Outokumpu Technology

Interim Report

January - September 2006

Outokumpu Technology is a worldwide technology leader in minerals and metals processing, providing innovative tailored solutions for a wide variety of customer needs in iron and steel, aluminum and non-ferrous metals industries. With a global network of sales and service centers, research facilities and over 1800 experts the company generated annual sales of EUR 556 million in 2005. www.outokumputechnology.com

OUTOKUMPU TECHNOLOGY JANUARY-SEPTEMBER 2006 INTERIM REPORT

High investement activity in mining and metals industries resulted in record high order intake and backlog

Highlights of the reporting period (Q1-Q3) and the third quarter (Q3) (unaudited):

- **Order intake** in January-September 2006 doubled compared to the previous year totaling EUR 796.9 million (Q1-Q3/2005: EUR 418.7 million). The third quarter order intake of EUR 371.0 million (Q3/2005: EUR 140.7 million) was all-time high.
- **Order backlog** strengthened further to EUR 878.6 million at the end of September (September 30, 2005: EUR 524.5 million).
- **Sales** for Q1-Q3 grew by 43% from comparison period in 2005 and amounted to EUR 500.9 million (Q1-Q3/2005: EUR 349.8 million) with EUR 179.9 million attributable to the third quarter (Q3/2005: EUR 133.1 million).
- **Operating profit** improved to EUR 28.6 million (Q1-Q3/2005: EUR 2.1 million) with EUR 14.5 million generated in the third quarter (Q3/2005: EUR 5.5 million).
- **Profit before taxes** amounted to EUR 33.2 million (Q1-Q3/2005: EUR 4.3 million). **Earnings per share** were EUR 0.48 during the reporting period (Q1-Q3/2005: EUR 0.03).
- **Net cash flow** from operating activities totaled to EUR 20.4 million (Q1-Q3/2005: EUR -3.9 million).
- **OTE1V** - Outokumpu Technology's share was listed on the pre-list of the Helsinki Stock Exchange on October 10, 2006 and on the Nordic List on October 13, 2006.

CEO, Tapani Järvinen:

"The market situation has continued to be favorable for us, which is evidenced by many record high figures. Last twelve month sales climbed over 700 million euros and our operating profit topped 50 million euros resulting in operating profit margin of over 7%. In addition to better market conditions, our margin improvement is a result of a three-year internal efficiency improvement program started in 2003, which focused on improving resourcing and procurement. We see how the unprecedented demand for metals is led by high population economies such as China and India. In addition to building new plants, our customers are continuously looking at new technologies in order to expand their facilities and further develop their processes. We have been working hard and succeeded in capturing the momentum, and will continue to be a proactive player on the market."

Summary of key figures	Jan-Sep 2006	Jan-Sep 2005	Jan-Dec 2005
Sales, EUR million	**500.9**	349.8	556.2
Operating profit , EUR million	**28.6**	2.1	24.3
Gross margin, %	**19.9**	17.7	18.8
Operating profit in relation to sales, %	**5.7**	0.6	4.4
Profit before taxes, EUR million	**33.2**	4.3	25.6
Net cash from operating activities, EUR million	**20.4**	(3.9)	80.2
Net interest-bearing debt at the end of the period, EUR million	**(126.6)**	(33.7)	(116.1)
Gearing at the end of the period, %	**(99.7)**	(35.4)	(104.9)
Return on investment, %	**38.4**	5.9	24.3
Return on equity, %	**22.6**	1.5	16.3
Order backlog at the end of the period, EUR million	**878.6**	524.5	596.0
Order intake, EUR million	**796.9**	418.7	678.5
Personnel at the end of period	**1,815**	1,854	1,802
Earnings per share, EUR	**0.48**	0.03	0.39

Short term outlook

Following a high order intake during the reporting period, the whole year sales and operating profit will be clearly better than in 2005. Profitability is expected to improve also in the last quarter of 2006. However, the fourth quarter operating profit of 2006 will settle somewhat below the fourth quarter of 2005, which included significant license fees and back-ended project completions. Furthermore, Outokumpu Technology's strong order backlog and order intake provide a solid basis for a good financial performance in 2007.

Interim review by the Board of Directors

Outokumpu Technology's operations are organized into three divisions: Minerals Processing, Base Metals and Metals Processing. Outokumpu Technology's goal is to further strengthen its position as a leading global provider of process solutions, technologies and services principally for the mining and metals industries. In line with this, Outokumpu Technology will continue to implement its business strategy by seeking sustainable growth by developing and introducing new technological solutions, applying the company's existing technologies to new customer industries, expanding the scope of operations in selected geographic markets, increasing after-sales business and undertaking acquisitions.

Order intake all-time high

The market situation continued to be favorable for all divisions and all divisions were able to increase their order intake in January-September 2006. The value of orders received almost doubled compared to the same period in 2005 and totaled EUR 796.9 million (Q1-Q3/2005: EUR 418.7 million). Order intake in the third quarter was all-time high at EUR 371.0 million (Q3/2005: 140.7 million).

