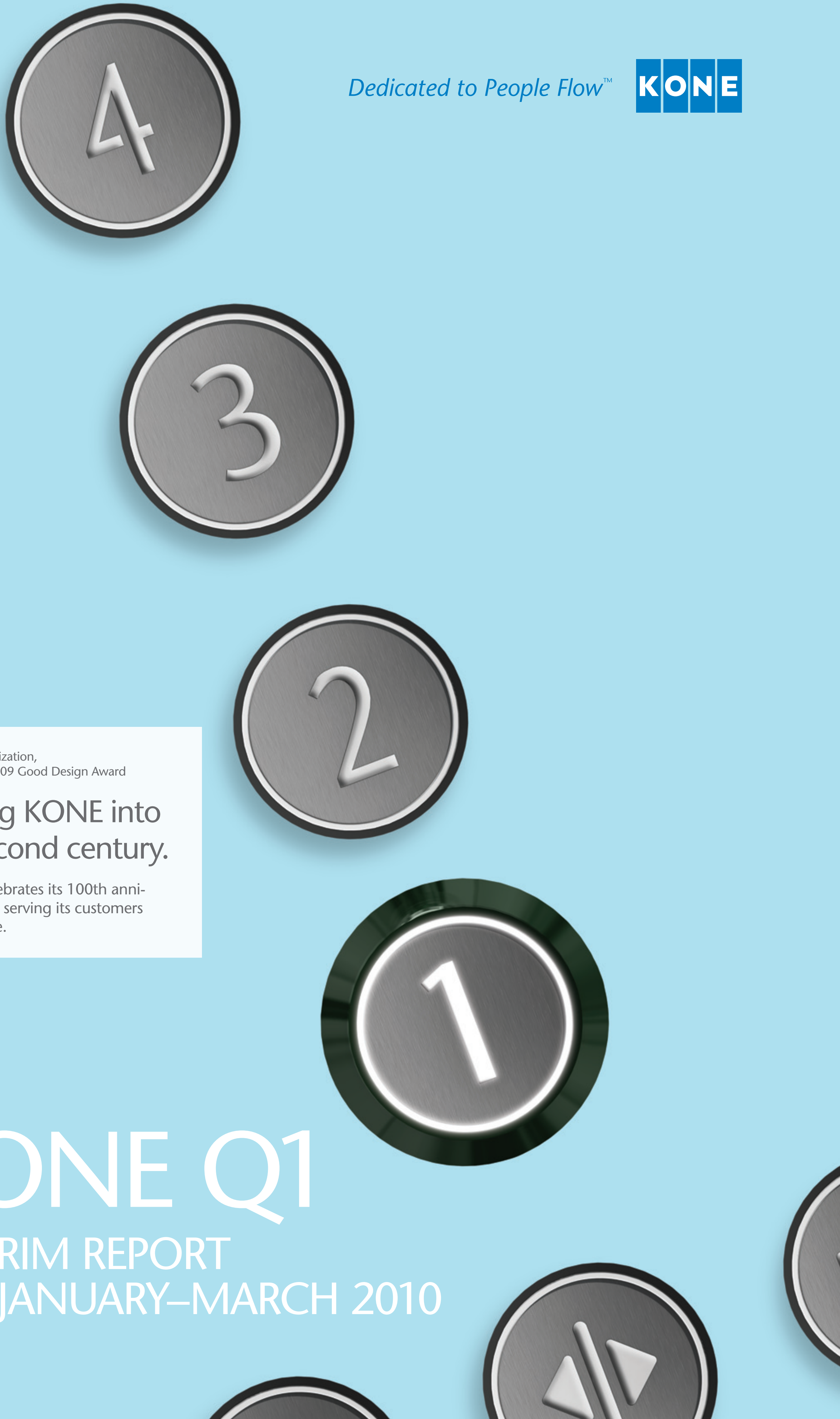
Dedicated to People Flow™



KONE signalization,
winner of 2009 Good Design Award

Taking KONE into its second century.

KONE celebrates its 100th anniversary by serving its customers worldwide.

KONE Q1

INTERIM REPORT FOR JANUARY–MARCH 2010

KONE's Q1: The year started strongly

January–March 2010

- In January–March 2010, orders received totaled EUR 894.7 (1–3/2009: 898.5) million. Orders received declined by 0.4% at historical exchange rates and by 0.9% at comparable exchange rates. The order book stood at EUR 3,638 (Dec 31, 2009: 3,309) million at the end of March 2010.
- Net sales declined by 1.8% to EUR 1,003 (1,021) million. At comparable exchange rates it declined by 2.5%.
- Operating income was EUR 108.6 (91.2) million or 10.8% (8.9%) of net sales.
- Cash flow from operations was very strong and reached EUR 217.6 (170.3) million.
- KONE upgrades its outlook for 2010. KONE's net sales is estimated to decline by 0–5% compared to 2009. The operating income (EBIT) is expected to be in the range of EUR 580–620 million. KONE previously estimated its net sales to decline approximately by 5% at comparable exchange rates. The previous operating income (EBIT) outlook was EUR 560–610 million.

