

ANNUAL REPORT 2009

Outotec

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Corporate Governance Statement and Policy

Outotec's Corporate Governance Statement has been given separately from the financial statements and annual report and it is available on Outotec's website. In addition, Outotec's Corporate Governance Policy is in its entirety on www.outotec.com/cg.

Interim reports 2010

- January–March on Friday, April 23
- January–June on Friday, July 23
- January–September on Friday, October 22

Annual General Meeting

The Annual General Meeting will be held on Thursday, March 18, 2010 at 11:00 am (GMT +2) at Dipoli, Otakaari 24, Espoo, Finland. More information: www.outotec.com/agm.

Dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.70 per share be paid. The Board's dividend proposal is on page 52 of this annual report.

More information: www.outotec.com/agm.

Share information

Listing: NASDAQ OMX Helsinki, OMXH

Trading symbol: OTE1V

Number of shares: 45,780,373 (February 9, 2010)

Sector: Industry

ISIN: FI0009014575

Analysts

Analysts following Outotec:
www.outotec.com/investors.

Consensus

Consensus estimates collected by Vara Research Oy and provided by Valuatum Oy:
www.outotec.com/investors.

Investor relations contact

Ms Riitta Lind, Executive Assistant, IR

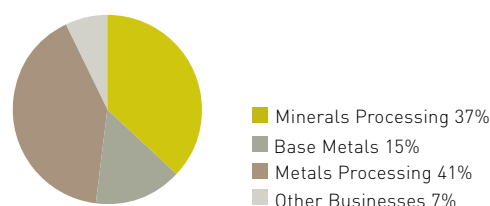
Tel.: +358 (0)20 529 2005, riitta.lind@outotec.com



Successful project execution delivered good gross margin

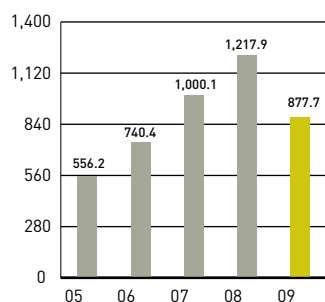
- Market was weak in the mining and metals industry, but picked up towards the year-end.
- Tender requests increased and new projects were started in the second half.
- Good gross margin at 21.7%.
- Service business grew 5% despite of the weak market.
- New applications for Outotec's fluid bed technology in the energy sector.
- Acquisition of Larox and Ausmelt were finalized in early 2010.
- Pertti Korhonen started as the new President and CEO on January 1, 2010.

Sales by division



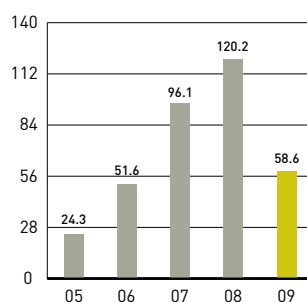
Sales

EUR million

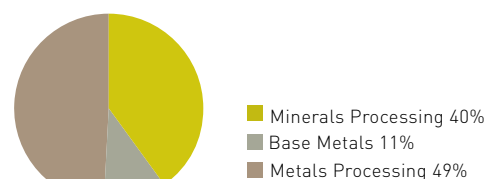


Operating profit

EUR million



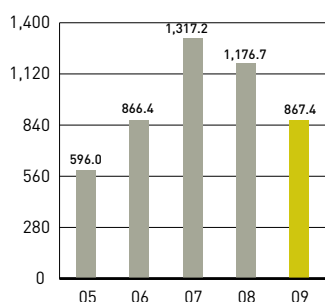
Operating profit by division



Excluding unallocated and internal items.
Excluding other businesses, which was negative.

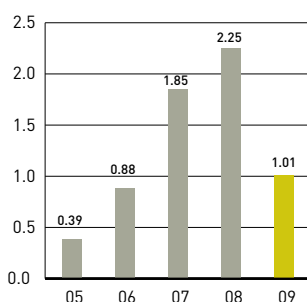
Order backlog

EUR million



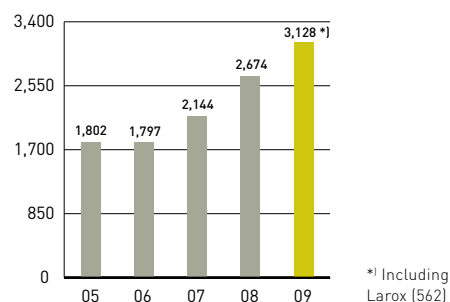
Earnings per share

EUR



Personnel

Persons



ANNOUNCEMENTS IN 2009



Announcements in 2009



JANUARY

- 27 Outotec to deliver sulfuric acid plant for Noracid in Chile
- 30 Financial Statements Review January-December 2008
- 30 Notice to the Annual General Meeting of Outotec Oyj

FEBRUARY

- 5 Outotec succeeded in Great Place to Work survey in Finland
- 13 Outotec and Skellefteå Kraft to establish a joint venture for bioenergy technology business
- 26 Outotec announces planned retirement of Deputy CEO Seppo Rantakari

MARCH

- 3 Outotec Oyj Annual Report and Announcements 2008 published
- 3 Outotec to deliver minerals processing solutions to Russia
- 18 Outotec's President and CEO Tapani Järvinen to retire at the end of 2009
- 18 Resolutions of Outotec Oyj's Annual General Meeting 2009
- 24 Outotec has won service contracts in Chile and Canada
- 26 Outotec expands offerings to energy industry and industrial water treatment

APRIL

- 9 Change in the shareholding in Outotec Oyj
- 22 Amicable settlement in Pattison Sand project
- 24 Interim report January-March 2009

MAY

- 4 Outotec and Real Time Systems Oy jointly developing energy-efficiency of electric arc furnaces
- 8 Change in the shareholding in Outotec Oyj
- 19 Outotec participates in the Baltic Sea Action Summit project

JUNE

- 4 Pertti Korhonen appointed new President and CEO of Outotec
- 5 Outotec's Capital Markets Day 2009 on June 5 in Frankfurt, Germany

JULY

- 8 Publishing of Outotec's January-June 2009 interim report
- 10 Outotec signed EUR 110 million oil shale technology contract with Eesti Energia
- 10 Outotec entered into joint venture with Eesti Energia
- 24 Interim Report January-June 2009

SEPTEMBER

- 17 Outotec to deliver engineering and smelter technology to Iran
- 23 Outotec to deliver flash smelting technology to China

OCTOBER

- 6 Outotec delivers copper recovery plant to Pueblo Viejo's gold mine in the Dominican Republic
- 12 Publishing of Outotec's January-September 2009 Interim Report
- 15 Outotec to acquire control in Larox Corporation and to make a mandatory public tender offer for all the remaining Larox shares
- 23 Interim Report January-September 2009
- 28 Outotec and HDO to provide alumina refinery technology to Anrak Aluminium, India
- 29 Outotec commended for climate change disclosure

DECEMBER

- 2 Outotec to deliver thickening technology to Toromochu project in Peru
- 4 Outotec establishes a new subsidiary in Kolkata, India
- 10 Outotec acquired 19.9% of shares in Ausmelt Ltd and launched an off-market takeover bid to acquire all shares
- 14 Outotec to deliver flotation technology for Minera Escondida in Chile
- 18 Outotec completes acquisition of control in Larox through directed share issue and makes mandatory public tender offer for the remaining Larox shares
- 22 Outotec will commence the mandatory public tender offer for Larox on December 28, 2009
- 23 Outotec's ownership in Ausmelt increased to 37.4 percent
- 29 Outotec supplements the offer document with the statement by the Board of Directors of Larox concerning the tender offer

Outotec has published all its stock exchange releases, stock exchange announcements and press releases during 2009 on its website on page www.outotec.com/releases. Some of the information in these releases may have become outdated.

Outotec

More out of ore

is a leading provider of process solutions, technologies and services for the mining and metallurgical industries • knows the whole value chain from minerals to metals and maximizes the metals recovery with low unit costs • operates globally with a presence on all continents • technologies and know-how are also applied in the chemical industry, energy sector and industrial water treatment

OUTOTEC'S TECHNOLOGY AND SERVICE OFFERINGS



Wide customer base

Outotec's customers include large, globally operating mining companies and metals producers as well as local mining and metals companies in developing regions. In addition, Outotec's customers include fertilizer producers, companies in the chemical industry and companies that utilize alternative energy sources.

Strong market position

Outotec is one of the world's leading technology and service providers for the mining and metallurgical industry. There are a number of players in the sector and Outotec has several competitors in various areas of technology. Outotec's offering is more extensive than that of its competitors, covering most metals and the entire production chain. Long-term customer relationships and an established reputation make it easier for Outotec to strengthen its market position in the mining and metallurgical industries.

Competitive advantages

Outotec's competitiveness is based on excellent proprietary technologies, strong process expertise in entire production chain, good references and a solid reputation in delivering large projects and plants. The objective of applying existing technologies to adjacent industries poses challenges and demands active research and development.

Flexible operating model

Outotec serves its customers globally. To ensure its operational efficiency and to optimize resources Outotec uses an extensive global subcontractor network for engineering and manufacturing and local experts and subcontractors in projects.

Acquisitions complement the offering

Outotec's strategic measures are aimed at sustained profitable growth. The company seeks growth by increasing the sales of services, by developing, commercializing and acquiring new technologies, and by offering its technologies to other industries in addition to the mining and metals industry. The company's goal is to improve its profitability by improving the efficiency of its global operations.

In 2009, the strategic focus was in acquisitions and in the development of the Services business.

Larox and Ausmelt complement the technology offering

Through acquisitions, Outotec strives to complement its technology and service offering, strengthen its geographical position and to increase its expertise and resources. Outotec initiated two transactions at the end of the year 2009.

In October, Outotec agreed to buy the shares of the Finnish Larox Corporation from the majority shareholders and to redeem the remaining shares through a mandatory public tender offer. The share transfer with the largest shareholders was signed at the end of December, and, at the same time, the public tender offer was commenced on the rest of the shares. The purchase price for the shares was paid mainly with Outotec's new shares. Larox is listed on the NASDAQ OMX Helsinki.

Larox is a developer and supplier of solid-liquid separation process solu-

tions. Its industrial filters are mainly used in the processes of mining and metallurgy industries, and in the chemical industry. Larox's sales in 2009 amounted to EUR 150.2 million.

The acquisition strengthens Outotec's Services business, complements its technology portfolio and enables the sale of comprehensive solutions for concentrators and metallurgical plants. Larox's expertise in water treatment, in the energy sector and chemical industry supports Outotec's expansion into these industries. Both companies have global sales and service networks, and the integration of these will create synergy benefits but also strengthen operations close to the customer.

In December, Outotec acquired approximately 40% of the shares of Ausmelt and started a public offer for the remaining shares. Ausmelt is an Australian listed company that develops, engineers and supplies mainly TSL smelting technology for metals production and recycling of industrial waste. Ausmelt's technology offering comple-

ments Outotec's environmentally sound smelting technologies.

Services business on a growth track

Outotec's goal is to increase the sales of its Services business to an annual level of EUR 250–300 million by the end of 2010. In 2009, the sales of Outotec's services grew to EUR 148.6 million, accounting for 17% (2008: 12%) of Outotec's sales. The Services business is included in the divisions' sales figures, and it is managed at a corporate level.

The company succeeded well in increasing the Services business in view of the circumstances, as demand declined due to the weak market situation. Customers postponed the implementation of modernization projects, and closures and shutdowns of production plants also reduced the need for spare parts and services. Indeed, a significant proportion of the growth in the Services business was due to the acquisition at the end of 2008 of the Auburn Group, a maintenance service provider for the mining and metals industry. The



Larox will complement Outotec's technology portfolio, strengthen the Services business and enable the sale of total solutions for concentrators and metallurgical plants.

personnel number and the network of the Services business were strengthened mainly with internal transfers.

New opportunities from the water and energy industries

Technologies that Outotec originally developed for the mining and metallurgical industries can be used in other process industries as well. Indeed, Outotec actively strives to identify new uses for its technologies. Significant growth opportunities are offered, among others, by the energy sector and industrial water treatment. Both share the requirement to utilize scarce raw materials in an efficient and environmentally sound way. The rising cost of energy and the increasingly stringent legislation have already guided users to find energy efficient technologies for a long time. Water is also an increasingly scarce element, and its efficient use, recycling and purification of process waters is increasing.

Outotec and Eesti Energia continued their cooperation in the development of a cleaner, more efficient production method for refining oil from oil shale. In July, the companies established a joint venture company, of which Outotec owns 40% and Eesti Energia 60%. The objec-

tive of the joint venture company is to own the intellectual property rights of a new, sustainable oil shale technology and to start commercializing it with the aim of becoming a significant oil shale technology supplier.

The Enefit process that utilizes modern fluid bed technology improves energy efficiency and ensures that the production meets the environmental regulations of the European Union. The first oil production plant utilizing the new process will be built in Narva, Estonia. The basic engineering work was started at Outotec already at the end of 2008, and the agreement on the engineering, delivery and construction of the plant for Eesti Energia was signed in July and the plant will be commissioned in 2012.

New reactor family

In January 2009, Outotec launched a new OKTOP® reactor family. While all reactors were previously individually designed, the new OKTOP® reactors are built from modules which are tailored to give optimum results.

The contract signed with Pueblo Viejo for a copper recovery plant is a breakthrough in combining Outotec's

hydrometallurgical expertise, including new OKTOP® reactors, and Paques THIOTEQ® biotechnology in copper production.

Flexibility of operations being tested

Improving the efficiency of operations is a continuous process at Outotec. The declining markets in 2009 demonstrated the flexibility of Outotec's operational model. Despite increased competition and pricing pressures, Outotec was able to defend its margins because of lower raw material and subcontracting prices. As the work load declined, the use of the subcontractor network and fixed-term labor was reduced and the mobility of the company's own resources was improved by job rotation.

Market growth continued in the developing markets, such as China and India. Indeed, Outotec strengthened its service ability in these regions, and the company opened an office in Calcutta, India, where some 40 Outotec employees serve customers. The company had about 140 employees at the year-end in these markets, and sales to these countries accounted for EUR 126 million (2008: EUR 142 million).

MORE OUT OF ORE

Seek sustainable growth

New technology	Cross selling	Geographical expansion	Increase services	Selected acquisitions
<ul style="list-style-type: none"> • OKTOP reactors • Larox filtration • Ausmelt smelting technology 	<ul style="list-style-type: none"> • Applying CFB technology in oil shale processing • Developing water and energy businesses 	<ul style="list-style-type: none"> • Opening office in Kolkata, India 	<ul style="list-style-type: none"> • Developing service sales • Increasing resources through internal transfers • Service business of Larox 	<ul style="list-style-type: none"> • Larox • Ausmelt

Maintain and improve profitability

<p>Procurement and outsourcing</p> <p>Optimizing cost efficiency</p> <p>Increasing value-added component in sales</p>

Proprietary environmentally sound technologies and own R&D

Sustainable technology	Pro customer	Share and care	Lead in life and work
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The development of cleaner technologies continues

After a long career in the management of Outotec and its predecessor companies, Tapani Järvinen retired at the end of 2009. As of 2010, the position of CEO was taken on by Pertti Korhonen. Both CEOs sat down together for a chat just before the changing of the guard.





Our future success will be based on the development of cleaner technologies. In addition to energy, also water will be an increasingly significant factor.

The market outlook in the beginning of 2009 was very uncertain. A long upward trend was behind us, followed by a fast change in the fall of 2008. How did the markets develop during 2009?

Tapani: In the beginning of the year, the markets were quiet and some projects were rescheduled, but, thankfully, there were very few cancellations of orders. Towards the end of the year, there was a clear increase in the number of tender requests. Nevertheless, there is still uncertainty in our customers' outlook, because some of their production capacity is underutilized and obtaining financing in the aftermath of the financial crisis continues to be challenging. On the other hand, metal prices have already strengthened considerably from the previous year's levels. There is a fair number of possible projects in the pipeline, but customers' decision-making takes time.

As a whole, what kind of a year is behind us now?

Tapani: In view of the circumstances, the year went relatively well. Our order backlog at the start of the year was fairly high, so delivering the orders has kept us busy. The projects implemented have succeeded well. We have also invested in sales and marketing as well as in growing our Services business. Although there was a clear decline in our sales and operating profit during the year, it must be taken into consideration that the comparison year, measured by many indicators, was very strong indeed and a period of fast growth.

How did Outotec adapt to the fast drop in demand?

Tapani: Our flexible operating model that utilizes a broad network of subcontractors and project-specific local

suppliers proved to work well also during a downward trend. It is a part of our international project operating model to optimize operations according to economic trends. Also, continuous improvement of internal efficiency is a part of our strategy.

What were the highlights of 2009?

Tapani: The agreement with Eesti Energia on a new shale oil production plant was a significant opening into a new industry. In addition, we announced two acquisitions, one relating to the Finnish industrial filter supplier Larox Corporation and the other to the Australian Ausmelt Ltd. We also received recognition for the environmental soundness of our technologies when Outotec was selected among the leading companies in the Nordic Carbon Disclosure Leadership index.

The Larox acquisition progressed to a public tender offer at the end of December. How does Larox fit for Outotec?

Tapani: Larox complements our product and service offering and supports the achievement of our growth targets. It is a market leader in its own industry, and its success is based on proprietary products and technologies, just like Outotec's. Both companies also operate globally, so our operating models are very close to each other.

Larox's largest shareholders wanted to execute the acquisition with an exchange of shares. This certainly strengthens the impression that the merger is in both companies' interests.

What will the acquisition mean to Larox?

Pertti: Larox is a well-managed company with strong expertise. We can learn

from its way of working and practices. Larox has also largely outsourced the manufacturing of its products and focused on development, assembly and marketing. Therefore, I do not see any need for significant changes, but, naturally, combining the companies will bring some synergy benefits. By integration of the service networks we can strengthen our global presence. Outotec's good financial position enables stronger growth and development for Larox. For the people at Larox, the combination will provide an opportunity to extend and share their expertise.

What kinds of trends do you see in your customer industries in the future?

Tapani: Clearly, the most important trend in all markets and customers is the investment in clean and energy-efficient technologies. The price of energy is a significant cost factor for our customers. Therefore, a more efficient process means more profitable and, at the same time, more environmentally friendly, production.

Pertti: The environmental soundness of the technologies developed by Outotec has convinced me that our success will be based on the development of cleaner technologies also in the future. Low-emitting technologies have been developed here already for decades – long before there were any significant signs of climate warming. In addition to energy, also water will be an increasingly significant factor in future, and the aim is to reduce its use in customer processes. As the efficiency of our customers' processes and the profitability of their production go hand-in-hand, cleanliness of production is a weight ground when making the investment decision.



We are the world's best in our field, both as a technology developer and as an implementer of large projects. That is why I see that we have plenty of opportunities to grow our business.

Tapani: The life-cycles of our customers' production plants are very long, usually several decades. That is why the production costs for the entire life-cycle should be looked at even more carefully when planning investments.

Pertti: Due to our research and testing plants, we can demonstrate the metals recovery to be gained from our customers' ore bodies and the parameters related to producing metals when using Outotec's technologies, as well as the most efficient production method.

Tapani: Another clear market trend is the increased importance of emerging regions. When the markets declined in many regions in 2009, China and India continued to grow and increased their metals production.

Pertti: Outotec has been operating globally for a long time and served its customers through its network operating all over the world. Therefore, the market growth being focused on China, India and Brazil in the coming years will not pose great challenges for us. Of course, we have already strengthened our presence in these markets, and at the end of the year, we opened our own office in Kolkata, India.

Tapani: The ores of new deposits are usually lower grade than before, and their utilization is more challenging, partly due to their location. The economically viable exploitation of such deposits often demands the development of new

technologies, an area in which Outotec is an industry leader.

Outotec's goal is profitable growth. With what kinds of measures can this be achieved?

Pertti: During the four-month induction period, I have formed a clear understanding of Outotec's strong expertise that has been built up over a long period of time. We are the world's best in our field, both as a technology developer and as an implementer of large project deliveries. That is why I see that we have plenty of opportunities to grow and strengthen our business. In addition to the current customer industries, we can find new applications for our technologies. Of these new customer industries, the energy and water sectors have the most potential. The agreement with Eesti Energia is an excellent example of how existing technology can be effectively utilized in a new industry.

We can extend our product and service range also through acquisitions when suitable targets are identified. Companies' valuation levels have come down in recent years, and Outotec's good financial position enables acquisitions.

What is the market outlook for the current year?

Tapani: The first half of 2010 will show whether the most significant projects in our proposal backlog will be started. Their realization would show that investors' confidence in the markets is gradually returning.

Pertti: The development of the real economy has an impact on the end demand for metals. The worst uncertainty caused by the financial crisis is already behind us, but the growth of the world economy is likely to remain modest. Of the users of metals, at least the automotive industry and construction are still slow. However, the latter part of 2009 showed that confidence is returning, although decision-making is slow. Our position is strong when competing for new orders, and we will continue to invest in increasing the Services business.

The year started will bring a big change to both of you

Pertti: My position at the head of Outotec is very interesting and inspiring. Outotec is in good form, for which thanks are due to both Tapani and the entire personnel. Outotec's strategy is working, and the expertise of the personnel is excellent. Indeed, I will continue to lead the company primarily on the lines of the current strategy, focusing on speeding up the implementation of our growth strategy. Investing in technology and product development will be very important to us also in the future, and the slowed down markets give us the opportunity to review our operating methods more comprehensively than before.

Tapani: Of course, I feel wistful as my career comes to the end. The last decade in particular has been very interesting, busy and rewarding. The main events that come to mind are the separation of Outotec from Outokumpu and the listing of the company on the stock exchange. Due to a good team and right timing, the moves were successful, and, in retrospect, the decisions seem to be good ones. I would like to thank the entire personnel for good and successful cooperation. I also wish to thank our customers and shareholders for the confidence they have shown in Outotec.



Slow market in 2009

Outotec is one of the world's leading developers and suppliers of technology for the mining and metallurgical industries. In addition, Outotec's solutions and services are used in the chemical industry in the production of sulfuric acid and fertilizers, treatment of process waters, and in the energy sector, in the utilization of alternative energy sources. In Outotec's customer industries, investments are driven by developments in the global economy, the demand of metals and their world market prices.



Mining and metals technology markets picked up at the end of the year

Economic business cycles have a quick and strong effect on metal prices, and they are often used as a basis for forecasting economic development. In 2009, the demand for metals stabilized as a result of the global recession. The prices of the nearly all metals, on the other hand, strengthened during spring 2009. The price of gold rose strongly throughout the year, but the prices of steel and aluminum only started to rise at the end of the year. Metal prices, however, remained clearly below the peak of 2008, but, viewed from a historical perspective, are at a good level.

The decline in the metals demand was impacted, in particular, by a slowdown in construction and problems in

the automotive industry. Because of the decline in demand and the prevailing market uncertainty, many metals producers reduced their production during the first half of the year even more than the change in demand. Due to the reduction in supply, inventories decreased during the summer. The slight increase in demand and investors' interest in investments related to metals supported the price development during the second half of the year.

At Outotec, the uncertainty of the market situation was visible in rescheduling of some customer projects. The underutilization of customers' plant capacity reduced the construction of new production plants. Because modernization projects often include an increase of capacity, the interest in commencing

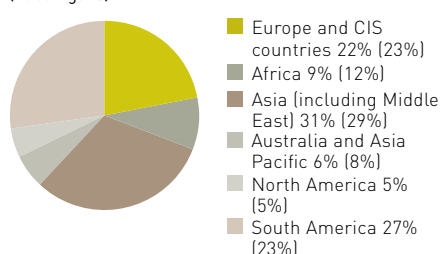
efficiency-enhancing measures waned, which was also visible in the slower development of the Services business. In the fourth quarter, positive news started to come from the markets concerning year 2010. Plans aimed at increasing production capacity were recommenced, but the cautious approach continued regarding investment decisions and implementation schedules.

In 2009, the demand for metals was more evidently maintained by Asian countries, particularly China and India. Their developing markets recovered from the global recession fairly quickly. Also in North Africa and the Middle East, demand continued to be fair. In contrast, in Europe, the CIS countries, Australia and North America, demand for metals decreased.

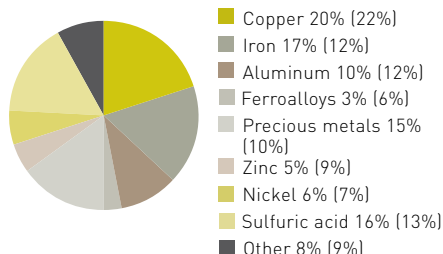
Outotec retained its market position in the mining and metals technologies despite the challenging markets.

Sales by destination

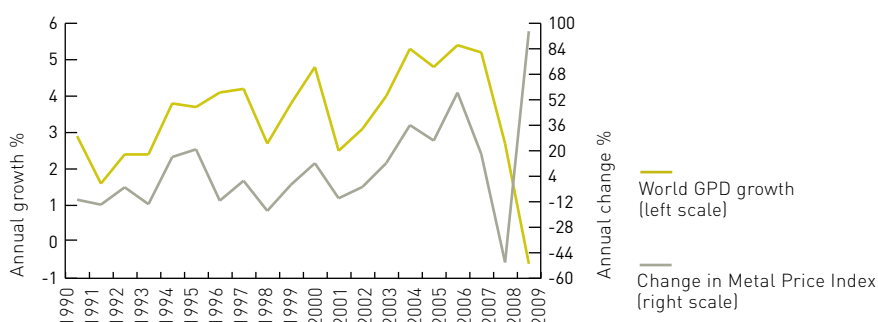
(2008 figure)



Sales by metal



Metal price index and global economic growth



(modified from IMF World Economic Outlook, November 2009 and Reuters EcoWin)

Opportunities in new customer industries

Outotec aims to expand into new customer industries and to apply methods that were originally developed for the mining and metallurgical industries in the chemical industry, energy sector and industrial water treatment. Producers of sulfuric acid and fertilizers, companies in the chemical industry and companies utilizing alternative energy sources need more effective or new technological solutions and different services for their production plants and offer Outotec new growth opportunities. In addition, Outotec's technologies can be utilized in waste burning plants, the electronics industry, and other industrial facilities that need water treatment.

The world's utilizable oil shale reserves are multifold compared with traditional oil resources. There are large oil shale deposits in the United States,



Rapid construction, development of infrastructure and industrialization are increasing metals consumption in China, which already consumes over a third of the world's metals.

Brazil, China, Jordan, Russia and Estonia. Outotec is delivering an oil shale processing plant to Narva, Estonia, and started the marketing of an environmentally sound, Enefit technology through a joint venture company established with Eesti Energia.

China as the engine for growth

As a result of the global recession, China's economic growth slowed down clearly but is continuing, at the moment, at an estimated rate of 5–8%. China's economic growth is maintained by domestic consumption and private and public investments. The good status of the state economy enabled extensive stimulation measures, such as investments into the railroad and road network. Rapid construction, development of infrastructure and industrialization are increasing metals consumption in China, which already consumes about a third of the world's metals. China's own mineral resources are insufficient for its needs, which makes it an important buyer of metals and concentrates. Recent years have seen active increasing of metals production capacity and modernization based on stricter environmental requirements. China's market is challenging due to the tough domestic competition. Nevertheless, many modern Chinese companies are eager to acquire the latest technology to secure their business operations also under tomorrow's tighter environmental regulations and as

China joins global climate agreements. Chinese companies have also actively sought to acquire mining companies outside the borders of their country.

India has extensive natural resources

In India, strong economic growth continued, supported by strong investments in the construction of infrastructure. India's competitiveness has clearly strengthened in recent decades, and the country's industrialization requires continuous investments into new technology. The country's population of 1.4 billion people forms a large domestic market. India has significant natural resources, such as iron and zinc, but in some areas, insufficiency of energy and water create challenges.

Waning growth in Russia

The economies of Russia and many other CIS countries started to go into a clear decline during 2009 after years of growth. Export income from oil and gas decreased, and the increased difficulties in obtaining financing decreased the investments of the companies in the region. There were, however, some signs of economic recovery already at the end of 2009, but the growth opportunities of the current year are still considered uncertain.

Russia and Kazakhstan have enormous natural resources, ranging from oil and gas to uranium, coal, basic metals and precious metals, but their utilization

requires the construction of new production plants and the modernization of existing plants.

There is still demand in the European markets, but there are less construction projects of new capacity than modernizations and expansions of existing production plants.

South and Central America developing

The importance of South and Central America in the industry has increased in recent years, while the market in North America has slowed down. South America is expected to recover from the recession fairly quickly. In Brazil the economy has already turned into a growth track. The country has significant metal industry and mineral deposits. Also Chile, Peru and Mexico have large mineral deposits as well as significant mining industries and base metals production.

In the Middle East, growth continues largely due to the oil sector and construction. In Australia, a fair amount of new production capacity has already been constructed. Also in Africa, there has been a halt in the growth. Africa has attracted the interest of foreign investors for a long time, but the current political and economic instability of this continent has staved off investors. In Africa, utilization of mineral deposits is also hindered by the shortage of energy.



Outotec grants its customers a performance guarantee for plants it delivers, which covers, for example, the plant's metals recovery, energy consumption and emissions. This is a strong competitive advantage for Outotec.

More extensive offering than that of competitors

There are a number of players in the mining and metallurgical industries, and Outotec has several competitors in various areas of technology. Outotec's offering is more extensive than that of its competitors, covering most metals and the entire production chain from mine to metal. In addition to building new capacity, Outotec delivers technology and services for the expansion, modernization, optimization and maintenance of existing plants, processes and equipment.

Outotec's competitiveness is grounded in excellent proprietary technologies, strong process expertise in the whole production chain to be delivered, good references, and a solid reputation in delivering entire plants. An essential part of the company's competitive advantage is the ability to grant a performance guarantee to its customers' plants and processes. These guarantees are often

linked to the metals recovery, energy consumption and emissions.

Long-term customer relationships, an established industry reputation and a global service network make it easier for Outotec to maintain its market position in the mining and metallurgical industries. The objective of applying existing technologies to other process industries poses challenges and demands active research and development. References are another important factor in the marketing of new technologies.

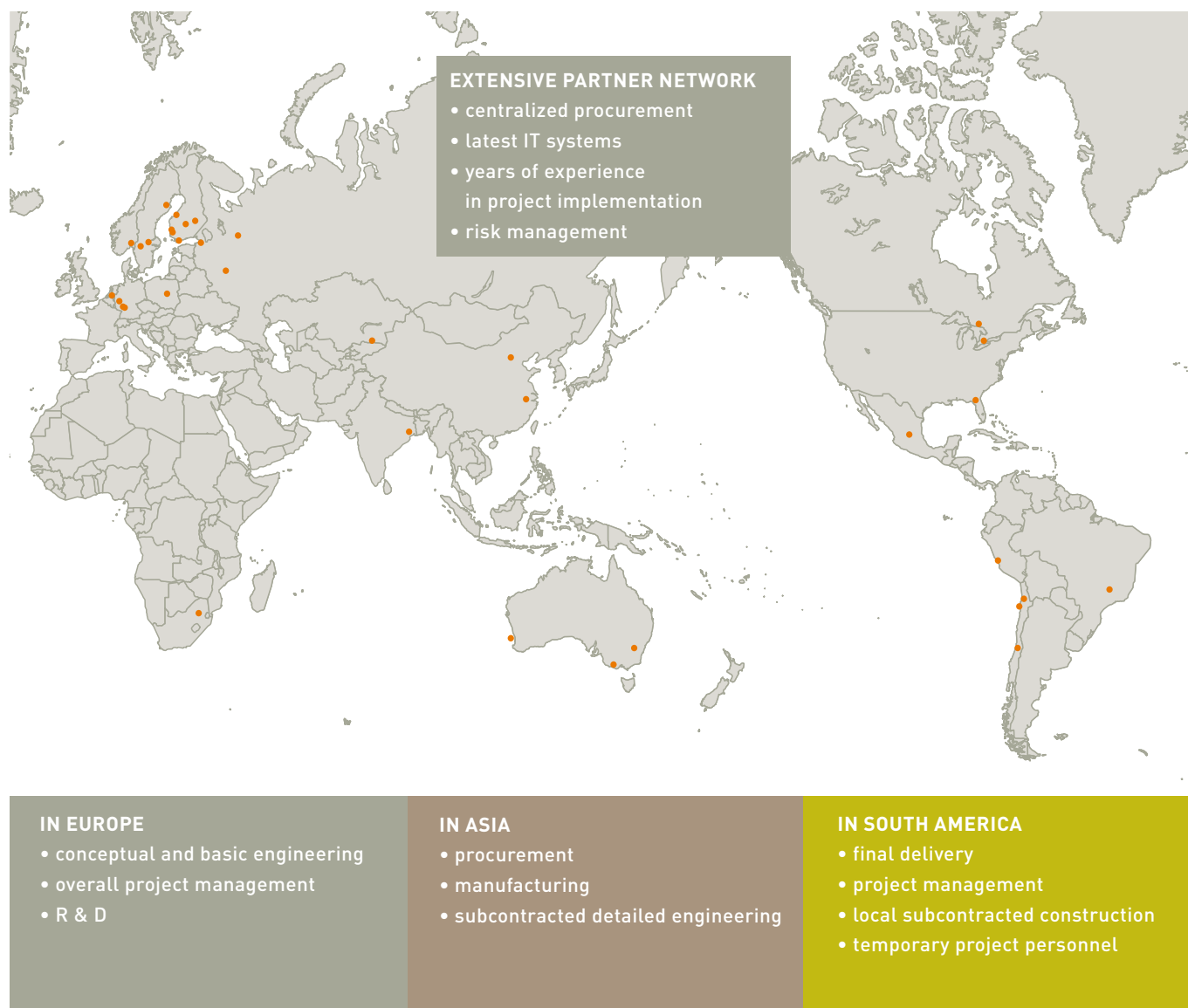
Focus on emerging markets

The demand for metals will continue to grow, which means that construction of additional capacity will also continue. Tightening efficiency and environment-related requirements and lower grade ores continue to attract investments in plant modernization and optimization. Rising energy prices are also driving the industry to improve processes in order

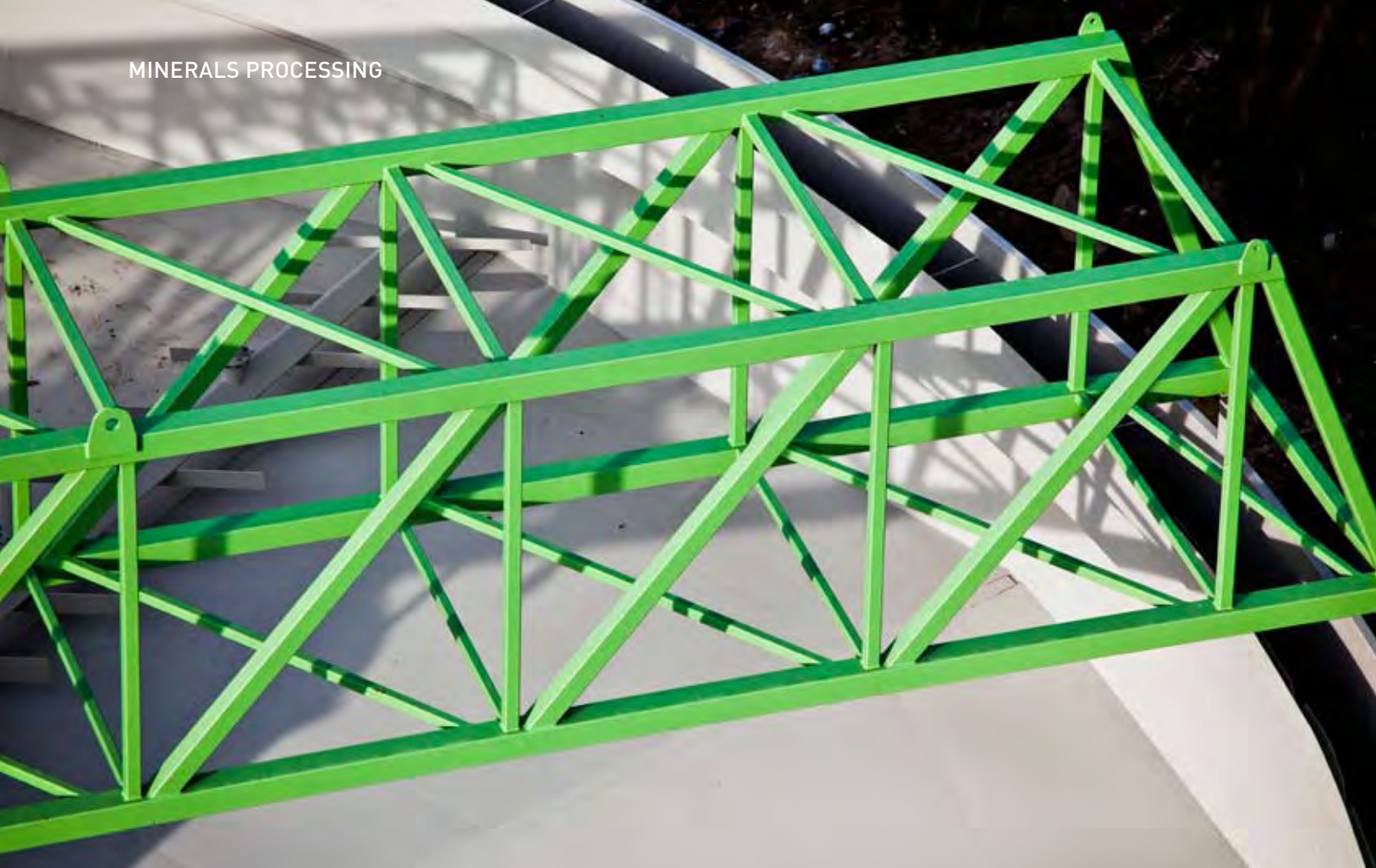
to achieve lower unit costs. After a long period of favorable development, many of Outotec's customers are in a good position to arrange financing, but uncertainty regarding the speed of recovery slows down decision-making.