Outokumpu Technology received two significant orders from Brazilian iron ore producers ThyssenKrupp CSA Companhia Siderúrgica and Minerações Brasileiras Reunidas. The major orders received in the third quarter included also new technologies and applications of existing technologies in new areas. Cobre Las Cruces ordered for its new copper plant to be located in Spain new hydrometallurgical technology, so called atmospheric leaching, developed in Outokumpu Technology's Pori research center. Another important turnkey order came from Pattison Sand Company for the fracturing sand and glass sand plant to be built in the USA. Outokumpu Technology's R&D facilities were fundamental for getting both of these projects, as they required a substantial amount of test work with the raw materials and tailored process solutions.

Minerals Processing

Major new contracts signed during the reporting period for the Minerals Processing division included a fracturing sand plant for Pattison Sand Company, USA (EUR 14 million); the world's largest flash flotation circuit for Boddington Gold Mine, Australia; new grinding mills to Sweden, Chile, South Africa and Australia (EUR 30 million) and four large grinding mills to the Democratic Republic of Congo, Brazil, Canada and Australia (EUR 20 million).

Base Metals

Major new contracts signed during the reporting period for the Base Metals division included new electric furnaces for slag cleaning for Konkola Copper Mines, Zambia (EUR 28 million); new atmospheric leaching, solvent extraction and electrowinning technologies for the Cobre Las Cruces copper plant, Spain (EUR 45 million); modern copper refining technology for Boliden Harjavalta, Finland and a copper smelter for Konkola Copper Mines, Zambia (EUR 20 million).

Metals Processing

Major new contracts signed during the reporting period for the Metals Processing division included iron ore sinter plant for ThyssenKrupp CSA Companhia Siderúrgica, Brazil (EUR 160 million of which some 90 million will be added to order backlog); iron ore pelletizing plant for Minerações Brasileiras Reunidas, Brazil (EUR 110 million); a bauxite residue neutralization plant for Queensland Alumina, Australia (EUR 20 million); modernization of an aluminum plant for Aluminij d.d. Mostar, Bosnia-Herzegovina (EUR 28 million); two alumina calcination plants for Alumina do Norte do Brasil, Brazil (EUR 15 million), revamping of the El Teniente sulfuric acid plant for Codelco, Chile (EUR 16 million), and engineering of the world's largest sulfuric acid plant complex for Saudi Arabian Mining Company, Saudi Arabia.

Order backlog strengthened further

Order backlog at the end of September totaled EUR 878.6 million (September 30, 2005: EUR 524.5 million). The value of the order backlog grew by 67.5% compared to the level at the end of September 2005 and 47.4% compared to the year-end 2005.

At the end of September 2006, the order backlog contained 15 projects with a value in excess of EUR 10 million, which account for 59% of the total backlog. Management estimates that from the existing backlog some 25% will be delivered during 2006 and the rest in 2007 and beyond.

Sales and financial result improved markedly

Outokumpu Technology's sales increased by 43.2% and totaled EUR 500.9 million (Q1-Q3/2005: EUR 349.8 million). Due to the timing of the final deliveries and acceptances of projects by customers, recognized sales tend to accelerate towards the end of the year. After sales business, which is included in the divisions sales numbers, remained at the same level as during the comparison period in 2005 and amounted to some EUR 40 million.

Operating profit for January - September 2006 improved markedly compared to the same period in 2005 and stood at EUR 28.6 million (Q1-Q3/2005: EUR 2.1 million), representing 5.7% of sales. Operating profit for the third quarter was EUR 14.5 million (Q3/2005: EUR 5.5 million). The improvement in profitability during the third quarter of 2006 compared to the corresponding period in 2005 was driven by the diversified project and product mix and improved efficiency in projects.

Outokumpu Technology's profit before taxes for the period was EUR 33.2 million (Q1-Q3/2005: EUR 4.3 million). Net profit for January - September 2006 was EUR 20.1 million (Q1-Q3/2005: EUR 1.1 million) and earnings per share were EUR 0.48 (Q1-Q3/2005: EUR 0.03).

Outokumpu Technology's return on equity was 22.6% and return on investment was 38.4%.

Sales and operating profit by division **EUR million**	**Jan-Sep 2006**	Jan-Sep 2005
Sales		
Minerals Processing	**161.3**	115.0
Base Metals	**138.8**	95.7
Metals Processing	**201.4**	135.7
Other Businesses	**20.7**	21.7
Unallocated items*) and intra-group sales	**(21.3)**	(18.3)
Total	**500.9**	349.8
Operating profit		
Minerals Processing	**(0.4)**	3.7
Base Metals	**16.9**	(1.0)
Metals Processing	**15.9**	0.9
Other Businesses	**(0.7)**	0.3
Unallocated **) and intra-group items	**(3.1)**	(1.8)
Total	**28.6**	2.1

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

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

Minerals Processing

Minerals Processing division sales for the reporting period were EUR 161.3 million (Q1-Q3/2005: EUR 115.0 million). The increase in sales is primarily due to favorable development in order intake. The growth was strong in all offering areas, but especially in process solutions and grinding mills. The Minerals Processing order backlog continued to grow during the third quarter 2006.

