

31 January, 2003 at 9.00 a.m. Finnish time

KONE Audited Financial Statements 2002

KONE's Financial Result Improved Again

- KONE acquired the Finnish-based industrial engineering company Partek. Partek's figures have been consolidated into KONE's financial statements as of 1 July, 2002.
- KONE comprises two strong divisions: KONE Elevators & Escalators and KONE Materials Handling.
- Net sales totaled MEUR 4,342 (2001: 2,816). KONE Elevators & Escalators' net sales rose 5.5 percent to MEUR 2,970 (2,816). KONE Materials Handling's sales in the second half the year were MEUR 1,372 (7-12/2001: 1,379).
- Operating income before goodwill amortization (EBITA) in KONE Elevators & Escalators was MEUR 287.0 (256.4), representing 9.7 (9.1) percent of net sales. KONE Materials Handling's EBITA was MEUR 64.2 (60.8), or 4.7 (4.4) percent of net sales. Unallocated corporate costs accounted for MEUR 11.
- Net income improved 11 percent to MEUR 157.1 (141.1).
- Earnings per share rose to EUR 2.54 from EUR 2.42.
- Cash flow from operations before financial items and tax rose by nearly 80 percent to MEUR 615.6. KONE Elevators & Escalators accounted for MEUR 460.7 and KONE Materials Handling for MEUR 154.9.
- The board of directors proposes that the dividend be raised to EUR 1.50 from EUR 0.73 per class B share.

CEO Antti Herlin in Conjunction with KONE's 2002 Financial Statements:

"The efficiency of the elevators and escalators business improved yet again, and we achieved record profits. The most significant event of year 2002 was the acquisition of Partek. After the transaction our gearing rose clearly. We successfully started the divestment of non-core holdings and measures to improve Partek's profitability already in 2002. The sale of non-core businesses in conjunction with our strong cash flow will rapidly reduce gearing.

Growth makes it possible for share value and earnings per share to increase. In the long term, KONE has been one of the best performers on the Helsinki Exchanges. It is especially gratifying that during 2002 the number of KONE shareholders rose by more than 70 percent to nearly 8,000. We want to share our success with our owners. KONE's board of directors proposes that 59 percent of the year's income be paid out in dividends. This means 1.5 euros per B share. We will do our best to continue to be worthy of our shareholders' confidence in the future."



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KONE is a global service and engineering company that specializes in moving people and goods. Annual net sales total EUR 5,500 million, and we employ nearly 36,000 people. KONE's B shares are listed on the Helsinki Exchanges.

www.kone.com

The enclosures contain the audited board of directors' report and financial statements.



Board of Directors' Report

The year under review, 2002, was a year of change for KONE. KONE acquired the Finnish-based engineering group Partek. KONE now consists of two strong divisions, KONE Elevators & Escalators and KONE Materials Handling, which comprises the businesses of Partek. The reported figures cover the operations of KONE Materials Handling for the second half of 2002. Comparison for the second half of 2001 have not been consolidated into KONE's figures.

We also strengthened our cooperation with Toshiba. KONE participated in a targeted share issue organized by Toshiba Elevator and Building Systems Corporation (TELC) and owns 19.9 percent of TELC.

Alongside these major structural changes, operations continued to develop successfully. The financial result of the elevator and escalator business improved yet again. KONE Materials Handling also met its targets for the second half of the year.

Sales

KONE's consolidated net sales totaled EUR 4,342 (2001: 2,816) million. KONE Elevators & Escalators' net sales grew 5.5 percent to EUR 2,970 (2,816) million. In Europe sales increased 12 percent to EUR 1,798 million. In North America and Asia-Pacific sales were approximately at the previous year's level.

KONE Materials Handling's net sales were EUR 1,372 (1,379) million. Sales of Forest Machines and Tractors both rose. Comparable sales in Load Handling eased slightly, while sales in Container Handling decreased due to weak order intake in the beginning of the year.

