

Kemira



Interim Report | Q1
January-March 2008

Kemira Group Interim Report for January-March 2008

- Revenue in January-March 2008: EUR 683.6 million (Q1/2007: EUR 673.3 million)
- Operating profit excluding non-recurring items: EUR 27.2 million (EUR 48.1)
- Operating profit: EUR 33.0 million (EUR 48.9 million)
- Earnings per share: EUR 0.12 (EUR 0.22)
- Full-year operating profit and earnings per share, non-recurring items excluded, are expected to show an increase from their 2007 levels.

Kemira's President and CEO Harri Kerminen:

"We saw challenging times in Q1, with substantially higher than expected raw materials and energy-related costs and the continued weakening of the US dollar, eroding our profitability versus Q1 2007. There was, however, an improvement over Q4 2007, indicating a positive trend forward. Most businesses have shown reasonably good sales growth in local currencies. General price increases have been announced and wherever possible, contract pricing has been renegotiated to compensate for these higher costs. Measures to reorganize and to improve operational efficiencies are also under way. Based on current market understanding and excluding non-recurring items, we expect full-year profits and earnings per share to show an increase over prior year."

"The strategy review and organizational restructuring work announced in February in connection with the disclosure of financial statements is ongoing and according to plan. The strategy work is based on customer segments and a new business structure reflecting the revised strategy for Kemira Pulp&Paper and Kemira Water will be in place at the end of the year."

Key Figures and Ratios

EUR million	1-3/2008	1-3/2007	Change %	1-12/2007
Revenue	683.6	673.3	2	2,810.2
EBITDA	67.6	82.6	-18	316.9
EBITDA, %	9.9	12.3		11.3
Operating profit, excluding non-recurring items	27.2	48.1	-43	174.6
Operating profit	33.0	48.9	-33	143.1
Operating profit, excluding non-recurring items, %	4.0	7.1		6.2
Operating profit, %	4.8	7.3		5.1
Financial income and expenses	-11.2	-12.2		-51.9
Profit before tax	21.9	37.3	-41	93.3
Profit before tax, %	3.2	5.5		3.3
Net profit	16.0	27.3	-41	67.5
EPS, EUR	0.12	0.22	-45	0.53
Capital employed*	2,043.5	1,924.6		2,035.8
ROCE, %*	6.3	10.2		7.1
Cash flow after investments, excluding acquisitions	-9.0	-117.6		-82.5
Personnel at period-end	10,138	9,405		10,007

* 12-month rolling average

As announced in the financial statements bulletin earlier this year, Kemira switched certain customer segments between Kemira Pulp&Paper and Kemira Water at the beginning of 2008, in order to improve customer service and clarify its sales organization and sales responsibilities. Changes will only affect the business-area specific segment information for Kemira Pulp&Paper and Kemira Water. Business-area comparatives for 2007 have been adjusted to match the new breakdown. As a result of this change, Kemira Water's revenue for 2007 decreased by about EUR 44 million and operating profit by EUR 1.4 million while Kemira Pulp&Paper's revenue grew by EUR 25 million and operating profit by EUR 1.4 million, and revenue eliminations between business areas decreased by some EUR 19 million.

Financial Performance

Kemira Group's revenue for January-March 2008 totaled EUR 683.6 million (Q1/2007: EUR 673.3 million). Demand was healthy in most areas and organic growth in local currencies was 3%. Acquisitions contributed around EUR 16 million to revenue growth, while divestments depressed revenue by EUR 6 million. The currency effect had a 3%, or EUR 20 million negative impact on revenue.

Revenue, EUR million	1-3/2008	1-3/2007	1-12/2007
Kemira Pulp&Paper	263.9	262.7	1 043.0
Kemira Water	179.5	157.9	686.4
Kemira Specialty	107.0	103.5	425.9
Kemira Coatings	145.2	135.8	625.2
Other, including eliminations	-12.0	13.4	29.7
Total	683.6	673.3	2 810.2

The first quarter was challenging due to the continued increases in already high raw material and energy prices, and the continued weakening of the US dollar. The raw material prices increased more than estimated earlier.. Kemira Group's operating profit, excluding non-recurring items, for January-March decreased by 43% to EUR 27.2 million (EUR 48.1 million). As a result, operating profit as a percentage of revenue, excluding non-recurring items, fell from 7.1% to 4.0%. However the profitability improved compared to the last quarter in 2007. High raw material and energy prices eroded profitability in all business areas, but paper chemicals and the polymers required for water treatment were most severely affected. Furthermore, Kemira Specialty's performance was hampered by low sales prices in euro of titanium dioxide. The currency effect had a EUR 3 million negative impact on revenue compared with Q1 a year earlier.

