INTERIM REPORT

2012

January-June

Outotec develops and provides technology solutions for the sustainable use of Earth's natural resources. As the global leader in minerals and metals processing technology, Outotec has developed over decades several break-through technologies. The company also offers innovative solutions for the chemical industry, industrial water treatment and the utilization of alterna-tive energy sources. Outotec shares are listed on the NASDAQ OMX Helsinki. www.outotec.com

Outotec

INTERIM REPORT JANUARY-JUNE 2012

Continued very strong profitable growth, slightly upgraded sales guidance for 2012

Reporting period January-June 2012 in brief (2011)

- Order intake: EUR 1,160.8 million (EUR 875.7 million), +33%
- Order backlog: EUR 2,218.4 million (EUR 1,664.1 million), +33%
- Sales: EUR 934.8 million (EUR 536.0 million), +74%
- Operating profit from business operations (excluding one-time items and purchase price allocation (PPA) amortizations): EUR 75.1 million, representing 8.0% of sales (EUR 32.3 million, 6.0% of sales), +133%
- Net cash flow from operating activities: EUR 66.9 million (EUR 105.7 million), -37%
- Earnings per share: EUR 1.04 (EUR 0.45), +131%

April-June 2012 in brief (2011)

- Order intake: EUR 735.5 million (EUR 532.1 million), +38%
- Sales: EUR 524.4 million (EUR 288.4 million), +82%
- Operating profit from business operations (excluding one-time items and purchase price allocation (PPA) amortizations): EUR 44.5 million (EUR 12.1 million), +268%
- Net cash flow from operating activities: EUR 57.0 million (EUR 45.9 million), +24%

Revised financial guidance for 2012

Outotec revises its sales guidance for 2012. Based on the first six months financial performance, strong order backlog at the end of June, market outlook and customer tendering activity, the management expects that in 2012:

- sales will grow to approximately EUR 1.8-2.0 billion, especially driven by the project revenue recognition, and
- operating profit margin from business operations will be approximately 9-10% (excluding one-time items and PPA amortizations).

Achieving the guidance is subject to sales mix and relative share of Services, fluctuation in foreign exchange rates, project progress in the order backlog, timing of new orders, license fee income and project completions as well as the general development of the world economy and financial markets.

Previous financial guidance for 2012

Based on a strong order backlog at the end of 2011, market outlook and customer tendering activity, management expects that in 2012:

- sales will grow to approximately EUR 1.7-1.9 billion, and
- operating profit margin from business operations will be approximately 9-10% (excluding one-time items and PPA amortizations).

Achieving the guidance is subject to the general development of the world economy and financial markets, project progress in the order backlog, exchange rates, product mix, timing of new orders, license fee income and project completions.

President and CEO Pertti Korhonen:

“Market activity continued robust and when coupled with Outotec’s successful strategy implementation and operational execution, the result has been very strong and profitable growth for us. Our customers are investing in capacity increases and the latest technology to address the growing demand for metals and increasing requirements for environmental sustainability and energy efficiency. The demand for our sustainable technology solutions has been high due to the competitiveness of our offerings. We grew our order intake substantially thanks to the Cristal Global ilmenite smelter order. Due to the record-high order backlog, successful deliveries, project completions and service business, we achieved over 70% sales growth, which has further contributed to our improved operating profit. Services continued on a strong growth path, sales increasing 30% from previous year. The cash flow has been strong and our balance sheet strengthened further with improved working capital and gearing due to our scalable asset light operating model. All in all, this resulted to a very good return on investment and return on equity.

In line with our strategy it is our target to increase value for our customers through life cycle solutions. The acquisition of Demil Manutenção Industrial Ltda, a Brazilian provider of industrial maintenance services for iron ore agglomeration plants in May supports this target. Encouraged by our earlier success, we will continue to pursue acquisitions to enhance our organic growth.

Indeed, the first half of 2012 has been very successful for Outotec. Despite the macro-economic uncertainties, our business outlook for 2012 remains solid and our focus is on securing the profitability and growth in 2013 and beyond. However, the potential escalation of Euro zone crisis and other uncertainties of the world economy may cause our customers to delay their investment decisions.”

Summary of key figures	**Q2 2012**	Q2 2011	**Q1-Q2 2012**	Q1-Q2 2011	Last 12 months	Q1-Q4 2011
Sales, EUR million	**524.4**	288.4	**934.8**	536.0	1,784.4	1,385.6
Gross margin, %	**20.4**	20.9	**20.9**	23.5	22.5	24.0
Operating profit from business operations, EUR million	**44.5**	12.1	**75.1**	32.3	164.3	121.5
Operating profit from business operations, %	**8.5**	4.2	**8.0**	6.0	9.2	8.8
Operating profit, EUR million	**40.8**	10.9	**68.4**	29.8	150.5	111.9
Operating profit margin, %	**7.8**	3.8	**7.3**	5.6	8.4	8.1
Profit before taxes, EUR million	**40.1**	11.2	**67.9**	29.2	151.9	113.3
Net cash from operating activities, EUR million	**57.0**	45.9	**66.9**	105.7	208.2	247.0
Net interest-bearing debt at the end of period, EUR million	**-334.7**	-250.6	**-334.7**	-250.6	-334.7	-339.1
Gearing at the end of period, %	**-80.5**	-74.6	**-80.5**	-74.6	-80.5	-84.9
Working capital at the end of period, EUR million	**-271.0**	-196.5	**-271.0**	-196.5	-271.0	-270.3
Return on investment, %	**33.4**	12.0	**29.7**	16.6	35.2	26.4
Return on equity, %	**28.1**	9.4	**23.2**	11.8	28.3	20.9
Order backlog at the end of period, EUR million	**2,218.4**	1,664.1	**2,218.4**	1,664.1	2,218.4	1,985.1
Order intake, EUR million	**735.5**	532.1	**1,160.8**	875.7	2,290.5	2,005.4
Personnel, average for the period	**4,384**	3,428	**4,202**	3,325	3,955	3,516
Earnings per share, EUR	**0.62**	0.17	**1.04**	0.45	2.34	1.75

INTERIM REPORT JANUARY-JUNE 2012

OPERATING ENVIRONMENT

For the reporting period, the overall market activity was good in all of Outotec's market areas. Though some companies have announced revised investment plans, the mining and metals industry's investments in general were supported by a positive long-term outlook for metals demand.

Sales and tendering activities continued to be strong. Outotec has succeeded well in scaling up its delivery capacity. The competitive landscape remained relatively unchanged, however, varying by country and technology. Industry consolidation continued.

Despite continued macro-economic turbulence, investment financing continued to be available for customers with strong cash flows and balance sheets. Ever tightening environmental regulations were reflected in the growing demand for Outotec's sustainable technology solutions. In some projects prolonged approval times of a customer's environmental permits and the complexity of financing packages slowed down sales negotiations. Furthermore, in certain regions, political conditions are delaying investments in alternative energy solutions.

ORDER INTAKE

Order intake in the reporting period totaled EUR 1,160.8 million (Q1-Q2/2011: EUR 875.7 million), up 33% from the comparison period. Orders included plant, technology and equipment deliveries as well as services. Orders from EMEA (Europe including the CIS, Middle East and Africa) represented 61%, Americas 24% and Asia Pacific 15% of the total order intake. Orders received in the second quarter totaled EUR 735.5 million (Q2/2011: EUR 532.1 million). The second quarter order intake includes Cristal Global's ilmenite smelter order (EUR 350 million).

