KONECRANES
Lifting Businesses™

ANNUAL REPORT 2011

CHANGING THE GAME

KONECRANES IS AN INDUSTRY SHAPING, GLOBAL GROUP OF DYNAMIC LIFTING BUSINESSES™.

WE HAVE A STRONG COMMITMENT TO PROVIDE OUR CUSTOMERS WITH PRODUCTS AND SERVICES OF UNRIVALLED QUALITY, SAFETY AND RELIABILITY, WHICH RESULTS IN IMPROVED EFFICIENCY AND PERFORMANCE OF OUR CUSTOMERS' BUSINESSES.

THROUGH APPLYING BOTH OUR UNIQUE KNOWLEDGE AND TECHNOLOGY, AND RESPONSIVE SERVICE ATTITUDE OF NEVER LETTING THE CUSTOMER DOWN, WE ARE ABLE TO DEVELOP INNOVATIVE AND INTEGRATED LIFTING SOLUTIONS THAT OUR CUSTOMERS CAN TRUST.

THESE SOLUTIONS HELP INCREASE CUSTOMERS' PRODUCTIVITY AND SAFETY, THUS SHOWING THAT WE ARE NOT JUST LIFTING THINGS, BUT ENTIRE BUSINESSES.

CONTENTS

KONECRANES IN A SNAPSHOT

Workstation crane

Konecranes is a world-leading manufacturer of lifting equipment, serving manufacturing and process industries, shipyards, ports, and power plants with productivity-enhancing lifting solutions and services. Our extensive resources, technologies, and proactive mindset ensure that we always deliver on our customer promise: Lifting Businesses™.

MARKET LEADER
IN INDUSTRIAL CRANES AND CRANE SERVICE

INDUSTRY-LEADING TECHNOLOGY
AND GLOBAL MODULAR PRODUCT PLATFORMS

SALES OF
EUR 1,896.4 MILLION
IN 2011

11,651 EMPLOYEES
IN 2011

PRODUCTION FACILITIES
IN 16 COUNTRIES

SALES AND SERVICE LOCATIONS
IN 47 COUNTRIES

HEAD OFFICE
IN FINLAND

LISTED ON
THE NASDAQ OMX EXCHANGE
IN HELSINKI, FINLAND

BUSINESS AREAS

Service

Through its global service network, Konecranes' Business Area Service offers a full range of service solutions, maintenance, and modernization for all brands and makes of cranes, port equipment, and machine tools. Konecranes has 609 service locations in 47 countries.

PRODUCTS

Konecranes offers five different service levels covering the following products: inspections, preventive maintenance programs, repairs and improvements, on-call service, spare parts, modernizations, and special services such as operational service, remote services, and consultation.

MARKET POSITION

The clear market leader in crane service, with the world's most extensive crane service network. One of the largest international providers of machine tool service.

SERVICE CONTRACT BASE

Approximately 410,000 units are covered by Konecranes maintenance contracts, of which approximately 25 percent are manufactured by Konecranes.

Equipment

Business Area Equipment offers components, cranes, and material handling solutions for a wide range of industries, including process industries, the nuclear sector, industries handling heavy loads, ports, intermodal terminals, shipyards, and bulk material terminals. Products are marketed through a multi-brand portfolio that includes the Konecranes corporate brand and the STAHL CraneSystems, SWF, Verlinde, R&M, and Sanma Hoists & Cranes power brands.

PRODUCTS

Industrial cranes, including standard-duty cranes, heavy-duty cranes, and workstation lifting systems such as load manipulators; components including wire rope hoists, crane kits, electric chain hoists, manual hoists and accessories; nuclear cranes; port cranes; bulk material unloaders; lift trucks; and shipyard cranes.

MARKET POSITION

The world's largest supplier of industrial cranes. A worldwide leader in explosion-protected crane technology. A global leader in electrical overhead traveling cranes for process industries and shipyard gantry cranes. A global supplier of cranes and lift trucks for container handling and heavy unitized cargo and bulk material unloading.

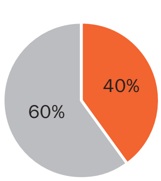
ANNUAL PRODUCTION

Tens of thousands of standard cranes, wire rope hoists, and electric chain hoists, and hundreds of heavy-duty cranes, hoisting trolleys, and heavy-duty lift trucks.

SALES BY BUSINESS AREA 2011

Service, MEUR 796.1

Equipment, MEUR 1,201.4

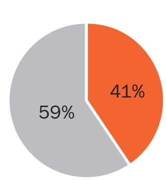


EBIT BY BUSINESS AREA 2011*

Service MEUR 55.7

Equipment MEUR 81.7

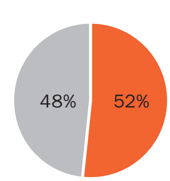
**Excluding restructuring costs*



PERSONNEL BY BUSINESS AREA 2011

Service 5,980

Equipment 5,621



2011 HIGHLIGHTS

GROWTH IN ORDERS AND SALES, OPERATING PROFIT ON PREVIOUS YEAR'S LEVEL

- Demand for maintenance services continued to develop favorably throughout the year due to higher capacity utilization within customer industries. Demand for new equipment grew strongly during the first half of the year, but showed signs of stabilization towards the end of 2011 due to increasing macroeconomic tensions. Geographically, the Americas saw the strongest growth in demand. Order intake totaled EUR 1,896.1 million, an increase of 23.4 percent compared to 2010.
- Konecranes' order book as of the end of the year stood at EUR 991.8 million, 31.2 percent higher than in 2010.
- Net sales increased by 22.6 percent compared to 2010 and totaled EUR 1,896.4 million.
- Operating profit before restructuring costs was EUR 117.2 million, 1.8 percent above the 2010 figure. Operating margin before restructuring costs was 6.2 percent of sales.
- Operating profit including restructuring costs was EUR 106.9 million, 4.9 percent below the 2010 figure. Operating margin including restructuring costs was 5.6 percent of sales.
- The operating profit was held back by higher business development spending related to technology and IT. The sales mix was less favorable than in 2010 in both business areas.

PERFORMANCE BY BUSINESS AREA

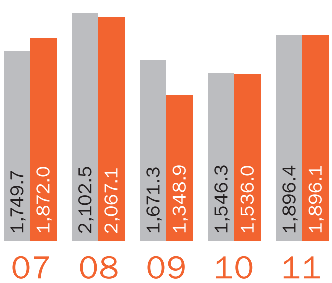
- Net sales in the Service business area were 12.5 percent higher than in 2010, at EUR 796.1 million. Operating profit before restructuring costs was EUR 55.7 million, or 7.0 percent of net sales. Volume growth contributed positively to the operating profit, but the cost of expanding the branch network through organic growth and acquisitions affected the result. Some modernization projects also suffered from execution bottlenecks.
- Net sales in the Equipment business area were 26.6 percent higher than in 2010, at EUR 1,201.4 million. Operating profit before restructuring costs was EUR 81.7 million or 6.8 percent of net sales. Profitability improved due to higher volumes, but was held back by higher input costs, which could not be fully passed onto product prices.

MAJOR GROWTH INVESTMENTS

- Konecranes continued to further strengthen its position in the world's growing emerging markets, both organically and through bolt-on acquisitions.
- Konecranes made seven acquisitions in Chile, India, Austria, Germany, Spain, Switzerland, and Saudi Arabia during 2011.
- Konecranes acquired 100 percent of the shares of WMI Cranes Ltd. – one of India's leading manufacturers of heavy-duty cranes – in two phases. The acquisition marks an important step in strengthening Konecranes' position in the growing Indian crane market.
- In June, Konecranes acquired 100 percent of the Saudi-Arabian crane manufacturer, Saudi Cranes & Steel Works Factory Company Limited. Saudi Cranes' core business is the design, manufacture, and sales of industrial cranes.
- Personnel numbered 11,651 as of the end of 2011, an increase of 1,609. Approximately one-third of this increase came from acquisitions.
- R&D investments were 1.6 percent of net sales (2010: 1.4 percent)
- Konecranes launched the first service products in the TRUCONNECT® remote services product family. The TRUVIEW® remote data monitoring and reporting service collects actual usage data from cranes through a remote connection. TRUCARE® is a five-year full service contract built around the TRUVIEW service. TRUEFFICIENCY Basic remote service – an online production monitoring service – is available for Machine Tool Service (MTS).

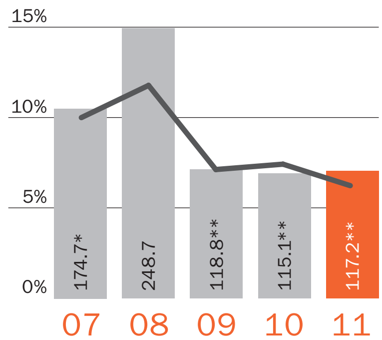
SALES/ORDERS, MEUR

Sales
Order intake

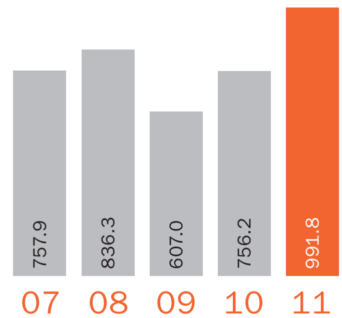


EBIT/EBIT MARGIN, MEUR/%

** Excluding capital gain*
*** Excluding restructuring costs*

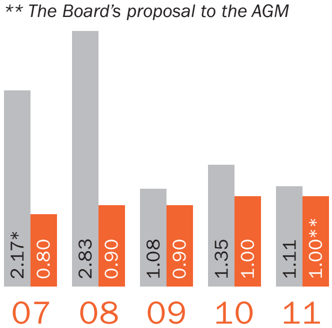


ORDER BOOK, MEUR



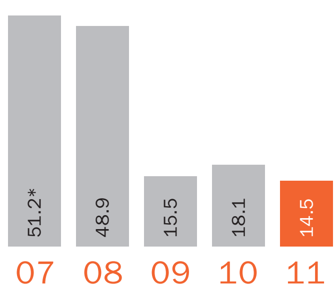
EARNINGS & DIVIDEND PER SHARE, EUR

Earnings per share, basic
Dividend per share
** 2007 EPS excluding capital gain: EUR 1.95*
*** The Board's proposal to the AGM*



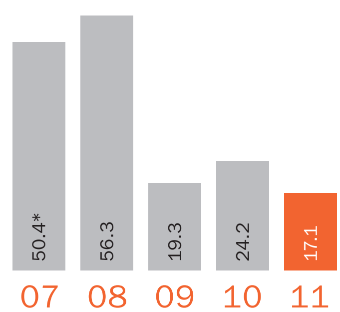
RETURN ON EQUITY, %

**2007: Excluding capital gain: 47.3 %*

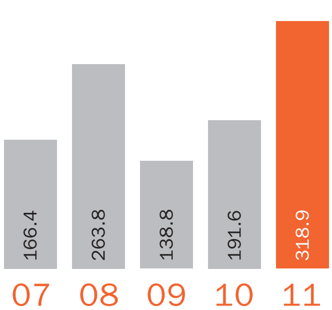


RETURN ON CAPITAL EMPLOYED, %

**2007: Excluding capital gain: 46.2 %*

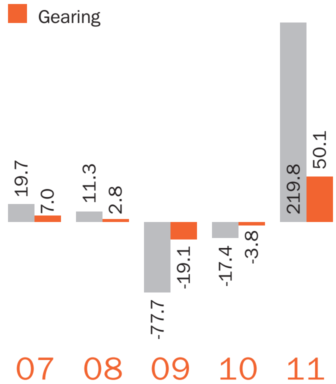


NET WORKING CAPITAL, MEUR



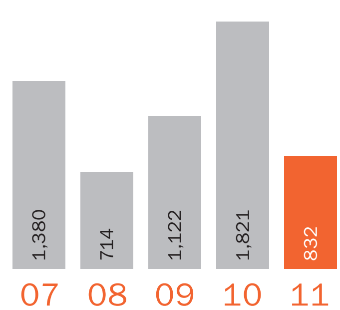
NET DEBT/GEARING, MEUR/%

Net debt
Gearing



YEAR-END MARKET CAPITALIZATION*, MEUR

** Excluding own shares*



CEO'S REVIEW

DEAR KONECRANES SHAREHOLDERS, CUSTOMERS, AND EMPLOYEES,

The world economy continued its fragile recovery in 2011 from the deep recession that began in late 2008 and impacted our markets for approximately 18 months. Key markets that had already begun to develop positively in the second half of 2010 continued to grow in 2011, but volumes stayed largely below those seen in the record year of 2008. The Americas and Asia-Pacific regions were both remarkably strong, whereas progress in traditional large markets in Western Europe was slower, owing to the hesitation of many businesses when considering investment decisions in the region. Towards the end of the year, the Chinese market also started to weaken, with several customers experiencing funding bottlenecks.

We are satisfied with our growth in 2011. Our order intake was good through the year and rose in total by 23 percent compared to 2010. Sales growth was equally strong, and we were able to quickly ramp up our delivery capacity from recession levels, despite some bottlenecks. After two years of declining sales, we can be pleased with a 23 percent growth in sales, which took us to our second-highest annual total sales ever: approximately EUR 1.9 billion.

The operating profit for the year, EUR 117 million before restructuring costs, or 6.2 percent of sales, did not meet our expectations. The fast operational ramp-up resulted in significant extra costs to deliver higher product and service volumes. Strong price competition in certain segments did not allow us to fully pass on material and labor cost increases to customer prices. And finally, fixed costs in the service business, especially in Europe, grew too rapidly compared to sales. As a result, we will prioritize profitability over growth in the short term. The main focus will be on costs and margins, rather than network expansion or a maximum number of acquisitions. Once the service business is back to normal profitability, we will return to our growth agenda. While the Group's operating margin was below target, our return on capital employed was still reasonably good, at 17.1 percent.

We launched a new corporate vision in 2011. Our common long-term goal, giving direction to the entire organization, is: "We know in real time how millions of lifting devices and machine tools perform. We use this knowledge around the clock to make our customers' operations safer and more productive." The main purpose of the vision is to guide the development of our offering and our entire strategic thinking. The key will be differentiation through service and technology innovation. We want to offer a truly unique experience to our customers, in addition to normal equipment deliveries and service. There is substantial potential for further development in software, control systems, networking, and sensor technologies, to name just a few areas. After a first year of intensive efforts, we are already monitoring the condition of over 1,000 pieces of equipment remotely. While these are still early learning experiences, it is a good start.

Employee career development, training, and well being are going to be increasingly important factors as companies strive to improve their productivity and be an attractive alternative for talented people. As the available workforce in Western countries is shrinking, it is vital that we find ways to increase the length of people's careers by working together with our employees. We have achieved encouraging results from company-sponsored fitness tests and coaching in Finland and expect initiatives like these to lead to a permanent reduction in sickness-related absence and early retirement. These are true win-win investments: improvements in employees' health increase both people's quality of life and their productivity at work.

The name of the game in our business will increasingly be emerging markets. The importance of Asia is growing rapidly, and it is not 'only' about China and India. Indonesia and Vietnam are just two examples of countries where significant new opportunities are emerging. South America, particularly Chile and Brazil, as well as the Middle East and Africa, are areas of strong growth. In relative terms, we will increasingly steer our field presence, product development, and manufacturing investments to serve emerging markets in Asia and elsewhere. The acquisitions we have recently made in China, India, Chile, and Saudi Arabia support this plan.

It is not an easy task to forecast how our business will develop in 2012. Our starting-point is good, as we began the year with an order book 31 percent stronger than a year ago, valued at just under EUR 1 billion. This will give us good visibility for the first half of the year. How the public sector debt crisis in the Western world will affect the financial market and ultimately our customers' ability to invest remains a concern, however. Our forecast is that both our sales and operating profit for 2012 will exceed those for 2011.

I would like to thank everybody who has contributed to the success of our customers and all our shareholders for their trust during 2011.

Pekka Lundmark
President and CEO

CHAIRMAN'S LETTER

DEAR SHAREHOLDERS,

One year ago we had every reason to be joyful: during 2010, our stock had appreciated by over 60 percent and was one of the winners on the Helsinki Stock Exchange.

I also saw it as appropriate to announce an end to the recession that had started in September 2008 with the collapse of Lehman Brothers, but which had really already started in mid-2007.

Little did we know one year ago what was going to happen during 2011. We all know now how the debt crisis has shaken Greece, Italy, Spain, Portugal…

The shaky outlook for Europe and uncertainty about the future of the Euro triggered a total shift in sentiment among shareholders, and, I believe, among American shareholders in particular.

Starting at the end of the first half of 2011, there has been a significant drop in the amount of our non-Finland based shareholders. From a normal level of approximately 70 percent of our total number of shareholders, our non-Finland based shareholders are now at an all-time low of only 25 percent.

This massive exodus naturally had a deep impact on the share price. From levels of 30+ EUR per share at the beginning of the year, the share price hit a low of close to 13 EUR in December, down almost 60 percent. Towards the end of 2011 and during the beginning of 2012, there has been some recovery, approaching 20 EUR per share.

From an operational point of view, 2011 was a successful year. Sales and orders recorded a healthy growth of 23 percent. Coming from a non-growth environment in 2010, the shift to growth in 2011 took its toll on profits. However, margins were stable, and profit increased somewhat. Measured as return on equity, we maintained a good level.

Our balance sheet remained strong. At year-end, we showed a net debt, which has not been the case during previous years. However, that debt is, to a material extent, balanced by the value of our holdings of our own stock. At year-end, a total of 6,042,456 Konecranes shares, or 9.6 percent of our outstanding stock, was held by the company as treasury shares. We managed the timing of our stock purchases well, and the present value of the holding exceeds our purchase costs by a clear margin.

This holding of treasury stock may come in handy going forward. During volatile times, acquisitions are normally difficult to price correctly. The use of company shares as consideration may provide an interesting option. As before, carefully selected acquisitions remain an essential part of our growth strategy.

Going forward, we have started 2012 under favorable auspicates. Orders on hand are at a good level, and increasing. With more stable sailing, our margins are increasing. The American market is developing well, and our market share there is robust and growing.

We are systematically advancing our presence in other growth markets, especially in India and China. We have opened a new subsidiary in Vietnam, and we are advancing our positions in the Middle East. Our order intake from South America is increasing rapidly.

Europe remains a question mark. We still see no credible solution with regards to the debt crisis. Banks are being told to increase their tier one capital. If bank shareholders are unwilling to invest more capital – as they are with present return prospects – banks will have to restrict lending. The imminent need for write-downs on certain national debt (actually the ongoing write-down process) will put further pressure on lenders. The inability of European politicians to reach a comprehensive solution further blurs the picture.

For Konecranes, limited capital spending will certainly have an impact. However, our biggest European market is Germany. The German economy is robust. Few have noticed the fact that the single most important German economic driver is not German exports (although German exports are doing well), but German domestic investments. After years of low capex at home, German industry is now investing at home.

Our biggest business in Europe is our service activity. Although Service as a business also varies with overall business activity – cranes in mothballed factories do not need service – the service business shows a remarkable resilience in turbulent times.

Pekka Lundmark, our CEO, writes in his column about our initiatives in the field of caring for the wellbeing and motivation of our personnel. From a Board perspective, we are excited about the motivation and enthusiasm that we see in

CHANGING THE GAME

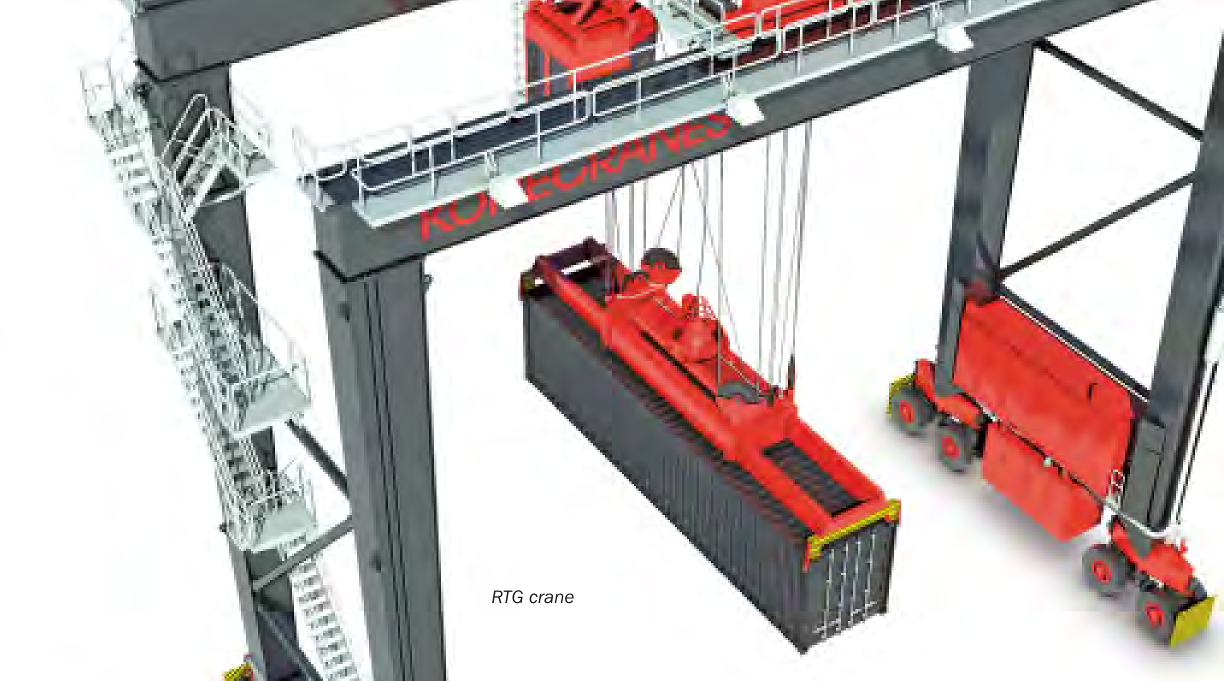
WITH A WINNING BUSINESS MODEL

the company. The Board has also moved to renew the Group's incentive system, to provide better alignment with shareholder returns.

In summary, our Group has started the new year in growth mode, with increasing market share, with an enthusiastic crew, and with a winning business model of the best services and the most modern equipment. Our eyes are open for the challenges ahead of us in Europe.

I wish to thank all shareholders that have stayed loyally on board, and I would like to welcome all our new shareholders. We are all partners in our long-term success.

Stig Gustavson
Chairman of the Board



RTG crane

LIFTING BUSINESSES WORLDWIDE THROUGH HIGH-CLASS OPERATION

MISSION:

NOT JUST LIFTING THINGS, BUT ENTIRE BUSINESSES.

VISION:

WE KNOW IN REAL TIME HOW MILLIONS OF LIFTING DEVICES AND MACHINE TOOLS PERFORM. WE USE THIS KNOWLEDGE AROUND THE CLOCK TO MAKE OUR CUSTOMERS’ OPERATIONS SAFER AND MORE PRODUCTIVE.

VALUES:

TRUST IN PEOPLE

WE WANT TO BE KNOWN FOR OUR GREAT PEOPLE.

TOTAL SERVICE COMMITMENT

WE WANT TO BE KNOWN FOR ALWAYS KEEPING OUR PROMISES.

SUSTAINED PROFITABILITY

WE WANT TO BE KNOWN AS A FINANCIALLY SOUND COMPANY.

STRATEGY

DIFFERENTIATION THROUGH SERVICE AND TECHNOLOGY INNOVATION

We at Konecranes are committed to providing excellent, proactive service and to never letting our customers down – by always being there when our customers need us. To ensure that we are, we believe in the importance of continuously developing our service offering and further enhancing the customer experience.

Our other key differentiators are technology and innovation. We have continuously increased our R&D investments. Safety and quality remain high on our agenda and we are committed to incorporating these into every aspect of our mindset.

LIFTING PEOPLE

Our employees, together with their expertise and their motivation, are central to our success. This is why we continually invest in training and in developing people's leadership skills. The more capable our people are, the better both our service and our products will be.

GLOBAL FOOTPRINT

Konecranes is committed to becoming an even more dynamic and global force in the lifting business. While we already have a presence in almost 50 countries, there are still many areas where Konecranes could offer more, both in terms of products and service. We believe that we can achieve this through a combination of ongoing organic growth and acquisitions. Rapid expansion in emerging markets will be key here.

DUAL-CHANNEL STRATEGY

Given the very fragmented nature of the markets that we serve, we sell both directly to end-users and to small independent crane-builders and industrial distributors. This dual-channel approach enables Konecranes to provide maximum market coverage, while retaining economies of scale through uniform product platforms.

GLOBAL, DEMAND-DRIVEN SUPPLY CHAIN

Our global presence and our commitment to serving our customers, wherever they are, means that we need a global supply chain and one that offers similar capabilities worldwide to provide us with the optimum level of scalability. Our supply chain also needs to be flexible so that we can adapt to fluctuations in demand, while offering competitive lead and delivery times, and avoid excessively large inventory levels.

REAL-TIME INFORMATION

To ensure that we can make rapid and well-informed decisions, Konecranes believes in decentralized decision-making and the benefits of taking decisions as close to the customer as possible. Giving our people access to transparent, real-time information will be essential to improving our performance here, which is why we are investing in new-generation information systems to give us new capabilities.

XA light crane system

CHANGING THE GAME

WITH EXCELLENT SERVICE AND TECHNOLOGY INNOVATION

BUSINESS ENVIRONMENT

STRONG DEMAND, DESPITE MACROECONOMIC WORRIES

KONECRANES' GLOBAL MARKET POSITIONS

MARKET SHARE OF **16%**	**#1** IN CRANE MAINTENANCE SERVICES	**#1** IN INDUSTRIAL CRANES & COMPONENTS	**#3–5** IN PORT CRANES	**#3–4** IN LIFT TRUCKS

The 2011 business environment turned out to be a very mixed one. Coupled with relaxed monetary policies and low interest rates, the global economic situation was generally buoyant in the first half of 2011. Export-led economies showed the strongest level of recovery. Two events also shaped the business environment during the first half of the year: a powerful earthquake and subsequent tsunami that shook northeastern Japan on March 11, and unrest in North Africa and the Middle East.

Concern about budget deficits and the level of public debt in Europe and the US started to impede the private sector's optimism towards the end of the second quarter, and the second half of the year was characterized by high economic uncertainty. China and India maintained high growth rates, but this meant an increase in inflationary pressures, against which governments took measures to cool the economy. Higher interest rates and tighter credit availability resulted in a slow-down in economic activity in these countries during the second half of the year.

In line with the general economic situation, industrial capacity utilization in Europe and the US leveled off after having nearly reached the level that prevailed before the start of the financial crisis in 2008. Having broken multi-year highs in the first quarter, purchasing managers' indexes also fell back in the second and third quarters. During the fourth quarter, the indexes indicated slightly contracting business activity in Europe, but slightly expanding activity in the US.

Compared to 2010, the demand for new equipment improved, as economic growth had eliminated much of the overcapacity within manufacturing industries. Accelerated decision-making for industrial investments boosted the demand for industrial cranes and lift trucks during the first half of the year, while the demand for industrial cranes slackened off during the second half. Demand for crane components was robust throughout the year. Demand for new equipment among industrial customers was strong in all geographic areas except Western Europe. The Americas saw the strongest growth in demand. Price competition remained intense.

Having made a strong comeback in 2010, global container traffic showed further signs of strength, growing by about 7 percent in 2011. The strongest growth in container traffic was seen in China and the rest of the Far East, closely followed by Europe. This resulted in a continued high level of project activity with container ports globally. New emerging markets such as sub-Saharan Africa have gained in importance due to population growth and infrastructure investments in the region. Demand for automated solutions providing higher productivity and lower costs for large terminals continued to grow.

The demand for lifting equipment services improved in the first half of the year due to higher capacity utilization in Konecranes' customer industries. In the second half, the service market showed signs of stabilization, but remained robust overall. Outsourcing of crane and machine tool maintenance continued to develop favorably. New types of services utilizing the latest IT and measurement technologies were introduced.

Recent commodity price inflation caused an upward pressure on input costs, particularly in the component area. There were also availability issues related to certain components. After peaking in the first quarter, steel prices eased in the second quarter due to slower economic growth, and this trend continued in the second half. The EUR appreciated against the USD during the first half, but depreciated towards the end of the year.

KEY BUSINESS DRIVERS

The increasing economic power of emerging markets, such as BRIC countries, continued to be clearly reflected in

Konecranes' operations. Orders from emerging markets accounted for approximately one-third of Group orders and almost 50 percent of orders in the Equipment business. Thanks to investments in organic growth and acquisitions, Konecranes has built up very strong positions in China and India in particular.

The market for services and lifting equipment differs significantly in developed and emerging economies. Outsourcing continues to be concentrated in industrialized countries, while the concept of outsourced crane maintenance has only recently started to gain ground in emerging markets with the growth in the installed base of Western-type equipment. The preventive maintenance concept, which is already well-established in developed countries, is gradually gaining a foothold in emerging markets as well.

Automation, eco-efficiency, and safety are the key aspects of the new equipment business in developed countries. While local products in emerging markets usually incorporate basic robust technology, there is a clear trend towards similar features to those taken for granted in developed markets – something that is clearly beneficial for technologically oriented companies such as Konecranes.

CHANGING THE GAME

WITH AUTOMATION, ECO-EFFICIENCY AND SAFETY

Straddle carrier

BUSINESS AREA SERVICE

REMOTE SERVICES IMPROVE SAFETY AND PRODUCTIVITY

Through its global service network, Konecranes' Business Area Service offers a full range of service solutions, maintenance, and modernization for all brands and makes of cranes, port equipment, and machine tools. Demand for lifting equipment services improved during the first half of 2011. In the second half of the year, the service market showed signs of stabilization, but remained robust overall. The new TRUCONNECT® remote services family was well-received.

A commitment to excellent, proactive, and real-time service is one of Konecranes' strategic priorities. With 609 service locations in 47 countries, the company has the largest service network in the industry and provides high-quality service 24/7.

Konecranes' Service customers range from repair shops and general manufacturing sites, with maintenance cranes and machine tools, to paper and steel mills, nuclear power plants, and ports with lifting equipment that require 24-hour availability.

Konecranes offers a full range of service solutions for all its customers designed to match their individual maintenance and performance needs. These solutions vary from expert services related to a specific project or product to full service and material handling partnerships. All aim at giving customers the optimal package of services to help them increase the productivity of their businesses.

LARGE INVESTMENTS AFFECTED PROFITABILITY, AS GROWTH WAS SLOWER-THAN-EXPECTED

The demand for lifting equipment services improved in 2011 due to higher capacity utilization in Konecranes' customer industries. Despite industrial capacity utilization leveling off during the latter part of the year, particularly in Europe, Service orders grew in all regions throughout the year.

Business Area Service invested heavily in system and technology development, service network expansion, and training to be able to deliver higher-value services and higher volumes in the future. Growth in deliveries was slower than originally planned, which affected fixed cost absorption, and resulted in lower-than-expected profitability. Actions were initiated during the fourth quarter to reduce fixed costs, especially in Europe.

KEY FIGURES	Proportion of Group total, %	2011	2010	Change, %
Orders received, MEUR	35	694.6	605.7	14.7
Order book, MEUR	14	135.1	103.3	30.9
Net sales, MEUR	40	796.1	707.8	12.5
Operating profit (EBIT), excluding restructuring costs, MEUR	41	55.7	62.5	-10.8
Operating margin (EBIT), excluding restructuring costs, %		7.0%	8.8%	
Operating profit (EBIT), MEUR	39	49.4	62.5	-20.9
Operating margin (EBIT), %		6.2%	8.8%	
Personnel at the end of period	52	5,980	5,397	10.8

CHANGING THE GAME

WITH PROACTIVE AND REAL-TIME SERVICE

New orders for Konecranes' Business Area Service grew in 2011 in all geographic regions. Orders received totaled EUR 694.6 million (605.7), an increase of 14.7 percent. The order book increased by 30.9 percent to EUR 135.1 million (103.3) compared to the end of 2010. Sales rose 12.5 percent, to EUR 796.1 million (707.8). The operating profit excluding restructuring costs was EUR 55.7 million (62.5) and the operating margin 7.0 percent (8.8). The number of units in the maintenance contract base increased to 409,877 from 375,514 at the end of 2010, with an annual value of EUR 166.2 million (145.7).

REMOTE SERVICES MOVE KONECRANES CLOSER TOWARDS ITS NEW VISION

An innovative approach to product and service development is one of Konecranes' competitive advantages. Konecranes launched the new TRUCONNECT remote services family in 2011. TRUCONNECT services are based on a remote connection between equipment and the Konecranes Remote Center. Remote services enable Konecranes to help its customers improve the safe use of their equipment, provide the right maintenance at the right time, and assess the lifecycle of crane components. This results in higher efficiency, as maintenance can be planned to match the actual usage and condition of cranes. By the end of the year, Konecranes had over 1,000 active remote connections to cranes in place. Remote services are an important step in moving Konecranes closer towards its vision of knowing in real time how its customers' equipment performs and using this knowledge to benefit customers.

GROWING PRESENCE IN SOUTH AMERICA

In January 2011, Konecranes acquired Gruas Koman Limitada in Santiago, Chile. The acquisition also included a start-up subsidiary in Peru, Koman Gruas Peru S.R.L. The acquired companies specialize in providing advanced overhead lifting solutions and maintenance services in Chile, Peru, and Bolivia, and have an installed base of almost 500 cranes, the majority based on Konecranes technology. The acquisition consolidated Konecranes' position as the leading service provider in Chile and has given the Group a valuable foothold on the Peruvian services market. As Konecranes also continued its organic growth in Brazil, its overall presence in the South American market strengthened significantly during the year.

The Indian crane company WMI Cranes Ltd. (currently named WMI Konecranes India Ltd.), which has been consolidated into Konecranes' financial reporting as of February 2011, has a delivered equipment base of more than 4,000 cranes. This offers excellent growth opportunities for Konecranes' maintenance services in India.

In November 2011, Konecranes acquired ABB Schweiz AG's crane systems business. With its large customer base, good connections to a number of industries, and experienced and highly qualified employees, this business will further strengthen Konecranes' position in Switzerland.

Konecranes Service's broad maintenance contract base and emphasis on long-term contracts and a high level of customer satisfaction gives the Group a strong base for future development, even when faced with a potential economic downturn. The substantial investments made in technology and the service network in 2011 are expected to yield clear benefits in the coming years.

BUSINESS AREA EQUIPMENT

STRENGTHENING KONECRANES' PRESENCE IN EMERGING MARKETS

Konecranes' Business Area Equipment offers lifting equipment and material handling solutions for industrial use, typically in general manufacturing, process industries, power plants, industries handling heavy loads, ports, intermodal terminals, shipyards, and bulk material terminals. Demand for new equipment improved during 2011 compared to 2010, although price competition remained intense. Business Area Equipment continued to consolidate its markets in emerging countries.

Business Area Equipment has an extensive and diverse global customer base. General manufacturing represents the largest single customer segment, while ports, oil & gas, mining, automotive, warehousing, entertainment, energy, steel, petrochemicals, shipyards, and paper are also important customer industries.

Konecranes is the world's largest supplier of lifting equipment for industrial purposes, with a product range that covers industrial cranes, wire rope and chain hoists, crane components, workstation lifting systems, manual hoists, and medium to heavy forklifts.

Konecranes' material handling solutions for containers include ship-to-shore (STS) cranes, rubber tired gantry (RTG) cranes, rail-mounted gantry (RMG) cranes, automated container yards with stacking cranes, straddle carriers, reach stackers, and masted lift trucks. Konecranes also offers a full range of cranes for shipyard use, high-capacity grab unloaders for large bulk terminals, and a complete portfolio of material handling equipment for nuclear power plants.

GOOD PERFORMANCE IN A WEAKER ECONOMIC ENVIRONMENT

Compared to 2010, the demand for new equipment improved, as economic growth has eliminated a large portion of overcapacity within manufacturing industries. The consequent increase in industrial investments boosted demand for industrial cranes and components during the first half of the year, while the demand for industrial cranes slackened off during the second half of the year due to growing economic uncertainty. Geographically, the Americas saw the strongest growth in demand, but most of Western European markets remained subdued. Markets in Asia-Pacific grew strongly during the first three quarters of the year, but cooled down during the fourth quarter.

The continued strength in global container traffic accelerated decision-making for investments in new container handling equipment such as port cranes and lift trucks. Project activity level was high across the globe. Demand for automated solutions that provide higher productivity and lower costs for large terminals continued to grow.

Despite continued growing uncertainty, Business Area Equipment improved its overall performance in 2011 compared to 2010. Order intake increased 28.5 percent to EUR 1,291.5 million (1,004.9). Sales totaled EUR 1,201.4 million (948.6) which was an increase of 26.6 percent on 2010. Operating profit excluding restructuring costs was EUR 81.7 million (67.4) and operating margin 6.8 percent (7.1). Profitability was held back by investments in business development related to technology and IT, as well as the fact that product price increases lagged behind input costs and price competition remained intense throughout the year.

KEY FIGURES	Proportion of Group total, %	2011	2010	Change, %
Orders received, MEUR	65	1,291.5	1,004.9	28.5
Order book, MEUR	86	856.7	652.9	31.2
Net sales, MEUR	60	1,201.4	948.6	26.6
Operating profit (EBIT), excluding restructuring costs, MEUR	59	81.7	67.4	21.3
Operating margin (EBIT), excluding restructuring costs,%		6.8%	7.1%	
Operating profit (EBIT), MEUR	61	77.7	64.7	20.2
Operating margin (EBIT), %		6.5%	6.8%	
Personnel at the end of period	48	5,621	4,600	22.2

CHANGING THE GAME

WITH SMART SOLUTIONS

Reach stacker

POSITION ON EMERGING MARKETS FURTHER STRENGTHENED AND NEW SMART EQUIPMENT SOLUTIONS INTRODUCED

Konecranes continued to develop its existing operations in emerging markets, where the local economies are growing faster than in traditional industrialized markets. The Group also strengthened its presence in these markets through acquisitions. Konecranes acquired the leading Indian manufacturer of heavy-duty cranes, WMI Cranes Ltd., in two phases. In the first phase in February, Konecranes acquired 51 percent of shares in the company. In the second phase finalized in August, Konecranes acquired the remaining 49 percent of shares. To further expand its operations in South America, Konecranes acquired Chilean-based Gruas Koman Limitada, a specialist in advanced overhead lifting solutions. The acquisition of the Saudi-Arabian crane manufacturer Saudi Cranes consolidated Konecranes' position in this growing market area.

With a strong presence in China, India, and the Middle East, together with ongoing organic development in South America and Africa, Konecranes is now relatively well-positioned in the world's emerging markets – and will continue to work determinedly to further expand this presence.

The most significant new orders booked in 2011 included 20 RTG cranes and four Super Post Panamax STS cranes for a container terminal in the US, 19 industrial cranes for a Saudi-Arabian steel mill, a total of 30 RTGs for various customers in Brazil, Nigeria and Indonesia, and a giant Goliath gantry crane for a Brazilian shipyard.

Konecranes launched a number of advanced remote diagnostics features for its products during 2011. These offer customers improved safety and higher efficiency, as crane maintenance can be planned according to actual usage and condition. A new straddle carrier, the BOXRUNNER™, was also introduced. This gives large container terminal operators a flexible and efficient means of moving containers from ship-to-shore cranes to automated stacking cranes. Konecranes also continued work on increasing its range of smart equipment solutions.

REGIONAL OVERVIEW

CLOSE TO CUSTOMERS ALL OVER THE WORLD

Konecranes is committed to becoming an even more global force in the lifting business. To maximize its potential to understand the operations and needs of different industries and build long-term customer relationships, Konecranes' operations are divided into three geographical regions – Americas (AME), Europe, Middle East and Africa (EMEA), and Asia-Pacific (APAC).

AMERICAS

Konecranes holds a strong position in the Americas, particularly the US. The Americas accounted for 29 percent of sales in 2011. The US is the most developed market in terms of outsourced crane services, and more than half of Konecranes' sales in the Americas are service-related. South America, particularly Chile and Brazil, is growing strongly. General manufacturing, together with steel and automotive, are the largest market segments. Despite economic uncertainty Konecranes saw strong demand growth in both Service and Equipment.

- Largest markets: the US, Canada, and Mexico.
- Operations: 2,513 employees, 138 service locations.
- Manufacturing: 8 plants manufacturing industrial & process cranes, including nuclear cranes, hoists, parts, and related components.
- Key brands: Konecranes, P&H®(through Morris Material Handling), STAHL CraneSystems, R&M, and Crane Pro Parts.

EUROPE, MIDDLE EAST AND AFRICA

EMEA is Konecranes' largest region, accounting for 50 percent of sales in 2011. The region comprises both mature markets, with a high proportion of service sales, and fast-growing economies where service is still small compared to equipment sales. The proportion of service outsourced to specialists varies widely from country to country.

- Operations: 6,144 employees, 354 service locations.
- Manufacturing: 13 plants manufacturing cranes and hoists, lift trucks, and steel structures for larger cranes.
- Key brands: Konecranes, STAHL CraneSystems, SWF, and Verlinde.

Western Europe

In the mature Western European market, customer focus tends to be aimed at enhancing efficiency and productivity in material handling to offset high labor costs. Service represents a variable proportion, between 30 and 70 percent, of Konecranes' sales in the area, with significant variations from country to country. Slow economic growth continued to affect demand for equipment while service performed well.

- Largest markets: Germany, the UK, France, the Netherlands, and Austria.

Nordic

Konecranes' market position is very strong in the Nordic countries. Service accounts for a high percentage of sales and a significant part of the service business is based on long-term contracts. The customer base is wide, with the main segments being pulp & paper, general manufacturing, and energy. The Nordic economies showed moderate growth during 2011, with the exception of Sweden, where growth was significant.

- Largest markets: Finland, Sweden.

Eastern Europe

Konecranes is improving its position in Eastern Europe and is well on the way to becoming the leading Western crane supplier. Equipment accounts for a high percentage of sales, while service sales are growing, particularly to foreign companies investing in the region. The most active customer segments are petrochemicals, metals, and general manufacturing. Eastern European markets all grew in 2011, particularly Russia, where rising oil and gas prices acted as a major economic driver. The economies of Central Eastern Europe also grew, with Poland showing the strongest development.

- Largest markets: Russia, Poland, and Hungary.

