Dedicated to People Flow™

07:45
Shanghai Metro City, China

Helping Shanghai, and cities worldwide, create a more functional urban environment.

KONE Q1

INTERIM REPORT FOR JANUARY-MARCH 2009

KONE's Q1: Overall good performance

- In January-March 2009, orders received totaled EUR 898.5 (1–3/2008: 1,118) million. The year-on-year decline in orders received was 19.6% in historical and 20.5% in comparable exchange rates. The level of orders received was higher than both in Q3 and Q4 in 2008. At the end of March 2009, the order book was EUR 3,753 (Dec 31, 2008: 3,577) million.
- Net sales increased by 12.8% to EUR 1,021 (905.3) million. At comparable exchange rates, the growth was also 12.8%.
- Operating income was EUR 91.2 (86.5) million or 8.9% (9.6%) of net sales. The result was still burdened by high raw material costs.
- KONE reiterates its full year outlook for 2009.

Key Figures

		1–3/2009	1–3/2008	1–12/2008
Orders received	MEUR	898.5	1,117.5	3,947.5
Order book	MEUR	3,753.1	3,617.4	3,576.7
Sales	MEUR	1,021.0	905.3	4,602.8
Operating income	MEUR	91.2	86.5	558.4
Operating income	%	8.9	9.6	12.1
Cash flow from operations (before financing items and taxes)	MEUR	170.3	166.6	527.4
Net income	MEUR	78.7	63.9	418.1
Total comprehensive income	MEUR	80.2	52.7	436.7
Basic earnings per share	EUR	0.31	0.25	1.66
Interest-bearing net debt	MEUR	-40.3	137.8	-58.3
Total equity/total assets	%	34.9	26.4	39.0
Gearing	%	-4.2	21.5	-5.6

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

"I am pleased with our performance in the first quarter. Thanks to continued good development in our service business and to our teams' good performance also in new equipment project implementation and fixed costs management, we were able to improve our EBIT compared to the first quarter of last year. We also managed to reach in the current difficult environment a higher orders received level than in the second half of last year. However, in the weakening new equipment market, the orders received continued to decline in year-on-year comparison. Therefore, we are targeting to adjust our fixed costs running rate by about EUR 40 million for 2010.

However, maintaining our good spirit and opportunity orientation will be most important in our approach. I am confident that this, together with our continuous development activities, will bring good results for KONE even now in these challenging times."

KONE's first quarter 2009 review

Accounting principles

KONE Corporation's Interim Report for January 1–March 31, 2009 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 2008. The accounting principles for the financial statements have been presented in the KONE 2008 Financials report published on January 23, 2009. Additionally, the changes in the presentation of statement of comprehensive income and the statement of changes in equity according to the revised IAS1 has been applied in the Interim Report. The information presented in this Interim Report has not been audited.

KONE's operating environment in January-March 2009

In the first quarter of 2009, the overall market situation was difficult in the new equipment market. In the maintenance markets, where demand is non-cyclical by nature, steady growth continued while the overall market environment became increasingly competitive. In modernization, the demand was at a somewhat lower level than a year ago.

In Europe, the Middle East and Africa (EMEA), the business environment remained under pressure. Most new equipment markets declined. The biggest declines were still seen in the markets of the Middle East, Russia, the United Kingdom and Spain. However, some segments and markets were growing, such as the hospital segment in Southern Europe and the residential segments in some countries of the Middle East. The demand for modernizations was at a somewhat lower level compared to the corresponding period in 2008. However, the modernization demand is mainly driven by the European Safety Norms (SNEL) and the need for upgrades resulting from the aging of the equipment base.

In the United States, commercial building markets continued to be challenging with owners hesitant to make investments until they see more certainty in the market. The architectural design activity flattened late in the quarter after several consecutive quarters of decreasing activity.

In the Asia-Pacific region, the new equipment markets weakened to some extent. In China, the new equipment demand continued to decline in the coastal areas at the same time as Central and Western China experienced some growth. In India, the new equipment demand declined somewhat, because the difficulties in finding funding increased decision lead times. Public transportation activity increased as the earlier planned government-funded projects have proceeded to tendering. In Australia, the market was weak but the residential tender activity increased somewhat.

