Interim Review
January 1 - June 30, **2008**

metso
Expect results

Metso's Interim Review, January 1 – June 30, 2008

Emerging markets and services business driving Metso's growth

Highlights of the second quarter

- New orders worth EUR 1,740 million were received in April-June (EUR 2,090 million in Q2/07). Metso Minerals' and Metso Automation's new orders grew strongly while Metso Paper's new orders clearly decreased from the corresponding period in 2007.
- At the end of June, the order backlog was 4 percent higher than at the end of 2007, standing at EUR 4,494 million (EUR 4,341 million at December 31, 2007).
- Net sales grew 6 percent on the comparison period and totaled EUR 1,633 million (EUR 1,536 million in Q2/07).
- Earnings before interest, tax and amortization (EBITA) were EUR 166.5 million, i.e. 10.2 percent of net sales (EUR 162.3 million and 10.6% in Q2/07).
- Operating profit (EBIT) was EUR 155.2 million, i.e. 9.5 percent of net sales (EUR 148.3 million and 9.7% in Q2/07).
- Earnings per share were EUR 0.72 (EUR 0.68 in Q2/07).
- Free cash flow was EUR 59 million positive (EUR 52 million negative in Q2/07).
- Return on capital employed (ROCE) before taxes was 23.4 percent (24.3% in Q2/07).

"Metso's overall development in the second quarter was in line with our expectations. Emerging markets and services business continued to drive our growth, and our operating profit continued to improve on a rolling 12-month basis. We continue to work hard to bring results to our customers and shareholders whatever the market situation," says Jorma Eloranta, President and CEO of Metso Corporation.

"As indicated three months ago, we experienced strong bounce back in mining orders during the second quarter; and in fact they were at a record level. Our growing presence in the emerging markets and strong focus on the services business gives us confidence that the profitable growth in our minerals business will continue. Likewise, in our automation business we continue to see steady performance driven by strong demand in the energy industry."

"On the other hand, in our paper and pulp business, the uncertainty has increased and we have continued to face delays in the decision-making in some large projects under negotiation. We expect, however, the second half of the year to be stronger for Metso Paper in order intake based on several letters of intent, which we expect to turn into orders during the second half of 2008. What is more, the streamlining measures we took last year in Metso Paper will start to pay off during second half of this year and we have good reason to believe that Metso Paper's profitability will improve."

"Due to the postponements in some of Metso Paper's projects under negotiation, we estimate that in 2008 our net sales growth, at comparable exchange rates, will stay below the earlier-estimated 10 percent. The new net sales growth estimate is in the range of 5-10 percent. The operating profit margin estimate for 2008 is unchanged at about 10 percent," Eloranta says. "Consequently, we expect the second half net sales and operating profit to be clearly better than in the first six months, and 2008 to be again the best year ever for Metso."

Metso's key figures

EUR million	Q2/08	Q2/07	Change %	Q1-Q2/08	Q1-Q2/07	Change %	2007
Net sales	**1,633**	1,536	6	**3,033**	2,902	5	6,250
Net sales of services business	**568**	513	11	**1,035**	949	9	2,024
% of net sales	**35**	34		**35**	33		33
Earnings before interest, tax and amortization (EBITA)	**166.5**	162.3	3	**300.2**	284.2	6	635.4
% of net sales	**10.2**	10.6		**9.9**	9.8		10.2
Operating profit	**155.2**	148.3	5	**274.8**	256.7	7	579.8
% of net sales	**9.5**	9.7		**9.1**	8.8		9.3
Earnings per share, EUR	**0.72**	0.68	6	**1.27**	1.18	8	2.69
Orders received	**1,740**	2,090	(17)	**3,249**	3,754	(13)	6,965
Order backlog at end of period				**4,494**	4,574	(2)	4,341
Free cash flow	**59**	(52)	n/a	**(40)**	54	n/a	198
Return on capital employed (ROCE) before taxes, annualized, %				**23.4**	24.3		26.1
Equity to assets ratio at end of period, %				**28.9**	34.3		37.7
Gearing at end of period, %				**79.5**	43.3		33.4

Metso's second quarter 2008 review

Operating environment and demand for products in April-June

In April-June, the market situation for Metso's products and services continued to be favorable in the mining, construction and energy customer segments and satisfactory in the pulp and paper segment.

Continuing uncertainty about the growth of the global economy slowed the materialization of Metso Paper's new customer orders in the second quarter. The demand for paper and board lines was slow, as it had been during the first quarter. In the main market area, China, decision schedules have been prolonged due to increased caution of customers in light of economic uncertainty and due to the stricter investment policies set by the Chinese authorities. The demand for tissue lines remained at a good level. The markets for fiber lines were as active as they had been during the early part of the year, but decisions on large projects are expected to be made only in the latter half of 2008. In Europe and North America, the demand was focused mainly on machine rebuilds and the services business. The demand for power plants utilizing renewable energy sources continued at a good level, but increased costs have delayed customers' decision-making schedules. The demand for Metso Paper's services business remained satisfactory.

Metso Minerals' market situation continued to be favorable during the second quarter of 2008. As a result of the continuing rapid growth of emerging economies, demand for metals and minerals remained high and the investment activity of Metso's mining customers remained excellent. In construction, the demand for Metso Minerals' equipment relating to aggregates production continued to be good owing to road network and other transportation infrastructure development projects underway around the world. The demand for metals recycling equipment continued at a good level. Demand for the services business remained excellent.

In the power, oil and gas industry the demand for Metso Automation's process automation systems was good and the demand for flow control systems excellent. The increasing consumption of energy and high oil prices ensured that investments in the energy industry remained at a good level. In the pulp and paper industry, the demand for automation was satisfactory and the demand for flow control systems was good.

Orders received in April-June

The orders received by Metso in April-June totaled EUR 1,740 million, down by 17 percent from the comparison period. The value of orders at both Metso Minerals and Metso Automation grew strongly, while the value of Metso Paper's orders clearly decreased.

The value of orders received by Metso Paper in April-June totaled EUR 498 million, which was a decrease of 55 percent from the record-high comparison period. The decrease in orders received was attributable to uncertainty in the market regarding the growth of the global economy and to delays in some pulp and paper industry projects under negotiation. The major orders received by Metso Paper in the second quarter were a board line to China, a pulp mill rebuild for Sabah Forest Industries in Malaysia and a fine paper machine for Fujian Nanping Paper in China.

The orders received by Metso Minerals in the second quarter were up by 29 percent on the corresponding quarter in 2007 and totaled EUR 1,030 million. Geographically, the growth of Metso Minerals' new orders continued to be strong in the Asia-Pacific region and South America. The largest orders during April-June included grinding equipment to Minera Petaquilla, S.A. in Panama for its copper mine, minerals processing equipment to Terrane Metals Corp. for its copper-gold project in Canada and an iron ore induration machine to Essar Steel Holdings Ltd in India. During the second quarter, Metso Minerals also signed several notable service agreements with mining companies such as a five-year agreement with Servicios Industriales Peëoles, S.A. de C.V. in Mexico and a one-year agreement with Mexicana de Cobre in Mexico.

The orders received by Metso Automation in April-June were up 12 percent on the comparison period, especially due to good demand for automation for the energy, oil and gas industry, and totaled EUR 208 million. Metso Automation's largest orders were flow control systems for the oil and gas industry in the Middle East and Asia.

Financial performance in April-June

Metso's net sales grew 6 percent compared with April-June 2007 and were EUR 1,633 million. The services businesses' net sales grew 11 percent on the comparison period, and accounted for 35 percent (34% in Q2/07) of Metso's second-quarter net sales.

Metso's second-quarter financial performance improved on the comparison period. Earnings before interest, tax and amortization (EBITA) were EUR 166.5 million or 10.2 percent of net sales (EUR 162.3 million and 10.6% in Q2/07). Measured in euros, EBITA improved at Metso Automation and Metso Minerals, but was down by 13 percent from the comparison period at Metso Paper. The EBITA margin remained at the level of the comparison period at Metso Automation, but was lower compared to last year at Metso Paper and Metso Minerals. Metso's second-quarter operating profit was EUR 155.2 million, or 9.5 percent of net sales (EUR 148.3 million and 9.7% in Q2/07). The profit attributable to shareholders was EUR 102 million (EUR 97 million in Q2/07) in April-June, corresponding to earnings per share (EPS) of EUR 0.72 (EUR 0.68 in Q2/07).

