

## C O N T E N T S

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*This Annual Report is available in English, French, German, Italian, Swedish, Finnish, Russian and Chinese from: KONE Corporation, Publicity Department, P.O.Box 8, FIN-00331 Helsinki, Finland. Telephone: + 358 0 475 4348. Telefax: + 358 0 475 4496.*

*The photographs in this year's Annual Report are intended as a tribute to the master craftsmen of the turn of the Century. Their decorative elevator car interiors were gems of that period's multistory architecture. When such elevators are modernized, the guiding principle is to maintain the original visual aspect while upgrading the technical equipment to contemporary levels. The result is a modernized elevator that serves its users efficiently and safely, a successful marriage of yesterday's craftsmanship and today's elevator technology.*

## HIGHLIGHTS

		1994	1993
Sales	Mmk*	7,662	10,813
Sales outside Finland	"	7,268	10,308
Sales in Finland	"	394	505
Export from Finland	"	828	1,753
Orders received	"	5,281	8,182
Order book as of 31st Dec.	"	5,874 <sup>1)</sup>	6,384
Income before taxes	"	403	430 <sup>2)</sup>
Net income	"	258	287 <sup>2)</sup>
Total assets	"	7,945 <sup>1)</sup>	8,214
Number of employees as of 31st Dec.		21,553 <sup>1)</sup>	20,710

\*Mmk = Millions of Finnish marks; FIM 100 = US \$21.00 (as of 31st Dec 1994).

- <sup>1)</sup> Includes Montgomery KONE's balance sheet as of November 30, 1994. The above figures also include Montgomery KONE's order book balance and the number of employees as of December 31, 1994.
- <sup>2)</sup> Includes extraordinary capital gains of FIM 101.9 million. The divested companies do not appear in the figures for the year of divestiture except as extraordinary income or expenditure.

## KEY FIGURES

	1994	1993	1992	1991	1990
Return on equity %	9.9	7.4	12.2	12.3	20.8
Return on capital employed %	14.4	12.3	16.1	16.2	20.8
Total equity/total assets %	33.0	32.2	26.5	26.8	27.4
Earnings/share, FIM	42.59	30.64	46.09	41.52	62.02
Equity/share, FIM	432	432	396	360	326
Price/earnings, B share	12.7	18.6	9.3	8.7	6.4
Gearing	49	44	80	86	74

## CALCULATION OF KEY FIGURES

Return on equity %	= 100 x	$\frac{\text{net income - extraordinary items} + \text{minority share}}{\text{equity + minority shares (average of figures for the financial year)}}$	Earnings/share	=	$\frac{\text{net income - extraordinary items}}{\text{number of shares (issue adjusted)}}$
Return on capital employed %	= 100 x	$\frac{\text{income before taxes and allocations} + \text{interest} + \text{other financing costs}}{\text{total assets - non-interest-bearing debt (average of figures for the financial year)}}$	Equity/share	=	$\frac{\text{equity}}{\text{number of shares (issue adjusted)}}$
Total equity/total assets	= 100 x	$\frac{\text{equity + minority shares}}{\text{total assets}}$	Price/earnings	=	$\frac{\text{market value of parent company share 31/12}}{\text{earnings/share}}$
			Gearing	= 100 x	$\frac{\text{interest-bearing debt - liquid assets - loans receivable}}{\text{shareholders' equity + minority shares}}$
			Market value of all outstanding shares	=	$\text{number of shares multiplied by market value of B shares as of 31/12.}$

THE KONE GROUP OF COMPANIES

The KONE Group consists of the Finnish parent company, KONE Corporation, and those subsidiaries in which its direct or indirect interest exceeded 50% at the end of 1994. There are 163 such companies in 41 countries.

The parent company was established in 1910. Its shares have been quoted on the Helsinki Stock Exchange since 1967.

KONE's main business is the manufacture, installation, modernization and maintenance of elevators and escalators. KONE products are manufactured in several countries in Europe, North and South America and Asia. To carry out broad-based field operations, an extensive

installation and aftersales service organization is maintained in key market areas around the world.

KONE offers customers in the vertical transportation field products and services designed to sustain and increase the value and usefulness of their property. Customers include planners, developers, builders and owners of public and private buildings.

KONE strives for reliability in its products and services, quality in its employees' performance, longevity in its customer relationships, and profitability in its business dealings. The business activities of local KONE units all over the world are based on these shared values.

REVIEW 1990 - 1994

		1994	1993	1992	1991	1990
Net sales	FIM mill.	7662	10813	11279	10045	8124
Depreciation	"	345	414	401	359	270
Extraordinary items	"	–	102	–	15	–
Net income	"	258	287	279	266	375
Fixed assets	"	3556	3339	3548	3114	2886
Inventories	"	2263	2543	2441	2095	1886
Advance payments	"	1477	1908	1604	1409	1354
Liquid assets	"	3603	4241	4742	4382	3827
Capital expenditure	"	155	281	429	458	461
Share capital	"	302	302	302	302	302
Other shareholders' equity	"	2307	2311	2093	1869	1669
Minority shares	"	9	30	20	17	15
Provision for liabilities and charges	"	664	448	395	350	307
Deferred tax liability	"	200	249	262	241	232
Long-term debt	"	1295	1238	1381	1180	1083
Current liabilities	"	3167	3637	4674	4223	3637
Total assets	"	7945	8214	9127	8182	7245
Order book as of 31st Dec.	"	5874	6384	6825	6038	6002
Number of employees as of 31st Dec.		21553	20710	21426	22284	21763

The divested companies do not appear in the figures for the year of divestiture except as extraordinary income or expenditure.

**S A L E S   A N D   P E R S O N N E L   B Y   C O U N T R Y**

	Sales 1994 FIM million	Number of employees
Italy	1,318	2,651
France	1,275	2,449
Finland	1,155	1,942
Germany	755	1,003
USA <sup>1)</sup>	610	4,628
Sweden	541	890
Belgium	454	778
United Kingdom	406	886
Netherlands	404	715
Austria	348	475
Australia	325	674
Hong Kong	226	452
Canada	195	466
Denmark	151	250
Brazil	117	570
Spain	103	276
Norway	75	204
Singapore	71	72
Mexico	45	316
Czech Republic	33	366
Taiwan	28	136
Venezuela	23	208
Turkey	22	118
India <sup>2)</sup>	7	648
Others	67	380
<b>Total</b>	<b>8,754</b>	<b>21,553</b>
Intracorporate sales	(1,092)	
<b>THE KONE GROUP</b>	<b>7,662</b>	

1) These figures include Montgomery KONE's number of employees as of December 31, 1994 but not the company's 1994 sales.

2) These figures include KONE Elevator India Ltd.'s number of employees as of December 31, 1994 and sales for November-December, 1994.

S A L E S   B Y   B U S I N E S S  
S E C T O R   1 9 9 4

S A L E S   B Y   M A R K E T  
1 9 9 4

E M P L O Y E E S   B Y  
M A R K E T   1 9 9 4

## MESSAGE FROM THE PRESIDENT

For the third straight year, construction volumes remained stagnant or declined in most of our main market areas in Europe. The first signs of emerging growth appeared in North America, but the lively demand that had characterized Asian markets began to level off toward the end of 1994. As a consequence of Western Europe's dominant position, total sales and orders received from our elevator business remained at the previous year's level.

The year under review will be remembered as the time when KONE divested itself of its various materials handling divisions and refocused exclusively on the elevator and escalator business. Following the sale of the MacGregor-Navire division at the end of 1993, we found new owners during the first six months of 1994 for the KONE Cranes, KONE Wood and GS-Hydro divisions. Toward the end of 1994, KONE completed the acquisition of Montgomery Elevator Company, a deal which significantly strengthens our elevator operations and especially our market position in North America.

As a result of acquisitions and the establishment of joint ventures in the United States, South America and Asia, KONE's geographical balance has improved. Although Europe still accounts for more than half of our sales revenue, North America, Asia and other areas are playing an increasingly important role in KONE's business development. North America's share of sales this year will increase to nearly 30% of KONE's total.

Our most pressing challenge in Europe, today, is coming from increased competition in the elevator and escalator maintenance business. We must continuously improve our productivity, achieve absolute reliability in our services and products, and strengthen customer loyalty through greater responsiveness to their requirements.

In North America, our primary objective is to integrate Armor and Montgomery's business activities and merge KONE and Montgomery's corporate cultures. Similarities in both companies' histories and ways of doing business will help make this easier. During the changeover period, we must find a way to preserve the dynamism and flexibility of the company we have acquired.

In Asia we will continue to pursue opportunities to expand our presence and market share. We are studying the possibility, for example, of setting up manufacturing operations in China. Our current way of doing business in Chinese markets is profitable, however, so there is no need for hasty measures.

We still have a lot to do to increase our productivity in new elevator delivery logistics and installation methods as well as in existing elevator maintenance and modernization operations. We must raise purchasing efficiency, sharpen our delivery processes, and

*BOARD OF DIRECTORS*

*Pekka Herlin, 62*  
*D.Sc. (Econ.) H.C.*  
*Chairman and C.E.O. 1987-*  
*President and C.E.O. 1964-1986*  
*Member of the Board 1954-*

*Gerhard Wendt, 60*  
*Ph.D.*  
*President 1989-1994*  
*Member of the Board 1979-*

*Antti Herlin, 39*  
*Farmer*  
*Member of the Board 1991-*

*Ilkka Herlin, 36*  
*Ph.D.*  
*Member of the Board 1990-*

*Jaakko Lassila, 67*  
*Ph.D.*  
*Member of the Board 1978-*

*AUDITORS*

*Liisa Mononen,*  
*Authorized Public Accountant*  
*Aunus Salmi,*  
*Authorized Public Accountant*

*Deputies*  
*Antti Helenius,*  
*Authorized Public Accountant*  
*Audit firm Salmi, Virkkunen &*  
*Helenius Oy,*  
*Authorized Public Accountants*

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strengthen our product development output in order to improve our competitiveness. An important tool in achieving 100% reliability and increasing customer loyalty is our comprehensive Quality Improvement Process, including those steps we are taking to improve employee communication in all our units.

KONE Corporation's Board of Directors has striven to maintain a stable dividend policy over the years. Consistent with this effort, the Board of Directors has decided to propose to the Annual General Meeting that dividends be maintained at the same level as in recent years.

The economic situation for 1995 appears to be more or less unchanged in many of our main market areas. In some, however, such as North America, the economy has experienced an upturn that will gradually be reflected in the demand for our products. In many countries, nevertheless, overcapacity in commercial property continues to dampen demand. The outlook remains brightest in the elevator modernization and escalator markets.

Because our own prospects for growth during the coming year are based more on improved productivity than on any likelihood of increased demand, we must work purposefully on all fronts to ensure that the positive efforts of last year are continued and further developed. I would like to thank every member of our organization for his or her good work. I trust that the same enthusiasm and commitment to our goals will also characterize everyone's efforts during the current year.

Anssi Soila  
 President

## R E P O R T   O N   O P E R A T I O N S

KONE's sales during the year under review totaled FIM 7,662 million, compared to FIM 10,813 million for the previous year. Sales figures for 1994 consist of FIM 7,464 million from the elevator business (1993: FIM 8,258 million) and FIM 198 million (1993: FIM 2,555 million) from other business sectors. When adjustments are made for fluctuations in currency values, the value of elevator sales was at the previous year's level. The figures for other business sectors include sales totals from KONE Instruments and the KONE Steel Foundry but nothing from those divisions that were divested during the year.

The value of new orders received totaled FIM 5,281 million in 1994, compared to FIM 8,181 million in 1993. Elevator business accounted for FIM 5,060 million of the 1994 figure (1993: FIM 5,709 million) and other business sectors FIM 221 million (1993: FIM 2,472 million). In real terms, elevator orders remained at the 1993 level. KONE's order book at the end of the year under review stood at FIM 5,874 million, of which FIM 5,851 million represented elevator orders (1993: FIM 5,074 million) and other business sectors held orders worth FIM 23 million (1993: FIM 1,310 million). Montgomery Elevator Company, the American company acquired at the end of 1994, accounted for FIM 1,067 million of the orders in hand at year end.

Operating income totaled FIM 441 million or 5.8% of net sales (1993: FIM 464 million and 4.3%). Financing expenses came to FIM 63 million. Income after financing items totaled FIM 403 million (1993: FIM 328 million). KONE recorded FIM 258 million (1993: FIM 287 million) in net income, and earnings per share were FIM 42.59 (1993: FIM 30.64).

The figures and consolidated financial statements of subsidiaries outside Finland have been translated into Finnish markkas at the exchange rate prevailing at the end of the year. In comparison with figures from previous years, it should be remembered that all 1994 figures expressed in Finnish markkas should be seen as 12-13% higher because of the strengthening of that currency during the year.

KONE Corporation's Board of Directors proposes to the Annual General Meeting that dividends of FIM 9 per A share and FIM 10 per B share be declared for 1994.

## S T R U C T U R E

During the year under review the KONE Cranes, KONE Wood and GS-Hydro divisions were sold. Capital gains from the sale of these divisions are included under extraordinary items, but otherwise their figures have been excluded from KONE's consolidated figures. Attempts are being made to sell all remaining units that are not a part of the elevator business.