Published orders in the second quarter:

- Ilmenite smelter for Cristal Global, Saudi Arabia (value over EUR 350 million)
- Solvent extraction and electrowinning technology for Grupo México, Mexico (value approx. EUR 22 million)
- Iron ore sintering technology for BPSL, India (value approx. EUR 20 million)
- Filtration technology for MMX Mineração e Metálicos, Brazil (value some tens of millions of EUR)
- Filtration technology for lithium processing pilot plant for Corporación Minera de Bolivia, Bolivia (some millions of EUR)
- Flotation technology for Kennecott Utah Copper concentrator in the U.S. (booked in Q1 order intake)
- Iron ore pelletizing plant for Gol-E-Gohar Mining & Industrial, Iran (value approx. EUR 80-85 million with EUR 25 million booked in Q2 order intake)

Published orders in the first quarter:

- Concentrator technology for a slag treatment plant for Codelco, Chile (value some EUR 10 million)
- Gas cleaning system and a sulfuric acid plant for Kansanshi Mining, Zambia (value over EUR 80 million)
- Copper concentrator technology for Grupo México, Mexico (value nearly EUR 28 million)
- Feasibility study for a smelter-grade alumina refinery for PT ANTAM (Persero), Indonesia

ORDER BACKLOG

The order backlog at the end of the reporting period was EUR 2,218.4 million (June 30, 2011: EUR 1,664.1 million), up 33% from the comparison period. At the end of the reporting period, Outotec had 44 projects with an order backlog value in excess of EUR 10 million, accounting for 73% of the total backlog. Based on the quarter-end project evaluation, management estimates that roughly 42% (approximately EUR 930 million) of the June-end order backlog value will be delivered in 2012 and the rest in 2013 and beyond.

SALES AND FINANCIAL RESULT

Outotec's sales in the reporting period totaled EUR 934.8 million (Q1-Q2/2011: EUR 536.0 million), up 74% from the comparison period. Sales growth resulted from a strong opening order backlog, received new orders, good execution in plant, technology and equipment deliveries as well as service sales growth. Foreign exchange rates did not have material effect on sales growth. Sales in the second quarter of 2012 totaled EUR 524.4 million (Q2/2011: EUR 288.4 million), up 82% from the comparison period.

Sales in the Services business, which is included in the sales figures of the three reporting segments totaled EUR 190.2 million in the reporting period (Q1-Q2/2011: EUR 146.7 million), up 30% from the comparison period and accounting for 20% of Outotec's sales (Q1-Q2/2011: 27%). Sales in the Services business in the second quarter of 2012 totaled EUR 100.7 million (Q2/2011: EUR 75.6 million), up 33% from the comparison period and accounting for 19% of Outotec's sales (Q2/2011: 26%).

Operating profit from business operations in the reporting period was EUR 75.1 million (Q1-Q2/2011: EUR 32.3 million), up 133% from the comparison period and representing 8.0% of sales (Q1-Q2/2011: 6.0%). The operating profit margin in the reporting period was improved by sales growth, license fees and successful project completions. Furthermore, the unrealized and realized exchange losses of EUR 3.8 million (Q1-Q2/2011: gain of EUR 4.8 million) related to currency forward contracts decreased the operating profit margin. Operating profit for the reporting period was EUR 68.4 million (Q1-Q2/2011: EUR 29.8 million), representing 7.3% of sales (Q1-Q2/2011: 5.6% of sales). The total impact of PPA amortizations in the reporting period was EUR 6.0 million (Q1-Q2/2011: EUR 2.4 million). The increase in the PPA amortizations primarily resulted from the Energy Products of Idaho and Kiln Services Australia acquisitions in December 2011. In 2012, the total impact for PPA amortizations from completed acquisitions is estimated to be approximately EUR 12 million. One-time costs which were related to acquisition costs were EUR 0.7 million (Q1-Q2/2011: no one-time costs) in the reporting period. Operating profit from business operations in the second quarter of 2012 was EUR 44.5 million (Q2/2011: EUR 12.1 million), representing 8.5% of sales (Q2/2011: 4.2%) and operating profit was EUR 40.8 million (Q2/2011: EUR 10.9 million), representing 7.8% of sales (Q2/2011: 3.8%).

Fixed costs in the reporting period were EUR 121.8 million (Q1-Q2/2011: EUR 101.0 million). The increase was primarily due to increased personnel in project implementation and services, expanding Outotec's market reach as well as continued investments in developing and deploying the company's global operational model. In addition, fixed costs increased due to R&D investments and acquisitions. Profit before taxes in the reporting period was EUR 67.9 million (Q1-Q2/2011: EUR 29.2 million). It included a net finance expenses of EUR 0.5 million (Q1-Q2/2011: net finance expenses EUR 0.6 million). Net profit for the reporting period was EUR 47.3 million (Q1-Q2/2011: EUR 20.4 million). Taxes totaled EUR 20.5 million (Q1-Q2/2011: EUR 8.8 million). Earnings per share were EUR 1.04 (Q1-Q2/2011: EUR 0.45), up 131%.

Outotec's return on equity for the reporting period was 23.2% (Q1-Q2/2011: 11.8%), and the return on investment was 29.7% (Q1-Q2/2011: 16.6%).

Sales and Operating Profit by Segment EUR million	**Q2 2012**	Q2 2011	**Q1-Q2 2012**	Q1-Q2 2011	Q1-Q4 2011
Sales					
Non-ferrous Solutions	**335.9**	191.4	**596.5**	353.4	947.6
Ferrous Solutions	**81.8**	42.6	**151.8**	86.3	221.1
Energy, Light Metals and Environmental Solutions	**106.8**	57.7	**192.7**	103.8	236.1
Unallocated items*) and intra-group sales	**0.0**	-3.4	**-6.3**	-7.5	-19.2
Total	**524.4**	288.4	**934.8**	536.0	1,385.6
Operating profit					
Non-ferrous Solutions	**35.0**	12.6	**60.4**	30.7	107.7
Ferrous Solutions	**2.2**	-1.9	**7.6**	1.3	6.7
Energy, Light Metals and Environmental Solutions	**7.3**	5.2	**11.2**	8.6	23.8
Unallocated**) and intra-group items	**-3.6**	-5.0	**-10.8**	-10.7	-26.3
Total	**40.8**	10.9	**68.4**	29.8	111.9

*) Unallocated items primarily include invoicing of group management and administrative services.

**) Unallocated items primarily include group management and administrative services

Non-ferrous Solutions

Sales in the Non-ferrous Solutions business area in the reporting period totaled EUR 596.5 million (Q1-Q2/2011: EUR 353.4 million), up 69% from the comparison period. The increase was due to progress in deliveries from order backlog, continued strong order intake and growth in Services sales. The operating profit from business operations in the reporting period was EUR 62.2 million, 10.4% of sales (Q1-Q2/2011: EUR 32.8 million, 9.3% of sales) and operating profit was EUR 60.4 million, 10.1% of sales (Q1-Q2/2011: EUR 30.7 million, 8.7% of sales). The unrealized and realized exchange losses related to currency forward contracts decreased profitability by EUR 1.0 million (Q1-Q2/2011: gain of EUR 4.2 million).

