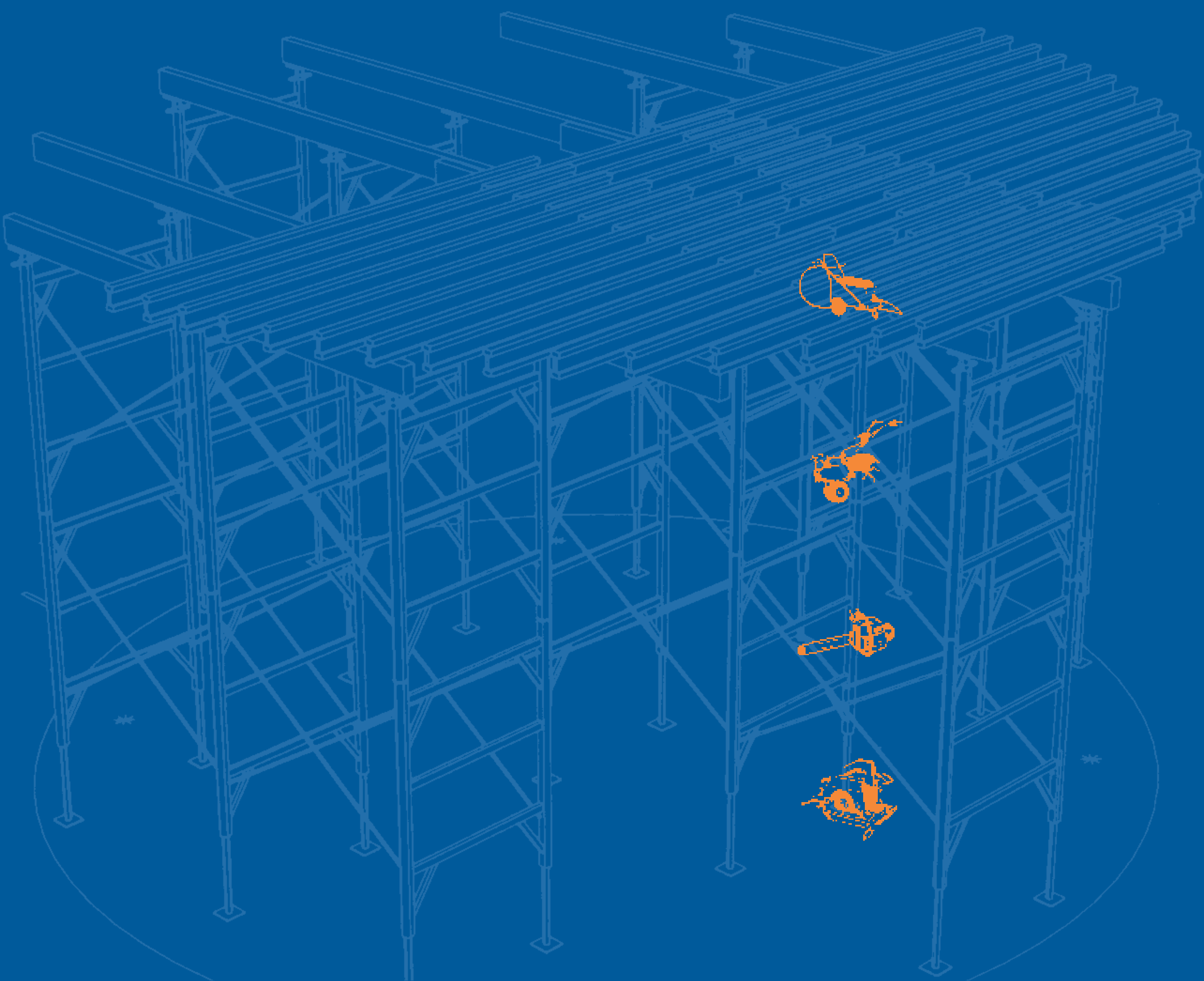
A-Rakennusmies Oyj

Annual Report 1999

Contents



A-Rakennusmies in Brief

A-Rakennusmies is the largest company in Finland renting and selling construction machinery and equipment. The company has the most extensive rental fleet in the market. It provides customers with all the machinery and equipment used on construction sites with the exception of earthmoving machinery, mobile cranes and other similar equipment. Its products range from tower cranes to drills. The company's core product lines are Small Machinery and Equipment, Scaffolding and Weather Covers, Formwork and Supporting Equipment, Portable Spacial Units and Containers, and Tower Cranes and Hoists. A-Rakennusmies also offers related planning, erection, transportation and advisory services.

In addition to rental operations, the company also practises the technical trade, comprising the import and marketing of major construction machinery and equipment in Finland.

The company's main customer segments are building and construction companies, erection and installation companies, industrial facilities, shipyards, state and local authorities, and private persons. The company has some 17,000 customers.

A-Rakennusmies has a network of over 70 rental outlets throughout Finland. Most of the outlets are wholly owned by the company, the remainder being dealer outlets. A-Rakennusmies also has a 50% holding in A-Rakennusmies East Oy which, through its subsidiaries, rents out construction machinery and equipment in the Moscow and St. Petersburg areas in Russia, Tallinn in Estonia, Riga in Latvia and Vilnius in Lithuania.

Key figures	1999	1998	1997	1996
Total revenues, FIM million	**224.0**	209.7	172.8	144.3
Profit after financial items, FIM million	**46.0**	45.0	32.5	12.0
Personnel on 31 December 1999	**317**	322	291	271

Review by the President & CEO

Review of 1999

The growth of construction slackened in Finland in 1999, compared with the previous year. According to the current information from Statistics Finland, there has been no significant increase in the number of new building starts since 1998.

A-Rakennusmies Oyj's net sales and profit improved during 1999. The company's net sales increased to FIM 220 million, and profit before taxes to FIM 46 million. The strongest growth was in the Small Machinery and Equipment product line, which showed an increase of 14%. On the other hand, due to the lower than expected number of building starts, the net sales of formworks , portable spacial units and tower cranes remained the same as the previous year, or even decreased.

Regionally, the growth of net sales was most vigorous in South Finland (18%), Southeast Finland including the Kotka area (16%), and West Finland (13%). The figures for the other areas remained approximately the same as in the previous year.

Long-term targets for key indicators were achieved. The company's equity ratio target of 50% or more was exceeded, with the equity ratio for 1999 being 55%. The gearing target of 50% or less was also exceeded, with gearing being 45%. The target for operating profit before depreciation over a full cycle including both up and down periods is to exceed an average of 30%. Operating profit before depreciation for 1999 was 34.4%.

The development of the company's rental outlets was continued during the financial year by the establishment of two new wholly-owned outlets and three new dealer outlets. The company already has over 70 rental outlets around Finland. In addition, the premises in several outlets were improved and a plot was purchased in the town of Pori for building new premises.

The establishment of separate Rami sales departments in our outlets was introduced as a new mode of operation during the financial year. In addition to the previously sold products, the Rami sales departments offer the customers small accessories necessary on work sites, such as tools, fixing accessories, and electrical and other items. The basic idea is that the customer can easily purchase small accessories for use on work sites when visiting our outlets. So far, Rami sales departments have been established in approximately twenty outlets.

The new real-time IT system, RAMI-IT, developed in the company, was extended to all rental outlets. The system enables the real-time monitoring of all machinery and equipment for rent. We also succeeded well in our preparations for the turn of the millennium and no disturbances occurred.

A new quality system in accordance with the SFS-EN ISO 9001 standard was constructed and introduced in the company during the financial year. Certification will be sought for the system at the beginning of the year 2000.

The company training project for all personnel, which has been under way for several years, continued during the period under review, being mainly targeted this year at the managers of the rental outlets. During the financial year, the company also invested in the maintenance of working capacity by arranging physical check-ups, specific health inspections and an exercise campaign for the whole personnel.

Outlook for the year 2000

The company is expected to continue its favourable development in 2000 at an even stronger rate than in 1999. Growth and improved profitability are expected in rental activities and technical trade. The outlook is based on presented estimates of the growth of the construction and industrial maintenance markets. The recent investments by the company in IT and quality systems and the rental fleet are also expected to support favourable development in 2000.

The company is intensifying its sales by increasing the number of sales areas to twelve from the current six, and simultaneously increasing the number of sales personnel.

The development in the beginning of the year has been positive, with net salesin January increasing by 20% compared with the corresponding period in 1999.

Internationalisation and growth strategy of A-Rakennusmies

A-Rakennusmies Group will invest in the Baltic countries and expand operations to Poland. On 4 February, 2000, A-Rakennusmies Oyj and the Alliance Scan East Fund L.P. from the USA signed an agreement by which the parties will invest additional capital of FIM 30 million in A-Rakennusmies East Oy. Simultaneously, the ownership holdings in A-Rakennusmies East Oy will change, with the holding of A-Rakennusmies Oyj rising to 65%. In addition, according to the agreement, A-Rakennusmies Oyj will have the redemption right to the remaining 35%.

The additional investment is targeted for corporate acquisitions and further investments in Poland and the Baltic countries, where growth opportunities for renting operations are considered very good in the short and particularly the long term. A-Rakennusmies East Oy's objective is to increase its net sales to approx. FIM 100 million in 2–3 years, and at the same time to raise its profitability to the same level as in Finland.

A-Rakennusmies will start operations as a Group from the beginning of 2000. The Group will consist of the parent company A-Rakennusmies Oyj, its 100% owned subsidiary Rami-Cranes Oy and A-Rakennusmies East Oy. Rami-Cranes Oy is an incorporated tower crane product line, being responsible for the renting and sales of tower cranes and hoists. This year, the net sales of Rami-Cranes will exceed FIM 20 million.

