KONECRANES

2004

Annual Report 2004

WORLD LEADING CRANE TECHNOLOGY

This is KCI Konecranes

KCI Konecranes is a world leading engineering group specialising in advanced overhead and harbour lifting solutions and related maintenance services. KCI Konecranes prides itself on being a forerunner in innovative lifting and maintenance technologies dedicated to satisfying end-users' needs for increased uptime, reliability, safety and top performance.

Our business is to provide thoroughly modern lifting equipment, modernisation and maintenance services, generating the lowest costs over the lifetime of the equipment and the best possible performance. Our customers benefit from using a single-source supplier for all their crane-related needs. In short we sell productivity!

We are organised along three global Business Areas: Maintenance Services, Standard Lifting Equipment and Special Cranes.

Our maintenance services business and our leading position as a supplier of new cranes to all key crane-dependent industries together create excellent synergies and provide stability for us in our business cycle.

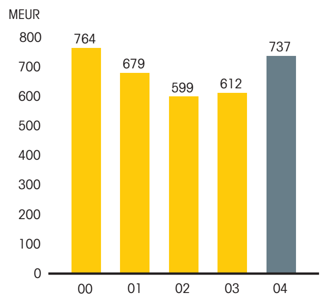
In our offering we do not target the construction site crane (tower crane) nor the mobile crane market.

The Group has a presence through its own personnel and partners in more than 40 countries with service depots at more than 300 locations worldwide.

KCI Konecranes was reborn in 1994, becoming independent from Kone Corporation. However, as a crane builder our history dates back to 1933.

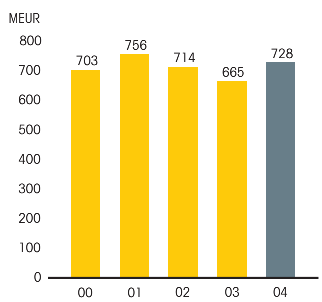
KCI Konecranes was listed on the Helsinki Stock Exchange in 1996. Today, our owners represent a throughcut of the international investment universe. There is no dominant shareholder, and our free float is 100 %.

Order Intake*

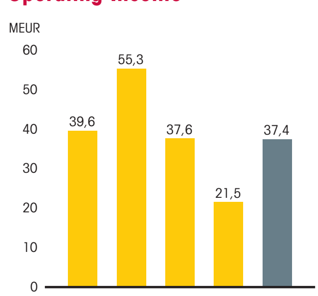


*excluding the service contract base

Sales



Operating Income



KEY FIGURES	2004	2003	Change
Sales, MEUR	728,0	664,5	9,6 %
EBITA, MEUR	39,4	24,8	58,9 %
EBIT, MEUR	37,4	21,5	74,0 %
Operational* EBIT, MEUR	37,4	34,1	9,7 %
Net earnings, MEUR	23,0	6,7	243,3 %
Return on capital employed,%	15,9	10,8	47,2 %
Solidity, %	34,3	42,6	-19,5 %
Gearing, %	67,2	27,8	141,7 %
Earnings per share, EUR	1,64	0,88	86,4 %
Dividend per share, EUR	1,05**	2,0***	
Personnel 31.12	4511	4350	3,7 %
Orders received, MEUR	736,9	611,9	20,4 %
Order book 31.12, MEUR	298,8	211,1	41,5 %

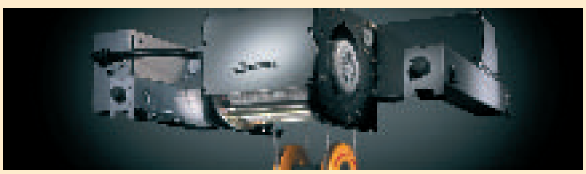
* before restructuring costs
** Board's proposal
*** includes 1 EUR in ordinary and 1 EUR in extraordinary dividend

Contents

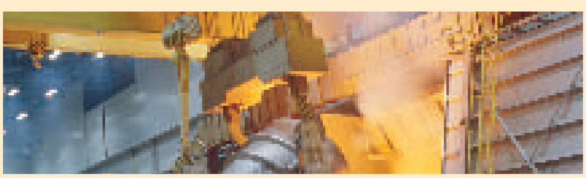
Highlights 2004 4
President's letter 6
Strategic cornerstones 8

MAINTENANCE SERVICES 10

STANDARD LIFTING EQUIPMENT 14

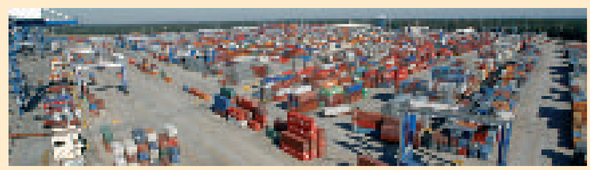


SPECIAL CRANES 18



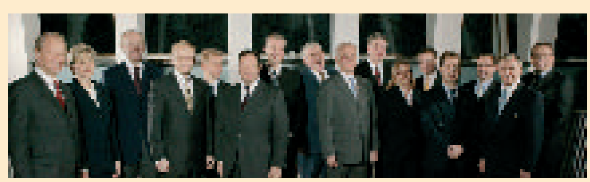
Personnel 22
Environment and corporate responsibility 24
Corporate governance 26
Shares and shareholders 31
Board's report 36
Consolidated statement of income 39
Consolidated balance sheet 40
Consolidated cash flow 42

Accounting principles 43
Notes to the consolidated financial statements 45
Parent company statement of income 49
Parent company balance sheet 50
Parent company cash flow 52
Notes to the parent company's financial statements 53
Company list 55
Development by Business Areas 57
The KCI Konecranes Group 2000–2004 58



Calculation of key figures 59
Board of Directors' proposal to the AGM 60

Auditors' report 60
Board of Directors 61



Group Management 62
Addresses 64
Information to shareholders 66
Analysts 66
KCI Konecranes in a nutshell 67

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along with a wide variety of other financial data at: www.kcigroup.com.
KCI Konecranes' Annual Reports (in English, Finnish, Swedish and German) can be ordered from
KCI Konecranes Plc, Group Communications, P.O. Box 661, 05801-Hyvinkää, Finland.
Phone: +358-20 427 2016, Fax: +358-20 427 2103, communications@kcigroup.com.

Highlights 2004


Shanghai General Motors, China

Restructuring developed into re-engineering

In the re-engineering program, launched in 2003, the Group successfully increased its business areas' presence in all its major customer industries; especially in steel, automotive and engineering and in the growth markets of China and Russia.

Increasing amounts of production was outsourced to low cost suppliers in emerging markets. Motor manufacturing was outsourced to Estonia and the French crane manufacturing in Orleans mainly to Poland. Estonian contract manufacturers started the production of electrical controls for the Group. Hoist assembly at our own plant in China increased. Changes in the operative organisation were made; Harbour and Process cranes were merged into a single Special Cranes organisation and Country Executives were appointed to improve the Group's cross business activities in major markets.

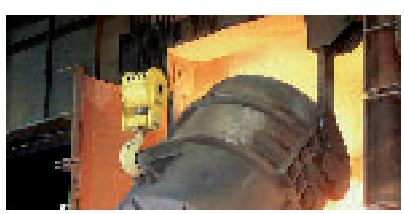
Apr: New Konecranes RTG!

A completely new RTG-crane model the "Octo" was launched. The new model is

an 8-wheel design, fully electro-mechanical and has the lowest total life-time costs compared to its competitors in the market. The Octo is especially intended for mid size container yards, and complements our RTG range dedicated for large seaports. The first unit was delivered to the Luka Koper Container Terminal in the Port of Koper in Slovenia and 3 more units were sold in 2004 to Maritima Valenciana in Spain.

Apr: KCI Konecranes 10th Anniversary

On April 15, 2004 KCI Konecranes Plc celebrated its 10th anniversary with a Jubilee seminar and dinner in the crane factory in Hyvinkää, Finland. Some 180 guests from 20 countries included customers, suppliers, shareholders, bank analysts, Board members, company top managers and a small group of prominent guests including KONE's president and CEO Mr. Antti Herlin and former KONE president, Dr. Gerhardt Wendt.



Apr: Big cranes to West Siberia

The Russian steel mills' comprehensive programs of technological revamping triggered large crane orders in 2004 for KCI Konecranes, starting in April 2004 with an order for nine heavy-duty steel mill cranes from OAO West Siberian Iron and Steel Plant.

May: Factory expansion in China

On the back of rapid growth in Group activities in China, the Group announced on May 11, 2004 its plans to double the


Li Wei, assembly worker, Shanghai, China

manufacturing floor space in Shanghai. The capacity extension is intended primarily for production of components in the Special Cranes range such as hoisting trolleys and crane controls for large EOT cranes and RTG cranes. Production at the new factory will start in mid-year 2005.

Mar-June: Konecranes RTG to the U.S. West Coast and Spain

In 2004, Konecranes' RTG Rubber Tyred Gantry conquered new territories. Burlington Northern Santa Fe Corporation of Texas, USA contracted KCI Konecranes for the delivery of the first two Konecranes RTG's to the U.S. West Coast and Terminal de Contenidors de Valencia, part of GRUP TCB of Spain, ordered the first three Konecranes RTG's to the port of Valencia in Spain.

Jun: Joint Venture in the Emirates

KCI Konecranes and the Kanoo Group have established a joint venture, Crane Industrial Services LLC, in the UAE. The joint venture will give customers in the Gulf region easy access to a complete range of overhead lifting solutions including crane maintenance services for virtually all industries including harbours.

Aug: Konecranes into Italy

A new subsidiary Konecranes S.r.l. was established to give Italian customers' easy access to the entire KCI Konecranes product range including preventive crane

"A year of celebration, expansion and acquisitions"

maintenance and modernisation services, industrial cranes and heavy-duty process cranes for virtually all industries including harbours.

Aug: Pekka Lundmark to KCI Konecranes

On August 10, 2004 the Board of Directors of KCI Konecranes Plc appointed Mr. Pekka Lundmark, 41, M.Sc. (Eng), to the position of Group Executive Vice President. The Board further declared its intention to appoint Mr. Lundmark to the position of Group President and CEO, as the successor of Mr. Stig Gustavson. Later the Board informed that the appointment of Mr. Lundmark as President and CEO will take place on June 17, 2005.

Sept: Acquisition SMV Lifttrucks AB

On September 8, 2004 KCI Konecranes announced its acquisition of SMV Lifttrucks AB (SMV) of Markaryd, Sweden, a supplier of heavy-duty reach stackers and fork-lift trucks. SMV's complementary product portfolio and extensive dealer network strengthens KCI Konecranes position as a global complete solutions provider in harbours, intermodal terminals and in the shipping industry. SMV has 85 employees.

Dec: More steel mill cranes to Russia

In December 2004 KCI Konecranes recorded its largest single steel mill crane order ever. Russia's largest steel-making enterprise OAO Magnitogorsk Metallurgicheski Kombinat (MMK) ordered 26 cranes to its plant in Magnitogorsk, Southern Ural.

Dec: One euro extraordinary dividend

An extraordinary general meeting of KCI Konecranes Plc held on 10 December 2004 decided to pay an extraordinary dividend of one euro per share, based on the approved balance sheet for the financial period ended 31 December 2003, as proposed by the company's Board of Directors. The Board emphasises the extraordinary nature of the proposed additional dividend.

Dec: Acquisition of UK company Morris Material Handling Ltd

On New Years Eve 2004 KCI Konecranes closed the acquisition of Morris Material Handling Ltd (MMH), a UK leading crane and hoist manufacturer with a strong focus on after market services. MMH's strong brand name dates back to 1884. Headquartered in Loughborough, in the East Midlands, the company has 340 employees.

Pekka Lundmark

Incoming President and CEO

KCI Konecranes' incoming President and CEO Pekka Lundmark joins the crane industry with CEO experience, and a background in telecommunications and marketing.

Pekka Lundmark joined KCI Konecranes as Group Executive Vice President and future President and CEO after holding the position of President and CEO at Hackman. During his previous position he worked with Stig Gustavson, President and CEO of KCI Konecranes, who also chaired Hackman's Board of Directors. Pekka Lundmark is a graduate of Helsinki University of Technology department of Technical Physics with a M.Sc. in Engineering. He majored in Information Technology and International Marketing. From 1990 to 2000 Lundmark was employed by Nokia Networks. From 2000 to 2002 Lundmark was Managing Partner at Startupfactory, a venture capital fund specialising in new technology innovations.

Stig Gustavson, President and CEO:

The year 2004 marks yet another turning point in the history of our Group. After a few years of low investment activity and low, even negative growth in our main markets, the sentiment has now changed. During the year, the Group recorded an over 20 % increase in new orders. Disregarding the currency changes (notably the slide in the value of the US dollar) the orders growth was 24 %. Total sales for the Group will develop accordingly, and the growth now, 10 %, only marks the beginning of a fine development to come. Our profits developed in line with sales.

On April 15, 2004 the KCI Konecranes Group celebrated its first ten years as an independent company, and its first eight years as a listed company.

During these ten years the Group has doubled its sales and profits and grown its number of personnel with 56 %. During the whole period the Group has maintained a strong balance sheet. The Group has increased its yearly dividends threefold, invested in growth, acquisitions and increased working capital due to growth. The Group has grown its operations to cover 35 nations globally, and has taken the world lead in its business.

Naturally, there has been both rain and sunshine on the way, full storm and favourable sailing. We have encountered currency turbulence, war in Iraq, SARS in Asia, European recession. But we have also encountered rapid growth periods, we have launched whole ranges of new products, we have won market share. And we have completed a number of successful acquisitions.

The business situation for the Group, at the end of 2004 resembles that of ten years ago: The Group has recently been through a thorough re-engineering leading to a sharper competitive edge, the Group's markets grow and the Group has embarked on an ambitious acquisition program.

In 1994 we had abandoned crane welding at 19 locations worldwide and centralised the production of key components for scale benefits. In 2004, we restructured noble-parts production and moved from largely Finland-based production to a global procurement network, using low-cost suppliers when applicable and upgrading our own production for efficiency. The result then – and now – was and is a sharply increased cost efficiency in comparison to our competitors. In 2004 as we go forward, we see vast possibilities for further cost improvements, like we did in 1994.

In 1994 Scandinavia and Europe were coming out of recession. The Group was well positioned to ride the wave of strong demand. In 2004, our Chinese venture produced impressive numbers. The rest of our Asia-Pacific operations also started to develop well, and the American market has started to grow. In Europe, the investment climate remained low, but with increasing market shares we managed to find growth also in Europe.

In 1994 we were rapidly increasing our presence in the industrial cranes market through a number of acquisitions. Those acquisitions also contributed to a rapid build-up in terms of installed base, the prerequisite for growth in Maintenance Services. In 2004 we embarked on a new strategy for increasing our presence in the harbour markets for cranes and maintenance. Having proven our strategy of providing first class maintenance services in combination with top class cranes for industrial customers, we now want to expand that way of operations to the ports sector.

The acquisition of SMV Lifttrucks AB of Sweden, now SMV Konecranes AB, marks our desire to increase our activities in the market for container handling equipment, in ports but also in industry. This increased presence is helping us to promote our maintenance services in ports.

In 2004 we also continued our acquisition strategy for industrial cranes. With the inclusion of Morris Material Handling Ltd of the UK we enhance our positions in the UK.

In one aspect the 2004 situation differs from that of 1994. Ten years ago our main manufacturing base currency, the Finnish Markka, was trading at very favourable rates towards almost all other currencies, adding greatly to our competitive strength. Today the EUR/USD exchange rate is certainly not favourable for Europe-based manufacturing. We were burdened during 2004 under the unfavourable exchange rates – however, our increasing manufacturing base in China and our US operations will reduce that disadvantage during the course of 2005.

R&D has always played a pivotal role for the Group's success, both in 1994 and very much so, in 2004. In 1994 the XL series of Standard Lifting was the newest product range on the market. Today, the recently launched CXT is the best selling range in the world of Standard Lifting Equipment. In Special Cranes we have seen a continuous stream of product innovations: the AGD-bulk handling technology, the BoxHunter container handling technology, the 16-wheel and now also the 8-wheel all electronic RTG, the Munckloader shipboard crane and many more. Much of today's efforts go into the harbour equipment sector, with a special emphasis on modern maintenance tools.

On February 11, 2005 the Board of KCI Konecranes announced its intention to elect me Chairman of the Board of Directors in its meeting on June 17, 2005. This decision is naturally subject to a re-election of the Board in substantially its present form at the AGM on March 10, 2005.

As Chairman, I cannot continue my duties as CEO, and the Board therefore also reconfirmed its previous intention to appoint Mr. Pekka Lundmark as my successor. The Board intends to make this appointment also in its meeting on June 17, 2005, i.e. my 60th birthday. Björn Savén, Chairman from the birth of the Company on April 15, 1994 has confirmed his willingness to continue as a member of the Board of Directors, and it has announced its intention to elect him as Deputy Chairman.

Here I want to express my sincere and deeply felt appreciation of Björn Savén's long duty as the Group's Chairman. Under his inspiring leadership the Group has developed from the pioneering early years to a blue-chip world leader, with a recognised standing in the entire industrialised world. I am equally thankful for Björn Savén's continuing support to the Group in the form of his future role as Deputy Chairman.

The past ten years have been full of achievements. However, I am even more excited about the future prospects for the Group. In many aspects the Group's present trading resembles that of 1994. Then, and now, we are inspired with pioneering enthusiasm. Then, and now, we are looking forward to fast growth of all Group activities. We are all fully confident of Mr. Lundmark's ability to take on the responsibility for the top job in the Group.

Following an old tradition I wish to extend a warm thank-you-so-much to all customers, shareholders, colleagues and other stakeholders, this time not only for a successful year 2004, but for all the time I have had the honour of steering the ship, in fact already from the early KONE days from January 1, 1988.

Stig Gustavson

President and CEO

Strategic cornerstones

KCI KONECRANES STRATEGY

The KCI Konecranes Group strategy is based on the combination of two global activities- supplying cranes and providing maintenance services- for a global customer industry base. Growth, innovation and efficiency are the three cornerstones of this strategy.

Growth

KCI Konecranes' leading driver for organic growth is its maintenance services business. An estimated 70 % of all crane maintenance is still carried out by the crane owner's in-house staff. Outsourcing of crane maintenance to professionals improves cost efficiency, safety and increases uptime. We believe the demand for increasing outsourced crane maintenance will prevail and provide growth opportunities for several decades to come. The consolidation of the crane industry is also in the early stages of its development. We believe this industry will follow the same development as in most other industries. KCI Konecranes has the financial and managerial resources available to play an active role in the consolidation of the industry. Well-recognised local, national or regional brand names with large installed bases remain the primary targets for KCI Konecranes' acquisition policy.

Innovation

Maintaining the lead in technology is the way forward in this industry. KCI Konecranes is committed to developing innovative lifting solutions and new technologies for preventive maintenance services. KCI Konecranes' R&D enjoys the benefits of the world's largest maintenance agreement base with information on both own and competitor equipment. KCI Konecranes focuses on developing superior product features with the aim of maximising uptime for the equipment with minimum operational and maintenance costs over its lifetime. Our R&D resources remain unmatched in this industry.

Efficiency

KCI Konecranes endeavours to be the cost leader with the lowest unit costs in the industry. This is achieved by employing new technology and cost-efficient designs, based on modularity and standardisation. Maintaining a globally uniform product platform gives flexibility in capacity utilisation and allocation of resources. On the supply side, KCI Konecranes global operations also provide access to the most cost efficient sourcing opportunities. The ongoing efficiency improvement programs continue to target opportunities available in global manufacturing and sourcing. Compared to our competition, our sales productivity is boosted by our size, geographical market coverage and business concept of combining crane sales and maintenance through one common network.

VISION

KCI Konecranes' vision of its industry's future is that of an industry producing high performing, reliable and safe lifting solutions with world-class maintenance back-up. In this development we want to take and hold the lead.

BUSINESS OBJECTIVE

Our objective is to maximise lifting availability for our customers while at the same time minimising total lifetime costs, i.e. the total of capital, operating and maintenance costs for the equipment. We want to create value for our shareholders.

"Growth, Innovation & Efficiency"

KCI KONECRANES – ONE BUSINESS MODEL WITH MANY FACES

As the technology leaders in overhead lifting equipment and crane maintenance, KCI Konecranes is reshaping its industry. KCI Konecranes caters for a basic need in all industrial activity and sees an ever-increasing demand for its products and services. KCI Konecranes main tools are service quality, innovation and a global presence. KCI Konecranes' three business areas are interlinked by a high degree of synergy. Every service call fuels growth in the crane and equipment operations and every crane sale creates opportunities for providing maintenance services. KCI Konecranes' maintenance agreement base holds information on thousands of cranes of different manufacturers, which inspires KCI Konecranes R&D staff to find new generations of lifting and service technologies. By nature, maintenance services are less exposed to cyclical variations in the world market compared to equipment sales and therefore help even out the effects of investment cycles. KCI Konecranes global presence and widespread customer industry base also even out the effects of cyclical swings in investments, both geographic and industry specific ones.

CORE VALUES

TRUST IN PEOPLE

We want to be known for our good people.

TOTAL SERVICE COMMITMENT

We want to be known for always keeping our promises.

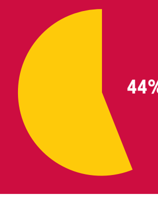
SUSTAINED PROFITABILITY

We want to be recognised as a financially sound company.

Read more about KCI Konecranes' values on page 24.

"Growth and acquisitions"

Part of Group Sales



Part of Group Personnel

Maintenance Services consists of all activities related to keeping machines available for safe, reliable and uninterrupted service. We provide services for all overhead cranes regardless of original manufacturer. More than 80 % of all cranes and other machines included in our service agreement base have not been manufactured by KCI Konecranes. Key products are inspection services, preventative and predictive maintenance, spare parts services, performance upgrades and large modernisations.

Vision

Machine maintenance is a genuine growth market. KCI Konecranes' vision is to use its world leader position in maintenance services to sustain and accelerate growth. We want to contribute to the development of new maintenance technologies.

Strategy

We see trouble source elimination as the best form of preventative maintenance. Our cornerstones are a highly skilled work force, long-lasting customer relationships in the form of ongoing maintenance agreements and growth through increasing outsourcing of maintenance. An estimated 70 % of all machine maintenance is still carried out by the owner's own staff. We are committed to innovative maintenance technology solving old problems with new technology. Our focus is always on preventive maintenance and elimination of potential future trouble. Our objective is to maximise availability for the equipment while minimising the overall operational and maintenance costs for the machine owners. From a base in the production industry we apply the same strategy in harbours. In the engineering industry where we have reached a high penetration rate, we branch out into maintaining other machine tools.