In the second quarter of 2012, sales were EUR 335.9 million (Q2/2011: EUR 191.4 million), operating profit from business operations was EUR 36.0 million, 10.7% of sales (Q2/2011: EUR 13.7 million, 7.2% of sales) and operating profit EUR 35.0 million, 10.4% of sales (Q2/2011: EUR 12.6 million, 6.6% of sales). The unrealized and realized exchange losses related to currency forward contracts decreased profitability by EUR 1.8 million (Q2/2011: gain of EUR 0.3 million).

Ferrous Solutions

Sales in the Ferrous Solutions business area for the reporting period totaled EUR 151.8 million (Q1-Q2/2011: EUR 86.3 million), up 76% from the comparison period. The increase was due to the execution of long-term projects from the backlog and growth in Services sales. Operating profit from business operations in the reporting period was EUR 8.2 million, 5.4% of sales (Q1-Q2/2011: EUR 1.3 million, 1.5% of sales) and operating profit was EUR 7.6 million, 5.0% of sales (Q1-Q2/2011: EUR 1.3 million, 1.5% of sales). Operating profit improved due to higher sales which resulted from progress of large projects received in 2011. The unrealized and realized exchange losses related to currency forward contracts decreased profitability by EUR 0.4 million (Q1-Q2/2011: loss of EUR 0.1 million).

In the second quarter of 2012, sales were EUR 81.8 million (Q2/2011: EUR 42.6 million). Operating profit from business operations was EUR 2.7 million, 3.3% of sales (Q2/2011: EUR -1.9 million, -4.5% sales) and operating profit EUR 2.2 million, 2.6% of sales (Q2/2011: EUR -1.9 million, -4.5% of sales). The unrealized and realized exchange losses related to currency forward contracts decreased profitability by EUR 0.3 million (Q2/2011: loss of EUR 0.0 million).

Energy, Light Metals and Environmental Solutions

Sales in the Energy, Light Metals and Environmental Solutions business area in the reporting period totaled EUR 192.7 million (Q1-Q2/2011: EUR 103.8 million), up 86% from the comparison period. The increase was due to the good progress in the execution of long-term projects, acquisitions and growth in Services sales. Operating profit from business operations for the reporting period was EUR 15.4 million, 8.0% of sales (Q1-Q2/2011: EUR 8.9 million, 8.5% of sales) and operating profit was EUR 11.2 million, 5.8% of sales (Q1-Q2/2011: EUR 8.6 million, 8.3% of sales). Operating profit in the reporting period was improved by successful project completions. Unrealized and realized exchange losses of EUR 2.1 million (Q1-Q2/2011: gain of EUR 0.7 million) related to currency forward contracts weakened the profitability.

In the second quarter of 2012, sales were EUR 106.8 million (Q2/2011: EUR 57.7 million), operating profit from business operations was EUR 9.5 million, 8.9% of sales (Q2/2011: EUR 5.4 million, 9.3% of sales) and operating profit EUR 7.3 million, 6.9% of sales (Q2/2011: EUR 5.2 million, 9.1% of sales). The unrealized and realized exchange losses related to currency forward contracts decreased profitability by EUR 1.5 million (Q2/2011: gain of EUR 0.6 million).

BALANCE SHEET, FINANCING AND CASH FLOW

The consolidated balance sheet total was EUR 1,530.4 million at the end of the reporting period (June 30, 2011: EUR 1,195.6 million). The equity to shareholders of the parent company was EUR 414.5 million (June 30, 2011: EUR 335.1 million), representing EUR 9.11 (June 30, 2011: EUR 7.38) per share.

The net cash flow from operating activities in the reporting period was EUR 66.9 million (Q1-Q2/2011: EUR 105.7 million). The reporting period's cash flow from operating activities was impacted by change in working capital including received advance payments and increased inventory levels due to business growth. Gearing for the reporting period was -80.5% (June 30, 2011: -74.6%).

Outotec's working capital amounted to EUR -271.0 million at the end of the reporting period (June 30, 2011: EUR -196.5 million). The advance and milestone payments at the end of the reporting period were EUR 465.2 million (June 30, 2011: EUR 289.2 million), representing an increase of 61% from the comparison period reflecting the strong order intake.

At the end of the reporting period, Outotec's cash and cash equivalents totaled EUR 393.7 million (June 30, 2011: EUR 313.5 million). Cash and cash equivalents was affected by the dividend payment of EUR 38.9 million (EUR 0.85 per share) on April 11, 2012 (April 2011: EUR 34.3 million) and acquisitions. The company invests excess cash in short-term money market instruments such as bank deposits and corporate commercial certificates of deposit. In addition, Outotec had EUR 150 million of committed undrawn credit facilities available at the end of the reporting period.

Outotec's financing structure continued to strengthen and liquidity was good. Net interest-bearing debt at the end of the reporting period was EUR -334.7 million (June 30, 2011: EUR -250.6 million). Outotec's equity-to-assets ratio was 39.0% (June 30, 2011: 37.1%). The company's capital expenditure in the reporting period was EUR 34.0 million (Q1-Q2/2011: EUR 14.8 million) including acquisitions as well as investments in IT systems, R&D related equipment and intellectual property rights.

At the end of the reporting period, guarantees for commercial commitments, including advance payment guarantees issued by the parent and other Group companies were EUR 513.9 million (June 30, 2011: EUR 377.6 million).

CORPORATE STRUCTURE

On June 1, 2012 Outotec completed the acquisition of Demil Manutenção Industrial Ltda. The Brazilian company provides industrial maintenance services for iron ore agglomeration plants and is located in Guarapari, Espírito Santo.

On March 12, Outotec acquired all of the shares in Numcore Ltd, which is a technology company that develop and market innovative online process control solutions based on 3D imaging.

In 2012, the total impact for PPA amortizations from completed acquisitions is estimated to be approximately EUR 12 million.

RESEARCH AND TECHNOLOGY DEVELOPMENT

In the reporting period, Outotec's research and technology development expenses totaled EUR 18.8 million (Q1-Q2/2011: EUR 15.2 million), increasing 23% from the comparison period and representing 2.0% of sales (Q1-Q2/2011: 2.8%). Outotec filed 30 new priority applications (Q1-Q2/2011: 18), and 109 new national patents were granted (Q1-Q2/2011: 131). At the end of the reporting period, Outotec had 601 patent families, including a total of 5,520 national patents or patent applications.

In April Outotec launched the world's largest flotation cell, the Outotec TankCell® e500. It has been designed for plants with high material throughputs such as large copper and gold concentrators. Outotec offers the broadest size range of flotation cells on the market (from 5 m^3 to 500 m^3) which allows for a flexible layout with symmetrical design. Benefits include lower equipment costs and energy consumption, less installation work as well as a smaller plant footprint. Fewer units per installation result in fewer components, spare parts and maintenance.

In April Outotec received exclusive rights from Swiss Tower Mills Minerals Ltd to distribute and sell its Tower Mills (STM) grinding technology. High-intensity grinding mills marketed as Outotec® HIGmill bring a new option to the market, enabling Outotec to compete for the position of market leader in fine and ultra-fine grinding.

