Interim Report

January - June 2007

Outotec, formerly Outokumpu Technology, is a worldwide technology leader providing innovative and environmentally sound solutions for a wide variety of customers in minerals and metals processing as well as related process industries. Outotec Oyj is listed on the OMX Nordic Exchange Helsinki.
www.outotec.com

Outotec
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OUTOTEC OYJ - JANUARY–JUNE 2007 INTERIM REPORT

Profitable growth continued

Q1-Q2/2007 (2006 corresponding figures in parentheses):

- Sales: EUR 438.8 million (EUR 320.9 million)
- Operating profit: EUR 37.1 million (EUR 14.1 million)
- Profit before taxes: EUR 39.9 million (EUR 15.6 million)
- Earnings per share: EUR 0.64 (EUR 0.21)
- Order intake: EUR 660.9 million (EUR 425.9 million)
- Order backlog at the end of the period: EUR 1,110.8 million (EUR 693.8 million)
- Net cash flow from operating activities: EUR 22.3 million (EUR 0.6 million)

Q2/2007 (2006 corresponding figures in parentheses):

- Sales: EUR 227.1 million (EUR 176.8 million)
- Operating profit: EUR 23.4 million (EUR 10.0 million)
- Profit before taxes: EUR 24.6 million (EUR 10.3 million)
- Order intake: EUR 492.9 million (EUR 240.4 million)

CEO, Tapani Järvinen:

"Outotec's market situation remained favorable in the second quarter, resulting in strong growth in orders received. We signed our largest ever contract, amounting to EUR 270 million, with Ma'aden in Saudi Arabia and won several other large orders. As a result, our order backlog exceeded a billion euros for the first time. I am pleased also with the solid development in profitability. Our efficient global network, together with good project implementation skills, is delivering results. At the moment, we see no signs of slowing in the global demand for metals, which is the underlying driver in our markets, and thanks to our broad technology portfolio our position is strong."

Summary of key figures	Q2 2007	Q2 2006	Q1-Q2 2007	Q1-Q2 2006	LTM *)	Q1-Q4 2006
Sales, EUR million	**227.1**	176.8	**438.8**	320.9	858.3	740.4
Gross margin, %	**21.9**	19.3	**20.5**	19.3	21.1	20.7
Operating profit , EUR million	**23.4**	10.0	**37.1**	14.1	74.6	51.6
Operating profit in relation to sales, %	**10.3**	5.7	**8.5**	4.4	8.7	7.0
Profit before taxes, EUR million	**24.6**	10.3	**39.9**	15.6	80.9	56.6
Net cash from operating activities, EUR million	**1.2**	3.8	**22.3**	0.6	89.5	67.8
Net interest-bearing debt at the end of period, EUR million	**-176.3**	-108.5	**-176.3**	-108.5	-176.3	-170.0
Gearing at the end of period, %	**-110.3**	-93.4	**-110.3**	-93.4	-110.3	-118.0
Return on investment, %	**64.0**	37.3	**54.8**	29.7	59.0	45.4
Return on equity, %	**42.6**	16.0	**35.6**	15.3	40.2	29.1
Order backlog at the end of period, EUR million	**1,110.8**	693.8	**1,110.8**	693.8	1,110.8	866.4
Order intake, EUR million	**492.9**	240.4	**660.9**	425.9	1,267.2	1,032.2
Personnel average for the period	**1,990**	1,854	**1,925**	1,829	1,873	1,825
Earnings per share, EUR	**0.40**	0.11	**0.64**	0.21	1.32	0.88

**) Last twelve months.*

Outlook for 2007

The mining and metals industry remains robust, and the underlying imbalance in supply and demand of metals encourages the industry to invest in both greenfield plants and expansions. Good financial performance, coupled with strong order backlog in the first half of 2007, provides a solid base for the remainder of the year. Outotec's management is confident that the company has the resources and capacity to meet the growth expected for 2007.

Following the record high order intake, the strong order backlog, and the good financial result in the first half of the year, the Outotec management expects that:
- full-year 2007 sales will moderately exceed 1 billion euros;
- operating profit is expected to grow significantly from 2006 and operating profit margin in the second half of 2007 will be on, or above, the level of the first half of the year, subject to the timing of project completions and mix of the new orders received; and
- the closing order backlog for 2007 will clearly exceed that of closing backlog in 2006.

Markets

The economies in most of Outotec's geographical market areas developed strongly during the reporting period. Positive market sentiment prevailed also in the second quarter, and there are no signs in the global mining and metals industry that would indicate a decline in the capital investment activity.

Because of the continuing robust market conditions and demand for metals, the trend for mining and metal companies is to fast-track the decision-making process for greenfield plants and brownfield production expansions.

New prospects further increased within the mining and metals industry because of the strong cash position of the companies involved. These companies have initiated mostly iron ore, aluminum, copper, nickel, and zinc projects. Also, other process industries were more active in the second quarter.

Order intake

Orders received by Outotec increased notably during the reporting period, totaling EUR 660.9 million (Q1-Q2/2006: EUR 425.9 million), up 55% from the previous year's corresponding figure. Both the strong market and an extensive product portfolio contributed to the growth.

Orders received in the second quarter totaled EUR 492.9 million (Q2/2006: EUR 240.4 million). The largest single order in Outotec's history, worth EUR 270 million, was received in the second quarter, for delivery of three sulfuric acid plants for fertilizer project of the Saudi Arabian Mining Company (Ma'aden). This project is a good example of how Outotec's technologies can be used outside the traditional mining and metals industry, in other process industries. In addition, the project strengthens Outotec's position in the Middle East.

