales. The result includes credit losses and credit loss provisions of EUR 0.7 (0.2) million.

Measures aimed at improving profitability will continue, including a reorganisation of logistics and transport as well as the service and maintenance network. Utilisation rates improved slightly. Price levels also improved before the end of the year.

SERVICE RANGE FURTHER IMPROVED

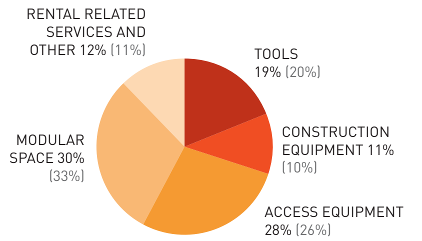
In Norway, Cramo has a full Cramo Concept offering with a balanced mix of sales across product areas. In 2010, a new service concept, Site Security, was introduced, and the modular space organisation was strengthened. With one new franchise depot, Cramo has a network of 29 (27) depots with a hub structure in place.

As a result of focusing on developing key customer accounts, the number of contracts from existing customers increased. The customer base also expanded among industry and public sector customers. For example, Cramo signed significant agreements with Elkem AS in the industrial sector and with the mobile crane supplier Nordic Crane Group AS. The latter, a five-year strategic co-operation agreement, covers the entire Nordic region. As part of the arrangement, Cramo acquired the entire share capital of Hego Maskinutleie AS, a Bergen-based access equipment rental company, from Nordic Crane. The agreements broaden Cramo's customer portfolio in the industrial sector in particular and offer Cramo's customers an even better range of services and products.

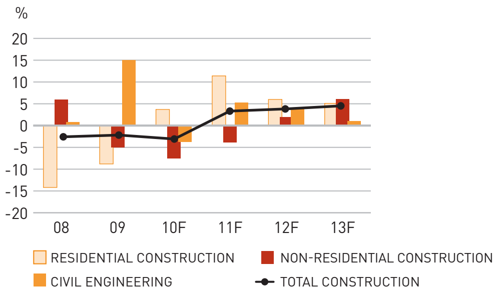
In modular space, for example, Cramo signed a contract on about 6,000 m²

KEY FIGURES	2010	2009	Change, %
Sales, MEUR	69.1	63.4	9.0
EBITA, MEUR	0.3	4.0	-92.4
EBITA-%	0.4	6.3	
Gross capital expenditure, MEUR	5.6	7.8	-28.6
Number of depots	29	27	7.4
Average number of employees	184	188	-2.1

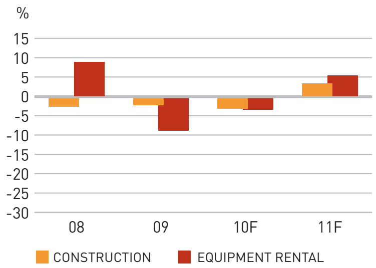
SALES BY PRODUCT GROUP 2010 (2009)
% OF TOTAL SALES



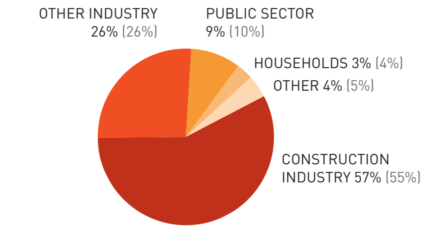
CONSTRUCTION SUBSECTORS IN NORWAY
2008–2013, CHANGE IN CONSTRUCTION OUTPUT, F=FORECAST



CONSTRUCTION VS. RENTAL IN NORWAY
2008–2011, F=FORECAST



SALES BY CUSTOMER SEGMENT 2010 (2009)
% OF TOTAL SALES



SOURCES: EUROCONSTRUCT, DECEMBER 2010; THE EUROPEAN RENTAL INDUSTRY 2009 REPORT, EUROPEAN RENTAL ASSOCIATION, SPRING 2010

ROLLING OUT THE UNIFIED CRAMO CONCEPT WELL UNDERWAY

Within the last few years, Cramo has focused on the systematic implementation of a unified offering in every operating country. As a result, in Poland Cramo has extended its offering from mainly access equipment and tools to almost total rental solutions for the construction industry while improving internal efficiency. At the same time, expansion into other customer groups and geographical areas is underway.

Since 1996, when operations first started in Poland, Cramo has expanded its operations by acquiring access equipment rental companies as well as by opening new depots.

- "**BY MERGING** the access businesses with general equipment rental operations, we have created one strong Cramo with a full product and service offering and a network of 18 depots. By the end of 2010, we had 14 general rental depots and four depots specialising in access equipment. We also have two units specialising in site huts and hoist equipment. All types of depots work closely together to provide a full offering to customers. We are also working on further unifying of the organisation in order to gain even more synergies," explains Mr Bernard Michalczewski, Country Manager at Cramo Poland.

- "Our rental platform is a great help in providing a total offering, especially after including the access equipment division and implementing a new fleet monitoring tool. As a result, some 10% of the fleet is transferred monthly between depots while availability of customer information enables more efficient cross-selling to wider customer groups," Mr Michalczewski notes.

SPECIAL ATTENTION HAS BEEN focused on gaining new small and medium-sized customers for access equipment in order to reduce dependence on large accounts and support price recovery. Sales organisation has been strengthened by recruiting a new project manager.

- "We have started to offer our non-construction modulars with a specialised product for municipalities. At the same time, it is a good opportunity to introduce our whole offering for them," Mr Michalczewski says.

A great deal of time has also been spent on improving efficiency. For example, in 2010 the central repair centre in Warsaw was reorganised. It will be fully operational in February 2011. Equipment service contracts have also been renegotiated, providing Cramo with new operational opportunities.

- "**BEING A PART OF A GROUP** provides other advantages in addition to common business concepts and processes or sharing know-how. For example, we extended our network of customer point-of-contacts in 2010 by opening shop-in-shop depots in collaboration with Onninen, a Finnish company, that offers comprehensive materials services. And the idea for this came from the Group level at Cramo," Mr Michalczewski notes.

- "For us, these shop-in-shops with their basic offering are excellent promotional places while they allow us to expand our operations by sharing a customer base and costs in new markets. Cramo's and Onninen's offerings complement each other and we can cross-sell and market together," Mr Michalczewski continues.

- "**ROLLING OUT THE CRAMO CONCEPT** is well underway in Poland. However, there is still lot to be done. So we will continue to implement common concepts and processes while looking at opportunities to expand the network and strongly reinforce the fleet," Mr Michalczewski concludes.

ROLLING OUT THE CRAMO CONCEPT / CRAMO POLAND

of facilities for the press and athletes, including some 300 units of modular space for the 2011 Nordic World Ski Championship in Holmenkollen.

OUTLOOK VARIES BY SECTOR

After further contraction in the construction market in 2010, Euroconstruct/Prognosesenteret forecast that construction recovery will start in 2011 in Norway with a clear pick-up in residential construction activity. Residential construction is expected to grow by 11% while total construction output should expand by 3%. Civil engineering is also projected to swing to clear growth, while non-residential construction could see another year of decline. Moreover, stable construction growth is projected also towards 2012–2013, with a revival in non-residential construction offsetting lower growth rates in civil engineering.

Increasing rental demand from construction and recovering rental rates in conjunction with an improving rental penetration rate are expected to lead a clear recovery for rental activity in 2011.

Euroconstruct, December 2010; European Rental Association, Spring 2010.

NUMBER TWO POSITION ACHIEVED IN DENMARK

Cramo's results fell short of expectations in Denmark, where the market situation remained extremely difficult. However, according to internal estimates, Cramo succeeded in becoming the second largest rental service provider in the sector, further strengthening its position outside the construction industry, particularly in the health care sector.

PROFITABILITY UNSATISFACTORY

The decrease in construction activity in Denmark exceeded expectations in 2010. In its December forecast, Euroconstruct estimated that construction had decreased by 7.2%. Residential construction decreased by more than 9%, and commercial and office construction by almost 10%. Civil engineering construction remained at the previous year's level. The demand for modular space remained good despite the weak market situation.

Cramo's Danish operations reported sales of EUR 29.5 (36.3) million, a decrease of 18.8%. Although performance improved throughout the year, with almost break-even results in the fourth quarter, the yearly EBITA was down to EUR -5.3 (-8.9) million, or -18.1% (-24.4) of sales. Results include reorganisation expenses of EUR 0.9 (3.5) and credit losses and credit loss provisions of EUR 0.7 (1.7) million, as well as an impairment loss of EUR 0.1 (1.3) million recognised on fleet. Price competition had eased slightly by year-end.

Cramo reorganised its Danish operations in 2010, including the management. Business was more tightly focused on key accounts and industries; as a result, some functions were discontinued. Collaboration with Cramo's operations in southern Sweden increased; for example, the access equipment maintenance functions were combined with those in the Malmö region. Following adjustment measures, Cramo succeeded in increasing utilisation rates. Price-increasing activities were started by year-end.

FOCUS ON CORE BUSINESS

In Denmark, Cramo has a full Cramo Concept offering with a balanced mix of sales across product areas. In 2010, a new non-construction modular space application, Home for the Elderly, was introduced to the market. As a result of focusing on core customers and core areas with growth opportunities, some non-core businesses such as the machine and project division, were shut down. The hub structure was further developed by opening a joint customer service centre in Malmö with southern Swedish operations. Cramo has a network of 17 (17) depots with a hub structure in place.

Continuous work on harmonising processes and policies to Cramo standards as well as best practice sharing with Norway and Sweden continued. For example, common fleet management and logistics processes, uniform key performance indicators and monitoring system were introduced. Adaptation of the fleet size and process development steadily improved utilisation rates, which reached almost acceptable levels by the end of the year.

A strong position in some products was leveraged for intense cross-selling and joint sales activities with Sweden. Cramo succeeded in further boosting its strong position in non-construction modular space applications, particularly in the hospital sector. For example, a major contract of 7,884 m^2 in modules with Herlev Hospital was extended until 2018 with further sales of 44 modular units.

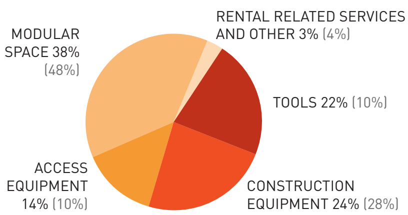
CONSTRUCTION RECOVERY STARTING

Euroconstruct forecasts a growth rate of some 3% in construction in 2011 in

KEY FIGURES	2010	2009	Change, %
Sales, MEUR	29.5	36.3	-18.8
EBITA, MEUR	-5.3	-8.9	-39.9
EBITA-%	-18.1	-24.4	
Gross capital expenditure, MEUR	0.7	0.3	139.6
Number of depots	17	17	0.0
Average number of employees	117	129	-9.3

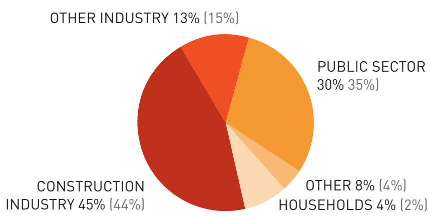
SALES BY PRODUCT GROUP 2010 (2009)

% OF TOTAL SALES



SALES BY CUSTOMER SEGMENT 2010 (2009)

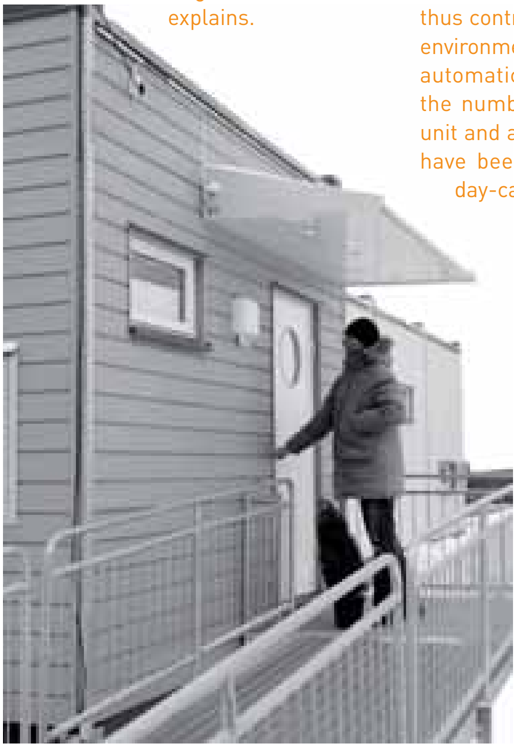
% OF TOTAL SALES



FUTURE ENERGY-EFFICIENT SOLUTIONS AVAILABLE NOW

Energy-efficiency standards and requirements for constructing and operating of buildings are becoming increasingly stringent. Meanwhile Cramo is proactively developing new offerings to meet future requirements well in advance. C100, a new energy-efficient module for school and day-care applications, is the latest of innovations with which Cramo aims to drive modular space growth.

- "Cramo wants to set the pace in the innovative energy-efficient and environmentally friendly services and solutions. Our newest module, C100, brings the energy efficiency and comfort levels of permanent buildings to non-construction applications for mid-term rental periods of three to five years," Mr Reijo Nygård, Technical Manager at Cramo, explains.



More stringent energy efficiency requirements in every Cramo country have served as the basis for designing and developing C100. First, the new module has thicker insulation throughout. An efficient water underfloor heating system distributes heat evenly throughout the room. The warm air circulates towards the ceiling rather than the other way around, thus contributing to a pleasant indoor environment. A ventilation system with automatic indoor sensors monitors the number of occupants inside the unit and adjusts accordingly. Interiors have been designed for school and day-care purposes.

- **"AS A RESULT**, for example energy consumption is reduced by half compared to existing solutions," Mr Nygård notes.

- "At the same time, C100 provides more flexibility and efficiency in logistics than any other module. It consists of only three units which can be combined based on space needs, thus creating cost efficiency and benefits from a logistical standpoint. The modules are easy to set up and allow a variety of alternative solutions while internal walls can be removed. The standardised module meets country-specific energy requirements with small, easy-to-make adjustments," Mr Nygård adds.

C100 project, consulting and production groups have consisted largely of specialists from Sweden and Finland. All the Nordic countries have taken part in the steering group.

- **"IT HAS BEEN EXTREMELY** rewarding to work together with the other Nordic countries. Perhaps more time is needed, but the result is a product that excels and fulfils future requirements even today," says Mr Reijo Nygård.

- "This is an excellent example of how we are continually creating more value for our customers with innovative new offerings that also set standards for others and open up new markets for us. At the same time, it shows how we work as a team and share know-how as well as best practices between countries," says Mr Ossi Alastalo, Senior Vice President, Modular Space at Cramo.

The C100 pilot was set up in Sweden. Half of it is designed for day-care needs, the other half for schools. The concept will be launched in the Nordic markets during the first quarter of 2011.

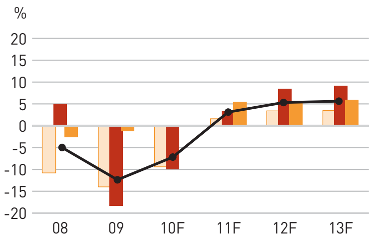
DRIVE MODULAR SPACE GROWTH / CRAMO C100

Denmark, following several years of steep decline. The initial recovery is projected to be fuelled mainly by civil engineering growth, and from 2012 on non-residential construction is also predicted to grow rapidly. Revival of the residential construction sector is expected to be moderate at best.

With the rebounding construction market, equipment rental is also expected to turn to clear recovery in 2011 from its current low levels of activity.

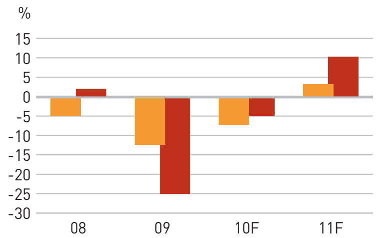
Euroconstruct, December 2010; European Rental Association, Spring 2010.

CONSTRUCTION SUBSECTORS IN DENMARK
2008–2013, CHANGE IN CONSTRUCTION OUTPUT, F=FORECAST



RESIDENTIAL CONSTRUCTION
NON-RESIDENTIAL CONSTRUCTION
CIVIL ENGINEERING
TOTAL CONSTRUCTION

CONSTRUCTION VS. RENTAL IN DENMARK
2008–2011, F=FORECAST



CONSTRUCTION
EQUIPMENT RENTAL

SOURCES: EUROCONSTRUCT, DECEMBER 2010; THE EUROPEAN RENTAL INDUSTRY 2009 REPORT, EUROPEAN RENTAL ASSOCIATION, SPRING 2010

RESTRUCTURING BEARING FRUIT IN CEE

Cramo succeeded in growing its sales significantly in the second half of the year in the Central and Eastern European countries, particularly Russia and Poland. The company was able to gain market share in every market throughout the downturn and has a good position in these future growth markets.

IMPROVEMENT IN PROFITABILITY

According to the Euroconstruct/VTT forecasts, construction in the Baltic countries fell by 12–19% in 2010. However, there was an upswing in gross domestic product throughout the Baltic region in the third quarter, and this is expected to lead to an upturn in construction activity in 2011. In Slovakia, construction activity decreased by some 6% and in the Czech Republic by 10%. In Poland, construction market growth was only 4% instead of the 10% expected earlier, as civil engineering activity was lower than anticipated due to the postponement of several projects. In Russia, the decline in construction was halted and construction activity remained at the previous year's level. However, there are notable regional differences. The share of residential construction is significant in Russia, which suffers from a housing shortage, and government activity in the residential construction sector actually maintained slight growth in 2010 as well.

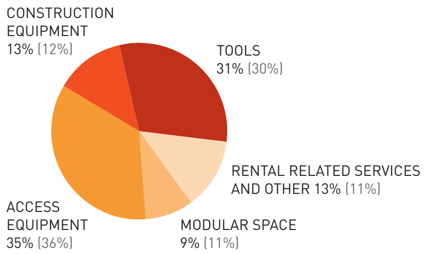
As a result of capitalising on growth opportunities, Cramo's Central and Eastern European operations reported sales of EUR 49.9 (44.1) million, up by 13.1%. In local currencies, the change in sales was 7.8%. Growth was particularly strong in Russia (60.2%) throughout the year. Although full-year earnings were negative, profitability improved during the year, resulting in an EBITA of EUR -11.5 (-17.6) million, up by 35.0%, or -23.0% (-40.0) of sales. Profit for the period includes reorganisation expenses of EUR 0.8 (1.0) million and credit losses and credit loss provisions of EUR 2.1 (3.0) million.

Fleet utilisation rates improved to a good level in almost all of the CEE countries. However, the impact of price increases was not yet reflected in earnings.

KEY FIGURES	2010	2009	Change, %
Sales, MEUR	49.9	44.1	13.1
EBITA, MEUR	-11.5	-17.6	-35.0
EBITA-%	-23.0	-40.0	
Gross capital expenditure, MEUR	5.1	2.6	98.6
Number of depots	65	67	-3.0
Average number of employees	518	660	-21.5

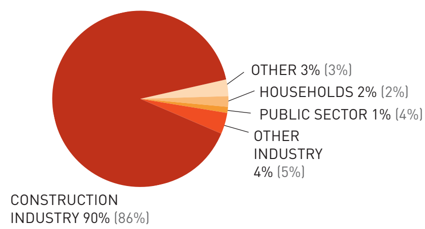
SALES BY PRODUCT GROUP 2010 (2009)

% OF TOTAL SALES



SALES BY CUSTOMER SEGMENT 2010 (2009)

% OF TOTAL SALES



INCREASED HARMONISATION

Reorganisation of operations was brought to completion in the Baltic countries. The number of entrepreneur-managed franchise outlets was increased in Lithuania and Latvia. Fleet size was further adjusted by internal transfers and by selling old equipment. Harmonised, best practice rental processes identified in the Nordic countries for improving customer service were implemented.

Cramo reorganised its Russian operations, including the management, and continued to develop services in line with the Cramo Concept, and focused on niche markets for lifts and generators. Several new service concepts were launched in Russia during the year, including the equipment rental outlet on the Finnish hardware chain K-Rauta's premises in St. Petersburg. The customer base was expanded from Finnish and international construction companies to advanced Russian builders and international industrial organisations. As a result, Cramo succeeded in reinforcing its market position in the Moscow, Kaluga and Kaliningrad regions.

In Poland, Cramo expanded its service offering and sales and fleet management operations by introducing harmonised fleet management and logistics processes together with tools and key performance indicators for fleet efficiency. Cramo's three subsidiaries in Poland were merged in order to improve efficiency. By developing its project capabilities, in road projects in particular, Cramo was able to expand further into infrastructure projects.

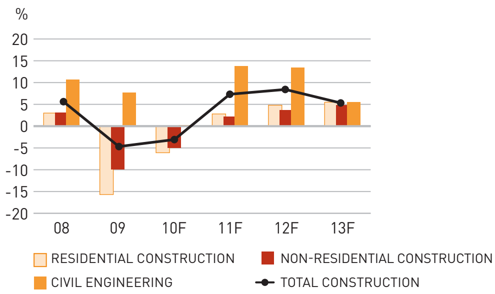
Fleet efficiency was also improved in the Czech Republic and Slovakia through process harmonisation and transfer of best practices. The management team was renewed.

SERVICE RANGE EXTENDED

Cramo's product offering in the CEE area varies country by country.

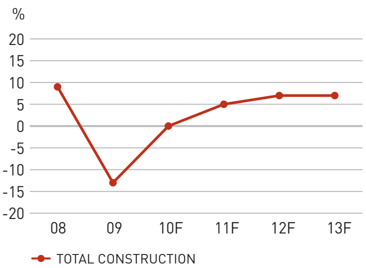
CONSTRUCTION SUBSECTORS IN CEE 2008–2013

CHANGE IN CONSTRUCTION OUTPUT, F=FORECAST
INCLUDING THE BALTIC COUNTRIES, POLAND, CZECH AND SLOVAKIA.



CONSTRUCTION OUTPUT IN RUSSIA 2008–2013

CHANGE IN CONSTRUCTION OUTPUT, F=FORECAST



SOURCES: EUROCONSTRUCT/VTT, DECEMBER 2010

EXTRA SPACE FAST FOR SCHOOLS WITH NON-CONSTRUCTION MODULES

When capacity problems became acute in primary and secondary schools in Kekava, Latvia, in spring 2010, the local municipality started to look for a quick solution. Thanks to Cramo, on 1st September, as the school bell rang for the first day of classes, children were invited to take their seats in spacious new school extensions based on Cramo's C40 modular systems. This shows how Cramo can drive modular space growth.

- "Area capacity problems in Kekava were solved with Cramo modular systems. Modules for extending the primary school are rented for a three-year period and those for extending the secondary school are rented for a two-year period. Renting Cramo modular systems costs municipalities a lot less than paying other districts and cities for Kekava students who are studying outside their residential district. And this is the best temporary solution, because next year we will start to build a new school with completion planned for 2012," says Mr Roberts Jurkis, Mayor of the Municipality of Kekava.

- "**MODULAR SPACE SOLUTIONS** for schools and day-care centres in the Baltics are unknown, and there are many questions from potential customers about whether modular space is really suitable for children's needs. So we offered directors from Kekava's primary and secondary school a visit to Sweden to show how widely modular systems can be used and that Cramo modules fully meet children's needs as well as Latvian regulations," explains Mr Janis Freimanis, Modular Space Project Manager at Cramo Latvia.

- "Cramo was the only player that could solve our capacity problems despite the serious time pressure and could offer a financial model suitable for the Municipality of Kekava. Moreover, we could extend our solution to the existing infrastructure," Mr Freimanis adds.

- "**THE TIMETABLE WAS TOUGH** – it was mid-July and the children were to going to start school on 1st September. Despite the summer and vacation season, we succeeded with the help of the Cramo Group's fleet team. Cramo Norway was able to deliver modular units in the quantity and time necessary. The delivery reached Latvia in late July 2010. With the help of experts from Sweden, set-up including all indoor fixtures and fittings started on 16 August. By 25 August, one and half months after signing the agreement, we had two extensions of 189 m^2 each, ready," says Mr Freimanis.

- "The opportunity to provide non-construction units to Latvia came up at a Group-level meeting with participants from all the Nordic countries and other operating countries. We made decisions together about what was to be done and how to assist in deal-making. The units were shipped within three days of the order from Latvia. Our Latvian colleagues organised transport while we ensured that the units were in good condition and assisted in paperwork," explains Kai-Tommy Olsen, Product Manager, Modular Space at Cramo Norway.

A Swedish specialist visited the construction site in Latvia and the factory where the modules were delivered in July to become familiar with the adjustments needed and local conditions. The materials required were provided by Cramo's warehouse in Sweden.

- "**THIS SCHOOL PROJECT** is our first success with a non-construction application in a market where demand for modular space applications is almost non-existent. It is a good example of how we are able to provide our customers excellent solutions in a very short time frame with a joint team effort and knowledge sharing between our operating countries," notes Mr Ossi Alastalo, Senior Vice President, Modular Space at Cramo.

DRIVE MODULAR SPACE GROWTH / SCHOOL IN LATVIA

In 2010, the rental of non-construction modules was initiated, and modular space organisations were strengthened in the Baltic countries and Poland. In Russia, a new rental concept, Hot Rental, a comprehensive service for 24/7 electricity production on site, was introduced. Development of heating and drying service was initiated in collaboration with Cramo Finland. In the Czech Republic and Slovakia, site huts and the first construction equipment and tools were introduced in the markets.

The number of depots in the CEE area at the year-end was 65 (67), of which 13 (10) were entrepreneur-managed.

VARIATIONS IN SPEED OF RECOVERY

According to Euroconstruct and VTT forecasts, Poland is expected to lead construction recovery in the CEE area, at a rate of 12.7% in 2011. Estonia is also projected to recover quickly, growing 10% this year, with Russia, Latvia, Lithuania, and Slovakia all growing 4–6%. Only Czech construction output is anticipated to face another setback, some 3% in 2011, due to further public sector cuts. Recovery is being led initially by civil engineering but is expected to become more broad-based across borders and construction subsectors in 2012–2013.

Together with the recovering construction output, rental demand in Cramo's markets in Central and Eastern Europe is expected to start recovering in 2010–2011, with the possible exception of the Czech Republic.

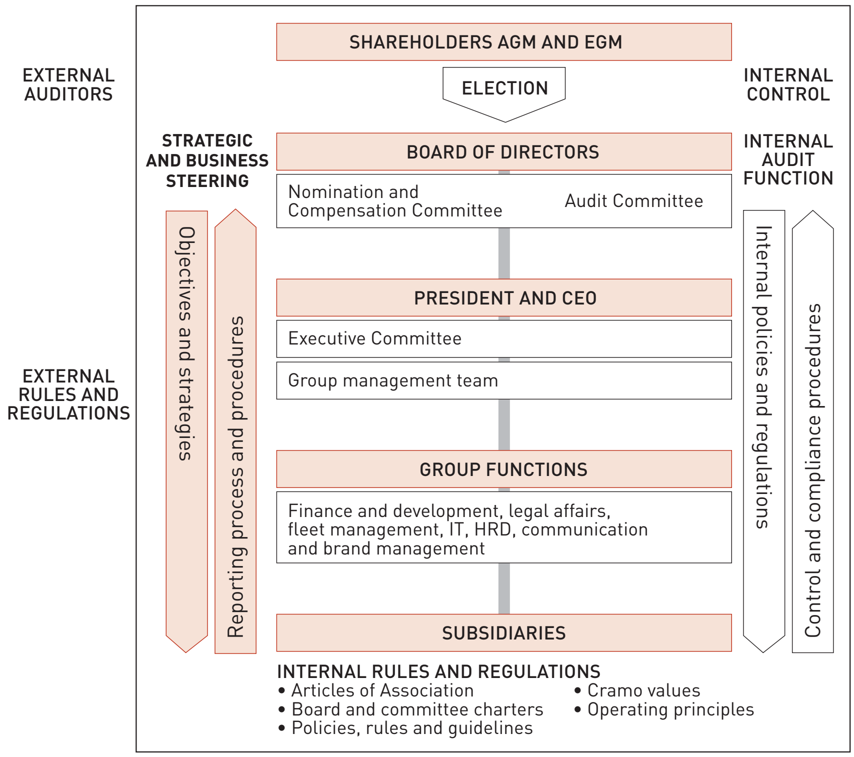
Sources: Euroconstruct and VTT, December 2010

CORPORATE GOVERNANCE

CONSISTENT AND TRANSPARENT GOVERNANCE

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 the Finnish Corporate Governance Code. Cramo issues a Corporate Governance Statement that is available on the Group's website.

Cramo deviates from the Finnish Corporate Governance Code Recommendation 9 concerning the gender parity of the Board. The Nomination and Compensation Committee has considered suitable candicates to fulfil the Code´s recommendation and proposes a female candidate as a Board member. 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.



OVERVIEW OF CORPORATE GOVERNANCE COMPONENTS AT CRAMO GROUP

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 subsidiaries, 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 no one serves as a member in both.

The adjacent picture provides an overview of corporate governance at Cramo. These components are outlined in more detail in the following chapters.

GENERAL MEETING OF SHAREHOLDERS

The right of shareholders to make decisions over Company matters is exercised at an appropriately convened General Meeting of Shareholders by those shareholders present or by their authorised representatives. The shareholders may also be accompanied by an assistant.

The Annual General Meeting (AGM) is held once a year either in Vantaa or in Helsinki by the end of June at the latest. The duties of the Annual General Meeting include approving the parent company and consolidated income statement and balance sheet, agreeing on the amount of dividends, appointing the members of the Board of Directors and deciding on their compensation, and electing the auditors. The Board of Directors may call an Extraordinary General Meeting (EGM) of Shareholders whenever necessary.

In accordance with the Articles of Association, a notice to convene the General Meeting of Shareholders is issued by the Board of Directors. Notice is given no later than 21 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 by the record date for the General Meeting as shareholders in the Company's shareholder register, which is maintained by Euroclear Finland Ltd, are entitled to attend the meeting. To take part in the General

Meeting of Shareholders, the shareholder must 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 must present the matter in writing to the Board of Directors at the latest four weeks before the publication of the notice in order for the matter to be included in the notice convening the meeting.

Further information about arrangements for the General Meeting can be found at www.cramo.com > Investors > Shareholders meetings.

The financial statements of the Company, as well as any other document to be adopted in the General Meeting and any proposal made by the Board of Directors required by the Finnish Companies Act, shall be made 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, 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.

Further instructions and contact details are provided on the website.

It is Cramo's intention that all members of the Board of Directors, the President and CEO as well as the CFO should be present in the General Meeting. The auditors of a company shall always be present in the Annual General Meeting to answer the shareholders' questions. Any person who is proposed as a director for the first time shall participate in the General Meeting that decides on his or her election unless there are well-founded reasons for that person's absence.

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

The 2010 Annual General Meeting was held on 13 April. A total of 185 shareholders representing about 45.3% 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 as well as the external auditor participated in the meeting. There were no Extraordinary General Meetings held in 2010.

Information about the decisions of the Annual General Meeting can be found at www.cramo.com > Investors > Shareholders meetings > Annual General Meeting 2010.

BOARD OF DIRECTORS

Cramo's Board of Directors has defined its roles and responsibilities in the Working Order of the Board and in the Group's Corporate Governance Manual and Operating Principles. If considered necessary the Working Order of the Board is revised and modified annually in conjunction with the Board's convening meeting.

The Board of Directors is responsible for Cramo Group's governance and proper management, and for ensuring that the business complies with relevant rules and regulations, Cramo's Articles of Association

THE BOARD'S OPERATING CALENDAR

Q1

- Review and approval of financial statements and external auditors report
- Review and approval of Nomination and Compensation Committees' outcome proposal pertaining to the incentive schemes of management and key employees
- Commencement of strategic planning: analysis of operating environment, markets and economic trends
- Approval of Annual report and Corporate Governance statement
- Preparations for the AGM
- Review of operating companies' performance and key performance indicators
- Evaluation of financial forecasts, investments, acquisitions and disposals as well as structural issues
- Approval of interim reports and assessment of matters pertaining to markets and finances

Follow-up of strategic outcomes and the previous financial periods

Q2

- Election of the Chairman and Deputy Chairman of the Board and Committee members
- Review and approval of the Group's key policies and practices
- Assessment and analysis of strategic issues in connection with the strategy review
- Assessment of matters presented by the Audit Committee
- Review of operating companies' performance and key performance indicators
- Evaluation of financial forecasts, investments, acquisitions and disposals as well as structural issues
- Approval of interim reports and assessment of matters pertaining to markets and finances

Strategy, execution and business development

Q3

- Commencement of budgeting and operating companies business planning
- Review of operating companies' performance and key performance indicators
- Evaluation of financial forecasts, investments, acquisitions and disposals as well as structural issues
- Approval of interim reports and assessment of matters pertaining to markets and finances

Q4

- Approval of budget and review of business plans
- Assessment of matters presented by the Audit Committee
- Board's self-assessment
- Review of operating companies' performance and key performance indicators
- Review of financial forecasts, investments, acquisitions and disposals as well as structural issues
- Approval of interim reports and assessment of matters pertaining to markets and finances

Planning of the following financial period

and the instructions given by the General Meeting of 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, and decides the Group's structure, acquisitions and disposals as well as Company finances and investments.

