Interim Report |Q1
January-March 2009

Kemira Oyj's Interim Report January–March 2009

Kemira's operating profit excluding non-recurring items increased in Q1

- Revenue in January–March 2009: EUR 608.7 million (January–March 2008: EUR 683.6 million). Revenue from continuing business operations decreased by 3%.
- Operating profit excluding non-recurring items: EUR 28.1 million (January–March 2008: EUR 27.2 million). Operating profit in continuing business operations increased by 9%.
- Earnings per share: EUR 0.05 (EUR 0.12).
- During the second quarter of the year, Kemira's revenue is expected to fall compared to the second quarter of 2008 due to reduced demand in customer industries. Operating profit excluding non-recurring items is expected to decrease in Tikkurila, but rise in the rest of the Group.

Key Figures and Ratios

EUR million	1–3/2009	1–3/2008	1–12/2008
Revenue	608.7	683.6	2,832.7
EBITDA	57.1	67.6	243.3
EBITDA, %	9.4	9.9	8.6
Operating profit, excluding non-recurring items	28.1	27.2	132.6
Operating profit	28.1	33.0	74.0
Operating profit, excluding non-recurring items, %	4.6	4.0	4.7
Operating profit, %	4.6	4.8	2.6
Financial income and expenses	-16.1	-11.2	-69.5
Profit before tax	8.2	21.9	1.8
Profit before tax, %	1.3	3.2	0.1
Net profit	6.1	16.0	1.8
EPS, EUR	0.05	0.12	-0.02
Capital employed*	2,068.5	2,043.5	2,062.8
ROCE %*	3.0	6.3	3.5
Free cash flow after investments	-34.4	-9.0	2.7
Equity ratio, %	34	36	34
Gearing, %	113	99	107
Personnel at period-end	8,926	10,138	9,405

* 12-month rolling average

Continuing business operations

EUR million	1–3/2009	1–3/2008 continuing business operations	1–3/2008 reported
Revenue	608.7	629.3	683.6
Operating profit	28.1	25.8	33.0
Operating profit, %	4.6	4.1	4.8

In the figures for continuing business operations, the impact of the titanium dioxide business that was transferred to a joint venture is excluded, as well as non-recurring items.

Kemira's President and CEO Harri Kerminen:

"Kemira's operating profit from continuing businesses increased by 9% in January–March from the same period a year earlier, which is a good achievement in the current, extremely difficult market environment. The decrease in sales volumes especially in pulp and paper chemicals and in Tikkurila, as well as higher raw material prices compared to Q1 in 2008, was partly compensated by sales price increases. Although demand in customer industries declined, revenue from Kemira's continuing businesses fell only by 3%.

In the Financial Statements Bulletin for 2008 we estimated operating profit excluding non-recurring items to decrease in Tikkurila, but rise in the rest of the Group during the first quarter of the year compared to the same period a year earlier. Excluding Tikkurila, Kemira's operating profit from continuing businesses increased by 70% in Q1 and revenue grew by 3%.

Kemira's core businesses are based on common water knowledge and product portfolio. We will continue to integrate the organization and operations, and our key priority is to focus on customer groups, geographic areas and products that deliver a genuine competitive advantage."

The new strategy announced in June 2008 caused changes in Kemira's business structure. Financial reporting will reflect the new structure from the beginning of 2009. Kemira's new reporting segments are Paper, Water, Oil & Mining, Tikkurila and Other. The segment Other consists of specialty chemicals such as organic salts and acids and the Group expenses not charged to the segments (some research and development costs and the costs of the CEO Office).

Financial Performance in January–March 2009

Revenue from Kemira Group's continuing business operations fell by 3% in January–March 2009.

Kemira Group's reported revenue for January–March 2009 totaled EUR 608.7 million (January–March 2008: EUR 683.6 million). In extremely volatile market conditions, demand for paints and coatings decreased considerably as new construction, building material sales and housing sales slowed down in all key markets. Paper and pulp chemical sales declined following weaker demand in customer industries. Demand for municipal water treatment solutions remained good, but in industrial water treatment demand fell in some customer industries. The Oil & Mining segment also experienced a decline in customer demand and revenue. The demand and price of specialty chemicals supplied to the food, feed and pharmaceutical industries remained healthy.

