Financial Review 2007

KONECRANES®
Lifting Businesses™

IMPORTANT DATES

All events are indicated in Finnish time (EET).

February 8, 2008 10.00 a.m.	Financial Statements 2007
Week starting on February 25, 2008	Annual Report 2007
March 3, 2008	Record date for the AGM
March 10, 2008 (No later than)	Notice of participation in the AGM
March 13, 2008	Annual General Meeting 2008
April 29, 2008 10.00 a.m.	First quarter results
July 30, 2008 10.00 a.m.	Second quarter results
October 29, 2008 10.00 a.m.	Third quarter results

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KONECRANES ANNUAL REVIEW 2007
contains information on Konecranes' goals, strategy, Business Areas, R&D, corporate responsibility, personnel development, and Group management.

KONECRANES FINANCIAL REVIEW 2007
contains information on the Group's corporate governance, shares and shareholders, and the consolidated and parent company financial statements and their notes.

GREETINGS FROM INVESTOR RELATIONS

The capital markets showed great interest in Konecranes during 2007. Konecranes' improving financial performance raised interest among shareholders and potential shareholders, as well as buy-side and sell-side analysts. The recognition of the crane industry has increased since two of Konecranes' peer companies were publicly listed in the past 19 months. This offers investors better insight to the industry and possibilities to benchmark Konecranes' performance and valuation. Konecranes responded to the growing interest by allocating a significant amount of management resources to investor relation activities. In addition to road-shows in the USA, Canada, London, Edinburgh, the Netherlands, Paris, Stockholm and Helsinki, Konecranes management presented the company at four seminars in London arranged by major international investment banks. The company was also presented to investors in China, Dubai and Tokyo. The increasing number of one-on-one meetings between capital market representatives and Konecranes senior management in Finland form a significant, on-going IR activity – more than 100 investors visited Konecranes during 2007.

Today, 18 sell-side analysts actively cover Konecranes, and six large international investment banks have initiated coverage in the past two years (analyst contacts on page 68).

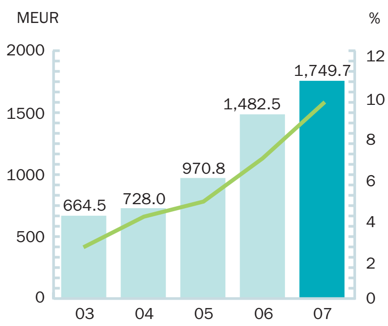
The Konecranes share, which is trading with the new code KCR1V after the name change to Konecranes was approved by the 2007 AGM, was the 20th most traded on the Helsinki Stock Exchange in 2007. This ensures excellent share liquidity with respect to the company's market capitalization, which was the 25th highest in Helsinki at the end of 2007. As a result of Konecranes' higher market capitalization and share trading, the stock was included in the Dow Jones STOXX 600 index in December, 2007.

We set new EBIT margin targets in February 2007 in conjunction with reporting our 2006 financial statements; 12 percent in Service and Standard Lifting, and 10 percent in Heavy Lifting. With Group costs targeted at two percent of sales, this translated into a Group margin of ten percent. We aim to achieve this profitability level over the economic cycle. As the market was strong in 2007, the fact that Service achieved a 12.5 percent margin, Standard Lifting 14.6 percent, and the Group exactly ten percent, excluding the 17.6 MEUR capital gain on the sale of real estate, does not automatically lead us to raise these targets. We first want to prove that the higher profitability is sustainable.

Konecranes Investor Relations wants to thank all capital market representatives for their interest, and, in particular, the sell-side analysts for their contribution in increasing the awareness of Konecranes among market participants. Konecranes IR will continue to pursue a timely, transparent and reliable disclosure policy. One example of this is the endeavour to openly provide high-quality consensus estimates on the investor home page.

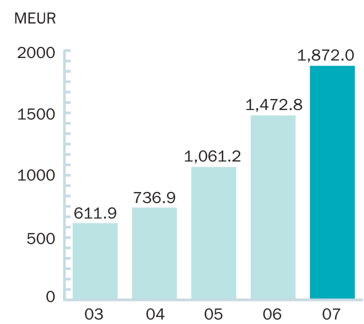
Paul Lönnfors
IR Manager

Sales and EBIT Margin*

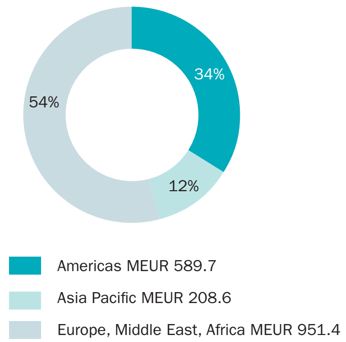


* Excluding capital gain

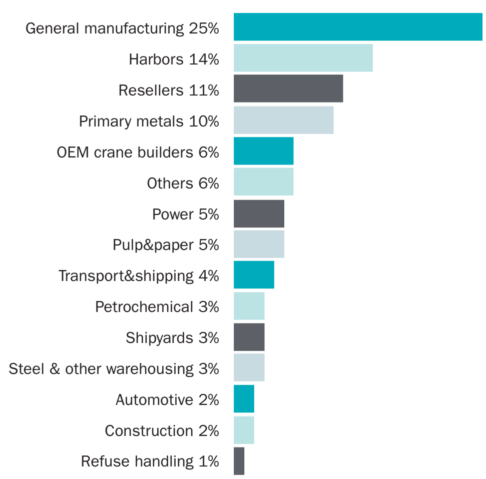
Order Intake



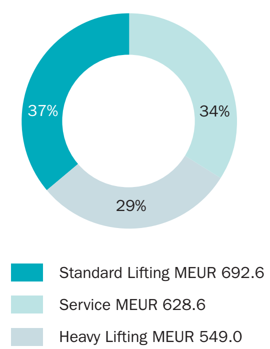
Sales by Region



Sales by Customer Industry

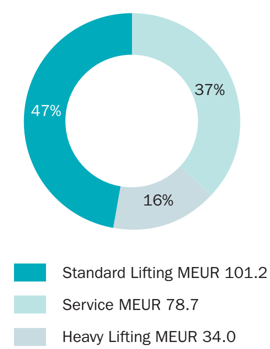


Sales by Business Area*



* Including internal sales

EBIT by Business Area*

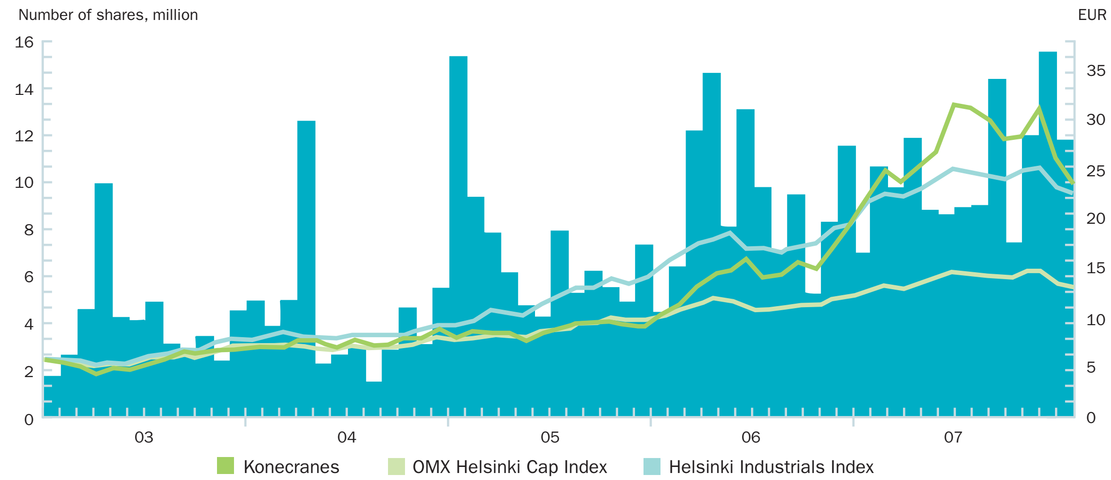


* Before unallocated costs and eliminations and excluding capital gain

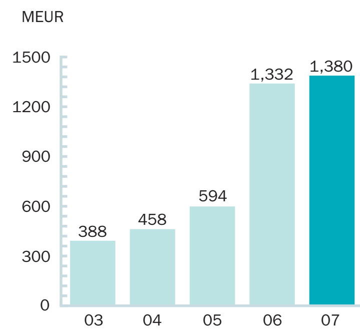
INVESTMENT CONSIDERATIONS

- Konecranes can utilize clear scale advantages in production, sourcing and R&D – over 80 percent of sales are derived from products and services where Konecranes is almost twice the size of its closest competitor.
- Konecranes operates in a very fragmented growth industry, which offers good opportunities for both organic and acquisitional growth.
- Konecranes has a successful track record for acquisitions, and is well positioned to continue driving industry consolidation.
- Konecranes has high resilience to cyclical demand in specific customer industries or geographical regions, thanks to the diversity of its customers' industries and its broad geographical presence.
- Konecranes has the highest exposure of western crane companies to fast-growing markets, especially China.
- Konecranes has the highest proportion of non-cyclical service sales among the larger crane companies, and this proportion is expected to increase, reducing the impact of industrial investment cycles even further.
- Konecranes is, with its unique service concept and the world's largest and most extensive crane service organization, best positioned to take advantage of the trend towards outsourcing service.
- The service organization also offers opportunities to penetrate the huge machine tool service market.
- Konecranes has implemented significant development measures in recent years. We have achieved higher profitability through a cost-efficient and demand-driven supply chain, increased outsourcing, operational leverage, and by more procurement in low cost countries.
- Konecranes can further improve profitability through increased operational leverage, better productivity, an increasing share of low cost supply, by utilizing scale advantage in sourcing, production and R&D, and by capitalizing on greater pricing power.
- Konecranes is a fast-growing challenger in the attractive, high-growth container-handling equipment business. Today, Konecranes competes with an almost complete range of products for container handling, and can leverage its service presence and technology know-how in industrial solutions to achieve synergy benefits.
- Konecranes' business model is cash generative and capital efficient.
- The Konecranes share is very liquid, with close to 100 % free float, and is held by a broad range of international, institutional shareholders.
- Konecranes has experienced and committed management and offers incentives that reward the creation of shareholder value.

Monthly trading volume and share price on the Helsinki Stock Exchange 2003–2007

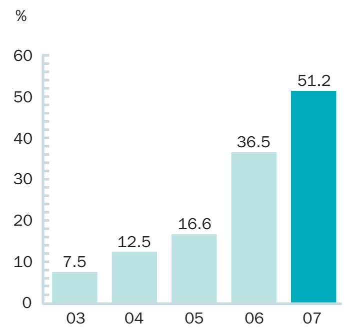


Market Capitalization 2003–2007*



* Excluding own shares

Return on Equity 2003–2007

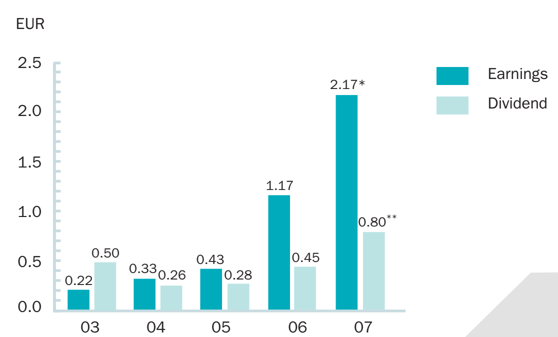


Key figures

MEUR 1)	2007	2006	Change
Orders received	1,872.0	1,472.8	27.1%
Order book, Dec 31	757.9	571.6	32.6%
Sales	1,749.7	1,482.5	18.0%
Operating profit excluding capital gain	174.7	105.5	65.7%
Operating margin excluding capital gain, %	10.0	7.1	
Operating profit EBIT	192.3	105.5	82.3%
Operating margin EBIT, %	11.0	7.1	
Net income	129.2	68.6	88.3%
Earnings per share, EUR	2.17	1.17	84.5%
Cash flow from operating activities per share, EUR	3.08	1.39	121.6%
Dividend per share, EUR	0.80*	0.45	77.8%
ROCE %	50.4	29.5	
ROE %	51.2	36.5	
Gearing %	7.0	57.3	
Personnel, Dec 31	8,404	7,549	11.3%

1) Unless otherwise stated
* Board's proposal to the AGM

Earnings and dividend per share



* 2007 EPS excluding capital gain: EUR 1.95
** Board's proposal to the AGM

Board of Directors' report

Konecranes financial performance continued to develop favorably in 2007. All geographical regions and Business Areas posted strong order and sales growth. Total sales growth was robust at 18 percent, and profitability improved for the fourth consecutive year. Return on equity was as high as 51.2 percent. As Konecranes business model is very cash generative, the company was able to reduce net debt from EUR 128.2 million to 19.7 million in 2007, despite paying EUR 26.7 million in dividends, buying back own shares for EUR 46.0 million, and acquiring eight companies for EUR 17.4 million. Konecranes solid financial position ensures that it can also continue developing its operations in a less buoyant economic environment. Konecranes has prerequisites to pursue organic growth by gaining market share in the still very fragmented industrial crane industry, even in case of flat or decreasing demand. Growing the business through acquisitions is part of Konecranes' strategy, and an economic slowdown could increase opportunities for value-adding acquisitions. The trend of outsourcing crane maintenance offers long-term growth prospects in the Service business. Because the recruitment of service technicians is the major challenge in expanding the service operations, a less competitive labor market could help fuel service growth. The development in 2007 strengthened Konecranes' competitiveness and ability to successfully cope with future challenges.

CHANGE IN REPORTING METHOD 2007

Due to changes in the Business Area reporting method described below, the sales, orders and operating profit comparison figures in this report deviate from the figures reported in 2006 for the Business Areas Service and Standard Lifting. The aggregate and Heavy Lifting figures are not affected.

As of January 1, 2007, Konecranes-branded spare parts are reported in the Service Business Area, where previously they were partly included in Service and partly in Standard Lifting. The 2006 quarterly comparison figures for Service and Standard Lifting according to the new reporting structure are presented in the table below.

In addition, the geographical segment reporting structure has been changed from the beginning of 2007. The new geographical segments are Europe, Middle East, Africa (EMEA), Americas (AME) and Asia-Pacific (APAC). The earlier structure was Nordic and Eastern Europe, EU (excl. Nordic), Americas, and Asia-Pacific. The 2006 quarterly sales comparison figures according to the new geographical segmentation are presented in the table below.

	Q1 2006	Q2 2006	Q3 2006	Q4 2006	2006
EMEA	170.1	195.3	187.9	227.8	781.1
AME	90.1	105.8	148.0	168.5	512.4
APAC	36.6	38.8	50.0	63.8	189.2
Total	296.7	339.9	385.8	460.1	1,482.5

The restated 2006 APAC sales figures differ from the figures reported in 2006 as sales in Africa and the Middle East have been shifted from APAC to EMEA.

SALE OF REAL ESTATE

Konecranes finalized the sale of properties located in Hyvinkää, Hämeenlinna and Urjala, Finland, in April 2007. The Konecranes companies operating in the sold facilities in Hyvinkää and Hämeenlinna have continued their normal operations in these facilities under long-term rental agreements.

The aggregate sales price for the facilities was approximately EUR 31.4 million. Konecranes booked a capital gain of EUR 17.6 million in EBIT on the transaction.

GROUP STRUCTURE

MMH Holdings, Inc, operating under the well-known P&H brand, was consolidated into the Konecranes Group figures as of 1 June, 2006. Therefore, the comparison figures for 2006 include MMH only for the period June-December. The MMH operations in January-May 2007 account for roughly

	Q1 2006	Q2 2006	Q3 2006	Q4 2006	2006
Service					
Orders received, MEUR	99.8	108.3	117.9	122.5	448.5
Net sales, MEUR	105.6	122.9	136.6	161.4	526.5
Operating income, MEUR	8.7	12.3	14.4	17.6	53.0
Operating margin, %	8.2	10.0	10.5	10.9	10.1
Standard Lifting					
Orders received, MEUR	142.6	155.3	157.2	137.7	592.7
Net sales, MEUR	114.0	131.7	153.2	159.5	558.4
Operating income, MEUR	8.0	12.0	15.3	16.2	51.5
Operating margin, %	7.0	9.1	10.0	10.2	9.2

5 percentage points of the reported 18 percent sales growth and the 27 percent order growth in 2007. Approximately 60 percent of MMH sales and orders are included in the Service Business Area, and the remainder is fairly evenly split between Standard Lifting and Heavy Lifting.

ACQUISITIONS

Konecranes made eight acquisitions in 2007. In January, the straddle carrier manufacturer Consens Transport Systeme of Germany, and the maintenance service business of the small Swedish-based company, El&Travers were acquired. In March, Konecranes made an asset purchase agreement with the Spanish company Sistemas de Elevación, operating in the field of port service. In June, Konecranes signed an agreement to acquire 19 percent of the share capital of the crane manufacturing company Dynamic Crane Systems Ltd (DCS) in South Africa. The agreement includes an option to acquire the remaining shares in the company at a later stage. In July, Konecranes acquired Finnish container handling software specialist Savcor One Oy. During July, Konecranes also further strengthened its position in the machine tool service (MTS) business by acquiring two MTS companies in Scandinavia, Reftele Maskinservice AB in Sweden and Kongsberg Automation AS in Norway. In July, the port service business of the Italian company Technical Services S.r.l. was acquired. The acquired businesses accounted for EUR 12.2 million in net sales and –1.4 million in operating profit in 2007. Significant costs in developing the Straddle Carrier operations caused the negative result of the acquired businesses.

MARKET REVIEW

Market demand for Konecranes' products and services developed favorably throughout 2007 in all geographical regions and Business Areas. Demand grew strongest in emerging markets. Demand for process cranes, industrial cranes and crane components improved on increasing industrial output and investments in new production capacity. Demand for container-handling and other port equipment benefited from high port investments. Demand for crane and machine tool service increased on continuing outsourcing of service. Almost all Konecranes' main customer industries contributed to improved demand, with shipyards, harbors, primary metals, power and petrochemicals continuing to boost demand. Investment activity in the paper and automotive industries remained at a low level. Demand for both standard and heavy lifting equipment improved in all geographical regions.

Input prices, in particular steel and labor costs, rose from the previous year. This resulted in upward pressure on market prices for cranes and crane maintenance as suppliers endeavored to pass on the higher costs to customers. The tight labor market also led to difficulties in attracting and retaining skilled labor, particularly in markets with a strong representation of petrochemical, primary metal and mining industries.

Konecranes' strong sales and order growth leads management to believe that it continued to increase its global market shares.

ORDERS RECEIVED, ORDER BOOK AND CONTRACT BASE

In 2007, order intake grew by 27.1 percent to EUR 1,872.0 (1,472.8) million. Konecranes' organic order growth exceeded 20 percent for the third consecutive year. Higher prices accounted for 4-5 percentage points of the order increase. The year-end value of the order backlog was 757.9 (571.6) million, up by 32.6 percent from the end of 2006. Changes in currency rates, primarily the devaluation of the USD against the euro, had a negative impact on the reported growth in orders and the order book. Konecranes continued to capitalize on the trend of outsourcing service. The annual value of the maintenance contract base rose more than 15 percent to EUR 106.4 million and included 292,139 (263,039) units at the end of 2007. The retention rate for maintenance contracts remained above 90 percent.

Higher demand in most customer segments, Konecranes' expanding geographical presence and our broader, competitive product range contributed to growth in orders. Orders increased in all geographical regions across all Business Areas. Geographically the Asia-Pacific region posted the strongest growth. Emerging markets in the EMEA region, particularly Russia and the Middle East, contributed to the region's solid order growth. Order intake in the Americas region grew by nearly 20 percent, and organic growth was close to five percent despite the devaluation of the US dollar.

Standard Lifting benefited from growing demand in general manufacturing, engineering and petrochemicals, both in emerging and mature markets.

Strong demand in general manufacturing, ports, shipyards, and the metals and power customer segments supported order growth in Heavy Lifting.

In Service, the personnel increase enabled high order intake. The reported order growth in Service was boosted by the MMH service business, which was included for only seven months in 2006.

Board of Directors' report

Orders Received by Business Area, MEUR

	Q4 2007	Q4 2006	Change %
Service	137.8	122.5	+12.6
Standard Lifting	196.4	137.7	+42.7
Heavy Lifting	168.6	128.8	+30.9
Internal	(31.8)	(21.4)	
Total	471.0	367.5	+28.2
	2007	**2006**	**Change %**
Service	563.0	448.5	+25.5
Standard Lifting	793.8	592.7	+33.9
Heavy Lifting	633.9	519.2	+22.1
Internal	(118.7)	(87.7)	
Total	1,872.0	1,472.8	+27.1

In the fourth quarter, order intake totaled EUR 471.0 (367.5) million, representing growth of 28.2 percent. Order growth was exceptionally strong in both Standard Lifting and Heavy Lifting, and it was almost exclusively organic. Service orders continued to increase at a stable, double-digit rate.

Fourth quarter order intake was especially strong in the Asia-Pacific region, boosted by an order for 173 cranes to India. In EMEA, order growth continued at a high level. Order growth also continued at a good level in the Americas region except in port equipment, but the weaker USD/EUR rate subdued order growth.

Order Book by Business Area, MEUR

	Dec 31, 2007	Dec 31, 2006	Change %
Service	109.3	101.1	8.2
Standard Lifting	270.9	174.6	55.1
Heavy Lifting	406.1	349.9	16.1
Internal	(28.4)	(53.9)	
Total	757.9	571.6	32.6

SALES

Net sales rose 18.0 percent to EUR 1,749.7 (1,482.5) million. Growth was predominantly organic. Price increases accounted for 4-5 percentage points of growth, as higher input costs were successfully compensated by higher sales prices. Currency rate changes had a negative impact on the reported sales figures.

Standard Lifting achieved the fastest growth on improving demand and higher market shares. Production was successfully increased, but due to the exceptionally strong order intake in 2006 and 2007, output did not quite rise as much as orders. As production ramp-up for hoists and other components was faster than for industrial cranes, the sales mix shifted towards more components.

Sales in Heavy Lifting rose thanks to a high order book at the beginning of 2007, continued strong demand and a broader product range. The tight market for certain raw materials and a wide range of subcontracted components subdued sales growth. Also bottlenecks in production caused delays.

Service sales rose strongly as new technicians were recruited and the service network expanded. The MMH service business boosted service sales growth, having been included for only seven months in 2006.

Net Sales by Business Area, MEUR

	Q4 2007	Q4 2006	Change %
Service	172.9	161.4	7.1
Standard Lifting	200.7	159.5	25.9
Heavy Lifting	187.6	162.7	15.3
Internal	(38.4)	(23.5)	
Total	522.8	460.1	13.6
	2007	**2006**	**Change %**
Service	628.6	526.6	19.4
Standard Lifting	692.6	558.4	24.0
Heavy Lifting	549.0	490.8	11.8
Internal	(120.3)	(93.3)	
Total	1,749.7	1,482.5	18.0

Sales growth was fastest in the Europe, Middle East, Africa (EMEA) region with Russia and the Middle East contributing strongly. Reported sales growth in the Americas region was boosted by the MMH business, which is included for 12 months compared with seven months in 2006, but the weaker USD/EUR rate had a negative impact. The Asia-Pacific region posted solid sales growth with Service revenue and the Standard Lifting business growing strongly. However, deliveries of large-scale projects in Heavy Lifting were at a low level in the second half of 2007, which subdued 2007 growth in APAC.

Net Sales by Region, MEUR

	Q4 2007	Q4 2006	Change %
EMEA	297.6	227.8	30.6
AME	159.6	168.5	(5.3)
APAC	65.6	63.8	2.8
Total	522.8	460.1	13.6

	2007	2006	Change %
EMEA	951.4	781.0	21.8
AME	589.7	512.3	15.1
APAC	208.6	189.4	10.3
Total	1,749.7	1,482.5	18.0

Fourth quarter net sales rose 13.6 percent to EUR 522.8 (460.1) million. EMEA posted strong growth. The significantly weaker USD rate weighed on reported sales in the Americas region. Sales growth in APAC was low in the absence of large-scale deliveries in Heavy Lifting.

In Service, fourth quarter sales growth was moderate. The weaker USD had a negative impact on reported service sales since nearly half of service revenue is generated in USD or USD-linked currencies. The recruitment of service personnel in the second half of 2007 was not as rapid as at the end of 2006 and first half of 2007.

Standard Lifting succeeded in raising fourth quarter production and deliveries to a record-high EUR 200.7 million, which roughly matches the quarterly order intake levels of 2007.

Heavy Lifting also achieved record-high fourth quarter delivery volumes despite challenges in component supply and production capacity.

PROFITABILITY

Group operational income, excluding the EUR 17.6 million capital gain, rose 65.7 percent to EUR 174.7 (105.5) million. This represents a 10.0 percent operating margin, up from 7.1 percent in 2006. The main drivers for improved profitability were higher volumes and productivity, success in passing on higher input costs, and the change in sales mix between and within the Business Areas.

Service and Standard Lifting contributed to the margin improvement since both Business Areas achieved their over-the-cycle operating margin targets of twelve percent. The main drivers for the margin expansion in Standard Lifting were higher volumes and improved productivity. The shift in mix towards more component and less industrial crane sales also contributed to the profitability improvement. Pricing had a minor positive effect as prices more than offset the higher input costs.

The margin improvement for Service was the result of better fixed cost absorption, improved productivity and, to a certain extent, pricing. The high margin in the MMH service business helped raise the service margin, since the MMH business was included for only seven months in 2006. Heavy Lifting's operating profit improved slightly, but the margin decreased because of several independent factors. The development costs of starting lift truck assembly in Lingang, China, and straddle carrier manufacturing in Germany burdened Heavy Lifting's result. Because of tight component supply situation and some bottlenecks in manufacturing, Heavy Lifting faced challenges in fulfilling deliveries, which resulted in lower than expected volumes, and additional costs. Significant cost overruns on a few large process crane projects also burdened Heavy Lifting's profitability.