Major new orders in the second quarter of 2007 included:

- grinding technology for Mirabela Nickel of Australia, for the Santa Rita nickel sulfide project in Bahia State, Brazil;
- grinding technology for Adanac Molybdenum of Canada for the Ruby Creek molybdenum project in British Columbia, Canada;
- grinding technology for Shalkiya Zinc for the Shalkiya zinc-lead project in Kazakhstan;
- a second gas cleaning plant for the new 208 MW Bluewaters Power Station for IHI Engineering in Australia;
- design and expansion of heavy mineral sands processing plants for Sierra Rutile Ltd., a subsidiary of Titanium Resources Group Ltd. in Sierra Leone, Western Africa;
- two turntable anode vibrocompactors for Gansu Hualu Aluminum Co. Ltd. in Gansu Province, China;
- two sow casting systems for Henan Wanji Aluminum Co. Ltd. in China;
- one vibrocompactor to Qingtongxia Qingxin Fangyuan Carbon Co. Ltd, which belongs for Qingtongxia Aluminum Group Co. Ltd. in Ningxia Province, China;
- a second chromite pellet plant for Kazchrome's Donskoy chrome mine in Kazakhstan. The new pellet plant, in combination with Outotec's earlier delivery of a similar plant in 2005, will be the world's largest production unit for chromite pellets (EUR 40 million);
- the world's largest sulfuric acid plant delivery, to Ma'aden, (EUR 270 million);
- two alumina calciners for ZAO Komi Aluminium's Sosnogorsk Alumina Refinery in the Republic of Komi, Russia (EUR 20 million).

Major new orders in the first quarter of 2007 included:

- silver refinery equipment for the JSC Krasnoyarsk Non-Ferrous Metals Plant in Russia;
- a complete thickening circuit for Boddington Gold Mine in Australia;
- a zinc plant expansion with new, environmentally advanced leaching technology for Hunan Zhuye Torch Metals Co. Ltd. in China (EUR 30 million);
- modernization of a Flash Smelting production line for Norilsk Nickel's Nadezha metallurgical plant in Russia (EUR 16 million); this project was in the backlog already at year-end 2006, due to the effectiveness of the contract;
- three TankCell®-300 flotation cells for OceanaGold's Macraes operation in New Zealand;
- a gas cleaning plant for the new 208 MW Bluewaters Power Station for IHI Engineering in Australia;
- KALDO precious metals technology for Tongling Nonferrous Metals (Group) Inc. in China;
- a copper converter and gas handling technology for Engineering Dobersek GmbH's new copper smelter of Kazzinc in Kazakhstan.

Order backlog

The order backlog at the end of the second quarter of 2007 came to EUR 1,110.8 million (June 30, 2006: EUR 693.8 million). The value of the order backlog grew by 60% compared to the previous year's corresponding figure. The order backlog was further strengthened from the strong year-end level by the company's record high order intake in the reporting period.

At the end of the second quarter of 2007, the order backlog included 20 projects with a value in excess of EUR 10 million, accounting for 60% of the total backlog. Due to the timing of the projects, the fluctuations in quarterly order intake and backlog do not in themselves represent the overall market conditions, and they indicate no trend change. According to the management's estimate, some 50% of the current backlog will be delivered in 2007, and the rest in 2008, 2009, and beyond.

Sales and financial result

Outotec's sales in the reporting period totaled EUR 438.8 million (Q1-Q2/2006: EUR 320.9 million), up 37% from 2006. All divisions contributed to the organic growth of the company. After sales business, which is included in the divisional sales figures, contributed EUR 33.0 million (Q1-Q2/2006: EUR 25.5 million) to the sales. Sales for the second quarter totaled EUR 227.1 million (Q2/2006: EUR 176.8 million), up 28% from the 2006 level.

The operating profit for the reporting period improved significantly compared to the same period in 2006 and stood at EUR 37.1 million (Q1-Q2/2006: EUR 14.1 million), representing 8.5% of sales (Q1-Q2/2006: 4.4%).

For the second quarter of 2007, the operating profit was EUR 23.4 million (Q2/2006: EUR 10.0 million), and the corresponding profit margin was 10.3% (Q2/2006: 5.7%).

The positive profit development during the reporting period was attributable to the growth in sales, better product mix, good project execution and releases of project provisions.

The operating profit improved further in the second quarter because of the impact of license fee income and successful project completions. Profitability improved somewhat also because of the fair valuation of the unrealized currency hedging contracts between the euro and the U.S. dollar.

Outotec's fixed costs in the reporting period were slightly higher than in 2006. The increase in administration costs came from the change in Outotec's company status to listed company on October 10, 2006, and subsequent strengthening of some management and support functions and the finalization of the project for information technology separation from the former parent company. Research and technology development expenses were somewhat higher during the reporting period than in 2006.

Outotec's profit before taxes for the reporting period was EUR 39.9 million (Q1-Q2/2006: EUR 15.6 million). The profit before taxes was impacted by the net interest income from the advances received from several projects. Net profit for the reporting period was EUR 27.0 million (Q1-Q2/2006: EUR 8.7 million). Earnings per share were EUR 0.64 (Q1-Q2/2006: EUR 0.21).

