Annual Review 2006

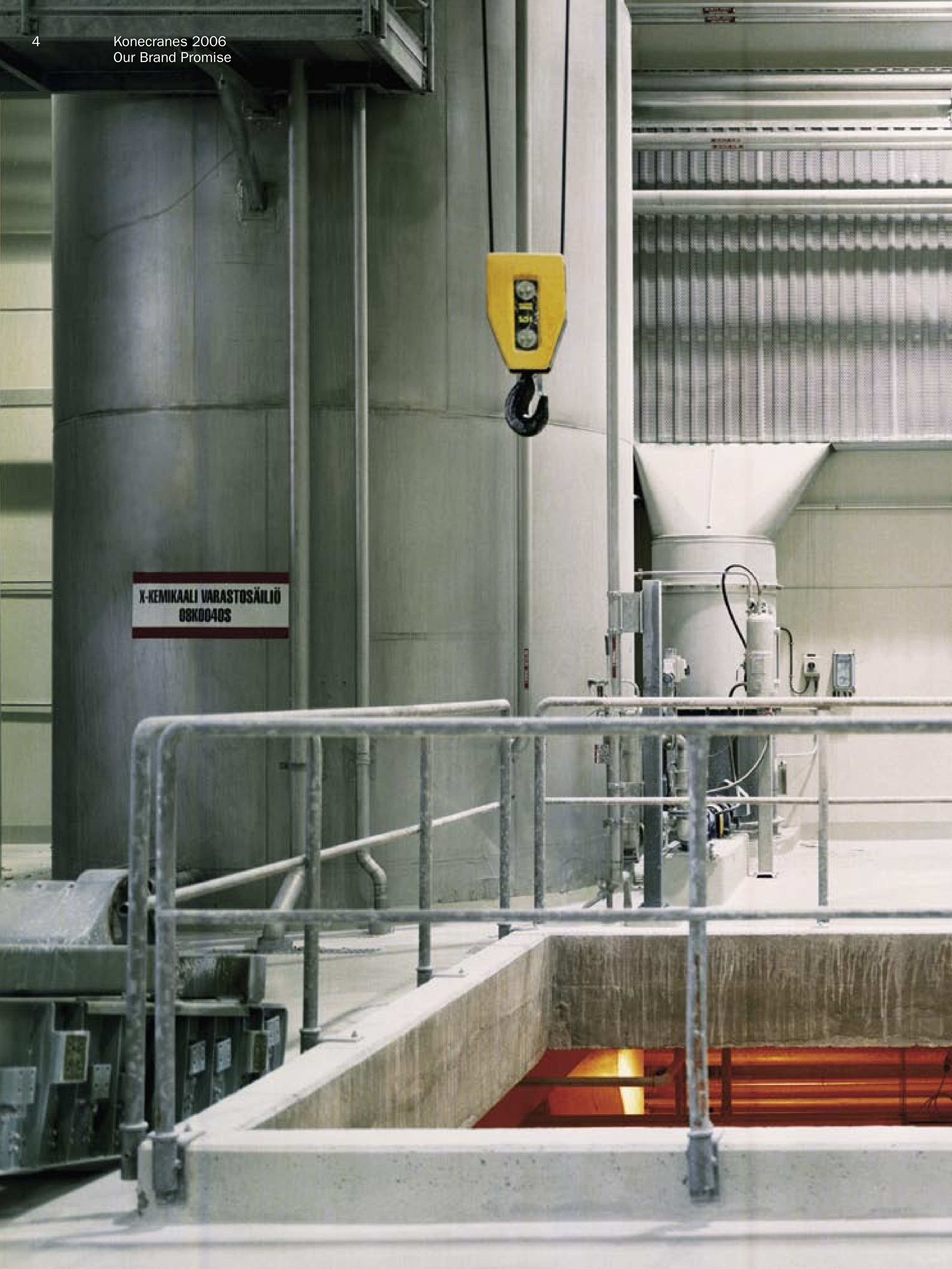
NOT JUST LIFTING THINGS, BUT ENTIRE BUSINESSES

Konecranes RMG-crane at Roadways Container Logistics in Birmingham, UK
Front cover: Konecranes Process crane at Ruukki steel mill in Hämeenlinna, Finland

Konecranes Annual Review 2006 contains information on Konecranes' goals, strategy, Business Areas, R&D, corporate responsibility, personnel development, and Group management.

Konecranes Financial Review 2006 contains information on the Group's corporate governance, the consolidated and parent company financial statements and their notes.

Contents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LIFTING BUSINESSES

LIFTING BUSINESSES

Konecranes is an industry-shaping Group of dynamic Lifting Businesses™.

We have a strong commitment to provide our customers with products and services of unrivalled quality, safety, and reliability, which results in improved efficiency and performance of their businesses.

Through applying both our unique knowledge and technology, and responsive service attitude of never letting the customer down, we are able to develop innovative and integrated lifting solutions that our customers can trust.

These solutions help increase customers' productivity and profitability, thus showing that we are not just lifting things, but entire businesses.

HIGHLIGHTS 2006

Highlights

- > Record year in sales, orders, and profits
- > Profitability improved in all Business Areas; long term EBIT-margin target met in Service
- > Capital return rates at record-high level
- > Biggest ever acquisition completed successfully
- > Konecranes renewed its brand strategy and identity, and adopted the brand promise "Lifting Businesses™"
- > Konecranes renamed its three business areas: Service, Standard Lifting, and Heavy Lifting
- > Four-for-one share split helped to improve share liquidity
- > Konecranes market capitalization doubled

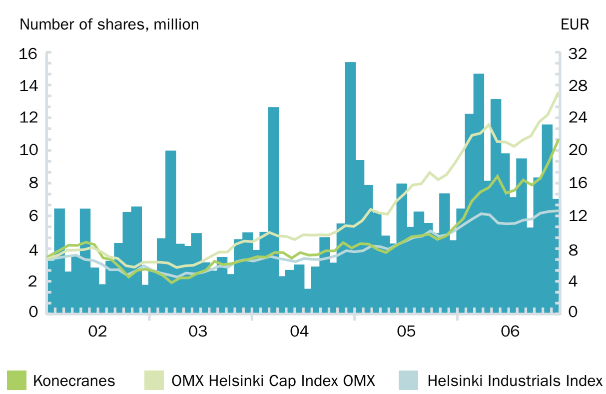
Broadened presence both geographically and in new customer industries through acquisitions and strong organic growth

- > The acquisition of US-based Morris Material Handling Inc., a renowned over 100 year-old company with the recognized P&H brand, strengthened Konecranes' position in North America and broadened the product offering with new technology for nuclear power plant solutions.
- > In operative terms, the acquired Stahl Crane Systems and P&H exceeded expectations
- > Konecranes' first own offices in Spain and India
- > Strong market demand in the emerging markets China, Russia, and India, and in Germany and USA
- > General manufacturing, steel, and harbor sectors were active throughout the year and Konecranes gained several significant orders – good examples being an order for four hot metal ladle cranes from Bushan Steel in India, two coker cranes for Reliance Industries in India and a 50 MUSD order for four STS container cranes and 15 RTG cranes to Port of Savannah, Georgia, USA.
- > First RTG crane order for port terminal in Japan
- > Expansion of our service network continued with 43 new branch offices, now totaling 376.
- > The creation of a service network in Russia and Spain started.

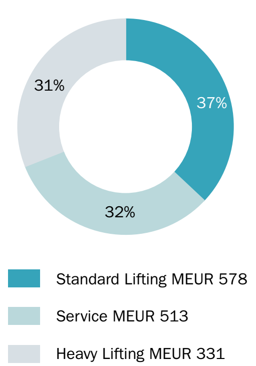
Improved efficiency of the supply chain pays off

- > Heavy Lifting doubled production volumes in China
- > Konecranes started lift trucks production in China
- > Profitability improvement in the equipment businesses following structural changes made in recent years
- > Productivity improved in all Business Areas

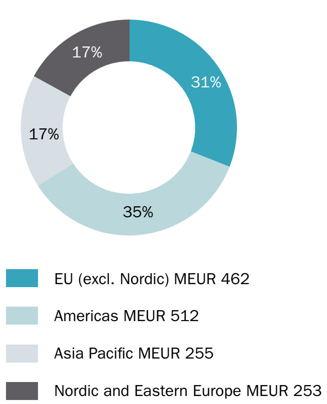
Monthly trading volume and share price 2002–2006
Konecranes shares are listed on the OMX Helsinki Stock Exchange



Sales by Business Area



Sales by Market



Key figures

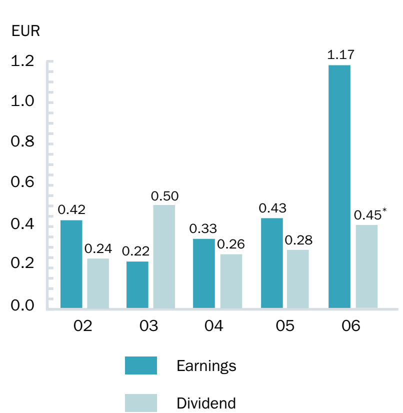
MEUR	2006	2005	Change
Orders received	1,472.8	1,061.2	38.8%
Order book, Dec 31	571.6	432.1	32.3%
Sales	1,482.5	970.8	52.7%
Operating income EBIT	105.5	49.3	113.8%
Operating margin EBIT, %	7.1	5.1	
Net income	68.6	24.1	184.5%
Earnings per share, EUR	1.17	0.43	175.3%
Cash flow from operating activities per share, EUR	1.39	0.85	61.6%
Dividend per share, EUR	0,45*	0.28	63,6%
ROCE %	29.5	17.2	
ROE %	36.5	16.6	
Net gearing %	57.3	88.1	
Personnel, Dec 31	7,549	5,923	27.5%

*Board's proposal to the AGM

Brand

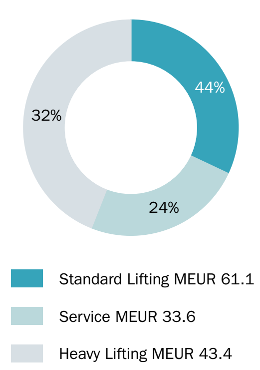
Our new brand identity, logo and brand promise were launched on 1 September, 2006. Lifting Businesses™ is the outcome of a renewed brand strategy and identity initiative, which also included dropping 'KCI' from the brand name. By using Lifting Businesses™ to give our company a clear direction, we are well on our way in creating a brand worthy of being an industry shaper.

Earnings and dividend per share

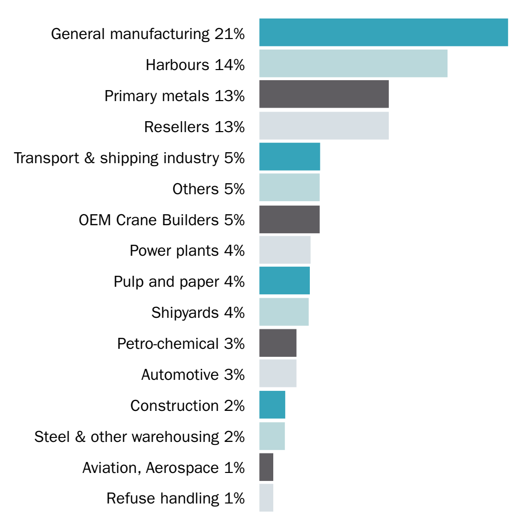


*Board's proposal to the AGM

Operating Income by Business Area



Sales by Customer Industry



AN UPLIFTING YEAR FOR KONECRANES

It is with great pride that I write the review for the year 2006. Konecranes is enjoying a unique combination of three dynamic factors – extremely strong growth, improving operating margins and high capital returns. I am truly proud of the some 7,500-employee team that has made this happen. The year 2006 has put us in a great position for the future.

We have positioned ourselves as a growth company, targeting both organic growth and value-creating acquisitions. In 2006, we consolidated the two single biggest acquisitions in our history. The growth of both Stahl CraneSystems and Morris Material Handling Inc, or P&H as the brand name is known, accelerated after the acquisitions, and our expectations regarding the synergy benefits were met.

Growth was further boosted by an organic growth of 27%, making the total growth in 2006 as high as 53%, clearly exceeding the 20% growth target anticipated at the beginning of the year. In the last two years, we have thereby more than doubled our size. The strong demand in most of our key markets boosted our sales growth, which clearly exceeded the market growth. The growth was also well balanced: all Business Areas and geographical regions delivered healthy growth numbers. Thanks to the growth, we were able to create 590 new jobs during the year, in addition to the personnel increase that came through the acquisitions.

Higher volumes gave clear economies of scale, but they were not the sole reason for better margins. Our supply chain efficiency programs improved our overall productivity by 7%. The combination of higher volumes and productivity increased the operating margin to 7.1% from 5.1% in 2005. All Business Areas' operating margins improved significantly and Service exceeded its published long-term target of 8%. Standard Lifting improved from 9.1% to 10.6% and Heavy Lifting recovered from the disappointing 4.6% margin in 2005 to a more reasonable level of 6.8%.

We have paid a lot of attention to working capital management and we were able to significantly improve the working capital rotation, which, together with higher operating profit, resulted in a 29.5% return on capital employed and 36.5% return on equity. These figures demonstrate our fast progress: the corresponding returns were 17.2% and 16.6% in 2005.

In 2006, we also renewed our brand strategy and identity, and adopted a new global tagline to better reflect our value proposition to customers. In addition to delivering state-of-the art lifting solutions, we have a company-wide commitment to deliver service that helps increase our customers' productivity and profitability, thus showing that we're not just about lifting things, but entire businesses. In short, Konecranes is about Lifting Businesses. We dropped 'KCI' from our new logo to focus on the core brand equity, which lies in the Konecranes name.

We are in a promising position for the future. Our most important strategic goal is to provide the best customer service in the industry. This strategy is supported by a substantial R&D investment to secure our product and technology leadership also in the future. Furthermore, we will continue to restructure our supply chain with a goal to continuously push down unit costs. High quality standards are of key importance in our supply chain. This is especially important in cases where manufacturing or sourcing is moving to lower cost countries. And finally, since our market is still highly fragmented, our strategy is also to continue to pursue acquisition opportunities to complement organic growth.

It would not be prudent to expect that the very fast organic growth rates we have seen during the past two years will continue at the same pace. However, we do expect organic growth to continue in the coming years. At the same time, we are confident that the 7.1% operating margin achieved in 2006 can be further improved. This is why we have set new mid-term operating margin targets for each Business Area: 12% in Service, 12% in Standard Lifting, and 10% in Heavy Lifting. Achieving these targets would result in a Group margin level of approximately 10%.

Dear customers, shareholders, and colleagues, thank you for your support during 2006! We will continue to do everything we can to meet your expectations in the future.

Pekka Lundmark, President and CEO

Pekka Lundmark, President and CEO

Stig Gustavsson, Chairman of the Board

Chairman's Letter

The year 2006 was an exceptionally strong growth year for Konecranes. The company grew both on its own merits and as a consequence of two good acquisitions during the year. Organic growth was rapid, partly on the back of solid growth in the economy in most of our important markets.

The big question going forward is whether market growth will continue, and if so, at what level.

It appears fairly easy to agree on most analysts' view on continuing solid growth in Asia. The growth fundaments are all in place, and both big Asian economies, China and Japan, act as motors. Also, China's biggest "customer", the US, is apparently not in for a hard landing.

Most of our growth outside Japan, is related to investments into social and production infrastructure. This is particularly good for the materials handling industry, as this feeds directly into our order books.

In Europe, the German economy carries the biggest industrial weight. Here, during 2006 we saw a strong performance. In particular, industrial exports from Germany made it the largest exporter in the world. Again, this favours the producers of materials handling equipment. We believe the German momentum to carry forward into the coming years.

Most analysts predict a gradual cooling of the US economy, only some predict a dramatic change. Both scenarios suit Konecranes well. In America, over two thirds of our business is related to service. In a less hectic business climate, our customers, the manufacturing industry, pay more attention to maintenance.

On a whole, we feel confident that market growth will continue in 2007. Naturally, it would be difficult for Konecranes to continue growing organically at the same rate as in 2006. However, all elements necessary for constituting Konecranes as a growth company are there: a modern, competitive product range, a global presence, good but not dominant market shares, and a healthy, growing economy.

Stig Gustavson, Chairman of the Board

LIFTING BUSINESSES WORLDWIDE THROUGH A HIGH-CLASS OPERATION

VISION

We want to be the undisputed leader of the lifting industry, and a benchmark for business performance and customer service.

MISSION

We are not just lifting things, but entire businesses.

VALUES

- **Trust in People**
  We want to be known for our great people
- **Total Service Commitment**
  We want to be known for always keeping our promises
- **Sustained Profitability**
  We want to be known as a financially sound company

STRATEGIC CORNERSTONES

Konecranes' Group Strategy is based on the combination of capitalizing on our extensive service network, leading technology, fast paced industrial consolidation, and a focus on efficient supply chains, giving us growth and higher EBIT margins.

- Best customer service
- Product and service innovation
- Demand driven, cost-efficient supply chain
- Value-creating acquisitions

Best customer service

Konecranes is committed to always offering the best customer service in the industry. To us, quality of service is based on safety, reliability, and high-performing technology with which we improve customers' efficiency and productivity. Even in developed outsourcing markets, an estimated two thirds of all service of lifting equipment is still carried out in-house. Outsourcing this service offers benefits such as improved cost efficiency, safety, and increased uptime, and has created a genuine growth market that fuels our organic growth. Our strategy is optimized for tapping into the service industry's global growth potential.

Product and service innovation

Konecranes is committed to developing industry-shaping technologies for both lifting equipment and their service. Using the vast knowledge tha we have accumulated by having the world's largest service organization, we know what customers need and how to develop the solutions for different environments. By combining our service knowledge and new technologies, we create lifting solutions that maximize value to our customers. We minimize downtime and optimize the total cost of ownership.

Demand driven, cost-efficient supply chain

An efficient supply chain and continuous optimization of operational efficiency is pivotal for Konecranes. We are transforming us from a regional buy-make-sell model to a global buy-move-make-move-sell anywhere model. We are geared to respond efficiently to changes in market demand throughout the chain. Our products are based on modularity and standardization, and make use of the latest technology and designs with an efficient use of raw materials. Maintaining a globally uniform product platform gives us valuable flexibility in terms of capacity utilization and resource allocation. Increased production in expanding markets such as Asia and Eastern Europe offers great opportunities to improve both our competitiveness and cost levels. This has involved increasing outsourcing in low-cost countries and outsourcing of own manufacturing. The role of quality management has therefore become of even greater importance.

Value-creating acquisitions

The crane industry is still, today, very fragmented, and Konecranes has the financial and managerial resources to lead the consolidation of the industry. The Konecranes growth strategy is based on continued organic growth in markets where we are established – paired with an aggressive plan for acquisitions to enter new geographical markets or to fill a gap in our product portfolio. Well recognized local or regional brands, with large installed bases, remain the primary target for Konecranes' acquisition policy.

THE SYNERGETIC BUSINESS MODEL

Konecranes' three business areas are interlinked by a high degree of synergy. Every service customer relationship creates sales opportunities for the other business areas. Also, every crane sold creates opportunities for providing service. The solutions provided by both Heavy Lifting and Standard Lifting complement each other and enable the customers to satisfy most of their lifting needs through one supplier.

KEY INVESTMENT CONSIDERATIONS

- Operating in a genuine growth market
- Global leader in areas of focus
- Advantage through largest crane service network worldwide and unique service concept
- High degree of synergy between Business Areas
- Strong organic growth
- Strong acquisition track record; well positioned to drive industry consolidation
- Increasing scale advantage
- Unmatched R&D input
- High returns of capital management
- Effects of cyclical swings reduced by multi-industry customer base, global presence, and extensive service operations

ONE AND A HALF MILLION SERVICE CALLS – AND COUNTING

During the past year, Konecranes has continued to maintain its position as the global market leader in crane service. This comes from our determination to lift customers' businesses by minimizing downtime and increasing productivity in their production processes.

Service operations

Konecranes Service covers all activities needed to provide safe, reliable, and uninterrupted lifting operations. From spare part services, repairs, on-calls, and crane inspections to full-scale preventive service programs, performance upgrades, and modernizations. In Finland and Sweden, the Service offering has been expanded also to cover machine tools, enabling us to grow even further.

Our Service customers range from repair shops and general manufacturing sites with only a few cranes, to large paper and steel mills with hundreds of cranes, and harbors, which require 24-hour crane functionality.

To cater for this wide diversity, Konecranes operates through an unprecedented network of more than 2,700 service professionals from more than 370 service locations in 41 countries.

Service concept

The best evidence of our customers' trust in us is the fact that of the 263,000 cranes and hoists in our Service contract base, less than one fifth have been manufactured by Konecranes. This enables a systematic collection of data from both Konecranes' own equipment and other makes of cranes, placing us in a unique position to lead the development of lifting equipment and service technologies.

As today's high tech cranes play an integral part of our customers' production processes, improper service can disable an entire production line. Konecranes' service approach builds upon the view that planned and preventive service reduces downtime in our customers' production processes and keeps the overall cost of ownership at a minimum.

Market drivers

Today an estimated two-thirds of all crane service is carried out by the crane owner. The key drivers fuelling demand for outsourcing crane service are related to companies' need to become more competitive and keep costs in control, the increased complexity of crane technology, and safety concerns. This means that Konecranes, even as the market leader, has virtually unlimited growth opportunities in this genuine growth market.

Our Service operation is a significant sales channel for the Group's lifting equipment operations, and vice versa.

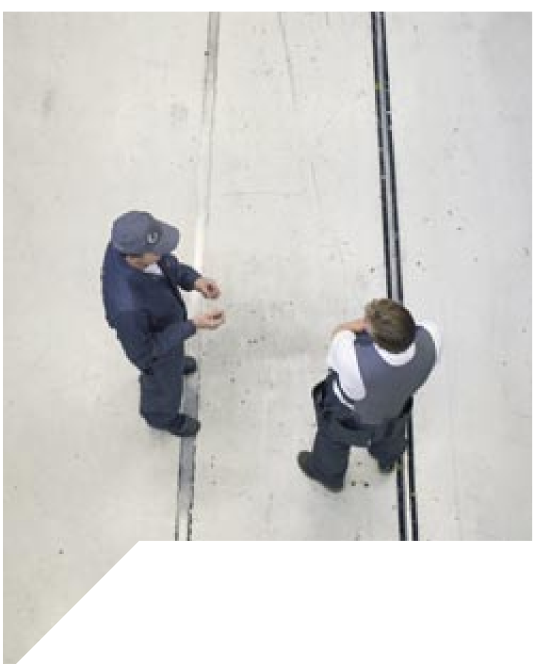
Highlights 2006

The strong increase in equipment sales in 2005 and 2006 contributed to higher service sales. The long-term EBIT margin target of eight percent in Service was exceeded. The profitability improvement is mainly attributable to higher sales, improved service contract retention rates, and a higher proportion of spare part sales. Our contract base increased from roughly 242,000 to 263,000 cranes and hoists. Konecranes continued to expand its Machine Tool Service business in countries where the penetration of the maintenance market is high. The acquisition of P&H contributed to Service revenue growth and opened opportunities to expand our Service contract business. Service expanded its network with 43 new service branches in 2006.

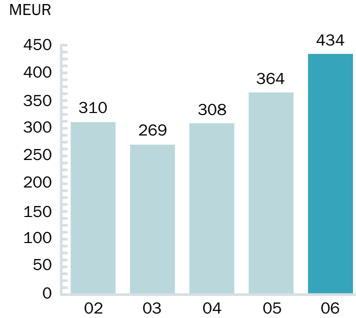
Key figures

	Part of group total %	2006	2005	Change
Sales, MEUR	32	512.6	406.5	21.6%
Operating income, MEUR	32	43.4	29.4	47.7%
Operating margin, %		8.5	7.2	
Order intake, MEUR	28	433.8	364.5	19.0%
Personnel	52	3,923	2,999	30.8%

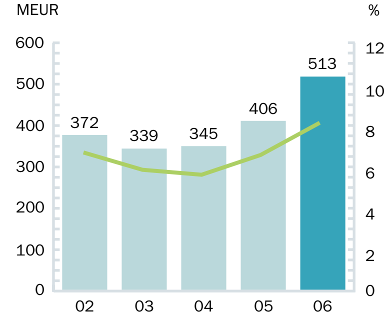
Top left: Jussi Laine, Konecranes Service Technician, Finland
Bottom left: Simo Ranta (left), Keijo Lehtovirta (right), Konecranes Service Technicians, Finland



Order Intake



Sales and EBIT Margin



LIFTING ABOVE EVERY STANDARD

Konecranes Standard Lifting Business Area lifts customers' businesses by providing modern industrial cranes and lifting systems with capacities ranging from 100 kg to 100 tonnes. Konecranes is the world's largest producer of industrial cranes and wire rope hoists, and the fastest growing supplier of workstation cranes and chain hoists.

Standard Lifting operations

Standard Lifting products are used for through-the-air lifting and transportation purposes as part of the customers' production processes. Our Standard Lifting offering covers a wide range of products; from industrial cranes, wire rope and chain hoists, and workstation cranes to jib cranes, monorail and light crane systems, and explosion-proof lifting equipment.

Complete crane solutions are predominantly marketed under the corporate brand Konecranes to end-users. Also the P&H and Stahl CraneSystems brands are sold to end-users. Components are marketed to crane producers under the free-standing power brands: Morris, SWF, Verlinde, R&M, and Meiden. Standard Lifting products are manufactured at plants in Finland, China, U.S.A., France, Germany, and the UK.

Standard Lifting customers represent virtually all manufacturing industries - most typically workshops in the general manufacturing sector, automotive, warehousing, entertainment, and petrochemical industries.

Standard Lifting concept

The innovative design applied in the Standard Lifting product ranges continues to attract customers. We provide the most compact design available, step-less speed control and a functionality superior to its peers.

Day-to-day customer contacts, through our service organization with over 2,700 field technicians, are also an important growth driver for this business area. Konecranes has clearly outpaced its competitors in terms of organic growth, indicating increased market shares.

Market drivers

Key drivers for the demand of Standard Lifting products are related to global industrial output and rationalization of customers' production processes. Customers seek faster, safer, and more efficient lifting systems as part of improving their own supply chain. Konecranes is capitalizing on this development by utilizing its broad market presence, leveraged by its own service network, global product platform, independent dealers, technical innovation, multi-brand portfolio, and an active acquisition policy.

Highlights 2006

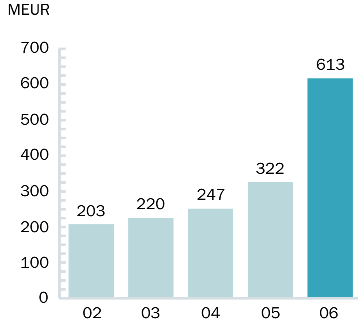
Konecranes extended its offering based on a common product platform, and, combined with the acquired operations of Stahl CraneSystems and P&H, further increased its scale benefits. Standard Lifting clearly extended its market share lead through organic growth and acquisitions. Previously completed and ongoing relocation and reorganization of the supply chain, involving reduced Euro-based high cost production in favor of production in rapidly expanding markets in China, resulted in clear profitability improvements and competitiveness. The acquisition of Stahl CraneSystems strengthened our access to customer segments such as the automotive and petrochemical industries. We also improved our portfolio of explosion proof applications.