Orders Received and Order Book

The value of orders received during 2002 amounted to EUR 3,261 (2,100) million. KONE Elevators & Escalators received orders valued at EUR 2,129 (2,100) million. In Europe, order intake for new elevators, escalators and modernizations was at last year's level. Order intake in North America declined by about 20 percent. In Asia-Pacific order intake again reached record levels with growth of over 65 percent.

Order intake in KONE Materials Handling totaled EUR 1,132 (1,058) million. Despite non-uniform development of the underlying markets, total order intake surpassed the previous year's level.

The value of orders in hand at the end of 2002 totaled EUR 2,240 (1,881) million. KONE Elevators and Escalators' order book stood at EUR 1,792 (1,881) million and KONE Materials Handling's order book at EUR 447.7 (30 June, 2002: 424.8) million.



KONE Elevators & Escalators' new equipment order book represents over one year of deliveries. The time from order to delivery in KONE Materials Handling is typically on average 6–8 weeks.

Financial Result, Balance Sheet and Cash Flow

KONE's operating income before goodwill amortization (EBITA) totaled EUR 340.2 (256.4) million, or 7.8 (9.1) percent of net sales. KONE Elevators & Escalators' EBITA was EUR 287.0 (256.4) million, and KONE Materials Handling's EBITA was EUR 64.2 (60.8) million. The total EBITA is lower than the combined figure of the divisions as it includes provisions for the KONE option program, unallocated corporate costs and provisions for corporate-level restructuring.

Net income totaled EUR 157.1 (141.1) million. Earnings per share stood at EUR 2.54 (2.42).

KONE's cash flow from operations before interest and taxes on the corporate level was very strong, totaling EUR 615.6 (343.6) million. Cash flow in KONE Elevators & Escalators was EUR 460.7 million, and in KONE Materials Handling EUR 154.9 million. Consolidated cash flow from operating activities was EUR 496.9 (254.5) million. Investing activities, including strategic acquisitions, totaled EUR 1,494.4 (38.5) million.

KONE's year-end net debt was EUR 1,251.5 million including capital loans of EUR 102.1 million. Total equity as a share of total assets was 24.2 (36.6) percent. Gearing was 125 percent.

Return on assets employed was 19.0 (30.2) percent, and return on equity was 18.4 (20.4) percent.

Personnel

KONE employed 35,864 (22,949) people at the end of 2002. The increase is mainly due to the consolidation of Partek. KONE Elevators & Escalators employed 23,317 people and KONE Materials Handling 12,547 people at year-end.

KONE Elevators & Escalators

Markets

Demand for new elevators and escalators follows, with some delay, general economic trends and developments in the construction industry. The market situation varied from country to country in Europe, but total European demand decreased. Demand grew in Asia, especially in China, while the North American market declined.



The development of the maintenance and modernization market was stable. Expanding sales of new elevators also increased demand for maintenance in Asia. The global modernization market did not grow and might even have declined.

KONE remained active in the acquisition market and purchased more than 20 companies, mainly in elevators and automatic building door service. Their annual sales total approximately EUR 50 million.

Sales

Net sales totaled EUR 2,970 (2,816) million, or 5.5 percent more than in the previous year. Europe, which is the world's largest elevator market, accounts for the major share of sales. North America's percentage fell slightly. Asia still represents 10 percent of total revenue, but the growth in order intake is rapid and will have a visible impact on the geographical distribution of sales in the future.

The value of new equipment delivered during 2002 was EUR 1,277 (1,182) million, or 43 percent of KONE Elevators & Escalators' total revenue. Maintenance and modernization sales accounted for EUR 1,693 (1,634) million, or 57 percent of the total. The proportion of new equipment and service revenue has remained relatively stable over the last years. The automatic building door business of approximately EUR 120 million is included in the service revenue figure.

Orders Received and Order Book

Orders received, excluding the value of maintenance contracts, totaled EUR 2,129 (2,100) million. KONE Elevators & Escalators succeeded in reaching the target for the year, which was to equal the previous year's volume. The global escalator market was in decline as some markets, including Germany, receded from the high levels of the previous year.