The Board of Directors comprises of 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. The majority of directors shall be independent of the Company and at least two of the directors representing this majority shall be independent of significant shareholders of the Company. The composition of Cramo's Board must facilitate discharge of its duties in an efficient manner as well as take into account the needs of Company operations and the development stage of the Company. The proposal of the Nomination and Compensation Committee for Board composition and biographical details of the candidates 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 unlimited access to Company information and receives continuous reporting on the Group's operations. New Board members are introduced to the operations of the Company. Introduction is made by arranging meetings with key persons and initiating visits to operating units in order to become accustomed to Cramo's internal guidance and working methods. Cramo's departing Board members also assist newly elected members in familiarising themselves with the Company and the Board's duties.

The Chairman of the Board, together with the President and CEO, prepares the items for discussion and to be decided upon at Board meetings. The agenda for the Board meetings, with all relevant information on the Company's structure, operations and markets, financial performance and financing issues, personnel and investment resources as well as the risks associated with any of these matters, is distributed at least five days before the meetings. The Chairman of the Board also initiates and leads the self-assessment discussion during the relevant Board meeting. The Board of Directors conducts an annual self-assessment in order to develop the work of the Board. The overall self-assessment is carried out by discussing the matter in conjunction with one of the regular Board meetings. Each director and the Board evaluate the independence of the directors on a yearly basis and whenever required.

MEMBERS OF THE BOARD OF DIRECTORS IN 2010

At the 2010 Annual General Meeting, the number of members of the Board of Directors was confirmed as seven and following persons were elected to the Board of Directors: Mr Stig Gustavson, Mr Fredrik Cappelen, Mr Eino Halonen, Mr Esko Mäkelä, Mr Jari Lainio as well as Mr Victor Hartwall and Mr Thomas von Hertzen as new Board members. The Board's convening meeting elected Mr Gustavson as the Chairman of the Board and Mr Halonen as the Deputy Chairman of the Board. Mr Gunnar Glifberg and Mr Hannu Krogerus were also members of the Board until 12th April 2010, as elected by the 2009 AGM.

For further information about Board and committees members, see pages 50–51. Information regarding remuneration issues is provided on pages 44–45.

WORK OF THE BOARD OF DIRECTORS IN 2010

Cramo's Board of Directors meets regularly, about once a month, according to a planned schedule. In 2010, the Board of Directors met eleven times. One of the meetings was held as a conference call. Member attendance at the meetings is provided in a separate table on page 42. The adjacent figure describes the Board's operating calendar.

In 2010, the most important matter that was addressed apart from the regular operating calendar was the development, crystallisation and validation of a new Cramo Group vision, strategy, mission, values and strategic as well as financial targets for 2010–2013. In order to implement the strategy and to employ it into concrete actions, Board set must-win battle objectives that were further elaborated into several tangible projects. Cramo Group also completed several outsourcing arrangements and acquisitions which all involved the work of the Board in 2010.

Emphasis was also put on ensuring and improving the Group's profitability, cash flow, financing issues and customer credit control. The Board continued to focus on strengthening the Group's internal control process and enhancement of fleet mobility within the Group. In addition, the Board assessed Cramo's balance sheet valuation and financial covenant agreements.

BOARD COMMITTEES

Two permanent committees, the Audit Committee and the Nomination and Compensation Committee, assist the Board of Directors. The Board of Directors elects the committee members and appoints the Chairman of the committee. 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 confirms the central duties and operating principles of both committees in a written charter. The main content of these charters is outlined below. Committees report on their work to the entire Board of Directors on a regular basis. These reports include a summary of relevant matters addressed and measures taken by the committee.

AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in its supervisory responsibilities. In line with the Finnish Corporate Governance Code, the Audit Committee has the following duties:

- monitoring the reporting process of financial statements;
- supervising the financial reporting process;
- monitoring the efficiency of the Company's internal control, internal audit and risk management systems;
- reviewing the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, which is included in the Company's corporate governance statement;
- monitoring the statutory audit of the financial statements and consolidated financial statements;
- evaluating the independence of the statutory auditor or audit firm, particularly the provision of related services to the Company to be audited;

THE AUDIT COMMITTEE'S OPERATING CALENDAR

Q1

- Supervise and monitor financial reporting process related to annual accounts
- Review annual financial statements and the Board of Directors' report
- Review external audit outcomes and auditor's statement
- Review and approve accounting principles pertaining to financial reporting
- Review risks and risk management issues to be presented in the annual report and financial statements

Q2

- Review, update if necessary and affirm internal control policy
- Review and approve annual internal audit plan and assign separate evaluation activities as considered appropriate
- Assess results from operating companies' internal control self-assessments
- Review impairment and asset valuation, treasury and operational risks

Q3

- Assess and plan description of the main features of internal control and risk management systems pertaining to the financial reporting process included in the corporate governance statement
- Discuss the external audit plan with the Resposible auditor. Approve the plan consequently
- Review and approve the external audit engagement letter and evaluate the independence confirmation

Q4

- Review the draft corporate governance statement and provide comments
- Review internal audit and internal control development plan
- Assess results from operating companies' internal control self-assessments
- Prepare proposal for resolution on the election of external auditor
- Review risk assessments concerning asset valuation, treasury and operational risks

QUARTERLY PROCEDURES

- Monitor the reporting process of financial statements by overseeing the quality and integrity of the financial statements and related disclosures
- Supervise the financial reporting process
- Follow up on the financial position by reviewing interim financial statements
- Monitor efficiency of Cramo's internal control, internal audit and risk management systems
- Revise the plans and reports of the Internal Audit function
- Evaluate compliance with laws and regulations
- Communicate with external auditor and review the reports prepared for the Audit Committee

- preparing the proposal for resolution on the election of the auditor; and
- assessing the effects of any exceptional or significant business transactions.

Until 12th April 2010, the Audit Committee was chaired by Mr Eino Halonen. Mr Esko Mäkelä, Mr Jari Lainio and Mr Fredrik Cappelen served as Committee members. At its constitutive meeting on 13th April 2010, Mr Eino Halonen was elected Chairman of the Audit Committee, with Mr Fredrik Cappelen, Mr Thomas von Hertzen and Mr Esko Mäkelä as members. Mr Mäkelä and Mr Cappelen are deemed independent of the Company and major shareholders. Mr Halonen and Mr von Hertzen are deemed independent of the Company, but not independent of the major shareholders.

The Audit Committee met five times in 2010. Member attendance at the meetings is provided in a separate table beside. The above figure describes the Audit Committee's operating calendar.

In addition to the regular operating calendar the Audit Committee reviewed the risk assessment of the new rental system during 2010.

NOMINATION AND COMPENSATION COMMITTEE

The Nomination and Compensation Committee is entrusted with the task of preparing a proposal for the Board members and their remuneration to be 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. The Nomination and Compensation Committee prepares and evaluates matters pertaining to the remuneration and other financial benefits of the President and CEO's as well as the Group Management Team and sees that the remuneration principles are appropriate. It also prepares matters pertaining to the Company's compensation systems including profit-based and long-term incentive schemes and allocation of these incentives amongst Cramo's key personnel. Company's strategy, must-win battles and long-term financial goals are taken into account when

BOARD OF DIRECTORS 31 DECEMBER 2010

Name	Position	Board meetings	Audit Committee	Nomination and Compensation Committee
Stig Gustavson	Chairman	11 of 11	–	3 of 3
Eino Halonen	Deputy Chairman	10 of 11	5 of 5	–
Fredrik Cappelen	Member	9 of 11	4 of 5	–
Esko Mäkelä	Member	11 of 11	5 of 5	–
Jari Lainio	Member	11 of 11	1 of 1	2 of 2
Victor Hartwall*	Member	9 of 9	–	2 of 2
Thomas von Hertzen*	Member	9 of 9	4 of 4	–
Gunnar Glifberg**	Member	2 of 2	–	1 of 1
Hannu Krogerus**	Member	2 of 2	–	1 of 1
Erik Hartwall	Not member	–	–	1 of 1

* Since 13.4.2010, ** Until 12.4.2010

deciding on the remuneration schemes. At the Annual General Meeting the Committee answers to possible questions related to the remuneration statement.

Until 12th April 2010, the Nomination and Compensation Committee was chaired by Mr Stig Gustavson, with Mr Gunnar Glifberg and Mr Hannu Krogerus as members and with Mr Erik Hartwall as an external Committee member (not member of the Board of Directors). At its constitutive meeting on 13th April 2010, Mr Stig Gustavson was elected Chairman of the Nomination and Compensation Committee, with Mr Jari Lainio and Mr Victor Hartwall as members. Mr Gustavson and Mr Lainio are deemed independent of the Company and major shareholders. Mr Hartwall is independent of the Company, but not independent of the major shareholders.

The Nomination and Compensation Committee met three times in 2010. Member attendance at the meetings is provided in a separate table on page 42. Primary issues discussed at the meetings were the development of the 2010 remuneration schemes and the preparation and allocation of the 2010 stock option programme.

The table beside represents the attendance of Cramo's Board members at the meetings in 2010.

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 areas of responsibility of the President and CEO, in addition to meeting the legal requirements mentioned above and implementing the Board's decisions, specifically include achieving objectives of the business, increasing shareholder value, the Company's profitability and the efficiency of the Company's operations, and making investments within the limits defined by the Board. Cramo has an internal document concerning authorisations granted and approval limits for work divided between the Board of Directors, the President and CEO and other management.

The President and CEO is appointed by the Board of Directors. His or her 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. The period of notice for the President and CEO's executive contract is 6 months, during which time he or she receives a full salary. In case that the contract is terminated by the employer, there can additionally be a severance payment of 18 months salary.

See remuneration section for the President & CEO and Group Management Team on page 44–45 and the website.

The President and CEO shall not be elected Chairman of the Board. Additionally, neither the President and CEO nor other executives of the Company shall be appointed as formal members of the Nomination and Compensation Committee.

The President and CEO is assisted by the Executive Committee and the Group management team.

OTHER EXECUTIVES

EXECUTIVE COMMITTEE

The Group's Executive Committee, comprising the President and CEO, the Deputy CEO and the CFO, is responsible for implementing the Group's strategic objectives issued by the Board of Directors. The Executive Committee outlines the Group's vision and strategy for the Board's approval and develops operative action plans to ensure the achievement of set objectives. Furthermore, the Executive Committee oversees financial matters, top management resources and policy issues concerning the Group as a whole. It also monitors the most essential development projects underway in the Company. 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.

In 2010, the work of the Executive Committee focused on overseeing and discussing the financial and operative restructuring and development of the Company. The Executive Committee also discussed and addressed several specific tasks issued by the Board as well as the key issues related to the Group's new strategy 2010–2013.

GROUP MANAGEMENT TEAM

The Group management team consists of the members of the Executive Committee, four Senior Vice Presidents responsible for the Group's business segments, and three corporate support heads. The Group management team meets regularly on a monthly basis.

The Group management team implements the strategic decisions made by the Board, including the implementation and monitoring of the Corporate Governance Guidelines and Operating Principles, and monitors and steers subsidiaries' performance and operations on an ongoing basis. The Group management team is responsible for the operative management of the Cramo Group.

For a description of Group management team members and their individual responsibilities see pages 52–53. Remuneration matters are disclosed on pages 44–45.

In 2010, the Group management team held eleven meetings. The work of the Group management team focused on the business and financial steering of the Group and its business units. Specific attention was paid to underperforming units. In addition, the Group management team steered and monitored the implementation of the Group's main strategic and development projects and developments among the Group's main customers. Development of the Group's profitability in different countries, fleet optimisation and new service offerings were among the key issues under review in 2010.

GENERAL MANAGERS OF SUBSIDIARIES

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

The General Managers are in charge of the day-to-day management in accordance with the strategy and Corporate Governance Guidelines and Operating Principles along with other guidelines defined by Cramo Plc and the Board of Directors of the subsidiary. At regular intervals, they report on the financial position and business operations of their company and its subsidiaries to their superior and to the operating company's Board of Directors.

GENERAL MANAGEMENT MEETING

The General Management Meeting (GMM) is a management meeting held once a year and attended by the Group management team, General Managers and other key Group and operating personnel. The GMM lasts two days.

The GMM reviews and discusses strategy and operational objectives. These discussions serve as a basis for the following year's operational and financial planning. Furthermore, the purpose of the GMM is to share information and knowledge amongst management with the intention of ensuring effective implementation of Cramo's best practices.

In 2010, the GMM discussed and reviewed the Group's strategic plan for 2010–2013 and the must-win battles to reach the strategic targets. The GMM also assessed Operating Companies (OpCos') business planning process for 2010–2013 as well as the budget process and initial budget targets for 2011. Success stories and best practice examples from various business units were also shared among participants at the GMM.

REMUNERATION

The Company has published a separate remuneration statement, which can be found on the company's website. The remuneration statement covers the entire Group's key remuneration related information.

CRAMO'S PRINCIPLES OF REMUNERATION AND DECISION-MAKING ORDER

Cramo's remuneration is based on company's remuneration principles. The Group's strategy, must-win battles and long-term financial goals are taken into account when deciding on the remuneration schemes. In order to ensure the alignment of the remuneration with Cramo's financial performance, remuneration principles are based on predetermined and measurable performance and result criteria. The aim of the well-designed remuneration scheme is to attract and engage talented employees and to promote the company's financial success.

Besides fixed salaries, Cramo offers a competitive compensation package for the management and its key personnel. Management remuneration is based on an individual compensation package that is in compliance with local regulations and includes all taxable fringe benefits. The compensation package is divided into two components: profit-based incentive schemes and long-term incentives.

In the Annual General Meeting the shareholders decide on the remuneration of Board of Directors upon a proposal of the Nomination and Compensation Committee.

The Nomination and Compensation Committee also prepares for the Board's approval matters pertaining to the company's compensation systems, profit-based and long-term incentive schemes for management and key employees, and allocation of these incentives.

Cramo's Nomination and Compensation Committee prepares a proposal to the Board of Directors for the President and CEO's employment terms. The Board of Directors approves the employment terms and remuneration of the President and CEO. The Nomination and Compensation Committee prepares a proposal for the Board's approval concerning the fixed annual base salaries of Group management team.

REMUNERATION FOR BOARD SERVICES

In 2010 the Annual General Meeting confirmed the following annual remuneration for Board services:

- Chairman of the Board EUR 60,000
- Deputy Chairman of the Board EUR 40,000
- Other Board members EUR 30,000

In addition, the remuneration for each Committee meeting was EUR 1,000.

In 2010, the Board of Directors met eleven times. One of the meetings was held as a conference call. The Audit Committee met five times and the Nomination and Compensation Committee respectively three times during 2010. The following table represents Cramo's Board members' remuneration received in 2010 on cash basis.

40% of the remuneration is paid in shares of Cramo Plc and 60% in cash. In case purchase of shares cannot be carried out due to reasons related to either the company or a Board member, the annual remuneration shall be paid entirely in cash. Reasonable travel expenses will be refunded as per invoice. The Board's members are not covered by the company's stock option scheme, bonus scheme or pension schemes. No shares or share-related rights were granted to Board members as remuneration during the financial period, in exception of those as specified as above.

REMUNERATION OF THE PRESIDENT AND CEO AND GROUP MANAGEMENT TEAM

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. Executive Committee (President and CEO, Deputy CEO and CFO), other Group management team members as well as managers and key personnel from all Cramo countries are covered by Group and Operating Company specific profit-based incentive schemes.

Management bonuses are tied to the achievement of the Group's and operating countries' financial targets that are set by the Board of Directors. The targets are set annually and the possible compensation is paid once a year after the end of the financial period. In 2010 the main financial

CRAMO'S BOARD MEMBERS' REMUNERATION RECEIVED IN 2010 ON A CASH BASIS

		Board fees						
Name	Position	Shares, EUR	Fees, EUR	Board total	Audit Committee	Nomination and Compensation Committee	Total	Number of shares purchased with the Board's fee
Stig Gustavson	Chairman	23,994	36,006	60,000	–	3,000	63,000	2,071
Eino Halonen	Deputy Chairman	16,000	24,000	40,000	5,000	–	45,000	1,381
Fredrik Cappelen	Member	11,991	18,009	30,000	4,000	–	34,000	1,035
Esko Mäkelä	Member	11,991	18,009	30,000	5,000	–	35,000	1,035
Jari Lainio	Member	11,991	18,009	30,000	1,000	2,000	33,000	1,035
Victor Hartwall*	Member	11,991	18,009	30,000	–	2,000	32,000	1,035
Thomas von Hertzen*	Member	11,991	18,009	30,000	4,000	–	34,000	1,035
Gunnar Glifberg**	Member	–	–	–	–	1,000	1,000	–
Hannu Krogerus**	Member	–	–	–	–	1,000	1,000	–
Erik Hartwall	Not member	–	–	–	–	2,000	2,000	–
Total		**99,950**	**150,050**	**250,000**	**19,000**	**11,000**	**280,000**	**8,627**

*** Since 13.4.2010, ** Until 12.4.2010**

REMUNERATION PAID TO THE PRESIDENT AND CEO AND GROUP MANAGEMENT TEAM IN 2010 ON A CASH BASIS

Name	Fixed annual base salary	Profit based incentives	Fringe benefits	Share based payment	Post-employment benefits	2010 Total	2009 Total
President and CEO	293,000	108,000	26,000	243,000	84,000	754,000	682,000
Group management team	1,376,000	94,000	112,000	863,000	24,000	2,469,000	2,642,000
Total	**1,669,000**	**202,000**	**138,000**	**1,106,000**	**108,000**	**3,223,000**	**3,324,000**

targets were linked to both EBITA and ROI. The Nomination and Compensation Committee assesses the achievement of set targets and prepares the suggestion for allocation of bonuses for the Board's approval. The size of the annual bonus is dependent on the Group's financial performance. For the financial year 2010, the maximum bonus level was set to 65%.

Long-term share ownership program for the Executive Committee

Cramo's Board of Directors accepted a new share ownership program for the Executive Committee in June 2009. The purpose of the arrangement is to commit the Executive Committee members to the company by encouraging them to acquire and hold the company's shares and thereby increase the company's long-term shareholder value.

For the purpose of the share ownership, Cramo Executive Committee members have established a company called Cramo Management Oy in 2009, which acquired 316,288 Cramo Plc's shares from the market for a total of approximately EUR 2.48 million. The share purchases were financed by equity investments by the Executive Committee members, in total amounting to EUR 500,000, as well as by an interest-bearing loan for an amount of EUR 2.0 million provided by Cramo Plc.

The arrangement is valid until autumn 2012. The transfer of Cramo Plc shares held by Cramo Management Oy is restricted during the validity of the arrangement. All the Executive Committee members' holdings in Cramo Management Oy are valid until the termination of the program.

Long-term incentives

The Nomination and Compensation Committee has elected and the Board has approved approximately 100 managers and key personnel from all Cramo countries, including Executive Committee and other Group management team members, to participate in the 2006 stock option scheme. Cramo's stock option schemes for the management and key employees launched in 2006 (2006A, 2006B and 2006C) support the achievement of the Group's long-term goals by attracting and retaining identified key personnel.

In November 2009 and 2010, the Board approved the allocation of stock options pertaining to the stock option schemes for respective years. There were over 100 managers and key personnel from all Cramo countries, including Executive Committee and other Group management team members, to partake in the 2009 and 2010 stock option schemes.

In delivering options the Board assesses which key individuals have also increased their direct shareholding in the company.

Pension benefits

Cramo's executives participate in local pension systems respective to each operating country that provide 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. The President and CEO and two of the Group management team members participate in a voluntary pension system. The voluntary pension system is payment based. The expenses of the voluntary pension system were in 2010 as follows: For the President and CEO 84,000 euros and 30,000 euros for the two members of the Group management team, totalling 114,000 euros.

Remuneration and Service Contract of the President and CEO

Cramo's President and CEO has a written service contract which is approved by the Board. In addition to his fixed annual base salary, the compensation paid to the President and CEO includes a profit-based incentive that is tied to the Group's financial targets and/or personal targets as set by the Board. In 2010, the maximum bonus paid to the President and CEO was 65% of base salary. President and CEO's remuneration also includes fringe benefits such as a car and a telephone. As a member of the Executive Committee, President and CEO participates in a long-term share ownership programme and he is also included in all Cramo stock option incentive schemes.

The notice period on the President and CEO's executive contract is six months, during which time he receives a full salary. In case that the contract is terminated by the employer, there can additionally be a severance payment of 18 months salary.

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. The expense of the President and CEO's voluntary pension scheme was 84,000 euros in 2010. The pension for the President and CEO is 60% of the salary, being calculated as the average salary during last five years before retirement.

The Financial Benefits of the President and CEO and Group management team

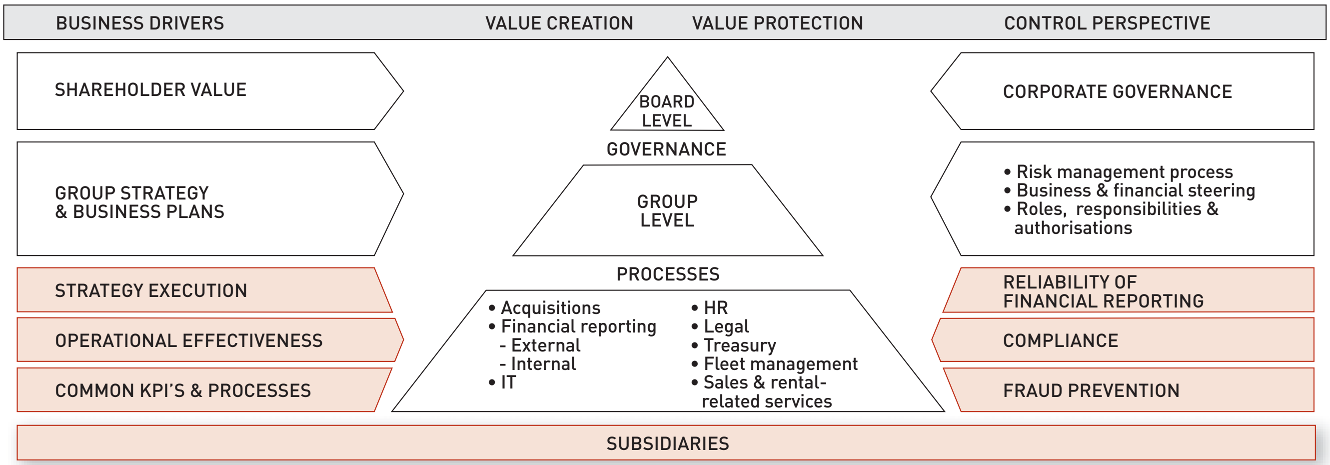
The above table represent the remuneration paid to the President and CEO and Group management team in 2010.

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 affected by the Board of Directors, management and every level of Cramo's personnel. The objective of internal control is to give management's reasonable assurance that

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

RISK MANAGEMENT SYSTEM



INTERNAL CONTROL FRAMEWORK AT CRAMO

As a model for defining internal control, Cramo has utilised the framework of the Committee of Sponsoring Organisations (COSO), which has been modified for Cramo's purposes, for instance by adding items that support strategic and business objectives. The Group's Board of Directors focuses on shareholder value creation and value protection. In accordance with good corporate governance, the Board ensures that Cramo has internal control principles, and also 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 these policies and principles;
- the Group Finance and Development function monitoring the efficiency and effectiveness of the operations and the reliability of financial and management reporting;
- the enterprise risk management process identifying, assessing and mitigating risks threatening the realisation of Cramo's objectives;
- compliance procedures making sure that all applicable laws, regulations, internal policies and ethical values are adhered to;
- an effective control environment at every organisational level, including control activities, which is tailored to each process;
- shared ethical values and a strong internal control culture among all employees; and
- the Board's Audit Committee and the Group's Internal Audit function monitoring the effectiveness of the internal controls.

INTERNAL CONTROL ACTIVITIES

Cramo's internal control consists of Board and Group management level activities as well as various controller activities. Control activities are the policies and procedures that help to ensure that management directives are carried out. They also help to ensure that the necessary actions are taken to address risks in achieving the entity's objectives. Control activities are set throughout the organisation, at every level and in every function in order to ascertain that all applicable laws, regulations, internal policies and ethical values are adhered to. Control activities include a range of actions including but not limited to approvals, authorisations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

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

RISK MANAGEMENT

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 ongoing basis. In accordance with the Company's risk management policy, risk management refers to continuous and systematic activities aimed at preventing personal injuries and safeguarding the assets of Cramo Group and its Group companies while ensuring steady and profitable business operations.

MAJOR RISKS AND THEIR MANAGEMENT MEASURES

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

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

Management of business risks

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

ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK

ENTERPRISE RISK MANAGEMENT

STRATEGIC PLANNING	RISK IDENTIFICATION AND PRIORITISATION	PROCESSES AND CONTROLS	INVESTMENT MANAGEMENT
• **Strategic planning provides the basis for ERM** • Strategy and Strategic projects • Subsidiary business plans • Other input into ERM	• **Identification of risk areas related to the strategy at Group and Operating Companies levels** • **Categorisation of risks** • Strategic • Operational • Financial • Event • Environment • Other • **Prioritisation of risk areas with regard to** • Extent of impact • Likelihood • **Action plan**	• Selection of the most important processes impacting the achievement of objectives and implementation of the strategy • Identification of key controls • Review of other processes (e.g. support functions) and key controls	• Investment CAPEX • Acquisition CAPEX • Cost of capital and approvals
		SELECTION OF FORWARD-LOOKING INDICATORS (FLI)	CONTINGENCY PLANNING NORMAL CONDITIONS / DOWNTURN / CRISIS
		• Selection of forward-looking indicators to reflect the priority risk areas and to measure the extent of risks • FLIs include both external (market) and internal (company) indicators • FLIs to be used together with normal management reporting information	• Monitoring process of FLIs • Implications of FLIs to be taken into day-to-day business decisions/ activities • Creation of operational hedges for rental business • Identification and determination of situation severity with the help of FLIs • Contingency planning for the actions to be taken in a given situation • Implementation of contingency plan actions as required

The Board of Directors analyses the financial performance of the Group and its business units on a monthly basis. Cramo's business risks are mitigated by the Group's 288 depots and offices being spread among eleven countries.

Management of financial risks

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

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

Management of environmental risks

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

Insurance cover

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

ENTERPRISE RISK MANAGEMENT

The enterprise risk management concept forms an important part of Cramo Group's monitoring and control system. It is aimed at ensuring that the Group identifies its business-related risks and assesses and monitors them on an ongoing basis. Enterprise risk management is a continuous process that is integrated into Cramo Group's strategy process, operative planning, daily decision-making and monitoring of operations. It is also part of the Group's internal control environment.

The Board of Directors, Group management and Group Finance and Development function are responsible for managing strategic, operational, financial, event and environmental risks as well as the related insurance cover. The General Managers 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 will have to be adapted by the respective subsidiary.

As part of strategic planning, Cramo has identified risks related to the implementation of the must-win battles at Group and operating country levels. 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 an actively followed set of forward-looking indicators to give an 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 the modular space order book. 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 BUSINESSES

Cramo has created a number of operational hedges which facilitate increased business agility and reduce exposure to risks in its rental business operations. Firstly, Cramo has worked to reduce business exposure by actively developing its 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.

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

Furthermore, Cramo limits its asset intensity by implementing a Group-wide 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 excess equipment through established sales channels. The 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 subsidiaries. Under normal market conditions, Cramo's contingency plan activities are focused on planning and actively monitoring the business environment. The implications of forward-looking indicators and key performance indicators are taken into day-to-day business decisions regardless of the stage of the overall business cycle. 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 reductions in investment levels, returns of fleet financed through operational leases, restructuring of the organisation and depot network, fleet transfers and sales, 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 are comprehensive. It defines risk-bearing tolerance on a continuous basis, according to current conditions.

The Group's operative management is responsible for achieving the set goals as well as controlling and managing risks that threaten them. The operative management is committed to fully supporting 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 and Development 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 and Group Finance and Development function collaborate closely with corporate risk management and concentrate on assessing risks.

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

RISK MANAGEMENT ACTIONS IN 2010

In 2010, the focus of risk management was on the appraisal of the effects that the changing market environment has had on business operations and Group functions. On the basis of the risk assessments conducted, Cramo performed a review and validation of essential short-term strategic objectives relative to the changed market environment. Additionally, the Group's risk management concentrated on core process and control development related to the Company's key processes. Renewed contingency plans were also prepared for each OpCo.

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 governance, risk management process, system of internal control structures and quality of performance of the audited organisation in carrying out assigned responsibilities to achieve the 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 that 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 programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned;
- reviewing specific operations at the request of the Board or management, as appropriate;
- monitoring and evaluating the effectiveness of set common controls; and
- monitoring and evaluating the effectiveness of the risk identification and management system of the audited organisation.

The Audit Committee approves the charter and annual audit plan of the Group's Internal Audit unit and assesses its operations. The 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 the findings and recommendations to the Audit Committee and the Board of Directors. Administratively the Head of Internal Audit reports to the CFO and shares the results of audit assignments with the Group management.

INTERNAL CONTROL AND RISK MANAGEMENT RELATED TO THE FINANCIAL REPORTING

Further information on internal control and risk management related to financial reporting can be found in the Corporate Governance Statement which is available on the website at www.cramo.com > Investors > Corporate Governance.

GENERAL DEVELOPMENT ACTIVITIES IN INTERNAL CONTROL AND RISK MANAGEMENT IN 2010

While outlining the Cramo Group's vision, strategy, mission, values and strategic as well as financial targets for 2010-2013, the Group management team performed various strategic analyses. The analyses covered such issues as the Group's diverse operational environments and Cramo's positioning in these markets as well as an evaluation of the business model. Risk perspective was also taken into account while assessing depot-level profitability and the conditions of activity in various respective markets.

In 2010, Cramo continued launching a One Cramo Enterprise Rental application and further enhanced the Cramo Business intelligence (CraBi) reporting tool to advance the harmonisation and development of the Group's reporting.

INTERNAL CONTROL AND RISK MANAGEMENT DEVELOPMENT ACTIVITIES RELATED TO FINANCIAL REPORTING IN 2010

During 2010, the Group Finance and Development function has evaluated the control effectiveness in different OpCos in order to ensure that the defined common controls are implemented consistently. A self-assessment of control activities were carried out at each OpCo. The self-assessments were facilitated by the Group's Internal Audit and were based on a control tool developed and tested in 2009. The tool includes group-wide control objectives for diverse business processes. The assessment of business process controls also contains financial reporting related issues, and therefore a self-assessment tool contributes to the improvement of control activities pertaining to the financial reporting process. In addition to OpCos, the control self-assessment was carried out at the Fleet Management function at group level. Other group functions will be covered as planned in coming years. Also the controls of the legal restructuring implications were reviewed and developed further. Depot level internal audits were also continued as an on-going control activity as in previous years.

PRIORITY AREAS IN 2011

Efficient business steering and the integrity of internal and external reporting will be the key themes for 2011. Focus areas will include further implementation of comprehensively improved control procedures and operative follow-up of the adequacy and effectiveness of control activities pertaining to the financial reporting process. In order to strengthen the integrity of the Group´s financial reporting, the Group´s Finance and Development will also update the Financial Manual. Moreover, the Group Finance and Development function determined in 2010 its own must-win battles for the period 2011–2013. The work will continue in 2011 with execution of specific projects and follow-up of targets related to the must-win battles.

In 2011, the development of internal control will also include monitoring of control activities at selected OpCos. The selection of OpCos for review will be risk-based and the review will be performed by Group Internal Audit. The control self-assessments conducted in 2010 will be utilised in this process. The self-assessment results will be consolidated and they will steer the monitoring of the control activities. Consequently, improvement measures will be designed and implemented in order to advance the control maturity. A Group function control self-assessment will be performed at corporate IT. Furthermore, the depot audit program will be further developed and harmonised.

Further, the Group's Internal Audit will conduct control audit reviews for the new rental system recently implemented in Sweden. The rental system will be impelemented in other OpCos during the forthcoming years.

INSIDER ADMINISTRATION

Cramo observes the Insider 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. Euroclear Finland Ltd maintains an insider register for Cramo's permanent insiders.

