JOINT-STOCK COMPANY

STORENT INVESTMENTS

(REGISTRATION NUMBER 40103834303)

CONSOLIDATED INTERIM REPORT FOR THE 6 MONTHS OF 2018

NOT AUDITED

PREPARED IN ACCORDANCE WITH THE
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION

Riga, 2018

CONTENT

General information

Name of the Group's Parent company	Storent Investments
Legal status of the Group's Parent company	Joint-stock company
The Group Parent company's registration number, place and date	40103834303 Riga, 7 October 2014
Registered address of the Group's Parent company	15a Matrozu Street, Riga, LV-1048, Latvia
Shareholders of the Group's Parent company	Levina Investments S.A.R.L. (Luxembourg) 73% (from 31.01.2017) Perle Cunsultancy LTD (Cyprus) 13.5% (from 31.01.2017) TORRINI LTD (Cyprus) 13.5% (from 31.01.2017) Levina Investments S.A.R.L. (Luxembourg) 56% (till 31.01.2017) Perle Cunsultancy LTD (Cyprus) 22% (till 31.01.2017) TORRINI LTD (Cyprus) 22% (till 31.01.2017)
Members of the Board	Andris Bisnieks, Member of the Board Andris Pavlovs, Member of the Board
Members of the Council	Nicholas Kabcenell, Chairman of the Council (from 11.12.2017) Onkele Baiba, Member of the Council Jozwiak Michal Lukasz, Member of the Council Podziewski Arkadiusz Marek, Chairman of the Council (till 11.12.2017)
Group's type of operations	Renting and leasing of construction machinery and equipment
Group's NACE code	77.32 (2.0 rev) Rental and leasing of construction and civil engineering machinery and equipment
Financial year	1 January 2018 – 31 December 2018
Reportimg period	1 January 2018 – 30 June 2018

Management report

Storent was established in 2008 in Latvia with an objective to become the most efficient construction equipment rental company in Baltics and Nordic countries. Today Storent group operates in 6 countries. Annual turnover for Storent group in 2017 was 42 million euros.

In first six-month of 2018 Storent group rent incomes increased by 14% compared to the same period of 2017. Sales teams continue to be strengthened in regions with higher rental market potentials. In general, price policy is being adjusted according to rapidly increasing demand for earthmoving and access machinery as well as scaffolding.

Baltic region operations have generated 8% higher rent incomes than in respective period of 2017. Market conditions in Estonia and Latvia have driven incomes growth, where in Lithuania competition price pressure slowed down growth curve in the beginning of the season. Latvian construction market grew in Q1 by more than 30% and it continues to grow in all segments. A particular demand increase is observed in scaffolding group, driven by EU financed energy efficiency projects. Lithuanian construction market grew by 17% in Q1, same growth rate expected to be in Q2, except for residential segment, where slowdown in activities is obvious. Estonia construction market grew by 29% in Q1 and favourable conditions continue for rental market operators.

Nordic operations have increased by more than 38% compared to first six-month period in 2017. High level of construction activities drive demand for rental machinery. Construction market outlook for the year 2018 is positive for Storent Sweden. Sales grew substantially compared to the same period in 2018. Continuous growth is expected through the year. According to available estimates, construction market will grow by 3.5% and equipment rental market will grow by 3% in 2018. The main drivers for income increase in Finnish subsidiary Leinolift were additional fleet of Storent machinery and local construction market growth.

Construction market in Kaliningrad region decreased by 19% in Q1, it stays dependent mostly from government financed projects. As a consequence, Storent revenue decreased as well. High impact on the result was caused by insolvency of some key customers and freeze of new construction activities from late April till July due to FIFA championship.

Since June 29 2018 AS Storent Investments bonds issued 30.06.2017 have been listed on the Nasdaq Baltic Bond List. In the future, Company hope to raise more funds on the capital markets in the form of bonds or shares to help us reach our long-term goals. Storent is dedicated already now to using best corporate governance practices and opening itself to a more diverse investor base.

Statement of management's responsibility

On the basis of information held by the management board of the groups parent company the financial and other additional information published in the Interim report January– June 2018 is true and complete. Consolidated financial statement gives a true and fair view of the actual financial position and results of operations.

Consolidated financial statements in the report for the period January – June 2018 is not yet audited.

Consolidated statement of comprehensive income

	Notes	01.01.2018-30.06.2018 EUR	01.01.2017-30.06.2017 EUR
Net revenue	3	20 483 053	15 592 310
Other operating income	4	67 109	64 642
Cost of materials and services received	5	(7 118 081)	(5 487 211)
Personnel costs	10	(5 198 221)	(4 081 507)
Other operating expenses	6	(3 161 639)	(2 214 584)
Depreciation and amortization	7	(4 985 188)	(3 845 932)
Interest and similar income	8	3 005	93
Interest and similar expenses	9	(1 555 180)	(1 675 196)
Profit / (loss) before income tax		**(1 465 142)**	**(1 647 385)**
Income tax expense		56 246	14 347
Profit / (loss) for the year		**(1 408 896)**	**(1 633 038)**
Items that may be reclassified subsequently to profit or loss			
Exchange differencies on foreign currency operations			
Other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		**(1 408 896)**	**(1 633 038)**
Basic earnings per share		(0.042)	(0.049)

The notes on pages 11 to 31 are an integral part of these consolidated interims statements.

Consolidated statement of financial position

ASSETS

	Notes	30.06.2018 EUR	31.12.2017 EUR
NON-CURRENT ASSETS			
Intangible assets			
Licences and similar rights		270 789	266 526
Other intangible investments		655 296	514 513
Customer relationships		45 139	65 972
Goodwill		15 346 352	15 346 352
TOTAL	11	**16 317 576**	**16 193 363**
Property, plant and equipment			
Lands and buildings		256 649	264 195
Leasehold improvements		130 485	125 846
Plant and equipment		49 084 485	53 161 512
Other fixed assets		1 992 199	880 885
Construction in progress		691 883	686 962
TOTAL	12	**52 155 701**	**55 119 400**
Other non-current assets			
Deferred income tax assets		166 173	163 863
Deferred expenses	16	-	32 393
TOTAL		**166 173**	**196 256**
TOTAL NON-CURRENT ASSETS		**68 639 450**	**71 509 019**
CURRENT ASSETS			
Inventories	13	1 162 527	1 042 870
Trade and other receivables			
Trade receivables	14	6 497 882	5 162 516
Corporate income tax overpayment		56 735	40 249
Other receivables	15	291 829	276 736
Prepaid expenses	16	956 207	553 458
TOTAL		**7 802 653**	**6 032 959**
Cash and cash equivalents	17	689 074	6 239 954
TOTAL CURRENT ASSETS		**9 654 254**	**13 315 783**
TOTAL ASSETS		**78 293 704**	**84 824 802**

The notes on pages 11 to 31 are an integral part of these consolidated interims statements.

