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## INFORMATION FOR SHAREHOLDERS

### Annual General Meeting

Rakentajain Konevuokraamo Oyj's Annual General Meeting will be held on Wednesday, 6 April 2005 at 1.00 p.m. at the Group's headquarters, Kalliosolantie 2, Vantaa. Those shareholders who have been entered in the list of shareholders maintained by Finnish Central Securities Depository Ltd. by 24 March 2005 shall be entitled to participate in the Annual General Meeting. A shareholder wishing to attend the meeting should notify by 4.00 p.m. on Wednesday, 30 March 2005 either in writing to the address Kalliosolantie 2, 01740 Vantaa, by telephone +358 9 89481 (Margit Sädekari, Pirkko Syvälahti or Ritva Kuosmanen), by fax +358 9 8948287 or by e-mail rk@rk.fi.

### Dividend payment

At Board proposal, dividend, adopted by the Annual General Meeting, will be paid to shareholders entered in the shareholders' register maintained by the Finnish Central Securities Depository Ltd. on the record day, 11 April 2005. The dividend will be paid on 18 April 2005.

### Financial information schedule for 2005

Financial statement bulletin 2004	Thursday, 17 February 2005
Annual report	week 11, 2005
Three months interim report	Tuesday, 10 May 2005
Six months interim report	Wednesday, 10 August 2005
Nine months interim report	Thursday, 10 November 2005

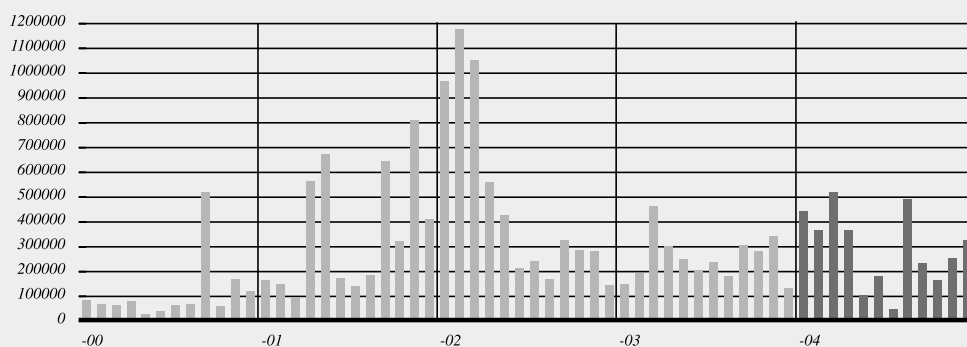
The reports are available on the company's web sites at [www.rk.fi](http://www.rk.fi).

### Share performance analyses

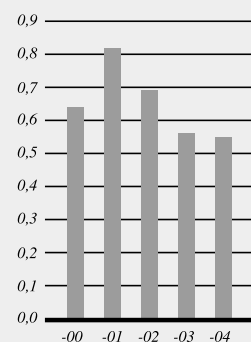
Rakentajain Konevuokraamo Oyj share performance is monitored and analysed e.g. the following analysts:

Jari Westerberg	FIM Pankkiiriliike Oy	tel. +358 9 6134600
Tomi Tiilola	eQ Pankki Oy	tel. +358 9 23123311
Ronny Ruohomaa	Deutsche Bank Ag	tel. +44 20 75453934
Mikael Doepel	Opstock Securities	tel. +358 10 2522931
Robin Johansson	Mandatum Pankkiiriliike Oy	tel. +358 10 2364828
Mika Metsälä	Kaupthing Bank Oyj	tel. +358 9 4784000
Mika Karppinen	Evli Pankki Oyj	tel. +358 9 47669643
Michael Yates	Cazenove & Co	tel. +44 20 75882828

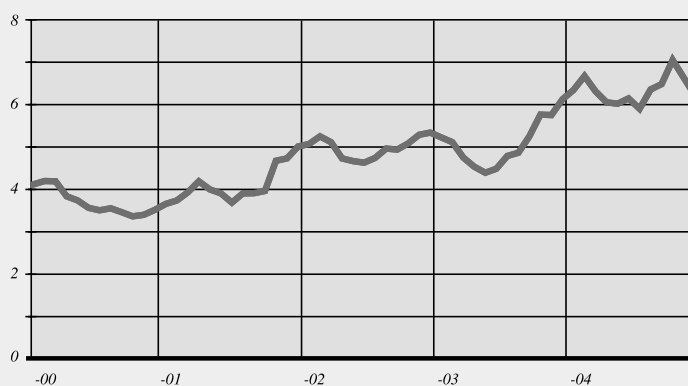
B SERIES SHARE, TRADING VOLUME



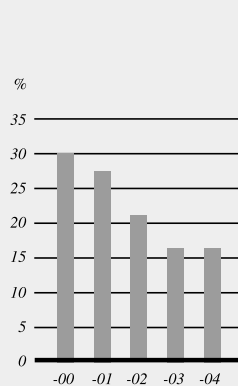
EARNINGS PER SHARE, €



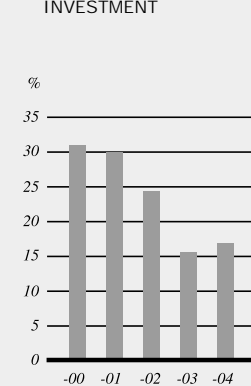
B SERIES SHARE PRICE, €



RETURN ON EQUITY



RETURN ON INVESTMENT



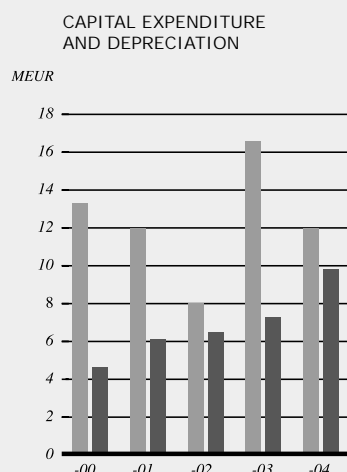
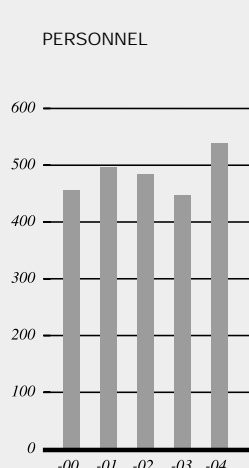
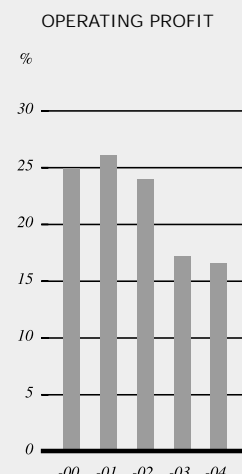
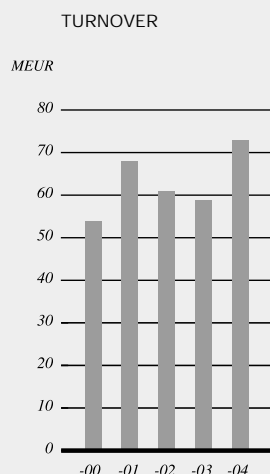
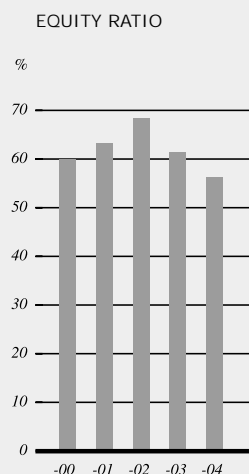
## THE GROUP IN BRIEF

		2004	2003	Change %
Turnover	MEUR	72.96	58.73	+24.2
Operating profit	MEUR	12.14	10.10	+20.2
% of turnover	%	16.6	17.2	-3.5
Profit before extraordinary items	MEUR	11.51	9.79	+17.6
% turnover	%	15.8	16.7	-5.4
Balance sheet total	MEUR	84.67	86.21	-1.8
Return on equity	%	16.4	16.4	0.0
Return on investment	%	16.9	15.6	+8.3
Equity ratio	%	56.3	61.3	-8.2
Average number of personnel	number	538	447	+20.4
<b>A and B Series shares</b>				
Earnings per share *)	EUR	0.55	0.56	-1.8
Shareholders' equity per share	EUR	3.29	3.60	-8.6
Dividend per share	EUR	0.25 **)	0.80	-68.8
Market capitalisation	MEUR	93.43	82.46	+13.3
<b>B Series shares</b>				
P/E ratio		11.70	10.09	+16.0
Lowest quotation	EUR	5.70	4.35	+31.0
Highest quotation	EUR	7.45	5.90	+26.3
Trading volume	number	3,495,110	3,048,642	+14.6

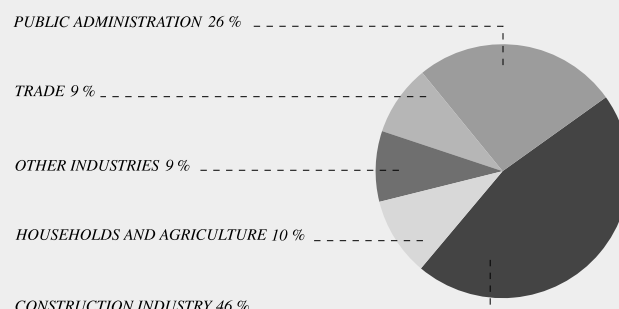
There is no public quotation for A Series shares.

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

\*\*\*) Board proposal



**TURNOVER BY CUSTOMER GROUP**





## CEO'S REVIEW

In 2004, the construction industry performed as expected, as did RK's business, with Finnish construction, save industrial construction projects, finding itself on a promising growth path. All the same, the launch of major construction projects signalled a turn for the better, its effects being reflected at fuller stretch in RK's rental services business in the next few years.

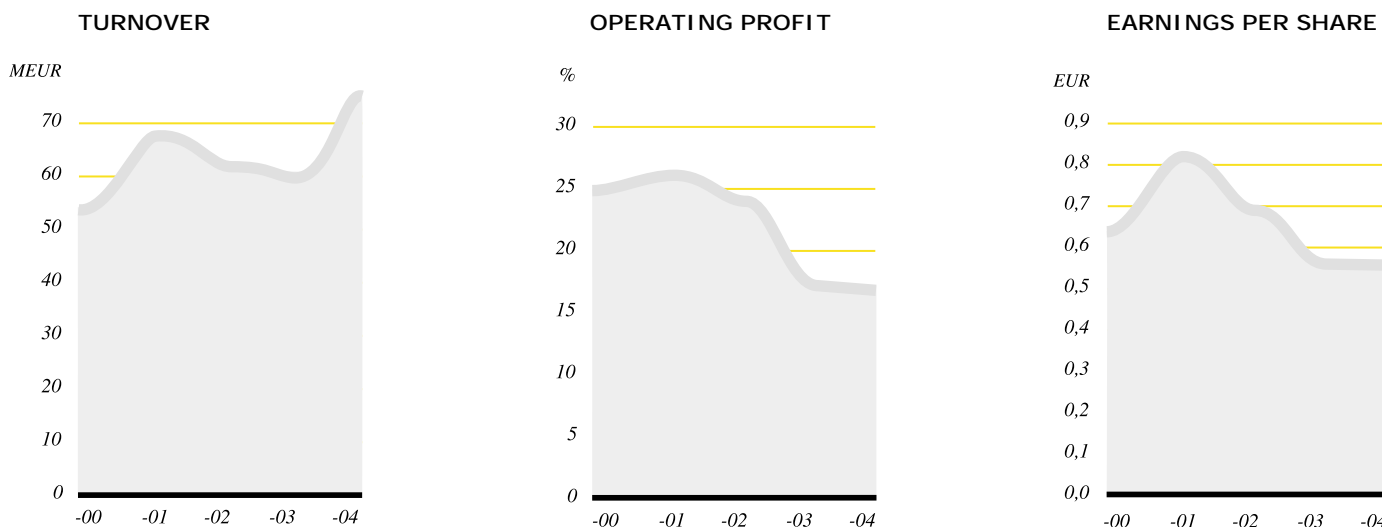
Characterised by an almost 3 per cent annual GDP growth rate and low rates of interest and inflation, the now stable Finnish economy will provide a solid basis for future construction. Housing construction is expected to continue its growth, albeit at a slower rate, while industrial construction is likely to rebound and renovation and modernisation projects should continue their steady growth. Total construction is expected to expand over the next few years while differences between construction sectors will even out.

RK's improved turnover and profit resulted mainly from business expansion. Suomen Projektivuokraus Oy, a Group company since the beginning of the financial year, expanded its rental business based on long-term contracts. Revived commercial construction outside the Helsinki Metropolitan Area is expected to provide a boost to RK's project rental services. Rental machines' steadily growing share of all machines and equipment on offer in Finland heralds growth prospects for the machine rental industry as a whole, with the result that rental firms will also grow in size.

As in the preceding years, 2004 was marked by a slight downward trend in prices for the rental business, with no major changes expected for 2005, due partly to the larger number of foreign competitors entering the Finnish equipment rental market. The parent company's general rental services business was mostly affected by competition, whereas project rental services based on long-term contracts were less hit by price pressures, with especially large machines and equipment recording high utilisation rates throughout the year. Based on intensified intra-Group synergies, RK's nationwide service office network began to rent out Suomen Projektivuokraus Oy's machines and equipment.

In 2004, the Finnish export industry showed a poorer-than-expected performance, business investment rates remained low and industrial construction continued its gentle downward trend. If the production offshoring trend continues in the years to come, this will slow down domestic capital spending further, which will, in turn, set back developments in industrial construction – an important sector to RK.