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

EXTERNAL 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 Mr Erkka Talvinko was appointed the auditor responsible, and the firm of authorised public accountants Ernst & Young Oy was selected at the Annual General Meeting on 13 April 2010 as the Company's auditors to serve for a term ending at the end of the next Annual General Meeting in 2011. Both Mr Talvinko and Ernst & Young Oy have acted as auditors of the Company since 2006.

TOTAL COMPENSATION FOR EXTERNAL AUDITING

EUR 1,000	2010	2009	Change, %
Audit fees	654	621	5.31
Tax consultation	94	126	-25.40
Other services	249	85	192.94
Total	**997**	**832**	**19.83**

BOARD OF DIRECTORS 31 DEC 2010

1. Stig Gustavson
Born 1945, Finnish citizen, 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.
Current positions of trust: Board Chairman Konecranes Plc, Arcada Foundation, Svenska Handelsbanken AB (publ) Regional Bank Finland, Technology Academy Foundation.
Board Vice Chairman: Mercantile Oy Ab, Dynea Oy.
Board member: Vaisala Corporation.
Supervisory Board member of Mutual Pension Insurance Company Varma; Senior Regional Advisor of IK Investment Partners.
Deemed independent of the Company and major shareholders.

2. Eino Halonen
Born 1949, Finnish citizen, B.Sc. (Econ.). Deputy 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.
Current positions of trust: Board member of Metsäliitto Group, YIT Corporation.
Deemed independent of the Company and, as Suomi Mutual Life Assurance Company's previous President and CEO, dependent upon major shareholders until 31 December 2010.

3. Fredrik Cappelen
Born 1957, Swedish citizen, B.Sc. (Business Administration). Board member since 2008, Member of the Audit Committee.
Primary work experience: Nobia's President and CEO 1995–2008.
Current positions of trust: Board Chairman of Byggmax AB, Munksjö AB, Dustin AB, Sanitec Oy.
Board member: Securitas AB, Granngården AB
Deemed independent of the Company and major shareholders.

4. Victor Hartwall
Born 1966, Finnish citizen, M.Sc. (Econ.). Board member since 2010, Member of the Nomination and Compensation Committee.
Main occupation: Managing Director of K. Hartwall Invest Oy Ab.
Primary work experience: Deputy Managing Director of Lankapaja Oy 2001–2006.
Current positions of trust: Board Chairman of Lankapaja Oy.
Board member: K. Hartwall Oy Ab
Deemed independent of the Company but not independent of the major shareholders.

5. Thomas von Hertzen
Born 1952, Finnish citizen, M.Sc. (Econ.). Board member since 2010, Member of the Audit Committee.
Main occupation: Managing Director of Hartwall Capital Oy Ab.
Primary work experience: Head of Group M&A, Business Development, OMYA Management AG 2007–2009; various management positions in OMYA Group 1995–2007.
Current positions of trust: Board Chairman of Karelia-Upofloor Oy, Oy Bond & Stock Ab, Skanditrä Ab.
Deemed independent of the Company, but not independent of the major shareholders.

6. Jari Lainio
Born 1955, Finnish citizen, Construction Engineer. Board member since 2009, Member of the Nomination and Compensation Committee.
Main occupation: Managing Director of Lainio & Laivoranta Ltd., Managing Director of Rakennustoimisto Lainio & Laivoranta Ltd.
Primary work experience: Managing Director of Rakennustoimisto Laivoranta Ltd. 1989–1994, Technical Director of Rakennustoimisto Laivoranta Ltd. 1986–1989; Managing Director of Rakennustoimisto Lainio & Laaksonen Ltd. 1982–1986.
Current positions of trust: Board member of Turun Rakentamistaidon edistämissäätiö; Rakennusteollisuus RT, Lounais-Suomi.
Deemed independent of the Company and major shareholders.

7. Esko Mäkelä
Born 1943, Finnish citizen, M.Sc. (Eng.), MBA. Board member since 2007, Member of the Audit Committee.
Primary work experience: Executive Vice President, CFO of YIT Corporation.
Current positions of trust: Board Chairman of Everalis Oy.
Deemed independent of the Company and major shareholders.

Mika Puittinen
Secretary to the Board (not member of the Board)

"Independent" means that such 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 significant shareholders of the Company.

For further information about Board activities, see pages 40–43.

GROUP MANAGEMENT 31 DEC 2010

1. Vesa Koivula
Born: 1954, Finnish citizen, M.Sc. (Eng.). President and CEO since 2003. Employed by Cramo since 2003.
Previous positions: Fiskars Inha Ähtäri Works, Managing Director 2001–2003 and Deputy Managing Director 1995–2001; Morus Oy, Managing Director 1992–1995.
Current positions of trust: Board member of Marinetek Group Oy and European Rental Association.

2. Göran Carlson
Born: 1958, Swedish citizen, Engineering at Lund University, Sweden. Deputy CEO since 2006. Responsible for Denmark, Poland, the Czech Republic and Slovakia since 2009. 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, Finnish citizen, 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, Manager,Corporate Finance, 1995–1998.
Current positions of trust: Board member, Society for Economic Education.

4. Ossi Alastalo
Born: 1966, Finnish citizen, 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.

5. Erik Bengtsson
Born: 1969, Swedish citizen, 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; Toyota Materials Handling (BT Svenska), Sales Manager 2001–2005; Parker Hannifin, Production Engineer and field sales 1995–2001.

6. Tatu Hauhio
Born: 1970, Finnish citizen, 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.
Current positions of trust: Board Chairman of Imaginative Minds Oy.

7. Martin Holmgren
Born: 1967, Swedish citizen, B.Sc. (Bus. Admin.). Vice President, Fleet Management Equipment Rental since 2009. Member of the Group Management team since 2009. Employed by Cramo since 2003.
Previous positions: Cramo AB, Product Area Manager Fleet Management 2003–2008; Telia Mobile, Business Development Manager 2000–2003; ABB, Supply Chain, Manager 1998–2000; Platzer Bygg, Site Manager 1989–1995.

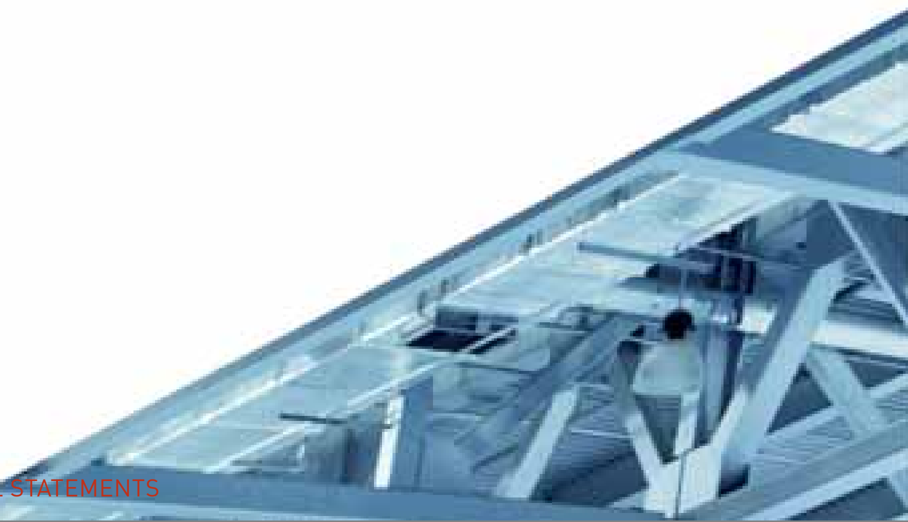
8. Jarmo Laasanen
Born: 1950, Finnish citizen, MBA. Senior Vice President, Baltic countries and Russia since 2009. Member of the Group Management team since 2006. Employed by Cramo since 2004.
Previous positions: Cramo Suomi Oy, President 2004–2005; Addsoft Solutions Oy, Managing Director 2001–2004; 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.

9. Per Lundquist
Born: 1967, Swedish citizen, M.Sc. (Eng.), Institute of Technology, Linköping University, Sweden. Vice President, CIO since 2010. Member of the Group Management team since 2010. Employed by Cramo since 2010.
Previous positions: Toyota Material Handling Group, CIO/Director IT 2004–2010; Sogeti AB, Key Account Manager 2000–2004; Cap Gemini Telecom and Media Lab Atherton CA USA, Project Manager/System Architect 1999–2000; Cap Gemini Sverige AB, Project Manager/ System Architect 1996–1999; Linköping University Hospital, Research engineer neurophysiology and medical imaging 1993–1996.

10. Finn Løkken
Born: 1964, Norwegian citizen, Machine technician. Senior Vice President, Norway since 2009. Member of the Group Management team since 2009. Employed by Cramo since 2003.
Previous positions: Cramo Norway, Managing Director 2003– ; Bautas, Regions Manager 1998–2003; Stavdal Øst AS, Managing Director 1996–1998; Finn Løkken AS, Managing Director 1992–1996.
Current positions of trust: Board Chairman of Cramo Instant AS and Hamar Liftutleie AS; Board member: Norwegian Rental Association

For further information about the responsibilities of the President and CEO as well as the Group management, see page 43.

CONTENTS



BOARD OF DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

BOARD OF DIRECTORS' REPORT ON THE 57TH 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. Its equipment rental services comprise construction machinery and equipment rentals and rental-related services. These rental-related services include construction site and installation services. Cramo Plc is one of the industry's leading service providers in the Nordic countries and Central and Eastern Europe. At the end of the financial year 2010, Cramo Plc operated in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia and Russia.

After a weak winter and spring, both the construction market and the rental market saw a positive turn at the end of the second quarter, which strengthened towards the year end.

During the year, the Finnish and Swedish construction markets returned to growth as expected. Construction activity, driven by residential construction, increased by 2–4 percent in both countries. In Sweden, the demand for construction and equipment rental services developed favourably throughout the year. Although construction activity in Finland continued to be low in the first half of 2010, except for renovation projects, economic recovery was visible in the second half of the year as a large number of new housing starts in particular.

While construction activity also increased in Poland, the rate of growth was only four percent instead of the expected ten percent, as civil engineering activity was lower than anticipated. In Russia, construction remained at the previous year's level, yet regional differences are marked.

On an annual level, the overall construction market did not increase in Cramo's other market areas. In Norway, construction declined by some three percent, but started to recover in the second half of the year. In Denmark, the decline in construction exceeded seven percent. In the Baltic countries, construction activity decreased by 12–19 percent. The market declined also in Slovakia and in the Czech Republic.

Market forecasts: Confederation of Finnish Construction Industries 10/2010; the Swedish Construction Federation (Svensk Byggindustrier) 10/2010; Euroconstruct, 12/2010.

BUSINESS REVIEW

Cramo Group's business segments consist of Finland, Sweden, Norway, Denmark and Central and Eastern Europe. In addition to segment information, Cramo also reports on the order book value for modular space. Finland generated EUR 99.6 (92.1) million or 20.2 (20.4) percent of the total consolidated sales for 2010, Sweden EUR 251.9 (215.7) million or 51.2 (47.8) percent, Norway EUR 69.1 (63.4) million or 14.1 (14.0) percent, and Denmark EUR 29.5 (36.3) million or 6.0 (8.1) percent. EUR 49.9 (44.1) million or 10.1 (9.8) percent of sales were generated in Central and Eastern Europe.

Sales and EBITA developed positively in all market segments during the year. Sales increased in all other segments except Denmark.

During the period under review, Cramo signed several major outsourcing agreements and successfully reinforced its market position in most of its market areas. The most significant customer agreements were signed with Lemminkäinen Group in Finland.

Full-year profitability was at a good level in Finland and Sweden, which was in line with Cramo's expectations. In Norway, business swung to profit in the third quarter. In Denmark and Central and Eastern Europe, the full-year EBITA was clearly negative; in the fourth quarter, however, in Denmark a zero-level result was very nearly achieved in the last quarter. Fleet utilisation rates improved to a good level in almost all of the Central and East European countries as well. The profitability of the modular space business remained good throughout the year.

Sales and profitability were positively affected by the recovery in demand and the cost-saving measures implemented in 2009. The marked improvement in fleet utilisation rates in the second half of 2010 also contributed to the positive development.

The Group's key targets for 2010 were a positive cash flow, the improvement of profitability and a reduction of gearing. These targets were achieved.

SALES AND PROFIT

Cramo Group's consolidated sales in 2010 were EUR 492.1 (446.7) million, showing an increase of 10.2 percent. Sales increased in Finland, Sweden, Norway and Central and Eastern Europe, but decreased in Denmark. In local currencies, the change in sales was 2.8 percent.

EBITA was EUR 34.5 (17.3) million, or 7.0 (3.9) percent of sales. The full-year EBITA was positive in Finland, Sweden and Norway. EBITDA was EUR 117.6 (106.0) million, or 23.9 (23.7) percent of sales.

The Group's reorganisation expenses in 2010 totalled EUR 2.0 (6.1) million and credit losses and credit loss provisions EUR 5.0 (6.7) million. The result also includes impairment losses on fleet totalling EUR 0.5 (2.0) million. Expenses associated with options were EUR 2.3 (2.3) million.

EBIT was EUR 27.4 (-11.5) million in 2010, or 5.6 (-2.6) percent of sales. Profit before taxes was EUR 4.8 (-34.2) million and profit for the financial year EUR -2.2 (-39.9) million. Net finance costs for the period were EUR 22.6 (22.7) million.

In accordance with the prudence principle, Cramo has not recognised deferred tax assets for most of its loss-making companies in 2010. Unrecognised deferred tax assets totalled EUR 4.8 (7.9) million in 2010.

Earnings per share were EUR -0.07 (-1.30). Diluted earnings per share were EUR -0.07 (-1.28).

Return on investment (rolling 12 months) was 3.7 (-1.2) percent and return on equity (rolling 12 months) -0.6 (-12.1) percent.

CAPITAL EXPENDITURE AND DEPRECIATION/AMORTISATION

Gross capital expenditure for the period was EUR 86.2 (31.9) million, of which EUR 33.8 million relates to acquisitions and business combinations. The investment level was increased in the fourth quarter. Investments were targeted at Sweden and the modular spaces business as planned.

Reported depreciation and impairment on equipment and intangible assets were EUR 83.1 (88.7) million. This includes write-downs of EUR 0.8 (2.4) million on the Group's tangible assets and on assets available for sale.

Amortisation and impairment on intangible assets resulting from acquisitions were EUR 7.1 (28.8) million. At the end of the period, goodwill totalled EUR 148.0 (137.3) million.

FINANCIAL POSITION AND BALANCE SHEET

The Group showed a positive net cash flow of EUR 68.3 (76.6) million from operating activities. Cash flow from investing activities was EUR -40.9 (-11.2) million and cash flow from financing activities EUR -24.1 (-53.6) million. At the end of the period, cash and cash equivalents amounted to EUR 22.3 (18.5) million, with the net change amounting to EUR 3.3 (11.9) million. The Group's cash flow after investments was

EUR 27.4 (65.4) million. The cash flow was negatively affected by the increased level of investments in the fourth quarter as well as the significant agreements concluded with Lemminkäinen Group and Peab Group, also in the fourth quarter.

At the end of the period, the Group's balance sheet included EUR 2.7 (6.1) million of assets available for sale. Gross interest-bearing liabilities at the end of the period were EUR 404.3 (402.2) million. In December, Cramo Plc signed a new long-term loan agreement with a total amount of EUR 375 million to refinance its existing long-term syndicated loan facility of EUR 375 million. The existing facility, which was agreed in 2007, was due to mature in January 2013. The new unsecured loan agreement is for four years with a one-year extension option. The loan consists of a EUR 175 million term loan and a EUR 200 million revolving credit facility. The financial covenants are the Net Debt to EBITDA ratio and the gearing ratio. The new loan arrangement improves Cramo's liquidity and reduces the Group's interest expenses and provides flexibility for Cramo to pursue acquisitions.

EUR 181.3 (144.2) million of variable-rate liabilities were hedged by way of interest rate swaps on 31 December 2010. Hedge accounting is applied to EUR 104.9 (98.2) million of these interest rate hedges. In the second half of the year, the Group increased the share of loans with a fixed rate of interest. On 31 December 2010, Cramo Group had undrawn committed credit facilities (excluding leasing facilities) of EUR 135.6 (130.1) million, of which non-current facilities totalled EUR 118.0 (95.0) million and current facilities EUR 17.6 (35.1) million.

On 31 December 2010, Cramo Group's net interest-bearing liabilities totalled EUR 382,0 (383.7) million. Gearing continued to decrease as planned, amounting to 103.4 (113.4) percent at the end of the period.

The balance sheet total on 31 December 2010 was EUR 965.7 (918.4) million. Tangible assets amounted to EUR 526.3 (522.2) million of the balance sheet total, and the equity ratio was 38.7 (37.4) per cent.

During the financial year 2010, the euro weakened against most of Cramo's other operating currencies. This had a positive effect on the Group's comprehensive income for the period and on equity.

Rental liabilities associated with off-balance sheet operational leasing agreements totalled EUR 37.6 (40.2) million on 31 December 2010. Off-balance sheet hybrid bond-related interest liabilities were EUR 4.0 (4.0) million at the end of the period. In April 2010, Cramo Plc paid the subscribers of its hybrid bond the interest for the period 29 April 2009 to 28 April 2010.

NEW TARGETS AND BUSINESS DEVELOPMENT

Cramo announced its new strategic and financial targets for 2010–2013 during the Capital Markets Day held on 1 September 2010.

Cramo's strategic targets for 2010–2013 are to be the customer's first choice as well as the "best in town" in the rental business, that is, the leading rental solutions provider in each homogenous local market (such as a city, district or region). Other strategic targets are to grow profitably faster than the market and to act as a driver of rental development.

Cramo Group's financial targets for 2010–2013 are as follows: sales growth above 10 percent per annum, EBITA margin above 15 percent of sales, return on equity (ROE) above 15 percent and maximum gearing at 100 percent. The Group's target is to reach the financial target levels as soon as possible during the period 2010–2013.

Achieving the strategic targets requires the roll-out of a uniform Cramo Concept and harmonised key processes in all markets, the roll-out of the "best in town" strategy in existing and new geographical areas in Europe and expanding the modular space business outside Finland and Sweden more strongly than before. Success naturally also requires the input of competent, motivated and committed personnel.

GROUP STRUCTURE

At the end of the financial year, Cramo Group consisted of the parent company Cramo Plc, which provides group-level services, and as operating companies, its wholly-owned subsidiaries in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia and Russia. Cramo Plc also owns a financing company in Belgium and a company in Sweden which offers group-level services. Cramo Management Oy, owned by the members of the Executive Committee, has been consolidated into the group according to SIC-12 as a Special Purpose Entity.

At the end of the period under review, equipment rental services were provided through a network of 288 (284) depots.

HUMAN RESOURCES

During the period under review, Group staff averaged 2,083 (2,356). In addition, the Group employed 109 (49) persons as hired work force. At the end of the period, Group staff numbered 2,131 (2,018). The number of staff is reported as full time equivalent (FTE).

The geographical distribution of personnel at the end of the period was as follows: Finland, 590 (492) employees; Sweden, 700 (700); Norway, 189 (178); Denmark, 120 (115) and Central and Eastern Europe, 532 (533) employees.

The total amount of salaries and fees paid was EUR 76.1 (76.8) million.

In 2010 the Group launched five major group-wide development projects, the aim of which is to ensure shared values throughout the Group as well as the successful implementation of the growth strategy. On the country level HR development programmes continued to focus on developing customer service, sales skills and fleet management.

GROUP MANAGEMENT

At the end of the financial year, the Group Management team consisted of: Mr Vesa

STAFF BY SEGMENT AT THE YEAR END

	Number of employees		Percent of the entire staff	
	2010	2009	2010	2009
Finland	570	472	26.7	23.4
Sweden	664	656	31.2	32.5
Norway	189	178	8.9	8.8
Denmark	120	115	5.6	5.7
Central and Eastern Europe	532	533	25.0	26.4
Group activities	56	64	2.6	3.2
of which in parent company	20	20	0.9	1.0
Group total	**2,131**	**2,018**	**100.0**	**100.0**

STAFF AGE DISTRIBUTION AT THE YEAR END

	Number of employees		Percent of the entire staff	
	2010	2009	2010	2009
–23	87	88	4.1	4.4
24–35	672	616	31.5	30.5
36–45	638	664	29.9	32.9
46–59	623	540	29.2	26.8
60–	111	110	5.2	5.5
Group total	**2,131**	**2,018**	**100.0**	**100.0**

Koivula, President and CEO of Cramo Group; Mr Göran Carlson, Deputy CEO, with added responsibility for the Group's operations in Denmark, Poland, the Czech Republic and Slovakia; and Mr Martti Ala-Härkönen, CFO, with added responsibility for business development, the Group's legal function and human resource development. Mr Koivula, Mr Carlson and Mr Ala-Härkönen comprise the Group's Executive Committee.

The other members of the Group management team at the end of the financial year were: Mr Tatu Hauhio, Senior Vice President, Finland; Mr Erik Bengtsson, Senior Vice President, Sweden; Mr Jarmo Laasanen, Senior Vice President, Baltic countries and Russia; Mr Finn Løkken, Senior Vice President, Norway; Mr Ossi Alastalo, Senior Vice President, Fleet Management/Modular Space; Mr Martin Holmgren, Vice President, Fleet Management/Equipment Rental; and Mr Per Lundquist, Vice President, CIO.

SHARES AND SHARE CAPITAL

On 31 December 2010, Cramo Plc's share capital as registered in the trade register was EUR 24,834,753.09 and the number of shares was 30,660,189, including Cramo Management Oy's holding of 316,288 shares. There were no changes in the share capital or the number of registered shares during the period under review.

On 30 September 2010, the Board of Directors of Cramo Plc resolved to apply for listing of stock option rights 2006B of Cramo Plc Stock Options 2006 programme on the NASDAQ OMX Helsinki Ltd to commence on 1 October 2010. The total number of stock options 2006B issued is 1,000,000. There are currently 74 key employees holding a total of 737,000 of these stock options. A wholly-owned subsidiary of Cramo Plc currently holds 247,000 stock options 2006B which will not be used for share subscription. Each stock option 2006B entitles its holder to subscribe for one Cramo Plc share at a subscription price of EUR 25.62. The share subscription period started on 1 October 2010 and it will end on 31 January 2012. The shares possibly subscribed for with the stock options 2006B will account for a maximum of 2.4 percent of the number and voting rights of Cramo Plc's shares and voting rights after registering of the new shares.

A total of 142,191 new shares were subscribed for with the stock options 2006A in December. The new shares were registered in the trade register after the review period on 13 January 2011 and trading in them began on 14 January 2011. The share subscription price of EUR 1,871,233.56 was credited in its entirety to the reserve for invested unrestricted equity. As a result of the share subscriptions, the number of Cramo Plc shares increased to 30,802,380.

CURRENT OPTION PROGRAMMES AND INCENTIVE SCHEMES

Based on the 2006A option scheme, Cramo has issued a total of 1,000,000 stock options. At the end of the period under review, 306,000 of these options were held by a wholly-owned subsidiary of Cramo Plc. These options will not be used for share subscription. Each stock option outstanding entitles its holder to subscribe for one new share in the company. The share subscription period was from 1 October 2009 to 31 January 2011. The planned schedule for listing the shares subscribed for under the 2006 option scheme on the NASDAQ OMX Helsinki Ltd is such that trading in shares subscribed for by 31 January 2011 will begin on 11 February 2011.

The 2010 Annual General Meeting decided that stock options may be issued to the key personnel of the Cramo Group as a part of the incentive and commitment programme for the key personnel. The maximum total number of stock options issued will be 1,000,000 and they will be issued gratuitously. The share subscription price will be based on the prevailing market price of the Cramo Plc share on the NASDAQ OMX Helsinki Ltd in October 2010. The share subscription period for stock options will be 1 October 2013 to 31 December 2014. In November, the Board of Directors decided on the distribution of 1,000,000 stock options 2010.

On 31 December 2010, Cramo Group's key personnel held a total of 551,809 stock options 2006A, 737,000 stock options 2006B, 882,500 stock options 2006C, 895,000 stock options 2009 and 1,000,000 stock options 2010.

Cramo Management Oy, owned by the members of the Executive Committee, holds 316,288 shares in the company. The transfer of these shares is restricted during the validity of the arrangement, expiring in the autumn 2012.

ANNUAL GENERAL MEETING AND VALID BOARD AUTHORISATIONS

Cramo Plc's Annual General Meeting on 13 April 2010 approved the consolidated financial statements and the parent company's financial statements for 2009 and discharged the members of the Board of Directors and the President and CEO from liability. The Annual General Meeting approved the Board's proposal that no divided be paid. In December 2010, the Board decided not to convene an Extraordinary General Meeting to decide on a possible dividend payment for 2009.

The Annual General Meeting resolved that the Chairman of the Board of Directors shall be paid EUR 60,000 per year, the Deputy Chairman EUR 40,000 per year and the other Board members EUR 30,000 per year. As a rule, 40 percent of the annual remuneration will be paid in Cramo Plc shares purchased on behalf of the Board members. In addition, the Board members will receive an attendance fee of EUR 1,000 for committee meetings.

Mr Stig Gustavson, Mr Eino Halonen, Mr Jari Lainio, Mr Esko Mäkelä and Mr Fredrik Cappelen were re-elected as members of the Board of Directors, and Mr Victor Hartwall and Mr Thomas von Hertzen were elected as new Board members.

Ernst & Young Oy, a firm of authorised public accountants, was appointed as Cramo Plc's auditor, with Mr Erkka Talvinko, APA, as the responsible auditor.

The Annual General Meeting decided to authorise the Board of Directors to repurchase, or to accept as pledge, a maximum of 3,066,000 of the company's own shares. Only the company's unrestricted equity may be used to repurchase its own shares. The Board of Directors shall decide on how the company's own shares will be repurchased and/or accepted as pledge.

The Annual General Meeting authorised the Board of Directors to decide on the transfer of the repurchased own shares so that under the authorisation a maximum of 3,066,000 shares may be transferred, in one or several tranches. The Board of Directors shall resolve on the terms for the transfer of shares.

The Annual General Meeting authorised the Board of Directors to decide on a share issue as well as on option rights and other special rights entitling to shares as follows: Under the authorisation a maximum of 6,132,000 new shares in the company can be issued. The shares or special rights entitling to shares can be issued in one or more tranches. The Board may resolve upon issuing shares to the company itself, and the Board shall resolve on all of the terms of the share issue and the special rights entitling to company shares.

The Annual General Meeting decided that stock options be issued to the key personnel of the Cramo Group as a part of the incentive and commitment programme for the key personnel. The maximum total number of stock options issued will be 1,000,000 and they will be issued gratuitously. The share subscription price will be based on the prevailing market price of the Cramo Plc share on the NASDAQ OMX Helsinki Ltd in October 2010. The share subscription period for stock options will be 1 October 2013 to 31 December 2014.

The Annual General Meeting adopted a resolution to amend article 8, section 2, of the Articles of Association: "Notice to the General Meeting of Shareholders shall be published in a newspaper determined by the Board of Directors at least three (3) weeks before the date of the meeting, but no later than nine (9) days before the record date of the General Meeting of Shareholders. The notice shall state the date on which a shareholder must notify the company at the latest, in order to attend the General Meeting of Shareholders."

CORPORATE GOVERNANCE AND AUDITORS

As of 13 April 2010, Cramo Plc's Board of Directors is composed of Mr Stig Gustavson (Chairman), Mr Eino Halonen (Deputy Chairman), Mr Fredrik Cappelen, Mr Victor Hartwall, Mr Thomas von Hertzen, Mr Jari Lainio and Mr Esko Mäkelä. The Audit Committee members are Mr Halonen (Chairman), Mr Cappelen, Mr von Hertzen and Mr Mäkelä. The members of the Nomination and Compensation Committee are Mr Gustavson (Chairman), Mr Lainio and Mr Hartwall.

Until 13 April 2010, Cramo Plc's Board of Directors consisted of Mr Stig Gustavson (Chairman), Mr Eino Halonen (Deputy Chairman), Mr Fredrik Cappelen, Mr Gunnar Glifberg, Mr Hannu Krogerus, Mr Jari Lainio and Mr Esko Mäkelä.

The Board met 11 times during the financial year. The average attendance rate of Board members was 96.6 percent. The Audit Committee met 5 times and the Nomination and Compensation Committee met 3 times.

On 31 December 2010, the Board members, the President and CEO and his deputy held, either directly or through companies in which they exercise control, a total of 2,985,060 Cramo Plc shares, which represents 9.7 percent of the company's shares and votes, and a total of 348,000 stock options.

The company's auditors were Ernst & Young Oy, Authorised Public Accountants, with Mr Erkka Talvinko, APA, as responsible auditor.

Cramo Plc observes the Finnish Corporate Governance Code, which entered into force on 1 January 2010. Cramo Plc's insider guidelines are based on the Finnish Securities Markets Act, rules and regulations issued by the Financial Supervision Authority and the insider guidelines of the stock exchange. Euroclear Finland Ltd maintains an insider register of Cramo Plc's permanent insiders, whose holdings are also available on Cramo Plc's website.

The Corporate Governance statement issued by Cramo Plc's Board of Directors can be found on the Cramo Plc website.

ESSENTIAL RISKS AND UNCERTAINTIES

The main sources of uncertainty in Cramo's business are related to global economic developments, as well as the economic cycles and financial development of each country, fluctuations in interest and exchange rates, availability of financing, credit loss risks, the success of the Group's acquisitions, personnel-related risks, availability of competent management and recruitment-related risks, tax risks and other business risks.

The risks involved with business increased during the economic downturn. In particular, the risks associated with the reorganisation of the Group's operations, fleet management related risks, the availability and price of financing, risks related to financial covenants of loan terms, exchange rate risks, risks related to the implementation of the Group's ERP system, risks related to franchising arrangements, risks related to rental prices in different markets as well as credit loss risks increased during the downturn. In addition, the downturn increased the impairment risks to the balance sheet values of acquisitions. Cramo has further heightened the level of attention paid to the Group's risk management in the changed operating environment.

RISK MANAGEMENT AND ENVIRONMENT

Cramo Group's risk management is aimed at ensuring that the company identifies its business-related risks and assesses and monitors them on an ongoing basis. Risk management consists of continuous and systematic activities aimed at preventing personal injuries and safeguarding the assets of Cramo Group while ensuring steady and profitable business operations.

STRATEGIC RISKS

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

The construction industry is characterised by seasonal fluctuations, and the Group's sales and profit vary in different quarters in a manner typical of equipment rental operations. 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. The Group also strives to minimise the impact of economic trends through continuous optimization of the rental equipment fleet's utilisation rate.

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. Expansion into new geographical areas means exposure to cultural, political, economic, regulatory and legal risks. The target is to take the risks into consideration through careful preparation and systematic monitoring of the acquisition.

In addition, there are 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 utilizing external and internal indicators to forecast future market development. Indicators that illustrate the future are monitored by each country company on a monthly basis.

Strategy follow-up includes an actively followed set of forward-looking indicators to give an early indication of any changes in the market environment or the operations of the company.

OPERATIVE RISKS

The Group's most significant operative risks include risks associated with the business and the staff, contract risks, occupational safety risks, IT-related risks, risks associated with compliance with 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.

ECONOMIC AND FINANCING RISKS

The objective of economic and financing risk management is to safeguard the company's high-quality external and internal financial reporting and the availability of Group financing, as well as to minimise the harmful impacts that changes in the 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 the interest risk, Group borrowing and investments have been dispersed to fixed and variable interest instruments. Derivative contracts, such as interest rate swaps, are also used to manage the interest risk. The exchange rate risk mainly comprises net investments in foreign units and currency-denominated loans, with currency forwards as protection instruments.

The Group's financing policy specifies the responsibilities and procedures of the financing function as well as the targets and principles of protection activities. Group financing is handled in a centralised manner, primarily through internal Group loans.

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 important part of Cramo's business model. The Group seeks to reduce the environmental load of construction by maintaining high utilisation rates for its equipment. 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 before purchasing. The Group strives to reduce the environmental load by delivering its equipment fully tested and without unnecessary packaging. Long equipment service life is maintained through careful maintenance. All material from equipment that is removed from use is recycled as effectively as possible. Regional profit centres are responsible for the appropriate storage and reprocessing of chemicals and hazardous waste.

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.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The 142,191 new shares subscribed for under the stock option rights 2006A in December were registered in the trade register on 3 January 2011, and trading in them began on 14 January 2011. As a result of the share subscriptions, the number of Cramo Plc shares increased to 30,802,380.