In Europe, order intake for new elevators, escalators and modernizations was approximately at last year's level. The European market was stable or weakened somewhat. Thanks to competitive products and acquisitions carried out during the year, KONE was able to maintain or increase its market share in Europe without making concessions in price levels.

Order intake in North America declined by about 20 percent. Market demand fell by about 15 percent. Elevator orders in the office building sector showed the largest decrease. The escalator market was also under volume and price pressure. KONE managed to achieve its targeted market share under these difficult conditions. The price level was maintained, and, as a consequence, the profit margin level of orders in hand was maintained. Measures to adjust operations to the lower volume have already been implemented.

Asia-Pacific order intake again reached record levels with growth of 65 percent. This trend has continued for several years. The Chinese market has grown strongly, and KONE has taken an increasing share of the total market. The importance of the Australian market to KONE Elevators & Escalators has been on the rise in recent years. The superiority of KONE's



technology has won over Australian customers, making KONE the leading elevator and escalator brand on the continent.

KONE's factory in Kunshan, China, which manufactures global products, began exporting to other Asian countries and Australia during 2002. The plant will be developed into a logistics center for the Asia-Pacific area.

Development of the Service Base

In Europe KONE had nearly 390,000 units in its service base. In North America, over 85,000 elevators and escalators were under KONE maintenance. Recognition of the importance of elevator and escalator maintenance has grown in China and elsewhere in Asia and contributed to the steady growth of KONE's service base in the area. The year-end total of units under maintenance contract in Asia exceeded 20,000. The service business in China will form a new growth platform for KONE Elevators & Escalators in the years to come.

Automatic building door activities have been initiated in all major market areas. Automatic building door service grew by approximately 20 percent, and KONE has more than 180,000 doors under service contract. Net sales from building door service operations totaled approximately EUR 120 million. This is still a small share of total KONE Elevators & Escalators' revenue, but the growth rate is good. KONE is focusing on developing and growing these newly started activities and utilizing synergies with the elevator and escalator business.

Financial Result, Assets Employed and Cash Flow

Operating income before goodwill amortization (EBITA) in KONE Elevators and Escalators improved 12 percent to EUR 287.0 (256.4) million, or 9.7 (9.1) percent of net sales.

KONE Elevators & Escalators' profitability continued to improve through savings in component costs achieved through product development, and increased installation efficiency. During the year, the new elevator and new escalator business lines were combined into a single organization and the elevator and escalator service business lines into another. The increased penetration and market success of the technologically superior KONE EcoDisc® family also contributed to improved profitability.

The increased application of new technology to the service sector creates a platform for sustainable profit levels in the face of tough competition. In order to increase profitability in the challenging modernization sector, KONE is increasing the use of industrialized packaged solutions.

KONE Elevators & Escalators aims to maintain a negative level of working capital. At the end of 2002, working capital was negative at EUR -84.5 (+ 38.5) million. More than EUR 120 million of working capital was freed up in 2002. Tangible fixed assets were EUR 186.6 (206.9) million.



Cash flow from operating activities before interest and taxes was strong, totaling EUR 460.7 (343.6) million. Return on assets employed was 35.9 (30.2) percent.

Capital Expenditure, Product Development and Development Programs

Capital expenditure in production facilities, field operations and information systems totaled EUR 51.1 (45.7) million. Investments are increasingly focused on information systems that support business processes.

The harmonization of information systems progressed. The KONE Model, which is the set of global standardized policies, processes, systems and tools for defining the common business practices used by all KONE Elevators & Escalators companies, was successfully upgraded with the latest software. New functionalities were added with the rollout of KONE Model II. In December, KONE Belgium was the first unit to implement the new model, and the rollout will continue in 2003.

At the beginning of 2002, KONE launched a new Internet service in nine countries, thereby opening a new communication channel between customers and KONE Elevators & Escalators' sales and service organizations.

KONE Elevators & Escalators' product development expenditures totaled EUR 40.2 (40.8) million, or 1.4 (1.4) percent of net sales. Efforts to strengthen the competitiveness of KONE's new technology and new service offerings continued.

