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INTERIM REPORT FOR JANUARY-SEPTEMBER 2008

KONE Q3: KONE'S GOOD EBIT GROWTH CONTINUED

July-September

- In July-September 2008, orders received decreased by 3.7%. At comparable exchange rates, the growth was 0.5%. Orders received totaled EUR 892.4 (7–9/2007: 926.3) million.
- Net sales increased by 16% to EUR 1,124 (971.6) million. At comparable exchange rates, the growth was 20%.
- Operating income was EUR 146.0 (126.7) million or 13.0% (13.0%) of net sales.

January-September

- In January-September 2008, orders received growth was 12%, or 17% at comparable exchange rates. Orders received totaled EUR 3,102 (1–9/2007: 2,773) million. At the end of September 2008, the order book stood at a record high of EUR 4,003 (Dec 31, 2007: 3,282) million.
- Net sales increased by 14% to EUR 3,171 (2,785) million. At comparable exchange rates, the growth was 19%.
- Operating income was EUR 369.2 (312.4) million or 11.6% (11.2%) of net sales (1–9/2007 figures exclude an expense of EUR 142.0 million related to the European Commission's fine decision).
- KONE reiterates its outlook for 2008

Key Figures

		7–9/2008	7–9/2007	1–9/2008	1–9/2007	1–12/2007
Orders received	MEUR	892.4	926.3	3,102.3	2,772.8	3,674.7
Order book	MEUR	4,002.8	3,473.6	4,002.8	3,473.6	3,282.3
Sales	MEUR	1,123.8	971.6	3,171.2	2,784.7	4,078.9
Operating income	MEUR	146.0	126.7	369.2	312.4 [1]	473.2 [2]
Operating income	%	13.0	13.0	11.6	11.2 [1]	11.6 [2]
Cash flow from operations (before financing items and taxes)	MEUR	153.4	158.7	438.9	264.0	380.0
Net income	MEUR	107.5	91.8	270.2	79.7	180.3
Basic earnings per share	EUR	0.42	0.37	1.07	0.32	0.72
Interest-bearing net debt	MEUR	-9.3	168.5	-9.3	168.5	91.7
Total equity/total assets	%	34.0	27.9	34.0	27.9	31.7
Gearing	%	-1.1	25.9	-1.1	25.9	12.2

1) Excluding an expense of EUR 142.0 million related to the European Commission's fine decision.
2) Excluding an expense of EUR 142.0 million related to the European Commission's fine decision, a EUR 22.5 million provision for the Austrian Cartel Court's fine decision and a EUR 12.1 million profit from the sale of the KONE Building.

KONE President & CEO, Matti Alahuhta, in conjunction with the review:

"Our people have continued to do a good job. Even with the negative impact of raw material prices, KONE succeeded to grow its operating income (EBIT) by 15%. In the current demanding market environment, our service business is a major asset to us. The new equipment market faced increasing uncertainty especially in Western Europe and North America. We continue to be very determined in working with our five development programs; our attitude is to also take this demanding market phase as an opportunity to continue to gain market share as well as further improve KONE's quality and productivity."

Accounting Principles

KONE Corporation's Interim Report for January 1–September 30, 2008 has been prepared in line with IAS 34, `Interim Financial Reporting´. KONE has applied the same accounting principles in the preparation of the interim report as in its financial statements for 2007. The accounting principles for the financial statements have been presented in the Annual Report 2007 published on January 25, 2008. The information presented in this Interim Report has not been audited.

July-September 2008 review

Operating environment in July-September

In the third quarter of 2008, the new equipment market situation differed a great deal from market to market, due to the demanding environment. The modernization market continued to provide good growth opportunities for KONE. The global maintenance market continued to grow but remained very competitive.

In the European, Middle East and African region (EMEA), the business environment was very mixed. The North European market experienced increasing hesitation in the residential sector. In the United Kingdom, the residential market continued to weaken and the commercial market weakened somewhat. The overall Southern European residential market activity declined in Italy, France and particularly in Spain. The commercial and hospital sectors still grew. In the Middle East and especially in Saudi Arabia, construction markets continued to grow but some hesitation in decision making occurred in Qatar for example.

Faced with a broad economic slowdown, the Americas market still provided growth opportunities for KONE. The new equipment market has decreased year on year in the United States. Building activity in the United States remained best in the Northeast and the West. Modernization activity stayed at a relatively good level in the United States and the maintenance market also continued to develop well. In Canada, the construction market was still resilient, while Mexico's construction market followed market trends in the United States.

In the Asia-Pacific region, good growth continued in most markets, even though investment decisions were becoming somewhat slower in some markets. In China, the new equipment market sustained to be active with some cooling in the costal regions, but the North and Central provinces experienced high growth. In India, good market growth continued, however market activity suffered somewhat from high interest rates and cost inflation. In Australia, the commercial segment activity sustained some growth while the residential segment continued to slow down.