Sales price increases contributed about EUR 64 million to revenue growth while a decline in sales volumes reduced revenue by some EUR 100 million. Acquisitions generated revenue growth of some EUR 9 million. The currency exchange effect had an approximately EUR 9 million negative impact on revenue and the establishment of the joint venture in the titanium dioxide business in 2008 decreased revenue in January–March by EUR 54 million.

Revenue, EUR million	1–3/2009	1–3/2008	1–12/2008
Paper	225.0	247.7	1,003.3
Water	150.7	136.3	583.7
Oil & Mining	54.4	67.5	275.4
Tikkurila	111.2	145.2	648.1
Other	85.2	116.8	414.8
Eliminations	-17.8	-29.9	-92.6
Total	**608.7**	**683.6**	**2,832.7**

Operating profit for January–March came to EUR 28.1 million (EUR 33.0 million including EUR 5.8 million in non-recurring items). Operating profit from continuing business operations increased by 9%. Sales price increases were enforced in response to the significant increase in raw material prices last year, which, together with the cost savings achieved and good demand for specialty chemicals, contributed to the increase in operating profit. Operating profit was eroded particularly by lower sales volumes in the paints and coatings business and in the paper and pulp chemicals business, as well as higher raw material prices and freight costs compared to Q1 last year.

The establishment of the joint venture in the titanium dioxide business in 2008 decreased operating profit by EUR 1 million because as of September 1, 2008 Kemira's share of the joint venture's results has been reported below operating profit.

Operating profit, excluding non-recurring items, EUR million	1–3/2009	1–3/2008	1–12/2008
Paper	7.5	12.4	41.5
Water	10.4	6.2	25.0
Oil & Mining	2.0	1.9	8.4
Tikkurila	4.0	11.7	59.2
Other	4.2	-5.0	-1.6
Eliminations	0.0	0.0	0.1
Total	**28.1**	**27.2**	**132.6**

Bridge 1-3/2008 to 1-3/2009

Operating profit, excluding non-recurring items, EUR million	Kemira Group	Paper	Water	Oil & Mining	Tikkurila
Operating profit, 1–3/2008	**27.2**	**12.4**	**6.2**	**1.9**	**11.7**
Price	64	25	13	8	9
Volume	-39	-17	-4	-9	-12
Currency exchange	1	1	0	0	-1
Variable costs	-30	-15	-5	3	-7
Other	5	1	0	-2	3
Operating profit, 1–3/2009	**28.1**	**7.5**	**10.4**	**2.0**	**4.0**

Profit before tax in January–March amounted to EUR 8.2 million (EUR 21.9 million) and net profit totaled EUR 6.1 million (EUR 16.0 million). Earnings per share were EUR 0.05 (EUR 0.12).

The annual savings target of Kemira's global cost savings program is over EUR 85 million. With the planned measures being implemented, the related savings are expected to materialize in 2009–2010. These savings will affect the entire Group and will be achieved by streamlining the Group structure, organization and operating models.

Financial Position and Cash Flows

In January–March, the Group reported cash flows of EUR -22.1 million (EUR 20.2 million) from operating activities. Cash flows weakened as working capital grew from the low level at the turn of the year, especially in Tikkurila. Raw material prices declined and raw material purchases decreased, resulting a fall in trade payables in all segments. Net cash flow from investing activities was EUR -12.3 million (EUR -29.2 million). Like in January–March 2008, there were no acquisitions during the period. Free cash flow after investments was EUR -34.4 million (EUR -9.0 million). Cash flow effect from expansion and improvement investments was EUR -7.6 million (EUR -32.6 million).

At the end of March, the Group's net debt stood at EUR 1,095.0 million (December 31, 2008: EUR 1,049.1 million). The weaker cash flows contributed to some EUR 34 million to net debt and currency exchange rates fluctuations some EUR 12 million.

At the period-end, interest-bearing liabilities stood at EUR 1,220.4 million. Fixed-rate loans accounted for 49% of total interest-bearing loans. The average interest rate on the Group's interest-bearing liabilities was 5.9% (5.3). At the end of March, the duration of the Group's interest-bearing loan portfolio was 17 months (December 31, 2008: 17 months).