Consolidated statement of financial position

EQUITY AND LIABILITIES

EQUITY	Notes	30.06.2018 EUR	31.12.2017 EUR
Share capital	18	33 316 278	33 316 278
Reserves:			
Foreign currency translation reserve		(14 381)	(14 381)
Other reserves		26 774	26 774
Accumulated loss:			
Previous' years accumulated deficit		(6 490 724)	(6 565 079)
Profit/ (loss) for the year		(1 408 896)	59 974
TOTAL EQUITY		**25 429 051**	**26 823 566**
LIABILITIES			
Non-current liabilities			
Loans from credit institutions	20	25 565	25 565
Issued bonds	21	5 029 337	6 507 402
Loans from related companies	28	5 202 101	4 883 870
Finance lease liabilities	22	16 967 710	19 101 594
Other borrowings	23	3 648 736	5 420 741
Provisions	19	459 724	539 554
Deferred income	25	218 299	737 816
Deffered income tax liabilities		517 079	572 260
TOTAL		**32 068 551**	**37 788 802**
Current liabilities			
Loans from credit institutions	20	10 280	16 435
Finance lease liabilities	22	9 216 096	9 254 841
Other borrowings	23	3 240 919	2 998 385
Advances from customers		185 624	131 811
Trade payables		4 386 961	3 724 111
Corporate income tax liabilities		17 231	789
Taxes and national mandatory social insurance contributions	24	1 128 011	679 754
Provisions	19	325 987	957 940
Deferred income	25	1 053 940	1 051 644
Other liabilities	26	296 768	297 754
Accrued liabilities	27	934 285	1 098 970
TOTAL		**20 796 102**	**20 212 434**
TOTAL LIABILITIES		**52 864 653**	**58 001 236**
TOTAL EQUITY AND LIABILITIES		**78 293 704**	**84 824 802**

The notes on pages 11 to 31 are an integral part of these consolidated interims statements.

Consolidated statement of cash flows

	Notes	01.01.2018-30.06.2018 EUR	01.01.2017-30.06.2017 EUR
Cash flows from operating activities			
Profit/ (loss) before income tax		(1 465 142)	(1 647 384)
Adjustments:			
Amortisation of intangible assets and depreciation of property, plant and equipment	11, 12	5 510 146	4 289 757
Net result on disposals of property, plant and equipment		(211 586)	23 660
Interest expense	9	1 476 198	1 661 903
Provision increase		(631 953)	267 726
Operating results before changes in working capital		***4 677 663***	***4 595 662***
Receivables (increase)		(1 720 814)	(2 064 243)
Inventories (increase)		(119 659)	(103 352)
Payables increase/ (decrease)		932 511	1 387 565
Cash flows from operating activities		***3 769 701***	***3 815 632***
Interest paid		(1 016 490)	(859 527)
Corporate income tax paid		-	99 777
Net cash flow generated from operating activities		**2 753 211**	**3 055 882**
Cash flows from investing activites			
Purchases of property, plant and equipment		(839 079)	(1 031 772)
Net cash used in investing activities		**(839 079)**	**(1 031 772)**
Cash flows from financing			
Proceeds from borrowings		-	3 600 000
Loan repayment		(1 651 620)	(907 143)
Bond repayment		(1 503 549)	-
Repayment of finance leases		(4 309 843)	(3 080 583)
Net cash used in financing activities		**(7 465 012)**	**(387 726)**
Foreign curreny exchange			
Net cash flow for the year		**(5 550 880)**	**1 636 384**
Cash and cash equivalents at the beginning of the reporting year		6 239 954	4 123 516
Cash and cash equivalents at the end of the reporting year	**17**	**689 074**	**5 759 900**

The notes on pages 11 to 31 are an integral part of these consolidated interims statements.

Consolidated statement of changes in equity

	Share capital	Foreign currency translation reserve	Other reserves *	Previous' years accumulated deficit	Profit/ (loss) for the year	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Balance at 31 December 2016	**7 142 858**	**1 814**	**26 774**	**(3 087 843)**	**(3 088 307)**	**995 296**
Currency translation differences						-
Share issue (Note 19)	26 173 420	-	-	(388 929)	-	**25 784 491**
Other income/expenses for the yea	-		-	-	-	-
Loss for the year			-	-		-
Profit for the year	-	-	-	-	59 974	**59 974**
Other comprehensive income	-	(16 195)	-	-	-	**(16 195)**
Transfer of previous' year loss	-	-	-	(3 088 307)	3 088 307	-
Balance at 31 December 2017	**33 316 278**	**(14 381)**	**26 774**	**(6 565 079)**	**59 974**	**26 823 566**
Share issue (Note 19)	-	-	-	-		-
Profit for the year	-	-	-	-	(1 408 896)	**(1 408 896)**
Other comprehensive income	-	-	-	-	-	-
Transfer of previous' year loss	-	-	-	74 355	(59 974)	**14 381**
Balance at 31 December 2017	**33 316 278**	**(14 381)**	**26 774**	**(6 490 724)**	**(1 408 896)**	**25 429 051**

* One of Group’s subsidiaries has obligation to allocate certain percentage from financial year’s profit to reserves.

The notes on pages 11 to 31 are an integral part of these consolidated interims statements.

Notes to the consolidated interim statements

1. General information

Storent Investments AS (hereinafter – the Group's Parent company or Storent Investments AS) was registered in the Company Register of the Republic of Latvia on 7 October 2014. Registered address of the Group's Parent company is 15A Matrozu street, Riga. Starting from 20 November 2014 the major shareholder of the Group's Parent company is LEVINA INVESTMENTS S.A.R.L (Luxemburg).
The Group's Parent company and its subsidiaries Storent SIA, UAB Storent, Storent OÜ, Storent AB, Storent AS, Storent OOO, Storent OY and Leinolift Oy (hereinafter – the Group) main operations relate to the rental of industrial equipment.