In line with our expectations, our moveable building business made good progress towards the end of the financial year. Tilamarkkinat Oy lengthened its rental order books significantly due to long-term lease contracts concluded in late 2004 related to major construction projects, with the resulting effects expected on the current year's bottom line. Towards the



end of the year, school and day-care centre projects were more buoyant than in previous years. Moreover, successful product development also invigorated Tilamarkkinat's business.

Construction-site services underwent a reorganisation, providing a firm foundation for the provision of services on a comprehensive basis, with the selected focus areas including diamond boring and cutting services, drying services and floor-smoothing services. The year also saw the launch of a new service: special demolition services.

Last year, RK Group's profit performance was also improved by streamlined intra-Group operations involving the launch of several development projects and the continued centralisation of functions within the Group. RK will continue to rationalise its moveable building manufacture, strengthen its scaffolding rental business, increase investments in personnel hoists and place a focus on the development of Suomen Projektivuokraus Oy's business. The Group will also continue to develop the management of its machinery and equipment further, with particular attention being paid to logistics, maintenance, repair and the machinery's age structure. It will simplify its machinery portfolio and revise its investment focus. All of these measures are expected to bear fruit within the next few years.

In 2004, RK revised its Corporate Governance and upgraded Board reporting practices in support of efficient Board work.

RK Group's internationalisation process took a step forward, as evidenced by the opening of the Group's second outlet in Estonia. The Group's expansion in the Baltic countries will primarily be built on company acquisitions and partnerships. Having entered the Polish market, RK acquired a Krakow-based rental business specialising in personnel hoists. Strong

business expansion in St. Petersburg will continue as planned, the region seeing growing investments and new outlets. To sum up, RK has taken its initial steps in the new, vigorously expanding EU countries and perceives the Baltic countries, Poland and the St. Petersburg region as areas with strong growth potential.

I wish to express my special thanks to RK's staff for its high dynamics and motivation in customer service. The Group's aim is to continue to provide well-organised working practices and develop working conditions in such a way that work will go more smoothly and easily and all staff will have an equal opportunity to perform their duties efficiently and enthusiastically also in the future.

Admittedly, the next few years will entail challenges and opportunities, but RK has every prospect of steady business growth in the years to come. Our strategy sharpened during the financial year 2004, the focus on our core businesses, our development measures aimed at greater internal efficiency and our organisational changes spawning internal synergies will all pave the way for the Group's growth in the coming years. I am convinced that RK's highly skilled employees endorse my view of RK's ultimate goal of satisfied customers – customers who choose us due to our superior service capabilities.

Although competition will certainly intensify in our industry too, this trend may have its upside. The more room there is for competition in our country, the more we can expect the industry to expand.

  
Vesa Koivula

## BOARD REVIEW

### Development of business operations

As forecast, in 2004 the Finnish economy grew more than in the previous year.

The total amount of construction grew, and such growth is forecast to remain steady in the future. Housing construction was especially busy in growth centres while renovation and civil engineering showed steady growth.

In line with the company strategy, specified at the beginning of the year, business operations focused on machinery and equipment rentals, selected construction-site services and movable buildings.

Demand for machinery and equipment rental services should increase, due to the favourable development expected in construction and industry. Large domestic projects will further advance business operations. Merging Suomen Projektivuokra Oy, specialising in long-term rental services, with the Group increased net sales and turnover in its rental operations. Growth was also attained in the parent company's equipment rentals, consisting mainly of short-term rentals even though decreasing price levels constricted rental operations. The period saw new development projects aiming at improved efficiency, including the re-organisation of construction-site services and ending tent solution and event services.

There were no fundamental changes in the demand for movable buildings. Demand for school and day-care projects purchased by municipalities decreased whereas the demand for rented facilities increased. Large construction investments launched at the end of last year increased demand for movable buildings required by the industry. The subsidiary, Tilamarkkinat, received its largest order ever when over 12,000 m<sup>2</sup> of movable buildings were rented for the Oikiluoto nuclear plant's construction site. This significantly added to rental's order volumes.

Tilamarkkinat Oy's production will be rationalised by closing down the Kouvola factory and, in the future, focusing production of prefabricated modules on the Leppävirta production unit, while the Pyhäjoki factory concentrates on the production and sale of halls.

Foreign operations grew according to expectations both in St. Petersburg and Estonia. Another office was opened in Tallinn and the marketing of the St. Petersburg subsidiary reinforced. At the beginning of 2005, Rakentajain Konevuokraamo acquired the Polish personnel hoist company, Säve Sp.zo.o.,

operating in Krakow. The company will continue its operations as an independent subsidiary. It has a rapidly growing turnover of approximately EUR 1 million and brings Rakentajain Konevuokraamo Oyj into a new market area, strengthening the company's profitable growth.

### Turnover

Consolidated turnover increased by 24.2 per cent (decreased 3.8 per cent in 2003), from EUR 58.73 million to EUR 72.96 million.

### Profit

Consolidated operating profit came to EUR 12.14 million (EUR 10.10 million), showing an increase of EUR 2.04 million (down EUR 4.55 million).

The Group's net financial expenses reached EUR 0.63 million (EUR 0.31 million).

Profit after financial items before extraordinary items and taxes amounted to EUR 11.51 million (EUR 9.79 million), increase EUR 1.72 million (down EUR 4.41 million).

The Group recorded no extraordinary items.

Profit after extraordinary items and taxes totalled EUR 7.97 million (EUR 8.02 million).

### Capital expenditure and financing

Group capital expenditure of EUR 12.00 million (EUR 16.59 million), accounting for 16.4 per cent (28.2 per cent) of turnover, was mainly allocated to rental machinery and equipment, including the purchase of premises for the parent company in Joensuu.

The EUR 3.73 million (EUR 2.28 million) purchases relating to the maintenance of rental equipment were charged to expenses.

Loans from financial institutions increased by EUR 4.92 million, to EUR 26.75 million at the year-end.

### Increase and reduction of share capital

On the basis of the employee stock options based on the bond with warrants decided by the Annual General Meeting of 14 May 1998, the number of B Series shares subscribed during 2003 totalled 203,100, at the subscription price of EUR 2.45 per share. The Board approved the subscriptions on 7 January 2004. The increase of share capital was registered with the Trade Register on 19 January 2004, and the trading of



the new B Series shares began on the Helsinki Stock Exchange on 20 January 2004. The increase of share capital was EUR 343,239.00, i.e. the share capital totalled EUR 24,950,514.42. The recorded issue premium came to EUR 154,356.00.

The Annual General Meeting of 2 April 2004 decided to reduce the share capital from EUR 24,950,514.42 to EUR 23,926,355.83, or by EUR 1,024,158.59, by cancelling, without repayment, 606,011 B Series shares acquired as part of the company's share buyback scheme. The value of this reduction, which was transferred from the share capital to the issue premium fund, corresponds to the combined counter book value of the cancelled shares.

On the basis of the employee stock options based on the bond with warrants decided by the Annual General Meeting of 14 May 1998, the number of B Series shares subscribed during the report period totalled 156,900, at the subscription price of EUR 1.95 per share. The increase of share capital was registered with the Trade Register on 23 June 2004, and the trading of the new B Series shares began on the Helsinki Stock Exchange on 24 June 2004. The increase of share capital was EUR 265,161.00, i.e. the share capital totalled EUR 24,191,516.83. The recorded issue premium came to EUR 40,794.00.

On the basis of the Group key personnel stock options decided by the Annual General Meeting of 4 April 2002, the number of B Series shares subscribed in 2004 totalled 300, at a subscription price of EUR 3.97 per share. The Board approved the share subscriptions on 17 February 2005, after which the increase of share capital will be registered with the Trade Register and trading of the new B Series shares will begin on the Helsinki Stock Exchange. The share capital will increase by EUR 507.00 to EUR 24,192,023.83. The recorded issue premium will come to EUR 684.00.

### **Share capital and shareholders' equity**

On 31 December 2004, the share capital of EUR 24,191,516.83 consisted of a total of 14,314,507 shares, each share having a book counter-value of EUR 1.69.

The parent company's and the Group's shareholders' equity amounted to EUR 34,690,189.89 and EUR 47,056,574.42, respectively.

### **Treasury shares**

The company's Board has not exercised its authorisation given by the Annual General Meeting of 2 April

2004 to buy back or to dispose own B Series shares.

Pursuant to the decision made by the Annual General Meeting on 2 April 2004, 606,011 own B Series shares in the company's possession have been cancelled. The reduction has been registered in the Trade Register on 22 April 2004.

### **Bond with warrants**

The loan period for the EUR 27,751.00 bond with warrants for employees, decided by the Annual General Meeting of 14 May 1998, expired on 5 June 2001. Due to the threefold increase in the number of shares subscribed resulting from the bonus issue in 2001, the stock options entitled their holders to subscribe for a total of 495,000 B Series shares as of 1 May 2000 and a total of 495,000 B Series shares as of 1 May 2002. The share subscription period terminated on 31 May 2004. The stock options were traded on the Helsinki Stock Exchange until 24 May 2004. A total of 9,300, 106,500, 596,700 and 156,900 B Series shares were subscribed in 2001, 2002, 2003 and 2004 respectively, totalling 869,400 shares.

### **Stock options**

The Annual General Meeting of 4 April 2002 decided to offer the key employees of the Rakentajain Konevuokraamo Group stock options, entitling their holders to subscribe for a total of 670,000 B Series shares. Of these B Series shares, a total of 335,000 will be subscribed with 2002A-stock options from 1 May 2004 to 31 March 2007 and 335,000 B Series shares with 2002B-stock options from 1 May 2006 to 31 March 2007. The Group's 2002 A-stock options have been traded on the Helsinki Stock Exchange since 3 May 2004. A total of 300 B Series shares were subscribed in 2004.

### **Organisation and Group structure**

In addition to the parent company, Rakentajain Konevuokraamo Group comprises the following operating companies: the sub-Group Tilamarkkinat Oy, Suomen Projektivuokraus Oy and Suomen Tähtivuokraus Oy, which governs companies operating in St. Petersburg, Estonia and, as the latest entrant, in Poland.

Machinery and equipment rental services are provided through the network represented by the parent company's 57 rental service offices; subsidiaries' service offices (one in St. Petersburg, two in Tallinn and one in Krakow); and the five service offices of Suomen Projektivuokraus Oy in the Helsinki Metropolitan Area.

Construction-site services comprise the parent company's diamond boring and cutting services, drying services and floor services including floor smoothing and concrete laser screed placement.

The subsidiary, Tilamarkkinat Oy, responsible for the moveable buildings business, has its head office in Ylöjärvi and production plants in Leppävirta, Pyhäjoki and Kouvola. The Kouvola plant will be closed in the summer of 2005.

### **Board and Managing Director**

The Group's Board convened 14 times during the financial year.

Board members during the financial year:

Paavo Ruusuvuori, Chairman, Matti Koskenkorva, Vice-Chairman, Eino Halonen, Asko Järvinen, Jari Lainio, Juhani Nurminen and Pekka Pystynen as ordinary Board members.

Managing Director and CEO of the Group has been Vesa Koivula.

### **Auditors**

The Group's auditors were Risto Laitinen, Authorised Public Accountant, and PricewaterhouseCoopers Oy, Authorised Public Accountants, with Henrik Sormunen, Authorised Public Accountant, as the principal auditor and Yrjö Haukatsalo, Authorised Public Accountant, as the deputy.

### **Prospects for year 2005**

Both economic growth and the operating environment in Finland seem stable for 2005, and we expect

construction activity to continue growing at the previous year's level to the extent that growth in individual sectors will even out as housing construction slows down, while industrial construction will pick up.

Demand for machinery and equipment rental services should increase, due to the expected favourable development in construction. Large industrial and office building projects will contribute to the rising demand for both machinery and equipment rental services and the rental of site facilities.

We foresee demand for moveable building rental services continuing its growth in 2005, while demand for their purchases will decline year-on-year.

We expect consolidated turnover and results to grow in 2005.

### **Adoption of IFRS**

The company will disclose its first IFRS-compliant financial statements for 2005, including interim reports.

### **Profit distribution policy**

Rakentajain Konevuokraamo Oyj's profit-distribution goal is to distribute around half of Group's profit in terms of share buybacks and/or dividends. At the same time, however, the Group aims to maintain its equity ratio at a healthy level.

