KONECRANES®
Lifting Businesses™

GROWING FOCUS ON EMERGING MARKETS

ANNUAL REPORT 2012

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

We are committed to providing our customers with products and services of unrivaled quality, safety, and reliability – and helping improve the efficiency and performance of our customers' businesses.

By leveraging our unique know-how and technology, we are able to develop innovative integrated lifting solutions. With our remote services, we can gather real-time information on how our customers' equipment is performing and help improve operational safety, as well as provide maintenance when it is needed.

With solutions that help increase customers' productivity and safety performance, we are not just lifting things, but entire businesses.

GROWING FOCUS ON EMERGING MARKETS

Already well positioned in the world's emerging markets, we continue to work determinedly to further expand our presence. Focused primarily on Asia, South America, Africa and the Middle East, we focus on serving the needs of these markets to enable us to seize the substantial growth opportunities they offer.

CONTENTS

KONECRANES IN A SNAPSHOT

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 real-time 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 COMPONENTS, AS WELL AS CRANE SERVICE. ONE OF THE LARGEST SUPPLIERS OF PORT CRANES AND LIFT TRUCKS

INDUSTRY-LEADING TECHNOLOGY
AND GLOBAL MODULAR PRODUCT PLATFORMS

SALES OF
EUR 2,170 MILLION
IN 2012

12,100 EMPLOYEES
IN 2012

PRODUCTION FACILITIES
IN 17 COUNTRIES

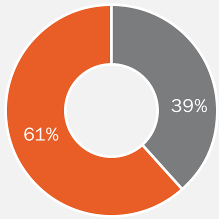
SALES AND SERVICE LOCATIONS
IN 48 COUNTRIES

HEAD OFFICE
IN FINLAND

LISTED ON
NASDAQ OMX
HELSINKI, FINLAND

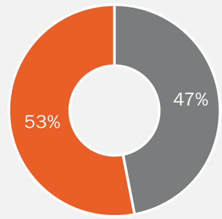
Konecranes offers high-quality lifting equipment featuring the latest technology.

SALES BY BUSINESS AREA, 2012



- Service, MEUR 884.0
- Equipment, MEUR 1,411.4

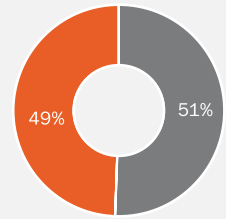
EBIT BY BUSINESS AREA, 2012*



- Service MEUR 74.6
- Equipment MEUR 83.8

**Excluding restructuring costs*

PERSONNEL BY BUSINESS AREA, 2012



- Service 6,119
- Equipment 5,973

BUSINESS AREAS

Service

Through its global service network, Konecranes offers specialized maintenance and modernization services for all types of industrial cranes, lifting equipment, and machine tools. Konecranes has 626 locations in 48 countries.

PRODUCTS

Konecranes' extensive service offering covers the following products: inspections, preventive maintenance programs, repairs and improvements, on-call service, spare parts, modernizations, and special services such as operational service, and consultation.

TRUCONNECT® Remote Services represent the latest innovation in Konecranes' service business, and cover areas ranging from periodic data reporting to real-time diagnostics, technical support, and production monitoring.

MARKET POSITION

Konecranes is the clear market leader in crane service, with the world's most extensive crane service network. The Group is also one of the largest international machine tool service providers.

SERVICE CONTRACT BASE

Almost 420,000 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 light crane systems and 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

Konecranes is the world's largest supplier of industrial cranes, and a world leader in explosion-protected crane technology. It is also a global leader in electrical overhead traveling cranes for process industries and shipyard gantry cranes; and a strong global supplier of cranes and lift trucks for container handling and heavy unitized cargo and bulk material unloading.

ANNUAL PRODUCTION

Thousands of standard cranes, tens of thousands of wire rope hoists and trolleys, and electric chain hoists, and hundreds of heavy-duty cranes. Hundreds of heavy-duty lift trucks.

2012 HIGHLIGHTS

SALES AND OPERATING PROFIT GREW, ORDER FLOW SLOWED TOWARDS THE END OF THE YEAR AFTER A STRONG START

- Demand for maintenance services continued to develop favorably throughout the year, although growth slowed towards the end of the year due to softer macroeconomic conditions. Demand for new equipment was strong during the first half of the year; customer hesitancy in placing new orders increased in the autumn, which affected order intake during the second half. Geographically, the Americas saw the strongest growth in demand, as in 2011; China and India were amongst the weakest markets year-on-year. Order intake totaled EUR 1,970.1 million, an increase of 3.9 percent compared to 2011.
- Konecranes' order book as of the end of the year stood at EUR 942.7 million, 4.9 percent lower than in 2011. The order book peaked at an all-time high at the end of the second quarter.
- Net sales increased by 14.4 percent compared to 2011 and totaled EUR 2,170.2 million, thanks to the higher order book at the beginning of the year on a year-on-year basis and solid order intake during the first half of the year.
- Operating profit before restructuring costs was EUR 137.9 million, 17.7 percent above 2011. Operating margin before restructuring costs was 6.4 percent of sales.

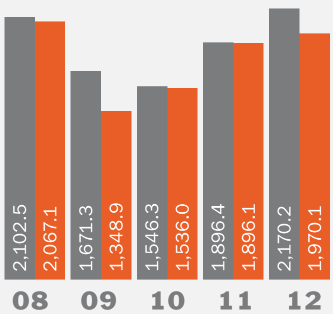
PERFORMANCE BY BUSINESS AREA

- Net sales growth in the Service business remained strong at 11.0 percent in 2012, based on net sales of EUR 884.0 million. Positive developments in outsourced crane maintenance and new service products contributed to this growth. Operating profit was EUR 74.6 million, or 8.4 percent of net sales. Operating profit improved due to higher volumes and restructuring carried out during the first quarter of 2012.
- Net sales in the Equipment business area were 17.5 percent higher than in 2011, at EUR 1,411.4 million. Net sales grew in all business units. Operating profit before restructuring costs was EUR 83.8 million or 5.9 percent of net sales. Compared to 2011, operating profit improved due to higher volumes but was held back by higher fixed costs, intense competition, and an adverse sales mix.

FOCUS ON PROFITABILITY AND SUCCESSFUL INTEGRATION OF EARLIER ACQUISITIONS

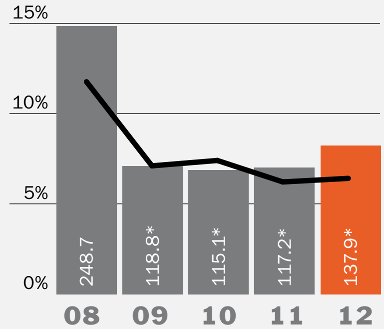
- Business Area Service prioritized profitability over growth, while Business Area Equipment focused on integrating previously acquired companies, such as WMI Cranes in India and Saudi Cranes in Saudi Arabia.
- Konecranes made four small crane service-related bolt-on acquisitions in Germany, the US, the Czech Republic, and Sweden during 2012.
- Personnel numbered 12,147 as of the end of 2012, an increase of 496.
- R&D investments were 1.2 percent of net sales (2011: 1.6 percent), representing a year-on-year decrease of EUR 3.8 million or 1.2 percent.
- Konecranes further developed its TRUCONNECT® Remote Services offering, launching TRUCONNECT Remote Monitoring and Reporting, together with TRUCONNECT Remote Diagnostics and Technical Support.
- A new-generation CLX chain hoist was launched. The new product offers faster operations and maintenance, improved safety, and double the service life of the previous model.

SALES/ORDERS MEUR



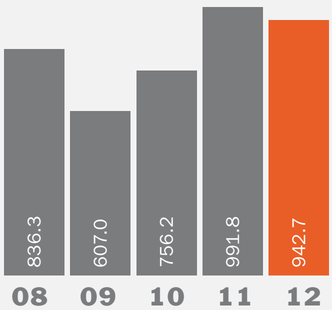
Sales
Order intake

EBIT/EBIT MARGIN MEUR/%

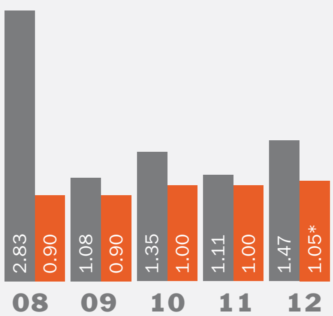


* *Excluding restructuring costs*

ORDER BOOK MEUR

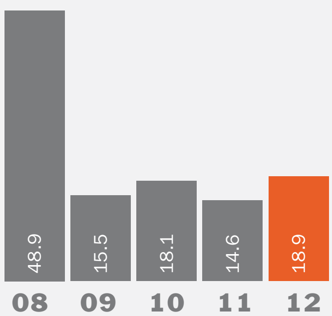


EARNINGS & DIVIDEND PER SHARE, EUR

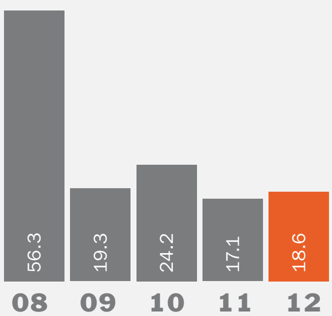


Earnings per share, basic
Dividend per share
* *The Board's proposal to the AGM*

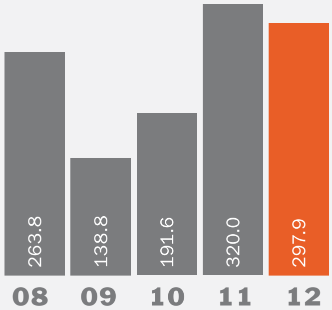
RETURN ON EQUITY %



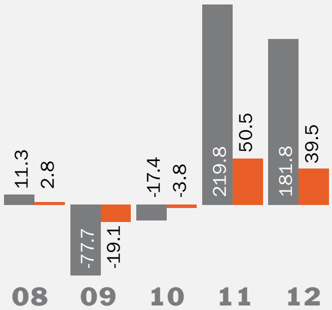
RETURN ON CAPITAL EMPLOYED, %



NET WORKING CAPITAL, MEUR

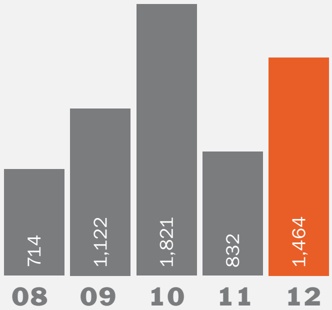


NET DEBT/GEARING, MEUR/%



Net debt
Gearing

YEAR-END MARKET CAPITALIZATION*, MEUR



* *Excluding own shares*

CEO'S REVIEW

DEAR SHAREHOLDERS,

I am pleased with many aspects of our performance in 2012. In a marketplace where uncertainty and customers' hesitation in making decisions has become the new norm, a 14 percent growth in sales to a new record level of EUR 2,170 million was a good achievement. Operating profit before restructuring costs rose by 18 percent to EUR 138 million and earnings per share 32 percent to EUR 1.46. Cash flow was strong, reducing our gearing to below 40 percent. All in all, 2012 was a good year, but we are aiming higher.

A year ago, we decided that our service business should prioritize profitability over growth in the short term. The reason was clear: heavy investments in growth, combined with execution issues, had resulted in an EBIT margin of only 7 percent in 2011. The results of this prioritization are encouraging, as the 2012 EBIT margin improved to 8.4 percent. Things are moving in the right direction, but obviously we cannot be satisfied with this level yet. There is still profitability improvement potential in numerous areas of our network, which currently includes over 600 service locations in 48 countries.

The profitability of the equipment business developed satisfactorily in a challenging market environment during the first three quarters of 2012, but the last quarter was weaker. There were both market structure issues, such as low industrial cranes demand in some Western markets, and various operational issues. We are now prioritizing profitability over growth in the equipment business in the same way that we did in the service business a year ago. We announced restructuring measures at the beginning of the year, with the main objective of reallocating resources from Western markets to emerging ones.

Geographically, the best performer was our Americas region, which accounted for approximately one third of our global sales. Lower demand in China and India affected Asia-Pacific, despite good progress in South-East Asia. Demand in most large European markets was low, but Eastern Europe, the Middle East, and Africa made good progress.

Konecranes is all about lifting the safety and productivity of our customers' operations. We have been a pioneer in shifting our customers from reactive to preventive maintenance, helping them minimize downtime and maximize safety and productivity. Our preventive maintenance agreements already cover almost 420,000 cranes, lift trucks, and machine tools. But what we are doing today will not be sufficient in the future.

In today's world, it is no longer acceptable to use resources irresponsibly or inefficiently, be they people, natural resources, equipment, energy, or capital. This is becoming the name of the game everywhere in the world, emerging markets included. This is the major underlying fact defining our future as a company. We are now in the early stages of our next major strategic transformation. With the help of new

technology, we are making equipment intelligent and aware of its own condition and usage. Our technology platform enables a host of new high value-added services for real-time remote condition monitoring, maximum safety, troubleshooting, and production efficiency.

These developments are highly relevant to both our industrial and port customers. In the area of ports, I would like to highlight two projects that we completed in 2012. We successfully delivered large-scale automated container yard systems to customers in Spain and Abu Dhabi. I am convinced that, with container yard automation becoming an increasing megatrend in port development, these installations will act as valuable references for us in the future.

It is clear that the lion's share of our future growth potential lies in Asia and other emerging markets. I made a personal decision in 2012 to temporarily relocate my office to Asia to be able to better understand the needs of customers in the region. While the basic rules of lifting are the same everywhere, it often takes more time to meet profit targets in emerging markets. The operating environment is complex, and more patience is needed than in Western markets. Yet for companies that are willing to make this long-term investment, the potential is almost endless. Walk into almost any factory or port in Asia – or elsewhere for that matter – and you will usually find safety and productivity improvement potential. Things are not black and white, however. I believe that we will continue to have good business possibilities in North America, Western Europe, and Australia as well. Perhaps in relative terms more in the service business, but not only there. As we have seen in the US in the last couple of years, for example, many manufacturing companies are rethinking their global supply chains, which has led to new industrial investments in established markets. So achieving the right balance between established and emerging markets is important.

Forecasting demand development has rarely been as difficult as it is right now. In our Q3 report, we said that there were signs of weakening demand after a strong first half of the year. This was also evident in a slight weakness in Q4 orders. However, the number of new opportunities in our pipeline is still good and has actually slightly increased in some units. This means that we are now a bit more optimistic about short-term demand than we were after Q3 last year.

Finally, I would like to thank all Konecranes' customers, employees, and suppliers for their valuable support and efforts in 2012.

Pekka Lundmark
President and CEO

CHAIRMAN'S LETTER

DEAR FELLOW SHAREHOLDERS,

2012 was a good year for our company. In highly uncertain market conditions in large parts of the world, conditions that certainly did not support our business, we managed to find growth in both sales and profits.

In his letter to shareholders, our CEO Mr. Pekka Lundmark, covers the performance of our company in 2012.

Our share price developed well. In fact, our share was among the best performers in the Helsinki Stock Exchange in 2012, and fared very well in an international comparison as well.

However, we must remember that the share price started the year at a low level. We are still some way from the levels of previous years. Our all-time-high share price, EUR 34.90 on July 13, 2007, is still to be beaten.

In his letter, our CEO describes the challenges of our business environment. If someone had thought that the financial turbulence that started in mid-2007 and accelerated through 2008 would be over in five years and done with by now, he or she would have been badly mistaken. This financial turbulence (a.k.a. crisis) now contains other profound problems, notably here in 'old Europe'.

Industrial growth is suffering from low global growth, we have an ageing population, our productivity is low, we have a stale and inflexible labor market, etc.

These problems are hitting established European-based companies, such as ours, hard.

Several years ago, your Board, recognizing the difficulties in forecasting future trends, adopted an important goal and moved 'Operational Agility' to the top of our list of strategic issues. Today, the benefit of this policy decision is evident. Again, I would refer you to the CEO´s letter for details.

Today, your Board must pay special attention to matters related to our personnel. Corporate operational changes are often experienced as heavy challenges in the personal lives of our employees. Be they related to completely new tasks, relocations that lead to uprooting entire families, the need for extensive training to learn new skill sets, or even redundancies, personal emotions must be dealt with.

A highly motivated workforce is always a critical factor for corporate success, but in these times the importance of motivation is even greater.

Your Board has initiated a number of policies to support the wellbeing and, by extension, the motivational levels of our people.

The first task is naturally to know where we stand. The Board regularly monitors a large number of indicators related to the 'temperature' among staff. It is my pleasure to report that these yardsticks show that Konecranes' staff scores

well by any international standard, all over the world. And our scores are constantly improving, year-on-year. In this respect, 2012 marked yet another all-time high. The Board's thanks goes to all our international managers who have learned from previous measurements and have improved our performance.

Your Board has also moved to better align incentive plans with corporate goals and shareholder returns. During 2012, we were the first group domiciled in Finland to introduce a Group-wide share savings plan for all employees. The plan is simple: each participant sets aside a certain percentage of his or her monthly pay. This money is used to buy company shares on behalf of the employees concerned. After three years, and provided an employee still works for us, the Group will then give him or her one extra share for every two shares he or she has accumulated in his or her account. We believe that distributing a feeling of ownership among our employees is very important, especially in an organization as geographically scattered as ours.

I would like to thank our shareholders for accepting the outlines of the plan at last year's AGM. Although not overgenerous, the plan has been a great success. Participation varies country by country, but one employee in six is now a shareholder.

I must conclude that this has been one of the important factors behind the strong increase in overall motivational levels, as described above.

The long-term incentive plans for the top management of the Group have also been altered. We noticed that traditional share-option plans do not function too well in today's volatile stock markets. Option plans can be better described as lotteries. Option plans were therefore abandoned.

Top management incentive plans now resemble the plan described above. Here, however, the number of bonus shares to be awarded after the three-year period depends on the fulfillment of stringent EPS growth-related targets.

Our highly motivated workforce and their willingness to embrace change, together with our strategic moves described by the CEO, are the cornerstones for my optimistic view of the future of our Group.

Thank you all for 2012 and welcome to our road into the future.

Stig Gustavson
Chairman of the Board

The expertise and motivation of our employees are the keys to Konecranes' success.

COMPANY CORNERSTONES

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.

IN 2012
we launched several new product features, products and services around the world.

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.

IN 2012
we continued training our personnel and were the first Finnish company to launch an Employee Share Savings Plan.

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.

IN 2012
we continued expanding our network and opened new offices in countries such as Indonesia, China, Brazil and Bangladesh.

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.

IN 2012
we succeeded in increasing the market share of our power brands in North America and in Southeast Asia.

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.

IN 2012
we improved customer demand transparency in different product areas, strengthened supplier integration and punctuality through a new cloud collaboration model.

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.

IN 2012
we continued development and roll-outs of Group-wide information systems like CRM, ERP and People.

BUSINESS ENVIRONMENT

STRENGTH IN THE AMERICAS OFFSET BY SOFT MARKETS IN EUROPE AND CHINA

The global economic situation in 2012 was polarized by a strong US domestic economy and modest development in most other regions. The US ISM purchasing managers' index exceeded expectations throughout most of the year and pointed to expanding American manufacturing activity, which was confirmed by industrial production statistics. PMI surveys for the Eurozone suggested that manufacturing activity contracted in Eurozone countries.

KONECRANES' GLOBAL MARKET POSITION

16% MARKET SHARE

#1 IN CRANE MAINTENANCE SERVICES

#1 IN INDUSTRIAL CRANES & COMPONENTS

#3–5 IN PORT CRANES

#3–4 IN LIFT TRUCKS

Konecranes invests in new-generation information systems to give employees access to transparent, real-time information.

Manufacturing capacity utilization rates in the US were higher in the first half of 2012 than in 2011, but began to weaken towards the end of the year. Manufacturing capacity utilization in the EU has been down on a year-on-year basis since the second quarter of 2012.

China's purchasing managers indexes – China Federation of Logistics & Purchasing PMI and HSBC/Markit PMI – pointed to a contraction of industrial activity during most of the year. However, some signs that this trend was bottoming out could be observed in the fourth quarter of 2012. PMI surveys in India and Russia pointed to an improvement in manufacturing business conditions compared to the second half of 2011, while development in Brazil was uneven.

Overall, the world's manufacturing sector expanded at a slow rate in the first half of 2012 and contracted slightly during the second half, according to the aggregated JPMorgan Global Manufacturing PMI.

Compared to 2011, the demand for lifting equipment improved among industrial customers in the Americas, but remained stable in EMEA. Demand weakened in APAC, mainly due to China and India, which suffered from tight credit availability and a slowdown in economic growth.

Global container traffic continued to grow year-on-year at approximately 4 percent in 2012. Compared to 2011, the rate of traffic growth improved only in Oceania, and slowed in Europe and Asia, including China, after solid performance in 2011.

Overall, project activity with container ports was satisfactory. Demand was robust for automated solutions that provide higher productivity and lower costs for large terminals. Demand for container handling equipment using conventional technology increased, particularly in Africa, while demand in developed markets slackened towards the end of the year. Demand for shipyard cranes continued to be concentrated in Brazil.

Demand for lifting equipment services improved as outsourced maintenance continued to gain ground. New types of services making use of the latest IT and measurement technologies have proved increasingly attractive to customers.

Steel and copper prices in 2012 were lower than in 2011. The EUR also weakened against the USD.

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. Konecranes also strengthened its position in Brazil in 2012.

The markets for services and lifting equipment differ 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, productivity, 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.

KONECRANES CRANES FOR CHINESE-OWNED GREENFIELD STEEL MILL IN TEXAS

Konecranes was awarded a contract to supply all of the cranes for a Chinese-owned new seamless steel pipe manufacturing facility near Gregory, Texas. The turnkey order includes 24 cranes for the melt shop, rolling mill and finishing mill. Crane delivery will begin in October 2013 and the equipment will be operational by April 2014. This project represents the largest single investment by a Chinese company in a US manufacturing facility to date.

BUSINESS AREA SERVICE

EXPANDING KONECRANES' GLOBAL PRESENCE

Konecranes' Business Area Service offers a full range of service products, maintenance programs, and modernization options for all brands and makes of industrial overhead cranes, port equipment, and machine tools. Demand for lifting equipment services remained good through 2012; in mature markets such as the US, Western Europe, and Australia this was fueled by the continued trend toward maintenance outsourcing.

KEY FIGURES

	Proportion of Group total, %	2012	2011	Change, %
Orders received, MEUR	35	**735.0**	694.6	5.8
Order book, MEUR	16	**147.2**	135.1	8.9
Net sales, MEUR	39	**884.0**	796.1	11.0
Operating profit (EBIT), excluding restructuring costs, MEUR	47	**74.6**	55.7	33.9
Operating margin (EBIT), excluding restructuring costs, %		**8.4%**	7.0%	
Operating profit (EBIT), MEUR	49	**74.6**	49.4	51.0
Operating margin (EBIT), %		**8.4%**	6.2%	
Personnel at the end of period	51	**6,119**	5,980	2.3

TRUCONNECT Remote Services represent the latest innovation in Konecranes' service business.

With 626 locations in 48 countries, Konecranes has the largest service network in the industry. Service customers range from repair shops and general manufacturing sites to paper and steel mills, power plants, and ports, and cover a wide range of equipment and applications, including maintenance cranes, critical process cranes, port equipment, and machine tools.

Konecranes offers a full range of services designed to improve the safety and productivity of customers' businesses; and provides specialized maintenance services ranging from inspections of individual pieces of equipment to outsourcing entire maintenance operations. All programs can be tailored to suit the unique needs of each customer.

An in-depth commitment to condition/usage based maintenance and real time service, combined with sustained investments in new technologies, is one of Konecranes' strategic priorities.

PRIORITIZING PROFITABILITY OVER GROWTH

Global economic development during 2012 was sharply divided between a strong US domestic economy and modest developments in most other regions, with these regional differences mirrored in key indicators such as capacity utilization. The economic environment further deteriorated during the second half of the year, and uncertainty increased in Europe and Asia, particularly in China.

Following on from economic uncertainty in previous years, the focus of Business Area Service in 2012 was squarely on profitability over growth: prioritizing business fundamentals and continuing the assimilation of previously acquired businesses. This was done successfully, and Service improved its overall performance. The maintenance contract base grew by 2.1%, providing a solid foundation for the Service business as a whole. Konecranes' Service orders grew in EMEA compared to 2011. However, the order growth in APAC was attributable to currency exchanges.

Efforts to move the business toward a more knowledge-based offering and organization continued. The main initiatives here were the development and implementation of systems such as customer relationship management (CRM), as well as field service and asset management. Combined with innovation in products, services, and technologies, such as remote services, this helped lay the foundation towards a growing shift from preventive to real-time service.

Orders received by Business Area Service in 2012 totaled EUR 735.0 million (694.6 million), an increase of 5.8 percent. The order book increased by 8.9 percent to EUR 147.2 million (135.1 million) compared to the end of 2011. Sales rose 11.0 percent, to EUR 884.0 million (796.1 million). The operating profit excluding restructuring costs was EUR 74.6 million (55.7 million) and the operating margin 8.4 percent (7.0). The number of units in the maintenance contract base increased to 418,560 from 409,877 at the end of 2011, with an annual value of EUR 177.9 million (166.2 million).

SUCCESSFUL GLOBAL LAUNCH OF TRUCONNECT® REMOTE SERVICES

Konecranes piloted its new TRUCONNECT Remote Services in 2011 in targeted markets in Europe. TRUCONNECT 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.

Development of TRUCONNECT advanced during 2012, highlighted by the start of a global commercial launch during the fourth quarter, and will continue throughout 2013. Remote services are an important step in moving Konecranes closer towards its vision of knowing in real time how millions of lifting devices and machine tools perform, and using this knowledge around the clock to make customers' operations safer and more productive.

ADVANCES IN EMERGING MARKETS

The positive development of Konecranes' service business in emerging markets continued in 2012. Significant advances were made in South America, India, and South-East Asia, and Konecranes further reinforced its position in China.

With a continued focus on Service in emerging markets is to support customers using Konecranes equipment. Konecranes' efforts are also focused on other customers in these markets that could benefit from its preventive maintenance approach focused on safety and productivity improvements.

In today's challenging economic environment, customers are open to exploring the possibility of outsourcing their maintenance needs. Outsourcing makes it possible for them to improve the productivity and safety of their operations while focusing on their own core business. With a continued concentration on excellent customer service and a parallel effort to develop internal business processes, coupled with value-added technologies, Konecranes is committed to maintaining its competitive advantage and expanding its strong presence worldwide.

KONECRANES CONTINUES EXPANDING IT NETWORK

Despite already having the world's largest service network in industry and being present in almost 50 countries, Konecranes has continued to expand its presence worldwide. Emerging markets are particularly interesting and Konecranes opened new offices in 21 locations in six countries in South-East Asia in 2012.

BUSINESS AREA EQUIPMENT

BUILDING THE BASIS FOR CONTINUED PROFITABLE GROWTH

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. During 2012, Business Area Equipment focused on improving operational efficiency, integrating companies acquired in 2011, and strengthening its presence in emerging markets.

KEY FIGURES

	Proportion of Group total, %	2012	2011	Change, %
Orders received, MEUR	65	**1,340.4**	1,291.5	3.8
Order book, MEUR	84	**795.6**	856.7	-7.1
Net sales, MEUR	61	**1,411.4**	1,201.4	17.5
Operating profit (EBIT), excluding restructuring costs, MEUR	53	**83.8**	81.7	2.5
Operating margin (EBIT), excluding restructuring costs,%		**5.9%**	6.8%	
Operating profit (EBIT), MEUR	51	**78.0**	77.7	0.4
Operating margin (EBIT), %		**5.5%**	6.5%	
Personnel at the end of period	49	**5,973**	5,621	6.3

Konecranes’ industry-leading technology is based on innovation power and the application of the most modern industrial manufacturing technology.

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 use, 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' container handling solutions 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.

COPING WELL IN VOLATILE DEMAND CONDITIONS

Macroeconomic developments were uneven in 2012 and somewhat unexpected in different parts of the world. Despite increasing activity in South-East Asia, the overall demand for Konecranes' equipment in APAC declined due to weaker trading conditions in China and India. In the Americas, demand for lifting equipment remained strong throughout the year. In Europe, Eurozone problems began to accentuate during the second half of the year. Strong demand in Africa, especially West Africa, kept demand levels stable in EMEA. Overall, demand development showed signs of slowing down towards the end of the year after a strong first half.

Global container traffic continued to grow in 2012, although at a slower rate compared to 2011. Project activity with container ports was satisfactory, with a number of large projects during the first half of the year, while a clear slowdown was evident in the second half.

Demand for lift trucks for port and industrial use continued to be strong throughout the year. A growing number of orders were received from markets such as Africa, Germany, and Australia, where Konecranes has been building both its own organization and an efficient dealer network over the last few years.

In a challenging environment, Business Area Equipment was able to improve its overall performance in 2012 compared to 2011. Orders received increased by 3.8 percent to EUR 1,340.4 million (1,291.5). Sales totaled EUR 1,411.4 million (1,201.4), an increase of 17.5 percent on 2011. Operating profit excluding restructuring costs was EUR 83.8 million (81.7) and operating margin 5.9 percent (6.8).