Operating profit for the reporting period was EUR -0.4 million (Q1-Q3/2005: EUR 3.7 million). The decrease in operating profit is mainly due to the timing differences of deliveries and product mixes within the comparable period. In Minerals Processing, the first half of the year is typically not as strong as the second half due to customer budgeting and the purchasing cycle during the year. Overall, Minerals Processing business of Outokumpu Technology's all divisions, is most affected by the seasonality.

Base Metals

Base Metals division sales for the reporting period were EUR 138.8 million (Q1-Q3/2005: EUR 95.7 million). The market activity continued to be high especially owing to small expansions and modernizations of the existing plants that secure high production levels and increased capacities in smelters, ferrochrome and hydrometallurgical plants.

Operating profit for the reporting period was strong at EUR 16.9 million (Q1-Q3/2005: EUR -1.0 million). Ferrochrome plant projects proceeded on time and on costs and generated good profit during the period. In addition, the flash smelting projects, which included license fees, contributed to the good profit performance.

Metals Processing

Metals Processing division sales for the reporting period were EUR 201.4 million (Q1-Q3/2005: EUR 135.7 million). The division had good order intake development and succeeded in project implementation on time and budget. Contracts signed during the third quarter will strengthen the order backlog and workload fundamentally. The ferrous technology projects were the biggest, but also aluminum, sulfuric acid plant, roasting, and off-gas technology projects have recognized revenue during the period.

Operating profit for the period was EUR 15.9 million (Q1-Q3/2005: EUR 0.9 million). The positive development is due to the volume growth in ferrous and aluminum businesses and also to the timely project management and margin improvement.

Balance sheet, financing and cash flow

Net cash from operating activities for January - September 2006 improved from the comparison period to EUR 20.4 million (Q1-Q3/2005: EUR -3.9) despite the strong growth and the fact that capital was tied up in project deliveries, inventories and receivables. The working capital continued to be strong due to several new projects and related advance payments. At the end of September 2006, net working capital was EUR -97.9 million (September 30, 2005: EUR -44.7 million).

Balance sheet remained strong. Net interest-bearing debt at the end of September 2006 was EUR -126.6 million (September 30, 2005: EUR -33.7 million) of which advance payments received were EUR 156.4 million (September 30, 2005: EUR 62.2 million). Outokumpu Technology's gearing was -99.7% (September 30, 2005: -35.4%) and equity to assets ratio was 40.9% (September 30, 2005: 37.4%).

The amount of guarantees for commercial commitments, including advance payment guarantees issued by the parent company, was EUR 192.9 million at the end of September 2006 and increased from September 2005 along with the business growth.

In order to manage its financing as an independent public company, Outokumpu Technology has entered into a committed EUR 330 million multi-currency revolving guarantee issuance facility, which is a part of the financing package provided to Outokumpu Technology by Nordea Bank Finland plc as mandated lead arranger and which became effective upon the listing of the shares on the Helsinki stock exchange. The financing package also includes a commitment for a EUR 50 million revolving credit facility and a EUR 20 million limit for foreign exchange, derivative and overdraft facility purposes. The guarantee facility and the credit facility include customary covenants, event of default provisions as well as representation and warranties. Under the guarantee facility, the company is required to pledge a certain portion of its cash funds as a security for the credit facility. When the guarantee facility became effective the required security amount to approximately EUR 20 million. Outokumpu Technology continues to receive interest income on the pledged amount. Furthermore, the guarantee facility includes a covenant requiring that Outokumpu Technology's liquidity (including the undrawn portion of the credit facility) not be below EUR 30 million.

Research and technology development

Outokumpu Technology's research and technology development expenses during the reporting period totaled EUR 12.8 million (Q1-Q3/2005: EUR 10.0 million), representing 2.6% of sales.

Research and development activities proceeded according to plans and new technology products were accomplished, for example a new atmospheric reactor design for leaching of copper and a method for direct leaching of zinc. New technologies were also presented at international conferences throughout the year. In addition to Outokumpu Technology's own R&D, a significant amount of test work for the customers was carried out both in Frankfurt and Pori research centers.

Outokumpu Technology filed 21 new priority patent applications in 2006, and during the same period, a total of 206 new national patents were granted.

Personnel

At the end of September, Outokumpu Technology had a total of 1,815 employees (September 30, 2005: 1,854). 40.6% of employees were located in Finland, 19.6% in Germany and 10.6% in the rest of Europe. Personnel in the Americas represented 15.3%, in Australia 8.8% and in the rest of the world 5.1% of the total number of employees. Outokumpu Technology continues its global programs to strengthen and improve the work culture to support performance improvement and continuous learning.

Changes in Outokumpu Technology's top management

The Extraordinary General Meeting elected a new Board of Directors for Outokumpu Technology Oyj on September 25, 2006. The Board of Directors comprises of Risto Virrankoski, Chairman; Karri Kaitue, Vice Chairman; Carl-Gustaf Bergström, member; Hannu Linnoinen, member and Anssi Soila, member. The Board took office on October 10, 2006.

