

RAKENTAJAIN KONEVUOKRAAMO OYJ  
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RAKENTAJAIN KONEVUOKRAAMO OYJ'S INTERIM REPORT Q3/2005

RAKENTAJAIN KONEVUOKRAAMO OYJ'S STRONG GROWTH, PROFIT UP BY 33.5 PER CENT.

- Turnover, EUR 58.1 million (EUR 53.4 million)
- An 8.8 per cent increase in turnover
- Profit EUR 9.4 million (EUR 7.1 million)
- A 33.5 per cent increase in profit
- Earnings per share EUR 0.64 (EUR 0.49)

#### TURNOVER

Rakentajain Konevuokraamo Oyj's consolidated turnover was EUR 58.1 million (EUR 53.4 million). The machinery and equipment rental business posted a turnover of EUR 32.8 million (EUR 26.3 million). Construction-site services recorded a turnover of EUR 6.0 million (EUR 5.7 million). The moveable building business turnover came to EUR 19.8 million (EUR 21.8 million). Intra-Group turnover came to EUR 0.58 million (EUR 0.45 million). The machine and equipment rental business improved its turnover. Foreign operations continued their upward trend, and their share of consolidated turnover rose to 6.7 per cent (1.9 per cent).

#### PROFIT

Profit before taxes came to EUR 12.5 million (EUR 9.9 million), accounting for 21.6 per cent of consolidated turnover (18.5 per cent). Growth amounted to EUR 2.7 million, or 27.1 per cent. Profit after taxes totalled EUR 9.4 million (EUR 7.1 million). Both the machine and equipment rental business and the moveable building business showed improvements in their profit.

Since growth in rental order volumes for moveable buildings required substantially more sizeable investments in rental buildings, production for own use increased to EUR 5.4 million (EUR 0.6 million).

Expenses coming from the purchase of Cramo Holding B.V. shares were not expensed but treated as part of the shares' acquisition cost.

#### PROSPECTS FOR 2005

With competition in the market remaining unchanged, machine and equipment rental saw a positive trend due to growth in construction activities during the summer. The price level has risen slightly, and rental agreements have on average become longer than in the previous year. The construction-site services work order book will remain strong, but the competitive situation is not expected to improve.

In view of the season's developments, we expect construction activity to remain steady. Due to seasonal fluctuations typical of the rental business, fourth-quarter performance will be weaker than that reported for the third quarter.

Growth in the building rental business and occupancy ratio contributed favourably to the profitability of the moveable building business. The occupancy ratio and rental order volumes for rental buildings are

projected to remain stable on account of long-term rental agreements and greater demand for rental buildings.

The sales order volume for site huts and storage halls is at a higher level than a year ago. Rental order volumes of moveable buildings have experienced growth because industry and municipalities increasingly tend to rent rather than purchase.

Year on year, the machine and equipment rental business and the construction-site services business will post a higher turnover. A reduction in sales at the expense of higher rental volumes is projected to lower the turnover generated by the moveable building business because rental income accrues over a longer period.

Consolidated turnover for 2005 is expected to hover at EUR 75-79 million (EUR 71 million).

We expect our profit and profitability to improve from the previous year's levels.

#### CAPITAL EXPENDITURE

The Group's capital expenditure totalled EUR 22.6 million (EUR 11,5 million), allocated mainly to rental equipment purchases. This amount includes the acquisition of SÄVE Sp.zo.o., with no goodwill generated.

The integration of SÄVE Sp.zo.o., a Polish company acquired at the beginning of 2005, has proceeded according to plan, and RK has beefed up the acquired company's business through machinery investments, with marked growth being expected in its year-on-year turnover and profit. The turnover of the company was approximately EUR 1 million in 2004.

March 2005 saw the divestment of Tilamarkkinat Oy's Kouvola production facilities, resulting in EUR 0.3 million in capital gains included in other operating income.

The Group entered EUR 2.6 million (EUR 2.2 million) as expenses related to rental equipment maintenance purchases.

