



The Outokumpu Group

Financial year 1995

Outokumpu is a versatile metals group operating worldwide.

In its business, Outokumpu

focuses on base metals

production, stainless steel,

copper products and technology.

Annual General Meeting

Outokumpu Oy's Annual General Meeting of Shareholders will be held in the Tapiola Hall at the Espoo Cultural Centre, Tapiolan Kulttuurikeskus, Espoo, Finland, at 2:00 pm on Friday, April 12, 1996. All shareholders who have been entered in the shareholders' register, maintained by the Central Share Register of Finland, by no later than April 2, 1996 are entitled to attend the Meeting. Shareholders whose shares have not been transferred into the book-entry securities system also have the right to attend the Annual General Meeting provided that the shareholders have been entered in the Company's share register before February 11, 1994 or that the shareholders have otherwise reported and explained to the Company their title to the shares. In this case, the shareholders must present their share certificate at the Annual General Meeting, provide an explanation where the shares are held, or present other proof that the title to the shares has not been registered in a book-entry account.

Shareholders who wish to attend the Annual General Meeting must notify the Company of their intention to do so at Outokumpu Oy's head office, Room 401, 4th floor, Länsituulentie 7, Espoo, Finland, between 8:00-11:30 am or 1:00-4:00 pm on Monday through Friday, from March 25 to April 9, 1996. The notification can also be made by telephone (+358 0 421 4045) or by letter addressed to Outokumpu Oy, Share Register, P.O. Box 280,

FIN-02101 Espoo, Finland. When notifying by letter, the letter must be received before the closing of the notification period.

Dividend

The Executive Board proposes to the Annual General Meeting that a dividend of FIM 1.80 per share be distributed for the financial year 1995.

The dividend will be paid to all shareholders who have been registered in the shareholders' register maintained by the Central Share Register of Finland on April 17, 1996. The Board proposes to the Annual General Meeting that the dividend be paid on April 22, 1996. Those shareholders whose shares have not been transferred into the book-entry securities system will be paid after the transfer of the shares into the system.

Annual Report and interim reports

Outokumpu's 1995 Annual Report is available in Finnish and English.

The Outokumpu Group will publish two interim reports in 1996. The January-April report is scheduled for publication on June 6, 1996, and the January-August report on October 7, 1996. Both reports are printed in Finnish and English. All reports can be obtained from: Outokumpu Oy/Corporate Communications, P.O. Box 280, FIN-02101 Espoo, Finland. Telephone +358 0 421 2416, telefax +358 0 421 2429.

CONTENTS

The year in brief	4
Chief Executive's statement	6
Outokumpu – We and our corporate culture	7
Business organization	8

Business area reviews

Base Metals	10
Stainless Steel	18
Copper Products	24
Technology	30
Other business operations	34

Annual report and financial statements

Corporate review of the year	35
Executive Board's proposal for the distribution of profit	41
Principles applied in the financial statements	42
Consolidated financial statements	45
Parent Company financial statements	54
Outokumpu Oy's subsidiaries by business area	59
Key financial indicators and share-related data	62
Definitions of key financial indicators	64
Hedging of foreign currency, interest rate and metal price risks	65
Outokumpu Oy's shares and shareholders	67
Auditors' report	69
Statement by the Supervisory Board	69
Outokumpu Oy's administration	70
Business area management	72
Outokumpu worldwide	73
Addresses	74

The year in brief

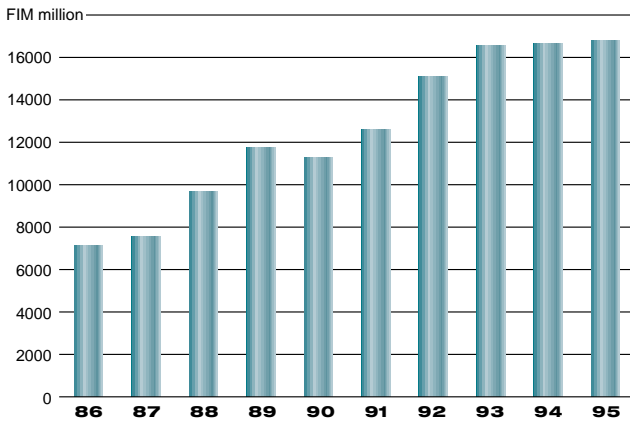
- **Outokumpu's favorable financial development of recent years continued in 1995. Overall, Outokumpu had a successful year with the financial performance improving significantly from 1994.**
- **Profit before extraordinary items and taxes was FIM 1 481 million, an increase of 44% from 1994. Income per share was FIM 8.72. Return on capital employed rose to 15.1%.**
- **As a result of the good 1995 performance, the Group's equity-to-assets ratio improved further and was 43.7% at year-end.**
- **The Executive Board proposes a dividend of FIM 1.80 per share.**
- **Outokumpu's major investments in Harjavalta, Tornio and Zaldívar went into production. They will significantly increase the Group's copper, nickel and stainless steel production in the next few years.**
- **Uncertainty increased in the metal markets towards year-end. The outlook for early 1996 is clouded by the weakened stainless steel markets.**

KEY FIGURES

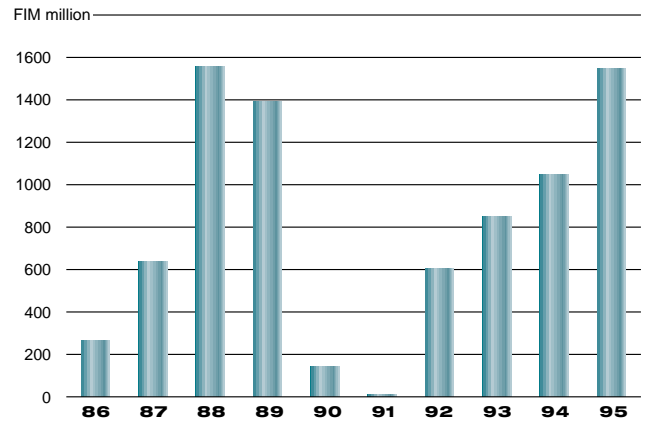
		1995	1994
Net sales	FIM million	16 952	16 683
– change from previous year	%	1.6	0.7
Operating profit	FIM million	1 548	1 051
Operating profit margin	%	9.1	6.3
Profit before extraordinary items and taxes	FIM million	1 481	1 028
Return on capital employed	%	15.1	10.7
Cash provided by operating activities	FIM million	2 465	1 246
Net interest-bearing debt	FIM million	4 380	4 352
– in relation to net sales	%	25.8	26.1
Equity-to-assets ratio	%	43.7	41.1
Income per share (excluding extraordinary items)	FIM	8.72	7.17
Net income per share	FIM	8.33	7.12
Shareholders' equity per share	FIM	56.83	50.16
Dividend per share	FIM	1.80 ^{*)}	1.00
Share price on Dec. 31	FIM	69.00	88.00
Market capitalization on Dec. 31	FIM million	8 593	10 959
Investments	FIM million	2 630	1 488
Personnel on Dec. 31		13 458	14 959

^{*)} Executive Board's proposal to the Annual General Meeting

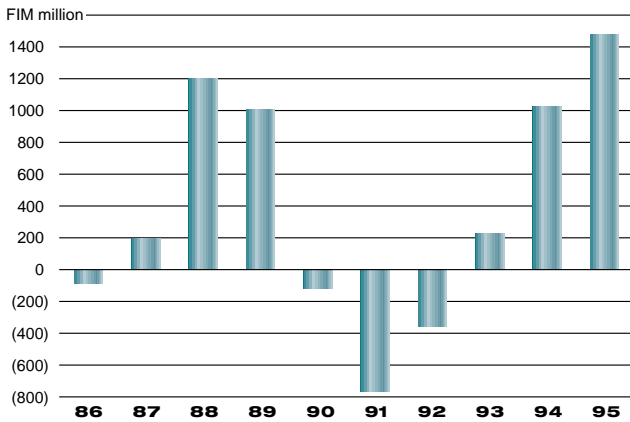
Net sales



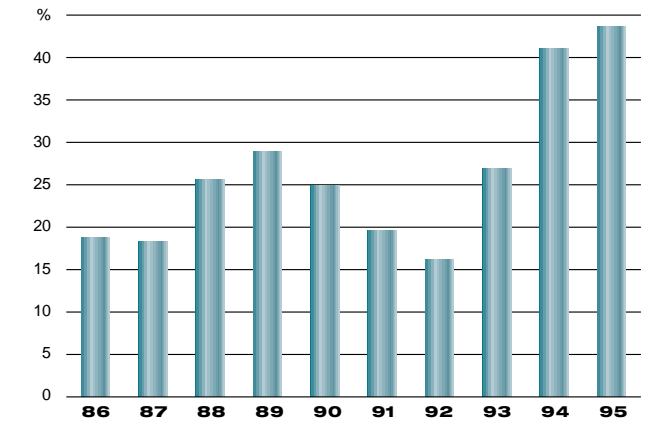
Operating profit



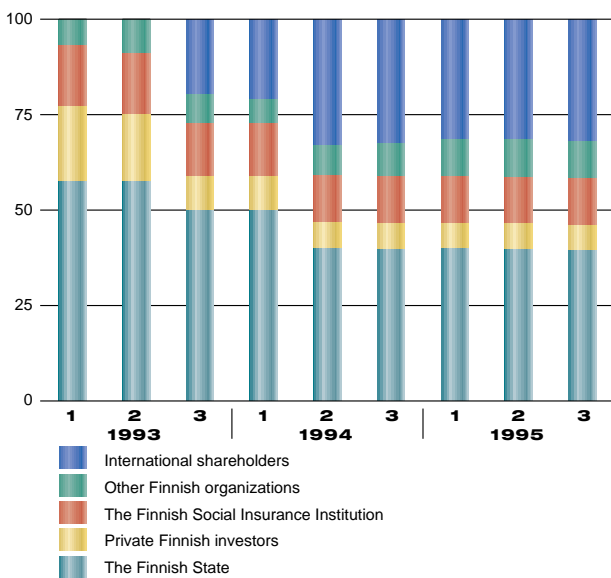
Profit before extraordinary items and taxes



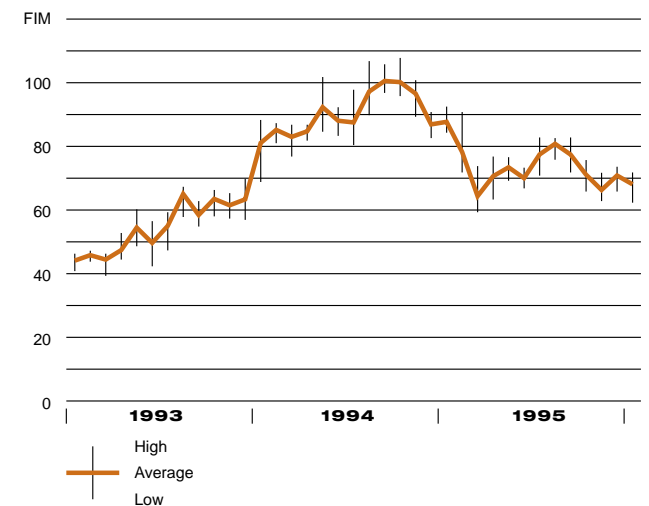
Equity-to-assets ratio



Ownership structure, %



Price of A-shares



At the beginning of 1994, the Outokumpu Group adopted new accounting principles, which are based on the revised Finnish Accounting Act and comply in all material respects with the "United States Generally Accepted Accounting Principles" (US GAAP). The comparative figures for 1993 have been restated to comply with the new principles. The figures for years before 1993 comply with earlier accounting principles.

Chief Executive's statement



Dear shareholder,

Outokumpu's financial performance and competitiveness have improved significantly during the past few years. This can be seen as a clear indication that the Group's redefined objectives and strategies are bearing fruit. We achieved a record result in 1995, and our balance sheet continued to strengthen. We were also able to make sizeable investments in future growth and in increasingly cost-efficient production in our strongest core businesses. I firmly believe we can be confident about Outokumpu's future.

The good operational profit for 1995 was clearly attributable to our Stainless Steel business area. All three units of this area achieved new records, although the peak of the business cycle seems to have passed during the autumn. We were also very pleased with the profitability of Copper Products, which demonstrates that the business area has clearly recovered. With the long and diligent restructuring phase almost complete, Copper Products will now be able to focus on product groups and markets with the best potential. The reorganized Technology business area has also strengthened its focus on its core businesses and enhanced its role as a profitable and important part of the Group.

Base Metals, however, faced many difficulties in 1995. The business area's profitability was severely impacted by the low zinc price, unfavorable exchange rate movements, and the challenges involved in the start-up of our major investments at the Harjavalta smelter in Finland and the Zaldívar mine in Chile. The business area's operating losses were deepened by write-downs of almost FIM 220 million related to mining and exploration in Australia. Nevertheless, once these major investments

are in full production, they will significantly improve both our profitability and our competitiveness in the next few years.

Outokumpu's outlook for early 1996 has clearly weakened, mainly due to a continuing run-down in stainless steel inventories, with a resulting sharp decrease in price. However, we expect this trend to reverse and consumption growth to resume during the spring. Demand for base metals and copper products is expected to remain fairly strong despite increased uncertainty about economic growth, particularly in Europe. Technology sales in 1996 can rely on a relatively good order backlog.

We place a heavy emphasis on the need to concentrate on the Group's core businesses, which are clearly defined to comprise specific metals and metal products as well as technology sales in our areas of expertise. We strive to achieve further competitive advantage in these areas by increasingly effective utilization of the Group's competences and natural synergies.

The main objective of our investment policy has been and will continue to be to improve the Group's competitiveness. Areas of continuous improvement include developing new products, lowering production costs and gaining entry into new markets. We will strive to make systematic progress within the possibilities of our financing capability and balance sheet. The situation may vary depending on the phase of the business cycle, but our overall aim must be to finance our investments primarily through operative cash flow.

The Outokumpu Group's success and competitiveness rely first and foremost on the competence and motivation of our people – each and every one of us at Outokumpu. I believe that the best motivators are

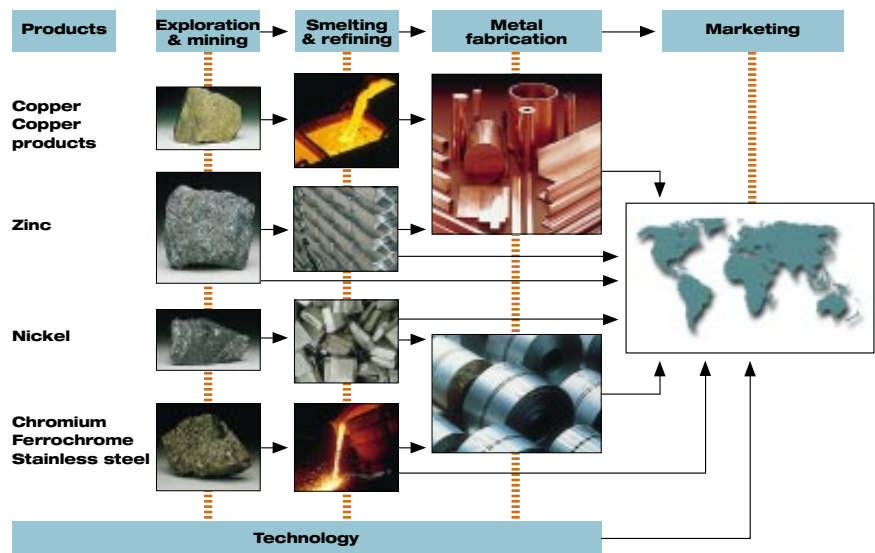
Outokumpu - We and our corporate culture

joint goals and jointly achieved good results. We have emphasized this message in our internal training efforts, which are aimed at encouraging personnel to step up cooperation and, as individuals, to demonstrate ever greater initiative and entrepreneurship. We have made good progress with these efforts. Recognition for the Company's improvements in recent years must go to all our people.

Our customer relationships are built on close cooperation and partnerships. Like all successful partnerships, they must be built on mutual trust. We want to do our very best to ensure that Outokumpu products and services produce true added value for our customers' business.

One of our main tasks is to make sure that Outokumpu deserves our owners' trust. Naturally we strive to retain this trust primarily by strengthening the Company's operations and ensuring good profitability and a strong balance sheet. In addition, we want to seek increasingly close contacts with our owners and emphasize the importance of honest and open information to make Outokumpu better known and to enhance the Company's image as a good and profitable investment. This includes the payment of competitive dividends and, to the extent possible, also an endeavor to raise the dividend payout ratio in the next few years. As proof of our determination in this regard, Outokumpu's Executive Board recommends that a dividend of FIM 1.80 be distributed for 1995, which represents an 80% increase over that distributed for 1994.

Jyrki Juusela
President, CEO
Chairman of the Executive Board



Outokumpu, by its very nature, has a unique profile among the world's metal producers. Characteristic of Outokumpu are long production chains from mining to fabrication in several metals. Further, Outokumpu has earned a firm reputation as a supplier of technology for the mining and metallurgical industry. The originality and uniqueness of the Group are accentuated by the extensive copper products operations and the strong, integrated stainless steel production chain based on Outokumpu's own chromium production. Outokumpu has gradually built up both of these businesses over many decades to complement the base metals production focusing on copper, zinc and nickel.

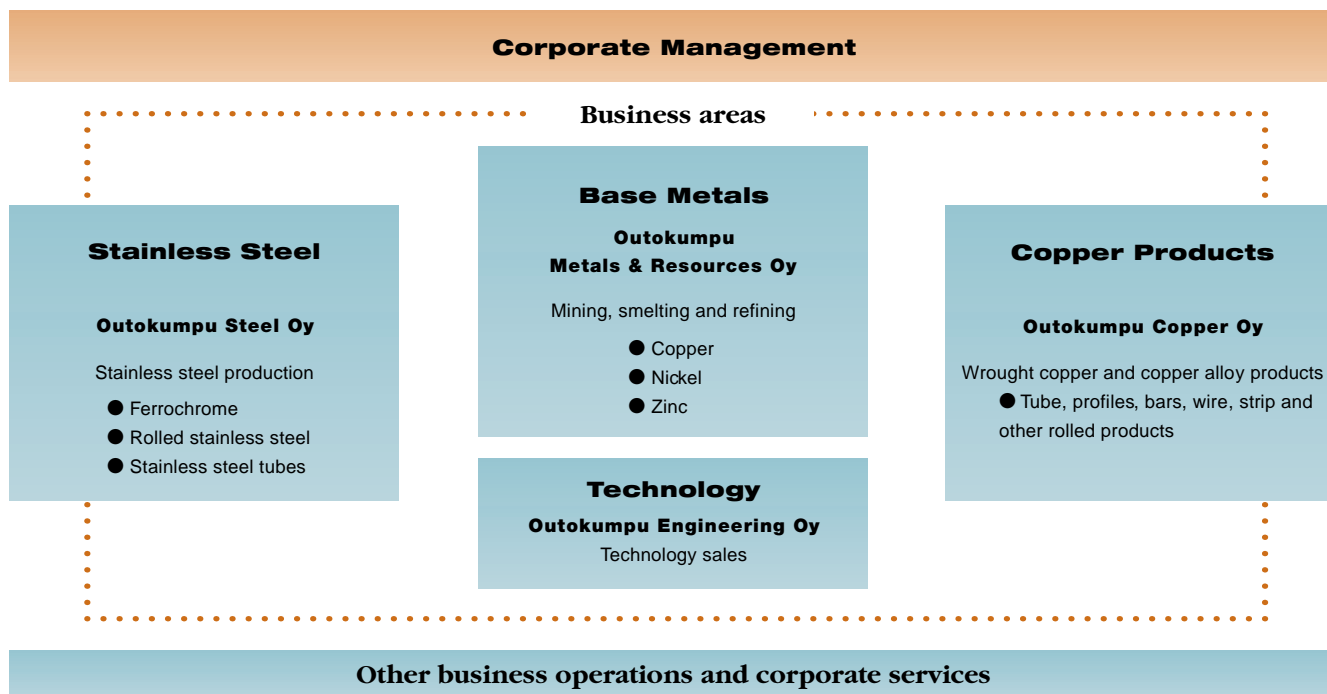
The chart illustrates how Outokumpu, in spite of its versatility, constitutes a fairly focused, integrated group which specializes in its traditional, strongest core areas of competence. Horizontally, the integration is mostly based on material flows within the production chains. The ability to control and manage these flows brings many benefits. The vertical integration illustrated by the chart is founded on technology and a broad range of skills in areas that typically pertain to the

metals business.

The strategy is also clear: Outokumpu seeks to continuously improve the Group's competitiveness, to ensure profitable growth and, through these, to create value for the Outokumpu shareholder. Other important objectives include extensive and efficient utilization of the natural synergies and competences within Outokumpu, which can bring significant added value for the Group.

The implementation of these objectives has been supported with an extensive communications campaign in recent years. A systematic effort has been made to familiarize all Outokumpu people in all business areas throughout the world with the Group's objectives and common values. A recent survey of this process, and also the improvements in performance achieved so far, provide evidence that this effort has been successful. The messages of the Group's mission and core value documents are widely known and – above all – they are recognized as the values that well illustrate Outokumpu's corporate culture and influence the way in which Outokumpu people seek to develop their business.

Business organization



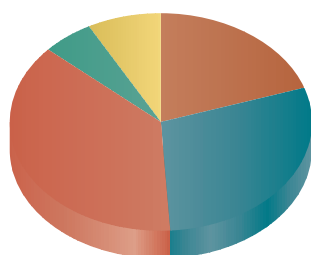
The Outokumpu Group is organized into four sub-groups called business areas. The parent companies of all four business areas are fully owned by Outokumpu Oy.

Other business operations comprise a number of operations either fully or partially owned by Outokumpu Oy and involved in business activities that support or complement the Group's main operations.

The Technology business area was reorganized at the beginning of 1995. The comparative figures for 1991-94 have been restated to correspond to the new organizational structure.

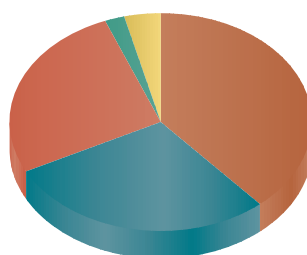
Net sales, capital employed and personnel by business area in 1995

Net sales



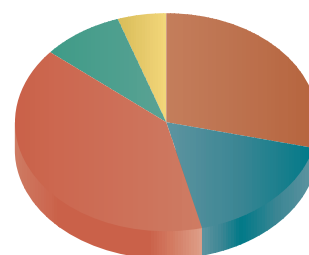
Base Metals	19.9 %
Stainless Steel	29.1 %
Copper Products	37.6 %
Technology	5.5 %
Other operations	7.9 %

Capital employed



Base Metals	38.6 %
Stainless Steel	28.9 %
Copper Products	26.5 %
Technology	2.1 %
Other operations	3.9 %

Personnel



Base Metals	28.8 %
Stainless Steel	17.4 %
Copper Products	39.9 %
Technology	8.7 %
Other operations	5.2 %

Business area reviews

Base Metals

10

Outokumpu's exploration efforts resulted in an increase of the Group's mineral resources from 1994. A promising and exceptionally high-grade nickel deposit – Silver Swan – was identified in Australia. Drilling in the vicinity of the Tara mine in Ireland (pictured) increased the mine's potential mineral resources significantly.



Stainless Steel

18

The annual capacity of the Tornio steel melting shop in Finland grew from 440 000 to 540 000 tonnes at the end of 1995. All slab production can be processed at the adjacent hot rolling mill (pictured). A third cold rolling mill was commissioned at the beginning of 1996; with additional expansions by 1997, annual cold rolling capacity will rise from 270 000 to 400 000 tonnes.



Copper Products

24

In late 1995, Outokumpu acquired an 85% shareholding in a company in southern China – Outokumpu Copper Tube (Zhongshan) Ltd (pictured). Production of air-conditioning tubes is scheduled to begin in late 1996. The plant will supply mainly domestic and multinational air-conditioner manufacturers in the region.



Technology

30

Copper and nickel flash smelting and converting are some of Outokumpu's main technology products. A major project in 1995 involved the Kennecott copper smelter in the United States, which is the first to apply flash smelting coupled with flash converting. The project will be delivered in early 1996. Pictured is the brick lining of Kennecott's flash converting furnace.



Other business operations

34


The production capacity of Okmetic Oy, specializing in silicon wafers, rose to two million wafers per year with an investment commissioned in June. Pictured is a grown silicon crystal waiting for further processing.



Base Metals

OUTOKUMPU METALS & RESOURCES OY





Outokumpu's base metals production involves the mining, smelting and refining of copper, nickel and zinc. Outokumpu produces approximately 1% of the world's copper and 3% of both nickel and zinc.

The Base Metals business area is organized into four units which incorporate the mining operations and the production and marketing of each of the three metals.

● **Mining operations are located in Finland, Sweden, Norway, Ireland, Australia and Chile.**

● **Copper is produced at the Harjavalta smelter and the Pori refinery in Finland.**

● **Nickel is produced at the Harjavalta smelter and nickel plant.**

● **Zinc is produced at the Kokkola zinc plant in Finland.**

The business area also includes strong technical development and exploration units.

The Base Metals business area's parent company is Outokumpu Metals & Resources Oy.

Overall, developments in the global metal markets were quite positive in 1995. Growth in industrial activity and investments resulted in a sharp increase in the consumption of all base metals. The market price development of these metals, however, was not consistent. The average price of copper and nickel in US dollars rose far more than the price of zinc.

The strengthening of the Finnish mark against the US dollar dampened the positive effect of the price development on Base Metals' financial performance. As a result, the zinc price in Finnish marks fell below 1994 levels.

Despite a slight delay in the start-up of new capacity, Outokumpu's base metals production proceeded according to plan. Mine production was reduced as three Finnish mines were closed during 1994 and 1995.

Base Metals' profitability weakened markedly from 1994 levels.

The business area posted an operating loss of FIM 459 million. The result was aggravated by write-offs of FIM 218 million related to mining operations and was further impacted by a six-week shutdown at the Harjavalta smelter due to the start-up of the expansion investment projects.

The copper and nickel production expansions at both Harjavalta and Pori in Finland as well as the Zaldívar copper mine in Chile went into production during 1995.

An exceptionally high-grade, but small-sized, nickel deposit was identified in Australia in the autumn of 1995.

Market conditions

Western world copper consumption grew by approximately 2% from 1994 levels. The growth was strongest in Southeast Asia, where industrial activity remained high. Consumption growth in Europe slowed in late

1995. In North America, consumption was reduced from 1994.

Copper production continued to increase rapidly, and the market moved into a moderate oversupply position in late 1995. Copper inventories remained at very low levels throughout the year. As a result, the copper price remained high and relatively stable.

Demand for nickel was high for most of the year, fuelled by a sharp increase in stainless steel production. Nickel demand grew 12%. However, the growth was slowed late in the year because of cutbacks in stainless steel production.

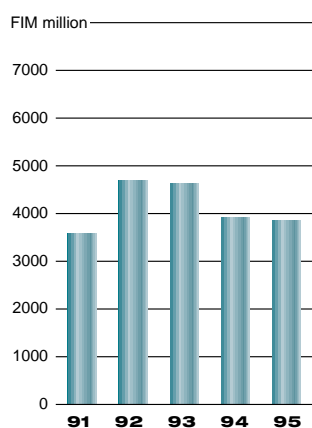
Nickel production grew by over 10%. In spite of this, demand exceeded supply and inventories were quickly reduced. This reduction, coupled with uncertainty about Russian nickel production, caused major fluctuations in the nickel price during 1995.

The zinc market improved in 1995 with demand growing by 6%. The growth was strongest in Southeast Asia, where construction activity and automotive production continued to flourish. Consumption grew somewhat slower in the OECD countries.

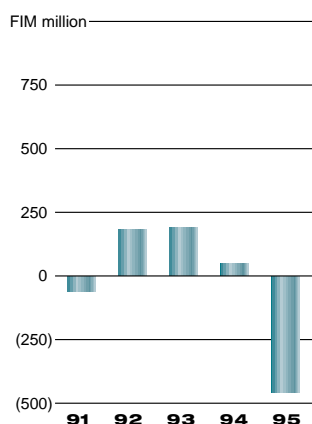
Growth in zinc production was modest, and demand exceeded supply. Inventories were reduced sharply during 1995 but were still higher than normal at year-end. The high inventories and continued Eastern exports kept the zinc price at low levels throughout the year.

The average 1995 market prices of copper and nickel in US dollars were 27-30% higher than in 1994. The price of zinc, however, rose only 4%. Equivalent prices in Finnish marks increased less because of the weakening of the US dollar and the strengthening of the Finnish mark. The Finnish-mark denominated zinc price fell by 14% from 1994.

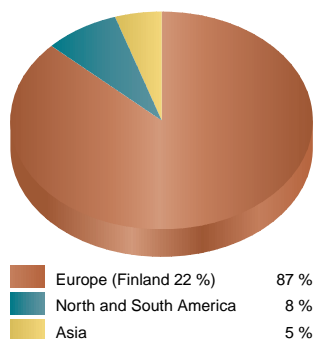
Net sales



Operating profit



Net sales by market area 1995



Owing to increased mine output, the supply of copper and zinc concentrates increased. As a consequence, treatment and refining charges in the spot markets for copper started to rise in early 1995 and for zinc in late 1995.

Financial development

Base Metals' net sales were FIM 3 869 million, which represented a 2% decrease from 1994. The decrease was mostly due to the low zinc price, unfavorable exchange rate movements and a reduction in blister copper and concentrate deliveries.

The business area's profitability was weak. In addition to the unfavorable zinc price and exchange rate movements, the result from operations was aggravated by production losses because of a shutdown at the Harjavalta smelter and by write-offs on mining and exploration. The operating result was a loss of FIM 459 million (1994: profit of FIM 49 million). The result included FIM 19 million of inventory losses (1994: FIM 81 million of inventory gains).

Although start-ups in the Harjavalta and Zaldívar investment projects commenced in mid-1995, the impact of the projects will be seen in the business area's profitability only after production reaches the new capacities in 1996-97. The Zaldívar mine influenced financial performance only for the last two months of the year, as commercial production began at the beginning of

Net sales by business unit

FIM million	1995	1994
Mining operations	1 296	1 506
Metal production		
Copper	1 360	1 356
Nickel	826	680
Zinc	1 456	1 642
Other business units	207	234
Sales within the business area	(1 276)	(1 483)
Total	3 869	3 935

November after the end of the construction phase.

The ore reserves of the Forrestania nickel mine in Australia were found smaller than previously estimated as a result of a further study conducted in late 1995. This caused a FIM 159 million write-down on mine property. The business area's result was also aggravated by a FIM 59 million write-off of capitalized exploration costs on the Honeymoon Well nickel project in Australia. This write-off was made in the spring of 1995 because the feasibility study progressed slower than expected.

Base Metals' result before extraordinary items and taxes showed a loss of FIM 528 million (1994: profit of FIM 164 million).