Key Figures	2004	2003	Change
Sales, MEUR	344,6	338,8	1,7 %
Operating income, MEUR	23,3	22,4	4,0 %
Operating margin, %	6,8 %	6,6 %	
Order intake, MEUR	308,4	269	14,6 %
Personnel	2685	2622	2,4 %

Growth rediscovered

With 2004, new orders growth in Maintenance Services is back on a historically "normal" level: 15 % growth over 2003, 19 % when counted in comparable currencies.

For some years, low industry utilisation rates and a high level of change in the industrial landscape have kept the growth of our maintenance operations on a lower level. In fact our rates of receiving new business have always remained high. However, during turbulent times our ability to retain a good workload has suffered as our customers suffer from low utilisation and are forced to cut capacity or even to close production lines. As a consequence, the net growth was lower, although always positive.

Now, with more stable conditions and a more positive sentiment among customers, new orders net growth is back to familiar two-digit levels.

The many faces of Maintenance Services

In contrast to most other crane builders and the engineering industry in general, we do not rely on a large installed base of products made by ourselves. We do not rely on a high level of high margin spare parts sales to a "captive" clientele.

Instead, we rely on our ability to offer a truly economical and safe approach to maintenance. We offer a long term relationship with our client, we offer safety, stability and reliability. Our services offering is large, covering all maintenance actions, not only spare parts. We benefit from our customer's benefit.

From a solid platform within industry, we now increase our efforts also to cover the harbours. Through the acquisition of SMV Lifttrucks AB of Sweden in 2004 we have improved our positions to be able to credibly offer a wide range of maintenance services to the ports. Here we are still at the beginning of what we see as a very interesting and promis-


Tom Sothard, Business Area President


Service technicians Timo Ruokonen and Vesa Vuori


Modern maintenance diagnostic tools

ing development.

We see a general interest among mid-sized harbours, most of them municipally or government owned, to increase their use of outsourced services. Here, maintenance is often one of the first targets to be considered.

We must, however, also understand that harbours have very long standing operational traditions. Breaking with these traditions will not be an easy task, nor will it be completed overnight.

We are also involved in the maintenance of "non-crane" machines. We have found that our business model, with its focus on preventative maintenance, is equally well suited for other maintenance work as well. We are always anxious to demonstrate our technical competence, so we limit ourselves to those machine tools we know, which are the machine tools of the engineering industry.

Retention rate

Due to rapid structural changes in the global industrial landscape, we have encountered a high volatility in our maintenance services agreement base. We have tried to capture this "churn" by reporting "new contracts gained" in contrast to "old contracts lost", the balance being "net growth".

This reporting is not too well defined. We have now adopted a new method of reporting the underlying development in the form of the retention rate. The retention figure simply indicates the percentage of total maintenance contract sales that came from customers that were our customers already 12 months ago. The retention rates for the last three years have been:

Retention	2002	2003	2004
rates	85,2 %	85,3 %	90,6 %

The improvement of the retention rate during 2004 will have a positive impact on Business Area profitability.

Acquisitions

During 2004, in October, the Group acquired the Swedish company SMV Lifttrucks AB, now SMV Konecranes AB. The immediate effect on Maintenance Services of this acquisition will be limited to spare parts for an existing fleet of 1,500 machines.

However, this acquisition enhances our maintenance and new equipment presence directly and indirectly in the important harbour sector.

On December 31, 2004 the Group acquired Morris Material Handling Ltd. of the UK. This company works totally within the present core business of the Group, with Standard Lifting Equipment and related Maintenance. The size of Morris' maintenance operations is nearly 17 MEUR. UK Morris' network of 16 service branches, operating under the Morris name, form an ideal second leg to the Group's existing network.

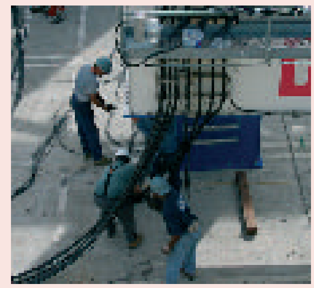
Morris and Lloyds British Testing Ltd, the origin of the Group's UK maintenance network (now Lloyds Konecranes), both share a history as previous subsidiaries of Davy Engineering.

Now, with the companies together again, we are marrying KCI Konecranes maintenance methodology and resources with the core of British crane customers. A winning combination!

Markets

In industry both in America and in Western Europe we see a return to more stable conditions. This automatically fuels the growth of our maintenance sector, as demonstrated already in 2004.

Our maintenance approach, with its heavy reliance on the preventative aspect, has not penetrated the industrial markets of South East



Large UK modernisation

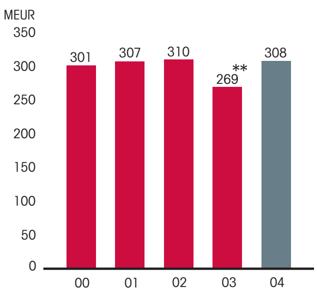
Modernisation activities improved in 2004 with a strong orders development especially during the second half of the year. As one noteworthy order in 2004, KCI Konecranes won a prestigious contract for the refurbishment of five cranes within the BAE Systems Submarine construction facility at Barrow-in-Furness, England. Within this large contract we will design and build new hoisting trolleys for large span single girder Monobox EOT cranes. These cranes were originally supplied by Konecranes (UK) Ltd in the 1980s. The contract value was not released but was indicated as substantial.

Work on this project commenced with the design phase during the summer of 2004. Manufacturing will start in 2005. Final completion and handover is scheduled for late 2006. The project is being handled by Konecranes (UK) Ltd in Glasgow. KCI Konecranes welcomes the opportunity to contribute to this important BAE Systems project.

Harbour crane service, Port of Kotka, Finland

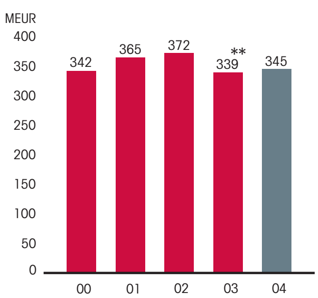
"Growth rediscovered"

Order Intake*



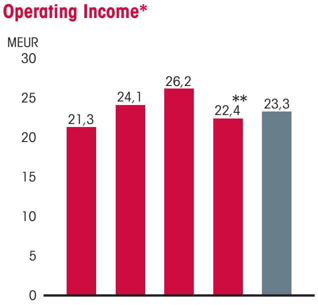
*including Group internal; excluding service contract base.
**- 24 MEUR due to reporting change

Sales*



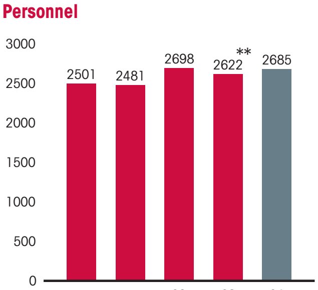
*including Group internal
**-22 MEUR due to reporting change

Operating Income*



*before Group costs and consolidation items
**+ 0.4 MEUR due to reporting change

Personnel



**-40 persons due to reporting change

Asia. However, there are a few exceptions where international methods have gained acceptance for instance in Australia.

In North America, harbour cranes outsourced maintenance is slowly gaining pace. The same applies for Western Europe and the Baltic Sea.

Financial performance

Maintenance Services sales was EUR 344.6 million (338.8), which is an increase of 1.7 % over 2003. The growth was 4.9 % counted at comparable currency rates. The operating income was EUR 23.3 million (22.4) and the operating income margin 6.8 % (6.6).

There was a clear growth in sales and improvement in profitability in the Maintenance Services field operations, especially relating to industrial crane maintenance (approx. 80 % of total Maintenance Services). The maintenance contract base grew both in terms of value and equipment quantity. The retention rate of the contract base increased clearly although the churn rate still stayed at a relatively high level. These developments together with a sales growth in field services contributed positively to the results.

Both sales and operating income decreased in harbour crane maintenance and modernisation activities (approx. 20 % of total Maintenance Services). Partly this is a sales periodising issue relating to large projects, which have increased the order backlog by almost 80 % during the year. Partly this was a reflection of disalignment between resources needed and resources existing. This resulted in changes in personnel and also cuts in the employment, which burdened profitability.

The drop in the value of all US dollar related currencies had a negative translational effect, approx. EUR 0.5 million, on the operating income.

The quarterly operating income margins improved towards the yearend. Q4/2004 operating income on sales was 10.3 % (10.1).

The total order intake in Maintenance Services was EUR 308.4 million (269.0), up 14.7 % and at comparable currency rates 18.5 %. Orders grew both in field operations and modernisations. The maintenance contract base included 224,825 units of lifting equipment at yearend. This is up by 7.2 % compared to 209,769 units at the end of 2003.

The number of employees in Maintenance Services at yearend was 2685 (2622).

Future prospects

The field activities posted a robust performance already in 2004, with a solid growth in orders, and, ahead of the corresponding sales growth, profits also increased handsomely. We see no immediate threats to the continuation of this trend.

Modernisation activities improved in 2004 with a strong orders development during the second half of the year. The orders came too late to influence total year sales and profits, but the order book will support a good development in 2005. Again North America and Europe remain in focus.

Our harbour maintenance activities must still be seen as a development project. Our challenge is to develop adequate personnel resources and the customer base. We also want to extend our equipment portfolio. Most basic elements are, however, already in place and results are forthcoming. Long term, we believe harbour crane maintenance to have the potential of becoming a business of equal size compared to the related new equipment business.

**The 2003 figures have been amended due to a reporting change between Maintenance Services and Standard Lifting Equipment.

In the engineering industry, where we have reached a high penetration rate, we also perform maintenance on other machine tools.

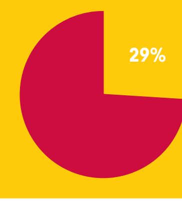
Readily available service support is increasing its importance in harbours as well as in the process industry.

Konecranes' service technician Jyrki Kostian at the Port of Kotka, Finland.

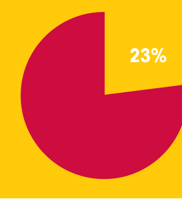
Konecranes service technicians Timo Ruokonen and Vesa Vuori at Rautauukki steel mill in Hämeenlinna, Finland.

"Top of the Agenda: Growth!"

Part of Group Sales



Part of Group Personnel



The Standard Lifting Equipment range consists of industrial cranes and lifting mechanisms (i.e. hoists) with a lifting capacity between 100 kg and 100 tons. Chain hoists cover the lower range typically up to 2 tons of lifting capacity. Wire rope hoists on the other hand normally have a lifting capacity of 3-50 tons. However, our large production numbers warrant a profitable scale production of standard hoists up to a capacity of 100 tons. In aggregate, the hoists represent approx. 40 % of the total sales of this Business Area.

Vision

In Standard Lifting Equipment, KCI Konecranes wants to consolidate its position as the clear world leader in electric wire rope hoists and industrial cranes of modern technology. KCI Konecranes intends to continue adding new geographical markets to those already covered. KCI Konecranes wants to be the fastest growing global supplier of workstation cranes and chain hoists. KCI Konecranes intends to strengthen its positions in related niche markets, such as explosion proof lifting equipment and other special purpose applications.

Strategy

In this Business Area our strategy focuses on good market penetration via our own maintenance services network and independent dealers, and a branding strategy, on technical innovation, global scale procurement, geographical expansion and acquisitions. Our product ranges have been renewed systematically, introducing superior product features to benefit our customers. Our aim is to provide rapid response to needs detected among end-users.

Key Figures	2004	2003	Change
Sales, MEUR	231,2	212,3	8,9 %
Operating income, MEUR	21	17,6	19,3 %
Operating margin, %	9,1 %	8,3 %	
Order intake, MEUR	246,6	220,3	11,9 %
Personnel	1028	1000	2,8 %

Gaining momentum

Orders for Standard Lifting Equipment started to grow already in mid 2003. That growth carried on into 2004, and at year end 2004 we had 5 consecutive quarters with solid growth numbers behind us. Total orders growth for the whole year 2004 was 12 %, disregarding currency changes (the falling USD) the growth was 15 %.

All geographical regions contributed to the growth. The fastest growers were this time China, Germany, Australia and the UK. Also, all product areas posted growth: industrial cranes, wire rope hoists, chain hoists, explosion proof equipment. All brands share in the same growth mode.

Throughout the year, the order numbers kept increasing. This bodes well for a continuation in 2005 and beyond.

Sales also increased considerably, and will eventually reach the same growth numbers as orders. Sales growth was now 9 % (12 % volume growth).

The Group starts the year 2005 with a very good order book, up 26 % (36 % volume growth). Finally, the pricing picture also is stabilizing, and 2004 saw a modest increase in overall end user prices. The variation between regions is still quite considerable.

The acquisition of Morris Material Handling Ltd of the UK will further enhance the Group's position as the world's No. 1 standard crane company.

Morris Material Handling Ltd

On December 31, 2004 the Group acquired Morris, the oldest and best known crane company of the UK. With 130 years of history, Morris boasts the largest installed base of cranes in the UK. This gives access for the Group to the all important replacement market, a market that so far has been largely out of reach for the Group in the UK.

Morris' plant in Loughborough, East

Pekka Päkkilä, Business Area President

XN Chain hoists at Valtra Oy, Finland

CXT cranes at Nautor Oy, Finland.

Midlands, will be converted to comply with the Group's efficiency standards for industrial cranes. The hoist business will take full advantage of the Group's platform for standard lifting products. In this process some redundancies may become necessary, in accordance with a program already started by Morris before the takeover.

In all, the Morris acquisition is believed to bring approx. 14 MEUR worth of business to the Standard Lifting Equipment Business Area.

Market Actions

The growth found in 2004 was a natural consequence of market growth on some of the Group's most important markets. In order to capture those opportunities, the Group took strong action to increase its marketing network. In China, the network of wholly owned outlets, JV dealers and independent dealers now consist of 36 units, covering also some important inland cities.

In Italy, the Group started its own distribution company in Arosio near Milan. Through various dealership arrangements in the past, the Group has a large installed crane base in Italy. The establishment of our own company to provide an uninterrupted support for our clients became a necessity after the termination of our dealership and license agreements by our previous dealer, the company Prim SA.

In Dubai the Group agreed to open a new crane company in the form of a JV together with the well-established Kanoo Group. This new JV will further strengthen our position on the markets in the Middle East.

In all other countries, in America, throughout Europe and in Asia the work continued in changing our numerous Maintenance Services outlets to increase their sales of our Standard Lifting Equipment range of products. Already this network constitutes one of the largest crane and hoist sales networks in the world. However, we still see a great potential in further increasing our presence and performance.

Supply network

Increasing sales naturally put our production facilities under pressure. Most of the increased production came from our new plant in Shanghai, China. Construction work on the first extension doubling the floor space started, and the new facilities will be ready for production start-up in mid 2005. The extension is intended for components production of both Special Cranes and Standard Lifting Equipment.

During the year, the restructuring program that was started in 2003, continued as a thorough re-engineering program on schedule and on budget. Motor production is now outsourced in its entirety, together with a number of other low-value-added components. Also certain parts of standard engineering work have been outsourced.

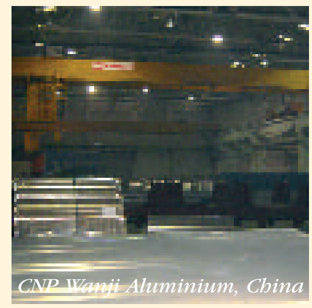
In the second phase of the re-engineering program, the Group will concentrate on improving its management of the whole demand-supply chain. We have identified considerable savings potentials, in terms of faster responses to market fluctuations and in savings in working capital requirements.

Markets

The markets in China continuously posted impressive growth figures. Our customer base in China is split between local customers and the continuing inflow of European and American investors, taking approximately equal parts of our output.

The other Asian countries, Indonesia, Thailand, Malaysia and South Korea also show good growth.

Australia and partially also New Zealand have posted very good growth numbers. Here, our local management has successfully



CNP Wanji Aluminium, China

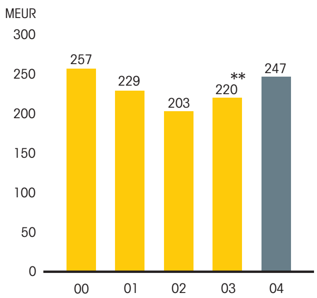
Chinese Aluminium producers choose KCI Konecranes

2004 saw a rapid increase in demand for aluminium products in China. Production is expected to double from 2003 until 2006. One noteworthy project for KCI Konecranes Standard Lifting and CXT Industrial cranes was the Nanshan Aluminium project, with 52 cranes for Nanshan Aluminium's plants and expansion projects in China. Nanshan Aluminium is the aluminium division of Nanshan Group, headquartered in Longkou, China. This project is a good example of the benefits of KCI Konecranes' technology and commitment to building long-term customer relationships.

KCI Konecranes' breakthrough into the Chinese aluminium industry is also evidenced by other important deliveries to leading aluminium producers including CNP Wanji Aluminiun, Henan Wanji Aluminium, Yantai Nanshan Aluminium, Luoyang Dragon Spring Aluminium, Qinghai Jiarui Aluminium, Qinghai Aluminium, and Alcoa.

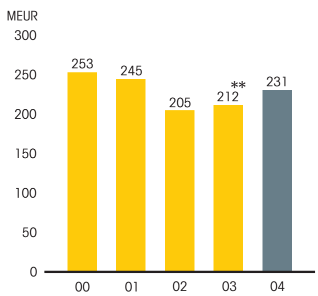
"Gaining momentum"

Order Intake*



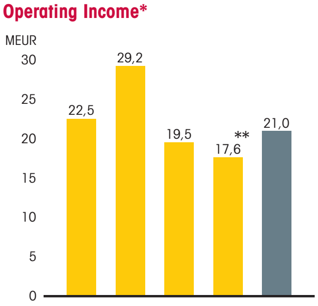
*including Group internal; excluding service contract base.
**+ 24 MEUR due to reporting change

Sales*



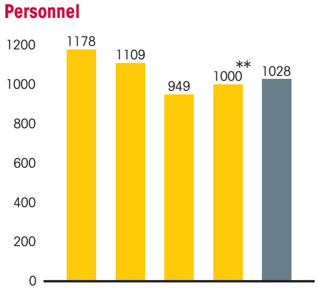
*including Group internal
**+ 22 MEUR due to reporting change

Operating Income*



*before Group costs and consolidation items
**-0.4 MEUR due to reporting change

Personnel



**+ 40 persons due to reporting change

been able to position the Group as the leader in a very competitive market place.

In North America we have noted a change to a certain market growth. Our orders growth, 13 % in USD, is much stronger than market growth, and our market shares are increasing.

In Europe, markets remained generally on the same (low) level as during the previous year. However, during the second half of the year we saw some indications of improvement. Our European sales growth, 6 %, is largely attributed to increasing market shares, especially in Germany.

Financial Performance

Standard Lifting Equipment sales was EUR 231.2 million (212.3). The growth was 8.9 % or 12 % counted at constant currencies. The operating income was EUR 21.0 million (17.6), which is EUR 3.4 million or 19.3 % higher compared to 2003. The operating income margin was 9.1 % (8.3).

The profitability improvement was based on sales growth and lower unit costs. The negative impact of the weaker dollar was approx. EUR 6 million. The purchase price increases and difficulties in getting certain materials and components also affected operating income negatively to some extent. The Group has aimed to transfer material price increases to sales prices in full.

Quarterly operating income margins improved toward the yearend and were better in each quarter compared to corresponding quarters in 2003. The operating income margin during the last quarter was 10.4 % (9.9).

The order intake was EUR 246.6 million (220.3), up by 11.9 % or 15.5 % at constant currencies. The yearend value of the order backlog was 25.9 % higher compared to what it was one year ago. At constant currencies the order backlog grew approx. by one third.
The total number or employees at yearend was 1028 (1000). The employment number increased clearly in our Asian operations, but decreased in Europe.

Future prospects

The Group intends to consolidate its position as the world leader in Standard Lifting Equipment.

The geographical expansion will continue into areas where we have not had a strong presence until now: the Mediterranean countries, India, Russia and the other Eastern European countries.

In our Region Americas, the South American markets will gradually receive more attention.

We build our expansion strategy on the base of cost leadership brought about by our efficient supply organisation.

We also intend to continue to pursue our acquisition strategy, of which the Morris acquisition is a good example. The Group prides itself on always maintaining a stringent discipline in its acquisitions, both in terms of pre-acquisition research, pricing and due diligence, as well as post acquisition action planning.

As before, technical innovation is a cornerstone in conquering new markets. Good, performing products and happy customers are the only way to secure a permanent success.

**The 2003 figures have been amended due to a reporting change between Maintenance Services and Standard Lifting Equipment.

The CXT hoist technology enables efficient and safe load handling in the assembly of tractors at Valtra Oy in Pietarsaari, Finland.

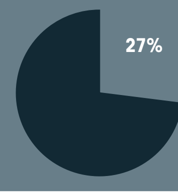
The competitiveness of the CXT hoist range is opening doors to new customer industries in the light load area.

A wide range of applications with lifting capacities up to 100 tons can be derived from the standardised CXT hoist platform.

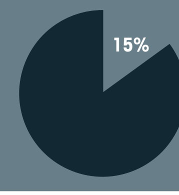
Chen Lei assembling a CXT hoist at Konecranes' factory in Shanghai, China.

“Steel and harbours in high gear”

Part of Group Sales



Part of Group Personnel



Our Special Cranes business area is uniquely positioned in the world of materials handling. It combines a deep presence in the market for heavy industrial process cranes with a role as a specialised supplier to harbours and shipyards. Within both segments we have systematically positioned ourselves close to the top of the segment: as a producer of high quality innovative solutions, yielding highest productivity and reliability. We aim at lowest lifetime costs for the equipment including the initial investment, operations and maintenance costs related to total performance.

Vision

In Special Cranes, KCI Konecranes vision is to cement its position as the recognised leader in heavy-duty cranes for the process industry, to become the leader in harbours and shipyards throughout the world, and to use this position for further growth. When implementing this vision, our core target is to improve our customer’s profitability by providing innovative technological solutions and lowest cost of ownership.

Strategy

Our strategic cornerstone is to be a provider of both handling equipment (cranes) and related maintenance services for our customers, both in heavy industry and harbours.

In Special Cranes products we apply modern technology for best performance, both for top handling capacity, best man-machine interface, top availability (reliability) and ease of maintenance.