#### LIABILITIES

Interest-bearing liabilities were EUR 52.2 million (EUR 41.6 million).

#### 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 56 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 cutting services using diamond-tipped machinery, 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 and Pyhäjoki. Production ceased at the Kouvola plant on 31 July 2005, while the expansion of production at Leppävirta has begun, the new capacity coming on-stream in the spring of 2006.

#### PERSONNEL

The reported number of Group employees' averaged 584 (511).

#### SIGNIFICANT EVENTS AFTER REPORTING PERIOD

##### Acquisition of Cramo Holding B.V. ('Cramo')

Rakentajain Konevuokraamo Oyj ('RK') and Cramo as well as RK's largest shareholders representing 37.6% of shares and 78.4% of votes in RK, and Cramo shareholders representing 100% of shares and votes in Cramo signed a combination agreement on 18 October 2005 regarding the acquisition of Cramo. Furthermore, the key owners of the companies signed a shareholders' agreement on 18 October 2005.

Rakentajain Konevuokraamo Oyj acquires Cramo Holding B.V., the Dutch parent company of the Cramo Group, through a share exchange offer by RK. The arrangement will create one of the leading European rental services companies, whose core business areas will consist of general equipment rental as well as rental and sale of modulars. The New Group will be among the five largest European rental services companies with leading positions in Finland, Sweden and Estonia, and a good coverage in Norway, Denmark, the Netherlands, Latvia, Lithuania, Poland and Russia. The New Group will have a solid base for continued international growth in most existing markets, and especially in Eastern Europe and Russia. Its annual pro forma turnover in 2004 amounted to approximately EUR 292.8 million. The New Group will employ 1,634 people. The transaction is expected to create annual synergies of approximately EUR 5 million, which will materialize in full as of 2007.

The transaction will be consummated as follows:

- RK makes a share exchange offer to the shareholders of Cramo, whereby it offers to acquire all of the issued and outstanding shares in Cramo by issuing 14,984,507 new class B shares to be subscribed by the shareholders of Cramo. Based on the closing price of the RK share on the Helsinki Stock Exchange on 18 October 2005 of EUR 8.81 per share, the value of the shares in Cramo was EUR 132 million, which equaled the market capitalization of RK on a fully diluted number of shares basis.

- Furthermore, the Board of RK will propose to the shareholders' meeting that the current share classes are combined, so that in conjunction with the transaction, the class A shares in RK are converted to class B shares in RK at a ratio of 1:1.40. RK shareholders representing 96.3% of the A-share votes in RK have given their consent to convert the current class A shares to class B shares. Following the conversion there will be only one class of shares in RK,

each share will carry one vote, and all shares will be listed on the Helsinki Stock Exchange.

- Caterpillar Sarl and Caterpillar Financial Services Netherlands B.V. (together 'Caterpillar'), shareholders in Cramo, have agreed with Cramo's shareholder Pon Holdings B.V., and RK's shareholder Suomi Mutual Life Assurance Company that Caterpillar will sell all 5,993,803 class B shares it receives in the exchange offer for EUR 7.55 per share to Pon Holdings B.V. who will acquire 2,996,901 shares, and Suomi Mutual Life Assurance who will acquire 2,996,902 shares.

- The Board of RK recommends the approval of the targeted issue and the combination of share classes in RK's extraordinary shareholders' meeting. The proposal of RK's Board is supported by shareholders in RK representing 78.4% of the votes and 37.6% of the shares, which have undertaken not to decrease their holding prior to the extraordinary shareholders' meeting. All shareholders in Cramo have undertaken to accept RK's offer.

- Provided that the exchange offer, the combination of share classes and the share sale are completed, RK shareholders will hold a total of 60.0% of shares and votes in the RK after transactions completed. Cramo shareholders will hold a total of 40.0% of shares and votes in RK after transactions completed. In terms of shares and votes in RK, Pon Holdings B.V. will hold 28.4%, Suomi Mutual Life Assurance Company 15.3%, ABN AMRO Bank N.V. 10.0%, and Rakennusmestarien Säätiö 9.4%. The key shareholders of RK and Cramo signed a shareholders' agreement on 18 October 2005, whereby the parties agreed not to increase their ownership after the consummation of the transaction above a certain threshold without the consent of the other parties, and on voting restrictions.

