

July 24, 2007 at 1.00 pm

1 (25)

OUTOKUMPU SECOND QUARTER 2007 INTERIM REPORT – GOOD PROFITABILITY COMPLEMENTED BY INVENTORY GAINS AND NON-RECURRING ITEMS

Second quarter highlights

- Operating profit totaled EUR 406 million including nickel-related inventory gains in the order of EUR 100 million and a EUR 25 million gain on the sale of the Hitura mine.
- Underlying end-user demand for stainless steel continued strong. The distribution sector kept on de-stocking and the order intake by mills for standard grades slowed markedly.
- According to CRU, average stainless steel base prices declined by 21% quarter-on-quarter.
- Production of standard volume products was cut as planned due to weak order intake.
- Substantial non-recurring gains in financial income, EUR 142 million from the sale of Outotec Oyj shares and EUR 110 million from the participation in the Talvivaara project, boosted earnings per share to EUR 3.11.

Group key figures

		II/07	I/07	II/06	2006
Sales	EUR million	2 092	2 129	1 392	6 154
Operating profit	EUR million	406	424	149	824
Non-recurring items in operating profit	EUR million	25	-	-	1
Profit before taxes	EUR million	652	416	141	784
Non-recurring items in financial income	EUR million	252	-	-	-
Net profit for the period from continuing operations	EUR million	553	311	112	606
Net profit for the period	EUR million	565	307	133	963
Earnings per share from continuing operations	EUR	3.04	1.71	0.62	3.34
Earnings per share	EUR	3.11	1.69	0.73	5.31
Return on capital employed	%	35.5	38.8	16.5	20.7
Net cash generated from operating activities	EUR million	132	85	33	-35
Capital expenditure, continuing operations	EUR million	75	25	34	187
Net interest-bearing debt at end of period	EUR million	1 119	1 189	1 509	1 300
Debt-to-equity ratio at end of period	%	30.8	37.3	69.5	42.3
Stainless steel deliveries	1 000 tons	399	430	467	1 815
Stainless steel base price ¹⁾	EUR/ton	1 518	1 930	1 342	1 470
Personnel at the end of period, continuing operations ²⁾		8 783	8 098	9 115	8 159

1) Stainless steel: CRU - German base price (2 mm cold rolled 304 sheet)

2) End-June figures include summer trainees

SHORT-TERM OUTLOOK

Underlying demand for stainless steel still continues strong. End-user demand and demand for special grades and project deliveries continues to be healthy, but distributor demand is very weak and is expected to remain weak over the summer period. Outokumpu will continue to cut production of standard grade volume products in the third quarter and is continually adjusting its actions according to market developments. Mills that produce specialty products are running at full capacity. The holiday season and maintenance breaks will, however, reduce production volumes at all Group's mills in the third quarter.

Outokumpu Oyj
Corporate Management

Riihitontuntie 7 B, P.O. Box 140, FI-02201 Espoo, Finland
Tel. +358 9 4211, Fax +358 9 421 3888, www.outokumpu.com
Domicile Espoo, Finland, Business ID 0215254-2, VAT FI02152542

The marked decline in nickel prices that began in June gave distributors a further impetus to reduce their inventories of standard products and they are extremely reluctant to place any new orders. The increase in the alloy surcharge in July added pressure on base prices. In August, however, the alloy surcharge will turn to a decline, but any significant pick-up in distributor demand is not expected until after the holiday season. Group management expects markets for standard products to be back to normal during the fourth quarter at the latest.

Slowdown in demand during the holiday season and the postponement of orders in expectation of lower transaction prices, as well as production cuts and maintenance breaks at the Group's mills will reduce Outokumpu's delivery volumes and deteriorate third quarter results. Also, since the downward trend in nickel prices has continued in July, nickel-related inventory gains will turn into significant inventory losses during the autumn.

Outokumpu's underlying operational result for the third quarter is estimated to be clearly positive, but nickel-related inventory losses are expected to turn the operating profit negative, even substantially, depending on the nickel price development. While Outokumpu's underlying operational result for the whole year will be substantially better than in 2006, current estimates indicate that significant inventory losses during the coming months bring, however, 2007 operating profit to the level of 2006. At the same time, the decline in nickel prices will release working capital and generate strong cash flow during the second half of 2007.

CEO Juha Rantanen:

"While the significant drop in nickel price will create short-term, one-time financial losses, this is a positive development in the longer term as these price reductions support the competitiveness of nickel-containing stainless material and releases working capital for both us and our customers.

The latest market developments also highlight how important it is for Outokumpu to develop a more stable business model by strengthening our ferritic and specialty product ranges and by increasing sales to end-users. Some investment decisions that will drive this development have already been taken and several new ones are being prepared. The latest development in this respect is our decision to build a service center in India."

The attachments present Management analysis of the second quarter operating result and the Interim review by the Board of Directors for January-June 2007, the accounts and notes to the interim accounts. This interim report is unaudited.

For further information, please contact:

Kari Lassila, SVP – IR and Communications, tel. +358 9 421 2555
 kari.lassila@outokumpu.com

Eero Mustala, SVP – Corporate Communications, tel. +358 9 421 2435
 eero.mustala@outokumpu.com

Esa Lager, CFO, tel +358 9 421 2516
 esa.lager@outokumpu.com

News conference and live webcast today at 3.00 pm

A combined news conference, conference call and live web-cast concerning the second-quarter 2007 financial results will be held on July 24, 2007 at 3.00 pm Finnish time (8.00 am US EST, 1.00 pm UK time, 2.00 pm CET) at Swing Life Science Center, auditorium, address: Keilaranta 14, main entrance, 02150 Espoo.

To participate via a conference call, please dial in 5-10 minutes before the beginning of the event:

UK +44 20 7162 0125

US & Canada +1 334 323 6203

Password Outokumpu

The news conference can be viewed live via Internet at www.outokumpu.com.

Stock exchange release and presentation material will be available before the news conference at www.outokumpu.com -> Investors -> Downloads

An on-demand web-cast of the news conference will be available at www.outokumpu.com as of July 24, 2007 at around 6.00 pm.

An instant replay service of the conference call will be available until Friday, July 27, 2007 on the following numbers:

UK replay number +44 20 7031 4064, access code: 754776

US & Canada replay number +1 954 334 0342, access code: 754776

OUTOKUMPU OYJ
 Corporate Management

Ingela Ulfves
 Vice President - Investor Relations
 tel. + 358 9 421 2438, mobile +358 40 515 1531, fax +358 9 421 2125
 e-mail: ingela.ulfves@outokumpu.com
www.outokumpu.com

MANAGEMENT ANALYSIS - SECOND-QUARTER OPERATING RESULT

Group key figures

EUR million	I/06	II/06	III/06	IV/06	2006	I/07	II/07
Sales							
General Stainless	1 013	1 066	1 130	1 561	4 770	1 700	1 670
Specialty Stainless	650	638	614	821	2 723	1 003	1 028
Other operations	87	93	97	85	361	64	63
Intra-group sales	-342	-405	-394	-560	-1 700	-638	-669
The Group	1 408	1 392	1 447	1 907	6 154	2 129	2 092
Operating profit							
General Stainless	43	91	166	236	536	245	188
Specialty Stainless	22	65	81	171	338	182	196
Other operations	2	-8	-13	-16	-35	1	19
Intra-group items	-0	1	-3	-13	-15	-4	2
The Group	67	149	231	378	824	424	406

