

KEMIRA GROUP

The figures are unaudited.

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

This Interim Consolidated Financial Statement has been prepared in compliance with IAS 34. Kemira Group has corrected a previous year error in accordance with IAS 8. The nature of the error is described in the end of the report.

Changes to the accounting policies as of January 1, 2007:

- IFRS 7 (Financial Instruments: Disclosures) has been adopted by the Group in 2007

- Revised IAS 1 (Disclosures about capital) has been adopted by the Group in 2007

The Group assesses that the adoption of the revised standards will not have any material effect on its future financial statements. However, the resulting changes will add disclosures to the Financial Statements.

INCOME STATEMENT	EUR million	4-6/2007	4-6/2006	1-6/2007	1-6/2006	2006 *
Revenue		753.0	647.5	1,426.3	1,200.4	2,522.5
Other income from operations		5.9	13.7	12.7	21.5	59.2
Expenses		-669.1	-579.7	-1,266.5	-1,065.5	-2,264.5
Depreciation		-32.3	-30.0	-66.0	-59.4	-123.5
Operating profit		57.6	51.5	106.5	97.0	193.7
Financial income and expenses		-12.6	-5.8	-24.8	-12.9	-37.2
Income from associates		0.7	-0.6	1.3	-1.5	-2.3
Profit before tax		45.7	45.1	83.0	82.6	154.2
Income tax		-12.4	-13.1	-22.4	-24.0	-42.0
Net profit for the period		33.3	32.0	60.6	58.6	112.2

Attributable to:

Equity holders of the parent	32.3	31.0	58.7	56.8	108.6
Minority interest	1.0	1.0	1.9	1.8	3.6
Net profit for the period	33.3	32.0	60.6	58.6	112.2

BALANCE SHEET EUR million

ASSETS	30.6.2007	31.12.2006*
Non-current assets		
Goodwill	629.2	581.0
Other intangible assets	117.8	108.9
Property, plant and equipment	1,008.1	987.1
Holdings in associates	8.2	8.1
Available-for-sale investments	85.3	84.3
Deferred tax assets	7.6	7.7
Defined benefit pension receivables	24.9	24.6
Other investments	9.4	9.5
Total non-current assets	1,890.5	1,811.2
Current assets		
Inventories	303.2	293.2
Receivables		
Interest-bearing receivables	2.7	9.1
Interest-free receivables	679.6	565.4
Total receivables	682.3	574.5
Money market investments - cash equivalents	26.9	35.0
Bank and cash	35.3	41.1
Total current assets	1,047.7	943.8
Non-current assets held for sale	1.9	14.4
Total assets	2,940.1	2,769.4

EQUITY AND LIABILITIES	30.6.2007	31.12.2006 *
Equity attributable to equity holders of the parent	1,073.0	1,069.9
Minority interest	13.1	12.6
Total equity	1,086.1	1,082.5

Non-current liabilities		
Interest-bearing non-current liabilities	588.8	395.1
Deferred tax liabilities	114.3	105.9
Pension liabilities	67.1	66.8
Provisions	23.9	63.3
Total non-current liabilities	794.1	631.1

Current liabilities		
Interest-bearing current liabilities	540.8	508.5
Interest-free current liabilities	506.0	522.9
Provisions	13.1	15.5
Total current liabilities	1,059.9	1,046.9
Liabilities directly associated with non-current assets classified as held for sale	-	8.9
Total liabilities	1,854.0	1,686.9
Total equity and liabilities	2,940.1	2,769.4

Non-current assets held for sale include US- and Canada-based factory sites.