Outotec's return on equity for the reporting period was 35.6% (Q1-Q2/2006: 15.3%), and return on investment was 54.8% (Q1-Q2/2006: 29.7%).

Minerals Processing

The Minerals Processing division's sales in the reporting period totaled EUR 119.7 million (Q1-Q2/2006: EUR 93.8 million). Operating profit was EUR 5.3 million, showing a significant increase from the previous year's level (Q1-Q2/2006: EUR –5.6 million).

The improvement in the division's operating profit resulted from the growth in sales, the product mix, and efficiency in project implementation. In the corresponding period of 2006, the Minerals Processing division experienced some additional costs related to the finalizing of a large project. Profit generation for the Minerals Processing division is typically weaker in the first half of the year and stronger in the second half due to the seasonality within a fiscal year.

Base Metals

Sales for the Base Metals division came to EUR 124.6 million (Q1-Q2/2006: EUR 95.5 million). The operating profit was EUR 22.5 million (Q1-Q2/2006: EUR 12.7 million). The growth in sales and the number of proprietary technology deliveries significantly improved the profitability. In addition, some license fee income and the completion of three long-term projects has a favorable impact on the operating profit. Division's all major projects proceeded on schedule.

Metals Processing

The Metals Processing division's sales grew significantly, to EUR 198.4 million (Q1-Q2/2006: EUR 130.4 million). The growth came from the large project base at the beginning of the year. The operating profit for the reporting period was EUR 15.1 million (Q1-Q2/2006: EUR 10.2 million). Profitability developed favorably during the reporting period because of the growth in volume and successful project deliveries.

Sales and operating profit by segment EUR million	Q2 2007	Q2 2006	Q1-Q2 2007	Q1-Q2 2006	Q1-Q4 2006
Sales					
Minerals Processing	**64.6**	57.4	**119.7**	93.8	256.6
Base Metals	**64.5**	50.6	**124.6**	95.5	192.3
Metals Processing	**100.9**	67.5	**198.4**	130.4	292.2
Other Businesses	**8.9**	8.1	**15.6**	14.7	32.6
Unallocated items*) and intra-group sales	**-11.7**	-6.8	**-19.5**	-13.5	-33.2
Total	**227.1**	176.8	**438.8**	320.9	740.4
Operating profit					
Minerals Processing	**3.3**	-1.9	**5.3**	-5.6	12.7
Base Metals	**13.2**	7.1	**22.5**	12.7	23.6
Metals Processing	**10.5**	6.1	**15.1**	10.2	21.2
Other Businesses	**0.6**	0.2	**0.6**	-0.3	0.3
Unallocated **) and intra-group items	**-4.1**	-1.5	**-6.5**	-2.9	-6.1
Total	**23.4**	10.0	**37.1**	14.1	51.6

**) Unallocated items primarily include invoicing of internal management and administrative services.*
***) Unallocated items primarily include management and administrative services and share of the result of associated companies.*

Balance sheet, financing and cash flow

Net cash flow from operating activities for the reporting period was good, at EUR 22.3 million (Q1-Q2/2006: EUR 0.6 million). Despite the strong growth and the fact that capital was tied up in project deliveries, inventories, and receivables, a significant improvement in net cash flow from operating activities was achieved from 2006. The parent company paid EUR 14.7 million in dividends in April 2007.

During the second quarter of 2007, the working capital increased somewhat due to the implementation of several large projects and financing of activities. New orders in the second quarter and the related advances received from customers improved the financing of the divisions' projects. Liquidity at the end of the reporting period was good, amounting to EUR 176.6 million (June 30, 2006: EUR 111.4 million).

The balance sheet remained strong. Net interest-bearing debt on June 30, 2007, was EUR –176.3 million (June 30, 2006: EUR –108.5 million). The advances received at the end of the reporting period totaled EUR 189.3 million (June 30, 2006: EUR 124.2 million). Outotec's gearing at the end of the reporting period was –110.3% (June 30, 2006: -93.4%), and the equity-to-assets ratio was 39.8% (June 30, 2006: 40.9%).

The company's capital expenditure during the reporting period was EUR 7.0 million (Q1-Q2/2006: EUR 3.8 million), which consisted mainly of replacements for machines, separation from the former parent company in terms of primary information technology, and investments in intellectual property rights (IPRs).

Guarantees for commercial commitments, including advance payment guarantees issued by the parent and other Group companies, came to EUR 273.7 million at the end of the reporting period, increasing from the previous year's level along with business growth (June 30, 2006: EUR 167.1 million).

Research and technology development

Research and technology development (RTD) is a corporate function of Outotec and key to retaining competitive advantage and ascertaining the future success and development of the company. The RTD function focuses on improving and developing existing technologies in collaboration with the business divisions as well as on coordinating development activities and commercializing new technologies.

Outotec's research and technology development expenses for the reporting period totaled EUR 10.3 million (Q1-Q2/2006: EUR 8.5 million), representing 2.3% of sales (Q1-Q2/2006: 2.7%). Outotec filed 16 new priority patent applications, and 121 new national patents were granted during the reporting period.

In June 2007, Outotec strengthened its halide technology know-how, on which the HydroCopper® process is based, by entering into a collaboration agreement in the field of chloride hydrometallurgy with Intec Ltd. of Australia. Under the agreement, Intec makes available to Outotec its globally patented mixed halide technology, which enhances the recovery of gold and other precious metals from mineral ores and concentrates.

