

Financial Statements and Board of Directors' Report

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Board of Directors' report

Cramo's organic sales increased and profitability improved in 2017. Sales increased by 2.4% and were EUR 729.5 million. In local currencies, sales grew by 3.3%. Organic sales growth was 4.6%. Comparable EBITA was EUR 120.0 (111.1) million or 16.5% (15.6%) of sales.

Cramo is a service company specialising in equipment rental services and the rental of modular space (Cramo Adapteo). Equipment Rental services comprise construction machinery and equipment rentals and rental-related services, such as site and assembly services. At the end of the review period, Cramo provided equipment rental services through a network of 300 (324) depots in 11 different countries. Modular space business comprises the rent of modular units where the most common rental periods range from 2 to 5 years, and sales of the units. Typical applications include schools, day cares, offices and accommodation facilities, such as student apartments. In the modular space business, Cramo is present in the Nordic countries, Germany and the Baltic states.

At the end of the review period, 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, Lithuania, Poland, the Czech Republic, Slovakia, Germany, Austria and Hungary. Cramo Plc also owns a company in Sweden, which offers group-level services.

In addition, Cramo owns 50% of Fortrent, an equally-held joint venture with Ramirent, that operates in Russia and Ukraine.

STRATEGIC AND FINANCIAL TARGETS

In the beginning of 2017, Cramo launched the new Shape and Share strategy, including new financial targets. Cramo aims to capture the potential in its main markets by enabling people to achieve top performance, stretching the core business models, growing in Modular Space in selected European markets and by establishing game changing offerings in sharing resources.

Cramo's long-term financial targets are: return on equity (ROE) > 15%, Net debt / EBITDA < 3, Equipment Rental division's organic sales growth > market

KEY FIGURES AND RATIOS (MEUR)	2017	2016	Change, %
Sales	729.5	712.3	2.4
Comparable EBITA	120.0	111.1	8.1
% of sales	16.5%	15.6%	
EBITA	120.7	106.7	13.1
% of sales	16.5%	15.0%	
Comparable profit for the period	83.3	75.6	10.2
Profit for the period	84.2	68.6	22.9
Comparable earnings per share (EPS), EUR	1.87	1.70	10.1
Earnings per share (EPS), EUR	1.89	1.54	22.8
ROCE, %	11.9%	10.6%	
Comparable ROCE, %	11.9%	11.4%	
ROE, %	15.6%	13.6%	
Comparable ROE, %	15.4%	14.9%	
Net debt / EBITDA	1.65	1.77	
Net interest-bearing liabilities	382.3	387.0	-1.2
Gross capital expenditure (incl. acquisitions)	213.9	207.3	3.2
Cash flow from operating activities	186.5	172.2	8.3
Cash flow after investments	33.1	7.3	351.8
Average number of personnel (FTE)	2,538	2,550	-0.5

The alternative Performance Measures used by Cramo are presented on page 60 in the Board of Directors' report. Calculation of other key figures are presented on page 99 in the notes to the Consolidated Financial Statements.

growth and ROCE > 14.5%, double digit organic rental sales growth and ROCE > 12.5% for Modular Space division. In profit distribution, the target is to follow a stable profit distribution policy and to pay approximately 40% of earnings per share (EPS) for a period as dividends. All Group level and Equipment Rental division's financial targets were achieved in the financial year 2017.

OPERATING ENVIRONMENT

The construction market developed positively in Cramo' operating countries during the financial year 2017. Growth in the construction market was boosted by improved economic situation, low interest rates and urbanization. According to construction market analyst Euroconstruct's estimate, growth for 2017 was nearly 10% in Sweden, 7% in Norway and 3.5% in Finland. In Germany and Austria, total construction output increased by approximately 3% and on average by 9% in Czech Republic, Slovakia, Hungary and Poland. In the Baltic countries, growth in 2017 was approximately 3% according to Forecon's estimate. The Russian construction market was expected to decrease by 2% in 2017.

For 2017, European Rental Association (ERA) forecasted that the equipment rental market will grow in all of Cramo's operating countries that are within the scope of ERA's forecast .

BUSINESS REVIEW

As of 1 January 2017, Cramo publishes its financial information according to the new segment structure. The new segments are Equipment Rental Scandinavia, Equipment Rental Finland and Eastern Europe, Equipment Rental Central Europe and Modular Space. Equipment Rental and Modular Space form two business divisions.

Equipment Rental division's performance was strong. Sales increased by 1.4% (2.2% in local currencies) to EUR 603.7 (595.3) million in spite of the divested equipment rental operations in August. Organic sales growth excluding acquisitions, divestments and exchange rate changes was 4.0%. Demand in Cramo's main markets has continued on a good level throughout the year, which has supported positive sales development. Division's profitability and return on capital employed (ROCE) increased substantially year-on-year mainly thanks to higher sales and

improved gross margin driven by good cost control. Comparable EBITA improved by 13.2% and came to EUR 102.5 (90.5) million or 17.0% (15.2%) of sales. Profitability improved in all the division's countries except in Finland and Germany.

In Scandinavia, sales were at the previous year level increasing by 0.3% (1.8% in local currencies) to EUR 380.1 (378.8) million despite the divestment of all the assets of Danish equipment rental operations at the end of August. The segment's organic sales growth was 3.8%. In Sweden, sales increased by 2.9% (4.7% in local currency) supported by high market activity in all regions. Comparable EBITA increased by 12.6% and totalled EUR 72.7 (64.5) million. Profitability improved both due to higher gross margin and lower indirect costs.

In Finland and Eastern Europe, sales increased by 3.2% (2.9% in local currencies) to EUR 143 (138.6) million. Sales grew despite the divestment of Latvian and Kaliningrad operations by selling the share capital, which was successfully completed on 1 August. Organic sales growth for the segment was a strong 5.1%, which was driven especially by the very good market situation in Eastern Europe. In Finland, sales remained at last year's level increasing by 0.3%. Comparable EBITA increased by 13.0% and was EUR 25.2 (22.3) million or 17.6% (16.1%) of sales. Profitability improved mainly as a result

of the good development of sales and improved gross margin. Fortrent Group's sales totalled EUR 31.8 (29.2) million, showing an increase of 8.9% (-1.1% in local currency). Fortrent's EBITA increased to EUR 4.4 (3.2) million. Cramo and Ramirent announced in December that they are considering exploring strategic options for their joint venture company Fortrent. The options include a sale of the joint venture company.

In Central Europe, sales increased by 3.3% (or 3.0% in local currencies) and amounted to EUR 80.5 (77.9) million. Sales decreased in Germany while increasing strongly in Austria, Czech Republic and Slovakia. EBITA developed positively compared to last year increasing by 17.2% to EUR 4.4 (3.8) million. Profit was negatively affected by lower trading sales of new equipment in Germany and the segment's increased cost base supporting future growth. ROCE improved compared to last year.

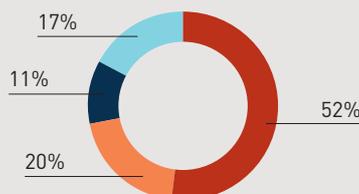
Modular Space strong sales growth continued. Rental sales and total sales increased by 9.8% (10.7% in local currency) and 7.6% (8.5% in local currency), respectively, as project deliveries picked up during the latter part of the year. Accordingly, organic sales growth rates excluding acquired assets of Just Pavillon A/S stood at 9.3% for rental sales and 7.5% for total sales. EBITA for Modular Space decreased by 6.3% and was EUR 28.8 (30.8). The

decrease was mainly attributable to cost overruns in Finland and Germany during the period. In addition, at a segment level, the measures taken to support further growth contributed negatively to profitability against last year. Positive effects are expected to follow in 2018 due to organisational restructuring and improved project management. In December 2017, Cramo announced that it is assessing strategic alternatives for Modular Space (Cramo Adapteo) business including a potential demerger and separate listing of Cramo Adapteo.

SALES AND PROFIT

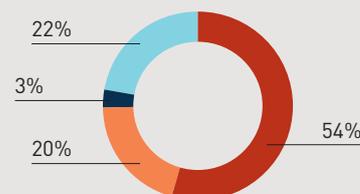
Cramo Group's full-year consolidated sales totalled EUR 729.5 (712.3) million, showing an increase of 2.4% (3.3% in local currencies). Sales growth was diluted by the divestment of Danish equipment rental operations and Latvian and Kaliningrad operations in August 2017. The Group's organic sales growth in local currencies was a solid 4.6% supported by both business divisions. From business segments, especially Equipment Rental Scandinavia, Equipment Rental Finland and Eastern Europe and Modular Space contributed positively to the Group's organic sales growth.

Full-year EBITA amounted to EUR 120.7 (106.7) million. In 2017, EBITA included items affecting comparability to a total of EUR 0.6 million related to



SHARE OF GROUP SALES 2017 (2016), MEUR

■ ER Scandinavia 380 (379) ■ ER Finland and Eastern Europe 143 (139) ■ ER Central Europe 81 (78) ■ Modular Space 127 (118)



SHARE OF GROUP EBITA 2017 (2016), MEUR

■ ER Scandinavia 72 (61) ■ ER Finland and Eastern Europe 27 (22) ■ ER Central Europe 4 (4) ■ Modular Space 29 (31)

MEUR	Sales			EBITA		
	2017	2016	Change %	2017	2016	Change %
Equipment Rental, Scandinavia	380.1	378.8	0.3	71.5	60.9	17.5
Equipment Rental, Finland and Eastern Europe	143.0	138.6	3.2	27.0	21.7	24.5
Equipment Rental, Central Europe	80.5	77.9	3.3	4.4	3.8	17.2
Eliminations	0.0	0.0	-5.5	0.1	-0.2	
Equipment Rental	603.7	595.3	1.4	103.1	86.2	19.7
Modular Space	126.5	117.6	7.6	28.8	30.8	-6.3
Non-allocated & eliminations	-0.6	-0.6	0.0	-11.2	-10.2	10.3
Group	729.5	712.3	2.4	120.7	106.7	13.1

net gain on sale of the divested Danish equipment rental operations and Latvian and Kaliningrad operations. In 2016, EBITA included items affecting comparability to a total of EUR -4.3 million mainly related to impairments in Danish equipment rental operations and Latvian, Lithuanian and Kaliningrad operations. Cramo Group's full-year comparable EBITA came to EUR 120.0 (111.1) million, showing an increase of 8.1%. Comparable EBITA margin was 16.5% (15.6%) of sales. Profitability improved mainly due to sales growth and higher gross margin. Full-year EBIT was EUR 117.3 (98.7) million. Net financial expenses were EUR 12.0 (11.8) million. Profit before taxes totalled EUR 105.2 (86.9) million and profit for the period was EUR 84.2 (68.6) million.

During 2017, reported depreciation and impairment on tangible assets totalled EUR 111.5 (112.0) million. Amortisation and impairment resulting from acquisitions were EUR 3.4 (8.0) million. In 2016, Cramo recorded a EUR 3.2 million impairment on goodwill and intangible assets and a EUR 4.8 million impairment on tangible assets. Of these impairments, EUR 3.0 million was related to Latvian and

Lithuanian operations and EUR 5.0 million to Danish equipment rental operations. In 2017 annual impairment testing, the net present value of expected future cash flows exceeded the capital employed and no need for impairment losses in goodwill, intangible nor tangible assets was recognized based on the testing. At the end of the financial year, goodwill stood at EUR 145.6 (148.0) million.

Comparable earnings per share for the full financial year were EUR 1.87 (1.70) and earnings per share EUR 1.89 (1.54). Return on equity (rolling 12 months) improved and was 15.6% (13.6%). Comparable return on equity (rolling 12 months) was 15.4% (14.9%).

INVESTMENTS AND CASH FLOW

Cramo Group's full-year capital expenditure totalled EUR 213.9 (207.3) million. Investments were increased in the Modular Space division and were EUR 66.1 (58.4) million. In the Equipment Rental business division, investments increased slightly to EUR 145.8 (144.6) million; investments were above previous year in Equipment Rental Scandinavia, while decreasing in Equipment Rental

Central Europe and Finland and Eastern Europe –segments. Of gross capital expenditure, EUR 9.4 (4.4) million was attributable to acquisitions and business combinations, mainly the acquisition of the assets of Just Pavillon A/S in Denmark. Other capital expenditure was related to fleet procurement.

Full-year net cash flow from operating activities improved and was EUR 186.5 (172.2) million, resulting mainly from the higher profit before taxes. Cash flow after investments totalled EUR 33.1 (7.3) million, which included positive impact of EUR 28.0 million related to the divestments.

FINANCIAL POSITION AND BALANCE SHEET

On 31 December 2017, net interest-bearing liabilities totalled EUR 382.3 (387.0) million. At the end of the period, gearing was 68.6% (74.5%) and Net debt per EBITDA stood at 1.65 (1.77). Rolling 12-month EBITDA is used in the calculation.

Of the Group's variable rate loans, EUR 130.0 (130.0) million was hedged with interest rate swaps on 31 December 2017. Hedge accounting is applied to all these interest rate hedges. On 31 December 2017, Cramo Group's undrawn committed credit facilities (excluding leasing facilities) amounted to EUR 267.2 (206.1) million, of which non-current facilities represented EUR 250.0 (190.0) million and current facilities EUR 17.2 (16.1) million.

Tangible assets amounted to EUR 794.4 (750.5) million of the balance sheet total at the end of the financial year. The balance sheet total was EUR 1,194.6 (1,155.8) million. The equity ratio was 47.4% (45.6%). Rental liabilities associated with off-balance-sheet operational leasing agreements totalled EUR 17.3 (20.7) million. Off-balance-sheet liabilities for office and depot rents stood at EUR 101.3 (98.7) million. The Group's investment commitments amounted to EUR 37.6 (53.9) million.

In December, Cramo and the European Investment Bank (EIB) signed a EUR 50 million long-term loan agreement to back Cramo's European growth strategy and commitment to the circular economy. Funds will be withdrawn during 2018 and will be used to modernise and expand Cramo's fleet. The agreement was made possible by the European Fund for Strategic Investments (EFSI), the central pillar of the Investment Plan for Europe launched by EIB Group and the European Commission to boost the competitiveness of the European economy.

ITEMS AFFECTING COMPARABILITY IN EBITA (MEUR)

	2017	2016	Change %
Equipment Rental, Scandinavia ¹	-1.1	-3.7	-69.6
Equipment Rental, Finland and Eastern Europe ²	1.8	-0.6	
Equipment Rental, Central Europe	0.0	0.0	
Equipment Rental	0.6	-4.3	
Modular Space	0.0	0.0	
Non-allocated & eliminations	0.0	0.0	
Group	0.6	-4.3	

¹ In Equipment rental Scandinavia, items affecting to comparability of EBITA were EUR -1.1 million in 2017. Items were related to loss on sale of equipment rental business in Denmark. EBITA for 2016 included items affecting to comparability EUR 3.7 million impairment loss related to Denmark operations.

² In Equipment rental Finland and Eastern Europe, items affecting to comparability of EBITA were EUR 1.8 million in 2017. Items were related to gain on sale of Latvian and Kaliningrad operations. EBITA for 2016 included EUR 1.2 million impairment loss related to Latvian and Lithuanian operations and EUR 0.5 million gain related to reclassification of loans in Fortrent Group.

COMPARABLE EBITA (MEUR)

	2017	2016	Change %
Equipment Rental, Scandinavia	72.7	64.5	12.6
Equipment Rental, Finland and Eastern Europe	25.2	22.3	13.0
Equipment Rental, Central Europe	4.4	3.8	17.2
Eliminations	0.1	-0.2	
Equipment Rental	102.5	90.5	13.2
Modular Space	28.8	30.8	-6.3
Non-allocated & eliminations	-11.2	-10.2	10.3
Group	120.0	111.1	8.1

PERSONNEL BY SEGMENT AT THE END OF 2017

Number of employees (FTE)

	2017	2016	2015
Equipment Rental Scandinavia	1,053	1,122	1,070
Equipment Rental Finland and Eastern Europe	831	860	820
Equipment Rental Central Europe	386	363	388
Modular Space	141	145	127
Group functions	87	72	68
Group total	2,498	2,562	2,473

PERSONNEL AGE DISTRIBUTION

Number of employees (FTE)

	2017	2016	2015
-23	75	92	59
24-35	712	729	708
36-45	681	717	700
46-59	860	874	848
60-	170	151	157
Group total	2,498	2,562	2,473

PERSONNEL BY GENDER

Number of employees (FTE)

	2017	2016	2015
Male	2,099	2,116	2,143
Female	399	446	330
Group total	2,498	2,562	2,473

PERSONNEL

During the review period, the Group had an average of 2,538 (2,550) employees. In addition, the Group employed an average of approximately 211 (178) people hired from a staffing service. At the end of the period, Group personnel totalled 2,498 (2,562) as full-time equivalent (FTE) employees.

The distribution of personnel by segments as full-time equivalent (FTE) employees at the end of the period was as follows: 1,053 (1,122) employees in Equipment Rental Scandinavia, 831 (860) in Equipment Rental Finland and Eastern Europe, 386 (363) in Equipment Rental Central Europe, 141 (145) in Modular Space and 87 (72) in Group functions.

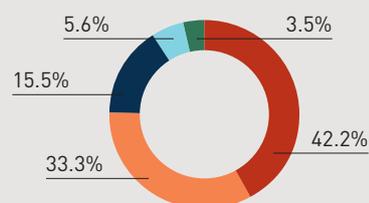
The total amount of salaries and fees paid was EUR 116.0 (115.7;107.1) million.

MANAGEMENT TEAM

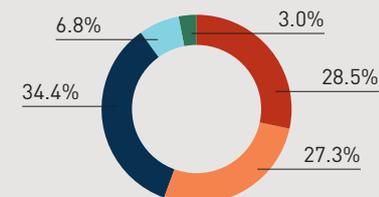
Cramo's business segments are Equipment Rental Scandinavia, Equipment Rental

Finland and Eastern Europe, Equipment Rental Central Europe and Modular Space. Equipment Rental and Modular Space form two business divisions.

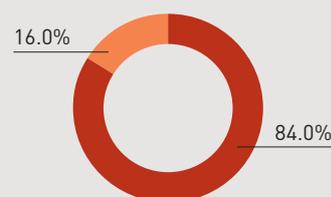
In addition to the President and CEO, Cramo Plc's Group Management Team comprised the following members at the end of the financial period: Peter Bäckström, Executive Vice President, Scandinavia, and Managing Director, Cramo AB; Tatu Hauhio, Executive Vice President Finland and Eastern Europe, and Managing Director, Cramo Finland Oy; Dirk Schlitzkus, Executive Vice President, Central Europe, and Managing Director Cramo AG; Martin Holmgren, Senior Vice President, Fleet Management; Aku Rumpunen, CFO; Philip Isell Lind af Hageby, Executive Vice President, Modular Space; Petra Schedin Stergel, Senior Vice President, Human Resources Development; and Mattias Rådström, Senior Vice President, Communications, Marketing and Investor Relations.

**PERSONNEL BY SEGMENT 2017 (2016)**

■ ER Scandinavia 1,053 (1,122) ■ ER Finland and Eastern Europe 831 (860) ■ ER Central Europe 386 (363) ■ Modular Space 141 (145) ■ Group functions 87 (72)

**PERSONNEL AGE DISTRIBUTION 2017 (2016)**

■ -23 75 (92) ■ 24-35 712 (729) ■ 36-45 681 (717) ■ 46-59 860 (874) ■ 60- 170 (151)

**PERSONNEL BY GENDER 2017 (2016)**

■ Male 2,099 (2,116) ■ Female 399 (446)

Mr Peter Bäckström, Managing Director of Cramo AB in Sweden and member of Cramo Group Management Team, assumed his position as Mr Göran Carlson's successor, under the title of Executive Vice President Scandinavia, on 1 January 2017. Mr Philip Isell Lind af Hageby (MSc) was appointed Executive Vice President, Modular Space, and member of Cramo Group management team on 28 April 2017. He assumed his position on 1 September and succeeds Mr Petri Moksén, who left Cramo Group in April. Mr Isell Lind af Hageby came from Inwido, Europe's largest supplier of windows and a leading door supplier.

CURRENT INCENTIVE SCHEMES

In February 2017, the Board of Directors of Cramo Plc resolved to launch a new plan for the period 2017-2018 within the One Cramo Share Plan established in 2012. The new plan period began in October 2017 and will end on 31 December 2018.

The total amount of all savings during the commencing plan period may not exceed 4 million euros.

In the One Cramo Share Plan incentive scheme, the permanent employees are offered an opportunity to save a maximum of 5% of their salary, and the accumulated savings are used for share purchases. The fifth savings period of the incentive scheme began on 1 October 2016 and ended on 30 September 2017. The second savings period ended on 30 September 2014 and related additional, total amount of 10,837 shares were conveyed in May 2017. In the One Cramo Share Plan, the participants get the opportunity to acquire one additional share for each two shares purchased.

The discretionary periods of the share-based incentive scheme for Cramo Group's key employees are the calendar years starting from 2012. The rewards for the discretionary periods 2012–2014, were based on the earnings per share. The rewards for 2014 were paid on 16 January 2017. A total of 21,211 shares were given in a directed share issue, in addition to which rewards were paid in cash in the amount of EUR 428,482.

The share-based incentive scheme for the Cramo Group Management Team members and key employees for 2015–2017 offers an opportunity to earn Cramo shares as a reward for achieving established performance targets. The rewards for the discretionary periods 2015–2017 were based on the earnings per share and return on equity (ROE). Each discretionary period is immediately followed by a two-year vesting period before rewards are paid out. The target group of the scheme consists of approximately 65 Cramo key employees. Should the performance targets be attained in full for all three discretionary periods, the earned reward will correspond to a maximum total of 1,000,000 Cramo Plc shares, including the proportion to be paid in cash. The rewards for 2015 were paid after the reporting period, 17 January 2018. A total of 80,411 shares were given in a directed share issue, in addition to rewards of EUR 1,378.199 paid in cash. The rewards for 2016 equal the approximate worth of 213,000 shares and will be paid in January 2019. The rewards for 2017 equal the approximate worth of 126,000 shares and will be paid in January 2020.

SUSTAINABILITY AND NON-FINANCIAL INFORMATION

Cramo is a signatory of the UN Global Compact principles for responsible business. Sustainability has a direct impact on Cramo's internal value creation through growth, return on capital and risk management. It also generates

external value for Cramo's customers and other stakeholders, leading to greater cost-effectiveness, improved access to products with high safety and environmental standards and a reduced environmental impact.

Rental, as an alternative to owning, is resource efficient and enables environmental improvements such as transport optimisation and reduced emissions and waste. By providing users with easy access to a modern, efficient fleet of machinery and modules, for the exact amount of time they need it, Cramo helps customers achieve their sustainability targets at the same time as reducing overall resource use.

CRAMO CARE

Cramo Care is the strategy for integrating sustainability into all the parts of Cramo's business and it is aligned with and mutually supportive of Cramo's business strategy. Cramo Care is based on a materiality study that identified the stakeholders' top priorities and Cramo's greatest impacts throughout the value chain.

The key elements of the Cramo Care strategy are:

#1 Cramo as an active shaper of the rental industry, a driver of the sharing economy.

#2 Value creating targets include both financial and non-financial objectives.

#3 Overall responsibility lies with group management, whereas operational responsibility and employee engagement lie with country managers.

#4 Relevance and continuous improvement are strengthened through an active dialogue with all stakeholder groups and partnership development initiatives with front line actors.

Cramo Care presents clear targets and ways to monitor performance and sets priorities for Cramo's group management systems. It defines responsibilities at Cramo for developing strategy, policies and target setting and for ensuring implementation and continuous improvement.

ENVIRONMENT

Environmental responsibility is an important part of Cramo's business model. The rental industry meets the increased legal requirements and demands from customers regarding

GENERAL KPIS WITH IMPLICATIONS FOR ALL THE SUSTAINABILITY AREAS

KPI	Target
Customer satisfaction	CSI steady over 70
Share of operations (relative sales) covered by ISO 9001	All operations covered by ISO 9001 by 2020
Number of lawsuits (environment, health and safety, human rights, corruption)	0 lawsuits (environment, health and safety, human rights, corruption)
Share of employees getting business ethics/CoC-training annually*	All employees getting business ethics/CoC-training annually
Share of signatories of new Supplier CoC*	All contract suppliers have signed the Supplier CoC by 2020

* The Code of Conduct and the Supplier Code of Conduct cover the environmental, health and safety, human rights and anti-corruption and bribery matters.

