KONECRANES

Annual Report 1999

STRATEGIC CORNERSTONES

We want to create a steadily increasing shareholder value. To achieve this we take good care of our customers and our people. We also increase value through increasing operational efficiency, through organic growth and through select acquisitions. We increase stability by systematically reducing the effects of cyclical swings.

Increasing the operational efficiency

KCI Konecranes' globally integrated production and purchasing provide lower costs through economy of scale. Modular design concepts facilitate standardisation of components. We use modern technology, such as IT in maintenance services for timely and accurate response, and computer and electronic controls for superior product features and lower production costs. We constantly invest into production machinery and methodology to retain our cost leadership.

Growing the business organically

KCI Konecranes' prime source for organic growth is its presence in the maintenance services business. World wide, there is a trend towards increased outsourcing. A vast majority of all crane maintenance is still carried out by crane operators' own staff. Our professional approach greatly reduces maintenance costs and gives advantages, such as increased uptime for customers' own processes. Crane Maintenance is a growth business. Our growing presence in maintenance supports also growth within equipment sales.

Growth through acquisitions

KCI Konecranes is one of the leading actors in the world in its business, in some sectors the world leader. This position creates a comparative strength in relation to the competition. The crane industry including the maintenance industry is still fairly fragmented. There are opportunities for acquisitive growth within the industry.

Reducing cyclicality

KCI Konecranes reduces its exposure to regional and industrial cyclicality by having a strong market presence in all major crane using industries and in more than 40 countries, all with their specific cyclical patterns. The maintenance business is to some extent counter-cyclical to new crane sales. Also, we develop globally functioning operational systems, enabling swift redeployment of resources and our product offering is globally uniform allowing optimal international capacity utilisation.

CONTENTS

KCI Konecranes in brief

KCI Konecranes is a modern Engineering Company specialising in electromechanical overhead lifting solutions and maintenance services. KCI Konecranes is the global leader as a full range supplier of overhead material handling equipment and related services. KCI Konecranes has over 4000 employees and is present through its own personnel, through agents and through other representatives in over 40 countries all over the world.

KCI Konecranes is the leading provider of maintenance services for electric overhead travelling (EOT) cranes and a forerunner in applying IT-solutions in maintenance. Crane maintenance is provided for all crane makes.

KCI Konecranes competes in all parts of the industrial and harbour crane market. The product range covers all overhead lifting solutions and componentry from fraction-ton chain hoist blocks to process industry cranes of several hundred tons of lifting capacity and up to the largest shipyard cranes and special cranes. KCI Konecranes is the leading manufacturer of engineered heavy-duty cranes for process industries and shipyard cranes. The company is one of the worlds largest in Standard EOT and component supply.

The KCI Konecranes Group is organised along three Business Areas - Maintenance Services, Standard Lifting Equipment and Special Cranes. Globally, the Business Areas are linked to each other with a high degree of internal synergy. Market presence through maintenance services supports equipment sales and R&D. R&D innovations break ground for new customers both in cranes and in maintenance. Finally equipment sales, again, promote maintenance services. The synergies between crane sales and maintenance services pave the way for KCI Konecranes' lifting solutions concept.

Business Idea

We want to be in the business of machine powered lifting. In this area we maintain a unique competence. We have a complete product range covering all lifting solutions and componentry and we provide the latest technology in crane maintenance. This combination ensures that crane users can benefit from a single source supplier in all their crane-related needs. We provide lifting solutions for all major crane-using industries around the globe.

Our maintenance business is not a manpower-business. Instead, we are in the business of professional services, which improve our customers' operations and provide them with substantial savings. We are not in the business of vehicle mounted cranes nor in construction cranes (tower cranes). We do not trade in used equipment.

KEY FIGURES

		1999	1998
Sales	MEUR	591.5	597.0
Operating profit	MEUR	32.1	42.6
Net income	MEUR	21.8	31.4
Earnings / share	EUR	1.48	2.09
Equity / share	EUR	9.27	8.75
Return on capital employed	%	21.7	32.6
Return on equity	%	16.3	25.7
Current ratio		1.7	1.3
Solidity	%	42.2	47.0
Gearing	%	35.8	7.2
Personnel at year end		4,044	4,052
Dividend proposal	MEUR	10.4 *	10.7
Dividend / share	EUR	0.71*	0.71

* The Board's proposal

Shared values

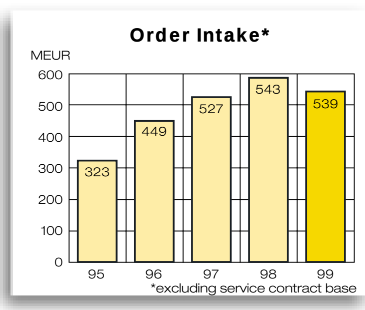
Trust in People, Total Service Commitment and Sustained Profitability, form the Group's shared values.

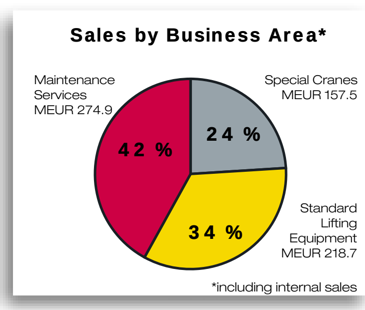
We want to be known for having good people, be famous for always keeping our promises and to be recognised as a financially sound company.

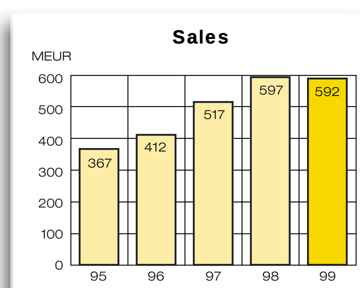
KCI KONECRANES 1999

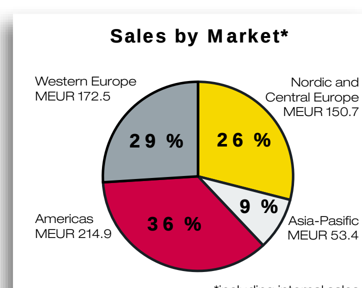
Highlights in 1999

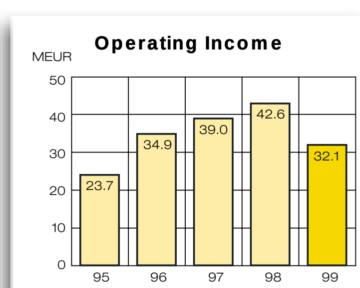
- Maintenance Services and Standard Lifting Equipment continue to grow
- Fast growth in Germany
- Bridgehead in Italy
- Other markets compensate for decline in Asia
- Special Cranes low first six months, record second six months
- Explosion proof technology was added
- New products in the pipeline

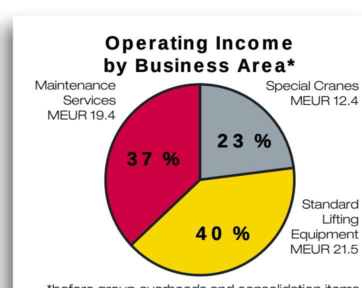












PRESIDENT'S LETTER TO SHAREHOLDERS

" KCI Konecranes' share has a good liquidity. 88 % of our outstanding shares changed hands during 1999. The Group welcomes all its new shareholders! "

Dear Shareholder,

1999 saw some dramatic developments for KCI Konecranes. The beginning of the year was not good. Order intake declined and activity was low. Gradually the scene changed, and during the second half of the year the activity was record high.

The Asian financial crisis of 1997 had an impact on investment goods market that was stronger than we had expected. Group Sales in Asia declined with 43 % compared to 1998. Asian instability caused caution in other parts of the world and many of our customer industries took an attitude of wait and see. Our markets – maintenance being the exception – were largely on hold everywhere around the globe.

Our strong market presence through maintenance and equipment still gave us a growth opportunity in non-Asian markets. In Scandinavia growth was over 8 %, in Western Europe 5 % and in North America over 7 %. The growth was mainly organic. As markets generally retracted our growth signals stronger markets shares.

Results 1999

Total sales remained almost exactly on 1998 year's level. The Group always targets growth and we are naturally not very proud of our performance. There is still a reason for satisfaction. In spite of a generally slow market we managed to compensate for all of the decline in Asia.

The Group still enjoys a good profitability. The return on total assets is 22 % and return on equity 16 %. Operating income, however, declined with a total of 10.5 million euro. The decline was not caused by lower running rate profitability. Instead, the decline relates to lower sales during the first 6 months and a non recurring increase in fixed costs due to Group ambitious development projects.

IT-development efforts during 1999 focused on the large scale project in Maintenance Services, the software project Omniman. Today, separate maintenance units feature largely different result levels. With the Omniman, separate maintenance units will get strong support for their performance improvement. Omniman will expedite our training efforts as it improves our ability to access data. This will in turn support future growth.

KCI Konecranes' biggest R&D effort ever focuses on a completely new standard hoist product line. The line will

be presented in the Hannover trade fair during the spring in 2000. The new hoist line will constitute the basis for future standard lifting equipment programs. The hoist features superior performance in comparison with today's equipment. It is a thoroughly modern design, purpose built to fully benefit from modern machine construction technology. As the new hoist line goes into production, we will also rework our production process. We have identified a number of rationalisation opportunities for margins growth. Implementation has started and will be completed within 2001.

Order intake within Special Cranes was very uneven. The resulting loading imbalance naturally impacted the operating margin. Including costs for restructuring Asian operations, operating income fell with 24 % compared to 1998. In spite of competitors seeking to compensate for lost Asian sales by increased competition in Europe and America, we were able to maintain margins on single orders. The lower operating income is, in its entirety, a consequence of lower sales and corresponding lower fixed costs absorption and Asian restructuring changes. We achieved good results by broadening our markets to new areas, and by avoiding direct pricing wars. We also saw the benefits of being able to offer our customers a modern high performing product range. During the second half of 1999 margins already strengthened over the level of 1998.

Innovations

The Group increased its R&D investments. Systems investments also continued. The Omniman within Maintenance fully uses modern IT-tools and Internet technology. The project would have been impossible without a modern IT environment.

The new hoist line is based on the Group's internal innovation power. The design comprises new patented mechanical solutions. The control technology was developed in collaboration with a strategic partner, in which the Group holds an equity position.

Our development work within the area of control technology has been of key importance for the Group. The control technology in the end totally determine crane performance, and form the interface towards the customer's other process control. The new control technology offers a number of advantages: the design is simple and straightforward and thus service friendly, it gives better precision for equipment movements and it is more reliable than before. The new technology is suitable for remote control and remote trouble shooting over IT. Remote trouble shooting opens new interesting possibilities for Maintenance Services. As a consequence of precise control, structures may be simplified and lighter, with substantial cost savings.

Group Structure

Our entry into Germany is a success story. During 1997 we had acquired MAN SWF Krantechnik, the component manufacturer. At the end of 1998 the Group acquired the standard crane company Trost & Hilterhaus. German Maintenance Services, already featuring branch offices in 10 cities, operate under the new name Pro Kran Service. In December we agreed to acquire German special cranes company Kulicke in Berlin. The deal closed in January 2000. All our Business Areas now have a presence in Germany. The German crane market is by far the biggest in Europe, and we are now after already having had strong organic growth the third largest crane company in Germany.

During the year we acquired our first bridgehead into Italy through acquiring a minority stake in Italian crane maker PRIM. PRIM became our licensee in standard cranes. In Belgium we acquired our licensee's business. We ceased to operate in Venezuela and Colombia, due to unacceptably high risk exposure. Our presence is now continued by a licensee.

Outlook

In spite of hard work that led to a good development during the second half of 1999, we fell short of our goal. Our personnel showed an impressing energy and innovation in turning the development. The Group today is stronger than ever. There is therefore reason for optimism regarding the future. KCI Konecranes has good motivated people, a strong financial position, a production instrument in top gear and the market's newest and most powerful product range. Our market shares increase and Asian markets start to wake up. We must also not forget the teachings of 1999. We must continue to develop our Group towards agility and fast response.

Our shareholders have appreciated our efforts to grow our future profit capacity. For this we thank you.

Also all people of KCI Konecranes deserve a warm thank-you-very-much for work well done.

Stig Gustavson, President and CEO

PERSONNEL AND RESEARCH & DEVELOPMENT

Human Resources –The key to our success

KCI Konecranes operates through its own personnel and agents in over 40 countries and in at least as many cultures. Our client base represents a large number of different industrial activities, each having their own ways of operation. We interface with our customers in connection with their large investment projects as well as in connection with their day to day operations. As we grow and expand, we constantly encounters new operating surroundings and challenges. Only a professional and well-motivated personnel succeeds in facing these challenges. KCI Konecranes continuously invests into the development of its human resources. Personnel development is not only targeted towards improving professional skills but also towards understanding local habits and cultures.

Personnel

At the end of 1999 KCI Konecranes had 4044 employees. The net decrease was 8 persons. 112 persons joined KCI Konecranes as a result of acquisitions, whereas 210 persons left the company following demergers of non-core activities and rationalisation. Business Area personnel numbers are (previous year numbers in parentheses): Maintenance Services 2261 (2349), Standard Lifting Equipment 1134 (1042), Special Cranes 542 (550). Total Headquarter staff is 107 (111). Personnel by region: Nordic and Central Europe 1654 (1639), Western Europe 1180 (1203), America 961 (940) and Asia-Pasific 249 (270).

Timo Harjula and Paul Kivistö, both Research Engineers, studying the Programming Logic Control (PLC) software, that controls the functions of the crane.

Resources Development

Our training efforts concentrate on two areas, on one hand developing and sustaining the KCI Konecranes' Service Technicians' unique set of skills and on the other providing business training for middle and top management focusing on KCI Konecranes' business concept.

For other training, such as general technical and business skills, we co-operate with vocational schools and universities and other professional training providers.

Basic training includes a good amount of safety training and training in safe work practices. Product training also starts from the very first basic training and forms an organic part of all future technical training.

Basic Service Technician training is performed within our local (national) service companies. We aim at providing a minimum of one week training per professional technician/year.

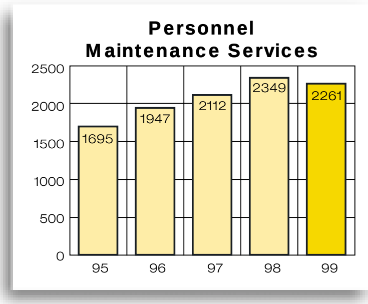
Our Senior Service Technician development program TechTrain, continued for its fifth year. Over one hundred technicians have passed the two-year program over the years. During 1999 the responsibility for the program was transferred from Headquarter to Regions. KCI Konecranes now has training centres in USA, Finland, Sweden, Great Britain and Thailand. Targeted for the next addition is Germany.

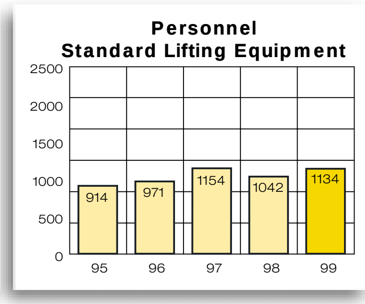
For higher education, we encourage and sponsor our staff to join university programs. In all, 53 persons either participate presently or have already graduated. So far the program has produced 16 BSc (Eng.) degrees, 18 MSc (Eng.) degrees and four Ph.D. degrees.

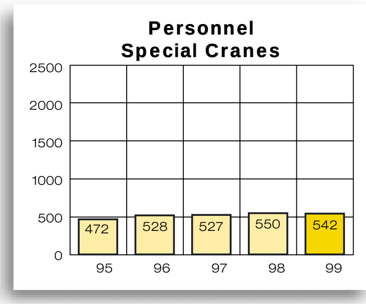
KCI Konecranes' middle management development program, the KCI Academy, runs in its third year. Responsibility for this program is shared between Headquarter and Regions. The program presently has 200 participants. The curriculum covers business and human skills.

A program for Group top management will start in early 2000. The program is managed in collaboration with IMD, Lausanne, Switzerland.

The single largest training endeavour in 1999 focused on the ERP project "Omniman". The Omniman will form the basis for the global harmonisation of our Maintenance Services operations. Some 1750 classroom days were spent during the first months of training in the US and Canada. Following America the training will continue during 2000, first in Europe and then in Asia.