The entire shareholding of America's Montgomery Elevator Company was acquired by KONE on November 30, 1994. The price was US \$280 million. The company, whose balance sheet was consolidated into KONE's from November 30, 1994, is now known as Montgomery

KONE Inc.. The fourth largest elevator company in the United States, it has annual net sales of more than FIM 2 billion, a total of 49,000 elevators and escalators under maintenance contract, and personnel numbering 3,700. In this Report on Operations, Montgomery's impact on KONE's 1994 figures is specifically brought to the reader's attention wherever appropriate. More information on Montgomery is presented on p. 38.

Other new KONE companies include Ameco Heis A/S of Norway and KONE Condor Service S.A. of Argentina, both smallish service companies. After a reorganization of ownership in which KONE increased its shareholding to 70%, the figures of KONE Elevator India Ltd. have been consolidated into those of the rest of KONE from November 1, 1994.

During the year under review, KONE entered the Indonesian elevator market through the creation of a joint venture with Indonesia's only local elevator manufacturer. KONE owns a 46% shareholding in the joint venture, called PT KONE Indo Elevator Ltd., which is still in the process of formation. In January, 1995, a 25% share in Sabiem Elevators (Pty) of South Africa was obtained. The company has long served as a distributor for a KONE subsidiary, Sabiem S.r.l. of Italy. The agreement contains an option for KONE to buy the remaining shares in the South African company at a later date.

#### P R O D U C T S   A N D   M A R K E T S

Orders for new elevators and elevator modernizations remained at the previous year's level after the effect of the strengthening of the Finnish markka has been taken into account. The figures for orders received do not include Montgomery KONE Inc.'s totals, whose value for 1994 was approximately FIM 1,090 million.

As a whole, KONE maintained its market share at the previous year's level. The value of new orders received, exclusive of the sale of maintenance services, was FIM 5,281 million. The distribution of orders received was as follows (FIM millions):

	1994	1993
Elevators	5,060	5,709
Other Business Sectors	221	220
Divisions Sold During 1994	–	2,252
Total	5,281	8,181

In Scandinavia, orders for new elevators and escalators declined by as much as one fourth compared with the previous year, but orders for modernizations grew somewhat. Increased competition in shrinking markets caused price levels to continue to fall.

In Central Europe, the trends were just the opposite: new elevator and escalator orders reached or even surpassed the previous year's levels, but modernization orders fell. Further south, order totals for new elevators were up in Italy but down in France. The level of modernization orders remained about the same in both countries.

In the United States, modernization activity picked up, and the number of orders grew. Now new elevator and escalator markets are also expected to become more lively. In the Far East new orders fell somewhat behind the 1993 level, which included several large projects.



## S A L E S

KONE's net sales for 1994 totaled FIM 7,662 million. The elevator business accounted for 97% of this total. When the effect of fluctuations in currency markets are eliminated, the sales figures for the elevator business remained at 1993 levels. Montgomery KONE Inc.'s sales from 1994, which totaled FIM 2,020 million, are excluded from the KONE totals. The distribution of sales was as follows (FIM millions):

	1994	1993
Elevators	7,464	8,258
Other Business Sectors	198	209
Divisions Sold During 1994	–	2,346
Total	7,662	10,813

Sales recorded by the Finnish parent company, KONE Corporation, totaled FIM 1,304 million. The total value of export sales from Finland by KONE Corporation and its Finnish subsidiaries was FIM 828 million.

Maintenance service sales continued to grow at the same 2-3% rate as in previous years. The real value of new elevator and escalator deliveries fell below the previous year's level. Although a number of large projects were brought to completion during the final months of 1994, the value of work in progress at the end of the year was unusually high.

Maintenance and modernization operations accounted for 62% of total sales. The number of elevators and escalators under maintenance contract at the end of 1994 was 415,000 units, compared with 354,000 a year earlier. The 1994 figure contains 49,000 elevators and escalators from Montgomery KONE's service base.

The distribution by market area of KONE's consolidated sales figures (1993 figures for subsequently divested divisions have been excluded to preserve comparability) was as follows (FIM millions):

	1994	1993
European Union	4,431	5,048
Rest of Europe	1,319	1,462
North America	797	851
Asia and Australia	793	735
Other Areas	322	370
Total	7,662	8,467

Sales and personnel figures for 1994 are broken down by country on p. 5.

North America's share of sales is expected to reach almost 30% of KONE's total in 1995 when Montgomery KONE Inc.'s figures are consolidated with the rest. Consequently, Europe's share will fall to approximately 60%. Asia, Australia and other areas will account for the remaining 10%.

FINANCE, FINANCIAL RESULT, AND CONSOLIDATED  
BALANCE SHEET

KONE's financial result is, for all intents and purposes, derived from its elevator business because the other remaining business sectors are so small. Figures for the divisions that were divested during the year are not included in the consolidated figures other than as extraordinary items representing capital gains or losses. Figures for Montgomery KONE Inc., acquired at the end of November, are also excluded.

KONE's operating income was FIM 441 million (1993: FIM 464 million), representing 5.8% of total net sales (1993: 4.3%). Improvement in the financial result is attributable on the one hand to the sale of divisions that were relatively less profitable than the elevator business and, on the other hand, to increased productivity and cost reductions achieved through successful efforts by elevator units to raise the quality of operations.

Financing expenses totaled FIM 63 million (1993: FIM 160 million) in 1994. As a result of the sale of several divisions, net debt prior to the acquisition of the Montgomery Elevator Company was practically zero.

Income after financing items totaled FIM 403 million (1993: FIM 328 million) which represents 5.3% of net sales (1993: 3.0%). Net income was FIM 258 million (1993: FIM 287 million). Earnings per share came to FIM 42.59 (1993: FIM 30.64). The Consolidated Statement of Income can be found on p. 17.

Consolidated total assets on December 31, 1994 were FIM 7,945 (1993: FIM 8,214 million). Montgomery KONE Inc.'s balance sheet as of November 30, 1994 has been consolidated with that of the KONE group of companies for the entire year. KONE's Consolidated Balance Sheet can be found on pp. 18-19.

KONE's assets employed for the year under review totaled FIM 3,898 million, consisting of FIM 342 million in net working capital and FIM 3,556 million in fixed assets. Shareholders' equity was FIM 2,610 million and net debt FIM 1,288 million for a total of FIM 3,898 million. Return on equity was 9.9% (1993: 7.4%) while return on capital employed was 14.4% (1993: 12.3%). Total equity as a share of total assets, which approached 40% prior to the acquisition of Montgomery Elevator Company, was 33.0% at the end of 1994 (1993: 32.2%). Gearing was 49% (1993: 44%). The calculation of key figures can be found on p. 3.

KONE's liquidity is considered good. Liquid assets were primarily invested in short-term deposits and marketable securities. KONE used a US \$180 million line of credit which will come due in 1999 for the purchase of Montgomery Elevator Company.

KONE's distributable equity is FIM 1,970 million. The parent company's distributable equity from the previous year stands at FIM 1,504 million and profit from 1994 is FIM 195 million for a total of FIM 1,699 million. The Board of Directors proposes to the Annual General Meeting that a dividend of FIM 9 be paid on each A share and FIM 10 on each B share. If the 1995 Annual General Meeting in February approves the Board's proposal, the dividend total will be FIM 59.4 million (1993: FIM 59.4 million).

## P E R S O N N E L

The number of employees at the end of 1994 was 21,553. This figure includes 3,662 employees of Montgomery KONE Inc.. In addition, it should be noted that the consolidation of KONE Elevator India Ltd.'s figures with those of the entire KONE group of companies added 648 employees to the total.

The distribution of personnel by geographic area (1993 figures for divested divisions have been excluded to preserve comparability) was as follows:

	1994	1993
European Union	9,008	9,429
Rest of Europe	4,150	3,920
North America	5,094	1,422
Asia and Australia	2,183	1,514
Other Areas	1,118	1,145
Total	21,553	17,430

Personnel in Finland numbered 1,942 (1993: 3,134) or 9% (1993: 15.5%) of the worldwide total. The reduction from 1993 is primarily due to the sale of the KONE Cranes, KONE Wood and GS-Hydro divisions.

## C A P I T A L E X P E N D I T U R E A N D P R O D U C T D E V E L O P M E N T

Capital expenditure in production facilities, field operations, computerization and data communication totaled FIM 155 million (1993: 242 million). The sharp decrease in capital expenditure is attributable in part to the sale of several divisions and in part to exceptionally low replacement investment. The distribution of capital expenditures was as follows: buildings, FIM 22 million; machinery, equipment and tools, FIM 65 million; computerization and data communication, FIM 68 million. KONE's investment in product development totaled FIM 137 million during the year under review. All product development costs incurred during the year have been entered in the books as expenses.

Product development focused on new hydraulic elevators for European markets, a new mid-range elevator system called KONE 7000 SerTrans, industrialized modernization products for European residential building elevators, and the expansion of remote monitoring into new product areas.

In designing the KONE 7000 SerTrans elevator system, special attention was paid to the product's flexible application to customer requirements. This has been accomplished thanks to numerous innovations. Remote monitoring applications have been expanded to include escalators as well as elevators supplied by other manufacturers.

An inexpensive but efficient new elevator control system was launched for apartment house elevators in the Far East. In addition, many new technical solutions were developed during the year under review that increase the reliability of KONE products.

#### O U T L O O K

The demand for new elevators has bottomed out in many countries in KONE's main European market area, but significant growth is not expected. Overall, demand in Europe is expected to remain at the 1994 level. The market situation will continue to be tight, which is reflected in prices and competition for market share. New products brought to the market by KONE in 1994 have shown their strength in this competition.

In the Far East, construction activity and demand for new elevators is expected to remain brisk in some countries, but the market situation in China, Taiwan and Hong Kong could weaken. KONE's presence in Asia has been constantly strengthened, and this trend, along with increasing cooperation with local companies, will continue.

The reorganization of KONE's North American elevator business and the application of the group's expanding resources in various business sectors offer both new challenges and new opportunities. Ample resources will be directed towards making the most of those opportunities.

The order book for new equipment at the end of the year was distributed as follows (FIM millions):

	1994	1993
Elevators	5,851	5,074
Other Business Sectors	23	20
Divisions Sold During 1994	–	1,290
Total	5,874	6,384

Montgomery KONE Inc.'s acquisition added FIM 1,067 million to the value of the order book.

The number of elevators and escalators under maintenance contract at the end of the year was 415,000, representing an increase of 17% over the previous year's total. Montgomery KONE Inc. added 49,000 units or 14% when it came onboard. Maintenance and modernization business is expected to continue to develop steadily. Efforts will be made to improve customer service and technical support for elevator and escalator service, including the development of internal communication and logistics.

Product development is market driven, involving the application of increasingly economical components and materials while improving the performance and reliability of products through innovation. Efforts to improve productivity will be continued through steps to make purchasing and logistics more efficient and the pursuance of an organization-wide, comprehensive, results-driven quality improvement process.

The situation in various markets will continue to be difficult and challenging. KONE is aiming, nevertheless, for a better result in 1995 than during the past year despite the interest charges and goodwill depreciation burden related to the most recent acquisition.

## PRINCIPLES OF CONSOLIDATION

### Scope of Consolidation

The consolidated accounts include the parent company and those companies in which the parent company held directly or indirectly more than 50 % of the voting power at the end of the year. Subsidiaries acquired during the financial year have been included in the consolidated financial statements from the date of acquisition. Holdings in real estate companies which are insignificant in relation to the size and scope of the KONE group of companies, and the consolidation of which is unnecessary in order to give a true and fair view of the group's net income and financial position, have not been included in the consolidated financial statements.

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

### Method of Drawing Up Accounts

Intracorporate transactions have been eliminated in the consolidated financial statements.

Intracorporate shareholdings have been eliminated by deducting the amount of each subsidiary's equity at the time of acquisition from the acquisition cost of its shares. The difference between the acquisition cost and the subsidiary's equity at the time of acquisition has been entered, where applicable, under fixed and intangible assets. The remainder of the difference has been shown as goodwill.

The KONE group's share of the profit or loss of an associated company is shown in the Consolidated Statement of Income as a separate item. The depreciation of the goodwill arisen from the acquisition of the shares of associated companies is included in goodwill depreciation. The dividends received from the associated companies are not included in the Consolidated Statement of Income. The KONE group's share of the associated companies' shareholders' equity at the date of acquisition, adjusted by changes in the associated companies' equity after the date of acquisition, is shown in the Balance Sheet under "shares and participating interests". The goodwill arisen from the acquisition of the shares of associated companies is shown under "goodwill".

Investments in other companies are stated at cost. The book value of investments has been reduced, where necessary, to estimated net realizable value.

In certain countries, tax legislation allows allocations to be made to untaxed reserves. These allocations are not subject to taxation on condition that the corresponding deductions have also been made in the accounts. In the consolidated financial statements, the yearly allocations - reserves as well as the difference between the depreciation according to plan and depreciation accepted by tax laws - have been added to net income, excluding the change in the calculative deferred tax liability. The deferred tax liability is determined from the accumulation of untaxed reserves. The accumulation of untaxed reserves, excluding the calculative deferred tax liability, is included in the shareholders' equity in the Consolidated Balance Sheet. Accumulated deferred tax liability is shown as a separate liability item in the Consolidated Balance Sheet.