Metso's January-June 2008 Interim Review

Orders received and order backlog

The orders received by Metso in January-June totaled EUR 3,249 million, down 13 percent from the comparison period. Excluding the impact of exchange rate changes, the value of orders received decreased by 9 percent. The orders received by Metso Minerals and Metso Automation improved on the comparison period, whereas orders received by Metso Paper were clearly down from the comparison period. The relatively strongest growth was in Metso Minerals' Mining and Construction business lines. Relatively, the largest decreases in orders received were in Metso Paper's Paper and Board and Power business lines.

The three countries generating the largest total value of orders received were the United States, China and Canada. The growth in new orders was strongest in Canada. Emerging markets accounted for 45 percent (42%) of the orders received by Metso. At the end of June, Metso's order backlog was EUR 4,494 million, which is 4 percent stronger than at the end of 2007.

Orders received by business area

	Q1-Q2/2008		Q1-Q2/2007	
	EUR million	**% of orders received**	EUR million	% of orders received
Metso Paper	**1,039**	**32**	1,756	46
Metso Minerals	**1,770**	**54**	1,569	42
Metso Automation	**428**	**13**	413	11
Valmet Automotive	**42**	**1**	47	1
Intra-Metso orders received	**(30)**		(31)	
Total	**3,249**	**100**	3,754	100

Orders received by market area

	Q1-Q2/2008		Q1-Q2/2007	
	EUR million	**% of orders received**	EUR million	% of orders received
Europe	**1,159**	**36**	1,606	43
North America	**631**	**19**	596	16
South and Central America	**426**	**13**	442	12
Asia-Pacific	**784**	**24**	872	23
Rest of the world	**249**	**8**	238	6
Total	**3,249**	**100**	3,754	100

Net sales

During January-June, Metso's net sales grew by 5 percent on the comparison period, and totaled EUR 3,033 million. At comparable exchange rates, Metso's net sales growth would have been approximately 9 percent. At comparable exchange rates, the net sales of Metso Minerals and Metso Automation grew by 17 percent and 16 percent respectively, while Metso Paper's net sales remained at the level of the comparison period. The net sales of the services business grew by 9 percent (at comparable exchange rates, the growth would have been about 15 percent), accounting for 35 percent of Metso's net sales (33% in Q1-Q2/07). Growth of the services business was strongest in Metso Minerals, where it was 19 percent at comparable exchange rates.

Measured by net sales, the three largest countries in the first half of the year were the United States, China and Finland, which together accounted for about 30 percent of total net sales.

Net sales by business area

	Q1-Q2/2008		Q1-Q2/2007	
	EUR million	**% of net sales**	EUR million	% of net sales
Metso Paper	**1,349**	**44**	1,374	47
Metso Minerals	**1,321**	**43**	1,188	40
Metso Automation	**352**	**12**	320	11
Valmet Automotive	**42**	**1**	47	2
Intra-Metso net sales	**(31)**		(27)	
Total	**3,033**	**100**	2,902	100

Net sales by market area

	Q1-Q2/2008		Q1-Q2/2007	
	EUR million	**% of net sales**	EUR million	% of net sales
Europe	**1,312**	**43**	1,155	40
North America	**460**	**15**	548	19
South and Central America	**363**	**12**	421	14
Asia-Pacific	**729**	**24**	657	23
Rest of the world	**169**	**6**	121	4
Total	**3,033**	**100**	2,902	100

Financial result

Metso's earnings before interest, tax and amortization (EBITA) for January-June 2008 improved by 6 percent and totaled EUR 300.2 million, or 9.9 percent of net sales (EUR 284.2 million and 9.8% in Q1-Q2/07). Despite increased raw material costs and the negative impact of the weakened US dollar, Metso Minerals' and Metso Automation's EBITA measured in euros improved. Metso Paper's EBITA decreased slightly from the comparison period due to an exceptional warranty cost close to EUR 10 million related to one customer project, out of which most materialized in the second quarter. Metso Minerals' and Metso Automation's EBITA margin rose slightly and Metso Paper's EBITA margin decreased.

Metso's operating profit was EUR 274.8 million in the first half-year, or 9.1 percent of net sales (EUR 256.7 million and 8.8% in Q1-Q2/07).

Metso's net financial expenses for January-June were EUR 19 million (EUR 18 million in Q1-Q2/07).

Metso's profit before taxes for January-June was EUR 256 million (EUR 238 million in Q1-Q2/07). Metso's tax rate is estimated to be approximately 30 percent in 2008 (2007: 29.8%).

The profit attributable to shareholders was EUR 180 million (EUR 167 million) in January-June, corresponding to earnings per share (EPS) of EUR 1.27 (EUR 1.18 per share).

Metso's return on capital employed (ROCE) before taxes was 23.4 percent (24.3%) and return on equity (ROE) was 23.9 percent (23.9%).

Cash flow and financing

Metso's net cash generated by operating activities was EUR 17 million in January-June (EUR 95 million). The increase in net working capital leveled off in the second quarter and was EUR 67 million. Cumulatively net working capital has increased EUR 254 million. The increase in inventory in the second quarter, especially in Metso Minerals, was offset by advances received. Growth in net sales, however, increased trade receivables. Metso's free cash flow for the second quarter was positive by EUR 59 million (EUR 52 million negative). Cumulatively the free cash flow was EUR 40 million negative (EUR 54 million positive).

Net interest-bearing liabilities totaled EUR 1,067 million at the end of June (EUR 623 million). Gearing was 79.5 percent and the equity-to-assets ratio was 28.9 percent. Following the Annual General Meeting, Metso paid in April EUR 425 million in dividends, which together with the growth in net working capital and high level of investments, increased gearing.

Capital expenditure

Metso's gross capital expenditure for January-June was EUR 112 million excluding acquisitions (EUR 74 million in Q1-Q2/07). Nearly one-half of the capital expenditure comprised growth investments aimed at increasing capacity and strengthening Metso's global presence.

A decision was made in the second quarter to expand Metso Automation's production capacity and office facilities in Shanghai and to build a service center for the paper industry's needs in Shandong, China. Both of the investments support Metso's global presence strategy by increasing production resources in Asia's growing markets.

Furthermore, Metso has several investment projects underway to expand production and service capacity. In China, a paper industry service unit is being expanded in Guangzhou, while the production of crushing units is being expanded in Tianjin. In the USA, Metso is strengthening its boiler service operations by establishing a new service center at Lancaster, South Carolina and extending the existing service center at Fairmont, West Virginia. Additionally, a new office space is being built for the Mining business line in York, Pennsylvania. In India, an assembly line for crushing plants is being expanded at Bawal, and a production capacity expansion for crusher wear parts and pump castings is being expanded in Ahmedabad. Furthermore, a significant Metso Industrial Park will be established in Rajasthan. In Finland, Metso is completing a pilot machine rebuild at the Paper Technology Center in Jyväskylä.

Investment projects are underway at Metso Minerals and Metso Automation concerning enterprise resource planning (ERP) systems covering their entire supply chains. The systems will be introduced in stages during 2007-2010.

Metso estimates that in 2008 gross capital expenditure excluding acquisitions will exceed EUR 200 million (EUR 159 million in 2007).

In May, Metso acquired the shares of Lignoboost AB, a research entity of the Swedish company STFI-Packforsk AB. The transaction, which is classified as a technology investment, includes all the intellectual property rights as well as the LignoBoost brand and its related know-how. In addition, Metso and STFI-Packforsk have signed a research and development agreement related to LignoBoost technology. The acquired company will become part of the Metso Power business line. The acquisition opens an interesting biofuel business opportunity within pulping processes.

In February, Metso signed an agreement with Mitsubishi Heavy Industries (MHI) on the acquisition of its paper machinery technology. The agreement was concluded in May and Metso Paper became the sole owner globally of Beloit's paper machinery technology. MHI's net sales impact is estimated to be around EUR 10 million during the first year.

Metso's research and development expenses in January-June totaled EUR 66 million, representing 2.2 percent of Metso's net sales (EUR 57 million and 2.0% in Q1-Q2/07).

Acquisitions and divestments

In June, Metso announced that it would be acquiring Lachine Main Plant, a heavy fabrication and machining facility in Canada, from GE Energy. The transaction is expected to close in mid-August and approximately 200 employees are expected to transfer to Metso. The acquisition will increase Metso's supply capacity for large mining equipment.