Incentive schemes

KCI Konecranes has several incentive schemes in place for its personnel. A majority of KCI Konecranes' personnel are participants of bonus or other result dependent incentive programs. A possibility to benefit from a favourable development in the KCI Konecranes share is provided through option programs. Altogether 382 persons are members of the two Share Option Programs, which were launched in 1997 and 1999 (for more details on the Option Programs see page 52).

Co-operative procedures with personnel

KCI Konecranes encourages informal collaboration between all groups of personnel in cross-organisational teams and trans-functional task forces.

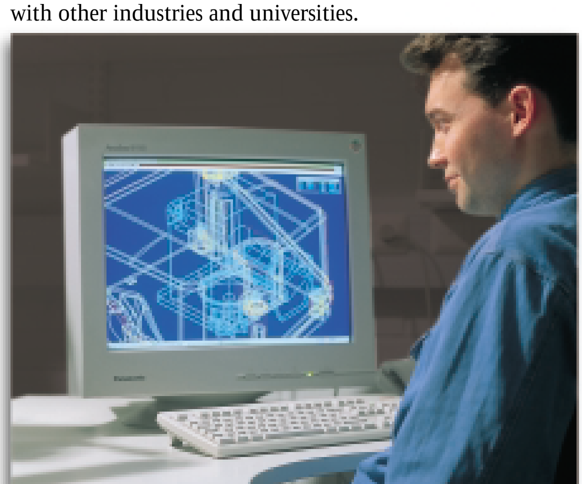
KCI Konecranes endeavours to comply with all local established ways to co-operate with its employees. In Europe the European Works Council completed its first three-year term in 1999.

Global Co-operation

With over 60 years of experience as a crane supplier and a leading provider of crane maintenance services KCI Konecranes is leading the way world-wide in crane technology. KCI Konecranes' R&D department co-operates with the state-of-the-art suppliers of strategically important componentry. A majority of all long-term supply contracts for the production units are made in conjunction with development projects. KCI Konecranes is actively involved in the development work and decision making in the following organisations: ISO, CEN, FEM, HMI and CMAA. The latest international norms and directives of the European community that apply to cranes are a result of this work. The know-how of the R&D personnel is maintained through several educational programs provided specifically for KCI Konecranes by universities. KCI Konecranes participates in joint research projects with other industries and universities.

Research and Development

The KCI Konecranes R&D centre is part of Group Headquarter functions. The centre features two departments of which one specialises in electronic design and computer software development, whereas the other specialises in mechanical design. The R&D centre also features a well-equipped lab for all conceivable testing situations. The centre works in close co-operations with technical universities with which the centre has entered into permanent support agreements. It also participates in R&D projects under national and EU sponsorship. Thus, KCI Konecranes has access to advanced research facilities and world-class researchers. Much of the work is team-based. R&D teams are supplemented with KCI Konecranes' own field personnel, which keeps the R&D personnel's feet firmly on the ground.



An enthusiastic staff and modern tools are the base for successful R&D work. In the picture R&D Engineer Johannes Tarkiainen is designing the junction box for a hoist.

Working Method

In R&D projects, a method of concurrent engineering is applied. This has enabled KCI Konecranes to reduce significantly project throughput time. The research teams consist of specialists from the R&D centre in Finland and from business area units around the world. The specialists working in the R&D centre are experts in key technologies. Production experts are gathered from our main production sites and sales and marketing know-how through specialists from sales companies.

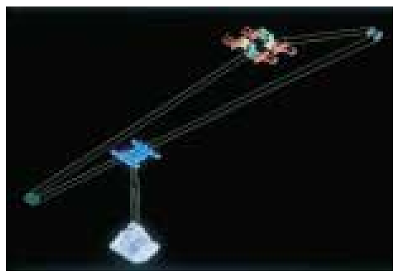
R&D Results in 1999

Here we disclose only R&D-projects that have led to new product introductions. The R&D-work is to a large extent forward looking and therefore confidential.

Within the Standard Lifting Equipment business area, several new products were completed. Girder profiles, support and joint parts of the light crane system were renewed. The new range of light cranes has a lighter structure, and shorter delivery times can be offered. A new generation of winch machineries was completed for the Verlinde Brand. Within Standard Lifting Equipment, a completely new range of AC frequency control systems (DynaMove and DynaLift) for the capacity 0.75 kW – 45 kW were developed both for lifting and travelling motions.

New AC frequency control systems for the power range 250 kW to 800 kW were developed for the Special Cranes Business Area to complete the existing sub 250 kW product line. The system also includes field bus controls. Regenerative braking units, developed during the year, reduce the crane's energy consumption. The new solutions are suitable not only for large process EOT cranes, but also for harbour cranes, rapidly replacing traditional DC controls.

Konecranes VLC successfully commissioned an innovative ship grab unloader for bulk materials mainly used in coal terminals. The unloader features only 4 main drive units, which take care of simultaneous vertical and horizontal movements and grab open-close function. The amount of ropes and machinery is only half of what is used in a traditional design. The ship unloader's weight was reduced by approx. 20 %. This substantial weight reduction (one unloader typically has a weight of 1000 to 1200 tons) translates not only into favourable production costs. As wheel loads on jetties are reduced it also reduces the harbour's (i.e. the customer's) cost for his infrastructure. The critical parts of the machine are patented with patents covering AC frequency control drive methodology for machinery dynamics. The first unloader of this kind was commissioned in the Port of Pori in late 1999. After an installation time of only 8 days, the crane immediately set a production record for units of its type.



The innovative AGD ship Grab Unloader's unique winching machinery layout.

Modern crane controls are substantially more reliable compared to older electromechanical designs. However, the new designs also require a different type of environment to perform well. Often, in old plants, for optimal operation, the environment and not only the crane needs to be thoroughly tested at commissioning.

R&D created a diagnostics system named CART for trouble shooting in sophisticated cranes. CART is based on fast measuring technology, field bus data communication, strong computing power and powerful analysis software. The reasons for random electric disturbances in cranes or electrical supply grids are detected. CART is capable of analysing hundreds of functions with extremely high resolution, prior to, concurrent with, and after the occurrence of any irregularity.

CART has been installed and successfully used in recent special crane deliveries. The system records continuously the crane's functions and status including operator performance. If an irregularity occurs, the data can be transmitted through data communication lines to research or service centres where experts are available for quick analysis for remedial actions and instructions to field service staff. In this way, potential production interruptions can be kept at a minimum.

R&D renewed its technical in house calculation programs. New software for the calculation and selection of hoisting and travelling machinery drive systems were made available for all business units. Standard crane companies started to use fully modernised design configurators and sales software.

R&D Investments

The development costs were EUR 7.8 million, the growth was 7.9 % compared to 1998. These investments mainly relate to the Standard Lifting Equipment Business Area and represented 3.6% of Standard Lifting Equipment sales (resp. 1.3% of group sales). Costs for the Omniman project are not included. A new R&D building was taken into use in the beginning of 1999.

KCI Konecranes

business areas

Maintenance Services

Crane inspections
Preventive Maintenance
Repairs and On-calls
Modernisations
Spare Part Service

KCI Konecranes is the leading provider of Maintenance Services for Electric Overhead Travelling (“EOT”) cranes in the industrialised world and a forerunner in maintenance technology. Our Maintenance Services activities include inspections, preventive and predictive maintenance, advisory services, spare and wear parts services, repairs and on-call services, upgrades and modernisations. KCI Konecranes has over 200 service branches in the industrialised world and we provide maintenance services for all crane makes.

Standard Lifting Equipment

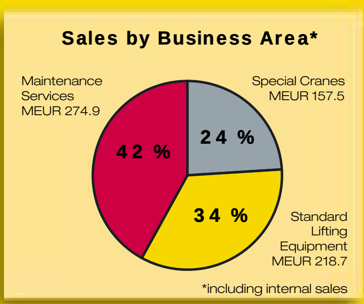
Standard Cranes
Modular Cranes
Wire Rope Hoists
Chain Hoists
Standard Components

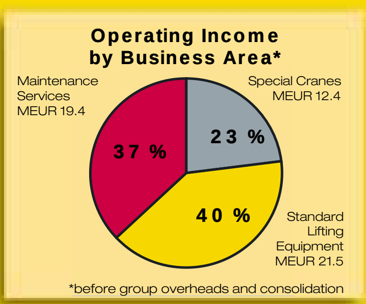
KCI Konecranes is one of the largest standard EOT crane and component producers in the industrialised world. The Standard Lifting Equipment Business Area includes electric chain and wire rope hoists, light crane systems, standard and modular cranes and a wide variety of crane componentry. The customers for this Business Area include a large variety of manufacturing industries. The cranes are used as part of a production process, for through the air transportation over short distances. Standard cranes are also used for auxiliary processes for maintenance or for standby purposes, whenever heavy lifting is required.

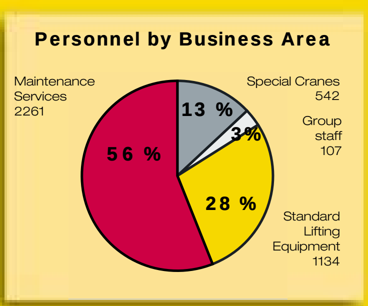
Special Cranes

Harbour Cranes
Terminal Cranes
Shipyard Cranes
EOT Process Cranes
Heavy Duty Components

KCI Konecranes is a leading manufacturer of industrial and heavy-duty engineered cranes and a leading supplier of Shipyard Cranes. KCI Konecranes also has a strong global presence in harbour cranes for bulk materials and containers. Special Cranes’ customers represent all form of industrial activity, such as power stations, steel mills, container terminals, shipyards, waste- to- energy plants and paper mills. The Special Cranes Business Area is organised into two sub-segments, Industrial Cranes on one hand and Harbour-and Shipyard cranes on the other.

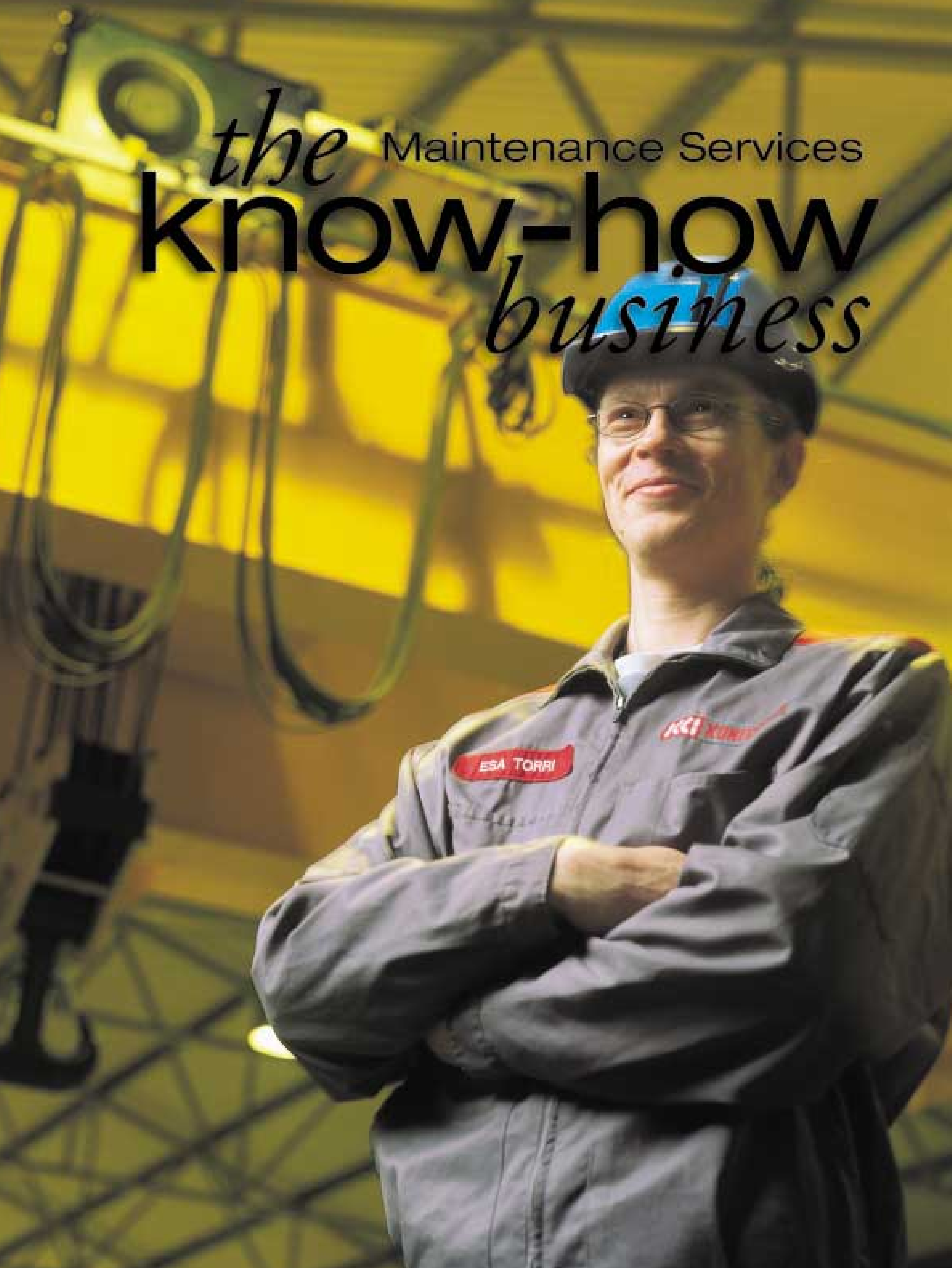






the know-how business

Maintenance Services



Our Maintenance Services cover all activities, necessary for trouble-free crane operation from initial commissioning to the end of the crane's economical life. KCI Konecranes is a forerunner in applying modern IT-tools in its maintenance activities for timely and accurate response.

A growth industry

Throughout the industrialised world there is a strong trend for industries to outsource peripheral activities. Increased outsourcing provides a strong growth element for Maintenance Services.

In cranes, professionally handled maintenance not only saves costs, but it also contributes to increased earnings in the customer's core activity. Professional maintenance is not only about getting a failure repaired as soon as possible after it has occured. Instead, KCI Konecranes professional maintenance focuses on preventing failures ever to happen, thus increasing the uptime and availability and thereby the profitability of the customer's core activity.

Other drivers for the growth in outsourced Maintenance Services relate to more stringent safety standards and liability concerns. Also, increased technical complexity contributes to increased tendencies towards outsourcing the crane maintenance. Strongest growth leaps are generated when large customer companies decide to terminate their own maintenance functions and go for purchased professional services. KCI Konecranes has contributed to this growth through its successful operations.

In North America outsourced maintenance covers approximately 25% of the total active crane population. In Europe and especially in Asia that part is smaller. Globally operating companies, however, help spreading outsourcing practices to these areas also. The focal point of KCI Konecranes' Maintenance Services differs regionally depending on the maturity of industrial culture and development. In North America outsourcing is common practice. In northern Europe the process industries are leading the way towards outsourcing. In southern Europe and especially in Asia the emphases is still on repair and on-call services and spare parts support.

The bottleneck for our growth in the maintenance services industry, however, is the availability of skilled workers. Unemployment rates in many markets, most notably in the U.S., are at historically low levels making professional labour an even more valuable asset. KCI Konecranes has met these challenges and has built a workforce with the highest level of professional skills in the industry. With the proven track record of growth and profitability KCI Konecranes has been able to attract and retain managerial and technical staff and has maintained the growth momentum. KCI Konecranes' ability to recruit is the key to the future growth.

The know-how business

KCI Konecranes approach requires a good amount of professionalism from its service technicians. In 1999 we continued to invest in human resources and management information systems. Our approach to maintenance strongly emphasizes performance prediction and early trouble prevention. Problems generally do not occur at random. Instead, there are numerous indicators from which a trained eye may draw conclusions and predict future performance and spot risks.