Based on the above, Outotec's long-term market outlook is favorable. However, the temporary reduction in metals consumption and fluctuations in metal prices and inventories cause variation in demand. It is expected that decision-making related to major projects involving construction of new capacity will take longer. Although measures aimed at improving production efficiency and the outsourcing of maintenance services will continue, these investments are not immune to the effects of the world economy either.

OUTOTEC'S GLOBAL OPERATING NETWORK



Outotec serves its customers globally. To ensure its operational efficiency and to optimize resources Outotec uses an extensive global subcontractor network for engineering and manufacturing and local experts and subcontractors in projects.



Successful deliveries boosted profitability

The Minerals Processing division provides concentrator plants, process solutions and services for ore concentration, the minerals industry, fertilizer industry, energy sector and water treatment. The technologies cover grinding, flotation, physical separation and thickening as well as analyzers and process automation systems. The division's customers are mainly mining companies and engineering and project firms working for them on all continents.



In recent years, there have been exceptionally long delivery times, created by the capacity shortage that resulted from rapid growth. With the cooling of the market, delivery turnaround normalized.

growth. With the slowing of the market, delivery turnaround normalized during 2009.

New orders for thickening technologies

During the year, the division continued the implementation of several projects, the most significant of which was the expansion of Yara's Siilinjärvi phosphate concentrator in Finland and the Skouries concentrator equipment delivery for Hellas Gold in Greece, as well as a grinding technology delivery for Mirabela Nickel's Santa Rita concentrator in Chile.

The division signed a new contract worth EUR 8 million for the delivery of flotation cells and thickeners to Polymetal's gold mine for the Albazino project in Russia. The delivery was executed during 2009. Outotec has already delivered a grinding mill to the same

The technologies of the Minerals Processing division are based on several decades of research and development work. Because of its extensive experience, the division is able to provide whole concentrator solutions that integrate various equipment and processes such as grinding, flotation, physical separation, thickening and related analyzers and process automation. The equipment and expertise provided by the division can also be utilized in the energy sector, for example, in processing oil shale and oil sand, in water treatment plants, and in water treatment and water recovery in various production processes.

The division also provides various commissioning, maintenance and auditing services as well as spare and wear parts to its customers.

Markets picked up at the end of the year

The uncertainty that seized the markets at the end of 2008 continued during the first half of 2009, but towards the end of the year, clear signs of a change in customer behavior could be seen. Engineering work was restarted in projects, but customers were cautious with making investment decisions.

The division's sales declined by 19% to EUR 338.2 million (2008: EUR 419.6

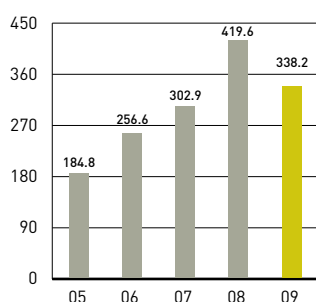
million). The unfavorable market situation clearly reduced the number of new orders, but the high order backlog of the first half of the year enabled sales to accumulate and the capacity utilization rate to remain even throughout the year.

Operating profit grew to EUR 29.2 million (2008: EUR 22.5 million), up 30% from the previous year. The positive development was supported by successful project implementation more even workload and better availability of subsupplied equipment compared to the previous year. A settlement was reached in a dispute connected with the Pattison Sand project, due to which the division's operating profit was strengthened by a non-recurring positive item in the amount of EUR 2.4 million. The division's operating profit was reduced by EUR 0.2 million of realized and unrealized currency losses for the recognition at fair value of currency forward contracts. The number of employees declined by 47 during the year and was 626 at the year-end (2008: 673). The reduction is mainly due to the ending fixed-term employment contracts.

In recent years, there have been exceptionally long delivery times, created by the capacity shortage – affecting both technology suppliers and subcontractors – that resulted from rapid

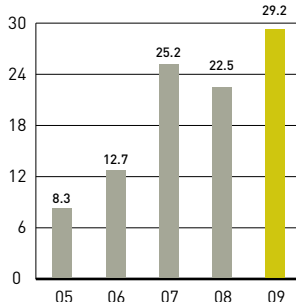
Sales

EUR million



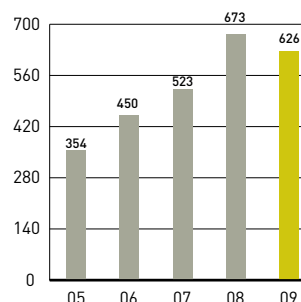
Operating profit

EUR million



Personnel

Persons



Larox's filtration technologies are the world's leading in their field and allow the provision of even more comprehensive solutions to the wide joint customer base.

project and thus, Outotec's deliveries to Albazino total approximately EUR 20 million.

At the end of the year, agreements were signed on the delivery of thickening technology to the new Toromocho copper project in Peru and on the delivery of flotation technology to Minera Escondida in Chile. The order placed by Minera Chinalco Peru, worth approximately EUR 11 million, includes the delivery of spare parts and commissioning services in addition to four paste thickeners and six concentrate thickeners. The deliveries will take place by the end of 2010. The agreement signed with Minera Escondida includes, among others, the delivery of ten Outotec TankCell® 300 flotation cells to Los Colorados and the installation of 18 Outotec TankCell® 160 cells at the Laguna Seca plant. In addition, all the cells already in use will be installed with a new FloatForce® flotation mechanism, which improves the recovery

of concentrate in the cells and saves energy. The commissioning of the new flotation cells is planned to take place mid-July 2010.

In addition, the division delivers thickeners to Anrak Aluminium in India. The deliveries are connected with the agreement signed by Outotec and Hindustan Dorr-Oliver on the delivery of clarification and iron oxide deposit purification technologies and services to the Anrak alumina refinery in Andhra Pradesh.

Toward more extensive deliveries

The success of the Minerals Processing division is based on long-term industry experience, solid process expertise in different metals and challenging mineralogies. The division's experience in the application of technologies enables its customers to beneficiate ore bodies profitably and effectively. Energy-efficiency of the technologies used is the

most significant competitive factor in the industry, since energy costs represent about 30% of a concentrator's operating costs.

The division is a market leader in several technologies and one of the leading technology suppliers in the entire industry. It has a strong market position, which, however, varies depending on the product and region. Customer interest in larger deliveries improves the division's market position.

Larox to complement the offering for concentrators

The merger of Outotec's and Larox's businesses will complement the technologies offered by Outotec to concentrators. Larox's filter technologies are the world's leading in their field and enable the provision of even more extensive solutions to the wide joint customer base.

MINERALS PROCESSING DIVISION'S OFFERING

Process solutions, equipment and services

VALUE OF DELIVERIES

EUR 1-30 million

SCOPE OF DELIVERIES

Equipment design, procurement, installation, training of customer's personnel, commissioning, performance guarantees, spare parts and services, development

DURATION OF DELIVERIES

Delivery times 3-24 months

TECHNOLOGIES

Grinding
Flotation
Thickening
Physical separation
Analyzers and automation
Process solutions
Water treatment plants

Expansion of a phosphate concentrator as a turnkey delivery

CONTRACT

At the end of 2008, Outotec signed an agreement with a mineral fertilizer producer, Yara, concerning an expansion to a phosphate concentrator located in Siilinjärvi, Finland. The value of the agreement was approximately EUR 28 million.

THE CHALLENGE

The challenge was to apply Outotec's concentrator technology developed for the metals industry for the needs of the fertilizer industry and to deliver the expansion to the concentrator as a turnkey delivery with a delivery time of less than a year, without disturbing the production and enabling the attachment of the expansion to the concentrator during the normal yearly shutdown.

OUTOTEC'S SOLUTION

Outotec engineered and constructed the expansion to the phosphate concentrator in record time and used the latest technology, such as Floatex® density separators and TankCell® flotation units. The delivery was on time, the expansion produced concentrate in less than 11 months after the agreement had been signed. The safety of the work site was first rate, as a sign of which there were no occupational accidents on the site.

After the expansion, the concentrator's production capacity grew to a million tonnes.

PROJECT SCOPE

Outotec's scope of delivery covered buildings, process engineering, density separators, flotation units, conditioners, two thickeners, related instrumentation, electrification and plumbing work, and commissioning and training services.





Quiet markets decreased order intake

The Base Metals division delivers processes and equipment based on proprietary technology for processing base metal concentrates to refined metals and for processing chromite ore to ferrochrome, a raw material for stainless steel. Due to their energy efficiency, many of the division's processes are rated Best Available Techniques according to the EU's classification.



The division develops advanced technologies for the producers of copper, nickel, zinc, precious metals and ferroalloys and offers the best process in view of the customer's raw material and end result by combining pyrometallurgical and hydrometallurgical technologies. The division's deliveries may include feasibility studies, basic engineering, technology licenses and equipment based on proprietary technology, supervision of installation and commissioning, testing and customer training, as well as maintenance and spare part services.

The expertise of Base Metals is a result of decades of research and development work at Outotec's Pori research center, as well as numerous technology deliveries. The division works in close cooperation with its customers in improving their production processes.

Quiet markets

The slowing of the markets and the cautiousness of customers were most clearly visible in the Base Metals division. The growth of metals consumption halted, so customers reduced their production capacity, and construction of additional capacity was postponed for the time being. In particular at the start of the year, there was only demand for relatively small equipment deliveries, and the division's order intake remained low. Also the demand for services



The slowing of the markets was most clearly visible in the Base Metals division.

evened out but remained at a higher level than equipment sales. In contrast, during the latter part of the year, a fair number of different projects and plans were started, but customers' decision-making continued to be cautious. Towards the end of the year, the size of equipment sales won by the division grew and in addition, contracts on basic engineering were signed.

Price competition toughened considerably during the year, and the strengthening of the euro against the industry's major trading currencies weakened competitiveness. The division had to review its price level. At the same time, sales and product development were activated. The reasonable order backlog of the first half of the year enabled the division to concentrate on project deliveries and commissioning of plants and, therefore, substantial adaptation measures were avoided.

The Base Metals' sales were down by 54% and came to EUR 136.4 million in 2009 (2008: EUR 295.3 million). The divi-

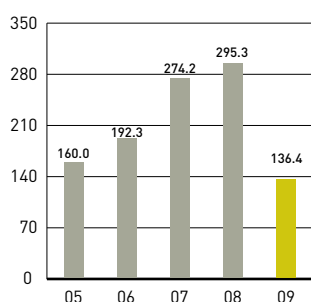
sion's profitability also weakened due to the reduction in sales. Operating profit came to EUR 8.4 million (2008: EUR 48.7 million). At the end of the year, the division employed 627 persons. (2008: 747). The reduction in personnel was mainly due to fixed-term employment contracts ending at the completion of projects.

Significant orders at the end of the year

The division received two orders with a total value of approximately EUR 10 million from Iran, comprising engineering and smelter technology. The order of Sarcheshmeh Copper Investment Company comprises planning and equipment deliveries for a copper smelter located in Sarcheshmeh. The contract with National Iranian Copper Industries Company, in turn, includes the basic engineering of a copper flash smelter expansion. The extension will increase the yearly capacity of the copper smelter located in Khatoon Abadi from 80,000 tons to 200,000 tons. By using Outotec's flash smelting method, the plant fulfils

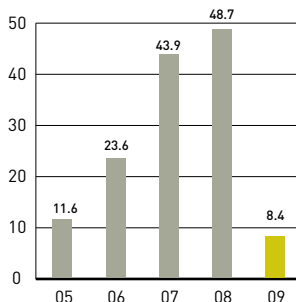
Sales

EUR million



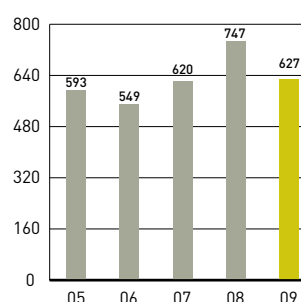
Operating profit

EUR million



Personnel

Persons





Technological leadership will prove as an increasingly important competitive factor in the future.

the latest environmental requirements, and its operating costs are lower than those of traditional smelting methods.

In September, the division signed a contract with Shanghang County Shinsan Co Ltd for the delivery of flash smelting technology to China. In addition to equipment deliveries, the contract worth approximately EUR 7 million also includes services. The equipment will be delivered to Zijin Copper Co Ltd's copper smelter located in Shanghai. The new smelter will produce an estimated 200,000 tons of copper cathodes each year. Outotec's material deliveries will take place during the third quarter of 2010.

In October, the division signed a major agreement on the delivery of a copper recovery plant for the Pueblo Viejo gold project in the Dominican Republic. The contract worth approximately EUR 16 million includes engineering, proprietary equipment, process equipment, instrumentation and automation, as well as services and spare parts. The new plant is scheduled to start up towards the end of 2011. The delivery will be implemented in cooperation with Paques, a developer of water and gas purification systems. The new application combines Outotec's

OKTOP® reactor technology and Paques' THIOTEQ® technology this cooperation enables the sale of even more extensive process applications for customers in the future. In addition, the agreement supports the division's goal of getting involved in gold refining projects.

Strong market position maintained

There were no significant changes in the market position during 2009. Outotec continues to be the leading supplier of production technologies for base metals and ferroalloys. Many of the proprietary technologies developed by the division are far superior to those offered by competitors. Technological leadership will prove as an increasingly important competitive factor for Outotec, because only with the most advanced technology can customers achieve the most efficient, safe, and environmentally sound production.

The division's offering covers production processes for several metals, whereas competitors typically focus on only a few production technologies or one metal. Its broad expertise and extensive experience in metals production processes also strengthen the division's competitive position.

Positive notes

The division's targets are to maintain its strong market position, improve its profitability and to continue the development of new technologies and to grow its Services business. The market outlook is still rather uncertain, but there has been a clear increase in customer activity, and a significant number of plans for extending the production of metals are underway. The implementation schedules of the projects, on the other hand, are uncertain. When metal consumption starts to increase, it is probable that new capacity will begin to be built with accelerating speed. In particular, growth expectations are focused on China, India and the Middle East; areas that are recovering from the global recession first.

The growing number of the division's sales projects and the orders being focused on basic engineering also forecast positive development. The future expansion of the product mix to filters achieved with the Larox acquisition will increase sales. They will bring a significant addition to the division's offering, as Larox's filters are used in the production processes of nearly all metals.

BASE METALS DIVISIONS OFFERING

Process solutions, technology transfer, special equipment, services

VALUE OF DELIVERIES

EUR 3-100 million

SCOPE OF DELIVERIES

Basic and detail engineering, services, delivery of proprietary equipment, supervision of installation, training of customer's personnel, commissioning, performance guarantees within the specific scope

DURATION OF DELIVERIES

Delivery times from 10 to 36 months

TECHNOLOGIES

Copper technologies
Nickel technologies
Zinc technologies
Precious metals technologies
Ferroalloy technologies
Water treatment

Design and delivery of the world's largest chromite pellet production unit in Kazakhstan

CONTRACT

Outotec started tests with Kazchrome's chromite ore as early as 1987. However, the investment decision of the pelletizing and sintering plant using Outotec technology was made in 2003, and the plant was started up in Donskoy, Kazakhstan in 2005. In June 2007, after successful commissioning of the plant, Outotec agreed with Kazchrome to design and deliver the second chromite pellet plant. The contract value of the second plant with services and spare parts was nearly EUR 40 million.

CHALLENGE

Kazakhstan has the world's second largest chromite ore reserves after South Africa. Kazchrome is one of the world's largest producers of chromite ore and concentrates as well as ferrochrome and ferromanganese alloys. The challenge was to double the production capacity of the pellet plant to 1,400,000 tonnes per year and to improve gas cleaning both to eliminate

air pollution in the workspace and to allow easy maintenance of the equipment.

PROJECT SCOPE

Outotec's scope included engineering, the main process equipment, automation and electrification, as well as the supervision of equipment installations and commissioning of the pellet plant.

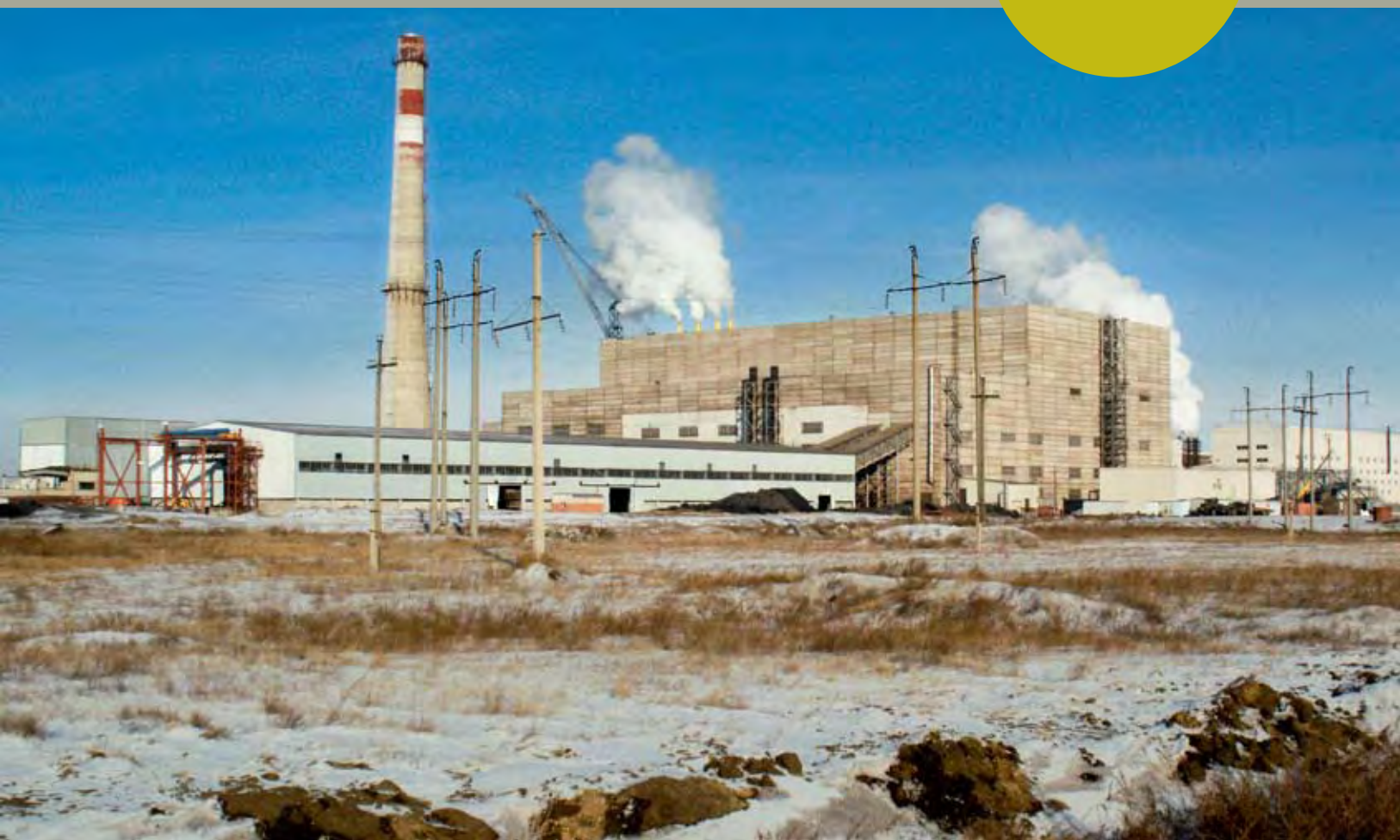
OUTOTEC'S SOLUTION

As with Kazchrome's first project, successfully commissioned, Outotec designed the pellet plant based on energy-efficient ferrochrome production technology, Outotec SBS® Steel Belt Sintering Process. The raw material for sintering is chromite concentrate from the beneficiation plant, which is ground, filtered, pelletized and sintered in a Steel Belt Sintering furnace. The plant is environmentally sound, the dusts are collected and reused in the pelletizing, the process gases are cleaned and wastewater is recycled.

Both projects were under the supervision of Outotec's top specialists.

Kazchrome's operators of the first plant were trained in Finland and they had sufficient experience for training new operators, which saved the customer's time and money.

The second plant was completed and became operational in July 2009. With the annual capacity of 1,400,000 tonnes, Donskoy is the world's largest production unit for chromite pellets. The usage of sintered pellets has considerably increased Kazchrome's ferrochrome production.





New breakthrough in the energy sector

The Metals Processing division develops and supplies technologies and services for the production of iron, alumina, aluminum and synthetic rutile, as well as for the roasting of sulfidic concentrates and for sulfuric acid production. In addition to the metallurgical industry, the division's technologies can also be used in the fertilizer and pigment industries and energy production.



The division offers customized solutions based on fluidized bed technologies for areas such as coal charring, gasification and combustion, and oil shale pyrolysis for the energy sector.

The scope of the division's deliveries ranges from feasibility studies, plant audits and plant de-bottlenecking to technology transfer packages and extensive lump-sum turnkey plant deliveries. The project costs can vary from tens of millions to hundreds of millions of euros and the delivery times are anywhere from one year to 36 months. The division serves its customers both in new plant investments and in the modernization and expansion of existing plants.

Sluggish markets

In early 2009, customers' investment activity was very low, and depended metal prices impeded the preparation of forecasts and investment plans in the metallurgical industry. Although new orders were slow coming in, there was a reasonable number of ongoing extensive projects due to a good order backlog of the first half of the year. However, the implementation schedules of some projects already on order were delayed.

At the end of the year, market confidence began to strengthen and order size grew.

The division's sales declined 23% in 2009 compared to the previous year to EUR 378.8 million (2008: EUR 494.7 million). The division's operating profit were down to EUR 36.0 million (2008: EUR 61.1 million), accounting for 9.5% of the division's sales. At the end of the year, the division employed 627 people. The number of personnel increased compared to the previous year. The division adjusted the use of subcontracted engineering work to the changed workload, however, new employees were hired to ensure technological competence.

New breakthrough in the energy sector

The most significant order received in 2009 relates to the engineering and implementation of a crude oil production plant to be constructed for Eesti Energia. The value of the order is approximately EUR 110 million. The plant, which is scheduled to start up during 2012, uses oil shale as raw material and separates crude oil from it to be used as energy. The new plant utilizes a solution based on Outotec's fluidized bed technology

Using the fluidized bed technology for oil shale processing is one example of the new applications where Outotec's technologies can be used.

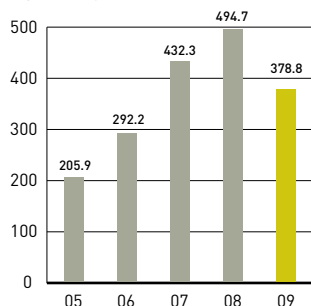
which makes oil shale processing more energy-efficient and environmentally sound. This Enefit process was developed in cooperation with Eesti Energia. Outotec and Eesti Energia established a joint venture company for the further development and marketing of the process.

Using the fluidized bed technology in the energy sector is just one example of how Outotec's technologies can be used for new applications.

The division also received orders for the delivery of a sulfuric acid plant in Chile and for aluminum technology delivery in India. The sulfuric acid plant

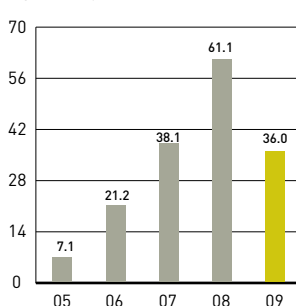
Sales

EUR million



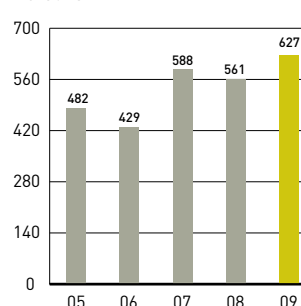
Operating profit

EUR million



Personnel

Persons



 The division will strive to increase its sales by investing in the Services business and by finding new applications for its technologies.

to be delivered to Noracid is estimated to be commissioned in early 2011. The contract covers the engineering of the plant, process equipment and supervision of installation. The delivery for Anrak Aluminium will be executed in cooperation with HDO, and the delivery of the technology package is Outotec's responsibility.

Clean technologies as a competitive advantage

Metals Processing retained its market leadership in all of its technology sectors. Competition in the delivery of technologies for the metallurgical industry

is fragmented, and there are many of small suppliers. The division's strongest competitive advantage comes from the technological solutions it offers, which allow its customers to have efficient production. In addition, the division's competitive position is strengthened by its long experience in successful execution of large projects and its global operating network.

Expected growth from services and new applications

The division's key targets involve maintaining its market position and continuing profitable business operations. The

division will strive to increase its sales by investing in the Services business and by finding new applications and customer industries for its existing technologies. The improvement in metal prices and expected growth in metals demand also builds confidence in increased investments in metals production.

METALS PROCESSING DIVISIONS OFFERING

Turnkey plants, technology transfer, special equipment and services

VALUE OF DELIVERIES

EUR 15 - 300 million

SCOPE OF DELIVERIES

Basic and detail engineering, equipment deliveries, installation, training of customer's personnel and commissioning, services, performance guarantees

DURATION OF DELIVERIES

Delivery times from 15 to 36 months

TECHNOLOGIES

Alumina and aluminum technologies
Ferrous technologies
Sulfuric acid/off-gas technologies
Roasting technologies
Energy technologies
Water treatment

Helping an oil giant become a dominant force in the global fertilizer market

CONTRACT

With an eye to its future economy and to ensure that it is no longer solely dependent on revenues generated from oil and gas, the Kingdom of Saudi Arabia is waging that the vast mineral deposits it possesses will be the solution it has been in search of. Thus, in June 2007, Outotec agreed with the Saudi Arabian Mining Company (Ma'aden) to deliver the world's largest sulfuric acid plant facility. The total investment for the mega-sized sulfuric acid plant Ma'aden envisioned was USD 500 million, of which the off-shore contract to Outotec amounted to EUR 270 million. Upon its completion, the facility's entire acid production will be utilized solely for the manufacturing of phosphate-based fertilizer.

CHALLENGE

The challenges of a project of this scope and nature could be found at every turn: the site selected for construction is Ras Az Zawr, which is located in the middle of a

desert along the Persian Gulf coast, miles from the nearest city lacking any kind of an infrastructure. From a technical standpoint, Outotec was to design and deliver a lump-sum turnkey gargantuan facility with three parallel production lines capable of turning out a total capacity of 15,000 tonnes of sulfuric acid per day - there is no benchmark of a sulfuric acid plant of this size.

PROJECT SCOPE

The scope of Outotec's involvement ranged from the engineering and proprietary technology to the delivery and turn key installation of the three sulfuric acid plants. Outotec would be responsible for coordinating the worldwide purchasing of import equipment as well as all of the local suppliers in addition to the installation of the facility. For the training of the plants' operators, Outotec has developed a state-of-the-art, dynamic computer simulator.

OUTOTEC'S SOLUTION

To realize a project of this size, Outotec entered into a joint venture with the Saudi-based Central Mining Company Investment Ltd and set up a local office. 31 months later the project had reached its mechanical completion and will begin the pre-commissioning phase before going "live" in 2011.

Not only is the project on schedule and within budget, but over 6 million hours have been recorded without incident. In addition to producing the sulfuric acid necessary for fertilizer, the three plants will also be able to produce energy in form of high pressure steam at a rate of about 800 t/h, similar to that of a traditional, mid-sized power plant. Because the client's goals were of a superlative nature - biggest, fastest, top -, it required reaching economies-of-scale for a fertilizer plant complex of this size in a relatively short time frame.





Services business is growing through acquisitions

Outotec aims to be a life-cycle partner for its customers. Outotec's service offering allows customers to operate their plants efficiently, without interruptions and with the lowest possible impact on the environment. The services include expert services, equipment and plant modernization, as well as training, operation, maintenance and spare parts services.





Outotec has systematically strengthened its capabilities and resources required in the Services business.

In the beginning of 2008, Outotec set as its goal to increase the volume of its Services business to an annual level of EUR 250–300 million by the end of 2010. The goal is to increase the proportion of value-adding services in the company's sales and thus even out the impact that the cyclic nature of new investments in the mining and metals industry has on the business.

Outotec's Services business is managed and developed jointly at the group level, and its sales are included in the divisions' sales figures. The Services business is a part of all activities: research and technology development, sales and marketing, engineering, customer documentation, procurement, purchasing, and project execution. Services are offered to customers already at an early stage of technology sales.

Offering services also strengthens Outotec's position as a supplier and developer of new plants. The availability of services is often one selection criterion for customers at the investment stage. Outotec can utilize the experiences gained in maintenance and operating services in its product development.

A reliable and competent partner is of primary importance to a customer. Therefore, services are often purchased from the technology supplier who can

guarantee the usability and effectiveness of the technology acquired throughout the life-cycle of the plant. When making the investment decision, studies and analyses enable the selection of the technology and plant best suited to the customer's need. Commissioning support, operating consultation and training ensure successful commissioning, and operating and maintenance and spare parts services ensure effective production. With modernization services, it is possible to prolong the life-cycle of a plant productively and in compliance with environmental requirements.

Resources to services with internal transfers

In 2009, the sales of Outotec's Services came to EUR 148.6 million, accounting for 17% of the company's sales (2008: EUR 141.2 million, or 12%). Growth compared to the previous year was 5%. The majority of the growth came from Outotec Auburn acquired in October 2008. Auburn offers shutdown maintenance services for smelters and sulfuric acid processing plants. In contrast, spare parts deliveries to modernization projects and new plant investments declined. The underutilization of customers' plant capacity also reduced the demand for services, which, however,

remained at a better level than equipment investments.

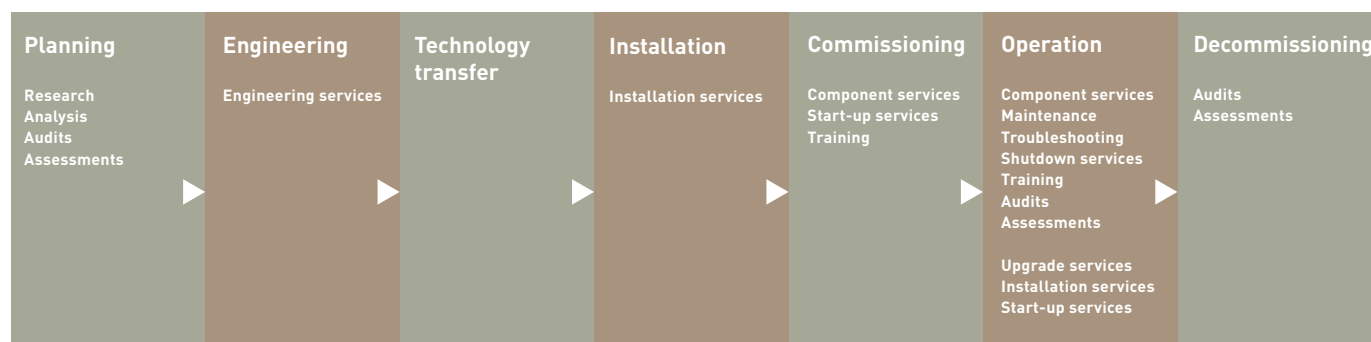
The Services business requires operating close to the customers. Outotec has a global network of service centers that provide expert services and critical support to customers locally, and a large number of industry experts with extensive experience and understanding of how to optimize customers' production plants and processes. Outotec has systematically strengthened its capabilities and resources required in the Services business, and in 2009 additional resources were mainly arranged through internal transfers.

Larox complements the service range

There are over 2,000 plants all over the world that use Outotec's technologies. This is a good platform for growth in the Services business.

The integration of the Larox filtration business into Outotec in 2010 will strengthen Outotec's Services business. Approximately half of Larox's sales comes from services. In addition, Larox's global organization will strengthen Outotec's resources as a service provider. The combining business operations is expected to take place in spring 2010.

OUTOTEC'S SERVICES COVER THE ENTIRE LIFE CYCLE OF THE CUSTOMER'S PLANT





Customers' challenges as the starting point for development

Outotec aims to further improve its competitiveness through the development of more efficient and cleaner technological solutions for its customers. Continuous development of technologies and equipment is vital for Outotec in maintaining its technological leadership.





Choosing the right technology is particularly important when investing in a new production process with a service life of several decades.

Outotec's starting point in research and development activities is customers' needs, such as lower production costs, reduced energy consumption, increased total metal yield and reduction of the environmental load of production. The most important factors guiding technology development are energy and water consumption.

Energy usually forms the most significant cost item in the processes of customer industries, and lowering energy consumption also reduces carbon dioxide emissions. Energy accounts for about 70% of production costs in the production of aluminum, and the energy consumption of concentrators attached to mines is approximately 50% of the total operating costs. The quality of available water, or its scarcity, are problems in many mining regions, such as Chile and Australia. Production processes also create slag and other by-products. Outotec aims to improve its customers' production processes by offering technological solutions that guarantee the best materials efficiency, reduce energy and water consumption, minimize waste water and emissions and improve the quality of by-products. In addition, attention is paid to the reliability, usability and safety of production.

Sustainable development

Sustainable metals production is a major challenge for the mining and metallurgical industries. With the right technological solutions, metals can be produced in an efficient and environmentally sound manner. Indeed, the role of technology in solving problems has increased in recent years. Choosing the right technology is particularly important when investing in a new production process with a service life of several decades. Because of the long service life, it is also good to choose a solution that can be modernized with small additional investments to meet the ever tightening environmental norms. With its service offering, Outotec aims to ensure that the process delivered by it is used in the cleanest and most efficient way possible throughout the life-cycle of the production process.

Industry leader

Outotec is an industry leader in technology development. Outotec's technological leadership is based on management of the whole processing chain from ore to refined metal, close cooperation with customers, extensive experience,

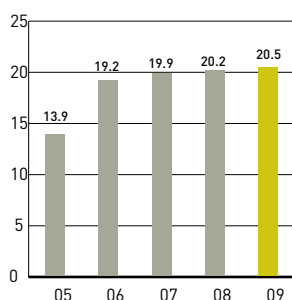
and decades of development work carried out at the company's own research facilities. The company's competitors do not have corresponding versatile facilities that would allow the development of proprietary technologies and test runs.

Outotec's R&D operations employ about 230 persons. In 2009, Outotec's R&D expenses came to EUR 20.5 million (2008: EUR 20.2 million). However, the activities were more extensive than this suggests, since the figure does not include the research work carried out for customers and studies conducted in cooperation with universities. In addition to Outotec's internal R&D projects, the research facilities in Pori, Finland, and in Frankfurt, Germany, conduct direct research and test runs for customers. The Pori research center specializes in minerals and non-ferrous metals processing, while the Frankfurt research center focuses on the pelletizing and sintering of iron concentrates, the development of sulfuric acid plants, and circulating fluidized bed technologies.

Outotec's key areas of expertise are physical separation, metallurgy of solid-state materials, pyrometal-

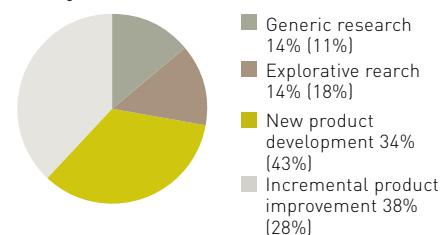
RTD expenses

EUR million



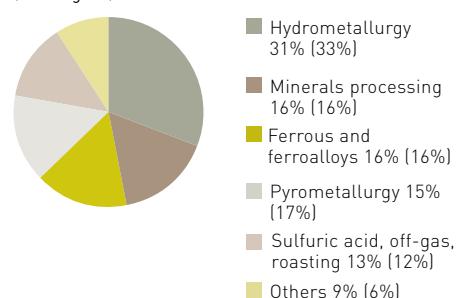
RTD projects

(2008 figure)



Patents by technologies

(2008 figure)





Outotec's key areas of expertise are physical separation, metallurgy of solid-state materials, pyrometallurgy and hydrometallurgy, and gas handling.

lurgy and hydrometallurgy, and gas-handling technologies. In addition, the company has extensive knowledge of material technology, environmental and energy technology, computational and physical modeling, plant and equipment engineering, equipment and process automation, and the implementation of international projects.

New technologies for the customers

Outotec aims to commercialize its new technologies through cooperation with customers. In 2009, the long-term test runs of the TankCell® 300 flotation cell were completed at Codelco's concentrator in Chile. The results of the test runs demonstrated that metals recovery could be improved and energy consumption reduced with the 300 m³ flotation cells, which have the largest capacity in the world. Due to the good performance rates received from the TankCell® 300 flotation cells, Outotec gained a contract for the delivery of ten flotation cells to Escondida's Los Colorados concentrator in Chile.

Outotec also commissioned the new automatic Courier® 6i SL sampling and analyzing system in Australia's largest underground mine. The system is one of the most advanced in the field of beneficiation.

Outotec's Vane Feedwell™ system for connection to paste thickeners and shear thinning system represent development results of thickening technology. Outotec delivers paste thickeners with this technology to Minera Chinalco Perú's new Toromocho copper project in Peru.

Outotec's contract on the delivery of the Pueblo Viejo copper recovery plant is a breakthrough in pooling Outotec's hydrometallurgical expertise and the biotechnology of the Dutch Paques in copper production. The process utilizes the new Outotec OKTOP® reactors and Paques THIOTEQ® technology for thickening copper sulfide. Outotec also launched a new OKTOP® reactor fam-

ily. While previously all reactors were designed individually, the new OKTOP® reactors are built from modules, which are tailored to get optimum results. In addition, Outotec launched a new type of cooling towers based on its own product development. The new towers cause lower emissions, and the cooling capacity is greater than that of traditional cooling solutions.

Outotec also agreed on its participation in the development and commercialization of a next generation measuring and control system for electric furnaces that increases energy-efficiency. The development work supported by Outotec is carried out by Real Time Systems Oy on the basis of a measuring system that it has created already previously. Electric furnaces are used for smelting steel scrap in the production of recycled steel. The new method and equipment give precise real-time measuring results and control the furnace functions more quickly, which minimizes electrical energy and maintenance costs, shortens production time and increases production capacity.