The taxes shown in the Consolidated Statement of Income include income taxes to be paid on the basis of local tax legislations as well as the effect of the yearly change in the deferred tax liability, determined from the untaxed reserves by using the current tax rate. Tax credits related to intracorporate dividends or dividends from the associated companies have been deducted from taxes in the Consolidated Statement of Income.

Minority shares are shown as a separate item in the Consolidated Statement of Income and Balance Sheet. The minority share in the Statement of Income is calculated from the income before allocation to untaxed reserves but after taxes adjusted by the change in the calculative deferred tax liability. The minority share in the Balance Sheet is calculated from the sum of shareholders' equity and accumulation of untaxed reserves, of which the calculative deferred tax liability has been deducted.

### Conversion of Foreign Subsidiary Financial Statements

The financial statements of foreign subsidiaries have been converted into Finnish markkas at the rates current on the last day of the year. Translation differences resulting from converting the shareholders' equity of foreign subsidiaries have been included as a separate item in shareholders' equity.

## FOREIGN CURRENCY ITEMS AND EXCHANGE DIFFERENCES

Receivables and liabilities in foreign currencies have been valued at the rate current at the end of the year. Receivables and liabilities covered by forward contracts have been valued at contract rates. Realized exchange rate differences, as well as exchange rate gains or losses resulting from the valuation of receivables and liabilities, have been entered in the Statement of Income. The exchange rate differences resulting from forward contracts and foreign currency loans which are designated as hedges on net investments in foreign subsidiaries have been matched against the translation differences and entered under shareholders' equity in the Balance Sheet.

### REVENUE RECOGNITION

Revenue from goods sold and services rendered is recognized on completion of the delivery. This principle is also applied to long-term projects.

### RESEARCH AND DEVELOPMENT COSTS

Research and development costs are charged to income during the year in which they are incurred.

### PENSION SETTLEMENTS AND COSTS

Pensions are generally handled for KONE companies by outside pension insurance companies. A small number of pensions are handled by the pension fund within the parent company. Pension costs are charged to the Statement of Income. The pension fund within the parent company is fully funded.

### VALUATION OF INVENTORIES

Raw materials and supplies are valued at standard costs. Semimanufactures have been valued at variable production costs. Work in progress includes direct labour and material costs as of 31 December, as well as a proportion of indirect costs related to production and installation of orders included in work in progress.

### VALUATION AND DEPRECIATION OF FIXED ASSETS

Fixed assets are stated at cost. In addition, certain land and buildings can be stated at revalued amounts. A predetermined plan is used in carrying out depreciation of fixed assets. Depreciation is based on the estimated useful economic life of various assets as follows:

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

No depreciation is made for land. Depreciation for buildings is calculated on the revalued amount.

### EXTRAORDINARY ITEMS

Items of any significance that arise from other than ordinary activities are shown under "Extraordinary items".

### PROVISION FOR LIABILITIES AND CHARGES

Future expenses to which companies have committed themselves and which will produce no future income are charged against income as a provision for liabilities and charges. The same concerns those future losses which seem certain to be realized.

### STATEMENT OF CHANGES IN FINANCIAL POSITION

Changes in financial position are presented as cash flows classified by operating, investing and financing activities. The effect of changes in exchange rates has been eliminated. The items in the Cash Flow Statement have the following content:

- "Cash" consists of cash at bank and in hand.
- "Cash flow" signifies the increase or decrease in cash.
- "Investing activities" consist of the purchase of fixed assets and the proceeds from the sale of fixed assets.
- "Financing activities" consist of increases in share capital, dividends paid, proceeds from borrowing, repayments of amounts borrowed, bank deposits and investments, granted loans and swap agreements.
- Cash flows of other than investing or financing activities belong to operating activities.

**C O N S O L I D A T E D   S T A T E M E N T   O F   I N C O M E**

		(FIM'000)	
		1994	1993
<b>SALES</b>		7,661,665	10,812,570
Cost and expenses	Note 1	(6,875,755)	(9,933,881)
Depreciation	Note 2	(345,149)	(414,473)
<b>OPERATING INCOME</b>		440,761	464,216
Share of associated companies' net income		24,582	24,402
Financing income and expenses	Note 3	(62,612)	(160,450)
<b>INCOME AFTER FINANCING ITEMS</b>		402,731	328,168
Extraordinary items		–	101,858
<b>INCOME BEFORE TAXES</b>		402,731	430,026
Taxes	Note 4	(142,079)	(141,215)
Minority share		(3,125)	(1,680)
<b>NET INCOME</b>		257,527	287,131

**C O N S O L I D A T E D   B A L A N C E   S H E E T**

(FIM'000)

ASSETS		31.12.1994	31.12.1993
<b>FIXED ASSETS</b>			
Intangible assets and goodwill	Note 5	2,002,647	1,395,023
Land	Note 6	161,560	163,736
Buildings	Note 7	622,152	769,582
Machinery and equipment	Note 8	665,965	903,169
Shares and participating interests	Note 9	94,458	96,055
Advance payments		9,260	10,940
		3,556,042	3,338,505
<b>CURRENT ASSETS</b>			
Inventories			
Raw materials, supplies and semi-manufactured goods		495,211	574,935
Work in progress		1,744,836	1,926,632
Advance payments		22,783	41,921
Advance payments received		(1,477,163)	(1,908,427)
		785,667	635,061
Receivables			
Accounts receivable		2,082,521	2,441,364
Loans receivable	Note 10	127,567	322,521
Deferred assets	Note 11	538,512	490,619
Bills receivable		59,364	89,447
		2,807,964	3,343,951
Liquid assets and short-term investments	Note 12	795,441	896,888
<b>TOTAL CURRENT ASSETS</b>	Note 13	4,389,072	4,875,900
		7,945,114	8,214,405

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.1994	31.12.1993
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		302,431	302,431
Legal reserves		48,370	102,086
Translation differences		(154,014)	(41,101)
Retained earnings		2,155,344	1,962,755
Net income		257,527	287,131
	Note 14	2,609,658	2,613,302
<b>MINORITY SHARES</b>			
		9,476	29,726
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
	Note 15	663,875	448,278
<b>DEFERRED TAX LIABILITY</b>			
		199,863	249,015
<b>DEBT</b>			
<b>Long-term debt</b>			
Outstanding loans		1,032,804	928,489
Pension loans		262,390	301,919
Other long-term debt		–	6,461
	Note 16	1,295,194	1,236,869
<b>Current liabilities</b>			
Long-term debt due within one year		115,172	162,169
Accounts payable		624,874	814,389
Bills payable		37,178	67,735
Accruals	Note 17	1,588,697	1,601,960
Other current liabilities	Note 18	801,127	990,962
		3,167,048	3,637,215
<b>TOTAL DEBT</b>			
	Note 19	5,325,980	5,571,377
		7,945,114	8,214,405



**CONSOLIDATED STATEMENT OF CASH FLOWS**

	(FIM million)	
	1994	1993
Cash receipt from customers	7,529	11,069
Cash paid to suppliers and employees	(6,595)	(9,872)
Cash flow from financial items	(80)	(83)
Cash flow from taxes and other items	(178)	(44)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>676</b>	<b>1,070</b>
Capital expenditure	(183)	(306)
Proceeds from sale of fixed assets	41	99
Fixed assets of new subsidiaries	(1,169)	(16)
Fixed assets of sold subsidiaries	384	84
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(927)</b>	<b>(139)</b>
<b>CASH FLOW AFTER INVESTING ACTIVITIES</b>	<b>(251)</b>	<b>931</b>
Change in current creditors (net)	(92)	(1,131)
Change in long-term debt (net)	133	(137)
Dividends paid	(59)	(59)
Other financing activities	186	352
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>168</b>	<b>(975)</b>
<b>CHANGE IN NET CASH</b>	<b>(83)</b>	<b>(44)</b>
Cash and bank as of 31st December	196	311
Exchange difference	32	(12)
Cash and bank as of 1st January	311	343
<b>CHANGE IN NET CASH</b>	<b>(83)</b>	<b>(44)</b>

**RECONCILIATION OF NET INCOME TO CASH FLOW FROM OPERATING ACTIVITIES**

NET INCOME	257	287
Depreciation	345	414
Other adjustments	3	2
<b>INCOME BEFORE CHANGE IN WORKING CAPITAL</b>	<b>605</b>	<b>703</b>
Change in receivables	11	166
Change in payables	46	273
Change in inventories	14	(72)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>676</b>	<b>1,070</b>

**NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements include the Montgomery KONE Inc. Balance Sheet as of November 30, 1994. Montgomery KONE's December, 1994 Income Statement will be included in KONE's 1995 Consolidated Financial Statements.

All figures are in millions of Finnish markkas.

**CONSOLIDATED STATEMENT OF INCOME**

**1. Cost and expenses**

The cost and expenses were spread as follows:

	1994	1993
Materials and supplies	2,321.6	3,665.7
Salaries of boards of directors and managing directors	42.6	61.5
Wages and other salaries	2,102.3	2,842.3
Other personnel expenses	1,269.2	1,596.3
Other expenses	1,140.0	1,768.1
<b>Total</b>	<b>6,875.7</b>	<b>9,933.9</b>

The Consolidated Statement of Income included a FIM 37.6 million increase in the provision for liabilities and charges in 1994.

**2. Depreciation**

Depreciation was as follows:

	1994	1993
Intangible assets and goodwill	172.1	183.4
Buildings	27.0	49.0
Machinery and equipment	146.1	182.1
<b>Total</b>	<b>345.2</b>	<b>414.5</b>

**3. Financing income and expenses**

	1994	1993
Dividends received	3.6	2.0
Interest received	251.9	227.7
Interest paid	(313.5)	(417.2)
Other financing income and expenses	(4.6)	27.0
<b>Total</b>	<b>(62.6)</b>	<b>(160.5)</b>

**4. Taxes**

Taxes on income were composed of the following items:

	1994	1993
Local income taxes of group companies	164.0	166.5
Change in the calculative deferred tax liability	(7.9)	(13.1)
Tax credits related to dividends	(14.0)	(12.2)
<b>Total</b>	<b>142.1</b>	<b>141.2</b>

**CONSOLIDATED BALANCE SHEET**

**5. Intangible assets and goodwill**

	1994	1993
Acquisition cost as of 1 January	2,025.5	2,464.9
Increase	952.0	55.1
Decrease	(9.4)	(38.9)
Accumulated depreciation	(965.4)	(1,086.1)
<b>Total as of 31 December</b>	<b>2,002.6</b>	<b>1,395.0</b>

Intangible assets and goodwill primarily consist of elevator maintenance contracts acquired in connection with the acquisition of subsidiaries.

**6. Land**

	1994	1993
Acquisition cost as of 1 January	133.9	159.6
Accumulated revaluation	4.9	10.0
Increase	38.2	3.6
Decrease	(15.4)	(9.5)
<b>Total as of 31 December</b>	<b>161.6</b>	<b>163.7</b>

**7. Buildings**

	1994	1993
Acquisition cost as of 1 January	803.0	1,004.3
Accumulated revaluation	93.7	178.1
Increase	143.3	47.4
Decrease	(27.4)	(13.1)
Accumulated depreciation	(390.5)	(447.1)
<b>Total as of 31 December</b>	<b>622.1</b>	<b>769.6</b>
Residual value of revaluations	61.7	105.4

**8. Machinery and equipment**

	1994	1993
Acquisition cost as of 1 January	1,718.8	2,032.2
Increase	191.1	196.0
Decrease	(113.5)	(53.1)
Accumulated depreciation	(1,130.4)	(1,271.9)
<b>Total as of 31 December</b>	<b>666.0</b>	<b>903.2</b>

## 9. Shares and participating interests

	1994	1993
Total as of 1 January	96.0	114.2
Change in the share in associated companies	(1.5)	4.5
Increase	13.0	1.1
Decrease	(13.0)	(23.8)
Depreciation	–	–
Total as of 31 December	94.5	96.0

The asset value of the shares in associated companies consists of the Group's proportion of the associated companies' shareholders' equity at the acquisition date, adjusted by any variation in the associated companies' shareholders' equity after the acquisition.

## 10. Loans receivable

Swap agreements at net value totaling FIM 840.0 million (655.0) have been deducted from loans receivable.

## 11. Deferred assets

Deferred assets include the following items:

	1994	1993
Sales and value added taxes	60.5	80.2
Interest income and expenses	105.7	44.7
Income taxes	97.5	75.7
Other receivables	274.8	290.0
Total	538.5	490.6

## 14. Shareholders' equity

Changes in shareholders' equity in 1994 were as follows:

	Share capital	Legal reserves	Translation differences	Retained earnings	Net income for the year	Total equity
As of 1 January	302.4	102.1	(41.1)	2249.9		2,613.3
Revaluations		(53.7)		53.7		–
Translation differences			(112.9)			(112.9)
Dividend				(59.4)		(59.4)
Net income for the year					257.5	257.5
Other changes				(88.8)		(88.8)
As of 31 December	302.4	48.4	(154.0)	2155.3	257.5	2,609.7

"Other changes" are the result of changes in accordance with KONE's accounting principles in the financial statement of the subsidiary acquired at the end of the period under review.