Fourth quarter operating profit (EBIT) rose to a record-high of EUR 60.4 (39.3) million, representing 11.6 percent of net sales. The fourth quarter is seasonally Konecranes' strongest quarter. This seasonality has, however, decreased with geographical expansion, broadened product range, and wider customer exposure.

In the fourth quarter, Standard Lifting almost doubled operating profit in comparison to fourth quarter 2006 on higher volumes, improved productivity and sales mix.

Heavy Lifting's fourth quarter operating profit rose slightly on higher volumes. The margin rose clearly compared to the third quarter, which included a few low-margin projects, and achieved roughly the same level as in the fourth quarter of 2006. Challenges in the supply chain continued to weigh on the margin, but the component supply situation eased somewhat from the third quarter.

Board of Directors' report

Operational EBIT and EBIT margin (excluding capital gain in Q2) by Business Area

	Q4 2007 MEUR	% of sales	Q4 2006 MEUR	% of sales
Service	24.3	14.0	17.6	10.9
Standard Lifting	31.7	15.8	16.2	10.2
Heavy Lifting	15.6	8.3	14.0	8.6
Group overheads	(12.2)	(2.3)	(9.6)	(2.1)
Elimination of internal profit	1.0		1.0	
Total	60.4	11.6	39.3	8.5

	2007 MEUR	% of sales	2006 MEUR	% of sales
Service	78.7	12.5	53.0	10.1
Standard Lifting	101.2	14.6	51.5	9.2
Heavy Lifting	34.0	6.2	33.6	6.8
Group overheads	(36.8)	(2.1)	(31.6)	(2.2)
Elimination of internal profit	(2.3)		(0.9)	
Total	174.7	10.0	105.5	7.1

Group EBITDA was EUR 216.9 (128.0) million or 12.4 (8.6) percent on sales. Depreciations grew from EUR 22.3 million to EUR 24.0 million.

The share of associated companies result amounted to EUR 0.7 (0.7) million.

Group interest costs (the net of interest income and expenses) were EUR 8.5 (9.5) million.

Financial costs (net of expenses and income) were EUR 14.3 (11.1) million.

Group profit before taxes was EUR 178.8 (95.1) million. Income taxes were EUR 49.6 (26.5) million corresponding to an effective tax rate of 27.8 (27.9) percent for the year.

Group net income was EUR 129.2 (68.6) million. Basic earnings per share totaled EUR 2.17 (1.17) and diluted earnings per share were EUR 2.13 (1.15). Excluding the capital gain from the sale of real estate, basic earnings per share were EUR 1.95 and diluted EPS were EUR 1.92. Net income in the fourth quarter was EUR 42.6 (27.6) million or EUR 0.71 (0.48) in basic earnings per share.

The Group's return on capital employed was 50.4 (29.5) percent and return on equity was 51.2 (36.5) percent.

GROUP COSTS

Unallocated Group overhead costs were EUR 36.8 (31.6) million, representing 2.1 (2.2) percent of net sales. These costs consist mainly of research & development, information technology, marketing & communications, finance, legal, human resources, mergers & acquisitions, and general Group management and administration functions.

CASH FLOW AND BALANCE SHEET

Cash flow from operations before financing items and taxes more than doubled to EUR 233.2 (114.2) million, representing EUR 3.91 (1.96) per share. Higher profits and improved working capital management supported the strong cash flow development. Cash flow from financing items and taxes was EUR –49.7 (–32.8) million. Net cash flow from operating activities was EUR 183.5 (81.4) million, representing EUR 3.08 (1.39) per share.

In total, EUR 36.9 (66.1) million in cash was used to cover capital expenditure including acquisitions. The sale of fixed assets including real estate amounted to EUR 32.3 (1.2) million. The cash-based capital expenditures in fixed assets were EUR 22.5 (17.1) million.

Cash flow before financing activities was EUR 179.1 (16.6) million.

Fourth quarter 2007 cash flow before financing activities was strong at EUR 90.5 million.

The parent company paid EUR 26.7 (15.8) million in dividends.During 2007, EUR 46.0 million was used to repurchase Konecranes shares.

Group interest-bearing debt was EUR 77.6 (173.3) million, and interest-bearing net debt was EUR 19.7 (128.2) million. Gearing was 7.0 (57.3) percent.

The Solidity (equity) ratio was 36.1 (28.3) percent, and the current ratio was 1.3 (1.4).

The Group has a EUR 200 million committed back-up financing facility to secure running liquidity. At year-end, EUR 27.2 (100.9) million was in use.

CURRENCY RATES AND SENSITIVITY

Changes in currency exchange rates had a negative effect on reported sales, order and profits. Currency hedging absorbed part of the impact of the stronger euro.

The annual negative impact of a one percent weakening of the USD/EUR rate is slightly more than one million euros in pre-tax profits. This includes both transactional and translation effects.

The Group continued its currency risk management policy of hedging. The aim of the hedging policy is to minimize currency risk relating to non-euro nominated export and import from or to the euro zone. Hedging was mainly carried out through currency forward exchange transactions.

REPURCHASE OF KONECRANES SHARES AND SHARES IN THE COMPANY'S POSSESSION

On the basis of the authorization of the 2007 AGM, Konecranes Board of Directors decided to commence repurchasing shares at the earliest on 8 November, 2007. Between November 8, 2007 and January 4, 2008 Konecranes repurchased 1,800,000 shares at the average share price of EUR 26.44. In total EUR 47.6 million was used for share repurchases, of which EUR 46.0 million was used in 2007. At the end of 2007, Konecranes had 2,473,000 own shares in its possession, corresponding to 4.06 percent of the shares and votes.

CAPITAL EXPENDITURE

Group capital expenditure excluding acquisitions was EUR 25.2 (16.3) million. This capital expenditures consisted mainly of replacement or capacity expansion investments on machines, equipment and information technology. Capital expenditure in acquisitions was EUR 17.4 (51.2) million.

RESEARCH AND DEVELOPMENT

Total direct research and development costs in the Group were EUR 16.2 (12.5) million. R&D expenditure includes product development projects aimed at improving the quality and cost-efficiency of both products and services.

R&D expenditure is not allocated to the Business Areas, but reported in Group overheads, except for Stahl Crane Systems' R&D expenses, which are included in the Standard Lifting Business Area.

PERSONNEL AND PERSONNEL DEVELOPMENT

At the end of 2007, the Group employed 8,404 (7,549) persons. The average number of personnel was 8,005 (6,859). Most of the increase in personnel relates to the expansion in Service.

On average, the Group recorded somewhat over three training days per employee. The main corporate wide-development program is the three-year Konecranes Academy aimed for middle management and experts.

The development program for the top management was continued.

Personnel by Business Area, end of period

	2007	2006	Change %
Service	4,436	3,923	+13
Standard Lifting	2,479	2,333	+6
Heavy Lifting	1,272	1,131	+12
Group Staff	217	162	+34
Total	8,404	7,549	+11

IMPORTANT APPOINTMENTS

The Group Executive Board (GXB) consisted of the following members at the beginning of 2007:

Pekka Lundmark,	President and CEO
Business Area Presidents:	
Hannu Rusanen,	Service
Pekka Päkkilä,	Standard Lifting
Mikko Uhari,	Heavy Lifting
Region Presidents:	
Pierre Boyer,	Europe, Middle East & Africa (EMEA)
Tom Sothard,	Americas (AME)
Harry Ollila,	Northeast Asia (NEA)
Edward Yakos,	Southeast Asia-Pacific (SAP)
Function Directors:	
Teuvo Rintamäki,	Chief Financial Officer, until 20 August 2007.
Sirpa Poitsalo,	Director, General Counsel
Arto Juosila,	Director, Administration and Business Development, until December 31, 2007.
Mikael Wegmüller,	Director, Marketing and Communications
Peggy Hansson,	Director, Competence Development, until 4 December 2007.
Ari Kiviniitty,	Chief Technology Officer

Teo Ottola was appointed CFO as of 20 August, 2007. He replaced Teuvo Rintamäki on the GBX.
Jaana Rinne was appointed Director, talent management, and member of the GXB as of December 4, 2007.

After the period under review, Pekka Lettijeff was appointed Chief Procurement Officer as of January 21, 2008.

Board of Directors' report

RISKS AND RISK MANAGEMENT

Risk management is part of the Konecranes' control system. In order to further increase transparency, and in anticipation of the upcoming new requirements, Konecranes has decided to expand its risk descriptions.

The purpose of risk management is to ensure that the risks related to the business operations of the Group are identified and managed adequately and appropriately so that the continuity of the business is safeguarded at all times.

The Group's risk management principles provide a basic framework for risk management in Konecranes. Based on these principles, each Group company or operating unit is responsible for its own risk management. This method guarantees the best possible knowledge of local conditions, experiences and individual aspects of relevance. The Group co-ordinates and consults in issues related to risk management, and decides on how to handle methods for joint or extensive risk management (e.g. global insurance programs, Group treasury, IT infrastructure and system architecture).

According to these principles, risk management is a continuous and systematic activity targeted to protect from personal injury, safeguard the assets of all Group companies and the whole Group, and to ensure stable and profitable financial performance. By minimizing losses due to realized risks, and optimizing the costs of risk management, the long-term competitiveness of the Group companies and the whole Group are safeguarded.

According to the risk management principles, the Group continuously reviews its insurance policies as part of its overall risk management. Insurance contracts are used to sufficiently cover risks that are economically or otherwise reasonably insurable.

Konecranes' operations are affected by various strategic, operational, financial and damage risks. The next section briefly describes Konecranes' most significant risks.

The demand for Konecranes products and services is affected by the development of the overall global economy, as well as the business cycles of Konecranes' customer industries.

The ongoing development of the Group's operational model from traditional manufacturing to increasingly supply chain driven activity creates various risks related to e.g. component costs, quality, availability and stock values. Konecranes recognizes that some key subcontractors also impose continuity risks.

There are specific risks involved with the different aspects of production – e.g. production capacity management, operational efficiency, continuity and quality. There are also various threats and opportunities related to the development of new products and services.

The ability to recruit and retain personnel is of key importance for the success of Konecranes. Failure to do so may adversely affect Konecranes ability to execute its strategy.

Konecranes' manufacturing and supplier networks in developing countries, as well as business in emerging markets could be adversely affected by sudden changes in the political, economic or regulatory framework in these areas.

Unsuccessful acquisitions or unsuccessful integration of acquired companies could result in decreased profitability or hamper the implementation of the Group's strategy.

Konecranes' operations are dependent on the availability, reliability and quality of information, as well its confidentiality and integrity. Information security problems and incidents may adversely affect business performance.

Konecranes may be subject to various legal actions, claims and other proceedings in various countries. These actions, claims and other proceedings are typical for this industry and consistent with a global business offering that encompasses a wide range of products and services. These matters may involve contractual disputes, warranty claims, product liability (including design defects, manufacturing defects, failure to warn and asbestos legacy), employment, auto liability and other matters involving claims of general liability.

The Group's global business operations involve financial risks in the form of market, credit and liquidity risks. The most significant market risk is currency risk related to both foreign currency transactional and translational risk. The US dollar clearly has the biggest impact, and a 1%-point decrease (increase) in the EUR/USD rate would have a negative (positive) operating profit effect of slightly more than one million euros. This estimate is based on the assumptions that foreign currency transactions are not hedged and that the nominal amount of the USD denominated foreign currency transactions for the whole calendar year would be equal to the actual amounts outstanding at the end of the year (the transaction exposure).

The most important damage risks include business interruption risk, occupational health and safety-related risks, environmental risks, fire and other disasters, natural events and premises security risks.

The most significant short-term risks for the company are the development of the global economy and availability as well as the cost of certain subcontracted components and materials.

LITIGATIONS

Various legal actions, claims and other proceedings are pending against the Group in various countries. These actions, claims and other proceedings are typical for this industry and consistent with a global business offering that encompasses a wide range of products and services. These matters involve contractual disputes, warranty claims, product liability (including design defects, manufacturing defects, failure to warn and asbestos legacy), employment, auto liability and other matters involving claims of general liability.

While the final outcome of these matters cannot be predicted with certainty Konecranes is of the opinion, based on the information available to date and considering the grounds presented for such claims, available insurance coverage and the reserves made, that the outcome of such actions, claims and other proceedings, if unfavorable, would not have a material adverse impact on the financial condition of the Group.

ENVIRONMENT

Konecranes recognizes environmental management as an important aspect in its business and strives to conduct operations in an environmentally sound manner. The most important environmental aspects of the Konecranes Group relate to the use of materials, raw materials and energy consumption.

Environmental concerns are taken into account from the product development stage onwards. Key factors in product development are the efficient use of materials, reusability and energy efficiency in use. More than 98 percent of the material in a typical Konecranes crane can be recycled. Konecranes' hoists and lifting trolleys are designed to require as little space as possible and the electric motors use inverters that increase efficiency. Increasingly, Konecranes' equipment is used to transfer braking energy back into the grid, reducing energy consumption. The fine-machined components used in our transmissions contribute to extended service life and significantly reduced noise levels. Konecranes develops crane structures that use less steel and other raw materials. Lighter and compact designs of cranes contribute to savings in space, heating, and operating costs in buildings and harbor platforms.

The company strives to favor products and materials that impose the lowest possible impact on the environment in procurement choices and to pay particular attention to keeping energy and material consumption at a low level. Local regulations and recommendations are taken into account in waste management and disposal. The company prioritizes developing the environmental awareness of both own people and partners, with the aim of making environmental protection a natural part of day-to-day operations in all of our activities.

INCENTIVE PROGRAMS AND SHARE CAPITAL

At the end of 2007, Konecranes had five ongoing stock option programs (1997, 1999, 2001, 2003 and 2007). During the second quarter of 2007, Konecranes distributed 987,500 2007A options to some 100 key employees in accordance with the authorization given to the Board of Directors by the Annual General Meeting in March 2007. The options entitle subscription of one Konecranes share per option, at the subscription price of EUR 25.72 (the weighted average share price in April 2007) per share. The subscription period for the 2007A options runs from May 2, 2009 to April 30, 2011. The option programs include approximately 320 key employees. The terms and conditions of the stock option schemes are available on our Investor homepage at www.konecranes.com/investor.

Pursuant to Konecranes Plc's stock option plans, 901,060 new shares were subscribed for and registered in the Finnish Trade Register during 2007. As a result of subscriptions of 67,600 shares prior to the 2007 AGM, Konecranes' share capital increased by EUR 33,800 to EUR 30,072,660. In accordance with the resolution of the AGM, the subscription price is, as of the date of the AGM, booked in its entirety to the paid in capital. The share subscriptions made during 2007 raised the number of shares to 60,978,780 at the end of 2007.

The remaining 1997, 1999B, 2001, 2003 and 2007 stock options at the end of the accounting period confer entitlement to subscription to a total of 2,085,040 shares.

In 2006, the Konecranes Board approved a long-term incentive program pertaining to Pekka Lundmark, the President and CEO of the Company. Pursuant to the incentive program a total of 50,000 shares were sold to the President and CEO on 22 December 2006, and 50,000 shares were sold in January 2007 on terms and condi-

Board of Directors' report

tions defined in the terms of subscription. The shares sold are subject to a five-year transfer restriction. As part of the scheme the Company paid a separate bonus to the Managing Director to cover the taxes levied as a result of the arrangement.

The purpose of the incentive scheme is to motivate the President and CEO to contribute in the best possible manner to the long-term success of the Company and to increased shareholder value for all shareholders of the Company.

CHANGE IN REPORTING METHOD 2008

In 2007, Konecranes-branded spare parts were mainly reported in the Service Business Area instead of in both Service and Standard Lifting, as was previously the case. In 2008, a similar reporting change will be made concerning the remaining spare parts business in Standard and Heavy Lifting. This will result in a somewhat higher margin for Service and lower margins for Standard and Heavy Lifting. The reported 2007 quarterly figures will be restated according to the new reporting method in the first quarter interim report.

Flagging notifications

Date	Shareholder	Number of shares owned	% of shares and votes	Prior flagging, % of shares and votes
19 January, 2007	Fidelity International Limited and its direct and indirect subsidiaries	4,137,578	6.89	10.02
12 March, 2007	JPMorgan Chase & Co and its subsidiaries	3,008,405	5.00	
14 March, 2007	JPMorgan Chase & Co and its subsidiaries	2,936,245	4.88	5.00
20 March, 2007	Morgan Stanley & Co International Ltd	3,014,940	5.00	
21 March, 2007	Morgan Stanley & Co International Ltd	2,010,229	3.33	5.00
29 March, 2007	JPMorgan Chase & Co and its subsidiaries direct and indirect subsidiaries	3,313,163	5.50	4.88
26 July, 2007	Fidelity International Limited	3,011,708	4.96	6.89
10 August, 2007	Fidelity International Limited	3,211,878	5.29	4.96
19 September, 2007	JPMorgan Chase & Co	3,020,039	4.97	5.50
22 November, 2007	Fidelity International Ltd	2,970,165	4.88	5.29

LONG-TERM TARGETS

Konecranes Group operating margin target of ten percent over the cycle was set in February 2007. It is based on Business Area margin targets of 12 percent in Service and Standard Lifting, and 10 percent in Heavy Lifting. As the reporting change described above will alter the Business Area margins, the margin targets will be reviewed and communicated in conjunction with the 2008 first quarter interim review. Konecranes does not plan to change the Group over the cycle operating margin target of ten percent.

DIVIDEND PROPOSAL

The Board of Directors proposes to the AGM that a dividend of EUR 0.80 (0.45) per share be paid for the fiscal year 2007. The dividend will be paid to shareholders, who are entered in the company's share register maintained by the Finnish Central Securities Depository Ltd. on the record date for payments of dividends on March 18, 2008. The actual payment of dividend will take place on March 28, 2008.

FUTURE PROSPECTS

Based on the year-end order book, the order and inquiry activity in January 2008, and the short-term demand outlook described below, Konecranes targets double-digit sales growth in 2008. There continues to be potential for a further improvement in operating margin in 2008. We target sales growth for all three Business Areas in 2008.

Due to the increased uncertainty in the global economy, forecasting demand for lifting equipment is more difficult now than it has been in recent years. The uncertainty mainly concerns equipment, since demand for service is expected to continue increasing. In the long-term, demand for lifting equipment is expected to increase strongly in many key customer segments including harbors, power, petrochemical, mining, metals, transport, shipping and refuse handling. Also the shorter-term outlook for many of these industries is favorable, particularly in the rapidly expanding economies. In order to take advantage of these opportunities we continue to extend our geographical coverage.

In 2008, demand for lifting equipment is anticipated to increase in the Asia-Pacific region in all key customer segments. In Western Europe, demand in general manufacturing is expected to stabilize at a high level. However, demand in Russia, Eastern Europe and the Middle East, as well as demand in many of the growth industries mentioned above, is expected to continue improving. In North America, port investment is expected to ease from the good levels of 2006 and 2007. Regarding other customer segments in North America, there are no clear signs of a major change in demand, but taking the weakened outlook of the U.S. economy into consideration, demand is anticipated to stabilize at a high level.

The year-end order book in Standard Lifting represents approximately four months of sales, which forms a strong base for sales growth in 2008. Heavy Lifting started 2008 with a 16 percent higher order book than in the previous year. Based on scheduled deliveries, Heavy Lifting's 2008 net sales are targeted to achieve solid growth. Service sales and order intake are anticipated to continue growing at a rate in excess of ten percent.

Helsinki February 8, 2008
Konecranes Plc
Board of Directors

Consolidated statement of income – IFRS

(1,000 EUR)		Jan 1 - Dec 31, 2007	Jan 1 - Dec 31, 2006
Note:			
4,6,7	**Sales**	**1,749,725**	**1,482,503**
8	Other operating income	20,334	2,007
10	Depreciation and impairments	(24,634)	(22,489)
11-13	Other operating expenses	(1,553,088)	(1,356,536)
	Operating profit	**192,337**	**105,485**
20	Share of result of associates and joint ventures	719	730
14	Financial income and expenses	(14,264)	(11,120)
	Profit before taxes	178,792	95,095
15	Taxes	(49,639)	(26,514)
	Net profit for the period	**129,153**	**68,581**
	Net profit for the period attributable to		
	Shareholders of the parent company	129,153	68,581
	Minority interest	0	0
16	Earnings per share, basic (EUR)	2.17	1.17
16	Earnings per share, diluted (EUR)	2.13	1.15

Consolidated cash flow statement – IFRS

(1,000 EUR)		Jan 1 - Dec 31, 2007	Jan 1 - Dec 31, 2006
Note:	**Cash flow from operating activities**		
	Operating income	**192,337**	**105,485**
	Adjustments to operating profit		
	Depreciation and impairments	24,634	22,489
	Profits and losses on sale of fixed assets	(18,025)	(290)
	Other non-cash items	(200)	1,966
	Operating income before change in net working capital	**198,746**	**129,650**
	Change in interest-free short-term receivables	(14,880)	(69,145)
	Change in inventories	(28,281)	(48,195)
	Change in interest-free short-term liabilities	77,567	101,908
	Change in net working capital	**34,406**	**(15,432)**
	Cash flow from operations before financing items and taxes	**233,152**	**114,218**
14	Interest received	2,212	2,132
14	Interest paid	(10,770)	(11,491)
14	Other financial income and expenses	(404)	(1,380)
15	Income taxes paid	(40,715)	(22,064)
	Financing items and taxes	**(49,677)**	**(32,803)**
	NET CASH FROM OPERATING ACTIVITIES	**183,475**	**81,415**
	Cash flow from investing activities		
5	Acquisition of Group companies, net of cash	(13,849)	(48,331)
20	Acquisition of shares in associated company	0	(168)
	Investments in other shares	(507)	(553)
	Capital expenditures	(22,503)	(17,053)
	Proceeds from sale of other and associated company shares	0	0
	Proceeds from sale of fixed assets	32,265	1,150
15	Dividends received	192	133
	NET CASH USED IN INVESTING ACTIVITIES	**(4,402)**	**(64,822)**
	Cash flow before financing activities	**179,073**	**16,593**
	Cash flow from financing activities		
28.1	Proceeds from options excercised and share issues	6,722	14,115
28.3	Purchase of treasury shares	(45,986)	0
	Proceeds from long-term borrowings	100,123	191,003
	Repayments of long-term borrowings	(177,768)	(102,457)
	Proceeds from short-term borrowings	1,721,088	1,588,905
	Repayments of short-term borrowings	(1,741,890)	(1,690,742)
	Change in long-term receivables	(1,276)	(212)
	Change in short-term receivables	(35)	(13)
	Dividends paid	(26,731)	(15,802)
	NET CASH USED IN FINANCING ACTIVITIES	**(165,753)**	**(15,203)**
	Translation differences in cash	(1,732)	(1,042)
	CHANGE OF CASH AND CASH EQUIVALENTS	**11,588**	**348**
	Cash and cash equivalents at beginning of period	44,370	44,022
27	Cash and cash equivalents at end of period	55,958	44,370
	CHANGE OF CASH AND CASH EQUIVALENTS	**11,588**	**348**

The effect of changes in exchange rates has been eliminated by converting the beginning balance at the rates current on the last day of the year.

Consolidated balance sheet – IFRS

(1,000 EUR)	ASSETS	31 Dec 2007	31 Dec 2006
Note:			
	Non-current assets		
17	Goodwill	56,782	53,970
18	Other intangible assets	59,352	54,992
19	Property, plant and equipment	61,904	67,522
	Advance payments and construction in progress	4,695	9,610
20	Investments accounted for using the equity method	6,274	6,315
21	Available-for-sale investments	2,425	2,105
	Long-term loans receivable	1,716	462
32	Deferred tax assets	24,876	24,623
	Total non-current assets	**218,024**	**219,599**
	Current assets		
22	Inventories	251,243	226,576
24	Accounts receivable	328,008	324,234
	Loans receivable	221	186
25	Other receivables	18,886	27,047
26	Deferred assets	84,593	76,943
27	Cash and cash equivalents	55,958	44,370
	Total current assets	**738,909**	**699,356**
	TOTAL ASSETS	**956,933**	**918,955**

Consolidated balance sheet – IFRS

(1,000 EUR)	EQUITY AND LIABILITIES	31 Dec 2007	31 Dec 2006
Note:			
	Capital and reserves attributable to the shareholders of the parent		
	Share capital	30,073	30,039
	Share premium account	39,307	38,975
38	Fair value reserves	3,326	3,660
	Translation difference	(12,872)	(5,793)
	Paid in capital	4,709	511
	Retained earnings	87,041	87,698
	Net profit for the period	129,153	68,581
28	**Total Shareholders' equity**	**280,737**	**223,671**
	Minority interest	70	65
	Total equity	**280,807**	**223,736**
	Liabilities		
	Non-current liabilities		
30,35	Interest-bearing liabilities	45,749	120,880
31	Other long-term liabilities	57,281	58,736
32	Deferred tax liabilities	15,782	20,019
	Total non-current liabilities	**118,812**	**199,635**
33	Provisions	37,247	28,213
	Current liabilities		
30,35	Interest-bearing liabilities	31,846	52,388
7	Advance payments received	179,122	128,916
	Progress billings	2,664	6,979
	Accounts payable	120,394	113,551
34	Other short-term liabilities (non-interest bearing)	22,757	23,003
34	Accruals	163,284	142,534
	Total current liabilities	**520,067**	**467,371**
	Total liabilities	**676,126**	**695,219**
	TOTAL EQUITY AND LIABILITIES	**956,933**	**918,955**

Consolidated statement of changes in equity – IFRS

(1,000 EUR)	Share Capital	Share Premium Account	Fair value Reserves	Translation Difference	Paid in Capital	Retained Earnings	Minority interest	Total Equity
Balance at 1 January, 2006 (IFRS)	**28,972**	**26,527**	**(4,941)**	**(1,191)**	**0**	**102,690**	**63**	**152,120**
Option exercised	1,067	12,448						**13,515**
Dividend distribution						(15,802)		**(15,802)**
Cash flow hedge								
recorded in equity, net of tax			6,256					**6,256**
transferred to statement of income, net of tax*			2,345					**2,345**
Translation difference				(4,602)				**(4,602)**
Share based payments recognized against equity						810		**810**
Minority interest							2	**2**
Share issue					511			**511**
Net profit for the period						68,581		**68,581**
Balance at 31 December, 2006 (IFRS)	**30,039**	**38,975**	**3,660**	**(5,793)**	**511**	**156,279**	**65**	**223,736**
Balance at 1 January, 2007 (IFRS)	**30,039**	**38,975**	**3,660**	**(5,793)**	**511**	**156,279**	**65**	**223,736**
Option exercised	34	332			6,356			**6,722**
Dividend distribution						(26,731)		**(26,731)**
Cash flow hedge								
recorded in equity, net of tax			(4,511)					**(4,511)**
transferred to statement of income, net of tax*			4,177					**4,177**
Translation difference				(7,079)				**(7,079)**
Share based payments recognized against equity						1,320		**1,320**
Purchase of treasury shares					(2,159)	(43,827)		**(45,986)**
Minority interest							5	**5**
Net profit for the period						129,153		**129,153**
Balance at 31 December, 2007 (IFRS)	**30,073**	**39,307**	**3,326**	**(12,872)**	**4,709**	**216,194**	**70**	**280,807**

*Cash flow hedge which is transferred to statement of income is recognized in sales.