New applications from other industries

The technologies developed by Outotec for the mining and metals industries can also be utilized in other sectors, such as the energy sector and water treatment. In 2009, Outotec continued its collaboration with Eesti Energia to find a production method for processing oil shale that is cleaner and more efficient than the solution currently in use. The test runs on the suitability of Outotec's circulating fluid bed technology for oil shale processing gave good results, and the agreement on a technology delivery to the new plant

to be constructed in Narva was signed in July. The solution that was developed in cooperation and named Enefit technology is owned by Outotec's and Eesti Energia's joint venture company.

Another significant entry into the new energy sector is the joint venture company, GreenExergy AB, established with Skellefteå Kraft AB. The aim of the joint venture company is to develop, market and deliver to power plants bio-energy technology that utilizes forestry and saw mill residues. The joint venture combines for a new type of drying technology, the wood fuel developed by Skellefteå Kraft to which considerably increases the production's energy efficiency compared to alternative technologies, to Outotec's strong expertise in technology development and sales, plant engineering and global project implementation.

Intellectual property rights are monitored

Outotec protects the results of its R&D projects in all product groups in the main market areas via the application of intellectual property rights (IPRs). In 2009, patenting was at a good level, and, once again, a record number of invention disclosures were made. Outotec made 56 patent applications for new inventions and was granted 286 new national or regional patents. The company has 539 patent families, including a total of 4,575 national patents or applications and 60 trademarks.

In Outotec's industry, IPRs have traditionally been respected. However, suspected infringements have increased. As a result, there is growing demand in the industry for IPR monitoring and inspec-

tions. Outotec has been actively asserting its IPRs for years, and the company's strong reputation as a patent-holder helps to prevent infringements.

Intellectual property rights and the related principles are prominent on the agenda in work with customers and research collaboration partners. Also, IPRs are supplemented with appropriately chosen contract tactics. Monitoring and prevention of IPR infringements is particularly challenging in developing countries, an issue that has been addressed

actively in recent years. However, processes and related technologies are difficult to copy, because they are customized to suit the raw materials to be used.

Active cooperation in the development of new technologies

The development of new technology requires broad expertise, a variety of resources, and the ability to take risks. The work also requires long-term effort: full commercialization may take up to 5–10 years. This is why Outotec empha-

sizes cooperation and the sharing of knowledge and expertise in technology development. Technology is mainly developed in collaboration with customers, but subcontractors, research institutes, and universities are also significant partners.

Outotec participates actively in the innovation projects organized by the Finnish state, for example, in the strategic top expertise units (SHOK). Outotec is also a shareholder in FIMECC Oy, which is a metal product and mechanical engineering industry company, and in an energy and environmental sector company, CLEEN Oy. Outotec has made significant investments in the process industry and metallurgy research project Energy & Lifecycle Efficient Metal Processes started by FIMECC Oy. The key aim of the project is to develop the existing and new metal processing methods to achieve lower energy consumption in the production chain, increased material efficiency and reduced environmental impact. The total cost estimate for the program is EUR 35 million during the period 2009 to 2014.

As a member company of the Association of Finnish Steel and Metal Producers, Outotec was involved in establishing the Centennial Foundation Fund for the Association of Finnish Steel and Metal Producers in the beginning of 2009. The purpose of the fund is to promote research, teaching and studies of technology and business issues concerning metals production and covering the entire processing chain, in universities and research institutes. The fund gave out the first grants for 2010, totaling in excess of EUR 292,000.

Outotec's cooperation with the Geological Survey of Finland continued in accordance with the partnership agreement. The company is also supporting the Helsinki University of Technology energy research program. One of the research topics is minimization of energy losses in combustion processes.



Pori Research Center in Finland celebrated 60 years of metallurgical research in September with a reunion of managers past and present.



Clean technologies help to slow down climate change

As an industry-leading developer and supplier of technology, Outotec is committed to promoting sustainable development both in the solutions it offer to its customers and in its own operations. In Outotec's customer industries, the most important goals of technology development are identifying the most economically viable solution and reducing environmental impact.





Outotec's goal is to promote sustainable development by delivering clean and energy-efficient technologies to its customers and, thus, to participate in reducing the world's carbon dioxide emissions.

In view of profitability, effective utilization of raw materials and minimization of energy and water consumption are essential. The same factors reduce environmental impact. Outotec develops solutions that enable both these goals to be achieved simultaneously.

Responsible customer industries

Outotec's customers' processes produce gas and particle emissions and process waters that need to be purified. In addition, other by-products are created, such as slag and waste rock. Traditionally, the mining and metals industry has caused a fair amount of particularly local environmental hazards, but in recent years the changeover to cleaner production has been remarkably fast. As metal production volumes have increased dramatically, the total emissions caused by them have been reduced. The change has been accelerated by stricter environmental requirements, but also by customers' own interest in utilizing increasingly efficient technologies that also guarantee more profitable production.

Outotec's goal is to promote sustainable development by delivering clean and energy-efficient technologies to its customers and, thus, to participate in reducing the world's carbon dioxide emissions. One technology that reduces emissions significantly is Outotec's flash smelting technology that is used to produce approximately half of the world's copper.

Energy in a key position

In the processes of the mining and metals industry, the most significant cost item is energy. For example, in the

production of aluminum, about 70% and in the production of copper, about 30% of the expenses are energy expenses. Its availability and price are the starting points when considering the economic viability of exploiting ore deposits. The importance of energy-efficiency has been great already for decades, but particularly in recent years, it has clearly grown due to a rise in energy prices and the climate change. Reducing energy consumption minimizes the carbon dioxide emissions created by the process, and, hence, by developing energy-efficient solutions, greenhouse gases are reduced while the cleanness of the production is improved.

It is an equally important challenge to minimize water consumption, in view of both the harm to the environment and profitability. Indeed, the efficiency of energy and water consumption in the solutions developed for customers is Outotec's most significant competitive advantage.

Significant advances

About 76% (2008: 70%) of Outotec's order intake in 2009 were categorized under the OECD definition as Environmental Goods and Services, which are goods and services to measure, prevent, limit, minimize or correct harm to the environment.

Many of Outotec's environmentally sound technologies originally developed for the mining and metals industries, can also be used in other industries, such as the energy sector and the treatment of industrial waters. Milestones achieved in 2009 include the commercialization of new solutions in the energy

sector utilizing existing technologies. These include the Enefit technology and the bioenergy technology, being developed under GreenExergy, which Outotec markets through the joint venture companies established in 2009.

During the year, Outotec also developed the assessment of the environmental impact of its own operations and successfully participated in the Carbon Disclosure project.

In addition, Outotec joined the Baltic Sea Action Summit commitment aiming at improving the state of the Baltic Sea.

At the end of 2009, Helsinki University of Technology established Tapani Järvinen's environmental fund that supports the research and development of environmental technology with grants. Outotec donated the basic capital for the fund.

Clean production method for processing oil shale

The development cooperation with Eesti Energia was started in 2008 for using modern fluidized bed technology in oil shale processing. The new solution created as a result of the cooperation significantly improves the current process based on solid heat carrier technology for separating oil from oil shale and other materials containing hydrocarbon. The new sustainable technology dramatically improves the energy efficiency of production and fulfils the strict environmental regulations of the European Union. The agreement on the engineering and delivery to Eesti Energia of an oil production plant based on a new, environmentally sound solution named the Enefit process was signed in July.



At its first time of reporting, Outotec was selected among the leading companies in the Nordic Carbon Disclosure Leadership index.

The plant, which will be commissioned in early 2012, will process over 2.2 million tonnes of oil shale and produces approximately 290,000 tonnes of oil each year.

Outotec's operations mostly involve engineering and business management, the environmental impact of which is relatively small. The environmental impact of such work is managed with unit-specific environmental and quality management systems. In addition, Outotec is committed to the energy efficiency program of the Federation of Finnish Technology Industries at Outotec's workshop in Turula and in the Pori Research Center.

Outotec into the Carbon Disclosure Leadership index

In 2009, Outotec participated for the first time in the Carbon Disclosure Project (CDP). The CDP is an independent, non-profit seeking organization that gathers data connected with climate change from the world's most important companies into its database. At its first time of reporting, Outotec was selected among the leading companies in the Nordic Carbon Disclosure Leadership index. The selection demonstrates that, with regard to the climate change, Outotec's corporate governance is sound and reporting related to the climate change is of a high quality. The analysis is based on CDP's survey, which charted greenhouse gas emissions, emission reduction targets and the risks and opportunities relating to the climate change. The good rating also speaks of good internal informa-

tion management and demonstrates that the effects of climate change-related matters to the company's operations have been understood. In 2008, the world's carbon dioxide emissions were 4.4 million tonnes lower due to the use of Outotec's flash smelting technology, ferrochrome technology and alumina calcination technology compared with other methods in use.

Cooperation for the Baltic Sea

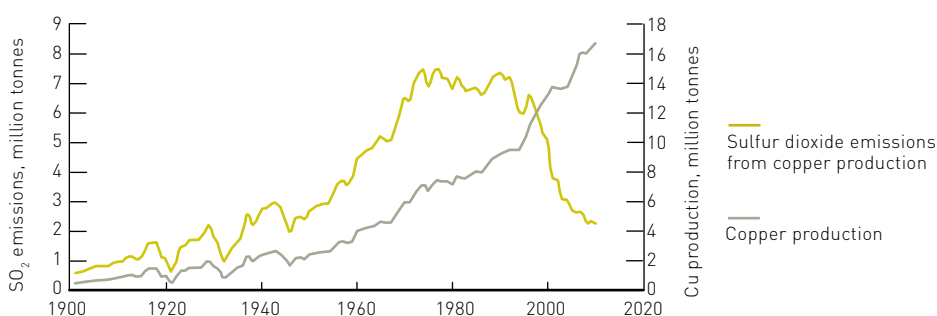
Outotec joined the Baltic Sea Action Summit commitment launched in spring 2009 with the aim of improving the state of the Baltic Sea. The most visible part of the project was the Baltic Sea Action Summit top-level meeting organized in Helsinki in February 2010, which gathered together heads of state, companies and citizen groups. Every participant in the summit commits to taking concrete action for cleaning the Baltic Sea. Outo-

tec commits to providing information on clean production technologies and promoting their use in the Baltic Sea region.

Active organizational work

Outotec also continued its active work in various organizations in developing technologies that satisfy environmental requirements. A representative of Outotec participates in the definition of Best Available Techniques for nonferrous metals as an expert in the European Union's working group and in an environmental working group of the Federation of Finnish Technology Industries. In addition, Outotec has been involved, among others, in the International Copper Association's Health and Environment Program committee work. Outotec's former CEO, Tapani Järvinen, is the chairman of the Environmental Forum of the Confederation of Finnish Industries (EK) in 2009.

Development of emissions from copper production



Enefit technology was developed together with the customer

The Enefit technology developed in collaboration with Eesti Energia is a good example of how Outotec's solutions can be applied in new ways. Eesti Energia has utilized the extensive oil shale resources in Estonia for the country's energy production for nearly 30 years. The production costs for oil produced from oil shale have been significantly higher than the costs of crude oil based on oil drilling.

The most significant benefit of the new Enefit technology is the improved energy efficiency. After separating the oil, the slate is processed further in a circulating fluidized bed reactor to burn any coal residue. The energy created in the process is utilized in the drying and processing of

unprocessed oil shale and in the production of steam and electrical energy. The process uses oil shale's own energy, which is utilized almost completely. Hence, external energy is mainly only needed in crushing the raw material. The characteristics of waste are also improved, since carbon can be completely removed from the ash created in the production process during ash recycling. In addition, the technology dramatically reduces water usage. Thus, the Enefit technology enables a process that is ideal for the environment and complies with the high environmental standards set by the EU.

The world's utilizable oil shale resources are multifold compared with

traditional oil resources. There are extensive oil shale deposits, for example, in the United States, Brazil, China, Russia, Jordan and Estonia. In Estonia alone, it is possible to build several plants using the new technology. In addition to oil shale and oil sand, similar technology can be used in the utilization of materials containing hydrocarbons, such as plastic waste and used tires.

CASE





Competent personnel as the basis for competitiveness

Outotec's goal is to grow profitably and to strengthen its position as a leading provider of process solutions, technologies and services. Understanding the customer's business, developing technologies, creating the best solutions and services as well as implementing demanding, extensive international projects successfully require strong competence and versatile experience.



Outotec's competitiveness is based on competent personnel. The company offers its employees challenging and varying duties, the possibility to develop their skills among experts in the field, and an international working environment.

At the end of 2009, Outotec had 3,128 employees (2008: 2,674) of which 562 employees worked for Larox. The average number of employees was 2,612 (2008: 2,483), the average number of personnel increased by 129 individuals compared to the previous year. At the end of 2009, there were 246 fixed-term employees (2008: 401), corresponding to about 8% (2008: 15%) of the company's personnel. At the end of 2009, there were 250 contracted employees (FTE) (2008: 560).

The economic recession had an uneven impact on Outotec's different business divisions: in some, the workload remained at the previous year's high level, but in certain areas, there was a reduction in the amount of work. The reduction in sales was mainly adapted by reducing fixed-term employment contracts and the use of contracted employees, as well as by various working time arrangements. Job rotation was also increased and indeed, personnel transferred to other duties within the company according to workload. The total reduction excluding Larox was 108 compared to the situation at the end of 2008, although the amount of personnel was increased in the developing markets, such as India and China.

Employer image became stronger

During 2009, employee turnover decreased from the previous year and availability improved in the entire area of operations. In addition to the economic situation, this was impacted by the improved awareness of Outotec in general and by the active cooperation with universities and technical colleges. Outotec's reputation as a good employer has strengthened after its listing on the Stock Exchange, particularly in Finland, but also in other countries of operation.

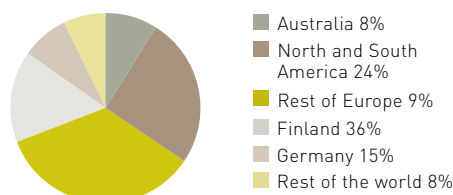
The Espoo office came third among the large companies category in the Finland's Great Place to Work 2009 survey organized by the Great Place to Work institute. In addition, Outotec received a special mention for its comprehensive and successful recruiting concept. According to the employee survey undertaken in the entire Group, Outotec has a good work atmosphere and personnel's work contribution and competence are valued. The appreciation of the environmental soundness of Outotec's technologies has been particularly strong in recent years. The personnel feels that it is doing important and worthwhile work in promoting sustainable development and in reducing the environmental impact through customer projects.

Versatile skills for excellent performance

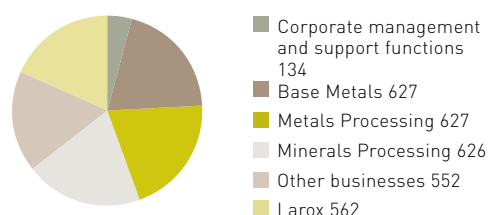
One of the key goals of personnel development is ensuring the availability of sufficient and appropriate resources. Outotec's core competencies include, e.g., technical knowledge, management of customers' production processes, extensive project deliveries and production operations. In addition, operating internationally and with different cultures requires good cooperation and language skills, as well as a flexible and unprejudiced attitude.

Outotec has been measured to be an emotionally intelligent expert organization with highly trained personnel. Professional competence is also valued, proactiveness in continuous self development is encouraged, and the development of personnel's skills is supported. The starting point for target setting, feedback and personal development plans is a development dialogue that a supervisor has with each employee annually. According to the employee survey, supervisors have succeeded well in encouraging the development of employees. Outotec offers various coaching, mentoring, training and development programs, and it also supports external supplementary training and postgraduate studies.

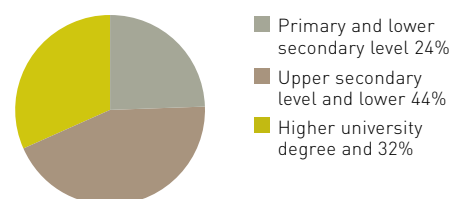
Personnel by country



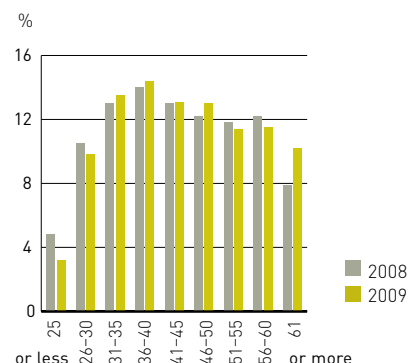
Personnel by business area



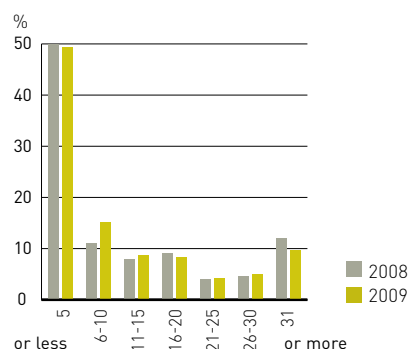
Educational background



Personnel by age range



Personnel by years of service





Outotec aims to be an open work community, where the corporate culture is unprejudiced and dialogue is encouraged. There are several interaction channels between the management and personnel.

The management and supervisory work at Outotec are based on management principles that encourage innovation and emphasize customer service and teamwork, as well as coaching to achieve commercial value in business operations. Leadership is supported, among others, by the 360 assessment concept, which is based on Outotec's leadership principles. The development of the assessed people is supported by personal coaching. Outotec also has its own development programs to strengthen leadership and supervisory skills. The creation of a new international management development and supervisory training program is underway. According to job satisfaction surveys, leadership and supervisory work have been continuously developing into the right direction.

In addition to supervisor training, Outotec has invested in extensive training and development programs that support strategy implementation and the achievement of targets. The solution sales training program started already earlier was brought to a conclusion, and, in addition, extensive global training was organized, aimed at the development of services and after-sales business.

There are many experts in different areas working at Outotec, who have had a long career and who have a considerable amount of valuable experience. The aim is to transfer this knowledge to more junior employees with various mentoring programs and measures. For example, younger learners are sent with experienced professionals to plant commissioning and to familiarize themselves with various processes.

Closer definition of reward bases

Fair and motivating rewarding is achieved with pay that is in line with the demands of the job, the performance and skills. In addition, every employee is covered by the bonus system. In addition

to the bonus system, about 60 key employees participate in a share-based incentive program. Reward bases and job evaluation have been developed in recent years in such a way that they take into account the demands of the job. Thus, rewards for all jobs are based on how demanding the job is, which is transparently and fairly defined, rather than, for example, on a job title. The job grading has almost been completed in Finland, Peru, Chile and Brazil, and development work will be continued in other countries.

Plenty of influencing opportunities for personnel

Outotec aims to be an open work community, where the corporate culture is unprejudiced and dialogue is encouraged. There are several interaction channels between the management and personnel. Regular briefing and interactive events are organized for the personnel regarding the company's financial situation, targets and successes. In addition, the Outotec Round Table, which is a negotiating body specified in the European Works Council Directive, convenes twice a year to discuss current topics. The meetings are attended by representatives elected by the personnel (20) from Finland, Sweden and Germany, and the CEO, Senior Vice President - Human Resources, the CFO, and at least head of one business division.

During 2009, new interaction channels were taken into use, among others, the CEO's blog where personnel can comment the thoughts presented by the CEO. In addition, an internet survey was conducted, where members of personnel were able to present their ideas and suggestions for the company's development anonymously. The interest in bringing forward ideas was high, and, in total, nearly 5,000 ideas were received. Those that could be implemented were

processed further in, among others, the strategy process, management meetings and blogs.

Healthy work community

Maintaining the balance between work and family life demands different measures at the different stages in life. Outotec supports the job motivation of its employees in the ways best suited to each individual. The company provides various opportunities for enhancing and maintaining work capacity and well-being at work. The sick leave rate at Outotec is very low.

Safe work practices are a part of every employee's expertise. All employees working at factory sites participate in occupational safety training. The biggest risk factors arise during work assignments and, in particular, in countries where attention is not paid to safety.

More flexibility with job rotation

Outotec pursues a responsible and sustainable HR policy to ensure that the right kind of competence is available also in the future. In particular, the aim is to increase expertise and experience in the new application areas of Outotec's technologies, such as the water and energy sectors, but basic competence in metallurgy must also be maintained. At times, the competition for metallurgical experts is high even globally, because only a limited number of new experts graduate in the field.

The company aims to lower administrative barriers to job rotation so that accepting new, challenging positions would become easier for the employees. The goal is to increase the effectiveness of how the internal job markets operate within the entire Group. Effective job rotation strengthens the sharing of competence and the company's flexibility in using resources.

Outotec is one of Finland's best places to work

Outotec's Espoo office came third among the large companies category in Finland's Great Place to Work 2009 survey. Outotec also received a special mention for its comprehensive and successful recruiting concept. The Great Place to Work institute organized the survey for the seventh time in Finland.

According to the survey, the best work places are more productive than others, the personnel turnover is low and there are fewer absences. The survey is based on a global good work place assessment method developed over 25 years. Finland's best work places are selected mainly on

the basis of the opinions of the organizations' own employees. Two thirds of the score comes from a survey conducted among the personnel and one third on the basis of the organization's management practices.

The survey was conducted in November 2008, and the results were announced in February 2009. In the opinion of the personnel, the best things at Outotec are the trust demonstrated by the management, the independence in working, the opportunity for flexible working hours and responsible duties. In addition, Outotec employees said that they are proud of

their work, of their personal and their teams' achievements and of the company's reputation.



CASE



Proactive risk management is a foundation for business

Outotec operates in accordance with its risk management policy, which specifies the objectives, approaches and areas of responsibility of risk management.

On the Group level, the Board of Directors is responsible for the company's risk management. The CEO and the Executive Committee are responsible for defining and implementing risk management procedures, and for ensuring that risks are taken into account in strategic planning and business operations. Furthermore, Outotec's risk management policy defines a balanced risk profile from the perspective of all stakeholder groups. More information about the company's risks and risk management procedures can be found in the Report by Board of Directors on page 51 and Note 18 to the Financial Statements on pages 76-79.

Identification and consideration of risks in strategic planning

Outotec has defined a risk to be anything that might have an impact on the company's business activities. Risks can be threats, uncertainties, or lost opportunities but also chances.

Outotec's business divisions are responsible for managing the specific risks related to their business operations. The company's support functions facilitate the implementation of the risk management policy and develop ways of working that benefit the whole company.

Auditors, external parties and internal audit monitor the risk management process. Based on information reported by the business divisions, the company compiles quarterly risk reports for the Audit Committee, Executive Committee, internal auditing staff, and auditors.

Key strategic and business risks

Strategic and business risks are associated with the nature of the business and are often difficult to quantify. Among

other areas, strategic risks relate to Outotec's business portfolio, market position, and major investments. Business risks, in turn, are connected with operating environment, customers' and subcontractors' operations, and overall economic outlook.

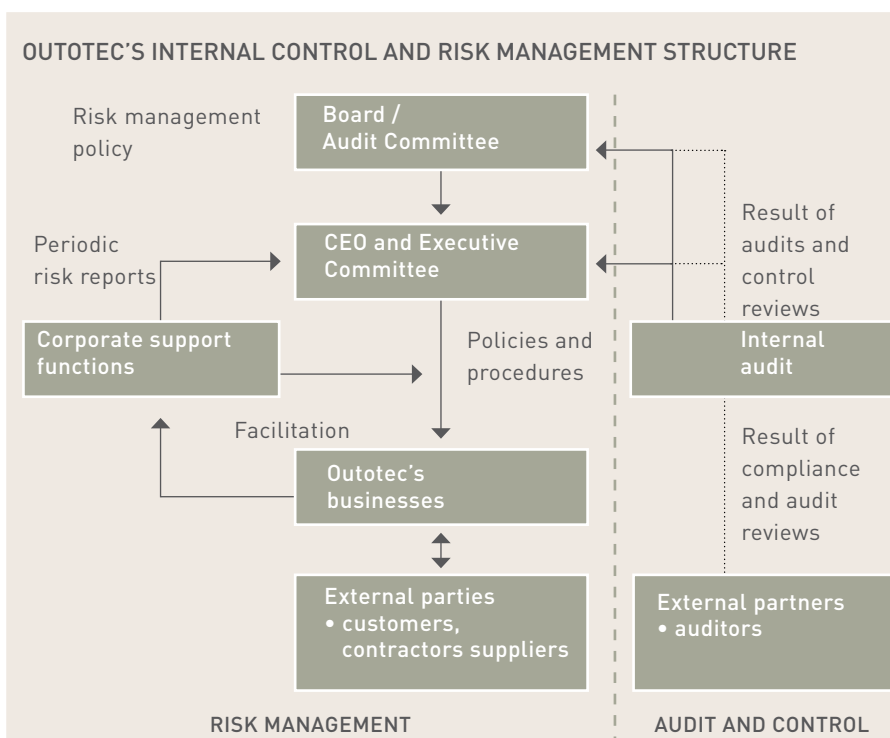
Cyclical nature of the mining and metallurgical industries

The market for technology providers for the mining and metallurgical industries is driven strongly by the overall investment activity in these industries and the underlying global consumption of metals, the balance (or imbalance) of metals supply and demand, the capacity utilization rate, and metal prices.

The cyclical nature of Outotec's sales therefore is driven primarily by the changes in global supply and demand related to metals and the capital expenditure plans of the mining and metallurgical companies. In order to be less dependent on the cycles of the mining and metals industries, Outotec has started to pursue opportunities to sell its technologies to other process industries. These cross selling efforts have already resulted deliveries in energy and fertilizer industries.

Competitive environment and changes in customer requirements

For decades, Outotec has been able to maintain and strengthen its competitive



position and market share by investing in continuous research and development in order to offer superior technologies and processes for its customers. Each of Outotec's business divisions operate in somewhat different competitive business environments. For some technologies, the market entry barrier is high because of the years of practical experience needed in order to successfully design and commission processes meeting the needs associated with different ore types. Outotec closely monitors the markets to stay ahead of competition and any possible new entrants.

The company's aim is to develop new technologies and services and to commercialize them. Outotec's future success will also depend on its ability to enhance its existing technologies and services, address the increasingly sophisticated and diverse needs of its customers, stay at the front line of technological advances, and conduct its business on a cost-effective and timely manner.

Political, economic, and other uncertainties

Business operations in emerging markets may present risks that are not encountered in countries with more established economic and political systems. These risks are related to economic instability and potential difficulty of anticipating future business conditions in these markets. These market condi-

tions, which may change rapidly, may cause delays in the placement of orders for projects awarded and thereby subject it to volatile markets.

Operational risks

Operational risks may arise as a consequence of inadequate or failed internal processes or systems, employees' actions, or external events. Risks of this kind are often connected with projects, information technology, or infrastructure, and their actualization can lead to liability, loss of property, and suspension of operations or harmful environmental effects.

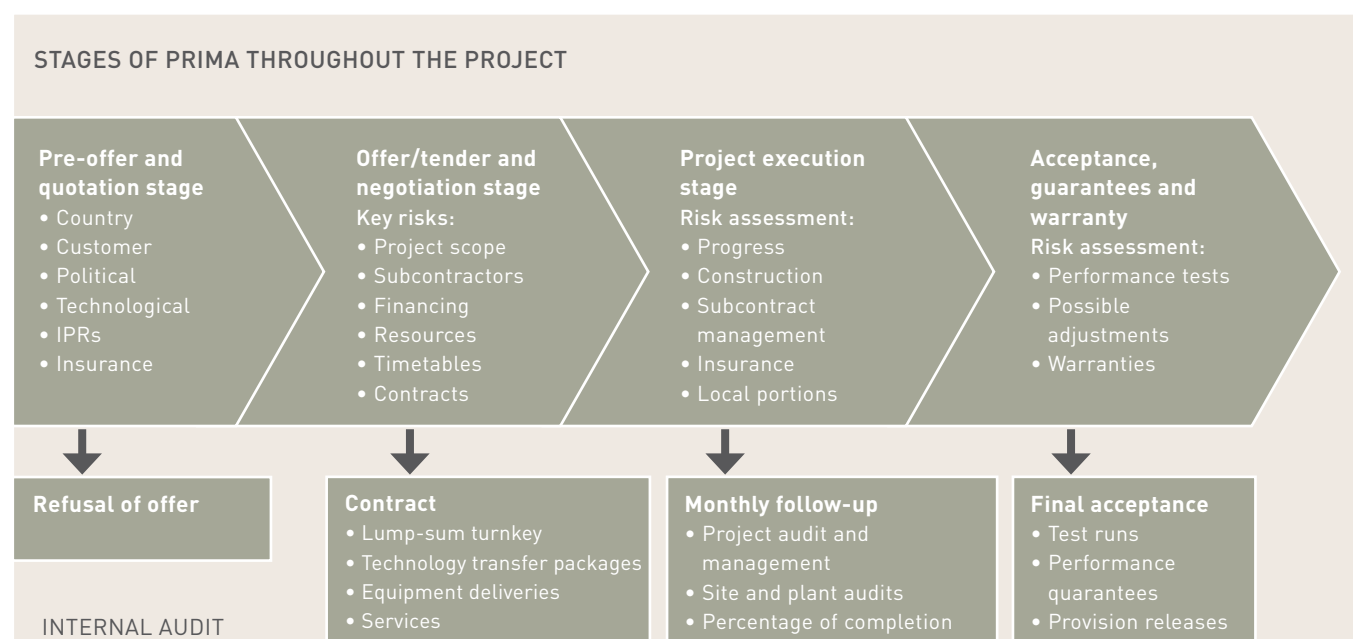
Operational risks may be related to the following matters:

- Uncertainty of commencement of projects; Outotec's research and testing facilities are used in testing customers' raw materials in order to select the optimum process and discover parameters for performance guarantees.
- Pricing of contracts; Most of the contracts are fixed price contracts. Outotec secures the cost of raw materials, components and outsourced work before making an offer to a customer in order to hedge possible increases in subcontracted materials and work.
- Suspension, termination, and alteration of contracts; Outotec applies strict criteria when adding projects to order intake and backlog. Most projects are cash flow positive starting from an

advance payment and continuing with milestone payments. If cancellations occur, committed costs and lost profits must be typically covered by the cancelling party.

- Dependence on suppliers; Outotec uses hundreds of suppliers around the world where ever it is most feasible for the project. These suppliers include mechanical workshops, component manufacturers, local construction and engineering companies. The relationships are long term and new, critical suppliers undergo financial and quality audits.
- Ability to implement large and complex customer projects; Outotec has been delivering thousands of projects in the past decades and has strong experience in international project work in different cultures and conditions. The company has developed a comprehensive project risk management system named PRIMA (Project Risk Identification and Management).
- Sufficiency of insurance coverage; In order for the company to have sufficient coverage, the Group's insurance coverage is reviewed regularly and, if needed, the company takes project based additional insurance cover.

Some of the company's operational risks are covered by insurance. Outotec uses a procedure for identifying, assessing, and reducing operational risks. Project-related surveys and reporting are carried out according to the guidelines



set forth in the Project Risk Identification and Management (PRIMA) policy. Contractually protected are the extents of responsibility in given performance guarantees, raw material and subcontractors' price increases in the majority of projects.

PRIMA, operational risk management throughout the project

Outotec's business operations comprise many different projects. At the end of 2009, Outotec's order backlog included 21 projects with a value in excess of EUR 10 million. These projects accounted for 68% of the total backlog. The keys in successful project execution are good project management skills and strict procedures. The PRIMA policy was created to better manage the various project-related risks. The key objective of PRIMA is to identify and manage these risks intelligently, in order to ensure profit recognition for the company. This means that the objective is not necessarily to avoid risks so much as to recognize and manage them.

PRIMA is an integrated process covering all stages of a project. It starts in the sales phase and continues through the bidding, negotiation, and execution stages up until the end of the warranty period. Proposals and their underlying estimates, as well as the resulting customer and sub-supplier contracts, are of great importance in the PRIMA process.

Classification and analysis of risks is documented, and on the basis of the analysis, appropriate follow-up actions are specified. These actions may also include abandonment of the proposal. The goal is to identify proposals that can be expected to influence Outotec's sales, operating profits, cash flow, and competitiveness, as well as the availability of resources and technology.

Financial risks

Financial risks comprise market, liquidity, and credit risks. The main task of Outotec's financial risk management and related Financial Risk Policy (FRP) is to reduce the earnings impact of fluctuations in currencies, interest rates, and other factors of uncertainty, as well as to ensure sufficient liquidity.

All treasury's investments related to liquidity management are made in liquid money market instruments with, as far as possible, low credit risk and within preagreed credit limits and maturities. The limits are reviewed regularly by the Board's Audit Committee. Part of Outotec's project advance payments can be invested in local money markets in emerging countries.

Financial risk management is discussed in more detail in Note 18 of the consolidated financial statements on page 76-79.

Intellectual property rights and active IPR policy

Intellectual property rights are a key element of Outotec's business. All types of IPRs are considered to be important business assets for the company. IPR Management, a part of Outotec's RTD function, is responsible for applying and maintaining of patents, registering and maintaining trademarks, managing inventions, coordinating outside patent counsels, remitting payments, and assisting in IPR disputes. In addition to ownership of numerous patents, patent applications, and trademarks, Outotec is also a proprietor of other officially registered IPRs and non-registered rights

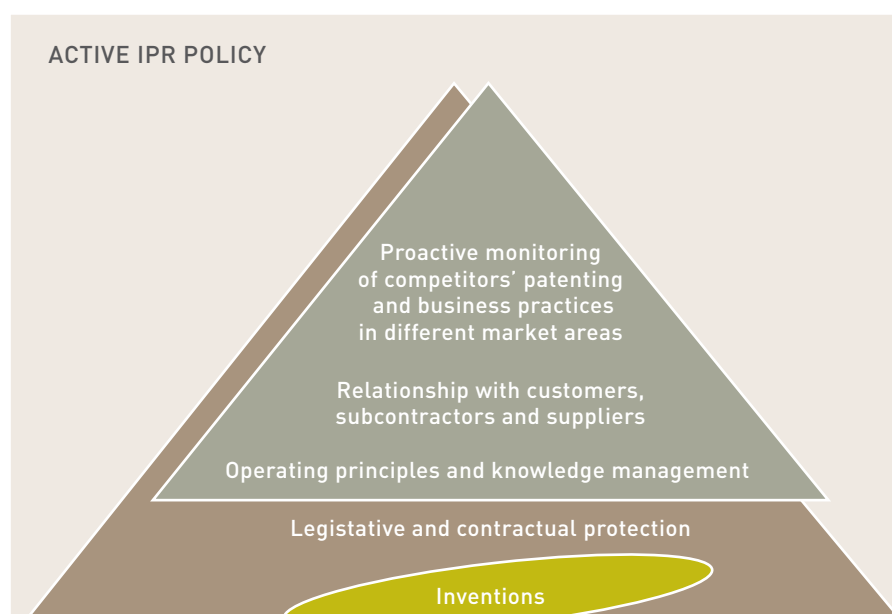
such as trade secrets, copyrights and agreements.

Outotec's investment in IPR assets aims for competitive advantage. The goal is to protect Outotec's technologies and products according to their main market areas and in segments where patenting is an important part of the business. Competitive advantage is also supported by active follow-up on competitors' IPR activities and competing technologies.

Outotec has an active IPR strategy, which is implemented by protecting the rights relating to inventions, products, technologies, and R&D results; protecting the company against competitors' hostile activities; preventing infringements; targeting a commercially expedient IPR portfolio; and promoting the company's image as an innovative company.

Risks related to growth and implementing the strategy

Outotec aims for sustained profitable growth. Acquiring of technologies and companies, for example, are means for growth. Integrating businesses and thus gaining synergies, however, involve uncertainties. Therefore the company aims to acquire and integrate businesses as efficiently as possible.



Outotec Oyj
Financial Statements 2009

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All figures in the annual report have been rounded and consequently the sum of individual figures may deviate from the sum presented.

Key figures have been calculated using exact figures.

Report by the Board of Directors

Operating environment

The market conditions were challenging in the mining and metals industry throughout the year, although activity picked up towards the end of the year. Mining and metals companies began to upgrade their investment plans in the second half of 2009, due to positive market forecasts and continued metals demand in emerging economies such as China and India. This was indicated by the recovered activity in negotiations with customers. However, updating large investment plans, including financing, scoping and pricing and turning them to orders takes some time. In addition, many production plants still have unused capacity.

The competitive situation was tight because of fewer new projects. Despite increased competition and pricing pressures, Outotec was able to defend its margins because of lower raw material and subcontracting prices. In 2009, Outotec strengthened its presence in China and India. The company had about 140 employees at the year-end in these markets, and sales to these countries accounted for EUR 126 million (2008: EUR 142 million).

In addition to mining and metals industry, Outotec designs and delivers solutions to the energy sector, water treatment and chemical industry. Although there were new business opportunities for Outotec's environmentally sound technologies in these areas, the economic recession slowed down investments also in these industries in 2009.

Order intake

Order intake in 2009 amounted to EUR 557.1 million (2008: EUR 1,153.8 million) including plant deliveries, equipment deliveries and services to existing customers.

The largest new orders in 2009 included:

- oil shale technology to Eesti Energia, Estonia (EUR 110 million);
- sulfuric acid plant for Noracid S.A. in Mejillones, Chile (EUR 51 million);
- copper recovery plant to Pueblo Viejo's gold mine in the Dominican Republic (EUR 16 million);
- several service contracts for industrial and maintenance services in Chile and Canada (EUR 15 million);
- thickening technology for the Toromocho project, Peru (EUR 11 million);

- engineering and smelter technology to Iran (EUR 10 million);
- flash smelting technology to Zijin Copper Co. Ltd. China (EUR 7 million);
- flotation cells and thickeners for Poly-metal's Albazino gold mine project in Russia;
- flotation technology to Minera Escondida, Chile; and
- alumina refinery technology to Anrak Aluminium, India.