Mining operations

Total ore excavated, excluding Outokumpu's 50-percent owned Zaldívar, was 7.3 million tonnes, which represented a 13% decrease from 1994 levels. The total amount of metal in concentrates was also reduced. This was mainly due to the sale of Outo-

Key figures

FIM million	1991	1992	1993	1994	1995
Net sales	3 587	4 701	4 644	3 935	3 869
Share of the Group's net sales (%)	25	28	26	21	20
Operating profit	(60)	183	191	49	(459)
Operating profit margin (%)	neg.	4	4	1	neg.
Profit before extraordinary items and taxes	(120)	404	145	164	(528)
Return on capital employed (%)	2	15	7	4	neg.
Capital employed Dec. 31	3 585	4 912	4 582	4 249	5 115
Investments	465	912	522	904	1 620
Personnel Dec. 31	4 443	4 596	4 140	4 082	3 879

kumpu's 25% interest in the Thalan-ga mine at the end of 1994 and mine closures in Finland. The Enonkoski nickel mine was closed in 1994, the Vammala nickel mine in January 1995 and the Saattopora gold mine in June 1995.

Production proceeded as expected at the Tara zinc-lead mine in Ireland, although somewhat below 1994 levels. The Forrester nickel mine surpassed the 1994 production.

In December, Outokumpu acquired a 70% shareholding in Nikkel og Olivin A/S, which owns a nickel mine in Ballangen in northern Norway. The remaining 30% is held by the Norwegian bank Nordlandsbanken AS. Since the opening of the mine, Outokumpu has been purchasing the entire output – an average of 2 600 tonnes of nickel in concentrate per year – for the Harjavalta smelter. Concentrate deliveries will continue as before. The mine's ore reserves are estimated to last for another six years.

Ore excavated at the Zaldívar copper mine, jointly owned by Outokumpu and Placer Dome Inc. of Canada, totalled 7.9 million tonnes. The mine produces cathode copper on site. The first cathodes were produced in June 1995, and the total 1995 production was 22 400 tonnes.

Cathode quality has been good from the start. Production has been stepped up somewhat slower than expected mostly due to process equipment alterations. Zaldívar's output is expected to reach the target

level of 125 000 tonnes per year during 1997 when the mining moves to higher-grade ore. Mining is estimated to continue for 17 years. Zaldívar's cathode production is marketed by an Outokumpu subsidiary in Rotterdam.

The Zaldívar investment totalled about USD 580 million excluding financing expenses during construction and USD 680 million including financing expenses. As agreed, Placer Dome arranged USD 400 million of project financing for the Zaldívar mining company, and the remaining sum was provided by the partners in equal amounts.

Metal production

The Kokkola zinc plant's production performance was excellent. The plant broke its production record with the annual output of 177 000 tonnes.

Because of the expansion, Harjavalta's nickel production was interrupted for six weeks in May-June. Production resumed somewhat slower than planned because of some difficulties with equipment. Total nickel production, comprising cathodes, briquettes and nickel solution, was 18 400 tonnes, which was 12% higher than in 1994. Production is estimated to reach the full new capacity of 32 000 tonnes in 1996.

The first nickel shipment from Western Mining's Mt Keith mine in Australia arrived at Harjavalta in March. Under a long-term agreement, the nickel smelter will receive from Mt Keith 14 000 tonnes of nickel in concentrate each year for ten years.

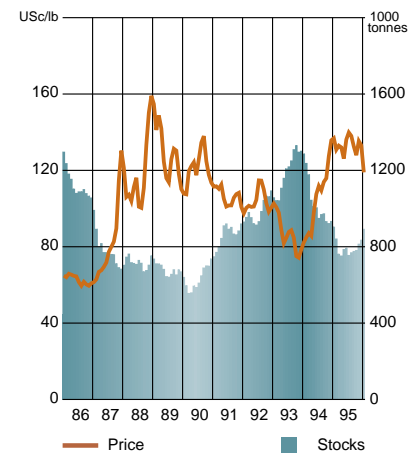
Harjavalta's blister copper production remained 10% below the 1994 level because of the shutdown and complications with start-up. Alterations in the converters will be completed by mid-1996, raising blister copper capacity to 160 000 tonnes.

Annual average metal market prices

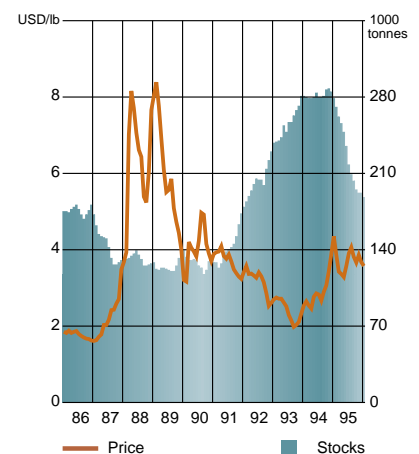
		1995	1994	Change %
Copper	US\$/lb	133	105	26.7
	FIM/kg	12.82	12.07	6.2
Nickel	USD/lb	3.73	2.88	29.5
	FIM/kg	35.95	33.09	8.6
Zinc	US\$/lb	47	45	4.4
	FIM/kg	4.50	5.21	(13.6)

London Metal Exchange cash quotations converted into USD/lb and FIM/kg.

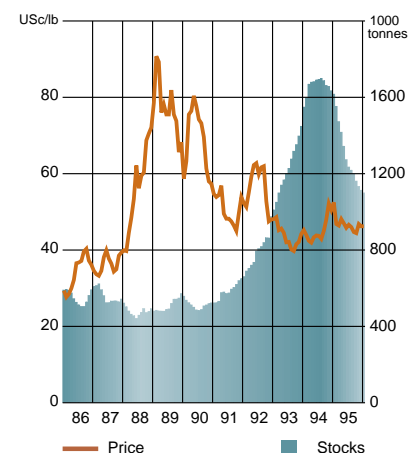
Copper price and stocks



Nickel price and stocks



Zinc price and stocks



London Metal Exchange cash quotations converted into USD/lb.
 Estimated total stocks (CRU, Outokumpu).
 Figures up to January 1996.

Mine production

	ORE EXCAVATED (million tonnes)		METAL IN CONCENTRATES (tonnes)									
	1995	1994	Copper		Nickel		Zinc		Lead		Gold (kg)	
	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994
Subsidiaries:												
Finland												
Enonkoski	–	1.0			–	2 400						
Hitura	0.6	0.6			3 100	2 700						
Orivesi	0.1	0.1									1 050	480
Pyhäsalmi ¹⁾	1.3	1.1	9 100	8 700			16 600	16 900				
Saattopora	0.2	0.3	400	800							410	800
Vammala	0.2	0.4			500	1 700						
Sweden												
Viscaria	1.0	0.9	14 800	16 700							230	200
Norway												
Grong	0.6	0.6	6 800	7 400			7 300	9 100				
Australia												
Forrestania	0.7	0.6			7 600	7 500						
Thalanga 25 %	–	0.1	–	900			–	5 800	–	1 300		
Ireland												
Tara	2.6	2.7					183 500	194 000	46 100	53 600		
Total	7.3	8.4	31 100	34 500	11 200	14 300	207 400	225 800	46 100	54 900	1 690	1 480
Associated companies:												
Chile												
Zaldívar 50 %	3.9	–	11 200 ²⁾	–								

Outokumpu's interest in the mine is 100% unless stated otherwise. The table presents Outokumpu's share of production corresponding to the Group's ownership interest.

¹⁾ The Pyhäsalmi mine also produced 829 000 tonnes of pyrite concentrates (1994: 710 000 tonnes).

²⁾ Zaldívar produces cathode copper.

Metal production

Tonnes	1995	1994
Harjavalta		
Blister copper	88 300	98 200
Nickel	18 400	16 400
Pori		
Cathode copper	73 700	69 200
Gold (kg)	2 060	1 370
Silver (kg)	27 100	26 100
Kokkola		
Zinc	177 000	173 000

In addition, the Zaldívar associated company produced cathode copper. Outokumpu's share of production corresponding to ownership interest (11 200 tonnes) is presented in the table on mine production.

The remaining work of the investment program will not substantially interfere with production. The Pori copper refinery's cathode production grew 6% from 1994. Annual production is expected to meet the new capacity of 125 000 tonnes during 1996.

Once complete, the Harjavalta and Pori investments, worth a total of FIM 1.6 billion, will significantly improve Outokumpu's competitive position in nickel and copper production. The Harjavalta investment will also improve the smelter's environmental standards: total emissions will be further reduced although production nearly doubles.

Investments

Base Metals' investments in 1995 were exceptionally high at FIM 1 620 million (1994: FIM 904 million). The main projects involved the expansion of nickel and copper production in Harjavalta and Pori as well as the construction of Outokumpu's 50-percent owned Zaldívar mine.

Research and development

The business area's 1995 research and development expenditure was FIM 63 million (1994: FIM 109 million), which represents 1.6% of net sales.

The most significant metallurgical R&D project involved a new energy-efficient and environmentally friendly zinc process. Process test runs were performed during the year. Another major project involved direct leaching of zinc for a possible expansion of the Kokkola zinc plant.

Mining technology development focused on efficiency and automation.

Outokumpu's main mining project of recent years, Zaldívar, went into production during the year. Studies proceeded on several other mine projects. Good progress was made on the newly identified Silver Swan deposit in Australia.

Exploration

The 1995 exploration expenditure was FIM 165 million (1994: FIM 193 million). Early stage exploration represented FIM 122 million

Ore reserves and mineral resources on December 31, 1995

MINES

	ORE RESERVES		MINERAL RESOURCES		
	Proven	Probable	Measured	Indicated	Inferred
Australia					
Forrestania	1.5 Mt	1.4 Mt		4.5 Mt	2.0 Mt
	1.8 % Ni	1.9 % Ni		1.9 % Ni	1.5 % Ni
Chile					
Zaldívar 50 %	294 Mt ¹⁾³⁾		152 Mt ²⁾³⁾		88.5 Mt ³⁾
	1.0 % Cu		0.4 % Cu		0.6 % Cu
Finland					
Hitura	0.6 Mt	0.1 Mt	2.8 Mt	0.4 Mt	3.7 Mt
	0.7 % Ni	0.7 % Ni	0.8 % Ni	0.9 % Ni	0.8 % Ni
Orivesi	0.2 Mt	0.1 Mt		26 000 t	10 000 t
	8 g/t Au	7 g/t Au		8 g/t Au	7 g/t Au
Pyhäsalmi	5.1 Mt	0.6 Mt			
	0.9 % Cu	1.1 % Cu			
	2.0 % Zn	1.0 % Zn			
	38.5 % S	42.3 % S			
Ireland					
Tara	7.7 Mt	13.4 Mt	0.8 Mt	1.8 Mt	12.6 Mt
	9.4 % Zn	7.7 % Zn	4.1 % Zn	4.7 % Zn	5.7 % Zn
	2.3 % Pb	2.6 % Pb	3.8 % Pb	1.8 % Pb	2.7 % Pb
Norway					
Grong	1.1 Mt	0.2 Mt		1.1 Mt	
	1.6 % Cu	2.1 % Cu		1.6 % Cu	
	1.3 % Zn	0.5 % Zn		1.0 % Zn	
Nikkel og Olivin 70 %	1.4 Mt	1.5 Mt		0.1 Mt	0.2 Mt
	0.5 % Ni	0.5 % Ni		0.5 % Ni	0.5 % Ni
Sweden					
Viscaria	0.9 Mt	0.1 Mt	0.1 Mt	1.2 Mt	1.1 Mt
	1.7 % Cu	1.7 % Cu	3.1 % Cu	1.7 % Cu	2.2 % Cu
	0.2 g/t Au		1.4 g/t Au		

MINE PROJECTS

Finland					
Mullikkoräme	0.7 Mt			0.2 Mt	
	8.3 % Zn			7.9 % Zn	
	0.4 % Cu			0.3 % Cu	
	1.3 % Pb			0.6 % Pb	
	17.8 % S			29.1 % S	
	1.2 g/t Au			0.6 g/t Au	
Ireland					
Galmoy 4.4 %		6.3 Mt ¹⁾³⁾			
		11.5 % Zn			
		1.1 % Pb			
Lisheen 12.25 %		17.7 Mt ¹⁾³⁾			
		13.0 % Zn			
		2.2 % Pb			
		32 g/t Ag			

MAIN EXPLORATION

TARGETS

	MINERAL RESOURCES	
	Indicated	Inferred
Australia		
Cliffs Mt Keith	1.5 Mt	4.3 Mt
	2.8 % Ni	2.5 % Ni
Honeymoon Well 35 %	118 Mt ³⁾⁵⁾	10 Mt ³⁾⁵⁾
	0.8 % Ni	0.7 % Ni
Silver Swan 67 %	0.4 Mt ³⁾	
	14.0 % Ni	
Panorama 67.4 % ⁴⁾		
Copper deposit	1.6 Mt ³⁾	1.3 Mt ³⁾
	4.3 % Cu	4.0 % Cu
	1.2 % Zn	1.0 % Zn
Zinc deposit	1.7 Mt ³⁾	1.6 Mt ³⁾
	11 % Zn	11 % Zn
	40 g/t Ag	40 g/t Ag
Canada		
Montcalm ⁴⁾	6.9 Mt	
	1.6 % Ni	
	0.7 % Cu	
Chile		
Relincho	150 Mt	
	0.7 % Cu	
	0.03 % Mo	
Santa Catalina	104 Mt ⁶⁾	
	0.7 % Cu	
	0.1 % Mo	
Finland		
Kylylahti	2.5 Mt	2.5 Mt
	2.5 % Cu	0.6 % Cu
	0.4 % Co	0.2 % Co
	0.8 g/t Au	1.2 g/t Au

¹⁾ Comprises proven and probable ore reserves.

²⁾ Comprises measured and indicated mineral resources.

³⁾ Reported by the operator.

⁴⁾ Outokumpu interest including options.

⁵⁾ Cut-off 0.5 % Ni.

⁶⁾ The mining rights for some of the mineral resource are under arbitration.

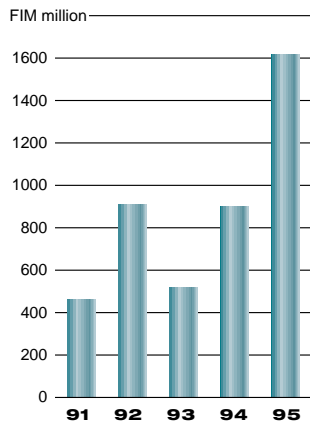
The information has been prepared in accordance with the "Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves, September 1992". A mineral resource is a deposit the extent and grades of which have been assessed by geological methods. Ore reserves are the economically exploitable part of the mineral resources defined on the basis of feasibility studies.

The table presents the total tonnes of the deposit. Ore reserves are not included in mineral resources. Outokumpu's share of the mine, mine project or exploration target is 100 % unless otherwise indicated.

The extent of ore reserves or mineral resources is presented in millions of tonnes (Mt) or tonnes (t) and the grades as percentages (%) or grams per tonne (g/t).

Cu = copper, Ni = nickel, Zn = zinc, Pb = lead, S = sulfur, Mo = molybdenum, Co = cobalt, Au = gold, Ag = silver.

Investments



(1994: FIM 129 million) and advanced stage exploration FIM 43 million (1994: FIM 64 million) of the sum. Exploration represented a substantial share – 4.3% – of net sales.

Base Metals' mineral resources continued to grow during 1995. Most exploration projects involved further studies on previously identified mineral resources. Nickel was explored in Australia and Canada, copper mostly in Chile, and zinc in Ireland, Spain and Australia. Active exploration efforts were also continued in Finland, Sweden and Russia.

Outokumpu and Mining Project Investors Pty. Ltd. (MPI) identified an exceptionally high-grade nickel deposit named Silver Swan in Western Australia in the autumn of 1995. Mineral resources are about 440 000 tonnes grading 14% nickel. Both companies hold a 50% interest in the deposit. In addition, Outokumpu holds a 34% share in MPI, making Outokumpu's combined direct and indirect interest in Silver Swan 67%. A feasibility study will be completed in early 1996. Depending on the results, mining is scheduled to begin in mid-1997. According to a preliminary estimate, annual production will be 10 000 tonnes of nickel in concentrate.

A decision was made in 1995 to build an exploration ramp for underground drilling at the Montcalm nickel deposit in Canada.

In Australia, drilling and feasibility studies were continued at the Honeymoon Well nickel deposit (ownership: CRA 65%, Outokumpu 35%). Further studies were also continued at the Cliffs Mt Keith nickel deposit and the Panorama zinc-copper deposit.

Further studies revealed additional mineral resources at the Relincho copper deposit in northern Chile. Work was also continued at the Santa

Catalina copper deposit.

Drilling in the vicinity of the Tara zinc-lead mine in Ireland produced highly promising results, which increase that mine's mineral resource potential. Outokumpu is also a partner in the Galmoy and Lisheen zinc-lead deposits in Ireland. The construction of the Galmoy mine began in 1995. Outokumpu's shareholding in ARCON International Resources Plc, which owns the mine, fell from 21.3% to 4.4% when Outokumpu did not participate in Arcon's share issue. Outokumpu holds a 24.5% share in Ivernia West Plc, which owns 50% of the Lisheen deposit. A mining license application for Lisheen was submitted in early 1996.

Outokumpu intensified its exploration efforts in northern Russia by establishing an exploration company, AOZT Arctic Nickel, together with local organizations in the Arkhangelsk area. Outokumpu holds a 40% share in the company.

At the end of December, the Finnish State selected Outokumpu on the basis of an international tender to conduct further studies at the Kevitsa nickel deposit in Sodankylä, Finland. Outokumpu's current effort will comprise a three-year exploration program. Further studies are required at Kevitsa as the identified mineral resources are not sufficient to warrant commercial mining operations.

Environmental protection

Base Metals' production plants feature high environmental standards. Environmental protection efforts are constantly being improved and updated with the goal of reducing emissions further from the already low levels.

Environmental issues played a central role in the Harjavalta investment program. As a result, Harja-

valta is now one of the cleanest smelters in the world. Despite production increases, the sulfur dioxide emissions in 1996 will be reduced by about 30% and dust emissions by 90% from 1992 levels.

The Kokkola zinc plant has made further reductions in both emissions into the air and discharges into water. Outokumpu is participating in an extensive joint project with local authorities and industry to study possibilities for fish stocking in the adjacent Gulf of Bothnia.

Landscaping, reclamation and work to ensure safety were carried out at closed mine sites.

Outlook for the near future

Despite the weakened economic outlook, demand for metals is expected to grow in 1996.

Copper consumption is estimated to grow by about 2%. At the same time, copper production is on a rapid increase as new mines are being opened. The market is forecast to move into oversupply and inventories to increase from the current low levels during 1996.

Nickel demand will be reduced by cutbacks in stainless steel production during the early months of 1996. Growth in stainless steel and nickel consumption is, however, forecast to resume by mid-1996.

A weakened outlook in the construction and automotive industries is likely to slow down the growth in zinc consumption. However, demand is still forecast to exceed supply in the zinc market. Inventories are expected to be reduced further, which could lead to a rise in the zinc price.

Copper concentrate supply has increased. As a result, the treatment charges at smelters have risen in the spot markets. The change has been slower in long-term agreements and the charges in new agreements are

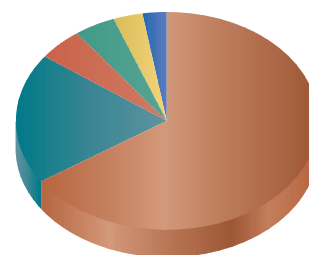
still below the average of recent years. After the expansion of Outokumpu's smelting capacity, changes in treatment charges will have a far greater impact than before on Base Metals' profitability.

In addition to metal prices as well as treatment and refining charges, the business area's profitability is also largely dependent on exchange rates. Last year's exchange rate movements – the weakening of the US dollar and strengthening of the Finnish mark – weakened Base Metals' cost competitiveness.

In 1996, Base Metals will focus on ensuring maximum utilization of the Zaldívar and Harjavalta investments. Outokumpu's position in copper and nickel production will improve significantly once these units reach full capacity and can draw full benefit from their improved cost-efficiency.

Base Metals' investments in the next few years will be considerably smaller than in recent years. The investments will primarily focus on the completion of the Harjavalta expansion. Promising new projects include a possible expansion of the Kokkola zinc plant and the development of the Silver Swan nickel deposit.

Personnel by country 1995



Finland	2 545
Ireland	755
Australia	186
Norway	171
Sweden	122
Other countries	100

Personnel by business unit

	1995	1994
Mining operations	1 689	1 766
Metal production		
Copper	539	513
Nickel	454	424
Zinc	767	859
Development and service companies	311	387
Parent company	119	133
Total	3 879	4 082

Stainless Steel

OUTOKUMPU STEEL OY





• **Outokumpu has a strong position**
• **as a quality stainless steel**
• **producer in the international**
• **market. The Stainless Steel**
• **business area encompasses a**
• **complete production chain from**
• **chromite mining to finished**
• **stainless steel products. All units**
• **of the integrated chain are**
• **located close to each other in**
• **the Kemi-Tornio area in northern**
• **Finland. This geographic proximity**
• **brings considerable advantages in**
• **production efficiency.**

• **The business area comprises**
• **the following units:**

• ● **Outokumpu Chrome** mines
• **chromite in Kemi and produces**
• **ferrochrome in Tornio.**

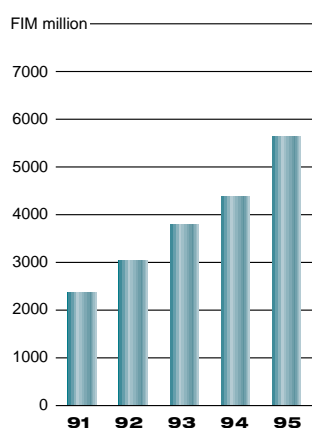
• ● **Outokumpu Polarit** produces
• **stainless steel in Tornio. Part of**
• **the cold rolled production is**
• **further processed in Terneuzen,**
• **the Netherlands.**

• ● **Ja-Ro** processes stainless steel
• **into tubes and tube fittings at**
• **plants in Pietarsaari and Veteli,**
• **Finland, as well as in Terneuzen.**

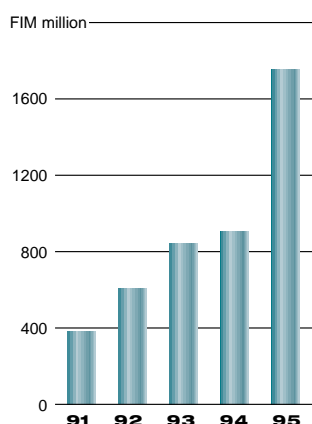
• **Outokumpu's network of**
• **marketing companies covers all**
• **main stainless steel markets.**

• **The Stainless Steel business**
• **area's parent company is Outo-**
• **kumpu Steel Oy.**

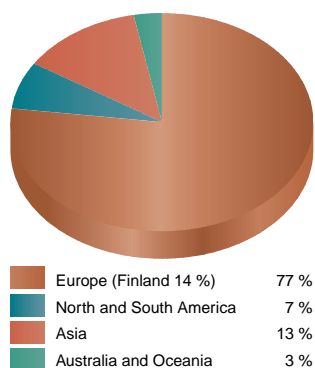
Net sales



Operating profit



Net sales by market area 1995



The stainless steel market was characterized by two opposing trends in 1995. Early in the year, demand was very strong and prices increased sharply. However, demand and output exceeded consumption levels, resulting in higher inventories. Reduction of inflated inventories began in the autumn. As a consequence, the number of new orders was reduced and prices began to soften. New production capacity in Southeast Asia and South Africa contributed to the oversupply situation.

Outokumpu's stainless steel operations enjoyed a record year in 1995. Operating profit nearly doubled from 1994, totalling FIM 1 756 million. Return on capital employed amounted to 52%. Production proceeded well, and capacity utilization rates were high at all plants. Production records were attained in all main products.

Outokumpu continues to develop its stainless steel operations. An expansion of the steel melting shop went into production in late 1995, and an ongoing expansion of the cold rolling mill will be completed by the end of 1997.

Market conditions

Stainless steel production in the Western countries grew strongly for the second consecutive year. Total output rose to approximately 14.7

Net sales by business unit

FIM million	1995	1994
Outokumpu Chrome	759	607
Outokumpu Polarit	4 927	3 765
Ja-Ro	517	375
Other business units	599	547
Sales within the business area	(1 147)	(896)
Total	5 655	4 398

million tonnes. This represented a 13% growth over 1994 and clearly exceeded the long-term trend growth of approximately 6% per year. The growth was based on exceptionally high demand during early 1995.

However, production and deliveries exceeded consumption, resulting in higher inventories. Inventory reduction began in late 1995, and stainless steel prices, which had been rising throughout the early part of the year, began to decline, first in the Far East and later in Europe as well as the Americas. Competition became increasingly severe towards year-end and was further aggravated by the entry of new South African and Asian producers in the market.

Despite the decline in late 1995, the average 1995 price of stainless steel was more than one-third higher in Outokumpu's main markets than in 1994. The late 1995 price levels were, however, significantly lower than the annual average.

The growth in global stainless steel output increased the demand for ferrochrome, used as a stainless steel

Key figures

FIM million	1991	1992	1993	1994	1995
Net sales	2 369	3 039	3 808	4 398	5 655
Share of the Group's net sales (%)	16	18	21	23	29
Operating profit	384	607	844	909	1 756
Operating profit margin (%)	16	20	22	21	31
Profit before extraordinary items and taxes	201	349	720	954	1 776
Return on capital employed (%)	14	21	28	29	52
Capital employed Dec. 31	2 846	3 273	3 321	3 126	3 837
Investments	419	396	213	235	545
Personnel Dec. 31	2 015	2 230	2 259	2 283	2 346

raw material. Ferrochrome consumption rose from 2.9 million tonnes in 1994 to 3.4 million tonnes. The increase was mainly provided by South African producers. The strong growth in demand raised the ferrochrome price from 45 US\$/lb at the beginning of the year to 75 US\$/lb during the last quarter. Nevertheless, the market has softened in early 1996 as a result of diminished stainless steel output and a consequent reduction in ferrochrome purchases. During this time, the ferrochrome price has fallen to a level of 63 US\$/lb.

Demand for stainless steel tubes was very high in early 1995, but the inventory reduction that began in the spring was reducing the volume of new orders from the summer onwards. Tube prices also declined towards year-end.

Financial development

Stainless Steel's net sales grew 29% to a total of FIM 5 655 million, mainly due to higher price levels. Deliveries remained close to 1994 levels, as high capacity utilization rates did not allow further production increases.

The business area achieved an excellent financial result. Operating profit amounted to FIM 1 756 million (1994: FIM 909 million), which included FIM 11 million of inventory gains due to raw material price increases (1994: FIM 51 million).

Profit before extraordinary items and taxes was FIM 1 776 million (1994: FIM 954 million). Return on capital employed was 52% (1994: 29%).

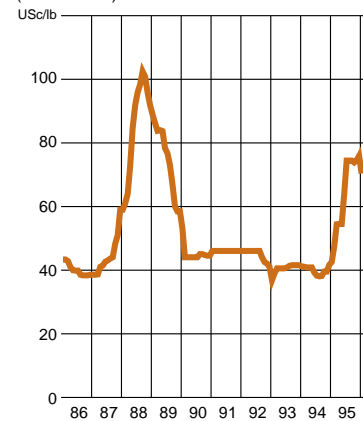
All business units – Outokumpu Chrome, Outokumpu Polarit and Ja-Ro – achieved very good results. This was due to both the favorable market conditions and cost-efficient production.

Investments

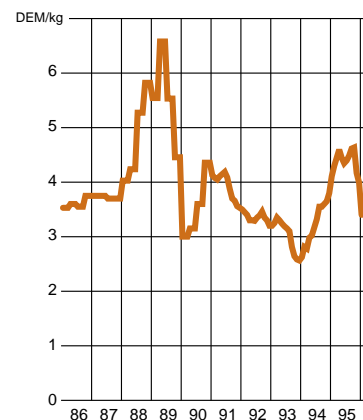
Stainless Steel's investments in 1995 totalled FIM 545 million, which markedly exceeded the previous years' levels. In addition to maintaining current production capacity, the investments comprised significant expansions and further improvements in operations.

The main investments included a ferrochrome converter and a third cold rolling mill at the Tornio stainless steel plant. The converter was successfully commissioned in late 1995. As a result, the steel melting shop's annual capacity increases from 440 000 tonnes to 540 000 tonnes. In addition to the capacity increases, energy consumption is reduced by about 25%. The ferrochrome converter is based on Outokumpu technology. A third cold rolling mill went into production somewhat behind schedule in January 1996. The investment costs for the ferrochrome converter and the cold rolling

Ferrochrome price
(Cr-content)



Stainless steel price



Sources:

Ferrochrome: Metal Bulletin – lumpy Cr charge, basis 52% Cr, free market

Stainless steel: CRU – German transaction price (2 mm cold rolled 304 sheet)

Figures up to January 1996

Annual average metal market prices

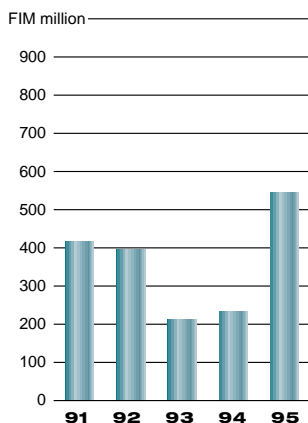
		1995	1994	Change %
Ferrochrome (Cr-content)	US\$/lb	64	40	60.0
	FIM/kg	6.14	4.59	33.8
Stainless steel	DEM/kg	4.38	3.24	35.2
	FIM/kg	13.35	10.42	28.1

Sources:

Ferrochrome: Metal Bulletin – lumpy Cr charge, basis 52% Cr, free market

Stainless steel: CRU – German transaction price (2 mm cold rolled 304 sheet)

Investments



Production

Tonnes	1995	1994
--------	------	------

Outokumpu Chrome

Ore excavated (million tonnes)	1.2	1.1
Ferrochrome	232 000	229 000

Outokumpu Polarit

Steel slabs	431 000	426 000
Cold rolling mill production:		
Cold rolled products	272 000	267 000
White hot strip	99 900	91 900

Ja-Ro

Tubes and tube fittings	24 600	20 900
-------------------------	--------	--------

Chromium ore reserves

The Kemi mine possesses one of the world's foremost chromium deposits with abundant ore reserves to last far into the future.

Proven and probable ore reserves are about 70 million tonnes. Additional mineral resources amount to nearly 150 million tonnes. Roughly 20 million tonnes of the deposit can be excavated by the open-pit method.

mill were FIM 150 million and FIM 300 million respectively.

A decision was made in the spring of 1995 to implement an expansion program at the cold rolling plant worth approximately one billion Finnish marks. The main targets comprise a fourth annealing and pickling line, a finishing mill, and an expansion of the shipping facilities and the product warehouse. The program will be completed during 1997, raising annual cold rolling capacity from the current 270 000 tonnes to 400 000 tonnes. The delivery capacity of hot-rolled products will remain at the current 100 000 tonnes.

Research and development

Activities to raise quality and yields were continued during 1995. Close attention was paid to minimizing the environmental impact of both the current production facilities and the new investments.

New applications of stainless steel were investigated in cooperation with customers. Results are highly encouraging in, for example, the construction and transportation sectors.

The Kemi open-pit chromite mine began a study on its future shift to underground mining. An exploration ramp will be built to facilitate further investigation of the deeper levels of the deposit. The ramp, completed during 1996, will allow drilling down to the 500-meter level.