Operating profit (excl. non-recurring items), EUR million	1-3/2008	1-3/2007	1-12/2007
Kemira Pulp&Paper	15.6	21.6	79.8
Kemira Water	6.8	12.0	46.7
Kemira Specialty	3.8	10.3	24.1
Kemira Coatings	11.7	12.8	64.3
Other, including eliminations	-10.7	-8.6	-40.3
Total	27.2	48.1	174.6

Operating profit for January-March came to EUR 33.0 million (48.9) and includes non-recurring items with a positive net impact of EUR 5.8 million (EUR 0.8 million).

Profit before tax for the period amounted to EUR 21.9 million (37.3) and net profit totaled EUR 16.0 million (27.3). Earnings per share were EUR 0.12 (EUR 0.22).

Financial Position and Cash Flows

In January–March, the Group reported cash flows of EUR 20.2 million (-30.0) from operating activities. Net cash flow from investing activities was EUR -29.2 million (-110.8). There were no acquisitions in the first quarter. In the first quarter of 2007 the acquisitions accounted for an outflow of EUR 23.2 million. Kemira showed a negative free cash flow of EUR -9.0 million (-140.8).

At the end of March, the Group's net liabilities stood at EUR 1,015.9 million (December 31, 2007: EUR 1,003.4 million).

At the period-end, interest-bearing liabilities stood at EUR 1 072.2 million. Fixed-rate loans accounted for roughly 26% of total interest-bearing net loans. The Group's net financial expenses totaled 5.3%. The duration of the Group's interest-bearing loan portfolio on March 31 was 14 months (December 31, 2007: 13 months).

The unused amount of the EUR 750 million revolving credit facility, that falls due in 2012, was EUR 622.4 million on March 31.

On March 31, the equity ratio stood at 36 % (December 31, 2007: 39%), while gearing was 99% due to equity effect of dividends (December 31, 2007: 92%).

The Group's net financial expenses for January-March totaled EUR 11.2 million (12.2).

The Group's most important exchange rate risk arises from the USD denominated exports from the euro area. Approximately 70% of the exchange rate risk, annually equivalent to EUR 56 million, due to exposure to the US dollar, was hedged during the quarter. In addition, the company is exposed to a USD risk when USD denominated items are converted into euro in the financial statements.

Capital Expenditure

Gross capital expenditure, excluding acquisitions, amounted to EUR 38.6 million (55.1) in January-March. Maintenance investments represented around 15% of capital expenditure, excluding acquisitions.

Group depreciation came to EUR 34.6 million (33.7 million).

Cash flow from the sale of assets was EUR 9.4 million (-32.5). The Group's net capital expenditure totaled EUR 29.2 million (110.8).

Research and Development

In January-March, reported research and development expenditure totaled EUR 15.5 million (EUR 16.0 million), accounting for 2.3% of revenue (2.4%).

Kemira's Asian Technology Center in Shanghai was inaugurated on April 15, 2008. In addition to Asia, Kemira's network of the R&D centers includes Europe and North America. Once completed, the planned technology center in Latin America will bolster Kemira's strategy of enhancing its business in the growing markets. With the technology centers up and running, customers will receive full R&D services on all continents. Kemira engages in development work with customers and other cooperation partners, e.g. in process technology and automation. In addition, close contacts with universities and research institutions are valuable. Kemira is intensifying its cooperation with China's leading universities, the first among these being South China University of Technology in Guangzhou and Nanjing Forestry University.

Human Resources

The number of Group employees totaled 10,138 on March 31 (9,045).

Business Areas

Kemira Pulp&Paper

Kemira Pulp&Paper is the world's leading expert in pulp and paper chemicals, its energy and cost-efficient solutions spanning the pulp and paper industry's value chain from pulp to paper coating.

EUR million	1-3/2008	1-3/2007	Change %	1-12/2007
Revenue	263.9	262.7	0	1 043.0
EBITDA	27.5	35.5	-23	133.7
EBITDA, %	10.4	13.5		12.8
Operating profit, excluding non-recurring items	15.6	21.6	-28	79.8
Operating profit	15.6	22.9	-32	68.2
Operating profit, excluding non-recurring items, %	5.9	8.2		7.6
Operating profit, %	5.9	8.7		6.5
Capital employed*	832.0	838.9		833.6
ROCE, %	7.3	10.3		8.2
Capital expenditure, excluding acquisitions	11.3	22.3		78.4
Cash flow after investments, excluding acquisitions	29.1	-7.7		-24.3
Personnel at period-end	2,378	2,286		2,351

* 12-month rolling average

In the first quarter, Kemira Pulp&Paper's revenue remained on the previous year's level. Organic growth in local currencies was 5% but the currency effect and divested businesses brought reported growth practically to zero. The currency effect had a 3% negative effect on revenue. While pulp chemicals showed good demand, the competitive environment for paper chemicals was challenging and sales figures fell short of last year due to customer paper mill closures, particularly in Europe and North America.