KEY FIGURES

		1–3/2010	1–3/2009	1–12/2009
Orders received	MEUR	894.7	898.5	3,432.4
Order book	MEUR	3,638.5	3,753.1	3,309.1
Sales	MEUR	1,003.0	1,021.0	4,743.7
Operating income	MEUR	108.6	91.2	600.3 [1]
Operating income	%	10.8	8.9	12.7 [1]
Cash flow from operations (before financing items and taxes)	MEUR	217.6	170.3	825.1
Net income	MEUR	81.6	78.7	466.4
Total comprehensive income	MEUR	110.8	80.2	449.5
Basic earnings per share	EUR	0.32	0.31	1.84
Interest-bearing net debt	MEUR	-360.0	-40.3	-504.7
Total equity/total assets	%	41.2	34.9	47.0
Gearing	%	-32.1	-4.2	-37.7

[1] Excluding a MEUR 33.6 one-time restructuring cost related to the fixed costs adjustment program, which was booked in the second quarter in 2009.

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

"I am very pleased with our performance in the first quarter. Orders received was approximately at the same level as a year ago, even though new equipment markets continued to be weak in Europe and the Americas. Operating income grew by 19.1% and both operating income and cash flow were at record high first quarter levels.

This means that we have so far managed to improve our performance all the time in the weak environment. Our approach of being market opportunity oriented, of focusing in areas which have profit improvement potential and of developing people leadership has worked well. Our personnel has done a great job. I want to thank them for their efforts."

Interim Report for January–March 2010

Accounting Principles

KONE Corporation's Interim Report for January–March 2010 has been prepared in line with IAS 34, `Interim Financial Reporting´. KONE has applied the same accounting principles in the preparation of this interim report as in its financial statements for 2009, published on January 26, 2010. Additionally the changes according to revised IAS/IFRS standards have been adopted. Out of these relevant changes are IFRS 3 (revised) Business combinations and IAS 27 (revised) Consolidated and separate financial statements. The information presented in this Interim Report has not been audited.

Operating environment in January–March

In the first quarter of 2010, the new equipment markets continued to be challenging in most geographical regions. The Asia-Pacific region developed favorably with China showing strong growth. The residential segment in North Europe has started to recover whereas activity in South Europe and in the Americas continued to decline. The activity level in major projects increased in most regions. The modernization markets were quite stable and provided selective growth opportunities, but continued to be competitive. Maintenance markets, which are less cyclical by nature, continued to grow, but became increasingly competitive. The growth was supported by high conversions of installed equipment into the maintenance base which was due to strong new equipment deliveries in prior years. The lag between the installation of new equipment and the conversion into the maintenance base is typically 12 months but can be up to 30 months.

In the Europe, Middle East and Africa (EMEA) region, the business environment in new equipment markets continued to be challenging, but varied from country to country. The residential market activity started to recover in some countries, particularly in Sweden, Finland and Belgium. Russia, Spain, the United Kingdom and Ireland remained weak and activity in Italy and France declined. The market in Germany continued to be fairly stable. Markets in the Middle East developed positively. The modernization markets were mixed with Belgium, Sweden and Finland showing growth, and France and Italy declining. The maintenance markets continued to develop well in the EMEA region, but were competitive.

In the Americas region, the new equipment markets continued to be challenging. In the United States, activity in the office, residential, retail and hotel segments remained very weak, while medical, infrastructure and publicly funded projects developed favorably. Price competition especially in major projects remained intense in the United States. Modernization activity remained relatively stable. Infrastructure related projects were driving the new equipment market in the United States. In Canada, private sector activity increased and government-funded activity remained at a good level in the new equipment market. In Mexico, the new equipment market showed signs of slow recovery, while modernization activity continued to be weak. Maintenance markets in the Americas remained relatively stable, but were increasingly competitive.

In the Asia-Pacific region, activity in the new equipment market grew clearly during the first quarter. The pricing environment continued to be intensive. In China, the public transportation segment and the residential segment, particularly affordable housing, continued to grow. The commercial segment was also quite active. In India, tendering activity continued to grow and the residential, medical and public transportation segments were strong, while the commercial segment remained flat at a low level. In Australia, the new equipment and modernization markets in the residential segment showed clear signs of improvement and the markets in Southeast Asia also started to pick up. Maintenance markets in Asia-Pacific developed favorably.

Orders received and Order book

KONE's orders received decreased by 0.4% as compared to January–March 2009, and totaled EUR 894.7 (1–3/2009: 898.5) million. At comparable exchange rates, orders received decreased 0.9%. KONE was successful in particular in the volume business. The performance in orders received was strongest in Asia-Pacific, with China developing most positively. Maintenance contracts are not included in orders received.

The order book increased from the end of 2009 by 10.0% and stood at EUR 3,638 (Dec 31, 2009: 3,309) million at the end of March 2010. At comparable exchange rates, the increase was 4.5%. As earlier, the margin of the order book remained at a good level.

In the EMEA region, orders received declined slightly during the first quarter as compared to January–March 2009. In new equipment, KONE's orders received declined compared to the strong January-March period in 2009. The development varied from country to country. KONE performed well in the Middle East, Sweden and Finland, where the orders received development was positive compared to the year before. The most negative development during the first quarter of 2010 was seen in Italy, France and the United Kingdom. In the modernization market KONE's orders received grew. The development was best in the Netherlands, Belgium, Austria and the United Kingdom.