Stainless steel deliveries

1 000 tons	I/06	II/06	III/06	IV/06	2006	I/07	II/07
Cold rolled	286	239	200	211	936	220	186
White hot strip	104	103	80	103	390	94	94
Quarto plate	44	44	35	39	162	39	41
Tubular products	20	20	16	18	74	20	17
Long products	14	15	14	16	59	16	15
Semi-finished products	43	47	47	58	195	40	46
Total deliveries	510	467	393	445	1 815	430	399

Market prices and exchange rates

		I/06	II/06	III/06	IV/06	2006	I/07	II/07
Market prices ¹⁾								
Stainless steel								
Base price	EUR/t	1 127	1 342	1 572	1 840	1 470	1 930	1 518
Alloy surcharge	EUR/t	844	1 020	1 437	2 064	1 341	2 277	2 913
Transaction price	EUR/t	1 971	2 362	3 009	3 904	2 811	4 207	4 432
Nickel								
	USD/t	14 810	19 925	29 154	33 129	24 254	41 440	48 055
	EUR/t	12 318	15 836	22 878	25 707	19 317	31 619	35 646
Ferrochrome (Cr-content)								
	USD/lb	0.63	0.70	0.75	0.78	0.72	0.77	0.82
	EUR/kg	1.16	1.23	1.30	1.33	1.26	1.30	1.34
Molybdenum								
	USD/lb	23.38	25.01	26.47	25.56	25.10	26.69	30.97
	EUR/kg	42.86	43.82	45.79	43.73	44.08	44.90	50.65
Recycled steel								
	USD/t	200	238	243	239	230	278	287
	EUR/t	167	189	191	185	183	212	213
Exchange rates								
EUR/USD		1.202	1.258	1.274	1.289	1.256	1.311	1.348
EUR/SEK		9.352	9.298	9.230	9.135	9.254	9.189	9.257
EUR/GBP		0.686	0.688	0.680	0.673	0.682	0.671	0.679

1) Sources of market prices:

Stainless steel: CRU - German base price, alloy surcharge and transaction price (2 mm cold rolled 304 sheet), estimates for deliveries during the period

Nickel: London Metal Exchange (LME) cash quotation

Ferrochrome: Metal Bulletin - Ferrochrome lumpy chrome charge, basis 52% chrome

Molybdenum: Metal Bulletin - Molybdenum oxide - Europe

Recycled steel: Metal Bulletin - Steel scrap HMS 1&2 fob Rotterdam

Nickel price volatility put severe pressure on base prices

Global apparent consumption of stainless steel flat products rose by 4% from the previous quarter. In Europe, demand in stainless steel markets continued to be fragmented. Mills suffered from low demand for standard grades as distributors continued to reduce inventories because of record high nickel prices, nickel price volatility and the expectation of lower transaction prices following the marked decline in nickel prices in June-July. In the short-term, the decline in nickel price deteriorates the profits of stainless steel producers through inventory losses, but in the long-term, lower transaction prices will promote demand and improve the competitiveness of stainless steel. Both end-user demand and demand for special grades and project deliveries remained firm in the second quarter. However, uncertainty about nickel price development is encouraging customers to reduce their reliance on austenitic grades by switching to grades of stainless steel with lower nickel content and to ferritic stainless steel. To meet this demand, Outokumpu has begun to produce both ferritic and some new low-nickel grades.

Base prices for standard products declined month-on-month during the second quarter. According to CRU, the average base price for 304 cold rolled stainless steel sheet in Germany fell to 1 518 EUR/ton in the second quarter, down by 21% from I/2007. At the end of June, the base price was 1 390 EUR/ton and it will decline further in July. The alloy surcharge continued to increase month-on-month as a result of record high nickel prices. According to CRU, the average alloy surcharge for 304 cold rolled stainless steel sheet in Germany was 2 913 EUR/ton in the second quarter, 28% higher than in the previous quarter. This resulted in stainless steel transaction prices reaching new records. The average transaction price in the quarter was 4 432 EUR/ton, up by 5%. The difference in price between Chinese and European stainless steel further narrowed in the period, and Chinese imports to the European market are slowing.

Of the alloying elements, the price of nickel set successive records in the period and peaked at 54 200 USD/ton in mid-May. The average price in the second quarter was 48 055 USD/ton, up 16% on I/2007 and 141% higher than in II/2006. In June, the price of nickel started to fall steeply. At the end of June the price was 35 850 USD/ton and the downward trend has continued, falling below 32 000 USD/ton in mid-July. This decline is mainly attributable to softer demand from stainless steel producers. Demand for ferrochrome remained at previous quarter level and markets continued to be undersupplied, hence the average price rose by 7% to 0.82 USD/lb. The contract price for III/2007 was agreed at 1.00 USD/lb. The supply of molybdenum was restricted in the period and the average price increased by 16% to 30.97 USD/lb. The price of recycled steel rose by 3% to 287 USD/ton.

Operating profit boosted by significant nickel-related inventory gains

Group sales in the second quarter totaled EUR 2 092 million, 2% lower than in I/2007. Deliveries were down by 7% to 399 000 tons (I/2007: 430 000 tons). Operating profit totaled EUR 406 million, including some EUR 100 million nickel-related inventory gains and a non-recurring gain of EUR 25 million from the sale of the Hitura mine. General Stainless' operating profit turned into decline while Specialty Stainless' operating profit improved further. Despite the downward trend in base prices during the second quarter, Outokumpu continued to benefit from favorable average base price levels, which together with significant nickel-related inventory gains and internal improvement measures maintained operating profit at a high level. The amount of inventory gains was distinctly higher than the respective gains in the previous quarter. Return on capital employed was 35.5% (I/2007: 38.8%).

Net cash generated from operating activities was EUR 132 million even though a further EUR 216 million was tied up in working capital primarily due to record high nickel prices. Following the decline in nickel prices in June-July, it is expected that cash flow will accelerate as working capital is released during the second half of 2007.

General Stainless' sales fell by 2% to EUR 1 670 million and deliveries were 9% lower than in I/2007. Operating profit totaled EUR 188 million (I/2007: EUR 245 million), of which Tornio Works posted EUR 143 million (I/2007: EUR 227 million). The decline in distributor demand for standard products affected especially General Stainless' performance. A shortened order book resulted in production at Tornio Works being cut back in the period. The excess time in the production was utilized to further develop production of ferritic and some new low nickel grades as well as for training and the promotion of Production Excellence projects. In the third quarter, General Stainless' profit continues to suffer from low delivery volumes and declining base prices for standard products.

Specialty Stainless' good performance continued. Sales totaled EUR 1 028 million, up by 2% on the previous quarter even though deliveries fell by 4%. Supported by significant nickel-related inventory gains, operating profit totaled EUR 196 million (I/2007: EUR 182 million). In the third quarter, Specialty Stainless' profit will be affected by seasonality and nickel-related inventory losses.

In May, Outokumpu acquired Swedish Sandvik's 11.6% minority shareholding in OSTP AB (Outokumpu Stainless Tubular Products) for EUR 22 million. Full ownership in OSTP enables Outokumpu to further develop the business in line with its strategy of increasing the proportion of the more value-added special products.