* Prior year correction included

CONSOLIDATED CASH FLOW STATEMENT	EUR million	4-6/2007	4-6/2006	1-6/2007	1-6/2006	2006
Cash flows from operating activities						
Adjusted operating profit	84.5	79.4	166.1	138.9	232.0	
Interests	-9.5	-9.1	-15.1	-15.2	-30.4	
Dividend income	0.1	0.9	0.1	1.8	2.0	
Other financing items	-	-1.1 -		0.5	-1.3	
Income taxes paid	-11.7	-7.3	-19.5	-17.9	-45.1	
Total funds from operations	63.4	62.8	131.6	108.1	157.2	
Change in net working capital	-10.3	-14.2	-108.5	-79.8	59.6	
Total cash flows from operating activities	53.1	48.6	23.1	28.3	216.8	
Cash flows from investing activities						
Capital expenditure	-87.4	-104.3	-165.7	-161.8	-462.0	
Proceeds from sale of assets	6.5	27.8	-26.0	33.8	102.9	
Net cash used in investing activities	-80.9	-76.5	-191.7	-128.0	-359.1	
Cash flow after investing activities	-27.8	-27.9	-168.6	-99.7	-142.3	
Cash flows from financing activities						
Change in long-term loans (increase +, decrease -)	-125.6	-4.3	-6.7	43.8	173.4	
Change in long-term loan receivables (decrease +, increase -)	-0.7	-	0.7	0.7	1.5	
Short-term financing, net (increase +, decrease -)	216.5	65.5	216.5	139.6	33.8	
Dividends paid	-59.9	-45.1	-59.9	-45.1	-46.3	
Other	3.2	14.1	4.0	14.7	-0.2	
Net cash used in financing activities	33.5	30.2	154.6	153.7	162.2	
Net change in cash and cash equivalents	5.7	2.3	-14.0	54.0	19.9	
Cash and cash equivalents at end of period	62.2	110.3	62.2	110.3	76.2	
Cash and cash equivalents at beginning of period	56.5	108.0	76.2	56.3	56.3	
Net change in cash and cash equivalents	5.7	2.3	-14.0	54.0	19.9	

STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the parent									
	Share capital	Share issue	Capital paid-in in excess of par value	Other reserves	Fair value reserve	Exchange differences	Treasury shares	Retained earnings	Minority interests	Total
Shareholders' equity at January 1, 2006	221.3	0.0	257.8	2.8	64.3	-33.9	-27.5	520.7	13.7	1,019.2
Net profit for the financial year	-	-	-	-	-	-	-	56.8	1.8	58.6
Dividends paid	-	-	-	-	-	-	-	-43.5	-1.5	-45.0
Treasury shares issued to target group	-	-	-	-	-	-	0.7	-0.7	-	0.0
Share-based compensation	-	-	-	-	-	-	-	0.6	-	0.6
Options subscribed for shares	0.2	0.1	-	-	-	-	-	-	-	0.3
Exchange differences	-	-	-	-	-	-3.8	-	-	-0.1	-3.9
Hedge of net investments in foreign entities	-	-	-	-	-	3.8	-	-	-	3.8
Cash flow hedging: amount entered in shareholders' equity	-	-	-	-	10.7	-	-	-	-	10.7
Acquired minority interest	-	-	-	-	-	-	-	-	-0.5	-0.5
Transfer between restricted and non-restricted equity	-	-	-	0.3	-	-	-	-0.3	-	0.0
Other changes	-	-	-	-	-	-	-	-0.8	-0.1	-0.9
Shareholders' equity at June 30, 2006	221.5	0.1	257.8	3.1	75.0	-33.9	-26.8	532.8	13.3	1,042.9
Shareholders' equity at January 1, 2007	221.6	0.0	257.9	3.1	59.6	-30.8	-26.8	585.3	12.6	1082.5
Net profit for the financial year	-	-	-	-	-	-	-	58.7	1.9	60.6
Dividends paid	-	-	-	-	-	-	-	-58.2	-1.7	-59.9
Treasury shares issued to target group	-	-	-	-	-	-	0.9	-0.9	-	0.0
Share-based compensation	-	-	-	-	-	-	-	0.8	-	0.8
Options subscribed for shares	0.2	-	-	-	-	-	-	-	-	0.2
Exchange differences	-	-	-	0.1	-	-1.6	-	-	0.2	-1.3
Hedge of net investments in foreign entities	-	-	-	-	-	2.8	-	-	-	2.8
Cash flow hedging: amount entered in shareholders' equity	-	-	-	-	-0.3	-	-	-	-	-0.3
Acquired minority interest	-	-	-	-	-	-	-	-	0.2	0.2
Transfer between restricted and non-restricted equity	-	-	-	-	-	-	-	-	-	0.0
Other changes	-	-	-	0.3	-	-	-	0.4	-0.1	0.6
Shareholders' equity at June 30, 2007	221.8	0.0	257.9	3.5	59.3	-29.6	-25.9	586.1	13.1	1,086.2

At the end of the year 2006 there were 3,979,670 treasury shares. Of the shares that were granted in connection with the share-based incentive plan 15,341 were returned to Kemira in 2007. A total of 144,143 shares were issued to key persons based on the incentive plan on February 23, 2007. The total equivalent book value of the shares issued amounted to approx. EUR 255,133. The issue does not materially affect the distribution of ownership and voting power in the company.