Notes to the consolidated financial statements

1. CORPORATE INFORMATION

Konecranes Plc (“Konecranes Group” or “the Group”) is a Finnish public limited company organized under the laws of Finland and domiciled in Hyvinkää. The company is listed on the Helsinki stock exchange.

2.1 Basis of preparation

The consolidated financial statements of Konecranes Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available–for–sale investments that have been measured at fair value. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The consolidated financial statements are presented in thousand of euros, notes to the financial statements in million of euros and all values are rounded to the nearest thousand (€000) except when otherwise indicated.

Principles of consolidation

The consolidated accounts include the parent company Konecranes Plc and those companies in which the parent company held directly or indirectly more than 50 percent of the voting power at the end of the year.

An associated company is a company in which the Group holds 20–50 percent of the voting power and has a participating interest of at least 20 percent considering also other criteria of obtaining control over the acquired entity. A joint venture is a company where the group has a joint control over the entity.

Acquisitions of subsidiaries are accounted for using the purchase method according to which the acquired company’s identifiable assets, liabilities and contingent liabilities are measured at fair value on the date of acquisition. The excess of the cost of the business combination over the acquirer’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill.

Investments in associated companies and joint ventures have been accounted for in the consolidated financial statements using the equity method. These interests are consolidated in accordance with the equity method, under which they are carried at cost plus post–acquisition changes in the Group’s share of the company’s net assets. Goodwill arising on acquisition is included in the carrying amounts of the investments and tested for impairment as part of the investments. Goodwill is not amortized. The Group’s share of the results of operations of the associated companies and joint ventures is shown in the consolidated statement of income as a separate item.

Minority interest is presented separately under equity in the balance sheet.

Intracorporate transactions and internal margins in inventories have been eliminated in the consolidated financial statements.

2.2 Use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of reported assets and liabilities and other information, such as contingent liabilities and recognition of income and expenses in the statement of income. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from the estimates.

2.3 Summary of significant accounting policies

Foreign currency items and exchange rate differences

Assets and liabilities in foreign currencies have been valued at the rates of exchange at the balance sheet date. Realized exchange rate differences, as well as exchange rate gains or losses resulting from the valuation of receivables and liabilities, have been included in the Statement of income. Unrealized exchange rate differences relating to hedging of future cash flows, for which hedge accounting is applied, are recorded in equity. In consolidation the statements of income of foreign entities are translated into euros at the average exchange rate for the accounting period. The balance sheets of foreign entities are translated at the year–end exchange rate. Translation differences resulting from converting the shareholders’ equity of foreign subsidiaries have been included in equity.

Derivative financial instruments and hedge accounting

The Group’s global operations expose it to currency risk and to a less significant interest rate risk.

The Group uses derivative financial instruments (primarily forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain commitments and forecasted transactions.

Notes to the consolidated financial statements

Derivative financial instruments are used for hedging purposes in accordance with the Group's hedging policy and not for speculative purposes. These instruments are initially measured at fair value on the contract date, and are re–measured to fair value based on market value quoted at subsequent reporting dates.

For certain large special crane projects the Group applies hedge accounting compatible with IAS 39. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognized directly in equity and the ineffective portion is recognized immediately in statement of income. The Group's policy with respect to hedging the foreign currency risk of a firm commitment and highly probable forecasted transaction is to designate it as a cash flow hedge. If the cash flow hedge of a firm commitment or highly probable forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative that had previously been recognized in equity are recorded to statement of income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to profit or loss for the period.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in statement of income as they arise.

Revenue recognition
Revenue from the sale of goods is recognized after the risks and rewards connected with ownership of the goods sold have been transferred to the customer. Normally revenue recognition takes place when the goods have been handed over to the customer according to the contractual terms.

Revenues from services are recognized when the services have been rendered.

Long term crane and modernization projects revenue is recognized according to the percentage of completion (POC) method. Most significant long–term projects relate to harbor and shipyard cranes. The stage of completion of a contract is determined by the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

Research and development costs
Research and development costs are charged as expenses during the year in which they are incurred, since future potential economic benefits of new products can only be proven after introduction to the market.

Government grants
Government grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is deducted from the acquisition cost of the asset.

Employee benefits (pensions)
The Konecranes companies have various pension plans in accordance with local conditions and practices. Pensions are generally handled for the Group companies by outside pension insurance companies or by similar arrangements.

Under defined contribution plans, expenses are recognized for the period the contribution relates to. Konecranes Group accounts for the Finnish system under the Employees' Pensions Act (TyEL) within insurance system as a defined contribution plan.
Under defined benefit plans, a liability recognized in the balance sheet equals to the net of the present value of the defined benefit obligation less the fair value of the plan assets at the balance sheet date together with adjustments for unrecognized actuarial gains and losses and unrecognized pension service costs. The Group has applied the IAS 19 corridor approach to actuarial gain and losses. Actuarial gains or losses are recognized in statement of income during the expected average remaining working lives of employees participating in the plan if they exceed 10 percent of the greater of the fair value of the defined benefit plan assets or the present value of the defined benefit obligation.

Leases
Lease contracts, in which the Group assumes an essential part of risk and rewards of ownership, are classified as finance lease. In finance lease the assets and accumulated depreciation are recognized in fixed assets and the corresponding lease obligations are included

in interest–bearing liabilities. Other lease contracts are classified as operating leases and the lease payments of these leases are recognized as rental expenses in statement of income.

Valuation of inventories
Raw materials and supplies are valued at acquisition cost or, if lower, at likely net realizable value. Semi–manufactured goods have been valued at variable production costs with addition of allocated variable and fixed overheads. Work in progress of uncompleted orders includes direct labor and material costs, as well as a proportion of overhead costs related to production and installation.

Goodwill and other intangible assets
Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the identifiable net assets acquired. Goodwill is not amortized but is tested for impairment annually.

Other intangible assets include service contracts, patents and trademarks and software licenses. They are stated at cost and amortized on the straight–line basis over expected useful lives, which may vary from 4 to 20 years. Intangible assets with indefinite useful life are not amortized, but tested annually for impairment.

Impairment testing of goodwill
Goodwill acquired in a business combination is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment testing goodwill is allocated to cash-generating units (CGU) by using the Group's management reporting structure.
If the carrying amount for a CGU exceeds its recoverable amount an impairment loss equal to the difference is recognized.

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Depreciation is recorded on a straight–line basis over the estimated useful economic life of the assets as follows:
- Buildings 5–40 years
- Machinery and equipment 4–10 years

No depreciation is recorded for land.

Impairment of assets subject to amortization and depreciation
The carrying values of intangible assets subject to amortization and property plant and equipment is reviewed for impairment whenever events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such an indication exists, the recoverable amount of the assets is estimated. An impairment loss is recognized in statement of income when the recoverable amount of an asset is less than its carrying amount.

Account and other receivables
Account and other receivables are initially recorded at cost. Provisions are made for doubtful receivables on individual assessment of potential risks, and are recognized in the statement of income.

Cash and cash equivalents
Cash and cash equivalents comprises cash balances and call deposits with banks, and other liquid investments with maturities of less than three months. Bank overdrafts are included in short–term interest–bearing borrowings under current liabilities.

Share–based payments
Konecranes Group has issued equity–settled stock options to its key personnel. The stock option holder is entitled to subscribe shares in Konecranes Plc in accordance with the terms of the stock option programs. The fair value of the stock options is measured at the grant date and the options are recorded as expense in the statement of income during the vesting period in accordance with IFRS 2. The valuation of the options is based on the Black & Scholes formula. When the options are exercised, equity is increased by the amount of the proceeds received.

Provisions
Provisions are recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is considered certain or likely to occur. Provisions arise from restructuring plans, onerous contracts, guarantee and claim works. Obligations arising from restructuring plans are recognized when the detailed and formal restructuring plans have been established, the personnel concerned have been informed and when there is a valid expectation that the plan will be implemented.

Income tax
Taxes shown in the consolidated statement of income include income taxes to be paid on the basis of local tax legislations, tax adjustments from previous years as well as the effect of the annual change in the deferred tax liability and deferred tax assets.

Notes to the consolidated financial statements

Deferred tax liabilities and deferred tax assets are calculated of all temporary differences arising between the tax basis and the book value of assets and liabilities. The main temporary differences arise from unused tax losses, depreciation differences, provisions, defined benefit pension plans, inter–company inventory margin and fair valuation of derivative financial instruments. In connection with an acquisition the Group records provisions for deferred taxes on the difference between the fair values of the net assets acquired and their tax bases. A deferred tax asset is recognized to the extent that it is probable that it can be utilized.

2.4 Application of new and amended IFRS standards and IFRIC interpretations

In 2007 Konecranes Group adopted the following new and amended standards published by the IASB:

- IFRS 7, Financial Instruments: Disclosures
- IAS 1, Amendment–Capital disclosures
- IFRIC 9, Reassessment of Embedded Derivatives
- IFRIC 10, Interim Financial Reporting and Impairment
- IFRIC 11, IFRS 2–Group and Treasury Share Transactions

The company considers that the application of these standards and interpretations had no material impact on the Group's income statement, balance sheet, changes in equity statement or cash flow statement, but increased the amount of notes to the financial statements.

The following standards and interpretations are mandatory during year 2008, but they are not relevant for the Group's operations:

- IFRIC 12, Service Concession Arrangements
- IFRIC 13, Customer Loyalty Programmes
- IFRIC 14, IAS19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The following published standards are effective in January 1, 2009. They are not applied by the Group in 2008:

- IFRS 8, Operating Segments
- IAS 1, Presentation of Financial Statements – Revised
- IAS 23, Borrowing Costs – Revised

Konecranes Group anticipates that IFRS 8 and IAS 1 will have slight effect of presentation of the Group's financial statements and the adoption of the revised IAS 23 will not create any material effect on the financial statements.

3. MANAGEMENT OF FINANCIAL RISKS

The Group uses an approach where most of the management of financial risks is centralized to Konecranes Treasury. The legal entity, Konecranes Finance Oy, operates as a financial vehicle of the Group and it is run by the Corporate Headquarters. With centralization and netting of internal foreign currency cash flows, the external hedging needs can be minimized.

Konecranes Finance Oy is not a profit center in the sense that it would pursue to maximize its profits. The company aims to service the operative companies of the Group in reducing their financial risks.

The Group's global business operations involve financial risks in the form of market, credit and liquidity risks. The Group's objective is to increase the short–term stability of the financial environment for the business operations by reducing the negative effects caused by price fluctuations and other uncertainties in the financial markets.

The responsibility of identifying, evaluating and controlling the financial risks arising from the Group's global business operations is divided between the business units and Konecranes Finance Oy.

The units hedge their risks internally with the Corporate Headquarters. As a result of this, most of the financial risks of the Group are concentrated into one company, Konecranes Finance Oy, and can be evaluated and controlled in an efficient way.

Almost all funding, cash management and foreign exchange with banks and other external counterparties is done centralized by Konecranes Finance Oy in accordance with the Group's treasury policy. Only in a few special cases where local central bank regulation prohibits using of group services in hedging, must this be done directly between an operative company and a bank under supervision of the Corporate Headquarters.

Konecranes Finance Oy uses a treasury system, which enables practically a real–time processing of transactions and in–depth records of activities and performance. The standard reporting is done on a weekly basis and it covers group–level commercial and financial cash flows, foreign currency transaction exposure, debt positions, portfolio of derivatives and counterparty credit exposure for financial transactions. In addition, all group companies participate in the monthly managerial and statutory reporting.

Market risks – Currency rate risk

The Group's global business operations generate exchange rate risk. However, most of the business units only have transactions in their own currency, i.e. these units have their sales & costs as well as internal funding from Konecranes Finance Oy in their local home currency. Only about 15 out of some 100 group companies operate regularly in a foreign currency. These companies hedge their currency rate risk with Konecranes Finance Oy. Depending on the business area and the probability of the cash flows, the hedging covers operative cash flows for the next 3–18 months and is done by using internal foreign exchange forward contracts. This way the currency rate risk of the whole group can be managed by Konecranes Finance Oy. The foreign currency funding of the other group companies and possibly some external foreign currency funding can net some of these foreign currency items. The residual net exposure can be covered with commercial banks using foreign exchange forward deals. Only the items belonging to hedge accounting cannot be netted out against other internal items. These instruments are used when the hedging effect cannot be obtained through internal netting and matching of cash flows within the group.

The business units' commercial bids in a foreign currency can be hedged by using currency options, but in general the risk is covered by using currency clauses.

For certain large crane projects the Group applies hedge accounting compatible with IAS 39. Hedges are done by using foreign exchange forward contracts. Currently only USD denominated projects are included in the hedge accounting. At the end of 2007 the hedged cash flows totaled USD 78 million (USD 134 million in 2006).

To hedge the transaction risk the Group uses foreign exchange forward contracts in AED, AUD, CAD, CHF, GBP, KRW, NOK, SEK, SGD and USD.

The following table shows the transaction exposure of Konecranes Finance Oy as at 31 Dec 2007 and 31 Dec 2006 (in EUR millions):

	31 Dec 07	31 Dec 06
AED	1	0
AUD	6	2
CAD	3	6
CHF	2	3
GBP	0	4
KRW	1	1
NOK	5	(2)
SEK	17	37
SGD	2	4
USD	99	167

Currently none of the non-euro denominated shareholders' equity of the Group's foreign subsidiaries (i.e. the translation exposure) is hedged.

The following table shows the translation exposure of the Group as at 31 Dec 2007 and 31 Dec 2006 (in EUR millions):

	31 Dec 07	31 Dec 06
AUD	3	3
CAD	16	15
CNY	4	5
DKK	1	1
GBP	16	17
HUF	1	1
MXN	4	4
MYR	2	2
NOK	4	3
SGD	6	7
THB	1	1
USD	43	48

Please see Note 37 to the Consolidated Financial Statements for the notional and fair values of derivative financial instruments.

Changes in currency rates can affect the profitability and equity of the Group. The U.S. dollar has clearly the biggest impact, as many of the Heavy Lifting projects are denominated in USD and the Group has a lot of local business operations in the United States. A depreciation of the USD has a negative impact.

The following table shows how big an effect changes in the EUR/USD exchange rate (an increase representing a depreciation of the USD) would have on the Group's annual EBIT and equity (in EUR millions):

Change in EUR/USD rate	31 Dec 07 EBIT	31 Dec 07 EQUITY	31 Dec 06 EBIT	31 Dec 06 EQUITY
+10 %	-11.4	–15.3	–16.8	–21.1
–10 %	+14.0	+18.7	+20.5	+25.8

This estimate is based on the assumptions that foreign currency transactions are not hedged and that the nominal amount of the USD denominated foreign currency transactions for the whole calendar year would be equal the actual amounts outstanding at the end of the year (the transaction exposure). The profitability is affected by the portion of the Group's EBIT generated in USD (translational effect) and by the USD operations of the group companies with euro as home currency and generating EBIT in euros (transactional effect). The equity is affected by the change in EBIT and by the portion of the Group's equity in USD.

Notes to the consolidated financial statements

Market risks – Interest rate risk
The Group's interest rate risk relates mainly to funding. The capital intensity of the business operations of the Group is normally relatively low. As the gearing level is also normally fairly low, the overall importance of the interest rate risk is small compared to the exchange rate risk.

Approximately 36% of the Group's interest–bearing liabilities are denominated in euro (49% in 2006). Please see Note 30.4 to the Consolidated Financial Statements for the currency split of outstanding debt.

The Group's funding is kept mainly in short periods (floating rate). For hedging purposes interest rate swaps, forward rate agreements, interest rate futures and interest rate options can be used.

An increase of one percentage point in the level of interest rates at the end of 2007 would have lowered the market value of the long–term loan portfolio by EUR 0.3 million (EUR 1.0 million in 2006). The proportion of fixed interest loans in the loan portfolio can be increased by means of interest rate derivatives. As a consequence of this treasury policy, the Group's average interest rate level in general can be higher than the market level of short–term interest rates when low rates prevail and, on the other hand, lower than the market level when high rates prevail. Please see Note 30.4 to the Consolidated Financial Statement for sensitivity analysis of the Group's interest rate risk.

Market risks – Energy price risk
By using electricity derivatives the Group strives for reducing the negative effect caused by electricity price fluctuation. The overall importance of the energy price risk is small compared to the exchange rate risk and cannot be described as significant.

Please see Note 37 to the Consolidated Financial Statements for the notional and fair values of derivative financial instruments (including electricity forwards).

Market risks – Steel price risk
Steel prices are fixed as a normal part of the procurement process. Price changes naturally affect the future procurement, but these changes can be taken into consideration in the price quotes to the end customers.

In big crane projects the steel structures are sub–contracted and as a normal part of the sub–contracting process, the steel is included in the price of the sub–contracting (i.e. the price is fixed with the sub–contractor).

Thus the overall importance of the steel price risk is small compared to the exchange rate risk and cannot be described as significant.

Credit and counterparty risks
Credit risk arises from the potential failure of a commercial counterparty to meet its commercial payment obligations. Counterparty risk arises from the potential failure of a financial institution to meet its payment obligations regarding hedging instruments.

The business units manage all credit risks related to their commercial flows. There is currently no concentration of credit risk regarding the commercial activities, as the number of customers is very high and their geographic distribution is very wide. It is the Group's policy not to fund its customers beyond regular payment terms. Please see Note 24 to the Consolidated Financial Statements for a table of an aging analysis of accounts receivable. The total amount represents the theoretical maximum credit exposure. In practise, however, the individual account receivables are very small in value. There are also some additional receivables which relate to the percentage of completion revenue method used in long–term projects, but these are fully covered by advance payments. Please see Note 7 to the Consolidated Financial Statements for details.

All credit risks related to other financial instruments than the regular accounts receivable are managed by Konecranes Treasury. There is no concentration of credit risk regarding the financial instruments, since investments are rare and hedging instruments are done with a number of banks, not just one or two. However, counterparties are limited to the core banks of the Group. These are all major banks with good credit qualities. The majority of all financial instruments are of short–term nature, with maturity in less than one year. There are no significant deposits or loans granted with external counterparties, except a few small loans with companies, which the Group has a minority interest in. These loans totaled EUR 1.9 million at the end of 2007 (EUR 0.6 million in 2006).

Liquidity risks
Liquidity risks concern the availability of liquid assets or funding. Lack of funding might jeopardise normal business operations and eventually might endanger the ability to fulfil daily payment obligations.

For managing the liquidity risks the Group has established a EUR 200 million committed, multi–currency revolving credit facility with an international loan syndication (2005–2010). To cover short–term funding (1–3 months) Konecranes Finance Oy can borrow from institutional investors through six domestic commercial paper programs a total of EUR 200 million. In addition, business units around the world have overdraft facilities totaling EUR 29 million to cover the day–to–day funding needs.

It is the Group's policy to keep minimum amount of cash in the balance sheet as deposits or any other liquid assets to maximize the return of capital employed.

See Note 30.4 to the Consolidated Financial Statements for the maturity profile of the Group's financial liabilities.

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a good credit risk status and a healthy capital ratio to support its business operations. At the same time the Group also aims to maximize shareholder value by effective use of capital.

The Group manages its capital structure and fine–tunes it to adjust to probable changes in economic conditions. These actions may include adjusting the dividend payment to shareholders, buying back own shares or issuing new shares.

The Group monitors its capital structure using gearing ratio. This is calculated as a ratio of interest–bearing liabilities less liquid assets less loans receivable to total equity. At the end of 2007 the gearing ratio was 7.0 % (57.3 % in 2006).

The Group has no quantitative targets for the capital structure but the optimal long–term gearing ratio is in the range of 50–80%. However, in the short term the gearing can also be significantly higher or lower than this range.

The Group decides on the split between long–term and short–term debt in relation to the gearing ratio level. The following table shows the rough guidelines for the portion of long–term debt of total debt under different gearing ratio levels:

Gearing ratio level	Portion of long–term of total debt
Under 50 %	Under 1/3
Between 50–80 %	Between 1/3 and 2/3
Over 80 %	Over 2/3

The Group monitors the gearing ratio level on a weekly basis. During 2006 or 2007, no changes have been made in the objectives, policies or processes. The objectives of the Group's capital management have been met in recent years.

Notes to the consolidated financial statements

All figures are in millions of euros unless otherwise indicated.

4. SEGMENT INFORMATION

In segment reporting business segments (business areas) are defined as the primary segments. The business areas are based on the Group's managerial reporting and organizational structure. The business segments are: Service, Standard Lifting and Heavy Lifting. The assets and liabilities of the business areas include only items directly connected with the business as well as the goodwill related to them. Unallocated items, including Group Headquarters, include tax and financial items as well as items which can not be allocated to the business areas.

As its secondary segments Konecranes Group reports three geographical areas, which are the main market areas: EMEA (Europe, Middle East and Africa), AME (Americas) and APAC (Asia-Pacific). Sales are reported by the customer location and assets and capital expenditure by the location of the assets.

Intra-Group transfer prices are based primarily on the market prices.

4.1. Business segments

2007	Service	Standard Lifting	Heavy Lifting	Unallocated items	Elimi-nations	Total
Sales to external customers	598.6	631.9	519.3			**1,749.7**
Inter-segment sales	30.0	60.7	29.7		(120.3)	**0.0**
Total net sales	628.6	692.6	549.0		(120.3)	**1,749.7**
Operating profit *	79.5	110.1	41.9	(36.8)	(2.3)	**192.3**
% of net sales	12.6 %	15.9 %	7.6 %			**11.0 %**
Assets	223.5	350.5	371.9	11.0		**956.9**
Liabilities	107.2	166.9	346.8	55.2		**676.1**
Capital expenditure	4.7	4.7	7.4	8.5		**25.2**
Depreciation and amortization	7.6	8.7	4.5	3.2		**24.0**
Impairment of assets	0.4	0.1	0.2			**0.7**
Share of result of associates and joint ventures	0.0	1.2	(0.5)			**0.7**
Investment in associates and joint ventures	0.0	5.5	0.7			**6.3**
Personnel	4,436	2,479	1,272	217		**8,404**

2006	Service	Standard Lifting	Heavy Lifting	Unallocated items	Elimi-nations	Total
Sales to external customers	512.2	502.9	467.4			**1,482.5**
Inter-segment sales	14.4	55.5	23.4		(93.3)	**0.0**
Total net sales	526.6	558.4	490.8		(93.3)	**1,482.5**
Operating profit	43.4	61.1	33.6	(31.7)	(0.9)	**105.5**
% of net sales	8.2 %	10.9 %	6.8 %			**7.1 %**
Assets	206.2	326.3	347.3	39.2		**919.0**
Liabilities	104.2	152.9	281.3	156.8		**695.2**
Capital expenditure	3.6	5.0	3.4	4.4		**16.3**
Depreciation and amortization	5.9	9.1	3.9	3.4		**22.3**
Impairment of assets	0.0	0.2	0.0			**0.2**
Share of result of associates and joint ventures	0.0	1.0	(0.3)			**0.7**
Investment in associates and joint ventures	0.0	4.9	1.4			**6.3**
Personnel	3,923	2,333	1,131	162		**7,549**

* See page 12 in Board of Directors' report

4.2. Geographical segments

2007	EMEA	AME	APAC	Total
External sales	951.4	589.7	208.6	**1,749.7**
Assets	588.4	231.5	137.1	**956.9**
Capital expenditure	18.3	4.3	2.6	**25.2**
Personnel	4,724	2,464	1,216	**8,404**

2006	EMEA	AME	APAC	Total
External sales	781.0	512.3	189.1	**1,482.5**
Assets	585.1	231.4	102.5	**919.0**
Capital expenditure	13.0	3.1	0.2	**16.3**
Personnel	4,315	2,298	936	**7,549**

5. ACQUISITIONS

Acquisitions in 2007

During the first half of 2007, Konecranes made a few smaller business acquisitions. The most important of these was the acquisition of Straddle carrier manufacturer in Germany, Consens Transport Systeme. Additionally in January, Konecranes signed an agreement to acquire the maintenance service business of a small Swedish-based company El&Travers. In March, Konecranes made an asset purchase agreement with the Spanish company Sistemas de Elevación, operating in the field of port service.

During the third quarter, Konecranes made four acquisitions. On 31 July, Konecranes acquired the Finnish container handling software specialist Savcor One Oy. The company, which was part of the Savcor Group, is based in Vantaa, Finland, and provides its products and services to more than 20 leading container ports all over the world. In July 2007, Konecranes strengthened its position in the machine tool service (MTS) business by acquiring two MTS companies in Scandinavia, Reftele Maskinservice AB in Sweden and Kongsberg Automation A/S in Norway. On 31 July, Konecranes signed an agreement to acquire the port service business of Technical Services S.r.l. in Italy.