KONE and Toshiba started several joint projects during the year. Good results were achieved from the reorganization of production in Asia and joint purchasing projects. A substantial deepening of cooperation on production will be realized when Toshiba begins supplying automatic elevator doors to KONE in China.

Outlook

The market for new elevators and escalators in Europe is anticipated to remain tight during 2003 as Europe's economy is not expected to pick up significantly. Construction industry volumes in North America are expected to bottom out during 2003. In Asia the rapidly developing Chinese market provides a solid basis for continued growth in 2003.

New equipment order intake and sales in elevators and escalators in 2003 are anticipated to be at approximately the 2002 level.

Modernization and automatic building door service business will continue to offer opportunities for growth throughout Europe. Thanks to organizational restructuring and technologically advanced products, KONE is expected to improve its position in North American service markets. China will also provide growth in maintenance and modernization operations.



Total maintenance and modernization revenue is expected to increase approximately five percent in 2003.

The growth target for automatic building door service is 20 percent, when both organic growth and acquisitions are included.

KONE's leading technology and unequaled seven-year experience in developing, installing and servicing machine room-less elevators provide a solid base for exceeding an EBITA margin of 10 percent in the year 2003.

KONE Materials Handling

KONE Materials Handling consists of four business areas – Container Handling, Load Handling, Forest Machines and Tractors – and Other Business. The reported figures cover the operations of KONE Materials Handling for the second half of 2002.

Markets

Demand for container-handling equipment showed signs of recovery in the fourth quarter of the year.

The market for on-road load-handling equipment declined as the uncertainty of the North American and European economies weighed on construction and truck markets, which are the main business drivers.

The forest machine market clearly recovered in Europe after the summer but remained at a low level in North America.

Tractor demand was good in both main markets, Europe and Brazil.

Sales

Net sales were at the previous year's level, amounting to EUR 1,372 (7– 12/ 2001: 1,379) million, of which the business areas accounted for EUR 1,175 (1,207) million. Sales in Forest Machines and Tractors rose. Comparable sales in Load Handling eased slightly, while sales in Container Handling decreased due to weak order intake in the beginning of the year.

Orders Received and Order Book

Orders received during the second half of the year rose seven percent to EUR 1,132 (1,058) million. The year end order book totaled EUR 447.7 (424.8) million.

Despite the non-uniform development of underlying markets, order intake surpassed the 2001 level. The order intake of the business areas in the fourth quarter was at a record high level. Forest Machines' order intake and volume of orders in hand rose sharply. Also Tractors

increased its order intake, and the year-end order book exceeded the previous record. Order intake in Container Handling rose, but the order book decreased slightly. In Load Handling orders received and orders in hand remained at the previous year's level when divested operations are taken into consideration.

Financial Result, Return on Assets Employed and Cash Flow

Operating income before goodwill amortization (EBITA) was EUR 64.2 (60.8) million, which is 4.7 (4.4) percent of net sales. The business areas accounted for EUR 51.3 million, which represents 4.4 (4.4) percent of their combined net sales. A provision for the reorganization of operations was made in the last quarter.

Working capital at the end of 2002 was EUR 410.9 (30 June 2002: 466.3) million. During July–December 2002, EUR 55 million of working capital was freed up. Tangible fixed assets were EUR 461.9 (30 June, 2002: 462.1) million.

Cash flow from operating activities before interest and taxes was EUR 154.9 million, and return on assets employed was 8.7 (8.0) percent.

Capital Expenditure and Development Programs

Capital expenditure in production facilities, field operations and information systems in the business areas accounted for EUR 24.8 million.

Container Handling improved its spare part logistics and took a step closer to its customers in Europe with the introduction of a distribution center for spare parts in Metz, France. The logistics operations have been implemented in cooperation with Load Handling. Over 12,000 spare parts and components in stock can be sent out overnight to reach most of Europe within a day.