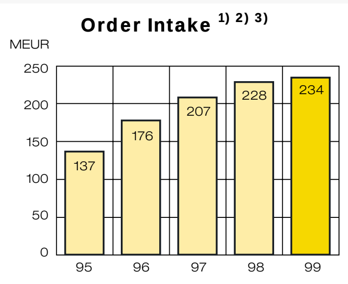
After inspection of the crane and thorough analysis, all service work may be systematically planned and scheduled. Work being well planned, quality is better compared to hasty "fire-fighting" repairs when a problem already has occurred and a production interruption is a fact. All activities are planned to suit the customer's production schedules for minimal disturbance. The availability of spare parts and tools as well as the necessary skills for the work can be secured. Thorough inspec-

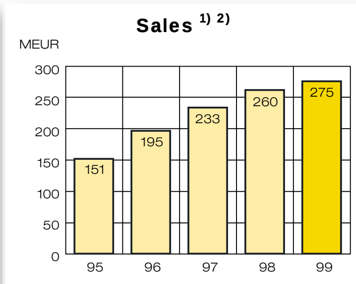
Esa Torri, service technician, has maintenance experience from a variety of industries and processes in different countries.

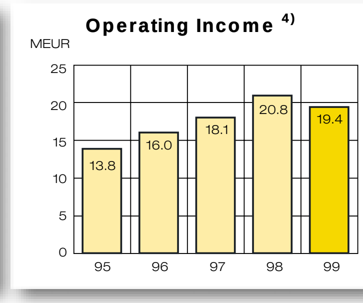
1. We have developed remote diagnostic tools and the full advantages of mobile communication and Internet are utilized. Application Development Engineer, Timo Soukkio, assisting our service technicians in troubleshooting.

2.-3. Supervisor Pasi Peltola is taking measurements in a harbour crane E-room.

MAINTENANCE SERVICES







1) including group internal
2) 95, 96, 97,98 at historical exchange rates
3) exluding service contract base
4) before group costs and consolidation items

tion and analysis also help avoid another costly feature typical to unprofessional maintenance, that of unnecessary maintenance. Parts need to be changed only close to the end of their economical life.

Modern IT-tools in maintenance

During the year KCI Konecranes made significant investments in management information systems (the Omniman project). The maintenance process is highly dependent on information processing. A crane consists of a large number of parts and subassemblies, all with their specific reliability and maintenance characteristics. The crane specific data has to be combined with data from the process the crane is serving and further combined with data gathered through experience. Only then it is possible to develop a right sized efficient maintenance program for maximimum uptime and operational efficiency.

The Omniman system will integrate vast databases and deliver information to our technicians around the globe allowing them to analyse virtually any type of managerial or technical solution. Omniman will further improve our ability to access and systematically process crane condition information. Using a common platform we are able to deliver a consistent product across the globe. We will be able to enhance our growth capabilities, as convenient access to relevant information will expedite employees' learning curve.

The new CART- analyser is described under the R&D section. The CART is a tool especially well suited for the age of modern computer controlled equipment. It combines the high capabilities features with the automation needed to enable scanning very large amounts of primary data. The CART is also a good example of another trend in crane maintenance. Using modern IT technology, the crane experts no longer have to travel to the crane. Instead, field technicians with good general knowledge have immediate access to specific expertise thousands of miles away, often on another continent.

Crane maintenance has also made it into the Internet age. Under the Omniman, spare parts are managed using global Internet based access systems for best availability.

Performance 1999

Sales grew with 5.9 % and orders with 2.7 % corrected for the sale of the British Hire operations and other activities soon-to-be-disposed-of, core maintenance activities grew their sales with 11.7 % and orders (w/o service agreements) 6.6 %.

The fastest growth was recorded in America, but other areas also posted growth. Only Asia-Pacific remained at previous year's level. The most important long-term indicator, the number of cranes under maintenance agreement, increased with 11.4 % and stood at 167,447 at year-end.

Operating income is still burdened by losses in France and restructuring charges in Great Britain. Indirectly the Omniman development project had an impact on Business Area income, as key resources were committed to the project, especially in North America. When numbers are corrected for capital gains from the sales of British Hire operations in 1998 and the performance of soon-to-be-disposed non-core activities, core maintenance operations performed very well in 1999 compared to 1998.

Outlook

The positive growth in the maintenance contract base, together with 1999 acquisitions and the acquisition of German Kulicke company which closed in January 2000 create good growth prospects for the year 2000.

The new Omniman software which will facilitate an increased efficiency in utilising existing maintenance agreement base and installed crane base, and restructured operations in France and Great Britain both create opportunities for margin.

MAINTENANCE SERVICES

1. Our Service technicians need to be on standby for service calls 24 hours.

2.-3. Modern maintenance is all about predicting and preventing problems on beforehand and thereby preventing failures ever to occur. Conventional tool kits have been upgraded to suit the requirements of today's maintenance. The Modern Maintenance Tools include also PC's and Programming Tools, mobile phones, modems, dataloggers, recorders, graphical multimeters etc.

On the picture a modernised slewing crane is being transported to Swede Harbour in Malmö, Sweden. The crane was modernised due to large damages caused by the collision between the crane and a bulk carrier. It included new bogies, flexible supply cables, a new main switch centre and walkways.

The modernisation of old lifting equipment forms an important part of all maintenance activities especially in Asia and Eastern Europe.


Standard Lifting Equipment
versatile
solutions

STANDARD LIFTING EQUIPMENT

Standard Lifting Equipment is separated from Special Cranes at approx. 50 tons of lifting capacity but for light duty applications the range covers up to 80 tons of lifting. Standard Lifting Equipment includes electric chain and wire rope hoists, light crane systems, standard and modular cranes and a wide variety of crane componentry.

Solutions for every need

Cranes are designed to work as an integral part of the customer's industrial process. The supplier's ability to design a crane specifically for a certain usage is critical for the success of that supplier. However, a majority of lifting needs in most industries can be solved by using standard, off -the-catalogue equipment and designs. The number one requirement is therefore the supplier's capability to compile a total program of modularised crane components from which the customers' various needs may be met. Another vital requirement is related to production costs. The markets for standard cranes are well served with several competitors. Low production costs are therefore essential for the success in this highly competitive market.

KCI Konecranes' standard lifting equipment range covers a wide selection of solutions. It starts from 125 kg lifting capacity chain blocks and go all the way to double girder cranes of 80 ton lifting capacity. Applications go from explosion proof equipment for toughest possible environments to lifting applications for the show business, for use on stage in theatres. We also offer a full range of control equipment, from normal pendant push-button controls to infrared and radio control. The offering also includes a wide range of automation solutions.

During 1999 we completed the light crane system range by adding new products to the high capacity end. Light cranes are typically used as workstation cranes for handling heavy work pieces in machining or assembly operations. In 1999 explosion-proof technology was added. With this addition KCI Konecranes now possesses its own technology in this niche market. Previously KCI Konecranes supplemented its own offering by re-branding products offered by its competitors.

Modularity – a key to efficient production

KCI Konecranes was early to introduce a concept based on modularity in production. Early on we faced a disadvantage of a 2-3 weeks longer delivery period to our markets compared to our main competitors. We also were expected to offer a full range of solutions in spite of our at that time modest production volume. Our solution to the problem was to go for total modularity. Various components and subassemblies are utilised in a number of applications, thereby increasing single component manufacturing volumes. Other modular benefits include scale benefits in procurement and substantial savings in tooling and work-in-progress.

KCI Konecranes also early adopted the concept of parallel production, where parts and subassemblies are produced in parallel lines, to meet for final assembly close to final shipment. The parallel principle does not offer significant cost savings over the more traditional, sequential production principle. However, it has given us much greater flexibility for adapting to changing market conditions.

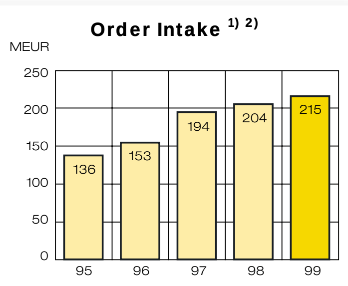
Multi-brand marketing for market coverage

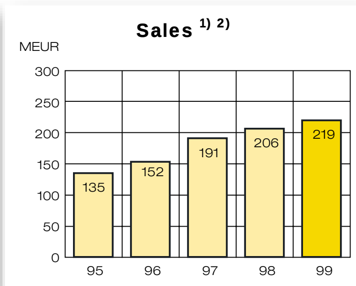
The access to the markets for lifting appliances is either through an integrated or a non-integrated offering. In the integrated mode the component builder builds the crane, sells it directly to the final user and often also provides after market services, through one outlet. The non-integrated offer features a crane

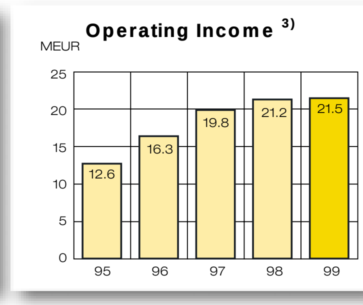
Rope drums for standard hoists.

1. *Marianne Pietikäinen, KCI Hoist Corp., assembling the (XL) wire rope hoist.*
2. *Several hundreds of crane component packages are shipped every week to serve the global markets. Efficient logistics means good customer service.*
3. *A hoist moving on the crane structure. The advanced design results in low headroom requirement and maximises free space utilisation in buildings.*

STANDARD LIFTING EQUIPMENT







1) including group internal
2) 95, 96, 97,98 at historical exchange rates
3) before group costs and consolidation items

builder, acting in a local or regional market, with good access to a local clientele but without sufficient size to be able to efficiently produce his own crane components. Each channel to the market offers specific advantages.

KCI Konecranes trades standard lifting equipment using four different brand names, all with their distinct profiles. The Konecranes brand is used for our integrated offering, where crane components, the crane itself and after-market services are brought to market in one integrated offering targeted for the final user.

Three other brands, SWF- the German brand, Verlinde - the French brand and R&M - the American brand, all sell through crane builders and dealers, in a non-integrated approach to markets.

All product lines utilise a common technical platform, which enables production to reach scale benefits in component production and procurement. The use of a joint platform, however, does not preclude the brands from applying clear market positioning away from each other. In marketing and sales, all brands operate in total independence.

Taking market share

In most markets competition was tough during the year. Markets in Asia remained at a low level forcing the industry to compensate for that loss of market elsewhere.

Some competitors have gone through a number of mergers and acquisitions in an effort to catch up on KCI Konecranes' global lead. As a result, those competitors have significantly weakened their financial positions limiting their ability for technical development. Against this backdrop, KCI Konecranes' continuing R&D efforts also yield increasing market shares.

Performance 1999

New orders for Standard Lifting Equipment increased, in spite of significantly lower activity in Region Asia-Pacific. Orders increased with 5.5 % whereas the sales increase was 6.3 %. The fastest growth was recorded in Germany, where Trost & Hilterhaus, a company acquired at the end of 1998 developed well in accordance to plan. The Group's business also made good progress in Italy through co-operation with the Italian company PRIM. In America markets contracted, but the Group managed to increase its market share.

Operating income increased to EUR 21.5 million. The margin was 9.8 % (1998: 10.3 %) During the third tertial the margin stayed slightly below the margin of record year 1998, although the margin during the third tertial reached the level of 11.8 %. There was downwards pressure on the margin because of low sales in Asia-Pacific which was compensated for by sales to other areas with tougher competition, and also by some operational restructuring.

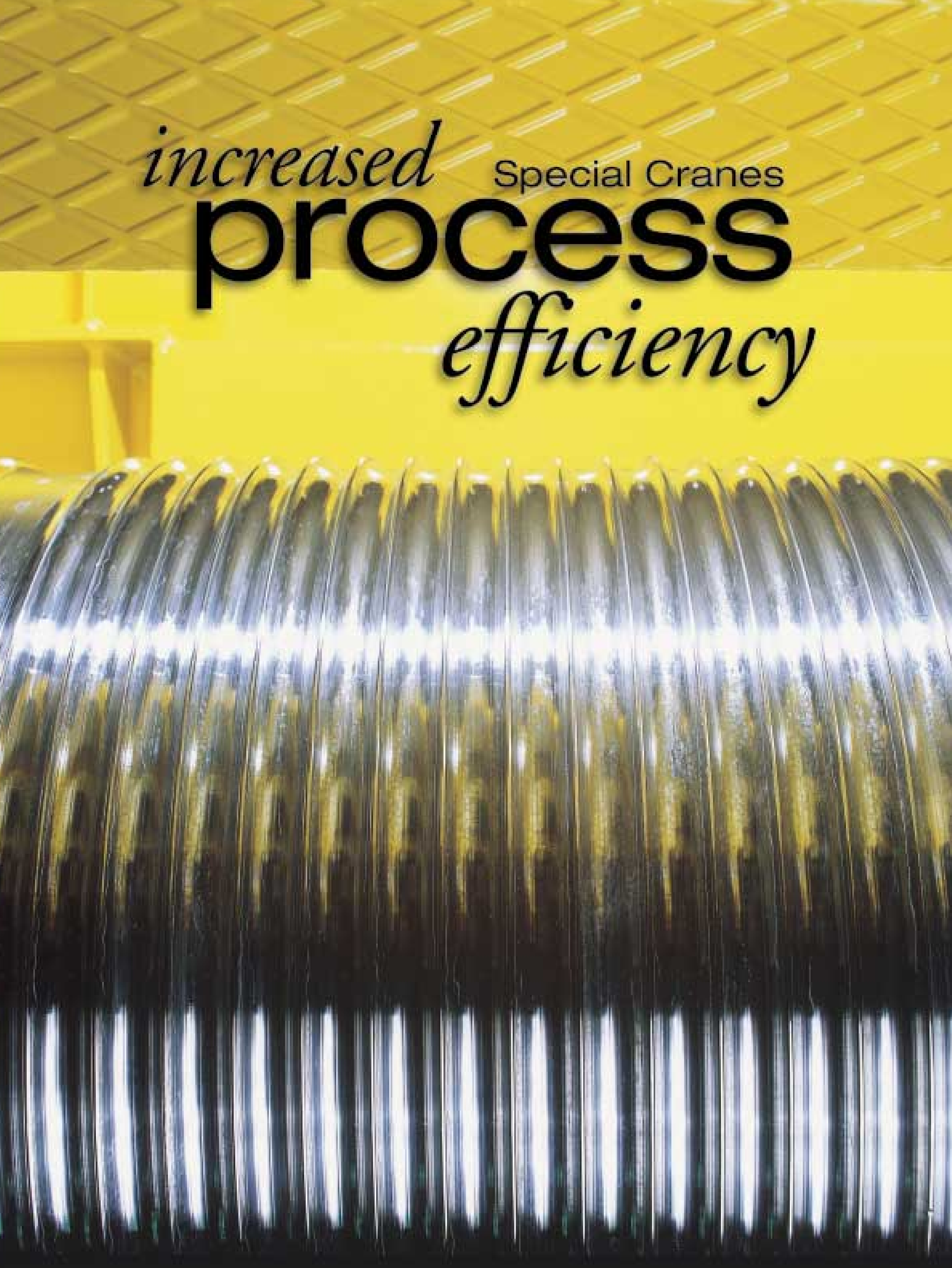
Outlook

Together with the two Business Areas, Standard Lifting Equipment was part of groupwide aggressive development actions. Actions are targeted for sharpened marketing, rationalisation in production and other cost saving items. Also R&D efforts were intensified. These actions are aimed at supporting growth in 2000. Further growth would be achieved through successful acquisitions. Also, the development in the Asia-Pacific region may have bottomed out.

1. A modular crane system at the Thyssen/Budd Automotive plant in N. Baltimore, Ohio, USA. Budd Automotive produces plastic body components for the automotive industry.
2. A standard EOT crane at Cadia Mines, Newcrest Mining Ltd, NSW Australia. This is a good example of the diversity in the standard crane customer base.
3. A magnet crane for structural steel handling at Delta Steel in Houston, Texas, USA.

Standard EOT cranes from the light end range at De Meeuw's production factory in the Netherlands. De Meeuw is one off the largest building unit producers in the Netherlands.

Konecranes Schipper B.V., the Dutch subsidiary of KCI Konecranes delivered in 1999 its 5000th crane.


increased
Special Cranes
process
efficiency

Special Cranes are heavy duty, high capacity, custom designed, highly sophisticated cranes with lifting capacities that go from approx. 50 tons and up to several hundred tons. In some cases, even for smaller lifting capacities, customers have special requirements, such as handling speed requirements, lifting height requirements or requirements on extreme heavy duty, which cannot be met using our Standard Lifting Equipment range of products. Instead, these requirements can be met with our Special Cranes range. Large cranes for Harbours and Shipyards also fall into this category.