We share components between products, for production scale, within the framework of a product platform concept.

We combine in-house parts manufacturing and assembly for core components, with outsourced parts supply. We never compromise on quality and user safety.

Key Figures	2004	2003	Change
Sales, MEUR	214,1	178,6	19,9 %
Operating income, MEUR	16	13,1	22,1 %
Operating margin, %	7,5 %	7,3 %	
Order intake, MEUR	243,7	184,9	31,8 %
Personnel	675	614	9,9 %

Globalisation triggers investments

The market for Special Cranes, both for industry and harbours, switched into a strong growth mode during the second half of 2003, continuing during the entire 2004. This development is ultimately dependent on globalisation trends in the world economy.

Investments in steel mills have gained momentum, especially as the steel sector all over the world has increased its profitability significantly. For the Group this has resulted in a number of large orders for new steel mill cranes.

Among steel producers, the Russian mills seem to have special advantages: Their cost components, iron ore, coal, energy and labour are all very low in an international comparison. Some of the mills in the eastern part of the country also enjoy the benefits of relative proximity to the Chinese border, with low costs for transportation. We are moving into the Russian market with a certain caution. Conditions change fast, and already at the end of 2004 China became a net exporter of steel.

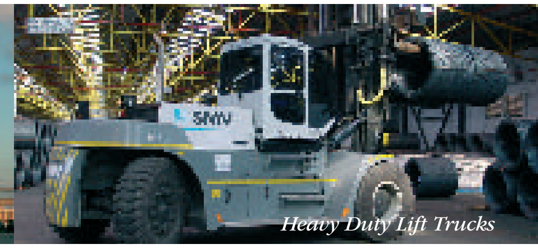
In harbours, the ultimate driver is the same globalisation. Rapid reallocation of the world’s industrial production triggers investments into logistics.

In harbours, investments are also fuelled by technological change. Modern ships are considerably larger than old ones. This drives the demand for bigger cranes, as the old cranes simply cannot handle the new tonnage. Bigger vessels also mean bigger amounts of containers to be handled, with increasing demands on efficient handling on-shore.

This trend suits the Group well. Traditionally a supplier of high-capacity equipment, the Group is now enhancing its product offering into covering also heavy lift-trucks and reach stackers. The acquisition of SMV Lifttrucks AB of Sweden (now SMV Konecranes AB) signals our commitment to this growth market. Within our more tradi-


Mikko Uhari, Business Area President


STS container cranes


Heavy Duty Lift Trucks

tional customer industries, the automotive sector showed an especially strong order development. In the industry sectors of power and paper, the Group defended its position successfully.

In all, new orders for Special Cranes increased with 32 % over 2003. Sales grew 20 %. Although the development of the exchange rate EUR/USD was very unfavourable, the Group managed to increase its orders in US dollars and dollar-related currencies.

SMV Lifttrucks AB

In November 2004 the Group acquired the lift truck producer SMV Lifttrucks AB of Markaryd, Sweden. During its ten years of operation, the company has established itself as a technical leader in its industry, with modern products of high productivity and modern production machinery based on efficient subcontracting. The company has sales of over 40 MEUR and employs 85 persons.

The company has also developed an extensive network of independent dealers in a great number of harbours around the world. This will also benefit the Group. Normally, Group products have been marketed through Group subsidiaries, with a strong inclination towards service and industrial clients. This somewhat limited approach will now be extended considerably. The Group's maintenance operations will also generate new possibilities for the SMV Lifttrucks AB's network.

Production and productivity

The restructuring program, launched in 2003 and reserved for in the results for 2003 as well, could be better described as a re-engineering program. The program has progressed in accordance with plans. Program costs have stayed at reserved for levels.

Crane production at our plant in Orleans, France was discontinued. Substitute capacity was made available through subcontracting.

In France we did not abandon our market positions. The crane company in Orleans remained an intact operator in the French market, now as a marketing, sales and project engineering and management organisation.

Outsourcing now also reached more sophisticated, yet standardised components. Control system assembly is today done also in Estonia.

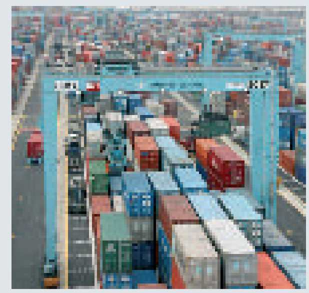
In Shanghai, China, the Group now builds a second plant, adjacent to the existing facility, which opened for production in November 2002. The new facility will serve as the Chinese base for Special Cranes production. Activities in the new facility will commence in mid 2005, but hiring of personnel and corresponding training activities have already started.

Markets

As already noted, the steel industry and the harbour operators are well represented in the Group's order book. In early 2005, we have seen a continuation of this trend, supported also by a robust enquiry level.

The big markets for steel mill cranes are China, Russia and the US. We are aware of certain voices airing doubt as to the sustainability of the Chinese growth, especially in the light of the Chinese government's recent efforts to moderate that growth. We do not, however, regard a moderation of the Chinese growth as a risk for further Chinese expansion. China is today an industrial giant, and our market presence is still in its infancy.

As to harbours, the Group has chosen a specific strategy of not targeting the big hubs, but to concentrate on important national and regional harbours. These harbours do not need large fleets of handling equipment for capacity reasons. They are, however, equally dependent on uninterrupted service and high performance. They therefore will concentrate on technically advanced handling products, with high reliability and readily available service support.



Frame agreement with APM Terminals

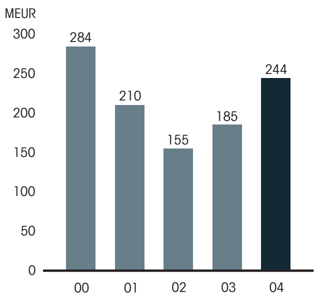
In 2004, KCI Konecranes and the A.P. Moller - Maersk Group concluded a new agreement in which KCI Konecranes was named as a preferred supplier for global RTG crane purchases. This agreement is seen as an important step for KCI Konecranes towards promoting the new generation RTG cranes to the global market.

At the end of 2004, 34 Konecranes RTGs had been ordered by APM Terminals for their operations in North America. APM Terminals, headquartered in The Hague, The Netherlands, was established as an independent organization in 2001 and is part of the A.P. Moller - Maersk Group. APM Terminals operates in more than 30 ports all over the world, generating an annual throughput of about 18.5 million TEU.


SAR Stahlhandel, Neuwied, Germany

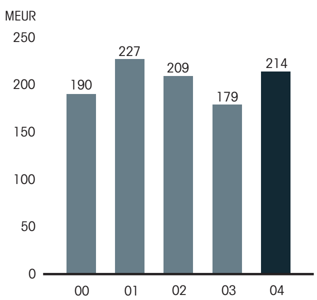
"Globalisation triggers investments"

Order Intake*



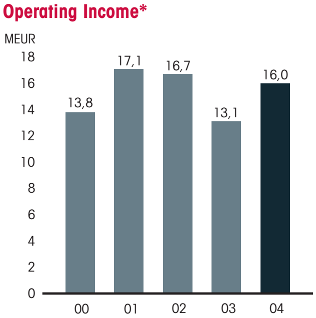
*including Group internal

Sales*



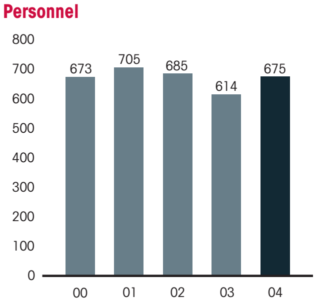
*including Group internal

Operating Income*



*before Group costs and consolidation items

Personnel



We see good growth for this segment in Europe and America, as well as in the Baltic Sea, the traditional stronghold for the Group's harbour cranes activities.

Financial Performance

Special Cranes sales was EUR 214.1 million (178.6). The growth was 19.9 % and at constant currencies 21.6 %.

Both industrial cranes, harbour and shipyard cranes contributed to the growth. The increase in the production of hoisting trolleys and crane components was approx. 20 %. The acquisition of SMV Lifttrucks AB (now SMV Konecranes AB) of Sweden has been consolidated into Group numbers from the beginning of November 2004. The products of SMV Konecranes : container reach stackers, heavy lift trucks and other products form an integral part of the Special Cranes Business Area. The acquisition added approx. EUR 12 million in Special Cranes sales.

The operating income in Special Cranes was EUR 16.0 million (13.1). The growth was 22.1 %. At constant currency rates the growth was at the same level. The operating income margin was 7.5 % (7.3).

The growth in operating income is attributable to the sales growth and to the results of the efficiency improvement program. The cost reductions due to the program were sufficient to compensate for the negative impact of the weaker dollar. The purchase price increases on certain raw materials and components have been managed by binding fixed price supply agreements or by passing on cost increases to sales prices. The acquisition of SMV Konecranes contributed also positively to the operating income.

As the year progressed both sales and operating income improved.

Orders received were EUR 243.7 million (184.9). The year on year growth was 31.8 % or at constant currencies 34.0 %. The primary factors behind this growth are the strong demand in Asia and in the global primary metals industry. These developments also fuelled the activity in the mining sector, transportation and power generation. Also SMV Konecranes AB contributed to the growth.

The order backlog developed very positively. The growth from the end of previous year was 41.0 %.

The total number of employees at year end was 675 (614). Excluding the acquisition of SMV Konecranes AB and a headcount increase in our China operations the number of employees decreased.

Future prospects

With the inclusion of SMV Konecranes' trucks and reach-stackers, and the internally developed new RTG and RMG (Rubber Tyred Gantry Crane, Rail Mounted Gantry Crane), the Group now features a comprehensive portfolio of handling equipment for ports.

For industry, the Group has completed and perfected its range of EOT cranes. The latest additions are an extension to the modularised range (the SM range) to include lifting capacities up to 1000 tons. Another extension is a new hot metal handling crane, of steel mill duty class.

After thorough testing, both designs have been introduced successfully in full scale commercial marketing, with several units sold.

The Group has systematically moved to include the world's most prominent crane customers in its reference list. We believe the Group to be ideally positioned for strong future growth in a globalised economy.

Konecranes Super-post-Panamax STS container cranes at Georgia Ports Authority in Savannah, USA.

Be it a paper roll or a container, Konecranes solutions offer the highest handling efficiency based on modern AC Frequency Control Systems.

Konecranes automated paper roll storage system at Palm Papierfabrik GmbH, Würth, Germany.

Modern Sway Prevention and Fine Positioning Systems provide efficient container handling and fast turn-around times for ships.

Personnel

In the year 2004, the acquisition of SMV Lifttrucks AB (now SMV Konecranes AB) and personnel increases in the new markets, especially in China, increased the number of employees. KCI Konecranes also opened new subsidiaries in Italy and Korea. The factories for Special Cranes in Orleans, France and for motor production in Finland were closed. The Group's efficiency enhancement program that would cut 400 jobs in Europe by the end of 2005 progressed according to schedule. At the end of 2004 the Group had 4,511 employees. There was a net increase of 161 persons year on year. Altogether, 759 persons joined and 598 persons left the Group.On New Year's Eve KCI Konecranes welcomed the employees of the UK company Morris Material Handling into the Group and thereby started 2005 with a total personnel number of around 4,850 employees.

KNOWLEDGE MANAGEMENT

Training is an integral part of the Group's corporate culture. A number of training initiatives are offered to the personnel. For 2004 the Group recorded on average two training days per employee.

KCI Konecranes Academy

Founded in 1997, the KCI Konecranes Academy constitutes the core of the Group's Business Administration training. The curriculum includes training in team building, accounting, customer relationship management as well as sessions in leadership and employeeship. Completing the KCI Konecranes Academy takes on an average 2-3 years. More than 230 employees have graduated from the Academy. Currently the program has some 200 participants.

Top executive training

Since 2000 top Group executives have been offered participation in the Lausanne Leadership process (LLP) operated in co-operation with IMD of Lausanne, Switzerland and CTRE Consulting of Australia. The development of a new program was started in 2004 with the London Business School of the UK. Also named the "LLP", the London Leadership Process is run in co-operation with other industrial companies, Dynea, Sanitec and Wärtsilä. The program consists of three parts, a Management Competence -assessment (run by CTRE), a "Discovery Journey" and concluding individual sessions with the respective CEO's of the participating companies. The first group of 25 participants, six from KCI Konecranes, attended the Discovery Journey in January 2005 with enthusiastic reviews.

Annual KCI Konecranes Conference

Once a year KCI Konecranes organises a global management conference for top and middle management. Hosted by the President and CEO, the conference focuses on strategy and creates important networking within the Group. The KCI Konecranes Conference ends with a traditional award winning ceremony for excellent achievements. Some 130 employees attended the 2004 conference held in connection with the Group's 10th Anniversary festivities in Hyvinkää, Finland.

Focus areas

Following the 2004 Conference theme, all parts of the organisation added training in new tools for improving Customer Relationship Management to the agenda during 2004. In the Nordic region a new training effort under the heading "Konecranes way" focusing on strengthening the common understanding of Group strategy was launched. System training was provided for users of the global Omniman II Business System for North American and European service organisations in service depots and back-office. The ongoing training for field technicians continued in our service training centres around the world. The agenda includes as an integral part Safety training in compliance with national rules. In Finland, the Group continued sponsoring the operations of the Hyvinkää Crane institute, the graduates of which often find jobs in production or as service technicians within the Group.

GEARING UP CAPACITY AND RESOURCES IN CHINA

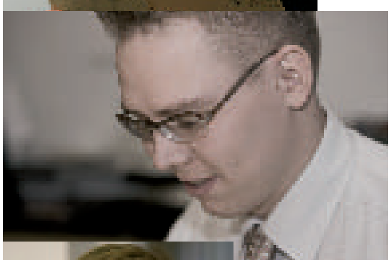
During 2004 the number of employees working at our Shanghai unit increased with 91 persons, from 120 to 211 persons. The factory extension due for completion in mid-year 2005 is initially estimated to create 100 additional jobs during 2005. During the year the training centre for service technicians in China started its operations. Close to 200 participants received training on a dozen different technical subjects. Training was also provided in company induction, product and sales training and in managerial skills.

FOCUS ON JOB ROTATION

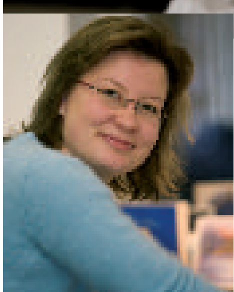
There are a number of possibilities offered for persons who wish to experience other business areas and different countries of the Group. This exercise was brought into focus during 2004. A high degree of job rotation supports the building of a uniform corporate culture and a greater exchange of knowledge between business areas and regions. As part of these exchange programs, an increase in job rotation was seen in 2004 especially between business areas.

"Training is an integral part of our corporate culture"

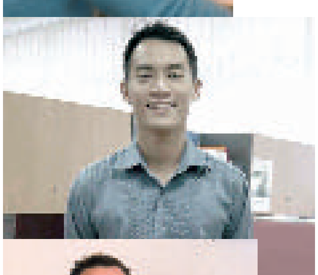
Ines Tiede, Administration secretary, Germany



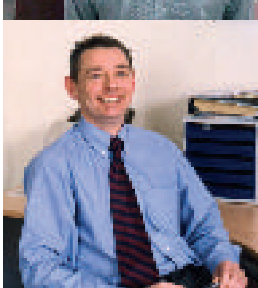
Petteri Viinanen, Director, Process Cranes Nordic, Finland



Katja Tauriainen, Legal counsel, Finland



Simon Ang, Spare part sales co-ordinator, Singapore



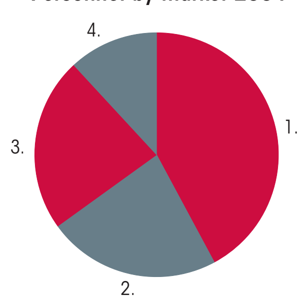
Tom Dunleavy, Service Manager, Newcastle, UK

Earnest M. King, Branch Manager, Atlanta, USA

CO-OPERATION WITH PERSONNEL ORGANISATIONS

KCI Konecranes endeavours to comply with locally established ways of co-operating with its employees. We encourage informal collaboration between different groups of personnel in cross-organisational and transnational teams. In Europe, the Group has established a European Works Council (EWC), which is a forum for exchange of opinions and best practices on important transnational questions for the employees. The Council's personnel representatives are elected for three-year terms. The Council was established in 1997 and the 2004 annual meeting was held in Budapest, Hungary.

Personnel by market 2004



1. Nordic and Eastern Europe	42.1%
2. EU (excl. Nordic)	22.9%
3. Americas	23.1%
4. Asia-Pacific	11.9%

INCENTIVE SCHEMES

A number of different incentive systems aiming at motivating the personnel for good job execution are in place across the Group. A majority of our personnel participates in bonus or other result dependent incentive programs. Nearly all staff working in sales positions participate in our sales-based incentive systems. A large part of the managerial staff are offered personal incentives. The amount of the incentive reward depends on both personal performance and the performance of the immediate team of which the individual is part.

Group activities are scattered in hundreds of units all over the world. In order to support the entrepreneurial spirit that leads to good results the Group has four ongoing Stock Option Plans (1997, 1999, 2001, 2003) targeting managers and key personnel of the Group. The stock option plans are presented in further detail in the section Shares and Shareholders of the Annual Report on page 33.

Environment and corporate responsibility

KCI Konecranes has developed into a global leader in its business. As a leader we want our company and all our employees to observe responsible business practices, in respect of social, economic and ecological considerations, to work for a safe and sound environment. KCI Konecranes caters for a basic need in all industrial activity and provides its customers primarily with solutions that will increase the efficiency and safety of operations and lower the user costs over the lifetime of the product. KCI Konecranes' way of conducting operations worldwide is based on its core values. During 2004, KCI Konecranes revised its guidelines for good management practices.

KCI KONECRANES' VALUES GUIDING OPERATIONS

The policies and practices at KCI Konecranes are based on the company's values and on social responsibility. KCI Konecranes' values underline a joint sense of purpose and a humble attitude among all its employees.

CORE VALUES

Trust in People

We want to be known for our good people.

Total Service Commitment

We want to be known for always keeping our promises.

Sustained Profitability

We want to be recognised as a financially sound company.

ENVIRONMENTAL

KCI Konecranes recognises environmental management as an important aspect in its business and strives to conduct operations in an environmentally sound manner. KCI Konecranes' strategy is to develop and provide products and services that have no undue environmental impact and are safe in their intended use, that are efficient in their consumption of energy and natural resources. In all parts of our activity, we aim to minimize the burden on nature and the environment, whether through direct or indirect effects, as far as raw materials, production or other parts of the products' life cycle are concerned. The group will actively encourage its partners to carry out their businesses in an environmentally responsible manner.

All our activities normally involve only limited exposure to environmentally problematic materials and procedures.

KCI Konecranes follows environmental design principles that are best evidenced in its products. Inverter drives spearheaded by KCI Konecranes consume up to 40 % less energy compared to commonly used traditional designs. In transmissions, our precision machined parts lead to extended service life for the equipment as well as greatly reduced noise levels. In crane design the emphasis is set on designing structures that consume less raw materials such as steel. Lighter crane designs save in building costs and materials in the customers' premises be it a factory hall or a dock in the harbour.

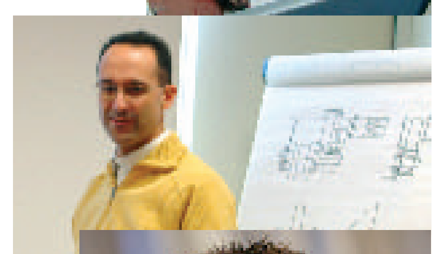
CORPORATE RESPONSIBILITY 2004

During the year KCI Konecranes revised the content for several Group policies, including the Corporate Social

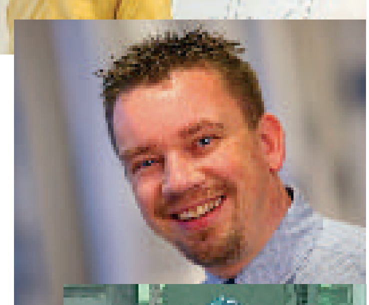
Jenny Jiang, Order administrator, China

Kurt Schiller, Service technician, Germany

HS Shiun, Finance, Korea



Maurizio Tansini, Operations Manager, Arosio Italy



Knut Bovre, Sales Manager, Industrial Cranes, Norway

Eric Seidel, Branch Manager, Denver, Colorado, USA

"Core values guiding operations"

Responsibility Policy, Occupational Health and Safety Policy, Human Resources Policy, Environmental Policy, Group Communications Policy and Sponsorship Policy. The Group also revised its Corporate Governance Policy to comply with the recommendation issued by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industries in December 2003. The policies and practices at KCI Konecranes are based on the company's values – trust in people, total service commitment and sustained profitability – and on social responsibility.

These policies are to be implemented throughout the organisation, at all levels, in all activities, in all countries and in all aspects of corporate life. KCI Konecranes also encourages its business partners to implement responsible practices, which are consistent with KCI Konecranes' Corporate Social Responsibility policy.

The revision of the policies meant few changes. In essence, the management practices that always have guided the KCI Konecranes operations, to a point when they seem self-evident, are now to be set forth in writing in a systematic way. Included in these are fundamental principles such as: KCI Konecranes promotes equal opportunities and objectivity in employment and career development and respects employee privacy. Discrimination, harassment or use of forced or child labour is not tolerated. KCI Konecranes strives to provide a healthy, safe and secure working environment for its employees, visitors and all other people impacted by its operations. KCI Konecranes fulfils all its national and local legal and financial responsibilities and it supports the development of the local community where it has business operations. KCI Konecranes does not tolerate corruption or bribery in its operations.

In its sponsorship programs, KCI Konecranes continued to focus on three areas; sponsorship of groups or clubs where its employees or their immediate family without pay participate in an acceptable activity, sponsorship of acceptable activities in the local community in which we operate and from which we recruit our personnel and sponsorship of students or student organizations within disciplines of importance for our Group.

During 2004, the Group's Intranet and Internet communications were improved by taking into account stakeholder feedback more systematically. A steering group monitoring the development work on the Intranet was established. In 2004, the company's Investor Relations website was made available also in Finnish to better cater for the needs of the Finnish investor community. The Investor Relations website now also features all information required to be provided under the new Corporate Governance-recommendation for listed companies.