Kemira had in its possession 3,850,868 of its treasury shares at June 30, 2007. Their average acquisition share price was EUR 6.73 and the treasury shares represented 3.1% of the share capital and of the aggregate number of votes conferred by all the shares. The equivalent book value of the treasury shares is EUR 6.8 million.

KEY FIGURES	4-6/2007	4-6/2006	1-6/2007	1-6/2006	2006*
Earnings per share, basic and diluted, EUR	0.27	0.26	0.48	0.47	0.90
Cash flow from operations per share, EUR	0.44	0.40	0.19	0.23	1.79
Capital expenditure, EUR million	87.4	104.3	165.7	161.8	462.0
Capital expenditure / revenue, %	11.6	16.1	11.6	13.5	18.3
Average number of shares (1000), basic *	121,180	120,876	121,136	120,817	120,877
Average number of shares (1000), diluted *	121,195	121,032	121,195	121,030	121,051
Number of shares at the end of the period (1000), basic *	121,194	120,911	121,194	120,911	120,988
Number of shares at the end of the period (1000), diluted *	121,194	121,040	121,194	121,040	121,204
Equity per share, attributable to equity holders of the parent, EUR			8.86	8.52	8.85
Equity ratio, %			37.1	39.7	39.2
Gearing, %			98.3	73.9	76.4
Net liabilities, EUR million			1,067.4	770.2	827.4
Personnel (average)			9,826	8,949	9,186

*) Number of shares outstanding, adjusted by the number of shares bought back.

REVENUE BY BUSINESS AREA	EUR million	4-6/2007	4-6/2006	1-6/2007	1-6/2006	2006*
Kemira Pulp&Paper		260.1	257.9	515.4	467.4	993.3
Kemira Water		185.1	102.1	355.1	194.4	467.6
Kemira Specialty		110.6	107.6	214.1	226.2	456.2
Kemira Coatings		188.7	170.3	324.5	288.9	562.8
Other and Intra-Group sales		8.5	9.6	17.2	23.5	42.6
Total Group		753.0	647.5	1,426.3	1,200.4	2,522.5

OPERATING PROFIT BY BUSINESS AREA	4-6/2007	4-6/2006	1-6/2007	1-6/2006	2006*
Kemira Pulp&Paper	23.4	20.4	46.4	46.4	90.8
Kemira Water	13.0	9.6	24.9	16.0	35.3
Kemira Specialty	7.1	11.7	17.4	23.0	45.8
Kemira Coatings	27.3	25.0	40.1	34.6	72.1
Other and eliminations	-13.2	-15.2	-22.3	-23.0	-50.3
Total Group	57.6	51.5	106.5	97.0	193.7

CHANGES IN PROPERTY, PLANT AND EQUIPMENT EUR million	1-6/2007	1-6/2006	2006
Carrying amount at beginning of year	987.1	865.0	865.0
Acquisitions of subsidiaries	-14.4	27.1	151.9
Increases	105.3	61.1	154.4
Decreases	-3.1	-3.0	-42.0
Depreciation and impairments	-55.7	-51.4	-106.3
Exchange rate differences and other changes	-11.1	-57.6	-35.9
Net carrying amount at end of period	1,008.1	841.2	987.1

CHANGES IN INTANGIBLE ASSETS EUR million	1-6/2007	1-6/2006	2006
Carrying amount at beginning of year	689.9	629.7	629.7
Acquisitions of subsidiaries	42.2	39.5	71.8
Increases	14.7	6.1	18.1
Decreases	-0.3	0.0	-0.4
Depreciation and impairments	-10.3	-8.0	-17.2
Exchange rate differences and other changes	10.8	-9.2	-12.1
Net carrying amount at end of period	747.0	658.1	689.9

CONTINGENT LIABILITIES	EUR million	30.6.2007	31.12.2006
Mortgages		61.5	64.8
Assets pledged			
On behalf of own commitments		17.6	19.5
Guarantees			
On behalf of own commitments		12.2	6.4
On behalf of associates		34.3	32.6
On behalf of others		3.4	1.4
Operating leasing liabilities			
Maturity within one year		14.4	14.9
Maturity after one year		113.5	118.1
Other obligations			
On behalf of own commitments		0.3	0.4
On behalf of associates		2.3	2.3

Major off-balance sheet investment commitments

Major amounts of contractual commitments for the acquisition of property, plant and equipment on June 30, 2007 were EUR 33 million for the construction of the chemical plant in Uruguay and EUR 13 million for the investment of Kemira Coatings in Russia.

Litigation

The Group has extensive international operations and is involved in a number of legal proceedings incidental to these operations.