EMERGING MARKETS GROWING IN IMPORTANCE

Konecranes continued to strengthen its presence in emerging markets, where economic growth is faster than in traditional industrialized markets. With an established presence in China, India, and the Middle East, Konecranes focused on developing its operations in Africa, South America, and South-East Asia and achieved good results. The local organization in Russia was strengthened and equipment sales there are growing.

In a world of increasingly uncertain and more fragmented markets, one of Konecranes' focus areas in 2012 was to develop the agility of its organization and the speed of its decision-making. As part of building the basis for future profitable growth, Business Area Equipment also enhanced its product portfolio.

A new-generation CLX chain hoist was introduced and has been designed to speed up and facilitate operations, improve safety, and double a unit's service life.

Konecranes completed its range of power options for RTGs during 2012 by enhancing the Diesel Fuel Saver with the new Hybrid Power Pack, and by launching two new fully electric power options, Cable Reel and Busbar.

The most significant new orders booked in 2012 for container handling equipment included RTG cranes for customers in Slovenia, Indonesia, Ghana, Benin, Turkey, and the US. Straddle carriers for customers in Germany and the US also represented significant orders. An order of 20 automated stacking cranes (ASC) for a container terminal in the US was of particular importance, as automation is a growing megatrend in the industry. Goliath gantry cranes for shipyards were ordered for sites in Norway, Azerbaijan, and Brazil.

Two important highlights during 2012 were the successful delivery of two large automated stacking crane projects, one in Spain and one in the United Arab Emirates. The project in the UAE also included the Terminal Operating System. The projects included a total of 66 ASCs, which were all delivered on-time.

In one of the largest orders it has ever received in the US, Konecranes was awarded a contract to supply 24 steel mill cranes for a Chinese-owned mill in Texas. Another significant industrial crane order was for a new shipyard in Brazil, where Konecranes units will be used in shipbuilding processes.

These large orders show that Konecranes has successfully won the trust of major international customers – thanks to its strong and seamless global organization, dynamic local resources, and comprehensive range of service solutions.

THE WORLD'S LARGEST GOLIATH GANTRY CRANE BEING DELIVERED TO BRAZIL

Konecranes is delivering the world's largest Goliath gantry crane to a Brazilian shipyard in Rio Grande do Sul. The crane components were delivered in autumn 2012. The crane, which will have a lifting capacity of 2,000 tons and a rail span of 210 meters, will be used for assembling Floating Production Storage and Offloading (FPSO) ships for offshore oil production projects.

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).

Konecranes has more than 12,000 employees worldwide and is present in almost 50 countries.

AMERICAS

Konecranes holds a strong position in the Americas, particularly the US, and the Americas accounted for 33 percent of sales in 2012. 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. Konecranes' Service orders continued to grow in the Americas during 2012, thanks to the strength of the US domestic economy and the significant advances made in South America. The demand for lifting equipment also remained strong in the US and improved throughout the Americas. General manufacturing, together with steel and automotive, are the largest market segments.

- Largest markets: the US, Canada, Brazil, Chile, and Mexico.
- Operations: 2,724 employees, 134 locations.
- Manufacturing: 8 plants manufacturing industrial and 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 and accounted for 48 percent of sales in 2012. 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.

In the mature Western and European and Nordic markets, the customer focus tends to be aimed at enhancing efficiency and productivity in material handling to offset high labor costs. In the Nordic countries, Konecranes' market position is very strong and the Group has an extensive customer base in both Equipment and Service. In Eastern Europe, Konecranes has continued to improve its position in both Equipment and Service. Economic growth was slow in Western, Northern, and South-East Europe during 2012, and slowed in Russia as well towards the end of the year after initial growth. The most active customer segments are pulp & paper, petrochemicals, energy, metals, and general manufacturing.

The Middle East continues to show high potential, with large investments taking place in infrastructure, petrochemicals, and general manufacturing. Demand remained at a reasonably good level throughout the year.

AMERICAS (AME)

SALES	PERSONNEL
33%	22%
(721.0 MEUR)	(2,724)

EUROPE, MIDDLE EAST AND AFRICA (EMEA)

SALES	PERSONNEL
48%	52%
(1,042.4 MEUR)	(6,269)

ASIA-PACIFIC (APAC)

SALES	PERSONNEL
19%	26%
(406.9 MEUR)	(3,154)

Demand in Africa is growing, with many countries continuing to invest in ports and other infrastructure. 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 2012.

- Largest markets: Germany, the UK, France, Finland, Sweden, Russia, Poland, Austria, the UAE, Saudi Arabia, Egypt, South Africa, Algeria, and Morocco.
- Operations: 6,269 employees, 360 locations.
- Manufacturing: 13 plants manufacturing cranes and hoists, lift trucks, and steel structures for larger cranes.
- Key brands: Konecranes, STAHL CraneSystems, SWF, and Verlinde.

ASIA-PACIFIC

Konecranes is recognized as the technology leader in APAC and is the market leader in industrial cranes and crane service, with a strong position in lift trucks and ports. APAC accounted for 19 percent of sales in 2012.

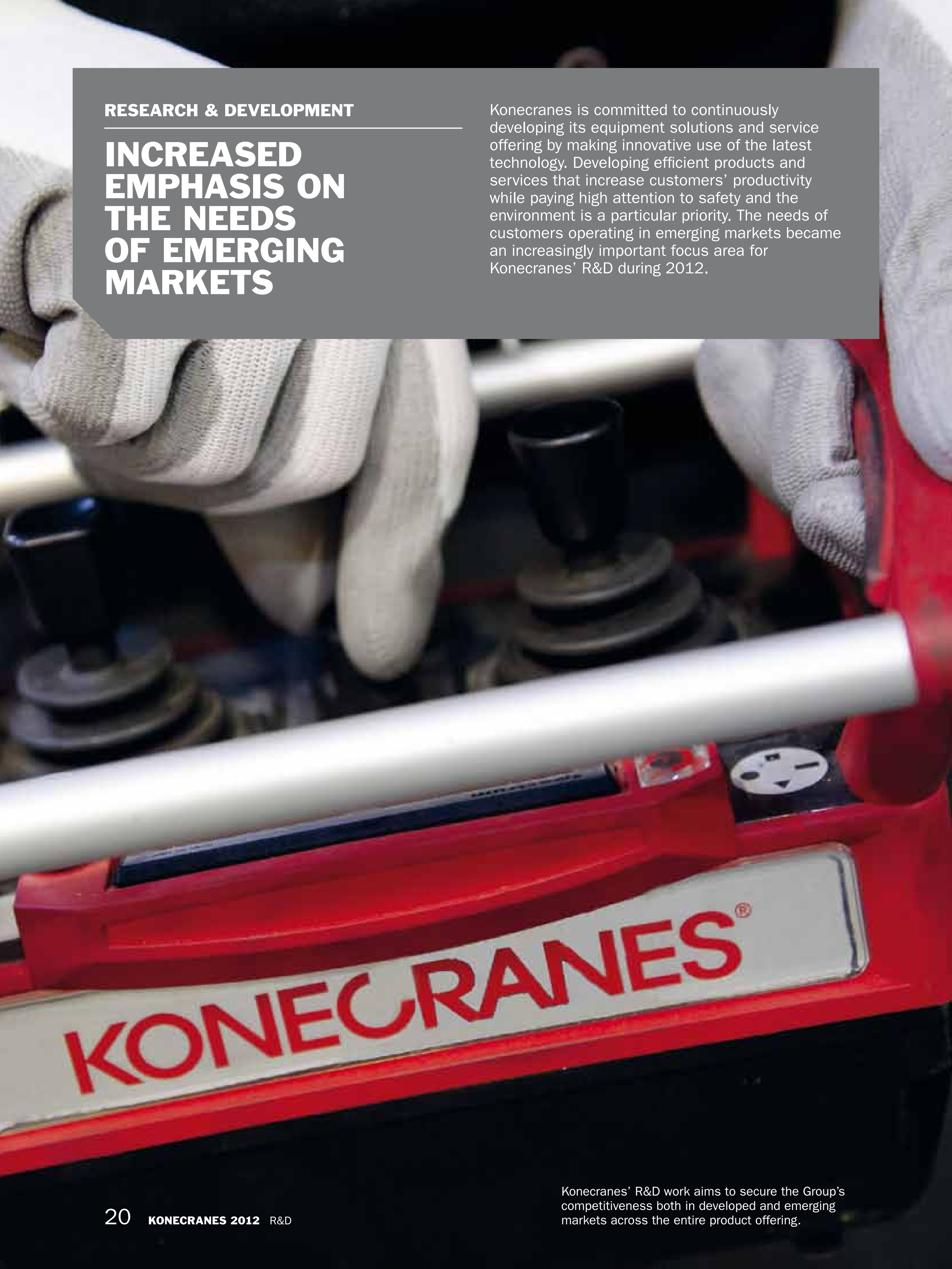
All South-East Asian countries experienced rapid growth in 2012, which led to strong development for Konecranes. Industrial production in China slowed due to the drop in the demand for Chinese exports. In Australia, investments continued in the commodities sector but declined in the industrial sector. Konecranes' service offering in India is growing, and its position as an equipment supplier is strengthening rapidly, despite the slow-down seen in the country's overall economic development in 2012. In APAC, approximately 75 percent of Konecranes' sales still come from Equipment. In mature markets, such as Australia, Service now exceeds the Equipment business. In 2012, further investments were made in human resources development, R&D, and production facilities in China, and new branches were opened in China and South-East Asia. General manufacturing remains the largest customer segment; paper, power, steel, and ports are also important.

- Largest markets: China, India, Australia, Indonesia
- Operations: 3,154 employees, 132 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

INCREASED EMPHASIS ON THE NEEDS OF EMERGING MARKETS

Konecranes is committed to continuously developing its equipment solutions and service offering by making innovative use of the latest technology. Developing efficient products and services that increase customers' productivity while paying high attention to safety and the environment is a particular priority. The needs of customers operating in emerging markets became an increasingly important focus area for Konecranes' R&D during 2012.



Konecranes' R&D work aims to secure the Group's competitiveness both in developed and emerging markets across the entire product offering.

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. TRUCONNECT® Remote Services, 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 in predefined locations. TRUCONNECT Remote Services help 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.

Konecranes' service contract base covers almost 420,000 items of equipment supplied by Konecranes and other manufacturers, and is an important source of input for the company's product development work. Almost 4,000 service personnel around the world and close to 1.6 million customer contacts every year give Konecranes a thorough understanding of its customers' needs.

Konecranes continued to increase its investments in innovation during 2012. Research and product development spending totaled EUR 25.8 million (29.6), equivalent to 1.2 percent (1.6) of net sales.

FOCUS ON EMERGING MARKETS

The aim of Konecranes' R&D work is to secure the Group's competitiveness both in developed and emerging markets across the entire product offering. Konecranes serves customers in different markets with common technological platforms and solution sets that are configured and tailored to meet local customer specifications and needs. As the number and production volumes of customers operating in emerging markets are growing, Konecranes is giving increasing emphasis to the needs of these customers in its R&D work. Emerging markets can be divided into three distinctly different segments in terms of equipment and solution requirements. Konecranes is active in advanced high-tech solution and mid-market segments. The lower-specification segment is mainly covered by smaller, local companies. Both the high-tech and mid-market segments are growing rapidly, and Konecranes strives to develop and offer suitable solutions for both. To accomplish this, it has focused its R&D investments in emerging markets and initiated local R&D operations in China and India during 2012.

Konecranes' R&D investments in 2012 were concentrated on four main areas: software-based crane controls, Remote Services, further development of the product offering for emerging markets with mid-segment products, and product reliability. Konecranes' software-based crane control architecture has been further developed and standardized – and extended to smaller wire rope hoists – to create a dynamic, long-term platform for crane electrics that enables remote diagnostics and intelligent features to be added according to customer needs. With the help of TRUCONNECT® Remote Services, Konecranes is able to collect actual usage data from equipment on a continuous basis.

This results in improved safety and higher productivity for customers, as maintenance can be planned according to actual usage and condition. It also gives Konecranes an enhanced understanding of customers' lifting needs and lifting equipment use, and helps Konecranes develop products and services that capture the real needs of customers even more effectively.

GLOBAL INNOVATION COMMUNITY

Konecranes has been shifting from local and project-based innovation operations towards a global innovation organization over the past few years. During 2012, this resulted in the creation of an innovation community comprising more than 30 'innovation agents'. Coming from different parts of the world, these 'agents' keep in active touch with customers to understand their needs and identify innovative ideas to meet their needs. They act as a low-threshold channel in their local organizations to capture ideas from the field, from sales people and service technicians, that can be utilized in Konecranes' global organization.

NEW-GENERATION CHAIN HOIST IMPROVES EFFICIENCY AND SAFETY

In 2012, Konecranes introduced a new-generation CLX chain hoist that speeds up the work cycle and maintenance and improves safety and energy efficiency. The sturdy design of the new unit provides a larger load capacity, while doubling the life cycle of the machine. The new hoist is particularly suitable for individual workstation applications, such as assembly cells.

An important starting-point for the development of the new-generation CLX chain hoist was the idea of using the same technical platform for different brands. This multibranding strategy makes it possible to differentiate products for various customer groups while also benefiting from economies of scale. Konecranes is increasingly applying this strategy to its other product groups as well.

PIONEERING WORK IN DEVELOPING A HYBRID REACH STACKER

Work on a hybrid reach stacker progressed well and the new unit commenced field-testing at the end of 2012. When delivered to customers after the field-test period and a production engineering project, it will probably be the world's first fully mass-produced hybrid reach stacker. Unlike conventional reach stackers, which are powered by diesel engines and use mechanical transmissions, the new hybrid reach stacker employs an electrical system. For customers, this will provide significantly reduced operating costs, reduced maintenance, and improved productivity. Due to its reduced fuel consumption and emissions, the new stacker will also be more eco-efficient than conventional models.

JINGJIANG RELIABILITY CENTER

To complement its two Reliability Centers in Finland and Germany, and to further focus on emerging market products, Konecranes opened a new Reliability Center in Jingjiang, China in October 2012. Konecranes Reliability Centers are responsible for analyzing and testing the reliability of Konecranes' products by simulating their entire life cycles. Identifying and understanding wear patterns provides valuable input for future product development and helps plan optimal maintenance schedules. With a network of three Reliability Centers today, Konecranes can now obtain statistically reliable test results quicker than before.

PRODUCT OVERVIEW

SERVICE

Konecranes offers specialized maintenance and modernization services for all types of industrial cranes, lifting equipment, and machine tools. These services can cover everything from individual pieces of equipment to customers' entire operations, boosting the productivity and safety of industrial processes.

A commitment to excellent, proactive, and real-time service is one of our strategic priorities. Konecranes continuously develops its service offering by drawing on its extensive R&D know-how and over 60 years of maintenance expertise.

Extensive maintenance programs based on harmonized processes are combined with a comprehensive range of services, new modern maintenance tools, and online crane usage information.

TRUCONNECT® REMOTE SERVICES

TRUCONNECT® Remote Services represent the latest innovations in Konecranes' service business, ranging from periodic data reporting to real-time diagnostics, technical support, and production monitoring. TRUCONNECT gives customers access to actual equipment usage data that can be used to enhance the safe use of cranes, optimize maintenance activities, and plan modernization needs.

WORKSTATION CRANES

offer ergonomic handling for loads up to 2,000 kg. Typical customers include manufacturing workshops, automotive manufacturers, and renewable energy utilities.

ATB AIRBALANCERS

can handle loads up to 350 kg. Thanks to their air-powered design and floating load units, AirBalancers offer an invaluable aid for picking, lifting, moving, and placing items by hand.

INDUSTRIAL CRANE PRODUCTS

include standard cranes with lifting capacities up to 80 tons. Konecranes' offering in this category ranges from chain hoist cranes to wire rope hoists and cranes – typically used in general manufacturing, automotive, steel, pulp & paper, construction, renewable energy, aerospace, and petrochemicals.

INDUSTRIAL CRANE SOLUTIONS

are engineered for demanding lifting applications. The product range includes pre-engineered cranes capable of lifting up to 500 tons and tailored cranes for even more demanding lifting needs. Typical customers include the steel, aluminum, mining, general manufacturing, pulp & paper, petrochemical, cement, power, and energy from waste industries.

FORKLIFT TRUCKS

with lifting capacities ranging from 10 to 65 tons are used in various applications and heavy industries such as steel, pulp & paper, oil & gas, and ports.

CONTAINER LIFT TRUCKS

can handle empty and laden containers weighing 8–10 tons and 33–45 tons respectively at ports and intermodal terminals.

REACH STACKERS

with lifting capacities ranging from 10 to 80 tons are used in container handling, intermodal, and industrial applications.

GOLIATH GANTRY CRANES

are used for heavy-duty assembly lifts at shipbuilding, offshore, and other heavy industrial sites. Loads weighing thousands of tons can be moved hundreds of meters horizontally and over a hundred meters vertically and positioned to assembly tolerances of just a few millimeters.

STRADDLE CARRIERS

are multi-purpose container handling machines used in small to medium-sized container terminals. They typically have a lifting capacity of 50 tons and can stack containers one over three high. The BOXRUNNER® straddle carrier keeps containers flowing between STSs and yard container stacks, enabling fast ship turnaround times. It can also load and unload trucks, as it stacks two containers high.

YARD CRANES

are used in larger container terminals, and include RTGs and RMGs and Automated Stacking Cranes (ASCs). These cranes usually have a lifting capacity of around 50 tons and can stack one over six containers high and eight plus truck lanes wide at ports and intermodal terminals. RTGs can be powered by diesel or electricity fed through a cable or a busbar.

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 70 meters.

NUCLEAR CRANES

and specialized lifting equipment are used throughout the industry for a wide range of operations, from lifting reactor heads to handling nuclear fuel, at nuclear power plants, radioactive waste facilities, and nuclear fuel production sites. Our SUPERSAFE™ single failure proof cranes and hoists are used to handle critical lifts. Konecranes' nuclear quality control program meets strict regulatory requirements such as 10CFR50 Appendix "B" and NQA.

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 continuous improvement in lifting our customers' businesses and increasing the value of our shareholders' investment. Respecting our employees, the environment, and our stakeholders is fundamental for sustainable development.

UPDATE ON DEVELOPMENT AREAS FROM 2011

REPORTED IN 2011	STATUS IN 2012
Safety risk management and environmental management training will continue during 2012.	Training in both areas was continued, with sessions held in India and China for example.
Konecranes' environmental incident reporting was developed and the new functionality will be rolled out in 2012.	The new functionality can now be accessed by the majority of Konecranes units.
We announced our target for 2015, which is to have HSEQ environmental management systems in place at our top 250 suppliers.	We started following up on this target during 2012 by conducting an as-is study for our top suppliers.
Environmental product declarations are under development.	We expect to publish new environmental product declarations during 2013.
Value-based behavior process to be implemented in measuring performance during development discussions.	Process is implemented; both the 'what' and 'how' are included and values are discussed as part of the 'how'.

Konecranes continually invests in developing its employees expertise and leadership skills.

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.

Corporate responsibility is an integral part of what we do. Our vision statement describes our aim for increasing the safety of our customers' operations, while our commitments to international initiatives and conventions, such as the United Nation's (UN) Declaration of Human Rights and the UN Global Compact, and our Code of Conduct and Values define how we manage our supply chain and our own operations responsibly.

Konecranes operates in almost 50 countries; everywhere we operate, we abide by good corporate governance practices. Our operations support the development of local communities through the creation of local jobs.

Konecranes' corporate responsibility focus areas are Safety, Smarter Offering, Fair Play, the Environment, and People. To oversee the management of these focus areas, and other corporate responsibility issues, Konecranes has formed the Konecranes Corporate Responsibility Steering Group. This includes senior managers and representatives from our business areas, production, product development, human resources, legal affairs, and the European Works Council. The Steering Group met twice during 2012. The Extended Management Team also had a corporate responsibility session in 2012, where it discussed guidelines for the 2013 HSE (Health, Safety, Environment) annual plan, the Group's safety policy, and fair labor issues in emerging markets.

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 engaging stakeholders on corporate responsibility issues. Reporting complies with GRI Level C

KONECRANES' CORPORATE RESPONSIBILITY FOCUS AREAS

requirements, based on our self-assessment. A table of GRI compliance can be found on pages 32–33.

Corporate responsibility reporting follows the same timeframe as our financial reporting, the calendar year, and currently covers all our major production units and operations. However, businesses acquired during 2012 are not included. The reported indicators have been chosen because they are the most relevant for our operations and our stakeholders. The data has been gathered via internal information systems and has been 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 have not changed since 2012. Stakeholders include shareholders, customers, personnel, suppliers and other partners, the authorities, local communities, and the media. During 2012, we continued improving various aspects of our reporting and stakeholder engagement, by inviting a representative from the European Works Council to join the Corporate Responsibility Steering Group, for example.

SAFETY IS A TOP PRIORITY

Safety is imperative for a company such as Konecranes, working in a multitude of different working conditions, geographical areas, and cultures. We strive to ensure the safety of our personnel as well as our customers' personnel throughout the life-cycle of a crane. We want everyone to arrive home in good health after the working day – and we want to be the safety leader in our industry.

During 2012, our global HSE network continued expanding to new units and countries. Cooperation also continued via online meetings, and a face-to-face meeting was held with Konecranes' quality professionals in Shanghai, China.

The Konecranes Safety Steering team, with over 100 years of combined HSE experience, prepared a new set of corporate Safety Minimum Requirements that will be implemented during 2013 in all of Konecranes' operations. To ensure proactive safety management, we switched management incentive settings from reactive KPIs to leading KPIs in 2013.

Proactive safety management was reflected in a significant rise in the number of safety observations and near hit reports filed by Konecranes personnel during 2012. The main reasons for safety observations and near hits relate to the loss of control of equipment, such as hand-held power tools, equipment failures, and housekeeping. Near hit data is helping us focus on injury prevention and awareness-raising activities.

Business area Service had a slight drop in the number of accidents, and an approx. 10 percent reduction in accident frequency. Despite proactive safety measures, 2012 was a challenging year for Business Area Equipment in terms of frequency of accidents. In both business areas, fingers and hands were the areas of the body most frequently injured. Two serious injuries were incurred by our subcontractors in China and in Brazil in 2012, but no fatal accidents occurred. Lost time accident frequency (LTA) figures are detailed in the table below.

APAC SAFETY SUMMIT

A group of 20 Konecranes people – representing Australia & New Zealand, Malaysia, Singapore, Thailand, Indonesia, and China – gathered in Shanghai for the inaugural Konecranes APAC Safety Summit.

The purpose of the two-day summit was to align common safety practices across the region and set unified targets for continuous improvement.

The group committed itself to action plans to implement full coverage of point of work risk assessment, auditing, consultation, and training in the region – to develop and improve safety culture and create a better working environment.

ENSURING A POSITIVE TREND IN ENVIRONMENTAL IMPACT

We work hard to develop our environmental management and apply the continuous improvement model in our environmental management. The key issues of our environmental management are energy efficiency, recycling, waste disposal, and chemical management.

We continued developing our environmental competencies across the global HSE network via face-to-face and online training sessions, information sharing, and online meetings during 2012. We launched an environmental management e-learning tool during the third quarter of the year outlining the fundamentals of Konecranes' environmental issues and how we manage our environmental impact.

During 2012, several Konecranes units implemented energy efficiency programs aimed at reducing the use of different forms of energy. Progress made here included our manufacturing unit in Shanghai, China, where a switch to energy-efficient lighting had an immediate impact on electricity consumption, and our manufacturing unit in Ukraine, where we invested in improved insulation.

Environmental issues

Konecranes' two business areas face quite different environmental issues. For Business Area Service, the most important environmental issues are fuel consumption and vehicle emis-

LOST TIME ACCIDENT FREQUENCY

BUSINESS AREAS	LTA1, 2012	LTA1, 2011	LTA1, 2010
Konecranes total	9.5	9.5	11.7
Equipment	9.9	8	13
Service	10.3	11.7	12

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

sions. For Business Area Equipment, the most important environmental issues include energy usage, waste handling, and chemical storage and usage. Environmental indicators related to the most important environmental issues are reported in the Environmental Data Table on page 30.

Although water-related questions are becoming more and more prominent in sustainability enquiries and indexes, they are not very significant for Konecranes, as we use very little water in our own production or in our services. Small amounts of water-based cooling emulsions are used, but overall water usage is mainly limited to wash rooms and drinking water. However, we may start reporting on water issues to ensure that we also provide public coverage of this area.

PEOPLE – POSITIVE RESULTS FROM ESS AND ANNUAL DEVELOPMENT DISCUSSIONS

The purpose of the annual Employee Satisfaction Survey (ESS) is to assess the level of satisfaction, motivation, and commitment of Group personnel. It is also a channel for employees to express their views regarding their work and workplace. The response rate to ESS 2012 was similar to that for the 2011 survey: 86 percent for the Group as a whole. The total number of responses was 10,383. The 2012 Employee Satisfaction Survey was the sixth to be organized to date.

When compared to benchmark data, our overall results are very positive, especially in areas such as managerial work, employer image, and leadership culture. Managerial work received very good overall feedback compared to the previous survey. In particular, orientation training for new tasks and recognition of work well-done received more positive feedback than before. As an example of good induction practices, a global onboarding e-learning package has been prepared to ensure that all new employees receive comprehensive basic information on Konecranes. Based on feedback, the package was further developed at the end of 2012.

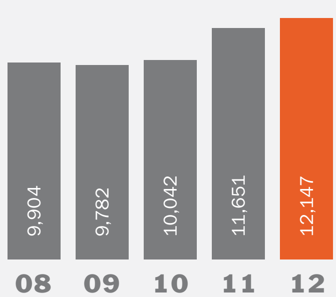
SHARING OUR WAY

As of July 1, 2012, Konecranes launched a new Employee Share Savings Plan for all employees except those in countries where, for legal or administrative reasons, the Plan cannot be offered. Participation is completely voluntary.

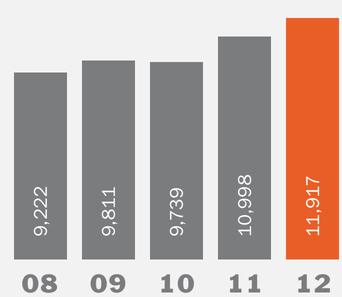
The Plan is based on participants saving a monthly sum of up to 5 percent of their gross salary. The money saved in this way is used to buy Konecranes shares from the market on behalf of participants. Savings are made from July 1, 2012 until June 30, 2013. If a participant is still in possession of the shares at the end of February 2016, he/she will receive one matching share for every two initially purchased.

We believe that the Plan will boost people's mutual sense of being part of Konecranes, around the world and at all levels of the organization.

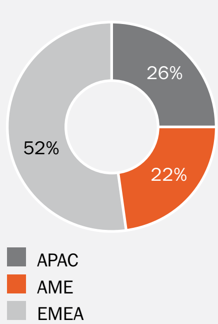
NUMBER OF PERSONNEL, END OF THE YEAR



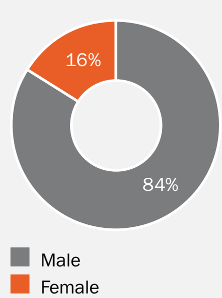
NUMBER OF PERSONNEL, AVERAGE



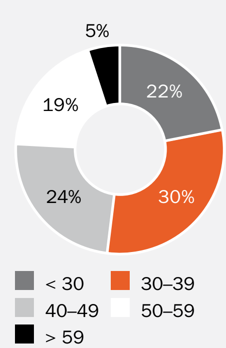
WORKFORCE BY REGION



GENDER STRUCTURE



AGE STRUCTURE



CRANE LED LIGHTS

The Environmental Product Declaration for the CXT electric wire rope hoist released in 2011 resulted in further development of the crane's energy efficiency and a LED light solution that reduces power consumption. LED lights use less than a third of the energy consumed by conventional lights. LED lights have also quadrupled the lifespan of conventional floodlights. The solution is already in use in some of the cranes produced by our manufacturing units.

Konecranes' leadership culture received a high ranking in the ESS. A set of Managerial Communication Guidelines was prepared in 2012 to clarify managers' communication-related responsibilities to further promote good company culture and fair management. These guidelines, together with our Corporate Platform Book, were delivered to all managers to support them in implementing Konecranes' strategy.

The Managerial Communication Guidelines also included a section devoted to 'Konecranes Leadership Principles'. These principles are based on Konecranes' values and key leadership competencies. A virtual Manager's Guide was also published in 2012, featuring three modules: Corporate essentials, Employee lifecycle, and Communication tools.

ESS respondents also felt that Konecranes focuses on employees' wellbeing. People see their workload as reasonable and believe that employees share know-how with each other more than elsewhere. Employees' sense of team spirit has improved and their interest in looking for employment elsewhere has declined, which is also reflected in the high employee retention rate of 90 percent. Fairness in terms of remuneration and involving employees in decision-making were also evaluated more positively in the 2012 ESS than before.

Information flow within departments and access to information are still areas for improvement. Stress levels have also increased. Despite this, employees typically consider their work interesting and challenging.