Outotec commercialized two new products during the first quarter of 2007. First, Outotec signed an agreement with the leading Chinese zinc producer, Hunan Zhuye Torch Metals Co. Ltd., on the design and delivery of a zinc plant expansion with new environmentally advanced leaching technology. Secondly, Outotec agreed to deliver three TankCell®-300 flotation cells to OceanaGold's Macraes operation in New Zealand. The TankCell®-300, with an active capacity of over 300 m^3, is the largest mechanical flotation cell in the world.

In the first quarter, Outotec complemented its technologies by acquiring the Chena® (Chemistry Navigator) trademark from the Finnish company Liqum. The technology acquisition will further improve Outotec's competitiveness in the fields of minerals processing and hydrometallurgical process solutions. Chena® technology is a patented technique for improving the efficiency of production processes.

Outotec's research centers in Pori and Frankfurt were active in carrying out in-house development and implementation projects as well as test-work for customers.

Personnel

At the end of the reporting period, Outotec had a total of 2,042 employees (June 30, 2006: 1,889). Over the same period, Outotec had an average of 1,925 employees (Q1-Q2/2006: 1,829). The number of personnel increased by 245 from the year-end 2006 figure due to business growth and the accompanying active recruitment. Temporary employees accounted for some 15% of the total number of employees.

In addition to the personnel on Outotec's own payroll, the company has an international network of subcontractors for engineering and manufacturing work. The contracted employees accounted for some 20% of the company's own employees in the reporting period.

Distribution of personnel by country	June 30, 2007	June 30, 2006	change %
Finland	**848**	773	**9.7**
Germany	**301**	347*	**-13.3**
Rest of Europe	**210**	197	**6.6**
Americas	**369**	323	**14.2**
Australia	**212**	159	**33.3**
Rest of the world	**102**	90	**13.3**
Total	**2,042**	1,889	**8.1**

** Reporting method in Germany included also subcontractors.*

Share-based incentive program for key personnel

On March 23, 2007, Outotec published a share-based incentive program. The purpose of the incentive program is to obtain key employees' commitment and to encourage them in achieving the company's financial targets, as well as to increase the company's shareholder value. Some 20 key employees are participants in the two-year share-based incentive program. The earnings period started on January 1, 2007 and ends on December 31, 2008.

The reward paid to the key personnel is determined by the achievement of the targets set for the development of the company's net profit and order backlog. The reward is paid in shares and as a cash payment (which roughly covers income taxes payable for the reward). The shares will be allocated to the key personnel in the spring of 2009. The maximum reward of the incentive program is EUR 6.7 million.

Shares and share capital

Outotec's shares were entered into the Finnish Book-Entry Securities System on September 22, 2006. The company's share capital is EUR 16.8 million, consisting of 42.0 million shares. The counter-book value of the shares is EUR 0.40 per share. Each share entitles its holder to one vote at general meetings of shareholders of the company. At the end of the reporting period, the company did not own any own shares.

Trading and market capitalization

Outotec's shares are listed on the OMX Nordic Exchange Helsinki (OTE1V). In the reporting period, the highest quotation for the company's share was EUR 41.50 and the lowest EUR 19.25. The trading of Outotec's shares during the reporting period exceeded 73.7 million shares, with a total value of approximately EUR 2,140 million. On April 27, 2007, the former parent company, Outokumpu Oyj, sold its remaining stake, 12%, in Outotec Oyj. On June 30, 2007, Outotec's market capitalization was EUR 1,717 million.

Resolutions of the Annual General Meeting 2007

The Outokumpu Technology Oyj's Annual General Meeting (AGM) was held on April 2, 2007, in Espoo, Finland. The AGM approved the parent company's and the group's Financial Statements, and discharged the members of the Board of Directors and the CEO from liability for the 2006 financial year. The AGM decided that a dividend of EUR 0.35 per share be paid for the financial year that ended on December 31, 2006. The dividend record date was April 5, 2007, and the dividends (totaling EUR 14.7 million) were paid on April 17, 2007.

The AGM decided that the number of Board members, including Chairman and Vice Chairman, should be five (5). Mr. Carl-Gustaf Bergström, Mr. Karri Kaitue, Mr. Hannu Linnoinen, Mr. Anssi Soila and Mr. Risto Virrankoski were re-elected as members of the Board of Directors for the term expiring at the end of the next AGM. The AGM re-elected Mr. Risto Virrankoski as the Chairman and Mr. Karri Kaitue as the Vice Chairman of the Board of Directors.

The AGM confirmed the monthly remunerations paid to the Board members as follows: Chairman EUR 3,000, Vice Chairman EUR 2,500, and other Board members EUR 2,000, and in addition a meeting remuneration of EUR 500 per meeting for each Board member.

KPMG Oy Ab, Authorized Public Accountants, was re-elected as the company's auditor, with Mauri Palvi as auditor in charge. The fees for the auditor are paid according to invoice.

Amendment to the Articles of Association and company's business name

The AGM approved the amendments to the Articles of Association, including the change of the company's business name, to Outotec Oyj. The change of business name became effective on April 24, 2007. Other amendments include the technical revision of the company's line of business and the election procedure of the Vice Chairman of the Board, and other amendments of a technical nature.

Board's authorizations

The AGM authorized the Board of Directors to resolve upon issues of shares as follows:

- The authorization includes the right to issue new shares, distribute own shares held by the company, and the right to issue special rights referred to in Chapter 10, Section 1 of the Companies Act. This authorization to the Board of Directors does not, however, entitle the Board of Directors to issue share option rights as an incentive to the personnel.