The unused amount of the EUR 750 million revolving credit facility that falls due in 2012 was EUR 304.3 million at the end of March, and the amount obtained from the commercial paper markets was EUR 101.0 million. Utilization of revolving credit facility increased from the year end as less funding from commercial paper market was raised and as company increased liquidity position in form of cash. Cash and cash equivalents totaled EUR 125.4 million on March 31, 2009. Based on its current structure, the Group will encounter no significant refinancing needs in 2009–2010, since the current loan arrangements cover its financing needs.

At the end of March, equity ratio stood at 34 % (December 31, 2008: 34%) while gearing was 113% (December 31, 2008: 107%). Gearing rose as a result of the increase in net liabilities.

The Group's net financial expenses for January–March totaled EUR 16.1 million (11.2 million). This increase in net financial expenses from Q1/2008 can be attributed to smaller foreign exchange gains and the increase in interest expenses due to larger liabilities.

Capital Expenditure

Gross capital expenditure in the reporting period, excluding acquisitions, amounted to EUR 12.7 million (EUR 38.6 million). Expansion investments represented around 33% of capital expenditure excluding acquisitions, improvement investments around 27% and maintenance investments around 40%.

Group depreciation came to EUR 29.0 million (EUR 34.6 million).

Cash flow from the sale of assets was EUR 0.4 million (EUR 9.4 million). The Group’s net capital expenditure totaled EUR 12.3 million (EUR 29.2 million).

Research and Development

In January–March, reported research and development expenditure totaled EUR 11.4 million (EUR 15.5 million), accounting for 2% (2%) of revenue.

Human Resources

The number of Group employees totaled 8,926 at the end of March (10,138).

Near-Term Risks and Uncertainty Factors

Key risks and uncertainty factors affecting Kemira's business are related to general economic developments and their impact on the demand for Kemira’s products.

Sharp fluctuations in global electricity and oil prices will affect raw material prices and thereby reflect on Kemira's performance.

Furthermore, currency exchange rate volatility in Kemira’s key currencies may affect the Group’s figures.

A detailed account of Kemira’s risk management principles and practices is available at the company’s website at www.kemira.com. An account of financial risks was published in the Notes to the Accounts section of the Financial Statements for 2008. Kemira’s environmental report discusses environmental and accident risks.

Segments

Paper

We offer chemical products and integrated systems that support sustainable development and help customers in the pulp and paper industry to improve their profitability, as well as their raw material and energy efficiency.

EUR million	1–3/2009	1–3/2008	1–12/2008
Revenue	225.0	247.7	1,003.3
EBITDA	19.8	25.1	69.4
EBITDA, %	8.8	10.1	6.9
Operating profit, excluding non-recurring items	7.5	12.4	41.5
Operating profit	7.5	12.4	-2.6
Operating profit, excluding non-recurring items, %	3.3	5.0	4.1
Operating profit, %	3.3	5.0	-0.3
Capital employed*	830.7	816.0	826.7
ROCE %*	-0.9	5.9	-0.3
Capital expenditure, excl. acquisitions	5.1	13.9	51.7
Free cash flow after investments, excl. interest and taxes	6.3	38.1	15.5

* 12-month rolling average

The Paper segment's revenue in January–March decreased by 9% to EUR 225.0 million (EUR 247.7 million) as demand in customer industries plummeted. The currency exchange effect had an approximately EUR 2 million positive impact on revenue.

The consumption of paper used in magazines and newspapers and the number of printed merchandizing items has fallen, particularly in the traditional markets in Europe and North America. To adapt production to weaker demand, Paper segment's customers in the paper industry have cut back and shut down capacity and cleared stocks. In addition, the general economic slowdown reflects on global demand for packaging boards.

Operating profit excluding non-recurring items for January–March was EUR 7.5 million (EUR 12.4 million). This downward trend could be attributable to the lower sales volumes of paper and pulp chemicals and higher raw material prices and freight costs compared to Q1 a year earlier. Although variable costs rose in January–March 2009 by some EUR 15 million compared to the same period in Q1/2008, costs fell in the first quarter from the high levels recorded at the end of last year. Sales price increases had an approximately EUR 25 million effect on operating profit. Lower sales volumes pushed operating profit down by some EUR 17 million.