If the combinations had taken place at the beginning of the year, the net sales for the Group would have been EUR 1,767.3 million and operating profit EUR 190.8 million. Since the dates of acquisitions, the aquired units have contributed about EUR 12.2 million to the net sales and EUR -1.4 million to the operating profit of the Group.

The preliminary fair values of the identifiable assets and liabilities of the acquired businesses at the date of acquisitions are summarized as follows.

	2007 Recognized on acquisition	2007 Carrying value
Intangible assets	11.2	0.6
Tangible assets	0.6	0.6
Deferred tax assets	0.0	0.3
Inventories	4.8	4.7
Receivables and other assets	1.9	1.9
Cash and bank	1.5	1.5
Total assets	20.0	9.6
Liabilities	5.5	3.1
Net assets	**14.5**	**6.5**
Acquisition costs	17.4	
Goodwill	2.9	

The total cost of the combination was EUR 17.4 million and comprised cash paid EUR 15.2 million, liabilities assumed EUR 2.0 million and cost directly attributable to the combination EUR 0.2 million.

Cash outflow on acquisition

Acquisition costs	17.4
Liabilities assumed	(2.0)
Acquisition costs paid in cash	**15.4**
Cash and cash equivalents of acquired companies	(1.5)
Net cash flow arising on acquisition	**13.8**

Notes to the consolidated financial statements

Acquisitions in 2006

Acquisition of Morris Material Handling, Inc.

At the end of May 2006 Konecranes obtained 100 percent of MMH Holdings, Inc. shares. MMH Holdings, Inc. is the owner of U.S. based Morris Material Handling, Inc. which is a recognized player in the overhead crane industry and maintenance service, especially in North-American market. The fair value of the identifiable assets and liabilities of Morris Material Handling, Inc. and subsidiaries at the date of acquisitions were:

	2006 Recognized on acquisition	2006 Carrying value
Intangible assets	15.6	12.8
Tangible assets	9.9	9.9
Deferred tax assets	4.6	4.6
Inventories	26.8	25.4
Receivables and other assets	30.9	30.9
Cash and bank	2.8	2.8
Total assets	90.6	86.3
Liabilities	41.1	38.3
Net assets	**49.4**	**48.0**
Acquisition costs	50.2	
Goodwill	0.8	

The total cost of the combination was EUR 50.2 million and comprised cash paid EUR 49.1 million and cost directly attributable to the combination EUR 1.1 million.

Cash outflow on acquisition

Acquisition costs	50.2
Liabilities assumed	0.0
Acquisition costs paid in cash	**50.2**
Cash and cash equivalents of acquired companies	(2.8)
Net cash flow arising on acquisition	**47.4**

From the date of acquisition, Morris Material Handling,Inc. with its subsidiaries has contributed EUR 104.2 million to the net sales and EUR 7.6 million to the operating profit (including 2.1 MEUR expenses due to purchase price allocation). The effect of the combination as if the combination would have taken place at the beginning of the year was impracticable to calculate, as Morris Material Handling,Inc. had the different fiscal year and its financial statements were prepared according to US Gaap.

Other acquisitions

During year 2006 there was no other major acquisitions. Only some minor assets deals in Sweden and France. The initial purchase price and purchase price allocations of Material Handling division R. STAHL Fördertechnik were adjusted during 2006. The total acquisition price increased from EUR 38.9 million to EUR 40.4 million after the adjustmentsto purchase price and other cost directly attributable to the combination. As a consequence of the above mentioned issues as well as certain reclassifications of the purchase price allocations, the total goodwill of this acquisition decreased with EUR 1.4 million.

6. DISTRIBUTION OF SALES

	2007	2006
Sale of goods	1,228.5	1,010.4
Rendering of services	521.0	472.0
Royalties	0.2	0.1
Total	1,749.7	1,482.5

7. PERCENTAGE OF COMPLETION METHOD AND ADVANCES RECEIVED

7.1. Percentage of completion method

	2007	2006
The cumulative revenues of non-delivered projects	201.9	153.2
Net sales recognized under percentage of completion	44.5	50.0
Advance received from percentage of completion method	228.2	160.0
Receivables from the revenue recognition netted with the advances received	153.1	100.0

7.2. Advance payments received

	2007	2006
Advance received from percentage of completion method (netted)	75.1	60.0
Other advance received from customers	104.0	68.9
Total	179.1	128.9

8. OTHER OPERATING INCOME

	2007	2006
Profit of disposal of fixed assets	17.8	0.3
Rental income	0.8	0.8
Other	1.7	0.9
Total	20.3	2.0

9. GOVERNMENT GRANTS

	2007	2006
Investment grants in building, machinery and employment grants	0.6	0.7
Grants for research and development	1.1	0.0
Total	1.6	0.7

10. DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

10.1. Depreciation and amortization

	2007	2006
Intangible assets	10.5	8.3
Buildings	1.1	1.7
Machinery and equipment	13.0	12.3
Total	24.6	22.3

10.2. Impairments

	2007	2006
Goodwill	0.0	0.2
Total	0.0	0.2

11. OTHER OPERATING EXPENSES

	2007	2006
Change in work in progress	(28.3)	(15.7)
Production for own use	(0.7)	0.0
Material and supplies	723.8	630.0
Subcontracting	221.8	180.9
Wages and salaries	321.1	274.7
Pension costs	26.7	23.7
Other personnel expenses	67.3	57.8
Other operating expenses	221.4	205.2
Total	1,553.1	1,356.6

12. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

Personnel expenses

	2007	2006
Wages and salaries	321.1	274.7
Pension costs: Defined benefit plans	1.8	2.8
Pension costs: Defined contribution plans	24.9	20.9
Other personnel expenses	67.3	57.8
Total	415.1	356.2

Average personnel

	2007	2006
The average number of personnel	8,005	6,859
Personnel 31 December,	8,404	7,549
of which in Finland	1,702	1,545

Personnel by Business Area at end of period

	2007	2006
Service	4,436	3,923
Standard Lifting	2,479	2,333
Heavy Lifting	1,272	1,131
Group Staff	217	162
Total	8,404	7,549

13. MANAGEMENT COMPENSATION

Board of Directors

The remuneration packages for Board members are resolved by the Annual General Meeting on proposal by the Nomination and Compensation Committee. The AGM 2007 confirmed an annual fee of EUR 78,000 for the Chairman of the Board, EUR 48,000 for the Vice Chairman of the Board, and EUR 30,000 for other Board members and that 40 percent of the annual fee will be used to acquire Konecranes Plc shares from the market to each Board member. Should the receipt of shares entail admistrative difficulties for a Board member the compensation will be paid entirely in cash. In addition compensation of EUR 1,200 was approved for attendance at Board committee meetings. Non-executive members of the Board of Directors do not receive stock options. Board members employed by Konecranes do not receive separate compensation for their Board membership.

Notes to the consolidated financial statements

Total compensation to the Board of Directors

	2007 total compensation	2006 total compensation
Chairman, EUR	78,000	65,000
Vice Chairman, EUR	48,000	40,000
Board members, EUR	191,400	137,000
Total, EUR	317,400	242,000

	2007 number of shares as part of compensation	2006 number of shares as part of compensation
Chairman	1,250	1,920
Vice Chairman	0	0
Board members	2,880	3,680
Total	4,130	5,600

President and CEO

The Nomination and Compensation Committee reviews the President and CEO's performance. Based on this review and relevant facts, the Board sets the total compensation package for the President and CEO.

	2007	2006
Salary and benefits, EUR	354,831	322,292
Bonus, EUR	165,000	56,724
Separate bonus as a part of incentive scheme [1], EUR	519,052	410,927
Share-based payments costs, EUR	39,884	80,208
Share-based payments costs of CEO's incentive scheme [1], EUR	198,248	4,112
Option rights owned (number of options)	180,000	132,000
Shares owned (number of shares)	60,000	60,000
Shares owned pursuant to the incentive scheme (number of shares) [1]	100,000	50,000
Retirement age, years	60	60
Pension target level, %	60	60
Period of notice, months	6	
Severance payment	18 months salary and fringe benefits	

1) The Board of Directors had 15 December 2006 approved a long-term incentive scheme directed to Pekka Lundmark. The incentive scheme is implemented by disposing of Konecranes Plc's own shares held by the Company on the basis of the authorization granted to the Board of Directors by the General Meeting of Shareholders on 8 March 2006. Pursuant to the incentive scheme a total of 50,000 shares were sold to Pekka Lundmark to a price of EUR 12 per share in December 2006 and 50,000 shares was sold in January 2007 with the same price. The shares sold are subject to a five year transfer restriction. As part of the scheme the Company paid in January 2007 a separate bonus EUR 410,927 and in March 2007 a bonus EUR 519,052 to Pekka Lundmark to cover the taxes levied as a result of the arrangement. The assumptions made in determining the fair value of this incentive scheme are shown in note 29.2 to the Consolidated Financial Statements.

Group Executive Board

Group Executive Board is comprised of President and CEO, Business Area Presidents, Region Presidents, and Function Directors, totally 14 persons in 2007 (14 persons in 2006). The Nomination and Compensation Committee reviews Group compensation policies and issues guidelines for the same. In accordance with these guidelines, the President and CEO confirms all individual top management compensation packages.

Group Executive Board excluding the President and CEO

	2007	2006
Salary and benefits, EUR	2,344,422	1,794,352
Bonuses, EUR	552,568	284,698
Share-based payments costs, EUR	127,408	266,700
Option rights owned (number of options)	626,200	621,200
Shares owned (number of shares)	227,250	300,200

There were no loans to group management at end of period 2007 and 2006. There are no guarantees on behalf of group management.

14. FINANCIAL INCOME AND EXPENSES

14.1 Financial income

	2007	2006
Dividend income on available-for-sale investments	0.2	0.1
Interest income on bank deposits and loans	2.2	2.1
Fair value gain on derivative financial instruments	0.0	0.0
Exchange rate gains on interest bearing assets and liabilities	0.0	1.6
Other financial income	0.0	0.1
Total	2.4	3.9

14.2 Financial expenses

	2007	2006
Interest expenses on liabilities	10.7	11.6
Fair value loss on derivative financial instruments	2.9	2.8
Exchange rate loss on interest bearing assets and liabilities	2.0	0.0
Other financial expenses	1.0	0.6
Total	16.7	15.0
Financial income and expenses net	(14.3)	(11.1)

Company applies hedge accounting on derivatives used to hedge cash flows in Heavy Lifting projects. The cash flow hedges of the expected future cash flows are assessed to be highly effective and a net unrealized gain of EUR 4.5 million with deferred taxes of EUR 1.2 million relating to the hedging instruments is included in equity. The hedged operative cash flows are expected to occur during the next 3 - 18 months.

15. INCOME TAXES

15.1. Taxes in Statement of Income

	2007	2006
Local income taxes of group companies	54.6	28.4
Taxes from previous years	2.5	(0.1)
Deferred taxes	(7.4)	(1.8)
Total	49.6	26.5

15.2. Reconciliation of income before taxes with total income taxes

	2007	2006
Profit before taxes	178.8	95.1
Tax calculated at the domestic corporation tax rate of 26 % (2006: 26 %)	46.5	24.7
Effect of different tax rates of foreign subsidiaries	5.8	2.4
Tax effect of non-deductible expenses and tax-exempt income	0.2	0.1
Tax effect of recognition of previously unrecognized tax losses	(1.5)	(0.2)
Tax effect of utilization of previously unrecognized tax losses	(2.4)	0.0
Tax effect of tax rate change*	(0.3)	0.0
Other items	1.3	(0.5)
Total	49.6	26.5
Effective tax rate %	27.8 %	27.9 %

* In Germany the tax rate will be changed from January 1, 2008 which is recognized in deferred taxes in 2007.

16. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net income of the Group by the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated by adjusting the weighted average number of shares with the stock options outstanding per 31 December.

	2007	2006
Net income of the year	129.2	68.6
Weighted average number of shares outstanding (1,000 pcs)	59,609	58,383
Effect of issued share options (1,000 pcs)	898	1,353
Diluted weighted average number of shares outstanding (1,000 pcs)	60,507	59,736
Earnings per share, basic (EUR)	2.17	1.17
Earnings per share, diluted (EUR)	2.13	1.15

17. GOODWILL AND GOODWILL IMPAIRMENT

General principles

The goodwill is allocated to cash-generating units (CGU's) by using the Group's operative management reporting structure. The recoverable amounts of the CGUs are determined based on value in use -calculations, except for Kongsberg Automation A/S and El & Travers AB which were acquired during the year 2007 and for which the recoverable amount is based on fair value less cost to sell, based on the recent purchase prices paid for the entities. The forecasting period of cash flows is five years and is based on financial forecasts of each CGU's management. The forecasts have been made by using the company specific historical data and general market and industry specific information of the future growth possibilities. The calculated cash flows after the five-year forecasting period are based on zero percent growth estimate on sales and operating margin.

The discount rate applied to cash flow projections is the weighted average (pre-tax) cost of capital and is based on risk free long term government bond rates and market and industry specific risk premiums. These risk premiums are derived based on business portfolio of companies which operate in a similar geographic region and in a similar industry as the CGUs. The discount rate in use varied in a range of 11 - 12 percent for all CGUs. The geographical and business risk distribution of the tested CGU's were considered as the discount rate in use was determined to account for the average cost of capital for all CGU's.

Detailed information of CGU's

The allocated goodwill of the following individual CGU's can be considered significant in comparison with the Group's total carrying amount of goodwill: Konecranes Deutschland GmbH is a crane service company in Germany and belongs to Konecranes' Service -business segment. From the beginning of 2007 two earlier independent CGU's, Konecranes Hafentechnik and Konecranes Deutschland, merged into one CGU, Konecranes Deutschland GmbH. The carrying amount of goodwill allocated to this CGU at 31 December 2007 was EUR 11.2 million. Konecranes Lifttrucks AB, a Swedish based container lifting equipment manufacturer, was acquired at the end of year 2004. This CGU belongs to Konecranes Heavy Lifting -business segment. The carrying amount of goodwill allocated to this CGU at 31 December 2007 was EUR 12.9 million. R. Stahl AG's material handling division was acquired at the end of year 2005. This CGU belongs to Konecranes' Standard Lifting -business segment. During the year 2007 a final portion of the earlier unallocated part of the goodwill was allocated to this CGU. As a

Notes to the consolidated financial statements

result of this reallocation the total amount of goodwill increased by EUR 1.9 million, totaling to a carrying amount of goodwill EUR 22.2 million allocated to this CGU at 31 Dec 2007. In company's assets are also included EUR 10.4 million intangible assets arising from the acquisition of R. Stahl AG's material handling division, which consists of the trademark of the brand name 'Stahl'. The carrying amount of this asset is tested on yearly basis by using similar kind of impairment testing method as the goodwill.

In addition to the above mentioned CGU's the carrying amounts of the goodwill allocated to other smaller CGU's are disclosed by segment as follows: Service EUR 5.8 million, Standard Lifting EUR 4.0 million, Heavy Lifting EUR 2.6 million.

The recoverable amounts of each above mentioned CGU's are determined based on above mentioned general principles. The major variables used in the calculations have been the business growth rate and the operating income percent. The average growth rate percent used in the first five year's cash flow forecasts varied between 3 percent and 17 percent, and the average estimated growth rate of all CGU's was close to 12 percent. The growth rates used in the calculations are based on the management's view of future growth possibilities of each company, taken into account the company specific historical data and future growth possibilities, where the company specific and industry related variables are both considered. The operating profit margins are based on actual operating profits from previous years.

The calculations were also performed by using sensitivity analysis with higher interest rates and lower operating margin levels. These sensitivity analyses didn't have any material impact to the final outcome of the impairment testing.

As a result of the impairment testing no impairment loss was recognized during the year 2007. With one CGU, in 2006 acquired Morris Material Handling Inc. (US), the amount of goodwill was written off in the Group's balance sheet, due to an adjustment (increase) in the acquired company's tax assets. As a result of this adjustment an expense of EUR 0.7 million was booked in the Group's result for year 2007 [IFRS 3.65].

Goodwill

	2007	2006
Acquisition costs as of 1 January	54.0	54.8
Increase	4.8	0.8
Decrease	(0.7)	(1.5)
Translation difference	(1.4)	0.1
Impairments	0.0	(0.2)
Total as of 31 December	56.8	54.0

18. OTHER INTANGIBLE ASSETS

18.1. Patents and trademarks

	2007	2006
Acquisition costs as of 1 January	27.6	16.2
Company acquisitions	0.4	9.9
Translation difference	(1.1)	1.5
Acquisition costs as of 31 December	26.9	27.6
Accumulated amortization 1 January	(4.9)	(4.2)
Amortization for financial year	(1.1)	(0.7)
Total as of 31 December	20.9	22.7

18.2. Other (including service contracts, software)

	2007	2006
Acquisition costs as of 1 January	54.2	43.8
Increase	4.5	3.7
Company acquisitions	10.5	5.5
Transfer within assets	0.8	1.4
Translation difference	(1.1)	(0.2)
Acquisition costs as of 31 December	68.8	54.2
Accumulated amortization 1 January	(21.9)	(14.5)
Amortization for financial year	(8.5)	(7.4)
Total as of 31 December	38.5	32.3

18.3. Other intangible assets total

	2007	2006
Acquisition costs as of 1 January	81.8	60.0
Increase	4.5	3.7
Company acquisitions	10.9	15.4
Transfer within assets	0.8	1.4
Translation difference	(2.2)	1.3
Acquisition costs as of 31 December	95.7	81.8
Accumulated amortization 1 January	(26.8)	(18.7)
Amortization for financial year	(9.6)	(8.1)
Total as of 31 December	59.4	55.0

Other intangible assets include service contracts, patents and trademarks and software licenses. They are stated at cost and amortized on the straight-line basis over their expected useful lives. The normal amortization period varies from 4 to 20 years. Intangible assets having an indefinite useful life are tested for impairment annually. At 31 Dec 2007 the intangible assets having indefinite useful life consisted of Stahl trademark, totally EUR 10.4 million. As there is no foreseeable limit the period over which the asset is expected to generate net cash inflows for the entity, it is classified as intangible assets having indefinite useful life.

19. PROPERTY, PLANT AND EQUIPMENT

19.1. Land

	2007	2006
Acquisition costs as of 1 January	3.9	3.6
Increase	0.4	0.1
Decrease	(1.2)	0.0
Company acquisitions	0.0	0.3
Translation difference	(0.2)	(0.1)
Total as of 31 December	2.9	3.9

19.2. Buildings

	2007	2006
Acquisition costs as of 1 January	47.3	45.2
Increase	4.6	1.8
Decrease	(38.9)	0.0
Company acquisitions	0.0	1.0
Translation difference	(0.6)	(0.7)
Acquisition costs as of 31 December	12.4	47.3
Accumulated depreciation 1 January	(28.0)	(26.3)
Accumulated depreciation relating to disposals	27.5	0.0
Depreciation for financial year	(1.1)	(1.7)
Total as of 31 December	10.8	19.3

The balance value of buildings which belong to finance lease is EUR 0.6 million in year 2007 (EUR 0.7 million in 2006).

19.3. Machinery and equipment

	2007	2006
Acquisition costs as of 1 January	140.5	121.2
Increase	20.0	12.2
Decrease	(8.7)	(3.8)
Company acquisitions	0.7	7.1
Transfer within assets	(0.7)	(1.4)
Translation difference	0.8	5.2
Acquisition costs as of 31 December	152.7	140.5
Accumulated depreciation 1 January	(98.6)	(86.3)
Accumulated depreciation relating to disposals	6.8	2.5
Depreciation for financial year	(12.7)	(12.3)
Total as of 31 December	48.2	44.4

The balance value of tangible assets which belong to finance lease is EUR 6.5 million in year 2007 (EUR 4.3 million in 2006).

19.4. Property, plant and equipment total

	2007	2006
Acquisition costs as of 1 January	191.7	170.0
Increase	25.0	14.1
Decrease	(48.7)	(3.8)
Company acquisitions	0.7	8.4
Transfer within assets	(0.7)	(1.4)
Translation difference	0.0	4.4
Acquisition costs as of 31 December	168.0	191.7
Accumulated depreciation 1 January	(126.6)	(112.6)
Accumulated depreciation relating to disposals	34.3	2.5
Depreciation for financial year	(13.8)	(14.0)
Total as of 31 December	61.9	67.6

20. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2007	2006
Acquisition costs as of 1 January		
Share of associated companies	6.3	5.9
result after taxes	0.7	0.7
Dividends received	(0.5)	(0.3)
Acquisitions	0.0	0.1
Translation difference	0.0	(0.1)
Disposals	(0.2)	0.0
Total as of 31 December	6.3	6.3

Notes to the consolidated financial statements

20.1. Investments accounted for using the equity method by companies.

2007	Carrying amount of the investment	Total asset value [1]	Revenue [1]	Profit/loss [1]
Guangzhou Technocranes Company Ltd	0.4	1.0	0.8	0.1
Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd.	0.3	0.5	0.5	0.0
Shanghai High Tech Industrial Company, Ltd.	0.3	1.1	1.1	0.1
Boutonnier Adt Levage S.A.	0.2	0.4	0.8	0.0
Levelec S.A.	0.1	0.3	0.5	0.0
Manelec S.a.r.l.	0.1	0.1	0.3	0.0
Manulec S.A.	0.3	0.6	0.8	0.0
Sere Maintenance S.A.	0.1	0.2	0.6	0.0
Meiden Hoist System Company Ltd.	2.7	5.6	9.5	0.3
Eastern Morris Cranes Limited	0.1	1.8	3.8	0.3
Morris Material Handling (Thailand) Ltd.	0.3	0.0	0.0	0.0
ZAO Zaporozhje Kran Holding	0.7	7.4	3.5	(0.5)
Crane Industrial Services LLC	0.7	1.6	3.1	0.3
Translation difference	0.0	0.0	0.0	0.0
Total	6.3	20.6	25.3	0.7

2006	Carrying amount of the investment	Total asset value [1]	Revenue [1]	Profit/loss [1]
Guangzhou Technocranes Company Ltd	0.3	1.0	0.8	0.0
Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd.	0.3	0.4	0.2	0.0
Shanghai High Tech Industrial Company, Ltd.	0.2	0.5	0.7	0.0
Boutonnier Adt Levage S.A.	0.2	0.4	0.7	0.0
Levelec S.A.	0.1	0.2	0.5	0.0
Manelec S.a.r.l.	0.1	0.2	0.4	0.0
Manulec S.A.	0.3	0.5	0.8	0.0
Sere Maintenance S.A.	0.0	0.2	0.6	0.0
Meiden Hoist System Company Ltd.	2.4	5.2	8.6	0.3
Eastern Morris Cranes Limited	0.3	2.3	3.5	0.4
Morris Material Handling (Thailand) Ltd.	0.4	0.4	0.4	0.0
ZAO Zaporozhje Kran Holding	1.4	4.7	4.3	(0.3)
Crane Industrial Services LLC	0.4	0.4	2.0	0.2
Translation difference	(0.1)	0.0	0.0	0.0
Total	6.3	16.6	23.4	0.7

The investment value of the shares in the associate companies consists of the Group's proportion of the associate companies at the acquisition date, adjusted by any variation in the shareholders' equity after the acquisition. See also Company list for listing of the ownership of the associated companies and joint venture.

[1] Total asset value, Revenue and Profit/loss represent the group's share of these investments according to the latest published financial information. Total asset value as per the closing date of the latest published financial information. Revenue and Profit/loss are for the latest published fiscal period.

21. AVAILABLE-FOR-SALE INVESTMENTS

	2007	2006
Acquisition costs as of 1 January	2.1	1.6
Increase	0.3	0.5
Total as of 31 December	2.4	2.1

Investments for available-for-sale investments consist of shares in unlisted companies and are measured at cost, because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed.

See also Company list for detailed list of available-for-sale investments.

22. INVENTORIES

	2007	2006
Raw materials and semi-manufactured goods	81.1	62.1
Work in progress	129.9	103.5
Finished goods	24.2	30.6
Advance payments	16.0	30.4
Total	251.2	226.6

23. VALUATION AND QUALIFYING ACCOUNTS

2007	Balance at the beginning of the year	Translation difference	Utilized during the period	Provision not needed	Accounts provided during the period	Balance at the end of the year
Provision for doubtful accounts	11.0	(0.3)	3,1	1.0	7.0	13.6
Provision for obsolete inventory	8.2	(0.4)	1,5	1.0	2.5	7.8

2006	Balance at the beginning of the year	Change (+ amount provided - deductions) [1)]	Balance at the end of the year
Provision for doubtful accounts	7.3	3.7	11.0
Provision for obsolete inventory	5.5	2.7	8.2

[1)] Deductions include provision not needed and provision utilized during the year

Notes to the consolidated financial statements

24. ANALYSIS OF ACCOUNTS RECEIVABLE BY AGE

	2007	2006
Undue account receivables	181.3	164.0
Account receivables 1 - 30 days overdue	81.8	71.9
Account receivables 31 - 60 days overdue	33.7	31.2
Account receivables 61 - 90 days overdue	17.5	16.2
Account receivables more than 91 days overdue	13.7	41.0
Total	328.0	324.2

Accounts receivables are initially measured at cost (book values represent their fair values). Account receivables are subject to only minor credit risk concentrations due to the Group's extensive customer portfolio. Credit losses recognized for the financial year totaled EUR 7.4 million.

25. OTHER RECEIVABLES

	2007	2006
Bills receivable	3.7	4.3
Value added tax	15.2	22.7
Total	18.9	27.0

26. DEFERRED ASSETS

	2007	2006
Income taxes	2.3	2.1
Interest	0.0	0.0
Receivable arising from percentage of completion method	48.9	53.5
Other	33.4	21.3
Total	84.6	76.9

27. CASH AND CASH EQUIVALENTS

	2007	2006
Cash in hand and at bank	41.1	7.8
Short-term deposits	14.9	36.6
Total	56.0	44.4

Short-term deposits with a maturity of less than three months. Cash and cash equivalents are carried at nominal value, which corresponds to their fair value.