In June, Metso strengthened its engineering capabilities in India by establishing a joint venture with EPT Engineering Services Pvt. Ltd. Metso owns 51 percent of the new company called Metso Power India Private Limited, which started operations in July 2008 in Chennai. The new company will support Metso's growth strategy by providing engineering services primarily for Metso Power and it will employ about 50 people during its first year of operations. In the future, the joint venture enables Metso to enter the growing Indian energy production market.

In May, Metso and Linde Group signed an agreement according to which Metso Automation acquired MAPAG Valves GmbH, a German manufacturer of butterfly valves. The deal was closed in June and the debt-free purchase price was EUR 36 million. The company employs about 100 people. The company's net sales in 2008 are expected to be around EUR 36 million. The butterfly valves for demanding conditions are used in the petrochemicals industry and in the handling of industrial gas and natural gas.

In May, Metso acquired Kemotron A/S, a Danish manufacturer of measurement systems. The company employs 13 people. The acquisition strengthens Metso Automation's position as a supplier of measurement-based control systems in the chemical pulping industry.

In April, Metso announced that it was increasing its ownership in the Valmet-Xi'an Paper Machinery Co. Ltd. joint venture in China from 48.3 percent to 75 percent. It is expected that the regulatory approval required for the agreement will be obtained by the end of 2008. Valmet-Xi'an employed about 1,100 employees at the end of June.

In May, Metso sold its Finnish-based spreader roll manufacturing business and the related assets employing 20 people to a group of Finnish investors.

In January, Metso concluded the divestment of its Panelboard business. The panelboard press operations in Germany were divested to G. Siempelkamp GmbH & Co. KG in September 2007, and an agreement was concluded on the divestment of the panelboard operations in Nastola, Finland and Sundsvall, Sweden to the German company Dieffenbacher GmbH + Co. KG in January 2008.

Personnel

At the end of June, Metso had 28,069 employees, which was 1,232 more than at the end of 2007 (26,837 employees on December 31, 2007). About 550 were seasonal workers. The biggest increase was in the Asia-Pacific region where the number of personnel increased by 372 employees from the end of the year. In the first half of the year, Metso had an average of 27,323 employees.

Personnel by area

	June 30, 2008	**% of total personnel**	June 30, 2007	% of total personnel	Change %	Dec 31, 2007
Finland	**9,837**	**35**	9,783	37	1	9,386
Other Nordic countries	**3,566**	**13**	3,587	14	(1)	3,602
Other Europe	**3,391**	**12**	3,016	11	12	3,183
North America	**3,890**	**14**	3,773	14	3	3,865
South and Central America	**2,863**	**10**	2,564	10	12	2,675
Asia-Pacific	**3,077**	**11**	2,497	9	23	2,705
Rest of the world	**1,445**	**5**	1,389	5	4	1,421
Total	**28,069**	**100**	26,609	100	5	26,837

BUSINESSES

Metso Paper

EUR million	Q2/08	Q2/07	Change %	Q1-Q2/08	Q1-Q2/07	Change %	2007
Net sales	**701**	708	(1)	**1,349**	1,374	(2)	2,925
Net sales of services business	**230**	214	8	**403**	385	5	834
% of net sales	**33**	30		**30**	28		29
Earnings before interest, tax and amortization (EBITA)	**41.7**	47.7	(13)	**80.7**	84.8	(5)	184.5
% of net sales	**5.9**	6.7		**6.0**	6.2		6.3
Operating profit	**33.2**	35.7	(7)	**60.4**	61.1	(1)	136.9
% of net sales	**4.7**	5.0		**4.5**	4.4		4.7
Orders received	**498**	1,103	(55)	**1,039**	1,756	(41)	3,109
Order backlog at end of period				**2,040**	2,584	(21)	2,363
Personnel at end of period				**11,818**	11,954	(1)	11,694

Metso Paper's net sales in January-June were at the level of the comparison period, totaling EUR 1,349 million. Net sales increased on the comparison period in the Power business line and decreased in the Paper and Board, Tissue and Fiber business lines. Metso Paper's services business grew by 5 percent on the comparison period (at comparable exchange rates the growth was 9%). The services business accounted for 30 percent of net sales (28% in Q1-Q2/07).

Metso Paper's EBITA for January-June was EUR 80.7 million, i.e. 6.0 percent of net sales (EUR 84.8 million and 6.2%).

Metso Paper's operating profit was EUR 60.4 million, i.e. 4.5 percent of net sales (EUR 61.1 million and 4.4%). The operating profit includes approximately EUR 13 million in amortization of intangible assets related to the acquisition of the Pulping and Power businesses and close to EUR 10 million exceptional warranty cost related to one customer project, out of which most materialized in the second quarter. The amortization of intangible assets will decrease in the remainder of the year when the acquired order backlog is amortized in full, and is estimated to total approximately EUR 19 million in 2008 (EUR 36 million in 2007).

The integration of the acquired Pulping and Power businesses is estimated to create additional synergy benefits of about EUR 6-10 million this year, in addition to the synergy benefits of EUR 14 million already realized in 2007. The non-recurring integration expenses carried over to 2008 are expected to be EUR 1-2 million. The positive impact on earnings related to the synergy benefits and decided cost streamlining measures will be realized primarily in the latter half of 2008.

The value of orders received by Metso Paper decreased by 41 percent from the comparison period and was EUR 1,039 million. Orders received by all business lines excluding the Tissue business line decreased from the comparison period. This resulted from delays in some large new projects and the postponement of orders to the second half-year. The largest orders in January-June included a fine paper machine for Fujian Nanping Paper in China, a coated board line for Shandong Bohui in China and Metso Power's evaporation plant for SCA Packaging's pulp and paper mill in Sweden. The order backlog at the end of June, EUR 2,040 million, was 14 percent lower than the order backlog at the end of 2007.

Metso Minerals

EUR million	Q2/08	Q2/07	Change %	Q1-Q2/08	Q1-Q2/07	Change %	2007
Net sales	**738**	648	14	**1,321**	1,188	11	2,607
Net sales of services business	**298**	265	12	**562**	501	12	1,050
% of net sales	**40**	41		**43**	42		40
Earnings before interest, tax and amortization (EBITA)	**101.6**	96.9	5	**186.0**	165.6	12	367.1
% of net sales	**13.8**	15.0		**14.1**	13.9		14.1
Operating profit	**100.2**	95.7	5	**183.3**	163.5	12	362.6
% of net sales	**13.6**	14.8		**13.9**	13.8		13.9
Orders received	**1,030**	798	29	**1,770**	1,569	13	3,075
Order backlog at end of period				**2,067**	1,673	24	1,690
Personnel at end of period				**11,215**	9,967	13	10,446

Metso Minerals' net sales for January-June grew by 11 percent on the comparison period and were EUR 1,321 million (at comparable exchange rates the growth was 17%). Net sales increased across all business lines, with the most substantial growth in the Mining business line. Metso Minerals' services business developed favorably and grew by 12 percent (at comparable exchange rates 19%). Services business accounted for 43 percent of net sales (42% in Q1-Q2/07).

The operating profit of Metso Minerals increased to EUR 183.3 million, which was 13.9 percent of net sales (EUR 163.5 million and 13.8%). The allocation of capacity to projects and products with higher margins, especially in the Mining business line, and the increased share of the services business contributed positively to profitability.

Metso Minerals' orders received during the second quarter were EUR 1,030 million and clearly stronger than the first quarter, as expeted. The value of orders received increased by 13 percent on January-June 2007, and totaled EUR 1,770 million. At comparable exchange rates, the value of orders received increased approximately 19 percent. The volume of new orders received increased on the comparison period in the Construction and Mining business lines, whereas they decreased in the Recycling business line. Regionally most of the new orders were received from Europe and North and South America. The volume of orders received from emerging countries grew by 21 percent and their contribution to Metso Minerals' new orders rose to 48 percent (44%). Among the largest orders received in January-June were orders received for grinding equipment to Minera Petaquilla, S.A. in Panama for its copper mine, minerals processing equipment to Terrane Metals Corp. for its copper-gold project in Canada, an iron ore induration machine to Essar Steel Holdings Ltd in India and another to the same customer for its Point Lisas Pellet Plant in Trinidad and Tobago as well as a complete copper ore beneficiation processing system for Zinkgruvan Mining AB in Sweden. The order backlog was up by 22 percent on the end of 2007 and totaled EUR 2,067 million at the end of June.

