2 May, 2005

KONE Audited Financial Statements for the Accounting Period 1 January 2004–31 March 2005, IFRS

- The plan to demerge the company into two separately listed corporations, KONE Corporation and Cargotec Corporation, and to extend the current accounting period to end 31 March, 2005 was approved by an extraordinary shareholders' meeting on 17 December, 2004. As a result, the consolidated figures for the 15-month period under review are not comparable to the figures for year 2003, which are shown in brackets.
- The period under review includes non-recurring revenue from the sale of businesses and a provision for the non-recurring costs of an elevator and escalator operations development and restructuring program.
- Consolidated net sales totaled MEUR 5,562 (1–12/2003: 5,410).
- Operating income was MEUR 530.4 (437.0), or 9.5 (8.1) percent of net sales. Consolidated operating income includes a provision of MEUR 89,2 million for the non-recurring cost of the development and restructuring program and capital gains of EUR 187.8 (24.9) million.
- Cash flow from operating activities was MEUR 270.3 (435.5).
- Interest-bearing net debt decreased to MEUR 335.2 (end of 2003: 746.7).
- Net income was MEUR 308.4 (302.7).
- Diluted earnings per share from continuing operations was EUR 3.72 (3.96).
- The Board of Directors proposes that a dividend of EUR 1.98 (1.98) be paid for each class A share and EUR 2.00 (2.00) for each class B share from retained earnings.
- Matti Alahuhta started in the position of President of KONE Corporation on 1 January, 2005.

KONE changed over to the International Financial Reporting Standards (IFRS) effective 1 January, 2004. The comparison figures for 2003 have been adjusted to reflect IFRS practices. For further information regarding the impact of the transition from Finnish Accounting Standards (FAS) to IFRS, please refer to KONE's 8 April, 2004 and 18 June, 2004 announcements.

Pro forma figures for the period 1 January–31 March 2005 for the corporations to be formed in the demerger will be disclosed as separate releases. KONE's demerger prospectus published on 9 December, 2004 includes the pro forma calculation principles.

Sender:

KONE Corporation

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Board of Directors' Report

KONE's Extraordinary Shareholders' Meeting on 17 December, 2004 approved the demerger plan that the Board of Directors signed on 1 November, 2004, according to which KONE will split into two separate corporations, KONE Corporation and Cargotec Corporation. The planned date of registration is 31 May, 2005. The recipient corporations will apply for the listing of their class B shares and option rights on the main list of the Helsinki Stock Exchange as of 1 June, 2005.

The Extraordinary Shareholders' Meeting also approved the Board's proposal that the corporation's financial period be extended through 31 March, 2005.

As a result of these decisions, the consolidated figures for the 15-month period under review are not comparable to the figures for 2003, which are shown in brackets. The period under review also includes non-recurring revenue from the sale of businesses and a provision for the non-recurring costs of an elevator and escalator operations development and restructuring program.

In order to facilitate the evaluation of the financial performance and status of the companies, New KONE and Cargotec, to be listed in the demerger of KONE Corporation, separate pro forma reviews will be published in conjunction with this report. These reviews give a more detailed and comparable picture of the development of the market and the two businesses for the period 1 January–31 March, 2005. They present New KONE's and Cargotec's January–March 2005 financial results according to the business and corporate structure prevailing after the demerger, and are based on KONE Corporation's Financial Statements and the inclusion of the recently acquired MacGREGOR Group.

Discontinued Operations and Changes in Group Structure

The following divestments and discontinued businesses are included in the 2003 consolidated figures but no longer in the figures for the accounting period 1 January, 2004–31 March, 2005:
- Forest Machines business
- Tractors business
- Oy Sisu Auto Ab and discontinued non-core businesses
- Velsa Inc. (consolidated up to the end of October, 2004)

Kone Cargotec's acquisition of global marine cargo-flow solution and service provider MacGREGOR was finalized on 4 March, 2005, and MacGREGOR's balance sheet has been consolidated in KONE's balance sheet at the end of March 2005.

The parent company, KONE Corporation, transferred the operative elevator and escalator business in Finland to two fully owned Finnish subsidiaries on 1 October, 2004. The operative business unit and the export and major project units were transferred to KONE Elevators Ltd. The Finnish production units were transferred to KONE Industrial Ltd. Shared headquarter functions remain in the parent company, KONE Corporation.

During the accounting period KONE Finance Oy, Tracfin Holding Oy and KONE Lift Oy were merged in the parent company, KONE Corporation.

KONE’s Financial Result, Balance Sheet, Cash Flow and Personnel

KONE’s consolidated net sales in the 15-month period 1 January, 2004–31 March, 2005 totaled EUR 5,562 (1–12/2003: 5,410) million.

Consolidated operating income in the period 1 January, 2004–31 March, 2005 totaled EUR 530.4 (437.0) million, representing 9.5 (8.1) percent of net sales.

Net income totaled EUR 308.4 (302.7) million and diluted earnings per share from continuing operations equaled EUR 3.72 (3.96). Cash flow from operating activities was EUR 270.3 (435.5) million.

KONE’s net debt at the end of March 2005 was EUR 335.2 (end of 2003: 746.7) million. Total equity as a share of total assets was 37 (29) percent. Gearing was 25 (67) percent. Total assets amounted to EUR 3,667 (3,824) million, and assets employed totaled EUR 1,677 (1,862) million.

KONE had 33,021 (33,305) employees at the end of March 2005. The average number of employees during 1 January, 2004–31 March, 2005 was 30,976 (34,489).

KONE Elevators & Escalators

Market Review, Orders Received and Order Book

In recent years, demand for new equipment has shown moderate growth, with Asia recording strong growth while the more mature markets of North America and Europe have remained fairly unchanged. This development also characterized the period under review.

Orders received in 1 January, 2004–31 March, 2005, excluding the value of maintenance contracts, totaled EUR 2,706 (2003: 2,021) million. At the end of March 2005, the order book amounted to EUR 2,023 (end of 2003: 1,640) million. The average margin for the order book is somewhat below the end-2003 level.

Total order intake in Europe, the Middle East and Africa (EMEA) rose despite weakness on some markets, buoyed particularly by strong demand in the Middle East. The residential sector showed healthy growth in several major markets. In general, new equipment demand in Europe was at a low level in the office and retail sector.