Financial performance in July-September

KONE´s orders received in the third quarter of 2008 declined by 3.7% and totaled EUR 892.4 (7–9/2007: 926.3) million. At comparable exchange rates, the growth was 0.5%. Orders decreased in the United Kingdom and Ireland. The growth in orders was strongest in the Americas and Asia-Pacific. In the Americas, KONE succeeded to further gain market share. In the Asia-Pacific region, orders received growth was best in China, South Asia and Australia. In the EMEA region, France, Scandinavia, Russia and the Middle East contributed with good growth. Only new equipment orders and modernization orders are included in orders received.

The largest orders received in the July-September period included an order to supply and install KONE EcoSystem MR™ elevators, KONE ECO3000® transit escalators and KONE autowalks for the new Terminal 3 at the McCarran International Airport in Las Vegas, USA.

KONE´s net sales grew by 16% compared with July-September 2007 and totaled EUR 1,124 (971.6) million. At comparable exchange rates, the growth was 20%. Sales growth was strongest in Asia-Pacific.

New equipment sales accounted for 551.6 (430.1) million of the total and represented an approximate growth of 28% over the comparison period. At comparable exchange rates, the growth was approximately 33%.

Service sales (maintenance and modernization) increased by approximately 6% and totaled EUR 572.2 (541.5) million. At comparable exchange rates, the growth was approximately 10%.

Operating income for the July-September period totaled EUR 146.0 (126.7) or 13.0% (13.0%) of net sales. The cost increase in hot rolled steel and cast iron had a negative impact on the profit level. The intensive implementation of KONE's development programs continued to increase the company's competitiveness.

Sales by geographical areas, MEUR

	7–9/2008	%	7–9/2007	%	1–9/2008	%	1–9/2007	%	1–12/2007	%
EMEA [1)]	702.4	62	621.0	64	2,067.4	65	1,808.2	65	2,675.3	65
Americas	234.0	21	211.9	22	609.7	19	595.6	21	840.8	21
Asia-Pacific	187.4	17	138.7	14	494.1	16	380.9	14	562.8	14
Total	1,123.8		971.6		3,171.2		2,784.7		4,078.9	

[1)] EMEA = Europe, Middle East, Africa

January-September 2008 review

KONE's Orders received and Order book in January-September

During the latter part of January-September 2008, the overall market situation became more demanding in many new equipment markets. In the maintenance and modernization markets, where demand is by nature less cyclical, growth continued while the overall market environment became increasingly competitive, especially in maintenance.

In January-September 2008, KONE's orders received increased by approximately 12% and totaled EUR 3,102 (1–9/2007: 2,773) million. At comparable exchange rates, the growth was approximately 17%. Only new equipment and modernization orders are included in orders received. The growth in orders received was strongest in the Asia-Pacific region. The growth was also very good in the Americas. Good growth in orders received in a declining new equipment market, such as in the United States, is strong evidence of KONE's improving competitiveness.

The order book increased from the end of 2007 by 22% and stood at a record high of EUR 4,003 (December 31, 2007: 3,282) million at the end of September 2008. KONE did not receive any major cancellations during the period under review. As earlier, the margin of the order book continued to be at a good level.

In the EMEA region, most markets contributed positively to KONE´s orders received in January-September 2008. KONE performed particularly well in France, Netherlands, Eastern Europe and the Middle East. KONE also showed good progress in the modernization market, driven by SNEL (European Safety Norms for Existing Lifts). KONE's orders received in modernization were particularly good in France and Scandinavia.

In the Americas, KONE has experienced a very good order intake growth. KONE's advanced elevator and escalator solutions and improved competitiveness continued to increase customer awareness. In addition, an improvement in customer focus continued to bring results, which enabled KONE to gain market share during January-September 2008.

In the Asia-Pacific region, KONE's new equipment order intake was good and proceeded well in China, India, South Asia and Australia.

Net sales

In January-September 2008, KONE's net sales rose by approximately 14%, compared to last year, and totaled EUR 3,171 (1–9/2007: 2,785) million. Growth at comparable currency rates was approximately 19%.

New equipment sales accounted for EUR 1,484 (1,195) million of the total and represented an approximate growth of 24% over the comparison period. At comparable exchange rates, the growth was approximately 30%.

KONE's business logic spans the entire lifecycle of a customer's investment. This creates growth in KONE's business operations and a less cyclical stream of profits. Service sales (maintenance and modernization) increased by approximately 6% and totaled EUR 1,687 (1,590) million. At comparable exchange rates, the growth was approximately 11%.

Of the sales, 65% (65%) were generated from EMEA, 19% (21%) by the Americas and 16% (14%) by Asia-Pacific. The weakened US dollar had an impact on the geographical sales mix.

Financial result

KONE´s operating income was EUR 369.2 million (1–9/2007: 312.4 million, excluding an expense of EUR 142.0 million related to the European Commission's fine decision) or 11.6% (11.2% excluding an expense of EUR 142.0 million related to the European Commission's fine decision) of net sales. The rapid price growth in hot rolled steel and cast iron in May-June, which we have estimated to have an impact of EUR 15-20 million during the second half of the year, had a negative impact on the operating income (EBIT) level during the third quarter. Net financing items were EUR -6.8 (-7.1) million.