28. EQUITY

28.1. Shareholders' equity

	Number of shares	Share capital	Share premium	Paid in capital
1 January 2006	57,101,520	29.0	26.5	0.0
Share subscriptions with options	2,133,600	1.1	12.4	0.0
Shares issued to CEO according to incentive scheme	50,000	0.0	0.0	0.5
31 December 2006	59,285,120	30.0	39.0	0.5
Share subscriptions with options	901,060	0.0	0.3	5.8
Shares issued to CEO according to incentive scheme	50,000	0.0	0.0	0.5
Purchase of treasury shares	(1,730,400)	0.0	0.0	(2.2)
31 December 2007	58,505,780	30.1	39.3	4.7

Total shareholders' equity consists of share capital, share premium account, fair value reserves, translation difference, paid in capital and retained earnings. Konecranes share has no nominal value. The company has one series of shares. All issued shares are fully paid. Share premium account includes the value of shares, which exceeds the accounting par value of the shares, for shares issued before September 1, 2006. Fair value reserves include changes in the fair values of derivative financial instruments used to hedge operational cash flows. Translation differences comprise the differences arisin from the elimination of net investments in non-euro foreign subsidiaries. Paid-in capital includes the portion of shares' subscription price, which is not recorded to share capital or according to IFRS to liabilities. Paid-in capital includes also other capital contributions to the Group, which are not recorded to some other reserve within equity. Paid-in capital includes also the possible amount of share capital decrease, which is not netted against accumulated losses or is not distributed to shareholders.

28.2. Distributable earnings

See page 69 / Board of Director's Proposal to the Annual General Meeting.

28.3. Treasury shares

	2007	2006
	Number of shares	Number of shares
As of 1 January	792,600	842,600
Increase	1,730,400	0
Decrease	(50,000)	(50,000)
Total as of 31 December	2,473,000	792,600

The Annual General Meeting on 8 March 2007 authorized the board of directors to repurchase and dispose the Company's own shares. Altogether no more than 6,500,000 shares may be repurchased or disposed taking into consideration, however, the provisions of the Companies Act regarding the maximum number of own shares that the Company is allowed to hold. The authorization shall be effective until the next Annual General Meeting of Shareholders, however no longer than until September 7, 2008. The Board of Directors had 15 December 2006 approved a long-term incentive scheme directed to Pekka Lundmark. The incentive scheme is implemented by disposing Konecranes Plc's own shares held by the Company on the basis of the authorization granted to the Board of Directors by the General Meeting of Shareholders on 8 March 2006. Pursuant to the incentive scheme a total of 50,000 shares was sold to Pekka Lundmark to a price of EUR 12 per share in December 2006 and 50,000 shares was sold in January 2007 to the same price.

29. OPTION RIGHTS AND OTHER SHARE-BASED PAYMENTS

The Annual General Meeting on 4 March 1997 resolved to issue bonds with warrants of EUR 50,456.38 to the management of the Konecranes Group. The term of the bond is six years and the bond does not yield interest. Each bond with a nominal value of EUR 16.82 shall have 100 warrants attached. Each warrant entitles the holders to subscribe for one Konecranes Plc's share at a subscription price of EUR 26.07. The annual period of subscription shall be 2 January through 30 November. Shares can be subscribed for starting on or after 1 April 2003 but no later than 31 October 2008. As a result of share subscriptions based on the 1997 bond with warrants, the share capital of Konecranes Plc may be increased by a maximum of EUR 600,000 and the number of shares by a maximum of 300,000 new shares. At the end of 2007, altogether 838,900 shares had been subscribed for the warrants pursuant to the 1997 stock option plan (2006: 778,400 shares).

The Annual General Meeting on 11 March 1999 resolved to issue 3,000 warrants to the management of the Konecranes Group entitling the warrant holders to subscribe for a maximum of 300,000 shares in Konecranes Plc. Each warrant gives its holder the right to subscribe to one hundred shares each at a subscription price of EUR 33. The annual period of subscription shall be January 2 through November 30. With A-series warrants shares can be subscribed to starting on April 1, 2002 and ending on March 31, 2005 and with B-series warrants starting on April 1, 2005 and ending on March 31, 2008. As a result of share subscriptions based on the 1999 warrants, the share capital of Konecranes Plc may be increased by a maximum of EUR 600,000 and the number of shares by a maximum of 300,000 new shares. At the end of 2007, altogether 14,400 shares (2006: 14,400 shares) had been subscribed for the warrants pursuant to the 1999A stock option plan and 362,000 shares (2006: 310,800 shares) of the 1999B stock option plan.

The Annual General Meeting 8 March 2001 resolved to issue 3,000 stock options to the management of the Konecranes Group entitling the stock option holders to subscribe for a maximum of 300,000 shares in Konecranes Plc. Each stock option gives its holder the right to sub-

Notes to the consolidated financial statements

scribe to one hundred shares each at a subscription price of EUR 34. The annual period of subscription shall be January 2 through November 30. With A-series stock options shares can be subscribed to starting on April 1, 2004 and ending on March 31, 2007 and with B-series stock options starting on April 1, 2007 and ending on March 31, 2010. As a result of share subscriptions based on the 2001 stock options, the share capital of Konecranes Plc may be increased by a maximum of EUR 600,000 and the number of shares by a maximum of 300,000 new shares. At the end of 2007, altogether 508,400 shares (2006: 456,000 shares) had been subscribed for the warrants pursuant to the 2001A stock option plan and 242,800 for 2001B stock option plan.

The Annual General Meeting on 6 March 2003 resolved to issue 600,000 stock options to the management of the Konecranes Group entitling the stock option holders to subscribe for a maximum of 600,000 shares in Konecranes Plc. 200,000 of the stock options will be marked with the symbol 2003A, 200,000 will be marked with the symbol 2003B and 200,000 will be marked with the symbol 2003C. Following the payment of an extraordinary dividend on December 22, 2004, approved by the Extraordinary General meeting which was held December 10, 2004, the Board of Directors, so authorized by AGM held on March 6, 2003, decided to reduce the share subscription prices of the 2003 options with 1 euro. The new subscription prices are as follows:

- for stock option 2003A 19.56 euro (previously 20.56 euro)
- for stock option 2003B 21.62 euro (previously 22.62 euro)
- for stock option 2003C 25.00 euro (previously 20.56 euro)

Each stock option of 2003 gives its holder the right to subscribe to one share each at a subscription price as listed above.

In May 2004 the Board increased the share subscription price pursuant to the 2003B stock options from 20.56 to 22.62 euro according to the terms and conditions of the scheme. Notwithstanding the above, the Board retains the authority to increase the share subscription price pursuant to the 2003B and 2003C stock options before the start of the relevant share subscription period. With 2003A stock option shares can be subscribed to starting on May 2, 2005 and ending on March 31, 2007, with 2003B stock option starting on May 2, 2006 and ending on March 31, 2008 and with stock option 2003C starting on May 2, 2007 and ending on March 31, 2009. As a result of share subscriptions based on the 2003 stock options, the share capital of Konecranes Plc may be increased by a maximum of EUR 1,200,000 and the number of shares by a maximum of 600,000 new shares. At the end of 2007, altogether 800,000 shares (2006: 800,000 shares) had been subscribed for the stock options pursuant to the 2003A stock option plan, 725,000 shares (2006: 483,600 shares) pursuant to the 2003B stock option plan and 252,760 shares (2006: 0 shares) pursuant to the 2003C.

On March 2006 the Annual General Meeting approved the increase of the number of shares (share split). As a result of the share split the number of shares of the company were quadrupled. Any information of the Option rights stated above before March 2006 is presented in their original pre-split values, and any information of the Option rights after March 2006 is presented in their new splitted values.

The Annual General Meeting on 6 March 2007 approved the Board's proposal that the key employees of the Konecranes Group are granted the maximum of 3 million option rights. The option rights entitle to an aggregate 3 million Company shares. Option rights are divided into three series (2007A, 2007B and 2007C), whose subscription periods are staggered, so that the share subscription period for the option rights of the first series begins on 2 May 2009 and ends for the option rights of the last series on 30 April 2013. The share subscription price for series 2007A is 25.72 euro which is volume-weighted average price of the Konecranes share in Helsinki Stock Exchange between 1 April - 30 April, 2007. The subscription prices of series 2007B and 2007C will be defined later.

29.1.Changes in the number of shares of option rights outstanding

	2007	2006
Number of shares of option rights outstanding as of 1 January	2,038,400	4,186,400
Granted during the year	987,500	2,800
Forfeited during the year	(15,000)	(17,200)
Exercised during the year	(901,060)	(2,133,600)
Expired during the year	(24,800)	0
Total number of shares of option rights outstanding as of 31 December	2,085,040	2,038,400

The total cost of the option programs for the financial year 2007 was 1.3 MEUR (2006: 0.8 MEUR). Option program costs are included in personnel expenses and credited to shareholders' equity.

29.2. Assumptions made in determining the fair value of stock options

The fair values for the options has been determinated using the Black & Scholes method. The fair values for stock options have been calculated on the basis of the following assumptions:

	2003A	2003B	2003C
Subscription price of the share, EUR	4.89	5.41	6.25
Fair market value of the share, EUR	5.14	7.38	7.50
Expected volatility, %	18 %	18 %	17 %
Risk-free interest rate, %	3.2 %	3.5 %	2.6 %
Expected contractual life in years	3.9	4.1	3.9
Grant date fair value of the stock options, EUR	0.43	2.21	1.31

	Pekka Lundmark's incentive scheme 2006	Pekka Lundmark's incentive scheme 2007	2007A
Subscription price of the share, EUR	12.00	12.00	25.72
Fair market value of the share, EUR	21.16	24.74	25.55
Expected volatility, %	18 %	18 %	18 %
Risk-free interest rate, %	3.7 %	4.0 %	4.2 %
Expected contractual life in years	5.0	5.0	2.0
Grant date fair value of the stock options, EUR	9.36	11.31	2.80

The above calculations are based on the 4-6 years' implied volatility of the Konecranes Plc share price estimated by a market participant who actively trades stock options.

30. INTEREST-BEARING LIABILITIES

30.1. Non-current	2007 Carrying amount	2007 Fair value	2006 Carrying amount	2006 Fair value
Loans from financial institutions	40.1	40.1	103.0	103.0
Pension loans	0.0	0.0	0.0	0.0
Other long-term loans	0.1	0.1	14.7	14.7
Finance lease liabilities	5.6	5.6	3.2	3.2
Total	45.7	45.7	120.9	120.9

30.2. Current	2007 Carrying amount	2007 Fair value	2006 Carrying amount	2006 Fair value
Loans from financial institutions	0.3	0.3	0.0	0.0
Pension loans	0.0	0.0	0.3	0.3
Other loans	0.1	0.1	0.2	0.2
Finance lease liabilities	1.9	1.9	1.5	1.5
Commercial papers	22.4	22.4	33.3	33.3
Overdraft	7.1	7.1	17.1	17.1
Total	31.8	31.8	52.4	52.4

The average interest rate of the non-current liabilities portfolio on 31 December 2007 is 5.32 % (2006: 5.02 %) and that on current liabilities 5.55 % (2006: 4.50 %). The effective interest rate for EUR-loans varies between 4.25 % - 4.80 %.

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30.3. Currency split and repricing schedule of outstanding net debt including hedges

2007					Debt repricing in period				
Currency	Amount MEUR	Avg. duration	Avg. rate %	Rate sensitivity [1]	2008	2009	2010	2011	2012-
EUR	22.5	0.1 years	4.59	0.2	22.5	0.0	0.0	0.0	0.0
USD	27.2	2.2 years	5.32	0.3	0.0	0.0	27.2	0.0	0.0
CNY	12.7	0.1 years	7.23	0.1	12.7	0.0	0.0	0.0	0.0
Total	**62.4**		**5.71**	**0.6**	**35.2**	**0.0**	**27.2**	**0.0**	**0.0**

2006					Debt repricing in period				
Currency	Amount MEUR	Avg. duration	Avg. rate %	Rate sensitivity [1]	2007	2008	2009	2010	2011-
EUR	73.5	2.1 years	3.74	0.7	33.5	0.0	0.0	40.0	0.0
USD	70.2	3.5 years	6.05	0.7	9.5	0.0	0.0	60.7	0.0
CNY	6.8	0.9 years	6.15	0.1	6.8	0.0	0.0	0.0	0.0
Total	**150.5**		**5.31**	**1.5**	**49.8**	**0.0**	**0.0**	**100.7**	**0.0**

[1] Effect of one percent rise in market interest rates on the Group's net interest expenses over the following 12 months. There would be no effect on equity, as there were no open interest derivatives at the end of 2007 (or 2006). All other variables have been assumed constant.

30.4. Maturity profile of the Group's financial liabilities

2007		Maturity of financial liabilities					
Debt type	Amount drawn	2008	2009	2010	2011	2012	Later
Committed revolving facilities	27.2	0.0	0.0	27.2	0.0	0.0	0.0
Loans from financial institutions	12.9	12.7	0.2	0.0	0.0	0.0	0.0
Finance lease liabilities	5.7	0.0	4.6	0.5	0.4	0.1	0.1
Commercial paper program	22.5	22.5	0.0	0.0	0.0	0.0	0.0
Other long-term debt	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Total	**68.4**	**35.2**	**4.9**	**27.7**	**0.4**	**0.1**	**0.1**

2006		Maturity of financial liabilities					
Debt type	Amount drawn	2007	2008	2009	2010	2011	Later
Committed revolving facilities	100.7	0.0	0.0	0.0	100.7	0.0	0.0
Loans from financial institutions	2.4	0.0	0.3	1.9	0.2	0.0	0.0
Finance lease liabilities	3.1	0.0	2.3	0.3	0.3	0.0	0.2
Commercial paper program	33.3	33.3	0.0	0.0	0.0	0.0	0.0
Other long-term debt	14.7	0.0	14.6	0.0	0.0	0.1	0.0
Total	**154.2**	**33.3**	**17.2**	**2.2**	**101.2**	**0.1**	**0.2**

30.5. Carrying amounts of financial assets and liabilities classified based on IAS 39

2007

Financial assets	Financial assets/ liabilities at fair value through income statement	Loans and receivables	Available-for-sale financial assets	Financial assets/liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value	Note
Non-current financial assets							
Long-term interest-bearing receivables		1.7			1.7	1.7	
Derivative financial instruments	1.7				1.7	1.7	37.2
Other financial assets			2.4		2.4	2.4	21
Current financial assets							
Short-term interest-bearing receivables		0.2					
Account and other receivables		346.9			346.9	346.9	24, 25
Derivative financial instruments	4.7				4.7	4.7	37.2
Cash and cash equivalents		56.0			56.0	56.0	27
Total	**6.5**	**404.8**	**2.4**		**413.4**	**413.4**	

Financial liabilities	Financial assets/ liabilities at fair value through income statement	Loans and receivables	Available-for-sale financial assets	Financial assets/liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value	Note
Non-current financial liabilities							
Interest-bearing liabilites				45.7	45.7	45.7	30.1
Derivative financial instruments							
Current financial liabilities							
Interest-bearing liabilites				31.8	31.8	31.8	30.2
Derivative financial instruments	0.8				0.8	0.8	37.2
Account and other payables				143.2	143.2	143.2	34.2
Total	**0.8**			**220.7**	**221.4**	**221.4**	

2006

Financial assets	Financial assets/ liabilities at fair value through income statement	Loans and receivables	Available-for-sale financial assets	Financial assets/liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value	Note
Non-current financial assets							
Long-term interest-bearing receivables		0.5			0.5	0.5	
Derivative financial instruments	0.9				0.9	0.9	37.2
Other financial assets			2.1		2.1	2.1	21
Current financial assets							
Short-term interest-bearing receivables		0.2					
Account and other receivables		351.2			351.2	351.2	24, 25
Derivative financial instruments	2.9				2.9	2.9	37.2
Cash and cash equivalents		44.4			44.4	44.4	27
Total	**3.8**	**396.2**	**2.1**		**402.0**	**402.0**	

Financial liabiities	Financial assets/ liabilities at fair value through income statement	Loans and receivables	Available-for-sale financial assets	Financial assets/liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value	Note
Non-current financial liabilities							
Interest-bearing liabilites				120.9	120.9	120.9	30.1
Derivative financial instruments	0.2				0.2	0.2	37.2
Current financial liabilities							
Interest-bearing liabilites				52.4	52.4	52.4	30.2
Derivative financial instruments	0.6				0.6	0.6	37.2
Account and other payables				136.6	136.6	136.6	34.2
Total	**0.8**			**309.9**	**310.6**	**310.6**	

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31. EMPLOYEE BENEFITS

The Konecranes Group companies have various pension plans in accordance with local conditions and practices. The pension plans are classified as either defined contribution plans or defined benefit plans. The Group has a significant defined benefit pension plan in United Kingdom and Germany. Konecranes Group accounts for the Finnish system under the Employees' Pensions Act (TyEL) as a defined contribution plan.

31.1. Amounts recognized in the balance sheet

	2007	2006
Present value of obligation wholly unfunded	53.7	49.7
Present value of obligation wholly or partly funded	44.6	55.4
Fair value of plan assets	(40.1)	(42.2)
Unrecognized net actuarial gain/loss (-)	(0.9)	(4.2)
Total	57.3	58.7

31.2. Components of defined benefit plan recognized in statement of income

	2007	2006
Current service cost	1.1	1.4
Interest cost	4.4	4.6
Expected return on plan assets	(2.3)	(2.0)
Net actuarial gain (-)/loss recognized in year	(1.3)	1.5
Past service cost	(0.1)	0.0
Effect of curtailments (-)	0.0	(2.7)
Total	1.8	2.8

31.3. Movements of defined benefit plan recognized in balance sheet

	2007	2006
Net liability as of 1 January	58.7	63.2
Translation difference	(0.8)	0.0
Reclassification of pension liabilities	0.6	4.0
Past service cost	0.2	0.0
Expense/revenue (-) recognized in statement of income	1.8	2.8
Contributions paid (-)	(3.3)	(11.3)
Net liability as of 31 December	57.3	58.7

During years 2007 and 2006 there has been a reclassification in pension liablities. In year 2007 EUR 0.6 million and in 2006 EUR 4.0 million of pension liablities in provision are reclassified to defined benefit plan obligations. See also Note 33. to the Consolidated Financial Statements.

31.4. Defined benefit plan: the main actuarial assumptions

	2007	2006
Discount rate %	3.90 - 5.50	3.90 - 5.00
Expected return on plan assets %	3.50 - 6.40	3.90 - 5.90
Future salary increase %	2.50 - 3.30	2.50 - 3.00
Future pension payment increase %	1.30 - 3.30	1.25 - 3.00

32. DEFERRED TAX ASSETS AND LIABILITIES

32.1. Deferred tax assets

	2007	2006
Intangible and tangible assets	0.4	1.8
Employee benefits	7.8	11.3
Provisions	4.6	3.3
Unused tax losses	7.9	7.8
Other temporary difference	4.2	0.4
Total	24.9	24.6

32.2. Deferred tax liabilities

	2007	2006
Intangible and tangible assets	12.6	13.7
Employee benefits	0.1	0.1
Provisions	0.0	0.8
Other temporary difference	3.1	5.4
Total	15.8	20.0

32.3. Tax losses carried forward

At the end of year 2007 Konecranes recorded a deferred tax asset of EUR 7.9 million on the carry-forward losses totally amounting to EUR 84.4 million. The carry-forward losses for which no deferred tax assets are recognized due to the uncertainty of the utilization of the losses amounted to EUR 62.2 million for year 2007 and to EUR 92.3 million in 2006. The main portion of carry-forward losses relates to Morris Material Handling Inc., USA, which was acquired in 2006. The overall losses of Morris Material Handling, Inc. amounted to EUR 70.0 million in 2007. The company has recorded a deferred tax asset amounting to EUR 5.3 million based on the tax losses estimated to be utilized during years 2008 - 2010 amounting to EUR 13.3 million. For the amount of EUR 56.8 million tax loss carry-forwards deductible over the period 2011 - 2031 no deferred tax asset has been recognized due to uncertainties and limitations on deductible annual amounts. Tax losses carried forward and related deferred tax assets at December 31 by the most significant countries as following:

2007	Tax losses carried forward	Potential deferred tax assets	Deferred tax assets not recorded	Deferred tax assets
USA	70.0	28.0	22.7	5.3
Germany	4.4	1.3	1.3	0.0
United Kingdom	6.2	1.9	0.0	1.9
Other	3.8	1.0	0.3	0.7
Total	84.4	32.2	24.3	7.9

2006	Tax losses carried forward	Potential deferred tax assets	Deferred tax assets not recorded	Deferred tax assets
USA	86.1	34.4	29.8	4.6
Germany	14.0	5.6	5.6	0.0
United Kingdom	9.2	2.8	0.1	2.7
Other	5.4	1.6	1.1	0.5
Total	114.7	44.4	36.5	7.8

33. PROVISIONS

2007	Warranty	Restructuring	Pension commitments	Other	Total
Total provisions as of 1 January	12.1	3.1	3.1	9.3	27.6
Increase through business combination	0.0	0.0	0.0	0.0	0.0
Additional provision in the period	10.6	4.5	0.8	5.7	21.5
Utilization of provision	3.3	1.3	0.4	3.1	8.2
Unused amounts reversed	1.7	0.9	0.0	1.1	3.7
Total provisions as of 31 December	17.6	5.4	3.5	10.7	37.2

2006	Warranty	Restructuring	Pension commitments	Other	Total
Total provisions as of 1 January	8.3	3.3	3.2	2.4	17.2
Increase through business combination	0.0	0.0	0.0	6.6	6.6
Additional provision in the period	5.3	2.3	0.9	4.1	12.6
Utilization of provision	1.2	2.0	0.3	2.8	6.3
Unused amounts reversed	0.3	0.5	0.7	0.4	1.9
Total provisions as of 31 December	12.1	3.1	3.1	9.9	28.2

Provision for warranties cover the expenses due to the repair or replacement of product during their warranty period. The warranty liability is based on historical realized warranty costs for deliveries of standard products and services. The usual warranty period is 12 months. For more complex contracts, mainly including long-term projects sold by Konecranes Heavy Lifting business area, the warranty reserve is calculated contract by contract and the warranty could be up till two years. The restructuring provision is recognized when the Group has prepared a detailed reorganization plan and begun implementation of the plan or announced the matter. Pension commitments include provisions for local pension schemes. During years 2007 and 2006 there has been a reclassification in pension liabilities. In year 2007 EUR 0.6 million and in 2006 EUR 4.0 million of pension liabilities in provision are reclassified to defined benefit plan obligations. See also Note 31.3. to the Consolidated Financial Statements. Other provision includes provisions for claims, litigations and loss contracts.

34. CURRENT LIABILITIES

34.1 Accruals

	2007	2006
Income taxes	21.8	7.4
Wages, salaries and personnel expenses	51.2	44.3
Pension costs	4.1	4.5
Interest	1.0	1.1
Other items	85.2	85.2
Total	163.3	142.5

34.2. Other current liabilities (non-interest bearing)

	2007	2006
Bills payable	4.0	3.8
Value added tax	11.8	11.8
Other short-term liabilities	6.9	7.4
Total	22.8	23.0

35. LEASE LIABILITIES

35.1. Finance lease

	2007	2006
Minimum lease payments		
within 1 year	1.9	1.8
1 - 5 years	5.2	3.4
over 5 years	0.8	0.0
Total	7.8	5.2

	2007	2006
Present value of finance lease		
within 1 year	2.0	1.7
1 - 5 years	4.9	3.0
over 5 years	0.6	0.0
Total	7.5	4.7

Konecranes Group has finance leases mainly for vehicles with average four years leasing time.

35.2. Operating leases

	2007	2006
Minimum lease payments		
within 1 year	24.1	11.1
1 - 5 years	44.0	19.6
over 5 years	19.8	6.4
Total	87.8	37.1
Operative rental expenses during the year	19.6	12.5

Konecranes Group has the major operating lease agreement of factory and office buildings in Hyvinkää and Hämeenlinna, Finland. It is valid for 10 years, unless the lessee extends the lease period with five years. The lessee is entitled to exercise the 5-years extending option three consecutive times. The Group has various other operating leases for office equipments, vehicles and premises with varying terms and renewal rights.

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36. CONTINGENT LIABILITIES AND PLEDGED ASSETS

Contingent liabilities

	2007	2006
For own debts		
Mortgages on land and buildings	0.0	0.7
For own commercial obligations		
Pledged assets	0.3	1.1
Guarantees	255.3	136.3

Other contingent liabilities and financial liabilities

	2007	2006
Leasing liabilities		
Next year	24.1	11.1
Later on	63.7	26.0
Other	0.0	1.0

Leasing contracts follow the normal practices in corresponding countries.

Total by category

	2007	2006
Mortgages on land and buildings	0.0	0.7
Pledged assets	0.3	1.1
Guarantees	255.3	136.3
Other liabilities	87.9	38.1
Total	343.5	176.2

Contingent liabilities relating to litigations

Various legal actions, claims and other proceedings are pending against the Group in various countries. These actions, claims and other proceedings are typical for this industry and consistent with a global business offering that encompasses a wide range of products and services. These matters involve contractual disputes, warranty claims, product liability (including design defects, manufacturing defects, failure to warn and asbestos legacy), employment, vehicles and other matters involving claims of general liability. While the final outcome of these matters cannot be predicted with certainty Konecranes is of the opinion, based on the information available to date and considering the grounds presented for such claims, available insurance coverage and the reserves made, that the outcome of such actions, claims and other proceedings, if unfavorable, would not have a material, adverse impact on the financial condition of the Group.