The pricing environment remained tough, especially in the escalator market, where lower demand combined with increasing imports from China led to lower prices. In Germany, heavy pressure on construction prices resulting from overcapacity in the market led to elevator price erosion.

The service business in Europe was characterized by tougher competition, which was influenced by the bleak economic outlook. The trend of large customers to bundle maintenance contracts for their entire equipment base continued. Modernization demand continued to increase steadily, supported by growing demand for full replacements and the installation of elevators in existing buildings that do have them.

In North America, the new equipment market began to recover from the last quarter of 2004 onwards. Acceptance of the machine-room-less elevator concept continued to gain ground in the U.S.A. as all major competitors have followed KONE's lead and begun marketing their own solutions. As a result of the improved U.S. economy, there is pent-up demand for new building starts in the office, residential, hotel and public transportation segments. Price levels were still low because of tough competition, but increased material costs resulted in signs of pressure on prices easing somewhat towards the end of the period under review.

The service business in the U.S.A. suffered from high industry-wide labor inflation, which was not fully reflected in higher prices.

Strong growth in new equipment demand in China and India boosted growth in the Asia-Pacific region. KONE's order-intake activity in the Asia-Pacific region remained roughly unchanged for the 15-month period under review, but order intake posted increases the last quarter of 2004 and first quarter of 2005. Products made in China have achieved acceptance in other Asian markets. In particularly, the pricing environment for escalators suffered due to production capacity increases in China. Maintenance demand in China grew strongly as a result of the rapid growth of the installed base.

Net Sales

Net sales during 1 January, 2004–31 March, 2005 totaled EUR 3,516 (1–12/2003:2,856) million. Europe, the Middle East and Africa (EMEA) accounted for 66 (65) percent, North America for 22 (24) percent and Asia-Pacific for 12 (11) percent of net sales.

Revenue from new equipment sales in the 15-month period under review was EUR 1,339 (1,163) million, or 38 (41) percent of total revenue. Service revenue totaled EUR 2,177 (1,693) million, or 62 (59) percent of total revenue, including building door service revenue of EUR 205 (130) million.

The number of elevators and escalators under service contract increased slightly to more than 550,000 (end of 2003: 520,000) units, of which approximately 420,000 are in Europe, over 90,000 in North America and more than 35,000 in the Asia-Pacific region.

Profitability

KONE Elevators and Escalators' operating income during 1 January, 2004–31 March, 2005 was EUR 208.2 (289.6) million, representing 5.9 (10.1) percent of net sales. This figure includes both the EUR 89.2 million provision for the development and restructuring program described below and a positive impact of EUR 15.3 million from the reversal of disability pensions.

The overall profitability in the maintenance business was stable despite some erosion in the U.S.A. due to significant labor inflation. The decline in operating profitability, disregarding the EUR 89.2 million provision for the development and restructuring program, was mainly due to lower profitability in the new equipment business as the pricing environment remained tough while material and labor costs increased. The profitability of the new equipment business also suffered from cost overruns in some major projects in the first half of 2004.

Net working Capital and Cash Flow

At the end of March 2005, net working capital allocated to KONE Elevators & Escalators was negative at EUR –246.4 (end of 2003: –184.2) million. The EUR 89.2 million provision for the development and restructuring program reduced working capital. Due to the timing of maintenance contract payments, working capital is seasonally lower at the end of March than at the end of the calendar year.

Cash flow from operations (before financial items and taxes) totaled EUR 357.1 (331.3) million.

Elevator and Escalator Development and Restructuring Program

KONE's Board of Directors decided in 19 October, 2004 to initiate preparations for a development and restructuring program in order to secure the long-term competitiveness and profitability of its elevator and escalator business. The program was published on 17 March, 2005.

In order to improve the productivity of production lines and the cost-competitiveness of KONE products, certain supply functions are to be relocated and production volumes are to be consolidated in cost-effective locations. In addition, KONE will continue consolidating certain competencies globally in order to achieve benefits of scale.

The initiatives in this plan will be implemented in the new equipment business during 2005–2006 and are aimed at returning KONE to double-digit EBIT margin by 2007. In total, the plans affect almost 450 jobs globally in KONE's elevator and escalator business. Some 300 of these positions – located in Hattingen, Germany – are affected by the plan to discontinue escalator manufacturing in Germany. The plan to concentrate production of electrification components in two locations would affect about 95 jobs in Bristol in the U.K. The rest of the positions are located in production units in the U.S.A. and Finland and in global KONE functions that are indirectly affected by the initiatives to be taken in the manufacturing functions.

The measures presented in this program target an annual positive impact on operating income of almost EUR 30 million with much of this effect already being felt in 2006.

The total one-time operating income impact of the program, including lay-offs, canceling of long-term commitments, and write-offs of assets will be close to EUR 90 million.

Capital Expenditure and Product Development

Capital expenditure totaled EUR 184.0 (100.4) million, of which acquisitions accounted for EUR 124.1 (59.9) million. KONE's new elevator component plant in the Czech Republic started production of elevator doors in December, 2004. Production also came on stream in the expanded escalator plant in China.

KONE Elevators & Escalators' product development expenditures in the 15-month period under review totaled EUR 51.8 (40.5) million, representing 1.5 (1.4) percent of net sales. Research and development investment and resources are increasingly being allocated to develop maintenance and modernization offerings. KONE Proximity is a real-time customer service concept that encompasses remote equipment monitoring, field terminals for service personnel, extranet-based maintenance service and customer care centers, which are examples of ongoing initiatives.

In 2004, KONE also introduced a new technology platform, KONE MaxiSpace™, that eliminates the need for counterweights in roped elevators. Elevators using this technology can have cabins as much as one-third larger than traditional elevators designed for the same hoistway space, enabling KONE to offer a 6- or even 8-passenger elevator where previously only a 4-passenger unit could have been installed.

In 2004, KONE MaxiSpace™ received pan-European approval, and the first pilot installations were successfully completed. KONE MaxiSpace™ was well received on the market. Low-volume deliveries for the full replacement market have started, and installations will be completed during 2005. Currently KONE is building up the supply chain to support increased order and installation volumes across Europe in 2006.

Acquisitions and Cooperation Agreements

KONE continued its aggressive acquisition activity in order to strengthen its position in growth markets and to increase the density of its maintenance base. Most of the acquired units were local elevator or door service companies.