CRAMO CARE MATERIAL ASPECTS

<p>CUSTOMER CARE</p> <ul style="list-style-type: none"> • Customer satisfaction • Health and safety • Resource efficiency • Business ethics • Responsible suppliers 	<p>EMPLOYEE CARE</p> <ul style="list-style-type: none"> • Employee satisfaction • Health and safety • Skills development • Diversity and equality
<p>ENVIRONMENTAL CARE</p> <ul style="list-style-type: none"> • Resource efficiency • Reduced environmental footprint • Increased circularity 	<p>SOCIAL CARE</p> <ul style="list-style-type: none"> • Local engagement • Business ethics

resource efficiency and a reduced climate impact. Inability to match or respond to those demands will result in damages to Cramo's reputation, loss of customers and lost opportunities. It might also result in environmental damages and legal claims against the Group. Inability to optimise resources will lead to increased operational costs.

Cramo is focused on being the most climate- and resource-efficient rental solutions company and will work continuously to mitigate its climate impact by reducing energy usage and emissions, switching to fossil-free energy sources, reducing and recycling materials, reducing waste and handling hazardous waste properly. Cramo takes a precautionary approach to environmental considerations in procurement decisions and the selection of suppliers as well as in customer dialogues. Cramo contributes to its customers' success by enabling them to reduce their energy usage, limit their climate impact and minimise waste.

During 2017 the focus of handling and recycling waste has increased, both internally and among customers. At the end of the year, a joint project together with a major customer was initiated, focusing on waste reduction. In 2016, Cramo made the decision to upgrade the lighting in all depot signage at over 300 locations to LED lights, the implementation started in 2017 and will be completed in 2018.

ISO management standard 14001 has been implemented for equipment rental in Finland, Sweden and Norway and for modular space in Finland, Sweden, Norway and Germany. In 2017, the process of implementing a Group management system, including environmental matters, started. Cramo is aiming for a Group ISO certificate, covering all operations by 2020. No environmental legal claims have been directed towards the Group in 2017.

SOCIAL AND EMPLOYEE MATTERS

Health and safety is a top priority for Cramo's customers and employees. The inability to match or respond to external and internal health and safety demands will result in damages to Cramo's reputation, loss of customers and decreased employer attractiveness. It might also result in severe injuries to individuals and legal claims against the Group.

Cramo offers safe, stimulating workplaces for all its employees, where men and women of different ages and backgrounds have the same opportunities for development. Cramo aspires to provide a stimulating environment for professional and personal development. A systematic and preventative approach to safety, both internally and on customer sites, should always be the highest priority.

In 2017, the Cramo Group Management Team decided on a set of leadership principles to be implemented throughout the Group. The decision is the first step towards an even stronger focus on leadership development during the coming years.

The OHSAS occupational health management system or similar has been implemented for equipment rental in Finland and Sweden as well as for modular space in Finland and Germany. Health and safety matters are included in the Group management system that will be covering all operations by 2020. No legal claims regarding health and safety have been directed towards Cramo in 2017.

KPIS WITH IMPLICATIONS FOR THE ENVIRONMENT

KPI	Target
Energy usage from rented modules	13% reduction of energy usage/m ² by 2020 vs 2016
Share of diesel powered heating equipment	40% reduction by 2020 vs 2016
Share of Stage I-III diesel engines	70% reduction by 2020 vs 2016
Number of lawsuits (environment)	0 lawsuits (environment)
CO ₂ emissions, scope 1 and 2 (relative sales)	>20% decrease by 2020 vs 2016
Energy usage, scope 1 and 2 (relative sales)	>20% decrease by 2020 vs 2016
Share of waste to recycling	>60% by 2020
Share of waste to landfill	<15% by 2020
Share of mixed waste	<20% by 2020
Share of operations (relative sales) covered by ISO 14001	All operations covered by ISO 14001 by 2020

KPIS WITH IMPLICATIONS FOR SOCIAL AND EMPLOYEE MATTERS

KPI	Target
Number of individuals participating in external safety training	10% increase per year from 2018
Share of countries (excluding countries with less than 3 depots) providing external safety training	100% by 2020
Number of lawsuits (health and safety)	0 lawsuits (health and safety)
LTIR (work related accidents)	<5 by 2020
Share of operations (relative sales) covered by OHSAS 18001 or similar	All operations covered by OHSAS 18001 or similar by 2020
Training days/employee	3 days of training per employee (on average) by 2020
Share of female employees within the operational organisation ¹	>15% by 2020
Share of female managers	>15% by 2020

¹ Administrative HQ functions are excluded.

RESPECT FOR HUMAN RIGHTS

The protection of human rights is fundamental for Cramo. Through the Code of Conduct, Cramo takes a clear stand against all forms of discrimination and harassment as well as against forced or compulsory labour. The Code of Conduct also declares the right to safe and healthy workplaces and the right of all Cramo's employees to form and join trade unions of their choice and to bargain collectively and individually. The Supplier Code of Conduct covers matters such as safe and healthy workplaces, discrimination, forced or compulsory labour, child labour, precarious employment, fair remuneration as well as freedom of association and the right to collective bargaining.

Violations against human rights will result in damages to Cramo's reputation, decreased employer attractiveness and loss of customers. It might also result in individual damages and legal claims against the Group.

KPIS WITH IMPLICATIONS FOR RESPECT FOR HUMAN RIGHTS

KPI	Target
Number of lawsuits (human rights)*	0 lawsuits (human rights)

*Lawsuits regarding discrimination are included.

KPIS WITH IMPLICATIONS FOR ANTI-CORRUPTION AND BRIBERY MATTERS

KPI	Target
Number of lawsuits (corruption)	0 lawsuits (corruption)

Cramo's values and Code of Conduct are systematically communicated and anchored throughout the Group and the Supplier Code of Conduct is included in all new supplier contracts. The whistle-blowing service that has been established provides a means for all employees to report their suspicions of misconduct.

In 2017, a new diversity policy was established, including a policy regarding equal rights and opportunities. Each and every employee at Cramo should have equal rights and opportunities, regardless of sex, transgender identity or expression, age, origin, nationality, language, religion, belief, opinion, political activity, trade union activity, family relationships, state of health, disability, sexual orientation or other personal characteristics. All forms of discrimination will be counteracted. Different experiences and educational background are to be seen as strengths and local activities to promote diversity are encouraged. No legal claims regarding violations against human rights have been directed towards Cramo in 2017.

ANTI-CORRUPTION AND BRIBERY MATTERS

Cramo's ethical guidelines aim to ensure that customers, employees and society can trust that Cramo conducts business in an ethical, transparent and lawful manner. Failure to comply with the laws and regulations will result in damages to Cramo's reputation, loss of customers and the loss of trust among employees as well as among other stakeholders. It might also result in legal claims against the Group.

The ethical guidelines are systematically communicated and anchored throughout the organisation and the employees are trained in Cramo's values. A whistle-blowing service has been established that provides a means for all employees to report their suspicions of misconduct. Cramo's suppliers are evaluated using business

ethics criteria and the Supplier Code of Conduct is included in all new supplier contracts.

In 2017, one case was reported through the whistle-blowing system. The case was externally investigated. It did not result in any legal action, but preventative actions have been taken. No legal claims regarding non-ethical behaviour, such as corruption, have been directed towards Cramo in 2017.

Cramo will prepare a separate Non-financial information report and will publish it on its internet page at www.cramogroup.com.

SHARES AND SHARE CAPITAL

On 31 December 2017, Cramo Plc's share capital as registered in the Finnish Trade Register was EUR 24,834,753.09, and the number of shares was 44,690,554. At the end of the review period, Cramo Plc holds 203,730 of these shares. On 16 January 2017, a total of 21,211 shares were given in a directed share issue for Cramo Group's personnel based on the Cramo Group's Performance Share Plan 2014. On 16 May 2017, the number of shares held by the company decreased by a total of 10,837 due to the directed share issue based on One Cramo Share Plan 2013. In the share issue, a total of 3,645 Cramo shares held by the company have been conveyed without consideration to the employees of the divested operations in Denmark and Latvia participating in the performance share plans on 21 August 2017.

CHANGES IN SHAREHOLDINGS

Cramo Plc received on 19 May 2017 notification pursuant to Chapter 9, section 5 of the Securities Markets Act from Massachusetts Mutual Life Insurance Company, MassMutual Holding LLC and MM Asset Management Holding LLC of Springfield, Massachusetts, USA, according to which their total holding of shares in Cramo Plc increased above five (5) per cent on 18 May 2017. The

shareholding amounted to 5.17% on that date. According to the latest notification provided to the company on 5 October 2016, the amount of the shares and voting rights has been 4.89%. According to the notification, the reasons for the notification were an acquisition of shares or voting rights and the addition of Barings LLC to the chain of controlled undertakings.

On 16 November 2017, Cramo Plc received a notification pursuant to Chapter 9, section 5 of the Securities Markets Act from Massachusetts Mutual Life Insurance Company according to which Oppenheimer Funds, Inc's total holding of shares in Cramo Plc has increased above five (5) per cent on 15 November 2017. As at the date of the notification, Massachusetts Mutual Life Insurance Company held 2,847,171 shares, 6.37% of shares and votes in Cramo Plc.

ANNUAL GENERAL MEETING 2017 AND THE BOARD'S AUTHORISATIONS

The Annual General Meeting of Shareholders of Cramo Plc was held in Helsinki on 30 March 2017. The Annual General Meeting adopted the consolidated financial statements and the parent company's financial statements for the financial year 2016 and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting decided that, as proposed by the Board of Directors, a dividend of EUR 0.75 per share will be paid for the financial year 2016.

The number of members of the Board of Directors was confirmed as seven (7). Mr Perttu Louhiluoto, Mr Peter Nilsson, Mr Joakim Rubin, Mr Raimo Seppänen, Mr Erkki Stenberg and Ms Caroline Sundewall were re-elected as Board members and Mr Veli-Matti Reinikkala as a new Board member.

The Annual General Meeting resolved that the Chairman of the Board of Directors shall be paid EUR 70,000 per year, the Deputy Chairman of the Board of Directors EUR 40,000 per year, and the other members of the Board of Directors EUR 35,000 per year. Of the annual remuneration, 50 per cent will be paid in Cramo shares. In addition, it was decided that all Board members are entitled to a compensation of EUR 1,000 per attended Board committee meeting and that the Chairman of the Audit Committee would receive an additional compensation of EUR 5,000 per year.

Convening after the Annual General Meeting, the Board of Directors elected Mr Veli-Matti Reinikkala as Chairman and

Mr Erkki Stenberg as Deputy Chairman. The Board appointed the following members to the Audit Committee: Mr Joakim Rubin (Chairman), Ms Caroline Sundewall, Mr Erkki Stenberg and Mr Perttu Louhiluoto. The Board appointed the following members to the Remuneration Committee: Mr Veli-Matti Reinikkala (Chairman), Mr Peter Nilsson and Mr Raimo Seppänen.

The audit firm KPMG Oy Ab was appointed as Cramo Plc's Auditor for the term ending at the end of the next Annual General Meeting, with Mr Toni Aaltonen, APA, as the responsible auditor. The Annual General Meeting decided that the Auditors will be paid reasonable remuneration in accordance with the invoice approved by the Company.

The Annual General Meeting authorised the Board of Directors to decide on the acquisition and/or on the acceptance as pledge of the Company's own shares. The amount of own shares to be acquired and/or accepted as pledge shall not exceed 4,400,000 shares. Only the unrestricted equity of the Company can be used to acquire own shares. Own shares can be acquired at a price formed in public trading on Nasdaq Helsinki or otherwise at a price formed on the market. Own shares can be acquired using, inter alia, derivatives. Own shares can be acquired other than in proportion to the shareholdings of the shareholders. Own shares can be acquired and/or accepted as a pledge to, among other things, limit the dilutive effects of share issues carried out in connection with possible acquisitions, to develop the Company's capital structure, to be transferred in connection with possible acquisitions, to be used in incentive arrangements or to be cancelled, provided that the acquisition is in the interest of the Company and its shareholders. However, not more than 400,000 acquired shares may be used for the incentive arrangements of the Company.

The Annual General Meeting authorised the Board of Directors to decide on share issue as well as issue of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Companies Act. The shares issued are new or those in the Company's possession. Under the authorisation, a maximum of 4,400,000 shares can be issued. The shares or other special rights entitling to shares can be issued in one or more tranches. The Board of Directors may resolve upon issuing new shares to the Company itself. The Board of Directors is authorised to resolve on a directed share issue and issue of

the special rights entitling to shares in deviation from the shareholders' pre-emptive right, provided that there is a weighty financial reason for the Company to do so. Except for issuing of option rights for incentive arrangements, the authorisation can also be used for incentive arrangements, however, not more than 400,000 shares in total.

The authorisations are valid until the end of the next Annual General Meeting of Shareholders, but no longer than until 30 September 2018.

The Annual General Meeting decided that the charter of the Nomination Committee shall be revised. According to the adopted charter, the charter shall be adopted in the Annual General Meeting only if the Nomination Committee proposes changes to the charter.

CORPORATE GOVERNANCE AND AUDITORS

At the end of the financial year, Cramo Plc's Board of Directors was composed of Mr Veli-Matti Reinikkala (Chairman), Mr Perttu Louhiluoto, Mr Peter Nilsson, Mr Joakim Rubin, Mr Erkki Stenberg, Ms Caroline Sundewall and Mr Raimo Seppänen.

Ms Helene Biström (Chairman), Mr Peter Nilsson, Mr Joakim Rubin, Mr Raimo Seppänen, Mr Erkki Stenberg, Ms Caroline Sundewall and Mr Perttu Louhiluoto comprised the Board of Directors until the Annual General Meeting of 30 March 2017. Mr Joakim Rubin (Chairman), Mr Erkki Stenberg and Ms Caroline Sundewall comprised the Audit Committee. Ms Helene Biström (Chairman), Mr Peter Nilsson and Mr Raimo Seppänen comprised the Remuneration Committee.

The members of the Shareholders' Nomination Committee established by the Annual General Meeting were nominated in November 2017 and they are Veli-Matti Reinikkala; Mr Mikael Moll, Partner, Zerus Capital; Mr Ari Autio, Member of the Board of Directors of foundation, Rakennusmestarien Säätiö; and Kalle Saariaho, CEO, OP Fund Management Company Ltd. The chairman of the Nomination Committee is Mr Mikael Moll.

On 31 December 2017, the Board members and the President and CEO held, either directly or through companies in which they exercise control, a total of 36,804 Cramo Plc shares.

The company's auditors were KPMG Oy Ab, Authorised Public Accountants, with Mr Toni Aaltonen, APA, as the responsible auditor.

Cramo Plc observes the Finnish Corporate Governance Code, which

entered into force on 1 January 2016. Cramo manages inside information in accordance with the requirements of the Market Abuse Regulation (MAR), the Insider Guidelines of Nasdaq Helsinki Ltd. and Cramo's Insider Guidelines approved by the Board of Directors.

The Corporate Governance statement for 2017 issued by Cramo Plc's Board of Directors and the Remuneration Statement for 2017 are available on the Cramo Plc website.

ESSENTIAL RISKS AND UNCERTAINTIES

In addition to global economic developments, the main sources of uncertainty in Cramo's business are related to 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 and information system projects, personnel-related risks, availability of competent management and recruitment-related risks, tax risks and other business risks.

Economic uncertainty may be reflected in Cramo's operations as decreased demand in one or several market areas, fiercer competition, lower rental prices, higher financial expenses or customers experiencing financial difficulties and increasing credit losses. In addition, economic uncertainty increases the impairment risks to the balance sheet values.

Risks related to the Swedish residential building sector have elevated recently. Prolonged uncertainty in the Swedish housing market could negatively affect lower market activity and demand in the construction sector. Greater attention will be paid to the Group's risk management due to large portion of Group's business located in Sweden.

Of geopolitical risks, uncertainties in the Russian economy may cause adverse economic impact in the markets where Cramo operates. The political changes in Europe, such as the "Brexit" negotiation progress, elections taking place in 2018 and sovereign debt challenges may also have an effect on general economic development and, consequently, on construction and the demand for rental services. In addition, global political uncertainty is expected to increase in 2018, which may have an impact on the prevailing economic environment.

STRATEGIC RISKS

The Group's operations are closely linked to general economic development and the construction and property markets. The construction industry is characterised by seasonal fluctuations, and the Group's sales and profit vary by quarter in a manner that is typical of equipment rental operations. The modular space business is less dependent on economic cycles than the equipment rental business. The Group also strives to minimise the impact of economic trends through continually optimising its rental fleet utilisation rate.

Expansion and business development are partly based on acquisitions. The risks in acquisitions are related to knowledge of local markets and regulations, customers, key personnel and suppliers, among other factors. The goal is to take these risks into consideration through careful preparation and by investing in the integration of acquisitions.

There are risks associated with the amount, allocation and timing of the investments and with other strategic business decisions. The goal is to control investment-related risks by applying a careful approval process for investments, optimising fleet use across the Group, financing some investments through operative leasing, and using external and internal indicators to forecast future market development, among other measures. These indicators that illustrate the future are monitored by country on a monthly basis.

OPERATIVE AND TRANSACTIONAL RISKS

The Group's most significant operative risks include those associated with business operations and personnel, contract risks, occupational safety risks, environmental risks, IT-related risks, risks related to compliance with the laws and regulations and risks related to the Group's administrative principles. To control the most significant strategic and operative risks, the Group and its subsidiaries have their own contingency plans.

Competent personnel are crucial for reaching Cramo's strategic and business targets. Cramo offers all its employees safe and stimulating workplaces, where men and women of different ages and backgrounds have the same opportunities for personal and professional development.

Cramo prioritises a systematic and preventative approach to safety, both internally and on customer sites. The OHSAS occupational health management

system or similar has been implemented for equipment rental in Finland and Sweden as well as for modular space in Finland and Germany.

Cramo works systematically to reduce its environmental impact by reducing energy usage and emissions, switching to fossil-free energy sources, reducing and recycling materials, reducing waste and handling hazardous waste properly. ISO management standard 14001 has been implemented for equipment rental in Finland, Sweden and Norway and for modular space in Finland, Sweden, Norway and Germany.

Cramo's values and Code of Conduct, including respect for human rights and ethical business conduct, are systematically communicated and anchored throughout the Group. A whistleblowing service has been established that provides a means for all employees to report their suspicions of misconduct. The Supplier Code of Conduct is included in all new supplier contracts.

The Group's transaction risks include risks related to equipment rental and uninterrupted operations, among other risks, which are managed by means of insurance.

ECONOMIC, FINANCING AND TAX 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 financing and to minimise the adverse effects that changes in the operating environment and financial markets.

The Group's primary financing risks are the cash flow's interest rate risk, currency rate risk, credit risk and liquidity risk. To manage the interest rate risk, the Group's loans and investments have been spread between fixed-rate and variable-rate instruments. Derivative contracts, such as interest rate swaps, are also used to manage the interest rate risk. The exchange rate risk mainly comprises net investments in foreign units and currency-denominated loans, with currency forwards as hedging instruments.

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

The tax environment in Europe is changing towards new or increased taxes and new interpretations of existing tax laws. The decreasing predictability

and visibility around taxes may lead to unexpected challenges also for Cramo.

OUTLOOK FOR 2018

The construction market outlook for the year 2018 is mainly positive in Cramo's operating countries. Growth is still expected, but in many countries the growth that accelerated in 2017 is estimated to level out. According to the latest Euroconstruct and Forecon estimates, the construction market will grow approximately 3.5% in Sweden and Norway and 1.0–1.5% in Finland, Austria and Germany. For the Czech Republic, Slovakia, Hungary and Poland, Euroconstruct estimates on average 9.3% market growth. Forecon's construction market growth estimate for the Baltic states is 3.4% and the Russian construction market is expected to grow by 5%. The local Sverige's Bygginstituter has projected 4% growth for the Swedish construction market in 2018. The Confederation of Finnish Construction Industries increased its estimate in October 2017 and forecasts that the construction market in Finland will grow by approximately 2%. Residential construction in Finland is growing stronger, which sets a positive outlook for 2018.

The European Rental Association (ERA) forecasts that the equipment rental market will grow in all of Cramo's operating countries that are within the scope of ERA's forecast in 2018. Forecon estimates the equipment rental market to grow by approximately 5% in Finland, 3% in Sweden and 2% in Estonia and Lithuania in 2018.

The demand for equipment rental services usually follows the development of construction with a delay. In addition to the construction volume, the demand is affected by industrial investments and the increase in the rental penetration rate. Tightening environmental legislation and the requirement to improve the efficiency and quality of construction increase the need for different types of rental-related services.

The demand for modular space is boosted by the fluctuating space needs for different functions of a society which, in turn, are driven by demographic changes, migration and industrial activity. Cramo believes that the long-term demand for both equipment rental and modular space is supported by several global megatrends, such as urbanisation, the sharing economy and the increasing emphasis on sustainability.

THE BOARD OF DIRECTORS' PROPOSAL FOR PROFIT DISTRIBUTION

Cramo Plc's goal is to follow a stable profit distribution policy and to pay approximately 40% of earnings per share (EPS) for a period as a dividend. On 31 December 2017, Cramo Plc's total distributable funds were EUR 190,867,514.68 including EUR 48,369,596.20 of retained earnings. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.85 (0.75) be paid for the financial year 2017. The Annual General Meeting is planned for Wednesday, 28 March 2018.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

After the reporting period, on 16 January 2018, Cramo announced that it is acquiring 100 per cent of the share capital of KBS Infra GmbH and its subsidiaries. KBS Infra is a leading, high-quality construction site logistics company in Germany, with estimated sales of approximately EUR 35 million in 2017. The company is headquartered in Mainz, near Frankfurt am Main, and operates nationwide through its 4 sites in Germany. The company has 180 employees. In line with Cramo's Shape and Share strategy, the transaction will strengthen the company's business position in the Central European market and expand its business model by offering value-adding services.

On 30 January 2018, the Shareholders' Nomination Committee of Cramo Plc proposed to the next Annual General Meeting of Shareholders, which is planned to be held on 28 March 2018, that the number of members of the Board of Directors be confirmed as seven (7) ordinary members. The Nomination Committee proposes that, in accordance with their consents, the following current members of the Board be re-elected: Perttu Louhiluoto, Peter Nilsson, Veli-Matti Reinikkala, Joakim Rubin, Raimo Seppänen and Caroline Sundewall, and that AnnaCarin Grandin be elected as new Board member, all to serve for a term ending at the end of the Annual General Meeting 2019. Of the current members of the Board Erkki Stenberg has announced that he will not be available for re-election. AnnaCarin Grandin (born 1967) is currently President of Sweden within Coor Service Management. She has held several senior management positions in

Coor since 2001, including Executive Vice President (2014–2016), Senior Account Manager (2014), President of Norway (2011 - 2014) and Business Unit President, (2004 - 2010). AnnaCarin holds a B. Sc. in Business Administration from Stockholm University and Gävle University College.

On 30 January 2018, the Nomination Committee proposed to the Annual General Meeting that the remuneration of the Board of Directors be raised, as it has remained unchanged since 2011, and that the Chairman of the Board be paid EUR 85,000 per year (previously EUR 70,000) and the other members of the Board EUR 37,500 (previously EUR 35,000) per year. It is proposed that the remuneration is paid in cash and that the Board of Directors adopt a policy on Board member share ownership. The policy should entail that Board members, who do not already have such a holding of Cramo shares, are under

a four-year (4) period from the start of their directorship expected to acquire Cramo shares to a total market value which equal at least one year's Board fees before taxes, excluding any Committee compensation. The Nomination Committee will as part of its process annually follow up on the Board members' shareholding and evaluate if it is according to the policy. In addition, the Nomination Committee proposed that all Board members would be entitled to a compensation of EUR 1,000 per attended meeting of the Audit and Remuneration Committees and EUR 500 per attended meeting of the M&A Committee, which is expected to be established in 2018. Further it is proposed that the member of the Board elected in the position of Chairman of the Audit Committee would receive an additional compensation of EUR 5,000 per year. Reasonable travel expenses will be refunded in accordance with an invoice.

THE ALTERNATIVE PERFORMANCE MEASURES

The alternative Performance Measures ("APM") used by Cramo are defined below:

EBITA

= Operating profit (EBIT) + amortisation and impairment on intangible assets (purchase price allocations) arising from acquisitions

EBITDA

= EBITA + depreciation

Net debt / EBITDA

$$= \frac{\text{Period end net debt}}{\text{Rolling 12 month EBITDA}}$$

Comparable EBITA

= EBITA - items affecting comparability

Comparable EPS

$$= \frac{\text{Profit for the period excl. items affecting comparability (rolling 12 month)}}{\text{Adjusted average number of shares during the period}}$$

Comparable return on equity, %

$$= \frac{\text{Profit for the period excl. items affecting comparability (rolling 12 month)}}{\text{Total equity (average)}} \times 100$$

Organic (rental) sales growth, %

= (Rental) sales growth of assets owned by the company for the whole current and previous reporting period (i.e. excluding acquisitions, divestments and exchange rate impact)

Gross margin, %

= (Sales - Materials and services)/Sales

The European Securities and Markets Authority (ESMA) has issued guidelines regarding Alternative Performance Measures ("APM"). Cramo presents APM's to improve the business analysis and comparability from period to period. APMs presented in this report are not performance measures used in IFRS reporting and should not be considered as a substitute for measures of performance in accordance with the IFRS.