## PROFIT AND LOSS ACCOUNT OF THE GROUP

EUR	Notes	1.1.–31.12.2004	1.1.–31.12.2003
<b>Turnover</b>	1	<b>72,956,420.32</b>	58,729,391.47
Increase / decrease in finished goods inventory and work in progress		259,137.00	415,757.00
Production for own use		2,466,923.19	2,584,484.88
Share of associated companies' profits		0.00	775,086.97
Other operating income	2	303,129.28	326,715.42
Materials and services	3	20,990,936.08	18,390,148.70
Personnel expenses	4	18,687,959.49	15,679,290.97
Depreciation and write downs	5	9,864,100.16	7,328,783.79
Other operating expenses	6	14,307,244.22	11,332,632.79
<b>Total</b>		<b>63,850,239.95</b>	52,730,856.25
<b>Operating profit</b>	7	<b>12,135,369.84</b>	10,100,579.49
Financial income and expenses	8	-625,038.69	-311,832.44
<b>Profit before extraordinary items</b>		<b>11,510,331.15</b>	9,788,747.05
<b>Profit before taxes</b>		<b>11,510,331.15</b>	9,788,747.05
Direct taxes	10	-3,544,773.35	-1,767,516.30
<b>Profit for the period</b>		<b>7,965,557.80</b>	8,021,230.75

## BALANCE SHEET OF THE GROUP

EUR	Notes	31.12.2004	31.12.2003
<b>ASSETS</b>			
<b>Fixed assets</b>	11		
Intangible assets		398,775.67	416,820.99
Group goodwill		10,559,076.79	11,614,984.47
Tangible assets		61,519,044.79	59,151,566.08
Long-term investments			
Treasury shares		0.00	2,582,706.68
Other shares and holdings		207,111.61	210,475.38
<b>Total fixed assets</b>		<b>72,684,008.86</b>	73,976,553.60
<b>Current assets</b>			
Inventories	14	3,906,756.67	3,656,761.53
Long-term receivables	15	206,200.00	79,280.00
Short-term receivables	16	7,295,438.74	7,128,887.37
Cash and bank		576,391.26	1,372,135.78
<b>Total current assets</b>		<b>11,984,786.67</b>	12,237,064.68
<b>Total assets</b>		<b>84,668,795.53</b>	86,213,618.28
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Shareholders' equity</b>	17		
Share capital		24,191,516.83	24,607,275.42
Share issue		1,191.00	497,595.00
Issue premium fund		1,554,432.17	335,123.58
Treasury shares		0.00	2,582,706.68
Retained earnings		13,343,876.62	16,754,667.47
Profit for the period		7,965,557.80	8,021,230.75
<b>Total equity</b>		<b>47,056,574.42</b>	52,798,598.90
<b>Liabilities</b>	19		
Deferred tax liability		2,971,029.53	2,867,962.53
Long-term liabilities		13,872,272.47	12,713,413.09
Short-term liabilities		20,768,919.11	17,833,643.76
<b>Total liabilities</b>		<b>37,612,221.11</b>	33,415,019.38
<b>Total liabilities and shareholders' equity</b>		<b>84,668,795.53</b>	86,213,618.28

## PROFIT AND LOSS ACCOUNT OF THE PARENT COMPANY

EUR	Notes	1.1.–31.12.2004	1.1.–31.12.2003
<b>Turnover</b>	1	<b>32,202,606.94</b>	30,738,944.72
Other operating income	2	157,075.71	214,387.73
Materials and services	3	3,285,990.49	3,003,843.04
Personnel expenses	4	10,536,794.49	10,045,020.41
Depreciation and write downs	5	4,132,235.03	3,966,116.91
Other operating expenses	6	9,950,917.24	9,135,745.10
<b>Total</b>		<b>27,905,937.25</b>	26,150,725.46
<b>Operating profit</b>		<b>4,453,745.40</b>	4,802,606.99
Financial income and expenses	8	-60,399.38	+10,603,776.65
<b>Profit before extraordinary items</b>		<b>4,393,346.02</b>	15,406,383.64
Extraordinary income and expenses	9	1,420,000.00	0.00
<b>Profit after extraordinary items</b>		<b>5,813,346.02</b>	15,406,383.64
Appropriations	5	-6,646.73	-79,291.75
Direct taxes	10	-1,240,192.17	-4,353,130.46
<b>Profit for the period</b>		<b>4,566,507.12</b>	10,973,961.43

## BALANCE SHEET OF THE PARENT COMPANY

EUR	Notes	31.12.2004	31.12.2003
<b>ASSETS</b>			
<b>Fixed assets</b>	11		
Intangible assets		120,082.20	134,002.96
Tangible assets		23,642,840.63	24,215,899.38
Long-term investments			
Holdings in Group companies	12	26,196,143.51	25,060,763.51
Treasury shares		0.00	2,582,706.68
Other shares and holdings		178,617.46	181,981.22
<b>Total fixed assets</b>		<b>50,137,683.80</b>	52,175,353.75
<b>Current assets</b>			
Inventories	14	645,815.83	591,122.72
Long-term receivables	15	9,850,631.29	2,527,747.69
Short-term receivables	16	3,216,186.59	10,677,582.74
Cash and bank		271,446.70	496,786.57
<b>Total current assets</b>		<b>13,984,080.41</b>	14,293,239.72
<b>Total assets</b>		<b>64,121,764.21</b>	66,468,593.47
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Shareholders' equity</b>	17		
Share capital		24,191,516.83	24,607,275.42
Share issue		1,191.00	497,595.00
Issue premium fund		1,554,432.17	335,123.58
Treasury shares		0.00	2,582,706.68
Retained earnings		4,376,542.77	4,775,736.94
Profit for the period		4,566,507.12	10,973,961.43
<b>Total equity</b>		<b>34,690,189.89</b>	43,772,399.05
<b>Accumulated appropriations</b>	18	<b>8,321,154.52</b>	8,314,507.79
<b>Liabilities</b>	19		
Long-term liabilities		6,609,127.47	4,818,255.05
Short-term liabilities		14,501,292.33	9,563,431.58
<b>Total liabilities</b>		<b>21,110,419.80</b>	14,381,686.63
<b>Total liabilities and shareholders' equity</b>		<b>64,121,764.21</b>	66,468,593.47

## CASH FLOW STATEMENT

EUR 1,000	Group		Parent company	
	2004	2003	2004	2003
<b>Cash flow from business operations</b>				
Operating profit	12,135	10,101	4,454	4,802
Adjustments:				
Depreciation	+9,864	+7,329	+4,132	+3,966
Share of associated companies' profit	0	-775	0	0
Dividends from associated companies	0	+392	0	0
Change in working capital 1)	-1,247	-514	+7,757	-5,420
Financial income and expenses	-625	-312	-60	+10,604
Taxes	-3,442	-3,204	-1,240	-4,353
Net cash flow from operations	+16,685	+13,017	+15,043	+9,599
<b>Cash flow from investments</b>				
Capital expenditure	-11,995	-16,586	-4,832	-3,698
Sale (+) / purchase (-) of other shares	+3	0	+3	0
Sale of fixed assets	+838	+1,561	+152	+200
Net cash flow from investments	-11,154	-15,025	-4,677	-3,498
<b>Cash flow from financing</b>				
Rights issue	+307	+1,462	+307	+1,462
Increase (+) / decrease (-) in long-term liabilities	+1,159	+5,898	+1,790	+445
Increase (-) / decrease (+) in long-term receivables	-127	-79	-7,323	+489
Increase (+) / decrease (-) in short-term loans	+3,765	+2,245	+4,587	-1,694
Dividends paid	-11,373	-6,780	-11,373	-6,780
Extraordinary expenses (-) / income (+)	0	0	+1,420	0
Translation difference	-58	0	0	0
Net cash flow from financing	-6,327	+2,746	-10,592	-6,078
<b>Change in liquid assets</b>				
Liquid assets on 1 January	1,372	634	497	474
Liquid assets on 31 December	576	1,372	271	497
1) Change in working capital				
Increase (-) / decrease (+) in inventories	-250	-1,290	-55	-59
Increase (-) / decrease (+) in short-term receivables	-167	-3,063	+7,461	-5,291
Increase (+) / decrease (-) in short-term non-interest bearing liabilities	-830	+3,839	+351	-70
	-1,247	-514	+7,757	-5,420

## NOTES TO THE FINANCIAL STATEMENTS

### FINANCIAL STATEMENT PREPARATION PRINCIPLES

#### Consolidated financial statements

##### *Extent of consolidated financial statements*

The consolidated financial statements include the accounts of the Parent Company, Rakentajain Konevuokraamo Oyj, and each of those subsidiaries in which the Parent Company, directly or indirectly, holds a controlling interest. The companies in which the Parent Company, directly or indirectly, holds a significant holding and exercises considerable influence are consolidated as associated companies.

##### *Consolidation principles*

Subsidiary accounts are consolidated as of the date of acquisition. The accounts of an associated company are consolidated as of the date the company becomes an associated company.

##### *Accounting principles*

The consolidated financial statements of Rakentajain Konevuokraamo Group are prepared in accordance with Finnish

Accounting Standards (FAS).

##### Intra-Group shareholdings

The consolidated financial statements are prepared according to the acquisition cost method. The subsidiaries' shareholders' equity on the acquisition date is deducted from the acquisition cost. The excess of the subsidiaries' acquisition cost over shareholders' equity (consolidation difference), not allocated to the subsidiary's fixed assets, is shown as Group goodwill. Goodwill is amortised over its expected useful life according to plan. The consolidation difference allocated to fixed and other non-current assets is amortised in accordance with the relevant amortisation period. The consolidation difference allocated to land areas is deducted in conjunction with their disposal.

The Group has no minority interests.

##### Associated companies

Associated companies are consolidated using the equity method. In proportion to Group holdings in the associated companies, the Group's share of the associated companies' profits and losses for the latest financial year and the estimate of the share of the current financial year's profits and losses are shown as a separate item in the profit and loss

account. For associated companies related to business operations, operating profit is presented before other operating income and, for other companies, under financial items.

#### Inter-Group transactions

All inter-Group transactions, profit distribution, receivables and liabilities are eliminated. Profit margins due to inter-Group transactions are eliminated provided they are material in nature.

#### Comparability of consolidated financial statements

The preparation principles of the Parent Company's financial statements have not been subject to changes that would affect the comparability of financial statements for the previous financial period.

Since the beginning of the financial year, fixed manufacturing costs have been included in acquisition costs under fixed and current assets, which improved the profit for the year by EUR 269,915.00 million.

When examining the consolidated financial statements, it is necessary to consider the fact that Suomen Projektivuokra Oy, which has been the Group's subsidiary since 23 October 2003, was treated as an associated company until 31 October 2003, after which, since 1 November 2003, it has been treated as a subsidiary. The consolidation difference of EUR 4,227,374.27, due to the acquisition costs of shares, allocated to rental machinery and equipment will be depreciated on a straight-line basis over nine years. Depreciation for the financial year 2003 amounted to EUR 77,712.32. Deferred tax liability of EUR 1,349,362.21 incurred by Suomen Projektivuokra Oy for the period as an associated company was deducted from taxes for the financial year.

#### **Fixed assets and depreciation**

Fixed assets, which include fixed manufacturing costs, are recorded at cost. The sum total of inventories coming from materials and supplies includes direct acquisition costs. Land areas include revaluation made before 1989. The Group estimates that the market value of land areas is higher than their book value. Inventories related to manufacturing include both variable and fixed manufacturing costs.

Planned depreciation is calculated on the basis of uniform Group-wide principles and recorded on a straight-line basis over the expected useful lives of the assets as follows:

	years
Buildings and structures	15–50
For rent:	
- Movable buildings	10–20
- Machinery and equipment	6–10
- Tents and shelters	6
Machinery and equipment for drying services	10
Machinery and equipment for diamond boring and cutting services	6
Machinery and equipment for own use	3–6
Other long-term assets	3–10
Other tangible assets	3–10
Group goodwill	5–15

Group goodwill amortisation periods correspond to the expected periods during which income is generated. Tila-markkinat Oy's Group goodwill amortisation period is 15 years. Land and water areas as well as revaluations are not depreciated.

#### **Inventories**

Inventories are stated at the lower of acquisition cost or replacement cost or likely net realisable value. Cost is determined on a first-in-first-out (FIFO) basis. The sum total of inventories coming from materials and supplies includes di-

rect acquisition costs. Inventories related to manufacturing include both variable and fixed manufacturing costs.

#### **Items denominated in foreign currencies**

Assets and liabilities denominated in currencies other than those of the euro zone are translated into euros at the average rate on the date of closing the accounts. Exchange rate differences are recorded with an impact on company result.

#### **Appropriations**

The accumulated difference between planned and book depreciation is shown under Parent Company appropriations. Appropriations are not shown in the consolidated balance sheet and profit and loss account, and, consequently, the said difference is allocated to unrestricted equity and deferred tax liabilities in the consolidated balance sheet. Appropriations are eliminated in the consolidated profit and loss account taking account of the effect of deferred tax liabilities.

#### **Deferred taxes**

Deferred tax liabilities and tax assets in the consolidated financial statements are based on the temporary differences between the date of taxation and the date of closing the accounts, and they are calculated by using the enacted tax rate on the date of closing the accounts. Deferred tax liabilities and tax assets are shown net in the balance sheet. Deferred tax liabilities and tax assets unlikely to materialise are not entered in the balance sheet. Deferred tax liabilities and tax assets are not entered in Parent Company balance sheet. Deferred tax liabilities and tax assets are itemised in the Notes to the Financial Statements.

#### **Turnover and income recognition**

Based on the term of rental, income from rental operations is recognised on an accrual basis. Income from drying and diamond cutting services is recognised upon performance of a service or part thereof and customer acceptance. Revenues from movable buildings are recognised upon the final performance of services.

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

#### **Other operating income**

Other operating income includes, among other things, rental income and contributions received.

#### **Pension schemes**

Pensions are charged as expenses as incurred. The Group has no uncovered pension liabilities. The pension scheme is based on pension insurance in compliance with the Employees' Pensions Act and the Employment Pensions Fund. The contractual retirement age of the Parent Company's Managing Director is 62 years.

#### **Research and development**

Research and development costs are expensed as incurred.

#### **Extraordinary items**

Extraordinary items include income and expenses based on non-recurring and essential transactions as distinct from usual business operations or on changes in accounting principles. Parent company extraordinary income and expenses also include group contributions received and paid. Extraordinary items are presented net of taxes.

#### **Direct taxes**

Direct taxes for the financial year and the previous financial years as well as change deferred tax asset and liability shown in the consolidated financial statements are presented in direct taxes in the profit and loss account.