Metso Automation

EUR million	Q2/08	Q2/07	Change %	Q1-Q2/08	Q1-Q2/07	Change %	2007
Net sales	**194**	174	11	**352**	320	10	698
Net sales of services business	**40**	34	17	**71**	63	12	140
% of net sales	**22**	21		**22**	21		22
Earnings before interest, tax and amortization (EBITA)	**26.3**	23.6	11	**44.1**	39.5	12	100.4
% of net sales	**13.6**	13.6		**12.5**	12.3		14.4
Operating profit	**25.6**	23.3	10	**43.0**	38.8	11	98.8
% of net sales	**13.2**	13.4		**12.2**	12.1		14.2
Orders received	**208**	185	12	**428**	413	4	763
Order backlog at end of period				**428**	365	17	332
Personnel at end of period				**3,870**	3,564	9	3,564

Metso Automation's net sales for January-June increased by 10 percent on the comparison period (at comparable exchange rates 16%) and were EUR 352 million. The growth stemmed mostly from deliveries of flow control systems for the energy industry. Growth was driven by investments in the energy industry for power production as well as for oil and gas processing. The services business grew by 12 percent, and accounted for 22 percent of net sales (21% in Q1-Q2/07). Excluding the impact of exchange rate changes, the growth of the services business would have been around 17 percent.

Metso Automation's profitability remained at the level of the comparison period. The operating profit was EUR 43.0 million, or 12.2 percent of net sales (EUR 38.8 million and 12.1% in Q1-Q2/07). The growth in delivery volumes and the fact that Metso Automation has been able to transfer the cost increases from 2007 to end-product prices contributed positively to profitability.

The value of orders received by Metso Automation increased by 4 percent on the comparison period and totaled EUR 428 million. The volume of orders received from the power, oil and gas industry increased, and their contribution to Metso Automation's new orders rose to 59 percent (57%). Major orders during January-June were flow control systems for the oil and gas industry in the Middle East and Asia, valve deliveries for the Qatar Petroleum and Shell GTL (gas-to-liquids) project in Qatar and an extensive automation package for Shandong Bohui's new board line in China. Metso Automation's order backlog was 29 percent higher than at the end of 2007 and totaled EUR 428 million.

Valmet Automotive

Valmet Automotive's net sales in January-June totaled EUR 42 million. The operating profit was EUR 1.9 million, or 4.5 percent of net sales. During January-June, Valmet Automotive manufactured an average of 108 vehicles per day. At the end of June, Valmet Automotive employed 779 people.

Valmet Automotive's current assembly contract with Porsche will end in 2012, but this is not expected to have any short-term impact on Valmet Automotive's operations. Valmet Automotive continues discussions regarding the production of new car models.

Short-term risks of business operations

Continuing uncertainty about global economic growth, currency rates and a prolonged weak period in the financial markets may reduce the demand for Metso's products and services. In particular, uncertainty may affect the timing and implementation of Metso Paper's larger customer projects.

China is the primary market for new paper and board machines and thus any substantial changes in demand on the Chinese market may have a material adverse effect on orders for Metso Paper's new machinery. During the first half of the year, the decision schedules of paper and board machine projects in China were prolonged due to increased caution of customers in light of economic uncertainty and due to the stricter investment policies set by the country's authorities. If this situation continues or becomes more serious, it could have a material adverse effect on Metso Paper's orders received in the coming months.

The delivery times for Metso's products have been lengthened because of strong growth in order backlog, especially in the Metso Power business line, Metso Minerals and Metso Automation. During prolonged delivery times there is a risk that material and other costs may rise significantly and have a greater impact on Metso's profitability than currently anticipated. The scarcity of certain components and subcontractor resources, particularly with respect to heavy mining equipment and valves, may also lengthen delivery times. Long lead times may also have an impact on Metso's capability to win new orders.

Metso strives to manage and limit the potential adverse effects of these and other risks. However, if the risks materialize, they could have a significant adverse effect on Metso's business, financial position and results, or on the price of the Metso share.

Short-term outlook

The market situation for Metso's products and services is expected to continue to be favorable during the second half of the year in the mining, construction and energy customer segments and satisfactory in the pulp and paper segment. However, uncertainty about the development of the global economy may have an impact on the decision-making schedules of certain new customer projects and on the demand in certain geographical areas, particularly at Metso Paper.

The demand for Metso Paper's new paper, board and fiber lines is expected to remain at the current satisfactory level in second half of the year. The decision-making schedules of paper and board machine projects may continue to be longer than last year due to economic uncertainty. The market for fiber lines is expected to be active and decisions on large projects are expected to be made in the second half of the year. For tissue lines the demand is estimated to be good. In Europe and North America, the demand is expected to focus mainly on machine rebuilds and the services business. The demand for power plants utilizing renewable energy sources is expected to continue at a good level in Metso's main market areas, Europe and North America. Metso Paper aims to grow its services business, and the demand for services is expected to remain satisfactory.

Metso Minerals' favorable market situation is expected to continue in the second half of 2008. As a result of the continuing rapid growth of emerging economies, the demand and prices for metals and minerals are expected to remain high and the investment activity of Metso's mining customers to remain excellent. In construction, the demand for Metso Minerals' equipment relating to aggregates production is expected to continue to be good. Construction demand is sustained by road network and other transportation infrastructure development projects underway around the world. The demand for metals recycling equipment is expected to be at a good level. Demand for the services business is estimated to remain excellent.

The demand for Metso Automation's products is expected to be satisfactory in the pulp and paper industry in the second half of 2008. In the power, oil and gas industry, the demand for process automation systems is expected to be good and the demand for flow control systems excellent. The increasing consumption of energy and high oil prices will boost energy industry investments.

Due to postponements in some of Metso Paper's projects under negotiation, Metso estimates that in 2008 its net sales growth, at comparable exchange rates, will stay below the earlier-estimated 10 percent. The new net sales growth estimate for 2008 is in the range of 5-10 percent, at comparable exchange rates. The operating margin estimate for 2008 is unchanged at about 10 percent.

The profit performance estimates are based on Metso's current outlook, order backlog and business scope.

Helsinki, July 24, 2008

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 statements of income

EUR million	4-6/2008	4-6/2007	1-6/2008	1-6/2007	1-12/2007
Net sales	**1,633**	1,536	**3,033**	2,902	6,250
Cost of goods sold	**(1,210)**	(1,138)	**(2,248)**	(2,164)	(4,702)
Gross profit	**423**	398	**785**	738	1,548
Selling, general and administrative expenses	**(266)**	(248)	**(515)**	(486)	(972)
Other operating income and expenses, net	**(2)**	(3)	**4**	3	1
Share in profits of associated companies	**0**	1	**1**	1	3
Operating profit	**155**	148	**275**	256	580
% of net sales	**9.5%**	9.7%	**9.1%**	8.8%	9.3%
Financial income and expenses, net	**(10)**	(10)	**(19)**	(18)	(33)
Profit before taxes	**145**	138	**256**	238	547
Income taxes	**(43)**	(41)	**(76)**	(71)	(163)
Profit	**102**	97	**180**	167	384
Profit attributable to minority interests	**0**	0	**0**	0	3
Profit attributable to equity shareholders	**102**	97	**180**	167	381
Profit	**102**	97	**180**	167	384
Earnings per share, EUR	**0.72**	0.68	**1.27**	1.18	2.69

Consolidated statement of recognized income and expense

EUR million	4-6/2008	4-6/2007	1-6/2008	1-6/2007	1-12/2007
Cash flow hedges, net of tax	**5**	1	**9**	(1)	(2)
Available-for-sale equity investments, net of tax	**0**	20	**0**	20	22
Currency translation on subsidiary net investments	**15**	8	**(50)**	16	(29)
Net investment hedge gains (losses), net of tax	**(5)**	2	**8**	(6)	(2)
Defined benefit plan actuarial gains (losses), net of tax	**-**	-	**-**	-	(1)
Other	**0**	0	**0**	0	2
Net income (expense) recognized directly in equity	**15**	31	**(33)**	29	(10)
Profit	**102**	97	**180**	167	384
Total recognized income (expense) for the period	**117**	128	**147**	196	374
Total recognized income (expense) attributable to minority interests	**0**	0	**0**	0	3
Total recognized income (expense) attributable to equity shareholders	**117**	128	**147**	196	371
Total recognized income (expense) for the period	**117**	128	**147**	196	374