Orders received and order book

In January-March 2009, KONE's orders received declined by 19.6% and totaled EUR 898.5 (1–3/2008: 1,118) million. At comparable exchange rates, the decline was 20.5%. Only new equipment and modernization orders are included in orders received. The growth in orders received declined in all geographical areas, however the orders received level in the first quarter was higher than in the third and fourth quarter of 2008. KONE also strengthened its position in major projects. The level of orders received in the current challenging market environment is good evidence of KONE's improved competitiveness.

The order book increased from the end of 2008 by 4.9% and stood at EUR 3,753 (Dec. 31/2008: 3,577) million at the end of March 2009. The margin of the order book continued to be at the good level seen earlier.

In the EMEA region, orders received declined in the weakening market. Despite of the market situation, KONE succeeded in performing rather well in Germany and Belgium. In the first quarter, KONE also showed rather good progress in the modernization market. KONE's orders received in modernization were particularly good in France.

In the EMEA region, one of KONE's largest orders during the first quarter was an order to supply elevators for the high-rise Anthill Residence project in Istanbul, Turkey. The installation of the equipment will start in December of this year and it is estimated to be complete in December 2010. KONE also secured a major order to deliver all elevators and escalators for The Shard London Bridge. Construction of the skyscraper is expected to begin this spring with completion scheduled for May 2012. Installation of the elevators will commence in 2010.

In addition, KONE signed a three-year elevator maintenance partnership contract with GDF SUEZ. The contract defines KONE as one of the preferred suppliers of elevator maintenance for GDF SUEZ's European facilities.

In the Americas, KONE's order intake declined only modestly although the market was very difficult. KONE has maintained its competitiveness across different seg-

KONE's first quarter 2009 review

Sales by geographical areas, MEUR

	1–3/2009	%	1–3/2008	%	1–12/2008	%
EMEA [1]	638.8	63	617.7	68	3,001.5	65
Americas	234.1	23	161.7	18	888.3	19
Asia-Pacific	148.1	14	125.9	14	713.0	16
Total	1,021.0		905.3		4,602.8	

[1] EMEA = Europe, Middle East, Africa

ments with particularly good performance in the important infrastructure segment. The largest order in North America was to supply and install escalators and elevators for the first phase of the Dulles Corridor Metrorail Project (DCMP). The installation of KONE solutions is expected to start in the spring of 2010 and is estimated to be completed by the late spring in 2013.

In the Asia-Pacific region, KONE's new equipment orders received declined year-on-year. In China, orders received was slightly positive. The maintenance base developed well. The good conversion rate and strong order intake in the past were feeding the maintenance base growth. In India and Australia, KONE had a decline in new orders.

Net Sales

In January-March 2009, KONE's net sales rose by 12.8%, and totaled EUR 1,021 (1–3/2008: 905.3) million. Growth at comparable currency rates was also 12.8%.

New equipment sales accounted for EUR 445.1 (383.4) million of the total and represented 16.1% growth over the comparison period. At comparable currency rates, the growth was 15.6%.

Service sales (maintenance and modernization) increased by 10.3% and totaled EUR 575.9 (521.9) million. At comparable currency rates, the growth was 10.7%.

Of the sales, 63% (68%) were generated from EMEA, 23% (18%) by the Americas and 14% (14%) by Asia-Pacific.

Financial Result

KONE's operating income was EUR 91.2 million (1–3/2008: 86.5 million) or 8.9% (9.6) of net sales. The result was still burdened by the high raw material costs. Net financing items were EUR 14.3 (0.1) million and includes dividends received from Toshiba Elevator and Building Systems Corporation (TELC).

KONE's income before taxes for January-March 2009 was EUR 105.6 (87.0) million. Taxes totaled EUR 26.9 (23.1) million, taking into account taxes proportionate to the amount estimated for the financial year. This represents an effective tax rate of 25.5%. In January-December 2008, the effective tax rate was 25.8%. Net income for the period under review was EUR 78.7 (63.9) million.

Earnings per share were EUR 0.31 (0.25). Equity per share was EUR 3.77 (2.55).