Key figures and ratios

KEY FIGURES ON FINANCIAL PERFORMANCE		2017	2016	2015	2014	2013
Sales	MEUR	729.5	712.3	667.9	651.8	657.3
Change -%	%	+2.4	+6.6	+2.5	-0.8	-4.5
Operating profit	MEUR	117.3	98.7	76.7	34.3	66.8
% of sales	%	16.1	13.9	11.5	5.3	10.2
Profit before taxes ¹	MEUR	105.2	86.9	63.8	21.5	51.9
% of sales	%	14.4	12.2	9.6	3.3	7.9
Profit for the year ¹	MEUR	84.2	68.6	49.7	16.0	42.8
% of sales	%	11.5	9.6	7.4	2.5	6.5
Return on equity ¹	%	15.6	13.6	10.5	3.4	8.3
Return on investment ¹	%	12.7	11.2	9.0	4.2	7.7
Equity ratio	%	47.4	45.6	45.7	43.9	47.1
Gross capital expenditure	MEUR	213.9	207.3	175.0	159.1	129.6
% of sales	%	29.3	29.1	26.2	24.4	19.7
of which business combinations	MEUR	9.4	4.4	9.8	11.4	29.1
Equity	MEUR	557.4	519.7	490.7	455.0	500.6
Net interest-bearing liabilities	MEUR	382.3	387.0	368.4	385.4	364.8
Gearing	%	68.6	74.5	75.1	84.7	72.9
Average number of personnel	No.	2,538	2,550	2,486	2,528	2,463

PER-SHARE RATIOS

Earnings per share	EUR	1.89	1.54	1.13	0.37	1.01
Earnings per share diluted ¹	EUR	1.88	1.53	1.12	0.36	1.00
Shareholders' equity per share	EUR	12.53	11.69	11.05	10.40	11.56
Dividend per earnings	%	44.9*	48.6	57.6	149.3	59.3
Dividend per share	EUR	0.85*	0.75	0.65	0.55	0.60
Trading volume of shares	No.	27,064,057	18,385,238	33,659,526	28,710,540	23,736,696
% of total number	%	61	41	75	66	55
Adjusted average number of shares	No.	44,479,685	44,444,804	44,067,946	43,455,457	42,297,421
Adjusted number of shares at year end	No.	44,486,824	44,451,131	44,395,004	43,748,741	43,310,671
P/E ratio		10.4	15.4	16.9	32.8	15.2
Effective dividend yield	%	4.3*	3.2	3.4	4.6	3.9
Market capitalisation of share capital	MEUR	879.1	1,057.5	848.4	528.5	665.3
Average price	EUR	22.20	20.27	17.08	13.97	12.21
Closing price at year end	EUR	19.76	23.79	19.11	12.08	15.36
Lowest quotation	EUR	17.75	15.59	11.77	10.28	7.98
Highest quotation	EUR	27.17	25.13	20.88	17.78	16.83

¹ Adjusted by the dilution effect of stock options and share plans

* The Board proposes to the Annual General Meeting a dividend of EUR 0.85

CRAMO SHARE PRICE AND TRADING VOLUME



Consolidated balance sheet

EUR 1,000	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Tangible assets	3	794,404	750,509
Goodwill	4	145,583	147,985
Other intangible assets	4	60,159	62,851
Investments in joint ventures	7	7,069	7,292
Deferred tax assets	8	13,692	13,874
Loan receivables	11	10,153	12,926
Trade and other receivables	11	909	1,348
Total non-current assets		1,031,969	996,785
Current assets			
Inventories	12	9,073	8,721
Trade and other receivables	11	146,609	136,252
Income tax receivables		3,573	4,018
Derivative financial instruments	10	788	883
Cash and cash equivalents	13	2,594	9,099
Total current assets		162,636	158,973
TOTAL ASSETS		1,194,605	1,155,758
EQUITY AND LIABILITIES			
Equity			
Share capital		24,835	24,835
Other reserves		327,179	326,899
Hedging fund		-6,296	-8,572
Translation differences		-53,775	-36,661
Retained earnings		265,442	213,170
Equity attributable to owners of the parent company		557,384	519,671
Total equity	14	557,384	519,671
Non-current liabilities			
Interest-bearing liabilities	15	296,756	347,858
Derivative financial instruments	10	7,817	10,451
Deferred tax liabilities	8	79,821	75,331
Retirement benefit liabilities	16	1,916	1,610
Other non-current liabilities	17	1,946	2,822
Total non-current liabilities		388,256	438,073
Current liabilities			
Interest-bearing liabilities	15	88,174	48,245
Derivative financial instruments	10	680	250
Trade and other payables	18	158,372	148,205
Income tax liabilities		1,051	858
Provisions		687	457
Total current liabilities		248,964	198,015
Total liabilities		637,220	636,087
TOTAL EQUITY AND LIABILITIES		1,194,605	1,155,758

Consolidated statement of comprehensive income

EUR 1,000	Note	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Sales	2	729,544	712,287
Other operating income	20	19,374	17,398
Materials and services	21	-240,426	-239,402
Employee benefit expenses	22	-157,724	-155,831
Other operating expenses	23	-119,651	-117,081
Depreciation and impairment on tangible assets	24	-111,513	-111,962
Share of profit of joint ventures	7	1,079	1,330
Amortisation and impairment resulting from acquisitions	24	-3,428	-8,034
Operating profit		117,255	98,705
Financial income		14,921	9,784
Financial expenses		-26,962	-21,633
Total financial income and expenses	25	-12,042	-11,849
Profit before taxes		105,213	86,856
Income taxes	26	-20,964	-18,287
Profit for the year		84,249	68,569
Attributable to Owners of the parent company		84,249	68,569
Earnings per share for profit attributable to owners of the parent company			
Basic, EUR	27	1.89	1.54
Diluted, EUR	27	1.88	1.53
OTHER COMPREHENSIVE INCOME ITEMS			
Profit for the year		84,249	68,569
Other comprehensive income	26		
Items that will not be reclassified to profit or loss:			
Remeasurements on retirement benefit liabilities, net of tax		30	5
Total items that will not be reclassified to profit or loss		30	5
Items that may be reclassified subsequently to profit or loss:			
Change in hedging fund, net of tax		2,276	-1,498
Available-for-sale financial assets			
Share of other comprehensive income of joint ventures		-1,290	3,348
Transferred to income statement through liquidation (Indirect translation differences)			-267
Change in translation differences	10	-15,823	-13,347
Total items that may be reclassified subsequently to profit or loss		-14,837	-11,764
Total other comprehensive income, net of tax		-14,807	-11,759
Total comprehensive income for the year		69,441	56,810
Attributable to Owners of the parent company		69,441	56,810

Consolidated statement of changes in equity

EUR 1,000	Attributable to owners of the parent company						
	Share capital	Other reserves	Invested unrestricted equity	Hedging fund	Translation differences	Retained earnings	Total equity
At 1 Jan 2016	24,835	186,926	139,370	-7,074	-26,395	173,081	490,743
Translation differences					-9,999		-9,999
Transferred to income statement through liquidation (Indirect translation differences)						-267	-267
Remeasurement on retirement benefit liabilities						5	5
Hedging fund				-1,498			-1,498
Profit for the year						68,569	68,569
Comprehensive income				-1,498	-10,266	68,574	56,810
Own shares conveyed			602			-602	
Dividend distribution						-28,885	-28,885
Share-based payments						1,002	1,002
At 31 Dec 2016	24,835	186,926	139,973	-8,572	-36,661	213,170	519,671
At 1 Jan 2017	24,835	186,926	139,973	-8,572	-36,661	213,170	519,671
Translation differences					-17,114		-17,114
Remeasurement on retirement benefit liabilities						30	30
Hedging fund				2,276			2,276
Profit for the year						84,249	84,249
Comprehensive income				2,276	-17,114	84,279	69,441
Own shares conveyed			280			-280	
Dividend distribution						-33,354	-33,354
Share-based payments						1,626	1,626
At 31 Dec 2017	24,835	186,926	140,253	-6,296	-53,775	265,442	557,384

Further information about share capital and equity funds is given in note 14.

Consolidated cash flow statement

EUR 1,000	Note	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Cash flow from operating activities			
Profit before tax		105,213	86,856
Adjustments:			
Depreciation, amortisation and impairment	24	114,941	119,995
Share of profit of joint ventures	7	-1,079	-1,330
Other non-cash corrections	28	-14,601	-13,889
Finance cost (net)	25	12,042	11,849
Operating profit before changes in working capital		216,516	203,482
Change in working capital			
Change in inventories		-869	59
Change in trade and other receivables		-14,625	-8,237
Change in trade and other payables		11,247	6,636
Cash generated from operations before financial items and tax		212,269	201,941
Interest paid		-10,708	-10,570
Interest received		818	916
Other financial items		-1,678	-5,501
Income taxes paid		-14,206	-14,596
Net cash flow from operating activities		186,495	172,189
Cash flow from investing activities			
Investments in tangible and intangible assets		-201,860	-195,374
Sale of tangible and intangible assets		29,543	34,506
Acquisition of subsidiaries and business operations, net of cash acquired	6	-9,064	-3,999
Disposal of subsidiaries and business combinations		27,969	
Net cash flow from investing activities		-153,412	-164,867
Cash flow from financing activities			
Change in interest-bearing receivables		2,779	2,352
Repayments of finance lease liabilities	29	-1,640	-7,592
Proceeds from interest-bearing liabilities	29	29,042	61,320
Repayments of interest-bearing liabilities	29	-36,114	-29,400
Proceeds from exercise of share options			376
Dividends paid		-33,348	-28,880
Net cash flow from financing activities		-39,281	-1,824
Change in cash and cash equivalents		-6,197	5,499
Cash and cash equivalents at beginning of the year		9,099	3,511
Cash and cash equivalents to Disposals		-215	
Exchange differences		-92	89
Cash and cash equivalents at year end		2,594	9,099

Notes to the consolidated financial statements

1. ACCOUNTING PRINCIPLES RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY PROFILE

Cramo is a service company specialising in equipment rental services, as well as the rental of modular space. Cramo operates in fourteen countries in the Nordic and in Central and Eastern Europe with 300 depots and 2,538 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 Helsinki Ltd.

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

On 8 February 2018, 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) approved for adoption by the European Union, including International Accounting Standards (IAS) and the SIC and IFRIC interpretations valid on 31 December 2017. 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 for derivative financial

instruments, share-based payments and defined benefit pension plans. The information in the financial statements is presented in thousands of euros.

The preparation of financial statements in accordance with IFRS 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 is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All the facts and circumstances shall be considered when assessing the control. The investor shall reassess whether it controls an investee if facts and circumstances indicate that there are changes of the elements of control. Power means that the investor has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's return. 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 Group has 100 percent control over all its subsidiaries. The subsidiaries are listed in note 32.

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is the fair value of the assets transferred, the liabilities incurred and the equity instruments issued at the acquisition date. Any contingent consideration is recognised at fair value at the acquisition date and classified as a liability or equity. Contingent considerations classified as a liability are measured at fair value on each reporting date with changes recognised in the income statement. Identifiable assets

acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, without deducting non-controlling interest. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

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 the costs cannot be recovered.

JOINT VENTURES

The consolidated financial statements include those entities which the Group has a joint control. Investments in joint ventures are accounted for in the consolidated financial statements under the equity method. The Group's share of the profit or loss of joint ventures is shown in the consolidated statement of comprehensive income as a separate line above operating profit. Group's investments in the joint ventures upon the date of acquisition, adjusted for changes in the joint ventures equity after the date of acquisition, are shown in the consolidated statement of financial position under "Shares in joint ventures".

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 recognised in the income statement. 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 financial income and financial expenses.

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 consolidated statement of comprehensive income and the balance sheet causes a translation difference, which is recognised in equity and whose adjustment is recognised in other comprehensive income items. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and the translation of the accumulated equity items after the acquisition are recognised in other comprehensive income items. When the control over a subsidiary changes, the accumulated translation differences are recognised as part of capital gain or loss. Fair value adjustments and goodwill arising from acquisitions of foreign entities are treated as assets and liabilities of the foreign entities in their functional currency. They are translated into euros at the rate of the last trading day of the reporting period.

INTANGIBLE ASSETS

GOODWILL

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets.

Goodwill is not amortised but tested annually for impairment, and whenever

there is an indication that the asset may be impaired. For this purpose, goodwill is allocated to cash-generating units. Goodwill is carried at cost less any accumulated impairment losses.

CUSTOMER RELATIONSHIPS AND DEPOT NETWORK

In business combinations part of the purchase price has been allocated to customer relationships and depot network. Initial measurement of customer relationships has been prepared by applying the Multi-period Excess Earnings 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.

BRAND AND CO-BRAND

Brands and co-brands have been generated through the business combinations. Useful life of the Group's main brand "Cramo" 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 based on sales. The reallocation of the assets to units is presented in note 5. The brand is carried at cost less any accumulated impairment losses.

Brands acquired in the business combinations are measured applying the relief-from-royalty method regardless of whether the Group intends to use the brand. These co-brands are of temporary nature and they are amortised according to the diminishing balance method over the economic useful lives of 1-10 years. The method reflects the higher importance of the brand right after the acquisition. The co-brand is allocated to the same segment as the business combination.

RESEARCH AND DEVELOPMENT

Research costs are expensed as incurred. Development costs are capitalised when it is probable that a development project will generate future economic benefits, and the cost can be measured reliably. Other development costs are expensed.

Currently the development projects of the Group do not fulfil the criteria of capitalisation and thus the development costs are expensed as incurred.

OTHER INTANGIBLE ASSETS

Intangible assets are recorded in the balance sheet initially at cost, when it is probable that the assets will generate future economic benefits and the cost can be measured reliably. Those intangible assets with a finite useful life are amortised on a straight-line basis over their expected lives. Intangible assets with indefinite useful lives are not amortised but tested annually for impairment.

Amortisation periods for intangible assets are:

Customer relationships	3–10 years
Depot network	10–20 years
Co-brands	1–10 years
Other intangible assets	2–8 years

Amortisation of intangible assets is started when they are available for use, i.e. in the location and condition necessary to operate in a manner intended by the management.

TANGIBLE ASSETS

Tangible assets are stated at cost less accumulated depreciation and any impairment losses. This cost includes expenditure that is directly attributable to the acquisition. Tangible assets acquired in the business combinations are measured at fair value at the date of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset when it is probable that they will generate future economic benefits, and the cost can be measured reliably. The expenditure on repairs and maintenance of tangible assets are recognised as expense when incurred.

Tangible assets are depreciated on a straight-line basis over the estimated economic useful lives as follows:

Buildings and structures	10–35 years
For rental:	
Modular space	10–15 years
Machinery and equipment	3–10 years
Machinery and equipment for services	6–10 years
Machinery and equipment for own use	3–6 years
Other tangible assets	3–10 years

Depreciation of an asset is started when it is available for use, i.e. in the location and condition necessary to operate in a manner intended by the management. Depreciations of the rental machinery and equipment are started when they are available for rent.

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.

Gains or losses on disposal are recognised through profit and loss and presented as other operating income.

GOVERNMENT GRANTS

Grants from the government are recognised as reductions of the carrying amount of tangible assets 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 consolidated statement of comprehensive income 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. Such grants 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 intangible assets not yet available for use. 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 consolidated statement of comprehensive income. 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 tangible assets 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 tangible assets acquired under finance leases are depreciated over the economic useful life of the asset or the lease term, if there is uncertainty about the acquisition of ownership at the end of the rental period. Lease payments are allocated between the liability and finance costs 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 consolidated statement of comprehensive income on a straight-line basis over the lease term.

LESSOR

Leased assets are included in tangible assets in the balance sheet and depreciated over their useful lives in the same way as corresponding tangible assets 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 Group 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 financial assets. The Group, however, does not currently have any material available-for-sale financial assets. 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 the 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 are shown as a separate line, and other receivables are classified as trade and other receivables in the balance sheet in Note 11 Non-current and current receivables.

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 consolidated statement of comprehensive income. Financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest rate method.

c) *Available-for-sale financial assets*

Available-for-sale financial assets are usually carried at fair value. All unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income items. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recorded in other comprehensive income items are recognised in the financial income and expenses of the consolidated

statement of comprehensive income. However, due to their immaterial nature for the Group, it was decided in 2014 to reclassify available-for-sale financial assets to be measured at historical cost.

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.

FINANCIAL LIABILITIES

Interest-bearing liabilities are recognised initially at fair value, net of transaction costs incurred. Subsequently, they are measured at amortised cost using the effective interest method. Interest-bearing 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 9 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); or
- b) Hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow 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 other comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss and presented in the comprehensive income statement within financial items. Amounts accumulated in equity are transferred to the comprehensive income statement and classified as income or expense in the same period when the hedged item affects the comprehensive income statement.

The gain or loss relating to the effective portion of an interest rate swap hedging variable rate borrowings is recognised in other comprehensive income. 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 until the forecast transaction is ultimately recognised in the comprehensive 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 profit or loss and presented in the comprehensive income statement within financial items.

Derivatives, which are entered in with hedging purposes, but for which hedge accounting is not applied or cannot be applied are measured at fair value through profit and loss. Changes in the fair value of

these derivative instruments are recognised immediately through profit or loss and presented in the comprehensive income statement within financial items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 10 Financial risk management. Movements of the hedging fund in shareholders' equity are shown in note 14 Share capital and equity funds. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the 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 inventories shall comprise all costs of purchase including transport, handling and other costs directly attributable to the acquisition. 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. The Group has established a uniform basis for the determination of impairment of trade receivables based on the time receivables have been overdue. 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 other operating expenses.

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

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their carrying amount will accrue principally from the sale of assets instead of continuing use. From the date of the classification, the assets held for sale or groups of disposed items are measured at the lower of their carrying amount or the fair value less costs to sell. Depreciation of these assets is ceased on the date of classification.

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

The Group did not have any non-current assets held for sale or discontinued operations during the financial years included in the financial statements.

EQUITY

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 any Group company purchases the parent company's shares (treasury shares), the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the parent company.

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

PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events and 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 payments 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.

A 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 is not likely to require the fulfilment of the payment obligation or whose amount cannot be reliably measured is also considered a contingent liability. Contingent liabilities are disclosed in note 19 Collaterals and contingent liabilities.

EMPLOYEE BENEFITS

RETIREMENT BENEFIT OBLIGATIONS

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 in the comprehensive income statement in the period to which the contributions relate.

The Group currently operates only such defined benefit pension plans, in which all beneficiaries are already retired. The liability (or asset) recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation is calculated by using discount rate, which reflects the market yield of high quality corporate bonds. Net interest cost of the net defined liability is recognised in the comprehensive income statement as finance costs. Re-measurements from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income items as they occur.

SHARE-BASED PAYMENTS

The Group has the following share-based compensation plans: performance share plans and share savings plans.

In performance share plans the target group has an opportunity to earn company shares as a reward on the basis of achievement of targets established for the performance criteria for each calendar year. Part of the reward is paid in cash to cover taxes and tax-related costs arising from the reward. The rewards are paid to the target group approximately two years after the confirmation of the reward, if the service conditions are met. The fair value of the equity-settled payment is determined at grant date and expensed during the vesting period, the corresponding amount being charged to equity. The total amount to be expensed over the vesting period is

determined based on the Group's estimate on the number of the shares that are expected to be vested by the end of the vesting period. The impact of any non-market vesting conditions (EPS-target) has been excluded, but they are included in the assumptions about the number of shares that are expected to be distributed. On each reporting date the Group revises its estimate on the number of shares that are expected to be distributed. The impact of the revision of the original estimates is recognised in the consolidated statement of comprehensive income. The fair value of the cash-settled payment is measured on each reporting date and presented as a liability. The cash-settled payment is recognised as an expense during the vesting period. Any changes in the estimates are recognised in the comprehensive income statement.

In share savings plans the employees can save 2–5% of their monthly gross salaries during the 12 months' plan periods and the savings are automatically used to purchase company shares for the participants quarterly after each publication date of the interim results during the plan period. The participant will receive one free matching share for every two acquired savings shares, if the participant holds the acquired shares until the end of the designated holding period. An additional requirement for receiving the matching shares is that the participant's employment has not been terminated before the end of the designated holding period. The first savings period started on 1 October 2012 and the corresponding matching shares were paid during 2016. The matching shares are paid partly in cash to cover tax and other tax related costs arising from the reward. The fair value of the equity-settled payment is determined at the date of acquisition of the savings shares. The fair value of the cash-settled part of the reward is determined at the acquisition of the savings shares and re-measured on each reporting date. The expenses of the share savings plan are recognized during the vesting period.

Share-based payments are presented in note 30.

PRINCIPLES OF REVENUE RECOGNITION

Group's revenues mainly comprise of rental revenue of construction equipment and modular space, rental related services and trading of construction and other equipment. Rental related sales include especially assembly, disassembly and transportation services, as well as construction site circumstance control and maintenance services. Product and service sales are recognised at fair value net of indirect taxes, discounts and exchange differences of currency sales.

RENTAL SALES

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

TRADING SALES AND RENTAL-RELATED SERVICES

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 as sales in the accounting period during which the service is performed.

PROCEEDS ON SALE OF USED EQUIPMENT

Net gains/net losses on sale of used rental equipment are presented as other operating income. The sale is 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.

INTEREST AND DIVIDENDS

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

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 other comprehensive income items. In such cases, tax is also charged to these items. Taxes based on taxable income for the current period are calculated based on 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 joint ventures is recognised, except when the timing of the reversal of the temporary difference is controlled by the Group and it is

probable that the temporary difference will not be reversed in the foreseeable future. The most significant temporary differences arise from the depreciation of tangible assets 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.

ACCOUNTING PRINCIPLES 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 principles requires consideration.

MANAGEMENT CONSIDERATION IN CHOOSING AND APPLYING ACCOUNTING PRINCIPLES 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 relates to rental agreements of tangible assets (with the Group as lessee) and the economic useful lives of tangible assets.

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 5 Impairment testing of goodwill and other intangible assets with indefinite useful lives.

VALUATION OF THE RENTAL EQUIPMENT FLEET

The optimisation of rental fleet's utilisation rate is managed on the Group level. Testing of the value of the rental 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 Fleet Management makes comparisons to the market prices of corresponding assets, as well as estimates 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 6 Business combinations. 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.

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 8 Deferred taxes.

SHARE-BASED PAYMENTS

The Group has share-based compensation plans. The fair value of reward shares in the performance share plan is based on the share price on the grant date and the valuation does not involve high degree of estimation. Instead, the determination of the fair value of matching shares in the One Cramo Share savings plan includes certain assumptions relating to expected dividend yield and cost of equity and debt. These variables make fair value estimation difficult. These assumptions are described in note 30 Share-based payments.

NEW AND AMENDED STANDARDS APPLIED IN FINANCIAL YEAR END

The Group has applied as from 1 January 2017 the following new and amended standards that have come into effect.

- Amendments to IAS 7 Statement of Cash Flows- Disclosure Initiative (effective for

financial years beginning on or after 1 January 2017). The changes were made to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments has had an impact on the disclosures in the Group's consolidated financial statements.

- Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses (effective for financial years beginning on or after 1 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments has not had significant impact on the Group's consolidated financial statements.

Other new or amended standards and interpretations have no impact on the Group's financial statements

ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS APPLICABLE IN FUTURE FINANCIAL YEARS

The Group has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

* = not yet endorsed for use by the European Union as of 31 December 2017.

- IFRS 9 Financial Instruments (effective for financial years beginning on or after 1 January 2018). IFRS 9 replaces the existing guidance in IAS 39. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The guidelines for calculation of amortized cost of modified financial liabilities according to IFRS 9 was clarified in the fall of 2017. The clarification states that the amortized cost of modified financial liabilities shall be done by discounting the contractual cash flows using the original effective interest rate.