2. Summary of significant accounting policies

(a) Basis of preparation

The consolidated interim statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the interpretations issued by the International Financial Reporting Issues Committee as adopted by the EU.
The consolidated interim statements have been prepared on the historical cost basis except positions which are stated at their fair values. Income statement classified by expense type. Cash flow statement is prepared using the indirect method.
The accompanying consolidated interim statements are presented in the currency of the Latvian Republic, the euro (hereinafter – EUR).

(b) Consolidation

As at 30 June 2018 the Group's Parent company had control over the following subsidiaries:

Name	Country	Type of business	Date of incorporation / acquisition	Share of interest
Subsidiaries				
Storent SIA	Latvia	Rental of industrial equipment	17 April 2008	100%
Storent UAB	Lithuania	Rental of industrial equipment	27 November 2008	100%
Storent OU	Estonia	Rental of industrial equipment	7 July 2009	100%
Storent Oy	Finland	Rental of industrial equipment	4 September 2012	100%
Storent AB	Sweden	Rental of industrial equipment	15 January 2013	100%
Storent AS	Norway	Rental of industrial equipment	27 June 2013	100%
Leinolift Oy	Finland	Rental of industrial equipment	21 December 2016	100%
Storent OOO	Russia	Rental of industrial equipment	01 August 2017	100%

The subsidiaries Leinolift Oy and Storent OO was acquired by the Group by the way of acquisition.
The separate interim statements of the subsidiaries have been consolidated into the Group's consolidated interim statements, consolidating the respective assets, liabilities, revenue and expense items. The subsidiaries controlled by the Group's Parent company are included in the consolidation. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2. Summary of significant accounting policies (cont.)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. The Group Parent company's and its subsidiaries' financial years are equal and represent the calendar year. For the purposes of preparing the consolidated financial statements uniform accounting policies have been applied.

The consolidated interim statements include all assets, liabilities, revenue, expenses, gains, losses and cash flows of Storent Investments AS and its subsidiaries Storent SIA, Storent UAB, Storent OÜ, Storent Oy, Storent AB, Storent AS, Storent OOO and Leinolift Oy in the manner as if Storent Investments AS and its subsidiaries were a single entity.

Upon consolidation inter-company unrealized profit, inter-company transactions, balances, inter-company interest in entities and other transactions between group companies are eliminated.

(c) Foreign currency transactions

The monetary unit used in the consolidated financial statements is the official currency of the European Union – euro (EUR), which is Group's Parents company and some of the subsidiaries functional and presentation currency. The functional currency of Storent AS is Norwegian krone, of Storent AB is Swedish krone and of Storent OOO is Russian ruble.

From the 1 January 2014 all transactions in foreign currency are converted to EUR based on the European Central Bank exchange rate on trade date. On the balance sheet date, foreign currency monetary assets and liabilities are translated at the European Central Bank exchange rate as at 31 December.

Profit or losses from exchange rate differences, as well as from the foreign currency monetary assets and liabilities denominated in euro, are recognized in the consolidated statement of other comprehensive income.

(d) Consolidation of foreign subsidiaries

Consolidating foreign subsidiaries into the consolidated interim statement, the Group's Parent company translated the monetary and non-monetary assets and liabilities at the European Central Bank exchange rate ruling at the closing balance sheet date, and revenue and expense items of the foreign subsidiaries – at the average exchange rate in the reporting year. Exchange differences arising on recognizing asset and liability items, translating at exchange rates, are recognized in other comprehensive income and accumulated in equity. Consolidation of foreign subsidiaries is performed according to the accepted consolidation procedures, for example, by eliminating inter-group company transactions.

(e) Estimates and assumptions

Preparation of the consolidated interim statements according to the IFRS requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. The determination of estimates is based on comprehensive information, current and expected economic conditions available to the management. Actual results could differ from those estimates.

The following are the critical judgments and key estimates concerning the future, and other key sources of estimation uncertainty, which exist at the reporting date of the interim statements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next reporting period:

2. Summary of significant accounting policies (cont.)

(e) Estimates and assumptions *(cont.)*

The carrying amounts of intangible assets and fixed assets

The Group's management reviews the carrying amounts of intangible assets and property, plant and equipment, and assesses whenever indications exist that the assets' recoverable amounts are lower than their carrying amounts. The Group's management calculates and records an impairment loss on intangible assets and fixed assets based on the estimates related to the expected future use, planned liquidation or sale of the assets. Taking into consideration the Group's planned level of activities and the estimated market value of the assets, the Group's management considers that no significant adjustments to the carrying values of intangible assets fixed assets are necessary as of 30 June 2018.

Useful lives of fixed assets

Useful lives of fixed assets are assessed at each balance sheet date and changed, if necessary, to reflect the Group's management current view on their remaining useful lives in the light of changes in technology, the remaining prospective economic utilization of the assets and their physical condition.

Lease classification

Management of the Group applies definite assumptions in classifying signed lease contracts to finance or operative leases.

Financial leases, in which the Group has substantially all the risks and benefits incidental to ownership of the leased item, are capitalized in balance sheet as fixed assets at the amount measured as the lower of the fair value of the leased property and the present value of the minimum lease payments.

Leases, under which the lessor owns substantially all of the ownership of the risks and rewards, are classified as operating leases. The Group's obligations arising from operating lease contracts are recorded as off-balance sheet commitments.

Deferred tax asset on tax losses to be carried forward

A deferred tax asset shall be recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. When considering whether a deferred tax asset can be recognized the management uses their judgment in estimating whether there will be sufficient taxable profits in the future and about their timing and the overall future tax planning strategy. A deferred tax asset is recognized on all tax losses to be carried forward as of 31 December 2017. The Group's management assumes that it is probable that the Group will have sufficient taxable profits in the future against which the tax losses will be utilized.

Allowance for doubtful and bad trade receivables

The Group's management evaluates the carrying amounts of trade receivables and assesses their recoverability, making an allowance for doubtful and bad trade receivables, if necessary. The Group's management has evaluated the trade receivables and considers that it is not necessary to make any additional significant allowances as of 30 June 2018.

Net realizable value of inventories

The Group's management evaluates the net realizable value of inventories based upon the expected sales prices and selling costs and assesses the physical condition of inventories during the annual stock count. If the net realizable value of inventories is lower than the cost of inventories then an allowance is recorded. The Company's management has evaluated the net realizable value of inventories and considers that it is not necessary to make any additional significant allowance as of 30 June 2018.