Special solutions for special needs

The decisive factor for success in the Special Cranes Business Area is KCI Konecranes' capability to design cranes that become part of the customer's production process. We must be able to master a good deal of detailed knowledge about a number of customer processes, such as paper making, steel making, waste handling, heavy object warehousing, container handling and lifting ship sections. In personnel training KCI Konecranes emphasises the need to understand the customer's real needs. KCI Konecranes must also be able to convey to its customers all the benefits that new crane technology can bring to his business. Indeed, the best projects have been those where KCI Konecranes together with the client has discovered new solutions for improved total efficiency for the client's process.

Industrial Cranes and Harbour & Shipyard Cranes

The Special Cranes Business Area is split into two sub-segments of which one is Industrial Cranes for a large variety of process type industries, or industries that otherwise have extreme lifting needs. The other sub-segment is Harbour & Shipyard Cranes.

In Industrial cranes, KCI Konecranes is the biggest supplier in the world. In Harbour and Shipyard Cranes KCI Konecranes is more of a niche player. We do not participate in large tenders for standard type ship-to-shore container cranes, which is the biggest class of harbour cranes in today's market. Instead, we go for projects where there are high requirements on safety, speed, reliability, good load handling control for damage prevention etc. We also have redesigned our delivery process. In particular, we have reduced the need for erection and commissioning time at the customer's site. In this respect KCI Konecranes set a new standard during 1999: Only eight days after the arrival of our crane to the Port of Pori, Finland, the crane was in production producing at record capacity.

Operations

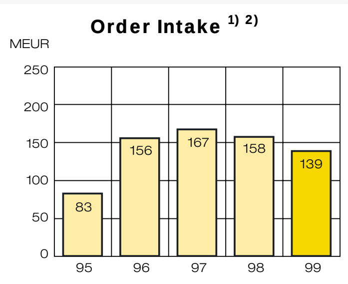
High value added components for both Industrial and Harbour and Shipyard cranes are produced or sourced through the same centralised unit. The steel fabrication parts, the girders for industrial cranes and the frame structures or "skeletons"- for harbour and shipyard cranes will have to be produced closer to the final destination for the crane or within immediate reach for sea transportation.

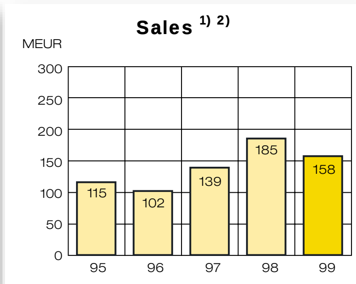
In industrial crane construction we have reached a high degree of standardisation, and the plants in Houston Texas, Glasgow Scotland, Orléans France, Hyvinkää Finland and to some extent Singapore have developed efficient ways of operation. The structures for Harbour and Shipyard Cranes are always built using subcontractors. In special crane components, a similar strategy as in standard cranes is applied. Our world leader position has awarded production numbers that allow a modular approach and investment in large scale production lines.

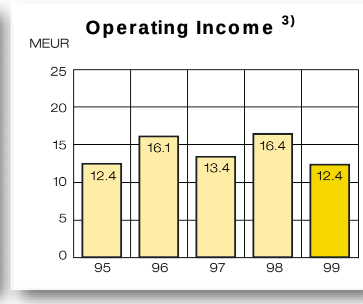
A rope drum for a special crane

1. *Jari Uotila, machine engineer, is fitting the motor to the tailored 20 ton hoisting trolley. KCI Konecranes uses standard components for all special tailored cranes, this guarantees very high reliability and availability for all applications.*
2. *Rémi Rozwadowski and Mohamed Sayd-Abdallah, trainees at Konecranes Components Corp.*
3. *An industrial crane handling steel coils for shipment at Heartland Steel, Indiana, USA.*

SPECIAL CRANES







1) including group internal
2) 95, 96, 97,98 at historical exchange rates
3) before costs and consolidation items

The drives are the most critical part of the crane and the part that largely determines the crane's operational features. We do not manufacture the electronic components. However, all crane specific solutions, most notably the software designs, are all created in-house.

Markets

Both the industrial crane and harbour & shipyard cranes market experienced a quiet period during the first half of the year. Still prevailing uncertainties in Asia Pacific, Latin America and Russia caused a number of infrastructure projects to be delayed or even cancelled. This slowdown put weaker competitors in a difficult situation, the impact of which will be seen in coming years. Typically for a slower market situation customers tend to look not only at the technical sales argumentation, but also to pay more attention to the financial health of the potential supplier. As a result of KCI Konecranes' technical and financial strength the company's overall market position actually got stronger during 1999.

The market started to grow towards the year-end as our customers increased go-aheads for shelved projects.

Performance 1999

Special Cranes sales decreased with 14.8 % from 1998 year's numbers. Total sales came in at 157.5 MEUR. Operating income decreased with 24.2 % or 4 MEUR. This is the result of very low industrial cranes orders during the end of 1998 and low harbour and shipyard crane (VLC crane) orders during the beginning of 1999. The decrease is a direct consequence of low investment levels in Asia-Pacific which also spread into low investments among certain customer groups elsewhere. Lower shipments meant lower income, both in absolute terms and as a percentage of sales.

However, during the second tertial, the Group managed to receive record levels of new orders for Special Cranes. New orders level was very healthy in T3 as well.

Outlook

The year 1999 saw important goals achieved. KCI Konecranes successfully introduced its new generation Ship-to-Shore Container Crane and the new Bulk Unloader. Both new products feature modern inverter drive technology, adding new features, improving controllability and reducing production costs for the cranes. Both of these introductions again prove the strength of the unparalleled concept KCI Konecranes has followed over the years, that of technical leadership and innovation.

The GCC concept (Global Crane Company), a concept for seamless interaction between our Special Crane plants in America, Europe and Asia, again proved its strength by successfully completing one of the biggest industrial crane orders ever, to a shipyard in Philadelphia.

As some of the more traditional markets remained at a low level, KCI Konecranes, in accordance with its operational concept, proved its agility and obtained new business in areas that have been less frequented earlier. Shipyard and steel mill industries in Iran, Container terminals in Central and Southern America are just a few of the examples. This policy enabled KCI Konecranes to maintain acceptable financial terms and pricing levels. The alternative, fighting hard on traditional markets, would certainly have led to severe pricing erosion.

In January 2000 the Group closed a deal in which German Kulicke, the special crane company in Berlin, was acquired. There is therefore a good opportunity for growth within the Special Cranes Business Area during the year 2000. An increase in Asian activity would support this growth nicely.

1-3. Starting from the left are three of Konecranes VLC's deliveries in 1999 presented in different stages of project execution: a Multipurpose crane for Luleå, Sweden, a Ship-to-Shore crane for Gdynia, Poland and our innovative AGD Grab Unloader in operation in the Port of Pori, Finland. All cranes have KCI Konecranes' AC-drive systems and components. The AGD Grab Unloader for Pori also features a unique winching machinery arrangement.

A 250 ton shipyard crane lifting ship sections for a new cruise line vessel at Kvaerner Masa Yards Shipyard in Helsinki, Finland. The crane was delivered in early 1999.

Similar EOT cranes were also delivered to Philadelphia, USA, which represented the largest special crane order ever.

BOARD'S REPORT

Following lower Asian investment levels, demand for Group products decreased significantly in that market. The Group managed to compensate for the shortfall in Asia. However, sales and income did not reach their goals.

The German market developed well. The company Trost & Hilterhaus, which was acquired in late 1998, was consolidated into Group numbers starting from the beginning of 1999. The integration work proceeded according to plans.

Income for the year is heavily burdened with development costs.

Sales

Group sales was EUR 591.5 million which is 0.9 % lower than 1998 sales (EUR597.0 million). Sales in Asia Pacific decreased with EUR 40 million and increased on other markets with EUR 34,5 million. The Sales number was affected by acquisitions (including Trost & Hilterhaus) and by divestitures. The net effect was an increase of approx.EUR 6 million. By Business Area the increase in Maintenance Services Sales was 5.9 %, in Standard Lifting Equipment 6.3 %, whereas Special Cranes Sales decreased with 14.8 %. Eliminating the effects of British Hire operations, which were divested in late 1998 and other non-core activities soon to be disposed of, growth in Maintenance Services was 12 %.

Order Intake and Order Book

The order intake was EUR 538,7 million. The order intake was 0.8 % lower compared to 1998. Order intake does not include business generated through Maintenance agreements. Among Business Areas the Standard Lifting Equipment posted the best performance. Order intake increased with EUR 11.2 million, which equals 5.5 % compared to 1998. Maintenance orders increased with EUR 6.1 million, which is 2.7 %. After correction for divested activities, and non-core activities, the divestiture decision for which already has been taken, the growth is 6.6 %.

Modernization orders posted a small decrease, whereas field service orders grew with 9 %.

Special Cranes' orders were EUR 138.9 million, 12.3 % down from 1998. The Order Book, which does not include Maintenance Agreement values, stood at EUR178.4 million at year end. Although the Order Book stands at a level, which is 8.4 % lower compared to the level 12 months earlier, it is still on a good level.

Profitability

Income before taxes was EUR 30.2 million which is 30.2 % lower than 1998 income, which was EUR 43.3 million. Net income was EUR 21.8 million, 30.7 % lower than the 1998 figure of EUR 31.4 million. Taxes for the year was EUR 8.5 million, and the corresponding tax rate 28 %. One year ago the tax rate was 27.4 %. The Group has been in a position to use its confirmed carry forward tax losses.

Maintenance Services income was lower both in absolute terms and as a percentage of sales. Income is burdened with losses from French Maintenance operations as well as restructuring charges. Indirect costs for the Omniman project were also charged against income. British non-core activities were loss makers during the year. The Group intends to rid itself from those non-core activities, including various material testing activities, sale of auxiliary lifting equipment and fabrication.

In Standard Lifting Equipment the income matched that of 1998, with a slight absolute increase but with a small decrease as a percentage of sales. In Special Cranes, income decreased with lower sales. Operating Income was 7.9 % of Sales.

Group costs increased considerably from last year and were EUR 18.9 million (1998: EUR15.2 million). The largest cost increase is related to those Omniman costs which were charged against 1999 income.

Return on capital employed was 21.7 % (1998: 32.6 %) and return on equity was 16.3 % (1998: 25.7 %). The decrease is a result of lower income and increased capital base due to an increase in investments and working capital.

Balance Sheet and Financing

Free cash flow was used for dividends (EUR10.7 million) for net investments in fixed assets (almost all maintenance investments, EUR10.5 million) for fixed assets included in company acquisitions (EUR 1.4 million) and for purchase of company's own shares (EUR 7.5 million). Net working capital increased with EUR 39.9 million. The increase relates to an increase in receivables and a decrease in down payments because of lower demand in Special Cranes.

Group net borrowings increased and stood at EUR 48.8 million at the end of the year (1998: EUR 9,5 million), giving a gearing of 35.8 % (7.2 % at the end of 1998). The unused portion of the Group USD 100 million stand-by credit was USD 55.7 million. Solidity continued on a good level, 42.2 % (1998: 47 %).

Currencies

The Group continued its policy of hedging the transactional risks in revenue and costs on a one-year basis or in cases where the backlog stretches over more than one year, through the whole duration of the backlog. Equities in subsidiaries have, where practical, been hedged and any remaining transactional differences have been booked directly against equity.

The Group will start to use the Euro as its consolidation currency as of 1 January, 2000. Group companies will start using the Euro in all euro-countries as of the beginning of the year 2000 both in bookkeeping and reporting.

R&D, Training

Total direct R&D costs were EUR 7.8 million (1998: EUR 7.2 million) and increase from 1998 with 7.9 %. The new management system, the Omniman was taken live within the Group's American crane companies and partly within Maintenance Services in USA and Canada. Certain initial difficulties have delayed the implementation somewhat.

The big training effort for service technicians continued during 1999. A training program, targeted mainly to middle management and personnel in expert positions – the KCI Konecranes Academy – was continued according to plan. During the year, a top management educational pilot program was developed. Education will start in January 2000.

Investments

Investments into tangible assets (excl. acquired companies) were EUR 10.3 million (1998: EUR13.6 million). Most investments were for the maintenance of assets. Computer investments increased in preparation for the new millennium.

Omniman purchases were activated into the balance sheet under prepaid expenses, EUR 11.9 million in total, whereof EUR 6.5 million during 1999. Those costs will be transferred to fixed assets subject to depreciation along with the system going live.

Risk Policies

The Group continuously reviews its insurance policies to ensure an adequate cover for all reasonable and insurable risks resulting from operations. At year-end the Group did not have any pending legal processes or business claims with material effect.

The Group thoroughly prepared itself against possible problems related to the event of the new millennium. According to available knowledge, nothing happened.

Group Structure

The Group continued its acquisition policy. In June, plant maintenance company Imatran Käämityöliike Oy was acquired and consolidated into Group numbers as of 1. July. In August, the business of ECA (Etudes Constructions Appareils) Levage was acquired and in October, the crane business from a Belgian company, Breva Technics N.V. Those businesses were consolidated into Group numbers as of date of acquisition.

The Group entered into a license agreement with Prim S.p.A and on 20. December a minority shareholding in that company was obtained. Prim is recorded as an associated company as of December.

The Group sold its majority interest in a Venezuelan crane company, Gruas Konecranes C.A. in the beginning of October. The Group remained a 10 % owner. The company continues as KCI Konecranes' licensee in Venezuela, and its territory was enlarged to also include Colombia.

These deals had only marginal influence on Group numbers in 1999.

At the end of December, the Group agreed to acquire the business assets of a German special crane company, Kulicke and its maintenance companies in Berlin. The deal closed on 27 January, 2000 after closing fiscal 1999. The operations will be included in Group numbers from 2000 onwards.

The Group intends to continuously pursue its acquisition strategy.

Personnel

Group personnel amounted to 4044 persons at year-end, which is 8 persons less than one year earlier. Through acquisitions, including Trost & Hilterhaus which was acquired on 31 December, 1998 the number increased with 112 persons. Rationalisations and restructuring (including the sale of British Hire operations) had an effect of decreasing the number of personnel by 210. The remaining difference relates to recruitment within the ordinary scope of business, mostly in North America.

Shareholders

In March, the Parent Company paid dividends FIM 63.75 million(EUR10.72 million) corresponding to FIM 4.25 /share (approx. 0.71 EUR/share) against the nominal value of EUR2 /share.

The Share Price at the Stock Exchange varied between EUR 23.05 and EUR 38.30 , closing at EUR 38.18 on 31 December, 1999.

Repurchase of Company's Own Shares

The Group availed itself of its rights granted by the AGM on 11 March, 1999 to buy back a maximum of 750 000 of the Company's own shares. The Group purchased a total of 300 000 shares in normal trading at the Helsinki Exchange.

The average value for the purchased shares was EUR 24.96 / share. On 31 December the Group held 300 000 of the companies own shares representing a nominal value of EUR 600.000, which represents 2 % of total outstanding shares and voting rights. The total acquisitions costs amounted to EUR7.5 million.

Future Prospects

The prospects for future growth in 2000 are good: the number of cranes under maintenance agreement continues to increase, the new cranes order book is good and various collaboration agreements and acquisitions influence market potential beneficially.

The Group has finalised many large rationalisation projects that will result in improved efficiency and better competitive strength and better agility. Notwithstanding a certain uncertainty related to the market for new cranes in Asia, there are few obstacles for a continued growth and related profit improvement.