Order backlog

The order backlog at the end of 2009 totaled EUR 867.4 million (December 31, 2008: EUR 1,176.7 million). Outotec's order backlog excluding Larox was EUR 834.6 million at the end of the reporting period representing a 29% decline from the 2008 corresponding figure. In 2009, order backlog was reduced by approximately EUR 50 million mainly due to changes in project scopes which reduced auxiliary equipment deliveries.

At the end of 2009, Outotec's order backlog included 21 projects with an order backlog value in excess of EUR 10 million, accounting for 68% of the total backlog. According to a management estimate, roughly 68% of the current backlog will be delivered in 2010 and the rest in 2011 and beyond. At the end of the reporting period, Outotec's order backlog included roughly EUR 70 million in suspended projects. Roughly 2% of the projects in Outotec's current backlog are for mining companies that are developing their first processing plants.

Sales and financial result

Outotec's sales in 2009 totaled EUR 877.7 million (2008: EUR 1,217.9 million), which was 28% lower than in 2008. The decline in sales resulted from the smaller order backlog, low order intake during the first half of the year and the rescheduling of some major projects under execution. Sales to 'top 10' customers were less than 50% of the total sales and none of the customers accounted for more than 10% of the total sales in 2009.

The Services business, which is included in the divisions' and other businesses' sales figures, totaled EUR 148.6 million in 2009 (2008: EUR 141.2 million), up 5% from 2008. The Services business overall was affected by customers' lower capacity utilization and plant closures. Spare part deliveries reduced

because of reduced metals production, but sales of maintenance and technical services increased compared to the comparison period. Majority of the increase in maintenance services came from Outotec Auburn, which was acquired in October 2008. Supported by the acquisition of Larox, Outotec remains on track in achieving its service business sales target of EUR 250-300 million by the end of 2010.

The operating profit for 2009 was EUR 58.6 million (2008: EUR 120.2 million), representing 6.7% of sales (2008: 9.9%). The decrease was the result of lower sales volume, a decline in license fee income and higher fixed costs. The operating profit includes the EUR 2.4 million one-time positive effect from the amicable settlement of all disputes related to the Pattison Sand project as well as the EUR 2.5 million impairment loss related to fair valuation of Outotec's shares in Pacific Ore Ltd. The unrealized and realized exchange losses related to currency forward contracts, which are not included in the hedge accounting, decreased profitability by EUR 0.1 million (2008: unrealized and realized loss of EUR 9.5 million).

In 2009, Outotec's fixed costs were EUR 131.6 (2008: EUR 123.3 million). The increase was mainly caused by the fixed costs of Outotec Auburn, increased sales work, developing business operations in India and China, one-time costs related to adjustments of the office network, increase of bad debt provisions related to accounts receivable and development of the Services business worldwide.

Outotec's profit before taxes for 2009 was EUR 60.9 million (2008: EUR 136.3 million). Profit before taxes was favorably impacted by the net financial income of EUR 2.2 million (2008: EUR 16.1 million) from the high net cash position. The decline in net financial income was primarily due to lower interest rates. Net profit for 2009 was EUR 42.3 million (2008: EUR 93.9 million). Taxes totaled EUR 18.6 million (2008: EUR 42.4 million). This represents an effective tax rate of 30.5%. Earnings per share were EUR 1.01 (2008: EUR 2.25).

Outotec's return on equity for 2009 was 14.9% (2008: 42.6%), and return on investment was 20.9% (2008: 61.6%).

Minerals Processing

The Minerals Processing division's sales in 2009 decreased by 19% from the 2008 level and totaled EUR 338.2 million (2008: EUR 419.6 million). Operating profit increased to EUR 29.2 million (2008: EUR 22.5 million). A high starting order backlog, good project execution and reduced bottlenecks in the delivery pipeline were factors affecting sales, however, due to lower order intake, sales in the reporting period were less than in the comparison period. Operating profit for 2009 includes a EUR 2.4 million one-time positive effect (2008: EUR 8.5 million one-time negative effect) from the amicable settlement of all disputes related to the Pattison Sand project. Operating profit also included unrealized and realized exchange loss related to currency forward contracts of EUR 0.2 million (2008: unrealized and realized loss of EUR 8.9 million).

Base Metals

The Base Metals division's sales in 2009 decreased by 54% from the 2008 level and totaled EUR 136.4 million (2008: EUR 295.3 million). The decrease in sales was primarily due to low order intake in 2009, lower starting order backlog, and the rescheduling of some projects. The operating profit was EUR 8.4 million (2008: EUR 48.7 million). The significantly lower sales relative to the division's fixed costs and decreased license fee income

were the primary reasons for the division's low operating profit.

Metals Processing

The Metals Processing division's sales in 2009 decreased 23% from the 2008 level to EUR 378.8 million (2008: EUR 494.7 million). The decrease in sales was mainly due to the rescheduling of some projects and lower order intake. Operating profit came to EUR 36.0 million (2008: EUR 61.1 million). Operating profit declined due to lower sales volume, higher fixed costs and decreased license fee income. Operating profit for 2009 also included unrealized and realized exchange gains related to currency forward contracts of EUR 2.9 million (2008: unrealized and realized loss of EUR 0.9 million).

Balance sheet, financing, and cash flow

Outotec's balance sheet structure remained strong also after acquisitions. Larox has been

consolidated into Outotec's balance sheet as a subsidiary at the end of the year and the minority has been separated from the shareholders' equity. The major impacts of the Larox acquisition on Outotec's balance sheet were: an increase of intangible assets by EUR 41.0 million; goodwill by EUR 45.2 million and interest-bearing liabilities by EUR 34.6 million. The acquisition was financed by issuing Outotec's new shares, and thus, Outotec's shareholders equity increased by EUR 63.4 million. The acquisition had no significant impact on Outotec's cash flow, and cash and cash equivalents.

The net cash flow from operating activities in 2009 was at EUR -28.8 million (2008: EUR 106.6 million). The net cash flow in 2009 was negative because order intake contained only few large projects, and thus there was a lack of substantial advance payments, which create strong positive cash flow in the beginning of the project.

Sales by segment

EUR million	2009	2008
Minerals Processing	338.2	419.6
Base Metals	136.4	295.3
Metals Processing	378.8	494.7
Other Businesses	60.4	56.0
Unallocated items ¹⁾ and intra-group sales	-36.2	-47.7
Total	877.7	1,217.9

Operating profit by segment

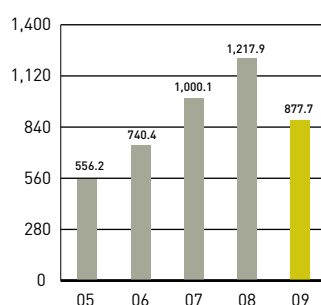
EUR million	2009	2008
Minerals Processing	29.2	22.5
Base Metals	8.4	48.7
Metals Processing	36.0	61.1
Other Businesses	-1.5	3.9
Unallocated ²⁾ and intra-group items	-13.5	-16.0
Total	58.6	120.2

¹⁾ Unallocated items primarily include invoicing of internal management and administrative services.

²⁾ Unallocated items primarily include internal management and administrative services.

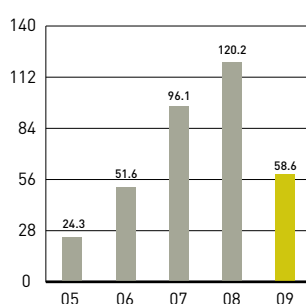
Sales

EUR million



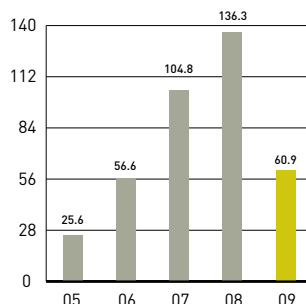
Operating profit

EUR million



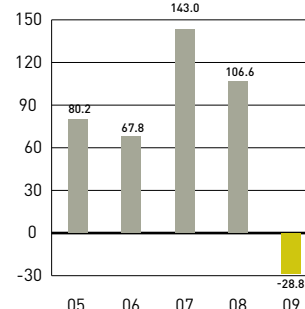
Profit before taxes

EUR million



Net cash from operating activities

EUR million



Outotec's working capital amounted to EUR -62.8 million on December 31, 2009 (December 31, 2008: EUR -171.2 million). The change in working capital resulted from low order intake and subsequently lower advance payments received from customers in the reporting period. Consolidation of Larox also negatively affected Outotec's working capital.

At the end of 2009, Outotec's cash and cash equivalents totaled EUR 258.5 million (December 31, 2008: EUR 317.8 million). The net change in cash and cash equivalents was affected by the dividend payment of EUR 42.0 million in 2009 (2008: EUR 39.9 million). The company invests its excess cash in short-term money market instruments such as bank deposits and corporate commercial papers. Investments are made within pre-approved counterparty-specific limits and tenors, which Outotec regularly reviews. On December 31, 2009, no money market investment had remaining maturity exceeding three months.

Outotec's financing structure remained strong. Net interest-bearing debt on December 31, 2009 came to EUR -191.0 million (December 31, 2008: EUR -314.6 million). The advances received at the end of the reporting period totaled EUR 150.9 million (December 31, 2008: EUR 214.0 million), representing a decrease of 29% from the comparison period. Outotec's gearing at the end of the reporting period was -55.8% (December 31, 2008: -139.0%), and the equity-to-assets ratio was 45.1% (December 31, 2008: 35.0%).

The company's capital expenditure in the reporting period was EUR 98.0 million (2008: EUR 23.9 million), of which EUR 75.9 million was related to acquisitions of Larox Corporation and Ausmelt Ltd. Other capital expenditure included the establishment of a joint venture company, GreenExergy for bio-energy technology business, investments in information technology, intellectual property rights, as well as building and machinery for the Outotec Turula workshop.

Guarantees for commercial commitments, including advance payment guaran-

tees issued by the parent and other Group companies decreased from the comparison period due to lower order intake and were EUR 321.3 million (December 31, 2008: EUR 353.8 million) at the end of the reporting period.

Outotec has an agreement with a third-party service provider concerning administration and hedging of the share-based incentive program for key personnel. As part of this agreement, for hedging the underlying cash flow risk, the service provider has purchased a total of 550,000 Outotec shares (in 2008: 265,000), which have been funded by Outotec and accounted as treasury shares in Outotec's consolidated balance sheet. At the end of the reporting period, the amount of these treasury shares was 332,534.

Expansion of business network

At the year-end, Outotec had acquired 70.5% of the shares (94.4% of all the votes) of Larox Corporation through share transfer and made a mandatory public tender offer for all the remaining Larox shares (January 22, 2010: as a result of the public tender offer, Outotec's ownership was 98.5% of the shares). Combining the businesses of Outotec and Larox will further strengthen Outotec's position as a leading global provider of technology solutions and services to the mining and metals industry and will allow Larox to develop its business in an international, financially solid technology group operating in the same industry. The acquisition price of Larox's shares is approximately EUR 91 million.

At the year-end, Outotec had increased its holding in the Australian public company Ausmelt Ltd to 37.6%. As a result of the share purchases, Ausmelt became an associated company of Outotec Oyj (February 8, 2010: Outotec's ownership was 96.4%). Ausmelt's principal activities are the development, design, engineering and supply of Top Submerged Lance (TSL) smelting technology for the production of metals and processing of industrial wastes. Ausmelt's TSL tech-

nology complements Outotec's smelting technology portfolio. Outotec currently has flash smelting technology for copper and nickel primary smelting in large scale plants, whereas Ausmelt's TSL technology is suitable for small to mid-size plants and also for a variety of other feed materials, such as ferrous metals, zinc, lead and tin concentrates, zinc bearing residues, and various secondary and waste materials. The additional benefit of the technology is that it enables the recovery of valuable metals from by-products.

In July, Outotec and Eesti Energia entered into a joint venture for the commercialization of sustainable oil shale processing technology and for holding of the intellectual property rights related to new Enefit technology. Eesti Energia has a 60% stake in the company with Outotec owning 40%.

In February, Outotec and a Swedish company Skellefteå Kraft AB agreed to establish a joint company, GreenExergy AB. The company focuses on the development, marketing and delivery of bio-energy technologies to power plants for the production of bio-energy from forestry and sawmill residues. Outotec's stake is 45%, Skellefteå Kraft's 33%, and three additional Swedish companies each have a minor stake in the joint venture.

In May, Outotec announced an agreement with a Finnish company, Real Time Systems Oy, to cooperate in the development of a new-generation measuring and regulating system for electric arc furnaces. Outotec is funding the development work and is a minor shareholder of Real Time Systems Oy and has a call option on the company.

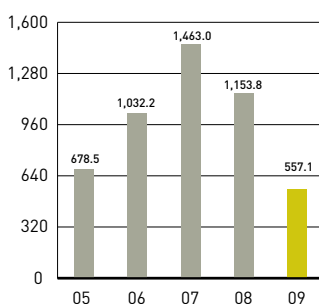
Research and technology development

In 2009, Outotec's research and technology development expenses totaled EUR 20.5 million (2008: EUR 20.2 million), representing 2.3% of sales (2008: 1.7%). Outotec filed 56 new priority patent applications (2008: 45), and 286 new national patents were granted (2008: 277).

In early 2009, oil shale combustion test

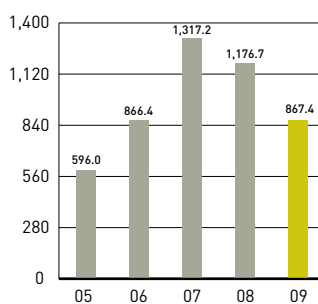
Order intake

EUR million



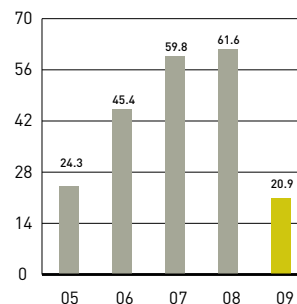
Order backlog

EUR million



Return on investment

%



work was conducted at Outotec's Frankfurt Research Center. The test work related to basic engineering for the oil-shale-based oil production plant to be built in Narva, Estonia. In July, Outotec announced EUR 110 million project to build the oil-shale-based oil production plant.

In January, Outotec launched a new OKTOP® reactor family. While all reactors were previously individually designed, the new OKTOP® reactors are built from modules which are tailored to give optimum results. The contract signed with Pueblo Viejo for a copper recovery plant is a breakthrough in combining Outotec's hydrometallurgical expertise, including new OKTOP® reactors, and Paques THIOTEQ® biotechnology in copper production.

Outotec and Codelco finished testing the TankCell® 300 flotation cells at Chuquimata, Chile. The results showed a better recovery and lower energy consumption than the previous solution.

Outotec commissioned a new automated Courier® 6i SL slurry analyzer and sampling system at Australia's largest underground mine. It is one of the world's most advanced systems in the field of minerals processing.

In August, Outotec launched new proprietary cooling towers for efficient liquid cooling at process plants. Outotec cooling towers enable lower emissions and larger cooling capacity than conventional ones.

Outotec's technology portfolio expanded when the Swedish joint venture GreenExergy AB was established to offer bio-energy technologies for power plants.

The cooperation with Real Time Systems Oy in the development of a new-generation measuring and regulating system will bring significant savings for the furnace operators, who use electric arc furnaces in the production of steel from scrap.

In May, Outotec committed to the Baltic Sea Action Summit project, which is supported by the Finnish government. As part of its commitment to a healthier Baltic Sea, Outotec will focus on minimizing metal-containing dusts and sulfur dioxide emissions within the metals industry as well as on reducing metal-containing effluents.

Personnel

At the end of 2009, Outotec had a total of 3,128 employees (December 31, 2008: 2,674) of which 562 employees worked for Larox. Outotec's personnel excluding Larox decreased by 108 employees or 4% during the reporting period. The reductions were primarily related to the temporary employee contracts in the Americas, Finland and Australia. In contrast, Outotec has continued

to increase its personnel in Asia. In 2009, Outotec had on average 2,612 employees (2008: 2,483). The average number of personnel increased by 129 individuals from the comparison period through acquisition, business growth, and active recruitment in 2008. Temporary personnel accounted for about 8% of the total number of employees.

At the end of December 2009, the company had, in addition to own personnel on Outotec's payroll, approximately 250 (December 31, 2008: 560) full-time equivalent, contracted people 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, and seasonal fluctuations.

In the reporting period, salaries and other employee benefits totaled EUR 159.5 million (2008: EUR 157.7 million).

Changes in top management

In June, Outotec's Board of Directors appointed Mr. Pertti Korhonen, 48, M. Sc. (Eng.), as the new President and Chief Executive Officer of Outotec Oyj. Mr. Korhonen joined Outotec on September 1, 2009, and began serving as Chief Operating Officer on October 1, 2009. He assumed the CEO duties on January 1, 2010. Former CEO, Mr. Tapani Järvinen retired at the end of 2009.

Share-based incentive programs

Outotec has two share-based incentive programs for the company's key personnel: the first, Incentive Program 2007-2008, was announced on March 23, 2007, and the second, Incentive Program 2008-2010, was announced on March 3, 2008.

Share-based incentive program 2007-2008

The program began on January 1, 2007, and ended December 31, 2008. The reward compensated to the key personnel was determined by based on whether the targets set for the development of the company's net profit and order backlog had been reached. The total reward for the two earning periods

was EUR 6.5 million, which was paid to 22 individuals in the second quarter of 2009, with 202,779 shares allocated and EUR 3.4 million paid in cash to cover taxes.

Share-based incentive program 2008-2010

The incentive program for 2008-2010 comprises three earning periods: calendar years 2008, 2009, and 2010. The Board of Directors determines the amount of the maximum reward for each individual, the earning criteria and the targets established for them separately on an annual basis. Reaching the targets established for the earning criteria will determine how great a portion of the maximum reward will be paid. For the 2009 and 2010 earning periods, the incentive program involves approximately 60 individuals. The reward is paid in shares and as a cash payment. The reward will not be paid if the individual's employment ends before the close of the earning period. The individual must also hold the earned shares and remain employed with the company for at least two years after the close of the earning period.

For the earning period 2008, 14,687 shares were allocated to 33 individuals and EUR 0.2 million paid in cash to cover taxes. Individuals who were included in the initial share-based incentive program 2007-2008 were not included in the 2008 earning period.

Resolutions of the 2009 annual general meeting

Outotec Oyj's Annual General Meeting (AGM) was held on March 18, 2009, in Helsinki, Finland. The Annual General Meeting approved the parent company and the consolidated financial statements, and discharged the members of the Board of Directors and the CEO from liability for the 2008 financial year.

Dividend

The Annual General Meeting decided that a dividend of EUR 1.00 per share be paid for the financial year that ended on December 31, 2008. The dividends, totaling EUR 42.0 million, were paid on March 30, 2009.

Personnel by country	Dec 31, 2009	Dec 31, 2008	Change, %
Finland	1,145	925	23.8
Germany	472	380	24.2
Rest of Europe	283	249	13.7
Americas	740	758	-2.4
Australia	239	225	6.2
Rest of the world	249	137	81.8
Total	3,128	2,674	17.0

The Board of Directors

The Annual General Meeting decided on the number of the Board members, including chairman and vice chairman, to be five (5). Mr. Carl-Gustaf Bergström, Mr. Karri Kaitue, Mr. Hannu Linnoinen, Mr. Anssi Soila and Mr. Risto Virrankoski were re-elected as members of the Board of Directors for the term expiring at the end of the next Annual General Meeting.

The Annual General Meeting re-elected Mr. Risto Virrankoski as the chairman of the Board of Directors. In its assembly meeting, the Board re-elected Mr. Karri Kaitue as the vice chairman of the Board of Directors. In addition, the Board re-elected Mr. Carl-Gustaf Bergström and Mr. Hannu Linnoinen as members of the Audit Committee, Mr. Linnoinen acting as the chairman of the Audit Committee.

The Annual General Meeting also confirmed the remunerations to the Board members as follows: chairman EUR 5,000 per month and other Board members EUR 3,000 per month each, vice chairman and chairman of the Audit Committee an additional EUR 1,000 per month each. Each Board member also EUR 500 for attendance at each Board and Committee meeting as well as reimbursement for direct costs related to Board work.

Board's authorizations

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

- The company may repurchase a maximum number of 4,200,000 shares using free equity and deviating from the shareholders' preemptive rights to the shares, provided that the number of shares held by the company will not exceed ten (10) percent of all shares in the company.
- The shares are to be repurchased in public trading on the NASDAQ OMX Helsinki at the price established in the trading at the time of acquisition.

The authorization has not been exercised as of February 9, 2010. The authorization shall be valid until the next Annual General Meeting.

The Annual General Meeting authorized the Board of Directors to resolve the issuance of shares as follows:

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

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

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

This authorization was executed in conjunction with the Larox acquisition. Total number of shares issued was 3,780,373 (2,763,419 shares in December 2009 and 1,016,954 shares in February 2010). This authorization shall be valid until the next Annual General Meeting.

Auditors

KPMG Oy Ab, authorized public accountants, has been re-elected as the company's auditor, with Mauri Palvi as auditor in charge. The fees for the auditor are paid according to invoice.

The Annual General Meeting decided to amend Section 9 of the Articles of Association so that notice to convene the General Meeting shall be issued no later than 21 days prior to the General Meeting.

Shares and share capital

Outotec's shares are listed on the NASDAQ OMX Helsinki (OTE1V). On December 31, 2009, Outotec's share capital was EUR 16.8 million, consisting of 44,763,419 shares. Each share entitles its holder to one vote at the company's general shareholder meetings.

Trading, market capitalization and shareholders

In the reporting period, the volume-weighted average price for a share in the company was EUR 17.39, the highest quotation for a share was EUR 24.87 and the lowest EUR 9.30. The trading of Outotec shares in the reporting period exceeded 107 million shares, with a total value of over EUR 1,850 million. On December 31, 2009, Outotec's market capitalization was EUR 1,107 million and the last quotation for the share was EUR 24.74. On December 31, 2009, 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 a share-based incentive program for key personnel. As part of this agreement, for hedging the underlying cash flow risk, the service provider has purchased a total of 550,000 Outotec shares (in 2008: 265,000) which have been funded by Outotec and accounted as treasury shares in

Outotec's consolidated balance sheet. At the end of the reporting period, the amount of these treasury shares was 332,534.

On May 6, 2009, Barclays Global Investors UK Holdings Ltd's holding in shares of Outotec Oyj fell below 5% and was 2,068,377 shares, which represented 4.92% of the share capital and votes in the company. On April 7, 2009, Barclays Global Investors UK Holdings Ltd's holding in shares of Outotec Oyj exceeded 5% and was 2,111,054 shares, which represented 5.02% of the share capital and votes in the company.

On December 31, 2009, Outotec had 15,478 shareholders and shares held in 11 nominee registers accounted for 56.6% of all Outotec shares.

Short-term risks and uncertainties

Risks related to global operating environment

Outotec's global business operations are subject to various political, economic and social conditions. Operations in emerging markets may present risks that are not encountered in countries with well-established economic and political systems, including economic instability and a potential difficulty to anticipate future business conditions in these markets. These market conditions, which can rapidly change, may cause delays in the placement of orders for projects that have already been awarded, thereby subjecting Outotec to volatile markets.

The demand for export credits remained high in the reporting period. Possible limitations on the availability of export credits and financing as well as changes to project scopes and prices in the offer stages may further lengthen sales negotiations and postpone order effectiveness.

Risks related to Outotec's business

Outotec has systematic risk management procedures - Project Risk Identification and Management (PRIMA) - in place to monitor projects. In conjunction with Outotec's risk assessment for the fourth quarter in 2009, all unfinished work and projects, which use the percentage of completion and completed contract method, were monitored and evaluated and contingencies were updated. Also, projects where the stage of completion was close to 100%, were evaluated and provisions for performance guarantees and warranty period guarantees, along with possible provisions for project losses were updated. There were no material changes in the total project risk provisions.

Because of the international nature of Outotec's business and projects in various

countries, different interpretations of international and local tax rules and regulations may cause additional direct or indirect taxes for Outotec, which would reduce Outotec's net result.

At the end of the reporting period, Outotec's order backlog included roughly EUR 70 million in suspended projects. Some of the suspended projects may be cancelled or renegotiated. In any market situation, there is a risk of postponement in project business.

Acquisitions are an integral part of Outotec's growth strategy. There is a risk that the estimated synergy benefits will not materialize as planned.

In December, Outotec, Nordea and Bagfas reached a final settlement in the Swiss arbitration and related processes before public courts in Turkey and Finland. According to the settlement provisions, all claims pending have been reciprocally withdrawn and Nordea paid EUR 0.9 million to Bagfas, in addition to the previously paid bank guarantee capital of EUR 3.4 million. In accordance with the provisions of its credit facility agreements, Outotec was responsible for all payments made by Nordea to Bagfas. The outcome of the settlement did not have an effect on Outotec's result.

Outotec is further involved in a few other arbitral and court proceedings. Outotec management expects that those cases and their outcome will have no material effect on Outotec's financial result.

The economic uncertainty may further reduce the demand for Outotec's products and services. Outotec's gross margin is impacted by license fee income related to certain technologies. A lack of these types of orders may reduce gross margin.

Financial risks

In 2009, there were no material credit losses related to payments by Outotec's counterparties. The counterparties may be faced with having to renegotiate payment terms. In addition, there is a risk that customers and suppliers experience financial difficulties and a lack of financing may result in bankruptcies, which can also result in some losses for Outotec.

More than half of Outotec's total cash flow is denominated in euros. The rest is divided among various currencies, including the US dollar, Australian dollar, Brazilian real, Canadian dollar, and South African rand. The weight of any given currency in new projects can fluctuate substantially, 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 on the basis of separate decisions and risk analysis. The cost of hedging is taken into account in project pricing.

Outotec's business model is based primarily on customer advance payments and on-demand guarantees issued by Outotec's relationship banks. Changes in advance payments received have an impact on the liquidity of Outotec. Exposure to on-demand guarantees has remained high. Cash held by Outotec is invested mainly in short-term bank deposits and, to a lesser extent, in Finnish corporate short-term commercial papers. The lower interest rate levels reduce the interest income generated from these investments.

Market outlook

According to market research, the investments in the mining and metals industry are expected to increase from the previous year; however, there is still unused capacity. Most of the growth in metals consumption will come from developing economies. China is expected to represent nearly 50% of the growth in 2010. India continues to develop its infrastructure utilizing its large natural resource base.

There is increased activity in the beginning of the value chain from mine to metal. Many of the sales prospects are expected to turn into new orders in 2010 or later, which is in line with normal industry lead times.

There is continuous demand for modernization and debottlenecking at mine sites and metals processing plants as well as for energy-efficient and environmentally friendly technologies, equipment and services. As ore grades decline, more processing capacity will be needed. Also, complex ore bodies require new or modernized solutions, which enable economically viable production and better metals recovery. All these factors create good opportunities for Outotec's further growth.

Outotec's new markets include utilization of alternative energy resources, such as oil shale and oil sands and industrial water treatment. The world's recoverable oil shale resources are many times greater than those of conventional oil reserves, with large oil shale deposits found in the US, Brazil, China, Jordan, Russia and Estonia. Through two joint ventures established in 2009, Outotec offers solutions for oil shale processing and bio-energy production for power plants.

Outotec's technologies can also be applied to materials recycling and chemical industry.

Financial guidance for 2010

Due to post-cyclical nature of Outotec's business and low order intake in 2009, the

year 2010 will be challenging. However, the management believes that order intake will pick up this year.

The management expects that in 2010:

- sales will grow to approximately EUR 1 billion due to the Larox and Ausmelt acquisitions, and
- operating profit will remain on the same level as in 2009, excluding one-time cost provisions which relate to restructuring, and integration of acquired businesses, and which are estimated to be recorded in the financial results of the first half of 2010.

Operating profit is dependent on exchange rates, product mix, timing of new orders, and project completions.

Board of directors proposal for profit distribution

The Board of Directors of Outotec proposes to the Annual General Meeting that a dividend of EUR 0.70 per share be paid from Outotec Oyj's distributable funds for December 31, 2009, and that any remaining distributable funds be allocated to retained earnings. The suggested dividend record date is March 23, 2010, with the dividend to be paid on April 8, 2010.

According to the financial statements for December 31, 2009, the parent company distributable funds total EUR 200.1 million. The proposed dividend corresponds to 76% of the Group's profit for the financial year 2009.

There have been no substantial changes in the financial position of the company after the balance sheet date. According to the Board of Directors, the liquidity of the company is good and the proposed profit sharing will not affect the solvency of the company.

Corporate governance statement

Corporate governance statement has been given as a separate statement and it is available on Outotec's internet pages.

Espoo, on February 9, 2010

Outotec Oyj

Board of Directors

Risto Virrankoski, Chairman
Karri Kaitue, Vice Chairman
Carl-Gustaf Bergström
Hannu Linnoinen
Anssi Soila

Pertti Korhonen, President and CEO

Statement of Comprehensive Income

EUR million	Note	2009	2008
Sales	3, 5	877.7	1,217.9
Cost of sales	8	-687.5	-956.2
Gross profit		190.1	261.7
Other income	6	4.1	0.9
Selling and marketing expenses	8	-56.5	-48.0
Administrative expenses	8	-54.6	-55.1
Research and development expenses	8	-20.5	-20.2
Other expenses	7	-3.9	-19.1
Share of results of associated companies	16	-0.2	-
Operating profit		58.6	120.2
Finance income	11	6.0	17.0
Finance expenses	11	-4.4	-4.1
Market price gains and losses	11	0.6	3.2
Net finance income		2.2	16.1
Profit before income taxes		60.9	136.3
Income tax expenses	12	-18.6	-42.4
Profit for the period		42.3	93.9
Other comprehensive income			
Exchange differences on translating foreign operations		19.5	-21.7
Cash flow hedges		2.7	-12.6
Income tax relating to cash flow hedges		-0.3	3.1
Available-for-sale financial assets		2.4	-2.1
Income tax relating to available-for-sale financial assets		-0.0	-
Other comprehensive income for the period		24.3	-33.3
Total comprehensive income for the period		66.6	60.6
Profit for the period attributable to:			
Equity holders of the parent company		42.3	94.0
Minority interest		-	-0.0
Total comprehensive income for the period attributable to:			
Equity holders of the parent company		66.6	60.6
Minority interest		-	-0.0
Earnings per share for profit attributable to the equity holders of the parent company:			
Basic earnings per share, EUR	13	1.01	2.25
Diluted earnings per share, EUR		1.01	2.25

Statement of Financial Position

EUR million	Note	December 31, 2009	December 31, 2008
ASSETS			
Non-current assets			
Intangible assets	14	170.2	81.4
Property, plant and equipment	15	52.1	29.5
Investments in associated companies	16	10.9	0.1
Available-for-sale financial assets ¹⁾	17	4.0	0.5
Derivative financial instruments	19	0.1	1.2
Deferred tax assets	12	25.8	20.0
Trade and other receivables	21		
Interest-bearing ¹⁾		1.1	-
Non interest-bearing		0.3	0.0
Total non-current assets		264.6	132.7
Current assets			
Inventories	20	93.2	87.7
Derivative financial instruments	19	5.9	10.6
Trade and other receivables	21		
Interest-bearing ¹⁾		0.7	0.4
Non interest-bearing		286.7	312.6
Cash and cash equivalents ¹⁾	22	258.5	317.8
Total current assets		645.0	729.1
TOTAL ASSETS		909.6	861.8

¹⁾ Included in net interest-bearing debt.

Statement of Financial Position

EUR million	Note	December 31, 2009	December 31, 2008
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the parent company			
Share capital		16.8	16.8
Share premium fund		20.2	20.2
Treasury shares		-4.6	-9.4
Reserve for invested non-restricted equity		63.4	-
Other reserves		0.3	-3.6
Retained earnings		176.6	108.5
Profit for the period		42.3	94.0
		315.0	226.4
Minority interest		27.4	-
Total equity	23	342.4	226.4
Non-current liabilities			
Interest-bearing debt ¹⁾	26	41.2	2.6
Derivative financial instruments	19	0.0	5.3
Deferred tax liabilities	12	49.0	33.3
Employee benefits	24	24.7	23.2
Provisions	25	22.4	11.0
Trade and other payables	27	2.2	1.6
Total non-current liabilities		139.4	76.9
Current liabilities			
Interest-bearing debt ¹⁾	26	32.0	1.5
Derivative financial instruments	19	7.9	19.2
Current tax liabilities		10.7	17.7
Provisions	25	22.3	24.3
Trade and other payables	27	354.9	495.7
Total current liabilities		427.8	558.4
Total liabilities		567.2	635.4
TOTAL EQUITY AND LIABILITIES		909.6	861.8

¹⁾ Included in net interest-bearing debt.

Statement of Cash Flows

EUR million	Note	2009	2008
Cash flows from operating activities			
Profit for the period		42.3	93.9
Adjustments for			
Taxes	12	18.6	42.4
Depreciation and amortization	14, 15	12.1	11.0
Share of results of associated companies	16	0.2	-
Gains and losses on sale of property, plant and equipment	6, 7	0.1	-0.2
Interest income	11	-5.9	-16.7
Interest expense	11	0.7	0.3
Other adjustments		7.8	-12.3
		33.5	24.6
Change in working capital			
Decrease (+) and increase (-) in trade and other receivables		105.2	-127.6
Decrease in inventories		23.6	22.7
Decrease (-) and increase (+) in trade and other payables		-205.5	106.1
Increase in provisions		1.6	6.8
		-75.0	7.9
Interest received		6.1	17.2
Interest paid		-0.7	-0.4
Income tax paid		-34.9	-36.6
Net cash from operating activities		-28.8	106.6
Cash flows from investing activities			
Acquisition of shares in associated companies	16	-10.4	-
Acquisition of subsidiaries	4	-1.9	-7.6
Acquisition of available-for-sale financial assets	17	-0.2	-0.1
Purchases of property, plant and equipment	15	-10.4	-10.9
Purchases of intangible assets	14	-6.5	-4.1
Proceeds from sale of shares in associated companies	16	-	0.3
Proceeds from sale of property, plant and equipment	15	-0.2	0.4
Proceeds from sale of intangible assets	14	0.3	0.1
Change in other non-current receivables		-0.2	0.0
Net cash used in investing activities		-29.5	-22.1
Cash flows from financing activities			
Borrowings (+) and repayments (-) of non-current debt		30.3	0.2
Increase in current debt		1.7	1.1
Purchase of treasury shares		-3.3	-9.4
Dividends paid		-42.0	-39.9
Repayments of finance lease liabilities		-0.6	-0.0
Other financing activities		0.5	0.8
Net cash used in financing activities		-13.4	-47.3
Net change in cash and cash equivalents		-71.7	37.3
Cash and cash equivalents at January 1		317.8	291.0
Foreign exchange rate effect on cash and cash equivalents		12.5	-10.5
Net change in cash and cash equivalents		-71.7	37.3
Cash and cash equivalents at December 31	22	258.5	317.8

Statement of Changes in Equity

Attributable to the equity holders of the parent company										
EUR million	Share capital	Share premium fund	Other reserves	Fair value reserves	Treasury shares	Reserve for invested non-restricted equity	Cumulative translation differences	Retained earnings	Minority interest	Total equity
Equity at January 1, 2008	16.8	20.2	0.2	7.9	-	-	5.7	164.0	0.1	214.8
Dividends paid	-	-	-	-	-	-	-	-39.9	-	-39.9
Purchase of treasury shares ¹¹	-	-	-	-	-9.4	-	-	-	-	-9.4
Share-based payments:										
value of received services	-	-	-	-	-	-	-	0.1	-	0.1
Acquisition of minority interest	-	-	-	-	-	-	-	-	-0.0	-0.0
Total comprehensive income for the period	-	-	-	-11.6	-	-	-21.7	94.0	-0.0	60.6
Other changes	-	-	-0.0	-	-	-	-	0.2	-	0.2
Equity at December 31, 2008	16.8	20.2	0.1	-3.7	-9.4	-	-16.0	218.5	-	226.4
Dividends paid	-	-	-	-	-	-	-	-42.0	-	-42.0
Share issue	-	-	-	-	-	63.4	-	-	-	63.4
Purchase of treasury shares ¹¹	-	-	-	-	-3.3	-	-	-	-	-3.3
Treasury shares issued to key employees	-	-	-	-	8.1	-	-	-4.8	-	3.3
Share-based payments:										
value of received services	-	-	-	-	-	-	-	0.0	-	0.0
Total comprehensive income for the period	-	-	-	4.8	-	-	19.5	42.3	-	66.6
Minority related to Larox Group acquisition	-	-	-	-	-	-	-	-	27.4	27.4
Other changes	-	-	0.2	-	-	-	-	0.4	-	0.6
Equity at December 31, 2009	16.8	20.2	0.3	1.1	-4.6	63.4	3.5	214.3	27.4	342.4

¹¹ Outotec has an agreement with a third-party service provider concerning administration and hedging of share-based incentive program for key personnel. As part of this agreement, for hedging the underlying cash flow risk, the service provider has purchased 285,000 Outotec shares during year 2009 (2008: 265,000) that have been funded by Outotec and accounted as treasury shares in Outotec's equity.

Notes to the consolidated financial statements

1. Corporate information

Outotec Oyj ("the Company" or "parent company"), is a Finnish public limited liability company organized under the laws of Finland and domiciled in Espoo. The parent company, Outotec Oyj, has been listed on the NASDAQ OMX Helsinki since 2006.

Outotec is a leading global provider of process solutions, technologies and services for the mining and metallurgical industries. The company utilizes its extensive experience and advanced process know-how by providing plants, equipment and services based mainly on proprietary technologies. Outotec works in close partnership with its customers and provides environmentally sound and energy saving solutions.