- The total number of new shares to be issued and own shares held by the company to be distributed under the authorization may not exceed 4,200,000 shares.

- The Board of Directors is entitled to decide on the terms of the share issue, such as the grounds for determining the subscription price of the shares and the final subscription price as well as the approval of the subscriptions, the allocation of the issued new shares, and the final amount of issued shares.

The authorization shall be in force until the end of the next AGM.

The Annual General Meeting authorized the Board of Directors to resolve upon the repurchase of the company's own shares as follows:

- The company may repurchase the maximum number of 4,200,000 shares using free equity and deviating from the shareholders' pre-emptive rights to the shares, provided that the number of own shares held by the company will not exceed ten (10) percent of all shares of the company.

- The shares are to be repurchased in public trading at the Helsinki Stock Exchange at the price established in the trading at the time of acquisition.

The authorization shall be in force until the end of the next AGM. The authorizations have not been exercised by July 25, 2007.

Short-term risks and uncertainties

Project risks related to projects in both the offering and implementation phases were evaluated monthly and quarterly, depending on the size of the projects, and no short-term business risks are expected to materialize.

The contents of the project risk matrix covered all projects with a value of over EUR 1 million and those factors influencing Outotec's sales, profits, cash flow, and quality, as well as the availability of resources and technology. In projects including new commercialized products and new areas of application of Outotec products, the risks were evaluated in their own category. Once the potential risks had been qualified, and quantified, the necessary provisions were reserved.

More than half of Outotec's total cash flow comes in as euros, and the rest is divided among various currencies, mainly U.S. dollars, Brazilian reals, and Australian dollars. However, depending on the new projects, the weight of any given currency can change materially, but almost all cash flow risks associated with firm commitments are hedged in the short- and long-term. The forecast and probable cash flows are hedged selectively and are always based on separate decisions and separate risk analysis.

The worth of USD-denominated orders grew during the reporting period, especially due to the Ma'aden contract. Since Outotec's policy is to operatively hedge contract-related committed cash flows, the amount of hedging has grown correspondingly and changes in the unrealized gains and losses of currency forwards has caused increased volatility in the operating profit. During 2007, Outotec will estimate the possibility to apply hedge accounting in accordance with IAS 39 to some of its projects. At the same time, the U.S. dollar is a relatively minor base currency for Outotec companies and does not play a major role in the Outotec translation risk.

Because of the continuing robust global market conditions, the company may experience some challenges in certain regions in recruiting skilled and experienced personnel.

Events after the reporting period

Outotec Oyj's Board of Directors and Tapani Järvinen, the CEO of the company, agreed on July 25, 2007 that the current CEO contract is to be amended so that it will be effective until the end of 2009, and thereafter until further notice.

In July, Outotec was awarded a contract by Companhia Brasileira de Aluminio S.A. (CBA) for the supply of an alumina calcination plant in Aluminio (SP), Brazil. The contract value exceeds EUR 40 million.

On July 2, 2007 Outotec began trading in the Large Cap segment of the OMX Nordic Exchange Helsinki Oy.

Outlook for 2007

The mining and metals industry remains robust, and the underlying imbalance in supply and demand of metals encourages the industry to invest in both greenfield plants and expansions. Good financial performance, coupled with strong order backlog in the first half of 2007, provides a solid base for the remainder of the year. Outotec's management is confident that the company has the resources and capacity to meet the growth expected for 2007.

Following the record high order intake, the strong order backlog, and the good financial result in the first half of the year, the Outotec management expects that:
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- operating profit is expected to grow significantly from 2006 and operating profit margin in the second half of 2007 will be on, or above, the level of the first half of the year, subject to the timing of project completions and mix of the new orders received; and
- the closing order backlog for 2007 will clearly exceed that of closing backlog in 2006.

Financial reporting in 2007

Outotec will publish the Interim Report for the third quarter of 2007 on Thursday, October 25, 2007.

Espoo, July 25, 2007
Outotec Oyj
Board of Directors

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Interim financial statements (unaudited)

Income statement EUR million	Q2 2007	Q2 2006	Q1-Q2 2007	Q1-Q2 2006	Q1-Q4 2006
Sales	**227.1**	176.8	**438.8**	320.9	740.4
Cost of sales	**-177.3**	-142.6	**-348.8**	-258.9	-587.5
Gross margin	**49.8**	34.2	**90.0**	62.1	153.0
Other operating income	**2.6**	0.9	**2.8**	1.4	3.7
Selling and marketing expenses	**-11.4**	-11.3	**-22.7**	-23.1	-46.1
Administrative expenses	**-11.4**	-7.7	**-21.6**	-15.8	-35.0
Research and development expenses	**-5.2**	-4.3	**-10.3**	-8.5	-19.2
Other operating expenses	**-0.5**	-1.5	**-0.5**	-1.6	-3.8
Share of results of associated companies	**-0.4**	-0.2	**-0.7**	-0.4	-1.1
Operating profit	**23.4**	10.0	**37.1**	14.1	51.6
Financial income and expenses					
Interest income and expenses	**2.8**	1.6	**5.4**	3.7	9.3
Market price gains and losses	**-0.7**	-0.8	**-0.4**	-1.4	-1.4
Other financial income and expenses	**-1.0**	-0.5	**-2.2**	-0.8	-2.9
Total financial income and expenses	**1.1**	0.3	**2.8**	1.5	5.0
Profit before taxes	**24.6**	10.3	**39.9**	15.6	56.6
Income taxes	**-7.8**	-5.8	**-12.8**	-7.0	-19.6
Net profit for the period	**16.8**	4.6	**27.0**	8.7	37.0
Attributable to:					
Equity holders of the Company	**16.8**	4.6	**27.1**	8.7	37.1
Minority interest	**-0.0**	-0.0	**-0.0**	-0.0	-0.0
Earnings per share for profit attributable to the equity holders of the Company:					
Earnings per share, EUR	**0.40**	0.11	**0.64**	0.21	0.88
Diluted earnings per share, EUR	**0.40**	0.11	**0.64**	0.21	0.88