The members of Outokumpu Technology's Executive Committee as of October 10, 2006 are: Tapani Järvinen, President and Chief Executive Officer; Seppo Rantakari, Executive Vice President and Deputy CEO; Markku Jortikka, Executive Vice President and President – Base Metals division; Jari Rosendal, Executive Vice President and President – Minerals Processing division; Vesa-Pekka Takala, Executive Vice President and Chief Financial Officer and Peter Weber, Executive Vice President and President – Metals Processing division.

In addition, the company has a Management Committee consisting of the Executive Committee members and the following persons: Martti Haario, Senior Vice President – Marketing Development; Ari Jokilaakso, Senior Vice President – Human Resources; Kari Knuutila, Senior Vice President and Chief Technology Officer and Ilkka Virtanen, Senior Vice President – Business Development.

Financial targets and dividend policy

Outokumpu Technology's financial targets and dividend policy are derived from the company's strategy. The company has defined sustainable profitable growth as its objective and has the following financial targets: an average annual increase in earnings per share in excess of 10%; an annual operating profit margin always above 5%; and a strong balance sheet providing operational flexibility and enabling Outokumpu Technology to finance further development of its operations including potential acquisitions.

Board of Directors of Outokumpu Technology has adopted a dividend policy whereby it is in their intentions to propose for the approval of the company's shareholders dividends representing approximately 40% of the company's annual net income for the preceding financial year. The amount of future dividends, if any, is subject to company's future earnings, financial conditions and strategy. Outokumpu Technology intends to pay its first dividend as a public company after its annual general meeting during the first half of 2007. The dividend is expected to be paid for the full financial year 2006.

Events after the reporting period

The share of Outokumpu Technology (OTE1V) started to trade on the Helsinki Stock Exchange pre-list on October 10, 2006 and on the Nordic list on October 13, 2006.

The new Board, Executive Committee and Management Committee as described in this interim report's section "Changes in Outokumpu Technology's top management" took office on October 10, 2006.

Outokumpu Technology informed of entering into a contract with Aktyubinsk Copper Company, an affiliated company to Russian Copper Company, to design and deliver a new copper-zinc concentrator for "Green Mountain 2" project in Kazakhstan. The total contract value exceeds EUR 30 million.

Year-end report 2006

Fourth quarter and year-end 2006 result	February 5, 2007
Annual Report 2006 (printed)	Week 11

Short-term outlook

The demand for metals is expected to continue strong. The mining and metals industry continues to invest actively in both ferrous and non-ferrous metals production capacity, and there are no signs of a slow-down in the activity in the short-term. Outokumpu Technology continues to be proactive in marketing and negotiating new contracts offering potential for a continuing strong new order intake.

Following a high order intake during the reporting period, the whole year sales and operating profit will be clearly better than in 2005. Profitability is expected to improve also in the last quarter of 2006. However, the fourth quarter operating profit of 2006 will settle somewhat below the fourth quarter of 2005, which included significant license fees and back-ended project completions. Furthermore, Outokumpu Technology's strong order backlog and order intake provide a solid basis for a good financial performance in 2007.

Espoo, October 23, 2006
Board of Directors

For further information, please contact:

Outokumpu Technology Oyj
Tapani Järvinen, CEO
tel. +358 20 529211

Vesa-Pekka Takala, CFO
tel. +358 20 529211, mobile +358 40 5700074

Eila Paatela, Vice President - Corporate Communications
tel. +358 20 5292004, mobile +358 400 817198

Rita Uotila, Vice President - Investor Relations
tel. +358 20 5292003, mobile +358 400 954141

e-mails: firstname.lastname (at) outokumputechnology.com

Combined interim financial statements

(Unaudited)

Combined income statement EUR million	**Jul-Sep 2006**	Jul-Sep 2005	**Jan-Sep 2006**	Jan-Sep 2005	Jan-Dec 2005
Sales	**179.9**	133.1	**500.9**	349.8	556.2
Cost of sales	**(142.3)**	(110.4)	**(401.2)**	(288.0)	(451.5)
Gross margin	**37.6**	22.7	**99.7**	61.8	104.7
Other operating income	**0.6**	1.6	**2.0**	2.1	2.2
Selling and marketing expenses	**(9.9)**	(8.3)	**(33.0)**	(28.7)	(39.2)
Administrative expenses	**(8.2)**	(7.0)	**(24.0)**	(21.3)	(28.0)
Research and development expenses	**(4.3)**	(3.1)	**(12.8)**	(10.0)	(13.9)
Other operating expenses	**(1.1)**	(0.1)	**(2.6)**	(1.5)	(0.8)
Share of results of associated companies	**(0.2)**	(0.3)	**(0.6)**	(0.3)	(0.6)
Operating profit	**14.5**	**5.5**	**28.6**	**2.1**	**24.3**
Financial income and expenses					
Interest income and expenses	**3.5**	0.9	**7.2**	1.7	1.9
Market price gains and losses	**(0.2)**	0.2	**(1.6)**	1.1	0.7
Other financial income and expenses	**(0.3)**	(0.3)	**(1.1)**	(0.6)	(1.3)
Total financial income and expenses	**3.0**	0.7	**4.6**	2.2	1.3
Profit before taxes	**17.5**	6.2	**33.2**	4.3	25.6
Income taxes	**(6.1)**	(1.7)	**(13.1)**	(3.2)	(9.2)
Net profit for the period	**11.5**	4.5	**20.1**	1.1	16.4
Attributable to:					
Equity holders of the company	**11.5**	4.5	**20.1**	1.1	16.4
Minority interest	**0.0**	0.0	**0.0**	0.0	0.0
Earnings per share for profit attributable to the equity holders of the company:					
Earnings per share, EUR	**0.27**	0.11	**0.48**	0.03	0.39
Diluted earnings per share, EUR	**0.27**	0.11	**0.48**	0.03	0.39