On 11 January 2011, Cramo announced having signed an agreement to acquire a 100 per cent stake of the share capital of Theisen Baumaschinen AG. The seller is Arrex Beteiligungs-GmbH, a privately-owned holding company. The purchase price was approximately EUR 47 million, of which EUR 40 million was paid in cash and the rest in Cramo Plc's new shares pursuant to a directed share issue made to the seller, equalling approximately EUR 7 million. Cramo also assumed Theisen's net interest-bearing debt and financial leasing liabilities, resulting in an enterprise value of approximately EUR 85 million for the transactions.

Cramo used its existing long-term credit facilities to finance the cash part transaction. Cramo Plc's Board uses its share issue authorization granted by the Annual General Meeting held on 13 April 2010 for the directed share issue.

Theisen Group is among the top three providers of equipment rental services in Germany. Approximately 90 per cent of the group's sales are generated in Germany, which is Europe's largest construction market. The size of the German equipment rental market is estimated at approximately EUR 3.5 billion Theisen Group also operates in Germany, Austria, Switzerland and Hungary. Theisen Group had 274 employees at the time of the signing of the transaction.

On January 11, 2011, Cramo announced Theisen Group's business details:

"In 2009, Theisen generated sales of approximately EUR 85.7 million, EBITDA of approximately EUR 11.4 million and EBIT of approximately EUR 3.0 million (IFRS adjusted). Theisen's EBITDA margin is affected by a significant part of the Group's fleet being financed by operational leasing. The Group's profitability is expected to have improved somewhat in 2010."

The preparation and auditing of Theisen Group's consolidated accounts under German GAAP for 2010 are under way. The impact of Theisen on Cramo Group's consolidated income statement and balance sheet will depend, in addition to IFRS accounting standards (ia, converting Theisen's financial leasing liabilities into an IFRS balance sheet by dividing the leasing expenses into depreciation and interest) and Cramo's IFRS compliant accounting practises, on conditions stipulated in the share purchase agreement relating to the adjustment of the purchase price.

Therefore, contrary to the January 11, 2011 announcement, no specific information may be given as to the level of Theisen's 2010 results.

However, as previously disclosed, Cramo estimates the Theisen transaction to be earnings-neutral to Cramo Group in 2011 and earnings-accretive thereafter.

On January 31, 2011, Cramo announced closing the Theisen acquisition January 31, 2011. According to the terms and conditions of the acquisition, Cramo directed 374,532 new Cramo Plc shares to Arrex Beteiligungs-GmbH. The new shares are estimated to be registered into the trade register and listed and admitted to trading on the main list of NASDAQ OMX Helsinki Ltd together with the existing shares in Cramo by 20 February 2011. The new shares are subject to a lock-up arrangement pursuant to which 50 per cent of the shares issued in the share issue may not be transferred during a period of one year from the closing of the transaction and the remaining 50 per sent of the shares may not be transferred during a period of two years from the closing of the transaction.

Theisen Group will be consolidated into Cramo Group as of February 1, 2011. Theisen Group will constitute a new business segment in Cramo's reporting as "Central Europe" as of Q1 2011. Cramo will not separately publish pro forma calculations for periods prior to closing.

On February 10, 2011, Cramo announced that 551,809 new shares subscribed for under the stock option rights 2006A in January 2011 were registered in the trade register on 10 February 2011, and trading in them will begin on 11 February 2011. As a result of the share subscriptions, the number of Cramo Plc shares will increase to 31,354,189.

OUTLOOK FOR 2011 POSITIVE

The construction and equipment rental service markets are expected to grow stronger in almost all of Cramo's market areas in 2011. According to construction market research organisation Euroconstruct, construction activity will grow some 3–4 percent throughout the Nordic region in 2011. Two-digit growth rates are forecasted for Poland and Estonia, while elsewhere in Central and Eastern Europe (Russia included) growth is estimated at 4–6 percent. The Czech Republic is the only one of Cramo's marked areas where construction activity is predicted to decline. Construction activity is also expected to increase in Germany, Austria, Switzerland and Hungary.

Cramo anticipates stronger growth in the demand for rental services than in construction. Increased interest in equipment rental as an alternative to owning is an important factor contributing to the growth of the rental market. Construction companies are also finding arrangements where companies outsource their equipment fleet to a rental service company to be increasingly attractive.

While the outlook for full year 2011 is positive, the expectations for the first quarter result are cautious due to the winter season and one-off expenses related to the Theisen acquisition, in addition to which there will be integration expenses.

As a result of the improved outlook, Cramo will increase its investment rate in 2011.

The Group's guidance for 2011 is as follows: "The market outlook for equipment rental services for 2011 is positive. In 2011, the Group's sale is expected to grow both as a consequence of the Theisen acquisition and organically. The Group's EBITA margin will improve compared with 2010."

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

Cramo Plc's distributable profits are EUR 34,626,288.66 of which the loss for the period is EUR 437,162.21.

The Board of Directors proposes to the Annual General Meeting to be held on 24 March 2011 that the distributable profits be used as follows: EUR 0.10 per share and the rest will be carried forward in equity.

KEY FIGURES AND RATIOS

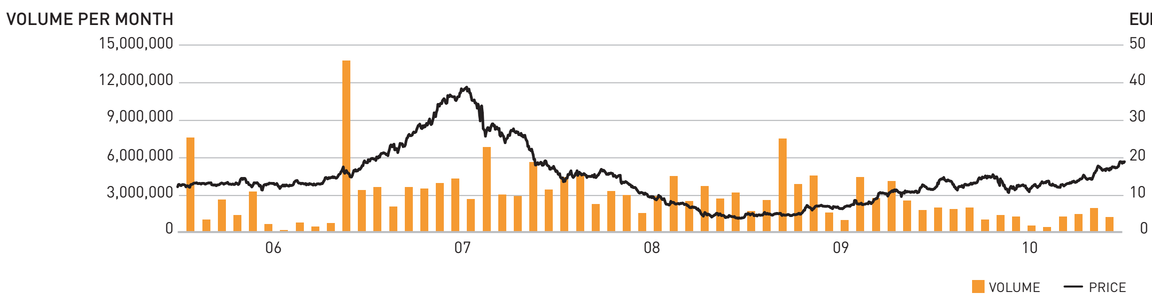
KEY FIGURES ON FINANCIAL PERFORMANCE		IFRS 2010	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006
Sales	MEUR	492.1	446.7	579.8	496.4	402.4
Change -%	%	+10.2	-23.0	+16.8	+23.4	+422.6
Operating profit/loss	MEUR	27.4	-11.5	91.8	91.8	68.6
% of sales	%	5.6	-2.6	15.8	18.5	17.0
Profit/loss before taxes	MEUR	4.8	-34.2	63.7	75.8	56.6
% of sales	%	1.0	-7.7	11.0	15.3	14.1
Profit/loss for the year	MEUR	-2.2	-39.9	48.7	57.5	41.9
% of sales	%	-0.4	-8.9	8.4	11.6	10.4
Return on equity	%	-0.6	-12.1	14.9	18.4	15.5
Return on investment	%	3.7	-1.2	12.0	13.7	11.7
Equity ratio	%	38.7	37.4	32.3	37.3	38.2
Gross capital expenditure	MEUR	52.4	31.5	201.2	175.5	111.9
% of sales	%	10.6	7.0	34.7	35.4	27.8
Gross capital expenditure (including acquisitions)	MEUR	86.2	31.9			
% of sales	%	17.5	7.1			
Equity	MEUR	369.4	338.4	319.5	333.7	292.2
Net interest-bearing liabilities	MEUR	382.0	383.7	477.1	365.0	305.6
Gearing	%	103.4	113.4	149.3	109.4	104.6
Average number of personnel	No.	2,083	2,356	2,688	2,070	1,828

PER-SHARE RATIOS						
Earnings per share	EUR	-0.07	-1.30	1.59	1.88	1.39
Earnings per share diluted*	EUR	-0.07	-1.28	1.59	1.87	1.36
Shareholders' equity per share	EUR	10.52	9.50	10.42	10.88	9.66
Dividend per earnings	%	Neg.	0.0	12.6	34.6	36.0
Dividend per share	EUR	0.10**	0.00	0.20	0.65	0.50
Trading volume of shares	No.	16,303,921	38,541,898	38,913,460	45,714,185	37,070,980
% of total number	%	53	126	127	149	123
Issue-adjusted average number of shares	No.	30,343,901	30,552,534	30,660,189	30,586,040	30,121,137
Issue-adjusted average number of shares at year end	No.	30,343,901	30,343,901	30,660,189	30,660,189	30,332,793
P/E ratio		Neg.	Neg.	2.9	9.2	13.9
Effective dividend yield	%	0.5	0.0	4.3	3.8	2.6
Market capitalisation of share capital	MEUR	585.0	367.6	141.0	531.0	571.8
Average price	EUR	14.22	7.72	10.96	26.66	13.44
Closing price at year end	EUR	19.08	11.99	4.60	17.32	18.90
Lowest quotation	EUR	11.04	4.78	4.25	16.75	11.10
Highest quotation	EUR	19.44	13.07	18.50	38.80	19.00

* Adjusted by the dilution effect of shares entitled by warrants
** The Board proposes to the Annual General Meeting a dividend of EUR 0.10.

DISCLAIMER
The 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 VOLUME 2006–2010



CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	31 Dec 2010	31 Dec 2009
ASSETS			
Non-current assets			
Tangible assets	4	526,326	522,191
Intangible assets	3	249,999	228,182
Deferred tax assets	15	14,301	19,137
Available-for-sale financial assets	7	347	340
Derivative financial instruments	14	1,053	238
Trade and other receivables	9	3,613	4,990
Total non-current assets		**795,638**	**775,079**
Current assets			
Inventories	10	13,803	11,591
Trade and other receivables	9	125,333	99,526
Income tax receivables		5,114	6,599
Derivative financial instruments	14	825	898
Cash and cash equivalents	11	22,313	18,520
Total current assets		**167,388**	**137,134**
Assets available for sale	5	2,671	6,148
TOTAL ASSETS		**965,697**	**918,360**
EQUITY AND LIABILITIES			
Equity			
Share capital	12	24,835	24,835
Share issue	12	1,871	
Other reserves	12	186,926	186,910
Fair value reserve	12	117	117
Hedging fund	12	-1,197	-2,296
Translation differences	12	3,426	-12,431
Retained earnings	12	103,309	91,117
Equity attributable to equity holders of the parent company		319,287	288,252
Non-controlling interest	12	503	503
Hybrid capital	12	49,630	49,630
Total equity		**369,420**	**338,385**
Non-current liabilities			
Interest-bearing liabilities	13	346,776	351,606
Derivative financial instruments	14	2,543	3,809
Deferred tax liabilities	15	78,348	79,036
Other non-current liabilities	16	4,207	6,816
Total non-current liabilities		**431,875**	**441,267**
Current liabilities			
Interest-bearing liabilities	13	57,569	50,596
Derivative financial instruments	14	1,853	680
Trade and other payables	17	100,984	82,855
Income tax liabilities		3,997	4,576
Total current liabilities		**164,403**	**138,707**
Total liabilities		**596,277**	**579,975**
TOTAL EQUITY AND LIABILITIES		**965,697**	**918,360**

CONSOLIDATED INCOME STATEMENT

EUR 1,000	Note	1 Jan–31 Dec 2010	1 Jan–31 Dec 2009
Revenue		**492,103**	**446,676**
Other operating income	19	15,110	7,262
Change in inventories of finished goods and work in progress	20	1,015	-1,486
Production for own use	20	4,694	9,148
Materials and services	20	-183,479	-150,882
Employee benefit expenses	21	-101,939	-103,062
Depreciation and impairment on tangible assets and assets available for sale	22	-83,145	-88,669
Amortisation and impairment on intangible assets resulting from acquisitions	22	-7,089	-28,754
Other operating expenses	23	-109,880	-101,700
Operating profit/loss		**27,389**	**-11,467**
Financial income	24	733	1,684
Financial expenses	24	-23,318	-24,419
Total financial income and expenses		-22,586	-22,734
Profit/loss before tax		**4,804**	**-34,202**
Income taxes	25	-7,007	-5,657
Loss for the year		**-2,203**	**-39,858**
Attributable to			
Equity holders of the parent company		-2,142	-39,831
Non-controlling interest		-61	-27
		-2,203	**-39,858**
Earnings per share for profit attributable to the equity holders of the parent company			
Basic, EUR	27	-0.07	-1.30
Diluted, EUR	27	-0.07	-1.28
CONSOLIDATED COMPREHENSIVE INCOME			
Loss for the year		-2,203	-39,858
Other comprehensive income			
Change in hedge fund, net of tax		1,099	-923
Change in exchange rate differences, net of tax		33,956	15,915
Total other comprehensive income		35,055	14,992
Total comprehensive income		**32,852**	**-24,866**
Attributable to			
Equity holders of the parent company		32,913	-24,839
Non-controlling interest		-61	-27
		32,852	**-24,866**

CHANGES IN CONSOLIDATED STATEMENT OF EQUITY

EUR 1,000	Share capital	Share issue	Other reserve	Fair value reserve	Hedging fund	Translation difference	Retained earnings	Total	Non-controlling interest	Hybrid capital	Total equity
	Attributable to equity holders of the parent company										
At 1 Jan 2009	**24,835**		**186,910**	**117**	**-1,373**	**-22,124**	**131,111**	**319,476**			**319,476**
Translation difference						9,693	6,222	15,915			15,915
Hedging fund					-923			-923			-923
Profit for the year							-39,858	-39,858			-39,858
Comprehensive income					-923	9,693	-33,636	-24,866			-24,866
Dividend distribution							-6,132	-6,132			-6,132
Share-based payments							2,254	2,254			2,254
Non-controlling interest							-2,480	-2,480	503		-1,977
Hybrid capital										49,630	49,630
At 31 Dec 2009	**24,835**		**186,910**	**117**	**-2,296**	**-12,431**	**91,117**	**288,252**	**503**	**49,630**	**338,385**
At 1 Jan 2010	**24,835**		**186,910**	**117**	**-2,296**	**-12,431**	**91,117**	**288,252**	**503**	**49,630**	**338,385**
Translation difference						15,857	20,011	35,868			35,868
Tax on translation difference*							-1,912	-1,912			-1,912
Hedging fund					1,099			1,099			1,099
Loss for the year							-2,203	-2,203			-2,203
Comprehensive income					1,099	15,857	15,896	32,852			32,852
Exercise of share options		1,871						1,871			1,871
Share-based payments							2,312	2,312			2,312
Hybrid capital							-6,000	-6,000			-6,000
Changes within equity			16				-16				
At 31 Dec 2010	**24,835**	**1,871**	**186,926**	**117**	**-1,197**	**3,426**	**103,309**	**319,287**	**503**	**49,630**	**369,420**

* Unrecognised tax asset on equity hedge value change.
Further information about share capital and equity funds is given in note 12.

CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	Note	1 Jan–31 Dec 2010	1 Jan–31 Dec 2009
Cash flow from operating activities			
Profit/loss before tax		4,804	-34,202
Non-cash adjustments			
Depreciation, amortisation and impairment charges	22	90,234	117,423
Other non cash corrections	26	-9,558	1,171
Finance cost (net)	24	22,586	22,734
Operating profit before changes in working capital		108,066	107,126
Change in working capital			
Change in inventories		-1,313	2,689
Change in trade and other receivables		-14,535	18,025
Change in trade and other payables		6,789	-11,631
Cash generated from operations		99,007	116,209
Interest paid		-19,427	-21,636
Interest received		670	1,360
Other financial items		-2,239	324
Income taxes paid		-9,678	-19,692
Net cash flow from operating activities		**68,333**	**76,565**
Cash flow from investing activities			
Investments in tangible and intangible assets		-50,354	-31,311
Sale of tangible and intangible assets		35,634	22,581
Acquisition of subsidiaries and business operations, net of cash aquired		-26,220	-2,432
Net cash flow from investing activities		**-40,940**	**-11,162**
Cash flow from financing activities			
Change in interest-bearing receivables		-610	94
Change in finance lease liabilities		-35,309	-25,806
Proceeds from interest-bearing liabilities		24,278	
Repayments of interest-bearing liabilities		-8,326	-69,209
Hybrid capital		-6,000	49,500
Proceeds from share options exercised		1,871	
Acquisition of own shares			-2,480
Related party investment			503
Dividends paid	12		-6,132
Net cash flow from financing activities		**-24,095**	**-53,530**
Change in cash and cash equivalents		**3,298**	**11,873**
Cash and cash equivalents at beginning of the year		18,520	8,123
Translation differences		495	-1,476
Cash and cash equivalents at year end	11	**22,313**	**18,520**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY PROFILE

Cramo is a service company specialising in equipment rental services, as well as the rental and sale of modular space. Cramo operates in eleven countries in the Nordic and in Central and Eastern Europe with 288 depots and 2,083 employees.

The Group's parent company, Cramo Plc, is a Finnish public limited company, established in accordance with Finnish legislation, and its Business ID is 0196435-4. The address of Cramo Plc's registered office is Kalliosolantie 2, 01740 Vantaa. Cramo Plc has its listing on the main list of NASDAQ OMX Helsinki Ltd.

A copy of the consolidated financial statements is available on the internet at www.cramo.com or can be obtained at the parent company's head office, address Kalliosolantie 2, 01740 Vantaa.

In its meeting on 9 February 2011, the Board of Directors approved these consolidated financial statements for issue. According to the Finnish Companies Act, the shareholders have the opportunity to approve or reject the financial statements at the Annual General Meeting held after their publication. Furthermore, the Annual General Meeting can decide on modifications to be made to the financial statements.

BASIS OF PREPARATION

The consolidated financial statements of Cramo have been prepared in accordance with International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) and the SIC and IFRIC interpretations valid on 31 December 2010. In the Finnish Accounting Act and ordinances based on the provisions of the Act, IFRS refer to the standards and their interpretations adopted in accordance with the procedures laid down in regulation (EC) No.1606/2002 of the European Parliament and of the Council. The notes of the consolidated financial statements also conform to the demands of the Finnish accounting and corporate legislation which supplement the IFRS.

The consolidated financial statements have been prepared under the historical cost convention, except the available-for-sale financial assets, which have been recognised at fair value and share-based payments measured at fair value at the grant date (granted option rights). The information in the financial statements is presented in thousands of euros. Since 1 January 2010, the Group has applied the following new and amended standards and interpretations:

- Revised IFRS 3 *Business Combinations* (effective on financial periods beginning on or after July 1, 2009). The scope of the revised standard is broader than that of the earlier one. The changes affect the goodwill recognized for acquisitions and the income from the disposal of business operations. In the future contingent consideration is measured at fair value and subsequent measurement is recognized to income statement. Costs that are attributable to acquisition such as advisoryfees are also expensed instead of capitalization. In accordance with the transitional provisions of the standard, business combinations whose acquisition date precedes the compulsory start-up date of the standard are not adjusted. The changes have not affected the Group's financial statements.
- Revised IAS 27 *Consolidated and Separate Financial Statements* (effective on financial periods beginning on or after July 1, 2009). The revised standard effects to accounting for acquisitions and disposals completed in stages. Changes in ownership of subsidiaries shall be recognized directly in the Group's equity when the parent company retains control and no gain of loss shall be recognized in income statement and there will be no changes in goodwill. If control over the subsidiary is lost, the remaining investment is measured at fair value through income statement. The corresponding accounting practice will also be applied to investments in associates and interests in joint ventures. The changes have not affected the Group's financial statements.
- *Improvements to IFRSs* (May 2009), (in force principally from 1 January 2010 or the succeeding accounting periods). The small and less urgent changes to the standards made through the Annual Improvements procedure are collected together and implemented all at once, once a year. The changes in this project apply to a total of 12 standards. The effects of the changes vary from standard to standard but the changes were not significant in terms of the consolidated financial statements.

Following new or revised standards and interpretations has no effect to consolidated financial statements:

- Changes to IFRS 2, *Share-based Payment – Group Cash-Settled Share-Based Payment Arrangements* (in force from 1 January 2010 or the succeeding accounting periods).
- Change to IAS 32, *Financial Instruments. Presentation - Classification of Rights* Issues (in force from 1 February 2010 or the succeeding accounting periods).
- Change to IAS 39, *Financial Instruments. Recognition and Measurement - Eligible Hedged Items* (in force from 1 July 2009 or the succeeding accounting periods).
- IFRIC 17 *Distributions of Non-cash Assets to Owners* (in force from 1 July 2009 or the succeeding accounting periods).
- IFRIC 18 *Transfers of Assets from Customers* (in force from 1 July 2009 or the succeeding accounting periods).

The preparation of financial statements in accordance with IFRSs requires the performance of certain assessments by the Group management and data about the judgements they have made. The data about such judgements the management have used in applying the Group's accounting principles for the preparation of financial statements and which affect the consolidated financial statements most significantly is presented in Accounting Principles under the section "Accounting principles requiring the management's judgement and the principal uncertainties of estimates."

CONSOLIDATION PRINCIPLES

Subsidiaries

The consolidated financial statements include the parent company, Cramo Plc, and those subsidiaries over which the Group has control. The Group has control of an entity when it has an interest of more than one half of the voting rights or otherwise exerts control. The existence of potential voting rights has also been taken into consideration in estimating the conditions of control when the instruments entitling an entity to potential voting rights are viable at the time of the consideration. Control refers to the power to govern the financial and operating policies of a business so as to obtain benefits from its activities. Acquired subsidiaries are consolidated from the date on which control is transferred to the Group, and are no longer consolidated from the date that control ceases. The subsidiaries are listed in note 29.

The Group's mutual holding of shares is eliminated by the purchase method. The acquisition cost is based on the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The separately identifiable assets, liabilities and contingent liabilities of the acquisition are estimated at their fair value at the acquisition date, without deducting non-controlling 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.

All of the Group's intercompany transactions, receivables, liabilities and unrealised gains, as well as its internal profit distribution are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. The distribution of the financial year's profit or losses to the owners of the parent company and the non-controlling interest is presented in a separate income statement, and the distribution of the comprehensive income to the owners of the parent company and the non-controlling interest is presented with the statement of comprehensive income. The non-controlling interest's share of capital and reserves is presented in the balance sheet as a separate item as part of the shareholders' equity. The non-controlling interest's share of the accumulated losses is limited to the amount of non-controlling investment.

Special purpose entity

In accordance with SIC 12, Cramo Management Oy, which was established for the share holding programme of the members of the Group's Executive Committee, has been consolidated. The purpose of the limited company is to acquire a maximum of EUR 2,500,000 worth of Cramo Plc's shares. The share acquisitions will be financed with equity financing totalling approximately EUR 500,000 and a loan from Cramo Plc. For more information is included in the section on accounting policies called Share-based payment.

FOREIGN CURRENCY TRANSLATION

Items concerning the performance and financial position of the Group's units are measured using the currency of the primary economic environment in which the entities operate ("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

Foreign currency transactions are recorded in the functional currency using the rate of exchange prevailing at the transaction date. In practice, it is often necessary to use a rate that is close to the rate of the transaction date. Foreign currency monetary items are translated into the functional currency using the rates of the last trading day of the reporting period. Foreign currency non-monetary items, which have been recognised at fair value, are translated into the functional currency using the rate of fair value measurement date. Otherwise, non-monetary items are translated using the rate of the transaction date. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities are reported through profit and loss. The foreign exchange gains and losses from operating activities are included in the respective items above operating profit. The currency exchange gains and losses are included in the finance income and financing costs except for exchange differences for those loans, which are set as hedges for the net investments made in foreign entities and which are effective as such. These exchange differences are stated in other items of the comprehensive income and the accumulated exchange differences are presented as a separate item in equity until the foreign entity is partially disposed of or sold.

Translating the currency of the financial statements of foreign entities

Income statements of foreign entities are translated into euros at the weighted average exchange rates for the year, while balance sheets are translated using the exchange rates of the last trading day of the reporting period. The translation of the profit (loss) for the period using different rates in the income statement and the balance sheet causes a translation difference in the balance sheet which is recognised in equity and whose adjustment is recognised in other items of the comprehensive income. The translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and the translation of the accumulated equity items after the acquisition as well as the change in hedging result of net investments made in them are recognised in other items of the comprehensive income. When a subsidiary is partially or completely sold, the accumulated translation differences are recognised as part of capital gain or loss. The translation differences generated before 1 January 2004, which is when the Group transferred to IFRSs, have been recognised in retained earnings in accordance with the exemption rule allowed by IFRS 1 at the time the Group transferred to these standards, and they will not later be recognised through profit and loss in connection with the sale of a subsidiary. Since the date of this transfer, the translation differences created while preparing the consolidated financial statements have been presented in equity as a separate item.

Since 1 January 2004, the fair value adjustments and goodwill 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. They are translated into euros at the rate of the last trading day of the reporting period. The goodwill and fair value adjustments which have occurred before 1 January 2004 are stated in euros.

INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the cost of an acquisition at the date of the transaction over the net fair value of the Group's share of the separately identifiable assets, liabilities and contingent liabilities of the subsidiary acquired after 1 January 2004. In addition, the acquisition cost includes other costs caused directly by the acquisition, such as expert remuneration where acquisition has taken place before 1.1.2010. The goodwill arising from the acquisitions before 2004 represents the book value of the previous financial reporting framework, which has been used as a deemed cost in accordance with IFRSs. Goodwill is not amortised but tested annually for impairment. For this purpose, goodwill is allocated to cash-generating units. Goodwill is carried at cost less accumulated impairment losses.

Customer relationships, brand and depot network

Initial measurement 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 measured based on estimated benefit gained, compared to the earnings of a depot in the normal course of business with the earnings of a start-up depot. The useful life of the Cramo brand has been defined indefinite because there is no foreseeable limit to the period over which the asset is expected to generate cash flows.

The Cramo brand is not amortised but tested annually for impairment. The Cramo brand has been considered a corporate-level asset and for testing purposes the brand is reallocated to cash generating units annually based on sales. The reallocation of assets to units is presented in note 6. The brand is carried at cost less accumulated impairment losses.

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 a 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 are recorded in the balance sheet initially at cost if the cost can be reliably measured and if it is probable that the anticipated future economic benefit resulting from the asset will benefit the Group. Those intangible assets with a finite useful life are amortised through profit and loss on a straight-line basis over their expected lives. Intangible assets with indefinite useful lives are not amortised but tested annually for impairment.

Estimated useful lives are:

Customer relationships	3–10 years
Depot network	20 years
Co-brands	1–5 years
Other intangible assets	2–5 years

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are stated at cost less accumulated depreciation and less any impairment losses. This cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised 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. The expenditure on repairs and maintenance of property, plant and equipment are recognised as expense when incurred.

Property, plant and equipment are depreciated on a straight-line basis over the estimated economic useful lives as follows:

Buildings and structures	15–50 years
For rental:	
• Modular space	10–15 years
• Machinery and equipments	3–10 years
Machinery and equipment for services	6–10 years
Machinery and equipments for own use	3–6 years
Other tangible assets	3–10 years

The residual value and useful life of the assets are reviewed at least at the end of each financial year and, if necessary, adjusted to reflect any changes in expectations of economic value.

The depreciation of property, plant and equipment ceases when the asset is classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Gains or losses on decommissioning and disposal are recognised through profit and loss.

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.

GOVERNMENT GRANTS

Grants from the government are recognised as reductions of the carrying amount of property, plant and equipment where there is a reasonable assurance that the grant will be received and the Group will comply with all inherent conditions. Grants are recognised in the income statement in the form of smaller depreciation over the economic life of the related asset. Research and development grants and grants received as reimbursement for actual costs are charged to profit during the period in which the right to collect the grant emerge. Grants such as these are presented in other operating income.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

The Group assesses at each balance sheet date whether there are indications that the carrying amount of an asset may not be recoverable. If such indications exist, the recoverable amount of the asset in question will be measured. In addition, the recoverable amount will be estimated annually from the following assets whether there are indications of impairment or not: goodwill, intangible assets with indefinite useful lives and in-process intangible assets. For the purposes of assessing impairment, assets are examined at the level of cash-generating units, i.e. at the lowest level that is mainly independent of other units and for which there are separately identifiable cash flows, largely independent from those of corresponding units.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use is determined by reference to discounted future cash flows expected to be generated by the asset. The discount rate used is pre-tax and reflects the time value of money and asset specific risks.

Impairment loss is recognised when the carrying amount of the asset is greater than its recoverable amount. Impairment loss is charged directly to the income statement. If a cash-generating unit is subject to an impairment loss, it is allocated first to decrease the goodwill and subsequently, to decrease the other assets of the unit. At recognition of the impairment loss, the useful life of the assets amortised is reassessed. Impairment loss from other assets than goodwill is reversed in the case that a change has occurred in the estimates used in measuring the recoverable amount of the asset. 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. Previously recognised impairment loss of goodwill is not reversed in any circumstance.

RENTAL CONTRACTS

Lessee

The rental agreements concerning property, plant and equipment where the Group carries a significant share of the risks and rewards incidental to ownership are classified as financial leasing contracts. Assets acquired through financial leasing are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The property, plant and equipment acquired under finance leases are depreciated over the economic useful life of the asset or the lease term, if there is uncertainty about acquisition of ownership at the end of the rental period. The payable leasing rates are divided into the interest element of the finance cost and the decrease in liabilities over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Rental liabilities are included in financial liabilities.

Leases where the risks and rewards of ownership are retained by the lessor are treated as operating leases. Other operating lease payments are treated as rentals and charged to the income statement on a straight-line basis over the lease term.

Lessor

The Group leased assets whose risks and rewards of ownership have essentially been transferred to the lessee are treated as financial leasing contracts and recognised as receivables in the balance sheet. Receivables are recognised at their present value. Other assets not leased under financial leasing contracts are included in property, plant and equipment in the balance sheet. They are depreciated over their useful lives in the same way as corresponding property, plant and equipment in the company's own use are.

Rental revenue recognition is presented in Accounting Principles under the section "Principles of revenue recognition".

FINANCIAL ASSETS AND LIABILITIES

Financial assets

The Company classifies its financial assets in 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 of assets is performed upon the initial recognition and determined in line with the aim of the asset, and re-evaluation is done on a regular basis. Assets with maturities under 12 months are included in balance sheet under current assets, and those with maturities over 12 months under non-current assets.

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 financial assets*
Available-for-sale financial assets 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 and loss.

Financial assets carried at fair value through profit and 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 rate 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.

Impairment of financial assets

The book values of assets are reviewed regularly, at least annually, in order to assess whether an asset has been impaired. 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 assessing impairment both external and internal sources, of information are considered. External sources include a significant decline in market value that is not result of the passage of the time or a normal use of the assets or increase in interest rates. Internal sources of information include evidence of the obsolescence of, or damage to, an asset.

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.

Financial liabilities

Financial liabilities are initially recognised at fair value, and transaction costs are included in the initial carrying amount. Subsequently, all financial liabilities are measured at amortised cost using the effective interest rate method. Financial liabilities are included in both current and non-current liabilities. Unless the Group has a non-contingent right to postpone the amortisation of a liability by a minimum of 12 months from the balance sheet date, it is classified as current.

Borrowing costs are recognised in the accounting period during which they have incurred. Credit fees related to loan commitments are recognised as transaction costs to the extent that it is probable that the total loan commitment or a part of it will be raised. This means that the fee is recognised in the balance sheet until the loan is raised. In connection with the drawdown, the credit fee related to loan commitments is recognised as part of the transaction costs. To the extent that it is probable that the loan commitment will not be raised, the credit fee is recognised as prepaid expense in respect of the liquidity related services and is accrued for period of the loan commitment.

For the measurement policies of the fair values of all financial assets and liabilities, refer to note 8 *Fair values of financial assets and liabilities*.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

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

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

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.

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

The group had loans in Swedish crone which loans are considered as a hedge to net investment in a foreign operation on the balance sheet date. Hedges of net investments in foreign operations are treated in a manner similar to that of cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in translation differences in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement and classified in net finance expenses. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 14. 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.

INVENTORIES

Inventories are measured at the lower of cost and 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 labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of selling.

TRADE RECEIVABLES

Trade receivables are recognised in the amount of their initial billing. Impairment is recognised when there is objective evidence suggesting that impairment loss has been identified. In addition, impairment is recognised if there is otherwise some evidence of the debtor's insolvency, bankruptcy or liquidation. Credit losses are recognised as an expense in the income statement.

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 in the balance sheet.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or a group of disposed items) and the assets and liabilities related to discontinued operations are reclassified as held for sale if their amount corresponding to their carrying amount will accrue principally from the sale of assets instead of continuing use. The conditions for the classification of a held for sale asset are considered to be met when its sale is very probable and the asset (or the group of disposed items) is directly saleable in its current condition under general and customary conditions after management has committed itself to the sale and the transaction is expected to occur within a year of the classification.