The listing particulars to be prepared for the exchange offer is estimated to be published in week 51, and competition clearance in Estonia and Poland are estimated to be received during weeks 49 to 51. RK's extraordinary shareholders' meeting to ratify the transaction will be held as soon as possible thereafter.

RK published a separate press release regarding the acquisition on 19 October 2005.

#### INCREASE OF SHARE CAPITAL

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 and the number of B Series shares subscribed during the report period totalled 5,000. The subscription price was EUR 3.97 per share. The Board approved the share subscriptions on 17 February 2005, after which the increase of share capital was registered with the Trade Register on 28 February 2005 and trading of the new B Series shares begun on the Helsinki Stock Exchange on 1 March 2005. The share capital increased by EUR 8,957.00 to EUR 24,200,473.83. The recorded issue premium came to EUR 12,084.00.

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 after the report period totalled 20,000, with the subscription price of EUR 3.72 per share. Following the share capital

increase registration with the Trade Register, the new B Series shares will be traded on the Helsinki Stock Exchange. The increase of share capital is EUR 33,800.00, i.e. the share capital totals EUR 24,234,273.83. The recorded issue premium came to EUR 40,600.00.

#### 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 the remaining 335,000 from 1 May 2006 to 31 March 2007. The Group's 2002A-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 and a total of 5,000 B Series shares during the report period and a total of 20,000 B Series shares after the report period.

#### BOARD AUTHORISATIONS

The Board was authorised by the Annual General Meeting of 6 April 2005 to decide, until the Annual General Meeting of 2006 or within one year of the Annual General Meeting of 6 April 2005, on the increase of the share capital by issuing new shares in one or several issues so that the share capital may be increased by EUR 3,716,751.09 at the most by issuing at the most 2,199,261 new B Series shares, each with an accounting par value of EUR 1.69. However, with regard to the total amount of the increase of the share capital and the total number of new shares to be issued, the authorisation and the Board's other valid unused authorisations may not in aggregate exceed one-fifth of the registered share capital and the votes attaching to the shares at the time of the authorisation decision of the ordinary shareholders' meeting and the decision of the Board to increase the share capital.

The Board has no valid authorisations to issue stock options, or to issue convertible bonds.

The Annual General Meeting of 6 April 2005 authorised the Board to buy back a maximum of 715,990 outstanding B Series shares, or 5 per cent of the Group's share capital, with distributable funds.

The Annual General Meeting of 6 April 2005 authorised the Board to use all the above-mentioned B Series shares bought back, based on the authorisation, as a consideration in the event of purchasing assets pertaining to the company's business or in the event of business acquisitions or other co-operation-related arrangements.

The authorisations to buy back and dispose shares will be valid for one year from the Annual General Meeting's decision or until the Annual General Meeting of 2006 at the latest, and will replace the authorisations given by the Annual General Meeting on 2 April 2004. The Board has not yet exercised said authorisations.

#### ANNUAL GENERAL MEETING OF 6 APRIL 2005

The Annual General Meeting made decisions on the following matters:

- Matters in accordance with Section 15 in the Articles of Association
- Board authorisation regarding increase of share capital by issuing new shares
- Board authorisation regarding share buyback and transfer

The notification of the decisions was given on 6 April 2005.

NOTIFICATIONS REGARDING CHAPTER 2, SECTION 9 AND 10 IN ACCORDANCE WITH THE SECURITIES MARKET ACT

During the report period as of 31 August 2005, the share of ownership of Schroder Investment Management Limited has fallen below one-twentieth part (1/20) of Rakentajain Konevuokraamo Oyj's share capital. The notification of the announcement was given on 5 September 2005.

ADOPTION OF IFRS

The company will disclose its first IFRS-compliant financial statements for 2005 and apply IFRS-compliant measurement and accrual principles to 2005 interim reports. The company published a Stock Exchange release on the effects of IFRS transition on 11 April 2005.