2. Summary of significant accounting policies (cont.)

(f) Intangible assets

Goodwill

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is disclosed in intangible assets section.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Impairment test is performed annually or more frequently if events or changes in circumstances indicate that it might be impaired. Loss from goodwill impairment is recognized in consolidated statement of comprehensive income.

Other intangible assets

Other intangible assets primarily comprise trademarks, domain registration expenses and software licenses. Customer relationships are formed by purchasing company with customer database. Other intangible assets are measured at historical cost amortized on a straight-line basis over the useful life of the assets. If some events or a change in conditions indicates that the carrying value of an intangible asset may not be recoverable, the value of the respective intangible asset is reviewed for impairment. Impairment loss is recognized if the carrying value of the intangible assets exceeds its recoverable amount. Depreciation is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives:

Trademarks and domains	5 years
Software licenses	3 years
Customer relationships	3 years

(g) Property, plant and equipment

Property plant and equipment is stated at historical cost less accumulated depreciation and impairment. Depreciation is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives:

Plant and equipment	4 - 12 years
Other	2 - 5 years

Depreciation is charged in the month following the month when an item of property, plant or equipment was put into operation or used for business purposes. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total costs of the item is depreciated separately. The remainder consists of the parts of the item that are individually not significant. The depreciation of the remainder is calculated using the approximation methods to fairly represent their useful life.

(h) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cashgenerating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

2. Summary of significant accounting policies (cont.)

(h) Impairment of tangible and intangible assets other than goodwill *(cont.)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cashgenerating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other recievables, bank balances and cash) are initially recognised at fair value, net of transactions costs incurred. Subsequently loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Impairment lossess are recognized in profit and loss (other operating losses).

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

(j) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred.

After initial measurement, borrowings are carried at amortized cost using the effective interest rate method. The amortized value is calculated including any acquisition related discount or premiums and payments that are an integral part of the effective interest rate and transaction costs.

Amortized cost is calculated by taking into account any loan or borrowing issue costs, and any discount or premium related to loans or borrowings.

(k) Inventories

Inventories are stated at the lower of cost and net realizable value.
Costs incurred in bringing the inventories to their present location and condition is measured for as follows:
- consumables and finished goods are measured at cost of purchase applying “first in first out” (FIFO) method;

Net realizable value is the estimated selling price in the ordinary course of business, less less all estimated costs of completion and costs necessary to make the sale. Net realizable value is stated as cost less provisions.

(l) Cash and cash equivalents

Cash and cash equivalents includes cash in bank and in hand, deposits held at call with banks with maturities of three months or less.

2. Summary of significant accounting policies (cont.)

(m) Provisions

A provision is recognized if the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required from the Group to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the Group expects that the expenditure required to settle the provision will be reimbursed by another party partly or fully, e.g. under the terms of an insurance contract, the reimbursement is recognized as a separate asset when and only when it is virtually clear that the reimbursement will be received. In the consolidated statement of comprehensive income, the expense relating to a provision may be presented net of the amount recognized for a reimbursement. Where the effect of the time value of money is material, the provisions are calculated by discounting the future expected cash outflows, using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the liability. If discounting is used, increase in provisions is gradually recognized as borrowing costs.

(n) Derecognition of financial assets and financial liabilities

Financial assets

A financial asset is derecognized if:

- the contractual rights to the cash flows from the financial asset expire;
- the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay cash flows without material delay to a third party based on and earlier arrangement without any profit arising
- the Group transfers the contractual rights to receive the cash flows of the and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset to a third party, or (b) it neither transfers no retains substantially all the risks and rewards of ownership of these assets but has transferred control over the item of financial asset.

If the Group transfers the contractual rights to receive cash flows from the respective financial assets but does not transfer nor retains the risks and rewards, nor transfers control over the respective financial asset, the asset continues to be recognized to the extent of the Group's continuing involvement. When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Group's continued involvement is the lower of the amount of the asset and the maximum amount of the consideration received that the Group may be required to repay.

Financial liabilities

A financial liability is derecognized, if the obligation specified in the contract is discharged or cancelled or expired.

Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the respective carrying amounts is recognized in consolidated statement of comprehensive income.

(o) Contingent liabilities and assets

The Group does not recognize any contingent liabilities in these financial statements. Contingent liabilities are disclosed, unless the probability that an outflow of resources will be required is remote. No contingent assets are recognized by the Group, they are disclosed if it is probable, that the economic benefits related to the transaction will flow to the Group.

2. Summary of significant accounting policies (cont.)

(p) Leases

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Finance lease transactions under which substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the Group, are recognized in the balance sheet as fixed assets at an amount that at the inception of the lease is equal to the fair value of the lease asset or, if lower, the present value of the minimum lease payments. Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is included in the income statement as interest expense.

If there are reasonable grounds to expect that at the end of the lease term the ownership to the leased asset will not be transferred to the lessee, it is assumed that the useful life of the asset shall be lease term. In all other cases the depreciation of the capitalized leased asset will be calculated using a straight-line method over the estimated useful life of the asset.

A sale and leaseback transaction involve the sale of an asset and the leasing back of the same asset. The lease payment and the sale price are usually interdependent because they are negotiated as a package. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved. If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is not immediately recognised as income by a seller-lessee. Instead, it is deferred and amortised over the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease of assets under which substantially all risks and rewards incidental to ownership remains with the lessor is classified as an operating lease. Lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term. The Group’s liabilities arising on operating leases are disclosed as off-balance sheet liabilities.

(q) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and to the extent its amounts can be measured reliably, net of value added tax and trade discounts. Upon recognizing income, the following must be complied with:

<u>*Sale of goods*</u>

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>*Rendering of services*</u>

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognized by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group.

2. Summary of significant accounting policies (cont.)

(r) Segment information

Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), is a component of the Group whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Group considers that it operates in one reportable segment (rent of construction equipment and provision of related support services: assembling, transport and operator services), no split by geographical segments is provided as the Group believes that all geographical segments can be aggregated as they exhibit similar long-term financial performance, nature of the products and services, type of customers, the methods to provide the services are similar, no specific regulatory requirements.