Environmental protection

Stainless Steel has approved environmental protection principles for the entire business area. These principles are aimed at minimizing the environmental impact of the operations in accordance with the Outokumpu Group's core values. The Kemi mine adopted an environmental manage-

ment system, and the Tornio works is in the process of implementing a similar system.

Offgas treatment was improved further, reducing the particle emission of the Tornio works to 120-130 tonnes per year. This emission level is one of the lowest in the industry.

Waste water treatment is efficient, and discharges from the Tornio works have not been shown to cause detrimental effects in the surrounding marine environment.

More than 80% of production waste is processed to separate recyclable materials. The recovered metals are fed back to the process as raw materials.

Outlook for the near future

Growth in global stainless steel consumption was nearly twice as fast in 1994-95 as the long-term trend growth. The inventory reduction which began in late 1995 will, however, clearly weaken demand in early 1996. Growth in demand in 1996 is forecast to be modest, remaining at only a few percent. Demand will strengthen only after inventories reach their normal levels.

The entry of new producers into the market will make competition increasingly strong. Stainless steel prices in early 1996 are likely to remain well below the 1995 average.

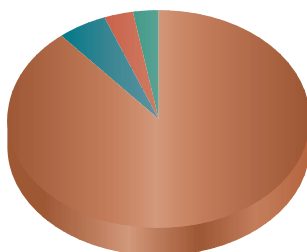
The ferrochrome market has also weakened in early 1996, as stainless steel producers have reduced production and their ferrochrome purchases. Prices have fallen from the last quarter of 1995. Increases in smelting capacity, mainly in South Africa, will be raising global ferrochrome supply in the next few years.

The market outlook for stainless steel tubes is similar to that for rolled products. That is, further growth in demand is not expected before the spring. The profitability outlook for

1996 seems weaker than in 1995.

The underlying demand for stainless steel products has remained good. This raises confidence that the market conditions will improve during the early part of 1996 after the inflated inventories have been reduced. Uncertainty is, however, growing due to increasingly pessimistic economic forecasts. Although the outlook for early 1996 is markedly weaker than in 1995, the competitive advantages of Outokumpu's integrated production chain provide a firm basis for the Stainless Steel business area to achieve a good financial result also in 1996.

Personnel by country 1995



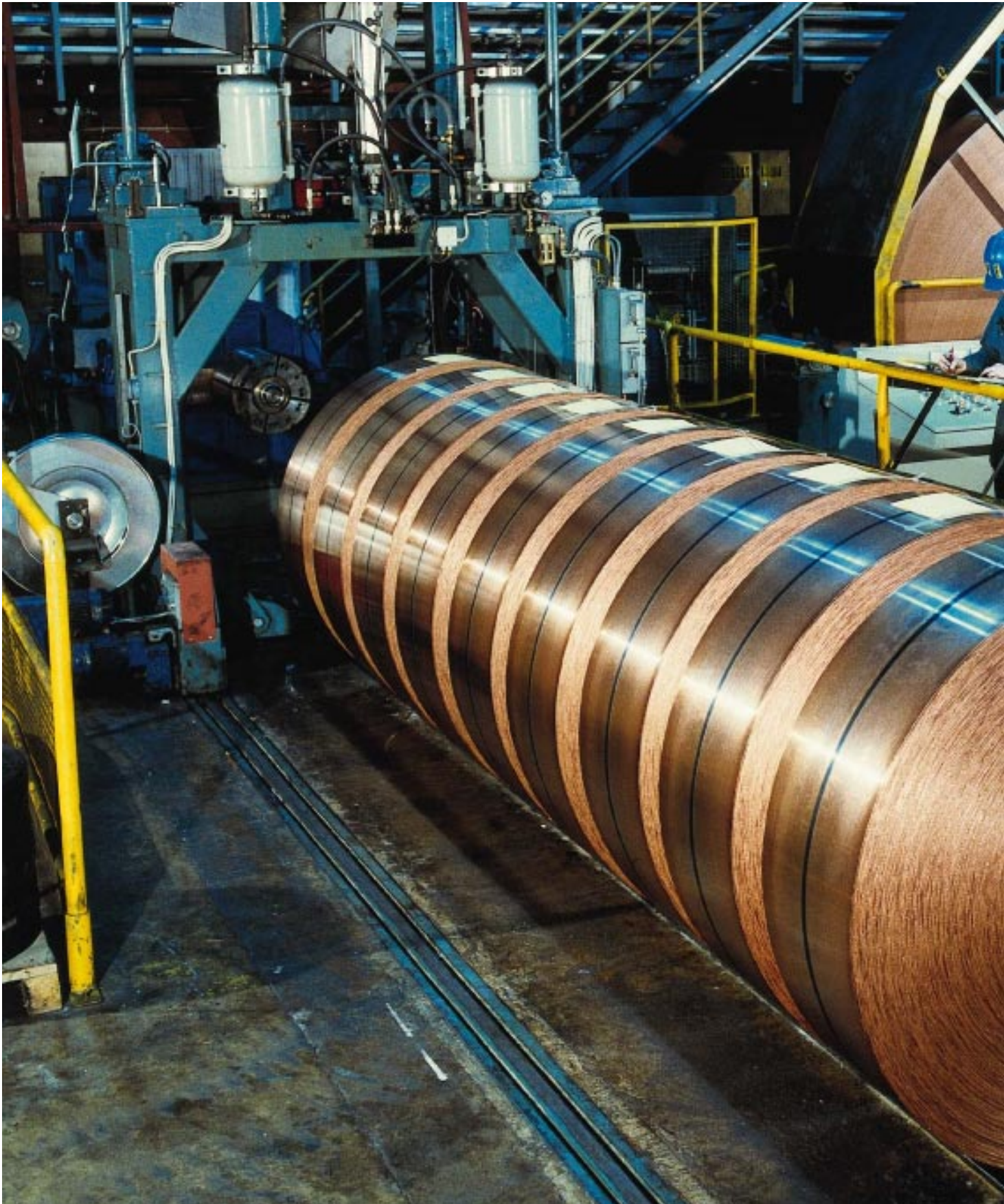
Finland	2 085
The Netherlands	124
Germany	73
Other countries	64

Personnel by business unit

	1995	1994
Outokumpu Chrome	300	301
Outokumpu Polarit	1 544	1 498
Ja-Ro	353	338
Sales and service units	142	139
Parent company	7	7
Total	2 346	2 283

Copper Products

OUTOKUMPU COPPER OY





• Outokumpu is one of the world's
• leading fabricators of wrought
• copper and copper alloy products.
• The main customers of the Copper
• Products business area operate
• in the automotive, construction,
• electrical and electronics indus-
• tries.

• Copper Products is organized by
• core products into the following
• business sectors:

• ● **Tube Products** – Copper tubes
• for plumbing, air conditioning and
• refrigeration as well as other
• industrial applications.

• ● **Drawn Products** – Copper and
• copper alloy profiles, bars and
• wire; machined copper products;
• welding electrodes.

• ● **Strip Products** – Copper
• and copper alloy strip for heat
• exchangers as well as electrical
• and electronics connectors.

• ● **Rolled Products** – Copper
• and copper alloy sheet and strip;
• oxygen-free copper strip; coin
• blanks and other blanking mill
• products.

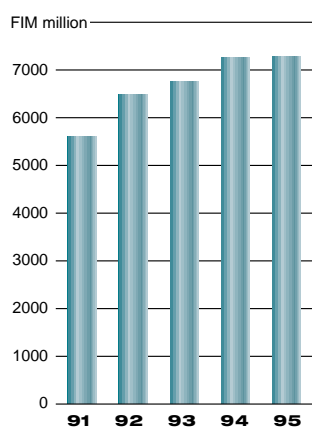
• ● **Other business operations**
• include brass rod and specialty
• products.

• Outokumpu's copper products
• plants are located in the United
• States, Finland, Sweden, Spain,
• the Netherlands and Austria.

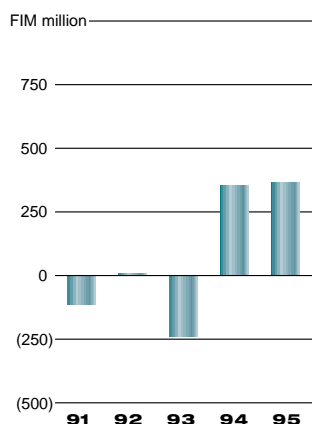
• The Group marketing subsidiaries
• serve the business area's custom-
• ers in all main markets.

• The Copper Products business
• area's parent company is Outo-
• kumpu Copper Oy.

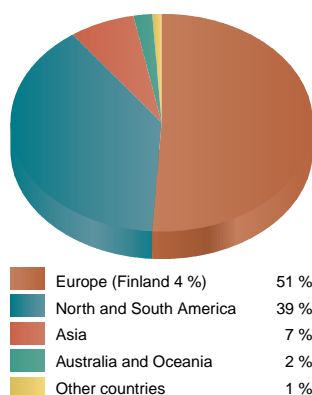
Net sales



Operating profit



Net sales by market area 1995



The global copper products markets remained fairly active during 1995. Demand strengthened in European markets early in the year but started to decline late in the year as the economic outlook in the construction and automotive industries weakened. In North America, market strength already began to decline during the spring. Economic growth remained strong in Asia, where copper product consumption continued to increase rapidly. The conversion prices of copper products – the fees charged for fabricating copper metal into wrought copper products – rose to some extent during the year.

The profitability of Copper Products continued its improvement. The improvement in profitability resulted from the streamlining measures of the past few years, price increases in some product groups, and a shift to products with higher added value.

The business area's operating profit grew to some extent from 1994, totalling FIM 367 million. Excluding inventory gains and losses, however, operating result improved by FIM 226 million. Deliveries remained near 1994 levels.

Copper Products has moved from a streamlining phase to one of growth and strengthening of core businesses.

Net sales by business unit

FIM million	1995	1994
Tube Products	2 237	1 906
Drawn Products	1 258	1 247
Strip Products	1 825	1 685
Rolled Products	2 328	2 363
Other business units	440	759
Sales within the business area	(797)	(703)
Total	7 291	7 257

In conformity with this strategic approach, the business area made a number of significant investment decisions during 1995.

Market conditions

In general, the consumption and prices of copper products remained at relatively high levels throughout 1995, although the markets began to weaken during the year. Demand in North America started to decline in the second quarter, and consumption was reduced by about 3% from the high 1994 levels. The rolled products markets faced the sharpest decline. Demand in Europe started to decline in the second half of 1995. In addition to normal periodic fluctuation, European demand was weakened by inventory adjustment programs and slower growth in the construction and automotive industries. Demand for copper products in Japan

Key figures

FIM million	1991	1992	1993	1994	1995
Net sales	5 597	6 475	6 768	7 257	7 291
Share of the Group's net sales (%)	38	39	37	39	38
Operating profit	(116)	11	(240)	354	367
Operating profit margin (%)	neg.	0	neg.	5	5
Profit before extraordinary items and taxes	(497)	(614)	(517)	117	164
Return on capital employed (%)	neg.	neg.	neg.	12	12
Capital employed Dec. 31	3 265	3 794	3 163	3 327	3 509
Investments	246	312	284	219	387
Personnel Dec. 31	7 108	6 662	6 234	5 268	5 368

Business sectors and production plants of Copper Products

Business sectors	Tube Products	Drawn Products	Strip Products	Rolled Products EUROPE	Rolled Products USA
Finland	Pori	Pori		Pori	
Sweden	Västerås, Granefors		Finspång		
The Netherlands			Zutphen		
Spain	Zaratamo				
Austria		Leobersdorf			
China	Zhongshan				
USA	Franklin	Appleton, Delaware, Evergreen	Kenosha		Buffalo

Other business operations: Superconductors and Plating (Pori), Brass Rod (Västerås).

strengthened despite a recession in that economy. This was mainly the result of a strong market for copper air-conditioning (ACR) tubes and increased exports to other Asian countries.

Demand for ACR tubes remained vigorous in all main markets. The plumbing tube markets weakened as growth in the construction industry slowed.

The consumption of special drawn products was high throughout the world.

Production

Tonnes	1995	1994
Subsidiaries:		
Tube Products	114 000	103 900
Drawn Products	56 100	58 600
Strip Products	100 400	95 000
Rolled Products	175 300	177 200
Other business units	20 200	47 500
Deliveries within the business area	(59 400)	(50 400)
Total	406 600	431 800

Associated companies:

Rolled Products ^{*)}	14 200	12 600
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(Laminados Oviedo-Córdoba 50%)

^{*)} The Group's share of production in relation to ownership

The radiator strip markets remained strong for most of the year. However, demand declined in Europe and North America towards year-end. Sales of connector strip for the electronics industry continued at high levels.

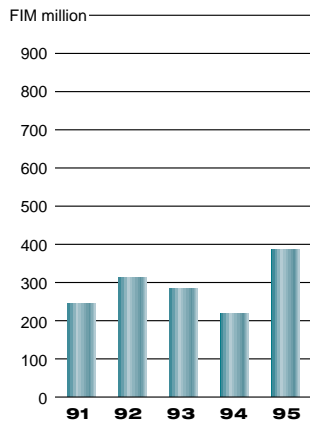
Rolled products consumption declined in North America. In Europe, demand increased over a twelve-month period despite a decline in late 1995.

Capacity utilization rates were still high at most of Outokumpu's copper products plants at the end of the year. However, order backlogs decreased somewhat towards year-end, particularly for standard products.

Financial development

Copper Products' net sales were FIM 7 291 million, which equals the 1994 level despite disposals of business operations at the end of 1994. The improvement in net sales was due to a higher copper price than in 1994 and an increase in the delivered volumes of high added-value products. Conversion prices rose to some extent from 1994, particularly in

Investments



special products. Excluding the effect of disposed businesses, delivered volumes grew by approximately one percent.

The business area's profitability continued to improve. Operating profit amounted to FIM 367 million (1994: FIM 354 million). Excluding inventory gains and losses, the increase in operating profit was FIM 226 million, as the figure for 1995 included FIM 25 million of inventory losses caused by copper metal price decreases and the figure for 1994 included FIM 188 million of inventory gains. Furthermore, operating profit for 1995 included FIM 18 million (1994: FIM 54 million) of restructuring costs related to the streamlining of the business area's Spanish operations. Profit before extraordinary items and taxes was FIM 164 million (1994: FIM 117 million).

Most of Copper Products' business units achieved good financial results. Particular improvement in profitability was shown by the Drawn Products and Tube Products business sectors in Europe, Brass Rod in Sweden and Strip Products in the Netherlands.

The business area's units with the weakest profitability also showed improvement. The profitability of the Zaratamo tube mill in Spain improved markedly as a result of streamlining measures. The share of industrial tube in its output increased with a new production line. The Kenosha strip plant in the United States continued its program to improve productivity and upgrade the product range. As a result, profitability improved but still failed to reach an acceptable level. The associated company Laminados Oviedo-Córdoba S.A. of Spain (Outokumpu ownership 50%) increased deliveries and improved profitability; however, the company still posted a loss. The company will continue its restructur-

ing program to achieve acceptable profitability.

Investments

The business area's investments increased from previous years and totalled FIM 387 million.

The Tube Products business sector's main investment involved the acquisition of an 85% shareholding in an ACR tube plant under construction in southern China. The investment cost totals FIM 130 million. Outokumpu Copper Tube (Zhongshan) Ltd. is scheduled to go into production in the second half of 1996. Annual production capacity will eventually rise to 10 000 tonnes. The plant will serve both multinational and domestic air-conditioner manufacturers in the area. The Pori tube plant in Finland started up a new production line for half-hard plumbing tubes. The Franklin ACR tube operation in the United States continued to implement an investment program for inner-grooved ACR tubes using proprietary technology.

The Drawn Products business sector commissioned a new extruded copper products line based on new technology at The Nippert Company in the United States.

The Strip Products business sector is building a new strip casting line based on Outokumpu-developed technology at the Zutphen plant in the Netherlands. This FIM 200 million investment will be completed in mid-1997. The Finspång plant in Sweden commissioned a new annealing furnace and a rolling mill investment. Kenosha is investing in improvements in quality and productivity.

The Rolled Products business sector commenced an expansion investment at the casting shop and the blanking mill in Buffalo, United States.

Research and development

Copper Products' business sectors are responsible for the continuous development of their own products and processes. The R&D units in Pori, Finland and Västerås, Sweden manage joint projects between two or more units as well as focus on the development of entirely new products and production methods.

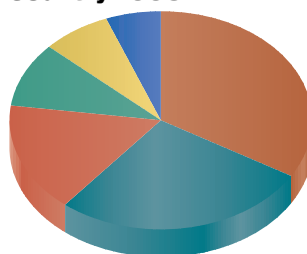
R&D efforts in 1995 focused on more economical raw material utilization as well as improvements in casting methods. Furthermore, new applications are constantly being found for oxygen-free copper and copper alloys.

Outlook for the near future

The North American markets for copper products are expected to remain fairly stable. Demand in Europe is forecast to decline to some extent as a result of slower economic growth and construction activity. Strong growth is expected to continue in Southeast Asia and China.

Copper Products will continue the streamlining programs at its weakest units to further improve the business area's profitability. The focus of operations has, however, shifted to the strengthening of Copper Products' core businesses in the global markets.

Personnel by country 1995



United States	1 800
Finland	1 469
Sweden	873
Spain	516
The Netherlands	394
Other countries	316

Personnel by business unit

	1995	1994
Tube Products	1 369	1 290
Drawn Products	822	815
Strip Products	1 025	1 021
Rolled Products	1 127	1 123
Other business units	1 001	995
Parent company	24	24
Total	5 368	5 268

Technology

OUTOKUMPU ENGINEERING OY





Outokumpu is one of the leading suppliers of technology for the mining and metallurgical industry. The products are typically machines and equipment, plants and processes, as well as engineering services and project management. Many of the products have been developed by Outokumpu.

The Technology business area comprises the following units:

- **Outokumpu Mintec** – mineral processing equipment and plants, analyzers and automation.
- **Outokumpu Engineering Contractors** – metallurgical equipment and plants, engineering services and project management.
- **Wenmec Systems** – casting shop and tankhouse equipment.
- **Outokumpu Castform** – casting and metalworking.
- **Galvatek** – galvanizing plants and equipment.
- **Other business units** operate mainly as internal subcontractors which provide engineering services and procure equipment for Group companies.

The Technology business area's parent company is Outokumpu Engineering Oy.

Overall, the Technology business area's first year of operation since its recent reorganization was successful. Increased investment activity within its customer industries increased demand for Technology's products and services. The business area obtained many major new orders and strengthened its order backlog.

Technology's financial performance improved markedly from 1994. Operating profit rose to FIM 76 million from FIM 15 million in 1994.

Market conditions

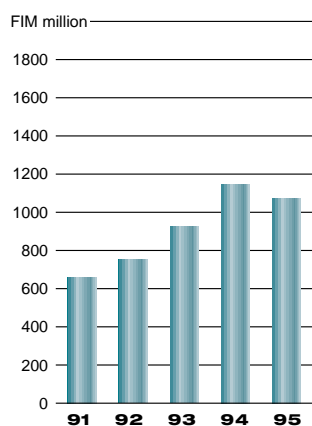
The market improvement and increase in investment activity within the mining and metallurgical industry that began in 1994 enhanced demand for Technology's products in 1995. In addition to new smelters, a number of copper leaching/electrolysis plants were under design or implementation. Besides major new production plant investments, equipment sales were also intensified as metal producers were investing heavily in efficiency improvements.

The number of new orders obtained by Technology increased from 1994. The order backlog was worth some FIM 720 million at year-end.

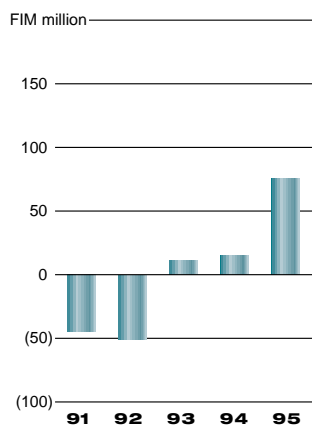
Major new orders included a copper smelter and electrolytical refinery for Indo Gulf in India, a copper tube plant for Taicang in China, an anodization plant for Rhein-Eloxal in Germany, the design and engineering of a nickel smelter for Fortaleza in Brazil, a copper tube plant for Bangkok Metal Industry in Thailand, and flotation machines and thickeners for Alumbreira in Argentina.

In addition to the fast growing Asian markets, other important markets for Outokumpu's technology sales are the United States, Chile, Peru and Russia.

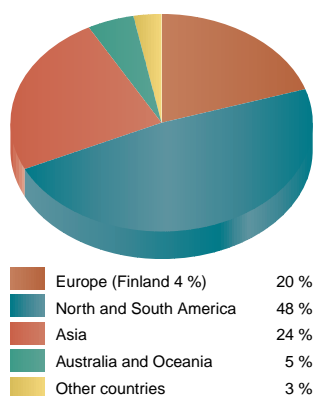
Net sales



Operating profit



Net sales by market area 1995



Financial development

Technology's net sales were FIM 1 074 million (1994: FIM 1 149 million). The decrease of 7% from 1994 was primarily due to the reorganization of operations, business disposals and the timing of project deliveries. Outokumpu Mintec and Outokumpu Castform increased net sales, whereas those of the other units decreased from 1994 levels.

The business area's profitability improved markedly from 1994. Operating profit was FIM 76 million (1994: FIM 15 million). Profit before extraordinary items and taxes was also FIM 76 million (1994: FIM 15 million). The best results of all business units were recorded by Outokumpu Engineering Contractors and Outokumpu Castform.

The business area's personnel numbered 1 171 at year-end, which represented a decrease of 499 from the end of 1994. A total of 484 of the decrease consisted of a reduction of project staff in Chile due to project completion.

A number of internal ownerships within the Outokumpu Group were rearranged and ownership structures simplified. Outokumpu Castform Oy sold Holton Machinery Limited to Outokumpu Copper Oy. Galvatek GmbH was merged with Stainless Steel's German sales subsidiary.

Key figures

FIM million	1991	1992	1993	1994	1995
Net sales	661	753	926	1 149	1 074
Share of the Group's net sales (%)	5	5	5	6	6
Operating profit	(45)	(51)	11	15	76
Operating profit margin (%)	neg.	neg.	1	1	7
Profit before extraordinary items and taxes	(59)	(92)	(41)	15	76
Return on capital employed (%)	neg.	neg.	10	9	30
Capital employed Dec. 31	322	460	451	339	281
Investments	37	26	18	25	58
Personnel Dec. 31	1 194	1 718	1 524	1 670	1 171

The business area was reorganized at the beginning of 1995. The comparative figures for 1991-94 have been restated to reflect the new organizational structure.

Net sales by business unit

FIM million	1995	1994
Outokumpu Mintec	301	271
Outokumpu Engineering Contractors	296	316
Wenmec Systems	116	192
Outokumpu Castform	242	223
Galvatek	74	93
Other business units	151	111
Sales within the business area	(106)	(57)
Total	1 074	1 149

Project deliveries

Outokumpu has been a major technology supplier for several large investments that went into production during 1995. The most significant of these were the expansion of the Escondida concentrator in Chile, the Chagres smelter in Chile, the Kennecott smelter and refinery in the United States, the expansion of Outokumpu's Harjavalta smelter in Finland, the Zaldívar copper SX/EW plant in Chile, a copper tube plant in the United States, and the Rhein-Eloxal anodization plant in Germany. Most of the deliveries related to these projects were made in 1995. Outokumpu's delivery for the Kennecott smelter is expected to be completed in early 1996.

Other important projects, which were in the implementation phase, included the Indo Gulf copper smelter and electrolytical refinery in India, the Zhongshan and Taicang copper

tube plants in China, the modernization of the flash furnace at the Norilsk smelter in Russia, and the Kyshtym anode casting shop in Russia.

Research and development

In connection with the reorganization of the Outokumpu Group's technology businesses, particular emphasis was given to the role of technology as a competitive advantage for the Group and on the utilization of synergies within the Group in product development. To achieve these objectives, Technology has invested heavily in research and development, often in cooperation with other Outokumpu business areas. The main R&D effort in 1995 involved research on a pyrometallurgical zinc process developed in cooperation with Base Metals.

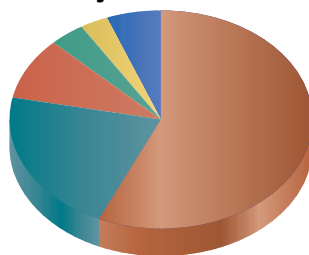
The main areas of development in mineral processing involved analyzers and pressurized capillary action filters. In metalworking and metallurgy, efforts continued on casting equipment as well as flash smelting and converting process development.

Outlook for the near future

Investment activity is forecast to remain fairly strong in the mining and metallurgical industry. However, uncertainty related to the economic development in some important market areas including Russia and China may complicate the commencement of some projected investments.

Technology's strong order backlog at the beginning of 1996 and enhanced cooperation between business units create a good basis for improved profitability. The business area also intends to develop and strengthen further the products and services in Outokumpu's core technologies.

Personnel by country 1995



Finland	664
Chile	252
Canada	108
Sweden	44
Australia	35
Other countries	68

Personnel by business unit

	1995	1994
Outokumpu Mintec	268	267
Outokumpu Engineering		
Contractors	317	808
Wenmec Systems	101	97
Outokumpu Castform	148	168
Galvatek	39	46
Other business units	298	284
Total	1 171	1 670

Other business operations

The Outokumpu Group's other business operations are comprised of a number of companies involved in business activities that support or complement the Group's main operations.

Finenco specializes in trade between the CIS countries and the Outokumpu Group. The company mainly focuses on metal scrap and raw materials procurement for Outokumpu's production plants.

Outokumpu also has subsidiaries which specialize in metal-based materials with a focus on semiconductors and permanent magnets. Okmetec Oy manufactures silicon wafers in Finland and Swift Levick Magnets Limited permanent magnets in the United Kingdom.

Princeton Gamma-Tech, Inc. manufactures electronic measurement and analyzing equipment in the United States.

Outokumpu withdrew from granite quarrying at the beginning of 1995 but continues rock processing operations.

Other business operations also include the Rammer and Roxon companies, which were part of the technology business operations until their disposal at the beginning of 1995, as well as the remaining responsibilities for unfinished energy technology projects.

Finenco's business operations continued to grow. Net sales amounted to FIM 647 million, an increase of nearly one-third from 1994 levels. The company's offices outside Finland are located in Moscow, St. Petersburg and Almatyi, Kazakhstan. Finenco enjoyed good profitability.

Okmetec Oy's business operations developed favorably owing to good market conditions. An expansion worth FIM 30 million went into production in June. The expansion will allow Okmetec to raise silicon wafer production from the previous 1.5 million units to approximately two million per year. The company's net sales amounted to FIM 120 million and its profitability was satisfactory. Okmetec commenced a study on the possibilities to implement additional expansion. The company also launched major development programs in continuous crystal growth, epitaxial processing of wafers and an advanced polishing process.

Net sales of Swift Levick Magnets Limited grew significantly and totalled FIM 88 million. Profitability improved from 1994 levels and was rated satisfactory. The business operations of Outokumpu Magnets Oy, focusing on neomagnet manufacture in Finland, were sold in December to a new company named Neorem Magnets Oy, whose main owners are the company's active management. Outokumpu holds a 20% share in the new company.

Princeton Gamma-Tech's net sales were reduced somewhat from 1994. The company posted a loss.

Net sales by business unit

FIM million	1995	1994
Finenco	647	491
Semiconducting materials	120	84
Permanent magnets	106	94
Princeton Gamma-Tech	51	54
Suomen Kiviteollisuus	–	83
Rammer	–	235
Roxon	–	429
Other business units	42	104

Suomen Kiviteollisuus Oy, focusing on granite quarrying, was sold to an Italian quarrying enterprise at the beginning of 1995. The rock processing operations of SKT-Granit Oy (formerly A.W. Liljeberg Oy, Outokumpu ownership 34%) were acquired by an Outokumpu subsidiary in December 1995. Operations are continued in the new company under the name SKT-Granit Oy. Net sales of the operations acquired were FIM 17 million in 1995.

Rammer, specializing in hydraulic hammers, and Roxon, specializing in conveyor components and bulk materials handling equipment, were sold to Oy Tampella Ab at the beginning of 1995. Tampella paid the sales price of FIM 126 million by directing a share issue to Outokumpu. Based on the market value of Tampella's shares on the date of ownership transfer, Outokumpu gained FIM 57 million from the sale. In the financial statements, Tampella's shares were valued at the year-end 1995 trading price, which caused a write-down of FIM 60 million.

The two energy-technology projects which were unfinished at the end of 1994 were completed. The power plant project in Canada was delivered in June and the power plant project in Sweden in January 1996. Project completion costs exceeded the provisions made in the 1994 financial statements by FIM 82 million. The loss has been included in the 1995 result in its entirety.

Personnel by business unit

	1995	1994
Finenco	20	18
Semiconducting materials	212	171
Permanent magnets	167	199
Princeton Gamma-Tech	101	106
SKT-Granit	42	–
Suomen Kiviteollisuus	–	107
Rammer	–	221
Roxon	–	661
Other business units	11	27

Annual report and financial statements

Corporate review of the year

World economic growth continued in 1995, but at a slowing rate towards year-end. Growth remained strongest in Southeast Asia and weakest in Japan. Economic conditions in the United States weakened to some extent from 1994. In Europe, the strong growth of early 1995 came to a halt, and the outlook has deteriorated quite quickly especially in Germany and France.

The Finnish economy developed favorably in 1995 in spite of high unemployment levels. Strong growth continued for most of the year but slowed late in the year.

Metals consumption was increased by growth in industrial activity and by enhanced investments in particular. The consumption of most metals and metal products produced by Outokumpu grew faster than the long-term average. Inventories of copper and especially nickel and zinc were reduced during 1995. In spite of this, nickel and zinc inventories were still somewhat higher than normal at year-end. Some of the stainless steel deliveries, which increased sharply early in the year, remained in the warehouses of metal brokers and end users. The result was a decrease in demand when a reduction of these inventories began late in the year.

Owing to favorable market conditions, metal prices, with the exception of zinc, rose markedly from 1994. The conversion prices of copper products also increased to some extent. Ferrochrome and stainless steel recorded the sharpest price increases of the Outokumpu-produced metals. The average market price of ferrochrome was 60% higher and that of stainless steel 35% higher than in 1994. The annual average market prices of copper and nickel rose 27% and 30% respectively. The price of zinc rose only 4%.

The weakening of the US dollar and the strengthening of the Finnish

mark significantly offset the effect of favorable market and price development on Outokumpu's profitability. The US dollar fell 16% and the German mark 5% against the Finnish mark during 1995.

Overall, Outokumpu had a successful year. Continuing the development of recent years, the Group's profitability improved further. Operating profit amounted to FIM 1 548 million and profit before extraordinary items and taxes to FIM 1 481 million. The Stainless Steel business area achieved an excellent financial result, and Copper Products and Technology also improved their financial performance from 1994. Base Metals' result was a clear loss, partially due to non-recurring write-downs.

The Executive Board proposes a dividend of FIM 1.80 per share, that is, 21.6% of net income per share. The dividend for 1994 was FIM 1.00 per share.