The Group already in 2003 made the choice to avail itself of the newborn opportunities both China and other low cost countries offer in a globalising economy. KCI Konecranes embarked on an ambitious efficiency boosting program to streamline its organisations. In 2004, a number of persons were made redundant. For these persons the Group offered to the extent possible the opportunity to participate in retraining, job search counselling or pension arrangements or other forms of support. As a result, the number of redundancies was kept at a minimum. Going forward the Group is committed to a policy according to which layoffs, if imminent due to changes in the business environment, trigger efforts to relocate employees within the company, if necessary by means of reasonable retraining. In case of unavoidable redundancies, social plans and financial compensations are agreed on locally in accordance with national rules and with regard for national social security.

OBJECTIVES FOR 2005

From a good platform in respect of attitudes towards environmentally sustainable development and corporate responsibility in general, the Group intends to increase its understanding for these questions among its staff. The Group knows that around the globe a variety of approaches prevail. KCI Konecranes wants to deepen its understanding of all forms of honest attitudes towards corporate responsibility.

CORPORATE GOVERNANCE

KCI Konecranes Plc 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 KCI Konecranes' Articles of Association.

As a publicly listed company the Rules of the Helsinki Stock Exchange will apply to the Company and the Company has undertaken to comply with the Corporate Governance Recommendation for Listed Companies issued by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industries in December 2003.

GENERAL MEETINGS

The general meeting of shareholders is the highest decision-making body of KCI Konecranes Plc. In the General Meeting, shareholders exercise their right of supervision and control of the company. One Annual General Meeting 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 on the agenda at the Annual General Meeting are defined in Article 12 of the Articles of Association of KCI Konecranes.

Decisions made at the General Meetings are published as a stock exchange release and are posted on the company's website immediately after the meeting.

Advance information to shareholders

The Board of Directors shall convene an Annual General Meeting or Extraordinary General Meeting by means of publishing a notice in two national newspapers (Helsingin Sanomat and Hufvudstadsbladet) listing the matters on the agenda. KCI 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 of Directors' proposals to the General Meeting are published in a stock exchange release and posted on the company's Internet 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 should 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 intention to do so, in strict accordance with the instructions 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 directors and the managing director in the General Meeting

The President and CEO, the Chairman of the Board of Directors and a sufficient number of directors shall attend the General Meeting. A person proposed for the first time as a director 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 KCI Konecranes Plc" governs the work of the Board and forms an integral part of the corporate governance framework in KCI Konecranes Plc. 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 of Directors.

Responsibilities

The Board of Directors 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 of Directors has a general obligation to pursue the best interest of the Company. The Board is accountable to the shareholders of the Company. The members of the Board of Directors shall act in good faith and with due care and exercise their business judgment 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 of Directors shall decide on a business strategy for the Company, appointment and dismissal of the President and CEO (holding the position of the managing director under the Companies Act), deputy to the President and CEO and other senior management, group structure, acquisitions and disposals, financial matters and investments, continuous review and follow-up of 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 of Directors. The Board of Directors shall on an ongoing basis inform itself on issues and business activities of major strategic impact. The Board of Directors shall appoint a secretary to the Board of Directors to be present at all meetings.

Election and term

In 2004, the Board of Directors had seven (7) Board members. The General Meeting of shareholders elects the Board of Directors of KCI Konecranes Plc. According to the Articles of Association the Board of Directors of KCI Konecranes Plc shall have a minimum of five (5) and maximum of eight (8) members elected at each Annual General Meeting for a term of one (1) year. The Board of Directors elects among its members a chairman for a term of one (1) year.

Prospective director candidates notified to the Board shall be disclosed

CORPORATE GOVERNANCE

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 10 % of the total votes of all the shares of the company and the candidate has given his/her consent to the election. The candidates proposed after the delivery of the invitation shall be disclosed separately. The Composition of the Board of Directors of KCI Konecranes Plc:

Mr. Björn Savén	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
Mr. Lennart Simonsen	member, not independent of the company
Mr. Svante Adde	member, independent of the company
Mr. Stig Gustavson	member, not independent of the company

Mr. Christian Ståhlberg	secretary to the Board (not a member of the Board)

Biographical details of the Board of Directors on page 61.

Independence of the Board Directors

The Corporate Governance Recommendation requires a majority of the Board members to be independent. In 2004, five (5) of the seven KCI Konecranes Board members are independent of the company. Other than their Board membership these Board members do not have any other relationship of material substance with KCI Konecranes. All Board members are independent of all significant shareholders of the company. "Significant shareholder" means a shareholder who holds at least 10 % of all the shares or of the aggregate votes in the Company.

With the exception of Board members Lennart Simonsen and Stig Gustavson, the Board members are deemed to be independent of the company. Stig Gustavson is KCI Konecranes Plc's President and CEO. Mr Lennart Simonsen is partner and managing director of a company that has received considerable compensation for services that do not relate to Mr. Simonsen's Board membership.

Meeting practice and self-assessment

In 2004, the Board held twelve (12) board meetings. The average attendance of Board members at meetings was 99 per cent. The Board of Directors shall meet as frequently as necessary to properly discharge its responsibilities. There shall be 6-8 regular meetings annually.

The Board of Directors and each of its committees will conduct an annual performance evaluation to determine whether the full Board of Directors and each of its committees is functioning effectively. The Board of Directors will establish the criteria to be used in such evaluations. The performance review will be discussed with the full Board of Directors following the end of each fiscal year.

BOARD COMMITTEES

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

The Audit Committee

The Audit Committee is appointed by the Board of Directors of KCI Konecranes Plc. The Purpose of the Audit Committee is to oversee accounting and financial processes and financial statements. The committee evaluates the adequacy and appropriateness of internal controls and risk management. The Tasks and responsibilities of the Committee are defined in its Charter (available on the Internet at www.kcigroup.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. Matti Kavetvuo	member
Mr. Svante Adde	member

In 2004, the Audit Committee had three meetings. According to its Charter, the Audit Committee shall meet regularly at least twice a year. The Chairman presents a report on each Audit Committee meeting to the Board.

The Nomination and Compensation Committee

The Nomination and Compensation Committee is appointed by the Board of Directors of KCI Konecranes Plc. The tasks and responsibilities of the Committee are defined in a Charter (available on the Internet at www.kcigroup.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. Timo Poranen	member
Mr. Lennart Simonsen	member

In 2004, the Audit Committee had two meetings. The Nomination and Compensation Committee shall meet regularly at least once a year. The Chairman presents a report on each Compensation Committee meeting to the Board.

PRESIDENT AND CEO

The Board of Directors decides upon the appointment and the dismissal of the President and CEO (holding the position of the managing director under the Companies Act). The President and CEO may be a member of the Board of Directors but may not be elected Chairman.

Mr. Stig Gustavson	President and CEO of KCI Konecranes Plc

Biographical details of the President and CEO on page 61.

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

CORPORATE GOVERNANCE

the company comply with law and that the 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.

Service contract

The President and CEO having reached the age of 60 years, both he and the company may request his retirement with a pension of 60 % of his underlying income. The President and CEO's employment contract may be terminated at any time by either the President and CEO or the company with six (6) months' notice. In the event the company terminates the contract not for cause, the company shall pay to the President and CEO in addition to the salary for the notice period a discharge compensation corresponding to eighteen (18) months' salary and fringe benefits.

The President and CEO's service terms and conditions are specified in writing in a service contract approved by the Board.

CEO Succession plan

Mr. Gustavson has informed the Board of his intention to avail himself of his option to retire at the age of 60, which he will reach on June 17, 2005. The Board has stated its intention to appoint Mr. Gustavson Chairman of the Board as of that date, and to appoint Mr. Pekka Lundmark, 41, M.Sc. (Eng) to the position of President and CEO as of the same date. The Board has furthermore stated its intention to appoint Mr. Savén vice Chairman of the Board as of June 17, 2005.

GROUP MANAGEMENT

The Group Management team is an important element of the corporate governance of KCI Konecranes Plc. The Management team has no official statutory position but has in practice a significant role in the management system of the Company. The duty of the Group Management team is to assist the President and CEO. KCI Konecranes' Group Management team presently has sixteen (16) members and is headed by the President and CEO. The KCI Konecranes Group management team:

Mr. Stig Gustavson	President and CEO
Mr. Pekka Lundmark	Group Executive Vice President, declared successor to Mr. Gustavson.
Mr. Matti Ruotsala	Group Vice President, Chief Operating Officer and Deputy to the CEO, is in charge of global day-to-day business and heads the global Country Executive Organisation.
Mr. Antti Vanhatalo	Group Vice President, is responsible for Business Development and special projects incl. M&A.
Mr. Harry Ollila	Group Vice President, is responsible for Operations Development including R&D.
Mr. Tom Sothard	President, Maintenance Services
Mr. Pekka Päkkilä	President, Standard Lifting Equipment
Mr. Mikko Uhari	President, Special Cranes
Mr. Teuvo Rintamäki	Chief Financial Officer, is responsible for Finance
Ms. Sirpa Poitsalo	General Counsel, is responsible for Legal Matters
Ms. Peggy Hansson	Knowledge Director, is in charge of Knowledge Management incl. Human Resources.

Country Executive Organisation

Mr. Tom Sothard	Country Executive, Americas (also President, Maintenance Services Business Area)
Mr. Bill Maxwell	Country Executive, UK, the Netherlands, Belgium and Denmark
Mr. Arto Juosila	Country Executive, Asia-Pacific (also Group Vice President)
Mr. Martin Rothe	Country Executive, Germany
Mr. Sami Atalla	Country Executive, France, Austria, Hungary
Mr. Hannu Rusanen	Country Executive, Nordic

Biographical details of the members on pages 62-63.

Management organisation

Reporting lines within the Group are organized according to (Product) Business Areas. These are Maintenance Services, Standard Lifting Equipment and Special Cranes, 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.

The Group Staff forms a strong and central common resource for handling matters of common importance for the Group.

The COO, certain members of the Group Management team with duties of specific importance, and the Country Executive for the Asia-Pacific Region, have been named Group Vice Presidents.

Due to its geographically diverse nature (the Group operates in 35 countries), there is also a Country Executive Organisation in place, headed by the COO. Six (6) Country Executives co-ordinate Group activities in certain large countries and market areas. The Country Executives have line responsibility for field operations, including Maintenance Services and Industrial Cranes, and side responsibility for other Group Business activities in their respective country or market area. Each Country Executive chairs a meeting of all senior managers from the countries belonging to his area of responsibility not less than four (4) times per year.

Meeting practice

All members of the Group Management team together with all Country Executives meet four times a year under the President and CEO's chairmanship. The Investor Relations Manager also attends the meetings. In addition, Group Management, Country Executives and other executive managers review the business performance and financial results on a monthly basis in reporting sessions headed by the President and CEO. The President and CEO, the Group Vice Presidents, the COO, and Staff Directors meet every week to review Group administrational matters. Every month the President and CEO chairs the R&D Board. The members of the R&D Board include the President and CEO, the COO, the relevant Group Vice Presidents, Business Area Presidents and R&D Staff. Meetings utilise modern information technology. Thus, presence in person is not always required.

COMPENSATION

Board of Directors

For the year 2004 the remuneration for the Chairman of the Board was EUR 36.000 and for a Board member 18.000 EUR. Approximately 60 % of the amount was paid in cash, with the balance (the after tax part) paid in

CORPORATE GOVERNANCE

KCI Konecranes Plc shares acquired from the market. If a Board member is not allowed to own shares in KCI Konecranes Plc the whole amount is paid in cash. This rule applied for Board members Björn Savén and Lennart Simonsen. Accordingly, Board members Timo Poranen, Matti Kavetvuo, Stig Stendahl and Svante Adde received 250 shares each.

In addition, the Chairman and Board members received EUR 1,000 for their attendance at each Board committee meeting. Non-executive members of the Board of Directors do not receive stock options.

Board members employed by KCI Konecranes do not receive separate compensation for their Board membership. This applies for Board member Stig Gustavson.

The remuneration packages for Board members are resolved by the Annual General Meeting on proposal by the Nomination and Compensation Committee.

President and CEO

The main elements of the President and CEO's remuneration and other benefits for the year ended December 31, 2004 were as follows: salary EUR 287.625,50, and a bonus of EUR 78.492,56 for fiscal year 2003 was paid. The President and CEO received 20,000 B options of the 2003 Stock Option Plan.

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

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 normally include profitability, asset management and growth. Bonuses are related to individual performance and the performance of the organisational unit of which the individual area of responsibility is a direct part. Numerical performance criteria are used, in preference of personal assessments.

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 four ongoing KCI Konecranes stock option plans (1997, 1999, 2001, 2003) is available on page 32. 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. Those guidelines offer advice on acceptable (maximal) dilutive effects, 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 incentivise 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, which is believed to be of specific value for a company of KCI Konecranes' nature with a structure covering many countries, cultures and customer industries.

The Board of Directors, upon proposal by the President and CEO, decides on the distribution of options to key personnel. In granting options to the President and CEO, the Board acts independently. Approximately 320 employees are part of the Group's stock option programs.

INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDIT

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

ORGANISATION OF RISK MANAGEMENT

Risk management is part of the control system of the company. The purpose of risk management is to ensure that the risks related to the business operations of the company are identified and controlled.

Risk Management Principles

The Group's risk management principles provide a basic framework for risk management in KCI Konecranes. Based on these principles each Group company or operating unit itself is responsible for 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, as well as 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 the principles, risk management is a continuous and systematic activity, which aims 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 minimising both losses and the costs of risk management the long-term competitiveness of the Group companies and the whole Group is safeguarded.

Risk Management Committees

To establish preventive procedures for operative and liability risk management the Group has established Risk Management Committees in Group companies located in some of the major markets of the Group. The Risk Management Committees hold meetings with representatives from all of the Business Areas including representatives and experts from insurance companies. The Risk Management Committees set up preventive improvement actions and focus especially on risk prevention related to transportation, erection and safety of cranes and other products.

Insurance

The Group continuously reviews its insurance policies as part of its overall risk management. Insurances are used to provide sufficient cover to all risks that are economically or otherwise reasonably insurable. With increasing insurance premiums the Group has intensified the use of other risk management methods within its units, without lowering its level of protection.

Quality control

Group Quality enhancing actions also form part of the risk management process. A good quality of products, business procedures and processes must be seen as a powerful element in minimising business risks. Most of the Group companies and all major operations of the Group use certified quality procedures.

Management of financial risks

The Group's global business operations involve financial risks in the form of market (exchange rate, interest rate and other such as metal, energy price), credit and liquidity risks. The Group seeks 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. This is done by identifying, assessing, controlling and reporting the financial risks arising from the Group's global business operations.

The business units are responsible for identification of their financial risks. The units hedge their risks internally with Group Treasury. Almost all funding, cash management and foreign exchange with banks and other external counter parties is done centralised by Group Treasury.

INTERNAL AUDIT

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

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

Internal Audit activities are reported to the Board Of Directors Audit Committee on a regular basis.

INSIDERS

KCI Konecranes Plc complies with the Guidelines for Insiders issued for listed companies by the Helsinki Exchanges. Based on these Guidelines the Board has issued Insider Regulations for KCI Konecranes. A list of KCI Konecranes' permanent insiders is available on the Internet at www.kcigroup.com.

EXTERNAL AUDITORS

The external auditor has an important role as a controlling body appointed by the shareholders. The auditors are elected to office until further notice. The Board of Directors strives for a regular rotation of selected external auditors. A proposal for the election of external auditors is prepared by the Audit Committee and shall be disclosed in the invitation to the Annual General Meeting.

KCI Konecranes Plc's accounting, financial statements and administration is audited by Deloitte & Touche Oy, Authorised Public Accountants, a member firm within Deloitte Touche Tohmatsu. Deloitte & Touche was first elected as sole auditor for KCI Konecranes in 1998.

Principal auditor
Mr. Mikael Paul, Authorised Public Accountant

External auditor's fees

For the year ended December 31, 2004, the fees paid to the authorised public accountants Deloitte & Touche Oy for auditing amounted to approximately EUR 890,000. In addition a total of EUR 331,000 has been paid to Deloitte & Touche Oy for other services rendered to the KCI Konecranes Group.

COMMUNICATION

KCI Konecranes Plc pursues an open, reliable and up-to-date disclosure practice. This supports a well-founded price development of the KCI Konecranes share and permits shareholders to evaluate the functioning of the corporate governance of the company and make reasoned decisions concerning their holdings.

Electronic investor information

KCI Konecranes Plc discloses on its Investor Relations website www.kcigroup.com all information that has been published pursuant to the statutory obligation of listed companies to provide information. Also all other company releases are immediately made available on the Investor website. All releases may also be subscribed for by email through registering at the Investor Relations website.

The Investor Relations website also contains general information on the company with the objective to provide an overall picture of the operations and financial position of the company. Information on the major shareholders is updated on a quarterly basis on the Investor website.

SHARES AND SHAREHOLDERS

Share capital and shares

KCI Konecranes Plc's minimum share capital is EUR 20,000,000 and its maximum authorised 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 KCI Konecranes Plc's 1997 bonds with warrants, 1,400 new shares were subscribed for and registered in the Finnish Trade Register on December 28, 2004. As a result of the subscriptions, the company's registered share capital increased by EUR 2,800 to EUR 28,620,060 and the total amount of shares increased to 14,310,030.

The fully paid share capital and total number of shares reported in the Trade Register as per December 31, 2004.

Share Capital (EUR)	Number of shares
28,620,060	14,310,030

The nominal value of the share is EUR 2.00. 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 KCI Konecranes Plc started trading on the Helsinki Exchanges on March 27, 1996. The share trades in euros on the Helsinki Stock Exchange.

Trading code	KCI1V	**Trading Lot***	50 shares

* On 30 April 2004 the round lot size of KCI Konecranes' share was reduced from 100 to 50 shares.

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

KCI Konecranes transferred 53,450 of the company's own shares as partial consideration in the acquisition of SMV Lifttrucks AB on 29 October 2004, KCI Konecranes Plc now holds 210,650 of the company's own shares with a nominal value of 421,300 euros. The shares were bought back between February 20 and March 5, 2003 at an average price of EUR 20.75 per share.

The company's holding of own shares as per December 31, 2004

KCI Konecranes shares	% of total shares
210,650	1.47 %

Authorisations

Excluding the Share Option programs of 1997, 1999, 2001 and 2003 the Board has no unused authorisations to issue shares, convertible bonds or bonds with warrants. The 2004 Annual General Meeting renewed the Board's authorisation to acquire altogether no more than 715,431 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 2005 Annual General Meeting a renewal of the authorisation, or, if pending legislation reforms are passed before that date, that authorisation be granted to the maximum of the lawful amount.

Dividend proposal

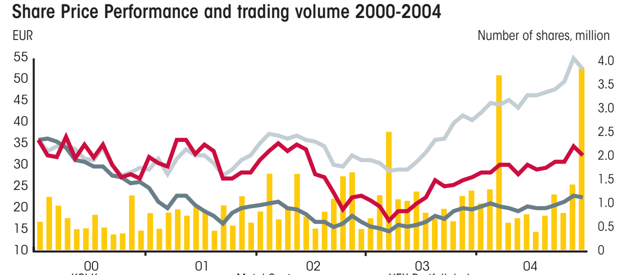
The Board of Directors proposes to the AGM that a dividend of EUR 1,05 per share will be paid for the fiscal year 2004. The dividend will be paid to shareholders, who are entered in the share register on the record date March 15, 2005. Dividend payment date is March 22, 2005.

Market Capitalisation and trading volume

At the end of the year 2004 KCI Konecranes Plc's total market capitalisation was EUR 465.2 million (2003: EUR 394.9 million) including the company's own shares in the company, the 39th largest equity value of companies listed on Helsinki Exchanges.

The trading volume totalled 15,924,725 shares of KCI Konecranes Plc, which represents 111.3 % of the company's total amount of outstanding shares. In monetary terms trading was EUR 490.4 million, which was the 26th largest trading of companies listed on Helsinki Stock Exchange.

Share Price Performance and trading volume 2000-2004



Source: Reuters

SHARES AND SHAREHOLDERS

Share Price Performance

Trading Code	Closing Price	Year high	Year low	Volume Weighted Average Price	Taxable value for fiscal 2004[1)]
KCI1V	32.51	35.50	27.20	30.79	22.82

1) For Finnish taxation purposes, the company's share is given a value for the fiscal year.

KCI Konecranes share price performance against relevant Indices on the Helsinki Stock Exchange

	% Change on previous year end
KCI Konecranes shares (KCI1V)	17.79
HEX All-Share Index	3.25
HEX Portfolio Index	14.64
HEX Metal and Engineering Index	28.86

Stock option Plans

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

Ongoing KCI Konecranes Stock Option Plans

Stock Option	Maximum number of shares the stock option plan entitles to subscribe for	Subscription price/ share (EUR)	Share subscription period
1997[1)]	300.000	26.07	Jan. 1, 2003 -
1999A	150.000	33.00	Apr. 1, 2002 - Mar. 31, 2005
1999B	150.000	33.00	Apr. 1, 2005 - Mar. 31, 2008
2001A	150.000	34.00	Apr. 1, 2004 - Mar. 31, 2007
2001B	150.000	34.00	Apr. 1, 2007 - Mar. 31, 2010
2003A[2)]	200.000	19.56	May 2, 2005 – mar. 31, 2007
2003B[2)]	200.000	21.62	May 2, 2006 – Mar. 31, 2008
2003C[2)]	200.000	19.56	May 2, 2007-Mar. 31, 2009

1) At the end of 2004, altogether 1,400 new shares had been subscribed for with warrants pursuant to the 1997 stock option plan.

2) Following the payment of an extraordinary dividend (1 euro/share) on December 22, 2004 the Board of Directors, so authorised by the AGM, decided to reduce the share subscription prices of the three 2003 option series with 1 euro each in accordance with the terms and conditions of the scheme. 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.

Shareholder's liability to redeem shares

The Articles of Association contain an obligation for shareholders reaching certain thresholds of ownership of shares or voting rights in KCI Konecranes Plc, to redeem the shares of other shareholders in accordance with precise procedures indicated in article 13 of the Articles. A shareholder, whose portfolio of shares or voting rights in the company reaches the threshold value of 33 1/3 per cent, is obliged to redeem, on demand, and at 50 per cent, without separate demand, from the other shareholders their shares and the securities entitling to shares under the Companies Act. According to the law, any shareholder reaching a shareholding or voting rights of two thirds, will have the obligation to redeem all the outstanding shares of the company.

Flagging notifications

On October 15, 2004 informed OP Bank Group Central Co-operative that the aggregate holding by its subsidiaries and affiliated companies amounted to 5,07 % of the shares and voting rights of KCI Konecranes Plc.