TABLES OF THE INTERIM REPORT

CONSOLIDATED PROFIT AND LOSS ACCOUNT

1 January - 30 September 2005 (EUR 1,000)

	1-9/05	1-9/04	Change %	1-12/04
SALES	58,086	53,376	8.8	71,436
Other operating income	613	220	178.6	303
Change in inventories in finished goods and in work in progress	-88	1,119	-107.9	259
Production for own use	5,454	566	863.6	2,467
Materials and services	14,786	13,219	11.9	17,716
Personnel expenses	15,677	13,655	14.8	18,444
Depreciation	8,178	7,141	14.5	9,604
Other operating expenses	11,660	10,346	12.7	14,307
OPERATING PROFIT	13,764	10,920	26.0	14,394
% of turnover	23.7	20.5		20.1
Finance costs (net)	1,221	1,054	15.8	1,423
PROFIT BEFORE TAXES	12,543	9,866	27.1	12,971
% of turnover	21.6	18.5		18.2
Income taxes	3,127	2,813	11.2	3,744
PROFIT FOR THE YEAR	9,416	7,053	33.5	9,227
% of turnover	16.2	13.2		12.9
Earnings per share, basic EUR	0.66	0.49	33.4	0.64
Earnings per share, diluted EUR	0.64	0.49	32.2	0.63

CONSOLIDATED BALANCE SHEET (EUR 1,000)

	30.9.05	30.9.04	Change %	31.12.04
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	88,699	75,166	18.0	76,155
Goodwill	11,615	11,615	0.0	11,615
Other intangible assets	421	414	1.7	399
Available-for-sale investments	172	210	-18.1	207
Receivables	178	0		206
Deferred income tax assets	777	1,612	-51.8	1,545
TOTAL NON-CURRENT ASSETS	101,862	89,017	14.4	90,127
CURRENT ASSETS				

Inventories	3,499	4,341	-19.4	3,907
Trade and other receivables	10,961	7,320	49.7	7,296
Cash and cash equivalents	2,282	816	179.7	576
TOTAL CURRENT ASSETS	16,742	12,477	34.2	11,779
TOTAL ASSETS	118,604	101,494	16.9	101,906

#### EQUITY AND LIABILITIES

##### EQUITY

Share capital	24,200	24,191	0.0	24,191
Share issue	0	0	0.0	1
Share premium fund	1,567	1,555	0.8	1,555
Retained earnings	25,457	21,753	17.0	19,621
TOTAL EQUITY	51,224	47,499	7.8	45,368

##### NON-CURRENT LIABILITIES

Deferred income tax liabilities	3,449	3,612	-4.5	3,814
Non-current liabilities	45,424	35,742	27.1	31,928

##### CURRENT LIABILITIES

Current liabilities	18,507	14,641	26.4	20,796
TOTAL LIABILITIES	67,380	53,995	24.8	56,537
TOTAL EQUITY AND LIABILITIES	118,604	101,494	16.9	101,906

#### KEY FINANCIAL RATIOS

Gross investments, EUR 1,000	1-9/05	1-9/04	Change %	1-12/04
% of turnover	22,642	11,545	96.1	14,993
	39.0	21.6		21.0

#### KEY FINANCIAL RATIOS

Value of orders for rental	30.9.05	30.9.04	Change %	31.12.04
moveable buildings, EUR 1,000	22,456	18,758	19.7	20,857
Value of orders for moveable				
buildings on sale, EUR 1,000	5,977	4,257	40.4	5,954
Equity per share, EUR	3.58	3.32	7.8	3.17
Equity ratio, %	46.8	51.7	-9.5	48.9

