Q2/10

Interim Review

January 1 – June 30, 2010

metso

Metso Corporation’s Interim Review, January 1 – June 30, 2010

Metso’s positive development continued

Highlights of the second quarter of 2010

- New orders worth EUR 1,671 million were received in April-June, i.e. 64 percent more than in the comparison period (EUR 1,020 million in Q2/2009).
- At the end of June, the order backlog was up by 22 percent on the end of December 2009, and totaled EUR 4,176 million (EUR 3,415 million at December 31, 2009).
- Net sales increased by 10 percent on the comparison period, and were EUR 1,370 million (EUR 1,247 million in Q2/2009).
- Earnings before interest, tax and amortization (EBITA) were EUR 154.2 million, i.e. 11.3 percent of net sales (EUR 74.7 million and 6.0% in Q2/2009).
- Operating profit (EBIT) was EUR 140.0 million, i.e. 10.2 percent of net sales (EUR 65.9 million and 5.3% in Q2/2009).
- From Q2/2010 onwards, Metso will replace EBITA with EBITA before non-recurring items in order to improve comparability and to give a better view of the underlying operational performance. EBITA before non-recurring items in the second quarter was EUR 125.0 million, i.e. 9.1 percent of net sales (EUR 84.9 million and 6.8% in Q2/2009).
- EBITA and EBIT include as a whole EUR 29.2 million of positive non-recurring items (EUR 10.2 million negative non-recurring items in Q2/2009).
- Earnings per share were EUR 0.56 (EUR 0.26 in Q2/2009).
- Free cash flow was EUR 164 million (EUR 80 million in Q2/2009).
- Return on capital employed (ROCE) before taxes was 12.6 percent (9.3% in Q2/2009).

“As we have previously estimated Metso’s positive development continued in the second quarter. The overall positive tone in the global economy and the recovery of demand remains in most of our customer industries, especially in the emerging economies”, says Metso’s President and CEO Jorma Eloranta.

“I am happy that all our key figures improved, not only compared to the second quarter of 2009 but also from the first quarter of this year. The improvement was thanks to steadily recovering demand, our improved competitiveness and continuously strengthening global presence. I am particularly pleased with the significant profitability improvement in our Paper and Fiber Technology segment.

We estimate that the overall positive mood in the global markets will continue despite some restlessness in the European financial markets. We are closely monitoring the situation and have so far not seen material impact on our global trading environment as evidenced by our strong order intake during the second quarter.

We have revised our net sales guidance based on positive developments, such as our increased order backlog and the expectation that the recovery of the global economy will continue. We now estimate that our net sales in 2010 will grow about 10 percent from the EUR 5 billion level of 2009. Our profitability guidance is intact: we expect our profitability to be satisfactory.”

Metso's key figures

EUR million	Q2/10	Q2/09	Change %	Q1-Q2/10	Q1-Q2/09	Change %	2009
Net sales	**1,370**	1,247	10	**2,540**	2,467	3	5,016
Net sales of services business	**612**	535	14	**1,123**	1,054	7	2,102
% of net sales	**45**	43		**45**	43		42
Earnings before interest, tax and amortization (EBITA) and non-recurring items *)	**125.0**	84.9	47	**212.6**	176.7	20	399.0
% of net sales	**9.1**	6.8		**8.4**	7.2		8.0
EBITA	**154.2**	74.7	106	**238.0**	143.5	66	334.3
% of net sales	**11.3**	6.0		**9.4**	5.8		6.7
Operating profit	**140.0**	65.9	112	**209.5**	124.5	68	293.6
% of net sales	**10.2**	5.3		**8.2**	5.0		5.9
Earnings per share, EUR	**0.56**	0.26	115	**0.76**	0.44	73	1.06
Orders received	**1,671**	1,020	64	**3,037**	1,962	55	4,358
Order backlog at end of period				**4,176**	3,512	19	3,415
Free cash flow	**164**	80	105	**199**	200	-1	717
Return on capital employed (ROCE) before taxes, annualized, %				**12.6**	9.3		10.0
Equity to assets ratio at end of period, %				**35.6**	31.7		35.7
Gearing at end of period, %				**28.5**	70.2		32.5

*) From the second quarter 2010 onwards, Metso will in its financial reporting replace earnings before interest, tax and amortization (EBITA) with EBITA before non-recurring items as a financial indicator in order to improve comparability and to give a better view of the underlying operational performance.

As we define it at Metso, non-recurring items typically consist of material one-time items related to the business operations. These items can include, but are not limited to, capital gains and losses related to sale of business assets, one-time restructuring expenses and other items Metso management has deemed as material non-recurring items. Historical comparison figures can be found in the tables presented in this Interim Review and quarterly comparison data from Q1/2009 onwards at www.metso.com/investors.

Metso's second quarter 2010 review

Operating environment and demand for products in April-June

The overall positive tone in the global economy and the recovery of demand continued in most of our customer industries. The growing budget deficits of several European countries created uncertainties in the financial markets overshadowing the upswing in the markets. However, we did not see any material impact from this on overall demand for our products and services in the second quarter.

Thanks to continuing growth of the emerging economies, the confidence of mining companies in the long-term positive demand and price development for minerals has strengthened. As a consequence, mining companies have clearly increased their capacity expansion plans and new orders for mining equipment have started growing strongly. Due to the increased production volumes of minerals demand for our mining equipment services also improved further.

In the construction industry, demand for equipment used in aggregates production has recovered somewhat from the very low levels of last year but remained weak in Europe and North America. Continued economic growth in the Asia-Pacific region and the Brazilian markets led to major infrastructure projects and maintained good demand for construction equipment there. Demand for our services business for the construction industry improved and was good.

Demand for power plants utilizing renewable fuels was at a good level in Europe and North America. Several countries have published targets to increase the use of renewable energy supporting demand for our power plant solutions fuelled by biomass and waste. The uncertainty of the financial markets during the first half of the year has, however, delayed final decision making in several new projects. Demand for our power plant services was satisfactory.

Demand for our automation solutions continued to strengthen as investments by the oil, gas and petrochemical industries increased as a result of the rising trend in the price of and demand for energy. Also demand by the pulp and paper customer industry for process and flow control solutions developed favorably during the second quarter. Demand for our services business for automation solutions improved and was good.

Demand for metals recycling equipment was satisfactory thanks to the increased production volumes in the global steel industry. Demand for solid-waste recycling equipment was also satisfactory. Demand for our services business for recycling equipment improved as the utilization rates of our customers' plants and equipment are increasing.

The trading environment overall was satisfactory for new fiber, paper, board and tissue lines and rebuilds. Customers' capacity utilization rates continued to increase which had a clearly positive impact on our services business.

Orders received in April-June

We received new orders worth EUR 1,671 million in April-June. Orders received increased by 64 percent on the comparison period. The share of emerging markets in our orders received was 60 percent. Orders received increased on the weak comparison period in all reporting segments and in all geographical areas.

Orders received by Mining and Construction Technology in April-June amounted to EUR 604 million, which was 52 percent more than in the comparison period. Orders from mining customers were up 69 percent and from construction customers up 22 percent. Services business orders were up 17 percent and the growth is coming primarily from mining customers. Among the most significant orders in the Equipment and Systems business was a delivery of mining equipment for TISCO's iron ore processing plant in Shanxi Province, China.

Orders received by Energy and Environmental Technology increased 38 percent on the comparison period and totaled EUR 384 million. Orders received increased 23 percent in the Power business and by one third in the Automation business. In the Recycling business, orders received grew by almost 150 percent as the comparison period was exceptionally weak. Several automation orders for managing power plants, paper, board and tissue lines as well as oil and gas projects were received. We also received several sizable metal recycling shredder orders. In the Power business, we received some sizable services and project orders.

Orders received by Paper and Fiber Technology doubled on the comparison period and totaled EUR 682 million in April-June. The improvement came especially from the Fiber business which had an exceptionally weak comparison period and which, in addition to several smaller orders also received a large fiber line order for Ilim Group's new kraft pulp mill in Bratsk, Russia. Among other significant orders were two tissue lines for Shanghai Orient Champion Paper Co., Ltd. in Shanghai, and a fine paper line for APRIL Fine Paper (Guangdong) Co. Ltd, both to China.

Financial performance in April-June

Our net sales in April-June totaled EUR 1,370 million, which is 10 percent more than a year earlier (EUR 1,247 million in Q2/2009). The services business net sales increased 14 percent on the comparison period, and accounted for 45 percent of total net sales (43% in Q2/2009).

In the second quarter, our earnings before interest, tax and amortization and non-recurring items (EBITA before non-recurring items) were EUR 125.0 million, i.e. 9.1 percent of net sales (EUR 84.9 million and 6.8% in Q2/2009). Improved capacity utilization rates contributed positively to gross profit margins. On the other hand, earnings were somewhat negatively affected as the selling, general and administrative expenses have increased reflecting the increased demand and strengthening of our sales, marketing and other resources.

Earnings before interest, tax and amortization (EBITA) improved on the comparison period and were EUR 154.2 million, i.e. 11.3 percent of net sales (EUR 74.7 million and 6.0% in Q2/2009).

Metso's operating profit (EBIT) improved clearly and was EUR 140.0 million, or 10.2 percent of net sales (EUR 65.9 million and 5.3% in Q2/2009).

Our EBITA and EBIT for April-June include the following non-recurring items (see table), which had a total positive impact of EUR 29.2 million on our second-quarter financial performance.

Non-recurring items in April-June

Q2/2010 EUR million	Mining and Construction Technology	Energy and Environmental Technology	Paper and Fiber Technology	**Metso Group**
EBITA	97.2	27.7	34.4	**154.2**
Capacity adjustment expenses	-	1.6	1.6	**3.2**
Gain on sale of Talvivaara shares	-1.1	-	-	**-1.1**
Gain on Intellectual Property settlements in the United States and in Australia	-32.1	-	-	**-32.1**
Gain on business disposal	-2.5	-	-	**-2.5**
Provision for prior years' ICMS (VAT) tax credits in Brazil	3.3	-	-	**3.3**
EBITA before non-recurring items	64.8	29.3	36.0	**125.0**
% of net sales	12.0	8.8	7.3	**9.1**

Amortization of intangible assets during the reporting period was EUR 14.2 million of which EUR 8.3 million was related to fair value allocations of acquired businesses.