The impacts of IFRS 9 on the Group's consolidated financial statements have been assessed and the Group estimates, that IFRS 9 will only have an impact on the Bond issued in 2016 (refinance). The effect of recalculating amortized cost will increase the retained earnings by about 3.2 million Euro and decrease the amount of Bond in the financial liabilities by the same amount. For other parts no significant impact on valuation of Cramo Group's financial instruments compared with present IAS 39. Some impact is estimated to take place in impairment process design. IFRS 9 will have an impact to the qualitative information of the Financial Statements notes:

- description of the Group's risk control strategy and targets linked to hedge accounting; and
 - description how the Group measures and controls credit risk.
- IFRS 15 Revenue from Contracts with Customers (effective for financial years beginning on or after 1 January 2018). The new standard replaces current IAS 18 and IAS 11 standards and related interpretations. In IFRS 15 a five-step model is applied to determine when to recognise revenue, and at what amount. Revenue is recognised when (or as) a company transfers control of goods or services to a customer either over time or at a point in time. The standard introduces also extensive new disclosure requirements. Following is a description of how key concepts of IFRS 15 are analysed for different revenue streams, what the expected effect of IFRS 15 transition are in the Group, as well as timeline for implementing IFRS 15 and the transition options to be used.

The Group's revenue consists of revenues from the rental of equipment, machines and modular space that are recognized as income under IAS 17 Leases standard, as well as service revenue (rental related sales) and sales of machinery that are recognized as income under IFRS 15. In 2017, the rental revenues recognized under lease-standard comprised 75% (2016: 74%) of the Group's total revenue. Rental related services and sales of machinery that are recognized under IFRS 15, comprised 25% (2016: 26%) of the Group's total revenue. Transition into IFRS does not significantly impact the Group's result or financial position. The application of IFRS 15 will however increase the amount of disclosures.

The Group has estimated, that IFRS 15 practical impacts will concern the long-term modular space project agreements with significant service and rental charge

component. In accordance with IFRS 15, the transaction price of the agreement is allocated based on stand-alone selling prices on the service and rental component, which in IFRS 15 transition will lead to reallocations between these components. In some cases, the timing of the recognition of the service component will change. The changes in the accounting practice will slightly make the recognition of the service component at an earlier stage than before. Contractual receivables and payables will according to IFRS 15 be presented as net position.

The group has decided to apply the cumulative effect approach of IFRS 15 standards transition option, meaning that open contracts at 1 January 2018 will be restated into IFRS 15 and cumulative effect of the change will be recorded against retained earnings. The impact will not be significant. Financial statements for financial year 2018 are accounted for and reported under IFRS 15, but disclosure for financial year 2018 will be provided both according to IFRS 15 and IAS 18/ IAS 11.

- IFRS 16 Leases* (effective for financial years beginning on or after 1 January 2019). The new standard replaces the current IAS 17 standard and related interpretations. IFRS 16 requires the lessees to recognise the lease agreements on the balance sheet as a right-of-use assets and lease liabilities. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exceptions available, these relate to either short term contracts in which the lease term is 12 months or less, or to low value items i.e. assets of value USD 5,000 or less. The lessor accounting remains mostly similar to current IAS 17 accounting. The impact of IFRS 16 on the Group's consolidated financial statements has been analysed both on lessee's and lessor's perspective. The impact is expected to be significant.

As lessor, the accounting remains materially unchanged compared to current IAS 17 standard. However, from the date of IFRS 15 adoption as described above, the relative stand-alone selling price allocation between lease revenue and rental related service sales of Modular Space contracts will change the amount of revenue recognized between these components. The affect is not expected to be material.

The Group estimates, that IFRS 16 has significant impact on Cramo Group statement of financial position as lessees are required to recognise a lease liability reflecting future lease payments and a right-of-use-asset for virtually all lease contracts. The Group has several types of operative lease contracts according to current IAS 17. These include depot

and premises contracts with varying non-cancellable lease periods, operative car lease contracts, and different types of machines financed through operative lease contracts. Depot and premises lease contracts are expected to form the largest impact at IFRS 16 transition.

Financial result of the Group is not expected to be materially affected, but there are remarkable effects on the Group's income statement lines as e.g. other operating expenses will decrease while depreciation of tangible assets will increase considerably. Cash flow statement will be affected by change between operating and financing cash flows.

As a lessee, the Group will apply two exceptions of IFRS 16: for the short term contracts in which the lease term is 12 months or less, and to low value items i.e. assets of value USD 5,000 or less. The Group has decided to apply the non-retrospective transition rule of IFRS 16, according to which the cumulative effect of IFRS 16 will be recognized as an adjustment to retained earnings at the transition date, 1 January 2019.

The Group is currently assessing the full effects for Cramo Group as lessee.

- Amendments to IFRS 2 Share-based payments - Clarification and Measurement of Share-based Payment Transactions* (effective for financial years beginning on or after 1 January 2018). The amendments clarify the accounting for certain types of arrangements. Three accounting areas are covered: measurement of cash-settled share-based payments; classification of share-based payments settled net of tax withholdings; and accounting for a modification of a share-based payment from cash-settled to equity-settled. The cash-settled share-based payments will be valued at grant-date fair value and recognised against the retained earnings. Previously the cash-settled share-based payments have been valued at the period end fair value and recognised as liabilities.

The amendments are estimated not to have significant impact on the Group's consolidated financial statements. As at 31 December 2017 the effect of the change increases the retained earnings and decreases liabilities by 3.1 million euros.

- IFRIC 22 Interpretation Foreign Currency Transactions and Advance Consideration* (effective for financial years beginning on or after 1 January 2018). When foreign currency consideration is paid, or received in advance of the item it relates to—which may be an asset, an expense or income—IAS 21 The Effects of Changes in Foreign Exchange Rates is not clear on how to determine the transaction date for translating the

related item. The interpretation clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The group is currently assessing the impacts of the interpretation.

- IFRIC 23 Uncertainty over income tax treatments.* (effective for financial years beginning on or after 1 January 2019). The interpretation clarifies the accounting treatment in situations where the tax treatment is not yet approved by the tax authorities. The essential question is to evaluate whether the tax authorities will accept each tax treatment that is used or planned to be used in the income tax filing. The group is currently assessing the impacts of the interpretation.
- Amendments to IFRS 9 Prepayment Features with Negative Compensation* (effective for financial years beginning on or after 1 January 2019). The changes will allow instruments with symmetric prepayment to qualify for amortized cost or fair value through other comprehensive income. The group is currently assessing the impacts of the amendment.
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures* (effective for financial years beginning on or after 1 January 2019). The amendments clarify that an entity applies IFRS 9 including its impairment requirements to long-term interests in associate or joint venture that form a part of the net investment or joint venture but to which equity method is not applied. The amendment does not have an impact for the Group.
- Annual Improvements to IFRSs (2015–2017 cycle)* (effective for financial years beginning on or after 1 January 2019). The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The cycle contains amendments to the following standards: IFRS 3, IFRS 11, IFRS 2, IAS 12 and IAS 23. Their impacts vary standard by standard but are not significant.

2. SEGMENT REPORTING

The Group's management has determined the operating segments based on management reporting regularly reviewed by the Group's chief operating decision maker. Group Management has been identified as the chief operating decision maker. The segments are in accordance with the Group's internal reporting, where the Equipment Rental business is monitored on Geographical area level and Modular Space as one business unit. In addition to segment information, Cramo discloses additional financial information by product areas for equipment rental and modular space.

Cramo has restructured its operations from the beginning of 2017, and also the reporting segments have been changed. The comparable information for 2016 has been restated respectively. From 1.1. 2017 Cramo's business operations are allocated to the following reporting segments:

- Equipment Rental, Scandinavia
- Equipment Rental, Finland and Eastern Europe*
- Equipment Rental, Central Europe
- Modular Space

* Fortrent joint venture in Russia and Ukraine, owned and controlled 50/50 by Cramo and Ramirent, is presented under the Eastern Europe segment. Cramo's share (50 per cent) of the profit/loss is included in EBITA (operating profit before amortisations and impairment on intangible assets resulting from acquisitions) of the Eastern Europe reportable segment in accordance with the equity method of accounting.

In all of its operating segments, Cramo provides modern rental solutions through the Cramo Rental Concept. Under the Cramo Rental

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.

The information reported for each segment is the measure, which Group management uses internally for evaluating segment performance and deciding on how to allocate resources to operating segments.

The performance of an operating segment is evaluated primarily based on the segment's 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 figures provided to Group management in respect of segment profitability are measured on a basis consistent with the consolidated financial statements.

The figures provided to Group management in respect of segment assets and liabilities are measured on a basis consistent with the consolidated financial statements. Assets and liabilities are allocated to the segments based on segment operations. The allocation of segment assets and liabilities is in line with the information reported to Group management. Unallocated assets and liabilities comprise financial receivables, deferred tax assets and liabilities, income tax receivables and payables, derivatives, cash and cash equivalents and interest-bearing liabilities.

Inter-segment transactions are based on commercial terms.

REPORTABLE SEGMENTS 2017

EUR 1,000	Equipment Rental, Scandinavia	Equipment Rental, Finland and Eastern Europe	Equipment Rental, Central Europe	Equipment Rental, eliminations	Equipment Rental, total	Modular Space	Reportable segments total
Income statement							
External sales	379,814	143,043	80,476	11	603,344	126,626	729,970
Inter-segment sales	294	3	17		314	320	634
Segment sales	380,108	143,046	80,493	11	603,658	126,946	730,604
Depreciation and impairment ¹	-45,687	-26,580	-15,820		-88,088	-21,469	-109,557
Share of profit of joint ventures	40	1,039			1,079		1,079
EBITA	71,543	26,973	4,438	140	103,094	28,811	131,905
Amortisations on intangible assets resulting from acquisitions	-2,113	-1,029	-120		-3,263	-166	-3,428
Operating profit	69,430	25,944	4,317	140	99,831	28,645	128,477
Segment assets and liabilities							
Intangible assets	99,409	35,612	2,011		137,031	35,110	172,141
Tangible and other assets	339,518	169,015	103,136	-223	611,446	337,209	948,655
Investments in joint ventures	150	6,920			7,069		7,069
Segment assets²	439,076	211,547	105,147	-223	755,546	372,319	1,127,865
Segment liabilities³	72,947	23,372	13,882		110,201	38,673	148,874
Capital employed⁴	366,129	188,175	91,265		645,345	333,646	978,991
Other disclosures							
Gross capital expenditure	78,480	42,220	25,063		145,763	66,098	211,861
Number of employees 31 Dec (FTE)	1,053	831	386		2,270	141	2,411
Average number of employees	1,102	826	381		2,309	158	2,467

1 Reporting line depreciation and impairment include a total of EUR 1.6 million impairment of tangible assets, which is divided to reporting segments as follows: Equipment Rental Scandinavia EUR 1.1 million, Equipment Rental Finland and Eastern Europe EUR 0.2 million, Equipment Rental Central Europe EUR 0.2 million and Modular space EUR 0.1 million.

2 Segment assets include goodwill, other intangible assets, tangible assets, investments in joint ventures, inventories, non-current and current trade and other receivables as well as assets held for sale

3 Segment liabilities include provisions, retirement benefit liabilities and non-current and current trade and other liabilities

4 Capital employed is segment assets less segment liabilities

REPORTABLE SEGMENTS 2016

EUR 1,000	Equipment Rental, Scandinavia	Equipment Rental, Finland and Eastern Europe	Equipment Rental, Central Europe	Equipment Rental, eliminations	Equipment Rental, total	Modular Space	Reportable segments total
Income statement							
External sales	378,502	138,639	77,797	-31	594,907	117,355	712,262
Inter-segment sales	337	-6	92		422	248	671
Segment sales	378,839	138,633	77,888	-31	595,329	117,603	712,933
Depreciation and impairment ¹	-50,403	-26,727	-15,933	150	-92,912	-18,120	-111,033
Share of profit of joint ventures	-2	1,332			1,330		1,330
EBITA	60,867	21,667	3,787	-162	86,159	30,753	116,912
Amortisations on intangible assets resulting from acquisitions	-2,141	-2,561	-117		-4,819	-48	-4,867
Impairments on intangible assets from acquisitions ¹		-1,275			-1,275		-1,275
Operating profit	58,726	17,831	3,670	-162	80,065	30,705	110,770
Segment assets and liabilities							
Intangible assets	105,441	36,752	2,424		144,616	32,608	177,224
Tangible and other assets	344,550	154,813	98,986	-355	597,994	296,601	894,595
Investments in joint ventures	121	7,171			7,292		7,292
Segment assets²	450,112	198,736	101,410	-355	749,902	329,209	1 079,111
Segment liabilities³	77,703	25,222	8,539	-2	111,461	33,270	144,732
Capital employed⁴	372,409	173,514	92,871	-353	638,441	295,939	934,380
Other disclosures							
Gross capital expenditure	66,674	47,506	30,402		144,582	58,366	202,948
Number of employees 31 Dec (FTE)	1,122	860	363		2 345	145	2,490
Average number of employees	1,107	861	376		2 344	140	2,485

1 Reporting line depreciation and impairment include a total of EUR 6.6 million impairment, which is divided to reporting segments as follows: Equipment Rental Finland and Eastern Europe EUR 1.4 million, Equipment Rental Scandinavia EUR 4.7 million and Equipment Rental Central Europe EUR 0.4 million. Impairment loss in Equipment Rental Scandinavia was recognised as a result of annual impairment testing of goodwill and other intangibles with indefinite useful lives. Impairment from annual impairment testing of goodwill and other intangibles in Finland and Eastern Europe caused on one hand of EUR 1.2 million impairment on tangible asset, and on the other hand EUR 1.3 million impairment on intangibles from acquisitions.

EUR 1.9 million impairment recognised from Cramo brand allocated to Equipment Rental Scandinavia as well as Equipment Rental Finland and Eastern Europe for the purpose of annual impairment testing of goodwill and other intangibles is included in non-allocated items (see note 5 Impairment testing of goodwill and other intangible assets with indefinite useful lives).

2 Segment assets include goodwill, other intangible assets, tangible assets, investments in joint ventures, inventories, non-current and current trade and other receivables as well as assets held for sale.

3 Segment liabilities include provisions, retirement benefit liabilities and non-current and current trade and other liabilities.

4 Capital employed is segment assets less segment liabilities.

RECONCILIATIONS

EUR 1,000	2017	2016	EUR 1,000	2017	2016
Sales			Assets		
Total sales for reportable segments	730,604	712,958	Total assets for reportable segments	1,127,865	1,079,111
Elimination of inter-segment sales	-1,061	-671	Unallocated amounts and eliminations	35,912	35,812
Group sales	729,544	712,287	Group assets for capital employed¹	1,163,778	1,114,923
EBITA			Other assets	30,827	40,835
Total EBITA for reportable segments	131,905	116,912	Group total assets	1,194,605	1,155,758
Eliminations	89	46	Liabilities		
Unallocated amounts	-11,311	-10,219	Total liabilities for reportable segments	148,874	144,732
Group EBITA	120,683	106,739	Unallocated amounts and eliminations	14,047	8,363
Amortisation and impairment resulting from acquisitions	-3,428	-8,034	Group liabilities for capital employed²	162,921	153,094
Group finance costs, net	-12,042	-11,849	Other liabilities	474,299	482,993
Group profit before taxes	105,213	86,856	Group total liabilities	637,220	636,087
			Capital employed		
			Capital employed for total reportable segments	978,991	934,380
			Unallocated amounts and eliminations	21,865	27,449
			Group capital employed³	1 000,857	961,828

1 Group assets for capital employed include the same asset items as segment assets

2 Group liabilities for capital employed include the same liability items as segment liabilities

3 Group capital employed is group assets for capital employed less group liabilities for capital employed

OTHER INFORMATION

	Reportable segments total	2017 Unallocated amounts and eliminations	Total	Reportable segments total	2016 Unallocated amounts and eliminations	Total
Depreciation and impairment	109,557	1,956	111,513	-111,307	-655	-111,962
Gross capital expenditure	211,861	1,993	213,854	202,948	4,308	207,256
Number of employees 31 Dec (FTE)	2,411	87	2,498	2,490	72	2,562
Average number of employees	2,467	71	2,538	2,485	66	2,550

The value of outstanding orders for Modular Space was in total 151,4 Million euros in 2017 (114,7 Million euros in 2016)

ADDITIONAL INFORMATION BY GEOGRAPHICAL AREA 2017

EUR 1,000	Finland	Sweden	Norway	Germany	Other countries	Total
Net sales						
Equipment Rental	98,493	307,204	59,572	61,658	91,945	618,871
Modular space	32,193	60,198	7,531	11,325		111,247
Eliminations		-574				-574
Total	130,686	366,828	67,103	72,982	91,945	729,544
Segment's assets¹	189,614	453,854	80,354	99,206	194,460	1 017,489

Net sales is presented based on the location of clients and the assets are presented based on the location of assets.

¹ Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets.

ADDITIONAL INFORMATION BY GEOGRAPHICAL AREA 2016

EUR 1,000	Finland	Sweden	Norway	Germany	Other countries	Total
Net sales						
Equipment Rental	98,160	298,595	60,273	62,308	88 647	607,983
Modular space	31,060	57,576	7,076	9,148		104,861
Eliminations		-557				-557
Total	129,221	355,614	67,350	71,455	88,647	712,287
Segment's assets¹	182,016	428,631	79,768	88,587	203,026	982,028

Net sales is presented based on the location of clients and the assets are presented based on the location of assets.

¹ Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets.

3. TANGIBLE ASSETS

EUR 1,000	Land	Buildings and improvements	Machinery and equipment	Uncompleted purchases	Total
Acquisition cost					
At 1 Jan 2016	1,706	30,317	1,255,221	1,849	1,289,093
Exchange differences	1	-159	-17,624	-57	-17,839
Additions		1,485	195,819	1,846	199,150
Business acquisitions (note 6)			3,299		3,299
Reductions		-3,531	-79,118	-179	-82,828
Reclassification between asset categories		-398	226	-1,071	-1,243
At 31 Dec 2016	1,707	27,714	1,357,822	2,388	1,389,631
Accumulated depreciation and impairment					
At 1 Jan 2016		-21,588	-580,597		-602,184
Exchange differences		123	8,582		8,705
Reductions		3,579	59,445		63,024
Reclassification between asset categories		343	-169		174
Depreciation (note 24)		-2,288	-100,406		-102,695
Impairment loss (note 24)		-465	-5,681		-6,145
At 31 Dec 2016		-20,296	-618,826		-639,121
Acquisition cost					
At 1 Jan 2017	1,707	27,714	1,357,822	2,388	1,389,631
Exchange differences	68	-440	-28,111	-97	-28,580
Additions		2,080	199,042	3,324	204,446
Business acquisitions (note 6)			5,455		5,455
Reductions		-1,641	-119,625	-41	-121,307
Reclassification between asset categories		39	562	-2,593	-1,992
At 31 Dec 2017	1,775	27,752	1,415,146	2,980	1,447,652
Accumulated depreciation and impairment					
At 1 Jan 2017		-20,296	-618,826		-639,121
Exchange differences		461	15,983		16,444
Reductions		524	77,093		77,618
Reclassification between asset categories			6		6
Depreciation (note 24)		-1,999	-104,583		-106,582
Impairment loss (note 24)		-26	-1,585		-1,611
At 31 Dec 2017		-21,336	-631,912		-653,249
Net book value:					
At 1 Jan 2016	1,706	8,729	674,624	1,849	686,909
At 31 Dec 2016	1,707	7,418	738,997	2,388	750,510
At 31 Dec 2017	1,775	6,416	783,234	2,980	794,404

Net book value of tangible assets increased by EUR 43.9 million from EUR 750.5 million to EUR 794.4 million in 2017. The net book value increased mainly due to investments (EUR 204.4 million) and business acquisitions (EUR 5.5 million), which were above the level of depreciation and impairment losses (EUR 108.2 million) and asset reductions (EUR 47.3 million). Exchange differences decreased the net book value by EUR 12.2 million.

Machinery and equipment includes assets acquired through finance lease contracts. Acquisition cost of such equipment at the end of period was EUR 38.1 (46.0) million, accumulated depreciation EUR 27.1 (30.8) million and net book value EUR 11.0 (15.2) million.

Investment commitments are presented in note 19.

4. GOODWILL AND OTHER INTANGIBLE ASSETS

EUR 1,000	Goodwill		Other intangible assets					Total	
	Cramo-brand	Co-brands	Customer relationships	Depot network	Non-competition agreement	Other intangible assets	Software		
Acquisition cost									
At 1 Jan 2016	188,137	29,500	8,442	47,137	66,818	6,983	1,549	17,687	366,253
Exchange differences	-2,565		-24	-115	-643	-7		-259	-3,612
Additions							23	3,684	3,708
Business acquisitions (note 6)	377			380		344			1,101
Reductions							-16	-73	-89
Reclassification between asset categories								1,069	1,069
At 31 Dec 2016	185,950	29,500	8,418	47,402	66,175	7,320	1,556	22,108	368,431
Accumulated depreciation, amortisation and impairment									
At 1 Jan 2016	-36,996		-8,342	-43,282	-41,334	-6,264	-1,456	-9,257	-146,932
Exchange differences	-22		22	69	189	7	13	142	419
Reductions								73	73
Reclassification between asset categories									
Depreciation (note 24)							-58	-2,645	-2,703
Amortisation resulting from acquisitions (note 24)			-97	-1,913	-2,541	-316			-4,867
Impairment loss (note 24)	-948	-1,892			-324		-16	-404	-3,586
At 31 Dec 2016	-37,965	-1,892	-8,418	-45,125	-44,010	-6,574	-1,517	-12,090	-157,595
Acquisition cost									
At 1 Jan 2017	185,950	29,500	8,418	47,402	66,175	7,320	1,556	22,108	368,431
Exchange differences	-3,602			-592	-792	-47	-2	-497	-5,532
Additions				15				27	43
Business acquisitions (note 6)				2,620		86			3,906
Reductions								-155	-155
Reclassification between asset categories								2,022	2,022
At 31 Dec 2017	183,548	29,500	8,418	49,445	65,383	7,359	1,554	23,506	368,717
Accumulated depreciation, amortisation and impairment									
At 1 Jan 2017	-37,965	-1,892	-8,418	-45,125	-44,010	-6,574	-1,517	-12,090	-157,595
Exchange differences				547	310	47	8	385	1,296
Reductions								73	73
Reclassification between asset categories									
Depreciation (note 24)							-22	-3,298	-3,320
Amortisation resulting from acquisitions (note 24)				-739	-2,339	-350			-3,428
Impairment loss (note 24)									
At 31 Dec 2017	-37,965	-1,892	-8,418	-45,317	-46,040	-6,876	-1,531	-14,930	-162,973
Net book value:									
At 1 Jan 2016	151,142	29,500	99	3,855	25,484	718	93	8,430	219,321
At 31 Dec 2016	147,985	27,608	0	2,277	22,164	746	39	10,018	210,836
At 31 Dec 2017	145,583	27,608	0	4,128	19,343	482	22	8,576	205,743

Net book value of goodwill and intangible assets decreased by EUR 5.1 million from EUR 210.8 million to EUR 205.7 million in 2017. Decrease in net book value was mainly due to annual amortisations and depreciation

(EUR 6.7 million). Business combinations and other investments increased the net book value by EUR 3.9 million. Exchange differences decreased the net book value by EUR 4.2 million.

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

From the beginning of 2017, Cramo has changed its operating segments. Accordingly, the goodwill and the intangible assets with indefinite useful lives have been re-allocated to the new CGU's for impairment testing purposes.

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 a segment. The Cramo brand has been considered as a corporate-level asset which is annually allocated to CGUs for impairment on the basis of CGU 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:

EUR 1,000	2017	
	Goodwill	Cramo brand
Equipment Rental Scandinavia	82 768	14 057
Equipment Rental Finland and Eastern Europe	30 164	5 452
Equipment Rental Central Europe	-	3 185
Modular Space	32 651	4 914
Total	145 583	27 608

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 was based on the balance sheet as at 31 October 2017. 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 all together a period of five years, are based on experience as well as on the estimated future development of the markets. The projections are in line with the external information to the extent such projections are available. The Board and Group Management have approved the plans upon which the impairment tests are based.

The key assumptions related to impairment test of 2017 and 2016 is presented in the tables below.

2017	EBITA-%	Compound	Growth rate	Discount rate	Discount rate
		annual growth rate	beyond the		
		five-year period, %	five-year period, %	before tax, %	after tax, %
Equipment Rental Scandinavia	17.5–18.9	0.7	1.0	7.7	6.2
Equipment Rental Finland and Eastern Europe	10.9–17.8	2.1	1.0	7.8	6.6
Equipment Rental Central Europe	6.5–11.0	1.6	1.0	8.8	6.9
Modular Space	22.1–25.4	0.9	1.0	7.5	6.0

2016	EBITA-%	Compound	Growth rate	Discount rate	Discount rate
		annual growth rate	beyond the		
		five-year period, %	five-year period, %	before tax, %	after tax, %
Finland	19.3–22.5	0.7	1.0	7.3	6.0
Sweden	17.3–20.7	0.2	1.0	7.3	5.8
Norway	7.8–10.9	2.2	1.0	8.2	6.4
Denmark	10.7–12.0	0.8	1.0	8.0	6.4
Central Europe	7.3–10.7	2.6	1.0	8.4	6.2
Eastern Europe	5.5–19.5	1.6–2.9	1.5	8.3–9.1	6.9–7.9

EBITA margin

The Group's profitability continued to improve in 2017. Differences in performance between cash generating units were significant. The efficiency improvements are expected to gradually improve the profitability in majority of the CGUs during the forecasting period. Profitability level used in terminal value calculation reflects mostly moderate historical level.