KONE's income before taxes for January-September 2008 was EUR 364.1 (164.2) million. Taxes totaled EUR 93.9 (84.5) million, taking into account taxes proportionate to the amount estimated for the financial year. This represents an effective tax rate of 25.8%. In January-December 2007, the effective tax rate was 27.9% excluding the result impact of EUR -164.5 million relating to the fine decisions of the European Commission and the Austrian Cartel Court. Net income for the period under review was EUR 270.2 (79.7) million.

Earnings per share were EUR 1.07 (0.32). Equity per share was EUR 3.47 (2.58).

Balance sheet and Cash flow

In January-September 2008, cash flow generated from operations (before financing items and taxes) was EUR 438.9 (1–9/2007: 264.0) million. At the end of September, net working capital was negative at EUR -156.2 (Dec 31, 2007: -121.8) million, including financing items and taxes.

At the end of September 2008, interest-bearing net debt totaled EUR -9.3 (Dec 31, 2007: 91.7) million, gearing was -1.1% (12.2%) and total equity/total assets ratio was 34.0% (31.7%).

Capital expenditure, acquisitions and divestments

KONE's capital expenditure, including acquisitions, totaled EUR 96.9 (1–9/2007: 78.9) million. Capital expenditure, excluding acquisitions, was mainly related to R&D, IT and installation devices, and production. Acquisitions accounted for EUR 49.6 (40.6) million of this figure. Acquisitions made in January-September will have no material effect on the 2008 full-year figures.

In January-September, KONE acquired the French elevator company ARA Lyon. ARA Lyon maintains and modernizes elevators in the area of Lyon. KONE has also acquired the Arundel Elevator Company, a full service elevator company based in Baltimore, Maryland, USA. This acquisition significantly increased KONE's customer base in Maryland and the neighboring Mid-Atlantic states. In Murcia, Spain, KONE acquired RPG Mantenimiento S.L. that maintains and modernizes elevators. In addition, KONE acquired the International Elevator Company (IEC), a full service elevator company based in New Jersey, USA. The acquisition significantly increases KONE's maintenance base in northern New Jersey. IEC excels in elevator installation, maintenance, modernizations and repairs.

Research and development

Research and development expenses totaled EUR 40.7 (1–9/2007: 36.2) million, representing 1.3% (1.3%) of net sales. R&D expenses include the development of new concepts and further development of existing solutions and services.

During the period under review, KONE's new offering development continued strongly in the areas of performance, visual design, user experience and in further improving the company's eco-efficiency.

In Europe, KONE's counterweight-less offering was expanded with a new release of KONE MaxiSpace™, an elevator solution especially designed for the modernization market. In the Asia–Pacific region, a new elevator release expands KONE's standard offering with improved ride quality, user experience and energy efficiency as well as new designs and options.

In addition, KONE launched earlier in 2008 a next generation equipment monitoring system which is able, with an almost unlimited capacity, to monitor and manage large building complexes and geographically remote buildings from a single location. The system is easily integrated with a building's facility management systems.

Personnel

The main goals of KONE's personnel strategy are to further increase the interest in KONE as an employer and to secure the availability, commitment and continuous development of its personnel. KONE's activities are also guided by ethical principles. The personnel's rights and responsibilities include the right to a safe and healthy working environment, personal wellbeing as well as the prohibition of any kind of discrimination.

KONE had 34,548 (December 31, 2007: 32,544) employees at the end of September 2008. The average number of employees was 33,658 (1–9/2007: 30,365). Additional recruitments were carried out in the production, installation and maintenance operations due to growth in volumes.

The geographical distribution of KONE employees was 56% (56%) in EMEA, 17% (18%) in the Americas and 27% (26%) in Asia-Pacific.

People Leadership is one of KONE's five development programs. KONE is increasingly investing in people development programs, personal coaching and change management.

Environment

KONE's aim is to be an eco-efficiency leader in its industry. During 2008, eco-efficiency has been integrated as part of KONE's overall technology roadmap; eco-efficiency improvement targets are now covering its solutions offering, its operations as well as the requirements for suppliers.

KONE is focusing on minimizing the carbon (CO_2) footprint of its operations. Improvements cover manufacturing, logistics, installation and maintenance. Recent focus has been on developing stand-by energy saving solutions and regenerative units for elevators, on integrating eco-efficiency in the maintenance and modernization offering and on initiating projects aiming at minimizing KONE's overall carbon footprint. The development of new volume elevator releases target a 50% improvement in energy efficiency by 2010. Additionally, KONE aims to continuously raise awareness of the advantages of KONE's pioneering energy-efficient product offering and services, like Remote Monitoring and Care for Life™ (optimizing service visits), which support eco-efficiency.

Furthermore, KONE is increasingly requiring its suppliers globally to operate in an eco-efficient way. For instance, the ISO 14001 environmental standard and tighter environmental requirements are more and more included in KONE's supplier contracts.

Capital and risk management

The ultimate goal of capital and risk management in the KONE Group is to contribute to the creation of shareholder value.

Capital is managed in order to maintain a strong financial position and to ensure that the Group's funding needs can be optimized in a cost-efficient way even in a critical funding environment. In such a weak economic environment, having no debt is a special strength.