Other Operations' operating profit of EUR 19 million (I/2007: EUR 1 million) included a EUR 25 million gain from the sale of the Hitura mine, the last remaining asset in Outokumpu's Exit Mining program.

Excellence programs on track

The Commercial and Production Excellence programs are progressing well. The combined profit improvements targeted by these programs are expected to total EUR 40 million in 2007, EUR 80 million in 2008 and EUR 160 million on an annual basis thereafter. Based on the tangible results achieved to date, management is confident that the targeted benefits of EUR 40 million will be achieved in 2007.

Outokumpu to expand to India

India is experiencing strong economic growth which is forecast to remain robust. Currently, the country has a low per capita stainless consumption and estimates indicate this will grow strongly in coming years. India's western region is today the major stainless steel consuming area in India and the consumption there is forecast to remain dominant.

The Outokumpu Board has today approved plans to build a green field stainless steel service center in India's western region and Outokumpu has also initiated a feasibility study for the building of a new cold rolling mill in the country. The new service center and the planned cold rolling mill are the first important steps in widening the geographical coverage of Outokumpu's operations.

With an annual capacity to stock and process some 50 000 tons of stainless steel coil, the new service center will significantly enhance the services that Outokumpu's Indian sales office has been providing to customers in India. The investment is some EUR 30 million and the service center is scheduled to be in operation in the first half of 2009.

An initial study to build a green field stainless steel cold rolling mill in India has been completed, and a more detailed project feasibility study is under way with finalization expected in I/2008. This study will include an evaluation of the possibility of utilizing some of the equipment from Outokumpu's cold rolling mill in Sheffield (closed in 2006). The new mill in India is expected to have an annual capacity of some 250 000 tons of cold rolled stainless steel coil.

INTERIM REVIEW BY THE BOARD OF DIRECTORS – JANUARY-JUNE 2007

(Unaudited)

Stainless steel transaction prices at record high level

The strong increase in demand that characterized stainless steel markets during 2006 slowed pace during the first half of 2007. Global apparent consumption of stainless steel flat products was 5% higher than in I-II/2006. According to CRU, the German base price for 304 2mm sheet rose to 2 020 EUR/ton in January, but fell thereafter month-on-month to 1 390 EUR/ton in June. The average base price of 1 724 EUR/ton in I-II/2007 was still 40% higher than in I-II/2006. Record prices for nickel resulted in transaction prices for stainless steel continuing to rise throughout the first half of the year, averaging 4 319 EUR/ton, double the level of 2 166 EUR/ton in the corresponding period in 2006.

Excellent operating profit, significant non-recurring gains in financial income

Group sales for the first half of 2007 totaled EUR 4 221 million (I-II/2006: EUR 2 801 million), up by 51% on the previous year. Sales increased as a result of significantly higher transaction prices, even though stainless steel deliveries declined by 15% to 829 000 tons (I-II/2006: 978 000 tons). This decline is partly attributable to Asian imports into Europe and to the closure of the Sheffield coil products unit in the UK in April 2006.

Operating profit was at an all-time high of EUR 830 million (I-II/2006: EUR 215 million). The excellent figure resulted from higher base prices, significant nickel-related inventory gains and internal improvement measures. Operating profit also included a non-recurring gain of EUR 25 million from the sale of the Hitura mine.

Financial income included a EUR 142 million non-recurring gain from the sale of Outotec Oyj shares and a EUR 110 million gain recognized in the Talvivaara transaction. Net financial expenses, excluding non-recurring gains, totaled EUR 20 million (I-II/2006: EUR 17 million). Net profit for the period from continuing operations totaled EUR 864 million (I-II/2006: EUR 154 million) and net profit from discontinued operations was EUR 9 million (I-II/2006: EUR 35 million). Earnings per share from continuing operations totaled EUR 4.75 and from discontinued operations EUR 0.05. Return on capital employed rose to 36.4% (I-II/2006: 11.8%).

Even with the excellent result, net cash generated from operating activities totaled just EUR 217 million (I-II/2006: EUR 70 million). EUR 565 million was tied up in working capital during January-June primarily as a consequence of record high nickel prices. Net interest-bearing debt fell by EUR 181 million to EUR 1 119 million (Dec. 31, 2006: EUR 1 300 million). In May, Outokumpu issued a EUR 150 million domestic bond targeted at institutional investors. The maturity of the bond is five years and it carries a variable interest rate. Proceeds from the bond issue were used to finance maturing debt. Gearing improved to 30.8% (Dec. 31, 2006: 42.3%).

New investment projects support Group strategy

Capital expenditure totaled EUR 101 million (I-II/2006: EUR 68 million). Approved operational investment projects for 2007-2009 all fall within the capital expenditure frame of EUR 175 million for 2007. The EUR 22 million acquisition of the minority stake in OSTP and the EUR 32 million investment in Talvivaara shares are both on top of the capital expenditure frame for 2007.

Production at the EUR 55 million expansion in Kloster, Sweden, has been ramped up. This investment expanded the mill's annual production capacity from 25 000 tons to 45 000 tons and enables the production of thinner (0.12 mm) and wider (1 050 mm) products.

Replacement of one of the five annealing and pickling lines at Tornio Works will provide additional production capacity for 75 000 tons of cold rolled products. It will also improve the Group's ability to

produce brighter ferritic steel grades and enhances Outokumpu's flexibility in meeting customer needs. This replacement project is the second step in entering the ferritic market and complements the EUR 13 million investment in batch annealing furnaces in the hot rolling mill, which commenced ferritics production in 1/2007. The new line will be capable of producing austenitic and ferritic products with minimum set-up times and will increase Tornio Works' nominal annual cold rolling capacity to more than 1 250 000 tons by the end of 2009. The total amount of this investment is EUR 90 million, spread over three years.

To increase capacity in stainless steel special grades, an investment in surface grinding and automatic storage and retrieval equipment is being made at Thin Strip Nyby in Sweden. This EUR 27 million investment will increase the share of special grade sales at the expense of standard grade products and will enable the plant to increase its annual special grades capacity in cold rolled stainless steel products from 34 000 to 64 000 tons. Full production capacity is scheduled to be operational by the end of 2008.

To better serve growing markets in Eastern Europe, a new stainless steel service center is being established near Katowice in the south of Poland. This operation will be a combined coil and plate service center. The total investment is some EUR 20 million and the new center is scheduled to be operational by the end of 2008.

To gain presence in growing Asian markets, Outokumpu's Board of Directors has today approved plans to build a new stainless steel service center in western part of India. The new service center will have an annual capacity to stock and process some 50 000 tons of stainless steel coil. The investment is some EUR 30 million and the service center is scheduled to be in operation in the first half of 2009.

A feasibility study on a green field cold rolling mill in India has been initiated and is expected to be finalized in 1/2008. The possibility to utilize some of the equipment from the cold rolling mill in Sheffield (closed in 2006) will be evaluated. The planned mill would have an annual capacity of some 250 000 tons of cold rolled stainless steel coil.

Acquisitions and divestments

In February, Outokumpu agreed to sell the Hitura nickel mine in Finland to Belvedere Resources Ltd. of Canada. Hitura produces some 2 200 tons of nickel in concentrate annually and employs 90 people. The transaction was completed in June and the total consideration of EUR 25 million, was in Belvedere shares and warrants entitling to subscribe for additional Belvedere shares, resulting in a maximum 19.2% ownership in Belvedere, on a fully-diluted basis. Outokumpu recognized a non-recurring gain of EUR 25 million on the transaction and this has been included in the Group's operating profit. The Hitura mine was the last remaining asset in Outokumpu's Exit Mining program.