All figures in the tables have been rounded; consequently, the sum of individual figures may deviate from the sum presented. Key figures have been calculated using exact figures.

Condensed balance sheet EUR million	June 30 2007	June 30 2006	Dec 31 2006
ASSETS			
Non-current assets			
Intangible assets	**75.5**	73.3	72.7
Property, plant and equipment	**25.8**	29.1	26.7
Non-current financial assets			
Interest-bearing	**1.7**	0.9	1.1
Non interest-bearing	**12.7**	16.2	13.0
Total non-current assets	**115.7**	119.5	113.5
Current assets			
Inventories *)	**108.8**	38.6	84.4
Current financial assets			
Interest-bearing	**1.0**	0.5	1.0
Non interest-bearing	**187.4**	131.6	214.7
Cash and cash equivalents	**178.6**	117.8	171.4
Total current assets	**475.8**	288.5	471.4
TOTAL ASSETS	**591.5**	408.0	584.9
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the Company	**159.9**	116.1	144.0
Minority interest	**0.0**	0.0	0.0
Total equity	**159.9**	116.1	144.1
Non-current liabilities			
Interest-bearing	**2.0**	3.8	2.2
Non interest-bearing	**39.1**	36.4	35.6
Total non-current liabilities	**41.2**	40.3	37.8
Current liabilities			
Interest-bearing	**3.0**	6.8	1.2
Non interest-bearing **)	**387.5**	244.8	401.7
Total current liabilities	**390.5**	251.6	403.0
TOTAL EQUITY AND LIABILITIES	**591.5**	408.0	584.9

**) Of which advances paid for inventories amounted to EUR 51.2 million on June 30, 2007 (EUR 10.8 million on June 30, 2006, and EUR 30.0 million on December 31, 2006).*
***) Of which advances received amounted to EUR 189.3 million on June 30, 2007 (EUR 124.2 million on June 30, 2006. and EUR 194.8 million on December 31, 2006).*

Statement of changes in equity EUR million	Attributable to the equity holders of the Company							
	Share capital	Premium fund	Other reserves	Fair value reserves	Cumulative translation differences	Retained earnings	Minority interest	Total equity
Equity on Jan. 1, 2006	16.8	20.2	0.1	0.0	9.3	64.2	0.1	110.7
Change in translation differences	-	-	-	-	-3.2	-	0.0	-3.2
Items recognized directly in equity	-	-	-	-	-3.2	-	0.0	-3.2
Net profit for the period	-	-	-	-	-	8.7	-0.0	8.7
Total recognized income and expenses	-	-	-	-	-3.2	8.7	-0.0	5.4
Management stock option program:								
value of received services	-	-	-	-	-	0.0	-	0.0
Equity on June 30, 2006	16.8	20.2	0.1	0.0	6.0	72.9	0.0	116.1
Equity on Jan. 1, 2007	16.8	20.2	0.1	-	5.8	101.1	0.0	144.1
Change in translation differences	-	-	-	-	3.5	-	0.0	3.5
Items recognized directly in equity	-	-	-	-	3.5	-	0.0	3.5
Net profit for the period	-	-	-	-	-	27.1	-0.0	27.0
Total recognized income and expenses	-	-	-	-	3.5	27.1	-0.0	30.5
Dividends paid	-	-	-	-	-	-14.7	-	-14.7
Equity on June 30, 2007	**16.8**	**20.2**	**0.1**	**-**	**9.3**	**113.5**	**0.0**	**159.9**

Condensed statement of cash flows EUR million	Q1-Q2 2007	Q1-Q2 2006	Q1-Q4 2006
Cash flow from operating activities			
Net profit for the period	**27.0**	8.7	37.0
Adjustments for			
Depreciation and amortization	**5.3**	5.1	10.1
Impairments	**-**	1.5	3.3
Other adjustments	**8.3**	3.6	10.9
Decrease (+) / increase (-) in working capital	**-16.5**	-18.3	12.4
Interest received	**5.0**	4.3	9.8
Interest paid	**-0.1**	-0.6	-0.4
Income tax paid	**-6.6**	-3.7	-15.3
Net cash from operating activities	**22.3**	0.6	67.8
Purchases of assets	**-7.0**	-3.3	-8.0
Proceeds from sale of assets	**0.1**	0.0	0.3
Change in other investing activities	**-0.8**	-0.1	-0.3
Net cash from investing activities	**-7.7**	-3.4	-8.0
Cash flow before financing activities	**14.6**	-2.9	59.8
Repayments of long-term debt	**-0.2**	-2.4	-0.4
Increase (+) / decrease (-) in current debt	**1.8**	3.2	-4.8
Dividends paid	**-14.7**	-	-
Change in other financing activities	**-0.1**	-0.9	-0.9
Net cash from financing activities	**-13.2**	-0.1	-6.1
Net change in cash and cash equivalents	**1.4**	-2.9	53.6
Cash and cash equivalents at the beginning of the period	**171.4**	126.3	126.3
Foreign exchange rate effect on cash and cash equivalents	**5.8**	-5.7	-8.6
Net change in cash and cash equivalents	**1.4**	-2.9	53.6
Cash and cash equivalents at the end of the period	**178.6**	117.8	171.4