Outotec and its subsidiaries (collectively "the Group" or "Outotec") operate through four business divisions, Minerals Processing, Base Metals, Metals Processing and Larox. At the year-end, Outotec had acquired 70.5% of the shares of Larox Corporation through share transfer and made a mandatory public tender offer for all the remaining Larox shares (January 22, 2010: as a result of the public tender offer, Outotec's ownership was 98.5% of the shares). Larox develops and delivers industrial filters for separating solids from liquids. Larox's filtration solutions are mainly used worldwide in the mining and metallurgical industries as well as in chemical processing. Larox has been presented as separate division in the financial statements for 2009. Outotec's Other Businesses comprise equipment manufacturing of Outotec Turula Oy, research and technology development services provided by Outotec Research Oy and industrial maintenance services of Outotec Auburn Group. In 2009, Outotec had 3,128 employees in 23 countries and generated sales of EUR 877.7 million.

A copy of the financial statements of Outotec is available at the Group's website www.outotec.com.

2. Accounting principles to the consolidated financial statements

Basis of preparation

The consolidated financial statements of Outotec have been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union by applying the IAS and IFRS standards as well as SIC and IFRIC interpretations in force at December 31, 2009. Notes to the consolidated financial statements have been

prepared also in accordance with Finnish Accounting Standards and Finnish corporate legislation. The consolidated financial statements are presented in millions of euros and have been prepared on the historical cost basis, unless otherwise stated in the accounting principles or disclosures.

Adoption of new and amended standards in 2009-2010

Outotec has applied the following revised standards from beginning of 2009:

- IAS 1 Presentation of Financial Statements. The revised standard aims to separate the transactions in equity to transactions with owners and other changes in equity. The changes have impact on presentation of interim and financial statements.
- IFRS 7 Financial Instruments: Disclosures. The revised standard increases the amount of the notes related to the measurement of fair values of financial instruments and liquidity risk in the financial statements.
- IFRS 8 Operating Segments. The new standard aims the entity to adopt management approach in reporting the segments' financial performance. The application of the new standard has not changed the operating segments of Outotec, because company has previously been reporting the same segments as in management reporting. The new standard's main impact will be on the disclosure information.
- IFRS Annual Improvements.

In addition Outotec has applied the following revised standards and interpretation from beginning of 2009, which do not have impact on Group's financial statements.

- IFRS 2 Share-based Payment – Vesting Conditions and Cancellations.
- IAS 23 Borrowing Costs.
- IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation.
- IFRIC 13 Customer Loyalty Programmes.
- IFRIC 15 Agreements for the Construction of Real Estate.
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation.
- IFRIC 17 Distributions of Non-cash Assets to Owners.

Outotec will estimate the impacts of the following standards and will apply the new standards from the financial period beginning January 1, 2010 onwards:

- IFRS 2 Share-based Payment – Group Cash Settled Transactions (effective date January 1, 2010). The amended standard has not yet been approved to be applied in the EU.

- IFRS 3 Business Combinations (effective date for annual periods beginning on or after July 1, 2009).
- IAS 27 Consolidated and Separate Financial Statements (effective date for annual periods beginning on or after July 1, 2009).
- IAS 39 Financial Instruments: Recognition and Measurement (effective date for annual periods beginning on or after July 1, 2009).
- IFRS Annual Improvements. EU has not yet approved the amendments.

Use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Accounting estimates are employed in the financial statements to determine reported amounts, including the realizability of certain assets, the useful lives of tangible and intangible assets, revenue recognition of long term construction contracts, income taxes, project liabilities pension obligations and impairment of goodwill. The basis for the estimates is described in more detail in these accounting principles and in connection with the relevant disclosure to the financial statement. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from the estimates used in the financial statements.

Principles of consolidation

The consolidated financial statements include the parent company Outotec Oyj and all subsidiaries where over 50% of the subsidiary's voting rights are controlled directly or indirectly by the parent company, or the parent company is otherwise in control of the company. Associated companies, where Outotec holds voting rights of 20–50% and in which Outotec has significant influence, but not control, over the financial and operating policies, are included in the consolidated financial statements using the equity method. When Outotec's share of losses exceeds the interest in the associated company, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associated companies. The interest in an associated company is the carrying amount of the investment under the

equity method together with any long-term interest that, in substance, forms part of the investor's net investment in the associated company. The Group's share of the result of the associated companies has been presented as separate item in the statement of comprehensive income. The Group's share of changes in associated companies' other comprehensive income have been booked similarly. Associated companies of the Group have not had other comprehensive income items in the reporting period 2008 or 2009.

Acquired companies are accounted for using the purchase method of according to which the assets, liabilities and contingent liabilities of the acquired company are measured at fair value at the date of acquisition. The goodwill is the excess of the purchase price over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is not amortized but tested for impairment at least annually. Subsidiaries acquired during the year are included in the consolidated financial statements from the date of their acquisition and disposed subsidiaries are included up to their date of sale.

All intra-group transactions, receivables, liabilities and unrealized margins, as well as distribution of profits within the Group, are eliminated. Distribution of net profit or loss for the period and other comprehensive income between equity holders of the parent company and minority have been presented in the statement of comprehensive income.

Minority interest is presented separately from the net profit and disclosed as a separate item in the equity.

In consolidated financial statements translation differences, that arise from translating hedging instruments of net investments in foreign operations, debts and similar investments, are booked to other comprehensive income and cumulative translation difference is presented in equity. Translation reserve and post acquisition cumulative translation differences from acquired foreign companies are booked to other comprehensive income and presented as separate item in equity.

Operating segments

Operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments. The operating segments are based on the Group's internal organization and financial reporting structure.

The application of the new IFRS 8 standard has not changed the operating segments of Outotec, because company has previously been reporting the same segments as in management reporting in which the valua-

tion principles of assets and liabilities were and continue to be according to the IFRS standards. Outotec's operating segments are: Minerals Processing, Base Metals, Metals Processing and Larox. In addition, Outotec's reportable segments include Other Businesses. Geographical information is based on the main areas where the Group has activities and sales and is divided as follows: Finland, Germany, rest of Europe, North America, South America, Australia and Oceania, Asia, and Africa.

Foreign currency transactions

Items of each subsidiary included in the consolidated financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that subsidiary ("the functional currency"). The consolidated financial statements are presented in euros, which is the functional currency of the parent company. Group companies' foreign currency transactions are translated into functional currencies using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into functional currencies at the exchange rates prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement or translation of monetary interest-bearing assets and liabilities denominated in foreign currencies and related derivatives are recognized in financial income and expenses. Foreign exchange differences arising in respect of other financial instruments are included in operating profit under sales, purchases or other income and expenses. Comprehensive income and cash flows of subsidiaries, whose functional and reporting currencies is not euro, are translated into euros at the average exchange rates during the financial period. Their statements of financial positions are translated at the exchange rates prevailing at the reporting date. The differences between average exchange rates and reporting date rates are entered into equity and the change entered in other comprehensive income.

Revenue recognition

Sales are recognized after the significant risks and rewards that are connected with ownership have been transferred to the buyer, and the Group retains neither a continuing managerial involvement to the degree usually associated with ownership, nor effective control of those goods. Revenues from services are recorded when the service has been performed. Sales are shown net of indirect sales taxes and discounts.

Revenue from long-term construction contracts is recognized based on the stage of completion when the outcome of the project

can be reliably measured. The outcome of the project can be measured reliably, when total contract revenues and expenses can be measured reliably and when the progress of the project can be measured reliably and it is probable that the economic benefits associated with the project will flow to the Group. When the outcome of the project cannot be measured reliably, revenue shall be recognized only to the extent of contract costs incurred that is probable that they will be recoverable.

The stage of completion is measured by using the cost-to-cost method under which the percentage of completion is defined as the ratio of costs incurred to total estimated costs. Revenue recognition according to the stage of completion is based on the estimates of anticipated contract revenues and expenses and on the reliable measurement of the project progress. Revenue recognized and result will be adjusted if the estimates of the project outcome change. The cumulative effect of a change in the estimates will be recorded in the financial period in which the change was first time estimated and known. The expected loss of the project shall be recognized as an expense immediately.

All unfinished projects under the method of the percentage of completion are reviewed and the needed project liabilities are updated. In projects where the stage of completion are close to 100%, liabilities for performance guarantees, warranty period guarantees, possible provisions for project losses and changes in accruals for project expenses are evaluated and made. Risks related to new commercialized products are also evaluated and quantified, and the necessary accruals are reserved.

License income is recognized on an accrual basis in accordance with the substance of the relevant technology transfer agreement.

Research and development expenses

Research and development expenses are expensed as they are incurred, except for certain development costs, which are capitalized when it is probable that a development project will generate future economic benefits, and certain criteria, including commercial and technological feasibility, have been met. Capitalized development expenses comprise mainly materials, supplies, direct labor and related overhead costs. The carrying value of capitalized development expenses in the statement of financial position represents the cost less accumulated depreciation and any impairment charges. Capitalized development expenses are amortized on a systematic basis over their expected useful lives, however up to 10 years. If the carrying value of capitalized development expenses exceeds the amount of the cash flows expected to be generated by

the asset, the difference shall be recognized as an expense immediately.

Income tax expenses

The Group income tax expense includes taxes of the group companies based on taxable profit for the period, together with tax adjustments for previous periods and the change in deferred income taxes. The income tax effects of items recognized directly in equity or in other comprehensive income are similarly recognized. The share of results of associated companies is reported in the statement of comprehensive income as calculated from net profit and thus includes the income tax charge. Deferred income taxes are stated using the liability method, as measured with enacted tax rates, to reflect the net tax effects of all temporary differences between the financial reporting and tax bases of assets and liabilities. The main temporary differences arise from the percentage of completion method and project provisions, purchase price allocation, tax loss-carry forwards, depreciation difference on property, plant and equipment, valuation gain and loss on derivative instruments and other deductible or taxable temporary differences. Deductible temporary differences are recognized as a deferred tax asset to the extent that it is probable that future taxable profits will be available, against which the deductible temporary difference can be utilized.

Goodwill and other intangible assets

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable assets, liabilities and contingent liabilities acquired. Goodwill is stated at cost and is not amortized, but tested annually for impairment. In respect of associated companies, the carrying amount of goodwill is included in the carrying amount of the investment.

Other intangible assets include customer relationships, capitalized development expenses, patents, copyrights, licenses and software. The valuation of intangible assets acquired in a business combination is based on fair value. Development costs or acquisition costs of new software clearly associated with an identifiable product, which will be controlled by the Group and has probable economic benefit exceeding its cost beyond one year, are recognized as an intangible asset and depreciated over the software's expected useful life. Associated costs include staff costs of the development team and an appropriate portion of overhead. An intangible asset is recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the Group, and the cost of the asset can be measured reliably. All other expenditure is expensed as incurred.

Periods of amortization used for intangible assets are:

Intangible rights	3–10 years
Software	3–10 years

Property, plant and equipment

Property, plant and equipment acquired by group companies are stated at historical cost, less impairment, except the assets of acquired companies that were stated at their fair values at the date of acquisition. Depreciation is calculated based on the useful lives of the assets. The carrying value of the property, plant and equipment in the statement of financial position represents the cost less accumulated depreciation and any impairment charges.

Depreciation is based on the following expected useful lives:

Buildings	10–20 years
Machinery and equipment	5–20 years
Research and development equipment	3–10 years
Land is not depreciated	

Expected useful lives of non-current assets are reviewed at each reporting date and, where they differ significantly from previous estimates, depreciation periods are changed accordingly. Ordinary repairs and maintenance costs are charged to the statement of comprehensive income during the financial year in which they are incurred. The cost of major renovations is included in the asset's carrying amount when it is probable that the Group will derive future economic benefits in excess of the originally assessed standard of performance of the existing asset. Major renovations are depreciated over the useful lives of the related assets. Gains and losses on sales and disposals are determined by comparing the received proceeds with the carrying amount and are included in operating profit.

Government grants

Government or other grants are recognized as income on a systematic basis over the periods necessary to match them with the related costs, which they are intended to compensate. Investment grants are recognized as revenue on a systematic basis over the useful life of the asset. In the statement of financial position, investment grants are deducted from the value of the asset they relate to.

Impairments

Property, plant and equipment and other non-current assets, including goodwill and intangible assets, are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Goodwill and intangible assets not yet available for use are tested at least annually. For

the purposes of assessing impairment, assets are grouped at the lowest cash generating unit level for which there is separately identifiable, mainly independent, cash inflows and outflows. An impairment loss is the amount by which the carrying amount of the assets exceeds the recoverable amount. The recoverable amount is the asset's value in use. The value in use is determined by reference to discounted future net cash flows expected to be generated by the asset. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount. However, the reversal must not cause that the adjusted value is higher than the carrying amount that would have been determined if no impairment loss had been recognized in prior years. Impairment losses recognized for goodwill are not reversed.

Leases

Leases of property, plant and equipment, where the Group has substantially all the rewards and risks of ownership, are classified as finance leases. Finance leases are capitalized at the commencement of the lease term at the lower of the fair value of the leased property or the estimated present value of the underlying lease payments. Each lease payment is allocated between the capital liability and finance charges, to achieve a constant interest rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing liabilities with the interest element of the finance charge being recognized in the statement of comprehensive income over the lease period. Property, plant and equipment acquired under finance lease contracts are depreciated over the shorter of the useful life of the asset or lease period. Leases of assets, where the lessor retains all the risks and benefits of ownership, are classified as operating leases. Payments made under other rental agreements, are expensed on a straight-line basis over the lease periods.

Financial instruments

Financial instruments are classified as loans and receivables, held-to-maturity investments, available-for-sale financial assets, financial liabilities at amortized cost and financial assets and liabilities at fair value through profit and loss. Equity investments are classified as available-for-sale financial assets. Interest-bearing securities and convertible loan receivables are classified as financial assets at fair value through profit and loss. Highly liquid marketable securities with maturity not exceeding three months are classified as cash equivalents.

According to IFRS 7 standard company is required to classify available-for-sale financial

assets into following fair value hierarchy levels:

- Level 1 - fair values are measured using quoted prices (unadjusted) in active markets for identical instruments
- Level 2 - fair values are measured using directly or indirectly observable inputs, other than those included in Level 1
- Level 3 - fair values are measured using inputs that are not based on observable market data.

Available-for-sale financial assets, as well as financial assets and liabilities at fair value through profit and loss, are measured at fair value and the valuation is based on quoted rates and market prices and appropriate valuation models. Unlisted equity securities for which fair value cannot be reliably measured are recognized at cost less impairment. The unrealized fair value changes of available-for-sale financial assets are recognized in other comprehensive income and presented in fair value reserve of equity net of taxes. In the event such an asset is disposed of, the accumulated fair value changes are released from equity to financial income and expenses in the statement of comprehensive income. Impairments of available-for-sale financial assets are recognized in the statement of comprehensive income. Purchases and sales of available-for-sale financial assets are recognized at the trade date.

Loans and receivables as well as all financial liabilities, except for derivatives, are recognized at the settlement date and measured at amortized cost using the effective interest rate method. Transaction costs are included in the initially recognized amount. The need for impairment is assessed separately for each loan receivable and when realized it is deducted from the carrying value. The impairment shall be based on evidence that it is probable that the Group will not be able to collect the loan receivable according to initial terms. Financial assets and liabilities at fair value through profit and loss are recognized at the trade date and measured at fair value.

All derivatives, including embedded derivatives, are initially recognized at fair value on the date Outotec has entered into the derivative contract, and are subsequently re-measured at fair value. Determination of fair values is based on quoted market prices and rates, discounting of cash flows and option valuation models.

Fair values of currency forwards and swaps are determined by discounting the future nominal cash flows with relevant interest rates and then converting the discounted cash flows to the base currency using spot rates. The fair value of currency options is determined by utilizing commonly applied option valuation models.

Majority of Outotec's derivatives are

hedging underlying operative transactions although in accordance with IAS 39 standard they are not classified as hedging instruments as they do not meet IAS 39 standard criteria for hedge accounting. The fair value changes of these derivatives are recognized in operating profit under other income and expenses. However, if the derivative is assigned to financial items, the fair value changes are recognized in financial income and expenses.

For those projects where cash flow hedge accounting is applied, the effectiveness of the hedge is tested and documented according to IAS 39 standard. The hedge results are recognized in the statement of comprehensive income in the same periods as the project revenue. The hedged cash flows are customer prepayments that are recognized as revenue in the statement of comprehensive income using the percentage of completion method. The respective proportion of the hedge results has been recognized in the statement of comprehensive income as an adjustment to sales, and the remaining part in the other comprehensive income and presented in the cash flow hedge reserve in equity. The amounts in the cash flow hedge reserve also include a respective proportion of the realized result of hedges of customer prepayments that have already taken place but not recognized in statement of comprehensive income.

All recognized fair value changes to equity are net of tax.

Commitments and contingent liabilities

Outotec Oyj has issued commercial guarantees in connection with long-term construction contracts on its own and on behalf of its subsidiaries. Guarantees have been given in order to secure customers' advance payments or counter secure commercial guarantees given by bank to customer or financing needs of local subsidiaries. Certain guarantees relate also to other commercial contractual obligations. Additionally Larox Group has issued pledges and mortgages for financing purposes

Guarantees, pledges and mortgages have been presented as commitments and contingent liabilities in notes to the consolidated financial statements.

Guarantees issued will be discharged as agreed under the terms of the commercial contract and the contract of guarantee.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the weighted average cost method or FIFO method (first-in, first-out). The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads, but excludes borrowing costs. Net realizable value is the

estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Trade receivables

Trade receivables are carried at their anticipated realizable value, which is the original invoice amount less an estimated valuation allowance for impairment of these receivables. A valuation allowance for impairment of trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities in the statement of financial position.

Treasury shares

Purchase of treasury shares with associated transaction costs have been deducted from shareholder's equity in the consolidated financial statements.

Provisions

Provisions are recognized in the statement of financial position when Outotec has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions can arise from warranty period guarantees or provisions for project losses, restructuring plans, litigation, tax or from environmental plans.

Employee benefits

Pension obligations

Group companies in different countries have various pension plans in accordance with local conditions and practices. The plans are classified as either defined contribution plans or defined benefit plans. The contributions to defined contribution plans are charged to the statement of comprehensive income in the year to which they relate. The present value of the obligation of defined benefit plans is determined using the projected unit credit method. In calculating the Group's obligation with respect to a plan, the extent to which the cumulative unrecognized actuarial gain or loss exceeds the greater of the present value of the defined benefit obligation by more than 10% is identified. That excess portion is recognized in the statement of comprehensive income over the expected average remaining

working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognized.

Share-based payments

Outotec has two share-based incentive programs for the company's key personnel. First share-based incentive program for years 2007-2008 was published at March, 23 2007 and the second share-based incentive program for years 2008-2009 was published at March 3, 2008.

Share-based incentive program 2007-2008

Share-based Incentive Program 2007-2008 started at January 1, 2007, and ended at December 31, 2008. The reward payable was determined by the achievement of the targets set by the Board of Directors for the development of the company's net profit and order backlog. Based on terms of the share-based incentive program, it was classified as an employee benefit under IAS 19 standard.

Share-based incentive program 2008-2010

Share-based Incentive Program 2008-2010 comprises three calendar year periods. The Board of Directors shall determine the amount of the maximum reward for each person and the earning criteria and the targets established for them separately on annual basis. The reaching of the targets established for the earning criteria will determine how great a portion of the maximum reward will be paid to the key persons. The reward is paid in shares and as a cash payment. The reward will not be paid if the person's employment ends before the close of the earning period. The person must also hold the earned shares and remain employed with the company for at least two years after the close of the earning period. Since the share reward is paid as a combination of shares and cash, the measurement of the fair value of the reward is made according to IFRS 2 standard.

The fair value of share-based payment is measured at the day at which the share-based payment plan is agreed upon between the counterparties. Since the person is not entitled to receive dividends during the earning period, the dividends expected to be paid have been deducted from the share price of the grant date when measuring the fair value. The component settled in shares will be recognized in shareholders' equity and the payment settled in cash in liabilities. Correspondingly, the fair value of the liability incurred in respect of a cash-settled transaction is remeasured at each reporting date until the reward payment, and the fair value of the liability will thus change in accordance with the Outotec share price.

Dividends

The dividend proposed by the Board of Directors is not deducted from distributable equity until approved by the Annual General Meeting of Shareholders.

Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the equity holders of the parent company by the weighted average number of shares in issue during the year, excluding purchased treasury shares. Diluted earnings per share is calculated as if the warrants and options were exercised at the beginning of the period. In addition to the weighted average number of shares outstanding, the denominator includes the incremental shares obtained through the assumed exercise of the warrants and options. The assumption of exercise is not reflected in earnings per share when the exercise price of the warrants and options exceeds the average market price of the shares during the period. The warrants and options have a diluting effect only when the average market price of the share during the period exceeds the exercise price of the warrants and options.

3. Operating Segments

Outotec's business operations are divided into operating segments. The operating segments are based on the Group's internal organization and financial reporting structure. Outotec's operating segments consist of: Minerals Processing, Base Metals, Metals Processing and Larox. Outotec's Other Businesses comprise equipment manufacturing of Outotec Turula Oy, research and technology development services provided by Outotec Research Oy and industrial maintenance services of Outotec Auburn Group.

Pricing of inter-segment transactions is based on current market prices. Segment assets and liabilities are operative items, which are used in segment's business operations or which can on a reasonable basis be allocated to the segments. Unallocated items include taxes, financial items and items, which are common for the whole group. Investments consist of additions in intangible and tangible assets, which are used on during more than one financial year.

Minerals Processing

The Minerals Processing division provides processes and process equipment based on proprietary technology in the areas of grinding, flotation, physical separation and thickening, as well as analyzer and automation technologies. The Minerals Processing division offers also total concentrator solutions that integrate various equipment and processes

and are based on several decades of research and development at Outokumpu's former concentrator plants and Outotec's research center. In addition to process technology, the offering of the Minerals Processing division covers application and process knowledge and metallurgical know-how for larger projects. The services include delivery of spare parts, site maintenance and inspection services as well as other expert services.

Base Metals

The Base Metals division provides metallurgical processing technology for copper, nickel, zinc, precious metals and ferroalloys. The Base Metals division delivers its technologies globally to its customers, working in close partnership with them and identifying the most profitable solutions for their businesses. The Base Metals division develops new technologies in cooperation with its key customers, and the division's profound process knowledge has lead to a number of benchmark technologies in the field of base metals processing.

Metals Processing

The Metals Processing division provides technologies and plants for the metallurgical processing of iron ore, for processing bauxite to alumina, for production of aluminum, for processing ilmenite to synthetic rutile as well as for roasting of different non-ferrous concentrates, and for production of sulfuric acid. With its proprietary technologies and the long experience as former Lurgi Metallurgie GmbH in plant building, the Metals Processing division is in a position to offer its customers an extensive range of solutions from technology packages to lump-sum turnkey plant deliveries, both for new plants and for the modernizations and expansions of customers' existing plants as well as related studies, audits and debottlenecking.

Larox

The Larox division develops and delivers industrial filters for separating solids from liquids. Larox's filtration solutions are mainly used worldwide in the mining and metallurgical industries as well as in chemical processing. The Larox division was created when Outotec acquired majority of Larox Oy on December 21, 2009.

Other businesses

Outotec's Other Businesses comprise equipment manufacturing of Outotec Turula Oy, research and technology development services provided by Outotec Research Oy and industrial maintenance services of Outotec Auburn Group.

3.1 Operating segments

EUR million	Minerals Processing	Base Metals	Metals Processing	Larox	Reportable segments total	Other Businesses	Unalloca- ted items	Inter- segment eliminations	Conso- lidated
2009									
External sales	336.6	135.3	377.3	-	849.2	28.3	0.1	-	877.7
Inter-segment sales	1.6	1.1	1.5	-	4.2	32.1	10.8	-47.1	-
Sales	338.2	136.4	378.8	-	853.4	60.4	11.0	-47.1	877.7
Share of results of associated companies	-	-	-0.2	-	-0.2	-	-	-	-0.2
Operating profit	29.2	8.4	36.0	-	73.6	-1.5	-13.5	-	58.6
Finance income and expenses	-	-	-	-	-	-	2.2	-	2.2
Profit before income taxes	-	-	-	-	-	-	-	-	60.9
Income tax expenses	-	-	-	-	-	-	-	-	-18.6
Profit for the period	-	-	-	-	-	-	-	-	42.3
Depreciation and amortization	-1.8	-3.4	-3.7	-	-8.9	-2.6	-0.7	-	-12.1
Non interest-bearing assets	171.4	51.5	173.4	115.3	511.5	39.5	25.7	17.2	593.9
Investments in associated companies	-	10.6	0.3	-	10.9	-	-	-	10.9
Interest-bearing assets	-	-	-	-	-	-	264.2	-	264.2
Current tax assets	-	-	-	-	-	-	14.8	-	14.8
Deferred tax assets	-	-	-	-	-	-	25.8	-	25.8
Total assets	-	-	-	-	-	-	330.5	-	909.6
Non interest-bearing liabilities	126.9	43.0	249.3	29.9	449.2	9.5	4.1	-28.5	434.3
Interest-bearing liabilities	-	-	-	-	-	-	73.2	-	73.2
Current tax liabilities	-	-	-	-	-	-	10.7	-	10.7
Deferred tax liabilities	-	-	-	-	-	-	49.0	-	49.0
Total liabilities	-	-	-	-	-	-	137.0	-	567.2
Capital expenditure	1.8	10.8	6.8	-	19.4	8.0	70.7	-	98.0
2008									
External sales	415.7	294.6	493.0	-	1,203.3	14.6	0.1	-	1,217.9
Inter-segment sales	4.0	0.7	1.7	-	6.4	41.4	9.3	-57.1	-
Sales	419.6	295.3	494.7	-	1,209.6	56.0	9.4	-57.1	1,217.9
Operating profit	22.5	48.7	61.1	-	132.3	3.9	-16.0	-	120.2
Finance income and expenses	-	-	-	-	-	-	16.1	-	16.1
Profit before income taxes	-	-	-	-	-	-	-	-	136.3
Income tax expenses	-	-	-	-	-	-	-	-	-42.4
Profit for the period	-	-	-	-	-	-	-	-	93.9
Depreciation and amortization	-1.5	-4.1	-3.3	-	-8.9	-1.7	-0.5	-	-11.0
Non interest-bearing assets	216.4	73.2	184.1	-	473.7	55.6	48.3	-57.1	520.4
Investments in associated companies	-	-	0.1	-	0.1	-	-	-	0.1
Interest-bearing assets	-	-	-	-	-	-	318.7	-	318.7
Current tax assets	-	-	-	-	-	-	2.7	-	2.7
Deferred tax assets	-	-	-	-	-	-	20.0	-	20.0
Total assets	-	-	-	-	-	-	-	-	861.8
Non interest-bearing liabilities	200.0	82.8	291.6	-	574.4	24.2	39.2	-57.5	580.3
Interest-bearing liabilities	-	-	-	-	-	-	4.1	-	4.1
Current tax liabilities	-	-	-	-	-	-	17.7	-	17.7
Deferred tax liabilities	-	-	-	-	-	-	33.3	-	33.3
Total liabilities	-	-	-	-	-	-	-	-	635.4
Capital expenditure	2.4	0.5	2.5	-	5.4	15.3	3.2	-	23.9

3.2 Information about geographical areas

EUR million	Finland	Germany	Rest of Europe ¹⁾	North America	South America	Australia and Oceania	Asia	Africa	Inter-area eliminations	Investments in associated companies	Consolidated
2009											
Sales by destination ²⁾	58.9	2.3	130.9	41.2	237.1	49.7	280.7	76.8	-	-	877.7
Sales by origin ³⁾	228.2	329.0	37.3	57.3	117.8	115.4	12.6	46.8	-66.8	-	877.7
Non-current assets ³⁾	146.2	49.3	1.6	12.4	4.8	4.5	0.8	0.9	1.9	10.9	233.6
Capital expenditure ³⁾	83.0	5.4	0.7	0.7	1.1	6.0	0.7	0.3	-	-	98.0
2008											
Sales by destination ²⁾	66.1	3.7	211.6	66.7	283.4	93.4	343.8	149.1	-	-	1,217.9
Sales by origin ³⁾	334.3	385.5	54.8	104.1	161.2	177.6	12.1	67.6	-79.2	-	1,217.9
Non-current assets ³⁾	41.9	45.5	1.6	12.1	3.6	3.9	0.1	0.5	1.6	0.1	111.0
Capital expenditure ³⁾	9.4	1.9	0.4	9.8	0.8	1.3	0.1	0.3	-	-	23.9

¹⁾ Includes CIS countries

²⁾ Sales by destination is presented for external sales.

³⁾ Sales, non-current assets and capital expenditure are presented by the location of the company.

3.3 Information about major customers

In 2009, there were no such external customers from which recognized sales would have been over ten per cent of Group's total sales. In 2008, Group's sales from one customer of the Metals Processing segment were approximately EUR 124.1 million, which represented approximately 10.2% of the Group's total sales.

4. Business combinations

Acquisition of Larox Group

Outotec has completed acquisition of control in Larox through directed share issue at December 21, 2009 and has made a mandatory public tender offer for the remaining Larox shares. The shares correspond altogether to 94.40 per cent of all the votes in Larox and 70.48 per cent of all the shares in Larox. Upon the completion of the share transactions Larox has become a subsidiary of Outotec. Shares owned at the completion of the tender offer, expired in January 22, 2010, together with the Larox shares already owned by Outotec, represented 98.5 per cent of all the Larox shares and approximately 99.7 per cent of all the votes attached to the Larox shares.

Larox develops and delivers industrial filters for separating solids from liquids. Larox's filtration solutions are mainly used worldwide in the mining and metallurgical industries as well as in chemical processing. Larox operates in over 40 countries. The company is headquartered in Lappeenranta, Finland and it has production facilities in Finland and in China.

The combination of the businesses of Outotec and Larox will further strengthen Outotec's position as a globally leading provider of technology solutions and services to the mining and metals industry and enable the development and growth of the Larox business in an international, financially solid technology group operating in the same industry.

The consideration for the Larox shares purchased was paid in the form of 2,763,419 new Outotec shares which totalled to EUR 63.4 million. Total acquisition cost includes also EUR 2 million of capitalized transaction costs.

The below purchase price allocation is preliminary and the final purchase price allocation will be completed during year 2010. In the preliminary purchase price allocation the purchase price has been allocated to intangible assets such as technologies, trademarks and customer relationships.

EUR million	Note	Fair values values recorded on acquisition	Carrying amounts prior to acquisition
Intangible assets	14	41.0	17.4
Property, plant and equipment	15	12.9	12.9
Inventories	20	26.3	22.8
Trade and other receivables	21	41.0	39.0
Cash and cash equivalents	22	1.5	1.5
Total assets		122.8	93.7
Interest-bearing liabilities	26	34.6	34.6
Deferred tax liabilities	12	8.7	1.7
Trade and other payables	27	32.0	32.0
Total liabilities		75.3	68.3
Net assets		47.6	25.5
Acquisition cost (equity)		63.4	
Capitalized transaction costs		2.0	
Minority at fair value		27.4	
Goodwill	14	45.2	
Cash and cash equivalents in subsidiaries acquired		1.5	
Transaction costs paid at December 31, 2009		0.5	
Cash flow effect on acquisition		1.0	

In 2009, the sales of Larox Group was approximately EUR 150.2 million and the operating loss approximately EUR -1.8 million

Effect of Larox acquisition on Outotec Group's sales and net profit in 2009

Outotec's sales for January 1, 2009-December 31, 2009 would have been EUR 1,027.9 million and net profit for the period EUR 31.8 million if the acquisition carried out during the period had been completed at January 1, 2009.

Acquisition of Ausmelt Ltd

Outotec owned 37.62 per cent of Ausmelt Ltd, which is listed on the Australian Stock Exchange, at December 31, 2009 and Outotec had launched an off-market takeover bid to acquire all shares. Outotec reached majority ownership on January 18, 2010 and owns 96.42 per cent of Ausmelt Ltd on February 8, 2010. The acquisition price of the shares was approximately AUD 47.4 million (approximately EUR 30.1 million). Total acquisition cost includes also EUR 0.9 million of capitalized transaction costs.

Ausmelt's principal activities are the development, design, engineering and supply of Top Submerged Lance (TSL) smelting technology for the production of metals and processing of industrial wastes. Ausmelt's sales in its fiscal year that ended on June 30, 2009 ¹⁾ were AUD 18.5 million (approximately EUR 10.4 million) and its profit from continuing operations after income tax were AUD 4.3 million (approximately EUR 2.4 million).

Ausmelt has been consolidated as associated company in Financial Statements at December 31, 2009. Ausmelt has not published its financial statements for the reporting period ended on December 31, 2009 and therefore the initial accounting for business combination related to Ausmelt acquisition was incomplete at the time the financial statements 2009 were authorised for issue. The purchase price allocation will be done during first half of 2010. Preliminary assumption is that the excess value will be allocated to intangible assets (technology, order backlog, customer relations) and property, plant and equipment.

¹⁾ Latest published financial information

Acquisition of Auburn Group

Outotec acquired Canadian Auburn Group, on October 10, 2008. The company provides maintenance and technical services for the mining and metals industries mainly in Canada and Chile.

The acquisition price was EUR 10.3 million (CAD 15.8 million). The total acquisition cost EUR 10.8 million includes also acquisition related costs of EUR 0.5 million.

EUR million	Note	Fair values values recorded on acquisition	Carrying amounts prior to acquisition
Trademarks and patents (included in intangible assets)	14	0.7	-
Customer contract and customer relationships (included in intangible assets)	14	0.6	-
Property, plant and equipment	15	2.3	2.3
Inventories	20	0.6	0.6
Trade and other receivables	21	3.9	3.9
Cash and cash equivalents	22	0.4	0.4
Total assets		8.5	7.2
Interest-bearing liabilities	26	0.9	0.9
Deferred tax liabilities	12	0.4	-
Trade and other payables	27	3.4	3.4
Total liabilities		4.7	4.2
Net assets		3.8	3.0
Acquisition cost		10.8	
Goodwill	14	7.0	
Acquisition cost paid		10.8	
Cash and cash equivalents in subsidiaries acquired		0.4	
Cash outflow on acquisition		10.4	

In 2008, the sales of Auburn Group were approximately EUR 20.0 million and the operating profit approximately EUR 0.1 million. The sales of the acquired Auburn Group for October 10, 2008 - December 31, 2008 totaled EUR 3.0 million and the operating loss EUR -0.2 million.

Effect of Auburn Group acquisition on Outotec Group's sales and operating profit in 2008

Outotec's sales for January 1, 2008 - December 31, 2008 would have been EUR 1,234.9 million and operating profit EUR 120.5 million if the acquisition carried out during the period had been completed on January 1, 2008.

5. Construction contracts

EUR million	2009	2008
Revenue from construction contracts recognized as income during the financial year	659.2	957.0
Incurred costs and profits (less recognized losses) related to work in progress construction contracts at the end of financial year	671.6	829.6
Advances received related to work in progress construction contracts ¹⁾	1,025.1	844.3
Gross amount due from customers related to work in progress construction contracts	98.1	117.2
Gross amount due to customers related to work in progress construction contracts ²⁾	164.0	169.7

¹⁾ Includes gross advances received related to work in progress construction contracts.

²⁾ Includes net advances received after percentage of completion revenue recognition.

6. Other income

EUR million	2009	2008
Gains on the sale of intangible and tangible assets	0.1	0.3
Income of arbitration settlement	2.4	-
Other income	1.6	0.6
	4.1	0.9

7. Other expenses

EUR million	2009	2008
Losses on disposals of intangible and tangible assets	-0.2	-0.1
Market price losses from derivatives	-0.1	-9.5
Loss on sale of Intune Circuits Ltd	-	-1.1
Cost of arbitration settlement	-	-7.5
Impairment loss from Pacific Ore Ltd's shares	-2.5	-
Other expenses	-1.1	-0.8
	-3.9	-19.1

8. Function expenses by nature

EUR million	2009	2008
Merchandise and raw materials	-430.5	-691.9
Logistics expenses	-19.9	-21.9
Employee benefit expenses	-159.5	-157.7
Rents and leases	-15.1	-12.0
Depreciation and amortization	-12.1	-11.0
Change in inventories	-15.5	2.0
Services purchased ¹⁾	-88.5	-96.8
Other expenses ²⁾	-77.8	-90.1
	-819.1	-1,079.6

¹⁾ Services purchased includes audit fees of EUR 0.6 million (2008: EUR 0.5 million) and fees for other services of EUR 0.6 million (2008: EUR 0.8 million) paid to the companies operated by the firm of independent public accountants KPMG, in different countries.

²⁾ Includes grants received of EUR 2.0 million in 2009 (2008: EUR 1.7 million).

Expenses by function include cost of sales, selling and marketing, administrative as well as research and development expenses.

Other income and expenses comprise following non-recurring items, which have affected financial performance for the period:

EUR million	2009	2008
Loss on sale of Intune Circuits Ltd.	-	-1.1
Arbitration settlement ¹⁾	2.4	-8.5
Impairment loss from Pacific Ore Ltd's shares	-2.5	-

¹⁾ One-time expenses related to Pattison project in 2008 included arbitration cost of EUR 7.5 million and write-down of trade receivables of EUR 1.0 million.