All figures in the tables have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

Combined condensed balance sheet EUR million	**Sep 30 2006**	Sep 30 2005	Dec 30 2005
ASSETS			
Non-current assets			
Intangible assets	**73.0**	74.6	75.2
Property, plant and equipment	**27.6**	30.3	30.5
Non-current financial assets			
Interest-bearing	**1.1**	0.8	0.8
Non interest-bearing	**15.0**	13.5	15.0
Total non-current assets	**116.6**	119.2	121.5
Current assets			
Inventories *)	**60.0**	52.6	35.2
Current financial assets			
Interest bearing	**0.8**	0.0	0.0
Non interest bearing	**159.7**	94.4	126.2
Cash and cash equivalents	**129.5**	51.1	126.3
Total current assets	**350.1**	198.1	287.7
TOTAL ASSETS	**466.7**	317.2	409.2
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the company	**127.0**	95.2	110.6
Minority interest	**0.0**	0.0	0.1
Total equity	**127.0**	95.3	110.7
Non-current liabilities			
Interest-bearing	**3.6**	3.6	3.1
Non interest-bearing	**34.3**	31.7	34.7
Total non-current liabilities	**37.9**	35.2	37.9
Current liabilities			
Interest-bearing	**1.2**	14.5	7.8
Non interest-bearing **)	**300.6**	172.2	252.8
Total current liabilities	**301.7**	186.7	260.6
TOTAL EQUITY AND LIABILITIES	**466.7**	317.2	409.2

**) Of which advances paid for inventories amounted to EUR 12.9 million at 30 September, 2006 (EUR 18.9 million at 30 September, 2005 and EUR 8.4 million at 31 December, 2005)*
***) Of which advances received amounted to EUR 156.4 million at 30 September, 2006 (EUR 62.2 million at 30 September, 2005 and EUR 102.8 million at 31 December, 2005)*

Combined statement of changes in equity **EUR million**	**Attributable to equity holders of the company**							
	Share capital	Premium fund	Other reserves	Fair value reserves	Cumulative translation differences	Retained earnings	Minority interest	Total equity
Equity on Jan. 1, 2005	16.8	20.2	0.1	0.1	5.8	47.8	0.0	90.9
Fair value losses on available-for-sale financial assets	-	-	-	(0.1)	-	-	-	(0.1)
Change in translation differences	-	-	-	-	3.4	-	0.0	3.4
Items recognized directly in equity	-	-	-	(0.1)	3.4	-	0.0	3.2
Net profit for the period	-	-	-	-	-	1.1	0.0	1.1
Total recognized income and expenses	-	-	-	(0.1)	3.4	1.1	0.0	4.3
Management stock option program: value of received services	-	-	-	-	-	0.0	-	0.0
Other changes	-	-	-	-	-	-	-	-
Equity on Sep. 30, 2005	16.8	20.2	0.1	0.0	9.2	48.9	0.0	95.3
Equity on Jan. 1, 2006	**16.8**	**20.2**	**0.1**	**0.0**	**9.3**	**64.2**	**0.1**	**110.7**
Fair value losses on available-for-sale financial assets	-	-	-	(0.0)	-	-	-	(0.0)
Change in translation differences	-	-	-	-	(3.6)	-	0.0	(3.6)
Items recognized directly in equity	-	-	-	(0.0)	(3.6)	-	0.0	(3.6)
Net profit for the period	-	-	-	-	-	20.1	0.0	20.1
Total recognized income and expenses	-	-	-	(0.0)	(3.6)	20.1	0.0	16.5
Management stock option program: value of received services	-	-	-	-	-	(0.2)	-	(0.2)
Other changes	-	-	-	-	-	-	-	-
Equity on Sep. 30, 2006	**16.8**	**20.2**	**0.1**	**(0.0)**	**5.7**	**84.2**	**0.0**	**127.0**