In 2004, KONE substantially increased its market share in India with the acquisition of Bharat Biljee Limited's elevator operations (BBL). BBL has a maintenance portfolio of about 5,000 units and sells some 800 new elevators annually. BBL's elevator business net sales total approximately EUR 12 million.

KONE also began its own operations in Korea by acquiring a majority shareholding in Soolim Elevator.

In February 2005, KONE and Giant Elevator Co. Ltd of China agreed to form an independent joint venture: Giant Kone Elevator Company Ltd. KONE will own 40 percent of Giant-Kone, Giant Elevator will own 60 percent, and KONE has an option to increase its shareholding to more than 50 percent. Giant Elevator, with annual sales of EUR 18 million and 1,100 units, a service base of 2,500 elevators, and 620 employees, is one of the largest national elevator companies in China.

In February 2005, KONE also acquired U.K. Lift Company Ltd, with annual sales of approximately EUR 40 million and 200 employees.

In March 2005, KONE acquired a controlling interest in Thai Lift Industries Public Company Limited, which is listed on the Stock Exchange of Thailand, and made a public offer to acquire all its outstanding shares. Thai Lift has represented KONE in Thailand for more than ten years and is a leading elevator company in the Thai market with 2004 net sales of approximately EUR 9.2 million, 2,500 units under maintenance contract and annual installations of more than 400 elevators, a majority of which are KONE products.

The following distributors became fully owned subsidiaries during the period under review: Kandur (Estonia), Liftco Hellas (Greece), I-Select (Iceland), Industrial Logistics (Ireland) and SIA KONE Lifti (Latvia).

KONE and Toshiba Elevator and Building Systems Corporation agreed to strengthen their alliance through a licensing arrangement enabling KONE to supply high-speed double-deck elevators based on Toshiba's proven technology.

The building door service operations were strengthened through a strategic global alliance with the door systems supplier DORMA, and the addition of Door Systems, Inc. in the United States and Overhead Doors in Australia.

European Commission Investigation

In January 2004 the European Commission initiated an investigation of the European elevator and escalator industry, alleging anticompetitive behavior on an EEA-wide basis. As a result of an internal audit, KONE identified certain local anti-competitive practices in Belgium, Luxembourg and Germany but has not found evidence or indications of any European-wide anti-competitive practices.

KONE has taken immediate measures to stop anything that could potentially be considered anti-competitive behavior. KONE continues to be fully responsive to and cooperative with the European Commission's investigations.

Significant Events after the Period under Review

In April 2005, KONE and Toshiba Elevator and Building Systems Corporation (TELC) agreed to strengthen their alliance by establishing an independent joint-venture company for escalator production in China. KONE will own 70 percent of the new company, and TELC will own 30 percent. The joint venture will be the main source of escalators for both parties and will offer a full range of escalator products based on KONE and TELC designs.

The joint venture will operate two manufacturing facilities, consisting of the current KONE and TELC escalator manufacturing lines in China. Operations are expected to start during the second half of 2005 and reach full-scale operations in the second half of 2006.

Finalization of the agreement will follow approval by the appropriate authorities.

KONE also signed a joint-venture agreement with Russia's premier elevator company, Karacharovo Mechanical Factory (KMZ), which will significantly increase KONE's participation in the rapidly growing Russian elevator and escalator market. KONE will own 40 percent of the new company, KMZ-Kone, and KMZ's current beneficial owner will own 60 percent, with KONE holding an option to increase its shareholding to a majority stake. KONE and KMZ have a combined share of more than 35 percent in the Russian new elevator market, which totals about 15,000 units per year. KONE is strongly positioned in the high end of the market, while KMZ is Russia's largest elevator company and the market leader in the low end of the market with over 5,000 units produced in 2004. Initially, KMZ-Kone's annual sales are expected to exceed EUR 70 million.

KMZ-Kone aims to take advantage of significant maintenance and modernization growth opportunities by combining KONE's worldwide expertise with KMZ's market knowledge. In addition, immediate plans include identifying and implementing a new production site for a new elevator product line. Execution of the joint-venture agreement will follow approval by the appropriate authorities.

KONE announced at the end of April a new organizational structure, which takes effect from 1 May, 2005. The organization will be developed by clarifying and strengthening the matrix consisting on the one hand of global business units and on the other of areas comprising local sales and service companies. These developments will make it possible to respond better to the differing needs of various market areas while simultaneously taking advantage of globally harmonized processes, operational methods, and product and service concepts. At the same time the activities of the Major Project Unit activities will be strengthened, and its focus will be shifted to Asia.

Concurrently, KONE's area directors will become members of the Executive Board, and KONE management will be located more evenly across the company's main market areas. As of 1 May, the members of the Executive Board will include area directors Eric Maziol, Noud Veeger, Heimo Mäkinen and Pekka Kemppainen. Joining them will be Heikki Leppänen, who takes responsibility for New Elevator and Escalator Business, Peter de Neef, whose responsibility is Service Business and William Orchard, whose responsibility is the Major Project Unit. In addition, Aimo Rajahalme, Kerttu Tuomas, Klaus Cawén and Matti Alahuhta will continue in their current roles and as members of the Executive Board.

Outlook

KONE reiterates its outlook for unchanged operative profitability for the calendar year 2005, disregarding the EUR 89.2 million costs of the development and restructuring program. No major changes have been made to our expectations in regard to factors that will affect the operating environment during 2005: higher steel and oil prices, price competition and currency rates.

KONE Elevators & Escalators' focus in 2005 is on implementing the necessary changes to enable faster-than-market growth and improving profitability from 2006 onward. One key action is the implementation of the comprehensive development and restructuring program aimed at strengthening the competitiveness of our new equipment business. We have raised our ambition for growth. The key opportunity here is to better exploit growth opportunities in Asia, particularly in China and India, as well as in Russia. Other areas of growth include the machine-room-less elevator, high-rise segments and the market for modernizations.

Kone Cargotec

Market Review, Orders Received and Order Book

The investment cycle for investments in new ports and port expansions was at an exceptionally high level during the period under review. Container traffic is estimated to have increased by over 14 percent in 2004, as it did in 2003. This double-digit growth kept activity in ports at a continued high level, which was also reflected in strong demand for service, replacement investments and refurbishments.

The market for on-road load-handling solutions improved clearly in the period under review. The North American market continued to show the greatest growth, buoyed by the robust retail and building material markets, which increased demand for efficient local distribution solutions. Heavy truck sales grew by approximately 10 percent in Europe and by over 30 percent in North America in 2004 after several years of flat or decreasing sales.