The economic turmoil has been extremely severe in the last months and weeks. KONE will focus on two major issues regarding its capital and risk management. Firstly, the capability to adapt its cost structure in changing volumes in order to stay competitive, and secondly, to ensure that the Group's liquidity is guaranteed to cover both short-term and long-term funding needs.

The Group's cost structure is flexible because of outsourcing in different areas of the business. Furthermore, overall cost control has been tightened to avoid unnecessary cost burdens in this phase with increasing uncertainty in the market environment.

The key area in guaranteeing good liquidity in the short run is to keep the present working capital position. In a difficult economic situation, it is increasingly important to maintain a healthy order book without deterioration in payment terms, and to improve credit control and collection activities. Long-term funding is guaranteed by existing committed lines.

Appointment to the Executive Board

KONE appointed Anne Korkiakoski, M.Sc. (Econ) Executive Vice President, Marketing & Communications and Member of the Executive Board as of September 1, 2008. She is responsible for KONE Corporation's Marketing, External and Internal Communications as well as Investor Relations.

Decisions of the Annual General Meeting

KONE Corporation's Annual General Meeting in Helsinki on February 25, 2008 confirmed the number of members of the Board of Directors to be seven and the number of deputy members to be one. Re-elected as full members of the Board were Matti Alahuhta, Reino Hanhinen, Antti Herlin, Sirkka Hämäläinen-Lindfors, Sirpa Pietikäinen, Masayuki Shimono and Iiro Viinanen, and as a deputy member Jussi Herlin. The term of the Board ends at the next Annual General Meeting.

At its meeting held after the Annual General Meeting, the Board of Directors elected Antti Herlin as its Chairman and Sirkka Hämäläinen-Lindfors as the Vice Chairman of the Board.

The Annual General Meeting decided to amend the Articles of Association due to the new Companies Act, which entered into force on September 1, 2006. The new Articles of Association can be found at www.kone.com.

In addition, the Annual General Meeting decided to increase the number of shares in the company by issuing new shares to the shareholders without payment in proportion to their holdings so that one class A share was be given for each class A share and one class B share was given for each class B share. The new shares were admitted to public trading and entered into the book-entry system on February 29, 2008.

The Annual General Meeting decided that the share subscription period for the 2005C option rights will begin on April 1, 2008. In addition, it was decided that EUR 0.25 of the subscription price to be paid for the new shares issued based on the 2005A, 2005B, 2005C, and 2007 option rights will be credited to the share capital, and that the remaining part will be credited to the paid-up unrestricted equity reserve. Due to the increase in the number of shares, the Annual General Meeting decided that the number of shares to be subscribed for based on the 2005A, 2005B, 2005C and 2007 option rights will increase, and the share subscription price will decrease in the same proportion.

In addition, the Annual General Meeting authorized the Board of Directors to repurchase KONE's own shares with assets distributable as profit. The shares may be repurchased in order to develop the capital structure of the Company, finance or carry out possible acquisitions, implement the Company's share-based incentive plans, or to be transferred for other purposes or to be cancelled. Altogether no more than 25,570,000 shares may be repurchased, of which no more than 3,810,000 may be class A shares and 21,760,000 class B shares.

The Annual General Meeting also authorized the Board of Directors to decide on the distribution of any shares repurchased by the company. The authorization is limited to a maximum of 3,810,000 class A shares and 21,760,000 class B shares. The Board shall have the right to decide to whom to issue the shares, i.e. to issue shares in deviation from the pre-emptive rights of shareholders.

The repurchased shares may be used as compensation in acquisitions and in other arrangements as well as to implement the Company's share-based incentive plans in the manner and to the extent decided by the Board of Directors. The Board of Directors also has the right to decide on the distribution of the shares in public trading on the NASDAQ OMX Helsinki Ltd for the purpose of financing possible acquisitions. The shares shall be distributed at least at the market price at the moment of their transfer determined on the basis of the trading price for class B shares determined in public trading on the NASDAQ OMX Helsinki Ltd.

These authorizations shall remain in effect for a period of one year from the date of the decision of the Annual General Meeting.

PricewaterhouseCoopers Oy, Authorized Public Accountants and Heikki Lassila, APA, were re-elected as the Company's auditors.

Dividend

The Annual General Meeting approved the Board's proposal for a dividend of EUR 1.29 for each class A share and EUR 1.30 for each outstanding class B share before the increase in the number of shares due to the share issue without payment. This amounted to EUR 163,619,671.52 for the financial year, which ended December 31, 2007. The date of the dividend payment was March 6, 2008.

Share capital and market capitalization

The KONE 2005A and KONE 2005B options based on the KONE Corporation option program 2005 were listed on the main list of the NASDAQ OMX Helsinki Ltd on June 1, 2005. Each option entitles its holder to subscribe for twelve (12) class B shares at a price of EUR 4.02 per share.

In 2005, KONE also granted a conditional option program, 2005C. The 2005C stock options were listed on the NASDAQ OMX Helsinki in Finland as of April 1, 2008. The total number of 2005C stock options is 2,000,000 of which 522,000 are owned by a subsidiary of KONE Corporation. Each option right entitles its owner to subscribe for two (2) KONE Corporation class B shares at a price of EUR 12.55 per share.