Key figures

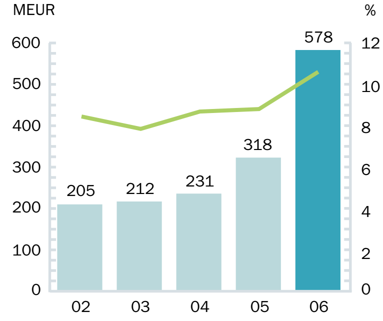
	Part of group total %	2006	2005	Change
Sales, MEUR	37	577.8	318.0	81.7%
Operating income, MEUR	44	61.1	28.8	111.8%
Operating margin, %		10.6	9.1	
Order intake, MEUR	39	612.6	322.1	90.2%
Personnel	31	2,333	1,898	22.9%

Right: CXT wire rope hoist at Ruukki in Hämeenlinna, Finland

Order Intake



Sales and EBIT Margin



A WISE INVESTMENT WITH HEAVY RETURNS

Konecranes is the world's leading provider of heavy-duty cranes for process industries and shipyards, and a significant global supplier of port cranes and high-capacity lift trucks. The Heavy Lifting Business Area lifts businesses in process industries, ports and terminals, and shipyards worldwide by delivering high-capacity equipment backed up by world-class service.

Heavy Lifting operations

Our Heavy Lifting product range includes process cranes, shipyard gantry cranes, ship-to-shore container cranes, shipboard gantry cranes, RTG (rubber tired gantry) and RMG (rail mounted gantry) cranes, reach stackers, straddle carriers, empty container handlers, and heavy-duty forklift trucks. We have manufacturing plants located in Finland, China, UK, U.S.A., and Sweden. Strategic manufacturing partners are mainly located in China, Poland, Ukraine, and Estonia.

Heavy Lifting's industrial customers include large manufacturing workshops, steel and aluminium producers, pulp and paper, automotive plants, as well as companies in the waste-to-energy, energy utilities, petrochemical, shipbuilding, and warehousing industries. In addition, Heavy Lifting provides container and bulk handling equipment to ports and intermodal terminals worldwide.

Heavy Lifting concept

The core target of Heavy Lifting is to develop innovative products, which enhance the customers' productivity and profitability by providing innovative solutions and excellent service, which ensure the lowest total lifetime cost of ownership.

To maximize supply chain flexibility, Heavy Lifting products make use of modular product platforms, which enable product components to be manufactured in-house on three continents or by external partners. As the leader in process industry cranes, Heavy Lifting has been able to leverage this know-how in the area of container-handling equipment and achieve scale advantages by utilizing common components.

Market drivers

Key drivers fuelling the demand for Konecranes Heavy Lifting equipment are related to the trend towards increased globalization, more containerization, the transfer of production to new countries, and companies' ongoing search for greater cost efficiencies.

Highlights 2006

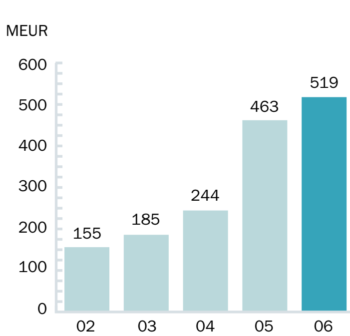
Streamlining measures to develop the supply chain continued throughout the year. Previously completed actions materialized in improved competitiveness and profitability. Organic growth was exceptionally strong organic at over 42 percent. The acquisition of P&H broadened the product range and created access to new customers, such as the nuclear power generating industry. The product range in the container-handling business was broadened through an entry into the straddle carrier segment. The steel and harbor segments were the most active customer industries, and several significant orders were won from new customers in regions where Konecranes has not been well represented, such as Japan and Spain.

Key figures

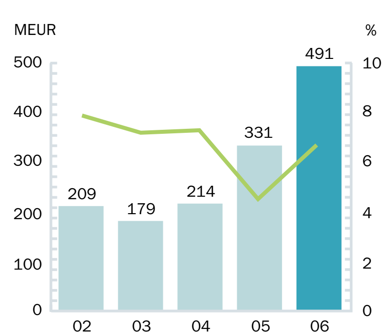
	Part of group total %	2006	2005	Change
Sales, MEUR	31	490.8	331.1	48.3%
Operating income, MEUR	24	33.6	15.2	121.5%
Operating margin, %		6.8	4.6	
Order intake, MEUR	33	519.2	463.3	12.0%
Personnel	15	1,131	890	27.1%

Left: Konecranes Process crane at M-Real paper mill, Kirkniemi, Finland
Right: Konecranes RTG-cranes at APM Terminals in Los Angeles, U.S.A.

Order Intake



Sales and EBIT Margin



THIS SYSTEM HAS THE POWER TO RAISE CUSTOMERS PRODUCTIVITY

Konecranes' R&D function works as a resource developing the technology and product platforms of each business line. Our R&D is also involved in Service-driven programs for the development of maintenance service concepts. Konecranes is pioneering the development of new crane technology by observing and analyzing the demands in the material handling market. In particular, we focus on areas such as advanced automation, predictive service, remote monitoring, product design, operator ergonomics and safety, as well as environmentally sound solutions. By applying concurrent engineering principles in our R&D, we have always been able to launch new products to the benefit of cost-efficient and safe operations for our customers.

A recent example of an innovation, in line with these ideas, is the development of the Konecranes CMS (Crane Management System) – a user-friendly computer application that collects and analyzes crane data, and then provides clear reports for evaluating the use and productivity of the crane. This high-performance, stand-alone application was designed with modern tools especially for crane applications. And with extensive real-time measurement and diagnostics data, it dramatically improves the reliability and availability of a crane.

Innovations like this, however, are no small task. The Konecranes CMS was developed using extensive experience and know-how. With thousands of engineering hours spent on the software and the electrical design, it combines the latest computer technology with an integrated crane control system. And being a Konecranes product, it comes with assured continuity and our full support.

Our vast knowledge and commitment to international technology standards provide us with a solid source for detailed information about design principles, applicable in modern lifting equipment. The information gathered from our service operations of around 265,000 cranes, supplements the understanding of equipment behavior in different conditions and allows us to provide tailor-made lifting solutions that result in increased efficiency, life-time related crane safety, and productivity gains for our customers. Our technological solutions are always created with the crane operator in mind and are based on advantages in terms of user-friendliness, ergonomics, and safety.

Our R&D projects are run through a systematic program that ensures a high quality end result, and extensive product testing in both our laboratories and in our customers' surroundings is an essential part of this development. Taking environmental efficiency aspects into account is increasingly important, as it keeps our business activities focused on making use of raw materials and natural resources in an economical manner. The minimization of pollution and the reduction of energy consumption are given high priority in many of our R&D projects and set the base for cost control, production efficiency, and sustainable development within the Group.

Konecranes R&D is enhanced through a close collaboration with universities and research institutes. This adds to our spirit of innovation and enables us to lead the way in the development of crane technology in the future.

Konecranes Crane Management System (CMS) provides detailed reports for analyzing and raising the productivity of Port and Process cranes. The picture shows a Konecranes STS-crane at Kotka harbor in Finland which features Konecranes CMS-system.

HIGHLIGHTING CORPORATE RESPONSIBILITY

Konecranes bases its corporate governance and business management on the company values: trust in people, total service commitment, and sustained profitability. They are also based on the general principles of sustainable development, which emphasize the integration of economic, social, and ecological goals in business activities. Such responsible business practices are essential for ensuring competitive performance and profitability.

We also commit ourselves to being a reliable and responsible partner to our stakeholders and personnel. The company follows the principles of good corporate citizenship and aims to use only subcontractors and suppliers who are committed to compliance with ethical operating policies and legislation.

Company Values

Konecranes' values reflect the Group's common goals and responsible attitude to its business. Our values guide us in our operations and day-to-day activities.

We trust in people, and want to be known for the quality and expertise of our personnel. We want to have a workplace in which employees feel that their contribution is valued and where people treat each other fairly and equally. We treat and respect all our customers, employees, owners, and partners in an equal way. We do not approve of any form of discrimination based on gender, age, race, origin, religious belief, or political opinion, or the use of child or forced labor.

Another essential value is our commitment to customer service; we want to be known as a company that keeps its promises. We work continuously to develop all aspects of our operations, to ensure that our customers recognize us for the high quality of our products and the comprehensive range of our services. We want to give our customers overall satisfying experience in all customer interactions.

Sustained profitability is also a key value, and we are committed to being a financially successful business. We can only be such a business if our customers succeed in theirs, and that is why we develop products and services specifically tailored to offer true added value to our customers. Konecranes is responsible for the financial success of its business not only to its owners, but also to its employees and community as a whole. Profitability and well-managed growth are essential factors that contribute to the development of society and the workplace.

Corporate Responsibility

In 2006, Konecranes started to fine-tune the Group's main target areas of corporate responsibility. In this development work, the company is using the voluntary Global Reporting Initiative's (GRI) three-dimensional approach of economic, social, and environmental responsibility.

Economic responsibility
Konecranes supports the continuous development of its customers' business operations. We also want our shareholders, investors, and other stakeholders to view the company as a stable investment target. The company's growth and profitability ensure that we remain a good, preferred employer for employees and attention is also paid to the profitability of the supply network. We believe that leading technology and efficient functions in all our processes enable long-term profitability.

Social responsibility
Konecranes develops uniform operating models for work safety and job satisfaction. At the same time, the know-how of our personnel is developed further. We strive to have equal opportunities and fair treatment of people in different career phases and recruiting situations, regardless of any social characteristics.

Konecranes respects employees' freedom to organize their collective labor agreements, and acts responsibly in situations where layoffs are necessary. In our own operations, and in the operations of our suppliers and subcontractors, we take into account the internationally accepted guidelines and principles of human rights.

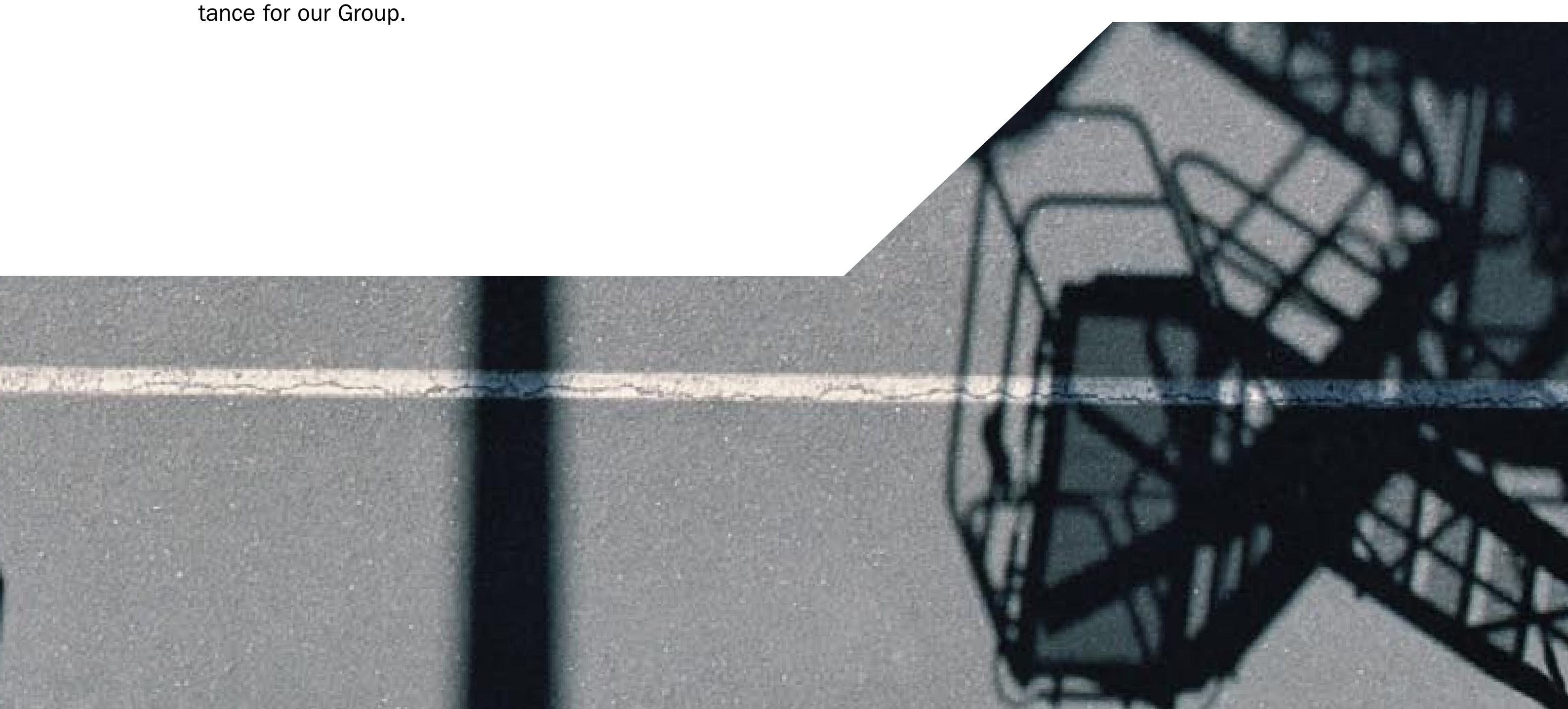
Sponsorship in Konecranes is considered to be a supportive activity, which is expected to produce results in Konecranes' corporate image. We sponsor groups or clubs where our employees or their families participate, activities in the local community in which we operate, and students or student organizations within disciplines of importance for our Group.

Environmental responsibility
Konecranes pays attention to the environmental impact throughout the life cycle of the company's products. In other words, we aim to improve our customers' operational efficiency while at the same time mitigating environmental effects, e.g. energy and space efficiency and low emissions. Our service activities reduce our customers' environmental effects by ensuring them trouble-free processes.

At the same time we aim to guide the supplier network to be environmentally responsible in their operations and in the usage of raw materials, components and logistics.

Business Conduct principles
In our Business Conduct principles, we have outlined to our organization how to implement the corporate responsibility. We have put a lot of effort into the requirements and guidelines for how we do our business. The principles guide our personnel in issues like compliance, competition law, corruption and bribery, and several other issues to guarantee the highest ethical performance throughout our organization.

Konecranes continues to develop its corporate responsibility awareness through on-going internal training on the subject.



A GREAT PLACE TO GROW IN

To fulfill our promise of Lifting Businesses™, there is a clear need for innovative thinking and motivated people. Inspiring our employees is a key area for our personnel management. Making Konecranes a great place to work at is an ongoing project. In addition, we strive to develop new initiatives to attract the best people in the industry.

The main target of Konecranes' personnel management is to support the Group's business targets and strategies through having skilful, capable, committed, and motivated personnel. The growing global organization of Konecranes offers challenging and interesting positions and opportunities for further development and training, including possibilities for job rotation.

Group-wide cooperation

As an employer, Konecranes upholds the freedom to organize and the right to collective bargaining.

Konecranes' European Works Council (EWC) is a joint body, which brings together representatives from the Group's management and personnel, and it acts as a forum for exchanging views on topical issues and promoting cooperation Europe-wide. Personnel in EU countries appoint representatives for three-year terms of office.

The 2006 EWC Meeting was held in Hämeenlinna, Finland and focused on the Group's financial performance, governance, and corporate responsibility. Also, our new Human Capital System was reviewed and accepted by the Council.

The annual Konecranes Conference is an event where top management meets to discuss topical items vital to Konecranes' business development. Participants are responsible for communicating the theme message within their respective organizations. In 2006, the Conference was held in Copenhagen, Denmark. A large number of senior managers and representatives of our personnel attended the event, which focused on the Group's future direction and new brand identity.

Remuneration systems

A large number of Konecranes employees have individual incentive programs driven by personal performance and the performance of the immediate teams to which they belong. The Konecranes Group also has four ongoing stock option programs (1997, 1999, 2001, and 2003) issued for senior managers and key personnel. More details on the stock option programs are available in the Financial Statement Report.

A safe workplace

Konecranes is committed to protecting the health and safety of each employee. This is the overriding priority of the organization. There is no job so important and no service so urgent that we cannot take the time to perform our work safely and correctly. We do not compromise an individual's health and safety in anything we do. Konecranes upholds its position as a global leader by promoting occupational health and safety excellence. Also, Konecranes' risk management principles support continuous activities in providing protection against personal injuries and safeguarding our business assets.

RAISING THE EXPECTATIONS OF A STRONG WORKFORCE

At Konecranes, we believe that a company is only as good as its people. Therefore, we invest a lot of energy into implementing initiative programs, which ensure our employees are getting the best possible opportunities to expand their knowledge and develop their skills. In other words, we prioritize taking care of the development of our staff.

And we're not only focusing on current employees. With 2006 being a year of many new developments and advancements, we have seen a lot of fresh faces across the entire company. We feel it is our responsibility to see that these new members not only excel in their specialized fields, but by doing so, contribute to the growth and success of Konecranes in the future.

Competence development

A common goal of our extensive range of training programs is to expose personnel to operations and opportunities across the Group, and create a common sense of purpose to which people can commit.

Training for Konecranes' largest single group of employees, our service technicians, is arranged annually at training centers worldwide. In 2006, several local and business-specific training events were held across the Group, covering areas such as safety, managerial skills, teamwork, IT, and our new brand identity.

Nearly 300 employees had graduated from the Konecranes Academy at the end of 2006. Konecranes Academy focuses on middle management and experts globally. Its aim is to ensure that Konecranes has skilled and qualified management, which is capable of performing the management tasks needed in the future. It is also a tool to create a strong link between the Group's objectives and daily management activities.

The Academy curriculum is continuously tailored and developed to meet the changing needs for management training. The Academy Plus program is offered to graduates of the Konecranes Academy for continued development and awareness of ongoing trends in business and leadership skills.

A new program, Konecranes Master, is offered to graduates of the Academy program and managers who have served a long time in the Group. The program is designed for managers with growing responsibilities, number of employees, and bigger decisions to make.

Konecranes top executive program has been renewed and is called Konecranes Champion. The program focuses both on developing individual leadership skills and abilities to anticipate and manage changes in the business environment.

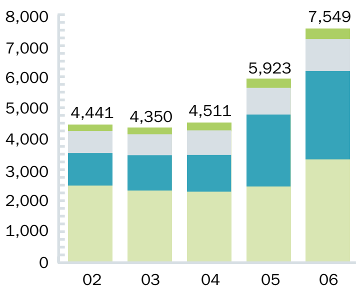
The Group also employs a number of diploma students working on a variety of topics relevant to Konecranes' business. The Group's active participation in student events and diploma work, together with our good relations with local schools, represent a valuable investment in Konecranes' future recruitment needs.

Human Capital System

Every Konecranes manager is responsible for having annual TPP Development discussions (Trust–People–Performance) with his or her subordinates. These discussions help guarantee that everyone is familiar with the Group's goals and can commit to them. The discussions also provide the opportunity to set personal goals and determine further development needs.

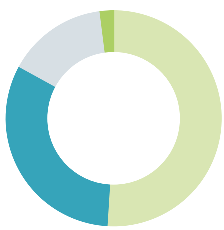
In 2006, Konecranes started to implement a Group-wide Human Capital System to manage the company's human resources and employees' career development. The system aims to ensure that people have the right knowledge in the right fields and focuses efforts on developing the skills that will promote profitable business.

Personnel 2002–2006



- Service
- Standard Lifting
- Heavy Lifting
- Group Staff

Personnel by Business Area



- Service 51%
- Standard Lifting 32%
- Heavy Lifting 15%
- Group Staff 2%

Jussi Laine, Service Technician, Finland

EXECUTIVE BOARD

1 Teuvo Rintamäki
2 Pierre Boyer
3 Mikael Wegmüller
4 Sirpa Poitsalo
5 Peggy Hansson
6 Ari Kiviniitty
7 Hannu Rusanen
8 Arto Juosila
9 Mikko Uhari
10 Pekka Lundmark
11 Harry Ollila
12 Edward Yakos
13 Tom Sothard
14 Pekka Päkkilä

Teuvo Rintamäki b. 1955
Chief Financial Officer. Member of the Executive Board since 1994. Employed 1981. M.Sc. (Econ.)
Primary working experience
Vice President, Region Western Europe 1997–1999, Finance Director, KONE Cranes Division 1988–1994, Vice President, R&M Materials Handling Inc., U.S.A. 1986–1988; Other current key positions of trust: Member of the Advisory Council of Nordea Bank Finland Plc
Shares 89,600
Option to acquire 132,000 shares

Pierre Boyer b. 1959
President, EMEA (Europe, Middle East & Africa). Employed 2006. MBA
Primary working experience
Various positions at Carrier Corporation, a division of United Technologies Corporation: Director, Commercial Refrigeration, EMEA 2005–; Managing Director, Carrier-ERD Distribution, Netherlands and France 2004–; Managing Director, Carrier-Fincoil Oy, Finland 2001–2003; Director, Marketing and Product Planning, Carrier Refrigeration Operations, USA 1999–2001; Director, Sales and Marketing, Carrier Transicold Europe, France 1995–1999. Prior to joining Carrier, Boyer worked at the Groupe Legris Industries' mobile crane division, PPM.
Shares –
Options to acquire shares –

Mikael Wegmüller b. 1966
Director, Marketing and Communications. Employed 2006. M.Sc. (Econ.)
Primary working experience
Chief Operating Officer, Publicis Helsinki Oy 2003–2006; Director, SEK & GREY Oy 2000–2003; Planning Group Director, Publicis Törmä Oy 1997–2000; Sales and Marketing Manager, Finelor Oy (now L'Oreal Finland Oy) 1993–1997; Product Group Manager, Chips Abp 1991–1993
Shares 500
Option to acquire shares –

Sirpa Poitsalo b. 1963
Director, General Counsel Member of the Executive Board since 1999. Employed 1988. LL.M.
Primary working experience
Assistant General Counsel 1997–1998. Legal Counsel, KCI Konecranes/Kone Corporation 1988–1997
Shares 400
Options to acquire 80,000 shares

Peggy Hansson b. 1967
Director, Competence Development. Member of the Executive Board since 2003. Employed 1991. M.Sc. (Adult Education)
Primary working experience
Manager, Knowledge and Personnel Development, 1998–2003, Manager, Internal Development, 1995–1997. Other current key positions of trust: Member of Technology Industries of Finland Working Group for Education, Training and Labour; Member of the Board of Directors of Edutech – The Centre for Continuing Education at Tampere University of Technology
Shares 2,500
Option to acquire 16,000 shares

Ari Kiviniitty b. 1957
Chief Technology Officer (CTO) Member of the Executive Board since 2005. Employed 1983. M.Sc. (Eng.)
Primary working experience
Vice President, Standard Lifting Equipment, 2004–2005, Managing Director, Hoist factory, 2002–2004, R&D Manager 1999–2001, Technical Director, Components, Singapore, 1996–1998. Other current key positions of trust: Member FEM (The European Federation of Materials Handling Equipment Manufacturers), Member of Technology Industries of Finland Business and Technology Working Group
Shares 1,500
Option to acquire 23,200 shares

Hannu Rusanen b. 1957
President, Service Business Area and Country Executive, Nordic Region. Member of the Executive Board since 2004. Employed 2003. M.Sc. (Eng.)
Primary working experience
Vice President, Service, ABB Finland, 1995–2002. Various management positions at Tampella Oy 1982–1995 in Finland and in the U.S.A.
Shares 5,500
Option to acquire 24,000 shares

Arto Juosila b. 1955
Group Vice President, Administration and Business Development Member of the Executive Board since 1994. Employed 1980. M.Sc. (Econ.)
Primary working experience
Chief Executive, Region Asia-Pacific, 2003–2005, President, Standard Lifting Equipment, 1998–2003. Various positions within the Hoist Group, 1990–1998, Managing Director, Verlinde S.A., France 1988–1990, Vice President, R&M Materials Handling Inc., U.S.A., 1983–1986
Shares 32,000
Option to acquire 36,000 shares

Mikko Uhari b. 1957
President, Heavy Lifting. Member of the Executive Board since 1997. Employed 1997. Lic. Sc. (Eng.)
Primary working experience
President, Harbour and Shipyard Cranes, 1997–2003. Various managerial positions Wood Handling Division, KONE Corporation 1982–1997 (Andritz as of 1996–), including: Director, Wood Handling Unit, Finland 1990–1992, Group Vice President, Project Business 1992–1996, Group Vice President, Marketing 1996–1997
Shares 36,200
Option to acquire 52,000 shares

Pekka Lundmark b. 1963
President & CEO. Member of the Executive Board since 2004. Employed 2004. M.Sc. (Eng.)
Primary working experience
Group Executive Vice President, KCI Konecranes, 2004–2005 CEO, Hackman Abp, 2002–2004, Managing Partner, Startupfactory, 2000–2002. Various executive positions, Nokia Corporation, 1990–2000.
Shares 110,000
Option to acquire 132,000 shares

Harry Ollila b. 1950
President, Northeast Asia (China, Korea and Japan). Member of the Executive Board since 1994. Employed 1991. M.Sc. (Eng.)
Primary working experience
Group Vice President, Group Development, 2001–2005, Country Executive, Europe, 1997–2001, Technical Director, 1994–1997. Various positions at A. Ahlström Osakeyhtiö, 1972–1991, including: Technical Director, Ahlström Pyropower 1986–1991; Director of Projects and Engineering, Pyropower Corp., U.S.A. 1981–1986.
Shares 128,000
Option to acquire 108,000 shares

Edward Yakos b. 1959
President, Southeast Asia Pacific (Australia, New Zealand, Singapore, Thailand, Malaysia, Indonesia, Vietnam, Philippines, and India). Member of the Executive Board since 2005. Employed 1992. B.Sc. (Eng.), MBA
Primary working experience
Managing Director, Konecranes Pty Ltd (Australia) 1998–2005, Marketing Manager, Maintenance Services, North America 1992–1998, Various managerial positions: Harnischfeger Industries, Inc. 1978–1992
Shares –
Option to acquire shares 30,000

Tom Sothard b. 1957
President, Region Americas. Member of the Executive Board since 1995. Employed 1983. B.Sc. (Marketing)
Primary working experience
President, Global Maintenance Services, 2001–2006. Group Vice President, North America, 1995–2002, President, Maintenance Services, North America 1989–2001, Vice President, Maintenance Services, North America, 1984–1988, District Manager, Robbins and Myers, 1980–1984
Shares 2,000
Option to acquire 52,000 shares

Pekka Päkkilä b. 1961
President, Standard Lifting. Member of the Executive Board since 2003. Employed 1987–1998, 2001–. B.Sc. (Eng.)
Primary working experience
Director, Industrial Cranes & Components, 2002–2003, Director, Branded Products, Standard Lifting Equipment, 2001–2002, Sales Manager, Naval Oy, Finland 1998–2001, Regional Manager, Hoists & Components Center, Springfield, U.S.A., 1993–1998
Shares 2,000
Option to acquire 68,000 shares

BOARD OF DIRECTORS

1 Malin Persson
2 Stig Gustavson
3 Stig Stendahl
4 Timo Poranen
5 Lennart Simonsen
6 Björn Savén
7 Matti Kavetvuo
8 Svante Adde