As a result of higher raw material and energy prices as well as the increase in transport costs, operating profit for the period excluding non-recurring items was down by 28% from the previous year to EUR 15.6 million (21.6). These raw material price hikes reflected particularly strongly on the profitability of the paper chemicals business. However, operating profit, excluding non-recurring items, was higher than in the final quarter last year.

The start-up of Kemira's chemical plant, built next to Botnia's pulp mill in Uruguay, has gone well. Its deliveries to the pulp mill are proceeding according to plans. Furthermore, the Kemira plant has also initiated chemical deliveries to other South American customers.

In January, Kemira announced its intentions to start a new company in Indonesia, which is a growth area for the pulp and paper production. PT Kemira Indonesia launched operations in January, offering pulp and paper chemicals solutions and products to customers in South East Asia.

Kemira Water

Kemira Water is the world's leading expert in municipal and industrial waste water as well as process and drinking water treatment. Kemira Water offers services, products and equipment for municipal and industrial water treatment.

EUR million	1-3/2008	1-3/2007	Change %	1-12/2007
Revenue	179.5	157.9	14	686.4
EBITDA	16.8	18.8	-11	78.8
EBITDA, %	9.4	11.9		11.5
Operating profit, excluding non-recurring items	6.8	12.0	-43	46.7
Operating profit	9.2	12.0	-23	43.6
Operating profit, excluding non-recurring items, %	3.8	7.6		6.8
Operating profit, %	5.1	7.6		6.4
Capital employed*	413.1	296.0		409.4
ROCE, %	10.0	14.3		10.9
Capital expenditure, excluding acquisitions	9.1	7.7		51.0
Cash flow after investments, excluding acquisitions	3.0	-10.5		-11.6
Personnel at period-end	2,317	1,972		2,319

* 12-month rolling average

Kemira Water's revenue in the first quarter improved by 14% to EUR 179.5 million (157.9). Sales were good in all areas and organic growth in local currencies was 13%. The currency effect had a 5% negative impact on revenue. Acquisitions contributed around EUR 9 million to revenue growth.

The dramatically increased raw material prices taxed Kemira Water's profitability in the first quarter. Operating profit excluding non-recurring items remained on the same level as in Q4 last year, EUR 6.8 million (12.0). The increase in raw material costs weighed particularly heavily on the profitability of water treatment polymers. Profitability of water treatment coagulants remained despite the increase in costs.

The operating profit of EUR 9.2 million for the first quarter includes EUR 2.4 million worth of non-recurring income.

At the beginning of January Kemira announced that a Finnish pulp manufacturer Savon Sellu Oy had selected Kemira Water as its partner responsible for managing and developing Savon Sellu's waste water and sludge treatment.

In early April, Kemira announced its intention of increasing its water treatment chemicals production capacity in central China. Kemira's 80%-owned Kemira Water Solutions (Chongqing) Co. Ltd will invest in a new production line for the manufacture of polyaluminum chloride. The plant extension is scheduled to be taken into use in the first quarter of 2009. Kemira Water Solutions (Chongqing) mainly serves the water treatment needs of the Chongqing autonomous area in terms of both drinking water and industrial wastewater. The new investment will allow the expansion of the customer base both in the Chongqing area and in the neighboring Sichuan province. In addition, the company aims to invest in municipal wastewater treatment in the future. Kemira is committed to strengthening its water treatment chemicals business in Asia.

Kemira Specialty

Kemira Specialty is the leading expert in specialty chemicals in selected customer segments, serving customers in a wide array of industries, such as the paint, cosmetics, printing ink, food and feed industries, through its customer-driven solutions.

EUR million	1-3/2008	1-3/2007	Change %	1-12/2007
Revenue	107.0	103.5	3	425.9
EBITDA	11.9	18.1	-34	45.1
EBITDA, %	11.1	17.5		10.6
Operating profit, excluding non-recurring items	3.8	10.3	-63	24.1
Operating profit	3.8	10.3	-63	13.5
Operating profit, excluding non-recurring items, %	3.6	9.9		5.7
Operating profit, %	3.6	9.9		3.2
Capital employed*	432.4	446.4		435.3
ROCE, %	1.6	10.0		3.1
Capital expenditure, excluding acquisitions	6.7	9.5		55.0
Cash flow after investments, excluding acquisitions	2.8	-7.6		-19.7
Personnel at period-end	989	1 004		1 028

* 12-month rolling average

Kemira Specialty's revenue in the first quarter picked up by 3% to EUR 107.0 million (103.5). Revenue growth was held back by the ongoing weakening of the US dollar and the market environment for titanium dioxide, which continues to be very challenging. Organic growth in local currencies was 3%. In addition the acquisition of Tri-K in 2007 contributed to revenue growth. The currency effect had a 3% negative impact on revenue.