Financial Position and Cash Flow

KONE's financial position stayed strong and the company had a positive net cash position at the end of March. In January-March 2009, cash flow generated from operations (before financing items and taxes) was EUR 170.3 (166.6) million. At the end of March, net working capital was negative at EUR -152.0 (December 31, 2008: -76.4) million, including financing items and taxes.

Interest-bearing assets exceeded interest-bearing net debts and the net cash position totaled EUR 40.3 (December 31, 2008: 58.3) million. Gearing was -4.2%, compared with -5.6% at the end of 2008. KONE's total equity/total assets ratio was 34.9% (December 31, 2008: 39.0%) at the end of March.

Capital expenditure, acquisitions and divestments

KONE's capital expenditure, including acquisitions, totaled EUR 31.1 (1–3/2008: 33.5) million. Capital expenditure, excluding acquisitions, was mainly related to R&D, IT and production. Acquisitions accounted for EUR 22.3 (23.0) million of this figure. Acquisitions made in January-March will have no material effect on the 2009 full-year figures.

In January-March, KONE made the acquisition of FairWay Elevator Inc, an independent elevator service

KONE's first quarter 2009 review

company in the Philadelphia area in the United States. Through this acquisition, KONE establishes itself as one of the largest elevator and escalator companies in the Philadelphia region.

Research and development

Research and development expenses totaled EUR 15.3 (1–3/2008: 15.2) million, representing 1.5% (1.7%) of net sales. R&D expenses include the development of new concepts and further development of existing solutions and services. KONE's elevators and escalators are based on energy-efficient technology.

In January-March 2009, KONE strengthened its offering to better meet the demands of the public infrastructure segments. KONE also added mid-rise solutions by offering additional design features in Asia-Pacific and improved solutions for the hospital segment.

In addition, KONE launched a new commercial escalator release to further gain market share in the retail segment. The cost structure has been improved and the application scope has been enlarged by adding a full outdoor solution package to the offering as well as several new visual design components. In addition, an optimized motor was added for lower vertical rises to reduce unnecessary power consumption. To further differentiate the escalator offering from that of the competition, an innovative solution to display commercial or safety related information on the escalator step riser was added to the offering.

In January 2009, KONE Corporation was awarded a 2008 GOOD DESIGN award for its innovative elevator design concept. KONE is the first elevator and escalator company to ever receive such a prestigious award. Founded in 1950, GOOD DESIGN is renowned as one of the most recognized design awards program in the world. The awards are given by The Chicago Athenaeum and The European Centre for Architecture Art Design and Urban Studies to highlight the best new designs and design innovations for products and graphics made between 2006 and 2008.

Personnel

The objective of KONE's personnel strategy is to help the company meet its business targets. The main goals of the strategy are to further secure the availability, commitment and continuous development of its personnel. All 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 34,558 (December 31, 2008: 34,831) employees at the end of March 2009. The average number of employees was 34,565 (1–3/2008: 32,975).

The geographical distribution of KONE employees was 56% (57%) in EMEA, 17% (17%) in the Americas and 27% (26%) in Asia-Pacific.

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

Environment

The development of eco-efficient solutions focused on stand-by energy saving solutions and regenerative units for elevators. As a result of these improvement actions, a reduction of 30 percent in the newest release was accomplished. By next year, an additional 20 percent reduction will be achieved.

In the service business, eco-efficiency aspects have been included in the analysis, which provides customers with a comprehensive recommendation on how to maintain and modernize their equipment in a cost-effective way.

The most significant carbon dioxide (CO_2) impact of KONE's own operations relate to the company's vehicle car fleet, electricity consumption and logistics. As a consequence, projects relating to KONE's global car fleet and business travel are ongoing.

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 the present weak economic situation, having no debt is a strength.

The economic turmoil has been extremely severe since mid-2008. 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.

KONE's first quarter 2009 review

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

The key area in guaranteeing good liquidity in the short run is to keep the present good 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.

KONE's business activities are exposed to risks, which may arise from changes in KONE's business environment or incidents resulting from operating activities. The most significant risks are increases in personnel costs and raw material costs, fluctuation in currency and changes in the development of the world economy.