(s) Fair value

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(t) Related party transaction

Related parties are the subsidiaries and associated companies of the Group's Parent company, and the shareholders of the Group's Parent company that have significant influence or control over the activities of the Group's Parent company, members of the council and board, their close relatives and entities in which the above referred persons have significant influence or control.

(u) Post balance sheet events

Only such post balance sheet events adjust amounts recognized in the consolidated interim statement which provides additional information on the conditions that existed at balance sheet date (adjusting events). If post balance sheet events are not adjusting, they are disclosed in the consolidated interim statements only if they are material.

(z) International Financial Reporting Standards

These Consolidated Interim Statements of the Group have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and Interpretations issued by its International Financial Reporting Interpretations Committee (IFRIC) as endorsed by EU.

The amounts shown in these Consolidated Interim Statements are derived from the Group companies' accounting records, appropriately reclassified for recognition, measurement and presentation in accordance with the IFRS as adopted by the EU.

Consolidated Interim Statements have been prepared under the historical cost convention.

3. Net revenue

The Group considers that operates in one reportable segment (rent of construction equipment and provision of related support services such as assembling, transport and operator services) thus additional segment reporting disclosures except for geographical location of the non-current assets are not presented.

Net revenue by products and services	01.01.2018-30.06.2018 EUR	01.01.2017-30.06.2017 EUR
Rental revenue	15 769 261	11 745 475
Transport and related services revenue	4 255 961	3 568 830
Revenue from sale of inventories	326 209	246 000
Revenue from sale of property, plant and equipment used for renting	153 327	52 968
Cash discounts to customers	(21 705)	(20 963)
TOTAL:	**20 483 053**	**15 592 310**

Net revenue per geographical location	01.01.2018-30.06.2018 EUR	01.01.2017-30.06.2017 EUR
Nordic	7 099 792	5 323 128
Baltic	13 082 974	10 269 182
Other countries	300 287	-
TOTAL:	**20 483 053**	**15 592 310**

4. Other operating income

By type	01.01.2018-30.06.2018 EUR	01.01.2017-30.06.2017 EUR
Insurance reimbursements received	45 161	33 200
Cost compensation	2 308	1 502
Other income	19 640	29 940
TOTAL:	**67 109**	**64 642**

5. Cost of services and goods sold

a) Cost of goods sold

	01.01.2018-30.06.2018 EUR	01.01.2017-30.06.2017 EUR
Cost of goods sold	207 318	139 927
Cost of sold property, plant and equipment used for renting	140 804	66 790
Renting equipment corrected due to stock count	(696)	(5 276)
TOTAL:	**347 426**	**201 441**

b) Other external costs

		01.01.2018-30.06.2018 EUR	01.01.2017-30.06.2017 EUR
Transport and assembly services		3 268 979	2 529 247
Equipment rent related costs		2 248 782	1 879 184
Repairs and maintenance services		1 252 894	877 339
	TOTAL:	**6 770 655**	**5 285 770**

6. Other operating expenses

		01.01.2018-30.06.2018 EUR	01.01.2017-30.06.2017 EUR
Rent of offices and areas and maintenance costs		1 135 283	843 205
Other administrative expenses		185 149	152 061
Written-off doubtful debts		299 458	39 009
Administration transport costs		235 051	358 860
IT expenses		370 163	219 581
Insurance costs		156 737	174 521
Marketing expenses		273 281	121 228
Consulting and other services		65 288	81 301
Legal services		28 870	84 020
Communication expenses		66 692	51 591
Allowance (recovery) for doubtful debts		345 667	89 207
	TOTAL:	**3 161 639**	**2 214 584**

7. Depreciation and amortization

		01.01.2018-30.06.2018 EUR	01.01.2017-30.06.2017 EUR
Property, plant and equipment depreciation		5 281 482	4 110 596
Amortization of intangible assets		229 814	168 940
Recognized deferred income (Note 26)		(526 108)	(433 604)
	TOTAL:	**4 985 188**	**3 845 932**

Breakdown of the total property, plant and equipment depreciation charge:

		01.01.2018-30.06.2018 EUR	01.01.2017-30.06.2017 EUR
Depreciation of property, plant and equipment used for renting		4 908 427	3 912 801
Depreciation of property, plant and equipment used for own needs		373 055	197 795
	TOTAL:	**5 281 482**	**4 110 596**

8. Interest and similar income

	01.01.2018-30.06.2018 EUR	01.01.2017-30.06.2017 EUR
Interest income	3 005	93
TOTAL:	**3 005**	**93**

9. Interest and similar expenses

	01.01.2018-30.06.2018 EUR	01.01.2017-30.06.2017 EUR
Interest on borrowings	465 497	982 357
Interest related to finance lease	660 730	679 348
Interest related to bonds	201 846	-
Amortization of incurred incremental costs	163 808	-
Interest on factoring	7 783	6 203
Net foreign exchange losses	50 540	4 718
Other expenses	4 976	2 570
TOTAL:	**1 555 180**	**1 675 196**

Interest expenses presented above are incurred by financial instruments presented in the group Financial liabilities at amortized cost in accordance with IAS 39.

10. Personnel expenses and number of employees

	01.01.2018-30.06.2018 EUR	01.01.2017-30.06.2017 EUR
Salaries	4 641 496	3 773 377
State social security mandatory contributions	1 108 544	697 175
Other personnel costs	458 719	427 696
Remuneration to contractors	(1 010 538)	(816 741)
TOTAL:	**5 198 221**	**4 081 507**

11. Intangible assets

	Licenses and similar rights	Other intangible assets	Customer relationships	Goodwill	TOTAL
	EUR	EUR	EUR	EUR	EUR
FY 2017					
Net carrying value, opening	309 979	379 447	107 639	14 336 732	15 133 797
Additions	32 947	366 532	-	-	399 479
Additions due to acquisition	2 320	1 118	-	1 009 620	1 013 058
Amortisation	(78 720)	(232 584)	(41 667)	-	(352 971)
Net carrying value, closing	266 526	514 513	65 972	15 346 352	16 193 363
At 31 December 2017					
Historical cost	501 222	1 843 031	125 000	15 346 352	17 815 605
Accumulated amortisation	(234 696)	(1 328 518)	(59 028)	-	(1 622 242)
Net carrying value	**266 526**	**514 513**	**65 972**	**15 346 352**	**16 193 363**
FY 2018					
Net carrying value, opening	266 526	514 513	65 972	15 346 352	16 193 363
Additions	47 241	306 786	-	-	354 027
Amortisation	(42 978)	(166 003)	(20 833)	-	(229 814)
Net carrying value, closing	270 789	655 296	45 139	15 346 352	16 317 576
At 30 June 2018					
Historical cost	548 463	2 149 817	125 000	15 346 352	18 169 632
Accumulated amortisation	(277 674)	(1 494 521)	(79 861)	-	(1 852 056)
Net carrying value	**270 789**	**655 296**	**45 139**	**15 346 352**	**16 317 576**