In Load Handling, Hiab's loader crane business is improving its competitiveness by renewing the production of light cranes. The number of production plants is being decreased, and production of light cranes will be consolidated at the plant in Meppel, the Netherlands. As a consequence, the Hiab plant in Lem, Denmark and the Denmark office in Humblebaek will be closed during 2003. In the future, loader cranes will be produced at three locations in Europe: Hudiksvall, Sweden; Meppel, the Netherlands, and Zaragoza, Spain.

Tractors expanded its assembly plant in Suolahti, Finland during 2002 and will continue the process in 2003. The expansion is motivated by the continuously growing international demand for Valtra tractors. The power and versatility of the tractors are increasing, which also influenced the investment decision. The investment, which will already make it possible to produce an additional 2,000 tractors in 2003, will amount to almost EUR 8 million.

New Products

Product development expenditure was EUR 23.1 (23.7) million, which is 1.7 (1.7) percent of net sales.

In Container Handling, several Kalmar products were launched, including a new 9–18 ton range of medium-capacity forklift trucks and new reachstacker models. The Australian and U. K. armies became the first non U. S. military forces to employ the Kalmar Rough Terrain Container Handler. The world's first container terminal operating Kalmar's unmanned straddle carrier was opened in Brisbane, Australia.

In Load Handling, six new models in the new generation loader crane family, the HIAB XS, were launched. Also two new Moffett truckmounted forklift models and a new Multilift skiploader were introduced.

Forest Machines took the Valmet combimachine, which both harvests and transports wood, into serial production. The new Valmet 901.2 harvester and Valmet 840.2 forwarder were well received.

Tractors conducted its most significant launch ever with the high-powered Valtra T series, and also introduced the F line for forest thinnings.

Services

Revenue from services and spare parts amounted to EUR 185 million, which is approximately 16 percent of net sales.

The further developed online parts ordering system serving the distribution channels for Load Handling and Forest Machines considerably improved customer service.

Agreement was reached on a customer-financing program with BNP Paribas Lease Group for the U. K., France and Germany. The arrangement will offer the business areas, dealers and end-customers comprehensive financing services from one source.

Outlook

Container traffic is expected to increase annually by approximately 6–7 percent over the next two years, leading to a slight increase in the market for container handling equipment. It is estimated that the market for on-road load handling equipment will remain at approximately the 2002 level as there are no clear signs of recovery in truck sales and construction activities. The market for forest machines and cranes is anticipated to grow moderately in 2003. After a strong year in 2002 for both the European and Brazilian tractor markets, the outlook for 2003 is for somewhat weaker demand.

The 2003 combined order intake and sales of the business areas are expected to reach at least the 2002 level. Profits are anticipated to exceed an EBITA margin of five percent.

Key measures in raising profitability include: growing the service business, exploiting opportunities in purchasing on a wide scale, increasing outsourcing to improve flexibility, devoting special attention to under-performing units, and developing lean and capital-effective processes.

The longer-term profitability target in KONE Materials Handling is an eight percent EBITA margin. This target will be reached as longer-term synergies are realized.

Acquisition of Partek

In June, KONE acquired the State of Finland's 30.2 percent shareholding in Partek Corporation. The deal was financed by a EUR 106 million targeted share offering to the State of Finland and a EUR 119 million cash payment. Later in June, KONE launched a public offer to purchase all outstanding Partek shares for EUR 15.30 per share. More than 90 percent of Partek's shares were transferred to KONE in the public offer.

After the offer expired, a redemption claim was launched for the remaining shares. The redemption period ended on 11 October, 2002, after which KONE had received ownership of 99.5 percent of the share capital in Partek. The ownership right to the minority shareholdings was transferred to KONE's fully-owned subsidiary, Kone Finance, on 18 December, 2002, and Partek was delisted from the Helsinki Exchanges.

Cooperation with Toshiba

KONE strengthened its marketing and sales cooperation with Toshiba during the year.