Consolidated balance sheet

ASSETS

EUR million	June 30, 2008	June 30, 2007	Dec 31, 2007
Non-current assets			
Intangible assets			
Goodwill	**774**	767	772
Other intangible assets	**269**	257	251
	1,043	1,024	1,023
Property, plant and equipment			
Land and water areas	**54**	55	54
Buildings and structures	**212**	220	216
Machinery and equipment	**312**	313	315
Assets under construction	**85**	38	49
	663	626	634
Financial and other assets			
Investments in associated companies	**19**	18	19
Available-for-sale equity investments	**44**	43	45
Loan and other interest bearing receivables	**12**	6	5
Available-for-sale financial investments	**5**	5	5
Deferred tax asset	**119**	223	144
Other non-current assets	**22**	35	22
	221	330	240
Total non-current assets	**1,927**	1,980	1,897
Current assets			
Inventories	**1,616**	1,383	1,410
Receivables			
Trade and other receivables	**1,221**	1,267	1,274
Cost and earnings of projects under construction in excess of advance billings	**400**	307	374
Loan and other interest bearing receivables	**2**	2	2
Available-for-sale financial assets	**0**	10	0
Tax receivables	**33**	22	30
	1,656	1,608	1,680
Cash and cash equivalents	**361**	213	267
Total current assets	**3,633**	3,204	3,357
Assets held for sale	**-**	-	-
TOTAL ASSETS	**5,560**	5,184	5,254

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	June 30, 2008	June 30, 2007	Dec 31, 2007
Equity			
Share capital	**241**	241	241
Share premium reserve	**77**	77	77
Cumulative translation differences	**(118)**	(35)	(76)
Fair value and other reserves	**471**	462	456
Retained earnings	**666**	688	910
Equity attributable to shareholders	**1,337**	1,433	1,608
Minority interests	**7**	5	7
Total equity	**1,344**	1,438	1,615
Liabilities			
Non-current liabilities			
Long-term debt	**850**	586	700
Post employment benefit obligations	**169**	193	177
Deferred tax liability	**42**	59	41
Provisions	**44**	48	37
Other long-term liabilities	**4**	2	2
Total non-current liabilities	**1,109**	888	957
Current liabilities			
Current portion of long-term debt	**92**	106	22
Short-term debt	**505**	167	97
Trade and other payables	**1,331**	1,333	1,307
Provisions	**212**	201	222
Advances received	**632**	673	637
Billings in excess of cost and earnings of projects under construction	**279**	315	331
Tax liabilities	**56**	63	66
Total current liabilities	**3,107**	2,858	2,682
Liabilities held for sale	**-**	-	-
Total liabilities	**4,216**	3,746	3,639
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**5,560**	5,184	5,254

NET INTEREST BEARING LIABILITIES

Long-term interest bearing debt	**850**	586	700
Short-term interest bearing debt	**597**	273	119
Cash and cash equivalents	**(361)**	(213)	(267)
Other interest bearing assets	**(19)**	(23)	(12)
Total	**1,067**	623	540

Condensed consolidated cash flow statement

EUR million	4-6/2008	4-6/2007	1-6/2008	1-6/2007	1-12/2007
Cash flows from operating activities:					
Profit	**102**	97	**180**	167	384
Adjustments to reconcile profit to net cash provided by operating activities					
Depreciation	**34**	36	**71**	72	148
Interests and dividend income	**15**	10	**24**	16	32
Income taxes	**43**	41	**76**	71	163
Other	**4**	6	**4**	10	(4)
Change in net working capital	**(67)**	(176)	**(254)**	(175)	(286)
Cash flows from operations	**131**	14	**101**	161	437
Interest paid and dividends received	**(6)**	(7)	**(10)**	(7)	(29)
Income taxes paid	**(39)**	(35)	**(74)**	(59)	(114)
Net cash provided by (used in) operating activities	**86**	(28)	**17**	95	294
Cash flows from investing activities:					
Capital expenditures on fixed assets	**(70)**	(42)	**(112)**	(74)	(159)
Proceeds from sale of fixed assets	**2**	3	**3**	9	16
Business acquisitions, net of cash acquired	**(39)**	(10)	**(39)**	(10)	(55)
Proceeds from sale of businesses, net of cash sold	**1**	-	**3**	2	9
(Investments in) proceeds from sale of financial assets	**-**	-	**7**	3	13
Other	**(1)**	-	**(7)**	-	-
Net cash provided by (used in) investing activities	**(107)**	(49)	**(145)**	(70)	(176)
Cash flows from financing activities:					
Share options exercised	**-**	-	**-**	0	0
Dividends paid	**(425)**	(212)	**(425)**	(212)	(212)
Net funding	**397**	113	**637**	28	(5)
Other	**13**	15	**15**	15	15
Net cash provided by (used in) financing activities	**(15)**	(84)	**227**	(169)	(202)
Net increase (decrease) in cash and cash equivalents	**(36)**	(161)	**99**	(144)	(84)
Effect from changes in exchange rates	**8**	3	**(5)**	4	(2)
Cash and cash equivalents at beginning of period	**389**	371	**267**	353	353
Cash and cash equivalents at end of period	**361**	213	**361**	213	267

Free cash flow

EUR million	4-6/2008	4-6/2007	1-6/2008	1-6/2007	1-12/2007
Net cash provided by operating activities	**86**	(28)	**17**	95	294
Capital expenditures on maintenance investments	**(29)**	(27)	**(60)**	(50)	(112)
Proceeds from sale of fixed assets	**2**	3	**3**	9	16
Free cash flow	**59**	(52)	**(40)**	54	198

Consolidated statement of changes in shareholders' equity

EUR million	Share capital	Share premium reserve	Cumulative translation adjustments	Fair value and other reserves	Retained earnings	Equity attributable to shareholders	Minority interests	Total equity
Balance at Jan 1, 2007	**241**	**77**	**(45)**	**432**	**739**	**1,444**	**6**	**1,450**
Cash flow hedges, net of tax	-	-	-	(1)	-	(1)	-	(1)
Available-for-sale equity investments, net of tax	-	-	-	20	-	20	-	20
Currency translation on subsidiary net investments	-	-	16	-	-	16	-	16
Net investment hedge gains (losses), net of tax	-	-	(6)	-	-	(6)	-	(6)
Defined benefit plan actuarial gains (losses), net of tax	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net income (expense) recognized directly in equity	-	-	10	19	-	29	-	29
Net profit for the period	-	-	-	-	167	167	0	167
Total recognized income (expense) for the period	-	-	10	19	167	196	0	196
Dividends	-	-	-	-	(212)	(212)	-	(212)
Share options exercised	0	0	-	-	-	-	-	-
Redemption of own shares	-	-	-	-	-	-	-	-
Share-based payments, net of tax	-	-	-	1	-	1	-	1
Other	-	-	-	10	(6)	4	(1)	3
Balance at June 30, 2007	**241**	**77**	**(35)**	**462**	**688**	**1,433**	**5**	**1,438**
Balance at Jan 1, 2008	**241**	**77**	**(76)**	**456**	**910**	**1,608**	**7**	**1,615**
Cash flow hedges, net of tax	-	-	-	9	-	9	-	9
Available-for-sale equity investments, net of tax	-	-	-	0	-	0	-	0
Currency translation on subsidiary net investments	-	-	(50)	-	-	(50)	-	(50)
Net investment hedge gains (losses), net of tax	-	-	8	-	-	8	-	8
Defined benefit plan actuarial gains (losses), net of tax	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net income (expense) recognized directly in equity	-	-	(42)	9	-	(33)	-	(33)
Net profit for the period	-	-	-	-	180	180	-	180
Total recognized income (expense) for the period	-	-	(42)	9	180	147	-	147
Dividends	-	-	-	-	(425)	(425)	-	(425)
Share options exercised	-	-	-	-	-	-	-	-
Redemption of own shares	-	-	-	-	-	-	-	-
Share-based payments, net of tax	-	-	-	4	-	4	-	4
Other	-	-	-	2	1	3	-	3
Balance at June 30, 2008	**241**	**77**	**(118)**	**471**	**666**	**1,337**	**7**	**1,344**

Acquisitions

Acquisitions in 2008

Metso Automation acquired in June Mapag Valves GmbH, a German manufacturer of butterfly valves. The debt-free acquisition price was EUR 36 million. Excess purchase price of EUR 13 million was allocated to intangible assets, representing the fair values of the acquired technology, customer base and order backlog. The remaining excess purchase price of EUR 8 million represents goodwill associated to Metso's improved market position in new and rapidly growing industrial markets.