12. Property, plant and equipment

	Land and buildings	Leasehold improvements	Plant and equipment	Other fixed assets	Construction in progress	TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR
FY 2017						
Net carrying value, opening	-	118 825	48 347 736	793 958	288 700	49 549 219
Additions	-	19 746	8 502 376	407 291	398 262	9 327 675
Additions due to acquisition	269 882	20 538	4 709 035	67 842	-	5 067 297
Value increase*	-	-	355 752	-	-	355 752
Disposals, net	-	-	(173 132)	(13 062)	-	(186 194)
Depreciation	(5 687)	(33 263)	(8 580 255)	(375 144)	-	(8 994 349)
Net carrying value, closing	264 195	125 846	53 161 512	880 885	686 962	55 119 400
at 31 December 2017						
Historical cost	306 883	273 035	93 168 597	2 594 232	686 962	97 029 709
Accumulated depreciation	(42 688)	(147 189)	(40 007 085)	(1 713 347)	-	(41 910 309)
Net carrying value	**264 195**	**125 846**	**53 161 512**	**880 885**	**686 962**	**55 119 400**
FY 2018						
Net carrying value, opening	264 195	125 846	53 161 512	880 885	686 962	55 119 400
Additions	-	26 369	1 132 450	1 458 496	4 921	2 622 236
Disposals, net	-	-	(301 050)	(3 403)	-	(304 453)
Depreciation	(7 546)	(21 730)	(4 908 427)	(343 779)	-	(5 281 482)
Net carrying value, closing	256 649	130 485	49 084 485	1 992 199	691 883	52 155 701
at 30 June 2018						
Historical cost	306 883	299 404	94 301 047	4 052 728	691 883	99 651 945
Accumulated depreciation	(50 234)	(168 919)	(45 216 562)	(2 060 529)	-	(47 496 244)
Net carrying value	**256 649**	**130 485**	**49 084 485**	**1 992 199**	**691 883**	**52 155 701**

* Value increase is related to leaseback transactions with fixed assets in 2016 and 2017. Respective increase is also disclosed in deferred income that is amortised over lease term.

13. Inventories

	30.06.2018 EUR	31.12.2017 EUR
Goods for sale (at cost)	505 144	438 143
Consumables (at cost)	657 383	604 727
TOTAL:	**1 162 527**	**1 042 870**

14. Trade receivables

	30.06.2018 EUR	31.12.2017 EUR
Trade receivables	8 934 426	7 254 412
Allowance for doubtful debts	(2 436 544)	(2 091 896)
TOTAL:	**6 497 882**	**5 162 516**

Interest is not charged on late payment of receivables. Generally, trade receivables are due within 15 - 45 days. Allowance for doubtful debts are made upon individual assessment of individual balances. There are no collectively assessed allowances for doubtful debts. Trade receivables are not secured or collaterized, except customers which use factoring.

Changes in the allowance for doubtful debts (Individually assessed)	**30.06.2018 EUR**	**31.12.2017 EUR**
At the beginning of the year	**2 091 896**	**1 673 157**
Allowance increase	345 667	402 983
Additions due to acquisition	-	388 822
Written-off	(1 019)	(373 066)
TOTAL:	**(2 436 544)**	**2 091 896**

Receivables aging analysis:

	Total EUR	Not overdue, no impairment identified EUR	Payment term is overdue, no impairment recognised: Less than 30 days EUR	31 - 60 days EUR	61 - 90 days EUR	91 -180 days EUR	More than 180 days EUR
31.12.2017:	**5 162 516**	3 095 780	1 423 495	354 288	136 733	130 578	21 642
30.06.2018:	**6 497 882**	5 318 023	743 681	254 993	83 872	59 929	37 384

15. Other receivables

	30.06.2018 EUR	31.12.2017 EUR
Guarantee deposit	89 145	91 709
Advances made to suppliers	53 228	72 812
Accrued earnings	55 907	55 907
Other receivables	-	21 567
Refundable value-added tax	83 069	28 658
Advances made to employees	10 480	6 083
TOTAL:	**291 829**	**276 736**

16. Prepaid expenses

	30.06.2018 EUR	31.12.2017 EUR
Payments to lease companies in July	331 104	241 741
Other deferred expenses	625 103	344 110
Total:	**956 207**	**585 851**
Total Non-current prepaid expenses:	-	32 393
Total Current prepaid expenses:	956 207	553 458

17. Cash and cash equivalents

	30.06.2018 EUR	31.12.2017 EUR
Cash in bank and cash, EUR	350 538	5 944 677
Cash in bank and cash, RUB	305 638	242 072
Cash in bank and cash, SEK	30 928	52 502
Cash in bank and cash, NOK	1 970	703
TOTAL:	**689 074**	**6 239 954**

18. Share capital of the Parent company

In 2017 share capital was increased by EUR 26 173 420 and the registered share capital of the Group's Parent company on 30.06.2018 is EUR 33 316 278, divided into 33 316 278 shares. The nominal value of a share is EUR 1. All shares have equal voting right and dividend entitlement.

The registered share capital of the Group's Parent company on 31.12.2016 and on 31.12.2015 is EUR 7 142 858, divided into 7 142 858 shares. The nominal value of a share is EUR 1. All shares have equal voting right and dividend entitlement.

In 2017, equity was increased by capitalizing the remaining amount of the loan from the investor, and thus the residual amount of additional costs was written off, increasing the accumulated losses of the Group's Parent company by EUR 388 929.