A global slowdown in economic growth may bring about a decrease in the number of new equipment orders received by KONE, cancellations of agreed-on deliveries, or delays in the commencement of projects. A significant part of KONE's sales consist of services which are less susceptible to the effects of an economic recession. An economic recession may affect the liquidity and payment schedules of KONE's customers and lead to credit losses. Credit risks are managed by applying advance payments and actively monitoring the liquidity of customers.

As a global group, KONE is exposed to foreign exchange fluctuations. The Group Treasury function manages exchange rates and other financial risks centrally on the basis of principles approved by the Board of Directors. The main effect of exchange rate fluctuations is seen in the consolidated financial statements of the KONE Group resulting from the translation of financial statements of foreign subsidiaries into euros.

A significant part of KONE's sales consist of services which are very labor-intensive. If the increases in labor costs cannot be transferred to prices or the productivity targets are not met, the profit development of the Group will be adversely affected. A failure to efficiently reallocate personnel resources in response to reduced business opportunities may also have a negative effect on the profit development.

Changes in raw material prices are reflected directly in the production costs of components made by KONE, such as doors and cars, and indirectly in the prices of purchased components. The maintenance business deploys a significant fleet of service vehicles, and oil price fluctuations can affect the cost of maintenance.

Appointment to the Executive Board

KONE appointed Henrik Ehrnrooth M.Sc. (Econ) Executive Vice President, Finance (Chief Financial Officer) and a Member of the Executive Board as of May 1, 2009. Henrik Ehrnrooth will succeed Aimo Rajahalme, who has served as CFO since 1991.

Decisions of the Annual General Meeting

KONE Corporation's Annual General Meeting was held in Helsinki on February 23, 2009. The meeting approved the financial statements and discharged the responsible parties from liability for the January 1–December 31, 2008 financial period.

The number of Members of the Board of Directors was confirmed as eight and it was decided to elect one deputy Member. Re-elected as Members of the Board were Matti Alahuhta, Reino Hanhinen, Antti Herlin, Sirkka Hämäläinen-Lindfors and Sirpa Pietikäinen and as deputy Member Jussi Herlin. Anne Brunila, Juhani Kaskeala and Shunichi Kimura were elected as new Members of the Board of Directors.

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

Antti Herlin was elected as Chairman of the Audit Committee. Sirkka Hämäläinen-Lindfors and Anne Brunila were elected as independent Members of the Audit Committee.

Antti Herlin was elected as Chairman of the Nomination and Compensation Committee. Reino Hanhinen and Juhani Kaskeala were elected as independent Members of the Nomination and Compensation Committee.

The Annual General Meeting confirmed an annual compensation of EUR 54,000 for the Chairman of the Board, EUR 42,000 for the Vice Chairman, EUR 30,000 for Board Members and EUR 15,000 for the deputy Member. In addition, a compensation of EUR 500 was approved for attendance at Board and Committee meetings.

The Annual General Meeting approved the Board of Directors proposal to repurchase KONE's own shares. Altogether, no more than 25,570,000 shares may be repur-

KONE's first quarter 2009 review

chased, of which no more than 3,810,000 may be class A shares and 21,760,000 class B shares, taking into consideration the provisions of the Companies Act regarding the maximum amount of own shares that the Company is allowed to possess. The minimum and maximum consideration for the shares to be purchased is determined for both class A and class B shares on the basis of the trading price for class B shares determined on the NASDAQ OMX Helsinki Oy on the time of purchase.

In addition, the Annual General Meeting 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.

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

Authorized public accountants Heikki Lassila and PricewaterhouseCoopers Oy were re-nominated as the Company's auditors.

Dividend for 2008

The Annual General Meeting approved the Board's proposal for dividends of EUR 0.645 for each of the 38,104,356 class A shares and EUR 0.65 for the 214,643,060 outstanding class B shares. The date of record for dividend distribution was February 26, 2009, and dividends were paid on March 5, 2009.