In January 2009, Kemira and the Chinese Tiancheng Ltd. set up a joint venture Kemira-Tiancheng Chemicals (Yanzhou) Co., Ltd to produce AKD wax, and adhesives derived from this wax, for the paper and board industry. Kemira has a 51 per cent holding in the joint venture and Tiancheng 49 per cent.

Kemira has been taking measures over a period of several years to adjust its paper and pulp chemicals business to the increasingly challenging chemicals market. In addition to shorter temporary production shut-downs, AKD wax production in Vaasa, Finland, was shut down in March 2009. Over the last few years, six production facilities have been shut down in North America, and this year Kemira will shut down its polymer production in Columbus, USA.

Water

We offer services for municipal and industrial water treatment. Our strengths are high-level process know-how, a comprehensive range of water treatment chemicals, and reliable customer deliveries.

EUR million	1–3/2009	1–3/2008	1–12/2008
Revenue	150.7	136.3	583.7
EBITDA	16.4	12.6	41.0
EBITDA, %	10.9	9.2	7.0
Operating profit, excluding non-recurring items	10.4	6.2	25.0
Operating profit	10.4	6.6	5.3
Operating profit, excluding non-recurring items, %	6.9	4.5	4.3
Operating profit, %	6.9	4.8	0.9
Capital employed*	356.1	325.6	342.7
ROCE %*	2.5	11.8	1.6
Capital expenditure, excl. acquisitions	2.1	8.2	29.7
Free cash flow after investments, excl. interest and taxes	8.2	6.5	-13.8

* 12-month rolling average

Water's revenue in January–March 2009 rose by 11% to EUR 150.7 million (EUR 136.3 million). Organic growth in local currencies was 6%. Revenue growth could be largely attributed to price increases enforced in response to the significant increase in raw material prices last year. Acquisitions contributed some EUR 6 million to revenue growth.

Demand for municipal water treatment products remained healthy. In the industrial water treatment business, demand has decreased in some customer industries due to lower capacity utilization rates but in other industries, such as the food industry and power production, demand for water treatment chemicals has been stable. Total delivery volumes fell slightly in January–March compared to the same period a year earlier.

Operating profit excluding non-recurring items was EUR 10.4 million (EUR 6.2 million). Sales price increases contributed about EUR 13 million to operating profit growth while lower sales volumes decreased it by some EUR 4 million. Variable cost increase in January–March was some EUR 5 million compared to the same period in 2008. Acquisitions contributed approximately EUR 1 million to the operating profit.

The general recession has reduced the availability of recycled raw material in the industry, resulting in higher manufacturing costs. At the same time, however, raw material prices fell in the first quarter from the very high levels seen at the end of last year.

Oil & Mining

We offer a large selection of groundbreaking chemical solutions for the oil and mining industries, where water plays a central role. Utilizing our expertise, our customers are able to improve their efficiency and productivity.

EUR million	1–3/2009	1–3/2008	1–12/2008
Revenue	54.4	67.5	275.4
EBITDA	4.5	6.5	15.3
EBITDA, %	8.3	9.6	5.6
Operating profit, excluding non-recurring items	2.0	1.9	8.4
Operating profit	2.0	3.8	1.9
Operating profit, excluding non-recurring items, %	3.7	2.8	3.1
Operating profit, %	3.7	5.6	0.7
Capital employed*	162.6	153.2	160.4
ROCE %*	0.1	-0.1	1.2
Capital expenditure, excl. acquisitions	0.6	2.9	8.8
Free cash flow after investments, excl. interest and taxes	-7.4	12.1	14.3

* 12-month rolling average

Oil & Mining's revenue in January–March was EUR 54.4 million (EUR 67.5 million). Revenue fell as a result of weaker demand in the mining industry. The currency exchange effect had an approximately EUR 4 million positive impact on revenue.