On August 19, 2004 Franklin Resources Inc. informed that it controlled the voting rights pertaining to 14.17 % of the shares of KCI Konecranes Plc through its mutual funds and separate accounts managed by affiliated investment advisers. On May 5, 2004 this percentage amounted to 15.32 and on March 25, 2004 14.96 %.

SHARES AND SHAREHOLDERS

Largest shareholders according to the shareregister on December 31, 2004

	Amount of shares	Percentage of shares and votes	Amount of shares	Percentage of shares and votes
Orkla AS			732 720	5,12
OP Bank Group Central Co-operative			732 130	5,12
OKO Bank	10 000	0,070 %		
OP Bank Group Kyösti Haataja Foundation	500	0,003 %		
OP Bank Group Research Foundation	8 400	0,059 %		
OP-Delta mutual fund	449 730	3,143 %		
OP-Focus mutual fund	84 700	0,592 %		
OP-Finland Growth mutual fund	144 050	1,007 %		
OP-Pirkka mutual fund	34 750	0,243 %		
Varma Mutual Pension Insurance Company			718 420	5,02
The Pension Insurance Company Ilmarinen Ltd			420 883	2,94
Stig Gustavson, President & CEO, KCI Konecranes Plc			420 875	2,94
FIM Group's mutual funds			303 800	2,12
FIM Forte	133 800	0,935 %		
FIM Fenno	127 250	0,889 %		
FIM Visio	35 800	0,250 %		
FIM Nordic	4 000	0,028 %		
FIM Piano	2 000	0,014 %		
FIM Maltti	950	0,007 %		
Odin Förvaltning AS			243 750	1,70
KCI Konecranes Plc			210 650	1,47
Sampo Fund Management Ltd's mutual funds			201 800	1,41
SAMPO Finnish Equity	71600	0,500 %		
SAMPO Finnish Institutional Equity	54100	0,378 %		
SAMPO European Balanced	26100	0,182 %		
SAMPO Euro Value	20000	0,140 %		
Mandatum Finnish Small Cap	30000	0,210 %		
Nordea Life Assurance Finland Ltd			182 941	1,28
State Pension Fund			180 000	1,26
Folkhälsan non-governmental organization			133 900	0,94
Technology Industries of Finland			118 900	0,83
Total			4 600 769	32,15
Shares registered in the name of a nominee				
Nordea Bank Finland Plc			5 903 861	41,257
Svenska Handelsbanken Ab (Publ), subsidiary in Finland			158 156	1,105
HSS/Skandinaviska Enskilda Banken Ab			84 660	0,592
HSS/ Svenska Handelsbanken			9 800	0,068
HSS/ Danske Bank, Helsinki Branch			4 720	0,033
OKO Osuuspankkien Keskuspankki Oyj			3 600	0,025
Enskilda Securities Ab, helsinki Branch			1 200	0,008
Evli Bank Plc			900	0,006
Total			6 166 897	43,095
Shareholding outside Finland				
Total shareholding by investors outside Finland			7 325 183	51,19

Calculations are based on the total number of outstanding shares 14,310,030.

SHARES AND SHAREHOLDERS

Shares owned by the members of the Board of Directors and Group management

	Shares	% of shares and votes	Number of shares the stock options entitle to subscribe for	% of shares and votes
Board of Directors*	31 300	0,22	0	0,00
President & CEO	420 875	2,94	59 000	0,41
Group Management team*	64 000	0,45	366 800	2,56
Total	516 175	3,61	425 800	2,98

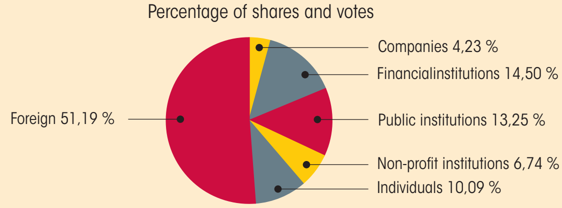
*excl. President and CEO

Share distribution by size of holding

Shares	Amount of s'holder	Amount of shares	Percentage of s'holders	Percentage of shares
1-1.000	2 620	681 726	86,61 %	4,76 %
1.001-5.000	276	633 076	9,12 %	4,42 %
5.001-10.000	43	319 560	1,42 %	2,23 %
10.001-50.000	54	1 365 935	1,79 %	9,55 %
50.001-300.000	26	2 663 244	0,86 %	18,61 %
300.001-	6	8 646 489	0,20 %	60,42 %
Total	**3 025**	**14 310 030**	**100,00 %**	**100,00 %**

Share distribution by type of shareholder

Percentage of shares and votes



Source: Finnish Central Securities Depository Ltd, December 31, 2004.

Investor relations principles

The primary objective of KCI Konecranes' investor relations is the fair valuation of KCI Konecranes Plc's share. KCI Konecranes pursues an open, reliable and up-to-date disclosure practice. This supports a well-founded price development for the KCI Konecranes share and permits shareholders to evaluate the functioning of the corporate governance of the company and make reasoned decisions concerning their holdings.

In investor relations KCI Konecranes main principle is to give consistent information simultaneously to all investors at all times regardless of the nature of the news (positive or negative). High priority is given to top management's commitment and their availability for regular meetings with current and future shareholders, analysts, media and other members of the investment community. KCI Konecranes observes a 2 weeks silent period preceding disclosures of full year or interim results releases.

More information to shareholders on page 66.

Board's report

General business development

The turn to growth in orders and order book, which took place in 2003, continued and strengthened during the year. The order intake grew to EUR 736,9 million (611,9) or 20.4 %. At constant currencies the growth was 23.8 %.

At yearend 2004 the total value of the order backlog was EUR 298.8 million (211.2) or 41.5 % higher than at the end of the previous year. At constant currencies both orders and order backlog stood at record high levels.

External and internal factors contribute to the positive development. The market development in all main markets was positive; the growth continued in Asia, especially in China, and in Eastern Europe. There was a turn to improving market sentiments in North America as the industry capacity utilization ratios improved. The decline in the Western and Central European markets indicated a levelling-off. Among various industries the strongest development took place in primary metal industries and related mining, transportation and power industries as well as in harbours.

The main internal contributors to the positive development were related to the sales and marketing, R&D, personnel development and restructuring actions.

Group sales and operating income turned to growth in 2004. Determined work to improve profitability will continue.

Sales

Group sales was EUR 728.0 million (664.5), which means 9.5 % increase compared to 2003. The growth was 12.3 % at constant currencies. All Business Areas contributed to the growth. Counted in constant currencies the strongest growth occurred in Asia and Australia, but there was growth also in America and in Europe as a whole.

Profitability

The Group's operating income was EUR 37.4 million (21.5), which is EUR 15.9 million or 74.1 % more than in 2003. The operating margin was 5.1 % (3.2). Excluding EUR 12.6 million restructuring costs, which burdened operating income in 2003, the growth was 9.7 % and the operating margin stayed at previous year's level. Various actions were taken to improve the Group's cost competitiveness. The profitability was burdened by the declining US dollar exchange rate. The growth in operating income is mainly attributable to the sales growth.

There is a more detailed analysis on profitability in the review by Business Area.

The operating income before goodwill amortizations (EBITA) was EUR 39.4 million (24.8) and the operating income before depreciations and amortizations (EBITDA) was EUR 52.0 million (38.0). The corresponding operating income margins were as follows: EBITA 5.4 % (3.7) and EBITDA 7.1 % (5.7).

The net of financing income and costs was a cost of EUR 3.6 million (2.6). The growth in financing costs was mainly caused by higher working capital financing due to the growth and acquisitions.

The Group's income after financing items was EUR 33.7 million (18.9). Income taxes were EUR 10.7 million (4.0) corresponding to an effective tax rate of approximately 31.8 % (37.0) for the year.

Group net income or the income after taxes was EUR 23.0 million (6.7) and earnings per share (EPS) 1.64 (0.88) accordingly.

The Group's return on capital employed was 15.9 % (10.8) and the return on equity was 14.8 % (7.5). The improvement in capital return ratios is mainly due to improved results.

Both sales and operating income grew during the year towards the yearend. This seasonal pattern is typical for the Group. The sales during the last quarter reached 240.4 million, which is record high and the operating income at EUR 20.6 million also set a new record for operational income in one quarter.

Cash flow and balance sheet

The free cash flow was EUR 39.1 million (32.7), which is 19.6 % more than it was one year ago. The cash flow from operations (after the change in working capital) was EUR 4.2 million (24.2), which is clearly less than a year ago. This is due to increase in working capital (especially work in progress, other inventories and accounts receivables) as a consequence of the fast growth.

In total EUR 33.8 million (17.3) of cash was used to cover capital expenditures including acquisitions. Thereby the cash flow before financing was EUR –29.6 million (+6.9). The capital expenditures excluding acquisitions were EUR 7.9 million (15.2). The comparable number in 2003 includes the acquisition of own shares to the amount of EUR 5.5 million.

The parent company paid EUR 28.1 million (13.3) in dividends. This amount includes also an extraordinary dividend of EUR 14.1 million (1 euro/share) paid in 2004 on the basis of the confirmed 2003 balance sheet.

The Group's interest bearing debt was EUR 123.9 million (57.1), and the interest bearing net debt was EUR 103.3 million (43.8). Gearing was 67.2 % (27.8) and the solidity ratio was 34.3 (42.6).

The Group's EUR 100 million committed back-up financing facility was totally unused at the yearend.

[1] Numbers in brackets are corresponding values in 2003 unless otherwise indicated.

Board's report

Currencies

The continued strengthening of the euro (especially against the US dollar) had a certain effect on the Group's euro nominated orders, sales and operating income development (translational effect). At constant currencies orders grew by 23.8 % (reported growth 20.4 %), sales 12.3 % (reported growth 9.5 %) and operating income 77.7 % (reported growth 74.1 %). Compared to the previous year operating income in euros was effected negatively by approx. EUR 0.5 million because of this translational effect.

The transactional effect through export from the euro-area in other currency areas (especially to US dollar areas) had a much greater influence on the operating income compared to the translational effect. This has been explained in more detail in the General business development section and in the Review by Business Area.

The average consolidation rates of some important currencies developed in accordance with table 1 (currency/euro):

	Average rate 2004	Average rate 2003	Change %
USD	1.2437	1.13154	-9.02
CAD	1.616	1.5822	-2.09
GBP	0.6786	0.6922	2.00
CNY*	10.358	9.4309	-8.95
SGD	2.1011	1.9712	-6.18
SEK	9.1244	9.1271	0.03
NOK	8.3666	8.0059	-4.31
AUD	1.6912	1.7385	2.80

* Chinese Yuan

The Group continued its currency risk management policy of hedging. Hedging was mainly carried out through forward exchange transactions. The ultimate goal for the hedging policy is to minimise currency risk relating to order book margins. Additionally, hedging allows time to take necessary actions in case of notable and relatively permanent exchange rate changes.

Capital expenditure

The Group's capital expenditures to tangible assets excl. fixed assets and goodwill of acquired operations were EUR 9.3 million (8.6). These capital expenditures consist mainly of machines, equipment and information technology and their nature is mainly related to replacement investments. Capital expenditures to intangible assets (excl. acquired operations), shares in joint venture companies or minority holdings amounted to EUR 2.4 million (3.7). In total these capital expenditures were EUR 11.8 million (12.4), which is approx. EUR 0.7 million less compared to corresponding depreciation.

Research and development

Product development

Total direct R&D costs in the Group were EUR 8.5 million (7.9), up 7.6 % from the previous year. This represents approx. 3.5 % of the production value of the related production and is on the previous year's level.

The development of a new heavy hoisting trolley for ladle handling in steel mills was completed. Also the first deliveries of the new hoisting trolley took place in 2004.

The main emphasis in R&D is now on the development of maintenance technologies with a specific focus on heavy duty crane applications in process industries and in harbours.

Human resource development

The Group invested in personnel training and development approx. 8,000 training days. On average this corresponds to approx. two training days per every employee. The training programs continued on all levels of the organisation including technical and sales training, special training for middle management and experts (KCI Academy's 7th run) as well as top executive development. The development of a new top management program continued in 2004, now with the London Business School.

Personnel

At the end of 2004 the Group employed 4511 (4350) persons. The acquisition of SMV Lifttrucks AB and personnel increases in the new markets, especially in China, increased the number of employees. On the other hand, efficiency improvement actions decreased the number of Group's own personnel.

Review by Business Area

The financial performance of Maintenance Services, Standard Lifting Equipment and Special Cranes is reviewed under the corresponding Business Area sections in this report on pages 11-21.

Group costs and consolidation items

Group level fixed costs, which are not charged directly to the Business Areas, consist mainly of costs relating to R&D, personnel development, development of sourcing activities, treasury and legal functions, development of the Group's structure (M&A) and management. In total these costs were EUR 20.5 million (29.5). The corresponding figure in 2003 included a EUR 12.6 million one-off cost relating to the Group's restructuring program. Therefore the comparable underlying costs grew by approx. EUR 3.6 million.

The Group has intensified its sales and marketing activities,

Board's report

development of production and sourcing activities in addition to product development. Also more resources were used for planning and preparing activities related to mergers and acquisitions.

Consolidation items (=amortisation of group goodwill, share of associated companies' result and the elimination of internal profit) were EUR –2.4 million (-2.0). The growth is largely due to increasing eliminations of internal profits.

Risk management and insurances

Risk management is part of the control system of the company. The purpose of risk management is to ensure that the risks related to the business operations of the company are identified and controlled. Risk management is a continuous and systematic activity, which aims to protect from personal injury, safeguard the assets of all Group Companies and the whole Group and to ensure stable and profitable financial performance. For a more detailed description of the Group's risk management policies and principles see Corporate Governance information on the Group's website or annual report.

The Group continuously reviews its insurance policies as part of its overall risk management. Insurances are used to provide sufficient cover to all risks that are economically or otherwise reasonably insurable. With increasing insurance premiums the Group has intensified the use of other risk management methods within its units without lowering its level of protection.

Litigations

In 2004 the co-operation between the Italian associated company Prim S.p.A. and KCI Konecranes Plc and its subsidiaries was terminated. The termination of this co-operation led to several lawsuits between the Group and Prim S.p.A. and its shareholders. Several proceedings are continuing, but the Group does not believe that these legal processes will have a material effect on the financial position of the Group.

The Group has earlier announced that Morris Materials Handling, Inc., one of KCI Konecranes' competitors in North America, filed a lawsuit against KCI Konecranes Plc and Konecranes Inc. (KCI Konecranes' US subsidiary) in the United States District Court, Eastern District of Wisconsin, alleging violation of Morris's intellectual property rights and acts of unfair competition under several causes of action. The process continues and is now in the discovery phase. The Group has issued counterclaims against Morris Material Handling, Inc. The Group does not at the moment have reason to expect the case to have a material effect but decided to include it in the report since Morris Materials Handling, Inc. has communicated in public about the process. For the sake of clarity this litigation concerns the Morris Material Handling, Inc., which is registered in the USA, not the UK based company Morris Material Handling Limited that the Group acquired at the end of 2004.

At the end of year 2004 there were no pending legal processes or business claims that the Group evaluates to have a material effect.

Group structure and important events

The Group made two acquisitions during the fourth quarter. The acquisition of SMV Lifttrucks AB, Swedish reach stacker and heavy lift trucks maker, was closed on 29 October 2004. SMV Lifttrucks AB is complementing the Group's product offering especially for harbours, terminals and warehouses. The name of the company was changed to SMV Konecranes AB and it has been consolidated into the Group figures as of 29 October 2004. The Group closed the acquisition of Morris Material Handling Ltd and its affiliated companies on December 31, 2004. Morris Material Handling Ltd is a leading UK cranes and hoist manufacturer with a strong focus on after market services. Morris Material Handling Ltd financials will be consolidated from January 1, 2005 on. The value of the acquired shares is included in the Group's yearend balance sheet. They are reported under "other shares".

On April 29, 2004 the Group purchased the assets of Dwight Foote, Inc. This Hartford, Connecticut based operation will strengthen the Group's position as crane and service provider in the northeastern U.S. market.

Three subsidiaries in the Special Cranes Business Area were merged to one legal entity in order to simplify the Group's legal structure and save administrational costs. The merged companies were Konecranes Components Corporation, KCI Erikoisnosturit Oy and Konecranes VLC Corporation. The merge was effected on December 31, 2004 and the surviving entity has changed its name to KCI Special Cranes Corporation. Operationally Konecranes VLC (harbour and shipyard cranes) and Process Crane companies were merged to form a unified Special Cranes Business Area under one management. This change was effected as of January 1, 2005.

Suomen Nosturitarkastus Oy and Pirkanmaan Tehdaspalvelu Oy were merged into Konecranes Service Corporation as of December 31, 2004. The merger of Gruas Mexico S.A. de C.V. into Konecranes Mexico S.A. de C.V. was effected January 1, 2005.

In May 2004 the Group established a wholly-owned subsidiary Konecranes S.r.l. in Italy in order to provide the Italian market with a whole range of Group products and to lay the ground for a maintenance services network. In the beginning of June KCI Konecranes and the Kanoo Group established a joint venture company, Crane Industrial Services LLC, in the UAE. The joint venture will offer customers in the Gulf region an easy access to a complete range of overhead lifting solutions including crane maintenance services for all industries and harbours.

Board's report

The Group continued its efficiency improvement program. In March 2004 KCI Motors Oy completed labour negotiations on motor production outsourcing. At yearend materially all motors were subcontracted. In May the Group made a decision to double its manufacturing capacity in China. The new production site will be located next to the existing factory in Shanghai. The production range will cover lifting equipment with higher capacities. The site expansion is estimated to be completed in mid 2005 and it will initially create approx. 100 new jobs. The Special Crane manufacturing site in Orleans, France was closed and the operation now concentrates on marketing, sales and procurement of cranes.

In April 15, 2004 KCI Konecranes celebrated its 10th anniversary with a jubilee seminar in Hyvinkää, Finland. The event was attended by some 180 persons from 20 countries including customers, suppliers, press, investors and analysts, board members and present and former Konecranes and KONE top managers.

Important appointments

The Board of Directors appointed Mr. Pekka Lundmark, M.Sc. (Eng.), 41, to the position of Group Executive Vice President as of August 10, 2004. The Board further declared its intention to appoint Mr. Lundmark to the position of Group President and CEO, as the successor of Mr. Stig Gustavson in due time.

Mr. Mikko Uhari was appointed President, Special Cranes Business Area, following the operational merger between Harbour and Shipyard cranes (VLC) and Process Cranes. The appointment was effective as of January 1, 2004.

New Country Executive positions were created, effective as of January 1, 2004. The Country Executives' role involves co-ordination of marketing, sales, service and administration in the respective country or market area. Altogether six Country Executives were appointed to cover the Group's existing main markets.

Share capital, share price performance and trading volume

Pursuant to KCI Konecranes Plc's 1997 bonds with warrants, 1,400 new shares were subscribed for with the warrants and registered in the Finnish Trade Register on December 28, 2004. As a result of the subscriptions, the company's registered share capital increased by EUR 2,800 to EUR 28,620,060 and the total amount of shares increased to 14,310,030.

KCI Konecranes Plc's share price increased by 17.79 % during 2004 and closed at EUR 32.51(27.60). The year high was EUR 35.50 (29.39) and the year low EUR 27.20 (17.20). During the same period the HEX All-Share Index increased by 3.25 %, the HEX Portfolio Index by 14.64 % and the HEX Metal & Engineering index by 28.86 %.

The total market capitalisation was at yearend EUR 465.2 (394.9) million, including 210,650 own shares held by the company, the 39th largest market value of companies listed on Helsinki Exchanges.

The trading volume totalled 15,924,725 shares of KCI Konecranes Plc, which represents 111.3 % of the total amount of outstanding shares. In monetary terms the trading was EUR 490.4 million, which was the 26th largest trading volume of all companies listed on Helsinki Stock Exchange.

The company's own shares

On 29 October 2004, KCI Konecranes transferred 53,450 of the company's own shares as partial consideration in the acquisition of SMV Lifttrucks AB. At the end of 2004, KCI Konecranes Plc held 210,650 of the company's own shares with a nominal value of EUR 421,300. The shares were bought back between February 20 and March 5, 2003 at an average price of EUR 20.75 per share.

Extraordinary shareholders' meeting

An extraordinary general meeting of KCI Konecranes Plc held on 10 December 2004 decided to pay an extraordinary dividend of one euro per share, based on the approved balance sheet for the fiscal year 2003, as proposed by the company's Board of Directors. The Board emphasised the extraordinary nature of the proposed additional dividend.

Dividend proposal

The Board of Directors proposes to the AGM that a dividend of EUR 1.05 per share will be paid for the fiscal year 2004. The dividend will be paid to shareholders, who are entered in the share register on the record date March 15, 2005. Dividend payment date is March 22, 2005.

Future prospects

Market picture remains mixed: In America, investments into production equipment are improving but not buoyant, in Europe and Scandinavia markets are on a low level, in Asia-Pacific there is real growth. The good order intake indicates market share gains.

The Group entertains a positive view on the immediate future. 2005 started with a high order backlog. New orders continue on a high level. USD development is expected to continue to burden results.

On both of its main markets, industry and harbours, the Group's cranes and maintenance are positioned in the premium segment. Going forward, the Group's growth is supported by both market growth and a growing share for the chosen segment.

Consolidated statement of income

		1.1. - 31.12.2004 (1,000 EUR)	1.1. - 31.12.2003 (1,000 EUR)
Note 1	**Sales**	**728,003**	**664,540**
Note 2	Other operating income	2,330	2,120
	Share of result of participating interest undertakings	(484)	(347)
Note 3	Depreciation and reduction in value	(14,590)	(16,495)
Note 4	Other operating expenses		
		(677,886)	(628,355)
	Operating profit	**37,373**	**21,463**
Note 5	Financial income and expenses	(3,644)	(2,608)
	Profit before extraordinary items	**33,729**	**18,855**
Note 6	Extraordinary items	-	(8,138)
	Income before taxes	**33,729**	**10,717**
Note 7	Taxes	(10,740)	(4,033)
	Net income	**22,989**	**6,684**

Adoption of IFRS accounting principles

The first published IFRS-closing of accounts of the Group will be prepared from financial year 2005. The 2004 opening balance with reconciliation between Finnish GAAP and IFRS and the comparative statement of income and balance sheet will be published on 19 April 2005, before the publication of Q1/ 2005 interim report. The main changes to the Group's accounting principals as a result of the implementation of IFRS standards are listed on page 44.