In the EMEA region, one of KONE's largest orders during the first quarter was a ten-year partnership contract signed in the Netherlands between KONE and ProRail for the installa-

KONE's first quarter 2010 review

SALES BY GEOGRAPHICAL REGIONS, MEUR

	1–3/2010	%	1–3/2009	%	1–12/2009	%
EMEA [1)]	593.4	59	638.8	63	2,953.4	62
Americas	236.9	24	234.1	23	970.2	21
Asia-Pacific	172.7	17	148.1	14	820.1	17
Total	1,003.0		1,021.0		4,743.7	

1) EMEA = Europe, Middle East, Africa

tion of new KONE elevators and their maintenance. The contract defines KONE as one of two preferred suppliers for the installation of 175 new elevators. The maintenance contract covers 25 years.

In the Americas, KONE's orders received declined during January–March because of the weak new equipment market environment especially in the United States. During the first quarter, competition continued to increase and aggressive pricing behavior became apparent especially in major projects. In the modernization market, KONE's orders received grew slightly. The margin in the order book remained at the earlier healthy level.

In the Asia-Pacific region, new equipment orders received increased significantly. All main markets in Asia-Pacific grew strongly with China showing a particularly strong performance. The orders received growth was also good in India, Australia and Southeast Asia.

KONE received two major orders in China during the first quarter. KONE won an order to supply 90 machine-room-less elevators and 16 autowalks to Kunming's new international airport. KONE also won an order to supply 38 elevators, 22 escalators and 6 autowalks to Raffles City Chengdu, a new landmark building in the capital of Sichuan Province.

Net sales

KONE's net sales decreased by 1.8% as compared to January–March 2009, and totaled EUR 1,003 (1–3/2009: 1,021) million. At comparable exchange rates the decrease was 2.5%.

New equipment sales accounted for EUR 429.6 (445.1) million of the total and represented a decline of 3.5% over the comparison period. At comparable exchange rates, new equipment sales declined by 4.0%.

Service (maintenance and modernization) sales decreased by 0.4% and totaled EUR 573.4 (575.9) million. At comparable exchange rates, the decrease was 1.4%. Maintenance sales continued to grow at its prior good rate, whereas modernization sales declined clearly due to seasonal factors and changes in the modernization sales mix. However, modernization orders continued to grow.

The distribution of net sales was 59% (63%) EMEA, 24% (23%) Americas and 17% (14%) Asia-Pacific.

Financial result

KONE's operating income was strong at EUR 108.6 (1–3/2009: 91.2) million or 10.8% (8.9%) of net sales. The growth in operating income was the result of improved overall quality and productivity as well as favorable sourcing costs. In addition, a tight cost control contributed to the positive result development. Net financing items were EUR 0.2 (14.3) million.

KONE's income before taxes was EUR 109.5 (105.6) million. Taxes totaled EUR 27.9 (26.9) million, taking into account taxes proportionate to the amount estimated for the financial year. This represents an effective tax rate of 25.5%. Net income for the period under review was EUR 81.6 (78.7) million.

Earnings per share were EUR 0.32 (0.31). Equity per share was EUR 4.42 (3.77).

Consolidated statement of financial position and Cash flow

KONE's financial position was strong and the company had a positive net cash position at the end of March. Cash flow generated from operations (before financing items and taxes) in January–March was EUR 217.6 (1–3/2009: 170.3) million.

The primary drivers of the strong cash flow were the growth in the operating income and a substantial improvement in net working capital. The progress in net working capital was largely due to a constant strong focus on payment terms and an improvement in the ratio of advance payments received relative to inventories. At the end of March 2010, net working capital was EUR -330.0 (December 31, 2009: -228.7) million, including financing items and taxes.

Interest-bearing assets exceeded interest-bearing debts and the net cash position totaled EUR 360.0 (December 31,

KONE's first quarter 2010 review

2009: 504.7) million. Gearing was -32.1%, compared with -37.7% at the end of 2009. KONE's total equity/total assets ratio was 41.2% (December 31, 2009: 47.0%) at the end of March.

Capital expenditure and acquisitions

KONE's capital expenditure, including acquisitions, totaled EUR 10.5 (1–3/2009: 31.1) million. Capital expenditure, excluding acquisitions, was mainly related to facilities and equipment in R&D, IT and production. Acquisitions accounted for EUR 1.2 (22.3) million of this figure.

During January–March 2010, KONE completed the acquisition of ASBA Mantenimientos S.L., a Spanish elevator company based in Barcelona, to strenghten KONE's maintenance and modernization operations in the Catalonia region. This acquisition has not been consolidated during the reporting period.

Research and development

Research and development expenses totaled EUR 15.0 (1–3/2009: 15.3) million, representing 1.5% (1.5%) 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 2010, KONE released new offerings in all regions. The new and improved elevator offering for the Asia-Pacific markets included a wide range of updated solutions and option extensions as well as a new design collection. In Europe, KONE introduced an enhanced offering for the medical segment. In addition, extended solutions for the residential and office segments were offered with a focus on energy-efficiency. KONE also released an updated offering for modular elevator modernization and full replacement. In the Americas, KONE launched for its mid- and high-rise elevators updated car and signalization design solutions, along with energy-efficient lightning and improved functionality offerings.