The accumulation of untaxed reserves, excluding the calculative deferred tax liability, is included in retained earnings and totaled FIM 443.3 million (530.5). Accumulated untaxed reserves are not distributable equity.

## 12. Liquid assets and short-term investments

	1994	1993
Cash at bank and in hand	196.0	310.7
Short-term deposits	265.3	193.7
Other marketable securities	334.1	392.5
Total	795.4	896.9

Short-term deposits will fall due primarily within three months. Other marketable securities consist primarily of bonds and commercial papers.

## 13. Receivables

Receivables falling due after one year:

	1994	1993
Accounts receivable	2.8	8.0
Loans receivable	98.9	89.4
Deferred assets	11.7	0.7
Total	113.4	98.1

Receivables from associated companies:

	1994	1993
Advance payments	2.7	2.9
Accounts receivable	12.0	6.2
Loans receivable	104.4	137.2
Deferred assets	33.2	20.9
Bills receivable	–	0.5
Total	152.3	167.7

**15. Provision for liabilities and charges**

	1994	1993
Provision for guarantees	56.6	127.3
Provision for product liability claims	230.2	67.1
Provision for business reorganizing	85.0	36.7
Provision for loss contracts	68.4	82.9
Other provisions	223.7	134.3
Total	663.9	448.3

**16. Long-term debt**

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

Long-term debt fall due as follows:

	FIM mill.	%
1996	51.9	4.0
1997	166.0	12.8
1998	124.4	9.6
Later	952.9	73.6

**17. Accruals**

	1994	1993
Sales and value added taxes	124.8	145.0
Income taxes	134.5	110.2
Wages, salaries and personnel expenses	476.3	597.1
Pension commitments	273.7	250.2
Interest	83.0	67.6
Other items	496.4	431.8
Total	1,588.7	1,601.9

**20. Contingent liabilities and pledged assets**

	Group		Parent Company	
	1994	1993	1994	1993
Assets pledged to secure loans				
Group and parent company	159.3	334.4	119.6	204.5
Subsidiaries	—	—	1.0	1.0
Pledged assets	347.4	305.8	241.0	185.0
Guarantees				
Subsidiaries	—	—	2,061.0	2,056.0
Associated companies	27.2	42.8	27.2	42.8
Others	357.9 <sup>1)</sup>	160.2	283.9 <sup>1)</sup>	157.5
Leasing liabilities				
Falling due in the next year	65.1	45.5	1.8	3.0
Falling due after 1 year	100.1	57.6	2.5	3.2
Other liabilities	7.9	17.8	—	—
Total	1,064.9	964.1	2,738.0	2,653.0

<sup>1)</sup> Bank guarantees, which cover "Guarantees: Others", have been obtained as counter-guarantees.

**18. Other current liabilities**

	1994	1993
Bank overdrafts	90.6	175.7
Current bank loans	565.1	610.4
Commercial papers	145.4	204.9
Total	801.1	991.0

**19. Liabilities owed to associated companies**

The consolidated balance sheet includes liabilities owed to associated companies as follows:

	1994	1993
Accounts payable	20.4	53.7
Other current liabilities	7.6	5.2
Total	28.0	58.9

## SUBSIDIARIES AND ASSOCIATED COMPANIES

21.1. SUBSIDIARIES		Book value (FIM '000)	Shareholding %		Net income for the year (FIM '000)
Shares in subsidiaries held by the parent company			Parent company	Group	
NL	KONE B.V.	904,410	47.5	100.0	43,499
AU	KONE Elevators (Australia) Pty Ltd.	392,060	30.0	100.0	29,528
BE	KONE Belgium S.A.	43,023	99.9	99.9	4
BE	KONE International (Europe) S.A.	796,385	90.9	100.0	38,317
BR	KONE Participacoes e Importacoes Ltda	37,918	99.9	100.0	0
HK	KONE Far East Limited	2,617	99.9	100.0	4,304
IN	KONE Elevator India Ltd.	14,226	70.0	70.0	1,231
GB	KONE (UK) Ltd.	33,634	100.0	100.0	3,349
IT	KONE Italia S.p.A.	587,393	0.5	100.0	10,457
AT	KONE Sowitsch AG	6,793	100.0	100.0	20,811
CA	KONE Holdings (Canada) Inc.	59,918	100.0	100.0	351
NO	KONE Aksjeselskap	15,502	100.0	100.0	11,501
FR	Société Française des Ascenseurs KONE	39,163	95.0	99.9	98,929
SE	KONE AB	108,614	100.0	100.0	60,787
SE	Másbo AB	52,792	100.0	100.0	549
FI	K. Antinkoski Oy	11,176	100.0	100.0	173
FI	Hissi-Ala Oy	4,726	100.0	100.0	-6
FI	Kone Elevators Oy	15	100.0	100.0	830
FI	KoMont Oy	285,993	100.0	100.0	40
FI	Kone Instruments Oy	15,000	100.0	100.0	52
FI	Kone Teräsvalimo Oy	6,600	100.0	100.0	0
FI	KOy Natus	14,021	100.0	100.0	92
FI	KOy Verkatehtaankatu 8	400	100.0	100.0	-16
FI	Laumek Oy	65,000	100.0	100.0	188
TR	Tekimal Asansor Sanayi ve Ticaret A.S.	11,397	55.4	85.4	-1,301
VE	Kone Ascensores C.A.	2,442	100.0	100.0	-1,515
JP	KONE Japan Co. Ltd	313	100.0	100.0	-17

Other subsidiary shares		Book value	Group shareholding (%)	
NL	Compressor Schippers B.V.	3,226		100.0
NL	KoMont Investment B.V.	416,839		100.0
NL	KONE Finance N.V.	205,848		100.0
NL	Kone Liften B.V.	188,383		100.0
NL	Kone Liften Nederland B.V.	15,746		100.0
NL	KONE Nederland N.V.	22,922		100.0
NL	KONE Starlift B.V.	282,749		100.0
AU	KONE Elevators (A/NZ) Pty Ltd.	3,680		100.0
AU	KONE Holdings (Australia) Limited	82,571		100.0
BE	ARW Liften N.V.	5,215		100.0
BE	KONE Elevators Enterprises S.A.	1,564		100.0
BE	KONE Elevators (Europe) S.A.	187		100.0
BE	Marelli Technical Service S.A.	626		99.6
BE	Technical Services S.A.	2,980		99.9
ES	Ascensores Valencia S.A.	3,124		100.0
ES	Bram-Kone, S.A.	1,446		100.0
ES	Caymat-Kone, S.A.	5,428		100.0
ES	Elesafor S.L.	1,466		100.0
ES	KONE Catalunya, S.A.	1,839		100.0
ES	KONE Levante, S.A.	1,800		100.0
ES	KONE, S.A.	194,350		100.0
ES	Move-Kone, S.A.	4,027		100.0
ES	Toanfer, S.L.	1,849		100.0
ES	Traver, S.L.	0		100.0
HK	KONE Elevator (HK) Limited	9,047		100.0
GB	AFI Investments Ltd.	79		100.0
GB	Bennie Lifts Ltd.	56,294		100.0
GB	Elecomp Ltd	7		100.0
GB	Ellis & McDougall Lifts Ltd.	9,513		100.0
GB	Leonard Lifts Ltd.	38,882		100.0
IT	Aster S.r.l.	2,640		100.0
IT	Bassetti Elevatori S.p.A	11,680		100.0
IT	Elecomp S.r.l.	58		100.0
IT	Fiam S.r.l.	92,068		100.0
IT	Kone Elevators Overseas S.r.l.	3,288		100.0
IT	Kone Italia Servizi S.r.l.	63,694		100.0
IT	Kone Universal S.r.l.	14,980		100.0
IT	Sabim S.r.l.	64,240		100.0
IT	Sime S.r.l.	289		100.0

IT	Slimpa S.r.l.	3,054	100.0
CA	Drolet Kone Inc.	3,378	100.0
CA	Montgomery KONE Elevator Co. Ltd.	44,957	100.0
MX	Elevadores KONE-Sabim S.A. de C.V.	16,695	100.0
NO	Ameco Heis A/S	3,507	100.0
NO	KONE Heis A/S	1,473	100.0
FR	ASAL S.A.R.L.	437	100.0
FR	Ascier S.N.C.	3,771	100.0
FR	ETRA S.N.C.	2,707	100.0
FR	Koné Ascenseurs S.A.	222	99.8
FR	KONE Instruments S.A.	10,100	100.0
FR	Riviera Electro Service S.N.C.	5,331	100.0
FR	S.A. Hydromatic	7,586	99.9
FR	S.A.R.L. Ascensud	1,300	100.0
FR	S.N.C. Ascenseurs Ringuet	1,952	100.0
FR	S.N.C. KONE International	257,317	100.0
FR	S.N.C. KONE Materiels	35,048	100.0
FR	S.N.C. Prokodis	222	100.0
FR	Société de Materiel Industriel et Technique S.N.C	1,367	100.0
FR	SARL Sorelec	3,433	100.0
FR	S.A.R.L. Spemi	7,106	100.0
FR	S.N.C. Stigler	6,477	100.0
SE	Bauer Hiss AB	127	100.0
SE	Ekmans Hiss AB	1,780	100.0
SE	Galantus AB	1,985	100.0
SE	G K Hiss AB	680	100.0
SE	Hissbyrån Mellansvenska AB	32	100.0
SE	Hissjouren Unilift AB	1,526	100.0
SE	KONE Hissar AB	36,922	100.0
SE	KONE Rulltrappor AB	2,092	100.0
SE	Leif Nylander Hissmekano AB	553	100.0
SE	Motala Hissar AB	2,848	100.0
SE	Rulltrappstjänst i Nynäshamn AB	1,335	100.0
SE	AB Stanleys Hisservice	598	100.0
SE	Södertälje Hisservice Ab	1,094	100.0
DE	Aupperle Aufzüge GmbH	153	100.0
DE	Dipl.Ing. Selzer Aufzüge GmbH	2,296	75.0
DE	KONE GmbH	125,682	100.0
DE	KONE Aufzug GmbH Berlin	153	100.0
DE	KONE Aufzug GmbH & Co KG	52,903	100.0
DE	KONE Aufzug Verwaltungs GmbH	153	100.0
DE	KONE Instruments GmbH	5,450	100.0
DE	KONE Sander Aufzug GmbH	367	60.0
DE	Reefer Engineering GmbH	153	100.0
SG	KONE Elevator Pte. Ltd.	27,835	100.0
FI	Hissi-ja Automaattiorakennus Trimatic Oy	463	92.5
FI	Hissi-ja Liukuporraspalvelu Oy JLP	610	100.0
FI	IWH-Service Oy	51	100.0
FI	Insinöörtoimisto Geijer-Hissi Oy	15,768	100.0
FI	Koneportaat Oy	15	100.0
FI	KOy Sturenkatu 21	83,965	100.0
FI	Tampereen Hissiyö Oy	2	100.0
FI	Teknoset OY	3,539	95.0
FI	Turun Hissihuolto Oy	2,160	100.0
TW	C & N Products Corporation	14,382	100.0
DK	KONE A/S	70,642	100.0
DK	KONE Elevator A/S	9,747	100.0
DK	Multi Teknik Aps	0	100.0
CZ	KONE Lifts a.s.	13,288	67.0
US	Armor Elevator Company, Inc.	102,932	100.0
US	C.E.Elevators Corp.	2,917	100.0
US	FHE Services, Inc.	30,831	100.0
US	KM Merger Inc.	431,935	100.0
US	KONE Holdings Inc	541,177	100.0
US	Montgomery KONE Inc.	1,339,100	100.0
US	Reagents Application, Inc.	2,372	100.0
BM	Finsurance Ltd.	3,946	100.0
PA	International Maritime Industries Inc	2,395	100.0
RU	KONE Analytical Systems A/O	22	100.0
AR	KONE Condor Service S.A.	988	51.0
CH	KONE Elevator GmbH	115	100.0
MY	KONE Elevator (M) Sdn. Bhd.	2,341	100.0
HU	KONE Elevators KFT	443	100.0
PL	KONE Elevators, Poland S.p.z.o.o.	467	100.0
LU	KONE Investissements S.A.	890	100.0
LV	Kone Lifti Latvia SIA	8	100.0
RU	Kone Lifts A/O	1,771	76.0

RU	Kone Lifts St.Petersburg A/O	178	100.0
LU	KONE Luxembourg S.A.R.L.	596	99.7
HU	KONE M-Lift Ltd	1,643	76.0

21.2. ASSOCIATED COMPANIES		Book value	Shareholding % Parent company	Group	Net income for the year (FIM '000)
Shares in associated companies held by the parent company					
FI	ARD-Technology Oy	72	25.7	25.7	3
CL	Fabrimetal S.A.	2,107	20.0	20.0	81
PH	KONE Machineries Philippines Inc.	295	40.0	40.0	-826
EG	Marryat & Scott Egypt-SAE	3,478	49.0	49.0	1,148