Q2/2009 EUR million	Mining and Construction Technology	Energy and Environmental Technology	Paper and Fiber Technology	**Metso Group**
EBITA	46.9	34.1	1.4	**74.7**
Capacity adjustment expenses	1.6	1.4	1.3	**4.3**
Gain on sale of Talvivaara shares	-6.2	-	-	**-6.2**
Hedging reversal due to a cancelled customer order	-	-	9.0	**9.0**
Credit loss reserve related to two paper machine customers	-	-	3.1	**3.1**
EBITA before non-recurring items	42.3	35.5	14.8	**84.9**
% of net sales	8.0	9.9	4.1	**6.8**

Amortization of intangible assets during the comparison period was EUR 8.8 million of which EUR 4.6 million was related to fair value allocations of acquired businesses.

Metso's January-June 2010 Interim Review

Orders received and order backlog

Orders received in January-June totaled EUR 3,037 million, an increase of 55 percent on the comparison period. Excluding the effect from exchange rate translation, the growth would have been 46 percent. The strengthening in demand was greatest in the Paper and Fiber Technology segment, and also other reporting segments recorded clear growth in new orders. Our customers' improved capacity utilization rates led to 34 percent growth in our services orders compared to the same period a year earlier.

The three countries with highest value of orders received were China, the United States and Brazil. The share of emerging markets in our orders received was 52 percent (49% in Q1-Q2/2009).

At the end of June, our order backlog was EUR 4,176 million, which is 22 percent stronger than at the end of 2009 (EUR 3,415 million). About EUR 2.4 billion of the deliveries in our order backlog are expected to be completed in 2010, and about EUR 900 million of these are services business orders. Uncertainties in the order backlog have continued to diminish and at the end of June our order backlog included some EUR 395 million (EUR 430 million in Q1/2010) worth of orders for projects with uncertain delivery schedules and which will, according to present estimates, be delivered after 2010. The pulp mill project for Fibria, Brazil, is included in these projects.

Orders received by reporting segments

	Q1-Q2/2010		Q1-Q2/2009	
	EUR million	**% of orders received**	EUR million	% of orders received
Mining and Construction Technology	**1,163**	**38**	783	40
Energy and Environmental Technology	**740**	**24**	543	27
Paper and Fiber Technology	**1,143**	**37**	614	31
Valmet Automotive	**28**	**1**	35	2
Intra-Metso orders received	**-37**		-13	
Total	**3,037**	**100**	1,962	100

Orders received by market area

	Q1-Q2/2010		Q1-Q2/2009	
	EUR million	**% of orders received**	EUR million	% of orders received
Europe	**1,163**	**38**	746	39
North America	**436**	**14**	320	16
South and Central America	**392**	**13**	237	12
Asia-Pacific	**901**	**30**	535	27
Africa and Middle East	**145**	**5**	124	6
Total	**3,037**	**100**	1,962	100

Net sales

Our net sales for the first half of the year increased by 3 percent on the comparison period and were EUR 2,540 million (EUR 2,467 million in Q1-Q2/2009). Excluding the effect from exchange rate translation, the decline would have been 3 percent. The growth came from Paper and Fiber Technology, which recorded growth of 33 percent on the comparison period. Net sales for Mining and Construction Technology were at around the same level as in the comparison period and net sales for Energy and Environmental Technology declined 12 percent. Net sales for our services business increased 7 percent (when excluding the impact of the acquired Fabrics business i.e. former Tamfelt, on par with the comparison period) and its share of the total net sales increased to 45 percent (43% in Q1-Q2/2009).

Measured by net sales, the largest countries were China, the United States and Brazil, which together accounted for about 34 percent of our total net sales. The share of emerging markets in our net sales was 48 percent (42% in Q1-Q2/2009).

Net sales by reporting segments

	Q1-Q2/2010		Q1-Q2/2009	
	EUR million	**% of net sales**	EUR million	% of net sales
Mining and Construction Technology	**1,013**	**40**	1,059	43
Energy and Environmental Technology	**666**	**26**	754	30
Paper and Fiber Technology	**858**	**33**	646	26
Valmet Automotive	**28**	**1**	35	1
Intra-Metso net sales	**-25**		-27	
Total	**2,540**	**100**	2,467	100

Net sales by market area

	Q1-Q2/2010		Q1-Q2/2009	
	EUR million	**% of net sales**	EUR million	% of net sales
Europe	**953**	**37**	1,064	43
North America	**432**	**17**	404	16
South and Central America	**333**	**13**	315	13
Asia-Pacific	**681**	**27**	481	20
Africa and Middle East	**141**	**6**	203	8
Total	**2,540**	**100**	2,467	100

Financial result

In January-June, our EBITA before non-recurring items was EUR 212.6 million, i.e. 8.4 percent of net sales (EUR 176.7 million and 7.2% in Q1-Q2/2009). Improved capacity utilization rates contributed positively to gross profit margins. On the other, hand, earnings were somewhat negatively affected as the selling, general and administrative expenses have increased reflecting the increased demand and strengthening of our sales, marketing and other resources.

In the first half of the year, our EBITA improved clearly on the comparison period and was EUR 238.0 million, i.e. 9.4 percent of net sales (EUR 143.5 million and 5.8% in Q1-Q2/2009).

Our operating profit for January-June was EUR 209.5 million, or 8.2 percent of net sales (EUR 124.5 million and 5.0% in Q1-Q2/2009).

EBITA and EBIT for January-June include EUR 25.4 million of non-recurring items, which have a positive impact, as specified in the following table.

Non-recurring items

Q1-Q2/2010 EUR million	Mining and Construction Technology	Energy and Environmental Technology	Paper and Fiber Technology	**Metso Group**
EBITA	136.7	56.1	52.9	**238.0**
Capacity adjustment expenses	-	5.0	2.9	**7.9**
Gain on sale of Talvivaara shares	-1.1	-	-	**-1.1**
Gain on Intellectual Property settlements in the United States and in Australia	-32.1	-	-	**-32.1**
Gain on business disposal	-2.5	-	-	**-2.5**
Provision for prior years' ICMS (VAT) tax credits in Brazil	3.3	-	-	**3.3**
Credit loss reserve related to two paper machine customers	-	-	-0.9	**-0.9**
EBITA before non-recurring items	104.3	61.1	54.9	**212.6**
% of net sales	10.3	9.2	6.4	**8.4**

Amortization of intangible assets during the reporting period was EUR 28.5 million of which EUR 16.6 million was related to fair value allocations of acquired businesses.

Q1-Q2/2009 EUR million	Mining and Construction Technology	Energy and Environmental Technology	Paper and Fiber Technology	**Metso Group**
EBITA	102.5	66.4	-12.6	**143.5**
Capacity adjustment expenses	5.4	2.8	18.1	**26.3**
Gain on sale of Talvivaara shares	-6.2	-	-	**-6.2**
Hedging reversal due to a cancelled customer order	-	-	9.0	**9.0**
Credit loss reserve related to two paper machine customers	-	-	4.1	**4.1**
EBITA before non-recurring items	101.7	69.2	18.6	**176.7**
% of net sales	9.6	9.2	2.9	**7.2**

Amortization of intangible assets during the comparison period was EUR 19.0 million of which EUR 9.3 million was related to fair value allocations of acquired businesses.

2009 EUR million	Mining and Construction Technology	Energy and Environmental Technology	Paper and Fiber Technology	**Metso Group**
EBITA	202.8	136.3	16.5	**334.3**
Capacity adjustment expenses	21.9	11.1	41.7	**74.7**
Gain on sale of Talvivaara shares	-23.1	-	-	**-23.1**
Hedging reversal due to a cancelled customer order	-	-	9.0	**9.0**
Credit loss reserve related to two paper machine customers	-	-	4.1	**4.1**
EBITA before non-recurring items	201.6	147.4	71.3	**399.0**
% of net sales	9.7	9.7	5.1	**8.0**

Amortization of intangible assets during the year 2009 was EUR 40.7 million of which EUR 18.5 million was related to fair value allocations of acquired businesses.

Group Head Office's operating profit in the first half of 2010 includes foreign exchange gains of EUR 12 million from foreign exchange hedge contracts done by reporting segments with Group Treasury (EUR 2 million gain in Q1-Q2/2009). Corresponding foreign exchange losses are included in the operating results of reporting segments.

Our net financing expenses in January-June were EUR 45 million (EUR 36 million in Q1-Q2/2009). Interest expenses were EUR 35 million (EUR 36 million in Q1-Q2/2009). Net financing expenses include EUR 12 million in foreign exchange losses related to the above-mentioned Group Head Office's foreign exchange gain.

Our profit before taxes was EUR 165 million (EUR 89 million) and we estimate our tax rate for 2010 to be 30 percent (32% in 2009).

The profit attributable to shareholders was EUR 114 million in the first half of the year (EUR 63 million in Q1-Q2/2009), corresponding to earnings per share (EPS) of EUR 0.76 (EUR 0.44/share).

The return on capital employed (ROCE), before taxes, in January-June was 12.6 percent (9.3%) and return on equity (ROE) was 13.6 percent (8.7%).

Cash flow and financing

Net cash generated by operating activities for January-June was EUR 230 million (EUR 228 million in Q1-Q2/2009).

Net working capital decreased in January-June by EUR 7 million.

Free cash flow in the first half of the year was EUR 199 million (EUR 200 million in Q1-Q2/2009).

Net interest-bearing liabilities totaled EUR 538 million at the end of June (EUR 583 million at December 31, 2009).