CONSOLIDATED STATEMENT OF INCOME

		1.1. -31.12.1999 (1,000 EUR)	1.1. -31.12.1998 (1,000 EUR)
Note 1	Sales	591,539	597,040
	Other operating income	2,803	1,737
	Share of result of participating interest undertakings	34	146
Note 2	Depreciation and reduction in value	(13,769)	(13,568)
Note 3	Other operating expenses	(548,496)	(542,771)
	Operating profit	32,110	42,584
Note 4	Financial income and expenses	(1,892)	691
	Income before taxes	30,218	43,275
Note 5	Taxes	(8,465)	(11,854)
	Minority interest	0	(28)
	Net income	**21,753**	**31,393**

The official financial statements have been presented in Finnish markkas

CONSOLIDATED BALANCE SHEET

ASSETS		31.12.1999 (1,000 EUR)	31.12.1998 (1,000 EUR)
	NON-CURRENT ASSETS		
	Intangible assets		
Note 6	Formation expenses	0	109
Note 7	Development expenses	404	0
Note 8	Intangible rights	2,706	2,704
Note 9	Goodwill	3,462	3,133
Note 10	Group goodwill	10,302	7,944
	Advance payments	11,883	5,774
		28,757	**19,664**
	Tangible assets		
Note 11	Land	3,943	3,517
Note 12	Buildings	23,900	22,692
Note 13	Machinery and equipment	27,778	28,227
	Advance payments and construction in progress	1,276	603
		56,896	**55,039**
	Investments		
Note 14	Participating interests	2,027	548
Note 15	Other shares and similar rights of ownership	2,827	10,475
Note 16	Own shares	7,487	0
		12,340	**11,023**
	CURRENT ASSETS		
	Inventories		
	Raw materials and semi-manufactured goods	35,701	29,205
	Work in progress	35,267	39,937
	Advance payments	6,815	6,410
		77,782	**75,552**
	Long-term receivables		
	Loans receivable	1,144	1,037
	Other receivables	305	305
Note 18	Deferred assets	16	0
		1,464	**1,342**
Note 17	**Short-term receivables**		
	Accounts receivable	132,891	109,841
	Amounts owed by participating interest undertakings	1,741	772
	Loans receivable	66	266
	Other receivables	5,243	5,714
Note 23	Deferred tax asset	2,336	2,367
Note 18	Deferred assets	22,809	14,934
		165,087	**133,894**
	Cash in hand and at banks	**9,982**	**11,748**
	TOTAL CURRENT ASSETS	**254,315**	**222,536**
	TOTAL ASSETS	**352,309**	**308,262**

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.1999 (1,000 EUR)	31.12.1998 (1,000 EUR)
Note 19	**EQUITY**		
	Share capital	30,000	20,183
	Share premium account	20,456	30,274
	Reserve for own shares	7,487	0
	Equity share of untaxed reserves	4,140	4,553
	Translation difference	(2,865)	(4,817)
	Retained earnings	62,715	49,640
	Net income for the period	21,753	31,393
		143,685	**131,226**
	MINORITY SHARE	**81**	**100**
Note 20	**PROVISIONS**	**9,789**	**8,610**
	LIABILITIES		
Note 21	**Long-term debt**		
	Loans from credit institutions	44,251	0
	Pension loans	3,480	3,978
Note 22	Bonds with warrants	50	50
	Other long-term liabilities	2,556	2,556
Note 23	Deferred tax liability	2,678	2,271
		53,016	**8,855**
Note 24	**Current liabilities**		
	Pension loans	497	497
	Advance payments received	21,643	28,958
	Accounts payable	46,426	36,612
	Amounts owed to participating interest undertakings	456	726
	Other short-term liabilities	18,447	23,528
	Accruals	58,268	69,150
		145,738	**159,471**
	TOTAL LIABILITIES	**198,753**	**168,326**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**352,309**	**308,262**

CONSOLIDATED CASHFLOW

	1.1.-31.12.1999 (1,000 EUR)	1.1.-31.12.1998 (1,000 EUR)
Operating income 1)	31,461	42,270
Depreciation	13,769	13,568
Financial income and expenses	(6,583)	1,551
Taxes	(7,685)	(13,502)
Free cashflow	**30,962**	**43,887**
Increase (-), decrease (+) in current assets	(21,806)	(7,611)
Increase (-), decrease (+) in inventories	2,507	6,785
Increase (+), decrease (-) in current liabilities	(16,462)	(7,668)
Cashflow from operations	**(4,799)**	**35,393**
Capital expenditure and advance payments to machines	(10,937)	(13,622)
Capital expenditure and advance payments to intangible and financial assets	(8,746)	(7,894)
Fixed assets of acquired companies	1,025	(13,860)
Purchase of own shares	(7,487)	0
Disposals of fixed assets	2,362	643
Investments total	**(23,783)**	**(34,732)**
Cashflow before financing	**(28,581)**	**661**
Change in long-term debt, increase (+), decrease (-)	43,754	2,060
Change in short-term interest-bearing debt, increase (+), decrease (-)	(6,326)	10,184
Dividend paid	(10,730)	(9,467)
External financing	**26,698**	**2,777**
Correction items 2)	117	(259)
Net financing	**(1,766)**	**3,179**
Cash in hand and at banks at 1.1.	11,748	8,569
Cash in hand and at banks at 31.12.	9,982	11,748
Change in cash	**(1,766)**	**3,179**

1) Operating income after depreciation has been corrected by the result of participating interest undertakings and the profit / loss of disposal of assets.

2) Translation difference in cash in hand and at banks.

ACCOUNTING PRINCIPLES

PRINCIPLES OF CONSOLIDATION

Scope of Consolidation

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

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

Consolidation method

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

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

The KCI Konecranes Group's share of the profit or loss of an associated company is shown in the Consolidated Statement of Income as a separate item. Depreciation of goodwill originating from acquisition of shares of associated companies is included in the share of the result of associated companies. The KCI Konecranes Group's share of the shareholders' equity of the associated companies at the date of acquisition, adjusted by changes in the associated companies' equity after the date of acquisition, is shown in the Balance Sheet under "participating interests". Any loss in an associated company, which exceeds the value of the shares, is primarily deducted from loans receivable from that company and any remaining loss is shown as a provision.

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

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

Conversion of Foreign Subsidiary Financial Statements

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

FOREIGN CURRENCY ITEMS AND EXCHANGE RATE DIFFERENCES

Receivables and liabilities in foreign currencies have been valued at the rates current on the last day of the year. Receivables and liabilities covered by forward exchange contracts have been valued at contract rates. Realised exchange rate differences, as well as exchange rate gains or losses resulting from the valuation of receivables and liabilities, have been included in the Statement of Income. The exchange rate differences resulting from forward contracts, which are designated as hedges on equity in foreign subsidiaries have been matched against the translation difference booked into equity.

REVENUE RECOGNITION

Revenue from goods sold and services rendered is recognised at completion of the delivery. In Konecranes VLC Corporation's long-term projects the percentage of completion method is used.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are charged as expenses during the year in which they are incurred. The long-term global IT frame of the Group (Omniman -project) is handled as advance payment within investments. The system is capitalised according to the deployment. All out of pocket costs and in-house personnel costs for the project are expensed.

PENSION SETTLEMENTS AND COSTS

Pensions are generally handled for KCI Konecranes companies by outside pension insurance companies or by similar arrangements. Any other pension liabilities are directly charged in the annual accounts.

VALUATION OF INVENTORIES

Raw materials and supplies are valued at standard price based on purchase costs or, if lower, at replacement value. This approximates the fifo principle. Semi-manufactured goods have been valued at variable production costs. Work in progress of uncompleted orders includes direct labour and material costs, as well as a proportion of overhead costs related to production and installation.

VALUATION AND DEPRECIATION OF INTANGIBLE AND TANGIBLE ASSETS

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

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

No depreciation is made for land. Goodwill on consolidation of Trost & Hilterhaus GmbH is amortized over 10 years, which corresponds to the estimated time of influence of the acquisition. Other goodwill is amortized over 5 years.

OWN SHARES

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

PROVISIONS

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

STATEMENT OF CASH FLOW

Changes in financial position are presented as cash flows classified by operating, investing and financing activities. The effect of changes in exchange rates has been eliminated by converting the opening balance at the rates current on the last day of the year, except cash and bank deposits which are valued according to the rates as per 31.12.1998 and 31.12.1997.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All figures are in millions of Euros.

STATEMENT OF INCOME

1. Sales	**1999**	**1998**
Sales by market-area		
Finland	53.3	54.7
Rest of Nordic countries	48.7	43.2
Rest of EU	172.5	164.4
Rest of Europe	48.7	41.1
Americas	214.9	200.1
Asia and Australia	41.3	82.1
Middle-East	8.9	8.9
Others	3.3	2.5
Total	591.5	597.0

Percentage of completion method (see accounting principles)

The booked revenues of non-delivered projects	29.0	33.0
The booked revenues of non-delivered projects during the period	23.7	23.8
The amount of long-term projects in the order book		
- percentage of completion method used	61.6	68.2
- completed contract method used	116.8	126.7

2. Depreciation	**1999**	**1998**
Formation expenses	0.1	0.4
Intangible rights	0.7	0.6
Goodwill	0.9	0.3
Group Goodwill	1.8	1.6
Buildings	1.9	2.0
Machinery and equipment	8.4	8.7
Total	13.8	13.6

3. Costs, expenses and personnel	**1999**	**1998**
Change in product inventory	8.5	9.8
Production for own use	(0.3)	(0.4)
Material and supplies	194.9	204.8
Subcontracting	71.3	68.0
Wages and salaries	138.9	131.7
Pension costs	10.2	10.9
Other personnel expenses	28.9	25.9
Other operating expenses	96.1	91.9
Total	548.5	542.8

Wages and salaries in accordance with the Statement of Income:

Presidents	4.1	3.9
Members of the Board	0.1	0.1
Other wages and salaries	134.7	127.8
Total	138.9	131.7

The average number of personnel	4,050	3,968
Personnel 31 December,	4,044	4,052
of which in Finland	1,332	1,317

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

4. Financial income and expenses	**1999**	**1998**
Dividend income	0.2	0.1
Interest income from current assets	5.5	2.0
Other financial income	0.3	0.5
Interest expenses	(7.6)	(1.7)
Other financial expenses	(0.3)	(0.2)
Total	(1.9)	0.7

5. Taxes	**1999**	**1998**
Local income taxes of group companies	7.6	14.0
Taxes from previous years	(0.2)	0.2
Avoir Fiscal	(0.1)	(0.7)
Change in deferred tax liability arising from consolidation	0.1	(0.7)
Change in deferred tax assets arising from timing differences	1.0	(0.9)
Total	8.5	11.9

BALANCE SHEET

Non-current assets

6. Formation expenses	**1999**	**1998**
Acquisition costs as of 1 January	1.7	1.7
Increase	0.0	0.0
Decrease	(0.0)	(0.0)
Acquisition costs as of 31 December	1.7	1.7
Accumulated depreciation 1 January	(1.6)	(1.3)
Accumulated depreciation relating to disposals	0.0	0.0
Depreciation for financial year	(0.1)	(0.3)
Total as of 31 December	0.0	0.1

7. Development expenses	**1999**	**1998**
Acquisition costs as of 1 January	0.0	0.0
Increase	0.4	0.0
Decrease	(0.0)	(0.0)
Acquisition costs as of 31 December	0.4	0.0
Accumulated depreciation 1 January	(0.0)	(0.0)
Accumulated depreciation relating to disposals	0.0	0.0
Depreciation for financial year	(0.0)	(0.0)
Total as of 31 December	0.4	0.0

8. Intangible rights

	1999	1998
Acquisition costs as of 1 January	5.4	4.8
Increase	0.6	0.6
Decrease	(0.0)	(0.0)
Acquisition costs as of 31 December	6.0	5.3
Accumulated depreciation 1 January	(2.6)	(2.0)
Accumulated depreciation relating to disposals	0.0	0.0
Depreciation for financial year	(0.7)	(0.7)
Total as of 31 December	2.7	2.7

9. Goodwill

	1999	1998
Acquisition costs as of 1 January	4.9	1.4
Increase	0.8	2.7
Decrease	(0.1)	(0.0)
Acquisition costs as of 31 December	5.5	4.1
Accumulated depreciation 1 January	(1.1)	(0.7)
Accumulated depreciation relating to disposals	0.0	0.0
Depreciation for financial year	(0.9)	(0.3)
Total as of 31 December	3.5	3.1

10. Group goodwill

	1999	1998
Acquisition costs as of 1 January	10.3	8.0
Increase	5.0	3.1
Decrease	(0.9)	(0.7)
Acquisition costs as of 31 December	14.4	10.3
Accumulated depreciation 1 January	(2.3)	(0.7)
Accumulated depreciation relating to disposals	0.0	0.0
Depreciation for financial year	(1.8)	(1.6)
Total as of 31 December	10.3	7.9

Acquisition costs included in Group goodwill, originating from accelerated depreciation and untaxed reserves, was MEUR 3.0 on December 31 (MEUR 3.9 in 1998). This part of Group goodwill will decrease as the companies reverse their depreciation difference and untaxed reserves.

11. Land

	1999	1998
Acquisition costs as of 1 January	3.9	3.5
Increase	0.0	0.0
Decrease	(0.0)	(0.0)
Total as of 31 December	3.9	3.5

12. Buildings

	1999	1998
Acquisition costs as of 1 January	37.6	29.9
Increase	1.5	2.2
Decrease	(0.1)	(0.0)
Acquisition costs as of 31 December	39.0	32.1
Accumulated depreciation 1 January	(13.2)	(7.4)
Accumulated depreciation relating to disposals	0.0	0.0
Depreciation for financial year	(1.9)	(1.9)
Total as of 31 December	23.9	22.7

13. Machinery and equipment

	1999	1998
Acquisition costs as of 1 January	78.1	56.1
Increase	8.8	11.0
Decrease	(8.0)	(2.8)
Acquisition costs as of 31 December	78.9	64.3
Accumulated depreciation 1 January	(48.9)	(29.7)
Accumulated depreciation relating to disposals	6.1	2.3
Depreciation for financial year	(8.4)	(8.7)
Total as of 31 December	27.8	28.2

The balance value of machinery and production equipment approximates the balance value of machinery and equipment.

14. Participating interests

	1999	1998
Acquisition costs as of 1 January	0.6	0.3
Change in the share in participating interest undertaking	(0.1)	0.2
Increase	1.5	0.3
Decrease	(0.0)	(0.2)
Total as of 31 December	2.0	0.6

The asset value of the shares in participating interest undertaking consists of the Group’s proportion of the shareholders’ equity of the participating interest undertaking at the acquisition date, adjusted by any variation in the shareholders’ equity of the participating interest undertaking after the acquisition.

15. Other shares and similar rights of ownership

	1999	1998
Acquisition costs as of 1 January	10.5	1.3
Increase	0.0	9.2
Decrease	(7.7)	(0.0)
Total as of 31 December	2.8	10.5

The decrease in 1999 other shares includes the acquisition costs of Trost & Hilterhaus GmbH and Kran- und Stahlbau Ludwig GmbH (MEUR 7.7). These companies, which were acquired at the end of 1998, were not consolidated to the Group accounts in 1998 as subsidiaries because the information necessary for the preparation of the consolidated accounts could not be obtained without undue delay.

16. Own shares

	1999	1998
Acquisition costs as of 1 January	0.0	0.0
Increase	7.5	0.0
Total as of 31 December	7.5	0.0

In accordance with the decision of the Annual General Meeting, the company bought back between 14 October and 25 November 300,000 of its own shares at an average price of EUR 24.96 per share. At December 1999, the company held 300,000 shares with a total nominal value of EUR 600.000 and a total purchase price of MEUR 7,5 which is 2 % of total amount of shares and votes.