Condensed combined statement of cash flows EUR million	**Jan-Sep 2006**	Jan-Sep 2005	Jan-Dec 2005
Cash flow from operating activities			
Net profit for the period	**20.1**	1.1	16.4
Adjustments for			
Depreciation and amortization	**7.7**	6.9	9.4
Impairments	**2.6**	-	-
Other adjustments	**6.1**	0.4	6.6
Decrease (increase) in working capital	**(16.1)**	(11.8)	49.5
Interest received	**7.8**	2.5	3.0
Interest paid	**(0.7)**	(0.8)	(1.1)
Income tax paid	**(7.1)**	(2.3)	(3.6)
Net cash from operating activities	**20.4**	(3.9)	80.2
Purchases of assets	**(5.5)**	(6.8)	(12.1)
Proceeds from sale of assets	**0.2**	2.4	2.3
Change in other investing activities	**(0.3)**	-	0.2
Net cash from investing activities	**(5.6)**	(4.5)	(10.1)
Cash flow before financing activities	**14.8**	(8.4)	70.1
Borrowings (repayments) of long-term debt	**(0.0)**	(0.3)	(0.7)
Increase (decrease) in current debt	**(5.1)**	4.0	(3.1)
Change in other financing activities	**(1.2)**	0.0	2.2
Net cash from financing activities	**(6.2)**	3.7	(1.6)
Other adjustments	**0.1**	1.9	(0.3)
Net change in cash and cash equivalents	**8.6**	(2.8)	68.2
Cash and cash equivalents at the beginning of the period	**126.3**	52.9	52.9
Foreign exchange rate effect on cash and cash equivalents	**(5.4)**	1.0	5.2
Net change in cash and cash equivalents	**8.6**	(2.8)	68.2
Cash and cash equivalents at the end of the period	**129.5**	51.1	126.3

Key figures	**Jan-Sep 2006**	**Jan-Sep 2005**	**Jan-Dec 2005**
Sales, EUR million	**500.9**	349.8	556.2
Operating profit , EUR million	**28.6**	2.1	24.3
Gross margin, %	**19.9**	17.7	18.8
Operating profit in relation to sales, %	**5.7**	0.6	4.4
Profit before taxes, EUR million	**33.2**	4.3	25.6
Profit before taxes in relation to sales, %	**6.6**	1.2	4.6
Net cash from operating activities, EUR million	**20.4**	(3.9)	80.2
Net interest-bearing debt at the end of the period, EUR million	**(126.6)**	(33.7)	(116.1)
Gearing at the end of the period, %	**(99.7)**	(35.4)	(104.9)
Equity-to-assets ratio at the end of the period, %	**40.9**	37.4	36.1
Capital expenditure, EUR million	**5.5**	8.5	12.1
Return on investment, %	**38.4**	5.9	24.3
Return on equity, %	**22.6**	1.5	16.3
Order backlog at the end of the period, EUR million	**878.6**	524.5	596.0
Order intake, EUR million	**796.9**	418.7	678.5
Personnel at the end of period	**1,815**	1,854	1,802
Net profit for the period in relation to sales, %	**4.0**	0.3	2.9
Capital expenditure in relation to sales, %	**1.1**	2.4	2.2
Research and development expenses, EUR million	**12.8**	10.0	13.9
Research and development expenses in relation to sales, %	**2.6**	2.9	2.5
Earnings per share, EUR *)	**0.48**	0.03	0.39
Equity per share, EUR *)	**3.02**	2.27	2.63

**) Outokumpu Technology Oyj shares have been split on August 10, 2006 from 8.4 million to 42.0 million shares, after which counter-book value of a share is EUR 0.40. Earnings per share and equity per share have been calculated with 42.0 million shares.*

Notes to income statement and balance sheet

This interim financial report has been prepared in accordance with IAS 34 (Interim Financial Reporting).

Accounting principles of combined financial statements

The combined financial statements of Outokumpu Technology Oyj have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as further described in the Offering Circular. The combined financial statements are presented in millions of euros and have been prepared under the historical cost conventions, unless otherwise stated in the accounting principles.

IFRS does not include specific guidance for preparation of the combined financial statements. The principles of the preparation of Outokumpu Technology's combined financial statements are as follows.

Structure of combined financial statements

The combined financial statements of Outokumpu Technology reflect the Group's result of operations, cash flows and financial position, which have previously been included in the consolidated financial statements of Outokumpu Group. Outokumpu Technology was organized as a legal consolidated group, for the first time, when the Outokumpu Technology companies, which were under the common control of the Outokumpu Group, were transferred to the ownership of Outokumpu Technology on or prior to June 30, 2006. The combined consolidated financial statements of Outokumpu Technology have been prepared so that business structure and combined financial information of Outokumpu Technology, which was organized after the transfer of Outokumpu Technology companies from Outokumpu Group, would be as comparable as possible. The combined financial statements of Outokumpu Technology reflect the time when Outokumpu Technology was managed as one business as part of Outokumpu Group. However, it may not be indicative of the actual results of operations that would have occurred for the periods indicated, if Outokumpu Technology would have been a standalone independent group for these periods presented. Adjustments have been made to acquisitions, patents, financial items, interest bearing receivables and liabilities, group contributions, income taxes and commitments. More detailed information is presented in the Offering Circular.

Use of estimates

The preparation of the interim 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 interim financial statements, and the reported amounts of income and expenses during the reporting period. Accounting estimates are employed in the interim 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.

Amended and new international financial reporting standards (IFRS) as of January 1, 2006

Outokumpu Technology has adopted in 2006 the following amended and new standards and interpretations issued in 2004-2006:

IAS 39 Financial Instruments: Recognition and Measurement: Amendments after March 31, 2004:

- Cash flow hedges of forecast intra-group transactions, issued on April 14, 2005, effective date January 1, 2006.
- Fair value option, issued on June 16, 2005, effective date January 1, 2006.
- Financial guarantee contracts, issued on August 18, 2005, effective date January 1, 2006

IFRIC 4 Interpretation: Determining whether an Arrangement contains a Lease, issued on December 2, 2004, effective date January 1, 2006.