Other associated companies		Book value	Group shareholding (%)
AD	KONE Andorra, S.A.	180	33.0
DE	Agrolab GmbH	159	31.0
FI	Fluilogic Systems Oy	249	50.0
EE	A/S Kandur	464	25.0
DE	Kone Garant Aufzug GmbH	2,027	49.0
ID	PT KONE Indo Elevator	9,338	46.0
CZ	Kovopodnik Vytahy S.r.o.	1,103	30.0
GB	Labmedics Ltd	0	48.5
LV	A/S Latkon	25	37.5
CH	MBA-KONE AG	10,872	50.0
DE	O&K Rolltreppen GmbH	222,651	40.0
HK	Shan on Machines Ltd	2,146	30.0
MY	United Elevator Co. (M) Sdn. Bhd.	1,194	30.0

## OTHER STOCKS AND SHARES

		Book value (FIM '000)	Shareholding (%) Parent company	Group
SA	Arabian Elevator & Escalator Co. Ltd	759	10.0	
FI	Helsingin Arvopaperipörssi Osuuskunta	160	1.1	
FI	Oy Palace Hotel Ab	272	2.2	
FI	RA-Shipping Ltd Oy	1,012	5.0	
FI	Scandinavia Link Finska Oy	100	7.7	
FI	Suomen Osakekeskusrekisteri Osuuskunta	420	1.4	
FI	Tietotehdas Oy	13,941	2.5	
FI	Vakuutusosakeyhtiö Sampo	888		
TH	Thai Lift Industries	10,601		10.0
	Housing and real estate companies held by the parent company, 44 companies	19,502		
	Others	14,978		

P A R E N T   C O M P A N Y :   S T A T E M E N T   O F   I N C O M E

		(FIM'000)	
		1994	1993
SALES	Note 1	1,303,851	1,824,406
Cost and expenses	Note 2	(1,170,407)	(1,789,352)
Change in inventories		(183,716)	26,393
Depreciation	Note 3	(35,405)	(109,913)
OPERATING LOSS		(85,677)	(48,466)
Financing income and expenses	Note 4	204,927	359,686
INCOME AFTER FINANCING ITEMS		119,250	311,220
Extraordinary items	Note 5	81,848	52,421
INCOME BEFORE TAXES AND ALLOCATIONS		201,098	363,641
Depreciation difference	Note 6	(1,270)	32,636
Allocations to untaxed reserves	Note 7	19,666	26,334
Taxes		( 24,018)	(27,014)
NET INCOME		195,476	395,597



P A R E N T   C O M P A N Y :   B A L A N C E   S H E E T

		(FIM'000)	
ASSETS		31.12.1994	31.12.1993
<b>FIXED ASSETS</b>			
Intangible assets	Note 8	3,952	4,522
Land	Note 9	9,252	21,920
Buildings	Note 10	79,617	168,997
Machinery and equipment	Note 11	105,653	185,708
Shares in subsidiaries	Note 12	2,081,052	1,647,539
Other stocks and shares	Note 13	42,791	56,782
		2,322,317	2,085,468
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Raw materials, supplies and semi-manufactured goods		31,253	62,618
Work in progress		189,076	341,427
Advance payments		659	23,824
		220,988	427,869
<b>Receivables</b>			
Accounts receivable	Note 14	248,578	414,086
Loans receivable		792,968	329,026
Deferred assets	Note 15	109,460	153,947
		1,151,006	897,059
Liquid assets, deposits and short-term investments	Note 16	284,304	608,747
<b>TOTAL CURRENT ASSETS</b>		1,656,298	1,933,675
		3,978,615	4,019,143

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.1994	31.12.1993
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		302,431	302,431
Legal reserves		12,945	66,661
Retained earnings		1,503,947	1,203,605
Net income		195,476	395,597
	Note 17	2,014,799	1,968,294
UNTAXED RESERVES	Note 18	296,911	315,307
PROVISION FOR LIABILITIES AND CHARGES	Note 19	13,862	14,022
DEBT	Note 20		
Long-term debt	Note 21		
Outstanding loans		539,493	336,513
Pension loans		255,912	267,161
Other long-term debt		–	2,806
		795,405	606,480
Current liabilities			
Long-term debt due within one year	Note 22	78,044	72,515
Bank overdrafts		8,778	9,929
Advances received		203,847	565,244
Accounts payable		127,266	182,535
Accruals	Note 23	143,755	191,513
Other current liabilities		295,948	93,304
		857,638	1,115,040
TOTAL DEBT		1,653,043	1,721,520
		3,978,615	4,019,143

**P A R E N T   C O M P A N Y :   S T A T E M E N T   O F   C A S H   F L O W S**

(FIM million)

	1994	1993
Cash receipt from customers	1,361	1,901
Cash paid to suppliers and employees	(1,079)	(1,706)
Cash flow from financial items	201	339
Cash flow from taxes and other items	(41)	(7)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>442</b>	<b>527</b>
Capital expenditure	(1,677)	(225)
Proceeds from sale of fixed assets	1,046	39
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(631)</b>	<b>(186)</b>
<b>CASH FLOW AFTER INVESTING ACTIVITIES</b>	<b>(189)</b>	<b>341</b>
Change in current creditors (net)	207	(44)
Change in long-term debt (net)	189	(439)
Dividends paid	(59)	(59)
Other financing activities	(169)	198
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>168</b>	<b>(344)</b>
<b>CHANGE IN NET CASH</b>	<b>(21)</b>	<b>(3)</b>
Cash and bank as of 31st December	6	27
Cash and bank as of 1st January	27	30
<b>CHANGE IN NET CASH</b>	<b>(21)</b>	<b>(3)</b>

**RECONCILIATION OF NET INCOME TO CASH FLOW FROM OPERATING ACTIVITIES**

NET INCOME	195	396
Depreciation	36	110
Other adjustments	(104)	(59)
<b>INCOME BEFORE CHANGE IN WORKING CAPITAL</b>	<b>127</b>	<b>447</b>
Change in receivables	38	(164)
Change in payables	93	271
Change in inventories	184	(27)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>442</b>	<b>527</b>

**NOTES ON THE PARENT COMPANY FINANCIAL STATEMENTS**

All figures are in millions of Finnish markkas. Figures in parentheses in the text refer to the preceding year.

**STATEMENT OF INCOME**

**1. Sales**

Sales to subsidiaries totalled FIM 518.9 million (716.1) corresponding to a share of 40 % (39%) of net sales.

**2. Cost and expenses**

Cost and expenses were spread as follows:

	1994	1993
Materials and supplies	505.3	883.4
Salaries of board of directors and managing director	2.0	3.3
Wages and other salaries	209.4	311.6
Other personnel expenses	138.7	196.2
Other expenses	315.0	394.9
<b>Total</b>	<b>1,170.4</b>	<b>1,789.4</b>

Fringe benefits amounted to FIM 4.7 million (6.8). The Statement of Income includes a FIM 0.2 million decrease in the provision for liabilities and charges in 1994. The average number of employees during the year was 1,603 (2,515).

**3. Depreciation**

Depreciation was as follows:

	1994	1993
Intangible assets	1.7	3.0
Buildings	3.0	13.5
Machinery and equipment	29.7	43.2
Investments and intangibles	1.0	50.2
<b>Total</b>	<b>35.4</b>	<b>109.9</b>

**4. Financing income and expenses**

	1994	1993
Dividends received from subsidiaries	145.1	361.1
Other dividends received	38.3	1.7
Interest received from subsidiaries	27.4	34.7
Other interest received	54.3	57.3
Interest paid to subsidiaries	(16.2)	(56.0)
Other interest paid	(42.9)	(60.0)
Other financing income and expenses	(1.1)	20.9
<b>Total</b>	<b>204.9</b>	<b>359.7</b>

**5. Extraordinary items**

	1994	1993
Capital gains	65.9	26.2
Group contributions received	16.7	33.3
Group contributions granted	(0.8)	(7.1)
<b>Total</b>	<b>81.8</b>	<b>52.4</b>

**6. Depreciation difference**

Depreciation difference was spread by asset category as follows (Increases are indicated by parentheses. Figures not in parentheses indicate a decrease in depreciation difference.):

	1994	1993
Buildings	(24.0)	13.7
Machinery and equipment	25.4	19.1
Other intangible assets	(2.7)	(0.2)
<b>Total</b>	<b>(1.3)</b>	<b>32.6</b>

**7. Allocations to untaxed reserves**

The impact of allocations to untaxed reserves on net income was as follows (Increases in untaxed reserves are indicated by parentheses. Figures not in parentheses indicate a decrease in untaxed reserves.):

	1994	1993
Allocation to reserve for transition period	10.0	3.0
Allocation to reserve for doubtful accounts	-	15.0
Allocation to reserve for guarantees	6.3	15.0
Allocation to reserve for change in acquisition costs	3.4	(6.7)
<b>Total</b>	<b>19.7</b>	<b>26.3</b>

**BALANCE SHEET**

**8. Intangible Assets**

	1994	1993
Acquisition cost as of 1 January	16.6	13.2
Increase	4.0	3.4
Decrease	(2.8)	-
Accumulated depreciation	(13.8)	(12.1)
<b>Total as of 1 January</b>	<b>4.0</b>	<b>4.5</b>

**9. Land**

	1994	1993
Acquisition cost as of 1 January	11.9	12.3
Accumulated revaluation	10.0	10.0
Increase	-	-
Decrease	(12.7)	(0.4)
<b>Total as of 31 December</b>	<b>9.2</b>	<b>21.9</b>
<b>Total value of accumulated revaluations</b>	<b>4.9</b>	<b>10.0</b>

**10. Buildings**

	1994	1993
Acquisition cost as of 1 January	198.8	220.5
Accumulated revaluation	154.0	160.3
Increase	0.3	1.5
Decrease	(86.6)	(29.5)
Accumulated depreciation	(186.9)	(183.8)
Total as of 31 December	79.6	169.0
Residual value of revaluations	33.7	75.4

**11. Machinery and equipment**

	1994	1993
Acquisition cost as of 1 January	619.1	601.9
Increase	21.1	34.9
Decrease	(71.5)	(17.7)
Accumulated depreciation	(463.0)	(433.4)
Total as of 31 December	105.7	185.7

**12. Shares in subsidiaries**

	1994	1993
Total as of 1 January	1,647.5	1,521.1
Increase	1,650.2	184.3
Decrease	(1,228.7)	(7.8)
Transfer from other shares	12.0	–
Depreciation	–	(50.1)
Total as of 31 December	2,081.0	1,647.5

**13. Other stocks and shares**

	1994	1993
Total as of 1 January	56.8	62.1
Increase	1.2	1.3
Decrease	(2.2)	(6.6)
Transfer to shares in subsidiaries	(12.0)	–
Depreciation	(1.0)	–
Total as of 31 December	42.8	56.8

**14. Receivables**

Receivables falling due after one year:

	1994	1993
Accounts receivable	0.7	0.5
Loans receivable	6.8	9.5
Deferred assets	11.7	0.7
Total	19.2	10.7

Receivables from group companies:

	1994	1993
Accounts receivable	190.7	290.5
Loans receivable	782.0	304.9
Deferred assets	22.8	79.8
Total	995.5	675.2

Receivables from associated companies:

	1994	1993
Accounts receivable	0.7	2.6
Loans receivable	0.4	2.2
Total	1.1	4.8

**15. Deferred assets**

Deferred assets include the following items:

	1994	1993
Turnover and value added taxes	15.2	35.2
Interest income	48.0	15.2
Income taxes	23.8	–
Other receivables	22.5	103.5
Total	109.5	153.9

**16. Liquid assets, deposits and short-term investments**

	1994	1993
Cash at bank and in hand	6.7	27.2
Short-term deposits	–	174.5
Other marketable securities	265.7	392.5
Other liquid assets	11.9	14.5
Total	284.3	608.7

Cash at bank and in hand includes foreign currency receivables of FIM 3.5million (25.1). Marketable securities are bond issues. Other liquid assets are long-term deposits.

**17. Shareholders' equity**

Changes in shareholders' equity in 1994	Share capital	Legal reserves	Retained earnings	Net income for the year	Total equity
As of 1 January	302.4	66.7	1,599.2		1,968.3
Dividend			(59.4)		(59.4)
Revaluation		(53.7)	(35.8)		(89.5)
Net income for the year				195.4	195.4
As of 31 December	302.4	13.0	1,504.0	195.4	2,014.8

**18. Untaxed reserves****18.1 Cumulative depreciation differences**

	1994	1993
Buildings	(18.7)	(42.6)
Machinery and equipment	105.1	130.2
Other intangible assets	2.7	0.2
Total	89.1	87.8

**18.2. Other untaxed reserves**

	1994	1993
Reserve for transition period	197.1	207.1
Reserve for guarantees	7.4	13.7
Other reserves	3.3	6.7
Total	207.8	227.5
Untaxed reserves, total	296.9	315.3

**19. Provision for Liabilities and Charges**

	1994	1993
Provision for guarantees	5.8	11.0
Other provisions	8.0	3.0
Total	13.8	14.0

**20. Liabilities owed to group and associated companies**

Liabilities owed to group companies:

	1994	1993
Outstanding loans	205.5	251.6
Advances received	23.9	7.5
Accounts payable	67.4	80.8
Accruals	13.1	15.1
Other liabilities	286.0	93.3
Total	595.9	448.3

Liabilities owed to associated companies:

	1994	1993
Advances received	0.8	6.5
Accounts payable	6.6	0.5
Accruals	0.8	-
Total	8.2	7.0

**21. Long-term debt**

Long-term debt falling due after five years:

	1994	1993
Outstanding loans	5.4	10.2
Pension loans	191.4	199.8
Total	196.8	210.0

**22. Long-term debt falling due within one year**

	1995	1994
Outstanding loans	52.5	32.1
Pension loans	19.8	24.4
Other long-term debt	5.7	16.0
Total	78.0	72.5

**23. Accruals**

	1994	1993
Income taxes	8.3	3.7
Wages, salaries and personnel expenses	67.7	87.5
Interest	22.6	26.9
Other items	45.2	73.4
Total	143.8	191.5

B O A R D ' S   P R O P O S A L   T O   T H E   A N N U A L   G E N E R A L   M E E T I N G

The KONE group of companies' distributable equity is FIM 1,969.6 million. The parent company's distributable equity from the previous year is FIM 1,503,947,564.38 and profit from 1994 is FIM 195,476,576.51 for a total of FIM 1,699,424,140.89.