In March, OSTP (Outokumpu Stainless Tubular Products) sold its flange business in order to focus on pipes, tubes, butt-welded and threaded fittings. The purchaser is a subsidiary of Shree Ganesh Forgings Ltd, an Indian company. This divestment had no significant impact on Group results.

In April, Outokumpu sold its remaining 12% shareholding in Outotec Oyj to institutional investors. The net proceeds from the sale totaled EUR 158 million and a tax-free non-recurring gain of EUR 142 million was recognized in the Group's financial income.

In May, Outokumpu acquired Swedish Sandvik's 11.6% minority shareholding in OSTP for EUR 22 million. Full ownership in OSTP enables Outokumpu to further develop the business in line with its strategy of increasing the share of the more value-added special products.

Outokumpu divested the Talvivaara exploration project in 2004 as part of its Exit Mining program, and held an option to subscribe for shares with a 20% discount in a possible initial public offering (IPO), representing up to 5% ownership in the company. The IPO of Talvivaara Mining Company Ltd. was

carried out and the company's shares were listed on the London Stock Exchange on May 30, 2007. Outokumpu subscribed for 10.9 million shares for a total consideration of EUR 32 million, acquiring a 4.9% stake in the company on a fully-diluted basis. Outokumpu also exercised its option, part of the divestment agreement, to acquire a 20% stake in the Talvivaara nickel mining project company (Talvivaara Project Ltd.) owned by Talvivaara Mining Company Ltd., for a total consideration of one euro.

The Talvivaara mine is estimated to start production of nickel and other metals at the end of 2008. Its target is to gradually ramp up its nickel output to some 33 000 tons annually.

Outokumpu supports and endorses the Talvivaara project for strategic reasons as it increases the availability of nickel on the world market and therefore improves the market balance. Nickel is an integral and currently the most expensive alloying element in stainless steel. The participation can also be seen as partial nickel hedge. Outokumpu does not have any managerial involvement in the operations of the Talvivaara project.

Talvivaara Project Ltd. is consolidated in the Group's income statement as an associated company reflecting Outokumpu's 20% stake. The fair valuation of Outokumpu's 20% stake resulted in a tax-free non-recurring gain of EUR 110 million, which has been recognized in financial income. The Group's holding in the listed company Talvivaara Mining Company Ltd is classified as an available-for-sale financial asset with changes in fair value recognized directly in equity.

In June, Outokumpu announced its participation in a new Finnish power company Fennovoima Oy, a consortium consisting of Outokumpu, Boliden, Rauman Energia, Katternö and E.ON. Fennovoima's aim is to construct a new 1 000 - 1 800MW nuclear power plant to meet Finland's increasing need for electricity. Operation of the plant is planned to start between 2016 and 2018. Fennovoima will produce electricity for its owners' needs at production cost. Each owner will be allocated a share of the plant's capacity that is proportional to its ownership in the company. By participating in Fennovoima, Outokumpu's aim is to secure a significant portion of its electricity needs in years to come. The target is to have up to 150MW of the new nuclear power plant's capacity. This translates into some 1.2TWh of electrical energy per annum, more than half the Tornio Works' current annual requirement.

Environment, health and safety

As participants in the European Union Greenhouse Gas emissions trading system, the Tornio integrated plant in Finland and the melt shops and casting plants in Avesta and Degerfors in Sweden have verified the actual carbon dioxide emissions in 2006 and corresponding allowances have been surrendered to the authorities.

Preparations for emissions trading in the Kyoto- period 2008-2013 are ongoing and the Group's operations in Sheffield operations are also now part of the emissions trading system. In the UK, however, the scope covers only steel making and casting, whereas in Finland and Sweden combustion installations, such as reheating and annealing furnaces are also included. The national allocation of allowances in the UK has already been settled and it appears that the allowances for the Sheffield operation are adequate. The Commission cut Swedish allowances by 9.5% Finnish allowances by 5.2% and national reallocations have not yet been finalized.

The new European regulation concerning chemicals (REACH) came into effect on June 1, 2007. All substances manufactured in or imported into the European Union in quantities that exceed one ton per year must be registered. For amounts that exceed ten tons per year, a safety assessment has to be performed. Different industrial associations are planning voluntary consortia to share the burden of testing and evaluating substances. EUROFER (European Confederation of Iron and Steel Industries), for example, has presented a REACH implementation plan for iron and some iron compounds.

At Outokumpu sites, emissions to air and discharges to water in the review period remained mostly within permitted limits and the breaches that occurred were temporary, were identified quickly and caused only minimal environmental impact.

During January-June 2007, the lost-time injury rate (i.e. lost-time accidents per million working hours) was 10 (I-II/2006: 15) an improvement in line with achieving an annual target of less than 12 in 2007. Achievement of the target is included in the Group's incentive schemes and is an integral part of the Production Excellence program. No major accidents were reported during the first half of 2007.

Personnel

During the first half of 2007, the Group's continuing operations employed an average of 8 285 people (I-II/2006: 8 784) and there were 8 783 employees at the end of June (Dec. 31, 2006: 8 159). The end of June figure includes some 800 summer trainees employed in the Group's units.

Customs investigation on Outokumpu Tornio Works' exports to Russia

In March, the Finnish Customs Authorities initiated a criminal investigation into the Group's Tornio Works' export practices to Russia. Customs authorities searched the Tornio Works premises, seized a large quantity of documentation from its offices and questioned eleven Outokumpu employees. According to information received from the Customs authorities, seven of the people concerned have been interrogated under suspicion of gross forgery and gross accounting offence. The preliminary investigation is connected with another preliminary investigation concerning a forwarding agency based in South-Eastern Finland. It is suspected that defective and/or forged invoices have been prepared at the forwarding agency as regards export of stainless steel to Russia. The preliminary investigation is focused on the complicity of Outokumpu Stainless in the preparation of defective and/or forged invoices by the forwarding agency in question.

Following the start of the investigation, Outokumpu has co-operated fully with the Customs authorities and has volunteered any additional documentation requested and granted electronic access to any databases pertinent to the inquiry. The investigation is estimated to last until end of 2007.

Immediately after the start of the investigation by Finnish Customs, Outokumpu initiated its own investigation into the trade practices of stainless steel exports from Tornio to Russia. Roschier Attorneys Ltd., a leading law firm based in Helsinki, was retained to carry out an independent investigation, which was completed in June. As a result of the investigation, Roschier has concluded that it has not found evidence that any of Tornio Works employees or the company would have committed any of the crimes, alleged by the Customs.

Class actions related to the divested fabricated copper products business

The fabricated copper products business sold in 2005, comprised among others Outokumpu Copper (USA), Inc. This company has been served with several complaints in cases filed in federal district courts and state courts in US by various plaintiffs. The complaints allege claims and damages under US antitrust laws and purport to be class actions on behalf of all direct and indirect purchasers of copper plumbing tubes and ACR tubes in the US. Outokumpu believes that the allegations in these cases are groundless and will defend itself in any such proceeding. In connection with the transaction to sell the fabricated copper products business to Nordic Capital, Outokumpu has agreed to indemnify and hold harmless Nordic Capital with respect to these class actions.