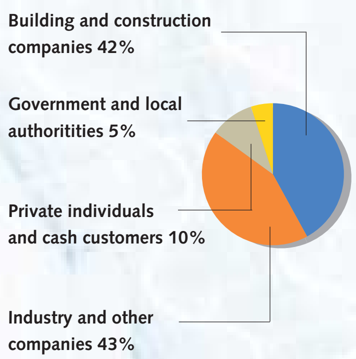
The objective of the A-Rakennusmies Group is to increase its net sales by a minimum of 20% per year. The domestic growth rate is also estimated to reach approx. 10% per year, and the remaining part of growth will be sought in the Baltic countries and in Poland.

The A-Rakennusmies Group's net sales target is FIM 300 million for this year and FIM 500 million for 2003.

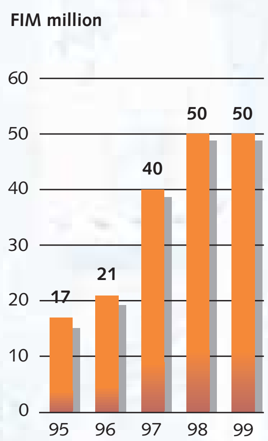
March 2000

Erkki Norvio
President and CEO

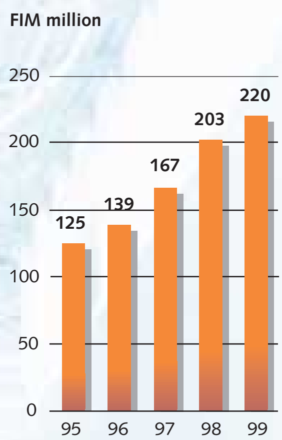
Net sales by customer segment 1999



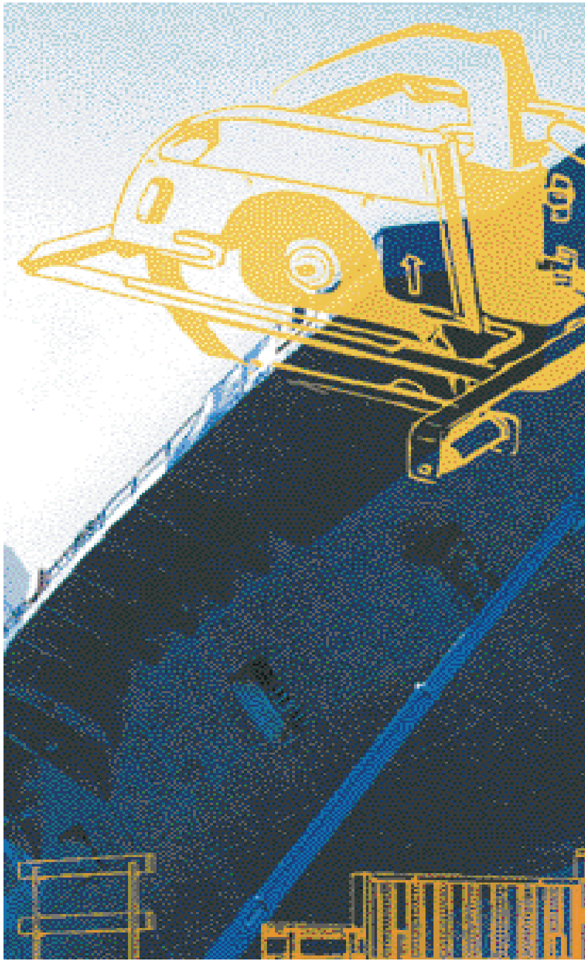
Operating profit 1995–1999



Net sales 1995–1999



Product Lines in Brief



Small Machinery and Equipment

The product line covers the renting of small items of equipment, machinery and tools for building and construction sites and industrial maintenance services, and sales of related accessories and equipment. The products range in size from simple sewer opening springs to electricity generators weighing more than a tonne and large personnel hoists. Small Machinery and Equipment is the largest product line of the company. It includes machinery and equipment for concrete casting, soil compaction, hoisting, heating, sanding, grinding, welding, drilling and nailing. The product range also includes various cutting machines, pneumatic machinery and equipment, electrical and lighting equipment, pumps, and measuring equipment.

Formwork and Supporting Equipment

The product line covers the renting and sales of shuttering forms required for on-site concrete casting, and the related planning and erection supervision services. Shuttering forms are used to cast vertical and horizontal structures such as walls and vaults. The renting of shuttering forms takes place in accordance with the special features of each construction project, the construction schedule and the resources of the contractor. The machinery and equipment in the product line are well-known European brands.

Scaffolding and Weather Covers

The product line covers the renting of scaffolding and weather covers. The comprehensive service provided by A-Rakennusmies also includes the related planning, erection, moving, dismantling and transportation. In addition to rental operations, the product line practises the import and sales of various brands of scaffolding. Scaffolding and weather covers are necessary in renovation and new building projects and in industrial maintenance.

Portable spacial units and containers

The product line rents and sells portable spacial units and containers for new building and renovation sites and for several other purposes. The products include office, changing room, canteen, storage and accommodation units. In addition to ready-furnished units, the product line also designs and furnishes individual solutions according to the needs of customers for use as site buildings, schools, day-care centres and offices.

Rami-Cranes Oy

Rami-Cranes Oy is a 100% owned subsidiary of A-Rakennusmies Oyj, responsible for the renting and sales of tower cranes and hoists. In addition, the operations of Rami Cranes Oy include repairs and spare parts services for various personnel hoists and construction machinery.

Technical trade

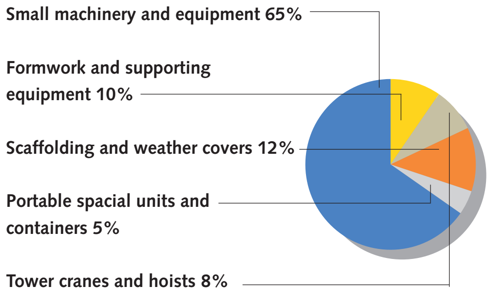
The company also imports and markets construction machinery and equipment. The technical trade is conducted through the product lines, which also use the network of rental outlets for their sales activities. The company sells the same brands as it rents out. The main products in the technical trade are hoists, heaters, tower cranes, containers, scaffolding, formwork, portable spacial units, and various small items of machinery as well as accessories and equipment for work sites.

Organisation and Operating Structure

Organisation

A-Rakennusmies has a matrix organisation, with operations organised by product line and region. The five product lines are: Small Machinery and Equipment, Formwork and Supporting Equipment, Scaffolding and Weather Covers, Portable Spacial Units and Containers, and Tower Cranes and Hoists (Rami-Cranes Oy). Operations are divided into 12 regions and over 70 outlets. The formwork, scaffolding, portable spacial units and tower crane products (Rami-Cranes Oy) are rented and sold both by their respective product lines and through the company's outlets. The renting of small machinery and equipment and the sales of accessories and equipment are handled only by the outlets.

Net sales by product line 1999



Operating structure

Product lines:
- Small machinery and equipment
- Formwork and supporting equipment
- Scaffolding and weather covers
- Portable spacial units and containers
- Tower cranes and hoists (Rami-Cranes Oy)

A-Rakennusmies Oyj's network of outlets and regional sales

Helsinki region	Southeast Finland
Turku – Åland	Kotka region
West Finland	South-Savolax
Central Finland	East Finland
Pirkanmaa	Keskipohja
Päijät-Häme	North Finland

65%

A-Rakennusmies East Oy
- Moscow
- Tallinn
- St. Petersburg
- Riga (67%)
- Vilnius
- Warsaw

Operations of A-Rakennusmies Oyj

Net sales by product line

FIM million	1999	1998	1997	1996
Small Machinery and Equipment	156	137	108	90
Formwork and Supporting Equipment	23	25	22	18
Scaffolding and Weather Covers	29	29	28	15
Portable Spacial Units and Containers	11	13	11	9
Tower Cranes and Hoists	20	19	13	12
Intragroup sales	-19	-20	-15	-5
Total	220	203	167	139
Other operating income	4	7	6	5
Total	224	210	173	144

History

The history of A-Rakennusmies dates back to 1955 and the establishment of a partnership called Rakennusmies. At that time new construction machinery and equipment were in great demand in Finland with the post-war reconstruction at its height. The import, manufacture, and trading of construction machinery and equipment were defined as the company's line of business. In the 1960s and 1970s the product range expanded, and the company also took on the development and manufacture of various prefabricated units.

In 1983 Oy Partek Ab acquired the whole stock of the company, and in the following 2–3 years Partek largely transferred the prefabricated unit production to its own similar group. A-Rakennusmies returned to its roots and focused on the import, sales and renting of construction machinery and equipment.

In the late 1980s, business again grew, and the product range expanded. Further growth was sought mainly through corporate acquisitions.In 1989, A-Rakennusmies acquired Rakennuslaite Oy, which had been renting construction machinery for 15 years. Hytec Oy, a leading seller and renter of formwork and personnel hoists, was merged with the company in 1991.In 1992, the major part of Monivuokraus Ky's business and network of rental outlets was acquired, which significantly increased A-Rakennusmies' construction machinery rental operations. In 1993, the construction machinery operations of Starckjohann-Telko Oy were joined to the company, and in 1994 A-Rakennusmies acquired Tallberg Rakennustekniikka Oy's business. In 1995, the business of Betox Oy was purchased.