The Board of Directors proposes to the Meeting that a dividend of FIM 9 be paid on each of the 1,045,482 A shares, and FIM 10 on each of the 5,000,880 B shares, for a total of FIM

59,418,138. The Board of Directors further proposes that the rest (FIM 1,640,006,002.89) be retained and carried forward.

It is also proposed that the dividends for 1994 be payable as from 9 March, 1995.

Those shareholders whose stock certificates have not yet been transferred to the paperless book entry securities system by March 6, 1995 will receive their dividends only after the transfer has been completed.

Helsinki, 10th February, 1995

Pekka Herlin

Antti Herlin

Ilkka Herlin

Jaakko Lassila

Gerhard Wendt

Anssi Soila  
President

A U D I T O R S '   R E P O R T

We have audited the accounts, the financial statements and the corporate governance of Kone Corporation for the 1994 financial year in accordance with generally accepted auditing standards. The financial statements prepared by the Board of Directors and the Managing Director include, both for the group and the parent company, a report on operations, an income statement, a balance sheet and notes to the accounts.

The financial statements have been prepared in accordance with the Accounting Act and other rules and regulations relevant to the preparation of the financial statements, and give a true and fair view of Kone Corporation's and the Group of Companies' results and financial position.

The financial statements can be approved and the members of the Board of Directors and the Managing Director can be discharged from liability for the financial year audited by us.

The proposal of the Board of Directors concerning the disposal of the profit for the year is in compliance with the Companies' Act.

We have reviewed the interim reports published during the financial year. In our opinion they have been properly prepared.

Helsinki, 10th February, 1995

Liisa Mononen  
Authorized Public Accountant

Aunus Salmi  
Authorized Public Accountant

## E U R O P E

Demand for new elevators continued to decline in Belgium, France and Scandinavia while elevator markets in the Netherlands, Austria, Russia, and Germany's eastern states experienced growth. For the time being, however, most European markets are characterized by investor wariness in both the public and private sectors.

High vacancy rates continue to plague commercial real estate markets. Overcapacity still exists as a consequence of previous property development excesses, sluggish economies, and reductions in the number of both public and private sector office workers. These conditions have particularly dampened the demand for mid-range elevators.

The need to expand the stock of apartment housing in Scandinavia, Austria, Germany, Holland and Spain, among others, has created the potential for increased elevator order volume. Scarcity of funding for new public housing and the trend toward smaller and lower-rise apartment buildings, however, are restraining demand.

During the year under review KONE introduced a new mid-rise elevator system, the KONE 7000 SerTrans, which enjoyed a positive reception from customers in France, Germany and Scandinavia. It will be launched in other European countries in 1995. KONE 7000 SerTrans has already strengthened KONE's position as a technological pacesetter. For example, France's electrical authority, EDF, has ordered 40 units for its new center, which is to be a showcase for advanced technology.

KONE has begun to benefit from emerging EU-driven cooperative business opportunities. KONE is participating in a European consortium under Italian management that has won the contract to carry out the Milan Fair reconstruction project. KONE's advanced technology was a strong selling point for the consortium. A total of 85 elevators and escalators will be delivered to the project by KONE and O&K Rolltreppen factories in Italy, Finland and Germany.

Other significant orders include a total of 62 elevators for 11 different court houses in the Netherlands and 10 TMS 9000 high-speed elevators with V3F drives for the 99 Bishopsgate office tower in London.

The lack of European prospects for strong growth in new elevator orders in the foreseeable future only serves to emphasize the increasing importance of the modernization market. KONE's strength lies in its industrialized modernization products and the constant introduction of new solutions for the refurbishment of outdated elevators. Thanks to its pioneering technology and field expertise, KONE has seen the growth of its modernization business in Europe outstrip that of its orders for new elevators in recent years.

Maintenance business continued to develop steadily in 1994, but price pressure in this sector has been stiffening. KONE has responded to the challenge by intensifying its quality improvement efforts, strengthening training activities, and extending the coverage of computer-supported maintenance services.

As a whole, little change is expected in the market situation in Europe during 1995. Neither significant growth nor sharp decline in demand is expected anywhere in the area.



A S I A   A N D   A U S T R A L I A

During the year under review, markets declined in Hong Kong and Taiwan. In China, despite increased competition and actions taken by government officials to prevent overheating of the Chinese economy, KONE's level of new orders received for the import market remained satisfactory. Delays in several construction projects resulted in the postponement of a number of deliveries from 1994 to 1995. In Malaysia and Singapore, where strong growth continued, order intake targets were clearly surpassed. In India, commercial and residential construction took off, pulling with it the demand for new elevators. KONE's Indian subsidiary nearly doubled its orders received and significantly increased its market share.

Strong economic growth in Australia and New Zealand was coupled with low inflation. Demand for new elevators and escalators rose for the first time since the slump of 1990, as did requests for modernizations. Order intake in 1994 exceeded targeted figures. Despite these positive developments, however, price levels remained unsatisfactory. Efforts to increase productivity continue to be necessary to combat pressure on maintenance prices. Several units obtained ISO 9001 certification as quality improvement efforts continued.

During the year under review, a new installation and maintenance company, KONE Elevators (Shenzhen), was established in China. KONE expanded into Thailand through a minority shareholding and technology agreement with Thai Lift Industries Ltd. and into Indonesia through a joint-venture company in formation, PT KONE Indo Elevator.

Major project completions during 1994 included the Four Seasons Hotel and Condominium (22 elevators) in Singapore; Darling Park (22 elevators) in Sydney, Australia; 111 George Street (13 elevators, 2 escalators) in Brisbane, Australia; 80 Robinson Road (12 elevators) in Singapore; and City Hall (modernization of 7 units) in Kuala Lumpur, Malaysia.

Major orders received in the area included Island Place (31 elevators, 14 escalators) in Hong Kong; KK Hospital (20 elevators) in Singapore; Reef Casino (17 elevators, 4 escalators) in Cairns, Australia; Crystal Gardens Hotel (9 elevators, 10 escalators) in Surabaya, Indonesia; Kimbong Impian Condominium (36 elevators) in Malaysia; Peninsular Hotel (15 elevators) in Bangkok, Thailand; and the Mayfair Crest and Hobart Hospital (modernization) in Brisbane, Australia.

Economic growth may slow down in 1995 and even partially come to a halt in East Asia. The new elevator market could decline in China as a result of government efforts to rein in demand. In Hong Kong, Taiwan, Singapore and Malaysia elevator demand is expected to remain at the previous year's level. On the other hand, continued growth is forecast for the Philippines, Indonesia, Thailand and India. In Australia, overcapacity will continue to restrict demand in the office building elevator market, but investment in tourism and hotels will remain strong, and the demand for modernizations will continue to rise.

## N O R T H   A N D   S O U T H   A M E R I C A

The most significant event for KONE in North America during the year under review was the acquisition of the United States' fourth largest elevator company, Montgomery Elevator Company. Montgomery was founded in 1892 and remained a family enterprise until joining KONE. The American company's annual sales in 1994 totaled FIM 2 billion and employees numbered 3,700. Its field organization, which consists of 57 branches, 143 sub-branches, 2,600 employees and 49,000 elevators and escalators under maintenance contract, covers the entire country. It is particularly strong in so-called secondary cities.

As a result of the Montgomery acquisition on November 30, 1994, KONE became the fourth largest elevator company in North America, and North America's share of KONE's total sales rose from ten percent to nearly 30 percent. Montgomery KONE Inc., as the company is now called, manufactures all types of hydraulic and traction elevators and escalators in its production facilities in Illinois, Texas, Kansas and Arkansas. It is KONE's largest subsidiary.

Sustained economic growth in North America is beginning to be reflected in new elevator and modernization orders. Considerable overcapacity in the commercial sector continues to hold back demand, however. The significant strengthening of KONE's market position and the integration of the resources of two successful organizations opens new prospects for the company in one of the world's most important elevator markets.

Latin American countries suffered from overvalued currencies and trade deficits, which led to large-scale devaluation and market disruptions in Mexico and Venezuela. Brazil's more stable economic development balanced out the total picture somewhat, but the impact on KONE's operations won't be felt until 1995. Elevator demand in Latin America is expected to remain at the 1994 level, but KONE's share of orders should rise in Argentina, Peru and Cuba as a result of newly signed distributorship agreements. If Brazil's stabilization program succeeds, KONE's subsidiary there is expected to benefit from the improved economic environment.

*Montgomery Elevator Company established its first branch office in Kansas City in 1914. In 1931 the company installed its first high-speed gearless elevator in the Kansas City Power and Light Building, which, at the time, was the tallest building west of the Mississippi River. The building's 12 elevators were first modernized in 1961 and again refurbished in 1992. The elevators' control and drive systems were updated during the modernizations while the original etchings on the doors and car interiors were preserved.*

## P A R E N T   C O M P A N Y   S H A R E S   A N D   S H A R E H O L D E R S

### SHARES AND THEIR RIGHTS

The authorized and issued share capital of KONE Corporation is FIM 302,430,600 representing 6,048,612 shares with a nominal value of FIM 50 each.

Each A share is assigned one vote, as is each block of 10 B shares, with the proviso that each shareholder is entitled to at least one vote.

In accordance with the Articles of Association, the holders of B shares are entitled to a dividend which is a minimum FIM 1.00 and a maximum FIM 2.50 higher than the dividend paid to the holders of A shares.

### BOARD OF DIRECTORS AUTHORITY CONCERNING SHARE CAPITAL, CONVERTIBLE BONDS AND STOCK OPTIONS

Prior to the closing of the books for 1994, KONE Corporation's Board of Directors had no existing authority to raise share capital or issue convertible bonds or stock options, nor had the Corporation issued stock options or convertible bonds prior to the closing of the books.

### SHARE REGISTER

A list of the Corporation's shares and their owners is maintained in the Central Share Registry. Registered shareholders by category as of December 31, 1994 were as follows:

	% of Ownership	% of Votes
100 Companies	15.07	49.60
200 Financial institutions	45.96	25.05
300 Public institutions	3.32	1.30
400 Non-profit institutions	5.35	6.65
500 Individuals	11.50	10.04
600 Foreign	18.80	7.36
Total	100.00	100.00

Foreign owned shares registered in the name of a Finnish nominee are included under the category "Foreign". Such shares totaled 1,134,305 as of December 31, 1994 (18.8% of shares and 7.4% of votes).

The figures in the chart do not include the shares which had not been transferred to the paperless book entry securities system as of December 31, 1994 (815 or 0.01% of shares and 0.005% of votes).

The share list can be examined at the Central Share Registry, Piispanportti 12 A, FIN-02240 Espoo. Copies of the list can be obtained for a fee from KONE Corporation's Head Office by calling +358 0 475 4215, fax +358 0 475 4309.

### STOCK EXCHANGE

KONE Corporation B shares are quoted on the Helsinki Stock Exchange. During the year under review, 1,339,592 shares were traded, compared with 1,699,729 the previous year. Turnover from the trading totaled FIM 795 million in 1994 and FIM 846 million in 1993. The highest share price during the year was FIM 705, the lowest was FIM 502, and the price on the last trading day was FIM 540.

### LARGEST SHAREHOLDERS AS OF DECEMBER 31, 1994

	Number of shares	% of shares	% of votes
Security Trading Oy	1,405,639	23.3	16.2
Holding Manutas Oy	752,746	12.5	48.6
Pohjola Insurance Company	518,875	8.6	3.4
The KONE Foundation	181,598	3.0	5.7
Life Insurance Company Suomi	170,300	2.8	1.1
Ilmarinen Pension Insurance	142,195	2.4	0.9
Herlin, Pekka	124,579	2.1	6.4
Municipal Pension Insurance	107,950	1.8	0.7
Investment Fund Kasvu-SYP	99,087	1.6	0.6
National Deposit Insurance Fund	90,023	1.5	0.6

### SHAREHOLDINGS IN KONE CORPORATION AS OF DECEMBER 31, 1994

Shares	Number of owners	Number of shares	Percentage of owners	Percentage of shares
1-10	1,101	7,524	20.1%	0.1%
11-100	3,253	146,240	59.3%	2.4%
101-1000	1,005	306,657	18.3%	5.1%
1001-10000	96	262,709	1.7%	4.3%
10001-100000	23	792,860	0.4%	13.1%
100001-	10	4,529,557	0.2%	74.9%
Total	5,488	6,045,547	100.0%	100.0%

Shares which had not been transferred to the paperless book entry securities system

	815	0.0 %
--	-----	-------

The figures for number of owners in this table include those Finnish nominees who have registered foreign-owned shares in their names.