In January 2010, KONE released a new escalator dedicated especially to the Chinese retail and commercial building segment.

Other important events during the financial period

KONE announced in 2009 that it intends to reduce the 2010 run-rate of fixed costs by EUR 40 million due to the weak new equipment market. The plans for the program were communicated in connection with the second quarter result in 2009. The annual impact of this fixed cost reduction plan is expected to be at least EUR 40 million starting in 2010. The total one-time restructuring cost relating to this program was EUR 33.6 million, which was booked in the second quarter of 2009. The fixed cost adjustment program has progressed according to plan during the first quarter of 2010.

KONE announced in March that certain municipalities, public authorities and companies in Austria had filed civil damage claims against leading elevator and escalator companies during the reporting period. The claims have been served on KONE's Austrian subsidiary KONE AG, and they relate to the 2007 decision of the Austrian Cartel Court. The total capital amount claimed jointly and severally from all of the defendants together amounted to EUR 108 million. KONE's position is that the claims are without merit. No provision has been made.

Personnel

The objective of KONE's personnel strategy is to help the company meet its business targets. The main goals of this strategy are to further secure the availability, engagement, motivation and continuous development of its personnel. All of KONE's activities are 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.

People Leadership is one of KONE's five development programs. During the reporting period, KONE continued to invest in people development programs and launched a new leadership program for middle management. KONE's annual employee survey was conducted during the first quarter and its results will be reported for actions during the second quarter.

KONE had 33,642 (December 31, 2009: 33,988) employees at the end of March. The average number of employees was 33,697 (1–3/2009: 34,565).

The geographical distribution of KONE employees was 55% (December 31, 2009: 55%) in EMEA, 17% (17%) in the Americas and 28% (28%) in Asia-Pacific.

Environment

KONE's aim is to be the eco-efficiency leader in its industry. The development of eco-efficient solutions focuses on stand-by energy saving solutions and regenerative units for elevators. KONE set an ambitious target for 2010 with the aim of reducing the electricity consumption of its volume elevators by 50% by the end of 2010, compared to the 2008 base value. During 2010, KONE's new volume elevators' energy consumption will be reduced by a further 20% in addition to the 30% reduction achieved in 2009.

KONE's first quarter 2010 review

KONE intends to minimize its carbon footprint and to ensure the compliance of KONE's suppliers with the corresponding requirements and environmental targets. KONE has set an annual 5% carbon footprint reduction target for its own operations. The largest part of KONE's entire global impact relates to the amount of electricity used by KONE equipment in their lifetime, underlining the importance of energy-efficient innovations for elevators and escalators. The most significant carbon dioxide (CO_2) impact of KONE's own operations relates to the company's car fleet, electricity consumption and logistics. As a consequence, projects to renew KONE's global car fleet and to reduce needs for air travel are ongoing.

Capital and risk management

KONE's business activities are exposed to risks, which may arise from its operations or changes in the business environment. The risk factors listed below can potentially have an adverse affect on KONE's business operations and financial position and hence the shareholder value of the company. Other risks, which are currently either unknown or considered immaterial to KONE, may, however, become material in the future.

A continuing global economic slowdown or a renewed weakening of the global economy after a short period of growth may bring about a further decrease in the number of new equipment and modernization orders received, cancellation of agreed deliveries, or delays in the commencement of projects. A significant part of KONE's sales consists of services which are less susceptible to the effects of economic cycles, but which are very labor-intensive. The profit development of the Group could be adversely affected if the productivity targets in the service business are not met or if it is not possible to efficiently reallocate personnel resources in response to reduced business opportunities.

A big proportion of KONE's new equipment sales take place in the form of major construction projects in which KONE is a subcontractor. In these projects, KONE's project management organization cooperates with the main contractors' project organization. Supply chains, the high technology featured in components and technologically demanding installation processes may make it more difficult to achieve the quality, cost or schedule objectives set for the project. Common project management methodology and tools together with related global training programs are used for managing project risks.

KONE's business activities are dependent on the uninterrupted operation and reliability of sourcing channels, production plants, logistics processes and the IT systems used. These risks are controlled by analyzing and improving the fault tolerance of processes and by increasing the readiness for transferring the manufacturing of critical components from one production line to another. KONE actively monitors the operations and financial strength of its key suppliers. The aim is also to secure the availability of alternative sourcing channels for critical components and services. Additionally, KONE has a global property damage and business interruption insurance program in place.

A renewed economic downturn may affect the liquidity and payment schedules of KONE's customers and lead to credit losses. KONE's `tender to cash´ process defines the rules for tendering, authorizations and credit control. Advance payments, documentary credits and guarantees are used in the payment terms to minimize the risks related to accounts receivable. KONE proactively manages its accounts receivable in order to minimize the risk of customer defaults. The customer base of KONE consists of a large number of customers in several market areas.