Our total cash assets at the end of June were EUR 906 million, EUR 338 million of which has been invested in financial instruments with an initial maturity exceeding three months. The remaining EUR 568 million has been accounted for as cash and cash equivalents. The syndicated EUR 500 million revolving loan facility is available until late 2011, and it is currently undrawn. Metso's liquidity position is good.

At the end of June, our gearing was 28.5 percent (70.2%) and our equity-to-assets ratio was 35.6 percent (31.7%). In April, following the Annual General Meeting, we paid EUR 105 million in dividends for 2009.

Capital expenditure and R&D

Our gross capital expenditure in January-June, excluding business acquisitions, was EUR 58 million (EUR 55 million in Q1-Q2/2009). The share of maintenance investments was 60 percent, i.e. EUR 35 million. We estimate new capital expenditure in 2010 to somewhat exceed the 2009 level (EUR 117 million in 2009).

The first phase of Metso's largest single investment so far in India, Metso Park, was completed in March and the investment's second phase has been initiated. A technology center specializing in automation solutions was opened in May in Shanghai, China. In York, Pennsylvania, USA, Mining and Construction Technology took up new purpose-built office premises in May.

In June, construction work was started in Vantaa for a new factory for the production of valves for demanding applications. Metso's industrial valve production in Finland and the company's Automation and Power employees in the Helsinki area, around 800, will be moving to the new factory and the renovated office building in early 2011. This investment will be accounted as operating lease. In Araucaria, Parana state, Brazil, construction work on a new facility for our pulping and power operations has been started. The facility is estimated to be completed in late 2011 and will accommodate approximately 180 pulping and power employees who currently work in leased facilities in Curitiba, just 10 km from the new site.

In Jyväskylä, Finland, we completed an upgrade of a pilot machine at the Paper Technology Center. In Zibo, we are establishing our third service center in China for the pulp and paper industry. Investment projects in global enterprise resource planning systems are underway in Mining and Construction Technology and in the Automation business.

Metso's research and development expenses in January-June totaled EUR 52 million, representing 2.0 percent of Metso's net sales (EUR 61 million and 2.5% in Q1-Q2/2009).

Acquisitions, divestments and joint ventures

In April, Metso acquired the paper machine web inspection and web break system business from Viconsys. The acquired business and personnel of around 30 joined Metso's Energy and Environmental Technology segment.

In April, we sold the Flexowell conveyor belt operations in Germany to ContiTech Transportbandsysteme GmbH. Flexowell was part of Metso's Mining and Construction Technology segment.

In November 2009, we concluded a combination agreement with Tamfelt, one of the world's leading suppliers of technical textiles. The exchange offer was carried out in November-December of 2009 and successfully completed on December 23, 2009. The remaining 2 percent of Tamfelt's shares were redeemed in accordance with the Finnish Companies Act, and in May Metso gained title to all the shares in Tamfelt. The redemption price determined in the Arbitral Tribunal was EUR 7.17 per share. Metso shall pay the redemption price (about EUR 4.3 million) and the interest accrued thereon to the minority shareholders of Tamfelt who were party to the redemption proceedings within one month after the arbitral award has become legally binding.

Since the acquisition, Tamfelt has been a functional and administrative part of our Paper and Fiber Technology segment and has been established as the segment's Fabrics business line.

Personnel

At the end of June, we had 27,665 employees, which was 499 more than at the end of 2009 (27,166 employees at December 31, 2009) and 1,490 employees less than year ago when eliminating the impact of the acquired and divested businesses. Excluding the effects of the about 650 seasonal workers at the end of June, the comparable decline in the number of employees since the start of the year was 151 employees. The number of employees decreased somewhat in Mining and Construction Technology and stayed about the same in Energy and Environmental Technology and in Paper and Fiber Technology. During January-June, we had an average of 27,260 employees.

Personnel by area

	June 30, 2010	**% of total personnel**	June 30, 2009	% of total personnel	Change %	Dec 31, 2009
Finland	**9,286**	**34**	8,813	32	5	8,746
Other Nordic countries	**2,857**	**10**	3,073	11	-7	2,995
Rest of Europe	**3,424**	**12**	3,588	13	-5	3,678
North America	**3,393**	**12**	3,606	13	-6	3,428
South and Central America	**2,890**	**11**	2,743	10	5	2,618
Asia-Pacific	**4,444**	**16**	4,332	16	3	4,316
Africa and Middle East	**1,371**	**5**	1,453	5	-6	1,385
Total	**27,665**	**100**	27,608	100	0	27,166

REPORTING SEGMENTS

Mining and Construction Technology

EUR million	Q2/10	Q2/09	Change %	Q1-Q2/10	Q1-Q2/09	Change %	2009
Net sales	**541**	531	2	**1,013**	1,059	-4	2,075
Net sales of services business	**293**	263	11	**535**	518	3	1,017
% of net sales	**54**	50		**53**	49		49
Earnings before interest, tax and amortization (EBITA) and non-recurring items	**64.8**	42.3	53	**104.3**	101.7	3	201.6
% of net sales	**12.0**	8.0		**10.3**	9.6		9.7
EBITA	**97.2**	46.9	107	**136.7**	102.5	33	202.8
% of net sales	**18.0**	8.8		**13.5**	9.7		9.8
Operating profit	**95.7**	46.0	108	**133.8**	100.9	33	198.8
% of net sales	**17.7**	8.7		**13.2**	9.5		9.6
Orders received	**604**	398	52	**1,163**	783	49	1,660
Order backlog at end of period				**1,310**	1,196	10	1,041
Personnel at end of period				**9,787**	10,344	-5	9,541

The net sales of Mining and Construction Technology decreased by 4 percent on the comparison period of January-June, and were EUR 1,013 million. In the mining business, net sales were on par with the comparison period while, in the construction business net sales were down by approximately 10 percent. The services business net sales were slightly up from the comparison period, and accounted for 53 percent of the segment's net sales (49% in Q1-Q2/2009).

Mining and Construction Technology's EBITA before non-recurring items was EUR 104.3 million (non-recurring items analyzed in the 'Financial result' section), i.e. 10.3 percent of net sales in January-June (EUR 101.7 million and 9.6% in Q1-Q2/2009).

EBITA was EUR 136.7 million, i.e. 13.5 percent of net sales (EUR 102.5 million and 9.7% in Q1-Q2/2009).

EBITA includes positive non-recurring items of EUR 32.4 million net whereas non-recurring items in the comparison period improved the EBITA by EUR 0.8 million. The largest positive non-recurring items in the second quarter related to gains from intellectual property rights settlements in the United States and in Australia amounting to EUR 32.1 million. The underlying operational profitability stayed roughly on par with the comparison period both in the Services business as well as in the Equipment and Systems business.

Orders received by Mining and Construction Technology in January-June amounted to EUR 1,163 million, which was 49 percent more than in the comparison period. Orders received from mining customers increased by more than 60 percent and from construction customers by about 27 percent. New orders increased in all regions except in Western Europe, where there was a slight decline. The share of orders received from emerging markets was 59 percent (49% in Q1-Q2/2009). Among the biggest orders in January-June were grinding equipment deliveries for the Kinross Gold goldmine in Brazil and for the Newcrest goldmine in Australia and mining equipment for Tisco's iron ore processing plant in China.

The order backlog strengthened by 26 percent from the end of 2009 and totaled EUR 1,310 million at the end of June (EUR 1,041 million at December 31, 2009). Uncertainties in the order backlog decreased during the first half of the year by approximately EUR 70 million as customers restarted previously suspended projects. At the end of June, our order backlog included mining equipment orders, which are subject to uncertainties primarily related to delivery schedules, of around EUR 75 million.

Energy and Environmental Technology

EUR million	Q2/10	Q2/09	Change %	Q1-Q2/10	Q1-Q2/09	Change %	2009
Net sales	**334**	357	-6	**666**	754	-12	1,523
Net sales of services business	**133**	130	2	**243**	262	-7	516
% of net sales	**41**	37		**38**	35		35
Earnings before interest, tax and amortization (EBITA) and non-recurring items	**29.3**	35.5	-17	**61.1**	69.2	-12	147.4
% of net sales	**8.8**	9.9		**9.2**	9.2		9.7
EBITA	**27.7**	34.1	-19	**56.1**	66.4	-16	136.3
% of net sales	**8.3**	9.6		**8.4**	8.8		8.9
Operating profit	**22.7**	29.7	-24	**46.2**	57.4	-20	118.1
% of net sales	**6.8**	8.3		**6.9**	7.6		7.8
Orders received	**384**	278	38	**740**	543	36	1,297
Order backlog at end of period				**1,159**	1,035	12	1,032
Personnel at end of period				**6,114**	6,349	-4	6,060

The net sales of Energy and Environmental Technology declined by 12 percent on the comparison period, and were EUR 666 million. The decrease in net sales was single digit in the Power business but over 10 percent both in Automation and Recycling businesses. The net sales of the services business decreased by 7 percent on the comparison period and accounted for 38 percent of the segment's net sales (35% in Q1-Q2/2009). The decrease in the services business was primarily due to the strong comparison period in the Power business with some sizable refurbishment projects delivered at that time.

Energy and Environmental Technology's EBITA before non-recurring items was EUR 61.1 million, i.e. 9.2 percent of net sales (EUR 69.2 million and 9.2% in Q1-Q2/2009). The EBITA for the reporting period included EUR 5.0 million non-recurring expenses primarily related to capacity adjustment actions (non-recurring items are analyzed in the 'Financial result' section) in the Recycling and Automation businesses (non-recurring expenses EUR 2.8 million in Q1-Q2/2009).

EBITA was EUR 56.1 million, i.e. 8.4 percent of net sales (EUR 66.4 million and 8.8% in Q1-Q2/2009). EBITA improved on the comparison period clearly in the Power business due to successful project execution and weakened in the Automation and Recycling businesses, mainly as a result of significantly lower delivery volumes.