Share Capital and Market Capitalization

The KONE 2005B options based on the KONE Corporation 2005 option program were listed on the main list of the OMX Nordic Exchange Helsinki on June 1, 2005. Each option entitled its holder to subscribe for twelve (12) class B shares at a price of EUR 4.02 per share. As the 2005B options subscription period ended on March 31, 2009, 4,660 remaining series B options held by the subsidiary expired. The remaining 12,034 options had been used and the shares will be entered in the Finnish Trade Register in April.

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 11.90 per share. At the end of March 2009, the remaining 2005C options entitled their holders to subscribe for 3,909,150 class B shares. The subscription period for series C options will end on April 30, 2010.

In December 2007, KONE Corporation's Board of Directors decided to grant stock option rights to approximately 350 employees of KONE's global organization. The share subscription period for 2007 stock option 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.

As of March 31, 2009, KONE's share capital was EUR 64,381,640.50, comprising 219,422,206 listed class B shares and 38,104,356 unlisted class A shares.

KONE's market capitalization was EUR 3,940 million on March 31, 2009, disregarding own shares in the Group's possession.

Repurchase of KONE Shares

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 3, 2009.

During January 1–March 31, 2009, KONE did not use its authorization to repurchase its own shares. At the end of March, the Group had 4,905,506 class B shares in its possession. The shares in the Group's possession represent 1.9% of the total number of class B shares. This corresponds to 0.8% of the total voting rights.

Shares traded on the NASDAQ OMX Helsinki Ltd.

The NASDAQ OMX Helsinki traded 49.9 million of KONE Corporation's class B shares in January-March, equivalent to a turnover of EUR 814.0 million. The daily average trading volume was 804,738 (1–3/2008: 929,603; 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 March 31, 2009 was EUR 15.60. The volume weighted average share price during the period was EUR 16.34. The highest quotation during the first quarter was EUR 18.74 and the lowest 13.80.

KONE's first quarter 2009 review

The number of registered shareholders at the beginning of the review period was 16,354 and 17,118 at its end. The number of private households holding shares totaled 15,475 at the end of the period, which corresponds to approximately 12% of the listed B-shares.

According to the nominee registers, approximately 44.3% of the listed class B shares were owned by foreigners as of March 31, 2009. Other foreign ownership at the end of the period totaled approximately 8%; thus a total of 52.3% of the company's listed class B shares were owned by international investors, corresponding to approximately 19% of the total votes in the company.

Market outlook

In 2009, the new equipment market will continue to decline because of the weakening global economy. Modernization will be less impacted. The maintenance market will continue to develop well.

Outlook

In 2009, KONE's objective in net sales is to reach a growth of 5 percent or at least approximately the net sales level of 2008.

In operating income (EBIT), the objective is to reach a growth of 5 percent or at least approximately the operating income level of 2008.

Helsinki, April 23, 2009

KONE Corporation

Board of Directors

Consolidated statement of income

MEUR	1–3/2009	%	1–3/2008	%	1–12/2008	%
Sales	1,021.0		905.3		4,602.8	
Costs and expenses	-914.3		-804.1		-3,979.6	
Depreciation	-15.5		-14.7		-64.8	
Operating income	91.2	8.9	86.5	9.6	558.4	12.1
Share of associated companies' net income	0.1		0.4		2.6	
Financing income	18.7		5.6		24.4	
Financing expenses	-4.4		-5.5		-21.6	
Income before taxes	105.6	10.3	87.0	9.6	563.8	12.2
Taxes	-26.9		-23.1		-145.7	
Net income	78.7	7.7	63.9	7.1	418.1	9.1
Net income attributable to:						
Shareholders of the parent company	78.6		63.6		417.3	
Minority interests	0.1		0.3		0.8	
Total	78.7		63.9		418.1	
Earnings per share for profit attributable to the shareholders of the parent company, EUR						
Basic earnings per share	0.31		0.25		1.66	
Diluted earnings per share	0.31		0.25		1.65	