Operating profit in the first quarter amounted to EUR 3.8 million (10.3). The decline from the previous year could be attributed to the weaker US dollar, sustained low sales prices in euro of titanium dioxide, and increases in raw material and energy prices. However, operating profit excluding non-recurring items increased from the final quarter of 2007. The weakening of the US dollar has continued to improve the competitive position of US titanium dioxide producers in Europe, which is making it increasingly difficult to raise sales prices in Europe. The demand for, and price level of, formic acid remained at a good level.

An announcement was made in early January on the awarding of a new environmental permit to Kemira Pigments Oy's Pori titanium dioxide plant. Until now, part of the iron sulfate formed at the plant as a by-product in the production of titanium dioxide has been piled on the site and part has been sold for use as water purification chemicals or in the production of such chemicals. In the future, sales volume will be increased and customer base will be expanded from water treatment to other segments, such as the cement industry.

Kemira Oyj has concluded the evaluation of strategic alternatives for its business unit Chemidet. The business unit will continue to run as a part of the Kemira Specialty business area and will focus on maximization of profitability and cash flow.

Kemira Coatings

Kemira Coatings is the leading expert in painting and coating solutions in Northern and Eastern Europe, providing services and branded products to consumers, professionals and the industry.

EUR million	1-3/2008	1-3/2007	Change %	1-12/2007
Revenue	145.2	135.8	7	625.2
EBITDA	16.4	17.1	-4	91.2
EBITDA, %	11.3	12.6		14.6
Operating profit, excluding non-recurring items	11.7	12.8	-9	64.3
Operating profit	11.7	12.8	-9	73.1
Operating profit, excluding non-recurring items, %	8.1	9.4		10.3
Operating profit, %	8.1	9.4		11.7
Capital employed*	317.5	311.5		311.0
ROCE, %	22.9	24.6		23.9
Capital expenditure, excluding acquisitions		9.8		43.5
Cash flow after investments, excluding acquisitions		-39.7		26.0
Personnel at period-end	3 944	3 543		3 789

* 12-month rolling average

Kemira Coating's revenue in the first quarter rose by 7% to EUR 145.2 million (135.8) with organic growth at 5%. In addition, acquisitions completed in 2007 contributed to revenue growth. The timing of Easter in March and the cold and rainy weather in Northern Europe during the same month had a negative effect on sales growth compared with Q1 a year earlier.

Operating profit in the first quarter amounted to EUR 11.7 million (12.8). Increases in the costs of some raw materials and packaging materials affected profitability.

Following its strategy, Kemira Coatings continue investments in development of infrastructure in order to secure further growth in the CIS countries. The logistics and customer service center that is being built in Moscow will be ready in the second half of the year. Furthermore, Kemira Coatings has decided to build a paint plant near Kiev, Ukraine. The plant premises in Ukraine will also house a logistics centre, offices and a painting school. The new paint plant near Stockholm started operation in the beginning of this year.

Kemira Oyj Shares and Shareholders

During January-March, Kemira Oyj shares registered a high of EUR 14.77 and a low of EUR 8.28, the share price averaging EUR 9.67. On March 31, the company's market capitalization, excluding treasury shares, totaled EUR 1,175.5 million.

On March 31, 2008, the company's share capital totaled EUR 221.8 million and the number of registered shares was 125,045,000. Kemira holds 3,854,465 treasury shares, accounting for 3.1% of outstanding company shares and voting rights.

AGM Decisions

In accordance with a resolution made at the Kemira Oyj Annual General Meeting, a dividend of EUR 0.50 per share was paid for the financial year 2007. Dividends were paid out on April 2, 2008.

The Annual General Meeting elected seven Board members. As proposed by the Nomination Committee, the current members Elizabeth Armstrong, Juha Laaksonen, Ove Mattsson, Pekka Paasikivi and Kaija Pehu-Lehtonen were re-elected, and Jukka Viinanen and Jarmo Väisänen were elected as new members. Pekka Paasikivi was elected to continue as the Board's chairman and Jukka Viinanen was elected as vice-chairman.

KPMG Oy Ab was elected the company's auditor, with Pekka Pajamo, Authorized Public Accountant, acting as chief auditor.

The AGM decided that Article 4 of the current Articles of Association should be amended such that references to the Finnish titles "pääjohtaja" (English translation in the current Articles of Association "Chief Executive Officer") and "varapääjohtaja" (English translation in the current Articles of Association "Deputy Chief Executive Officer") are deleted.

The Annual General Meeting authorized the Board of Directors to decide upon the repurchase of a maximum of 2,397,515 treasury shares ("share repurchase authorization"). Shares will be repurchased using unrestricted equity either through a direct offer with equal terms to all shareholders, at a price determined by the Board of Directors, or otherwise than in proportion to the existing shareholdings of the company's shareholders in public trading on the OMX Nordic Exchange Helsinki Oy ("the stock exchange") at the market price quoted at the time of the repurchase. Shares shall be acquired and paid for in accordance with the rules of the stock exchange and the Finnish Central Securities Depository Ltd. Shares may be repurchased for use in implementing or financing mergers and acquisitions, developing the company's capital structure, improving the liquidity of the company's shares, or implementing the company's share-based incentive plan. In order to realize the aforementioned purposes the shares acquired may be retained, transferred further, or canceled by the company. The Board of Directors will decide upon other terms related to the share repurchase. The share repurchase authorization will remain valid until the end of the next Annual General Meeting.