Orders received increased by 36 percent on the comparison period and totaled EUR 740 million. Orders received increased in all businesses, especially in the Recycling business, where new orders doubled on the exceptionally weak comparison period. Orders received by the Power business increased by 34 percent and those of the Automation business by 23 percent. Major orders received include biomass boilers for RWE npower renewables in the UK and for 4Ham Cogen SA in Belgium. In addition, several automation orders for managing power plants, paper, board and tissue lines as well as oil and gas projects were received. In the Recycling business, several sizable metal recycling shredder orders were received.

The order backlog at the end of June, EUR 1,159 million, was 12 percent higher than at the end of 2009. The order backlog includes projects worth approximately EUR 80 million with uncertain delivery schedules. The uncertainty is mostly related to the deliveries of power boiler and automation technology for Fibria's pulp mill project in Brazil.

Paper and Fiber Technology

EUR million	Q2/10	Q2/09	Change %	Q1-Q2/10	Q1-Q2/09	Change %	2009
Net sales	**494**	359	38	**858**	646	33	1,408
Net sales of services business	**186**	143	30	**345**	275	25	569
% of net sales	**38**	40		**40**	43		41
Earnings before interest, tax and amortization (EBITA) and non-recurring items	**36.0**	14.8	143	**54.9**	18.6	195	71.3
% of net sales	**7.3**	4.1		**6.4**	2.9		5.1
EBITA	**34.4**	1.4	n/a	**52.9**	-12.6	n/a	16.5
% of net sales	**7.0**	0.4		**6.2**	-2.0		1.2
Operating profit	**27.0**	-1.6	n/a	**38.3**	-19.8	n/a	0.8
% of net sales	**5.5**	-0.4		**4.5**	-3.1		0.1
Orders received	**682**	335	104	**1,143**	614	86	1,384
Order backlog at end of period				**1,759**	1,304	35	1,380
Personnel at end of period				**10,526**	9,858	7	10,459

Net sales of Paper and Fiber Technology grew by 33 percent in January-June, and were EUR 858 million. The increase in net sales resulted almost equally from each of the segments' businesses. The comparable net sales growth excluding the impact of Fabrics business was 22 percent.

The net sales of the services business increased by 25 percent and accounted for 40 percent of the segment's net sales (43% in Q1-Q2/2009). The growth came from the acquired Fabrics business, while the net sales of the rest of the services were on par with the comparison period.

Paper and Fiber Technology's EBITA before non-recurring items was EUR 54.9 million, i.e. 6.4 percent of net sales (EUR 18.6 million and 2.9% in Q1-Q2/2009). The EBITA for the reporting period includes non-recurring items (non-recurring items are analyzed in the 'Financial result' section), which weaken the EBITA by a total of EUR 2.0 million (non-recurring items in the comparison period weakened the EBITA by EUR 31.2 million). Clear improvement in the profitability resulted both from strong volume growth and more streamlined cost structure. Profitability improvement was visible especially in the Paper and Fiber businesses.

EBITA was EUR 52.9 million positive, i.e. 6.2 percent of net sales (EUR 12.6 million negative in Q1-Q2/2009).

New orders from paper and board customers increased by 21 percent and orders from the pulp industry were up by 257 percent from the comparison period. Orders from tissue customers more than doubled. Overall, the value of orders received by Paper and Fiber Technology increased by 86 percent and was EUR 1,143 million. The increase in services orders was 57 percent (27 percent without the Fabrics business). Among the orders received in January-June were board-making technology and machinery for Cheng Loong Corporation in Taiwan, Containerboard machines to Saica in the UK as well as for Zhejiang Ji'An in China, a fine paper line for APRIL Fine Paper (Guangdong) Co. Ltd. in China and an order for pulping equipment for the Ilim Group's new kraft pulp mill in Bratsk, Russia.

The order backlog at the end of June was EUR 1,759 million. Around EUR 240 million relates to the pulp mill project for Fibria in Brazil, the delivery schedule for which is still open.

Valmet Automotive

Valmet Automotive's net sales in January-June totaled EUR 28 million (EUR 35 million in Q1-Q2/2009). The operating loss was EUR 8.5 million (EUR 2.9 million loss in Q1-Q2/2009). After heavy loss in the first quarter due to low volumes Valmet Automotive reported a small loss during the second quarter. Profitability is expected to improve during the last two quarters of the year when delivery volumes will be improving based on the existing contracts. At the end of June, Valmet Automotive employed 723 people (679 employees on December 31, 2009).

Valmet Automotive manufactures THINK City electric cars for the Norwegian company THINK Global AS, and electric golf cars for the Danish company Garia A/S. Additionally, Valmet Automotive has an assembly contract with Porsche AG which is expected to continue until 2012.

Valmet Automotive also has an agreement with the U.S. company Fisker Automotive Inc. for the manufacturing and engineering of Fisker Karma plug-in hybrid cars. The aim is to deliver the first cars towards the end of this year. The annual production is projected to reach 15,000 cars at full capacity.

Events after the review period

Metso acquired Wyesco of Louisiana L.L.C. service business in the USA

In July, Metso acquired the service business of Wyesco of Louisiana L.L.C., in Louisiana, USA. The acquired business, employing 30 people, was affiliated to Metso's Paper and Fiber Technology segment as of July 19, 2010. The acquisition complements Metso's current services, technology and product offering to the pulp industry in North America, and is in line with Metso's strategy to grow its services business.

The United States Department of Justice has closed its investigations related to 2006 subpoena received by Metso

On July 2, Metso was informed by the Antitrust Division of the United States Department of Justice that it has closed its investigation of the rock crushing and screening equipment industry. Metso Minerals Industries, Inc., which is part of Metso Corporation's Mining and Construction Technology, received a subpoena from the Antitrust Division of the United States late 2006. The subpoena called for Metso Minerals Industries, Inc. to produce certain documents related to an investigation of potential antitrust violations in the rock crushing and screening equipment industry. We co-operated fully with the Department of Justice during the investigation. No further action has been brought against any party.

Short-term risks of business operations

We estimate that our business environment will continue to develop favorably during 2010. The growing budget deficits in many European countries may, however, increase the uncertainty especially in the financial markets and slow down the recovery. We estimate that the high share of our net sales from the services business and the emerging markets will diminish possible negative effects that market uncertainties may have on our business environment.

If the recovery in the global economy is interrupted, it might have adverse effects on new projects under negotiation or projects in our order backlog. Some projects may be postponed or they may be suspended or canceled. Less than 10 percent of orders in the order backlog at the moment are subject to uncertainties relating to delivery schedules. In long-term delivery projects the customer advance payment is typically 10-30 percent of the value of the project, in addition to which the customer makes progress payments during the project execution, which significantly decreases our risk and financing requirements related to these projects. We continually assess our customers' creditworthiness and ability to meet their obligations. As a rule, we do not finance customer projects.

We have adjusted our capacity and cost structure in order to maintain our competitiveness. Also our suppliers have strongly adjusted their capacity during the past two years and it is possible that now when the demand is picking up again, suppliers' ability to supply raw materials, components and subcontracting services may have weakened, which may result in delivery problems. If the recovery of the global economy is interrupted, the markets for our products may contract, which may lead to tightening price competition.

Securing the continuity of our operations requires that sufficient funding is available under all circumstances. We estimate that our cash assets totaling EUR 906 million and available credit facilities are sufficient to secure short-term liquidity. Committed credit facilities available for withdrawal amounted to EUR 500 million. The average repayment period for our long-term debt is 3.2 years. More than half of our long-term debt will mature after 2011. There are no prepayment covenants in our debt facilities that would be triggered by changes in credit ratings. Some of our debt facilities include financial covenants related to capital structure. We fully meet the covenants and other terms related to our financing agreements.

The levels of net working capital and capital expenditure have a fundamental effect on the adequacy of financing. We have developed our practices and the supporting information systems relating to managing net working capital and we expect that these will improve our capacity to control changes in our net working capital as delivery volumes experience an upswing. We estimate that we are well positioned to keep our capital expenditure at a moderate level in the coming years.

We have EUR 881 million of goodwill on our balance sheet which is mainly related to business acquisitions made over the last 10 years. We have conducted impairment testing reviews in every quarter since September 2008, and have not found any impairment necessary. The quarterly testing reviews have been conducted with the same principles as the annual tests and the discount rates have been adjusted when appropriate. The principles of the impairment testing are presented in our Annual Report.

Changes in the prices of raw materials and components could affect our profitability. On the other hand, some of our customers are raw material producers, whose ability to operate and invest may be enhanced by strengthening raw material prices and hampered by declining raw material prices.

Currency exchange rate risks are among the most substantial financial risks. Exchange rate changes can affect our business, although the wide geographical scope of our operations decreases the impact of any individual currency. In general uncertainty in the economy is likely to increase exchange rate fluctuations. We hedge the currency exposures that arise from firm delivery and purchase agreements.

Short-term outlook

We anticipate that the recovery will continue in most of our customer industries. The uncertainty in the financial markets caused by the growing budget deficits in many European countries may, however, slow down the recovery in the markets. The improving capacity utilization rates are supporting our services business, and most of our customers are gradually regaining their confidence to increase the level of their investments in new and existing capacity.

The number of quotations for equipment and projects from mining companies has strongly increased since the beginning of this year. This has had a clearly positive impact on our orders and we expect this to continue during the rest of 2010, contributing to a good trading environment. Due to the strengthening demand for minerals and our large installed equipment base, we expect demand for our mining services to further improve.

We anticipate that demand for equipment used in aggregates production by the construction industry will continue to be weak in Europe and in North America during the year. In the Asia-Pacific region and Brazil, infrastructure construction projects are maintaining good demand thanks to economic growth. We estimate that demand for our services business for the construction industry will remain satisfactory.

Demand for power plants that utilize renewable energy sources is expected to be good in Europe and North America in 2010. Several European countries and the United States have published targets to increase the use of renewable energy and this is expected to support demand for our power plant solutions fuelled by biomass and waste. The uncertainty in the financial markets may, however, delay final decisions on some of these projects. Demand for the power plant services business is expected to be satisfactory.