Growth rate for the five year period

Future growth estimates are mainly based on higher utilisation rates but also on improved pricing some areas. Growth investments and their impact have been carved out. Sales is expected to reach an annual average growth rate of 0.7–2.1 per cent in 2018–2022. In segment Equipment rental Scandinavia, the annual average growth rate is expected to be 0.7% during the five year period. In Equipment rental Finland and Eastern Europe the expected growth of net sales is 2.1 % and in Equipment rental Central Europe 1.6 % and in Modular Space 0.9% respectively, during the forecasting period.

generating units for impairment testing. A CGU encompasses the business operations of a segment. The Cramo brand has been considered as a corporate-level asset which is annually allocated to CGUs for impairment on the basis of CGU sales. Sales is believed to best reflect the future cash inflows the brand generates.

EUR 1,000	2016	
	Goodwill	Cramo brand
Finland	31,500	5,347
Sweden	85,101	14,715
Norway	16,426	2,787
Central Europe		3,249
Estonia	11,806	726
Poland	3,152	432
The Czech Republic and Slovakia		351
Total	147,985	27,608

Test results in 2017

Based on impairment test results there was no need to make impairments in FY2017.

Impairment loss in 2016

As a result of the impairment test performed in December 2016, a total amount of EUR 8.0 million was recognised as impairment loss for the accounting period 2016. The impairment loss was attributable to cash CGUs Denmark (EUR 5.0 million) and Latvia and Lithuania (EUR 3.0 million). The impairment loss of was recorded against Cramo brand (EUR 1.9 million), against goodwill (EUR 0.9 million), against depot network (EUR 0.3 million), against other tangible assets (EUR 0.4 million) and against tangible assets (EUR 4.4 million). In Denmark the impairment loss is attributable to low profitability in equipment rental business. In Latvia and Lithuania the impairment loss is attributable to Latvian business.

Growth rate beyond the five years

The growth rate beyond five years for all CGU's is one percent per year. This is predicted to reflect a moderate long-term inflation forecast.

Discount rate

Forecasted cash flows are discounted to present value with CGU specific discount rate. Cramo Group's weighted average cost of capital (WACC) constitutes the basis for the determination of the discount rate. Cost of capital includes assumptions for capital structure, risk-free interest rate, risk premium, cost of debt and equity and equity beta. In determining the CGU-specific discount rates the weighted average cost of capital is increased by a CGU specific risk factor, which includes assumptions for country, currency and price risks inherent to CGU.

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 other parameters constant.

2017	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
Equipment Rental Scandinavia	-11.00	-20.40	-22.90	9.40	592.80	> 100
Equipment Rental Finland and Eastern Europe	-10.60	-20.30	-24.20	9.50	231.5	> 100
Equipment Rental Central Europe	-2.3	-5.3	-2.3	1.7	25.0	10-30
Modular Space	-10.8	-11.9	-6.2	3.8	211.6	50-70

2016	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	-11.0	-17.2	-13.3	6.6	221.0	> 100
Sweden	-10.4	-18.3	-15.8	7.3	551.5	> 100
Norway	-1.2	-2.7	-0.9	0.7	12.2	0-20
Denmark	0.0	0.0	0.0	0.0	0.0	0.0
Central Europe	-1.3	-3.0	-1.0	0.8	15.6	0-20
Eastern Europe	-2.6-0.0	-3.6-0.0	-1.3-0.0	0.0-1.0	0.0-6.9	0-20

6. BUSINESS COMBINATIONS**Acquisitions
2017**

Cramo signed an agreement to acquire the assets of Just Pavillon A/S in June 2017. The acquisition included the modulars space rental fleet, customer contracts and other assets of Just Pavillon A/S. The acquisition strengthens Cramo's Modular Space offering in Denmark. During 2016 Just Pavillon's sales amounted to DKK 27 million. The acquisition did not have material impact on the Group's sales and earnings in 2017.

Just Pavillon's offering is a complement to Cramo's existing business in Denmark and its product range consists of 360 modular units mainly used in the school and office segments. Just Pavillon's high quality product, Series 9000, is designed for school solutions and is recognised as being one of the best in the Danish market and highly valued by customers.

2016

Cramo made one business combination during 2016. On 1 April 2016 Cramo acquired logistics and telescopic handler company Kurottaja- ja Kuljetuspalvelu Parviainen Oy's business.

Established in 2004, Kurottaja- ja Kuljetuspalvelu Parviainen Oy is the largest private company in Finland providing telehandler services. Parviainen operates mainly in Southern Finland. The sales of the company were approximately EUR 3 million in 2015. All 23 employees of Parviainen were transferred to the service of Cramo as existing employees.

The Group sales would have increased by EUR 0.8 million and EBITA would have been the same, if the acquisition had been completed on 1 January 2016.

The total consideration for transaction includes a EUR 0.6 million contingent consideration, which is paid based on the financial development after the consolidation date. A contingent consideration liability relating to acquisitions prior to 2016 totalling EUR 0.6 million was paid in 2016. The remaining contingent consideration for acquisitions at the balance sheet date is EUR 1.1 million.

The table below represents the summary purchase price allocation of the business combinations.

EUR 1,000	2017	2016
Consideration		
Cash	8,731	3,517
Contingent consideration		600
Total consideration	8,731	4,117
Recognised amounts of identifiable assets acquired and liabilities assumed		
Identifiable assets		
Non-current assets		
Intangible assets		
Customer relationships	1,990	380
Non-compete agreements	86	344
Total intangible assets	2,076	724
Tangible assets		
Machinery and equipment	5,455	3,300
Total tangible assets	5,455	3,300
Total non-current assets	7,531	4,024
Total identifiable assets	7,531	4,024
Assumed liabilities		
Interest bearing liabilities		171
Trade and other payables		112
Total liabilities assumed		283
Total identifiable net assets	7,531	3,741
Goodwill	1,199	376

Disposals

EUR 1,000	2017
Divestment of shares in subsidiary companies (net of cash)	4,560
Gross divestment of business	23,614
Total consideration	28,174

Cramo made two divestments during 2017.

In July 2017 Cramo signed an agreement by divesting its Danish Equipment Rental operations. In 2016, sales of Danish Equipment Rental operations amounted to DKK 149 million (EUR 20 million) and comparable EBITA DKK 4.6 million (EUR 0.6 million), Cramo recognised one-time capital loss of EUR 1.1 million in 2017 result.

EUR 1,000	2017
Disposal of shares of Cramo Latvia and Cramo Kaliningrad	2017
Sales price	6,827
Repayments of interest bearing liabilities	2,267
Divestment of shares in subsidiaries (net of cash)	4,560
Advisory fees related to the disposal	284
Assets	
Property, plant and equipment	4,145
Trade and other receivables	978
Other non-current and current assets	209
Cash and cash equivalents	213
Total identifiable assets	5,545
Liabilities	
Interest-bearing liabilities	2,291
Other liabilities and provisions	743
Total liabilities	3,034
Net assets divested	2,511
Gain on sale of shares	1,765

The transaction was an asset deal in which all assets belonging to Cramo's Equipment Rental operations in Denmark, including rental equipment, inventory, customer contracts and depot premises lease contracts, were acquired by the buyer. The divestment was completed on 31 August 2017.

In August 2017 Cramo signed an agreement by divesting its operations in Latvia and Kaliningrad. In the divestment Cramo sold the share capital of its operative companies SIA Cramo and Cramo Kaliningrad OOO to AS Storent Investments. The transaction included all assets and liabilities of the companies. The transaction was completed on 1 August 2017.

The transaction had a positive impact on Cramo Group's 2017 result amounting approximately 1.8 million. In 2016, sales of operations in Latvia and Kaliningrad amounted to EUR 6.3 million with comparable EBITA of EUR -0.8 million.

EUR 1,000	2017
Divestment of Equipment rental business in Denmark	2017
Sales price	23,614
Advisory fees related to the disposal	292
Other expenses affecting to gain on sale	955
Assets	
Property, plant and equipment	23,740
Sale of inventories	279
Other net working capital items	160
Divested assets	24,179
Liabilities	
Other liabilities	687
Net assets divested	23,492
Net loss on sale of business	-1,125

7. JOINT VENTURES

Reconciliation of summarised financial information

EUR 1,000	Fortrent		Fellesutleie AS		Total	
	2017	2016	2017	2016	2017	2016
Summarised financial information						
Opening net assets at 1 Jan	12,159	2,801	242	233	12,401	3,034
Profit/loss for the period	2,078	2,663	80	-4	2,158	2,659
Other comprehensive income items	-2,579	6,695	-23	13	-2,602	6,708
Closing net assets at 31 Dec	11,658	12,159	300	242	11,958	12,401
Interest in joint venture (50%)	5,829	6,080	150	121	5,979	6,200
Transaction costs	1,091	1,091			1,091	1,091
Carrying amount of investment	6,920	7,171	150	121	7,069	7,292

Fortrent is a construction machinery and equipment rental company operating in Russia and Ukraine. The company is owned and controlled jointly 50/50 by Cramo and Ramirent. Cramo presents its share of profit or loss from the joint venture above EBITDA in the consolidated income statement in accordance with the equity method of accounting.

Cramo and Ramirent have granted loans to the joint venture. The value of the loan at the end of 2017 is 20.3 million. In 2017 Fortrent has amortised the loans by EUR 5.5 (4.7) million.

In the fourth quarter 2016 due to the reclassification of loans Fortrent booked part of the exchange rate difference of loans to the income statement instead of equity (net investment). Due to the change Fortrent's full year net result increased by EUR 1.0 million.

The Group has also a 50 per cent share in a joint venture Fellesutleie AS. The company operates in machinery rental in Norway. Cramo presents its share of profit of the joint venture using the equity method of accounting above EBITDA.

EUR 1,000	Fortrent		Fellesutleie AS	
	2017	2016	2017	2016
Summarised balance sheet				
Current assets				
Cash and cash equivalents	447	351	378	44
Other current assets (excluding cash)	6,129	6,837		255
Total current assets	6,576	7,188	378	299
Other current liabilities	4,000	3,265	14	17
Total current liabilities	4,000	3,265	14	17
Non-current assets				
Goodwill	5,023	5,421		
Intangible assets relating to PPA	3,666	4,760		
Other non-current assets	21,630	24,513		4
Deferred tax assets	1,658	2,287		
Total non-current assets	31,977	36,981		4
Interest bearing liabilities	20,306	25,852		
Deferred tax liabilities	2,589	2,893	64	45
Total non-current liabilities	22,895	28,745	64	45
Net assets	11,658	12,159	300	242

Fortrent has commitments amounting to EUR 0.3 (0.2) million.

EUR 1,000	Fortrent		Fellesutleie AS	
	2017	2016	2017	2016
Summarised statement of comprehensive income				
Sales	32,225	29,578	251	382
Materials and services	-8,963	-9,615		
Other expenses	-11,753	-10,356	-145	-389
Depreciation and impairment on tangible assets	-6,980	-6,477		
EBITA	4,529	3,130	106	-7
Amortisation and impairment resulting from acquisitions	-788	-702		
Interest expenses	-604	-724		
Other financial income	-549	1,196	-52	1
EBT	2,588	2,900	54	-7
Income taxes	-510	-237	27	3
Profit / loss for the year	2,078	2,663	80	-4
Other comprehensive income items	-2,579	6,695	-23	13
Total comprehensive income	-501	9,358	58	9

8. DEFERRED TAXES

Deferred tax assets and liabilities as presented in the balance sheet

EUR 1,000	2017	2016
Deferred tax assets	13,692	13,874
Deferred tax liabilities	79,821	75,331
Deferred tax liabilities net	66,129	61,457

Movements in deferred tax assets and liabilities during the year:

EUR 1,000	1 Jan 2017	Recognised in income statement	Recognised in other comprehensive income	Acquisitions and disposals	Exchange differences	31 Dec 2017
Deferred tax assets						
Tax losses carried forward	7,285	-200			-165	6,920
Double taxation of interests ¹	862	716				1,578
Depreciation difference, negative	866	-46			35	855
Financial leases	172	-80			3	95
Fair value of hedging fund	2,090		-527			1,563
Derivative financial instruments	3	347				350
Elimination of internal profit	755	-208				547
Retirement benefit liabilities	539	-122	-12		-4	401
Other temporary differences	1,302	26			55	1,383
Total	13,874	433	-539		-76	13,692
Deferred tax liabilities						
Depreciation difference	60,900	6,083			-2,154	64,830
Financial leases	2,700	951			-27	3,624
Derivative financial instruments	177	-19				158
Valuation of assets to fair value in business combinations	11,134	-819			-85	10,230
Undistributed retained earnings	325	25				350
Other temporary differences	95	382			152	629
Total	75,331	6,603			-2,114	79,821
Deferred tax liabilities net	61,457	6,170	539		-2,038	66,129
EUR 1,000	1 Jan 2016	Recognised in income statement	Recognised in other comprehensive income	Acquisitions and disposals	Exchange differences	31 Dec 2016
Deferred tax assets						
Tax losses carried forward	7,185	277			-177	7,285
Double taxation of interests ¹	862					862
Depreciation difference, negative	913	-47				866
Financial leases	252	-76			-4	172
Fair value of hedging fund	1,664		426			2,090
Derivative financial instruments	47	-44				3
Elimination of internal profit	873	-118				755
Retirement benefit liabilities	552	8	-6		-15	539
Other temporary differences	1,115	183			4	1,302
Total	13,463	183	420		-192	13,874
Deferred tax liabilities						
Depreciation difference	53,919	8,397			-1,415	60,900
Financial leases	3,709	-906			-103	2,700
Derivative financial instruments	178	-1				177
Valuation of assets to fair value in business combinations	12,608	-967		-378	-129	11,134
Undistributed retained earnings	200	125				325
Other temporary differences	22	129			-55	95
Total	70,636	6,777		-378	-1,702	75,331
Deferred tax liabilities net	57,173	6,594	-420	-378	-1,510	61,457

The deferred tax liability for the annual profits of the Estonian subsidiary has been recognised since the financial year 2013 corresponding to the half of the profit in line with the dividend distribution policy for future earnings. No deferred tax liability has been recognised on the undistributed earnings of the earlier years, because the distribution is in the control of the Group and no such decision related to dividend payment policy have been made that would require the recognition of a deferred tax liability.

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group had not recognised deferred tax assets of EUR 10,410 (11,559) thousand of the tax losses in respect of subsidiaries that are currently making a loss.

¹ According to the residual tax decisions issued by the Finnish Tax Administration, the interest income from Cramo's financing company in Belgium have been partly taxed in Finland concerning 2009–2013. Cramo Plc has appealed to an Administrative Court in Finland against the approximately one million euro tax penalty associated with tax decision concerning 2009–2012. In 2017 Cramo Plc has supplemented the appeal to an Administrative Court in Finland concerning years 2011–2013. In the supplement of the appeal Cramo Plc has demanded to annul the taxation of the interest income in Finland. Concerning years 2009–2010 Cramo Plc has submitted the case to the mutual agreement procedure (the MAP process) between Belgium and Finland, to the extent that Cramo has been subjected to double taxation. The Group has recognised deferred tax assets of EUR 1.6 (0.7) million of the income, which are subject to double taxation.

Specification of tax items recognised in other comprehensive income is presented in note 26.

9. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

EUR 1,000 At 31 Dec 2017	Note	Items at fair value through profit and loss	Items at amortised cost	Hedge accounted derivatives	Book value	Fair value	Fair value hierarchy
Non-current financial assets							
Interest-bearing receivables	11		10,153		10,153	10,153	2
Trade and other receivables	11		909		909		-
Current financial assets							
Derivative financial instruments	10	788			788	788	2
Trade and other receivables	11		122,230		122,230		-
Cash and short-term deposits	13		2,594		2,594	2,594	2
Total		788	135,886		136,674		
Non-current financial liabilities							
Interest-bearing liabilities	15		296,756		296,756	307,849	2
Derivative financial instruments	10			7,817	7,817	7,817	2
Other non-current liabilities	17		1,606		1,606		-
Current financial liabilities							
Interest-bearing liabilities	15		88,174		88,174	88,174	2
Derivative financial instruments	10	680			680	680	2
Trade and other payables	18		89,121		89,121		-
Total		680	475,657	7,817	484,154		

EUR 1,000 At 31 Dec 2016	Note	Items at fair value through profit and loss	Items at amortised cost	Hedge accounted derivatives	Book value	Fair value	Fair value hierarchy
Non-current financial assets							
Interest-bearing receivables	11		12,926		12,926	12,926	2
Trade and other receivables	11		1,301		1,301		-
Current financial assets							
Derivative financial instruments	10	883			883	883	2
Trade and other receivables	11		120,346		120,346		-
Cash and short-term deposits	13		9,099		9,099	9,099	2
Total		883	143,672		144,555		
Non-current financial liabilities							
Interest-bearing liabilities	15		347,858		347,858	355,979	2
Derivative financial instruments	10			10,451	10,451	10,451	2
Other non-current liabilities	17		2,710		2,710		-
Current financial liabilities							
Interest-bearing liabilities	15		48,245		48,245	48,245	2
Derivative financial instruments	10	250			250	250	2
Trade and other payables	18		86,285		86,285		-
Total		250	485,098	10,451	495,799		

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 receivables and liabilities

The fair value of loans and loans receivable 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 and investments. The overall rate consists of a 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 to similar contracts.

Trade and other receivables and liabilities

The fair value of trade and other receivables and liabilities corresponds to 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:

The following fair value measurement hierarchy is applied for the financial instruments measured in the balance sheet at fair value.

- 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).

10. 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). 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 objectives of Group Treasury are 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. In addition, Group Treasury actively monitors the actual values of the Group's financial covenants and anticipated financial headroom in relation to maximum values of these financial covenants as part of the Group's business planning.

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 risk, which arises from liabilities at variable rates and is partly off-set by the bonds with fixed interest rate. At the balance sheet date, 76.5% (75.2%) of outstanding interest-bearing liabilities were at fixed interest rates when including the effect of derivatives used. During 2017 and 2016 the Group's borrowings were denominated mainly in the EUR. The currency specification of financial lease liabilities is presented in table later in this note. The weighted average interest rate fixing period for loan portfolio was 3.1 (3.8 years). The Treasury Policy states the limit for the portion of fixed interest to be 20-80% of the whole loan portfolio and duration to stay in a range from one to four years.

The Group manages its interest rate related cash flow 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 at 31 December 2017 EUR 130.0 (130.0) million. IAS 39 hedge accounting was applied to all of these interest rate swaps. 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 2017 on EUR-denominated borrowings had been 1% higher/lower with all other variables held constant, the impact to pre-tax profit for the year would have been EUR -0.8/-0.9 (-0.7/-0.9) million, as a result of changes in the interest flows on floating rate borrowings and hedging instruments. The impact in other comprehensive income items would have been EUR +5.0/-5.0 (+5.9/-5.9) million, 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.

MEUR	2017				2016			
	Income statement		Other comprehensive income		Income statement		Other comprehensive income	
Effect of change in interest rates	+ 1%	- 1%	+ 1%	- 1%	+ 1%	- 1%	+ 1%	- 1%
Interest-bearing liabilities	-1.8				-1.7			
Interest rate derivatives, hedge accounted	0.9	-0.9	5.0	-5.0	0.9	-0.9	5.9	-5.9
Total	-0.8	-0.9	5.0	-5.0	-0.7	-0.9	5.9	-5.9

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 15.

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 krona, Norwegian krone and Danish krone. Foreign exchange risk arises primarily from internal funding and net investments in foreign operations as well as from recognised assets and liabilities.

Foreign exchange risk arising from internal funding and recognised assets and liabilities is managed primarily through forward contracts. A table following in this note presents the maturity structure of these derivatives.

Hedge accounting is not applied for these derivatives and 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 table presents the Group's currency exposure and the sensitivity effects to equity. The sensitivity calculation is based on a change of 10% in the Euro exchange rate against all the functional currencies that the Group operates in.

EUR 1,000	31 Dec 2017		31 Dec 2016	
	Exposure	Sensitivity	Exposure	Sensitivity
Translation risk and hedging				
SEK	433,704	-/+ 43,370	413,074	-/+ 41,307
DKK	21,724	-/+ 2,172	40,951	-/+ 4,095
NOK	40,350	-/+ 4,035	19,164	-/+ 1,916
Other	28,533	-/+ 2,853	19,552	-/+ 1,955
Total	524,312	-/+ 52,431	492,741	-/+ 49,274

During 2017 and 2016 Cramo has not utilised any financial instruments to hedge the net investments in subsidiaries denominated in other currencies than EUR.

In 2017 the translation differences arising from subsidiaries' equities denominated in Swedish krona amounted to EUR -12.5 (-14.7) million, in

Danish krone EUR -0.0 (-0.0) million, in Norwegian krone EUR -3.1 (1.6) million and other currencies EUR -0.2 (-0.5) million. In addition to these, translation differences derived from a joint venture Fortrent amounted to EUR -1.3 (3.3) million. The cumulative total of translation differences shown in other comprehensive income items totalled to EUR -53.8 (-36.7) million.

EUR 1,000	31 Dec 2017				31 Dec 2016			
	Exposure	Hedges	Net exposure	Sensitivity	Exposure	Hedges	Net exposure	Sensitivity
Transaction risk and hedging								
SEK	-37,802	33,320	-4,481	+/- 448	-43,852	39,497	-4,355	+/- 436
DKK	22,436	-19,812	2,624	-/+ 262	36,166	-34,088	2,078	-/+ 208
NOK	33,616	-28,963	4,654	-/+ 465	36,325	-31,325	5,000	+/- 500
Other	9,915	-8,917	998	-/+ 99	13,127	-11,266	1,862	+/- 186
Total	27,794	-24,371	3,423	-/+ 379	41,765	-37,181	4,584	+/- 458

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

EUR 1,000	31 Dec 2017				31 Dec 2016			
	Nominal value	Positive fair value	Negative fair value	Net fair value	Nominal value	Positive fair value	Negative fair value	Net fair value
Currency derivative instruments	110,972	711	-603	108	116,225	813	-180	633
Interest rate derivative instruments	130,000		-7,817	-7,817	130,000		-10,451	-10,451
Total	240,972	711	-8,420	-7,709	246,225	813	-10,631	-9,818

The derivatives used in 2017 and 2016 were currency forward contracts and interest rate swaps. These were used for hedging purposes in line with the Group's hedging policy.

The change in fair value of currency derivatives has been recognised in the income statement. The change in fair value of hedge accounted interest rate derivatives has been recognised in other comprehensive income items, as net of tax. On 31 December 2017 the open derivative exposure reflected well the exposure retained during the financial year.

Cramo enters into derivative transactions under master netting agreements. In general the amounts owed by each counterparty are settled with one single net payment by each currency. In certain circumstances, e.g. when a credit event such as a default occurs, all outstanding transactions under the agreements are terminated and only one amount is payable in settlement of all transactions. The netting agreements do not meet the criteria for offsetting in the balance sheet. The following table illustrates the carrying amounts of derivative instruments that are subject to the agreements described above.

EUR 1,000	2018	2019	2020	2021	2022	2023+	Total
Derivative instruments mature as follows, 2017							
Currency derivative instruments	110,972						110,972
Interest rate derivative instruments			20,000	20,000	65,000	25,000	130,000
Total interest derivative instruments	110,972		20,000	20,000	65,000	25,000	240,972

EUR 1,000	2017	2018	2019	2020	2021	2022+	Total
Derivative instruments mature as follows, 2016							
Currency derivative instruments	116,225						116,225
Interest rate derivative instruments				20,000	20,000	90,000	130,000
Total interest derivative instruments	116,225			20,000	20,000	90,000	246,225

EUR 1,000	2017	2016
Derivative financial assets		
Gross amounts in the balance sheet	711	801
Related instruments that are not offset	-541	-436
Total	170	365

EUR 1,000	2017	2016
Derivative financial liabilities		
Gross amounts in the balance sheet	8,421	10,717
Related instruments that are not offset	-541	-436
Total	7,880	10,281

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 2017.