Consolidated balance sheet

ASSETS		31.12.2004 (1,000 EUR)	31.12.2003 (1,000 EUR)
	Non-current assets		
	INTANGIBLE ASSETS		
Note 8	Intangible rights	6,602	5,358
Note 9	Goodwill	12,227	13,875
Note 10	Group goodwill	23,495	5,401
	Advance payments	3,727	7,929
		46,051	**32,563**
	TANGIBLE ASSETS		
Note 11	Land	3,829	3,856
Note 12	Buildings	18,134	18,907
Note 13	Machinery and equipment	31,082	31,251
	Advance payments and construction in progress	1,814	964
		54,859	**54,978**
	INVESTMENTS		
Note 14	Participating interests	3,106	3,493
Note 15	Other shares and similar rights of ownership	8,566	1,476
Note 16	Own shares	4,371	5,480
		16,043	**10,449**
	Current assets		
	INVENTORIES		
	Raw materials and semi-manufactured goods	50,182	36,577
	Work in progress	55,413	32,968
	Advance payments	3,161	2,857
		108,756	**72,402**
	LONG-TERM RECEIVABLES		
	Loans receivable	226	55
	Other receivables	0	305
		226	**360**
Note 17	**SHORT-TERM RECEIVABLES**		
	Accounts receivable	146,640	126,429
	Amounts owed by participating interest undertakings	1,334	2,047
	Loans receivable	41	44
	Other receivables	14,028	11,332
Note 23	Deferred tax asset	5,601	6,015
Note 18	Deferred assets	79,471	72,431
		247,115	**218,298**
	CASH IN HAND AND AT BANKS	**20,359**	**13,159**
	Total current assets	**376,456**	**304,219**
	TOTAL ASSETS	**493,409**	**402,209**

Consolidated balance sheet

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.2004 (1,000 EUR)	31.12.2003 (1,000 EUR)
Note 19	**Equity**		
	Share capital	28,620	28,617
	Share premium account	22,272	21,839
	Reserve for own shares	4,371	5,480
	Equity share of untaxed reserves	2,773	3,391
	Translation difference	(6,383)	(5,851)
	Retained earnings	83,250	103,203
	Net income for the period	22,989	6,684
		157,892	**163,363**
	Minority share	**58**	**61**
Note 20	**Provisions**	**15,421**	**20,337**
	Liabilities		
Note 21	**LONG-TERM DEBT**		
Note 21	Bonds	0	25,000
	Pension loans	994	1,491
Note 25	Other long-term liabilities	3,844	4,010
Note 23	Deferred tax liability	2,507	2,011
		7,345	32,512
Note 24	**CURRENT LIABILITIES**		
	Loans from credit institutions	2,750	1,326
	Bonds	25,000	0
	Pension loans	497	497
Note 22	Bonds with warrants	0	19
	Advance payments received	41,068	26,201
	Accounts payable	64,134	49,554
Note 24	Amounts owed to participating interest undertakings	42	105
Note 24,25	Other short-term liabilities	105,294	37,285
Note 24	Accruals	73,908	70,949
		312,693	**185,936**
	Total liabilities	**320,038**	**218,448**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**493,409**	**402,209**

Consolidated cash flow

	1.1. - 31.12.2004 (1,000 EUR)	1.1. - 31.12.2003 (1,000 EUR)
Operating income	37,373	21,463
Depreciation	14,590	16,495
Financing income and expenses	(1,671)	2,556
Taxes excl. the change in def. tax liability & asset	(11,052)	(8,560)
Other adjustments 1)	(164)	719
Free cash flow	**39,076**	**32,673**
Increase(-), decrease(+) in current assets	(32,577)	(26,284)
Increase(-), decrease(+) in inventories	(38,071)	(2,743)
Increase(+), decrease(-) in current liabilities	35,762	20,578
Cash flow from operations	**4,190**	**24,224**
Capital expenditure and advance payments to tangible assets	(9,191)	(9,085)
Capital expenditure and advance payments to intangible and financial assets	(313)	(1,339)
Fixed assets of acquired companies	(25,921)	(2,080)
Purchase of own shares	-	(5,480)
Disposals of fixed assets	1,598	655
Investments total	**(33,827)**	**(17,329)**
Cash flow before financing	**(29,637)**	**6,895**
Change in long-term debt, increase (+), decrease(-)	(25,514)	(560)
Change in short-term interest-bearing debt, increase (+), decrease(-)	90,878	6,045
Dividend paid	(28,143)	(13,342)
External financing	**37,221**	**(7,857)**
Correction items 2)	(384)	(1,056)
Net financing	**7,200**	**(2,018)**
Cash in hand and at banks at 1.1.	13,159	15,177
Cash in hand and at banks at 31.12.	20,359	13,159
Change in cash	**7,200**	**(2,018)**

1) Other adjustments include items such as the effect of the result of participating interest undertakings, the profit / loss from disposal of assets and the finance lease installments.
2) Translation difference in cash in hand and at banks.

Accounting principles

PRINCIPLES OF CONSOLIDATION

Scope of Consolidation

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

Investments in associated companies have been accounted for in the consolidated financial statements under the equity method. An associated company is a company in which the parent company holds, directly or indirectly, 20-50 % of the voting power and has, directly or indirectly, a participating interest of at least 20 %.

Consolidation method

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

Intracorporate shareholdings have been eliminated by deducting the amount of each subsidiary's equity at the time of acquisition from the acquisition cost of its shares. The difference between the acquisition cost and the subsidiary's equity at the time of acquisition has been shown as goodwill.

The KCI Konecranes Group's share of the profit or loss of an associated company is shown in the Consolidated Statement of Income as a separate item. Depreciation of goodwill originating from acquisition of shares of associated companies is included in the share of the result of associated companies. The KCI Konecranes Group's share of the shareholders' equity of the associated companies at the date of acquisition, adjusted by changes in the associated companies' equity after the date of acquisition, is shown in the Balance Sheet under "participating interests".

In certain countries, tax legislation allows allocations to be made to untaxed reserves. These allocations are not subject to taxation on condition that the corresponding deductions have also been made in the accounts. In the consolidated financial statements, the yearly allocations - reserves as well as the difference between the depreciation according to plan and depreciation accepted by tax laws - have been added to net income, excluding the change in the calculative deferred tax liability. The deferred tax liability is determined from the accumulation of untaxed reserves. The accumulation of untaxed reserves, excluding the calculative deferred tax liability, is included in the shareholders' equity in the Consolidated Balance Sheet. The deferred tax liabilities and deferred tax assets of Group companies caused by timing differences between income and corresponding taxable revenue as well as between expenses and corresponding tax deductible expenditure are shown in the Balance Sheet and Statement of Income as a separate item in taxes on prudent basis.

Taxes shown in the Consolidated Statement of Income include income taxes to be paid on the basis of local tax legislations as well as the effect of the yearly change in the deferred tax liability and deferred tax assets, determined by using the current tax or if tax rates are changing, using the new tax rate.

Conversion of Foreign Subsidiary Financial Statements

The Balance Sheets of foreign subsidiaries have been converted into euros at the rates current on the last day of the year and the Statements of Income at the average rates of the financial year. Translation differences resulting from converting the shareholders' equity of foreign subsidiaries have been included in equity.

FOREIGN CURRENCY ITEMS AND EXCHANGE RATE DIFFERENCES

Receivables and liabilities in foreign currencies have been valued at the rates current on the last day of the year. Receivables and liabilities covered by forward exchange contracts have been valued at contract rates. Realised 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. The exchange rate differences resulting from forward contracts, which are designated as hedges on equity in foreign subsidiaries, have been matched against the translation difference booked into equity. The tax resulting from exchange rate differences relating to equity hedging has been transferred respectively into equity in year 2003 and 2004. Equity hedging in foreign subsidiaries was abandoned at the end of year 2004.

REVENUE RECOGNITION

Revenue from goods sold and services rendered is recognised on accrual basis. Long term crane and modernisation projects revenue is recognised according to percentage of completion (POC) method. Most significant long term projects still relate to harbour and shipyard cranes.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are charged as expenses during the year in which they are incurred.

PENSION SETTLEMENTS AND COSTS

Pensions are generally handled for KCI Konecranes companies by outside pension insurance companies or by similar arrangements.

ACCOUNTING FOR LEASES

The Group accounts finance lease contracts as if the assets had been acquired. The rents of other lease contracts are recognised as expense in statement of income.

VALUATION OF INVENTORIES

Raw materials and supplies are valued at acquisition cost or, if lower, at likely selling price. Semi-manufactured goods have been valued at variable production costs. Work in progress of uncompleted orders includes direct labour and material costs, as well as a proportion of overhead costs related to production and installation.

Accounting principles

VALUATION AND DEPRECIATION OF INTANGIBLE AND TANGIBLE ASSETS

Intangible and tangible assets are stated at cost. In Group certain land and buildings can include immaterial amounts as revaluation. A predetermined plan is used in carrying out depreciation of fixed assets. Depreciation is based on the estimated useful economic life of various assets as follows:

- Buildings	5-40 years
- Machinery and equipment	4-10 years
- Goodwill	5-20 years
- Other intangible assets	4-10 years

No depreciation is made for land. Goodwill on consolidation of Konecranes Industriekrane GmbH is amortized over 10 years, of Konecranes Schwerlastkrane GmbH over 15 years and the goodwill in Noell Konecranes GmbH and SMV Konecranes AB over 20 years, which corresponds to the estimated time of influence of the acquisition. Other goodwill is amortized over 5 years.

OWN SHARES

The company's own shares are entered at cost under investments. For calculation of key figures, own shares are eliminated from shareholders' equity and number of shares.

PROVISIONS

Future expenses related to this or previous financial years to which group companies have committed themselves and which will produce no future income are charged against income as a provision for liabilities and charges. The same principle is applied for those future losses, if any, which seem certain to be realised.

ENVIRONMENTAL COSTS

According the general guidelines of Accountancy Board the environmental costs are booked on accrual basis as expenses during the financial year in which they are incurred.

STATEMENT OF CASH FLOW

Changes in financial position are presented as cash flows classified by operating, investing and financing activities. The effect of changes in exchange rates has been eliminated by converting the opening balance at the rates current on the last day of the year, except cash and bank deposits which are valued according to the rates as per 31.12.2003 and 31.12.2002.

ADOPTION OF IFRS ACCOUNTING PRINCIPLES

The first published IFRS-closing of accounts of the Group will be prepared from financial year 2005.

The main changes to the Group's accounting principals as a result of the implementation of IFRS standards are:

- Replacement of Goodwill amortization by goodwill impairment testing
- Valuation and periodizing of defined benefit pension plans
- Application of fair values in derivative financial instruments
- Treatment of own shares
- Recognition of deferred taxes of all IFRS-adjustments
- Valuation and measurement of equity-settled, share-based payments

The Group has applied already during previous years the percentage of completion (POC) method in revenue recognition and accounting for leases according to IFRS.

The 2004 opening balance with a reconciliation between Finnish GAAP and IFRS and the comparative statement of income and balance sheet will be published on 19 April 2005, before the publication of Q1 / 2005 interim report.

Notes to the consolidated financial statements

All figures are in millions of Euros.

STATEMENT OF INCOME

1. Sales	**2004**	**2003**
Sales by market-area:		
Finland	74.5	65.1
Rest of Nordic countries	40.4	37.0
Rest of EU	222.5	178.6
Rest of Europe	26.0	62.9
Americas	215.1	221.3
Asia and Australia	89.7	75.0
Middle East	46.2	20.4
Others	13.6	4.2
Total	728.0	664.5

Percentage of completion method: (see accounting principles)

The booked revenues of non-delivered projects	89.7	74.2
The booked revenues of non-delivered projects during the period:	67.1	40.7
The amount of long-term projects in the order book		
- percentage of completion method used	180.1	118.4
- completed contract method used	118.7	92.8

2. Other operating income	**2004**	**2003**
Profit of disposal of fixed assets	0.6	0.5
Other	1.7	1.6
Total	2.3	2.1

3. Depreciation	**2004**	**2003**
Intangible rights	2.0	1.9
Goodwill	1.0	2.2
Group Goodwill	1.0	1.2
Buildings	1.7	1.9
Machinery and equipment	8.9	9.3
Total	14.6	16.5

4. Costs, expenses and personnel	**2004**	**2003**
Change in product inventory	(21.1)	(4.3)
Production for own use	(0.1)	(0.4)
Material and supplies	271.0	207.1
Subcontracting	98.2	91.7
Wages and salaries	163.2	166.5
Pension costs	14.5	14.5
Other personnel expenses	34.3	32.8
Other operating expenses	117.9	120.5
Total	677.9	628.4

Wages and salaries in accordance with the Statement of Income:

	2004	**2003**
Presidents	4.4	4.8
Members of the Board	0.1	0.1
Other wages and salaries	158.7	161.6
Total	163.2	166.5

The average number of personnel	4,369	4,423
Personnel 31 December,	4,511	4,350
of which in Finland	1,450	1,558

The retirement age of the CEO has been agreed to be 60 years.

5. Financial income and expenses	**2004**	**2003**
Dividend income	0.2	0.1
Interest income from current assets	1.3	1.1
Other financial income	0.4	1.0
Interest expenses	(4.8)	(4.2)
Other financial expenses	(0.7)	(0.6)
Total	(3.6)	(2.6)

6. Extraordinary items	**2004**	**2003**
Extraordinary expenses (2003: Omniman-project)	0.0	8.1

7. Taxes	**2004**	**2003**
Taxes on extraordinary items	0.0	(2.4)
Local income taxes of group companies	10.6	9.1
Taxes from previous years	(0.1)	0.5
Avoir Fiscal	0.0	(0.1)
Change in deferred tax liability arising from consolidation	0.5	(1.0)
Change in deferred tax assets arising from timing differences	(0.3)	(2.1)
Total	10.7	4.0

BALANCE SHEET

8. Intangible rights	**2004**	**2003**
Acquisition costs as of 1 January	16.5	14.0
Increase	2.7	0.5
Transfer within assets	0.6	1.1
Decrease	0.0	(0.1)
Acquisition costs as of 31 December	19.8	15.5
Accumulated depreciation 1 January	(11.4)	(8.4)
Depreciation for financial year	(1.8)	(1.8)
Total as of 31 December	6.6	5.3

Notes to the consolidated financial statements

9. Goodwill	2004	2003
Acquisition costs as of 1 January	24.9	26.1
Increase	0.0	0.0
Transfer within assets	(0.6)	(1.1)
Acquisition costs as of 31 December	24.3	25.0
Accumulated depreciation 1 January	(11.1)	(8.9)
Depreciation for financial year	(1.0)	(2.2)
Total as of 31 December	12.2	13.9

10. Group Goodwill	2004	2003
Acquisition costs as of 1 January	15.5	14.5
Increase	19.4	1.2
Decrease	(0.3)	(0.2)
Acquisition costs as of 31 December	34.6	15.5
Accumulated depreciation 1 January	(10.1)	(9.0)
Depreciation for financial year	(1.0)	(1.1)
Total as of 31 December	23.5	5.4

Acquisition costs included in Group goodwill, originating from accelerated depreciation and untaxed reserves, was MEUR 1.5 on December 31 (MEUR 1.8 in 2003). This part of Group goodwill will decrease as the companies reverse their depreciation difference and untaxed reserves.

11. Land	2004	2003
Acquisition costs as of 1 January	3.8	3.6
Increase	0.0	0.4
Decrease	0.0	(0.1)
Total as of 31 December	3.8	3.9

12. Buildings	2004	2003
Acquisition costs as of 1 January	41.4	41.9
Increase	1.4	0.2
Transfer within assets	(0.1)	0.2
Decrease	(0.1)	(0.3)
Acquisition costs as of 31 December	42.6	42.0
Accumulated depreciation 1 January	(22.8)	(21.1)
Accumulated depreciation relating to disposals	0.0	0.0
Depreciation for financial year	(1.7)	(2.0)
Total as of 31 December	18.1	18.9

The balance value of tangible assets which belong to finance lease is 0.9 MEUR in year 2004 (MEUR 0.8 in 2003) .

13. Machinery and equipment	2004	2003
Acquisition costs as of 1 January	99.8	96.5
Increase	9.7	9.1
Transfer within assets	0.0	(0.2)
Decrease	(6.3)	(4.4)
Acquisition costs as of 31 December	103.2	101.0
Accumulated depreciation 1 January	(68.1)	(63.9)
Accumulated depreciation relating to disposals	4.8	3.3
Depreciation for financial year	(8.8)	(9.1)
Total as of 31 December	31.1	31.3

The balance value of machinery and production equipment approximates the balance value of machinery and equipment. The balance value of tangible assets which belong to finance lease is 3.7 MEUR in year 2004 (MEUR 3.4 in 2003).

14. Participating interests	2004	2003
Acquisition costs as of 1 January	3.5	1.0
Change in the share in participating interest undertaking	(0.5)	(0.4)
Increase	0.1	2.9
Total as of 31 December	3.1	3.5

The asset value of the shares in participating interest undertaking consists of the Group's proportion of the shareholders' equity of the participating interest undertaking at the acquisition date, adjusted by any variation in the shareholders' equity of the participating interest undertaking after the acquisition. The balance value 31.12. of goodwill originating from acquisition of associated companies was 0.8 MEUR (1.2 MEUR 2003).

15. Other shares and similar rights of ownership	2004	2003
Acquisition costs as of 1 January	1.5	1.0
Increase	7.1	0.5
Total as of 31 December	8.6	1.5

The increase in other shares and similar rights of ownership includes the acquisition costs of Morris Material Handling Ltd and its affiliate companies (5.0 MGBP or approx. 7.1 MEUR). These companies, which were acquired at the last day of the year 2004, are not consolidated to the Group accounts because the complete and necessary information is due, according to the sale and purchase agreement, only after releasing the Group financial statements. It is estimated that all acquisition details are finalized during the first quarter of the year 2005. Had these companies been consolidated to the Groups's figures it would not have had a significant impact on the Group's balance sheet and key figures.

16. Own shares	2004	2003
Acquisition costs as of 1 January	5.5	0.0
Increase	0.0	5.5
Decrease	(1.1)	0.0
Total as of 31 December	4.4	5.5

The Annual General Meeting on March 4, 2004 authorised the board of directors to repurchase and dispose the company's own shares. Altogether no more than 715,431 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 authorisation is effective from March 6, 2004 to March 3, 2005.

KCI Konecranes Plc has on October 29, 2004 transferred 53,450 own shares with a nominal value of 106,900 EUR as partial consideration in a business transaction in which KCI Konecranes Group purchases all shares of SMV Lifttrucks AB, Sweden. The transferred shares are valued at 31.28 euros per share. This is the trade weighted average closing price for KCI Konecranes Plc's share during the a period of 20 trading days ending the third business day prior to Closing. The transferred shares amount to 0.37 % of all KCI Konecranes Plc's shares and votes. The transferred shares are subject to a 3-year transfer restriction. One third of the shares may be sold after one year from Closing, one third two years from Closing, and the rest three years from Closing. The amount of own shares held by KCI Konecranes Plc after the transfer is 210,650 shares with a nominal value of 421,300 EUR and 1.47% of all KCI Konecranes Plc's shares and votes.

17. Short-term receivables

	2004	2003
Amounts owed by participation interest undertakings:		
Accounts receivables	1.2	1.8
Bills receivable	0.1	0.2
Total	1.3	2.0

The items, which have been netted, due to the percentage of completion method:	2004	2003
Receivables arising from percentage of completion method	40.5	41.3
advances received	40.5	41.3

18. Deferred assets

	2004	2003
Income taxes	3.0	6.0
Interest	0.1	0.1
Receivable arising from percentage of completion method	49.1	33.0
Periodising of foreign exchange derivatives	15.3	24.2
Other	12.0	9.1
Total	79.5	72.4

19. Shareholders' equity

	2004	2003
Share capital as of 1 January	28.6	28.6
New issue	0.0	0.0
Share capital as of 31 December	28.6	28.6
Share premium account 1 January	21.8	21.8
New issue	0.1	0.0
Profit of transfer of own shares	0.4	0.0
Share premium account as of 31 December	22.3	21.8
Reserve for own shares as of 1 January	5.5	0.0
Increase	0.0	5.5
Decrease	(1.1)	0.0
Reserve for own shares as of 31 December	4.4	5.5
Equity share of untaxed reserves (opening balance)	3.4	3.3
Equity share of untaxed reserves as of 1 January	(0.9)	0.4
Change of equity share of untaxed reserves	0.3	(0.3)
Total as of 31 December	2.8	3.4
Translation difference as of 1 January	(5.9)	(4.4)
Change	(0.5)	(1.5)
Translation difference as of 31 December	(6.4)	(5.9)
Retained earnings as of 1 January	109.9	123.8
Equity share of untaxed reserves as of 1 January	0.9	(0.4)
Taxes on translation difference	(0.5)	(1.4)
Transfer to reserve for own shares	0.0	(5.5)
Transfer from reserve for own shares	1.1	0.0
Dividend paid	(28.1)	(13.3)
Retained earnings as of 31 December	83.3	103.2
Net income for the period	23.0	6.7
Shareholders' equity as of 31 December	158.0	163.4

Distributable equity 31 December	2004	2003
Retained earnings as of 31 December	83.3	103.2
Net income for the period	23.0	6.7
Translation difference	(6.4)	(5.9)
Equity share of untaxed reserves as of 1 January	(0.4)	0.9
Total	99.5	104.9

20. Provisions

	2004	2003
Provision for guarantees	6.2	6.2
Provision for claims	0.7	0.4
Provision for restructuring	1.9	8.1
Provision for pension commitments	5.5	4.4
Other provisions	1.1	1.2
Total	15.4	20.3

21. Long-term debt

Pension loans consist of loans from insurance companies against pension insurance payments to them.

Long-term debt which falls due after five years:	2004	2003
Other	0.3	0.4
Total	0.3	0.4

Bonds:	2004	2003
2000 / 2005 6.25%	0.0	25.0

Installment during 2005 of the 25 MEUR bond is among short-term debt.

22. Warrants and bonds with warrants

The Annual General Meeting 4th March 1997 of KCI Konecranes Plc resolved to issue bonds with warrants of EUR 50,456.38 to the management of the KCI 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 KCI Konecranes Plc's share with a nominal value of EUR 2 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 KCI 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 2004, altogether 1,400 new shares (nominal value 2,800 EUR) had been subscribed for the warrants persuant to the 1997 stock option plan.

The Annual General Meeting 11th March 1999 resolved to issue 3,000 warrants to the management of the KCI Konecranes Group entitling the warrant holders to subscribe for a maximum of 300,000 shares in KCI Konecranes Plc. Each warrant gives its holder the right to subscribe to one hundred shares each with a nominal value of EUR 2 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 KCI 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.