Middle East

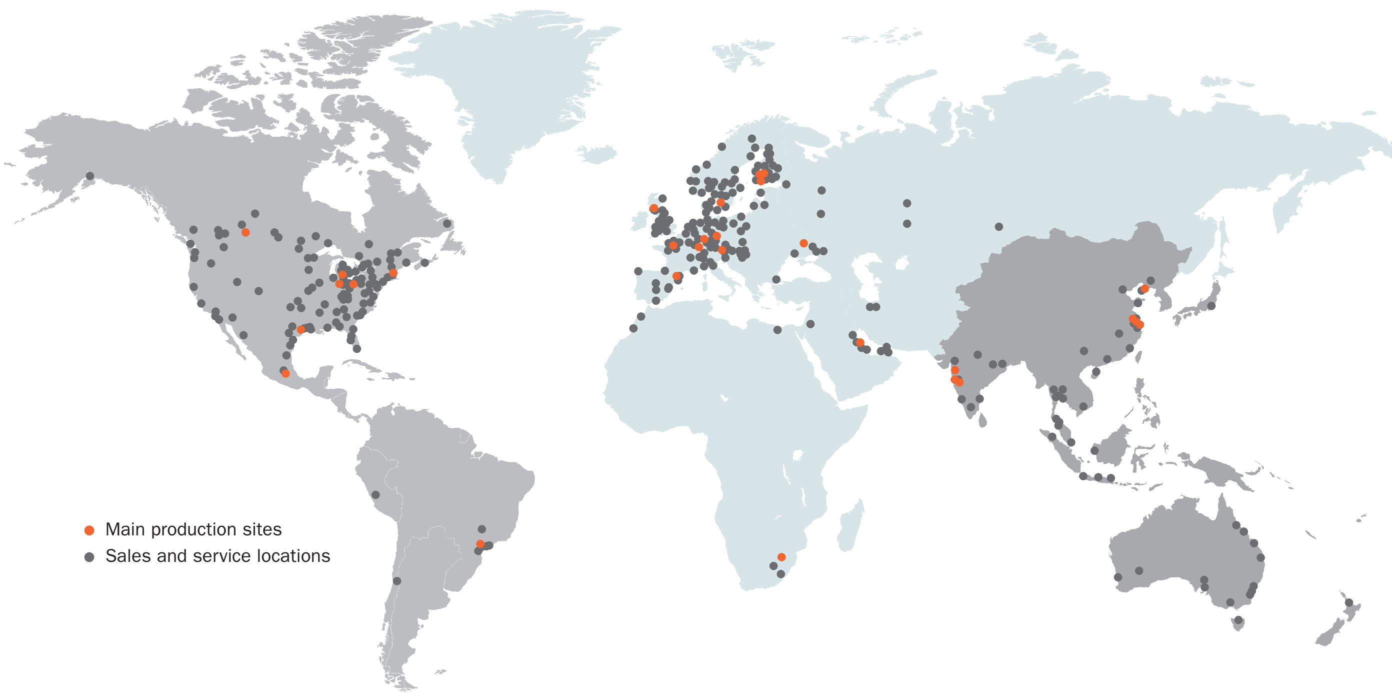
The Middle East continues to show high potential, with large investments taking place in infrastructure, petrochemicals, and general manufacturing. Equipment accounts for a high percentage of sales. Konecranes' main areas of business are petrochemicals, energy, metals, ports, and general manufacturing. Demand remained at a reasonably good level throughout the year.

- Largest markets: the U.A.E., Saudi Arabia, and Egypt.

Africa

Demand in Africa is growing, with many countries continuing to invest in ports and other infrastructure. Konecranes focuses on North Africa, South Africa, and other coastal markets. Equipment accounts for a high percentage of sales, primarily related to logistics, metals, and mining. The African market was strong and continued to grow in 2011. The volume of logistics-related investments increased and the same trend is expected to continue in 2012.

KONECRANES REGIONS



AME
(AMERICAS)

SALES

29%
(549.1 MEUR)

PERSONNEL

21%
(2,513)

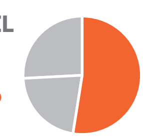
EMEA
(EUROPE, MIDDLE EAST, AFRICA)

SALES

50%
(950.9 MEUR)

PERSONNEL

53%
(6,144)



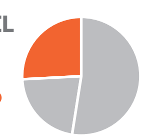
APAC
(ASIA-PACIFIC)

SALES

21%
(396.4 MEUR)

PERSONNEL

26%
(2,994)



- Largest markets: South Africa, Algeria, Morocco, Ghana, Nigeria, Kenya, and Tanzania.

ASIA-PACIFIC

Konecranes is recognized as the technology leader in APAC and has a very strong market position across the region. APAC accounted for 21 percent of sales in 2011. Significant industrial investments are continuing in the region's emerging economies, resulting in high demand for Konecranes equipment. To support its growing installed base, Konecranes has fast-tracked the development of its service network in the region, particularly in China and India. In mature markets such as Australia, the service business is much bigger than the equipment business. The main customer segments in APAC are general manufacturing, paper, steel, automotive, power, and ports. All APAC economies saw strong GDP growth in 2011, except Japan.

- Largest markets: China, India, Australia; Indonesia and some of the other countries in South-East Asia are becoming more important for Konecranes.
- Operations: 2,994 employees, 117 service locations.
- Manufacturing: 7 plants, including joint ventures, manufacturing hoists, industrial and process cranes, steel structures, lift trucks, and port cranes.
- Key brands: Konecranes, STAHL CraneSystems, SWF, Verlinde and Sanma Hoists & Cranes.

RESEARCH & DEVELOPMENT

DEVELOPING SMART SOLUTIONS TO IMPROVE SAFETY, PRODUCTIVITY, AND ENERGY EFFICIENCY

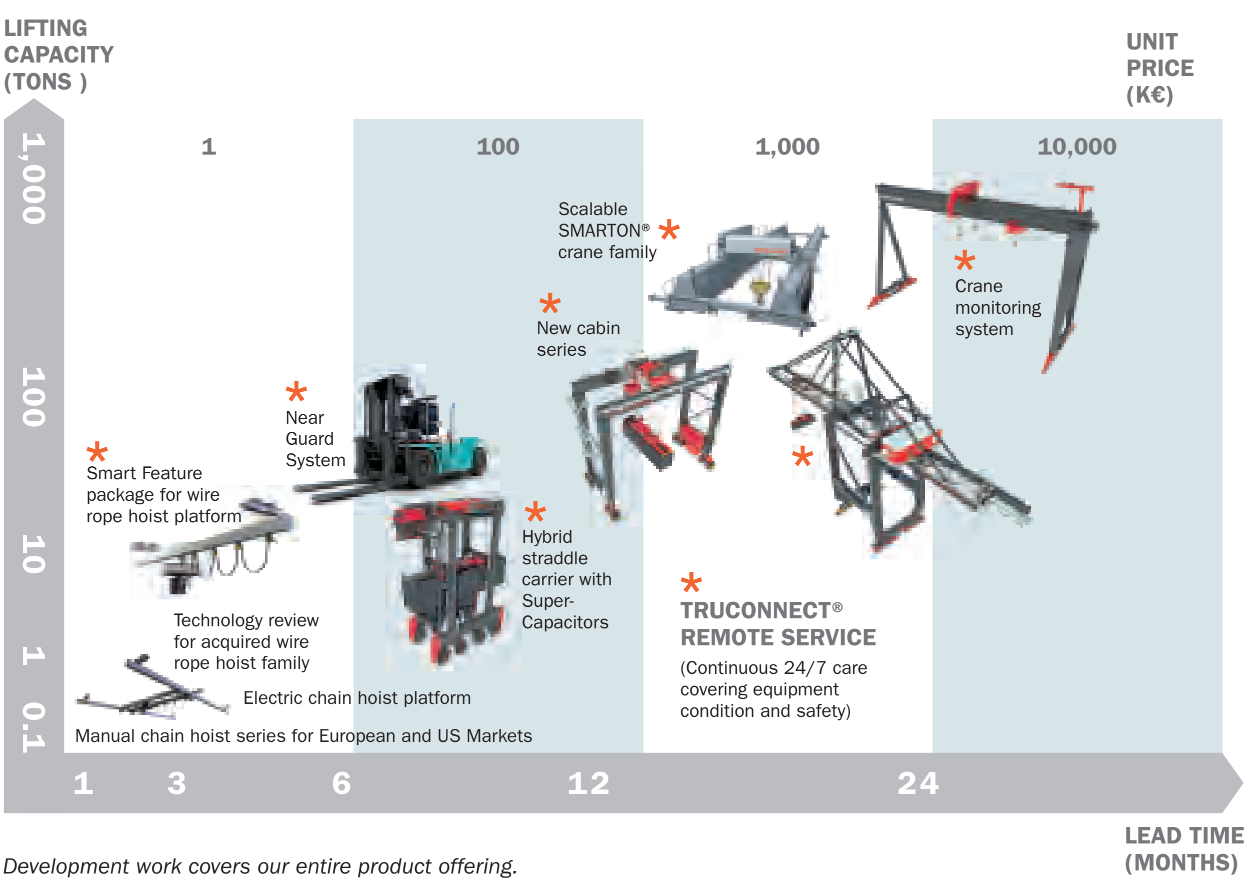
Konecranes is committed to continuously developing its equipment solutions and service offering by making innovative use of the latest technology. It develops efficient products and services that increase customers' productivity while prioritizing safety and the environment.

Konecranes' service contract base covers almost 410,000 items of equipment supplied by Konecranes and other manufacturers, and is an important source of input for the company's product development work. Almost 3,800 service personnel around the world and close to 1.6 million customer contacts every year give Konecranes a thorough understanding of its customers' needs. The specific needs of customers operating in emerging markets have been a new focus area over the last few years.

In 2011, Konecranes continued to strengthen its innovation. Research and product development spending totaled EUR 29.6 million (21.5), equivalent to 1.6 percent (1.4) of net sales.

DEVELOPMENT FOCUSED ON AUTOMATION AND SOFTWARE SOLUTIONS

Automation and software solutions were among the focal areas of Konecranes' R&D work in 2011. These are be-



Development work covers our entire product offering.

CHANGING THE GAME

BY INCREASING THE PRODUCTIVITY OF CUSTOMERS' OPERATIONS

Polar crane

KEY PRIORITIES OF KONECRANES' R&D WORK

SAFETY

In addition to state-of-the-art technology, safety is always a key area of focus for Konecranes. Preventing both injuries and damage to loads are top priorities in research and product development. TRUVIEW® remote data reporting, active, sensor-based safety features, shock load elimination, and sway control features are just some examples of Konecranes' innovative solutions to improve safety.

PRODUCTIVITY

Konecranes develops efficient products and services that increase the productivity of its customers' operations by delivering the best life cycle value. Konecranes' smart solutions make cranes much easier to handle by simplifying difficult maneuvers, eliminating load sway, and helping position loads on predefined places. TRUVIEW remote data reporting helps optimize maintenance by enabling it to be based on actual crane usage.

ENVIRONMENTAL ISSUES

Environmental issues are taken into account throughout the life cycles of Konecranes' products. Particular attention is given to things such as efficient material usage, recyclability, and energy efficiency. Over 98 percent of the material used in a typical Konecranes crane is recyclable. Energy-saving frequency converter technology is available with Konecranes equipment and enables up to 70 percent of braking energy to be fed back into the network.

INDUSTRIAL DESIGN

Industrial design forms an important part of Konecranes' product design process and helps differentiate the Konecranes brand. High standards of industrial design also allow Konecranes to incorporate greater efficiency, user-friendliness, cost savings, and new materials into its products.

ing developed to facilitate new features and functionalities when using Konecranes equipment and in communications between Konecranes and its customers. A good example of this approach are the active safety features incorporated into Konecranes' forklift trucks, which features sensors to detect obstacles and warn operators, enhancing overall safety.

In line with its new vision, Konecranes wants to be able to use real-time information to make its customers' operations safer and more productive. TRUCONNECT® remote services, one of the newest innovations in Konecranes Service business, will help the company live up to this vision. Launched in 2011, the new TRUVIEW® remote data monitoring and reporting service continuously collects actual usage data from equipment over a remote connection and provides customers with a real-time view of their equipment's operating condition. This translates into improved safety and higher efficiency for customers, as maintenance can be planned according to actual usage and condition.

Konecranes' FH cabin, also launched in 2011, provides a highly ergonomic and efficient working environment. The cabin was designed using a user-centered approach that included observing users' activities during their work and interviewing them to identify the type of improvements they wanted. By offering optimal working conditions and making work easier, the new FH cabin will make it possible to achieve substantial productivity improvements.

Konecranes' product offering will be supplemented by a new product family of chain hoists to be launched during the first half of 2012. The starting-point for planning this product family was to double the service life of chain hoists and improve their reliability, usability, and safety significantly. These targets will be met through a mix of structural redesign and new safety features.

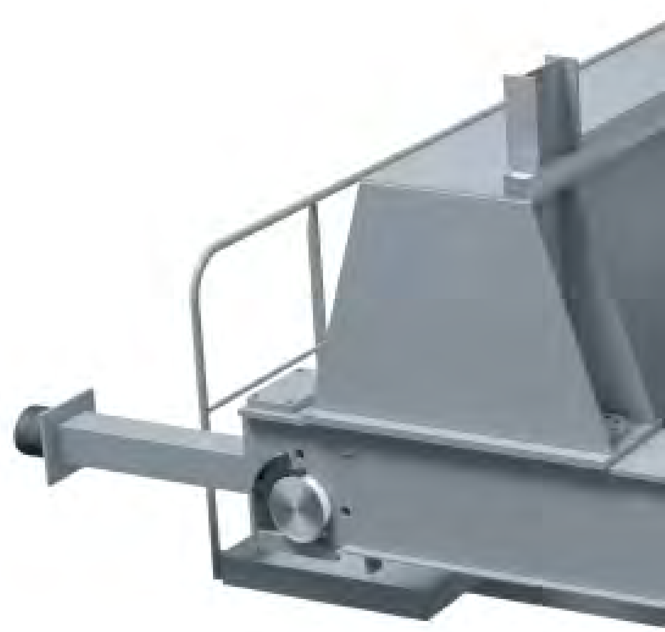
LOAD-SENSITIVE INVERTER TECHNOLOGY FOR INDUSTRIAL CRANES

Konecranes' aim is to increase customers' productivity, while also delivering enhanced environmental performance. 2011 saw the launch of a new generation of hoist inverter technology that helps speed up customer operations and reduce energy consumption. By using load-sensitive lifting speeds, motor output has been reduced by 50 percent, resulting in a compact and lightweight design. Customers benefit from quick installation, faster crane operation, and energy savings throughout a hoist's life, as well as better safety, thanks to the use of variable lifting speeds.

EMERGING MARKETS INCREASINGLY IMPORTANT

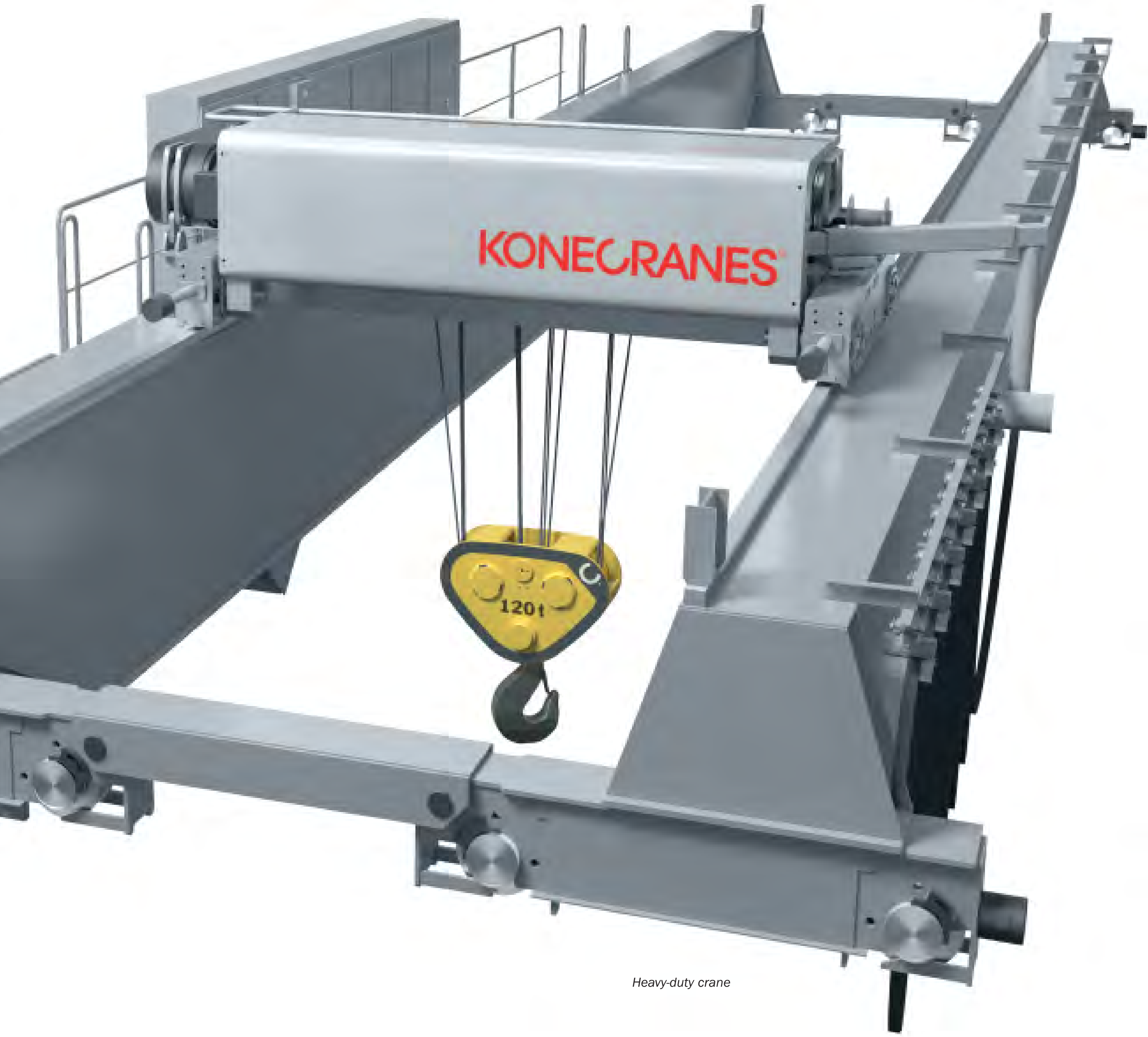
As the number and production volumes of customers operating in emerging markets are growing, Konecranes is continuing to emphasize the needs of these customers in its R&D work. Emerging markets are divided into two distinctly different segments in terms of equipment and solution requirements, and Konecranes needs to be able to offer both advanced high-tech solutions and basic lifting equipment. Both segments are growing rapidly, and Konecranes wants to develop and offer suitable solutions for customers' needs in both.

In addition to in-house research and development work, Konecranes is continuing to cooperate closely with its customers, suppliers, research institutions, and universities. Comprehensive product testing at its own facilities and those of its partners will continue to form an integral part of Konecranes' development work in the future.



CHANGING THE GAME

WITH ADVANCED SOLUTIONS TO IMPROVE SAFETY



Heavy-duty crane

PRODUCT OVERVIEW

MACHINE TOOL SERVICE

provides service, maintenance, and modernization for all makes of machine tools used in the engineering industry. Our offering ranges from maintenance for a single machine to total partnership agreements covering a customer's entire equipment base.

SERVICE AND MODERNIZATION

activities focus on maximizing the availability and productivity of customers' equipment, while minimizing the cost of ownership. We offer five solutions - known as Contact, Condition, Care, Commitment and Complete - ranging from individual contracts covering an individual piece of equipment to full-service and material handling partnership.

TRUCONNECT® REMOTE SERVICES

offer services based on a remote connection between equipment and the Konecranes Remote Center. The remote connection provides online reports on the usage and condition of equipment and also makes it possible to carry out remote troubleshooting and provide technical support.

WORKSTATION CRANES

offer ergonomic handling for loads up to 7,500 kg. Typical customers include manufacturing workshops, automotive manufacturers, and renewable energy utilities.

LOAD MANIPULATORS

are designed for sophisticated material handling applications, and are typically used in delicate assembly processes in the aerospace and automotive industries, for example.

STANDARD DUTY CRANES

feature Konecranes' CXT® hoist and have lifting capacities up to 80 tons. These cranes are typically used in general manufacturing, the automotive, steel, pulp & paper, construction, and renewable energy sectors, aerospace, and petrochemicals.

FORKLIFT TRUCKS

with lifting capacities ranging from 10 to 60 tons are used for transporting materials in process industries – such as forest products, steel, paper, and concrete – and at ports.

REACHSTACKERS

are used to stack containers in small and medium-sized terminals and railroad terminals.

SHIP-TO-SHORE CRANES

are used for loading and unloading containers from ships. Konecranes' STS cranes have a lifting capacity of up to 65 tons and an outreach of up to 61 meters.

HEAVY DUTY CRANES

are engineered for demanding lifting applications and heavy loads. Typical customers include the steel, aluminum, mining, general manufacturing, pulp & paper, petrochemical, cement, power, and waste-to-energy industries.

NUCLEAR CRANES

are used across the industry, from lifting reactor heads to handling nuclear fuel, and are found in nuclear power plants, radioactive waste facilities, and at nuclear fuel production sites. Konecranes can supply its own equipment, as well as P&H®branded cranes, hoists and other safety-related equipment under its 10CFR50 Appendix "B" nuclear quality program.

YARD CRANES

include RTGs, RMGs and automatic stacking cranes (ASC) used for stacking containers high and wide at ports and intermodal terminals. These cranes usually have a lifting capacity of around 50 tons and can stack one over five containers high and six plus truck lanes wide.

STRADDLE CARRIERS

are used for transporting containers from shipside to container yards and loading areas. They typically have a lifting capacity of 50 tons and can stack containers one over three high.

GOLIATH SHIPYARD CRANES

span up to 220 meters and are designed for handling ship sections in shipyards. They can handle loads up to 2,200 tons and can lift up to 112 meters high.

BRANDS

The Group's brand strategy is based on the corporate Konecranes master brand, complemented with a portfolio of freestanding power brands. Konecranes-branded products are sold directly to end-users, while power-branded products are sold to distributors and independent crane builders. Konecranes' power brands include R&M, STAHL CraneSystems, SWF, Verlinde, and Sanma Hoists & Cranes.

CORPORATE RESPONSIBILITY

Konecranes is committed to lifting its customers' businesses responsibly. We believe that sustainable growth depends on strong and responsible performance. We are committed to increasing the value of our shareholders' investment, while respecting our personnel, the environment, and the societies in which we operate. Continuous improvement is the guiding principle in everything we do.

Corporate responsibility is an integral part of our day-to-day operations. As a global business, we promote the wellbeing of communities around the world and abide by good corporate governance practices. All of our operations are guided by our corporate values and our Code of Conduct that define how we manage our business. We recognize the importance of a number of international initiatives and conventions, such as the UN's Universal Declaration of Human Rights, and are a member of the UN Global Compact initiative. We have incorporated these principles into our Code of Conduct and published specific sets of guidelines covering areas such as safety and the environment.

The Konecranes Corporate Responsibility Steering Group is intended to foster discussion on corporate responsibility issues and oversee management in these areas. The Steering Group includes senior managers and representatives from our business areas, production, product development, human resources, and legal affairs.

The Steering Group met twice during 2011 and also discussed some issues during online meetings. The Extended

KONECRANES' CORPORATE RESPONSIBILITY FOCUS AREAS

UPDATE ON DEVELOPMENT AREAS FROM 2010

DEVELOPMENT AREA	STATUS
Accident and near hit reporting tool introduced globally.	Reporting tool in use at most locations. Data enables deeper analyzes and more effective preventive action planning.
Safety innovation idea project implementation continued.	Idea handling and implementation has continued. Project essentially completed.
More proactive (leading) safety indicators established.	More proactive safety indicators have been discussed and developed. Data for indicators not yet globally available.
HR process support and roll-out of 'People System' information system.	People System in use in most countries. Progressed as planned.
Value-based behavior included in measuring performance during development discussions.	Process created, but implementation postponed to 2012.
Strong emphasis on leadership development at all organizational levels.	Numerous leadership programs took place during 2011. Good leadership results in the 2011 Employee Satisfaction Survey (ESS).
Improvements in main development areas identified in the 2010 Employee Satisfaction Survey.	Planned improvements completed in many units and locations. Based on the results of the 2011 ESS, there have been improvements in key development areas.
First environmental product declarations published.	Environmental product declaration for wire rope hoist published. Environmental product declarations for other product families are under development.
Sufficient skilled trainers available to provide environmental training in local languages.	'Train the trainer' approach adopted. Two professional environmental management training sessions held during 2011.

KONECRANES' STAKEHOLDERS

Konecranes aims to recognize and meet different stakeholders' needs and expectations in the area of corporate responsibility as elsewhere. In this chart, we have listed some examples of stakeholder groups and how we engage in dialogue with them.

CUSTOMERS
Continuous dialogue as part of normal business and through customer satisfaction indicators and surveys.

PERSONNEL
There are multiple channels for employee dialogue, for example the Konecranes employee satisfaction survey and various feedback channels.

SUPPLIERS AND SUBCONTRACTORS
- Continuous dialogue as part of normal business and Supplier Days event.
- Environmental and ethical requirements included in general terms and conditions.

STUDENTS, UNIVERSITIES, AND RESEARCH INSTITUTES
- Student cooperation in the form of trainee and thesis work opportunities.
- Cooperation in different kinds of research programs with universities and research institutes.

SHAREHOLDERS
The Annual Report is one way of providing information on Konecranes' corporate responsibility performance and actions for investors and engaging in dialogue.

There are also many other stakeholder groups, such as **local communities, the authorities, media, interest groups, trade unions, and non-governmental organizations.** We use multiple dialogue channels for communicating with these groups.

Management Team held an afternoon workshop on CR in the spring.

Konecranes follows Global Reporting Initiative (GRI) principles in its reporting on corporate responsibility, and aims to meet the expectations of its stakeholders – such as customers, owners, and current and future personnel – and build a solid foundation for dialogue on corporate responsibility issues. Reporting complies with GRI Level C requirements, based on our self-assessment. A table of GRI compliance can be found on page 32.

Corporate responsibility reporting covers the same timeframe as our financial reporting, the calendar year, and currently covers all our major production units and operations. Businesses acquired during 2011 are not included, however. The reported indicators have been chosen because they are the most relevant in terms of our operations and our stakeholders. The data behind these indicators has been collected from our internal information systems, supplemented with information sourced separately. Some of the data included has been scaled up to provide an overall view of our performance, which could result in inaccuracies in some figures.

Konecranes' most important stakeholders include shareholders, customers, personnel, suppliers and other partners, the authorities, local communities, and the media. During 2011, we improved various aspects of our communications and reporting, and added a corporate responsibility section to the Group's main Web site.

SAFETY COMES FIRST

Safety always comes first for us. People develop, build, operate, and maintain lifting equipment in challenging locations and under varying conditions. We want all Konecranes employees, customers, and subcontractors to arrive home in good health after the working day – and we want to be the safety leader in our industry.

The members of the Health, Safety and Environment (HSE) network continued to work closely together in 2011, and cooperation was intensified in a number of areas. Additional professionals have joined the network from new countries and projects, giving the network wider overall coverage. The highlight of the year was Konecranes HSEQ Days event (Health, Safety, Environmental and Quality Days), organized in Scotland.

Safety risk management training for network members and Group management was started in 2011, aimed at enhancing safety management competence and people's understanding of Konecranes' main occupational safety risks and their respective controls. Training will continue during 2012.

Accident and near hit reporting was improved in 2011, with the introduction of the dedicated near hit reporting tool in a number of new countries. The tool is currently used in 26 countries and covers around 90 percent of personnel. New reporting features were also introduced, and summary reports can now be generated globally or by local contacts for their location, for example. Data collected by the system is used

CASE

SAFETY AND ENVIRONMENTAL CROSS AUDITING IN WIRE ROPE HOIST MANUFACTURING

Wire rope hoist manufacturing units located in Hämeenlinna, Shanghai, and Springfield conducted cross auditing in the safety and environmental management area during 2011, with safety and environmental contacts auditing each other's units. This has helped improve the sharing and implementation of best practices, cooperation, and learning. Units received a number of improvement suggestions and many of these have already been implemented or are under development.

as the base for planning corrective and preventive actions and for ensuring that these focus on the appropriate topics. Safety-related near hit reports, for example, have shown that the main reasons for near hits relate to the loss of control of equipment, such as hand-held tools, and equipment failures. Fingers and hands are people's most vulnerable areas, according to an analysis of data from all reported accidents. Near hit data will help us continue promoting appropriate working methods and focus our awareness-raising efforts.

Lost time accident frequency (LTA) figures are detailed in the table below. LTA figures showed that safety improved in all business areas during 2011. Despite proactive safety management, one fatal accident took place within the Group in 2011 involving a subcontractor working at our production site in India.

LIFTING PEOPLE

There is a great mix of talented Konecranes employees behind our customer promise: 'Lifting Businesses™'. The well-being and competence of our people are the keys to our success. Acting more concertedly as one company is increasingly important to our success in the global marketplace.

Competence development will ensure our access to future talent

Competence building and personal development are encouraged at Konecranes, and are reflected in the extensive training offering available to Konecranes personnel. Measured in terms of average number of training days, Konecranes clearly invests in its people. The level and quality of our training were also ranked highly by personnel in the 2011 Employee Satisfaction Survey (ESS). Three leadership training programs continued in 2011:

- Konecranes Academy, 180 people graduated during 2011 (middle management & experts)
- Konecranes Master, 50 people graduated during the 2010-2011 programs (senior management)
- Konecranes Champion, 90 people graduated during 2011 (top management).

Job rotation was an increasingly important issue for Konecranes in 2011. Job rotation is designed to ensure that Konecranes has the right resources in the right places, to support employee development and offer career opportunities, enhance information sharing, and build company culture. Job rotation is also discussed in employees' TPP (Trust, People, Performance) development discussions as part of the review of their personal development plans.

Various new internal practices to support job rotation were introduced during 2011. Senior management also helped set a positive example, with several job rotation changes taking place in Group management.

Continuous improvement in job satisfaction through TPP discussions

Global job satisfaction surveys are an important tool and indicator for Konecranes. We carried out our fifth survey in 2011, covering more than 9,000 employees. The data this provided enabled us to compare our performance to that recorded in the four previous ones and that of other companies.

The response rate at Group level was 86 percent in 2011, the highest in the five-year history of the survey. The results showed that overall job satisfaction has increased and that management and leadership feedback has improved. The correlation between annual development discussions and the satisfaction of our people was also clearly visible. Overall, respondents felt less stressed compared to 2010, although

LOST TIME ACCIDENT FREQUENCY

BUSINESS AREAS	LTA1, 2011	LTA1, 2010	LTA1, 2009
Konecranes total	9.5	11.7	13.0
Service	11.7	13.0	15.0
Equipment	8.0	12.0	12.0

*LTA1= (number of accidents /working hours performed) * 1,000,000*
Including operatives and office staff

there were some local differences in these figures. The biggest improvement areas were found in the clarification of organizational and job roles and responsibilities.

Annual development discussions are one-to-one meetings between managers and employees, during which people's goals and personal development plans – such as training needs, career development wishes, and interest in job rotation – are discussed and entered into the Group's skills database. Respondents who have had a discussion with their supervisor during the previous 12 months appear more satisfied than those who have not. Discussion activities have continuously improved, and the completion rate in 2011 was 85 percent.

People System supports good HR practices

Konecranes' human resources information system, known as the People System, gathers all employment-related information online in one place. Implementation of the system started as a pilot project in Finland in 2010, and a broader-based roll-out took place in 2011. The People System is now in use in most Konecranes countries, and over 9,000 employees already use it. The new system will help support good HR practices and processes and will contribute to creating a common 'language' within our organization.

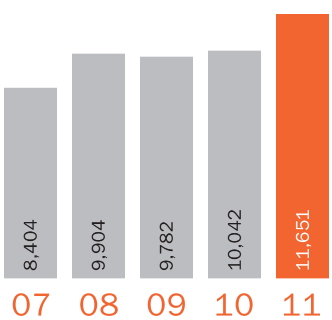
Konecranes tracks figures and indicators related to employee demographics, such as employee turnover, which may reflect job satisfaction and leadership quality, and takes corrective action where needed. Globally speaking, Konecranes ranks well, with an employee turnover of less than ten percent. Other indicators include workforce by region, employment type, and age structure. In terms of gender diversity, we operate in a male-dominated industry, which is reflected in education and training for our industry and in the job applications we receive. We are reporting on wider diversity indicators publicly for the first time this year.

SMALLER ENVIRONMENTAL FOOTPRINT

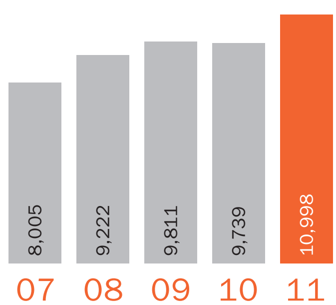
We work hard to develop our environmental management, which enables comprehensive target-setting and monitoring of results. Energy efficiency, recycling, waste disposal, and chemical management are key issues for Konecranes.

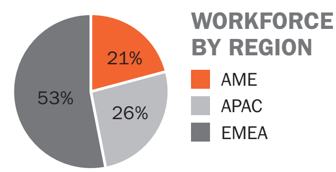
Safety and environmental management personnel work very closely with each other at Konecranes due to the synergies between these areas, and improvements are made hand

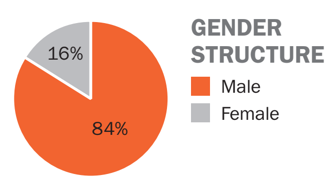
NUMBER OF PERSONNEL, END OF THE YEAR

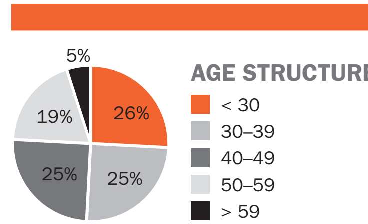


NUMBER OF PERSONNEL, AVERAGE









CASE

KONECRANES WON A SAFETY AWARD IN THE UK

Konecranes UK Ltd. won a Gold Award in the Royal Society for the Prevention of Accidents (RoSPA) Occupational Health and Safety Awards 2011 for what the jury described as the company's ongoing commitment to striving for continuous improvement.

The RoSPA reviews not only accident records, but also entrants' overarching health and safety management systems, including important practices such as leadership and workforce involvement.

Winning the RoSPA Gold Award is a very positive achievement and highlights Konecranes' commitment to safety.

CASE

US WELLBEING PROGRAM: MOVING TOWARDS A HEALTHIER LIFESTYLE

Konecranes' Americas region launched a wellbeing program in fall 2011 to encourage employees to exercise more. Pedometers were distributed to all employees to encourage everyone to participate.

Participants tracked how many miles they walked between October 16 and December 10. 'Walk to HQ in Hyvinkää, Finland and back' was set as a humorous target. 463 participants logged 84,032 kilometers (52,215 miles) between the start of the program in October and the end of November alone; it seems that our Americans colleagues are really keen to visit Hyvinkää!

in hand. Management system and process development work was started in 2011 aimed at developing a globally harmonized and systematic approach, including common templates. Proactive communication on corporate responsibility issues and current focus areas also continued.

Two environmental management training sessions for Konecranes' environmental contact people took place in 2011, and will be followed by further training for other management categories. Konecranes' environmental incident reporting was developed as part of the accident and near hit online reporting tool in 2011, and this new functionality will be rolled out in 2012.

We are also seeking to improve communication on the environmental aspects and features of products. The Group's first environmental product declaration – for a wire rope hoist – was released at CeMAT in May.

Environmental aspects

The most significant environmental aspects related to Konecranes' production operations include energy usage, waste handling, and chemical storage and usage. Fuel consumption and emissions from the vehicle fleet are also important for the service business. Environmental indicators related to these areas are reported in the Environmental Data Table.

Although questions and enquiries related to water are becoming increasingly prominent in sustainability indexes and other questionnaires, water-related issues are not significant for Konecranes, as we use very little process water in production and our water usage is mainly limited to wash rooms and drinking water. We may, however, start reporting on water issues to ensure that we also provide public coverage of this area.

SMARTER OFFERING

Usability, eco-efficiency, and safety are the guiding principles in the lifecycle of Konecranes' lifting equipment and service offering. We are proud of the eco-efficiency and safety fea-

ENVIRONMENTAL DATA 2011

ENERGY CONSUMPTION AND EMISSIONS		2011	2010	2009
Total emissions/sales	tCO_2e /MEUR	85	124	125
Total energy consumption/sales	MWh / MEUR	224	332	319
Scope 1, energy consumption and direct emissions	Vehicle fleet fuel consumption, MWh	151,000	220,200	283,219
	Natural gas consumption, MWh	65,300	54,000	62,400
	Direct emissions, tCO_2e	53,400	85,000	102,600
Scope 2, energy consumption and indirect emissions	Electricity consumption, MWh	135,000	158,000	149,000
	District heat consumption, MWh	74,000	80,500	39,000
	Indirect emissions, tCO_2e	73,000	73,000	52,000
Scope 3, other indirect emissions	Business travel, tCO_2e	11,100	10,000	27,500
	Commuting to work, tCO_2e	23,000	22,950	24,000
WASTE (TONS)				
Metal scrap[1)]		13,500	12,500	9,000
Cardboard, paper, and wood[1)]		3,500	5,500	7,000
Hazardous and electronic, and electrical waste[2)]		2,800	1,100	1,300
Mixed waste[3)]		1,150	950	900

Total numbers extrapolated based on data collected from the majority of manufacturing locations and major service units.
1) Waste streams go for recycling
2) Waste stream handling split into recycling, incineration, and other adequate treatments depending on location
3) Waste stream handling split into recycling, incineration, and landfill depending on location

tures of our equipment and service offering, and of the overall user experience, both tangible and intangible, that we are able to give customers. Many cutting-edge features have been part of our offering for years.

Konecranes released its first environmental product declaration in May 2011, for the CXT wire rope hoist. Another new, cutting-edge environmental feature is ECO-driving, a new control system that offers fuel savings of up to 40 percent in Konecranes heavy-duty forklift trucks and reach stackers. Konecranes launched the new FH cabin for both yard cranes and electric overhead cranes in 2011, providing drivers with a highly ergonomic and efficient working environment. TRUCONNECT®remote services for cranes, based on a remote connection between cranes and the Konecranes Remote Center, are another example of our smarter offering.

FAIR PLAY

As we are a part of a complex business ecosystem, we want to ensure that we act as transparently as possible and are fully accountable.

We pay special attention to cooperation with our suppliers, and completed 38 supplier audits in 2011 and organized a Supplier Day for 65 of our suppliers, where corporate responsibility was one of the topics covered in the agenda. We also announced our target for 2015 at the 2011 Supplier Days, which is to have quality, safety, and environmental management systems in place at our top 250 suppliers by the end of 2015.

We have made our Code of Conduct publicly available on our website, and also offer our personnel and other stakeholders a confidential e-mail channel (compliance@konecranes.com) for reporting misconduct. All reports are investigated and action taken if needed.

Information on corporate responsibility and our Code of Conduct is included in the online training material we provide to people joining Konecranes to ensure that they are aware of our ethical rules from the very start of their employment. Two types of online training are already available: onboarding material at our public website for potential future employees and induction online training material for new recruits.

Konecranes understands that different customers and industries have different requirements, and aims to develop strong, long-term customer relationships. Our existing customer partnerships, together with our service contract base, offer us an excellent foundation for growth, by expanding cooperation and selling additional services.

One of the tools we use to further improve our customer service is known as Customer's Voice. This tool, which is designed to evaluate how our customers perceive us, has been in use for three years, and our goal is to interview hundreds of customers globally by phone every month.

Please contact corporate-responsibility@konecranes.com on corporate responsibility matters.

Airbalancer

CASE
WELLBEING

Konecranes launched a pilot project in Finland in 2010 aimed at improving employees' physical wellbeing. This offered all employees the opportunity to participate in a fitness test and tailor-made individual fitness programs. The initial results of the project have seen a significant reduction in sick leave and an improvement in employees' physical condition.

CASE
NOISE

We received some complaints about noise disturbing our neighbors at a few production locations. To analyze the situation, Konecranes commissioned monitoring services from a third party, which showed that levels are within acceptable limits. Operational changes were nevertheless introduced at one location and a sound source was enclosed to minimize potential disturbance at another location.

GRI CONTENT INDEX

GLOBAL REPORTING INITIATIVE CONTENT INDEX		PAGE	COMMENT
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1.2	Key impacts, risks and opportunities	12–13, 44–49	
2	**Organizational Profile**		
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GLOBAL REPORTING INITIATIVE CONTENT INDEX		PAGE	COMMENT
Management approach and performance indicators (core indicators, unless marked to be additional)			
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EC3	Coverage of the organization's defined benefit plan obligation	101	
EC4	Significant financial assistance received from government	86	
Labor practices			
LA1	Total workforce by employment type, employment contract and region	19, 29	
LA2	Total number and rate of employee turnover by age group, gender, and region	29	Partly covered
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region	28	
LA12	Percentage of employees receiving regular performance and career development reviews (additional indicator)	29	
Human rights			
HR 2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	31	Partly covered
Society			
SO2	Percentage and total number of business units analyzed for risks related to corruption	46	Partly covered
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	31, 46	Partly covered
Product responsibility			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	20-22	
Environmental			
EN3	Direct energy consumption by primary energy source	30	
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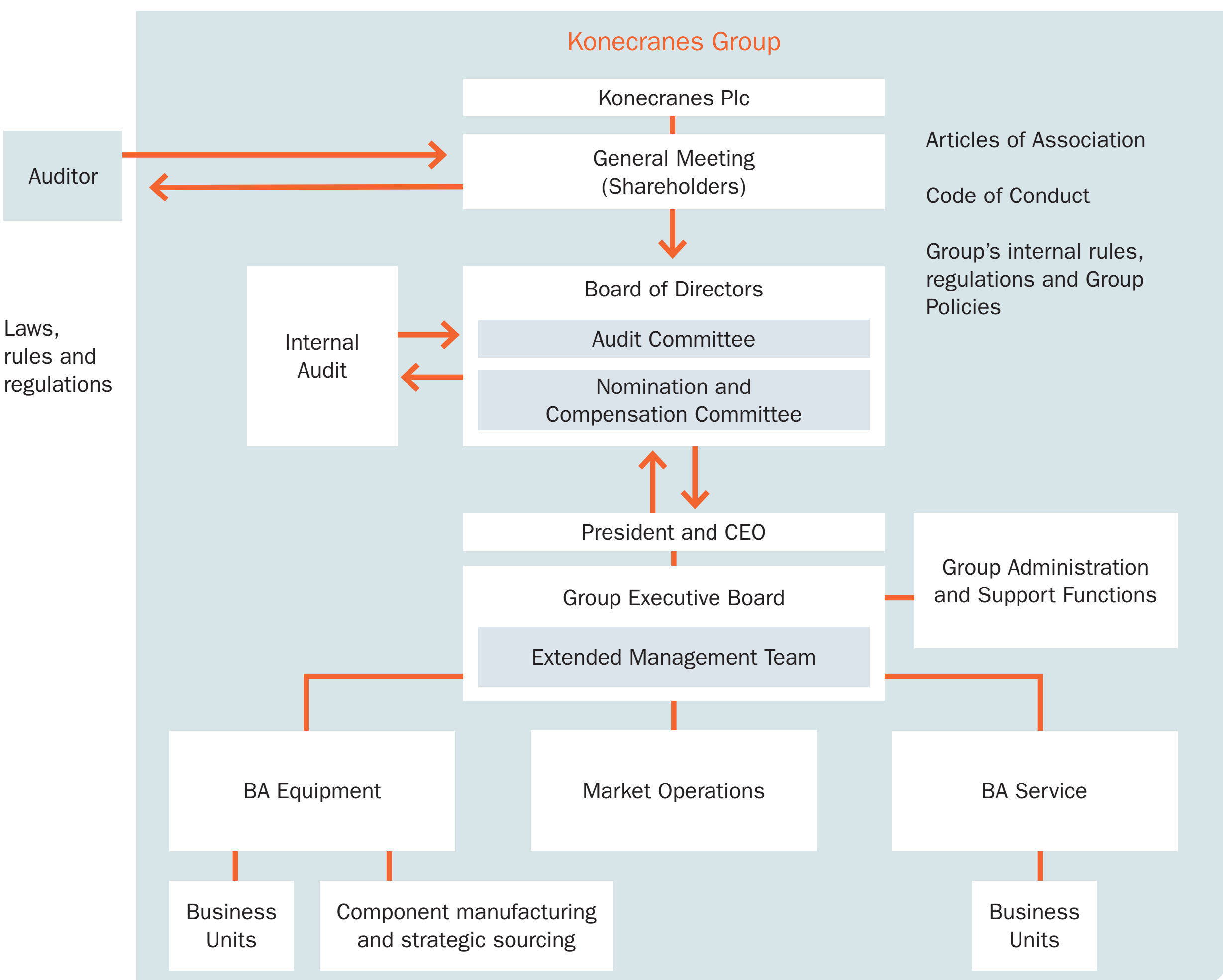
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives (additional)	21-22, 31	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved (additional)	30	Partly covered
EN16	Total direct and indirect greenhouse gas emissions by weight	30	
EN17	Other relevant indirect greenhouse gas emissions by weight	30	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved (additional)	30	Partly covered
EN22	Total weight of waste by type and disposal method	30	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	21-22, 30	

CORPORATE GOVERNANCE

Konecranes Plc (Konecranes, Company) is a Finnish public limited liability company, which complies with the Finnish Companies and Securities Market Acts, the rules of NASDAQ OMX Helsinki, and other regulations concerning public companies, as well as Konecranes' Articles of Association, in its decision-making and administration.