In December 1995, the business operations of A-Rakennusmies were transferred to a new company held by key persons in A-Rakennusmies Oy together with funds managed by CapMan Capital Management Oy and MB Finance Group Oy. Of the previous owners, Oy Julius Tallberg Ab, Oy Partek Ab and Starckjohann Oy retained their holdings in the company until November 1997, when the latter two sold their shares to the company's other shareholders. In 1998, A-Rakennusmies was listed on the main list of the Helsinki Exchanges and the public quotation of its shares began on 30 April, 1998. In conjunction with the listing the capital investors, CapMan Capital Management and MB Finance Group, sold most of their holdings. A-Rakennusmies continued its corporate acquisitions by purchasing the equipment rental operations of Kehä-Vuokraus and Cranes-Sampo in 1998.

Construction machinery and equipment rental operations had been started in Moscow in 1988 through a joint venture with two local partners in the former Soviet Union. In 1993, this business was transferred to a wholly owned subsidiary. Operations were expanded to St. Petersburg and Tallinn in 1994, and in 1997 the eastern business was placed under a new company, A-Rakennusmies East Oy. At the same time, a US fund investing in Eastern Europe, the Alliance ScanEast Fund, became involved in financing the growth of A-Rakennusmies East with a 50% holding and capital investment. New companies were established at Riga in Latvia in 1997 and at Vilnius in Lithuania in 1998.

Market development

According to the estimates of A-Rakennusmies, Finland's rental market for construction machinery and equipment grew by approximately 10% in 1999, totalling FIM 750-800 million. Nevertheless, the use of rental machinery and equipment in Finland for construction is low by international standards. As construction companies and industry increasingly focus on improving profitability and productivity, a further increase is expected in the use of rental services in Finland. The current machinery and equipment of construction companies is ageing due to the low level of investments in recent years. Construction companies are also likely to invest in the upgrading of their own machinery and equipment fleets to keep them up-to-date, which should increase the importance of technical trade.

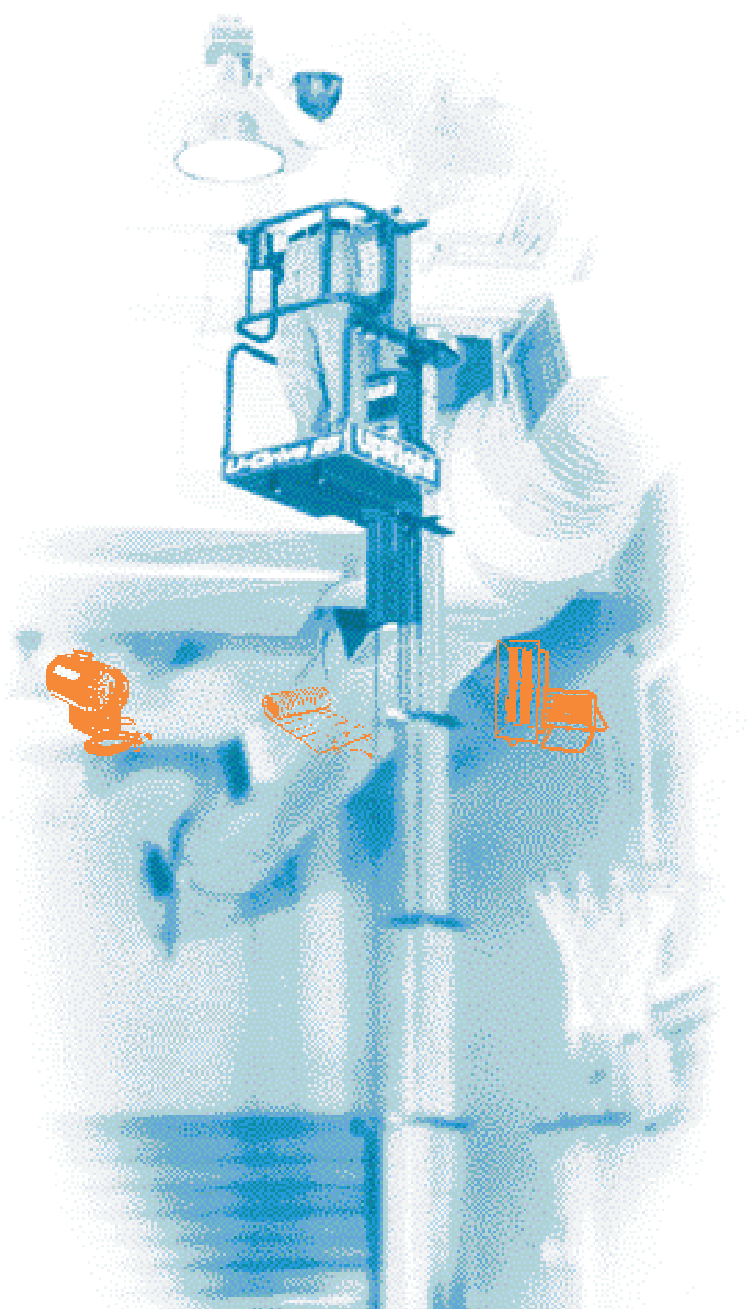
Operations and market situation

The combined total net sales of the outlets in the

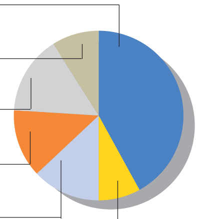
Small Machinery and Equipment product line were FIM 156 million in 1999, which was 14% more than in the previous year. The increase was mainly due to increased activity throughout the market and the business acquisitions that took place in the previous year.

Renting of small machinery and equipment is expected to increase in the near future mainly because of the overall growth in the construction market and the trend for increased use of rental machinery and equipment. In 2000, the network of outlets will be further expanded.

The net sales from the Formwork and Supporting Equipment product line amounted to FIM 23 million in 1999, a decrease of FIM 2 million compared with 1998. This was mainly due to lower numbers of new building starts during the first three quarters of 1999.Growth is anticipated in new construction in 2000, which is expected to boost the sales volume and profitability of the product line.



Net sales by region 1999



The 1999 net sales of Scaffolding and Weather Covers, including installations, were FIM 29 million, i.e. the same as the previous year. The demand for Scaffolding and Weather Covers products is expected to grow in Finland in 2000.

The net sales of Portable Spacial Units and Containers amounted to FIM 11 million in 1999,compared to FIM 13 million in the previous year.
The drop was mainly due to the lower number of new building starts during the first three quarters of the year.

The net sales of the Tower Cranes and Hoists product group totalled FIM 20 million in 1999, slightly up on the FIM 19 million of the previous year. The main reason for growth was the increasingly lively demand for technical trade products. The rental market looks like improving further in the future. In the next few years, the sales of tower cranes is expected to recover from the period of low demand which lasted throughout the 1990s.

The basic idea of Technical Trade is to sell the same products that are used in the rental business, which enables the company to gain advantage from common maintenance and spare parts activities and relations with foreign suppliers. The net sales from Technical Trade were up by approximately 20% on the previous year, totalling FIM 39 million. Stronger growth in the technical trade of construction machinery and equipment is expected in the years ahead.
The company's commitment to the technical trade will be more in evidence within the next few years.

A-Rakennusmies East Group

Income statement figures

(FIM 1 000)	1999	1998	1997
Net sales	24 386	23 656	14 465
Operating profit before depreciation	4 479	4 870	2 377
Depreciation	-4 482	-4 039	-2 139
Operating profit/loss	-3	831	238
Financial income and expenses	-2 928	-1 824	-613
Profit after financial items	-2 931	-993	-375

Balance sheet figures

(FIM 1 000)	1999	1998	1997
Fixed assets	20 376	18 603	14 736
Inventories	1 942	1 295	2 826
Receivables	4 766	4 193	5 548
Cash and bank	1 055	2 834	5 906
Non-interest bearing debt	4 823	2 341	6 719
Interest-bearing debt	5 458	6 204	
Minority interests	1 212	768	603
Shareholder's equity	16 646	20 529	21 694
Balance sheet total	28 139	29 842	29 016

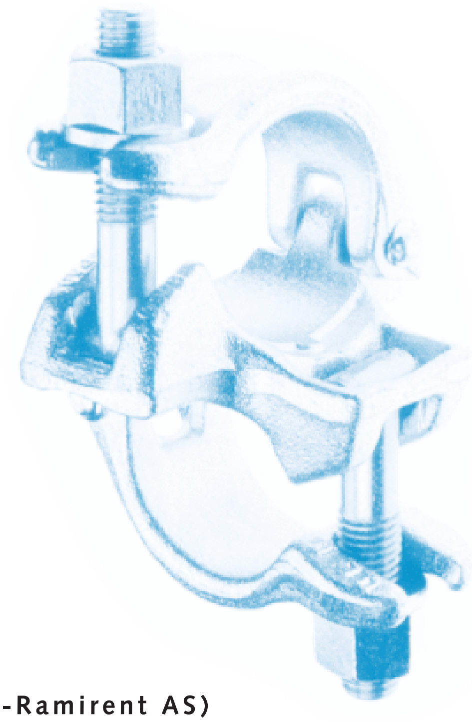
A-Rakennusmies East Oy began operations in April 1997 when the eastern operations of A-Rakennusmies were formed into a separate company. Alliance ScanEast Fund L.P., a US fund managed by CapMan Capital Management Oy, acquired a 50% holding of the new company.The actual rental operations take place through subsidiaries, which are ZAO Techrent in Moscow, ZAO Peterrent in St. Petersburg, A-Ramirent AS in Tallinn, A-Ramirent SIA (67%) in Riga and A-Ramirent UAB in Vilnius.