Based on the cooperation agreement with the Ministry of Minerals Resources and Energy of Mongolia Outotec was organizing in Finland together with Aalto University a training course in Minerals Engineering and Metallurgy for Mongolian Bachelor of Science Graduates. The training was held from April to June and totally 10 B.Sc. students were participating in the course.

Outotec is providing a continuously processing Minipilot Plant for ore beneficiation to the Oulu Mining School at the University of Oulu. The minipilot has a scale of 1:5000 and it is based on the Pyhäsalmi Mine's beneficiation process. The pilot equipment is based on Outotec's technologies and it gives almost an authentic education and research environment for the minerals processing students of Oulu Mining School.

In March Outotec launched the Outotec® Larox PF 180, the world's largest pressure filter. The PF 180 series are 50% larger than the previous model.

SUSTAINABILITY

On April 3, 2012, Outotec published its sustainability report for 2011, which is based on the Global Reporting Initiative (GRI) guidelines. The report conforms to Application Level B+ and is third-party assured by Ecobio Ltd.

PERSONNEL

At the end of the reporting period, Outotec had a total of 4,525 employees (June 30, 2011: 3,496). New employees were primarily recruited for project implementation and for the service business. In addition, acquisitions increased personnel from the comparison period by 305. Outotec had on average 4,202 employees (Q1-Q2/2011: 3,325). The average number of personnel grew by 877 compared to the comparison period, which supports overall business growth objectives. Temporary personnel accounted for approximately 10% (Q1-Q2/2011: 10%) of the total number of employees.

Distribution of Personnel by Region	**June 30, 2012**	June 30, 2011	**change %**	Dec 31, 2011
EMEA (including CIS)	**2,561**	2,164	**18.3**	2,327
Americas	**1,351**	837	**61.4**	972
Asia Pacific	**613**	495	**23.8**	584
Total	**4,525**	3,496	**29.4**	3,883

At the end of the reporting period, the company had, in addition to its own personnel, approximately 660 (June 30, 2011: 430) full-time equivalent, contracted professionals working in project execution. The number of contracted workers at any given time changes with the active project mix and project commissioning, local legislation and regulations as well as seasonal fluctuations.

In the reporting period, salaries and other employee benefits totaled EUR 164.3 million (Q1-Q2/2011: EUR 133.2 million). The increase from the comparison period was due to personnel additions, wage inflation and wage increases.

SHARE-BASED INCENTIVE PROGRAM

Outotec's board of directors decided on April 23, 2010 to adopt a share-based incentive program 2010-2012 for the company's key personnel.

Earning period 2010

Total of 138,144 Outotec shares were allocated for the 2010 earning period with a cost of approximately EUR 9.6 million which is booked for the financial periods 2010-2012.

Earning period 2011

Total of 130,063 Outotec shares were allocated for the 2011 earning period with a cost of approximately EUR 9.6 million which is booked for the financial periods 2011-2013.

Earning period 2012

The board of directors approved (March 28, 2012) 148 individuals for the program's 2012 earning period and set targets for order intake, earnings per share and sales growth. The maximum total reward for 2012 earning period, depending on achievement of set targets, is 194,875 allocated Outotec shares and cash to cover income taxes.

SHARES AND SHARE CAPITAL

Outotec's shares are listed on the NASDAQ OMX Helsinki (OTE1V). At the end of the reporting period, Outotec's share capital was EUR 17,186,442.52 consisting of 45,780,373 shares. Each share entitles its holder to one vote at the company's general shareholder meetings.

Board authorizations

The annual general meeting 2012 authorized Outotec's board of directors to determine the repurchasing of the company's own shares, and to issue new shares. The maximum number of shares related to both authorizations is 4,578,037. The authorizations shall be in force until the next annual general meeting.

The annual general meeting further gave the board of directors the authority to donate an aggregate amount of 100,000 euro to non-profit purposes or to universities. Authorization shall be in force until December 31, 2012.

The board has not yet executed these authorizations as of July 27, 2012.

TRADING, MARKET CAPITALIZATION AND SHAREHOLDERS

In the reporting period, the volume-weighted average price for a share in the company was EUR 38.01; the highest quotation for a share was EUR 46.67 and the lowest EUR 30.31. The trading of Outotec shares in the reporting period exceeded 48 million shares, with a total value of over EUR 1,828 million. At the end of the reporting period, Outotec's market capitalization was EUR 1,644 million and the last quotation for a share was EUR 35.91. At the end of the reporting period, the company did not hold any treasury shares for trading purposes.

Outotec has an agreement with a third-party service provider concerning the administration and hedging of the share-based incentive program for key personnel. These shares are accounted as treasury shares in Outotec's consolidated balance sheet. At the end of the reporting period, the amount of these treasury shares was 64 327 (March 31, 2012: 194,390). 130 063 shares were allocated as part of the long-term incentive plans in the reporting period.

Outotec has consolidated Outotec Management Oy into the Group's balance sheet. At the end of the reporting period, Outotec Management Oy held 203,434 or 0.44% (July 27, 2012: 203,434) Outotec shares which have been accounted as treasury shares in Outotec's balance sheet.

At the end of the reporting period, Outotec had 14,308 shareholders. Shares held in 17 nominee registers accounted for 50.7% and Finnish households held 10.5% of all Outotec shares.

Changes in share holdings

On April 18, 2012 holdings of BlackRock, Inc. - voting right held by BlackRock Investment Management (UK) Limited - in shares of Outotec Oyj exceeded 5% and were 2,311,857 shares representing 5.05% of the shares and votes.

On March 6, 2012 holdings of Solidium Oy in shares of Outotec Oyj exceeded 5% and were 2,314,000 shares representing 5.05% of the shares and votes.

On March 1, 2012 group holdings of Goldman Sachs Group, Inc. in shares of Outotec Oyj exceeded 5% and were 2,458,638 shares representing 5.37% of the shares and votes and fell below 5% on March 2, 2012 and were 191,499 shares representing 0.42% of the shares and votes.

EVENTS AFTER THE REPORTING PERIOD

On July 10, 2012, Outotec announced an agreement to acquire the business of Australian-owned TME Group. TME is a mining services company providing grinding mill relining and mineral processing plant maintenance services to customers - primarily in Australia, Africa and Southeast Asia. With annual sales of approximately EUR 35 million, TME has 130 permanent employees and offices throughout Australia and South Africa. The completion of the transaction is subject to certain conditions expected to be fulfilled by the end of August 2012. The acquisition price was not disclosed.

On July 10, 2012, Outotec announced that it had been awarded multiple orders, totaling EUR 265 million, for technology deliveries to National Iranian Copper Industries Company's copper and molybdenum projects in Iran. Approximately EUR 58 million of these contracts will be booked in Outotec's third quarter order intake with the revenues gradually recognized during 2012-2016.

SHORT-TERM RISKS AND UNCERTAINTIES

Risks related to the global operating environment

Uncertainty in financial and banking markets has increased, which together with potential further escalation of sovereign debt crisis may have a negative impact on the global economy and investment decisions of Outotec's customers. Outotec's global business operations are subject to various political, economic and social conditions. Conditions may rapidly change and create delays and changes in order placement and execution as well as in the availability and conditions of project financing for mining companies. Political unrest or trade restrictions may cause delays or even prevent project execution.