Konecranes complies with the Finnish Corporate Governance Code 2010 that came into force on October 1, 2010 and was approved by the Board of the Securities Market Association. The Code can be found at www.cgfinland.fi. Konecranes complies with all the recommendations of the Code with no exceptions. Konecranes has issued a Corporate Governance Statement based on Recommendation 54 of the Code and a Remuneration Statement based on Recommendation 47. See www.konecranes.com > Investors > Corporate Governance for details.

CORPORATE GOVERNANCE STRUCTURE OF KONECRANES GROUP



GENERAL MEETING

The General Meeting of Shareholders is the Company's highest decision-making body in which shareholders exercise their decision-making power and right of supervision and control over the Company's business.

An Annual General Meeting (AGM) must be held within six months after the end of a financial year. An Extraordinary General Meeting (EGM) must be held if shareholders with at least 10 percent of shares so demand in writing to consider a specific issue.

Matters to be discussed at the AGM are defined in Article 10 of Konecranes' Articles of Association and in Chapter 5, Paragraph 3 of the Companies Act. These matters include the adoption of the financial statements, distribution of profits, discharging Board members and the Managing Director from personal liability, the election of Board members and auditors, and the fees payable to them. Konecranes' Articles of Association can be consulted at the Company's website at www.konecranes.com > Investors > Corporate Governance.

Information on General Meetings for shareholders

The Board of Directors (Board) shall convene an AGM or EGM by publishing a notice on the Company's website or in one or more national newspapers or by sending a written notice to shareholders by mail no more than three (3) months and no less than three (3) weeks before the General Meeting of Shareholders. The Notice of the General Meeting shall include a proposed agenda.

The Company will disclose on its website the date by which a shareholder shall notify the Board of Directors of an issue that he or she requests be included in the agenda.

The Company will publish the decisions made at General Meetings as stock exchange releases and on the Company's website without delay after meetings. The minutes of the General Meeting, including those appendices of the minutes that are part of decisions made by the Meeting, will be posted on the Company's website within two weeks of a General Meeting.

Attendance of shareholders

Holders of nominee-registered shares are advised to request their custodian bank to provide them with instructions regarding registration in the Company's shareholders' register, the issuing of proxy documents, and registration for the General Meeting well in advance of a Meeting. Custodian banks' account management organizations will register a holder of nominee-registered shares wishing to participate in the General Meeting to be temporarily entered in the Company's shareholders' register. In order to be entitled to attend an AGM or EGM, a shareholder must be registered as a shareholder in the Company's shareholders register maintained by Euroclear Finland Ltd on the record day for the Meeting. A shareholder whose shares are registered in his/her personal Finnish book-entry account is registered in the Company's shareholders' register. Changes in shareholdings that occur after the record date of a General Meeting do not affect a shareholder's right to participate in a General Meeting or a shareholder's number of votes.

A registered shareholder wishing to participate in a General Meeting must notify the Company of his/her intention in the order and during the period prescribed in the Notice of the Shareholders' Meeting. A notification by a holder of nominee-registered shares for temporary inclusion in the Company's shareholders' register is understood as prior notice of participation in the General Meeting.

Proxy representative and powers of attorney

A shareholder may participate in a General Meeting in person or through proxy representation. A proxy representative shall produce a dated proxy document or otherwise demonstrate in a reliable manner his/her right to represent the shareholder at the Meeting. When a shareholder participates in a General Meeting through several proxy representatives representing the shareholder's shares held in different securities accounts, the shares by which each proxy representative represents the shareholder shall be identified in connection with registration.

Shareholders are requested to inform the Company of any proxies for a General Meeting when they notify their participation. A shareholder and his/her representative may bring an assistant to a meeting.

Shareholder's right to ask questions and make proposals for resolutions

Every shareholder at a General Meeting has the right to ask questions related to an item on the Meeting's agenda. A shareholder may send his or her question to be submitted to the Meeting to the Company in advance. A shareholder also has the right to table draft resolutions at a Meeting in matters that fall within the competence of the General Meeting and that are on the agenda.

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

The President and CEO, holding the position of Managing Director under the Companies Act, the Chairman of the Board, and a sufficient number of directors shall attend General Meetings. In addition, the Company's Auditor shall be present at Annual General Meetings.

A person proposed as a director for the first time shall participate in the General Meeting that decides on his/her election unless there is good reason for not attending.

The Annual General Meeting for 2011 was held on March 31, 2011 in Hyvinkää, Finland. A total of 367 shareholders representing approximately 46.8 percent of votes participated either in person or by proxy.

Documents relating to General Meetings

The Notice of a General Meeting, the documents to be submitted to the Meeting, and draft resolutions will be available on the Company's website at least three weeks before the Meeting.

BOARD OF DIRECTORS

Charter of the Board of Directors

The Board of Directors of the Company has approved a written Charter governing its work. The Charter supplements the provisions of the Finnish Companies Act and the Company's Articles of Association. Information in the Charter is intended to enable shareholders to evaluate the operation of the Board. The Charter can be consulted on the Company's website at www.konecranes.com > Investors > Corporate Governance.

Responsibilities

The Board is responsible for the administration and proper organization of the Company's operations. The Board is vested with powers and duties to manage and supervise the Company's administration and operations 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 (Group Companies) outside Finland, provided that such compliance does not constitute a violation of Finnish law.

The Board has a general obligation to pursue the best interest of the Company and all of its shareholders, and is accountable to the Company's shareholders. Board members shall act in good faith and with due care, exercising 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 shall decide on the business strategy of the Company, the appointment and dismissal of the President and CEO, the deputy to the President and CEO, and other senior management, Group structure, acquisitions and divestments, financial matters, and investments. It shall also continuously review and monitor the operations and performance of Group Companies, risk management, and the Company's compliance with applicable laws, as well as any other issues determined by the Board. The Board shall keep itself informed of issues and business activities of major strategic importance to the Company on an ongoing basis.

The Board shall appoint a secretary to be present at all Board meetings.

Election and term of office

The AGM elects Konecranes' Board of Directors for a term of one (1) year. According to the Articles of Association, the Board shall have a minimum of five (5) and a maximum of eight (8) members. The Board elects a Chairman from among its members. There is no provision in the Articles of Association to appoint Board members according to a specific order.

Candidate Board members will be announced in invitations to General Meetings, provided that the proposal has been made by the Nomination and Compensation Committee, or if the candidate is supported by at least 10 percent of the total votes of all Company shares and the candidate has given his/her consent. Any candidates proposed after the invitation has been sent shall be announced separately. The Company will publish the biographical details of the candidates on the Company's website.

In 2011, the Board of Directors consisted of eight (8) members:

- Mr. Svante Adde
- Mr. Tomas Billing (until March 31, 2011)
- Mr. Kim Gran
- Mr. Stig Gustavson (Chairman)
- Mr. Tapani Järvinen
- Mr. Matti Kavetvuo
- Ms. Nina Kopola (as of March 31, 2011)
- Ms. Malin Persson
- Mr. Mikael Silvennoinen

Biographical details of the Board of Directors are presented on pages 54–55 and can also be found at www.konecranes.com > Investors > Corporate Governance.

Independence of the Board of Directors

Under the Finnish Corporate Governance Code 2010, the majority of directors shall be independent of the Company. In addition, at least two directors of this majority shall be independent of the Company's major shareholders. The Board shall evaluate the independence of directors and report which directors it determines to be independent of the Company and which directors it determines to be independent of significant shareholders.

All other members elected to Konecranes' Board of Directors, except Mr. Stig Gustavson, are deemed independent of the Company. Mr. Gustavson is deemed dependent of the Company based on the Board's overall evaluation relating to his former and current positions in Konecranes, combined with his substantial voting rights in the Company.

All Board members are independent of the Company's significant shareholders.

More detailed criteria for independence are listed in Recommendation 15 of the Finnish Corporate Governance Code 2010. The Code is available online at www.cgfinland.fi.

Meeting procedures and self-assessment

In addition to the Board and its Secretary, the Company's President and CEO and CFO shall attend Board meetings. The agenda of Board meetings and background material will be delivered to Board members prior to meetings. The Board shall meet as often as necessary to properly discharge its responsibilities. There shall be approximately eight regular meetings a year; the Board may convene whenever necessary in addition to these meetings.

The Board convened 12 times during the 2011 financial year. The attendance of members at the meetings was as follows:

BOARD MEETINGS 2011

	Board Meetings		Audit Committee Meetings		Nomination and Compensation Committee Meetings	
Member	**Attendance**	**Percentage**	**Attendance**	**Percentage**	**Attendance**	**Percentage**
Stig Gustavson	12/12	100%	-	-	4/4	100%
Svante Adde	12/12	100%	4/4	100%	-	-
Tomas Billing	0/1	0%	-	-	0/1	0%
Kim Gran	12/12	100%	1/4	25%	-	-
Tapani Järvinen	12/12	100%	4/4	100%	-	-
Matti Kavetvuo	11/12	92%	-	-	4/4	100%
Nina Kopola	11/11	100%	-	-	2/3	67%
Malin Persson	11/12	92%	-	-	4/4	100%
Mikael Silvennoinen	11/12	92%	3/4	75%	-	-

The average attendance of members at Board meetings was 95.8 percent.

The Board and its Committees shall conduct an annual performance evaluation to determine whether the Board and its Committees are functioning effectively. The Board shall establish the criteria to be used in these evaluations, which will be conducted as internal self-evaluations. The performance review shall be discussed with the entire Board after the end of each fiscal year.

BOARD COMMITTEES

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

Audit Committee

The Board shall appoint the members and the Chairman of the Audit Committee from among its members. The Audit Committee shall have at least three (3) non-executive Board members that are independent of and not affiliated with the Company. At least one member must be independent of significant shareholders.

The Audit Committee assists the Board in its responsibilities relating to the appropriate arrangement of the control of Company accounts and finances pursuant to the Companies Act. The tasks and responsibilities of the Committee are defined in its Charter, which is based on a Board resolution. The Charter of the Audit Committee is available on the Company's website at www.konecranes.com > Investors > Corporate Governance.

Under its charter, the Audit Committee shall meet at least four times a year. The Chairman shall present a report on each Audit Committee meeting to the Board.

As of March 31, 2011, the Board's Audit Committee comprised the following four (4) members:

- Mr. Svante Adde (Chairman),
- Mr. Kim Gran (member),
- Mr. Tapani Järvinen (member),
- Mr. Mikael Silvennoinen (member).

All the members of the Audit Committee are deemed to be independent of the Company and its significant shareholders. All members have sufficient corporate management expertise. In addition, Mr. Svante Adde, Mr. Kim Gran, and Mr. Mikael Silvennoinen have a degree in business administration and/or economics.

The Audit Committee convened four times in 2011, and the average attendance of members at meetings was 75.0 percent. The attendance of members at meetings is shown in the table on Board meetings.

Nomination and Compensation Committee

The Board shall appoint the members and the Chairman of the Nomination and Compensation Committee from among its members. The Nomination and Compensation Committee shall have 2–4 non-executive Board members, the majority of whom shall be independent of the Company.

The Committee shall prepare matters related to things such as the appointment of the members of the Board of Directors, President and CEO and other senior management, evaluate the President and CEO's performance and remuneration, and make recommendations on the Company's incentive compensation plans. The Committee's tasks and responsibilities are defined in its Charter, which is based on a Board resolution. The Charter of the Nomination and Compensation Committee is available on the Company's website at www.konecranes.com > Investors > Corporate Governance.

The Nomination and Compensation Committee shall meet at least once a year. The Chairman shall present a report on each Nomination and Compensation Committee meeting to the Board.

As of March 31, 2011, the Board's Nomination and Compensation Committee comprised the following four (4) members:

- Mr. Matti Kavetvuo (Chairman),
- Mr. Stig Gustavson (member),
- Ms. Nina Kopola (member),
- Ms. Malin Persson (member).

Mr. Stig Gustavson is deemed to be dependent on the Company, while all other members are independent of the Company. All members are deemed independent of the Company's significant shareholders.

The Nomination and Compensation Committee convened four times in 2011, and the average attendance of members at meetings was 87.5 percent. The attendance of members at meetings is shown in the table on Board meetings.

Fees paid to the Board of Directors

The remuneration paid to Board members is resolved by the Annual General Meeting. More information on the Board's remuneration can be found on page 40 under Remuneration of the Board of Directors.

PRESIDENT AND CEO

Konecranes' President and CEO holds the position of Managing Director under the Companies Act. The Board decides on the appointment and dismissal of the President and CEO. The President and CEO may be a member of the Board of Directors, but may not act as its Chairman. The current President and CEO, Mr. Pekka Lundmark, is not a member of the Board of Directors.

Responsibilities

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

President and CEO's contract

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

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

GROUP MANAGEMENT

Konecranes has a two-tier operative management structure consisting of the Group Executive Board (GXB) and the Extended Management Team (EMT).

Group Executive Board

The Group Executive Board consists of the following members:

- Mr. Pekka Lundmark, President and CEO (Chairman of Group Executive Board)
- Mr. Hannu Rusanen, Executive Vice President and Head of Business Area Service (until December 31, 2011), Executive Vice President and Head of Business Area Equipment (as of January 1, 2012)
- Mr. Fabio Fiorino, Executive Vice President and Head of Business Area Service (as of January 1, 2012)
- Mr. Mikko Uhari, Executive Vice President and Head of Business Area Equipment (until December 31, 2011), Executive Vice President and Head of Market Operations (as of January 1, 2012)
- Mr. Harry Ollila, Executive Vice President and Head of Market Operations (until December 31, 2011)
- Mr. Teo Ottola, Chief Financial Officer
- Mr. Pekka Lettijeff, Chief Procurement Officer (until December 31, 2011)
- Mr. Ari Kiviniitty, Chief Technology Officer (until December 31, 2011, acting CTO as of January 1, 2012).

The biographical details of Group Executive Board members can be found on Pages 50–51.

The Group Executive Board assists the President and CEO, but has no official statutory position based on legislation or the Articles of Association. In practice, however, it plays a significant role in the Company's management system, strategy preparation, and decision-making.

As of January 1, 2012, various job rotations and organizational changes took place in Konecranes' top management. Job rotation enables experience and skills to be transferred across the organization.

As planned earlier, Mr. Harry Ollila stepped down from his duties as Head of Market Operations and Mr. Mikko Uhari, previously Executive Vice President and Head of Business Area Equipment, succeeded him as the Head of Market Operations. Mr. Hannu Rusanen, previously Executive Vice President and Head of Business Area Service, succeeded Mr. Mikko Uhari as Executive Vice President and Head of Business Area Equipment.

Mr. Fabio Fiorino, previously Vice President, Head of Service, Region Americas, succeeded Mr. Hannu Rusanen as Executive Vice President and Head of Business Area Service.

Furthermore, as of January 1, 2012, Business Area Equipment changed its structure to increase organizational clarity and operational efficiency. A new Product Management and Engineering organization was established to manage and coordinate products and engineering activities. At the same time, the Global Procurement and Global Component Manufacturing Units were combined to form one Supply Chain Management Unit.

Extended Management Team

In addition to Group Executive Board members, the members of the Extended Management Team include the Senior Vice

Presidents of the Company's regional organizations; the Vice President, General Counsel; the Vice President, Human Resources; the Vice President, Marketing & Communications; the Chief Information Officer; and as of January 1, 2012, the Chief Supply Chain Officer, the Deputy Head of Business Area Equipment and Deputy Head of Business Area Serivce.

The Extended Management Team consists of the following members:

- Mr. Pekka Lundmark, President and CEO
- Mr. Hannu Rusanen, Executive Vice President and Head of Business Area Service (until December 31, 2011, Executive Vice President and Head of Business Area Equipment (as of January 1, 2012)
- Mr. Fabio Fiorino, Executive Vice President and Head of Business Area Service (as of January 1, 2012)
- Mr. Mikko Uhari, Executive Vice President and Head of Business Area Equipment (until December 31, 2011), Executive Vice President and Head of Market Operations (as of January 1, 2012)
- Mr. Harry Ollila, Executive Vice President and Head of Market Operations (until December 31, 2011)
- Mr. Teo Ottola, Chief Financial Officer
- Mr. Pekka Lettijeff, Chief Procurement Officer (until December 31, 2011), Chief Supply Chain Officer, Head of Supply Chain Management (as of January 1, 2012)
- Mr. Ari Kiviniitty, Chief Technology Officer (until December 31, 2011), Head of Product Management and Engineering and Deputy Head of Business Area Equipment (as of January 1, 2012)
- Mr. Pierre Boyer, Senior Vice President and Head of Business Area WEMEA (Western Europe, Middle East and Africa) (until November 3, 2011)
- Mr. Aku Lehtinen, Senior Vice President and Head of Region NEI (Nordic, Eastern Europe and India) (until November 3, 2011), Senior Vice President and Head of Region WEMEA (Western Europe, Middle East and Africa) (as of November 4, 2011)
- Mr. Tomas Myntti, Senior Vice President and Head of Region NEI (Nordic, Eastern Europe and India) (as of November 4, 2011)
- Mr. Tom Sothard, Senior Vice President and Head of Region Americas
- Mr. Ryan Flynn, Senior Vice President and Head of Region APAC (Asia-Pacific)
- Ms. Sirpa Poitsalo, Vice President, General Counsel
- Ms. Jaana Rinne, Vice President, Human Resources
- Mr. Mikael Wegmüller, Vice President, Marketing and Communications
- Mr. Antti Koskelin, Chief Information Officer
- Mr. Marko Äkräs, Vice President, Deputy Head of Business Area Service (as of January 1, 2012).

The biographical details of Extended Management Team members can be found on pages 50–53.

The Extended Management Team will focus on a systematic review of the progress of strategy implementation.

Business Areas' operations are interlinked and synergy-driven. Business Area Executive Vice Presidents are responsible for the day-to-day management of their Business Areas, which in turn are ultimately responsible for the Group's financial performance.

Four Regional Senior Vice Presidents are responsible for managing the Group's activities in geographical areas under Market Operations. The Regional organization brings together Business Areas to form a uniform customer interface for the Group, with the primary goal of maximizing the Group's position within each Region. Regional Senior Vice Presidents have line responsibility for equipment sales and service, within the guidelines given by the Business Areas. Additionally, they are responsible for coordinating and providing administrative services for operations not directly reporting to them, such as manufacturing.

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

Meeting Practices

The GXB convenes as frequently as necessary, normally on a monthly basis. The EMT shall convene regularly twice a year. In addition, the EMT shall conduct monthly reviews of business performance and financial results, together with other executive managers under the chairmanship of the President and CEO. Business Areas and Regions have their own management teams that convene on a regular basis.

REMUNERATION

Principles applied to remuneration schemes

The thinking behind the Company's remuneration schemes is to motivate personnel to achieve good performance and ensure their commitment to Konecranes' business targets. The goal of remuneration schemes is to promote the Company's competitiveness and long-term financial success and to contribute to the favorable development of shareholder value.

The objective is that all Company employees should have a variable component based on their performance as a part of their overall remuneration. The amount of this variable component varies according to a person's duties, organizational level, and responsibilities. Typically, the variable components used in remuneration are based on the Company's financial results and/or of the unit in question and personal achievements. Remuneration schemes are drawn up in writing and numerical evaluation is used whenever possible.

Decision-making process

The remuneration packages for Board members are resolved by the AGM on the basis of a proposal made by the Nomination and Compensation Committee.

The Nomination and Compensation Committee reviews and issues guidelines for the Company's remuneration schemes. The Nomination and Compensation Committee reviews the President and CEO's performance. Based on this review and other relevant facts, the Board determines the total remuneration package paid to the President and CEO.

In addition, the Nomination and Compensation Committee confirms remuneration packages for Group Executive Board members who report directly to the President and CEO. Remuneration packages for other Extended Management Team members are confirmed by the President and CEO.

All other remuneration packages are also confirmed by the 'one above' principle, i.e. a superior's superior must always approve a person's remuneration principles.

Remuneration of the Board of Directors

The remuneration packages for Board members are resolved by the AGM. Compensation to the Board as confirmed at the latest AGM is shown in the Fees paid to the Board of Directors table.

FEES PAID TO THE BOARD OF DIRECTORS

	Annual fee 2011
Chairman of the Board	100,000.00
Vice Chairman	64,000.00
Board member	40,000.00
Fee per Board Committee meeting	1,500.00

Board members were also compensated for their travel expenses.

Remuneration for Board members may also be paid in the form of Company shares. Board members employed by the Company do not receive separate compensation for their Board membership. Non-executive members of the Board of Directors do not receive stock options.

TOTAL COMPENSATION PAID TO THE BOARD OF DIRECTORS 2011

	Annual fee paid in cash for 2011, EUR	Fee paid in shares in 2011, EUR	Number of shares as part of compensation in 2011	Fee for committee meetings 2011, EUR	Paid in total 2011
Stig Gustavson, Chairman of the Board	60,234.88	39,765.12	1,788	6,000.00	106,000.00
Svante Adde, Board member	24,076.16	15,923.84	716	6,000.00	46,000.00
Kim Gran, Board member	24,076.16	15,923.84	716	1,500.00	41,500.00
Tapani Järvinen, Board member	24,076.16	15,923.84	716	6,000.00	46,000.00
Matti Kavetvuo, Board member	24,076.16	15,923.84	716	6,000.00	46,000.00
Nina Kopola, Board member (31.3.2011>)	24,076.16	15,923.84	716	3,000.00	43,000.00
Malin Persson, Board member	24,076.16	15,923.84	716	6,000.00	46,000.00
Mikael Silvennoinen, Board member	24,076.16	15,923.84	716	4,500.00	44,500.00
Total	**228,768.00**	**151,232.00**	**6,800**	**39,000.00**	**419,000.00**

Remuneration of the President and CEO

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

The compensation package includes basic salary, fringe benefits, pension scheme, and performance-related bonus scheme. The President and CEO's bonus scheme is based on Group profitability and growth, and the maximum bonus is 50 percent of the President and CEO's annual base salary. Additionally, the Board of Directors can, but is not obligated to set certain strategic targets that can trigger an additional bonus, which can be a maximum of 50 percent of the President and CEO's annual base salary.

The pension scheme states that when the President and CEO reaches the age of 60 years, both he and the Company may request his retirement with a target pension of 60 percent of his underlying income, excluding bonuses.

Salary and benefits paid to the President and CEO are shown in the table.

COMPENSATION PAID TO THE PRESIDENT AND CEO

Salary, bonus and other benefits	2011, EUR	2010, EUR
Salary and benefits	440,140	402,022
Bonus	330,066	176,880
Option rights owned (# of options Dec. 31)	174,000	194,000
Shares owned (# of shares Dec. 31)	180,000	180,000
Additional shares as a result of the Share Swap (# of shares)	83,606	83,606
Total shares owned (# of shares)	263,606	263,606
Retirement age	60 years	60 years
Target pension level	60 %	60 %
Period of notice	6 months	6 months
Severance payment	18 months salary and fringe benefits	18 months salary and fringe benefits

At the end of 2011, Konecranes had a loan receivable of EUR 217,197 from the President and CEO, Mr. Pekka Lundmark, with an interest rate of 2.039 percent. The loan relates to a tax payment resulting from the incentive scheme directed to the President and CEO in 2006. There is a tax appeal pending against the payment and the loan is effective until the appeal is resolved.

Konecranes Group executives established a company named KCR Management Oy in May 2009. KCR Management Oy acquired 517,696 Konecranes Plc shares from the market. The acquisition was financed by capital investments by the executives, totaling approximately EUR 1.3 million, as well as by a loan in the approximate amount of EUR 7.1 million provided by Konecranes Plc. KCR Management Oy was owned by the executives who belonged to the Group Extended Management Team upon the establishment of KCR Management Oy.

The arrangement extended and continued the incentive scheme provided to the Company's President and CEO in 2006. In connection with the establishment of the new arrangement, the five-year transfer restriction relating to the 100,000 shares sold to the President and CEO in connection with the 2006 incentive scheme was amended, enabling the President and CEO to divest these shares on the market, provided that the funds so received were invested in KCR Management Oy.

According to the agreements governing KCR Management Oy, the latter had an obligation to repay the loan granted by Konecranes Plc prematurely in the event that the share price of Konecranes Plc exceeded a certain level determined in the agreements other than temporarily. This condition was met in December 2010. The Board of Directors of Konecranes Plc decided that the loan should be repaid through a Share Swap whereby Konecranes Plc acquired all the shares in KCR Management Oy. To implement the share swap, the Board of Directors of Konecranes Plc decided on a directed share issue in which the Company offered, in derogation from shareholders' pre-emptive subscription rights, a total of 281,007 new Konecranes shares to the shareholders of KCR Management Oy against share considerations (Share Swap). As part of the Share Swap, the shareholders of KCR Management Oy conveyed the KCR Management Oy shares they held and received new Konecranes Plc shares in return. The new shares are subject to the transfer restriction determined by the Board of Directors in May 2009 and which will expire on November 1, 2012. President and CEO Pekka Lundmark had a 27.9 percent share in KCR Management Oy and as a result of the Share Swap he received 83,606 Konecranes shares. KCR Management Oy was merged into Konecranes Plc effective on December 31, 2011.

The new shares were registered in the subscribers' book-entry accounts and entered into the Trade Register on January 13, 2011 and were subject to public trading on NASDAQ OMX Helsinki from January 14, 2011.

Remuneration of Group Management (Extended Management Team)

The Nomination and Compensation Committee reviews and issues guidelines for the Company's remuneration schemes. In addition, the Nomination and Compensation Committee confirms remuneration packages for Group Executive Board members who report directly to the President and CEO. Remuneration packages for other Extended Management Team members are confirmed by the President and CEO. Compensation packages normally include basic salary, fringe benefits (typically use of a company car and mobile phone), contribution-based pension schemes, and performance-related bonus schemes. Bonus schemes are always based on written contracts. Bonus criteria vary, but are usually based on the Group's five Key Performance Areas: Safety, Customer, People, Growth, and Profitability. Bonuses are related to an individual's performance and that of the unit that he/she belongs to. Numerical performance criteria are used rather than personal assessments, whenever possible. The maximum bonus percentage is based on the individual's responsibilities and in 2011 varied between 30 and 50 percent of individuals' annual base salary.

The Finnish members of the Extended Management Team participate in a contribution-based group pension insurance scheme, which can be withdrawn from the age of 60. However, the retirement age of the members of the EMT is according to the Employees Pensions Act (TyEL).

REMUNERATION PAID TO MANAGEMENT: EXTENDED MANAGEMENT TEAM, EXCLUDING THE PRESIDENT AND CEO		
Salary, bonus and other benefits	**2011, EUR**	**2010, EUR**
Salary and benefits	2,705,215	3,084,611
Bonus	667,241	396,534
Option rights owned (# of options as of Dec. 31)	777,500	957,000
Shares owned (# of shares as of Dec. 31)	256,218	256,218
Additional shares as a result of the Share Swap (# of shares)	167,618	183,467
Total shares owned (# of shares)	423,836	439,685

Konecranes Group executives established a company named KCR Management Oy in May 2009. KCR Management Oy acquired 517,696 Konecranes Plc shares from the market. The acquisition was financed by capital investments by the executives totaling approximately EUR 1.3 million, as well as a loan in the approximate amount of EUR 7.1 million provided by Konecranes Plc. KCR Management Oy was owned by the executives who belonged to the Group Extended Management Team upon the establishment of KCR Management Oy.

KCR Management Oy had an obligation to repay the loan granted by Konecranes Plc prematurely in the event that the share price of Konecranes Plc exceeded a certain level determined in the agreements other than temporarily. This condition was met in December 2010. The Board of Directors of Konecranes Plc decided that the loan should be repaid through a Share Swap whereby Konecranes Plc acquired all the shares in KCR Management Oy. To implement the Share Swap, the Board of Directors of Konecranes Plc decided on a directed share issue in which the Company offered, in derogation from the shareholders' pre-emptive subscription rights, a total of 281,007 new Konecranes shares to the shareholders of KCR Management Oy against share consideration (Share Swap). As part of the Share Swap, the shareholders of KCR Management Oy conveyed the KCR Management Oy shares they held and received new Konecranes Plc shares in return. The new shares are subject to the transfer restriction determined by the Board of Directors in May 2009 and expiring on November 1, 2012. KCR Management Oy was merged into Konecranes Plc effective on December 31, 2011.

The new shares were registered in the subscribers' book-entry accounts and entered into the Trade Register on January 13, 2011 and were subject to public trading on NASDAQ OMX Helsinki from January 14, 2011.

There were no loans issued by the Company to the Extended Management Team (excluding the President and CEO) at the end of 2010 or 2011.

Stock Option Plans

The Company has issued stock option plans for its key employees, including top and middle management, and employees in certain expert positions.

Stock option plans require a corresponding resolution by a General Meeting, and all plans have been adopted by the relevant General Meetings. Certain large institutional shareholders have adopted guidelines for stock option plans. These guidelines offer advice on the acceptable (maximal) dilution effect, levels of incentives, lock-up periods, length of programs, etc. The Company's option plans have been designed to comply with these guidelines in all their essentials.

The purpose of the option schemes is to motivate key personnel to contribute to the long-term success of the Company and to create a common understanding of and commitment to the creation of shareholder value. A further purpose is to create a joint sense of common ownership among managers, which is seen as valuable for a company like Konecranes with operations covering many countries, cultures, and customer industries.

The Board decides on the distribution of options to key personnel under a proposal made by the President and CEO. In granting options to the President and CEO, the Board acts independently. Konecranes Plc's outstanding stock option plans include Option Series 2007B, 2009A, 2009B, and 2009C. Series 2007C was not distributed and, according to the terms and conditions of 2007C stock option, these stock options expired on December 31, 2009. The terms and conditions of stock option plans and the number of unsubscribed stock options based on outstanding stock option plans and the number of employees belonging to stock option plans can be consulted on the Company's website at www.konecranes.com > Investors > Share information > Stock option plans.

As of the end of 2011, approximately 220 employees were part of the Group's stock option plans. More information on stock options can be found on page 96 of the Financial Statements, Note 29.

Remuneration Statement

Konecranes has issued a Remuneration Statement in accordance with Recommendation 47 of the Finnish Corporate Governance Code 2011. The Remuneration Statement is available on the Company's website at www.konecranes.com > Investors > Corporate Governance.

INSIDER ADMINISTRATION

The Board has approved a set of Insider Rules for Konecranes based on the Finnish Securities Markets Act, standards issued by the Financial Supervision Authority, and the NASDAQ OMX Helsinki Guidelines for insiders in force as of October 9, 2009.

Konecranes' Public Insider Register includes the members of the Board of Directors, the President and CEO, the Secre-

Goliath shipyard crane

tary to the Board, the Auditor, the members of the Extended Management Team, as well as other persons holding a comparable position in the Group, as decided by the Company. In addition, Konecranes' Company-Specific Permanent Insiders includes persons defined by the Company, who regularly possess insider information due to their position in the Company.

Persons registered in the Public Insider Register and the Permanent Insider Register are not allowed to trade in Konecranes securities during a period commencing on the first day after the end of each calendar quarter and ending upon the publication of the Company's corresponding interim report or financial statement bulletin. Furthermore, trading is not allowed during the entire publication day. The Company also maintains Project-Specific Insider Registers for all insider projects. People listed in these registers are prohibited from trading in Konecranes' shares until termination of the project.

The General Counsel maintains Konecranes' register of insider holdings and is responsible for monitoring compliance with insider guidelines and the duty to declare. The Company maintains its public insider register in Euroclear Finland Ltd.'s SIRE system.

Konecranes Public Insiders' share and option holdings can be consulted using the NetSire register.

AUDIT

The main function of statutory auditing is to verify that Konecranes' financial statements represent a true and fair view of the Group's performance and financial position for the financial year, which is the calendar year. The Auditor reports to the Board's Audit Committee on a regular basis, and is obliged to audit the validity of the Company's accounting and closing accounts for the financial year and to give the General Meeting an auditor's report. Konecranes' Auditors are elected by the AGM and hold office until further notice. The same auditor with principal responsibility may not serve for more than seven financial years. A proposal for the election of external auditors made by the Audit Committee shall be announced in the invitation to the AGM. The Audit Committee strives to put the selection of the external auditor out to tender at regular intervals.

Ernst & Young Oy, Authorized Public Accountants, has been the Company's external auditor since 2006. Mr. Roger Rejström served as Principal Auditor in 2011. Ernst & Young Oy and its affiliated audit companies received 1,572,000 EUR in fees for auditing Konecranes Group Companies in 2011, and fees of 742,000 EUR for non-audit services.

RISK MANAGEMENT, INTERNAL CONTROL, AND INTERNAL AUDITING

Konecranes' Board of Directors has defined and adopted a set of risk management principles based on widely accepted international good management practices. The Audit Committee evaluates and reports on the adequacy and appropriateness of internal controls and risk management to the Board.

RISK MANAGEMENT PRINCIPLES

Risk is anything that will clearly affect Konecranes' ability to achieve its business objectives and execute its strategies. Risk management is part of Konecranes' control system and is designed to ensure that any risks related to the company's business operations are identified and managed adequately and appropriately to safeguard the continuity of Konecranes' business at all times.

The Group's risk management principles provide a basic framework for risk management across Konecranes, and each Group company or operating unit is responsible for its own risk management. This approach guarantees the best possible knowledge of local conditions, experience, and relevance.

The Group's risk management principles define risk management as a continuous and systematic activity aimed at protecting employees from personal injury, safeguarding the assets of all Group companies and the Group as a whole, and ensuring stable and profitable financial performance. By minimizing losses due to realized risks, and optimizing the cost of risk management, Konecranes can safeguard its overall long-term competitiveness.

SIGNIFICANT RISKS FOR KONECRANES

Konecranes has assessed its strategic, operational, financial, and hazard risks. The list of risks below and the risk management methods described here are intended to be indicative only and should not be considered exhaustive.

Market risks

Demand for Konecranes' products and services is affected by the development of the overall global economy and the business cycles of Konecranes' customer industries. Capital expenditure on industrial cranes varies with the development of industrial production and production capacity, while demand for port equipment follows trends in global transportation and, over the shorter term, port investment cycles. Demand for maintenance services is driven by customers' capacity utilization rates. In addition to risks related to sales volumes, adverse changes in demand can also result in overcapacity and affect market prices.

Konecranes' aim is to increase the proportion of its service revenue in its total revenue stream and thereby reduce its exposure to economic cycles. In general, the demand for service is less volatile than that for equipment.

As part of its strategy, Konecranes strives to maintain a wide geographical presence to balance out economic trends in different market areas. Konecranes also aims to limit the risks resulting from changes in demand in different customer segments and demand for certain products by maintaining a diverse customer base and offering a wide range of products and services.

In 2011, Konecranes continued to dedicate substantial resources to enhancing its visibility in the marketplace and actively pursuing available opportunities.

Customer credit risks

Challenges with customer payments could adversely affect Konecranes' financial situation. To limit this risk, we apply a conservative credit policy towards our customers. It is Konecranes practice to review customers carefully before entering into a formal business relationship and to require credit reports from new customers. The credit risks of our customers are mitigated with advance payments, letters of credit, payment guarantees, and credit insurance where applicable. Using these tools and by carefully monitoring customer payments we have successfully limited our credit risks. During 2011, Konecranes further developed its Trade & Export Finance Department to support all business units with relevant expertise.

Technology risks

Konecranes recognizes that there are various threats and opportunities related to the development of new products and services in its business. Active management of intellectual property rights is essential in the global marketplace.

Konecranes monitors market developments and its competitors continuously to identify signs of potential changes in products, markets, and customer needs at an early stage.

Dedicated, process-driven product development operations have sustained Konecranes' leadership in offering advanced technologies, products, and services to lift its customers' businesses. Acquisitions have and will continue to be made to gain access to advanced technologies where appropriate. Konecranes ensures that its innovations are protected by international patents wherever applicable, and protects its trademarks as well.

During 2011, Konecranes increased its activities in developing markets. We completed various acquisitions and focused on products that improve our opportunities where growth exists. In developed markets, Konecranes invested in automation, software products, and connectivity solutions to improve customers' added value and support our new vision.

Konecranes launched the TRUCONNECT®family of remote services that enhance our knowledge of installed products by refining crane usage and sensory data into meaningful information. After professional analysis at Konecranes' Global Technical Centers, we can improve our customers' businesses through enhanced product and service options.

Conducting business in emerging and developing markets

Konecranes has manufacturing and supplier networks in many developing countries. A large part of sales also takes place in emerging and developing countries. Sudden changes in the political environment, economic, or regulatory framework of these areas can have an adverse effect on Konecranes' business. Konecranes conducts careful studies of the political, social, and economic environment in these countries to ensure that it is aware of developments there.

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

Emerging countries will represent a significant market opportunity in the future, as economic growth is expected to be faster in developing areas than the global average; and Konecranes will continue its efforts to expand its presence in these areas.

Konecranes is continuing to invest in emerging and developing markets via acquisitions and strengthening its existing presence. During 2011, for example, we finalized a major acquisition of WMI Cranes Ltd. in India and strengthened our presence in Brazil.

Personnel

Konecranes' ability to operate is dependent on the availability, capabilities, and expertise of professional personnel. The ability to recruit and retain personnel is of key importance for the future success of the company, and any failure to do so may adversely affect Konecranes' ability to execute its strategies. An annual employee satisfaction survey provide important information about employees' overall job satisfaction, leadership, and engagement. Survey results are used to support development activities in areas such as communication and leadership.

Konecranes manages its personnel-related challenges through a professional human resources team, utilizing external resources where applicable. Harmonized people processes and systems are now deployed almost everywhere within Konecranes.

During 2011, Konecranes continued to invest in training, and feedback indicates improved training quality. We also increased appraisal discussion activity, which resulted in a substantial improvement in indices related to job satisfaction, leadership quality, and employee engagement. All of these were visible in the latest employee satisfaction survey, which attracted an increased number of participants.

Acquisitions

Unsuccessful acquisitions or the failure to successfully integrate an acquired company could result in reduced profitability or hamper the implementation of corporate strategy. Konecranes reduces the risks associated with acquisitions by carrying out thorough due diligence analyses, using external advisors when needed.

During 2011, the emphasis of acquisition process development shifted towards the integration of acquired companies.

Production risks

Konecranes' strategy is to maintain in-house production of key components that have high added value and/or provide core competitive advantages. There are specific risks involved with different aspects of production, such as production capacity management, operational efficiency, continuity, and quality.

Efforts have continued to further develop production operations. Continuous replacement investments and enhanced maintenance of production equipment have been carried out. The capacity of acquired companies has become an integral part of the global production network on a phased basis. Risk management is an essential element of production strategy. The safety and security of key facilities continued to improve during 2011.

Material management and procurement risks

Material management and procurement operations require a proactive approach and development to avoid risks related to issues such as pricing, quality, capacity, availability, and stock values. Inefficiencies in these areas could affect the performance of Konecranes adversely. Konecranes manages its purchases and the logistics of materials and components of substantial importance for its operations on a centralized basis. Contracts with key suppliers are designed to optimize these purchases globally.

During 2011, Konecranes continued to develop the quality and scope of supplier cooperation and its audit process. We have also improved demand-supply monitoring, balancing, and forecasting to improve our ability to respond to customer needs rapidly.

Quality risks

High-quality products, business procedures, processes, and services play a key role in minimizing Konecranes' business risks. Most companies in the Group and all major Group operations use certified quality procedures. Several existing quality certificates were updated and new ones received in 2011. Determined certification work is continuing.

During 2011, Konecranes continued to develop both local and global quality improvement processes by utilizing local quality improvement teams and a global quality task force to support local efforts. Supplier quality has been developed in the same way.

Supplier risks

Konecranes recognizes that price and continuity risks are associated with some of its key suppliers, as they could be difficult to replace. In the event of major production problems, this could undermine Konecranes' delivery capability. Quality risks and defects associated with subcontracted components are quality risks for Konecranes.

To reduce subcontracting risks, Konecranes constantly seeks competitive and alternative suppliers while improving cooperation with existing suppliers. When available,

XA light crane system

alternative suppliers enhance price competition, increase production capacity, and reduce Konecranes' risks of single supplier dependency.

During 2011, Konecranes focused on ensuring the quality of cooperation to generate mutual benefits with critical suppliers. Improvement of Konecranes' quality processes enhanced the links between Konecranes' supplier quality and our customers' quality experience.

IT risks

Konecranes IT is responsible for all IT services, applications, and assets used by Group companies. Konecranes' operations depend on the availability, reliability, quality, confidentiality, and integrity of information. Any and all information security risks and incidents may affect business performance adversely.

Konecranes uses reliable IT solutions and employs efficient information security management to avoid data loss and prevent the confidentiality, availability, or integrity of data from being compromised. User care and support is exercised with internal and outsourced IT services to ensure the high availability, resiliency, and continuity of services, and rapid recovery in the event of any temporary loss of key services.

Konecranes IT successfully completed the consolidation of datacenters and network services during 2011, enabling Konecranes to focus IT development on areas of higher added value and enhanced business focus.

During 2011, Konecranes IT continued the development of global business applications following business process harmonization. During 2012, Konecranes will start the implementation of these applications, covering risks in schedule, cost and content. Realization of the schedule risk may lead to delays in business benefit realization. Content risk could be realized if the intended business model cannot be implemented as planned in respect of selected applications. Delays in schedules and challenges with implementations may lead to a rise in total project costs. The majority of ongoing business process harmonization projects will be in the implementation phase during 2012. Konecranes IT was operated as a business support function with a presence in roughly 20 countries in 2011.