Investments in the fixed assets, premises and personnel of the subsidiaries in the Baltic countries played a prominent role in operations during the 1999 financial year. Although net sales grew in the Baltic countries, the increase was not sufficient to compensate the decrease in net sales caused by the difficult situation in Russia. The growth in net sales was thus modest in the period under review. The computed exchange rate losses arising from the Group's internal loans and caused by Russia's devaluation of the rouble put the A-Rakennusmies East Group into the red. All the computed exchange rate losses caused by the weakening of the rouble as of 31 December, 1999 have been entered in full in the income statement.

The A-Rakennusmies East Group has decided to seek growth in the Baltic countries and in Poland in 2000, in accordance with its growth strategy. This will take place organically and by corporate and business acquisitions.

Moscow (ZAO Techrent)

Construction was at a low level in Moscow in 1999, due to the overall situation in Russia. A slight improvement could be seen at the end of the year, however, and the situation is not expected to get any weaker. No substantial increase is expected in the net



sales for 2000. It is likely that net sales will remain at a satisfactory level, however, and that Techrent's cash flow will be sufficient to make the necessary replacement investments.

St. Petersburg (ZAO Peterrent)

Investments in the construction of large western factories which began before the collapse of the Russian rouble kept the net sales for 1999 in St. Petersburg at a good level. The outlook for the year 2000 is not as bright as it was for 1999. The target of Peterrent is to maintain the current level of net sales and profitability.

Tallinn (A-Ramirent AS)

The combined effect of the Russian crisis on the Estonian economy and the decline in the previous strong growth in business building meant that construction decreased in Tallinn particularly in early 1999. A-Ramirent AS was thus unable to achieve its targets for the whole year, although the net sales for autumn 1999 were good. At the end of 1999 construction picked up, giving good reason to expect that the year 2000 will be more successful for A-Ramirent AS than the previous one.

Riga (A-Ramirent SIA)

Construction continued brisk in Riga, and A-Ramirent SIA showed outstanding growth in net sales and very good growth in profitability during the period under review. As operations expanded, A-Ramirent SIA moved to new modern office premises during the 1999 financial year. The boost in constructionis expected to continue in 2000 and A-Ramirent SIA will make increasing investments in a new rental fleet.

Vilnius (A-Ramirent UAB)

A-Ramirent UAB's first operating year in 1999 went mostly according to plan, although construction was not as lively in Vilnius as had been expected. A significant improvement is expected in the net sales and profitability of A-Ramirent UAB in 2000. The company will open a new rental outlet in the port city of Klaipeda during the spring of 2000.

Board of Directors' Report

General

The company's rental operations continued to develop favourably during the financial year. The company's net sales and profit were up on the previous year. The company's equity ratio continued to increase and gearing to decrease during the financial year, compared with 1998.

The development of the company's network of rental outlets continued during the financial year by establishing two new wholly-owned outlets and three new dealer outlets. The company already has over 70 rental outlets around Finland. In addition, the premises of several outlets were improved and a plot was purchased in the town of Pori for building new premises.

The establishment of separate Rami sales departments in the outlets was introduced as a new form of operation during the financial year. In addition to the previously sold products, the Rami sales departments offer customers small accessories necessary on work sites, such as tools, fixing accessories, and electrical and other items. The basic idea is that the customer can easily purchase such accessories for use on work sites when visiting the company's outlets. So far, approx. twenty Rami sales departments have been established.

The new real-time IT system, RAMI-IT, developed in the company, was extended to all rental outlets. The system enables the real-time monitoring of all machinery and equipment for rent.

A new quality system in accordance with the SFS-EN ISO 9001 standard was constructed and introduced in the company during the financial year. Certification will be sought for the system at the beginning of the year 2000.

The company succeeded well in its preparations for the turn of the millennium and no disturbances occurred in the IT systems or in rental machinery and equipment.

It was decided to incorporate the tower crane product line. Rami-Cranes Oy, which will continue the operations of the aforementioned product line, will start operations on 1 March, 2000.

Profit development during the 1999 financial year

The favourable development of business operations continued in the 1999 financial year.

A-Rakennusmies Oyj's net sales for 1999 amounted to FIM 219.6 million (FIM 203.1 million), which is 8.1% more than in the previous year.

Other operating income was FIM 4.4 million (FIM 6.6 million).

The majority of other operating income comprises profits from sales of used rental fleet, which is a part of the standard business operations.

The operating profit before depreciation amounted to FIM 75.5 million (FIM 73.6 million), which is FIM 1.9 million more than in the previous year. Due to heavy investments, depreciation increased to FIM 25.7 million (FIM 23.5 million), and the operating profit thus totalled FIM 49.8 million (FIM 50.1 million).

Net financing costs diminished to FIM 3.8 million (FIM 5.1 million).

Profit before extraordinary items was FIM 46.0 million, (FIM 45.0 million), equalling 21.0% (22.2) of the net sales.

Earnings per share were FIM 8.55 (FIM 9.06). The earnings per share were reduced by increased taxes, which resulted from legislative changes decreasing the possibilities to make depreciation in excess of plan. Taxes increased by FIM 3.9 million (taxes in 1999 FIM 10.7 million and in 1998 FIM 6.8 million).

Earnings per share, calculated according to a 28% tax rate on the profit before extraordinary items, was FIM 8.03 at the end of the financial year. The previous year's earnings per share, calculated in a similar way, had been FIM 7.84.

Investments

Gross investments in fixed assets during the 1999 financial year totalled FIM 41.9 million (FIM 56.6 million). The investment figures for the previous financial year include several business acquisitions. No similar business acquisitions occurred in 1999. The majority of investments were aimed at renewing the rental fleet.The condition of the used rental fleet was also maintained and further improved, and the costs arising from it were entered as costs in the income statement.

All investments were financed by cash flow from the company's own business operations.

Financing and balance sheet status

Owing to the positive net cash flow, the company's interest-bearing net debt diminished by FIM 11.9 million, totalling FIM 52.9 million (FIM 64.8 million) at the end of the year. The decrease in net debt also includes the premature repayment of a capital loan of FIM 10 million.

The company's equity ratio was 54.6 (49.2)% at the end of the financial year, and gearing 45.1 (64.9)%. The equity ratio target of >50% set in connection with listing has thus been achieved, as has the gearing target of <50% set at the same time.

Personnel

The average number of personnel employed by the company during the 1999 financial year was 329 (320).

A company training project for all personnel, which has been under way for several years, continued during the period under review, being mainly targeted this year at the managers of the rental outlets.

During the financial year, the company also invested in the maintenance of working capacity by arranging physical check-ups, specific health inspections and an exercise campaign for the whole personnel.

The profit-based bonuses paid under the incentive scheme that covers all personnel in the company totalled FIM 1.6 million (FIM 2.3 million).

Euro

The company's internal reporting currency will continue to be the Finnish markka in 2000. As the majority of the company's customers still operate with the Finnish markka, the final decision on the timetable to implement the transfer to the euro has not yet been made.

The company invoices those customers who require euro-dominated invoices in euros, and also receives euro-dominated invoices.

Outlook for 2000

The company is expected to continue its favourable development in 2000 at an even faster rate than in 1999. Growth and improved profitability are expected in rental activities and the technical trade. The outlook is based on the presented estimates concerning the growth of the construction and industrial maintenance markets. The recent investments by the company in IT and quality systems and the rental fleet are also expected to support favourable development in 2000.

The company is intensifying its sales work by doubling the number of sales areas from six to twelve, and simultaneously increasing the number of sales personnel.

Significant events after the end of the financial year

On 4 February, 2000, A-Rakennusmies Oyj and the Alliance Scan East Fund L.P. from the USA signed an agreement by which the parties will invest additional capital of FIM 30.0 million in A-Rakennusmies East Oy. Simultaneously, the ownership holdings in A-Rakennusmies East Oy will change, with the holding of A-Rakennusmies Oyj rising to 65% by the end of the 2000 financial year.

A-Rakennusmies Oyj's proportion of the additional investment is FIM 24 million.

The additional investment is targeted for corporate acquisitions and further investments in Poland and the Baltic countries, where growth opportunities for renting operations are considered very good in the short and particularly the long term.

Board of Directors, President & CEO, and Auditors

The company's Annual General Meeting held on 15 April, 1999, elected Mr Raimo Taivalkoski (Chairman), Mr Thomas Tallberg (Vice Chairman), Mr Erkki Norvio, and Ms Tuire Mannila as members of the company's Board of Directors.

The firm of Authorised Public Accountants, KPMG-Wideri Oy Ab, was elected as the auditor, with the responsible auditor being Ms Solveig Törnroos-Huhtamäki, Authorised Public Accountant.

The President and CEO is Mr Erkki Norvio.