Immediately before being classified as held for sale, the assets or the assets and liabilities of the disposed groups are measured according to the applicable IFRSs. From the date of the classification, the assets held for sale (or groups of disposed items) are measured at their carrying amount or at the lower of the fair value, less costs to sell. Depreciation of these assets is ceased on the date of classification.

The group of disposed items include assets which are not included in the scope of the IFRS 5 valuation regulation, and liabilities are measured according to the applicable IFRSs also after the date of classification.

The result of discontinued operations is presented as a separate item in the Group's consolidated income statement. Assets held for sale, groups of disposed items, items related to assets held for sale and recognised in other items of the comprehensive income and the liabilities included in the groups of disposed items are presented separately from other items in the balance sheet.

SHARE CAPITAL

Share capital attributable to equity holders of the parent company

Equity shares are presented as issued share capital. Costs related to the issue of equity instruments or to an acquisition are presented as a reduction in share capital.

When a company of the Group purchases own shares, the amount paid and the directly attributable incremental costs 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. The treasury shares held by Cramo Management Oy are presented in retained earnings as a deduction of equity.

In the option plans, the proceeds gained from share subscriptions, adjusted by possible transaction costs, are recorded according to the conditions of the plan into the invested unrestricted equity fund.

Non-controlling interest

Cramo Management Plc's equity is presented in its entirety as the non-controlling interest of the Group.

Hybrid bond

A hybrid bond is an equity bond with no maturity that is subordinated to a company's other debt instrument. However, it is senior to other equity instruments. The interest on hybrid bond is paid if the Annual General Meeting decides to pay a dividend or in other ways to distribute capital to shareholders. If a dividend is not paid the company has the right to decide on the possible payment of interest at its own discretion. Non-payable interest accumulates and is disclosed as off-balance sheet commitment. Payable interest is presented as a reduction of equity and as liability from the date the liability to pay arises to the date it is paid. Hybrid bond do not confer to holders the right to vote at shareholder meetings.

PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the Group 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. Provisions are measured at the present value of the required costs to cover the obligation. For the calculation of the present value, the chosen discount rate is one that reflects the time value of money and the risks included in the obligation at the time of observation. If it is possible to receive reimbursement for part of the obligation from a third party, the reimbursement is stated as a separate asset when receipt is practically certain contingent liability is a possible obligation, incurred as a result of earlier events, whose existence is confirmed only when an uncertain event outside the control of the Group is realised. An existing liability that does not likely require the fulfilment of a payment obligation or whose amount cannot be reliably measured is also considered a contingent liability. Contingent liability is disclosed in note 18.

EMPLOYEE BENEFITS

Pension obligations

Currently all pension plans are classified as defined benefit or defined contribution plans. In defined contribution plans, the Group makes fixed payments to separate entities. The Group has no legal or constructive obligation to make additional payments if the party receiving them is unable to pay the pension benefits in question. All arrangements that do not fulfil these conditions, are considered defined benefit pension plans. The payments made to defined contribution pension plans are recognised through profit and loss in the accounting period to which the payment pertains. All of the Group's pension plans are defined contribution plans.

Share-based payments

The Group has the following share-based compensation plans: stock option plan 2006 with three series 2006A, 2006B, 2006C and stock option plans 2009 and 2010. 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. The amount of the share-based compensation plan is allocated as an expense over the vesting period and the corresponding adjustment is charged to equity. At each balance sheet date, the Group 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 expense measured on the date that the options were granted is based on the Group's estimate of the number of options expected to become exercisable at the end of the vesting period. The Group updates the assumption of the total number of options on each final day of the reporting period. The change in estimates is treated through profit and loss. The fair value of the option plans is defined using the Black-Scholes option pricing model. Apart from market conditions, such as profitability and a given growth target for earnings, conditions are not taken into account when defining the fair value of an option, but they affect the estimation of the total number of options.

PRINCIPLES OF REVENUE RECOGNITION

The revenue presented includes the fair value of revenues acquired through the sale of goods and services adjusted by indirect tax, discounts and the exchange differences of currency sales.

Rental income

Rental revenues from the rental agreements of machines, devices and modular space are recognised as income in equal items over the lease term.

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 a lease agreement, because 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. Capital gain is recognised in a manner similar to sale of goods.

Goods and services sold

Sales of goods are recognised when the significant risks and rewards of ownership, interests and control have been transferred to the buyer. This mainly occurs in connection with the contractual transfer of the goods. Revenues from the services are recognised in the accounting period during which the service is performed.

Interest and dividends

Interest income is recognised using the effective interest rate method. Dividend yield is recognised when the right to dividend is established.

BORROWING COSTS

Borrowing costs are recognised as an expense when incurred. Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised as part of the asset.

TAXES BASED ON TAXABLE INCOME AND DEFERRED TAXES

Tax expense consists of the taxes based on taxable income and deferred taxes for the current accounting period. Taxes are recognised through profit and loss, except when they relate directly to equity or the items recognised in the comprehensive income statement. In such cases, tax is also charged to these items. The taxes based on taxable income for the current accounting period are calculated for taxable profit on the basis of the effective tax rate of each country.

Deferred taxes are calculated for temporary differences between the book values of assets and liabilities and the tax basis of assets and liabilities. Deferred tax liabilities are not recognised, however, if they are attributable to the initial recognition of an asset or liability in a transaction other than business combination and the transaction, at the time it occurs, does not affect the accounting profit or taxable profit.

The deferred tax for investments in subsidiaries and associated companies is recognised, except when the Group is able to determine the timing of the temporary difference and it is probable that the temporary difference will not be cancelled in the foreseeable future.

The most significant temporary differences arise from the depreciation of property, plant and equipment items; the measurement of derivative financial instruments at fair value; unutilised tax losses and fair value adjustments made in connection with acquisitions.

Deferred taxes are calculated using the tax rates enacted by the final day of the reporting period or those which have, in practice, been accepted by the final day of the reporting period.

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.

DIVIDEND DISTRIBUTION

The dividend proposed by the Board of Directors to the Annual General Meeting has not been deducted from equity; instead, dividends will be recognised after a decision has been made on the matter at the Annual General Meeting.

EBITA

IAS 1 *Presentation of Financial Statements* does not define the concept of operating profit. The Group uses the term EBITA for operating profit and has defined it in the following way: operating profit is a net amount which is formed when other operating income is added to revenue and when the following expenses are deducted from it: materials and services adjusted by the changes in the inventories of finished goods and work in progress, expenses caused by production for own use, employee benefit expenses, depreciation and possible impairment losses (except for intangible assets attributable to acquisitions) and other operating expenses. All other income statement items aside from those mentioned above are presented under operating profit. Exchange differences and the changes in fair value of derivatives are included in operating profit if they arise from operating items; otherwise they are recognised in financial items.

ACCOUNTING POLICIES REQUIRING DISCRETION BY MANAGEMENT AND CRITICAL FACTORS OF UNCERTAINTY ASSOCIATED WITH ESTIMATES

Estimates and assumptions regarding the future have to be made during the preparation of financial statements, and the outcome may differ from the estimates and assumptions made. Furthermore, the application of accounting policies requires consideration.

Management consideration in choosing and applying accounting policies to financial statements

It is the duty of the Group's management to make judgements relating to the choice and application of the accounting policies of the financial statements. This is especially true in those cases where the operative IFRSs allow alternative ways of recognition, measurement or presentation.

The most significant sector in which the management has applied the above-described discretion regards rental agreements of property, plant and equipment (with the Group as lessee). The Group has both financial leasing contracts and rental agreements classified as other types of leases.

Factors of uncertainty associated with estimates

The estimates made when preparing the financial statements are based on the management's best knowledge of current events and actions at balance sheet date. Forming the background of these estimates are previous experiences and assumptions of the future which are considered the most probable at the date of the financial statement's preparation. These assumptions concern, among other things, the development of the Group's sales and level of costs. The management together with business units follow the realisation of these assessments and assumptions and the changes in background factors regularly using several internal as well as external sources of information. Possible changes to estimations and assumptions are recorded in accounting in the reporting period during which one or both of them are adjusted and in all consecutive years.

The critical assumptions concerning the future and the factors of uncertainty associated with estimates made on the final day of the reporting period which cause a significant risk to the stability of the Group's book value of assets and liabilities during the following financial year are presented below. The Group's management consider these sections of the financial statements the most crucial, because the accounting principles involved are the most complicated from the point of view of the Group and their application requires the use of significant estimations and assumptions more than any other in, for example, the measurement of assets. Furthermore, the effects of possible changes on the actual facts behind these assumptions and assessments are expected to be the greatest.

Impairment testing

In order to observe possible impairment and to prevent it, the Group performs annual tests of goodwill, intangible assets not yet available for use and intangible assets with indefinite useful life. In addition, any signs of impairment are carefully estimated following the principles described above in accounting policies. The recoverable amounts of the cash generating units are defined using calculations based on value in use. In these calculations, cash flows are based on the financial plans approved by the management which cover a period of 5 years.

More information on the sensitivity of recoverable amounts to changes in used assumptions is provided in the note 6 *Impairment testing of goodwill and other intangible assets with indefinite useful life.*

Income taxes

The Group is subject to tax in several countries. Determining the Group's income tax requires significant assessment. The quantification of the final tax for many transactions and calculations of normal business is uncertain. Deferred taxes are presented in note 15 *Deferred taxes.*

Share-based payments

The Group has share-based compensation plans. The fair value of options is estimated on the grant date using the Black-Scholes model and basing the assessment on certain assumptions. The assumptions relate, among other things, to expected dividend yield, volatility and term. These variables make fair value estimation of options difficult. These assumptions are described in note 28 *Share-based payments*.

Valuation of the rental equipment fleet

The optimisation of the rental equipment fleet's utilisation rate is managed on the Group level. The valuation of the rental equipment fleet is based on calculations of value in use, taking into account the possibility of transferring it to another entity of the Group. The preparation of these calculations requires estimations.

Determining the fair value of the assets acquired through business combinations

With regard to tangible assets, the Group's financial department and if necessary the Fleet Management make the comparisons to the market prices of corresponding assets, as well as estimate of the decrease in value attributable to the age, wear and tear and other similar factors of acquired assets. The determination of the fair value of intangible assets is based on assessments concerning the cash flows of assets, because information on the sales of similar assets has not been available. More information on the measurement of intangible assets acquired through business combinations is presented in note 30 *Business combinations*. The management believes that the estimations and assumptions used are a sufficiently accurate basis for the determination of fair value. In major business combinations, the Group utilises an outside advisor to estimate the fair values of tangible and intangible assets. Furthermore, possible signs of impairment in both tangible and intangible assets are discussed and considered at the least at each balance sheet date.

APPLYING THE NEW AND REVISED IFRSS

IASB has published the following new or revised standards and interpretations which the Group has not yet applied. They will be adopted in the Group from the date they come into force or, if that date is not the first day of the financial year, from the beginning of the next financial year after it has come into effect.

- IFRS 9 *Financial Instruments* (effective on financial periods beginning on or after January 1, 2013). New standard provides guidance in respect of classification and measurement of financial instruments. In the future financial assets are measured either to fair value through profit or loss or amortized cost. The changes are not significant for the upcoming consolidated financial statements. The change has not yet been approved for application in the EU.
- Revised to IAS 24 *Related Party Disclosures* (effective on financial periods beginning on or after January 1, 2011). In revised standard definition of related parties have been changed and earlier lack of symmetry is corrected. Further guidance for reporting related party transactions in entities that are controlled by public sector and new disclosure requirements have been introduced. The changes are not significant for the upcoming consolidated financial statements. This standard is endorsed by EU.
- *Improvements to IFRSs* (May 2010), (in force principally from 1 January 2011 or the succeeding accounting periods). The small and less urgent changes to the standards made through the Annual Improvements procedure are collected together and implemented all at once, once a year. The effects of the changes vary from standard to standard but will not be significant for the future consolidated financial statements. The changes of standards have been adopted for use in the EU.

2. SEGMENT REPORTING

Cramo Group continued to report by geographic segment in 2010. The business 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. In addition to segment information, Cramo has continued to report the order book value for modular space.

Consequently, Cramo Group's business segments in 2010 were as follows:
• Finland
• Sweden
• Norway
• Denmark
• Central and Eastern Europe

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on EBITA which refers to operating profit before amortisation and impairment on intangible assets resulting from acquisitions. According to management's view, this is the most appropriate measure when comparing how the segment performance and the performance of other companies engaged in the same industry stand vis-à-vis each other. The Group management, as the highest operative decision-making body, is responsible for the abovementioned decisions about resource allocation and performance assessments.

Segment assets and liabilities are business items that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to segment on a reasonable basis. However, Group financing (including finance costs and finance income), income taxes as well as other items that are managed on a group basis are not allocated to operating segments. Capital expenditure refers to the additions to segment assets that are expected to be used during more than one period (property, plant, equipment, and intangible assets).

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

BUSINESS SEGMENTS 2010

EUR 1,000 Income statement	Finland	Sweden	Norway	Denmark	CEE	Non-allocated	Elimi-nations	Total Group
External revenue	97,745	246,612	69,120	29,344	49,281			492,103
Inter-segment revenue	1,838	5,245		148	604		-7,837	
Total revenue	**99,583**	**251,857**	**69,120**	**29,493**	**49,886**		**-7,837**	**492,103**
Depreciation	-14,566	-31,916	-9,613	-5,692	-21,399	-497	538	-83,145
EBITA	**12,466**	**41,186**	**303**	**-5,328**	**-11,464**	**-2,634**	**-52**	**34,478**
Amortisation and impairment on intangible assets resulting from acquisitions	-626	-3,820	-620	-219	-1,803			-7,089
Net finance items								-22,586
EBT								**4,804**
Income taxes								-7,007
Loss for the year								**-2,203**
Segment assets and liabilities								
Intangible assets	45,380	114,732	21,101	7,719	25,625	35,441		249,999
Tangible and other assets	119,526	334,859	77,314	41,431	121,278	23,163	-1,872	715,698
Total assets	**164,906**	**449,591**	**98,415**	**49,150**	**146,903**	**58,604**	**-1,872**	**965,697**
Total liabilities	**39,986**	**160,869**	**34,996**	**10,990**	**41,119**	**308,182**	**135**	**596,277**
Other disclosures								
Capital expenditure	34,854	35,133	8,453	690	5,143	1,946		86,219
Number of employees 31 Dec	570	665	189	120	532	56		2,131
Average number of employees	529	677	184	117	518	59		2,083

VALUE OF OUTSTANDING ORDERS FOR THE SALES AND RENTAL OF MODULAR SPACE 2010

EUR 1,000	Finland	Sweden	Norway	Denmark	CEE	Non-allocated	Elimi-nations	Total Group
Sales	4,424							4,424
Rental	29,019	36,776	7,067	10,399				83,261
Total	**33,443**	**36,776**	**7,067**	**10,399**				**87,685**

BUSINESS SEGMENTS 2009

EUR 1,000 Income statement	Finland	Sweden	Norway	Denmark	CEE	Non-allocated	Elimi-nations	Total Group
External revenue	91,639	211,513	63,427	36,199	43,837		61	446,676
Inter-segment revenue	428	4,162		104	281		-4,976	
Total revenue	**92,067**	**215,675**	**63,427**	**36,303**	**44,119**		**-4,915**	**446,676**
Depreciation	-16,678	-30,573	-9,391	-8,071	-23,843	-517	406	-88,669
EBITA	**10,704**	**36,026**	**3,995**	**-8,860**	**-17,631**	**-6,982**	**34**	**17,286**
Amortisation and impairment on intangible assets resulting from acquisitions	-373	-3,345	-638	-219	-24,178			-28,754
Net finance items								-22,734
EBT								**-34,202**
Income taxes								-5,657
Loss for the year								**-39,858**
Segment assets and liabilities								
Intangible assets	36,191	103,848	19,678	7,951	27,085	33,430		228,182
Tangible and other assets	115,402	294,300	74,834	50,931	134,209	22,779	-2,278	690,178
Total assets	**151,593**	**398,148**	**94,512**	**58,882**	**161,294**	**56,209**	**-2,278**	**918,360**
Total liabilities	**44,291**	**148,230**	**37,019**	**15,679**	**54,047**	**281,155**	**-447**	**579,975**
Other disclosures								
Capital expenditure	10,406	8,874	7,782	288	2,589	1,992		31,931
Number of employees 31 Dec	472	657	178	115	533	64		2,018
Average number of employees	632	683	188	129	660	65		2,356

VALUE OF OUTSTANDING ORDERS FOR THE SALES AND RENTAL OF MODULAR SPACE 2009

EUR 1,000	Finland	Sweden	Norway	Denmark	CEE	Non-allocated	Elimi-nations	Total Group
Sales	1,488							1,488
Rental	47,710	34,236	7,610	11,729				101,285
Total	**49,197**	**34,236**	**7,610**	**11,729**				**102,773**

3. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Other intangible assets							Total
EUR 1,000		Cramo-brand	Co-brands	Customer relationships	Depot network	Non-competition agreement	Other intangible assets	Software	
Acquisition cost									
At 1 Jan 2009	**152,074**	**29,500**	**992**	**27,868**	**44,820**	**4,207**	**2,894**	**6,430**	**268,785**
Translation differences	6,379		-6	1,178	2,082	99	10	269	10,011
Additions							1,282	1,708	2,991
Business acquisitions (note 30)	258				259				517
Reductions							-14	-8	-23
At 31 Dec 2009	**158,711**	**29,500**	**986**	**29,047**	**47,160**	**4,306**	**4,172**	**8,400**	**282,281**
Accumulated depreciation, amortisation and impairment									
At 1 Jan 2009	**-4,224**		**-727**	**-8,033**	**-6,858**	**-1,460**	**-862**	**-1,510**	**-23,674**
Translation differences	19		10	-310	-362	-21	-10	-20	-693
Reductions								7	7
Reclassification between asset categories								-11	-11
Depreciation (note 22)							-466	-509	-975
Amortisation resulting from acquisitions (note 22)			-269	-3,157	-2,380	-1,114			-6,921
Impairment loss (note 22)	-17,167			-3,075	-1,590				-21,833
At 31 Dec 2009	**-21,372**		**-986**	**-14,576**	**-11,191**	**-2,595**	**-1,338**	**-2,043**	**-54,100**
Acquisition cost									
At 1 Jan 2010	**158,711**	**29,500**	**986**	**29,047**	**47,160**	**4,306**	**4,172**	**8,400**	**282,281**
Translation differences	11,573		50	2,607	4,142	357	26	925	19,679
Additions				675			240	1,584	2,499
Business acquisitions (note 30)	900			13,172					14,072
Reductions	-1,564						-2,294		-3,858
At 31 Dec 2010	**169,620**	**29,500**	**1,036**	**45,501**	**51,302**	**4,663**	**2,145**	**10,908**	**314,674**
Accumulated depreciation, amortisation and impairment									
At 1 Jan 2010	**-21,373**		**-986**	**-14,576**	**-11,191**	**-2,595**	**-1,338**	**-2,043**	**-54,100**
Translation differences	-248		-50	-1,291	-935	-234	-26	-92	-2,876
Reductions							263		263
Reclassification between asset categories								-6	-6
Depreciation (note 22)							-292	-573	-865
Amortisation resulting from acquisitions (note 22)				-3,485	-2,417	-1,187			-7,089
At 31 Dec 2010	**-21,621**		**-1,036**	**-19,352**	**-14,544**	**-4,016**	**-1,392**	**-2,714**	**-64,674**
Net book value:									
At 1 Jan 2009	**147,850**	**29,500**	**266**	**19,835**	**37,961**	**2,747**	**2,032**	**4,919**	**245,109**
At 31 Dec 2009	**137,339**	**29,500**		**14,471**	**35,969**	**1,711**	**2,835**	**6,357**	**228,182**
At 31 Dec 2010	**147,998**	**29,500**		**26,149**	**36,758**	**647**	**752**	**8,194**	**249,999**

4. TANGIBLE ASSETS

EUR 1,000	Land	Buildings and improvements	Machinery and equipment	Uncompleted purchases	Total
Acquisition cost					
At 1 Jan 2009	**2,124**	**19,673**	**733,777**	**68**	**755,642**
Translation differences	33	759	30,306		31,099
Additions	144	689	27,642		28,474
Business acquisitions (note 30)			160		160
Reductions	-150	-1,283	-26,793		-28,225
Reclassification between asset categories	-3	-51	2,315	-68	2,192
Reclassification to assets available for sale (note 5)			-29,275		-29,275
At 31 Dec 2009	**2,148**	**19,787**	**738,132**		**760,067**
Accumulated depreciation and impairment					
At 1 Jan 2009	-8	**-9,819**	**-160,261**		**-170,088**
Translation differences		-474	-11,391		-11,866
Reductions		858	17,638		18,496
Reclassification between asset categories		42	-159		-117
Reclassification to assets available for sale (note 5)			13,029		13,029
Depreciation (note 22)		-1,658	-83,669		-85,327
Impairment loss (note 22)	-7	-307	-1,688		-2,002
At 31 Dec 2009	**-15**	**-11,359**	**-226,501**		**-237,875**
Acquisition cost					
At 1 Jan 2010	**2,148**	**19,787**	**738,132**		**760,067**
Translation differences	94	762	65,534		66,390
Additions		828	49,906	265	50,999
Business acquisitions (note 30)			18,649		18,649
Reductions	-116	-2,674	-31,531		-34,320
Reclassification between asset categories	98	33	1,399	90	1,621
Reclassification to assets available for sale (note 5)			-10,729		-10,729
At 31 Dec 2010	**2,225**	**18,736**	**831,361**	**355**	**852,677**
Accumulated depreciation and impairment					
At 1 Jan 2010	**-15**	**-11,359**	**-226,501**		**-237,875**
Translation differences		-508	-29,072		-29,580
Reductions		2,268	12,195		14,463
Reclassification between asset categories		-4	-804		-808
Reclassification to assets available for sale (note 5)			9,518		9,518
Depreciation (note 22)		-1,566	-79,963		-81,529
Impairment loss (note 22)		-19	-519		-538
At 31 Dec 2010	**-15**	**-11,189**	**-315,146**		**-326,350**
Net book value:					
At 1 Jan 2009	**2,116**	**9,853**	**573,517**	**68**	**585,554**
At 31 Dec 2009	**2,133**	**8,428**	**511,631**		**522,191**
At 31 Dec 2010	**2,210**	**7,547**	**516,215**	**355**	**526,326**

Net book value of tangible assets increased from EUR 522.2 million to EUR 526.3 million in 2010. Impairment loss of EUR 0.5 (2.0) million was recognised on tangible assets in 2010.

Machinery and equipment includes assets acquired through finance lease contracts. Acquisition cost of such equipment at the end of period was EUR 243.5 million (244.4), accumulated depreciation EUR 89.4 (88.4) million and net book value EUR 154.1 (156.0) million.

5. ASSETS AVAILABLE FOR SALE

EUR 1,000	2010	2009
Net book value at 1 Jan	**6,148**	
Translation differences	114	1
Reclassification to assets available for sale	1,211	16,247
Reductions	-4,589	-9,736
Impairment loss	-213	-365
Net book value at 31 Dec	**2,671**	**6,148**

Impairment loss of EUR 0.2 (0.4) million was recorded on assets available for sale. Assets available for sale is measured at lower of its carrying amount and fair value less costs to sell.

6. IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

The allocation of goodwill and other intangible assets with indefinite useful lives
Goodwill and other intangible assets with indefinite useful lives acquired through business combinations have been allocated to cash-generating units for impairment testing. A CGU encompasses the business operations of the segment in each country. The Cramo brand has been considered as a corporate-level asset which is annually allocated to CGUs for impairment on the basis of their sales. Sales is believed to best reflect the future cash inflows the brand generates.

Goodwill and the Cramo brand have been allocated to CGUs as follows:

	2010		2009	
EUR 1,000	Goodwill	Cramo brand	Goodwill	Cramo brand
Finland	30,119	5,856	29,219	5,996
Sweden	80,237	14,811	71,536	14,046
Norway	15,844	4,065	14,889	4,131
Denmark	5,508	1,734	5,517	2,364
Estonia	11,806	551	11,806	624
Latvia		295		341
Lithuania	948	377	948	343
Poland	3,498	712	3,387	677
The Czech Republic and Slovakia		315		404
Russia, St. Petersburg		490		379
Russia, Moscow and other	38	296	36	193
Total	**147,998**	**29,500**	**137,339**	**29,500**

Basis for impairment testing
Goodwill is tested for impairment annually, or on a more frequent basis should there be an indication of a potential impairment. The latest impairment test has been performed in December 2010. The test was based upon the balance sheet at 31 October 2010. In impairment testing the assets of a CGU are compared to its recoverable amount. The recoverable amount of a CGU has been determined based on value in use which is calculated by using the discounted cash flow method. The cash flow projections used in the calculations are based on the next year's financial budget and the forecasts for the subsequent four years approved by management. The cash flow projections, covering altogether a period of five years, are based on experience as well as on the estimated future development of markets. The projections are in line with the external information to the extent such projections are available. The management has approved the plans upon which the impairment tests are based.

The rental market has started to recover in 2010. Utilisation rates have increased clearly during 2010. Also the rental prices have started to increase during 2010. As a result net sales and profitability have improved compared to 2009. The amount of fleet and cost level were still adjusted in the first half of 2010. The pace of recovery have varied country by country. Impairment testing results show that value in use exceeds the carrying amount of assets in each of the CGUs.

Impairment losses
As a result of the impairment test performed in December 2009, a total amount of EUR 21.8 million was recognised as impairment loss for the accounting period 2009. The impairment loss was solely directed to the Central and Eastern Europe business segment (CEE). The impairment loss totalled EUR 8.4 million, EUR 7.0 million and EUR 6.4 million in Latvia, Lithuania and the Czech Republic, respectively. Of the total amount EUR 17.1 million was allocated to goodwill, EUR 3.1 million to customer relationships and EUR 1.6 milion to depot network. The impairment loss is attributable to a significant fall in business volumes vis-à-vis the tested assets.

Key assumptions used in value-in-use calculations:

2010	EBITA-%	Compound annual growth rate five-year period, %	Growth rate beyond the five-year period, %	Discount rate, %
Finland	18.3–21.0	3.6	1.0	7.44
Sweden	19.9–22.0	4.1	1.0	7.44
Norway	9.3–10.5	3.5	1.0	7.89
Denmark	1.5–7.5	6.8	1.0	8.19
Central and Eastern Europe	-6.3–19.3	7.3-19.8	2.0	8.19–10.29

2009	EBITA-%	Compound annual growth rate five-year period, %	Growth rate beyond the five-year period, %	Discount rate, %
Finland	14.1–22.0	3.8	1.0	8.17
Sweden	18.0–21.9	3.0	1.0	8.17
Norway	7.4–12.9	4.9	1.0	8.62
Denmark	-1.4–11.0	1.9	1.0	9.37
Central and Eastern Europe	-33.6–29.0	1.7–16.3	2.0	10.12–11.32

EBITA margin
Profitability have improved during 2010 due to increasing utilisation rates, rental prices and cost adjustments made in 2008–2009. Utilisation rates and prices are still expected to gradually improve, which is expected to improve the profitability of Cramo's CGUs during the forecasting period 2011–2015. The forecasted EBITA margins within 2011–2015 do not, however, exceed the profitability level of years 2007–2008 in CGUs other than Norway, Finland and Moscow. In Norway, it is assessed that the market recovery will assist EBITA margin in reaching a level of 10.5 percent during 2011–2015. In the Moscow unit, on the other hand, the profitability level reached during the establishment phase, which was follow-up by sharp decline in economy does not reflect the unit's projected long-term profitability level. In Finland better cost efficiency is expected to improved profitability above previous levels. In Denmark, the heavy adjustments as well as the improvement in utilisation rates and rental prices are expected to result in an EBITA margin level of 7.5 percent during 2011–2015. Compared to previous year, EBITA-margin estimates have been decreased, but capital efficiency estimates have been increased.

In CEE-countries the EBITA-margins vary significantly between CGUs. During 2010 EBITA-margins have improved clearly. Due to sharp decline in sales in 2009 the amount of depreciation was still close to 50 percent in 2010 despite of fleet adjustments made. In the CEE EBITDA-margin improved to 19.9 (14.4) percent in 2010. All CEE countries are expected to reach clearly positive EBITA (13.6–19.3 percent) during estimate pediod of 2011–2015. EBITA-margin estimates have been somewhat lowered from 2009.

Growth rate for the five year period

Rental price level of 2010 does not reflect the long-term outlook in any of the Group's market areas. The utilisation rates improved towards the year-end 2010 and were close to Group's target levels in some of the markets. Sales is expected to reach an annual average growth rate of 3.5–19.8 percent within 2011–2015. Growth is based on improving price levels, utilisation rates and in the budgeted investments for 2011 in some of the markets. In the Nordic countries the annual average growth rate is expected to vary between 3.5–6.8 percent, depending on the unit. In the Czech Republic and Slovakia the growth in sales is expected to be the strongest, an annual average rate of 19.8 percent within 2011–2015. In the Baltic countries, the annual average growth rate is expected to be 7.3–10.6 percent. Baltic countries have shown faster recovery than earlier expected.

Growth rate beyond the five years

The growth rate beyond five years for CEE countries equals two percent per year and for the Nordic businesses equals one percent per year. This is predicted to reflect a moderate long-term inflation forecast.

Fleet mobility

The value-in-use calculations take into account the plans for the adjusments of rental fleet through both sales and transfers between the countries.

Discount rate

Cramo Group's pre-tax weighted average cost of capital (pre-tax WACC) consitutes the basis for the determination of the discount rate. In determining the unit-specific discount rates the weighted average cost of capital is increased by a CGU specific risk factor which is determined for each unit separately. The CGU specific discount rate reflects the markets risks inherent to each CGU under testing.

The pre-tax WACC of the Group has decreased by 0.73 percent units from the impairment test performed in 2009.

The pre-tax WACC of the Group has been determined based on the following factors: Equity and debt finance are expected to consitute 60 (40) and 40 (60) percent, respectively, of the capital structure in the long haul. The capital structure is inline with the Group's renewed financial targets.

The cost of debt has decreased by 1.47 percentage units from the test performed in 2009. Both the risk free rate and the Group's credit spreads have decreased.

The cost of equity has decreased by 1.61 percentage units from the test performed in 2009. The market risk premium has been decreased by 0.70 percentage units from the 2009 level. Cramo's company-specific risk level (beta) has remained at same level as in 2009. Both market risk premium and equity beta are based on the median level used by the equity analysts.

	2010	2009
Capital structure		
Share of equity capital, %	60.0	40.0
Share of debt capital, %	40.0	60.0
Cost of debt		
Risk-free rate, %	2.81	3.58
Credit spread, %	1.80	2.50
Cost of debt, %	**4.61**	**6.08**
Cost of equity		
Market risk premium, %	4.80	5.50
Cost of equity (market), %	7.61	9.08
Beta	1.20	1.20
Cost of equity, %	**8.57**	**10.18**
Cramo pre-tax WACC, %	**6.99**	**7.72**

The CGU specific market risk factor is determined by assessing the country, currency and price risks inherent to each unit. Each component of risk is given a value ranging from 0 to 10, whereby the risk points range from 0 to 30. One risk point equals an increase of 0.15 percent in interest rate. Altogether, the market risk factor can range from 0 to 4.5 percent, depending on the risk points. See below for the CGU specific discount rates, which reflect the senior management's view on the CGU specific market risks of Cramo's business. Unit specific risks are not readily available from a single source. Instead, they are based on senior management's best assessment which relies on various kinds of market and risk estimates. Compared to 2009, the CGU specific market risks have decreased in CEE countries and in Denmark, but remained at same level in Finland, Sweden and Norway. The CGU specific discount rates, on other hand, have decreased in all units as a result of decresing capital costs.

2010	Country risk (0–10 p.)	Currency risk (0–10 p.)	Price risk (0–10 p.)	Market risk total (0–30 p.)	Cash generating unit specific market risk, %	Cramo's pre-tax WACC, %	CGU specific discount rate, %
Finland	0	0	3	3	0.45	6.99	7.44
Sweden	0	2	1	3	0.45	6.99	7.44
Norway	0	2	4	6	0.90	6.99	7.89
Denmark	0	1	7	8	1.20	6.99	8.19
Central and Eastern Europe	4–9	0–6	4–7	8–22	1.20–3.30	6.99	8.19–10.29

2009	Country risk (0–10 p.)	Currency risk (0–10 p.)	Price risk (0–10 p.)	Market risk total (0–30 p.)	Cash generating unit specific market risk, %	Cramo's pre-tax WACC, %	CGU specific discount rate, %
Finland	0	0	3	3	0.45	7.72	8.17
Sweden	0	2	1	3	0.45	7.72	8.17
Norway	0	2	4	6	0.90	7.72	8.62
Denmark	0	1	10	11	1.65	7.72	9.37
Central and Eastern Europe	5–10	5–10	5–8	16–24	2.40–3.60	7.72	10.12–11.32

Sensitivity analysis of the main assumptions

The figures below represent the maximum changes of the main assumptions, for each assumption separately, after which the carrying amount of the unit equals its recoverable amount. In the sensitivity analysis, each parameter was varied independently whilst holding the others constant.