KONE operates internationally and is thus exposed to currency risks arising from exchange rate fluctuations related to currency flows from sales and purchases and from translation of statement of financial position items of foreign subsidiaries into euros. The KONE Treasury function manages exchange rates and other financial risks centrally on the basis of principles approved by the Board of Directors.

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. In order to reduce the fluctuation of raw material prices and their impact on the price of components, KONE has for 2010 entered into fixed price contracts for a substantial part of the most significant materials. The maintenance business deploys a significant fleet of service vehicles, which explains why oil price fluctuations have an effect on the cost of maintenance.

Decisions of the Annual General Meeting

KONE Corporation's Annual General Meeting was held in Helsinki on March 1, 2010. The meeting approved the financial statements and discharged the responsible parties from liability for the January 1–December 31, 2009 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, Anne Brunila, Reino Hanhinen, Antti Herlin, Sirkka Hämäläinen-Lindfors, Juhani Kaskeala, Shunichi Kimura and Sirpa Pietikäinen and as deputy Member Jussi Herlin.

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.

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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 authorized the Board of Directors to repurchase KONE's own shares. Altogether, no more than 25,570,000 shares may be repurchased, of which no more than 3,810,000 may be class A shares and 21,760,000 class B shares, 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 Ltd. on the time of purchase. The authorization shall remain in effect for a period of one year from the date of the decision of the General Meeting.

In addition, the Annual General Meeting authorized the Board of Directors to decide on the issuance of options and other special rights entitling to shares referred to in chapter 10 section 1 of the Companies Act. The authorization is limited to a maximum of 3,810,000 class A shares and 21,760,000 class B shares. The Board of Directors decides on all the conditions of the issuance of shares and of special rights entitling to shares. The authorization concerns both the issuance of new shares as well as the transfer of treasury shares, and the issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights. The authorization shall remain in effect for a period of five years from the date of the decision of the General Meeting.

The General Meeting decided to establish the KONE Corporation Centennial Foundation. The purpose of the foundation is to advance and support developmental, educational and cultural activities for children and youth around the world. The General Meeting decided to distribute 100,000 treasury class B shares of KONE Corporation without compensation to the KONE Corporation Centennial Foundation to be established, and authorized the Board to later grant no more than EUR 100,000 to the foundation. The General Meeting also decided to authorize the Board to grant during 2010 no more than EUR 3,500,000 to support the activities of universities and colleges.

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

Dividend for 2009

The Annual General Meeting approved the Board's proposal for dividends of EUR 1.295 for each of the 38,104,356 class A shares and EUR 1.30 for the 215,633,008 outstanding class B shares. Half of the dividend is an extra dividend due to KONE's centennial year 2010. The date of record for dividend distribution was March 4, 2010, and dividends were paid on March 11, 2010.

Share capital and Market capitalization

In 2005, KONE granted a conditional option program, 2005C. The 2005C stock options were listed on the NASDAQ OMX Helsinki Ltd. 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 10.60 per share. At the end of March 2010, the remaining 2005C options entitled their holders to subscribe for 3,153,250 class B shares. The subscription period for series C options will end on April 30, 2010.

In 2007, KONE granted a conditional option program, 2007. The 2007 stock options were listed on the NASDAQ OMX Helsinki Ltd. as of April 1, 2010. The total number of stock options is 2,000,000 of which 888,000 are owned by a subsidiary of KONE Corporation. Each option right will entitle its owner to subscribe for two (2) class B shares at a price of EUR 22.845 per share. The subscription period for 2007 stock option will be April 1, 2010–April 30, 2012.

On March 31, 2010, KONE's share capital was EUR 64,606,717.50, comprising 220,322,514 listed class B shares and 38,104,356 unlisted class A shares.

KONE´s market capitalization was EUR 7,767 million on March 31, 2010, disregarding own shares in the Group's possession. Market capitalization is calculated on the basis of both the listed B shares and the unlisted A shares excluding treasury shares. Class A shares are valued at the closing price of the class B shares at the end of the reporting period.

Repurchase of KONE shares

On the basis of the Annual General Meeting's authorization, KONE Corporation's Board of Directors decided to commence

KONE's first quarter 2010 review

the possible repurchasing of shares at the earliest on March 9, 2010.

During January–March 2010, KONE did not use its authorization to repurchase its own shares. 100,000 treasury class B shares of KONE Corporation were distributed without compensation to the KONE Corporation Centennial Foundation in March 2010.

At the end of March, the Group had 4,610,242 class B shares in its possession. The shares in the Group's possession represent 2.1% 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 Ltd. traded 41.6 million KONE Corporation's class B shares in January–March, equivalent to a turnover of EUR 1,237 million. The daily average trading volume was 670,549 (1–3/2009: 804,738). The share price on March 31, 2010 was EUR 30.60. The volume weighted average share price during the period was EUR 29.75. The highest quotation during the first quarter was EUR 31.48 and the lowest EUR 27.72.

The number of registered shareholders was 22,304 at the beginning of the review period and 26,819 at its end. The number of private households holding shares totaled 24,376 at the end of the period, which corresponds to approximately 13% of the listed B shares.