Income Statement

	Note	1999 (€ 1 000)	1999 (FIM 1 000)	1998 (FIM 1 000)
Net sales	**1**	**36 933**	**219 593**	**203 137**
Other operating income	2	734	4 362	6 590
Expenses				
Materials and services	3	-6 568	-39 050	-32 861
Personnel expenses	4	-9 539	-56 718	-53 286
Depreciation and reduction in value	6	-4 324	-25 709	-23 473
Other operating expenses		-8 859	-52 672	-49 994
		-29 290	-174 149	-159 614
Operating profit		**8 377**	**49 806**	**50 113**
Financial income and expenses	7	-635	-3 773	-5 138
Profit before extraordinary items		**7 742**	**46 033**	**44 975**
Extraordinary items	8			-2 710
Profit before tax reserves and taxes		**7 742**	**46 033**	**42 265**
Appropriations	9	-857	-5 095	-14 400
Direct taxes	10	-1 804	-10 726	-6 798
Net profit for the financial year		**5 081**	**30 212**	**21 067**

Cash Flow Statement

	1999	1999	1998
	(€ 1 000)	(FIM 1 000)	(FIM 1 000)
Funds generated from operations			
Operating profit before depreciation	12 701	75 515	73 586
Financial income and expenses	-635	-3 773	-5 138
Extraordinary items			-2 710
Taxes	-1 804	-10 725	-6 798
Total	10 262	61 017	58 940
Change in net working capital			
Inventories	-281	-1 668	-1 565
Current receivables	-155	-920	-1 701
Non-interest-bearing short-term debt	396	2 355	3 203
Total	-39	-233	-63
Net cash flow from operating activities	10 223	60 784	58 877
Investments			
Investments in fixed assets	-7 238	-43 038	-58 990
Sale of fixed assets	1 800	10 701	7 913
Total	-5 439	-32 337	-51 077
Cash flow before financing activities	4 784	28 447	7 800
Financing			
Decrease in long-term liabilities	-1 555	-9 245	-23 654
Decrease in short-term loans			-3 999
Dividends paid	-2 778	-16 520	-8 139
Share issues			24 817
Total	-4 333	-25 765	-10 975
Change in liquid assets according to this statement	451	2 682	-3 175
Change in liquid assets according to the balance sheet	451	2 682	-3 175

Balance Sheet

	Note	31 Dec 1999 (€ 1 000)	31 Dec 1999 (FIM 1 000)	31 Dec 1998 (FIM 1 000)
ASSETS				
Fixed assets and other long-term investments				
Intangible assets				
Intangible rights	11	99	591	326
Goodwill	11	3 187	18 945	22 223
Other capitalised long-term expenditure	11	642	3 819	4 663
Total		3 928	23 355	27 212
Tangible assets				
Land and water	11	76	453	452
Buildings and structures	11	796	4 734	3 947
Machinery and equipment	11	22 104	131 423	121 776
Total		22 976	136 610	126 175
Investments				
Holdings in associated companies	12,13	1 897	11 276	11 276
Shares in subsidiaries	12,13	17	100	
Other shares and holdings	12,13	53	315	365
Total		1 967	11 691	11 641
Total fixed assets		28 871	171 656	165 028
Current assets				
Inventories	14	2 096	12 462	10 794
Receivables				
Long-term				
Receivables from associated companies	15	267	1 585	1 885
Short-term				
Receivables from associated companies	15	250	1 487	85
Sales receivables		3 602	21 419	20 479
Loans receivables				31
Other receivables		3	15	
Prepayments and accrued income		132	787	1 893
Total		4 254	25 293	24 373
Cash in hand and bank		969	5 764	3 082
Total current assets		7 319	43 519	38 249
Total assets		**36 190**	**215 175**	**203 277**

	Note	31 Dec 1999 (€ 1 000)	31 Dec 1999 (FIM 1 000)	31 Dec 1998 (FIM 1 000)
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	16	3 473	20 650	20 650
Premium fund	16	3 577	21 268	21 268
Retained earnings	16	2 692	16 008	11 461
Profit for the financial year	16	5 081	30 212	21 067
Capital notes	16			10 000
Total		14 823	88 138	84 446
Tax reserves				
Accumulated depreciation difference	18	6 808	40 479	35 384
Liabilities				
Long-term				
Debenture loans	19	1 648	9 800	9 800
Loans from credit institutions	20,22,23	3 856	22 927	31 769
Pension loans	20	1 183	7 033	8 035
Total		6 687	39 760	49 604
Current				
Loans from financial institutions	22,23	1 487	8 842	7 342
Pension loans	20	169	1 003	1 003
Advances received		80	475	545
Liabilities to associated companies	21	13	75	
Trade payables		1 125	6 687	5 532
Other payables		2 605	15 490	6 022
Accruals and deferred income	22	2 393	14 226	13 399
Total		7 872	46 798	33 843
Total liabilities		14 559	86 558	83 447
Total shareholders' equity and liabilities		**36 190**	**215 175**	**203 277**

Notes to the Financial Statements

Accounting principles

The financial statements of A-Rakennusmies Oyj have been prepared in accordance with the new Finnish Accounting Standards which came into effect on 31 December 1997. The information on the previous financial year has been organised according to the new practice. The adoption of the new practice has not caused significant changes to the items of either the income statement or balance sheet. The financial statements have been prepared in Finnish markkas.

A-Rakennusmies Oyj has not prepared consolidated financial statements for the financial year because it had no subsidiaries actually operating during the financial year 1 January - 31 December, 1999.Rami-Cranes Oy and Rami-Rent Oy, which were established and entered in the Trade Register during the financial year, did not practise any business activity before 31.12.1999. Rami-Cranes Oy will begin operations on 1 March, 2000.

A-Rakennusmies Oyj has a 50% holding in A-Rakennusmies East Oy. The acquisition cost of A-Rakennusmies East Oy's shares appears under the heading "shares in associated companies" in the balance sheet, and the financial information on the A-Rakennusmies East Group is presented in Note 13.A clarification of A-Rakennusmies East Group's effect on distributable unrestricted shareholders' equity is presented in Note 17.

Net sales
Net sales include rental income, sales income from technical trade and the sale of services.

Other operating income
Other operating income mainly comprises profits from the disposal of used fixed assets. This income is a part of the company's normal business operations and arises every year.

Inventories
Inventories are shown at the lowest of the weighted average price, the replacement price or the probable selling price. The direct acquisition costs are included in the value of the inventories.

Foreign currency items
Foreign currency items are normally booked at the exchange rate prevailing on the transaction date. Unrealised exchange losses in respect of liabilities are booked at the exchange rate quoted on the balance sheet date.The company has no loans in foreign currency.

Financial instruments
The company has no derivatives contracts.

Pension costs
Pension cover is arranged through pension insurance companies.Pension insurance costs are booked as they occur.

Maintenance and repairs
Except for major refurbishment costs, which are capitalised and depreciated over their period of impact, maintenance and repair costs are booked as expenses during the financial year in which they occur.

Fixed assets
Fixed assets are capitalised at their direct acquisition cost in the balance sheet, reduced by the depreciation made according to plan.The planned depreciation is calculated on the basis of the economic life expectancies of the fixed assets either as straight-line depreciation or as percentage.The depreciation periods for fixed assets are as follows:

Goodwill	10 years
Other long-term expenditure	3–8 years
Buildings and structures	20 years
Machinery and equipment for own use	3–10 years
Rental machinery, equipment and machinery, itemised	
Lifting and loading equipment	8–15 years
Small machines	3–8 years
Portable spacial units	10 years
Rental machinery, equipment and machinery, non-itemised	
Scaffolding	10%
Formwork and supporting equipment	10%
Other non-itemised	10–33%

The depreciation plan was revised during the 1999 financial year to reflect more realistic depreciation periods for machinery and equipment purchased as new.The revision of the depreciation plan had no essential impact on the profit for the financial year.

Cash and bank
Cash and bank includes cash, bank accounts and overnight money market deposits.

Extraordinary income and expenses

No extraordinary income or expenses occurred in the financial year. The extraordinary expenses of the 1998 financial year related to the company being listed on the Helsinki Exchanges.

Appropriations

are changes in depreciation in excess of plan.

Direct taxes

The taxes due on the taxable profit for the 1999 financial year have been entered as income taxes in the income statement.

Notes to the financial statements

1. Distribution of net sales

(FIM million)	1999	1998
By market area		
Finland	217	197
Other European countries	–	1
Other countries	3	6
Total	220	203
By product line		
Small machinery and equipment	156	137
Formwork and supporting equipment	23	25
Scaffolding and weather covers	29	29
Portable spacial units and containers	11	13
Tower cranes and hoists	20	19
Intragroup sales	-19	-20
Total	220	203

2. Other operating income

(FIM)	1999	1998
Profits from disposal of fixed assets	3 726 213	4 934 458
Other income	635 779	1 655 242
Total	4 361 993	6 589 701

3. Materials and services

(FIM)	1999	1998
Purchases and change in inventory	25 733 800	21 039 226
Outsourced and subcontracted services	13 316 352	11 820 859
Total	39 050 153	32 860 086

4. Personnel expenses

(FIM)	1999	1998
Salaries and wages	44 455 560	42 046 558
Pension costs	7 285 619	6 723 073
Other indirect employee costs	4 976 892	4 516 470
Total	56 718 072	53 286 102

5. Average number of personnel

	1999	1998
Network of rental outlets	207	200
Product lines	90	87
Management and administration	32	33
Total	329	320

6. Depreciation on

(FIM)	1999	1998
Goodwill	3 277 378	3 150 800
Other long-term expenditure	874 421	1 157 612
Buildings and structures	262 101	237 349
Machinery and equipment	21 295 269	18 927 621
Total	25 709 171	23 473 383

The depreciation period for goodwill from business acquisitions is 10 years, which is the estimated impact time of acquisitions.