In May, Metso Automation acquired Kemotron A/S, a Danish manufacturer of advanced measurement systems mainly to the pulp, paper and chemical industry. The purchase price was about EUR 3 million.

Had these acquisitions taken place on January 1, 2008, Metso's net sales and net profit would have increased by EUR 13 million and EUR 1 million, respectively.

Summary information on acquisitions made in January-June 2008 is as follows:

EUR million	Carrying amount	Fair value allocations	Fair value
Intangible assets	0	13	**13**
Property, plant and equipment	4	-	**4**
Inventories	12	-	**12**
Trade and other receivables	10	-	**10**
Deferred tax liabilities	0	(4)	**(4)**
Other liabilities assumed	(7)	-	**(7)**
Non-interest bearing net assets	19	9	**28**
Cash and cash equivalents acquired	0	-	**0**
Debt assumed	(10)	-	**(10)**
Purchase price	(29)	-	**(29)**
Goodwill	20	(9)	**11**
Purchase price settled in cash			**(29)**
Settlement of acquired debt			**(10)**
Cash and cash equivalents acquired			**0**
Cash outflow on acquisitions			**(39)**

Assets pledged and contingent liabilities

EUR million	June 30, 2008	June 30, 2007	Dec 31, 2007
Mortgages on corporate debt	**4**	9	9
Other pledges and contingencies			
Mortgages	**1**	2	2
Pledged assets	**0**	0	0
Guarantees on behalf of associated company obligations	**-**	-	-
Other guarantees	**3**	9	11
Repurchase and other commitments	**7**	8	8
Lease commitments	**143**	153	142

Notional amounts of derivative financial instruments

EUR million	June 30, 2008	June 30, 2007	Dec 31, 2007
Forward exchange rate contracts	**1,511**	1,269	1,387
Interest rate and currency swaps	**-**	1	0
Currency swaps	**-**	1	-
Interest rate swaps	**143**	143	143
Option agreements			
Bought	**16**	3	-
Sold	**16**	1	-

The notional amount of electricity forwards was 437 GWh as of June 30, 2008 and 464 GWh as of June 30, 2007.

The notional amount of nickel forwards to hedge stainless steel prices was 354 tons as of June 30, 2008. In the comparison period Metso had not entered into nickel forwards.

The notional amounts indicate the volumes in the use of derivatives, but do not indicate the exposure to risk.

Key ratios

	1-6/2008	1-6/2007	1-12/2007
Earnings per share, EUR	**1.27**	1.18	2.69
Equity/share at end of period, EUR	**9.44**	10.13	11.36
Return on equity (ROE), % (annualized)	**23.9**	23.9	25.4
Return on capital employed (ROCE) before tax, % (annualized)	**23.4**	24.3	26.1
Return on capital employed (ROCE) after tax, % (annualized)	**17.3**	17.8	19.0
Equity to assets ratio at end of period, %	**28.9**	34.3	37.7
Gearing at end of period, %	**79.5**	43.3	33.4
Free cash flow	**(40)**	54	198
Free cash flow/share	**(0.28)**	0.38	1.40
Gross capital expenditure (excl. business acquisitions)	**112**	74	159
Business acquisitions, net of cash acquired	**39**	10	55
Depreciation and amortization	**71**	72	148
Number of outstanding shares at end of period (thousands)	**141,625**	141,494	141,487
Average number of shares (thousands)	**141,566**	141,429	141,460

Exchange rates used

		1-6/2008	1-6/2007	1-12/2007	June 30, 2008	June 30, 2007	Dec 31, 2007
USD	(US dollar)	**1.5444**	1.3341	1.3797	**1.5764**	1.3505	1.4721
SEK	(Swedish krona)	**9.4034**	9.2290	9.2647	**9.4703**	9.2525	9.4415
GBP	(Pound sterling)	**0.7795**	0.6756	0.6873	**0.7923**	0.6740	0.7334
CAD	(Canadian dollar)	**1.5497**	1.4988	1.4663	**1.5942**	1.4245	1.4449
BRL	(Brazilian real)	**2.6025**	2.7201	2.6623	**2.5112**	2.5966	2.5949

Formulas for calculation of indicators

Earnings/share:

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

Equity/share:

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

Return on equity (ROE), %:

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

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

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

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

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

Gearing, %:

$$\frac{\text{Net interest bearing liablities}}{\text{Total equity}} \times 100$$

Equity to assets ratio, %:

$$\frac{\text{Total equity}}{\text{Balance sheet total - advances received}} \times 100$$

Free cash flow:

Net cash provided by (used in) operating activities
- capital expenditures on maintenance investments
+ proceeds from sale of fixed assets
= Free cash flow

Business area information

Net sales

EUR million	4-6/2008	4-6/2007	1-6/2008	1-6/2007	7/2007-6/2008	1-12/2007
Metso Paper	**701**	708	**1,349**	1,374	2,900	2,925
Metso Minerals	**738**	648	**1,321**	1,188	2,740	2,607
Metso Automation	**194**	174	**352**	320	730	698
Valmet Automotive	**19**	19	**42**	47	80	85
Corporate office and other	**-**	-	**-**	-	-	-
Corporate office and others total	**19**	19	**42**	47	80	85
Intra Metso net sales	**(19)**	(13)	**(31)**	(27)	(69)	(65)
Metso total	**1,633**	1,536	**3,033**	2,902	6,381	6,250

Other operating income (+) and expenses (-), net

EUR million	4-6/2008	4-6/2007	1-6/2008	1-6/2007	7/2007-6/2008	1-12/2007
Metso Paper	**2.3**	(3.3)	**1.6**	(1.4)	(8.5)	(11.5)
Metso Minerals	**(4.4)**	0.2	**1.7**	1.4	8.0	7.7
Metso Automation	**(0.8)**	(0.4)	**0.0**	0.1	2.3	2.4
Valmet Automotive	**0.0**	0.0	**0.0**	0.0	0.0	0.0
Corporate office and other	**0.7**	0.4	**0.0**	2.6	(0.1)	2.5
Corporate office and others total	**0.7**	0.4	**0.0**	2.6	(0.1)	2.5
Metso total	**(2.2)**	(3.1)	**3.3**	2.7	1.7	1.1

Share in profits of associated companies

EUR million	4-6/2008	4-6/2007	1-6/2008	1-6/2007	7/2007-6/2008	1-12/2007
Metso Paper	**0.3**	0.1	**0.7**	0.5	1.3	1.1
Metso Minerals	**0.1**	0.0	**0.1**	0.0	0.4	0.3
Metso Automation	**0.3**	1.0	**0.5**	1.0	0.9	1.4
Valmet Automotive	**-**	-	**-**	-	-	-
Corporate office and other	**-**	-	**-**	-	-	-
Corporate office and others total	**-**	-	**-**	-	-	-
Metso total	**0.7**	1.1	**1.3**	1.5	2.6	2.8

Operating profit (loss)

EUR million	4-6/2008	4-6/2007	1-6/2008	1-6/2007	7/2007-6/2008	1-12/2007
Metso Paper	**33.2**	35.7	**60.4**	61.1	136.2	136.9
Metso Minerals	**100.2**	95.7	**183.3**	163.5	382.4	362.6
Metso Automation	**25.6**	23.3	**43.0**	38.8	103.0	98.8
Valmet Automotive	**0.9**	1.0	**1.9**	5.4	4.5	8.0
Corporate office and other	**(4.7)**	(7.4)	**(13.8)**	(12.1)	(28.2)	(26.5)
Corporate office and others total	**(3.8)**	(6.4)	**(11.9)**	(6.7)	(23.7)	(18.5)
Metso total	**155.2**	148.3	**274.8**	256.7	597.9	579.8