37.1. Breakdown of nominal values of derivative financial instruments

Remaining maturities 2007	< 1year	1–6 years	Total
Hedging derivative financial instruments			
Foreign exchange forward contracts	45.7	15.0	60.7
Electricity forward contracts	0.0	0.0	0.0
Total	45.7	15.0	60.7
Non-hedging derivative financial instruments			
Foreign exchange forward contracts	108.1	0.0	108.1
Electricity forward contracts	0.6	0.3	0.9
Total	108.7	0.3	109.1
Derivative financial instruments total			
Total foreign exchange forward contracts	153.8	15.0	168.8
Total electricity forward contracts	0.6	0.3	0.9
Total	154.4	15.3	169.7

Remaining maturities 2006	< 1year	1–6 years	Total
Hedging derivative financial instruments			
Foreign exchange forward contracts	100.4	11.6	112.1
Electricity forward contracts	0.0	0.0	0.0
Total	100.4	11.6	112.1
Non-hedging derivative financial instruments			
Foreign exchange forward contracts	165.0	2.7	167.6
Electricity forward contracts	0.7	0.3	1.0
Total	165.7	3.0	168.7
Derivative financial instruments total			
Total foreign exchange forward contracts	265.4	14.3	279.7
Total electricity forward contracts	0.7	0.3	1.0
Total	266.1	14.6	280.8

37. NOTIONAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	2007 Nominal value	2007 Fair value	2006 Nominal value	2006 Fair value
Foreign exchange forward contracts	168.8	5.4	279.7	3.0
Electricity forward contracts	0.9	0.3	1.1	0.1
Total	169.7	5.7	280.8	3.1

Derivatives are used for hedging currency and interest rate risks as well as risk of price fluctuation of electricity. Company applies hedge accounting on derivatives used to hedge cash flows in Heavy Lifting projects.

37.2. Breakdown of fair values of derivative financial instruments

2007 Hedging derivative financial instruments	Positive fair values < 1year	1–6 years	Negative fair values < 1year	1–6 years	Net fair values
Foreign exchange forward contracts	2.9	1.6	(0.0)	0.0	4.4
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0
Total	2.9	1.6	(0.0)	0.0	4.4
Non-hedging derivative financial instruments					
Foreign exchange forward contracts	1.7	0.0	(0.7)	0.0	0.9
Electricity forward contracts	0.2	0.2	(0.0)	0.0	(0.3)
Total	1.8	0.2	(0.7)	0.0	1.3
Derivative financial instruments total					
Total foreign exchange forward contracts	4.5	1.6	(0.7)	0.0	5.4
Total electricity forward contracts	0.2	0.2	0.0	0.0	0.3
Total	4.7	1.7	(0.7)	0.0	5.7

2006 Hedging derivative financial instruments	Positive fair values < 1year	1–6 years	Negative fair values < 1year	1–6 years	Net fair values
Foreign exchange forward contracts	2.6	0.9	(0.2)	0.0	3.3
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0
Total	2.6	0.9	(0.2)	0.0	3.3
Non-hedging derivative financial instruments					
Foreign exchange forward contracts	0.2	0.0	(0.4)	(0.2)	(0.3)
Electricity forward contracts	0.1	0.0	(0.1)	(0.0)	0.1
Total	0.3	0.0	(0.4)	(0.2)	(0.2)
Derivative financial instruments total					
Total foreign exchange forward contracts	2.8	0.9	(0.5)	(0.2)	3.0
Total electricity forward contracts	0.1	0.0	(0.1)	(0.0)	0.1
Total	2.9	0.9	(0.6)	(0.2)	3.1

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38. HEDGE RESERVE OF CASH FLOW HEDGES

	2007	2006
Balance as of 1 January	3.7	(4.9)
Gains and losses deferred to equity (fair value reserve)	0.8	11.6
Deferred taxes	(1.2)	(3.0)
Balance as of 31 December	3.3	3.7

During the third quarter year 2005 the Group started to apply hedge accounting to certain large Heavy Lifting crane projects where expected cash flows are highly probable.

39. RELATED PARTY TRANSACTIONS

The related parties of Konecranes are associated companies and joint ventures, the Board of Directors, the CEO and Group Executive Board.

Transactions with associated companies and joint ventures	2007	2006
Sales of goods and services with associated companies and joint ventures	14.4	9.2
Receivables from associated companies and joint ventures	6.3	4.3
Purchases of goods and services from associated companies and joint ventures	7.8	0.4
Liabilities to associated companies and joint ventures	0.4	0.1

Sales to and purchases from related parties are made at the normal market price.

Key management compensation

The Board of Directors, the CEO and Group Executive Board.

See Note 13. to the Consolidated Financial Statements.

Konecranes Group 2003-2007

Business development		IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2003
Order intake	MEUR	1,872.0	1,472.8	1,061.2	736.9	611.9
Order book	MEUR	757.9	571.6	432.1	298.8	211.2
Net sales	MEUR	1,749.7	1,482.5	970.8	728.0	664.5
of which outside Finland	MEUR	1,652.2	1,396.0	883.7	653.5	599.4
Export from Finland	MEUR	481.3	519.6	334.2	273.4	258.9
Personnel on average		8,005	6,859	5,087	4,369	4,423
Personnel on 31 December		8,404	7,549	5,923	4,511	4,350
Capital expenditure	MEUR	25.2	16.3	16.0	11.8	12.4
as a percentage of net sales	%	1.4%	1.1%	1.6%	1.6%	1.9%
Research and development costs	MEUR	16.2	12.5	8.8	8.5	7.9
as % of Group net sales	%	0.9%	0.8%	0.9%	1.2%	1.2%
Profitability						
Net sales	MEUR	1,749.7	1,482.5	970.8	728.0	664.5
Operating income	MEUR	192.3	105.5	49.3	31.3	21.5
as percentage of net sales	%	11.0%	7.1%	5.1%	4.3%	3.2%
Income before extraordinary items	MEUR	178.8	95.1	34.1	27.7	18.9
as percentage of net sales	%	10.2%	6.4%	3.5%	3.8%	2.8%
Income before taxes	MEUR	178.8	95.1	34.1	27.7	10.7
as percentage of net sales	%	10.2%	6.4%	3.5%	3.8%	1.6%
Net income	MEUR	129.2	68.6	24.1	18.4	6.7
as percentage of net sales	%	7.4%	4.6%	2.5%	2.5%	1.0%
Key figures and balance sheet						
Shareholders' equity	MEUR	280.8	223.7	152.1	137.6	163.4
Balance Sheet	MEUR	956.9	919.0	724.0	513.9	402.2
Return on equity	%	51.2	36.5	16.6	12.5	7.5
Return on capital employed	%	50.4	29.5	17.2	13.7	10.8
Current ratio		1.3	1.4	1.1	1.1	1.5
Solidity	%	36.1	28.3	23.7	29.1	42.6
Gearing	%	7.0	57.3	88.1	80.2	27.8
Shares in figures						
Earnings per share, basic	EUR	2.17	1.17	0.43	0.33	0.22
Earnings per share, diluted	EUR	2.13	1.15	0.42	0.32	0.22
Equity per share	EUR	4.80	3.77	2.66	2.44	2.81
Cash flow per share	EUR	3.08	1.39	0.86	0.14	0.43
Dividend per share	EUR	0.80*	0.45	0.28	0.26	0.50
Dividend / earnings	%	36.9	38.5	64.3	80.2	227.3
Effective dividend yield	%	3.4	2.0	2.6	3.2	7.2
Price / earnings	EUR	10.9	19.1	24.3	24.8	31.4
Trading low / high	EUR	20.68/34.90	10.23/22.33	7.45/10.49	6.80/8.88	4.30/7.35
Average share price	EUR	27.41	15.04	8.94	7.70	5.62
Share price on 31 December	EUR	23.58	22.30	10.41	8.13	6.90
Year-end market capitalization	MEUR	1,379.6	1,322.0	594.1	458.4	387.6
Number traded	(1,000)	128,266	114,023	73,164	63,700	50,648
Stock turnover	%	219.2	192.3	128.1	112.9	90.2

* The Board's proposal to the AGM

Calculation of key figures

Return on equity (%)	Income before extraordinary items - taxes / Total equity (average during the period)	**x100**
Return on capital employed (%):	Income before taxes + interest paid + other financing cost / Total amount of equity and liabilities - non-interest bearing debts (average during the period)	**x100**
Current ratio:	Current assets / Current liabilities	
Solidity (%):	Shareholders' equity / Total amount of equity and liabilities - advance payment received X 100	**x100**
Gearing (%):	Interest-bearing liabilities - liquid assets - loans receivable / Total equity	**x100**
Earnings per share:	Net income +/- extraordinary items / Average number of shares outstanding	
Earnings per share, diluted:	Net income +/- extraordinary items / Average fully diluted number of shares outstanding	
Equity per share:	Shareholders' equity / Number of shares outstanding	
Cash flow per share:	Net cash flow from operating activities / Average number of shares outstanding	
Effective dividend yield (%):	Dividend per share / Share price at the end of financial year	**x100**
Price per earnings:	Share price at the end of financial year / Earnings per share	
Year-end market capitalization:	Number of shares outstanding multiplied by the share price at the end of year	
Average number of personnel:	Calculated as average of number of personnel in quarters	

Company list

SUBSIDIARIES OWNED BY THE PARENT COMPANY

(1,000 EUR)

		Book value of shares	Parent company's share %	Group's share %
Finland:	Konecranes Heavy Lifting Corporation	10,821	72	100
	Konecranes Finance Corporation	46,248	100	100

SUBSIDIARIES OWNED BY THE GROUP

		Book value of shares	Group's share %
Australia:	Konecranes Pty Ltd.	133	100
Austria:	Konecranes Ges.m.b.H	218	100
	Stahl CraneSystems Ges.m.b.H	248	100
Belgium:	S.A. Konecranes N.V.	0	100
Canada:	3016117 Nova Scotia ULC	0	100
	Hydramach ULC	0	100
	Kaverit Cranes and Service ULC	9,217	100
	(2006 Alberta) Inc.	35	100
	Konecranes Canada Inc.	893	100
	MHE Canada ULC	0	100
	Overhead Crane Ltd.	2,143	100
Cayman Islands:	Morris Middle East Ltd.	0	100
Chile:	Morris Material Handling Chile S.A.	387	100
China:	Konecranes (Shanghai) Co. Ltd.	0	100
	Konecranes (Shanghai) Company Ltd.	2,395	100
	Konecranes Port Machinery (Shanghai) Co Ltd	1,013	100
	Stahl CraneSystems Trading (Shanghai) Co. Ltd.	145	100
Czech Republic:	Konecranes CZ s.r.o.	55	100
Denmark:	Konecranes A/S	72	100
Estonia:	Konecranes Oü	0	100
Finland:	Finox Nosturit Oy	20	100
	KCI Tehdaspalvelu Länsi-Suomi Oy	114	100
	Konecranes Service Corporation	2,615	100
	Konecranes Standard Lifting Corporation	3,807	100
	Nosturiexpertit Oy	10	100
	Permeco Oy	113	100
	Työstökonetekniikka Machine Tool Tech Oy	373	100
	Savcor One Oy	4,936	100
France:	CGP-Konecranes S.A.	0	100
	KCI Holding France S.A.	461	100
	Konecranes (France) S.A.	0	100
	Stahl CraneSystems S.A.S.	0	100
	Verlinde S.A.	2,780	99.6

Company list

SUBSIDIARIES OWNED BY THE GROUP

		Book value of shares	Group's share %
Germany:	Eurofactory GmbH	1,239	100
	Konecranes Deutschland GmbH	1,300	100
	Konecranes GmbH	15,262	100
	Konecranes Industriekrane GmbH	1,000	100
	Konecranes Schwerlastkrane GmbH	6,304	100
	SMV Stapler Maschinen Vertrieb GmbH	217	100
	Stahl CraneSystems GmbH	30,776	100
	SWF Krantechnik GmbH	15,500	100
Hungary:	Konecranes Kft.	792	100
India:	Konecranes India Private Ltd.	353	100
Indonesia:	Pt. Konecranes	112	100
Italy:	Konecranes S.r.l.	150	100
	Stahl CraneSystems S.r.l.	10	100
Korea:	Konecranes Korea Co., Ltd	158	100
Latvia:	SIA Konecranes Latvija	2	100
Lithuania:	UAB Konecranes	52	100
Luxembourg:	Materials Handling International S.A.	300	100
Malaysia:	Konecranes Sdn. Bhd.	567	100
Mexico:	Konecranes Mexico SA de CV	2,185	100
The Netherlands:	Konecranes BV	18	100
	Konecranes Holding BV	3,851	100
	Stahl CraneSystems B.V.	713	100
Norway:	Konecranes A/S	907	100
	Kongsberg Automation A/S	3,945	100
	Wisbech Refsum A/S	13	100
Poland:	Konecranes Sp. z o.o.	78	100
Portugal:	Ferrometal Lda.	1,556	100
Romania:	Konecranes S.A.	98	100
Russia:	ZAO Konecranes	6	100
Singapore:	KCI Cranes Holding (Singapore) Pte Ltd	511	100
	Konecranes Pte Ltd	1,467	100
	Morris Material Handling Pte Ltd.	0	65
	Stahl CraneSystems Pte. Ltd.	0	100
Spain:	Konecranes S.L.	308	100
	Stahl CraneSystems S.L.	0	100

SUBSIDIARIES OWNED BY THE GROUP

		Book value of shares	Group's share %
Sweden:	KCI Special Cranes AB	0	100
	Konecranes AB	1,448	100
	Konecranes Lifttrucks AB	24,610	100
	KVRM Holding Sverige AB	1,682	100
	Reftele Maskinservice AB	1,364	100
	Sajo Service AB	847	100
	VMR Maskinrenovering AB	229	100
Switzerland:	Stahl CraneSystems AG	60	100
Thailand:	Konecranes Service Co. Ltd.	80	49
Turkey:	Konecranes Ticaret Ve Servis Limited Sirketi	53	100
Ukraine:	ZAO Konecranes Ukraine	2,048	100
United Arab Emirates:	Stahl CraneSystems FZE	221	100
United Kingdom:	Bond Engineering (Maintenance) Ltd.	67	100
	KCI Holding U.K. Ltd.	6,821	100
	Konecranes (U.K.) Ltd.	1,350	100
	Konecranes Service Ltd.	7,745	100
	Lloyds Konecranes Pension Trustees Ltd.	0	100
	Morris Material Handling Ltd.	7,312	100
	Royce Limited	0	100
	Stahl CraneSystems Ltd.	0	100
	The Vaughan Crane Company Ltd.	0	100
	UK Crane Services Limited	0	100
U.S.A.	Drivecon, Inc.	340	100
	KCI Holding USA, Inc.	12,487	100
	Konecranes America, Inc.	3,064	100
	Konecranes, Inc.	197	100
	KPAC, Inc.	1	100
	Merwin, LLC	0	100
	MHE Technologies, Inc.	0	100
	MMH Holdings, Inc.	16,196	100
	Morris Material Handling, Inc.	0	100
	PHMH Holding Company	0	100
	R&M Materials Handling, Inc.	5,570	100
	Savcor One, Inc.	0	100
	Stahl CraneSystems Inc.	0	100

Company list

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

		Assets value	Group's share %
China:	Guangzhou Technocranes Company Ltd	410	25
	Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd.	292	30
	Shanghai High Tech Industrial Company, Ltd.	305	28
France:	Boutonnier Adt Levage S.A.	212	25
	Levelec S.A.	120	20
	Manelec S.a.r.l.	75	25
	Manulec S.A.	258	25
	Sere Maintenance S.A.	54	25
Japan:	Meiden Hoist System Company Ltd.	2,670	49
Saudi Arabia:	Eastern Morris Cranes Limited	144	49
Thailand:	Morris Material Handling (Thailand) Ltd.	333	49
	Morris Thailand Co. Ltd.	0	49
Ukraine:	ZAO Zaporozhje Kran Holding	725	49
United Arab Emirates:	Crane Industrial Services LLC	669	49

AVAILABLE-FOR-SALE INVESTMENTS

		Book value of shares	Group's share %
Austria:	ACS Technologies GmbH	500	19.9
Estonia:	AS Konesko	498	19
Finland:	Levator Oy	34	19
	Nostininnovaatiot Oy	345	17.44
	Suomen Teollisuusosa Oy	161	16.12
	Vierumäen Kuntorinne Oy	326	3.3
France:	Societe d'entretrien et de transformation d'engins mecaniques	0	19
Indonesia:	Pt Technocranes International Ltd.	3	15
Malaysia:	Kone Products & Engineering Sdn. Bhd.	10	10
Spain:	Eydimen S.L. 2000	100	19.2
South Africa:	Dynamic Crane Systems Ltd	346	19.5
Venezuela:	Gruas Konecranes CA	4	10
Others:		98	
Total:		2,425	

Parent company statement of income – FAS

(1,000 EUR) Note:		Jan 1 - Dec 31, 2007	Jan 1 - Dec 31, 2006
4	**Sales**	**28,884**	**19,766**
5	Depreciation and reduction in value	(1,611)	(939)
6	Other operating expenses	(27,069)	(23,290)
	Operating profit	**204**	**(4,463)**
7	Financial income and expenses	1,945	1,356
	Income before extraordinary items	**2,148**	**(3,107)**
8	Extraordinary items	67,260	37,638
	Income before appropriations and taxes	**69,408**	**34,531**
9	Income taxes	(18,018)	(8,984)
	Net income	**51,390**	**25,547**

Parent company balance sheet – FAS

(1,000 EUR) Note:	ASSETS	31 Dec 2007	31 Dec 2006
	NON-CURRENT ASSETS		
	Intangible assets		
10	Intangible rights	4,017	2,186
	Advance payments	63	62
		4,080	**2,248**
	Tangible assets		
11	Machinery and equipment	2,114	1,256
		2,114	**1,256**
	Investments		
12	Investments in Group companies	50,449	50,449
12	Other shares and similar rights of ownership	345	345
		50,794	**50,794**
	Total non-current assets	**56,988**	**54,298**
	CURRENT ASSETS		
	Long-term receivables		
	Loans receivable from Group companies	10,056	49,559
		10,056	**49,559**
	Short-term receivables		
	Accounts receivable	4	5
	Amounts owed by Group companies		
	Accounts receivable	5,919	3,124
	Other receivable	7	0
14	Deferred assets	67,373	37,926
	Amounts owed by participating interest undertakings		
	Accounts receivable	13	12
	Other receivables	177	652
14	Deferred assets	1,549	523
		75,042	**42,242**
	CASH IN HAND AND AT BANKS	**2**	**0**
	Total current assets	**85,100**	**91,801**
	TOTAL ASSETS	**142,088**	**146,099**

(1,000 EUR) Note:	SHAREHOLDERS' EQUITY AND LIABILITIES	31 Dec 2007	31 Dec 2006
15	**EQUITY**		
	Share capital	30,073	30,039
	Share premium account	39,307	38,975
	Paid in capital	4,709	511
	Retained earnings	621	45,633
	Net income for the period	51,390	25,547
		126,100	**140,705**
	LIABILITIES		
	Current Liabilities		
	Pension loan	0	60
	Accounts payable	1,432	1,545
	Liabilities owed to Group companies		
	Accounts payable	343	476
16	Accruals	44	46
	Other short-term liabilities	242	307
16	Accruals	13,927	2,960
		15,988	**5,394**
	Total liabilities	**15,988**	**5,394**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**142,088**	**146,099**

Parent company cash flow

(1,000 EUR)	Cash flow from operating activities	Jan 1 - Dec 31, 2007	Jan 1 - Dec 31, 2006
	Operating income	**204**	**(4,463)**
	Adjustments to operating profit		
	Depreciation and impairments	1,611	939
	Extraordinary income	37,638	10,267
	Operating income before changes in net working capital	**39,453**	**6,743**
	Change in interest-free short-term receivables	36,230	(1,244)
	Change in interest-free short-term liabilities	1,928	2,471
	Change in net working capital	**38,158**	**1,227**
	Cash flow from operations before financing items and taxes	**77,611**	**7,970**
	Interest received	2,037	1,293
	Interest paid	(1)	(3)
	Other financial income and expenses	3	(7)
	Income taxes paid	(9,352)	(7,205)
	Financing items and taxes	**(7,313)**	**(5,922)**
	NET CASH FROM OPERATING ACTIVITIES	**70,298**	**2,048**
	Cash flow from investing activities		
	Capital expenditure to tangible assets	(1,492)	(742)
	Capital expenditure and advance payments to intangible assets	(2,810)	557
	NET CASH USED IN INVESTING ACTIVITIES	**(4,302)**	**(185)**
	Cash flow before financing activities	**65,996**	**1,863**
	Cash flow from financing activities		
	Proceeds from options excercised and share issues	6,722	14,026
	Purchase of treasury shares	(45,985)	0
	Repayments of long-term borrowings	0	(60)
	Dividends paid	(26,731)	(15,829)
	NET CASH USED IN FINANCING ACTIVITIES	**(65,994)**	**(1,863)**
	CHANGE OF CASH AND CASH EQUIVALENTS	**2**	**0**
	Cash and cash equivalents at beginning of period	0	0
	Cash and cash equivalents at end of period	2	0
	CHANGE OF CASH AND CASH EQUIVALENTS	**2**	**0**

Notes to the parent company's financial statements

1. ACCOUNTING PRINCIPLES
The financial statements of the company have been prepared in euro and in accordance with accounting principles generally accepted in Finland.

2. EXTRAORDINARY ITEMS
The extraordinary items in the financial statements include received group contributions.

3. RESEARCH AND DEVELOPMENT COSTS
Research and development costs are expensed as incurred.

STATEMENT OF INCOME

4. SALES
In the parent company the sales to subsidiaries totaled EUR 28.9 million (EUR 19.8 million in 2006) corresponding to a share of 100% (100% in 2006) of net sales.

5. DEPRECIATION

	2007	2006
Intangible rights	1.0	0.5
Machinery and equipment	0.6	0.5
Total	1.6	0.9

6. COSTS, EXPENSES AND PERSONNEL

Costs and expenses in the Statement ofIncome were as follows:

	2007	2006
Wages and salaries	8.1	6.6
Pension costs	1.3	1.0
Other personnel expenses	0.7	0.7
Other operating expenses	16.9	15.0
Total	27.1	23.3

Wages and salaries in accordance with the Statement of Income:

Remuneration to Board	0.3	0.2
Other wages and salaries	7.8	6.4
Total	8.1	6.6
The average number of personnel	102	80

7. FINANCIAL INCOME AND EXPENSES

	2007	2006
Interest income from long-term receivables:		
From group companies	1.9	1.4
Financial income from long-term investments total	1.9	1.4
Interest expenses and other financing expenses:		
Other financing expenses	0.0	0.0
Interest and other financial expenses total	0.0	0.0
Financial income and expenses total	1.9	1.4

8. EXTRAORDINARY ITEMS

	2007	2006
Group contributions received from subsidiaries	67.3	37.6
Total	67.3	37.6

9. TAXES

	2007	2006
Taxes on extraordinary items	17.5	9.8
Taxes on ordinary operations	0.5	(0.8)
Total	18.0	9.0

BALANCE SHEET

10. INTANGIBLE RIGHTS

	2007	2006
Acquisition costs as of 1 January	7.5	5.2
Increase	2.8	2.3
Acquisition costs as of 31 December	10.3	7.5
Accumulated depreciation 1 January	(5.3)	(4.8)
Accumulated depreciation	(1.0)	(0.5)
Total as of 31 December	4.0	2.2

11. MACHINERY AND EQUIPMENT

	2007	2006
Acquisition costs as of 1 January	4.7	4.0
Increase	1.5	0.7
Acquisition costs as of 31 December	6.2	4.7
Accumulated depreciation 1 January	(3.5)	(3.0)
Accumulated depreciation	(0.6)	(0.5)
Total as of 31 December	2.1	1.3

Notes to the parent company's financial statements

12. OTHER SHARES AND SIMILAR RIGHTS OF OWNERSHIP

	2007	2006
Acquisition costs as of 1 January	50.8	50.8
Total as of 31 December	50.8	50.8

Investments in Group companies

	Domicile	Book value	Book value
Konecranes Finance Corp.	Hyvinkää	46.2	46.2
Konecranes Heavy Lifting Corp.	Hyvinkää	4.2	4.2
Total		50.4	50.4

Investment in other companies

Vierumäen Kuntorinne Oy	0.3	0.3
Pärjä Oy	0.0	0.0
Total	0.3	0.3

13. TREASURY SHARES

	2007	2006
Number of shares as of 1 January	792,600	842,600
Increase	1,730,400	0
Decrease	(50,000)	(50,000)
Number of shares as of 31 December	2,473,000	792,600

The Annual General Meeting on 8 March 2007 authorized the board of directors to repurchase and dispose the Company's own shares. Altogether no more than 6,500,000 shares may be repurchased or disposed taking into consideration, however, the provisions of the Companies Act regarding the maximum number of own shares that the Company is allowed to hold. This authorization shall be effective until the next Annual General Meeting of Shareholders, however no longer than until September 7, 2008.

The Board of Directors had 15 December 2006 approved a long-term incentive scheme directed to Pekka Lundmark. The incentive scheme is implemented by disposing Konecranes Plc's own shares held by the Company on the basis of the authorization granted to the Board of Directors by the General Meeting of Shareholders on 8 March 2006. Pursuant to the incentive scheme a total of 50,000 shares was sold to Pekka Lundmark to a price of EUR 12 per share in December 2006 and 50,000 shares was sold in January 2007 to the same price.