Contract and product liability risks

Konecranes can be subject to various legal actions, claims, and other proceedings in various countries typical for a company in this industry and consistent with a global business that encompasses a wide range of products and services. These matters may involve contractual disputes, warranty claims, product liability (including design defects, manufacturing defects, failure to post appropriate warnings, and asbestos legacy), employment, auto liability, and other matters involving claims related to general liability. These risks are managed by continuously monitoring operations, improving product safety, training customers, and making use of detailed sales terms. Konecranes also issues written policies in some cases to ensure compliance with legislation, regulations, and Konecranes' own principles across the Konecranes Group. Great emphasis is placed on training to ensure that employees are aware of and comply with the applicable legislation, regulations, and principles relating to their work. Konecranes' Legal Department retains outside experts to assist here when necessary.

Illegal activities

Konecranes aims to comply with all applicable laws and regulations, but breaches of the company's policies resulting in illegal activities can threaten the company. Konecranes considers the potential risks involved to be limited, however, although it recognizes that even small-scale illegal activity could damage its reputation and affect its financial status and results adversely. Internal procedures, supervision, audits, and practical tools are used to reduce Konecranes' exposure to these types of risks.

During 2011, Konecranes continued internal training on good governance and management practices and started to extend training to the supplier base.

Damage risks

Damage risks include business interruption risks, occupational health and safety-related risks, environmental risks, fire and other disasters, natural events, and premises security risks. Konecranes identifies and assesses these risks continuously as part of its business processes. To mitigate these risks, we have adopted a number of occupational health and safety guidelines, certification principles, rescue planning, and premises security instructions. Konecranes has also sought to prepare for the materialization of these risks through various insurance programs and by continuously improving its preparedness to deal with various potential crisis situations.

During 2011, Konecranes continued the determined development of occupational safety at all levels. Special attention has been paid to harmonizing all our factories, branches, and offices to the same level. India and China are examples of this work.

Financial risks

Konecranes manages most of its financial risk on a centralized basis through its Group Treasury. Group Treasury functions within Konecranes Finance Corporation, operating as a financial vehicle for the Group at Corporate Headquarters. Konecranes Finance Corporation is not a profit center that strives to maximize its profits, but rather its role is to help the Group's operating companies reduce the financial risks associated with global business operations, such as market, credit, and liquidity risks. The most significant market risk relates to foreign currency transaction risk.

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

Units hedge their risks internally with Group Treasury. The majority of the Group's financial risks are channeled through Konecranes Finance Corporation, where they can be evaluated and controlled efficiently.

Almost all funding, cash management, and foreign exchange transactions with banks and other external counterparties are carried out centrally by Konecranes Finance Corporation in accordance with the Group's Treasury Policy. Only in a few special cases, where local central bank regulations prohibit the use of Group services for hedging and funding, is this done directly between an operating company and a bank under the supervision of Group Treasury.

Konecranes Finance Corporation uses a treasury system that enables transactions to be processed in real time and provides in-depth records of activities and performance. Standard reporting is done on a weekly basis and covers Group-level commercial and financial cash flows, foreign currency transaction exposure, debt positions, derivatives portfolios, and counterparty credit exposure for financial transactions. In addition, all Group companies participate in monthly managerial and statutory reporting.

See Note 3 to the Financial Statements and the Board of Directors' Report for a detailed overview of financial risk management.

Insurance

The Group reviews its insurance policies as part of its overall risk management on a continuous basis. Insurance policies are used to cover all risks that are economically feasible or otherwise reasonable to insure.

During 2011, Konecranes enhanced controls to ensure that applicable insurance cover is deployed in an appropriate and timely way in all countries.

Internal Auditing

Konecranes' Internal Audit function is an independent, objective assurance and consulting unit, which assists the organization in achieving its objectives. The unit evaluates the efficiency of risk management, control, and governance processes and investigates all reports of suspected incidents. The latter can be made in person or through a new confidential e-mail reporting channel.

The Internal Audit unit operates according to an audit plan approved by the Board's Audit Committee. The unit's working methods are based on the professional standards laid down by the Institute of Internal Auditors (IIA). The approach of Internal Audit focuses on process-oriented engagement rather than solely entity-based auditing.

Administratively, Internal Audit reports to the Group CFO; and Internal Audit activities are reported to the Board's Audit Committee on a regular basis.

INTERNAL CONTROL AND RISK MANAGEMENT RELATED TO FINANCIAL REPORTING

Internal control related to financial reporting is designed to provide reasonable assurance concerning the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, applicable laws and regulations, and other requirements covering listed companies. Risk management is considered an integral part of running the Konecranes business. Konecranes' corporate risk management principles provide a basic framework for risk management, while each Group company or operating unit is responsible for its own risk management. This principle is also followed in risk management related to financial reporting.

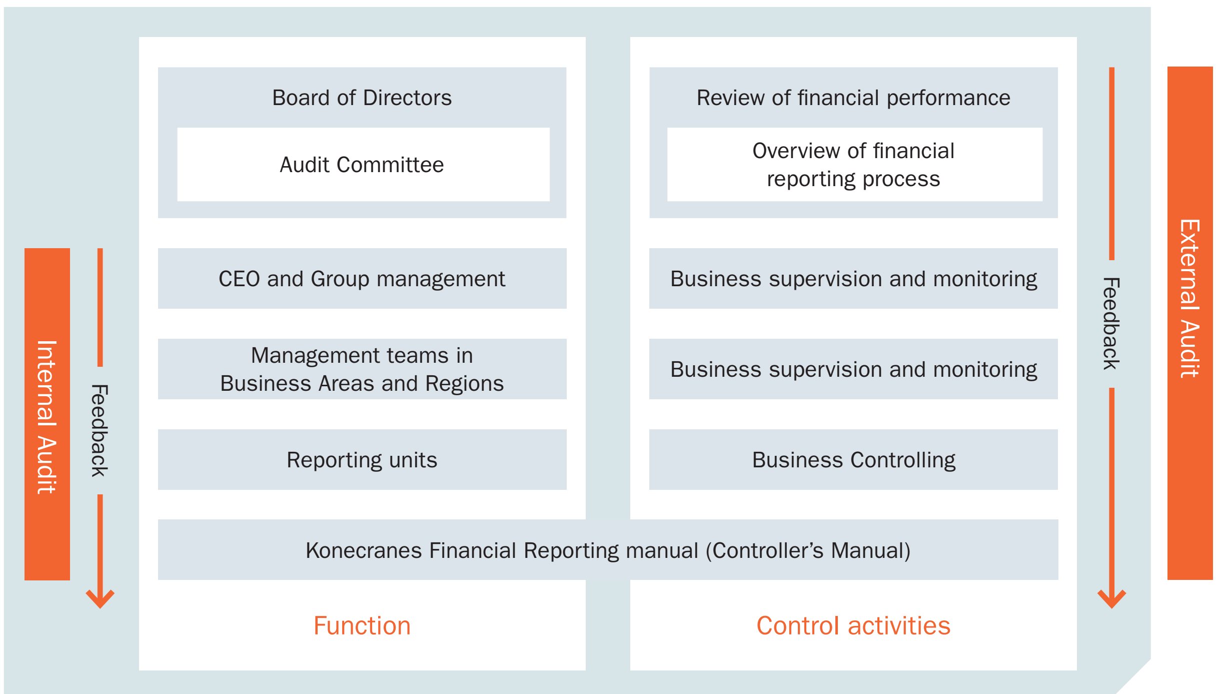
Control environment

The Group operates in a matrix organization, one dimension of which is formed by the two business areas, Service and Equipment. Both business areas are further divided into several business units, supply units, and various support functions. Business areas are responsible for issues such as product/service offering and global profitability.

The other dimension of the matrix organization is Market Operations. These front-line operations are managed and controlled through four regions: Americas, APAC, WEMEA (Western Europe, Middle East and Africa), and NEI (Nordic, Eastern Europe and India). Market operations is responsible for areas such as Konecranes' regional and country organizations including sales activities and service operations.

Financial targets are set and planning/follow-up activities are executed along both dimensions of the matrix organization in accordance with the overall business targets of the

CONTROL ENVIRONMENT



Main features of Internal Control related to financial reporting

Konecranes Group. The operations of the Service business are typically monitored based on profit-responsible service branches (on average 320 in 2011), which are further consolidated to country and region levels, and business units (5 in 2011). The Equipment business is mainly monitored via business units (5 in 2011), which are divided into business lines.

Corporate Governance and business management at Konecranes are based on the company's values of trust in people, total service commitment, and sustained profitability. The control environment is the foundation for all the other components of internal control and for promoting employees' awareness of key issues; and supports the execution of strategy and regulatory compliance. The Board of Directors and Group Management are responsible for defining the Konecranes Group's control environment through corporate policies, instructions, and financial reporting frameworks. These include the Konecranes Code of Conduct and the Konecranes Controller's Manual, which constitutes the main tool for accounting and financial reporting principles in respect of providing information, guidelines, and instructions. The interpretation and application of accounting standards is the responsibility of the Global Finance function. Guidelines and instructions for reporting are updated when necessary and are reviewed at least once a year.

Control activities

Konecranes Group management has operational responsibility for internal controls. Financial control activities are integrated into the business processes of the Konecranes Group and management's business supervision and monitoring procedures. The Group has identified and documented the significant internal controls that relate to its financial processes either directly or indirectly through other process. The total number of identified financial internal controls is approximately 100. All legal entities and business units have their own defined controller functions. Representatives from controller functions participate in planning and evaluating unit performance, and ensure that monthly and quarterly financial reporting follows the Group's policies and instructions and that all financial reports are delivered on time in accordance with schedules set by the Group.

Management follow-up is carried out through monthly management reporting routines and performance review meetings. These meetings are conducted by business units/business areas, on country, regional, and Group level, and cover a review of the competitive situation, market sentiment, order intake and order book, monthly financial performance, quarterly and rolling 12-month forecasts, as well as safety, people, and customer topics. Group management separately follows up the most important development activities; for example major IT development activities are monitored in the Business Infrastructure Board and R&D projects in the Technology Board. These Management Boards convene typically on a quarterly basis.

Monitoring

The Group conducts an annual self-assessment through its controllers to monitor the effectiveness of selected financial


Forklift truck

CHANGING THE GAME
WITH HIGH-QUALITY BUSINESS PROCEDURES AND PROCESSES

internal controls. The Group also has an Internal Audit function, which is responsible for monitoring and evaluating the effectiveness of Konecranes' risk management and internal control system. Internal Audit plans its work in cooperation with the Audit Committee, which approves an annual internal audit plan. The Audit Committee receives direct reports from external auditors and discusses and follows up their findings. External auditors are also represented at Audit Committee meetings. The Group's financial performance is reviewed at every Board meeting, and the Board of Directors and the Audit Committee review all external financial reports before they are made public.

Communication
The Controller's Manual, together with reporting instructions and policies, are stored in the Konecranes intranet for access by personnel. The Group, Business Areas, and Regions also arrange meetings to share information on financial processes and practices. Information for the Group's stakeholders is regularly communicated via the Konecranes Group's website. To ensure that the information provided is comprehensive and accurate, the Group has established a set of external communications guidelines. These define how, by whom, and when information should be issued; and are designed to ensure that Konecranes meets all its information obligations and to further strengthen internal controls related to financial reporting.

Development during 2011
Konecranes continued its IT system projects (ERP for both Service and Equipment business areas, CRM and People system) to further develop and implement harmonized processes, increase operational visibility and improve decision-making, and reduce the overall number of various IT systems. The pilot unit of the ERP system was launched at the end of September 2011 and implementation roll-outs will continue in other units over the next few years. Konecranes also drafted a Financial Shared Service Center concept designed to offer mainly transaction handling services, financial master data maintenance, and some financial accounting services from regional centers to individual Konecranes companies. As part of this new concept, the first Financial Shared Service Center should become operational during 2012.

The internal control environment will be improved using common, unified processes and a common system platform. Monitoring the effectiveness of internal controls will become more transparent following the implementation of the ERP system. Financial Shared Service Centers will create a unified framework for transactional processing and provide an enhanced segregation of duties.

GROUP EXECUTIVE BOARD 2011

PEKKA LUNDMARK

b. 1963
President and CEO
Member of the Group Executive Board since 2004
Employed since 2004
M.Sc. (Eng.)
Primary working experience:
KCI Konecranes 2004–2005: Group Executive Vice President
Hackman Abp 2002–2004: CEO
Startupfactory 2000–2002: Managing Partner
Nokia Corporation 1990–2000: various executive positions
Other current key positions of trust: Marimekko Ltd.: Chairman of the Board; Federation of Finnish Technology Industries: Chairman of the Board; Confederation of Finnish Industries EK: Vice Chairman of the Board
Shares: 263,606
Option to acquire: 174,000 shares

ARI KIVINIITTY

b. 1957
Chief Technology Officer
Member of the Group Executive Board since 2005
Employed 1983
M.Sc. (Eng.)
Primary working experience: KCI Konecranes 2004–2005: Vice President, Standard Lifting Equipment; KCI Konecranes 2002–2004: Managing Director, Hoist factory; KCI Konecranes 1999–2001: R&D Manager; KCI Konecranes 1996–1998: Technical Director, Components, Singapore
Other current key positions of trust: Member FEM (The European Federation of Materials Handling Equipment Manufacturers), Member of Technology Industries of Finland Business and Technology Working Group
Shares: 17,634
Option to acquire: 63,000 shares

PEKKA LETTIJEFF

b. 1961
Chief Procurement Officer
Member of the Group Executive Board since 2008
Employed 2008
University Degree in Business Administration, University of Växjö, Sweden
Primary working experience: Nokia Siemens Networks 2007–2008: Head of Global Purchasing; Nokia Networks 2001–2008: VP, Supply Network Management and VP, Sourcing; Astra Zeneca 2000–2001: VP, Global Supply and Purchasing; General Motors 1994–1999: several executive positions in Purchasing in the USA and Germany; Saab Automobile 1986–1994: several executive positions in Purchasing in Sweden and Germany
Current key position of trust: Sanitec Corporation: Member of the Board
Shares: 15,664
Option to acquire: 45,000 shares

HARRY OLLILA

b. 1950
Executive Vice President, Head of Market Operations
Member of the Group Executive Board since 1994
Employed 1991
M.Sc. (Eng.)
Primary working experience: KCI Konecranes/Konecranes 2005–2009: President, Region Northeast Asia; KCI Konecranes 2001–2005: Group Vice President, Group Development; KCI Konecranes 1997–2001: Country Executive, Europe; KCI Konecranes 1994–1997: Technical Director; Ahlström Osakeyhtiö 1972–1991: various positions including Ahlström Pyropower 1986–1991: Technical Director; Pyropower Corporation, USA 1981–1986: Director of Projects and Engineering
Shares: 153,273
Option to acquire: 77,000 shares

TEO OTTOLA

b. 1968
Chief Financial Officer
Member of the Group Executive Board since 2007
Employed since 2007
M.Sc. (Econ.)
Primary working experience:
Elcoteq SE 2004–2007: CFO
Elcoteq Network Oyj 1999–2004: Senior Vice President (Business Control and Accounting)
Elcoteq Network Oyj 1998–1999: Group Business Controller
Elcoteq Lohja Oy 1996–1998: Business Controller
Rautaruukki Oy 1992–1996: Financial Planner
Shares: 24,385
Option to acquire: 111,000 shares

HANNU RUSANEN

b. 1957
Executive Vice President, Head of Business Area Service
Member of the Group Executive Board since 2004
Employed 2003
M.Sc. (Eng.)
Primary working experience:
KCI Konecranes/Konecranes 2003–2006: Country Executive Nordic; ABB Finland 1995–2002: Vice President, Service; Tampella Oy 1982–1995: various management positions in Finland and in the USA
Shares: 44,385
Option to acquire: 89,000 shares

MIKKO UHARI

b. 1957
Executive Vice President, Head of Business Area Equipment
Member of the Group Executive Board since 1997
Employed 1997
Lic. Sc. (Eng.)
Primary working experience: KCI Konecranes/Konecranes 2005–2009: President, New Equipment Business Areas; KCI Konecranes 2004–2005: President, Special Cranes (Heavy Lifting); KCI Konecranes 1997–2003: President, Harbor and Shipyard Cranes; KONE Corporation 1982–1997: various managerial positions at Wood Handling Division, (Andritz as of 1996–) including: 1996–1997 Group Vice President, Marketing; 1992–1996: Group Vice President, Project Business; 1990–1992: Director, Wood Handling Unit, Finland
Shares: 99,135
Option to acquire: 96,000 shares

EXTENDED MANAGEMENT TEAM 2011

RYAN FLYNN

b. 1971
Senior Vice President, Head of Region APAC (Asia-Pacific)
Member of the Group Extended Management Team since 2009
Employed since 2005
MBA, BCom
Primary working experience: Konecranes Plc., China 2005–2009: Director, Ports & Lift trucks; NFS Industrial Machinery, South Africa 2003–2005: General Manager; Afinta Motor Corporation, South Africa 1996–2000: Director; Standard Bank, South Africa 1990–1996: Business Manager
Shares: 1,000
Option to acquire: 49,000 shares

ANTTI KOSKELIN

b. 1970
Chief Information Officer, CIO
Member of the Extended Management Team since 2009
Employed 2009
B.Sc. (Information Technology)
Primary working experience:
Nokia Corporation 1994–2008: several global leadership positions in the USA and in Finland.
Shares: 280
Option to acquire: 30,000 shares

AKU LEHTINEN

b. 1969
Senior Vice President, Head of Region NEI (Nordic, Eastern Europe and India) until November 3, 2011. As of November 4, 2011, Senior Vice President, Head of Region WEMEA (Western Europe, Middle East and Africa).
Member of the Extended Management Team since 2010
Employed since 1994
M.Sc. (Eng.)
Primary working experience: Konecranes 2008–2010: Director, South East Europe; KCI Konecranes/Konecranes 2006–2008: Director, RTG Cranes; KCI Konecranes 2005–2006: Sales Director, Yard Cranes; KCI Konecranes 2001–2004: Sales Manager, Port Cranes; KCI Konecranes 2000–2001: Product Manager; KCI Konecranes 1994–2000: various project & product management responsibilities in Asia, Middle East and Europe.
Shares: -
Option to acquire: 49,500 shares

TOMAS MYNTTI

b. 1963
Senior Vice President, Head of Region NEI (Nordic, Eastern Europe and India) as of November 4, 2011
Member of the Extended Management Team since 2011
Employed 2008
M.Sc. (Eng.)
Primary working experience: Konecranes 2010–2011: Vice President, Head of Industrial Cranes, Region NEI; Konecranes 2009: Director, Market Operations, Head of Global Key Account Management and Sales Development;
Konecranes 2008: Director, Business Development, Business Area New Equipment; TietoEnator Oyj 2007–2008: Chief Marketing Officer, Business Area Telecom and Media; Hantro Products Oy 2000–2007: Senior Vice President, Sales and Marketing;
Cadence Design Systems 1996–2000: Global Account Director;
Intel Corporation 1994–1996: Global Account Manager;
Cap Gemini 1989–1994: Various management positions;
Digital Equipment Corporation 1984–1989: Various positions
Shares: -
Option to acquire: 15,000 shares

SIRPA POITSALO

b. 1963
Vice President, General Counsel
Member of the Extended Management team since 2009
Member of the Group Executive Board 1999–2009
Employed 1988
LL.M.
Primary working experience: KCI Konecranes 1997–1998: Assistant General Counsel; KCI Konecranes/KONE Corporation, 1988–1997: Legal Counsel
Shares: 30,367
Options to acquire: 48,000 shares

JAANA RINNE

b. 1962
Vice President, Human Resources
Member of the Extended Management team since 2009
Member of the Group Executive Board 2007–2009
Employed 1986
M.Sc. (Econ.)
Primary working experience: KCI Konecranes/Konecranes 2004–2006: Director, Human Resources for Service; KCI Konecranes 1997–2004: different positions within human resources in Standard Lifting; KONE Corporation/KCI Konecranes 1986–1997: different positions in finance
Shares: 6,967
Option to acquire: 30,000 shares

TOM SOTHARD

b. 1957
Senior Vice President, Head of Region Americas
Member of the Extended Management team since 2009
Member of the Group Executive Board 1995–2009
Employed 1983
B.Sc. (Marketing)
Primary working experience: KCI Konecranes 2001–2006: President, Global Maintenance Services; KCI Konecranes 1995–2002: Group Vice President, North America; KONE Corporation/KCI Konecranes 1989–2001: President, Maintenance Services, North America; KONE Corporation 1984–1988: Vice President, Maintenance Services, North America; Robbins and Myers 1980–1984: District Manager
Shares: 23,779
Option to acquire: 45,000 shares

MIKAEL WEGMÜLLER

b. 1966
Vice President, Marketing and Communications
Member of the Extended Management team since 2009
Member of the Group Executive Board 2006–2009
Employed 2006
M.Sc. (Econ.)
Primary working experience: Publicis Helsinki Oy 2003–2006: Chief Operating Officer; SEK & GREY Oy 2000–2003: Planning Group Director; Publicis Törmä Oy 1997–2000: Planning Group Director; Finelor Oy (now L'Oreal Finland Oy) 1993–1997: Sales and Marketing Manager; Chips Abp 1991–1993: Product Group Manager
Shares: 6,967
Option to acquire: 30,000 shares

PIERRE BOYER

b. 1959
Senior Vice President, Head of Region WEMEA (Western Europe, Middle East and Africa) until November 3, 2011
Member of the Extended Management Team 2009–2011
Member of the Group Executive Board 2006–2009
Employed 2006
HEC Paris
Primary working experience: Various positions within Carrier Corporation during 1995–2006, prior to joining Carrier, Boyer worked at the Groupe Legris Industries' mobile crane division, PPM.
Shares: 18,579
Options to acquire: 81,000 shares

BOARD OF DIRECTORS 2011

STIG GUSTAVSON

b. 1945
Chairman of the Board since 2005. Board Member since 1994 and Member of the Nomination and Compensation Committee since 2006. M.Sc. (Eng.), Dr.Tech. (hon.)
Principal occupation: Board memberships
Primary working experience: KCI Konecranes Plc 1994–2005: President and CEO; KONE Cranes division 1988–1994: President; KONE Corporation 1982–1988; Sponsor Oy 1978–1982; RAY (Raha-Automaattiyhdistys) 1976–1978 and Wärtsilä Oy Ab 1970–1976: Holder of various executive positions
Current key positions of trust: Ahlström Capital Oy: Chairman of the Board; Cramo Plc: Chairman of the Board; Dynea Oy: Deputy Chairman of the Board; Handelsbanken Regional Bank Finland: Chairman of the Board; Oy Mercantile Ab: Vice Chairman of the Board; Vaisala Group: Member of the Board; IK Investment Partners: Senior Regional Advisor; Technology Academy Foundation: Chairman of the Board
Stig Gustavson is deemed to be dependent of the company based on the Board's overall evaluation relating to his former and current positions in Konecranes combined with his substantial voting rights in the company. He is independent of any significant shareholder.
Shares: -

SVANTE ADDE

b. 1956
Board Member since 2004, Member of the Audit Committee since 2004 and Chairman of the Audit Committee since 2008.
B.Sc. (Econ. and Business Administration)
Principal occupation: Managing Director, Pöyry Capital Limited, London
Primary working experience: Compass Advisers, London 2005–2007: Managing Director; Ahlstrom Corporation 2003–2005: Chief Financial Officer; Lazard London and Stockholm 2000–2003: Managing Director; Lazard London 1989–2000: Director; Citibank 1979–1989: Director
Current key positions of trust: Meetoo AB: Member of the Board
Independent of the company and its significant shareholders.
Shares: 5,111

KIM GRAN

b. 1954
Board Member since 2007 and Member of the Audit Committee since 2007.
B.Sc. (Econ)
Principal occupation: President and CEO, Nokian Tyres plc
Primary working experience: Nokian Tyres, Car and Van tyres 1995–2000: Vice President
Current key positions of trust: The Rubber Manufacturers' Association: Chairman of the Board; Chemical Industry Federation of Finland: Vice Chairman of the Board; YIT Plc: Member of the Board; Finnish-Russian Chamber of Commerce: Member of the Board; Nokian Tyres plc: Member of the Board; Ilmarinen Mutual Pension Insurance Company: Member of the Supervisory Board
Independent of the company and its significant shareholders.
Shares: 4,343

TAPANI JÄRVINEN

b. 1946
Board Member since 2009 and Member of the Audit Committee since 2009.
M.Sc. (Eng), Lic. Sc. (Tech.)
Principal occupation: Board memberships
Primary working experience: Outotec Oyj 2006–2009: President and CEO; Outokumpu Technology, Finland 2003–2006: President and CEO; Outokumpu Oyj, Finland 2000–2005: Executive Vice President and Member of the Group Executive Committee; Compañía Minera Zaldívar, Chile 1994–2000: General Manager and CEO
Current key positions of trust: Okmetic Oyj: Vice Chairman of the Board; Outotec Oyj: Member of the Board; Normet Oy: Member of the Board; Talvivaara Mining Company Plc: Member of the Board; Dragon Mining Ltd, Australia: Member of the Board
Independent of the company and its significant shareholders.
Shares: 2,604

MATTI KAVETVUO

b. 1944
Board Member since 2001 and Chairman of the Nomination and Compensation Committee since 2009.
Member of the Audit Committee 2004–2008.
M.Sc. (Eng.), B.Sc. (Econ.)
Principal occupation: Board memberships
Primary working experience: Pohjola Group Plc 2000–2001: CEO; Valio Ltd 1992–1999: CEO; Orion Corporation 1985–1991: CEO; Instrumentarium Corp. 1979–1984: President
Current key positions of trust: Lassila & Tikanoja Plc: Vice Chairman of the Board; Orion Corporation: Vice Chairman of the Board
Independent of the company and its significant shareholders.
Shares: 5,259

NINA KOPOLA

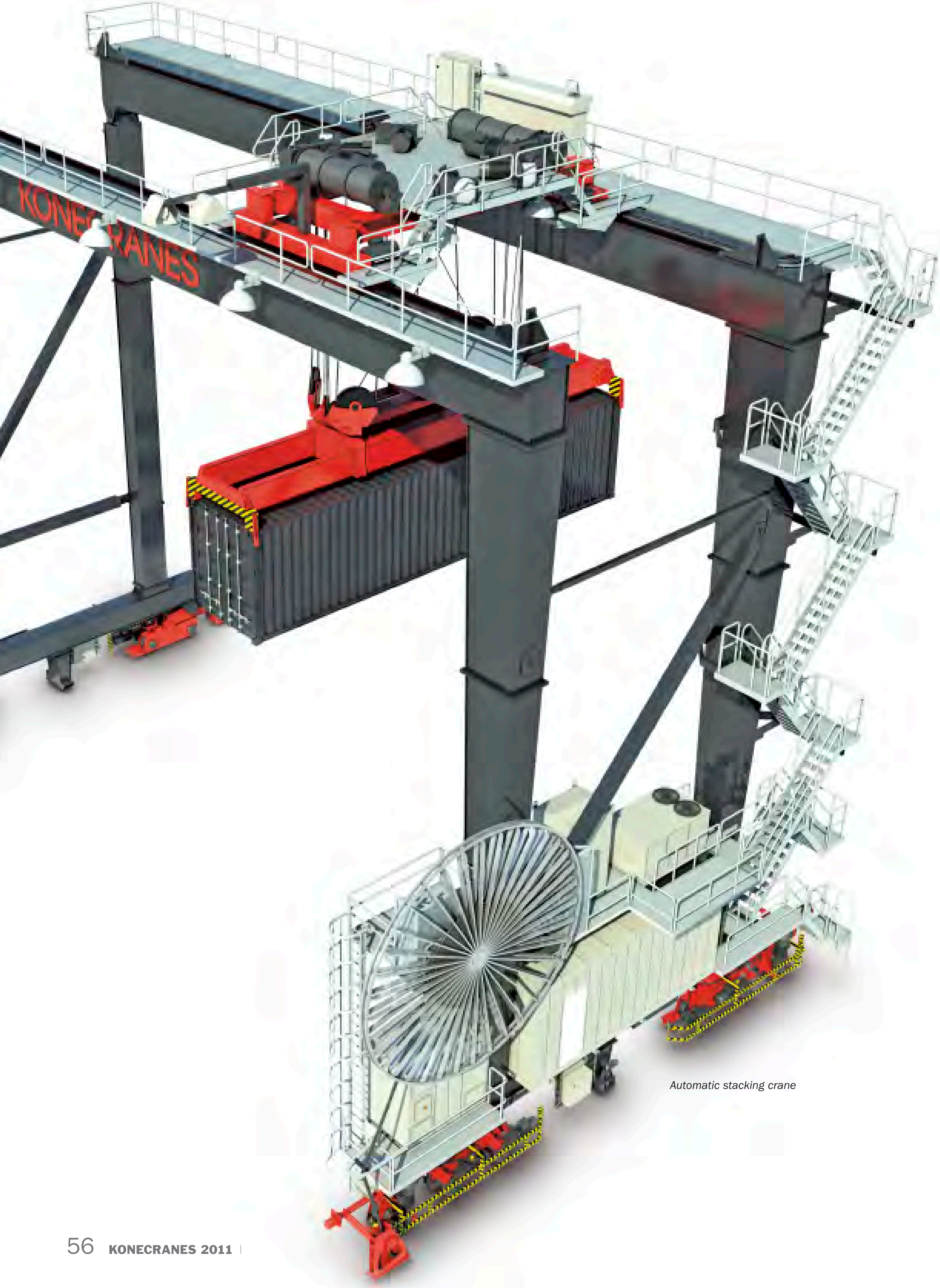
b. 1960
Board Member since 2011 and Member of the Nomination and Compensation Committee since 2011.
M.Sc. (Chemical Eng.), Lic. Sc. (Tech.)
Principal occupation: President and CEO, Suominen Corporation and Suominen Group
Primary working experience
Dynea Oy 2008–2011: Executive Vice President, President Europe; Dynea Oy 2006–2008: Executive Vice President, Global Market Applications; Dynea Oy 2005–2006: Group Vice President, Marketing; Dynea Industrial Resins 2003–2005: Marketing Manager; Dynea Oy 2001–2003: Controller, Group Finance; Dynea Oy 2000–2001: Manager Business Analysis; Fortum Oil&Gas 1999–2000: Product specialist
Current key position of trust: The Chemical Industry Federation of Finland: Member of the Board
Independent of the company and its significant shareholders.
Shares: 716

MALIN PERSSON

b. 1968
Board Member since 2005 and Member of the Nomination and Compensation Committee since 2005.
M.Sc. (Eng.)
Principal occupation: President and CEO, Volvo Technology Corporation
Primary working experience
Volvo Group: Holder of various executive positions including: AB Volvo: Vice President, Corporate Strategy and Business Development; Volvo Transport Corporation: Vice President, Business & Logistics Development
Current key positions of trust: Hexpol AB: Member of the Board; Volvo Trucks AB: Member of the Board
Independent of the company and its significant shareholders.
Shares: 4,259

MIKAEL SILVENNOINEN

b. 1956
Board member since 2008 and Member of the Audit Committee since 2008.
M.Sc. (Econ.)
Principal occupation: President and CEO, Pohjola Bank Plc
Primary working experience: Pohjola Group 1989–1997: Holder of various executive positions; Wärtsilä Group 1986–1989: Group Treasurer
Current key positions of trust: Pohjola Insurance Group Plc: Chairman of the Board; Unico Banking Group: Member of the Steering Committee
Independent of the company and its significant shareholders.
Shares: 3,043



Automatic stacking crane

FINANCIAL STATEMENTS CONTENTS

REPORT OF THE BOARD OF DIRECTORS

MARKET REVIEW

The business environment 2011 turned out to be a very mixed one. Coupled with continuously easy monetary policies and low interest rates, the global economic situation was generally buoyant in the first half of 2011. Export-led economies showed the strongest level of recovery. In addition, two events shaped the business environment during the first half of the year: a powerful earthquake and subsequent tsunami that shook northeastern Japan on March 11, and unrest in North Africa and the Middle East.

Concern about the budget deficits and the level of public debt in Europe and the US started to impede the private sector's optimism towards the end of the second quarter, and the second half of the year was characterized by high economic uncertainty. China and India maintained high growth rates but this meant an increase in inflationary pressures, against which the governments took measures in order to cool the economy. Higher interest rates and tighter credit availability saw a slow-down in economic activity in these countries during the second half of the year.

In line with the general economic situation, industrial capacity utilization in Europe and the US leveled off after having nearly reached the level that prevailed before the start of the financial crisis in 2008. Having broken multi-year highs in the first quarter, purchasing managers' indexes also fell back in the second and third quarters. During the fourth quarter, the indices indicated slightly contracting business activity in Europe but slightly expanding activity in the US.

Compared to 2010, the demand for new equipment improved, as economic growth had eliminated much of the overcapacity within manufacturing industries. Accelerated decision-making for industrial investments boosted the demand for industrial cranes and lift trucks during the first half of the year, while the demand for industrial cranes slackened off during the second half of the year. Demand for crane components was robust throughout the year. Demand for new equipment among industrial customers was strong in all geographic areas except Western Europe. The Americas saw the strongest growth in demand. Price competition remained intense.

Having made a strong comeback in 2010, the global container traffic showed further signs of strength, growing by about 7 percent in 2011. The strongest growth in container traffic was seen in China and the rest of the Far East, closely followed by Europe. This resulted in a continued high level of project activities with container ports globally. New emerging markets, such as sub-Saharan Africa, have gained in importance due to population growth and infrastructure investments in the region. Demand for automated solutions that provide higher productivity and lower costs for large terminals continued to grow.

The demand for lifting equipment services improved in the first half of the year due to a higher capacity utilization in Konecranes' customer industries. In the second half of the year, the service market showed signs of stabilization, but remained robust overall. Outsourcing of crane and machine tool maintenance continued to develop favorably. New types of services utilizing the latest IT and measurement technologies were introduced.

Recent commodity price inflation caused an upward pressure on input costs, particularly in the component area. There also were availability issues related to certain components. After peaking in the first quarter, steel prices eased in the second quarter due to slower economic growth, and this trend continued in the second half of the year. The EUR appreciated against the USD during the first half, but depreciated towards the end of the year.

Note: Unless otherwise stated, the figures in brackets in the sections below refer to the same period in the previous year.

ORDERS RECEIVED

In 2011, orders received grew by 23.4 percent to EUR 1,896.1 million (1,536.0). Orders received grew by 14.7 percent in Service and by 28.5 percent in Equipment. Orders received increased in all geographic areas. Order growth was strongest in the Americas. Acquisitions contributed about 4 percent to the orders received in January–December.

The fourth quarter order intake decreased by 0.8 percent from a year before but increased by 3.4 percent from the third quarter to EUR 473.9 million (477.7). Order intake increased by 18.7 percent in Service but decreased by 9.5 percent in Equipment. Orders received rose in the Americas but fell in EMEA and Asia-Pacific.

ORDER BOOK

The value of the order book at year-end 2011 totaled EUR 991.8 million (756.2), which is 31.2 percent higher than at the end of 2010. The order book decreased by 4.6 percent from the third quarter, when it stood at EUR 1,040.1 million. Service accounted for EUR 135.1 million (14 percent) and Equipment for EUR 856.7 million (86 percent) of the total end-December order book.

SALES

Group sales in full-year 2011 increased by 22.6 percent and totaled EUR 1,896.4 million (1,546.3). Sales in Service increased by 12.5 percent and in Equipment by 26.6 per-

NET SALES BY REGION, MEUR

	10–12/2011	10–12/2010	Change percent	1–12/2011	1–12/2010	Change percent	Change % at comparable currency rates
EMEA	294.0	253.7	15.9	950.9	812.4	17.0	15.4
AME	174.8	135.8	28.7	549.1	468.2	17.3	21.6
APAC	129.4	79.9	61.9	396.4	265.6	49.2	52.4
Total	**598.2**	**469.4**	**27.4**	**1,896.4**	**1,546.3**	**22.6**	**23.5**

cent. Acquisitions contributed about 4 percent to sales in January–December.

Fourth-quarter sales rose by 27.4 percent from the corresponding period in 2010 to EUR 598.2 million (469.4). Sales increased in Service by 11.1 percent and in Equipment by 36.7 percent.

In 2011, the regional breakdown was as follows: EMEA 50 (53), Americas 29 (30) and APAC 21 (17) percent.

CURRENCY RATE EFFECT

In a year-on-year comparison, the currency rates had a negative effect on orders and sales in January–December. The reported order intake rose by 23.4 percent and by 24.4 percent at comparable currency rates. Reported sales increased by 22.6 percent and by 23.5 percent at comparable currency rates. In the fourth quarter, the reported order intake fell by 0.8 percent whereas the decline at comparable currencies was 1.0 percent. The reported sales increased by 27.4 percent and by 27.9 percent at comparable currencies.

In Service, the reported January–December order intake growth of 14.7 percent was below the growth of 16.1 percent at comparable currencies. In Equipment, reported orders increased by 28.5 percent and by 29.2 percent at comparable currencies. Service sales grew by 12.5 percent in reported terms and by 13.7 percent at comparable currencies. In Equipment, the corresponding figures were 26.6 percent and 27.3 percent.

In 2011, the currency rate differences had a slightly negative impact on the Group's operating margin compared with the previous year.

FINANCIAL RESULT

The consolidated operating profit in full-year 2011 totaled EUR 106.9 million (112.4), decreasing in total by EUR 5.5 million. The operating profit includes restructuring costs of EUR 10.3 million (2.7) booked in the fourth quarter due to the restructuring of operations in Europe. The consolidated operating margin fell to 5.6 percent (7.3). The operating margin decreased in Service to 6.2 percent (8.8) and in Equipment to 6.5 percent (6.8).

The consolidated operating profit in the fourth quarter totaled EUR 37.2 million (45.8). The consolidated operating margin in the fourth quarter fell to 6.2 percent (9.8). The operating margin declined in Service to 6.2 percent (10.5) and in Equipment to 7.0 percent (9.5).

In January–December, both business areas benefited from higher volumes compared to the previous year. However, the operating profit was held back by the higher business development spending related to the technology and IT. Also, the sales mix in both business areas was less favorable than a year before.

In Service, the costs of expanding the branch network through organic efforts as well as through acquisitions, taxed the operating profit. Furthermore, certain modernization projects suffered from execution bottlenecks.

Due to intense competition, the product price increases lagged the input cost development, mainly in Industrial Cranes, which had an adverse impact on Equipment's operating profit.

In 2011, depreciation and impairments totaled EUR 41.3 million (31.1). Impairments related to the restructuring of operations in Europe amounted to EUR 4.2 million of the above amount. In 2011, the amortization arising from purchase price allocations for acquisitions represented EUR 14.4 million (8.5) of depreciation and impairments.

In 2011, the share of the result of associated companies and joint ventures was EUR 3.8 million (2.5).

Net financial expenses in January–December totaled EUR 14.9 million (3.6). Net interest expenses accounted for EUR 6.1 million (1.3) of it, and the remainder was mainly attributable to unrealized exchange rate differences related to the hedging of future cash flows that are not included in the hedge accounting.

The January–December profit before taxes was EUR 95.8 million (111.3).

Income taxes in January–December were EUR 30.8 million (33.1). The Group's effective tax rate was 32.2 percent (29.8).

The January–December net profit was EUR 64.9 million (78.2).

In 2011, basic earnings per share were EUR 1.11 (1.35) and diluted earnings per share were EUR 1.10 (1.34).

In 2011, the return on capital employed was 17.1 percent (24.2) and return on equity 14.5 percent (18.1).

BALANCE SHEET

The year-end 2011 consolidated balance sheet amounted to EUR 1,446.3 million (1,175.5). Total equity at the end of the report period was EUR 438.8 million (456.2). Total equity attributable to equity holders of the parent company at year-end 2011 was EUR 433.2 million (450.5) or EUR 7.57 per share (7.64).

Net working capital at year-end 2011 totaled EUR 318.9 million, which was EUR 32.8 million more than at the end of the third quarter and EUR 127.3 million more than at year-end 2010. Compared to previous year, net working capital rose due to higher inventories and receivables.

CASH FLOW AND FINANCING

Net cash from operating activities in full-year 2011 was EUR -20.8 million (57.4), representing EUR -0.35 per share (0.97). In the fourth quarter, net cash flow from operating activities was EUR 10.4 million (31.2). Cash flow before financing activities was EUR -146.5 million (-7.5). Cash flow before financing activities in the fourth quarter was EUR -12.5 million (21.0).

Interest-bearing net debt was EUR 219.8 million (-17.4) at the end of 2011. Solidity was 34.5 percent (44.7) and gearing 50.1 percent (-3.8).

The Group's liquidity remained healthy. At the end of the fourth quarter, cash and cash equivalents amounted to EUR 72.7 million (98.5). None of the Group's EUR 200 million committed back-up financing facility was used at the end of the period.

On October 13, Konecranes announced that it has signed a new five-year Bank Term Loan of EUR 100 million with Pohjola Bank. The loan will be used for general corporate purposes and to prolong the maturity profile of the Group's financial liabilities.

Konecranes paid dividends to its shareholders that amounted to EUR 60.0 million or EUR 1.00 per share in April 2011. Konecranes Plc repurchased own shares worth EUR 51.3 million in the third quarter, which reduced equity by the same amount.

CAPITAL EXPENDITURE

In 2011, the capital expenditure excluding acquisitions and investments in associated companies amounted to EUR 32.4 million (22.3). This amount consisted of investments in machines, equipment, properties and information technology. Capital expenditure including acquisitions was EUR 112.5 million (68.8).

Fourth quarter capital expenditure excluding acquisitions was EUR 9.9 million (11.0) and including acquisitions was EUR 12.3 million (22.4).

ACQUISITIONS

In 2011, the capital expenditure on acquisitions and investments in associated companies was EUR 80.1 million (46.5). During January–December, Konecranes made seven acquisitions in Chile, India, Austria, Germany, Spain, Switzerland and Saudi Arabia. The net assets of the acquisitions were recorded at EUR 42.9 million and goodwill of EUR 37.2 million was booked from the acquisitions.

On October 11, 2010, Konecranes announced that it had entered into an agreement to acquire the Indian crane company WMI Cranes Ltd. (“WMI”). Konecranes received the required regulatory approvals during first quarter of 2011 and WMI has been consolidated into Konecranes' financial reporting from February 01, 2011.

Konecranes acquired WMI's shares in two phases. In the first phase in February, Konecranes acquired 51 percent of the shares in the company. In the second phase finalized in August, Konecranes acquired the remaining 49 percent of the shares. The total price for 100 percent of the shares in WMI amounted to INR 3,438 million (EUR 54.4 million). In addition an equity investment amounting to INR 140 million (EUR 2.3 million) has been made into WMI's equity in accordance with the share purchase agreement.

The acquisition marks an important step in strengthening Konecranes' position in the growing Indian crane market.

In June, Konecranes acquired 100 percent of the Saudi Arabian crane manufacturer Saudi Cranes & Steel Works Factory Company Limited (“Saudi Cranes”). Saudi Cranes is headquartered in Al Jubail Industrial City and the company has approximately 100 employees. Saudi Cranes' core business is the design, manufacturing and sales of industrial cranes. The company previously had a license agreement with Konecranes. The acquisition creates an excellent base for establishing and developing services in the Saudi Arabian market.