Kone Cargotec's order intake in the 15-month period under review amounted to EUR 2,423 (1–12/2003: 1,482) million, of which Kalmar accounted for EUR 1,399 (834.9) million and Hiab for EUR 1,027 (653.2) million.

Kalmar benefited from high demand for all product lines. Port investments were at a high level, especially in Asia and Europe. In the Americas, the general strengthening of the U.S. economy led to significantly higher demand, in particular for terminal tractors in ports and distribution centers.

In Hiab, growth was strongest in North America. Hiab improved its market position by launching new load-handling applications. Demand in Europe, which is the largest market for equipment and services provided by Hiab, improved for all key products. Demand in Asia also continued to be strong.

Kone Cargotec's order book strengthened clearly and at the end of March 2005 totaled EUR 1,312 (end of 2003: 473.6) million. Kalmar accounted for EUR 624.4 (359.7) million, Hiab for EUR 241.2 (114.2) million and MacGREGOR for EUR 446.5 million of the order book.

In March 2005, Kalmar won a major order from Gateway Terminals India Pvt Ltd. (GTI) for the supply of 29 rubber-tired gantry cranes (RTGs) for a new terminal under construction at the Port of Nhava Sheva. GTI is joint venture between Maersk A/S and Container Corporation of India Ltd. and is due to start operations in August 2006. The RTGs will be delivered during 2006.

Net Sales

Net sales in 1 January, 2004–31 March, 2005 amounted to EUR 2,046 (1,364) million. Production capacity was increased in both Kalmar and Hiab, which facilitated the necessary increase in delivery volumes, especially from the third quarter of 2004 onward.

Kone Cargotec's service revenue amounted to EUR 402 million, accounting for 20 (19) percent of net sales. Of total revenue, Kalmar's service business accounted for 24 (23) percent and Hiab for 14 (14) percent.

Profitability

Kone Cargotec's operating income in 1 January, 2004–31 March, 2005 rose to EUR 149.4 (76.7) million or 7.3 (5.6) percent of net sales. This includes a non-recurring pension liability reversal of EUR 3.1 million. Both Kalmar's and Hiab's operating income rose clearly as profitability continued to benefit from the strong market situation and increased deliveries. In addition, both businesses saw further benefits from the restructuring of production done over the past three years.

Profitability was negatively affected by the weaker dollar and, especially in the fourth quarter of 2004 and first quarter of 2005, by higher steel and component prices.

Net Working Capital and Cash Flow

At the end of March 2005, Kone Cargotec's net working capital was EUR 211.7 (end of 2003: 197.6) million.

Kalmar's working capital decreased from the end of 2003 level despite substantially higher sales while Hiab's working capital increased due to higher volumes and work in progress. MacGREGOR's working capital was negative.

Cash flow from operations (before financial items and taxes) was EUR 155.5 (136.0) million. Kalmar's cash flow improved further due to the improvements achieved in capital turnover and operating income.

Capital Expenditure and Product Development

Capital expenditure amounted to EUR 211.3 (23.6) million, of which acquisitions accounted for EUR 183.1 (0.0) million. In addition, customer financing totaled EUR 21.3 (6.9) million.

In order to strengthen its position in the Asia-Pacific region, Kalmar has initiated an approximately USD 10 million investment in a new assembly plant in the Shanghai area. The assembly plant will primarily serve the Asian container-handling equipment market, which is the fastest growing area for most Kalmar products.

Hiab is also expanding its operations in Asia by starting up a demountables assembly plant in China. Assembly will begin in the new plant in Shanghai during 2005. This project will strengthen Hiab's position as a manufacturer of demountables, and it will prepare for future growth in the Asia-Pacific region. The target is to supply this region with demountable products from the new plant in the future.

Hiab launched its new corporate name in 2004, including name changes in most sales companies and a new unified visual identity for all product lines. The integration of sales outlets support Hiab's aim of offering load-handling products and services from under one roof.

Research and development expenditure was EUR 32.3 (25.1) million, which is 1.6 (1.8) percent of net sales. Kalmar's R&D expenses totaled EUR 13.5 million and, in addition, several product development projects were implemented jointly with customers. Hiab's R&D expenses totaled EUR 18.8 million.

New Products

In 2004, Kalmar launched its seventh generation straddle carrier, a new 6–9 ton forklift range and a new RoRo terminal tractor. Kalmar's focus on increasing the automation and intelligence in its equipment range was enhanced by launching a simulation tool to assist customers in port design. In addition, Kalmar introduced to the market the first all-electric rubber-tired gantry (RTG), the E-One, which operates without hydraulics. The E-One contains fewer critical mechanical components and therefore provides less opportunity for mechanical failure, while extending the maintenance cycle.

Hiab launched several new products during 2004; complementary products to the successful HIAB XS loader crane range, the MULTILIFT XR hooklift system, six new LOGLIFT and JONSERED forestry cranes, ZEPRO's new generation of medium to heavy standard tail lifts, and the PRINCETON P40 truck-mounted forklift for the U.S. market. Some major launches are being made during the first half of 2005, which include the new MOFFETT M50 truck-mounted forklift in the high-volume product category for the North American markets.

Acquisitions and Divestments

Kone Cargotec agreed on 2 December, 2004 to purchase the entire share capital of global marine cargo-flow solution provider MacGREGOR International AB. The acquisition was finalized on 4 March, 2005.The debt-free transaction price was approximately EUR 180 million.

MacGREGOR is the global market leader in providing marine cargo flow solutions for ship owners, ship operators and shipyards. Its products include hatch covers, cranes, cargo-securing systems, RoRo equipment, shipboard elevators and escalators, and galleys. MacGREGOR's 2004 net sales totaled EUR 360 million. MacGREGOR employed 975 people at the end of December 2004. Because the elevator operations of MacGREGOR will be transferred to KONE Elevators & Escalators, the respective reported balance sheet and order book figures have been excluded from Kone Cargotec and are included in KONE Elevators & Escalators.

In February 2005, Hiab signed an agreement to divest the entire shareholding of Zetterbergs Produkt AB of Sweden to its operative management. Zetterbergs' product range comprises tipper and dumper bodies as well as other truck bodies. Its 2004 net sales totaled EUR 15 million, and it employed 143 people. The final necessary competition authority approvals were received on 22 April, 2005.