Key figures	Q2 2007	Q2 2006	Q1-Q2 2007	Q1-Q2 2006	LTM **)	Q1-Q4 2006
Sales, EUR million	**227.1**	176.8	**438.8**	320.9	858.3	740.4
Gross margin, %	**21.9**	19.3	**20.5**	19.3	21.1	20.7
Operating profit , EUR million	**23.4**	10.0	**37.1**	14.1	74.6	51.6
Operating profit in relation to sales, %	**10.3**	5.7	**8.5**	4.4	8.7	7.0
Profit before taxes, EUR million	**24.6**	10.3	**39.9**	15.6	80.9	56.6
Profit before taxes in relation to sales, %	**10.8**	5.8	**9.1**	4.9	9.4	7.6
Net cash from operating activities, EUR million	**1.2**	3.8	**22.3**	0.6	89.5	67.8
Net interest-bearing debt at the end of period, EUR million	**-176.3**	-108.5	**-176.3**	-108.5	-176.3	-170.0
Gearing at the end of period, %	**-110.3**	-93.4	**-110.3**	-93.4	-110.3	-118.0
Equity-to-assets ratio at the end of period, %	**39.8**	40.9	**39.8**	40.9	39.8	36.9
Capital expenditure, EUR million	**2.4**	2.1	**7.0**	3.8	11.2	8.0
Capital expenditure in relation to sales, %	**1.1**	1.2	**1.6**	1.2	1.3	1.1
Return on investment, %	**64.0**	37.3	**54.8**	29.7	59.0	45.4
Return on equity, %	**42.6**	16.0	**35.6**	15.3	40.2	29.1
Order backlog at the end of period, EUR million	**1,110.8**	693.8	**1,110.8**	693.8	1,110.8	866.4
Order intake, EUR million	**492.9**	240.4	**660.9**	425.9	1,267.2	1,032.2
Personnel average for the period	**1,990**	1,854	**1,925**	1,829	1,873	1,825
Net profit for the period in relation to sales, %	**7.4**	2.6	**6.2**	2.7	6.5	5.0
Research and development expenses, EUR million	**5.2**	4.3	**10.3**	8.5	21.0	19.2
Research and development expenses in relation to sales, %	**2.3**	2.4	**2.3**	2.7	2.4	2.6
Earnings per share, EUR *)	**0.40**	0.11	**0.64**	0.21	1.32	0.88
Equity per share, EUR *)	**3.81**	2.76	**3.81**	2.76	3.81	3.43
Dividend per share, EUR	**-**	-	**-**	-	0.35	0.35

**) Outotec Oyj shares were split on August 10, 2006 from 8.4 million to 42.0 million shares, following which the counter-book value of a share is EUR 0.40. Earnings per share and equity per share have been calculated with 42.0 million shares.*
***) Last twelve months.*

Notes to the income statement and balance sheet

The interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting in keeping with the accounting policies and methods applied in the recent annual financial statements. These interim financial statements are unaudited.

The comparison figures for 2006 are based on combined financial statements, which have been prepared such that the business structure and combined financial information of Outotec fairly present the result of operations, cash flows, and financial position of Outotec's current operations.

Use of estimates

Preparation of the financial statements in accordance with IFRS requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities on the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Accounting estimates are employed in the financial statements to determine the amounts reported, including the realizability of certain assets, the useful lives of tangible and intangible assets, amounts of income taxes, provisions, pension obligations, impairment of goodwill, and other items. Although these estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates.

Adoption of new and amended standards and interpretations

Outotec has adopted the following new standards, revisions of standards and interpretations of their respective effective dates.

- IFRS 7 Financial instruments: Disclosures (effective date January 1, 2007)and

- Amendment to IAS 1 – Presentation of Financial Statements: Capital Disclosures (effective date January 1, 2007).

The adoption of these new standards will mainly have impact on the disclosure information on the 2007 financial statements.

- IFRIC 8 – Scope of IFRS 2 (effective date May 1, 2006)

- IFRIC 9 - Reassessment of Embedded Derivatives (effective date June 1, 2006) and

- IFRIC 10 Interim Financial Reporting and Impairment (effective date November 1, 2006).

The adoption of these interpretations will have no impact on the 2007 financial statements.

Outotec will estimate the impact on information disclosure for the following standard in 2007:

IFRS 8 Operating Segments (effective date January 1, 2009); the standard has not yet been approved to be applied in the EU.