Parent company's shareholders as of 30 June 2018 and 31 December 2017:

Shareholder	**Numbers of shares**	**Amount EUR**	**Participating interest (%)**
Levina Investments S.A.R.L. (Luxembourg)	24 320 882	24 320 882	73%
Perle Cunsultancy LTD (Cyprus)	4 497 698	4 497 698	13.5%
TORRINI LTD (Cyprus)	4 497 698	4 497 698	13.5%
TOTAL:	**33 316 278**	**33 316 278**	**100%**

19. Provisions

	30.06.2018 EUR	31.12.2017 EUR
Contingent consideration related to acquisition	459 724	776 385
Provisions for employee bonuses	292 376	685 180
Other provisions	33 611	35 929
Total:	**785 711**	**1 497 494**
Total Non-current provisions:	459 724	539 554
Total Current prepaid provisions:	325 987	957 940

Changes in the provisions :	30.06.2018 EUR	31.12.2017 EUR
At the beginning of the year	**1 497 494**	**926 983**
Provision increase/decrese	(711 783)	570 511
TOTAL:	**785 711**	**1 497 494**

20. Loans from credit institutions

In 2016 Leinolift Oy received loan from Danske Bank Oyj

	Maturity	Amount EUR	Actual interest rate (%)	30.06.2018 EUR	31.12.2017 EUR
Danske Bank Oyj	31.12.2020.	70 000	2.029%	35 845	42 000
			Total Non-current liabilities:	**25 565**	**25 565**
			Total Current liabilities	**10 280**	**16 435**

21. Issued bonds

In 2017 Group issued bonds with maturity date 30.06.2020 and coupon interest rate 8%

	Maturity	Amount EUR	Actual interest rate (%)	30.06.2018 EUR	31.12.2017 EUR
Loans against bonds	30.06.2020	6 942 000	8	5 145 000	6 644 597
Incremental cost allocation		(137 195)		(115 663)	(137 195)
			Total:	**5 029 337**	**6 507 402**

Loans against issued bonds are unsecured. Full amount of loan is repayable upon maturity date.

Total loans origination fees and costs amounted to 115 663 (In 2017: 137 195 EUR). The Group treated these fees and costs as incremental costs related to attracted finance under IAS 39. These fees and costs are an integral part of the effective interest rate of the loans and are treated as an adjustment to the effective interest rate.

22. Finance lease liabilities

By asset type	**Maturity**	**Amount EUR**	***Actual interest rate, (%)***	**30.06.2018 EUR**	**31.12.2017 EUR**	**Balance sheet value of leased assets on 31.12.2017 EUR**
Leasing companies (various asset types)	Various (2017-2022)	20 637 993	1.8-5.5% +3 MEURIBOR	17 097 237	18 615 029	43 261 781
Hire purchase agreements (various assets type)	22.08.2021	3 316 242	1.5%	1 982 389	2 374 994	5 349 941
Trucks & Truck-mounted cranes	30.06.2021.	869 714	3.91%-8.67%	1 465 259	1 667 156	1 010 207
Special cranes & equipment	31.03.2021	722 240	2.2%-3.71%	1 110 546	1 173 742	2 015 998
Lifts finance lease	03.11.2017.	640 709	12%	739 828	916 189	2 503 156
Equipment finance lease	31.07.2017.	164 195	2%-5%	118 365	134 674	231 314
Tractor equipment finance lease	30.09.2019.	1 425 036	6%-7%	546 639	616 044	1 058 107
Scaffolding	30.09.2018.	2 811 953	5%-6%	1 604 688	1 983 222	8 338 538
Car leasing	20.06.2019.	90 848	3.13% - 3.79%	1 205 437	566 971	790 539
Other	30.09.2021.	722 240	2.2%-9.236%	313 418	308 414	405 194
			Total:	**26 183 806**	**28 356 435**	**64 964 775**
			Total Non-current liabilities:	16 967 710	19 101 594	
			Total Current liabilities:	9 216 096	9 254 841	

All financial liabilities are denominated in EUR.

The minimum lease payments and the present value of minimum lease payments can be presented as follows:

	30.06.2018		**31.12.2017**	
	Minimum payments	Current value of the payments	Minimum payments	Current value of the payments
	EUR	**EUR**	**EUR**	**EUR**
Within 1 year	10 170 448	9 216 096	10 406 472	9 254 841
After 1 year not exceeding 5 years	18 058 851	16 967 710	20 882 182	19 101 594
Total minimum lease payments	28 229 299	26 183 806	31 288 654	28 356 435
Less financing costs	(2 045 493)	-	(2 932 219)	-
Present value of minimum lease payments	**26 183 806**	**26 183 806**	**28 356 435**	**28 356 435**

23. Other borrowings

In 2013 the Group has qualified for supplier credit from leading lift producer in Europe – Haulotte Group AB. Total supplier loan amount is EUR 1 712 546 with interest rate per annum of 3%. Final due date of the borrowing is 02.12.2018.

In 2014 the Group received second supplier credit from Haulotte Group AB. Total supplier loan amount is EUR 3 605 126 with interest rate per annum 3%. Final due date of the borrowing is 02.12.2019

In 2015 the Group received third loan from Haulotte Group AB. Total loan amounted to EUR 4 966 254 with interest rate 3% per annum. Loan repayment date is 01.10.2020.

In 2017 the Group received new loand from Haulotte Group AB and Yanmar Construction Equipment Europe S.A.S. Total loans amounted to EUR 4 099 953 with interest rate 2% per annum. Loan repayments dates are 01.12.2021 and 01.12.2020.

As collateral for contracts with Haulotte Group AB and Yanmar Construction Equipment Europe S.A.S Group has registered promissory notes for each payment.

	Maturity	Amount EUR	Actual interest rate (%)	30.06.2018 EUR	31.12.2017 EUR
Haulotte Group SA	02.12.2018	1 900 000	3	171 683	343 344
Haulotte Group SA	04.11.2019	3 999 740	3	1 088 811	1 449 260
Haulotte Group SA	01.10.2020	5 500 000	2.49	2 478 685	2 995 856
Haulotte Group SA	01.12.2021	1 003 836	3.94	705 121	803 069
Haulotte Group SA	01.12.2021	1 994 007	3.94	1 488 044	1 694 746
Haulotte Group SA	01.12.2020	1 006 969	4	673 550	805 575
Yanmar Construction Equipment Europe S.A.S	01.12.2020	995 703	4	662 873	796 564
Incremental cost allocation		(1 058 151)		(459 842)	(550 018)
Aston Baltic SIA	31.12.2018	109 575	-	80 730	80 730
			Total:	**6 889 655**	**8 419 126**
			Total Non-current liabilities:	3 648 736	5 420 741
			Total Current liabilities:	3 240 919	2 998 385

Total loans origination fees and costs amounted to 1 058 151 EUR. The Group treated these fees and costs as incremental costs related to attracted finance under IAS 39. These fees and costs are on integral part of the effective interest rate of the loans and are treated as an adjustment to the effective interest rate.