14. DEFERRED ASSETS

	2007	2006
Group contributions	67.3	37.6
Payments which will be realized during the next financial year	1.5	0.6
Interest	0.1	0.2
Total	68.9	38.4

15. SHAREHOLDERS' EQUITY

	2007	2006
Share capital as of 1 January	30.1	29.0
New issue	0.0	1.1
Share capital as of 31 December	30.1	30.1
Share premium account 1 January	39.0	26.5
New issue	0.3	12.5
Share premium account as of 31 December	39.3	39.0
Paid in capital 1 January	0.5	0.0
Increase	6.4	0.5
Decrease	(2.2)	0.0
Paid in capital as of 31 December	4.7	0.5
Retained earnings as of 1 January	71.1	61.5
Dividend paid	(26.7)	(15.8)
Decrease	(43.8)	0.0
Retained earnings as of 31 December	0.6	45.7
Net income for the period	51.4	25.5
Shareholders' equity as of 31 December	126.1	140.7

Distributable equity

Paid in capital as of 31 December	4.7	0.5
Retained earnings as of 31 December	0.6	45.7
Purchase of treasury shares after 31 December	(1.6)	0.0
Net income for the period	51.4	25.5
Total	55.1	71.7

16. ACCRUALS

	2007	2006
Wages, salaries and personnel expenses	2.8	2.2
Other items	11.1	0.8
Total	13.9	3.0

17. CONTINGENT LIABILITIES AND PLEDGED ASSETS

CONTINGENT LIABILITIES	2007	2006
For obligations of subsidiaries		
Group guarantees	144.5	245.1
OTHER CONTINGENT AND FINANCIAL LIABILITIES		
Leasing liabilities		
Next year	0.4	0.3
Later on	0.7	0.7

Leasing contracts are valid in principle three years and they have no terms of redemption.

TOTAL BY CATEGORY		
Guarantees	144.5	245.1
Other liabilities	1.1	1.0
Total	145.6	246.1

18. NOTIONAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	2007 Fair value	2007 Nominal value	2006 Nominal value
Foreign exchange forward contracts	0.0	4.2	1.4

Derivatives are used for currency rate hedging only.

Shares and shareholders

SHARE CAPITAL AND SHARES

Konecranes Plc's (Konecranes) minimum share capital is EUR 20,000,000 and its maximum authorized share capital is EUR 80,000,000, within which limits the share capital may be increased or decreased without amending the Articles of Association. Pursuant to Konecranes' Stock Option Plans, 901,060 new shares were subscribed for and registered in the Finnish Trade Register during year 2007. As a result of subscriptions before the 2007 AGM, the company's registered share capital increased by EUR 33,800 to EUR 30,072,660. The subscription price of subscriptions made after the 2007 AGM are according to the decision of the AGM booked in its entirety to the paid in capital and do not increase the registered share capital. The total amount of shares increased from 60,077,720 to 60,978,780 as the result of share subscriptions.

The fully paid share capital and total number of shares reported in the Trade Register as per December 31, 2007.

Share capital (EUR)	**30,072,660**
Number of shares	**60,978,780**

The company has one series of shares. The shares carry one vote per share and all shares carry equal rights to dividends.

QUOTATION AND TRADING CODE

The shares of Konecranes started trading on the Helsinki Exchanges on March 27, 1996. The share trades in euros on the OMX Nordic Exchange Helsinki in the Large Cap Industrials segment.

Trading codes:

OMX Helsinki Stock Exchange:	**KCR1V**
Reuters:	**KCR1V.HE**
Bloomberg:	**KCR1V FH**
ISIN code:	**FI309005870**

SHAREHOLDER REGISTER

The shares of the company belong to the Book Entry Securities System. Shareholders should notify the relevant holder of their Book Entry Account about changes in address or account numbers for payment of dividends and other matters related to their holdings in the share.

THE COMPANY'S OWN SHARES

The company's holding of own shares as per December 31, 2007

Konecranes Shares	**2,473,000**
% of outstanding shares	**4.06**

Between November 8, and December 31, 2007 the Company bought back 1,730,400 own shares for EUR 46.0 million based on the decision of the Board of Directors on November 1, 2007. The buy-back program comprising 1.8 million shares was completed in January 2008, after which the company had 2,542,600 own shares in its possession. Konecranes made a directed share issue to President and CEO Pekka Lundmark totaling 50,000 shares in January 2007 as part of a long-term incentive program. See page 33 note 13, and page 73 for further information about management compensation.

AUTHORIZATIONS

Excluding the Share Option programs of 1997, 1999, 2001, 2003 and 2007 the Board has no unused authorizations to issue shares, convertible bonds or bonds with warrants. The 2007 Annual General Meeting renewed the Board's authorization to acquire altogether no more than 6.5 million shares, taking into consideration, however, the provisions of the Companies Act regarding the maximum number of own shares that the Company is allowed to hold. The Board will propose to the 2008 Annual General Meeting a renewal of the authorization.

DIVIDEND PROPOSAL

The Board of Directors proposes to the AGM that a dividend of EUR 0.80 per share be paid for the fiscal year 2007. The dividend will be paid to shareholders, who are entered in the share register on the dividend record date March 18, 2008. Dividend payment date is on March 28, 2008.

MARKET CAPITALIZATION AND TRADING VOLUME

At the end of year 2007 Konecranes Plc's total market capitalization was EUR 1,438 million (2006: EUR 1,340 million) including own shares in the company's possession. This was the 25th largest market value of companies listed on the OMX Nordic Exchange Helsinki.

The trading volume totaled 128.3 million Konecranes shares, which represents 219% of the outstanding shares, excluding own shares in the company's possession, at the end of 2007. In monetary terms trading was EUR 3,514 (2006:1,715) million, which was the 20th largest trading of companies listed on Helsinki Stock Exchange. The daily average trading volume was 513,065 (365,872) shares representing a daily average turnover of EUR 14.1 (6.8) million.

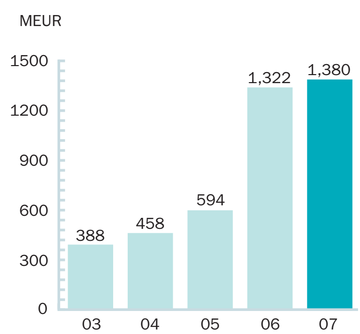
SHARE PRICE PERFORMANCE

Performance during January - December 2007

Trading Code	Closing Price	Year high	Year low	Volume Weighted Average Price
KCR1V	23.58	34.90	20.68	27.41

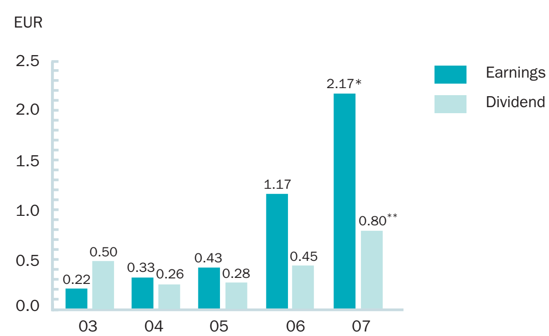
Konecranes share price performance against relevant Indices on the Helsinki Stock Exchange	% Change on previous year end
Konecranes shares (KCR1V)	5.7
OMX Helsinki Index	20.5
OMX Helsinki Cap Index	3.8
OMX Helsinki Industrials Index	0.1

Market Capitalization 2003-2007*



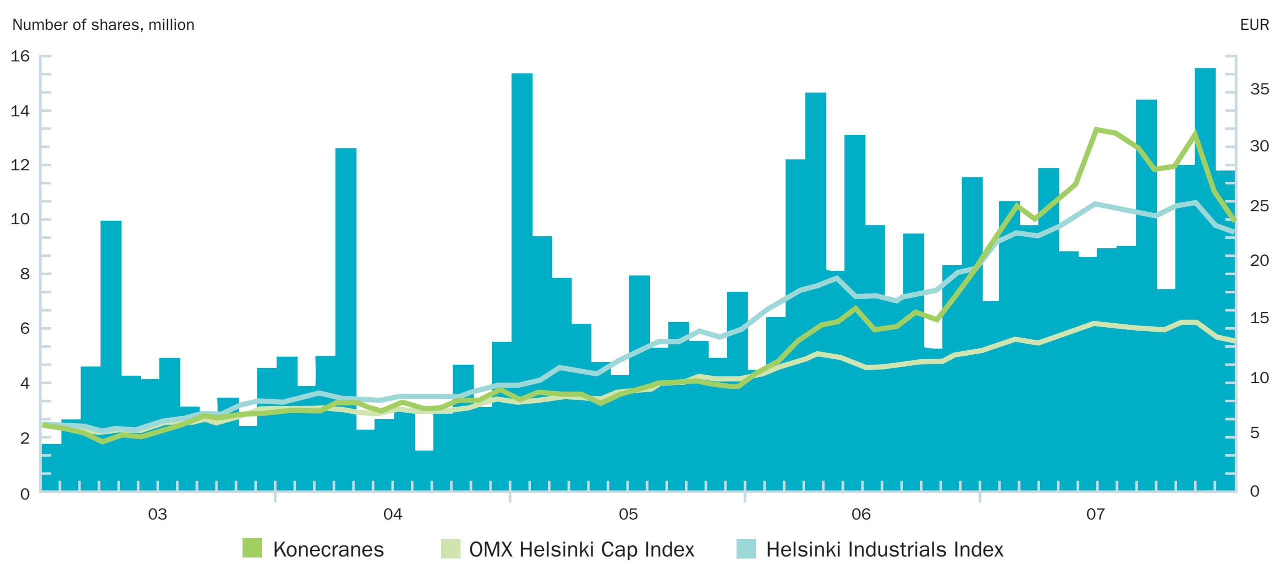
* Excluding own shares

Earnings and dividend per share



* 2007 EPS excluding capital gain: EUR 1.95
** Board's proposal to the AGM

Monthly trading volume and share price on the Helsinki Stock Exchange 2003–2007



Shares and shareholders

STOCK OPTION PLANS

Konecranes has five ongoing Stock Option Plans (1997, 1999, 2001, 2003 and 2007) targeting middle and top management and key personnel. The terms and conditions of the stock option schemes are available on our Investor homepage at www.konecranes.com. The main parameters of the stock option plans are summarized in the table below:

SUMMARY OF KONECRANES' STOCK OPTION PLANS

Stock Option	Maximum number of shares the stock option plan entitles to subscribe for	Subscription price/ share (EUR)	Number of shares that can be subscribed for	Share subscription period
1997	1,200,000	6.52	151,500	Apr. 1, 2003 – Oct. 31, 2008
1999B	600,000	8.25	87,600	Apr. 1, 2005 – Mar. 31, 2008
2001B	600,000	8.50	259,200	Apr. 1, 2007 – Mar. 31, 2010
2003B	800,000	5.41	75,000	May 2, 2006 – Mar. 31, 2008
2003C	800,000	6.25	539,240	May 2, 2007 – Mar. 31, 2009
2007A	1,000,000	25.72	972,500	May 2, 2009 – Apr. 30, 2011
Total			2,085,040	

SHARES AND OPTIONS OWNED BY MEMBERS OF THE BOARD AND OF DIRECTORS, AND OF THE GROUP EXECUTIVE BOARD ON DEC. 31, 2007

	Change in shareholding in 2007	Number of shares owned	% of shares and votes	Change in optionholding in 2006*	Option ownership*	% of shares and votes
Board of Directors	55,394	1,993,294	3.3 %	(52,000)	0	0.0 %
Group Executive Board	(22,950)	387,250	0.6 %	53,000	806,200	1.3 %
Total	32,444	2,380,544	3.9 %	1,000	806,200	1.3 %

* Option holdings are reported as the number of shares that they entitle to subscribe for.

CHANGES IN THE SHARE CAPITAL AND THE NUMBER OF SHARES

		Change in Number of Shares	Total Number of Shares	Change in Share Capital	Share Capital EUR
1999	March 11, Conversion of share capital into euros		15,000,000		30,000,000
2003	December 20, invalidation of shares held by the company and reduction of share capital	(691,370)	14,308,630	(1,382,740)	28,617,260
2004	New shares subscribed for with the 1997 stock options	1,400	14,310,030	2,800	28,620,060
2005	New shares subscribed for with the 1997, 1999A, 199B, 2001A and 2003A stock options	176,000	14,486,030	352,000	28,972,060
2006 pre-split	New shares subscribed for with 1997, 1999B, 2001A and 2003A stock options	286,700	14,601,030	573,400	14,486,030
2006	March 17, 2006 Share split 1:4	44,489,890	59,090,920	15,059,430	29,545,460
2006 post-split	New shares subscribed for with 1997, 1999B, 2001A, 2003A and 2003B series stock options	986,800	60,077,720	493,400	30,038,860
2007	February, new shares subscribed for with 2003 stock options	67,600	60,145,320	33,800	30,072,660
2007	March-December, new shares subscribed for with 1997, 1999B, 2001A, 2001B, 2003B and 2003C stock options	833,460	60,978,780	0	30,072,660

SHAREHOLDERS

According to the register of Konecranes Plc's shareholders kept by the Finnish Central Securities Depository Ltd, there were 5,336 (2006: 4,393) shareholders at the end of 2007.

LARGEST SHAREHOLDERS ACCORDING TO THE SHARE REGISTER 31.12.2007.

		Number of shares	% of shares and votes
1	**Gustavson Stig, Chairman of the Board of Konecranes Plc**	**1,982,670**	**3.3 %**
2	**Varma Mutual Pension Insurance Company**	**1,326,294**	**2.2 %**
3	**Sampo Funds**	**751,435**	**1.2 %**
	Sampo Finnish Equity Fund	420,300	0.7 %
	Sampo Finnish Institutional Equity Fund	160,104	0.3 %
	Mandatum Finland Growth Fund	103,765	0.2 %
	Sampo European Balanced Fund	67,266	0.1 %
4	**Ilmarinen Mutual Pension Insurance Company**	**734,309**	**1.2 %**
5	**Swedbank**	**592,500**	**1.0 %**
6	**OP Funds**	**537,871**	**0.9 %**
	OP Finland Small Company	195,000	0.3 %
	OP Delta	169,174	0.3 %
	OP Focus	105,000	0.2 %
	OP Europe Small Company	45,397	0.1 %
	OP Finland Index	23,300	0.0 %
7	**Folkhälsan non-governmental organizationi svenska Finland rf**	**535,600**	**0.9 %**
8	**State Pension Fund**	**450,000**	**0.7 %**
9	**Fondita Funds**	**300,000**	**0.5 %**
	Fondita Nordic Small Cap Fund	220,000	0.4 %
	Fondita Equity Spice Mutual Fund	80,000	0.1 %
10	**FIM funds**	**295,236**	**0.5 %**
	FIM Fenno	186,766	0.3 %
	FIM Forte	98,470	0.2 %
	FIM Vision	10,000	0.0 %
	Ten largest registered owners' total holding	**7,505,915**	**12.3 %**
	Nominee Registered Shares	42,666,115	70.0 %
	Other shareholders	8,373,750	13.7 %
	Shares held by Konecranes Plc*	2,433,000	4.0 %
	Total	**60,978,780**	**100.0 %**

*Konecranes' posession of own shares on December 31, 2007 including 40,000 shares purchased in 2007 that had not yet been registered was 2,473,000.

BREAKDOWN OF SHAREOWNERSHIP BY NUMBER OF SHARES OWNED ON DEC. 31, 2007

Shares	Number of shareholders	% of shareholders	Total number of shares and votes	% of shares and votes
1-100	1,395	26.1 %	89,196	0.1 %
101-500	2,243	42.0 %	636,573	1.0 %
501-1,000	755	14.1 %	587,195	1.0 %
1,001-10,000	695	13.0 %	1,529,620	2.5 %
5,001-10,000	103	1.9 %	752,186	1.2 %
10,001-50,000	97	1.8 %	2,211,343	3.6 %
50,001-100,000	20	0.4 %	1,478,102	2.4 %
100,001-500,000	19	0.4 %	3,982,894	6.5 %
500,001-1,000,000	3	0.1 %	1,862,409	3.1 %
Over 1,000,001	6	0.1 %	47,849,262	78.5 %
Totalt	5,336	100%	60,978,780	100.0 %

Shares and shareholders

INVESTOR RELATIONS PRINCIPLES

The main objective of Investor Relations in Konecranes is to inform the capital markets on matters concerning Konecranes operations and financial position. Konecranes pursues an open, reliable and up-to-date disclosure practice. Our aim is to provide correct and consistent information regularly and equally to all market participants.

Konecranes Investor Relations is responsible for investor communications and daily contacts. The President and CEO, Chief Financial Officer and other members of the Executive Board participate in these activities and are regularly available for meetings with capital market representatives.

SILENT PERIOD

Konecranes observes a silent period prior to the publication of its financial statements and interim reviews starting at the end of the quarter in question.

BREAKDOWN OF SHAREOWNERSHIP BY SHAREHOLDER CATEGORY ON DEC. 31, 2007

	% of shares and votes
Finnish companies	5.91
Finnish financial institutions	4.84
Finnish public institutions	5.75
Finnish non-profit institutions	3.87
Finnish private investors	9.15
Nominee registered shares	69.98
Non-Finnish holders	0.50
Total	100.00

ANALYSTS

According to our information the analysts listed below prepare investment analyses on the Konecranes Group. The analysts do so on their own initiative. Konecranes takes no responsibility for the opinions expressed by analysts.

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Board of Directors' proposal to the Annual General Meeting

The parent company's non-restricted equity is EUR 55,123,968.87 of which the net income for the year is EUR 51,390,470.34. The Group's non-restricted equity is EUR 208,031,000. According to the Finnish Companies Act, the distributable funds of the company are calculated based on the parent company's non-restricted equity. The Board of Directors has estimated the future liquidity of the parent company and the Board of Directors does not foresee any reason that the events after the balance sheet date would restrict the above mentioned amount of distributable funds according to the Finnish Companies Act 13:2 §.

The Board of Directors proposes that a dividend of EUR 0.80 be paid on each of the 58,496,180 shares for a total of EUR 46,796,944.00 and that the rest EUR 8,327,024.87 be retained and carried forward. The proposal includes also the 60,000 new shares subscribed for with option rights pursuant to stock option programs until now and which will be recorded in the Trade Register approximately February 14, 2008.

Helsinki, February 8, 2008

Stig Gustavson
Chairman of the Board

Björn Savén
Vice Chairman of the Board

Svante Adde
Board member

Kim Gran
Board member

Matti Kavetvuo
Board member

Malin Persson
Board Member

Timo Poranen
Board member

Stig Stendahl
Board member

Pekka Lundmark
President and CEO

Auditors' report

TO THE SHAREHOLDERS OF KONECRANES PLC

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Konecranes Plc for the financial year 2007. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies Act.

CONSOLIDATED FINANCIAL STATEMENTS

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position. The consolidated financial statements can be adopted.

PARENT COMPANY'S FINANCIAL STATEMENTS, REPORT OF THE BOARD OF DIRECTORS AND ADMINISTRATION

In our opinion the parent company's financial statements and the report of the Board of Directors have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The financial statements and the report of the Board of Directors give a true and fair view of the parent company's result of operations and of the financial position. The report of the Board of Directors is consistent with the financial statements.

The financial statements can be adopted and the members of the Board of Directors and the Managing Directors of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Helsinki, February 8, 2008

ERNST & YOUNG OY
Authorized Public Accountant Firm

Roger Rejström
Authorized Public Accountant

Translation of a Swedish original

Corporate governance

Konecranes Plc (Konecranes, Company) is a Finnish public limited liability Company, which, in its decision-making and administration, complies with the Finnish Companies Act, other regulations concerning public companies and Konecranes' Articles of Association.

As a publicly listed Company, the rules of the OMX Nordic Exchange Helsinki will apply to the Company, and the Company has undertaken to comply with the Corporate Governance Recommendation for Listed Companies issued jointly by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industries ("Corporate Governance Recommendation"). In addition, Konecranes complies with the Guidelines for Insiders published by the OMX Nordic Exchange Helsinki.

GENERAL MEETINGS

The General Meeting of Shareholders is the highest decision-making body of Konecranes. In the General Meeting, shareholders exercise their right of supervision and control of the Company. One Annual General Meeting (AGM) of shareholders must be held during each financial year before the end of June. Extraordinary General Meetings may be called whenever necessary.

Shareholders exercise their rights of vote and action in General Meetings. Matters to be handled at the AGM are defined in Article 10 of the Articles of Association of Konecranes, and in Chapter 5 Paragraph 3 of the Companies Act. Matters to be handled include the adoption of the financial statements, distribution of profits, discharging the Board members and the Managing Director from personal liability, the election of Board members and auditors and the fees payable to the Board members. The Articles of Association are available on the Company's website in the Corporate Governance section www.konecranes.com/portal/investor/corporate_governance/.

Decisions made at General Meetings are published as stock exchange releases and on the Company's website immediately after the meeting.

Advance information to shareholders

The Board of Directors (Board) shall convene an AGM or Extraordinary General Meeting by means of publishing a notice in two national newspapers listing the matters to be handled. Konecranes provides advance information in the invitation to the General Meeting. The invitation is also made available through a stock exchange release, and it is posted on the Company's website. The Board's proposals to the General Meeting are published in a stock exchange release and posted on the Company's website.

Attendance of shareholders

In order to be entitled to attend a Shareholders' Meeting, a shareholder must be registered as a shareholder in the Shareholders' register of the Company maintained by Finnish Central Depository Ltd on the record day for the Shareholders' meeting. Holders of nominee-registered shares wishing to participate in the Shareholders' meeting shall notify their custodian well in advance of the meeting and follow the instructions provided by the custodian. A registered shareholder wishing to participate in the Shareholders' meeting must notify the Company of his/her intention in the order and during the period prescribed in the Notice of the Shareholders' Meeting. A shareholder may participate in the Shareholders' meeting in person or through a representative who must present a proxy. Shareholders are requested to inform the Company of any proxies for the General Meeting in connection with the notification of participation. The shareholder and representative may have an assistant at the meeting.

Attendance of Board members and the Managing Director at the General Meeting

The President and CEO, holding the position of Managing Director under the Companies Act, the Chairman of the Board, and a sufficient number of Board members shall attend the General Meeting. A person proposed for the first time as a Board member shall participate in the General Meeting that decides on his/her election unless there are well-founded reasons for his/her absence.

BOARD OF DIRECTORS

Charter of the Board of Directors

The "Charter of the Board of Directors of Konecranes Plc" governs the work of the Board and forms an integral part of the corporate governance framework in Konecranes. This Charter supplements the provisions of the Finnish Companies Act and the Company's Articles of Association. Information on this Charter shall permit the shareholders of the Company to evaluate the operation of the Board.

Responsibilities

The Board is vested with powers and duties to manage and supervise the operations of the Company as set forth in the Companies Act, the Articles of Association and any other applicable Finnish laws and regulations. The Company aims to comply with all applicable rules and regulations affecting the Company or its affiliates (the "Group Companies") outside Finland provided that such compliance does not constitute a violation of the laws of Finland.

The Board has a general obligation to pursue the best interest of the Company and is accountable to the shareholders of the Company. The Board members shall act in good faith and with due care, exercising their business judgement on an informed base in what they believe to be the best interest of the Company and its shareholder community as a whole.

The Board shall decide on the business strategy of the Company, appointment and dismissal of the President and CEO, deputy to the President and CEO and other senior management, the group structure, acquisitions and disposals, financial matters and investments. It shall also continuously review and follow-up the operations and performance of the Group Companies, risk management and the compliance by the Company with applicable laws, as well as any other issues determined by the Board. The Board shall on an ongoing basis inform itself on issues and business activities of major strategic importance. The Board shall appoint a secretary to the Board to be present at all meetings.

Election and term

The 2007 AGM elected the following eight (8) members to the Board of Directors of Konecranes:

Mr. Stig Gustavson,	Chairman, dependent of the Company
Mr. Björn Savén,	Vice Chairman, independent of the Company
Mr. Stig Stendahl,	member, independent of the Company
Mr. Matti Kavetvuo,	member, independent of the Company
Mr. Timo Poranen,	member, independent of the Company
Ms. Malin Persson,	member, independent of the Company
Mr. Svante Adde,	member, independent of the Company
Mr. Kim Gran	member, independent of the Company
Mr. Lennart Simonsen,	Secretary to the Board (not a member of the Board)

>> Biographical details of the Board members are presented in the Annual Review 2007 and available at www.konecranes.com.

The AGM elects the Board of Directors of Konecranes. According to the Articles of Association, the Board shall have a minimum of five (5) and maximum of eight (8) members elected at each AGM for a term of one (1) year. The Board elects a Chairman and Vice Chairman among its members.

Board member candidates notified to the Board shall be disclosed in the invitation to the General Meeting, provided that the proposal has been made by the Nomination and Compensation Committee, or if the candidate is supported by at least ten percent of the total votes of all the shares of the Company and the candidate has given his/her consent to the election. Any candidates proposed after the delivery of the invitation shall be disclosed separately.

Independence of the Board of Directors

Konecranes' Board has evaluated the independence of the Board members in accordance with the Corporate Governance Recommendation. The recommendation requires a majority of the Board members to be independent. On the basis of the evaluation, seven of the eight Board members were deemed independent of the Company. These Board members do not have any other relationship of material substance with Konecranes other than that of Board membership.

The Chairman of the Board, Mr. Stig Gustavson, is deemed dependent of the Company, as he was the President and CEO of the Company until 17 June, 2005, and therefore not independent as the Corporate Governance Recommendation considers a Board member to be dependent if he/she has held a position in the Company during the last three years prior to the inception of the Board membership.

All Board members are independent of all significant shareholders of the Company. According to the Corporate Governance Recommendation, a significant shareholder refers to a shareholder who holds at least ten percent of all the shares or of the aggregate votes in the Company.

Meeting practice and self-assessment

In 2007, Konecranes' Board convened 9 times. In addition to the Board and its secretary, also the Company's President and CEO, and CFO attend the Board meetings. The average attendance of Board members at meetings was almost 96 percent. Konecranes' Board shall meet as frequently as necessary to properly discharge its responsibilities. There shall be approximately eight regular meetings per year.

The Board and each of its committees conduct an annual performance evaluation to determine whether the entire Board and each of its committees function effectively. The Board establishes the criteria to be used in these evaluations. The performance review is to be discussed with the entire Board following the end of each fiscal year.

During 2007, the Chairman of the Board conducted personal interviews with each Board member. The Chairman reported his findings to the Board at the Board meeting in which the Board approved the Financial Statements for 2007. The Audit Committee has assessed the effectiveness of its work and has resolved to maintain its current working procedures for 2008.