The maturity structure of accounts receivables is presented in note 11.

Also the credit losses and increase of provision for bad debts are presented in note 11. 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 2017 the undrawn committed credit facilities totalling EUR 267.2 (206.1) million, of which long-term EUR 250.0 (190.0) million and short-term EUR 17.2 (16.1) 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. In December, Cramo and the European Investment Bank (EIB) signed a EUR 50 million long-term loan agreement to back Cramo's European growth strategy and commitment to circular economy. Funds will be withdrawn during 2018 and will be used to modernize and expand Cramo's fleet. The agreement was made possible by the European Fund for Strategic Investments (EFSI), the central pillar of the Investment Plan for Europe launched by EIB Group and European Commission to boost the competitiveness of the European economy.

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.

EUR 1,000	Less than 1 year	1-2 years	2-5 years	Over 5 years	Total
Maturities of financial liabilities at 31 Dec 2017					
Derivatives					
FX forward contracts, outflow	-603				-603
FX forward contracts, inflow	711				711
Interest rate swaps, outflow	-1,837	-1,824	-4,652	-542	-8,854
Interest rate swaps, inflow	-413	-179	1,531	286	1,224
Derivatives, net	-2,142	-2,003	-3,121	-256	-7,522
Accounts payable and other non-interest bearing liabilities	-89,121	-1,606			-90,727
Borrowings (excl. finance lease liabilities)	-91,820	-5,490	-304,943		-402,252
Finance lease liabilities	-2,307	-1,213	-737		-4,257
Total	-183,248	-8,309	-305,680		-497,236

EUR 1,000	Less than 1 year	1-2 years	2-5 years	Over 5 years	Total
Maturities of financial liabilities at 31 Dec 2016					
Derivatives					
FX forward contracts, outflow	-180				-180
FX forward contracts, inflow	813				813
Interest rate swaps, outflow	-1,647	-1,656	-4,812	-1,753	-9,868
Interest rate swaps, inflow	-365	-289	194	601	141
Derivatives, net	-1,379	-1,945	-4,618	-1,152	-9,094
Accounts payable and other non-interest bearing liabilities	-86,285	-2,710			-88,995
Borrowings (excl. finance lease liabilities)	-48,536	-27,173	-194,067	-148,506	-418,283
Finance lease liabilities	-2,733	-2,037	-1,233	-275	-6,278
Total	-137,554	-31,920	-195,300	-148,781	-513,556

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 Treasury regularly monitors the development of the capital structure.

The Group monitors capital structure based on the of the ratio of net interest-bearing liability to total equity (gearing) and the ratio of net interest-bearing liability to EBITDA (Net debt/EBITDA). One of the financial targets of the Group is to keep the Net debt/EBITDA ratio below 3.0. This target was well met both in 2017 and 2016.

The net interest-bearing liabilities of the Group at 31 December 2017 totalled EUR 382.3 million, while at 31 December 2016 they were EUR 387.0 million. During 2017 the net interest-bearing liabilities decreased by EUR 4.7 million.

Net debt and gearing are represented in the table below.

EUR 1,000	2017	2016
Interest-bearing liabilities	384,930	396,103
Cash and cash equivalents	2,594	9,099
Net interest-bearing liabilities	382,335	387,004
Total equity	557,384	519,671
EBITDA	232,196	218,701
Net debt to EBITDA	1.65	1.77
Gearing, %	68.6	74.5

11. NON-CURRENT AND CURRENT RECEIVABLES

EUR 1,000	2017	2016
Non-current receivables		
Loan receivables from joint ventures (see note 31)	10,153	12,926
Pension assets (see note 16)		47
Other receivables	909	1,301
Non-current receivables, total	11,062	14,274
Current receivables		
Trade receivables	119,330	116,937
Other receivables	2,900	3,410
Prepaid expenses and accrued income	24,379	15,905
Current receivables, total	146,609	136,252

Trade receivables are non-interest-bearing and are generally on 14–60 day terms.

A total amount of EUR 2.585 (2.255) thousands of trade receivables has been recognised in the income statement as impairment losses. See below for the movements in the provision for impairment of receivables. For further guidance, see credit risk note 10.

EUR 1,000	2017	2016
Movements in the provision for impairment of receivables		
At 1 Jan	4,833	5,576
Exchange differences	-18	-3
Charge for the period (+)/income (-)	-520	-740
At 31 Dec	4,295	4,833

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.

12. INVENTORIES

EUR 1,000	2017	2016
Materials, supplies and goods for sale	9,193	8,817
Obsolescence allowance	-120	-96
Total	9,073	8,721

Material items included in prepaid expenses and accrued income relate to un invoiced revenue accrual and prepaid premises, insurance, personnel and leasing expenses.

EUR 1,000	2017	2016
Ageing analysis of trade receivables		
Trade receivables, not due at reporting date	88,978	98,318
Trade receivables 1 – 30 days overdue	26,104	13,043
Trade receivables 31 – 60 days overdue	1,807	2,916
Trade receivables 61 – 90 days overdue	310	309
Trade receivables 91 – 180 days overdue	853	780
Trade receivables more than 180 days overdue	1,279	1,571
Total	119,330	116,937

EUR 1,000	2017	2016
Trade receivables by currencies		
EUR	33,656	31,218
SEK	64,047	61,162
NOK	13,039	11,594
DKK	3,443	9,011
PLN	2,116	1,617
Other	3,028	2,335
Total	119,330	116,937

Trade receivables are arising from a large number of customers and are mainly denominated in EUR, SEK and NOK, therefore mitigating the concentration of risk.

13. CASH AND CASH EQUIVALENTS

EUR 1,000	2017	2016
Cash in hand and at banks	2,594	9,099
Total	2,594	9,099

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 2017, the Group had available EUR 267.2 (206.1) 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 2017 and 31 December 2016.

14. SHARE CAPITAL AND EQUITY FUNDS

EUR 1,000	Number of shares	Share capital	Other reserves	Total
Movements during the year				
At 1 Jan 2016	44,621,294	24,835	326,297	351,132
Delivery of own shares	69,260		602	602
At 31 Dec 2016	44,690,554	24,835	326,900	351,735
Delivery of own shares			280	280
At 31 Dec 2017	44,690,554	24,835	327,179	352,014

During the financial year Cramo Plc had performance shareplans and one Cramo share savings plan in operations. More information on the share-based payments is given in note 30.

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 subscription price of the shares and also the premiums received on exercise of share options and other share issues under the old Limited Liability Companies Act. Other reserves includes also invested unrestricted equity which were formed in 2010 when shares were subscribed in the option program 2006A. After this the reserve has been increased by shares given in sharebased incentive programs and share issues related to changes in group structure.

Cramo Plc has in its balance sheet own shares amounted to 203,730 pcs.

Hedging fund

The Group applies hedge accounting for all of the 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 in the income statement and classified within finance expenses.

Translation differences

Translation differences arise from the consolidation of the financial statements of subsidiaries outside the Euro zone.

EUR 1,000	
Movements during the year	Hedging fund
At 1 Jan 2016	-7,074
Cash flow hedges	
Fair value gains in period	-1,924
Tax on fair value gains	426
At 31 Dec 2016	-8,572
Cash flow hedges	
Fair value gains in period	2,803
Tax on fair value gains	-527
At 31 Dec 2017	-6,296

At the balance sheet date the Group had not hedged any foreign currency denominated equity.

DIVIDENDS

The Board proposes to the AGM a dividend of EUR 0.85 (0.75) per share for year 2017.

15. INTEREST-BEARING LIABILITIES

EUR 1,000	2017		2016	
	Book value	Fair value	Book value	Fair value
Non-current interest-bearing liabilities				
Bank loans	148,914	148,914	183,391	183,391
Bond	145,922	157,015	161,089	169,211
Finance lease liabilities	1,920	1,920	3,378	3,378
Total	296,756	307,849	347,858	355,980
Current interest-bearing liabilities	Book value		Book value	
Bank Loans	25,976		10,636	
Finance lease liabilities	2,255		2,639	
Commercial papers	59,943		34,970	
Total	88,174		48,245	
Total interest-bearing liabilities	384,930		396,103	

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.

At the year end the Group had available undrawn committed credit facilities totalling EUR 267.2 (206.1) million, of which long-term EUR 250.0 (190.0) million and short-term EUR 17.2 (16.1) million.

In December, Cramo and the European Investment Bank (EIB) signed a EUR 50 million long-term loan agreement to back Cramo's European growth strategy and commitment to circular economy. Funds will be

withdrawn during 2018 and will be used to modernize and expand Cramo's fleet. The agreement was made possible by the European Fund for Strategic Investments (EFSI), the central pillar of the Investment Plan for Europe launched by EIB Group and European Commission to boost the competitiveness of the European economy. The loan is unsecured and bullet type with a 5 year tenor. The new loan has the same financial covenant, the Net Debt to EBITDA ratio, as Cramo's syndicated facilities. Cramo has extensive headroom towards the essential parameters breaking the covenant.

EUR 1,000	Interest-bearing liabilities mature as follows, 2017						
	2018	2019	2020	2021	2022	2023+	Total
Bank loans	9,521	202		29,783	119,131		158,637
Bond	16,252				145,922		162,174
Finance lease liabilities	2,255	1,192	316	413			4,176
Commercial papers	59,943						59,943
Total	87,972	1,394	316	30,195	265,053		384,930

EUR 1,000	Interest-bearing liabilities mature as follows, 2016						
	2017	2018	2019	2020	2021	2022+	Total
Bank loans	10,636	202		36,638	146,551		194,027
Bond		16,146				144,944	161,089
Finance lease liabilities	2,639	1,970	1,169	240			6,018
Commercial papers	34,970						34,970
Total	48,245	18,318	1,169	36,878	146,551	144,944	396,103

Weighted average maturity and interest rates at 31 Dec	2017		2016	
	Maturity, years	Interest, %	Maturity, years	Interest, %
Bank loans	2.6	1.03	3.6	1.12
Bond	3.8	2.58	4.7	2.58
Commercial papers	0.2	0.42	0.1	0.49
Finance leases	1.7	1.96	1.8	1.55
Total	2.8	1.61	3.8	1.67

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.

EUR 1,000	2017	2016
Gross finance lease liabilities – minimum lease payments		
Payable < 1 year from balance sheet date	2,307	2,733
Payable 1–5 years from balance sheet date	1,951	3,544
Total	4,257	6,277
Future finance charges on finance leases	82	259
Present value of minimum future finance lease payments	4,176	6,018

EUR 1,000	2017	2016
Finance lease liabilities by currency		
SEK	2,086	3,132
NOK	1,151	2,080
EUR	769	402
Other	170	403
Total	4,176	6,018

16. RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations as presented in the balance sheet as follows:

EUR 1,000	2017	2016
Liabilities in the balance sheet		
Defined pension benefits	1,323	1,470
Other long-term employee benefits	593	140
Total	1,916	1,610
Assets in the balance sheet		
Defined pension benefits (see note 11)		47
Total		47

The Group operates a number of retirement benefit plans in accordance with local conditions and practises in the countries in which it operates. Most of the retirement benefit plans are defined contribution plans. Currently there are one benefit plan in Germany that is classified as defined benefit plan. In 2016 the group had a defined benefit pension plan in Sweden, but in 2017 it has been reclassified as defined contribution plan. The change is accounted for as settlement.

The pension obligations in Germany are directly at the Group's own responsibility and there are no funded assets. The plan applies to already retired employees.

The amounts recognised in the balance sheet are determined as follows:

EUR 1,000	2017	2016
Present value of funded obligations		1,426
Fair value of plan assets		-1,379
Excess (-) / Deficit (+) of funded plans		47
Present value of unfunded obligations	1,323	1,470
Total deficit of defined benefit plans	1,323	1,517

Defined benefit obligation has changed during the period as follows:

EUR 1,000	2017	2016
Net book value at 1 Jan	2,897	3,039
Exchange differences		-52
Benefits paid	-124	-156
Interest cost	21	71
Remeasurements	-43	-6
Settlements	-1,426	
Net book value at 31 Dec	1,323	2,897

Fair value of plan assets has changed during the period as follows:

EUR 1,000	2017	2016
Balance at 1 Jan	1,379	1,413
Exchange differences		-54
Benefits paid		-26
Interest income		40
Remeasurements		5
Settlements	-1,379	40
Balance at 31 Dec		1,379

Expense in the income statement has been defined as follows:

EUR 1,000	2017	2016
Net interest income (+)/cost (-)	-21	-31
Total	-21	-31

Remeasurements charged (+) or credited (-) to equity in other comprehensive income as follows:

EUR 1,000	2017	2016
Remeasurements:		
Gain (-) / Loss (+) from change in financial assumptions	-43	157
Experience gains (-) / losses (+)		-169
Total	-43	-11

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

%	2017	2016
Discount rate	1.47	1.47–2.50
Expected pension increase rate	2.00	2.00

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:	Change in assumption	Effect of increase in assumption on the obligation	Effect of decrease in assumption on the obligation
Discount rate, %	0.50	Decrease by 3.97	Increase by 4.26
Pension growth rate, %	1.00	Increase by 2.80	Decrease by 2.70
Life expectancy	1 year	Increase by 8.24%	Decrease by 8.44%

Expected maturity analysis of undiscounted pension liabilities:

EUR 1,000 At 31 Dec 2017	Less than a year	Between 1–2 years	Between 2–5 years	Over 5 years	Total
Payments from plans	113	214	277	115	719

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 treated as defined contribution plans.

17. OTHER NON-CURRENT LIABILITIES

EUR 1,000	2017	2016
Advances received	340	112
Other non-current liabilities ¹	1,606	2,710
Total	1,946	2,822

¹ Other non-current liabilities mainly consist of the cash component of the performance share plan program and unpaid contingent considerations of business acquisitions.

18. TRADE AND OTHER PAYABLES

EUR 1,000	2017	2016
Trade payables	71,081	69,930
Advances received	17,388	14,943
Accrued expenses and deferred income	59,439	55,368
Other current liabilities	10,465	7,965
Total	158,372	148,205

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 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

19. COLLATERALS AND CONTINGENT LIABILITIES

EUR 1,000	2017	2016
Collateral given on own behalf		
Debts, secured by collateral		
Finance lease liabilities	4,175	6,018
Collateral given		
Pledges, finance lease	11,026	15,166
Other contingent liabilities		
Investments	37,612	53,874
Other contingent liabilities	1,792	1,344
Group's share of commitments in joint ventures	209	90

Joint venture contingent liabilities see note 7.

EUR 1,000	2017	2016
Commitments to office and depot rents		
Payable < 1 year from balance sheet date	27,870	29,434
Payable 1–5 years from balance sheet date	60,925	59,575
Payable > 5 years from balance sheet date	12,541	9,665
Total	101,336	98,674

EUR 1,000	2017	2016
Operational lease payments		
Payable < 1 year from balance sheet date	8,940	10,394
Payable 1–5 years from balance sheet date	8,393	10,259
Total	17,333	20,653

The Group has entered into commercial leases on rental machinery and vehicles. The maximum maturity of operational lease payments is five years.

20. OTHER OPERATING INCOME

EUR 1,000	2017	2016
Net capital gain on sale of tangible assets ¹	17,133	14,704
Rent on premises	407	676
Income from insurance companies	466	427
Other income	1,368	1,591
Total	19,374	17,398

¹ Included mainly the sale of own rental fleet

21. MATERIALS AND SERVICES

EUR 1,000	2017	2016
Cost of sub-rental and rental-sharing	-30,638	-32,284
Cost of goods sold	-28,212	-25,154
Repair and maintenance cost	-50,824	-51,967
Transportation cost	-54,015	-55,283
Cost of external services	-76,737	-74,714
Total	-240,426	-239,402

22. EMPLOYEE BENEFIT EXPENSES

EUR 1,000	2017	2016
Salaries and fees	-116,015	-115,694
Termination benefits	-321	-431
Share-based payments ¹	-2,142	-2,202
Social security costs	-25,931	-26,005
Pension costs - defined contribution plans	-13,314	-11,498
Total	-157,724	-155,831
Average number of personnel	2,538	2,550
Average number of personnel in joint ventures	324	331

¹ In 2017 share-based payments include EUR 196 (261) thousand of termination benefits, which are presented in the note as termination benefits.

The employee benefits of the Group's management are disclosed in note 31 and information concerning share based payments are presented in note 30. Joint ventures, see note 7.

23. OTHER OPERATING EXPENSES

EUR 1,000	2017	2016
Rent for premises	-31,848	-31,324
Other expenses for premises	-12,845	-12,470
Operational leases	-9,726	-9,852
Bad debts	-2,585	-2,255
Marketing	-7,360	-7,996
ICT	-9,810	-10,234
Temporary staff	-12,883	-11,094
Other personnel related expenses	-13,084	-12,381
Capital loss on sale of shares and businesses	-905	
Other administrative and operating expenses	-18,605	-19,474
Total	-119,651	-117,081
Audit fees		
Authorised Public Accountants KPMG		
Audit fees	-422	-395
Tax consultation	-99	-24
Other services	-169	-72
Total	-690	-491
Other audit companies		
Audit fees	-27	-27
Tax consultation		-3
Other services	-5	-2
Total	-32	-32
Total	-722	-523

Other work than audit services given by the principal auditor KPMG Oy Ab during the year 2017 were EUR 204,7 thousands.

24. DEPRECIATION AND IMPAIRMENT

EUR 1,000	2017	2016
Depreciation of tangible assets	-106,582	-102,695
Amortisation of intangible assets	-3,320	-2,703
Total depreciation	-109,902	-105,397
Impairment loss of tangible assets	-1,611	-6,145
Impairment loss of intangible assets		-419
Depreciation and impairment loss related to tangible and intangible assets	-111,513	-111,962
Amortisation on intangible assets resulting from acquisitions	-3,428	-4,867
Impairment loss related to intangible assets resulting from acquisitions		-3,167
Amortisation and impairment loss resulting from acquisitions	-3,428	-8,034
Total depreciation, amortisation and impairment losses	-114,941	-119,995
Depreciation of tangible assets	-106,582	-102,695
Amortisation of intangible assets	-3,320	-2,703
Amortisation of intangible assets resulting from acquisitions	-3,428	-4,867
Total depreciation and amortisation	-113,330	-110,264
Impairment loss of tangible assets	-1,611	-6,145
Impairment loss of intangible assets		-419
Impairment loss related to intangible assets resulting from acquisitions		-3,167
Total impairment losses	-1,611	-9,731
Total depreciation, amortisation and impairment losses	-114,941	-119,995

In 2017 no impairment losses were recognised on goodwill or intangible assets. In 2016 total of 3.6 million euros of impairment losses were recognised on intangible assets related to Eastern Europe and Denmark.

In 2017, a total of 1.6 million euros of impairments of tangible assets were recognised as follows: Equipment Rental Scandinavia EUR 1.1 million, Equipment Rental Finland and Eastern Europe EUR 0.2 million, Equipment Rental Central Europe EUR 0.2 million and Modular space EUR 0.1 million. During 2016, a total of 6.1 million euros of impairment of tangible assets were recognised of which 4.4, million euros related to Denmark and Eastern Europe.

25. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2017	2016
Interest income on loans receivable and cash and cash equivalents	796	878
Exchange rate gains, non-hedge accounted derivatives	4,363	2,851
Other exchange rate gains	9,734	6,055
Other financing income	28	
Incomes total	14,921	9,784
Interest expenses on financial liabilities measured at amortised cost	-7,696	-7,658
Interest expenses on financial leases	-104	-162
Net interest expenses on interest rate derivatives, cash flow hedges	-3,049	-2,937
Exchange rate losses, non-hedge accounted derivatives	-4,322	-5,651
Other exchange rate losses	-10,096	-3,533
Arrangement and commitment fees relating to interest-bearing loans	-1,647	-1,517
Other financing expenses	-49	-177
Expenses total	-26,962	-21,633
Net financial incomes and expenses	-12,042	-11,849

In accordance with the Treasury Policy, the Group uses interest rate swaps as 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.

Foreign exchange risk arising from internal funding and recognised assets and liabilities is managed primarily through forward contracts. Hedge accounting is not applied for these derivatives and the change in the fair value of derivatives is recognised in net finance expenses. The Group's foreign exchange exposures originate mainly from the Swedish krona, Norwegian krone and Danish krone.

26. INCOME TAXES

EUR 1,000	2017	2016
Amounts recognised in income statement		
Current year tax	-14,914	-11,591
Adjustment for prior years	121	-102
Change in deferred taxes	-6,171	-6,594
Total	-20,964	-18,287

Amounts recognised in other comprehensive income items (OCI)	2017			2016		
	Before tax	Tax effect	Net of tax	Before tax	Tax effect	Net of tax
Remeasurements of defined benefit liability	42	12	30	11	6	5
Change in hedging fund	2,803	527	2,276	-1,924	-426	-1,498
Share of OCI of joint ventures	-1,290		-1,290	3,348		3,348
Translation difference transferred to income statement through liquidation				-267		-267
Change in translation differences	-15,823		-15,823	-13,347		-13,347
Total	-14,268	539	-14,807	-12,179	-420	-11,759

Reconciliation of effective tax rate

The difference between income taxes at the domestic tax rate in Finland 20% (2016: 20%) and income taxes recognised in the consolidated income statement is reconciled as follows:

EUR 1,000	2017	2016
Profit before tax	105,213	86,856
Tax calculated with domestic corporate tax rate	-21,043	-17,371
Foreign subsidiaries divergent tax rate +/-	-1,652	-1,226
Tax from the previous financial periods	121	-102
Change in tax rates	112	33
Non-taxable income	594	163
Non-deductable expenses	-1,329	-1,441
Share of result of joint ventures reported net of taxes	216	266
Tax losses for which no deferred income tax asset was recognised	-641	-17
Utilisation of previously unrecognised tax losses	1,788	453
Recognition of previously unrecognised tax losses		1,034
Double taxation of interests – increase of the deferred tax receivable ¹	716	
Other items	154	-79
Taxes in income statement	-20,964	-18,287
Group's effective tax rate, %	19.9	21.1

Deferred taxes have been recalculated due to the following changes in tax rates: Norway from 25% to 24% (2016: Slovak Republic from 23% to 21%).

¹ See note 8 Deferred tax assets

27. EARNINGS PER SHARE

	2017	2016
Profit for the year attributable to owners of the parent company, EUR 1,000	84,236	68,569
Number of shares		
Basic weighted average number of shares outstanding	44,479,685	44,444,804
Effect of stock options and share plans granted	254,656	231,057
Diluted weighted average number of shares outstanding	44,734,341	44,675,861
Earnings per share from profit attributable to owners of the parent company		
Basic, EUR	1.89	1.54
Diluted, EUR	1.88	1.53

Basic earnings per share are calculated by dividing the net profit attributable to the owners of the parent company by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by adjusting the weighted average number of all shares to assume conversion of all potentially dilutive shares.

The Group has share plans with a dilutive effect, which increases the number of shares.

29. INTEREST-BEARING LOANS IN CASH FLOW FROM FINANCING ACTIVITIES

Reconciliation of movements of liabilities to cash flow arising from financing activities	Balance at 1 January 2017	Cash flow effect	FX Changes	Disposals	IFRS accruals and movements to other group	Balance at 31 December 2017
Bond	161,089				-15,167	145,922
Syndicated bank loan	183,189	-35,000			724	148,913
Commercial papers	34,970	30,680	-3,449	-2,259	16,252	76,194
Bank overdraft facilities	10,607	-1,113				9,494
Financial leases	6,018	-1,641	-171	-31		4,175
Other	229	1				230
Liabilities total	396,102	-7,073	-3,620	-2,290	1,809	384,928

30. SHARE-BASED PAYMENTS

During the financial year the Group had performance share plans and One Cramo share savings plans in operation. The Group has two performance share plans, established as part of the incentive and commitment program for the key personnel of the Group. The plan established in 2012 covers three discretionary periods 2012, 2013 and 2014 and the plan established in 2015 covers three discretionary periods 2015, 2016 and 2017. One Cramo share plans have been established to encourage Cramo employees to become shareholders in the company. The sixth plan period 2016-2017 was started 1 October 2017.

Effect of Share Plans on the result and financial position

EUR 1,000	
Expenses for the financial period, share-based payments	3,133
Expenses for the financial period, share-based payments, equity-settled	1,626
Liabilities arising from share-based payments on 31 Dec 2017	3,181

28. OTHER NON-CASH CORRECTIONS

EUR 1,000	2017	2016
Net capital gain on sale of tangible assets	-16,227	-14,704
Share-based payments	1,626	1,002
Indirect translation difference transferred to income statement through liquidation		-267
Other non-cash corrections		80
Total	-14,601	-13,889

PERFORMANCE SHARE PLAN

The Group has two performance share plans. The plan established in 2012 covers three discretionary periods 2012, 2013 and 2014 and the plan established in 2015 covers three discretionary periods 2015, 2016 and 2017. The plans were established as part of the incentive and commitment program for the key personnel of the company and its subsidiaries. They offer the target group the opportunity to earn the company shares as a reward on the basis of achievement of targets established for the performance criteria.