9. Employee benefit expenses

EUR million	2009	2008
Wages and salaries	-132.9	-132.7
Termination benefits	-0.4	-0.1
Social security costs	-11.5	-10.9
Pension and other post-employment benefits		
Defined benefit plans	-1.8	-1.8
Defined contribution plans	-12.2	-9.7
Other post-employment benefits	-0.2	-0.2
Other personnel expenses	-0.6	-2.2
	-159.5	-157.7

Share-based incentive programs:

On March 23, 2007, Outotec published a share-based incentive program for 2007-2008. The reward compensated to the key personnel was determined by based on whether the targets set for the development of the company's net profit and order backlog had been reached. The total reward for the two earning periods was EUR 6.5 million, which was paid to 22 individuals in the second quarter of 2009, with 202,799 shares allocated and EUR 3.4 million paid in cash to cover taxes. Based on terms of the share-based incentive program, it was classified as an employee benefit under IAS 19 standard. The expense was included in wages and salaries in 2008.

On March 3, 2008, Outotec published a share-based incentive program for 2008-2010. For more information about share-based incentive program, please see Note 10. Share-based payments.

For information about key management employee benefits, please see Note 31. Related party transactions.

10. Share-based payments

In February 2008 the Board of Directors of Outotec Oyj agreed to establish the Share Ownership Plan 2008-2010. The plan was established as part of the incentive and commitment program for the key personnel of the Company and its subsidiaries. The plan offers the target group the opportunity to earn company shares as a reward for attaining targets established for the earning period. The plan includes three earning periods, each with a duration of one calendar year.

Under the plan a reward of up to 250,000 shares may be given and also a cash payment of up to the amount needed for payment of the taxes and tax-related costs incurred by the key persons as a result of the reward at the time the shares are transferred.

The plan includes three earning periods which are the calendar years 2008, 2009 and 2010. The Board of Directors shall determine the amount of the maximum reward, the earning criteria and the targets established for them separately on an annual basis. The attaining of the targets established for the earning criteria will determine how large a portion of the maximum reward will be paid to the key persons.

The reward paid on the basis of the share ownership plan will be paid by the end of the April of the year following the close of the earning period as a combination of shares and cash. The reward will not be paid if the person's employment ends before the close of the earning period. The person must also hold the earned shares and remain employed for at least two years after the close of the earning period.

Basic data concerning the share ownership plan	Earning period 2009	Earning period 2008
Grant dates	March 30, 2009 and June 30, 2009	March 3, 2008
Form of the reward	Shares and cash	Shares and cash
Target group	Key employees	Key employees
Maximum number of shares ¹⁾	249,000	82,500
Beginning of earning period	January 1, 2009	January 1, 2008
End of earning period	December 31, 2009	December 31, 2008
Vesting conditions	Operating profit, profit for the period, order intake deducted with cancellations. Employment until the end of the restriction period.	EPS, order backlog and sales of Services business. Employment until the end of the restriction period.
End of restriction period	January 1, 2012	January 1, 2011
Maximum contractual life, years	2.8	2.8
Remaining contractual life, years	2	1
Number of persons at December 31, 2009	66	33

¹⁾ The maximum amount of the share reward includes a component to be paid in cash. The amount of cash to be paid corresponds to a maximum 1.5 times the value of the shares at the time of transfer.

The changes in the amounts of the share ownership plan in the 2009 financial year are presented in the table below. Since the cash component of the share reward is also recognized as a share-based expense, the amounts below are presented in gross terms, i.e. the share reward figures include both the reward paid in shares and a number of shares corresponding to the amount of the reward paid in cash.

Changes in the 2009 financial year	Earning period 2009	Earning period 2008	Total
Gross amounts at January 1, 2009 ²⁾, number of shares			
Outstanding at the beginning of the period	-	76,500	76,500
Changes during the period, number of shares			
Share rewards granted	249,000	-	249,000
Share rewards returned	-	47,732	47,732
Share rewards paid	-	28,768	28,768
Share rewards forfeited (includes returned shares)	-	14,081	14,081
Gross amounts at December 31, 2009 ²⁾, number of shares			
Outstanding at the beginning of the period ³⁾	249,000	14,687	263,687
Exercisable at the beginning of the period	249,000	-	249,000

²⁾ Number of shares include cash-settled payments of the plan (in terms of number of shares).

³⁾ Weighted remaining contractual life in years was 1.81.

Fair value of the share reward

Inputs to the fair value determination of the rewards expensed during the financial year 2009 are listed in the below table as weighted average values. The total fair value of the rewards is based on the Company's estimate on December 31, 2009 as to the number of shares to be eventually vesting.

Measurement of fair value of the share reward	Earning period 2009	Earning period 2008
Share price at the grant date, EUR	12.94	37.28
Expected dividends, EUR	0.50	0.88
Fair value per share accounted for as equity-settled reward, EUR	12.36	35.52
Fair value per share of the cash-settled reward at the settlement date / at the end of the period, EUR	24.74	15.09
Fair value at December 31, 2009, EUR million	0.4	0.7

Effect on earnings during the period and financial position at December 31, 2009	Earning period 2009	Earning period 2008	Total
Expense recognized for the period from share-based payments	0.2	0.3	0.5
Expense accounted for as equity-settled share-based payment	0.1	0.2	0.3
Value of liability for cash-settled share-based payments at December 31, 2009	0.1	-	0.1

Effect on earnings during the period and financial position at December 31, 2008	Earning period 2008	Total
Expense recognized for the period from share-based payments	0.2	0.2
Expense accounted for as equity-settled share-based payment	0.1	0.1
Value of liability for cash-settled share-based payments at December 31, 2008	0.0	0.0

11. Finance income and expenses**Recognized in profit or loss**

EUR million	2009	2008
Interest income on bank deposits and commercial papers	5.8	16.6
Interest income on loans and receivables	0.1	0.1
Other finance income	0.1	0.3
Total finance income	6.0	17.0
Interest expenses		
Financial liabilities measured at amortized cost		
Current and non-current debt	-0.8	-0.3
Finance lease arrangements	-0.0	-
Other finance expenses	-3.6	-3.7
Total finance expenses	-4.4	-4.1
Exchange gains and losses	0.6	3.2
Other market price gains and losses	0.0	-0.0
Total market price gains and losses	0.6	3.2
Total finance income and expenses	2.2	16.1

Exchange gains and losses recognized in profit or loss

EUR million	2009	2008
In sales	0.2	10.7
In purchases	1.2	-1.4
In other income and expenses	-0.1	-9.5
In finance income and expenses	0.6	3.2
	2.0	2.9

Recognized in other comprehensive income

EUR million	2009	2008
Exchange differences on translating foreign operations	19.5	-21.7
Cash flow hedges	2.7	-12.6
Income tax relating to cash flow hedges	-0.3	3.1
Available-for-sale financial assets	2.4	-2.1
Income tax relating to available-for-sale financial assets	-0.0	-
	24.3	-33.3

12. Income tax expenses

Income tax expenses recognized in profit or loss

EUR million	2009	2008
Current taxes		
Accrued taxes for the year		
Finnish companies	-1.5	-9.9
Companies outside Finland	-14.9	-25.5
Tax adjustments for prior years		
Finnish companies	1.8	0.0
Companies outside Finland	0.9	-2.0
	-13.7	-37.4
Deferred taxes		
Deferred taxes		
Finnish companies	-1.3	2.3
Companies outside Finland	-3.7	-6.4
Effect of consolidation and eliminations	0.2	-0.8
	-4.9	-5.0
Total income tax expenses	-18.6	-42.4

Income taxes recognized in other comprehensive income

EUR million	2009	2008
Income tax relating to cash flow hedges	-0.3	3.1
Income tax relating to available-for-sale financial assets	-0.0	-
	-0.3	3.1

The difference between income taxes at the statutory tax rate in Finland (26%) and income taxes recognized in profit or loss is reconciled as follows:

EUR million	2009	2008
Hypothetical income taxes at Finnish tax rate on consolidated profit before tax	-15.8	-35.4
Effect of different tax rates outside Finland	-0.5	-2.7
Non-credited foreign withholding taxes	-1.2	-0.3
Tax effect of non-deductible expenses and tax exempt income	-0.9	-1.3
Tax effect of losses for which no deferred tax asset is recognized	-1.0	-2.2
Previous year losses for which deferred tax asset is recognized	-	2.1
Utilization of tax losses for which no deferred tax asset was recognized	0.1	0.1
Effect of consolidation and eliminations	0.0	0.0
Taxes for prior years	0.0	-2.0
Effect of enacted change in future tax rates	0.0	0.0
Share-based payment plan tax deduction in excess of IFRS cost	1.3	-
Other items	-0.5	-0.5
Income taxes recognized in profit or loss	-18.6	-42.4

Deferred taxes in consolidated statement of financial position

EUR million	2009	2008
Non-current deferred tax assets	25.8	20.0
Non-current deferred tax liabilities	49.0	33.3
	-23.2	-13.2

Deferred taxes have been reported as a net balance of those companies that file a consolidated tax return or that may otherwise be consolidated for current tax purposes.

Changes in deferred tax assets and liabilities during the financial year

EUR million	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Acquired subsidiaries	Translation differences	December 31
2009						
Deferred tax assets						
Tax losses carried forward	2.3	3.4	-	0.7	-	6.4
Pension provisions	1.4	-0.1	-	0.2	-	1.6
Depreciation difference	0.7	-0.3	-	-	-	0.4
Project provisions	11.0	-0.3	-	-	1.2	11.9
Effects of consolidation and eliminations	0.2	0.1	-	1.0	-	1.3
Valuation loss on assets and derivative instruments	1.2	-	-1.1	-	0.3	0.4
Other provisions and items	4.9	0.1	-	1.6	0.6	7.3
Purchase price allocation	-	-	-	0.2	-	0.2
Netting of deferred tax	-1.8	-1.8	-	-	-	-3.7
	20.0	1.1	-1.1	3.8	2.1	25.8
Deferred tax liabilities						
Timing difference in revenue recognition	28.3	9.2	-	-	-	37.5
Depreciation difference	2.2	0.2	-	1.1	-	3.5
Other untaxed reserves	0.4	0.3	-	-	-	0.8
Purchase price allocation	0.9	-0.6	-	8.8	-	9.1
Valuation gain on assets and derivative instruments	1.4	-	-0.8	-	-	0.6
Other items	1.8	-1.3	-	0.7	-	1.2
Netting of deferred tax	-1.8	-1.8	-	-	-	-3.7
	33.3	5.9	-0.8	10.6	-	49.0
Net deferred tax liability	-13.2	-4.8	-0.3	-6.9	2.1	-23.2

EUR million	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Acquired subsidiaries	Translation differences	December 31
2008						
Deferred tax assets						
Tax losses carried forward	1.2	1.2	-	-	-0.1	2.3
Pension provisions	1.4	0.0	-	-	-	1.4
Depreciation difference	0.6	0.1	-	-	-	0.7
Project provisions	5.8	5.8	-	-	-0.6	11.0
Effects of consolidation and eliminations	0.2	0.0	-	-	-	0.2
Valuation loss on assets and derivative instruments	-	-	1.2	-	-	1.2
Other provisions and items	3.4	2.0	-	-	-0.5	4.9
Netting of deferred tax	-0.8	-1.0	-	-	-	-1.8
	11.9	8.1	1.2	-	-1.2	20.0
Deferred tax liabilities						
Timing difference in revenue recognition	15.8	12.6	-	-	-	28.3
Depreciation difference	1.9	0.3	-	-	-	2.2
Other untaxed reserves	0.6	-0.1	-	-	-	0.4
Purchase price allocation	0.7	-0.2	-	0.4	-	0.9
Valuation gain on assets and derivative instruments	3.2	-	-1.9	-	-	1.4
Other items	0.2	1.6	-	-	-	1.8
Netting of deferred tax	-0.8	-1.1	-	-	-	-1.8
	21.6	13.1	-1.9	0.4	-	33.3
Net deferred tax liability	-9.8	-5.0	3.1	-0.4	-1.2	-13.2

Deferred tax assets of EUR 3.6 million (2008: EUR 3.3 million) have not been recognized in the consolidated financial statements because the realization of the tax benefit included in these assets is not probable. Majority of these unrecognized deferred tax assets relate to tax losses and tax credits amounting to EUR 12.7 million (2008: EUR 8.7 million), of which EUR 12.0 million will expire in five years or later.

The consolidated statement of financial position includes net deferred tax assets of EUR 9.8 million (2008: EUR 3.1 million) in subsidiaries, which have generated losses in current or in prior year. The recognition of the assets is based on result estimates, which indicate that the realization of these deferred tax assets is probable.

Deferred tax liability on all undistributed earnings of subsidiaries, calculated according to IFRS, has not been recognized in the consolidated statement of financial position because distribution of the earnings is in the control of Outotec and such distribution is not probable within foreseeable future. The amount of such undistributed earnings in subsidiaries, which may attract withholding or other tax consequences upon distribution, was at the end of the year 2009 EUR 173.2 million (2008: EUR 122.8 million).

13. Earnings per share

	2009	2008
Profit attributable to the equity holders of the parent company, EUR million	42.3	94.0
Weighted average number of shares, in thousands	41,844	41,790
Earnings per share for profit attributable to the equity holders of the parent company:		
Basic earnings per share, EUR	1.01	2.25
Diluted earnings per share, EUR	1.01	2.25

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of the parent company by the weighted average number of shares outstanding. Since Outotec has not granted any options, there is no dilution.

14. Intangible assets

EUR million	Intangible asset, internally generated ¹⁾	Intangible asset, acquired ²⁾	Goodwill	Advances paid and construction work in progress	Total
Historical cost at January 1, 2009	1.8	47.0	52.9	0.3	102.0
Translation differences	0.2	0.6	0.9	0.1	1.7
Additions	1.6	4.9	-0.2	0.2	6.5
Disposals	-	-0.3	-	-	-0.3
Acquired subsidiaries	-	41.0	45.4	-	86.4
Reclassifications	-	-0.1	-	-0.0	-0.1
Historical cost at December 31, 2009	3.6	93.0	99.0	0.5	196.1
Accumulated amortization and impairment at January 1, 2009	-1.2	-18.5	-0.7	-	-20.4
Translation differences	-0.2	-0.1	-	-	-0.2
Disposals	-	0.1	-	-	0.1
Amortization during the period	-0.2	-5.1	-	-	-5.3
Accumulated amortization and impairment at December 31, 2009	-1.6	-23.5	-0.7	-	-25.9
Carrying value at December 31, 2009	2.0	69.5	98.2	0.5	170.2
Historical cost at January 1, 2008	2.1	42.1	46.9	-	91.0
Translation differences	-0.2	0.0	-0.2	-	-0.4
Additions	-	3.7	-	0.3	4.0
Disposals	-	-0.1	-	-	-0.1
Acquired subsidiaries	-	1.2	6.3	-	7.5
Reclassifications	-	-0.0	-	0.0	-
Historical cost at December 31, 2008	1.8	47.0	52.9	0.3	102.0
Accumulated amortization and impairment at January 1, 2008	-1.2	-14.3	-0.7	-	-16.2
Translation differences	0.2	-0.0	-	-	0.1
Disposals	-	0.0	-	-	0.0
Amortization during the period	-0.2	-4.2	-	-	-4.4
Accumulated amortization and impairment at December 31, 2008	-1.2	-18.5	-0.7	-	-20.4
Carrying value at December 31, 2008	0.6	28.5	52.1	0.3	81.4

¹⁾ of which carrying value of licenses amounted to EUR 0.2 million (2008: EUR 0.2 million) and other internally generated intangible assets EUR 1.8 million (2008: EUR 0.4 million).

²⁾ of which carrying value of patents amounted to EUR 13.5 million (2008: EUR 9.2 million), licenses EUR 2.8 million (2008: EUR 1.9 million), IT software EUR 11.0 million (2008: EUR 8.1 million) and other acquired intangible assets EUR 42.2 million (2008: EUR 9.4 million) including Larox purchase price fair valuation EUR 23.6 million.

Amortization by function

EUR million	2009	2008
Cost of sales	-0.9	-0.8
Selling and marketing expenses	-0.3	-0.0
Administrative expenses	-1.6	-1.4
Research and development expenses	-2.4	-2.2
	-5.2	-4.4

In 2009 and in 2008 there were no impairments.

Impairment testing of goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) according to the business organization.

Goodwill allocation to the segments

EUR million	2009	2008
Minerals Processing	3.5	3.3
Base Metals	1.2	1.2
Metals Processing	41.3	41.3
Larox	45.2	-
Other businesses	7.0	6.3
	98.2	52.1

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations are based on the cash flow projections in the strategic plans approved by the management covering a two-year period. The cash flow forecasts for third, fourth and fifth year are estimated to be the same as for the second year. The estimated sales and profits are based on the current backlog and estimated order intake as well as cost development. The most important assumptions relate to gross margin levels in various products and estimated overall gross margin level volume in relation to fixed costs. In defining its planning assumptions the Group makes use of growth, demand and price estimates by market research institutions. Discount rate is the weighted average pre-tax cost of capital (WACC) as defined for Outotec. The components of WACC are risk-free yield rate, market risk premium, industry specific beta, cost of debt and targetted capital structure. The WACC used in the calculations was 9.4% in 2009 (2008: 9.4%). Cash flows beyond the five year period are calculated using terminal value method, where the EBITDA (=earnings before interest, taxes, amortizations and depreciation) of the fifth planning period is multiplied by six and discounted using the WACC described above. Based on the sensitivity analysis, it is not probable that the recoverable amount will fall below the carrying amount at December 31, 2009 even if the assumptions used in the sensitivity analysis will face reasonable permanent changes.

15. Property, plant and equipment

EUR million	Land	Buildings	Machinery	Office equipment	Other tangible assets	Advances paid and construction work in progress	Total
Historical cost at January 1, 2009	0.4	14.3	48.0	23.3	0.3	1.2	87.6
Translation differences	0.0	0.4	1.0	1.9	0.0	0.0	3.3
Additions	-	5.5	3.4	3.9	0.1	1.9	14.9
Disposals	-	-	-0.3	-0.5	-	-	-0.9
Acquired subsidiaries	1.2	4.0	6.0	-	0.9	0.8	12.9
Reclassifications	-	0.3	0.7	0.2	-0.0	-1.2	-0.0
Historical cost at December 31, 2009	1.7	24.5	58.8	28.8	1.2	2.8	117.8
Accumulated depreciation and impairment at January 1, 2009	-	-5.8	-36.1	-16.0	-0.1	-	-58.1
Translation differences	-	-0.1	-0.4	-1.3	-0.0	-	-1.8
Disposals	-	-	0.3	0.7	-	-	1.0
Reclassifications	-	-	0.2	-	-	-	0.2
Depreciation during the period	-	-0.8	-3.1	-3.1	-0.1	-	-7.0
Accumulated depreciation and impairment at December 31, 2009	-	-6.7	-39.1	-19.7	-0.2	-	-65.7
Carrying value at December 31, 2009	1.7	17.8	19.6	9.1	1.1	2.8	52.1
Historical cost at January 1, 2008	0.5	13.3	43.9	22.8	0.2	0.7	81.3
Translation differences	-0.1	-0.4	-0.9	-1.9	0.0	0.0	-3.3
Additions	-	1.3	4.7	3.4	0.2	1.1	10.7
Disposals	-	-	-2.3	-1.0	-	0.0	-3.3
Acquired subsidiaries	-	-	2.0	0.1	-	-	2.1
Reclassifications	-	0.2	0.6	-0.1	-0.1	-0.6	0.0
Historical cost at December 31, 2008	0.4	14.3	48.0	23.3	0.3	1.2	87.6
Accumulated depreciation and impairment at January 1, 2008	-	-5.3	-35.8	-15.6	-0.1	-	-56.7
Translation differences	-	0.1	0.7	1.2	0.0	-	2.0
Disposals	-	-	2.3	0.8	-	-	3.1
Depreciation during the period	-	-0.6	-3.3	-2.5	-	-	-6.4
Accumulated depreciation and impairment at December 31, 2008	-	-5.8	-36.1	-16.0	-0.1	-	-58.1
Carrying value at December 31, 2008	0.4	8.5	11.9	7.3	0.2	1.2	29.5

Depreciation by function

EUR million	2009	2008
Cost of sales	-2.6	-2.9
Selling and marketing expenses	-0.6	-0.5
Administrative expenses	-1.9	-1.5
Research and development expenses	-1.8	-1.8
	-6.9	-6.6

In 2009 and in 2008 there were no impairments.

Assets leased by finance lease agreements

EUR million	2009	2008
Historical cost at January 1	0.8	0.6
Translation differences	0.1	0.0
Acquired subsidiaries	0.0	0.9
Reclassifications	-0.5	-
Accumulated depreciation	-0.1	-0.7
Carrying value at December 31	0.3	0.8

All finance lease agreements are related to machinery and equipment.

16. Investments in associated companies

EUR million	2009	2008
Investments in associated companies at cost		
Historical cost at January 1	0.1	3.3
Additions	11.0	-
Disposal	-	-3.2
Historical cost at December 31	11.0	0.1
Equity adjustment to investments in associated companies at January 1	0.0	-3.2
Share of results of associated companies	-0.2	-
Disposal	-	3.2
Equity adjustment to investments in associated companies at December 31	-0.2	0.0
Carrying value of investments in associated companies at December 31	10.9	0.1

Summary of financial information for associated companies

EUR million	Domicile	Assets	Liabilities	Sales	Profit/loss	Ownership, %
2009						
Ausmelt Ltd ¹⁾	Australia	-	-	-	-	37.6
Enefit Outotec Technology Oü	Estonia	0.0	-	-	-0.0	40.0
GreenExergy AB	Sweden	0.7	0.1	0.1	-0.4	45.0
Middle East Metals Processing Company Ltd	Saudi Arabia	0.3	0.2	-	-	49.0
2008						
Middle East Metals Processing Company Ltd	Saudi Arabia	0.3	0.2	-	-	49.0

¹⁾ Financial information of Ausmelt Ltd was not available for Outotec at December 31, 2009.

17. Available-for-sale financial assets

EUR million	2009	2008
Carrying value at January 1	0.5	2.5
Translation differences	0.0	0.0
Additions	0.2	0.1
Fair value changes	-0.2	-2.1
Acquired subsidiaries	3.6	-
Carrying value at December 31	4.0	0.5
Listed equity securities	0.2	0.4
Unlisted equity securities	3.8	0.1
Fair value	4.0	0.5
Available-for-sale financial assets transferred to profit and loss	2.5	-
Acquisition value	-6.5	-2.8
Fair value changes	0.1	-2.3
Deferred tax liability	-0.0	-0.0
Fair value reserve in equity	0.1	-2.3

18. Financial risk management

Financial Risk Management and Insurances

According to Outotec's Financial Risk Management policy the CEO and the Executive Committee monitor implementation of risk management procedures in coordination with the Board of Directors. The CFO is responsible for implementation and development of financial risk management.

The Group Audit Committee oversees how the management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted by Internal Audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures.

Financial risks consist of market, credit and liquidity risks. Market risks are caused by changes in foreign exchange and interest rates, as well as commodity or other prices. Especially changes in foreign exchange rates may have a significant impact on Group's earnings, cash flows and balance sheet. As the main principle Outotec's business units hedge their market risks by entering into agreements with Group Treasury, which does most of the financial contracts with banks and other financial institutions. Outotec's Treasury is also responsible for managing certain Group level risks, such as interest rate risk and foreign currency transaction risk in accordance with the Financial Risk Management policy. In Larox its Treasury has been responsible for carrying out all hedging activities based on foreign currency net cash flow estimations received from business units.

The Group is sensitive to the price fluctuations of raw material, external suppliers and subcontractors. The price fluctuations are prevented and the availability of raw material ascertained by long-term contracts, timing of the acquisitions and fixed contract prices.

Foreign exchange rate risk

Major part of Outotec's sales is in euros, US dollars, Brazilian real and Australian dollars. A significant part of costs arise in euros, US dollars, Brazilian real and Australian dollars.

The overall objective of foreign exchange risk management is to limit the short-term negative impact on earnings and cash flow from exchange rate fluctuations, therefore increasing the predictability of the financial results.

Foreign exchange risk is the principal market risk within Outotec and as such has a significant potential impact on net profit and balance sheet.

The currencies related to sales and costs can vary materially depending on the projects. Outotec hedges most of its fair value risk. Cash flow risk related to firm commitments is hedged almost completely, within subsidiary specific limits defined in Financial Risk Management policy, whereas forecasted and probable cash flows are hedged only selectively with financial instruments based on separate decisions.

Major part of cash flow risk hedging takes place operatively i.e. by matching sales and cost currencies, and the remaining net open positions are normally hedged with derivative contracts (typically forward agreements). Subsidiary level foreign exchange exposures are monitored and consolidated on a monthly basis.

Substantial part of derivative contracts hedge underlying business transactions, although they do not fulfill the criteria for applying hedge accounting according to IAS 39. However, Outotec is applying hedge accounting for derivative contracts in selected projects. In this description of financial risk management the term hedging has been used in its broadest sense, and therefore it also includes usage of non-hedge-accounted derivatives.

Outotec does not typically hedge its equity translation risk. Larox has been an exception by hedging the equities of its foreign subsidiaries with external currency loans. The total

non-euro-denominated equity of Outotec's foreign subsidiaries and associated companies was on December 31, 2009 145.1 million euros (December 31, 2008: 97.6 million euros). In this context equity of Larox has been considered as euro-denominated.

In certain cases commercial contracts may include so-called embedded derivatives, the volume of which may at times amount to a substantial share of all derivatives.

On December 31, 2009 Outotec had the following foreign exchange derivative contract amounts, including embedded derivatives (more detailed information of foreign exchange exposures in Note 19. Derivative instruments):

EUR million	2009	2008
Foreign exchange derivative contracts	319.3	378.3

See the tables "Transaction risk" and "Sensitivity of financial instruments on foreign exchange rates"

Interest rate risk

The relevance of interest rate risks for Outotec has thus far been limited due to the small amount of debts carrying interest. However, as a consequence to the acquisition of Larox shares and drawdown of TyEL-pension loans during the last quarter of 2009, the amount of interest-bearing debt increased exposing the Group to interest rate risk, which is the risk of re-pricing and price caused by the changes in market interest rates. To control interest rate risks the Group disperses its loans in fixed and floating rate instruments. Total loan risk position is stabilized by changing the portion of fixed rate and foreign currency denominated debts. The share of fixed rate loans of all interest-bearing debt was 65 percent.

Significant part of the financial investments have short-term interest rate as a reference rate. At December 31, 2009 Outotec had

Transaction risk

EUR million	USD exposure in companies reporting in EUR		USD exposure in companies reporting in AUD		AUD exposure in companies reporting in EUR		SEK exposure in companies reporting in EUR	
	2009	2008	2009	2008	2009	2008	2009	2008
Bank accounts	1.2	1.8	1.5	2.9	0.3	0.2	-9.3	-18.9
Trade receivables	7.6	4.5	4.6	14.7	1.6	1.1	-0.1	0.0
Trade payables	-2.9	-4.4	-1.8	-1.0	-0.9	-0.8	-0.2	-0.7
Loans and receivables	11.3	2.3	-	0.2	15.8	0.7	-	0.0
Net balance sheet exposure	17.2	4.2	4.3	16.8	16.8	1.2	-9.6	-19.6
Sales order book	28.1	121.9	12.8	11.3	1.0	1.2	0.2	0.3
Purchase order book	-3.9	-30.9	-7.1	-1.5	-1.4	-4.7	-1.9	-6.0
	24.2	91.0	5.7	9.8	-0.4	-3.5	-1.7	-5.7
Hedges (net values):								
Foreign exchange forward contracts	-30.7	-94.5	-10.2	-26.8	5.4	1.3	10.6	24.8
Foreign currency options	-2.3	-	-	-	-1.5	-	-	-
Total net exposure	8.4	0.7	-0.2	-0.2	20.3	-1.1	-0.7	-0.5

Sensitivity of financial instruments on foreign exchange rates

EUR million	2009		2008	
	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
+/-10% change in EUR/USD exchange rate	-0.9/+1.0	+1.6/-1.9	-4.3/+5.3	+9/-11
+/-10% change in EUR/AUD exchange rate	-1.9/+2.3		-0.2/+0.3	
+/-10% change in EUR/SEK exchange rate	-0.1/+0.1		-0.5/+0.6	
+/-10% change in AUD/USD exchange rate	+0.6/-0.6		+1/-1	

The following assumptions were made when calculating the sensitivity to changes in exchange rates:

The variation in currency is assumed to be +/- 10%. The position includes currency denominated financial assets and liabilities, such as borrowings, deposits, trade and other receivables, trade and other payables, and cash and cash equivalents, as well as derivative financial instruments. The position excludes order book items.

EUR 258.5 million of cash and cash equivalent funds (December 31, 2008: EUR 317.8 million), majority of which is invested in short-term money market instruments. The advance payments received from projects in the emerging markets and the related financial investments cause occasionally interest rate risks. The largest interest rate exposures are in euros, Brazilian reais and Australian dollars.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss for fixed rate instruments. At the end of the financial year the Group had no open interest rate forward agreements or interest rate swaps.

For variable rate interest-bearing financial instruments a shift of one percentage point would have increased (decreased) profit or loss by EUR 1.5 million at December 31, 2009 (December 31, 2008: EUR 2.5 million).

Securities price risk

Outotec is the owner of 5 million shares of Pacific Ore Limited. The shares are quoted in ASX of Australia. The shares were impaired in 2009 resulting in write-off of EUR 2.5 million. Outotec does not have any material amounts of other available-for-sale listed equity securities.

Credit risks

Credit risk arises from the potential failure of a counterparty to meet its contractual payment obligations. In addition, counterparty risk arises in conjunction with financial investments and hedging instruments. The objective of credit and counterparty risk management is to minimize in a cost efficient manner the losses incurred as a result of counterparty not fulfilling its obligations.

Outotec's trade receivables and other potential sources of sales contract related credit risks are generated by a large number of

customers worldwide, but occasionally risk concentrations may develop due to large individual contracts. Outotec's Project Risk Management Policy (PRIMA) has been created to manage the various project related risks and address them in a more concise manner (see pages 42-44). The PRIMA policy and related procedures require identification of counterparty risks in a project together with the evaluation of the available and cost efficient mitigation of risks with contractual terms and/or different financial instruments. The credit risks related to business operations can be mitigated for example by the use of advance payments and other payment terms under sales contracts, project specific credit insurances and letters of credit. The trade receivable exposures are reviewed regularly in Outotec's project level reporting. During 2009 the monitoring of overdue external trade receivables was intensified. Geographically the trade receivables are mostly from South America 21.6% (December 31, 2008: 28.9%), Asia 20.5% (December 31, 2008: 14.0%), Africa 18.4% (December 31, 2008: 19.6%) and North America 12.8% (December 31, 2008: 15.0%). More detailed analysis of trade receivables is included in Note 21. Trade and other receivables.

Outotec's Treasury manages substantial part of the credit risk related to Group's financial investments. Outotec seeks to reduce these risks by limiting the counterparties to banks, other financial institutions and other counterparties, which have a good credit standing. Investments related to liquidity management are made in liquid money market instruments with, as far as possible, low credit risk and within pre-agreed credit limits and maturities. The limits are reviewed regularly. Part of Outotec's project advance payments can be invested in local money markets in emerging countries.

The total amount of credit risk is the carrying amount of group financial assets that amounted to EUR 555.9 million at December 31, 2009 (December 31, 2008: EUR 643.1 million). See Note 28. Carrying amounts of financial assets and liabilities by categories.

Insurances

Outotec Oyj acquires Group wide insurances on a case by case basis covering all or major part of Group companies' insurance needs. Furthermore Outotec companies acquire local insurances on a case by case basis in separately defined areas and specific delivery contracts. The most important insurance lines relate to liability. On the other hand, decisions to insure credit risks in projects are usually made on a project by project basis.

General liability is the most important line of insurance and a major part of insurance premiums paid relate to these type of risks. For production units Outotec has adequate property damage and business interruption insurance cover.

Liquidity risk

Outotec ensures adequate liquidity through a combination of cash management, liquid investment portfolios and committed and uncommitted facilities. Liquidity and refinancing risks are sought to be reduced with availability of sufficient amount of credit lines, which have a balanced maturity profile. Efficient cash and liquidity management is also reducing liquidity risk.

Outotec's Treasury raises centrally most of the Group's interest-bearing debt. During 2009 the need for external debt on Group level has continued to be limited. Outotec's subsidiaries have had some local credit lines of their own, which mostly with the exception of Larox have been counter-guaranteed by Outotec Oyj. The share of long term loans was 75 percent of the total interest-bearing loan portfolio.

The Group maintains the following committed line of credit:

- EUR 50 million multicurrency revolving credit facility that is unsecured

See the tables "Contractual cash flows of liabilities" and "Cash and cash equivalents and committed unutilized credit facilities"

Capital management

Outotec's capital structure is characterized by low gearing ratio (-55.8% on December 31, 2009

and -139.0 % on December 31, 2008). Outotec has not defined a target level for gearing or other financial ratios. The Board's target is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business and the capability to pay dividends. The

capital structure of the Group is reviewed by the Board of Directors on a regular basis. Outotec has a mandate to purchase its own shares on the market.

There were no changes in the Group's approach to capital management during the year.

Certain externally imposed capital requirements exist. Outotec's main credit facilities include financial covenants, which define a minimum level of liquidity and net worth for the Group. The Group has operated in compliance with the covenants during 2006-2009.

Contractual cash flows of liabilities at December 31, 2009

EUR million	2010 ¹⁾	2011	2012	2013	2014	2015-	Total
Loans from financial institutions							
Finance charges	-0.4	-0.1	-0.0	-0.0	-	-	-0.6
Repayments	-23.1	-3.6	-2.0	-0.4	-0.4	-	-29.5
Loans from pension institutions							
Finance charges	-0.9	-0.7	-0.5	-0.3	-0.1	0.0	-2.4
Repayments	-8.6	-9.7	-7.4	-6.3	-6.3	-0.4	-38.7
Finance lease liabilities							
Rents	-0.2	-0.1	-0.1	-	-	-	-0.4
Other long-term loans							
Finance charges	-0.2	-0.2	-0.2	-0.1	-0.1	-0.6	-1.4
Repayments	-0.2	-0.2	-0.5	-0.4	-0.3	-3.0	-4.6
Derivative liabilities							
Designated as cash flow hedges							
Outflow	-3.4	-	-	-	-	-	-3.4
Inflow	3.2	-	-	-	-	-	3.2
Other foreign exchange forward contracts							
Outflow	-116.6	-1.2	-	-	-	-	-117.8
Inflow	109.8	1.1	-	-	-	-	110.9
Other foreign exchange option contracts							
Outflow	-0.1	-	-	-	-	-	-0.1
Trade payables	-71.7	-	-	-	-	-	-71.7

¹⁾ Repayments in 2010 are included in current debt.

All non-current debt will be repaid by the end of year 2022. Average maturity of long-term debt was 2.5 years and the average interest rate 2.69%

Contractual cash flows of liabilities at December 31, 2008

EUR million	2009 ¹⁾	2010	2011	2012	2013	2014	Total
Loans from financial institutions							
Finance charges	-0.1	-0.0	-0.0	-0.0	-0.0	-0.0	-0.2
Repayments	-1.0	-0.3	-0.3	-0.3	-0.3	-0.3	-2.7
Finance lease liabilities							
Rents	-0.3	-0.2	-0.2	-0.1	-0.0	-	-0.8
Other non-current loans							
Finance charges	-0.0	-0.0	-0.0	-0.0	-0.0	-	-0.1
Repayments	-0.2	-0.1	-0.1	-0.1	-0.1	-	-0.5
Derivative liabilities							
Designated as cash flow hedges							
Outflow	-49.7	-14.6	-	-	-	-	-64.3
Inflow	41.9	13.7	-	-	-	-	55.6
Other foreign exchange forward contracts							
Outflow	-100.7	-21.7	-	-	-	-	-122.4
Inflow	91.3	18.0	-	-	-	-	109.3
Trade payables	-105.7	-	-	-	-	-	-105.7

¹⁾ Repayments in 2009 are included in current debt.

Average maturity of non-current debt was 2.6 years and the average interest rate 3.48%

Maturity analysis for guarantee contracts at December 31, 2009

EUR million	2010	2011	2012	2013	2014	2015
Guarantees for financing	-20.0	-7.9	-7.0	-6.1	-6.1	-
All commercial guarantees including down payment guarantees	-320.9	-0.3	-	-	-	-0.1

Maturity analysis for guarantee contracts at December 31, 2008

EUR million	2009
Guarantees for financing	-8.5
All commercial guarantees including down payment guarantees	-353.8

All sales project related commercial guarantees are included in short term liabilities as they secure ongoing contractual obligations. However, claims that affect liquidity have historically been rare. In 2005 a claim regarding a commercial guarantee with nominal value of EUR 3.4 million was made.

Cash and cash equivalents and committed unutilized credit facilities

EUR million	2009	2008
Cash at bank and in hand	110.2	72.2
Short term bank deposits	79.1	196.0
Cash equivalent marketable securities	69.2	49.6
Overdraft facilities	25.2	17.5
Revolving credit facility	50.0	50.0

19. Derivative instruments**Fair values of foreign exchange derivative contracts**

EUR million	Positive fair value			Negative fair value		
Remaining maturity	<1 year	1-2 years	2-3 years	<1 year	1-2 years	2-3 years
2009						
Foreign exchange forward contracts						
Designated as cash flow hedges	1.6	0.0	-	-0.1	-	-
Other foreign exchange forward contracts	4.4	0.1	-	-7.7	-0.0	-
Other foreign exchange options	0.0	-	-	-0.1	-	-
Total	5.9	0.1	-	-7.9	-0.0	-
2008						
Foreign exchange forward contracts						
Designated as cash flow hedges	4.9	0.0	-	-8.7	-1.3	-
Other foreign exchange forward contracts	5.7	1.1	0.1	-10.5	-4.0	-
Total	10.6	1.2	0.1	-19.2	-5.3	-

Fair values are estimated based on market rates and prices and discounted future cash flows.