Svante Adde b. 1956
Board member since 2004 and member of the Audit Committee since 2004. Independent of the Company. B.Sc. (Econ. and Business Administration)
Primary working experience
Managing Director of Compass Advisers, London 2005–; Chief Financial Officer of Ahlstrom Corporation 2003–2005; Managing Director of Lazard London 2000–2003; Director of Lazard London 1989-2000; Other current key positions of trust: Member of the Boards of Metso 2005– and Brammer Plc 2005–.
Shares 1,736

Stig Gustavson b. 1945
Chairman of the Board
Deemed to be dependent of the company, since he was President and CEO of the company until 17 June, 2005. M.Sc. (Eng.), Dr.Tech. (hon.)
Primary working experience
President and CEO of KCI Konecranes Plc 1994–2005 and President of KONE Cranes division 1988–1994. Holder of various executive positions at KONE Corporation 1982–1988, Sponsor Oy 1978–1982, RAY (Raha-Automaattiyhdistys) 1976–1978, Wärtsilä Oy Ab 1970–1976; Other current key positions of trust: Chairman of the Boards of Oy Mercantile Ab, Handelsbanken Regional Bank Finland, Dynea Oy, Eltel Group Oy, Tammet Oy, Arcada Foundation; Vice-Chariman of the Board of Cramo Oyj; Member of the Boards of Vaisala Oyj, Fastems Oy, and Technology Industries of Finland (also Executive Committee member); Chairman of the Supervisory Board of Tampere University of Technology; Member of the Supervisory Board of Varma Mutual Pension Insurance Company
Shares 1,929,420
Option to acquire 52,000 shares

Matti Kavetvuo b. 1944
Board member since 2001 and member of the Audit Committee since 2004. Independent of the Company. M.Sc. (Eng.), B.Sc. (Econ.)
Primary working experience
CEO of Pohjola Group Plc 2000–2001; CEO of Valio Ltd 1992–1999; CEO of Orion Corporation 1985–1991; President of Instrumentarium Corp. 1979–1984; Other current key positions of trust: Chairman of the Boards of Orion Corporation and Metso Corporation; Vice Chairman of the Board of Alma Media Corporation; Member of the Board of Marimekko and Corporation Member of the Finnish Association of Professional Board Members
Shares 1,736

Malin Persson b. 1968
Board member since 2005 and member of the Nomination and Compensation Committee since 2005. Independent of the Company. M.Sc. (Eng.)
Primary working experience
Vice President, Corporate Strategy and Business Development, AB Volvo since 2000. Holder of various positions including Vice President, Business & Logistics Development, Manager, Environmental Affairs at Volvo Logistics Corp 1995–2000; Other current key positions of trust: Chairman of the Council of Technology Management and Economics at the Chalmers University of Technology; Member of the Boards of Green Cargo AB, Volvo Trucks AB, Volvo Technology Transfer AB and Volvo Maroc
Shares 736

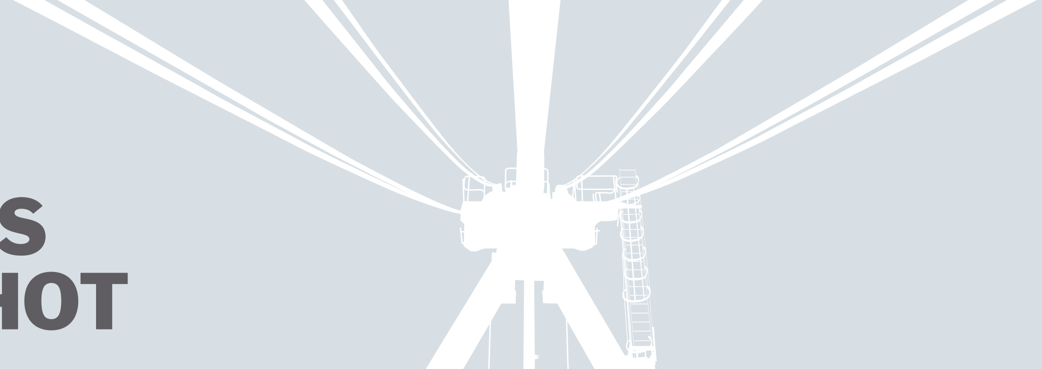
Timo Poranen b. 1943
Board member since 1994 and member of the Nomination and Compensation Committee since 2004. Independent of the Company. M.Sc. (Eng.)
Primary working experience
President, Finnish Forest Industries Federation 1998–2005, Vice President, Metsäliitto-Yhtymä 1996–1997, CEO, Metsä-Serla Corporation 1990–1996. Holder of various executive positions at Oy Metsä-Botnia Ab within production and management 1974–1990; Other current key positions of trust: Member of the Board of FACTE, the Finnish Academies of Technology; Deputy member of the Board of Varma Mutual Pension Insurance Company; Member of the Supervisory Board of Finnish Fair Corporation; Member of the Finnish Association of Professional Board Members
Shares 1,736

Björn Savén b. 1950
Vice Chairman of the Board since 17 June 2005, Chairman of the company's Board 1994–2005, and Chairman of the Nomination and Compensation Committee since 2004. Independent of the Company. M.Sc. (Econ.), MBA, Dr.Econ. h.c.
Primary working experience
Chairman and Chief Executive at Industri Kapital since 1989. Holder of various executive positions within the Esselte Group in Sweden, the U.K. and the U.S.A. 1976–1988; Other current key positions of trust: Chairman of Consolis Bonna Sabla SA; Deputy Chairman of Dynea International Oy and Deutsch-Swedische Handelskammer; Member of the Boards of Eltel Networks Oy, Gardena AG, Finnish-Swedish Chamber of Commerce, IVA Royal Swedish Academy of Engineering Sciences
Shares: –

Lennart Simonsen b. 1960
Secretary to the Board (not a member) 1995–2004, 2005–. Member of the Konecranes Board in 2004. LL.M.
Primary working experience
Attorney, Managing Partner, Roschier, Attorneys Ltd.
Shares –

Stig Stendahl b. 1939
Board member since 1999 and Chairman of the Audit Committee since 2004. Independent of the Company. M.Sc. (Chem. Eng.)
Primary working experience
President & CEO of Fiskars Oyj Abp 1992–2000, President of Abloy Security Limited 1987–1992, President of LKB Produkter AB 1979–1987; Other current key positions of trust: Chairman of the Supervisory Board of Åbo Akademi University Foundation; Member of The Swedish Academy of Engineering Sciences in Finland (STV); Foreign member of IVA, the Royal Swedish Academy of Engineering Sciences; Member of the Finnish Association of Professional Board Members
Shares 2,536

The members of the Board of Directors of KCI Konecranes Plc are elected at each Annual General Meeting for a term of one year. Board members (except Konecranes' former President and CEO Stig Gustavson) do not have options. Shareholdings are listed as per December 31, 2006.



KONECRANES IN A SNAPSHOT

- > HEAD OFFICE AND SHARE LISTING IN FINLAND
- > MARKET LEADER IN INDUSTRIAL CRANES AND THEIR SERVICE
- > 7,500 EMPLOYEES
- > PRODUCTION FACILITIES IN NINE COUNTRIES
- > SALES IN MORE THAN 40 COUNTRIES
- > INDUSTRY LEADING TECHNOLOGY AND GLOBAL MODULAR PRODUCT PLATFORMS

MARKET POSITION

Global market share estimated at 13%; strong position in the Nordic countries, Germany, France, the UK, U.S.A., Canada, Australia, Russia, Ukraine, many smaller EU countries, as well as many in the Middle East and Asia-Pacific region. We have the largest presence in China of all western competitors.

COMPETITION

Service

Competitors are mostly regional or local companies. The biggest competitors in crane service are the customers themselves, who service the cranes in-house. No other global player apart from Konecranes.

Industrial solutions

Due to the still fragmented market, competitors are mostly regional or local companies. Larger competitors include Demag Cranes & Components GmbH (Germany), Abus Kransysteme GmbH (Germany), and the Columbus McKinnon Corporation (U.S.A.).

Container Handling

More consolidated market with a few global companies providing a large range of different equipment. Konecranes' focus is on high-end products in chosen market segments and geographical areas. The main competitors include ZPMC (China), Kalmar (part of Cargotec Corporation, Finland), Fantuzzi Group (Italy), Svedtruck (Sweden), Liebherr (Ireland), and Taylor (U.S.A.).

BUSINESS AREAS

Service

Service is provided for all makes of industrial cranes and port cranes, as well as for lift trucks and machine tools. There are 376 Service depots across 41 countries and a total of 3,913 employees.

Market position. Market leader in crane service and the world's most extensive crane service network.

Products. Inspections, preventive maintenance programs and contracts, modernizations, repairs, on-calls and spare parts.

Service contract base. More than 263,000 cranes and hoists; less than one-fifth manufactured by Konecranes.

Standard Lifting

Marketed through a multi-brand portfolio: the corporate brand Konecranes and free-standing power brands P&H, Stahl CraneSystems, Morris, SWF, Verlinde, R&M, and Meiden. Standard Lifting has a total of 2,328 employees with sales representation in more than 40 countries.

Market position. The world's largest producer of industrial cranes and wire rope hoists, and the fastest growing supplier of workstation cranes and chain hoists.

Products. Industrial EOT cranes, electric chain and wire rope hoists, light crane systems, crane drives, and a variety of components. Lifting capacities are typically up to 50 tons.

Annual production. More than 20,000 cranes and wire rope hoists, and tens of thousands of chain hoists.

Heavy Lifting

Marketed under the Konecranes and P&H brands, and sales representation in more than 40 countries. Heavy Lifting has 1,126 employees.

Market position. Global leader in engineered and heavy-duty cranes for process industries and in shipyard Goliath Gantry cranes. Global supplier of lift trucks and harbor cranes for containers and bulk materials, with a leading position for certain products.

Products. Process EOT cranes, shipyard gantry cranes for open-hatch bulk carriers, STS cranes, RTG and RMG cranes, straddle carriers, shipboard cranes, reachstackers, top lifters, empty container handlers, forklift trucks, crane automation, crane control systems and heavy-duty components. Lifting capacities typically range from 50 tonnes up to 1000 tonnes.

Annual Production. 500 heavy-duty cranes and hoisting trolleys, and 350 heavy-duty lift trucks.

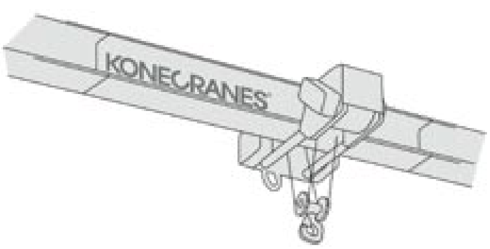
PRODUCT OVERVIEW

SERVICE AND MODERNIZATION

activities are aimed at maximizing the availability of the equipment, while minimizing the ownership costs.

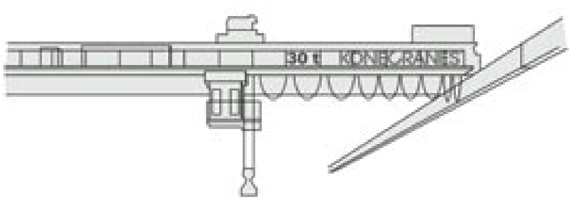
LIGHT LIFTING SYSTEMS

are used for productive and ergonomic handling of loads up to 7,500 kg.



INDUSTRIAL CRANES

feature the CXT hoist for lifting capacities up to 100 tons.

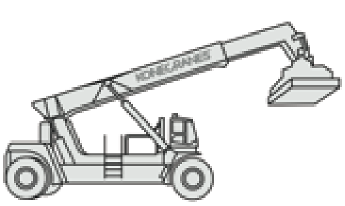


PROCESS CRANES

are engineered for severe duty lifting up to 1,000 tons or more.

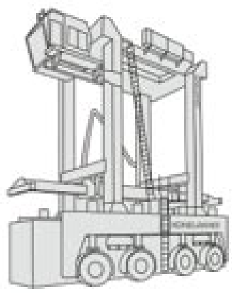
FORKLIFT TRUCKS

with lifting capacities of 10 to 60 tons are used for transporting materials in process industries and ports.



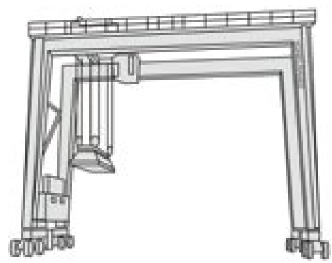
REACH STACKERS

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



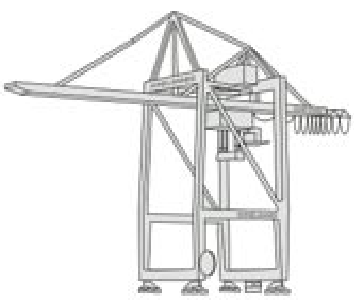
STRADDLE CARRIERS

are used for transporting containers from the shipside to the container yard, and to the loading area.



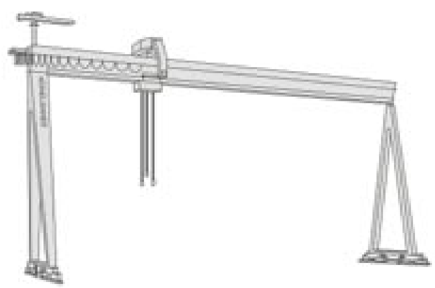
YARDCRANES

include RTG and RMG cranes used for stacking containers high and wide in ports and intermodal terminals.



SHIP-TO-SHORE CRANES

are used for loading and unloading containers from ship to quay.



GOLIATH SHIPYARD CRANES

span over 150 m and are used for handling ship sections in the shipbuilding process.

ADDRESSES

Corporate Headquarters

KCI Konecranes Plc
P.O. Box 661 (Koneenkatu 8)
FI-05801 Hyvinkää, Finland
Tel +358 20 427 11
Fax +358 20 427 2099

Global Business Area Headquarters

Service
Konecranes Service Corporation
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(Harbor and Shipyard cranes)
Fax +358 20 427 2299 (EOT Process cranes)

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Konecranes has operations in 41 countries. For a comprehensive listing of addresses by country, we welcome you to visit our web site at www.konecranes.com

KONECRANES® Lifting Businesses™

The Group's brand strategy is based on the corporate and master brand, Konecranes, complemented with freestanding power brands – these include R&M Materials Handling, Stahl CraneSystems, SWF Krantechnik, Verlinde, Morris Material Handling and P&H.

Konecranes is a world-leading group of Lifting Businesses™ offering lifting equipment and services that improve productivity to a wide variety of industries. The company is listed on the OMX Helsinki Stock Exchange (KCIIV) and in 2006, sales totalled EUR 1,483 million. With 7,500 employees at over 370 locations in 41 countries, we have the resources, technology, and determination to deliver on the promise of Lifting Businesses™

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KONECRANES®
Lifting Businesses™

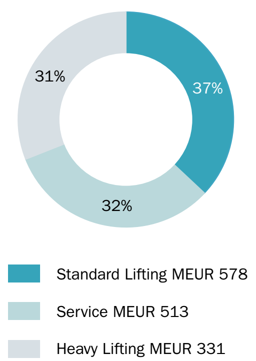
Financial Review 2006

Key figures

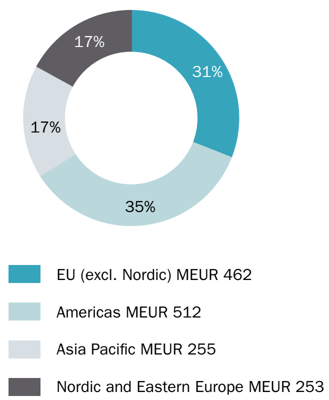
MEUR	2006	2005	Change
Orders received	1,472.8	1,061.2	38.8%
Order book, Dec 31	571.6	432.1	32.3%
Sales	1,482.5	970.8	52.7%
Operating income EBIT	105.5	49.3	113.8%
Operating margin EBIT, %	7.1	5.1	
Net income	68.6	24.1	184,5%
Earnings per share, EUR	1.17	0.43	175.3%
Cash flow from operating activities per share, EUR	1.39	0.85	61.6%
Dividend per share, EUR	0.45*	0.28	63.6%
ROCE %	29.5	17.2	
ROE %	36.5	16.6	
Net gearing %	57.3	88.1	
Personnel, Dec 31	7,549	5,923	27.5%

*Board's proposal to the AGM

Sales by Business Area



Sales by Market



Konecranes Annual Review 2006 contains information on Konecranes' goals, strategy, Business Areas, R&D, corporate responsibility, personnel development and Group management.

Konecranes Financial Review 2006 contains information on the Group's corporate governance and consolidated and parent company financial statement and their notes.

Contents

Board of Directors' Report

Year 2006 was a year of exceptional strong growth and improving profitability for all Konecranes' three Business Areas. All geographical regions posted strong growth.

The acquisitions of Stahl CraneSystems at the end of 2005 and of MMH Holding Inc. in May, 2006 are the two largest acquisitions in Konecranes' history, and they contributed considerably to Konecranes' growth in net sales, orders and profits. Therefore this report includes both the total and the organic sales and order growth figures in order to give a clearer picture of the development in 2006.

Market Review

Market demand for Konecranes' products and services developed favorably as a result of increased industrial output, relocation of industrial production, increased port investments and customers' continued outsourcing of crane maintenance. Demand improved in almost all customer industries, with harbors, primary metals, power and petrochemicals showing particularly strong growth. Of Konecranes' main customer segments, only the pulp and paper and the automotive industries posted weak investment demand.

All geographical regions contributed to increased demand for both standard and heavy lifting equipment. Demand continued to improve in emerging markets, including China and Russia, but demand growth was strongest in the U.S.A and Germany. Service demand increased in all main areas both by geographical region and customer segment.

Due to higher input prices, especially steel and other metals, as well as labor costs, the market prices for cranes and crane maintenance rose during the year. The price of products with a high content of steel rose particularly sharply as crane producers passed on the higher cost of steel structures to customers. The tighter labor market resulted not only in increasing costs, but also led to some difficulties in attracting and retaining skilled labor, particularly in markets with a strong representation of petrochemical, primary metal and mining industries.

Based on Konecranes' exceptionally strong organic sales and order growth, the Group was able to continue increasing its global market share in industrial cranes. When including the acquisitions of Stahl CraneSystems and MMH Holding Inc, Konecranes market share rose clearly.

Orders Received, Order Book and Contract Base

Order intake growth continued in 2006 with total orders received amounting to EUR 1,472.8 (1,061) million. Order growth was 38.8 percent, of which 13.8 percentage points was organic. The year-end value of the order backlog was 571.6 (432.1) million, up by 32.3 percent. Order intake and the order backlog grew significantly in all Business Areas. The impact of changes in currencies was negligible in regards to the growth figures for order intake and backlog. The service contract base rose to 263,039 (242,209) cranes and hoists. The service contract retention rate remained at a high level.

Both the strong market and internal factors contributed to order growth. Demand increased in all geographical regions for all Business Areas. Growth was strongest in Germany and the U.S.A., while the emerging markets, particularly China and Russia, continued to grow at a very good pace. Order intake in Service was supported by orders for work on installed P&H cranes in the U.S.A.

Standard Lifting benefited from growth in the general manufacturing customer segment both in emerging markets and developed markets. The incorporation of Stahl CraneSystems strengthened the Standard Lifting operations, which has achieved a clear market-leading position.

Heavy Lifting continued to benefit from strong demand for container-handling equipment, as well as in process cranes for the metals and power customer segments. Heavy Lifting strengthened its geographical presence and received significant orders for delivery of both container-handling equipment and process cranes to India, Bangladesh, Brazil, South Korea, new areas in China, Turkey and several countries in Africa.

2006 Orders Received by Business Areas, MEUR

	2006	2005	Change %	Organic growth %
Service	433.8	364.5	+19.0	+2.4
Standard Lifting	612.6	322.1	+90.2	+33.6
Heavy Lifting	519.2	463.3	+12.0	+6.1
Internal	-92.9	-88.7		
Total	**1,473**	**1,061**	**+38.8**	**+13.8**

In the fourth quarter, order intake totaled EUR 367.5 (286.6) million, representing growth of 28.2 percent. Organic order intake continued strong in Standard Lifting. Service orders, which vary from quarter to quarter due to sporadic large repair and modernization orders, were in organic terms at the same level as in the corresponding period in 2005. Order intake in Heavy Lifting also shows considerably quarterly variations, and fourth quarter orders fell short of the relatively high level achieved in the fourth quarter of 2005. Both Stahl CraneSystems and MMH Holding Inc showed solid order intake in the fourth quarter.

Board of Directors' Report

Fourth Quarter Orders Received by Business Areas, MEUR

	Q4 2006	Q4 2005	Change %	Organic growth %
Service	119.1	92.3	+29.0	- 0.3
Standard Lifting	142.8	81.7	+74.8	+25.0
Heavy Lifting	128.8	138.6	- 7.1	- 18.5
Internal	- 23.1	- 26.0		
Total	**367.5**	**286.6**	**+28.2**	**+0.3**

2006 Net Sales by Business Areas, MEUR

	2006	2005	Change %	Organic growth %
Service	512.6	406.5	+26.1	+9.7
Standard Lifting	577.8	318.0	+81.7	+28.7
Heavy Lifting	490.8	331.1	+48.3	+42.2
Internal	- 98.8	- 84.8		
Total	**1,482.5**	**970.8**	**+52.7**	**+26.7**

Sales

Net sales rose 52.7 percent to EUR 1,482.5 (970.8) million. Organic sales growth totaled 26.7 percent. Higher input prices were successfully compensated by higher sales prices. Higher prices, however, contributed to organic growth by about five percentage points. Currency rate changes had only a minor translational effect on the reported sales figure. All Business Areas achieved exceptionally strong growth, with sales in Standard Lifting growing by nearly 82 percent.

Sales in the acquired companies Stahl CraneSystems and MMH Holding Inc rose clearly and exceeded the levels anticipated and communicated at the time of the acquisitions. The net sales of MMH Holding Inc. amounted to EUR 104 million during the seven-month period it was included in the Group figures. Somewhat over half of MMH Holding's sales are reported in Service and the remainder is fairly equally divided between Standard Lifting and Heavy Lifting. Stahl CraneSystems' sales are reported in Standard Lifting, and these operations achieved approximately the same level of growth as the rest of the Standard Lifting operations.

Service sales continued to increase steadily, but decreased in proportion to total sales due to the exceptionally strong new equipment sales. The tight labor market in some geographical regions resulted in somewhat higher turnover in service personnel and increased difficulty in recruiting skilled labor, which limited the possibilities to grow faster in Service.

Organic growth was strongest in Heavy Lifting as a result of the strong market, a competitive product offering, new key customers and expanding geographical presence.

Sales in Standard Lifting continued to benefit from good demand in the general manufacturing and warehousing customer segments, the expansion of the CXT hoist offering and improved competitiveness. Stahl CraneSystems contributed to the exceptionally strong sales growth in Standard Lifting.

In the fourth quarter, net sales rose 55.5 percent to EUR 460.1 (295.8) million organic growth was 26.2 percent. Both Standard and Heavy Lifting succeeded in fulfilling challenging production and delivery volumes despite the ongoing streamlining of the supply chain, and some scarcity of subcontracted components.

In Service, fourth quarter organic sales growth was moderate and lower than historical growth. This was due to the difficulty to take new modernization orders and sign new maintenance contracts during the year as a result of a shortage of skilled service personnel.

Standard Lifting continued to grow exceptionally strongly. Record-high delivery volumes were successfully completed towards the end of the year.

Heavy Lifting also achieved record high delivery volumes and improved profitability despite the challenging situation created by the combination of extremely strong organic growth and ongoing supply chain restructuring.

The operating margin in Heavy Lifting was somewhat burdened by MMH Holding's Heavy Lifting operations and the Business Area Margin is still clearly below the 10 percent long-term target.

Fourth Quarter Net Sales by Business Areas, MEUR

	Q4 2006	Q4 2005	Change %	Organic growth %
Service	157.3	120.2	+30.8	+5.0
Standard Lifting	165.5	94.6	+74.9	+24.7
Heavy Lifting	162.7	111.8	+45.6	+35.9
Internal	- 25.3	- 30.8		
Total	**460.1**	**295.8**	**+55.5**	**+26.2**

Board of Directors' Report

Profitability

The Group's operating income more than doubled to EUR 105.5 (49.3) million and the operating margin rose to 7.1 (5.1) percent. All Business Areas increased both their operating income and operating margin. Currency rate changes had only a minor translational effect on operating income. The profitability of the acquired companies Stahl CraneSystems and MMH Holding exceeded expectations and contributed positively to EBIT growth. The impact on Group EBIT margin of MMH Holding was neutral, and Stahl CraneSystems had a minor negative impact as expected. The decrease in Group overheads from 2.4 to 2.1 percent of sales supported the Group's margin expansion.

Service exceeded the EBIT margin target of eight percent set for the Business Area. The main contributing factors for the profitability increase were higher productivity, a maintained high maintenance contract retention rate, price increases that compensated for cost increases and a higher proportion of spare parts sales.

Standard Lifting fell 1.4 percentage points short of its margin target of 12 percent. Disregarding the margin-diluting effect of the consolidation of Stahl CraneSystems, Standard Lifting's operating margin would have been approximately at the targeted level. Stahl CraneSystems was, however, able to clearly improve its profitability from the level prior to the acquisition. The main reasons for Standard Lifting's improved margins were higher volumes through broader geographical presence, improved productivity, synergies from the acquired businesses and improved cost-competitiveness. Especially the restructuring program implemented in 2002-2005 contributed to improved productivity and competitiveness.

Heavy Lifting more than doubled its operating profit and clearly increased its operating margin from the low level in 2005. The Business Area started a similar restructuring program in 2004 as Standard Lifting started in 2002. These measures contributed to the increase in profitability despite the fact that the program is still not completed. Implementing the restructuring while growing organically by more than 40 percent created a very challenging environment in terms of fulfilling orders and improving profitability. The operations of MMH Holding allocated to Heavy Lifting also weighted slightly on the operating margin, which is still clearly below the target of ten percent.

Operating income and margin by Business Area

	2006 MEUR	Percent of sales	2005 MEUR	Percent of sales
Service	43.4	8.5	29.4	7.2
Standard Lifting	61.1	10.6	28.8	9.1
Heavy Lifting	33.6	6.8	15.2	4.6
./. Group overheads	- 31.6	- 2.1	- 23.8	- 2.5
./. Elimination of internal profit	- 0.9	- 0.1	- 0.3	- 0.0
Total	**105.5**	**7.1**	**49.3**	**5.1**

In Service, the fourth quarter is seasonally usually the strongest. This was also the case in 2006 and fourth quarter operating profit was record high. This seasonality has, however, decreased as the business has become more geographically distributed. The strong growth also led to full capacity utilization throughout the year.

Also Standard and Heavy Lifting continued their operating margin improvement and achieved record-high operating profits.