There shall be a maximum total of 2,000,000 shares that shall be given as reward on the basis of the two plans covering years 2012-2017 including a cash proportion needed for taxes and tax-related costs arising from the reward to the key employees on the book-entry registration date of the shares. The rewards shall be paid to the key employees approximately two years after the confirmation of the reward. The rewards of the discretionary period 2014 were paid in January 2017.

The key data and changes in the amounts of share ownership plans are presented in the tables below. Since the cash component of the share reward is also recognised as a share-based expense, the amounts below are presented in gross terms, i.e. the share reward figures include both the reward paid in shares and a number of shares corresponding to the amount of the reward paid in cash.

Performance share plan Basic information	Discretionary Period 2014	Discretionary Period 2015	Discretionary Period 2016	Discretionary Period 2017
Maximum number of shares		1,000,000		1,000,000
Dividend adjustment	-	-	-	-
Grant date	17-Mar-14	14-Apr-15	05-Jul-16	19-May-17
Beginning of earning period	01-Jan-14	01-Jan-15	01-Jan-16	01-Jan-17
End of earning period	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17
End of restriction period	31-Jan-17	31-Jan-18	31-Jan-19	31-Jan-20
Vesting conditions	EPS	EPS	EPS	EPS
	Service period	Service period	Service period	Service period
Maximum contractual life, years	2.8	2.8	2.6	2.7
Remaining contractual life, years	0.0	0.1	1.1	2.1
Number of persons at the end of the period		49	57	59
Payment method	Cash & Equity	Cash & Equity	Cash & Equity	Cash & Equity

Performance share plan Changes during the period 2017	Discretionary Period 2014 ²	Discretionary Period 2015 ²	Discretionary Period 2016 ²	Discretionary Period 2017 ²	Weighted remaining life in years
1 Jan 2017					
Outstanding at the beginning of the period ¹	286,500	289,000	243,000		
Changes during the period¹					
Granted				214,800	
Forfeited		20,000	14,083	15,870	
Exercised	286,500	2,500	2,917	630	
Expired					
31 Dec 2017					
Outstanding at the end of the period ¹		266,500	226,000	198,300	1.15
Achievement of reward target, %	14	56.3	87.5	61.3	
Corresponding number of reward shares	82,500	150,040	197,750	121,558	

1 Maximum number of shares received if the reward target was 100% met.

2 The number of shares is presented in gross terms, i.e. the share reward figures include both the reward paid in shares and a number of shares corresponding to the amount of the reward paid in cash

Performance share plan Changes during the period 2016	Discretionary Period 2013 ²	Discretionary Period 2014 ²	Discretionary Period 2015 ²	Discretionary Period 2016 ²	Weighted remaining life in years
1 Jan 2016					
Outstanding at the beginning of the period ¹	275,000	308,000	316,000		
Changes during the period¹					
Granted				252,000	
Forfeited		21,500	27,000	9,000	
Exercised	275,000				
Expired					
31 Dec 2016					
Outstanding at the end of the period ¹		286,500	289,000	243,000	1.5
Achievement of reward target, %	30	14	56	87.5	
Corresponding number of reward shares	82,500	40,110	162,563	212,625	

1 Maximum number of shares received if the reward target was 100% met.

2 The number of shares is presented in gross terms, i.e. the share reward figures include both the reward paid in shares and a number of shares corresponding to the amount of the reward paid in cash

Determination of fair value

Inputs to the fair value determination of the share plans granted during the financial year 2017 are listed in the table below. The fair value of the equity-settled payment has been determined at grant date and the fair value is expensed during the vesting period. The fair value of the cash-settled payment is revalued on each reporting date and expensed during the vesting period. The total fair value of the rewards is based on the achievement of 61.3% of the target and the company's estimate on December 31, 2017 as to the number of shares to be eventually vesting.

Performance share plan Valuation parameters	Discretionary Period 2017
Share price at grant date, EUR	25.67
Expected dividends, EUR	1.39
Fair value of the equity-settled component per share, EUR	24.28
Fair value of the cash-settled component per share on 31 Dec 2017, EUR	19.76
Total fair value on 31 Dec 2017, EUR thousands	2,409

ONE CRAMO SHARE PLAN

One Cramo share plans have been established to encourage all Cramo employees to become shareholders in the company and reward the employees for their efforts in working towards Cramo's goals. Another objective is to strengthen the tie between Cramo shareholders and employees. The sixth One Cramo plan period 2016–2017 was started 1 October 2017.

During the plan periods the participants can save 2–5% of their monthly gross salary. The total amount of all savings from each plan period may not exceed EUR 4 million. The savings are automatically used to purchase Cramo shares for the participants quarterly, after the publication date of the interim results during the plan period, at market price. The participant will receive one free matching share for every two acquired savings shares, if the participant holds the acquired shares until the end of the designated holding period. An additional requirement for receiving the matching

shares is that the participant's employment has not been terminated before the end of the designated holding period. The matching shares will be paid partly in company shares and partly in cash. The cash part is intended to cover the tax and other tax-related costs arising from the reward to the participant.

The first plan period 2012–2013 ended on 30 September 2013 and related additional shares have been conveyed in May 2016. The second plan period 2013–2014 ended on 30 September 2014 and related additional shares have been conveyed in May 2017.

In accordance with IFRS 2 the matching shares that are equity-settled are valued at the date of acquisition of the savings shares. The cash-settled part of the reward will be evaluated to the fair value at each reporting date. The expenses of the plans are recognised on the vesting-periods ending approximately after 3 years from the grant date.

The key data and changes in the amounts of share ownership plans are presented in the tables below.

One Cramo share plan Basic information	One Cramo 2013–2014	One Cramo 2014–2015	One Cramo 2015–2016	One Cramo 2016–2017
Grant date	26-Feb-14	24-Feb-15	24-Feb-16	21-Feb-17
Vesting date	15-May-17	15-May-18	15-May-19	15-May-20
Maximum contractual life, years	3.2	3.2	3.2	3.2
Remaining contractual life, years	0.0	0.4	1.4	2.4
Number of persons at the end of the period		300	310	344
Payment method	Cash & Equity	Cash & Equity	Cash & Equity	Cash & Equity

One Cramo share plan Changes during the period 2017	One Cramo 2013–2014 ¹	One Cramo 2014–2015 ¹	One Cramo 2015–2016 ¹	One Cramo 2016–2017 ¹
1 Jan 2017				
Outstanding at the beginning of the period	20,845	16,149	15,446	
Changes during the period				
Granted				15,336
Forfeited	1,510	1,778	1,769	1,148
Exercised	19,335	826	705	608
Expired				
31 Dec 2017				
Outstanding at the end of the period		13,545	12,972	13,580

¹ The number of shares is presented in gross terms, i.e. the matching share figures include both the reward paid in shares and a number of shares corresponding to the amount of the reward paid in cash.

One Cramo share plan Changes during the period 2016	One Cramo 2012–2013 ¹	One Cramo 2013–2014 ¹	One Cramo 2014–2015 ¹	One Cramo 2015–2016 ¹
1 Jan 2016				
Outstanding at the beginning of the period	25,445	23,091	17,748	
Changes during the period				
Granted				16,301
Forfeited	821	2,246	1,600	855
Exercised	24,624			
Expired				
31 Dec 2016				
Outstanding at the end of the period		20,845	16,149	15,446

¹ The number of shares is presented in gross terms, i.e. the matching share figures include both the reward paid in shares and a number of shares corresponding to the amount of the reward paid in cash.

Determination of fair value

Inputs to the fair value determination of the One Cramo share plan granted during the financial year 2017 are listed in the table below. The fair value of the equity-settled payment has been determined at grant date and the fair value is expensed during the vesting period. The fair value of the cash-settled payment is revalued on each reporting date and expensed during the vesting period. The total fair value of the rewards is based on the company's estimate on December 31, 2017 as to the number of shares to be eventually vesting

One Cramo share plan Valuation parameters	One Cramo 2016–2017
Share price at grant date, EUR	22.62
Share price at reporting period end, EUR	19.76
Cost of equity	8,30%
Holding period, years	1.9
Interest expense (one share), EUR	0.90
Expected dividends, EUR	1.62
Fair value of the equity-settled component per share, EUR	17.36
Fair value of the cash-settled component per share on 31 Dec 2016, EUR	13.76
Total fair value on 31 Dec 2017, EUR thousands	246

31. RELATED PARTY TRANSACTIONS

The Group's related parties include the Board of Directors, Group management team (key management personnel), his/her close family members, entities under control or significant influence of the persons belonging to related parties, subsidiaries and joint ventures. The subsidiaries are listed in note 31 Group companies and Joint ventures in note 7.

The related party transactions disclosed consist of transactions carried out with related parties that are not eliminated in the consolidated financial statements.

EUR 1 000	2017	2016
Executive remuneration		
Compensation to the President and CEO		
Salaries bonuses and fringe benefits	881	917
Post-employment benefits	157	155
Share-based payments	219	72
Total	1,257	1,143
Compensation to the Group management team		
Salaries bonuses and fringe benefits	1,833	2,093
Termination benefits	321	431
Post-employment benefits		85
Share-based payments	624	563
Total	2,779	3,172
Total compensation to President and CEO and other Group management	4,035	4,315

The President and CEO had a Service agreement with Cramo Plc from 1 January 2016 until 30 November 2016. The agreement was transferred to Cramo Services AB on 1 December 2016. According to Employees' Pensions Act (TyEL 395/2006), in 2016 pension costs of EUR 194.4 thousand were recognised based on the compensation to the President and CEO. TyEL pension system is part of the Finnish social security system. It is a collective arrangement, in which the employer has no direct responsibility for the pension, but the responsibility lies on the pension system. Arrangements for the financing of pensions are done in two different ways: part of the pensions paid in future is funded in advance, and part funded by the so-called distribution system only when the pensions are paid.

The retirement age for the President and CEO is agreed to be 65 years. In addition to the statutory pension system, Cramo offers a voluntary pension insurance for the President and CEO (and one of the Group management team member in 2016). The notice period of the President and CEO's service contract is 6 months, during which time he receives a full salary. In case that the contract is terminated by the employer, there may also be a severance payment of 12 months' salary.

In Finland the possible reward based on the short-term incentives -Cramo Bonus consists of cash proportion and payments to collective pension insurance. In other Group companies the fee is paid entirely in cash. Presentation of salaries and bonuses in related party transactions has been changed to include also the payments to collective pension insurance. As a result, total amount of compensation to other Group management has increased by EUR 107 thousand in 2016. Post-employment benefits include voluntary pension systems, which are defined contribution plans.

The value of share-based payments represents the IFRS 2 expense of the share plans granted to the President and CEO and other Group management. The share-based payments are presented in note 30.

The discretionary periods of the share-based incentive scheme for Cramo Plc's key employees are the calendar years starting from 2012. The rewards for 2014 were paid on January 16, 2017 (for 2013 on January 15, 2016). A total of 4,606 (13,605) shares were given in a directed share issue to the President and CEO and other Group management. In addition to which, rewards were paid in cash in the amount of EUR 119.6 (268.3) thousand.

The plan periods of the share-based One Cramo scheme for Cramo Plc's all employees started in 2012. The matching shares were for the second 2013-2014 plan were paid in May 16, 2017 (payment for the first plan 2012-2103 in May 16, 2016). A total of 334 (462) shares were given in a directed share issue to the Group management. In addition to which, rewards were paid in cash in the amount of EUR 10.0 (9.8) thousand.

EUR 1,000	2017	2016
Compensation to Board members		
Board members:		
Veli-Matti Reinikkala, Chairman	73	
Erkki Stenberg, Debuty Chairman	48	48
Perttu Louhiluoto	41	35
Peter Nilsson	39	39
Joakim Rubin	48	48
Raimo Seppänen	39	39
Caroline Sundewall	43	43
Former Board members:		
Helene Biström	1	74
Eino Halonen		1
Leif Boström		1
Total	332	328

An amount of EUR 0 (90) thousand of the Board fees has been paid in the form of Cramo shares.

Related party transactions

Mr. Tatu Hauhio, Executive Vice President, Finland and Eastern Europe, and Managing Director, Cramo Finland Oy is a joint-owner of Kiinteistö Oy Hosionrinne, to which Cramo has paid real estate rents amounting to EUR 1,747 (1,733) thousand based on market-based rental level.

Mr. Dirk Schlitzkus, Executive Vice President, Central Europe and Managing Director, Cramo AG has a Service agreement with Group company Cramo Adapteo GmbH. Under the agreement Cramo Adapteo GmbH has paid to Mr. Schlitzkus fees for legal services amounting to EUR 75 (75) thousand.

Loans to related parties

EUR 1,000	2017	2016
Loans to joint ventures¹		
1 Jan	12,926	15,478
Amortisations during the period	-2,773	-2,340
Accrued interest	310	362
Paid interest	-310	-573
31 Dec	10,153	12,926

1 Fortrent Oy.

32. GROUP COMPANIES

The Group consists of Cramo Plc and the following subsidiaries.

Subsidiaries	Domicile	% of shares		
		Parent company	Group	
Cramo AB	Sollentuna	Sweden	100	
Cramo Adapteo AB	Sollentuna	Sweden	100	
Cramo AG	Feldkirchen	Germany	100	
Cramo Adapteo GmbH	Frankfurt	Germany	100	
Cramo Adapteo A/S	Greve	Denmark	100	
Cramo AS	Oslo	Norway	100	
Cramo AS Estonia	Tallinn	Estonia	100	
Cramo Finance NV	Antwerp	Belgium	99	100
Cramo Finland Oy	Vantaa	Finland	100	
Cramo New Holding AB	Sollentuna	Sweden	100	
Cramo SK s.r.o.	Bratislava	Slovakia	100	
Cramo s.r.o.	Prague	the Czech Republic	100	
Cramo UAB	Vilnius	Lithuania	100	
Construction Vehicles Karvina s.r.o.	Karvina	the Czech Republic	100	
Suomen Tähtivuokraus Oy	Vantaa	Finland	100	
Cramo GmbH	Wien	Austria		100
Cramo GMBH & Co KG	Wien	Austria		100
Cramo Korlatolt Felelőssegu Tarsasag	Budapest	Hungary		100
Cramo Services AB	Sollentuna	Sweden		100
Cramo Sp.zo.o	Warsaw	Poland		100
Ehitustöörüist OÜ	Tallinn	Estonia		100
Mupol Förvaltnings AB	Stockholm	Sweden		100

The Group has ownership in the following joint ventures. See more in note 7 Joint ventures. There are no associated companies in the Group.

Joint ventures	Domicile	% of shares		
		Parent company	Group	
Fellesutleie AS	Oslo	Norway		50
Fortrent Oy	Vantaa	Finland		50

33. EVENTS AFTER BALANCE SHEET DATE

After the reporting period, on 16 January 2018, Cramo announced that it is acquiring 100 per cent of the share capital of KBS Infra GmbH and its subsidiaries. KBS Infra is a leading, high-quality construction site logistics company in Germany, with estimated sales of approximately EUR 35 million in 2017. The company is headquartered in Mainz, near Frankfurt am Main, and operates nationwide through its 4 sites in Germany. The company has 180 employees. In line with Cramo's Shape and Share strategy, the transaction will strengthen the company's business position in the Central European market and expand its business model by offering value-adding services.

On 30 January 2018, the Shareholders' Nomination Committee of Cramo Plc proposed to the next Annual General Meeting of Shareholders, which is planned to be held on 28 March 2018, that the number of members of the Board of Directors be confirmed as seven (7) ordinary members. The Nomination Committee proposes that, in accordance with their consents, the following current members of the Board be re-elected: Perttu Louhiluoto, Peter Nilsson, Veli-Matti Reinikkala, Joakim Rubin, Raimo Seppänen and Caroline Sundewall, and that AnnaCarin Grandin be elected as new Board member, all to serve for a term ending at the end of the Annual General Meeting 2019. Of the current members of the Board Erkki Stenberg has announced that he will not be available for re-election. AnnaCarin Grandin (born 1967) is currently President of Sweden within Coor Service Management. She has held several senior management positions in Coor since 2001, including Executive Vice President (2014–2016), Senior Account Manager (2014), President of

Norway (2011–2014) and Business Unit President (2004–2010). AnnaCarin Grandin holds a B.Sc. in Business Administration from Stockholm University and Gävle University College.

On 30 January 2018, the Nomination Committee proposed to the Annual General Meeting that the remuneration of the Board of Directors be raised, as it has remained unchanged since 2011, and that the Chairman of the Board be paid EUR 85,000 per year (previously EUR 70,000) and the other members of the Board EUR 37,500 (previously EUR 35,000) per year. It is proposed that the remuneration is paid in cash and that the Board of Directors adopt a policy on Board member share ownership. The policy should entail that Board members, who do not already have such a holding of Cramo shares, are under a four-year (4) period from the start of their directorship expected to acquire Cramo shares to a total market value which equal at least one year's Board fees before taxes, excluding any Committee compensation. The Nomination Committee will as part of its process annually follow up on the Board members' shareholding and evaluate if it is according to the policy. In addition, the Nomination Committee proposed that all Board members would be entitled to a compensation of EUR 1,000 per attended meeting of the Audit and Remuneration Committees and EUR 500 per attended meeting of the M&A Committee, which is expected to be established in 2018. Further it is proposed that the member of the Board elected in the position of Chairman of the Audit Committee would receive an additional compensation of EUR 5,000 per year. Reasonable travel expenses will be refunded in accordance with an invoice.

34. CALCULATION OF THE KEY FIGURES AND RATIOS

KEY FIGURES ON FINANCIAL PERFORMANCE:

$$\text{Return on equity, \%} = \frac{\text{Profit for the period}}{\text{Total equity (average)}} \times 100$$

$$\text{Return on investment, \%} = \frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Balance sheet total - non-interest-bearing liabilities (average)}} \times 100$$

$$\text{Equity ratio, \%} = \frac{\text{Total equity}}{\text{Balance sheet total - advance payments received}} \times 100$$

$$\text{Net interest-bearing liabilities} = \text{Interest-bearing liabilities - cash and cash equivalents}$$

$$\text{Gearing, \%} = \frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$$

$$\text{Personnel on average} = \text{The average number of employees at the end of each calendar month during the accounting period, adjusted with the number of part-time employees}$$

THE ALTERNATIVE PERFORMANCE MEASURES:

$$\text{EBITA} = \text{Operating profit (EBIT) + amortisation and impairment on intangible assets (purchase price allocations) arising from acquisitions}$$

PER-SHARE RATIOS:

$$\text{Earnings per share (EPS)} = \frac{\text{Profit for the year attributable to owners of the parent company}}{\text{Adjusted average number of shares during the period}}$$

$$\text{Shareholders' equity per share} = \frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the period}}$$

$$\text{Dividend per share} = \frac{\text{Dividend distribution for the period}}{\text{Adjusted number of shares at the end of the period}}$$

$$\text{Dividend per earnings, \%} = \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

$$\text{Effective dividend yield, \%} = \frac{\text{Dividend per share}}{\text{Issue-adjusted closing price at the end of the period}} \times 100$$

$$\text{Price/earnings ratio (P/E)} = \frac{\text{Issue-adjusted closing price at the end of the period}}{\text{Earnings per share}}$$

Market capitalisation

$$= \text{Number of shares at the end of the period} \times \text{closing price at the end of the period}$$

35. SHARES AND SHAREHOLDERS

	2017		2016	
	No	EUR 1,000	No	EUR 1,000
Shares	44,690,554	24,835	44,690,554	24,835

All shares are issued, registered and fully paid. Each share entitles the holder to one vote.

Distribution of shareholding by size range 31 Dec 2017				
Number of shares	Number of shareholders	% of shareholders	Number of shares	% of share capital
1-100	4,144	34.08	222,096	0.50
101-1000	6,285	51.69	2,378,623	5.32
1001-10 000	1,566	12.88	3,977,956	8.90
10 001-100 000	137	1.13	3,809,689	8.52
100 001-500 000	21	0.17	4,376,873	9.79
500 001-	7	0.06	29,917,148	66.94
Transferred to book-entry securities system total	12,160	100.00	44,682,385	99.98
Not transferred to book-entry securities system total			8,169	0.02
Total			44,690,554	100.00

Distribution of shareholding by sector 31 Dec 2017				
Shareholding by sector	Number of shares	% of share capital	Number of votes	% of votes
Corporations	2,233,615	5.00	2,233,615	5.00
Financial and insurance corporations	29,655,007	66.36	29,655,007	66.36
General Government	1,500,088	3.36	1,500,088	3.36
Non-profit institutions	3,501,700	7.84	3,501,700	7.84
Households	6,823,480	15.27	6,823,480	15.27
Foreign shareholders	968,495	2.17	968,495	2.17
Transferred to book-entry securities system total	44,682,385	99.98	44,682,385	99.98
Not transferred to book-entry securities system total	8,169	0.02	8,169	0.02
Total	44,690,554	100.00	44,690,554	100.00

Shareholding of Board members and the CEO of the Group

On 31 December 2017, the Board members and CEO held, either directly or through companies in which they exercise control, a total of 36,804 Cramo Plc shares.

Insider guidelines

In 2016, Cramo Plc observed the Finnish Corporate Governance Code, which entered into force on 1st January 2016. Cramo manages inside information in accordance with the requirements of the Market Abuse Regulation (MAR), the Insider Guidelines of Nasdaq Helsinki Ltd. and Cramo's Insider Guidelines approved by the Board of Directors.

Shareholders

The Group had 12,160 shareholders in the share register as at 31 December 2017.

Major shareholders 31 Dec 2017	Number of shares	%	Voting rights	%
Zeres Capital ¹	4,696,730	10.51	4,696,730	10.51
Massachusetts Mutual Life Insurance Company, MassMutual Holding LLC and MM Asset Management Holding LLC ²	2,847,171	6.37	2,847,171	6.37
Rakennusmestarien Säätiö	2,129,422	4.76	2,129,422	4.76
OP-Finland Value Fund	1,460,529	3.27	1,460,529	3.27
Ilmarinen Mutual Pension Insurance Company	909,040	2.03	909,040	2.03
ODIN Finland	610,066	1.37	610,066	1.37
Nordea Nordic Fund	569,293	1.27	569,293	1.27
OP-Finland Small Firms Fund	438,772	0.98	438,772	0.98
Nordea Pro Finland Fund	418,953	0.94	418,953	0.94
Evli Suomi Pienyhtiöt -sijoitusrahasto	402,795	0.90	402,795	0.90
Rakennusmestarit ja -insinöörit AMK ry	301,220	0.67	301,220	0.67
Varma Mutual Pension Insurance Company	268,387	0.60	268,387	0.60
Danske Finnish Institutional Equity Fund	259,922	0.58	259,922	0.58
LähiTapiola Mutual Life Insurance Company	219,759	0.49	219,759	0.49
Cramo Oyj	203,730	0.46	203,730	0.46
Helsingin Rakennusmestarit ja -insinöörit AMK ry	173,973	0.39	173,973	0.39
Nordea Fennia Fund	165,163	0.37	165,163	0.37
Lindström Kim Berndt Gustaf	156,975	0.35	156,975	0.35
Säästöpankki Kotimaa Mutual Fund	154,648	0.35	154,648	0.35
Evli Finland Select Fund	148,100	0.33	148,100	0.33
Danske Invest Finland Opportunities Fund	136,813	0.31	136,813	0.31
Laakkonen Mikko	135,300	0.30	135,300	0.30
Försäkrings AB Pensions-Alandia	132,657	0.30	132,657	0.30
Mandatum Life unit-linked	130,966	0.29	130,966	0.29
Maa- ja vesitekniiikan tuki ry	130,000	0.29	130,000	0.29
eQ Nordic Small Cap Mutual Fund	112,605	0.25	112,605	0.25
Other	10,194,556	22.81	10,194,556	22.81
Nominee registered	17,174,840	38.43	17,174,840	38.43
Transferred to book-entry securities system total	44,682,385	99.98	44,682,385	99.98
Not transferred to book-entry securities system total	8,169	0.02	8,169	0.02
Total	44,690,554	100.00	44,690,554	100.00

1 According to the notification pursuant to Chapter 9, section 5 of the Securities Markets Act on 30 March 2015. No further information on current ownership.

2 According to the notification pursuant to Chapter 9, section 5 of the Securities Markets Act on 19 November 2017. No further information on current ownership.