Annual development discussions are one-to-one meetings between managers and employees, during which people's goals and personal development plans are discussed and systematically documented. Development discussions are a key part of performance management and help ensure that Konecranes and all its employees have the necessary competencies and motivation to meet current and future business challenges. The target is to hold annual development discussions with all employees; due to employee turnover reasons, the actual rate was about 80 percent in 2012.

ENVIRONMENTAL DATA FOR 2012

ENERGY CONSUMPTION AND EMISSIONS		2012	2011	2010
Total emissions/sales [1]	tCO_2e /MEUR	52	73	109
Total energy consumption/sales[1]	MWh / MEUR	175	224	332
Scope 1, energy consumption and direct emissions	Vehicle fleet fuel consumption, MWh	119,700	151,000	220,200
	Natural gas consumption, MWh	63,000	65,300	54,000
	Direct emissions, tCO_2e	42,700	53,400	85,000
Scope 2, energy consumption and indirect emissions	Electricity consumption, MWh	129,800	135,000	158,000
	District heat consumption, MWh	66,800	74,000	80,500
	Indirect emissions, tCO_2e	70,300	73,000	73,000
Scope 3, other indirect emissions	Business travel, tCO_2e	11,100	11,100	10,000

WASTE (TONS)			
Metal scrap[2]	14,200	13,500	12,500
Cardboard, paper, and wood[2]	5,800	3,500	5,500
Hazardous and electronic, and electrical waste[3]	3,000	2,800	1,100
Mixed waste[4]	900	1,150	950

Total numbers extrapolated based on data collected from the majority of manufacturing locations and major service units.
1) Total emissions and total energy consumption per sales have been adjusted according to reporting change in Scope 3.
2) Waste streams go for recycling
3) Waste stream handling split into recycling, incineration, and other adequate treatment depending on location
4) Waste stream handling split into recycling, incineration, and landfill depending on location

It is important to note that in 2012 we emphasized the HOW part of performance alongside the WHAT. The overall long-term performance, success, and image of Konecranes and its employees will depend on understanding and living our common values.

The importance of development discussions was also reflected in the ESS results, and there was a clear correlation between annual development discussions and the general job satisfaction of all Konecranes employees worldwide in the 2012 results.

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 features 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.

The new Reliability Center opened in China in 2012 will help further enhance work on product and service reliability. All three Reliability Centers are committed to ensuring that Konecranes produces safe, reliable, and high-quality products, and provide testing services and technical services to internal customers to help achieve this goal.

Konecranes' Smarter Cabin, launched in 2011, received the Fennia Prize 2012 award. The Smarter Cabin, designed in close cooperation with key customers, provides crane operators with an ergonomic and comfortable work place with improved visibility of the work area. In addition to a high standard of design, the evaluation criteria included usability, environmental and social responsibility, and business impact.

Another example of our smarter offering is the new hybrid power pack launched for RTGs and straddle carriers in 2012. The Konecranes Hybrid Power Pack turns a diesel-electric equipment into a diesel-electric hybrid system. Whenever possible, deceleration energy is stored and electric power re-used.

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 always fully accountable.

We pay special attention to cooperation with our suppliers, and completed 20 supplier audits in 2012 and organized a Supplier Day for 70 of our suppliers, where corporate responsibility was one of the topics covered.

Our Code of Conduct is publicly available on our website, and we 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.

We started rolling out online training for the Code of Conduct during 2012. This reviews the contents of the Code and includes test questions which users have to pass to complete the training. The roll-out will be finalized during 2013. Online training is mandatory for all Konecranes employees.

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 co-operation and selling additional services.

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

ABU DHABI, UNITED ARAB EMIRATES

KONECRANES AUTOMATION IN ABU DHABI

Konecranes delivered 30 automated stacking cranes (ASC) and a container terminal operating system (TOS) to a customer in Abu Dhabi in 2012. The TOS integrates the entire terminal operation from gate to quay. The graphical interface gives improved visibility and better control of container movement within the terminal. The adaptive yard automation system enables efficient container handling and saves energy. The ASCs are equipped with Konecranes' Active Load Control system with active Sway Prevention and Horizontal Fine Positioning systems for enhanced customer safety.

GRI CONTENT INDEX

GLOBAL REPORTING INITIATIVE CONTENT INDEX		PAGE	COMMENT
Profile			
1	**Strategy and analysis**		
1.1	CEO's statement	6	
1.2	Key impacts, risks and opportunities		
2	**Organizational Profile**		
2.1	Name of the organization	35	
2.2	Primary brands, products and services	23–25	
2.3	Operational structure	3, 35	
2.4	Location of organization's headquarters	2	
2.5	Number of countries and location of operations	2	
2.6	Nature of ownership and legal form	2	
2.7	Markets served	2	
2.8	Scale of the reporting organization	2	
2.9	Significant changes	4	
2.10	Awards received in the reporting period	31	
3	**Report Parameters**		
3.1	Reporting period	28	
3.2	Date of most recent report	28	
3.3	Reporting cycle	28	
3.4	Contact point for questions regarding report	31, 126–129	
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3.7	Limitations on the report's scope or boundary	28	
3.8	Basis for reporting subsidiaries and joint ventures	28	
3.9	Data measurement techniques and bases for calculations	28	
3.10	Explanation of re-statements		Not applicable
3.11	Significant changes from previous reporting periods	4	
3.12	GRI content index	32–33	
4	**Governance, Commitments and Engagement**		
4.1	Governance structure	35	
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4.3	Independence of the Board members	37, 54–55	
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4.14	List of stakeholder groups	27	
4.15	Identification of stakeholders	27, 28	
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GLOBAL REPORTING INITIATIVE CONTENT INDEX		PAGE	COMMENT
Management approach and performance indicators (core indicators, unless marked to be additional)			
Economic			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	67–106	Financial review part
EC3	Coverage of the organization's defined benefit plan obligation	101–102	
EC4	Significant financial assistance received from government	85	
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)	31	
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	47	Partly covered
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	31	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	
EN4	Indirect energy consumption by primary source	30	
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)	28	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)	28	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, 28–29	

CORPORATE GOVERNANCE

As Konecranes is a part of a complex business ecosystem, it wants act as transparently as possible and always be fully accountable.

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.

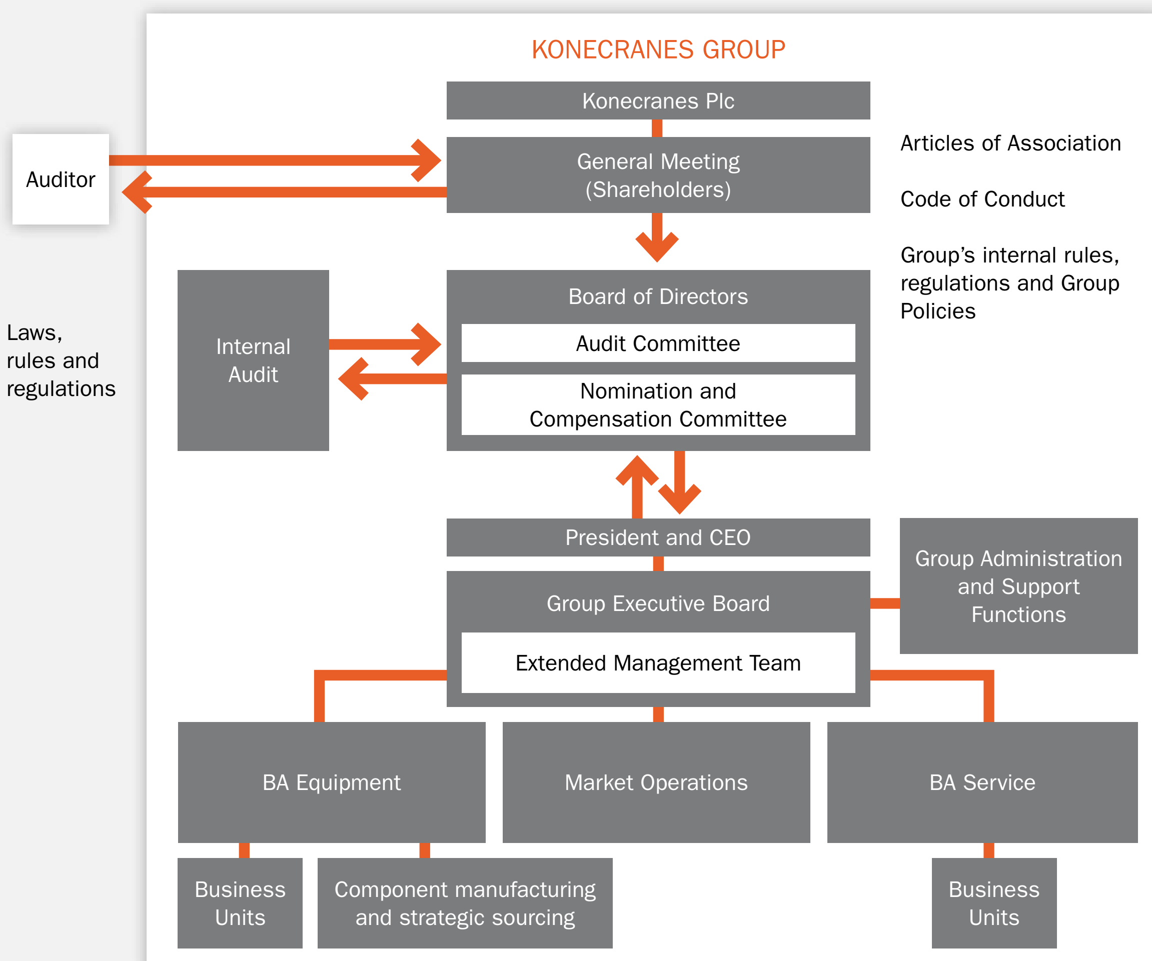
GENERAL MEETING

The General Meeting of Shareholders is the Company's highest decision-making body, through 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

CORPORATE GOVERNANCE STRUCTURE OF THE KONECRANES GROUP IN 2012



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 the 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 organization 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 the 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 2012 was held on March 22, 2012 in Hyvinkää, Finland. A total of 315 shareholders representing approximately 34.5 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 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 2012, the Board of Directors consisted of eight (8) members:

- Mr. Svante Adde
- Mr. Kim Gran (until March 22, 2012)
- Mr. Stig Gustavson (Chairman)
- Mr. Tapani Järvinen
- Mr. Matti Kavetvuo
- Ms. Nina Kopola
- Mr. Bertel Langenskiöld (as of March 22, 2012)
- 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 reports which directors it determines to be independent of the Company and which directors it determines to be independent of major 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 other Board members are independent of the Company's major shareholders except Mr. Bertel Langenskiöld, who is deemed to be dependent on major Company shareholders based on his current position as the Managing Director of Hartwall Capital Oy Ab. HTT KCR Holding Oy Ab holds more than 10 percent of Konecranes Plc's shares and votes. HTT KCR Holding Oy Ab is a subsidiary of Hartwall Capital Oy Ab.

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 procedure 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 nine (9) times during the 2012 financial year. The attendance of members at meetings is shown in the table on Board Meetings 2012 on page 38.

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.

BOARD MEETINGS IN 2012

	Board Meetings		Audit Committee Meetings		Nomination and Compensation Committee Meetings	
Member	**Attendance**	**Percentage**	**Attendance**	**Percentage**	**Attendance**	**Percentage**
Stig Gustavson	9/9	100%	-	-	4/4	100%
Svante Adde	9/9	100%	4/4	100%	-	-
Kim Gran	1/1	100%	1/1	100%	-	-
Tapani Järvinen	9/9	100%	4/4	100%	-	-
Matti Kavetvuo	8/9	89%	-	-	4/4	100%
Nina Kopola	9/9	100%	-	-	4/4	100%
Bertel Langenskiöld	7/8	88%	-	-	3/3	100%
Malin Persson	9/9	100%	3/3	100%	1/1	100%
Mikael Silvennoinen	9/9	100%	4/4	100%	-	-

The average attendance of members at Board meetings was 97.2 percent.

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 major 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 (4) times a year. The Chairman shall present a report on each Audit Committee meeting to the Board.

As of March 22, 2012, the Board's Audit Committee comprised the following four (4) members:

- Mr. Svante Adde (Chairman),
- Mr. Tapani Järvinen (member),
- Ms. Malin Persson (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, and Mr. Mikael Silvennoinen have a degree in business administration and/or economics.

The Audit Committee convened four (4) times in 2012, and the average attendance of members at meetings was 100 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 3–4 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, the 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 22, 2012, the Board's Nomination and Compensation Committee comprised the following four (4) members:

- Mr. Bertel Langenskiöld (Chairman),
- Mr. Stig Gustavson (member),
- Mr. Matti Kavetvuo (member),
- Ms. Nina Kopola (member),

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

The Nomination and Compensation Committee convened four (4) times in 2012, and the average attendance of members at meetings was 100 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 63 years, both he and the Company may request his retirement. He participates in an additional defined contribution plan with an annual payment set at 18.6 per cent of his annual salary excluding performance-based compensation (annual or long-term incentives).

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 Equipment
- Mr. Fabio Fiorino, Executive Vice President and Head of Business Area Service
- Mr. Mikko Uhari, Executive Vice President and Head of Market Operations
- Mr. Teo Ottola, Chief Financial Officer
- Mr. Ari Kiviniitty, acting Chief Technology Officer.

The biographical details of the 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.

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; the Head of Product Management and Engineering, the Chief Supply Chain Officer; the Deputy Head of Business Area Equipment; and the Deputy Head of Business Area Service.

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 Equipment
- Mr. Fabio Fiorino, Executive Vice President and Head of Business Area Service
- Mr. Mikko Uhari, Executive Vice President and Head of Market Operations
- Mr. Teo Ottola, Chief Financial Officer
- Mr. Pekka Lettijeff, Chief Supply Chain Officer, Head of Supply Chain Management (as of January 1, 2012)
- Mr. Ari Kiviniitty, Head of Product Management and Engineering and Deputy Head of Business Area Equipment (as of January 1, 2012)
- Mr. Aku Lehtinen, Senior Vice President and Head of Region WEMEA (Western Europe, Middle East and Africa)
- Mr. Tomas Myntti, Senior Vice President and Head of Region NEI (Nordic, Eastern Europe and India)
- 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 February 1, 2013, the EMT has been replaced by the Konecranes Senior Management Team. For more details visit www.konecranes.com > Investors > Corporate Governance > Group Management*

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

The Extended Management Team focuses 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, Group-level results are reviewed monthly 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

All Konecranes remuneration schemes are designed to promote high performance and emphasize focus and commitment to business targets. Remuneration schemes promote competitiveness and the long-term financial success of the Company and contribute to the favorable development of shareholder value.

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

All remuneration schemes are designed to meet both global and local needs, and may differ between locations as a result.

Decision-making process

The Annual General Meeting adopts resolutions and decides the remuneration of the Board of Directors and the Board's Committees annually.

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

The Nomination and Compensation Committee also evaluates and prepares for Board decision the remuneration packages of Group Executive Board members who report directly to the President and CEO. Remuneration packages for other Extended Management Team members are decided on by the President and CEO.

All Konecranes remuneration issues are decided by the 'one above' principle, i.e. a manager's superior must always confirm the remuneration of an employee.

Remuneration of the Board of Directors

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

TOTAL COMPENSATION PAID TO THE BOARD OF DIRECTORS IN 2012

	Cash, EUR	Shares, EUR	Shares, #	Committee meetings EUR	Total, EUR
Gustavson Stig, Chairman of the Board	53,328.58	52,511.42	2,276	6,000	111,840.00
Adde Svante, Board member	21,339.66	20,995.34	910	10,500	52,835.00
Järvinen Tapani, Board member	21,339.66	20,995.34	910	6,000	48,335.00
Kavetvuo Matti, Board member	21,339.66	20,995.34	910	6,000	48,335.00
Kopola Nina, Board member	21,339.66	20,995.34	910	6,000	48,335.00
Langenskiöld Bertel, Board member	21,339.66	20,995.34	910	4,500	46,835.00
Persson Malin, Board member	21,339.66	20,995.34	910	6,000	48,335.00
Silvennoinen Mikael, Board member	21,339.66	20,995.34	910	6,000	48,335.00
Gran Kim, Board member until 3/2012	0	0	0	1,500	1,500
Total	**202,706.22**	**199,478.78**	**8,646**	**52,500**	**454,685.00**

FEES PAID TO THE BOARD OF DIRECTORS, €

	Annual fee, 2012
Chairman of the Board	105,000.00
Vice Chairman	67,000.00
Board member	42,000.00
Fee per Board Committee meeting	1,500.00
Chairman of the Audit Committee per AC meeting	3,000.00

Board members are also reimbursed for their travel expenses.

50 percent of annual remuneration is paid in Konecranes shares purchased on the market on behalf of Board members. Remuneration may also be paid by transferring treasury shares based on the authorization given to the Board of Directors by the General Meeting. In the event that payment in shares cannot be carried out due to reasons related to either the Company or a Board member, annual remuneration shall be paid entirely in cash.

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 base salary, fringe benefits, a pension scheme, a performance-related annual bonus scheme and a long term performance related share plan. 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 required 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 new 2012 pension scheme for the President and CEO sets his retirement age at 63 and the defined contribution at 18.6 percent of his annual salary, excluding performance-based compensation (annual or long-term incentives). The new scheme replaces the earlier one, which set the retirement age at 60 and a target pension level of 60%.

COMPENSATION PAID TO THE PRESIDENT AND CEO

	Salary, bonus and other benefits	2012	2011
1	Salary and benefits	468,196 EUR	440,140 EUR
2	Bonus	262,800 EUR	330,066 EUR
3	Option rights owned (# of options 31 Dec.)	80,000	174,000
4	Shares owned (# of shares 31 Dec.)	263,749	180,000
5	Additional shares as result of the KCR Management Oy Share Swap (# of shares, transfer restriction until November 1, 2012)	0	83,606
6	Total shares owned (# of shares)	263,749	263,606
7	Retirement age	63 years	60 years
8	Target pension level	Defined contribution plan	60%
9	Period of notice	6 months	6 months
10	Severance payment (in addition to notice period compensation)	18 months salary and fringe benefits	18 months salary and fringe benefits

The annual salary and benefits paid to the President and CEO in 2012 and 2011 are shown in the following table. As part of his temporary relocation to Singapore, the President and CEO's monthly base salary was amended to EUR 40,000 a month as of 1 August 2012. In addition to his monthly salary, he has standard work-related benefits (e.g mobile phone) and is compensated for his housing and traveling expenses.

Konecranes has a loan receivable of EUR 221,725.43 from President and CEO Pekka Lundmark with an interest rate of 12 month euribor + 1 percentage point. The interest rate is adjusted annually on the 5th of November or the respective next banking day. 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 imposed payment and the loan is effective until the appeal process is concluded.

The Konecranes 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

REMUNERATION TO MANAGEMENT: EXTENDED MANAGEMENT TEAM, EXCLUDING THE PRESIDENT AND CEO			
		2012	2011
1	Salary and benefits	3,121,537 EUR	2,705,215 EUR
2	Bonuses	524,691 EUR	667,241 EUR
3	Option rights owned (# of options 31 Dec.)	493,635	777,500
4	Shares owned (# of shares 31 Dec.)	279,132	258,948
5	Additional shares as a result of the Share Swap (# of shares)	0	164,888
6	Total shares owned (# of shares)	279,132	423,836

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 would be repaid through a share swap whereby Konecranes Plc acquired all the shares in KCR Management Oy. 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 (item 5 in the table on page 41).

KCR Management Oy was merged into Konecranes Plc effective on December 31, 2011.

Remuneration of Group Management (Extended Management Team)

The Nomination and Compensation Committee evaluates and prepares for Board decision the remuneration packages of Group Executive Board members who report directly to the President and CEO. Remuneration packages for other Extended Management Team 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 to the performance 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 2012 was 50 percent of an individual's annual base salary.

The Finnish members of the Extended Management Team participate in a defined 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 set according to the Finnish Employees Pensions Act (TyEL). The Finnish EMT members have life insurance and disability insurances. Non-Finnish members of the EMT also participate in defined contribution pension plans and have local insurance.

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.

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 and as a result of the share swap the Extended Management Team received in total 164,888 Konecranes shares (item 5 in the table above). KCR Management Oy was merged to Konecranes Plc effective on December 31, 2011

There were no loans issued by the Company to the Extended Management Team (excluding the President and CEO) at the end of December 2012.

Performance Share Plan 2012

As of the beginning of 2012, Konecranes launched a new Long Term Incentive Plan for key employees and discontinued the use of stock option plans.

The purpose of the Performance Share Plan is to motivate key personnel to contribute to the long-term success of the Company and to create 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 allocation of shares to key personnel under a proposal made by the President and CEO. In allocating shares to the President and CEO, the Board acts independently.

The actual number of shares earned is triggered by criteria set by the Board annually. The 2012 Plan has one criterion for fiscal year 2012 performance and one for 2012 – 2014 performance. Earned shares will be paid out in the first quarter of 2015. Under the 2012 – 2014 Plan, if maximum performance is achieved for both criteria, the President and CEO will be eligible for 48,000 shares and the Extended Management Team in total for 240 000 shares (the maximums are gross numbers).

The members of the Extended Management Team, including the President and CEO, have an obligation to continue owning at least 50% of the shares that they earn annually through the Performance Share Plan until they own Company shares with a value equal to their annual salary including benefits.

Stock Option Plans

The Company has in the past issued stock option plans for its key employees, including top and middle management, and employees in certain expert positions. All plans have been adopted by the relevant General Meetings. The Board has decided to discontinue the use of these plans until further notice.

Konecranes Plc's remaining outstanding stock option plans are Option Series 2009A, 2009B and 2009C.

The subscription periods for these plans are as follows:

Stock Option 2009A:	1 April 2012 – 30 April 2014
Stock Option 2009B:	1 April 2013 – 30 April 2015
Stock Option 2009C:	1 April 2014 – 30 April 2016

The terms and conditions of Konecranes' stock option plans and the number of unsubscribed stock options, based on existing stock options plans and the number of employees concerned, can be consulted at the Company's website at www.konecranes.com > Investors > Share information > Stock option plans.

As of the end of 2012, approximately 200 employees were part of the Group's stock option plans. More information on stock options can be found on page 96 of the 2012 Financial Statement, note 29.

Employee Share Savings Plan 2012

Konecranes launched a new Employee Share Savings Plan on July 1, 2012 for all employees except those in countries where the Plan cannot be offered for legal or administrative reasons.

The Plan also covers top managements and the President and CEO. Participation is voluntary for all concerned.

The Plan is based on the idea that participants save a monthly sum of up to 5% of their gross salary. This money is then used to buy Konecranes shares from the market on behalf of participants. Savings can be made from July 1, 2012 to June 30, 2013. If participants are still in possession of these shares on February 15, 2016, they will receive one matching share for every two initially purchased.

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 Secretary 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 concerned.

The General Counsel maintains Konecranes' register of insider holdings and is responsible for monitoring compliance with insider guidelines and declaration requirements. 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 included 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. Heikki Ilkka served as Principal Auditor in 2012. Ernst & Young Oy and its affiliated audit companies received EUR 1,640,000 in fees for auditing Konecranes Group Companies in 2012, and fees of EUR 877,000 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.

Konecranes' spare part services cover any brand of crane and hoist, other lifting equipment or machine tools.

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, regional and country-specific political issues, as well as 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. The lift truck cycle follows the development of other product segments. 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, as can competitors' other actions.

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. By active product development, Konecranes also strives to differentiate itself from competitors and reduce the pressures caused by competition.

In 2012, Konecranes continued to develop its operations through a broad geographical and industry segment presence, with a strong focus on active areas and segments. Continued brand-building made a positive contribution to helping further differentiate Konecranes from its competitors.

Customer credit risks

Challenges related to 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 on 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 2012, Konecranes further developed its Credit Management function and the Konecranes Global Credit Policy was updated.

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 2012, Konecranes continued increasing its activities in developing markets. R&D activities in China and India focused on products that improve our opportunities in these growing markets. In developed markets, Konecranes invested in automation, software products, and connectivity solutions to improve customers' added value and support the Group's new vision.

The number of TRUCONNECT Remote Services products increased strongly during 2012, improving our knowledge of installed products.

Conducting business in emerging and developing markets

Konecranes sells to many developing countries and has its own personnel, manufacturing, and supplier networks in these areas. Sudden changes in the political environment, economic, or regulatory framework of these areas can have an adverse effect on Konecranes' business. By having its own presence in some of these countries, Konecranes gains direct information on changes affecting the prevailing local business environment. Konecranes also conducts careful evaluations of the political, social, and economic environment in relevant 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 represent a significant continuous market opportunity, 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 both via organic growth and acquisitions.

During 2012, the focus was largely on developing existing operations.

Personnel

Konecranes' ability to operate is dependent on the availability, expertise, and competence of professional personnel.

Konecranes is continuing to develop its employer brand, on-boarding, recruiting, and resourcing practices to ensure that it has access to professional and engaged employees, especially as the competition for talented people is growing all the time.

During 2012, Konecranes continued to invest in training and development, and feedback received from the Group's latest employee satisfaction survey indicates that many areas have developed well. Managerial work received very good overall feedback compared to the previous survey. Induction for new tasks and the recognition given to good work received more positive feedback than in previous surveys. Konecranes' overall leadership culture is also perceived very well. Fairness in rewarding and involving employees in decision-making was evaluated more positively than before.

During 2012, performance management practices were strengthened with the help of a harmonized performance appraisal and development discussion process and documentation tool.

Harmonized people processes and systems now cover 96 percent of employees within Konecranes and support fact-based decision-making.

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 2012, the emphasis of work in the acquisition process development area remained on 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 additional capacity provided by acquired companies has become an integral part of Konecranes' 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 2012.

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 2012, Konecranes continued to develop the quality and scope of supplier cooperation and its audit process. Work continued on improving demand-supply monitoring, balancing, and forecasting to improve the Group's 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 various new ones were received in 2012. Determined certification work is continuing in line with Konecranes' principles.

During 2012, 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. As part of continuous improvement efforts, a product line-based factory acceptance test system was introduced. 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, alternative suppliers enhance price competitiveness, increase production capacity, and reduce Konecranes' risk of single supplier dependency.

During 2012, Konecranes focused on ensuring a high standard of cooperation with its critical suppliers to generate mutual benefits. Improvements to Konecranes' quality processes enhanced Konecranes' supplier quality and 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 insourced the Group's IT Help Desk and end-user support to improve the quality of the service provided to employees.

During 2012, Konecranes started the implementation of new global IT applications, following business process harmonization work. These implementations include risks related to schedules, costs, and content. Realization of schedule-related risk may lead to delays in business benefit realization. Content risk could be realized if the designed business model cannot be implemented as planned using the selected applications. Delays in schedules and challenges with implementations may lead to a rise in total project costs.

Konecranes IT was operated as a business support function with a presence in around 20 countries in 2012.

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. Particular 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 condition and results adversely. Internal procedures, supervision, audits, and practical tools are used to reduce Konecranes' exposure to these types of risks.

During 2012, Konecranes continued to improve and deploy tools and processes related to good governance and management practices.

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 2012, Konecranes paid special attention to occupational safety by clarifying the global corporate minimum requirements of safety in electrical work, working at height, and the use of personal protective equipment. This continued the harmonization of safety procedures that has taken place for several years. Other occupational safety minimum requirements will be drawn up and introduced globally in 2013.

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 carried out 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.

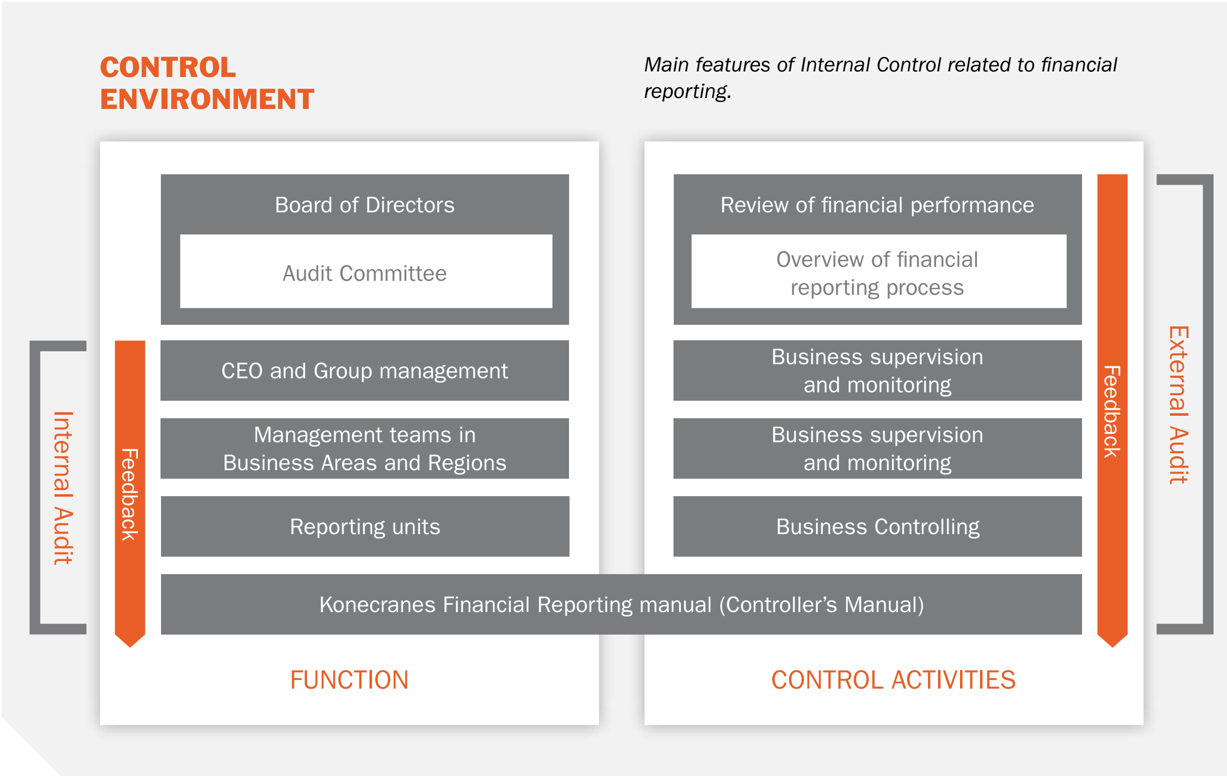
See Note 3 to the Financial Statements and the Board of Directors' Report for a detailed overview of financial risk management.