As of September 30, 2008, 1,969,360 shares have been subscribed for with the options, raising KONE's share capital to EUR 64,247,095.00. The share capital comprises 218,884,024 listed class B shares and 38,104,356 unlisted class A shares.

At the end of September 2008, the remaining number of shares that can be subscribed for was 4,647,660. The remaining 2005B options entitle their holders to subscribe for 666,960 and the remaining 2005C for 3,980,700 class B shares. The share subscription period for series A options ended on March 31, 2008. The share subscription period for series B and series C options will end on March 31, 2009, and April 30, 2010, respectively. As the 2005A options subscription period ended on March 31, 2008, all remaining series A options have been used and the shares were entered in the Finnish Trade Register in April.

In December 2007, KONE Corporation's Board of Directors decided to grant stock option rights to approximately 350 employees of the global organization of KONE based on the authorization granted by the Annual General Meeting on February 26, 2007. A maximum of 2,000,000 options in total can be granted. The share subscription period for stock option 2007 will be April 1, 2010–April 30, 2012. The share subscription period begins only if the average turnover growth of the KONE Group for the 2008 and 2009 financial years exceeds the market growth and if the earnings before interest and taxes (EBIT) of the KONE Group for the financial year 2008 exceeds the EBIT for the 2007 financial year, and the EBIT for the 2009 financial year exceeds the EBIT for the 2008 financial year.

The share issue without payment approved by KONE Corporation's Annual General Meeting on February 25, 2008 was entered in the Trade Register on February 28, 2008. The share issue without payment has the same effect as a share split. The number of shares in the company was increased by issuing new shares to the shareholders without payment in proportion to their holdings so that one class A share was given for each class A share and one class B share for each class B share.

KONE´s market capitalization was EUR 4,790 million as of September 30, 2008, disregarding own shares in the Group's possession.

Share buy-back

On the basis of the Annual General Meeting's authorization, KONE Corporation's Board of Directors decided to commence repurchasing shares at the earliest on March 7, 2008.

During January 1–September 30, 2008 KONE did not use its authorization to repurchase its own shares. In April, 326,000 class B shares assigned to the share-based incentive plan for the the company's senior management were transferred from KNEBV Incentive Ky to the participants due to achieved targets for the financial year 2007. At the end of September, the group had 4,905,506 class B shares in its possession. The shares in the group's possession represent 2.2% of the total number of class B shares. This corresponds to 0.8% of the total voting rights.

Shares traded on NASDAQ OMX Helsinki

The NASDAQ OMX Helsinki traded 151.5 million (the number of shares has been adjusted to the increase in the number of shares due to the share issue without payment) KONE Corporation's class B shares in January-September, equivalent to a turnover of EUR 3,348 million. The daily average trading volume was 805,448 (1–9/2007: 800,422) (the numbers of shares have been adjusted to the increase in the number of shares due to the share issue without payment). The share price on September 30, 2008 was EUR 19.00. The volume weighted average share price during the period was EUR 22.59. The highest quotation during the January-September was EUR 27.87 and the lowest 17.91.

The number of registered shareholders at the beginning of the review period was 13,650 and 14,655 at its end. The number of private households holding shares totaled 13,176 or 11.5% of the listed class B shares at the end of the period.

According to the nominee registers, approximately 44.8% of the listed class B shares were owned by foreigners at September 30, 2008. Other foreign ownership at the end of the period totaled 7.6%; thus a total of approximately 52.4% of the company's listed class B shares were owned by international investors, corresponding to approximately 20% of the total votes in the company.

Flagging notifications

Tweedy Brown Company LLC (Reg. no. 801/10669) announced on April 30, 2008, pursuant to the Securities Markets Act chapter 2, section 9, that its holding in KONE Corporation was below five (5) % (1/20) of the share capital on March 9, 2007.

Market outlook

We estimate that the demand for new equipment will further decline in many markets during the final quarter of 2008, whilst the modernization and maintenance markets will grow. We believe that KONE has opportunities to reach a higher growth in orders received during Q4 than in Q3 2008, provided that the global financial markets will continue to function.

Outlook

KONE reiterates its outlook given on July 22, 2008.

KONE´s target for 2008 is to achieve, at comparable exchange rates, a growth of more than 10% in net sales, compared to 2007. The operating income (EBIT) target is to achieve a growth close to 20% compared to the 2007 figure of EUR 473 million. This corresponds to an operating income (EBIT) margin of at least 12.0%.

KONE defined its vision and redefined its strategy at the end of 2007 to better respond to current changes in the business environment and to deepen the customer focus in all operations. In May 2008, KONE defined its new long-term financial targets. These new financial targets replace the targets set in May 2005. The new long-term objectives are: Growth: faster than market; Profitability: EBIT 14%; Cash flow: Improving working capital.