Risks related to Outotec's business

As part of its overall project delivery, Outotec often gives performance guarantees and takes liabilities for the warranty period defects. Projects in Outotec's order backlog may contain risks related to delivery, quality, functionality or costs. Large turnkey projects may involve more risks for example due to their complex scope, long delivery time and contractual liabilities.

According to standard practice, all unfinished projects are evaluated quarterly and provisions for performance guarantees and warranty period guarantees are updated.

Sales negotiations, especially in large projects, may advance more slowly due to scope, permitting and complexity of financing packages. Outotec may operate in politically unstable countries where potential economic sanctions and possible future changes in the regulatory framework may have an adverse effect on Outotec's business operations. In these cases, Outotec aims to mitigate project contract risks through advance and milestone payments as well as gradual booking of orders in backlog according to actual project progress. This significantly reduces the company's risk and financing requirement related to these projects. Outotec also assesses a customer's creditworthiness and ability to meet its obligations. Furthermore, global competitive landscape may change and intensify due to industry consolidation.

Global economic uncertainty may reduce the demand for Outotec's products and services. Outotec's gross margin fluctuates according to product mix and timing of project execution. Particularly orders which include license fees may have a major impact on the gross margin. Changes in labor costs, especially when operating in high inflationary countries, as well as changes in raw materials and subcontracting prices and component availability can also affect Outotec's profitability. Outotec hedges these risks mostly contractually.

Outotec follows the percentage of completion method for the project revenue recognition. Based on project time schedules, management estimates the revenues to be recognized from the order backlog for the calendar year. Thus, deviations in project time schedules may have an impact on the company's financial projections.

Availability of skilled personnel is important for the growth of Outotec's business. Especially in some fast growing market areas and challenging project environments personnel resourcing may be challenging. Business growth, which is in line with Outotec's strategy, results in a permanent increase to the workforce raising the company's fixed cost base and lowering cost structure adjustability.

The nature of international business, different interpretations of international and local tax rules and regulations may cause additional direct or indirect taxes for Outotec thus reducing the company's net result.

Acquisitions are an integral part of Outotec's growth strategy. There is a risk that the estimated synergy benefits will not materialize as planned. Goodwill may be generated through acquisitions. The company annually conducts goodwill impairment tests.

Outotec is involved in a few arbitral and court proceedings. Management expects that these cases and their outcomes will have no material effect on Outotec's financial result.

Financial risks

There is a risk that customers and suppliers may experience financial difficulties and a lack of financing may result in project and payment delays or bankruptcies, which can also result in losses for Outotec. These risks can be reduced by advance and milestone payments as well as letters of credit or other trade finance instruments. According to standard practice, all receivables are evaluated quarterly and credit loss provisions are updated.

Outotec's business model is primarily based on customer advance and milestone payments and on-demand guarantees issued by Outotec's relationship banks. Exposure to on-demand guarantees has remained normal. Changes in advance payments received due to changes in business volume or industry's business practices may have an impact on the company's liquidity. Securing the continuity of Outotec business operations requires that the company has sufficient funding available under all circumstances. Cash held by the company is primarily invested in short-term bank deposits and in Finnish corporate short-term certificates of deposit.

More than 50% of Outotec's total cash flow is denominated in euros. The rest is divided among various currencies, including the Australian dollar, US dollar, Brazilian real, Canadian dollar, and South African rand. The weight of any given currency in new projects can substantially fluctuate, but most cash-flow-related risks are hedged in the short- and long-term. In the short-term, currency fluctuations may create volatility in the operating profit. The forecasted and probable cash flows are selectively hedged and are always subject to separate decisions and risk analysis. Natural hedging is used as widely as possible and the remaining open foreign exchange exposures related to committed cash flows are fully hedged using primarily forward agreements. The cost of hedging is taken into account in project pricing.

The company is closely monitoring the developments in the EURO currency and has internal policies for managing business in the potentially affected countries.

MARKET OUTLOOK

The long-term outlook for metals demand is expected to remain good and support further investments in new production capacity, modernizations and services since current production capacity and ongoing investments in new capacity are not sufficient to fulfill the metals demand for the emerging market infrastructure development and growing middle class. In addition, industry-specific trends such as declining ore grades, scarcity of water, higher energy prices, global relocation of production and stricter environmental regulations increase the need for more sustainable technology. According to a number of large mining companies' announcements, their CAPEX spending in 2012 will remain high and Outotec expects good demand from all market areas. However, the potential escalation of Euro zone crisis and other uncertainties of the world economy may cause Outotec's customers to delay their investment decisions.

Many countries are developing new export regulations to increase their value capture from their natural resources and promote domestic industries, which creates additional business opportunities for Outotec. Financial resources continue to be available for good projects and for companies with strong cash flows and balance sheets. Export financing agencies are also actively involved. However, in general customer expectations for return on investments are higher.

In the Non-ferrous Solutions business area, the demand for copper, gold and silver technologies is expected to continue. Activity is seen in the entire ore-to-metal technology value chain and in several markets such as Southeast Asia, Sub-Saharan Africa, the CIS, South America and the Middle East. The Services business is expected to continue to grow strongly driven by customers' high capacity utilization rates and aging plant and equipment base. There are no material changes expected to the business area's competitive landscape. Competition for new projects remains tight but varies by market and offering. The business area's deliveries include technology and service solutions ranging from spare parts to equipment as well as entire plant solutions.

In the Ferrous Solutions business area, the solid demand for iron ore and ferroalloy technologies is expected to continue. Good potential for new orders is seen primarily in iron ore beneficiation and agglomeration technologies in India and Brazil. The depletion of lump ore deposits is driving sinter and pellet plant investments. There are also additional opportunities for sustainable technologies in China due to the increased environmental awareness. Strong demand for Outotec's energy efficient ferrochrome technologies is expected to continue. Deliveries in the Ferrous Solutions business area are primarily large, turnkey projects and fluctuations in sales and profit recognition based on the timing and completion level of a particular project are inherent in this type of business.

The Energy, Light Metals and Environmental Solutions business area continues to see solid demand in alternative energy solutions as well as aluminum and sulfuric acid technologies. There continues to be a high demand in the Middle East for aluminum refining and smelting technologies. Sulfuric acid technologies are needed in different markets to replace old and inefficient capacity and in metals production - especially in capturing sulfur dioxide at copper and nickel smelters - as well as to grow the fertilizer industry, which needs to meet the growing fertilizer demand. These investments are also driven by stricter environmental regulations as well as the relocation of production due to cost factors. The demand is growing in alternative energy-based solutions such as biomass and waste-to-energy technologies but also oil sands and oil shale technologies. However, energy-driven investments are large strategic investments and thus often impacted by governmental regulations and ruling, which sometimes results in a longer decision making process. The global market for industrial water treatment solutions continues to be active with many feasibility studies ongoing. Industrial water treatment projects are driven by tighter regulations for water purification and recycling. Deliveries in the Energy, Light Metals and Environmental Solutions business area are primarily large, turnkey projects and fluctuations in sales and profit recognition based on the timing and completion level of a particular project are inherent in this type of business.

The Services business in general is driven by industry’s capacity utilization rates, long lifetime and performance improvements of processing plants as well as increasingly more challenging raw materials. Growth in Services business is mainly achieved by further penetrating Outotec’s large installed base, new CAPEX orders and customer capacity utilization rates. Modernizations, which require relatively short downtime, are done to optimize metals recovery and reduce operating costs. Spare and wear parts are needed as capacity utilization rates are high. In addition to traditional service offerings, more and more customers are interested in “operate and maintain” -types of services due to a lack of skilled employees and increasingly challenging raw materials.