In October 2004, Kalmar divested the Finnish company, Velsa, which manufactures mobile cabins for machines. Furthermore, in March 2005 Kalmar sold Finmec, located in Estonia, which specializes in the welding and provision of steel components for heavy equipment.

Kalmar's own maintenance and rental services were further strengthened in the beginning of 2005 by the acquisition of companies specializing in these activities in the Netherlands. The acquisitions of Peinemann Kalmar CV and Peinemann Kalmar Rental BV strengthened Kalmar's strategy of expanding maintenance and rental services in major ports and container terminals around the world. In addition, Kalmar acquired Belgian BIA NV's Material Handling Equipment Division at the end of May 2004.

Changes in Kone Cargotec's Executive Committee

Tor-Erik Sandelin was appointed Senior Vice President, Service Business Development of Kone Cargotec, and member of the Executive Committee as of 1 September, 2004. Hans Pettersson, President of MacGREGOR, was appointed a member of the Executive Committee as of 4 March, 2005. Ms. Eeva Mäkelä was appointed Senior Vice President, Investor Relations and Communications of Kone Cargotec and a member of the Executive Committee effective 1 April, 2005. Sandelin, Pettersson and Mäkelä report to Kone Cargotec's President Carl-Gustaf Bergström.

Outlook

Kone Cargotec's outlook is based on figures including MacGREGOR. Order intake during the rest of the year is expected to return to a normalized level from the record levels experienced during the past twelve months. However, the current strong order backlog supports expectations of Kone Cargotec's net sales clearly exceeding EUR 2 billion in 2005. Comparable operating income is estimated to improve somewhat from the previous year despite the negative effects of changes in product mix, cost increases in raw materials and components, and currency effects.

KONE Shareholders' Meetings and Board of Directors

During KONE's Annual General Meeting (AGM) in February 2004, shareholders approved the 2003 financial statements and discharged the responsible parties from liability for the financial year. Dividends of EUR 1.98 for each of the 9,526,089 class A shares and EUR 2.00 for the 53,104,052 outstanding class B shares were approved. The rest of the distributable equity, EUR 743.6 million, will be retained and carried forward.

The number of members of the Board of Directors was confirmed at seven. Antti Herlin was re-elected chairman of the Board. Re-elected as full members of the Board were Matti Alahuhta, Jean-Pierre Chauvarie, Iiro Viinanen and Gerhard Wendt. Sirkka Hämäläinen-Lindfors and Masayuki Shimono were elected as new members of the Board.

The Board of Directors' proposal that the AGM authorize the Board of Directors to repurchase KONE's own shares with assets distributable as profit was approved. The number of shares to be repurchased shall not exceed 3,173,180 (maximum 476,304 class A shares and 2,696,876 class B shares), respecting the provisions of the Companies Act regarding the maximum number of own shares held by the company.

In addition, the proposal to authorize the Board of Directors to decide on the distribution of any shares repurchased by the company was approved. The authorizations are in effect for a period of one year from the date of the AGM.

KONE's Extraordinary Shareholders' Meeting on 17 December, 2004 approved the demerger plan that the Board of Directors signed on 1 November, 2004, according to which KONE will split into two separate companies, KONE Corporation and Cargotec Corporation. The demerger will enter into force when the execution of the demerger is registered in the Trade Register. The planned date of registration is 31 May, 2005. The recipient corporations will apply for the listing of their class B shares and option rights on the main list of the Helsinki Stock Exchange as of 1 June, 2005.

In addition, the Board of Directors' proposal that the financial period of the corporation be extended until 31 March, 2005 was approved.

Appointment of New President

KONE's Board of Directors decided in November, 2004 to appoint Matti Alahuhta, D.Sc (Eng) as President, effective 1 January, 2005. Before joining KONE, Alahuhta was Executive Vice President, Chief Strategy Officer of Nokia. Matti Alahuhta has been a member of KONE's Board of Directors since February 2003.

Option Program and Increase in Share Capital

The Board of Directors' proposal that the AGM confirm the option program and issue option rights to the key personnel of KONE was approved. The option program was connected to the development of KONE's aggregated net income (after taxes) during 2001–2003 as shown in the Consolidated Financial Statements.

The AGM confirmed that KONE's aggregated net income for 2001–2003 exceeded EUR 470 million. In accordance with the decision of the shareholder meeting, a maximum of 350,000 options rights were issued, of which a maximum of 180,000 A option rights were offered to the Group's key personnel and a maximum of 170,000 B option rights to Kone Capital Oy. The Board of Directors approved the 145,130 A option rights and 170,000 B option rights that have been subscribed.

The option program also includes a cash bonus totaling EUR 5.8 million. The cash bonus related to each A option right has been separated from the option rights after 27 February, 2004, when the AGM confirmed the amount of option rights to be offered.

The KONE 2004 A option rights are listed on the main list of the Helsinki Exchanges. Subscription of shares with the option rights commenced on 1 April, 2004, and by 31 March, 2005, 212,835 class B shares have been subscribed. The maximum number of shares that can be subscribed with the 2004 A option rights is 435,390 class B shares.

Each option right confers the right to subscribe to three KONE class B shares with a par value of 1.00 euro. The subscription price is EUR 24.67/share. The A option rights confer entitlement to subscribe to 435,390 KONE B shares between 1 April, 2004 and 31 March, 2008, and the B option rights to subscribe to 510,000 KONE B shares between 1 April, 2005 and 31 March, 2009. The annual window during which the shares can be subscribed to with these option rights is from 2 January to 30 November.

On 28 January, 2005, the Board of KONE Corporation decided to apply for listing of series B option rights on the main list of the Helsinki Stock Exchange as of 1 April, 2005. Due to the demerger of the company, share subscriptions with A and B option rights will not be allowed from 1 May, 2005 to 31 May, 2005.

On 31 March, 2005, KONE's share capital was 63,676,455.00 euros, comprising 54,150,366 listed class B shares and 9,526,089 unlisted class A shares.

Repurchase and Assignment of KONE Shares

During the first half of 2004, KONE repurchased 1,863,397 of its class B shares at an average price of EUR 48.35. KONE's Board of Directors decided on 1 December, 2004 to assign class B shares held by the company and to use the proceeds in financing the acquisition of MacGREGOR Group. On 10 December, 2004, KONE sold all of its 2,696,876 class B shares as a contractual trade on the Helsinki Stock Exchange. The price was EUR 56.00 per share and the total transaction value was EUR 150.1 million. The sold shares represented 4.24 percent of KONE's share capital. The shares were acquired at the average price of EUR 43.18 per share.