IFRIC 8 Interpretation: Scope of IFRS 2, issued on January 12, 2006, effective date May 1, 2006.

Amendment to IAS 19 Employee Benefits—Actuarial Gains and Losses, Group Plans and Disclosures, issued on December 16, 2004, effective date January 1, 2006.

The adoption of the amended standards and new interpretations does not have material impact on the financial statements.

Outokumpu Technology will adopt the following new and amended standards issued in 2005 in 2007:

IFRS 7 Financial Instruments: Disclosures

Amendment to IAS 1 Presentation of Financial Statements—Capital Disclosures.

Outokumpu Technology is investigating the impacts on the disclosure information during 2006.

Shares and share capital

Outokumpu Technology's shares were entered into the Finnish Book-Entry Securities System on September 25, 2006. The company's share capital on September 25, 2006 is EUR 16,800,000 consisting of 42,000,000 shares. The counter-book value of the shares is EUR 0.40 per share. Each share entitles its holder to one vote at the general meetings of shareholders of the company.

Decisions taken at the extraordinary general meeting and board authorisations

According to the resolution of the extraordinary general meeting of Outokumpu Technology Oy's (currently Outokumpu Technology Oyj) shareholders on August 4, 2006, the number of Outokumpu Technology Oy's shares was split from 8.4 million shares to 42.0 million shares, after which the counter-book value of a share is EUR 0.40. The maximum share capital after the split is EUR 40.0 million. The resolution was registered with the Finnish Trade Register on August 10, 2006.

On August 11, 2006, the extraordinary general meeting of Outokumpu Technology Oy's shareholders authorized the company's Board of Directors to increase the company's share capital by issuing new shares, granting stock options or issuing convertible bonds and to decide upon the repurchase and transfer of the company's own shares. According to the authorization, the issuance of new shares may not increase Outokumpu Technology Oy's share capital of the company on one or several occasions by more than EUR 1,680,000. Accordingly, an aggregate maximum of 4,200,000 shares (counter-book value EUR 0.40 per share) may be issued.

Outokumpu Technology's Board of Directors was authorized to decide who will have the right to subscribe for any new shares, stock options or convertible bonds. The Board of Directors may decide the subscription price and the other terms and conditions of the issue of shares, stock options or convertible bonds. The Board of Directors may also decide that the subscription price for new shares be paid by means of contribution in kind, set-off or otherwise subject to specific terms and conditions.

According to the authorization, Outokumpu Technology's shares may be repurchased in order to improve the company's capital structure or to be used as consideration when acquiring assets for the company's business or as consideration in possible corporate acquisitions, in the manner and to the extent decided by the Board of Directors. Repurchased shares may also be used as a part of incentive and bonus schemes directed to the personnel of the company. The number of shares to be repurchased may not exceed 4,200,000. Shares may be repurchased pursuant to a decision of the Board of Directors through purchases in public trading at the Helsinki stock exchange at the prevailing market price. The purchase price shall be paid to the sellers within the time limit provided in the rules of the Helsinki stock exchange and the Finnish Central Securities Depository Ltd. The shares shall be repurchased with distributable funds and accordingly repurchasing will reduce distributable equity of the company.

According to the authorization, the maximum number of the company's repurchased shares to be transferred shall be 4,200,000. The shares may be transferred on one or several occasions. The company's Board of Directors shall be authorized to decide on the recipients of the shares and the procedure and terms to be applied. The Board of Directors may decide to transfer the shares in deviation of the pre-emptive right of the shareholders to the company's shares. Shares may be transferred as consideration when acquiring assets for the company's business or as consideration in possible corporate acquisitions, in the manner and to the extent decided by the Board of Directors. The Board of Directors may decide to sell the shares through public trading at the Helsinki stock exchange in order to obtain funds for the company for investments and possible corporate acquisitions.

Shares can also be transferred as a part of incentive and bonus schemes directed to the personnel of the company, including the Chief Executive Officer and her/his deputy.

All the above authorizations are valid until the annual general meeting of the company's shareholders to be held in 2007, however not longer than one year from the decision of the general meeting of shareholders.

Related party transactions

Outokumpu Technology Oyj has been a 100% owned subsidiary of Outokumpu Oyj until October 10, 2006. Outokumpu Group has allocated and charged the cost related to centralized services using matching principle to the subsidiaries. Outokumpu Technology has agreed to purchase centralized services, among others, for procurement, information technology, financial accounting, taxes, human resources, legal affairs, financing, treasury, risk management and communications from Outokumpu during the transition period. In addition Outokumpu Group has charged Outokumpu Technology's part of the general administration costs. Separation work proceeds according to plan as described in the Offering Circular.