Outotec’s global supply network includes thousands of partners and because of its scalability, it allows for a flexible delivery capacity and relatively fast adoption to changes in the demand. There are no signs of change in delivery times or the subcontractor network.

REVISED FINANCIAL GUIDANCE FOR 2012

Outotec revises its sales guidance for 2012. Based on the first six months financial performance, strong order backlog at the end of June, market outlook and customer tendering activity, the management expects that in 2012:

- sales will grow to approximately EUR 1.8-2.0 billion, especially driven by the project revenue recognition, and
- operating profit margin from business operations will be approximately 9-10% (excluding one-time items and PPA amortizations).

Achieving the guidance is subject to sales mix and relative share of Services, fluctuation in foreign exchange rates, project progress in the order backlog, timing of new orders, license fee income and project completions as well as the general development of the world economy and financial markets.

PREVIOUS FINANCIAL GUIDANCE FOR 2012

Based on a strong order backlog at the end of 2011, market outlook and customer tendering activity, management expects that in 2012:

- sales will grow to approximately EUR 1.7-1.9 billion, and
- operating profit margin from business operations will be approximately 9-10% (excluding one-time items and PPA amortizations).

Achieving the guidance is subject to the general development of the world economy and financial markets, project progress in the order backlog, exchange rates, product mix, timing of new orders, license fee income and project completions.

Espoo, July 27, 2012

Outotec Oyj
Board of Directors

INTERIM FINANCIAL STATEMENTS (unaudited)

Consolidated Statement of Comprehensive Income EUR million	**Q2** **2012**	Q2 2011	**Q1-Q2** **2012**	Q1-Q2 2011	Q1-Q4 2011
Sales	**524.4**	288.4	**934.8**	536.0	1,385.6
Cost of sales	**-417.3**	-228.3	**-739.9**	-410.0	-1,053.1
Gross profit	**107.1**	60.2	**194.9**	125.9	332.5
Other income	**0.1**	1.2	**0.2**	5.4	3.9
Selling and marketing expenses	**-26.1**	-21.8	**-49.8**	-41.6	-86.4
Administrative expenses	**-25.8**	-20.6	**-53.2**	-44.1	-97.7
Research and development expenses	**-9.7**	-7.7	**-18.8**	-15.2	-33.5
Other expenses	**-4.7**	-0.3	**-4.9**	-0.5	-6.7
Share of results of associated companies	**-0.1**	-0.0	**-0.1**	-0.0	-0.0
Operating profit	**40.8**	10.9	**68.4**	29.8	111.9
Finance income and expenses					
Interest income and expenses	**1.2**	1.2	**3.1**	2.3	6.0
Market price gains and losses	**-0.8**	-0.3	**-0.4**	-0.7	-0.3
Other finance income and expenses	**-1.2**	-0.6	**-3.2**	-2.2	-4.4
Net finance income and expenses	**-0.7**	0.3	**-0.5**	-0.6	1.4
Profit before income taxes	**40.1**	11.2	**67.9**	29.2	113.3
Income tax expenses	**-12.1**	-3.3	**-20.5**	-8.8	-34.0
Profit for the period	**28.0**	7.8	**47.3**	20.4	79.3
Other comprehensive income					
Exchange differences on translating foreign operations	**5.9**	0.1	**4.7**	-9.6	-3.9
Cash flow hedges	**-2.4**	0.0	**-0.7**	-0.0	-4.3
Income tax relating to cash flow hedges	**0.8**	-0.0	**0.2**	0.0	1.3
Available for sale financial assets	**-0.1**	-0.3	**-0.1**	-0.1	-0.2
Other comprehensive income for the period	**4.2**	-0.1	**4.2**	-9.6	-7.2
Total comprehensive income for the period	**32.2**	7.7	**51.5**	10.8	72.1
Profit for the period attributable to:					
Equity holders of the parent company	**28.0**	7.8	**47.3**	20.4	79.3
Non-controlling interest	-	-	-	-	-
Total comprehensive income for the period attributable to:					
Equity holders of the parent company	**32.2**	7.7	**51.5**	10.8	72.1
Non-controlling interest	**-**	-	**-**	-	-
Earnings per share for profit attributable to the equity holders of the parent company:					
Basic earnings per share, EUR	**0.62**	0.17	**1.04**	0.45	1.75
Diluted earnings per share, EUR	**0.62**	0.17	**1.04**	0.45	1.75

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

Condensed Consolidated Statement of Financial Position EUR million	**June 30, 2012**	June 30, 2011	December 31, 2011
ASSETS			
Non-current assets			
Intangible assets	**305.1**	223.5	286.8
Property, plant and equipment	**67.5**	53.7	62.5
Deferred tax asset	**50.3**	41.5	47.3
Non-current financial assets			
Interest-bearing	**2.4**	2.4	2.4
Non interest-bearing	**1.9**	2.6	2.5
Total non-current assets	**427.2**	323.6	401.5
Current assets			
Inventories *)	**197.8**	164.6	148.6
Current financial assets			
Interest-bearing	**1.6**	0.5	0.7
Non interest-bearing	**510.1**	393.4	468.1
Cash and cash equivalents	**393.7**	313.5	402.5
Total current assets	**1,103.2**	871.9	1,019.9
TOTAL ASSETS	**1,530.4**	1,195.6	1,421.4
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the parent company	**414.5**	335.1	398.4
Non-controlling interest	**1.2**	1.0	1.1
Total equity	**415.7**	336.1	399.5
Non-current liabilities			
Interest-bearing	**41.9**	51.8	47.6
Non interest-bearing	**97.7**	103.0	107.0
Total non-current liabilities	**139.6**	154.8	154.6
Current liabilities			
Interest-bearing	**21.2**	14.0	18.9
Non interest-bearing			
Advances received **)	**465.2**	289.2	399.0
Other non interest-bearing liabilites	**488.8**	401.4	449.4
Total current liabilities	**975.1**	704.7	867.3
Total liabilities	**1,114.7**	859.5	1,021.9
TOTAL EQUITY AND LIABILITIES	**1,530.4**	1,195.6	1,421.4

*) Of which advances paid for inventories amounted to EUR 38.7 million on June 30, 2012 (June 30, 2011: EUR 28.4 million, December 31, 2011: EUR 43.5 million).

**) Gross advances received before percentage of completion revenue recognition amounted to EUR 1,560.1 million on June 30, 2012 (June 30, 2011: EUR 1,244.0 million, December 31, 2011: EUR 1,462.3 million).