The Group does not expect the outcome of any legal proceedings currently pending to have a materially adverse effect upon the Group's consolidated result.

Kemira Chemicals, Inc. has received a grand jury subpoena to produce documents in connection with an investigation by the United States Department of Justice's Antitrust Division, relating to the hydrogen peroxide business in the US. Kemira Oyj, Kemira Chemicals, Inc. and Kemira Chemicals Canada, Inc. have recently received claims or were named in class action lawsuits filed by direct and indirect purchasers of hydrogen peroxide and persalts in US federal and state courts and in Canada.

In these civil actions it is alleged that the US plaintiffs suffered damages resulting from a cartel among hydrogen peroxide suppliers. The existence of the United States Department of Justice's Antitrust Division's investigations and the European Commission's ruling in a case of infringement of competition law in May 2006 are relied upon in support of the allegations.

RELATED PARTY

Related party transactions have not changed materially after annual closing 2006.

DERIVATIVE INSTRUMENTS	EUR million	30.6.2007		31.12.2006	
		Nominal value	Fair value	Nominal value	Fair value
Currency instruments					
Forward contracts	327.8	3.2		389.4	5.5
of which hedges of net investment in a foreign operation	-	-		19.6	2.2
Currency options					
Bought	37.4	-0.1		42.8	-
Sold	39.5	0.1		45.3	0.2
Currency swaps	150.0	5.4		115.9	8.4
Interest rate instruments					
Interest rate swaps	117.6	5.7		109.2	4.7
of which cash flow hedge	92.8	5.2		83.8	4.2
Interest rate options					
Bought	-	-		-	-
Sold	-	-		-	-
Bond futures	10.0	-		10.0	-0.2
of which open	10.0	-		10.0	-0.2
Other instruments					
Electricity forward contracts	GWh	924.2	8.9	GWh	1,227.0
of which cash flow hedge	GWh	924.2	8.9	GWh	1,227.0
Propane swap contracts	Tons	-	-	Tons	1,000.0
					Fair value

The fair values of the instruments which are publicly traded are based on market valuation on the date of reporting. Other instruments have been valued based on net present values of future cash flows. Valuation models have been used to estimate the fair values of options.

Nominal values of the financial instruments do not necessarily correspond to the actual cash flows between the counterparties and do not therefore give a fair view of the risk position of the Group.

BUSINESS COMBINATIONS

The Cytec water treatment business

Kemira acquired the Cytec Industries, Inc.'s water treating and acryl amide business on October 1, 2006. Cytec's water treatment chemicals product line consists of water treatment solutions for industrial and municipal water treatment plants. The acquisition includes five production plants of which three are located in the US (Mobile/Alabama, Longview/Washington, and Fortier/Louisiana), and two in Europe (Bradford /UK and Botlek/the Netherlands).

The acquisition of Cytec's water treatment chemicals business is in line with Kemira's growth strategy. It also enables the Group to significantly broaden its current product portfolio and gain greater geographical presence in key markets and inside key customer segments. The acquired business' market regions include the US, South America, Asia and Europe.

The total price of the acquisition is approx. EUR 197 million but the amount is subject to the adjustment of net working capital. Capitalized acquisition costs directly attributed to the combination were EUR 3.2 million June 30, 2007. The acquisition was financed with Kemira Group's own cash assets and through existing financing agreements.

In addition to the purchase of the business (asset purchase agreement) which was closed October 1, 2006, Kemira signed a share purchase agreement to buy the shares of Cytec Manufacturing BV. The closing and payment of the share purchase was on January 11, 2007. Kemira has also signed transition service agreements with nine Cytec companies concerning certain transition services with respect of the products of the business (Overseas units). The assets related to these transition service agreements will be transferred to Kemira and paid gradually starting on July 1 and ending on September 1, 2007.

The control over the whole Cytec water treatment business was transferred to Kemira on October 1, 2006. The purchase price allocation of the Cytec water treatment business has been made for the June 30, 2007 financial statements. The fair values of the business combination's intangible assets consist of global patents, customer related assets and manufacturing knowhow.

Business combination has been done preliminarily since the business transfers of the Overseas units are still on-going according to the plan.