According to the nominee registers, approximately 43.7% of the listed class B shares were owned by foreigners as per March 31, 2010. Other foreign ownership at the end of the period totaled approximately 7%. Thus a total of 50.2% of KONE's listed class B shares were owned by international investors, corresponding to approximately 18% of the total votes in the company.

Market outlook 2010

The good development is expected to expand in the new equipment market in the Asia-Pacific region. In EMEA and North America, the market will continue to decline in most countries, however stabilization is expected towards the end of the year. The modernization market will be at about last year's level. The maintenance market will continue to develop well, but remain very competitive.

Outlook 2010

KONE's net sales is estimated to decline by 0–5% compared to 2009.

The operating income (EBIT) is expected to be in the range of EUR 580–620 million.

Previous outlook

KONE's net sales is estimated to decline approximately 5% at comparable exchange rates.

The operating income (EBIT) is expected to be in the range of EUR 560–610 million.

Helsinki, April 20, 2010

KONE Corporation's Board of Directors

Consolidated statement of income

MEUR	1–3/2010	%	1–3/2009	%	1–12/2009	%
Sales	1,003.0		1,021.0		4,743.7	
Costs and expenses	-878.8		-914.3		-4,081.2	
Depreciation	-15.6		-15.5		-62.2	
One-time restructuring cost					-33.6	
Operating income	108.6	10.8	91.2	8.9	566.7	11.9
Share of associated companies' net income	0.7		0.1		8.1	
Financing income	5.0		18.7		28.8	
Financing expenses	-4.8		-4.4		-9.0	
Income before taxes	109.5	10.9	105.6	10.3	594.6	12.5
Taxes	-27.9		-26.9		-128.2	
Net income	81.6	8.1	78.7	7.7	466.4	9.8
Net income attributable to:						
Shareholders of the parent company	81.3		78.6		465.6	
Non-controlling interests	0.3		0.1		0.8	
Total	81.6		78.7		466.4	
Earnings per share for profit attributable to the shareholders of the parent company, EUR						
Basic earnings per share, EUR	0.32		0.31		1.84	
Diluted earnings per share, EUR	0.32		0.31		1.83	

Consolidated statement of comprehensive income

MEUR	1–3/2010	1–3/2009	1–12/2009
Net income	81.6	78.7	466.4
Other comprehensive income, net of tax:			
Translation differences	33.7	8.6	-7.3
Hedging of foreign subsidiaries	-	-1.9	-1.0
Cash flow hedges	-4.5	-5.2	-8.6
Other comprehensive income, net of tax	29.2	1.5	-16.9
Total comprehensive income	110.8	80.2	449.5
Total comprehensive income attributable to:			
Shareholders of the parent company	110.5	80.1	448.7
Non-controlling interests	0.3	0.1	0.8
Total	110.8	80.2	449.5

Condensed consolidated statement of financial position

Assets

MEUR	Mar 31, 2010	Mar 31, 2009	Dec 31, 2009
Non-current assets			
Intangible assets	717.3	695.2	706.7
Tangible assets	205.2	213.0	200.5
Loans receivable and other interest-bearing assets	1.7	1.9	1.6
Deferred tax assets	168.0	132.7	152.8
Investments	169.9	157.9	156.0
Total non-current assets	1,262.1	1,200.7	1,217.6
Current assets			
Inventories	860.2	933.1	784.6
Advance payments received	-948.9	-866.9	-832.4
Accounts receivable and other non interest-bearing assets	1,105.7	1,110.5	1,056.1
Current deposits and loan receivables	288.8	180.8	421.2
Cash and cash equivalents	157.2	173.3	204.9
Total current assets	1,463.0	1,530.8	1,634.4
Total assets	2,725.1	2,731.5	2,852.0

Equity and liabilities

MEUR	Mar 31, 2010	Mar 31, 2009	Dec 31, 2009
Equity	1,122.4	954.4	1,339.2
Non-current liabilities			
Loans	28.6	172.0	27.2
Deferred tax liabilities	43.0	41.2	42.4
Employee benefits	112.9	117.2	110.6
Total non-current liabilities	184.5	330.4	180.2
Provisions	103.6	49.3	100.3
Current liabilities			
Loans	59.1	143.7	95.8
Accounts payable and other liabilities	1,255.5	1,253.7	1,136.5
Total current liabilities	1,314.6	1,397.4	1,232.3
Total equity and liabilities	2,725.1	2,731.5	2,852.0

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	Non-controlling interests	Total equity
Jan 1, 2010	64.6	100.4	13.0	0.4	-24.5	-80.1	1,264.6		0.8	1,339.2
Net income for the period								81.3	0.3	81.6
Other comprehensive income:										
Translation differences					33.7					33.7
Hedging of foreign subsidiaries										-
Cash flow hedges				-4.5						-4.5
Transactions with shareholders and non-controlling interests:										
Profit distribution						1.3	-331.0			-329.7
Issue of shares (option rights)										-
Purchase of own shares										-
Sale of own shares										-
Change in non-controlling interests									0.0	0.0
Option and share-based compensation							2.1			2.1
Mar 31, 2010	64.6	100.4	13.0	-4.1	9.2	-78.8	935.7	81.3	1.1	1,122.4