Net sales

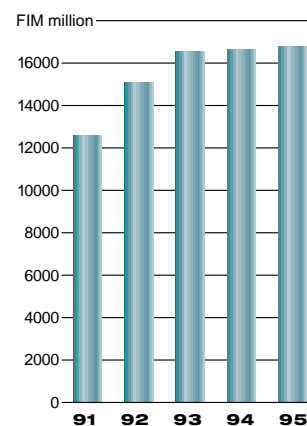
Consolidated net sales were FIM 16 952 million. Growth over 1994 was less than 2%, primarily due to disposals of business operations. Excluding the effect of the disposed operations – FIM 15 million in 1995 and FIM 1 242 million in 1994 – the growth in consolidated net sales was 10%. This growth resulted from higher product prices. Because of high capacity utilization rates, deliveries remained at 1994 levels.

The increase in net sales was attributed almost entirely to stainless steel.

Net sales by business area:

FIM million	1995	1994	Change %
Base Metals	3 869	3 935	(1.7)
Stainless Steel	5 655	4 398	28.6
Copper Products	7 291	7 257	0.5
Technology	1 074	1 149	(6.5)
Other operations	1 520	2 074	(26.7)
Intra-group sales	(2 457)	(2 130)	
The Group	16 952	16 683	1.6

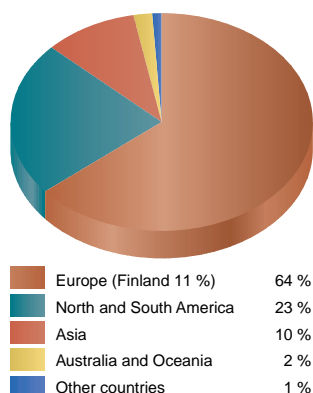
Net sales



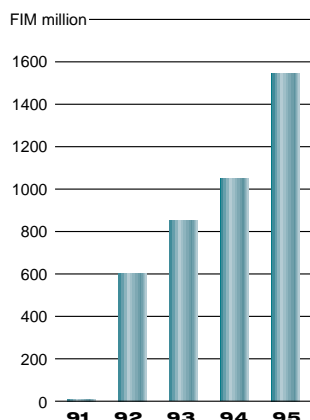
Net sales by country

	1995		1994	
	FIM million	%	FIM million	%
Europe				
Germany	1 945	11.5	1 950	11.7
Finland	1 802	10.6	1 429	8.6
United Kingdom	1 229	7.3	1 135	6.8
Sweden	1 184	7.0	1 087	6.5
Italy	1 155	6.8	1 029	6.2
Spain	778	4.6	849	5.1
France	641	3.8	656	3.9
The Netherlands	428	2.5	387	2.3
Denmark	343	2.0	281	1.7
Switzerland	285	1.7	249	1.5
Belgium	271	1.6	198	1.2
Norway	245	1.4	221	1.3
Eastern Europe	277	1.6	308	1.8
Other	320	1.9	321	1.9
	10 903	64.3	10 100	60.5
North and South America				
United States	3 240	19.1	3 846	23.1
Canada	274	1.6	357	2.1
Chile	249	1.5	172	1.0
Other	202	1.2	203	1.2
	3 965	23.4	4 578	27.4
Asia				
Japan	282	1.7	284	1.7
Hong Kong	273	1.6	119	0.7
South Korea	183	1.1	273	1.6
China	142	0.8	70	0.4
Turkey	127	0.7	100	0.6
Thailand	116	0.7	123	0.8
Other	512	3.0	509	3.1
	1 635	9.6	1 478	8.9
Australia	248	1.5	414	2.5
Other countries	201	1.2	113	0.7
Total	16 952	100.0	16 683	100.0

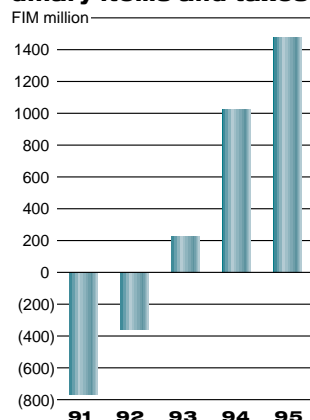
Net sales by market area 1995



Operating profit



Profit before extraordinary items and taxes



The significance of Europe as the Group's primary market area became increasingly pronounced in 1995. European countries accounted for 64% of net sales (1994: 61%). The share of the United States decreased from 1994 to somewhat over 19% (1994: 23%). The share of Asian countries rose to 10% (1994: 9%).

Exports and operations outside Finland represented FIM 15 150 million (1994: FIM 15 254 million), or 89%, of consolidated net sales. Exports from Finland increased to FIM 7 632 million (1994: FIM 7 062 million).

Financial development

Outokumpu's result for 1995 was good. The financial performance was strongest in the first eight months but weakened during the last tertial. Increases in metal market prices strengthened the positive development. The weakening of the US dollar and the strengthening of the Finnish mark had a negative impact on the overall profitability of the Group and, above all, on Base Metals.

The Group's operating profit of FIM 1 548 million was significantly better than the 1994 result of FIM 1 051 million. The 1995 figure includes FIM 33 million of inventory losses due to price decreases of purchased metal raw materials, whereas operating profit for 1994 included FIM 320 million of inventory gains due to price increases. Thus, excluding the effect of inventory gains and losses, operating profit improved by FIM 850 million.

An assessment of overall profitability should also take into account the following components of operating profit:

FIM million	1995	1994
Costs for closing and restructuring of operations	(45)	(78)
Write-downs on fixed assets and other long-term investments	(312)	(31)
Gains (losses) on sales of business operations	50	(43)
Operating profit (loss) of business operations sold in 1994-95	(18)	33

Costs for closing and restructuring of operations were much lower in 1995 than in 1993-94. The costs relate to the completion of Copper Products' restructuring program and some organizational rearrangements in the Group.

Write-downs on fixed assets in 1995 include a FIM 159 million write-down on the Forresteria nickel mine property and a FIM 59 million write-off of capitalized exploration costs on the Honeymoon Well nickel project, both in Australia. In addition, a write-down of FIM 89 million was made on shares, mostly comprising a FIM 60 million write-down on the book value of the shares of Oy Tampella Ab caused by a decrease in the trading price of the Tampella share.

The largest gain made on sales of business operations in 1995 was FIM 57 million earned from the sale of the Rammer and Roxon companies.

Operating profits (losses) of sold business operations are included in consolidated operating profit until the effective date of disposal. These operations and the above-mentioned write-downs are explained in the reviews of business areas and in Note 4 to the consolidated financial statements.

Operating profit by business area:

FIM million	1995	1994	Change
Base Metals	(459)	49	(508)
Stainless Steel	1 756	909	847
Copper Products	367	354	13
Technology	76	15	61
Other operations	(183)	(249)	66
Intra-group items	(9)	(27)	18
The Group	1 548	1 051	497

Excluding the effect of inventory gains and losses, operating profit by business area (using the LIFO method) was as follows:

FIM million	1995	1994	Change
Base Metals	(440)	(32)	(408)
Stainless Steel	1 745	858	887
Copper Products	392	166	226
Other units and intra-group	(116)	(261)	145
The Group	1 581	731	850

The Group's most profitable business area was Stainless Steel, which posted an excellent result. Due to favorable market conditions, the business area doubled its operating profit from 1994. Copper Products continued to improve profitability. Technology also increased its operating profit. Base Metals' profitability weakened, and the business area posted a significant loss. The result was aggravated in particular by FIM 218 million of non-recurring write-downs and also by production losses due to a shutdown at the Harjavalta smelter in Finland in connection with the expansion program. Unfavorable exchange rate movements and the low zinc price further contributed to its weak financial performance.

The power plants in Canada and Sweden, under construction at the end of 1994, have been delivered to the customers. Provisions for the completion costs were exceeded by FIM 82 million. This loss is included in the result of other operations.

The Group's profit before extraordinary items and taxes was FIM 1 481 million (1994: FIM 1 028 million). Income per share was FIM 8.72 (1994: FIM 7.17).

Return on capital employed rose to 15.1% and return on shareholders' equity to 16.3% (1994: 10.7% and 15.8%).

Profit before extraordinary items and taxes by business area:

FIM million	1995	1994
Base Metals	(528)	164
Stainless Steel	1 776	954
Copper Products	164	117
Technology	76	15
Other operations	1	(193)
Intra-group items	(8)	(29)
The Group	1 481	1 028

Return on capital employed by business area:

Base Metals neg. (1994: 4%),
Stainless Steel 52% (1994: 29%),

Copper Products 12% (1994: 12%)
and Technology 30% (1994: 9%).

Because of the improved financial performance, income taxes increased from 1994. Current taxes amounted to FIM 238 million and deferred taxes to FIM 154 million (1994: FIM 102 million and FIM 87 million). At the beginning of 1995, the Group adopted uniform income tax accounting principles, which comply with the United States Generally Accepted Accounting Principles (US GAAP). The increase in deferred tax liability of FIM 56 million as of December 31, 1994 due to the change in accounting principles has been recognized in the income statement as an extraordinary expense.

The Group's net income for the year was FIM 1 037 million (1994: FIM 831 million).

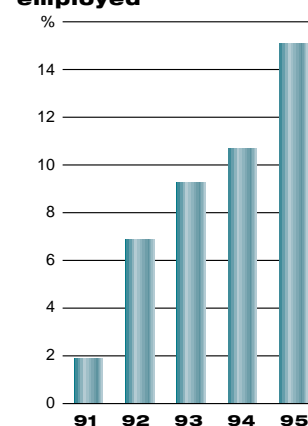
Financing and financial position

The Group's financial position improved during 1995 owing to the good operating result. Cash provided by operating activities doubled and amounted to FIM 2 465 million.

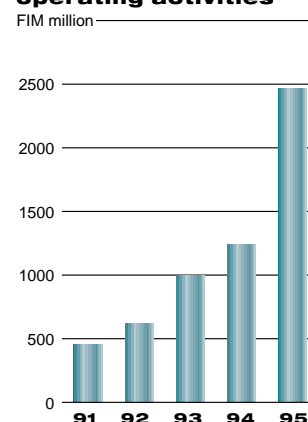
Key indicators to illustrate changes in the financial position:

FIM million	1995	1994
Net interest-bearing debt		
Long-term debt	3 502	4 493
Current debt	1 570	955
Total debt	5 072	5 448
Cash and marketable securities	(692)	(1 096)
Net debt	4 380	4 352
Net debt, in relation to net sales (%)	25.8	26.1
Shareholders' equity	7 077	6 247
Debt-to-equity ratio (%)	61.6	69.4
Equity-to-assets ratio (%)	43.7	41.1
Cash provided by operating activities	2 465	1 246
Net financial expenses		
Net interest and other financial expenses	(138)	(308)
Exchange gains	71	285
Net financial expenses	(67)	(23)
Net financial expenses, in relation to net sales (%)	0.4	0.1

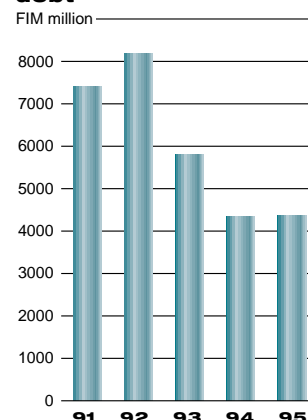
Return on capital employed



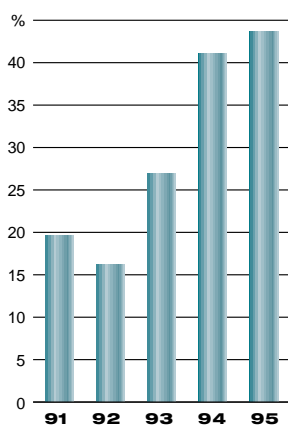
Cash provided by operating activities



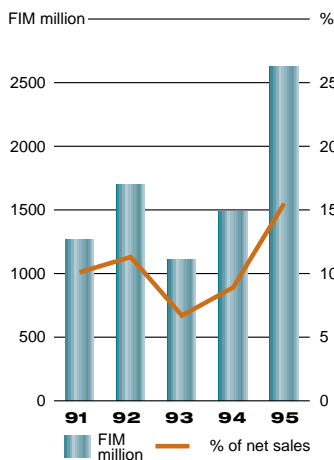
Net interest-bearing debt



Equity-to-assets ratio



Investments



Investments by business area

FIM million	1995	1994
Base Metals	1 620	904
Stainless Steel	545	235
Copper Products	387	219
Technology	58	25
Other operations	52	137
Intra-group items	(32)	(32)
The Group	2 630	1 488

There was a modest increase in net interest-bearing debt, which totalled FIM 4 380 million at year-end. New borrowings were fairly low. Outokumpu's liquidity reserves were increased by establishing a USD 200 million revolving credit facility with a syndicated bank group.

Net interest and other financial expenses were reduced to less than one-half of 1994 levels. The reduction in net interest expenses was due to lower interest rates and a decrease in average net debt outstanding during 1995. Interest income from forward foreign exchange contracts grew from 1994. Capitalized interest expenses (related to investments under construction) amounted to FIM 60 million (1994: FIM 21 million).

The Finnish mark strengthened against the main currencies in 1995. The exchange rate movements with the most significant impact on Outokumpu were the weakening of the US dollar by 16% and the German mark by 5% against the Finnish mark. Exchange gains of FIM 71 million (1994: FIM 285 million) were recognized in net financial expenses mainly due to hedging of foreign currency risks.

The Group's liquidity remained good. At year-end, cash and marketable securities totalled FIM 692 million (1994: FIM 1 096 million). In addition, committed long-term lines of credit available for the Group amount to FIM 2.2 billion.

Investments

The Group's investments were exceptionally high because of large expansion programs. They totalled FIM 2 630 million, or 16% of net sales. Maintenance investments represented about FIM 700 million of the amount. In addition to providing larger production capacities, the expansions that went into production during the year will bring considera-

ble improvements in production efficiency.

Investments focused mainly on expansions in Base Metals and Stainless Steel. Copper Products' investments were also higher than in recent years.

Base Metals' main projects involved the construction of Outokumpu's 50-percent owned Zaldívar copper mine in Chile and the expansion of copper and nickel production at Harjavalta and Pori in Finland.

Zaldívar went into production in June. In line with the original plan, the mine will reach its projected annual production level of 125 000 tonnes of copper cathodes in 1997. The project exceeded its cost estimate to some extent. The total investment cost including financing costs was about USD 680 million during 1993-95.

Most of the expansion work in the copper and nickel production at Harjavalta and Pori was completed during the year. New production lines went on-stream in June. Production levels reached their new annual capacities of 32 000 tonnes of nickel and 125 000 tonnes of copper cathodes at the end of the year. The remaining work at the copper smelter will be completed in the spring of 1996, after which blister copper production will reach the new capacity of 160 000 tonnes by the end of 1996. The total investment cost during 1993-96 is FIM 1.6 billion, which remains about FIM 200 million below the original cost estimate.

Stainless Steel's ferrochrome converter investment was completed at the end of 1995 and a third cold rolling mill in early 1996. The converter raises steel melting capacity to 540 000 tonnes per year. The third cold rolling mill replaces the first rolling mill, which will be renovated in the future. The total cost of the ferrochrome converter was FIM 150

million during 1994-95 and that of the third cold rolling mill will be FIM 300 million during 1993-96. In 1995, a decision was made to raise the annual cold rolling capacity from the current 270 000 to 400 000 tonnes. The investment program, totalling approximately one billion Finnish marks, will be completed in 1997.

The largest ongoing investment program of Copper Products comprises the construction of a strip casting line at the Zutphen rolling mill in the Netherlands. The approximate FIM 200 million investment will be completed in 1997. Another significant investment by the business area was the acquisition in late 1995 of an air-conditioning (ACR) tube mill under construction in Southern China.

The Group's total investments in the next few years will show a major decline from 1995 levels. The overriding principle in the investment activity will be careful prioritization of targets and adjustment of investments to the overall development of cash provided by operating activities.

Research and development

In Outokumpu's business operations, technology and related R&D activities occupy a key role. Important goals include improvements in cost efficiency, utilization of the benefits offered by integrated production, reduced energy consumption, higher yields, and minimization of environmental hazards.

The Group's R&D expenditure in 1995 was FIM 156 million, or 0.9% of net sales (1994: FIM 193 million, 1.2% of net sales). The number of people employed in R&D tasks was 670. The R&D expenditure excludes exploration costs, which totalled FIM 165 million in 1995 (1994: FIM 193 million).

A number of production plants and units based on Outokumpu-developed technology went into production during the year, including the Harjavalta expansions, the solvent extraction plant at Zaldívar and the Tornio ferrochrome converter. In the United States, the Kennecott Corporation commissioned a copper smelter which utilizes new Kennecott-Outokumpu Flash Converting technology and features record low emissions.

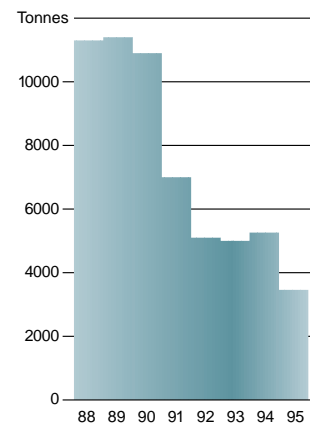
The main effort in mining and mineral processing technology development involved efficient mining techniques of the future featuring a high degree of automation and the highest environmental standards. Metallurgical R&D activities focused on a pyrometallurgical zinc process and a hydrometallurgical process intended for a possible expansion of the Kokkola zinc plant. Strong efforts were continued in the development of copper products and related production technologies, including inner-grooved ACR copper tubes to improve the efficiency of air-conditioning equipment, a new generation of copper radiator strip, and copper strip casting technology.

Environmental protection

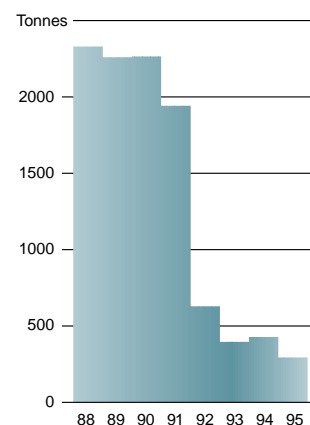
Outokumpu today makes environmental protection an integral part of activities and every-day routines, spurred on by determined efforts to implement the Group's core values and business principles. Work continued on the adoption of the EU's Environmental Management and Auditing System.

The focus of environmental protection activities has shifted from the cleaning of offgases and effluent discharges to the application and development of environmentally friendly technologies and production methods. The recently completed mining and smelter projects provide good examples of Outokumpu's

SO₂ emissions

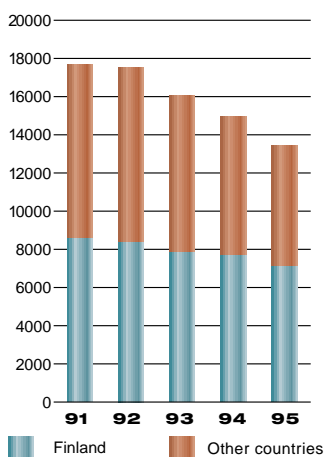


Dust emissions



The figures present the SO₂ and dust emissions of the Group's production plants in Finland.

Personnel



Personnel by country

	1995	1994
Europe		
Finland	7 167	7 689
Sweden	1 072	1 088
Ireland	755	784
The Netherlands	530	522
Spain	526	555
United Kingdom	255	269
Norway	179	135
Austria	136	126
Germany	73	289
Russia	42	34
France	19	22
Italy	14	16
Denmark	10	10
Other	18	19
	10 796	11 558
North and South America		
United States	1 927	1 934
Chile	304	799
Canada	123	110
Other	17	17
	2 371	2 860
Australia		
	221	500
Other countries		
China	31	2
Singapore	12	10
Japan	10	13
Other	17	16
	70	41
Total	13 458	14 959

advanced technology and environmentally-conscious design and engineering.

The Group's production plants have further reduced emissions and their environmental impact. Outokumpu is not aware of any environmental risks which could have a material effect on the Group's financial position.

Electricity supply

In April, Outokumpu and Vattenfall AB of Sweden signed a five-year agreement on electricity supply, which will cover most of the electricity requirements of the Group's Finnish production plants. The agreement, worth over two billion Finnish marks, took effect at the beginning of November 1995.

The Group's electricity consumption in Finland was 2.7 terawatt-hours (TWh) in 1995. The biggest users were the Tornio ferrochrome and stainless steel production and the Kokkola zinc plant. The electricity demand of the entire Group totalled 3.4 TWh.

Changes in Group structure

The Group structure was simplified during 1995 by merging and dissolving a number of subsidiaries. Sales of business operations further reduced the number of Group companies.

The main disposal involved the Rammer and Roxon companies sold to Oy Tampella Ab on January 1, 1995. Tampella paid the sales price by directing a share issue to Outokumpu, making Outokumpu an about 7% shareholder in Tampella.

Suomen Kiviteollisuus Oy was sold at the beginning of 1995 and the business operations of Outo-

kumpu Magnets Oy at the end of the year.

The main acquisitions comprised a 70% shareholding in Nikkel og Olivin A/S, which owns a nickel mine in Norway, and an 85% shareholding in an ACR copper tube mill under construction in southern China. The new tube company named Outokumpu Copper Tube (Zhongshan) Ltd. will begin production in late 1996.

Other changes in the Group structure are presented in detail in the list of Outokumpu Oy's subsidiaries on pages 59-61.

Personnel

The focus in personnel training and development was on special programs organized by the business areas. The most extensive program related to the Harjavalta expansion.

In-house executive and other key personnel development programs were also continued and expanded.

A survey was conducted on the personnel's familiarity with Outokumpu's core values and business principles, approved in 1993. The results provide useful information for further operational development.

Outokumpu has commenced international cooperation among the Group's European companies well before a mandating EU directive on such cooperation takes effect. The second Outokumpu Personnel Forum was held in Amsterdam, attended by personnel representatives from six European countries.

A new uniform corporate policy for foreign service assignments was drafted in 1995.

Total personnel in the Group's employ numbered 13 458 at year-end. Personnel was reduced by 1 501 during the year. Sales of business operations accounted for 1 033 and a decrease in Technology's project staff in Chile for 484 of the reduction.

Both Stainless Steel and Copper Products hired some new employees. The average number of personnel in 1995 was 14 253 (1994: 15 920). Outokumpu Oy employed 126 persons at year-end (1994: 129), and the average for the year was 127 (1994: 130).

Personnel by business area at year-end:

	1995	1994
Base Metals	3 879	4 082
Stainless Steel	2 346	2 283
Copper Products	5 368	5 268
Technology	1 171	1 670
Other business operations	553	1 510
Service units	75	82
Corporate Management	66	64
The Group	13 458	14 959

Outlook for the near future

The market outlook for metals and metal products, especially for stainless steel, is weaker at the beginning of 1996 than a year before. The consumption of metals is, however, forecast to continue to grow further in spite of slower economic growth.

The new cost-efficient production capacity that went into production in 1995 or will go on-stream in 1996 will improve Outokumpu's competitiveness and profitability base especially in copper and nickel production, and also further in stainless steel.

In addition to cost-efficiency, Base Metals' profitability relies heavily on metal prices, treatment charges and exchange rates. The nickel and zinc prices are estimated to have good possibilities to rise from their current levels. Growing supply of copper is likely to result in lower copper prices. Copper and zinc treatment charges have increased somewhat recently.

Stainless Steel's outlook is clouded by uncertainty about the development of stainless steel markets. The reduction of excessive inventories that

began in the autumn of 1995 continues, and prices have come down. Because real consumption has remained fairly good, the markets are expected to recover and growth in demand to resume by mid-1996.

The markets for copper products have weakened to some extent in early 1996. A possible decrease in the copper price will have an impact on Copper Products' financial performance mainly in the form of inventory losses.

A good order backlog and high investment activity within the mining and metallurgical industries support a continuation of Technology's favorable profitability development.

Executive Board's proposal for the distribution of profit

According to the financial statements of December 31, 1995, the distributable funds of the Group were FIM 1 399.4 million and those of the Parent Company FIM 910.9 million.

The total number of the Company's A-shares was 124 529 554 on December 31, 1995. Shares which are subscribed for before the Annual General Meeting against warrants issued by Outokumpu Oy in 1994 are also entitled to dividend for the financial year 1995.

The Executive Board recommends to the Annual General Meeting that a dividend of FIM 1.80 per share be distributed and that the remaining distributable funds be transferred to retained earnings.

Espoo, February 29, 1996

Jyrki Juusela

Ossi Virolainen Veikko Lehtinen

Risto Virrankoski Juho Mäkinen

Financial statements

The principles applied in the financial statements as well as the consolidated and Parent Company financial statements are presented on pages 42-69. The reviews of the business areas for 1995, presented on pages 9-34, form appendices to the Group's financial statements.

Principles applied in the financial statements

Consolidated financial statements

The consolidated financial statements include the Parent Company, Outokumpu Oy, and those companies in which Outokumpu Oy directly or indirectly holds more than 50% of the shares' voting rights, or in which it otherwise has control.

The results of subsidiaries acquired or disposed of during the year are included from the date of their acquisition or up to the date of their disposal.

The consolidated financial statements are a compilation of the Parent Company's and subsidiaries' income statements and balance sheets. The statutory accounts of individual Group companies have, for the purposes of inclusion in the consolidated accounts, been restated where necessary to comply with Outokumpu's uniform accounting standards.

Inter-company transactions and balances, inter-company profits, and internal dividends have been eliminated in consolidation.

In applying the purchase method in accounting for acquisitions, the cost of acquiring shares in subsidiaries is allocated to the fair values of the underlying assets and liabilities, and the remaining difference is carried as goodwill on consolidation and amortized over its useful life, generally not exceeding 5 years. Allocations to fixed assets are amortized according to the depreciation plan of the underlying asset.

Translation differences arising from the elimination of foreign shareholdings have been credited or charged to non-restricted equity.

Minority interests in earnings and shareholders' equity are reported separately in the income statement and balance sheet.

Earnings in associated companies in which Outokumpu owns 20-50% of shares and voting rights, and has

significant influence, are included in the consolidated accounts on the equity method. The Group's share of earnings in such companies, less amortization of goodwill arising from acquisition, is presented in the consolidated income statement, and dividends received from associated companies are eliminated. In the consolidated balance sheet, the investments in associated companies and non-restricted equity have been adjusted with the Group's share of earnings after the time of acquisition, less accumulated amortization of goodwill. Where significant differences exist, the result and shareholders' equity of associated companies are restated to comply with Outokumpu's uniform accounting standards.

Foreign currency items and derivative financial instruments

Foreign currency transactions during the year are recorded in the financial statements at the exchange rate in effect at the time of transaction. Receivables and liabilities in foreign currencies are translated to the accounting currency at the closing rate on the balance sheet date. Advances paid and received appear in the balance sheet at the exchange rate in effect on the date on which they were paid or received.

Unrealized exchange gains and losses on receivables and liabilities are recognized in income within financial income and expenses.

Derivative financial instruments hedging against exchange and interest-rate risks are valued at the exchange rate or market rate on the balance sheet date, and the changes in value are recognized in income. The interest component inherent is accrued as interest income or expense, and exchange gains and losses are reported within financial income and

expenses. Exchange gains and losses on separate derivative financial instruments hedging specific off-balance sheet foreign currency commitments are, however, deferred until recognition in income of the underlying commitment. Movements in values of options are reported within other financial income and expenses.

The income statements of foreign subsidiaries are translated at the average exchange rate for the accounting period, and the balance sheets at the closing rate on the balance sheet date.

The Bank of Finland's exchange rates used in the consolidation of subsidiaries' financial statements are presented on page 65.

Foreign currency denominated long-term loans as well as forward and swap contracts have been used to hedge the shareholders' equity of foreign subsidiaries and associated companies against exchange rate risks. The exchange gains and losses on such loans and derivative financial instruments have been credited or charged to non-restricted equity in the consolidated financial statements, against translation differences arising from the translation of the shareholders' equity of subsidiaries and associated companies.

Fixed assets and other long-term investments

The balance sheet values of fixed assets are based on historical cost. Interest is capitalized on major investment projects.

Assets held under capital leases are accounted for as a purchase of the asset and the incurrence of an interest-bearing liability. Assets held under operating leases are not recognized on the balance sheet, and the rental payments are charged to income as incurred.

Depreciation and amortization is based on historical cost and the

estimated useful life of investments. Depreciation and amortization is calculated on a straight-line or declining-balance basis over the useful lifetimes which vary between subsidiaries according to the nature of their operations. Estimated useful lifetimes for various fixed assets are:

- intangible rights
5-10 years
- goodwill and goodwill on consolidation 5 years
- other long-term expenses
5-10 years
- buildings
25-40 years
- machinery and equipment
5-20 years
- other fixed assets
4-40 years

Mine properties are amortized using the unit of production method based on the depletion of the economically recoverable mineral resources.

Long-term financial assets include financial investments which are intended to be held for over one year. Marketable securities are stated at the lower of cost or market.

Inventories

Inventories are valued by using the FIFO method, and at the lower of cost or market. The cost of inventories includes a proportionate share of overhead costs arising from the purchase and production of goods.

Cash and marketable securities

Cash and cash equivalents include cash, funds held on call accounts and as deposits with a maturity under 3 months, and other funds equivalent to cash.

Marketable securities include equity securities as well as deposits and debt securities which are intended to be held for under one year.

Marketable securities are stated at the lower of cost or market.

Net sales

Net sales include revenue from goods sold less discounts and sales-related taxes.

Revenue on goods sold is recognized at the time of exchange except for revenue on significant long-term construction contracts which is recognized on the percentage of completion method.

Metal price hedging

The gains and losses on derivative financial instruments hedging against metal price risks are deferred until the recognition of the underlying transaction, and reported as adjustments to the underlying sales and raw material purchases.

Exploration and mining activities

Exploration and evaluation costs are charged against income when incurred. When the commercial viability of the mineral deposit has been reasonably assured through feasibility studies or otherwise, subsequent exploration and development costs relating to the area of interest are capitalized.

Mine closure and restoration costs are accrued as part of operating expenses over the life of the mine.

Research and development

Research and development costs are expensed as incurred. Development costs of substantial investment projects, arising after the investment decision, have been capitalized as part of the historical cost.

Other operating income and expenses

Other operating income and expenses include income and expenses from

business activities outside ordinary production, such as gains and losses on sales of mineral deposits and mining projects, gains and losses on sales of fixed assets and other long-term investments, write-offs, and the write-down of shares as well as rent received. Furthermore, incremental income, expenses and provisions for the sale, restructuring or discontinuation of business operations are accounted for as other operating income and expenses.

Extraordinary income and expenses

Extraordinary income and expenses include unusual and significant transactions outside the scope of the Group's actual business activities.

Extraordinary items in the separate financial statements of the Group companies include also group contributions paid or received.

Contingent losses

Provisions are made for any contingent losses, the future realization of which is known with reasonable certainty, and of which the amount can be reasonably estimated. Provisions are presented as non-interest bearing liabilities in the balance sheet.

Pension plans

Costs for pension and postretirement benefits are treated in accordance with local accounting principles of each individual Group company.

Pension insurance has been organized for the Group's personnel in Finland. Additional pension benefits for the personnel of some Finnish Group companies have been organized through Outokumpu Oy's pension trusts, which were closed in 1985. When the assets of the pension trusts are assessed at current market values, the value of these assets adequately covers the existing pension liability.