Changes in the incremental cost allocation:

	30.06.2018 EUR	31.12.2017 EUR
At the beginning of the year	**550 018**	**451 967**
Incremental cost increase	-	336 341
Written off as adjustment to effective interest rate	(90 176)	(238 290)
TOTAL:	**459 842**	**550 018**

24. Tax and national social insurance mandatory contributions

	30.06.2018 EUR	31.12.2017 EUR
Personal income tax	464 750	464 095
State social security mandatory contributions	345 412	173 046
Value added tax	313 118	36 800
Risk duty	4 731	3 104
Pension insurance	-	2 709
TOTAL:	**1 128 011**	**679 754**

25. Deferred income

	30.06.2018 EUR	31.12.2017 EUR
Profit from leaseback transactions	1 272 239	1 789 460
Total:	**1 272 239**	**1 789 460**
Total Non-current deferred income:	218 299	737 816
Total Current deferred income:	1 053 940	1 051 644

Leaseback transactions

In 2017 and 2016 the Group conducted leaseback transactions that resulted in sales proceeds exceeding the carrying amount of these assets in 2017 by EUR 355 752 and in 2016 by EUR 2 795 541.

Changes in the deferred income:	30.06.2018 EUR	31.12.2017 EUR
At the beginning of the year	**1 789 460**	**2 393 134**
Profit from leaseback transactions	8 887	355 752
Amortised and included in income of reporting year (See Note 7)	(526 108)	(959 426)
TOTAL:	**1 272 239**	**1 789 460**

26. Other liabilities

	30.06.2018 EUR	31.12.2017 EUR
Salaries	295 609	278 142
Other payables	1 159	19 612
TOTAL:	**296 768**	**297 754**

27. Accrued liabilities

	30.06.2018 EUR	31.12.2017 EUR
Provisions for unused employee vacations	743 884	665 927
Other accrued liabilities	190 401	433 043
TOTAL:	**934 285**	**1 098 970**

28. Related party transactions

Related parties are the subsidiaries and associated companies of the Group's Parent company, and the shareholders of the Group's Parent company that have significant influence or control over the activities of the Group's Parent company, members of the council and board, their close relatives and entities in which the above referred persons have significant influence or control.

From November 2014 the Company is controlled by LEVINA INVESTMENTS S.A.R.L (Luxemburg) and the Group's ultimate Parent company is Darby Converging Europe Fund III (SCS) SICAR (Luxemburg). This investor provided substantial loans to the Parent company. Total costs for new investor attracting amounted to EUR 712 140. The Group treated these costs as incremental costs related to attracted finance under IAS 39. These costs are amortized over loan maturity period. In 2014 part of received loan has been capitalized to share capital of the Parent company and amount of incremental costs related to capitalized amount has been allocated to equity of the Parent company (Note 19).

In 2017, equity was increased by capitalizing the remaining amount of the loan from the investor, and thus the residual amount of incremental costs was written off, increasing the accumulated losses of the Group's Parent company by EUR 388 929. Residual incremental costs amount as of 31 December 2016 is EUR 388 929 (31.12.2015: EUR 466 971) and are presented as a reduction from total financing amounts disclosed below.

Loans from related companies

	Maturity	Interest rate %	30.06.2018. EUR	31.12.2017. EUR
Levina Investments S.A.R.L.	31.12.2021.	7	4 594 215	4 293 052
TORRINI Ltd	31.12.2021.	6	303 943	295 409
Perle Consultancy Ltd	31.12.2021.	6	303 943	295 409
		Total Non-current liabilities:	**5 202 101**	**4 883 870**

Loans are not secured with any collateral. Full amount of loans is repayable upon maturity date.

29 Business combinations

Impact of acquisitions on the results of the Group

The consolidated results of the Group for 2017 do not include revenues and expenses generated by Cramo SIA and Cramo OOO for the period 1 January 2017 till 30 June 2017. The below is presented the adjusted results for the Group including Cramo SIA and Cramo OOO comprehensive income statement for the period 1 January 2017 till 30 June 2017. The Group management considers these numbers to provide a reference point for comparison in future periods.

	Consolidated statement of comprehensive income 01.01.2017-30.06.2017 EUR	Adjustments EUR	Adjusted results of the Group 01.01.2017-30.06.2017 EUR
Net revenue	15 592 310	2 513 402	18 105 712
Other operating income	64 642	92 905	157 547
Cost of materials and services received	(5 487 211)	(666 433)	(6 153 644)
Personnel costs	(4 081 507)	376 797	(3 704 710)
Other operating expenses	(2 214 584)	(1 550 304)	(3 764 888)
Depreciation and amortization	(3 845 932)	(526 572)	(4 372 504)
Interest and similar income	93	8 569	8 662
Interest and similar expenses	(1 675 196)	(52 543)	(1 727 739)
Profit before taxes	**(1 647 385)**	**195 821**	**(1 451 564)**
Income tax expense	14 347	(30 757)	(16 410)
Profit for the year	**(1 633 038)**	**165 064**	**(1 467 974)**
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	**(1 633 038)**	**165 064**	**(1 467 974)**

30 Going concern of the Group

Group's performance in the reporting period was losses of EUR 1 408 896 (2017: loss EUR 1 633 038. At the end of the reporting period the Group's current liabilities exceeded its current assets by EUR 11 141 848 (31.12.2017: current liabilities exceeded its current assets by EUR 6 896 651). The liquidity is planned to be covered by cash flow from operating activities in the coming periods.

The financial statements have been prepared on the basis that the Group will continue as a going concern, and do not include any adjustments that might be necessary if the going concern assumption would not be applicable.

31 Post balance sheet events

In January 2018 the Group has repurchased 1.5 m EUR of issued bonds (Note 22).

In order to meet minimal capital requirements according to respective country law of one of the Group's entity's the parent company made investment to share capital of respective subsidiary in amount of EUR 800 000 in March 2018.

During the period between the last day of the financial year and the date of signing of these consolidated financial statements there have been no other significant events that would have require adjustments or disclosure in the consolidated financial statements.