Fourth Quarter operating income and margin by Business Area

	Q4 2006 MEUR	Percent of sales	Q4 2005 MEUR	Percent of sales
Service	14.9	9.5	10.8	9.0
Standard Lifting	19.0	11.5	9.4	9.9
Heavy Lifting	14.0	8.6	7.9	7.0
./. Group overheads	- 9.6	- 2.1	- 5.8	- 2.0
./. Elimination of internal profit	1.0	- 0.1	0.6	- 0.0
Total	**39.3**	**8.5**	**22.9**	**7.7**

Group EBITDA was EUR 128.0 (64.9) million or 8.6 (6.7) percent on sales. Depreciations grew by EUR 6.9 million, from EUR 15.6 million to EUR 22.5 million. The increase in depreciations was mainly attributable to acquisitions.

The share of associated companies result amounted to EUR 0.7 (0.5) million.

Group interest costs (the net of interest income and expenses) were EUR 9.5 (6.8) million. The increase in interest costs was mainly due to higher net debt during 2006, which was a result of acquisitions made at the end of 2005 and in 2006.

Financial costs (net of expenses and income) were EUR 11.1 (15.8) million. The corresponding figure for 2005 included a loss arising from a change in fair value of approx. EUR 7.9 million on derivates used for hedging purposes.

Other financing costs relate to currency exchange rate changes and other costs.

Board of Directors' Report

Group income after financing items was EUR 95.1 (34.1) million. Income taxes were EUR 26.5 (10.0) million corresponding to an effective tax rate of 27.9 percent (29.3) for the year. The decrease in tax rate is mainly related to structural changes

Group net income was EUR 68.6 (24.1) million. Basic earnings per share totaled EUR 1.17 (0.43) and diluted earnings per share were EUR 1.15 (0.42). Net income in the fourth quarter was EUR 27.6 (15.6) million or EUR 0.46 (0.27) per share.

The Group's return on capital employed was 29.5 (17.2) percent and return on equity was 36.5 (16.6) percent.

Cash flow and balance sheet

Cash flow from operations before financing items and taxes, but after the change in working capital was EUR 114.2 (66.5) million, representing EUR 1.96 (1.18) per share. Higher profits and improved working capital management supported the strong cash flow development. Fourth quarter cash flow before financial items and taxes was strong despite a high level of accounts receivables due to record-high sales in the quarter.

Cash flow from financing items and taxes was EUR –32.8 (-18.1) million. Net cash flow from operating activities was EUR 81.4 (48.4) million, representing EUR 1.39 (0.86) per share.

In total, EUR 64.8 million (46.1) of cash was used to cover capital expenditures including acquisitions. The cash-based capital expenditures in fixed assets were EUR 17.1 (13.5) million.

The parent company paid EUR 15.8 (14.8) million in dividends.

Group interest-bearing debt was EUR 173.3 (178.4) million, and interest-bearing net debt was EUR 128.2 (133.9) million. Gearing was 57.3 (88.1) percent.

The Solidity (equity) ratio was 28.3 (23.7) percent, and the current ratio was 1.4 (1.1).

The Group's has a EUR 200 million committed back-up financing facility to secure running liquidity. At yearend, EUR 100.9 (23.7) million was in use.

Currencies

The currency exchange rate fluctuations had only a marginal translational effect on the Group's orders received, sales and operating income development. The strength of the euro against the USD (and USD-linked currencies) had a negative transactional effect on operating income through export from the euro-area.

The consolidation exchange rates of some important currencies for the Group developed as follows:

The period end rates:

	2006	2005	Change %
USD	1.317	1.1797	- 10.43
CAD	1.5281	1.3725	- 10.18
GBP	0.6715	0.6853	2.06
CNY	10.2793	9.5204	- 7.38
SGD	2.0202	1.9628	- 2.84
SEK	9.0404	9.3885	3.85
NOK	8.238	7.985	- 3.07
AUD	1.6691	1.6109	- 3.49

The period average rates:

	2006	2005	Change %
USD	1.2554	1.2441	- 0.90
CAD	1.4234	1.5093	6.03
GBP	0.6817	0.6839	0.32
CNY	10.008	10.197	1.89
SGD	1.9938	2.0699	3.82
SEK	9.2548	9.2817	0.29
NOK	8.0487	8.0124	- 0.45
AUD	1.6666	1.6324	- 2.05

The Group continued its currency risk management policy of hedging. The aim for the hedging policy is to minimize currency risk relating to non-euro nominated export and import from or to the euro zone. Hedging was mainly carried out through currency forward exchange transactions.

Capital expenditure

The Group's capital expenditures excluding acquisitions were EUR 16.3 (16.0) million. These capital expenditures consisted mainly of replacement or capacity expansion investments on machines, equipment and information technology. Capital expenditures in acquisitions were EUR 51.9 (30.3) million.

Research and development

Total direct research and development costs in the Group were EUR 12.5 (8.8) million. The increase in R&D expenditure includes Stahl CranesSystems R&D expenses, as well as product development projects aimed at improving the quality and cost-efficiency of both products and services.

R&D expenditure is not allocated to the Business Areas, but reported in Group overheads, except for Stahl CranesSystems' R&D expenses, which are included in the Standard Lifting Business Area.

Board of Directors' Report

Personnel and personnel development

At the end of 2006, the Group employed 7,549 (5,923) persons. The average number of personnel was 6,859 (5,087). The increase in employment relates to mainly to the acquisition on MMH Holding and personnel increases in the Asian operations.

On average, the Group recorded somewhat over three training days per employee, which is a slight increase to previous the year. The main corporate wide-development program is the three-year Konecranes Academy aimed for middle management and experts. Approximately 160 employees entered the program in 2006. The development program for the top management was continued in co-operation with the London Business School.

Personnel by Business Area, end of period

	2006	2005	Change percent
Service	3,923	2,999	+31
Standard Lifting	2,333	1,898	+23
Heavy Lifting	1,131	890	+27
Group Staff	162	136	+19
Total	**7,549**	**5,923**	**+26**

Group costs and consolidation items

Unallocated Group overhead costs were EUR 31.6 (23.8) million. These costs consist mainly of common development costs (personnel, R&D, systems), treasury and legal functions, development of the company structure (M&A), and Group management and administration.

Group structure

On 19 May 2006, HMM Acquisition Corp., a wholly owned Konecranes Inc. subsidiary, acquired 59.2 percent of the shares of MMH Holdings, Inc., the owner of U.S. based Morris Materials Handling, Inc. The holding was further increased on May 26 to 74.5 percent and on June 5 to approximately 90.9 percent. On June 7, HMM Acquisition Corp. had increased its stake to 96.7 percent and completed a short form merger as a result of which Konecranes, Inc. obtained 100 percent of the shares in MMH Holdings, Inc. Morris Material Handling, Inc. has over 120 years of history in crane industry and is a recognized player in the maintenance service and overhead crane industry, especially in the North-American market. The addition of MMH's product ranges especially for the steel and power industries complement Konecranes' offering. The acquisition also brings new opportunities for growth in Service through the large installed base of MMH cranes. Through its subsidiaries MMH also has local operations in Canada, Mexico and Chile. MMH Holdings, Inc was consolidated into the Konecranes Group figures as of 1 June, 2006. Operationally MMH Holdings, Inc. continued as an independent entity within the Konecranes Group.

Konecranes continued making structural changes during 2006 aimed at increasing sales and profitability by adding flexibility in the supply chain and improving customer service. Konecranes core activities are product development, assembly and maintenance services.

Important appointments

Following the appointment of new Group Executive Board members, the Board has as of 1 October 2006 consisted of the following members:

Pekka Lundmark,	President and CEO

Business Area Presidents:

Hannu Rusanen,	Service
Pekka Päkkilä,	Standard Lifting
Mikko Uhari,	Heavy Lifting

Region Presidents:

Pierre Boyer,	Europe, Middle East & Africa (EMEA)
Tom Sothard,	Americas
Harry Ollila,	Northeast Asia (NEA)
Edward Yakos,	Southeast Asia-Pacific (SEAP)

Function Directors:

Teuvo Rintamäki,	Chief Financial Officer
Sirpa Poitsalo,	Director, General Counsel
Arto Juosila,	Director, Administration and Business Development
Mikael Wegmüller,	Director, Marketing and Communications
Peggy Hansson,	Director, Competence Development
Ari Kiviniitty,	Chief Technology Officer

Litigations

Konecranes is a party to various litigations and disputes relating to its normal business in different countries. At the moment, Konecranes does not expect any of these ongoing litigations or disputes to have a material effect on the profits or future outlook of the Group.

Risk management

The main purpose of the Konecranes risk management is to guarantee the continuity of the business under all circumstances.

Risk management is part of the control system of the company. CEO and Group management team are responsible for

Board of Directors' Report

the risk management. The importance of risk management has increased due to the fast growth of the Group as well as due to the need to identify and control the risk of a more complex business environment.

The change in the Group's operational model from traditional manufacturing to increasingly supply chain driven activity, demands additional efforts to secure the availability of components, materials and services. To guarantee the quality of sourcing demands a lot of continuous quality development work from Konecranes experts. Continuous quality training for suppliers and long term supply agreements guarantee the steady development of our operations.

Special attention has also been paid to the risk control of new geographical areas. Continuous control of specific contract terms for both sales and purchase contracts ease the control of risks.

The Group continuously reviews its insurance policies as part of its overall global risk management. According to the risk management principles all insurable risk related to personnel, property and operation are covered by insurances. In risk management the business units are responsible for financial needs and for identifications of their financial risks. Almost all funding, cash management and foreign exchange with banks and other external counter parties is done centralized by Group Treasury.

Environment

Konecranes recognizes environmental management as an important aspect in its business and strives to conduct operations in an environmental sound manner.

Environmental concerns are taken into account from the product development stage onwards. Good examples of what this means in practice are the inverter drives developed by Konecranes that use up to 40 percent less energy than conventional solutions, and the fine-machined components used in our transmissions that contribute to extended service life and significantly reduced noise levels. We also develop crane structures that use less steel and other raw materials. Lighter and compact designs of cranes contribute to savings in space, heating, and operating costs in buildings and harbor platforms.

The company strives to favor products and materials that impose the lowest possible impact on the environment in procurement choices, and to pay particular attention to keeping energy and material consumption at a low level. Local regulations and recommendations are taken into account in waste management and disposal. The company prioritizes developing the environmental awareness of both own people and partners, with the aim of making an enlightened approach to the environment and environmental protection a natural part of day-to-day operations in all of our activities.

Incentive Programs and Share Capital

At the end of the year 2006, Konecranes had four ongoing stock option plans (1997, 1999, 2001 and 2003). The option plans include approximately 300 key employees. The terms and conditions of the stock option programs are available on our website at www.konecranes.com.

Pursuant to Konecranes' stock option plans 2,133,650 new shares (split-adjusted) were subscribed for and registered in the Finnish Trade Register during year 2006. As a result of the subscriptions, Konecranes' share capital increased to EUR 30,038,860, comprising 60,077,720 shares.

The remaining 1997, 1999B, 2001 and 2003 stock options at the end of the accounting period entitle to subscription of a total of 2,050,800 shares, thereby the share capital can be increased by EUR 1,025,400.

On 15 December, 2006, the Konecranes Board approved a long-term incentive program directed to Pekka Lundmark, the Managing Director of the Company. The program will be implemented by disposing of the Company's own shares held by the Company on the basis of the authorization granted to the Board of Directors by the AGM on 8 March, 2006.

Pursuant to the incentive program a total of 50,000 shares were sold to the Managing Director on 22 December 2006, and 50,000 shares are to be sold in January-February 2007 on terms and conditions defined in the terms of subscription. The shares sold are subject to a five-year transfer restriction. As part of the scheme the Company will pay a separate bonus to the Managing Director to cover the taxes levied as a result of the arrangement.

The purpose of the incentive scheme is to motivate the Managing Director to contribute in the best possible manner to long-term success of the Company and increased shareholder value for all shareholders of the Company.

Dividend proposal

The Board of Directors proposes to the AGM that a dividend of EUR 0.45 per share will be paid for the fiscal year 2006. The dividend will be paid to shareholders, who are entered in the company's share register maintained by the Finnish Central Securities Depository Ltd. on the record date for payments of dividends on March 13, 2007. The actual payment of dividend will take place on March 21, 2007.

New EBIT Margin Targets

New EBIT margin targets have been set for the Business Areas as a result of the recent development in the company and a change in the reporting method regarding spare parts. The new EBIT margin targets are: Service 12 percent, Standard Lifting

Board of Directors' Report

12 percent and Heavy Lifting 10 percent. Achieving these profitability levels in combination with the new target for unallocated Group costs of two percent of sales would result in a Group EBIT margin of approximately ten percent.

As of 2007, Konecranes-branded spare parts will mainly be reported in the Service Business Area instead of in both Service and Standard Lifting, as has previously been the case. This change will result in higher margins in Service and lower margins in Standard Lifting. Based on the 2006 financial figures, the EBIT margin in Service would have been approximately 1.5 percentage points higher and Standard Lifting's margin 1.5 percentage points lower according to the new reporting method. The reported 2006 quarterly figures will be restated according to the new reporting method in Konecranes 2007 first quarter interim report.

Future prospects

Konecranes strong order book and the recent acquisitions form a strong base for year 2007. Demand is expected to remain at a good level, and organic growth to continue, however, at a more moderate rate than in the previous two years. The company's target is to achieve net sales growth of approximately 15 percent compared to 2006, and to continue improving the operating margin.

Helsinki, 14 February 2007
KCI Konecranes Plc
Board of Directors

Consolidated Statement of Income – IFRS

(1,000 EUR) Note:		1.1. - 31.12.2006	1.1. - 31.12.2005
4,6,7	**Sales**	**1,482,503**	**970,824**
8	Other operating income	2,007	2,179
10	Depreciation and impairments	(22,489)	(15,576)
9,11-13	Other operating expenses	(1,356,536)	(908,095)
	Operating profit	**105,485**	**49,332**
20	Share of result of associates and joint ventures	730	514
14	Financial income and expenses	(11,120)	(15,775)
	Profit before taxes	**95,095**	**34,071**
15	Taxes	(26,514)	(9,968)
	Net profit for the period	**68,581**	**24,103**
	Net profit for the period attributable to		
	Shareholders of the parent company	68,581	24,103
	Minority interest	0	0
16	Earnings per share, basic (EUR)	1.17	0.43
16	Earnings per share, diluted (EUR)	1.15	0.42

Consolidated Balance Sheet – IFRS

(1,000 EUR) Note:	ASSETS	31.12.2006	31.12.2005
	Non-current assets		
17	Goodwill	53,970	54,798
18	Other intangible assets	54,992	42,184
19	Property, plant and equipment	67,522	60,833
	Advance payments and construction in progress	9,610	8,838
20	Investments accounted for using the equity method	6,315	5,857
21	Available-for-sale investments	2,105	1,565
	Long-term loans receivable	462	244
32	Deferred tax assets	24,623	23,263
	Total non-current assets	**219,599**	**197,582**
	Current assets		
22	Inventories	226,576	156,979
24	Account receivables	324,234	223,297
	Loans receivable	186	173
25	Other receivables	27,047	18,300
26	Deferred assets	76,943	83,661
27	Cash and cash equivalents	44,370	44,022
	Total current assets	**699,356**	**526,432**
	TOTAL ASSETS	**918,955**	**724,014**

Consolidated Balance Sheet – IFRS

(1,000 EUR) Note:	EQUITY AND LIABILITIES	31.12.2006	31.12.2005
	Capital and reserves attributable to the shareholders of the parent		
	Share capital	30,039	28,972
	Share premium account	38,975	26,527
38	Fair value reserves	3,660	(4,941)
	Translation difference	(5,793)	(1,191)
	Paid in capital	511	0
	Retained earnings	87,698	78,587
	Net profit for the period	68,581	24,103
28	**Total Shareholders' equity**	**223,671**	**152,057**
	Minority interest	65	63
	Total equity	**223,736**	**152,120**
	Liabilities		
	Non-current liabilities		
30,35	Interest-bearing liabilities	120,880	27,353
31	Other long-term liabilities	58,736	61,627
32	Deferred tax liabilities	20,019	17,967
	Total non-current liabilities	**199,635**	**106,947**
33	**Provisions**	**28,213**	**20,062**
	Current liabilities		
30,35	Interest-bearing liabilities	52,388	151,030
7	Advance payments received	128,916	81,043
	Progress billings	6,979	0
	Accounts payable	113,551	83,684
34	Other short-term liabilities (non-interest bearing)	23,003	17,729
34	Accruals	142,534	111,399
	Total current liabilities	**467,371**	**444,885**
	Total liabilities	**695,219**	**571,894**
	TOTAL EQUITY AND LIABILITIES	**918,955**	**724,014**

Consolidated Statement of Changes in Equity – IFRS

(1,000 EUR)	Share Capital	Share Premium Account	Fair value Reserves	Translation Difference	Paid in Capital	Retained Earnings	Minority interest	Total Equity
Balance at 31 Dec, 2004 (IFRS)	**28,620**	**22,272**	**0**	**(6,095)**	**0**	**92,790**	**58**	**137,645**
Increase in share capital	352	4,255						**4,607**
Dividend distribution						(14,804)		**(14,804)**
Cash flow hedge			(4,941)					**(4,941)**
Translation difference				4,904				**4,904**
Share based payments recognized against equity						1,207		**1,207**
Minority interest					0		5	**5**
Other changes						(606)		**(606)**
Net profit for the period						24,103		**24,103**
Balance at 31 Dec, 2005 (IFRS)	**28,972**	**26,527**	**-4,941**	**-1,191**	**0**	**102,690**	**63**	**152,120**
Balance at 31 Dec, 2005 (IFRS)	**28,972**	**26,527**	**(4,941)**	**(1,191)**	**0**	**102,690**	**63**	**152,120**
Increase in share capital	1,067	12,448						**13,515**
Dividend distribution						(15,802)		**(15,802)**
Cash flow hedge			8,601					**8,601**
Translation difference				(4,602)				**(4,602)**
Share based payments recognized against equity						810		**810**
Minority interest							2	**2**
Share issue					511			**511**
Net profit for the period						68,581		**68,581**
Balance at 31 Dec, 2006 (IFRS)	**30,039**	**38,975**	**3,660**	**(5,793)**	**511**	**156,279**	**65**	**223,736**

Consolidated Cash Flow Statement – IFRS

(1,000 EUR)

Note:		1.1.–31.12.2006	1.1.–31.12.2005
	Cash flow from operating activities		
	Operating income	105,485	49,332
	Adjustments to operating profit		
	Depreciation and impairments	22,489	15,576
	Profits and losses on sale of fixed assets	(290)	(680)
	Other non-cash items	1,966	1,592
	Operating income before chg in net working capital	**129,650**	**65,820**
	Change in interest-free short-term receivables	(69,145)	(25,788)
	Change in inventories	(48,195)	(17,772)
	Change in interest-free short-term liabilities	101,908	44,213
	Change in net working capital	**(15,432)**	**653**
	CASH FLOW FROM OPERATIONS BEFORE FINANCING ITEMS AND TAXES	**114,218**	**66,473**
	Interest received	2,132	7,582
	Interest paid	(11,491)	(10,612)
	Other financial income and expenses	(1,380)	(5,042)
	Income taxes paid	(22,064)	(9,988)
	Financing items and taxes	**(32,803)**	**(18,060)**
	NET CASH FROM OPERATING ACTIVITIES	**81,415**	**48,413**
	Cash flow from investing activities		
	Acquisition of Group companies, net of cash	(48,331)	(30,331)
	Acquisition of shares in associated company	(168)	(3,328)
	Investments in other shares	(553)	(2,042)
	Capital expenditures	(17,053)	(13,501)
	Proceeds from sale of other and associated company shares	0	2,389
	Proceeds from sale of fixed assets	1,150	649
	Dividends received	133	60
	Net cash used in investing activities	**(64,822)**	**(46,104)**
	CASH FLOW BEFORE FINANCING ACTIVITIES	**16,593**	**2,309**
	Cash flow from financing activities		
	Proceeds from options excercised and share issues	14,115	4,607
	Proceeds from (+), payments of (-) long-term borrowings	88,546	25,202
	Proceeds from (+), payments of (-) short-term borrowings	(101,837)	4,879
	Proceeds from (-), payments of (+) short-term receivables	(225)	(150)
	Dividends paid	(15,802)	(14,804)
	Net cash used in financing activities	**(15,203)**	**19,734**
	Translation differences in cash	(1,042)	1,288
	CHANGE OF CASH AND CASH EQUIVALENTS	**348**	**23,331**
	Cash and cash equivalents at beginning of period	44,022	20,691
27	Cash and cash equivalents at end of period	44,370	44,022
	Change of cash and cash equivalents	**348**	**23,331**

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

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION

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

2.1 Basis of preparation

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

Konecranes Group has applied IFRS as of 1 January 2005 and prepared the opening IFRS balance sheet at the date of transition, which was 1 January 2004.

In the transition to IFRS, Konecranes Group has applied some optional exceptions allowed by the First-time adoption standard (IFRS 1).

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

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

Principles of consolidation

The consolidated accounts include the parent company KCI Konecranes Plc 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.

An associated company is a company in which the Group holds 20-50 % of the voting power and has a participating interest of at least 20% considering also other criteria of obtaining control over the acquired entity. A joint venture is a company where the group has a joint control over the entity.

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

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

Minority interest is presented separately under equity in the balance sheet.

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

2.2 Use of estimates

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

2.3 Summary of significant accounting policies

Foreign currency items and exchange rate differences

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

Derivative financial instruments and hedge accounting

The Group's global operations expose it to currency risk and to less significant interest rate risk.

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

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

For certain large special crane projects the Group applies hedge accounting compatible with IAS 39. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognized directly in equity and the ineffective portion is recognized immediately in statement of income. The Group's policy with respect to hedging the foreign currency risk of a firm commitment and highly probable forecasted transaction is to designate it as

Notes to the Consolidated Financial Statements

a cash flow hedge. If the cash flow hedge of a firm commitment or highly probable forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative that had previously been recognized in equity are recorded to statement of income.

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

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

Revenue recognition

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

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

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

Research and development costs

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

Government grants

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

Employee benefits (pensions)

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

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

Under defined benefit plans, a liability recognized in the balance sheet equals to the net of the present value of the defined benefit obligation less the fair value of the plan assets at the balance sheet date together with adjustments for deferred actuarial gains and losses and unrecognized pension service costs.

Leases

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

Valuation of inventories

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

Goodwill and other intangible assets

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

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

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

Impairment testing of goodwill

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

Notes to the Consolidated Financial Statements

Property, plant and equipment

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

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

No depreciation is recorded for land.

Impairment of assets subject to amortization and depreciation

The carrying values of intangible assets subject to amortization and property plant and equipment is reviewed for impairment whenever events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such an indication exists, the recoverable amount of the assets is estimated. An impairment loss is recognized in statement of income when the recoverable amount of an asset is less than its carrying amount.

Account and other receivables

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

Cash and cash equivalents

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

Share-based payments

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

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

Provisions

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

Income tax

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

Deferred tax liabilities and deferred tax assets are calculated of all temporary differences arising between the tax basis and the book value of assets and liabilities. The main temporary differences arise from unused tax losses, depreciation differences, provisions, defined benefit pension plans, inter-company inventory margin and fair valuation of derivative financial instruments. In connection with an acquisition the Group records provisions for deferred taxes on the difference between the fair values of the net assets acquired and their tax bases. A deferred tax asset is recognized to the extent that it is probable that it can be utilized.

2.4 Application of new and amended IFRS standards and IFRIC interpretations

In 2007 Konecranes Group will adopt the following new and amended standards published by the IASB:

IFRS 7	Financial Instruments: Disclosures
IAS 1	Amendment- Capital disclosures
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment
IFRIC 11	IFRS 2 –Group and Treasury Share Transactions

The company considers that the application of these new and amended standards and new interpretations will have no material impact on the Group's income statement, balance sheet, changes in equity statement or cash flow statement, but will increase the amount of notes to the financial statements.

3. MANAGEMENT OF FINANCIAL RISKS

The Group's global business operations involve financial risks in the form of market, credit and liquidity risks. The Group's objective is to increase the short-term stability of the financial environment for the business operations by reducing the negative effects caused by price fluctuations and other uncertainties in the financial markets. This is done by identifying, evaluating and controlling the financial risks arising from the Group's global business operations.

The business units are responsible for identification of their financial risks. The units hedge their risks internally with Konecranes Treasury. Almost all funding, cash management and foreign exchange with banks and other external counterparties is done centralized by Konecranes Treasury in accordance with the Group's treasury policy.

Notes to the Consolidated Financial Statements

Market risks – Currency rate risk

The Group's global business operations generate exchange rate risk. Most of this risk is hedged by Konecranes Treasury. Depending on the business area, the hedging covers operative cash flows for the next 3-18 months and is done by using foreign exchange forward contracts. The business units' commercial bids in foreign currency can be hedged by using currency options.

For certain large special crane projects the Group applies hedge accounting compatible with IAS 39. Hedges are done by using foreign exchange forward contracts. Currently only USD denominated projects are included in the hedge accounting, as at 31 December 2006 hedged cash flows totaled USD 134.3 million (in 2005 USD 166.4 million).

To hedge the transaction risk the Group uses foreign exchange forward contracts in AUD, CAD, CHF, DKK, GBP, HUF, NOK, SEK, SGD and USD.

Currently none of the non-euro denominated shareholders' equity of the Group's foreign subsidiaries is hedged.

Market risks – Interest rate risk

The Group's interest rate risk relates mainly to funding, as investments are rare and of temporary nature. The capital intensity of the business operations of the Group is normally relatively low. As the gearing level is also normally fairly low, the overall importance of the interest rate risk is small compared to the exchange rate risk.

Approximately 49% of the Group's interest-bearing liabilities are denominated in euro.

The Group's funding is kept mainly in short periods (floating rate). For hedging purposes interest rate swaps, forward rate agreements, interest rate futures and interest rate options can be used.

An increase of one percentage point in the level of interest rates at the end of 2006 would have lowered the market value of the long-term loan portfolio by EUR 1.0 million. The proportion of fixed interest loans in the loan portfolio can be increased by means of interest rate derivatives. As a consequence of this treasury policy, the Group's average interest rate level in general can be higher than the market level of short-term interest rates when low rates prevail and, on the other hand, lower than the market level when high rates prevail. A rise of one percentage point in the level of interest rates means that the Group's interest expenses over the next 12 months will increase by about EUR 1.3 million.

Market risks – Energy price risk

By using electricity derivatives the Group strives for reducing the negative effect caused by electricity price fluctuation.

Credit risks

All credit risks related to financial instruments are managed by Konecranes Treasury. The counterparties are limited to the core banks of the Group. These are all major banks with good credit qualities. The majority of all financial instruments are of short-term nature, with maturity in less than one year.
The business units manage all credit risks related to their commercial flows.

Liquidity risks

It is the Group's policy to keep minimum amount of cash in the balance sheet as deposits or any other liquid assets to maximize the return of capital employed.

For managing the liquidity risks the Group has established a EUR 200 million committed, multi-currency revolving credit facility with an international loan syndication (2005-2010).

To cover short-term funding (1-3 months) Konecranes Finance Corporation can borrow from institutional investors through seven domestic commercial paper programs a total of EUR 216 million. In addition, business units around the world have overdraft facilities totaling EUR 27.3 million to cover the day-to-day funding needs.