	Change in EBITA margin Max. decrease in %-units	Compound annual growth rate, five-year period Max. decrease in %-units	Growth rate beyond five-year period Max. decrease in %-units	Discount rate Max. increase in %-units	The amount by which the recoverable amount exceeds the carrying amount, EUR million	The amount by which the recoverable amount exceeds the carrying amount, %-range
Finland	-13.7	-22.9	-51.3	15.3	257.1	> 100
Sweden	-14.0	-21.9	-39.7	13.8	693.7	> 100
Norway	-3.3	-8.6	-5.4	3.7	39.1	50–100
Denmark	-0.7	-2.5	-1.2	0.9	4.5	10–20
Central and Eastern Europe	-0.1– -5.5	-0.1– -5.5	0– -10.2	0–6.0	0.1–12.1	0–100

Summary of the sensitivity analysis
Value in use exceeds carrying amount in all CGUs at testing date.

In Czech & Slovakia recoverable amount exceeds carrying amount by EUR 0.1 million. Increase in sales with current fleet is necessary to avoid impairment. Increased sales should come from improved rental prices and better utilisation rates.

In Denmark recoverable amount exceeds carrying amount by EUR 4.5 million. The amount of fleet has considerably been adjusted in Denmark in 2009 & 2010. Fleet efficiency has improved considerably during 2010 and profitability trend has been improving towards the latest months in 2010. In order for Denmark to avoid a recognition of an impairment the current trend in margin improvement and capital efficiency should continue to improve.

In Sweden and Finland recoverable amount exceeds carrying amount by over 100 percent. At the end of period, the total amount of goodwill allocated to CGUs in Finland and Sweden totalled 110.4 million. i.e. 74.6 percent of the Group's goodwill. The total amount of Cramo brand allocated to these countries totals approximately EUR 20.7 million.

In Norway recoverable amount exceeds carrying amount by 50–100 percent.

In CEE the recoverable amount exceeds carrying amount by 50–100 percent in Russia, by 20-50 percent in Estonia, Lithuania and Poland and by 10–20 percent in Latvia.

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

EUR 1,000	2010	2009
At 1 Jan	340	314
Translation differences	8	1
Additions		25
Disposals	1	
At 31 Dec	**347**	**340**
Total non-current available-for-sale financial assets	347	340

During 2010 and 2009 the Group has not reclassified financial assets at fair value through profit and loss or financial assets at amortised cost.

Available-for-sale financial assets consist of shares in As Oy Saarihely, Golf Sarfvik and Rym Shok Oy as well as of unquoted shares in telephone companies. The unquoted shares in telephone companies are measured at historical cost. The value of other shares is based either on the assessment of an external expert or on the reference from the market.

8. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

EUR 1,000 At 31 Dec 2010	Note	Financial asset/liability at fair value through profit and loss	Loans and receivables	Available-for-sale financial assets	Loans and borrowings	Hedge accounted derivatives	Book value	Fair value	Fair value hierarchy
Non-current financial assets									
Available-for-sale financial investments	7			347			347	347	-
Derivative financial instruments	14	1,053					1,053	1,053	2
Trade and other receivables	9	3,613					3,613	3,613	-
Current financial assets									
Derivative financial instruments	14	825					825	825	2
Trade and other receivables	9		125,333				125,333	125,333	-
Cash and short-term deposits	11		22,313				22,313	22,313	-
Total		**5,491**	**147,646**	**347**			**153,484**	**153,484**	
Non-current financial liabilities									
Interest-bearing liabilities	13				346,776		346,776	349,802	-
Derivative financial instruments	14	926				1,617	2,543	2,543	2
Other non-current liabilities	16				4,207		4,207	4,207	-
Current financial liabilities									
Interest-bearing liabilities	13				57,569		57,569	57,569	-
Derivative financial instruments	14	1,853					1,853	1,853	2
Trade and other payables	17				100,984		100,984	100,984	-
Total		**2,779**			**509,536**	**1,617**	**513,932**	**516,958**	

EUR 1,000 At 31 Dec 2009	Note	Financial asset/liability at fair value through profit and loss	Loans and receivables	Available-for-sale financial assets	Loans and borrowings	Hedge accounted derivatives	Book value	Fair value	Fair value hierarchy
Non-current financial assets									
Available-for-sale financial investments	7			340			340	340	-
Derivative financial instruments	14	238					238	238	2
Trade and other receivables	9	4,990					4,990	4,990	-
Current financial assets									
Derivative financial instruments	14	898					898	898	2
Trade and other receivables	9		99,526				99,526	99,526	-
Cash and short-term deposits	11		18,520				18,520	18,520	-
Total		**6,126**	**118,046**	**340**			**124,512**	**124,512**	
Non-current financial liabilities									
Interest-bearing liabilities	13				351,606		351,606	353,106	-
Derivative financial instruments	14	706				3,103	3,809	3,809	2
Other non-current liabilities	16				6,816		6,816	6,816	-
Current financial liabilities									
Interest-bearing liabilities	13				50,596		50,596	50,596	-
Derivative financial instruments	14	680					680	680	2
Trade and other payables	17				82,855		82,855	82,855	-
Total		**1,386**			**491,873**	**3,103**	**496,362**	**497,862**	

Available-for-sale financial assets
Available-for-sale financial assets consist of shares in As Oy Saarihely, Golf Sarfvik and Rym Shok Oy as well as of unquoted shares in telephone companies. The unquoted shares are measured at historical cost due to missing markets, and because the Group has no intention to sell these shares. The value of other shares is based either on the assessment of an external expert or on the reference from the market.

Derivative financial instruments
The fair value of forward contracts is determined by using the forward rates of 31 December for respective contracts. For interest rate swaps the fair value is computed by discounting the future cash flows using the market rates at annual closing. If the market value given by a counterparty is utilised, company produces also its own calculation using generally accepted valuation methods.

Interest-bearing liabilities
The fair value of loans is based on the discounted cash flows. The rate used for measurement, is the rate which would apply for the Group's new external financing. The overall rate consists of risk free rate and the risk premium for the company. The fair value of leasing contracts is computed by discounting the cash flows with a rate corresponding with similar contracts.

Trade and other receivables and liabilities
The fair value of trade and other receivables and liabilities corresponds with the historical cost. The effect of discounting is not relevant due to short maturity of the instrument.

Fair value hierarchy disclosures for each class of financial instruments:
Effective 1 January 2009, the Group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements according to the fair value measurement hierarchy.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

9. TRADE AND OTHER RECEIVABLES

EUR 1,000	2010	2009
Non-current receivables		
Interest-bearing non-current receivables		
Finance lease receivables	2,523	2,020
Non-interest-bearing non-current receivables		
Other receivables	1,089	2,970
Total	**3,613**	**4,990**
Current receivables		
Interest-bearing current receivables		
Finance lease receivables	241	132
Other receivables	9	11
Non-interest-bearing current receivables		
Trade receivables	105,019	82,994
Other receivables	5,879	3,237
Prepaid expenses and accrued income	14,185	13,152
Total	**125,333**	**99,526**
Finance lease receivables fall due as follows		
Not later than one year	400	251
Later than one year and not later than five years	1,566	1,067
Later than five years	2,242	2,240
Gross investment in finance leases	**4,208**	**3,558**
Present value of minimum lease receivables		
Not later than one year	241	132
Later than one year and not later than five years	1,107	680
Later than five years	1,417	1,340
Present value of minimum lease receivables	**2,764**	**2,152**
Unearned financial income	1,444	1,406
Gross investment in finance leases	**4,208**	**3,558**

Trade receivables are non-interest-bearing and are generally on 14–60 day terms.
A total amount of EUR 4,950 (6,671) thousand of trade receivables has been recognised in the income statement as credit losses. See below for the movements in the provision for bad debts. For further guidance, see credit risk note 14.

EUR 1,000 **Movements in the provision for bad debts**	2010	2009
At 1 Jan	**7,783**	**5,284**
Charge for the year	4,950	6,671
Utilised	-4,972	-4,172
At 31 Dec	**7,762**	**7,783**

The balance sheet values best correspond to the amount which is the maximum credit risk exposure before deducting the fair value of collateral in case other contractual parties fail to meet their obligations related to the financial instruments. The manner in which the Group operates does not require the obtaining of collateral in respect of trade and other receivables. Trade and other receivables do not contain any significant concentration of credit risk. The management considers that the carrying amount of trade and other receivables approximates their fair value.
Material items included in prepaid expenses and accrued income relate to prepaid premises and leasing expenses, and investments.

EUR 1,000 **Ageing analysis of trade receivables**	2010	2009
Trade receivables, not due at reporting date	85,373	63,501
Trade receivables 1–30 days overdue	11,507	11,810
Trade receivables 31–60 days overdue	3,487	2,267
Trade receivables 61–90 days overdue	1,771	1,180
Trade receivables 91–180 days overdue	1,687	1,860
Trade receivables more than 180 days overdue	1,193	2,375
Total	**105,019**	**82,994**
Trade receivables by currencies		
EUR	14,320	9,914
SEK	59,105	46,219
NOK	12,992	11,315
DKK	7,929	8,164
PLN	3,243	2,562
RUB	3,395	2,211
Other	4,033	2,608
Total	**105,019**	**82,994**

Trade receivables are arising from a large number of customers and are mainly denominated in SEK, EUR and NOK, therefore mitigating the concentration of risk.

10. INVENTORIES

EUR 1,000	2010	2009
Materials and supplies	8,823	6,467
Work in progress	4,485	3,881
Finished goods	494	1,244
Total	**13,803**	**11,591**

At the end of the period, inventories have been written down by EUR 180 (116) thousand to correspond to their net realisable value. The amount of write-down is recognised in cost of sales.

11. CASH AND CASH EQUIVALENTS

EUR 1,000	2010	2009
Cash in hand and at banks	22,313	18,520
Total	**22,313**	**18,520**

Cash and cash equivalents include cash in hand and bank deposits available at call. Cash and cash equivalents have original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At 31 December 2010, the Group had available EUR 136 (130) million of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the abovementioned figures for cash in hand and at banks at 31 December.

12. SHARE CAPITAL AND EQUITY FUNDS

SHARE CAPITAL, EUR 1,000	Number of shares	Share capital	Share issue	Other reserves	Total
At 1 Jan 2009	30,660,189	24,835		186,910	211,745
At 31 Dec 2009	**30,660,189**	**24,835**		**186,910**	**211,745**
Exercise of share options			1,871		1,871
Changes within equity				16	16
At 31 Dec 2010	**30,660,189**	**24,835**	**1,871**	**186,926**	**213,632**

A total of 142,191 new shares were subscribed for under the company's stock option rights 2006A by 31 December 2010. The number of shares will increase to 30,802,380 when the shares subscribed will be entered in the trade register. The entire subscription price will be entered in the invested unrestricted equity fund. Cramo Plc has three option right plans in force and an analysis of the share-based payments is given in note 28.

Each share entitles the holder to one vote at the Annual General Meeting and to an equal dividend. At the balance sheet date share capital was fully paid and entered in the trade register.

Other reserves
Other reserves includes the premium received on exercise of share options and other share issues under the old Limited Liability Companies Act.

OTHER EQUITY FUNDS, EUR 1,000	Fair value reserve	Hedging fund	Total
At 1 Jan 2009	117	-1,373	-1,256
Cash flow hedges			
Fair value losses in period		-1,248	-1,248
Tax on fair value losses		325	325
At 31 Dec 2009	**117**	**-2,296**	**-2,179**
Cash flow hedges			
Fair value losses in period		1,486	1,486
Tax on fair value losses		-387	-387
At 31 Dec 2010	**117**	**-1,197**	**-1,080**

Fair value reserve
The fair value reserve includes fair value changes of assets classified as available-for-sale financial assets.

Hedging fund
The Group applies hedge accounting for some interest rate derivatives that are designated as cash flow hedges. The effective portion of changes in the fair value of those derivatives is recognised in hedging fund. The gain or loss relating to the ineffective portion is recognised immediately in the income statement and classified within finance expenses.

NATURE AND PURPOSE OF OTHER RESERVES AS STATED IN THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Translation differences
Translation differences arise from the consolidation of the results of subsidiaries outside the Euro zone.

At the balance sheet date the Group had hedged Swedish crone -denominated equity with an external currency loan. The effective portion of foreign exchange difference arising from the loan is recognised in translation differences. The gain or loss relating to the ineffective portion is recognised immediately in the income statement and classified in finance expenses.

Hybrid capital
Cramo Plc issued in April 2009 a EUR 50 million hybrid bond to Finnish investors. The coupon rate of the bond is 12.0 percent per annum. The bond has no maturity but the company may call the bond after four years. The bond is treated as equity in the Group's IFRS financial statements. The issuance of the bond does not dilute holdings of Company's shareholders.

Non-controlling interest
The Board of Directors of Cramo Plc accepted in June 2009 a new share ownership program for Cramo's Executive Committee. For the purpose of the share ownership, Cramo Executive Committee members have established a company called Cramo Management Oy. In the Group's IFRS financial statements, Cramo Management Oy is reported as a special purpose entity.

DIVIDENDS
The Board proposes to the AGM a dividend of EUR 0.10 (0.00) per share for year 2010.

13. INTEREST-BEARING LIABILITIES

EUR 1,000	2010		2009	
Non-current interest-bearing liabilities	**Book value**	**Fair value**	**Book value**	**Fair value**
Syndicated bank loan	253,716	255,161	226,744	226,744
Other bank loans	2,371	3,816	3,339	3,339
Pension loans	3,814	4,080	8,900	9,573
Repurchase liabilities	1,807	1,677	5,939	6,765
Finance lease liabilities	85,068	85,068	106,685	106,685
Total	**346,776**	**349,802**	**351,606**	**353,106**
Current interest-bearing liabilities	**Book value**	**Fair value**	**Book value**	**Fair value**
Syndicated bank loan			12,430	
Other bank loans	1,293		3,245	
Pension loans	2,543			
Repurchase liabilities	802		1,334	
Finance lease liabilities	29,484		31,598	
Commercial papers	23,447		1,989	
Total	**57,569**		**50,596**	
Total interest-bearing liabilities	**404,345**		**402,202**	

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. Pension loans and repurchase liabilities are at fixed rate and their fair values are calculated by discounting contract amounts with the market rate.

Other bank loans mainly consist of overdraft limits and hire purchase liabilities.

At the year end the Group had available undrawn committed credit facilities totalling EUR 135.6 (130.1) million, of which long-term EUR 118.0 (95.0) million and short-term EUR 17.6 (35.1) million.

The main financial covenants of the new syndicated loan facility are the net debt to EBITDA ratio and gearing. In addition, there are other general terms related to the loan facility. Net debt is the actual value on a testing date and EBITDA is calculated as accumulated EBITDA of the previous 12 months. Gearing is calculated by dividing the net debt by the total equity. Net debt to EBITDA determines the applied margin for the syndicated loan quarterly. 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 December 2010 are presented below:

	2010		2009	
EUR 1,000	**Value of covenants**	**Actual**	**Value of covenants**	**Actual**
Net debt to EBITDA, maximum	4.00	3.13	–	3.62
Gearing,maximum	130.00	104.74	–	113.39

The following table presents a sensitivity analysis of financial covenants with the actual values at 31 December 2010. The table shows the maximum deviation of each essential parameter before breaking the financial covenant value.

	Net debt	EBITDA	Equity
EUR millions	**Max increase**	**Max decrease**	**Max decrease**
Net debt to EBITDA, maximum	105.9	26.5	–
Gearing, maximum	96.7	–	74.4

Interest-bearing liabilities mature as follows, 2010

EUR 1,000	2011	2012	2013	2014	2015	2016+	Total
Syndicated bank loan				253,716			**253,716**
Other bank loans	1,293	1,771	600				**3,664**
Pension loans	2,543	2,543	1,271				**6,357**
Repurchase liabilities	802			1,069	140	598	**2,609**
Finance lease liabilities	29,484	25,636	20,148	13,512	12,310	13,462	**114,552**
Commercial papers	23,447						**23,447**
Total	**57,569**	**29,950**	**22,019**	**268,297**	**12,450**	**14,060**	**404,345**

Syndicated loan by currency and maturity, 2010

EUR 1,000	2011	2012	2013	2014	2015	2016+	Total
EUR				177,982			**177,982**
SEK				75,734			**75,734**
Total				**253,716**			**253,716**

Interest-bearing liabilities mature as follows, 2009

EUR 1,000	2010	2011	2012	2013	2014	2015+	Total
Syndicated bank loan	12,430	12,430	12,430	201,884			**239,174**
Other bank loans	3,245	1,749	849	741			**6,584**
Pension loans	2,543	2,543	2,543	1,271			**8,900**
Repurchase liabilities	1,334	802		260	4,139	738	**7,273**
Finance lease liabilities	31,598	31,056	22,925	16,246	11,580	24,876	**138,283**
Commercial papers	1,989						**1,989**
Total	**53,139**	**48,580**	**38,747**	**220,401**	**15,719**	**25,614**	**402,202**

Syndicated loan by currency and maturity, 2009

EUR 1,000	2010	2011	2012	2013	2014	2015+	Total
EUR	4,000	4,000	4,000	147,720			**159,720**
SEK	8,430	8,430	8,430	54,164			**79,454**
Total	**12,430**	**12,430**	**12,430**	**201,884**			**239,174**

Finance lease liabilities
The Group has entered into financial leases on certain vehicles and items of machinery. These leases have an average life of between three and five years. Financial lease liabilities mainly have floating rates based on market rates between one and three months. Tables below specify the future minimum cash flows under financial leases by maturity and by currency as at 31 December.

Finance lease liabilities by currency

EUR 1,000	2010	2009
SEK	54,472	61,426
NOK	21,626	20,242
DKK	4,361	8,385
EUR	20,984	18,015
Other	13,109	30,215
Total	**114,552**	**138,283**

Gross finance lease liabilities – minimum lease payments

EUR 1,000	2010	2009
Payable < 1 year from balance sheet date	32,007	36,994
Payable 1–5 years from balance sheet date	75,685	83,260
Payable > 5 years from balance sheet date	13,865	25,782
Total	**121,557**	**146,036**
Future finance charges on finance leases	7,005	7,753
Present value of minimum future finance lease payments	**114,552**	**138,283**

Weighted average maturity and interest rates

	2010		2009	
	Maturity (years)	Interest (%)	Maturity (years)	Interest (%)
Bank loans	2.7	3.55	1.7	3.49
Bank loans including interest rate swaps	2.7	4.41	1.7	4.04
Pension loan	1.4	4.75	1.8	4.75
Finance leases	2.4	4.62	2.2	4.56
Repurchase liabilities	3.0	3.97	3.9	4.20
Commercial papers	0.2	1.78	0.0	1.57

14. 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 minimise the negative effects on the Group's financial performance caused by changes in financial markets. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central 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 approved by the Board. The objective of treasury management is to secure sufficient funding for business operations, avoiding financial constraints at all times, to provide business units with financial services, to minimise the costs of financing, to manage financial risks (currency, interest rate, liquidity and funding, credit and operational risks) and to provide the management with information on the financial position and risk exposures of Cramo and its business units.

MARKET RISK

Interest rate risk
Fluctuations in market interest rates have an effect on consolidated interest outflows and the fair value of interest-bearing receivables, loans payable and derivative instruments. The objective of interest rate risk management is to mitigate the impact of interest rate changes on the income statement, balance sheet and cash flow, while also taking into account the market value of net debt.

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 liabilities at variable rates. At the balance sheet date, 51.6 percent (41.7) of outstanding interest-bearing liabilities were at fixed interest rates when including the effect of derivatives used. During 2010 and 2009, the Group's borrowings at variable rate were denominated in the EUR, the SEK and the LVL. The currency specification of financial lease liabilities is presented in table later in this note. The weighted average fixing period for loan portfolio was 2.0 years (1.4 years). The Treasury Policy states the limit for the portion of fixed interest to be 20–60 percent of the whole loan portfolio and duration to stay in a range from one to three years. During the financial period the Group moved upwards in both values.

The Group manages its cash flow interest rate risk by using interest rate swaps in accordance with the Treasury Policy. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The nominal value of the Group's interest rate swaps was EUR 181.3 million at 31 December 2010 (2009: EUR 144.2 million). IAS 39 hedge accounting was applied to a part of these interest rate swaps representing a total nominal value of EUR 104.9 (EUR 98.2) million. The maturity structure of these derivatives is presented in a table following in this note.

For interest rate sensitivity analysis in accordance with IFRS 7, if interest rates at 31 December 2010 on EUR-denominated borrowings had been 1 percent higher/lower with all other variables held constant, pre-tax profit for the year would have been EUR 1,4 (0,3) million lower/higher, as a result of changes in the interest flows on floating rate borrowings and hedging instruments and the change of market value of the non-hedge accounted interest rate swaps; other components of equity would have been EUR 3,3 (2.6) million higher/lower, as a result of a change in the fair value of interest rate swaps for which hedge accounting is applied. The following table illustrates the sensitivity analysis.

	2010				2009			
	Income statement		Equity		Income statement		Equity	
	+ 1%	- 1%	+ 1%	- 1%	+ 1%	- 1%	+ 1%	- 1%
Interest-bearing liabilities	-2.8	2.8			-2.8	2.8		
Interest rate derivatives								
Hedge accounted	0.8	-0.8	3.3	-3.3	0.7	-0.7	2.6	-2.6
Non-hedge accounted	3.4	-3.4			1.8	-1.8		
Total	**1.4**	**-1.4**	**3.3**	**-3.3**	**-0.3**	**0.3**	**2.6**	**-2.6**

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.

Foreign exchange risk

The Group operates internationally and is exposed to risks arising from foreign exchange rate fluctuations, primarily from exposures with respect to the Swedish crone. Foreign exchange risk arises primarily from internal funding and net investments in foreign operations as well as from recognised assets and liabilities.

Since Cramo has subsidiaries outside the Euro zone, 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 Swedish crone -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 internal funding, recognised assets and liabilities is managed primarily through forward contracts. A table following in this note presents the maturity structure of these derivatives. The changes in the fair value of derivatives are recognised in the income statement.

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.

Sensitivity analysis, in accordance with IFRS 7, aims to represent the sensitivity of the consolidated income and equity with respect to foreign exchange rate fluctuations. 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 following tables present the Group's translation and transaction exposures and the sensitivity effects to profit before tax results in the income statement and to equity. The sensitivity calculation is based on a change of 5 percent in the Euro exchange rate against all the functional currencies that the Group operates in.

Translation risk and hedging 31 Dec 2010

EUR 1,000	SEK	NOK	DKK	EEK	LVL	LTL	PLN	RUB	CZK	Total
Equity exposed to translation risk	296,805	33,249	14,968		2,974	1,735	11,843	-1,144	11,662	**372,092**
Lending designated as part of net investment					9,233			15,311		**24,544**
Hedging loans	-76,136									**-76,136**
Open exposure	**220,669**	**33,249**	**14,968**		**12,207**	**1,735**	**11,843**	**14,167**	**11,662**	**320,500**

Sensitivity analysis, 5% depreciation of each currency against Euro

EUR 1,000	SEK	NOK	DKK	EEK	LVL	LTL	PLN	RUB	CZK	Total
Equity exposed to translation risk	-14,840	-1,662	-748		-149	-87	-592	57	-583	**-18,605**
Lending designated as part of net investment					-462			-766		**-1,227**
Hedging loans	3,807									**3,807**
Total	**-11,033**	**-1,662**	**-748**		**-610**	**-87**	**-592**	**-708**	**-583**	**-16,025**

Translation risk and hedging 31 Dec 2009

EUR 1,000	SEK	NOK	DKK	EEK	LVL	LTL	PLN	RUB	CZK	Total
Equity exposed to translation risk	254,524	33,199	1,466	42,714	-9,373	-2,866	12,978	4,296	4,356	**341,294**
Lending designated as part of net investment					11,225			14,484		**25,709**
Hedging loans	-55,930									**-55,930**
Open exposure	**198,594**	**33,199**	**1,466**	**42,714**	**1,852**	**-2,866**	**12,978**	**18,780**	**4,356**	**311,073**

Sensitivity analysis, 5% depreciation of each currency against Euro

EUR 1,000	SEK	NOK	DKK	EEK	LVL	LTL	PLN	RUB	CZK	Total
Equity exposed to translation risk	-12,726	-1,660	-73	-2,136	469	143	-649	-215	-218	**-17,065**
Lending designated as part of net investment					-561			-724		**-1,285**
Hedging loans	2,797									**2,797**
Total	**-9,930**	**-1,660**	**-73**	**-2,136**	**-93**	**143**	**-649**	**-939**	**-218**	**-15,554**

A proportion of the group's SEK -denominated borrowing amounting to EUR 76.1 (55.9) million is designated as a hedge of the net investment in the Group's Swedish subsidiaries. The fair value of the borrowing at 31 December 2010 was EUR 0.3 (8.5) million. The foreign exchange loss of EUR 8.2 (loss 4.6) million on translation of the borrowing to currency at the end of the reporting period is recognised in translation differences, in shareholders' equity.

A proportion of the group's RUB- and LVL -denominated lending to its subsidiaries totalling EUR 24.5 (25.7)) million are designated as a part of the net investment in the respective subsidiaries. The fair value of the lending at 31 December 2010 was EUR -2.9 (-3.7) million. The foreign exchange loss of EUR 0.8 (0.8) million on translation of the borrowing to currency at the end of the reporting period is recognised in translation differences, in shareholders' equity.

Transaction risk and hedging 31 Dec 2010

EUR 1,000	SEK	NOK	DKK	EEK	LVL	LTL	PLN	RUB	CZK	Total
Transaction exposure	-84,781	27,919	24,183		9,527	3,276	7,062	28,306	2,716	**18,208**
Hedges	6,692	-28,782	-22,808			-3,186	-6,918	-10,534	-2,514	**-68,050**
Open exposure	**-78,089**	**-863**	**1,375**		**9,527**	**90**	**144**	**17,772**	**202**	**-49,842**

Sensitivity analysis, 5% depreciation of each currency against Euro

EUR 1,000	SEK	NOK	DKK	EEK	LVL	LTL	PLN	RUB	CZK	Total
Transaction exposure	4,239	-1,396	-1,209		-476	-164	-353	-1,415	-136	**-910**
Hedges	-335	1,439	1,140			159	346	527	126	**3,403**
Total	**3,904**	**43**	**-69**		**-476**	**-5**	**-7**	**-889**	**-10**	**2,492**

Transaction risk and hedging 31 Dec 2009

EUR 1,000	SEK	NOK	DKK	EEK	LVL	LTL	PLN	RUB	CZK	Total
Transaction exposure	-70,555	22,933	38,163		13,058	9,052	4,114	18,529	14,242	**49,536**
Hedges	12,290	-22,181	-38,163			-8,565	-4,025	-3,012	-15,169	**-78,825**
Open exposure	**-58,265**	**752**			**13,058**	**487**	**89**	**15,517**	**-927**	**-29,289**

Sensitivity analysis, 5% depreciation of each currency against Euro

EUR 1,000	SEK	NOK	DKK	EEK	LVL	LTL	PLN	RUB	CZK	Total
Transaction exposure	3,528	-1,147	-1,908		-653	-453	-206	-926	-712	**-2,477**
Hedges	-615	1,109	1,908			428	201	151	758	**3,941**
Total	**2,913**	**-38**			**-653**	**-24**	**-4**	**-776**	**46**	**1,464**

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.

DERIVATIVE FINANCIAL INSTRUMENTS

Fair values 31 Dec 2010

EUR 1,000	Positive fair value	Negative fair value	Net fair value
FX forward contracts	825	-1,853	-1,028
Interest rate swaps, non-hedge accounting	1,053	-926	127
Interest rate swaps, cash flow hedges		-1,617	-1,617
Total	**1,878**	**-4,396**	**-2,518**
Non-current portion			
FX forward contracts			
Interest rate swaps, non-hedge accounting	1,053	-926	127
Interest rate swaps, cash flow hedges		-1,617	-1,617
Non-current portion	**1,053**	**-2,543**	**-1,490**
Current portion	**825**	**-1,853**	**-1,028**

Fair values 31 Dec 2009

EUR 1,000	Positive fair value	Negative fair value	Net fair value
FX forward contracts	898	-629	269
Interest rate swaps, non-hedge accounting	238	-757	-519
Interest rate swaps, cash flow hedges		-3,103	-3,103
Total	**1,136**	**-4,489**	**-3,353**
Non-current portion			
FX forward contracts		-178	-178
Interest rate swaps, non-hedge accounting	238	-528	-290
Interest rate swaps, cash flow hedges		-3,103	-3,103
Non-current portion	**238**	**-3,809**	**-3,571**
Current portion	**898**	**-680**	**218**

Nominal values of derivative financial instruments

EUR 1,000	2010	2009
FX forward contracts	177,380	129,588
Interest rate swaps	181,331	144,178
Total	**358,711**	**273,767**

The derivatives used in 2010 and 2009 were currency forward contracts and interest rate swaps.These were used for hedging purposes in line with the Group's hedging policy.

The fair value of currency derivatives and non-hedge accounted interest rate derivatives has been recognised in the income statement. The fair value of hedge accounted interest rate derivatives has been recognised equity, as net of tax, and other items of comprehensive income. At 31 December 2010 the open derivative exposure reflects well the exposure retained during the financial year.

Derivative instruments mature as follows, 2010

EUR 1,000	2011	2012	2013	2014	2015	2016+	Total
Currency derivative instruments	177,380						**177,380**
Interest derivative instruments							
EUR			10,000			111,000	**121,000**
SEK		53,921					**53,921**
NOK				6,410			**6,410**
Total interest derivative instruments	**177,380**	**53,921**	**10,000**	**6,410**		**111,000**	**358,711**

Derivative instruments mature as follows, 2009

EUR 1,000	2010	2011	2012	2013	2014	2015+	Total
Currency derivative instruments	97,376	32,213					**129,588**
Interest derivative instruments							
EUR	10,000			61,000	20,000		**91,000**
SEK				47,154			**47,154**
NOK					6,024		**6,024**
Total interest derivative instruments	**10,000**			**108,154**	**26,024**		**144,178**

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 2010.

The maturity structure of accounts receivables is presented in note 9.

Also the credit losses and increase of provision for bad debts are presented in note 9. Receivables do not include significant credit risk concentrations.

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 2010 undrawn committed credit facilities totalled EUR 135.6 (130.1) million.

In order to decrease the 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 table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative instruments are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

Maturities of financial liabilities at 31 Dec 2010

EUR 1,000	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total
Derivatives					
FX forward contracts, outflow	-1,390				**-1,390**
FX forward contracts, inflow	852				**852**
Interest rate swaps, outflow	-4,845	-4,998	-9,230	-2,981	**-22,054**
Interest rate swaps, inflow	2,362	2,406	3,518	1,135	**9,421**
Derivatives, net	**-3,020**	**-2,592**	**-5,712**	**-1,846**	**-13,170**
Accounts payable and other non-interest bearing liabilities	-111,041				**-111,041**
Borrowings (excl. finance lease liabilities)	-41,804	-16,557	-269,911	-620	**-328,892**
Finance lease liabilities	-32,007	-27,276	-48,409	-13,865	**-121,557**
Repurchase liabilities	-1,081	-236	-2,118	-1,840	**-5,275**
Total	**-185,933**	**-44,069**	**-320,438**	**-16,325**	**-566,765**

Maturities of financial liabilities at 31 Dec 2009

EUR 1,000	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total
Derivatives					
FX forward contracts, outflow	-246	-99			**-345**
FX forward contracts, inflow	993				**993**
Interest rate swaps, outflow	-4,699	-3,417	-4,438		**-12,554**
Interest rate swaps, inflow	915	880	1,759		**3,554**
Derivatives, net	**-3,037**	**-2,637**	**-2,679**		**-8,353**
Accounts payable and other non-interest bearing liabilities	-82,855				**-82,855**
Borrowings (excl. finance lease liabilities)	-28,811	-24,682	-219,781		**-273,274**
Finance lease liabilities	-36,994	-32,013	-51,247	-25,782	**-146,036**
Repurchase liabilities	-1,612	-1,035	-4,522	-753	**-7,922**
Total	**-150,272**	**-57,730**	**-275,550**	**-26,535**	**-510,087**

CAPITAL STRUCTURE

The Group's objectives when managing capital structure are to safeguard the Group's ability to continue as a going concern and to maintain the optimum capital structure. The targets for capital structure are determined by the Board of Directors. The Group's treasury regularly monitors the development of the capital structure.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. Gearing is calculated as the ratio of interest-bearing liability to total equity. During 2010 one of the essential targets of the Group was to further decrease the gearing ratio. This target was met (gearing at 31 Dec 2010 103.4%, 31 Dec 2009 113.4%).