The Annual General Meeting 8th March 2001 resolved to issue 3,000 stock options to the management of the KCI Konecranes Group entitling the stock option holders to subscribe for a maximum of 300,000 shares in KCI Konecranes Plc. Each stock option gives its holder the right to subscribe to one hundred shares each with a nominal value of EUR 2 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 KCI 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.

The Annual General Meeting 6th March 2003 resolved to issue 600,000 stock options to the management of the KCI Konecranes Group entitling the stock option holders to subscribe for a maximum of 600,000 shares in KCI 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 authorised 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 19.56 euro (previously 20.56 euro)

Each stock option of 2003 gives its holder the right to subscribe to one share each with a nominal value of EUR 2 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 KCI 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.

23. Deferred tax assets and liabilities	**2004**	**2003**
Deferred tax assets are based on		
Consolidation	1.2	1.8
Timing difference	4.4	4.2
Total	5.6	6.0
Deferred tax liabilities are based on		
Timing difference	0.5	0.6
Untaxed reserves	2.0	1.4
Total	2.5	2.0

24. Current liabilities	**2004**	**2003**
Accruals:		
Income taxes	4.0	6.8
Wages, salaries and personnel expenses	26.4	24.6
Pension costs	4.5	4.0
Interest	7.5	6.9
Other items	31.5	28.7
Total	73.9	71.0

Amounts owed to participating interest undertakings:

	2004	**2003**
Accounts payable	0.0	0.1

Other current liabilities:	**2004**	**2003**
Bank overdrafts	13.7	10.6
Other current interest bearing liabilities	75.7	13.0
Bills payable (non-interest bearing)	3.1	2.4
Value added tax	6.2	5.8
Other short-term liabilities	6.6	5.5
Total	105.3	37.3

25. Finance lease liabilities	**2004**	**2003**
Finance lease:		
Minimum lease payments		
within 1 year	1.6	1.3
1-5 years	3.2	2.8
over 5 years	0.3	0.7
Total	5.1	4.8
Present value of finance lease		
within 1 year	1.5	1.2
1-5 years	2.8	2.6
over 5 years	0.3	0.8
Total	4.6	4.6

26. Contingent liabilities and pledged assets	**2004**	**2003**
CONTINGENT LIABILITIES		
For own debts		
Mortgages on land and buildings	5.9	5.9
For own commercial obligations		
Pledged assets	0.3	0.8
Guarantees	101.5	159.5
For associated company's debts		
Guarantees	0.8	0.8
For others		
Guarantees	0.1	0.1
OTHER CONTINGENT AND FINANCIAL LIABILITIES		
Leasing liabilities		
Next year	6.8	6.7
Later on	15.7	11.6
Other	1.2	1.3

Leasing contracts follow the normal practices in corresponding countries.

TOTAL BY CATEGORY		
Mortgages on land and buildings	5.9	5.9
Pledged assets	0.3	0.8
Guarantees	102.4	160.4
Other liabilities	23.7	19.6
Total	132.3	186.7
DEBTS WHICH HAVE MORTGAGES ON LAND AND BUILDINGS		
Pension loan	1.5	2.0
Given mortgages	5.9	5.9

27. Notional amounts of derivative financial instruments

	2004	**2003**
Foreign exchange forward contracts	538.5	441.7
Interest rate swaps	25.0	25.0
Total	563.5	466.7

Derivatives are used for currency and interest rate hedging only. The notional amounts do not represent amounts exchanged by the parties and are thus not a measure of the exposure. A clear majority of the transactions relate to closed positions, and these contracts set off each other. The hedged orderbook represents approximately one third of the total notional amounts.

Parent company statement of income

ASSETS		1.1. - 31.12.2004 (1,000 EUR)	1.1. - 31.12.2003 (1,000 EUR)
Note 1	Sales	14,895	16,244
	Other operating income	61	37
Note 2	Depreciation and reduction in value	(643)	(887)
Note 3	Other operating expenses	(15,921)	(13,686)
	Operating profit	(1,608)	1,708
Note 4	Financial income and expenses	35,680	982
	Income before extraordinary items	34,072	2,690
Note 5	Extraordinary items	21,003	14,701
	Income before appropriations and taxes	55,075	17,391
Note 6	Income taxes	(15,965)	(4,688)
	Net income	**39,110**	**12,704**

Parent company balance sheet

ASSETS		31.12.2004 (1,000 EUR)	31.12.2003 (1,000 EUR)
	Non-current assets		
	INTANGIBLE ASSETS		
Note 7	Intangible rights	133	283
	Advance payments	3,585	4,517
		3,718	**4,800**
	TANGIBLE ASSETS		
Note 8	Buildings	0	2
Note 9	Machinery and equipment	753	748
	Advance payment and construction in progress	0	142
		753	**892**
	INVESTMENTS		
Note 10	Investments in Group companies	50,449	50,449
Note 10	Other shares and similar rights of ownership	326	326
Note 11	Own shares	4,371	5,480
		55,146	**56,255**
	Current assets		
	LONG-TERM RECEIVABLES		
	Loans receivable from Group companies	66,164	55,268
		66,164	**55,268**
	SHORT-TERM RECEIVABLES		
	Accounts receivable	20	139
	Amounts owed by Group companies		
	Accounts receivable	1,008	2,749
	Other receivables	1,672	0
Note 12	Deferred assets	22,639	22,957
	Amounts owed by participating interest undertakings		
	Accounts receivable	1	0
	Other receivables	35	181
	Deferred tax assets	122	102
Note 12	Deferred assets	1,261	604
		26,758	26,732
	CASH IN HAND AND AT BANKS	**0**	**3**
	Total current assets	**92,922**	**82,003**
	TOTAL ASSETS	**152,539**	**143,951**

Parent company balance sheet

	SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2004 (1,000 EUR)	31.12.2003 (1,000 EUR)
Note 13	**Equity**		
	Share capital	28,620	28,617
	Share premium account	22,272	21,839
	Reserve for own shares	4,371	5,480
	Retained earnings	28,492	42,822
	Net income for the period	39,110	12,704
		122,865	**111,462**
	Liabilities		
	LONG-TERM DEBT		
Note 14	Bonds	0	25,000
Note 14	Pension loan	120	180
		120	**25,180**
	CURRENT LIABILITIES		
	Bonds	25,000	0
	Pension loan	60	60
	Accounts payable	787	946
	Liabilities owed to Group companies		
	Accounts payable	262	311
Note 15	Accruals	1,346	330
	Other short-term liabilities	1,029	115
Note 15	Accruals	1,070	5,547
		29,554	**7,309**
	Total liabilities	**29,674**	**32,489**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**152,539**	**143,951**

Parent company cash flow

	1.1. - 31.12.2004 (1,000 EUR)	1.1. - 31.12.2003 (1,000 EUR)
Operating income after depreciation [1]	(1,669)	1,671
Depreciation	643	887
Financial income and expenses	35,680	982
Extraordinary income	21,003	21,693
Taxes	(15,984)	(4,711)
Free cash flow	**39,673**	**20,522**
Change in current assets, increase (-), decrease (+)	(9,393)	(567)
Change in current liabilities, increase (+), decrease (-)	22,245	3,953
Cash flow from operations	**52,525**	**23,908**
Capital expenditure to tangible assets	(466)	(401)
Capital expenditure and advance payments to intangible assets	1,036	(4,659)
Purchase of own shares	0	(5,480)
Disposals of fixed assets	69	37
Share issue	36	0
Investments total	**675**	**(10,503)**
Cash flow before financing	**53,200**	**13,405**
Increase (+), decrease (-) of long-term debt	(25,060)	(60)
Dividend paid	(28,143)	(13,342)
External financing	**(53,203)**	**(13,402)**
Net financing	**-3**	**3**
Cash in hand and at banks at 1.1.	3	0
Cash in hand and at banks at 31.12.	0	3
Change in cash	**-3**	**3**

[1] Operating income after depreciation has been corrected by the profit / loss of disposals of fixed assets.

Notes to parent company's financial statements

STATEMENT OF INCOME

1. Sales

In the parent company the sales to subsidiaries totalled MEUR 14.9 (MEUR 16.2 in 2003) corresponding to a share of 100% (100% in 2003) of net sales.

2. Depreciation	**2004**	**2003**
Intangible rights	0.2	0.5
Machinery and equipment	0.5	0.4
Total	0.7	0.9

3. Costs, expenses and personnel	**2004**	**2003**
Costs and expenses in the Statement of Income were as follows:		
Wages and salaries	4.7	3.6
Pension costs	1.0	0.6
Other personnel expenses	0.5	0.4
Other operating expenses	9.8	9.1
Total	16.0	13.7
Wages and salaries in accordance with the Statement of Income:		
Remuneration to Board	0.1	0.1
Other wages and salaries	4.5	3.5
Total	4.6	3.6
The average number of personnel	64	57

4. Financial income and expenses	**2004**	**2003**
Financial income from long-term investments:		
Dividend income from group companies	24.5	0.3
Avoir Fiscal	10.0	0.1
Other financing income	0.1	0.0
Dividend income total	34.6	0.4
Interest income from long-term receivables:		
From group companies	2.6	2.2
Financial income from long-term investments total	37.2	2.6
Interest expenses and other financing expenses:		
Other financing expenses	(1.6)	(1.7)
Interest and other financial expenses total	(1.6)	(1.7)
Financial income and expenses total	35.6	0.9

5. Extraordinary items	**2004**	**2003**
Group contributions received from subsidiaries	22.3	22.7
Deferred tax assets from previous accounting periods	0.0	0.1
Group contributions paid to subsidiaries	(1.3)	(0.3)
Write-off for "Omniman"-project	0.0	(7.8)
Total	21.0	14.7

6. Taxes	**2004**	**2003**
Taxes on extraordinary items	6.1	4.2
Taxes on ordinary operations	9.9	0.5
Taxes from previous accounting periods	0.0	(0.1)
Total	16.0	4.7

BALANCE SHEET

7. Intangible rights	**2004**	**2003**
Acquisition costs as of 1 January	4.8	4.7
Increase	0.0	0.1
Acquisition costs as of 31 December	4.8	4.8
Accumulated depreciation 1 January	(4.5)	(4.0)
Accumulated depreciation	(0.2)	(0.5)
Total as of 31 December	0.1	0.3

8. Buildings	**2004**	**2003**
Acquisition costs as of 1 January	0.1	0.1
Acquisition costs as of 31 December	0.1	0.1
Accumulated depreciation 1 January	(0.1)	(0.1)
Total as of 31 December	0.0	0.0

9. Machinery and equipment	**2004**	**2003**
Acquisition costs as of 1 January	3.1	2.9
Increase	0.5	0.4
Decrease	(0.1)	(0.1)
Acquisition costs as of 31 December	3.5	3.2
Accumulated depreciation 1 January	(2.4)	(2.1)
Accumulated depreciation relating to disposals	0.1	0.1
Accumulated depreciation	(0.5)	(0.4)
Total as of 31 December	0.7	0.8

10. Other shares and similar rights of ownership	**2004**	**2003**
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	% of shares
Konecranes Finance Corp.	Hyvinkää	46.2	100 %
Konecranes VLC Corp.	Hyvinkää	4.2	100 %
Total		50.4	

Investment in other companies

Vierumäen Kuntorinne Oy	0.3	3.3 %

Notes to parent company's financial statements

11. Own shares	2004	2003
Acquisition costs as of 1 January	5.5	0.0
Increase	0.0	5.5
Decrease	(1.1)	0.0
Total as of 31 December	4.4	5.5

The Annual General Meeting on March 4, 2004 authorised the board of directors to repurchase and dispose the company's own shares. Altogether no more than 715,431 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 authorisation is effective from March 6, 2004 to March 3, 2005.

KCI Konecranes Plc has on October 29, 2004 transferred 53,450 own shares with a nominal value of EUR 106,900 as partial consideration in a business transaction in which KCI Konecranes Group purchases all shares of SMV Lifttrucks AB, Sweden. The transferred shares are valued at 31.28 euros per share. This is the trade weighted average closing price for KCI Konecranes Plc's share during the a period of 20 trading days ending the third business day prior to Closing. The transferred shares amount to 0.37 % of all KCI Konecranes Plc's shares and votes. The transferred shares are subject to a 3-year transfer restriction. One third of the shares may be sold after one year from Closing, one third two years from Closing, and the rest three years from Closing. The amount of own shares held by KCI Konecranes Plc after the transfer is 210,650 shares with a nominal value of EUR 421,300 and 1.47% of of all KCI Konecranes Plc's shares and votes.

12. Deferred assets	2004	2003
Group contributions	22.3	22.7
Payments which will be realized during the next financial year	1.3	0.6
Interest	0.3	0.2
Total	23.9	23.5

13. Shareholders' equity	2004	2003
Share capital as of 1 January	28.6	28.6
New issue	0.0	0.0
Share capital as of 31 December	28.6	28.6
Share premium account 1 January	21.8	21.8
New issue	0.1	0.0
Profit of transfer of own shares	0.4	0.0
Share premium account as of 31 December	22.3	21.8
Reserve for own shares as of 1 January	5.5	0.0
Increase	0.0	5.5
Decrease	(1.1)	0.0
Reserve for own shares as of 31 December	4.4	5.5
Retained earnings as of 1 January	55.5	61.6
Transfer to reserve for own shares	0.0	(5.5)
Transfer from reserve for own shares	1.1	0.0
Dividend paid	(28.1)	(13.3)
Retained earnings as of 31 December	28.5	42.8
Net income for the period	39.1	12.7
Shareholders' equity as of 31 December	122.9	111.5
Distributable equity 31 December		
Retained earnings as of 31 December	28.5	42.8
Net income for the period	39.1	12.7
Total	67.6	55.5

14. Long-term debt	2004	2003
Bonds:		
2000/2005 6.25 %	0.0	25.0

Installment during 2005 of the 25 MEUR bond is among short-term debt.

15. Accruals	2004	2003
Income taxes	0.0	4.7
Wages, salaries and personnel expenses	0.9	0.5
Interest	0.2	0.2
Group contributions	1.3	0.3
Other items	0.0	0.2
Total	2.4	5.9

16. Contingent liabilities and pledged assets

	2004	2003
CONTINGENT LIABILITIES		
For obligations of subsidiaries		
Group guarantees	79.1	14.2
OTHER CONTINGENT AND FINANCIAL LIABILITIES		Leasing liabilities
		Next year
0.1 0.2		
Later on	0.3	0.4

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

TOTAL BY CATEGORY		
Guarantees	79.1	14.2
Other liabilities	0.4	0.6
Total	79.5	14.8

17. Notional amounts of derivative financial instruments

	2004	2003
Foreign exchange forward contracts	0.8	0.9

Derivatives are used for currency rate hedging only.

Company list

Subsidiaries owned by the parent company		1,000 EUR Book-value	Parent company's share	Group's share
Finland:	Konecranes Finance Corporation	46,248	100	100
	Konecranes VLC Corporation	4,201	100	100

Subsidiaries owned by the group		Book-value	Group's share
Australia:	Konecranes Pty Ltd	127	100
Austria:	Konecranes Ges.m.b.H	217	100
Belgium:	S.A. Konecranes N.V.	0	100
Canada:	Konecranes Canada Inc.	893	100
	Provincial Cranes Inc.	30	100
Czech Republic:	Konecranes CZ s.r.o.	54	100
China:	Konecranes (Shanghai) Company Ltd.	799	100
	Konecranes (Shanghai) Co. Ltd.	178	100
Denmark:	Konecranes A/S	75	100
Estonia:	Konecranes Oü	0	100
Finland:	Finox Nosturit Oy	20	100
	Konecranes Components Corporation	6,540	100
	Konecranes Service Corporation	2,615	100
	KCI Special Cranes Corporation	80	100
	KCI Hoists Corporation	2,423	100
	KCI Motors Corporation	1,384	100
	KCI Tehdaspalvelu Etelä-Suomi Oy	100	100
	Nosturiexpertit Oy	10	100
	Permeco Oy	113	100
	KCI Tehdaspalvelu Länsi-Suomi Oy	862	100
	KCI Tehdaspalvelu Keski-Suomi Oy	100	100
	Pirkanmaan Tehdaspalvelu Oy	11	100
	KCI Tehdaspalvelu Itä-Suomi Oy	748	100
	Työstökonetekniikka Machine Tool Tech Oy	296	100
	Suomen Nosturitarkastus Oy	0	100
France:	Verlinde S.A.	2,744	99.6
	KCI Holding France S.A.	3,250	100
	Konecranes (France) S.A.	1,879	100
	CGP-Konecranes S.A.	2,545	100
Germany:	Konecranes Deutschland GmbH	1,300	100
	Konecranes GmbH	17,002	100
	SWF Krantechnik GmbH	15,500	100
	Konecranes Industriekrane GmbH	4,649	100
	Eurofactory GmbH	1,239	100
	Noell Konecranes GmbH	6,848	100
	Konecranes Schwerlastkrane GmbH	6,304	100
	Konecranes Deutschland Service GmbH	659	100
	Kubi Konecranes GmbH	1,239	100
	SMV Stapler Maschinen Vertrieb GmbH	227	100
Hungary:	Konecranes Kft.	792	100
Indonesia:	Pt. Konecranes	107	100
Italy:	Konecranes S.r.l.	150	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.	540	100
Mexico:	Konecranes Mexico SA de CV	1,456	100
	Gruas Mexico SA de CV	744	100

Company list

Subsidiaries owned by the group		1,000 EUR Book-value	Group's share
The Netherlands:	Konecranes Holding BV	3,851	100
	Konecranes BV	18	100
	Verlinde Nederland BV	106	100
Norway:	Konecranes A/S	908	100
	Wisbech Refsum A/S	12	100
Poland:	Konecranes Poland Sp. z o.o.	96	100
	Cranex Konecranes Sp. z o.o.	78	100
Romania:	S.C. Prodmoreco Konecranes S.A.	98	100
Russia:	ZAO Konecranes	6	100
Singapore:	KCI Cranes Holding (Singapore) Pte Ltd	603	100
	Konecranes Pte Ltd	1,395	100
Sweden:	KVRM Holding Sverige AB	1,682	100
	KCI Special Cranes AB	0	100
	Konecranes AB	1,515	100
	SMV Konecranes AB	25,759	100
Thailand:	Konecranes Service Co. Ltd.	76	49
Turkey:	Konecranes Ticaret Ve Servis Limited Sirketi	53	100
Ukraine:	ZAO Konecranes Ukraine	89	100
United Kingdom:	KCI Holding U.K. Ltd.	6,821	100
	Lloyds Konecranes Ltd.	2,031	100
	Konecranes (U.K.) Ltd.	1,404	100
	Lloyds British Pension Trustees Ltd.	0	100
U.S.A.	KCI Holding USA, Inc.	12,487	100
	Konecranes America, Inc.	3,311	100
	Konecranes, Inc.	213	100
	R&M Materials Handling, Inc.	6,020	100
	Drivecon, Inc.	368	100
	KPAC, Inc.	1	100
Associated companies			
China:	Shanghai High Tech Industrial Crane Co. Ltd	33	25
	Jiangyin Dingli ShengSai High Tech Industrial Crane Co., Ltd	320	30
	Guangzhou Technocranes Company Ltd	243	25
France:	Levelec S.A.	81	20
	Boutonnier ADT Levage S.A.	114	25
	Manelec S.a.r.l.	61	25
	Manulec S.A.	220	25
	VH Manutention S.a.r.l.	0	25
	Sere Maintenance S.A.	9	25
Italy:	Prim S.p.A.	135	25
Japan:	Meiden Hoist System Company Ltd.	1,762	49
United Arab Emirates:	Cranes Industrial Services LLC	128	49
Total:		3,106	
Other shares			
Estonia:	AS Konesko	498	19
Finland:	Levator Oy	34	19
	Nostininnovaatiot Oy	345	17.44
	Vierumäen Kuntorinne Oy	326	3.3
France:	Societé d'entretrien et de transformation d'engins mecaniques	0	19
Indonesia:	Pt Technocranes International Ltd.	10	15
Malaysia:	Kone Products & Engineering Sdn. Bhd.	10	10
United Kingdom:	Morris Material Handling Ltd	7,091	100
	Royce Limited	1	100
Venezuela:	Gruas Konecranes, C.A.	19	10
Others:		232	
Total:		8,566	

Development by Business Areas

SALES AND OPERATING INCOME

	2004 (MEUR)	2003 (MEUR)
Maintenance Services		
Sales	344.6	338.8
Operating income	23.3	22.4
Standard Lifting Equipment		
Sales	231.2	212.3
Operating income	21.0	17.6
Special Cranes		
Sales	214.1	178.6
Operating income	16.0	13.1
Internal sales	(61.9)	(65.2)
Group sales	**728.0**	**664.5**
Operating income before group overheads	**60.3**	**53.1**
Group costs	(20.5)	(29.5)
Non business area items	(2.4)	(2.1)
Group operating income	**37.4**	**21.5**

PERSONNEL 31 December

	2004	2003
Maintenance Services	2,685	2,622
Standard Lifting Equipment	1,028	1,000
Special Cranes	675	614
Group staff	123	114
Total	**4,511**	**4,350**