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.

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 purely 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.

Management of financial risks is described in the Note 3 of Konecranes' Financial Statements 2012.

Control environment

In 2012, the Group operated in a matrix organization, one dimension of which was formed by the two business areas, Service and Equipment. Both business areas were further divided into several business units, supply units, and various support functions. Business areas were responsible for issues such as product/service offering and global profitability.

The other dimension of the matrix organization was Market Operations. These front-line operations were managed and controlled through four regions: Americas, APAC, WEMEA (Western Europe, Middle East and Africa), and NEI (Nordic, Eastern Europe and India). Market operations were 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 Konecranes Group. The operations of the Service business are typically monitored based on profit-responsible service branches (on average 368 in 2012), which are further consolidated to country and regions levels, and business units (5 in 2012). Equipment business is mainly monitored via business units (5 in 2012), 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. It 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 and regional, as well as 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. The Group management follows up separately most important development activities; for example major IT development activities are monitored in Business Infrastructure Board and R&D projects in 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 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 viewpoints. 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.

The Group has a confidential e-mail reporting channel (Whistleblower channel) through which matters related to suspected misconduct can be reported. All notices of suspected incidents are investigated by Internal Audit and findings are reported to the Audit Committee. We received three reports of suspected misconduct via the Whistleblower channel in 2012; these cases did not have a material impact on the Group's financial results.

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.

During 2012

Konecranes continued its IT system project (ERP for both the 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, five new companies rolled out during 2012, and roll-outs will continue in other units over the next few years. Konecranes has developed the Financial Shared Service Center (FSSC) concept to offer mainly transaction handling services, financial master data maintenance, and some financial accounting services from regional centers to individual Konecranes companies. The Financial Shared Service Center concept became operational during 2012 in Europe and North America.

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 created a unified framework for transactional processing and provide an enhanced segregation of duties.

GROUP EXECUTIVE BOARD IN 2012

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: 263,749
Options to acquire: 80,000 shares

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
Options to acquire: 60,000 shares

b. 1957
Executive Vice President, Head of Business Area Equipment
Member of the Group Executive Board since 2004
Employed since 2003
M.Sc. (Eng.)
Primary working experience: Konecranes 2007–2011 : Executive Vice President, Head of Business Area Service; 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: 56,957*)
Options to acquire: 50,000 shares

**) The number of shares does not include 12,500 exercised option rights for which the transfer of treasury shares occurs in 2013.*

b. 1967
Executive Vice President and Head of Business Area Service
Member of the Group Executive Board since 2012
Employed since 1995
B. Eng. P.Eng. MBA
Primary working experience: Konecranes Americas 2010–2011: VP, Head of Service, Region Americas; Morris Material Handling, Inc. 2006–2009: President; R&M Materials Handling, Inc. 1999–2006 /Drivecon, Inc. 2002–2006: President; Konecranes Americas 1998–1999: VP Business Development, Latin America; Konecranes Canada, Inc. 1995–1998: Marketing Manager; AECL 1989–1994: Mechanical/Project Engineer
Shares: -
Options to acquire: 20,000 shares

b. 1957
Executive Vice President, Head of Market Operations
Member of the Group Executive Board since 1997
Employed since 1997
Lic. Sc. (Eng.)
Primary working experience: KCI Konecranes/Konecranes 2010–2011: Executive Vice President, Head of Business Area Equipment; 2005–2009: President, New Equipment Business Areas; 2004–2005: President, Special Cranes (Heavy Lifting); 1997–2003: President, Harbor and Shipyard Cranes; KONE Corporation 1982–1997: various managerial positions at Wood Handling Division (Andritz as of 1996–) in Finland, Sweden and in the USA, including: 1996–1997 Group Vice President, Marketing; 1992–1996: Group Vice President, Project Business; 1990–1992: Director, Wood Handling Unit, Finland
Shares: 110,024
Options to acquire: 64,135 shares

b. 1957
Acting Chief Technology Officer
Senior Vice President, Head of Product Management and Engineering, deputy to Head of Business Area Equipment
Member of the Group Executive Board since 2005
Member of Extended Management Team since 2012
Employed since 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: 17,670
Options to acquire: 45,000 shares

EXTENDED MANAGEMENT TEAM IN 2012

b. 1969

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, Austria; KCI Konecranes/Konecranes 2006–2008: Director, RTG Cranes; KCI Konecranes 2005–2006: Sales Director, Yard Cranes; 2001–2004: various sales, project & product management positions in Asia, Middle East and Europe.

Shares: 60

Options to acquire: 33,000 shares

b. 1963

Senior Vice President, Head of Region NEI (Nordic, Eastern Europe and India)

Member of the Extended Management Team since 2011

Employed since 2008

M.Sc. (Eng.)

Primary working experience: Konecranes 2010–2011: Vice President, Head of Industrial Cranes, Region NEI; Konecranes 2008–2009: various managerial positions; TietoEnator Oyj 2007–2008: Chief Marketing Officer, Business Area Telecom and Media; Hantro Products Oy 2000–2007: Senior VP, Sales and Marketing; Cadence Design Systems 1996–2000: Global Account Director; Intel Corporation 1994–1996: Global Account Manager.

Shares: 74

Options to acquire: 12,500 shares

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 since 1983

B.Sc. (Marketing)

Primary working experience: KCI Konecranes 2001–2006: President, Global Maintenance Services; 1995–2002: Group VP, North America; KONE Corporation/KCI Konecranes 1989–2001: President, Maintenance Services, North America; KONE Corporation 1984–1988: VP, Maintenance Services, North America; Robbins and Myers 1980–1984: District Manager

Shares: 23,865

Options to acquire: 45,000 shares

b. 1971

Senior Vice President, Head of Region APAC (Asia-Pacific)

Member of the 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

Options to acquire: 30,000 shares

b. 1961

Chief Supply Chain Officer, Head of Supply Chain Management

Member of the Extended Management Team since 2012, Employed since 2008

Member of the Group Executive Board 2008–2011

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; 1986–1999: various executive purchasing positions in automotive companies in USA, Sweden and Germany

Current key position of trust: Sanitec Corporation: Member of the Board

Shares: -

Options to acquire: 30,000 shares

b. 1970

Chief Information Officer, CIO

Member of the Extended Management Team since 2009

Employed since 2009

B.Sc. (Information Technology)

Primary working experience: Nokia Corporation 1994–2008: several global leadership positions in the USA and in Finland.

Shares: 340

Options to acquire: 25,000 shares

b. 1963
Vice President, General Counsel
Member of the Extended Management Team since 2009
Member of the Group Executive Board 1999–2009
Employed since 1988
LL.M.
Primary working experience:
KCI Konecranes 1997–1998: Assistant General Counsel; KCI Konecranes/KONE Corporation, 1988–1997: Legal Counsel
Shares: 30,451
Options to acquire: 20,000 shares

b. 1967
Vice President, Head of Field Service and Technology. Deputy Head of BA Service
Member of the Extended Management Team since 2012
Employed since 1992
M.Sc. (Eng.)
Primary working experience:
Konecranes 2009–2011: Vice President, Head of Service West-Europe, Middle East and Africa; Konecranes 2001–2009: various executive positions in Service business area; Kone/KCI Konecranes 1993–2001: Various positions in service and product management.
Shares: 336
Options to acquire: 19,000 shares

b. 1962
Vice President, Human Resources
Member of the Extended Management Team since 2009
Member of the Group Executive Board 2007–2009
Employed since 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: 7,003
Options to acquire: 20,000 shares

b. 1966
Vice President, Marketing and Communications
Member of the Extended Management Team since 2009
Member of the Group Executive Board 2006–2009
Employed since 2006
M.Sc.
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
Options to acquire: 20,000 shares

BOARD OF DIRECTORS IN 2012

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: Vice Chairman of the Board; Handelsbanken Regional Bank Finland: Chairman of the Board; Oy Mercantile Ab: Vice Chairman of the Board; ÅR Packaging AB: Chairman 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: 2,276

MATTI KAVETVUO

b. 1944
Board Member since 2001. Chairman of the Nomination and Compensation Committee 2009–2011 and Member 2012– . 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:
-
Independent of the company and its significant shareholders.
Shares: 10,000

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
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 Oy 2000–2005: various management positions in Marketing, Controlling and Business Analysis
Current key position of trust: The Chemical Industry Federation of Finland: Member of the Board
Independent of the company and its significant shareholders.
Shares: 1,626

BERTEL LANGENSKIÖLD

b. 1950
Board Member since 2012 and Chairman of the Nomination and Compensation Committee since 2012.
M.Sc. (Eng.)
Principal occupation: Managing Director, Hartwall Capital Oy Ab
Primary working experience: Metso Paper and Fiber Technology 2009–2011: President; Metso Paper 2007–2008: President; Metso Paper's Fiber Business Line 2006–2007: President; Metso Minerals 2003–2006: President; Fiskars Corporation 2001–2003: President and CEO; Tampella Power/Kvaerner Pulping, Power Division 1994–2000: President
Current key positions of trust: Karelia-Upofloor Oy: Chairman of the Board; Luvata Oy: Member of the Board
Mr. Bertel Langenskiöld is independent of the Company. Mr. Langenskiöld is deemed to be dependent of significant shareholders of the Company based on his current position as the Managing Director of Hartwall Capital Oy Ab. HTT KCR Holding Oy Ab holds more than 10 percent of Konecranes Plc's shares and votes. HTT KCR Holding Oy Ab is a subsidiary of Hartwall Capital Oy Ab. In addition, HTT KCR Holding Oy Ab, K. Hartwall Invest Oy Ab, Fyrklöver-Invest Oy Ab and Ronnas Invest AG will in practice co-operate in matters concerning their ownership in Konecranes Plc.
Shares: 910

*) *Konecranes Plc has on December 28, 2011 received information according to which the Chairman of the 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 encompassed in total 2,069,778 shares which corresponds to approximately 3.27 percent of all of the company's shares and voting rights.*

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; Finpro ry: Vice Chairman of the Board
Independent of the company and its significant shareholders.
Shares: 3,514

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: Chairman of the Board
Independent of the company and its significant shareholders.
Shares: 6,021

MALIN PERSSON

b. 1968
Board Member since 2005 and Member of the Audit Committee since 2012. Member of the Nomination and Compensation Committee 2005–2011.
M.Sc. (Eng.)
Principal occupation: Industrial Advisor
Primary working experience Volvo Group: Holder of various executive positions including: Volvo Technology Corporation: President and CEO; 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; Beckers Group: Member of the Board
Independent of the company and its significant shareholders.
Shares: 5,169

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: Unico Banking Group: Member of the Board
Independent of the company and its significant shareholders.
Shares: 3,953

FINANCIAL STATEMENTS CONTENTS

REPORT OF THE BOARD OF DIRECTORS

MARKET REVIEW

In 2012, the global economic data was polarized by the strength in the U.S. domestic economy and the modest development in the most of other regions. The U.S. ISM purchasing managers' index surpassed expectations during most months and pointed to expanding American manufacturing activity, which was confirmed by the industrial production statistics. PMI surveys for the Eurozone suggested that the manufacturing activity contracted in the region.

U.S. manufacturing capacity utilization rate exceeded the previous year's level in the first half of 2012, but it began to weaken toward the end of the year. The manufacturing capacity utilization in the European Union has been down on the year-on-year basis since the second quarter of 2012.

China's purchasing managers indexes - China Federation of Logistics & Purchasing PMI and HSBC/Markit PMI – pointed to a contraction of industrial activity for the most part of the year. However, the signs of industrial activity bottoming out could be observed in the fourth quarter of 2012. PMI surveys in India and Russia pointed to an improvement in the manufacturing business conditions compared to the second half of 2011, while the development in Brazil was uneven.

Overall, the world's manufacturing sector expanded at a slow rate in the first half of 2012, while it contracted slightly in the second half according to the aggregated JPMorgan Global Manufacturing PMI.

Compared to the previous year, the demand for lifting equipment improved among industrial customers in the Americas, whereas it remained stable in EMEA. The demand weakened in APAC, mainly due to China and India, which suffered from the tight availability of credit and a slowdown in the economic growth.

In 2012, the global container traffic continued to grow year-on-year at the rate of approximately 4 percent. Compared to the previous year, the rate of traffic growth improved only in Oceania, while it decelerated the most in Europe and Far East including China after the solid performance in 2011.

Overall, the project activity with container ports was satisfactory. The demand was robust for automated solutions that provide higher productivity and lower costs for large terminals. As for container handling equipment using conventional technology, the demand has increased notably in Africa, while the demand in developed markets slackened towards the end of the reporting period. The demand for shipyard cranes continued to be concentrated in Brazil.

The demand for lifting equipment services improved as the outsourced maintenance continued to gain ground. New types of services using the latest IT and measurement technologies have proved increasingly attractive.

In 2012, the prices of steel and copper were lower than in the previous year. The EUR weakened against the USD in the same comparison period.

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

ORDERS RECEIVED

In 2012, the orders received grew by 3.9 percent to EUR 1,970.1 million (1,896.1). Orders received grew by 5.8 percent in Service and by 3.8 percent in Equipment. Orders received increased in the Americas and EMEA regions, while they declined in Asia-Pacific, mainly due to the lower demand in China and India. Acquisitions contributed about 1 percent to the orders received in January–December.

The fourth quarter order intake decreased by 10.6 percent from a year before to EUR 423.8 million (473.9). Order intake fell by 1.1 percent in Service and by 14.7 percent in Equipment. Orders received declined in all regions.

ORDER BOOK

The value of the order book at year-end 2012 totaled EUR 942.7 million (991.8), which is 4.9 percent lower than at the end of 2011. The order book decreased by 13.1 percent from the third quarter when it stood at EUR 1,085.1 million. Service accounted for EUR 147.2 million (16 percent) and Equipment for EUR 795.6 million (84 percent) of the total end-December order book.

SALES

Group sales in the full-year 2012 increased by 14.4 percent and totaled EUR 2,170.2 million (1,896.4). Sales in Service increased by 11.0 percent and in Equipment by 17.5 percent. Acquisitions contributed about 1 percent to sales in January–December.

Fourth-quarter sales rose by 1.2 percent from the corresponding period in 2011 to EUR 605.1 million (598.2). Sales in Service increased by 1.8 percent and in Equipment by 1.8 percent.

In 2012, the regional breakdown was as follows: EMEA 48 (50), Americas 33 (29) and APAC 19 (21) percent.

CURRENCY RATE EFFECT

In a year-on-year comparison, the currency rates had a positive effect on the orders and sales in January–December. The reported order intake rose by 3.9 percent but it declined by 0.3 percent at comparable currency rates. Reported sales increased by 14.4 percent and by 9.9 percent at comparable currency rates.

In Service, the reported January–December order intake growth of 5.8 percent was above the growth of 0.8 percent at comparable currencies. In Equipment, the orders increased by 3.8 percent in reported terms, but were stable at comparable currencies. Service sales grew by 11.0 percent in reported terms and by 5.8 percent at comparable currencies. In Equipment, the corresponding figures were +17.5 percent and +13.4 percent.

The currency rates continued to have a positive effect on the orders and sales in the fourth quarter in a year-on-year comparison. In the fourth quarter, the reported order intake fell by 10.6 percent, whereas the decline at comparable currencies was 12.9 percent. The reported sales increased by

NET SALES BY REGION, MEUR

	10–12/2012	10–12/2011	Change percent	1–12/2012	1–12/2011	Change percent	Change % at comparable currency rates
EMEA	289.4	294.0	-1.6	1,042.4	950.9	9.6	7.9
AME	204.5	174.8	17.0	721.0	549.1	31.3	22.5
APAC	111.2	129.4	-14.0	406.9	396.4	2.6	-3.1
Total	**605.1**	**598.2**	**1.2**	**2,170.2**	**1,896.4**	**14.4**	**9.9**

1.2 percent but decreased by 2.1 percent at comparable currencies.

In the fourth quarter, the reported order intake in Service fell by 1.1 percent and by 4.5 percent at comparable currency rates. In Equipment, the reported order intake decreased by 14.7 percent and by 16.5 percent at comparable currency rates. In Service, the reported sales increased by 1.8 percent but decreased by 2.0 percent at comparable currency rates. The corresponding figures in Equipment sales were +1.8 percent and -1.2 percent.

FINANCIAL RESULT

The consolidated operating profit in full-year 2012 totaled EUR 132.1 million (106.9), increasing in total by EUR 25.2 million. The operating profit includes restructuring costs of EUR 5.8 million (10.3) booked in the fourth quarter due to the restructuring of operations within the Business Area Equipment. Previous year's restructuring costs related to both Business Area Service and Business Area Equipment. The consolidated operating margin improved to 6.1 percent (5.6). The operating margin in Service increased to 8.4 percent (6.2) but it fell in Equipment to 5.5 percent (6.5).

The consolidated operating profit in the fourth quarter totaled EUR 36.4 million (37.2). The consolidated operating margin in the fourth quarter fell to 6.0 percent (6.2). The operating margin in Service improved to 10.0 percent (6.2) but it fell in Equipment to 4.4 percent (7.0).

Both business areas benefited from the higher volumes compared to the last year. Service's profitability was further supported by the restructuring actions executed in the first quarter of 2012. The Equipment operating margin was held back by higher fixed costs and intense competitive situation. In addition, the sales mix had a negative effect on the Equipment operating margin. In the fourth quarter of 2012, the Equipment operating margin was further burdened by the challenges with certain crane deliveries.

In 2012, the depreciation and impairments totaled EUR 43.5 million (41.3). Impairments related to the restructuring of operations amounted to EUR 2.9 million (4.2) of the above amount. In 2012, the amortization arising from purchase price allocations for acquisitions represented EUR 14.8 million (14.4) of the depreciation and impairments.

In 2012, the share of the result of associated companies and joint ventures was EUR 3.8 million (3.8).

Net financial expenses in January–December totaled EUR 11.9 million (14.9). Net interest expenses accounted for EUR 10.8 million (6.1) of of the above, and the remainder was mainly attributable to the 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 124.0 million (95.8).

The income taxes in January–December were EUR 39.3 million (30.8). The Group's effective tax rate was 31.7 percent (32.2).

The January–December net profit was EUR 84.7 million (64.9).

In 2012, the basic earnings per share were EUR 1.47 (1.11) and diluted earnings per share were EUR 1.46 (1.10).

In 2012, the return on capital employed was 18.6 percent (17.1) and return on equity 18.9 percent (14.6).

BALANCE SHEET

The year-end 2012 consolidated balance sheet amounted to EUR 1,563.8 million (1,447.5). Total equity at the end of the reporting period was EUR 460.1 million (435.4). Total equity attributable to equity holders of the parent company at year-end 2012 was EUR 453.9 million (429.9) or EUR 7.92 per share (7.52).

Net working capital at year-end 2012 totaled EUR 297.9 million, which was EUR 43.5 million less than at the end of the third quarter and EUR 22.1 million less than at the year-end 2011. Compared to previous year, net working capital fell due to the higher advance payments received.

CASH FLOW AND FINANCING

Net cash from the operating activities in full-year 2012 was EUR 159.2 million (-20.8) representing EUR 2.78 per share (-0.35). In the fourth quarter, net cash flow from operating activities was EUR 84.9 million (10.4).

Cash flow from capital expenditures amounted to EUR -59.3 million (-53.3).

Cash flow before financing activities was EUR 95.4 million (-146.5). Cash flow before financing activities in the fourth quarter was EUR 69.2 million (-12.5).

Interest-bearing net debt was EUR 181.8 million (219.8) at the end of 2012. Solidity was 34.2 percent (34.2) and gearing 39.5 percent (50.5).

The Group's liquidity remained healthy. At the end of the fourth quarter, cash and cash equivalents amounted to EUR 145.1 million (72.7). None of the Group's EUR 200 million committed back-up financing facility was used at the end of the period.

In the second quarter, Konecranes issued a EUR 75 million senior unsecured domestic bond. The bond has a maturity of 2 years and maturity date on June 27, 2014.

Konecranes paid dividends to its shareholders that amounted to EUR 57.2 million or EUR 1.00 per share in April 2012.

CAPITAL EXPENDITURE

In 2012, the capital expenditure, excluding acquisitions and investments in associated companies, amounted to EUR 41.7 million (32.4). Capital expenditure including acquisitions was EUR 43.3 million (112.5).

Konecranes continued its IT system project (ERP for both Service and Equipment business areas, CRM and People system) to further develop and implement harmonized processes, increase operational transparency and improve decision-making, as well as reduce the overall IT system fragmentation. The pilot unit of the ERP system was launched at the end of September 2011, 5 new companies rolled out during 2012 and the implementation roll-outs will continue in other units over the next few years.

Production capacity investments has been made to support the growth in emerging markets, to open capacity bottlenecks in growing markets like Americas and to replace the selected factory equipment. The biggest ongoing production capacity investment is a new crane manufacturing plant in Jejuri near Pune, India. All manufacturing operations in India will be consolidated into the new facility. The plant is estimated to be fully operational by the end of the second quarter in 2013.

The fourth quarter capital expenditure excluding acquisitions was EUR 18.1 million (9.9) and including acquisitions was EUR 18.1 million (12.3).

ACQUISITIONS

In 2012, the capital expenditure on acquisitions and investments in associated companies was EUR 1.6 million (80.1). During January–December, Konecranes made four small crane service-related bolt-on acquisitions in Germany, USA, Czech Republic and Sweden. The net assets of the acquisitions were recorded at EUR 1.6 million. No goodwill was booked from the acquisitions.

PERSONNEL

In January–December, the Group employed an average of 11,917 people (10,998). On December 31, the headcount was 12,147 (11,651). At year-end 2012, the number of personnel by Business Area was as follows: Service 6,119 employees (5,980), Equipment 5,973 employees (5,621) and Group staff 55 (50). The Group had 6,269 employees (6,144) working in EMEA, 2,724 (2,513) in the Americas and 3,154 (2,994) in the APAC region.

Konecranes' 'Lifting People' strategy focuses on the good company culture, true leadership, performance management and ensuring competent resources. The global job satisfaction survey was carried out for the sixth time with a response rate of 86 percent. The overall results showed an improvement; particularly managerial work and leadership culture received good remarks, which show that our investment in leadership development on all organization levels is paying off.

Competence development continued on a broad basis. Konecranes Champion and Konecranes Academy programs targeted at top and middle management, respectively, continued. We introduced a new Employee Share Savings Plan, which was very well received and we believe that it will boost our mutual sense of being part of the company all over the world, on all levels of the organization.

In 2012, the Group's personnel expenses totaled EUR 594.6 million (530.3).

BUSINESS AREAS

Service

The orders in full-year 2012 totaled EUR 735.0 million (694.6) showing an increase of 5.8 percent. New orders grew in the Americas and APAC, while they remained stable in the EMEA. However, the order growth in APAC was attributable to the currency changes. Among the business units, Crane Service and Parts performed best. The order book rose to EUR 147.2 million (135.1) at year-end representing an increase of 8.9 percent. Sales rose by 11.0 percent to EUR 884.0 million (796.1). Operating profit was EUR 74.6 million (49.4) and 8.4 percent of sales (6.2). Previous year's operating profit included restructuring costs of EUR 6.3 million. Operating profit improved due to the higher volume and the restructuring actions executed in the first quarter of 2012.

The fourth quarter order intake fell by 1.1 percent from the previous year and totaled EUR 181.3 million (183.3). Orders were lower than a year ago in EMEA and APAC, while they remained stable in the Americas due to the favorable currency changes. Fourth-quarter sales totaled EUR 239.0 million (234.9) representing a year-on-year increase of 1.8 percent. The fourth quarter operating profit was EUR 23.8 million (14.6) and 10.0 percent of the sales (6.2). Previous year's operating profit included restructuring costs of EUR 6.3 million. Operating profit improved due to the higher volume and the restructuring actions executed in the first quarter of 2012.

The annual value of the contract base increased to EUR 177.9 million (166.2) at year-end 2012. At year-end 2012, the total number of items of equipment included in the maintenance contract base was 418,560 (409,877).

The number of service technicians at year-end 2012 was 3,935 (3,796), which is 139 or 3.7 percent more than at the year-end 2011.

SERVICE	10–12/2012	10–12/2011	Change percent	1–12/2012	1–12/2011	Change percent
Orders received, MEUR	181.3	183.3	-1.1	735.0	694.6	5.8
Order book, MEUR	147.2	135.1	8.9	147.2	135.1	8.9
Contract base value, MEUR	177.9	166.2	7.0	177.9	166.2	7.0
Net sales, MEUR	239.0	234.9	1.8	884.0	796.1	11.0
EBITDA, MEUR	27.3	19.9	37.4	87.3	63.3	37.8
EBITDA, %	11.4%	8.5%		9.9%	8.0%	
Depreciation and amortization, MEUR	-3.5	-3.1	13.4	-12.7	-11.7	8.2
Impairments, MEUR	0.0	-2.2		0.0	-2.2	
Operating profit (EBIT), MEUR	23.8	14.6	63.2	74.6	49.4	51.0
Operating profit (EBIT), %	10.0%	6.2%		8.4%	6.2%	
Restructuring costs, MEUR	0.0	-6.3		0.0	-6.3	
Operating profit (EBIT) excluding restructuring costs, MEUR	23.8	20.9	13.8	74.6	55.7	33.9
Operating profit (EBIT) excluding restructuring costs, %	10.0%	8.9%		8.4%	7.0%	
Capital employed, MEUR	166.6	190.9	-12.7	166.6	190.9	-12.7
ROCE%				41.8%	27.9%	
Capital expenditure, MEUR	5.5	3.5	59.2	12.5	9.3	35.4
Personnel at the end of period	6,119	5,980	2.3	6,119	5,980	2.3

Equipment

The orders in full-year 2012 totaled EUR 1,340.4 million (1,291.5) showing an increase of 3.8 percent. Orders grew in the Americas and EMEA but fell in Asia-Pacific due to the market weakness, mainly experienced in China and India. Orders for industrial cranes accounted for approximately 45 percent of the orders received and were higher than a year ago. Components and light lifting systems generated approximately 25 percent of the new orders and were above last year's level. The combined orders for port cranes and lift trucks amounted to approximately 30 percent of the orders received and were lower than a year ago.

The order book decreased by 7.1 percent from the previous year to EUR 795.6 million (856.7). Sales increased by 17.5 percent to EUR 1,411.4 million (1,201.4). Operating profit before restructuring costs of EUR 5.8 million (4.0) was EUR 83.8 million (81.7) and the operating margin was 5.9 percent (6.8). Operating profit after restructuring costs was EUR 78.0 million (77.7) and 5.5 percent of sales (6.5). Compared to the previous year, the operating profit improved due to the higher volume but it was held back by the higher fixed costs, intense competitive situation and the adverse sales mix effect.

The fourth quarter order intake fell by 14.7 percent and totaled EUR 269.7 million (316.1). The fourth quarter order intake decreased in all regions. Orders were lower year-over-year in all business units, but the decline was the largest in Port Cranes.

The fourth quarter sales totaled EUR 401.6 million (394.4) and were 1.8 percent higher than a year ago. The fourth quarter operating profit before restructuring costs was EUR 23.5 million (31.5), and the operating margin 5.9 percent (8.0). The fourth quarter operating profit after restructuring costs was EUR 17.8 million (27.5), and the operating margin 4.4 percent (7.0). In the fourth quarter, the Equipment operating margin was further burdened by the challenges with certain crane deliveries.