We estimate that demand for our automation products will continue to get stronger during this year, as the oil, gas and petrochemical industries increase their investments due to the improvement in energy prices and demand. Also business prospects in the pulp and paper customer industry for our automation solutions are expected to develop favorably. Demand for our services business for automation is expected to be satisfactory.

We expect the demand for metal recycling equipment to continue to improve due to the increasing production volumes of steel. The demand for solid-waste recycling equipment is estimated to be satisfactory. Demand for recycling equipment services is expected to improve in 2010 as the capacity utilization rates of our customers' plants and equipment improve.

Demand for new fiber lines, rebuilds and pulp mill services has clearly recovered from the low levels of 2008 and 2009 and we expect the fiber line equipment market to continue to be active during the year. Demand for paper, board and tissue lines is expected to be satisfactory. We expect the improved capacity utilization rates of the paper and board industry to boost the demand of our services business.

We estimate that our net sales in 2010 will grow about 10 percent from the EUR 5 billion level of 2009, and that our profitability will be satisfactory. Our estimate is based on our order backlog at the end of June, which contains about EUR 2.4 billion worth of deliveries for 2010, and on the expectation that the recovery of the global economy will continue.

The net sales and profitability estimates are based on Metso's current market outlook and business scope as well as foreign exchange rates similar to the first half of 2009.

Previous guidance (from January-March 2010 Interim Review, published on April 29, 2010):

"We estimate that our net sales in 2010 will exceed the EUR 5 billion level of 2009, and that our profitability will be satisfactory. Our estimate is based on our order backlog, which contains about EUR 2.6 billion worth of deliveries for 2010, and on the expectation that the recovery of the global economy will continue."

Helsinki, July 29, 2010

Metso Corporation's Board of Directors

It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding expectations for general economic development and the market situation, expectations for customer industry profitability and investment willingness, expectations for company growth, development and profitability and the realization of synergy benefits and cost savings, and statements preceded by "expects", "estimates", "forecasts" or similar expressions, are forward-looking statements. These statements are based on current decisions and plans and currently known factors. They involve risks and uncertainties which may cause the actual results to materially differ from the results currently expected by the company.

Such factors include, but are not limited to:
(1) general economic conditions, including fluctuations in exchange rates and interest levels which influence the operating environment and profitability of customers and thereby the orders received by the company and their margins
(2) the competitive situation, especially significant technological solutions developed by competitors
(3) the company's own operating conditions, such as the success of production, product development and project management and their continuous development and improvement
(4) the success of pending and future acquisitions and restructuring.

Consolidated statement of income

EUR million	4-6/2010	4-6/2009	1-6/2010	1-6/2009	1-12/2009
Net sales	**1,370**	1,247	**2,540**	2,467	5,016
Cost of goods sold	**-1,009**	-942	**-1,888**	-1,867	-3,808
Gross profit	**361**	305	**652**	600	1,208
Selling, general and administrative expenses	**-260**	-239	**-493**	-478	-938
Other operating income and expenses, net	**39**	-1	**51**	2	24
Share in profits of associated companies	**0**	1	**0**	1	0
Operating profit	**140**	66	**210**	125	294
% of net sales	**10.2%**	5.3%	**8.2%**	5.0%	5.9%
Financial income and expenses, net	**-18**	-14	**-45**	-36	-72
Profit before taxes	**122**	52	**165**	89	222
Income taxes	**-37**	-15	**-50**	-26	-71
Profit	**85**	37	**115**	63	151
Attributable to:					
Shareholders of the company	**84**	37	**114**	63	150
Minority interests	**1**	0	**1**	0	1
Profit	**85**	37	**115**	63	151
Earnings per share, EUR	**0.56**	0.26	**0.76**	0.44	1.06
Diluted earnings per share, EUR	**0.56**	0.26	**0.76**	0.44	1.06

Consolidated statement of comprehensive income

EUR million	4-6/2010	4-6/2009	1-6/2010	1-6/2009	1-12/2009
Profit	**85**	37	**115**	63	151
Cash flow hedges, net of tax	**-14**	15	**-20**	10	14
Available-for-sale equity investments, net of tax	**-1**	4	**0**	10	-1
Currency translation on subsidiary net investments	**77**	10	**139**	48	74
Net investment hedge gains (+) / losses (-), net of tax	**-16**	11	**-27**	2	0
Defined benefit plan actuarial gains (+) / losses (-), net of tax	**0**	-	**0**	-	-2
Other comprehensive income (+) / expense (-)	**46**	40	**92**	70	85
Total comprehensive income (+) / expense (-)	**131**	77	**207**	133	236
Attributable to:					
Shareholders of the company	**130**	77	**206**	133	235
Minority interests	**1**	0	**1**	0	1
Total comprehensive income (+) / expense (-)	**131**	77	**207**	133	236

Consolidated balance sheet

ASSETS

EUR million	June 30, 2010	June 30, 2009	Dec 31, 2009
Non-current assets			
Intangible assets			
Goodwill	**881**	787	863
Other intangible assets	**299**	250	312
	1,180	1,037	1,175
Property, plant and equipment			
Land and water areas	**64**	59	62
Buildings and structures	**281**	239	261
Machinery and equipment	**474**	370	449
Assets under construction	**37**	55	47
	856	723	819
Financial and other assets			
Investments in associated companies	**13**	14	13
Available-for-sale equity investments	**15**	31	15
Loan and other interest bearing receivables	**6**	9	9
Available-for-sale financial investments	**228**	5	130
Financial instruments held for trading	**45**	0	40
Derivative financial instruments	**0**	0	0
Deferred tax asset	**195**	178	171
Other non-current assets	**29**	29	44
	531	266	422
Total non-current assets	**2,567**	2,026	2,416
Current assets			
Inventories	**1,310**	1,466	1,172
Receivables			
Trade and other receivables	**1,164**	1,088	938
Cost and earnings of projects under construction in excess of advance billings	**315**	246	312
Loan and other interest bearing receivables	**7**	8	8
Available-for-sale financial assets	**65**	10	79
Derivative financial instruments	**24**	30	21
Income tax receivables	**39**	29	42
	1,614	1,411	1,400
Cash and cash equivalents	**568**	605	727
Total current assets	**3,492**	3,482	3,299
TOTAL ASSETS	**6,059**	5,508	5,715

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	June 30, 2010	June 30, 2009	Dec 31, 2009
Equity			
Share capital	**241**	241	241
Cumulative translation adjustments	**50**	-86	-62
Fair value and other reserves	**684**	508	710
Retained earnings	**902**	811	894
Equity attributable to shareholders	**1,877**	1,474	1,783
Minority interests	**11**	9	9
Total equity	**1,888**	1,483	1,792
Liabilities			
Non-current liabilities			
Long-term debt	**1,266**	1,322	1,334
Post employment benefit obligations	**198**	191	190
Provisions	**57**	43	52
Derivative financial instruments	**5**	8	5
Deferred tax liability	**52**	47	56
Other long-term liabilities	**8**	3	4
Total non-current liabilities	**1,586**	1,614	1,641
Current liabilities			
Current portion of long-term debt	**144**	156	173
Short-term debt	**47**	201	69
Trade and other payables	**1,286**	952	1,065
Provisions	**217**	233	235
Advances received	**456**	489	363
Billings in excess of cost and earnings of projects under construction	**300**	339	330
Derivative financial instruments	**101**	35	21
Income tax liabilities	**34**	6	26
Total current liabilities	**2,585**	2,411	2,282
Total liabilities	**4,171**	4,025	3,923
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**6,059**	5,508	5,715

NET INTEREST BEARING LIABILITIES

EUR million	June 30, 2010	June 30, 2009	Dec 31, 2009
Long-term interest bearing debt	**1,266**	1,322	1,334
Short-term interest bearing debt	**191**	357	242
Cash and cash equivalents	**-568**	-605	-727
Other interest bearing assets	**-351**	-32	-266
Total	**538**	1,042	583

Condensed consolidated cash flow statement

EUR million	4-6/2010	4-6/2009	1-6/2010	1-6/2009	1-12/2009
Cash flows from operating activities:					
Profit	**85**	37	**115**	63	151
Adjustments to reconcile profit to net cash provided by operating activities					
Depreciation and amortization	**44**	34	**87**	70	143
Interests and dividend income	**14**	14	**27**	30	58
Income taxes	**37**	15	**50**	26	71
Other	**17**	1	**27**	10	18
Change in net working capital	**44**	41	**7**	135	518
Cash flows from operations	**241**	142	**313**	334	959
Interest paid and dividends received	**-29**	-14	**-35**	-25	-51
Income taxes paid	**-33**	-36	**-48**	-81	-138
Net cash provided by operating activities	**179**	92	**230**	228	770
Cash flows from investing activities:					
Capital expenditures on fixed assets	**-30**	-25	**-58**	-55	-116
Proceeds from sale of fixed assets	**3**	1	**4**	3	8
Business acquisitions, net of cash acquired	**-2**	-	**-5**	-3	-1
Proceeds from sale of businesses, net of cash sold	**10**	0	**10**	2	2
Investments in (-) / proceeds from (+) financial assets	**19**	-3	**-90**	-3	-221
Other	**1**	1	**4**	1	1
Net cash provided by (+) / used in (-) investing activities	**1**	-26	**-135**	-55	-327
Cash flows from financing activities:					
Redemption of own shares	**-**	-	**-7**	-2	-2
Dividends paid	**-105**	-99	**-105**	-99	-99
Net funding	**-62**	201	**-177**	214	59
Other	**-1**	-6	**-1**	-6	-6
Net cash provided by (+) / used in (-) financing activities	**-168**	96	**-290**	107	-48
Net increase (+) / decrease (-) in cash and cash equivalents	**12**	162	**-195**	280	395
Effect from changes in exchange rates	**21**	7	**36**	11	18
Cash and cash equivalents at beginning of period	**535**	436	**727**	314	314
Cash and cash equivalents at end of period	**568**	605	**568**	605	727