The Annual General Meeting authorized the Board of Directors to decide on the issue of a maximum of 12,500,000 new shares and transfer a maximum of 6,252,250 own shares held by the company ("share issue authorization"). The new shares may be issued and the treasury shares held by the company may be transferred either against payment or, as part of the implementation of the company's share-based incentive plan, without payment. The new shares may be issued and the treasury shares held by the company may be transferred to the company's shareholders in proportion to their current shareholdings in the company, or, by way of derogation from the shareholders' preferential rights, through a directed share issue, if the company has a weighty financial reason for doing so, such as financing or implementing mergers and acquisitions, developing its capital structure, improving the liquidity of the company's shares or, if this is justified, for the purpose of implementing the company's share-based incentive plan. The directed share issue may be carried out without payment only in connection with the implementation of the company's share-based incentive plan. Furthermore, the subscription price for the new shares must be recognized under the unrestricted equity capital fund and the consideration payable for treasury shares shall be recognized under the unrestricted equity capital fund. The Board of Directors will decide on other terms related to share issues. The share issue authorization will remain valid until the end of the next Annual General Meeting.

Board Committees

At its meeting, the Board of Directors of Kemira Oyj elected members from among the Board for the Audit Committee and the Compensation Committee.

The Board's Audit Committee members are Juha Laaksonen, Jarmo Väisänen and Kaija Pehu-Lehtonen. The Audit Committee is chaired by Juha Laaksonen.

The Board's Compensation Committee members are Pekka Paasikivi, Jukka Viinanen and Ove Mattsson. The Committee is chaired by Pekka Paasikivi.

Outlook

Based on current market understanding and excluding non-recurring items, we expect full-year profits and earnings per share to show an increase over prior year. Kemira Group's growth is expected to be moderate and primarily fueled by organic growth in 2008. Continued actions on price and on-going improvements in operational efficiency are key. However, the volatility in the global economy and especially if there are further energy-related and raw material cost increases or a continued weakening of the US dollar will create challenges to Kemira.

It is estimated that demand for pulp chemicals in **Kemira Pulp&Paper's** customer industries will remain high, while the operational rearrangements carried out in the customer industries in North America and Europe will have an adverse impact on the demand for paper chemicals. Growth in this business area is expected mainly from the developing markets, such as Uruguay, where the chemical plant constructed at the site of a pulp mill will be in operation for its initial year. **Kemira Water** is expected to show good organic growth. The forecast for Kemira Water's polymer business is overshadowed particularly by the increase in raw material prices. In the **Kemira Specialty** business area, demand for titanium dioxide, organic acids and sodium percarbonate is expected to be high. No increase is expected in average sales prices in euro for titanium dioxide in the first half despite some price increases implemented in the US dollar markets. **Kemira Coatings** expects sustained healthy demand in most market areas, with the strongest growth anticipated in Russia and other CIS countries.

Helsinki, April 29, 2008

Board of Directors

All forward-looking statements in this review are based on the management's current expectations and beliefs about future events, and actual results may differ materially from the expectations and beliefs such statements contain.

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Kemira will hold a press conference on its January-March 2008 results for the media and analysts at its head office (Porkkalankatu 3) today, starting at 10:30 a.m.

Presentation material will be available on Kemira's website at

<http://www.kemira.com/Group/Suomeksi/Sijoittajat/Esitykset/Tulosesitykset/>.

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 Statements has been prepared in compliance with IAS 34.

Changes to the accounting policies as of January 1, 2008:

- IFRIC 11 interpretation of IFRS 2 Group and Treasury Share Transactions
- IFRIC 12 (Service Concession Arrangements) interpretation related to service arrangements between public and private sectors
- IFRIC 14 (IAS 19 – The Limit on a defined Benefit Asset, Minimum Funding Requirement and their Interaction) interpretation related to minimum funding requirements of defined benefit arrangements

The Group assesses that the adoption of the revised standards will not have any material effect on its future financial statements.