# NOTES TO THE PROFIT AND LOSS ACCOUNT

EUR	Group		Parent company	
	2004	2003	2004	2003
<b>1. Turnover by business area</b>				
Rental of construction machinery and equipment	35,831,544.65	25,222,220.57	24,111,255.19	23,148,944.72
Construction-site services	8,091,351.75	7,590,000.00	8,091,351.75	7,590,000.00
Sales and rental of movable buildings	29,336,732.90	26,332,670.51	0.00	0.00
Sales within business areas	-303,208.98	-415,499.61	0.00	0.00
	<b>72,956,420.32</b>	<b>58,729,391.47</b>	<b>32,202,606.94</b>	<b>30,738,944.72</b>
<b>Turnover by country</b>				
Finland	71,343,048.18	58,446,535.04	32,202,606.94	30,738,944.72
Estonia	728,075.91	113,352.98	0.00	0.00
Russia	885,296.23	169,503.45	0.00	0.00
	<b>72,956,420.32</b>	<b>58,729,391.47</b>	<b>32,202,606.94</b>	<b>30,738,944.72</b>
Value of outstanding orders for the sale and rental of movable buildings	17,210,405.00	15,000,308.00		
Value of outstanding orders for the rental of construction machinery and equipment and construction-site services is not substantial.				
<b>2. Other operating income</b>				
Rental of premises	250,898.71	259,641.42	139,091.35	147,313.73
Other	52,230.57	67,074.00	17,984.36	67,074.00
	<b>303,129.28</b>	<b>326,715.42</b>	<b>157,075.71</b>	<b>214,387.73</b>
<b>3. Materials and services</b>				
Materials and supplies				
Purchases	12,142,561.42	11,809,705.18	1,750,360.57	1,556,544.59
Change in inventory	18,391.96	-829,411.80	-54,693.11	-59,324.61
	<b>12,160,953.38</b>	<b>10,980,293.38</b>	<b>1,695,667.46</b>	<b>1,497,219.98</b>
External services	8,829,982.70	7,409,855.32	1,590,323.03	1,506,623.06
	<b>20,990,936.08</b>	<b>18,390,148.70</b>	<b>3,285,990.49</b>	<b>3,003,843.04</b>
<b>4. Number of personnel, wages of the Boards and the Managing Directors, personnel expenses</b>				
Average number of personnel	538	447	309	298
Compensation paid to Managing Directors	379,727.26	338,831.24		
Board compensation and emoluments	143,000.00	138,500.00	143,000.00	138,500.00
Salaries and wages of other personnel	14,146,538.79	11,916,517.28	8,097,802.64	7,776,178.57
Pensions	2,514,147.07	2,118,144.91	1,377,185.84	1,309,033.79
Other social expenses	1,504,546.37	1,167,297.54	918,806.01	821,308.05
	<b>18,687,959.49</b>	<b>15,679,290.97</b>	<b>10,536,794.49</b>	<b>10,045,020.41</b>
<b>5. Depreciation and write-downs</b>				
Group goodwill amortisation	1,055,907.68	1,055,907.68	-	-
Amortisation on intangible assets	97,003.31	89,579.09	38,998.93	44,178.26
Depreciation on tangible assets	8,711,189.17	6,183,297.02	4,093,236.10	3,921,938.65
	<b>9,864,100.16</b>	<b>7,328,783.79</b>	<b>4,132,235.03</b>	<b>3,966,116.91</b>
<b>Appropriations</b>				
Increase (-) / decrease (+) in depreciation difference:				
Buildings and structures	-	-	-49,715.83	-79,291.75
Machinery and equipment	-	-	43,069.10	-
			<b>-6,646.73</b>	<b>-79,291.75</b>
<b>6. Other operating expenses</b>				
Premises and equipment rentals	2,090,341.47	1,314,241.92	2,355,793.55	1,924,154.51
Marketing	2,275,267.85	2,341,031.15	1,464,864.57	1,600,396.35
Transport and vehicles	2,399,747.19	1,970,637.08	2,166,333.69	1,885,642.61
Maintenance and accessories	2,041,624.22	1,281,543.61	1,165,441.08	1,136,634.52
Factory overheads and maintenance	582,900.96	445,659.27	0.00	0.00
Other expenses	4,917,362.53	3,979,519.76	2,798,484.35	2,588,917.11
	<b>14,307,244.22</b>	<b>11,332,632.79</b>	<b>9,950,917.24</b>	<b>9,135,745.10</b>

EUR	Group		Parent company	
	2004	2003	2004	2003
<b>7. Operating profit by business area</b>				
Rental of construction machinery and equipment	7,058,000.00	5,831,000.00		
Construction-site services	752,000.00	725,000.00		
Sales and rental of movable buildings	4,325,000.00	3,544,000.00		
	<b>12,135,000.00</b>	<b>10,100,000.00</b>		
<p>Group goodwill amortisation of EUR 834,000.00 reduces operating profit generated by the moveable building sale and rental business and that of EUR 222,000.00 lowers operating profit reported by the building machinery and equipment rental business.</p>				
<b>8. Financial income and expenses</b>				
<u>Dividend income</u>				
From Group companies	-	-	0.00	10,907,042.25
From others	118,329.51	195,455.41	117,584.51	34,933.21
Total dividend income	118,329.51	195,455.41	117,584.51	10,941,975.46
<u>Interest income from long-term investments</u>				
From Group companies	-	-	224,038.18	93,862.83
<u>Other interest and financial income</u>				
From others	48,265.34	59,738.01	33,515.65	37,737.42
Total financial income	166,594.85	255,193.42	375,138.34	11,073,575.71
<u>Interest expenses and other financial expenses</u>				
To Group companies	-	-	-104,643.42	-75,890.91
To others	-791,633.54	-567,025.86	-330,894.30	-393,908.15
Total financial expenses	-791,633.54	-567,025.86	-435,537.72	-469,799.06
Total financial income and expenses	-625,038.69	-311,832.44	-60,399.38	10,603,776.65
<b>9. Extraordinary items</b>				
Extraordinary income	0.00	0.00	2,000,000.00	0.00
Taxes on extraordinary income/expenses	0.00	0.00	-580,000.00	0.00
	0.00	0.00	1,420,000.00	0.00
<b>10. Direct taxes</b>				
Current tax	-3,417,981.32	-2,874,591.82	-1,229,756.11	-4,353,130.46
Of previous financial years	-23,725.03	-7,125.57	-10,436.06	0.00
Change in deferred tax liability	-103,067.00	968,339.71	-	-
Change in deferred tax asset	-	145,861.38	-	-
	<b>-3,544,773.35</b>	<b>-1,767,516.30</b>	<b>-1,240,192.17</b>	<b>-4,353,130.46</b>



# NOTES TO THE BALANCE SHEET

## 11. Fixed assets

The figures include fixed assets whose acquisition costs have not yet been expensed in full as planned depreciation. The acquisition cost of fixed assets written off in full during the financial year is shown under the decrease of acquisition cost in addition to assets sold.

Group	Acquisition cost 1 Jan. 2004	Increase	Decrease	Acquisition cost 31 Dec. 2004	Accrued depreciation 1 Jan. 2004	Accrued depreciation on decreases	Depreciation for the financial year 31 Dec. 2004	Book value 31 Dec. 2004
EUR								
<b>Intangible assets</b>								
Intangible rights	176,140.79	3,700.00	0.00	179,840.79	0.00	0.00	0.00	179,840.79
Group goodwill	15,838,615.19	0.00	0.00	15,838,615.19	-4,223,630.72	0.00	-1,055,907.68	10,559,076.79
Other long-term assets	678,157.67	75,257.99	-36,543.93	716,871.73	-437,477.47	36,543.93	-97,003.31	218,934.88
<b>Intangible assets total</b>	<b>16,692,913.65</b>	<b>78,957.99</b>	<b>-36,543.93</b>	<b>16,735,327.71</b>	<b>-4,661,108.19</b>	<b>36,543.93</b>	<b>-1,152,910.99</b>	<b>10,957,852.46</b>
<b>Tangible assets</b>								
Land	2,489,992.35	5,886.60	-5,000.00	2,490,878.95	0.00	0.00	0.00	2,490,878.95
Revaluations	745,072.51	0.00	0.00	745,072.51	0.00	0.00	0.00	745,072.51
<b>Land total</b>	<b>3,235,064.86</b>	<b>5,886.60</b>	<b>-5,000.00</b>	<b>3,235,951.46</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,235,951.46</b>
Buildings and structures	19,430,002.31	431,859.46	-814.14	19,861,047.63	-5,504,895.68	814.14	-778,870.15	13,578,095.94
Movable buildings	12,710,271.95	2,796,194.90	-818,730.97	14,687,735.88	-4,570,874.47	212,789.09	-1,120,421.07	9,209,229.43
Machinery and equipment	48,464,948.94	8,633,388.79	-258,239.76	56,840,097.97	-14,903,187.10	31,835.96	-6,761,951.52	35,206,795.31
Other tangible assets	474,098.81	48,909.18	-225.37	522,782.62	-183,863.54	0.00	-49,946.43	288,972.65
<b>Tangible assets total</b>	<b>84,314,386.87</b>	<b>11,916,238.93</b>	<b>-1,083,010.24</b>	<b>95,147,615.56</b>	<b>-25,162,820.79</b>	<b>245,439.19</b>	<b>-8,711,189.17</b>	<b>61,519,044.79</b>
<b>Long-term investments</b>								
Treasury shares	2,582,706.68	0.00	-2,582,706.68	0.00	0.00	0.00	0.00	0.00
Other shares and holdings	210,475.38	0.00	-3,363.77	207,111.61	0.00	0.00	0.00	207,111.61
<b>Long-term investments total</b>	<b>2,793,182.06</b>	<b>0.00</b>	<b>-2,586,070.45</b>	<b>207,111.61</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>207,111.61</b>
<b>Fixed assets total</b>	<b>103,800,482.58</b>	<b>11,995,196.92</b>	<b>-3,705,624.62</b>	<b>112,090,054.88</b>	<b>-29,823,928.98</b>	<b>281,983.12</b>	<b>-9,864,100.16</b>	<b>72,684,008.86</b>

### Production machinery and equipment

Balance sheet value as of 31 December 2004

40,005,129.57

### Other shares and holdings

	Market-value	Book value
Group	273,264.21	207,111.61
Parent Company	244,770.06	178,617.46

Parent company	Acquisition cost 1 Jan. 2004	Increase	Decrease	Acquisition cost 31 Dec. 2004	Accrued depreciation 1 Jan. 2004	Accrued depreciation on decreases	Depreciation for the financial year 31 Dec. 2004	Book value 31 Dec. 2004
EUR								
<b>Intangible assets</b>								
Intangible rights	46,835.39	3,700.00	0.00	50,535.39	0.00	0.00	0.00	50,535.39
Other long-term assets	173,616.46	21,378.17	-36,543.93	158,450.70	-86,448.89	36,543.93	-38,998.93	69,546.81
Intangible assets total	220,451.85	25,078.17	-36,543.93	208,986.09	-86,448.89	36,543.93	-38,998.93	120,082.20
<b>Tangible assets</b>								
Land	1,418,685.73	0.00	0.00	1,418,685.73	0.00	0.00	0.00	1,418,685.73
Revaluations	576,884.59	0.00	0.00	576,884.59	0.00	0.00	0.00	576,884.59
Land total	1,995,570.32	0.00	0.00	1,995,570.32	0.00	0.00	0.00	1,995,570.32
Buildings and structures	4,221,801.63	151,217.19	-814.14	4,372,204.68	-1,350,577.03	814.14	-156,425.38	2,866,016.41
Machinery and equipment	32,418,096.04	3,471,978.84	-151,702.49	35,738,372.39	-13,349,192.17	0.00	-3,888,809.36	18,500,370.86
Other tangible assets	451,696.85	48,909.18	-225.37	500,380.66	-171,496.26	0.00	-48,001.36	280,883.04
Tangible assets total	39,087,164.84	3,672,105.21	-152,742.00	42,606,528.05	-14,871,265.46	814.14	-4,093,236.10	23,642,840.63
<b>Long-term investments</b>								
Holdings in Group companies	25,060,763.51	1,135,380.00	0.00	26,196,143.51	0.00	0.00	0.00	26,196,143.51
Treasury shares	2,582,706.68	0.00	-2,582,706.68	0.00	0.00	0.00	0.00	0.00
Other shares and holdings	181,981.22	0.00	-3,363.76	178,617.46	0.00	0.00	0.00	178,617.46
Long-term investments total	27,825,451.41	1,135,380.00	-2,586,070.44	26,374,760.97	0.00	0.00	0.00	26,374,760.97
<b>Fixed assets total</b>	<b>67,133,068.10</b>	<b>4,832,563.38</b>	<b>-2,775,356.37</b>	<b>69,190,275.11</b>	<b>-14,957,714.35</b>	<b>37,358.07</b>	<b>-4,132,235.03</b>	<b>50,137,683.80</b>
<b>Production machinery and equipment</b>								
Balance sheet value as of 31 December 2004								17,985,244.62
<b>Buildings and structures</b>								
Difference of total and planned depreciation on 1 January								519,482.90
Increase in depreciation difference from 1 January to 31 December								49,715.83
Difference of total and planned depreciation on 31 December								569,198.73
<b>Machinery and equipment</b>								
Difference of total and planned depreciation on 1 January								7,795,024.89
Decrease in depreciation difference from 1 January to 31 December								-43,069.10
Difference of total and planned depreciation on 31 December								7,751,955.79

## 12. Group companies

	Group holding and voting rights %	Parent company holding and voting rights %
Kiinteistö Oy RK-Kehä, Vantaa	100	100
Kiinteistö Oy Vantaan Viinikankaari 9, Vantaa	100	100
Kiinteistö Oy Joensuun Käpylaasti, Joensuu	100	100
Tilamarkkinat Oy, Ylöjärvi	100	100
Suomen Projektivuokraus Oy, Tuusula	100	0
Suomen Ykköstitilat Oy, Kouvola	100	0
Parmaco Oy, Pyhäjoki	100	0
Master Tilaelementit Oy, Leppävirta	100	0
Kiinteistö Oy Vikkiniitty, Lempäälä	100	0
Suomen Tähtivuokraus Oy, Tuusula	100	100
Balti Ehitustöörüst Oü, Harku, Estonia	100	0
RK Ehitustöörüst Oü, Harku, Estonia	100	0
Zanevkaprokat Zao, St. Petersburg, Russia	100	0

## 13. Associated companies

The Group had no associated companies on 31 December 2004.