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	Non-controlling interests	Total equity
Jan 1, 2009	64.4	100.4	3.3	9.0	-16.2	-83.1	957.2		0.9	1,035.9
Net income for the period								78.6	0.1	78.7
Other comprehensive income:										
Translation differences					8.6					8.6
Hedging of foreign subsidiaries					-1.9					-1.9
Cash flow hedges				-5.2						-5.2
Transactions with shareholders and non-controlling interests:										
Profit distribution							-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 non-controlling interests										-
Option and share-based compensation							2.1			2.1
Mar 31, 2009	64.4	100.4	3.6	3.8	-9.5	-83.1	795.2	78.6	1.0	954.4

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	Non-controlling interests	Total equity
Jan 1, 2009	64.4	100.4	3.3	9.0	-16.2	-83.1	957.2		0.9	1,035.9
Net income for the period								465.6	0.8	466.4
Other comprehensive income:										
Translation differences					-7.3					-7.3
Hedging of foreign subsidiaries					-1.0					-1.0
Cash flow hedges				-8.6						-8.6
Transactions with shareholders and non-controlling interests:										
Profit distribution							-164.1			-164.1
Issue of shares (option rights)	0.2		9.7							9.9
Purchase of own shares										-
Sale of own shares										-
Change in non-controlling interests									-0.9	-0.9
Option and share-based compensation						3.0	5.9			8.9
Dec 31, 2009	64.6	100.4	13.0	0.4	-24.5	-80.1	799.0	465.6	0.8	1,339.2

Condensed consolidated statement of cash flows

MEUR	1–3/2010	1–3/2009	1–12/2009
Operating income	108.6	91.2	566.7
Change in working capital before financial items and taxes	93.4	63.6	194.2
Depreciation and impairment	15.6	15.5	64.2
Cash flow from operations	217.6	170.3	825.1
Cash flow from financing items and taxes	-64.7	-15.7	-123.7
Cash flow from operating activities	152.9	154.6	701.4
Cash flow from investing activities	-16.3	-22.3	-90.6
Cash flow after investing activities	136.6	132.3	610.8
Purchase and sale of own shares	-	-	-
Issue of shares	-	0.3	9.9
Dividends paid	-307.1	-151.9	-164.0
Change in deposits and loans receivable, net	145.7	27.7	-220.9
Change in loans payable	-31.8	18.9	-181.4
Cash flow from financing activities	-193.2	-105.0	-556.4
Change in cash and cash equivalents	-56.6	27.3	54.4
Cash and cash equivalents at end of period	157.2	173.3	204.9
Translation difference	-8.9	1.8	-2.7
Cash and cash equivalents at beginning of period	204.9	147.8	147.8
Change in cash and cash equivalents	-56.6	27.3	54.4

CHANGE IN INTEREST-BEARING NET DEBT

MEUR	1–3/2010	1–3/2009	1–12/2009
Interest-bearing net debt at beginning of period	-504.7	-58.3	-58.3
Interest-bearing net debt at end of period	-360.0	-40.3	-504.7
Change in interest-bearing net debt	144.7	18.0	-446.4

Notes for the interim report

KEY FIGURES

		1–3/2010	1–3/2009	1–12/2009
Basic earnings per share	EUR	0.32	0.31	1.84
Diluted earnings per share	EUR	0.32	0.31	1.83
Equity per share	EUR	4.42	3.77	5.28
Interest-bearing net debt	MEUR	-360.0	-40.3	-504.7
Total equity/total assets	%	41.2	34.9	47.0
Gearing	%	-32.1	-4.2	-37.7
Return on equity	%	26.5	31.6	39.3
Return on capital employed	%	25.9	25.6	34.0
Total assets	MEUR	2,725.1	2,731.5	2,852.0
Assets employed	MEUR	762.4	914.1	834.5
Working capital (including financing and tax items)	MEUR	-330.0	-152.0	-228.7

SALES BY GEOGRAPHICAL REGIONS

MEUR	1–3/2010	%	1–3/2009	%	1–12/2009	%
EMEA[1]	593.4	59	638.8	63	2,953.4	62
Americas	236.9	24	234.1	23	970.2	21
Asia-Pacific	172.7	17	148.1	14	820.1	17
Total	1,003.0		1,021.0		4,743.7	

[1] EMEA = Europe, Middle East, Africa

QUARTERLY FIGURES

		Q1/2010
Orders received	MEUR	894.7
Order book	MEUR	3,638.5
Sales	MEUR	1,003.0
Operating income	MEUR	108.6
Operating income	%	10.8

		Q4/2009	Q3/2009	Q2/2009	Q1/2009	Q4/2008	Q3/2008	Q2/2008	Q1/2008
Orders received	MEUR	813.5	766.5	953.9	898.5	845.2	892.4	1,092.4	1,117.5
Order book	MEUR	3,309.1	3,603.4	3,754.1	3,753.1	3,576.7	4,002.8	3,838.7	3,617.4
Sales	MEUR	1,426.8	1,127.3	1,168.6	1,021.0	1,431.6	1,123.8	1,142.1	905.3
Operating income	MEUR	202.7	160.1	146.3 [1]	91.2	189.2	146.0	136.7	86.5
Operating income	%	14.2	14.2	12.5 [1]	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 [2]	126.7	116.4	69.3 [3]	123.4	101.1	83.9	51.7
Operating income	%	12.4 [2]	13.0	11.6	8.5 [3]	10.8	11.5	10.0	7.0

[1] Excluding a MEUR 33.6 one-time restructuring cost related to the fixed cost adjustment program.
[2] 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.
[3] Excluding a MEUR 142.0 fine for the European Commission's decision.