BOARD COMMITTEES

The Board is assisted by the Audit Committee and the Nomination and Compensation Committee. The committees were first formed in 2004.

The Audit Committee

The Board appoints the Audit Committee. The Purpose of the Audit Committee is to oversee accounting and financial processes, financial statements and internal control. The tasks and responsibilities of the Committee are defined in a

Charter (available at www.konecranes.com), which is based upon a Board resolution as part of the Company's corporate governance principles.

Members of the Audit Committee:
Mr. Stig Stendahl, Chairman
Mr. Svante Adde, member
Mr. Kim Gran, member (as of 8 March, 2007)
Mr. Matti Kavetvuo, member

In 2007, the Audit Committee convened four times. According to its Charter, the Audit Committee shall meet at least twice a year. The Chairman presents a report on each Audit Committee meeting to the Board.

The Nomination and Compensation Committee

The Board appoints the Nomination and Compensation Committee. The tasks and responsibilities of the Committee are defined in a Charter (available at www.konecranes.com), which is based upon a Board resolution as part of the Company's corporate governance principles.

Members of the Nomination and Compensation Committee:
Mr. Björn Savén, Chairman
Mr. Stig Gustavson, member
Ms. Malin Persson, member
Mr. Timo Poranen, member

In 2007, the Nomination and Compensation Committee convened three times. The Nomination and Compensation Committee shall meet at least once a year. The Chairman presents a report on each Compensation Committee meeting to the Board.

PRESIDENT AND CEO

Konecranes' President and CEO holds the position of Managing Director under the Companies Act .The Board decides upon the appointment and the dismissal of the President and CEO. The President and CEO may be a member of the Board of Directors but may not be Chairman.
Mr. Pekka Lundmark was appointed President and CEO of Konecranes on 17 June 2005. He is not a Board member, but attends the Board meetings. The biographical details, share and option ownership, employment history and major positions of trust of the President and CEO are presented in the Annual Review 2007 on page 41.

Responsibilities

According to the Companies Act, the President and CEO is in charge of the day-to-day management of the Company in accordance with the instructions and orders given by the Board. The President and CEO may undertake actions which, considering the scope and nature of the operations of the Company, are unusual or extensive, only with the authorization of the Board. The President and CEO must ensure that the accounting practices of the Company comply with law, and that financial matters are handled in a reliable manner. The President and CEO is also responsible for preparations of matters presented to the Board, and for the Company's strategic planning, finance, financial planning, reporting and risk management.

President & CEO's contract

The President and CEO's service contract may be terminated with six months' notice at any time by either the President and CEO or the Company. In the event that the Company terminates the contract without cause, the Company shall pay the President and CEO a discharge compensation corresponding to 18 months' salary and fringe benefits, in addition to the salary for the notice period. When the President and CEO reaches the age of 60 years, both he and the Company may request his retirement with a pension target of 60 percent of his underlying income. The President and CEO's service terms and conditions are specified in writing in a service contract approved by the Board.

GROUP EXECUTIVE BOARD

The President and CEO, the Business Area Presidents, the Region Presidents and Group Staff Directors form Konecranes' Group Executive Board (GXB). The GXB assists the President and CEO in his work. The GXB has no official statutory position based on legislation or the Articles of Association, but in practice it has a significant role in the management system of the Company. During 2007, the GXB consisted of the following members:

Mr. Pekka Lundmark President and CEO

Business Area Presidents

Mr. Hannu Rusanen,	Service
Mr. Pekka Päkkilä,	Standard Lifting
Mr. Mikko Uhari,	Heavy Lifting

Region Presidents

Mr. Pierre Boyer,	Europe, Middle East & Africa
Mr. Harry Ollila,	Northeast Asia
Mr. Tom Sothard,	Americas
Mr. Edward Yakos,	Asia-Pacific

Group Staff Directors

Ms. Peggy Hansson,	Director, Competence Development, until December 4, 2007
Mr. Arto Juosila,	Director, Administration and Business Development, until December 31, 2007
Mr. Ari Kiviniitty,	Chief Technology Officer
Mr. Teo Ottola,	Chief Financial Officer, as of August 20, 2007
Ms. Sirpa Poitsalo,	Director, General Counsel
Ms. Jaana Rinne,	Director, Talent Management, as of December 4, 2007
Mr. Teuvo Rintamäki,	Chief Financial Officer until August 20, 2007
Mr. Mikael Wegmüller,	Director, Marketing and Communications

Mr. Pekka Lettijeff was appointed Chief Procurement Officer and GXB member as of January 21, 2008.

>> Biographical details of Group Executive Board members and their share and option holdings are presented in the Annual Review 2007 and available at www.konecranes.com.

Business Area Presidents

The Business Areas (Service, Standard Lifting and Heavy Lifting) are each headed by a Business Area President. Business Areas are not to be seen as independent divisions. Instead, their operations are interlinked and highly synergistic. Business Area Presidents are in charge of the day-to-day management of the respective Business Areas.

Region Presidents

There are four Region Presidents in charge of coordinating Group activities in geographical areas. The Regional organization pursues the realization of greater synergies between the Business Areas. The Region Presidents have line responsibility for field operations, including Maintenance Services and Industrial Cranes, and secondary responsibility for other Group Business activities in their respective country or market area. The Region Presidents meet with the senior managers from the countries in his/her area of responsibility about four times per year.

Group Staff

The Group Staff forms a common resource for handling matters of importance for the whole Group.

Meeting practice

Konecranes' Group Executive Board convened 10 times during 2007. The GXB shall convene as frequently as necessary, normally on a monthly basis. In addition, the GXB conducts monthly reviews of the business performance and financial results together with other executive managers and the Investor Relations Manager under the President and CEO's chairmanship. The President and CEO and key Group staff members normally meet once a week to review Group administrational matters.

TECHNOLOGY BOARD

The Technology Board is chaired by the President and CEO. It also comprises the Business Area Presidents, the Chief Technology Officer, key R&D personnel, relevant Group staff members, as well as representatives from the Business Areas and different business functions. The Technology Board normally convenes on a monthly basis to assist the Business Areas and business functions in matters relating to R&D, sourcing, quality and information technology. The Technology Board has no official statutory position based on the Articles of Association, but plays a significant role in planning and developing products and business processes.

COMPENSATION

Board of Directors

The remuneration packages for Board members are resolved by the AGM on proposal by the Nomination and Compensation Committee. The AGM confirmed an annual fee for year 2007 of EUR 78,000 for the Chairman of the Board, EUR 48,000 for the Vice Chairman of the Board, and EUR 30,000 for other Board members, and that 40 percent of the annual fee will be used to acquire Konecranes shares from the market to each Board member. Should the receipt of shares entail administrative difficulties for a Board member the compensation will be paid in its entirety in cash. In addition, a compensation of EUR 1,200 was approved for attendance at Board committee meetings. The 2007 annual remuneration for the Board was paid according to the fees approved by the AGM. Non-executive members of the Board of Directors do not receive stock options. Board members employed by Konecranes do not receive separate compensation for their Board membership.

President and CEO

The Nomination and Compensation Committee reviews the President and CEO's performance. Based on this review and other relevant facts, the Board determines the total compensation package of the President and CEO.

On December 15, 2006, the Board of Directors approved a long-term incentive scheme directed to Pekka Lundmark. The incentive scheme was implemented by disposing of Konecranes shares in the Company's possession on the basis of the authorization granted to the Board of Directors by the AGM on March 8, 2006. Pursuant to the incentive scheme, 50,000 shares were sold in January 2007 on terms and conditions defined in the terms of subscription. The shares sold are subject to a five-year transfer restriction. As part of the program, the Company paid a separate bonus to Pekka Lundmark to cover the taxes levied as a result of the arrangement.

The purpose of the incentive scheme is to motivate the Managing Director to contribute in the best possible manner to long-term success of the Company and increased shareholder value for all shareholders of the Company. The agreed price per share of 12 euros corresponds approximately to the average share price during the period that Mr. Lundmark had been CEO of the company, and this was the ground for determining the share price.

The terms of subscription for the directed issue of shares relating to the President and CEO's incentive scheme are available on the Company's website. The main elements of the President and CEO's remuneration and other benefits for the year ended December 31, 2007 were as follows: Pekka Lundmark received a salary and fringe benefits of EUR 354,831, a bonus of EUR 165,000, and a separate bonus of EUR 519,052 as part of the incentive program described above.

Group Management

The Nomination and Compensation Committee reviews Group compensation policies and issues guidelines for the same. In accordance with these guidelines, the President and CEO confirms all individual top management compensation packages. Compensation packages normally include a base salary, fringe benefits (typically use of company car), pension schemes and performance related bonus schemes. Bonus schemes are always based on written contracts. Bonus criteria vary, but are usually based on profitability, asset management and growth. Bonuses are related to the individual's performance, as well as to the performance of the organizational unit he/she is directly responsible for. Numerical performance criteria are used, in preference of personal assessments.

The remuneration of the Group Executive Board is presented in note 13 to the Financial Statements.

Stock Options

The Company has issued stock option plans for its key employees, including top and middle management, and employees in expert positions. A summary of the five ongoing Konecranes stock option plans (1997, 1999, 2001, 2003, 2007) is available on page 66. Stock option plans require a corresponding resolution by a General Meeting, and all plans have been unanimously adopted by relevant General Meetings. Certain large institutional shareholders have adopted guidelines for stock option plans. These guidelines offer advice on the acceptable (maximal) dilution effect, levels of incentives, lock-up periods, length of programs etc. The Company's option plans have been designed to essentially comply with these guidelines.

The purpose of the option schemes is to motivate key personnel to contribute to the long-term success of the Company, and to create a common understanding and commitment for the creation of shareholder value. Further, a specific articulated purpose is to create a joint sense of common ownership among managers. This is believed to be of specific value for a company of Konecranes' nature with a structure covering many countries, cultures and customer industries.

Upon proposal by the President and CEO, the Board decides on the distribution of options to key personnel. In granting options to the President and CEO, the Board acts independently. At the end of 2007, approximately 320 employees were part of the Group's stock option plans.

RISK MANAGEMENT, INTERNAL CONTROL, AND INTERNAL AUDITING

Konecranes' Board has defined and adopted certain risk management principles. These principles are based on internationally widely accepted principles of good management. The Audit Committee evaluates and reports to the Board on the adequacy and appropriateness of internal controls and risk management.

Risk Management

Risk management is part of the Konecranes' control system. In order to further increase transparency, and in anticipation of the upcoming new requirements, Konecranes has decided to expand its risk descriptions. The purpose of risk management is to ensure that the risks related to the business operations of the Company are identified and managed adequately and appropriately so that the continuity of the business is safeguarded at all times.

Risk Management Principles

The Group's risk management principles provide a basic framework for risk management in Konecranes. Based on these principles, each Group company or operating unit is responsible for its own risk management. This method guarantees the best possible knowledge of local conditions, experiences and individual aspects of relevance. The Group co-ordinates and consults in issues related to risk management, and decides on how to handle methods for joint or extensive risk management (e.g. global insurance programs, Group treasury, IT infrastructure and system architecture).

According to these principles, risk management is a continuous and systematic activity targeted to protect from personal injury, safeguard the assets of all Group companies and the whole Group, and to ensure stable and profitable financial performance. By minimizing losses due to realized risks, and optimizing the costs of risk management, the long-term competitiveness of the Group companies and the whole Group are safeguarded.

Significant risks for Konecranes

Konecranes has assessed its strategic, operational, financial and damage risks. The following chapters describe the significant strategic and operational risks, and include examples of measures taken to safeguard from them. The listed risks and the risk management methods are examples and are by no means exhaustive.

The most significant short-term risks for the company are the development of the global economy and availability as well as the cost of certain subcontracted components and materials.

Market risks

The demand for Konecranes products and services is affected by the development of the overall global economy, as well as the business cycles of Konecranes' customer industries. Capital expenditure in industrial cranes varies with the development of industrial production and production capacity, while demand for port equipment follows the development in global transportation and, in the shorter term, the harbor investment cycle. The demand for service is less volatile than that of equipment demand. Besides risks to sales volumes, changes in demand can also affect market prices.

As part of its strategy, Konecranes strives to maintain a wide geographical presence to balance the effects of economic development in different market areas. Konecranes also limits the risks from changes in demand in different customer segments and demand for certain products by conducting business with a diverse customer base and wide product offering. Konecranes aims to increase the proportion of service revenue, thus decreasing the exposure to economic cyclicality.

Technology risks
Konecranes recognizes that there are various threats and opportunities related to the development of new products and services in its industry. Also the increasing importance of managing Intellectual Property Rights in the global marketplace has been taken into consideration.

Konecranes is constantly following the marketplace and competition to recognize early signs of potential changes in products, markets and customer needs.

Dedicated product development operations with formal processes have sustained Konecranes' leadership in offering advanced technologies, products and services to lift its customers' businesses. When appropriate, acquisitions have and will be made to gain advanced technologies. Konecranes ensures that its innovations are protected by international patents whenever applicable, and also its trademarks are protected.

Conducting business in emerging and developing markets
Konecranes has manufacturing and supplier networks in many developing countries. An increasing proportion of sales is from emerging and developing countries. Sudden changes in the political environment, economic or regulatory framework in these areas can have an adverse effect on Konecranes' business. Konecranes conducts careful studies of the political, social and economic environment in these countries.

The risks related to emerging and developing markets are balanced by Konecranes strong global presence and more stable service operations in developed countries, namely in Europe and North America.

Personnel
The ability to recruit and retain personnel is of key importance for the success of Konecranes. Failure to do so may adversely affect Konecranes' ability to execute its strategies. This challenge is greater during an economic upturn and in rapidly developing countries. Konecranes has recognized service technician availability and turnover to be key challenges regarding the growth of the service business. The accelerating retirement of skilled personnel also challenges Konecranes to enhance transfer of tacit knowledge and skills to younger professionals.

Konecranes manages personnel challenges through professional internal recruitment and Human Resource activities, utilizing external resources where applicable. In order to be a preferred employer, Konecranes offers a wide range of internal and external training and learning possibilities, opportunities for employees to influence their personal work, job rotation and new career opportunities both locally and globally, in addition to competitive compensation including different sets of incentives.

Global employee satisfaction surveys are conducted in order to chart the improvement needs.

Acquisitions
Unsuccessful acquisitions or unsuccessful integration of acquired companies could result in decreased profitability or hamper the implementation of the Company's strategy.

Konecranes reduces risks associated with acquisitions by performing thorough due diligence analyses prior to the acquisition using external advisors when needed.

Production risks
Konecranes' strategy is to maintain own production of some key components that have high added value and/or provide core competitive advantages. There are specific risks involved with the different aspects of production – e.g. production capacity management, operational efficiency, continuity and quality.

Production risks are best managed in the business units where the key knowledge resides. The performance of all central operations are constantly monitored as part of operative reporting.

Material management and purchase risks
Material management and purchase operations require proactive activity and development to avoid various risks related to e.g. pricing, quality, availability and stock values. Inefficiencies in these activities could adversely affect performance of Konecranes. Konecranes centrally manages purchases of materials and components that are of substantial importance for the operations. Agreements with key vendors aim to optimize these purchases globally. To further develop its purchasing operations, Konecranes appointed a Chief Procurement Officer in 2007, who will be a member of the executive management team.

Quality risks
High quality of products, business procedures and processes are seen as key elements in minimizing Konecranes' business risks. Most Group companies and all major Group operations use certified quality procedures.

Subcontracting risks
Konecranes recognizes that some key subcontractors impose price and continuity risks as they could be challenging to replace. In case of major production disturbances, these subcontractors could also hamper Konecranes' delivery capacity. Quality risks and defects in subcontracted components are, effectively, quality risks of Konecranes.

To reduce subcontractor risks, Konecranes constantly seeks competitive and alternative subcontractors. When available, alternative subcontractors enhance price competition, increase production capacity and reduce Konecranes' risks of single vendor dependency.

Konecranes constantly monitors the product and operational quality of its subcontractors. Subcontractors are encouraged to certify their operations with the same quality certificates that Konecranes uses in its internal operations.

Information technology risks
Konecranes divides information technology into shared services and business area specific activities. Konecranes' operations are dependent on the availability, reliability and quality of information, confidentiality and integrity. Any and all information security problems and incidents may adversely affect business performance.

Konecranes uses reliable information technology solutions and employs efficient information security management to avoid data loss or compromising data confidentiality, availability or integrity. Due care is exercised with internally provided and outsourced IT services to ensure high availability, resiliency, continuity of services and rapid recovery in case of temporary loss of key services.

Contract and product liability risks
Konecranes may be subject to various legal actions, claims and other proceedings in various countries. These actions, claims and other proceedings are typical for this industry and consistent with a global business offering that encompasses a wide range of products and services. These matters may involve contractual disputes, warranty claims, product liability (including design defects, manufacturing defects, failure to warn and asbestos legacy), employment, auto liability and other matters involving claims of general liability. These risks are managed by continuous monitoring of the operations, improving product safety, training customers, and detailed sales terms and by providing written policies issued in different matters to ensure compliance with legislation, regulations and Konecranes principles throughout the whole Konecranes Group. Great emphasis is placed on training in order to ensure that employees are aware of and comply with the applicable legislation, regulations and principles relating to their work. The legal department retains outside experts when necessary.

Illegal activities
Konecranes aims to comply with laws and regulations, but possible breaches of Konecranes policies resulting in illegal activities can present various threats to the company. Konecranes considers the potential risks to be limited, while taking into account that even small-scale illegal activity could damage its reputation and adversely affect its financial condition and results. Internal procedures, supervision, audits and practical tools are intended to reduce the exposure to risks. Konecranes arranges training in good governance and management practices while being clear and determined in prohibiting any illegal activities.

Damage risks
Damage risks include business interruption risk, occupational health and safety-related risks, environmental risks, fire and other disasters, natural events and premises security risks. Konecranes has taken precautions against damage risks through occupational health and safety guidelines, certification principles, rescue planning and premises security instructions. Konecranes has also sought to prepare for the materialization of risks in various Konecranes' insurance programs, and by continuously improving preparedness regarding various potential crisis situations.

Financial risks
The Group uses an approach where most of the management of financial risks is centralized to Konecranes Treasury. The legal entity, Konecranes Finance Oy, operates as a financial vehicle of the Group and it is run by the Corporate Headquarters. With centralization and netting of internal foreign currency cash flows, the external hedging needs can be minimized.

Konecranes Finance Oy is not a profit center in the sense that it would pursue to maximize its profits. The company aims to service the operative companies of the Group in reducing their financial risks.

The Group's global business operations involve financial risks in the form of market, credit and liquidity risks. The most significant market risk is currency risk related to both foreign currency transactional and translational risk. The US dollar clearly has the biggest impact, and a 1%-point increase in the EUR/USD rate (a depreciation of the USD) would have a negative operating profit effect of somewhat more than one million euros. This estimate is based on the assumptions that foreign currency transactions are not hedged and that the nominal amount of the USD denominated foreign currency transactions for the whole calendar year would be equal to the actual amounts outstanding at the end of the year (the transaction exposure). The Group's objective is to increase the short-term stability of the financial environment for the business operations by reducing the negative effects caused by price fluctuations and other uncertainties in the financial markets.

The responsibility of identifying, evaluating and controlling the financial risks arising from the Group's global business operations is divided between the business units and Konecranes Finance Oy.

The units hedge their risks internally with the Corporate Headquarters. As a result of this, most of the financial risks of the Group are concentrated into one company, Konecranes Finance Oy, and can be evaluated and controlled in an efficient way.

Almost all funding, cash management and foreign exchange with banks and other external counterparties is done centralized by Konecranes Finance Oy in accordance with the Group's treasury policy. Only in a few special cases where local central bank regulation prohibits using of group services in hedging, must this be done directly between an operative company and a bank under supervision of the Corporate Headquarters.

Konecranes Finance Oy uses a treasury system, which enables practically a real-time processing of transactions and in-depth records of activities and performance. The standard reporting is done on a weekly basis and it covers group-level commercial and financial cash flows, foreign currency transaction exposure, debt positions, portfolio of derivatives and counterparty credit exposure for financial transactions. In addition, all group companies participate in the monthly managerial and statutory reporting.

See note 3 to the financial statements for a detailed overview of financial risk management.

Insurance
The Group continuously reviews its insurance policies as part of its overall risk management. Insurance contracts are used to sufficiently cover all risks that are economically or otherwise reasonably insurable. Insurance premiums have increased, but the larger size and broadened geographical presence has enabled Konecranes to seek competitive insurance offers from the global marketplace.

Internal Auditing
The Internal Audit function in Konecranes is an independent, objective assurance and consulting activity, which assists the organization in achieving its objectives. The function evaluates the efficiency of risk management, control, and governance processes.

The Internal Audit function operates according to an Audit plan approved by the Board's Audit Committee. Internal Audit working methods are based on the professional standards confirmed by IIA (the Institute of Internal Auditors).

Administratively Internal Audit reports to the group CFO but internal audit activities are reported to the Board's Audit Committee on a regular basis.

AUDITOR
The main function of statutory auditing is to verify that the financial statements represent a true and fair view of the Group's performance and financial position for the financial year. Konecranes' financial year is the calendar year. The auditor regularly reports to the Board's Audit Committee. The auditor is obliged to audit the validity of the Company's accounting and closing accounts for the financial year, and to give the General Meeting an auditor's report. The auditors of Konecranes are elected by the AGM. The auditors are elected to office until further notice. The same auditor with principal responsibility may not serve for more than seven financial years. A proposal for the election of external auditors made by the Audit Committee shall be disclosed in the invitation to the AGM. The Audit Committee strives for a regular rotation of its external auditors. Authorized public accountant (APA) Ernst & Young Oy was elected as the Company's new external auditors as of the financial year 2006. Ernst & Young Oy with Mr. Roger Rejström, APA, as the auditor with principal responsibility, have audited the Company's accounting, financial statements and administration.

External auditor's fees
In 2007, the fees paid to Ernst & Young Oy and its affiliated audit companies for auditing Konecranes Group companies totaled EUR 1,294,581 while the fees paid for consulting services totaled EUR 738,494.

INSIDERS
Konecranes' Board accepted Insider Rules for Konecranes in November 2005. These Insider rules are based on the Finnish Securities Markets Act, standards issued by the Financial Supervision Authority and the OMX Nordic Exchange Helsinki Insider Guidelines in force as of January 1, 2006.

Konecranes' Public Insider Register includes members of the Board of Directors, the President and CEO, the secretary to the Board, the auditors, members of the Group Executive Board, as well as other persons having a comparable position in the Group based on the decision of the Company. In addition, Konecranes' Company-Specific Permanent Insiders includes persons that are defined by the Company, and who regularly possess insider information due to their position in the Company. Persons registered in the Public Insider Register and the Permanent Insider Register are not allowed to trade in Konecranes Securities during a period commencing on the first day after the end of each calendar quarter and ending on the day after the publication of the corresponding interim report or financial statement bulletin of the Company. The Company also maintains Project-Specific Insider Registers of every Insider Project of the Company. Project-Specific Insiders are prohibited from trading in Konecranes shares until termination of the project.

The General Counsel maintains Konecranes' register of insider holdings, and is responsible for monitoring compliance with insider guidelines and the duty to declare. The Company maintains its public and Company-specific insider registers in the Finnish Central Securities Depository's SIRE system.

Konecranes Public Insiders are listed on the Company's website. Konecranes Public Insiders' share and option holdings are available for public display in the NetSire register, which can be accessed also through Konecranes' website.

For further information, please see www.konecranes.com

Information to shareholders

Invitation to participate in the Annual General Meeting

The Shareholders of Konecranes Plc are hereby notified that the Company's Annual General Meeting will be held on Thursday, 13 March 2007 at 11.00 a.m. at the Company's auditorium, Koneenkatu 8, 05830 Hyvinkää.

Shareholders wishing to attend and vote at the AGM must, on the record date March 3, 2008, be registered in the share register of Konecranes kept by the Finnish Central Securities Depository Ltd. Holders of nominee registered shares intending to participate in the Annual General Meeting shall notify their custodian well in advance of their intention and comply with the instructions provided by the custodian. The registration must be in place on 3 March 2008.

A shareholder who wishes to participate in the Annual General Meeting of Shareholders must notify the Company of the participation no later than on 10 March 2008 before 4.45 p.m. to Ms. Tiina Huoponen

by e-mail: agm2008@konecranes.com
by telefax: +358 20 427 2089 (from abroad) or 020 427 2089 (Finland),
by mail: P.O.Box 661, FIN-05801 HYVINKÄÄ or
by phone: +358 40 704 1066 (from abroad) or 040-704 1066 (Finland) or
through the Internet: www.konecranes.com/investor/agm2008

Shareholders are requested to inform the Company of any proxies for the Annual General Meeting of Shareholders in connection with the registration. A model for a proxy is available on the Internet site mentioned above.

Publication dates of interim reports in 2008

January – March	29 April 2008 10.00 a.m.
January – June	30 July 2008 10.00 a.m.
January – September	29 October 2007 10.00 a.m.

Quarterly results briefing and webcast

A result presentation for financial analysts and media will be held on each day of the result publication at 12.00 noon EET. The meeting will be webcasted at www.konecranes.com.

Payment of dividend

The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of EUR 0.80 is paid on each share. Dividend will be paid to shareholders who are registered on the record date as shareholders in the Company's shareholders' register maintained by the Finnish Central Securities Depository Ltd. The Board of Directors proposes that the record date for the dividend payment is 18 March 2008. The dividend will be paid on 28 March 2008.

Distribution of financial information

Konecranes publishes all investor information on the Investor Relations section on the website www.konecranes.com. The Annual Report is available as a printed publication in English, Finnish and Swedish. The Annual Report is mailed to all shareholders. You can receive Konecranes' press and stock exchange releases in English, Finnish or Swedish by e-mail by registering on the company's website.

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>> Additional information on Konecranes is available at www.konecranes.com.

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Konecranes has operations in 43 countries. For a comprehensive listing of addresses by country, we welcome you to visit our web site at www.konecranes.com