EUR	Group		Parent company	
	2004	2003	2004	2003
<b>14. Inventories</b>				
Materials and supplies	1,545,328.58	1,259,300.40	0.00	0.00
Work in progress	1,646,701.93	1,230,702.64	0.00	0.00
Finished goods	714,726.16	648,748.49	645,815.83	591,122.72
Shares	0.00	518,010.00	0.00	0.00
	<b>3,906,756.67</b>	<b>3,656,761.53</b>	<b>645,815.83</b>	<b>591,122.72</b>
<b>15. Long-term receivables</b>				
Receivables from Group companies				
Loan receivables	-	-	9,850,631.29	2,527,747.69
From others				
Accounts receivable	206,200.00	79,280.00	-	-
<b>16. Short-term receivables</b>				
From Group companies				
Accounts receivable	-	-	5,957.46	11,440.35
Loan receivables	-	-	40,054.08	7,744,000.00
	-	-	<b>46,011.54</b>	<b>7,755,440.35</b>
From others				
Accounts receivable	6,341,988.04	6,613,881.90	3,082,949.71	2,433,541.96
Loan receivables	21,180.19	21,101.70	16,180.19	21,101.70
Other receivables	307,157.47	16,230.92	0.00	0.00
Accrued income and prepaid expenses	625,113.04	477,672.85	71,045.15	467,498.73
	<b>7,295,438.74</b>	<b>7,128,887.37</b>	<b>3,170,175.05</b>	<b>2,922,142.39</b>
Short-term receivables total	<b>7,295,438.74</b>	<b>7,128,887.37</b>	<b>3,216,186.59</b>	<b>10,677,582.74</b>
Receivables total	<b>7,501,638.74</b>	<b>7,208,167.37</b>	<b>13,066,817.88</b>	<b>13,205,330.43</b>
<b>17. Shareholders' equity</b>				
Share capital on 1 January	24,607,275.42	23,647,908.00	24,607,275.42	23,647,908.00
Bonus issue	0.00	115,063.41	0.00	115,063.41
Share issue registered	608,400.00	844,304.01	608,400.00	844,304.01
Reduction of share capital	-1,024,158.59	0.00	-1,024,158.59	0.00
Share capital on 31 December	<b>24,191,516.83</b>	<b>24,607,275.42</b>	<b>24,191,516.83</b>	<b>24,607,275.42</b>
Share issue on 1 January	497,595.00	314,175.00	497,595.00	314,175.00
Share issue registered	-497,595.00	-314,175.00	-497,595.00	-314,175.00
Rights issue	1,191.00	497,595.00	1,191.00	497,595.00
Share issue on 31 December	<b>1,191.00</b>	<b>497,595.00</b>	<b>1,191.00</b>	<b>497,595.00</b>
Issue premium fund on 1 January	335,123.58	15,996.00	335,123.58	15,996.00
Bonus issue	0.00	-115,063.41	0.00	-115,063.41
Share premium	195,150.00	434,190.99	195,150.00	434,190.99
Reduction of share capital	1,024,158.59	0.00	1,024,158.59	0.00
Issue premium fund on 31 December	<b>1,554,432.17</b>	<b>335,123.58</b>	<b>1,554,432.17</b>	<b>335,123.58</b>

EUR	Group		Parent company	
	2004	2003	2004	2003
Treasury shares on 1 January	2,582,706.68	2,582,706.68	2,582,706.68	2,582,706.68
Increase	-2,582,706.68	0.00	-2,582,706.68	0.00
Treasury shares on 31 December	0.00	2,582,706.68	0.00	2,582,706.68
Retained earnings from the previous financial years on 1 January	16,754,667.47	13,788,168.14	4,775,736.94	4,123,925.78
Retained earnings from the previous financial year	8,021,230.75	9,731,437.93	10,973,961.43	7,432,264.66
Dividend distribution	-11,373,155.60	-6,780,453.50	-11,373,155.60	-6,780,453.50
Translation differences	-58,866.00	15,514.90	0.00	0.00
Retained earnings from the previous financial years on 31 December	13,343,876.62	16,754,667.47	4,376,542.77	4,775,736.94
Profit for the financial year	7,965,557.80	8,021,230.75	4,566,507.12	10,973,961.43
Total shareholders' equity	47,056,574.42	52,798,598.90	34,690,189.89	43,772,399.05
<b>Distributable funds</b>				
Retained earnings	13,343,876.62	16,754,667.47	4,376,542.77	4,775,736.94
Profit for the financial year	7,965,557.80	8,021,230.75	4,566,507.12	10,973,961.43
Share of depreciation difference included in shareholders' equity	-9,135,270.71	-7,703,662.24	-	-
	12,174,163.71	17,072,235.98	8,943,049.89	15,749,698.37
<b>18. Appropriations</b>				
Depreciation difference	-	-	8,321,154.52	8,314,507.79
<b>19. Liabilities</b>				
Deferred tax liabilities				
Deferred tax liabilities of appropriations	3,620,074.00	3,604,302.19	-	-
Deferred tax assets of periodisation differences	-205,089.55	-281,328.65	-	-
Deferred tax assets due to consolidation	-443,954.92	-455,011.01	-	-
	2,971,029.53	2,867,962.53	-	-
Long-term liabilities				
Loans from financial institutions	13,872,272.47	12,713,413.09	6,609,127.47	4,818,255.05
	13,872,272.47	12,713,413.09	6,609,127.47	4,818,255.05
Short-term liabilities				
Payables to Group companies				
Accounts payable	-	-	19,482.75	6,252.18
Accruals	-	-	10,581.74	0.00
Other payables	-	-	2,209,772.80	3,782,384.54
	-	-	2,239,837.29	3,788,636.72
Payable to others				
Loans from financial institutions	12,881,328.39	9,116,099.71	9,249,315.35	3,089,351.63
Advances received	1,062,961.53	1,660,207.43	0.00	0.00
Accounts payable	1,821,843.60	1,959,707.47	567,706.96	564,323.24
Accruals	3,112,819.35	3,353,620.37	1,496,875.28	1,307,661.83
Other short-term liabilities	1,889,966.24	1,744,008.78	947,557.45	813,458.16
	20,768,919.11	17,833,643.76	12,261,455.04	5,774,794.86
Total short-term liabilities	20,768,919.11	17,833,643.76	14,501,292.33	9,563,431.58
Total liabilities	37,612,221.11	33,415,019.38	21,110,419.80	14,381,686.63
<b>Non-interest bearing and interest bearing liabilities</b>				
Long-term				
Non-interest bearing	0.00	0.00	0.00	0.00
Interest bearing	13,872,272.47	12,713,413.09	6,609,127.47	4,818,255.05
	13,872,272.47	12,713,413.09	6,609,127.47	4,818,255.05
Short-term				
Non-interest bearing	7,887,590.72	8,717,544.05	3,042,204.18	2,691,695.41
Interest bearing	12,881,328.39	9,116,099.71	11,459,088.15	6,871,736.17
	20,768,919.11	17,833,643.76	14,501,292.33	9,563,431.58
<b>Accruals</b>				
For personnel expenses	2,444,148.45	1,907,406.85	1,224,698.82	1,112,046.54
For interest expenses	153,471.25	158,756.45	83,173.25	108,591.45
For taxes	292,672.45	413,979.77	81,788.38	0.00
Other accruals	222,527.20	873,477.30	117,796.57	87,023.84
	3,112,819.35	3,353,620.37	1,507,457.02	1,307,661.83
<b>Loans with five-year maturity</b>	0.00	0.00	0.00	0.00

## OTHER NOTES

EUR	2004	Group 2003	2004	Parent company 2003
<b>Commitments and contingent liabilities</b>				
<i>Guarantees on own behalf</i>				
<u>Guarantees for loans</u>				
Loans from financial institutions	26,753,600.86	21,829,512.80	15,858,442.82	7,907,606.68
<u>Other contingent liabilities</u>				
Leasing liabilities in the following year	22,246.50	43,360.76	22,246.50	43,360.76
Subsequent leasing liabilities	35,481.45	15,430.64	35,481.45	15,430.64
<u>Securities given</u>				
Mortgages on real estates	5,662,826.88	5,662,826.88	740,026.88	740,026.88
Mortgages on companies	10,957,443.40	10,957,443.40	5,827,711.65	5,827,711.65
Pledges	22,972,113.64	23,993,546.39	22,772,605.23	22,772,605.23
<b>Contingent liabilities on behalf of Group companies</b>				
<u>Guarantees for loans</u>				
Repurchase commitments *)	12,301,575.68	12,741,423.54	22,339.68	14,760.54
Contingent liabilities related to guarantee and service period	434,863.30	818,088.47	0.00	0.00
<u>Securities given</u>				
Guarantees	-	-	12,714,099.30	13,544,751.47

\*) The Group's repurchase commitments are long-term leases sold to financial institutions. The surface area of the prefabricated buildings included in these leased total 23,837 m<sup>2</sup>. Repurchase price incl. VAT of 22 per cent amounts to EUR 515 per square metre.

### *Liabilities resulting from derivative contracts*

The Group has no liabilities resulting from derivative contracts.

### **Parent Company stock options for 2002**

Date of issue	4 April 2002
Number of stock options	670,000
Shares subject to subscription	670,000 B Series shares
Subscription period for 335,000 B shares	1 May 2004–31 March 2007
Subscription period for 335,000 B shares	1 May 2006–31 March 2007
Increase in share capital	EUR 1,132,300.00
Increase in number of votes	670,000 votes

The share subscription price will be the trade weighted average price for Rakentajain Konevuokraamo Oyj B Series share quoted on the Helsinki Stock Exchange from 5 April to 4 June 2002 plus 10 per cent, or EUR 5.27, and it will be reduced annually by the amount of dividend paid on the record date. The share subscription price is not less than the share's counter book value. Following the decision by the Annual General Meeting of 2 April 2004 and the Extraordinary General Meeting of 8 December 2004 on dividend distribution, the share subscription price is EUR 3.97. If the Annual General Meeting of 6 April 2004 approves the Board's proposal for dividend distribution, the share subscription price will fall to EUR 3.72. A total of 300 B Series shares were subscribed in 2004.

Stock options on the basis of which the share subscription period has begun have been traded on the Helsinki Stock Exchange since 3 May 2004. In 2004, the trading volume totalled 22,800.

### **Board authorisations**

#### *Share issue authorisation*

The Annual General Meeting of 2 April 2004 authorised the Board to decide to increase the share capital, based on a rights issue, in such a way that the share capital may increase by a maximum of EUR 3,388,826.87 by issuing a maximum of 2,005,223 new B Series shares. This authorisation will remain valid until the 2005 Annual General Meeting or no longer than one year.

#### *Other authorisations*

The Annual General Meeting of 2 April 2004 authorised the Board to buy back a maximum of 738,000 B Series company shares, or 5 per cent of share capital, using retained earnings.

The Annual General Meeting of 2 April 2004 authorised the Board to dispose of all of the abovementioned B Series shares based on said authorisation in consideration of a purchase of assets pertaining to the company's business or any company acquisitions or in the event of collaborative arrangements.

Both authorisations will remain valid for one year from the closing of the Annual General Meeting, replacing the Annual General Meeting authorisation given on 2 April 2003. The Board has not yet exercised its authorisation to dispose of own shares.

## Announcements referred to in Sections 9 and 10, Chapter 2 of the Securities Market Act during the financial year and prior to signing the financial statements

During the report period as of 19 January 2004, Keskinäinen Henkivakuutusyhtiö Suomi announced that its shareholding in Rakentajain Konevuokraamo Oyj had decreased to less than one-tenth (1/10) of the company's share capital.

During the report period as of 22 April 2004, Keskinäinen Henkivakuutusyhtiö Suomi announced that its shareholding in Rakentajain Konevuokraamo Oyj had exceeded one-tenth (1/10) of the company's share capital.

During the report period as of 16 August 2004, the share of ownership of Schroder Investment Management Limited has exceeded one-twentieth (1/20) of Rakentajain Konevuokraamo Oyj's share capital.

### Shares and shareholders

#### Parent company share capital on 31 December

	2004		2003	
	No.	EUR	No.	EUR
A Series share	1,728,000	2,920,320.00	1,728,000	2,920,320.00
B Series share	12,586,507	21,271,196.83	12,832,518	21,686,955.42

The A and B Series have equal terms, with the exception of voting rights included in them: each A share entitles the holder to 20 votes at the Annual General Meeting; each B share entitles the holder to one vote.

#### Shareholders

The Group had 3,303 shareholders in the share register on 31 December 2004.