Consolidated statement of comprehensive income

MEUR	1–3/2009	1–3/2008	1–12/2008
Net income	78.7	63.9	418.1
Other comprehensive income, net of tax:			
Translation differences	8.6	-20.9	38.0
Hedging of foreing subsidiaries	-1.9	4.1	-22.9
Cash flow hedges	-5.2	5.6	3.5
Other comprehensive income, net of tax	1.5	-11.2	18.6
Total comprehensive income	80.2	52.7	436.7
Total comprehensive income attributable to:			
Shareholders of the parent company	80.1	52.4	435.9
Minority interests	0.1	0.3	0.8
Total	80.2	52.7	436.7

Condensed consolidated statement of financial position

Assets MEUR	Mar 31, 2009	Mar 31, 2008	Dec 31, 2008
Non-current assets			
Intangible assets	695.2	625.8	670.2
Tangible assets	213.0	198.0	214.7
Loans receivable and other interest-bearing assets	1.9	1.7	2.3
Deferred tax assets	132.7	108.8	122.1
Investments	157.9	143.4	169.1
Total non-current assets	1,200.7	1,077.7	1,178.4
Current assets			
Inventories	933.1	859.1	885.5
Advance payments received	-866.9	-789.0	-805.4
Accounts receivable and other non interest-bearing assets	1,110.5	965.0	1,046.5
Current loans and receivables	180.8	110.0	204.0
Cash and cash equivalents	173.3	200.4	147.8
Total current assets	1,530.8	1,345.5	1,478.4
Total assets	2,731.5	2,423.2	2,656.8

Equity and liabilities MEUR	Mar 31, 2009	Mar 31, 2008	Dec 31, 2008
Equity	954.4	640.9	1,035.9
Non-current liabilities			
Loans	172.0	220.2	172.4
Deferred tax liabilities	41.2	26.1	39.7
Employee benefits	117.2	125.3	115.8
Total non-current liabilities	330.4	371.6	327.9
Provisions	49.3	79.2	49.9
Current liabilities			
Loans	143.7	229.7	123.4
Accounts payable and other liabilities	1,253.7	1,101.8	1,119.7
Total current liabilities	1,397.4	1,331.5	1,243.1
Total equity and liabilities	2,731.5	2,423.2	2,656.8

Consolidated statement of changes in equity

MEUR	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Own shares	Retained earnings	Net income for the period	Minority interests	Total equity
1 Jan, 2009	64.4	100.4	3.3	9.0	-16.2	-83.1	957.2		0.9	1,035.9
Total comprehensive income for the period				-5.2	6.7			78.6	0.1	80.2
Transactions with shareholders and minority shareholders:										
Dividends paid							-164.1			-164.1
Issue of shares (option rights)	0.0		0.3							0.3
Purchase of own shares										-
Sale of own shares										-
Change in minority interests										-
Option and share-based compensation							2.1			2.1
31 Mar, 2009	64.4	100.4	3.6	3.8	-9.5	-83.1	795.2	78.6	1.0	954.4

MEUR	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Own shares	Retained earnings	Net income for the period	Minority interests	Total equity
1 Jan, 2008	64.2	100.2	-	5.5	-31.3	-87.8	698.1		0.3	749.2
Total comprehensive income for the period				5.6	-16.8			63.6	0.3	52.7
Transactions with shareholders and minority shareholders:										
Dividends paid							-163.6			-163.6
Issue of shares (option rights)	0.0	0.2								0.2
Purchase of own shares										-
Sale of own shares										-
Change in minority interests									-0.1	-0.1
Option and share-based compensation							2.5			2.5
31 Mar, 2008	64.2	100.4	-	11.1	-48.1	-87.8	537.0	63.6	0.5	640.9

Consolidated statement of changes in equity

MEUR	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Own shares	Retained earnings	Net income for the period	Minority interests	Total equity
1 Jan, 2008	64.2	100.2	-	5.5	-31.3	-87.8	698.1		0.3	749.2
Total comprehensive income for the period				3.5	15.1			417.3	0.8	436.7
Transactions with shareholders and minority shareholders:										
Dividends paid							-163.6			-163.6
Issue of shares (option rights)	0.2	0.2	3.3							3.7
Purchase of own shares										-
Sale of own shares										-
Change in minority interests									-0.2	-0.2
Option and share-based compensation						4.7	5.4			10.1
31 Dec, 2008	64.4	100.4	3.3	9.0	-16.2	-83.1	539.9	417.3	0.9	1,035.9