### TOTAL SHAREHOLDING BY THE PRESIDENT AND THE MEMBERS OF THE BOARD OF DIRECTORS AS OF DECEMBER 31, 1994:

	1994	1993
Number of shares	139,426	139,953
Percentage of shares	2.3	2.3
Percentage of votes	6.5	6.5

## REVIEW 1990-1994

	1994	1993	1992	1991	1990
Share capital, FIM million	302.4	302.4	302.4	302.4	302.4
Number of shares as of 31/12, 1000 pcs, issue adjusted					
A share	1,045	1,045	1,045	1,045	1,045
B share	5,001	5,001	5,001	5,001	5,001
Total	6,046	6,046	6,046	6,046	6,046
Market value of all outstanding shares, FIM million	3,265	3,446	2,610	2,164	2,070
Market value/share, B share, FIM					
Highest	705	591	455	545	712
Lowest	502	432	340	351	430
As of 31/12	540	570	430	362	435
Earnings/share, FIM	42.59	30.64	46.09	41.52	62.02
Equity/share, FIM	432	432	396	360	326
Price/earnings, B share	12.7	18.6	9.3	8.7	6.4
Dividend					
A share, FIM	9.00*	9.00	9.00	9.00	9.00
B share, FIM	10.00*	10.00	10.00	10.00	10.00

\*Board's proposal

## O S O I T E T I E T O J A

KONE-konsernin tytä- ja osakkuusyhtiöiden sekä aluekonttorien osoitetiedot: (Numero maan nimen perässä on maannumero puhelinliikenteessä.)

■ Tytäryhtiö    ▼ Osakkuusyhtiö    ▲ Aluekonttori    ● Muu yksikkö

- Pääkonttori  
KONE Oy  
PL 8  
Kartanontie 1  
00331 Helsinki  
☎ (90) 4751  
Tfx (90) 475 4309
- EUROOPPA
- BELGIA (32-):
- KONE Belgium S.A.  
Rue de Bruxelles, 174  
B-4340 Awans  
☎ (0)41 39 92 11  
Tfx (0)41 39 92 22  
Tx (46) 41273 kone b  
*Jean-Pierre Chauvarie*
- KONE Elevators (Europe) S.A.  
Avenue E. Van Nieuwenhuysse, 6  
B-1160 Bruxelles  
☎ (0)2 67 69 211  
Tfx (0)2 67 69 391  
*Anssi Soila*
- KONE International (Europe) S.A.  
Avenue E. Van Nieuwenhuysse, 6  
B-1160 Bruxelles  
☎ (0)2 67 69 211  
Tfx (0)2 67 69 395  
*Jules Lekane*
- ESPANJA (34-):
- KONE, S.A.  
Pº Castellana, 173, 4º Dcha  
E-28046 Madrid  
☎ (9)1 57 14 480  
Tfx (9)1 57 12 480  
*Sergio Neira*
- HOLLANTI (31-):
- KONE Starlift B.V.  
(Postbus 11, NL-2270 AA  
Voorburg)  
Westvlietweg 62  
NL-2267 AC Leidschendam  
☎ (0)70 3718 191  
Tfx (0)70 3867 672  
*Jan-Willem Hoving*
- ISO-BRITANNIA (44-):
- Bennie Lifts Ltd.  
34 Bedford Road, Clapham  
London SW4 7HH  
☎ (0)171 735 2875  
Tfx (0)171 735 95 54  
*William Orchard*
- Ellis & McDougall Lifts Ltd.  
86 Broad Street  
Glasgow G40 2PX  
☎ (0)141 554 7604  
Tfx (0)141 554 6762  
*Kenneth McDougall*
- ▲ KONE Elevators Central Europe  
168-170 Wellington Road South  
Hounslow, Middlesex TW4 5JN  
☎ (0)181 754 62 48  
Tfx (0)181 572 49 04  
Tx (51) 24966 marhou g  
*Ilkka Vartiainen*
- KONE Lifts Ltd.  
168-170 Wellington Road South  
Hounslow, Middlesex TW4 5JN  
☎ (0)181 572 80 00  
Tfx (0)181 572 49 04  
Tx (51) 24966 marhou g  
*William Orchard*
- Leonard Lifts Ltd.  
Leonard House  
84 Leven Road, Poplar  
London E14 0LN  
☎ (0)171 537 7272  
Tfx (0)171 987 3410  
*Andrew Evans*
- ITALIA (39-):
- Bassetti Elevatori S.p.A.  
A. Vespucci, 10  
I-20016 Pero (Milano)  
☎ (0)2 339 201  
Tfx (0)2 381 004 34  
*Paolo Mazza*
- Fiam S.r.l.  
Via Figino, 41  
I-20016 Pero (Milano)  
☎ (0)2 339 231  
Tfx (0)2 339 0752  
Tx (43) 33 00 89 fiam pi  
*Ettore Bianciardi*
- KONE Elevators  
Component Division South  
Via Figino, 41  
I-20016 Pero (Milano)  
☎ (0)2 339 231  
Tfx (0)2 339 102 75  
*Franco Bergamini*
- KONE Elevators Overseas S.r.l.  
Via Emilia Ponente, 129  
I-40133 Bologna  
☎ (0)51 6470 111  
Tfx (0)51 311 854  
*Ezio Paolo Merlo*
- KONE Italia S.p.A.  
Via Emilia Ponente, 129  
I-40133 Bologna  
☎ (0)51 6470 111  
Tfx (0)51 389 784  
Tx (43) 511247 konbol i  
*Giuseppe Confalonieri*
- KONE Italia Servizi S.r.l.  
Via Figino 45  
I-20016 Pero (Milano)  
☎ (0)2 380 531  
Tfx (0)2 380 53 300  
*Giovanni Varisco*
- KONE Universal S.r.l.  
Via B. Musolino 39  
I-00153 Roma  
☎ (0)6 588 941  
Tfx (0)6 588 2544  
*Claudio Filesi*
- Sabiem S.r.l.  
(P.O.Box 3164, I-40100 Bologna)  
Via Emilia Ponente 129  
I-40133 Bologna  
☎ (0)51 6470 111  
Tfx (0)51 311 645  
Tx (43) 510046 sabiem i  
*Gino Farina*
- SIME S.r.l.  
Via Don Sturzo, 7  
I-20016 Pero (Milano)  
☎ (0)2 3391 1145  
Tfx (0)2 3810 1787  
*Umberto Ferretti*
- ITÄVALTA (43-):
- KONE Sowitsch AG  
Forchheimerergasse 34  
Postfach 140  
A-1231 Wien  
☎ (0)1 863 67-0  
Tfx (0)1 863 67-221  
Tx (47) 131466 konew a  
*Harald Lyon*
- LATVIA (371-):
- KONE Lifti Latvija Oy  
Dzerbenes iela 27  
LV-1006 Riga  
☎ (0)2 554 268  
*Andrejs Livanovičs*
- LUXEMBURG (352-):
- KONE Luxembourg S.á.r.l.  
128, rue du Kiem  
L-8030 Strassen  
☎ (0)4 55 279  
Tfx (0)4 55 029  
*Albert Geradin*
- NORJA (47-):
- Ameco Heis A/S  
P.O.Box 160  
N-2301 Hamar  
☎ 62 53 30 00  
Tfx 62 53 15 40  
*Paal Lien*
- KONE Heis A/S  
(P.O. Box 163 Kjelsås  
N-0411 Oslo)  
Frysjavaein 40  
N-0884 Oslo  
☎ 22 233 188  
Tfx 22 181 294  
*Paal Lien*
- PUOLA (48-):
- KONE Elevators Poland S.p.z.o.o.  
Ul. Cybertyki 13  
02-677 Warszawa  
☎ (0)22 43 78 96  
Tfx (0)22 43 78 96  
*Juha Memmender*
- RANSKA (33-):
- ▲ KONE Elevators Southern Europe  
Tour Gan, Cedex 13  
F-92082 Paris La Défense  
☎ 1 49 06 27 00  
Tfx 1 49 06 27 80  
*Raymond Villiers*
- KONÉ Instruments S.A.  
Z.I. Petite Montagne Sud  
14, Allée du Cantal CE 1832  
F-91018 Evry Cedex  
☎ 1 60 86 34 99  
Tfx 1 60 86 92 83  
Tx (42) 690596 kidevry f  
*Lars Kvist*
- Société Française des  
Ascenseurs KONÉ  
Tour Gan, Cedex 13  
F-92082 Paris La Défense  
☎ 1 49 06 27 00  
Tfx 1 49 06 27 05  
Tx (42) 630189 konpr  
*Jean-Pierre Chauvarie*
- Stigler-Sabim S.A.  
225 Boulevard MacDonald  
F-75019 Paris  
☎ 1 44 72 89 11  
Tfx 1 44 72 89 64  
*Philip Nuza*
- RUOTSI (46-):
- Bauer Hiss AB  
Gruvgatan 37  
S-421 30 Västra Frölunda  
☎ (0)31 89 38 50  
Tfx (0)31 45 21 43  
*Leif Johnsson*
- KONE AB  
Haukadalsgatan 3  
S-164 96 Kista  
☎ (0)8 752 35 00  
Tfx (0)8 750 81 67  
*Rolf Eriksson*
- KONE Hissar AB  
Haukadalsgatan 3  
S-164 96 Kista  
☎ (0)8 752 35 00  
Tfx (0)8 751 23 80  
*Mats Norin*
- KONE Rulltrappor AB  
Haukadalsgatan 3  
S-164 96 Kista  
☎ (0)8 752 35 00  
Tfx (0)8 750 82 99  
*Hans F. Ericson*

■ Motala Hissar AB  
Myntgatan 1  
Box 4029  
S-591 04 Motala  
☎ (0)14 15 60 20  
Tfx (0)14 15 69 93  
*Rolf Sundström*

SAKSA (49-):

■ Aupperle Aufzüge GmbH  
Industriegebiet West  
Dottinger Strasse 65  
D-72525 Münsingen  
☎ (0)7381 930 50  
Tfx (0)7381 930 586  
*Ulrich Mayr*

■ KONE Aufzug GmbH & Co KG  
(Postfach 111137,  
D-60046 Frankfurt/Main 1)  
Kölner Strasse 4  
D-60327 Frankfurt/Main 1  
☎ (0)69 75801-0  
Tfx (0)69 758 01 231  
*Manfred Eiden*

■ KONE Instruments GmbH  
(PF 1840, D-22808 Norderstedt)  
Oststrasse 122  
D-22844 Norderstedt  
☎ (0)40 526 88 20  
Tfx (0)40 526 88 285  
*Dieter Grumbach*

■ KONE Sander Aufzug GmbH  
Wackenbergrasse 112-118  
D-13156 Berlin  
☎ (0)30 477 012 00  
Tfx (0)30 477 012 70  
*Gert Sander*

■ Dipl.-Ing. Selzer Aufzüge GmbH  
Wackenbergrasse 112-118  
D-13156 Berlin  
☎ (0)30 477 011 10  
Tfx (0)30 477 011 70  
*Frank Selzer*

▼ KONE Garant Aufzug GmbH  
Philippstrasse 7  
D-09130 Chemnitz  
☎ (0)371 461 770  
Tfx (0)371 415 384  
*Günter Bemme*

▼ O&K Rolltreppen GmbH  
Nierenhofer Strasse 10  
D-45525 Hattingen  
☎ (0)2324 205 00  
Tfx (0)2324 205 215  
Tx (41) 8229971 okh d  
*Horst Marks*

SLOVAKIA (42-):

■ KONE Lifts s.r.o.  
Puchovská 16  
83505 Bratislava  
☎ (0)7 28 97 84/(0)7 28 73 81  
Tfx (0)7 28 45 36  
*Lubos Lopatka*

SUOMI:

● KONE-konserni  
PL 8  
Munkkiniemen puistotie 25 A  
00331 Helsinki  
☎ (90) 4751  
Tfx (90) 475 4496  
Tx 122848 kone fi

● EleComp  
Munkkiniemen puistotie 25 A  
00330 Helsinki  
P. (90) 4751  
Tfx (90) 475 3097  
*Carl-Göran Karlsson*

■ Hissi-Ala Oy  
Sampsankatu 6  
20520 Turku  
☎ (921) 373 200  
Tfx (921) 377 702  
*Markku Kilpeläinen*

● KONE Elevators  
Component Division North  
PL 670  
05801 Hyvinkää  
☎ (914) 4751  
Tfx (914) 475 3290  
*Teppo Raitis*

● KONE Elevators Export &  
Joint Venture Operations  
PL 8  
Munkkiniemen puistotie 25 A  
00331 Helsinki  
☎ (90) 4751  
Tfx (90) 475 4319  
Tx 122848 kone fi  
*Kari Malmström*