7. Financial income and expenses

(FIM)	1999	1998
Dividend income from outsiders	3 127	2 892
Interest and financial income		
Income from associated companies	49 974	82 969
from others	253 260	496 930
Total	303 234	579 900
Interest and other financial expenses from associated companies	–	–
from others	4 079 616	5 720 594
Total	4 079 616	5 720 594

8. Extraordinary items

(FIM)	1999	1998
Extraordinary expenses	–	2 709 708

9. Appropriations

(FIM)	1999	1998
Difference between depreciation according to plan and depreciation made in taxation	5 094 949	14 400 000

10. Direct taxes

(FIM)	1999	1998
Income taxes on actual operations	10 725 467	7 557 189
Income taxes on extraordinary items	–	-758 718
Total	10 725 467	6 798 471

11. Change in fixed assets

Intangible assets

(FIM)	Intangible rights	Goodwill	Total
Acquisition cost 1 Jan 1999	7 375 124	31 721 351	39 096 475
Increase	1 309 215	–	1 309 215
Decrease	–	–	–
Transfers between items	-1 014 276	–	-1 014 276
Accumulated planned depreciation	-3 260 497	-12 775 784	-16 036 282
Total	4 409 565	18 945 566	23 355 132
Accumulated depreciation and write-downs 1 Jan 1999	-2 386 076	-9 498 405	-11 884 481
Depreciation 1 Jan – 31 Dec	-874 421	-3 277 378	-4 151 800
Accumulated depreciation 31 Dec 1999	-3 260 497	-12 775 784	-16 036 282

Tangible assets

(FIM)	Land	Buildnings	Machinery and equipment	Total
Acquisition cost 1 Jan 1999	452 630	4 270 560	179 657 613	184 380 804
Increase	–	34 933	40 518 233	40 553 166
Decrease	–	–	-8 507 785	-8 507 785
Transfers between items	–	1 014 276	-1 068 555	-54 279
Accumulated planned depreciation	–	-585 873	-79 176 821	-79 762 695
Total	452 630	4 733 896	131 422 684	136 609 210
Accumulated depreciation and write-downs 1 Jan 1999	–	-323 771	-57 881 552	-58 205 324
Depreciation 1 Jan – 31 Dec	–	-262 101	-21 295 269	-21 557 371
Accumulated depreciation 31 Dec 1999	–	-585 873	-79 176 821	-79 762 695

Balance sheet value of machinery and equipment on 31 Dec 1999 FIM 131 422 684.

12. Investments

(FIM)	Shares Subsidiaries	Shares Associated companies	Shares Others
Acquisition cost 1 Jan 1999	–	11 276 400	364 823
Increase	100 000	–	–
Decrease	–	–	-49 610
Acquisition cost 31 Dec 1999	100 000	11 276 400	315 213

13. Shares and holdings

Subsidiaries

	Ownership and voting power	No.	Nominal value	Book value
Rami-Cranes Oy	100%	50	FIM 50 000	FIM 50 000
Rami-Rent Oy	100%	50	FIM 50 000	FIM 50 000

Rami-Cranes Oy conducted no business operations in the 1999 financial year.

	Ownership and voting power	1999 Net sales (FIM million)	1999 Loss (FIM million)	31 Dec 1999 Shareholders' equity (FIM million)
Associated companies				
A-Rakennusmies East Oy Group	50%	24.4	-3.9	16.6

The book value of A-Rakennusmies East Oy's shares is FIM 11 276 400 in A-Rakennusmies Oyj's balance sheet and the number of shares is 113 439.
The taxation value of A-Rakennusmies East Oy's shares on 31December, 1999 was FIM 9 301 998.

Information on A-Rakennusmies East Oy Group

	A-Rakennusmies East Oy's ownership and voting power
ZAO Techrent, Moscow	100%
ZAO Peterrent, St. Petersburg	100%
A-Ramirent AS, Tallinn	100%
A-Ramirent SIA, Riga	67%
A-Ramirent UAB, Vilnius	100%

Other shares and holdings

(No.)	**1999**	**1998**
Telephone shares and holdings	207	115

Book value

(FIM)	**1999**	**1998**
Telephone shares and holdings	313 213	337 823
Other shares and holdings	2 000	27 000

Taxation value

Real estate	2 540 083	2 671 718
Other shares and holdings	361 964	427 710

14. Inventories

(FIM)	1999	1998
Work in progress	–	31 898
Goods	12 461 431	10 761 981
Total	12 461 431	10 793 880

15. Receivables from associated companies

(FIM)	1999	1998
Sales receivables from companies belonging to A-Rakennusmies East Group	1 487 192	85 364
Other receivables from companies belonging to A-Rakennusmies East Group	1 585 405	1 885 405

16. Shareholders' equity

(FIM)	1999	1998
Share capital 1 Jan	20 650 000	17 100 000
Rights issue	–	3 550 000
Share capital31 Dec	20 650 000	20 650 000
Premium fund 1 Jan	21 267 503	–
Issue premium	–	21 267 503
Premium fund 31 Dec	21 267 503	21 267 503
Retained earnings 1 Jan	32 528 278	19 601 117
Dividend distribution	-16 520 000	-8 139 600
Retained earnings 31 Dec	16 008 278	11 461 517
Net profit for the financial year	30 212 311	21 066 761
Capital notes 1 Jan	10 000 000	20 000 000
Amortisation	-10 000 000	-10 000 000
Capital notes 31 Dec	–	10 000 000
Total shareholders' equity	87 798 449	84 445 781

17. Calculation of distributable funds

(FIM million)	1999	1998
Retained earnings	16.0	11.5
Net profit for the financial year	30.2	21.1
Effect of A-Rakennusmies East Oy Group	-5.4	-3.9
Total	40.3	28.4

18. Accumulated appropriations

(FIM)	1999	1998
Accumulated depreciations in excess of plan, 1 Jan	35 384 375	20 984 375
Increase in depreciations in excess of plan	5 094 949	14 400 000
Accumulated depreciations in excess of plan, 1 Dec	40 479 324	35 384 375

19. Long-term liabilities, debenture loan

The debenture loan of FIM9 800 000 is from 1995, and its terms and conditions are as follows:

– Loan period 2 November, 1995 – 2 November, 2002

– Repayments twice a year starting on 2 May, 2001

– Fixed interest at 8% during 2 November, 1995 – 2 November, 1997, fixed 9% during 2 November, 1997 – 2 November, 2002, but at least the 6-month Helibor rate of the Bank of Finland from 2 November, 1999.

The terms and conditions of the debenture loan have not changed since the previous financial statements.There are no unbooked expenses in connection with issuing the loan.

20. Liabilities maturing in more than five years

(FIM)	1999	1998
Pension loans	2 000 000	3 000 000

21. Debts to associated companies

(FIM)	1999	1998
Accounts payable to A-Rakennusmies East Group companies	74 907	–

22. Accruals and deferred income

Accruals and deferred income of FIM 14 226 001 (13 399 265) mainly include tax liabilities and pay and other allocations/accruals.

23. Real estate mortgages given as security for liabilities

(FIM)	1999	1998
Loans from financial institutions	31 769 642	39 111 904
Overdraft facility unused at the end of the financial year	10 000 000	18 000 000
Real estate mortgages given	2 000 000	2 000 000

24. Chattel mortgage bearer notes given as security for liabilities

(FIM)	1999	1998
Loans from financial institutions	31 769 642	39 111 904
Overdraft facility unused at the end of the financial year	10 000 000	18 000 000
Chattel mortgage bearer notes given	94 200 000	94 200 000

25. Pledges and guarantees given as security for other liabilities

The company has not given pledges or guarantees as security for other liabilities than its own liabilities.

26. Leasing obligations

(FIM)	1999	1998
Leasing payments payable during following financial year	1 333 159	1 860 000
Leasing payments payable later	1 687 080	3 275 295
Total	3 020 239	5 135 295

27. Credit facilities

At the balance sheet date, the company had an unused FIM 10 million overdraft facility.

28. Ten principal shareholders according to share register on 31 December, 1999

	Shares	% of total shares and votes
Gaspar Oy Ab	1 069 780	25.9
Oy Julius Tallberg Ab	975 750	23.6
Optiomi Oy	310 000	7.5
Finnish National Fund for Research and Development	204 000	4.9
Alfred Berg Small Cap mutual fund	92 600	2.2
PT Pension Foundation	89 800	2.2
Sampo Life Insurance Company Ltd.	82 500	2.0
The Finnish Medical Foundation	81 100	2.0
Gyllenberg Small Firm mutual fund	77 000	1.9
ABB Pension Foundation	69 600	1.7
Other shareholders	1 077 870	26.1

On 31 December, 1999, 31.34% of A-Rakennusmies Oyj's shares and votes were either directly or indirectly owned or controlled by the President & CEO or the members of the Board of Directors.

Shareholder structure on 31 December, 1999

	Shareholders	Total shares and votes
Companies		
Privately-held companies	44	2 429 685
Financial and insurance institutions	16	584 665
Public organisations	21	620 332
Non-profit organisations	16	369 300
Households/private persons	405	125 818
International shareholders	2	200

The number of nominee-registered shares on 31 December, 1999 was 97 200, equalling 2.35% of total shares and votes.

Distribution of shareholdings on 31 December 1999

No. of shares	No. of shareholders	% of share-holders	No. of shares	% of total shares
1–100	147	28.99	12 165	0.29
101–1 000	282	55.62	73 496	1.78
1 001–10 000	45	8.88	176 709	4.28
10 001–100 000	29	5.72	1 308 100	31.67
100 001–1 000 000	3	0.59	1 489 750	36.07
over 1 000 000	1	0.20	1 069 780	25.90

29. Warrants

The Annual General Meeting of 25 March, 1998 decided on the issuing of warrants.The increase in share capital which can be subscribed for by means of the warrants is at the maximum FIM 750 000.The warrants have been issued to key personnel and Board members of the A-Rakennusmies East Group.