17. Short-term receivables

Amounts owed by participation interest undertakings:

	1999	1998
Accounts receivable	1.6	0.6
Bills receivable	0.1	0.1
Total	1.7	0.8

The items, which have been netted, due to the percentage of completion method:

	1999	1998
Receivable arising from percentage of completion method	19.0	29.3
Advances received	19.0	29.3

18. Deferred assets	**1999**	**1998**
Income taxes	2.5	0.1
Interest	0.9	1.2
Receivable arising from percentage of completion method	9.9	3.7
Other	9.5	10.0
Total	22.8	14.9

19. Shareholders' equity	**1999**	**1998**
Share capital as of 1 January	20.2	20.2
Change	9.8	0.0
Share capital as of 31 December	30.0	20.2
Share premium account 1 January	30.3	30.3
Change	(9.8)	0.0
Share premium account as of 31 December	20.5	30.3
Reserve for own shares as of 1 January	0.0	0.0
Change	7.5	0.0
Reserve for own shares as of 31 December	7.5	0.0
Equity share of untaxed reserves (opening balance)	4.6	5.6
Equity share of untaxed reserves as of 1 January	0.1	(0.4)
Change of equity share of untaxed reserves	(0.5)	(0.7)
Total as of 31 December	4.1	4.6
Translation difference as of 1 January	(4.8)	(2.3)
Change	1.9	(2.6)
Translation difference as of 31 December	(2.9)	(4.8)
Retained earnings as of 1 January	81.0	58.8
Equity share of untaxed reserves as of 1 January	(0.1)	0.3
Transfer to reserve for own shares	(7.5)	(0.0)
Dividend paid	(10.7)	(9.5)
Retained earnings as of 31 December	62.7	49.6
Net income for the period	21.8	31.4
Shareholders' equity as of 31 December	143.7	131.2

Distributable equity 31 December	**1999**	**1998**
Retained earnings as of 31 December	62.7	49.6
Net income for the period	21.8	31.4
Translation difference	(2.9)	(4.8)
Formation expenses	(0.0)	(0.1)
Equity share of untaxed reserves as of 1 January	(0.1)	(0.1)
Total	81.5	76.0

20. Provisions	**1999**	**1998**
Provision for guarantees	4.5	3.7
Provision for claims	0.8	0.6
Provision for restructuring	0.3	0.6
Provision for pension commitments	3.1	2.2
Other provisions	1.1	1.5
Total	9.8	8.6

21. Long-term debt

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

Long-term debt which fall due after five years:

	1999	1998
Pension loans	1.5	2.0

22. Warrants and bonds with warrants

The Annual General Meeting 4th March 1997 of KCI Konecranes International Plc resolved to issue bonds with warrants of EUR 50,456.38 to the management of the KCI Konecranes Group. The term of the bond is six years and the bond does not yield interest. Each bond with a nominal value of EUR 16.82 shall have 100 warrants attached. Each warrant entitles the holders to subscribe for one KCI Konecranes International Plc's share with a nominal value of EUR 2 at a subscription price of EUR 26.07. The annual period of subscription shall be 2 January through 30 November. Shares can be subscribed for starting on or after 1 April 2003 but no later than 31 October 2008.

The Annual General Meeting 11th March 1999 resolved to issue 3,000 warrants to the management of the KCI Konecranes Group entitling the warrant holders to subscribe for a maximum of 300,000 shares in KCI Konecranes International Plc. Each warrant gives its holder the right to subscribe to one hundred shares each with a nominal value of EUR 2 at a subscription price of EUR 33. The annual period of subscription shall be January 2 through November 30. With A-series warrants shares can be subscribed to starting on April 1, 2002 and ending on March 31, 2005 and with B-series warrants starting on April 1, 2005 and ending on March 31, 2008.

23. Deferred tax assets and liabilities

Deferred tax assets are based on	1999	1998
Consolidation	0.9	0.8
Timing difference	1.4	1.6
Total	2.3	2.4

Deferred tax liabilities are based on		
Timing difference	0.7	0.1
Untaxed reserves	2.0	2.2
Total	2.7	2.3

24. Current liabilities

Accruals:	1999	1998
Income taxes	2.3	5.7
Wages, salaries and personnel expenses	19.9	21.2
Pension costs	2.5	3.1
Interest	0.1	0.1
Other items	33.5	39.2
Total	58.3	69.2

Amounts owed to participating interest undertakings:	1999	1998
Other current interest bearing liabilities	0.4	0.7
Bills payable (non-interest bearing)	0.1	0.0
Total	0.5	0.7

Other current liabilities:	1999	1998
Bank overdrafts	8.9	14.8
Bills payable (non-interest bearing)	2.8	3.5
Value added tax	2.8	3.2
Other short-term liabilities	3.9	2.0
Total	18.4	23.5

25. Contingent liabilities and pledged assets

	1999	1998
CONTINGENT LIABILITIES		
For own debts		
Mortgages on land and buildings	9.8	9.3
For own commercial obligations		
Pledged assets	0.2	0.9
Guarantees	111.0	93.5
For others		
Guarantees	0.2	0.0
Mortgages on land and buildings	0.0	0.8
Group companies had guarantees to the member of Board of Directors or Managing Directors	0.0	0.1

The guarantees have covering security.

OTHER CONTINGENT AND FINANCIAL LIABILITIES		
Leasing liabilities		
Next year	6.3	4.2
Later on	8.8	5.7
Other	0.5	0.6

Leasing contracts follow the normal practices in corresponding countries.

TOTAL BY CATEGORY		
Mortgages on land and buildings	9.8	10.2
Pledged assets	0.2	0.9
Guarantees	111.2	93.5
Other liabilities	15.6	10.4
Total	136.8	115.0

DEBTS WHICH HAVE MORTGAGES ON LAND AND BUILDINGS		
Pension loan	4.0	4.5
Given mortgages	5.9	5.9
Other debts	0.0	0.0
Given mortgages	3.9	3.4
Total mortgages	9.8	9.3

26. Notional amounts of derivative financial instruments

	1999	1998
Foreign exchange forward contracts	570,0	192.2
Options and other derivative instruments	60,0	134.6
Total	630,0	326.7

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

PARENT COMPANY STATEMENT OF INCOME

		1.1.-31.12.1999 (1,000 EUR)	1.1.-31.12.1998 (1,000 EUR)
Note 1	Sales	10,460	10,303
	Other operating income	125	162
Note 2	Depreciation and reduction in value	(960)	(1,131)
Note 3	Other operating expenses	(9,719)	(8,127)
	Operating profit	-94	1,207
Note 4	Financial income and expenses	610	1,271
	Income before extraordinary items	516	2,478
Note 5	Extraordinary items	16,041	25,770
	Income before appropriations and taxes	16,557	28,248
Note 6	Increase (-), decrease (+) in depreciation difference	111	(26)
	Income taxes	(4,672)	(7,907)
	Net income	**11,995**	**20,315**

PARENT COMPANY BALANCE SHEET

ASSETS		31.12.1999 (1,000 EUR)	31.12.1998 (1,000 EUR)
	NON-CURRENT ASSETS		
	Intangible assets		
Note 7	Formation expenses	0	109
Note 8	Development expenses	404	0
Note 9	Intangible rights	1,861	2,059
	Advance payments	11,883	6,222
		14,148	**8,390**
	Tangible assets		
Note 10	Buildings	39	49
Note 11	Machinery and equipment	852	927
		891	**976**
	Investments		
Note 12	Investments in group companies	50,449	50,449
Note 12	Other shares and similar rights of ownership	326	326
Note 13	Own shares	7,487	0
		58,262	**50,775**
	CURRENT ASSETS		
	Long-term receivables		
	Loans receivable from group companies	11,773	15,137
		11,773	**15,137**
	Short-term receivables		
	Accounts receivable	21	26
	Amounts owed by group companies		
	Accounts receivable	4,091	4,716
Note 14	Deferred assets	21,423	26,278
	Other receivables	610	235
Note 14	Deferred assets	772	106
		26,917	**31,361**
	TOTAL CURRENT ASSETS	**38,690**	**46,498**
	TOTAL ASSETS	**111,991**	**106,639**

	SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.1999 (1,000 EUR)	31.12.1998 (1,000 EUR)
Note 15	**EQUITY**		
	Share capital	30,000	20,182
	Share premium account	20,456	30,274
	Reserve for own shares	7,487	0
	Retained earnings	32,595	30,489
	Net income for the period	11,995	20,315
		102,534	**101,260**
	APPROPRIATIONS	**56**	**167**
	LIABILITIES		
Note 16	**Long-term debt**		
	Pension loan	420	480
	Other long-term debt	51	51
		471	**531**
	Current liabilities		
	Pension loan	60	60
	Accounts payable	1,212	1,089
	Liabilities owed to group companies		
	Accounts payable	107	107
Note 17	Accruals	5,292	425
	Other short-term liabilities	1,680	1,289
	Other short-term liabilities	89	81
Note 17	Accruals	490	1,630
		8,930	**4,681**
	TOTAL LIABILITIES	**9,401**	**5,212**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**111,991**	**106,639**

PARENT COMPANY CASHFLOW

	1.1.-31.12.1999 (1,000 EUR)	1.1.-31.12.1998 (1,000 EUR)
Operating income after depreciation 1)	(103)	1,183
Depreciation	960	1,132
Financial income and expenses	610	1,271
Extraordinary income	16,041	25,770
Taxes	(4,672)	(7,907)
Free cashflow	**12,836**	**21,449**
Change in current assets, increase (-), decrease (+)	7,808	(3,928)
Change in current liabilities, increase (+), decrease (-)	4,249	(1,114)
Cashflow from operations	**24,894**	**16,407**
Capital expenditure to machines	(359)	(581)
Capital expenditure and advance payments to intangible assets	(6,320)	(6,373)
Purchase of own shares	(7,487)	0
Disposals of fixed assets	54	67
Investments total	**(14,112)**	**(6,886)**
Cashflow before financing	**10,782**	**9,521**
Decrease of long-term debt	(60)	(60)
Dividend paid	(10,722)	(9,461)
External financing	**(10,782)**	**(9,521)**
Net financing	**0**	**0**
Cash in hand and at banks at 1.1.	0	0
Cash in hand and at banks at 31.12.	0	0
Change in cash	**0**	**0**

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

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

STATEMENT OF INCOME

1. Sales

In the parent company the sales to subsidiaries totalled MEUR 10.5 (MEUR 10.3 in 1998) corresponding to a share of 100% (100% in 1998) of net sales.

2. Depreciation	1999	1998
Formation expenses	0.1	0.3
Intangible rights	0.4	0.5
Machinery and equipment	0.4	0.3
Total	1.0	1.1

3. Costs, expenses and personnel

Costs and expenses in the Statement of Income were as follows:	1999	1998
Wages and salaries	3.0	2.7
Pension costs	0.6	0.6
Other personnel expenses	0.3	0.6
Other operating expenses	5.8	4.2
Total	9.7	8.1

Wages and salaries in accordance with the Statement of Income:		
Remuneration to Board	0.1	0.1
Other wages and salaries	2.9	2.6
Total	3.0	2.7
The average number of personnel	50	53

4. Financial income and expenses	1999	1998
Financial income from long-term investments:		
Dividend income from group companies	0.1	0.6
Avoir Fiscal	0.1	0.3
Dividend income total	0.2	0.9
Interest income from long-term receivables:		
From group companies	0.5	0.6
Financial income from long-term investments total	0.7	1.5
Interest expenses and other financing expenses:		
To group companies	(0.1)	(0.0)
Other financing expenses	(0.0)	(0.2)
Interest and other financial expenses total	(0.1)	(0.2)
Financial income and expenses total	0.6	1.3

5. Extraordinary items	1999	1998
Group contributions received from subsidiaries	21.3	26.1
Group contributions paid to subsidiaries	(5.3)	(0.3)
Total	16.0	25.8

6. Increase (-), decrease (+) in depreciation difference

The accelerated depreciation in the parent company is split between asset categories as follows (increase in deprecia-tion are indicated by parentheses)

	1999	1998
Machinery and equipment	0.1	(0.0)

BALANCE SHEET

7. Formation expenses	1999	1998
Acquisition costs as of 1 January	1.7	1.7
Increase	0.0	0.0
Decrease	(0.0)	(0.0)
Acquisition costs as of 31 December	1.7	1.7
Accumulated depreciation 1 January	(1.6)	(1.3)
Accumulated depreciation relating to disposals	0.0	0.0
Accumulated depreciation	(0.1)	(0.3)
Total as of 31 December	0.0	0.1

8. Development expenses	1999	1998
Acquisition costs as of 1 January	0.0	0.0
Increase	0.4	0.0
Decrease	(0.0)	(0.0)
Acquisition costs as of 31 December	0.4	0.0
Accumulated depreciation 1 January	(0.0)	(0.0)
Accumulated depreciation relating to disposals	0.0	0.0
Accumulated depreciation	(0.0)	(0.0)
Total as of 31 December	0.4	0.0

9. Intangible rights	1999	1998
Acquisition costs as of 1 January	4.1	4.0
Increase	0.2	0.1
Decrease	(0.0)	(0.0)
Acquisition costs as of 31 December	4.4	4.1
Accumulated depreciation 1 January	(2.1)	(1.6)
Accumulated depreciation relating to disposals	0.0	0.0
Accumulated depreciation	(0.4)	(0.4)
Total as of 31 December	1.9	2.1

10. Buildings	1999	1998
Acquisition costs as of 1 January	0.1	0.1
Increase	0.0	0.0
Decrease	(0.0)	(0.0)
Acquisition costs as of 31 December	0.1	0.1
Accumulated depreciation 1 January	(0.1)	(0.0)
Accumulated depreciation relating to disposals	0.0	0.0
Accumulated depreciation	(0.0)	(0.0)
Total as of 31 December	0.0	0.1

11. Machinery and equipment

	1999	1998
Acquisition costs as of 1 January	2.1	1.6
Increase	0.4	0.5
Decrease	(0.4)	(0.0)
Acquisition costs as of 31 December	2.1	2.1
Accumulated depreciation 1 January	(1.2)	(0.9)
Accumulated depreciation relating to disposals	0.3	0.0
Accumulated depreciation	(0.4)	(0.3)
Total as of 31 December	0.9	0.9

12. Other shares and similar rights of ownership

	1999	1998
Acquisition costs as of 1 January	50.8	50.8
Increase	0.0	0.0
Decrease	(0.0)	(0.0)
Total as of 31 December	50.8	50.8

Investments in Group companies	Domicile	Book value	% of shares
Konecranes Finance Corp.	Hyvinkää	46.3	100 %
Konecranes VLC Corp.	Hyvinkää	4.2	100 %
		50.5	

Investment in other companies		
Vierumäen Kuntorinne Oy	0.3	3.3 %

13. Own shares

	1999	1998
Acquisition costs as of 1 January	0.0	0.0
Increase	7.5	0.0
Total as of 31 December	7.5	0.0

In accordance with the decision of the Annual General Meeting, the company bought back between 14 October and 25 November 300,000 of its own shares at an average price of EUR 24.96 per share. At December 1999, the company held 300,000 shares with a total nominal value of EUR 600.000 and a total purchase price of MEUR 7,5 which is 2 % of total amount of shares and votes.

14. Deferred assets

	1999	1998
Group contributions	21.3	26.1
Payments which will be realised during the next financial year	0.8	0.1
Interest	0.1	0.1
Total	22.2	26.4

15. Shareholders' equity

	1999	1998
Share capital as of 1 January	20.2	20.2
Change	9.8	0.0
Share capital as of 31 December	30.0	20.2
Share premium account 1 January	30.3	30.3
Change	(9.8)	0.0
Share premium account as of 31 December	20.5	30.3
Reserve for own shares as of 1 January	0.0	0.0
Change	7.5	0.0
Reserve for own shares as of 31 December	7.5	0.0
Retained earnings as of 1 January	50.8	40.0
Transfer to reserve for own shares	(7.5)	0.0
Dividend paid	(10.7)	(9.5)
Retained earnings as of 31 December	32.6	30.5
Net income for the period	12.0	20.3
Shareholders' equity as of 31 December	102.5	101.3

Distributable equity 31 December	**1999**	**1998**
Retained earnings as of 31 December	32.6	30.5
Net income for the period	12.0	20.3
Formation expenses	(0.0)	(0.1)
Total	44.6	50.7

16. Long term debt

Long term debt which fall due after five years:	1999	1998
Pension loans	0.2	0.2

17. Accruals

	1999	1998
Income taxes	0.0	1.1
Wages, salaries and personnel expenses	0.4	0.4
Pension costs	0.0	0.1
Other items	5.4	0.5
Total	5.8	2.1

18. Contingent liabilities and pledged assets

	1999	1998
CONTINGENT LIABILITIES		
For obligations of subsidiaries		
Group guarantees	104.4	33.4
OTHER CONTINGENT AND FINANCIAL LIABILITIES		
Leasing liabilities		
Next year	0.0	0.0
Later on	0.1	0.0

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

TOTAL BY CATEGORY		
Guarantees	104.4	33.4
Other liabilities	0.1	0.0
Total	104.5	33.4

19. Notional amounts of derivative financial instruments

	1999	1998
Foreign exchange forward contracts	6.0	8.5

Derivatives are used for currency rate hedging only.