Major shareholders 31 December 2004	A		B		Total		Voting rights	
	Shares	Shares	No.	%	No.	%	No.	%
Rakennusmestarien Säätiö	794,916	1,692,738	2,487,654	17.38	17,591,058	37.31		
Keskinäinen Henkivakuutusyhtiö Suomi	345,600	1,119,360	1,464,960	10.23	8,031,360	17.03		
Vahinkovakuutusosakeyhtiö Pohjola	345,600	650,000	995,600	6.96	7,562,000	16.04		
Rakennusmestarit ja -insinöörit AMK RKL	177,552	252,366	429,918	3.00	3,803,406	8.07		
Helsinki Investment Trust Oy	0	300,000	300,000	2.10	300,000	0.64		
Thominvest Oy	0	274,200	274,200	1.92	274,200	0.58		
Kotakorpi Jukka	0	186,998	186,998	1.31	186,998	0.40		
Laakkonen Reino Olavi	0	174,200	174,200	1.22	174,200	0.37		
Laakkonen Mikko Kalervo	0	170,000	170,000	1.19	170,000	0.36		
Asikainen Visa	0	143,455	143,455	1.00	143,455	0.30		
Stiftelsen för Österbottens Högskola	0	140,000	140,000	0.98	140,000	0.30		
Helsingin Rakennusmestarit ja -insinöörit AMK	43,200	96,393	139,593	0.98	960,393	2.04		
Etra-Invest Oy Ab	0	125,000	125,000	0.87	125,000	0.26		
Lindström Kim	0	122,350	122,350	0.85	122,350	0.26		
Hietala Pekka Tapani	0	119,500	119,500	0.83	119,500	0.25		
Desatex Oy-Desatex Ltd	0	86,880	86,880	0.61	86,880	0.18		
Placeringsfonden Aktia Capital	0	78,000	78,000	0.55	78,000	0.17		
Placeringsfonden Aktia Secura	0	73,700	73,700	0.51	73,700	0.16		
Saarenoja Reijo Tauno	0	70,516	70,516	0.49	70,516	0.15		
Räikkönen Hellevi	0	64,968	64,968	0.45	64,968	0.14		
Voullième René	0	53,400	53,400	0.37	53,400	0.11		
Rintamäki Teuvo	0	46,599	46,599	0.33	46,599	0.10		
Oy Hiiskula Ab	0	36,000	36,000	0.25	36,000	0.08		
Hiekkänen Kalevi	0	35,900	35,900	0.25	35,900	0.08		
Others transferred to book-entry securities system	21,132	4,996,041	5,017,173	35.05	5,418,681	11.49		
Total according to shareholders' register	1,728,000	11,108,564	12,836,564	89.68	45,668,564	96.87		
In administrative registration	0	1,467,533	1,467,533	10.25	1,467,533	3.11		
Transferred to book-entry securities system total	1,728,000	12,576,097	14,304,097	99.93	47,136,097	99.98		
Not transferred to book-entry securities system total	0	10,410	10,410	0.07	10,410	0.02		
Total	1,728,000	12,586,507	14,314,507	100.00	47,146,507	100.00		

#### Distribution of shareholding by size range

Number of shares	B Shares			A Shares		
	Number of shareholders	Percentage of all shareholders	Number of shares	Percentage of all shares	Number of shareholders	Percentage of all shares
1-100	304	9.21	26,469	0.21	8	33.33
101-500	1,145	34.68	385,474	3.06	1	4.17
501-1,000	755	22.86	632,470	5.03	6	25.00
1,001-5,000	891	26.98	2,001,572	15.90	3	12.50
5,001-10,000	105	3.18	720,235	5.72	1	4.17
10,001-50,000	79	2.39	1,359,457	10.80	1	4.17
> 50,000	23	0.70	7,450,420	59.20	4	16.66
Transferred to book-entry securities system total	3,302	100.00	12,576,097	99.92	24	100.00
Not transferred to book-entry securities system total			10,410	0.08		0
Total			12,586,507	100.00		1,728,000

### Distribution of shareholding by sector

Shareholding by Sector	Number of shareholders	Percentage of all shareholders	Number of shares	Percentage of all shares	Number of voting rights	Percentage of all voting rights
Private companies	221	6.70	1,303,666	9.11	1,337,866	2.84
Public companies	0	0.00	0	0.00	0	0.00
Financial institutions, insurance companies	12	0.37	2,888,897	20.18	16,021,697	33.99
Public corporations	1	0.03	5,000	0.04	5,000	0.01
Non-profit organisations	65	1.97	3,452,669	24.12	23,117,669	49.03
Households	2,987	90.60	5,157,632	36.03	5,157,632	10.94
Foreign shareholders	11	0.33	28,700	0.20	28,700	0.06
In administrative registration			1,467,533	10.25	1,467,533	3.11
Transferred to book-entry securities system total	3,297	100.00	14,304,097	99.93	47,136,097	99.98
Not transferred to book-entry securities system total			10,410	0.07	10,410	0.02
<b>Total</b>			<b>14,314,507</b>	<b>100.00</b>	<b>47,146,507</b>	<b>100.00</b>

### Shareholding of Board members and CEO of the Group

On 31 December 2004, the number of B Series shares held by Board members and CEO personally and by corporations they control totalled 28,364 (0.20 per cent of shares), representing 28,364 votes (0.06 per cent of voting rights).

The bond with warrants held by CEO and Board members account for 10.45 per cent of the number of the bond with warrants issued. These warrants entitle their holders to subscribe for a maximum total of 70,000 B Series shares, accounting for 0.53 per cent of the total number of B Series shares and 0.47 per cent of the entire share capital, and accounting for 0.53 per cent of the voting rights entitled by the B Series shares and 0.15 per cent of the total voting rights entitled by all company shares on 31 December 2004.

### Shareholders' agreements

To the Group's knowledge, no shareholders' agreements exist regarding Group shares.

### Insider guidelines

Since 1 July 2004, Rakentajain Konevuokraamo Oyj has applied the recommendation for Listed Companies' Corporate Governance confirmed by the HEX Helsinki Exchanges, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers.

## CALCULATION OF THE KEY FIGURES AND RATIOS

### Key figures on financial performance:

#### Return on equity, % =

$$100 \times \frac{\text{profit before extraordinary items} - \text{taxes}}{\text{Shareholders' equity} + \text{minority interest}}$$

(mean calculated by the values of the balance sheet of the financial year and the previous financial year)

#### Return on investment, % =

$$100 \times \frac{\text{profit before extraordinary items} + \text{interest expenses and other financial expenses}}{\text{Balance sheet total} - \text{non-interest bearing liabilities}}$$

(mean calculated by the values of the balance sheet of the financial year and the previous financial year)

#### Equity ratio, % =

$$100 \times \frac{\text{shareholders' equity} + \text{minority interest}}{\text{Balance sheet total} - \text{advance payments received}}$$

#### Personnel on average =

Mean of the number of personnel at the end of the month, adjusted with the number of part-time employees

The key figures and ratios are calculated in accordance with the general instructions issued by the Finnish Accounting Standards Board on 29 October 2002.

### Per-share ratios:

#### Earnings per share =

$$\frac{\text{Profit before extraordinary items} + / - \text{minority interest} - \text{taxes}}{\text{Average number of issue-adjusted shares for the financial year}}$$

#### Shareholders' equity per share =

$$\frac{\text{Shareholders' equity}}{\text{Number of issue-adjusted shares on the date of closing of the accounts}}$$

#### Dividend per share =

$$\frac{\text{Dividend distribution for the financial year}}{\text{Number of issue-adjusted shares on the date of closing of the accounts}}$$

#### Dividend per earnings, % =

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

#### Effective dividend yield, % =

$$100 \times \frac{\text{dividend per share}}{\text{Issue-adjusted closing price for a B Share at the end of the Financial year}}$$

#### Price / earnings ratio (P/E) =

$$\frac{\text{Issue-adjusted closing price for a B Share at the end of the Financial year}}{\text{Earnings per share}}$$

#### Market capitalisation =

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

## KEY FIGURES

### Key figures on financial performance

		2004	2003	2002	2001	2000
Turnover	MEUR	72.96	58.73	61.04	67.97	53.96
change	%	+24.2	-3.8	-10.2	+26.0	+134.5
Operating profit	MEUR	12.14	10.10	14.65	17.76	13.48
% of turnover	%	16.6	17.2	24.0	26.1	25.0
Profit before extraordinary items	MEUR	11.51	9.79	14.20	16.92	12.67
% of turnover	%	15.8	16.7	23.3	24.9	23.5
Profit after extraordinary items	MEUR	11.51	9.79	14.20	16.13	12.48
% of turnover	%	15.8	16.7	23.3	23.7	23.1
Profit for the period	MEUR	7.97	8.02	9.73	10.83	8.82
% of turnover	%	10.9	13.7	15.9	15.9	16.3
Return on equity	%	16.4	16.4	21.1	27.5	30.1
Return on investment	%	16.9	15.6	24.4	29.9	31.0
Equity ratio	%	56.3	61.3	68.4	63.1	60.0
Gross capital expenditure	MEUR	12.00	16.59	8.07	11.96	13.32
% of turnover	%	16.4	28.2	13.2	17.6	24.7
Accessories and maintenance of rental equipment, charged as expenses	MEUR	3.73	2.28	2.03	2.35	1.91
Shareholders' equity	MEUR	47.06	52.80	50.08	46.18	40.04
Net interest-bearing liabilities	MEUR	26.18	20.46	13.03	15.12	16.10
Average number of personnel		538	447	483	496	456

### Per-share ratios

		2004	2003	2002	2001	2000
<b>A Series and B Series shares</b>						
Earnings per share	EUR	0.56	0.57	0.72	0.83	0.64
Earnings per share *)	EUR	0.55	0.56	0.69	0.82	0.64
Shareholders' equity per share	EUR	3.29	3.60	3.53	3.27	2.85
Dividend per earnings	%	44.64	140.35	69.44	54.22	52.49
Dividend per share	EUR	0.25 **)	0.80	0.50	0.45	0.34
Market capitalisation of A/B Series share capital	MEUR	93.43	82.46	74.16	66.96	52.97
Trading volume of A Series shares	number	0	0	0	0	0
% of total number	%	0.00	0.00	0.00	0.00	0.00
Trading volume of B Series shares	number	3,495,110	3,048,642	5,847,263	4,338,597	1,372,665
% of total number	%	27.77	23.76	47.41	35.21	11.14
Issue-adjusted average number of A Series shares	number	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000
Issue-adjusted average number of B Series shares	number	12,586,507	12,832,518	12,332,418	12,323,118	12,323,118
Issue-adjusted average number of A Series shares at financial year end	number	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000
Issue-adjusted average number of B Series shares at financial year end	number	12,586,507	12,832,518	12,332,418	12,323,118	12,323,118
<b>B Series shares</b>						
P/E ratio		11.70	10.09	7.38	5.84	5.92
Effective dividend yield	%	3.82	13.91	9.42	9.28	8.87
Market capitalisation of share capital	MEUR	82.44	73.79	65.49	59.77	46.74
Average price	EUR	6.36	5.02	5.02	4.16	3.61
Closing price at year end	EUR	6.55	5.75	5.31	4.85	3.79
Lowest quotation	EUR	5.70	4.35	4.42	3.58	3.20
Highest quotation	EUR	7.45	5.90	5.70	4.99	4.50

A Series shares are not subject to public quotation.

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

\*\*\*) Board proposal



## BOARD PROPOSAL TO THE ANNUAL GENERAL MEETING

Rakentajain Konevuokraamo Oyj's net profit for the financial year totalled EUR 4,566,507.12.

The Group's distributable funds at the Annual General Meeting's disposal total EUR 8,943,049.89.

The Board proposes to the Annual General Meeting that a per-share dividend of EUR 0.25 be paid against shares entitling to dividends and the rest be held in retained earnings.

On February 17th 2005, the number of shares totalled 14,314,507 the corresponding dividend amounting to EUR 3,578,626.75.

Vantaa, February 17, 2005



Paavo Ruusuvaara



Matti Koskenkoiva



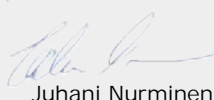
Eino Halonen



Asko Järvinen




Jari Lainio



Juhani Nurminen



Pekka Pystynen



Vesa Koivula  
President and CEO

## AUDITORS' REPORT

To the shareholders of Rakentajain Konevuokraamo Oyj

We have audited the accounting, the financial statements and the corporate governance of Rakentajain Konevuokraamo Oyj for the period from January 1 to December 31, 2004. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we 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 corporate governance is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies Act.

Vantaa, February 18, 2005

PricewaterhouseCoopers Oy  
Authorised Public Accountants



Risto Laitinen  
Authorised Public Accountant



Henrik Sormunen  
Authorised Public Accountant

## BOARD



**Paavo Ruusuvuori**, Chairman, born 1933  
Honorary Real-Estate Counsellor  
Retired  
Board member since 1975  
Chairman since 1997  
Chairman of the Board of The Construction Engineers' Foundation  
Member of the Board of Hakunilan Huolto Oy

Owns 6,211 RK B Shares (31.12.2004)

**Matti Koskenkorva**, Vice-Chairman, born 1947  
Construction Engineer  
Chairman of the Board of Panostaja Oyj since 2002  
Chairman of the Board or Board member in Panostaja Oyj's affiliates and partnership companies  
Chairman of the Board, Suomen Helasto Oyj  
Chairman of the Board or Board member in Suomen Helasto Oyj's affiliates  
Board member of RK since 2000  
Vice-Chairman of RK since 2003

Owns 7,724 RK B Shares (31.12.2004)

**Asko Järvinen**, born 1941  
Construction Engineer  
Project Manager, Fundia Betoniteräkset Oy  
Board member of RK since 1995  
Member and Vice-Chairman of The Construction Engineers' Foundation

Owns 3,399 RK B Shares (31.12.2004)

**Jari Lainio**, born 1955  
Construction Engineer  
Managing Director, Rakennustoimisto Lainio & Laivoranta Oy  
Board member of RK since 1998  
Chairman of the Board, Finnish Construction Managers and Engineers AMK RKL

Owns 2,799 RK B Shares (31.12.2004)

From left: Juhani Nurminen, Matti Koskenkorva, Pekka Pystynen, Paavo Ruusuvuori, Eino Halonen, Asko Järvinen and Jari Lainio

**Juhani Nurminen**, born 1939  
Construction Engineer  
Managing Director, Rakennus-Bettene Oy  
Board member of RK from 1989 to 1995 and from 1999 to 2000 and since 2001  
Member of the Board of The Construction Engineers' Foundation

Owns 4,599 RK B Shares (31.12.2004)

**Eino Halonen**, born 1949  
Bachelor of Economic Sciences  
President and CEO, Suomi Mutual Life Assurance Company  
Board member of RK since 2003  
Managing Director of Suomi Mutual Life Assurance Company 2000–  
Board member of Pohjola Group plc 2001–2003, Chairman of the Board 2003–  
Board member of Ilmarinen Mutual Insurance Company 2000–  
Board member of YIT Corporation 2000–, Vice-Chairman of the Board 2003–

Owns 1,816 RK B Shares (31.12.2004)

**Pekka Pystynen**, born 1947  
Master of Laws, MBA  
Chairman of the Board, Rapasaari Oy  
Board member of RK since 2003  
Member of the Board of Done Solutions Oyj 2002–, Chairman of the Board 2003–2004 and CEO 2004–  
Board member of Sato Corporation 2004–

Owns 1,816 RK B Shares (31.12.2004)

## CEO AND EXECUTIVE MANAGEMENT GROUP

### President and CEO

**Vesa Koivula**, born 1954  
M.Sc. (Civ. Eng)  
President and CEO  
At Rakentajain Konevuokraamo since 2003,  
CEO since 1.1.2004

Owns 0 RK B Shares (31.12.2004).  
Option right from 2002 to 70,000 RK B Shares.