The warrants were subscribed for during the 1998 financial year. The shares which can be subscribed for on the basis of the warrants together account for no more than 3.9 percent of the company's shares and accompanying votes.

Of the warrants, 75 000 are marked with the letter A and 75 000 with the letter B. The subscription period for those marked with A will begin on 1 April, 2000 and end on 31 May, 2002.The subscription period for warrants marked with B will begin on 1 April, 2002 and end on 31 May, 2003.The subscription price of the shares will be determined on the basis of the profit of the A-Rakennusmies East Group.

The warrants were taken up by 12 subscribers, who included the following owners of Gaspar Oy Ab: Erkki Norvio (7 500 warrants), Reijo Fernelius (7 500 warrants), Jorma Nyyssölä (7 500 warrants), Tuire Mannila (7 500 warrants) and Timo Korhonen (30 000 warrants).

30. Board's valid authorisation to acquire and surrender the company's own shares

The Board of Directors is authorised until 15 April, 2000 to acquire up to 206 000 of the company's own shares, equal to 4.99% of the total number of shares.

The company can acquire its own shares in order to develop the capital structure of the company, and/or to use them as payment in the case of corporate or business acquisitions.

The shares can be acquired by decision of the Board of Directors either by means of public trading on the Helsinki Exchanges or by making a public offer of purchase concerning the shares to be acquired.

The shares can be acquired at their market value in public trading at the moment of acquisition.

The authorisation has not yet been used.

The Board of Directors is authorised until 15 April, 2000 to decide on the surrender of the company's ownacquired shares on the following conditions:

The authorisation is valid for no more than 206 000 shares.

The Board of Directors is authorised to decide to whom and in what order the company's own shares will be surrendered. The Board may decide on the surrender of the company's own shares in ways which depart from the pre-emptive rights of shareholders to purchase the company's shares.

The shares can be used as payment in cases of corporate or business acquisitions, or when the company otherwise acquires business-related assets in a way and to the extent decided by the Board.

The surrender price must be no less than the market price quoted in the Helsinki Exchanges at the moment of surrender.

The authorisation has not yet been used.

31. Board's valid authorisation to decide on the execution of an allotted share issue

The Board of Directors is authorised until 15 April, 2000 to decide on the raising of the share capital by one or more rights issues, giving the right to subscribe for no more than 430 000 of the company's new shares, equal to 10.41% of all the current shares, and in which the company's share capital can be raised by a total of no more than FIM 2 150 000.

The authorisation entitles the Board to depart from the pre-emptive rights of shareholders to subscribe for new shares, and to decide on the subscription prices and terms.

The authorisations departing from the pre-emptive rights of shareholders can be used provided that there are weighty financial reasons from the company's perspective, such as the financing of corporate or business acquisitions or other arrangements affecting the development of the company's business operations.

They cannot be made for the benefit of those who belong to the inner circles of the company.

In the case when the share capital is raised by a rights issue, the Board of Directors is entitled to decide whether the shares can be subscribed for in kind, or otherwise on particular conditions.

The authorisation has not yet been used.

32. Notification received during the financial year on exceptional permission related to the obligation to report in conformity with section 9 of chapter 2 of the Securities Markets Act

During the financial year, the company was notified that Alfred Berg Asset Management received on 2 July, 1999, permission from the Financial Supervision Authority to depart from the obligation to report, in conformity with section 9 of chapter 2 of the Securities Markets Act, in the case that the total ownership, held by the mutual funds administered by the asset management company, in an issuer exceeds or falls below 5% of the issuer company's share capital, or, in the case that the number of votes related to these assets reaches or falls below 5% of the number of votes produced by all shares.

The exceptional permission is conditional upon Alfred Berg Asset Management not using their right to vote in shareholders' meetings of the aforesaid companies. The exceptional permission is also conditional uponAlfred Berg Asset Management notifying reception of the exceptional permission and its contents to the aforementioned companies.

If Alfred Berg Asset Management's Board of Directors makes a decision to influence the management of a company, or if the prerequisites for the exceptional permission are otherwise no longer valid, Alfred Berg Asset Management is to immediately report their share of ownership in the way referred to in section 9 of chapter 2 of the Securities Markets Act.The exceptional permission is valid until 31 December, 2000, unless otherwise provided for by a change in legislation.

The total ownership of the mutual funds administered by Alfred Berg Asset Management on 2 July, 1999, when the notification was received,was 4.9% ofA-Rakennus-mies Oyj's shares and votes, as is detailed below:

	Shares	% of share capital	% of votes
Finland	51 300	1.2421%	1.2421%
Optimal	39 500	0.9564%	0.9564%
Portfolio	32 000	0.7748%	0.7748%
Small Cap	79 600	1.9274%	1.9274%
Total	202 400	4.9007%	4.9007%

Key Figures

Income statement

	1999 (€ 1 000)	1999 (FIM 1 000)	1998 (FIM 1 000)	1997 (FIM 1 000)	1996 (FIM 1 000)
Net sales	36 933	219 593	203 137	166 669	139 130
Other operating income	734	4 362	6 590	6 154	5 176
Operating profit before depreciation	12 701	75 515	73 586	59 450	40 492
Depreciation	4 323	-25 709	-23 473	-19 305	-19 381
Operating profit	8 377	49 806	50 113	40 145	21 111
Financial income and expenses	-635	-3 773	-5 138	-7 664	-9 062
Profit before extraordinary items	7 742	46 033	44 975	32 481	12 049
Profit before appropriations and taxes	7 742	46 033	42 265	39 056	12 049
Net profit for the financial year	5 081	30 212	21 067	18 419	5 030

Balance sheet

	1999 (€ 1 000)	1999 (FIM 1 000)	1998 (FIM 1 000)	1997 (FIM 1 000)	1996 (FIM 1 000)
Fixed assets	28 870	171 656	165 029	137 426	127 156
Inventories	2 096	12 461	10 794	9 229	9 216
Receivables	4 254	25 294	24 374	22 673	20 131
Cash and bank receivables	969	5 764	3 082	6 257	2 932
Shareholders' equity	19 726	117 283	99 923	51 810	26 438
Interest-bearing debt	9 873	58 705	67 950	95 604	114 210
of which capital notes	–	–	10 000	20 000	20 000
Non-interest bearing debt	6 591	39 187	35 406	28 171	18 787
Balance sheet total	36 190	215 175	203 278	175 585	159 435

Key figures for performance

	1999	1998	1997	1996
Increase in net sales	8.1%	21.8%	19.8%	14.2%*
Operating profit before depreciation, % of net sales	34.4%	36.2%	35.7%	29.1%
Operating profit, % of net sales	22.7%	24.7%	24.1%	15.2%
Profit before extraordinary items, % of net sales	21.0%	22.2%	19.5%	8.7%
Profit before appropriations and taxes, % of net sales	21.0%	20.8%	23.4%	8.7%
Net profit for financial year, % of net sales	13.8%	10.4%	11.1%	3.6%
Return on investment	29.2%	32.2%	28.3%	13.9%
Return on equity	32.5%	49.3%	73.4%	42.6%
Net debt, FIM million	52.9	64.8	89.3	111.3
Gearing	45.1%	64.9%	172.0%	421%
Equity ratio	54.6%	49.2%	29.5%	16.6%
Personnel (average)	329	320	294	275
Personnel (at the end of year)	317	322	291	271
Gross investment in fixed assets, FIM million	41.9	56.6	24.0	10.8
Gross investments, % of net sales	19.1%	27.9%	14.3%	7.8%

* compared with pro forma 1995

Key figures per share

	1999	1999	1998	1997	1996
Earnings per share 1)	€ 1.44	FIM 8.55	FIM 9.06	FIM 6.95	FIM 2.94
Shareholders' equity per share 1)	€ 4.78	FIM 28.40	FIM 24.20	FIM 12.50	FIM 7.73
Dividend per share 1)	€ 0.67	FIM 4.00	FIM 4.00	FIM 2.38	FIM 1.13
Payout ratio 1)		46.8%	44.1%	34.2%	38.3%
Effective dividend yield 1)		4.5%	5.3%		
Price/earnings ratio (P/E) 1)		10.3%	8.4%		
Highest share price	€ 15.99	FIM 95	FIM 100		
Lowest share price	€ 10.30	FIM 61	FIM 63		
Average share price	€ 12.66	FIM 76	FIM 83		
Share price on 31 Dec 1999	€ 14.85	FIM 88	FIM 76		
Market capitalization on 31 Dec 1999	€ 61.3 mill.	FIM 364.6	FIM 313.9		
No. of shares traded		FIM 1.1 mill.	FIM 2.2 mill.		
No. of shares traded, % of total no. of shares 1)		25.9%	52.5%		

1) The figure used for total number of shares is 4 130 000, i.e. the number of shares on the balance sheet date. Options have been disregarded, as they have no material significance.