The net interest-bearing liability of the Group at 31 December 2010 totalled EUR 382.0 million, while at 31 December 2009 EUR 383.7 million.

Net debt and gearing are represented in the table below.

EUR 1,000	2010	2009
Interest-bearing liabilities	404,345	402,202
Cash and cash equivalents	-22,313	-18,520
Net interest-bearing liabilities	**382,032**	**383,682**
Total equity	**369,420**	**338,385**
Gearing, %	**103.4**	**113.4**

15. DEFERRED TAXES

EUR 1,000	2010	2009
Deferred tax assets		
Tax losses carried forward	4,647	4,538
Financial leases	9,977	12,256
Fair value of hedging fund	420	807
Exchange rate difference of net investments	1,059	3,401
Derivative financial instruments	672	360
Elimination of internal profit	1,751	1,997
Other temporary differences	1,653	1,237
Total	**20,179**	**24,596**
Deferred tax liabilities		
Depreciation difference and other untaxed reserves	46,476	43,188
Financial leases	9,931	10,092
Exchange rate difference of net investments	1,059	3,401
Derivative financial instruments	488	295
Valuation of assets to fair value in business combinations	21,889	21,399
Unrealised exchange rate gains	1,689	3,833
Other temporary differences	2,694	2,287
Total	**84,226**	**84,495**
Deferred tax liabilities net	**64,047**	**59,899**
Reflected in the balance sheet as follows		
Deferred tax asset	14,301	19,137
Deferred tax liabilities	78,348	79,036
Deferred tax liabilities net	**64,047**	**59,899**
Change in deferred tax liabilities and assets recognised in the balance sheet		
Deferred tax liabilities net at beginning of the year	59,899	61,576
Acquired and disposed subsidiaries	1,512	83
Change in tax rates		-63
Other items recognised in the income statement	-3,799	-2,081
Items recognised in equity	387	-1,758
Exchange rate differences	6,048	2,142
Deferred tax liabilities net at year end	**64,047**	**59,899**

Deferred tax liability has not been recognised on Estonian undistributed earnings because distribution is in the control of the Group and such distribution is not probable within foreseeable future.

Deferred tax assets arising from tax loss carried forward of EUR 4,766 (7,894) thousand have not been recognised in the consolidated financial statements in respect of subsidiaries that are currently making loss. As for the subsidiaries that are expected to return to black, deferred tax assets have been recognised to the extent that the realisation of the related tax benefit through future profits is probable. Of this amount, EUR 167 thousand expires year 2014 and the remainder thereafter.

16. PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Provisions

As at 31 December 2010 and 2009, the Group had not recognised any provisions.

EUR 1,000 **Other non-current liabilities**	2010	2009
Advances received	3,914	6,154
Other non-current liabilities	293	662
Total	**4,207**	**6,816**

17. TRADE AND OTHER PAYABLES

EUR 1,000	2010	2009
Trade payables	46,163	31,225
Advances received	7,114	7,970
Accrued expenses and deferred income	39,155	36,765
Other current liabilities	8,552	6,895
Total	**100,984**	**82,855**

Material items included in accrued expenses and deferred income consist of personnel expenses and periodised customer bonuses.

The management considers that the carrying amount of trade and other liabilities approximates their fair value.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 14–60 day terms
- Other current liabilities are non-interest bearing and have an average term of three months
- For explanations on the Group's credit risk management processes, refer to note 14

18. COLLATERALS AND CONTINGENT LIABILITIES

EUR 1,000	2010	2009
Collateral given on own behalf		
Debts, secured by collateral		
Loans from credit institutions		241,082
Finance lease liabilities	114,552	138,283
Collateral given		
Mortgages on company assets		83,317
Pledges		169,424
Pledges, finance lease	154,091	156,018
Commitments, secured by collateral		
Construction and warranty guarantees	580	355
Other contingent liabilities		
Contingent interest liability on hybrid capital*	4,044	4,044
Investments	1,226	93

* In April 2009 Cramo Plc issued a EUR 50 million hybrid bond with a coupon rate of 12.0 percent per annum. The bond has no maturity but the company may call the bond after four years. Obligation to pay cumulated interest to the investors comes into effect when the board declares payment of dividend.

EUR 1,000 **Commitments to office and depot rents**	2010	2009
Payable < 1 year from balance sheet date	22,052	18,747
Payable 1–5 years from balance sheet date	56,618	45,736
Payable > 5 years from balance sheet date	19,601	18,918
Total	**98,271**	**83,401**

EUR 1,000 **Operational lease payments**	2010	2009
Payable < 1 year from balance sheet date	21,712	17,708
Payable 1–5 years from balance sheet date	15,890	22,518
Payable > 5 years from balance sheet date		
Total	**37,602**	**40,226**

The Group has entered into commercial leases on certain vehicles and items of machinery. These leases have an average life of between three and five years. The maximum maturity of operational lease payments is five years (2009: five years). Operational lease liabilities mainly have floating rates and are based on Euribor, Stibor, Nibor or Cibor varying between 1 and 3 months.

19. OTHER OPERATING INCOME

EUR 1,000	2010	2009
Capital gain on sale of tangible assets	12,875	5,060
Rent on premises	615	278
Income from insurance companies	21	1,002
Other income	1,599	922
Total	**15,110**	**7,262**

20. MATERIALS AND SERVICES

EUR 1,000	2010	2009
Purchases	-29,774	-24,067
External services	-153,705	-126,815
Total	**-183,479**	**-150,882**
Change in inventories of work in progress (-) decrease/(+) increase	1,015	-1,486
Production for own use	4,694	9,148

21. EMPLOYEE BENEFIT EXPENSES

EUR 1,000	2010	2009
Wages and salaries, including restructuring costs EUR 1,073 (2009: 2,407)	-76,091	-76,825
Social security costs	-15,218	-15,372
Share-based payment transaction expense	-2,312	-2,254
Pension costs – defined contribution plans	-8,318	-8,611
Total	**-101,939**	**-103,062**
Average number of personnel	**2,083**	**2,356**

The employee benefits of the Group's management are disclosed in note 29 and information concerning stock option plans are presented in note 28.

22. DEPRECIATION AND IMPAIRMENT

EUR 1,000	2010	2009
Depreciation of tangible assets	-81,529	-85,327
Depreciation of intangible assets*	-865	-975
Total depreciation	**-82,394**	**-86,302**
Impairment of tangible assets	-538	-2,002
Impairment of assets available for sale	-213	-365
Depreciation and impairment related to tangible and intangible assets	**-83,145**	**-88,669**
Amortisation on intangible assets resulting from acquisitions	-7,089	-6,921
Impairment related to intangibles resulting from acquisitions		-21,833
Amortisation and impairment resulting from acquisitions	**-7,089**	**-28,754**
Total depreciation, amortisation and impairment	**-90,233**	**-117,423**
Depreciation of tangible assets	-81,529	-85,327
Depreciation of intangible assets*	-865	-975
Amortisation of intangible assets resulting from acquisitions	-7,089	-6,921
Total depreciation and amortisation	**-89,482**	**-93,223**
Impairment of tangible assets	-538	-2,002
Impairment of assets available for sale	-213	-365
Impairment related to intangibles resulting from acquisitions		-21,833
Total impairment	**-751**	**-24,199**
Total depreciation, amortisation and impairment	**-90,233**	**-117,423**

* Depreciation of intangible assets relates to depreciation of software and other intangibles, which are, among others, capitalised transport and assembly costs which are charged from customers and depreciated over the rental period.

During 2010, an impairment loss of EUR 538 (2,002) thousand was recorded on tangible assets.

During 2010, an impairment loss of EUR 213 (365) thousand was recorded on assets available for sale.

In 2009, an impairment loss of EUR 21.8 million was recorded on goodwill and other intangibles resulting from acquisitions. See impairment testing note 6.

23. OTHER OPERATING EXPENSES

EUR 1,000	2010	2009
Rent for premises	-22,579	-21,166
Other expenses for premises	-10,475	-9,111
Operational leases	-20,418	-21,832
Bad debts	-4,951	-6,671
Marketing	-8,326	-7,268
Temporary staff	-7,632	-4,823
Other personnel related expenses	-8,453	-7,219
Other administrative expenses	-25,220	-21,725
Capital loss on sale of tangible assets	-1,004	-1,885
Other expenses	-822	0
Total	**-109,880**	**-101,700**
Audit fees		
Authorised Public Accountants Ernst & Young		
Audit fees	-654	-621
Tax consultation	-94	-126
Other services	-249	-85
Total	**-997**	**-832**
Other auditing firms	**0**	**-52**

24. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2010	2009
Interest income on loans receivable and cash and cash equivalents	670	1,360
Other financing income	62	324
Interest expenses on financial liabilities measured at amortised cost	-13,475	-13,871
Interest expenses on financial leases	-4,033	-6,863
Interest income and expenses on interest rate derivatives, cash flow hedges	-2,552	-1,796
Interest income and expenses on interest rate derivatives, non-hedge accounted	-1,083	-381
Change in fair value of interest rate derivatives, non-hedge accounted	645	-168
Change in fair value of foreign exchange rate derivatives, non-hedge accounted	-1,226	-5,020
Other exchange rate differences	1,125	5,244
Arrangement and commitment fees relating to interest-bearing loans	-824	-969
Other financing expenses	-1,896	-595
Net financial expenses	**-22,586**	**-22,734**

In accordance with the Treasury Policy, the Group uses interest rate swaps as the hedging instruments designated as cash flow hedges. All terms of these hedges match with the terms of the hedged instrument (loan). Hedges are effective and therefore no gains or losses arising from ineffectiveness have been recognised in net finance expenses during the period.

25. INCOME TAX EXPENSE

EUR 1,000	2010	2009
Current tax	-9,929	-8,036
Tax from previous financial periods	-877	235
Change in deferred taxes	3,799	2,144
Total	**-7,007**	**-5,657**

The difference between income taxes at the domestic tax rate in Finland 26 percent and income taxes recognised in the consolidated income statement is reconciled as follows:

Profit before tax	4,804	-34,202
Tax calculated with domestic corporate tax rate	-1,249	8,893
Foreign subsidiaries divergent tax rate +/-	-2,724	-6,129
Change in tax rates		63
Non-taxable income	468	9
Non-deductable expenses	-307	-3,591
Items not recognised in accounting	3,049	3,343
Share based payments	-601	-586
Tax losses for which no deferred income tax asset was recognised	-4,766	-7,894
Tax from the previous financial periods	-877	235
Taxes in income statement	**-7,007**	**-5,657**
Group's effective tax rate, %	**145,9**	**neg**

Deferred taxes have been recalculated due to the following changes in tax rates:
- The Czech Republic (2009: from 20% to 19%)
- Lithuania (2009: from 20% to 15%)

There are no income tax consequences attached to the payment of dividends in either 2010 or 2009 by the Group to its shareholders.

26. OTHER NON-CASH CORRECTIONS

EUR 1,000	2010	2009
Capital gain on sale of tangible assets	-12,875	-5,060
Capital loss on sale of tangible assets	1,004	1,885
Share-based payments	2,312	2,254
Other non-cash corrections		2,092
Total	**-9,558**	**1,171**

27. EARNINGS PER SHARE

EUR 1,000	2010	2009
Profit/loss for the year attributable to equity holders of the parent company (EUR 1,000)	-2,142	-39,831
Number of shares		
Weighted average number of shares outstanding	30,343,901	30,522,534
Effect of options granted	1,406,840	599,110
Diluted weighted average number of shares outstanding	31,750,741	31,121,644
Earnings per share from profit/loss attributable to equity holders of the parent company		
Basic, EUR	-0.07	-1.30
Diluted, EUR	-0.07	-1.28

Basic earnings per share is calculated by dividing the net profit attributable to the parent's equity holders by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of all shares to assume conversion of all potentially dilutive shares. The Group operates a share option scheme with a dilutive affect, which increases the number of the shares. The share options have a dilutive affect when their exercise price is lower than the fair value of a share.

The dilutive effect is the number of the shares which has to be issued without consideration, because the Group could not use the assets received from the exercise of the share at fair value. The fair value of a share is based on the average share price during the period.

28. SHARE-BASED PAYMENTS

In the end of the period Cramo had option plans 2006, 2009 and 2010 in operation. Under the plans the Board of Directors is authorized to grant up to 5 milloin stock options 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 excercise 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	Stock Options 2006			Stock Options	Stock Options
Basic information	2006A	2006B	2006C	2009	2010
Annual General Shareholders' Meeting date	20-Nov-06	20-Nov-06	20-Nov-06	26-Mar-09	13-Apr-10
Grant dates	21-Dec-06 27-Feb-07	14-Nov-07 02-Apr-08 12-May-08	10-Nov-08 21-Dec-09	02-Nov-09	04-Nov-10
Maximum number of stock options	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
The number of shares subscribed by one option	1	1	1	1	1
Initial exercise price, €	14.51	26.47	5.56	11.06	14.79
Dividend adjustment	Yes	Yes	Yes	Yes	Yes
Exercise price Dec. 31, 2008, €	13.36	25.82	5.56	–	–
Exercise price Dec. 31, 2009, €	13.16	25.62	5.36	11.06	–
Exercise price Dec. 31, 2010, €	13.16	25.62	5.36	11.06	14.79
Beginning of exercise period, date (vesting)	01-Oct-09	01-Oct-10	01-Oct-11	01-Oct-12	01-Oct-13
End of excercise period, date (expiration)	31-Jan-11	31-Jan-12	31-Jan-13	31-Dec-13	31-Dec-14
Remaining contractual life Dec. 31, 2010, years	0.1	1.1	2.1	3.0	4.0
Number of persons Dec. 31, 2010	n/a	74	92	110	118

Changes during the period 2010	Stock Options 2006 2006A	2006B	2006C	Stock Options 2009	Stock Options 2010	Total	Weighted average exercise price in €*	Weighted average remaining life, years
01 January 2010								
Outstanding at the beginning of the period	694,000	820,000	949,500	955,000	0	3,418,500	13.40	
Changes during the period								
Granted	0	0	0	0	1,000,000	1,000,000	14.79	
Forfeited	0	83,000	67,000	60,000	0	210,000	15.00	
Exercised	142,191	0	0	0	0	142,191	13.16	
Expired	0	0	0	0	0	0	0.00	
Weighted average share price, €	14.22	16.48	-	-	-	0	0.00	
31 December 2010								
Outstanding at the end of the period	551,809	737,000	882,500	895,000	1,000,000	4,066,309	13.66	2.31
Exercisable at the end of the period	551,809	737,000	0	0	0	1,288,809	20.29	

* Exercise price in the beginning of the period is status at Dec. 31, 2009. Dividend adjustment has been taken into account during the period and exercise price is based on the status at Dec. 31, 2010.

Changes during the period 2009	Stock Options 2006 2006A	2006B	2006C	Stock Options 2009	Total	Weighted average exercise price in €*	Weighted average remaining life, years
01 January 2009							
Outstanding at the beginning of the period	712,000	865,000	1,000,000	0	2,577,000	14.52	
Changes during the period							
Granted	0	0	13,000	957,000	970,000	10.98	
Forfeited	38,000	45,000	63,500	2,000	148,500	13.57	
Exercised	0	0	0	0	0	0.00	
Expired	0	0	0	0	0	0.00	
Weighted average share price, €	-	-	-	-	0	0.00	
31 December 2009							
Outstanding at the end of the period	674,000	820,000	949,500	955,000	3,398,500	13.40	2.71
Exercisable at the end of the period	674,000	0	0	0	674,000	13.16	

* Exercise price in the beginning of the period is status at Dec. 31, 2008. Dividend adjustment has been taken into account during the period and exercise price is based on the status at Dec. 31, 2009.

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 4.69 million. The effect of all employee stock options on the Company's earnings in 2010 was EUR 2.31 million (2009: EUR 2.25 million) of which 2006A options accounted for EUR 0.15 million, 2006B options accounted for EUR 0.59 million, 2006C options accounted for EUR 0.42 million, 2009 options accounted for EUR 0.89 million and 2010 options accounted for EUR 0.26 million. Liquidity of the employee stock options secondary market has been taken into account in the stock options 2006 valuation: 90 percent of the theoretical B&S value is assumed to be realized. Illiquidity discount of 10 percent will decrease the IFRS2 expense in 2009: 0,75 million EUR, in 2010: 0.14 million EUR and in 2011: 0.03 million EUR.

	Granted in 2010	Granted in 2009	Granted in 2008		
Most significant inputs in Black–Scholes model	2010	2009	2006C	2006B	2006C
Number of granted options	1,000,000	957,000	13,000	30,000	1,000,000
Average price of share at grant date, €	16.56	10.90	11.02	15.86	5.37
Subscription price, €*	14.79	11.06	5.36	26.25	5.56
Interest rate, %	1.52	2.39	1.68	3.82	3.28
Maturity, years*	4.0	3.5	2.6	3.8	4.2
Volatility, %**	35.00	35.00	35.00	31.79	31.00
Expected dividends, €***	0	0	0	0	0
Fair value totally, €	4,694,601	2,603,778	70,976	32,940	1,102,926

* Based on the history of subscriptions under the previous option scheme, it has been assumed that the options 2006C and onwards will be exercised steadily during the subscription period.

** Volatility has been estimated on the basis of historical data during a 5 year period regarding the valuation of stock options 2006A and 2006B. Regarding the stock options 2006C and onwards historical data of 10 years is used to estimate expected volatility.

*** 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.

29. RELATED PARTY TRANSACTIONS

The Group consists of Cramo Plc and the following subsidiaries.
There are no associated companies in the Group.

Subsidiaries	Domicile		% of shares Parent company	% of shares Group
Cramo A/S	Glostrup	Denmark	100	
Cramo AS	Oslo	Norway	100	
Cramo AS Estonia	Tallinn	Estonia	100	
Cramo Finance NV	Antwerp	Belgium	99.9	100
Cramo Finland Oy	Vantaa	Finland	63.3	100
Cramo Holding BV	Amsterdam	Netherlands	100	
Cramo Instant AB	Sollentuna	Sweden	100	
Cramo JV Oy	Vantaa	Finland	100	
Cramo Kaliningrad OOO	Kaliningrad	Russia	100	
Cramo New Holding AB	Sollentuna	Sweden	100	
Cramo Production Oy	Ylöjärvi	Finland	100	
Cramo s.r.o.	Prague	the Czech Republic	100	
Cramo SK s.r.o.	Bratislava	Slovakia	100	
Cramo Sverige AB	Sollentuna	Sweden	100	
Cramo UAB	Vilnius	Lithuania	100	
Construction Vehicles Karvina s.r.o.	Karvina	the Czech Republic	100	
SIA Cramo	Riga	Latvia	100	
Suomen Tähtivuokraus Oy	Vantaa	Finland	100	
Cramo AB	Sollentuna	Sweden		100
Cramo Dutch Holding BV	Rotterdam	Netherlands		100
Cramo Scaffolding Oy	Kemi	Finland		100
Cramo Sp.zo.o	Warszawa	Poland		100
Fastigheten Tändstiftet HB	Sollentuna	Sweden		100
Hamar Liftutleie AS	Hamar	Norway		100
Hans Eriksson Förvaltnings AB	Stockholm	Sweden		100
Mupol Förvaltnings AB	Stockholm	Sweden		100
ZAO Cramo	St. Petersburg	Russia		100
ZAO Cramo Rus	Moscow	Russia		100
Entreprenad Telearbeten AB	Sollentuna	Sweden		100
Merged and liquidated subsidiaries				
Cramo Instant AS	Drammen	Norway		100
Maropol Sp.zo.o.	Radzionkow	Poland		100
Hego Maskinutleie AS	Bergen	Norway		100
Cramo Podesty Sp.zo.o.	Krakow	Poland		100

Executive remuneration

EUR 1,000	2010	2009
Compensation to President and CEO		
Salaries, bonuses and fringe benefits	427	354
Post-employment benefits	84	84
Share-based payments	243	244
Total	**754**	**682**
Compensation to Group management team		
Salaries, bonuses and fringe benefits	1,583	1,603
Post-employment benefits	23	30
Share-based payments	863	1,009
Total	**2,469**	**2,641**
Total compensation to President and CEO and other Group management	**3,223**	**3,323**

The value of share-based payments represents the IFRS 2 expense of the stock options held by the President and CEO and other Group management.

The retirement age for the President and CEO is 63 years. In addtion to the statutory pension system, Cramo offers a voluntary pension insurance for the President and CEO. The period of notice on the President and CEO´s executive contract is 6 months, during which time he receives a full salary. In case that the contract is terminated by the employer, there can additionally be a severance payment of 18 months salary.

Compensation to Board members

EUR 1,000	2010	2009
Gustavson Stig	63	67
Halonen Eino	45	45
Hartwall Erik	2	
Hartwall Victor	32	
Herzen von Thomas	34	
Krogerus Hannu	1	34
Lainio Jari	33	34
Mäkelä Esko	35	35
Cappelen Fredrik	34	33
Glifberg Gunnar	1	34
Total	**280**	**281**

An amount of EUR 100 (100) thousand of the Board fees has been paid in the form of Cramo shares.

Related party transactions

Tatu Hauhio, Senior Vice President of Finland is a joint-owner of Kiinteistö Oy Hosionrinne, to which Cramo paid real estate rents amounting to EUR 1,171 (668) thousand in 2010. On top of this Cramo paid construction expenses amounting to EUR 0 (255) thousand for the Kiinteistö Oy Hosionrinne office.

Loans to related parties

Loans to key management of the Group

EUR 1,000	2010	2009
1 Jan	2,027	
Loans granted during the period		2,000
Amortisations during the period		
Accrued interest	60	27
Paid interest		
31 Dec	2,087	2,027

The Board of Directors of Cramo Plc accepted during 2009 a new share ownership program for Cramo's Executive Committee. As part of management incentive arrangement, Cramo Plc has granted to Cramo Management Oy an interest-bearing loan amounting to EUR 2.0 million to finance the acquisition of the company's shares. The loan will be repaid in full by 31 December 2012. In case the validity of the arrangement is extended by two years (as described below), the loan period can be extended accordingly. Cramo Management Oy has an obligation to repay the loan prematurely by selling Cramo Plc shares held by it in case the share price of the company other than temporarily exceeds a certain level determined in the arrangement.

The arrangement will be valid until autumn 2012, whereupon the arrangement is intended to be dissolved in a manner to be determined later. The arrangement may be dissolved, e g, by placing Cramo Management Oy into liquidation, by merging it with Cramo Plc, or by selling the Cramo Plc shares held by Cramo Management Oy by other means. The arrangement will be continued for further two years in case the share price of Cramo Plc in November 2012 is below the average price which Cramo Management Oy paid for the Cramo Plc shares in its holding. The transfer of Cramo Plc shares held by Cramo Management Oy is restricted during the validity of the arrangement. All the Executive Committee members' holdings in Cramo Management Oy are valid until the termination of the program.

30. BUSINESS COMBINATIONS 2010

During 2010 the Group concluded six business combinations. Total purchase price for the business combinations concluded in 2010 was EUR 32.4 million. During 2010 business combinations contributed to Group sales by some EUR 3.0 million. Total unpaid amount for the business combinations made in 2010 was EUR 2.0 million at the year-end. Acquisition of Svensk Byggleasing and outsourcing agreement with Frijo AB were made in Sweden. In Finland the Group made three outsourcings with Lemminkäinen Group. Two of them were treated as business combinations. Additionally the Group concluded one outsourcing in Finland with Lambertsson and at the same time extended frame agreement with Peab in Sweden. In Norway the Group made one business combination.

Purchase price

EUR 1,000	
Total purchase price	32,425
Fair value of the net assets acquired	31,525
Goodwill	900

Business combinations resulted in a goodwill of 0.9 million, which is attributable mainly to synergy benefits expected from Lemminkäinen outsourcing.

Acquired assets and liabilities have been valued at fair value at the acquisition date. Below is presented the carrying amount, fair value and fair value at balance sheet date's exchange rates.

EUR 1,000	Fair value at balance sheet date's exchange rate	Translation differences	Fair value at acquisition date	Acquiree's carrying amount
ASSETS				
Customer relationship	13,172	107	13,065	
Goodwill	900		900	
Tangible assets	18,649	117	18,531	16,831
Trade and other receivables	419	8	411	411
Cash and cash equivalents	2,857	119	2,738	2,738
Total assets	**35,997**	**352**	**35,645**	**19,980**
LIABILITIES				
Deferred tax liabilities	1,512	33	1,479	
Interest-bearing liabilities	1,478	26	1,452	1,452
Trade and other payables	294	5	288	288
Total liabilities	**3,284**	**64**	**3,220**	**1,740**
Net assets	**32,713**	**288**	**32,425**	**18,240**
Unpaid amount of the purchase price at the end of 2010				2,000

BUSINESS COMBINATIONS 2009

During the financial year 2009 the Group has concluded one share acquisition. Cramo Sverige AB, the wholly owned Swedish subsidiary of Cramo Plc, has acquired the rental operations of Lidingö Hyrcenter (Hans Eriksson Förvaltinings AB). The deal included all rental equipment and related merchandise, the rental contract of the depot and two employees. During 2009 Lidingö contributed to Group sales by some EUR 0.6 million.

Goodwill of Lidingö is attributable to the market presence and skilled workforce. The area in which the depot is located is a key construction development area, as the present harbour services will be relocated and the area will be developed for residential housing and office purposes. There are several planned and on-going infrastructure projects in the area which give the new depot an excellent platform for future expansion

Acquired assets and liabilities have been valued at fair value at the acquisition date. Below is presented the carrying amount, fair value and fair value at balance sheet date's exchange rates.

Purchase price

EUR 1,000	
Purchase price	307
Directly attributable costs	8
Total purchase price	**315**
Fair value of the net assets acquired	194
Goodwill	121

EUR 1,000	Fair value at balance sheet date's exchange rate	Translation differences	Fair value at acquisition date	Acquiree's carrying amount
ASSETS				
Depot network	259	9	250	
Goodwill	125	4	121	
Tangible assets	82	3	79	79
Total assets	**466**	**16**	**450**	**79**
LIABILITIES				
Deferred tax liabilities	68	2	66	0
Trade and other payables	72	2	70	70
Total liabilities	**140**	**5**	**136**	**70**
Net assets	**326**	**11**	**315**	**9**
Unpaid amount of the purchase price at the end of 2009				59

On top of the above acquisition, the purchase price of the earlier acquisitions has been adjusted by EUR 211 thousand. This additional purchase price has been allocated to goodwill by EUR 133 thousand and to tangible assets by EUR 78 thousand.

31. 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.

32. EVENTS AFTER BALANCE SHEET DATE

On 31 January 2001 the Group aqcuired a 100 percent stake of the share capital of Theisen Baumaschinen AG. Theisen Group is among the top three providers of equipment rental services in Germany. The seller is Arrex Beteiligungs-GmbH, a private-owned holding company. The purchase price was approximately EUR 47 million, of which EUR 40 million was paid in cash and the rest in 374,532 Cramo Plc's new shares pursuant to a direct share issue made to the seller, equalling approximately EUR 7 million. Cramo assumed Theisen's net interest-bearing debt and financial leasing liabilities, resulting in an enterprise value of approximately EUR 85 million for the transactions.

Theisen Group is consolidated in Cramo Group as of 1 February 2011.

At the time of signing the financial statements, the first IFRS conversion of the Theisen Group is in progress. Due to that disclosure of a reliable estimate of the economic impacts is not possible at this stage.

The 142,191 new shares subscribed for under the stock option rights 2006A in December were registered in the trade register on 13 January 2011, and trading in them began on 14 January 2011. In addition, 551,809 new shares that were subscribed for in January were registered in the trade register on 10 February 2011 and trading in them will begin on 11 February 2011. As a result of the share subscriptions, the number of Cramo Plc shares increased to 31,354,189.

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

During the period under review, Cramo Plc received the following notifications pursuant to Chapter 2, section 9 of the Finnish Securities Markets Act:

Hartwall Capital Oy Ab announced on 26 March 2010 that it had received the right to decide on the use of the voting rights of the following parties: K. Hartwall Invest Oy, Kusinkapital Ab, Pinewood Invest OÜ, Pallas Capital Oy, Fyrklöver-Invest Oy Ab, Gustav Tallqvist, Christel Hartwall and Gulle Therman. On the date of the announcement, the combined total holding of these parties was 7,775,672 shares, representing 25.3 percent of Cramo Plc shares and votes.

The holding of Suomi Mutual Life Assurance Company of Cramo Plc shares and votes increased over one twentieth (1/20) on 19 May 2010. On the date of the announcement, the company's holding was 5.06 percent of Cramo Plc shares and votes, or 1,552,069 shares.

The holding of Suomi Mutual Life Assurance Company of Cramo Plc shares and votes fell below one twentieth (1/20) on 26 May 2010. On the date of the announcement, the company's holding was 4.93 percent of Cramo Plc shares and votes, or 1,510,176 shares.

34. CALCULATION OF THE KEY FIGURES AND RATIOS

KEY FIGURES ON FINANCIAL PERFORMANCE:

Return on equity, %

$$= \frac{\text{Profit for the period}}{\text{Total equity (average)}} \times 100$$

Return on investment, %

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

Equity ratio, %

$$= \frac{\text{Total equity}}{\text{Balance sheet total – advance payments received}} \times 100$$

Net interest-bearing liabilities

= Interest-bearing liabilities – cash and cash equivalents

Gearing, %

$$= \frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$$

Personnel on average

= The average number of employees at the end of each calendar month during the accounting period, adjusted with the number of part-time employees

PER-SHARE RATIOS:

Earnings per share (EPS)

$$= \frac{\text{Net income attributable to the shareholders of the parent company}}{\text{Average number of issue-adjusted shares during the period}}$$

Shareholders' equity per share

$$= \frac{\text{Shareholders' equity}}{\text{Number of issue-adjusted shares at the end of the period}}$$

Dividend per share

$$= \frac{\text{Dividend distribution for the period}}{\text{Number of issue-adjusted shares at the end of the period}}$$

Dividend per earnings, %

$$= \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Effective dividend yield, %

$$= \frac{\text{Dividend per share}}{\text{Issue-adjusted closing price at the end of the period}} \times 100$$

Price / earnings ratio (P/E)

$$= \frac{\text{Issue-adjusted closing price at the end of the period}}{\text{Earnings per share}}$$

Market capitalisation

= Number of shares at the end of the period x closing price at the end of the period

35. SHARES AND SHAREHOLDERS

	2010		2009	
	No	EUR 1,000	No	EUR 1,000
Shares	30,660,189	24,835	30,660,189	24,835

All shares are issued, registered and fully paid. Each share entitles the holder to one vote.

Shareholders
The Group had 8 307 shareholders in the share register as at 31 December 2010.