The KCI Konecranes Group 2000–2004

Business development		2004	2003	2002	2001	2000
Order intake	MEUR	736.9	611.9	598.9	679.1	764.4
Order book	MEUR	298.8	211.2	206.0	279.7	308.8
Net sales	MEUR	728.0	664.5	713.6	756.3	703.0
of which outside Finland	MEUR	653.5	599.4	634.2	679.2	644.2
Export from Finland	MEUR	273.4	258.9	256.9	263.5	217.8
Personnel on average		4,369	4,423	4,396	4,434	4,244
Capital expenditure	MEUR	11.8	12.4	13.9	11.3	14.7
as a percentage of net sales	%	1.6%	1.9%	1.9%	1.5%	2.1%
Research and development costs	MEUR	8.5	7.9	8.2	7.7	6.9
as % of Standard Lifting Equipment 1)	%	3.7%	3.7%	4.0%	3.1%	2.7%
as % of Group net sales	%	1.2%	1.2%	1.1%	1.0%	1.0%
Profitability						
Net Sales	MEUR	728.0	664.5	713.6	756.3	703.0
Income from operations						
(before goodwill amortization)	MEUR	39.4	24.8	40.9	59.4	43.7
as percentage of net sales	%	5.4%	3.7%	5.7%	7.9%	6.2%
Operating income	MEUR	37.4	21.5	37.6	55.3	39.6
as percentage of net sales	%	5.1%	3.2%	5.3%	7.3%	5.6%
Income before extraordinary items	MEUR	33.7	18.9	36.5	52.4	34.0
as percentage of net sales	%	4.6%	2.8%	5.1%	6.9%	4.8%
Income before taxes	MEUR	33.7	10.7	36.5	52.4	34.0
as percentage of net sales	%	4.6%	1.6%	5.1%	6.9%	4.8%
Net income	MEUR	23.0	6.7	24.6	35.3	23.4
as percentage of net sales	%	3.2%	1.0%	3.4%	4.7%	3.3%
Key figures and balance sheet						
Shareholders' equity	MEUR	157.9	163.4	173.2	180.2	155.3
Balance Sheet	MEUR	493.4	402.2	397.1	455.9	450.0
Return on equity	%	14.8	7.5	14.2	22.0	16.4
Return on capital employed	%	15.9	10.8	17.8	24.3	19.4
Current ratio		1.2	1.5	1.6	1.6	1.4
Solidity	%	34.3	42.6	45.5	41.4	35.8
Gearing	%	67.2	27.8	19.1	28.9	57.7
Shares in figures						
Earnings per share	EUR	1.64	0.88	1.69	2.40	1.59
Equity per share	EUR	10.89	11.24	12.11	11.75	10.06
Cash flow per share	EUR	0.30	1.72	4.54	2.93	-0.29
Dividend per share	EUR	1.05*	2.0**	0.95	0.90	0.71
Dividend / earnings	%	64.0	227.3	56.2	37.5	44.7
Effective dividend yield	%	3.2	7.2	4.1	3.2	2.6
Price / earnings		19.8	31.4	13.8	11.9	17.0
Trading low / high	EUR	27.20/35.50	17.20/29.39	19.80/36.83	25.00/38.46	25.10/39.90
Average share price	EUR	30.79	22.49	28.74	31.72	32.67
Yearend market capitalisation	MEUR	458.4	387.6	333.2	427.5	405.0
Number traded	(1000)	15,925	12,662	11,939	8,581	7,379
Stock turnover	%	112.9%	90.2%	83.4%	57.2%	49.2%

* The Board's proposal to the AGM
** 1 EUR by decision of ordinary and 1 EUR of extraordinary general meeting
1) R&D serves mainly Standard Lifting Equipment

Calculation of key figures

Return on equity:

$$\frac{\text{Income before extraordinary items - taxes}}{\text{Equity - own shares (average during the period)}} \text{ X } 100$$

Return on capital employed:

$$\frac{\text{Income before taxes + interest paid + other financing cost}}{\text{Total amount of equity and liabilities - non-interest bearing debts - own shares (average during the period)}} \text{ X } 100$$

Current ratio:

$$\frac{\text{Current assets}}{\text{Current liabilities}}$$

Solidity:

$$\frac{\text{Shareholders' equity - own shares}}{\text{Total amount of equity and liabilities - advance payment received - own shares}} \text{ X } 100$$

Gearing:

$$\frac{\text{Interest-bearing liabilities - liquid assets - loans receivable}}{\text{Shareholders' equity + minority share - own shares}} \text{ X } 100$$

Earnings per share:

$$\frac{\text{Net income +/- extraordinary items}}{\text{Number of shares - number of own shares}}$$

Equity per share:

$$\frac{\text{Shareholders' equity in balance sheet - own shares}}{\text{Number of shares - number of own shares}}$$

Cash flow per share:

$$\frac{\text{Cash flow from operations}}{\text{Number of shares - number of own shares}}$$

Effective dividend yield:

$$\frac{\text{Dividend per share}}{\text{Share price at the end of financial year}} \text{ X } 100$$

Price per earnings:

$$\frac{\text{Share price at the end of financial year}}{\text{Earnings per share}}$$

Yearend market capitalisation:

Number of shares (excluding own shares) multiplied by the share price at the end of year

Average number of personnel:

Calculated as average of number of personnel in quarters

Board of Directors' proposal to the Annual General Meeting

The Group's distributable equity is EUR 99,446,000. The parent company's distributable equity is EUR 67,594,725.89 of which the net income for the year is EUR 39,109,900.69.

The Board of Directors proposes that a dividend of EUR 1.05 be paid on each of the 14,099,380 shares for a total of EUR 14,804,349.00 and that the rest EUR 52,790,376.89 be retained and carried forward.

Helsinki, 11th February 2005

Björn Savén
Chairman of the Board of Directors

Svante Adde Member of the Board	Matti Kavetvuo Member of the Board
Timo Poranen Member of the Board	Lennart Simonsen Member of the Board
Stig Stendahl Member of the Board	Stig Gustavson Member of the Board President and CEO

Auditors' report

To the shareholders of KCI Konecranes Plc

We have audited the accounting, the financial statements and administration of KCI Konecranes Plc for the financial period 1.1.-31.12.2004. The financial statements, which have been prepared by the Board of Directors and the Managing Director, include the Report of the Board of Directors and the Income Statement, Balance Sheet and Notes. Based on our audit we express an opinion on the financial statements and administration of the parent company.

The audit has been conducted in accordance with generally accepted auditing standards. In our audit we have examined the bookkeeping and accounting principles, contents and presentation sufficiently enough in order to evaluate that the financial statements are free of material misstatements or deficiencies. In our audit of the administration we have evaluated if the actions taken by the Board of Directors of the parent company and the Managing Director have legally complied with the rules of the Companies' Act.

In our opinion we state, that the financial statements are prepared in accordance with the Accounting Act and other regulations regarding the preparation of financial statements. The financial statements give a true and fair view of the result of the group and the parent company and their financial position in accordance with the Accounting Act. The financial statements, including the consolidated financial statements, can be adopted and the members of the Board of Directors of the parent company and the Managing Director can be discharged from liability for the financial period audited by us. The proposal by the Board of Directors' regarding the use of distributable equity is in accordance with the Companies' Act.

Helsinki, 11 February, 2005

Deloitte & Touche Ltd
Authorized Public Audit Firm

Mikael Paul
Authorized Public Accountant

BOARD OF DIRECTORS

The members of the Board of Directors of KCI Konecranes Plc are elected at each Annual General Meeting for a term of one year. Non-executive Board members do not have options. Shareholdings are listed as per December 31, 2004.

Björn Savén b. 1950
• Chairman of the Board since 1994, Chairman of the Nomination and Compensation Committee since 2004 • Independent of the Company • M.Sc. (Ekon.), MBA, Dr.Econ. h.c.
• Chairman and Chief Executive at Industri Kapital 1989-. Holder of various executive positions at Esselte Group in Sweden, the UK, including President of Esselte Pendaflex in the US 1976-1988
• Deputy Chairman of Alfa-Laval AB, Dynea Oy and Sydsvenska Kemi AB
• Member of the Boards of Gardena AG, Finnish-Swedish Chamber of Commerce, IVA Royal Swedish Academy of Engineering Sciences
• Shareholding 30,100 beneficially via Industri Kapital

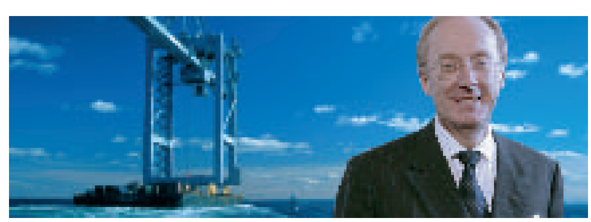
Svante Adde b. 1956
• Board member since 2004, member of the Audit Committee since 2004
• Independent of the Company • B.Sc. (Econ. and Business Administration)
• Chief Financial Officer of Ahlstrom Corporation 2003-. Managing Director at Lazard in London 1989-2003. • Member of the Board of Sonoco-Alcore S.a.r.l. 2004-
• Shareholding 250

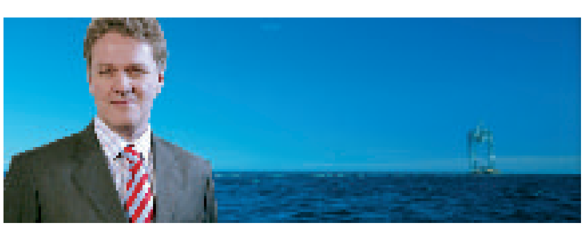
Timo Poranen b. 1943 • Board member since 1994, member of the Nomination and Compensation Committee since 2004 • Independent of the Company • M.Sc. (Eng.) • President, Finnish Forest Industries Federation 1998 -, Vice President Metsäliitto-Yhtymä 1996-97, CEO Metsä-Serla Corporation 1990-96. Holder of various executive positions at Oy Metsä-Botnia Ab 1974-90.
• Member of the board of Helsinki University of Technology, Finnish Employers Management Development Institute • Deputy member of the Board of Varma Mutual Pension Insurance Company • Chairman of the Board of Finnish Rail Administration • Member of the Councils of the Finnish Section of the International Chamber of Commerce and of the Finnish-Swedish Chamber of Commerce, Member of the Supervisory Board of Finnish Fair Corporation
• Shareholding 250

Stig Stendahl b. 1939
• Board member since 1999, Chairman of the Audit Committee since 2004
• Independent of the Company • M.Sc. (Chem. Eng.)
• CEO of Fiskars Oyj Abp 1992-2000, President of Abloy Security Limited 1987-1992, President of LKB Produkter AB 1979-1987
• Chairman of the Supervisory Board of Åbo Akademi University Foundation
Member of the Boards of The Swedish Academy of Engineering Sciences in Finland (STV) and IVA Royal Swedish Academy of Engineering Sciences
• Shareholding 450

Matti Kavetvuo b. 1944
• Board member since 2001, member of the Audit Committee since 2004
• Independent of the Company • M.Sc. (Eng.), B.Sc. (Econ.)
• CEO of Pohjola Group Plc 2000-2001, CEO of Valio Ltd 1992-1999, CEO of Orion Corporation 1985-1991, President of Instrumentarium Corp. 1979-1984
• Chairman of the Boards of Orion Corporation, Metso Corporation and Suominen Corporation Vice Chairman of the Board of Kesko Corporation
• Member of the Boards of Alma Media Corporation, Marimekko Corporation and Perlos Corporation, Member of the Supervisory Board of Finland Post Corporation
• Shareholding 250

Stig Gustavson b. 1945 • Board member since 1994, deemed to be dependent of the company in his role as president and CEO of KCI Konecranes Plc • M.Sc. (Eng.), Dr. Tech. h.c. • President of KCI Konecranes Plc 1994-. Holder of various executive positions at KONE Corporation 1982-1988 and President of the KONE Cranes division 1988-1994. Holder of executive positions at Sponsor Oy 1978-82, Raha-Automaattiyhdistys 1976-1978, Wärtsilä Oy Ab 1970-1976 • Chairman of the Boards of Oy Mercantile Ab, Handelsbanken, Regional Bank Finland, Dynea Oy, Eltel Group Oy, Arcada Foundation • Member of the Boards of Oy Helvar Merca Ab, Sydsvenska Kemi AB, Technology Industries of Finland (also Executive Committee member) • Chairman of the Supervisory Board of Tampere University of Technology • Member of the Supervisory Boards of Mutual Pension Insurance Company Varma • Shareholding 420,875
• Option to acquire 59,000 shares





Lennart Simonsen b. 1960
• Board member since 2004, member of the Nomination and Compensation Committee since 2004
• Dependent of the Company, in his role as Managing Partner of a company that has received compensation for services that do not relate to Board membership
• LL.M. Attorney, Managing Partner, Roschier Holmberg, Attorneys Ltd.
• Secretary of the Board of KCI Konecranes 1995-2004
• Shareholding 0

Christian Ståhlberg, b. 1974 (not in picture) LL.M. Attorney, Roschier Holmberg, Attorneys Ltd., is Secretary of the Board since 2004, Shareholding 0

GROUP MANAGEMENT

Stig Gustavson b. 1945 • M.Sc. (Eng.), Dr. Tech. h.c. • President & CEO • Employed 1982 • Shares 420,875 • Option to acquire 59,000 shares

Pekka Lundmark b. 1963 • M.Sc. (Eng.) • Group Executive Vice President, declared by the Board successor to the President & CEO • Employed 2004 • Shares 2,500

Matti Ruotsala b. 1956 • M.Sc. (Eng.) • Group Vice President, Chief Operating Officer and Deputy to the CEO • Employed 1982 • Shares 2,300 • Option to acquire 65,400 shares

Harry Ollila b. 1950 • M.Sc. (Eng.) • Group Vice President, Operations Development • Employed 1991 • Shares 32,000 • Option to acquire 9,000 shares

Antti Vanhatalo b. 1945 • M.Sc. (Eng.) • Group Vice President, Business Development; Special projects • Employed 1969 • Shares 1,000 • Option to acquire 9,000 shares

BUSINESS AREA PRESIDENTS

Tom Sothard b. 1957 • B.Sc. (Marketing) • President, Maintenance Services • Employed 1983 • Shares 500 • Option to acquire 65,400 shares

Mikko Uhari b. 1957 • Lic.Sc. (Eng.) • President, Special Cranes • Managing Director, KCI Special Cranes Corp. • Employed 1997 • Shares 350 • Option to acquire 65,400 shares

Pekka Päkkilä b. 1961 • B.Sc. (Eng.) • President, Standard Lifting Equipment • Employed 1987-1998, 2001- • Shares 500 • Option to acquire 14,000 shares

GROUP STAFF

Teuvo Rintamäki b. 1955 • M.Sc. (Econ.) • Chief Financial Officer (CFO) • Employed 1981 • Shares 11,900 • Option to acquire 59,000 shares

Sirpa Poitsalo b. 1963 • LL.M. • Director, General Counsel • Employed 1988 • Shares 100 • Option to acquire 29,400 shares

Peggy Hansson b. 1967 • M.Sc. (Adult Education) • Knowledge Director, Human Resources Management • Employed 1991 • Shares 1,200 • Option to acquire 1,400 shares

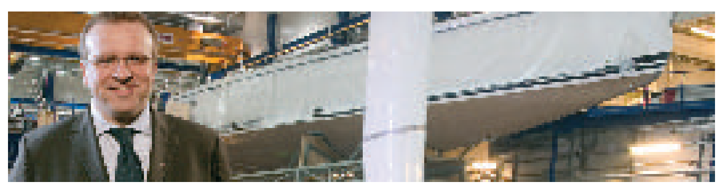
COUNTRY EXECUTIVES

Sami Atalla b. 1958 • M.Sc. (Marketing, Finance) • Country Executive, France; Managing Director, Austria and Hungary • Employed 1987 • Shares - • Option to acquire 11,600 shares

Arto Juosila b. 1955 • M.Sc. (Econ.) • Country Executive, Asia-Pacific (also Group Vice President) • Employed 1980 • Shares 8,000 • Option to acquire 16,000 shares

Bill Maxwell b. 1949 • B.Sc. • Country Executive, UK, the Netherlands, Belgium and Denmark; • Managing Director, Lloyds Konecranes Ltd • Employed 1992 • Shares - • Option to acquire 17,000 shares

Martin Rothe b. 1964 • M.Sc. (Eng.) • Country Executive, Germany • Employed 1991 • Shares - • Option to acquire 8,200 shares



Hannu Rusanen b.1957 • M.Sc. (Eng.) • Country Executive, Nordic • Employed 2003 • Shares 4,000 • Option to acquire 4,000 shares

Tom Sothard b. 1957 • B.Sc. (Marketing) • Country Executive, Americas (also President, Maintenance Services Business Area). • Employed 1983 • Shares 500 • Option to acquire 65,400 shares

Six Country Executives co-ordinate Group activities in certain large countries and market areas. The responsibilities of the Country Executives are described in the Corporate Governance section.

ADDRESSES

For more comprehensive listing of contacts please visit our web site at **www.konecranes.com**

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President and CEO, Stig Gustavson

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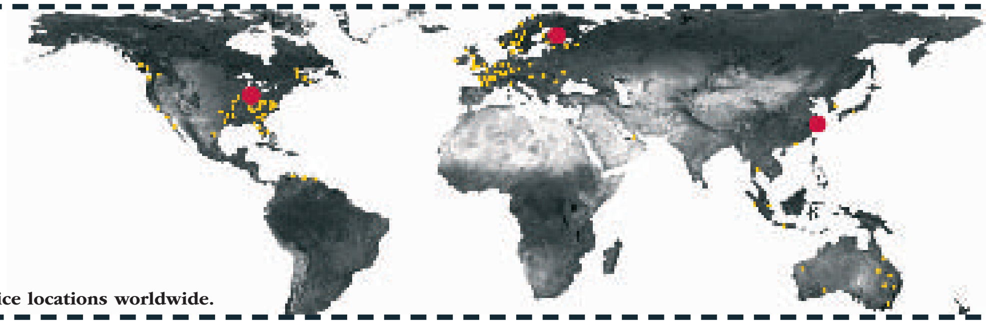
PLEASE NOTE! Konecranes Components Corp., KCI Special Cranes Corp. and Konecranes VLC Corp. have merged as of December 31, 2004 into a new subsidiary, KCI Special Cranes Corporation.

REGIONAL HEADQUARTERS



• **Over 300 service locations worldwide.**

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ANALYSTS

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INFORMATION TO SHAREHOLDERS

Invitation to participate in the Annual General Meeting

The Shareholders of KCI Konecranes Plc are hereby notified that the Company's Annual General Meeting will be held on Thursday, 10 March, 2005 at 11.00 a.m. at Group headquarters (address: Koneenkatu 8, 05830 Hyvinkää, Finland).

Shareholders wishing to attend and vote at the AGM must, on the record date 28 February 2005, be registered in the share register of KCI Konecranes kept by the Finnish Central Securities Depository Ltd. Nominee-registered shareholders, wishing to attend and vote at the AGM, must request a temporary entry in the share register on the record date. Shareholders are asked to submit their notice of attendance no later than 7 March 2005 before 4.45 p.m. via the Company's web pages at www.kcigroup.com/agm2005 or by phone +358-20-427 2001, fax +358-20-427 2099 or e-mail: maija.jokinen@kcigroup.com. A model of a proxy is available on the Internet.

Financial Calendar 2005

	(Finnish time, CET +1)
First quarter results	3 May, 10.00 a.m.
Second quarter results	4 August, 10.00 a.m.
Third quarter results	1 November, 10.00 a.m.

Analyst briefing
An analyst briefing will be arranged on each result date at 12.00 noon in Helsinki, Finland (address: World Trade Center, Marski Hall, Aleksanterinkatu 17).

International teleconference
An international teleconference will be arranged on each result date at 4.00 p.m. The dial in number is +44-(0)20 7162 0181. Please call in at 3.50 p.m. (replay available 48 hours, +44-(0)20 7031 4064, code 631239).

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Group Headquarters, Finland

KCI KONECRANES IN A NUTSHELL

THE KCI KONECRANES GROUP

One of the largest crane manufacturers in the world.

The largest crane maintenance provider in the world.

Group headquarters in Hyvinkää, Finland.

Number of employees: 4,511.

Market position

- Global market share ~ 10 %, in certain regions or product lines market shares are higher and certain markets are not (yet) covered at all.
- Strong position in the Nordic countries, Germany, France, the UK, the US, Canada, Australia, many smaller EU countries and in several Middle East and Far East countries.
- In China, Group activities are growing fast.
- In Japan the Group is in an entry phase.

Competition

- Mostly regional or local with few other global players.
- Competitors include Demag Cranes & Components GmbH (Germany), R. Stahl AG (Germany), ABUS Kransysteme GmbH(Germany), Morris Materials Handling, Inc. (USA), Columbus McKinnon Corporation (USA), ZPMC (China), KONE Cargotec/Kalmar (FIN), Fantuzzi Group (Italy), Svetruck (Sweden) and Liebherr (Ireland).

Key considerations

- Global leader in areas of focus.
- Crane maintenance is a genuine growth business.
- Positioned to drive consolidation in the industry.
- High focus on R&D.

BUSINESS AREAS

Maintenance Services

• World's largest network of crane service branches.
• 300 service locations in 35 countries worldwide.
• Number of employees: 2,685.

Market position
• Leading provider of crane maintenance services in the industrialised world. Currently, the largest role in the crane maintenance market is played by in-house maintenance, performed by the customers' own staff.

Services
• Highest professional competence applying advanced maintenance technology.
• Services include all activities necessary for trouble-free crane operation including inspections, predictive maintenance programs, modernisation services, preventive repairs, on-calls and spare part services.
• Original spare parts for 38 different brands

Service agreement base
• The service agreement base includes more than 220,000 cranes.
• Maintenance is provided for all overhead and gantry cranes regardless of the original manufacturer.
• Over 80 % of the cranes in the agreement base have not been manufactured by KCI Konecranes.

Standard Lifting Equipment

• Standard Lifting Equipment is used as part of a production process, for short distance through-the-air transportation and auxiliary purposes requiring regular or occasional lifting
• Marketed under the Konecranes brand and under independent brand names Morris (UK), SWF (Germany), Verlinde (France), R&M (U.S.) and Meiden (Japan).
• Sales representation in more than 40 countries.
• Number of employees: 1028.

Market position
• One of the largest industrial EOT crane and component producers in the industrialised world.

Products
• Industrial EOT cranes, electric chain and wire rope hoists, light crane systems, crane drives and a wide variety of components.
• Industry leading technology and global product ranges.
• Lifting capacities are typically less than 50 tons.
• A high degree of modularity and standardisation.

Production
• Annual production of more than 13,000 industrial cranes, hoists and related equipment.
• Component factories in Finland, France, the US and China.

Special Cranes

• Special Cranes focuses on solving heavy lifting needs in two major segments, cranes for the process industries and cranes and handling equipment for harbours and shipyards.
• Marketed under the Konecranes brand.
• Sales representation in more than 40 countries.
• Number of employees: 675.

Market position
• Global leader in engineered and heavy-duty cranes for process industries and in shipyard Goliath gantry cranes.
• Global specialised supplier of harbour cranes for containers and bulk materials with a global lead position in certain product areas.

Products
• EOT process cranes, harbour cranes, container terminal cranes, shipboard cranes, shipyard cranes, reach stackers, top lifters, empty container handlers, forklift trucks, crane automation, crane control systems and heavy-duty crane components.
• Industry leading technology and global product ranges.
• Typically lifting capacities range from 50 tons up to 1000 tons.
• All designs use a joint component platform

Production
• Annual production of more than 400 heavy-duty cranes and hoisting trolleys and 300 heavy-duty lift trucks.
• Process crane factories in Finland, the UK, Germany and the US.
• Several crane production joint venture companies and numerous supply partners.

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