Calculation of key figures

return on equity (ROE), %:

$$\frac{\text{(Profit or loss before extraordinary items - taxes)}}{\text{Shareholders' equity + minority interest (average over the year)}} \times 100$$

Return on investment (ROI), %:

$$\frac{\text{(Profit or loss before extraordinary items + interest and other financial expenses)}}{\text{Balance sheet total - non-interest bearing debts (average over the year)}} \times 100$$

Equity ratio:

$$\frac{\text{(Shareholders' equity + minority interest)}}{\text{Balance sheet total - advances received}} \times 100$$

Earnings per share (EPS), FIM:

$$\frac{\text{Profit before extraordinary items - taxes} \pm \text{minority interest}}{\text{Average number of shares, adjusted for share issues, during the year}}$$

Shareholders' equity per share, FIM:

$$\frac{\text{Shareholders' equity}}{\text{Number of shares, adjusted for share issues, on balance sheet date}}$$

Payout ratio, %:

$$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Net debt:
Interest-bearing debt - cash and bank receivables, and financial securities

Gearing:

$$\frac{\text{Net debt}}{\text{Shareholders' equity + minority interest}}$$

Dividend per share:

$$\frac{\text{Dividend paid}}{\text{Number of shares}}$$

The key ratios were calculated in accordance with the general instructions of the Finnish Accounting Standards Board of 17 December 1999.

Board of Directors' Proposal and Auditors' Report

Proposal of the Board on the distribution of profit

Distributable retained earnings amount to FIM 40.3 million.
The Board of Directors proposes the distribution of a dividend of FIM 4.00 (EUR 0.67) per share, totalling FIM 16 520 000.

Helsinki 14 February 2000

Raimo Taivalkoski
Chairman

Thomas Tallberg
Vice Chairman

Erkki Norvio
CEO, Member of the Board

Tuire Mannila
Member of the Board

Auditor's note

The financial statements have been prepared in accordance with the Finnish Standards on Accounting.
We have today issued a report on the audit performed by us.

Helsinki 16 February 2000

KPMG WIDERI OY AB
Firm of authorized public accountants

Solveig Törnroos-Huhtamäki
Authorized Public Accountant

To the shareholders of A-Rakennusmies Oyj

We have audited the accounting records and the financial statements, as well as the administration by the Board of Directors of A-Rakennusmies Oyj for the period 1.1. - 31.12.1999. The financial statements prepared by the Board of Directors and the Managing Director include the report of the Board of Directors, the income statement, the balance sheet and the notes to the financial statements. Based on our audit we express an opinion on these financial statements and the company's administration.We have conducted the audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration has been to examine that the Board of Directors and the Managing Director have complied with the rules of the Finnish Companies Act.

In our opinion the financial statements, showing a profit for the year of FIM 30 212 311.55, have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of the company's result of operations as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and Managing Director can be discharged from liability for the period audited by us. The proposal made by the Board of Directors on how to deal with the retained earnings is in compliance with the Finnish Companies Act.

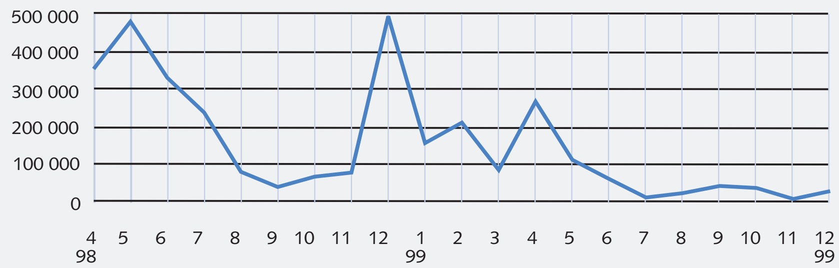
Helsinki 16 February 2000

KPMG WIDERI OY AB

Solveig Törnroos-Huhtamäki
Authorized Public Accountant

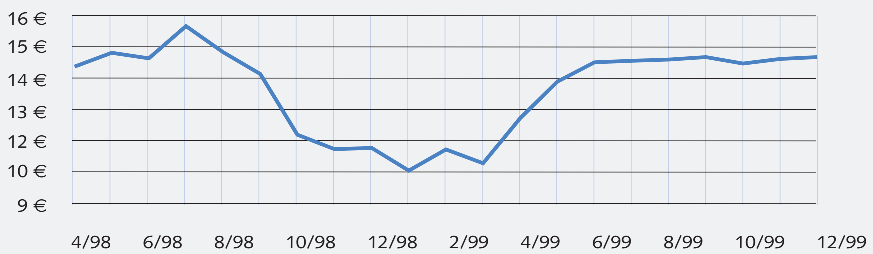
Share Turnover and Performance (monthly)

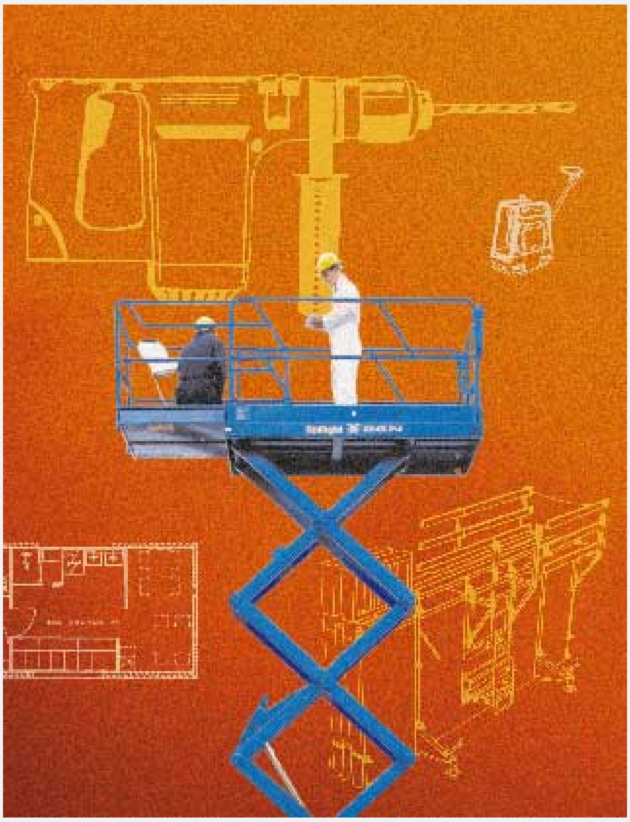
Share turnover, Number



Share Performance

(Average monthly share price, €)





Corporate Governance

Members of the management group from left: in back Mika Riikonen, Jorma Nyyssölä, Kari Aulasmaa, Kauko Hirvinen. In front: Tuire Mannila, Erkki Norvio, Reijo Fernelius.

Election of Board of Directors and President & CEO

The Annual General Meeting elects the members of the Board of Directors. The Board of Directors elects one of its members as Chairman. Members of the Board of Directors are elected until further notice. There is no resignation rotation system.

The Board of Directors appoints the President & CEO.

Position of President & CEO

The company's Board of Directors has drawn up a written contract defining the main terms and conditions of employment of the President & CEO.

Management salaries and other benefits

The Board of Directors decides on the salary and other benefits of the President & CEO. The President & CEO decides on Management salaries and other benefits.

Board of Directors

Raimo Taivalkoski (born 1940), MSc in Engineering, has served as Chairman of the Board of the company and its predecessors since 1983. He is President of Rakennustuoteteollisuus RTT ry.

Thomas Tallberg (born 1934), Doctor of Medicine, has been a member of the Board since 1995. He is a docent in immunology. He has also served as Chairman of the Board of Julius Tallberg Ab since 1967, and a member of the Board of Oy Fiskars Ab since 1967.

Erkki Norvio (born 1945), MSc in Engineering and Economics, has been a member of the Board of the company and its predecessors since 1986. He is the President & CEO of A-Rakennusmies Oyj. He is also a member of the Board of the Federation of Finnish Commerce and Trade, and Vice Chairman of the Board of the Association of Finnish Technical Traders and Chairman of the Association's Building Machinery Division.

Tuire Mannila (born 1956), MSc in Economics, has been a member of the Board since 1997. She is the Chief Financial Officer of A-Rakennusmies Oyj.

Auditors

The company's shareholders appoint at least one and at most two auditors each year. At least one of the auditors must be a firm of public accountants certified by the Central Chamber of Commerce. The company's present auditor is the certified public accounting firm of KPMG Wideri Oy Ab, with Solveig Törnroos-Huhtamäki APA as the main auditor.

Management Group

Erkki Norvio is the President & CEO of the company and Chairman of the Management Group. He was appointed President & CEO in 1986.

Tuire Mannila is the company's Chief Financial Officer. She has served the company since 1990.

Reijo Fernelius (born 1942), Engineer, is responsible for the company's regional sales and the following product lines – Formwork & Support, and Scaffolding & Weather Covers. He has served the company since 1977.

Jorma Nyyssölä (born 1946), is responsible for Rental Outles and the following product lines – Portable Spacial Units & Containers, Personal Hoists, Rami Sales and the Technical Trade. He has served the company since 1991. From 1988 to 1991 he was deputy CEO of A-Rendmash (Moscow).

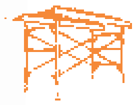
Kari Aulasmaa (born 1968), civil engineer, is the Management's representative in quality matters. He has served the company since 1996.

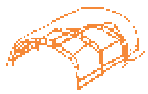
The personnel are represented in the Management Group by *Kauko Hirvinen* and *Mika Riikonen*.

Kauko Hirvinen (born 1953), is an area manager and has served the company since 1980.

Mika Riikonen (born 1970), is a sales negotiator and has served the company since 1996.

On 31 December, 1999, members of the company's Management Group together owned 56.5 percent of Gaspar Oy Ab, and Gaspar Oy Ab had a 25.9 percent holding in A-Rakennusmies Oyj.





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