At the end of March 2005, KONE's Board of Directors had no authorization to raise the share capital or to issue convertible or warrant loans.

Annual General Meeting and Distribution of Profits

KONE's distributable equity as of 31 March, 2005 stands at EUR 983.3 million. The parent company's distributable equity from previous years totaled EUR 2,026 million, and net income from the accounting period under review was EUR 1,269 million. The Board of Directors proposes to the AGM that a dividend of EUR 1.98 (1.98) be paid for each class A share and EUR 2.00 (2.00) for each class B share from retained earnings. The date of record for dividend distribution is 23 May, 2005, and it is proposed that dividends be paid on 30 May, 2005. If the AGM of 18 May, 2005 approves the Board of Directors' proposal on profit distribution, the dividends will total EUR 127.3 (2003: EUR 125.1) million.

Ownership Reorganization in Companies with a Significant Shareholding in KONE

The ownership of KONE Corporation's largest shareholders, Security Trading Ltd. and Holding Manutas Ltd., will be reorganized through an exchange of shares in June–July, 2005. At the conclusion of the reorganization, the shareholding inherited by each of Pekka Herlin's children will be allocated to his or her own company and joint ownership will be dissolved. The multi-phased reorganization will be completed by 15 July, 2005.

These actions will clarify the ownership structure as KONE Corporation is demerged. A separate and simpler ownership structure in both new companies supports the objective of developing the corporations as independent companies in accordance with their own business and ownership strategies.

Antti Herlin, Ilona Herlin, Niklas Herlin and Ilkka Herlin, in conjunction with some other individuals and the KONE Foundation, share ownership in KONE Corporation through their holdings in KONE’s two principal owners, Security Trading Ltd. and Holding Manutas Ltd. These companies owned 30.84 percent of KONE Corporation’s shares and held 66.28 percent of the voting rights at the end of March 2005. Antti Herlin commands a majority of the voting rights in both companies.

The conclusion of the reorganization of ownership will affect the ownership of shares and voting rights in the post-demerger KONE Corporation and Cargotec Corporation in such a way that Security Trading Ltd. and Holding Manutas Ltd. will hold about 21 percent of the shares and 62 percent of the voting rights in new KONE. After the reorganization, Antti Herlin will be the principal owner of Security Trading Ltd. with a more than 90 percent shareholding, and neither Security Trading Ltd. nor Holding Manutas Ltd. will have a shareholding in Cargotec Corporation.

The largest corporate shareholders in Cargotec Corporation will be Sijoitus-Wipunen Ltd., Mariatorp Ltd. and D-Sijoitus Ltd., whose principal owners are Ilkka Herlin, Niklas Herlin and Ilona Herlin, each with more than 90 percent of the shares in the respective company. Each of the three companies will control approximately 10.3 percent of the shares and 22 percent of the voting rights. In addition, each company will own approximately 3.4 percent of KONE’s shares and hold 1.5 percent of KONE’s voting rights.

At the end of March 2005, Antti Herlin’s personal shareholding in KONE and Cargotec corresponded to 0.21 percent of the shares and 0.09 percent of the voting rights.

Helsinki, 2 May, 2005

KONE Corporation, Board of Directors

CONSOLIDATED STATEMENT OF INCOME

MEUR	1 Jan, 2004 - 31 Mar, 2005	%	1 Jan, 2003 - 31 Dec, 2003	%
Sales	5,561.9		5,410.4	
Costs, expenses and depreciation	-5,219.3		-4,998.3	
Gain on divested operations	187.8		24.9	
Operating Income	530.4	9.5	437.0	8.1
Share of associated companies' net income	3.7		6.7	
Financing income and expenses	-14.0		-27.8	
Income before Taxes	520.1	9.4	415.9	7.7
Taxes	-211.7		-113.2	
Net Income	308.4	5.5	302.7	5.6
Net income attributable to:				
Shareholders of the parent company	306.9		300.2	
Minory interests	1.5		2.5	
Total	308.4		302.7	

Earnings per share for profit attributable to the shareholders of the parent company, EUR

Basic earnings per share, from continuing operations, EUR	3.75	3.98
Diluted earnings per share, from continuing operations, EUR	3.72	3.96
Basic earnings per share, from divested operations, EUR	1.20	0.81
Diluted earnings per share, from divested operations, EUR	1.20	0.81

CONSOLIDATED BALANCE SHEET

Assets MEUR		31 Mar, 2005	31 Dec, 2003
Non-Current Assets			
Goodwill		937.2	955.1
Other intangible assets		62.5	63.7
Property, plant and equipment		400.1	444.8
Investments in associated companies		86.4	69.8
Shares		158.7	150.6
Available-for-sale investments		8.4	8.2
Non-current financial receivables	I	69.4	67.8
Deferred tax assets		163.6	131.2
Other non-current assets		2.3	5.3
Total Non-Current Assets		1,888.6	1,896.5
Current Assets			
Inventories		938.3	787.8
Advance payments received		-456.6	-311.1
Accounts receivable		802.5	755.8
Deferred assets		255.7	210.3
Income tax receivables		82.0	70.9
Current financial receivables	I	1.8	1.6
Financial assets	I	50.4	308.7
Cash and bank	I	104.2	103.5
Total Current Assets		1,778.3	1,927.5
Total Assets		3,666.9	3,824.0

Items designated “I” comprise interest bearing net debt.