INCOME STATEMENT	EUR million	1-3/2008	1-3/2007	2007
Revenue		683.6	673.3	2,810.2
Other operating income		13.7	6.8	45.9
Expenses		-629.7	-597.5	-2,539.2
Depreciation and impairments		-34.6	-33.7	-173.8
Operating profit		33.0	48.9	143.1
Financial income and expenses, net		-11.2	-12.2	-51.9
Share of profit or loss of associates		0.1	0.6	2.1
Profit before tax		21.9	37.3	93.3
Income tax		-5.9	-10.0	-25.8
Net profit for the period		16.0	27.3	67.5

Attributable to:

Equity holders of the parent	14.8	26.4	63.7
Minority interest	1.2	0.9	3.8
Net profit for the period	16.0	27.3	67.5

BALANCE SHEET

	EUR million	
ASSETS	31.3.2008	31.12.2007
Non-current assets		
Goodwill	620.1	626.6
Other intangible assets	114.3	112.3
Property, plant and equipment	981.2	984.3
Holdings in associates	5.5	5.5
Available-for-sale investments	102.3	102.2
Deferred tax assets	9.0	5.2
Defined benefit pension receivables	34.6	34.6
Other investments	5.7	6.4
Total non-current assets	1,872.7	1,877.1
Current assets		
Inventories	315.2	311.2
Receivables		
Interest-bearing receivables	5.3	3.2
Interest-free receivables	592.3	548.1
Total receivables	597.6	551.3
Money market investments - cash equivalents	23.2	21.4
Cash and cash equivalents	33.1	31.2
Total current assets	969.1	915.1
Non-current assets held for sale	-	35.7
Total assets	2,841.8	2,827.9
EQUITY AND LIABILITIES	31.3.2008	31.12.2007
Equity attributable to equity holders of the parent	1,011.9	1,072.0
Minority interest	16.2	15.3
Total equity	1,028.1	1,087.3
Non-current liabilities		
Interest-bearing non-current liabilities	581.8	431.1
Deferred tax liabilities	103.3	105.5
Pension liabilities	74.1	74.2
Provisions	19.1	18.8
Total non-current liabilities	778.3	629.6
Current liabilities		
Interest-bearing current liabilities	490.4	625.0
Interest-free current liabilities	539.7	473.6
Provisions	5.3	6.2
Total current liabilities	1,035.4	1,104.8
Liabilities directly associated with non-current assets classified as held for sale	-	6.2
Total liabilities	1,813.7	1,740.6
Total equity and liabilities	2,841.8	2,827.9

CONSOLIDATED CASH FLOW STATEMENT	EUR million	1-3/2008	1-3/2007	2007
Cash flows from operating activities				
Adjusted operating profit		62.5	81.6	281.1
Interests		-11.2	-5.6	-36.3
Dividend income		-	-	2.0
Other financing items		-	-	-
Income taxes paid		-4.2	-7.8	-35.6
Total funds from operations		47.1	68.2	211.2
Change in net working capital		-26.9	-98.2	-39.1
Total cash flows from operating activities		20.2	-30.0	172.1
Cash flows from investing activities				
Capital expenditure for acquisitions		-	-23.2	-66.6
Other capital expenditure		-38.6	-55.1	-254.4
Proceeds from sale of assets		9.4	-32.5	-0.2
Net cash used in investing activities		-29.2	-110.8	-321.2
Cash flow after investing activities		-9.0	-140.8	-149.1
Cash flows from financing activities				
Change in non-current loans (increase +, decrease -)		-9.2	118.9	53.7
Change in non-current loan receivables (decrease +, increase -)		0.5	1.4	2.5
Short-term financing, net (increase +, decrease -)		29.0	-	117.8
Dividends paid		-	-	-60.8
Other		-7.6	0.8	12.3
Net cash used in financing activities		12.7	121.1	125.5
Net change in cash and cash equivalents		3.7	-19.7	-23.6
Cash and cash equivalents at end of period		56.3	56.5	52.6
Cash and cash equivalents at beginning of period		52.6	76.2	76.2
Net change in cash and cash equivalents		3.7	-19.7	-23.6