Pensions in subsidiaries outside Finland have been arranged according to local practice. The pension liabilities of foreign subsidiaries have also been covered.

Untaxed reserves

Tax legislation in Finland and in some other countries allows companies to transfer, as a premature expense, a part of pretax income into untaxed reserves in the balance sheet.

All allocations to untaxed reserves, including accumulated depreciation difference, in the accounts of individual Group companies are reversed on consolidation, and deferred tax is provided for.

The Finnish Companies Act stipulates that the untaxed reserves included in the consolidated non-restricted equity can not be distributed as dividends to the shareholders.

Income taxes

Income taxes presented in the income statement consist of current and deferred taxes. Current taxes include estimated taxes corresponding to the results for the financial year of the Group companies, and adjustments of taxes for previous years.

A deferred tax liability or asset has been determined for all temporary differences between the tax bases of assets and liabilities and their amounts in financial reporting, using the enacted tax rates effective for the future years. The deferred tax liabilities are recognized in the balance sheet in full, and the deferred tax assets at their estimated realizable amounts.

Comparability of the Group's accounting principles

As of January 1, 1994, uniform accounting standards have been applied by all subsidiaries, based on

the revised Finnish accounting legislation. The consolidation and valuation principles set out in these accounting standards comply with the United States Generally Accepted Accounting Principles (US GAAP) in all material respects. However, pension and postretirement benefits are treated in accordance with local accounting principles of each individual Group company. Management estimates that future implementation of a uniform accounting standard for pension and postretirement benefits will not have a significant effect on the Group's financial position.

The figures for 1993 in charts and in the five-year key figures have been restated to reflect in all material respects the accounting principles adopted at the beginning of 1994. The figures for 1991-92 are based on published statutory annual accounts and have not been restated.

Consolidated income statement

FIM million	1995	1994
Net sales	16 952	16 683
Cost of sales [1]	(13 515)	(13 532)
Gross margin	3 437	3 151
Selling and marketing expenses	(431)	(564)
Administrative expenses	(738)	(897)
Exploration, research and development expenses	(301)	(355)
Other operating expenses [4]	(450)	(270)
Other operating income [4]	85	28
Amortization of goodwill on consolidation	(13)	(20)
Equity earnings in associated companies	(41)	(22)
Operating profit [2] [3]	1 548	1 051
Financial income and expenses [5]		
Net interests and other financial expenses	(138)	(308)
Exchange gains (losses)	71	285
	(67)	(23)
Profit before extraordinary items and taxes	1 481	1 028
Extraordinary income and expenses [6]	(50)	(6)
Profit before taxes	1 431	1 022
Income taxes [7]		
Current taxes	(238)	(102)
Deferred taxes	(154)	(87)
	(392)	(189)
Minority interest in earnings	(2)	(2)
Net income	1 037	831
Income per share		
(excluding extraordinary items) FIM	8.72	7.17
Net income per share FIM	8.33	7.12

Figures in brackets refer to Notes to the consolidated financial statements on pages 49-52.

Consolidated balance sheet

FIM million	1995	1994
ASSETS		
Fixed assets and other long-term investments	[8]	
Intangible assets		
Intangible rights	11	15
Goodwill	7	14
Goodwill on consolidation	15	57
Exploration and evaluation expenses	–	71
Other long-term expenses	173	220
	206	377
Property, plant and equipment		
Land	107	122
Mine properties	312	561
Buildings	1 354	1 125
Machinery and equipment	4 889	4 216
Construction in progress	791	573
Advances paid for fixed assets	159	181
Other fixed assets	81	89
	7 693	6 867
Long-term financial assets		
Investments in associated companies	360	355
Other long-term equity investments	178	173
Long-term loans receivable	1 221	557
Deferred tax asset	82	41
Other long-term financial assets	45	65
	1 886	1 191
Total fixed assets and other long-term investments	9 785	8 435
Current assets		
Inventories		
Raw materials	892	662
Fuels and supplies	206	186
Work in process	923	1 018
Finished goods and merchandise	863	710
Advances paid for inventories	9	25
	2 893	2 601
Receivables	[9]	
Accounts receivable	2 475	2 528
Loans receivable	53	74
Prepaid expenses and accrued income	423	468
Other receivables	167	264
	3 118	3 334
Cash and marketable securities		
Deposits and debt securities	126	150
Cash and cash equivalents	566	946
	692	1 096
Total current assets	6 703	7 031
TOTAL ASSETS	16 488	15 466

FIM million		1995	1994
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	[10]		
Restricted equity			
Share capital		1 245	1 245
Reserve fund		2 471	2 466
Other restricted equity		6	10
		3 722	3 721
Non-restricted equity			
Retained earnings		2 318	1 695
Net income for the year		1 037	831
		3 355	2 526
Total shareholders' equity		7 077	6 247
Minority interest		35	24
Long-term liabilities			
Long-term debt	[11]		
Bonds and debentures		667	972
Loans from financial institutions		2 246	2 751
Pension loans		504	530
Other long-term loans		85	240
		3 502	4 493
Other long-term liabilities			
Accounts payable		4	16
Deferred tax liability	[12]	953	730
Other long-term liabilities		156	163
		1 113	909
Current liabilities			
Current debt			
Loans from financial institutions		528	161
Bills payable		6	37
Other current loans		177	136
Current portion of long-term debt		859	621
		1 570	955
Other current liabilities			
Advances received		197	196
Accounts payable		1 391	1 204
Accrued expenses and prepaid income		1 375	1 246
Deferred tax liability	[12]	21	0
Other current liabilities		207	192
		3 191	2 838
Total liabilities		9 376	9 195
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		16 488	15 466

Consolidated statement of cash flows

FIM million	1995	1994
Operating activities		
Income financing		
Net income	1 037	831
Depreciation and amortization	826	872
Write-downs on fixed assets and other long-term investments	312	31
Undistributed earnings in associated companies	41	24
Deferred taxes	154	87
Other items ¹⁾	252	48
	2 622	1 893
Change in working capital		
(Increase) decrease in inventories	(417)	(333)
(Increase) decrease in receivables	46	(168)
Increase (decrease) in current non-interest-bearing liabilities	236	(333)
	(135)	(834)
Other adjustments to cash ²⁾	(22)	187
Cash provided by operating activities	2 465	1 246
Investing activities		
Investments in fixed assets and other long-term investments	(2 630)	(1 488)
Proceeds from sales of business operations and fixed assets ³⁾	23	128
(Increase) decrease in other long-term financial assets	19	(194)
(Increase) decrease in working capital related to fixed assets	76	41
	76	41
Cash used in investing activities	(2 512)	(1 513)
Cash flow before financing activities	(47)	(267)
Financing activities		
Borrowings of long-term debt	143	537
Repayments of long-term debt	(703)	(2 489)
Increase (decrease) in current debt	324	131
Equity issue	0	1 180
Dividends paid	(125)	–
Other financial items	21	(63)
	21	(63)
Cash used in financing activities	(340)	(704)
Decrease in cash and marketable securities	(387)	(971)
Adjustments ⁴⁾	(17)	(96)
	(17)	(96)
Decrease in cash and marketable securities in the consolidated balance sheet	(404)	(1 067)

1) Includes gains and losses on sales of business operations and fixed assets, provisions, exchange gains and losses, the cumulative effect of accounting changes, and minority interest in earnings.

2) Includes change in non-interest-bearing long-term liabilities.

3) Proceeds from sales of business operations are reported net of cash and marketable securities in the balance sheets of subsidiaries sold.

4) Includes the effect of exchange rates on cash and marketable securities in the consolidated balance sheet.

Notes to the consolidated financial statements

FIM million 1995 1994

NOTES TO THE INCOME STATEMENT

1. Cost of sales

Raw materials and merchandise	(7 504)	(7 202)
Fuels and supplies	(1 230)	(1 199)
Wages and salaries	(1 854)	(2 033)
Other personnel expenses	(520)	(575)
Rents and leases	(41)	(46)
Energy expenses	(817)	(776)
Depreciation and amortization	(747)	(779)
Other cost of sales	(1 403)	(1 508)
Production for own use	118	108
Change in inventories	483	478
	(13 515)	(13 532)
Value of inventories		
+ According to the FIFO method	2 893	2 601
– According to the LIFO method	2 926	2 281
Inventory (loss) gain	(33)	320

The inventory gain or loss arising from movements in raw material prices is calculated by comparing the value of inventories according to the FIFO method (first in – first out) used in the financial statements with the value calculated by the LIFO method (last in – first out). In the income statement, inventory gains and losses are included in "Change in inventories".

2. Personnel expenses

Supervisory Board's, Executive Boards' and Managing Directors' fees and salaries *)	51	66
Other wages and salaries	2 326	2 598
Pension contributions	240	259
Other personnel expenses **)	445	518
Personnel expenses in the income statement	3 062	3 441
Taxable value of fringe benefits	12	13

*) Includes bonuses of FIM 5.6 million (1994: FIM 6.3 million).

***) Includes FIM 32 million (1994: FIM 34 million) of profit-sharing bonuses based on the Finnish Personnel Funds Act.

3. Depreciation and amortization

Depreciation and amortization by group of assets		
Intangible rights	3	4
Goodwill	2	5
Goodwill on consolidation	13	20
Other long-term expenses	61	59
Mine properties	85	94
Buildings	77	78
Machinery and equipment	580	601
Other fixed assets	5	11
	826	872
Depreciation and amortization by group of expenses		
Cost of sales	747	779
Selling and marketing expenses	7	13
Administrative expenses	42	42
Exploration, research and development expenses	17	18
Amortization of goodwill on consolidation	13	20
	826	872

FIM million 1995 1994

4. Other operating expenses and income

Other operating expenses		
Write-downs on fixed assets	160	0
Write-downs on shares	89	31
Write-offs of capitalized exploration projects	63	–
Project losses from disposed business operations	49	71
Losses on sales of business operations	8	47
Losses on dispositions of fixed assets	23	29
Restructuring expenses and provisions	23	78
Other expense items	35	14
	450	270
Provisions for restructuring measures in the balance sheet		
Provisions on Jan. 1	61	318
Translation differences	(1)	(39)
Restructuring costs charged against provisions	(32)	(240)
New provisions recorded	13	22
Provisions on Dec. 31	41	61

The new provisions in 1995 refer to the completion of Copper Products' restructuring program and some organizational rearrangements in the Group.

Other operating income		
Gains on sales of business operations	58	4
Gains on sales of fixed assets	10	13
Other income items	17	11
	85	28
Effect of sales of business operations on the consolidated income statement		
Effect on consolidated net sales:		
	Sold	
Johnson Metall AB	Sep. 30, 1994	– 171
Outokumpu Copper		
Brass Rod S.A.	Dec. 30, 1994	– 199
Rammer and Roxon companies	Jan. 1, 1995	– 664
Suomen Kiviteollisuus Oy		
– Finska Stenindustri Ab	Feb. 17, 1995	– 83
Outokumpu Magnets Oy's business operations	Dec. 1, 1995	15 14
Other sold business operations, total		– 111
	15	1 242
Total operating profit of sold business operations	(18)	33
Total gains (losses) on sales of business operations	50	(43)

5. Financial income and expenses

Dividends received	3	1
Interest income		
On long-term financial assets	85	31
Other interest income	164	186
Other financial income	5	14
Interest expenses	(380)	(498)
Other financial expenses	(15)	(40)
Value adjustments on marketable securities	0	(2)
Exchange gains (losses)	71	285
	(67)	(23)

FIM million	1995	1994
Interest capitalized on investment projects during the year was FIM 60 million (1994: FIM 21 million). The accrued interest component of derivative financial instruments consists of FIM 88 million (1994: FIM 79 million) in other interest income and of FIM 43 million (1994: FIM 41 million) in interest expenses.		
Exchange gains (losses) on derivative financial instruments		
Realized	233	359
Unrealized	(70)	105
	163	464
Other exchange gains (losses)		
Realized	(229)	(240)
Unrealized	137	61
	(92)	(179)
Total exchange gains (losses)	71	285

6. Extraordinary income and expenses

Cumulative effect of accounting changes		
Adoption of uniform accounting principles on income taxes	(56)	-
Change in reporting currency of some subsidiaries	6	(6)
	(50)	(6)

7. Income taxes

Current taxes		
Accrued taxes for the year		
Finnish Group companies	(189)	(12)
Non-Finnish Group companies	(51)	(72)
Tax adjustments for past years		
Finnish Group companies	(4)	(10)
Non-Finnish Group companies	6	(8)
	(238)	(102)
Deferred taxes		
Finnish Group companies	(201)	(133)
Non-Finnish Group companies	47	46
	(154)	(87)
Total income taxes	(392)	(189)

Deferred taxes in the consolidated balance sheet are presented in note 12.

NOTES TO THE BALANCE SHEET

8. Fixed assets and other long-term investments

Intangible rights		
Historical cost on Jan. 1	45	54
Translation differences	(0)	(1)
Additions	10	3
Dispositions	(14)	(11)
Accumulated amortization	(30)	(30)
Carrying value on Dec. 31	11	15
Goodwill		
Historical cost on Jan. 1	52	54
Translation differences	(1)	(3)
Additions	-	1
Dispositions	(22)	(0)
Accumulated amortization	(22)	(38)
Carrying value on Dec. 31	7	14

FIM million	1995	1994
Goodwill on consolidation		
Historical cost on Jan. 1	409	436
Translation differences	(3)	(19)
Additions	6	-
Dispositions	(75)	(8)
Accumulated amortization	(322)	(352)
Carrying value on Dec. 31	15	57
Exploration and evaluation expenses		
Carrying value on Jan. 1	71	86
Translation differences	(8)	(7)
Additions	-	4
Dispositions	(63)	(12)
Carrying value on Dec. 31	-	71
Other long-term expenses		
Historical cost on Jan. 1	438	323
Translation differences	(9)	(29)
Additions	27	157
Dispositions	(65)	(13)
Accumulated amortization	(218)	(218)
Carrying value on Dec. 31	173	220
Land		
Carrying value on Jan. 1	122	153
Translation differences	(3)	(15)
Additions	9	4
Dispositions	(21)	(20)
Carrying value on Dec. 31	107	122
Mine properties		
Historical cost on Jan. 1	1 223	1 497
Translation differences	(96)	(200)
Additions	46	100
Dispositions	(351)	(174)
Accumulated depreciation	(510)	(662)
Carrying value on Dec. 31	312	561
Buildings		
Historical cost on Jan. 1	2 026	2 191
Translation differences	(20)	(113)
Additions	406	106
Dispositions	(208)	(158)
Accumulated depreciation	(850)	(901)
Carrying value on Dec. 31	1 354	1 125
Machinery and equipment		
Historical cost on Jan. 1	8 441	8 965
Translation differences	(155)	(570)
Additions	1 467	542
Dispositions	(798)	(496)
Accumulated depreciation	(4 066)	(4 225)
Carrying value on Dec. 31	4 889	4 216
Construction in progress		
Carrying value on Jan. 1	573	368
Translation differences	(2)	(16)
Additions	261	415
Dispositions	(41)	(194)
Carrying value on Dec. 31	791	573

FIM million	1995	1994
Advances paid for fixed assets		
Carrying value on Jan. 1	181	38
Translation differences	–	(0)
Additions	6	148
Dispositions	(28)	(5)
Carrying value on Dec. 31	159	181
Other fixed assets		
Historical cost on Jan. 1	190	193
Translation differences	(1)	(6)
Additions	22	9
Dispositions	(74)	(6)
Accumulated depreciation	(56)	(101)
Carrying value on Dec. 31	81	89
Total intangible assets, property, plant and equipment		
Historical cost on Jan. 1	13 771	14 358
Translation differences	(298)	(979)
Additions	2 260	1 489
Dispositions	(1 760)	(1 097)
Accumulated depreciation	(6 074)	(6 527)
Carrying value on Dec. 31	7 899	7 244
Investments in associated companies at cost		
Historical cost on Jan. 1	471	482
Translation differences	(2)	(64)
Additions	50	71
Dispositions	(7)	(18)
Historical cost on Dec. 31	512	471
Equity adjustment to investments in associated companies		
Jan. 1	(116)	(86)
Change in translation difference	(1)	(6)
Dividends received during the year	(0)	(2)
Equity earnings in associated companies	(41)	(22)
Other changes	6	–
Dec. 31	(152)	(116)
Carrying value of investments in associated companies	360	355

FIM million	1995	1994
Total taxable values of real estate and shares in Finnish Group companies		
Land	65	68
Buildings	634	647
Shares in Finnish subsidiaries	3 167	2 423
Equity investments in other Finnish entities	151	138
Book value has been used where a confirmed taxable value was not available.		

Long-term loans receivable include FIM 601 million (1994: FIM 179 million) of loans to associated companies, and FIM 581 million (1994: FIM 336 million) of loans and mainly interest-bearing sales price receivables arisen in connection with sales of business operations and real estate.

9. Receivables

No loans have been given to subsidiaries' or the Parent Company's management (1994: FIM 0.1 million).

Receivables include non-current receivables of FIM 9 million (1994: FIM 37 million).

FIM million	1995	1994
10. Shareholders' equity		
Restricted equity		
Share capital		
Jan. 1	1 245.3	1 098.3
Equity issue and exercise of warrants	0.0	147.0
Dec. 31	1 245.3	1 245.3
Reserve fund		
Jan. 1	2 466.1	1 430.1
Premiums on equity issue	0.0	1 033.5
Transfer from retained earnings	5.2	4.8
Other changes	(0.5)	(2.3)
Dec. 31	2 470.8	2 466.1
Revaluation fund		
Jan. 1		47.6
Reversal of revaluations		(47.6)
Dec. 31		–
Other restricted equity		
Jan. 1	9.5	13.9
Transfer to retained earnings	(3.3)	(3.3)
Other changes	(0.3)	(1.1)
Dec. 31	5.9	9.5
Total restricted equity on Dec. 31	3 722.0	3 720.9
Non-restricted equity		
Jan. 1	2 526.2	1 732.0
Dividends paid	(124.5)	–
Transfer to restricted equity	(1.9)	(1.5)
Change in translation difference	(81.6)	(11.2)
Reversal of revaluations	–	(23.1)
Other changes	0.1	(1.5)
Net income for the year	1 037.0	831.5
Dec. 31	3 355.3	2 526.2
Total shareholders' equity on Dec. 31	7 077.3	6 247.1
Distributable funds		
Non-restricted equity	3 355.3	2 526.2
Less untaxed reserves in non-restricted equity	(1 949.4)	(1 857.2)
Less amounts to be transferred according to local regulations to restricted equity of subsidiaries	(6.5)	–
Distributable funds on Dec. 31	1 399.4	669.0
Untaxed reserves on Dec. 31		
Accumulated depreciation difference	2 404.0	2 003.7
Transitional reserve in Finland	320.5	484.0
Other untaxed reserves	16.1	16.0
	2 740.6	2 503.7
Deferred tax liability on untaxed reserves	(791.2)	(646.5)
Untaxed reserves in non-restricted equity on Dec. 31	1 949.4	1 857.2

FIM million	1995	1994
11. Long-term debt		
Breakdown of long-term debt by currency on Dec. 31		
FIM	41 %	39 %
USD	31 %	34 %
DEM	10 %	9 %
ECU	7 %	7 %
SEK	6 %	5 %
CHF	3 %	4 %
Other	2 %	2 %
	100 %	100 %

Share of floating rate loans of long-term debt on Dec. 31

FIM-denominated loans	72 %	74 %
USD-denominated loans	38 %	51 %
Loans denominated in other currencies	86 %	80 %
All loans	65 %	68 %

FIM-denominated floating rate loans also include pension loans and loans tied to the base rate of the Bank of Finland.

Bonds and debentures:

		Interest			
		rate %			
Bonds with warrants					
1994-96	FIM	—	¹⁾	2	2
Other bonds					
1986-96	ECU	8.00		92	101
1986-96	FIM	9.00	²⁾	—	3
1986-96	FIM	9.00	²⁾	—	5
1988-95	ECU	8.00		—	215
1989-95	FIM	2.50	²⁾	—	2
1991-96	FIM	12.85		50	50
1991-96	FIM		³⁾	70	70
1991-01	FIM	11.75		100	100
1993-96	DEM		⁴⁾	61	61
1993-97	FIM	10.60		100	100
1993-97	DEM		⁴⁾	107	107
1993-98	FIM		³⁾	125	125
1993-00	FIM		³⁾	250	250
				957	1 191

¹⁾ Conditions for bonds with warrants are presented on page 68.

²⁾ Issued by subsidiaries; all other bonds issued by the Parent Company.

³⁾ Floating rate, based on Helibor.

⁴⁾ Floating rate, based on DEM-Libor.

Repayment schedule of long-term debt on Dec. 31, 1995:

FIM million	Repayments							Total
	1996	1997	1998	1999	2000	2001-		
Bonds and debentures	290	277	38	127	125	100	957	
Loans from financial institutions	392	687	849	405	91	214	2 638	
Pension loans	31	32	30	28	26	388	535	
Other long-term loans	146	30	16	14	4	21	231	
	859	1 026	933	574	246	723	4 361	

FIM million	1995	1994
12. Deferred tax liability and asset		
Deferred taxes in the balance sheet consist of the following tax consequences from temporary differences between the tax bases of assets and liabilities and their amounts in financial reporting:		
Deferred tax asset		
Tax losses carried forward	203	25
Provisions for future expenses	69	10
Other items	65	7
	337	42
Deferred tax liability		
Depreciation and amortization of fixed assets	(919)	(595)
Untaxed reserves	(99)	(124)
Valuation of inventories	(46)	—
Exchange gains and losses	(40)	—
Other items	(125)	(11)
	(1 229)	(730)
Net deferred tax liability	(892)	(688)
Deferred taxes in the balance sheet		
Long-term assets	82	41
Current assets	—	1
Long-term liabilities	(953)	(730)
Current liabilities	(21)	(0)
	(892)	(688)

Both long-term and current deferred taxes have been reported as a net balance for Group companies who file a consolidated tax return or may otherwise be consolidated for tax purposes.

At the beginning of 1995, all Group companies adopted uniform principles on accounting for income taxes. The cumulative effect of the accounting change as of December 31, 1994 (an expense of FIM 56 million) has been recognized as an extraordinary item for 1995. The comparative figures for 1994 have not been restated.

FIM million 1995 1994

OTHER NOTES

Receivables from and payables to associated companies

Long-term loans receivable	601	179
Current loans receivable	9	0
Accounts receivable	7	29
Other receivables	11	20
Current payables	16	2

Commitments and contingent liabilities

Pledges on Dec. 31		
Mortgages to secure own borrowings	1 138	1 299
Other pledges		
To secure own borrowings	191	161
To secure borrowings of an associated company	217	236
	1 546	1 696
Guarantees on Dec. 31		
On behalf of associated companies for financing	71	62
On behalf of other parties		
For financing	8	7
For other commitments	13	11
	92	80
Minimum future lease payments on operating leases on Dec. 31		
Next year	87	90
Thereafter	461	549
	548	639

The additional pensions of employees of some Finnish subsidiaries have been arranged through Outokumpu Oy's pension trusts, which operate as mutual pension trusts. According to the contributory payment agreement made between the Company and the pension trusts, the Company is responsible for ensuring that the pension liabilities are sufficiently funded at all times. The total pension liabilities of Outokumpu Oy's pension trusts on December 31, 1995 were FIM 646 million (1994: FIM 687 million). When the assets of the pension trusts are assessed at current market values, the value of these assets adequately covers the existing pension liability.

Disputes and litigations

By a decision rendered on November 2, 1995, the Finnish Supreme Court dismissed the suit filed by an Outokumpu pensioner against Outokumpu Oy with respect to the pension settlement made in 1988. The Supreme Court upheld the dismissals rendered by the Helsinki Court of Appeals on September 30, 1992 and the City Court of Helsinki on April 11, 1991. The plaintiff sought additional compensation to his pension amount, as well as restoration of his family pension rights provided in the former pension regulations.

Tara Mines Limited ("Tara Mines"), an indirectly owned Irish subsidiary of Outokumpu Oy, is involved in Irish litigation relating to an adjoining zinc-lead ore deposit.

Tara Mines has an Irish State mining lease over that part of the zinc-lead ore body which is located on the south side of the River Blackwater in Co Meath, Ireland. Bula Limited (in receivership

("Bula") is the owner of the other part of the same zinc-lead ore body on the north side of the river. In November 1986, Bula (without any participation by the receiver) and certain directors and indirect and direct shareholders of Bula, began proceedings against Tara Mines, Outokumpu Oy, twelve current or former directors of Tara Mines (including three Irish government nominated directors), the Irish Minister for Energy and a former government nominated director of Bula.

The hearing of the case commenced on December 14, 1993 but after 11 days of hearing was adjourned on January 25, 1994 pending the final outcome of related proceedings which did not involve the Tara Mines/Outokumpu Oy -related defendants. Following the conclusion on June 21, 1994 of the related proceedings, the hearing of the case resumed on October 4, 1994 before the Irish High Court. On that date, two of the four personal plaintiffs withdrew their claim which was then dismissed by the court. The hearing continues of the claim brought by the other two personal plaintiffs and by Bula.

The allegations against the Tara Mines/Outokumpu Oy -related defendants can be divided into three broad categories:

- 1) that Tara Mines has trespassed into the Bula orebody beneath the River Blackwater and has stolen ore from the Bula orebody;
- 2) that Tara Mines has acted in breach of its State mining lease with the Irish Minister for Energy in a manner prejudicial to Bula as an alleged constructive non-party beneficiary; and
- 3) that Tara Mines, Outokumpu Oy and the Irish Minister for Energy took part in a civil conspiracy against Bula in order to prevent Bula from independently developing its part of the orebody and in order to seek to force Bula to sell its orebody to Tara Mines at a price below the market value.

Bula's claim is for an amount between IEP 139 million and IEP 327 million (depending on the way in which the Bula orebody might have been developed).

Outokumpu Oy has been advised by its Irish solicitors that Bula's claim is without legal merit and will not be successful and that, even if any part of Bula's claim were successful, the amount of damages awarded (if any) would not be material.

Princeton Gamma-Tech, Inc. ("PGT"), a U.S. subsidiary acquired in 1985, has been designated, together with certain other parties, a potentially responsible party for ground water contamination at and around its production facilities in Princeton, New Jersey by the United States Environmental Protection Agency ("USEPA"). USEPA has subsequently sued PGT to recover costs of investigation and clean-up of the site. The alleged contamination relates to time prior to the acquisition of PGT by Outokumpu. PGT is discussing with USEPA the suitable clean-up method. Outokumpu has received partial compensation for the costs incurred from prior owners and PGT has made claims to others who, it is believed, have contributed to the contamination. PGT has also made claims to and has initiated litigation against its insurance carriers under insurance policies in effect during the relevant period to recover the above costs. It is not anticipated that the costs of the clean-up or any other contingent matters will have a material adverse impact on the Group's financial position.

In addition to the litigations described above, some Group companies are involved in disputes incidental to their business. Management believes that the outcome of such disputes will not have a material effect on the Group's financial position.

Parent Company financial statements

INCOME STATEMENT

FIM million	1995	1994
Net sales	550	484
Cost of sales	(512)	(420)
Gross margin	38	64
Administrative expenses	(118)	(118)
Other operating expenses	[3] (51)	(19)
Other operating income	[3] 24	29
Operating loss	[1] [2] (107)	(44)
Financial income and expenses	[4] 234	128
Profit before extraordinary items and taxes	127	84
Extraordinary income and expenses	[5] 86	452
Profit before appropriations and taxes	213	536
(Increase) decrease in depreciation difference	(1)	1
Income taxes		
Accrued taxes for the year	(181)	(9)
Tax adjustments for past years	(0)	(7)
Profit for the year	31	521

BALANCE SHEET

FIM million	1995	1994
ASSETS		
Fixed assets and other long-term investments	[6]	
Intangible assets		
Other long-term expenses	4	7
Property and equipment		
Land	5	3
Buildings	16	7
Machinery and equipment	14	12
Other fixed assets	2	2
	37	24
Long-term financial assets		
Investments in subsidiaries	2 771	2 368
Other long-term equity investments	84	93
Long-term loans receivable	5 927	4 739
Other long-term financial assets	22	24
	8 804	7 224
Total fixed assets and other long-term investments	8 845	7 255
Current assets		
Receivables		
Accounts receivable	56	49
Loans receivable	590	1 012
Prepaid expenses and accrued income	228	254
Other receivables	1 852	777
	2 726	2 092
Cash and marketable securities		
Deposits and debt securities	106	110
Cash and cash equivalents	254	530
	360	640
Total current assets	3 086	2 732
TOTAL ASSETS	11 931	9 987

Figures in brackets refer to Notes to the Parent Company financial statements on pages 56-57.