Appointments in Corporate Management

Bo Annvik has been appointed Executive Vice President – Specialty Businesses and he is a member of Outokumpu's Group Executive Committee. He took up his position on June 1, 2007. Mr. Annvik's

portfolio in the Group Executive Committee includes supervision of Avesta Works, Hot Rolled Plate, Thin Strip and OSTP business units.

Päivi Lindqvist has been appointed Outokumpu's new SVP - IR and Communications as of October 1, 2007. Ms. Lindqvist is currently TietoEnator's EVP - Communications and Investor Relations. She will join Outokumpu on August 13, 2007 and will report to CEO Juha Rantanen.

Annual General Meeting of March 28, 2007

The Annual General Meeting (AGM) approved a dividend of EUR 1.10 per share for 2006. Dividends totaling EUR 199 million were paid on April 11, 2007.

The AGM authorized the Board of Directors to repurchase the Company's own shares. The maximum number of shares to be repurchased is 18 000 000. The AGM authorized the Board of Directors to decide to issue shares and grant share entitlements. The maximum number of new shares to be issued under a share issue and/or by exercising share entitlements is 18 000 000, currently representing 9,93% of the Company's issued and outstanding shares and, in addition, the maximum number of treasury shares to be transferred is 18 000 000, currently representing 9,93% of the Company's issued and outstanding shares. These authorizations are valid until the Annual General Meeting in 2008, however no longer than May 31, 2008. As of July 24, 2007, the authorizations had not been exercised.

The Annual General Meeting approved amendments to the Articles of Association: removing references to the minimum and maximum capital and maximum number of shares, revising the matters to be included on the agenda of the Annual General Meeting and removing the provision concerning redemption liability. Minor changes of a technical nature to the Articles of Association were also approved.

The AGM decided on the number of the Board members, including the Chairman and Vice Chairman, to be eight. For the term expiring at the close of the following AGM, Evert Henkes, Jukka Härmälä, Ole Johansson, Anna Nilsson-Ehle, Leena Saarinen and Taisto Turunen were re-elected as members of the Board of Directors, and Victoire de Margerie and Leo Oksanen were elected as new members. Mr. Härmälä was re-elected as Chairman of the Board of Directors and Mr. Johansson as Vice Chairman. The AGM also resolved to form a Shareholders' Nomination Committee to prepare proposals on the composition and remuneration of the Board of Directors for presentation to the next AGM.

KPMG Oy Ab, Authorized Public Accountants, was re-elected as the Company's auditor for the term ending at the close of the next AGM.

At its first meeting, the Board of Directors appointed two permanent committees consisting of board members. Mr. Johansson (Chairman), Ms. Saarinen and Mr. Turunen were re-elected as members of the Board Audit Committee. Mr. Härmälä (Chairman), Mr. Henkes and Ms. Nilsson-Ehle were re-elected as members of the Board Nomination and Compensation Committee.

Short-term outlook

Underlying demand for stainless steel still continues strong. End-user demand and demand for special grades and project deliveries continues to be healthy, but distributor demand is very weak and is expected to remain weak over the summer period. Outokumpu will continue to cut production of standard grade volume products in the third quarter and is continually adjusting its actions according to market developments. Mills that produce specialty products are running at full capacity. The holiday season and maintenance breaks will, however, reduce production volumes at all Group's mills in the third quarter.

The marked decline in nickel prices that began in June gave distributors a further impetus to reduce their inventories of standard products and they are extremely reluctant to place any new orders. The

increase in the alloy surcharge in July added pressure on base prices. In August, however, the alloy surcharge will turn to a decline, but any significant pick-up in distributor demand is not expected until after the holiday season. Group management expects markets for standard products to be back to normal during the fourth quarter at the latest.

Slowdown in demand during the holiday season and the postponement of orders in expectation of lower transaction prices, as well as production cuts and maintenance breaks at the Group's mills will reduce Outokumpu's delivery volumes and deteriorate third quarter results. Also, since the downward trend in nickel prices has continued in July, nickel-related inventory gains will turn into significant inventory losses during the autumn.

Outokumpu's underlying operational result for the third quarter is estimated to be clearly positive, but nickel-related inventory losses are expected to turn the operating profit negative, even substantially, depending on the nickel price development. While Outokumpu's underlying operational result for the whole year will be substantially better than in 2006, current estimates indicate that significant inventory losses during the coming months bring, however, 2007 operating profit to the level of 2006. At the same time, the decline in nickel prices will release working capital and generate strong cash flow during the second half of 2007.

Espoo July 24, 2007

Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Condensed income statement

EUR million	Jan-June 2007	Jan-June 2006	April-June 2007	April-June 2006	Jan-Dec 2006
Continuing operations:					
Sales	4 221	2 801	2 092	1 392	6 154
Other operating income	49	21	40	10	44
Costs and expenses	-3 431	-2 603	-1 717	-1 251	-5 364
Other operating expenses	-9	-3	-9	-2	-11
Operating profit	830	215	406	149	824
Share of results in associated companies	7	2	4	2	8
Financial income and expenses					
Interest income	12	11	7	6	26
Interest expenses	-43	-45	-22	-22	-88
Market price gains and losses	2	13	4	2	12
Other financial income	263	6	254	6	8
Other financial expenses	-3	-2	-1	-1	-5
Profit before taxes	1 068	201	652	141	784
Income taxes	-205	-47	-100	-29	-178
Net profit for the period from continuing operations	864	154	553	112	606
Discontinued operations:					
Net profit for the period from discontinued operations	9	35	12	20	357
Net profit for the period	872	189	565	133	963
Attributable to:					
Equity holders of the Company	868	189	563	132	962
Minority interest	4	-0	2	0	2
Earnings per share for profit attributable to the equity holders of the Company:					
Earnings per share, EUR	4.80	1.04	3.11	0.73	5.31
Diluted earnings per share, EUR	4.77	1.04	3.09	0.73	5.29
Earnings per share from continuing operations attributable to the equity holders of the Company:					
Earnings per share, EUR	4.75	0.85	3.04	0.62	3.34
Earnings per share from discontinued operations attributable to the equity holders of the Company:					
Earnings per share, EUR	0.05	0.19	0.07	0.11	1.97

Condensed balance sheet

EUR million	June 30 2007	June 30 2006	Dec 31 2006
ASSETS			
Non-current assets			
Intangible assets	485	568	493
Property, plant and equipment	2 010	2 093	2 069
Non-current financial assets			
Interest-bearing	457	274	375
Non interest-bearing	82	67	77
	<u>3 033</u>	<u>3 002</u>	<u>3 014</u>
Current assets			
Inventories	2 298	1 220	1 710
Current financial assets			
Interest-bearing	62	58	55
Non interest-bearing	1 431	1 064	1 314
Cash and cash equivalents	82	176	85
	<u>3 873</u>	<u>2 517</u>	<u>3 164</u>
Assets held for sale	239	266	235
Total assets	<u>7 146</u>	<u>5 785</u>	<u>6 414</u>
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the Company	3 634	2 155	3 054
Minority interest	0	15	17
	<u>3 634</u>	<u>2 170</u>	<u>3 071</u>
Non-current liabilities			
Interest-bearing	1 222	1 530	1 293
Non interest-bearing	350	366	337
	<u>1 572</u>	<u>1 897</u>	<u>1 630</u>
Current liabilities			
Interest-bearing	668	667	685
Non interest-bearing	1 203	966	955
	<u>1 871</u>	<u>1 633</u>	<u>1 640</u>
Liabilities related to assets held for sale	68	85	73
Total equity and liabilities	<u>7 146</u>	<u>5 785</u>	<u>6 414</u>