FREE CASH FLOW

EUR million	4-6/2010	4-6/2009	1-6/2010	1-6/2009	1-12/2009
Net cash provided by operating activities	**179**	92	**230**	228	770
Capital expenditures on maintenance investments	**-18**	-13	**-35**	-31	-61
Proceeds from sale of fixed assets	**3**	1	**4**	3	8
Free cash flow	**164**	80	**199**	200	717

Consolidated statement of changes in shareholders' equity

EUR million	Share capital	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	Equity attributable to shareholders	Minority interests	Total equity
Balance at Jan 1, 2009	**241**	**-136**	**490**	**849**	**1,444**	**9**	**1,453**
Profit	-	-	-	63	63	-	63
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	10	-	10	-	10
Available-for-sale equity investments, net of tax	-	-	10	-	10	-	10
Currency translation on subsidiary net investments	-	48	-	-	48	-	48
Net investment hedge gains (losses), net of tax	-	2	-	-	2	-	2
Total comprehensive income (+) / expense (-)	-	50	20	63	133	-	133
Dividends	-	-	-	-99	-99	-	-99
Redemption of own shares	-	-	-3	-	-3	-	-3
Share-based payments, net of tax	-	-	1	-	1	-	1
Other	-	-	-	-2	-2	-	-2
Balance at June 30, 2009	**241**	**-86**	**508**	**811**	**1,474**	**9**	**1,483**
Balance at Jan 1, 2010	**241**	**-62**	**710**	**894**	**1,783**	**9**	**1,792**
Profit	-	-	-	114	114	1	115
Other comprehensive income (+) / expense (-)							
Cash flow hedges, net of tax	-	-	-20	-	-20	-	-20
Available-for-sale equity investments, net of tax	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	139	-	-	139	-	139
Net investment hedge gains (losses), net of tax	-	-27	-	-	-27	-	-27
Total comprehensive income (+) / expense (-)	-	112	-20	114	206	1	207
Dividends	-	-	-	-105	-105	-	-105
Redemption of own shares	-	-	-7	-	-7	-	-7
Share-based payments, net of tax	-	-	1	-	1	-	1
Other	-	-	-	-1	-1	1	0
Balance at June 30, 2010	**241**	**50**	**684**	**902**	**1,877**	**11**	**1,888**

Acquisitions

Acquisitions in 2010

In April Metso acquired the paper machine web inspection and web break system business from Viconsys in Finland. The purchase price was less than EUR 2 million and the business was combined into Metso's Energy and Environmental Technology segment from April 15, 2010 onwards.

Acquisition of Tamfelt in 2009

Metso acquired Tamfelt Corporation, a Finnish corporation listed in the NASDAQ OMX Helsinki exchange, through a public share exchange offer that was completed at the end of December 2009. The total transaction value was EUR 215 million whereof EUR 206 million was compensated by offering 8,593,642 new Metso shares representing 95.2% of Tamfelt's shares and votes. Prior to the transaction, Metso held Tamfelt shares worth EUR 4 million i.e. 2.8% of Tamfelt's shares and votes. The remaining 2.0% of Tamfelt's shares, amounting to EUR 4 million, were redeemed in accordance with the Finnish Companies Act and Metso estimates to pay the redemption price and the interest accrued thereon during the third quarter of 2010. The transaction value includes EUR 5 million in expenses and transfer taxes related to the acquisition.

The transaction value, together with the shares already held, exceeded the net assets of Tamfelt by EUR 117 million, whereof EUR 50 million was allocated to intangible assets, representing the fair values of acquired customer base, order backlog and technology. Furthermore, EUR 10 million was allocated to the property, plant and equipment, to reflect their appraisal to fair values. The deferred tax liability resulting from these allocations was EUR 16 million. The remaining EUR 73 million represents goodwill, which reflects the value of assembled workforce, significant synergy benefits and widened business portfolio offering Metso potential to expand its operations into new markets and customer segments.

Had the acquisition occurred on January 1, 2009, Metso's net sales would have increased by EUR 130 million. The calculation of pro forma net income of the acquired business would be impracticable considering the effects of the acquisition cost.

Preliminary details of the acquired net assets and goodwill are as follows:

EUR million	Carrying amount	Fair value allocations	**Fair value**
Intangible assets	4	50	**54**
Property, plant and equipment	87	10	**97**
Inventories	30	-	**30**
Trade and other receivables	30	-	**30**
Deferred tax liabilities, net	-9	-16	**-25**
Other liabilities assumed	-23	-	**-23**
Non-interest bearing net assets	119	44	**163**
Cash and cash equivalents acquired			**19**
Debt assumed			**-36**
Transaction value			**-215**
Pre-acquisition holding of Tamfelt shares			**-4**
Goodwill			**73**
Transaction value settled in cash			**-5**
Cash and cash equivalents acquired			**19**
Total cash inflow on acquisition in 2009			**14**
Amounts settled in 2010			**-3**
Total cash inflow on Tamfelt acquisition			**11**

Assets pledged and contingent liabilities

EUR million	June 30, 2010	June 30, 2009	Dec 31, 2009
Mortgages on corporate debt	**3**	3	20
Other pledges and contingencies			
Mortgages	**1**	1	1
Pledged assets	**-**	0	-
Guarantees on behalf of associated company obligations	**-**	-	-
Other guarantees	**4**	6	7
Repurchase and other commitments	**6**	6	6
Lease commitments	**238**	151	226

Notional amounts of derivative financial instruments

EUR million	June 30, 2010	June 30, 2009	Dec 31, 2009
Forward exchange rate contracts	**1,949**	1,334	1,390
Interest rate swaps	**178**	123	128
Option agreements			
Bought	**2**	-	13
Sold	**10**	-	6

The notional amount of electricity forwards was 662 GWh as of June 30, 2010 and 569 GWh as of June 30, 2009.
The notional amount of nickel forwards to hedge stainless steel prices was 360 tons as of June 30, 2010 and 246 tons as of June 30, 2009.
The notional amounts indicate the volumes in the use of derivatives, but do not indicate the exposure to risk.

Key ratios

	1-6/2010	1-6/2009	1-12/2009
Earnings per share, EUR	**0.76**	0.44	1.06
Diluted earnings per share, EUR	**0.76**	0.44	1.06
Equity/share at end of period, EUR	**12.54**	10.43	11.89
Return on equity (ROE), % (annualized)	**13.6**	8.7	9.8
Return on capital employed (ROCE) before tax, % (annualized)	**12.6**	9.3	10.0
Return on capital employed (ROCE) after tax, % (annualized)	**9.6**	7.4	7.7
Equity to assets ratio at end of period, %	**35.6**	31.7	35.7
Gearing at end of period, %	**28.5**	70.2	32.5
Free cash flow, EUR million	**199**	200	717
Free cash flow/share, EUR	**1.33**	1.41	5.07
Cash conversion, %	**173**	317	475
Gross capital expenditure (excl. business acquisitions), EUR million	**58**	55	117
Business acquisitions, net of cash acquired, EUR million	**5**	3	1
Depreciation and amortization, EUR million	**87**	70	143
Number of outstanding shares at end of period (thousands)	**149,631**	141,349	149,939
Average number of shares (thousands)	**149,735**	141,420	141,477
Average number of diluted shares (thousands)	**149,838**	141,420	141,526

Exchange rates used

		1-6/2010	1-6/2009	1-12/2009	June 30, 2010	June 30, 2009	Dec 31, 2009
USD	(US dollar)	**1.3331**	1.3579	1.3960	**1.2271**	1.4134	1.4406
SEK	(Swedish krona)	**9.8144**	10.8806	10.6092	**9.5259**	10.8125	10.2520
GBP	(Pound sterling)	**0.8677**	0.8931	0.8948	**0.8175**	0.8521	0.8881
CAD	(Canadian dollar)	**1.3894**	1.6231	1.5910	**1.2890**	1.6275	1.5128
BRL	(Brazilian real)	**2.3895**	2.9426	2.7994	**2.2082**	2.7469	2.5113
CNY	(Chinese renminbi)	**9.0922**	9.2767	9.5338	**8.3215**	9.6545	9.8350
AUD	(Australian dollar)	**1.4986**	1.8841	1.7858	**1.4403**	1.7359	1.6008

Formulas for calculation of indicators

EBITA before non-recurring items:
Operating profit + amortization + goodwill impairment + non-recurring items

Earnings/share:

$$\frac{\text{Profit attributable to shareholders of the company}}{\text{Average number of shares during period}}$$

Equity/share:

$$\frac{\text{Equity attributable to shareholders}}{\text{Number of shares at end of period}}$$

Return on equity (ROE), %:

$$\frac{\text{Profit}}{\text{Total equity (average for period)}} \text{ x 100}$$

Return on capital employed (ROCE), before tax %:

$$\frac{\text{Profit before tax + interest and other financial expenses}}{\text{Balance sheet total – non-interest bearing liabilities (average for period)}} \text{ x 100}$$

Return on capital employed (ROCE), after tax %:

$$\frac{\text{Profit + interest and other financial expenses}}{\text{Balance sheet total – non-interest bearing liabilities (average for period)}} \text{ x 100}$$

Gearing, %:

$$\frac{\text{Net interest bearing liabilities}}{\text{Total equity}} \text{ x 100}$$

Equity to assets ratio, %:

$$\frac{\text{Total equity}}{\text{Balance sheet total – advances received}} \text{ x 100}$$

Free cash flow:

Operating cash flow
– capital expenditures on maintenance investments
+ proceeds from sale of fixed assets
= Free cash flow

Cash conversion, %:

$$\frac{\text{Free cash flow}}{\text{Profit}} \text{ x 100}$$

Reporting segments

Net sales

EUR million	**4-6/2010**	4-6/2009	**1-6/2010**	1-6/2009	7/2009-6/2010	1-12/2009
Mining and Construction Technology	**541**	531	**1,013**	1,059	2,029	2,075
Energy and Environmental Technology	**334**	357	**666**	754	1,435	1,523
Paper and Fiber Technology	**494**	359	**858**	646	1,620	1,408
Valmet Automotive	**17**	14	**28**	35	49	56
Group Head Office and other	**-**	-	**-**	-	-	-
Group Head Office and others total	**17**	14	**28**	35	49	56
Intra Metso net sales	**-16**	-14	**-25**	-27	-44	-46
Metso total	**1,370**	1,247	**2,540**	2,467	5,089	5,016