Condensed consolidated statement of cash flow

MEUR	1–3/2009	1–3/2008	1–12/2008
Operating income	91.2	86.5	558.4
Change in working capital	63.6	65.4	-95.8
Depreciation	15.5	14.7	64.8
Cash flow from operations	170.3	166.6	527.4
Cash flow from financing items and taxes	-15.7	-15.4	-99.5
Cash flow from operating activities	154.6	151.2	427.9
Cash flow from investing activities	-22.3	-35.8	-128.6
Cash flow after investing activities	132.3	115.4	299.3
Purchase and sale of own shares	-	-	-
Issue of shares	0.3	0.2	3.7
Dividends paid	-151.9	-151.1	-163.3
Change in loans receivable	27.7	4.8	-82.7
Change in loans payable	18.9	77.1	-62.7
Cash flow from financing activities	-105.0	-69.0	-305.0
Change in cash and cash equivalents	27.3	46.4	-5.7
Cash and cash equivalents at end of period	173.3	200.4	147.8
Translation difference	1.8	0.9	1.4
Cash and cash equivalents at beginning of period	147.8	154.9	154.9
Change in cash and cash equivalents	27.3	46.4	-5.7

Change in interest-bearing net debt

MEUR	1–3/2009	1–3/2008	1–12/2008
Interest-bearing net debt at beginning of period	-58.3	91.7	91.7
Interest-bearing net debt at end of period	-40.3	137.8	-58.3
Change in interest-bearing net debt	18.0	46.1	-150.0

Notes for the interim report

Key figures

		1–3/2009	1–3/2008	1–12/2008
Basic earnings per share	EUR	0.31	0.25	1.66
Diluted earnings per share	EUR	0.31	0.25	1.65
Equity per share	EUR	3.77	2.55	4.10
Interest-bearing net debt	MEUR	-40.3	137.8	-58.3
Total equity/total assets	%	34.9	26.4	39.0
Gearing	%	-4.2	21.5	-5.6
Return on equity	%	31.6	36.8	46.8
Return on capital employed	%	25.6	25.2	35.9
Total assets	MEUR	2,731.5	2,423.2	2,656.8
Assets employed	MEUR	914.1	778.7	977.6
Working capital (including financing and tax items)	MEUR	-152.0	-188.5	-76.4

Sales by geographical areas

MEUR	1–3/2009	%	1–3/2008	%	1–12/2008	%
EMEA[1]	638.8	63	617.7	68	3,001.5	65
Americas	234.1	23	161.7	18	888.3	19
Asia-Pacific	148.1	14	125.9	14	713.0	16
Total	1,021.0		905.3		4,602.8	

[1] EMEA = Europe, Middle East, Africa

Quarterly figures

		Q1/2009	Q4/2008	Q3/2008	Q2/2008	Q1/2008
Orders received	MEUR	898.5	845.2	892.4	1,092.4	1,117.5
Order book	MEUR	3,753.1	3,576.7	4,002.8	3,838.7	3,617.4
Sales	MEUR	1,021.0	1,431.6	1,123.8	1,142.1	905.3
Operating income	MEUR	91.2	189.2	146.0	136.7	86.5
Operating income	%	8.9	13.2	13.0	12.0	9.6

		Q4/2007	Q3/2007	Q2/2007	Q1/2007	Q4/2006	Q3/2006	Q2/2006	Q1/2006
Orders received	MEUR	901.9	926.3	944.4	902.1	712.1	742.0	821.9	840.3
Order book	MEUR	3,282.3	3,473.6	3,318.0	3,105.7	2,762.1	2,951.0	2,818.0	2,654.0
Sales	MEUR	1,294.2	971.6	1,001.9	811.2	1,145.6	879.8	840.4	735.0
Operating income	MEUR	160.8[1]	126.7	116.4	69.3[2]	123.4	101.1	83.9	51.7
Operating income	%	12.4[1]	13.0	11.6	8.5[2]	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 sales profit from the sale of KONE Building

[2] Excluding a MEUR 142.0 fine for the European Commission's decision.