PERSONNEL

In January–December, the Group employed an average of 10,998 people (9,739). On December 31, the headcount was 11,651 (10,042). At year-end 2011, the number of personnel by Business Area was as follows: Service 5,980 employees (5,397), Equipment 5,621 employees (4,600) and Group staff 50 (45). The Group had 6,144 employees (5,751) working in EMEA, 2,513 (2,259) in the Americas and 2,994 (2,032) in the APAC region.

Approximately one-third of the personnel increase came from the acquisitions.

During 2011, implementation of the Lifting people strategy continued. Lifting people is one of the strategic cornerstones and it focuses on good company culture, true leadership, performance management and ensuring competent resources. The global job satisfaction survey was carried out for the fifth time with an exceptionally high response rate and the results were showing good progress in all the measured areas.

Focus on competence development continued in all functions and areas. Development of leadership skills continued in all organizational levels. Approximately 100 members of the top management participated in the renewed Konecranes Champion program. Performance management and especially TPP development discussions were widely emphasized, and their positive impact was clearly visible also in the results of global job satisfaction survey.

On December 21, 2011, Konecranes announced that it has initiated actions in the fourth quarter to lower the cost base in Europe. The actions are estimated to affect approximately 125 employees within the Konecranes Group. With these planned actions Konecranes targets annual cost savings of approximately EUR 9 million. Konecranes incurred restructuring costs of EUR 10.3 million due to these actions in the fourth quarter of 2011 of which asset write-downs amounted to EUR 4.2 million.

In 2011, the Group's personnel expenses totaled EUR 530.3 million (468.7).

BUSINESS AREAS

Service

Orders in full-year 2011 totaled EUR 694.6 million (605.7) showing an increase of 14.7 percent. New orders grew in all geographic regions and in all business units. The order book rose to EUR 135.1 million (103.3) at year-end representing an increase of 30.9 percent. Sales rose by 12.5 percent to EUR 796.1 million (707.8). Operating profit before restructuring costs of EUR 6.3 million (0.0) was EUR 55.7 million (62.5) and the operating margin 7.0 percent (8.8). Operating profit after restructuring costs was EUR 49.4 million (62.5) and 6.2 percent of sales (8.8). The restructuring costs related to the European-wide cost savings program. Growth in deliveries was slower than originally planned, which affected the fixed cost absorption in the expanded service network. In addition, the sales mix effects were negative due to the slow growth of demand in spare parts. Moreover, certain modernization projects suffered from execution bottlenecks.

The fourth quarter order intake rose by 18.7 percent from the previous year and totaled EUR 183.3 million (154.4). Orders were higher than a year ago in all regions. Fourth-quarter sales totaled EUR 234.9 million (211.3) representing a year-over-year increase of 11.1 percent. Fourth quarter operating profit before restructuring costs was EUR 20.9 million (22.1), and the operating margin 8.9 percent (10.5). Operating profit after restructuring costs was EUR 14.6 million (22.1) and 6.2 percent of sales (10.5).

The annual value of the contract base increased to EUR 166.2 million (145.7) at year-end 2011. At year-end 2011, the total number of items of equipment included in the maintenance contract base was 409,877 (375,514).

The number of service technicians at year-end 2011 was 3,796 (3,466), which is 330 or 9.5 percent more than at year-end 2010.

SERVICE	10–12/2011	10–12/2010	Change percent	1–12/2011	1–12/2010	Change percent
Orders received, MEUR	183.3	154.4	18.7	694.6	605.7	14.7
Order book, MEUR	135.1	103.3	30.9	135.1	103.3	30.9
Contract base value, MEUR	166.2	145.7	14.1	166.2	145.7	14.1
Net sales, MEUR	234.9	211.3	11.1	796.1	707.8	12.5
EBITDA, MEUR	19.9	24.7	-19.7	63.3	73.2	-13.5
EBITDA, %	8.5%	11.7%		8.0%	10.3%	
Depreciation and amortization, MEUR	-3.1	-2.6	16.3	-11.7	-10.6	10.9
Impairments, MEUR	-2.2	0.0		-2.2	-0.1	
Operating profit (EBIT), MEUR	14.6	22.1	-33.9	49.4	62.5	-20.9
Operating profit (EBIT), %	6.2%	10.5%		6.2%	8.8%	
Restructuring costs, MEUR	-6.3	0.0		-6.3	0.0	
Operating profit (EBIT) excluding restructuring costs, MEUR	20.9	22.1	-5.3	55.7	62.5	-20.9
Operating profit (EBIT) excluding restructuring costs, %	8.9	10.5%		7.0%	8.8%	
Capital employed, MEUR	190.9	163.3	16.9	190.9	163.3	16.9
ROCE%				27.9%	42.5%	
Capital expenditure, MEUR	3.5	5.5	-36.7	9.3	11.3	-18.1
Personnel at the end of period	5,980	5,397	10.8	5,980	5,397	10.8

Equipment

Orders in full-year 2011 totaled EUR 1,291.5 million (1,004.9) showing an increase of 28.5 percent. Orders grew in all regions. The growth was particularly high in the Americas. Orders for Industrial Cranes accounted for approximately 45 percent of the orders received and were higher than a year before. Components generated approximately 25 percent of the new orders and were above last year's level. The combined orders for the other business units (Nuclear Cranes, Port Cranes and Lift Trucks) amounted to approximately 30 percent of the orders received and were higher than a year ago. The order intake included large port and shipyard crane orders in the first, third and fourth quarters.

The order book increased by 31.2 percent from previous year to EUR 856.7 million (652.9). Sales increased by 26.6 percent to EUR 1,201.4 million (948.6). Operating profit before restructuring costs of EUR 4.0 million (2.7) was EUR 81.7 million (67.4) and the operating margin 6.8 percent (7.1). Operating profit after restructuring costs was EUR 77.7 million (64.7) and 6.5 percent of sales (6.8). Profitability improved due to higher volumes but it was held back by the higher business development spending related to the new products and IT. Also, the sales mix was less favorable than a year ago. Due to intense competition, the product price increases lagged the input cost development, mainly in Industrial Cranes, which had an additional adverse impact on the operating profit.

The fourth quarter order intake fell by 9.5 percent and totaled EUR 316.1 million (349.2). The fourth quarter order intake rose in the Americas, but declined EMEA and Asia-Pacific. The comparison period included significant contracts for port cranes. The fourth quarter sales totaled EUR 394.4 million (288.5) and were 36.7 percent higher than a year ago. The fourth quarter operating profit before restructuring costs was EUR 31.5 million (27.4), and the operating margin 8.0 percent (9.5). The fourth quarter operating profit after restructuring costs was EUR 27.5 million (27.4), and the operating margin 7.0 percent (9.5).

EQUIPMENT	10–12/2011	10–12/2010	Change percent	1–12/2011	1–12/2010	Change percent
Orders received, MEUR	316.1	349.2	-9.5	1,291.5	1,004.9	28.5
Order book, MEUR	856.7	652.9	31.2	856.7	652.9	31.2
Net sales, MEUR	394.4	288.5	36.7	1,201.4	948.6	26.6
EBITDA, MEUR	36.1	32.8	10.4	104.8	84.7	23.7
EBITDA, %	9.2%	11.4%		8.7%	8.9%	
Depreciation and amortization, MEUR	-6.7	-5.3	24.8	-25.0	-19.4	29.0
Impairments, MEUR	-2.0	0.0		-2.0	-0.6	
Operating profit (EBIT), MEUR	27.5	27.4	0.2	77.7	64.7	20.2
Operating profit (EBIT), %	7.0%	9.5%		6.5%	6.8%	
Restructuring costs, MEUR	-4.0	0.0		-4.0	-2.7	
Operating profit (EBIT) excluding restructuring costs, MEUR	31.5	27.4	14.8	81.7	67.4	21.3
Operating profit (EBIT) excluding restructuring costs, %	8.0%	9.5%		6.8%	7.1%	
Capital employed, MEUR	426.1	243.1	75.3	426.1	243.1	75.3
ROCE%				23.2%	28.6%	
Capital expenditure, MEUR	6.5	5.5	17.2	23.2	11.0	110.0
Personnel at the end of period	5,621	4,600	22.2	5,621	4,600	22.2

Group overheads

Unallocated Group overhead costs in 2011 were EUR 20.3 million (14.8), representing 1.1 percent of sales (1.0).

ADMINISTRATION

Decisions of the Annual General Meeting

The Annual General Meeting of Konecranes Plc was held on Thursday, March 31, 2011. The meeting approved the Company's annual accounts for the fiscal year 2010 and discharged the members of the Board of Directors and Managing Director from liability. The AGM approved the Board's proposal that a dividend of EUR 1.00 per share will be paid from the distributable assets of the parent company.

The AGM approved the proposal of the Nomination and Compensation Committee that the number of members of the Board of Directors is eight (8). The Board members elected at the AGM in 2011 are Mr. Svante Adde, Mr. Kim Gran, Mr. Stig Gustavson, Mr. Tapani Järvinen, Mr. Matti Kavetvuo, Ms. Nina Kopola, Ms. Malin Persson, and Mr. Mikael Silvennoinen.

The AGM confirmed that Ernst & Young Oy will continue as the Company's external auditor.

The AGM authorized the Board of Directors to decide on the repurchase of the Company's own shares and/or on the acceptance of the Company's own shares as a pledge. The amount of own shares to be repurchased and/or accepted as a pledge shall not exceed 6,000,000 shares in total, which corresponds to approximately 9.6 percent of all the shares in the Company. The authorization is effective until the end of the next Annual General Meeting, however, no longer than until September 30, 2012. The Board of Directors decided to repurchase a maximum amount of 3,000,000 Company's own shares no earlier than August 16, 2011 and no later than March 1, 2012.

The AGM authorized the Board of Directors to decide on the issuance of shares as well as on the issuance of special rights entitling to shares referred to in chapter 10 section 1 of the Finnish Companies Act. The amount of shares to be issued based on this authorization shall not exceed 9,000,000 shares, which corresponds to approximately 14.5 percent of all the shares in the Company. The authorization is effective until the end of the next Annual General Meeting, however no longer than until September 30, 2012. The Board of Directors did not use this authorization in 2011.

The AGM authorized the Board of Directors to decide on the transfer of the Company's own shares. The authorization is limited to a maximum of 6,000,000 shares, which corresponds to approximately 9.6 percent of all the shares in the Company. This authorization shall be effective until the next Annual General Meeting of Shareholders, however, no longer than until September 30, 2012. The Board of Directors did not use this authorization in 2011.

The decisions are explained in more detail in the release covering the resolutions of the AGM, which is available on the company's website at www.Konecranes.com.

In its first meeting held after the Annual General Meeting, the Board of Directors elected Mr. Stig Gustavson to continue as Chairman. Mr. Svante Adde was elected Chairman of the Audit Committee, and Mr. Kim Gran, Mr. Tapani Järvinen and Mr. Mikael Silvennoinen as Committee members. Mr. Matti Kavetvuo was elected Chairman of the Nomination and Compensation Committee, and Mr. Stig Gustavson, Ms. Nina Kopola and Ms. Malin Persson were elected as Committee members.

With the exception of Mr. Stig Gustavson, the Board members are deemed to be independent of the Company under the Finnish Corporate Governance Code. Mr. Gustavson is not deemed independent of the Company based on the Board's overall evaluation relating to his former and current positions in Konecranes, combined with his substantial voting rights in the Company.

All Board members are independent of significant shareholders of the company.

Changes in Group Management

The Board of Directors of Konecranes Plc made the following appointments, effective January 1, 2012:

As planned earlier, Harry Ollila will step down from his position as a Head of Market Operations and member of the Group Executive Board.

Mikko Uhari, Executive Vice President and Head of Business Area Equipment, will succeed Harry Ollila as an Executive Vice President and a Head of Market Operations.

Hannu Rusanen, Executive Vice President and Head of Business Area Service, will succeed Mikko Uhari as an Executive Vice President and a Head of Business Area Equipment.

Fabio Fiorino, Vice President, Head of Service, Region Americas, will succeed Hannu Rusanen as an Executive Vice President and a Head of Business Area Service. He will also become a member of the Group Executive Board.

Ari Kiviniitty is appointed Senior Vice President, Head of Product Management and Engineering. He also acts as a deputy to Mr. Hannu Rusanen, Head of Business Area Equipment. Mr. Kiviniitty also continues as the acting Chief Technology Officer until a new person will be appointed to this position.

Pekka Lettijeff is appointed as Chief Supply Chain Officer, Head of Supply Chain Management.

From January 1, 2012, Mr. Kiviniitty and Mr. Lettijeff will not continue as members of the Group Executive Board in their new positions, as they will report to Mr. Rusanen, Executive Vice President, Head of Business Area Equipment.

As of January 01, 2012, the Group Executive Board (GXB) comprises of the following members:

- Pekka Lundmark, President and CEO, and Chairman of the Group Executive Board
- Mikko Uhari, Market Operations
- Hannu Rusanen, Business Area Equipment
- Fabio Fiorino, Business Area Service
- Teo Ottola, Finance and headquarter functions
- Ari Kiviniitty, Chief Technology Officer (until a new person will be appointed to this position)

Other issues

At the end of the year 2011, Konecranes had a loan receivable of EUR 217,197 from the President & CEO Pekka Lundmark with interest rate of 2,039 percent. The loan relates to a tax payment resulting from the incentive scheme directed to the President & CEO in 2006. There is a tax appeal pending against the imposed payment, and the loan is effective until the appeal is resolved.

Konecranes complies with the Finnish Corporate Governance Code 2010 approved by the Board of the Securities Market Association. Konecranes has issued a Corporate Governance Statement based on the recommendation 54 of the Code, which can be reviewed on the corporate website of Konecranes at www.Konecranes.com.

SHARE CAPITAL AND SHARES

The company's registered share capital totaled EUR 30.1 million on December 31, 2011 and the number of shares including treasury shares was 63,241,427.

On December 31, 2011, Konecranes Plc was in the possession of 6,042,456 own shares, which corresponds to 9.6 percent of the total number of shares having a market value of EUR 87.9 million on that date.

Konecranes Plc repurchased 3,000,000 own shares in public trading on the NASDAQ OMX Helsinki in the third quarter, which corresponds to 4.7 percent of the total number of shares. The consideration paid for the shares amounted to EUR 51.3 million, which reduced equity by the same amount.

A total of 281,007 new shares subscribed in the Konecranes Plc's share issue directed to the shareholders of KCR Management Oy, following the share swap announced on December 14, 2010, were entered into the Trade Register on January 13, 2011.

SHARES SUBSCRIBED UNDER STOCK OPTION RIGHTS

Pursuant to Konecranes Plc's stock option plans, 958,300 new shares were subscribed and registered in the Finnish Trade Register in January–December 2011. As a result of these subscriptions, the total number of Konecranes Plc's shares, including treasury shares, rose to 63,241,427.

The stock options issued under Konecranes Plc's ongoing stock option plans (2007 and 2009) at end-December 2011 entitle the holders to subscribe to a total of 3,144,200 shares, which would increase the total number of Konecranes Plc's shares, including treasury shares, to 66,385,627. The option programs include approximately 220 key persons.

All shares carry one vote per share and equal rights to dividends.

The terms and conditions of the stock option programs are available on the Konecranes' website at www.Konecranes.com.

MARKET CAPITALIZATION AND TRADING VOLUME

The closing price for Konecranes Plc's shares on the NASDAQ OMX Helsinki on December 31, 2011 was EUR 14.54. The volume-weighted average share price in January–December was EUR 22.83, the highest price being EUR 34.17 in February and the lowest EUR 13.18 in November. In January–December, the trading volume on the NASDAQ OMX Helsinki totaled 125.6 million of Konecranes Plc's shares, corresponding to a turnover of approximately EUR 2,868 million. The average daily trading volume was 496,544 shares, representing an average daily turnover of EUR 11.3 million. In addition, approximately 95 million Konecranes' shares were traded on other trading venues (e.g. multilateral trading facilities and bilateral OTC trades) in 2011, according to Fidessa.

On December 31, 2011, the total market capitalization of Konecranes Plc's shares on NASDAQ OMX Helsinki was EUR 919.5 million including treasury shares. The market capitalization was EUR 831.7 million excluding the treasury shares.

FLAGGING NOTIFICATIONS AND OTHER ANNOUNCEMENTS BY SHAREHOLDERS

On January 5, 2011, BlackRock, Inc. informed Konecranes that their holding had exceeded 10 percent. BlackRock Inc. held 6,441,109 shares in Konecranes Plc on January 4. The holding corresponds to 10.39 percent of Konecranes Plc's shares and votes.

On January 13, 2011, HTT 2 Holding Oy Ab informed Konecranes that their holding had decreased below 10 percent. HTT 2 Holding Oy Ab held 6,215,568 shares in

Konecranes Plc on January 13, 2011, which is 9.98 percent of Konecranes Plc's shares and votes. K. Hartwall Invest Oy Ab, Fyrklöver-Invest Oy Ab and Ronnas Invest AG, who will in practice cooperate with HTT 2 Holding Oy Ab in matters concerning their ownership in Konecranes Plc, held 6,347,968 shares on January 13, 2011, which is 10.19 percent of the shares and votes in Konecranes Plc.

On January 14, 2011, HTT 2 Holding Oy Ab informed Konecranes that their holding had exceeded 10 percent. HTT 2 Holding Oy Ab held 6,230,568 shares in Konecranes Plc on January 14, 2011, which is 10.00 percent of Konecranes Plc's shares and votes. K. Hartwall Invest Oy Ab, Fyrklöver-Invest Oy Ab and Ronnas Invest AG, who will in practice cooperate with HTT 2 Holding Oy Ab in matters concerning their ownership in Konecranes Plc, held 6,362,968 shares on January 14, 2011, which is 10.22 percent of the shares and votes in Konecranes Plc.

On March 4, 2011, Konecranes received a disclosure according to which, the holding of BlackRock, Inc. in Konecranes Plc had decreased below 10 percent. BlackRock, Inc. held 6,121,545 Konecranes Plc's shares on March 3, 2011, which is 9.83 percent of Konecranes Plc's shares and votes.

On March 8, 2011, Konecranes received a disclosure according to which the holding of BlackRock, Inc. in Konecranes Plc had exceeded 10 percent. BlackRock, Inc. held 6,362,798 Konecranes Plc's shares on March 7, 2011, which is 10.21 percent of Konecranes Plc's shares and votes.

On March 9, 2011, Konecranes received a disclosure according to which, the holding of BlackRock, Inc. in Konecranes Plc had decreased below 10 percent. BlackRock, Inc. held 6,093,644 Konecranes Plc's shares on March 8, 2011, which is 9.78 percent of Konecranes Plc's shares and votes.

On August 18, 2011, Konecranes disclosed that its total holding of Konecranes Plc had exceeded 5 percent as a result of the repurchase of the company's own shares. Konecranes Plc was in the possession of 2,683,000 own shares directly and 517,696 own shares indirectly through KCR Management Oy on August 17, 2011, which is 5.06 percent of Konecranes Plc's shares and votes.

On August 23, 2011, Konecranes disclosed that its direct holding of Konecranes Plc had exceeded 5 percent as a result of the repurchase of the company's own shares. Konecranes Plc was directly in the possession of 3,196,813 own shares on August 22, 2011, which is 5.05 percent of Konecranes Plc's shares and votes. In addition, Konecranes Plc was in the possession of 517,696 own shares indirectly through KCR Management Oy on August 22, 2011, which is 0.82 percent of Konecranes Plc's shares and votes.

On September 29, 2011, Konecranes received a disclosure according to which, the holding of BlackRock, Inc. in Konecranes Plc has decreased below 5 percent. BlackRock, Inc. held 3,135,985 Konecranes Plc's shares on September 28, 2011, which is 4.96 percent of Konecranes Plc's shares and votes.

On October 5, 2011, Konecranes received a disclosure according to which, the holding of BlackRock, Inc. in Konecranes Plc has exceeded 5 percent. BlackRock, Inc. held 3,172,115 Konecranes Plc's shares on October 4, 2011, which is 5.02 percent of Konecranes Plc's shares and votes.

On October 12, 2011, Konecranes received a disclosure according to which the holding of BlackRock, Inc. in Konecranes Plc has decreased below 5 percent. BlackRock, Inc. held 3,110,058 Konecranes Plc's shares on October 11, 2011, which is 4.92 percent of Konecranes Plc's shares and votes.

On December 28, 2011, Konecranes received information according to which the Chairman of the company's Board of Directors Stig Gustavson has donated all his shares in Konecranes Plc to his near relatives, retaining himself the voting rights and right to dividend attached to the donated shares. The donation encompasses in total 2,069,778 shares, which corresponds to approximately 3.27 percent of the all company's shares and voting rights.

No other disclosures concerning changes in holdings were received in 2011.

RESEARCH AND DEVELOPMENT

In 2011, Konecranes' research and product development expenditure totaled EUR 29.6 (21.5) million, representing 1.6 (1.3) percent of sales. R&D expenditure includes product development projects aimed at improving the quality and cost efficiency of both products and services.

Konecranes continued the development of a new global electric chain hoist platform. New modern product series is designed to fulfill the needs of multiple sales channels. The product series incorporates a very broad technical feature list gathered from several geographical markets. The series has also been designed to support global approach in manufacturing and sourcing from the day one. The first models of the new extensive product family were launched in 2011; more new models will be introduced in 2012.

Ergonomics is highly important to our customers, when using our products and services. This means ease of use, consistent and inspiring design, and overall low physical and mental stress. One concretized outcome of the development work in that area was the new cabin series for the port and industrial process cranes. The product was developed from bottom up focusing on the driver's daily life. The new cabin series was launched in spring and it already received very positive customer feedback in trade shows and exhibitions. The new product sets the industry benchmark in the area of ergonomics.

Consistent improvement in eco-efficiency is one of the main themes in all of the Konecranes product development. It positively resulted in the delivery of a hybrid straddle carrier to EUROGATE in Germany. The straddle carrier was equipped with the most modern super capacitor system available that is able to receive and store the energy released while the load is lowered. The stored energy can be used in the next lifts.

The first products under TRUCONNECT® remote services were launched in 2011. Konecranes TRUCONNECT® remote services for cranes and machine tools are based on a remote connection between the equipment and the Konecranes remote center. The TRUCONNECT®product family includes different services enabled by remote connection, all of which are aimed at helping the customer to improve safety and optimize the maintenance of the equipment. The service was well received and we already have more than a thousand units of equipment connected to the service.

CORPORATE RESPONSIBILITY

During 2011, the corporate responsibility work continued with roll-out and communication of the five CR focus areas: safety, people, environment, smarter offering and fair play. The topics were presented and discussed at all major Konecranes events, such as Konecranes Conference and Konecranes Supplier Days. The previously established a global network of safety, environmental and quality professionals started to show results. Common practices are being created together, and the network is sharing best practices, for example, on chemical and waste management guidance.

Environmental aspects improved on two fronts: products and own operations. In 2011, there were visible environmental achievements related to products in the form of smarter offering and improved communication of product related environmental questions. Safety indicators showed overall improvement. Accident and near hit reporting tool was in wider use enabling wider data analyzes. This, in turn, enables a sharper focus on preventive and corrective actions to improve safety.

RISKS AND UNCERTAINTIES

Principal short-term risks and uncertainties of the Group derive from a possible renewed downturn in the world economy, due, for example, to the sovereign credit crisis. A decrease in demand for Konecranes' products and services may have a negative effect on the Group's pricing power and result in decrease in profits, a possible impairment of goodwill and other assets, or inventory obsolescence.

The economic growth has had an inflationary impact on the raw material prices, which may have an effect on Konecranes' profits if product sales prices could not be correspondingly adjusted due, for example, to intense competition. In addition to Konecranes' own assembly operations, the lack of raw materials and components may cause bottlenecks, which may consequently result in delays of deliveries and increased costs.

A renewed shortage of credit may cause difficulties for Konecranes' customers, suppliers, and financial and other counterparties. The risk may be realized as a shortage of supplies or defaulting liabilities.

Challenges in financing may force customers to postpone projects or even to cancel existing orders. A renewed downturn in the world economy would increase postponement of deliveries and cancellations of orders. Advance payments are an integral part of Konecranes' project business and they have played a crucial role in mitigating the adverse effects from postponements of certain deliveries and minor cancellations. Konecranes intends to avoid incurring costs of major projects under construction in excess of advance payments.

Group's other risks have remained unchanged and the pivotal risks are presented in the Annual Report.

LITIGATION

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

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

MARKET OUTLOOK

Forecasting the demand continues to be challenging due to the macroeconomic uncertainties. Based on the current offer base, the demand outlook is stable. However, due to the timing of large port crane projects, the quarterly Equipment order intake may fluctuate.

FINANCIAL GUIDANCE

Based on the order book, we forecast year 2012 sales and operating profit to be higher than in 2011.

BOARD OF DIRECTORS' PROPOSAL FOR DISPOSAL OF DISTRIBUTABLE FUNDS

The parent company's non-restricted equity is EUR 135,183,409.18 of which the net income for the year is EUR 40,050,228.07. The Group's non-restricted equity is EUR 366,767,000.

According to the Finnish Companies Act, the distributable funds of the company are calculated based on the parent company's non-restricted equity. For the purpose of determining the amount of the dividend the Board of Directors has assessed the liquidity of the parent company and the economic circumstances subsequent to the financial year end.

Based on such assessments the Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.00 be paid on each share and that the remaining non-restricted equity is retained in shareholders' equity.

Helsinki, February 2, 2012
Konecranes Plc
Board of Directors

CONSOLIDATED STATEMENT OF INCOME – IFRS

(1,000 EUR)		1 Jan–31 Dec 2011	1 Jan–31 Dec 2010
Note:			
4, 6, 7	**Sales**	**1,896,376**	**1,546,314**
8	Other operating income	4,104	3,564
10	Depreciation and impairments	-41,281	-31,144
11–13	Other operating expenses	-1,752,332	-1,406,328
	Operating profit	**106,867**	**112,406**
20	Share of associates’ and joint ventures’ result	3,823	2,526
14	Financial income and expenses	-14,921	-3,593
	Profit before taxes	**95,769**	**111,339**
15	Taxes	-30,842	-33,138
	Net profit for the period	**64,927**	**78,201**
	Net profit for the period attributable to		
	Shareholders of the parent company	65,477	79,412
	Non-controlling interest	-550	-1,211
16	Earnings per share, basic (EUR)	1.11	1.35
16	Earnings per share, diluted (EUR)	1.10	1.34

Consolidated statement of comprehensive income

(1,000 EUR)	1 Jan–31 Dec 2011	1 Jan–31 Dec 2010
Net profit for the period	**64,927**	**78,201**
Other comprehensive income for the period, net of tax		
Exchange differences on translating foreign operations	3,454	19,395
Cash flow hedges	-4,607	-2,399
Income tax relating to components of other comprehensive income	1,129	624
Other comprehensive income for the period, net of tax	**-24**	**17,620**
Total comprehensive income for the period	**64,903**	**95,821**
Total comprehensive income attributable to:		
Shareholders of the parent company	64,964	96,590
Non-controlling interest	-61	-769

CONSOLIDATED BALANCE SHEET – IFRS

(1,000 EUR)	ASSETS	31 Dec 2011	31 Dec 2010
Note:			
	Non-current assets		
17	Goodwill	115,342	84,367
18	Other intangible assets	81,615	68,331
19	Property, plant and equipment	125,436	99,148
	Advance payments and construction in progress	40,019	19,040
20	Investments accounted for using the equity method	34,567	31,927
21	Available-for-sale investments	1,382	1,382
	Long-term loans receivable	239	255
32	Deferred tax assets	47,933	40,725
	Total non-current assets	**446,533**	**345,175**
	Current assets		
22	Inventories	347,468	269,897
24	Accounts receivable	405,850	315,771
	Loans receivable	341	1,804
25	Other receivables	44,763	28,774
	Current tax assets	10,174	10,638
26	Deferred assets	118,507	104,949
27	Cash and cash equivalents	72,668	98,453
	Total current assets	**999,771**	**830,286**
	TOTAL ASSETS	**1,446,304**	**1,175,461**

(1,000 EUR)	EQUITY AND LIABILITIES	31 Dec 2011	31 Dec 2010
Note:			
	Equity attributable to equity holders of the parent company		
	Share capital	30,073	30,073
	Share premium account	39,307	39,307
	Share issue	0	8,739
38	Fair value reserves	-2,936	542
	Translation difference	3,481	516
	Paid in capital	43,711	10,473
	Retained earnings	254,098	281,431
	Net profit for the period	65,477	79,412
28	**Total equity attributable to equity holders of the parent company**	**433,211**	**450,493**
	Non-controlling interest	5,542	5,722
	Total equity	**438,753**	**456,215**
	Liabilities		
	Non-current liabilities		
30, 35	Interest-bearing liabilities	129,116	32,874
31	Other long-term liabilities	58,709	56,958
32	Deferred tax liabilities	26,626	18,089
	Total non-current liabilities	**214,451**	**107,921**
33	**Provisions**	**54,104**	**50,117**
	Current liabilities		
30, 35	Interest-bearing liabilities	163,883	50,212
7	Advance payments received	174,077	154,018
	Progress billings	4,736	24,945
	Accounts payable	152,301	117,174
34	Other short-term liabilities (non-interest bearing)	25,520	23,166
	Current tax liabilities	8,781	14,081
34	Accruals	209,698	177,612
	Total current liabilities	**738,996**	**561,208**
	Total liabilities	**1,007,551**	**719,246**
	TOTAL EQUITY AND LIABILITIES	**1,446,304**	**1,175,461**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – IFRS

	Equity attributable to equity holders of the parent company									
(1,000 EUR)	Share capital	Share premium account	Share issue	Cash flow hedges	Translation difference	Paid in capital	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January, 2011 (IFRS)	**30,073**	**39,307**	**8,739**	**542**	**516**	**10,473**	**360,843**	**450,493**	**5,722**	**456,215**
Options exercised						24,647		24,647		**24,647**
Share issue			-8,739			8,590		-149		**-149**
Dividends paid to equity holders							-60,035	-60,035		**-60,035**
Share based payments recognized against equity							4,804	4,804		**4,804**
Purchase of treasury shares							-51,271	-51,271		**-51,271**
Business combinations							-243	-243	-119	**-362**
Total comprehensive income				-3,478	2,965		65,477	64,964	-61	**64,903**
Balance at 31 December, 2011 (IFRS)	**30,073**	**39,307**	**0**	**-2,936**	**3,481**	**43,711**	**319,575**	**433,211**	**5,542**	**438,753**

Balance at 1 January, 2010 (IFRS)	**30,073**	**39,307**	**0**	**2,317**	**-18,437**	**9,039**	**340,247**	**402,546**	**4,569**	**407,115**
Options exercised						1,434		1,434		**1,434**
Share issue			149					149		**149**
Dividends paid to equity holders							-53,018	-53,018		**-53,018**
Share based payments recognized against equity							3,565	3,565		**3,565**
Employee benefit scheme for executive management*			8,590				-7,800	790	-871	**-81**
Business combinations							-638	-638	2,793	**2,155**
Donations**							-925	-925		**-925**
Total comprehensive income				-1,775	18,953		79,412	96,590	-769	**95,821**
Balance at 31 December, 2010 (IFRS)	**30,073**	**39,307**	**8,739**	**542**	**516**	**10,473**	**360,843**	**450,493**	**5,722**	**456,215**

** Consolidation of KCR Management Oy (incentive arrangement for Konecranes Group executive management)*
*** Donations (after taxes) to Finnish Universities based on the decision made by AGM*

CONSOLIDATED CASH FLOW STATEMENT – IFRS

(1,000 EUR)		1 Jan–31 Dec 2011	1 Jan–31 Dec 2010
Note:			
	Cash flow from operating activities		
	Net income	64,927	78,201
	Adjustments to net profit for the period		
	Taxes	30,842	33,138
	Financial income and expenses	15,273	3,794
	Share of associates' and joint ventures' result	-3,823	-2,526
	Dividends income	-352	-201
	Depreciation and impairments	41,281	31,144
	Profits and losses on sale of fixed assets	-98	-646
	Other adjustments	2,606	563
	Operating income before change in net working capital	**150,656**	**143,467**
	Change in interest-free short-term receivables	-92,007	-49,673
	Change in inventories	-56,797	-7,198
	Change in interest-free short-term liabilities	29,603	10,809
	Change in net working capital	**-119,201**	**-46,062**
	Cash flow from operations before financing items and taxes	**31,455**	**97,405**
14	Interest received	6,467	2,094
14	Interest paid	-10,712	-5,774
14	Other financial income and expenses	-6,634	-5,029
15	Income taxes paid	-41,422	-31,250
	Financing items and taxes	**-52,301**	**-39,959**
	NET CASH FROM OPERATING ACTIVITIES	**-20,846**	**57,446**
	Cash flow from investing activities		
5	Acquisition of Group companies, net of cash	-73,593	-11,481
5	Divestment of Group companies, net of cash	0	920
20	Acquisition of shares in associated company	0	-26,969
	Capital expenditures	-53,323	-29,246
	Proceeds from sale of fixed assets	948	1,582
15	Dividends received	352	201
	NET CASH USED IN INVESTING ACTIVITIES	**-125,616**	**-64,993**
	Cash flow before financing activities	**-146,462**	**-7,547**
	Cash flow from financing activities		
28.1	Proceeds from options exercised and share issues	24,498	1,247
28.3	Purchase of treasury shares	-51,271	0
	Proceeds from long-term borrowings	162,395	316
	Repayments of long-term borrowings	-64,634	-8,414
	Proceeds from (+), payments of (-) short-term borrowings	107,093	17,661
	Change in long-term receivables	17	1,431
	Change in short-term receivables	1,587	-45
	Dividends paid to equity holders of the parent	-60,035	-53,018
	NET CASH USED IN FINANCING ACTIVITIES	**119,650**	**-40,822**
	Translation differences in cash	1,027	9,282
	CHANGE OF CASH AND CASH EQUIVALENTS	**-25,785**	**-39,087**
	Cash and cash equivalents at beginning of period	98,453	137,540
27	Cash and cash equivalents at end of period	72,668	98,453
	CHANGE OF CASH AND CASH EQUIVALENTS	**-25,785**	**-39,087**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Konecranes Plc ("Konecranes Group" or "the Group") is a Finnish public limited company organized under the laws of Finland and domiciled in Hyvinkää. The company is listed on the NASDAQ OMX Helsinki.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

PRINCIPLES OF CONSOLIDATION

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

An associated company is a company in which the Group holds 20–50 percent of the voting power and has significant influence over the company but not control over its financial and operating policies. A joint venture is a company where the group has a joint control over the entity.

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

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

Non-controlling interest is presented separately under equity in the balance sheet.

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

2.2 Use of estimates and judgments

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

2.3 Summary of significant accounting policies

FOREIGN CURRENCY ITEMS AND EXCHANGE RATE DIFFERENCES

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Global operations expose the Group to currency risk and to a less significant interest rate risk.

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

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

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

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

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

REVENUE RECOGNITION

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

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

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

RESEARCH AND DEVELOPMENT COSTS

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

GOVERNMENT GRANTS

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

EMPLOYEE BENEFITS (PENSIONS)

The Konecranes companies have various pension plans in accordance with local conditions and practices. Pensions are generally managed for the Group companies by outside pension insurance companies or by similar arrangements.

Under defined contribution plans, expenses are recognized for the period the contribution relates to. The Konecranes Group accounts for the Finnish system under the Employees' Pensions Act (TyEL) within insurance system as a defined contribution plan.

Under defined benefit plans, a liability recognized in the balance sheet equals to the net of the present value of the defined benefit obligation less the fair value of the plan assets at the balance sheet date together with adjustments for unrecognized actuarial gains and losses and unrecognized pension service costs. The Group has applied the IAS 19 corridor approach to actuarial gains and losses. Actuarial gains or losses will be recognized in the statement of income during the expected average remaining working lives of employees participating in the plan if they exceed 10 percent of the greater of the fair value of the defined benefit plan assets or the present value of the defined benefit obligation. If the defined benefit pension plan is closed, the actuarial gains and losses, which exceed the corridor, are recognized in the statement of income.

LEASES

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

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

VALUATION OF INVENTORIES

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

GOODWILL AND OTHER INTANGIBLE ASSETS

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

Other intangible assets include service contracts, patents and trademarks and software licenses. They are stated at cost and amortized on the straight-line basis over expected useful lives, which may vary from 4 to 20 years.

Intangible assets with indefinite useful life are not amortized, but they are tested annually for impairment.

IMPAIRMENT TESTING OF GOODWILL

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation is recorded on a straight-line basis over the estimated useful economic life of the assets as follows:

- Buildings 5–40 years
- Machinery and equipment 4–10 years

No depreciation is recorded for land.

IMPAIRMENT OF ASSETS SUBJECT TO AMORTIZATION AND DEPRECIATION

The carrying values of intangible assets subject to amortization and property, plant and equipment is reviewed for impairment whenever events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

If such an indication exists, the recoverable amount of the assets will be estimated. An impairment loss is recognized in the statement of income when the recoverable amount of an asset is less than its carrying amount.

ACCOUNT AND OTHER RECEIVABLES

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

CASH AND CASH EQUIVALENTS

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

SHARE-BASED PAYMENTS

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

When the options are exercised, the equity is increased by the amount of the proceeds received.

PROVISIONS

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

INCOME TAX

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

Deferred tax liabilities and deferred tax assets are calculated on all temporary differences arising between the tax basis and the book value of assets and liabilities. Deferred tax is not recognized for non-deductible goodwill on initial recognition and temporary differences in investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. The main temporary differences arise from unused tax losses, depreciation differences, provisions, defined benefit pension plans, inter-company inventory margin and fair valuation of derivative financial instruments. In connection with an acquisition, the Group records provisions for deferred taxes on the difference between the fair values of the net assets acquired and their tax bases. A deferred tax asset is recognized to the extent that it is probable that it can be utilized.

2.4 Application of new and amended IFRS standards and IFRIC interpretations

The following new and amended standards and interpretations became effective in the year 2011:

- IFRS 1, First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
- IAS 24, Related Party Disclosures (Revised)
- IAS 32, Financial Instruments: Presentation – Classification of Right Issues (Amendment)
- IFRIC 14, Prepayments of a Minimum Funding Requirement (Amendment)
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments

The year 2011 new and amended standards have immaterial impact on financial statements.

The following new and amended standards and interpretations are effective in the year 2012

- IFRS 1, First-time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- IFRS 7, Financial Instruments: Disclosures (Amendment)
- IAS 12, Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets

The year 2012 new and amended standards will have immaterial impact on future financial statements.

Assuming EU endorses the revised standard prior to the end of the first quarter in 2012, Konecranes will adopt the revised IAS 19, Employee benefits effective for annual periods on or after 1 January 2013 already in 2012. The major change will be that for defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e. the corridor approach) has been removed and actuarial gains and losses are recognized in Other Comprehensive Income when they occur. This will decrease the retained earnings 1.1.2011 by approximately EUR 4 million.

3. MANAGEMENT OF FINANCIAL RISKS

The Group uses an approach in which most of the management of financial risks is centralized to Konecranes Group Treasury. Group Treasury functions within the legal entity Konecranes Finance Corporation, operating as a financial vehicle for the Group in Corporate Headquarters. With centralization and netting of internal foreign currency cash flows, the external hedging needs can be minimized.

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

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

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

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

Almost all funding, cash management and foreign exchange with banks and other external counterparties are centralized to Konecranes Finance Corporation in accordance with the Group's Treasury Policy. Only in a few special cases, when the local central bank regulation prohibits using group services in hedging and funding, this must be done directly between an operative company and a bank under the supervision of the Group Treasury.

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

Currency rate risk

The Group's global business operations generate exchange rate risk. However, most of the business units only have transactions in their own currency, i.e. these units have their sales & costs as well as internal funding from Konecranes Finance Corporation in their local home currency. Only 18 out of some 100 Group companies operate regularly in a foreign currency. These companies hedge their currency rate risk with Group Treasury. Depending on the business area and the probability of the cash flows, the hedging covers operative cash flows for the next 1–24 months and is done by using internal foreign exchange forward contracts. This way, Konecranes Finance Corporation can manage the currency rate risk of the whole Group. The foreign currency funding of the other Group companies and possibly some external foreign currency funding can net some of these foreign currency items. The residual net exposure can be covered with commercial banks using foreign exchange forward contracts or currency options. Only the items belonging to hedge accounting cannot be netted out against other internal items. These instruments are used when the hedging effect cannot be obtained through internal netting and matching of cash flows within the Group.

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

For certain large crane projects, the Group applies hedge accounting compatible with IAS 39. Hedges are done by using foreign exchange forward contracts. Currently, only USD denominated projects are included in the hedge accounting. The hedge accounting portfolio comprises both USD sales and purchases. At the end of 2011, the hedge accounting net cash flows totaled USD 143 million (USD 153 million in 2010).

The following table shows the transaction exposure of Konecranes Finance Corporation as of December 31, 2011 and December 31, 2010 (in EUR millions):

	31.12.11	31.12.10
AUD	8	2
CAD	1	1
CHF	5	7
GBP	-4	-13
INR	1	2
JPY	0	1
NOK	1	1
SEK	-32	-42
SGD	0	-2
THB	0	1
USD	151	84

The following table shows the translation exposure of the Group as of 31.12.2011 and 31.12.2010 (in EUR millions):

	31.12.11	31.12.10
AED	4	4
AUD	6	6
BRL	0	-1
CAD	26	24
CHF	1	1
CLP	4	3
CNY	94	69
DKK	1	0
GBP	5	8
HUF	2	1
INR	12	0
IDR	-1	0
JPY	-3	0
MXN	3	3
MYR	2	3
NOK	-4	-3
PLN	1	1
RON	1	1
RUB	4	3
SAR	1	0
SGD	13	19
SEK	-13	-13
TRY	4	4
UAH	-12	-13
USD	66	101
ZAR	0	1

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

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

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

The following table shows the magnitude of the effects that changes in the EUR/USD exchange rate would have on the Group's annual EBIT and equity. An appreciation of the US dollar for ten percent increases the operating profit by EUR 19.6 million (10.2 million in 2010) and equity by EUR 6.7 million (10.8 million in 2010). Table figures in EUR million, the USD effect simulated:

CHANGE IN EUR/USD RATE	2011 EBIT	2011 Equity	2010 EBIT	2010 Equity
+10%	-17.7	-6.1	-9.7	-10.3
-10%	+19.6	+6.7	+10.2	+10.8

Appreciating dollar has also a positive impact on Group's operating profit margin, when it affects the revenues and costs reported in euros asymmetrically. The EBIT change affecting the operating profit margin (relative profitability) is only approximately EUR 7 million, when dollar appreciates 10 percent. This is due to the fact that the exchange rate change impacts mostly both group's revenues and costs and only partly either of these. The transaction position is estimated for the calendar year and the estimate of the effects is based on the assumption that the USD denominated transactions are not hedged. The profitability is affected by the portion of the Group's EBIT generated in USD (translational effect) and by the USD operations of the Group companies with euro as home currency and generating EBIT in euros (transactional effect). The equity is affected by the change in EBIT and by the portion of the Group's equity in USD.