Hedge accounting was terminated in compliance with IAS 39 standard in two contract related cash flow hedge plans.

Nominal values of foreign exchange derivative contracts

EUR million	<1 year	1-2 years	2-3 years
Remaining maturity			
2009			
Foreign exchange forward contracts			
Designated as cash flow hedges	48.2	0.5	-
Other foreign exchange forward contracts	253.8	3.2	-
Other foreign exchange options	13.6	-	-
Total	315.6	3.7	-
2008			
Foreign exchange forward contracts			
Designated as cash flow hedges	150.2	17.6	-
Other foreign exchange forward contracts	181.1	29.0	0.3
Total	331.3	46.6	0.3

Treatment of cash flow hedges

EUR million	2009	2008
Recognized in profit and loss		
In other income	0.3	-
In other expenses	-	-0.7
Adjustment to sales	2.0	2.1
Recognized in equity		
As deferred tax asset	0.4	1.2
As deferred tax liability	-0.5	-1.3
Hedge result	0.1	-1.2

20. Inventories

EUR million	2009	2008
Raw materials and consumables	9.0	2.1
Work in progress	41.2	56.8
Finished goods and merchandise	26.0	12.4
Advance payments	17.0	16.4
	93.2	87.7

21. Trade and other receivables

EUR million	2009	2008
Non-current		
Interest-bearing		
Subordinated loans receivable	1.1	-
Non interest-bearing		
Other receivables	0.3	0.0
Current		
Interest-bearing		
Loans receivable	0.7	0.4
Non interest-bearing		
Trade receivables	142.5	143.8
Project related receivables	100.5	117.2
Current tax assets	14.8	2.7
VAT receivable	17.8	20.4
Grants and subsidies receivable	0.4	0.4
Other accruals	4.4	9.2
Other receivables	6.3	18.9
	286.7	312.6
Trade receivables (gross)	144.6	145.8
Doubtful trade receivables		
Doubtful trade receivables at January 1	2.0	2.1
Translation differences	0.2	-0.1
Additions	0.6	1.4
Deductions	-0.2	-
Recovery of doubtful receivables	-0.6	-1.4
Doubtful trade receivables at December 31	2.0	2.0
Total trade receivables	142.5	143.8

The ageing of trade receivables

Not due	66.7	87.2
Overdue by:		
Between 1 and 30 days	24.5	16.9
Between 31 and 60 days	9.8	15.2
More than 60 days	43.5	26.6
Total trade receivables (gross)	144.6	145.8

Maximum exposure to credit risk for trade receivables by geographic region

Finland	5.8	3.6
Germany	2.4	0.6
CIS	1.1	1.3
Rest of Europe	14.3	9.5
North America	18.2	21.6
South America	30.8	41.5
Australia	14.5	17.4
Asia	29.2	20.1
Africa	26.2	28.2
Total	142.5	143.8

Trade receivables are according to the customer's location.

22. Cash and cash equivalents

EUR million	2009	2008
Cash at bank and in hand	110.2	72.2
Short term bank deposits	79.1	196.0
Cash equivalent marketable securities	69.2	49.6
	258.5	317.8

Majority of Outotec's investments were made in the following currencies: Euro, Australian dollar and Brazilian real. Relevant reference rate of euro has varied during 2009 between 0.4 - 2.6%. Euro-interest rates decreased strongly during the first quarter. Australian dollar reference rate varied between 2.7 - 4.5%. For Brazilian real the relevant reference rate was CDI, the value of which varied between 8.7 - 13.4%. CDI decreased during first half-year of 2009.

23. Equity

EUR million	Number of shares, 1 000	Share capital	Share pre- mium fund	Reserve for invested non- restricted equity	Total
At December 31, 2009	44,763	16.8	20.2	63.4	100.4
At December 31, 2008	42,000	16.8	20.2	-	37.0

Outotec Oyj's shares were entered into the Finnish Book-Entry Securities System on September 25, 2006. According to the Articles of Association, the maximum number of Outotec Oyj shares is 100.0 million. Each share entitles its holder to one vote at the general meetings of shareholders of the company.

Fair value reserves

Fair value reserves include movements in the fair value of the available-for-sale financial assets and cash flow hedge result deferred to equity.

Other reserves

Other reserves include reserve fund and other reserves. Reserve fund includes amounts transferred from the distributable equity under the Articles of Association or by a decision by General Meeting of Shareholders. Other reserves include other items based on the local regulations of the group companies.

Reserve for invested non-restricted equity

Outotec has completed acquisition of control in Larox through directed share issue at December 21, 2009 and has made a mandatory public tender offer for the remaining Larox shares. The consideration for the Larox shares purchased was paid in the form of 2,763,419 new Outotec shares which totalled to EUR 63.4 million. These new Outotec shares are reported under the reserve for invested non-restricted equity.

Treasury shares

Outotec has entered into an agreement with a third-party service provider concerning administration and hedging of share-based incentive program for key personnel. As part of this agreement, for hedging the underlying cash flow risk, the service provider has purchased 285,000 (2008: 265,000) Outotec shares that have been funded by Outotec and accounted as treasury shares in Outotec's consolidated statement of financial position. At the end of the reporting period, the amount of these treasury shares was 332,534. Outotec's consolidated statement of financial position and consolidated changes in equity reflect the substance of the arrangement with a deduction amounting to EUR 4.6 million in equity (2008: EUR 9.4 million). This amount represents the consideration paid for the shares by the third-party service provider.

Dividend

The Board of Directors will propose a dividend of EUR 0.70 per share for the financial year 2009. The parent company's distributable funds were EUR 200.1 million at December 31, 2009.

24. Employee benefit obligations

Outotec has several pension plans in various countries, which are mainly classified as defined contribution pension plans. Defined benefit pension plans are in Germany. Other post-employment benefits relate to retirement medical arrangements in Germany.

Defined benefit pension and other post-employment benefits

Amounts recognized in profit or loss

EUR million	2009	2008
Defined benefit pension expenses	-1.8	-1.8
Defined contribution pension expenses	-12.2	-9.7
Other post-employment benefits	-0.2	-0.2
	-14.2	-11.7

	Defined benefit pension plans		Other post-employment benefits	
EUR million	2009	2008	2009	2008
By function				
Cost of sales	-1.3	-1.3	-0.2	-0.1
Selling and marketing expenses	-0.2	-0.2	-0.0	-0.0
Administrative expenses	-0.3	-0.2	-0.0	-0.0
Research and development expenses	-0.1	-0.1	-0.0	-0.0
	-1.8	-1.8	-0.2	-0.2
Pension costs in employee benefit expenses				
Current service cost	-0.4	-0.4	-0.0	-0.0
Interest cost	-1.1	-1.1	-0.2	-0.2
Employee contributions	-0.2	-0.1	-	-
Recognized net actuarial gains and losses	-	-0.1	-	-
	-1.8	-1.8	-0.2	-0.2

Amounts recognized in the statement of financial position related to defined benefit pension plans and to other post-employment benefits

EUR million	2009	2008	2007	2006	2005
Present value of unfunded obligations	28.2	23.9	25.7	25.2	23.5
Unrecognized actuarial gains and losses	-3.5	-0.7	-3.4	-6.1	-5.5
Net liability	24.7	23.3	22.3	19.1	18.0

All pension and other post-employment obligations were unfunded.

Reconciliation of liability

	Defined benefit pension plans		Other post-employment benefits	
EUR million	2009	2008	2009	2008
Net liability at January 1	19.7	18.7	3.6	3.6
Net periodic pension cost in profit or loss	1.8	1.8	0.2	0.2
Benefits paid	-0.9	-0.8	-0.2	-0.2
Acquisition of subsidiaries	0.5	-	0.1	-
Net liability at December 31	21.0	19.7	3.7	3.6

Movement in the present value of the defined benefit obligation

	Defined benefit pension plans		Other post-employment benefits	
EUR million	2009	2008	2009	2008
Unfunded obligation at January 1	20.6	22.1	3.3	3.6
Service cost	0.4	0.4	0.0	0.0
Interest cost	1.1	1.0	0.2	0.2
Unrecognized actuarial gains and losses	3.0	-2.3	-0.1	-0.3
Employee contributions	0.2	0.2	-	-
Benefits paid	-0.9	-0.8	-0.2	-0.2
Acquisition of subsidiaries	0.5	-	0.1	-
Unfunded obligation at December 31	24.9	20.6	3.3	3.3

Principal actuarial assumptions

%	2009	2008
Discount rate	5.14 - 5.90	6.25
Future benefit increase expectation	2.0	2.0
Pensions do not depend on salary development.		

25. Provisions

EUR million	Project provisions ¹⁾	Other provisions ²⁾	2009
Non-current			
Provisions at January 1	11.0	-	11.0
Translation differences	0.0	-	0.0
Additions	21.3	-	21.3
Acquired subsidiaries	1.4	-	1.4
Provisions utilized during the period	-9.8	-	-9.8
Provisions released	-1.3	-	-1.3
Other changes	-0.2	-	-0.2
Provisions at December 31	22.4	-	22.4
Current			
Provisions at January 1	17.1	7.2	24.3
Translation differences	1.2	-0.2	0.9
Additions	13.1	1.5	14.5
Acquired subsidiaries	2.0	4.1	6.1
Provisions utilized during the period	-10.3	-5.0	-15.3
Provisions released	-6.1	-2.3	-8.3
Other changes	0.2	-	0.2
Provisions at December 31	17.1	5.3	22.3

Provisions are based on best estimates on the balance sheet date.

¹⁾ Non-current project provisions include EUR 22.0 million warranty provisions and EUR 0.4 million provisions related to project losses at December 31, 2009. Current project provisions include EUR 16.7 million warranty provisions and EUR 0.3 million provisions related to project losses at December 31, 2009.

²⁾ Current other provisions include EUR 4.5 million restructuring provisions at December 31, 2009.

26. Interest-bearing liabilities

EUR million	Carrying amount		Fair value	
	2009	2008	2009	2008
Non-current				
Loans from financial institutions	6.5	1.7	6.4	1.6
Loans from pension institutions	30.2	-	29.8	-
Finance lease liabilities	0.2	0.5	0.2	0.5
Other non-current loans	4.4	0.4	4.4	0.4
	41.2	2.6	40.7	2.5
Current				
Loans from financial institutions	23.1	1.0	23.1	1.0
Loans from pension institutions	8.6	0.0	9.2	0.0
Finance lease liabilities	0.2	0.3	0.2	0.3
Other current loans	0.2	0.2	0.2	0.2
	32.0	1.5	32.6	1.5

The fair value of interest-bearing liabilities is lower compared to the carrying value mainly due to low interest rates in certain subsidized loans.

Finance lease liabilities

EUR million	Minimum lease payments 2009	Minimum lease payments 2008	Present value of minimum lease payments 2009	Present value of minimum lease payments 2008
Not later than 1 year	0.2	0.3	0.2	0.3
1-2 years	0.2	0.3	0.1	0.2
2-3 years	0.1	0.2	0.1	0.2
3-4 years	0.0	0.1	0.0	0.1
4-5 years	-	0.0	-	0.0
Future finance charges	-0.0	-0.1	-	-
	0.4	0.8	0.4	0.8

All finance lease liabilities will be paid in 5 years.

27. Trade and other payables

EUR million	2009	2008
Non-current		
Other non-current liabilities	2.2	1.6
Current		
Trade payables	71.7	105.7
Advances received	150.9	214.0
Project related liabilities	84.7	124.2
Accrued employee-related expenses	29.6	31.8
VAT payable	3.1	2.0
Withholding tax and social security liabilities	4.4	10.9
Other accruals	9.1	4.8
Other payables	1.4	2.4
	354.9	495.7

All trade and other payables were non interest-bearing.

28. Carrying amounts of financial assets and liabilities by categories

2009 EUR million	Financial assets at fair value through profit or loss	Loans and receivables	Available- for-sale financial assets	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value
Non-current financial assets							
Derivative assets							
Foreign exchange forward contracts	0.1	-	-	-	-	0.1	0.1
Other shares and securities	-	-	4.0	-	-	4.0	4.0
Trade and other receivables							
Interest-bearing	-	1.1	-	-	-	1.1	1.1
Non interest-bearing	-	-	-	-	-	-	-
Current financial assets							
Derivative assets							
Foreign exchange forward contracts	5.9	-	-	-	-	5.9	5.9
Foreign exchange options	0.0	-	-	-	-	0.0	0.0
Trade and other receivables							
Interest-bearing	-	0.7	-	-	-	0.7	0.7
Non interest-bearing	-	286.7	-	-	-	286.7	286.7
Cash and cash equivalents	-	258.5	-	-	-	258.5	258.5
Carrying amount by category	6.0	546.9	4.0	-	-	557.0	557.0
Non-current financial liabilities							
Loans from financial institutions	-	-	-	-	6.5	6.5	6.4
Loans from pension institutions	-	-	-	-	30.2	30.2	29.8
Finance lease liabilities	-	-	-	-	0.2	0.2	0.2
Derivative liabilities							
Foreign exchange forward contracts	-	-	-	0.0	-	0.0	0.0
Other non-current loans	-	-	-	-	4.4	4.4	4.4
Other non-current liabilities	-	-	-	-	2.2	2.2	2.2
Current financial liabilities							
Loans from financial institutions	-	-	-	-	23.1	23.1	23.1
Loans from pension institutions	-	-	-	-	8.6	8.6	9.2
Finance lease liabilities	-	-	-	-	0.2	0.2	0.2
Derivative liabilities							
Foreign exchange forward contracts	-	-	-	7.8	-	7.8	7.8
Foreign exchange options	-	-	-	0.1	-	0.1	0.1
Other current loans	-	-	-	-	0.2	0.2	0.2
Trade payables	-	-	-	-	71.7	71.7	71.7
Carrying amount by category	-	-	-	7.9	147.0	155.1	155.1
2008 EUR million	Financial assets at fair value through profit or loss	Loans and receivables	Available- for-sale financial assets	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value
Non-current financial assets							
Derivative assets							
Foreign exchange forward contracts	1.2	-	-	-	-	1.2	1.2
Other shares and securities	-	-	0.5	-	-	0.5	0.5
Trade and other receivables							
Interest-bearing	-	-	-	-	-	-	-
Non interest-bearing	-	0.0	-	-	-	0.0	0.0
Current financial assets							
Derivative assets							
Foreign exchange forward contracts	10.6	-	-	-	-	10.6	10.6
Trade and other receivables							
Interest-bearing	-	0.4	-	-	-	0.4	0.4
Non interest-bearing	-	312.6	-	-	-	312.6	312.6
Cash and cash equivalents	-	317.8	-	-	-	317.8	317.8
Carrying amount by category	11.8	630.8	0.5	-	-	643.1	643.1
Non-current financial liabilities							
Loans from financial institutions	-	-	-	-	1.7	1.7	1.6
Finance lease liabilities	-	-	-	-	0.5	0.5	0.5
Derivative liabilities							
Foreign exchange forward contracts	-	-	-	5.3	-	5.3	5.3
Other non-current loans	-	-	-	-	0.4	0.4	0.4
Other non-current liabilities	-	-	-	-	1.6	1.6	1.6
Current financial liabilities							
Loans from financial institutions	-	-	-	-	1.0	1.0	1.0
Finance lease liabilities	-	-	-	-	0.3	0.3	0.3
Derivative liabilities							
Foreign exchange forward contracts	-	-	-	19.2	-	19.2	19.2
Other current loans	-	-	-	-	0.2	0.2	0.2
Trade payables	-	-	-	-	105.7	105.7	105.7
Carrying amount by category	-	-	-	24.5	111.4	135.9	135.8

The fair value of interest-bearing liabilities is lower compared to the carrying value mainly due to low interest rates in certain subsidized loans.

Fair value hierarchy

The revised IFRS 7 standard requires use of three-level fair value hierarchy of financial instruments. For more information please see the principles to the consolidated financial statements.

2009 EUR million	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	0.2	-	3.8	4.0
Derivative assets	-	6.0	-	6.0
	0.2	6.0	3.8	10.0
Derivative liabilities	-	7.9	-	7.9
	-	7.9	-	7.9
2008				
Available-for-sale financial assets	0.4	-	0.1	0.5
Derivative assets	-	11.8	-	11.8
	0.4	11.8	0.1	12.3
Derivative liabilities	-	24.5	-	24.5
	-	24.5	-	24.5

Changes incurred during 2009 on fair value hierarchy level 3 are linked to acquisition of Larox and other new available-for-sale financial assets (see Note 17. Available-for-sale financial assets).

29. Commitments and contingent liabilities

EUR million	2009	2008
Pledges and mortgages at December 31	33.4	3.0
Guarantees for commercial commitments at December 31	218.2	166.5

The pledges and mortgages are used to secure credit facilities in Larox and its subsidiaries. Commercial guarantees are related to project and equipment deliveries. The total 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 47.1 million at December 31, 2009 (at December 31, 2008: EUR 8.5 million) and for commercial guarantees including advance payment guarantees EUR 321.3 million at December 31, 2009 (at December 31, 2008: EUR 353.8 million). High exposure of on-demand guarantees may increase the risk of claims that may have an impact on the liquidity of Outotec.

Present value of minimum lease payments on operating leases

EUR million	2009	2008
Not later than 1 year	8.2	6.6
1 - 2 years	11.1	9.1
2 - 3 years	9.1	9.4
3 - 4 years	7.8	7.9
4 - 5 years	6.4	6.6
Later than 5 years	21.7	29.1
Present value of minimum lease payments	64.4	68.7

Major off-balance sheet investment commitments

At December 31, 2009 Outotec had an effective public tender offer for the shares of Larox Oyj and Ausmelt Ltd.

30. Disputes and litigations

In June 2006, Outotec GmbH commenced an arbitration proceeding against Bandirma Gübre Fabrikalari A.S. ("BAGFAS"). The dispute relates to a bank guarantee issued in connection with a project contract entered into between BAGFAS and Outotec GmbH (previously Outokumpu Technology GmbH) in July 2003. Under the contract, Outotec GmbH was responsible for the modernization of certain section of a sulfuric acid plant of BAGFAS located in Bandirma, Turkey. The contract was secured by a first-demand bank guarantee of EUR 3.4 million issued by Nordea Bank Finland Plc ("Nordea"). In August 2005, BAGFAS called the bank guarantee in full. Outotec's management believes that the calling of the guarantee lacks merit and that, in any case, the value of the items, based on which BAGFAS called the guarantee, are of significantly lower value than EUR 3.4 million. In October 2005, in a proceeding initiated by Outotec GmbH, the Helsinki District Court issued an injunction on Nordea, prohibiting the payment of the bank guarantee by Nordea to BAGFAS. Outotec GmbH has also commenced a main proceeding against Nordea in the Helsinki District Court in order to prevent the possible repeal of the injunction. This case is still pending. BAGFAS initiated interim measures proceedings in Turkey against Nordea and the 9th Commercial Court of Istanbul attached by way of injunction receivables of Nordea worth approximately EUR 3.4 million, which injunction was allowed to be replaced using other collaterals. Outotec initiated arbitration in Switzerland against Bagfas requesting the arbitral tribunal to finally decide on whether the calling of the bank guarantee by BAGFAS was fair and to rule on certain reimbursement claims and related issues. The arbitral tribunal has rendered in 2008 a binding interim award imposing a formal million euro cap to Bagfas's claim under the bank guarantee. Outotec has filed a motion to confirm the interim arbitral award before Turkish Courts. Simultaneously the Turkish Court of First Instance ruled Nordea to pay the full amount of the Guarantee. Nordea,

Bagfas, and Outotec as ancillary intervenor in the Turkish proceedings, have appealed the decision. Outotec, Nordea and Bagfas have settled amicably all pending disputes in the matter in a settlement agreement dated December 9, 2009. According to the provisions of the settlement agreement all pending cases and processes have been reciprocally withdrawn and Nordea agreed to pay, in addition to the bank guarantee capital EUR 3.4 million and legal expenses previously awarded by the Istanbul Supreme Court, a lump sum of EUR 0.9 million. Outotec has paid Nordea all the expenses incurred in the matter.

In 1995, a former officer of Prometal SA, a Brazilian corporation, commenced legal actions against, among others, Oku-Tec Ltda, a former agent of Outokumpu Technology in Brazil, and Outokumpu Enhangeria e Comercio, Ltda (currently Outotec Tecnologia Brasil Ltda). The former officer of Prometal SA is claiming a commission of USD 0.2 million allegedly due to him as a commission for intermediation in the acquisition of certain mining rights in Buritama, Brazil, owned by Prometal SA. In addition, if the former officer is successful in his claim regarding the said commission, he may commence legal proceedings for a success fee of approximately USD 4.7 million relating to the same acquisition allegedly due to him. The case was resolved to the benefit of Outotec by the 5th Civil Court of Sao Paulo, Brazil, but the claimant has appealed the decision before higher Courts. While Outotec's management believes that the appeal is without merits, there can be no assurance as to the outcome of the court proceedings.

Pacific Industrial Company acted as a subcontractor for Outotec Pty Ltd for certain works regarding Outotec Pty Ltd's supply of three thickeners to BHPB Billiton in Ravensthorpe, Australia. Pacific Industrial Company and Outotec Pty Ltd disagreed the valuation of differences in final construction drawings compared to tendered price drawings, the valuation of variations for additional works required from Pacific Industrial Company and the recovery of

costs incurred by Outotec Pty Ltd in providing additional labour to complete Pacific Industrial Company's works. Pacific Industrial Company filed a prolongation and delay claim of AUD 4.3 million and a tender and variations claim of AUD 3.4 million against Outotec Pty Ltd before Supreme Court of Western Australia. Outotec Pty Ltd responded to Pacific Industrial Company's claims and filed its counterclaim on March 14, 2008. At present Outotec Pty Ltd's counterclaim amounts to approximately AUD 4 million. Discovery process is pending and expected to end in the beginning of 2010.

Outotec (USA) Inc. and Pattison Sand Company L.L.C. contracted in August 2006 to build a plant for fractured sand in Iowa, USA. Outotec suspended the execution of the project in July 2007 due to non-payment and other circumstances regarding the due execution of the project. Pattison filed a request for arbitration before the American Arbitration Association (AAA) in January 2008 and requested arbitration in Dubuque, Iowa, USA. The amount of the claim was USD 9.8 million, which also represented Outotec's maximum liability under the contract. Outotec filed its own request for arbitration before the AAA in February 2008 and claimed USD 4.9 million consisting of unpaid invoices and damages. In its interim award rendered on December 24, 2008 the arbitral tribunal sustained Pattison Sand Company's claim of USD 9.8 million (approximately EUR 7 million) against Outotec and respectively rejected Outotec's counterclaim. The parties have settled amicably and finally the matter in a settlement agreement dated April 21, 2009. According to the settlement agreement provisions Outotec agreed to pay, in deviation of the awarded amount, a lump sum of USD 6.8 million (approximately EUR 4.8 million).

In addition to the proceedings described above, some Outotec companies are involved in disputes incidental to their business. Outotec management believes that the outcome of said disputes will not have material effect on Outotec's financial position.

31. Related party transactions

Transactions and balances with associated companies

EUR million	2009	2008
Sales	0.1	-
Trade and other receivables	0.1	-
Current liabilities	0.4	-

Transactions and balances with management

At December 31, 2008, there was an outstanding loan payable of EUR 2.2 million to the President of Outotec Auburn Ltd. The payable was related to payment terms of Auburn Group acquisition. Acquisition cost was EUR 10.2 million of which EUR 8.0 million was paid and EUR 2.2 million was recognized as a liability at December 31, 2008. The loan payable was paid to the President of Outotec Auburn Ltd. according to acquisition contract during the first and second quarter of 2009.

Employee benefits for key management

EUR million	2009	2008
Executive committee (including President and CEO, Deputy CEO and CEO's substitute)		
Wages, salaries and other short-term employee benefits	5.8	2.9
President and CEO		
Wages, salaries and other short-term employee benefits	1.7	0.9
Deputy CEO and CEO's substitute		
Wages, salaries and other short-term employee benefits	0.8	0.4

As part of the Share-based incentive program, executive committee received a total number of 101,802 Outotec shares during year 2009 (included in short-term employee benefits). The former CEO Tapani Järvinen participates according to the CEO agreement to the share-based incentive program 2008-2010 also for the earnings period 2010.

There were no loans from key management at December 31, 2009 nor at December 31, 2008.

Fees paid to the Board of Directors

EUR thousand	2009	2008
Risto Virrankoski (Chairman of the Board Directors)	64.5	59.0
Karri Kaitue (Vice Chairman of the Board Directors)	51.5	48.5
Carl-Gustaf Bergström	42.0	39.5
Hannu Linnoinen	54.0	48.5
Anssi Soila	40.0	36.5
	252.0	232.0

32. Events after the reporting period

Outotec increased its shareholding in Australian public company Ausmelt Ltd through takeover offer acceptances and market purchases. On February 8, 2010, Outotec's holding in Ausmelt was 96.4%, which, in accordance with the Australian corporations law, entitles Outotec to proceed with the compulsory acquisition of all of the outstanding Ausmelt shares. The compulsory acquisition is expected to take approximately 4 to 6 weeks. The acquisition price for Ausmelt shares is approximately AUD 47 million (approximately EUR 30 million).

Outotec made a directed share issue to all shareholders of Larox Corporation who accepted Outotec's mandatory public tender offer, which expired January 22, 2010, for

Larox against share consideration. Outotec's new shares and increase of share capital was entered in the Trade Register on February 2, 2010. Following the entering of the shares and the increase of the share capital in the Trade Register, the total number of Outotec shares amounts to 45,780,373 shares and the share capital to EUR 17,186,442.52.

In January, as part of its plans to launch a new operating structure in spring 2010, Outotec appointed Pekka Erkkilä to its Executive Committee as of May 1, 2010.

Outotec signed a contract on the delivery of sintering technology for JSW Steel Limited's (JSW) new iron ore sinter plant to be built in

Toranagallu. The commissioning for the plant is scheduled for 2011.

Outotec has signed a contract with Baiyin Non Ferrous Group for the design and delivery of a new precious metals plant in Gansu Province, China. The contract value is approximately EUR 6 million. The plant is expected to be operational during the first half of 2011.

The board of the Helsinki University of Technology has established a fund named after Outotec's now retired CEO Tapani Järvinen. The fund aims at promoting the research of environmental technology and will fund distinguished individuals' research and development work. Outotec donated the basic capital for the fund.

33. Subsidiaries

Subsidiaries at December 31, 2009		Country	Group holding %	Group 's share of voting rights, %
Aisco Systems Inc. Chile y Compañía Ltda		Chile	100	100
Eberhard Hoesch & Söhne GmbH		Germany	100	100
International Project Services Ltd. Oy	1)	Finland	100	100
Kumpu Engineering, Inc.		United States	100	100
Kumpu GmbH		Germany	100	100
MP Metals Processing Engineering Oy	1)	Finland	100	100
MPE-Service Oy		Finland	100	100
OOO Outotec Norilsk	1)	Russia	100	100
Outotec (Australasia) Pty. Ltd.		Australia	100	100
Outotec (Canada) Ltd.		Canada	100	100
Outotec (Chile) Ltda.		Chile	100	100
Outotec (Kazakhstan) LLP		Kazakhstan	100	100
Outotec (Kil) AB	1)	Sweden	100	100
Outotec (Mexico), S.A. de C.V.	1)	Mexico	100	100
Outotec (Netherlands) B.V.		The Netherlands	100	100
Outotec (Norway) AS		Norway	100	100
Outotec (Peru) S.A.C.	1)	Peru	100	100
Outotec (Polska) Sp. z o.o.	1)	Poland	100	100
Outotec (RSA) (Pty) Ltd.	1)	South Africa	100	100
Outotec (Shanghai) Co. Ltd.	1)	People's Republic of China	100	100
Outotec (Sweden) AB	1)	Sweden	100	100
Outotec (USA) Inc.		United States	100	100
Outotec Auburn Ltd.	1)	Canada	100	100
Auburn Furnace Services Inc.		Canada	100	100
Auburn Industrial Design Inc.		Canada	100	100
Auburn Industrial Services Ltd.		Canada	100	100
Outotec Auburn Ltda.		Chile	100	100
Auburn Project Management Inc.		United States	100	100
Camden Yards Assets Ltd.		Canada	100	100
Outotec Deutschland GmbH		Germany	100	100
Outotec GmbH		Germany	100	100
Outotec Holding GmbH	1)	Germany	100	100
Outotec India Private Ltd.		India	100	100
Outotec Minerals Oy	1)	Finland	100	100
Outotec Pty. Ltd.	1)	Australia	100	100
Outotec Research Oy	1)	Finland	100	100
Outotec Tecnologia Brasil Ltda.		Brazil	100	100
Outotec Turula Oy	1)	Finland	100	100
Pannevis Inc.		United States	100	100
Petrobau Ingenieur Bulgaria EOOD		Bulgaria	100	100
SepTor Technologies B.V.		The Netherlands	100	100
ZAO Outotec St. Petersburg		Russia	100	100
ZAO Outotec Moskva	1)	Russia	100	100
Larox Oyj	1) 2)	Finland	70.48	94.40
Cia Minera Trinidad S.A.C.	2)	Peru	70.48	94.40
Explotaciones Mineras Metalicas S.A.C.	2)	Peru	70.48	94.40
Filtros Larox Mexico S.A. de C.V.	2)	Mexico	70.48	94.40
Larox AB	2)	Sweden	70.48	94.40
Larox B.V.	2)	The Netherlands	70.48	94.40
Larox Central Africa Ltd.	2)	Zambia	70.48	94.40
Larox Chile S.A.	2)	Chile	70.48	94.40
Larox Company Oy	2)	Finland	70.48	94.40
Larox Filtration Technology (Suzhou) Co.,Ltd.	2)	People's Republic of China	70.48	94.40
Larox GmbH	2)	Germany	70.48	94.40
Larox Inc.	2)	United States	70.48	94.40
Larox India Private Ltd.	2)	India	70.48	94.40
Larox Poland Ltd.	2)	Poland	70.48	94.40
Larox Pty. Ltd.	2)	Australia	70.48	94.40
Larox SA (Proprietary) Ltd.	2)	South Africa	70.48	94.40
Larox Tecnologia de Separacao de Líquidos e Sólidos Ltda.	2)	Brazil	70.48	94.40
Larox UK Ltd.	2)	Great Britain	70.48	94.40
OOO Larox	2)	Russia	70.48	94.40
Turku Ceramics Oy	2)	Finland	70.48	94.40

All companies owned directly by the parent company Outotec Oyj are included.

¹⁾ Shares and stock held by the parent company Outotec Oyj.

²⁾ Companies were acquired in 2009.

Key financial figures of the Group

		2009	2008	2007	2006 ¹⁾	2005 ¹⁾
Scope of activity						
Sales	EUR million	877.7	1,217.9	1,000.1	740.4	556.2
- change in sales	%	-27.9	21.8	35.1	33.1	30.5
- exports from and sales outside Finland, of total sales	%	93.6	95.0	95.7	97.3	96.7
Capital expenditure	EUR million	98.0	23.9	11.6	8.0	12.1
- in relation to sales	%	11.2	2.0	1.2	1.1	2.2
Research and development expenses	EUR million	20.5	20.2	19.9	19.2	13.9
- in relation to sales	%	2.3	1.7	2.0	2.6	2.5
Personnel at December 31		3,128	2,674	2,144	1,797	1,802
- average for the year		2,612	2,483	2,031	1,825	1,783
Order backlog at the end of the period	EUR million	867.4	1,176.7	1,317.2	866.4	596.0
Order intake	EUR million	557.1	1,153.8	1,463.0	1,032.2	678.5
Profitability						
Operating profit	EUR million	58.6	120.2	96.1	51.6	24.3
- in relation to sales	%	6.7	9.9	9.6	7.0	4.4
Profit before taxes	EUR million	60.9	136.3	104.8	56.6	25.6
- in relation to sales	%	6.9	11.2	10.5	7.6	4.6
Gross margin	%	21.7	21.5	20.4	20.7	18.8
Return on equity	%	14.9	42.6	43.3	29.1	16.3
Return on investment	%	20.9	61.6	59.8	45.4	24.3
Financing and financial position						
Equity-to-assets ratio at the end of the period	%	45.1	35.0	38.2	36.9	36.1
Gearing at the end of the period	%	-55.8	-139.0	-136.4	-118.0	-104.9
Net interest-bearing debt at the end of the period	EUR million	-191.0	-314.6	-292.9	-170.0	-116.1
Net cash from operating activities	EUR million	-28.5	106.6	143.0	67.8	80.2
Dividends	EUR million	32.0²⁾	42.0	39.9	14.7	-

¹⁾ Combined basis

²⁾ The Board of Directors' proposal to the Annual General Meeting on March 18, 2010.

Quarterly information (unaudited)

EUR million	Q1/08	Q2/08	Q3/08	Q4/08	Q1/09	Q2/09	Q3/09	Q4/09
Sales								
Minerals Processing	60.1	92.7	122.0	144.8	84.5	91.1	79.4	83.2
Base Metals	60.1	72.0	76.9	86.4	44.8	29.6	28.0	34.0
Metals Processing	104.6	109.2	116.9	163.9	97.2	103.4	77.4	100.8
Other Businesses	9.1	16.7	11.4	18.8	18.3	20.0	11.5	10.7
Unallocated items ¹⁾ and intra-group sales	-8.3	-15.0	-9.2	-15.1	-13.2	-6.5	-7.6	-8.9
	225.6	275.5	318.1	398.8	231.6	237.6	188.7	219.8
Operating profit								
Minerals Processing	4.1	3.2	3.1	12.1	6.1	7.9	9.1	6.1
Base Metals	6.3	11.9	13.3	17.2	4.3	-0.4	1.6	2.8
Metals Processing	12.3	11.8	14.9	22.1	8.9	9.3	6.3	11.5
Other Businesses	0.4	1.2	1.7	0.7	-0.4	-0.1	-0.5	-0.5
Unallocated items ²⁾ and intra-group items	-2.2	-5.1	-4.1	-4.6	-2.7	-2.7	-1.5	-6.5
	21.0	22.9	28.9	47.5	16.3	13.9	15.1	13.3
Order backlog at the end of the period	1,359.6	1,548.4	1,484.5	1,176.7	1,090.4	966.6	980.0	867.4

¹⁾ Unallocated items primarily include invoicing of internal management and administrative services.

²⁾ Unallocated items primarily include internal management and administrative services and share of result of associated companies.

Share-related key figures

		2009	2008	2007	2006 ¹⁾	2005 ¹⁾
Earnings per share	EUR	1.01	2.25	1.85	0.88	0.39
Equity per share	EUR	7.09	5.43	5.11	3.43	2.63
Dividend per share	EUR	0.70 ²⁾	1.00	0.95	0.35	-
Dividend payout ratio	%	75.7	44.7	51.4	39.7	-
Dividend yield	%	2.8	9.3	2.5	1.5	-
Price/earnings ratio		24.5	4.8	20.4	25.7	-
Development of share price						
Average trading price	EUR	17.39	26.28	36.03	14.23	-
Lowest trading price	EUR	9.30	8.52	19.25	12.40	-
Highest trading price	EUR	24.87	45.76	54.75	22.76	-
Trading price at the end of the period	EUR	24.74	10.80	37.60	22.70	-
Market capitalization at the end of the period	EUR million	1,107.4	453.6	1,579.2	953.4	-
Development in trading volume						
Trading volume	1 000 shares	106,506	158,008	138,813	88,736	-
In relation to weighted average number of shares	%	254.5	378.1	330.5	211.3	-
Adjusted average number of shares		41,843,793	41,790,417	42,000,000	42,000,000	42,000,000
Number of shares at the end of the period ³⁾		44,435,787	41,735,000	42,000,000	42,000,000	42,000,000

¹⁾ Combined basis

²⁾ The Board of Directors' proposal to the Annual General Meeting on March 18, 2010.

³⁾ Number of registered shares at December 31, 2009 was 44,763,419 (at December 31, 2008: 42,000,000).