▲ KONE Elevators Northern Europe  
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Munkkiniemen puistotie 25  
00331 Helsinki  
☎ (90) 4751  
Tfx (90) 475 4546  
Tx 122848 kone fi  
*Tor-Erik Sandelin*

● KONE High Rise Centre  
PL 675  
05801 Hyvinkää  
☎ (914) 4751  
Tfx (914) 475 2570  
*Risto Kontturi*

■ KONE Instruments Oy  
Ruukintie 18  
02320 Espoo  
☎ (90) 802 766  
Tfx (90) 802 76 300  
Tx 122441 olli fi  
*Harri Timonen*

● KONE Oy Hissit  
PL 51  
Sturenkatu 21  
00511 Helsinki  
☎ (90) 47551  
Tfx (90) 475 5751  
*Raine-Peter Joutsen*

■ Koneportaat Oy  
Köyhämäentie 17  
01510 Vantaa  
☎ (90) 870 3077  
Tfx (90) 870 3070  
*Pentti Aro*

■ KONE Teräsvalimo Oy  
Merikatu 7  
92100 Raahe  
☎ (982) 22 37 501  
Tfx (982) 22 04 71  
*Risto Roto*  
*Jouko Paulasuo*

SVEITSI (41-):

■ KONE Elevator GmbH  
Rathausstrasse 1  
CH-6340 Baar  
☎ (0)42 31 44 35  
Tfx (0)42 31 71 53  
Tx (45) 865415 elev ch  
*Ernst A. Brandenburg*

▼ MBA-KONE AG  
Kriesbachstrasse 42  
CH-8600 Dübendorf  
☎ (0)1 820 00 21  
Tfx (0)1 820 00 73  
*Heinz Büttler*

TANSKA (45-):

■ KONE Elevator A/S  
Lygten 37  
DK-2400 København NV  
☎ 35 87 80 00  
Tfx 35 87 80 01  
*Thomas Rönnholm*

TSHEKKI (42-):

■ KONE Lifts a.s.  
Pod šancemi 196  
CS-18074 Praha 9  
☎ (0)2 66 31 18 18  
Tfx (0)2 820 867  
*Veikko Sainio*

TURKKI (90-):

■ Tekimal Asansör Sanayi  
ve Ticaret A.S.  
Bulgurlu Cad 32  
Kisikli / Üsküdar  
☎ (0)216 326 18 48  
Tfx (0)216 339 3179  
Tx (607) 24073 mkmk tr  
*Aybars Ertun*

UKRAINA (7-):

● KONE Representative Office  
Ul. Akademika Koroleva, 2-a, kv  
162  
252148 Kiev  
☎ 044 477 67 88  
Tfx 044 477 67 88  
*Erkki Mäkelä*

■ A/O KONE Lifts Odessa  
Hotel Chornoe More  
Ul. Lenina, 59  
270011 Odessa  
☎ 0482 24 01 36  
Tfx 0482 24 00 31  
*Leonid Didichuk*

UNKARI (36-):

■ KONE Elevators Kft  
Bajnok u. 1. fsz. 3  
H-1063 Budapest  
☎ (0)1 131 9333  
Tfx (0)1 269 0164  
*Tomas Permetei*

■ KONE M-Lift Rt  
Felka u. 4. fsz. 2  
H-1136 Budapest  
☎ (0)1 149 8676  
Tfx (0)1 149 5125  
*Gabor Vashegyi*

VENÄJÄ (7-):

■ A/O KONE Lifts  
Ul. 26 Bakinskih Komissarov, 9  
117571 Moskova  
☎ 095 434 52 19  
Tfx 095 434 70 64  
*Sergei Segal*

■ A/O KONE Lifts St. Petersburg  
Ul. Voronezhskaja, 33  
192007 Pietari  
☎ 812 167 03 45  
Tfx 812 167 03 42  
*Veikko Holmström*

▲ KONE Oy:n edustusto  
Chisty Pereulok 11/7  
119034 Moskova  
☎ 095 241 05 66  
Tfx 095 230 24 22  
Tx (64) 413003 kone su  
*Yrjö Krukoff*

▲ KONE Instruments  
Representative Office  
Ul. Lunacharskogo 7/9  
121002 Moskova  
☎ 095 203 5793  
Tfx 095 241 9327  
Tx (64) 413298 noko su  
*Martti Elo*

VIRO (372-):

▼ AS Kandur  
Mustamäe tee 4  
EE 0006 Tallinna  
☎ (2)6 394 173  
Tfx (2)6 394 174  
*Arvo Kost*

POHJOIS-AMERIKA

KANADA (1-):

■ Ascenseurs Drolet KONÉ Inc.  
1730, Ave. Newton  
Quebec, Quebec G1P 4J4  
☎ 418 877 2183  
Tfx 418 877 1493  
*Pierre Laforte*

■ Montgomery KONE Elevator Ltd.  
80 Horner Avenue  
Toronto, Ontario M8Z 4X9  
☎ 416 252 6151  
Tfx 416 252 3624  
*David McFadden*

U.S.A. (1-):

■ Armor KONE Elevator, Inc.  
Westport Bend Commerce Park  
12540 Westport Road  
Louisville, KY 40245  
☎ 502 339 7900  
Tfx 502 339 0412  
*Heikki Poutanen*

■ FHE Services, Inc.  
5-25 51st Avenue  
Long Island City, NY 11101  
☎ 718 361 7200  
Tfx 718 361 7443  
*John M. Kijak*

■ Moline Accessories Company  
325 19th Street  
Moline, IL 61265-1395  
☎ 309 762 6888  
Tfx 309 762 7475  
*John Mann*

■ Montgomery KONE Inc.  
▲ KONE Elevators North America  
One Montgomery Court  
Moline, IL 61265  
☎ 309 764 6771  
Tfx 309 757 1469/1474/1467  
*Heimo Mäkinen*

■ Reagents Applications, Inc.  
8225 Mercury Court  
San Diego, CA 92111  
☎ 619 569 8009  
Tfx 619 569 6208  
Tx (23) 3710730 reagent  
*Craig M. Jackson*

KESKI- JA  
ETELÄ-AMERIikka

ALANKOMAIDEN ANTILLIT  
(599-):

■ KONE Finance N.V.  
Fouress Building, Emmaplein,  
St. Maarten  
☎ 5 23341  
Tfx 5 22672  
Tx 8163 php sxm

ARGENTIINA (54-):

■ KONE Condor Service S.A.  
Concepción Arenal 2481/83  
Capital Federal - Buenos Aires  
☎ 1 771 12 19  
Tfx 1 772 30 49  
*Jayne Pereira Lima*

BRASILIA (55-):

■ KONE Elevadores Ltda  
▲ KONE Elevators Latin America  
Av. Dr. Joao Batista de Souza Soares  
4009  
Jardim Colonia Paraiso  
CEP 12.236-660 Sao José dos  
Campos-SP  
☎ (0)123 31 29 66  
Tfx (0)123 31 94 95  
Tx (38) 123 3392 kone br  
*Roberto Pecchioli*

CHILE (562-):

▼ Fabrimetal S.A.  
San Gerardo, 1125 y 1061  
Recoleta, Santiago  
☎ 621 6052  
Tfx 621-8935  
*Rodolfo Schaub*

MEKSIKO (52-):

■ Elevadores KONE Sabiem S.A. de  
C.V.  
Calle Clavel No. 227, Col. Atlampa  
México D.F., C.P. 06450  
☎ (0)5 541 16 70  
Tfx (0)5 541 51 28  
*Roberto DeMaria*

VENEZUELA (58-):

■ KONE Ascensores C.A.  
(Apartado Postal 60093,  
Chacao, Caracas)  
Calle la Romanilla  
Frente a Savoy, Urb. Horizonte  
Caracas  
☎ (0)2 238 4561  
Tfx (0)2 238 37 85  
*Orlando Alcantara*

AASIA

ARABIEMIRAATTIEN LIITTO (971-):

▲ KONE Middle East  
Gibca Lift Division  
(P.O. Box 21474, Dubai)  
B.M.T.C. Bldg, 1st Floor  
Murraqabat Road, Port Said  
Dubai  
☎ (0)4 69 31 98  
Tfx (0)4 68 17 87  
Tx (893) 49027 kone em  
*Paavo Pelkonen*

FILIPPIINIT (63-):

▼ KONE Machineries Philippines Inc.  
P.O. Box 3555, MCPO 1275  
3rd Floor, Mile Long Bldg.  
Amorsolo St., Legaspi Village,  
Makati, Metro Manila 1229  
☎ (0)2 892 03 06  
Tfx (0)2 892 03 09  
*Steve Ponman*

HONGKONG (852-):

▲ KONE Elevators Asia Pacific  
9/F Tower II, Cheung Sha Wan Plaza  
833 Cheung Sha Wan Road  
Kowloon  
☎ 2 786 65 00  
Tfx 2 786 32 93  
*Neil J. Padden*

■ KONE Elevator (H.K.) Ltd.  
9/F Tower II, Cheung Sha Wan Plaza  
833 Cheung Sha Wan Road  
Kowloon  
☎ 2 786 65 00  
Tfx 2 786 31 25  
Tx (802) 36274 kone hx  
*David Fryers*

INDONESIA (62-):

▼ PT KONE Indo Elevator  
Jl. Raya Rungkut Menanggal 11  
Surabaya 60293, East Java  
☎ 31 81 72 78 tai 31 81 68 15  
Tfx 31 83 89 76  
Tx (73) 33226 hartie ia  
*Matti Hyytiäinen*

INTIA (91-):

■ KONE Elevator India Ltd  
Plot 50-55 and 58  
Vanagaram Road, Ayanambakkam  
Madras 602 102  
☎ (0)44 625 74 19  
Tfx (0)44 625 72 35  
Tx (81) 4122023 beko in  
*A. Sankarakrishnan*

JAPANI (81-):

■ KONE Japan Co., Ltd.  
4-4-12 Iidabashi, Chiyoda-ku,  
Tokyo 102  
☎ (0)3 3237 9500  
Tfx (0)3 3237 9355  
*Yasuyuki Oda*

KIINA (86-):

■ KONE Elevators (Shenzhen) Co. Ltd.  
Room 1608-C Shenzhen Tian An  
International Building  
South Renmin Road  
Shenzhen  
☎ 755 229 52 51  
Tfx 755 229 90 97

KOREA (82-):

● KONE Corporation Korea Office  
Room 602, Kyung Kee Bldg,  
112-10 Sokong-Dong, Chung-Ku,  
100-070 Seoul  
☎ (0)2 775 52 92  
Tfx (0)2 775 20 16  
*H. D. Choi*

MALESIA (60-):

■ KONE Elevator (M) Sdn. Bhd.  
122-124, 3rd Floor  
Taman Sri Setapak  
Jalan Gombak  
53000 Kuala Lumpur  
☎ (0)3 42 42 855  
Tfx (0)3 42 48 842  
*A. K. Tan*

SAUDI ARABIA (966-):

▼ Arabian Elevator & Escalator  
Co. Ltd. (AREECO)  
(P.O.Box 14326, Jeddah 21424)  
Villa No. 36 Near Sands Hotel  
Al-Andalus Street,  
Jeddah  
☎ (0)2 660 88 06  
Tfx (0)2 661 0373  
Tx (495) 607 431 areeco sj  
*Fahad I. Mira*

SINGAPORE (65-):

■ KONE Elevator Pte. Ltd.  
510 Thomson Road  
#09-02 SLF Building  
Singapore 1129  
☎ 258 56 22  
Tfx 258 87 34  
*Johnson See*

TAIWAN (886-):

■ C&N Products Corporation  
3rd Floor  
No.7 Sec.2 Nanking East Rd.  
Taipei  
☎ (0)2 563 11 30  
Tfx (0)2 563 77 01  
*Randall Leu*

THAIMAA (66-):

▼ Thai Lift Industries Public Co. Ltd.  
254 Rimklongprapa Road  
Bangsue, Bangkok 10800  
☎ (0)2 585 4600  
Tfx (0)2 587 4795  
*Yuth Tuangtong*

AFRIKKA

EGYPTI (20-):

▼ Maryat & Scott Egypt S.A.E.  
(P.O. Box 104, Dokki, Cairo 2)  
20 Abu Bakr El Seddki St/Dokki  
Mohandessin  
☎ (0)2 70 32 26  
Tfx (0)2 71 56 34  
Tx (91) 92198 ramse un  
*Mostafa El Nahas*

ETELÄ-AFRIKKA (27-):

▼ Sabiem Elevators (Pty) Ltd  
Cor Hilliard & Earp Street Ophirton  
Johannesburg 2001  
☎ 11-4937539  
Tfx 11-4937708  
*Jack Ligetti*

OSEANIA

AUSTRALIA (61-):

■ KONE Elevators (Australia) Pty. Ltd.  
Level 2, 60 Pacific Highway  
St. Leonards, NSW 2065  
☎ (0)2 906 9800  
Tfx (0)2 906 4229  
*Trevor Nink*

UUSI SEELANTI (64-):

● KONE Elevators (Austr.), NZ Region  
Level 5, Babbage House  
15 Hopetoun Street  
Newton, Auckland  
☎ (0)9 303 2040  
Tfx (0)9 309 3882  
*Alan Wilson*