EQUIPMENT	10–12/2012	10–12/2011	Change percent	1–12/2012	1–12/2011	Change percent
Orders received, MEUR	269.7	316.1	-14.7	1,340.4	1,291.5	3.8
Order book, MEUR	795.6	856.7	-7.1	795.6	856.7	-7.1
Net sales, MEUR	401.6	394.4	1.8	1,411.4	1,201.4	17.5
EBITDA, MEUR	27.8	36.1	-23.0	108.5	104.8	3.6
EBITDA, %	6.9%	9.2%		7.7%	8.7%	
Depreciation and amortization, MEUR	-7.2	-6.7	7.5	-27.6	-25.0	10.3
Impairments, MEUR	-2.9	-2.0		-2.9	-2.0	
Operating profit (EBIT), MEUR	17.8	27.5	-35.3	78.0	77.7	0.4
Operating profit (EBIT), %	4.4%	7.0%		5.5%	6.5%	
Restructuring costs, MEUR	-5.8	-4.0		-5.8	-4.0	
Operating profit (EBIT) excluding restructuring costs, MEUR	23.5	31.5	-25.2	83.8	81.7	2.5
Operating profit (EBIT) excluding restructuring costs, %	5.9%	8.0%		5.9%	6.8%	
Capital employed, MEUR	406.2	426.1	-4.7	406.2	426.1	-4.7
ROCE%				18.8%	23.2%	
Capital expenditure, MEUR	12.6	6.5	95.0	29.1	23.2	25.7
Personnel at the end of period	5,973	5,621	6.3	5,973	5,621	6.3

Group overheads

Unallocated Group overhead costs in 2012 were EUR 20.5 million (20.3), representing 0.9 percent of sales (1.1).

ADMINISTRATION

Decisions of the Annual General Meeting

The Annual General Meeting of Konecranes Plc was held on Thursday, March 22, 2012. The Meeting approved the Company's annual accounts for the fiscal year 2011 and discharged from liability the members of the Board of Directors and Managing Director. 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 for the Nomination and Compensation Committee that the number of the members of the Board of Directors shall be eight (8). The Board members elected at the AGM in 2012 are Mr. Svante Adde, Mr. Stig Gustavson, Mr. Tapani Järvinen, Mr. Matti Kavetvuo, Ms. Nina Kopola, Mr. Bertel Langenskiöld, 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 as pledge of the Company's own shares. The amount of own shares to be repurchased and/or accepted as pledge based on this authorization shall not exceed 6,000,000 shares in total, which corresponds to approximately 9.5 percent of all shares of the Company. The authorization is effective until the end of the next Annual General Meeting, however, no longer than until September 22, 2013. The Board of Directors did not use this authorization in 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 the shares referred to in Chapter 10, Section 1 of the Finnish Companies Act. The number of shares to be issued based on this authorization shall not exceed 6,000,000 shares, which corresponds to approximately 9.5 percent of all shares of the Company. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the following paragraph. The authorization is effective until the end of the next Annual General Meeting, however, no longer than until September 22, 2013. However, the authorization for incentive arrangements is valid until June 30, 2015. The Board of Directors did not use this authorization in 2012.

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 9.5 percent of all shares of the Company. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the previous paragraph. This authorization is effective until the next Annual General Meeting of Shareholders, however, no longer than until September 22, 2013. However, the authorization for incentive arrangements is valid until June 30, 2015. The Board of Directors did not use this authorization in 2012.

The General Meeting decided that an Employee Share Savings Plan (the Plan) will be launched in the Konecranes Group. The General Meeting authorized the Board of Directors to decide on the detailed terms and conditions of the Plan, on the Plan Periods and on their detailed terms and conditions, and to implement the Plan at its discretion taking specifically in consideration the legislation and other regulations applied to the Plan in each country where the Group operates.

The Board of Directors was authorized to decide on the issue of new shares or on the transfer of own shares held by the Company to such participants of the Plan who, according to the terms and conditions of the Plan, are entitled to receive free shares, as well as to decide on the share issue without payment also to the Company itself. In this Plan, the authorization includes a right to transfer own shares held by the Company, the use of which has earlier been limited to the purposes other than the incentive plans. The number of new shares to be issued or own shares held by the Company to be transferred may be in total up to a maximum of 500,000 shares, which corresponds to 0.8 percent of the all Company's shares. The Board of Directors are entitled to decide on the other matters concerning the share issue. The authorization concerning the share issue is valid until March 1, 2017. The Board of Directors did not use this authorization in 2012.

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.

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

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 deemed dependent of the company based on the Board's overall evaluation related to his former and current positions in Konecranes combined with his substantial voting rights in the Company.

With the exception of Mr. Bertel Langenskiöld, the Board members are independent of significant shareholders of the company. Mr. Langenskiöld is not independent of significant shareholders of the company based on his current position as the Managing Director of Hartwall Capital Oy Ab. HTT KCR Holding Oy Ab holds more than 10 percent of Konecranes Plc's shares and votes. HTT KCR Holding Oy Ab is a subsidiary of Hartwall Capital Oy Ab. In addition, HTT KCR Holding

Oy Ab, K. Hartwall Invest Oy Ab, Fyrklöver-Invest Oy Ab and Ronnas Invest AG will in practice co-operate in matters concerning their ownership in Konecranes Plc.

Changes in the Group Management

The Board of Directors of Konecranes Plc made the following appointments effective January 1, 2013:

Market Operations and Business Area Service organizations are consolidated under a single executive in the Group Executive Board. To head up this new organization, Fabio Fiorino has been appointed Executive Vice President, Business Area Service & Chief Customer Officer.

A new function, Strategy and Technology, is being created in the Group Executive Board. To head up this function, Mikko Uhari has been appointed Executive Vice President, Strategy and Technology.

The heads of the Human Resources and Information Systems functions will become members of the Group Executive Board and report directly to the President & CEO.

As of January 1, 2013, the Group Executive Board will comprise the following members:

- Pekka Lundmark, President and CEO (Chairman of the Group Executive Board)
- Fabio Fiorino, Executive Vice President, Business Area Service, Chief Customer Officer
- Hannu Rusanen, Executive Vice President, Business Area Equipment
- Teo Ottola, Chief Financial Officer
- Mikko Uhari, Executive Vice President, Strategy and Technology
- Antti Koskelin, Chief Information Officer

The recruitment process for the new Head of Human Resources is ongoing.

Other issues

At the end of the year 2012, Konecranes had a loan receivable of EUR 221,725 from the President & CEO Pekka Lundmark with the interest rate of 1.615 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 valid 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, 2012 and the number of shares including treasury shares was 63,272,342.

On December 31, 2012, Konecranes Plc was in the possession of 5,981,032 own shares, which corresponds to 9.5 percent of the total number of shares having a market value of EUR 152.8 million on that date.

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

SHARES SUBSCRIBED FOR UNDER STOCK OPTION RIGHTS

Pursuant to the Konecranes Plc's stock options 2009A, 30,915 new shares were subscribed and registered in the Finnish Trade Register in January-June 2012. As a result of these subscriptions, the total number of Konecranes Plc's shares, including treasury shares, rose to 63,272,342.

In accordance with the terms and conditions of the stock options 2009, Konecranes Plc's Board of Directors resolved that instead of issuing new shares in the company, the shares held by the company (treasury shares) can be offered to the subscribers in the share subscription. Treasury shares have been used for the share subscriptions made after June 8, 2012. In July-December, 61,424 treasury shares were transferred to the subscribers pursuant to the Konecranes Plc's stock options 2009A.

At end-December 2012, Konecranes Plc's stock options 2009 entitled the holders to subscribe to a total of 2,090,661 shares. The option programs include approximately 200 key persons.

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

SHARE-BASED INCENTIVE PLANS

In April, the Board of Directors approved the detailed terms and conditions of the Konecranes Employee Share Savings Plan (the Plan) and the starting period of the Plan. The Plan was offered in about 40 countries to approximately 9,000 employees. The commencing Plan period began on July 1, 2012 and will end on June 30, 2013.

The maximum monthly saving is 5 percent of each participant's monthly gross salary and the minimum monthly saving per employee is EUR 10. Each participant will receive one free matching share for every two acquired savings shares. Matching shares will be delivered to a participant if the participant holds the acquired shares from the Plan period until the end of the designated holding period, February 15, 2016, and if his or her employment with the company has not been terminated on bad leaver terms on the last day of the holding period.

Approximately 1,500 Konecranes employees signed up for the Plan starting on July 1, 2012. According to the decision of Konecranes Plc's Annual General Meeting of Shareholders, the total amount of all savings from the first Plan Period may not exceed EUR 8.5 million.

In March, the Board of Directors of Konecranes Plc resolved to implement a performance share plan, according to which the earning reward is based on the achievement of targets determined by the Board of Directors. The plan consists of three one-year discretionary periods, as well as three approximately three-year discretionary periods. The discretionary periods will begin at the beginning of 2012, 2013 and 2014. The Board of Directors of the Company will decide on the Plan's performance criteria and on their targets at the beginning of each discretionary period.

Earning during the one-year discretionary period beginning on 1 January 2012 is based on the Konecranes Group´s EBIT margin, and during the three-year discretionary period beginning on 1 January 2012 on the Total Shareholder Return of the Company's share (TSR). The potentially earned reward will be paid in spring 2015. If a key employee's employment or service ends before the end of a discretionary period, no reward will be paid on the basis of such discretionary period.

The target group of the Plan consists of approximately 150 people. The rewards to be paid on the basis of the discretionary periods beginning on January 1, 2012 correspond to the value of an approximate total of a maximum of 700,000 Konecranes Plc's shares. If the targets determined by the Board of Directors are achieved, the reward payout will be a half of the maximum reward. The maximum reward payout requires that the targets are clearly exceeded.

MARKET CAPITALIZATION AND TRADING VOLUME

The closing price for the Konecranes Plc's shares on the NASDAQ OMX Helsinki was EUR 25.55 on December 31, 2012. The volume-weighted average share price in January–December was EUR 21.39, the highest price being EUR 26.67 in December and the lowest EUR 14.34 in January. In January–December, the trading volume on the NASDAQ OMX Helsinki totaled 121.6 million of Konecranes Plc's shares, corresponding to a turnover of approximately EUR 2,602 million. The average daily trading volume was 486,551 shares, representing an average daily turnover of EUR 10.4 million.

In addition, approximately 84.4 million Konecranes' shares were traded on the other trading venues (e.g. multilateral trading facilities and bilateral OTC trades) in 2012, according to Fidessa.

On December 31, 2012, the total market capitalization of the Konecranes Plc's shares on NASDAQ OMX Helsinki was EUR 1,617 million including treasury shares. The market capitalization was EUR 1,464 million excluding the treasury shares.

FLAGGING NOTIFICATIONS AND OTHER ANNOUNCEMENTS BY SHAREHOLDERS

On October 26, 2012, Konecranes received a disclosure, according to which the holding of BlackRock, Inc. in Konecranes Plc has exceeded 5 percent. BlackRock, Inc. held 3,250,867 Konecranes Plc's shares on October 22, 2012, which is 5.14 percent of Konecranes Plc's shares and votes.

No other disclosures concerning changes in holdings were received in 2012.

RESEARCH AND DEVELOPMENT

In 2012, Konecranes' research and product development expenditure totaled EUR 25.8 (29.6) million, representing 1.2 (1.6) percent of sales. R&D expenditure includes product development projects aimed at improving the quality and cost efficiency of both products and services.

Konecranes serves customers in different markets with common technological platforms and solution sets that are configured and tailored to meet local customer specifications and needs. In 2012, the specific needs of customers operating in emerging markets were an increasingly important focus area for Konecranes' R&D. As a result, the Group initiated local R&D operations in China and India during 2012.

In 2012, Konecranes' R&D investments were directed to four main areas: software based crane controls, Remote Services, further development of the mid-segment products for emerging markets and product reliability. The software-based crane control architecture is further developed and standardized – also for smaller wire rope hoists - to create the future long-lasting platform for the crane electrics where remote diagnostics and intelligent features can be added according to the customer needs. With the help of its TRUCONNECT® Remote Services, Konecranes is able to continuously collect the actual usage data from the equipment.

In 2012, Konecranes introduced a new-generation CLX chain hoist that speeds up the work cycle and maintenance and improves safety and energy efficiency. The sturdy structure of the hoist enables a larger load capacity while doubling the life cycle of the machine. The new chain hoist is particularly suitable for individual workstation applications, such as assembly cells, in the workshop industry.

Konecranes has developed an electrified hybrid reach stacker that commenced field-testing at the end of 2012. When delivered to customers after the field test period and production engineering project, it is likely to be the world's first fully serially produced hybrid reach stacker. For customers, the hybrid reach stacker will provide significantly reduced operating costs with lower fuel consumption and improved productivity.

CORPORATE RESPONSIBILITY

Corporate responsibility work continued during 2012 in all of our focus areas: safety, people, environment, smarter offering and fair play. The topics were discussed in major Konecranes events, such as the Konecranes conference, as well as in top executive meetings. During 2012 the global HR network took a larger role in implementing in previously established fair play practices. We also continued to work with our suppliers during 2012 by, for example, conducting studies and audits of our top suppliers' performance.

Our product offering continues to improve in both environment and safety. The life-cycle analysis for our product offering is showing good results and we are committed in lowering the environmental impacts of our products. Our service business is also committed to lengthening the life-cycle of all cranes, as well as machine tools under service. When it comes to safety, we had a higher number of accidents comparing to 2011. We are working hard to change this in 2013.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On January 3, 2013, Konecranes announced that, Konecranes Business Area Equipment has initiated actions to align operations closer to customers as a result of the new equipment demand moving towards emerging markets.

These actions will affect globally approximately 140 employees. Konecranes expects to incur restructuring costs of approximately EUR 10 million due to these actions, EUR 5.8 million of which were recognized in the fourth quarter of 2012 and approximately EUR 4 million of which will be recognized in the first quarter of 2013. The total cash flow impact of these restructuring costs will be approximately EUR 5 million. With these planned actions, Konecranes targets annual cost savings of approximately EUR 10 million starting from the second half of 2013 onward.

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 the demand for Konecranes' products and services may have a negative effect on the Group's pricing power and may result in a decrease in profits, possible impairment of goodwill and other assets, or in inventory obsolescence.

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. A growing share of Konecranes' business is derived from the emerging markets. This has had a negative impact on the aging structure of accounts receivable, and may increase the need for higher provisions for doubtful accounts.

Challenges in financing may force customers to postpone projects or even to cancel existing orders. A renewed downturn in the world economy could increase postponement of deliveries and cancellations of orders. Advance payments are an integral part of the 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. However, it is possible that in some projects cost-related commitments may temporarily exceed the amount 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 different countries. These actions, claims and other proceedings are typical for this industry and are consistent with the 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 general liability claims.

While the final outcome of these proceedings cannot be predicted with certainty, Konecranes' opinion is, 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 effect on the financial condition of the Group.

MARKET OUTLOOK

Demand forecasting continues to be challenging due to macroeconomic uncertainties. Our current offer base indicates a stable or slightly higher near-term demand compared to the fourth quarter of 2012. However, due to the timing of large crane projects, the quarterly Equipment order intake will fluctuate.

FINANCIAL GUIDANCE

Based on the offer base and the near-term demand outlook, the year 2013 sales is expected to be stable or slightly higher than in 2012. We expect the 2013 operating profit to improve from 2012.

BOARD OF DIRECTORS' PROPOSAL FOR DISPOSAL OF DISTRIBUTABLE FUNDS

The parent company's non-restricted equity is EUR 193,194,781.05, the net income of which for the year is EUR 111,298,139.92. The Group's non-restricted equity is EUR 385,938,000.

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 end of fiscal year.

Based on such assessments the Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.05 be paid on each share and that the remaining non-restricted equity is retained in shareholders' equity.

Helsinki, January 31, 2013
Konecranes Plc
Board of Directors

CONSOLIDATED STATEMENT OF INCOME – IFRS

(1,000 EUR)		1 Jan–31 Dec 2012	1 Jan–31 Dec 2011
Note:			
4, 6, 7	**Sales**	**2,170,180**	**1,896,376**
8	Other operating income	2,249	4,104
10	Depreciation and impairments	-43,534	-41,281
11–13	Other operating expenses	-1,996,768	-1,752,332
	Operating profit	**132,127**	**106,867**
20	Share of associates' and joint ventures' result	3,845	3,823
14	Financial income and expenses	-11,944	-14,921
	Profit before taxes	**124,028**	**95,769**
15	Taxes	-39,342	-30,842
	Net profit for the period	**84,686**	**64,927**
	Net profit for the period attributable to		
	Shareholders of the parent company	84,023	65,477
	Non-controlling interest	663	-550
16	Earnings per share, basic (EUR)	1.47	1.11
16	Earnings per share, diluted (EUR)	1.46	1.10

Consolidated statement of comprehensive income

(1,000 EUR)	1 Jan–31 Dec 2012	1 Jan–31 Dec 2011
Net profit for the period	**84,686**	**64,927**
Other comprehensive income for the period, net of tax		
Exchange differences on translating foreign operations	-1,056	3,454
Cash flow hedges	2,036	-4,607
Actuarial gains and losses on defined benefit plans	-11,710	1,086
Income tax relating to components of other comprehensive income	2,602	753
Other comprehensive income for the period, net of tax	**-8,128**	**686**
Total comprehensive income for the period	**76,558**	**65,613**
Total comprehensive income attributable to:		
Shareholders of the parent company	75,950	65,674
Non-controlling interest	608	-61

CONSOLIDATED BALANCE SHEET – IFRS

(1,000 EUR)	ASSETS	31 Dec 2012	31 Dec 2011
Note:			
	Non-current assets		
17	Goodwill	112,806	115,342
18	Other intangible assets	76,241	81,615
19	Property, plant and equipment	133,563	125,436
	Advance payments and construction in progress	57,584	40,019
20	Investments accounted for using the equity method	37,519	34,567
21	Available-for-sale investments	1,383	1,382
	Long-term loans receivable	228	239
32	Deferred tax assets	53,798	49,118
	Total non-current assets	**473,122**	**447,718**
	Current assets		
22	Inventories	362,868	347,468
24	Accounts receivable	441,959	405,850
	Loans receivable	79	341
25	Other receivables	29,168	44,763
	Current tax assets	11,339	10,174
26	Deferred assets	100,089	118,507
27	Cash and cash equivalents	145,136	72,668
	Total current assets	**1,090,638**	**999,771**
	TOTAL ASSETS	**1,563,760**	**1,447,489**

(1,000 EUR)	EQUITY AND LIABILITIES	31 Dec 2012	31 Dec 2011
Note:			
	Equity attributable to equity holders of the parent company		
	Share capital	30,073	30,073
	Share premium account	39,307	39,307
38	Fair value reserves	-1,399	-2,936
	Translation difference	2,480	3,481
	Paid in capital	44,787	43,711
	Retained earnings	254,648	250,767
	Net profit for the period	84,023	65,477
28	**Total equity attributable to equity holders of the parent company**	**453,919**	**429,880**
	Non-controlling interest	6,150	5,542
	Total equity	**460,069**	**435,422**
	Liabilities		
	Non-current liabilities		
30, 35	Interest-bearing liabilities	205,593	129,116
31	Other long-term liabilities	75,123	63,225
32	Deferred tax liabilities	22,326	26,626
	Total non-current liabilities	**303,042**	**218,967**
33	**Provisions**	**44,451**	**54,104**
	Current liabilities		
30, 35	Interest-bearing liabilities	121,700	163,883
7	Advance payments received	217,162	174,077
	Progress billings	2,498	4,736
	Accounts payable	158,131	152,301
34	Other short-term liabilities (non-interest bearing)	19,912	25,520
	Current tax liabilities	21,076	8,781
34	Accruals	215,719	209,698
	Total current liabilities	**756,198**	**738,996**
	Total liabilities	**1,103,691**	**1,012,067**
	TOTAL EQUITY AND LIABILITIES	**1,563,760**	**1,447,489**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – IFRS

(1,000 EUR)	Equity attributable to equity holders of the parent company									
	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, 2012 (IFRS)	**30,073**	**39,307**	**0**	**-2,936**	**3,481**	**43,711**	**316,244**	**429,880**	**5,542**	**435,422**
Options exercised						1,076		1,076		**1,076**
Dividends paid to equity holders							-57,199	-57,199		**-57,199**
Share based payments recognized against equity							4,296	4,296		**4,296**
Business combinations							-84	-84		**-84**
Total comprehensive income				1,537	-1,001		75,414	75,950	608	**76,558**
Balance at 31 December, 2012 (IFRS)	**30,073**	**39,307**	**0**	**-1,399**	**2,480**	**44,787**	**338,671**	**453,919**	**6,150**	**460,069**

Balance at 1 January, 2011 (IFRS)	**30,073**	**39,307**	**8,739**	**542**	**516**	**10,473**	**360,843**	**450,493**	**5,722**	**456,215**
Change in accounting principles (IAS 19)							-4,041	-4,041		**-4,041**
Balance at 1 January, 2011 restated	**30,073**	**39,307**	**8,739**	**542**	**516**	**10,473**	**356,802**	**446,452**	**5,722**	**452,174**
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		66,187	65,674	-61	**65,613**
Balance at 31 December, 2011 (IFRS)	**30,073**	**39,307**	**0**	**-2,936**	**3,481**	**43,711**	**316,244**	**429,880**	**5,542**	**435,422**

CONSOLIDATED CASH FLOW STATEMENT – IFRS

(1,000 EUR)		1 Jan–31 Dec 2012	1 Jan–31 Dec 2011
Note:			
	Cash flow from operating activities		
	Net income	84,686	64,927
	Adjustments to net profit for the period		
	Taxes	39,342	30,842
	Financial income and expenses	12,154	15,273
	Share of associates' and joint ventures' result	-3,845	-3,823
	Dividends income	-210	-352
	Depreciation and impairments	43,534	41,281
	Profits and losses on sale of fixed assets	-134	-98
	Other adjustments	3,468	2,606
	Operating income before change in net working capital	**178,995**	**150,656**
	Change in interest-free short-term receivables	-4,940	-92,007
	Change in inventories	-16,736	-56,797
	Change in interest-free short-term liabilities	51,666	29,603
	Change in net working capital	**29,990**	**-119,201**
	Cash flow from operations before financing items and taxes	**208,985**	**31,455**
14	Interest received	5,875	6,467
14	Interest paid	-15,065	-10,712
14	Other financial income and expenses	-5,433	-6,634
15	Income taxes paid	-35,150	-41,422
	Financing items and taxes	**-49,773**	**-52,301**
	NET CASH FROM OPERATING ACTIVITIES	**159,212**	**-20,846**
	Cash flow from investing activities		
5	Acquisition of Group companies, net of cash	-7,097	-73,593
	Capital expenditures	-59,347	-53,323
	Proceeds from sale of fixed assets	2,400	948
15	Dividends received	210	352
	NET CASH USED IN INVESTING ACTIVITIES	**-63,834**	**-125,616**
	Cash flow before financing activities	**95,378**	**-146,462**
	Cash flow from financing activities		
28.1	Proceeds from options exercised and share issues	1,076	24,498
28.3	Purchase of treasury shares	0	-51,271
	Proceeds from long-term borrowings	79,829	162,395
	Repayments of long-term borrowings	0	-64,634
	Proceeds from (+), payments of (-) short-term borrowings	-46,879	107,093
	Change in long-term receivables	0	17
	Change in short-term receivables	272	1,587
	Dividends paid to equity holders of the parent	-57,199	-60,035
	NET CASH USED IN FINANCING ACTIVITIES	**-22,901**	**119,650**
	Translation differences in cash	-9	1,027
	CHANGE OF CASH AND CASH EQUIVALENTS	**72,468**	**-25,785**
	Cash and cash equivalents at beginning of period	72,668	98,453
27	Cash and cash equivalents at end of period	145,136	72,668
	CHANGE OF CASH AND CASH EQUIVALENTS	**72,468**	**-25,785**

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 consideration transferred (as measured according to IFRS3) for 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 and the hedge is determined to be effective, are recognized in other comprehensive income. 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 the net of the present value of the defined benefit obligation less the fair value of the plan assets at the balance sheet date. The Group resiled in the current year deferring recognition of actuarial gains and losses ("corridor approach") for defined benefit plans in accordance with IAS 19. Actuarial gains and losses are recognized in the consolidated statement of comprehensive income when they occur. The opening statement of financial position of the earliest comparative period and other comparative figures has been restated accordingly. In 2011 the change effected the actuarial gains in consolidated statement of comprehensive income by EUR +1.1 million and taxes by EUR +0.4 million. In balance sheet the change decreased the retained earnings of 2011 by EUR -3.3 million (EUR -4.0 million in 2010), and increased the other long term liabilities by EUR +4.5 million and deferred tax assets by EUR +1.2 million.

Independent actuaries calculate the defined benefit obligation by applying the Projected Unit Credit Method.

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 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 consideration transferred for 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.

The Group has issued also a performance share plan for its key personnel. The plan is treated partly as an equity-settled, and partly as a cash-settled share-based payment transaction. The equity-settled share rewards are valued based on the market price of the Konecranes share at the grant date, and recognized as personnel expense over the vesting period with corresponding entry in retained earnings of the equity. The liability resulting from the cash-settled transactions is measured based on the market price of the Konecranes share at the balance sheet date and is recorded as an employee benefit with corresponding entry in non-current and current liabilities until the settlement date.

Market conditions, such as the total shareholder return upon which vesting is conditioned, is taken into account when estimating the fair value of the equity instruments granted. The expense relating to the market condition of the equity settled share-based payment is recognized irrespective of whether that market conditioning is satisfied. Non-market vesting conditions such as EBIT margin are included in assumptions about the amount of share based payments that are expected to vest. At each balance sheet date Konecranes revises its estimates on the amount of share-based payments that are expected to vest. The impact of the revision to previous estimate is recognized through statement of income with corresponding adjustments to equity and non-current and current liabilities, as appropriate.

Group has launched an employee share savings plan in which each participant will receive one free matching share for every two acquired savings shares. Matching shares will be delivered to a participant if the participant holds the acquired shares from the plan period until the end of the designated holding period. The matching shares will be paid in Konecranes shares and partly in cash. The expenses of the plan are recognized over the vesting period based on the quarterly acquired savings share amounts and fair value of Konecranes share as of the closing date.

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 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 above mentioned year 2012 new and amended standards have immaterial impact on financial statements.

The following new and amended standards and interpretations are effective in the year 2013:

- IAS19, Employee Benefits (Revised)
- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interest in Other Entities
- IFRS 13, Fair Value Measurement
- Improvements to International Financial Reporting Standards – 2009–2011

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of IAS 19. All actuarial gains and losses are recognized immediately through other comprehensive income. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a net-interest amount under revised IAS 19, which is calculated by applying the discount rate to the net defined benefit liability or asset. The revised IAS 19 introduces also certain changes in the presentation of the defined benefit cost and obligation including more extensive disclosures. The effect of the amended standard has immaterial impact on financial statements since Konecranes adopted the possibility to recognize actuarial gains and losses in other comprehensive income already in 2012 (prior periods restated).

IFRS 11 uses the principle of control as described in IFRS 10 to define joint control. Joint Arrangements are classified into Joint Operations and Joint Ventures. In Joint Operations the parties with joint control have rights to the assets and obligations for the liabilities of the arrangement. Joint Operations are accounted for showing each party's interest in the assets, liabilities, revenues and expenses and / or its relative share of jointly controlled assets, liabilities, revenue and expense, if any. In Joint Ventures the parties with joint control have rights to the net assets of the arrangement. Joint Ventures are accounted for using the equity method. The proportionate consolidation method is prohibited under IFRS 11. IFRS 12 requires extensive qualitative and quantitative disclosures of interests held in other entities and how control was determined. The Group expects that introduction of IFRS 11 will reclassify one company as joint operation and does not have material impact on financial statements.

The other new and amended standards in 2013 will have immaterial impact on future financial statements.

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 23 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 2012, the hedge accounting net cash flows totaled USD 100 million (USD 143 million in 2011).

The following table shows the transaction exposure of Konecranes Finance Corporation as of December 31, 2012 and December 31, 2011 (in EUR millions):

	31.12.12	31.12.11
AUD	2	8
CAD	-10	1
CHF	5	5
GBP	-2	-4
JPY	-1	0
NOK	2	1
SEK	-36	-32
USD	126	151

The following table shows the translation exposure of the Group as of 31.12.2012 and 31.12.2011 (in EUR millions):

	31.12.12	31.12.11
AED	6	4
AUD	5	6
BRL	-2	0
CAD	28	26
CHF	0	1
CLP	7	4
CNY	102	94
DKK	1	1
GBP	-1	5
HUF	4	2
INR	8	12
IDR	-1	-1
JPY	-3	-3
MXN	2	3
MYR	2	2
NOK	-4	-4
PEN	1	0
PLN	1	1
RON	1	1
RUB	6	4
SAR	9	1
SGD	20	13
SEK	-17	-13
THB	-1	0
TRY	4	4
UAH	-14	-12
USD	61	66

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 against Euro for ten percent increases the operating profit by EUR 22.9 million (19.6 million in 2011) and equity by EUR 6.7 million (6.7 million in 2011). Table figures in EUR million, the USD effect simulated:

CHANGE IN EUR/USD RATE	2012 EBIT	2012 Equity	2011 EBIT	2011 Equity
+10%	-20.8	-6.1	-17.7	-6.1
-10%	+22.9	+6.7	+19.6	+6.7

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. In practice, however, all large projects with long maturities generating substantial portion of the annual changes in the transaction position, are 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.

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 (7 million in 2011), 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. Relative profitability calculation excludes the hedged cash flows from long lasting projects.

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 90% of the Group's interest-bearing liabilities are denominated in euro (96% in 2011). Please see Note 30.3 of the Consolidated Financial Statements for the currency split of outstanding debt.