### Executive Management Group

**Pirkko Suikkari**, born 1946  
Bachelor of Economic Sciences  
Financial Director  
At Rakentajain Konevuokraamo since 1980  
Member of the Helsinki Chamber of Commerce  
Auditing Committee

Owns 12,000 RK B Shares (31.12.2004).  
Option right from 2002 to 32,000 RK B Shares.

**Ossi Alastalo**, born 1966  
Under-graduate in Engineering  
Managing Director of the Subgroup Tilamarkkinat Oy  
At Tilamarkkinat since 1989  
At Rakentajain Konevuokraamo since 2000

Owns 13,029 RK B Shares (31.12.2004).  
Option right from 2002 to 40,000 RK B Shares.

**Tatu Hauhio**, born 1970  
M. Sc. (Economics)  
Managing Director of the affiliate  
Suomen Projektivuokraus Oy  
At Rakentajain Konevuokraamo since 2003

Owns 0 RK B Shares (31.12.2004).

**Olli Heire**, born 1946  
Construction Engineer  
Director, rental and sales services  
At Rakentajain Konevuokraamo since 1981  
Auditor of The Construction Engineers' Foundation  
since 2000  
Auditor of the Association of Helsinki Construction  
Managers and Engineers AMK RKL since 1998  
Chairman of the Machine Rental section of  
The Association of Finnish Technical Traders  
since 2003

Owns 6,540 RK B Shares (31.12.2004).  
Option right from 2002 to 32,000 RK B Shares.

**Mika Helenius**, born 1963  
Construction Engineer  
Director, construction and site services  
At Rakentajain Konevuokraamo 1996–2000  
and 2004–

Owns 300 RK B Shares (31.12.2004).

## RK GROUP GOVERNANCE

The Group implements and develops its corporate governance policy in line with the Group's Articles of Association and the Finnish Companies Act, and the corporate governance rules and recommendations for public companies approved by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers, taking effect as of July 1<sup>st</sup> 2004.

RK Group consists of the parent company, three affiliate companies and the subgroups Tilamarkkinat Oy and Suomen Tähtivuokraus Oy.

The Group's decision-making bodies with responsibility for governance, management and supervision are the

General Meeting, the Board and the President and CEO. Other governance bodies, of which the Group's Executive Management Group is the most notable, support and assist the decisions made by the decision-making bodies. Operational responsibility for the business activity rests with the parent company's, the subgroup's and the affiliate companies' CEOs. Responsibility for the proper organization of the company's auditing rests with the Board.

The Group prepares its financial statements and interim reports in Finnish and English. International IFRS accounting practices will be implemented from 2005.

## General meeting

The General Meeting of the company assembles at least once a year. The Annual General Meeting must be held no later than the end of April. The Annual General Meeting resolves on the issues defined for annual general meetings in the Finnish Companies Act and the company's Articles of Association. These include approving the financial statements, deciding on the distribution of dividends, discharging the company's Board and the President and CEO from liability for the financial year, appointing the company's auditors, and deciding on their compensation. Due to the line of business of the Group, knowledge of construction business and competence are emphasized in the selection of the Group's Board Members.

## Board

According to the Articles of Association, the Group's Board consists of 5–7 actual members, elected by the Annual General Meeting for a term of one year. The Annual General Meeting held on April 2<sup>nd</sup> 2004 confirmed the number of board members as 7. All board members were re-elected for the period up to the next Annual General Meeting, as follows: Eino Halonen, Asko Järvinen, Matti Koskenkorva, Jari Lainio, Pekka Pystynen, Juhani Nurminen and Paavo Ruusuvuori.

In its meeting on April 2<sup>nd</sup> 2004, the Board of Directors re-elected Paavo Ruusuvuori as Chairman of the Board and Matti Koskenkorva as Vice Chairman. The Board convenes at least 10 times a year. In 2004 the Board convened 14 times. The average attendance of the Board's members at its meetings was 92,9 %.

All seven Board members are independent of the company. Furthermore, Matti Koskenkorva, Jari Lainio and Pekka Pystynen are independent of major shareholders.

The Board's duties and liabilities are determined by the Finnish Companies Act and the Group's Articles of Association. The Board of Directors is liable for the Group's governance and proper management. The Board decides on the Group's key operating principles, confirms the strategy and budget, financial statement and interim reports. The Board makes decisions on strategy, investments, organisation and finance and decides on real estate, business and company acquisitions.

The Board has issued a procedure according to which matters resolved in Board meetings include:

- mission, vision and Group strategy
- annual operating principle and budget
- financial statement and interim reports
- marketing and international operations

- management of equipment, product development and investments
- risk management and internal auditing
- external auditing
- restructuring
- organisation, personnel and management
- self-evaluation of Board's work

The Board evaluates its work on a yearly basis. Due to the Group's equity structure, special emphasis is placed on business reports, risk management and internal auditing. The corporate governance rules and recommendations of the Group are reviewed every year and revised when necessary.

## President and CEO

The Board appoints the Chief Executive Officer who is also President of the Group. The CEO is assisted in the day-to-day management of the company by the Group's Executive Management Group. The Group's CEO is M.Sc. (Civ.Eng.) Vesa Koivula.

## Executive Management Group

In addition to the CEO the Executive Management Group comprises the Group's Financial Director and four Directors.

The Executive Management Group, whose meetings are chaired by the CEO, carries out strategic lines drawn by the Board.

## Working groups of the Board

No Board Committees have been established. A necessary number of working groups are instead appointed yearly by the Board to prepare matters for the consideration of the Board.

## Rewarding and remuneration

The Annual General Meeting determines the Board's remuneration, and in 2004 the Annual General Meeting decided that the Chairman of the Board's annual remuneration be EUR 24,000, that of the Vice Chairman of the Board EUR 18,000, and that of other members EUR 12,000 with a fee per meeting of EUR 500. Working group meetings are remunerated to the amount of the Board's remuneration per meeting and travelling expenses paid against invoices. In addition, the Annual General Meeting decided that 60 % of the said remuneration be paid in cash and the remainder in stock purchased on the open market. Stock purchased in this manner may not be sold before the end of the term of the Board member in question.

The Board determines the CEO's salary and bonus system, and the salaries and remuneration of his direct subordinates. The company has a stock option

scheme approved by the Annual General Meeting. The Board members do not hold rights of options.

Including fringe benefits and bonuses, the CEO's salary came to EUR 162,658 in 2004. The retirement age for the CEO is 62 years, and the period of notice on his employment contract is 12 months' full pay.

The CEO and Executive Management Group members hold stock options, the use of which is presented in the personal information given above.

### **Risk management, internal supervision and internal auditing**

At RK Group responsibility for internal supervision rests with the internal auditing. The focus of the internal audit lies in the management of the rental equipment. Risks are reduced as the Group's rental equipment is divided regionally into over 60 different operational centres. Responsibility for managing financing risks, capital risks and risk insurance rests with the Board and the executive management.

The internal audit reports to the Board and to the President and CEO. In addition, with information received from management systems, the Board monitors the development of the result on a monthly basis.

### **Insider management**

The Group applies the Guidelines for Insiders approved by the Helsinki Exchange for public listed companies on 1 March 2000. The Group's permanent insiders comprise the statutory insiders, i.e. the Board Members, the President and CEO and the auditors. In addition rules applying to insiders are extended to the Members of the Executive Management Group. Collaborators have been and are when necessary also nominated as permanent insiders, such as persons managing legal matters, financing, communications and investor relations.

The Group requires that its employees and collaborators act in line with the regulations for insiders.

### **External auditing**

According to the Articles of Association the Group has two auditors who have two deputy members. At least one of the auditors and his deputy member have to be auditors approved by the Central Chamber of Commerce or the auditing community. The General Meeting elects auditors for a term that ends after the first Annual General Meeting after the election. The auditors audit the Group's and the parent company's accountings, financial statements and governance.

Risto Laitinen, Authorised Public Accountant, and PricewaterhouseCoopers Oy, Authorised Public Accountants, with Henrik Sormunen, Authorised Public Accountant as the principal auditor and Yrjö Haukatsalo, Authorised Public Accountant, as the deputy, were elected. During the 2004 financial year, Rakentajain Konevuokraamo Oyj paid its auditors EUR 62,318.00 for auditing and EUR 41,015.50 for consultancy, the lion's share of the latter fee relating to preparations for the adoption of IFRS practices.

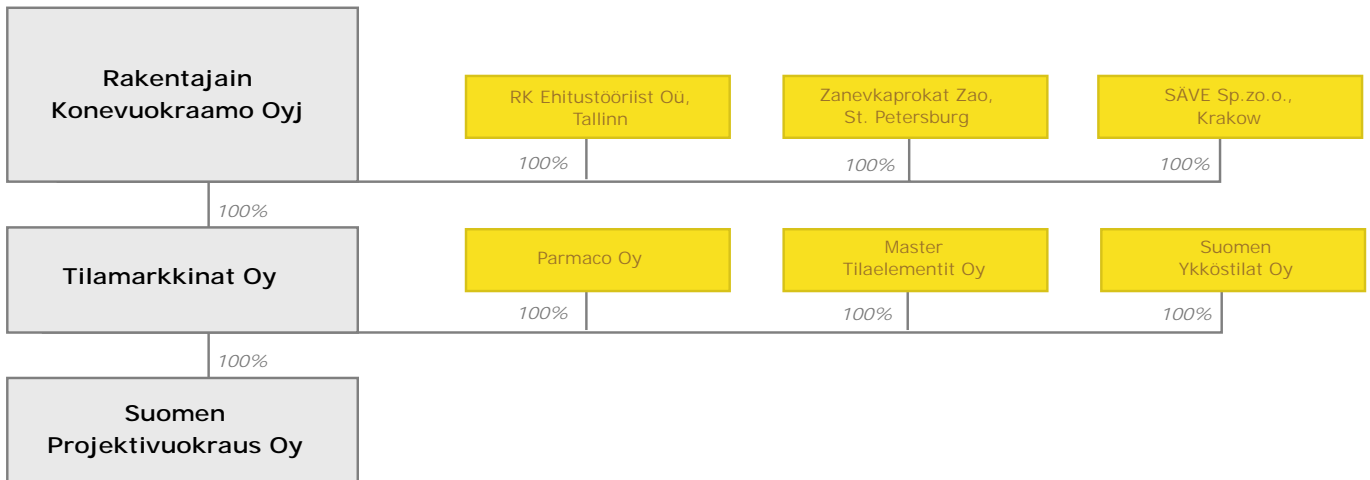
### **Shares and shareholders**

The share capital comprises A and B shares. These series entitle the holder to equal privileges, excluding the vote entitlement: each A Series share entitles the holder to 20 votes and each B Series share to 1 vote in a shareholders' meeting. On January 19<sup>th</sup> 2004, Suomi Mutual Life Assurance Company announced that its shareholding in Rakentajain Konevuokraamo Oyj had decreased to less than one-tenth (1/10) of the company's share capital. On April 22<sup>nd</sup> 2004, Suomi Mutual Life Assurance Company announced that its shareholding in Rakentajain Konevuokraamo Oyj had increased to over one-tenth (1/10) of the company's share capital. On August 16<sup>th</sup> 2004, Schroder Investment Management Limited announced that its shareholding in Rakentajain Konevuokraamo Oyj had increased to over one-twentieth (1/20) of the company's share capital. Share amounts, share capital and the company's major shareholders alongside share amounts and vote entitlements are presented at [www.rk.fi/shareholders/shares.html](http://www.rk.fi/shareholders/shares.html).

### **Communications**

The principal information on RK Group's governance and business activity is published on the company's website. All press releases, stock exchange releases and significant presentation material are likewise published on the company's website as soon as they are made public.