Helsinki, October 21, 2008

KONE Corporation

Board of Directors

CONSOLIDATED STATEMENT OF INCOME

MEUR	7–9/2008	%	7–9/2007	%	1–9/2008	%	1–9/2007	%	1–12/2007	%
Sales	1,123.8		971.6		3,171.2		2,784.7		4,078.9	
Costs and expenses	-958.0		-830.4		-2,752.5		-2,571.5		-3,699.8	
Depreciation	-19.8		-14.5		-49.5		-42.8		-58.3	
Operating income	146.0	13.0	126.7	13.0	369.2	11.6	170.4	6.1	320.8	7.9
Share of associated companies' net income	0.9		0.7		1.7		0.9		1.7	
Financing income	5.3		2.7		12.8		11.8		16.6	
Financing expenses	-8.8		-6.9		-19.6		-18.9		-25.1	
Income before taxes	143.4	12.8	123.2	12.7	364.1	11.5	164.2	5.9	314.0	7.7
Taxes	-35.9		-31.4		-93.9		-84.5		-133.7	
Net income	107.5	9.6	91.8	9.4	270.2	8.5	79.7	2.9	180.3	4.4
Net income attributable to:										
Shareholders of the parent company	107.5		91.4		269.8		79.4		180.1	
Minority interests	0.0		0.4		0.4		0.3		0.2	
Total	107.5		91.8		270.2		79.7		180.3	
Earnings per share for profit attributable to the shareholders of the parent company, EUR										
Basic earnings per share	0.42		0.37		1.07		0.32		0.72	
Diluted earnings per share	0.42		0.37		1.06		0.32		0.71	

The result for the comparison period of 1–9/2007 includes an expense of MEUR 142.0 related to the European Commission's fine decision. In addition to this, the result for the comparison period of 1–12/2007 includes a MEUR 22.5 provision for the Austrian Cartel Court's fine decision and a MEUR 12.1 profit from the sale of the KONE Building.

CONDENSED CONSOLIDATED BALANCE SHEET

Assets MEUR	Sep 30, 2008	Sep 30, 2007	Dec 31, 2007
Non-current assets			
Intangible assets	663.6	626.1	630.4
Tangible assets	210.1	223.6	201.0
Loans receivable and other interest-bearing assets	1.8	2.8	1.7
Deferred tax assets	112.7	133.7	118.6
Investments	148.2	133.4	131.3
Total non-current assets	1,136.4	1,119.6	1,083.0
Current assets			
Inventories	986.4	867.5	773.2
Advance payments received	-919.2	-801.1	-694.6
Accounts receivable and other non interest-bearing assets	1,037.3	878.7	924.5
Current loans and receivables	150.6	135.9	118.9
Cash and cash equivalents	183.5	129.0	154.9
Total current assets	1,438.6	1,210.0	1,276.9
Total assets	2,575.0	2,329.6	2,359.9

Equity and liabilities MEUR	Sep 30, 2008	Sep 30, 2007	Dec 31, 2007
Equity	875.0	650.8	749.2
Non-current liabilities			
Loans	222.5	177.2	175.8
Deferred tax liabilities	30.2	33.8	25.9
Employee benefits	126.1	142.8	131.9
Total non-current liabilities	378.8	353.8	333.6
Provisions	68.6	63.2	86.6
Current liabilities			
Loans	104.1	259.0	191.4
Accounts payable and other liabilities	1,148.5	1,002.8	999.1
Total current liabilities	1,252.6	1,261.8	1,190.5
Total equity and liabilities	2,575.0	2,329.6	2,359.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MEUR	Share capital	Share premium account [1]	Fair value and other reserves	Translation differences	Own shares	Retained earnings	Minority interests	Total equity
Jan 1, 2008	64.2	100.2	5.5	-31.3	-87.8	698.1	0.3	749.2
Net income for the period						269.8	0.4	270.2
Items booked directly into equity:								
Transactions with shareholders and minority shareholders:								
Dividends paid						-163.6		-163.6
Issue of shares (option rights)	0.0	1.2						1.2
Purchase of own shares								-
Sale of own shares								-
Change in minority interests							0.3	0.3
Cash flow hedge			-3.1					-3.1
Translation differences				20.4				20.4
Hedging of foreign subsidiaries				-10.0				-10.0
Tax impact of hedging				2.6				2.6
Option and share based compensation					4.7	3.1		7.8
Sep 30, 2008	64.2	101.4	2.4	-18.3	-83.1	807.4	1.0	875.0

[1] For share subscriptions after February 25, the remaining part of the share subscription price after share capital has been credited to paid-up unrestricted equity reserve, which is included in the share premium account. The amount credited in the paid-up equity reserve is EUR 1.1 million.