STATEMENT OF CHANGES IN EQUITY

EUR million

	Equity attributable to equity holders of the parent							
	Share capital	Capital paid-in in excess of par value	Fair value reserve	Exchange differences	Treasury shares	Retained earnings	Minority interests	Total
Shareholders' equity at January 1, 2007	221.6	257.9	62.7	-30.8	-26.8	585.3	12.6	1,082.5
Net profit for the period	-	-	-	-	-	26.4	0.9	27.3
Dividends paid	-	-	-	-	-	-	-	0.0
Treasury shares issued to key employees	-	-	-	-	0.9	-0.9	-	0.0
Share-based compensation	-	-	-	-	-	0.4	-	0.4
Options subscribed for shares	0.1	-	-	-	-	-	-	0.1
Exchange differences	-	-	-	-4.0	-	-	-	-4.0
Hedge of net investments in foreign entities	-	-	-	2.8	-	-	-	2.8
Cash flow hedging: amount entered in shareholders' equity	-	-	-4.3	-	-	-	-	-4.3
Acquired minority interest	-	-	-	-	-	-	-	0.0
Transfer between restricted and non-restricted equity	-	-	-	-	-	-	-	0.0
Other changes	-	-	0.1	-	-	0.2	-	0.3
Shareholders' equity at March 31, 2007	221.7	257.9	58.5	-32.0	-25.9	611.4	13.5	1,105.1
Shareholders' equity at January 1, 2008	221.8	257.9	68.2	-41.1	-25.9	591.1	15.3	1,087.3
Net profit for the period	-	-	-	-	-	14.8	1.2	16.0
Dividends paid *	-	-	-	-	-	-60.6	-	-60.6
Available-for-sale assets - change in fair value	-	-	-	-	-	-	-	0.0
Treasury shares issued to key employees	-	-	-	-	-	-	-	0.0
Share-based compensation	-	-	-	-	-	0.3	-	0.3
Options subscribed for shares	-	-	-	-	-	-	-	0.0
Exchange differences	-	-	-0.1	-11.3	-	-	-	-11.4
Hedge of net investments in foreign entities	-	-	-	1.9	-	-	-	1.9
Cash flow hedging: amount entered in shareholders' equity	-	-	-5.3	-	-	-	-	-5.3
Acquired minority interest	-	-	-	-	-	-	-	0.0
Transfer between restricted and non-restricted equity	-	-	0.3	-	-	-0.3	-	0.0
Other changes	-	-	-	0.1	-	0.1	-0.3	-0.1
Shareholders' equity at March 31, 2008	221.8	257.9	63.1	-50.4	-25.9	545.4	16.2	1,028.1

Kemira had in its possession 3,854,465 of its treasury shares at March 31, 2008. The number of treasury shares was the same as at the end of the year 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.

* Dividends were paid out on April 2, 2008.

KEY FIGURES	1-3/2008	1-3/2007	2007
Earnings per share, basic and diluted, EUR	0.12	0.22	0.53
Earnings per share excluding write-downs, basic and diluted, EUR	0.12	0.22	0.87
Cash flow from operations per share, EUR	0.17	-0.25	1.42
Capital expenditure, EUR million	38.6	78.3	321.0
Capital expenditure / revenue, %	5.7	11.6	11.4
Average number of shares (1000), basic *	121,191	121,091	121,164
Average number of shares (1000), diluted *	121,191	121,197	121,194
Number of shares at the end of the period (1000), basic *	121,191	121,152	121,191
Number of shares at the end of the period (1000), diluted *	121,191	121,191	121,191
Equity per share, attributable to equity holders of the parent, EUR	8.35	9.01	8.85
Equity ratio, %	36.2	39.2	38.6
Gearing, %	98.8	87.3	92.3
Interest-bearing net liabilities, EUR million	1,015.9	964.5	1,003.4
Personnel (average)	10,100	9,431	10,008

* Number of shares outstanding, excluding the number of shares bought back.

REVENUE BY BUSINESS AREA	EUR million	1-3/2008	1-3/2007	2007
Kemira Pulp&Paper		263.9	262.7	1,043.0
Kemira Water		179.5	157.9	686.4
Kemira Specialty		107.0	103.5	425.9
Kemira Coatings		145.2	135.8	625.2
Other and Intra-Group sales		-12.0	13.4	29.7
Total		683.6	673.3	2,810.2

OPERATING PROFIT BY BUSINESS AREA	EUR million	1-3/2008	1-3/2007	2007
Kemira Pulp&Paper		15.6	22.9	68.2
Kemira Water		9.2	12.0	43.6
Kemira Specialty		3.8	10.3	13.5
Kemira Coatings		11.7	12.8	73.1
Other including eliminations		-7.3	-9.1	-55.3
Total		33.0	48.9	143.1

CHANGES IN PROPERTY, PLANT AND EQUIPMENT	EUR million	1-3/2008	1-3/2007	2007
Carrying amount at beginning of year		984.3	987.1	987.1
Acquisitions of subsidiaries		-	17.0	14.3
Increases		28.7	1.8	215.7
Decreases		-1.0	-2.7	-2.5
Disposal of subsidiaries		-0.5	-	-7.8
Depreciation and impairments		-28.7	-28.4	-133.2
Exchange rate differences and other changes		-1.6	-1.0	-89.3
Net carrying amount at end of period		981.2	973.8	984.3

CHANGES IN INTANGIBLE ASSETS	EUR million	1-3/2008	1-3/2007	2007
Carrying amount at beginning of year		738.9	689.8	689.9
Acquisitions of subsidiaries		-	6.2	32.2
Increases		9.9	53.3	30.4
Decreases		-	-0.6	-0.3
Disposal of subsidiaries		-	-	-0.1
Depreciation and impairments		-5.9	-4.3	-40.6
Exchange rate differences and other changes		-8.5	-1.3	27.4
Net carrying amount at end of period		734.4	743.1	738.9

CONTINGENT LIABILITIES	EUR million	31.3.2008	31.12.2007
Mortgages		62.1	62.1
Assets pledged			
On behalf of own commitments		6.0	6.0
Guarantees			
On behalf of own commitments		8.4	8.3
On behalf of associates		1.4	1.4
On behalf of others		0.6	2.8
Operating leasing liabilities			
Maturity within one year		22.4	22.4
Maturity after one year		125.4	129.0
Other obligations			
On behalf of own commitments		0.4	0.4
On behalf of associates		2.2	2.3

Major off-balance sheet investment commitments

Major amounts of contractual commitments for the acquisition of property, plant and equipment on March 31, 2008 were EUR 16 million for the investment of Kemira Coatings in Russia and EUR 3 million for the environmental investment in Pori.