FIM million	1995	1994
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity [7]		
Restricted equity		
Share capital	1 245	1 245
Reserve fund	2 435	2 435
	<u>3 680</u>	<u>3 680</u>
Non-restricted equity		
Retained earnings	880	483
Profit for the year	31	521
	<u>911</u>	<u>1 004</u>
Total shareholders' equity	4 591	4 684
Untaxed reserves		
Accumulated depreciation difference	1	0
Transitional reserve	8	8
	<u>9</u>	<u>8</u>
Long-term liabilities		
Long-term debt		
Bonds and debentures	667	966
Loans from financial institutions	1 475	1 564
Pension loans	81	87
Other long-term loans	62	118
	<u>2 285</u>	<u>2 735</u>
Current liabilities		
Current debt		
Loans from financial institutions	444	69
Other current loans	1 908	1 279
Current portion of long-term debt	639	671
	<u>2 991</u>	<u>2 019</u>
Other current liabilities		
Accounts payable	100	47
Accrued expenses and prepaid income	352	262
Other current liabilities	1 603	232
	<u>2 055</u>	<u>541</u>
Total liabilities	7 331	5 295
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	11 931	9 987

STATEMENT OF CASH FLOWS

FIM million	1995	1994
Operating activities		
Income financing		
Profit for the year	31	521
Depreciation and amortization	7	7
Increase (decrease) in depreciation difference	1	(1)
	<u>39</u>	<u>527</u>
Change in working capital		
(Increase) decrease in receivables	(1 056)	72
Increase (decrease) in current non-interest-bearing liabilities	1 514	(339)
	<u>458</u>	<u>(267)</u>
Other adjustments to cash *)	416	476
Cash provided by operating activities	913	736
Investing activities		
Investments in fixed assets and other long-term investments	(509)	(270)
Proceeds from sales of fixed assets	48	3
Group contributions	(383)	(380)
(Increase) decrease in other long-term financial assets	—	(24)
Cash used in investing activities	(844)	(671)
Cash flow before financing activities	69	65
Financing activities		
Increase in long-term debt	375	1 047
Repayments of long-term debt	(742)	(1 189)
Increase (decrease) in current debt	1 004	(1 137)
Equity issue	0	1 180
Dividends paid	(125)	—
Other financial items	(861)	(672)
Cash used in financing activities	(349)	(771)
Decrease in cash and marketable securities in the balance sheet	(280)	(706)

*) Includes write-downs on shares, gains and losses on sales of fixed assets, exchange gains and losses, and group contributions.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

FIM million	1995	1994
1. Personnel expenses		
Supervisory Board's, Executive Board's and Managing Director's fees and salaries *)	4	3
Other salaries	27	25
Pension contributions	4	4
Other personnel expenses	4	5
Personnel expenses in the income statement	<u>39</u>	<u>37</u>
Taxable value of fringe benefits	1	1
*) Includes bonuses of FIM 0.4 million (1994: -).		
2. Depreciation and amortization		
Depreciation and amortization by group of assets		
Intangible rights	0	1
Other long-term expenses	3	3
Buildings	1	0
Machinery and equipment	<u>3</u>	<u>3</u>
	7	7
Depreciation and amortization by group of expenses		
Cost of sales	1	1
Administrative expenses	<u>6</u>	<u>6</u>
	7	7
3. Other operating expenses and income		
Other operating expenses		
Write-downs of shares	8	18
Losses on sales of shares	43	0
Other expense items	<u>0</u>	<u>1</u>
	51	19
Other operating income		
Rental income	22	20
Merger profit	-	7
Other income items	<u>2</u>	<u>2</u>
	24	29
4. Financial income and expenses		
Dividends received	22	0
Interest income		
On long-term financial assets	399	301
Other interest income	198	296
Other financial income	44	53
Interest expenses	(433)	(491)
Other financial expenses	(9)	(23)
Value adjustments on marketable securities	-	(2)
Exchange gains (losses)	<u>13</u>	<u>(6)</u>
	234	128
Financial income from and expenses to subsidiaries		
Dividends received	19	0
Interest income		
On long-term financial assets	365	285
Other interest income	93	148
Other financial income	43	53
Interest expenses	(144)	(221)
Other financial expenses	<u>(2)</u>	<u>(6)</u>

FIM million	1995	1994
5. Extraordinary income and expenses		
Group contributions	86	452
6. Fixed assets and other long-term investments		
Other long-term expenses		
Historical cost on Jan. 1	22	19
Additions	(0)	3
Accumulated amortization	<u>(18)</u>	<u>(15)</u>
Carrying value on Dec. 31	4	7
Land		
Carrying value on Jan. 1	3	5
Additions	2	0
Dispositions	<u>(0)</u>	<u>(2)</u>
Carrying value on Dec. 31	5	3
Buildings		
Historical cost on Jan. 1	13	16
Additions	10	-
Dispositions	<u>(0)</u>	<u>(3)</u>
Accumulated depreciation	<u>(7)</u>	<u>(6)</u>
Carrying value on Dec. 31	16	7
Machinery and equipment		
Historical cost on Jan. 1	27	24
Additions	6	5
Dispositions	<u>(4)</u>	<u>(2)</u>
Accumulated depreciation	<u>(15)</u>	<u>(15)</u>
Carrying value on Dec. 31	14	12
Other fixed assets		
Historical cost on Jan. 1	3	3
Accumulated depreciation	<u>(1)</u>	<u>(1)</u>
Carrying value on Dec. 31	2	2
Total intangible assets, property and equipment		
Historical cost on Jan. 1	68	67
Additions	18	8
Dispositions	<u>(4)</u>	<u>(7)</u>
Accumulated depreciation and amortization	<u>(41)</u>	<u>(37)</u>
Carrying value on Dec. 31	<u>41</u>	<u>31</u>
Taxable values of real estate and shares		
Land	27	27
Buildings	19	10
Shares in Finnish subsidiaries	1 254	822
Equity investments in other Finnish entities	65	66

Book value has been used where a confirmed taxable value was not available.

FIM million	1995	1994
7. Shareholders' equity		
Restricted equity		
Share capital		
Jan. 1	1 245.3	1 098.3
Equity issue and exercise of warrants	0.0	147.0
Dec. 31	1 245.3	1 245.3
Reserve fund		
Jan. 1	2 434.9	1 401.4
Premiums on equity issue	0.0	1 033.5
Dec. 31	2 434.9	2 434.9
Revaluation fund		
Jan. 1		5.0
Reversal of revaluations		(5.0)
Dec. 31		-
Total restricted equity on Dec. 31	3 680.2	3 680.2
Non-restricted equity		
Jan. 1	1 004.1	483.3
Dividends paid	(124.5)	-
Profit for the year	31.3	520.8
Dec. 31	910.9	1 004.1
Total shareholders' equity on Dec. 31	4 591.1	4 684.3

FIM million	1995	1994
Receivables from and payables to subsidiaries		
Long-term loans receivable	5 469	4 535
Current loans receivable	575	1 012
Accounts receivable	48	44
Prepaid expenses and accrued income	182	121
Other receivables	1 843	725
Long-term loans	48	74
Current loans	1 816	1 357
Accounts payable	5	3
Accrued expenses and prepaid income	53	160
Other current liabilities	1 590	230
Commitments and contingent liabilities		
Pledges on Dec. 31		
Mortgages to secure own borrowings	112	112
Other pledges to secure own borrowings	161	161
	273	273
Guarantees on Dec. 31		
On behalf of subsidiaries		
For financing	1 191	1 663
For other commitments	482	534
On behalf of an associated company for financing	27	13
On behalf of other parties		
For financing	8	5
For other commitments	3	0
	1 711	2 215
Minimum future lease payments on operating leases on Dec. 31		
Next year	32	31
Thereafter	348	380
	380	411

The Parent Company's share of the total pension liabilities of Outokumpu Oy's pension trusts on December 31, 1995 was FIM 555 million (1994: FIM 597 million). When the assets of the pension trusts are assessed at current market values, the value of these assets adequately covers the existing pension liability.

PARENT COMPANY SHAREHOLDINGS IN SUBSIDIARIES ON DECEMBER 31, 1995

Company or enterprise	Parent Company holding %	Number of shares	Nominal value of shares 1 000 units	Book value of shares FIM 1 000
Finenco Oy	100	10 000	FIM 1 000	2 712
Orijärvi Oy	100	70 500	FIM 71	140
Outokumpu Commercial A/S	100	11 300	DKK 11 300	3 123
Outokumpu Copper Oy	100	55 230 000	FIM 552 300	400 000
Outokumpu Finance B.V.	100	41	NLG 41	722
Outokumpu Financial Services AB	10	99	SEK 99	323
Outokumpu Invest Oy	100	301 500	FIM 3 015	30 000
Outokumpu Metals Treasury	4	300 003	USD 300	1 238
Outokumpu Metals & Resources Oy	100	49 000 000	FIM 490 000	1 265 000
Outokumpu Semitronic AB	100	4 000	SEK 400	1 000
Outokumpu Steel Oy	100	42 000 000	FIM 420 000	901 873
Outokumpu Technology Oy	100	10 000 000	FIM 100 000	146 000
Outokumpu Työterveyspalvelut Oy	100	6 500	FIM 65	500
Outokumpu Wafers Oy	100	9 860	FIM 99	254
Pancarelian Ltd.	100	120 000	USD 120	4 866
SKT-Granit Oy	100	20 000	FIM 200	11 270
Sura Magnets AB	100	300	SEK 300	1 000
Housing and real estate company shares				941
Dormant companies				15
Total shares in subsidiaries				2 770 977

SHARES AND STOCK IN ASSOCIATED COMPANIES ON DECEMBER 31, 1995

Company or enterprise	Country	Outokumpu holding %	Number of shares	Nominal value of shares 1 000 units	Book value of shares FIM 1 000	Group's share of profit (loss) FIM million	shareholders' equity FIM million
Shares and stock held by subsidiaries							
A/O "JV Energy Ecology Engineering"	Russia	23	294	RUR 294	0	(0.8)	0.0
AOZT Arctic Nickel	Russia	40	200	RUR 20 000	10	0.0	0.0
Compañía Minera Zaldivar	Chile	50	56 098 900	USD –	281 120	(17.0)	264.1
CT Shipping AG	Switzerland	30	15	CHF 15	44	0.1	2.7
Folldal Industrielektro A/S	Norway	40	100	NOK 100	69	(0.0)	0.4
Ivernia West Plc.	Ireland	24	12 321 393	IEP 1 232	40 265	0.0	36.8
Laminados Oviedo-Córdoba S.A.	Spain	50	2 000 000	ESP 2 000 000	34 451	(20.8)	9.5
Mining Project Investors Pty. Ltd.	Australia	34	7 500 000	AUD 7 500	24 353	1.4	29.0
MPI Gold (USA) Ltd.	USA	33	15 995	USD 16	7 655	(1.3)	6.4
Okphil Inc.	The Philippines	30	44 399	PHP 444	220	(0.0)	0.0
Oretec Resources Plc.	Ireland	34	1 999 999	IEP 40	2 698	0.0	1.8
Outokumpu (Thailand) Co., Ltd.	Thailand	49	14 698	THB 1 470	68	(0.0)	0.0
Phelps Dodge Outokumpu Copper Oy							
International Corporation	USA	33	22 833	USD 228	0	(0.3)	0.3
Placer Outokumpu Exploration Ltd.	UK	50	50	USD 50	200	0.3	1.1
Tepa-Mestarit Oy	Finland	50	500	FIM 50	50	0.3	0.4
Other shares and stock in associated companies					0	0.0	0.1
					391 203	(38.1)	352.6
Shares and stock held by the Parent Company							
DIARC-Technology Oy	Finland	50	700	FIM 70	314	0.0	0.3
Laattapörssi Oy	Finland	34	23 200	FIM 2 320	1 586	(1.9)	(0.3)
Metalliyhtymä Oy	Finland	34	6 018	FIM 6 018	7 259	(0.6)	7.7
					9 159	(2.5)	7.7
Total shares and stock in associated companies							
					400 362	(40.6)	360.3

OTHER SHARES AND STOCK ON DECEMBER 31, 1995

Company or enterprise	Outokumpu holding %	Number of shares	Nominal value of shares 1 000 units	Book value of shares FIM 1 000
Other shares and stock held by subsidiaries				
ARCON International Resources Plc.	4.4	12 436 767	IEP 622	20 852
Gunnebo AB		33 324	SEK 363	475
Hambro International Venture Fund '85	20.0	1	USD 376	1 623
Incap Oy	3.4	7 892	FIM 789	3 000
Neorem Magnets Oy	19.9	199	FIM 995	995
Sipa Resources International NL	18.4	18 421 230	AUD 4 605	18 065
Oy Tampella Ab	7.1	7 000 000	FIM 35 000	38 500
Tornion Golf Oy	1.9	6	FIM 36	150
Housing and real estate company shares				17 466
Other shares and stock				1 910
				103 036
Other shares and stock held by the Parent Company				
Ekokem Oy	0.9	160	FIM 320	320
Golfsarvik Oy	0.7	2	FIM 50	176
Helsinki Stock Exchange Ltd.	0.6	2 000	FIM 20	150
Innopoly Oy	2.1	20 000	FIM 2 000	2 300
Kiinteistö Oy Noretch	19.9	199	FIM 199	1 990
Oy Liikkeenjohdon Koulutuskeskus Ab	1.3	2	FIM 100	100
Lökken Gruber A/S	50.0	1 000	NOK 1 000	0
Lökken Gruber A/S & Co.	48.0		NOK 22 667	0
Merita Bank Ltd	0.2	1 795 833	FIM 17 958	18 910
Mikkelin Arkistotalo Oy	2.4	1	FIM 100	100
Oy Nordgolf Ab	0.3	6	FIM 150	117
Oy Palace Hotel Ab	0.8	101	FIM 10	147
Investa Equity Fund		39 328	–	2 231
Central Share Register of Finland Co-operative	2.4	15	FIM 1 050	1 050
Oy Tampella Ab	0.1	50 000	FIM 250	275
Sampo Insurance Company Limited	1.2	175 783	FIM 3 516	40 957
Housing and real estate company shares				5 690
Total other shares and stock				504
				75 017
Total other shares and stock				
				178 053

Outokumpu Oy's subsidiaries by business area on December 31, 1995

	Country	Nature of activity	Group holding %	Book value FIM million	Net sales FIM million	Personnel Dec. 31	Group's share of result shareholders' equity FIM million	
Base Metals								
Outokumpu Metals & Resources Oy	Finland	■	100	1 265	107	119	(528)	2 207
Nikkel og Olivin A/S	2) Norway	▲	70	0	0	50	–	3
Norsulfid A/S	Norway	▲	100	6	84	121	6	45
Outokumpu Finnmines Oy	Finland	▲	100	360	421	455	16	371
Outokumpu Mining Australia Pty. Ltd.	Australia	▲	100	490	184	186	(389)	356
Tara Mines Limited	Ireland	▲	100	175	468	755	13	246
Viscaria AB	Sweden	▲	100	10	128	122	6	87
Outokumpu Harjavalta Metals Oy	Finland	▲	100	416	2 139	1 009	(105)	841
Outokumpu Zinc Oy	4) Finland	▲	100	375	403	752	6	458
A/O Kivijärvi	3) Russia	◆	77	2	0	2		
AOZT Kola-Mining	Russia	◆	83	1	0	2		
Outokumpu Copper Resources B.V.	Netherlands	●	100	87	3	3		
•Minera Outokumpu Chile S.A.	Chile	◆	100	7	0	52		
•Minera Relincho S.A.	1) Chile	◆	100	49	0	–		
•Minera Santa Catalina S.A.	Chile	◆	100	117	0	–		
•Outokumpu Exploraciones S.A.	Chile	◆	100	15	0	–		
Outokumpu Minera Española S.A.	Spain	◆	100	2	3	10		
Outokumpu Research Oy	Finland	◆	100	10	68	203		
Outokumpu Mines Ltd.	Canada	◆	100	128	0	16		
Outokumpu Transport Oy	Finland	▶	100	15	19	7		
Outokumpu Zinc Australia Pty. Ltd.	Australia	◆	100	38	0	–		
Outokumpu Zinc Commercial B.V.	Netherlands	●	100	0	247	15		
Tara Prospecting Limited	Ireland	◆	100	1	0	–		
Stainless Steel								
Outokumpu Steel Oy	Finland	■	100	902	18	7	1 776	2 137
Outokumpu Chrome Oy	Finland	▲	100	174	759	300	220	332
Outokumpu Polarit Oy	Finland	▲	100	650	4 920	1 448	1 537	1 750
•Kandelinin Seuraajat Oy	Finland	▶	100	1	11	16		
•Outokumpu Steel Processing B.V.	Netherlands	▲	100	0	75	80		
Oy JA-RO Ab	Finland	▲	100	64	464	314	60	86
•Finero B.V.	Netherlands	▲	100	10	60	39		
Outokumpu Holding GmbH	Germany	■	100	3	0	–	11	27
•Outokumpu Deutschland GmbH	Germany	●	100	15	156	35		
•Outokumpu Grundstücks GmbH & Co KG	Germany	▶	100	13	0	–		
•RTC Rostfrei-Technik-Center GmbH	Germany	▲	100	3	147	38		
Outokumpu Benelux B.V.	Netherlands	●	100	1	4	5		
Outokumpu Danmark A/S	Denmark	●	100	0	18	10		
Outokumpu Japan K.K.	Japan	●	100	1	123	10		
Outokumpu Metals (U.S.A.), Inc.	USA	●	100	1	7	12		
Outokumpu Norge A/S	Norway	●	100	2	4	8		
Outokumpu Poland Sp. z o.o.	Poland	●	100	1	2	6		
Outokumpu Stål & Metall AB	Sweden	●	100	4	121	18		
Copper Products								
Outokumpu Copper Oy	Finland	■	100	400	45	24	164	1 030
Outokumpu Copper AB	Sweden	■	100	179	17	15	89	203
•Kopparlunden AB	4) Sweden	▶	100	32	10	–		
•Outokumpu Copper Brass Rod AB	Sweden	▲	100	10	217	133		
•Outokumpu Copper Partner AB	Sweden	▶	100	3	78	83		
•Outokumpu Copper Radiator Strip AB	Sweden	▲	100	129	893	384		
•Outokumpu Copper Tubes AB	Sweden	▲	100	60	286	258		
Outokumpu Copper B.V.	Netherlands	■	100	87	9	1	56	170
•Neumayer GmbH	Austria	▲	50	16	88	136		
•Outokumpu Copper Limited	UK	■	100	0	0	–		
••Outokumpu (U.K.) Limited	UK	●	100	0	10	17		
••Outokumpu Rawmet (UK) Limited	UK	▶	100	0	14	23		
••Thatcher Alloys Limited	UK	●	100	1	13	5		
•Outokumpu Copper Strip B.V.	Netherlands	▲	100	98	715	393		
•Outokumpu Rawmet (Switzerland) Ltd.	Switzerland	▶	100	15	2 319	2		
•Outokumpu Superconductors B.V.	Netherlands	■	100	8	0	–		
••Outokumpu Superconductors Oy	Finland	▲	100	8	16	28		

	Country	Nature of activity	Group holding %	Book value FIM million	Net sales FIM million	Personnel Dec. 31	Group's share of result FIM million	shareholders' equity FIM million
•Outokumpu Copper, Inc.	USA	■	100	484	11	4	59	502
•Outokumpu Alloy Wire Inc.	USA	■	100	52	6	7		
••Neuhold Inc.	USA	■	100	9	0	–		
•••The Neumayer Company	USA	▲	50	5	8	8		
••Valleycast Inc.	USA	▲	100	44	231	125		
•Outokumpu American Brass, Inc.	USA	▲	100	283	1 356	856		
•Outokumpu Copper (U.S.A.), Inc.	USA	●	100	38	0	–		
•Outokumpu Copper Franklin, Inc.	USA	▲	100	22	432	275		
•Outokumpu Copper Kenosha, Inc.	USA	▲	100	195	276	248		
•The Nippert Company	USA	▲	100	19	220	277		
••Nippert-Dawson Ltd.	UK	▲	51	1	12	23		
Outokumpu Poricopper Oy	Finland	▲	100	150	2 266	1 390	92	327
Outokumpu Copper, S.A.	Spain	■	100	50	9	7	(51)	(11)
•Outokumpu Copper Tubes, S.A.	Spain	▲	100	0	567	504		
Outokumpu Plating Oy	Finland	▲	100	2	14	27	2	4
A/O Outokumpu Copper St. Petersburg	Russia	●	100	1	1	4		
Holton Machinery Limited	UK	▲	100	0	5	18	(19)	(19)
Outokumpu Copper Benelux S.A./N.V.	Belgium	●	100	0	0	–		
Outokumpu Copper España, S.A.	Spain	●	100	0	5	6		
Outokumpu Copper (Portugal) Ltda.	Portugal	●	100	0	1	4		
Outokumpu Copper Tube (Zhongshan) Ltd. 2)	China P.R.	▲	85	59	0	30	–	52
Outokumpu France S.A.	France	●	100	0	13	19		
Outokumpu Istanbul Dis Ticaret Limited Sirketi 3,4)	Turkey	●	98	0	0	2		
Outokumpu Italia S.r.l.	Italy	●	100	1	64	14		
Outokumpu (S.E.A.) Pte Ltd	Singapore	●	100	0	48	18		
Technology								
Outokumpu Engineering Oy	Finland	■	100	158	34	53	76	137
Outokumpu Mintec Oy	Finland	▲	100	22	208	154	0	15
•A/O Mineral Processing Engineers	Russia	▶	60	0	1	22		
•MPE Service Oy	Finland	▶	96	0	2	1		
•Outokumpu Mexicana, S.A. de C.V. 4)	Mexico	●	100	1	0	6		
•Outokumpu Mintec Australia Pty. Ltd.	Australia	●	100	0	2	–		
•Outokumpu Mintec Canada Ltd.	Canada	●	100	4	19	11		
•Outokumpu Mintec South Africa (Pty) Ltd.	South Africa	●	100	1	10	6		
•Outokumpu Mintec U.S.A. Inc.	USA	●	100	16	25	15		
•Outokumpu Técnica-Chile Ltda.	Chile	●	100	0	25	18		
•Supaflo Technologies Pty Ltd.	Australia	▲	51	4	50	35		
Outokumpu Engineering Contractors Oy	Finland	▲	100	25	183	83	49	22
•International Project Services Ltd. Oy	Finland	▶	100	0	0	–		
•Kumpu Engineering, Inc.	USA	▶	100	0	17	–		
•OEC Inversiones Limitada	Chile	■	100	13	0	–		
••Indepro S.A.	Chile	■	100	0	4	–		
•••Indepro Ingeniería Limitada 4)	Chile	▶	100	31	105	228		
••Outokumpu Ingeniería Limitada	Chile	●	100	1	1	6		
•Outokumpu Processos, Engenharia é Comercio Ltda	Brazil	●	100	0	0	–		
Wenmec Systems Oy	Finland	▲	100	14	71	60	1	12
•Wenmec Systems AB	Sweden	▲	100	15	46	35		
•Wenmec Systems, Inc.	USA	●	100	0	8	6		
Outokumpu Castform Oy	Finland	▲	100	23	162	51	24	24
•Aisco Systems Inc.	Canada	▲	100	3	81	97		
Oy Galvatek Ab	Finland	▲	100	3	53	30	(5)	6
•Galvatek WTT AB	Sweden	▲	100	1	22	9		
Outokumpu Engineering Services Oy	Finland	▶	100	2	58	121	3	4
Turulan Konepaja Oy	Finland	▲	100	18	59	124	4	22

	Country	Nature of activity	Group holding %	Book value FIM million	Net sales FIM million	Personnel Dec. 31	Group's share of result shareholders' equity FIM million	
Other business operations								
Finenco Oy	Finland	▶	100	3	647	7	5	4
•A/O Finenco	Russia	▶	100	0	2	13		
•Finenco Limited	UK	▶	100	0	0	–		
Okmetic Oy	Finland	▲	85	5	120	211	7	57
Outokumpu Semitronic AB	Sweden	▲	100	1	0	1	0	32
Outokumpu Invest (U.K.) Ltd.	UK	■	100	75	0	–	3	37
•Swift Levick Magnets Limited	UK	▲	100	36	89	159		
Outokumpu Magnets Oy	Finland	▲	100	1	15	–	(20)	1
Sura Magnets AB	Sweden	▲	100	1	7	8	(1)	1
Princeton Gamma-Tech, Inc.	USA	▲	100	10	51	94	(5)	(52)
•Princeton Gamma-Tech U.K. Ltd.	UK	●	99	0	3	7		
SKT-Granit Oy	1) Finland	▲	100	11	1	42	(1)	12
Outokumpu Technology Oy	Finland	■	100	146	0	–		
•Outokumpu Ecoenergy Oy	Finland	▶	100	6	42	11		
•Outokumpu Engineering Enterprises, Inc.	USA	■	100	0	0	–		
Outokumpu Invest Oy	Finland	■	100	30	0	–		

Corporate services

Orijärvi Oy	Finland	▶	100	0	0	–		
Outokumpu Finance B.V.	Netherlands	▶	100	1	0	–		
Outokumpu Financial Services AB	Sweden	▶	100	3	1	6		
Outokumpu Metals Treasury	Ireland	▶	100	35	0	–		
Outokumpu Työterveyspalvelut Oy	Finland	▶	100	1	3	9		
Pancarelian Ltd.	Bermuda	▶	100	5	11	–		

Nature of activity

- ▲ Production
- Marketing
- ◆ Exploration or Research
- ▶ Service
- Management or Holding

Explanation of references

- 1) Founded
- 2) Acquired
- 3) Change in share of ownership
- 4) Name change

This list does not include dormant companies or all holding companies.

The indentation follows the business organization. However, the organization of Copper Products is presented by geographical ownership. The Group holding corresponds to the Group's share of voting rights.

The Group's share of the result (profit before extraordinary items and taxes) and shareholders' equity refer to the most significant production companies, or sub-groups when the corresponding figures refer to the sub-group's result and shareholders' equity. Net sales and personnel always refer to the specific company. All figures conform to the Outokumpu Group's uniform accounting principles.

Changes in 1995:

Companies merged

BASE METALS

Outokumpu Mining Oy
Outokumpu Terminal Oy
(former Outokumpu Zinc Oy)
Tietokumpu Oy

STAINLESS STEEL

Outokumpu Deutschland GmbH & Co.

TECHNOLOGY

Galvatek GmbH
Outokumpu Technology AB
Sociedad Ingeniería de Proyectos Limitada

OTHER BUSINESS OPERATIONS

Outokumpu Instruments Oy
Outokumpu Mintec Group Oy

Companies disposed

BASE METALS

Outokumpu Zinc Commercial AG

TECHNOLOGY

Soluciones Computacionales S.A.

OTHER BUSINESS OPERATIONS

Suomen Kiviteollisuus Oy
– Finska Stenindustri Ab
Detec International Oy
Bretec Oy
Bretec Inc.
Rammer Oy
Rammer Deutschland GmbH
Rammer Inc.
Rammer Norge A/S
Rammer Svenska AB
Roxon Companies Oy
Mecakone Oy
Roxon AB

Roxon GmbH

Gurtec GmbH

Joba Kunststofftechnik KG

Roxon Komponentit Oy

KOPO AB

Roxon Oy

Roxon Pty Ltd.

Prok Group Ltd.

Prok International (U.S.A.), Inc.

Prok International Canada Inc.

Companies dissolved or in voluntary liquidation

BASE METALS

Outokumpu Resources Australia Pty. Ltd.
Outokumpu Australia Pty. Ltd.
Outokumpu Exploration Australia Pty. Ltd.
Outokumpu Western Australia Pty. Ltd.
Outokumpu Copper Resources N.V.
Outokumpu Resources (Jersey) Ltd.

Key financial indicators and share-related data

KEY FINANCIAL INDICATORS

		1991	1992	1993 ¹⁾	1994	1995
Scope of activity						
Net sales	FIM million	12 617	15 125	16 566	16 683	16 952
– change from previous year	%	11.8	19.9	4.6	0.7	1.6
– exports from and sales outside Finland, of total net sales	%	91.3	92.3	92.2	91.4	89.4
Capital employed on Dec. 31	FIM million	11 922	13 869	12 319	11 719	12 184
Investments	FIM million	1 272	1 703	1 110	1 488	2 630
– in relation to net sales	%	10.1	11.3	6.7	8.9	15.5
Depreciation and amortization	FIM million	920	996	968	872	826
Exploration costs	FIM million	131	138	203	193	165
Research and development costs ²⁾	FIM million	249	252	154	193	156
– in relation to net sales	%	2.0	1.7	0.9	1.2	0.9
Personnel on Dec. 31		17 716	17 524	16 073	14 959	13 458
– average for the year		18 601	18 048	17 167	15 920	14 253
Profitability						
Operating profit	FIM million	3	604	852	1 051	1 548
– in relation to net sales	%	0.0	4.0	5.1	6.3	9.1
Inventory gains (losses) included in operating profit	FIM million	(79)	77	(77)	320	(33)
Profit before extraordinary items and taxes	FIM million	(768)	(360)	228	1 028	1 481
– in relation to net sales	%	(6.1)	(2.4)	1.4	6.2	8.7
Profit before taxes	FIM million	(543)	(191)	509	1 022	1 431
– in relation to net sales	%	(4.3)	(1.3)	3.1	6.1	8.4
Net income	FIM million	(546)	(249)	505	831	1 037
– in relation to net sales	%	(4.3)	(1.6)	3.0	5.0	6.1
Return on shareholders' equity	%	(24.6)	(14.5)	6.0	15.8	16.3
Return on capital employed	%	1.9	6.9	9.3	10.7	15.1
Financing and financial position						
Liabilities	FIM million	12 138	15 348	12 050	9 195	9 376
Net interest-bearing debt	FIM million	7 406	8 187	5 815	4 352	4 380
– in relation to net sales	%	58.7	54.1	35.1	26.1	25.8
Net financial expenses	FIM million	719	1 058	624	23	67
– in relation to net sales	%	5.7	7.0	3.8	0.1	0.4
Net interest expenses	FIM million	587	698	593	281	131
– in relation to net sales	%	4.7	4.6	3.6	1.7	0.8
Interest cover		(0.3)	0.5	1.4	4.7	12.3
Share capital	FIM million	799	799	1 098	1 245	1 245
Other shareholders' equity and minority interest ³⁾	FIM million	2 088	2 058	3 243	5 026	5 867
Equity-to-assets ratio	%	19.6	16.2	26.9	41.1	43.7
Debt-to-equity ratio	%	256.5	286.6	134.0	69.4	61.6
Cash provided by operating activities ⁴⁾	FIM million	461	625	1 002	1 246	2 465
Equity issues	FIM million	–	87 ⁵⁾	1 344	1 180	0
Dividends	FIM million	–	–	–	124.5	224.2 ⁶⁾

¹⁾ The figures for 1993 are restated to comply with the accounting principles adopted at the beginning of 1994. The figures for 1991-92 are based on published statutory annual accounts and have not been restated.

²⁾ The figures for 1991-92 include also costs closely linked to production, which according to the new accounting principles are presented in "Costs of sales".

³⁾ "Shareholders' equity" in the 1991-92 figures includes untaxed reserves without any provision for deferred tax liability.

⁴⁾ The figures for 1991-92 include also the effects of sales of business operations and fixed assets, which according to the new accounting principles are presented as part of "Investing activities".

⁵⁾ Conversion of B-shares into A-shares.

⁶⁾ Executive Board's proposal to the Annual General Meeting, based on the number of A-shares on Dec. 31, 1995.

SHARE-RELATED DATA ¹⁾

		1991	1992	1993 ²⁾	1994	1995
Income per share						
(excluding extraordinary items)	FIM	(8.97)	(4.87)	2.45	7.17	8.72 ³⁾
Net income per share	FIM	(6.35)	(2.90)	5.55	7.12	8.33 ³⁾
Cash flow per share	FIM	5.37	7.27	11.01	10.68	19.79
Shareholders' equity per share	FIM	33.37	32.68	39.35	50.16	56.83
Dividend per share ⁴⁾						
A-shares	FIM	–	–	–	1.00	1.80 ⁵⁾
B-shares	FIM	–	–	–	–	–
Dividend/earnings ratio	%	–	–	–	14.9	20.6
Dividend yield						
A-shares	%	–	–	–	1.1	2.6
Price/earnings ratio						
A-shares		–	–	27.9	12.3	7.9
Development of share price						
A-shares						
Average trading price	FIM	30.12	38.98	57.43	88.80	74.47
Lowest trading price	FIM	19.15	28.35	39.50	69.00	59.50
Highest trading price	FIM	38.11	43.69	70.00	108.00	92.70
Trading price at end of period	FIM	28.35	40.90	68.40	88.00	69.00
Market capitalization at end of period						
A-shares	FIM million	1 903	3 514	7 512	10 959	8 593
Trading volume ⁶⁾						
A-shares	1 000 shares	1 911	2 729	17 121	32 832	24 433
In relation to weighted average number of shares	%	3.1	4.3	19.5	28.1	19.6
Average number of shares ⁴⁾						
A-shares		67 117 291	67 941 331	91 052 242	116 710 246	124 529 548 ⁷⁾
B-shares		18 798 414	17 974 374	–	–	–
Number of shares at end of period ⁴⁾						
A-shares		67 117 291	85 915 705	109 829 055	124 529 543	124 529 554
B-shares		18 798 414	–	–	–	–
Warrants ⁸⁾						
Price development						
Average trading price	FIM	–	–	–	4.41	1.52
Lowest trading price	FIM	–	–	–	2.50	0.17
Highest trading price	FIM	–	–	–	5.50	4.30
Trading price at end of period	FIM	–	–	–	4.10	0.17
Trading volume	1 000 warrants	–	–	–	9 055	8 443
Number of warrants at end of period		–	–	–	20 717 472	20 717 406

¹⁾ The share-related data for 1991-93 are adjusted to reflect the rights issue in 1993.