Operating profit (loss), % of net sales

%	**4-6/2008**	4-6/2007	**1-6/2008**	1-6/2007	7/2007-6/2008	1-12/2007
Metso Paper	**4.7**	5.0	**4.5**	4.4	4.7	4.7
Metso Minerals	**13.6**	14.8	**13.9**	13.8	14.0	13.9
Metso Automation	**13.2**	13.4	**12.2**	12.1	14.1	14.2
Valmet Automotive	**4.7**	5.3	**4.5**	11.5	5.6	9.4
Corporate office and other	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Corporate office and others total	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Metso total	**9.5**	9.7	**9.1**	8.8	9.4	9.3

EBITA

EUR million	**4-6/2008**	4-6/2007	**1-6/2008**	1-6/2007	7/2007-6/2008	1-12/2007
Metso Paper	**41.7**	47.7	**80.7**	84.8	180.4	184.5
Metso Minerals	**101.6**	96.9	**186.0**	165.6	387.5	367.1
Metso Automation	**26.3**	23.6	**44.1**	39.5	105.0	100.4
Valmet Automotive	**0.9**	1.0	**1.9**	5.4	4.6	8.1
Corporate office and other	**(4.0)**	(6.9)	**(12.5)**	(11.1)	(26.1)	(24.7)
Corporate office and others total	**(3.1)**	(5.9)	**(10.6)**	(5.7)	(21.5)	(16.6)
Metso total	**166.5**	162.3	**300.2**	284.2	651.4	635.4

EBITA, % of net sales

%	**4-6/2008**	4-6/2007	**1-6/2008**	1-6/2007	7/2007-6/2008	1-12/2007
Metso Paper	**5.9**	6.7	**6.0**	6.2	6.2	6.3
Metso Minerals	**13.8**	15.0	**14.1**	13.9	14.1	14.1
Metso Automation	**13.6**	13.6	**12.5**	12.3	14.4	14.4
Valmet Automotive	**4.7**	5.3	**4.5**	11.5	5.8	9.5
Corporate office and other	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Corporate office and others total	**n/a**	n/a	**n/a**	n/a	n/a	n/a
Metso total	**10.2**	10.6	**9.9**	9.8	10.2	10.2

Orders received

EUR million	**4-6/2008**	4-6/2007	**1-6/2008**	1-6/2007	7/2007-6/2008	1-12/2007
Metso Paper	**498**	1,103	**1,039**	1,756	2,392	3,109
Metso Minerals	**1,030**	798	**1,770**	1,569	3,276	3,075
Metso Automation	**208**	185	**428**	413	778	763
Valmet Automotive	**19**	19	**42**	47	80	85
Corporate office and other	**-**	-	**-**	-	-	-
Corporate office and others total	**19**	19	**42**	47	80	85
Intra Metso orders received	**(15)**	(15)	**(30)**	(31)	(66)	(67)
Metso total	**1,740**	2,090	**3,249**	3,754	6,460	6,965

Quarterly information

Net sales

EUR million	4-6/2007	7-9/2007	10-12/2007	1-3/2008	**4-6/2008**
Metso Paper	708	642	909	648	**701**
Metso Minerals	648	649	770	583	**738**
Metso Automation	174	165	213	158	**194**
Valmet Automotive	19	17	21	23	**19**
Corporate office and other	-	-	-	-	**-**
Corporate office and others total	19	17	21	23	**19**
Intra Metso net sales	(13)	(21)	(17)	(12)	**(19)**
Metso total	1,536	1,452	1,896	1,400	**1,633**

Other operating income (+) and expenses (-), net

EUR million	4-6/2007	7-9/2007	10-12/2007	1-3/2008	**4-6/2008**
Metso Paper	(3.3)	4.2	(14.3)	(0.7)	**2.3**
Metso Minerals	0.2	2.0	4.3	6.1	**(4.4)**
Metso Automation	(0.4)	0.2	2.1	0.8	**(0.8)**
Valmet Automotive	0.0	0.0	0.0	0.0	**0.0**
Corporate office and other	0.4	(0.1)	0.0	(0.7)	**0.7**
Corporate office and others total	0.4	(0.1)	0.0	(0.7)	**0.7**
Metso total	(3.1)	6.3	(7.9)	5.5	**(2.2)**

Operating profit (loss)

EUR million	4-6/2007	7-9/2007	10-12/2007	1-3/2008	**4-6/2008**
Metso Paper	35.7	36.2	39.6	27.2	**33.2**
Metso Minerals	95.7	85.2	113.9	83.1	**100.2**
Metso Automation	23.3	25.8	34.2	17.4	**25.6**
Valmet Automotive	1.0	1.7	0.9	1.0	**0.9**
Corporate office and other	(7.4)	(5.5)	(8.9)	(9.1)	**(4.7)**
Corporate office and others total	(6.4)	(3.8)	(8.0)	(8.1)	**(3.8)**
Metso total	148.3	143.4	179.7	119.6	**155.2**

EBITA

EUR million	4-6/2007	7-9/2007	10-12/2007	1-3/2008	**4-6/2008**
Metso Paper	47.7	48.2	51.5	39.0	**41.7**
Metso Minerals	96.9	86.3	115.2	84.4	**101.6**
Metso Automation	23.6	26.2	34.7	17.8	**26.3**
Valmet Automotive	1.0	1.7	1.0	1.0	**0.9**
Corporate office and other	(6.9)	(5.1)	(8.5)	(8.5)	**(4.0)**
Corporate office and others total	(5.9)	(3.4)	(7.5)	(7.5)	**(3.1)**
Metso total	162.3	157.3	193.9	133.7	**166.5**

Capital employed

EUR million	June 30, 2007	Sep 30, 2007	Dec 31, 2007	Mar 31, 2008	June 30, 2008
Metso Paper	637	593	674	772	**784**
Metso Minerals	1,030	1,045	1,106	1,166	**1,221**
Metso Automation	189	201	214	210	**268**
Valmet Automotive	23	29	21	22	**22**
Corporate office and other	419	444	419	533	**496**
Corporate office and others total	442	473	440	555	**518**
Metso total	2,298	2,312	2,434	2,703	**2,791**

Orders received

EUR million	4-6/2007	7-9/2007	10-12/2007	1-3/2008	4-6/2008
Metso Paper	1,103	515	838	541	**498**
Metso Minerals	798	745	761	740	**1,030**
Metso Automation	185	185	165	220	**208**
Valmet Automotive	19	17	21	23	**19**
Corporate office and other	-	-	-	-	**-**
Corporate office and others total	19	17	21	23	**19**
Intra Metso orders received	(15)	(22)	(14)	(15)	**(15)**
Metso total	2,090	1,440	1,771	1,509	**1,740**

Order backlog

EUR million	June 30, 2007	Sep 30, 2007	Dec 31, 2007	Mar 31, 2008	June 30, 2008
Metso Paper	2,584	2,455	2,363	2,241	**2,040**
Metso Minerals	1,673	1,728	1,690	1,758	**2,067**
Metso Automation	365	382	332	387	**428**
Valmet Automotive	-	-	-	-	**-**
Corporate office and other	-	-	-	-	**-**
Corporate office and others total	-	-	-	-	**-**
Intra Metso order backlog	(48)	(46)	(44)	(46)	**(41)**
Metso total	4,574	4,519	4,341	4,340	**4,494**

Personnel	June 30, 2007	Sep 30, 2007	Dec 31, 2007	Mar 31, 2008	June 30, 2008
Metso Paper	11,954	11,774	11,694	11,522	**11,818**
Metso Minerals	9,967	10,194	10,446	10,762	**11,215**
Metso Automation	3,564	3,523	3,564	3,628	**3,870**
Valmet Automotive	782	777	789	789	**779**
Corporate office and other	342	335	344	361	**387**
Corporate office and others total	1,124	1,112	1,133	1,150	**1,166**
Metso total	26,609	26,603	26,837	27,062	**28,069**

Notes to the Interim Review

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

New accounting standards

IFRS 8

In November 2006, IASB issued IFRS 8 'Operating Segments', which requires the company to adopt the 'management approach' to reporting on the financial performance of its operating segments. Thus, the information to be reported would be what management uses internally for evaluating segment performance. Metso is currently evaluating the effects on its financial statements. However, it does not expect the standard to affect its current segment structure.

IFRS 8 is effective for annual financial statements for periods beginning on or after January 1, 2009. Earlier adoption is permitted.

Metso will apply the standard for the financial year beginning on January 1, 2009.

IAS 1 (Revised)

IASB has published IAS 1 (Revised) 'Presentation of Financial Statements'. The revised standard is aimed at improving users' ability to analyze and compare the information given in financial statements by separating changes in the equity of an entity arising from transactions with owners from other changes in equity.