Consolidated statement of changes in equity

	Attributable to the equity holders of the Company									Total equity
	Share capital	Un-registered Share capital	Share premium fund	Other reserves	Fair value reserves	Treasury shares	Cumulative translation differences	Retained earnings	Minority interest	
EUR million										
Equity on December 31, 2005	308	-	701	11	23	-2	-38	1 044	15	2 062
Cash flow hedges	-	-	-	-	4	-	-	-	-	4
Fair value changes on available-for-sale financial assets	-	-	-	-	6	-	-	-	-	6
Net investment hedges	-	-	-	-	-	-	0	-	-	0
Change in translation differences	-	-	-	-	-	-	-9	-	0	-9
Items recognised directly in equity	-	-	-	-	9	-	-9	-	0	0
Net profit for the period	-	-	-	-	-	-	-	189	0	189
Total recognised income and expenses					9		-9	189	0	189
Dividend distribution	-	-	-	-	-	-	-	-81	-	-81
Management stock option program: value of received services	-	-	-	-	-	-	-	1	-	1
Equity on June 30, 2006	308	-	701	11	33	-2	-47	1 152	15	2 170
Equity on December 31, 2006	308	0	701	11	144	-2	-35	1 927	17	3 071
Cash flow hedges	-	-	-	-	1	-	-	-	-	1
Fair value changes on available-for-sale financial assets	-	-	-	-	12	-	-	-	-	12
Available-for-sale financial assets recognized through P&L	-	-	-	-	-99	-	-	-	-	-99
Net investment hedges	-	-	-	-	-	-	2	-	-	2
Change in translation differences	-	-	-	-	-	-	-8	-	0	-8
Items recognised directly in equity	-	-	-	-	-85	-	-6	-	0	-91
Net profit for the period	-	-	-	-	-	-	-	868	4	872
Total recognised income and expenses					-85		-6	868	4	781
Transfers from unregistered share capital	0	-0	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	-199	-	-199
Shares subscribed with options	0	-	0	-	-	-	-	-	-	0
Management stock option program: value of received services	-	-	-	-	-	-	-	2	-	2
Purchase of minority in OSTP	-	-	-	-	-	-	-	-	-21	-21
Equity on June 30, 2007	308	-	701	11	59	-2	-41	2 598	0	3 634

Condensed statement of cash flows

EUR million	Jan-June 2007	Jan-June 2006	Jan-Dec 2006
Net profit for the period	872	189	963
Adjustments			
Depreciation and amortization	101	106	229
Impairments	2	4	12
Gain on the sale of Outotec shares	-142	-	-328
Gain on the Talvivaara transaction	-110	-	-
Other adjustments	220	71	215
Increase in working capital	-565	-213	-975
Dividends received	11	6	7
Interests received	5	7	17
Interests paid	-44	-47	-89
Income taxes paid	-134	-52	-87
Net cash from operating activities	217	70	-35
Purchases of assets	-60	-80	-183
Purchase of Talvivaara shares	-32	-	-
Purchase of minority in OSTP	-22	-	-
Proceeds from the sale of subsidiaries	1	20	338
Proceeds from the sale of shares in associated companies	-	9	9
Proceeds from the sale of other assets	2	6	20
Net cash from other investing activities	2	-1	14
Net cash from investing activities	-109	-46	198
Cash flow before financing activities	108	24	163
Borrowings of long-term debt	150	46	174
Repayment of long-term debt	-267	-90	-380
Increase in current debt	48	75	3
Dividends paid	-199	-81	-81
The sale of the shares of Outotec	158	-	-
Other financing cash flow	0	-4	-2
Net cash from financing activities	-110	-54	-286
Adjustments	0	0	0
Net change in cash and cash equivalents	-2	-30	-123
Cash and cash equivalents at the beginning of the period	85	212	212
Foreign exchange rate effect	-0	-7	-5
Net change in cash and cash equivalents	-2	-30	-123
Cash and cash equivalents at the end of the period	82	176	85

Key figures

EUR million	Jan-June 2007	Jan-June 2006	Jan-Dec 2006
Operating profit margin, %	19.7	7.7	13.4
Return on capital employed, %	36.4	11.8	20.7
Return on equity, %	52.0	17.8	37.5
Return on equity from continuing operations, %	51.5	14.5	23.6
Capital employed at end of period	4 753	3 679	4 371
Net interest-bearing debt at end of period	1 119	1 509	1 300
Equity-to-assets ratio at end of period, %	50.9	38.4	47.9
Debt-to-equity ratio at end of period, %	30.8	69.5	42.3
Earnings per share, EUR	4.80	1.04	5.31
Earnings per share from continuing operations, EUR	4.75	0.85	3.34
Earnings per share from discontinued operations, EUR	0.05	0.19	1.97
Average number of shares outstanding, in thousands ¹⁾	181 055	181 032	181 033
Fully diluted earnings per share, EUR	4.77	1.04	5.29
Fully diluted average number of shares, in thousands ¹⁾	182 117	181 683	181 758
Equity per share at end of period, EUR	20.07	11.91	16.87
Number of shares outstanding at end of period, in thousands ¹⁾	181 082	181 032	181 032
Capital expenditure, continuing operations	101	68	187
Depreciation, continuing operations	101	101	221
Average personnel for the period, continuing operations	8 285	8 784	8 505

¹⁾ The number of own shares repurchased is excluded.

NOTES TO THE INCOME STATEMENT AND BALANCE SHEET

This interim financial report is prepared in accordance with IAS 34 (Interim Financial Reporting). The same accounting policies and methods of computation have been followed in the interim financial statements as in the annual financial statements for 2006.

Use of estimates

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

Shares and share capital

The total number of Outokumpu Oyj shares was 181 300 967 and the share capital amounted to EUR 308.2 million on June 30, 2007. Outokumpu Oyj held 218 603 treasury shares on June 30, 2007. This corresponded to 0.1% of the share capital and the total voting rights of the Company on June 30, 2007.

The Annual General Meeting held in 2003 passed a resolution on a stock option program for management (2003 option program). The stock options have been allocated as part of the Group's incentive programs to key personnel of Outokumpu. Trading with Outokumpu Oyj's stock options 2003A has commenced on the Main List of the Helsinki Stock Exchange as of September 1, 2006. On June 30, 2007 a total of 50 412 Outokumpu Oyj shares had been subscribed for on the basis of 2003A stock option program. An aggregate maximum of 608 890 Outokumpu Oyj shares can be subscribed for with the remaining 2003A stock options. In accordance with the terms and conditions of the option program, the dividend adjusted share price for a stock option was EUR 8,45 on June 30, 2007. The share subscription period for the 2003A stock options is September 1, 2006 - March 1, 2009. The current amounts that Outokumpu Oyj shares could be subscribed for with the 2003B and 2003C stock options are as follows: 2003B 1 028 820 shares and 2003C 97 500 shares. The subscription period for shares with stock option 2003B is from September 1, 2007 to March 1, 2010 and with stock option 2003C it is from September 1, 2008 to March 1, 2011. As a result of the share subscriptions with the 2003 stock options, Outokumpu Oyj's share capital may be increased by a maximum of EUR 2 949 857 and the number of shares by a maximum of 1 735 210 shares. This corresponds to 1.0% of the Company's shares and voting rights.