The portion of the Group's long term debt of total debt is related to the Group's gearing ratio. The higher the ratio is, the more weighted the long term debt portfolio is according to principles set in Capital structure management. In 2012 Konecranes issued a two year senior unsecured domestic bond for EUR 75 million. The interest rate risk related to long term loans 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 2012 were EUR 327 million (EUR 293 million in 2011). The average interest rate for short term loans was 3.08% (1.73%) and for long term loans 1.91% (2.53%). 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	2012 Income statement	2012 Equity	2011 Income statement	2011 Equity
+1%	-1.8	2.5	-0.4	2.5
- 1%	1.8	-2.5	0.4	-2.6

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 effect of a one percentage point decline in interest rates is theoretical, since it would mean negative market interest rates. 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 subcontracted 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 2012 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.

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 145.4 million at the end of 2012 (EUR 72.7 in 2011).

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 2012, the gearing ratio was 39.5% (50.1% in 2011).

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 2012 or 2011, 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

From 2010 onwards Konecranes has reported two Business Areas: Service and Equipment as its primary business segments. The business areas are based on the Group's management 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

2012	Service	Equipment	Unallocated items	Eliminations	Total
Orders received	735.0	1,340.4		-105.2	**1,970.1**
Order book	147.2	795.6			**942.7**
Sales to external customers	843.3	1,326.9			**2,170.2**
Inter-segment sales	40.7	84.5		-125.3	**0.0**
Total net sales	884.0	1,411.4		-125.3	**2,170.2**
EBITDA	87.3	108.5	-20.6	0.5	**175.7**
EBITDA, %	9.9%	7.7%			**8.1%**
Depreciation and amortization	12.7	27.6	0.4		**40.6**
Impairment of assets	0.0	2.9			**2.9**
Operating profit excluding restructuring costs	74.6	83.8	-21.0	0.5	**137.9**
% of net sales	8.4%	5.9%			**6.4%**
Operating profit including restructuring costs	74.6	78.0	-21.0	0.5	**132.1**
% of net sales	8.4%	5.5%			**6.1%**
Assets	353.6	897.6	312.6		**1,563.8**
Liabilities	187.0	491.4	425.3		**1,103.7**
ROCE%	41.8%	18.8%			**18.6%**
Capital expenditure	12.5	29.1			**41.7**
Share of result of associates and joint ventures	0.0	3.8			**3.8**
Investment in associates and joint ventures	0.0	37.5			**37.5**
Personnel	6,119	5,973	55		**12,147**

2011	Service	Equipment	Unallocated items	Elimina-tions	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**

4.2. Geographical segments

2012	EMEA*	AME	APAC	Total
External sales*	1,042.4	721.0	406.9	**2,170.2**
Assets	875.2	353.2	335.4	**1,563.8**
Capital expenditure	30.8	2.9	7.9	**41.7**
Personnel	6,269	2,724	3,154	**12,147**

** External sales to Finland EUR 90.0 million*

2011	EMEA*	AME	APAC	Total
External sales*	950.9	549.1	396.4	**1,896.4**
Assets	788.4	351.0	306.9	**1,446.3**
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*

5. ACQUISITIONS

Acquisitions in 2012

Konecranes completed two small acquisitions in crane service business during April–June 2012 when it acquired assets and operations of Deussen Andernach GmbH in Andernach, Germany and Ameritronic Industries, Inc in Indiana, USA.

During July–September Konecranes acquired the assets and operations of two small crane service companies: Re-Cranes, located in Prague, Czech Republic and Nea Lyfton, located in Örebro, Sweden.

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

	2012 Recognized on acquisition	2012 Fair value adjustments	2012 Acquired carrying value
Intangible assets			
Clientele	1.6	1.6	0.0
Technology	0.0	0.0	0.0
Other intangible assets	0.0	0.0	0.0
Property, plant and equipment	0.3	0.0	0.3
Inventories	0.1	0.0	0.1
Account receivables and other assets	0.0	0.0	0.0
Cash and cash equivalents	0.0	0.0	0.0
Total assets	**2.0**	**1.6**	**0.4**
Deferred tax liabilities	0.3	0.3	0.0
Long- and short-term interest bearing debts	0.0	0.0	0.0
Account payables and other current liabilities	0.1	0.0	0.1
Total liabilities	**0.4**	**0.3**	**0.1**
Net assets	**1.6**	**1.3**	**0.3**

Purchase consideration transferred	**1.6**
Goodwill	**0.0**
Cash outflow on acquisition	
Purchase consideration, paid in cash	1.5
Transactions costs*	0.2
Cash and cash equivalents in acquired companies	0.0
Net cash flow arising on acquisition	**1.7**
Purchase consideration:	
Purchase consideration, paid in cash	1.5
Purchase consideration, liabilities assumed	0.1
Contingent consideration liability	0.0
Total purchase consideration	**1.6**

**Transaction costs of EUR 0.2 million have been expensed and are included in other operating expenses.*

From the date of acquisitions the acquired companies have contributed EUR 2.4 million of sales and EUR -0.1 million EBIT. If the combinations had taken place at the beginning of the year, Konecranes Group's 2012 sales would have been EUR 2,172.7 million and EBIT EUR 132.4 million.

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 had 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.

6. DISTRIBUTION OF SALES

	2012	2011
Sale of goods	1,527.0	1,331.7
Rendering of services	642.7	564.4
Leasing of own products	0.3	0.1
Royalties	0.2	0.1
Total	**2,170.2**	**1,896.4**

7. PERCENTAGE OF COMPLETION METHOD AND ADVANCES RECEIVED

7.1. PERCENTAGE OF COMPLETION METHOD	2012	2011
The cumulative revenues of non-delivered projects	309.6	255.9
Advance received from percentage of completion method	324.5	171.2
Receivables from the revenue recognition netted with the advances received	261.4	164.7

Net sales recognized under the percentage of completion method amounted EUR 404.1 million in 2012 (EUR 392.7 in 2011).

7.2. ADVANCE PAYMENTS RECEIVED	2012	2011
Advance received from percentage of completion method (netted)	63.1	6.4
Other advance received from customers	154.0	167.7
Total	**217.2**	**174.1**

8. OTHER OPERATING INCOME

	2012	2011
Profit of disposal of fixed assets	0.2	0.3
Rental income	0.6	0.7
Indemnities	0.4	0.7
Other	1.0	2.4
Total	**2.2**	**4.1**

9. GOVERNMENT GRANTS

	2012	2011
Investment grants in building, machinery and employment grants	0.9	0.3
Grants for research and development	0.7	0.7
Total	**1.6**	**1.1**

10. DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

10.1. DEPRECIATION AND AMORTIZATION	2012	2011
Intangible assets	19.9	18.6
Buildings	3.0	2.4
Machinery and equipment	17.8	16.2
Total	**40.6**	**37.1**

10.2. IMPAIRMENTS	2012	2011
Machinery and equipment	0.0	0.0
Intangible rights	0.0	1.0
Goodwill	2.9	3.2
Total	**2.9**	**4.2**

11. OTHER OPERATING EXPENSES

	2012	2011
Change in work in progress	-5.5	-28.4
Production for own use	-1.2	-1.8
Material and supplies	882.3	792.6
Subcontracting	193.6	154.9
Wages and salaries	482.4	424.8
Pension costs	38.1	36.7
Other personnel expenses	74.1	68.9
Other operating expenses	332.9	304.7
Total	**1,996.8**	**1,752.3**

Research and developments costs recognized as an expense in other operating expenses amount to EUR 25.8 million in the year 2012 (EUR 29.6 million in 2011).

12. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

12.1. PERSONNEL EXPENSES	2012	2011
Wages and salaries	482.4	424.8
Pension costs: Defined benefit plans	5.4	6.8
Pension costs: Defined contribution plans	32.8	29.9
Other personnel expenses	74.1	68.9
Total	**594.6**	**530.3**

12.2. AVERAGE PERSONNEL	2012	2011
The average number of personnel	11,917	10,998
Personnel 31 December,	12,147	11,651
of which in Finland	2,035	1,977

12.3. PERSONNEL BY BUSINESS AREA AT END OF PERIOD	2012	2011
Service	6,119	5,980
Equipment	5,973	5,621
Group Staff	55	50
Total	**12,147**	**11,651**

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 2012 confirmed an annual fee of EUR 105,000 for the Chairman of the Board (2011: EUR 100,000), EUR 67,000 for the Vice Chairman of the Board (2011: EUR 64,000), and EUR 42,000 for other Board members (2011: EUR 40,000). In addition, compensation of EUR 1,500 was approved for attendance at Board committee meetings (2011: EUR 1,500). However, the chairman of audit committee is entitled to a compensation of EUR 3,000 (2011: EUR 1,500) per meeting for attendance at audit committee meetings.

According to the proposal, 50% of the annual remuneration is to be used for acquiring shares in the company. The remuneration may also be paid by transferring treasury shares based on the authorization given to the board of directors by the general meeting. In case such purchase of shares cannot be carried out due to reasons related either to the company or to a 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	**2012** Total compensation, EUR	**2012** Number of shares as part of compensation	**2011** Total compensation, EUR	**2011** Number of shares as part of compensation
Chairman of the Board	111,840	2,276	106,000	1,788
Board members	342,845	6,370	313,000	5,012
Total	**454,685**	**8,646**	**419,000**	**6,800**

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.

	2012	**2011**
Salary and benefits, EUR	468,196	440,140
Bonus, EUR	262,800	330,066
Total compensation, EUR	**730,996**	**770,206**
Contributions to the defined contribution plan	175,654	204,209
Shareholding in Konecranes Plc (number of shares)	263,749	180,000
Shareholding in Konecranes Plc through the Share Swap (number of shares)**	0	83,606
Total shares owned (number of shares)	263,749	263,606
Option rights owned (number of options)	80,000	174,000
Share-based payments costs (options), EUR	248,693	446,848
Retirement age	63 years	60 years
Period of notice	6 months	
Severance payment	18 months salary and fringe benefits	

The additional pension agreement of President and CEO Pekka Lundmark was reviewed and amended during 2012 to reinforce its defined contribution plan feature with an annual contribution of 18,6% from the salary. At the same time the retirement age was raised to 63 years.

At the end of year 2012, Konecranes had a loan receivable of EUR 221,725.43 from President & CEO Pekka Lundmark with the interest rate of 1.615%. (EUR 217,197 with the interest rate of 2.039% in 2011). 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

In 2012 Konecranes had a two-tiered management structure. The structure consisted 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; 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); Senior Vice President, Head of Product Management and Engineering, deputy to Head of Business Area Equipment (acted also as Chief Technology Officer in 2012); Chief Supply Chain Officer; Vice President, Head of Field Service and Technology. Deputy Head of BA Service; Vice President, General Counsel; Vice President, Human Recourses; Vice President, Marketing and Communications; and the Chief Information Officer.

At the end of 2012, Extended Management Team consisted of totally 16 persons (15 persons at the end of 2011). 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.

The retirement age of the Finnish members of the Extended Management Team (excluding the President and CEO) is set according to the Employees Pensions Act (TyEL). The Finnish members of the EMT also participate in the contribution-based group pension insurance scheme offered to key personnel in Finland. The defined contribution payment by the company is 1% of annual salary excluding performance based compensation (annual or long term incentives). The Finnish EMT members also have life insurance and disability insurances. Non-Finnish members have local insurances.

EXTENDED MANAGEMENT TEAM EXCLUDING THE PRESIDENT AND CEO	**2012**	**2011**
Salary and benefits, EUR	3,121,537	2,705,215
Bonuses, EUR	524,691	667,241
Total compensation, EUR	**3,646,228**	**3,372,456**
Contributions to the defined contribution plan	563,769	555,537
Shareholding in Konecranes Plc (number of shares)*	279,132	258,948
Shareholding in Konecranes Plc through the Share Swap (number of shares)**	0	164,888
Total Shareholding in Konecranes Plc (number of shares)	279,132	423,836
Option rights owned (number of options)	493,635	777,500
Share-based payments costs, EUR	1,437,350	1,356,568

* The number of shares does not include 12,500 excercised option rights for which the transfer of treasury shares occurs in 2013.

** 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 were 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 2012 and 2011.

There are no guarantees on behalf of the Extended Management Team in year 2012 and 2011.

The employee benefits to the key management personnel of the Group were in total EUR 7.3 million in year 2012 (7.1 million in year 2011).

14. FINANCIAL INCOME AND EXPENSES

14.1. FINANCIAL INCOME	2012	2011
Dividend income on available-for-sale investments	0.2	0.4
Interest income on bank deposits and loans	3.3	4.1
Fair value gain on derivative financial instruments	3.5	0.9
Exchange rate gains on interest bearing assets and liabilities	0.0	5.6
Other financial income	0.1	0.1
Total	**7.1**	**10.9**

14.2. FINANCIAL EXPENSES	2012	2011
Interest expenses on liabilities	14.7	10.8
Fair value loss on derivative financial instruments	0.0	13.3
Exchange rate loss on interest bearing assets and liabilities	2.3	0.0
Other financial expenses	2.1	1.7
Total	**19.0**	**25.8**
Financial income and expenses net	**-11.9**	**-14.9**

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 -1,4 million (2011: EUR -2.9 million) with deferred taxes of EUR 0.5 million (2011: EUR 0.9 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	2012	2011
Local income taxes of group companies	45.2	35.7
Taxes from previous years	1.1	0.9
Change in deferred taxes	-6.9	-5.7
Total	**39.3**	**30.8**

15.2. RECONCILIATION OF INCOME BEFORE TAXES WITH TOTAL INCOME TAXES	2012	2011
Profit before taxes	124.0	95.8
Tax calculated at the domestic corporation tax rate of 24.5% (2011: 26%)	30.4	24.9
Effect of different tax rates of foreign subsidiaries	3.8	2.4
Taxes from previous years	1.1	0.9
Tax effect of non-deductible expenses and tax-exempt income	1.4	1.7
Tax effect of unrecognized tax losses of the current year	4.5	3.8
Tax effect of utilization of previously unrecognized tax losses	-0.7	-0.3
Tax effect of recognition of previously unrecognized tax losses*	-0.7	-6.6
Tax effect of recognizing the controlled temporary difference from investment in subsidiaries**	0.0	3.2
Other items	-0.3	0.8
Total	**39.3**	**30.8**
Effective tax rate %	31.7%	32.2%

* 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 in 2011 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.

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.

	2012	2011
Net profit attributable to shareholders of the parent company	84.0	65.5
Weighted average number of shares outstanding (1,000 pcs)	57,228	58,982
Effect of issued share options (1,000 pcs)	289	380
Diluted weighted average number of shares outstanding (1,000 pcs)	57,517	59,362
Earnings per share, basic (EUR)	1.47	1.11
Earnings per share, diluted (EUR)	1.46	1.10

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.

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 2012 is 11.7 percent (a weighted average of a range from 9 to 19 percent). In 2011, the average pretax discount rate used was 11.2 percent (a weighted average of a range from 9 to 30 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 by the Group management. Based on the BU specific historical data and future growth prospects the cash flows were decreased by -10%.
- A higher discount rate (+5%) analyses combined with lower (-10%) cash flows as mentioned above

Goodwill testing results:

As a result of the impairment test in 2012 an EUR 2.9 million impairment need was identified for Konecranes Lifting Systems as the future discounted cash flows did not support the asset value tested due to the low volumes in tailor-made manipulator business.

TOTAL GOODWILL IN BUSINESS SEGMENTS AFTER IMPAIRMENTS	2012	2011
BU Industrial Cranes	43.3	45.1
BU Lifttrucks	14.7	14.2
CGU STAHL Konecranes GmbH, Germany	20.4	20.4
CGU Konecranes Lifting Systems	2.8	5.7
Goodwill in Equipment total	**81.2**	**85.4**
BU Port Service	13.3	13.2
BU Crane Service	9.4	8.1
BU Machine Tool Service	5.1	4.8
CGU Suomen Teollisuusosa operations	3.9	3.9
Goodwill in Service total	**31.6**	**30.0**
Total Goodwill in Business Segments as of December 31	**112.8**	**115.3**

As a result of the impairment test 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.

GOODWILL	2012	2011
Acquisition costs as of January 1	122.7	85.7
Increase	0.0	37.2
Translation difference	0.4	-0.2
Acquisition costs as of December 31	123.1	122.7
Accumulated impairments as of January 1	-7.4	-4.1
Impairments for the financial year	-2.9	-3.2
Total as of December 31	**112.8**	**115.3**

18. OTHER INTANGIBLE ASSETS

18.1. PATENTS AND TRADEMARKS	2012	2011
Acquisition costs as of January 1	29.1	28.8
Translation difference	-0.2	0.3
Acquisition costs as of December 31	28.9	29.1
Accumulated amortization as of January 1	-11.6	-10.2
Amortization for financial year	-1.2	-1.4
Total as of December 31	**16.1**	**17.4**

18.2. OTHER (INCLUDING SERVICE CONTRACTS, SOFTWARE)	2012	2011
Acquisition costs as of January 1	141.0	111.8
Increase	13.8	3.7
Decrease	-0.3	-3.2
Company acquisitions	1.6	30.0
Transfer within assets	0.0	0.0
Impairment	0.0	-0.9
Translation difference	-1.0	-0.4
Acquisition costs as of December 31	155.2	141.0
Accumulated amortization as of January 1	-76.9	-62.9
Accumulated amortization relating to disposals	0.0	3.1
Amortization for financial year	-18.1	-17.1
Total as of December 31	**60.2**	**64.2**

18.3. OTHER INTANGIBLE ASSETS TOTAL	2012	2011
Acquisition costs as of January 1	170.1	140.6
Increase	13.8	3.7
Decrease	-0.3	-3.2
Company acquisitions	1.6	30.0
Transfer within assets	0.0	0.0
Impairment	0.0	-0.9
Translation difference	-1.2	-0.1
Acquisition costs as of December 31	184.1	170.1
Accumulated amortization as of January 1	-88.5	-73.1
Accumulated amortization relating to disposals	0.0	3.1
Amortization for financial year	-19.3	-18.6
Total as of December 31	**76.2**	**81.6**

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, 2012, 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	2012	2011
Acquisition costs as of January 1	5.7	2.6
Increase	0.9	2.3
Company acquisitions	0.0	0.8
Translation difference	0.0	0.0
Total as of December 31	**6.6**	**5.7**

19.2. BUILDINGS	2012	2011
Acquisition costs as of January 1	49.4	35.0
Increase	3.4	6.8
Decrease	-0.9	-0.3
Company acquisitions	0.0	6.6
Transfer within assets	0.5	0.0
Translation difference	0.0	1.3
Acquisition costs as of December 31	52.3	49.4
Accumulated depreciation as of January 1	-7.3	-5.2
Accumulated depreciation relating to disposals	0.3	0.2
Depreciation for financial year	-3.0	-2.4
Total as of December 31	**42.2**	**42.0**

There were no buildings which belong to finance lease at the end of year 2012 and 2011.

19.3. MACHINERY AND EQUIPMENT	2012	2011
Acquisition costs as of January 1	211.3	193.1
Increase	28.0	23.5
Decrease	-8.1	-10.2
Company acquisitions	0.0	7.4
Transfer within assets	-0.5	-0.2
Translation difference	-0.3	-2.2
Acquisition costs as of December 31	230.4	211.3
Accumulated depreciation as of January 1	-133.7	-126.9
Accumulated depreciation relating to disposals	5.7	9.4
Depreciation for financial year	-17.8	-16.2
Total as of December 31	**84.7**	**77.7**

The balance value of machinery and equipments which belong to finance lease is EUR 9.6 million in the year 2012 (EUR 8.6 million in 2011).

19.4. PROPERTY, PLANT AND EQUIPMENT TOTAL	2012	2011
Acquisition costs as of January 1	266.5	230.7
Increase	32.2	32.7
Decrease	-9.1	-10.5
Company acquisitions	0.0	14.7
Transfer within assets	0.0	-0.2
Translation difference	-0.2	-0.9
Acquisition costs as of December 31	289.3	266.5
Accumulated depreciation as of January 1	-141.0	-132.0
Accumulated depreciation relating to disposals	6.0	9.5
Depreciation for financial year	-20.7	-18.6
Total as of December 31	**133.6**	**125.4**

20. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2012	2011
Acquisition costs as of January 1	34.6	31.9
Share of associated companies result after taxes*	3.8	3.8
Dividends received	-0.9	-1.2
Translation difference	0.0	0.0
Total as of December 31	**37.5**	**34.6**

** Including adjustments from purchase price allocation.*

20.1. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD BY COMPANIES

2012	Carrying amount of the investment	Total asset value [1]	Total liability value [1]	Revenue [1]	Profit/loss [1]
Guangzhou Technocranes Company Ltd.	0.6	1.8	1.1	1.4	0.0
Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd.	0.5	1.5	1.1	2.8	0.1
Shanghai High Tech Industrial Company, Ltd.	2.0	5.8	3.8	5.6	0.3
Boutonnier Adt Levage S.A.	0.3	0.5	0.2	0.8	0.0
Levelec S.A.	0.2	0.4	0.1	0.6	0.0
Manelec S.a.r.l.	0.1	0.1	0.0	0.3	0.0
Manulec S.A.	0.3	0.4	0.2	0.8	0.0
Sere Maintenance S.A.	0.1	0.3	0.2	0.8	0.0
Eastern Morris Cranes Limited	1.2	4.1	3.0	5.6	0.5
Morris Material Handling (Thailand) Ltd.	0.0	0.0	0.0	0.0	0.1
Morris Thailand Co. Ltd.	0.0	0.0	0.0	0.0	0.0
Kito Corporation	31.3	62.4	31.4	77.2	2.1
Crane Industrial Services LLC	1.0	3.2	1.8	5.7	0.3
Translation difference	0.0	0.0	0.0	0.0	0.0
Total	**37.5**	**80.5**	**42.9**	**101.4**	**3.5**

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**

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, 2012 amounted to EUR 19.5 million (EUR 17.4 million in 2011). 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 have been recognized. The low market value of Kito Corporation is mainly 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

	2012	2011
Acquisition costs as of January 1	1.4	1.4
Transferred to subsidiary and associated company shares	0.0	0.0
Transfer within assets	0.0	0.0
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

	2012	2011
Raw materials and semi-manufactured goods	138.5	132.5
Work in progress	180.7	176.8
Finished goods	21.6	20.2
Advance payments	22.0	17.8
Total	**362.9**	**347.5**

23. VALUATION AND QUALIFYING ACCOUNTS

2012	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	14.0	0.0	2.3	3.0	7.8	**16.4**
Provision for obsolete inventory	20.0	0.1	3.7	0.3	5.6	**21.7**

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**

24. AGEING ANALYSIS OF ACCOUNTS RECEIVABLE

	2012	2011
Undue accounts receivable	249.3	236.1
Accounts receivable 1–30 days overdue	89.3	71.4
Accounts receivable 31–60 days overdue	35.2	35.7
Accounts receivable 61–90 days overdue	23.3	27.7
Accounts receivable more than 91 days overdue	44.8	35.0
Total	**442.0**	**405.9**

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 2.4 million (EUR 4.7 million in 2011).

25. OTHER RECEIVABLES

	2012	2011
Bills receivable	7.2	18.0
Value added tax	22.0	26.8
Total	**29.2**	**44.8**

26. DEFERRED ASSETS

	2012	2011
Interest	0.1	1.2
Receivable arising from percentage of the completion method	42.6	66.4
Prepaid expenses	12.3	12.6
Other	45.1	38.3
Total	**100.1**	**118.5**

27. CASH AND CASH EQUIVALENTS

	2012	2011
Cash in hand and at bank	130.0	58.0
Short-term deposits	15.2	14.7
Total	**145.1**	**72.7**

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, 2011	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**
Share subscriptions with options	92,339	0.0	0.0	1.1
As of December 31, 2012	**57,291,310**	**30.1**	**39.3**	**44.8**

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	2012 Number of shares	2011 Number of shares
As of January 1	6,042,456	3,042,456
Decrease	-61,424	0
Increase	0	3,000,000
Total as of December 31	**5,981,032**	**6,042,456**

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 23, 2012 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 based on this authorization shall not exceed 6,000,000 shares in total, which corresponds to approximately 9.5 per cent 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 and/or accepted as pledge 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 for financing or realization of possible acquisitions, investments or other arrangements belonging to the Company's ordinary business, to pay remuneration to Board members, to be used in incentive arrangements 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 22 September 2013.

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 6,000,000 shares, which corresponds to approximately 9.5 per cent 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). The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization of transfer of the company's own shares.

The authorization is effective until the end of the next Annual General Meeting, however no longer than until 22 September 2013. However, the authorization for incentive arrangements is valid until 30 June 2015.

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 9.5 per cent 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. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the issuance of shares and the issuance of special rights entitling to shares.

This authorization is effective until the next Annual General Meeting of Shareholders, however no longer than until 22 September 2013. However, the authorization for incentive arrangements is valid until 30 June 2015.

Proposal by the Board of Directors to authorize the Board of Directors to launch an employee share savings plan and to decide on directed share issue without payment:

The AGM authorized the Board of Directors to decide on the launch of an employee share savings plan and directed share issue without payment as follows:

The Plan will be launched in the Konecranes Group globally. The aim of the Plan is to encourage Konecranes employees to become shareholders in the Company and to reward the employees for their efforts in working toward Konecranes' goals, now and in the future. Another objective is to strengthen the tie between Konecranes shareholders and employees.

The Annual General Meeting of Shareholders authorized the Board of Directors to decide on the detailed terms and conditions of the Plan, on the Plan periods and on their detailed terms and conditions, and to implement the Plan at its discretion, considering especially the legislation and other regulations applied to the Plan in each country where the Group operates.

The Board of Directors approved the detailed terms and conditions of the Plan and the commencing Plan period. The Plan was offered in about 40 countries to approximately 11,000 employees. A few countries have been ruled out at this phase due to local legal restraints. The commencing plan period begun on July 1, 2012 and will end on June 30, 2013. The maximum monthly saving is 5 percent of each participant's monthly gross salary and the minimum monthly saving per employee will be EUR 10. Each participant will receive one free matching share for every two acquired savings shares. Matching shares will be delivered to a participant if the participant holds the acquired shares from the plan period until the end of the designated holding period, February 15, 2016, and if his or her employment with a company has not been terminated on the last day of the holding period on bad leaver terms.

An employee will participate in the Plan for one year at a time. Shares will be acquired with the accrued savings at the market price quarterly, after the publication date of the Konecranes interim results, commencing in November 2012. Any dividends paid on purchased shares during the commencing Plan period will automatically be reinvested into additional shares on the following purchase date. These shares will have an equal right to matching shares.

The Board of Directors decides on the issue of new shares or on the transfer of own shares held by the Company to such participants of the Plan who, according to the terms and conditions of the Plan, are entitled to receive free shares, as well as to decide on the share issue without payment also to the Company itself. The authorization includes a right in this Plan to transfer own shares held by the Company, the use of which has earlier been limited to other purposes than incentive plans. The number of new shares to be issued or own shares held by the Company to be transferred may be a maximum total of 500,000 shares, which corresponds to 0.8 per cent of all of the Company´s shares.

The Board of Directors is entitled to decide on other matters concerning the share issue. The authorization concerning the share issue is valid until 1 March 2017.

29. OPTION RIGHTS AND OTHER SHARE-BASED PAYMENTS

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 is 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. At the end of 2012, altogether 92,339 shares had been subscribed for the stock options pursuant to 2009A stock option plan.

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, 2010 and 2011 dividend distribution EUR 11.65), for series 2009B EUR 23.79 (after year 2010 and 2011 dividend distribution EUR 21.79) and for series 2009C EUR 31.37 (after year 2011 dividend distribution EUR 30.37).

The Board of Directors of Konecranes Plc has on 22nd March, 2012 resolved to implement a performance share plan according to which earning reward is based on attainment of targets determined by the Board of Directors. The aim of the new plan is to combine the objectives of the shareholders and key employees in order to increase the value of the Company, to commit key employees to the Company, and to offer them a competitive reward plan based on long-term shareholding in the Company.

The plan consists of three one-year discretionary periods as well as three approximately three-year discretionary periods. The discretionary periods will begin in the beginning of years 2012, 2013 and 2014. The Board of Directors of the Company will decide on the Plan's performance criteria and on their targets at the beginning of each discretionary period. Earning during the one-year discretionary period beginning on 1 January 2012 will be based on the Konecranes Group´s EBIT margin, and during the three-year discretionary period beginning on 1 January 2012 on the Total Shareholder Return of the Company's share (TSR). The potentially earned reward will be paid in spring 2015. If a key employee's employment or service ends before the end of a discretionary period, no reward will be paid on the basis of such discretionary period.

The Board of Directors requires that each member of the Extended Management Team holds a half of shares paid on the basis of the Plan until the value of his or her shareholding in the Company in total corresponds to the value of his or her annual gross salary. Such number of shares will be held as long as his or her employment or service in a Group company continues.

The target group of the Plan consists of approximately 150 people. The rewards to be paid on the basis of the discretionary periods beginning on 1 January 2012 correspond to the value of maximum of total of 700,000 Konecranes Plc shares. If the targets determined by the Board of Directors are achieved, the reward payout will be a half of the maximum reward. The maximum reward payout requires that the targets are clearly exceeded.