Interest rate risk

Changes in market interest rates have an impact on Group's net interest expenses and the market value of interest rate derivatives. The objective for interest rate risk management is to reduce the volatility impact the market interest rate changes cause by optimizing the allocation between flow risk and price risk according to principles set in Capital structure management.

Approximately 96% of the Group's interest-bearing liabilities are denominated in euro (93% in 2010). Please see Note 30.3 of the Consolidated Financial Statements for the currency split of outstanding debt.

The Group's funding is kept mainly in short periods (floating rate). In 2011 Konecranes drew a five year bilateral Term Loan for EUR 100 million to prolong the Group's debt maturity profile. The interest rate risk related to Term Loan cash flows are partially hedged with interest rate derivatives belonging to hedge accounting. For hedging purposes interest rate swaps, forward rate agreements, interest rate futures and interest rate options can be used.

The Group's interest bearing liabilities at the end of 2011 were EUR 293 million (EUR 83 million in 2010). The average interest rate for short term loans was 1.73% (3.19%) and for long term loans 2.53% (3.81%). A change of one percentage point in interest rates in Group's long term debt portfolio would have following effect on Group's income statement and equity:

CHANGE IN INTEREST RATES	2011 Income statement	2011 Equity	2010 Income statement	2010 Equity
+1%	-0.4	2.5	-0.3	-
- 1%	0.4	-2.6	0.3	-

The effect on income statement is comprised of Group's floating long term debt which is recognized through the statement of income. The effect on equity is comprised of the changes in fair value of interest rate swaps hedging the long term debt portfolio. The proportion of fixed interest loans in the loan portfolio can be increased by means of interest rate derivatives. As a consequence of this treasury policy, the Group's average interest rate level, in general, can be higher than the market level of short-term interest rates when low rates prevail and, on the other hand, lower than the market level when high rates prevail. Please see Note 30.3 of the

Consolidated Financial Statement for sensitivity analysis of the Group's interest rate risk.

Commodity risk

By using electricity derivatives, the Group strives to reduce the negative effect caused by electricity price fluctuation. The overall importance of the energy price risk is small compared to other financial risks and cannot be described as significant.

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

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

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

The Group procures steel and steel components and thus has an inventory of those. Market price fluctuation of steel can impact the profitability of customer projects or cause inventory obsolescence.

Credit and counterparty risks

Credit risk arises from the potential failure of a commercial counterparty to meet its commercial payment obligations. To limit this risk, the Group applies conservative credit policy towards customers. It is Konecranes practice to review customers carefully before entering formal business relationship and require Credit Reports from new customers. Customer Credit risks are mitigated with Advance Payments, Letters of Credits, Payment Guarantees and Credit Insurance where applicable. With these actions and careful monitoring of the customer payments credit risks can be mitigated. During 2011 Konecranes has further developed Trade & Export Finance –department to support all business units with required expertise.

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

Counterparty risk arises from the potential failure of a financial institution to meet its payment obligations regarding financial instruments. All credit risks related to other financial instruments than the regular accounts receivable are managed by Konecranes Group Treasury. There is no concentration of credit risk regarding the financial instruments, since investments are rare and hedging instruments are done with a number of banks, not just one or two. However, counterparties for financial instruments are limited to the core banks of the Group. These are all major banks with good credit ratings. The majority of all financial instruments are of short-term nature, with maturity of less than one year. There are no significant deposits or loans granted with external counterparties, except a few small loans with companies, which the Group has a minority interest in. These loans totaled EUR 0.3 million at the end of 2011 (EUR 2.1 million in 2010).

The Group has bank risk exposure in form of cash at bank accounts around the world. Despite the active cash management structures the Group has in place, some cash holdings globally with several banks are needed to ensure the liquidity of Group companies. Group Treasury follows closely the bank risk exposure in Group according to principles set in Treasury Policy and takes necessary actions for reducing the risk.

Liquidity risks

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

For managing the liquidity risks, the Group has established a EUR 200 million committed revolving credit facility with an international loan syndication (2010–2015). To cover the short-term funding needs, Konecranes Finance Corporation can borrow from institutional investors through six domestic commercial paper programs (totaling EUR 480 million). In addition, business units around the world have overdraft facilities totaling some EUR 100 million to cover the day-to-day funding needs.

It is the Group's policy to keep minimum amount of cash in the balance sheet as deposits or any other liquid assets to maximize the return of capital employed. Cash and cash equivalents totaled EUR 72.7 million at the end of 2011 (EUR 98.5 in 2010).

See Note 30.3 of the Consolidated Financial Statements for the maturity profile of the Group's financial liabilities.

Capital structure management

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

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

The Group monitors its capital structure using gearing ratio. This is calculated as a ratio of interest-bearing liabilities less liquid assets less loans receivable to total equity. At the end of 2011, the gearing ratio was 50.1% (-3.8% in 2010).

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

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

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

The Group monitors the gearing ratio level on a weekly basis. During 2011 or 2010, no changes have been made in the objectives, policies or processes. The objectives of the Group's capital management have been met in recent years.

4. SEGMENT INFORMATION

Konecranes changed its structure from the beginning of 2010 so that Business Areas Standard Lifiting and Heavy Lifting were merged into one Business Area; Equipment. Primary business segment reporting was also changed to match with this operational change. Thus from 2010 onwards Konecranes reports two Business Areas: Service and Equipment as its primary business segments. The business areas are based on the Group's managerial reporting and organizational structure. Konecranes Group's highest operative decision maker is the President and CEO with the support of the Group Executive Board (GXB).

The assets and liabilities of the business areas include only items directly connected with the business as well as the goodwill related to them. Unallocated items, including Group Headquarters, include tax and financial income and expenses, which are managed on group level, as well as items which can not be allocated to the business areas.

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

Intracorporate transfer prices are based primarily on the market prices.

All figures are in millions of euros unless otherwise indicated.

4.1. Business segments

2011	Service	Equipment	Unallocated items	Eliminations	Total
Orders received	694.6	1,291.5		-90.1	**1,896.1**
Order book	135.1	856.7			**991.8**
Sales to external customers	767.4	1,129.0			**1,896.4**
Inter-segment sales	28.7	72.4		-101.1	**0.0**
Total net sales	796.1	1,201.4		-101.1	**1,896.4**
EBITDA	63.3	104.8	-18.8	-1.2	**148.1**
EBITDA, %	8.0%	8.7%			**7.8%**
Depreciation and amortization	11.7	25.0	0.3		**37.1**
Impairment of assets	2.2	2.0			**4.2**
Operating profit excluding restructuring costs	55.7	81.7	-19.1	-1.2	**117.2**
% of net sales	7.0%	6.8%			**6.2%**
Operating profit including restructuring costs	49.4	77.7	-19.1	-1.2	**106.9**
% of net sales	6.2%	6.5%			**5.6%**
Assets	348.7	888.7	208.9		**1,446.3**
Liabilities	157.8	462.7	387.0		**1,007.6**
ROCE%	27.9%	23.2%			**17.1%**
Capital expenditure	9.3	23.2			**32.4**
Share of result of associates and joint ventures	0.0	3.8			**3.8**
Investment in associates and joint ventures	0.0	34.6			**34.6**
Personnel	5,980	5,621	50		**11,651**

2010	Service	Equipment	Unallocated items	Elimina-tions	Total
Orders received	605.7	1,004.9		-74.6	**1,536.0**
Order book	103.3	652.9			**756.2**
Sales to external customers	668.0	878.3			**1,546.3**
Inter-segment sales	39.8	70.3		-110.1	**0.0**
Total net sales	707.8	948.6		-110.1	**1,546.3**
EBITDA	73.2	84.7	-14.1	-0.3	**143.6**
EBITDA, %	10.3%	8.9%			**9.3%**
Depreciation and amortization	10.6	19.4	0.4		**30.4**
Impairment of assets	0.1	0.6			**0.8**
Operating profit excluding restructuring costs	62.5	67.4	-14.5	-0.3	**115.1**
% of net sales	8.8%	7.1%			**7.4%**
Operating profit including restructuring costs	62.5	64.7	-14.5	-0.3	**112.4**
% of net sales	8.8%	6.8%			**7.3%**
Assets	310.2	647.0	218.3		**1,175.5**
Liabilities	146.9	403.9	168.4		**719.2**
ROCE%	42.5%	28.6%			**24.2%**
Capital expenditure	11.3	11.0			**22.3**
Share of result of associates and joint ventures	0.0	2.5			**2.5**
Investment in associates and joint ventures	0.0	31.9			**31.9**
Personnel	5,397	4,600	45		**10,042**

4.2. Geographical segments

2011	EMEA*	AME	APAC	Total
External sales*	950.9	549.1	396.4	**1,896.4**
Assets	787.2	351.0	306.9	**1,445.2**
Capital expenditure	22.1	3.1	7.2	**32.4**
Personnel	6,144	2,513	2,994	**11,651**

** External sales to Finland EUR 99.8 million*

2010	EMEA*	AME	APAC	Total
External sales*	812.4	468.2	265.6	**1,546.2**
Assets	640.4	306.8	228.2	**1,175.5**
Capital expenditure	13.4	2.2	6.7	**22.3**
Personnel	5,751	2,259	2,032	**10,042**

** External sales to Finland EUR 88.9 million*

5. ACQUISITIONS

Acquisitions in 2011

On October 11, 2010, Konecranes announced that it had entered into an agreement to acquire the Indian crane company WMI Cranes Ltd. ("WMI"). Konecranes has received the required regulatory approvals during first quarter of 2011 and WMI has been consolidated into Konecranes' financial reporting from February 1, 2011.

Konecranes acquired WMI's shares in two phases. In the first phase in February, Konecranes acquired 51 percent of the shares in the company. In the second phase finalized in August, Konecranes acquired the remaining 49 percent of the shares. The total price for 100 percent of the shares in WMI amounted to INR 3,438 million. In addition an equity investment amounting to INR 140 million has been made into WMI's equity in accordance with the share purchase agreement.

The acquisition marks an important step in strengthening Konecranes' position in the growing Indian crane market. The acquisition has a neutral impact on the EPS in 2011.

The fair values of the identifiable assets and liabilities of the acquired business at the date of acquisition are summarized below.

During the fourth quarter a retrospective adjustment was made to the provisional carrying values of the acquired business in accordance with IFRS3. As a result of the adjustments, inventory value decreased with EUR 1.8 million and deferred tax assets increased with EUR 1.1 million and provisions with EUR 1.8 million. Comparing to the preliminary purchase price allocations, the goodwill increased EUR 4.1 million and intangible assets decreased with EUR 2.3 million and deferred tax liabilities decreased with EUR 0.8 million.

	2011 Recognized on acquisition	2011 Fair value adjustments	2011 Acquired carrying value
Intangible assets			
Clientele	8.3	8.3	0.0
Technology	9.9	9.8	0.0
Other intangible assets	2.3	2.3	0.0
Property, plant and equipment	5.8	0.0	5.8
Inventories	10.1	0.6	9.6
Deferred tax assets	1.2	0.0	1.2
Account receivables and other assets	19.1	0.0	19.1
Cash and cash equivalents	0.2	0.0	0.2
Total assets	**56.9**	**21.0**	**35.9**
Deferred tax liabilities	7.3	6.8	0.5
Long- and short-term interest bearing debts	3.3	0.0	3.3
Account payables and other current liabilities	22.1	0.0	22.1
Total liabilities	**32.7**	**6.8**	**25.9**
Net assets	**24.2**	**14.2**	**10.0**
Purchase consideration transferred**	**56.3**		
Goodwill	**32.1**		
Cash outflow on acquisition**			
Purchase consideration, paid in cash	54.4		
Transactions costs*	0.6		
Cash and cash equivalents in acquired companies	-0.2		
Net cash flow arising on acquisition	**54.8**		

**Transaction costs of EUR 0.6 million have been expensed and are included in other operating expenses.*
***Cash outflow on acquisition differs from purchase consideration due to the currency rate differences.*

In addition, Konecranes completed six other acquisitions during January–December 2011.

In early January 2011 Konecranes acquired Gruas Koman Limitada, the former licensee of Konecranes in Recoleta, Santiago, Chile. The acquisition also includes the Peruvian start-up subsidiary, Koman Gruas Peru S.R.L. The companies specialize in providing advanced overhead lifting solutions and maintenance services in Chile, Peru, and Bolivia.

In March 2011 Konecranes acquired the assets and operations of lift truck service company Zeiss Staplerservice GmbH, headquartered in Sommerein, Austria. The company is specialized in lift truck maintenance service, and the sales and rental of lift trucks.

During June 2011 Konecranes finalized three acquisitions. At the beginning of the month Konecranes acquired the assets of German machine tool service company Schneider Werkzeugmaschinen GmbH in Heilbronn, Baden-Würtenberg in south-west Germany. The company is specialized in maintenance services of machine tools in the engineering industry in western Germany. The company has 16 full time employees.

Later in June Konecranes made an acquisition of the service business assets of Spanish crane and service company Eleve S.L. The company is located in Badalona, 5 kilometers north of Barcelona, in Catalonia. The service business has approximately 20 employees.

At the end of June Konecranes acquired 100 percent of the Saudi Arabian crane manufacturer Saudi Cranes & Steel Works Factory Company Limited ("Saudi Cranes"). Saudi Cranes is headquartered in Al Jubail Industrial City and the company has approximately 100 employees. Saudi Cranes' core business is designing, manufacturing and selling industrial cranes. The company previously had a license agreement with Konecranes.

During the third quarter 2011 Konecranes made no acquisitions, but in November 2011 Konecranes acquired ABB Schweiz AG's crane systems business. The acquired entity, which is based in Baden-Dättwil, Switzerland, has 30 employees. The entity was originally established to serve ABB's own crane systems.

The fair values of the identifiable assets and liabilities of these acquired businesses at the date of acquisitions are summarized in the following table as consolidated figures, since none of them alone has relevance if treated as separate entities.

	2011 Recognized on acquisition	2011 Fair value adjustments	2011 Acquired carrying value
Intangible assets			
Clientele	9.9	9.9	0.0
Technology	0.0	0.0	0.0
Other intangible assets	0.0	0.0	0.0
Property, plant and equipment	5.3	0.0	5.3
Inventories	7.3	0.6	6.7
Account receivables and other assets	5.3	0.0	5.3
Cash and cash equivalents	1.0	0.0	1.0
Total assets	**28.8**	**10.5**	**18.3**
Deferred tax liabilities	2.2	2.2	0.0
Long- and short-term interest bearing debts	0.7	0.0	0.7
Account payables and other current liabilities	7.1	0.0	7.1
Total liabilities	**10.1**	**2.2**	**7.9**
Net assets	**18.7**	**8.3**	**10.4**
Purchase consideration transferred**	**23.8**		
Goodwill	**5.1**		
Cash outflow on acquisition			
Purchase consideration, paid in cash	20.4		
Transactions costs*	0.6		
Cash and cash equivalents in acquired companies	-1.0		
Net cash flow arising on acquisition	**20.0**		
Purchase consideration:			
Purchase consideration, paid in cash	20.4		
Purchase consideration, liabilities assumed	3.4		
Contingent consideration liability	0.0		
Total purchase consideration	**23.8**		

**Transaction costs of EUR 0.6 million have been expensed and are included in other operating expenses.*

From the date of acquisitions the acquired companies including WMI Cranes Ltd. have contributed EUR 61.7 million of sales and EUR -0.1 million EBIT. If the combinations had taken place at the beginning of the year, Konecranes Group's 2011 sales would have been EUR 1,910.8 million and EBIT EUR 107.8 million.

Acquisitions in 2010

During January–December, Konecranes made altogether nine acqusitions. Six of these were small acquisitions related to machine tool service (MTS) business in Denmark, the United Kingdom and the United States.

In July 2010 Konecranes acquired the service company Bouyer Manutention (BM) based in Tours, France. BM has 38 employees and net sales of approximately EUR 5 million (2009).

In October 2010 Konecranes expanded in Africa by acquiring 100 percent of the shares in crane service and modernization company Techniplus S.A.R.L. in Morocco. This is Konecranes' first acquisition in North Africa. Techniplus has 120 employees and net sales of EUR 7 million (2009).

During October and November Konecranes increased its ownership in Suomen Teollisuusosa Oy from 16 percent to 93 percent. Company develops material handling solutions and employs 22 people.

From the date of acquisitions the acquired companies have contributed EUR 8.1 million of sales and EUR 0.2 million EBIT. If the combinations had taken place at the beginning of the year, Konecranes Group's 2010 sales would have been EUR 1,556.8 million and EBIT EUR 112.6 million.

The fair values of the identifiable assets and liabilities of the acquired businesses at date of acquisitions are summarized in the following table.

	2010 Recognized on acquisition	2010 Fair value adjustments	2010 Acquired carrying value
Intangible assets			
Clientele	6.2	6.2	0.0
Technology	3.3	-2.4	5.7
Other intangible assets	0.3	0.2	0.1
Property, plant and equipment	1.1	0.2	0.9
Inventories	0.8	0.2	0.6
Account receivables and other assets	4.6	0.0	4.5
Cash and cash equivalents	2.4	0.0	2.4
Total assets	**18.7**	**4.5**	**14.2**
Deferred tax liabilities	0.9	0.9	0.0
Long- and short-term interest bearing debts	1.8	0.0	1.8
Account payables	3.4	0.0	3.4
Other liabilities	2.7	0.0	2.7
Non-controlling interest	0.1	0.1	0.0
Total liabilities	**8.8**	**1.0**	**7.9**
Net assets	**9.9**	**3.5**	**6.4**
Purchase consideration transferred	**19.5**		
Goodwill	**9.6**		
Cash outflow on acquisition			
Purchase consideration, paid in cash	13.2		
Transactions costs*	0.4		
Cash and cash equivalents in acquired companies	-2.4		
Net cash flow arising on acquisition	**11.3**		
Purchase consideration:			
Purchase consideration, paid in cash	13.2		
Purchase consideration, liabilities assumed	3.3		
Contingent consideration liability	3.0		
Total purchase consideration	**19.5**		

**Transaction costs of EUR 0.4 million have been expensed and are included in other operating expenses.*

ACQUISITION OF ASSOCIATED COMPANY:

On March 23, 2010 Konecranes purchased 29,750 shares (22.0% of the share capital and voting rights) in the Japanese hoist, crane and material handling equipment company Kito Corporation ("Kito"). The purchase price for the shares in Kito was JPY 111,800 per share. The total value of the stake purchased amounted to approximately JPY 3.3 billion (EUR 27 million). The purchase was financed with existing cash reserves.

Furthermore, Kito repurchased 10.0% of the share capital on March 24, 2010. Post the share purchase by Konecranes and the Kito share buyback, Konecranes has approximately 24.4% of the voting rights in Kito.

INCREASE IN OWNERSHIP INTEREST OF A SUBSIDIARY:

In June 04, 2010 Konecranes finalized the agreement to increase its ownership in Japanese company MHS Konecranes Co., Ltd. to 100% by acquiring the remaining 35% stake from Meidensha Corporation. The purchase price was recognized as decrease of non-controlling interest and retained earnings.

Divestments 2010

During the fourth quarter of 2010 Konecranes sold the hoist distribution business of Japanese subsidiary MHS Konecranes Co.,Ltd. to Kito Corporation.

6. DISTRIBUTION OF SALES

	2011	2010
Sale of goods	1,331.7	1,017.9
Rendering of services	564.4	528.2
Leasing of own products	0.1	0.0
Royalties	0.1	0.3
Total	**1,896.4**	**1,546.3**

7. PERCENTAGE OF COMPLETION METHOD AND ADVANCES RECEIVED

7.1. PERCENTAGE OF COMPLETION METHOD	2011	2010
The cumulative revenues of non-delivered projects	255.9	145.9
Advance received from percentage of completion method	171.2	133.7
Receivables from the revenue recognition netted with the advances received	164.7	87.9

7.2. ADVANCE PAYMENTS RECEIVED	2011	2010
Advance received from percentage of completion method (netted)	6.4	45.7
Other advance received from customers	167.7	108.3
Total	**174.1**	**154.0**

8. OTHER OPERATING INCOME

	2011	2010
Profit of disposal of fixed assets	0.3	0.6
Rental income	0.7	0.9
Indemnities	0.7	0.9
Other	2.4	1.1
Total	**4.1**	**3.6**

9. GOVERNMENT GRANTS

	2011	2010
Investment grants in building, machinery and employment grants	0.3	0.2
Grants for research and development	0.7	0.4
Total	**1.1**	**0.5**

10. DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

10.1. DEPRECIATION AND AMORTIZATION	2011	2010
Intangible assets	18.6	13.4
Buildings	2.4	2.1
Machinery and equipment	16.2	14.9
Total	**37.1**	**30.4**

10.2. IMPAIRMENTS	2011	2010
Machinery and equipment	0.0	0.6
Intangible rights	1.0	0.1
Goodwill	3.2	0.0
Total	**4.2**	**0.8**

11. OTHER OPERATING EXPENSES

	2011	2010
Change in work in progress	-28.4	-18.4
Production for own use	-1.8	-0.5
Material and supplies	792.6	578.1
Subcontracting	154.9	120.2
Wages and salaries	424.8	371.3
Pension costs	36.7	31.2
Other personnel expenses	68.9	66.2
Other operating expenses	304.7	258.2
Total	**1,752.3**	**1,406.3**

Research and developments costs recognized as an expense in other operating expenses amount to EUR 29.6 million in the year 2011 (EUR 21.5 million in 2010).

12. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

12.1. PERSONNEL EXPENSES	2011	2010
Wages and salaries	424.8	371.3
Pension costs: Defined benefit plans	6.8	5.3
Pension costs: Defined contribution plans	29.9	25.8
Other personnel expenses	68.9	66.2
Total	**530.3**	**468.7**

12.2. AVERAGE PERSONNEL	2011	2010
The average number of personnel	10,998	9,739
Personnel 31 December,	11,651	10,042
of which in Finland	1,977	1,800

12.3. PERSONNEL BY BUSINESS AREA AT END OF PERIOD	2011	2010
Service	5,980	5,397
Equipment	5,621	4,600
Group Staff	50	45
Total	**11,651**	**10,042**

13. MANAGEMENT COMPENSATION

Board of Directors

The remuneration packages for Board members are resolved by the Annual General Meeting on proposal by the Nomination and Compensation Committee. The AGM 2011 confirmed an annual fee of EUR 100,000 for the Chairman of the Board (2010: EUR 100,000), EUR 64,000 for the Vice Chairman of the Board (2010: EUR 64,000), and EUR 40,000 for other Board members (2010: EUR 40,000). In addition, compensation of EUR 1,500 was approved for attendance at Board committee meetings (2010: EUR 1,500).

Approximately 40 percent of the annual remuneration will be paid in Konecranes's shares purchased from the market. The remuneration may be paid also by transferring treasury shares based on the authorization given to the Board of Directors by the General Meeting. In case the purchase of shares cannot be carried out due to reasons related to either the Company or the Board member, the annual remuneration shall be paid entirely in cash.

Travel expenses will be compensated against receipt.

TOTAL COMPENSATION TO THE BOARD OF DIRECTORS	2011 Total compensation, EUR	2011 Number of shares as part of compensation	2010 Total compensation, EUR	2010 Number of shares as part of compensation
Chairman of the Board	106,000	1,788	104,500	1,718
Board members	313,000	5,012	316,000	4,122
Total	**419,000**	**6,800**	**420,500**	**5,840**

President and CEO

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

	2011	2010
Salary and benefits, EUR	440,140	402,022
Bonus, EUR	330,066	176,880
Total compensation, EUR	**770,206**	**578,902**
Shares owned (number of shares)	180,000	180,000
Shareholding in Konecranes Plc through the Share Swap (number of shares)*	83,606	83,606
Total shares owned (number of shares)	263,606	263,606
Option rights owned (number of options)	174,000	194,000
Share-based payments costs (options), EUR	446,848	424,136
Retirement age	60 years	60 years
Pension target level	60%	60%
Period of notice	6 months	
Severance payment	18 months salary and fringe benefits	

At the end of year 2011, Konecranes had a loan receivable of EUR 217,197 from President & CEO Pekka Lundmark with the interest rate of 2.039%. (EUR 211,736 with the interest rate of 2.544% in 2010). The loan relates to a tax payment resulting from the incentive scheme directed to the President & CEO in 2006. There is a tax appeal pending against the imposed payment and the loan is effective until the appeal is concluded.

Group Executive Board & Extended Management Team

Konecranes has a two-tiered management structure. The structure consists of the Group Executive Board and the Extended Management Team. The Group Executive Board comprises President and CEO, and Chairman of the Group Executive Board; Executive Vice President and Head of Business Area Service; Executive Vice President and Head of Business Area Equipment; Executive Vice President and Head of Market Operations; Chief Financial Officer; Chief Procurement Officer and Chief Technology Officer.

In addition to the Group Executive Board members, the members of the Extended Management Team include the Senior Vice Presidents of the regional organization (4 persons); Vice President, General Counsel; Vice President, Human Recourses; Vice President, Marketing and Communications; and the Chief Information Officer.

At the end of 2011, Extended Management Team consisted of totally 15 persons (15 persons at the end of 2010). The Nomination and Compensation Committee of the Board reviews Group compensation policies and issues guidelines for the same. In accordance with these guidelines, the Nomination and Compensation Committee confirms compensation packages for those Group Executive Board members who report directly to the President and CEO. For other Extended Management Team members, the compensation packages are confirmed by the President and CEO.

EXTENDED MANAGEMENT TEAM EXCLUDING THE PRESIDENT AND CEO	2011	2010
Salary and benefits, EUR	2,705,215	3,084,611
Bonuses, EUR	667,241	396,534
Total compensation, EUR	**3,372,456**	**3,481,145**
Shareholding in Konecranes Plc (number of shares)	258,948	256,218
Shareholding in Konecranes Plc through the Share Swap (number of shares)*	164,888	183,467
Total Shareholding in Konecranes Plc (number of shares)	423,836	439,685
Option rights owned (number of options)	777,500	957,000
Share-based payments costs, EUR	1,356,568	1,210,648

* The Konecranes Group executives established a company named KCR Management Oy in May 2009. KCR Management Oy acquired 517,696 Konecranes Plc shares from the market. The acquisition was financed by capital investments by the executives, in the total approximate amount of EUR 1.3 million, as well as by a loan in the approximate amount of EUR 7.1 million provided by Konecranes Plc. KCR Management Oy was owned by the executives who belonged to the Group Extended Management Team upon the establishment of KCR Management Oy.

According to the agreements governing KCR Management Oy, KCR Management Oy had an obligation to repay the loan granted by Konecranes Plc prematurely in case the share price of Konecranes Plc other than temporarily exceeds a certain level determined in the agreements. This condition was met in December 2010. The Board of Directors of Konecranes Plc decided that the loan will be repaid through a share swap whereby Konecranes Plc acquires all the shares in KCR Management Oy. To implement the share swap, the Board of Directors of Konecranes Plc decided on a directed share issue in which the Company offers, in derogation from the shareholders' pre-emptive subscription rights, a total of 281,007 new Konecranes shares to the shareholders of KCR Management Oy against share consideration (Share Swap). In the Share Swap, the shareholders of KCR Management Oy conveyed the KCR Management Oy shares they hold and received new Konecranes Plc shares in return.

The new shares are subject to the transfer restriction determined by the Board of Directors in May 2009 and expiring on 1 November 2012.

The new shares have been registered on the subscriber's book-entry accounts and entered into the Trade Register on January 13, 2011 and are subject for public trading on NASDAQ OMX Helsinki Oy from January 14, 2011.

There were no loans to the Extended Management Team (excluding the President and CEO) at end of the period 2011 and 2010.

There are no guarantees on behalf of the Extended Management Team in year 2011 and 2010.

14. FINANCIAL INCOME AND EXPENSES

14.1. FINANCIAL INCOME	2011	2010
Dividend income on available-for-sale investments	0.4	0.2
Interest income on bank deposits and loans	4.1	3.6
Fair value gain on derivative financial instruments	0.9	1.4
Exchange rate gains on interest bearing assets and liabilities	5.6	5.2
Other financial income	0.1	0.1
Total	**10.9**	**10.5**

14.2. FINANCIAL EXPENSES	2011	2010
Interest expenses on liabilities	10.8	6.1
Fair value loss on derivative financial instruments	13.3	2.5
Exchange rate loss on interest bearing assets and liabilities	0.0	0.7
Other financial expenses	1.7	4.8
Total	**25.8**	**14.1**
Financial income and expenses net	**-14.9**	**-3.6**

The company applies hedge accounting on derivatives used to hedge cash flows in certain large crane projects. The cash flow hedges of the expected future cash flows are assessed to be highly effective and a net unrealized effect of EUR -2.9 million (2010: EUR 0.5 million) with deferred taxes of EUR 0.9 million (2010: EUR 0.2 million) relating to the hedging instruments is included in the equity. The hedged operative cash flows are expected to occur during the next 3–18 months.

15. INCOME TAXES

15.1. TAXES IN STATEMENT OF INCOME	2011	2010
Local income taxes of group companies	35.7	37.5
Taxes from previous years	0.9	-1.2
Change in deferred taxes	-5.7	-3.1
Total	**30.8**	**33.1**

15.2. RECONCILIATION OF INCOME BEFORE TAXES WITH TOTAL INCOME TAXES	2011	2010
Profit before taxes	95.8	111.3
Tax calculated at the domestic corporation tax rate of 26% (2010: 26%)	24.9	28.9
Effect of different tax rates of foreign subsidiaries	2.4	2.9
Taxes from previous years	0.9	-1.2
Tax effect of non-deductible expenses and tax-exempt income	1.7	1.2
Tax effect of unrecognized tax losses of the current year	3.8	4.5
Tax effect of utilization of previously unrecognized tax losses	-0.3	-0.4
Tax effect of recognition of previously unrecognized tax losses*	-6.6	-1.9
Tax effect of recognizing the controlled temporary difference from investment in subsidiaries**	3.2	0.0
Tax effect of tax rate change	0.0	-0.2
Other items	0.8	-0.7
Total	**30.8**	**33.1**
Effective tax rate %	32.2%	29.8%

* The US operations have been able to fully utilize the carry forward losses during the last five years. Due to the past and estimated future result development Group decided to increase the valuation of deferred tax asset by calculating it from the next 10 years' carry forward losses instead of previously used 3 years' losses.

** Konecranes decided in 2011 to distribute dividends from Konecranes (Shanghai) Company Ltd and recognized the withholding tax of 5% from company's retained earnings as repatriating dividends is a change from a prior strategy. The tax treaty withholding tax rate for dividend repatriation is 5% but still a dispute with the Chinese tax administration exists whether higher regular withholding tax rate of 10% should be used.

16. EARNINGS PER SHARE

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

	2011	2010
Net profit attributable to shareholders of the parent company	65.5	79.4
Weighted average number of shares outstanding (1,000 pcs)	58,982	58,922
Effect of issued share options (1,000 pcs)	380	352
Diluted weighted average number of shares outstanding (1,000 pcs)	59,362	59,274
Earnings per share, basic (EUR)	1.11	1.35
Earnings per share, diluted (EUR)	1.10	1.34

17. GOODWILL AND GOODWILL IMPAIRMENT TESTING

General principles

The goodwill is allocated to cash-generating units (CGUs) being the lowest level of assets for which there are separately identifiable cash flows. These CGUs are then aggregated to the Business Unit (BU) level which is the lowest operative management reporting level at which goodwill is monitored and for which the impairment testing is primarily done. In 2010 the testing was primarily performed at CGU-level as the management reporting, business responsibilities and follow up did not support the BU level.

The recoverable amounts of the BUs and CGU are determined based on value in use - calculations (discounted cash flow method). In those cases where a CGU forms a stand alone business where synergies with the rest of the respective BU activities are difficult to assess, the goodwill is tested on the CGU level. The forecasting period of cash flows is five years and it is based on financial forecasts of each BU's management, adjusted by Group management if needed. The forecasts have been made based on BU specific historical data, order book, the current market situation and industry specific information of the future growth possibilities. The calculated cash flows after the five-year forecasting period are based on a zero percent growth estimate on sales and operating margin. Calculations are prepared during the fourth quarter of the year.

The discount rate applied to cash flow projections is the weighted average (pre-tax) cost of capital and is based on risk free long term government bond rates and market and industry specific risk premiums. These risk premiums are derived based on the business portfolio of companies which operate in a similar industry as the BUs. The average discount rate used in 2011 is 11 percent (a weighted average of a range from 9 to 30 percent). In 2010, the pre-tax discount rate used was 11 percent (a weighted country specific average of a range from 9 to 29 percent). The business risk distribution of the tested BUs were considered when determining the discount rates in use and the discount rates account for the average cost of capital for all BUs.

Goodwill allocation to main cash-generating Units (CGUs), Business Units (BU) and business segments:

The Group's total goodwill is allocated to the Business Units (BU) as indicated in the table below. The table also shows separately the goodwill of those individual CGUs that represent stand alone businesses and thus are extracted from BU level for goodwill impairment testing purposes (tested separately).

In Group's assets, there is also included EUR 10.4 million intangible assets with indefinite useful life arising from the acquisition of R. Stahl AG's material handling division, which consists of the trademark of the brand name 'Stahl'. The carrying amount of this asset is tested on a yearly basis by using a similar kind of impairment testing method as the goodwill.

Sensitivity analyses

In addition to impairment testing using the base case assumptions, three different sensitivity analyses were performed:

- A discount rate analyses where the discount rate was increased by 5 percentage points
- A Group management adjustment to the future profitability. Each BU and stand alone CGU cash flow was analyzed separately by the Group management. Based on the BU specific historical data and future growth prospects the cash flows were decreased by an average -11% (BU and CGU specific rage -5–20%)
- A higher discount rate (+5%) analyses combined with lower (-5–20%) cash flows as mentioned above

Goodwill testing results:

As a result of the impairment test and sensitivity analyses in 2011 a EUR 2.0 million impairment need was identified for Konecranes Lifting Systems as the future discounted cash flows did not support the asset value tested. Due to restructuring and discontinuing parts of BU Machine Tool Service (MTS) business, a total of EUR 0.8 million of goodwill was written off from this BU. For BU Port Service the write off need due to same reasons as for BU MTS was EUR 0.4 million. In total the amount of goodwill impairments in 2011 was EUR 3.2 million.

TOTAL GOODWILL IN BUSINESS SEGMENTS AFTER IMPAIRMENTS	2011	2010
BU Industrial Cranes	45.1	15.0
BU Lifttrucks	14.2	13.6
CGU STAHL Konecranes GmbH, Germany	20.4	20.4
CGU Konecranes Lifting Systems	5.7	7.7
Goodwill in Equipment total	**85.4**	**56.7**
BU Port Service	13.2	13.8
BU Crane Service	8.1	4.6
BU Machine Tool Service	4.8	5.4
CGU Suomen Teollisuusosa operations	3.9	3.9
Goodwill in Service total	**30.0**	**27.7**
Total Goodwill in Business Segments as of December 31	**115.3**	**84.4**

As a result of the annual impairment test in 2010, no goodwill was written off.

GOODWILL	2011	2010
Acquisition costs as of January 1	85.7	75.7
Increase	37.2	10.0
Translation difference	-0.2	2.9
Acquisition costs as of December 31	122.7	88.5
Accumulated impairments as of January 1	-4.1	-4.1
Impairments for the financial year	-3.2	0.0
Total as of December 31	**115.3**	**84.4**

18. OTHER INTANGIBLE ASSETS

18.1. PATENTS AND TRADEMARKS	2011	2010
Acquisition costs as of January 1	28.8	27.1
Company acquisitions	0.0	0.3
Transfer within assets	0.0	0.5
Translation difference	0.3	0.8
Acquisition costs as of December 31	29.1	28.8
Accumulated amortization as of January 1	-10.2	-8.7
Amortization for financial year	-1.4	-1.5
Total as of December 31	**17.4**	**18.6**

18.2. OTHER (INCLUDING SERVICE CONTRACTS, SOFTWARE)	2011	2010
Acquisition costs as of January 1	111.8	97.8
Increase	3.7	3.9
Decrease	-3.2	-1.8
Company acquisitions	30.0	12.9
Transfer within assets	0.0	0.2
Impairment	-0.9	-0.1
Translation difference	-0.4	-1.1
Acquisition costs as of December 31	141.0	111.8
Accumulated amortization as of January 1	-62.9	-51.0
Accumulated amortization relating to disposals	3.1	0.8
Amortization for financial year	-17.1	-11.9
Total as of December 31	**64.2**	**49.7**

18.3. OTHER INTANGIBLE ASSETS TOTAL	2011	2010
Acquisition costs as of January 1	140.6	124.9
Increase	3.7	3.9
Decrease	-3.2	-1.8
Company acquisitions	30.0	13.3
Transfer within assets	0.0	0.7
Impairment	-0.9	-0.1
Translation difference	-0.1	-0.3
Acquisition costs as of December 31	170.1	140.6
Accumulated amortization as of January 1	-73.1	-59.7
Accumulated amortization relating to disposals	3.1	0.8
Amortization for financial year	-18.6	-13.4
Total as of December 31	**81.6**	**68.3**

Other intangible assets include service contracts, patents and trademarks and software licenses. They are stated at cost and amortized on the straight-line basis over their expected useful lives. The normal amortization period varies from 4 to 20 years. Intangible assets having an indefinite useful life are tested for impairment annually. On December 31, 2011, the intangible assets having indefinite useful life consisted of the Stahl trademark, totally EUR 10.4 million. As there is no foreseeable limit on the period over which the asset is expected to generate net cash inflows for the entity, it is classified as intangible assets having indefinite useful life.

19. PROPERTY, PLANT AND EQUIPMENT

19.1. LAND	2011	2010
Acquisition costs as of January 1	2.6	2.5
Increase	2.3	0.0
Company acquisitions	0.8	0.0
Translation difference	0.0	0.1
Total as of December 31	**5.7**	**2.6**

19.2. BUILDINGS	2011	2010
Acquisition costs as of January 1	35.0	29.6
Increase	6.8	4.3
Decrease	-0.3	-0.8
Company acquisitions	6.6	0.0
Translation difference	1.3	1.8
Acquisition costs as of December 31	49.4	35.0
Accumulated depreciation as of January 1	-5.2	-3.0
Accumulated depreciation relating to disposals	0.2	0.3
Depreciation for financial year	-2.4	-2.1
Total as of December 31	**42.0**	**30.2**

There were no buildings which belong to finance lease at the end of year 2011 and 2010.

19.3. MACHINERY AND EQUIPMENT	2011	2010
Acquisition costs as of January 1	193.1	181.5
Increase	23.5	18.3
Decrease	-10.2	-19.2
Company acquisitions	7.4	1.3
Transfer within assets	-0.2	-0.1
Impairment	0.0	-0.7
Translation difference	-2.2	12.0
Acquisition costs as of December 31	211.3	193.1
Accumulated depreciation as of January 1	-126.9	-128.6
Accumulated depreciation relating to disposals	9.4	16.8
Depreciation for financial year	-16.2	-15.1
Total as of December 31	**77.7**	**66.3**

The balance value of machinery and equipments which belong to finance lease is EUR 8.6 million in the year 2011 (EUR 8.6 million in 2010).

19.4. PROPERTY, PLANT AND EQUIPMENT TOTAL	2011	2010
Acquisition costs as of January 1	230.7	213.6
Increase	32.7	22.7
Decrease	-10.5	-20.0
Company acquisitions	14.7	1.3
Transfer within assets	-0.2	-0.1
Impairment	0.0	-0.7
Translation difference	-0.9	13.9
Acquisition costs as of December 31	266.5	230.7
Accumulated depreciation as of January 1	-132.0	-131.6
Accumulated depreciation relating to disposals	9.5	17.2
Depreciation for financial year	-18.6	-17.2
Total as of December 31	**125.4**	**99.1**

20. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2011	2010
Acquisition costs as of January 1	31.9	4.5
Share of associated companies result after taxes*	3.8	2.5
Dividends received	-1.2	-2.1
Acquisitions	0.0	27.0
Translation difference	0.0	0.0
Total as of December 31	**34.6**	**31.9**

** Including adjustments from purchase price allocation.*

20.1. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD BY COMPANIES

2011	Carrying amount of the investment	Total asset value [1)]	Total liability value [1)]	Revenue [1)]	Profit/loss [1)]
Guangzhou Technocranes Company Ltd.	0.6	2.2	1.5	1.0	0.1
Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd.	0.4	1.6	1.2	1.1	0.0
Shanghai High Tech Industrial Company, Ltd.	1.7	4.8	3.1	4.1	0.7
Boutonnier Adt Levage S.A.	0.3	0.4	0.1	0.7	0.0
Levelec S.A.	0.2	0.3	0.1	0.6	0.0
Manelec S.a.r.l.	0.1	0.2	0.1	0.4	0.0
Manulec S.A.	0.2	0.4	0.2	0.7	0.0
Sere Maintenance S.A.	0.0	0.3	0.2	0.7	0.0
Eastern Morris Cranes Limited	1.0	3.8	2.8	4.8	0.6
Morris Material Handling (Thailand) Ltd.	0.0	0.0	0.0	0.0	0.0
Morris Thailand Co. Ltd.	0.0	0.0	0.0	0.0	0.0
Kito Corporation	29.4	69.1	32.1	67.1	0.8
Crane Industrial Services LLC	0.7	1.7	1.1	2.6	0.1
Translation difference	0.0	0.0	0.0	0.0	0.0
Total	**34.6**	**84.7**	**42.5**	**83.9**	**2.3**

2010	Carrying amount of the investment	Total asset value [1)]	Total liability value [1)]	Revenue [1)]	Profit/loss [1)]
Guangzhou Technocranes Company Ltd.	0.5	2.0	1.4	1.0	0.0
Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd.	0.3	1.1	0.7	0.9	0.0
Shanghai High Tech Industrial Company, Ltd.	1.0	3.2	2.4	4.4	0.4
Boutonnier Adt Levage S.A.	0.3	0.4	0.1	0.7	0.0
Levelec S.A.	0.2	0.3	0.1	0.6	0.0
Manelec S.a.r.l.	0.1	0.1	0.1	0.3	0.0
Manulec S.A.	0.3	0.5	0.2	0.8	0.0
Sere Maintenance S.A.	0.0	0.3	0.2	0.7	0.0
Eastern Morris Cranes Limited	0.8	3.5	2.1	4.2	0.5
Morris Material Handling (Thailand) Ltd.	0.0	0.0	0.0	0.0	0.0
Morris Thailand Co. Ltd.	0.0	0.0	0.0	0.0	0.0
Kito Corporation	27.6	57.7	22.3	53.0	0.1
Crane Industrial Services LLC	0.9	1.4	0.6	2.8	0.4
Translation difference	-0.1	0.0	0.0	0.0	0.0
Total	**31.9**	**70.5**	**30.2**	**69.5**	**1.4**

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

The market value of Kito Corporation shares owned by Konecranes as at December 31, 2011 amounted to EUR 17.4 million. Konecranes has made an impairment test on its shareholding of Kito corporation based on estimated future cash flows expected to be generated by the associate and according to the calculation the recoverable value has been higher than the carrying value, as a result of which no impairment charges has been recognized. The low market value of Kito Corporation is due to the non liquid nature of the share in Tokyo Exchange.