Notes for the interim report

Orders received

MEUR	1–3/2009	1–3/2008	1–12/2008
	898.5	1,117.5	3,947.5

Order book

MEUR	Mar 31, 2009	Mar 31, 2008	Dec 31, 2008
	3,753.1	3,617.4	3,576.7

Capital expenditure

MEUR	1–3/2009	1–3/2008	1–12/2008
In fixed assets	7.7	9.2	65.1
In leasing agreements	1.1	1.3	9.3
In acquisitions	22.3	23.0	60.0
Total	31.1	33.5	134.4

R&D Expenditure

MEUR	1–3/2009	1–3/2008	1–12/2008
	15.3	15.2	58.3
R&D expenditure as percentage of sales	1.5	1.7	1.3

Number of employees

	1–3/2009	1–3/2008	1–12/2008
Average	34,565	32,975	33,935
At the end of the period	34,558	33,155	34,831

Notes for the interim report

Commitments

MEUR	Mar 31, 2009	Mar 31, 2008	Dec 31, 2008
Mortgages			
Group and parent company	0.7	0.7	0.7
Pledged assets			
Group and parent company	2.0	4.7	2.0
Guarantees			
Associated companies	3.8	4.3	4.1
Others	6.8	6.4	7.2
Operating leases	171.3	149.9	171.7
Total	184.6	166.0	185.7

The future minimum lease payments under non-cancellable operating leases

MEUR	Mar 31, 2009	Mar 31, 2008	Dec 31, 2008
Less than 1 year	42.9	39.8	43.3
1–5 years	95.4	89.4	96.9
Over 5 years	33.0	20.7	31.5
Total	171.3	149.9	171.7

Derivatives

Fair values of derivative financial instruments MEUR	positive fair value Mar 31, 2009	negative fair value Mar 31, 2009	net fair value Mar 31, 2009	net fair value Mar 31, 2008	net fair value Dec 31, 2008
FX Forward contracts	12.4	11.1	1.3	16.0	10.9
Currency options	1.6	2.0	-0.4	0.3	0.4
Cross-currency swaps, due under one year	1.0	17.0	-16.0	3.4	1.8
Cross-currency swaps, due in 1–3 years	-	-	-	5.9	-22.7
Electricity derivatives	0.0	1.3	-1.3	0.5	-1.0
Total	15.0	31.4	-16.4	26.1	-10.6

Nominal values of derivative financial instruments

MEUR	Mar 31, 2009	Mar 31, 2008	Dec 31, 2008
FX Forward contracts	506.4	632.5	615.7
Currency options	213.6	43.0	90.4
Cross-currency swaps, due under one year	136.7	20.0	23.6
Cross-currency swaps, due under 1–3 years	-	136.7	113.1
Electricity derivatives	4.3	3.1	4.7
Total	861.0	835.3	847.5

Shares and shareholders

Mar 31, 2009	Class A shares	Class B shares	Total
Number of shares	38,104,356	219,422,206	257,526,562
Own shares in possession [1)]		4,905,506	
Share capital, EUR			64,381,641
Market capitalization, MEUR			3,940
Number of shares traded (millions), 1–3/2009		49.9	
Value of shares traded, MEUR, 1–3/2009		814.0	
Number of shareholders	3	17,118	17,118

	Close	High	Low
Class B share price, EUR, Jan-Mar 2009	15.60	18.74	13.80

1) During Jan-Mar 2009, the authorization to repurchase shares was not used. During 2008, the authorization to repurchase shares was not used. In April 2008, 326,000 class B shares assigned to the share-based incentive plan for 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.

KONE Corporation

Corporate Offices
Keilasatama 3
P.O. Box 7
FI-02151 Espoo, Finland
Tel. +358 (0)204 751
Fax +358 (0)204 75 4496

www.kone.com

For further information please contact:
Aimo Rajahalme
Executive Vice President, Finance
Tel. +358 (0)204 75 4484

Sophie Jolly
Vice President, Investor Relations
Tel. +358 (0)204 75 4534

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 2008, KONE had annual net sales of EUR 4.6 billion and over 34,800 employees. KONE class B shares are listed on the NASDAQ OMX Helsinki in Finland.