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
2009A	750,000	11.65*	630,161	1.4.2012–30.4.2014
2009B	750,000	21.79**	733,000	1.4.2013–30.4.2015
2009C	750,000	30.37***	727,500	1.4.2014–30.4.2016
Total	**2,250,000**		**2,090,661**	

** The original subscription price was EUR 14.55 ** The original subscription price was EUR 23.79 ***The original subscription price was EUR 31.37*

29.2. CHANGES IN THE NUMBER OF SHARES FROM OPTION RIGHTS OUTSTANDING	2012	2011
Number of shares of option rights outstanding as of January 1	3,144,200	3,370,000
Granted during the year	2,000	787,000
Forfeited during the year	-15,000	-49,500
Exercised during the year	-104,839	-958,300
Expired during the year	-935,700	-5,000
Total number of shares from option rights outstanding as of 31 December	**2,090,661**	**3,144,200**

Excersiced option rights includes 12,500 shares for which the transfer of treasury shares occurs in 2013.
The total cost of the option programs for the financial year 2012 was EUR 4.0 million (2011: EUR 4.8 million).
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:

	2009A	2009B	2009C
Subscription price of the share, EUR	11.65*	21.79**	30.37***
Fair market value of the share, EUR	17.65	24.22	32.30
Expected volatility, %	25%	23%	20%
Risk-free interest rate, %	3.27%	2.15%	2.82%
Expected contractual life in years	2.3	3.3	4.3
Grant date fair value of the stock options, EUR	6.52	6.19	8.17

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*
**** The original subscription price was EUR 31.37*

29.4. CHANGES IN NUMBER OF SHARE REWARDS IN PERFORMANCE SHARE PLAN

	2012 Number of shares	2011 Number of shares
As of January 1	0	0
Share rewards granted	605,000	0
Share rewards awarded	0	0
Share rewards forfeited	-3,000	0
Total as of December 31	**602,000**	**0**

The reward will be paid in Konecranes shares (approximately 50%) and partly in cash (approximately 50%). The cash-settled portion is dedicated to cover taxes and tax-related payments. The equity -settled portion of the plan is recognized over the vesting period based on calculated fair value of Konecranes share as of the grant date EUR 21.17. The historical development of Konecranes share and the expected dividends have been taken into account when calculating the fair value.

The total cost of the performance share plan for the financial year 2012 was EUR 0.8 million (2011: EUR 0.0 million).

The costs of the performance share plan are included in personnel expenses. Equity-settled portion is credited to the shareholders' equity and cash-settled portion to long-term liabilities. The carrying amount of the liability arising from cash settled portion was EUR 0.5 million (2011: EUR 0.0 million).

Assumptions made in determining the fair value of share rewards in performance share plan

The fair value for the cash settled portion is remeasured at each reporting date until the possible share delivery. The fair value of the liability will thus change in accordance with the Konecranes Plc share price. The fair value for the equity settled portion based on market vesting condition (total share holder value) at grant has been determined at grant using the Monte Carlo model. The fair value for the equity settled portion based on non market vesting condition (EBIT margin) has been determined at grant using the fair value of Konecranes share as of the grant date and expected dividend yield.

The fair values have been calculated on the basis of the following assumptions:

	2012
Share price at grant, EUR	21.17
Share price at reporting period end 31.12	25.55
Expected volatility, % *	37.5%
Risk-free interest rate, %	3.5%
Expected dividend, pa , EUR	1.0
Expected contractual life in years	3.0
Weighted average fair value of the share rewards at the grant date	14.87

** Expected volatility was determined by calculating the historical volatility of the Konecranes share using monthly observations over corresponding maturity.*

29.5. EMPLOYEE SHARE SAVINGS PLAN

The matching shares of employee share savings plan will be paid in Konecranes shares (approximately 50%) and partly in cash (approximately 50%). The cash-settled portion is dedicated to cover taxes and tax-related payments. The expenses of the plan are recognized over the vesting period based on the quarterly acquired savings share amounts and fair value of Konecranes share as of the closing date.

The total cost of the employee share savings plan for the financial year 2012 was EUR 0.0 million (2011: EUR 0.0 million).

The costs of the employee share savings plan are included in personnel expenses. Equity-settled portion is credited to the shareholders' equity and cash-settled portion to long-term liabilities. The carrying amount of the liability arising from cash settled portion was EUR 0.0 million (2011: EUR 0.0 million).

30. INTEREST-BEARING LIABILITIES

30.1. NON-CURRENT	2012 Carrying amount	2012 Fair value	2011 Carrying amount	2011 Fair value
Loans from financial institutions	105.7	105.7	106.6	106.6
Bonds	74.9	74.9	0.0	0.0
Pension loans	11.4	11.4	15.1	15.1
Finance lease liabilities	6.1	6.1	5.4	5.4
Other long-term loans	7.6	7.6	1.9	1.9
Total	**205.6**	**205.6**	**129.1**	**129.1**

30.2. CURRENT	2012 Carrying amount	2012 Fair value	2011 Carrying amount	2011 Fair value
Loans from financial institutions	0.0	0.0	0.7	0.7
Pension loans	3.8	3.8	3.8	3.8
Finance lease liabilities	3.3	3.3	3.2	3.2
Commercial papers	88.7	88.7	144.7	144.7
Other short-term loans	0.4	0.4	0.3	0.3
Overdraft	25.5	25.5	11.2	11.2
Total	**121.7**	**121.7**	**163.9**	**163.9**

The average interest rate of the non-current liabilities portfolio on December 31, 2012 was 1.9% (2011: 2.53%) and that of current liabilities was 3.08% (2011: 1.73%). The effective interest rate for EUR-loans varied between 0.73%–5.05% (2011: 0.93%–6.68%).

30.3. CURRENCY SPLIT AND REPRICING SCHEDULE OF OUTSTANDING DEBT

2012

					Debt repricing in period				
CURRENCY	**Amount MEUR**	**Avg duration**	**Avg rate %**	**Rate sensitivity[1)]**	**2013**	**2014**	**2015**	**2016**	**2017-**
EUR	295.9	1.9 years	1.43	3.0	98.1	85.3	6.5	105.4	0.6
CAD	0.3	1.0 years	2.42	0.0	0.3	0.0	0.0	0.0	0.0
INR	30.2	1.5 years	11.19	0.3	23.2	1.8	1.2	2.2	1.7
USD	0.8	2.0 years	2.80	0.0	0.0	0.8	0.0	0.0	0.0
SGD	0.1	1.9 years	4.97	0.0	0.0	0.0	0.0	0.0	0.1
Total	**327.3**		**2.33**	**3.3**	**121.7**	**87.9**	**7.7**	**107.6**	**2.4**

2011

					Debt repricing in period				
CURRENCY	**Amount MEUR**	**Avg duration**	**Avg rate %**	**Rate sensitivity[1)]**	**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**

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

2012

		Maturity of financial liabilities					
DEBT TYPE	**Amount drawn**	**2013**	**2014**	**2015**	**2016**	**2017**	**Later**
Committed revolving facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans from financial institutions	112.6	0.0	4.3	3.0	103.0	2.3	0.0
Bonds	74.9	0.0	74.9	0.0	0.0	0.0	0.0
Finance lease liabilities	9.4	3.3	4.6	0.7	0.7	0.0	0.0
Commercial paper program	88.7	88.7	0.0	0.0	0.0	0.0	0.0
Pension loans	15.1	3.8	3.8	3.8	3.8	0.0	0.0
Other long-term debt	1.0	0.4	0.3	0.2	0.2	0.0	0.0
Overdraft	25.5	25.5	0.0	0.0	0.0	0.0	0.0
Derivative financial instruments	6.9	3.7	3.2	0.0	0.0	0.0	0.0
Account and other payables	178.0	178.0	0.0	0.0	0.0	0.0	0.0
Total	**512.2**	**303.4**	**91.1**	**7.7**	**107.6**	**2.4**	**0.0**

2011

		Maturity of financial liabilities					
DEBT TYPE	**Amount 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
Derivative financial instruments	6.0	6.0	0.0	0.0	0.0	0.0	0.0
Account and other payables	177.8	177.8	0.0	0.0	0.0	0.0	0.0
Total	**476.8**	**347.7**	**9.3**	**6.6**	**6.1**	**105.9**	**1.1**

30.5. CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES CLASSIFIED BASED ON IAS 39

2012

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	0.6						37.2
Other financial assets			1.4		1.4	1.4	21
Current financial assets							
Short-term interest-bearing receivables		0.1			0.1	0.1	
Account and other receivables		471.1			471.1	471.1	24, 25
Derivative financial instruments	6.6				6.6	6.6	37.2
Cash and cash equivalents		145.1			145.1	145.1	27
Total	**7.1**	**616.6**	**1.4**		**624.5**	**624.5**	

FINANCIAL LIABILITIES							
Non-current financial liabilities							
Interest-bearing liabilities				205.6	205.6	205.6	30.1
Derivative financial instruments	3.2						37.2
Current financial liabilities							
Interest-bearing liabilities				121.7	121.7	121.7	30.2
Derivative financial instruments	3.7				3.7	3.7	37.2
Account and other payables				178.0	178.0	178.0	34.2
Total	**6.9**			**505.3**	**509.0**	**509.0**	

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**	

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.

Konecranes resiled starting from 1.1.2012 from the deferred recognition of actuarial gains and losses for defined benefit plans (i.e. the corridor approach) according to IAS19. By changing the accounting principle Konecranes prepares for the IAS 19R which was endorsed by EU in June 2012. Actuarial gains and losses are now recognized in consolidated statement of comprehensive income when they occur. The comparison figures of 2011 have been adjusted to meet the changed accounting principles. During 2011 the change effected the actuarial gains in consolidated statement of comprehensive income by EUR +1.1 million and taxes by EUR +0.4 million. In balance sheet the change decreased the retained earnings of 2011 by EUR -3.3 million (EUR -4.0 million in 2010), and increased the other long term liabilities by EUR +4.5 million and deferred tax assets by EUR +1.2 million.

31.1. AMOUNTS RECOGNIZED IN THE BALANCE SHEET	2012	2011
Present value of obligation wholly unfunded	70.2	59.6
Present value of obligation wholly or partly funded	53.8	48.5
Defined benefit plan obligations	123.9	108.1
Fair value of plan assets	-50.0	-44.9
Total net liability recognized	**73.9**	**63.2**

31.2. COMPONENTS OF DEFINED BENEFIT PLAN RECORDED IN STATEMENT OF INCOME	2012	2011
Current service cost	2.4	2.5
Interest cost	5.1	5.1
Expected return on plan assets	-2.1	-2.2
Past service cost	0.0	0.6
Net actuarial gain (-)/loss (+) recognized in year	-11.7	-1.1
Total	**-6.3**	**5.0**

The actuarial losses in 2012 were mainly caused by the decrease of discount rates in the defined benefit plans of Germany and United Kingdom.

31.3. MOVEMENTS OF THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION	2012	2011
Obligation as of January 1	108.1	101.7
Translation difference	0.7	1.3
Business combinations	0.0	1.0
Reclassification of pension liabilities	0.0	1.6
Past service cost	0.0	0.6
Settlements and curtailments	-0.3	-0.1
Current service cost	2.4	2.5
Interest cost	5.1	5.1
Actuarial gains (-) / losses (+)	14.3	-0.3
Benefits paid (-)	-6.3	-5.3
Obligation as of December 31	**123.9**	**108.1**

31.4. MOVEMENTS OF THE FAIR VALUE OF PLAN ASSETS	2012	2011
Fair value of plan assets as of January 1	44.9	39.1
Translation difference	1.0	1.2
Business combinations	0.0	0.5
Expected return on plan assets	2.1	2.2
Employer contributions	2.6	2.4
Settlements and curtailments	-0.5	0.6
Actuarial gains (+) / losses (-)	2.6	0.8
Benefits paid (-)	-2.7	-2.0
Fair value of plan assets as of December 31	**50.0**	**44.9**

31.5.MAJOR CATEGORIES OF PLAN ASSETS AT THE END OF THE REPORTING PERIOD	2012	2011
Equity instruments	15.4	20.5
Debt instruments	23.8	21.4
Insurances	2.1	2.6
Others	8.8	0.4
Total plan assets	**50.0**	**44.9**

Virtually all equity and debt instruments have quoted prices in active markets. The actual return on plan assets was EUR 4.7 million (2011: EUR 2.9 million)

The Group expects to contribute EUR 2.1 million to its defined benefit plans in 2013.

31.6. DEFINED BENEFIT PLAN: THE MAIN ACTUARIAL ASSUMPTIONS	2012	2011
Discount rate %	2.20–20.00	3.10–8.75
Expected return on plan assets %	3.60–8.00	4.00–8.75
Future salary increase %	2.00–17.20	2.50–15.00
Future pension payment increase %	1.00–3.00	1.50–4.00

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.

31.7. AMOUNTS FOR THE CURRENT AND PREVIOUS PERIODS:	2012	2011	2010	2009	2008
Defined benefit obligation	123.9	108.1	101.7	88.3	77.2
Fair value of plan assets	-50.0	-44.9	-39.1	-33.9	-27.9
Surplus (-) /deficit (+)	73.9	63.2	62.6	54.4	49.3
Actuarial losses (-) / gains (+) on plan liabilities	-14.3	0.3	-9.6	-7.2	7.5
Actuarial losses (-) / gains (+) on plan assets	2.6	0.8	2.0	2.8	-5.5

32. DEFERRED TAX ASSETS AND LIABILITIES

32.1. DEFERRED TAX ASSETS	2012	2011
Employee benefits	12.8	9.8
Provisions	14.4	13.6
Unused tax losses	13.5	15.9
Other temporary difference	13.1	9.9
Total	**53.8**	**49.1**

32.2. DEFERRED TAX LIABILITIES	2012	2011
Intangible and tangible assets	17.8	20.9
Other temporary difference	4.6	5.7
Total	**22.3**	**26.6**

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 1.3 million.

32.3. TAX LOSSES CARRIED FORWARD

At the end of year 2012, Konecranes recorded a deferred tax asset of EUR 13.5 million (EUR 15.9 million in 2011) on the carry-forward losses totally amounting to EUR 127.5 million (EUR 125.9 million in 2011). 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 84.6 million in the year 2012 (EUR 77.5 million in 2011).

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 42.3 million (EUR 55.4 million in 2011). The Group has recorded a deferred tax asset amounting to EUR 8.3 million (EUR 12.4 million in 2011) based on the tax losses estimated to be utilized during the years 2013–2022 amounting to EUR 23.6 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. For the amount of EUR 18.7 million tax loss carry-forwards deductible over the period 2023–2031 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:

2012	Tax losses carried forward	Potential deferred tax assets	Deferred tax assets not recorded	Deferred tax assets
USA	42.3	15.4	7.0	8.3
Austria	19.8	5.0	3.8	1.2
The Netherlands	9.8	2.5	1.1	1.3
Spain	9.4	2.8	2.8	0.0
Germany	7.7	2.3	2.3	0.0
Japan	7.5	3.0	3.0	0.0
Brazil	5.7	1.9	1.9	0.0
Italy	3.9	1.2	1.2	0.0
Finland	3.7	0.9	0.0	0.9
Other	17.7	4.7	2.9	1.8
Total	**127.5**	**39.6**	**26.1**	**13.5**

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
Austria	16.1	4.0	3.0	1.0
The Netherlands	10.1	2.6	1.1	1.4
Spain	10.0	3.0	3.0	0.0
Germany	7.7	1.9	1.9	0.0
Japan	6.9	2.8	2.8	0.0
Brazil	3.2	1.1	1.1	0.0
Italy	3.9	1.3	1.3	0.0
Finland	3.8	0.9	0.0	0.9
Other	8.7	5.5	5.4	0.1
Total	**125.9**	**43.7**	**27.8**	**15.9**

33. PROVISIONS

2012	Warranty	Restructur-ing	Pension commit-ments	Other	Total
Total provisions as of January 1	25.5	11.3	3.9	13.4	54.1
Translation difference	0.0	0.1	-0.2	-0.2	-0.2
Increase through business combination	0.0	0.0	0.0	0.0	0.0
Additional provision in the period	7.4	2.9	3.1	6.6	20.0
Utilization of provision	7.2	9.8	2.0	5.0	23.9
Unused amounts reversed	3.0	1.0	0.0	1.6	5.5
Total provisions as of December 31	**22.8**	**3.5**	**4.8**	**13.3**	**44.5**

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**

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	2012	2011
Wages, salaries and personnel expenses	72.7	70.6
Pension costs	7.1	5.0
Interest	0.8	1.7
Late cost reservations	94.1	85.7
Other items	41.1	46.7
Total	**215.7**	**209.7**

34.2. OTHER CURRENT LIABILITIES (NON-INTEREST BEARING)	2012	2011
Bills payable	0.7	2.3
Value added tax	12.5	14.1
Other short-term liabilities	6.7	9.1
Total	**19.9**	**25.5**

35. LEASE LIABILITIES

35.1. FINANCE LEASE	2012	2011
Minimum lease payments		
within 1 year	3.4	3.3
1–5 years	6.6	6.0
over 5 years	0.1	0.0
Total	**10.1**	**9.3**
Present value of finance lease		
within 1 year	3.3	3.2
1–5 years	6.0	5.4
over 5 years	0.0	0.0
Total	**9.4**	**8.6**

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

35.2. OPERATING LEASES	2012	2011
Minimum lease payments		
within 1 year	33.0	31.2
1–5 years	63.1	60.9
over 5 years	5.7	9.6
Total	**101.7**	**101.8**
Operative rental expenses during the year	33.1	33.2

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

	2012	2011
For own commercial obligations		
Guarantees	349.5	371.2
Leasing liabilities	101.7	101.8
Other	1.4	0.1
Total	**452.6**	**473.0**

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

	2012 Nominal value	2012 Fair value	2011 Nominal value	2011 Fair value
Foreign exchange forward contracts	504.8	3.4	479.0	-7.6
Currency options	19.7	0.0	15.0	-0.1
Interest rate swaps	100.0	-3.0	70.0	-1.1
Electricity forward contracts	1.9	-0.2	1.8	-0.2
Total	**626.5**	**0.3**	**565.9**	**-9.0**

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 2012.

37.1. BREAKDOWN OF NOMINAL VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	Remaining maturities 2012			Remaining maturities 2011		
	< 1 year	1–6 years	Total	< 1 year	1–6 years	Total
Foreign exchange forward contracts	205.1	24.8	229.9	278.5	29.3	307.8
Currency options	0.0	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	100.0	100.0	0.0	70.0	70.0
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0	0.0
Total	**205.1**	**124.8**	**329.9**	**278.5**	**99.3**	**377.8**

NON-HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	Remaining maturities 2012			Remaining maturities 2011		
	< 1 year	1–6 years	Total	< 1 year	1–6 years	Total
Foreign exchange forward contracts	274.9	0.0	274.9	171.3	0.0	171.3
Currency options	19.7	0.0	19.7	15.0	0.0	15.0
Interest rate swaps	0.0	0.0	0.0	0.0	0.0	0.0
Electricity forward contracts	0.7	1.3	1.9	0.8	1.0	1.8
Total	**295.3**	**1.3**	**296.6**	**187.2**	**1.0**	**188.2**

DERIVATIVE FINANCIAL INSTRUMENTS TOTAL	Remaining maturities 2012			Remaining maturities 2011		
	< 1 year	1–6 years	Total	< 1 year	1–6 years	Total
Foreign exchange forward contracts	480.0	24.8	504.8	449.8	29.3	479.0
Currency options	19.7	0.0	19.7	15.0	0.0	15.0
Interest rate swaps	0.0	100.0	100.0	0.0	70.0	70.0
Electricity forward contracts	0.7	1.3	1.9	0.8	1.0	1.8
Total	**500.4**	**126.1**	**626.5**	**465.7**	**100.2**	**565.9**

37.2. BREAKDOWN OF FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

2012

HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	Positive fair values		Negative fair values		Net fair values
	< 1 year	1–6 years	< 1 year	1–6 years	
Foreign exchange forward contracts	2.9	0.6	-2.4	-0.1	0.9
Currency options	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	0.0	-3.0	-3.0
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0
Total	**2.9**	**0.6**	**-2.4**	**-3.1**	**-2.1**

NON-HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	Positive fair values		Negative fair values		Net fair values
	< 1 year	1–6 years	< 1 year	1–6 years	
Foreign exchange forward contracts	3.7	0.0	-1.2	0.0	2.5
Currency options	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	0.0	0.0	0.0
Electricity forward contracts	0.0	0.0	-0.1	-0.1	-0.2
Total	**3.7**	**0.0**	**-1.3**	**-0.1**	**2.3**

DERIVATIVE FINANCIAL INSTRUMENTS TOTAL	Positive fair values		Negative fair values		Net fair values
	< 1 year	1–6 years	< 1 year	1–6 years	
Foreign exchange forward contracts	6.5	0.6	-3.6	-0.1	3.4
Currency options	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	0.0	-3.0	-3.0
Electricity forward contracts	0.0	0.0	-0.1	-0.1	-0.2
Total	**6.6**	**0.6**	**-3.7**	**-3.2**	**0.3**

2011

HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	Positive fair values < 1 year	Positive fair values 1–6 years	Negative fair values < 1 year	Negative fair values 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	Positive fair values 1–6 years	Negative fair values < 1 year	Negative fair values 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	Positive fair values 1–6 years	Negative fair values < 1 year	Negative fair values 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**

38. HEDGE RESERVE OF CASH FLOW HEDGES

	2012	2011
Balance as of January 1	-2.9	0.5
Gains and losses deferred to equity (fair value reserve)	2.0	-4.6
Change in deferred taxes	-0.5	1.1
Balance as of December 31	**-1.4**	**-2.9**

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 and the key management personnel of the Group: the Board of Directors, the CEO, the Group Executive Board and Extended Management Team.

TRANSACTIONS WITH ASSOCIATED COMPANIES AND JOINT VENTURES	2012	2011
Sales of goods and services with associated companies and joint ventures	10.4	10.9
Receivables from associated companies and joint ventures	2.0	3.0
Purchases of goods and services from associated companies and joint ventures	0.5	2.4
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 2008–2012

BUSINESS DEVELOPMENT		2012	2011	2010	2009	2008
Orders received	MEUR	1,970.1	1,896.1	1,536.0	1,348.9	2,067.1
Order book	MEUR	942.7	991.8	756.2	607.0	836.3
Net sales	MEUR	2,170.2	1,896.4	1,546.3	1,671.3	2,102.5
of which outside Finland	MEUR	2,080.1	1,796.6	1,457.4	1,575.1	1,979.6
Export from Finland	MEUR	638.9	570.7	427.2	488.4	700.1
Personnel on average		11,917	10,998	9,739	9,811	9,222
Personnel on 31 December		12,147	11,651	10,042	9,782	9,904
Capital expenditure	MEUR	41.7	32.4	22.3	25.7	22.3
as a percentage of net sales	%	1.9%	1.7%	1.4%	1.5%	1.1%
Research and development costs	MEUR	25.8	29.6	21.5	22.0	19.0
as % of Group net sales	%	1.2%	1.6%	1.4%	1.3%	0.9%
PROFITABILITY						
Net sales	MEUR	2,170.2	1,896.4	1,546.3	1,671.3	2,102.5
Operating profit (including restructuring costs)	MEUR	132.1	106.9	112.4	97.9	248.7
as percentage of net sales	%	6.1%	5.6%	7.3%	5.9%	11.8%
Income before taxes	MEUR	124.0	95.8	111.3	88.6	236.2
as percentage of net sales	%	5.7%	5.1%	7.2%	5.3%	11.2%
Net income (incl. non-controlling interest)	MEUR	84.7	64.9	78.2	62.5	166.6
as percentage of net sales	%	3.9%	3.4%	5.1%	3.7%	7.9%
KEY FIGURES AND BALANCE SHEET						
Equity (incl. non-controlling interest)	MEUR	460.1	435.4	456.2	407.1	400.7
Balance Sheet	MEUR	1,563.8	1,447.5	1,175.5	1,060.4	1,205.4
Return on equity	%	18.9	14.6	18.1	15.5	48.9
Return on capital employed	%	18.6	17.1	24.2	19.3	56.3
Current ratio		1.4	1.3	1.4	1.4	1.5
Solidity	%	34.2	34.2	44.7	45.1	39.9
Gearing	%	39.5	50.5	-3.8	-19.1	2.8
SHARES IN FIGURES						
Earnings per share, basic	EUR	1.47	1.11	1.35	1.08	2.83
Earnings per share, diluted	EUR	1.46	1.10	1.34	1.08	2.82
Equity per share	EUR	7.92	7.57	7.64	6.84	6.75
Cash flow per share	EUR	2.78	-0.35	0.97	3.79	1.82
Dividend per share	EUR	1.05*	1.00	1.00	0.90	0.90
Dividend / earnings	%	71.5	90.1	74.1	83.3	31.8
Effective dividend yield	%	4.1	6.9	3.2	4.7	7.5
Price / earnings		17.4	13.1	22.9	17.7	4.3
Trading low / high**	EUR	14.34/26.67	13.18/34.17	19.08/32.04	10.61/22.04	9.90/32.50
Average share price**	EUR	21.39	22.83	23.84	16.66	21.05
Share price on 31 December**	EUR	25.55	14.54	30.89	19.08	12.08
Year-end market capitalization	MEUR	1,463.8	831.7	1,821.3	1,122.1	713.6
Number traded***	(1,000)	206,014	220,567	145,005	151,422	171,519
Stock turnover	%	359.6	385.6	245.9	257.5	290.4
Average number of shares outstanding, basic	(1,000)	57,228	58,982	58,922	58,922	58,726
Average number of shares outstanding, diluted	(1,000)	57,517	59,362	59,274	59,086	58,987
Number of shares outstanding, at end of the period	(1,000)	57,291	57,199	58,960	58,813	59,070

** The Board's proposal to the AGM*
*** Source: NASDAQ OMX Helsinki*
**** Source: NASDAQ OMX Helsinki 2008, Fidessa 2009–2012*

CALCULATION OF KEY FIGURES

Return on equity (%):	$\frac{\text{Net profit for the period}}{\text{Total equity (average during the period)}}$	**X 100**
Return on capital employed (%):	$\frac{\text{Income before taxes + interest paid + other financing cost}}{\text{Total amount of equity and liabilities - non-interest bearing debts (average during the period)}}$	**X 100**
Current ratio:	$\frac{\text{Current assets}}{\text{Current liabilities}}$	
Solidity (%):	$\frac{\text{Shareholders' equity}}{\text{Total amount of equity and liabilities - advance payment received}}$	**X 100**
Gearing (%):	$\frac{\text{Interest-bearing liabilities - liquid assets - loans receivable}}{\text{Total equity}}$	**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 (%):	$\frac{\text{Dividend per share}}{\text{Share price at the end of financial year}}$	**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.	175	100
Austria:	Konecranes Ges.m.b.H	2,140	100
	Konecranes Lifting Systems GmbH	22,033	100
Bangladesh:	Konecranes (Bangladesh) Ltd.	49	100
Belgium:	S.A. Konecranes N.V.	597	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.	1,933	100
	Konecranes (Shanghai) Co. Ltd.	0	100
	Konecranes (Shanghai) Company Ltd.	3,993	100
	Konecranes Port Machinery (Shanghai) Co. Ltd.	6,807	100
	Sanma Hoists & Cranes Co. Ltd.	17,864	65
	Stahl CraneSystems Trading (Shanghai) Co., Ltd.	191	100
	SWF Krantechnik Co., Ltd.	629	100
Czech Republic:	Konecranes CZ s.r.o.	805	100
Denmark:	Konecranes A/S	1,026	100
Estonia:	Konecranes Oü	0	100
Finland:	Konecranes Service Oy	2,614	100
	Nosturiexpertit Oy	10	100
	Permeco Oy	113	100
	Suomen Teollisuusosa Oy	5,811	100
France:	KCI Holding France S.A.	461	100
	Konecranes (France) S.A.	0	100
	Konecranes Supply France SAS	10	100
	Stahl CraneSystems S.A.S.	0	100
	Verlinde S.A.	2,783	99.6
	Verlinde SAS	10	100
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.	3,899	100
India:	Konecranes Shared Sevices India Pvt. Ltd.	175	100
	Stahl CraneSystems (India) Pvt. Ltd.	56	100
	WMI Konecranes India Limited	56,719	100
Indonesia:	Pt. Konecranes	0	100
Italy:	Konecranes S.r.l.	4,890	100
	Stahl CraneSystems S.r.l.	110	100