Equity and Liabilities MEUR		31 Mar, 2005	31 Dec, 2003
Capital and reserves attributable to the shareholders of the parent company			
Share capital		63.7	63.5
Share premium account		249.5	219.6
Fair value and other reserves		3.1	15.4
Translation differences		-41.0	-37.7
Retained earnings		1,038.0	829.9
Total shareholders' equity		1,313.3	1,090.7
Minority interests		28.3	24.1
Total Equity		1,341.6	1,114.8
Non-Current Liabilities			
Loans	I	226.2	723.5
Deferred tax liabilities		32.3	25.5
Employee benefits and other liabilities		188.1	185.8
Other non-current liabilities		1.1	0.0
Total Non-Current Liabilities		447.7	934.8
Provisions		245.8	151.9
Current Liabilities			
Current portion of long-term loans	I	95.6	159.7
Other liabilities	I	239.2	345.1
Accounts payable		438.9	376.8
Accruals		719.3	630.4
Income tax payables		138.8	110.5
Total Current Liabilities		1,631.8	1,622.5
Total Equity and Liabilities		3,666.9	3,824.0

Items designated “I” comprise interest bearing net debt.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MEUR	Share capital	Share premium account	Fair value and other reserves	Translation difference	Retained earnings	Minority shares	Net income for the period
1 Jan, 2004	63.5	219.6	15.4	-37.7	829.9	24.1	1,114.8
Dividends paid					-125.1		-125.1
Issue of shares	0.2	5.0					5.2
Purchase of own shares					-90.1		-90.1
Sales of own shares		24.9			116.4		141.3
Cash flow hedge			-12.3				-12.3
Translation differences				3.2			3.2
Hedging of foreign subsidiaries				-6.5			-6.5
Change in minority interests						2.7	2.7
Net income for the period					306.9	1.5	308.4
31 Mar, 2005	63.7	249.5	3.1	-41.0	1,038.0	28.3	1,341.6

MEUR	Share capital	Share premium account	Fair value and other reserves	Translation difference	Retained earnings	Minority shares	Net income for the period
1 Jan, 2003	63.5	219.6	13.2	0.0	623.4	20.1	939.8
Dividends paid					-93.7		-93.7
Cash flow hedge			2.2				2.2
Translation differences				-38.9			-38.9
Hedging of foreign subsidiaries				1.2			1.2
Change in minority interests						1.5	1.5
Net income for the period					300.2	2.5	302.7
31 Dec, 2003	63.5	219.6	15.4	-37.7	829.9	24.1	1,114.8

The sales profit of own shares is presented after deducting the related income taxes, the amount of income taxes was EUR 8.8 (0.0) million.

The retained earnings contains non-distributable earnings EUR 16.8 (16.4) million, including the cumulative untaxed reserves less the deferred tax.

RECONCILIATION OF NET INCOME

MEUR	1 Jan, 2003 - 31 Dec, 2003
Net income according to FAS	216.9
Effects of adopting IFRS:	
Goodwill amortization	80.9
Long-term contracts according to the percentage completion method	3.5
Deferred tax	-4.1
Finance leases	-0.1
Customer finance arrangements	-0.9
Cash flow hedge	0.7
Employee benefits	-1.1
Other IFRS adjustments	4.4
Total IFRS restatement	83.3
Net income according to IFRS	300.2

RECONCILIATION OF EQUITY

MEUR	31 Dec, 2002	31 Dec, 2003
Equity according to FAS	1,109.3	1,090.2
Effects of adopting IFRS:		
Capital loans	-102.1	0.0
Reserve for own shares	-26.3	-26.3
Minority shares	20.1	24.1
Goodwill amortization	0.0	80.9
Long-term contracts according to the percentage completion method	-1.2	2.4
Deferred tax	36.4	31.8
Finance leases	-1.5	-1.4
Customer finance arrangements	-9.2	-8.8
Cash flow hedge	8.1	12.1
Employee benefits	-74.4	-71.5
Cancellation of revaluations	-13.9	-13.9
Other IFRS adjustments	-5.5	-4.8
Total IFRS restatement	-169.5	24.6
Equity according to IFRS	939.8	1,114.8

CONSOLIDATED STATEMENT OF CASH FLOWS

MEUR	1 Jan, 2004 - 31 Mar, 2005	1 Jan, 2003 - 31 Dec, 2003
Cash receipt from customers	5,717.6	5,432.3
Cash paid to suppliers and employees	-5,216.2	-4,895.8
Cash Flow from Operations	501.4	536.5
Interest received	46.3	35.0
Interest paid	-51.5	-74.0
Dividends received	2.9	1.7
Other financial items	-5.1	16.3
Income taxes paid	-223.7	-80.0
Cash Flow from Operating Activities	270.3	435.5
Capital expenditure	-102.0	-102.4
Proceeds from sales of fixed assets	10.4	18.2
Acquisitions, net of cash	-324.5	-89.0
Proceeds from divested operations, net of cash	617.2	364.8
Cash Flow from Investing Activities	201.1	191.6
Cash Flow after Investing Activities	471.4	627.1
Change in current creditors, net	-170.0	-171.1
Proceeds from long-term borrowings	0.6	180.0
Repayments of long-term borrowings	-497.9	-582.1
Purchases of own shares	-90.1	0.0
Sales of own shares	150.1	0.0
Share issue	5.2	0.0
Dividends paid	-125.1	-93.7
Other financing activities	256.5	27.4
Cash Flow from Financing Activities	-470.7	-639.5
Change in Net Cash	0.7	-12.4
Cash and bank at the end of period	104.2	103.5
Translation difference	0.0	10.0
Cash and bank in the beginning of period	103.5	125.9
Change in Net Cash	0.7	-12.4

Reconciliation of Net Income to Cash Flow from Operating Activities

Net Income	308.4	302.7
Depreciation	113.2	108.1
Gain on divested operations	-187.8	-24.9
Income before Change in Working Capital	233.8	385.9
Change in receivables	-54.9	41.5
Change in payables	202.2	-63.5
Change in inventories	-110.8	71.6
Cash Flow from Operating Activities	270.3	435.5

In drawing up the Statement of Cash Flows, the impact of variations in exchange rates has been eliminated by adjusting the beginning balance to reflect the exchange rate prevailing at the time of the closing of the books for the period under review.