Definitions of key financial figures

Research and development expenses	=	Research and development expenses in the statement of comprehensive income (including expenses covered by grants received)	
Return on equity (ROE)	=	$\frac{\text{Profit for the period}}{\text{Total equity (average for the period)}}$	× 100
Return on investment (ROI)	=	$\frac{\text{Operating profit + finance income}}{\text{Total assets - non interest-bearing debt (average for the period)}}$	× 100
Net interest-bearing debt	=	Interest-bearing debt - Interest-bearing assets	
Equity-to-assets ratio	=	$\frac{\text{Total equity}}{\text{Total assets - advances received}}$	× 100
Gearing	=	$\frac{\text{Net interest-bearing debt}}{\text{Total equity}}$	× 100
Earnings per share	=	$\frac{\text{Profit for the period attributable to the equity holders of the parent company}}{\text{Average number of shares during the period, as adjusted for stock split}}$	
Equity per share	=	$\frac{\text{Equity attributable to the equity holders of parent company}}{\text{Number of shares at the end of the period, as adjusted for stock split}}$	
Dividend per share	=	$\frac{\text{Dividend for the period}}{\text{Number of shares at the end of the period, as adjusted for stock split}}$	
Dividend payout ratio	=	$\frac{\text{Dividend for the period}}{\text{Profit for the period attributable to the equity holders of the parent company}}$	× 100
Dividend yield	=	$\frac{\text{Dividend per share}}{\text{Adjusted trading price at the end of the period}}$	× 100
Price/earnings ratio (P/E)	=	$\frac{\text{Adjusted trading price at the end of the period}}{\text{Earnings per share}}$	
Average trading price	=	$\frac{\text{EUR amount traded during the period}}{\text{Adjusted number of shares traded during the period}}$	
Market capitalization at end of the period	=	Number of shares at the end of period × trading price at the end of the period	
Trading volume	=	Number of shares traded during the period, and in relation to the weighted average number of shares during the period	

Income statement of the parent company

EUR million	Note	2009	2008
Sales	2, 3	100.5	225.7
Cost of sales	4	-71.4	-156.0
Gross profit		29.1	69.7
Other operating income	5	24.9	0.4
Selling and marketing expenses		-11.3	-13.4
Administrative expenses		-12.9	-22.9
Research and development expenses		-14.1	-13.8
Other operating expenses	9	-4.4	-6.3
Operating profit		11.3	13.7
Finance income	10	41.2	52.6
Finance expenses	11	-11.5	-23.3
Net finance income		29.7	29.3
Profit before extraordinary items		41.0	43.0
Extraordinary items	12	11.7	9.8
Profit before appropriations and taxes		52.7	52.9
Appropriations	13	-	-0.1
Income tax expenses	14	1.2	-8.6
Profit for the period		53.9	44.2

Balance sheet of the parent company

EUR million	Note	December 31, 2009	December 31, 2008
ASSETS			
Non-current assets	15		
Intangible assets		18.3	17.1
Property, plant and equipment		1.9	1.4
Non-current financial assets		318.9	235.4
Total non-current assets		339.0	253.9
Current assets			
Inventories	16	3.7	6.6
Non-current receivables	17	2.8	3.7
Current receivables	17	90.2	92.3
Cash and cash equivalents		173.2	244.7
Total current assets		270.0	347.3
TOTAL ASSETS		609.0	601.2
EQUITY AND LIABILITIES			
Shareholders' equity	18		
Share capital		16.8	16.8
Share premium fund		20.2	20.2
Treasury shares		-4.6	-9.4
Reserve for invested non-restricted equity		63.4	-
Retained earnings		82.8	82.8
Profit for the period		53.9	44.2
Total shareholders' equity		232.5	154.5
Appropriations	13	0.4	0.4
Provisions	19	2.6	3.6
Liabilities	20		
Non-current liabilities		13.8	5.8
Current liabilities		359.7	436.9
Total liabilities		373.5	442.7
TOTAL EQUITY AND LIABILITIES		609.0	601.2

Cash flow statement of the parent company

EUR million	2009	2008
Cash flows from operating activities		
Profit before extraordinary items	41.0	43.0
Adjustments for		
Depreciation and amortization	3.2	2.7
Impairment	0.2	-
Interest income	-3.5	-12.2
Dividend income	-30.6	-33.4
Interest expenses	4.7	18.5
Other adjustments ¹⁾	-21.9	5.9
	-7.0	24.6
Change in working capital		
Increase (-) and decrease (+) in current receivables	6.1	-7.2
Decrease in inventories	2.9	4.8
Decrease in current liabilities	-29.7	-3.1
	-27.7	19.1
Dividends received	34.6	119.4
Interest received	3.7	12.5
Interest paid	-6.8	-20.5
Income tax paid	-0.6	-11.9
Net cash from operating activities	3.2	118.7
Cash flows from investing activities		
Purchases of intangible and tangible assets	-5.1	-3.0
Acquisition of subsidiaries and other equity investments	-6.0	-109.4
Proceeds from sale of intangible and tangible assets	0.1	0.1
Proceeds from disposal of subsidiary shares	8.4	-
Proceeds from disposal of shareholdings	-	0.3
Net cash used in investing activities	-2.6	-112.1
Cash flows from financing activities		
Increase in long-term debt	12.0	-
Decrease (-) and increase (+) in current debt	-30.8	80.2
Increase (-) in non-current loans receivable	-0.3	-1.3
Increase (-) in current loans receivable	-22.6	-10.5
Purchase of treasury shares ²⁾	-3.3	-9.4
Sale of treasury shares	3.7	-
Dividends paid	-42.0	-39.9
Group contributions received and granted	10.6	9.9
Other financing cash flow	0.6	0.2
Net cash from financing activities	-72.1	29.2
Net change in cash and cash equivalents	-71.5	35.8
Cash and cash equivalents at January 1	244.7	208.9
Net change in cash and cash equivalents	-71.5	35.8
Cash and cash equivalents at December 31	173.2	244.7

¹⁾ Includes gains and losses on sale of fixed assets, change in provisions and unrealized exchange gains and losses.

²⁾ Outotec Oyj has an agreement with a third-party service provider concerning administration and hedging of share-based incentive program for key personnel. As part of this agreement, for hedging the underlying cash flow risk, the service provider has purchased 285,000 Outotec shares during year 2009 (2008: 265,000) that have been funded by Outotec Oyj and accounted as treasury shares in Outotec Oyj's balance sheet.

Notes to the parent company's financial statements

1. Accounting principles

The financial statements of Outotec Oyj have been prepared according to Finnish Accounting Standards (FAS). The accounting principles for the parent company's financial statements are the same as those for the consolidated financial statements, with the following exceptions.

Appropriations

The difference between depreciation according to plan and depreciation for tax purposes is presented under appropriations in the parent company's income statement and the accumulated depreciation difference is presented as appropriations in the balance sheet.

Income tax expenses

Income tax expenses in income statement consist of accrued taxes for the financial year and tax adjust-

ments to previous years. Deferred tax liabilities and assets have not been recognized but disclosed in the notes to the financial statements.

Non-current financial assets

Non-current financial assets are measured at cost or if the estimated future income is expected to be permanently lower than the book value, the difference is recognized as a write-down.

2. Sales by market area

EUR million	2009	2008
Europe	42.4	122.8
Africa	10.7	41.0
Asia	25.1	29.5
North and South America	21.2	25.8
Australia	1.1	6.6
	100.5	225.7

3. Construction contracts

EUR million	2009	2008
Revenue recognized from the construction contracts by percentage of completion	49.0	149.4
Other revenue	51.5	76.3
	100.5	225.7
Revenue recognized to date from construction contracts in progress at December 31	9.5	26.7
Net receivables/liabilities related to construction contracts		
Receivables	16.4	11.8
Advance payments received	-5.0	-8.6
	11.3	3.2
The value of construction contracts not yet recognized as revenue		
Construction contracts which will be booked to revenue by percentage of completion	34.6	55.8
Construction contracts which will be booked to revenue at the delivery	20.0	26.8
Order backlog at December 31	54.6	82.6

4. Cost of sales

EUR million	2009	2008
Merchandise and supplies	-40.3	-92.2
Logistics expenses	-1.8	-4.4
Employee benefit expenses	-17.2	-18.8
Rents and leases	-0.5	-0.4
Depreciation and amortization	-0.2	-0.2
Change in inventories	-2.9	-4.8
Services purchased	-6.9	-31.9
Other expenses	-1.5	-3.4
	-71.4	-156.0

5. Other operating income

EUR million	2009	2008
Gains on the sale of intangible and tangible assets and financial assets	24.4	-
Exchange gains of foreign exchange forward contracts	0.5	0.3
Other income	-	0.1
	24.9	0.4

6. Personnel expenses

EUR million	2009	2008
Wages and salaries	-22.2	-33.5
Pension contributions	-5.0	-4.4
Other personnel expenses	-1.6	-1.7
	-28.9	-39.6
of which wages and salaries for Board of Directors and key management		
Members of the Board of Directors	-0.3	-0.2
CEO, Deputy CEO and CEO's substitute	-2.4	-1.3
Other members of Executive Committee	-1.6	-0.8
	-4.3	-2.3

As part of the share-based incentive plans, Executive Committee received a total number of 70,958 Outotec shares during year 2009 (included in wages and salaries).

There are no special pension arrangements for key management, instead pension arrangements are according to normal legislation.

There were no loans to key management at December 31, 2009 nor at December 31, 2008.

Number of personnel	2009	2008
Average number of personnel for the period	429	427
Personnel at December 31	427	431

7. Auditor fees

EUR million	2009	2008
KPMG		
Auditing fees	0.1	0.1
Tax advising fees	0.1	0.2
Other services	0.5	0.6
	0.6	0.9

8. Depreciation, amortization and impairment

EUR million	2009	2008
Depreciation and amortization according to plan	-3.2	-2.7
Impairment of non-current assets	-0.2	-
	-3.4	-2.7
Depreciation, amortization and impairment by group of assets		
Intangible assets	-1.7	-1.3
Other long-term expenses	-1.2	-1.2
Machinery and equipment	-0.4	-0.3
	-3.4	-2.7
Depreciation, amortization and impairment by function		
Cost of sales	-0.2	-0.2
Selling and marketing expenses	-0.0	-0.0
Administrative expenses	-1.6	-1.4
Research and development expenses	-1.5	-1.1
	-3.4	-2.7

9. Other operating expenses

EUR million	2009	2008
Losses on disposals of intangible and tangible assets and non-current financial assets	-4.0	-4.3
Exchange losses of foreign exchange forward contracts	-0.3	-2.0
Other expenses	-	0.0
	-4.4	-6.3

10. Finance income

EUR million	2009	2008
Dividend income	30.6	33.4
Interest income and other finance income	5.6	14.6
Exchange gains	4.9	4.6
	41.2	52.6
Finance income from subsidiaries		
Dividend income	30.6	33.4
Interest income and other finance income	2.9	3.1
	33.5	36.5

The treasury operations of Outotec are centralized in Outotec Oyj.

11. Finance expenses

EUR million	2009	2008
Interest expenses and other finance expenses	-6.4	-21.2
Exchange losses	-5.0	-2.0
	-11.5	-23.3
Finance expenses for subsidiaries		
Interest expenses	-4.6	-18.4

12. Extraordinary items

EUR million	2009	2008
Group contributions received	11.7	10.7
Group contributions granted	-	-0.9
	11.7	9.8

13. Appropriations

EUR million	2009	2008
Increase (-) in depreciation difference	-	-0.1
Change in depreciation difference in the balance sheet	0.4	0.4

All appropriations are related to machinery and equipment.

14. Income tax expenses

EUR million	2009	2008
Income tax expenses from extraordinary items	-3.1	-2.6
Income tax expenses from operations	4.2	-6.1
	1.2	-8.6
Deferred tax assets		
Temporary differences	0.9	2.6
Deferred tax liabilities		
Temporary differences	0.1	0.1

15. Non-current assets

EUR million	Intangible assets	Property, plant and equipment
Historical cost at January 1, 2009	26.7	2.2
Additions	4.2	0.8
Disposals	-0.3	0.0
Historical cost at December 31, 2009	30.6	2.9
Accumulated depreciation, amortization and impairment at January 1, 2009	-9.6	-0.8
Accumulated depreciation and amortization on disposals	0.1	0.0
Depreciation, amortization and impairment during the period	-2.8	-0.4
Accumulated depreciation, amortization and impairment at December 31, 2009	-12.4	-1.2
Carrying value at December 31, 2009	18.3	1.8
Historical cost at January 1, 2008	24.1	2.0
Additions	2.7	0.3
Disposals	-0.1	-0.1
Historical cost at December 31, 2008	26.7	2.2
Accumulated depreciation, amortization and impairment at January 1, 2008	-7.2	-0.6
Accumulated depreciation and amortization on disposals	0.0	0.1
Depreciation, amortization and impairment during the period	-2.5	-0.3
Accumulated depreciation, amortization and impairment at December 31, 2008	-9.6	-0.8
Carrying value at December 31, 2008	17.1	1.4

Long-term financial assets

EUR million	Shares in subsidiaries	Shares in associated companies	Other shares and holdings	Total
Historical cost at January 1, 2009	232.6	0.0	2.8	235.4
Additions	91.3	5.1	0.2	96.5
Disposals	-10.5	-	-2.5	-13.0
Carrying value at December 31, 2009	313.4	5.1	0.4	318.9
Historical cost at January 1, 2008	225.4	3.2	2.7	231.3
Additions	7.2	0.0	0.1	7.3
Disposals	-	-3.2	-	-3.2
Carrying value at December 31, 2008	232.6	0.0	2.8	235.4

Larox shares (70.48%) were acquired in 2009. Outotec (Canada) Ltd. was put as capital contribution to Outotec Auburn Inc. and Outotec (USA) Inc. was sold to group company MPE-Service Oy. Outotec Oy acquired 19.9% share and Outotec Pty. Ltd. 17.5% of Ausmelt Ltd. shares by December 31, 2009. Outotec Auburn Ltd. was acquired and Intune Circuits Ltd. was sold in 2008.

16. Inventories

EUR million	2009	2008
Materials and supplies	1.0	1.7
Work in progress	2.5	3.8
Advance payments	0.2	1.1
	3.7	6.6

17. Receivables

EUR million	2009	2008
Non-current receivables		
Interest-bearing		
Loans receivable	1.7	2.5
Non interest-bearing		
Subordinary loans	1.1	-
Unrealized exchange gains of foreign exchange forward contracts	0.0	1.2
	2.8	3.7
Current receivables		
Interest-bearing		
Loans receivable	41.4	14.8
Other receivables from group companies	-	2.7
Non interest-bearing		
Trade receivables	12.9	22.1
Prepaid expenses and accrued income	17.1	12.4
Other receivables	18.8	40.3
	90.2	92.3
Prepaid expenses and accrued income		
Receivables from construction contracts	16.4	11.8
Other receivables	0.7	0.6
	17.1	12.4
Receivables from subsidiaries		
Non-current receivables		
Interest-bearing		
Loans receivable	1.7	2.5
Current receivables		
Interest-bearing		
Loans receivable	41.4	14.8
Other receivables from group companies	-	2.7
Non interest-bearing		
Trade receivables	4.6	9.0
Prepaid expenses and accrued income	0.1	0.2
Other receivables	14.7	30.0
	62.5	59.3

18. Shareholders' equity

EUR million	2009	2008
Share capital	16.8	16.8
Share premium fund	20.2	20.2
Treasury shares	-4.6	-9.4
Reserve for invested non-restricted equity	63.4	-
Retained earnings at January 1	127.0	122.4
Dividend	-42.0	-39.9
Change in value of treasury shares	-2.7	-
Dividend related to treasury shares	0.6	0.2
Profit for the period	53.9	44.2
Total shareholders' equity at December 31	232.5	154.5
Distributable funds		
Reserver for invested non-restricted equity	63.4	-
Retained earnings	82.8	82.8
Profit for the period	53.9	44.2
Distributable funds at December 31	200.1	127.0

Outotec Oyj has entered into an agreement with a third-party service provider concerning administration and hedging of the share-based incentive program for key personnel. As part of this agreement, for hedging of the underlying cash flow risk, the service provider has purchased 285,000 (2008: 265,000) Outotec shares that have been funded by Outotec Oyj and accounted as treasury shares in the balance sheet.

19. Provisions

EUR million	2009	2008
Project related provisions at January 1	3.6	2.0
Change in provisions	-1.0	1.6
Project related provisions at December 31	2.6	3.6

Provisions include warranty period and project loss provisions concerning the construction contracts.

20. Liabilities

EUR million	2009	2008
Non-current liabilities		
Interest-bearing		
Loans from financial institutions	1.7	1.7
Loans from pension institutions	12.0	-
Non interest-bearing		
Unrealized exchange losses of foreign exchange forward contracts	0.0	4.1
	13.8	5.8
Current liabilities		
Interest-bearing		
Loans from subsidiaries	270.9	283.7
Other current loans from group companies	56.5	77.4
Loans from pension institutions	3.0	-
Non interest-bearing		
Advance payments received	2.7	9.3
Trade payables	6.3	11.5
Accrued expenses and prepaid income	12.9	27.6
Other current liabilities	7.5	27.4
	359.7	436.9
Accrued expenses and prepaid income		
Accrued personnel expenses	7.3	6.0
Accrued project expenses	2.0	5.4
Accrued expenses of construction contracts	0.8	8.7
Current tax liability	-	1.2
Other liabilities	2.8	6.3
	12.9	27.6
Liabilities to subsidiaries		
Current liabilities		
Interest-bearing		
Current loans	270.9	283.7
Other current loans from group companies	56.5	77.4
Non interest-bearing		
Advance payments received	9.6	7.9
Trade payables	2.8	2.3
Accrued expenses and prepaid income	0.5	2.6
Other current liabilities	3.0	9.1
	343.2	383.0

21. Commitments

EUR million	2009	2008
Guarantees		
On behalf of subsidiaries		
For financing	26.6	8.5
For other commitments	265.3	305.4
On behalf of own commercial commitments (excluding advance payment guarantees)	31.8	32.0
The total value of commercial guarantees issued by the parent company on behalf of subsidiaries includes advance payment guarantees EUR 87.6 million (at December 31, 2008: EUR 173.8 million). The total amount of guarantees for commercial commitments including advance payment guarantees issued by the parent company amounted to EUR 303.5 million (at December 31, 2008: EUR 350.1 million).		
Minimum future lease payments on operating leases		
Not later than 1 year	0.5	0.4
Later than 1 year	0.5	0.2
Other financial commitments		
Long-term rental agreements		
Termination year 2012	2.4	3.2
Termination year 2017	29.1	33.8

22. Derivative instruments

EUR million	2009	2008
Net fair values		
Contracts made with financial institutions	-0.3	-5.9
Contracts made with subsidiaries	-0.1	6.2
	-0.4	0.3
Nominal values		
Contracts made with financial institutions	200.8	286.8
Contracts made with subsidiaries	133.7	258.1
	334.4	545.0

Shares and shareholders

Outotec Oyj's shares are listed on the NASDAQ OMX Helsinki Ltd (OMXH). The trading symbol of Outotec is OTE1V and trading lot is one share.

Shares and share capital

Outotec's shares were entered into the Finnish Book-Entry Securities System on September 25, 2006. On December 31, 2009, the company's share capital was EUR 16.8 million consisting of 44,763,419 shares (February 9, 2010: share capital 17,186,44.52 euros, consisting of 45,780,373 shares). Each share entitles its holder to one vote at General Meetings of Shareholders of the company.

Trading and market capitalization

Outotec's shares have been listed on the NASDAQ OMX Helsinki since October 10, 2006.

In 2009, the volume-weighted average price for a share in the company was EUR 17.39, the highest quotation for a share being EUR 24.87 and the lowest EUR 9.30. The trading of Outotec shares in 2009 was nearly 107 million shares, with a total value of over EUR 1,850 million. On December 31, 2009, Outotec's market capitalization was EUR 1,107 million and the last quotation for the share was EUR 24.74.

On December 31, 2009, the company did not hold any treasury shares for trading purposes. In the first quarter of 2008, Outotec entered into an agreement with a third-party service provider concerning the administration and hedging of the share-based incentive program for key personnel. As part of this agreement, in order to hedge the underlying cash flow risk, the service provider has purchased 550,000 (2008: 265,000) Outotec shares that have been funded by Outotec and accounted (IFRS) as treasury shares in Outotec's consolidated balance sheet. At the end of 2009, the number of these shares was 332,534.

Changes in shareholdings

On May 6, 2009, Barclays Global Investors UK Holdings Ltd's holding in shares of Outotec Oyj fell below 5% and was 2,068,377 shares, which represented 4.92% of the share capital and votes in the company. On April 7, 2009, Barclays Global Investors UK Holdings Ltd's

holding in shares of Outotec Oyj exceeded 5% and was 2,111,054 shares, which represented 5.02% of the share capital and votes in the company.

On December 31, 2009, shares held in 11 nominee registers accounted for some 56.6% and Finnish households some 16.6% of all Outotec shares.

Board's authorizations

The AGM on March 18, 2009 authorized the Board of Directors to resolve upon issues of shares as follows:

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

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

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

This authorization shall be valid until the next Annual General Meeting and it has been exercised in connection with the Larox acquisition. A total of 3,780,373 shares were issued (2,763,419 shares in December 2009 and 1,016,954 shares in February 2010).

On March 18, 2009, the Annual General Meeting authorized the Board of Directors to resolve upon the repurchase of the company's own shares as follows:

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

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

This authorization shall be valid until the next Annual General Meeting. This authorization has not been exercised as of February 9, 2010.

Board and management shareholding

The total share holding of the Board of Directors, CEO and deputy CEO at the end of 2009 was 122,902 shares. Details of the Board's and Executive Committee's shareholdings can be found on the company's website at www.outotec.com/cg.

Dividend policy

The Board of Directors has adopted a dividend policy whereby the company intends to propose for the approval of the company's shareholders dividends representing approximately 40% of the annual net income of Outotec for the preceding financial year, with the amount of future dividends, if any, being contingent upon Outotec's future earnings, financial, condition, cash flows, working capital requirements, investments in either organic growth or acquisitions and other factors.

Although the Board of Directors has no reason to believe that dividend payments under this policy will not generally be made, there can be no assurance that any annual dividend will actually be paid, nor can there

Dividend payment

Year	Dividend per share, EUR	Pay out ratio, %	Yield, %
2007 (financial year 2006)	0.35	40	1.5
2008 (financial year 2007)	0.95	51	2.5
2009 (financial year 2008)	1.00	45	9.3
2010 (financial year 2009)	0.70 ¹⁾	76	2.8

¹⁾ Board of Directors' proposal for dividend per share.

there can be no assurance that any annual dividend will actually be paid, nor can there be any assurance as to the amount to be paid in any given year.

Board of Directors' proposal for profit distribution

The Board of Directors of Outotec proposes to the Annual General Meeting on March 18,

2010 that a dividend of EUR 0.70 per share be paid from Outotec Oyj's distributable funds for December 31, 2009, and that any remaining distributable funds be allocated to retained earnings. The suggested dividend record date is March 23, 2010, with the dividend to be paid on April 8, 2010.

According to the financial statements for December 31, 2009, the parent company's

distributable funds total EUR 200.1 million. The proposed dividend corresponds to 76% of the Group's profit for the financial year 2009.

There have been no substantial changes in the financial position of the company after the balance sheet date. According to the Board of Directors, the liquidity of the company is good and the proposed profit sharing will not affect the solvency of the company.

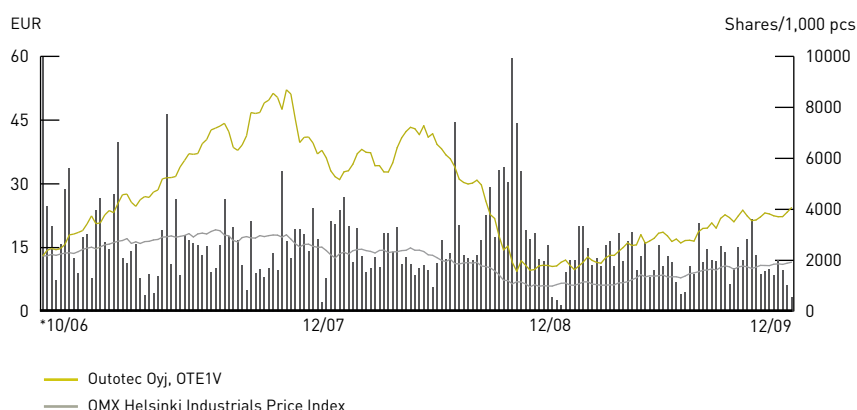
Share-related key figures

		2009	2008
Earnings per share	EUR	1.01	2.25
Equity per share	EUR	7.09	5.43
Dividend per share	EUR	0.70¹⁾	1.00
Dividend payout ratio	%	75.7	44.7
Dividend yield	%	2.8	9.3
Price/earnings ratio		24.5	4.8
Development of share price			
Average trading price	EUR	17.39	26.28
Lowest trading price	EUR	9.30	8.52
Highest trading price	EUR	24.87	45.76
Trading price at the end of the period	EUR	24.74	10.80
Market capitalization at the end of the period	EUR million	1,107.4	453.6
Development in trading volume			
Trading volume	1,000 shares	106,506	158,008
In relation to weighted average number of shares	%	254.5	378.1
Adjusted average number of shares		41,843,793	41,790,417
Number of shares at the end of the period ²⁾		44,435,787	41,735,000

¹⁾ The Board of Directors' proposal to the Annual General Meeting on March 18, 2010.

²⁾ Number of registered shares at December 31, 2009 was 44,763,419 (at December 31, 2008: 42,000,000).

Share price performance and trading volume



¹⁾ Initial public offering on October 10, 2006. Trading volume was 56,076,374 during week 41.

Distribution of shareholdings on December 31, 2009

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of share capital	Average shareholding, no of shares
1-100	6,126	39.58	405,988	0.91	66
101-500	6,665	43.06	1,800,208	4.02	270
501-1,000	1,518	9.81	1,217,729	2.72	802
1,001-5,000	920	5.94	1,983,881	4.43	2,156
5,001-10,000	120	0.78	869,056	1.94	7,242
10,001-50,000	81	0.52	1,925,024	4.30	23,766
50,001-100,000	15	0.10	1,034,884	2.31	68,992
100,001-500,000	27	0.17	5,709,583	12.76	211,466
500,001-	6	0.04	29,817,066	66.61	4,969,511
Nominee registered shares	11		25,314,050	56.55	2,301,277
Total	15,478	100	44,763,419		

Shareholders by group on December 31, 2009

Shareholder group	Number of shareholders	% of shareholders	Number of shares	% of share capital
Finnish corporations	900	5.82	2,070,711	4.63
Finance and insurance institutions	69	0.45	2,603,496	5.82
Public sector and public organizations	25	0.16	5,647,052	12.62
Households	14 273	92.22	7,438,834	16.62
Non-profit organizations	132	0.85	1,056,478	2.36
Foreign owners	79	0.51	632,798	1.41
Total	15 478	100	19,449,369	43.46
Nominee registered shares			25,314,050	56.55
Total			44,763,419	100

Largest shareholders on December 31, 2009

Name	Number of shares	%
Ilmarinen Mutual Pension Insurance Company	2,527,448	5.64
Varma Mutual Pension Insurance Company	1,674,173	3.74
The State Pension Fund	688,000	1.54
Mikko Laakkonen	412,542	0.92
Capillary Oy	389,091	0.87
Katariina Aaltonen	383,292	0.86
Päivi Karoliina Kupias	377,461	0.84
Timo Vartiainen	377,008	0.84
Evli Alexander Management Oy	332,534	0.74
Nordea Fennia Fund	226,000	0.50
Total	7,387,549	16.49

Auditors' report

To the Annual General Meeting of Outotec Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Outotec Oyj for the year ended on December 31, 2009. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, statement of cash flows and notes to the financial statements.

The responsibility of the Board of Directors and the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditors' responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the President and CEO have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements or of the report of the Board of Directors, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the report of the Board of Directors in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Espoo, February 19, 2010
KPMG OY AB

Mauri Palvi
Authorized Public Accountant



Risto Virrankoski

Karri Kaitue

Carl-Gustaf Bergström

Hannu Linnoinen

Anssi Soila

RISTO VIRRANKOSKI
B.Sc. (Econ.)
b. 1946, Finnish citizen
Chairman of the Board of Directors
Board member since 2006

Chairman of the Board of Directors
of Patria Oyj
Deputy CEO of Outokumpu Oyj 2001-2004

Independent of the company and owner
Owns 1,000 Outotec shares

KARRI KAITUE
LL.Lic.
b. 1964, Finnish citizen
Vice Chairman of the Board of Directors
Board member since 2006

Deputy CEO of Outokumpu Oyj and
Vice Chairman of the Outokumpu Group
Executive Committee
Chairman of the Board of Directors of
Destia Ltd
Vice Chairman of the Board of Directors
of Okmetic Oyj
Member of the Board of Directors of
Cargotec Corporation

Independent of the company and owner
Owns no Outotec shares

CARL-GUSTAF BERGSTRÖM
M.Sc. (Econ.)
b. 1945, Finnish citizen
Board member since 2006
Member of the Audit Committee

Member of the Board of Directors of Dacke
PMC Holding AB, Förlags AB Sydvästkusten
and Gunnebo Industrier AB
President and CEO of Cargotec Corporation
2002-2006

Independent of the company and owner
Owns 1,000 Outotec shares

HANNU LINNOINEN
B.Sc. (Econ.), LL.M.
b. 1957, Finnish citizen
Board member since 2006
Chairman of the Audit Committee

Senior Executive Vice President and Chief
Financial Officer of SRV Group Plc, Acting
CEO as of August 12, 2009
Chairman of the Board of Directors of
Greenstream Network Plc
Member of the Board of Directors of
Garantia Insurance Company Ltd

Independent of the company and owner
Owns 4,100 Outotec shares

ANSSI SOILA
M.Sc. (Eng.), B.Sc. (Econ.)
b. 1949, Finnish citizen
Board member since 2006

Vice Chairman of the Board of Directors
of Outokumpu Oyj
Member of the Board of Directors
of Attendo Holding AB, DNA Ltd,
Normet Group Ltd and Lindström Oy
Chief Executive Officer of Kone Oyj
1994-1999

Independent of the company and owner
Owns 3,200 Outotec shares



Tapani Järvinen



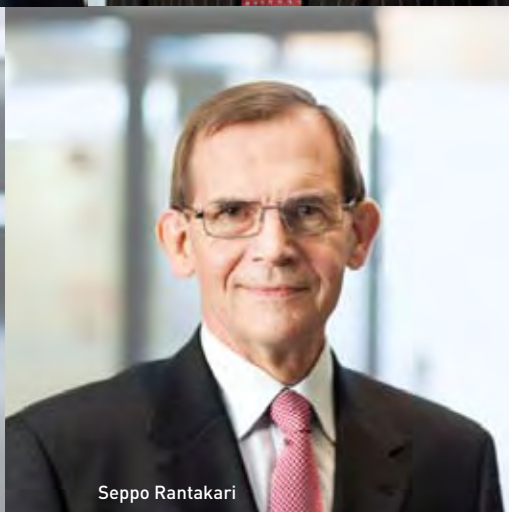
Vesa-Pekka Takala



Kalle Härkki



Pertti Korhonen



Seppo Rantakari



Ari Jokilaakso

TAPANI JÄRVINEN

M.Sc. (Eng.), Lic.Sc. (Tech.)

b. 1946, Finnish citizen

President and CEO 2003-2009

Chairman of the Executive and Management Committees

Employed by Outotec 2003-2009

Employed by Outokumpu Oyj 1985-2003

Owns 30,684 Outotec shares

Member of the Board of Directors and member of the Audit Committee of Konecranes Plc

Member of the Board of Directors of Okmetic Oyj, Normet Oy, Association of Finnish Steel and Metal Producers, Dragon Mining NL (Australia) and International Copper Association

Chairman of the Board of Finnish-Latin American Trade Association

VESA-PEKKA TAKALA

M.Sc. (Econ.)

b. 1966, Finnish citizen

Chief Financial Officer, CEO's substitute

Member of the Executive Committee

Employed by Outotec since 2006

Employed by Outokumpu Oyj 1990-2006

Owns 14,090 Outotec shares

SEPPO RANTAKARI

B.Sc. (Eng.)

b. 1944, Finnish citizen

Deputy CEO and Member of the Executive Committee until March 1, 2009

Employed by Outotec since 1970

KALLE HÄRKKI

Ph.D. (Tech.)

b. 1969, Finnish citizen

Senior Vice President – Services business

Member of the Management Committee

President of Outotec Research Oy

2005-2008

Employed by Outotec since 2005

Employed by Outokumpu Oyj 1998-2005

ARI JOKILAAKSO

Ph.D. (Tech.)

b. 1961, Finnish citizen

Senior Vice President – Human Resources

Member of the Management Committee

Employed by Outotec since 1998

PERTTI KORHONEN

M. Sc. (Eng.)

b. 1961, Finnish citizen

Member of the Executive Committee, President and CEO as of January 1, 2010

Employed by Outotec since 2009

Owns 8,000 Outotec shares

Member of the Board of Directors of Elisa Corporation and Veho Group Oy

NEW EXECUTIVE BOARD AS OF APRIL 1, 2010

The Board of Directors of Outotec has appointed a new Executive Board for the company to replace the current Executive and Management Committees. The new Executive Board will take charge when Outotec shifts into the new operational model on April 1, 2010.

THE MEMBERS OF THE EXECUTIVE BOARD WITH RESPONSIBILITY AREAS ARE:

- Pertti Korhonen, President and Chief Executive Officer, Chairman of the Executive Board
- Vesa-Pekka Takala, Chief Financial Officer
- Jari Rosendal, Executive Vice President, President of Non-ferrous Solutions business area
- Pekka Erkkilä, Executive Vice President, President of Ferrous Solutions business area (as of May 1, 2010)
- Peter Weber, Executive Vice President, President of Energy, Light Metals and Environmental Solutions business area
- Kalle Härkki, Executive Vice President, President of Services business area
- Martti Haario, Executive Vice President - Market Operations
- Tapio Niskanen, Senior Vice President - Business Infrastructure
- Ari Jokilaakso, Senior Vice President - Human Capital



Harry Linnarinne



Jari Rosendal



Markku Jortikka



Martti Haario



Outi Lampela



Kari Knuutila



Peter Weber

HARRY LINNARINNE
Ph.D. (Tech.), M.Sc. (Econ.)
b. 1965, Finnish citizen
Senior Vice President - Business Development
Member of the Management Committee
Employed by Outotec since 2007

Vice Chairman of the Board of Directors of Mint of Finland Ltd.

MARTTI HAARIO
M.Sc. (Chem.)
b. 1954, Finnish citizen
Senior Vice President – Marketing Development
Member of the Management Committee
Employed by Outotec since 1988

JARI ROSENDAL
M.Sc. (Eng.)
b. 1965, Finnish citizen
President – Minerals Processing division
Member of the Executive Committee
Employed by Outotec since 1989
Owns 15,407 Outotec shares

OUTI LAMPELA
M.Sc. (Eng.)
b. 1949, Finnish citizen
Senior Vice President – Corporate Control
Member of the Management Committee
Employed by Outotec since 2006
Employed by Outokumpu Oyj 1975-2005

Member of the Board of the Directors and Chairman of the Audit Committee of PKC Group Oyj

KARI KNUUTILA
Ph.D. (Tech.)
b. 1958, Finnish citizen
Chief Technology Officer
Member of the Management Committee
Employed by Outotec since 1986

Chairman of the Executive Board of the Centre for metrology and accreditation
Member of the Board of Directors of the European Industrial Research Management Association (EIRMA)

MARKKU JORTIKKA
M.Sc. (Eng.)
b. 1947, Finnish citizen
President – Base Metals division
Member of the Executive Committee
Employed by Outotec since 1974
Owns 13,742 Outotec shares

PETER WEBER
Ph.D. (Tech.)
b. 1963, German citizen
President – Metals Processing division
Member of the Executive Committee
Employed by Outotec since 1992
Owns 16,737 Outotec shares

Member of the Board of Directors of Enefit Outotec Technology Oü

Corporate governance in 2009

Outotec's Corporate Governance Statement has been given as a separate report from the financial statements and report and it is available on Outotec's website. In addition, Outotec's Corporate Governance Policy in its entirety is published and maintained on Outotec's website at www.outotec.com/cg.

Board of directors and audit committee

The Annual General Meeting of Outotec on March 18, 2009, re-elected the following members: Risto Virrankoski (Chairman), Karri Kaitue (Vice Chairman), Carl-Gustaf Bergström, Hannu Linnoinen (Chairman of the Audit Committee) ja Anssi Soila. In 2009, the Board of Directors met 15 times. The average attendance of members at Board meetings was 99%. Fees paid to the Board of Directors in 2009 totaled EUR 252,000. The members of the Audit Committee are: Hannu Linnoinen (Chairman) and Carl-Gustaf Bergström. In 2009, the Audit Committee assembled four times and all members were present.

Dividend

The Annual General Meeting on March 18, 2009 decided that a dividend of EUR 1.00 per share will be paid from the financial year that ended December 31, 2009. The dividend (total of EUR 42.0 million) was paid on March 30, 2009.

Authorizations

The Board of Directors of Outotec used the issuance of shares authorization, made by the Annual General Meeting, in conjunction with the acquisition of Larox. A total of 3,780,373 new shares were issued (2,763,419 shares in December 2009 and 1,016,954 shares in February 2010).

President and CEO

President and CEO Tapani Järvinen retired on December 31, 2009.

On June 4, 2009, the Board of Directors of Outotec nominated Pertti Korhonen, b. 1961, as the new President and CEO of

Outotec Oyj. Mr Korhonen started at Outotec on September 1, 2009, acted as COO from October 1, 2009 and assumed the CEO duties on January 1, 2010. Further information regarding the President and CEO and Board of Directors can be found at www.outotec.com/cg.

Share based incentive programs

The incentive program for 2007-2008 started January 1, 2007 and ended December 31, 2008. The total remuneration for these two earning periods was EUR 6.5 million, which was given in 202,779 shares to 22 persons during 2009. In addition, EUR 3.4 million was paid to cover taxes.

Fees paid to the Board of Directors in 2009

EUR	
Risto Virrankoski	64,500
Karri Kaitue	51,500
Carl-Gustaf Bergström	42,000
Hannu Linnoinen	54,000
Anssi Soila	40,000
Total	252,000

Remuneration paid to the Executive Committee in 2009

EUR	Wages	Benefits	Bonus	Share based benefits ^{*)}	Total
President and CEO	553,739	15,451	153,624	970,900	1,693,714
Deputy CEO and CEO's substitute	192,826	22,556	55,955	485,450	756,787
Other executive committee	1,008,336	46,691	319,160	1,941,800	3,315,987
Total	1,754,901	84,698	528,739	3,398,150	5,766,488

^{*)}As part of the share-based incentive program, executive committee received Outotec shares as follows:

	Shares
CEO	29,384
Deputy CEO and CEO's substitute	14,032
Other executive committee	58,386
Total	101,802

The incentive program for 2008-2010 comprises three earning periods: Financial years of 2008, 2009 and 2010. For the earning period 2008 a total of 14,687 shares were allocated to 33 persons, and EUR 0.2 million were paid to cover taxes.

Audit

KPMG Oy Ab, authorized public accountants, was re-elected as the company's auditor, with Mauri Palvi as auditor-in-charge. In 2009, the company paid a fee of EUR 630,000 (2008: 549,000) for the auditing services. Additionally, the company paid EUR 596,000 (2008: 758,000) for non-auditing related consultation.

Outotec Oyj

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