MEUR	Share capital	Share premium account	Fair value and other reserves	Translation differences	Own shares	Retained earnings	Minority interests	Total equity
Jan 1, 2007	64.0	98.0	-0.5	-14.0	-91.2	638.8	3.5	698.6
Net income for the period						79.4	0.3	79.7
Items booked directly into equity:								
Transactions with shareholders and minority shareholders:								
Dividends paid						-125.1		-125.1
Issue of shares (option rights)	0.1	0.8						0.9
Purchase of own shares					-0.3			-0.3
Sale of own shares								-
Change in minority interests							-1.4	-1.4
Cash flow hedge			3.8					3.8
Translation differences				-10.7				-10.7
Hedging of foreign subsidiaries				-1.0				-1.0
Tax impact of hedging				0.3				0.3
Option and share based compensation					3.7	2.3		6.0
Sep 30, 2007	64.1	98.8	3.3	-25.4	-87.8	595.4	2.4	650.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MEUR	Share capital	Share premium account	Fair value and other reserves	Translation differences	Own shares	Retained earnings	Minority interests	Total equity
Jan 1, 2007	64.0	98.0	-0.5	-14.0	-91.2	638.8	3.5	698.6
Net income for the period						180.1	0.2	180.3
Items booked directly into equity:								
Transactions with shareholders and minority shareholders:								
Dividends paid						-125.1		-125.1
Issue of shares (option rights)	0.2	2.2						2.4
Purchase of own shares					-0.3			-0.3
Sale of own shares								-
Change in minority interests							-3.4	-3.4
Cash flow hedge			6.0					6.0
Translation differences				-18.4				-18.4
Hedging of foreign subsidiaries				1.5				1.5
Tax impact of hedging				-0.4				-0.4
Option and share based compensation					3.7	4.3		8.0
Dec 31, 2007	64.2	100.2	5.5	-31.3	-87.8	698.1	0.3	749.2

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

MEUR	1–9/2008	1–9/2007	1–12/2007
Operating income	369.2	170.4	320.8
Change in working capital	20.2	50.8	0.9
Depreciation	49.5	42.8	58.3
Cash flow from operations	438.9	264.0	380.0
Cash flow from financing items and taxes	-86.7	-77.5	-134.0
Cash flow from operating activities	352.2	186.5	246.0
Cash flow from investing activities	-96.9	-108.4	-94.6
Cash flow after investing activities	255.3	78.1	151.4
Purchase and sale of own shares	-	-0.3	-0.3
Issue of shares	1.2	0.9	2.4
Dividends paid	-163.3	-125.1	-125.1
Change in loans receivable	-27.7	27.0	42.0
Change in loans payable	-40.0	38.9	-24.0
Cash flow from financing activities	-229.8	-58.6	-105.0
Change in cash and cash equivalents	25.5	19.5	46.4
Cash and cash equivalents at end of period	183.5	129.0	154.9
Translation difference	-3.1	0.0	1.0
Cash and cash equivalents at beginning of period	154.9	109.5	109.5
Change in cash and cash equivalents	25.5	19.5	46.4

Change in interest-bearing net debt

MEUR	1–9/2008	1–9/2007	1–12/2007
Interest-bearing net debt at beginning of period	91.7	124.9	124.9
Interest-bearing net debt at end of period	-9.3	168.5	91.7
Change in interest-bearing net debt	-101.0	43.6	-33.2

The EUR 142.0 million fine for the European Commision’s decision is included in the interest-bearing net debt.

NOTES FOR THE INTERIM REPORT

Key figures

		1–9/2008	1–9/2007	1–12/2007
Basic earnings per share	EUR	1.07	0.32	0.72
Diluted earnings per share	EUR	1.06	0.32	0.71
Equity per share	EUR	3.47	2.58	2.98
Interest-bearing net debt	MEUR	-9.3	168.5	91.7
Total equity/total assets	%	34.0	27.9	31.7
Gearing	%	-1.1	25.9	12.2
Return on equity	%	44.4	15.8	24.9
Return on capital employed	%	33.3	12.0	18.6
Total assets	MEUR	2,575.0	2,329.6	2,359.9
Assets employed	MEUR	865.7	819.3	840.9
Working capital (including financing and tax items)	MEUR	-156.2	-163.8	-121.8

The Calculation of the Key Figures has been presented in the Annual Report 2007 published on January 25, 2008. The formula for Return on Capital Employed (%) has been revised, the new formula is presented below:

$$\text{Return on Capital Employed (\%)} = \frac{\text{Net Income + Financing Expenses}}{\text{Equity + Interest-bearing Debt (average of the figures for the accounting period)}}$$

Sales by geographical areas

MEUR	1–9/2008	%	1–9/2007	%	1–12/2007	%
EMEA[1)]	2,067.4	65	1,808.2	65	2,675.3	65
Americas	609.7	19	595.6	21	840.8	21
Asia-Pacific	494.1	16	380.9	14	562.8	14
Total	3,171.2		2,784.7		4,078.9	

1) EMEA = Europe, Middle East, Africa

Quarterly figures

		Q3/2008	Q2/2008	Q1/2008	Q4/2007	Q3/2007	Q2/2007	Q1/2007
Orders received	MEUR	892.4	1,092.4	1,117.5	901.9	926.3	944.4	902.1
Order book	MEUR	4,002.8	3,838.7	3,617.4	3,282.3	3,473.6	3,318.0	3,105.7
Sales	MEUR	1,123.8	1,142.1	905.3	1,294.2	971.6	1,001.9	811.2
Operating income	MEUR	146.0	136.7	86.5	160.8[1)]	126.7	116.4	69.3[2)]
Operating income	%	13.0	12.0	9.6	12.4[1)]	13.0	11.6	8.5[2)]