Outokumpu's Board of Directors confirmed on February 2, 2006 a share-based incentive program for years 2006-2010 as part of the key employee incentive and commitment system of the Company. If persons to be covered by the first earning period 2006-2008 and the second earning period 2007-2009 of the program were to receive the number of shares in accordance with the maximum reward, currently a total of 612 680 shares, their shareholding obtained via the program would amount to 0.3% of the Company's shares and voting rights.

The detailed information of the 2003 option program and of the share-based incentive program for 2006-2010 can be found in the annual report 2006.

Non-current assets held for sale and discontinued operations

Outokumpu Copper Tube and Brass

The assets and liabilities of Outokumpu Copper Tube and Brass are presented as held for sale. Outokumpu Copper Tube and Brass business comprises European sanitary and industrial tubes, including air-conditioning and refrigeration tubes in Europe, as well as brass rod. Outokumpu is implementing a vigorous improvement project in this business and it is Outokumpu's intention to divest the tube and brass business.

Outotec

Outokumpu Oyj sold 88% of Outotec (former Outokumpu Technology) by a sale of shares through an Initial Public Offering (IPO) in September 2006. In April, Outokumpu sold its remaining 12% shareholding in Outotec Oyj to institutional investors. The net proceeds from the sale totaled EUR 158 million and a tax-free non-recurring gain of EUR 142 million was recognized in financial income.

In the following tables Outokumpu Tube and Brass is referred as TB and Outotec as OT.

Specification of non-current assets held for sale and discontinued operations

Income statement

EUR million	Jan-June	Jan-June			Jan-Dec		
	2007	2006			2006		
		Total	OT	TB	Total	OT	TB
Sales	332	678	321	357	1 178	501	678
Expenses	-318	-628	-306	-321	-1 124	-470	-654
Operating profit	13	51	15	36	54	31	23
Net financial items	-3	-1	2	-3	-2	5	-7
Profit/(loss) before taxes	10	49	17	33	53	36	17
Taxes	-1	-12	-8	-3	-17	-14	-3
Profit/(loss) after taxes	9	38	9	29	35	22	14
Gain on the sale of Outotec	-	-	-	-	328	328	-
Impairment loss recognized on the fair valuation of the Tube and Brass division's assets and liabilities	-1	-2	-	-2	-6	-	-6
Taxes	-	-	-	-	-	-	-
After-tax result from the disposal and impairment loss	9	35	9	27	322	328	-6
Minority interest	-	0	0	-	0	0	-
Net profit/(loss) for the period from discontinued operations	9	35	9	27	357	349	8

Balance sheet

EUR million	June 30	June 30	Dec 31
	2007	2006	2006
Assets			
Intangible and tangible assets	6	6	6
Other non-current assets	3	4	4
Inventories	117	127	122
Other current non interest-bearing assets	113	129	104
	239	266	235
Liabilities			
Provisions	2	6	3
Other non-current non interest-bearing liabilities	5	6	6
Trade payables	47	57	46
Other current non interest-bearing liabilities	15	16	18
	68	85	73

Cash flows

EUR million	Jan-June	Jan-June	Jan-Dec
	2007	2006	2006
Operating cash flows	3	-38	-13
Investing cash flows	-1	-4	-145
Financing cash flows	-5	40	80
Total cash flows	-4	-2	-77

Acquisitions and disposals

Acquisitions

In May, Outokumpu acquired from Swedish Sandvik its 11.6% minority shareholding in OSTP for EUR 22 million. Goodwill of EUR 1 million was recognized from the acquisition. Full ownership in OSTP enables Outokumpu to develop the business further in line with its strategy to increase the share of the more value-added special products.

Outokumpu divested the Talvivaara exploration project in 2004 and held an option to subscribe shares with a 20% discount in a possible Initial Public Offering (IPO), representing up to 5% ownership in the company. The IPO of Talvivaara Mining Company Ltd. was carried out and the listing of the shares started on the London Stock Exchange on May 30, 2007. Outokumpu participated in the IPO by subscribing 10.9 million shares, resulting in a 4.9% ownership in the company on a fully diluted basis, with a total consideration of EUR 32 million. Outokumpu also exercised its option, part of the divestment agreement, to acquire a 20% stake in the Talvivaara nickel mining project company (Taltivaara Project Ltd.) owned by Talvivaara Mining Company Ltd., for a total consideration of one euro.

Taltivaara Project Ltd. will be consolidated in the Group's income statement as an associated company reflecting Outokumpu's 20% holding. The fair valuation of Outokumpu's 20% stake resulted in a tax-free non-recurring gain of EUR 110 million, which has been recognized in financial income. The shareholding in the listed Talvivaara Mining Company Ltd. has been classified as an available-for-sale financial asset with changes in fair value recognized directly in equity.

The purchase price allocation is preliminary and subject to the Q2/07 interim report of Talvivaara Mining Company Ltd being published in August/September. The preliminary assumption is that the majority of the excess value will be allocated to the nickel ore reserves according to the fair value and amortized using the units-of-production method based on the depletion of ore reserves in Talvivaara. The Talvivaara mine is estimated to start production of nickel and other metals at the end of 2008. Its target is to gradually ramp up its nickel output to some 33 000 tons annually.

Disposals

In March, OSTP (Outokumpu Stainless Tubular Products) sold its flange business in order to focus on pipes, tubes, butt-welded and threaded fittings. The purchaser is a subsidiary of Shree Ganesh Forgings Ltd, an Indian company. The sale had no significant impact on Group's results.

In February, Outokumpu agreed to sell the Hitura nickel mine in Finland to Belvedere Resources Ltd. of Canada. The Hitura mine was the last remaining asset in Outokumpu's Exit Mining program. Hitura produces some 2 200 tons of nickel in concentrate annually and employs 90 people. The transaction was completed in June and the total consideration of EUR 25 million, is in Belvedere shares and warrants entitling to subscribe for additional Belvedere shares, resulting in a maximum 19.2% ownership in Belvedere, on a fully-diluted basis. Outokumpu recognized a non-recurring gain of EUR 25 million on the transaction, which has been included in the operating profit. The shareholding in Belvedere is classified as an available-for-sale financial asset with changes in fair value recognized directly in equity and the warrants as derivative instruments with changes in fair value recognized in financial income and expenses.