10 biggest shareholders according to the shareregister as per 31.12.1999

	Amount of shares	Percentage of shares	Percentage of votes
1. The Pension Insurance Company Ilmarinen Ltd	537,100	3.58	3.58
2. The Local Government Pension Institution	437,700	2.92	2.92
3. Gustavson Stig	420,875	2.81	2.81
4. KCI Konecranes International Plc	300,000	2.00	2.00
5. Pohjola Life Assurance Company Ltd	293,000	1.95	1.95
6. Varma-Sampo Mutual Pension Insurance Company	246,000	1.64	1.64
Sampo Insurance Company plc	50,000	0.33	0.33
Sampo Enterprise Insurance Company Ltd	45,000	0.30	0.30
Otso Loss of Profits Insurance Company Ltd	40,000	0.27	0.27
Industrial Insurance Company Ltd	40,000	0.27	0.27
Sampo Life Insurance Company Ltd	65,000	0.43	0.43
7. Sampo Group total	240,000	1.60	1.60
8. Federation of Finnish Metal, Engineering and Electrotechnical Industries FIMET	191,600	1.28	1.28
9. OP-Delta Mutual Fund	190,000	1.27	1.27
10. Leonia Osake Mutual Fund	173,600	1.16	1.16

Shares registered in the name of a nominee as per 31.12.1999

Merita Bank Plc	8,505,759	56.71	56.71
Skandinaviska Enskilda Banken (Publ.)	238,710	1.59	1.59
Svenska Handelsbanken AB, Finland Branch	143,400	0.96	0.96
Helsinki Book-Entry Central Ltd/ Svenska Handelsbanken/Helsinki Branch	116,500	0.78	0.78
Leonia Corporate Bank plc	43,040	0.29	0.29
Aros Securities Oy	29,200	0.19	0.19
Helsinki Book-Entry Central Ltd / Gyllenberg	16,800	0.11	0.11
Helsinki Book-Entry Central Ltd / Alfred Berg Finland Ab	10,138	0.07	0.07
OKOBANK Osuuspankkien Keskuspankki Oyj	5,995	0.04	0.04
Mandatum Stockbrokers Ltd	2,885	0.02	0.02
Total	9,112,427	60.76	60.76

Shareholders of KCI Konecranes International Plc according to the amount of shares owned as per 31.12.1999

Shares	Amount of s'holders	Amount of shares	Percentage of s'holders	Percentage of shares
1–1,000	1,318	381,902	83.59	2.54
1,001–5,000	141	312,892	8.94	2.09
5,001–10,000	45	321,881	2.85	2.15
10,001–50,000	48	1,264,588	3.04	8.43
50,001–300,000	21	2,817,303	1.33	18.78
300,001–	4	9,901,434	0.25	66.01
Total	1,577	15,000,000	100.00	100.00

Amount of shares owned by the members of the Board of Directors or CEO as per 31.12.1999

Amount of shares	451,110
Percentage of shares	3.01%
Percentage of votes	3.01%

Share register	Percentage of shares	Percentage of votes
Companies	2.89	2.89
Financial institutions	13.89	13.89
Public institutions	11.81	11.81
Non-profit institutions	1.98	1.98
Individuals	6.21	6.21
Foreign	61.22	61.22
Shares held by KCI Konecranes International Plc	2.00	2.00
Total	100.00	100.00

COMPANY LIST

Subsidiaries owned by the parent company

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

Subsidiaries owned by the group

		Book-value	Group's share
Australia:	Konecranes Pty Ltd	168	100
Austria:	Konecranes Ges.m.b.H	217	100
Belgium:	Breva Konecranes S.A.	305	100
Canada:	Konecranes Canada Inc.	3,049	100
	All Crane Parts and Services Ltd	34	100
	Provincial Cranes Inc.	0	100
Czech Republic:	Konecranes CZ s.r.o.	54	100
China:	Konecranes (Shanghai) Co Ltd	201	100
Denmark:	Konecranes A/S	79	100
Estonia:	Konecranes OÜ	0	100
Finland:	Finox Nosturit Oy	20	100
	Konecranes Components Corporation	6,466	100
	Konecranes Nordic Corporation	2,563	100
	KCI Special Cranes Corporation	67	100
	KCI Hoists Corporation	2,392	100
	KCI Motors Corporation	1,367	100
	KTP Tehdaspalvelu Oy	84	100
	Nosturiexpertit Oy	3	100
	Permeco Oy	113	100
	Notepa Oy	17	100
	Pirkanmaan Tehdaspalvelu Oy	10	100
	Imatran Käämityöliike Oy	653	100
France:	Verlinde S.A.	2,744	99.6
	KCI Holding France S.A.	0	100
	Matman Konecranes S.A.	0	100
	CGP-Konecranes S.A.	678	100
	Copas Konecranes S.A.	322	100
	KONE Ponts Roulants S.A.	0	100
Germany:	Pro Kran Service GmbH	26	100
	Konecranes GmbH	2,072	100
	SWF Krantechnik GmbH	3,068	100
	Trost & Hilterhaus GmbH	6,670	100
	Kran- und Stahlbau Ludwig GmbH	1,044	100
Hungary:	Konecranes Kft.	792	100
Indonesia:	Pt. Konecranes	142	100
Latvia:	SIA Konecranes Latvija	2	100
Lithuania:	UAB Konecranes	52	100
Malaysia:	Konecranes Sdn. Bhd.	716	100
Mexico:	Konecranes Mexico SA de CV	1,450	99.5
The Netherlands:	Konecranes Holding BV	3,851	100
	Konecranes Schipper BV	18	100
	Verlinde Nederland BV	3	100
Norway:	Konecranes A/S	907	100

		1,000 EUR	
		Book-value	Group's share
Poland:	Konecranes Poland Sp. zo.o.	97	100
Romania:	Konecranes Romania S.r.l.	49	100
	S.C. Prodmoreco S.A.	48	100
Russia:	ZAO Konecranes	6	100
Singapore:	KCI Cranes Holding (Singapore) Pte Ltd	603	100
	Konecranes Pte Ltd	1,850	100
Sweden:	KVRM Holding Sverige AB	1,682	100
	KCI Special Cranes AB	0	100
	Konecranes AB	1,593	100
Thailand:	Konecranes Service Co. Ltd.	101	49
Turkey:	Konecranes Ticaret Ve Servis Limited Sirketi	53	100
Ukraine:	AO Konecranes Ukraine	89	100
United Kingdom:	KCI Holding U.K. Ltd.	6,821	100
	Lloyds British Testing Co Ltd.	4,085	100
	KCI Carruthers Ltd.	1,573	100
	Verlinde Hoists Ltd.	0	100
U.S.A.	KCI Holding USA, Inc.	12,083	100
	Konecranes Landel, Inc.	4,435	100
	Konecranes, Inc.	285	100
	R&M Materials Handling, Inc.	8,064	100

Associated companies

Finland:	Tepa-Mestarit Oy	8	50
France:	Levelec S.A.	11	20
	MUNCH Manutention Service S.a.r.l.	7	30
	Boutonnier ADT Levage S.A.	91	25
	Manelec S.a.r.l.	30	25
	Manulec S.A.	122	25
	VH Manutention S.a.r.l.	9	25
Italy:	Prim S.p.A.	1,534	25
Total:		1,813	

Other shares

Finland:	Levator Oy	33	19
	Vaasa Control Oy	2,220	17.8
	Vierumäen Kuntorinne Oy	326	3.3
France:	Synertech S.A.	7	10
Malaysia:	Kone Products & Engineering Sdn. Bhd.	15	10
Mexico:	Gruas Mexico S.A. de C.V.	1	10
Venezuela:	Gruas Konecranes, C.A.	19	10
Others:		206	
Total:		2,827	

DEVELOPMENT BY BUSINESS AREAS

	1.1.-31.12.1999 (MEUR)	1.1.-31.12.1998 (MEUR)
SALES AND OPERATING INCOME		
Maintenance Services		
Sales	274.9	259.4
Operating income	19.4	20.8
Standard Lifting Equipment		
Sales	218.7	205.7
Operating income	21.5	21.2
Special Cranes		
Sales	157.5	184.8
Operating income	12.4	16.4
Internal sales	(59.5)	(52.9)
Group sales	**591.5**	**597.0**
Operating income before group overheads	**53.3**	**58.3**
Group costs	(18.9)	(15.2)
Non business area items	(2.3)	(0.5)
Group operating income	**32.1**	**42.6**

PERSONNEL 31 December		
Maintenance Services	2,261	2,349
Standard Lifting Equipment	1,134	1,042
Special Cranes	542	550
Group staff	107	111
Total	**4,044**	**4,052**

THE KCI KONECRANES GROUP 1995-1999

Business development		**1999**	**1998**	**1997**	**1996**	**1995**
Order intake	MEUR	538.7	542.8	526.8	449.4	322.9
Order book	MEUR	178.4	194.8	217.5	176.0	106.0
Net sales	MEUR	591.5	597.0	517.3	412.2	367.1
of which outside Finland	MEUR	538.3	542.3	461.5	348.5	324.7
Export from Finland	MEUR	180.7	213.0	167.9	118.2	145.6
Personnel on average		4,050	3,968	3,720	3,351	3,042
Capital expenditure	MEUR	12.9	15.1	16.6	9.3	7.5
as a percentage of net sales	%	2.2	2.5	3.2	2.2	2.0
Research and development costs	MEUR	7.8	7.2	7.1	6.9	6.1
as % of Standard Lifting Equipment 1)	%	3.6	3.5	3.7	4.5	4.5
as % of Group net sales	%	1.3	1.2	1.4	1.7	1.6
Profitability						
Net sales	MEUR	591.5	597.0	517.3	412.2	367.1
Operating income	MEUR	32.1	42.6	39.0	34.9	23.7
as percentage of net sales	%	5.4	7.1	7.5	8.5	6.5
Income before extraordinary items	MEUR	30.2	43.3	39.4	35.0	22.8
as percentage of net sales	%	5.1	7.2	7.6	8.5	6.2
Income before taxes	MEUR	30.2	43.3	39.4	35.0	22.8
as percentage of net sales	%	5.1	7.2	7.6	8.5	6.2
Net income	MEUR	21.8	31.4	27.9	23.4	16.0
as percentage of net sales	%	3.7	5.3	5.4	5.7	4.4
Key figures and balance sheet						
Shareholders' equity	MEUR	143.7	131.2	112.6	92.4	73.8
Balance Sheet	MEUR	352.3	308.3	290.7	239.4	204.8
Return on equity	%	16.3	25.7	27.2	28.1	23.9
Return on capital employed	%	21.7	32.6	36.2	36.3	28.1
Current ratio		1.7	1.3	1.3	1.4	1.3
Solidity	%	42.2	47.0	43.9	41.7	40.0
Gearing	%	35.8	7.2	1.3	8.1	4.5
Shares in figures						
Earnings per share	EUR	1.48	2.09	1.86	1.56	1.06
Equity per share	EUR	9.27	8.75	7.50	6.16	4.92
Dividend per share	EUR	0.71*	0.71	0.63	0.50	0.34
Dividend / earnings	%	48.0	34.2	33.9	32.4	31.6
Effective dividend yield	%	1.9	1.8	2.1	2.1	
Price / earnings		25.8	18.5	16.3	15.7	
Trading low / high	EUR	23.05/38.30	26.07/53.48	23.88/39.52	13.62/24.89	
Average share price	EUR	30.24	37.50	33.00	16.85	
Year-end market capitalisation	MEUR	572.7	580.2	454.1	365.8	
Number traded	(1,000)	13,198	8,039	5,992	9,254	
Stock turnover	%	88.0	53.6	39.9	61.7	

* The Board's proposal to the AGM
1) R&D serves mainly Standard Lifting Equipment

CALCULATION OF KEY FIGURES

Return on equity:	Income before extraordinary items - taxes / Equity – own shares (average during the period)	x 100
Return on capital employed:	Income before taxes + interest paid + other financing cost / Total amount of equity and liabilities - non-interest bearing debts - own shares (average during the period)	x 100
Current ratio:	Current assets / Current liabilities	
Solidity:	Shareholders' equity – own shares / Total amount of equity and liabilities - advance payment received – own shares	x 100
Gearing:	Interest-bearing liabilities - liquid assets - loans receivable / Shareholders equity + minority share – own shares	x 100
Earnings per share:	Net income +/- extraordinary items / Number of shares – number of own shares	
Equity per share:	Shareholders' equity in balance sheet – own shares / Number of shares – number of own shares	
Effective dividend yield:	Dividend per share / Share price at the end of financial year	x 100
Price per earnings:	Share price at the end of financial year / Earnings per share	
Year-end market capitalisation:	Number of shares multiplied by the share price at the end of year	
Average number of personnel:	Calculated as average of tertial averages	

BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING

The Group's distributable equity is EUR 81,487,218.56. The parent company's distributable equity is EUR 44,590,693.35 of which the net income for the year is EUR 11.995.448,42.

The Board of Directors proposes that a dividend of EUR 0,71 be paid on each of the 14,700,000 shares for a total of EUR 10.437.000 and that the rest EUR 34,153,693.35 be retained and carried forward.

Hyvinkää, February 9th 2000

Björn Savén
Chairman of the Board of Directors

Timo Poranen
Member of the Board

Juha Rantanen
Member of the Board

Michael Rosenlew
Member of the Board

Stig Stendahl
Member of the Board

Christoffer Taxell
Member of the Board

Stig Gustavson
Member of the Board
President and CEO

AUDITORS' REPORT

TO THE SHAREHOLDERS OF KCI KONECRANES INTERNATIONAL PLC

We have audited the accounting, the financial statements and administration of KCI Konecranes International Plc for the financial year 1.1. - 31.12.1999. The financial statements, which have been prepared by the Board of Directors and the Managing Director, include the Annual Report of the Board of Directors and the Income Statement, Balance Sheet and Notes to the Accounts of the group and the parent company. Based on our audit we express an opinion on the financial statements and administration.

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

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

Hyvinkää, February 9th 2000

Tuokko Deloitte & Touche Oy
Authorized Public Audit firm

Mikael Paul
Authorized Public Accountant

CORPORATE GOVERNANCE

Board of Directors

The Annual General Meeting confirms the number of members of the Board of Directors, elects the members of the Board and confirms members' compensations. The KCI Konecranes Board of Directors consists of a minimum of six (6) and a maximum of seven (7) members. The mandate of the members of the Board of Directors expires at the closing of the third Annual General Meeting following their election. The mandates of Timo Poranen and Stig Gustavson expire at the Annual General Meeting in 2000, the mandates of Christoffer Taxell and Michael Rosenlew at the Annual General Meeting in 2001 and the mandates of Björn Savén, Juha Rantanen and Stig Stendahl at the Annual General Meeting in 2002. Timo Poranen and Stig Gustavson have accepted to avail themselves for re-election. Michael Rosenlew has informed that he will resign from the Board in the Annual General Meeting 2000.

The Board of Directors elects its Chairman and Deputy Chairman. There is no specific division between tasks and responsibilities of the members of the board and the Chairman. The tasks of the Board members are specified in the Companies Act. The Board members do not have any special tasks in addition to those arising out of law.

The Board elects the Managing Director (President) of KCI Konecranes. The Board of Directors may nominate a Deputy to the President and also Assistant Managing Directors. The President shall be a member of the Board of Directors but may not be elected Chairman or Deputy Chairman of the Board. The President's remuneration and other benefits are approved by the Board, and are specified in a written agreement between KCI Konecranes and the President.

Remuneration

The remunerations for the Board during 1999 were as follows: the Chairman FIM 150,000/year and members FIM 75,000/year. The President and any other Board member employed by KCI Konecranes do not receive separate compensation for their Board membership.

The main elements of the President's remuneration and other benefits during 1999 were as follows: salary FIM 1,218,800, other benefits valued at FIM 72,600 and a bonus (for fiscal year 1998) FIM 166,140.

The President may retire at the age of 60 years with a 60 % pension. Early termination can be made on payment of up to 24 months' salary.

The Board of Directors approves the remuneration and basis for other benefits for Executives and Staff Directors.