		Q4/2006	Q3/2006	Q2/2006	Q1/2006
Orders received	MEUR	712.1	742.0	821.9	840.3
Order book	MEUR	2,762.1	2,951.0	2,818.0	2,654.0
Sales	MEUR	1,145.6	879.8	840.4	735.0
Operating income	MEUR	123.4	101.1	83.9	51.7
Operating income	%	10.8	11.5	10.0	7.0

1) Excluding a MEUR 22.5 provision for the Austrian Cartel Court's fine decision and a MEUR 12.1 profit from the sale of the KONE Building.
2) Excluding an expense of MEUR 142.0 related to the European Commission's fine decision.

NOTES FOR THE INTERIM REPORT

Orders received

MEUR	1–9/2008	1–9/2007	1–12/2007
	3,102.3	2,772.8	3,674.7

Order book

MEUR	Sep 30, 2008	Sep 30, 2007	Dec 31, 2007
	4,002.8	3,473.6	3,282.3

Capital expenditure

MEUR	1–9/2008	1–9/2007	1–12/2007
In fixed assets	38.8	30.2	58.1
In leasing agreements	8.5	8.1	9.2
In acquisitions	49.6	40.6	49.6
Total	96.9	78.9	116.9

R&D Expenditure

MEUR	1–9/2008	1–9/2007	1–12/2007
	40.7	36.2	50.7
R&D expenditure as percentage of sales	1.3	1.3	1.2

Number of employees

	1–9/2008	1–9/2007	1–12/2007
Average	33,658	30,365	30,796
At the end of the period	34,548	31,383	32,544

Commitments

MEUR	Sep 30, 2008	Sep 30, 2007	Dec 31, 2007
Mortgages			
Group and parent company	0.7	30.7	0.7
Pledged assets			
Group and parent company	5.1	4.8	4.8
Guarantees			
Associated companies	4.0	1.7	5.3
Others	6.2	1.0	6.3
Operating leases	157.4	119.3	148.9
Total	173.4	157.5	166.0

The future minimum lease payments under non-cancellable operating leases

MEUR	Sep 30, 2008	Sep 30, 2007	Dec 31, 2007
Less than 1 year	41.9	33.5	39.0
1–5 years	99.8	76.3	91.2
Over 5 years	15.7	9.5	18.7
Total	157.4	119.3	148.9

Derivatives

Fair values of derivative financial instruments MEUR	positive fair value Sep 30, 2008	negative fair value Sep 30, 2008	net fair value Sep 30, 2008	net fair value Sep 30, 2007	net fair value Dec 31, 2007
FX Forward contracts	9.6	7.4	2.2	3.1	6.0
Currency options	0.7	0.7	0.0	0.0	0.0
Cross-currency swaps, due under one year	-	-	-	2.7	2.9
Cross-currency swaps, due in 1–3 years	2.3	3.9	-1.6	7.8	8.9
Electricity derivatives	0.9	0.1	0.8	0.7	0.9
Total	13.5	12.1	1.4	14.3	18.7

Nominal values of derivative financial instruments

MEUR	Sep 30, 2008	Sep 30, 2007	Dec 31, 2007
FX Forward contracts	588.7	553.2	527.3
Currency options	125.7	30.8	15.6
Cross-currency swaps, due under one year	-	20.0	20.0
Cross-currency swaps, due under 1–3 years	136.7	136.7	136.7
Electricity derivatives	4.5	3.9	2.5
Total	855.6	744.6	702.1

SHARES AND SHAREHOLDERS

Sep 30, 2008	Class A shares	Class B shares	Total
Number of shares	38,104,356	218,884,024	256,988,380
Own shares in possession [1]		4,905,506	
Share capital, EUR			64,247,095
Market capitalization, MEUR			4,790
Number of shares traded (millions), 1–9/2008		151.5	
Value of shares traded, MEUR, 1–9/2008		3,348	
Number of shareholders	3	14,655	14,655

	Close	High	Low
Class B share price, EUR, 1–9/2008	19.00	27.87	17.91

[1] During the third quarter of 2008, the authorization to repurchase shares was not used. In April, 326,000 class B shares assigned to the share-based incentive plan for the the company's senior management were transferred from KNEBV Incentive Ky to the participants due to achieved targets for the financial year 2007. Due to the share issue without payment (registered on February 28, 2008) the number of shares in the company was increased by issuing new shares to the shareholders without payment in proportion to their holdings so that one class A share was given for each class A share and one class B share for each class B share.

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KONE's objective is to offer the best people flow experience by developing and delivering solutions that enable people to move smoothly, safely, comfortably and without waiting in buildings in an increasingly urbanizing environment. KONE provides its customers with industry-leading elevators, escalators and innovative solutions for modernization and maintenance, and is one of the global leaders in its industry. In 2007, KONE had annual net sales of EUR 4.1 billion and over 32,500 employees. KONE class B shares are listed on the NASDAQ OMX Helsinki Ltd in Finland.