Major shareholders 31 Dec 2010	Number of shares	%	Voting rights	%
Hartwall Capital Oy Ab	4,993,619	16.29	4,993,619	16.29
K. Hartwall Invest Oy Ab	2,432,000	7.93	2,432,000	7.93
Rakennusmestarien Säätiö	1,862,620	6.08	1,862,620	6.08
Mariatorp Oy	1,238,000	4.04	1,238,000	4.04
Sijoitus-Wipunen Oy	750,000	2.45	750,000	2.45
Odin Finland	643,944	2.10	643,944	2.10
Nordea Nordenfonden	509,780	1.66	509,780	1.66
Fondita Nordic Micro Cap	404,000	1.32	404,000	1.32
Ilmarinen Mutual Pension Insurance Company	352,256	1.15	352,256	1.15
Cramo Management Oy	316,288	1.03	316,288	1.03
Rakennusmestarit ja -insinöörit AMK RKL ry	300,938	0.98	300,938	0.98
Fennia Life Insurance Company Ltd	258,000	0.84	258,000	0.84
Etola Erkki	200,000	0.65	200,000	0.65
Sijoitusrahasto Aktia Capital	198,046	0.65	198,046	0.65
Nordea Avanti Fund	182,186	0.59	182,186	0.59
EQ Pikkujättiläiset/ EQ Rahastoyhtiö	175,000	0.57	175,000	0.57
OP-Finland Value Fund	168,181	0.55	168,181	0.55
Helsingin Rakennusmestarit ja -insinöörit AMK ry	156,873	0.51	156,873	0.51
Laakkonen Mikko Kalervo	153,000	0.50	153,000	0.50
Kusinkapital Ab	141,000	0.46	141,000	0.46
Mutual Fund Evli Select	130,000	0.42	130,000	0.42
Lindström Kim	128,400	0.42	128,400	0.42
Asikainen Visa Taneli	124,855	0.41	124,855	0.41
Pinewood Invest	105,250	0.34	105,250	0.34
Oy Etra Invest Ab	100,000	0.33	100,000	0.33
Other	7,801,129	25.44	7,801,129	25.44
Nominee registered and non-Finnish holders	6,834,824	22.29	6,834,824	22.29
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
Total	**30,660,189**	**100.00**	**30,660,189**	**100.00**

Distribution of shareholding by size range 31 Dec 2010

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of share capital
1–100	2,094	25.21	140,142	0.46
101–1000	4,761	57.31	2,042,361	6.66
1001–10 000	1,298	15.63	3,597,392	11.73
10 001–100 000	126	1.52	3,674,149	11.98
100 001–500 000	19	0.23	3,819,232	12.46
500 001–	9	0.11	17,377,994	56.68
Transferred to book-entry securities system total	8,307	100.00	30,651,270	99.97
Not transferred to book-entry securities system total			8,919	0.03
Total			**30,660,189**	**100.00**

Distribution of shareholding by sector 31 Dec 2010

Shareholding by sector	Number of shareholders	% of shareholders	Number of shares	% of share capital	Number of votes	% of votes
Corporations	598	7.20	11,637,450	37.96	11,637,450	37.96
Financial and insurance companies	38	0.46	7,231,539	23.59	7,231,539	23.59
General Government	5	0.06	504,463	1.65	504,463	1.65
Non-profit institutions	129	1.55	2,988,356	9.75	2,988,356	9.75
Households	7,499	90.27	6,780,376	22.11	6,780,376	22.11
Foreign shareholders	38	0.46	1,509,086	4.92	1,509,086	4.92
Transferred to book-entry securities system total	8,307	100.00	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
Total			**30,660,189**	**100.00**	**30,660,189**	**100.00**

Shareholding of Board members and CEO of the Group
On 31 December 2010, the Board members, the President and CEO, and his Deputy held, either directly or through companies in which they exercise control, a total of 2,985,060 Cramo Plc shares, representing 9.74 percent of the company's shares and votes, and a total of 348,000 stock options.

Insider guidelines
Cramo Plc observes the Finnish Corporate Governance Code that entered into force on 1 October 2010. Cramo Plc's insider guidelines are based on the Finnish Securities Markets Act, rules and regulations issued by the Financial Supervision Authority, and the insider guidelines of the stock exchange. Euroclear Finland Ltd maintains an insider register of Cramo Plc's permanent insiders, whose holdings are also available on Cramo Plc's website.

FINANCIAL STATEMENTS OF THE PARENT COMPANY (FAS)

BALANCE SHEET OF THE PARENT COMPANY

EUR 1,000	Note	31 Dec 2010	31 Dec 2009
ASSETS			
Non-current assets			
Intangible assets	11	23	38
Tangible assets	11	847	920
Investments			
Shares in Group companies	11	546,346	493,472
Shares in other companies	11	119	120
Non-current receivables	12	58,206	53,369
Total non-current assets		**605,540**	**547,919**
Current assets			
Current receivables	13	66,761	59,061
Cash and cash equivalents		8,311	5,887
Total current assets		**75,071**	**64,949**
TOTAL ASSETS		680,612	612,867
EQUITY AND LIABILITIES			
Equity			
Share capital	14	24,835	24,835
Share premium	14	3,331	3,331
Share issue	14	1,871	
Retained earnings	14	35,063	29,277
Profit/loss of the period	14	-437	5,787
Total equity		**64,663**	**63,229**
Appropriations	15	**47**	**52**
Liabilities			
Non-current liabilities	16	483,230	437,949
Current liabilities	16	132,671	111,636
Total liabilities		**615,901**	**549,586**
TOTAL EQUITY AND LIABILITIES		680,612	612,867

INCOME STATEMENT OF THE PARENT COMPANY

EUR 1,000	Note	1 Jan–31 Dec 2010	1 Jan–31 Dec 2009
Revenue	2	**1,179**	**1,525**
Other operating income	3	31	49
Personnel expenses	4	-2,741	-3,017
Depreciation and amortisations	5	-92	-89
Other operating expenses	7	-5,325	-4,610
Operating profit/loss		**-6,949**	**-6,142**
Financial income	8	65,475	71,727
Financial expenses	8	-66,115	-69,685
Total financial income and expenses		-640	2,042
Loss before extraordinary items		**-7,589**	**-4,100**
Extraordinary income and expenses	9	7,147	9,888
Profit/loss before appropriations and taxes		**-442**	**5,789**
Appropriations	6	5	-2
Profit/loss for the year		**-437**	**5,787**

CASH FLOW STATEMENT OF THE PARENT COMPANY

EUR 1,000	1 Jan–31 Dec 2010	1 Jan–31 Dec 2009
Cash flow from operating activites		
Profit before tax	-442	5,789
Non-cash adjustments		
Depreciation	92	89
Financial income and expenses	640	-2,042
Other non-cash corrections	475	1,564
Extraordinary items	-15,150	-9,888
Operating profit before change in working capital	-14,385	-4,489
Change in working capital[1]	-854	-5,191
Cash generated from operations	-15,239	-9,681
Taxes paid	1,907	47
Dividends received	22,251	19,945
Interest received	14,320	3,332
Interest and other financial expenses paid	-48,712	-22,985
Net cash flow from operating activities	**-25,474**	**-9,341**
Cash flow from investing activities		
Investments in tangible and intangible assets	-4	-557
Acquisition of subsidiaries	-42,170	-10,073
Non-current loans granted		-50,279
Proceeds from repayments of non-current loans	40,297	1,343
Cash flow used in investing activities	**-1,877**	**-59,566**
Cash flow from financing activities		
Proceeds from share options exercise	1,871	0
Proceeds from non-current liabilities	256,779	61,185
Payment of non-current liabilities	-251,862	-56,297
Proceeds from current liabilities	173,265	206,302
Payment of current liabilities	-150,029	-170,672
Dividends paid		-6,132
Net cash flow from financing activities	**30,025**	**34,386**
Change in cash and cash equivalents	**2,674**	**-34,520**
Cash and cash equivalents at beginning of the year	5,887	38,465
Exchange rate difference	-251	1,943
Cash and cash equivalents at year end	8,311	5,887
[1] Change in working capital		
Increase (-)/decrease (+) in short-term receivables	-1,208	-776
Increase (+)/decrease (-) in short-term non-interest bearing liabilities	354	-4,415
Total	**-854**	**-5,191**

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 years
Machinery and equipment	3–6 years
Other tangible assets	10 years
Intangible assets	5 years

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

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

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

Revenue and revenue recognition
Revenue consists of service charges to subsidiaries. Sales are 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. Other operating income is recognised on an accrual basis.

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 for the President and CEO is 63 years.

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.

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

Valuation of financial derivative instruments
Financial derivative instruments consist of interest rate derivatives and currency derivatives. The forward exchange agreements designate as hedges of cash flow changes in foreign currency. Interest rate swaps are recognised under hedge accounting. The fair values of derivative instruments are disclosed as commitments, and the negative fair values of currency derivatives are recognised in the accounts. The effects of hedge instruments are recognised in the income statement as an adjustment to interest expenses which are based on the hedged item.

2.SALES BY GEOGRAPHICAL SEGMENTS

EUR 1,000	2010	2009
Service Charges		
Finland	102	152
Sweden	231	186
Norway	72	63
Denmark	41	50
Central and Eastern Europe	732	1,074
Total	**1,179**	**1,525**

3. OTHER OPERATING INCOME

EUR 1,000	2010	2009
Rental of premises	22	20
Other	8	29
Total	**31**	**49**

4. PERSONNEL EXPENSES

EUR 1,000	2010	2009
Wages and salaries	-2,204	-2,450
Pensions	-447	-463
Other statutory employer contributions	-90	-105
Total	**-2,741**	**-3,017**
Average number of personnel		
Clerical personnel	22	25
Executive remuneration		
Wages and salaries with fringe benefits		
President and CEO	-427	-354
Management team	-516	-698
Board members	-280	-281
Total	**-1,222**	**-1,333**

5. DEPRECIATION AND AMORTISATION

EUR 1,000	2010	2009
Amortisation according to plan on intangible assets	-15	-15
Depreciation according to plan on tangible assets	-77	-74
Total	**-92**	**-89**

6. APPROPRIATIONS

EUR 1,000	2010	2009
Depreciation difference, increase (-)/ decrease (+):		
Machinery and equipment	5	-2
Total	**5**	**-2**

7. OTHER OPERATING EXPENSES

EUR 1,000	2010	2009
Rental of business premises	-187	-187
Investor relations	-331	-286
Expert services	-1,903	-1,426
Intra-Group services	-1,896	-1,550
Other administrative expenses	-1,009	-1,161
Total	**-5,325**	**-4,610**
Audit fees		
Authorised Public Accountants Ernst&Young Oy		
Audit fees	-105	-82
Tax consultation	-15	-115
Other services	-106	-174
Total	**-227**	**-370**

8. NET FINANCIAL ITEMS

EUR 1,000	2010	2009
Dividend income		
From Group companies	22,251	19,945
From others	0	0
Total dividend income	22,251	19,945
Interest income		
From Group companies	5,608	2,771
From others	126	296
Total interest income	5,734	3,067
Interest expenses		
To Group companies	-4,988	-6,563
To others	-22,227	-14,354
Total interest expenses	-27,215	-20,918
Other financial expences		
To Group companies		
To others	-2,254	-1,469
Total financial expenses	-2,254	-1,469
Exchange gains and losses		
To Group companies	8,598	-1,350
To others	-7,755	2,767
Total exchange gains and losses	844	1,417
Net financial items	-640	2,042

Cramo Finance NV is Cramo Group's finance company having as key objective to provide liquidity to Group's subsidiaries. While Cramo Plc still manages Group's financial risks.

According to service level agreement between Cramo Finance NV and Cramo Plc, the foreign exchange gains/losses recognized in Cramo Finance NV resulting from loans receivable in foreign currencies will be credited or debited to/from Cramo Plc, which has respectively recognized foreign exchange losses/gains from hedging the foreign exchange risk of these loans receivable.

The routine profitability level for Cramo Finance NV has been determined by setting limits for its return on equity. The gains or losses exceeding the limits will be credited or debited to/from Cramo Plc to safeguard reasonable compensation to finance company for the services provided.

9. EXTRAORDINARY ITEMS

EUR 1,000	2010	2009
Group contributions received	15,150	9,888
Monetary contribution given to subsidiary	-8,003	0
Total extraordinary items	**7,147**	**9,888**

10. INCOME TAXES

EUR 1,000	2010	2009
Current tax	3,939	2,571
Taxes on extraordinary income	-3,939	-2,571
Total	**0**	**0**

11. NON-CURRENT ASSETS

TANGIBLE ASSETS EUR 1,000	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Total tangible assets
Acquisition cost at 1 Jan 2010	**339**	**40**	**90**	**557**	**1,027**
Additions			4		4
Acquisition cost at 31 Dec 2010	339	40	94	557	**1,031**
Accumulated depreciation		-15	-36	-55	**-107**
Depreciation for the financial year 2010		-5	-18	-54	**-77**
Net book value at 31 Dec 2010	**339**	**20**	**39**	**448**	**847**
Acquisition cost at 1 Jan 2009	**339**	**40**	**70**	**515**	**965**
Additions			20	42	**62**
Acquisition cost at 31 Dec 2009	339	40	90	557	**1 027**
Accumulated depreciation		-10	-19	-4	**-33**
Depreciation for the financial year 2009		-5	-17	-51	**-74**
Net book value at 31 Dec 2009	**339**	**25**	**54**	**502**	**920**

INTANGIBLE ASSETS EUR 1,000	Intangible assets	Total intangible assets
Acquisition cost at 1 Jan 2010	**76**	**76**
Acquisition cost at 31 Dec 2010	76	**76**
Accumulated amortisations	-38	**-38**
Amortisation for the financial year 2010	-15	**-15**
Net book value at 31 Dec 2010	**23**	**23**
Acquisition cost at 1 Jan 2009	**76**	**76**
Acquisition cost at 31 Dec 2009	76	**76**
Accumulated amortisations	-23	**-23**
Amortisation for the financial year 2009	-15	**-15**
Net book value at 31 Dec 2009	**38**	**38**

INVESTMENTS EUR	Shares in Group companies	Shares in other companies	Total investments
2010			
Acquisition cost at 1 Jan 2010	**493,472**	**120**	**493,592**
Additions	52,873	0	**52,873**
Disposals	0	0	**0**
Net book value at 31 Dec 2010	**546,346**	**119**	**546,465**
2009			
Acquisition cost at 1 Jan 2009	**484,600**	**120**	**484,719**
Additions	8,873		**8,873**
Net book value at 31 Dec 2009	**493,472**	**120**	**493,592**

For shares and shareholdings, see consolidated financial statements in note 29.

ACCUMULATED DEPRECIATION DIFFERENCE EUR 1,000	2010	2009
Machinery and equipment		
Accumulated difference in total depreciation and depreciation according to plan at 1 Jan.	52	51
Increase/decrease in accumulated depreciation difference for the period of 1 Jan–31 Dec.	-5	2
Accumulated difference in total depreciation and depreciation according to plan at 31 Dec.	47	52

Change in depreciation difference of machinery and equipment 1 Jan–31 Dec includes depreciation difference received through mergers.

12. NON-CURRENT RECEIVABLES

EUR 1,000	2010	2009
From Group companies		
Loan receivables	52,188	49,450
From others		
Loan receivables	2,000	2,000
Prepaid expences and accrued income	4,018	1,918
Total	**58,206**	**53,369**

13. CURRENT RECEIVABLES

EUR 1,000	2010	2009
From Group companies		
Loan receivables	44,470	44,297
Accounts receivables	181	465
Prepaid expenses and accrued income	19,832	12,111
From others		
Other receivables	2,039	71
Prepaid expenses and accrued income	239	2,117
Total	**66,761**	**59,061**
Prepaid expenses and accrued income		
From Group companies		
Accrued interest	807	11,114
Other prepaid expences and accrued income	19,025	997
From others		
Prepaid taxes	24	1,965
Other prepaid expences and accrued income	216	152
Total	**20,071**	**14,228**

14. EQUITY

EUR 1,000	2010	2009
Share capital	24,835	24,835
Share issue	1,871	0
Share premium fund	3,331	3,331
Retained earnings at 1 Jan	22,444	22,790
Reduction of par value	12,619	12,619
Dividend distribution		-6,132
Retained earnings at 31 Dec	35,063	29,277
Profit/loss for the year	-437	5,787
Total equity	**64,663**	**63,229**
Distributable funds		
Retained earnings at 31 Dec	35,063	29,277
Profit/loss for the year	-437	5,787
Total	**34,626**	**35,063**

SHARE CAPITAL

	2010		2009	
	No.	EUR	No.	EUR
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.

15. APPROPRIATIONS

EUR 1,000	2010	2009
Accumulated depreciation difference	47	52

16. LIABILITIES

EUR 1,000	2010	2009
Non-current liabilities		
Hybrid bond	50,000	50,000
Loans from credit institutions	264,495	236,916
Loans from group companies	168,735	151,034
Total	**483,230**	**437,949**
Current liabilities		
To Group companies		
Liabilities to Group companies	94,502	58,091
Accounts payables	334	54
Accrued liabilities and deferred income	5,702	19,740
Total	**100,538**	**77,885**
To others		
Loans from credit institutions	0	13,066
Accounts payables	131	54
Accrued liabilities and deferred income	8,282	17,927
Commercial papers	23,447	1,989
Other current liabilities	272	715
Total	**32,132**	**33,751**
Total current liabilities	**132,671**	**111,636**
Total liabilities	**615,901**	**549,586**
NON-INTEREST BEARING AND INTEREST BEARING LIABILITIES		
Non-current		
Interest bearing	483,230	437,949
Total	**483,230**	**437,949**
Current		
Interest bearing	110,196	72,919
Non-interest bearing	22,475	38,717
Total	**132,671**	**111,636**
ACCRUED LIABILITIES AND DEFERRED INCOME		
To Group companies		
Interest expenses	4,132	18,287
Other accruals	1,571	1,453
To others		
Interest expenses	549	1,632
Personnel expenses	620	446
Unrealized exchange rate gains for non-current loans	6,497	14,742
Unrealized interest rate swap agreements	135	722
Other accruals	481	385
Total	**13,984**	**37,667**

17. OTHER NOTES

EUR 1,000	2010	2009
CONTINGENT LIABILITY OFF-BALANCE SHEET		
Accrued interest of Hybrid bond	4,044	4,044
Hybrid bond is presented in consolidated financial statements, see note 18		
COLLATERAL AND CONTINGENT LIABILITIES		
Guarantees given on own behalf		
Debts, secured by collateral		
Loans from credit institutions (used 31 Dec)	0	241,082
Loans and overdraft limits (unused 31 Dec)	128,074	124,654
Total amount of credit facility	128,074	365,735
Other contingent liabilities		
Leasing liabilities in the following year	113	76
Subsequent leasing liabilities	106	54
Leasing liabilities are 3–4 year contracts without redemption clauses.		
Rental liabilities in the following year	1,653	1,645
Subsequent rental liabilities	10,470	12,061
Rental liabilities of business premises are 10-year contracts without redemption clauses.		
Other guarantees		
Securities given		
Mortgages on company assets	0	11,658
Pledges	0	169,424
Guarantees given on behalf of the Group		
Securities given	53,597	59,395

18. INTEREST RATE DERIVATIVES

	2010		2009	
EUR 1,000	Notional value	Fair value	Notional value	Fair value
Interest rate swap	181,331	-375	144,178	-3,622
Positive fair value		1,053		238
Negative fair value		-1,428		-3,860

19. CURRENCY DERIVATIVES

	2010		2009	
EUR 1,000	Notional value	Fair value	Notional value	Fair value
Forward contracts	177,380	-1,028	126,294	269
Positive fair value		825		899
Negative fair value		-1,853		-630

Financial derivative agreements of parent company which are valid at the closing date, will mature during financial years 2011–2018.

20. DEFERRED TAXES

EUR 1,000	2010	2009
Deferred tax asset from currency derivates	482	164
Deferred tax asset from interest rate derivatives	371	1 004
Deferred tax liability from depreciation difference	12	14
Deferred tax liability from currency derivatives	215	234
Deferred tax liability from interest rate derivatives	274	62
Total	**-352**	**-858**

SIGNATURES

Signatures

Vantaa, 9 February 2011

Stig Gustavson	*Eino Halonen*	*Fredrik Cappelen*	*Victor Hartwall*
Thomas von Hertzen	*Jari Lainio*	*Esko Mäkelä*	*Vesa Koivula, CEO*

THE AUDITOR'S NOTE

Our auditor's report has been issued today.

Vantaa, 16 February 2011

Ernst & Young Oy
Authorised Public Accountants

Erkka Talvinko, KHT

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.–31.12.2010. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, 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.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view 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 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 express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about 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 of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or violated the Limited Liability Companies Act or the articles of association of the company.

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, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. 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.

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 and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position 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, 16 February 2011

Ernst & Young Oy
Authorized Public Accountant Firm

Erkka Talvinko
Authorized Public Accountant

INFORMATION TO SHAREHOLDERS

ANNUAL GENERAL MEETING

Time: Thursday, 24th March 2011, at 10.00 am. Venue: Marina Congress Center, Katajanokanlaituri 6, Helsinki.

Admission of registered shareholders begins at 9.00 am.

Shareholders who wish to attend the AGM must be registered on 14 March 2011 in the shareholders' register of the Company held by Euroclear Finland Ltd. and notify the Company of their attendance no later than 21 March 2011 either by

- on the company web site: www.cramo.com
- calling +358 10 661 1242 (Mon–Fri 8 am –4 pm)
- faxing to +358 10 661 1298
- writing to Cramo Plc, "Annual General Meeting", Kalliosolantie 2, FI-01740 Vantaa

Any proxy documents should be delivered in the originals before the final date for registration.

If shareholders wish to bring up a matter for consideration by the General Meeting of Shareholders, they must present the matter in writing to the Board of Directors at the latest four weeks before the publication of the notice in order for the matter to be included in the notice convening the meeting.

DIVIDEND PAYMENT

See the Board of Directors' proposal for dividend payment on page 60. No dividend was paid for 2009.

CRAMO BASIC SHARE INFORMATION

- Listed at the NASDAQ OMX Helsinki Ltd
- List: Nordic Mid Cap
- Trading code: CRA1V
- ISIN code: FI0009900476
- Sector: Industrials
- Industry: Trading Companies & Distributors
- Number of shares, 31 December 2010: 30,660,189
- Listing date: 1 August 1988

SHAREHOLDERS

Cramo had 10,146 shareholders as of 1 January 2010 and 8,307 as of the 31 December 2010.

For information about the largest shareholders, see page 95. More about shares held by the management team at website www.cramo.com> Investors>Share>Insiders, and about remuneration, on pages 44–45.

VALID BOARD AUTHORISATIONS

The Board of Directors has been authorised to decide on the acquisition of a maximum of 3,066,000 of the Company's own shares. Under the authorisation, Cramo's own shares may only be acquired using the Company's unrestricted equity; the Board of Directors may also act on this authorisation in order to grant stock option rights and other special rights to shares pursuant to Chapter 10 of the Finnish Limited Liability Companies Act. The Board also has the authorisation to issue a maximum of 6,132,000 new shares or special rights to shares. See page 58.

FINANCIAL REPORTING

- Annual report, electronic version in week 9, 2011
- Annual General Meeting, Thursday, 24th March 2011
- Interim report for January-March, 9th May 2011
- Interim report for January-June, 4th August 2011
- Interim report for January-September, 1st November 2011

The annual reports and interim reports are available in Finnish and English and can also be read on Cramo's website at www.cramo.com > Investors.

Cramo's management provides 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.

ANALYSTS

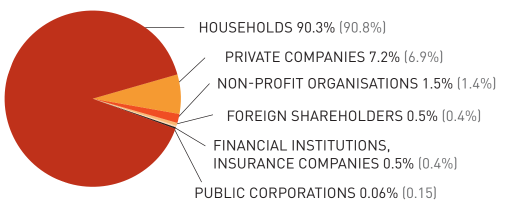
To the best of our knowledge, the following financial analysts follow Cramo's performance on their own initiative. They have analysed Cramo, prepared reports and comments and they are able to evaluate the Company as an investment target. Cramo takes no responsibility for the opinions expressed.

Carnegie
Danske Markets
Deutsche Bank AG London
Evli Bank Plc
FIM
Handelsbanken Capital Markets
Nordea Markets
Pohjola Bank plc
SEB Enskilda Equities
Swedbank Markets
Ålandsbanken

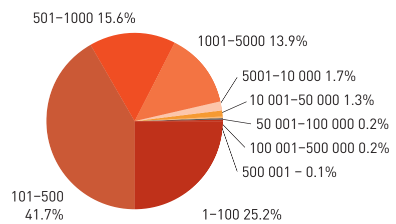
Updated contact information for the analysts following Cramo is available at www.cramo.com > Investors.

Additional information about shares and shareholders is presented in Note 35 in the consolidated financial statements: see page 95.

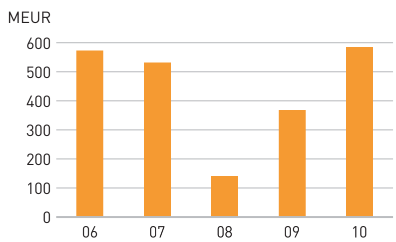
SHAREHOLDING BY SECTOR 31.12.2010



SHAREHOLDING BY SIZE 31.12.2010



MARKET CAPITALISATION ON NASDAQ OMX HELSINKI, 2006–2010, MEUR



CONTACTS

INVESTOR RELATIONS

Vesa Koivula, President and CEO
tel. +358 10 661 1240
e-mail: vesa.koivula@cramo.com

Martti Ala-Härkönen, CFO
tel. +358 10 661 1270
e-mail: martti.ala-harkonen@cramo.com

Merja Naumanen, IR Communication Officer, tel. +358 10 661 1211
e-mail: merja.naumanen@cramo.com

Financial documents can be obtained from Cramo Plc
Kalliosolantie 2
FI-01740 Vantaa
tel. +358 10 661 1211
e-mail: investor.relations@cramo.com.

Investor information is available online at 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 the Company's public permanent insiders and their holdings, a collection of presentation materials and current market data as well as services such as an investment calculator.

CHANGE OF ADDRESS

If your address or account number for dividend payment changes, we request that you send a written notification of this to the particular register holding your Book Entry Account. If your account is held at the 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.

GROUP HEAD OFFICE

Cramo Plc
Kalliosolantie 2
FI-01740 Vantaa
Finland
Tel +358 10 661 10
www.cramo.com

GROUP OPERATIONAL CENTRE

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

LOCAL HEAD OFFICES

FINLAND

Cramo Finland Oy
Kalliosolantie 2
FI-01740 Vantaa
Finland
Tel +358 10 661 10
www.cramo.fi

Cramo Production Oy
PL 9, Huurretie 19
FI-33471 Ylöjärvi
Finland
Tel +358 10 661 5500
www.cramo.fi

SWEDEN

Cramo Sverige AB
Torshamnsgatan 35
SE-164 95 Kista
Sweden
Tel +46 8 623 5400
www.cramo.se

Cramo Instant AB
Torshamnsgatan 35
SE-164 95 Kista
Sweden
Tel +46 8 623 5400
www.cramo.se

NORWAY

Cramo AS
PB 34, Alnabru
NO-0614 Oslo
Norway
Tel +47 23 37 55 60
www.cramo.no

Cramo Instant AS
PB 33, Tverrveien 1
NO-3056 Solbergelva
Norway
Tel +47 32 235 040
www.cramo.no

DENMARK

Cramo A/S
Fabriksparken 30-32
DK-2600 Glostrup
Denmark
Tel +45 70 110 210
www.cramo.dk

Cramo Instant A/S
Huginsvej 6A
DK-4100 Ringsted
Denmark
Tel +45 43 29 05 30
www.cramo.dk

ESTONIA

Cramo Estonia AS
Kadaka tee 131
EE-129 15 Tallinn
Estonia
Tel +372 6 830 800
www.cramo.ee

LATVIA

Cramo SIA
Mellužuiela 1
LV-1067 Riga
Latvia
Tel +371 673 875 54
www.cramo.lv

LITHUANIA

Cramo UAB
Liudvinavo str. 131
LT-02241 Vilnius
Lithuania
Tel +370 5 235 7040
www.cramo.lt

POLAND

Cramo Sp.Zo.o.
Ul. Pulawska 405
PL-02 801 Warsaw
Poland
Tel +48 22 211 98 98
www.cramo.pl

RUSSIA

ZAO Cramo
Zanevka 48/1
RU-195298 St.Petersburg
Russia
Tel +7 812 448 4818
www.cramo.ru

ZAO Cramo Rus
Mytishinsky district
Chelobityevo village
Moscow region
141031 Russia
Tel +7 495 926 7676
www.cramo.ru

Cramo Kaliningrad
P.O. Box 512, 4-aja Bolshaja Okruzhnaja 33
236029 Kaliningrad
Russia
Tel +7 4012 776 222
www.cramo.ru

CZECH REPUBLIC

Cramo s.r.o.
Na Petynce 136/120
169 00 Prague 6
Czech Republic
Tel +420 220 512 182
www.cramo.cz

SLOVAKIA

Cramo
Kopčianska 16
851 01 Bratislava
Slovakia
Tel +421 263 810 799
www.cramo.cz

THEISEN BAUMASCHINEN HEAD OFFICES

GERMANY

Theisen Baumashinen
Emeranstrasse 49-51
85622 München-Feldkirchen
Germany
Tel +49 89 857 980
www.theisen.de

AUSTRIA

Theisen Baumaschinen
Strasse 2A-M13
A-2351 Wiener Neudorf
Austria
Tel +43 2236 636 350
www.theisen.de

SWITZERLAND

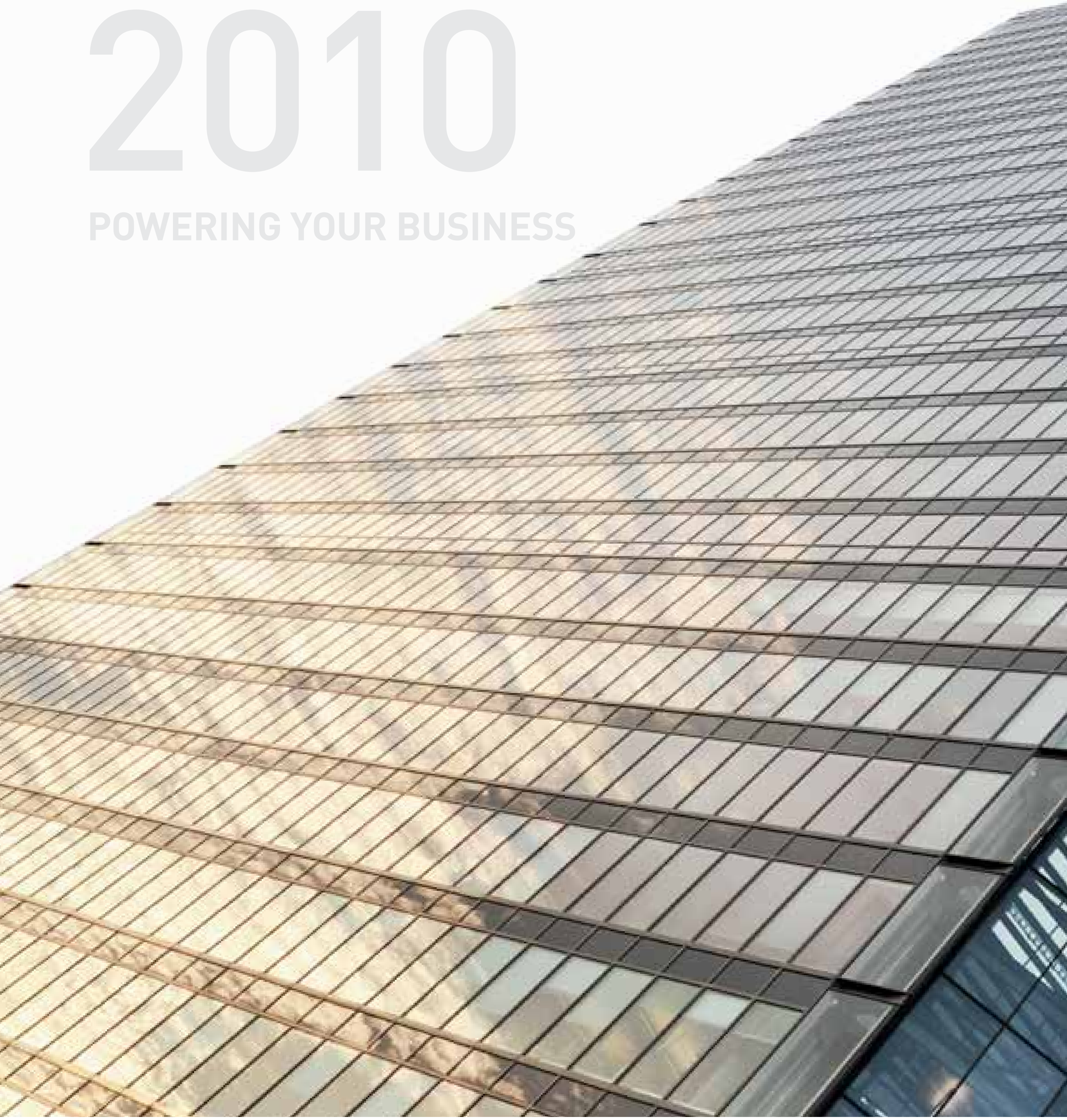
Theisen Baumaschinen
Trockenloostrasse 81
CH-8105 Regensdorf
Switzerland
Tel +41 44 840 2929
www.theisen.de

HUNGARY

Theisen Baumaschinen
Védgát utca 8, XXI. Bezirk
H-1215 Budapest
Hungary
Tel +36 1 427 0103
www.theisen.de

CRAMO ANNUAL REPORT 2010

POWERING YOUR BUSINESS



CRAMO PLC
KALLIOSOLANTIE 2
01740 VANTAA
FINLAND
COMPANY CODE 0196435-4
WWW.CRAMO.COM