Condensed Consolidated Statement of Cash Flows EUR million	**Q1-Q2** **2012**	Q1-Q2 2011	Q1-Q4 2011
Cash flows from operating activities			
Profit for the period	**47.3**	20.4	79.3
Adjustments for			
Depreciation and amortization	**14.8**	9.3	19.4
Other adjustments	**18.9**	10.2	28.6
Decrease in working capital	**1.3**	83.8	134.4
Interest received	**4.0**	3.2	8.0
Interest paid	**-1.1**	-0.7	-2.0
Income tax paid	**-18.3**	-20.5	-20.8
Net cash from operating activities	**66.9**	105.7	247.0
Purchases of assets	**-21.1**	-13.2	-34.4
Acquisition of subsidiaries and business operations, net of cash	**-11.6**	-	-34.5
Acquisition of shares in associated companies	**-**	-	-0.1
Proceeds from disposal of subsidiaries	**-**	-	0.0
Proceeds from sale of assets	**0.1**	0.6	1.4
Change in other investing activities	**-0.1**	-0.0	-0.1
Net cash used in investing activities	**-32.6**	-12.6	-67.7
Cash flow before financing activities	**34.3**	93.1	179.3
Repayments of non-current debt	**-4.5**	-6.0	-11.5
Decrease in current debt	**-1.4**	-10.3	-4.9
Increase in current debt	**0.6**	0.0	0.0
Related party net investment to Outotec Oyj shares *)	**-0.2**	-	-0.2
Dividends paid	**-38.9**	-34.3	-34.3
Change in other financing activities	**-0.5**	-0.0	0.4
Net cash used in financing activities	**-44.9**	-50.7	-50.6
Net change in cash and cash equivalents	**-10.6**	42.4	128.8
Cash and cash equivalents at the beginning of the period	**402.5**	280.3	280.3
Foreign exchange rate effect on cash and cash equivalents	**1.8**	-9.1	-6.6
Net change in cash and cash equivalents	**-10.6**	42.4	128.8
Cash and cash equivalents at the end of the period	**393.7**	313.5	402.5

*) Consolidation of Outotec Management Oy (incentive plan for Outotec’s executive board members). At the end of the reporting period, Outotec Management Oy held 203,434 (December 31, 2011: 199,747) Outotec shares which have been accounted as treasury shares in Outotec's consolidated statement of financial position.

Consolidated Statement of Changes in Equity

EUR million	Attributable to the equity holders of the parent company								Non-controll-ing interest	Total equity
	Share capital	Share premium fund	Other reserves	Fair value reserves	Treasury shares	Reserve for invested non-restricted equity	Cumulative translation differences	Retained earnings		
Equity on January 1, 2011	17.2	20.2	0.4	2.1	-9.7	87.7	29.0	210.0	1.0	357.7
Dividends paid	-	-	-	-	-	-	-	-34.3	-	-34.3
Management incentive plan for Outotec Executive Board *)	-	-	-	-	-	-	-	-	0.0	0.0
Share-based compensation	-	-	-	-	2.4	-	-	-1.0	-	1.4
Total comprehensive income for the period	-	-	-	-0.1	-	-	-9.6	20.4	-	10.8
Other changes	-	-	0.0	-	-	-	-	0.4	-	0.4
Equity on June 30, 2011	17.2	20.2	0.4	2.0	-7.3	87.7	19.4	195.4	1.0	336.1
Equity on January 1, 2012	17.2	20.2	0.4	-1.2	-7.5	87.7	25.1	256.5	1.1	399.5
Dividends	-	-	-	-	-	-	-	-38.9	-	-38.9
Management incentive plan for Outotec Executive Board *)	-	-	-	-	-0.2	-	-	-	0.1	-0.1
Share-based compensation	-	-	-	-	1.5	-	-	1.9	-	3.4
Total comprehensive income for the period	-	-	-	-0.6	-	-	4.7	47.3	-	51.5
Other changes	-	-	0.0	-	-	-	-	0.4	-	0.4
Equity on June 30, 2012	**17.2**	**20.2**	**0.5**	**-1.7**	**-6.2**	**87.7**	**29.8**	**267.2**	**1.2**	**415.7**

*) Consolidation of Outotec Management Oy (incentive plan for Outotec's executive board members). At the end of the reporting period, Outotec Management Oy held 203,434 (December 31, 2011: 199,747) Outotec shares which have been accounted as treasury shares in Outotec's consolidated statement of financial position.

Key figures	Q2 2012	Q2 2011	Q1-Q2 2012	Q1-Q2 2011	Last 12 months	Q1-Q4 2011
Sales, EUR million	**524.4**	288.4	**934.8**	536.0	1,784.4	1,385.6
Gross margin, %	**20.4**	20.9	**20.9**	23.5	22.5	24.0
Operating profit, EUR million	**40.8**	10.9	**68.4**	29.8	150.5	111.9
Operating profit margin, %	**7.8**	3.8	**7.3**	5.6	8.4	8.1
Profit before taxes, EUR million	**40.1**	11.2	**67.9**	29.2	151.9	113.3
Profit before taxes in relation to sales, %	**7.7**	3.9	**7.3**	5.5	8.5	8.2
Net cash from operating activities, EUR million	**57.0**	45.9	**66.9**	105.7	208.2	247.0
Net interest-bearing debt at the end of period, EUR million	**-334.7**	-250.6	**-334.7**	-250.6	-334.7	-339.1
Gearing at the end of period, %	**-80.5**	-74.6	**-80.5**	-74.6	-80.5	-84.9
Equity-to-assets ratio at the end of period, %	**39.0**	37.1	**39.0**	37.1	39.0	39.1
Working capital at the end of period, EUR million	**-271.0**	-196.5	**-271.0**	-196.5	-271.0	-270.3
Capital expenditure, EUR million	**20.0**	11.3	**34.0**	14.8	117.5	98.3
Capital expenditure in relation to sales, %	**3.8**	3.9	**3.6**	2.8	6.6	7.1
Return on investment, %	**33.4**	12.0	**29.7**	16.6	35.2	26.4
Return on equity, %	**28.1**	9.4	**23.2**	11.8	28.3	20.9
Order backlog at the end of period, EUR million	**2,218.4**	1,664.1	**2,218.4**	1,664.1	2,218.4	1,985.1
Order intake, EUR million	**735.5**	532.1	**1,160.8**	875.7	2,290.5	2,005.4
Personnel, average for the period	**4,384**	3,428	**4,202**	3,325	3,955	3,516
Profit for the period in relation to sales, %	**5.3**	2.7	**5.1**	3.8	6.0	5.7
Research and development expenses, EUR million	**9.7**	7.7	**18.8**	15.2	37.0	33.5
Research and development expenses in relation to sales, %	**1.8**	2.7	**2.0**	2.8	2.1	2.4
Earnings per share, EUR	**0.62**	0.17	**1.04**	0.45	2.34	1.75
Equity per share, EUR	**9.11**	7.38	**9.11**	7.38	9.11	8.75

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME AND FINANCIAL POSITION

Outotec has applied the following revised or new standards and interpretations since the beginning of 2012, which do not have material impact on the Group's financial statements:

- IFRS 7 – Financial Instruments, Disclosures – Transfer of Financial Assets (Amendment to IFRS 7). The amendment introduces new disclosure requirements about transfer of financial assets in two cases; financial assets that are not derecognized in their entirety and financial assets that are derecognized in their entirety but for which the entity retains continuing involvement. This amendment will promote transparency and improve understanding of the risk exposures relating to transfers of financial assets. Currently Outotec Group does not have such transferred financial assets and thus the amendment does not impact on the published information.

- IAS 12 – Income taxes, Deferred tax – Deferred tax accounting for investment property at fair value (Amendment to IAS 12). The amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value according to IAS 40 (Investment property). Outotec Group does not have currently investment properties measured using the fair value model in IAS 40 and thus the amendment does not impact on the published information.