Notes to the Consolidated Financial Statements

All figures are in millions of euros unless otherwise indicated.

4. SEGMENT INFORMATION

In segment reporting business segments (business areas) is defined as the primary segment. The business areas are based on the Group's managerial reporting and organizational structure. The business segments are: Maintenance, Standard Lifting and Heavy Lifting. The assets and liabilities of the business areas include only items directly connected with the business as well as the goodwill related to them. Unallocated items, including Group Headquarters, include tax and financial items as well as items allocated to the Company as a whole. As its secondary segments Konecranes Group reports four geographical areas, which are the main market areas: Nordic and Eastern Europe, EU (excl.Nordic), Americas and Asia-Pacific. Sales is reported by customer location and assets and capital expenditure by the location of the assets.

Intra-Group transfer prices are based primary on the market prices. Starting at the beginning of the year 2007 Konecranes spare parts will be only reported in Maintenance business area comparing to the past practice where Konecranes spare parts were included both in Maintenance and Standard Lifting business areas.

Geographical segment will be divided at the beginning of the year 2007 into three geographical areas: EMEA (Europe, Middle East and Africa), AME (Americas) and APAC (Asia-Pacific). These geographical areas corresponds better to Konecranes regional organization.

4.1. Business segments

2006	Service	Standard Lifting	Heavy Lifting	Unallocated items	Eliminations	Total
Sales to external customers	497.9	517.4	467.1			1,482.5
Inter-segment sales	14.7	60.4	23.7		(98.8)	0.0
Total net sales	512.6	577.8	490.8		(98.8)	1,482.5
Operating income	43.4	61.1	33.6	(32.6)		105.5
% of net sales	8.5 %	10.6 %	6.8 %			7.1 %
Assets	206.2	326.3	347.3	39.2		919.0
Liabilities	104.2	152.9	281.3	156.8		695.2
Capital expenditure	3.6	5.0	3.4	4.4		16.3
Depreciations	5.9	9.1	3.9	3.4		22.3
Impairment of assets	0.0	0.2	0.0			0.2
Share of result of associates and joint ventures	0.0	1.0	-0.3			0.7
Personnel	3,923	2,333	1,131	162		7,549

2005	Service	Standard Lifting	Heavy Lifting	Unallocated items	Eliminations	Total
Sales to external customers	392.6	266.6	311.7			970.8
Inter-segment sales	13.9	51.4	19.5		(84.8)	0.0
Total net sales	406.5	318.0	331.1		(84.8)	970.8
Operating income	29.4	28.8	15.2	(24.1)		49.3
% of net sales	7.2 %	9.1 %	4.6 %			5.1 %
Assets	162.5	260.3	211.8	89.4		724.0
Liabilities	60.4	75.0	122.0	314.5		571.9
Capital expenditure	4.5	4.0	4.0	3.5		16.0
Depreciations	4.0	5.3	4.9	1.4		15.6
Impairment of assets	0.0	0.0	0.0			0.0
Share of result of associates and joint ventures	0.0	0.4	0.1			0.5
Personnel	2,999	1,898	890	136		5,923

Notes to the Consolidated Financial Statements

4.2. Geographical segments

2006	Nordic& Eastern Europe	EU (excl.Nordic)	Americas	Asia Pacific	Total
External sales	252.8	462.2	512.3	255.1	1,482.5
Assets	253.1	327.1	231.8	107.0	919.0
Capital expenditure	8.3	4.7	3.1	0.2	16.3
Personnel	2,121	2,179	2,298	951	7,549

2005	Nordic& Eastern Europe	EU (excl.Nordic)	Americas	Asia Pacific	Total
External sales	215.2	300.5	277.7	177.4	970.8
Assets	203.3	317.6	117.3	85.8	724.0
Capital expenditure	10.9	2.5	1.0	1.6	16.0
Personnel	1,912	2,094	1,174	743	5,923

5. ACQUISITIONS

Acquisitions in 2006:

Acquisition of Morris Material Handling, Inc.

At the end of May 2006 Konecranes obtained 100% of MMH Holdings, Inc. shares. MMH Holdings, Inc. is the owner of U.S. based Morris Material Handling, Inc. which is a recognized player in the overhead crane industry and maintenance service, especially in North-American market. The fair value of the identifiable assets and liabilities of Morris Material Handling, Inc. and subsidiaries at the date of acquisitions were:

	2006 Recognized on acquisition	2006 Carrying value
Intangible assets	15.6	12.8
Tangible assets	9.9	9.9
Deferred tax assets	4.6	4.6
Inventories	26.8	25.4
Receivables and other assets	30.9	30.9
Cash and bank	2.8	2.8
Total assets	90.6	86.3
Liabilities	41.1	38.3
Net assets	**49.4**	**48.0**
Acquisition costs	50.2	
Goodwill	0.8	

The total cost of the combination was 50.2 MEUR and comprised cash paid 49.1 MEUR and cost directly attributable to the combination 1.1 MEUR.

Cash outflow on the acquisition

Acquisition costs paid in cash	50.2
Cash and cash equivalents of acquired companies	2.8
Net cash flow arising on acquisition	47.4

From the date of acquisition, Morris Material Handling,Inc. with its subsidiaries has contributed 104.2 MEUR to the net sales and 7.6 MEUR to the operating profit (including 2.1 MEUR expenses due to purchase price allocation). The effect of the combination as if the combination would have taken place at the beginning of the year was impracticable to calculate, as Morris Material Handling,Inc. had the different fiscal year and its financial statements were prepared according to US Gaap.

Other acquisitions

During year 2006 there was no other major acquisitions. Only some minor assets deals in Sweden and France.

The initial purchase price and purchase price allocations of Material Handling division R. STAHL Fördertechnik were adjusted during 2006. The total acquisition price increased from 38.9 MEUR to 40.4 MEUR after the adjustments to purchase price and other cost directly attributable to the combination. As a consequence of the above mentioned issues as well as certain reclassifications of the purchase price allocations, the total goodwill of this acquisition decreased with 1.4 MEUR.

Acquisitions in 2005:

In 30, December 2005 Konecranes closed its acquisition of Material Handling division R. STAHL Fördertechnik. The total acquisition price was 38.9 MEUR, the fair value of the net assets acquired was 17.3 MEUR and the goodwill arising from the transaction was 21.6 MEUR.

Notes to the Consolidated Financial Statements

In July 2005 the Group made also two small acquisitions in Sweden. The companies Sajo Service AB and VMR Maskinrenovering AB. were acquired. These companies provide preventive maintenance and repair services for machine tools of engineering companies. The Group made two important business acquisitions during the fourth quarter of 2004. The acquisition of SMV Lifttrucks AB, Sweden and Morris Material Handling Ltd, UK and its affiliated companies. The initial accounting for business combinations of these two acquisitions were done during 2004. The adjustments for allocations of purchase price was finished during year 2005. SMV Lifttrucks AB's goodwill decreased with 5.5 MEUR as acquisition cost was allocated to intangible assets; trademark and customer contracts. The adjustment to Morris Material Handling Ltd.'s purchase price allocation created 0.8 MEUR more intangible assets and goodwill decreased with the same amount.

Net assets of the acquired companies:

	2005 Recognized on acquisition	2005 Carrying value
Intangible assets	33.8	0.3
Tangible assets	3.4	3.4
Deferred tax assets	9.3	9.3
Inventories	19.5	18.4
Receivables	32.3	32.4
Cash and bank	1.7	1.7
Total assets	100.0	65.5
Liabilities	75.6	64.8
Net assets	**24.4**	**0.7**
Acquisition costs	39.9	
Goodwill	15.5	
Acquisition costs paid in cash	39.9	
Cash and cash equivalents of acquired companies	1.7	
Net cash flow arising on acquisition	38.2	

6. DISTRIBUTION OF SALES

	2006	2005
Sale of goods	969.8	564.1
Rendering of services	512.6	406.5
Royalties	0.1	0.2
Total	1,482.5	970.8

7. PERCENTAGE OF COMPLETION METHOD AND ADVANCES RECEIVED

7.1. Percentage of completion method

	2006	2005
The cumulative revenues of non-delivered projects	153.2	105.0
Net sales recognized under percentage of completion	120.3	76.7
Advance received from percentage of completion method	160.0	43.2
Receivables from the revenue recognition netted with the advances received	100.0	43.2

7.2. Advance payments received

	2006	2005
Advance received from percentage of completion method (netted)	60.0	43.2
Other advance received from customers	68.9	37.8
Total	128.9	81.0

8. OTHER OPERATING INCOME

	2006	2005
Profit of disposal of fixed assets	0.3	0.4
Rental income	0.8	0.8
Other	0.9	1.0
Total	2.0	2.2

9. GOVERNMENT GRANTS

	2006	2005
Investment grants in building, machinery and employment grants	0.7	0.8
Grants for research and development	0,0	0.4
Total	0.7	1.2

10. DEPRECIATION AND IMPAIRMENTS

10.1. Depreciation	2006	2005
Intangible rights	8.3	4.5
Buildings	1.7	1.8
Machinery and equipment	12.3	9.3
Total	22.3	15.6

Notes to the Consolidated Financial Statements

10.2. Impairments	2006	2005
Goodwill	0.2	0,0
Total	0.2	0,0

11. OTHER OPERATING EXPENSES

	2006	2005
Change in product inventory	(15.7)	(11.6)
Production for own use	0,0	(0.2)
Material and supplies	630.0	387.0
Subcontracting	180.9	137.8
Wages and salaries	274.7	193.9
Pension costs	23.7	18.7
Other personnel expenses	57.8	38.9
Other operating expenses	205.2	143.6
Total	1,356.6	908.1

12. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

Personnel expenses	2006	2005
Wages and salaries	274.7	194.0
Pension costs: Defined benefit plans	2.8	5.5
Pension costs: Defined contributions plans	20.9	13.2
Other personnel expenses	57.8	38.8
Total	356.2	251.5

Average personnel	2006	2005
The average number of personnel	6,859	5,087
Personnel 31 December,	7,549	5,923
of which in Finland	1,545	1,429

Personnel by Business Area at end of period

	2006	2005
Services	3,923	2,999
Standard Lifting	2,333	1,898
Heavy Lifting	1,131	890
Group Staff	162	136
Total	7,549	5,923

13. MANAGEMENT COMPENSATION

Board of Directors

The remuneration packages for Board members are resolved by the Annual General Meeting on proposal by the Nomination and Compensation Committee. The AGM 2006 confirmed an annual fee of EUR 65,000 for the Chairman of the Board, EUR 40,000 for the Vice Chairman of the Board, and EUR 25,000 for other Board members and that 40% of the annual fee will be used to acquire KCI Konecranes Plc shares from the market to each Board member. Should the receipt of shares entail admistrative difficulties for a Board member the compensation will be paid entirely in cash. In addition compensation of EUR 1,000 was approved for attendance at Board committee meetings. Non-executive members of the Board of Directors do not receive stock options. Board members employed by Konecranes do not receive separate compensation for their Board membership.

Total compensation to the Board of Directors

	2006 total compensation	2006 number of shares as part of compensation	2005 total compensation
Chairman	65,000 EUR	1,920	41,000 EUR
Vice Chairman	40,000 EUR	0	0 EUR
Board members	137,000 EUR	3,680	114,000 EUR
Total	242,000 EUR	5,600	155,000 EUR

President and CEO

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

	2006	2005
Salary and benefits (1	322,292 EUR	451,879 EUR
Bonus (1	467,651 EUR	180,651 EUR
Separate bonus as a part of incentive scheme (2	410,927 EUR	0 EUR
Share-based payments costs (1	80,208 EUR	189,349 EUR
Option rights owned (number of options) (1	132,000	310,000
Shares owned (number of shares) (1	60,000	1,841,500
Shares owned pursuant to the incentive scheme (number of shares) (2	50,000	0
Retirement age	60 years	60 years
Pension target level	60%	60%
Period of notice	6 months	
Severance payment	18 months salary and fridge benefits	

1) Year 2005 numbers includes compensation of previous President and CEO as following: Salary and benefits EUR 182,478, bonuses EUR 131,058, share-based payment costs EUR 98,398, option rights 138,000 and shares owned 1.821,500.

2) The Board of Directors had 15 December 2006 approved a long-term incentive scheme directed to Pekka Lundmark. The incentive scheme is implemented by disposing of KCI Konecranes Plc's own shares held by the Company on the basis of the authorization granted to the Board of Directors by the General Meeting of Shareholders on 8 March 2006.

Notes to the Consolidated Financial Statements

Pursuant to the incentive scheme a total of 50,000 shares was sold to Pekka Lundmark to a price of EUR 12 per share in December 2006 and 50,000 shares was sold in January 2007 with the same price. The shares sold are subject to a five year transfer restriction. As part of thescheme the Company paid in January 2007 a separate bonus EUR 410,927 to Pekka Lundmark to cover the taxes levied as a result of the arrangement. When other 50,000 shares will be sold to Pekka Lundmark, he will get a similiar bonus related to this incentive scheme to cover the taxes.

Group Executive Board

Group Executive Board is comprised of President and CEO, Business Area Presidents, Region Presidents, and Function Directors, totally 14 persons in 2006 (17 persons in 2005). The Nomination and Compensation Committee reviews Group compensation policies and issues guidelines for the same. In accordance with these guidelines, the President and CEO confirms all individual top management compensation packages.

Group Executive Board excluding the President and CEO

	2006	2005
Salary and benefits	1,794,352 EUR	2,407,377 EUR
Bonuses	284,698 EUR	579,435 EUR
Share-based payments costs	266,700 EUR	417,145 EUR
Option rights owned (number of options)	621,200	1,207,200
Shares owned (number of shares)	300,200	263,000

There were no loans to group management at end of period 2006 and 2005.
There are no guarantees on behalf of group management.

14. FINANCIAL INCOME AND EXPENSES

	2006	2005
Dividend income	0.1	0.1
Interest income	2.1	9.8
Other financial income	0.1	0,0
Interest expenses	(11.6)	(16.6)
Other financial expenses	(0.6)	(0.8)
Exchange rate differences	(1.2)	(8.3)
Total	(11.1)	(15.8)

15. TAXES

15.1. Taxes in Statement of Income

	2006	2005
Local income taxes of group companies	28.4	8.7
Taxes from previous years	(0.1)	(0.6)
Deferred taxes	(1.8)	1.9
Total	26.5	10.0

15.2. Reconciliation of income before taxes with total income taxes

	2006	2005
Income before taxes	95.1	34.1
Tax calculated at the domestic corporation tax rate of 26% (2005:26%)	24.7	8.9
Effect of different tax rates of foreign subsidiaries	2.4	1.5
Tax effect of non-deductible expenses and tax-exempt income	0.1	0.1
Tax effect of temporary differences	(0.5)	0,0
Tax effect of utilization of tax losses not previously recognized	0,0	(0.6)
Other items	(0.2)	0.1
Total	26.5	10.0
Effective tax, rate %	27.9 %	29.3 %

16. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net income of the Group by the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated by adjusting the weighted average number of shares with the stock options outstanding per 31 December.

	2006	2005
Net income of the year	68.6	24.1
Weighted average number of shares outstanding (1 000 pcs)	58,383	56,496
Effect of issued share options (1 000 pcs)	1,353	1,136
Diluted weighted average number of shares outstanding (1 000 pcs)	59,736	57,632
Earnings per share, basic (EUR)	1.17	0.43
Earnings per share, diluted (EUR)	1.15	0.42

17. GOODWILL AND GOODWILL IMPAIRMENT

General principles

The goodwill is allocated to cash-generating units (CGU's) by using the Group's operative management reporting structure. The recoverable amounts of the CGUs are determined based on value in use -calculations, except for Morris Material Handling Inc., which was acquired during during the year 2006 and for which the recoverable amount is based on fair value less cost to sell. The forecasting period of cash flows is five years and is based on financial forecasts of each CGU's management. The forecasts have been made by using the company specific historical data and general market and industry specific information of the future growth possibilities.

Notes to the Consolidated Financial Statements

The calculated cash flows after the five-year forcasting period are based on zero percent growth estimate on sales and operating margin.

The discount rate applied to cash flow projections is the weighted average (pre-tax) cost of capital and is based on risk free long term government bond rates and market and industry specific risk premiums. These risk premiums are derived based on business portfolio of companies which operate in a similar geographic region and in a similar industry as the CGUs. The discount rate in use was 11% for all CGUs. The geographical and business risk distribution of the tested CGU's were considered as the discount rate in use was determined to account for the average cost of capital for all CGU's.

Detailed information of CGU's

The allocated goodwill of the following individual CGU's can be considered significant in comparison with the Group's total carrying amount of goodwill: Konecranes Hafentechnik GmbH is a crane service company in Germany and belongs to Konecranes' Service -business segment. The carrying amount of goodwill allocated to this CGU at 31 Dec 2006 was EUR 10,4 million. Konecranes Lifttrucks AB, a Swedish based container lifting equipment manufacturer, was acquired at the end of year 2004. This CGU belongs to Konecranes Heavy Lifting -business segment. The carrying amount of goodwill allocated to this CGU at 31 Dec 2006 was EUR 12,9 million. R. Stahl AG's material handling division was acquired at the end of year 2005. This CGU belongs to Konecranes' Standard Lifting -business segment. The carrying amount of goodwill allocated to this CGU was EUR 20,2 million at 31 Dec 2006. In company's assets are also included 10,4 million EUR intangible assets arising from the acquisition of R. Stahl AG's material handling division, which consists of the trademark of the brand name 'Stahl'. The carrying amount of this asset is tested on yearly basis by using similar kind of impairment testing method as the goodwill. On May 31st 2006 the Group acquired an US based industrial crane manufacturer and service company Morris Material Handling Inc. The allocated goodwill for this unit was EUR 0,8 million at 31 Dec 2006. The impairment test of this unit was performed at the year end using the fair value less cost to sell as the basis for etimating recoverable amount. The fair value less cost to sell was determined based on the recent purchase price paid for the entity.

In addition to the above mentioned CGU's the carrying amounts of the goodwill allocated to other smaller CGU's are disclosed by segment as follows: Service EUR 3,2 million, Standard Lifting EUR 3,8 million, Heavy Lifting EUR 2,6 million.

The recoverable amounts of each above mentioned CGU's are determined based on above mentioned general principles. The major variables used in the calculations have been the business growth rate and the operating income percent. The average growth rate percent used in the first five year's cash flow forecasts varied between 2% and 12%. The average estimated growth rate of all CGU's was close to 10%. The growth rates used in the calculations are based on the management's view of future growth possibilities of each company, taken into account the company specific historical data and future growth possibilities, where the company specific and industry related variables are both considered. The operating profit margins are based on actual operating profits from previous years.

The calculations were also performed by using sensitivity analysis with higher interest rates and lower operating margin levels. As a result of the impairment testing with one CGU the test showed a result of impairment loss. An impairment loss of EUR 0,2 million was booked in Konecranes Industriekrane GmbH's goodwill. With other CGU's the testing didn't result with any other impairment losses for year 2006.

Goodwill	2006	2005
Acquisition costs as of 1 January	54.8	38.0
Increase	0.8	40.2
Decrease	(1.5)	(23.6)
Translation difference	0.1	0.2
Impairments	(0.2)	0,0
Total as of 31 December	54.0	54.8

18. OTHER INTANGIBLE ASSETS

18.1. Patents and trademarks	2006	2005
Acquisition costs as of 1 January	16.2	5.9
Company acquisitions	9.9	10.4
Translation difference	1.5	(0.1)
Acquisition costs as of 31 December	27.6	16.2
Accumulated depreciation 1 January	(4.2)	(5.0)
Depreciation for financial year	(0.7)	(1.0)
Total as of 31 December	22.7	10.2

18.2. Other (including service contracts, software)

	2006	2005
Acquisition costs as of 1 January	43.8	17.0
Increase	3.7	20.5
Company acquisitions	5.5	6.6
Transfer within assets	1.4	0,0
Translation difference	(0.2)	(0.3)
Acquisition costs as of 31 December	54.2	43.8
Accumulated depreciation 1 January	(14.5)	(8.2)
Depreciation for financial year	(7.4)	(3.6)
Total as of 31 December	32.3	32.0

Notes to the Consolidated Financial Statements

18.3. Other intangible assets total	2006	2005
Acquisition costs as of 1 January	60.0	22.9
Increase	3.7	20.5
Company acquisitions	15.4	17.0
Transfer within assets	1.4	0,0
Translation difference	1.3	(0.4)
Acquisition costs as of 31 December	81.8	60.0
Accumulated depreciation 1 January	(18.7)	(13.2)
Depreciation for financial year	(8.1)	(4.6)
Total as of 31 December	55.0	42.2

Other intangible assets include service contracts, patents and trademarks and software licenses. They are stated at cost and amortized on the straight-line basis over their expected useful lives. The normal amortization period varies from 4 to 20 years. Intangible assets having an indefinite useful life are tested for impairment annually. At 31 Dec 2006 the intangible assets having indefinite useful life consisted of Stahl trademark, totally EUR 10.4 million.

19. PROPERTY, PLANT AND EQUIPMENT

19.1. Land	2006	2005
Acquisition costs as of 1 January	3.6	3.8
Increase	0.1	0,0
Decrease	0,0	(0.4)
Company acquisitions	0.3	0,0
Translation difference	(0.1)	0.2
Total as of 31 December	3.9	3.6

19.2. Buildings	2006	2005
Acquisition costs as of 1 January	45.2	42.6
Increase	1.8	1.7
Company acquisitions	1.0	0.1
Translation difference	(0.7)	0.8
Acquisition costs as of 31 December	47.3	45.2
Accumulated depreciation 1 January	(26.3)	(24.5)
Accumulated depreciation relating to disposals	0,0	0,0
Depreciation for financial year	(1.7)	(1.8)
Total as of 31 December	19.3	18.9

The balance value of buildings which belong to finance lease is 0.7 MEUR in year 2006 (0.8 MEUR in 2005).

19.3. Machinery and equipment	2006	2005
Acquisition costs as of 1 January	121.2	103.8
Increase	12.2	12.1
Decrease	(3.8)	(4.0)
Company acquisitions	7.1	3.6
Transfer within assets	(1.4)	0,0
Translation difference	5.2	5.7
Acquisition costs as of 31 December	140.5	121.2
Accumulated depreciation 1 January	(86.3)	(77.0)
Accumulated depreciation relating to disposals	2.5	3.4
Depreciation for financial year	(12.3)	(9.3)
Total as of 31 December	44.4	38.3

The balance value of tangible assets which belong to finance lease is 4.3 MEUR in year 2006 (4.5 MEUR in 2005).

19.4. Property, plant and equipment total	2006	2005
Acquisition costs as of 1 January	170.0	150.2
Increase	14.1	13.8
Decrease	(3.8)	(4.4)
Company acquisitions	8.4	3.7
Transfer within assets	(1.4)	0,0
Translation difference	4.4	6.7
Acquisition costs as of 31 December	191.7	170.0
Accumulated depreciation 1 January	(112.6)	(101.5)
Accumulated depreciation relating to disposals	2.5	3.4
Depreciation for financial year	(14.0)	(11.1)
Total as of 31 December	67.6	60.8

20. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	2006	2005
Acquisition costs as of 1 January	5.9	3.9
Share of associated companies result after taxes	0.4	0.5
Acquisitions	0.1	1.6
Translation difference	(0.1)	0,0
Disposals	0,0	(0.1)
Total as of 31 December	6.3	5.9

Notes to the Consolidated Financial Statements

20.1. Investments accounted for using the equity method by companies

2006

	Carrying amount of the investment	Total asset value [1]	Revenue [1]	Profit/loss [1]
Guangzhou Technocranes Company Ltd	0.3	1.0	0.8	0.0
Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd.	0.3	0.4	0.2	0,0
Shanghai High Tech Industrial Company, Ltd.	0.2	0.5	0.7	0.0
Boutonnier Adt Levage S.A.	0.2	0.4	0.7	0.0
Levelec S.A.	0.1	0.2	0.5	0.0
Manelec S.a.r.l.	0.1	0.2	0.4	0.0
Manulec S.A.	0.3	0.5	0.8	0.0
Sere Maintenance S.A.	0.0	0.2	0.6	0.0
V.H. Manutention S.a.r.l.	0,0	0,0	0,0	0,0
Meiden Hoist System Company Ltd.	2.4	5.2	8.6	0.3
Eastern Morris Cranes Limited	0.3	2.3	3.5	0.4
Morris Material Handling (Thailand) Ltd.	0.4	0.4	0.4	0,0
ZAO Zaporozhje Kran Holding	1.4	4.7	4.3	(0.3)
Crane Industrial Services LLC	0.4	0.4	2.0	0.2
Translation difference	(0.1)	0,0	0,0	0,0
Total	6.3	16.6	23.4	0.7

2005

	Carrying amount of the investment	Total asset value [1]	Revenue [1]	Profit/loss [1]
Guangzhou Technocranes Company Ltd	0.2	0.5	0.3	0,0
Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd.	0.3	0.6	0.0	0,0
Shanghai High Tech Industrial Company, Ltd.	0.0	0.4	0.4	0,0
Boutonnier Adt Levage S.A.	0.1	0.3	0.5	0.0
Levelec S.A.	0.1	0.2	0.4	0.0
Manelec S.a.r.l.	0.1	0.1	0.3	0.0
Manulec S.A.	0.2	0.4	0.7	0.0
Sere Maintenance S.A.	0.0	0.2	0.5	0.0
V.H. Manutention S.a.r.l.	0,0	0,0	0,0	0,0
Meiden Hoist System Company Ltd.	2.2	5.5	8.2	0.1
Eastern Morris Cranes Limited	0.1	1.5	2.2	0.1
Morris Material Handling (Thailand) Ltd.	0.4	0.4	0.3	0,0
ZAO Zaporozhje Kran Holding	1.8	3.9	2.7	0.1
Crane Industrial Services LLC	0.2	0.7	1.1	0.1
Total	5.9	14.8	17.7	0.5

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

1) Total asset value, Revenue and Profit/loss represent the group's share of these investments according to the latest published financial information. Total asset value as per the closing date of the latest published financial information. Revenue and Profit/loss are for the latest published fiscal period.

Notes to the Consolidated Financial Statements

21. AVAILABLE-FOR-SALE INVESTMENTS

	2006	2005
Acquisition costs as of 1 January	1.6	1.5
Increase	0.5	0.1
Total as of 31 December	2.1	1.6

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

22. INVENTORIES

	2006	2005
Raw materials and semi-manufactured goods	62.1	68.7
Work in progress	103.5	74.1
Finished goods	30.6	5.0
Advance payments	30.4	9.2
Total	226.6	157.0

23. VALUATION AND QUALIFYING ACCOUNTS

	Balance at the beginning of the year	Change (+ amount provided - deductions) [1]	Balance at the end of the year
2006			
Provision for doubtful accounts	7.3	3.7	11.0
Provision for obsolete inventory	5.5	2.7	8.2
2005			
Provision for doubtful accounts	6.5	(1.0)	5.5
Provision for obsolete inventory	3.5	1.2	4.7

1) deductions include provision not needed and provision utilized during the year

24. ACCOUNTS RECEIVABLES

	2006	2005
Due within one year	324.2	222.1
Due after one year	0,0	1.2
Total	324.2	223.3

Accounts receivables are initially measured at cost (book values represent their fair values).