IAS 1 (Revised) is effective for annual financial statements for periods beginning on or after January 1, 2009. The standard is still subject to endorsement by the European Union.

Provided the standard is endorsed by the European Union before the end of 2008, Metso will apply the standard for the financial year beginning on January 1, 2009.

IFRS 3 (Revised)

IASB has published IFRS 3 (Revised), 'Business combinations'. The revised standard continues to apply the acquisition method to business combinations, with some significant changes such as expensing of transaction costs. In addition, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently remeasured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. Metso is currently evaluating the effects on its financial statements.

IFRS 3 (Revised) is effective for annual financial statements for periods beginning on or after July 1, 2009. The standard is still subject to endorsement by the European Union.

Provided the revision receives endorsement by the European Union, Metso will apply the standard for the financial year beginning on January 1, 2010.

IAS 23 (Amended)

IASB has published Amendment to IAS 23 'Borrowing Costs', which requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset can be intended for its own use (self-constructed asset) or for sale. The option of immediately expensing these borrowing costs will be removed. The amendment does not change the accounting policy applied by the group to self-constructed assets and, therefore, should not have any material impact on the group's financial statements. However, the implementation of the amendment to qualifying assets for sale is under review and its effects are being evaluated by Metso.

The amendment is effective for annual periods beginning on or after January 1, 2009. The standard is still subject to endorsement by the European Union.

Provided the amendment receives endorsement by the European Union, Metso will apply the standard for the financial year beginning on January 1, 2009.

IAS 27 (Revised)

IASB has published IAS 27 (Revised), 'Consolidated and separate financial statements'. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value and a gain or loss is expensed. Metso is currently evaluating the effects on its financial statements.

IAS 27 (Revised) is effective for annual financial statements for periods beginning on or after July 1, 2009. The standard is still subject to endorsement by the European Union.

Provided the revision receives endorsement by the European Union, Metso will apply the standard for the financial year beginning on January 1, 2010.

IFRS 2 (Amended)

IASB published in January 2008 an amendment to IFRS 2 'Share-based payments' clarifying the accounting of vesting conditions and cancellations. Vesting conditions are limited to service and performance conditions, other features are not vesting conditions and only impact the grant date fair value. Cancellations, whether by the Company or by other parties, receive similar accounting treatment. Metso is currently evaluating the effects of the amendment to its financial statements.

The amendment is effective for annual financial statements for periods beginning on or after January 1, 2009. The standard is still subject to endorsement by the European Union.

Pending on the endorsement by the European Union, Metso will apply the standard for the financial year beginning on January 1, 2009.

Subpoena from the United States Department of Justice requiring Metso to produce documents

In November 2006, Metso Minerals Industries, Inc., which is Metso Minerals' U.S. subsidiary, received a subpoena from the Antitrust Division of the United States Department of Justice calling for Metso Minerals Industries, Inc. to produce certain documents. The subpoena relates to an investigation of potential antitrust violations in the rock crushing and screening equipment industry. Metso is cooperating fully with the Department of Justice.

Decisions of the Annual General Meeting

The Annual General Meeting of Metso Corporation on April 2, 2008 approved the accounts for 2007 as presented by the Board of Directors and decided to discharge the members of the Board of Directors and the President and CEO of Metso Corporation from liability for the financial year 2007. In addition, the Annual General Meeting approved the proposals of the Board of Directors to authorize the Board to decide upon repurchasing the Corporation's own shares, arranging a share issue, granting special rights and decreasing the share premium reserve and the legal reserve.

The Annual General Meeting decided to establish a Nomination Committee of the Annual General Meeting to prepare proposals for the next Annual General Meeting in respect of the composition of the Board of Directors and director remuneration. The Nomination Committee consists of the representatives appointed by the four biggest shareholders and the Chairman of Metso's Board as an expert member.

Matti Kavetvuo was re-elected as the Chairman of the Board and Jaakko Rauramo was re-elected as the Vice Chairman. Jukka Viinanen and Arto Honkaniemi were elected as new members of the Board. Board members re-elected were Maija-Liisa Friman, Christer Gardell and Yrjö Neuvo. The term of office of Board members lasts until the end of the next Annual General Meeting.

The Annual General Meeting decided that the annual remunerations for Board members be EUR 92,000 for the Chairman, EUR 56,000 for the Vice Chairman and EUR 45,000 for the members and that the meeting fee including committee meetings be EUR 600 per meeting.

The auditing company PricewaterhouseCoopers Oy, Authorized Public Accountants, was re-elected as the Corporation's Auditor until the end of the next Annual General Meeting.

The Annual General Meeting decided that a dividend of EUR 3.00 per share be paid for the financial year which ended on December 31, 2007. The dividend comprises an ordinary dividend of EUR 1.65 per share and an extra dividend of EUR 1.35 per share. The dividend was paid on April 15, 2008.

Members of Metso's Board Committees

Metso Corporation's Board of Directors elected from its midst the members of the Audit Committee and Compensation Committee at its assembly meeting. The Board's Audit Committee consists of Maija-Liisa Friman (Chairman), Arto Honkaniemi and Jukka Viinanen. The Board's Compensation Committee consists of Matti Kavetvuo (Chairman), Christer Gardell, Yrjö Neuvo and Jaakko Rauramo.

Share ownership plan

Metso has a share ownership plan for 2006–2008. The maximum number of shares to be allocated in the incentive plan is 360,000 Metso Corporation shares.

The 2007 share ownership plan comprised 90 Metso executives, including the entire Executive Team. At the end of March 2008, 70,949 shares were distributed as rewards, corresponding to approximately 0.05 percent of all Metso shares. Members of the Executive Team received 14,966 shares.

Metso's Board of Directors decided in February on the number of shares to be allocated for 2008 plan and the criteria for earning them. The potential reward from the plan will be based on the operating profit of Metso and its business areas in 2008. In 2008, the share ownership plan will cover a maximum of 130,000 Metso shares, corresponding to 0.09 percent of all Metso shares. Metso's entire Executive Team is covered by the 2008 plan, and a maximum of 26,000 shares has been allocated to Executive Team members. The maximum reward from the plan is limited to each person's annual salary. The payment of rewards will be decided during the first quarter of 2009.

Shares, options and share capital

At the end of June, Metso's share capital was EUR 240,982,843.80 and the number of shares was 141,754,614. The number of shares includes 60,841 Metso shares held by the parent company and 69,141 Metso shares held by a limited partnership consolidated in Metso's consolidated financial statements. Together these represent 0.09 percent of all the shares and votes. The average number of shares outstanding in the first half of 2008, excluding Metso shares held by the company, was 141,565,546.

After cancellations and exercised options there remains a total of 100,000 year 2003A options under Metso's stock options program, all of which are held by Metso's subsidiary, Metso Capital Ltd.

Metso's market capitalization, excluding Metso shares held by the company, was EUR 4,103 million on June 30, 2008.

Trading of Metso shares

The number of Metso Corporation shares traded on the OMX Nordic Exchange, Helsinki in January-June was 168,048,835 shares, equivalent to a turnover of EUR 5,301 million. The share price on June 30, 2008 was EUR 28.97, and the average trading price for the period was EUR 31.55. The highest quotation during the review period was EUR 38.56 and the lowest EUR 25.45.

Metso's ADSs (American Depositary Shares) are traded in the United States on the OTC market. On June 30, 2008, the closing price of an ADS was USD 45.70. Each ADS represents one share.

Disclosures of changes in holdings

On April 15, 2008 UBS AG announced that the funds they managed held 7,274,140 Metso shares corresponding to 5.13 percent of the paid up share capital and votes in Metso Corporation.

UBS AG announced that on April 18, 2008 the group holding in Metso shares fell below the 5 percent threshold. The holding amounted to 7,072,425 shares, which corresponds to 4.99 percent of the paid up share capital and votes in Metso Corporation.

Credit ratings

In April, Standard & Poor's affirmed the BBB long-term credit ratings for Metso and changed the outlook from stable to positive. At the same time, the senior unsecured debt ratings were raised from BBB- to BBB. The short-term A-2 ratings were affirmed.

In October 2007, Moody's Investor Service maintained its long-term rating for Metso at Baa2 and estimated the rating outlook to be stable.

Metso's Financial Reporting in 2008

Interim review for January-September will be published on October 28, 2008.

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