In March, KONE participated in a targeted share issue organized by Toshiba Elevator and Building Systems Corporation (TELC), after which KONE's holding in TELC amounted to 19.9 percent. The value of the investment was EUR 158 million. At the same time KONE Corporation sold 829,580 of its previously repurchased class B shares to TELC to a total price of EUR 86.3 million. The profit from this sale has been entered directly into the balance sheet as shareholders' equity instead of into the statement of income. The President and CEO of TELC, Hiroshi Nishioka, was elected to the KONE Board at the 2002 general meeting.

At the end of 2002, TELC's holding in KONE amounted to nearly five percent.

Divestments

In December, agreements were signed for the sale of the major holdings in KONE Materials Handling's Other Businesses. The divestment of Nordkalk Corporation and the holding in Paroc Group Oy Ab will be closed in the first quarter of 2003.

The transaction price for Nordkalk, after reduction of minority interests, is EUR 270 million. Nordkalk's EUR 100 million listed bond and the company's interest-bearing net debt will be deducted from this price. The final price for the shares is estimated at EUR 140 million.



The debt-free price for the 38 percent holding in Paroc is approximately EUR 75 million, including the price for the shares and the repayment of loans.

Shares and Shareholder Meetings

KONE's annual general meeting in February ratified the financial statements for 2001, approved the board of director's proposal for the distribution of profit, and discharged the responsible parties for liability for the 2001 financial year. Pekka Herlin was reelected chairman of the Board for the 2002 financial year, and Antti Herlin, Gerhard Wendt, Iiro Viinanen and Jean-Pierre Chauvarie were re-elected as full board members. Furthermore, Toshiba Elevator and Building Systems Corporation's President and CEO Hiroshi Nishioka was elected to the board for a term beginning 1 April, 2002.

In addition, the annual general meeting approved the board of directors' proposal to authorize the reacquisition of a maximum 1,007,726 KONE shares, consisting of a maximum of 174,247 class A shares and 833,479 class B shares, while respecting the provisions of the Companies Act regarding the maximum number of own shares to be held by the company. During the year under review, 833,479 class B shares the maximum authorized by the AGM – were repurchased at a total price of EUR 26.3 million, or EUR 31.56 per share. The repurchased shares represent 1.3 percent of the share capital and 0.6 percent of the voting rights in KONE.

At 24 May, 2002 extraordinary shareholders' meeting approved a three-way split in KONE shares. The share par value was decreased from EUR 3.00 to EUR 1.00.

A second extraordinary shareholders' meeting on 14 June, 2002 approved a transaction between KONE and the State of Finland involving an increase in KONE share capital by EUR 3,000,000 through the issuance of 3,000,000 new class B shares to be offered for subscription to the State of Finland at EUR 35.33 per share, representing a total price of EUR 105,990,000. The State of Finland paid the subscription price with 6,927,451 Partek shares at a value of EUR 15.30 per share.

In accordance with a decision of the Board of Directors on 22 December, 2000, holders of unlisted class A shares have the right to exchange them for class B shares at a ratio of one to one. The offer is valid until 31 December, 2003. On December 20, 2002 the chairman of the KONE Board of Directors, Pekka Herlin, requested the conversion of 928,734 class A shares to class B shares, and KONE's board of directors approved the request.

Annual General Meeting and Distribution of Profits

KONE's distributable equity stands at EUR 661.2 million. The parent company's nonrestricted equity from previous years totaled EUR 819.0 million, and net income from the year under review was EUR 35.6 million. The board of directors proposes to the annual general meeting that a dividend of EUR 1.48 (0.71) be paid for each class A share and EUR 1.50 (0.73) for each outstanding class B share from retained earnings. The date of record for dividend distribution is 26 February, 2003, and it is proposed that dividends be paid on 5 March, 2003.



If the annual general meeting of 21 February, 2003 approves the board of directors' proposal on profit distribution, the dividends will total EUR 93.8 (42.3) million.

The board of directors also proposes that the annual general meeting extend the board of directors' authority to use funds available for profit distribution to repurchase KONE shares with the provision that repurchased shares shall not exceed five percent of the corporation's total number of shares and votes. According to the proposal, the acquired shares are to be used as compensation in possible company acquisitions and/ or other arrangements as well as to improve KONE's capital structure. This authorization is valid for one year, including the day of the annual general meeting's decision.