		Book value of shares	Group's share %
Japan:	Konecranes Company, Ltd.	5,141	100
Latvia:	SIA Konecranes Latvija	2	100
Lithuania:	UAB Konecranes	139	100
Luxembourg:	Materials Handling International S.A.	300	100
Malaysia:	Konecranes Sdn. Bhd.	745	100
Mexico:	Konecranes Mexico S.A. de C.V.	2,184	100
Morocco:	Techniplus S.A.	5,818	99.9
The Netherlands:	Konecranes B.V.	4,518	100
	Konecranes Holding B.V.	13,851	100
Norway:	Konecranes A/S	11,372	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 Limitada	1,556	100
	Konecranes Portugal, Unipessoal Lda	0	100
Romania:	Konecranes S.A.	98	100
Russia:	ZAO Konecranes	161	100
Saudi Arabia:	Saudi Cranes & Steel Works Factory Co. Ltd.	14,022	100
Singapore:	KCI Cranes Holding (Singapore) Pte. Ltd.	49,117	100
	Konecranes Pte. Ltd.	1,927	100
	Morris Material Handling Pte. Ltd.	266	100
	Stahl CraneSystems Pte. Ltd.	0	100
	SWF Krantechnik Pte. Ltd.	155	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.U.	16,299	100
	Stahl CraneSystems S.L.	0	100
Sweden:	Konecranes AB	1,593	100
	Konecranes Lifttrucks AB	27,075	100
	Konecranes Sweden Holding AB	1,682	100
Switzerland:	Konecranes AG	404	100
Thailand:	Konecranes (Thailand) Ltd.*	105	49
Turkey:	Konecranes Ticaret Ve Servis Limited Sirketi	53	100
Ukraine:	Konecranes Ukraine JSC	2,048	100
	ZAO Zaporozhje Kran Holding*	974	49
	PJSC "Zaporozhcrane"*	533	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 Limited	0	100
	Konecranes Machine Tool Service Ltd.	2,991	100
	K&B Machine Tool Services Ltd.	0	100
	KCI Holding UK Ltd.	13,656	100
	Konecranes UK Limited	8,173	100
	Lloyds Konecranes Pension Trustees Ltd.	0	100
	Morris Material Handling Ltd.	6,570	100
	Stahl CraneSystems Ltd.	0	100
U.S.A.	KCI Holding USA, Inc.	53,901	100
	Konecranes, Inc.	40,390	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.	54,144	100
	PHMH Holding Company	0	100
	R&M Materials Handling, Inc.	6,215	100
	Stahl CraneSystems Inc.	0	100
Vietnam:	Konecranes Vietnam Co., Ltd	202	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.	630	25
	Jiangyin Dingli High Tech Industrial Crane Company Ltd.	463	30
	Shanghai High Tech Industrial Crane Company, Ltd.	1,997	28
France:	Boutonnier Adt Levage S.A.	332	25
	Levelec S.A.	212	20
	Manulec S.A.	251	25
	Manelec S.a.r.l.	70	25
	Sere Maintenance S.A.	74	25
Japan:	KITO Corporation	31,297	23.06
Saudi Arabia:	Eastern Morris Cranes Limited	1,170	49
United Arab Emirates:	Crane Industrial Services LLC	1,005	49

AVAILABLE-FOR-SALE INVESTMENTS

		Book value of shares	Group's share %
Austria:	Austrian CraneSystems Ges.m.bH.	86	19
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.	13	10
Venezuela:	Gruas Konecranes CA	4	10
Others:		177	
Total:		**1,383**	

PARENT COMPANY STATEMENT OF INCOME – FAS

(1,000 EUR)		1 Jan–31 Dec 2012	1 Jan–31 Dec 2011
Note:			
4	**Sales**	**91,971**	**83,576**
	Other operating income	0	1,358
5	Depreciation and impairments	-2,922	-2,099
6	Other operating expenses	-82,919	-76,801
	Operating profit	**6,129**	**6,034**
7	Financial income and expenses	80,072	14,821
	Income before extraordinary items	**86,202**	**20,855**
8	Extraordinary items	35,555	27,495
	Income before appropriations and taxes	**121,757**	**48,350**
9	Income taxes	-10,459	-8,300
	Net income	**111,298**	**40,050**

PARENT COMPANY CASH FLOW – FAS

(1,000 EUR)	1 Jan–31 Dec 2012	1 Jan–31 Dec 2011
Cash flow from operating activities		
Operating income	**6,129**	**6,034**
Adjustments to operating profit		
Depreciation and impairments	2,922	2,099
Extraordinary income	27,495	44,130
Other adjustments	0	-1,358
Operating income before changes in net working capital	**36,546**	**50,905**
Change in interest-free short-term receivables	6,300	-13,243
Change in interest-free short-term liabilities	-13,911	17,128
Change in net working capital	**-7,611**	**3,885**
Cash flow from operations before financing items and taxes	**28,935**	**54,790**
Interest received	1,074	2,251
Other financial income and expenses	42	-80
Income taxes paid	-7,493	-15,069
Financing items and taxes	**-6,377**	**-12,898**
NET CASH FROM OPERATING ACTIVITIES	**22,558**	**41,892**
Cash flow from investing activities		
Capital expenditure to tangible assets	-732	-1,408
Capital expenditure and advance payments to intangible assets	-21,706	-29,289
Dividends received	78,970	13,125
NET CASH USED IN INVESTING ACTIVITIES	**56,532**	**-17,572**
Cash flow before financing activities	**79,090**	**24,320**
Cash flow from financing activities		
Proceeds from options excercised and share issues	3,912	24,498
Purchase of treasury shares	0	-51,271
Repayments of long-term receivables	-25,925	62,980
Dividends paid	-57,199	-60,553
NET CASH USED IN FINANCING ACTIVITIES	**-79,212**	**-24,346**
Cash and cash equivalents from KCR Management Oy	0	211
CHANGE OF CASH AND CASH EQUIVALENTS	**-122**	**185**
Cash and cash equivalents at beginning of period	212	27
Cash and cash equivalents at end of period	90	212
CHANGE OF CASH AND CASH EQUIVALENTS	**-122**	**185**

PARENT COMPANY BALANCE SHEET – FAS

(1,000 EUR)	ASSETS	31 Dec 2012	31 Dec 2011
Note:			
	NON-CURRENT ASSETS		
	Intangible assets		
10	Intangible rights	15,500	5,475
	Advance payments	40,935	31,740
		56,435	**37,215**
	Tangible assets		
11	Machinery and equipment	2,007	1,711
		2,007	**1,711**
12	**Investments**		
	Investments in Group companies	50,649	50,649
	Other shares and similar rights of ownership	515	515
		51,164	**51,164**
	Total non-current assets	**109,606**	**90,090**
	CURRENT ASSETS		
	Long-term receivables		
	Loans receivable from Group companies	108,621	82,696
		108,621	**82,696**
	Short-term receivables		
	Accounts receivable	106	1,971
	Amounts owed by Group companies		
	Accounts receivable	21,784	24,529
14	Deferred assets	35,614	27,647
	Other receivables	176	5,168
14	Deferred assets	7,333	6,943
		65,013	**66,257**
	Cash in hand and at banks	**90**	**212**
	Total current assets	**173,724**	**149,166**
	TOTAL ASSETS	**283,330**	**239,257**

(1,000 EUR)	SHAREHOLDERS' EQUITY AND LIABILITIES	31 Dec 2012	31 Dec 2011
Note:			
15	**EQUITY**		
	Share capital	30,073	30,073
	Share premium account	39,307	39,307
	Paid in capital	39,033	35,120
	Retained earnings	42,864	60,013
	Net income for the period	111,298	40,050
		262,574	**204,563**
	LIABILITIES		
	Non-current liabilities		
	Other long-term liabilities	0	78
		0	**78**
	Provisions	**457**	**294**
	Current liabilities		
	Accounts payable	6,344	5,209
	Liabilities owed to Group companies		
	Accounts payable	3,789	17,560
16	Accruals	1,458	1,214
	Other short-term liabilities	575	502
16	Accruals	8,133	9,837
		20,299	**34,322**
	Total liabilities	**20,756**	**34,694**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**283,330**	**239,257**

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 92.0 million (EUR 83.6 million in 2011) corresponding to a share of 100% (100% in 2011) of net sales.

5. DEPRECIATION AND IMPAIRMENTS

	2012	2011
Intangible rights	2.5	1.6
Machinery and equipment	0.4	0.5
Total	**2.9**	**2.1**

6. OTHER OPERATING EXPENSES AND PERSONNEL

COSTS AND EXPENSES IN THE STATEMENT OF INCOME WERE AS FOLLOWS:	2012	2011
Wages and salaries	16.4	16.9
Pension costs	3.2	3.3
Other personnel expenses	0.7	0.8
Other operating expenses	62.6	55.8
Total	**82.9**	**76.8**

WAGES AND SALARIES IN ACCORDANCE WITH THE STATEMENT OF INCOME	2012	2011
Remuneration to Board	0.5	0.4
Other wages and salaries	15.9	16.5
Total	**16.4**	**16.9**
The average number of personnel	269	251

Auditors fees		
Audit	0.2	0.1
Other services	0.3	0.2
Total	**0.4**	**0.4**

7. FINANCIAL INCOME AND EXPENSES

	2012	2011
Financial income from long-term investments:		
Dividend income from group companies	79.0	13.1
Dividend income total	79.0	13.1
Interest income from long-term receivables:		
From group companies	1.0	2.0
Other interest income	0.0	0.0
Interest income from long-term receivables total	1.0	2.0
Financial income from long-term investments total	**79.9**	**15.1**
Interest and other financial income	0.2	0.0
Interest and other financial income total	0.2	0.0
Interest expenses and other financial expenses:		
Other financial expenses	0.1	0.4
Interest expenses and other financial expenses total	0.1	0.4
Financial income and expenses total	**80.1**	**14.8**

8. EXTRAORDINARY ITEMS

	2012	2011
Group contributions received from subsidiaries	35.6	27.5
Total	**35.6**	**27.5**

9. INCOME TAXES

	2012	2011
Taxes on extraordinary items	8.7	7.1
Taxes on ordinary operations	1.7	1.6
Taxes from previous years	0.1	-0.5
Total	**10.5**	**8.3**

BALANCE SHEET

10. INTANGIBLE RIGHTS

	2012	2011
Acquisition costs as of January 1	16.0	12.6
Increase	12.5	3.4
Decrease	0.0	0.0
Acquisition costs as of December 31	28.6	16.0
Accumulated depreciation 1 January	-10.6	-9.0
Accumulated depreciation relating to disposals	0.0	0.0
Accumulated depreciation	-2.5	-1.6
Total as of December 31	**15.5**	**5.5**

11. MACHINERY AND EQUIPMENT

	2012	2011
Acquisition costs as of January 1	6.2	4.8
Increase	0.7	1.4
Decrease	0.0	0.0
Acquisition costs as of December 31	7.0	6.2
Accumulated depreciation 1 January	-4.5	-4.0
Accumulated depreciation relating to disposals	0.0	0.0
Accumulated depreciation	-0.4	-0.5
Total as of December 31	**2.0**	**1.7**

12. INVESTMENTS

	2012	2011
Acquisition costs as of January 1	51.2	51.2
Increase	0.0	0.0
Decrease	0.0	0.1
Total as of December 31	**51.2**	**51.2**

INVESTMENTS IN GROUP COMPANIES	Domicile	**2012** Book value	**2011** Book value
Konecranes Finance Corp.	Hyvinkää	46.4	46.4
Konecranes Finland Corp.	Hyvinkää	4.2	4.2
KCR Management Oy	Hyvinkää	0.0	0.0
Total		**50.6**	**50.6**

Other shares and similar rights of ownership	**2012**	**2011**
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

	2012	2011
Number of shares as of January 1	6,042,456	2,524,760
Increase	0	3,517,696
Decrease	-61,424	0
Number of shares as of December 31	**5,981,032**	**6,042,456**

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 23, 2012 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 based on this authorization shall not exceed 6,000,000 shares in total, which corresponds to approximately 9.5 per cent 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 and/or accepted as pledge 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 for financing or realization of possible acquisitions, investments or other arrangements belonging to the Company's ordinary business, to pay remuneration to Board members, to be used in incentive arrangements 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 22 September 2013.

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 6,000,000 shares, which corresponds to approximately 9.5 per cent 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). The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization of transfer of the company's own shares.

The authorization is effective until the end of the next Annual General Meeting, however no longer than until 22 September 2013. However, the authorization for incentive arrangements is valid until 30 June 2015.

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 9.5 per cent 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. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the issuance of shares and the issuance of special rights entitling to shares.

This authorization is effective until the next Annual General Meeting of Shareholders, however no longer than until 22 September 2013. However, the authorization for incentive arrangements is valid until 30 June 2015.

Proposal by the Board of Directors to authorize the Board of Directors to launch an employee share savings plan and to decide on directed share issue without payment:

The AGM authorized the Board of Directors to decide on the lauch of an employee share savings plan and directed share issue without payment as follows:

The Plan will be launched in the Konecranes Group globally. The aim of the Plan is to encourage Konecranes employees to become shareholders in the Company and to reward the employees for their efforts in working toward Konecranes' goals, now and in the future. Another objective is to strengthen the tie between Konecranes shareholders and employees.

The Annual General Meeting of Shareholders authorized the Board of Directors to decide on the detailed terms and conditions of the Plan, on the Plan periods and on their detailed terms and conditions, and to implement the Plan at its discretion, considering especially the legislation and other regulations applied to the Plan in each country where the Group operates.

The Board of Directors approved the detailed terms and conditions of the Plan and the commencing Plan period. The Plan was offered in about 40 countries to approximately 11,000 employees. A few countries have been ruled out at this phase due to local legal restraints. The commencing plan period begun on July 1, 2012 and will end on June 30, 2013. The maximum monthly saving is 5 percent of each participant's monthly gross salary and the minimum monthly saving per employee will be EUR 10. Each participant will receive one free matching share for every two acquired savings shares. Matching shares will be delivered to a participant if the participant holds the acquired shares from the plan period until the end of the designated holding period, February 15, 2016, and if his or her employment with a company has not been terminated on the last day of the holding period on bad leaver terms.

An employee will participate in the Plan for one year at a time. Shares will be acquired with the accrued savings at the market price quarterly, after the publication date of the Konecranes interim results, commencing in November 2012. Any dividends paid on purchased shares during the commencing Plan period will automatically be reinvested into additional shares on the following purchase date. These shares will have an equal right to matching shares.

The Board of Directors decides on the issue of new shares or on the transfer of own shares held by the Company to such participants of the Plan who, according to the terms and conditions of the Plan, are entitled to receive free shares, as well as to decide on the share issue without payment also to the Company itself. The authorization includes a right in this Plan to transfer own shares held by the Company, the use of which has earlier been limited to other purposes than incentive plans. The number of new shares to be issued or own shares held by the Company to be transferred may be a maximum total of 500,000 shares, which corresponds to 0.8 per cent of all of the Company´s shares.

The Board of Directors is entitled to decide on other matters concerning the share issue. The authorization concerning the share issue is valid until 1 March 2017.

14. DEFERRED ASSETS

	2012	2011
Group contributions	35.6	27.5
Payments which will be realized during the next financial year	7.3	6.9
Pension costs	0.0	0.0
Interest	0.1	0.2
Total	**42.9**	**34.6**

15. EQUITY

	2012	2011
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	0.0	0.1
Increase	3.9	24.5
Decrease	-3.9	-24.6
Share issue 31 December	0.0	0.0
Paid in capital 1 January	35.1	10.5
Increase	3.9	24.6
Decrease	0.0	0.0
Paid in capital as of December 31	39.0	35.1
Retained earnings as of January 1	100.1	180.2
Dividend paid	-57.2	-60.6
Decrease	0.0	-59.7
Retained earnings as of December 31	42.9	60.0
Net income for the period	111.3	40.1
Shareholders' equity as of December 31	**262.6**	**204.6**

Distributable equity		
Paid in capital as of December 31	39.0	35.1
Retained earnings as of December 31	42.9	60.0
Net income for the period	111.3	40.1
Total	**193.2**	**135.2**

16. ACCRUALS

	2012	2011
Income taxes	0.1	0.0
Wages, salaries and personnel expenses	5.7	6.1
Interest	0.0	0.0
Other items	3.8	5.0
Total	**9.6**	**11.1**

17. CONTINGENT LIABILITIES AND PLEDGED ASSETS

	2012	2011
Contingent liabilities		
For obligations of subsidiaries		
Group guarantees	357.4	363.1
Other contingent and financial liabilities		
Leasing liabilities		
Next year	1.0	1.3
Later on	1.1	1.7

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

Other liabilities	0.0	0.0
Total by category		
Guarantees	357.4	363.1
Other liabilities	2.2	3.0
Total	**359.5**	**366.1**

18. NOMINAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	2012 Fair value	2012 Nominal value	2011 Fair value	2011 Nominal value
Foreign exchange forward contracts	0.0	26.8	-0.2	28.2

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 193,194,781.05 of which the net income for the year is 111,298,139.92.

The Group's non-restricted equity is EUR 385,938,000.

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 1.05 will be paid on each share and that the remaining non-restricted equity is retained in shareholders' equity.

Helsinki, January 31, 2013

Stig Gustavson Chairman of the Board	Svante Adde Board member	Tapani Järvinen Board member
Matti Kavetvuo Board member	Nina Kopola Board member	Bertel Langenskiöld 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.–31.12.2012. 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, January 31, 2013

Ernst & Young Oy
Authorized Public Accountant Firm

Heikki Ilkka
Authorized Public Accountant

SHARES & SHAREHOLDERS

Shares and share capital

As of December 31, 2012, Konecranes Plc's fully paid-up share capital entered in the Trade Register was EUR 30,072,660, divided into 63,272,342 shares (63,241,427 in 2011). 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, 2012, Konecranes Plc was in the possession of 5,981,032 own shares (6,042,456 in 2011), which corresponds to 9.5 percent of the total number of shares having a market value of EUR 152.8 million on that date.

Market capitalization and share trading

As of the end of 2012, the total market capitalization of Konecranes Plc on NASDAQ OMX Helsinki was EUR 1,464 million, excluding treasury shares (EUR 832 million at year-end 2011).

Konecranes' shares closed the year at EUR 25.55 (EUR 14.54 at year-end 2011) on NASDAQ OMX Helsinki. The volume-weighted average trading price for the year was EUR 21.39. The highest quotation for the Konecranes share was EUR 26.67 in December and the lowest was EUR 14.34 in January.

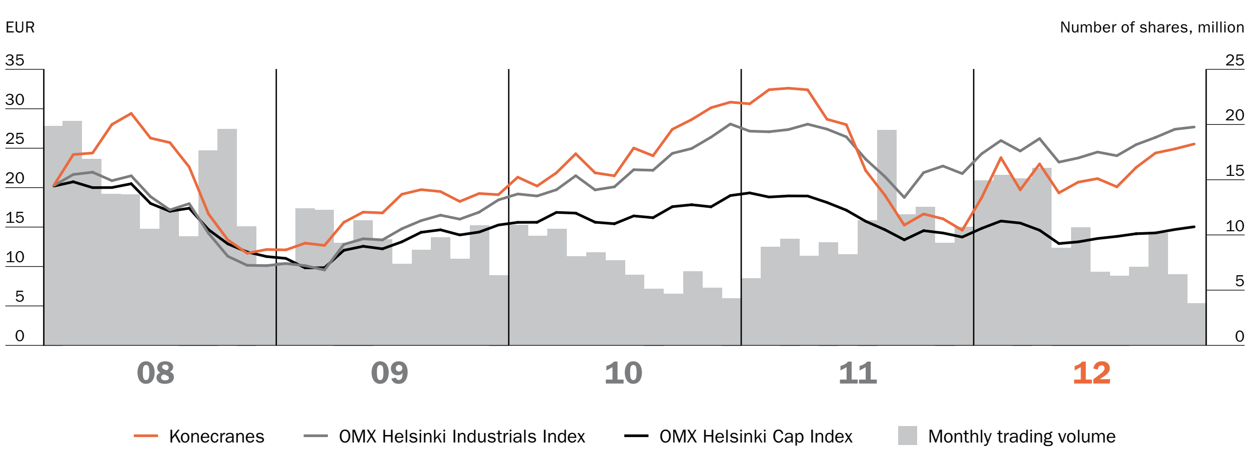
The traded volume of Konecranes' shares totaled some 121.6 million on NASDAQ OMX Helsinki. In monetary terms, this was valued at EUR 2,602 million. The daily average trading volume was 486,551 shares, representing a daily average turnover of EUR 10.4 million. In addition, approximately 84.4 million Konecranes' shares were traded on other trading venues (e.g. multilateral trading facilities and bilateral OTC trades) in 2012 according to Fidessa.

Board authorizations

The Annual General Meeting held on March 22, 2012, authorized the Board of Directors to decide on the repurchase of the Company's own shares and/or on the acceptance as pledge of the Company's own shares. The amount of own shares to be repurchased and/or accepted as pledge based on this authorization shall not exceed 6,000,000 shares in total, which corresponds to approximately 9.5 per cent 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. The authorization is effective until the end of the next Annual General Meeting, however, no longer than until September 22, 2013. The Board of Directors did not use this authorization in 2012.

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 number of shares to be issued based on this authorization shall not exceed 6,000,000 shares, which corresponds to approximately 9.5 per cent of all of the shares in the Company. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together

MONTHLY PRICE AND VOLUME ON THE NASDAQ OMX HELSINKI 2008–2012



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
2012	May–June, new shares subscribed for with 2009A stock options	30,915	63,272,342	0	30,072,660

with the authorization in the following paragraph. The authorization is effective until the end of the next Annual General Meeting, however no longer than until September 22, 2013. However, the authorization for incentive arrangements is valid until June 30, 2015. The Board of Directors did not use this authorization in 2012.

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 9.5 per cent of all the shares in the Company. 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. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the previous paragraph. This authorization is effective until the next Annual General Meeting of Shareholders, however no longer than until September 22, 2013. However, the authorization for incentive arrangements is valid until June 30, 2015. The Board of Directors did not use this authorization in 2012.

The General Meeting decided that an Employee Share Savings Plan (the Plan) will be launched in the Konecranes Group. The General Meeting authorized the Board of Directors to decide on the detailed terms and conditions of the Plan, on the Plan Periods and on their detailed terms and conditions, and to implement the Plan at its discretion taking specifically in consideration the legislation and other regulations applied to the Plan in each country where the Group operates.

The Board of Directors is authorized to decide on the issue of new shares or on the transfer of own shares held by the Company to such participants of the Plan who, according to the terms and conditions of the Plan, are entitled to receive free shares, as well as to decide on the share issue without payment also to the Company itself. In this Plan, the authorization includes a right to transfer own shares held by the Company, the use of which has earlier been limited to the purposes other than the incentive plans. The number of new shares to be issued or own shares held by the Company to be transferred may be in total up to a maximum of 500,000 shares, which corresponds to 0.8 percent of the all Company's shares. The Board of Directors are entitled to decide on the other matters concerning the share issue. The authorization concerning the share issue is valid until March 1, 2017. The Board of Directors did not use this authorization to issue new shares or to transfer own shares held by the Company in 2012.

These authorizations are explained in more detail in the release covering the resolutions of the 2012 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 > 2012.

Flagging notifications

On October 26, 2012, Konecranes received a disclosure to the effect that the holding of BlackRock, Inc. in Konecranes Plc had exceeded 5 percent. BlackRock, Inc. held 3,250,867 Konecranes Plc's shares on October 22, 2012, which is 5.14 percent of Konecranes Plc's shares and votes.

Stock option plans

Konecranes has stock option plan 2009 for its key employees, including top and middle management, and employees in certain expert positions. Under stock options 2009A, 30,915 new shares were subscribed for and registered in the Finnish Trade Register during 2012.

In accordance with the terms and conditions of the stock options 2009, Konecranes Plc's Board of Directors resolved that instead of issuing new shares in the company, the shares held by the company (treasury shares) can be offered to the subscribers in the share subscription. Treasury shares have been used for the share subscriptions made after June 8, 2012. In July–December, 61,424 treasury shares were transferred to the subscribers pursuant to the Konecranes Plc's stock options 2009A.

As of the end of 2012, the stock options issued under Konecranes Plc's ongoing stock option plans entitle option holders to subscribe for a total of 2,090,661 shares. The option programs include approximately 200 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 19,598 shareholders on December 31, 2012, compared to 18,767 at the end of 2011. 37.6 percent of the Company's shares were nominee-registered compared to 29.2 percent at the end of 2011. 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 19,598 (2011: 18,767) shareholders at the end of the 2012.

	Largest shareholders according to the share register on December 31, 2012	Number of shares	% of shares and votes
1	HTT KCR Holding Oy Ab	6,870,568	10.9%
2	Ilmarinen Mutual Pension Insurance Company	2,174,664	3.4%
3	Gustavson Stig, Chairman of the Board of Konecranes, and family*	2,072,054	3.3%
4	Nordea Investment Management	1,704,548	2.7%
5	Varma Mutual Pension Insurance Company	1,620,275	2.6%
6	The State Pension Fund	918,000	1.5%
7	Sigrid Juselius Foundation	638,500	1.0%
8	Fondita Funds	565,000	0.9%
9	Samfundet Folkhälsan	535,600	0.8%
10	Etera Mutual Pension Insurance Company	404,319	0.6%
	Ten largest registered owners' total holding	**17,503,528**	**27.7%**
	Nominee registered shares	23,764,350	37.6%
	Other shareholders	16,023,432	25.3%
	Shares held by Konecranes Plc	5,981,032	9.5%
	Total	**63,272,342**	**100.0%**

Shares and options owned by the members of the Board and of Directors and the Extended Management Team on December 31, 2012	Change in shareholding in 2012	Number of shares owned**	% of shares and votes	Change in option holdings in 2012**	Option ownership December 31, 2012**	% of shares and votes
Board of Directors*	8,134	33,469	0.1%	0	0	0.0%
Extended Management Team	-144,561	542,881	0.9%	-465,365	486,135	0.8%
Total	**-136,427**	**576,350**	**0.9%**	**-465,365**	**486,135**	**0.8%**

** 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 encompassed in total 2,069,778 shares.*

*** Option holdings are reported as the number of shares that they entitle to subscribe for. The number of shares owned does not include 12,500 excercised option rights for which the transfer of treasury shares occurs in 2013.*

Breakdown of share ownership by shareholder category on December 31, 2012

	% of shares and votes
Finnish companies	23.8%
Finnish financial institutions	6.1%
Finnish public institutions	9.2%
Finnish non-profit institutions	6.6%
Finnish private investors	15.7%
Nominee registered shares	37.6%
Non-Finnish holders	1.0%
Total	**100.0%**

Source: Euroclear Finland Oy, December 31, 2012.

Breakdown of share ownership by the number of shares owned on December 31, 2012

SHARES	Number of shareholders	% of shareholders	Total number of shares and votes	% of shares and votes
1–100	8,368	42.7%	430,843	0.7%
101–1,000	9,437	48.2%	3,423,775	5.4%
1,001–10,000	1,557	7.9%	4,286,180	6.8%
10,001–100,000	188	1.0%	5,412,513	8.6%
100,001–1,000,000	26	0.1%	7,238,364	11.4%
Over 1,000,001	6	0.0%	18,716,317	29.6%
Registered shareholders total	**19,582**	**99.9%**	**39,507,992**	**62.4%**
Nominee registered	16	0.1%	23,764,350	37.6%
Number of shares issued	**19,598**	**100.0%**	**63,272,342**	**100.0%**

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 2012

Konecranes participated in eight investor seminars and held 25 roadshow days. All in all, we took part in approximately 230 investor meetings in 2012 in Amsterdam, Boston, Chicago, Copenhagen, Edinburgh, Frankfurt, Geneva, Helsinki, Kansas City, London, Munich, New York, Oslo, Paris, Stockholm, Toronto, and Zurich.

Investor contacts

Miikka Kinnunen, Director, Investor Relations
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E-mail: miikka.kinnunen@konecranes.com

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
DNB Markets
Evli Bank
FIM
Goldman Sachs
Handelsbanken Capital Markets
HSBC Trinkhaus and Burkhardt
Inderes
Nordea Bank
Pareto Securities
Pohjola Bank
SEB Enskilda
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 21, 2013 at 10 a.m. at Hyvinkääsali, Jussinkuja 1, 05800 Hyvinkää, Finland.

Shareholders registered no later than March 11, 2013 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 18, 2013:

Internet: www.konecranes.com/agm2013
E-mail: agm2013@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 1.05 should be paid for 2012. 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.

Financial reports in 2013

Financial Statements for 2012:	January 31, 2013
Interim report, January–March:	April 24, 2013
Interim report, January–June:	July 24, 2013
Interim report, January–September:	October 23, 2013

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
FI-05801 Hyvinkää
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 11, 2013
Registration for the AGM closes:	March 18, 2013
The AGM:	March 21, 2013
Dividend ex-date:	March 22, 2013
Dividend record date:	March 26, 2013
Dividend payment date:	April 5, 2013

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 2012, Group sales totaled EUR 2,170 million. The Group has 12,100 employees at 626 locations in 48 countries. Konecranes is listed on the NASDAQ OMX Helsinki (symbol: KCR1V).

CORPORATE HEADQUARTERS

Konecranes Plc
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REGIONAL HEADQUARTERS

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Nordic, Eastern Europe and India
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Fax +358 20 427 3009

Asia-Pacific
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Building 4, No. 100, Lane 2891, South Qilianshan Road
Shanghai, 200331, China
Tel +86 21 2606 1000
Fax +86 21 2606 1066

CORPORATE RESPONSIBILITY

For corporate responsibility matters please contact
corporate-responsibility@konecranes.com