KEY FIGURES

		1 Jan, 2004 - 31 Mar, 2005	1 Jan, 2003 - 31 Dec, 2003
Basic earnings per share, from continuing operations	EUR	3.75	3.98
Diluted earnings per share, from continuing operations	EUR	3.72	3.96
Equity per share	EUR	20.62	17.80
Interest bearing net debt	MEUR	335	747
Total equity/total assets	%	36.6	29.2
Gearing	%	25	67
Total assets	MEUR	3,666.9	3,824.0
Assets employed	MEUR	1,676.8	1861.5
Return on equity *	%	15.2	28.3
Return on capital employed *	%	13.1	16.8

* annualized and excluding the gain on divested operations

SEGMENT REPORTING

1. BUSINESS SEGMENTS

Sales

MEUR	1 Jan, 2004 - 31 Mar, 2005	1 Jan, 2003 - 31 Dec, 2003
KONE Elevators & Escalators	3,516.3	2,856.0
Kone Cargotec	2,045.6	1,364.4
Others and divested operations	0.0	1,190.0
Total	5,561.9	5,410.4

Operating income

MEUR	1 Jan, 2004 - 31 Mar, 2005	%	1 Jan, 2003 - 31 Dec, 2003	%
KONE Elevators & Escalators	208.2	5.9	289.6	10.1
Kone Cargotec	149.4	7.3	76.7	5.6
Divested operations	187.8		83.8	
Others	-15.0		-13.1	
Total	530.4	9.5	437.0	8.1

Orders received

MEUR	1 Jan, 2004 - 31 Mar, 2005	1 Jan, 2003 - 31 Dec, 2003
KONE Elevators & Escalators	2,705.9	2,021.0
Kone Cargotec	2,423.0	1,481.5
Others and divested operations	0.0	1,055.9
Total	5,128.9	4,558.4

Order book

MEUR	31 Mar, 2005	31 Dec, 2003
KONE Elevators & Escalators	2,023.1	1,639.6
Kone Cargotec	1,311.9	473.6
Others and divested operations	0.0	83.0
Total	3,335.0	2,196.2

Capital expenditure in fixed assets

MEUR	1 Jan, 2004 - 31 Mar, 2005	1 Jan, 2003 - 31 Dec, 2003
KONE Elevators & Escalators	51.6	36.2
Kone Cargotec	26.8	21.9
Others and divested operations	0.0	24.1
Total	78.4	82.2
as percentage of sales	1.4	1.5

Capital expenditure in leasing agreements

MEUR	1 Jan, 2004 - 31 Mar, 2005	1 Jan, 2003 - 31 Dec, 2003
KONE Elevators & Escalators	8.3	4.3
Kone Cargotec	1.5	1.7
Others and divested operations	0.0	0.0
Total	9.8	6.0

Capital expenditure in customer financing

MEUR	1 Jan, 2004 - 31 Mar, 2005	1 Jan, 2003 - 31 Dec, 2003
KONE Elevators & Escalators	0.0	0.0
Kone Cargotec	21.3	6.9
Others and divested operations	0.0	7.3
Total	21.3	14.2

Expenditure for R&D

MEUR	1 Jan, 2004 - 31 Mar, 2005	1 Jan, 2003 - 31 Dec, 2003
KONE Elevators & Escalators	51.8	40.5
Kone Cargotec	32.3	25.1
Others and divested operations	0.0	22.8
Total	84.1	88.4
as percentage of sales	1.5	1.6

Average number of employees

	1 Jan, 2004 - 31 Mar, 2005	1 Jan, 2003 - 31 Dec, 2003
KONE Corporation	30,976	34,489

Number of employees

	31 Mar, 2005	31 Dec, 2003
KONE Elevators & Escalators	25,593	23,664
Kone Cargotec	7,335	6,377
Others and divested operations	93	3,264
Total	33,021	33,305

2. GEOGRAPHICAL SEGMENTS

SALES

KONE Elevators & Escalators

MEUR	1 Jan, 2004 – 31 Mar, 2005	%	1 Jan, 2003 – 31 Dec, 2003	%
EMEA*	2,312.7	66	1,859.0	65
Americas	767.4	22	681.7	24
Asia Pacific	436.2	12	315.3	11
Total	3,516.3		2,856.0	

Kone Cargotec

MEUR	1 Jan, 2004 – 31 Mar, 2005	%	1 Jan, 2003 – 31 Dec, 2003	%
EMEA*	1,200.6	59	772.7	57
Americas	581.6	28	445.4	32
Asia Pacific	263.4	13	146.3	11
Total	2,045.6		1,364.4	

* EMEA = Europe, Middle East, Africa

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

Commitments

MEUR	31 Mar, 2005	31 Dec, 2003
Mortgages		
Group and parent company	6.2	18.6
Pledged assets		
Group and parent company	12.5	14.7
Guarantees		
Associated companies	5.3	10.1
Others	26.3	33.9
Operating leases	122.7	112.8
Customer finance	15.3	27.8
Other contingent liabilities	0.3	4.5
Total	188.6	222.4

KONE leases machinery & equipment and buildings under non-cancellable operating leases. The leases have varying terms and renewal rights.

The future minimum lease payments under non-cancellable operating leases MEUR	31 Mar, 2005	31 Dec, 2003
Less than 1 year	33.5	37.5
1-5 years	75.3	59.4
Over 5 years	13.9	15.9
Total	122.7	112.8

The aggregate operating lease expenses totaled EUR 44.1 (35.1) million.

Customer finance commitments MEUR	31 Mar, 2005	31 Dec, 2003
Dealer financing	8.4	9.0
End customer financing	6.9	18.8
Total	15.3	27.8

It is not anticipated that any material liabilities will arise from customer finance commitments.

Derivatives

Fair values of derivative financial instruments MEUR	Positive fair value 31 Mar, 2005	Negative fair value 31 Mar, 2005	Net fair value 31 Mar, 2005	Net fair value 31 Dec, 2003
FX Forward contracts	14.6	10.5	4.1	41.3
Currency options	0.1	0.1	0.0	0.5
Cross-currency swaps	37.1	0.0	37.1	32.7
Interest rate swaps	0.0	2.0	-2.0	-4.6
Electricity derivatives	0.4	0.0	0.4	0.1
Total	52.2	12.6	39.6	70.0

Nominal values of derivative financial instruments MEUR	31 Mar, 2005	31 Dec, 2003
FX Forward contracts	1,382.5	958.3
Currency options	52.0	94.1
Cross-currency swaps	173.8	173.8
Interest rate swaps, due under 1 year	75.0	20.0
Interest rate swaps, due in 1-3 years	45.0	120.0
Electricity derivatives	3.0	2.8
Total	1,731.3	1,369.0

SHARES AND SHAREHOLDERS

31 March, 2005	A shares	B shares	Total
Number of shares	9,526,089	54,150,366	63,676,455
Own shares in possession	-	-	-
Share capital, MEUR			63.7
Market capitalization, MEUR			3,819
Number of shares traded, 1/2004-3/2005			55,360,575
Value of shares traded, MEUR, 1/2004-3/2005			2,851
Number of shareholders	3	12,373	12,373

	Close	High	Low
Class B share price, EUR, 1/2004-3/2005	59.97	66.48	45.01

During the period under review, the price of the KONE class B share rose 32 percent.