Outlook

At the time of writing this report, both economic and political uncertainty has increased, which makes predicting market development extraordinarily difficult. Estimating KONE's future sales and profits is also more challenging than it was prior to the acquisition of Partek due to the different nature of the businesses.

In 2003, KONE Elevators and Escalators' new equipment order intake and sales are anticipated to remain at approximately the level of 2002. Maintenance and modernization revenue is expected to increase approximately five percent in 2003. Our service base, combined with the year-end order book figures, support these assumptions.

We are confident that we will reach KONE Elevators and Escalators' target of exceeding an EBITA margin of 10 percent as our products and processes continue to improve. The combined order intake and sales of KONE Materials Handling's business areas in 2003 are expected to reach at least the 2002 level. Profits are anticipated to exceed an EBITA margin of five percent. The impact of completed and initiated actions to improve profitability and cash flow support the view that this profitability level will be reached.

By integrating headquarters functions of KONE and Partek, and through improved tax planning and coordinated financial management, we will achieve savings in both the divisions and in the corporation as a whole. These savings will already largely be achieved in 2003 and provide a solid base for improving KONE's profitability during the year. The expected strong cash flow of both divisions, coupled with divestments, will considerably strengthen KONE's balance sheet in 2003.

Helsinki, 31 January 2003

KONE Oyj
Board of Directors

Audited



CONSOLIDATED STATEMENT OF INCOME

MEUR	2002	%	2001	%
SALES	4,341.8		2,816.3	
Costs and expenses	(3,926.0)		(2,516.1)	
Depreciation	(140.6)		(82.4)	
OPERATING INCOME	275.2	6.3	217.8	7.7
Share of associated companies' net income	5.9		1.3	
Financing income and expenses	(24.9)		(0.4)	
INCOME BEFORE TAXES	256.2	5.9	218.7	7.8
Taxes	(95.5)		(76.5)	
Minority share	(3.6)		(1.1)	
NET INCOME	157.1	3.6	141.1	5.0



CONSOLIDATED BALANCE SHEET

ASSETS (MEUR)	31/12/2002	31/12/2001
FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS		
Intangible assets		
Goodwill	1,063.1	417.3
Other long-term expenditures	57.1	25.6
	1,120.2	442.9
Tangible assets		
Land	101.4	12.2
Buildings	240.7	107.4
Machinery and equipment	284.5	83.6
Advance payments	22.1	3.7
	648.7	206.9
Investments		
Shares and participating interests	207.7	14.0
Own shares	26.3	57.3
	234.0	71.3
TOTAL FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS	2,002.9	721.1
CURRENT ASSETS		
Inventories		
Raw materials, supplies and finished goods	476.9	85.7
Work in progress	454.3	498.9
Advance payments	5.3	3.8
Advance payments received	(406.1)	(476.4)
	530.4	112.0
Receivables		
Accounts receivable	842.9	611.9
Loans receivable	60.8	4.1
Other receivables	7.6	10.6
Deferred assets	295.9	194.4
	1,207.2	821.0
Current investments	293.8	384.3
Cash and bank	125.9	68.9
	419.7	453.2
TOTAL CURRENT ASSETS	2,157.3	1,386.2
TOTAL ASSETS	4,160.2	2,107.3



**SHAREHOLDERS' EQUITY AND
LIABILITIES (MEUR)**

31/12/2002 31/12/2001

SHAREHOLDERS' EQUITY

Share capital	63.5	60.5
Share premium account	219.6	95.9
Reserve for own shares	26.3	57.3
Translation differences	20.9	61.0
Retained earnings	519.8	390.0
Net income	157.1	141.1
Capital loans	102.1	0.0
TOTAL SHAREHOLDERS' EQUITY	1,109.3	805.8

MINORITY SHARES	20.1	1.4
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PROVISION FOR LIABILITIES	247.0	220.5
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DEBT

Deferred Tax Liability	49.6	25.9
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Long-term debt