Insider Regulations

The Board of Directors has accepted the Guidelines for Insiders given by the Helsinki Exchanges on October 28, 1999 to be followed in KCI Konecranes. Based on these Guidelines the Board has issued Insider Regulations for KCI Konecranes. The Insider Regulations apply as of January 1, 2000.

European Works Council

There is a European Works Council (EWC) in KCI Konecranes. The EWC meets once a year. The EWC is based on an agreement between KCI Konecranes International Plc and its European employees.

The purpose of the EWC is to inform and consult employees about important transnational questions. The role of the EWC is to enhance constructive exchange of opinions on questions concerning the development of KCI Konecranes' human, industrial, economic, commercial and financial resources. The EWC shall address only matters that relate to more than one country.

The EWC representatives and their substitutes are elected by the personnel. The management representatives are appointed by the President of KCI Konecranes. The EWC has a Working Committee consisting of four employees' representatives and two management representatives.

In 1999 a total of 14 personnel representatives from eight countries and four management representatives participated in the EWC Meeting.

BOARD OF DIRECTORS

Standing from the left: Stig Gustavson, Juha Rantanen, Lennart Simonsen
Around the table from the left: Michael Rosenlew, Christoffer Taxell, Björn Savén, Stig Stendahl, Timo Poranen

Björn Savén, b. 1950
Chairman of the Board
M.Sc. (Econ.), MBA, Dr.Econ. (h.c.)
Chief Executive, Industri Kapital
Chairman of the Board Nordkemi Oy (Neste Chemicals), MSC Metsa Specialty Chemicals Oy
Member of the Boards of i-center AG, MacGREGOR AB, Orkla ASA, Deutsch-Schwedische Handelskammer, Finsk-Svenska Handelskammaren
Present term closes year 2002
Shareholding 29,855 beneficially via Industri Kapital

Stig Gustavson, b. 1945
M.Sc. (Eng.), Dr.tech. (h.c.)
President & CEO, KCI Konecranes International Plc
Chairman of the Board, Oyj Hackman Abp, Federation of Finnish Metal, Engineering and Electrotechnical Industries FIMET
Member of the Boards of Addtek International Oy Ab, Enskilda Securities AB, Oy Helvar Merca Ab
Present term closes year 2000
Shareholding 420,875
Option to acquire 3000 shares

Timo Poranen, b. 1943
M.Sc. (Eng.)
President, Finnish Forest Industries Federation
Member of the Supervisory Board, OKOBANK
Deputy member of the Boards, Varma-Sampo Mutual Pension Insurance Company and Fingrid Oyj
Member of the Boards of Industrial Insurance Company Ltd, Helsinki University of Technology, The Finnish Section of the International Chamber of Commerce
Member of the Council, The Finnish Swedish Chamber of Commerce,
Present term closes year 2000
Shareholding 0

Juha Rantanen, b. 1952
M.Sc. (Econ.), MBA
President & CEO, A. Ahlstrom Corporation
Member of the Supervisory Boards of Varma-Sampo Mutual Pension Insurance Company, Mandatum Bank plc
Member of the Boards of Paroc Group Oy Ab, Aleksia Oyj
Present term closes year 2002
Shareholding 280

Michael Rosenlew, b. 1959
M.Sc. (Econ.)
Director, Industri Kapital
Member of the Boards of Addtek International Oy Ab, Industri Kapital Limited, MSC Metsa Specialty Chemicals Oy, Elektrokoppar Holding AB, Paroc Group Oy AB, Enermet Group Oy, Nordkemi Oy (Neste Chemicals)
Present term closes year 2001
Shareholding 0

Lennart Simonsen, b. 1960
Secretary of the Board,
not member of the Board
LL.M.
Attorney, Partner, Roschier-Holmberg & Waselius, Attorneys at Law
Shareholding 0

Stig Stendahl, b. 1939
M.Sc. (Chem. Eng.)
President and CEO, Fiskars Corporation
Vice Chairman of Sanitec Corporation
Chairman of the Board, Stiftelsen för Åbo Akademi
Member of the Supervisory Board, Sampo Insurance Company Plc
Member of the Board, Federation of Finnish Metal, Engineering and Electrotechnical Industries FIMET
Present term closes year 2002
Shareholding 200

Christoffer Taxell, b. 1948
LL.M., Doctor of Political Science (h.c.)
President & CEO, Partek Corporation
Chairman of the Board, Kalmar Industries AB
Member of the Boards of ABB Oy, Sampo Insurance Company plc, Stockmann Plc, Metra Corporation
Present term closes year 2001
Shareholding 0

Board Members (excl. Stig Gustavson) do not have options. Shareholdings as per 31 December, 1999.

EXECUTIVES

Business Executives

Stig Gustavson
President & CEO
M. Sc. (Eng.), Dr. Tech. (h.c.)
b. 1945
Employed 1982
Shares 420,875
Option to acquire 3,000 shares

Harry Ollila
Group Vice President, Region Europe
M. Sc. (Eng.)
b. 1950
Employed 1991
Shares 47500
Option to acquire 3,000 shares

Bill Maxwell
Vice President, Region Europe;
Managing Director, Lloyds Konecranes Ltd
B.Sc.
b. 1949
Employed 1992
Shares 500
Option to acquire 3,000 shares

Rainer Aalto
President, Region Asia-Pacific
B. Sc. (Econ.)
b. 1945
Employed 1998
Shares -
Option to acquire 9,400 shares

Charles E. Vanarsdall
Group Vice President, Region Americas
MBA
b. 1937
Employed 1983
Shares 13,000
Option to acquire 3,000 shares

Tom Sothard
President, Maintenance Services
B. Sc. (Mark.)
b. 1957
Employed 1983
Shares 500
Option to acquire 9,400 shares

Antti Vanhatalo
President, Industrial Cranes;
Managing Director, Konecranes Components Corp.
M. Sc. (Eng.)
b. 1945
Employed 1969
Shares 1000
Option to acquire 3,000 shares

Mikko Uhari
President, Harbour and Shipyard Cranes;
Managing Director, Konecranes VLC Corp.
Lic. Sc. (Eng.)
b. 1957
Employed 1997
Shares -
Option to acquire 9,400 shares

Arto Juosila
President, Stardard Lifting Equipment;
Managing Director, KCI Hoists Corp.
M. Sc. (Econ.)
b. 1955
Employed 1980
Shares 8,000
Option to acquire 3,000 shares

Holdings expressed as direct holdings as per 31 December, 1999

Staff Directors

Markku Leinonen
Executive Vice President,
KCI Konecranes Group
M. Sc. (Eng.)
b. 1949
Employed 1981
Shares 20,000
Option to acquire 3,000 shares

Teuvo Rintamäki
Chief Financial Officer (CFO),
M. Sc. (Econ.)
b. 1955
Employed 1981
Shares 10,700
Option to acquire 3,000 shares

Matti Ruotsala
Director, Technology
M. Sc. (Eng.).
b. 1956
Employed 1982
Shares -
Option to acquire 9,400 shares

Sirpa Poitsalo
Director, General Counsel
LL.M.
b. 1963
Employed 1988
Shares 100
Option to acquire 9,400 shares

Franciska Janzon
Investor Relations Manager
Acting Director, Group Communications and IR
M.Sc. (Econ.)
b. 1972
Employed 1999
Shares -
Options -

Katri Pietilä
Director (on maternity leave), Group Communications and IR
M.Sc. (Econ.)
b. 1961
Employed 1995
Shares -
Option to acquire 4,400 shares

SHARES AND SHAREHOLDERS

Shares and Voting Rights

The Annual General Meeting resolved on 11 March, 1999 to convert KCI Konecranes International Plc's share capital and nominal value of the share into euros. The AGM also made a small adjustment to the share capital in order to arrive at round figures.

KCI Konecranes International Plc's minimum share capital is ¤ 20 million and its maximum authorised share capital is ¤ 80 million, within which limits the share capital may be increased or decreased without amending the Articles of Association. On December 31, 1999 the share capital fully paid and reported in the Trade Register was EUR 30 million.

The nominal value of the share is EUR 2. The number of shares is 15 million. Each share is entitled to one vote.

Shareholder Register

The shares of the Company belong to the Book Entry Securities System.

Shareholders should notify the particular register holding their Book Entry Account about changes in address or account numbers for payment of dividends and other matters related to their holdings in the share.

Dividend Policy

Traditionally approximately one third of net profits has been paid as dividends.

Taxable Value in Finland

For Finnish taxation purposes, the Company's share was given a value of EUR 26.19 for fiscal 1999.

Authorisations

Excluding the Share Option Programs of 1997 and of 1999, the Board has no unused authorisations to issue shares, convertible bonds or bonds with warrants. The 1999 AGM renewed the Board's authorisation to acquire a maximum of five (5) per cent of the company's own shares. In accordance with the Board's authorisation 300 000 of the company's own shares were acquired during 1999. The Board will propose to the AGM a renewal of the authorisation.

Option Schemes for Management

KCI Konecranes International Plc has launched two Share Option Programs, the first in 1997 and the second in 1999. The 1997 Share Option Program was targeted for middle management. In all 288 managers and experts received bonds with warrants, exercisable on or after 1 April, 2003 at a price of EUR 26.06 (FIM 155). The 1997 program represents a two per cent interest in the Company's outstanding shares.

The 1999 Share Option Program was targeted both for middle and top management. Under the program 333 members of Group top and middle management received options to buy a total of 300.000 shares in KCI Konecranes International Plc, at a price of EUR 33 each. The program, representing a 2 per cent interest in the Company's outstanding shares, is exercisable in two tranches, the first 50% between April 1, 2002 and March 31, 2005 and the balance between between April 1, 2005 and March 31, 2008.

Trading and Performance of the Company's Shares

KCI Konecranes' shares, symbol KCI1V, are quoted on the Helsinki Exchanges.

The 1999 closing price was EUR 38.18 (1997: EUR 38.68). The highest price in 1999 was EUR 38.30 (1998: EUR 53.48), the average price was EUR 30.24 (1998: EUR 37.50) and the lowest price was EUR 23.05 (1998: EUR 26.07).

The share price decreased with 1.3% in 1999. The HEX portfolio index rose 66.2 %. The sector index (Metal and Engineering) increased by 25.50%.

13,198,204 KCI Konecranes' shares were traded on Helsinki Exchanges during 1999. This represents 87.99% of the company´s outstanding shares. In monetary terms trading was EUR 399 million which was the 17th largest trading among companies listed on Helsinki Exchanges.

At the end of the year the market capitalisation of the outstanding shares was EUR 573 million (1998: EUR 580 million). KCI Konecranes has the 36th largest market capitalisation of companies listed on Helsinki Exchanges. Earnings per share was EUR 1,48 (1998: EUR 2.09).

Share Ownership

At the end of 1999 the non-Finland based shareholding was 61.22 % (1998: 81.78 %). The percentage of shares registered in the name of a nominee was 60.75% (1998: 81.53 %).

On December 31, 1999 the third largest shareholder registered by name was the Company's President and CEO, Mr. Stig Gustavson, who held 420,875 shares representing 2.81% of the share capital. For further information about ownership see page 41.

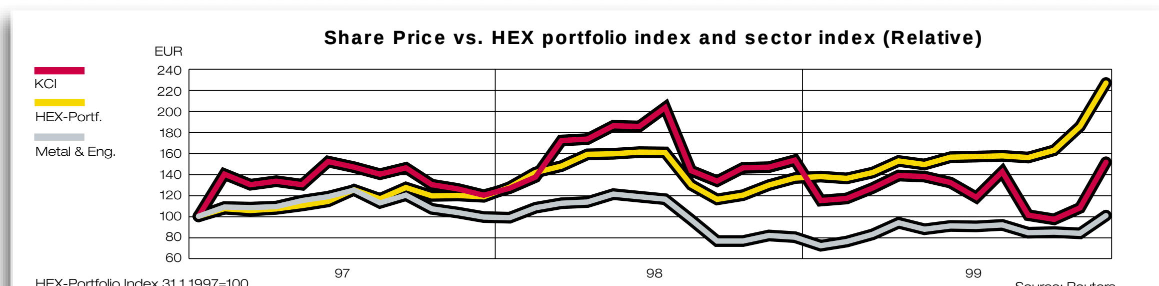
Dividend

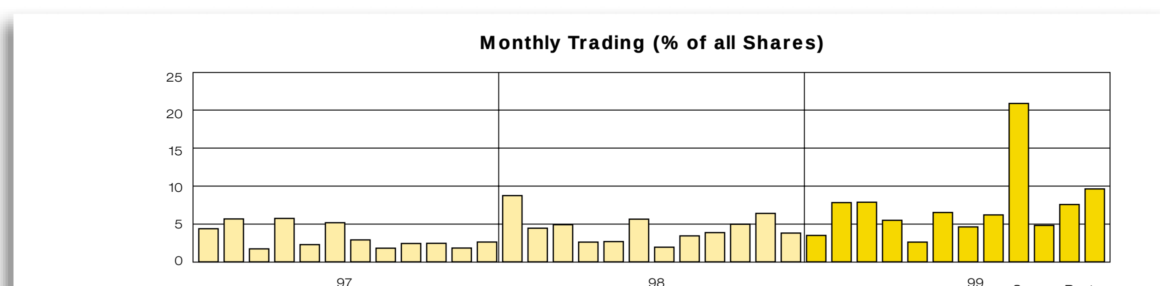
The Board of Directors proposes to the AGM that a dividend of EUR 0.71 per share will be paid. The dividend will be paid to persons, who are entered as shareholders in the share register on the record date March 14, 2000. According to the Board's proposal, dividend payment day is March 21, 1999.

Investor Information

KCI Konecranes will publish all company releases in real time in English on the Internet at: www.kcinet.com. The Financial Information calendar for 2000 is on 57 page.

On page 56 there is a list of brokers and analysts, who follow KCI Konecranes.





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Michael Ho

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According to our information the analysts listed below follow KCI Konecranes. Analysts do so on their own initiative. The list might not be complete. An updated list is available on the Internet. (KCI Konecranes takes no responsibility for the opinions expressed by analysts.)

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INFORMATION FOR SHAREHOLDERS

General Meeting of Shareholders

KCI Konecranes International Plc's Annual General Meeting will be held on 9 March, 2000 at 11.00 a.m at the company's headquarters, at Koneenkatu 8, 05830 Hyvinkää, Finland. A press release on the decisions made at the AGM will be published upon conclusion of the meeting.

A shareholder who's name has been entered in the shareholder register no later than 3 March, 2000, will have the right to participate in the AGM. The register is maintained by the Finnish Central Securities Depository Ltd. A shareholder who wishes to participate in the AGM must notify the Company of his intention to do so no later than 6 March, 2000 before 4.45 p.m. by the Internet: www.kcinet.com/agm2000/ or under address: Ms. Maija Jokinen, P.O. Box 661, FIN-05801 Hyvinkää, by fax:+358-20-427 2099,by e-mail maija.jokinen@kcinet.com.

Interim Reports

As of the year 2000 KCI Konecranes will issue quarterly reports instead of reports by tertials. Reports will be published as follows:
Interim report, 1st quarter, Thursday, 4 May
Interim report, 2nd quarter, Thursday, 10 August
Interim report, 3rd quarter, Thursday, 2 November

The reports are published at 10.00 a.m. Finnish time and are immediately available on www.kcinet.com. Also, an international teleconference will be arranged on each day of publication at 4.00 p.m. Finnish time. The dial-in no. is +44-208 781 0596. (Please call in at 3.50 p.m.) The graphics of the presentations are attached to the corresponding report on the Internet. A replay of each teleconference will be available for the next 48 hours at +44-208-288 4459, code: 641782 (10 Feb.) / 642782 (4 May) / 643782 (10 Aug.) / 644782 (2 Nov.). An audio recording of the President and CEO's presentation at the AGM and in each teleconference will be made available on the Internet shortly after the meeting or conference.

Financial Information

KCI Konecranes' financial information is available at www.kcinet.com. Financial publications may be ordered from: KCI Konecranes, Group Communications and Investor Relations, Koneenkatu 8, P.O. Box 661, 05801 Hyvinkää, tel.+358-20 427 2016, fax +358-20 427 2103, e-mail: liisa.siren@kcinet.com.

Changes of Address

Shareholders are kindly requested to notify any changes of address to the book-entry register where their book-entries are maintained.

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