Non-recurring items

EUR million	**4-6/2010**	4-6/2009	**1-6/2010**	1-6/2009	7/2009-6/2010	1-12/2009
Mining and Construction Technology	**32.4**	4.6	**32.4**	0.8	32.8	1.2
Energy and Environmental Technology	**-1.6**	-1.4	**-5.0**	-2.8	-13.3	-11.1
Paper and Fiber Technology	**-1.6**	-13.4	**-2.0**	-31.2	-25.6	-54.8
Valmet Automotive	**-**	-	**-**	-	-	-
Group Head Office and other	**-**	-	**-**	-	-	-
Group Head Office and others total	**-**	-	**-**	-	-	-
Metso total	**29.2**	-10.2	**25.4**	-33.2	-6.1	-64.7

EBITA before non-recurring items

EUR million	**4-6/2010**	4-6/2009	**1-6/2010**	1-6/2009	7/2009-6/2010	1-12/2009
Mining and Construction Technology	**64.8**	42.3	**104.3**	101.7	204.2	201.6
Energy and Environmental Technology	**29.3**	35.5	**61.1**	69.2	139.3	147.4
Paper and Fiber Technology	**36.0**	14.8	**54.9**	18.6	107.6	71.3
Valmet Automotive	**-1.4**	-2.6	**-8.5**	-2.9	-13.7	-8.1
Group Head Office and other	**-3.7**	-5.1	**0.8**	-9.9	-2.5	-13.2
Group Head Office and others total	**-5.1**	-7.7	**-7.7**	-12.8	-16.2	-21.3
Metso total	**125.0**	84.9	**212.6**	176.7	434.9	399.0

EBITA before non-recurring items, % of net sales

%	**4-6/2010**	4-6/2009	**1-6/2010**	1-6/2009	7/2009-6/2010	1-12/2009
Mining and Construction Technology	**12.0**	8.0	**10.3**	9.6	10.1	9.7
Energy and Environmental Technology	**8.8**	9.9	**9.2**	9.2	9.7	9.7
Paper and Fiber Technology	**7.3**	4.1	**6.4**	2.9	6.6	5.1
Valmet Automotive	**-8.2**	-18.6	**-30.4**	-8.3	-28.0	-14.5
Group Head Office and other	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Group Head Office and others total	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Metso total	**9.1**	6.8	**8.4**	7.2	8.5	8.0

EBITA

EUR million	4-6/2010	4-6/2009	1-6/2010	1-6/2009	7/2009-6/2010	1-12/2009
Mining and Construction Technology	**97.2**	46.9	**136.7**	102.5	237.0	202.8
Energy and Environmental Technology	**27.7**	34.1	**56.1**	66.4	126.0	136.3
Paper and Fiber Technology	**34.4**	1.4	**52.9**	-12.6	82.0	16.5
Valmet Automotive	**-1.4**	-2.6	**-8.5**	-2.9	-13.7	-8.1
Group Head Office and other	**-3.7**	-5.1	**0.8**	-9.9	-2.5	-13.2
Group Head Office and others total	**-5.1**	-7.7	**-7.7**	-12.8	-16.2	-21.3
Metso total	**154.2**	74.7	**238.0**	143.5	428.8	334.3

EBITA, % of net sales

%	4-6/2010	4-6/2009	1-6/2010	1-6/2009	7/2009-6/2010	1-12/2009
Mining and Construction Technology	**18.0**	8.8	**13.5**	9.7	11.7	9.8
Energy and Environmental Technology	**8.3**	9.6	**8.4**	8.8	8.8	8.9
Paper and Fiber Technology	**7.0**	0.4	**6.2**	-2.0	5.1	1.2
Valmet Automotive	**-8.2**	-18.6	**-30.4**	-8.3	-28.0	-14.5
Group Head Office and other	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Group Head Office and others total	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Metso total	**11.3**	6.0	**9.4**	5.8	8.4	6.7

Operating profit (loss)

EUR million	4-6/2010	4-6/2009	1-6/2010	1-6/2009	7/2009-6/2010	1-12/2009
Mining and Construction Technology	**95.7**	46.0	**133.8**	100.9	231.7	198.8
Energy and Environmental Technology	**22.7**	29.7	**46.2**	57.4	106.9	118.1
Paper and Fiber Technology	**27.0**	-1.6	**38.3**	-19.8	58.9	0.8
Valmet Automotive	**-1.4**	-2.6	**-8.5**	-2.9	-13.8	-8.2
Group Head Office and other	**-4.0**	-5.6	**-0.3**	-11.1	-5.1	-15.9
Group Head Office and others total	**-5.4**	-8.2	**-8.8**	-14.0	-18.9	-24.1
Metso total	**140.0**	65.9	**209.5**	124.5	378.6	293.6

Operating profit (loss), % of net sales

%	4-6/2010	4-6/2009	1-6/2010	1-6/2009	7/2009-6/2010	1-12/2009
Mining and Construction Technology	**17.7**	8.7	**13.2**	9.5	11.4	9.6
Energy and Environmental Technology	**6.8**	8.3	**6.9**	7.6	7.4	7.8
Paper and Fiber Technology	**5.5**	-0.4	**4.5**	-3.1	3.6	0.1
Valmet Automotive	**-8.2**	-18.6	**-30.4**	-8.3	-28.2	-14.6
Group Head Office and other	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Group Head Office and others total	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Metso total	**10.2**	5.3	**8.2**	5.0	7.4	5.9

Orders received

EUR million	4-6/2010	4-6/2009	1-6/2010	1-6/2009	7/2009-6/2010	1-12/2009
Mining and Construction Technology	**604**	398	**1,163**	783	2,040	1,660
Energy and Environmental Technology	**384**	278	**740**	543	1,494	1,297
Paper and Fiber Technology	**682**	335	**1,143**	614	1,913	1,384
Valmet Automotive	**17**	14	**28**	35	49	56
Group Head Office and other	**-**	-	**-**	-	-	-
Group Head Office and others total	**17**	14	**28**	35	49	56
Intra Metso orders received	**-16**	-5	**-37**	-13	-63	-39
Metso total	**1,671**	1,020	**3,037**	1,962	5,433	4,358

Quarterly information

Net sales

EUR million	4-6/2009	7-9/2009	10-12/2009	1-3/2010	**4-6/2010**
Mining and Construction Technology	531	492	524	472	**541**
Energy and Environmental Technology	357	350	419	332	**334**
Paper and Fiber Technology	359	356	406	364	**494**
Valmet Automotive	14	7	14	11	**17**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	14	7	14	11	**17**
Intra Metso net sales	-14	-9	-10	-9	**-16**
Metso total	1,247	1,196	1,353	1,170	**1,370**

Non-recurring items

EUR million	4-6/2009	7-9/2009	10-12/2009	1-3/2010	**4-6/2010**
Mining and Construction Technology	4.6	-3.0	3.4	-	**32.4**
Energy and Environmental Technology	-1.4	-3.2	-5.1	-3.4	**-1.6**
Paper and Fiber Technology	-13.4	-3.5	-20.1	-0.4	**-1.6**
Valmet Automotive	-	-	-	-	**-**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	-	-	-	-	**-**
Metso total	-10.2	-9.7	-21.8	-3.8	**29.2**

EBITA before non-recurring items

EUR million	4-6/2009	7-9/2009	10-12/2009	1-3/2010	**4-6/2010**
Mining and Construction Technology	42.3	57.7	42.2	39.5	**64.8**
Energy and Environmental Technology	35.5	40.3	37.9	31.8	**29.3**
Paper and Fiber Technology	14.8	35.9	16.8	18.9	**36.0**
Valmet Automotive	-2.6	-5.5	0.3	-7.1	**-1.4**
Group Head Office and other	-5.1	5.9	-9.2	4.5	**-3.7**
Group Head Office and others total	-7.7	0.4	-8.9	-2.6	**-5.1**
Metso total	84.9	134.3	88.0	87.6	**125.0**

EBITA

EUR million	4-6/2009	7-9/2009	10-12/2009	1-3/2010	**4-6/2010**
Mining and Construction Technology	46.9	54.7	45.6	39.5	**97.2**
Energy and Environmental Technology	34.1	37.1	32.8	28.4	**27.7**
Paper and Fiber Technology	1.4	32.4	-3.3	18.5	**34.4**
Valmet Automotive	-2.6	-5.5	0.3	-7.1	**-1.4**
Group Head Office and other	-5.1	5.9	-9.2	4.5	**-3.7**
Group Head Office and others total	-7.7	0.4	-8.9	-2.6	**-5.1**
Metso total	74.7	124.6	66.2	83.8	**154.2**

Operating profit (loss)

EUR million	4-6/2009	7-9/2009	10-12/2009	1-3/2010	**4-6/2010**
Mining and Construction Technology	46.0	53.7	44.2	38.1	**95.7**
Energy and Environmental Technology	29.7	32.9	27.8	23.5	**22.7**
Paper and Fiber Technology	-1.6	27.6	-7.0	11.3	**27.0**
Valmet Automotive	-2.6	-5.5	0.2	-7.1	**-1.4**
Group Head Office and other	-5.6	5.4	-10.2	3.7	**-4.0**
Group Head Office and others total	-8.2	-0.1	-10.0	-3.4	**-5.4**
Metso total	65.9	114.1	55.0	69.5	**140.0**

Capital employed

EUR million	June 30, 2009	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	**June 30, 2010**
Mining and Construction Technology	1,191	1,111	1,072	1,109	**1,098**
Energy and Environmental Technology	659	626	524	512	**499**
Paper and Fiber Technology	475	427	636	675	**664**
Valmet Automotive	20	27	28	26	**22**
Group Head Office and other	816	956	1,108	921	**1,061**
Group Head Office and others total	836	983	1,136	947	**1,083**
Metso total	3,161	3,147	3,368	3,243	**3,344**