1) Total asset and liability value, revenue and profit/loss represent the Group's share of these investments according to the latest published financial information.

21. AVAILABLE-FOR-SALE INVESTMENTS

	2011	2010
Acquisition costs as of January 1	1.4	1.8
Transferred to subsidiary and associated company shares	0.0	-0.2
Transfer within assets	0.0	-0.2
Total as of December 31	**1.4**	**1.4**

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

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

22. INVENTORIES

	2011	2010
Raw materials and semi-manufactured goods	132.5	105.5
Work in progress	176.8	139.0
Finished goods	20.2	15.0
Advance payments	17.8	10.3
Total	**347.5**	**269.9**

23. VALUATION AND QUALIFYING ACCOUNTS

2011	Balance at the beginning of the year	Translation difference	Utilized during the period	Provision not needed	Additions	Balance at the end of the year
Provision for doubtful accounts	15.8	0.2	4.7	2.8	5.5	**14.0**
Provision for obsolete inventory	19.4	0.3	2.0	1.1	3.4	**20.0**

2010	Balance at the beginning of the year	Translation difference	Utilized during the period	Provision not needed	Additions	Balance at the end of the year
Provision for doubtful accounts	20.3	1.2	4.7	6.3	5.4	**15.8**
Provision for obsolete inventory	14.4	0.7	2.5	0.1	6.9	**19.4**

24. AGEING ANALYSIS OF ACCOUNTS RECEIVABLE

	2011	2010
Undue accounts receivable	236.1	207.3
Accounts receivable 1–30 days overdue	71.4	51.9
Accounts receivable 31–60 days overdue	35.7	21.2
Accounts receivable 61–90 days overdue	27.7	15.9
Accounts receivable more than 91 days overdue	35.0	19.4
Total	**405.9**	**315.8**

Accounts receivable are initially measured at cost (book values represent their fair values). Accounts receivable are subject to only minor credit risk concentrations due to the Group's extensive customer portfolio. Credit losses recognized for the financial year totaled EUR 4.7 million (EUR 4.8 million in 2010).

25. OTHER RECEIVABLES

	2011	2010
Bills receivable	18.0	10.4
Value added tax	26.8	18.3
Total	**44.8**	**28.8**

26. DEFERRED ASSETS

	2011	2010
Interest	1.2	2.1
Receivable arising from percentage of the completion method	66.4	55.3
Prepaid expenses	12.6	9.8
Other	38.3	37.8
Total	**118.5**	**104.9**

27. CASH AND CASH EQUIVALENTS

	2011	2010
Cash in hand and at bank	58.0	75.4
Short-term deposits	14.7	23.0
Total	**72.7**	**98.5**

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

28. EQUITY

28.1. SHAREHOLDERS' EQUITY	Number of shares	Share capital	Share premium	Paid in capital
As of January 1, 2010	58,812,624	30.1	39.3	9.0
Share subscriptions with options and transfer of own shares	147,040	0.0	0.0	1.4
As of December 31, 2010	**58,959,664**	**30.1**	**39.3**	**10.5**
Share subscriptions with options	958,300	0.0	0.0	24.6
Share issue due to the incentive arrangement for Konecranes Group executive management (KCR Management Oy)	281,007	0.0	0.0	8.6
Purchase of treasury shares	-3,000,000	0.0	0.0	0.0
As of December 31, 2011	**57,198,971**	**30.1**	**39.3**	**43.7**

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

28.2. DISTRIBUTABLE EARNINGS

See page 120 / Board of Director's Proposal to the Annual General Meeting.

28.3. TREASURY SHARES	2011 Number of shares	2010 Number of shares
As of January 1	3,042,456	3,060,296
Decrease	0	-17,840
Increase	3,000,000	0
Total as of December 31	**6,042,456**	**3,042,456**

Proposal by the Board of Directors to authorize the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares:

The AGM on March 31, 2011 authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares as follows:

The amount of own shares to be repurchased and/or accepted as pledge shall not exceed 6,000,000 shares in total, which corresponds to approximately 9.6% of all of the shares in the Company. However, the Company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 per cent of all the shares in the Company. Only the unrestricted equity of the Company can be used to repurchase own shares on the basis of the authorization.

Own shares can be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market.

The Board of Directors decides how own shares will be repurchased and/or accepted as pledge. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

Own shares can be repurchased to limit the dilutive effects of share issues carried out in connection with possible acquisitions, to develop the Company's capital structure, to be transferred in connection with possible acquisitions, to pay remuneration to Board members or to be cancelled, provided that the repurchase is in the interest of the Company and its shareholders.

The authorization is effective until the end of the next Annual General Meeting, however no longer than until 30 September 2012.

Authorizing the Board of Directors to decide on the issuance of shares as well as on the issuance of special rights entitling to shares

The AGM authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares referred to in chapter 10 section 1 of the Finnish Companies Act as follows.

The amount of shares to be issued based on this authorization shall not exceed 9,000,000 shares, which corresponds to approximately 14.5 percent of all of the shares in the Company.

The Board of Directors decides on all the conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). However, the authorization cannot be used for incentive arrangements.

The authorization is effective until the end of the next Annual General Meeting, however no longer than until 30 September 2012.

Proposal by the Board of Directors to authorize the Board of Directors to decide on the transfer of the company's own shares:

The AGM authorized the Board of Directors to decide on the transfer of the Company's own shares as follows:

The authorization is limited to a maximum of 6,000,000 shares, which corresponds to approximately 9.6% of all of the shares in the Company.

The Board of Directors decides on all the conditions of the transfer of own shares. The transfer of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The Board of Directors can also use this authorization to grant special rights concerning the Company's own shares, referred to in Chapter 10 of the Companies Act. However, the authorization cannot be used for incentive arrangements.

This authorization shall be effective until the next Annual General Meeting of Shareholders, however no longer than until 30 September 2012.

29. OPTION RIGHTS AND OTHER SHARE-BASED PAYMENTS

The Annual General Meeting on March 6, 2007 approved the Board's proposal that the key employees of the Konecranes Group are granted the maximum of 3 million option rights. The option rights entitle to an aggregate 3 million Company shares.

Option rights are divided into three series (2007A, 2007B and 2007C), whose subscription periods are staggered so that the share subscription period for the option rights of the first series begins on May 2, 2009 and ends for the option rights of the last series on April 30, 2013.

The subscription price of shares for all 2007 series is at least EUR 25.72 which was the volume-weighted average price of the Konecranes share in the Helsinki Stock Exchange between April 1–April 30, 2007. The Board may decide to increase the subscription price of the shares from above for option rights series 2007B and 2007C before such options rights are allocated to the option right holders. For series 2007B, the subscription price was the same EUR 25.72 when series 2007B was granted to the key employees on June 12, 2008. The series 2007C was not allocated during the year 2009 and the allocation time expired 31.12.2009. At the end of 2011, altogether 953,000 shares (2010: 0 shares) had been subscribed for the stock options pursuant to the 2007A and 5,300 shares (2010: 0 shares) for 2007B stock option plans.

The Annual General Meeting of Shareholders of Konecranes Plc has on March 12, 2009 accepted the issue of stock options to the key personnel of Konecranes Plc (Company) and its subsidiaries. The maximum total number of stock options issued is 2,250,000, and they entitle their owners to subscribe for a maximum total of 2,250,000 new shares in the Company or existing shares held by the Company. The Board of Directors shall resolve whether new shares in the Company or existing shares held by the Company are given to the subscriber. Of the stock options, 750,000 are marked with the symbol 2009A, 750,000 are marked with the symbol 2009B and 750,000 are marked the with the symbol 2009C. The period for the option rights of the first series begins on April 1, 2012 and ends for the option rights of the last series on April 30, 2016.

The share subscription price for stock options will be based on the prevailing market price of the Konecranes Plc share on the NASDAQ OMX Helsinki Ltd. in April 2009, April 2010 and April 2011.

Should the Company distribute dividends, from the share subscription price of the stock options, shall be deducted the amount of the dividend decided after the beginning of the period for determination of the share subscription price but before share subscription, as per the dividend record date. The subscription prices were for series 2009A EUR 14.55 (after year 2009 and 2010 dividend distribution EUR 12.65), for series 2009B EUR 23.79 (after year 2010 dividend distribution EUR 22.79) and for series 2009C EUR 31.37.

29.1.SUMMARY OF THE KONECRANES PLC' OPTION PLANS

STOCK OPTION	Maximum number of shares the stock option plan entitles to subscribe for	Subscription price/ share (EUR)	Maximum number of shares that still can be subscribed	Share subscription period
2007B	1,000,000	25.72	935,700	2.5.2010–30.4.2012
2009A	750,000	12.65*	733,000	1.4.2012–30.4.2014
2009B	750,000	22.79**	744,000	1.4.2013–30.4.2015
2009C	750,000	31.37	731,500	1.4.2014–30.4.2016
Total	**3,250,000**		**3,144,200**	

** The original subscription price was EUR 14.55*
*** The original subscription price was EUR 23.79*

29.2. CHANGES IN THE NUMBER OF SHARES OF OPTION RIGHTS OUTSTANDING	2011	2010
Number of shares of option rights outstanding as of January 1	3,370,000	2,773,400
Granted during the year	787,000	776,000
Forfeited during the year	-49,500	-47,000
Exercised during the year	-958,300	-129,200
Expired during the year	-5,000	-3,200
Total number of shares of option rights outstanding as of December 31	**3,144,200**	**3,370,000**

The total cost of the option programs for the financial year 2011 was 4.8 MEUR (2010: 3.6 MEUR). Option program costs are included in personnel expenses and credited to the shareholders' equity.

29.3. ASSUMPTIONS MADE IN DETERMINING THE FAIR VALUE OF STOCK OPTIONS

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

	2007B	2009A	2009B	2009C	Pekka Lundmark's incentive scheme 2007
Subscription price of the share, EUR	25.72	12.65*	22.79**	31.37	12.00
Fair market value of the share, EUR	26.47	17.65	24.22	32.30	24.74
Expected volatility, %	18%	25%	23%	20%	18%
Risk-free interest rate, %	4.70%	3.27%	2.15%	2.82%	4.0%
Expected contractual life in years	0.3	2.3	3.3	4.3	0.1
Grant date fair value of the stock options, EUR	3.63	6.52	6.19	8.17	11.31

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

** The original subscription price was EUR 14.55*
*** The original subscription price was EUR 23.79*

30. INTEREST-BEARING LIABILITIES

30.1. NON-CURRENT	2011 Carrying amount	2011 Fair value	2010 Carrying amount	2010 Fair value
Loans from financial institutions	106.6	106.6	7.5	7.5
Pension loans	15.1	15.1	18.9	18.9
Finance lease liabilities	5.4	5.4	5.3	5.3
Other long-term loans	1.9	1.9	1.2	1.2
Total	**129.1**	**129.1**	**32.9**	**32.9**

30.2. CURRENT	2011 Carrying amount	2011 Fair value	2010 Carrying amount	2010 Fair value
Loans from financial institutions	0.7	0.7	0.0	0.0
Pension loans	3.8	3.8	3.8	3.8
Finance lease liabilities	3.2	3.2	3.3	3.3
Commercial papers	144.7	144.7	26.0	26.0
Other short-term loans	0.3	0.3	0.7	0.7
Overdraft	11.2	11.2	16.4	16.4
Total	**163.9**	**163.9**	**50.2**	**50.2**

The average interest rate of the non-current liabilities portfolio on December 31, 2011 was 2.53% (2010: 3.81%) and that on current liabilities was 1.73% (2010: 3.19%). The effective interest rate for EUR-loans varied between 0.93%–6.68% (2010: 1.14%–6.95%).

30.3. CURRENCY SPLIT AND REPRICING SCHEDULE OF OUTSTANDING DEBT WITHOUT CURRENCY HEDGES

2011

CURRENCY	Amount MEUR	Avg duration	Avg rate %	Rate sensitivity[1]	Debt repricing in period 2012	2013	2014	2015	2016-
EUR	280.9	2.1 years	1.23	2.8	154.4	9.1	6.6	6.1	104.7
CNY	0.6	2.0 years	7.65	0.0	0.0	0.0	0.0	0.0	0.6
INR	8.6	1.0 years	12.00	0.1	8.6	0.0	0.0	0.0	0.0
USD	1.8	2.0 years	3.46	0.0	0.0	0.0	0.0	0.0	1.8
GBP	0.3	2.0 years	6.68	0.0	0.0	0.2	0.0	0.0	0.0
PLN	0.1	1.0 years	6.00	0.0	0.1	0.0	0.0	0.0	0.0
SAR	0.7	1.0 years	9.00	0.0	0.7	0.0	0.0	0.0	0.0
SGD	0.1	1.9 years	1.97	0.0	0.0	0.0	0.0	0.0	0.1
ZAR	0.0	1.4 years	8.81	0.0	0.0	0.0	0.0	0.0	0.0
Total	**293.0**		**1.60**	**2.9**	**163.9**	**9.3**	**6.6**	**6.1**	**107.0**

2010

CURRENCY	Amount MEUR	Avg duration	Avg rate %	Rate sensitivity[1]	Debt repricing in period 2011	2012	2013	2014	2015-
EUR	72.0	2.1 years	3.34	0.7	46.5	9.0	4.5	4.2	7.9
CLP	0.4	1.0 years	6.17	0.0	0.4	0.0	0.0	0.0	0.0
CNY	0.2	0.3 years	5.35	0.0	0.2	0.0	0.0	0.0	0.0
USD	10.3	1.1 years	4.67	0.1	3.0	1.5	0.8	1.2	3.9
GBP	0.1	2.0 years	2.68	0.0	0.1	0.0	0.0	0.0	0.0
PLN	0.1	1.0 years	5.19	0.0	0.1	0.0	0.0	0.0	0.0
SGD	0.0	1.5 years	1.78	0.0	0.0	0.0	0.0	0.0	0.0
ZAR	0.0	1.5 years	7.42	0.0	0.0	0.0	0.0	0.0	0.0
Total	**83.1**		**3.53**	**0.8**	**50.2**	**10.6**	**5.2**	**5.4**	**11.8**

1) Effect of one percent rise in market interest rates on the Group's net interest expenses over the following 12 months. All other variables have been assumed constant.

30.4. MATURITY PROFILE OF THE GROUP'S FINANCIAL LIABILITIES

2011		Maturity of financial liabilities					
DEBT TYPE	Amoun drawn	2012	2013	2014	2015	2016	Later
Committed revolving facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans from financial institutions	107.3	0.7	0.7	1.9	1.9	101.8	0.4
Finance lease liabilities	8.6	3.2	4.4	0.6	0.3	0.1	0.0
Commercial paper program	144.7	144.7	0.0	0.0	0.0	0.0	0.0
Pension loans	18.9	3.8	3.8	3.8	3.8	3.8	0.0
Other long-term debt	2.2	0.3	0.5	0.4	0.2	0.2	0.7
Overdraft	11.2	11.2	0.0	0.0	0.0	0.0	0.0
Total	**293.0**	**163.9**	**9.3**	**6.6**	**6.1**	**105.9**	**1.1**

2010		Maturity of financial liabilities					
DEBT TYPE	Amoun drawn	2011	2012	2013	2014	2015	Later
Committed revolving facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans from financial institutions	7.5	0.0	1.7	0.8	1.2	1.2	2.7
Finance lease liabilities	8.5	3.3	4.7	0.3	0.2	0.0	0.0
Commercial paper program	26.0	26.0	0.0	0.0	0.0	0.0	0.0
Pension loans	22.8	3.8	3.8	3.9	3.8	3.8	3.8
Other long-term debt	1.8	0.7	0.5	0.2	0.2	0.2	0.1
Overdraft	16.4	16.4	0.0	0.0	0.0	0.0	0.0
Total	**83.1**	**50.2**	**10.6**	**5.2**	**5.4**	**5.2**	**6.6**

30.5. CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES CLASSIFIED BASED ON IAS 39

2011

FINANCIAL ASSETS	Financial assets/ liabilities at fair value through income statement	Loans and receivables	Available-for-sale financial assets	Financial assets/ liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value	Note
Non-current financial assets							
Long-term interest-bearing receivables		0.2			0.2	0.2	
Derivative financial instruments	0.4						37.2
Other financial assets			1.4		1.4	1.4	21
Current financial assets							
Short-term interest-bearing receivables		0.4			0.4	0.4	
Account and other receivables		450.6			450.6	450.6	24, 25
Derivative financial instruments	5.9				5.9	5.9	37.2
Cash and cash equivalents		72.7			72.7	72.7	27
Total	**6.3**	**523.9**	**1.4**		**531.2**	**531.2**	
FINANCIAL LIABILITIES							
Non-current financial liabilities							
Interest-bearing liabilities				129.1	129.1	129.1	30.1
Derivative financial instruments	2.3						37.2
Current financial liabilities							
Interest-bearing liabilities				163.9	163.9	163.9	30.2
Derivative financial instruments	6.0				6.0	6.0	37.2
Account and other payables				177.8	177.8	177.8	34.2
Total	**8.3**			**470.8**	**476.8**	**476.8**	

2010

FINANCIAL ASSETS	Financial assets/ liabilities at fair value through income statement	Loans and receivables	Available-for-sale financial assets	Financial assets/ liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value	Note
Non-current financial assets							
Long-term interest-bearing receivables		0.3			0.3	0.3	
Derivative financial instruments	0.5						37.2
Other financial assets			1.4		1.4	1.4	21
Current financial assets							
Short-term interest-bearing receivables		1.8			1.8	1.8	
Account and other receivables		344.5			344.5	344.5	24, 25
Derivative financial instruments	8.6				8.6	8.6	37.2
Cash and cash equivalents		98.5			98.5	98.5	27
Total	**9.2**	**445.1**	**1.4**		**455.1**	**455.1**	
FINANCIAL LIABILITIES							
Non-current financial liabilities							
Interest-bearing liabilities				32.9	32.9	32.9	30.1
Derivative financial instruments	0.5						37.2
Current financial liabilities							
Interest-bearing liabilities				50.2	50.2	50.2	30.2
Derivative financial instruments	6.2				6.2	6.2	37.2
Account and other payables				140.3	140.3	140.3	34.2
Total	**6.7**			**223.4**	**229.6**	**229.6**	

31. EMPLOYEE BENEFITS

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

31.1. AMOUNTS RECOGNIZED IN THE BALANCE SHEET	2011	2010
Present value of obligation wholly unfunded	59.6	58.5
Present value of obligation wholly or partly funded	48.5	43.2
Defined benefit plan obligations	108.1	101.7
Fair value of plan assets	-44.9	-39.1
Deficit (+) / Surplus (-)	63.2	62.6
Unrecognized net actuarial gain (+)/loss (-)	-4.5	-5.6
Total	**58.7**	**57.0**

31.2. COMPONENTS OF DEFINED BENEFIT PLAN RECOGNIZED IN STATEMENT OF INCOME	2011	2010
Current service cost	2.5	1.9
Interest cost	5.1	5.0
Expected return on plan assets	-2.2	-2.2
Past service cost	0.6	0.4
Settlements and curtailments	0.0	-0.4
Net actuarial gain (-)/loss (+) recognized in year	0.7	0.7
Total	**6.8**	**5.3**

31.3. MOVEMENTS OF THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION	2011	2010
Obligation as of January 1	101.7	88.3
Translation difference	1.3	1.7
Business combinations	1.0	0.0
Reclassification of pension liabilities	1.2	0.8
Past service cost	0.6	0.4
Settlements and curtailments	-0.1	-0.9
Current service cost	2.5	1.9
Interest cost	5.1	5.0
Actuarial gains (-) / losses (+)	0.1	9.6
Benefits paid (-)	-5.3	-5.0
Obligation as of December 31	**108.1**	**101.7**

31.4. MOVEMENTS OF THE FAIR VALUE OF PLAN ASSETS	2011	2010
Fair value of plan assets as of January 1	39.1	33.9
Translation difference	1.2	1.1
Business combinations	0.5	0.0
Expected return on plan assets	2.2	2.2
Employer contributions	2.4	2.6
Settlements and curtailments	0.6	-0.5
Actuarial gains (+) / losses (-)	0.8	2.0
Benefits paid (-)	-2.0	-2.1
Fair value of plan assets as of December 31	**44.9**	**39.1**

31.5. DEFINED BENEFIT PLAN: THE MAIN ACTUARIAL ASSUMPTIONS	2011	2010
Discount rate %	3.10–8.75	3.10–8.25
Expected return on plan assets %	4.00–8.75	6.30–8.00
Future salary increase %	2.50–15.00	2.50–6.00
Future pension payment increase %	1.50–4.00	1.50–3.50

The expected return on plan assets was determined by considering the expected returns available on the assets.

Expected returns on equities reflect long-term real rates of return experienced in the respective markets and the returns of bonds are based on the terms of agreement.

31.6. AMOUNTS FOR THE CURRENT AND PREVIOUS PERIODS:	2011	2010	2009	2008	2007
Defined benefit obligation	108.1	101.7	88.3	77.2	98.3
Fair value of plan assets	-44.9	-39.1	-33.9	-27.9	-40.1
Surplus (-) /deficit (+)	63.2	62.6	54.4	49.3	58.2
Actuarial losses (-) / gains (+) on plan liabilities	-0.1	-9.6	-7.2	7.5	-0.9
Actuarial losses (-) / gains (+) on plan assets	0.8	2.0	2.8	-5.5	0.0

32. DEFERRED TAX ASSETS AND LIABILITIES

32.1. DEFERRED TAX ASSETS	2011	2010
Employee benefits	8.6	8.5
Provisions	13.6	12.7
Unused tax losses	15.9	12.5
Other temporary difference	9.9	7.0
Total	**47.9**	**40.7**

32.2. DEFERRED TAX LIABILITIES	2011	2010
Intangible and tangible assets	20.9	16.0
Other temporary difference	5.7	2.1
Total	**26.6**	**18.1**

Konecranes has not recognized the temporary differences in investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. The biggest temporary difference for which no deferred tax liability has been recognized relates to the distributable profits in Canadian subsidiaries. The estimated withholding tax 5 per cent amounts EUR 1.2 million.

32.3. TAX LOSSES CARRIED FORWARD

At the end of year 2011, Konecranes recorded a deferred tax asset of EUR 15.9 million (EUR 12.5 million in 2010) on the carry-forward losses totally amounting to EUR 125.9 million (EUR 121.1 million in 2010). The carry-forward losses, for which no deferred tax assets are recognized due to the uncertainty of the utilization of the losses, amounted to EUR 77.5 million in the year 2011 (EUR 83.7 million in 2010).

The main portion of carry-forward losses relates to Morris Material Handling, Inc., USA, which was acquired in 2006. The overall losses of Morris Material Handling, Inc. amounted to EUR 55.4 million (EUR 62.9 million in 2010). The Group has recorded a deferred tax asset amounting to EUR 12.4 million (EUR 9.7 million in 2010) based on the tax losses estimated to be utilized during the years 2012–2021 amounting to EUR 34.3 million. Since the result performance of US operations have been able to fully utilize the carry forward losses during the last five years Group decided to increase the valuation of deferred tax asset by calculating it from the next ten years' carry forward losses instead of previously used three years' losses. For the amount of EUR 21.1 million tax loss carryforwards deductible over the period 2022–2031 no deferred tax asset has been recognized due to uncertainties and limitations on deductible annual amounts.

Tax losses carried forward and related deferred tax assets on December 31 by the most significant countries as following:

2011	Tax losses carried forward	Potential deferred tax assets	Deferred tax assets not recorded	Deferred tax assets
USA	55.4	20.5	8.1	12.4
Germany	7.7	1.9	1.9	0.0
The Netherlands	10.1	2.6	1.1	1.4
Austria	16.1	4.0	3.0	1.0
Spain	10.0	3.0	3.0	0.0
Italy	3.9	1.3	1.3	0.0
Finland	3.8	0.9	0.0	0.9
Japan	6.9	2.8	2.8	0.0
Other	11.9	6.6	6.5	0.1
Total	**125.9**	**43.7**	**27.8**	**15.9**

2010	Tax losses carried forward	Potential deferred tax assets	Deferred tax assets not recorded	Deferred tax assets
USA	62.9	23.9	14.0	9.7
Germany	8.9	2.3	2.3	0.0
The Netherlands	9.0	2.3	0.7	1.6
Austria	14.0	3.5	2.5	1.0
Spain	8.2	2.5	2.5	0.0
Italy	3.4	1.2	1.2	0.0
Finland	1.7	0.5	0.5	0.0
Other	13.0	4.5	4.3	0.2
Total	**121.1**	**40.7**	**28.0**	**12.5**

33. PROVISIONS

2011	Warranty	Restructur-ing	Pension commit-ments	Other	Total
Total provisions as of January 1	24.7	7.4	4.4	13.6	50.1
Translation difference	0.1	0.2	0.1	0.4	0.7
Increase through business combination	0.4	0.0	0.0	0.5	0.9
Additional provision in the period	8.9	7.6	0.1	4.7	21.3
Utilization of provision	5.0	3.6	0.7	3.8	13.1
Unused amounts reversed	3.6	0.4	0.0	1.9	5.9
Total provisions as of December 31	**25.5**	**11.3**	**3.9**	**13.4**	**54.1**

2010	Warranty	Restructur-ing	Pension commit-ments	Other	Total
Total provisions as of January 1	26.1	16.7	3.9	14.4	61.1
Translation difference	0.6	0.1	0.3	0.7	1.7
Increase through business combination	0.1	0.0	0.0	0.0	0.1
Additional provision in the period	9.4	3.4	0.7	5.6	19.0
Utilization of provision	8.0	11.6	0.4	5.1	25.2
Unused amounts reversed	3.5	1.1	0.0	2.0	6.6
Total provisions as of December 31	**24.7**	**7.4**	**4.4**	**13.6**	**50.1**

The provision for warranties covers the expenses due to the repair or replacement of products during their warranty period. The warranty liability is based on historical realized warranty costs for deliveries of standard products and services. The usual warranty period is 12 months. For more complex contracts, mainly including long-term projects, the warranty reserve is calculated contract by contract and the warranty could be up to two years. The restructuring provision is recognized when the Group has prepared a detailed reorganization plan and begun implementation of the plan or announced the matter. Pension commitments include provisions for local pension schemes.

Other provisions include provisions for claims, litigations and loss contracts.

34. CURRENT LIABILITIES

34.1. ACCRUALS	2011	2010
Wages, salaries and personnel expenses	70.6	62.6
Pension costs	5.0	3.8
Interest	1.7	1.0
Late cost reservations	85.7	83.9
Other items	46.7	26.3
Total	**209.7**	**177.6**

34.2. OTHER CURRENT LIABILITIES (NON-INTEREST BEARING)	2011	2010
Bills payable	2.3	1.0
Value added tax	14.1	11.7
Other short-term liabilities	9.1	10.5
Total	**25.5**	**23.2**

35. LEASE LIABILITIES

35.1. FINANCE LEASE	2011	2010
Minimum lease payments		
within 1 year	3.3	2.9
1–5 years	6.0	5.9
over 5 years	0.0	0.0
Total	**9.3**	**8.8**
Present value of finance lease		
within 1 year	3.2	2.8
1–5 years	5.4	5.3
over 5 years	0.0	0.0
Total	**8.6**	**8.1**

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

35.2. OPERATING LEASES	2011	2010
Minimum lease payments		
within 1 year	31.2	30.3
1–5 years	60.9	56.8
over 5 years	9.6	12.9
Total	**101.8**	**100.0**
Operative rental expenses during the year	33.2	29.2

The Konecranes Group has major operating lease agreements of factory and office buildings in Hyvinkää and Hämeenlinna, Finland. They are valid for 10–12 years, unless the lessee extends the lease period by five years. The lessee is entitled to exercise the 5-year extending option three consecutive times. The Group has various other operating leases for office equipments, vehicles and premises with varying terms and renewal rights.

36. CONTINGENT LIABILITIES AND PLEDGED ASSETS

	2011	2010
For own commercial obligations		
Guarantees	371.2	347.2
Leasing liabilities	101.8	100.0
Other	0.1	0.1
Total	**473.0**	**447.3**

Leasing contracts comply with normal practices in the countries concerned.

Contingent liabilities relating to litigation

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

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

37. NOMINAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	2011 Nominal value	2011 Fair value	2010 Nominal value	2010 Fair value
Foreign exchange forward contracts	479.0	-7.6	397.2	2.1
Currency options	15.0	-0.1	0.0	0.0
Interest rate swaps	70.0	-1.1	0.0	0.0
Electricity forward contracts	1.8	-0.2	2.4	0.4
Total	**565.9**	**-9.0**	**399.6**	**2.5**

Derivatives are used for hedging currency and interest rate risks as well as risk of price fluctuation of electricity. Company applies hedge accounting on derivatives used to hedge cash flows in certain large crane projects and to interest rates of certain long-term loans.

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

- Level 1 - quoted prices in active markets for identical financial instruments
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - inputs for the financial instrument that are not based on observable market data (unobservable inputs)

Classification of financial instruments within the IFRS 7 fair value hierarchy: level 2 for all values as at 31 Dec 2011.

37.1. BREAKDOWN OF NOMINAL VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	Remaining maturities 2011 < 1 year	1–6 years	Total	Remaining maturities 2010 < 1 year	1–6 years	Total
Foreign exchange forward contracts	278.5	29.3	307.8	79.4	60.9	140.3
Currency options	0.0	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	70.0	70.0	0.0	0.0	0.0
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0	0.0
Total	**278.5**	**99.3**	**377.8**	**79.4**	**60.9**	**140.3**

NON-HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	Remaining maturities 2011 < 1 year	1–6 years	Total	Remaining maturities 2010 < 1 year	1–6 years	Total
Foreign exchange forward contracts	171.3	0.0	171.3	254.4	2.5	256.9
Currency options	15.0	0.0	15.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	0.0	0.0	0.0	0.0
Electricity forward contracts	0.8	1.0	1.8	1.2	1.3	2.4
Total	**187.2**	**1.0**	**188.2**	**255.6**	**3.7**	**259.3**

DERIVATIVE FINANCIAL INSTRUMENTS TOTAL	Remaining maturities 2011 < 1 year	1–6 years	Total	Remaining maturities 2010 < 1 year	1–6 years	Total
Foreign exchange forward contracts	449.8	29.3	479.0	333.9	63.3	397.2
Currency options	15.0	0.0	15.0	0.0	0.0	0.0
Interest rate swaps	0.0	70.0	70.0	0.0	0.0	0.0
Electricity forward contracts	0.8	1.0	1.8	1.2	1.3	2.4
Total	**465.7**	**100.2**	**565.9**	**335.0**	**64.6**	**399.6**

37.2. BREAKDOWN OF FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

2011

HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	Positive fair values < 1 year	1–6 years	Negative fair values < 1 year	1–6 years	Net fair values
Foreign exchange forward contracts	5.0	0.4	-7.6	-1.2	-3.4
Currency options	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	-0.2	-0.9	-1.1
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0
Total	**5.0**	**0.4**	**-7.8**	**-2.0**	**-4.5**

NON-HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	Positive fair values < 1 year	1–6 years	Negative fair values < 1 year	1–6 years	Net fair values
Foreign exchange forward contracts	0.9	0.0	-5.1	0.0	-4.2
Currency options	0.0	0.0	-0.1	0.0	-0.1
Interest rate swaps	0.0	0.0	0.0	0.0	0.0
Electricity forward contracts	0.1	0.0	-0.2	-0.1	-0.2
Total	**0.9**	**0.0**	**-5.3**	**-0.1**	**-4.4**

DERIVATIVE FINANCIAL INSTRUMENTS TOTAL	Positive fair values < 1 year	1–6 years	Negative fair values < 1 year	1–6 years	Net fair values
Foreign exchange forward contracts	5.9	0.4	-12.7	-1.2	-7.6
Currency options	0.0	0.0	-0.1	0.0	-0.1
Interest rate swaps	0.0	0.0	-0.2	-0.9	-1.1
Electricity forward contracts	0.1	0.0	-0.2	-0.1	-0.2
Total	**5.9**	**0.4**	**-13.2**	**-2.1**	**-9.0**

2010

HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	Positive fair values < 1 year	1–6 years	Negative fair values < 1 year	1–6 years	Net fair values
Foreign exchange forward contracts	0.9	0.3	-0.3	-0.1	0.9
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0
Total	**0.9**	**0.3**	**-0.3**	**-0.1**	**0.9**

NON-HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	Positive fair values < 1 year	1–6 years	Negative fair values < 1 year	1–6 years	Net fair values
Foreign exchange forward contracts	7.0	0.0	-5.3	-0.4	1.2
Electricity forward contracts	0.7	0.2	-0.5	0.0	0.4
Total	**7.7**	**0.2**	**-5.9**	**-0.5**	**1.6**

DERIVATIVE FINANCIAL INSTRUMENTS TOTAL	Positive fair values < 1 year	1–6 years	Negative fair values < 1 year	1–6 years	Net fair values
Foreign exchange forward contracts	7.9	0.3	-5.6	-0.5	2.1
Electricity forward contracts	0.7	0.2	-0.5	0.0	0.4
Total	**8.6**	**0.5**	**-6.2**	**-0.5**	**2.5**

38. HEDGE RESERVE OF CASH FLOW HEDGES

	2011	2010
Balance as of January 1	0.5	2.3
Gains and losses deferred to equity (fair value reserve)	-4.6	-2.4
Change in deferred taxes	1.1	0.6
Balance as of December 31	**-2.9**	**0.5**

The Group applies hedge accounting to certain large cranes projects in which expected cash flows are highly probable and to interest rates of certain long-term loans.

39. RELATED PARTY TRANSACTIONS

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

TRANSACTIONS WITH ASSOCIATED COMPANIES AND JOINT VENTURES	2011	2010
Sales of goods and services with associated companies and joint ventures	10.9	8.5
Receivables from associated companies and joint ventures	3.0	5.6
Purchases of goods and services from associated companies and joint ventures	2.4	0.9
Liabilities to associated companies and joint ventures	0.0	0.0

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

Key management compensation

The Board of Directors, the CEO and Extended Management Team.

See Note 13. of the Consolidated Financial Statements.

KONECRANES GROUP 2007–2011

BUSINESS DEVELOPMENT		2011	2010	2009	2008	2007
Orders received	MEUR	1,896.1	1,536.0	1,348.9	2,067.1	1,872.0
Order book	MEUR	991.8	756.2	607.0	836.3	757.9
Net sales	MEUR	1,896.4	1,546.3	1,671.3	2,102.5	1,749.7
of which outside Finland	MEUR	1,796.6	1,457.4	1,575.1	1,979.6	1,652.2
Export from Finland	MEUR	570.7	427.2	488.4	700.1	579.8
Personnel on average		10,998	9,739	9,811	9,222	8,005
Personnel on 31 December		11,651	10,042	9,782	9,904	8,404
Capital expenditure	MEUR	32.4	22.3	25.7	22.3	25.2
as a percentage of net sales	%	1.7%	1.4%	1.5%	1.1%	1.4%
Research and development costs	MEUR	29.6	21.5	22.0	19.0	16.2
as % of Group net sales	%	1.6%	1.4%	1.3%	0.9%	0.9%
PROFITABILITY						
Net sales	MEUR	1,896.4	1,546.3	1,671.3	2,102.5	1,749.7
Operating profit (including restructuring costs)	MEUR	106.9	112.4	97.9	248.7	192.3
as percentage of net sales	%	5.6%	7.3%	5.9%	11.8%	11.0%
Income before taxes	MEUR	95.8	111.3	88.6	236.2	178.8
as percentage of net sales	%	5.1%	7.2%	5.3%	11.2%	10.2%
Net income (incl. non-controlling interest)	MEUR	64.9	78.2	62.5	166.6	129.2
as percentage of net sales	%	3.4%	5.1%	3.7%	7.9%	7.4%
KEY FIGURES AND BALANCE SHEET						
Equity (incl. non-controlling interest)	MEUR	438.8	456.2	407.1	400.7	280.8
Balance Sheet	MEUR	1,446.3	1,175.5	1,060.4	1,205.4	956.9
Return on equity	%	14.5	18.1	15.5	48.9	51.2
Return on capital employed	%	17.1	24.2	19.3	56.3	50.4
Current ratio		1.3	1.4	1.4	1.5	1.3
Solidity	%	34.5	44.7	45.1	39.9	36.1
Gearing	%	50.1	-3.8	-19.1	2.8	7.0
SHARES IN FIGURES						
Earnings per share, basic	EUR	1.11	1.35	1.08	2.83	2.17
Earnings per share, diluted	EUR	1.10	1.34	1.08	2.82	2.13
Equity per share	EUR	7.57	7.64	6.84	6.75	4.80
Cash flow per share	EUR	-0.35	0.97	3.79	1.82	3.08
Dividend per share	EUR	1.00*	1.00	0.90	0.90	0.80
Dividend / earnings	%	90.1	74.1	83.3	31.8	36.9
Effective dividend yield	%	6.9	3.2	4.7	7.5	3.4
Price / earnings		13.1	22.9	17.7	4.3	10.9
Trading low / high**	EUR	13.18/34.17	19.08/32.04	10.61/22.04	9.90/32.50	20.68/34.90
Average share price**	EUR	22.83	23.84	16.66	21.05	27.41
Share price on 31 December**	EUR	14.54	30.89	19.08	12.08	23.58
Year-end market capitalization	MEUR	831.7	1,821.3	1,122.1	713.6	1,379.6
Number traded**	(1,000)	125,626	88,013	113,270	171,519	128,266
Stock turnover	%	219.6	149.3	192.6	290.4	219.2
Average number of shares outstanding, basic	(1,000)	58,982	58,922	58,922	58,726	59,609
Average number of shares outstanding, diluted	(1,000)	59,362	59,274	59,086	58,987	60,507
Number of shares outstanding, at end of the period	(1,000)	57,199	58,960	58,813	59,070	58,506

** The Board's proposal to the AGM*
*** Source: NASDAQ OMX Helsinki*

CALCULATION OF KEY FIGURES

Return on equity (%):

$$\frac{\text{Net profit for the period}}{\text{Total equity (average during the period)}} \quad \textbf{X 100}$$

Return on capital employed (%):

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

Current ratio:

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

Solidity (%):

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

Gearing (%):

$$\frac{\text{Interest-bearing liabilities - liquid assets - loans receivable}}{\text{Total equity}} \quad \textbf{X 100}$$

Earnings per share:

$$\frac{\text{Net profit for the shareholders of the parent company}}{\text{Average number of shares outstanding}}$$

Earnings per share, diluted:

$$\frac{\text{Net profit for the shareholders of the parent company}}{\text{Average fully diluted number of shares outstanding}}$$

Equity per share:

$$\frac{\text{Equity attributable to the shareholders of the parent company}}{\text{Number of shares outstanding}}$$

Cash flow per share:

$$\frac{\text{Net cash flow from operating activities}}{\text{Average number of shares outstanding}}$$

Effective dividend yield (%):

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

Price per earnings:

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

Year-end market capitalization: Number of shares outstanding multiplied by the share price at the end of year

Average number of personnel: Calculated as average of number of personnel in quarters

Number of shares outstanding: Total number of shares - treasury shares

COMPANY LIST

SUBSIDIARIES OWNED BY THE PARENT COMPANY

(1,000 EUR)		Book value of shares	Parent company's share %	Group's share %
Finland:	Konecranes Finance Oy	46,448	100	100
	Konecranes Finland Oy	14,677	28	100

SUBSIDIARIES OWNED BY THE GROUP

		Book value of shares	Group's share %
Australia:	Konecranes Pty Ltd.	168	100
Austria:	Konecranes Ges.m.b.H	1,718	100
	Konecranes Lifting Systems GmbH	16,833	100
Belgium:	S.A. Konecranes N.V.	0	100
Brazil:	Konecranes Talhas, Pontes Rolantes e Serviços Ltda.	3,010	100
Canada:	3016117 Nova Scotia ULC	0	100
	Hydramach ULC	0	100
	Kaverit Cranes and Service ULC	0	100
	Konecranes Canada Inc.	893	100
	MHE Canada ULC	0	100
	Overhead Crane Ltd.	0	100
Cayman Islands:	Morris Middle East Ltd.	0	100
Chile:	Konecranes Chile SpA	1	100
China:	Dalian Konecranes Company Ltd.	1,948	100
	Konecranes (Shanghai) Co. Ltd.	0	100
	Konecranes (Shanghai) Company Ltd.	3,825	100
	Konecranes Port Machinery (Shanghai) Co Ltd	1,868	100
	Sanma Hoists & Cranes Co. Ltd	17,124	65
	Stahl CraneSystems Trading (Shanghai) Co. Ltd.	183	100
	SWF Krantechnik Co., Ltd.	602	100
Czech Republic:	Konecranes CZ s.r.o.	455	100
Denmark:	Konecranes A/S	76	100
Estonia:	Konecranes Oü	0	100
Finland:	Konecranes Service Oy	2,615	100
	Konecranes Software Products Oy	1,014	100
	Konecranes YardIT Oy	4,935	100
	Nosturiexpertit Oy	10	100
	Permeco Oy	113	100
	Suomen Teollisuusosa Oy	5,365	100
France:	Bouyer Manutention S.A.	1,516	100
	CGP-Konecranes S.A.	1,212	100
	KCI Holding France S.A.	461	100
	Konecranes (France) S.A.	0	100
	Stahl CraneSystems S.A.S.	0	100
	Verlinde S.A.	2,782	99.6
Germany:	Eurofactory GmbH	1,239	100
	Konecranes Holding GmbH	15,262	100
	Konecranes Lifting Systems GmbH	804	100
	Stahl CraneSystems GmbH	30,776	100
	Konecranes GmbH	4,300	100
	SWF Krantechnik GmbH	15,500	100
Greece:	Konecranes Hellas Lifting Equipment and Services S.A.	60	100
Hungary:	Konecranes Kft.	792	100
	Konecranes Supply Hungary Kft.	1,406	100
India:	Konecranes India Private Ltd.	927	100
	Stahl CraneSystems (India) Pvt. Ltd.	54	100
	WMI Konecranes India Ltd.	56,718	100
Indonesia:	Pt. Konecranes	0	100