25. OTHER RECEIVABLES

	2006	2005
Bills receivables	4.3	2.5
Deferred value added tax	22.7	15.8
Total	27.0	18.3

26. DEFERRED ASSETS

	2006	2005
Income taxes	2.1	4.0
Interest	0,0	0.1
Receivable arising from percentage of completion method	53.5	61.8
Other	21.3	17.8
Total	76.9	83.7

27. CASH AND CASH EQUIVALENTS

	2006	2005
Cash in hand and at bank	7.8	22.2
Short-term deposits	36.6	21.8
Total	44.4	44.0

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

28. EQUITY

28.1. Shareholders' equity

	Number of shares	Share capital	Share premium	Paid in capital
1 January 2005	56,397,520	28.6	22.3	0,0
Share subscriptions with options	704,000	0.4	4.2	0,0
31 December 2005	57,101,520	29.0	26.5	0,0
Share subscriptions with options	2,133,600	1.1	12.4	0,0
Shares sold to CEO according to incentive scheme	50,000	0,0	0,0	0.5
31 December 2006	59,285,120	30.0	38.9	0.5

Notes to the Consolidated Financial Statements

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

28.2. Distributable earnings

See page 51 / Board of Director's Proposal to the Annual General Meeting

28.3. Treasury shares

	2006	2005
	Number of shares	Number of shares
As of 1 January	842,600	842,600
Decrease	– 50,000	0
Total as of 31 December	792,600	842,600

The Annual General Meeting on 8 March 2006 authorized the board of directors to repurchase and dispose the Company's own shares. Altogether no more than 5,840,412 shares may be repurchased or disposed taking into consideration, however, the provisions of the Companies Act regarding the maximum number of own shares that the Company is allowed to hold. The authorization is effective from 8 March 2006 to 7 March 2007. The Board of Directors had 15 December 2006 approved a long-term incentive scheme directed to Pekka Lundmark. The incentive scheme is implemented by disposing KCI Konecranes Plc's own shares held by the Company on the basis of the authorization granted to the Board of Directors by the General Meeting of Shareholders on 8 March 2006.
Pursuant to the incentive scheme a total of 50,000 shares was sold to Pekka Lundmark to a price of EUR 12 per share in December 2006 and 50,000 shares was sold in January 2007 to the same price.

29. OPTION RIGHTS AND OTHER SHARE-BASED PAYMENTS

The Annual General Meeting 4th March 1997 of KCI Konecranes Plc resolved to issue bonds with warrants of EUR 50,456.38 to the management of the Konecranes Group. The term of the bond is six years and the bond does not yield interest. Each bond with a nominal value of EUR 16.82 shall have 100 warrants attached. Each warrant entitles the holders to subscribe for one KCI Konecranes Plc's share at a subscription price of EUR 26.07. The annual period of subscription shall be 2 January through 30 November. Shares can be subscribed for starting on or after 1 April 2003 but no later than 31 October 2008. As a result of share subscriptions based on the 1997 bond with warrants, the share capital of KCI Konecranes Plc may be increased by a maximum of EUR 600,000 and the number of shares by a maximum of 300,000 new shares. At the end of 2006, altogether 778,400 shares had been subscribed for the warrants pursuant to the 1997 stock option plan (2005: 437,600 shares).

The Annual General Meeting 11th March 1999 resolved to issue 3,000 warrants to the management of the Konecranes Group entitling the warrant holders to subscribe for a maximum of 300,000 shares in KCI Konecranes Plc. Each warrant gives its holder the right to subscribe to one hundred shares each with a nominal value of EUR 2 at a subscription price of EUR 33. The annual period of subscription shall be January 2 through November 30. With A-series warrants shares can be subscribed to starting on April 1, 2002 and ending on March 31, 2005 and with B-series warrants starting on April 1, 2005 and ending on March 31, 2008. As a result of share subscriptions based on the 1999 warrants, the share capital of KCI Konecranes Plc may be increased by a maximum of EUR 600,000 and the number of shares by a maximum of 300,000 new shares. At the end of 2006, altogether 14,400 shares (2005: 14,400 shares) had been subscribed for the warrants pursuant to the 1999A stock option plan and 310,800 shares (2005: 48,400 shares) of the 1999B stock plan.

The Annual General Meeting 8th March 2001 resolved to issue 3,000 stock options to the management of the Konecranes Group entitling the stock option holders to subscribe for a maximum of 300,000 shares in KCI Konecranes Plc. Each stock option gives its holder the right to subscribe to one hundred shares each with a nominal value of EUR 2 at a subscription price of EUR 34. The annual period of subscription shall be January 2 through November 30. With A-series stock options shares can be subscribed to starting on April 1, 2004 and ending on March 31, 2007 and with B-series stock options starting on April 1, 2007 and ending on March 31, 2010. As a result of share subscriptions based on the 2001 stock options, the share capital of KCI Konecranes Plc may be

Notes to the Consolidated Financial Statements

increased by a maximum of EUR 600,000 and the number of shares by a maximum of 300,000 new shares. At the end of 2006, altogether 456,000 shares (2005: 69,200 shares) had been subscribed for the warrants pursuant to the 2001A stock option plan.

The Annual General Meeting 6th March 2003 resolved to issue 600,000 stock options to the management of the Konecranes Group entitling the stock option holders to subscribe for a maximum of 600,000 shares in KCI Konecranes Plc. 200,000 of the stock options will be marked with the symbol 2003A, 200,000 will be marked with the symbol 2003B and 200,000 will be marked with the symbol 2003C.Following the payment of an extraordinary dividend on December 22, 2004, approved by the Extraordinary General meeting which was held December 10, 2004, the Board of Directors, so authorized by AGM held on March 6, 2003, decided to reduce the share subscription prices of the 2003 options with 1 euro. The new subscription prices are as follows:
> for stock option 2003A 19.56 euro (previously 20.56 euro)
> for stock option 2003B 21.62 euro (previously 22.62 euro)
> for stock option 2003C 25.00 euro (previously 20.56 euro)
Each stock option of 2003 gives its holder the right to subscribe to one share each at a subscription price as listed above.

In May 2004 the Board increased the share subscription price pursuant to the 2003B stock options from 20.56 to 22.62 euro according to the terms and conditions of the scheme. Notwithstanding the above, the Board retains the authority to increase the share subscription price pursuant to the 2003B and 2003C stock options before the start of the relevant share subscription period. With 2003A stock option shares can be subscribed to starting on May 2, 2005 and ending on March 31, 2007, with 2003B stock option starting on May 2, 2006 and ending on March 31, 2008 and with stock option 2003C starting on May 2, 2007 and ending on March 31, 2009. As a result of share subscriptions based on the 2003 stock options, the share capital of KCI Konecranes Plc may be increased by a maximum of EUR 1,200,000 and the number of shares by a maximum of 600,000 new shares. At the end of 2006, altogether 800,000 shares (2005: 140,000 shares) had been subscribed for the stock options pursuant to the 2003A stock option plan and 483,600 shares (2005: 0 shares) pursuant to the 2003B stock option plan.

On March 2006 the Annual General Meeting approved the increase of the number of shares (share split). As a result of the share split the number of shares of the company were quadrupled. Any information of the Option rights stated above before March 2006 is presented in their original pre-split values, and any information of the Option rights after March 2006 is presented in their new splitted values.

29.1.Changes in the number of shares of option rights outstanding

	2006	2005
Number of shares of option rights outstanding as of 1 January	4,198,800	4,715,600
Granted during the year	2,800	852,000
Forfeited during the year	(17,200)	(167,200)
Exercised during the year	(2,133,600)	(704,000)
Expired during the year	0	(497,600)
Total number of shares of option rights outstanding as of 31 December	2,050,800	4,198,800

The total cost of the option programs for the financial year 2006 was 0.8 MEUR (2005: 1.2 MEUR). Option program costs are included in personnel expenses and credited to shareholders' equity.

29.2. Assumptions made in determining the fair value of stock options

The fair values for the options has been determinated using the Black & Scholes method. The fair values for 2003 stock option have been calculated on the basis of the following assumptions:

	2003A	2003B	2003C
Subscription price of the share, EUR	4.89	5.41	6.25
Fair market value of the share, EUR	5.14	7.38	7.50
Expected volatility,%	18%	18%	17%
Risk-free interest rate, %	3.2 %	3.5 %	2.6 %
Expected contractual life in years	3.9	4.1	3.9
Grant date fair value of the stock options, EUR	0.43	2.21	1.31

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

30. INTEREST-BEARING LIABILITIES

30.1. Non-current

	2006	2005
Loans from financial institutions	103.0	23.8
Pension loans	0,0	0.5
Other long-term loans	14.7	0,0
Finance lease liabilities	3.2	3.1
Total	120.9	27.4

Notes to the Consolidated Financial Statements

30.2. Current	2006	2005
Loans from financial institutions	0,0	21.9
Pension loans	0.3	0.7
Other loans	0.2	0.2
Finance lease liabilities	1.5	1.6
Commercial papers	33.3	113.5
Overdraft	17.1	13.1
Total	52.4	151.0

The fair values of the interest-bearing liabilities are not materially different from carrying amounts. The average interest rate of the non-current liabilities portfolio on 31 December 2006 is 5.02 % (2005: 4.91 %) and that on current liabilities 4.50 % (2005: 2.73 %).

30.3. Repayment schedule of non-current interest-bearing liabilities	2006	2005
2008 (2007)	17.2	2.9
2009 (2008)	2.2	0.5
2010 (2009)	0.3	0.3
2011 (2010)	100.9	23.7
2012 (2011) or later	0.3	0,0
Total	120.9	27.4

31. EMPLOYEE BENEFITS

The Konecranes Group companies have various pension plans in accordance with local conditions and practices. The pension plans are classified as either defined contribution plans or defined benefit plans. The Group has the significant defined benefit pension plan in United Kingdom and Germany. Konecranes Group accounts for the Finnish system under the Employees' Pensions Act (TEL) as a defined contribution plan.

31.1. Amounts recognized in the balance sheet

	2006	2005
Present value of obligation wholly unfunded	49.7	43.1
Present value of obligation wholly or partly funded	55.4	51.3
Fair value of plan assets	42.2	32.8
Unrecognized net actuarial gain/loss(-)	(4.2)	0,0
Total	58.7	61.6

31.2. Components of defined benefit plan recognized in statement of income	2006	2005
Current service cost	1.4	0.9
Interest cost	4.6	2.4
Expected return on plan assets	(2.0)	(1.6)
Net actuarial gain(-)/loss recognized in year	1.5	1.4
Effect of curtailments (-)	(2.7)	0,0
Total	2.8	3.1

31.3. Movements of defined benefit plan recognized in balance sheet	2006	2005
Net liability as of 1 January	63.2	15.9
Reclassification of pension liabilities	4.0	0,0
Acquisition of new companies	0,0	42.5
Other increase	0,0	1.0
Expense/revenue(-) recognized in statement of income	2.8	3.1
Contributions paid (-)	(11.3)	(0.9)
Net liability as of 31 December	58.7	61.6

During year 2006 there has been a reclassification in pension liablities. 4 MEUR of pension liabilities in provision are reclassified to defined benefit plan obligations. See also Note 33. to the Consolidated Financial Statements.

31.4. Defined benefit plan: the main actuarial assumptions

	2006	2005
Discount rate %	3.90 - 5.00	3.50 - 4.75
Expected return on plan assets %	3.90 - 5.90	3.50 - 5.75
Future salary increase %	2.50 - 3.00	2.25 - 3.00
Future pension payment increase %	1.25 - 3.00	1.00 - 2.75

32. DEFERRED TAX ASSETS AND LIABILITIES

32.1. Deferred tax assets	2006	2005
Intangible and tangible assets	1.8	1.7
Employee benefits	14.9	14.6
Provisions	3.3	2.5
Unused tax losses	4.2	0,0
Other temporary difference	0.4	4.5
Total	24.6	23.3

32.2. Deferred tax liabilities

	2006	2005
Intangible and tangible assets	13.7	14.0
Employee benefits	0.1	0.1
Provisions	0.8	0.2
Other temporary difference	5.4	3.7
Total	20.0	18.0

Notes to the Consolidated Financial Statements

33. PROVISIONS

2006

	Warranty	Restructuring	Pension commitments	Other	Total
Total provisions as of 1 January	8.3	3.3	3.2	2.4	17.2
Increase through business combination	0,0	0,0	0,0	6.6	6.6
Additional provision in the period	5.3	2.3	0.9	4.1	12.6
Utilization of provision	1.2	2.0	0.3	2.8	6.3
Unused amounts reversed	0.3	0.5	0.7	0.4	1.9
Total provisions as of 31 December	12.1	3.1	3.1	9.9	28.2

2005

	Warranty	Restructuring	Pension commitments	Other	Total
Total provisions as of 1 January	6.2	3.9	5.5	1.9	17.5
Additional provision in the period	4.4	3.6	1.3	1.6	10.9
Utilization of provision	1.6	4.4	0.1	0.9	7.0
Unused amounts reversed	1.2	0,0	0,0	0,0	1.2
Total provisions as of 31 December	7.8	3.1	6.7	2.5	20.1

Provision for warranties cover the expenses due to the repair or replacement of product during their warranty period. The warranty liability is based on historical realized warranty costs for deliveries of standard products and services. The usual warranty period is 12 months. For more complex contracts, mainly including long-term projects sold by Konecranes HeavyLifting business area, the warranty reserve is calculated contract by contract and the warranty could be up till two years. The restructuring provision is recognized when the Group has prepared a detailed reorganization plan and begun implementation of the plan or announced the matter. Pension commitments include provisions for local pension schemes. During year 2006 there has been a reclassification in pension liablities. 4 MEUR of pension liabilities in provision are reclassified to defined benefit plan obligations. See also Note 31.3. to the Consolidated Financial Statements. Other provision includes provisions for claims, litigations and loss contracts.

34. CURRENT LIABILITIES

34.1 Accruals

	2006	2005
Income taxes	7.4	3.1
Wages, salaries and personnel expenses	44.3	31.8
Pension costs	4.5	2.1
Interest	1.1	9.9
Other items	85.2	64.5
Total	142.5	111.4

34.2. Other current liabilities (non-interest bearing)

	2006	2005
Bills payables	3.8	3.6
Value added tax	11.8	7.2
Other short-term liabilities	7.4	6.9
Total	23.0	17.7

35. LEASE LIABILITIES

35.1. Finance lease

	2006	2005
Minimum lease payments within 1 year	1.8	1.7
1-5 years	3.4	3.1
over 5 years	0,0	0.3
Total	5.2	5.1

	2006	2005
Present value of finance lease		
within 1 year	1.7	1.6
1-5 years	3.0	2.8
over 5 years	0,0	0.3
Total	4.7	4.7

35.2. Operating leases

	2006	2005
Minimum lease payments		
within 1 year	11.1	10.7
1-5 years	19.6	26.3
over 5 years	6.4	8.1
Total	37.1	45.1
Operative rental expenses during the year	12.5	10.7

Notes to the Consolidated Financial Statements

36. CONTINGENT LIABILITIES AND PLEDGED ASSETS

	2006	2005
Contingent liabilities		
For own debts		
Mortgages on land and buildings	0.7	5.9
For own commercial obligations		
Pledged assets	1.1	0.3
Guarantees	136.3	117.2
Other contingent liabilities and financial liabilities		
Leasing liabilities		
Next year	11.1	10.7
Later on	26.0	34.4
Other	1.0	0.7

Leasing contracts follow the normal practices in corresponding countries.

	2006	2005
Total by category		
Mortgages on land and buildings	0.7	5.9
Pledged assets	1.1	0.3
Guarantees	136.3	117.2
Other liabilities	38.1	45.8
Total	176.2	169.2

Contingent liabilities relating to litigations

Konecranes is party to routine litigation incidental to the normal conduct of business. In the opinion of management the outcome of and liabilities in excess of what has been provided, in the aggregate, are not likely to be material to the financial condition or results of operations, taking also into account the insurance arrangements the Group has in place.

Debt which have mortgages on land and buildings		
Pension loan	0.3	1.2
Given mortgages	0.7	5.9

37. NOTIONAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	2006 Nominal value	2006 Fair value	2005 Nominal value	2005 Fair value
Foreign exchange forward contracts	279.7	3.0	304.0	(8.9)
Electricity derivatives	1.1	0.1	0.8	0.3
Total	280.8	3.1	304.8	(8.6)

Derivatives are used for hedging currency and interest rate risks as well as risk of price fluctuation of electricity. Company applies hedge accounting on derivatives used to hedge cash flows in Heavy Lifting projects.

38. HEDGE RESERVE OF CASH FLOW HEDGES

	2006	2005
Balance as of 1 January	(4.9)	0,0
Gains and losses deferred to equity (fair value reserve)	11.6	(6.7)
Deferred taxes	(3.0)	1.7
Balance as of 31 December	3.7	(4.9)

During the third quarter year 2005 the Group started to apply hedge accounting to certain large Heavy Lifting crane projects where expected cash flows are highly probable.

39. RELATED PARTY TRANSACTIONS

The related parties of Konecranes are associated companies and joint ventures, the Board of Directors, the CEO and Group Executive Board.

Balances with associated companies and joint ventures	2006	2005
Accounts receivables	3.5	3.0
Bills receivable	0.6	0,0
Loans receivable	0.2	0.2
Total	4.3	3.2
Account payable	0.1	0,0
Total	0.1	0,0

Sales to and purchases from related parties are made at the normal market price.

Key management compensation

The Board of Directors, the CEO and Group Executive Board. See Note 13. to the Consolidated Financial Statements.

Konecranes Group 2002–2006

		IFRS 2006	IFRS 2005	IFRS 2004	FAS 2003	FAS 2002
Business development						
Order intake	MEUR	1,472.8	1,061.2	736.9	611.9	598.9
Order book	MEUR	571.6	432.1	298.8	211.2	206.0
Net sales	MEUR	1,482.5	970.8	728.0	664.5	713.6
of which outside Finland	MEUR	1,396.0	883.7	653.5	599.4	634.2
Export from Finland	MEUR	519.6	334.2	273.4	258.9	256.9
Personnel on average		6,859	5,087	4,369	4,423	4,396
Capital expenditure	MEUR	16.3	16.0	11.8	12.4	13.9
as a percentage of net sales	%	1.1%	1.6%	1.6%	1.9%	1.9%
Research and development costs	MEUR	12.5	8.8	8.5	7.9	8.2
as % of Group net sales	%	0.8%	0.9%	1.2%	1.2%	1.1%
Profitability						
Net sales	MEUR	1,482.5	970.8	728.0	664.5	713.6
Income from operations (before goodwill amortization)	MEUR	105.5	49.3	31.3	24.8	40.9
as percentage of net sales	%	7.1%	5.1%	4.3%	3.7%	5.7%
Operating income	MEUR	105.5	49.3	31.3	21.5	37.6
as percentage of net sales	%	7.1%	5.1%	4.3%	3.2%	5.3%
Income before extraordinary items	MEUR	95.1	34.1	27.7	18.9	36.5
as percentage of net sales	%	6.4%	3.5%	3.8%	2.8%	5.1%
Income before taxes	MEUR	95.1	34.1	27.7	10.7	36.5
as percentage of net sales	%	6.4%	3.5%	3.8%	1.6%	5.1%
Net income	MEUR	68.6	24.1	18.4	6.7	24.6
as percentage of net sales	%	4.6%	2.5%	2.5%	1.0%	3.4%
Key figures and balance sheet						
Shareholders' equity	MEUR	223.7	152.1	137.6	163.4	173.2
Balance Sheet	MEUR	919.0	724.0	513.9	402.2	397.1
Return on equity	%	36.5	16.6	12.5	7.5	14.2
Return on capital employed	%	29.5	17.2	13.7	10.8	17.8
Current ratio		1.4	1.1	1.1	1.5	1.6
Solidity	%	28.3	23.7	29.1	42.6	45.5
Gearing	%	57.3	88.1	80.2	27.8	19.1
Shares in figures						
Earnings per share, basic	EUR	1.17	0.43	0.33	0.22	0.42
Earnings per share, diluted	EUR	1.15	0.42	0.32	0.22	0.42
Equity per share	EUR	3.77	2.66	2.44	2.81	3.03
Cash flow per share	EUR	1.39	0.86	0.14	0.43	1.14
Dividend per share	EUR	0.45*	0.28	0.26	0.50	0.24
Dividend / earnings	%	38.5	64.3	80.2	227.3	56.2
Effective dividend yield	%	2.0	2.6	3.2	7.2	4.1
Price / earnings	EUR	19.1	24.3	24.8	31.4	13.8
Trading low / high	EUR	10.23/22.33	7.45/10.49	6.80/8.88	4.30/7.35	4.95/9.21
Average share price	EUR	15.04	8.94	7.70	5.62	7.19
Year-end market capitalization	MEUR	1,322.0	594.1	458.4	387.6	333.2
Number traded	(1000)	114,023	73,164	63,700	50,648	47,756
Stock turnover	%	192.3%	128.1%	112.9%	90.2%	83.4%

* The Board's proposal to the AGM

Calculation of Key Figures

Return on equity(%):	$\frac{\text{Income before extraordinary items - taxes}}{\text{Total equity (average during the period)}}$	X 100
Return on capital employed (%):	$\frac{\text{Income before taxes + interest paid + other financing cost}}{\text{Total amount of equity and liabilities - non-interest bearing debts (average during the period)}}$	X 100
Current ratio:	$\frac{\text{Current assets}}{\text{Current liabilities}}$	
Solidity (%):	$\frac{\text{Shareholders' equity}}{\text{Total amount of equity and liabilities - advance payment received}}$	X 100
Gearing (%):	$\frac{\text{Interest-bearing liabilities - liquid assets - loans receivable}}{\text{Total equity}}$	X 100
Earnings per share:	$\frac{\text{Net income +/- extraordinary items}}{\text{Average number of shares outstanding}}$	
Earnings per share, diluted:	$\frac{\text{Net income +/- extraordinary items}}{\text{Average fully diluted number of shares outstanding}}$	
Equity per share:	$\frac{\text{Shareholders' equity}}{\text{Number of shares outstanding}}$	
Cash flow per share:	$\frac{\text{Net cash flow from operating activities}}{\text{Average number of shares outstanding}}$	
Effective dividend yield:	$\frac{\text{Dividend per share}}{\text{Share price at the end of financial year}}$	
Price per earnings:	$\frac{\text{Share price at the end of financial year}}{\text{Earnings per share}}$	
Year-end market capitalization:	Number of shares outstanding multiplied by the share price at the end of year	
Average number of personnel:	Calculated as average of number of personnel in quarters	

Company List

1,000 EUR

Subsidiaries owned by the parent company

		Book value of shares	Parent company's share %	Group's share %
Finland:	Konecranes Heavy Lifting Corporation	10,821	72	100
	Konecranes Finance Corporation	46,248	100	100

Subsidiaries owned by the group

		Book	Group's value of shares	share %
Australia:	Konecranes Pty Ltd.	140		100
Austria:	Konecranes Ges.m.b.H	218		100
	Stahl CraneSystems Ges.m.b.H	248		100
Belgium:	S.A. Konecranes N.V.	0		100
Canada:	3016117 Nova Scotia ULC	0		100
	Hydramach ULC	0		100
	Kaverit Steel and Crane ULC	8,246		100
	Konecranes (2006 Alberta) Inc.	33		100
	Konecranes Canada Inc.	893		100
	MHE Canada ULC	0		100
	Overhead Crane Ltd.	1,859		100
Cayman Islands:	Morris Middle East Ltd.	0		100
Chile:	Morris Material Handling Chile S.A.	275		100
China:	Konecranes (Shanghai) Co. Ltd.	0		100
	Konecranes (Shanghai) Company Ltd.	2,509		100
	Konecranes Port Machinery (Shanghai) Co Ltd	985		100
	Stahl CraneSystems Trading (Shanghai) Co. Ltd.	0		100
Czech Republic:	Konecranes CZ s.r.o.	55		100
Denmark:	Konecranes A/S	75		100
Estonia:	Konecranes Oü	0		100
Finland:	Finox Nosturit Oy	20		100
	KCI Tehdaspalvelu Länsi-Suomi Oy	114		100
	Konecranes Service Corporation	2,615		100
	Konecranes Standard Lifting Corporation	3,807		100
	Nosturiexpertit Oy	10		100
	Permeco Oy	113		100
	Työstökonetekniikka Machine Tool Tech Oy	373		100
France:	CGP-Konecranes S.A.	0		100
	KCI Holding France S.A.	461		100
	Konecranes (France) S.A.	0		100
	Stahl CraneSystems S.A.S.	0		100
	Verlinde S.A.	2,735		99.6

Company List

Subsidiaries owned by the group		Book value of shares	Group's share %
Germany:	Eurofactory GmbH	1,239	100
	Konecranes Deutschland GmbH	1,300	100
	Konecranes GmbH	15,262	100
	Konecranes Hafentechnik GmbH	6,848	100
	Konecranes Industriekrane GmbH	4,649	100
	Konecranes Schwerlastkrane GmbH	6,304	100
	SMV Stapler Maschinen Vertrieb GmbH	227	100
	Stahl Crane Systems GmbH	30,776	100
	SWF Krantechnik GmbH	15,500	100
Hungary:	Konecranes Kft.	792	100
Indonesia:	Pt. Konecranes	118	100
Italy:	Konecranes S.r.l.	150	100
	Stahl CraneSystems S.r.l.	21	100
Korea:	Konecranes Korea Co., Ltd	158	100
Latvia:	SIA Konecranes Latvija	2	100
Lithuania:	UAB Konecranes	52	100
Luxembourg:	Materials Handling International S.A.	300	100
Malaysia:	Konecranes Sdn. Bhd.	594	100
Mexico:	Konecranes Mexico SA de CV	2,185	100
The Netherlands:	Konecranes BV	18	100
	Konecranes Holding BV	3,851	100
	Stahl CraneSystems B.V.	713	100
	Verlinde Nederland BV	45	100
Norway:	Konecranes A/S	907	100
	Wisbech Refsum A/S	13	100
Poland:	Konecranes Sp. z o.o.	78	100
Portugal:	Ferrometal Lda.	1,206	100
Romania:	Konecranes S.A.	98	100
Russia:	ZAO Konecranes	6	100
Singapore:	KCI Cranes Holding (Singapore) Pte Ltd	535	100
	Konecranes Pte Ltd	1,536	100
	Morris Material Handling Pte Ltd.	0	65
	Stahl CraneSystems Pte. Ltd.	0	100
Spain:	Konecranes S.L.	308	100
	Stahl CraneSystems S.L.	0	100