Orders received

EUR million	4-6/2009	7-9/2009	10-12/2009	1-3/2010	**4-6/2010**
Mining and Construction Technology	398	420	457	559	**604**
Energy and Environmental Technology	278	250	504	356	**384**
Paper and Fiber Technology	335	369	401	461	**682**
Valmet Automotive	14	7	14	11	**17**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	14	7	14	11	**17**
Intra Metso orders received	-5	-15	-11	-21	**-16**
Metso total	1,020	1,031	1,365	1,366	**1,671**

Order backlog

EUR million	June 30, 2009	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	**June 30, 2010**
Mining and Construction Technology	1,196	1,103	1,041	1,182	**1,310**
Energy and Environmental Technology	1,035	939	1,032	1,073	**1,159**
Paper and Fiber Technology	1,304	1,330	1,380	1,516	**1,759**
Valmet Automotive	-	-	-	-	**-**
Group Head Office and other	-	-	-	-	**-**
Group Head Office and others total	-	-	-	-	**-**
Intra Metso order backlog	-23	-32	-38	-51	**-52**
Metso total	3,512	3,340	3,415	3,720	**4,176**

Personnel	June 30, 2009	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	**June 30, 2010**
Mining and Construction Technology	10,344	10,014	9,541	9,550	**9,787**
Energy and Environmental Technology	6,349	6,119	6,060	5,873	**6,114**
Paper and Fiber Technology	9,858	9,475	10,459	10,326	**10,526**
Valmet Automotive	636	636	679	705	**723**
Group Head Office and other	421	419	427	494	**515**
Group Head Office and others total	1,057	1,055	1,106	1,199	**1,238**
Metso total	27,608	26,663	27,166	26,948	**27,665**

Notes to the Interim Review

We have prepared this Interim Review in accordance with IAS 34 'Interim Financial Reporting'. The same accounting policies have been applied as in the annual financial statements. This Interim Review is unaudited.

New accounting standards

IFRS 9

IASB has published a new standard IFRS 9 'Financial instruments: Recognition and measurement'. The standard represents the first milestone in the IASB's planned replacement of IAS 39. It addresses classification and measurement of financial assets. The next steps involve reconsideration and re-exposure of the classification and measurement requirements for financial liabilities, impairment testing methods for financial assets, and development of enhanced guidance on hedge accounting. We are currently evaluating the effects on our financial statements, and expect the standard to have major impacts on the accounting of financial instruments.

IFRS 9 becomes effective for the financial statements or periods beginning after January 1, 2013. It is still subject to endorsement by the European Union, and the endorsement process has been postponed.

Provided that the standard has received endorsement by the European Union, we will apply the standard for the financial year beginning on January 1, 2013.

Decisions of the Annual General Meeting

Our Annual General Meeting (AGM) on March 30, 2010 approved the Financial Statements for 2009 and decided to discharge the members of the Board of Directors and the President and CEO from liability for the financial year 2009. The AGM approved the proposals of the Board to authorize the Board to resolve on a repurchase of Metso's own shares, on share issue and granting of special rights and on donations to universities. The AGM also approved the proposal to amend Article 8 (notice convening a meeting) of the Articles of Association. On the basis of the decision made by the AGM, Metso granted a donation of EUR 1.9 million to Aalto University Foundation in June.

The AGM decided that a dividend of EUR 0.70 per share will be paid for 2009. The dividend was paid on April 13, 2010.

The AGM elected Jukka Viinanen Chairman of the Board and Maija-Liisa Friman Vice Chairman of the Board. Erkki Pehu-Lehtonen and Mikael von Frenckell were elected as new members of the Board. The Board members re-elected were Christer Gardell, Yrjö Neuvo and Pia Rudengren. The term of office of Board members lasts until the end of the next Annual General Meeting.

The AGM decided that the annual remunerations for Board members would be EUR 92,000 for the Chairman, EUR 56,000 for the Vice Chairman and EUR 45,000 for the members and that they be paid EUR 600 for each meeting they attend, including committee meetings. The AGM decided that 40 percent of the fixed annual remuneration be paid in Metso Corporation shares purchased from the market and that the shares will be purchased directly on behalf of the Board members within two weeks of the release of the Interim Review January 1–March 31, 2010. Accordingly, a total of 5,580 shares were purchased in the beginning of May 2010.

The auditing company, Authorized Public Accountants PricewaterhouseCoopers Oy, was re-elected as our Auditor until the end of the next AGM.

The AGM decided to establish a Nomination Committee of the AGM to prepare proposals for the following AGM regarding the composition of the Board and director remuneration. Representatives of the four biggest shareholders will be elected to the Nomination Committee on November 1, and the Chairman of the Board shall be an expert member of the committee.

Members of Metso Board Committees and personnel representatives

Our Board elected members from among the Board for the Audit Committee and Remuneration and HR Committee at its assembly meeting on March 30, 2010. The Board's Audit Committee consists of Pia Rudengren (Chairman), Maija-Liisa Friman and Erkki Pehu-Lehtonen. The Board's Remuneration and HR Committee consists of Jukka Viinanen (Chairman), Mikael von Frenckell, Christer Gardell and Yrjö Neuvo.

Metso's personnel groups in Finland have elected Jukka Leppänen as the personnel representative. He participates in the meetings of our Board of Directors as an invited external expert, and his term of office is the same as the Board members' term.

Shares and share capital

At the end of June 2010, our share capital was EUR 240,982,843.80 and the number of shares was 150,348,256. The number of shares includes 716,904 Metso shares held by the parent company, which represent 0.5 percent of all the shares and votes. The average number of shares outstanding in the first half of 2010, excluding Metso shares held by the Parent Company, was 149,735,400 and the average number of diluted shares was 149,838,466.

During February-March 2010, we executed a repurchase of 300,000 of our own shares relating to our share-based management incentive program decided on in October 2009 (Metso Share Ownership Plan 2010-2012). The average purchase price of the shares was EUR 23.47 and the total amount EUR 7,040,303.60.

During the first half of the year, 7,287 shares were returned from Metso Share Ownership Plan participants to the Parent Company due to employment terminations.

Our market capitalization, excluding Metso shares held by the Parent Company, was EUR 3,968 million on June 30, 2010.

Metso is not aware of any valid shareholders' agreements regarding the ownership of Metso shares or voting rights.

Share-based incentive plans

Metso's share ownership plans are part of the remuneration and commitment program for the management of the Group and the businesses. For further information, see www.metso.com/investors

Share ownership plan (SOP) for 2009-2011

In October 2008, the Board of Directors approved a new share ownership plan for the years 2009-2011. The SOP includes one three-year earnings period and required participants' personal investment in Metso shares at the beginning of the program. Any possible reward from the plan requires continued employment with Metso and reaching the financial targets set for the plan. The SOP has about 90 participants and the rewards paid correspond to a maximum of around 370,000 Metso shares. The plan will not have a diluting effect on the share value. Members of the Executive Team may receive a maximum of 77,400 shares as share rewards.

Share ownership plan (SOP) for 2010-2012

In October 2009, the Board of Directors approved a similar kind of share ownership plan for the years 2010-2012. The plan includes one three-year earnings period and required participants' personal investment in Metso shares. Any possible reward from the plan required continued employment with Metso and reaching the financial targets set for the plan. The program has about 90 participants and the rewards paid correspond to a maximum of around 340,000 Metso shares. The plan will not have a diluting effect on the share value. Members of the Executive Team may receive a maximum of 77,400 shares as share rewards.

Trading of Metso shares

The number of Metso Corporation shares traded on the NASDAQ OMX Helsinki Exchange during January-June was 127,765,419 shares, equivalent to a turnover of EUR 3,239 million. The price of the Metso share on June 30, 2010 was EUR 26.52 and the average trading price for the period was EUR 25.35. The highest quotation during the review period was EUR 30.00 and the lowest EUR 20.91.

Metso's ADSs (American Depositary Shares) are traded in the United States on the OTC market. On June 30, 2010, the closing price of an ADS was USD 32.31. Each ADS represents one share.

Disclosures of changes in holdings

There were no notifications on changes in holdings in Metso shares during January-June 2010.

On July 15, 2010, Marathon Asset Management LLP announced that on July 12, 2010 the Marathon Asset Management LLP holding in shares of Metso fell below the 5 percent threshold. The holding amounted to 7,437,730 shares, which corresponds to 4.95 percent of the total amount of shares and votes in Metso Corporation. Out of this holding, Marathon Asset Management LLP was in possession of 5,573,661 shares to which they had voting rights. This represents 3.71 percent of the total voting rights in Metso.

BlackRock Investment Management (UK) Limited announced that on February 24, 2010 the BlackRock, Inc. holding in shares of Metso amounted to 7,563,054 shares, which corresponds to 5.03 percent of the total amount of shares and votes in Metso Corporation.

BlackRock Investment Management (UK) Limited announced that on March 19, 2010 the BlackRock, Inc. holding in shares of Metso Corporation fell below the 5 per cent threshold. The holding amounted to 7,298,453 shares, which corresponds to 4.85 percent of the total amount of shares and votes in Metso Corporation.

Credit ratings

There were no changes in Metso's credit ratings during the first half of 2010 and they have remained unchanged since February 2009.

Moody's Investor's Service confirmed our Baa2 long-term credit rating with negative outlook in November 2009. Standard and Poor's Rating Services confirmed our BBB long-term credit rating with negative outlook as well as our A-3 short-term rating in June 2010.

Metso's Financial Reportingduring the rest of 2010 and in 2011

The Interim Review for January-September 2010 will be published on October 28, 2010.

Metso's Financial Statement Review for 2010 will be published on February 3, 2011. The Annual Report will be published in the week starting on March 7, 2011 (week 10). The Interim Review for January - March 2011 will be published on April 29, 2011, the Interim Review for January - June 2011 on July 28, 2011 and the Interim Review for January - September 2011 on October 27, 2011.

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