Loans	975.8	350.3
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Current Liabilities

Loans	596.2	7.3
Accounts payable	385.7	151.8
Accruals	718.6	492.2
Other current liabilities	57.9	52.1

1,758.4 703.4

TOTAL DEBT	2,783.8	1,079.6
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**TOTAL SHAREHOLDERS' EQUITY AND
LIABILITIES**

4,160.2 2,107.3



CASH FLOW

MEUR	2002	2001
Cash flow from operations before taxes and financing items:		
KONE Elevators & Escalators	460.7	343.6
KONE Materials Handling (7-12/02)	154.9	-
Total	615.6	343.6
Cash flow from taxes and financing items	(118.7)	(89.1)
Cash flow from investments	(887.7)	(77.5)
Dividends paid	(42.3)	(29.0)
Change in net debt	(433.1)	148.0
Partek net debt on 1 July 2002*	866.0	-
Net debt in the beginning of period	(47.6)	100.4
Net debt in the end of period*	1,251.5	(47.6)

* Incl. capital loans

ORDERS RECEIVED	2002	2001
KONE Elevators & Escalators	2,129	2,100
KONE Materials Handling (7-12/02)	1,132	-
Total	3,261	2,100

ORDERBOOK	2002	2001
KONE Elevators & Escalators	1,792	1,881
KONE Materials Handling	448	-
Total	2,240	1,881

CAPITAL EXPENDITURE	2002	2001
KONE Elevators & Escalators	51	46
KONE Materials Handling (7-12/02)	42	-
Total	93	46

AVERAGE NUMBER OF EMPLOYEES	2002	2001
	29,407	22,964

NUMBER OF EMPLOYEES December, 31.	2002	2001
KONE Elevators & Escalators	23,317	22,949
KONE Materials Handling	12,547	-
Total	35,864	22,949

KEY FIGURES

		2002	2001
Earnings/share	EUR	2.54	2.42
Equity/share	EUR	15.66	12.91
Total assets	MEUR	4,160	2,107
Interest bearing net debt*	MEUR	1,252	(47)
Total equity/total assets	%	24.2	36.6
Gearing*	%	125	neg.
Return on equity	%	18.4	20.4
Return on capital employed	%	16.4	23.4
Return on assets employed	%	19.0	30.2

* Capital loans are included in debt

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENT

CONTINGENT LIABILITIES AND PLEDGED ASSETS (MEUR)		2002	2001
Assets pledged to secure loans		26.4	1.4
Pledged assets		22.7	21.6
Guarantees			
Associated companies		4.1	2.9
Others		19.6	2.4
Leasing liabilities		178.2	117.3
Other contingent liabilities		111.4	0.0
Total		362.4	145.6
DERIVATES (MEUR)		2001	2001
Forward contracts		983.9	225.4
Currency options		83.2	192.8
Currency swaps		153.8	0.0
Interest rate swaps		276.6	0.0
Total		1,497.5	418.2

QUARTERLY FIGURES BY DIVISIONS

ORDERS RECEIVED

MEUR	Q1	Q2	Q3	Q4	Total
2001	606.7	531.2	490.7	471.0	2,099.6
2002*	500.2	607.6	490.6	530.2	2,128.6
2002**			500.9	631.5	1,132.4

SALES

MEUR	Q1	Q2	Q3	Q4	Total
2001	591.5	688.6	720.0	816.2	2,816.3
2002*	631.0	746.6	681.4	911.1	2,970.1
2002**			621.5	750.2	1,371.7

EBITA

MEUR	Q1	%	Q2	%	Q3	%	Q4	%	Total	%
2001	35.7	6.0	63.5	9.2	68.0	9.4	89.3	10.9	256.4	9.1
2002*	45.0	7.1	72.3	9.7	77.7	11.4	92.0	10.1	287.0	9.7
2002**					29.4	4.7	34.8	4.6	64.2	4.7
2002***							(11.0)	-	(11.0)	-

* KONE Elevators & Escalators

** KONE Materials Handling

*** Unallocated corporate provisions and costs