Major non-recurring items in operating profit for the period EUR million	Q1-Q2 2007	Q1-Q2 2006	Q1-Q4 2006
One-time expenses related to the listing	**-**	-	-1.3

Income taxes EUR million	Q1-Q2 2007	Q1-Q2 2006	Q1-Q4 2006
Current taxes	**-10.8**	-6.0	-17.9
Deferred taxes	**-2.1**	-1.0	-1.7
Total income taxes	**-12.8**	-7.0	-19.6

Property. plant and equipment EUR million	June 30 2007	June 30 2006	Dec 31 2006
Historical cost at the beginning of the period	**77.4**	76.2	76.2
Translation differences	**1.0**	-1.2	-1.7
Additions	**2.3**	2.8	5.2
Disposals	**-0.3**	-0.1	-2.6
Reclassifications	**-**	-	0.0
Historical cost at the end of the period	**80.5**	77.7	77.4
Accumulated depreciation and impairment at the beginning of the period	**-50.7**	-45.7	-45.7
Translation differences	**-0.6**	0.7	0.6
Disposals	**0.1**	0.1	2.3
Reclassifications	**-**	-	0.0
Depreciation during the period	**-3.5**	-3.8	-7.0
Impairment during the period	**-**	-	-1.0
Accumulated depreciation and impairment at the end of the period	**-54.7**	-48.6	-50.7
Carrying value at the end of the period	**25.8**	29.1	26.7

Commitments and contingent liabilities EUR million	June 30 2007	June 30 2006	Dec 31 2006
Pledges	**30.1**	2.1	27.8
Guarantees for commercial commitments	**147.8**	77.2	121.3
Minimum future lease payments on operating leases	**48.0**	19.6	51.2

The above value of commercial guarantees does not include advance payment guarantees issued by the parent or other group companies. The total amount of guarantees for financing issued by group companies amounted to EUR 5.5 million at June 30, 2007 (at June 30, 2006: EUR 4.7 million and at December 31, 2006: EUR 0.4 million) and for commercial guarantees including advance payment quarantees EUR 273.7 million at June 30, 2007 (at June 30, 2006: EUR 167.1 million and at December 31, 2006: EUR 259.4 million).

Derivative instruments			
Currency forwards EUR million	**June 30 2007**	**June 30 2006**	**Dec 31 2006**
Net fair values	**4.4**	0.5	2.0
Contract amounts	**355**	84	103

Related party transactions			
Transactions and balances with associated companies EUR million	**Q1-Q2 2007**	**Q1-Q2 2006**	**Q1-Q4 2006**
Sales	**1.3**	0.0	0.3
Financial income and expenses	**0.1**	0.0	0.1
Loan receivables	**1.9**	0.6	1.3
Trade and other receivables	**1.0**	0.0	0.9
Current liabilities	**-**	-	2.2

Sales and operating profit by quarters EUR million	Q2/05	Q3/05	Q4/05	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07	Q2/07
Sales									
Minerals Processing	**46.0**	49.6	69.8	36.4	**57.4**	67.5	95.3	55.2	**64.6**
Base Metals	**35.6**	39.6	64.2	44.9	**50.6**	43.3	53.4	60.1	**64.5**
Metals Processing	**68.2**	44.6	70.2	62.9	**67.5**	71.0	90.8	97.5	**100.9**
Other Businesses	**9.8**	5.9	10.5	6.6	**8.1**	6.0	11.9	6.7	**8.9**
Unallocated items*) and intra-group sales	**-8.2**	-6.5	-8.3	-6.7	**-6.8**	-7.9	-11.9	-7.8	**-11.7**
Total	**151.4**	133.1	206.4	144.2	**176.8**	179.9	239.6	211.7	**227.1**
Operating profit									
Minerals Processing	**1.4**	2.3	4.6	-3.7	**-1.9**	5.2	13.1	1.9	**3.3**
Base Metals	**1.4**	1.2	12.7	5.6	**7.1**	4.1	6.7	9.4	**13.2**
Metals Processing	**2.1**	2.9	6.1	4.1	**6.1**	5.6	5.3	4.7	**10.5**
Other Businesses	**0.5**	-0.1	-0.1	-0.5	**0.2**	-0.3	1.0	0.0	**0.6**
Unallocated items **)	**-1.2**	-0.7	-1.1	-1.5	**-1.5**	-0.2	-3.0	-2.4	**-4.1**
Total	**4.2**	5.5	22.2	4.1	**10.0**	14.5	23.0	13.6	**23.4**

**) Unallocated items primarily include invoicing of internal management and administrative services.*
***) Unallocated items primarily include management and administrative services and share of result of associated companies.*

Definitions of key financial figures

Net interest-bearing debt = Interest-bearing debt - interest-bearing assets

$$\text{Gearing} = \frac{\text{Net interest-bearing debt}}{\text{Total equity}} \times 100$$

$$\text{Equity-to-assets ratio} = \frac{\text{Total equity}}{\text{Total assets – advances received}} \times 100$$

$$\text{Return on investment} = \frac{\text{Operating profit + financial income}}{\text{Total assets – non-interest-bearing debt (average for the period)}} \times 100$$

$$\text{Return on equity} = \frac{\text{Net profit for the period}}{\text{Total equity (average for the period)}} \times 100$$

Research and development costs = Research and development expenses in the income statement (including expenses covered by grants received)

$$\text{Earnings per share} = \frac{\text{Net profit for the financial period attributable to the equity holders}}{\text{Average number of shares during the period, as adjusted for stock split}}$$

$$\text{Dividend per share} = \frac{\text{Dividend for the financial year}}{\text{Number of shares at the end of the period as adjusted for stock split}}$$

Official financial reporting language

Outotec publishes all financial reports in Finnish and English (U.S.). Because of the international nature of the business, the official and approved version is prepared in English and translated into Finnish.