Company List

Subsidiaries owned by the group		Book value of shares	Group's share %
Sweden:	KCI Special Cranes AB	0	100
	Konecranes AB	1,512	100
	Konecranes Lifttrucks AB	25,702	100
	KVRM Holding Sverige AB	1,682	100
	Sajo Service AB	885	100
	VMR Maskinrenovering AB	239	100
Switzerland:	Stahl CraneSystems AG	62	100
Thailand:	Konecranes Service Co. Ltd.	84	49
Turkey:	Konecranes Ticaret Ve Servis Limited Sirketi	53	100
Ukraine:	ZAO Konecranes Ukraine	2,049	100
United Arab Emirates:	Stahl CraneSystems FZE	221	100
United Kingdom:	Bond Engineering Maintenance Ltd.	73	100
	KCI Holding U.K. Ltd.	6,821	100
	Konecranes (U.K.) Ltd.	1,474	100
	Konecranes Service Ltd.	8,459	100
	Lloyds Konecranes Pension Trustees Ltd.	0	100
	Morris Material Handling Ltd.	7,895	100
	Royce Limited	0	100
	Stahl CraneSystems Ltd.	0	100
	The Vaughan Crane Company Ltd.	0	100
	UK Crane Services Limited	0	100
U.S.A.	Drivecon, Inc.	380	100
	KCI Holding USA, Inc.	12,487	100
	Konecranes America, Inc.	3,424	100
	Konecranes, Inc.	220	100
	KPAC, Inc.	0	100
	Merwin, LLC	0	100
	MHE Technologies, Inc.	0	100
	MMH Holdings, Inc.	14,172	100
	Morris Material Handling, Inc.	0	100
	PHMH Holding Company	0	100
	R&M Materials Handling, Inc.	6,226	100
	SPH Crane & Hoist, Inc.	0	100
	Stahl CraneSystems Inc.	0	100

Company List

Investments accounted for using the equity method		Assets value	Group's share %
China:	Guangzhou Technocranes Company Ltd	277	25
	Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd.	267	30
	Shanghai High Tech Industrial Company, Ltd.	213	28
France:	Boutonnier Adt Levage S.A.	180	25
	Levelec S.A.	103	20
	Manelec S.a.r.l.	74	25
	Manulec S.A.	277	25
	Sere Maintenance S.A.	40	25
Japan:	Meiden Hoist System Company Ltd.	2,376	49
Saudi Arabia:	Eastern Morris Cranes Limited	255	49
Thailand:	Morris Material Handling (Thailand) Ltd.	403	49
	Morris Thailand Co. Ltd.	22	49
Ukraine:	ZAO Zaporozhje Kran Holding	1,411	49
United Arab Emirates:	Crane Industrial Services LLC	426	49

Available-for-sale investmens		Book value of shares	Group's share %
Austria:	ACS engineering & projektmanagement GmbH	500	19.9
Estonia:	AS Konesko	498	19
Finland:	Levator Oy	34	19
	Nostininnovaatiot Oy	345	17.44
	Vierumäen Kuntorinne Oy	326	3.3
France:	Societe d'entretrien et de transformation d'engins mecaniques	0	19
Indonesia:	Pt Technocranes International Ltd.	12	15
Malaysia:	Kone Products & Engineering Sdn. Bhd.	10	10
Spain:	Eydimen S.L. 2000	100	19.2
Venezuela:	Gruas Konecranes CA	19	10
Others:		261	
Total:		2,105	

Parent Company
Statement of Income – FAS

(1,000 EUR)		1.1. – 31.12.2006	1.1.– 31.12.2005
Note 1	**Sales**	**19,766**	**15,878**
	Other operating income	0	14
Note 2	Depreciation and reduction in value	(939)	(454)
Note 3	Other operating expenses	(23,290)	(17,198)
	Operating profit	**(4,463)**	**(1,760)**
Note 4	Financial income and expenses	1,356	911
	Income before extraordinary items	**(3,107)**	**(849)**
Note 5	Extraordinary items	37,638	12,767
	Income before appropriations and taxes	**34,531**	**11,918**
Note 6	Income taxes	(8,984)	(3,103)
	Net income	**25,547**	**8,815**

Parent Company Cash Flow

	1.1. – 31.12.2006	1.1.– 31.12.2005
Operating income after depreciation 1)	(4,463)	(1,773)
Depreciation	939	454
Financial income and expenses	1,356	911
Extraordinary income	37,638	12,767
Taxes	(9,028)	(3,087)
Free cash flow	**26,442**	**9,272**
Change in current assets, increase(-), decrease(+)	(27,154)	28,152
Change in current liabilities, increase(+), decrease (-)	2,760	(26,920)
Cash flow from operations	**2,048**	**10,504**
Capital expenditure to tangible assets	(742)	(542)
Capital expenditure and advance payments to intangible assets	557	281
Disposals of fixed assets	0	15
Share issue	14,026	4,606
Investments total	13,841	4,360
Cash flow before financing	**15,889**	**14,864**
Increase(+), decrease(-) of long-term debt	(60)	(60)
Dividend paid	(15,829)	(14,804)
External financing	**(15,889)**	**(14,864)**
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.
Figures are presented according to Finnish Accounting Standards (FAS).

Parent Company Balance Sheet – FAS

(1,000 EUR)	ASSETS	31.12.2006	31.12.2005
	Non-current assets		
	INTANGIBLE ASSETS		
Note 7	Intangible rights	2,186	409
	Advance payments	62	2,879
		2,248	**3,288**
	TANGIBLE ASSETS		
Note 8	Buildings	0	0
Note 9	Machinery and equipment	1,256	969
		1,256	**969**
	INVESTMENTS		
Note 10	Investments in Group companies	50,449	50,449
Note 10	Other shares and similar rights of ownership	345	345
		50,794	**50,794**
	Current assets		
	LONG-TERM RECEIVABLES		
	Loans receivable from Group companies	49,559	50,188
		49,559	**50,188**
	SHORT-TERM RECEIVABLES		
	Accounts receivable	5	21
	Amounts owed by Group companies		
	Accounts receivable	3,124	2,193
Note 12	Deferred assets	37,926	10,401
	Amounts owed by participating interest undertakings		
	Accounts receivable	12	1
	Other receivables	652	148
Note 12	Deferred assets	523	1,696
		42,242	**14,460**
	DEFERRED TAX ASSETS	**150**	**106**
	CASH IN HAND AND AT BANKS	**0**	**0**
	Total current assets	**91,951**	**64,754**
	TOTAL ASSETS	**146,249**	**119,805**

Parent Company Balance Sheet – FAS

(1,000 EUR)	SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2006	31.12.2005
Note 13	**Equity**		
	Share capital	30,039	28,972
	Share premium account	38,975	26,527
	Paid in capital	511	0
	Retained earnings	45,783	52,797
	Net income for the period	25,547	8,815
		140,855	**117,111**
	Liabilities		
	LONG-TERM DEBT		
	Pension loan	0	60
		0	**60**
	CURRENT LIABILITIES		
	Pension loan	60	60
	Accounts payable	1,545	937
	Liabilities owed to Group companies		
	Accounts payable	476	418
Note 14	Accruals	46	34
	Other short-term liabilities	307	282
Note 14	Accruals	2,960	903
		5,394	**2,634**
	Total liabilities	**5,394**	**2,694**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**146,249**	**119,805**

Figures are presented according to Finnish Accounting Standards (FAS).

Notes to the Parent Company's Financial Statements

STATEMENT OF INCOME

1. SALES

In the parent company the sales to subsidiaries totaled MEUR 19.8 (MEUR 15.9 in 2005) corresponding to a share of 100% (100% in 2005) of net sales.

2. DEPRECIATION

	2006	2005
Intangible rights	0.5	0.1
Machinery and equipment	0.5	0.3
Total	1.0	0.4

3. COSTS, EXPENSES AND PERSONNEL

Costs and expenses in the Statement of Income were as follows:	2006	2005
Wages and salaries	6.6	5.3
Pension costs	1.0	0.6
Other personnel expenses	0.7	0.7
Other operating expenses	15.0	10.6
Total	23.3	17.2
Wages and salaries in accordance with the Statement of Income:		
Remuneration to Board	0.2	0.2
Other wages and salaries	6.4	5.2
Total	6.6	5.4
The average number of personnel	80	68

4. FINANCIAL INCOME AND EXPENSES

	2006	2005
Interest income from long-term receivables:		
From group companies	1.4	2.3
Financial income from long-term investments total	1.4	2.3
Interest expenses and other financing expenses:		
Other financing expenses	0,0	(1.4)
Interest and other financial expenses total	0,0	(1.4)
Financial income and expenses total	1.4	0.9

5. EXTRAORDINARY ITEMS

	2006	2005
Group contributions received from subsidiaries	37.6	12.8
Total	37.6	12.8

6. TAXES

	2006	2005
Taxes on extraordinary items	9.8	3.3
Taxes on ordinary operations	(0.8)	(0.2)
Total	9.0	3.1

BALANCE SHEET

7. INTANGIBLE RIGHTS

	2006	2005
Acquisition costs as of 1 January	5.2	4.8
Increase	2.3	0.4
Acquisition costs as of 31 December	7.5	5.2
Accumulated depreciation 1 January	(4.8)	(4.7)
Accumulated depreciation	(0.5)	(0.1)
Total as of 31 December	2.2	0.4

8. BUILDINGS

	2006	2005
Acquisition costs as of 1 January	0.1	0.1
Acquisition costs as of 31 December	0.1	0.1
Accumulated depreciation 1 January	(0.1)	(0.1)
Total as of 31 December	0.0	0.0

9. MACHINERY AND EQUIPMENT

	2006	2005
Acquisition costs as of 1 January	4.0	3.5
Increase	0.7	0.5
Acquisition costs as of 31 December	4.7	4.0
Accumulated depreciation 1 January	(3.0)	(2.7)
Accumulated depreciation	(0.5)	(0.3)
Total as of 31 December	1.2	1.0

10. OTHER SHARES AND SIMILAR RIGHTS OF OWNERSHIP

	2006	2005
Acquisition costs as of 1 January	50.8	50.8
Total as of 31 December	50.8	50.8

Investments in Group companies

	Domicile	Book value	Book value
Konecranes Finance Corp.	Hyvinkää	46.2	46.2
Konecranes Heavy Lifting Corp.	Hyvinkää	4.2	4.2
Total		50.4	50.4

Notes to the Parent Company's Financial Statements

Investment in other companies		
Vierumäen Kuntorinne Oy	0.3	0,3
Pärjä Oy	0,0	0.0
Total	0.3	0.3

11. TREASURY SHARES

	2006	2005
Number of shares as of 1 January	842,600	842,600
Decrease	(50,000)	0
Number of shares as of 31 December	792,600	842,600

The Annual General Meeting on March 8, 2006 authorized the board of directors to repurchase and dispose the company's own shares Altogether no more than 5,840,412 shares may be repurchased or disposed taking into consideration, however, the provisions of the Companies Act regarding the maximum number of own shares that the Company is allowed to hold. The authorization is effective from March 8, 2006 to March 7, 2007.

The Board of Directors had 15 December 2006 approved a long-term incentive scheme directed to Pekka Lundmark. The incentive scheme is implemented by disposing KCI Konecranes Plc's own shares held by the Company on the basis of the authorization granted to the Board of Directors by the General Meeting of Shareholders on 8 March 2006. Pursuant to the incentive scheme a total of 50,000 shares was sold to Pekka Lundmark to a price of EUR 12 per share in December 2006 and 50,000 shares was sold in January 2007 to the same price.

12. DEFERRED ASSETS

	2006	2005
Group contributions	37.6	10.3
Payments which will be realized during the next financial year	0.6	1.7
Interest	0.2	0.1
Total	38.4	12.1

13. SHAREHOLDERS' EQUITY

	2006	2005
Share capital as of 1 January	29.0	28.6
New issue	1.1	0.4
Share capital as of 31 December	30.1	29.0
Share premium account 1 January	26.5	22.3
New issue	12.5	4.2
Share premium account as of 31 December	39.0	26.5
Paid in capital 1 January	0,0	0,0
Increase	0.5	0,0
Paid in capital as of 31 December	0.5	0,0

	2006	2005
Retained earnings as of 1 January	61.6	67.6
Dividend paid	(15.8)	(14.8)
Retained earnings as of 31 December	45.8	52.8
Net income for the period	25.5	8.8
Shareholders' equity as of 31 December	140.9	117.1

Distributable equity 31 December

	2006	2005
Paid in capital as of 31 December	0.5	0,0
Retained earnings as of 31 December	45.8	52.8
Net income for the period	25.5	8.8
Total	71.8	61.6

14. ACCRUALS

	2006	2005
Wages, salaries and personnel expenses	2.2	0.8
Other items	0.8	0.2
Total	3.0	1.0

15. CONTINGENT LIABILITIES AND PLEDGED ASSETS

	2006	2005
CONTINGENT LIABILITIES		
For obligations of subsidiaries		
Group guarantees	245.1	117.5
OTHER CONTINGENT AND FINANCIAL LIABILITIES		
Leasing liabilities		
Next year	0.3	0.4
Later on	0.7	0.4

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

TOTAL BY CATEGORY		
Guarantees	245.1	117.5
Other liabilities	1.0	0.8
Total	246.1	118.3

16. NOTIONAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	2006	2006	2005
	Fair value	Nominal value	Nominal value
Foreign exchange forward contracts	0,0	1.4	0.4

Derivatives are used for currency rate hedging only.

Shares and Shareholders

KCI Konecranes Plc's (Konecranes) minimum share capital is EUR 20,000,000 and its maximum authorized share capital is EUR 80,000,000, within which limits the share capital may be increased or decreased without amending the Articles of Association. On March 17, 2006 Konecranes' four-for-one share split was registered and the number of shares increased to 59,090,920 without increasing the share capital. Pursuant to Konecranes' Stock Option Plans, 2,133,600 (split-adjusted) new shares were subscribed for and registered in the Finnish Trade Register during year 2006. As a result of the subscriptions, the company's registered share capital increased by EUR 1,066,800 to EUR 30,038,860 and the total amount of shares increased from 57,944,120 to 60,077,720.

The fully paid share capital and total number of shares reported in the Trade Register as per December 31, 2006.

Share capital (EUR)	30,038,860
Number of shares	60,077,720

The accounting par value of the share is EUR 0.50. The company has one series of shares. The shares carry one vote per share and all shares carry equal rights to dividends.

Share split

In order to improve share liquidity, the Board of Directors proposed to the Annual General Meeting on 8 March 2006 a four-for-one share split without increasing the share capital. The split proposal was approved and the split increased the number of shares by a factor of four to 59,090,920 shares The Board of Directors' proposal for giving up the nominal value of shares and using the accounting par value of two euros (pre-split) instead was also approved. As a result of the share split, the share accounting par value was split by four to 0.50 euros.

Quotation and trading code

The shares of Konecranes started trading on the Helsinki Exchanges on March 27, 1996. The share trades in euros on the OMX Helsinki Stock Exchange in the Industrials segment. When OMX introduced the new Nordic list on 1 October, 2006, the Konecranes share was initially in the Mid Cap segment. From the beginning of year 2007, the Konecranes share is listed among Large Caps as a result of the increase in market capitalization.

Trading codes:

OMX Helsinki Stock Exchange:	KCI1V
Reuters:	KCI1V.HE
Bloomberg:	KCI1V FH
ISIN code:	FI309005870

Shareholder Register

The shares of the company belong to the Book Entry Securities System. Shareholders should notify the relevant holder of their Book Entry Account about changes in address or account numbers for payment of dividends and other matters related to their holdings in the share.

The company's own shares

The company's holding of own shares as per December 31, 2006

Konecranes Shares	792,600
% of outstanding shares	1.31

The Company's own shares were bought between February 20 and March 5, 2003 at an average price of EUR 5.19 (split-adjusted) per share. On December 22, 2006, Konecranes made a directed share issue to Managing Director Pekka Lundmark totaling 50,000 shares as part of a long-term incentive program. Under the incentive program, Konecranes will perform another directed share issue of 50,000 shares in January-February 2007. See pages 55-56 for further information about management compensation.

Authorizations

Excluding the Share Option programs of 1997, 1999, 2001 and 2003 the Board has no unused authorizations to issue shares, convertible bonds or bonds with warrants. The 2006 Annual General Meeting renewed the Board's authorization to acquire altogether no more than 715,431 shares taking into consideration, however, the provisions of the Companies Act regarding the maximum number of own shares that the Company is allowed to hold. The Board will propose to the 2007 Annual General Meeting a renewal of the authorization.

Dividend proposal

The Board of Directors proposes to the AGM that a dividend of EUR 0.45 per share will be paid for the fiscal year 2006. The dividend will be paid to shareholders, who are entered in the share register on the record date March 13, 2007. Dividend payment date is on March 21, 2007.

Market capitalization and trading volume

At the end of year 2006 Konecranes's total market capitalization was EUR 1,340 million (2005: EUR 603 million) including own shares in the company's possession, the 29th largest market value of companies listed on the OMX Helsinki Stock Exchange.

The trading volume totaled 114,023 thousand shares of Konecranes, which represents 192% of the company's total amount of outstanding shares. In monetary terms trading was EUR 1,715 million, which was the 21st largest trading of companies listed on Helsinki Stock Exchange. The daily average trading volume was 365,872 shares representing a daily average turnover of EUR 6.8 million.

Shares and Shareholders

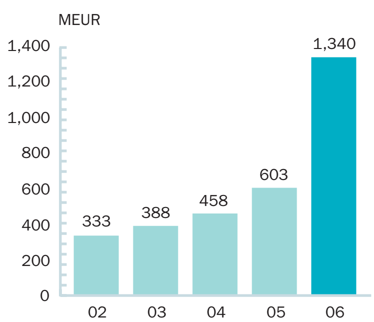
SHARE PRICE PERFORMANCE
January- December 2006

Trading Code	Closing Price	Year high	Year low	Volume Weighted Average Price	Taxable value for fiscal 2006 [1)]
KCI1V	22.30	22.33	10.23	15.04	15.61

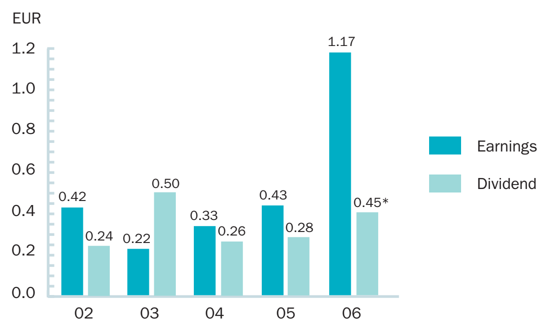
Konecranes share price performance against relevant Indices on the Helsinki Stock Exchange	% Change on previous year end
Konecranes shares (KCI1V)	114
OMX Helsinki Index	18
OMX Helsinki Cap Index	24
OMX Helsinki Industrials Index	43

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

Market capitalization 2002-2006

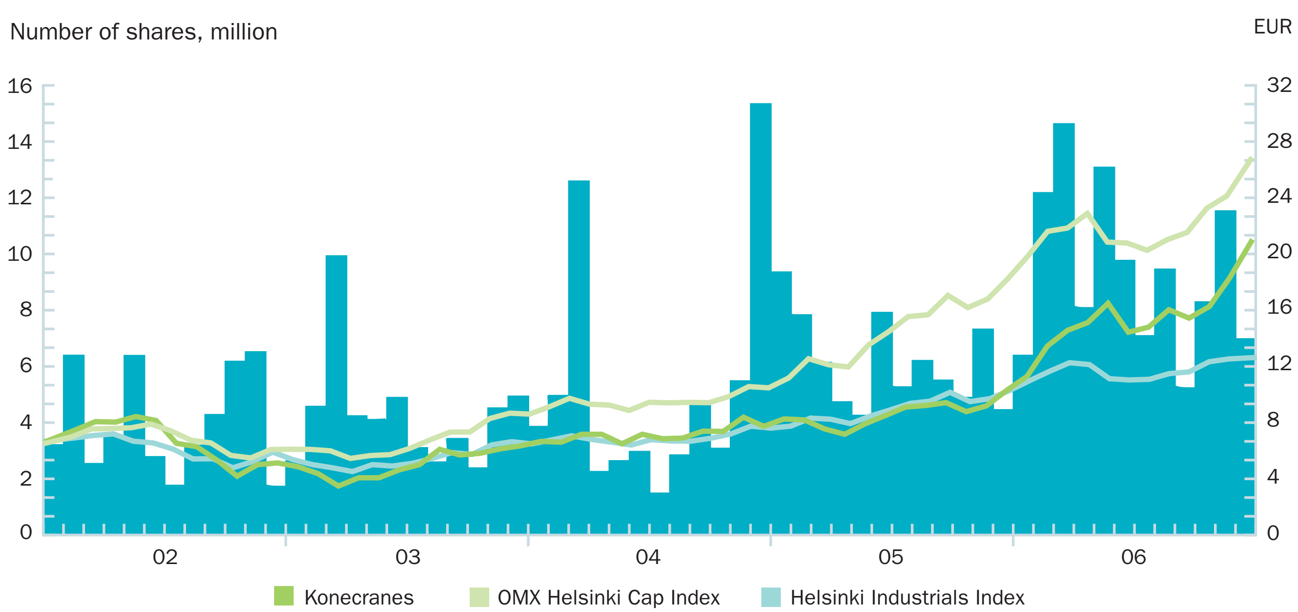


Earnings and dividend per share



* Board's proposal

Monthly trading volume and share price on the Helsinki Stock Exchange 2002–2006



Shares and Shareholders

Stock option Plans

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

SUMMARY OF KONECRANES' OPTION PLANS

Stock Option	Maximum number of shares the stock option plan entitles to subscrobe for	Subscription price/share (EUR)	Number of shares subscribed under the stock option plan by end of 2006	Share subscription period
1997	1,200,000	6.52	778,400	1.4.2003 - 31.10.2008
1999B	600,000	8.25	310,800	1.4.2005 - 31.3.2008
2001A	600,000	8.50	456,000	1.4.2004 - 31.3.2007
2001B	600,000	8.50	0	1.4.2007 - 31.3.2010
2003A	800,000	4.89	800,000	2.5.2005 - 31.3.2007
2003B	800,000	5.41	483,600	2.5.2006 - 31.3.2008
2003C	800,000	6.25	0	2.5.2007 - 31.3.2009
Total	5,400,000		2,828,800	

Maximum number of shares that still can be subscribed for with the ongpoing option plans are 2,050,800.

CHANGES IN THE SHARE CAPITAL AND THE NUMBER OF SHARES

		Change in Number of Shares	Total Number of Shares	Change in Share Capital	Share Capital EUR
1999	March 11, 1999 Conversion of share capital into euros		15,000,000		30,000,000
2003	December 20, 2003 Invalidation of shares held by the company and reduction of share capital	-691,370	14,308,630	-1,382,740	28,617,260
2004	New shares subscribed for with the 1997 stock options	1,400	14,310,030	2,800	28,620,060
2005	New shares subscribed for with the 1997, 1999A, 1999B, 2001A and 2003A stock options	176,000	14,486,030	352,000	28,972,060
2006	Pre-split new shares subscribed for with 1997, 1999B, 2001A and 2003A stock options	286,700	14,772,730	573,400	29,545,460
2006	March 17, 2006 Share split 1:4	44,318,190	59,090,920	0	29,545,460
2006	Post-split new shares subscribed for with 1997, 1999B, 2001A, 2003A and 2003B series stock options	986,800	60,077,720	493,400	30,038,860
2006	Average number of shares and share capital		58,383,534		29,191,767

Shares and Shareholders

Shareholders

According to the register of KCI Konecranes Plc's shareholders kept by the Finnish Central Securities Depository Ltd, there were 4,393 shareholders at the end of 2006 (2,878 at the end of 2005).

TEN LARGEST REGISTERED SHAREHOLDERS ON DECEMBER 31, 2006

		Number of shares	% of shares and votes
1	Varma Mutual Pension Insurance Company	2,873,680	4.8 %
2	Gustavson Stig, Chairman of the Board of KCI Konecranes Plc	1,929,420	3.2 %
3	Sampo Funds	1,196,817	2.0 %
	Sampo Finnish Equity Fund	610,450	1.0 %
	Sampo European Balanced Fund	210,500	0.4 %
	Mandatum Finland Growth Fund	202,960	0.3 %
	Sampo Finnish Institutional Equity Fund	172,907	0.3 %
4	OP Funds	737,545	1.2 %
	OP-Finland Small Company	157,900	0.3 %
	OP-Delta	423,846	0.7 %
	OP-Europe small company	97,119	0.2 %
	OP-Forte	30,000	0.0 %
	OP-Finland Index	28,680	0.0 %
5	FIM Funds	543,237	0.9 %
	FIM Fenno	326,637	0.5 %
	FIM Forte	216,600	0.4 %
6	Folkhälsan non-governmental organizationi svenska Finland rf	535,600	0.9 %
7	State Pension Fund	400,000	0.7 %
8	SEB Gyllenberg Funds	390,169	0.6 %
	SEB Gyllenberg Finlandia	177,569	0.3 %
	SEB Gyllenberg Small Firm	88,600	0.1 %
	SEB Gyllenberg Momentum	79,000	0.1 %
	SEB Gyllenberg Optimum	25,000	0.0 %
	SEB Gyllenberg Forum	20,000	0.0 %
9	Fondita Funds	362,000	0.6 %
	Fondita Nordic Small Cap Fund	310,000	0.5 %
	Fondita Equity Spice Mutual Fund	52,000	0.1 %
10	Ilmarinen Mutual Pension Insurance Company	312,341	0.5 %
	Ten largest registered owners' total holding	9,280,809	15.4 %
	Nominee Registered Shares	41,341,362	68.8 %
	Other shareholders	8,662,949	14.4 %
	Shares held by KCI Konecranes Plc	792,600	1.3 %
	Total	**60,077,720**	**100.0 %**

SHARES AND OPTIONS OWNED BY MEMERS OF THE BOARD AND OF DIRECTORS, AND OF THE GROUP EXECUTIVE BOARD ON DEC. 31, 2006

	2006 change in Shareholding	Number of shares owned	% of shares and votes	Change in optionholding in 2006*	Option ownership*	% of shares and votes
Board of Directors	-8,800	1,937,900	3.2 %	-86,000	52,000	0.1 %
Group Executive Board	127,200	410,200	0.7 %	-626,000	753,200	1.3 %
Total	**118,400**	**2,348,100**	**3.9 %**	**-712,000**	**805,200**	**1.3 %**

* Option holdings are reported as the number of shares that they entitle to subscribe for

Shares and Shareholders

BREAKDOWN OF SHAREOWNERSHIP BY NUMBER OF SHARES OWNED ON DEC. 31, 2006

Shares owned	Number of shareholders	% of shareholders	Total number of and votes	% of shares
1-100	807	18.4 %	56,337	0.1 %
101-500	1,820	41.4 %	543,675	0.9 %
501-1.000	732	16.7 %	575,272	1.0 %
1.001-10.000	888	20.2 %	2,511,217	4.2 %
10.001-50.000	96	2.2 %	2,360,388	3.9 %
50.001-100.000	18	0.4 %	1,252,751	2.1 %
100.001-500.000	24	0.5 %	4,920,486	8.2 %
500.001-1.000.000	3	0.1 %	1,938,650	3.2 %
Over 1.000.001	5	0.1 %	45,918,944	76.4 %
Total	**4,393**	**100%**	**60,077,720**	**100%**

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

Investor relations principles
The main objective of Investor Relations in Konecranes is to inform the capital markets on matters concerning Konecranes operations and financial position. Konecranes pursues an open, reliable and up-to-date disclosure practice. Our aim is to provide correct and consistent information regularly and equally to all market participants.