Use of estimates

IFRS requires management to make estimates and assumptions which 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 realisability of certain assets, the useful lives of tangible and intangible assets, income taxes, provisions, pension obligations and impairment of goodwill. These estimates are based on management's best knowledge of current events and actions; however, it is possible that the actual results may differ from the estimates used in the financial statements.

Major Non-Recurring Items in Operating Profit EUR million	**Q1-Q2** **2012**	Q1-Q2 2011	Q1-Q4 2011
One-time costs related to reorganization of business	**-**	-	-3.7
One-time income related to reorganization of business	**-**	-	1.1
Costs related to acquisitions	**-0.7**	-	-2.0

Income Tax Expenses EUR million	**Q1-Q2** **2012**	Q1-Q2 2011	Q1-Q4 2011
Current taxes	**-32.6**	-10.3	-33.5
Deferred taxes	**12.0**	1.5	-0.5
Total income tax expenses	**-20.5**	-8.8	-34.0

Property. Plant and Equipment EUR million	**June 30,** **2012**	June 30, 2011	December 31, 2011
Historical cost at the beginning of the period	**144.8**	128.9	128.9
Translation differences	**1.0**	-1.8	-0.5
Additions	**9.9**	7.0	17.9
Disposals	**-0.9**	-1.5	-4.5
Acquired subsidiaries	**1.3**	-	3.5
Reclassifications	**-1.0**	-0.5	-0.6
Historical cost at the end of the period	**154.9**	132.1	144.8
Accumulated depreciation and impairment at the beginning of the period	**-82.2**	-76.2	-76.2
Translation differences	**-0.5**	1.0	0.2
Disposals	**0.7**	1.2	3.4
Reclassifications	**0.1**	0.0	-0.3
Depreciation during the period	**-5.6**	-4.4	-9.5
Accumulated depreciation and impairment at the end of the period	**-87.4**	-78.4	-82.2
Carrying value at the end of the period	**67.5**	53.7	62.5

Commitments and Contingent Liabilities EUR million	**June 30,** **2012**	June 30, 2011	December 31, 2011
Pledges and mortgages	**0.2**	0.0	0.0
Guarantees for commercial commitments	**187.6**	186.3	209.1
Minimum future lease payments on operating leases	**156.5**	69.1	161.3

The pledges and mortgages are used to secure credit facilities in Numcore Ltd.
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 22.9 million on June 30, 2012 (June 30, 2011: EUR 28.3 million, December 31, 2011: EUR 25.8 million) and for commercial guarantees including advance payment guarantees EUR 513.9 million on June 30, 2012 (June 30, 2011: EUR 377.6 million, December 31, 2011: EUR 477.1 million).

Derivative Instruments			
Currency Forwards EUR million	**June 30, 2012**	June 30, 2011	December 31, 2011
Fair values, net	**-10.9 *)**	-2.2 **)	-9.6 ***)
Nominal values	**745.8**	413.1	545.4

*) of which EUR -2.9 million designated as cash flow hedges.
**) of which EUR 0.0 million designated as cash flow hedges.
***) of which EUR -3.6 million designated as cash flow hedges.

Related Party Transactions
Balances with Key Management

Outotec's board of directors granted to Outotec Management Oy an interest-bearing loan at the maximum amount of EUR 5.0 million to finance the acquisition of the Outotec shares. The amount of the outstanding loan was EUR 4.4 million on June 30, 2012 (December 31, 2011: EUR 4.3 million).

Outotec Oyj paid dividend to Outotec Management Oy EUR 0.2 million in April 2012 (EUR 0.1 million in April 2011).

Transactions and Balances with Associated Companies EUR million	**Q1-Q2 2012**	Q1-Q2 2011	Q1-Q4 2011
Sales	**-**	0.0	0.0
Other income	**0.0**	0.0	0.6
Purchases	**-0.1**	-0.1	-0.3
Trade and other receivables	**0.3**	0.6	0.3
Current liabilities	**1.6**	-	0.6
Loan receivables	**1.6**	0.2	0.6

Business Combinations

Numcore Ltd

Outotec has strengthened its process control technologies by acquiring all shares of Numcore Ltd in Kuopio, Finland. Numcore is a company developing and marketing innovative online process control solutions based on 3D imaging. The acquisition was completed on March 12, 2012. This acquisition supports Outotec's growth strategy and strengthens Outotec's competitive edge in providing advanced technology solutions. Numcore's technology is already proven in flotation and thickener applications. Furthermore, it can be utilized in other Outotec's business segments.

The purchase price has been allocated to technologies. The remaining goodwill EUR 4.5 million is mainly based on experienced personnel of Numcore and synergy benefits.

Demil Manutenção Industrial Ltda

Outotec announced the completion of the acquisition of Demil Manutenção Industrial Ltda in Brazil on June 1, 2012. Demil provides industrial maintenance services for iron ore pelletizing plants and is located in Guarapari, Espírito Santo in Brazil. Demil has approximately 300 employees and its annual sales are at the level of EUR 10 million. The acquisition provides a platform for further developing Outotec's service business and capabilities in Brazil. Demil's services can be offered to Outotec's Brazilian customers, pelletizing technology users in particular.

The purchase price has been allocated mainly to customer relationships. The remaining goodwill EUR 3.7 million is mainly based on the synergy benefits of the customer relationship.

Segments' Sales and Operating Profit by Quarters									
EUR million	**Q2/10**	Q3/10	Q4/10	Q1/11	**Q2/11**	Q3/11	Q4/11	Q1/12	**Q2/12**
Sales									
Non-ferrous Solutions	**141.3**	144.6	223.9	162.0	**191.4**	235.5	358.8	260.7	**335.9**
Ferrous Solutions	**32.9**	35.5	43.2	43.6	**42.6**	60.0	74.8	70.0	**81.8**
Energy, Light Metals and Environmental Solutions	**52.6**	50.3	65.3	46.1	**57.7**	61.4	70.9	85.9	**106.8**
Unallocated items *) and intra-group sales	**-3.0**	-1.8	-2.2	-4.1	**-3.4**	-4.1	-7.7	-6.2	**0.0**
Total	**223.8**	228.5	330.3	247.5	**288.4**	352.8	496.8	410.4	**524.4**
Operating profit									
Non-ferrous Solutions	**4.8**	13.5	23.2	18.1	**12.6**	24.6	52.4	25.4	**35.0**
Ferrous Solutions	**1.4**	4.2	8.2	3.2	**-1.9**	6.0	-0.6	5.5	**2.2**
Energy, Light Metals and Environmental Solutions	**1.9**	3.5	11.4	3.3	**5.2**	11.7	3.6	3.8	**7.3**
Unallocated **) and intra-group items	**-2.6**	-3.1	-14.7	-5.7	**-5.0**	-9.1	-6.5	-7.2	**-3.6**
Total	**5.5**	18.1	28.1	19.0	**10.9**	33.2	48.9	27.6	**40.8**

*) Unallocated items primarily include invoicing of group management and administrative services.

**) Unallocated items primarily include group management and administrative services.

Definitions for Key Financial Figures

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

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

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

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

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

Research and development expenses = Research and development expenses in the statement of comprehensive income

(including expenses covered by grants received)

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

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