²⁾ The figures for 1993 are restated to comply with the accounting principles adopted at the beginning of 1994. The figures for 1991-92 are based on published statutory annual accounts and have not been restated.

³⁾ The warrants outstanding, which entitle the holders to subscribe for new shares, dilute the income per share amounts for 1995: Income per share (excluding extraordinary items) is diluted to FIM 8.58 and Net income per share to FIM 8.20.

⁴⁾ Conversion of B-shares into A-shares in 1992.

⁵⁾ Executive Board's proposal to the Annual General Meeting.

⁶⁾ Trading volume on the Helsinki Stock Exchange.

⁷⁾ The fully diluted average number of shares in 1995 was 128 322 449.

⁸⁾ Warrants issued in connection with the share offering in 1994. Six warrants entitle the holder to subscribe for one new A-share for FIM 92 until June 28, 1996.

Definitions of key financial indicators are presented on page 64.

DEFINITIONS OF KEY FINANCIAL INDICATORS

Capital employed	=	Total assets – non-interest-bearing liabilities	
Research and development costs	=	Research and development expenses in the income statement + development costs capitalized on investments	
Return on shareholders' equity	=	$\frac{\text{Profit before extraordinary items and taxes – income taxes}}{\text{Shareholders' equity + minority interest (average for period)}} \times 100$	x 100
Return on capital employed	=	$\frac{\text{Profit before extraordinary items and taxes + interest expenses + other financial expenses} \pm \text{exchange losses/gains}}{\text{Capital employed (average for period)}} \times 100$	x 100
Net interest-bearing debt	=	Total debt – cash and marketable securities	
Interest cover	=	$\frac{\text{Profit before extraordinary items and taxes + net interest expenses}}{\text{Net interest expenses}}$	
Equity-to-assets ratio	=	$\frac{\text{Shareholders' equity + minority interest}}{\text{Total assets – advances received}} \times 100$	x 100
Debt-to-equity ratio	=	$\frac{\text{Net interest-bearing debt}}{\text{Shareholders' equity + minority interest}} \times 100$	x 100
Income per share (excluding extraordinary items)	=	$\frac{\text{Profit before extraordinary items and taxes – income taxes – minority interest in earnings}}{\text{Adjusted average number of shares during the period}}$	
Net income per share	=	$\frac{\text{Net income}}{\text{Adjusted average number of shares during the period}}$	
Cash flow per share	=	$\frac{\text{Cash provided by operating activities}}{\text{Adjusted average number of shares during the period}}$	
Shareholders' equity per share	=	$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at end of period}}$	
Dividend per share	=	$\frac{\text{Dividend for the financial period}}{\text{Adjusted number of shares at end of period}}$	
Dividend/earnings ratio	=	$\frac{\text{Dividend for the financial period}}{\text{Profit before extraordinary items and taxes – income taxes – minority interest in earnings}} \times 100$	x 100
Dividend yield	=	$\frac{\text{Dividend per share}}{\text{Adjusted trading price at end of period}} \times 100$	x 100
Price/earnings ratio	=	$\frac{\text{Adjusted trading price at end of period}}{\text{Income per share (excluding extraordinary items)}}$	
Average trading price	=	$\frac{\text{FIM amount traded during the period}}{\text{Adjusted number of shares traded during the period}}$	
Market capitalization	=	Number of shares at end of period x trading price at end of period	
Trading volume	=	Number of shares traded during the period, and in relation to the weighted average number of shares during the period	

Hedging of foreign currency, interest rate and metal price risks

Foreign currency risks

The majority of the Group's cash flows, receivables and loans are denominated in currencies other than the Finnish mark. Exports represent a major share of the Group's business, and approximately one half of the business is transacted by subsidiaries outside Finland. In addition, products are largely priced in currencies other than that of the country of production. Consequently, exchange rate movements can have a significant impact on Outokumpu's financial development and competitiveness.

The Group's foreign currency policy is to hedge all significant risks related to exchange rate movements.

Besides receivables, loans and other commercial commitments in currencies other than the Finnish mark, the Group's foreign currency exposure primarily includes anticipated cash flows in other currencies during the following 6-12 months. This exposure is hedged mainly through forward foreign exchange contracts and foreign currency loans.

Receivables, loans and derivative instruments in foreign currencies are translated into Finnish marks at the exchange rates on the balance sheet date, and exchange gains and losses are recognized in income within "Financial income and expenses". The exchange gains and losses of

derivative contracts made to hedge specific off-balance sheet commitments are recognized in income on the date of the hedged commitment. On December 31, 1995, FIM 219 million of exchange gains from such derivative contracts were deferred (1994: FIM 56 million of exchange gains).

The Group also hedges the shareholders' equity of foreign subsidiaries and associated companies with loans, forward foreign exchange contracts and currency swaps. These loans and derivative contracts produced FIM 55 million of exchange gains in 1995 (1994: exchange gains of FIM 204 million). The translation differences of the shareholders' equity of foreign subsidiaries and associated companies as well as exchange gains and losses from the hedging of this shareholders' equity are included in non-restricted equity in the consolidated financial statements.

Exchange rates

	Closing rates					Average rates	
	1991	1992	1993	1994	1995	1994	1995
USD	4.125	5.245	5.7845	4.7432	4.3586	5.2235	4.3658
CAD	3.565	4.135	4.354	3.378	3.196	3.828	3.181
GBP	7.718	7.957	8.554	7.409	6.741	7.986	6.891
IEP	7.212	8.540	8.158	7.325	6.956	7.801	6.999
SEK	0.7429	0.7436	0.6945	0.6358	0.6546	0.6761	0.6123
NOK	0.6894	0.7602	0.7701	0.7014	0.6899	0.7393	0.6889
DEM	2.7186	3.2485	3.3350	3.0615	3.0435	3.2163	3.0471
NLG	2.4124	2.8928	2.9812	2.7337	2.7185	2.8680	2.7202
ESP	0.0425	0.0459	0.0407	0.0360	0.0359	0.0390	0.0350
AUD	3.118	3.609	3.920	3.680	3.247	3.817	3.238
ECU	5.523	6.340	6.459	5.815	5.597	6.175	5.644

The Bank of Finland's exchange rates

Annual average metal market prices

		1991	1992	1993	1994	1995
Copper	USD/lb	1.06	1.03	0.87	1.05	1.33
	FIM/kg	9.44	10.21	10.95	12.07	12.82
Nickel	USD/lb	3.70	3.17	2.40	2.88	3.73
	FIM/kg	33.07	31.37	30.20	33.09	35.95
Zinc	USD/lb	0.51	0.56	0.44	0.45	0.47
	FIM/kg	4.54	5.56	5.49	5.21	4.50
Ferrochrome (Cr-content)	USD/lb	0.46	0.45	0.41	0.40	0.64
	FIM/kg	4.11	4.43	5.10	4.59	6.14
Stainless steel	DEM/kg	3.93	3.36	3.03	3.24	4.38
	FIM/kg	9.59	9.66	10.48	10.42	13.35

Copper, nickel and zinc: London Metal Exchange (LME) cash quotations

Ferrochrome: Metal Bulletin – lumpy Cr charge, basis 52% Cr, free market

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

Interest rate risks

Outokumpu's policy is to hedge all significant interest rate risks. The Group's loans and short-term investments are dispersed in fixed and variable interest rate instruments. In addition, interest rate swaps and forward rate agreements are actively utilized.

Metal price risks

Metal prices can fluctuate significantly depending on world economic trends, demand for metals and, occasionally, metal speculation. Metal price movements have a major impact on Outokumpu's financial results.

The profitability of mining operations is directly dependent on metal prices. Price levels for mine production are secured with the help of forward sale contracts (price fixing) and/or option contracts. These are intended to mitigate the impact of

possible price decreases on the profitability of mines.

The financial performance of metal production and fabrication units is not affected as significantly by metal price movements. These units are mainly affected by risks arising from the time difference between raw material purchase and product sale. These risks are hedged through forward contracts on metals exchanges (offset hedging). The basic inventory permanently tied up in the production of these units is not hedged. Together with the FIFO valuation of inventories this produces inventory gains or losses in the financial statements when metal prices change.

The Group's open derivative financial instruments on December 31, 1995:

	Maturity Months	Contract amounts on Dec. 31 (FIM million)	
		1995	1994
Forward foreign exchange sales and purchases	1-40	9 800	9 300
Currency swaps	2-57	640	270
Purchased currency put option contracts	-	-	50
Interest rate swaps	1-60	860	880
Forward rate agreements	1-5	120	730
Price fixing of mine production			
Copper forward sale contracts			
43 925 t for average price of 1.13 USD/lb (1994: 20 450 t)	1-24	480	220
Nickel forward sale contracts			
720 t for average price of 4.09 USD/lb (1994: 3 564 t)	1-12	30	150
Purchased copper put option contracts			
64 975 t for average price of 0.98 USD/lb (1994: 42 375 t)	1-24	610	440
Forward metal sales and purchases relating to offset hedging of metal production and fabrication	1-22	700	540

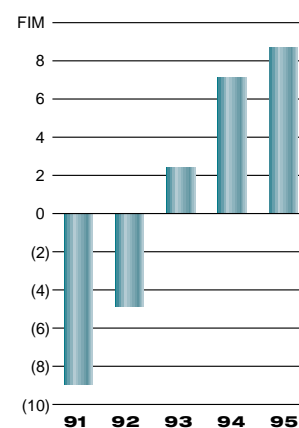
The contract amounts presented in the table only illustrate the scope of the Group's hedging activities and do not directly represent related cash flows or credit risks.

The gains and losses on derivative contracts hedging against metal price risks are recognized in income as adjustments to sales revenue and raw material costs in the period in which the underlying sales and raw material purchases take place. On December 31, 1995, deferred gains on such derivative contracts totalled FIM 9 million (1994: gains of FIM 16 million).

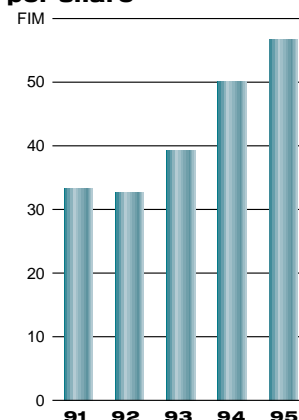
Credit risks of derivative contracts

The Group aims to minimize the credit risks related to derivative contracts by making foreign currency and interest rate derivative contracts only with financial institutions and brokers with high credit rating.

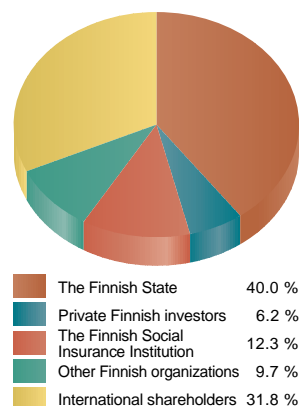
Income per share



Shareholders' equity per share



Shareholders by group December 31, 1995



Outokumpu Oy's shares and shareholders

Shares and share capital

Outokumpu Oy has issued a total of 124 529 554 A-shares. According to the Company's Articles of Association, Outokumpu may also issue C-shares. All shares have a nominal value of FIM 10. A-shares carry ten votes and C-shares one vote per share.

According to the Company's Articles of Association, Outokumpu Oy's minimum share capital is FIM 750 million and maximum share capital FIM 3 000 million. The share capital can be increased or decreased within these limits without amending the Company's Articles of Association. The Company's fully paid share capital registered with the Finnish Trade Register on December 31, 1995 was FIM 1 245 295 540.

The Company's shares have been transferred into the Finnish book-entry securities system.

State ownership

The Finnish State holds 40.0% of the Company's shares and voting rights. According to a resolution by Finnish Parliament in 1993, the Government can reduce the State shareholding in the Company. The State must, however, retain more than one-third of all shares and voting rights. Reductions below these limits can only be made on the authority of a new Parliament resolution.

Purchase obligation

The Company's Articles of Association include a paragraph on an obligation to purchase other shareholders' shares. The paragraph provides that a shareholder whose shareholding or aggregate voting rights reach or exceed $33\frac{1}{3}$ or 50 percent, as the case may be, shall, upon demand, acquire the shares held by other shareholders at a price calculated in the manner specified in the Articles of Association. This obligation does not apply to a shareholder whose

Principal shareholders on December 31, 1995

Shareholder	A-shares	%
The Finnish State	49 774 981	40.0
The Finnish Social Insurance Institution	15 295 455	12.3
Pension Varma Insurance Company	1 889 892	1.5
Pension Insurance Company Ilmarinen Limited	1 593 600	1.3
Outokumpu Oy's Workers' Pension Foundation	1 446 052	1.2
Outokumpu Oy's Office Personnel Pension Foundation	1 098 404	0.9
The Local Government Pensions Institution	609 048	0.5
Suomi Mutual Life Assurance Company	560 000	0.4
Sampo Pension Insurance Company Ltd.	284 100	0.2
Sampo Insurance Company Limited	277 500	0.2
Nominee accounts held by custodian banks	39 576 130	31.8
Other shareholders	12 124 392	9.7
Total	124 529 554	100.0

Members of Outokumpu Oy's Supervisory Board hold a total of 1 636 shares, corresponding to 0.00% of the Company's share capital and voting rights. Members of the Executive Board (the President and his Deputies) hold a total of 15 816 shares, corresponding to 0.01% of the voting rights. In addition, members of the Executive Board hold FIM 250 000 worth of debt with warrants to subscribe for shares offered to management. The warrants entitle the holders to subscribe for a total of 250 000 new A-shares, corresponding to 0.2% of the voting rights.

Distribution of shareholdings on December 31, 1995

Number of shares	Number of shareholders	% of shareholders	Total shares	% of share capital	Average shareholding
1 – 100	1 949	22.1	103 781	0.1	53
101 – 500	3 358	38.0	832 832	0.7	248
501 – 1 000	1 023	11.6	793 552	0.6	776
1 001 – 10 000	2 412	27.3	6 652 024	5.4	2 758
10 001 – 100 000	67	0.7	1 530 950	1.2	22 850
100 001 – 1 000 000	17	0.2	3 890 912	3.1	228 877
Over 1 000 000	6	0.1	71 098 384	57.1	11 849 731
	8 832	100.0	84 902 435	68.2	9 613
Nominee accounts held by custodian banks			39 576 130	31.8	
Shares not transferred into the book-entry securities system			50 989	0.0	
Total			124 529 554	100.0	

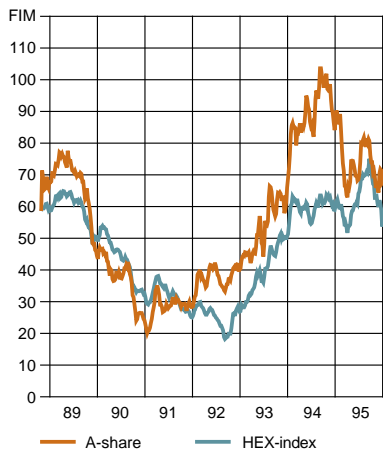
Increase in share capital and share conversion 1991-95

	A-shares	B-shares	Share capital FIM
Share capital Dec. 31, 1990	62 384 661	17 472 885	798 575 460
Conversion of shares Nov. 26-Dec. 15, 1992	17 472 885	(17 472 885)	798 575 460
Rights issue Jun. 7-Jul. 9, 1993	15 971 509	–	958 290 550
Directed issue Dec. 15 and 17, 1993	14 000 000	–	1 098 290 550
Directed issue Jul. 6 and 20, 1994	14 700 000	–	1 245 290 550
Exercise of warrants Jul. 13 - Dec. 31, 1994 (2 928 warrants)	488	–	1 245 295 430
Exercise of warrants Jan. 1-Dec. 31, 1995 (66 warrants)	11	–	1 245 295 540
Share capital Dec. 31, 1995	124 529 554	–	1 245 295 540

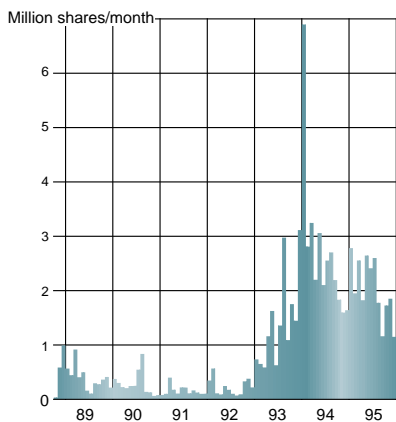
ownership interest or voting rights had reached or exceeded the said threshold limits before this amendment was registered with the Finnish

Trade Register on May 18, 1994, as long as the shareholder's ownership interest or voting rights remain above the said threshold limit.

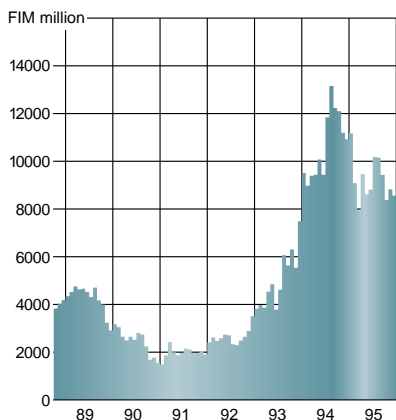
Price of A-shares



Trading volume of A-shares



Market capitalization



Price development and trading volume on the Helsinki Stock Exchange. Figures up to January 1996.

Executive Board's authority to increase share capital

Outokumpu Oy's Executive Board has no valid authorization to increase the Company's share capital.

Debt with warrants of 1994

In connection with a directed share issue in 1994, the Company also issued a total of 20 720 400 warrant bonds which entitle the holders to subscribe for a total of 3 453 400 new A-shares at a price of FIM 92 (one share against six warrants jointly) by June 28, 1996. On December 31, 1995, the number of registered A-shares subscribed against warrants was 499.

Each warrant bond has a nominal value of FIM 0.10. The bond element shall be repaid in one installment with no interest either through a subscription for shares or no later than July 1, 1996.

Subscribed new shares entitle the holders to the same rights as previously issued shares.

Debt with warrants for members of management

The members of Outokumpu Oy's Executive Board and the presidents of the four business areas subscribed for a directed debt issue with warrants worth FIM 370 000 on May 10, 1994. The term of the debt is five years and the annual interest rate is 6%. The warrants entitle the holders to subscribe for a total of 370 000 new shares at a price of FIM 92.00 per share between December 1, 1998 and January 31, 2001.

FIM 30 000 of the debt was repaid in May 1995 because of termination of employment. As a result, the number of warrants was reduced to 340 000.

Listing of shares and warrants

Outokumpu Oy's A-share is listed on the Helsinki Stock Exchange and

traded in the London Stock Exchange's SEAQ International quotation system. Outokumpu warrants are traded on the Helsinki Stock Exchange.

Price development and trading volumes of shares and warrants

The four-year rising trend in the trading price of Outokumpu's share moved into a decline in 1995. At 22%, this was significantly more than the 8% decline of the Helsinki Stock Exchange's HEX general index.

The share price finished the year at FIM 69.00 (1994: FIM 88.00). The year's highest price was FIM 92.70 and the lowest FIM 59.50. The average trading price during the year was FIM 74.47 (1994: FIM 88.80).

The number of Outokumpu shares traded on the Helsinki Stock Exchange during 1995 was 26% less than in 1994; a total of 24.4 million (1994: 32.8 million) shares were traded at a total trading value of FIM 1 819 million (1994: FIM 2 915 million).

The market capitalization of all shares was FIM 8 593 million at year-end (1994: FIM 10 959 million). Income per share was FIM 8.72 (1994: FIM 7.17) and shareholders' equity per share FIM 56.83 (1994: FIM 50.16).

The price of Outokumpu's warrant on the last day of the year was FIM 0.17 (1994: FIM 4.10). The highest trading price in 1995 was FIM 4.30 and the lowest FIM 0.17. The average trading price was FIM 1.52 (1994: FIM 4.41). The number of warrants traded on the Helsinki Stock Exchange was 8.4 million (1994: 9.1 million), and their total trading value was FIM 13 million (1994: FIM 40 million).

Information about the price development of the share and warrant as well as other share-related data for the past five years are presented on page 63.

Auditors' report

To the shareholders of Outokumpu Oy,

We have audited the bookkeeping, the financial statements and the administration of Outokumpu Oy for the financial year 1995. The financial statements prepared by the Executive Board comprise a review of operations, and both the consolidated and the Parent Company income statement, balance sheet and notes to the financial statements. Based on our audit, we express an opinion on these financial statements and on administration.

We have conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our audit of administration included examining whether the Supervisory Board, the Executive Board and the President have legally complied with the regulations of the Finnish Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Finnish Accounting Act and all other rules and regulations in force. The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of both the consolidated and the Parent Company result of operations and financial position. The financial statements can be approved, and the members of the Supervisory Board and the Executive Board as well as the President be discharged from liability for the financial year audited by us. The Executive Board's proposal for the distribution of profit is in compliance with the Finnish Companies Act.

We have reviewed the interim reports published during the financial year. In our view, these have been prepared in accordance with pertinent regulations.

Espoo, March 5, 1996

SVH Coopers & Lybrand Oy
Authorized Public Accountants
Pekka Nikula, APA

Statement by the Supervisory Board

The Supervisory Board of Outokumpu Oy has at its meeting today reviewed the consolidated and the Parent Company financial statements for 1995 as well as the auditors' report.

In its statement to the Annual General Meeting of 1996, the Supervisory Board recommends that the consolidated and the Parent Company financial statements for 1995 be approved.

The Supervisory Board concurs with the Executive Board's proposal for the distribution of profit.

The terms of the following Supervisory Board members expire at the Annual General Meeting of 1996: Kalevi Lamminen, Juho Savo and Ben Zyskowicz.

Espoo, March 8, 1996

Matti Puhakka
Ben Zyskowicz
Tauno Härkölä
Kari Laitinen
Ilkka Pitkänen
Marja-Liisa Falin
Juha Korkeaoja
Kalevi Lamminen
Juho Savo
Pekka Tuomisto

Outokumpu Oy's administration

The provisions of the Finnish Companies Act and Outokumpu Oy's Articles of Association divide the responsibility for the control and management of the Company among the shareholders in the General Meeting, the Supervisory Board, the Board of Directors, which at Outokumpu is called the Executive Board, and the Managing Director (President, Chief Executive Officer).

The Annual General Meeting elects the members of the Supervisory Board.

The Supervisory Board appoints the Managing Director and the members of the Executive Board, who constitute the top management of the Company.

The main duty of the Supervisory Board is to supervise the Company's management, for which the Executive Board and the Managing Director are responsible. Furthermore, it decides on matters involving any considerable reduction or expansion of the Company's operations or any substantial changes in the Company's organization. The Supervisory Board can also give instructions to the Executive Board in matters of broad concern or principal importance.

Supervisory Board

Matti Puhakka

Director, Chairman of the Supervisory Board since 1992, Supervisory Board member in 1978-89 and again since 1992

Ben Zyskowicz

Member of Parliament, Vice Chairman of the Supervisory Board since 1992, Supervisory Board member since 1987

Marja-Liisa Falin

Chief Shop Steward, Supervisory Board member in 1988-91 and again since 1992

Tauno Härkälä

Mechanic, Supervisory Board member since 1994

Juha Korkea-aho

Member of Parliament, Supervisory Board member since 1992

Kari Laitinen

General Secretary of Parliamentary group, Supervisory Board member since 1995

Kalevi Lamminen

Member of Parliament, Supervisory Board member since 1992

Ilkka Pitkänen

Chief Counsellor, Ministry of Trade and Industry, Supervisory Board member since 1994

Juho Savo

General Manager, Supervisory Board member since 1990

Pekka Tuomisto

Director General of the Finnish Social Insurance Institution, Supervisory Board member since 1994

Auditors

SVH Coopers & Lybrand Oy,

Authorized Public Accountants, under the supervision of

Pekka Nikula, APA, with deputy **Markku Marjomaa**, APA



Outokumpu Oy's Executive Board

Jyrki Juusela, b. 1943
D.Tech.
Chief Executive
Chairman of the Executive Board and
President since 1992, Executive
Board member since 1988



Ossi Virolainen, b. 1944
B.Sc. (Econ.), LL.M.
Deputy Chief Executive
Vice Chairman and Deputy President
since 1992, Executive Board member
since 1983
Financing, economic affairs and
energy



Veikko Lehtinen, b. 1936
LL.M.
Deputy President since 1993,
Executive Board member since 1977
Legal affairs, administration,
human resources and corporate
communications



Risto Virrankoski, b. 1946
B.Sc. (Econ.)
Deputy President since 1993,
Executive Board member since 1986
Business development



Juho Mäkinen, b. 1945
D.Tech.
Executive Vice President and
Executive Board member since 1996
Technology and environmental affairs

Executive staff

Jaakko Ahotupa, Vice President
– Administration

Jussi Asteljoki, Vice President
– Research and Development

Petri Fernström, Vice President
– General Counsel

Seppo Isoherranen, Vice President
– Business Development

Matti Koponen, Vice President
– Environmental Affairs

Esa Lager, Vice President
– Corporate Treasurer

Kari Lassila, Vice President
– Corporate Controller

Katarina Lybeck, Vice President
– Corporate Communications

Seppo Turunen, Vice President
– Human Resources

Business area management

Base Metals

Markku Toivanen, President (until February 29, 1996)
Asko Ojanen, Executive Vice President – Operations
(President from March 1, 1996)

Eero Laatio, Executive Vice President – Technical Development
Markku Isohanni, Senior Vice President – Exploration
Jukka Järvinen, Senior Vice President – Finance and Administration
Erik Nyholm, Senior Vice President – Strategy

Pentti Vanninen, Vice President – Mining
Raimo Rantanen, President, Outokumpu Harjavalta Metals Oy
Aimo Kuivala, Vice President – Copper
Matti Mattelmäki, Vice President – Nickel
Ville Sipilä, Vice President – Zinc

Outokumpu Metals & Resources Oy

Board: Jyrki Juusela, Chairman
Risto Virrankoski, Vice Chairman
Veikko Lehtinen
Asko Ojanen
Markku Toivanen
Ossi Virolainen

Stainless Steel

Antti Närhi, President

Vesa Hopia, Financial Director
Jorma Kempainen, Director, Research and Development

Juhani Vahtola, President, Outokumpu Chrome Oy
Matti Rantamäula, President, Outokumpu Polarit Oy
Christer Asp, President, Oy JA-RO Ab

Outokumpu Steel Oy

Board: Jyrki Juusela, Chairman
Ossi Virolainen, Vice Chairman
Veikko Lehtinen
Antti Närhi
Matti Rantamäula
Risto Virrankoski

Copper Products

Seppo Kreula, President

Ari Ingman, Executive Vice President
Helena Keskinen, Vice President – Controller
Erkki Ström, Senior Vice President

Pentti Ruusunen, Vice President – Tube Products
Geoffrey Palmer, Vice President – Drawn Products
Staffan Anger, Vice President – Strip Products
Tero Tiitola, Vice President – Rolled Products, Europe
Warren Bartel, Vice President – Rolled Products, USA

Outokumpu Copper Oy

Board: Jyrki Juusela, Chairman
Ossi Virolainen, Vice Chairman
Ari Ingman
Seppo Kreula
Veikko Lehtinen
Risto Virrankoski

Technology

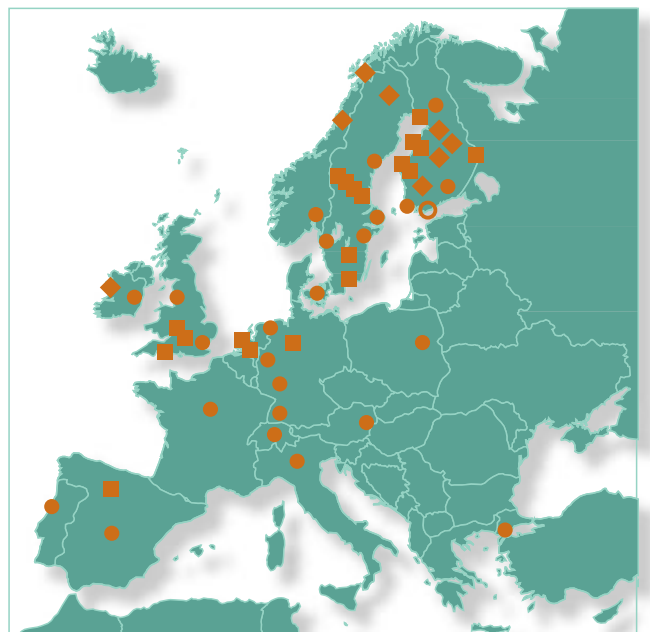
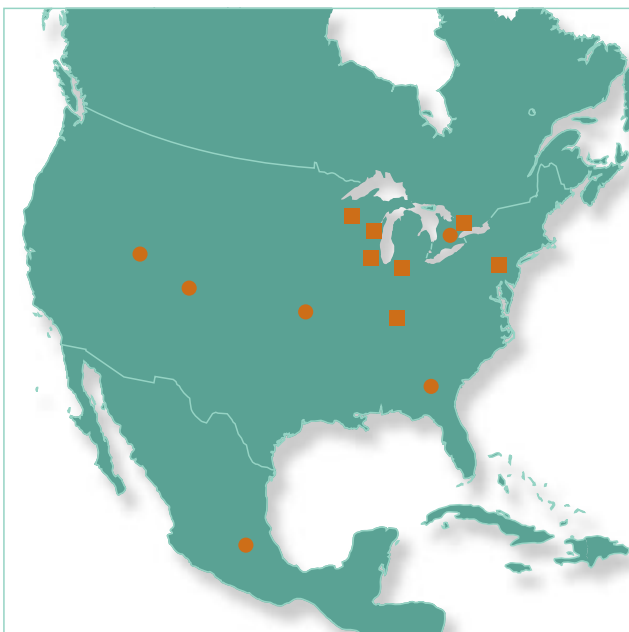
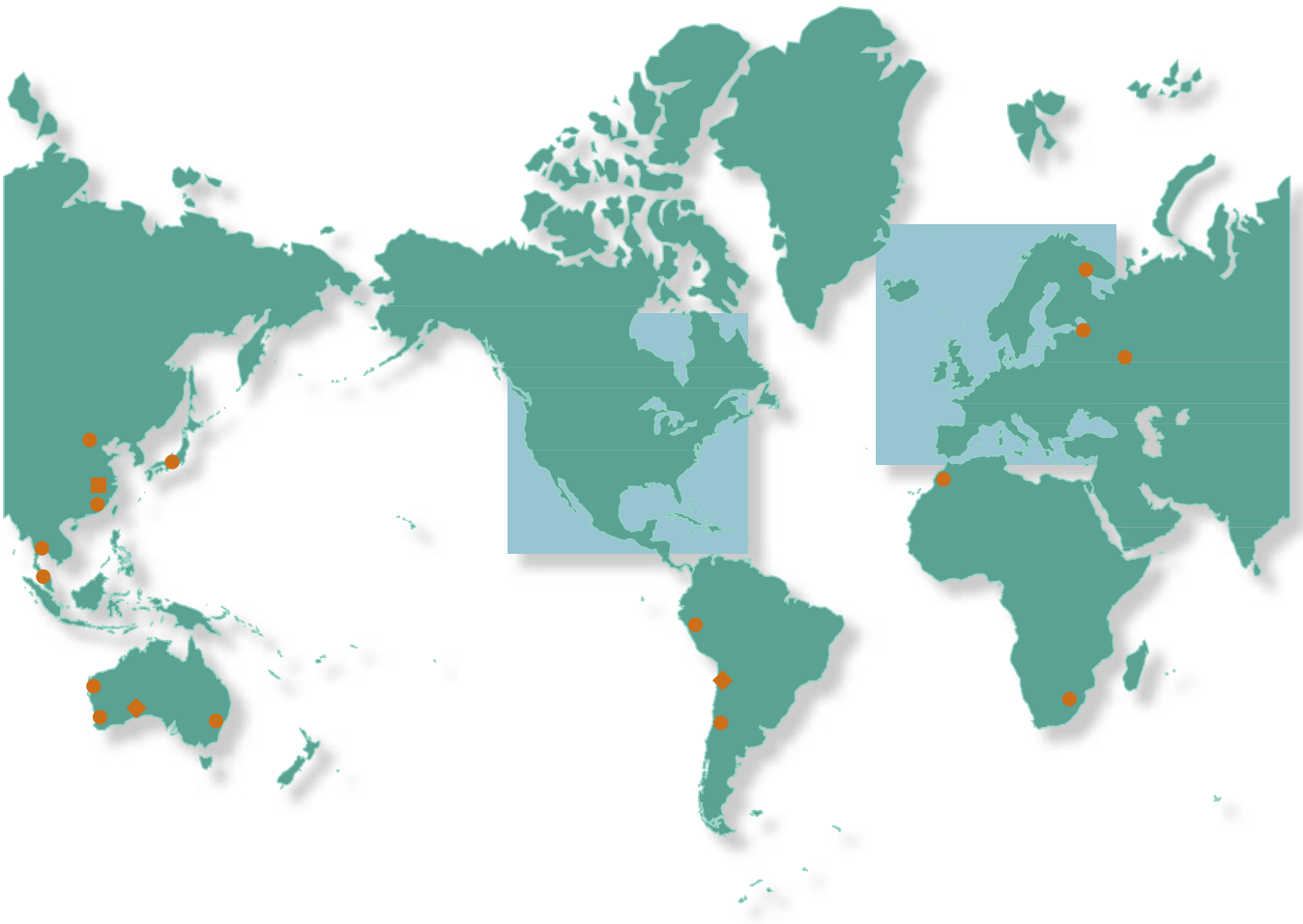
Kalevi Nikkilä, President