Litigation

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

Kemira Oyj, Kemira Chemicals, Inc. and Kemira Chemicals Canada, Inc. have 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. To avoid further litigation costs Kemira Oyj and Kemira Chemicals Canada Inc. have made a settlement agreement, pending court approval, in the US direct purchaser class action and settled with some others. As regards the other claims and suits, the proceedings continue.

Finnish Chemicals Oy has received in August 2007 from the European Union Commission a statement of objections in respect to competition law infringements by sodium chlorate producers during 1994-2000 to which statement of objections Finnish Chemicals Oy has given its reply.

RELATED PARTY

Related party transactions have not changed materially after annual closing 2007.

DERIVATIVE INSTRUMENTS

EUR million	Nominal value	31.3.2008 Fair value	31.12.2007 Nominal value	31.12.2007 Fair value
Currency instruments				
Forward contracts	442.8	4.7	942.9	-1.4
of which hedges of net investment in a foreign operation	-	-	-	-
Currency options				
Bought	111.5	-	65.5	0.1
Sold	90.3	1.4	57.8	0.2
Currency swaps	153.9	11.2	147.2	6.5
Interest rate instruments				
Interest rate swaps	249.4	-0.9	174.0	2.3
of which cash flow hedge	239.4	-1.2	164.0	2.0
Interest rate options				
Bought	10.0	-	10.0	-
Sold	-	-	-	-
Bond futures	10.0	0.1	10.0	0.2
of which open	10.0	-	10.0	0.2
Other instruments		Fair value		Fair value
Electricity forward contracts, GWh	747.4	4.8	833.6	10.0
of which cash flow hedge, GWh	747.4	4.8	833.6	10.0

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

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.

Quarterly Information

EUR million	2008 Q1	2007 Q4	2007 Q3	2007 Q2	2007 Q1
Revenue					
Kemira Pulp&Paper	263.9	253.6	259.7	267.0	262.7
Kemira Water	179.5	180.3	175.0	173.2	157.9
Kemira Specialty	107.0	102.0	109.8	110.6	103.5
Kemira Coatings	145.2	118.4	182.3	188.7	135.8
Other and intra-Group sales	-12.0	0.1	2.7	13.5	13.4
Total	683.6	654.4	729.5	753.0	673.3
Operating profit					
Kemira Pulp&Paper	15.6	-1.8	23.8	23.3	22.9
Kemira Water	9.2	3.8	14.7	13.1	12.0
Kemira Specialty	3.8	-13.9	10.0	7.1	10.3
Kemira Coatings	11.7	-5.9	38.9	27.3	12.8
Other including eliminations	-7.3	-25.1	-7.9	-13.2	-9.1
Total	33.0	-42.9	79.5	57.6	48.9
Operating profit, excluding non-recurring items					
Kemira Pulp&Paper	15.6	12.3	22.6	23.3	21.6
Kemira Water	6.8	6.9	14.7	13.1	12.0
Kemira Specialty	3.8	-2.0	8.7	7.1	10.3
Kemira Coatings	11.7	-3.5	27.7	27.3	12.8
Other including eliminations	-10.7	-9.6	-7.9	-14.2	-8.6
Total	27.2	4.1	65.8	56.6	48.1

DEFINITIONS OF KEY FIGURES**Earnings per share (EPS)**

$$\frac{\text{Net profit attributable to equity holders of the parent}}{\text{Average number of shares}}$$

Cash flow from operations

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

Cash flow from operations per share

$$\frac{\text{Cash flow from operations}}{\text{Average number of shares}}$$

Equity per share

$$\frac{\text{Equity attributable to equity holders of the parent at end of quarter}}{\text{Number of shares at end of quarter}}$$

Equity ratio, %

$$\frac{\text{Total equity} \times 100}{\text{Total assets} - \text{prepayments received}}$$

Gearing, %

$$\frac{\text{Interest-bearing net liabilities} \times 100}{\text{Total equity}}$$

Interest-bearing net liabilities

Interest-bearing liabilities - money market investments - cash and cash equivalents

Return on capital employed (ROCE), %

$$\frac{\text{Operating profit} + \text{share of profit or loss of associates} \times 100}{(\text{Net working capital} + \text{property, plant and equipment available for use} + \text{intangible assets} + \text{investments in associates}) *}$$

* Average