	Fair values recorded on business combination	Carrying amounts prior to business combination
Intangible assets	15.5	-
Property, plant and equipment	91.0	54.7
Inventories	35.0	33.3
Trade receivables and other receivables	34.9	34.9
Cash and cash equivalents	0.3	0.3
Total assets	176.7	123.2
Interest bearing current liabilities	-	-
Other liabilities	12.9	12.8
Deferred tax liabilities	1.8	-
Total liabilities	14.7	12.8
Net assets	162.0	110.4
Cost of business combination (net)	197.3	
Goodwill	35.3	
Acquisition cost	197.3	
Overseas units	-12.5	
Cash and cash equivalents in subsidiary acquired	-0.3	
Cash outflow on acquisition	184.5	

The revenue of the acquired unit for January 1 - June 30, 2007 totaled EUR 143.9 million and operating profit EUR 5.5 million.

DEFINITIONS OF KEY FIGURES

Earnings per share (EPS)

Net profit attributable to equity holders of the parent
Average number of shares

Equity ratio, %

Shareholders' equity x 100
Total assets - prepayments received

Cash flow from operations

Cash flow from operations, after change in net working capital and before investing activities

Gearing, %

Interest-bearing net liabilities x 100
Shareholders' equity

Cash flow from operations per share

Cash flow from operations
Average number of shares

Net liabilities

Liabilities - bank and cash - money market investments

Equity per share

Equity attributable to equity holders of the parent
at end of quarter

Return on capital employed (ROCE), %

Operating profit + share of associates' results x 100
(Net working capital + property, plant and equipment available for use + intangible assets + investments in associates) *)

*) Average

PRIOR PERIOD ERROR

An error was discovered related to the financial statements of 2006 and has been corrected retrospectively according to IAS 8. The error was related to the calculation of the provision made for the closure of the Water Soluble business unit and as a result of this the provision was reported 8 million euro too low. This has been corrected to the fourth quarter result of 2006. The income statement of full year 2006 and the balance sheet at December 31, 2006 were changed as follows:

INCOME STATEMENT	EUR million	Reported 2006	Corrected 2006
Revenue		2,522.5	2,522.5
Other income from operations		59.2	59.2
Expenses		-2,256.5	-2,264.5
Depreciation		-123.5	-123.5
Operating profit		201.7	193.7
Financial income and expenses		-37.2	-37.2
Income from associates		-2.3	-2.3
Profit before tax		162.2	154.2
Income tax		-42.0	-42.0
Net profit for the period		120.2	112.2
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Attributable to:			
Equity holders of the parent		116.6	108.6
Minority interest		3.6	3.6
Net profit for the period		120.2	112.2

KEY FIGURES	Reported 2006	Corrected 2006
Earnings per share, basic and diluted, EUR	0.96	0.90

BALANCE SHEET	EUR million	Reported 31.12.2006	Corrected 31.12.2006
Equity attributable to equity holders of the parent	1,077.9	1,069.9	
Total equity	1,090.5	1,082.5	
Provisions	55.3	63.3	
Total non-current liabilities	623.1	631.1	

Retrospective restated quarterly figures are presented as appendix to this interim report.

QUARTERLY EARNINGS PERFORMANCE

(Unaudited figures)	1–3	4–6	7–9	10–12	2006 Total
Revenue					
Kemira Pulp&Paper	209.5	257.9	261.9	264.0	993.3
Kemira Water	92.3	102.1	101.7	171.5	467.6
Kemira Speciality	118.6	107.6	112.8	117.2	456.2
Kemira Coatings	118.6	170.3	164.6	109.3	562.8
Other and intra-Group sales	13.9	9.6	11.6	7.5	42.6
Total	552.9	647.5	652.6	669.5	2,522.5
Operating profit					
Kemira Pulp&Paper	26.0	20.4	24.3	20.1	90.8
Kemira Water	6.4	9.6	9.0	10.3	35.3
Kemira Speciality	11.3	11.7	11.7	11.1	45.8
Kemira Coatings	9.6	25.0	39.0	-1.5	72.1
Other including eliminations	-7.8	-15.2	-8.9	-18.4	-50.3
Total	45.5	51.5	75.1	21.6	193.7
Financial income and expenses	-7.1	-5.8	-11.6	-12.7	-37.2
Share of associates' results	-0.9	-0.6	0.3	-1.1	-2.3
Profit before tax	37.5	45.1	63.8	7.8	154.2
Income tax	-10.9	-13.1	-17.9	-0.1	-42.0
Net Profit	26.6	32.0	45.9	7.7	112.2
Attributable to					
Equity holders of the parent	25.8	31.0	45.0	6.8	108.6
Minority interests	0.8	1.0	0.9	0.9	3.6
Net Profit	26.6	32.0	45.9	7.7	112.2
Earnings per share, diluted, EUR	0.21	0.26	0.37	0.12	0.90
Capital employed, rolling					1,876.6
ROCE, %					10.2 %