Notes for the interim report

ORDERS RECEIVED

MEUR	1–3/2010	1–3/2009	1–12/2009
	894.7	898.5	3,432.4

ORDER BOOK

MEUR	Mar 31, 2010	Mar 31, 2009	Dec 31, 2009
	3,638.5	3,753.1	3,309.1

CAPITAL EXPENDITURE

MEUR	1–3/2010	1–3/2009	1–12/2009
In fixed assets	6.2	7.7	40.9
In leasing agreements	3.1	1.1	5.6
In acquisitions	1.2	22.3	46.0
Total	10.5	31.1	92.5

R&D EXPENDITURE

MEUR	1–3/2010	1–3/2009	1–12/2009
	15.0	15.3	62.0
R&D Expenditure as percentage of sales	1.5	1.5	1.3

NUMBER OF EMPLOYEES

	1–3/2010	1–3/2009	1–12/2009
Average	33,697	34,565	34,276
At the end of the period	33,642	34,558	33,988

Notes for the interim report

COMMITMENTS

MEUR	Mar 31, 2010	Mar 31, 2009	Dec 31, 2009
Mortgages			
Group and parent company	-	0.7	-
Pledged assets			
Group and parent company	2.0	2.0	1.9
Guarantees			
Associated companies	3.9	3.8	3.5
Others	10.7	6.8	6.4
Operating leases	166.2	171.3	162.0
Total	182.8	184.6	173.8

The future minimum lease payments under non-cancellable operating leases

MEUR	Mar 31, 2010	Mar 31, 2009	Dec 31, 2009
Less than 1 year	43.9	42.9	41.0
1–5 years	91.5	95.4	91.6
Over 5 years	30.8	33.0	29.4
Total	166.2	171.3	162.0

DERIVATIVES

Fair values of derivative financial instruments MEUR	positive fair value Mar 31, 2010	negative fair value Mar 31, 2010	net fair value Mar 31, 2010	net fair value Mar 31, 2009	net fair value Dec 31, 2009
FX Forward contracts	5.6	10.9	-5.3	1.3	-2.6
Currency options	-	-	-	-0.4	-
Cross-currency swaps, due under one year	-	-	-	-16.0	-17.0
Cross-currency swaps, due in 1–3 years	0.9	-	0.9	-	-
Electricity derivatives	0.5	1.1	-0.6	-1.3	-0.4
Total	7.0	12.0	-5.0	-16.4	-20.0

Nominal values of derivative financial instruments Me	Mar 31, 2010	Mar 31, 2009	Dec 31, 2009
FX Forward contracts	622.4	506.4	488.4
Currency options	-	213.6	-
Cross-currency swaps, due under one year	-	136.7	113.1
Cross-currency swaps, due in 1–3 years	139.3	-	-
Electricity derivatives	5.2	4.3	5.3
Total	766.9	861.0	606.8

Shares and shareholders

Mar 31, 2010	Class A shares	Class B shares	Total
Number of shares	38,104,356	220,322,514	258,426,870
Own shares in possession [1)		4,610,242	
Share capital, EUR			64,606,718
Market capitalization, MEUR			7,767
Number of shares traded (millions), 1–3/2010		41.6	
Value of shares traded, MEUR, 1–3/2010		1,237	
Number of shareholders	3	26,819	26,819

	Close	High	Low
Class B share price, EUR, Jan–Mar 2010	30.60	31.48	27.72

[1)] During January–March 2010, the authorization to repurchase shares was not used. In March 2010, 100,000 treasury class B shares of KONE Corporation were distributed without compensation to the KONE Corporation Centennial Foundation. During 2009, the authorization to repurchase shares was not used. In April 2009, 195,264 KONE class B shares assigned to the share-based incentive plan for the company's senior management were transferred from KNEBV Incentive Oy to the participants due to achieved targets for the financial year 2008. 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 Oy to the participants due to achieved targets for the financial year 2007. Due to the share issue without payment (registered on February 28, 2008), the number of shares in the company was increased by issuing new shares to the shareholders without payment in proportion to their holdings so that one class A share was given for each class A share and one class B share for each class B share.

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KONE is one of the global leaders in the elevator and escalator industry. The company has been committed to understanding the needs of its customers for the past century, providing industry-leading elevators, escalators and automatic building doors as well as innovative solutions for modernization and maintenance. The company'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. In 2009, KONE had annual net sales of EUR 4.7 billion and approximately 34,000 employees. KONE class B shares are listed on the NASDAQ OMX Helsinki Ltd in Finland. Founded in 1910, KONE celebrates its centennial anniversary in 2010.