Konecranes Investor Relations is responsible for investor communications and daily contacts. The President and CEO, Chief Financial Officer and other members of the Executive Board participate in these activities and are regularly available for meetings with capital market representatives.

Silent period
Konecranes observes a silent period prior to the publication of its financial statements and interim reviews starting at the end of the quarter in question.

BREAKDOWN OF SHAREOWNERSHIP BY SHAREHOLDER CATEGORY ON DEC. 31, 2006

	% of shares and votes
Finnish companies	3.04
Finnish financial institutions	6.07
Finnish public institutions	8.00
Finnish non-profit institutions	4.37
Finnish private investors	9.52
Nominee registered shares	68.81
Non-Finnish holders	0.18
Total	**100.00**

More information to shareholders at the end of report.

Shares and Shareholders

FLAGGING NOTIFICATIONS

Date	Shareholder	Number of Shares owned*	% of shares and votes**	Flagging prior to 2006, % of shares and votes
13 October, 2006	JPMorgan Chase & Co and its subsidiaries	2,951,289	4.94	
10 October, 2006	JPMorgan Chase & Co and its subsidiaries	3,001,262	5.02	
14 September, 2006	Fidelity International Limited and its direct and indirect subsidiaries	5,982,158	10.02	
13 September, 2006	Fidelity Management Research and its direct and indirect subsidiaries	2,966,900	4.97	
11 August, 2006	Franklin Resources Inc, funds and accounts of affiliated investment advisors	2,774,610	4.99	9.74
4 August, 2006	Fidelity Management Research and its direct and indirect subsidiaries	2,955,850	5.03	
5 April, 2006	The Capital Group Companies, Inc.	2,895,560	4.90	6.91
29 March, 2006	Fidelity International Limited and its direct and indirect subsidiaries	2,955,900	5.00	
2 March, 2006	Fidelity International Limited and its direct and indirect subsidiaries	3,021,200	5.16	
27 February, 2006	Deutsche Bank AG, and its subsidiary companies	3,250,192	5.57	
23 February, 2006	Centaurus Capital Limited and its direct and indirect subsidiaries	1,353,600	2.32	5.00
13 February, 2006	Orkla ASA	2,730,880	4.71	5.08

*Split-adjusted
**Percentage of shares at time of notification

Analysts

According to our information the analysts listed below prepare investment analyses on the Konecranes Group. The analysts do so on their own initiative. Konecranes takes no responsibility for the opinions expressed by analysts.

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Board of directors' Proposal to the Annual General meeting

The parent company's non-restricted equity is EUR 71,841,341.03 of which the net income for the year is EUR 25,547,043.34. The Group's non-restricted equity is EUR 150,997,000.

According to the Finnish Companies Act, the distributable funds of the company are calculated based on the parent company's non-restricted equity. The Board of Directors has estimated the future liquidity of the parent company and the Board of Directors does not foresee any reason that the events after the balance sheet date would restrict the above mentioned amount of distributable funds according to the Finnish Companies Act 13:2 §.

The Board of Directors proposes that a dividend of EUR 0.45 be paid on each of the 59,285,120 shares for a total of EUR 26,678,304.00 and that the rest EUR 45,163,037.03 be retained and carried forward.

Helsinki, February 14, 2007

Stig Gustavson
Chairman of the Board of Directors

Björn Savén
Vice Chairman of the Board

Timo Poranen
Board member

Svante Adde
Member of the Board

Stig Stendahl
Member of the Board

Pekka Lundmark
President and CEO

Malin Persson
Member of the Board

Matti Kavetvuo
Board member

Auditors' Report

To the shareholders of KCI Konecranes Plc

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of KCI Konecranes Plc for the financial year 2006. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position. The consolidated financial statements can be adopted.

Parent company's financial statements, report of the Board of Directors and administration

In our opinion the parent company's financial statements and the report of the Board of Directors have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The financial statements and the report of the Board of Directors give a true and fair view of the parent company's result of operations and of the financial position. The report of the Board of Directors is consistent with the financial statements.

The financial statements can be adopted and the members of the Board of Directors and the Managing Directors of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Helsinki 14 February 2007

ERNST & YOUNG OY
Authorized Public Accountant Firm

Roger Rejström
Authorized Public Accountant

Corporate Governance

KCI Konecranes Plc (Konecranes, Company) is a Finnish public limited liability Company, which, in its decision-making and administration, complies with the Finnish Companies Act, other regulations concerning public companies and Konecranes' Articles of Association.

As a publicly listed Company, the rules of the OMX Helsinki Stock Exchange will apply to the Company, and the Company has undertaken to comply with the Corporate Governance Recommendation for Listed Companies issued jointly by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industries, which entered into force on 1 July, 2004. In addition, Konecranes complies with the Guidelines for Insiders published by the Helsinki Stock Exchange.

GENERAL MEETINGS

The general meeting of shareholders is the highest decision-making body of Konecranes. In the General Meeting, shareholders exercise their right of supervision and control of the Company. One Annual General Meeting (AGM) of shareholders must be held during each financial year before the end of June. Extraordinary General Meetings may be called whenever necessary.

Shareholders exercise their rights of vote and action in general meetings. Matters to be handled at the AGM are defined in Article 12 of the Articles of Association of Konecranes and Chapter 5 Paragraph 3 of the Companies Act.

Decisions made at General Meetings are published as stock exchange releases and on the Company's website immediately after the meeting.

Advance information to shareholders

The Board of Directors (Board) shall convene an AGM or Extraordinary General Meeting by means of publishing a notice in two national newspapers listing the matters to be handled. Konecranes provides advance information in the invitation to the General Meeting. The invitation is also made available through a stock exchange release, and it is posted on the Company's website. The Board's proposals to the General Meeting are published in a stock exchange release and posted on the Company's website.

Attendance of shareholders

In order to be entitled to attend a Shareholders' Meeting, a shareholder must be registered as a shareholder in the Shareholders' register of the Company maintained by Finnish Central Depository Ltd on the record day for the Shareholders' meeting. Holders of nominee-registered shares wishing to participate in the Shareholders' meeting shall notify their custodian well in advance of the meeting and follow the instructions provided by the custodian. A registered shareholder wishing to participate in the Shareholders' meeting must notify the Company of his/her intention in the order and during the period prescribed in the Notice of the Shareholders' Meeting. A shareholder may participate in the Shareholders' meeting in person or through a representative who must present a proxy. Shareholders are requested to inform the Company of any proxies for the General Meeting in connection with the notification of participation. The shareholder and representative may have an assistant at the meeting.

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

The President and CEO, holding the position of Managing Director under the Companies Act, the Chairman of the Board, and a sufficient number of Board members shall attend the General Meeting. A person proposed for the first time as a Board member shall participate in the General Meeting that decides on his/her election unless there are well-founded reasons for his/her absence.

BOARD OF DIRECTORS

Charter of the Board of directors

The "Charter of the Board of Directors of KCI Konecranes Plc" governs the work of the Board and forms an integral part of the corporate governance framework in Konecranes. This Charter supplements the provisions of the Finnish Companies Act and the Company's Articles of Association. Information on this Charter shall permit the shareholders of the Company to evaluate the operation of the Board.

Responsibilities

The Board is vested with powers and duties to manage and supervise the operations of the Company as set forth in the Companies Act, the Articles of Association and any other applicable Finnish laws and regulations. The Company aims to comply with all applicable rules and regulations affecting the Company or its affiliates (the "Group Companies") outside Finland provided that such compliance does not constitute a violation of the laws of Finland.

The Board has a general obligation to pursue the best interest of the Company and is accountable to the shareholders of the Company. The Board members shall act in good faith and with due care, exercising their business judgment on an informed base in what they believe to be the best interest of the Company and its shareholder community as a whole.

The Board shall decide on the business strategy of the Company, appointment and dismissal of the President and CEO, deputy to the President and CEO and other senior management, the group structure, acquisitions and disposals, financial matters and investments. It shall also continuously review and follow-up the operations and performance of the Group Companies, risk management and the compliance by the Company with applicable laws, as well as any other issues determined by the Board. The Board shall on an ongoing basis inform itself on issues and business activities of major strategic importance. The Board shall appoint a secretary to the Board to be present at all meetings.

Corporate Governance

Election and term

In 2006 the Board of Directors of Konecranes had seven (7) members:

Mr. Stig Gustavson	Chairman, dependent of the Company
Mr. Björn Savén	Vice Chairman, independent of the Company
Mr. Stig Stendahl	member, independent of the Company
Mr. Matti Kavetvuo	member, independent of the Company
Mr. Timo Poranen	member, independent of the Company
Ms. Malin Persson	member, independent of the Company
Mr. Svante Adde	member, independent of the Company
Mr. Lennart Simonsen	Secretary to the Board (not a member of the Board)

>> Biographical details of the Board members are presented in the Annual Review 2006 and available at www.konecranes.com.

The AGM elects the Board of Directors of Konecranes. According to the Articles of Association, the Board shall have a minimum of five (5) and maximum of eight (8) members elected at each AGM for a term of one (1) year. The Board elects a Chairman and Vice Chairman among its members.

Board member candidates notified to the Board shall be disclosed in the invitation to the General Meeting, provided that the proposal has been made by the Nomination and Compensation Committee, or if the candidate is supported by at least 10 percent of the total votes of all the shares of the Company and the candidate has given his/her consent to the election. Any candidates proposed after the delivery of the invitation shall be disclosed separately.

Independence of the Board of Directors

Konecranes' Board has evaluated the independence of the Board members in accordance with the Corporate Governance Recommendation issued by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industries. The recommendation requires a majority of the Board members to be independent. On the basis of the evaluation, six of the seven Board members were deemed independent of the Company. These Board members do not have any other relationship of material substance with Konecranes other than that of Board membership.

The Chairman of the Board, Mr. Stig Gustavson, is deemed dependent of the Company, as he was the President and CEO of the Company until 17 June, 2005, and therefore not independent as the Corporate Governance Recommendation considers a Board member to be dependent if he/she has held a position in the Company during the last three years prior to the inception of the Board membership.

All Board members are independent of all significant shareholders of the Company. According to the Corporate Governance Recommendation, a significant shareholder refers to a shareholder who holds at least 10 percent of all the shares or of the aggregate votes in the Company.

Meeting practice and self-assessment

In 2006, Konecranes' Board convened 13 times. In addition to the Board and its secretary, also the Company's President and CEO attends the Board meetings. The average attendance of Board members at meetings was almost 97 percent. Konecranes' Board shall meet as frequently as necessary to properly discharge its responsibilities. There shall be approximately eight meetings per year.

The Board and each of its committees conduct an annual performance evaluation to determine whether the entire Board and each of its committees function effectively. The Board establishes the criteria to be used in these evaluations. The performance review is to be discussed with the entire Board following the end of each fiscal year.

The Board has conducted annual performance evaluations to determine whether the Board is functioning effectively. During 2006, the Chairman of the Board conducted personal interviews with each Board member. The Chairman reported his findings to the Board at the Board meeting in which the Board approved the Financial Statements for 2006. The Company's auditor also contributed comments at the meeting. The Audit Committee has assessed the effectiveness of its work and has resolved to maintain its current working procedures for 2007.

BOARD COMMITTEES

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

The Audit Committee

The Board appoints the Audit Committee. The Purpose of the Audit Committee is to oversee accounting and financial processes, financial statements and internal control. The tasks and responsibilities of the Committee are defined in a Charter (available at www.konecranes.com), which is based upon a Board resolution as part of the Company's corporate governance principles.

Members of the Audit Committee:
Mr. Stig Stendahl, Chairman
Mr. Matti Kavetvuo, member
Mr. Svante Adde, member

Corporate Governance

In 2006, the Audit Committee convened four times. According to its Charter, the Audit Committee shall meet at least twice a year. The Chairman presents a report on each Audit Committee meeting to the Board.

The Nomination and Compensation Committee

The Board appoints the Nomination and Compensation Committee. The tasks and responsibilities of the Committee are defined in a Charter (available at www.konecranes.com), which is based upon a Board resolution as part of the Company's corporate governance principles.

Members of the Nomination and Compensation Committee:
Mr. Björn Savén, Chairman
Mr. Stig Gustavson, member
Mr. Timo Poranen, member
Ms. Malin Persson, member

In 2006, the Nomination and Compensation Committee convened five times. The Nomination and Compensation Committee shall meet at least once a year. The Chairman presents a report on each Compensation Committee meeting to the Board.

PRESIDENT AND CEO

Konecranes' President and CEO holds the position of Managing Director under the Companies Act .The Board decides upon the appointment and the dismissal of the President and CEO. The President and CEO may be a member of the Board of Directors but may not be Chairman.

Mr. Pekka Lundmark was appointed President and CEO of Konecranes on 17 June 2005. He is not a Board member, but attends the Board meetings. The biographical details, share and option ownership, employment history and major positions of trust of the President and CEO are presented in the Annual Review 2006.

Responsibilities

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

Employment contract

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

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

EXECUTIVE BOARD

In 2006, Konecranes changed the composition and meeting practices of the Executive Board. The President and CEO, the Business Area Presidents, the Region Presidents and key Function Directors form Konecranes' Executive Board. The Executive Board assists the President and CEO in his work. The Executive Board has no official statutory position based on legislation or the Articles of Association, but in practice it has a significant role in the management system of the Company. Before the change in the composition of the Executive Board in October, the Board consisted of 16 members. As of October 1, 2006 and at the end of year 2006 the Konecranes Executive Board had 14 members:

Mr. Pekka Lundmark	President and CEO
Function Directors	
Mr. Teuvo Rintamäki	Chief Financial Officer
Ms. Sirpa Poitsalo	Director, General Counsel
Mr. Arto Juosila	Director, Administration and Business Development
Mr. Mikael Wegmüller	Director, Marketing and Communications
Mr. Ari Kiviniitty	Chief Technology Officer
Ms. Peggy Hansson	Director, Competence Development
Business Area Presidents	
Mr. Hannu Rusanen	Service
Mr. Pekka Päkkilä	Standard Lifting
Mr. Mikko Uhari	Heavy Lifting
Region Presidents	
Mr. Tom Sothard	Americas
Mr. Harry Ollila	Northeast Asia
Mr. Edward Yakos	Southeast Asia-Pacific
Mr. Pierre Boyer	Europe, Middle East & Africa

>> Biographical details of Executive Board members are presented in the Annual Review 2006 and available at www.konecranes.com.

Corporate Governance

Business Area Presidents
The Business Areas (Service, Standard Lifting and Heavy Lifting) are each headed by a Business Area President. Business Areas are not to be seen as independent divisions. Instead, their operations are interlinked and highly synergistic. Business Area Presidents are in charge of the day-to-day management of the respective Business Area.

Region Presidents
There are four region presidents in charge of coordinating Group activities in geographical areas. The Regional organization pursues the realization of greater synergies between the Business Areas. The Region Presidents have line responsibility for field operations, including Maintenance Services and Industrial Cranes, and secondary responsibility for other Group Business activities in their respective country or market area. The Region Presidents meet with the senior managers from the countries in his/her area of responsibility about four times per year.

Group Staff
The Group Staff forms a common resource for handling matters of importance for the whole Group. Certain Group Staff members with duties of specific importance have been named Group Vice Presidents.

Meeting practice
Konecranes' Executive Board convened five times during 2006. After the change in meeting practices the Executive Board shall convene as frequently as necessary, normally on a monthly basis. In addition, the Executive Board conducts monthly reviews of the business performance and financial results together with other executive managers and the Investor Relations Manager under the President and CEO's chairmanship. The President and CEO and key Group staff members normally meet once a week to review Group administrative matters.

TECHNOLOGY BOARD

The Technology Board is chaired by the President and CEO. It also comprises the Business Area Presidents, the Chief Technology Officer, key R&D personnel, relevant Group staff members, as well as representatives from the Business Areas and different business functions. The Technology Board normally convenes on a monthly basis to assist the Business Areas and business functions in matters relating to R&D, sourcing, quality and information technology. The Technology Board has no official statutory position based on the Articles of Association, but plays a significant role in planning and developing products and business processes.

COMPENSATION

Board of Directors
The remuneration packages for Board members are resolved by the AGM on proposal by the Nomination and Compensation Committee. The AGM confirmed an annual fee for year 2006 of EUR 65,000 for the Chairman of the Board, EUR 40,000 for the Vice Chairman of the Board, and EUR 25,000 for other Board members, and that 40 percent of the annual fee will be used to acquire Konecranes shares from the market to each Board member. Should the receipt of shares entail administrative difficulties for a Board member the compensation will be paid in its entirety in cash. In addition, a compensation of EUR 1,000 was approved for attendance at Board committee meetings.

The 2006 annual remuneration for the Board was paid according to the fees approved by the AGM. Each Nomination and Compensation Committee members received 4,000 euros in meeting compensation, as did each Audit Committee member.

Non-executive members of the Board of Directors do not receive stock options. Board members employed by Konecranes do not receive separate compensation for their Board membership.

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

On December 15, 2006, the Board of Directors approved a long-term incentive scheme directed to Pekka Lundmark. The incentive scheme will be implemented by disposing of Konecranes shares in the Company's possession on the basis of the authorization granted to the Board of Directors by the AGM on March 8, 2006.

Pursuant to the incentive scheme a total of 50,000 shares in the Company were sold to the Managing Director on December 22, 2006. An additional 50,000 shares were sold in January-February 2007 on terms and conditions defined in the terms of subscription. The shares sold are subject to a five-year transfer restriction. As part of the program, the Company paid a separate bonus to Pekka Lundmark to cover the taxes levied as a result of the arrangement.

The purpose of the incentive scheme is to motivate the Managing Director to contribute in the best possible manner to long-term success of the Company and increased shareholder value for all shareholders of the Company.

The agreed price per share of 12 euros corresponds approximately to the average share price during the period that Mr. Lundmark has been CEO of the company, and this was the ground for determining the share price.

The terms of subscription for the directed issue of shares relating to the Managing Director's incentive scheme are available on the Company's website.

Corporate Governance

The main elements of the President and CEO's remuneration and other benefits for the year ended December 31, 2006 were as follows:

Pekka Lundmark received a salary and fringe benefits of EUR 322,292, a bonus of EUR 878,578, of which EUR 410,927 was part of the incentive program described above.

Group Management
The Nomination and Compensation Committee reviews Group compensation policies and issues guidelines for the same.

In accordance with these guidelines, the President and CEO confirms all individual top management compensation packages. Compensation packages normally include a base salary, fringe benefits (typically use of company car), pension schemes and performance related bonus schemes. Bonus schemes are always based on written contracts. Bonus criteria vary, but are usually based on profitability, asset management and growth. Bonuses are related to the individual's performance, as well as to the performance of the organizational unit he/she is directly responsible for. Numerical performance criteria are used, in preference of personal assessments.

Stock Options
The Company has issued stock option plans for its key employees, including top and middle management, and employees in expert positions. A summary of the four ongoing Konecranes stock option plans (1997, 1999, 2001, 2003) is available on page 46. Stock option plans require a corresponding resolution by a General Meeting, and all plans have been unanimously adopted by relevant General Meetings. Certain large institutional shareholders have adopted guidelines for stock option plans. These guidelines offer advice on the acceptable (maximal) dilution effect, levels of incentives, lock-up periods, length of programs etc. The Company's option plans have been designed to essentially comply with these guidelines.

The purpose of the option schemes is to motivate key personnel to contribute to the long-term success of the Company, and to create a common understanding and commitment for the creation of shareholder value. Further, a specific articulated purpose is to create a joint sense of common ownership among managers. This is believed to be of specific value for a company of Konecranes' nature with a structure covering many countries, cultures and customer industries.

Upon proposal by the President and CEO, the Board decides on the distribution of options to key personnel. In granting options to the President and CEO, the Board acts independently. At the end of 2006, approximately 300 employees were part of the Group's stock option plans.

INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDITING

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

ORGANISATION OF RISK MANAGEMENT

Risk management is part of the Company's control system. The purpose of risk management is to ensure that the risks related to the business operations of the Company are identified and managed adequately and appropriately.

Risk Management Principles
The Group's risk management principles provide a basic framework for risk management in Konecranes. Based on these principles, each Group company or operating unit is responsible for its own risk management. This method guarantees the best possible knowledge of local conditions, experiences and individual aspects of relevance. The Group co-ordinates and consults in issues related to risk management, and decides on how to handle methods for joint or extensive risk management (e.g. global insurance programs, Group treasury, IT infrastructure and system architecture).

According to the principles, risk management is a continuous and systematic activity that aims to protect from personal injury, safeguard the assets of all Group companies and the whole Group, and to ensure stable and profitable financial performance. By minimizing both losses due to realized risks and the costs of risk management, the long-term competitiveness of the Group companies and the whole Group are safeguarded.

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

Insurance
The Group continuously reviews its insurance policies as part of its overall risk management. Insurance contracts are used to sufficiently cover all risks that are economically or otherwise reasonably insurable. As insurance premiums have increased, the Group has intensified the use of other risk management methods within its units, without lowering its level of protection.

Corporate Governance

Quality control

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

Management of financial risks

The Group's global business operations involve financial risks in the form of market (exchange rate, interest rate and other such as metal, energy price), credit and liquidity risks. The Group seeks to increase the short-term stability of the financial environment for the business operations by reducing the negative effects caused by price fluctuations and other uncertainties in the financial markets. This is done by identifying, assessing, controlling and reporting the financial risks arising from the Group's global business operations.

The business units are responsible for identifying their financial risks. The units hedge their risks internally with Group Treasury. Group Treasury centrally executes almost all funding, cash management and foreign exchange transactions with banks and other external counter parties.

INTERNAL AUDITING

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

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

Internal Audit activities are reported to the Audit Committee on a regular basis

AUDITOR

The main function of statutory auditing is to verify that the financial statements represent a true and fair view of the Group's performance and financial position for the financial year. Konecranes' financial year is the calendar year. The auditor regularly reports to the Board's Audit Committee. The auditor is obliged to audit the validity of the Company's accounting and closing accounts for the financial year, and to give the General Meeting an auditor's report.

The auditors of Konecranes are elected by the AGM. The auditors are elected to office until further notice. The same auditor with principal responsibility may not serve for more than seven financial years. A proposal for the election of external auditors made by the Audit Committee shall be disclosed in the invitation to the AGM. The Audit Committee strives for a regular rotation of its external auditors.

Authorized public accountant (APA) Ernst & Young Oy was elected as the Company's new external auditors as of the financial year 2006. Ernst & Young Oy with Mr. Roger Rejström, APA, as the auditor with principal responsibility, have audited the Company's accounting, financial statements and administration.

External auditor's fees

In 2006, the fees paid to Ernst & Young Oy and its affiliated audit companies for auditing Konecranes Group companies totaled EUR 998.000 while the fees paid for consulting services totaled EUR 296.000.

INSIDERS

Konecranes' Board accepted new Insider Rules for Konecranes in November 2005. These Insider rules are based on the Finnish Securities Markets Act, standards issued by the Financial Supervision Authority and the OMX Helsinki Exchange's Insider Guidelines in force as of January 1, 2006.

Konecranes' Public Insider Register includes members of the Board of Directors, the President and CEO, the secretary to the Board, the auditors, members of the Executive Board, as well as other persons having a comparable position in the Group based on the decision of the Company. In addition, Konecranes' Company-Specific Permanent Insiders includes persons that are defined by the Company, and who regularly possess insider information due to their position in the Company. Persons registered in the Public Insider Register and the Permanent Insider Register are not allowed to trade in Konecranes Securities during a period commencing on the first day after the end of each calendar quarter and ending upon the publication of the corresponding interim report or financial statement bulletin of the Company. The Company also maintains Project-Specific Insider Registers of every Insider Project of the Company. Project-Specific Insiders are prohibited from trading in Konecranes shares until termination of the project.

The General Counsel maintains Konecranes' register of insider holdings, and is responsible for monitoring compliance with insider guidelines and the duty to declare. The Company maintains its public and Company-specific insider registers in the Finnish Central Securities Depository's SIRE system.

Konecranes Public Insiders are listed on the Company's website. Konecranes Public Insiders' share and option holdings are available for public display in the NetSire register, which can be accessed also through Konecranes' website.

For further information, please see www.konecranes.com

Information to Shareholders

The shareholders of KCI Konecranes Plc are invited to the Annual General Meeting of Shareholders to be held on Thursday, 8 March 2007 at 11.00 a.m., at the Company's auditorium, Koneenkatu 8, 05830 Hyvinkää.

Only a shareholder who on 26 February 2007 has been registered as a shareholder in the shareholders' register of the Company maintained by Finnish Central Securities Depository Ltd has the right to participate in the Annual General Meeting of Shareholders. Holders of nominee-registered shares intending to participate in the Annual General Meeting of Shareholders should notify their custodian well in advance of their intention and comply with the instructions provided by the custodian. The registration must be in place on 26 February 2007.

A shareholder who wishes to participate in the Annual General Meeting of Shareholders must notify the Company of the intention to participate not later than on 5 March 2007 before 4.45 p.m. to Ms. Maija Jokinen

by e-mail:	agm@konecranes.com,
by telefax:	+358 20 427 2099 (from abroad)
	020 427 2099 (in Finland),
by mail:	P.O. Box 661, FIN-05801 Hyvinkää, or
by phone:	+ 358 040 531 7933 (from abroad)
	040 531 7933 (in Finland),
or through the Internet:	www.konecranes.com/agm2007.

Shareholders are requested to inform the Company of any proxies for the Annual General Meeting of Shareholders in connection with the registration. A model for a proxy is available on the Internet address mentioned above.

Payment of dividend

The Board of Directors proposes to the AGM that a dividend of EUR 0.45 per share will be paid for the fiscal year 2006. The dividend will be paid to shareholders, who are entered in the company's share register maintained by the Finnish Central Securities Depository Ltd. on the record date for payments of dividends on March 13, 2006. The actual payment of dividend will take place on March 21, 2006.

Publication dates of interim reports in 2007

January- March	27 April 2007 10.00 a.m.
January- June	1 August 2007 10.00 a.m.
January- September	31 October 2007 10.00 a.m.

Quarterly results briefing and webcast

A result presentation for financial analysts and media will be held on each day of the result publication at 12.00 noon EET. The meeting will be webcasted at www.konecranes.com.

Distribution of financial information

Konecranes publishes all investor information on the Investor Relations section on the website www.konecranes.com. The Annual Report is available as a printed publication in English, Finnish and Swedish. The Annual Report is mailed to all shareholders. You can receive Konecranes' press and stock exchange releases in English, Finnish or Swedish by e-mail by registering on the company's website.

Contact information

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Ordering financial publications

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>> Additional information on Konecranes is available at www.konecranes.com.

Addresses

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Konecranes has operations in 41 countries. For a comprehensive listing of addresses by country, we welcome you to visit our web site at www.konecranes.com

Konecranes is a world-leading group of Lifting Businesses™ offering lifting equipment and services that improve productivity to a wide variety of industries. The company is listed on the OMX Helsinki Stock Exchange and in 2006, sales totalled EUR 1,483 million. With 7,500 employees at over 370 locations in 41 countries, we have the resources, technology, and determination to deliver on the promise of Lifting Businesses™.

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