## GROUP ORGANISATION



## SERVICE ORGANISATION

### Rakentajain Konevuokraamo

#### General machinery and equipment rental

- Light-weight machinery
- Heavy machinery

#### Service and repair

#### Construction-site services

- Diamond boring and cutting
- Drying services
- Electrical installations
- Heating services
- Floor services
- Dust removal

### Tilamarkkinat

#### Desing, manufacture, rental and sales of moveable buildings

- Schools and day-care centres
- Offices and auxiliary industrial facilities
- Construction-site facilities
- Renovation
- Halls

### Suomen Projektivuokraus

#### Project rental services

- A wide variety of rental equipment

#### Construction-site services

- Scaffolding and weather protection systems

## RK GROUP'S BUSINESS ENVIRONMENT

### History

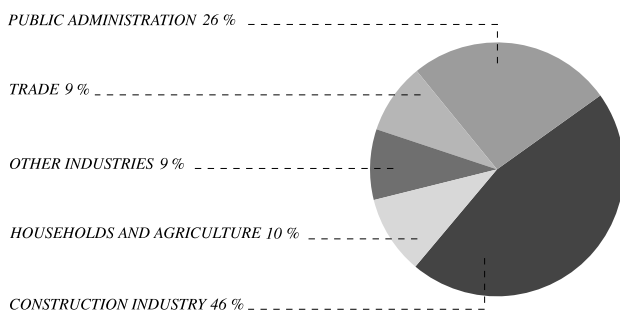
In response to a particular need for construction machinery due to post-war reconstruction, Rakentajain Konevuokraamo Oyj was founded in 1953 at the instigation of Suomen Rakennusmestariilitto (the Finnish Association of Building Contractors). Although the fundamental idea of supplying machinery for joint use rested on a financial rationale, the construction-machinery rental business has emerged as a pioneering and pro-environmental recycling business at its best, given the current requirements set for corporate social responsibility and sustainable development. This business idea boasts another trump card i.e., rental customers do not need to tie up their capital in machines and equipment they need on only a temporary basis.

The company's B Series shares were listed on the Helsinki Stock Exchange's OTC List from 1988 until 1998, since when they have been quoted on the Main List, with the current number of shareholders totalling more than 3,300. RK Group is a leading company in the industry in Finland.

### Business

RK aims to expand its business on a profitable basis and, in line with the principle of sustainable development, to continue to blaze a trail in the machine and equipment rental and moveable building industries in Finland and the neighbouring regions. Its core business areas include general construction machinery and equipment rental services, project rental services based on long-term contracts, construction-site services and moveable buildings.

TURNOVER BY CUSTOMER GROUP



The General Rental Services business picked up after a sluggish first-half, due to rebounding construction, and continued its satisfactory performance during the rest of the year. Last year was the third consecutive year of falling prices in the market as a result of toughening competition, with the downward trend

in personnel hoist prices being fuelled by specialist firms. Business in the St. Petersburg region continued to experience strong growth. In addition, RK succeeded in enhancing its visibility in Estonia, with the resulting effects being expected on the bottom line for 2005. Construction industry revival since the end of the year will also create optimism for the current year's rental business in the Finnish market.

Project Rental Services took a marked turn for the better after a few quieter years. Opening RK's nationwide service outlet network for use by project rental services as a distribution channel had a major impact on the rental business, which had previously operated mainly in the Helsinki Metropolitan Area, resulting in higher total utilisation rates of rental machines and equipment.

Construction-Site Services underwent streamlining measures. In 2005, Suomen Projektivuokraus Oy took charge of weather-protection rental services while Tilamarkkinat Oy was entrusted to sell storage halls. RK will withdraw from the tent solution and event services business. Co-operation with rental services intensified considerably, with the result that a more comprehensive service package on a turnkey basis is now available for customers. RK also broadened its service offerings applying mostly to demolition work related to drying and diamond cutting and boring services. The internal synergies resulting from construction-site services' co-operation with rental services are expected to emerge as a genuine future strength for RK.

The Moveable Building business perked up due to the launch of major construction projects in 2004. Meanwhile, RK is rationalising its Tilamarkkinat sub-Group's production by closing the Kouvola plant and relocating the future manufacture of prefabricated modules to the Leppävirta production unit. The Pyhäjoki plant will specialise in the manufacture and sale of storage halls. One of the largest orders ever received for rental buildings also gave a boost to the moveable building business i.e., Tilamarkkinat will supply office, canteen and site-hut premises for the construction site of the Oikiluoto nuclear power station, Unit 3, their total surface area exceeding 12,000 m<sup>2</sup>. With continued product development efforts within the moveable building business, RK launched Tilanne, an office premises solution, onto the market and initiated a project to develop Pulpetti, a school premises solution, with these solutions expected to bear fruit during the current year.

## Machine Servicing, Maintenance and Lifecycle

Machine and equipment servicing, maintenance and logistics form a cornerstone of RK's business. Demanding machinery and equipment management requires outstanding skills from all personnel and continuous competence development. Analysing the management of RK's machines and equipment and developing these to meet present-day needs emerged as major issues in 2004. The company continued to analyse the correlation between rental

machines' lifecycles and cost effects and to centralise its maintenance services. RK is paying increasing attention to the safety of the machines it purchases. The Finnish interpretation of personnel hoist safety regulations is stricter than that required by the related EU directives. The parent company and Suomen Projektivuokraus intensified their co-operation in the field of maintenance and servicing.

## CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY – SECRET OF RK'S SUCCESS

Corporate social and environmental responsibility forms the prime characteristics of Rakentajain Konevuokraamo's business, which has continued for 51 years. Rental services are an environmentally and financially sound business because high-quality machines, equipment and moveable buildings circulate from user to user and from application to application, according to user needs.

Staff commitment reflected in daily work refers to corporate culture evolved over the past decades: service, responsibility and continuous skill improvements. In order to sustain its employees' high professional skills, RK co-operates with training institutes and importers in the provision of tailored courses, and promotes and supports its staff's self-managed further training.

RK's environmentally sound corporate mission refers to high utilisation rates of professionally serviced machines and minimising the environmental burden caused by equipment and used energy – the aspects to which RK pays special attention in purchasing its rental machines and equipment. The company's regional profit centres are responsible for recycling and appropriate waste storage and treatment.

Occupational safety development is of vital importance within RK. In an effort to improve electrical safety at work, RK equipped all of its sites with the required number of testers for sockets, in order to ensure the appropriate connection of sockets and safe use of electrical tools on-site.

RK's quality and quality management system is based on the ISO 9001:2000 quality management certificate granted by Det Norske Veritas, covering all of the parent company's operations and service offices. For RK Group, certification is no one-off event implying no obligations; instead, it requires continuous improvements in its quality and the quality management system manifested in better service, fewer errors, higher productivity and greater occupational safety.

Financial performance is founded on RK Group's corporate social responsibility reflected in business operations and management. In practice, this means economical use of natural resources, accountability for shareholders, improvements in employees' working conditions and customer care.



## SERVICE NETWORK

▲ Rakentajain Konevuokraamo Oyj Service Office

● Rakentajain Konevuokraamo Oyj Dealer

T Tilamarkkinat Oy Service Office

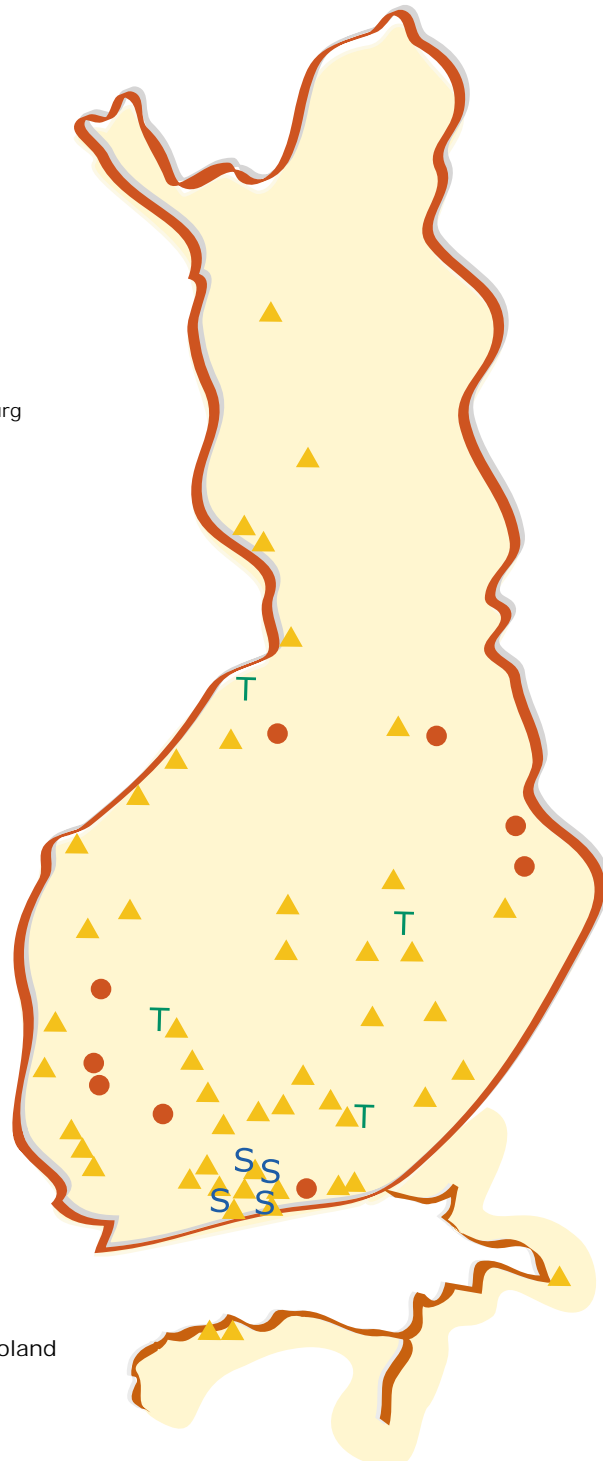
S Suomen Projektivuokraus Oy Service Office

Espoo-Lintuvaara	Jyväskylä	Kokkola
Espoo-Olarinluoma	Kaarina	Kotka
Heinola	Kajaani	Kouvola
Helsinki-Alppila	Karhula	Kuopio
Helsinki-Herttoniemi	Kauhajoki	Kuusankoski
Hollola	Kemi	Lahti
Hämeenlinna	Kerava	Lappeenranta
Imatra	Kilpilahti	Levi
Joensuu	Kirkkonummi	Lohja
Mikkeli	Riihimäki	Vantaa
Nummela	Rovaniemi	Varkaus
Oulu	Savonlinna	Ylivieska
Pieksämäki	Seinäjoki	Äänekoski
Pietarsaari	Tampere	
Pori	Tornio	Estonia-Harku
Porvoo	Turku	Estonia-Tallinn
Raisio	Vaasa	Poland-Krakow
Rauma	Valkeakoski	Russia-St. Petersburg

Forssa	Loviisa
Haapavesi	Sotkamo
Kankaanpää	Säkylä
Kokemäki	Uimaharju
Lieksa	

Kouvola
Leppävirta
Pyhäjoki
Ylöjärvi

Espoo
Helsinki-Kyläsaari
Helsinki-Vartioharju
Tuusula
Vantaa



▲ And Krakow, Poland

## RAKENTAJAIN KONEVUOKRAAMO OYJ

President and CEO	<b>Vesa Koivula</b>
Financial Director	<b>Pirkko Suikkari</b>
Director, rental and sales services	<b>Olli Heire</b>
Director, construction-site services	<b>Mika Helenius</b>
Service and Repair Manager	<b>Mauri Toivanen</b>
Manager drying services	<b>Alpo Ilmarinen</b>
Manager diamond boring and cutting services	<b>Hannu Kataja</b>
Manager floor services	<b>Juhana Kankaanpää</b>
Personnel Officers	<b>Erkki Tulokas</b> <b>Rauni Kauppila</b> <b>Markku Virta</b>
Quality Manager	<b>Liisa Leinikka</b>
Internal Auditors	<b>Matti Rintaluoma</b> <b>Pasi Pitkonen</b>
Service Inspector electrical and technical safety	<b>Vesa Karlsson</b>
Supervisor environmental issues and LPG issues	<b>Kari Kovalainen</b>

## SUOMEN PROJEKTIVUOKRAUS OY

Managing Director	<b>Tatu Hauhio</b>
Technical Director	<b>Heikki Suhonen</b>
Marketing Director	<b>Markku Turunen</b>
Service Manager	<b>Kai Korhonen</b>
Office Manager	<b>Tuija Koljonen</b>
Project Manager	<b>Juha Salmela</b>

## TILAMARKKINAT OY

Managing Director	<b>Ossi Alastalo</b>
Managing Director production units	<b>Jukka Kotakorpi</b>
Financial Manager	<b>Tiina Leinonen</b>
Marketing and rental services	<b>Harri Salminen</b> <b>Timo Myllynen</b>
Planning Manager	<b>Maarit Laavola</b>
Plant Managers	<b>Heikki Pitkänen</b> <b>Vesa Pirhonen</b> <b>Seppo Luostarinen</b>

## UNIT MANAGERS

Greater Helsinki Greater Helsinki	<b>Aarno Heikkilä</b> <b>Kari Kataja</b> <i>(diamond cutting contraction)</i>
Greater Helsinki	<b>Juha Kaikkonen</b> <i>(drying services)</i>
Greater Helsinki	<b>Juhana Kankaanpää</b> <i>(floor services)</i>
Heinola Hämeenlinna Karhula Kouvola Lahti Lappeenranta Lohja Mikkeli Savonlinna Turku Joensuu Jyväskylä Jyväskylä	<b>Tero Heino</b> <b>Jorma Salminen</b> <b>Seppo Ariluoto</b> <b>Erkki Tulokas</b>
Pori Rauma Tampere	<b>Pekka Löfman</b> <b>Juha Tenhovirta</b> <b>Kari Ollikainen</b> <b>Heimo Löytönen</b> <b>Seppo Inkinen</b> <b>Klaus Sahlman</b> <b>Petri Häkkinen</b> <b>Petri Hakanpää</b> <i>(drying services)</i>
Tampere	<b>Kai Aalto</b> <b>Arto Justén</b> <b>Heikki Mahlamäki</b> <i>(rentals)</i>
Vaasa Varkaus Kajaani Kemi Kuopio Oulu Rovaniemi	<b>Jani Tuominen</b> <i>(construction-site services)</i> <b>Sakari Perkkiö</b> <b>Henrik Kosonen</b> <b>Eero Juntunen</b> <b>Antti Hulkko</b> <b>Reijo Arovaara</b> <b>Kari Huotari</b> <b>Seppo Sipola</b>





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