		Book value of shares	Group's share %
Italy:	Konecranes S.r.l.	4,390	100
	Stahl CraneSystems S.r.l.	110	100
Japan:	Konecranes Company Ltd.	5,141	100
Latvia:	SIA Konecranes Latvija	2	100
Lithuania:	UAB Konecranes	52	100
Luxembourg:	Materials Handling International S.A.	300	100
Malaysia:	Konecranes Sdn. Bhd.	714	100
Mexico:	Konecranes Mexico SA de CV	2,185	100
Morocco:	Techniplus S.A.	5,876	99.9
The Netherlands:	Konecranes BV	18	100
	Konecranes Holding BV	13,851	100
Norway:	Konecranes A/S	8,584	100
	Konecranes Norway Holding A/S	3,588	100
Peru:	Konecranes Peru S.R.L	0	100
Poland:	Konecranes Sp. z o.o.	810	100
Portugal:	Ferrometal Lda.	1,556	100
Romania:	Konecranes S.A.	98	100
Russia:	ZAO Konecranes	161	100
Saudi Arabia	Saudi Cranes & Steel Works Factory LLC	10,652	100
Singapore:	KCI Cranes Holding (Singapore) Pte Ltd	49,117	100
	Konecranes Pte Ltd	1,846	100
	Morris Material Handling Pte Ltd.	260	100
	Stahl CraneSystems Pte. Ltd.	0	100
Slovakia:	Konecranes Slovakia s.r.o.	200	100
Slovenia:	Konecranes, d.o.o.	200	100
South Africa:	Konecranes Pty Ltd	3,356	100
Spain:	Konecranes Ausió S.L.	16,299	100
	Stahl CraneSystems S.L.	0	100
Sweden:	Konecranes AB	1,534	100
	Konecranes Lifttrucks AB	26,073	100
	Konecranes Sweden Holding AB	1,682	100
Switzerland:	Konecranes AG	404	100
Thailand:	Konecranes (Thailand) Ltd.*	100	49
Turkey:	Konecranes Ticaret Ve Servis Limited Sirketi	53	100
Ukraine:	JSC "Craneservice Ukraine"	0	100
	Konecranes Ukraine JSC	2,048	100
	ZAO Zaporozhje Kran Holding*	998	49
	ZAO Zaporozhkij Zavod Tjazhelogo Kranostorenia*	546	49.23
United Arab Emirates:	Stahl CraneSystems FZE	221	100
	Konecranes Middle East FZE	1,774	100
United Kingdom:	Axis Machine Tool Engineering Limited	0	100
	Bond Engineering (Maintenance) Ltd.	0	100
	Electron Services Ltd.	0	100
	Konecranes Machine Tool Service Ltd.	2,922	100
	K&B Machine Tool Services Ltd.	0	100
	KCI Holding U.K. Ltd.	13,656	100
	Konecranes (U.K.) Ltd.	7,985	100
	Lloyds Konecranes Pension Trustees Ltd.	0	100
	Morris Material Handling Ltd.	6,419	100
	Stahl CraneSystems Ltd.	0	100
U.S.A.	KCI Holding USA, Inc.	53,901	100
	Konecranes, Inc.	41,186	100
	Konecranes Nuclear Equipment & Services, LLC	0	100
	Merwin, LLC	0	100
	MMH Americas, Inc.	0	100
	MMH Holdings, Inc.	0	100
	Morris Material Handling, Inc.	55,211	100
	PHMH Holding Company	0	100
	R&M Materials Handling, Inc.	6,337	100
	Stahl CraneSystems Inc.	0	100
Vietnam:	Konecranes Vietnam Co.,Ltd	194	100

** Konecranes Group has the majority representation on the entity's board of directors and approves all major operational decisions and thereby Konecranes consolidates them in the Group's financial statements.*

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

		Assets value	Group's share %
China:	Guangzhou Technocranes Company Ltd	585	25
	Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd.	355	30
	Shanghai High Tech Industrial Crane Company, Ltd.	1,729	28
France:	Boutonnier Adt Levage S.A.	312	25
	Levelec S.A.	219	20
	Manulec S.A.	243	25
	Manelec S.a.r.l.	73	25
	Sere Maintenance S.A.	47	25
Japan:	KITO Corporation	29,400	24.4
Saudi Arabia:	Eastern Morris Cranes Limited	988	49
Thailand:	Morris Material Handling (Thailand) Ltd.	0	49
	Morris Thailand Co. Ltd.	0	49
United Arab Emirates:	Crane Industrial Services LLC	691	49

AVAILABLE-FOR-SALE INVESTMENTS

		Book value of shares	Group's share %
Estonia:	AS Konesko	498	19
Finland:	East Office of Finnish Industries Oy	50	5.26
	Fimecc Oy	120	5.69
	Levator Oy	34	19
	Vierumäen Kuntorinne Oy	345	3.3
France:	Heripret Holding SAS	53	19
	Societe d'entretrien et de transformation d'engins mecaniques	0	19
Indonesia:	Pt Technocranes International Ltd.	3	15
Malaysia:	Kone Products & Engineering Sdn. Bhd.	12	10
Venezuela:	Gruas Konecranes CA	4	10
Others:		263	
Total:		**1,382**	

PARENT COMPANY STATEMENT OF INCOME – FAS

(1,000 EUR)		1 Jan–31 Dec 2011	1 Jan–31 Dec 2010
Note:			
4	**Sales**	**83,576**	**55,951**
	Other operating income	1,358	0
5	Depreciation and impairments	-2,099	-1,872
6	Other operating expenses	-76,801	-57,754
	Operating profit	**6,034**	**-3,676**
7	Financial income and expenses	14,821	25,974
	Income before extraordinary items	**20,855**	**22,299**
8	Extraordinary items	27,495	44,130
	Income before appropriations and taxes	**48,350**	**66,429**
9	Income taxes	-8,300	-10,057
	Net income	**40,050**	**56,372**

PARENT COMPANY CASH FLOW – FAS

(1,000 EUR)	1 Jan–31 Dec 2011	1 Jan–31 Dec 2010
Cash flow from operating activities		
Operating income	**6,034**	**-3,676**
Adjustments to operating profit		
Depreciation and impairments	2,099	1,872
Extraordinary income	44,130	47,980
Other adjustments	-1,358	136
Operating income before changes in net working capital	**50,905**	**46,312**
Change in interest-free short-term receivables	-13,243	-11,684
Change in interest-free short-term liabilities	17,128	8,039
Change in net working capital	**3,885**	**-3,645**
Cash flow from operations before financing items and taxes	**54,790**	**42,667**
Interest received	2,251	1,539
Interest paid	0	-230
Other financial income and expenses	-80	-96
Income taxes paid	-15,069	-8,087
Financing items and taxes	**-12,898**	**-6,874**
NET CASH FROM OPERATING ACTIVITIES	**41,892**	**35,793**
Cash flow from investing activities		
Investments in other shares	0	-81
Capital expenditure to tangible assets	-1,408	-206
Capital expenditure and advance payments to intangible assets	-29,289	-7,543
Proceeds from sale of fixed assets	0	0
Dividends received	13,125	24,300
NET CASH USED IN INVESTING ACTIVITIES	**-17,572**	**16,470**
Cash flow before financing activities	**24,320**	**52,263**
Cash flow from financing activities		
Proceeds from options excercised and share issues	24,498	1,247
Purchase of treasury shares	-51,271	0
Repayments of long-term receivables	62,980	0
Dividends paid	-60,553	-53,484
NET CASH USED IN FINANCING ACTIVITIES	**-24,346**	**-52,237**
Cash and cash equivalents from KCR Management Oy	211	0
CHANGE OF CASH AND CASH EQUIVALENTS	**185**	**26**
Cash and cash equivalents at beginning of period	27	1
Cash and cash equivalents at end of period	212	27
CHANGE OF CASH AND CASH EQUIVALENTS	**185**	**26**

PARENT COMPANY BALANCE SHEET – FAS

(1,000 EUR)	ASSETS	31 Dec 2011	31 Dec 2010
Note:			
	NON-CURRENT ASSETS		
	Intangible assets		
10	Intangible rights	5,475	3,670
	Advance payments	31,740	5,864
		37,215	**9,534**
	Tangible assets		
11	Machinery and equipment	1,711	795
		1,711	**795**
12	**Investments**		
	Investments in Group companies	50,649	50,731
	Other shares and similar rights of ownership	515	515
		51,164	**51,246**
	Total non-current assets	**90,090**	**61,575**
	CURRENT ASSETS		
	Long-term receivables		
	Loans receivable from Group companies	82,696	152,646
		82,696	**152,646**
	Short-term receivables		
	Accounts receivable	1,971	1,981
	Amounts owed by Group companies		
	Accounts receivable	24,529	15,765
	Advance payments paid	0	160
	Other receivable	0	4
14	Deferred assets	27,647	44,530
	Other receivables	5,168	1,435
14	Deferred assets	6,943	3,529
		66,257	**67,403**
	Cash in hand and at banks	**212**	**27**
	Total current assets	**149,166**	**220,077**
	TOTAL ASSETS	**239,257**	**281,651**

(1,000 EUR)	SHAREHOLDERS' EQUITY AND LIABILITIES	31 Dec 2011	31 Dec 2010
Note:			
15	**EQUITY**		
	Share capital	30,073	30,073
	Share premium account	39,307	39,307
	Share issue	0	149
	Paid in capital	35,120	10,473
	Retained earnings	60,013	123,868
	Net income for the period	40,050	56,372
		204,563	**260,242**
	LIABILITIES		
	Non-current liabilities		
	Other long-term liabilities	78	0
		78	**0**
	Provisions	**294**	**0**
	Current liabilities		
	Accounts payable	5,209	4,521
	Liabilities owed to Group companies		
	Accounts payable	17,560	3,365
16	Accruals	1,214	191
	Other short-term liabilities	502	414
16	Accruals	9,837	12,919
		34,322	**21,410**
	Total liabilities	**34,694**	**21,410**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**239,257**	**281,651**

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENT

1. ACCOUNTING PRINCIPLES

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

2. EXTRAORDINARY ITEMS

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

3. RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred.

STATEMENT OF INCOME

4. SALES

In the parent company the sales to subsidiaries totaled EUR 83.6 million (EUR 56.0 million in 2010) corresponding to a share of 100% (100% in 2010) of net sales.

5. DEPRECIATION AND IMPAIRMENTS

	2011	2010
Intangible rights	1.6	1.3
Machinery and equipment	0.5	0.6
Total	**2.1**	**1.9**

6. OTHER OPERATING EXPENSES AND PERSONNEL

COSTS AND EXPENSES IN THE STATEMENT OF INCOME WERE AS FOLLOWS:	2011	2010
Wages and salaries	16.9	14.0
Pension costs	3.3	2.5
Other personnel expenses	0.8	0.7
Other operating expenses	55.8	40.6
Total	**76.8**	**57.8**

WAGES AND SALARIES IN ACCORDANCE WITH THE STATEMENT OF INCOME		
Remuneration to Board	0.4	0.4
Other wages and salaries	16.5	13.6
Total	**16.9**	**14.0**
The average number of personnel	251	190

Auditors fees		
Audit	0.1	0.1
Other services	0.2	0.3
Total	**0.4**	**0.4**

7. FINANCIAL INCOME AND EXPENSES

	2011	2010
Financial income from long-term investments:		
Dividend income from group companies	13.1	24.3
Dividend income total	13.1	24.3
Interest income from long-term receivables:		
From group companies	2.0	1.6
Other interest income	0.0	0.0
Interest income from long-term receivables total	2.0	1.6
Financial income from long-term investments total	15.1	25.9
Interest and other financial income	0.0	0.2
Interest and other financial income total	0.0	0.2
Interest expenses and other financial expenses:		
Other financial expenses	0.4	0.1
Interest expenses and other financial expenses total	0.4	0.1
Financial income and expenses total	**14.8**	**26.0**

8. EXTRAORDINARY ITEMS

	2011	2010
Group contributions received from subsidiaries	27.5	44.1
Total	**27.5**	**44.1**

9. INCOME TAXES

	2011	2010
Taxes on extraordinary items	11.5	11.5
Taxes on ordinary operations	-2.7	-0.4
Taxes from previous years	-0.5	-1.0
Total	**8.3**	**10.1**

BALANCE SHEET

10. INTANGIBLE RIGHTS

	2011	2010
Acquisition costs as of January 1	12.6	11.4
Increase	3.4	1.7
Decrease	0.0	-0.5
Acquisition costs as of December 31	16.0	12.6
Accumulated depreciation 1 January	-9.0	-8.2
Accumulated depreciation relating to disposals	0.0	0.5
Accumulated depreciation	-1.6	-1.3
Total as of December 31	**5.5**	**3.7**

11. MACHINERY AND EQUIPMENT

	2011	2010
Acquisition costs as of January 1	4.8	4.8
Increase	1.4	0.2
Decrease	0.0	-0.1
Acquisition costs as of December 31	6.2	4.8
Accumulated depreciation 1 January	-4.0	-3.6
Accumulated depreciation relating to disposals	0.0	0.1
Accumulated depreciation	-0.5	-0.6
Total as of December 31	**1.7**	**0.8**

12. INVESTMENTS

	2011	2010
Acquisition costs as of January 1	51.2	51.0
Increase	0.0	0.3
Decrease	0.1	0.0
Total as of December 31	**51.2**	**51.2**

INVESTMENTS IN GROUP COMPANIES	Domicile	2011 Book value	2010 Book value
Konecranes Finance Corp.	Hyvinkää	46.4	46.4
Konecranes Finland Corp.	Hyvinkää	4.2	4.2
KCR Management Oy	Hyvinkää	0.0	0.1
Total		**50.6**	**50.7**

Other shares and similar rights of ownership	2011	2010
Vierumäen Kuntorinne Oy	0.3	0.3
Pärjä Oy	0.0	0.0
East Office of Finnish Industries Oy	0.1	0.1
Fimecc Oy	0.1	0.1
Total	**0.5**	**0.5**

13. TREASURY SHARES

	2011	2010
Number of shares as of January 1	2,524,760	2,542,600
Increase	3,517,696	0
Decrease	0	-17,840
Number of shares as of December 31	**6,042,456**	**2,524,760**

Proposal by the Board of Directors to authorize the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares:

The AGM on March 31, 2011 authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares as follows:

The amount of own shares to be repurchased and/or accepted as pledge shall not exceed 6,000,000 shares in total, which corresponds to approximately 9.6% of all of the shares in the Company. However, the Company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 per cent of all the shares in the Company. Only the unrestricted equity of the Company can be used to repurchase own shares on the basis of the authorization.

Own shares can be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market.

The Board of Directors decides how own shares will be repurchased and/or accepted as pledge. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

Own shares can be repurchased to limit the dilutive effects of share issues carried out in connection with possible acquisitions, to develop the Company's capital structure, to be transferred in connection with possible acquisitions, to pay remuneration to Board members or to be cancelled, provided that the repurchase is in the interest of the Company and its shareholders.

The authorization is effective until the end of the next Annual General Meeting, however no longer than until 30 September 2012.

Authorizing the Board of Directors to decide on the issuance of shares as well as on the issuance of special rights entitling to shares

The AGM authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares referred to in chapter 10 section 1 of the Finnish Companies Act as follows.

The amount of shares to be issued based on this authorization shall not exceed 9,000,000 shares, which corresponds to approximately 14.5 percent of all of the shares in the Company.

The Board of Directors decides on all the conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). However, the authorization cannot be used for incentive arrangements.

The authorization is effective until the end of the next Annual General Meeting, however no longer than until 30 September 2012.

Proposal by the Board of Directors to authorize the Board of Directors to decide on the transfer of the company's own shares:

The AGM authorized the Board of Directors to decide on the transfer of the Company's own shares as follows:

The authorization is limited to a maximum of 6,000,000 shares, which corresponds to approximately 9.6% of all of the shares in the Company.

The Board of Directors decides on all the conditions of the transfer of own shares. The transfer of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The Board of Directors can also use this authorization to grant special rights concerning the Company's own shares, referred to in Chapter 10 of the Companies Act. However, the authorization cannot be used for incentive arrangements.

This authorization shall be effective until the next Annual General Meeting of Shareholders, however no longer than until 30 September 2012.

14. DEFERRED ASSETS

	2011	2010
Group contributions	27.5	44.1
Payments which will be realized during the next financial year	6.9	3.5
Pension costs	0.0	0.1
Interest	0.2	0.4
Total	**34.6**	**48.1**

15. EQUITY

	2011	2010
Share capital as of January 1	30.1	30.1
New issue	0.0	0.0
Share capital as of December 31	30.1	30.1
Share premium account 1 January	39.3	39.3
New issue	0.0	0.0
Share premium account as of December 31	39.3	39.3
Share issue 1 January	0.1	0.0
Increase	24.5	1.2
Decrease	-24.6	-1.1
Share issue 31 December	0.0	0.1
Paid in capital 1 January	10.5	9.0
Increase	24.6	1.4
Decrease	0.0	0.0
Paid in capital as of December 31	35.1	10.5
Retained earnings as of January 1	180.2	177.4
Dividend paid	-60.6	-53.5
Decrease	-59.7	0.0
Retained earnings as of December 31	60.0	123.9
Net income for the period	40.1	56.4
Shareholders' equity as of December 31	**204.6**	**260.2**

Distributable equity		
Paid in capital as of December 31	35.1	10.5
Retained earnings as of December 31	60.0	123.9
Net income for the period	40.1	56.4
Total	**135.2**	**190.7**

16. ACCRUALS

	2011	2010
Income taxes	0.0	3.9
Wages, salaries and personnel expenses	6.1	5.0
Interest	0.0	0.0
Other items	5.0	4.2
Total	**11.1**	**13.1**

17. CONTINGENT LIABILITIES AND PLEDGED ASSETS

	2011	2010
Contingent liabilities		
For obligations of subsidiaries		
Group guarantees	363.1	81.4
Other contingent and financial liabilities		
Leasing liabilities		
Next year	1.3	1.3
Later on	1.7	1.0

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

Other liabilities	0.0	0.1
Total by category		
Guarantees	363.1	81.4
Other liabilities	3.0	2.4
Total	**366.1**	**83.7**

18. NOMINAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	2011 Fair value	2011 Nominal value	2010 Fair value	2010 Nominal value
Foreign exchange forward contracts	-0.2	28.2	0.0	14.2

Derivatives are used for currency rate hedging only.

BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING

The parent company's non-restricted equity is EUR 135,183,409.18 of which the net income for the year is 40,050,228.07.

The Group's non-restricted equity is EUR 366,767,000.

According to the Finnish Companies Act, the distributable funds of the company are calculated based on the parent company's non-restricted equity. For the purpose of determining the amount of the dividend the Board of Directors has assessed the liquidity of the parent company and the economic circumstances subsequent to the financial year-end.

Based on such assessments the Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.00 will be paid on each share and that the remaining non-restricted equity is retained in shareholders' equity.

Helsinki, February 2, 2012

Stig Gustavson Chairman of the Board	Svante Adde Board member	Kim Gran Board member
Tapani Järvinen Board member	Matti Kavetvuo Board member	Nina Kopola Board member
Malin Persson Board member	Mikael Silvennoinen Board member	Pekka Lundmark President and CEO

AUDITOR'S REPORT

TO THE ANNUAL GENERAL MEETING OF KONECRANES PLC

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Konecranes Plc for the financial period 1.1.–31.12.2011. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

OPINION ON THE COMPANY'S FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

OPINIONS BASED ON ASSIGNMENT OF THE AUDIT COMMITTEE

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the distributable equity shown in the balance sheet for the parent company is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki, February 2, 2012

Ernst & Young Oy
Authorized Public Accountant Firm

Roger Rejström
Authorized Public Accountant

SHARES & SHAREHOLDERS

Shares and share capital

As of December 31, 2011, Konecranes Plc's fully paid-up share capital entered in the Trade Register was EUR 30,072,660, divided into 63,241,427 shares. Konecranes has one class of shares and each share entitles its holder to one vote at the Annual General Meeting and an equal dividend. Konecranes' shares are registered in the Finnish book-entry system.

On December 31, 2011, Konecranes Plc was in the possession of 6,042,456 own shares (3,042,456 in 2010), which corresponds to 9.6 percent of the total number of shares having a market value of EUR 87.9 million on that date.

Konecranes Plc repurchased 3,000,000 of its own shares in public trading on NASDAQ OMX Helsinki in the third quarter, which corresponds to 4.7 percent of the total number of shares. The consideration paid for the shares amounted to EUR 51.3 million, which reduced equity by the same amount.

A total of 281,007 new shares subscribed in the Konecranes Plc's share issue directed to the shareholders of KCR Management Oy, following the share swap announced on December 14, 2010, were entered into the Trade Register on January 13, 2011.

Market capitalization and share trading

As of the end of 2011, the total market capitalization of Konecranes Plc on NASDAQ OMX Helsinki was EUR 831.7 million, excluding treasury shares (EUR 1,821 million at year-end 2010).

The traded volume of Konecranes' shares totaled some 125.6 million on NASDAQ OMX Helsinki, which represents 220 percent of the Company's total outstanding shares at the end of 2011. In monetary terms, this was valued at EUR 2,868 million. The daily average trading volume was 496,544 shares, representing a daily average turnover of EUR 11.3 million. In addition, approximately 95 million Konecranes' shares were traded on other trading venues (e.g. multilateral trading facilities and bilateral OTC trades) in 2011 according to Fidessa.

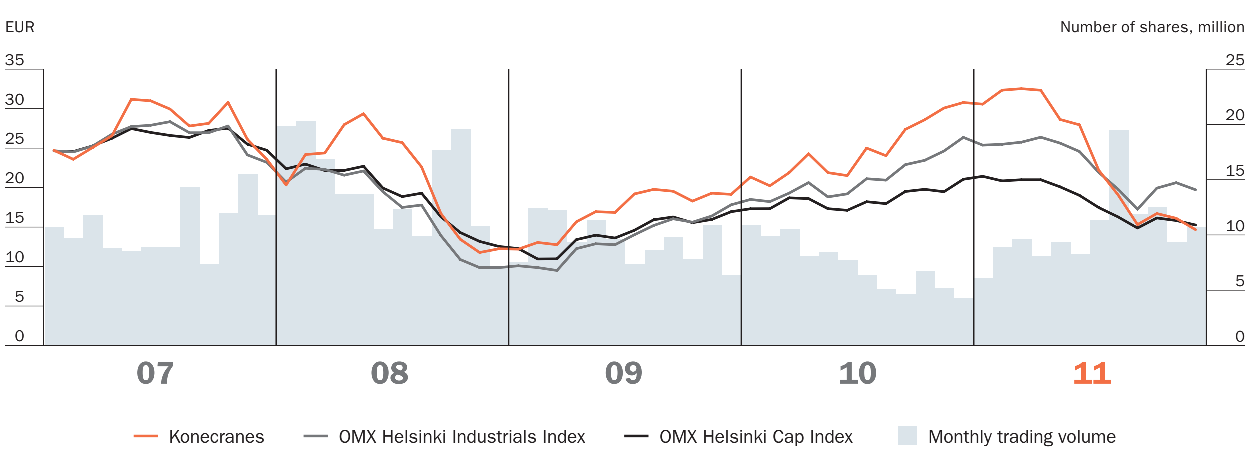
Konecranes' shares closed the year at EUR 14.54 (EUR 30.89 at year-end 2010) on NASDAQ OMX Helsinki. The volume-weighted average trading price for the year was EUR 22.83. The highest quotation for the Konecranes share was EUR 34.17 in February and the lowest was EUR 13.18 in November.

Board authorizations

The Annual General Meeting held on March 31, 2011 authorized the Board of Directors to decide on the issuance of shares and special rights entitling holders to shares. The amount of shares to be issued based on this authorization shall not exceed 9,000,000 shares, which corresponds to approximately 14.5 percent of all Company shares. The authorization is effective until the end of the next AGM, however no longer than until September 30, 2012. The Board of Directors did not use this authorization in 2011.

The AGM also authorized the Board of Directors to decide on the repurchase and/or the acceptance as a pledge of the

MONTHLY PRICE AND VOLUME ON THE NASDAQ OMX HELSINKI 2007–2011



CHANGES IN THE SHARE CAPITAL AND THE NUMBER OF SHARES		Change in number of shares	Total number of shares	Change in share capital	Share capital EUR
1999	March 11, Conversion of share capital into EUR		15,000,000		30,000,000
2002	December 20, invalidation of shares held by the company and reduction of share capital	-691,370	14,308,630	-1,382,740	28,617,260
2004	New shares subscribed for with the 1997 stock options	1,400	14,310,030	2,800	28,620,060
2005	New shares subscribed for with the 1997, 1999A, 1999B, 2001A and 2003A stock options	176,000	14,486,030	352,000	28,972,060
2006 pre-split	New shares subscribed for with 1997, 1999B, 2001A and 2003A stock options	286,700	14,772,730	573,400	29,545,460
2006	March 17, 2006 Share split 1:4	44,318,190	59,090,920	0	29,545,460
2006 post-split	New shares subscribed for with 1997, 1999B, 2001A, 2003A and 2003B series stock options	986,800	60,077,720	493,400	30,038,860
2007	February, new shares subscribed for with 2003B stock options	67,600	60,145,320	33,800	30,072,660
2007	March–December, new shares subscribed for with 1997, 1999B, 2001A, 2001B, 2003B and 2003C stock options	833,460	60,978,780	0	30,072,660
2008	February–December, new shares subscribed for with 1997, 1999B, 2001B, 2003B and 2003C stock options	633,540	61,612,320	0	30,072,660
2009	February–December, new shares subscribed for with 2001B and 2003C stock options	260,600	61,872,920	0	30,072,660
2010	February–May, new shares subscribed for with 2001B stock options	129,200	62,002,120	0	30,072,660
2011	January, share issue directed to the shareholders of KCR Management Oy	281,007	62,283,127	0	30,072,660
2011	February–May, new shares subscribed for with 2007A and 2007B stock options	958,300	63,241,427	0	30,072,660

Company's shares. The amount of Company shares to be repurchased and/or accepted as a pledge shall not exceed 6,000,000 shares in total, which corresponds to approximately 9.6 percent of all Company shares. However, the Company, together with its subsidiaries, may not own and/or hold as a pledge more than 10 percent of the Company's shares at any one time. This authorization is effective until the end of the next AGM, however no longer than until September 30, 2012. The Board of Directors decided to repurchase a maximum amount of 3,000,000 of the Company's own shares no earlier than August 16, 2011 and no later than March 1, 2012.

The AGM also authorized the Board of Directors to decide on the transfer of Company shares. This authorization is limited to a maximum of 6,000,000 shares, which corresponds to approximately 9.6 percent of all Company shares. This authorization shall be effective until the next AGM, however no longer than until September 30, 2012. The Board of Directors did not use this authorization in 2011.

These authorizations are explained in more detail in the release covering the resolutions of the 2011 AGM, which can be consulted at the Company's Web site at www.konecranes.com > Investors > Corporate governance > General meeting > Materials and information on general meetings > 2011.

Flagging notifications and other announcements by shareholders

On January 5, 2011, BlackRock, Inc. informed Konecranes that its holding had exceeded 10 percent. BlackRock Inc. held 6,441,109 shares in Konecranes Plc on January 4, corresponding to 10.39 percent of Konecranes Plc's shares and votes.

On January 13, 2011, HTT 2 Holding Oy Ab informed Konecranes that its holding had decreased below 10 percent. HTT 2 Holding Oy Ab held 6,215,568 shares in Konecranes Plc on January 13, 2011, which is 9.98 percent of Konecranes Plc's shares and votes. K. Hartwall Invest Oy Ab, Fyrklöver-Invest Oy Ab and Ronnas Invest AG, which will in practice cooperate with HTT 2 Holding Oy Ab in matters concerning their ownership in Konecranes Plc, held 6,347,968 shares on January 13, 2011, which is 10.19 percent of the shares and votes in Konecranes Plc.

On January 14, 2011, HTT 2 Holding Oy Ab informed Konecranes that its holding had exceeded 10 percent. HTT 2 Holding Oy Ab held 6,230,568 shares in Konecranes Plc on January 14, 2011, which is 10.00 percent of Konecranes Plc's shares and votes. K. Hartwall Invest Oy Ab, Fyrklöver-Invest Oy Ab and Ronnas Invest AG, which will in practice cooperate with HTT 2 Holding Oy Ab in matters concerning their ownership in Konecranes Plc, held 6,362,968 shares on January 14, 2011, which is 10.22 percent of the shares and votes in Konecranes Plc.

On March 4, 2011, Konecranes received a disclosure to the effect that the holding of BlackRock, Inc. in Konecranes Plc had decreased below 10 percent. BlackRock, Inc. held 6,121,545 Konecranes Plc's shares on March 3, 2011, which is 9.83 percent of Konecranes Plc's shares and votes.

On March 8, 2011, Konecranes received a disclosure to the effect that the holding of BlackRock, Inc. in Konecranes Plc had exceeded 10 percent. BlackRock, Inc. held 6,362,798 Konecranes Plc's shares on March 7, 2011, which is 10.21 percent of Konecranes Plc's shares and votes.

On March 9, 2011, Konecranes received a disclosure to the effect that the holding of BlackRock, Inc. in Konecranes Plc had decreased below 10 percent. BlackRock, Inc. held 6,093,644 Konecranes Plc's shares on March 8, 2011, which is 9.78 percent of Konecranes Plc's shares and votes.

On August 18, 2011, Konecranes disclosed that its total holding of Konecranes Plc had exceeded 5 percent as a result of the repurchase of the company's own shares. Konecranes Plc was in the possession of 2,683,000 of its own shares directly and 517,696 own shares indirectly through KCR Management Oy on August 17, 2011, which is 5.06 percent of Konecranes Plc's shares and votes.

On August 23, 2011, Konecranes disclosed that its direct holding of Konecranes Plc had exceeded 5 percent as a result of the repurchase of the company's own shares. Konecranes Plc was directly in the possession of 3,196,813 of its own shares on August 22, 2011, which is 5.05 percent of Konecranes Plc's shares and votes. In addition, Konecranes Plc was in the possession of 517,696 of its own shares indirectly through KCR Management Oy on August 22, 2011, which is 0.82 percent of Konecranes Plc's shares and votes.

On September 29, 2011, Konecranes received a disclosure to the effect that the holding of BlackRock, Inc. in Konecranes Plc has decreased below 5 percent. BlackRock, Inc. held 3,135,985 Konecranes Plc's shares on September 28, 2011, which is 4.96 percent of Konecranes Plc's shares and votes.

On October 5, 2011, Konecranes received a disclosure to the effect that the holding of BlackRock, Inc. in Konecranes Plc has exceeded 5 percent. BlackRock, Inc. held 3,172,115 Konecranes Plc's shares on October 4, 2011, which is 5.02 percent of Konecranes Plc's shares and votes.

On October 12, 2011, Konecranes received a disclosure to the effect that the holding of BlackRock, Inc. in Konecranes Plc has decreased below 5 percent. BlackRock, Inc. held 3,110,058 Konecranes Plc's shares on October 11, 2011, which is 4.92 percent of Konecranes Plc's shares and votes.

On December 28, 2011, Konecranes received information according to which the Chairman of the company's Board of Directors Stig Gustavson has donated all his shares in Konecranes Plc to his near relatives, retaining himself the voting rights and right to dividend attached to the donated shares. The donation encompasses in total 2,069,778 shares, which corresponds to approximately 3.27 percent of the all company's shares and voting rights.

Stock option plans

Konecranes has two ongoing stock option plans (2007 and 2009) for its key employees, including top and middle management, and employees in certain expert positions. Under these plans, 958,300 new shares were subscribed for and registered in the Finnish Trade Register during 2011.

As of the end of 2011, the stock options issued under Konecranes Plc's ongoing stock option plans entitle option holders to subscribe for a total of 3,144,200 shares, which would increase the total number of Konecranes Plc's shares, including treasury shares, to 66,385,627. The option programs include approximately 220 key personnel.

For a more detailed description of the option plans, see Note 29 on Page 96 of the Financial Statements. The terms and conditions of the stock option plans can also be consulted at www.konecranes.com > Investors > Share information > Stock option plans.

Shareholders

Konecranes had 18,767 shareholders on December 31, 2011, compared to 12,264 at the end of 2010. 29.2 percent of the Company's shares were nominee-registered compared to 44.8 percent at the end of 2010.

More information on the breakdown of share ownership and Board and Management interests can be found in the Shares and Shareholders section on Page 125 of the Financial Statements.

Share trading information

Date of listing on NASDAQ OMX Helsinki: March 27, 1996
Segment: Large Cap
ICB classification: Industrials, Industrial Goods & Services, Industrial Engineering, Commercial Vehicles & Trucks 2753
ISIN code: FI0009005870
Trading code: KCR1V
Reuters ticker: KCR1V.HE
Bloomberg ticker: KCR1V FH

SHARES AND SHAREHOLDERS

According to the register of Konecranes Plc's shareholders kept by Euroclear Finland Oy, there were 18,767 (2010: 12,264) shareholders at the end of the 2011.

	Largest shareholders according to the share register on December 31, 2011	Number of shares	% of shares and votes
1	HTT KCR Holding Oy Ab	6,870,568	10.9%
2	Varma Mutual Pension Insurance Company	2,940,275	4.6%
3	Gustavson Stig, Chairman of the Board of Konecranes, and family*	2,069,778	3.3%
4	Nordea Investment Management	2,050,150	3.2%
5	Ilmarinen Mutual Pension Insurance Company	1,366,590	2.2%
6	The State Pension Fund	917,000	1.4%
7	Mandatum Life Insurance Company Ltd.	792,522	1.3%
8	Nordstjernan AB	709,356	1.1%
9	Fondita Funds	700,000	1.1%
10	Sigrid Juselius Foundation	638,500	1.0%
	Ten largest registered owners' total holding	**19,054,739**	**30.1%**
	Nominee registered shares	18,458,757	29.2%
	Other shareholders	19,685,475	31.1%
	Shares held by Konecranes Plc	6,042,456	9.6%
	Total	**63,241,427**	**100.0%**

Shares and options owned by the members of the Board and of Directors and of the Extended Management Team on December 31, 2011	Change in shareholding in 2011	Number of shares owned	% of shares and votes	Change in option holdings in 2011**	Option ownership December 31, 2011**	% of shares and votes
Board of Directors*	-2,044,439	25,335	0.0%	0	0	0.0%
Extended Management Team	-15,849	687,442	1.1%	-199,500	951,500	1.5%
Total	**-2,060,288**	**712,777**	**1.1%**	**-199,500**	**951,500**	**1.5%**

** Konecranes Plc has on December 28, 2011 received information according to which the Chairman of the company's Board of Directors Stig Gustavson has donated all of his shares in Konecranes Plc to his near relatives retaining himself for life the voting rights and right to dividend attached to the donated shares. The donation encompasses in total 2,069,778 shares which corresponds to approximately 3.27 percent of all of the company's shares and voting rights.*
*** Option holdings are reported as the number of shares that they entitle to subscribe for.*

Breakdown of share ownership by shareholder category on December 31, 2011

	% of shares and votes
Finnish companies	24.9%
Finnish financial institutions	9.7%
Finnish public institutions	9.4%
Finnish non-profit institutions	6.4%
Finnish private investors	17.7%
Nominee registered shares	29.2%
Non-Finnish holders	2.7%
Total	**100.0%**

Source: Euroclear Finland Oy, December 30, 2011.

Breakdown of share ownership by the number of shares owned on December 31, 2011

SHARES	Number of shareholders	% of shareholders	Total number of shares and votes	% of shares and votes
1–100	6,720	35.8%	408,898	0.9%
101–1,000	9,992	53.3%	3,759,070	8.4%
1,001–10,000	1,792	9.6%	4,908,487	11.0%
10,001–100,000	204	1.1%	5,941,894	13.3%
100,001–1,000,000	39	0.2%	10,992,350	24.5%
Over 1,000,001	6	0.0%	18,771,971	41.9%
Registered shareholders total	**18,753**	**100.0%**	**44,782,670**	**100.0%**
Nominee registered	14		18,458,757	
Number of shares issued	**18,767**		**63,241,427**	

INVESTOR INFORMATION

INVESTOR RELATIONS

IR principles

The main objective of Konecranes' Investor Relations Department is to assist in the correct valuation of the Company's share by providing capital markets with information regarding Konecranes' operations and financial position. Konecranes pursues an open, reliable, and up-to-date disclosure policy, aimed at giving all market participants access to correct and consistent information regularly and equitably.

Konecranes' Investor Relations Department is responsible for investor communications and daily contacts. The President and CEO, together with the Chief Financial Officer, participate in IR activities and are regularly available for meetings with capital market representatives.

Silent period

Konecranes observes a silent period prior to the publication of its financial statements and interim reports starting at the end of the quarter in question. During this time, Company representatives do not comment on Konecranes' financial position.

Investor relations in 2011

Konecranes participated in nine investor seminars and held 20 roadshow days. All in all, we took part in approximately 230 investor meetings in 2011 in Amsterdam, Boston, Brussels, Copenhagen, Edinburgh, Florida, Frankfurt, Geneva, Helsinki, London, Milan, Munich, New York, Oslo, Paris, San Francisco, Stockholm, Toronto, Vienna, and Zurich.

Investor contacts

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Anna-Mari Kautto, Assistant, Investor Relations
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E-mail: anna-mari.kautto@konecranes.com

Equity research

The following banks, investment banks, and equity research providers cover Konecranes:

ABG Sundal Collier
CA Cheuvreux
Carnegie Investment Bank
Danske Markets
Deutsche Bank
DnBNOR
Evli Bank
E. Öhman J:or Securities
FIM
Goldman Sachs
Handelsbanken Capital Markets
Inderes
Nordea Bank
Pohjola Bank
SEB Enskilda
Swedbank Markets
UBS

Konecranes takes no responsibility for the opinions expressed by analysts. More information on Konecranes as an investment can be found at www.konecranes.com > Investors.

INFORMATION FOR SHAREHOLDERS

Annual General Meeting

Konecranes' next Annual General Meeting will be held on Thursday, March 22, 2012 at 10 a.m. at Hyvinkääsali, Jussinkuja 1, 05800 Hyvinkää, Finland.

Shareholders registered no later than March 12, 2012 in the Company's list of shareholders maintained by Euroclear Finland Ltd. are entitled to attend the AGM.

Holders of nominee-registered shares intending to participate in the AGM shall notify their custodian well in advance of their intention and comply with the instructions provided by the custodian.

A shareholder wishing to participate in the AGM must notify the Company (Ms. Laura Kiiski) of his/her participation no later than March 19, 2012:

Internet: www.konecranes.com/agm2012
E-mail: agm2012@konecranes.com
Fax: +358 20 427 2105 (from abroad)
or 020 427 2105 (Finland)
Phone: +358 20 427 2017 (from abroad) or
020 427 2017 (Finland)
Mail: Konecranes Plc, Laura Kiiski, P.O. Box 661,
FI-05801 Hyvinkää, Finland

Shareholders are requested to inform the Company of any proxies for the AGM in connection with their registration. A sample proxy can be found at the Company's Web site.

Payment of dividend

The Board of Directors will propose to the Annual General Meeting of Shareholders that a dividend of EUR 1.00 should be paid for 2011. The dividend will be paid to shareholders who are registered on the record date as shareholders in the Company's shareholders' register maintained by Euroclear Finland Ltd.

Record date:	March 27, 2012
Date of dividend payment:	April 4, 2012

Financial reports in 2012

Financial Statements for 2011:	February 2, 2012
Interim report, January–March:	April 25, 2012
Interim report, January–June:	July 25, 2012
Interim report, January–September:	October 24, 2012

Konecranes' annual and interim reports are published in English, Finnish, and Swedish. The Annual Report is available in pdf format on the Company Web site and in print form. Copies are mailed to shareholders on request; orders can be placed through the Company Web site.

All press and stock exchange releases can be consulted at the Company's Web site (www.konecranes.com) and can be received by e-mail by subscribing at www.konecranes.com > Investors > Releases > Order releases. The Annual Report can also be ordered from:

Konecranes Plc
Investor Relations
P.O. Box 661
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Finland
Phone: +358 20 427 2960
Fax: +358 20 427 2089
Web: www.konecranes.com > Investors > Reports and result presentations > Order annual report

Shareholder register

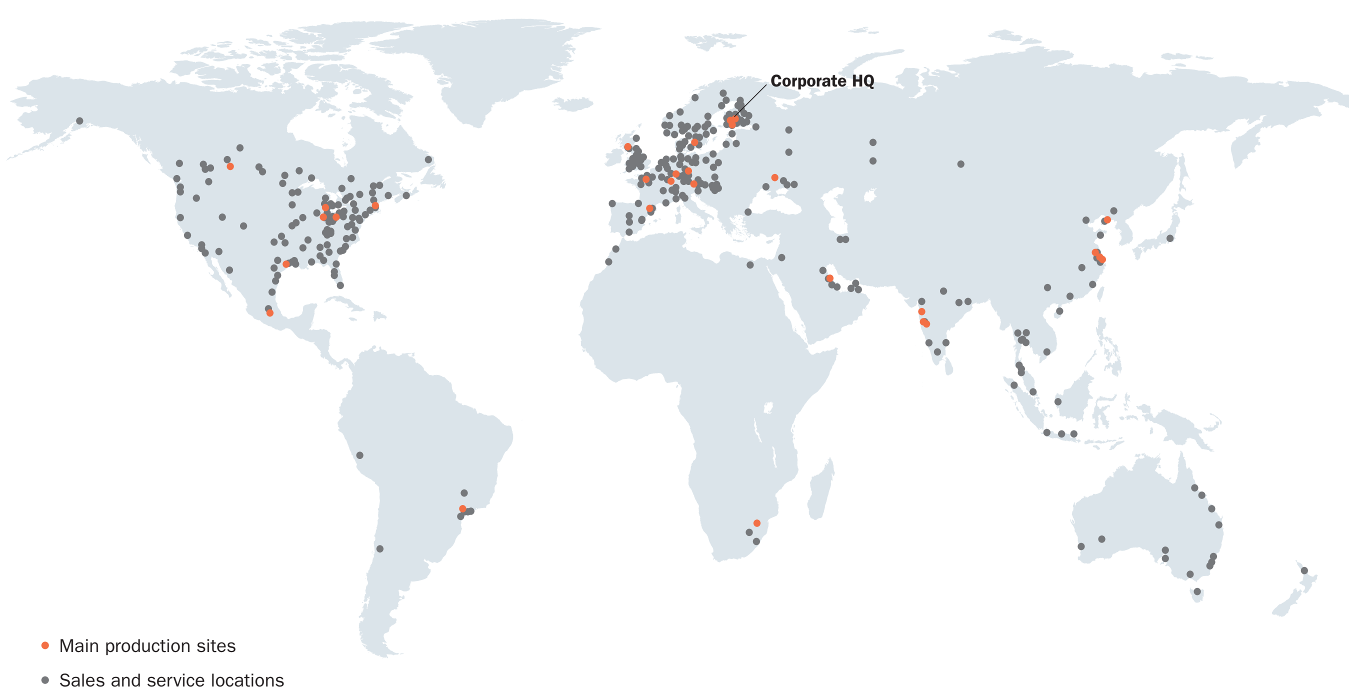
Konecranes shares are covered by the Finnish Book Entry Securities System. Shareholders should notify the relevant holder of their book entry account about changes in address or account numbers for the payment of dividends and other matters related to their holdings.

IMPORTANT DATES

Record date of the AGM:	March 12, 2012
Registration for the AGM closes:	March 19, 2012
The AGM:	March 22, 2012
Dividend ex-date:	March 23, 2012
Dividend record date:	March 27, 2012
Dividend payment date:	April 4, 2012

CONTACT DETAILS

Konecranes is a world-leading group of Lifting Businesses™, serving a broad range of customers, including manufacturing and process industries, shipyards, ports and terminals. Konecranes provides productivity-enhancing lifting solutions as well as services for lifting equipment and machine tools of all makes. In 2011, Group sales totaled EUR 1,896 million. The Group has 11,700 employees at 609 locations in 47 countries. Konecranes is listed on the NASDAQ OMX Helsinki (symbol: KCR1V).



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CORPORATE RESPONSIBILITY
For corporate responsibility matters please contact
corporate-responsibility@konecranes.com

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