#### CONSOLIDATED CASH FLOW STATEMENT (EUR 1,000)

	1-9/05	1-9/04		1-12/04
CASH FLOWS FROM OPERATING				
ACTIVITIES	18,089	14,161		18,234
CASH FLOWS FROM INVESTING				
ACTIVITIES	-20,209	-10,719		-14,152
CASH FLOWS FROM FINANCING				
ACTIVITIES				
Proceeds from issue of share				
capital	20	306		307
Dividends paid	-3,580	-7,079		-11,373
Change in long-term borrowings	13,497	6,102		2,608
Change in short-term borrowings	-6,139	-3,292		3,765
Change in long-term receivables	28	13		-127
Translation differences	0	-49		-58
NET CASH USED IN FINANCING				
ACTIVITIES	3,826	-3,999		-4,878
NET CHANGE IN CASH AND CASH				
EQUIVALENTS	1,706	-557		-796
CASH AND CASH EQUIVALENTS				
AT BEGINNING OF PERIOD	576	1,372		1,372
CASH AND CASH EQUIVALENTS				
AT END OF PERIOD	2,282	815		576

CONTINGENT LIABILITIES (EUR 1,000)							
	30.9.05		30.9.04		31.12.04		
On own behalf							
Mortgages on real estates	5,662		5,662				5,662
Mortgages on companies	10,957		10,957				10,957
Pledges	23,873		22,456				22,972
Other contingent liabilities	2,094		821				513
DERIVATIVE FINANCIAL INSTRUMENTS (EUR 1,000)							
	30.9.05		30.9.04		31.12.04		
NV = nominal value	NV	MV	NV	MV	NV		MV
MV = market value							
Interest rate derivatives							
Swaps	17,868	-125	0	0	0		0
Options							
Bought	10,000	+9	0	0	0		0
Written	10,000	-25	0	0	0		0
KEY FINANCIAL RATIOS							
	30.9.05		30.9.04		Change %	31.12.04	
Value of outstanding orders, EUR 1,000	28,433		23,015		23.5		26,811
Gross capital expenditure, EUR 1,000	22,642		11,545		96.1		14,993
% of turnover	39.0		21.6				21.0
Number of personnel	584		511		14.3		538
Earnings/share, EUR	0.66		0.49		33.4		0.64
Earnings/share, diluted EUR*)	0.64		0.49		32.2		0.63
Shareholders' equity/share, EUR	3.58		3.32		7.8		3.17
Equity ratio, %	46.8		51.7		-9.5		48.9
Issue-adjusted average number of A Series shares	1,728,000		1,728,000				1,728,000
Issue-adjusted average number of B Series shares	12,591,807		12,586,507				12,586,507
Number of shares adjusted by the dilution effect of options	14,663,796		14,526,763				14,732,730
TURNOVER BY BUSINESS (EUR 1,000)							
	1-9/05		1-9/04		Change %	1-12/04	
Construction machinery and equipment rental	32,832		26,257		25.0		35,832
Construction-site services	6,014		5,734		4.9		8,091
Sale and rental of moveable buildings	19,817		21,831		-9.2		27,816
Intra-Group turnover	-577		-446				-303
TURNOVER, TOTAL	58,086		53,376		8.8		71,436
OPERATING PROFIT BY BUSINESS (EUR 1,000)							
Construction machinery and equipment rental	8,229		5,493		49.8		7,524
Construction-site services	220		665		-66.9		752
Sale and rental of moveable buildings	5,315		4,762		11.6		6,118
OPERATING PROFIT, TOTAL	13,764		10,920		26.0		14,394

QUARTERLY KEY FIGURES

	1-3/05	4-6/05	7-9/05	7-9/04	Change%
Turnover, EUR 1,000	16,972	19,440	21,674	20,872	3.8
Operating profit, EUR 1,000	2,008	4,631	7,125	5,764	23.6
% of turnover	11.8	23.8	32.9	27.6	
Profit before taxes, EUR 1,000	1,676	4,088	6,779	5,368	26.3
% of turnover	9.9	21.0	31.3	25.7	
Earnings/share, EUR	0.09	0.21	0.36	0.26	
Earnings/share, diluted EUR*)	0.08	0.22	0.34	0.26	

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

Data in this bulletin are based on unaudited figures.

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