Balance sheet of the parent company (FAS)

EUR 1,000	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Intangible assets	2	243	436
Tangible assets	2	392	396
Investments			
Shares in Group companies	2	396,058	397,488
Shares in other companies	2	119	119
Non-current receivables	3	349,260	365,157
Total non-current assets		746,072	763,595
Current assets			
Current receivables	4	51,668	58,438
Cash and cash equivalents		442	4,176
Total current assets		52,109	62,614
TOTAL ASSETS		798,181	826,209
EQUITY AND LIABILITIES			
Equity			
Share capital		24,835	24,835
Share premium		3,331	3,331
Invested unrestricted equity		142,498	142,218
Retained earnings		7,765	19,215
Profit for the period		40,605	22,184
Total equity	5	219,033	211,783
Appropriations	6	162	170
Provisions	7	1,121	1,174
Liabilities			
Non-current liabilities	8	464,571	520,859
Current liabilities	8	113,294	92,224
Total liabilities		577,864	613,083
TOTAL EQUITY AND LIABILITIES		798,181	826,209

Income statement of the parent company (FAS)

EUR 1,000	Note	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Sales	9	3,019	2,395
Other operating income	10	3,058	18,714
Personnel expenses	11	-3,463	-4,845
Depreciation and impairment	12	-229	-239
Other operating expenses	13	-9,334	-7,032
Operating profit		-6,950	8,993
Financial income		60,787	52,460
Financial expenses		-33,731	-55,633
Total financial income and expenses	14	27,056	-3,173
Profit before appropriations and taxes		20,106	5,820
Appropriations	15	20,231	16,680
Income taxes previous year	16	297	
Income taxes		-29	-316
Profit for the year		40,605	22,184

Cash flow statement of the parent company (FAS)

EUR 1,000	Note	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Cash flow from operating activities			
Profit before taxes		40,328	22,493
Non-cash adjustments:			
Depreciation	12	229	239
Financial income and expenses	14	-27,056	3,173
Other non-cash corrections		-2,449	-17,730
Appropriations	15	-20,222	-16,673
Operating loss before change in working capital		-9,169	-8,498
Change in working capital ¹		1,375	-86
Cash generated from operations		-7,794	-8,584
Taxes paid		-57	
Share-based payments		-190	-246
Dividends received	14	38,713	33,214
Interest received		17,303	12,858
Interest and other financial expenses paid		-18,332	-31,438
Net cash flow from operating activities		29,644	5,805
Cash flow from investing activities			
Investments in tangible and intangible assets		-33	-4
Sale of tangible and intangible assets		0	
Acquisition of subsidiaries		-4,621	-88,702
Disposal of subsidiaries		3,952	
Proceeds from repayments of non-current loans		7,949	92,155
Change in current loans		34,546	-42,756
Cash flow used in investing activities		41,793	-39,307
Cash flow from financing activities			
Proceeds from share options exercise			376
Proceeds from non-current liabilities		-35,000	
Proceeds from non-current liabilities			61,110
Change in current liabilities		-23,478	-9,047
Dividends paid	5	-33,348	-28,880
Group contributions received		16,673	14,678
Net cash flow from financing activities		-75,154	38,237
Change in cash and cash equivalents		-3,717	4,734
Cash and cash equivalents at beginning of the year		4,176	9
Exchange rate difference		-18	-568
Cash and cash equivalents at year end		442	4,176
¹ Change in working capital			
Increase (-)/decrease (+) in short-term receivables		175	-193
Increase (+)/decrease (-) in short-term non-interest bearing liabilities		1,200	107
Total		1,375	-86

Parent company notes to the financial statements (FAS)

1. ACCOUNTING PRINCIPLES

Measurement of tangible assets

Tangible assets 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.

Depreciations according to plan are as follows:

Buildings and structures	20 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

Received group contributions and the accumulated difference between the depreciation according to plan and in taxation 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 also includes management expenses from share-based payments and the share subscription prices charged from subsidiaries. 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. In 2016, the contractual retirement age for the President and CEO was 65 years. The service agreement between the President and CEO and Cramo Plc was transferred to Cramo Services AB on 1 December 2016 and hence the contractual retirement age is not valid anymore for Cramo Plc.

Valuation of financial instruments

Financial instruments are measured according to Accounting Act 5:2§, at the lower of acquisition cost and net realisable value.

Income taxes

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

2. NON-CURRENT ASSETS

TANGIBLE ASSETS EUR 1,000	Land	Machinery and equipment	Other tangible assets	Total tangible assets
Acquisition cost at 1 Jan 2017	339	295	190	824
Additions		22		22
Acquisition cost at 31 Dec 2017	339	317	190	846
Accumulated depreciation		-258	-171	-428
Depreciation for the financial year 2017		-25		-25
Net book value at 31 Dec 2017	339	34	19	392
Acquisition cost at 1 Jan 2016	339	291	190	819
Additions		4		4
Acquisition cost at 31 Dec 2016	339	295	190	824
Accumulated depreciation		-223	-171	-394
Depreciation for the financial year 2016		-35		-35
Net book value at 31 Dec 2016	339	37	19	396

INTANGIBLE ASSETS	Intangible rights	Other capitalised longterm expenditure	Total intangible assets
EUR 1,000			
Acquisition cost at 1 Jan 2017	667	565	1,232
Additions	11		11
Acquisition cost at 31 Dec 2017	678	565	1,243
Accumulated amortisation	-381	-415	-796
Amortisation for the financial year 2017	-117	-87	-204
Net book value at 31 Dec 2017	179	63	243
Acquisition cost at 1 Jan 2016	667	565	1,232
Acquisition cost at 31 Dec 2016	667	565	1,232
Accumulated amortisation	-265	-327	-592
Amortisation for the financial year 2016	-116	-88	-204
Net book value at 31 Dec 2016	285	150	436

INVESTMENTS	Shares in Group companies	Shares in other companies	Total investments
EUR 1,000			
Acquisition cost at 1 Jan 2017	397,488	119	397,607
Additions	4,621		4,621
Disposals	-1,690	0	-1,690
Impairment ¹	-4,362		-4,362
Net book value at 31 Dec 2017	396,058	119	396,177
Acquisition cost at 1 Jan 2016	354,397	119	354,516
Additions	87,963		87,963
Disposals	-13,775		-13,775
Impairment ²	-31,097		-31,097
Net book value at 31 Dec 2016	397,488	119	397,607

1 The carrying amount of shares of German subsidiary was written down by EUR 4.4 million. The Group management has concluded the cash flows present value of this business is estimated to be permanently less than the carrying amount of the shares before write-down.

2 In the comparative period the carrying amounts of shares of subsidiaries in Latvia was written down by EUR 16.8 million. The Group management has concluded the cash flows present value of this business is estimated to be permanently less than the carrying amount of the shares before write-down. In addition the carrying amount of shares of Suomen Tähtivuokraus was written down by EUR 14.3 million. The Group management has concluded the weakening of Russian rouble as of permanent nature.

For shares and shareholdings, see consolidated financial statements in note 32.

ACCUMULATED DEPRECIATION DIFFERENCE	2017	2016
EUR 1,000		
Machinery and equipment		
Accumulated difference in total depreciation and depreciation according to plan at 1 Jan	170	177
Increase in accumulated depreciation difference for the period of 1 Jan - 31 Dec	-8	-7
Accumulated difference in total depreciation and depreciation according to plan at 31 Dec	162	170

Change in depreciation difference of machinery and equipment 1 Jan-31 Dec includes depreciation difference received through mergers.

3. NON-CURRENT RECEIVABLES

EUR 1,000	2017	2016
From Group companies		
Loan receivables	335,646	347,049
From others		
Loan receivables ¹	10,153	12,926
Prepaid expenses and accrued income	3,461	5,182
Total	349,260	365,157

1 Loan receivable from joint venture Fortrent Oy. For joint venture, see consolidated financial statement in note 7.

4. CURRENT RECEIVABLES

EUR 1,000	2017	2016
From Group companies		
Loan receivables	47,258	54,153
Trade receivables	24	490
Prepaid expenses and accrued income	381	318
From others		
Trade receivables	16	10
Other receivables	528	107
Prepaid expenses and accrued income	3,460	3,361
Total	51,668	58,438
Prepaid expenses and accrued income		
From Group companies		
Accrued interest	381	318
From others		
Arrangement fees from loans	1,721	1,810
Income tax receivables ¹	1,534	1,522
Other prepaid expenses and accrued income	205	30
Total	3,841	3,678

1 According to the residual tax decisions issued by the Finnish Tax Administration, the interest income from Cramo's financing company in Belgium have been partly taxed in Finland concerning 2009-2013. Cramo Plc has appealed to the Administrative Court in Finland against the approximately one million euro tax penalty associated with tax decision concerning 2009-2012. In 2017 Cramo Plc has supplemented the appeal to the Administrative Court in Finland concerning years 2011-2013. In the supplement of the appeal Cramo Plc has demanded to annul the taxation of the interest income in Finland. Concerning years 2009-2010 Cramo Plc has submitted the case to the mutual agreement procedure (the MAP process) between Belgium and Finland, to the extent that Cramo has been subjected to double taxation.

5. EQUITY

EUR 1,000	2017	2016
Share capital at 1 Jan / 31 Dec	24,835	24,835
Share premium fund at 1 Jan / 31 Dec	3,331	3,331
Invested unrestricted equity at 1 Jan	142,218	141,616
Own shares conveyed	280	602
Invested unrestricted equity at 31 Dec	142,498	142,218
Retained earnings at 1 Jan	41,399	48,702
Own shares conveyed	-280	-602
Dividend distribution	-33,354	-28,885
Retained earnings at 31 Dec	7,765	19,215
Profit for the year	40,605	22,184
Total equity	219,033	211,783
Distributable funds		
Retained earnings at 31 Dec	7,765	19,215
Profit for the year	40,605	22,184
Invested unrestricted equity	142,498	142,218
Total	190,868	183,617

SHARE CAPITAL	2017		2016	
	No.	EUR	No.	EUR
Shares	44,690,554	24,834,753.09	44,690,554	24,834,753.09

Stock options and share plans

Details about current share incentive schemes are disclosed in the consolidated financial statements, note 30.

6. APPROPRIATIONS

EUR 1,000	2017	2016
Accumulated depreciation difference	162	170

7. PROVISIONS

EUR 1,000	2017	2016
Other provisions	1,121	1,174

Other provisions include the cash reward of the share plans payable during the financial periods 2018–2020.

8. LIABILITIES

EUR 1,000	2017	2016
Non-current liabilities		
Bonds	150,000	166,270
Loans from credit institutions	150,000	185,000
Loans from group companies	164,571	169,589
Total	464,571	520,859
Current liabilities		
To Group companies		
Liabilities to Group companies	18,555	42,033
Accounts payable	2,587	1,152
Accrued liabilities and deferred income	143	124
Total	21,285	43,309
To others		
Bonds	16,270	
Loans from credit institutions	9,494	10,607
Accounts payable	782	495
Accrued liabilities and deferred income	5,294	2,388
Commercial papers	59,943	34,970
Tax accrual from current financial period	29	354
Other current liabilities	196	101
Total	92,009	48,915
Total current liabilities	113,294	92,224
Total liabilities	577,864	613,083

ACCRUED LIABILITIES AND DEFERRED INCOME

	2017	2016
To Group companies		
Interest expenses	143	124
To others		
Interest expenses	4,707	1,188
Personnel expenses	588	1,200
Total	5,294	2,388
Total	5,437	2,512

NON-CURRENT LIABILITIES, MATURITY > 5 YEARS

Bonds		150,000
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AN ESSENTIAL CONDITIONS AND THE TOTAL NUMBER OF BONDS ISSUED BY THE COMPANY

Bond 2012/2018; 4.50%	16,270	16,270
Bond 2016/2022; 2.375%	150,000	150,000
Bonds in total	166,270	166,270

In December, Cramo and the European Investment Bank (EIB) signed a EUR 50 million long-term loan agreement to back Cramo's European growth strategy and commitment to circular economy. Funds will be withdrawn during 2018 and will be used to modernize and expand Cramo's fleet. The agreement was made possible by the European Fund for Strategic Investments (EFSI).

9. SALES BY GEOGRAPHICAL SEGMENTS

EUR 1,000	2017	2016
Service Charges		
Finland	699	541
Sweden	1,538	1,168
Norway	183	198
Germany	248	156
Other countries	351	333
Total	3,019	2,395

10. OTHER OPERATING INCOME

EUR 1,000	2017	2016
Rental of premises	24	24
Sales of shares of subsidiaries, SIA Cramo and Zao Cramo	2,587	
Liquidation gain of Cramo Holding B.V.		18,202
Other	447	488
Total	3,058	18,714

11. PERSONNEL EXPENSES

EUR 1,000	2017	2016
Salaries and fees	-2,937	-3,700
Pensions	-447	-1,007
Other statutory employer contributions	-79	-138
Total	-3,463	-4,845

Average number of personnel

Clerical personnel	31	26
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Executive remuneration¹

Salaries and fees with fringe benefits		
President and CEO ²		-837
Management team	-326	-589
Board members	-332	-328
Termination benefits ³		
Management team	-125	-143
Post-employment benefits ⁴		
President and CEO		-155
Total	-782	-2,051

1 Executive remuneration, see consolidated financial statements note 31, related party transactions.

2 Leif Gustafsson is President and CEO of Cramo Plc. He had a service agreement with Cramo Plc from 1 January 2016 until 30 November 2016. The agreement was transferred to Cramo Services AB on 1 December 2016. Cramo Services AB has invoiced Cramo Plc a total amount of EUR 881.4 (56.8) thousand relating to CEO's salaries and fees with fringe benefits from period 1 January to 31 December 2017 (1 December to 31 December 2016). Expenses are reported in other operating expenses.

3 The Senior Vice President, Modular Space Petri Moksén has left the position on April 4, 2017. The CFO Martti Ala-Härkönen has left the position on August 11, 2016.

4 Post-employment benefits include voluntary pension systems, which are defined contribution plans. Cramo Services AB has invoiced Cramo Plc a total amount of EUR 156.6 (12.7) thousand relating to CEO's voluntary pension expenses from period 1 January to 31 December 2017 (1 December to 31 December 2016). Expenses are reported in other operating expenses.

12. DEPRECIATION AND IMPAIRMENT

EUR 1,000	2017	2016
Depreciation according to plan on intangible assets	-204	-204
Depreciation according to plan on tangible assets	-25	-35
Total	-229	-239

13. OTHER OPERATING EXPENSES

EUR 1,000	2017	2016
Premises expenses	-322	-312
Investor relations	-479	-593
Expert services	-1,578	-1,959
Intra-Group services ¹	-5,393	-2,403
Other administrative expenses	-1,561	-1,765
Total	-9,334	-7,032

AUDIT FEES

	2017	2016
Audit firm, KPMG Oy Ab		
Audit fees	-75	-63
Tax consultation	-36	-10
Other services	-169	-59
Total	-280	-131

1 Personnel expenses related to President and CEO in the amount EUR 1,038.0 (69.5) thousand is included in Intra-Group services.

14. NET FINANCIAL ITEMS

EUR 1,000	2017	2016
Dividend income		
From Group companies	38,713	33,214
From others		0
Total dividend income	38,713	33,214
Interest income		
From Group companies	7,598	9,026
From others	309	357
Total interest income	7,907	9,383
Interest expenses		
To Group companies	-3,382	-3,377
To others	-10,520	-10,291
Total interest expenses	-13,902	-13,668
Other financial expenses		
Impairment on non-current investments ¹	-4,362	-31,097
Other financial expenses	-1,649	-1,569
Total financial expenses	-6,011	-32,666
Exchange gains and losses		
To Group companies	-1,145	3,403
To others	1,493	-2,839
Total exchange gains and losses	349	564
Net financial items	27,056	-3,173

1 See note 2 Non-current assets.

15. APPROPRIATIONS

EUR 1,000	2017	2016
Depreciation difference, increase (-)/ decrease (+):		
Machinery and equipment	8	7
Group contributions received	20,222	16,673
Total	20,231	16,680

16. INCOME TAXES

EUR 1,000	2017	2016
Current tax	3,776	3,650
Taxes on appropriations, group contribution	-4,044	-3,335
Total	-268	316

17. COLLATERALS AND CONTINGENT LIABILITIES

EUR 1,000	2017	2016
COLLATERALS GIVEN		
Collaterals given on behalf of the Group companies		
Guarantees given	8,752	7,721
COMMITMENTS AND CONTINGENCIES		
Leasing liabilities		
Leasing liabilities in the following year	111	131
Subsequent leasing liabilities	156	131
Leasing liabilities are 3–4 year contracts without redemption clauses.		
Rental liabilities		
Rental liabilities in the following year	612	1,842
Subsequent rental liabilities		614
Rental liabilities of business premises are 10-year contracts without redemption clauses.		
Investment liabilities		
Investment commitments in the following year	13,167	6,651
Subsequent investment commitments	13,167	24,942

18. INTEREST RATE AND CURRENCY DERIVATIVES

EUR 1,000	2017		2016	
	Nominal value	Fair value	Nominal value	Fair value
INTEREST RATE DERIVATIVES				
Interest rate swap	130,000	-7 817	130,000	-10,451
Negative fair value		-7 817		-10,451
CURRENCY DERIVATIVES				
Forward contracts	110,972	108	116,225	633
Positive fair value		711		813
Negative fair value		-603		-180

Financial derivative instruments of parent company which are valid at the closing date, will mature during financial years 2018–2023.

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The objective of the company's risk management is to minimise the negative effects on the company's financial performance caused by changes in financial markets and to secure adequate liquidity available. The company uses derivative financial instruments only for hedging purposes; to hedge against currency and interest rate risks. The fair value of derivative financial instruments are presented as off-balance sheet items.

The company's interest rate risk arises mainly from its long-term borrowings. The company is mainly exposed to cash flow interest rate risk, which arises from liabilities at variable rates and is partly off-set by the bonds with fixed interest rate. The company manages its cash flow interest rate risk also by using interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates, or vice versa.

The Group operates internationally and is exposed to risks arising from foreign exchange rate fluctuations, primarily from exposures with respect to the Swedish krona. Foreign exchange risk arises primarily from internal funding and net investments in foreign operations as well as from recognised assets and liabilities. During 2017 and 2016 Cramo has not utilised any financial instruments to hedge the net investments in subsidiaries denominated in other currencies than EUR. Foreign exchange risk arising from internal funding and recognised assets and liabilities is managed primarily through forward contracts.

Realised results arising from currency and interest rate derivatives have been recognised in finance items in the income statement. The nominal values and market values of the derivatives are disclosed in the table above. The derivative exposure on 31.12.2017 reflects well the exposure retained during the financial year. Further details about Cramo Group's financial risk management are disclosed in the consolidated financial statements, note 10.

19. DEFERRED TAXES

EUR 1,000	2017	2016
Deferred tax asset on negative depreciation difference	4	4
Deferred tax asset on provisions	224	235
	228	239
Deferred tax liability on depreciation difference	-32	-34
	-32	-34
Total	196	205

Deferred tax assets and liabilities are not included in the balance sheet.

Signatures

Vantaa, 8 February 2018

Veli-Matti Reinikkala

Erkki Stenberg

Perttu Louhiluoto

Peter Nilsson

Joakim Rubin

Raimo Seppänen

Caroline Sundewall

Leif Gustafsson
President and CEO

Auditor's report To the Annual General Meeting of Cramo Plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Cramo Plc (business identity code 0196435-4) for the year ended 31 December 2017. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and

understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 23 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIALITY

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER

TANGIBLE ASSETS (NOTES 1, 3 AND 24 TO THE CONSOLIDATED FINANCIAL STATEMENTS)

- Tangible assets consisting mainly of the equipment and modules for rental business (fleet) comprise approximately 66% of the total assets of the Group.
- The business of the Group is highly dependent on the condition and availability of the fleet.
- There is a risk that the judgements made by the management when evaluating the depreciation periods and around the annual impairment review of the Group's rental fleet are not appropriate and that the carrying values of these assets are misstated.

HOW THE MATTER WAS ADDRESSED IN THE AUDIT

- In addition to testing certain key controls over the fleet management, our audit procedures consisted of substantive testing procedures including data analyses.
- In particular, we focused our audit procedures on fleet investments, utilisation, gains and losses on asset disposals, depreciation periods and residual values. Our procedures also included attendance in physical counts of the fleet.
- We considered the management's fleet impairment analysis, assessed and challenged the key judgements and sensitivities and the impact that these have in determining whether an impairment exists.
- In addition, we assessed the appropriateness of the Group's disclosures in respect of tangible assets including fleet.

IMPAIRMENT OF GOODWILL
AND OTHER INTANGIBLE ASSETS
(NOTES 1, 4, 5 AND 6 TO THE CONSOLIDATED
FINANCIAL STATEMENTS)

- In recent years the Group has expanded its activities through acquisitions. As a result, the Group's assets include a significant amount of goodwill and other acquisition-related intangible assets. At the year-end the Group has €145.6 million in goodwill and €51.6 million in other acquisition-related intangible assets.
- Cramo determines the recoverable amount for each cash-generating unit based on value in use. These recoverable amounts use discounted future cash flow forecasts in which the management makes judgments over certain key assumptions, for example profitability level, discount rate and long-term growth rate.
- Overall, due to the high level of judgment involved, and the significant carrying amounts involved, valuation of goodwill and other intangible assets is one of the key audit matters.
- Our audit procedures included testing of the principles and consistency of the Group's impairment testing model.
- We evaluated and challenged the key assumptions used in respect of profitability levels, discount rates and long-term growth rates.
- We involved KPMG valuation specialists when considering the appropriateness of the used assumptions to external market and industry data and to assess the technical accuracy of the calculations.
- We also assessed whether the methods and the key assumptions used remained appropriate and have been consistently applied year-on-year.
- In addition, we assessed the appropriateness of the Group's disclosures in respect of goodwill, other intangible assets and impairment testing.

REVENUE RECOGNITION
(NOTES 1 AND 2 TO THE CONSOLIDATED
FINANCIAL STATEMENTS)

- In the Equipment Rental business of the Group revenues consist of numerous individual rental transactions generated in multiple deposits.
- In the Modular Space business there are mainly long-term client contracts, which may include more than one contract phase, and different phases are accounted for under different accounting standard. The appropriate identification of the contract phases, in order to ensure proper timing of revenue recognition, is emphasised.
- The user rights in the main sales IT system of the Group are relatively extensive that increases risk for inappropriate or incorrect transactions.
- We evaluated and tested the internal controls and carried out appropriate substantive testing over the completeness, accuracy and timing of revenue recognised in the consolidated financial statements.
- We read the relevant sale agreements and tested the consistency of the accounting with the terms of sale in the agreements. As part of our year-end audit procedures we assessed the recognition of revenues on accrual basis by testing entries, project calculations and accruals affecting revenues.
- Our work included consideration and testing of rebates and discount arrangements as well as process for recognising credit notes. We also tested journal entries posted to revenue accounts focusing on unusual or irregular items.
- In addition, we assessed the appropriateness of the Group's disclosures in respect of revenue recognition.

SHARES IN SUBSIDIARIES
IN PARENT COMPANY
(PARENT COMPANY'S NOTES 2 AND
14 TO THE FINANCIAL STATEMENTS)

- Shares in subsidiaries are a significant balance sheet item in the

parent company's separate financial statements.

- Shares in subsidiaries are tested for impairment using the same methods as for goodwill impairment testing. Thus, any indication or need for impairment of goodwill, other acquisition-related assets or fleet is reflected also in the parent company's balance sheet.
- The parent company recorded an impairment of €4.4 million on shares in subsidiaries in its separate financial statements.
- We derived the value-in-use in the parent company's impairment testing for shares in subsidiaries from the group level impairment tests.
- We involved KPMG valuation specialists when considering the appropriateness of the used assumptions compared to external market and industry data and to assess the technical accuracy of the calculations.
- We evaluated and challenged the key assumptions used in respect of profitability levels, discount rates and long-term growth rates.
- In addition, we assessed the appropriateness of the parent company's disclosures regarding impairment of subsidiary shares.

RESPONSIBILITIES
OF THE BOARD OF DIRECTORS
AND THE MANAGING DIRECTOR
FOR THE FINANCIAL STATEMENTS

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, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable

the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is

sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

INFORMATION ON OUR AUDIT ENGAGEMENT

We were first appointed as auditors by the Annual General Meeting on 1 April

2014, and our appointment represents a total period of uninterrupted engagement of four years.

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OTHER OPINIONS

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the members of the Board of Directors of the parent company and the President and CEO should be discharged from liability for the financial period audited by us.

Helsinki, 8 February 2018

KPMG Oy Ab

Toni Aaltonen

Authorised Public Accountant, KHT