Raimo Monni, Executive Vice President
Markku Kytö, Vice President – Technology
Outi Lampela, Vice President – Finance and Administration
Erkki Rynnänen, Vice President – Corporate Development
Ilkka Virtanen, Vice President – Project & Trade Finance

Outokumpu Engineering Oy

Board: Jyrki Juusela, Chairman
Juho Mäkinen, Vice Chairman
Veikko Lehtinen
Kalevi Nikkilä
Ossi Virolainen
Risto Virrankoski

Outokumpu worldwide



- ◆ Mines and main mining projects
- Metallurgical and manufacturing plants
- Offices
- Corporate Management

Addresses in Finland

NEW AREA CODES WILL APPLY FROM OCTOBER 12, 1996

Corporate Management

OUTOKUMPU OY
Corporate Management
Länsituulentie 7 A
PO Box 280
FIN-02101 ESPOO
Tel. +358 (0) [9] 4211
Fax +358 (0) [9] 421 3888

OUTOKUMPU OY
Finance
PO Box 180
FIN-02101 ESPOO
TEL. +358 (0) [9] 4211
Fax +358 (0) [9] 421 2239

OUTOKUMPU OY
Insurance Services
PO Box 27
FIN-02201 ESPOO
Tel. +358 (0) [9] 4211
Fax +358 (0) [9] 421 2226

OUTOKUMPU OY
Legal Services
PO Box 280
FIN-02201 ESPOO
Tel. +358 (0) [9] 4211
Fax +358 (0) [9] 421 2428

OUTOKUMPU OY
Patent Services
PO Box 27
FIN-02201 ESPOO
Tel. +358 (0) [9] 4211
Fax +358 (0) [9] 421 2978

OUTOKUMPU OY
Power Supply Services
PO Box 26
FIN-67101 KOKKOLA
Tel. +358 (68) [6] 828 6111
Fax +358 (68) [6] 828 6045

OUTOKUMPU OY
Russian Trade
PO Box 280
FIN-02201 ESPOO
Tel. +358 (0) [9] 4211
Fax +358 (0) [9] 421 4249

OUTOKUMPU
TYÖTERVEYSPALVELUT OY
Occupational Health Services
PO Box 147
FIN-02201 ESPOO
Tel. +358 (0) [9] 4211
Fax +358 (0) [9] 421 2226

**OUTOKUMPU
METALS & RESOURCES OY**
Business Area Management
Riihitontutie 7 A
PO Box 143
FIN-02201 ESPOO
Tel. +358 (0) [9] 4211
Fax +358 (0) [9] 452 2273

OUTOKUMPU
FINNMINES OY
Tehtaankatu 2
FIN-83500 OUTOKUMPU
Tel. +358 (73) [13] 5561
Fax +358 (73) [13] 556 310

OUTOKUMPU
FINNMINES OY
Exploration
Tehtaankatu 2
FIN-83501 OUTOKUMPU
Tel. +358 (73) [13] 5561
Fax +358 (73) [13] 556 310

OUTOKUMPU
FINNMINES OY
Exploration,
Regional Office of Northern
Finland (Lapin Malmi)
PO Box 8033
FIN-96101 ROVANIEMI
Tel. +358 (60) [16] 342 3831
Fax +358 (60) [16] 342 3839

OUTOKUMPU
FINNMINES OY
Hitura Mine
Kummuntie 8
FIN-85560 AINASTALO
Tel. +358 (83) [8] 44 991
Fax +358 (83) [8] 449 9230

Area code in parentheses () up to October 12, 1996. New area code in brackets [] from August 15, 1996.

Base Metals

OUTOKUMPU
FINNMINES OY
Orivesi Mine
FIN-38200 VAMMALA
Tel. +358 (32) [3] 5184 212
Fax +358 (32) [3] 5184 333

OUTOKUMPU
FINNMINES OY
Pyhäsalmi Mine
PO Box 51
FIN-86801 PYHÄSALMI
Tel. +358 (84) [8] 769 6111
Fax +358 (84) [8] 789 404

OUTOKUMPU
HARJAVALTA METALS OY
FIN-29200 HARJAVALTA
Tel. +358 (39) [2] 535 8111
Fax +358 (39) [2] 535 8239

OUTOKUMPU
HARJAVALTA METALS OY
Copper Refinery
PO Box 60
FIN-28101 PORI
Tel. +358 (39) [2] 626 6111
Fax +358 (39) [2] 626 7312

OUTOKUMPU
HARJAVALTA METALS OY
Purchase and Sales
PO Box 89
FIN-02201 ESPOO
Tel. +358 (0) [9] 4211
Fax +358 (0) [9] 421 2520

OUTOKUMPU
METALS & RESOURCES OY
Mine Technology Group
PO Box 15
FIN-83501 OUTOKUMPU
Tel. +358 (73) [13] 5561
Fax +358 (73) [13] 556 263

OUTOKUMPU
METALS & RESOURCES OY
Tietokumpu
PO Box 15
FIN-83501 OUTOKUMPU
Tel. +358 (73) [13] 5561
Fax +358 (73) [13] 556 416

OUTOKUMPU
RESEARCH OY
PO Box 60
FIN-83501 PORI
Tel. +358 (73) [2] 626 6111
Fax +358 (73) [2] 626 5310

OUTOKUMPU
RESEARCH OY
Geoanalytical Laboratory
PO Box 74
FIN-83501 OUTOKUMPU
Tel. +358 (73) [13] 5561
Fax +358 (73) [13] 556 610

OUTOKUMPU
TRANSPORT OY
PO Box 89
FIN-02201 ESPOO
Tel. +358 (0) [9] 4211
Fax +358 (0) [9] 421 2228

OUTOKUMPU ZINC OY
PO Box 26
FIN-67101 KOKKOLA
Tel. +358 (68) [6] 828 6111
Fax +358 (68) [6] 828 6005

Copper Products

OUTOKUMPU
PORICOPPER OY
Alloy Wire,
Blanking Mill,
Drawn Copper Products,
Foundries,
Machined Copper Products,
Rolled Products, Europe,
Tube,
Research and Development,
Rawmet Scandinavia
PO Box 60
FIN-28101 PORI
Tel. +358 (39) [2] 626 6111
Fax +358 (39) [2] 626 5300

OUTOKUMPU PLATING OY,
PO Box 60
FIN-28101 PORI
Tel. +358 (39) [2] 626 6111
Fax +358 (39) [2] 626 5321

OUTOKUMPU
SUPERCONDUCTORS OY
PO Box 60
FIN-28101 PORI
Tel. +358 (39) [2] 626 6111
Fax +358 (39) [2] 626 5316

Area code in parentheses () up to October 12, 1996. New area code in brackets [] from August 15, 1996.

Stainless Steel

OUTOKUMPU STEEL OY
Business Area Management
PO Box 82
FIN-95401 TORNIO
Tel. +358 (698) [16] 4521
Fax +358 (698) [16] 453 190

• OY JA-RO AB
• PO Box 15
• FIN-68601 PIETARSAARI
• Tel. +358 (67) [6] 786 5111
• Fax +358 (67) [6] 786 5222

• KANDELIN'IN
• SEURAAJAT OY
• Jääkärintie 4
• FIN-95400 TORNIO
• Tel. +358 (698) [16] 431 402
• Fax +358 (698) [16] 430 414

• OUTOKUMPU CHROME OY
• FIN-95400 TORNIO
• Tel. +358 (698) [16] 4521
• Fax +358 (698) [16] 452 703

• OUTOKUMPU CHROME OY
• Kemi Mine
• PO Box 172
• FIN-94101 KEMI
• Tel. +358 (698) [16] 4521
• Fax +358 (698) [16] 453 566

• OUTOKUMPU POLARIT OY
• FIN-95400 TORNIO
• Tel. +358 (698) [16] 4521
• Fax +358 (698) [16] 452 620

Other business operations

• FINENCO OY
• PO Box 280
• FIN-02201 ESPOO
• Tel. +358 (0) [9] 4211
• Fax +358 (0) [9] 421 4212

• OKMETIC OY
• PO Box 44
• FIN-02631 ESPOO
• Tel. +358 (0) [9] 502 800
• Fax +358 (0) [9] 5028 0300

Area code in parentheses () up to October 12, 1996. New area code in brackets [] from August 15, 1996.

Technology

OUTOKUMPU
ENGINEERING OY
Business Area Management
Riihitontuntie 7 E
PO Box 86
FIN-02201 ESPOO
Tel. +358 (0) [9] 4211
Fax +358 (0) [9] 421 2858

• OY GALVATEK AB
• PO Box 46
• FIN-15141 LAHTI
• Tel. +358 (18) [3] 751 4011
• Fax +358 (18) [3] 751 4061

• OUTOKUMPU
• CASTFORM OY
• PO Box 146
• FIN-02201 ESPOO
• Tel. +358 (0) [9] 4211
• Fax +358 (0) [9] 421 4200

• OUTOKUMPU
• CASTFORM OY
• Continuous Casting
• PO Box 60
• FIN-28101 PORI
• Tel. +358 (39) [2] 626 6111
• Fax +358 (39) [2] 626 7313

• OUTOKUMPU
• ENGINEERING
• CONTRACTORS OY
• PO Box 862
• FIN-02201 ESPOO
• Tel. +358 (0) [9] 4211
• Fax +358 (0) [9] 421 3973

• OUTOKUMPU
• ENGINEERING SERVICES OY
• PO Box 863
• FIN-02201 ESPOO
• Tel. +358 (0) [9] 4211
• Fax +358 (0) [9] 421 2735

• OUTOKUMPU MINTEC OY
• PO Box 84
• FIN-02201 ESPOO
• Tel. +358 (0) [9] 4211
• Fax +358 (0) [9] 421 2614

• OUTOKUMPU MINTEC OY
• Filters
• Mustionkatu 2
• FIN-20750 TURKU
• Tel. +358 (21) [2] 468 8800
• Fax +358 (21) [2] 468 8801

• TURULA WORKS INC.
• PO Box 22
• FIN-83501 OUTOKUMPU
• Tel. +358 (73) [13] 551 441
• Fax +358 (73) [13] 554 261

• WENMEC SYSTEMS OY
• PO Box 103
• FIN-02201 ESPOO
• Tel. +358 (0) [9] 4211
• Fax +358 (0) [9] 421 2434

Area code in parentheses () up to October 12, 1996. New area code in brackets [] from August 15, 1996.

Addresses by country

Australia

OUTOKUMPU MINING
AUSTRALIA PTY. LTD.
1st Floor Burswood Court, 141
Burswood Road
BURSWOOD
WESTERN AUSTRALIA 6100
Tel. +61 9 334 7333
Fax +61 9 472 3168

OUTOKUMPU MINING
AUSTRALIA PTY. LTD.
Forrestania Nickel Mines
Post Office Varley
VARLEY
WESTERN AUSTRALIA 6355
Tel. +61 90 807 555
Fax +61 90 807 577

SUPAFLO TECHNOLOGIES
PTY., LTD.
907 Canning Highway, Suite 2
MOUNT PLEASANT
WESTERN AUSTRALIA 6153
Tel. +61 9 316 1966
Fax +61 9 316 1952

SUPAFLO TECHNOLOGIES
PTY., LTD.,
OUTOKUMPU MINTEC
AUSTRALIA PTY. LTD.
5 Skyline Place
Frenchs Forest
NEW SOUTH WALES 2086
Tel. +61 2 9975 6060
Fax +61 2 9975 6070

Austria

NEUMAYER GMBH
Günseldorferstrasse 2
A-2544 LEOBERSDORF
Tel. +43 2256 626 460
Fax +43 2256 646 69

Canada

AISCO SYSTEMS INC.
PO Box 655
BURLINGTON
ONTARIO L7R 3Y5
Tel. +1 905 335 0002
Fax +1 905 335 9643

OUTOKUMPU MINES LTD.
PO Box 360
TORONTO
ONTARIO M5X 1E1
Tel. +1 416 364 3110
Fax +1 416 364 1692

OUTOKUMPU MINTEC
CANADA LTD.
6495 Northam Drive
MISSISSAUGA,
ONTARIO L4V 1J2
Tel. +1 905 671 3304
Fax +1 905 671 8413

Chile

COMPAÑÍA MINERA
ZALDÍVAR
Av. El Bosque N. 130, Piso 6
Las Condes
SANTIAGO
Tel. +56 2 240 8800
Fax +56 2 240 8888

COMPAÑÍA MINERA
ZALDÍVAR
Balmaceda # 2536, Of. 403
ANTOFAGASTA -II Region
Tel. +56 55 267 395
Fax +56 55 263 069
Mine site
Tel. +56 55 263 920
Fax +56 55 263 047

INDEPRO INGENIERIA LTDA.
PO Box 13255, Correo 21
SANTIAGO
Tel. +56 2 274 5512
Fax +56 2 274 5989

MINERA OUTOKUMPU
CHILE S.A.
PO Box 52970, Correo Central
SANTIAGO 1
Tel. +56 2 231 0762
Fax +56 2 231 0743

MINERA OUTOKUMPU
CHILE S.A.
Antofagasta Office
San Martín 2447, Office Nr. 40
ANTOFAGASTA
Tel. +56 55 267 795
Fax +56 55 264 607

OUTOKUMPU TÉCNICA-
CHILE LTDA.
Seminario # 90, 2 Piso
Providencia
SANTIAGO
Tel. +56 2 274 4201
Fax +56 2 223 4989

OUTOKUMPU TÉCNICA-
CHILE LTDA.
Antofagasta Service Office
Calle Copiapó # 900
ANTOFAGASTA
Tel. +56 55 227 669
Fax +56 55 223 688

OUTOKUMPU TÉCNICA-
CHILE LTDA.
Copiapó Service Office
Plaza Comercio, Local # 3
Panamerica Norte km 8,5
COPIAPO
Tel. +56 52 217 030
Fax +56 52 217 030

China P. R.

OUTOKUMPU BEIJING
REPRESENTATIVE OFFICE
Media Center, Room 462
Fuxing Road 11 B
BEIJING 100038
Tel. +86 10 852 7473
Fax +86 10 852 7477

OUTOKUMPU COPPER
TUBE (ZHONGSHAN) LTD.
Huangpu Town Zhongshan City
Guangdong Province
CHINA 528429
Tel. +86 760 322 226
Fax +86 760 322 2909

Denmark

OUTOKUMPU DANMARK A/S
Vallensbækvej 45
DK-2605 BRØNDBY
Tel. +45 43 966 307
Fax +45 43 962 696

OUTOKUMPU DANMARK A/S
Copper Marketing
Vallensbækvej 6
DK-2605 BRØNDBY
Tel. +45 43 458 077
Fax +45 43 430 520

England

HOLTON MACHINERY LIMITED
Albany House
Elliott Road, West Howe
BOURNEMOUTH BH11 8JH
Tel. +44 1202 581 881
Fax +44 1202 581 789

NIPPERT-DAWSON LIMITED
Unit 21, Cranborne Industrial Estate
Cranborne Road, Potters Bar
HERTS EN6 3JN
Tel. +44 1707 660 500
Fax +44 1707 665 866

OUTOKUMPU (U.K.) LTD.,
OUTOKUMPU COPPER LTD.,
OUTOKUMPU RAWMET (U.K.)
LTD.
Outokumpu House
10 Hammersmith Broadway
LONDON W6 7AL
Tel. +44 181 748 6555
Fax +44 181 748 6894

OUTOKUMPU OY
Economic Research Team
Outokumpu House
10 Hammersmith Broadway
LONDON W6 7AL
Tel. +44 181 748 6555
Fax +44 181 563 8533

PRINCETON GAMMA-TECH
U.K. LTD.
2, The Metro Centre
Welbeck Way, Woodston
PETERBOROUGH PE2 7UH
Tel. +44 1733 391 811
Fax +44 1733 394 020

SWIFT LEVICK MAGNETS
LIMITED
High Hazels Road,
Barlborough Links
BARLBOROUGH
DERBYSHIRE S43 4TZ
Tel. +44 1246 573 003
Fax +44 1246 812 314

THATCHER ALLOYS LTD.
Unit 49,
Wombourne Enterprise Park
Bridgnorth Road, Wombourne
WOLVERHAMPTON WV5 0AL
Tel. +44 1902 324 747
Fax +44 1902 324 501

Finland

see pages 74 - 75.

France

OUTOKUMPU FRANCE S.A.
131 avenue Charles de Gaulle
F-92200 NEUILLY SUR SEINE
Tel. +33 1 4745 6868
Fax +33 1 4745 5361

Germany

OUTOKUMPU DEUTSCHLAND
GMBH
Grafenberger Allee 68
D-40237 DÜSSELDORF
Tel. +49 211 679 670
Fax +49 211 671 807

OUTOKUMPU DEUTSCHLAND
GMBH
PO Box 101765
D-60017 FRANKFURT AM MAIN
Tel. +49 69 288 854
Fax +49 69 292 000

RTC ROSTFREI-TECHNIK-
CENTER GMBH
Rudolf-Diesel-Straße 10
D-59199 BÖNEN
Tel. +49 238 3640
Fax +49 238 33 288

Hong Kong

OUTOKUMPU (S.E.A.) PTE. LTD.
Hong Kong Branch Office
Unit 3111, Level 31,
Metroplaza Tower 2
223 Hing Fong Road, Kwai Chung
NEW TERRITORIES
Tel. +852 2420 2833
Fax +852 2489 8535

Ireland

TARA MINES LIMITED
Knockumber House,
Knockumber Road
NAVAN, CO. MEATH
Tel. +353 46 21 927
Fax +353 46 21 118

Italy

OUTOKUMPU ITALIA S.R.L.
Via Cesare Cantù N. 19
20092 Cinisello Balsamo
MILAN
Tel. +39 2 612 90031
Fax +39 2 612 90587

Japan

OUTOKUMPU JAPAN K.K.
Izumi Ningyo-cho Building, 4th Fl.
33-8 Nihonbashi, Ningyo-cho,
2-Chome, Chuo-ku
TOKYO 103
Tel. +81 3 3661 6401
Fax +81 3 3661 6421

Mexico

OUTOKUMPU COPPER
KENOSHA, INC.
Goethe No 72, Col. Anzures
11690 MEXICO D.F.
Tel. +5 25 203 5968
Fax +5 25 203 1018

OUTOKUMPU MEXICANA
S.A. DE C.V.
PO Box 105211
11690 MEXICO, D.F.
Tel. +52 5 203 5968
Fax +52 5 203 1018

Morocco

OUTOKUMPU COPPER
ESPAÑA, S.A.
Representative Office Casablanca
Tour Atlas (2^{ème} étage)
Place Zellaga
CASABLANCA
Tel. +212 2 318 789
Fax +212 2 300 220

The Netherlands

FINERO B.V.
PO Box 52
NL-4550 AB SAS VAN GENT
Tel. +31 115 474 600
Fax +31 115 474 605

OUTOKUMPU BENELUX B.V.
Maaskade 119
NL-3071 NK ROTTERDAM
Tel. +31 10 413 4820
Fax +31 10 433 1646

OUTOKUMPU COPPER B.V.,
OUTOKUMPU COPPER
STRIP B.V.
PO Box 2
NL-7200 AA ZUTPHEN
Tel. +31 575 594 594
Fax +31 575 512 448

OUTOKUMPU COPPER
RESOURCES B.V.
Terwenakker 42/44
NL-3011 XS ROTTERDAM
Tel. +31 10 413 3911
Fax +31 10 213 0265

OUTOKUMPU STEEL
PROCESSING B.V.
PO Box 52
NL-4550 AB SAS VAN GENT
Tel. +31 115 474 700
Fax +31 115 474 705

OUTOKUMPU ZINC
COMMERCIAL B.V.
Terwenakker 42/44
NL-3011 XS ROTTERDAM
Tel. +31 10 412 7144
Fax +31 10 412 4439

Norway

NIKKEL OG OLIVIN A/S
Arnesfjellet
N-8540 BALLANGEN
Tel. +47 7692 8800
Fax +47 7692 8177

NORSULFID A/S
Avd. Grong Gruber
N-7894 LIMINGEN
Tel. +47 74 335 200
Fax +47 74 335 845

OUTOKUMPU NORGE A/S,
NORSULFID A/S
PO Box 40
N-1346 GJETTUM
Tel. +47 67 547 800
Fax +47 67 549 125

Peru

OUTOKUMPU SUCURSAL
DEL PERU
Los Anades 199
LIMA 27
Tel. +51 1 221 0833
Fax +51 1 221 2633

Poland

OUTOKUMPU POLAND
SP. ZO.O.
Ul. Filtrowa 59/2
02-056 WARSAW
Tel. +48 22 258 252
Fax +48 22 251 961

Portugal

OUTOKUMPU COPPER
(PORTUGAL) LTDA.
Rua Caldas Xavier
38-2 Dto
P-4150 PORTO
Tel. +351 2 600 9297
Fax +351 2 600 9299

Russia

A/O FINENCO
Ul. Arhitekora Vlasova
Dom. 51, 6th floor
117393 MOSCOW
Tel. +7 095 330 0511
Fax +7 502 224 8150

A/O MINERAL PROCESSING
ENGINEERS
21 Line, 8a
199026 ST. PETERSBURG
Tel. +7 812 213 9986
Fax +7 812 350 2024

A/O KIVIJARVI OY
Uritsky Ul. 65
185030 PETROZAVODSK
Tel. +7 81422 51758
Tel. and Fax +949 166 090

AOZT KOLA MINING
Murmansk region
Komsomolskaja Ul. 23
184280 MONTSHEGORSK
Tel. +7 81536 23436
Tel. and Fax +949 166 060

A/O OUTOKUMPU COPPER
ST. PETERSBURG
18 Line dom 47
199178 ST. PETERSBURG
Tel. +7 812 325 8544
Fax +7 812 325 8546

Singapore

OUTOKUMPU (S.E.A.) PTE LTD.
10 Anson Road # 33-10
International Plaza
SINGAPORE 079903
Tel. +65 224 6415
Fax +65 225 0600

South Africa

OUTOKUMPU MINTEC
SOUTH AFRICA (PTY) LTD.
PO Box 4197
HALFWAY HOUSE 1685
Tel. +27 11 315 3727
Fax +27 11 315 4139

Spain

OUTOKUMPU COPPER
ESPAÑA S.A.
Serrano 240
E-28016 MADRID
Tel. +34 1 344 0784
Fax +34 1 344 1119

OUTOKUMPU COPPER S.A.
Serrano 240
E-28016 MADRID
Tel. +34 1 457 0502
Fax +34 1 457 4870

OUTOKUMPU COPPER
TUBES S.A.
PO Box 107
E-48480 BILBAO
Tel. +34 4 457 9100
Fax +34 4 457 9110

OUTOKUMPU MINERA
ESPAÑOLA S.A.
Agustín de Foxá, 25 - 60 B
E-28036 MADRID
Tel. +34 1 315 0295
Fax +34 1 315 3255

Sweden

GALVATEK WTT AB
PO Box 946
S-601 19 NORRKÖPING
Tel. +46 11 217 500
Fax +46 11 217 570

OUTOKUMPU COPPER AB,
OUTOKUMPU COPPER
BRASS ROD AB,
OUTOKUMPU COPPER
PARTNER AB,
OUTOKUMPU COPPER
RADIATOR STRIP AB,
OUTOKUMPU COPPER
TUBES AB
Kopparbergsvägen 28
S-721 88 VÄSTERÅS
Tel. +46 21 198 000
Fax +46 21 198 113

OUTOKUMPU COPPER
RADIATOR STRIP AB
Finspång Works
S-612 81 FINSPÅNG
Tel. +46 122 83 700
Fax +46 122 17 839

OUTOKUMPU COPPER STRIP
Business Sector Management
Kopparbergsvägen 28
S-721 88 VÄSTERÅS
Tel. +46 21 198 000
Fax +46 21 198 041

OUTOKUMPU COPPER
TUBES AB
Granförs Works
S-374 91 ASARUM
Tel. +46 454 84 800
Fax +46 454 84 926

OUTOKUMPU FINANCIAL
SERVICES AB
Kopparbergsvägen 28
S-721 88 VÄSTERÅS
Tel. +46 21 198 000
Fax +46 21 198 120

OUTOKUMPU
STÅL & METALL AB
Exportgatan 81
S-422 46 HISINGS BACKA
Tel. +46 31 52 0330
Fax +46 31 524 467

OUTOKUMPU
STÅL & METALL AB
Terminalvägen 9
S-861 36 TIMRÅ
Tel. +46 60 571 065
Fax +46 60 571 204

OUTOKUMPU
STÅL & METALL AB
PO Box 2068
S-151 02 SÖDERTÄLJE
Tel. +46 8 550 61440
Fax +46 8 550 10799

SURA MAGNETS AB
Enbärsvägen 4
S-735 37 SURAHAMMAR
Tel. +46 220 30 770
Fax +46 220 33 002

VISCARIA AB
PO Box 841
S-981 28 KIRUNA
Tel. +46 980 71 000
Fax +46 980 71 695

WENMEC SYSTEMS AB
PO Box 175
S-665 25 KIL
Tel. +46 554 33 200
Fax +46 554 12 828

Switzerland

OUTOKUMPU RAWMET
(SWITZERLAND) LTD.
PO Box 665
CH-8401 WINTERTHUR
Tel. +41 52 212 1721
Fax +41 52 212 1720

OUTOKUMPU ZINC
COMMERCIAL B.V.
Winterthur Branch
PO Box 665
CH-8401 WINTERTHUR
Tel. +41 52 212 1722
Fax +41 52 212 8397

Thailand

OUTOKUMPU (THAILAND)
CO., LTD.
22nd Floor,
Silom Complex Building
191 Silom Road, Silom, Bangrak
BANGKOK 10500
Tel. +66 2 231 3657
Fax +66 2 231 3659

Turkey

OUTOKUMPU ISTANBUL
DIS TICARET
LIMITED SIRKETI
Barbaros Bulvar No 28-8
Balmumcu-Besiktas
ISTANBUL
Tel. +90 212 274 6555
Fax +90 212 275 9888

USA

KUMPU ENGINEERING INC.
8 East Broadway, Suite 735
SALT LAKE CITY
UTAH 84111
Tel. +1 801 532 7842
Fax +1 801 532 7588

THE NEUMAYER CO.
PO Box 620236
MIDDLETON
WISCONSIN 53562-0236
Tel. +1 608 836 6664
Fax +1 608 836 9266

THE NIPPERT COMPANY
801 Pittsburgh Drive
DELAWARE
OHIO 43015
Tel. +1 614 363 1981
Fax +1 614 363 3847

OUTOKUMPU AMERICAN
BRASS, INC.
PO Box 981
BUFFALO
NEW YORK 14240-0981
Tel. +1 716 879 6700
Fax +1 716 879 6735

OUTOKUMPU COPPER (USA),
INC.,
129 Fairfield Way
BLOOMINGDALE
ILLINOIS 60108
Tel. +1 708 980 8400
Fax +1 708 980 8891

OUTOKUMPU COPPER DRAWN
PRODUCTS INC.
129 Fairfield Way
BLOOMINGDALE
ILLINOIS 60108
Tel. +1 708 980 5441
Fax +1 708 980 4070

OUTOKUMPU COPPER
FRANKLIN, INC.
4720 Bowling Green Road
FRANKLIN
KENTUCKY 42135
Tel. +1 502 586 8201
Fax +1 502 586 7103

OUTOKUMPU COPPER
KENOSHA, INC.
1420, 63rd Street
KENOSHA
WISCONSIN 53143
Tel. +1 414 657 5111
Fax +1 414 657 2399

OUTOKUMPU METALS
(U.S.A.), INC.
129 Fairfield Way, Suite 308
BLOOMINGDALE
ILLINOIS 60108
Tel. +1 708 307 1300
Fax +1 708 980 4290

OUTOKUMPU MINTEC
U.S.A., INC.
109 Inverness Drive East, Suite F
ENGLEWOOD
COLORADO 80112
Tel. +1 303 792 3110
Fax +1 303 799 6892

PRINCETON GAMMA-TECH,
INC.
1200 State Road
PRINCETON
NEW JERSEY 08540
Tel. +1 609 924 7310
Fax +1 609 924 1729

VALLEYCAST, INC.,
OUTOKUMPU ALLOY WIRE
INC.
PO Box 1714
APPLETON
WISCONSIN 54913-1714
Tel. +1 414 749 3820
Fax +1 414 749 3830

WENMEC SYSTEMS, INC.
351 Thornton Road, Suite 115
LITHIA SPRINGS,
GEORGIA 30057
Tel. +1 770 944 2127
Fax +1 770 944 2236



OUTOKUMPU OY
Corporate Management
Länsituulentie 7 A
PO Box 280
FIN-02101 ESPOO, Finland
Tel. +358 0 4211
Fax +358 0 421 3888