Major non-recurring items in operating profit

EUR million	Jan-June 2007	Jan-June 2006	Jan-Dec 2006
Gain on the sale of Hitura mine in Finland	25	-	-
Gain on the sale of real estate in the UK	-	-	9
OSTP Fagersta closure	-	-	-8
	25	-	1

Major non-recurring items in financial income

EUR million	Jan-June 2007	Jan-June 2006	Jan-Dec 2006
Gain on the sale of Outotec shares	142	-	-
Gain on the Talvivaara transaction	110	-	-
	252	-	-

Income taxes

EUR million	Jan-June 2007	Jan-June 2006	Jan-Dec 2006
Current taxes	-188	-25	-156
Deferred taxes	-17	-22	-22
	-205	-47	-178

Property, plant and equipment

EUR million	Jan 1, 2007 - June 30, 2007	Jan 1, 2006 - June 30, 2006	Jan 1, 2006 - Dec 31, 2006
Historical cost at the beginning of the period	4 009	4 188	4 188
Translation differences	-26	3	37
Additions	47	61	179
Disposal of subsidiaries	-20	-0	-0
Disposals	-2	-6	-299
Reclassifications	0	-8	-8
Discontinued operations	-	-	-88
Historical cost at the end of the period	4 007	4 237	4 009
Accumulated depreciation at the beginning of the period	-1 939	-2 063	-2 063
Translation differences	14	3	-21
Disposal of subsidiaries	19	0	0
Disposals	2	4	296
Reclassifications	0	8	8
Depreciation	-94	-95	-204
Impairments	-	0	-3
Discontinued operations	-	-	48
Accumulated depreciation at the end of the period	-1 998	-2 143	-1 939
Carrying value at the end of the period	2 010	2 093	2 069
Carrying value at the beginning of the period	2 069	2 125	2 125

Commitments

EUR million	June 30 2007	June 30 2006	Dec 31 2006
Mortgages and pledges			
Mortgages on land	132	129	126
Other pledges	0	4	0
Guarantees			
On behalf of subsidiaries			
For commercial commitments	88	128	97
On behalf of associated companies			
For financing	5	4	5
Other commitments	56	62	59
Minimum future lease payments on operating leases	63	118	93

Group's major off-balance sheet investment commitments were EUR 36 million on June 30, 2007 (Dec 31, 2006: EUR 15 million).

Fair values and nominal amounts of derivative instruments

EUR million	June 30 2007 Positive fair value	June 30 2007 Negative fair value	June 30 2007 Net fair value	Dec 31 2006 Net fair value	June 2007 Nominal amounts	Dec 2006 Nominal amounts
Currency and interest rate derivatives						
Currency forwards	10	13	-3	-9	2 733	2 139
Interest rate swaps	12	-	12	10	282	283
					Number of shares, million	Number of shares, million
Stock options						
Belvedere Resources Ltd.	4	-	4	-	3.7	-
					Tons	Tons
Metal derivatives						
Forward and futures copper contracts	1	0	1	-1	5 000	6 000
Forward and futures nickel contracts	14	8	6	9	4 902	3 636
Forward and futures zinc contracts	0	0	0	0	1 150	2 150
Emission allowance derivatives	-	0	0	-	80	-
					TWh	TWh
Electricity derivatives						
Publicly traded electricity derivatives	-	-	-	-	-	0.0
Other electricity derivatives	21	10	12	8	3.2	4.1
	62	32	30	16		

Segment information
General Stainless

EUR million	I/06	II/06	III/06	IV/06	2006	I/07	II/07
Sales	1 013	1 066	1 130	1 561	4 770	1 700	1 670
of which Tornio Works	652	740	781	1 142	3 316	1 206	1 038
Operating profit	43	91	166	236	536	245	188
of which Tornio Works	37	70	120	213	440	227	143
Operating capital at the end of period	2 397	2 404	2 602	2 847	2 847	3 047	3 007
Average personnel for the period	3 926	3 940	3 857	3 529	3 735	3 506	3 794
Deliveries of main products (1 000 tons)							
Cold rolled	246	206	172	180	805	187	151
White hot strip	74	85	62	84	305	81	82
Semi-finished products	128	144	126	154	551	117	118
Total deliveries of the division	448	434	360	419	1 661	386	350

Specialty Stainless

EUR million	I/06	II/06	III/06	IV/06	2006	I/07	II/07
Sales	650	638	614	821	2 723	1 003	1 028
Operating profit	22	65	81	171	338	182	196
Operating capital at the end of period	1 173	1 240	1 350	1 594	1 594	1 668	1 871
Average personnel for the period	4 317	4 377	4 329	4 201	4 289	4 146	4 188
Deliveries of main products (1 000 tons)							
Cold rolled	56	54	39	47	196	51	52
White hot strip	49	41	33	42	166	43	38
Quarto plate	44	44	36	39	162	41	43
Tubular products	20	20	16	18	74	20	17
Long products	14	15	14	16	59	16	15
Total deliveries of the division	182	173	139	162	656	170	164

Other operations

EUR million	I/06	II/06	III/06	IV/06	2006	I/07	II/07
Sales	87	93	97	85	361	64	63
Operating profit	2	-8	-13	-16	-35	1	19
Operating capital at the end of period	133	239	188	138	138	-125	101
Average personnel for the period	504	505	479	457	481	477	459

Key figures by quarter

EUR million	I/06	II/06	III/06	IV/06	I/07	II/07
Operating profit margin, %	4.7	10.7	16.0	19.8	19.9	19.4
Return on capital employed, %	7.5	16.5	24.3	36.5	38.8	35.5
Return on equity, %	11.0	25.2	30.4	89.0	39.3	66.2
Return on equity, continuing operations, %	8.1	21.4	29.4	42.3	39.8	64.8
Capital employed at end of period	3 513	3 679	3 910	4 371	4 377	4 753
Net interest-bearing debt at end of period	1 483	1 509	1 560	1 300	1 189	1 119
Equity-to-assets ratio at end of period, %	37.4	38.4	37.7	47.9	47.2	50.9
Debt-to-equity ratio at end of period, %	73.0	69.5	66.4	42.3	37.3	30.8
Earnings per share, EUR	0.31	0.73	0.94	3.33	1.69	3.11
Earnings per share from continuing operations, EUR	0.23	0.62	0.91	1.58	1.71	3.04
Earnings per share from discontinued operations, EUR	0.08	0.11	0.03	1.75	-0.02	0.07
Average number of shares outstanding, in thousands ¹⁾	181 032	181 032	181 032	181 037	181 061	181 082
Equity per share at end of period, EUR	11.14	11.91	12.89	16.87	17.51	20.07
Number of shares outstanding at end of period, in thousands ¹⁾	181 032	181 032	181 032	181 032	181 082	181 082
Capital expenditure, continuing operations	33	34	45	74	25	75
Depreciation, continuing operations	50	50	68	52	51	50
Average personnel for the period, continuing operations	8 746	8 822	8 665	8 187	8 129	8 441

¹⁾ The number of own shares repurchased is excluded.

Definitions of key financial figures

Capital employed	=	Total equity + net interest-bearing debt
Operating capital	=	Capital employed + net tax liability
Return on equity	=	$\frac{\text{Net profit for the financial year}}{\text{Total equity (average for the period)}} \times 100$
Return on capital employed (ROCE)	=	$\frac{\text{Operating profit}}{\text{Capital employed (average for the period)}} \times 100$
Net interest-bearing debt	=	Total interest-bearing debt – total interest-bearing assets
Equity-to-assets ratio	=	$\frac{\text{Total equity}}{\text{Total assets – advances received}} \times 100$
Debt-to-equity ratio	=	$\frac{\text{Net interest-bearing debt} \times 100}{\text{Total equity}}$
Earnings per share	=	$\frac{\text{Net profit for the financial year attributable to the equity holders}}{\text{Adjusted average number of shares during the period}}$
Equity per share	=	$\frac{\text{Equity attributable to the equity holders}}{\text{Adjusted number of shares at the end of the period}}$