Transactions and balances with Outokumpu Group EUR million	**Jan-Sep 2006**	Jan-Sep 2005	Jan-Dec 2005
Sales	**0.6**	3.6	4.3
Purchases	**(7.4)**	(3.5)	(7.1)
Leases	**(2.0)**	(2.0)	(2.7)
Other expense items *)	**(6.3)**	(3.8)	(6.1)
Financial income and expenses *)	**0.3**	0.4	0.4
Derivative financial instruments	**1.7**	(1.9)	(2.4)
Current receivables			
Trade receivable	**0.3**	0.4	0.7
Derivative financial instruments	**0.4**	1.3	0.1
Other receivables	**0.0**	0.1	0.1
Cash and cash equivalents	**51.5**	24.6	46.1
Current liabilities			
Trade payable	**4.8**	3.2	4.9
Derivative financial instruments	**0.4**	1.5	1.1
Other current liabilities	**0.8**	1.3	0.1
Commitments			
Advance payments guarantees	**106.1**	67.2	115.0
Other guarantees for commercial commitments	**68.7**	57.1	59.0

**) The 2005 figures have been restated due to account reclassification. Reclassification has noimpact on result for equity for 2005.*

Major non-recurring items in operating profit for the period EUR million	**Jan-Sep 2006**	Jan-Sep 2005	Jan-Dec 2005
One-time expenses related to the listing	**0.8**	-	-
Release of the Finnish TEL disability pension liability	**-**	0.8	0.8
Total	**0.8**	0.8	0.8

Income taxes EUR million	**Jan-Sep 2006**	Jan-Sep 2005	Jan-Dec 2005
Current taxes	**(11.2)**	(1.5)	(4.4)
Deferred taxes	**(1.8)**	(1.7)	(4.9)
Total	**(13.1)**	(3.2)	(9.2)

In January-September 2006 the effective tax rate was 39.5%. The reasons for relatively high tax rate are losses for paid withholding taxes and income taxes for interest income Brazil.

Commitments EUR million	Sep 30 2006	Sep 30 2005	Jan-Dec 2005
Pledges	**2.1**	2.1	2.3
Guarantees for commercial commitments	**76.4**	63.0	61.8
Minimum future lease payments on operating leases	**20.7**	22.9	19.7

The total value of commercial guarantees does not include advance payment guarantees issued by the parent company. The total amount of guarantees for financing issued by Outokumpu Technology Oyj amounted to EUR 1.6 million at September 30, 2006 (at September 30, 2005 there were no guarantees for financing, at December 31, 2005 EUR 2.0 million) and for commercial guarantees amounted to EUR 192.9 million at September 30, 2006 (at September 30, 2005: EUR 140.6 million and at December 31, 2005 EUR 187.3 million).

Open derivative instruments			
Currency forwards EUR million	**Sep 30 2006**	**Sep 30 2005**	**Dec 31 2005**
Net fair values	**(0.1)**	(1.0)	(0.5)
Contract amounts	**87**	86	75

Sales and operating profit by quarters EUR million	Q1/05	Q2/05	Q3/05	Q4/05	2005	Q1/06	Q2/06	Q3/06
Sales								
Minerals Processing	19.5	46.0	49.6	69.8	184.8	36.4	57.4	**67.5**
Base Metals	20.6	35.6	39.6	64.2	160.0	44.9	50.6	**43.3**
Metals Processing	22.8	68.2	44.6	70.2	205.9	62.9	67.5	**71.0**
Other Businesses	6.0	9.8	5.9	10.5	32.2	6.6	8.1	**6.0**
Unallocated items*) and intra-group sales	(3.7)	(8.2)	(6.5)	(8.3)	(26.7)	(6.7)	(6.8)	**(7.9)**
	65.3	151.4	133.1	206.4	556.2	144.2	176.8	**179.9**
Operating profit								
Minerals Processing	0.1	1.4	2.3	4.6	8.3	(3.7)	(1.9)	**5.2**
Base Metals	(3.6)	1.4	1.2	12.7	11.6	5.6	7.1	**4.1**
Metals Processing	(4.1)	2.1	2.9	6.1	7.1	4.1	6.1	**5.6**
Other Businesses	(0.0)	0.5	(0.1)	(0.1)	0.2	(0.5)	0.2	**(0.3)**
Unallocated **) and intra-group items	0.1	(1.2)	(0.7)	(1.1)	(2.8)	(1.5)	(1.5)	**(0.2)**
	(7.6)	4.2	5.5	22.2	24.3	4.1	10.0	**14.5**

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

Definitions of key financial figures

Net interest-bearing debt	=	Interest-bearing debt - interest-bearing assets	
Gearing	=	Net interest-bearing debt / Total equity	× 100
Equity-to-assets ratio	=	Total equity / Total assets – advances received	× 100
Return on investment	=	Operating profit + financial income / Total assets – non-interest-bearing debt (average for the period)	× 100
Return on equity	=	Net profit for the period / Total equity (average for the period)	× 100
Research and development costs	=	Research and development expenses in the income statement (including expenses covered by grants received)	
Earnings per share	=	Net profit for the financial period attributable to the equity holders / Average number of shares during the period, as adjusted for stock split	
Equity per share	=	Equity attributable to the equity holders / Number of shares at the end of the period, as adjusted for stock split	

Official financial reporting language

Outokumpu Technology publishes all financial reports in Finnish and English (US). Because of the international business, the official and approved version is prepared in English from which the Finnish translation is made.