Operating profit excluding non-recurring items was EUR 2.0 million (EUR 1.9 million). Sales price increases had about EUR 8 million effect on operating profit. Variable cost decrease in January–March was some EUR 3 million compared to the same period in 2008. Lower sales volumes pushed operating profit down by some EUR 9 million.

Oil & Mining's business is based on Kemira's water competence and water treatment product range. It offers chemical extraction and process solutions for the oil and mining industries, where water plays a central role. Oil & Mining is using Kemira's existing organization, production facilities and R&D network to strengthen its presence outside North America.

Tikkurila

Our product range consists of decorative paints and coatings for the wood and metal industries. We provide consumers, professional painters and industrial customers with branded products and expert services in approximately 40 countries.

EUR million	1–3/2009	1–3/2008	1–12/2008
Revenue	111.2	145.2	648.1
EBITDA	8.5	16.4	78.2
EBITDA, %	7.6	11.3	12.1
Operating profit, excluding non-recurring items	4.0	11.7	59.2
Operating profit	4.0	11.7	59.2
Operating profit, excluding non-recurring items, %	3.6	8.1	9.1
Operating profit, %	3.6	8.1	9.1
Capital employed*	318.5	317.5	323.6
ROCE %*	16.2	22.9	18.3
Capital expenditure, excl. acquisitions	4.2	6.1	32.1
Free cash flow after investments, excl. interest and taxes	-27.5	-15.1	52.2

* 12-month rolling average

Tikkurila's revenue in January–March was EUR 111.2 million (EUR 145.2 million). The decrease is associated with the general economic recession, which caused a slowdown in new construction and in the sales of building materials and resulted in more sluggish housing sales in all key markets. The currency exchange effect had an approximately EUR 17 million negative impact on revenue. Acquisitions generated revenue growth of some EUR 2 million.

Operating profit excluding non-recurring items for January–March was EUR 4.0 million (EUR 11.7 million). Lower sales volumes pushed operating profit down by some EUR 12 million. Variable cost increase in January–March was about EUR 7 million compared to the same period in 2008. Sales price increases and changes in the product mix had an approximately EUR 9 million effect on operating profit.

The logistics and service center in Mytisch, near Moscow, was introduced in February. This center will enable Tikkurila to provide considerably better customer services in Moscow and its surroundings, and includes both decorative paints and industrial paints operations. In addition, it provides facilities for extensive customer training, which is an integral part of Tikkurila's marketing.

Erkki Järvinen took over as Tikkurila Oy's President and CEO on January 1, 2009. Järvinen was previously the President and CEO of Rautakirja Oy, a Sanoma Corporation company.

At the beginning of January, Tikkurila announced the launch of a Group-wide savings program in order to ensure that its business remains competitive in the future. The company has set an annual savings target of EUR 25 million. This cost savings program covers the entire personnel of the Tikkurila Group, totaling approximately 3,800 persons, and may lead to reductions of around 500 employees affecting all of Tikkurila's operating countries. Co-determination negotiations were initiated at Tikkurila's site in Vantaa, Finland, in January. These negotiations were concluded on April 15, 2009. The organizational streamlining and savings program will lead to a reduction of 163 employees in Finland. Due to Tikkurila's cost savings program, Kemira will book approximately EUR 3 million non-recurring costs in April–June 2009.

Kemira Oyj's Shares and Shareholders

In January–March, Kemira Oyj's share price registered a high of EUR 6.27 and a low of EUR 4.26, the share price averaging EUR 5.03. On March 31, the company's market capitalization, excluding treasury shares, totaled EUR 585.3 million.

On March 31, the company's share capital totaled EUR 221.8 million and the number of registered shares was 125,045,000. Kemira holds 3,854,771 treasury shares, accounting for 3.1% of outstanding company shares and voting rights.

Share-Based Incentive Plan for Management

In February, Kemira Oyj's Board of Directors decided to introduce a new share-based incentive plan aimed at Strategic Management Board members, as part of the company's incentive and commitment schemes. This plan is divided into three one-year performance periods: 2009, 2010, and 2011. Payment depends on the achievement of the set operating profit targets. The program also includes a three-year goal, which is tied to the development of operating profit as a percentage of revenue by the end of 2011. Any payments will be paid as a combination of Kemira shares and cash payments covering the payable taxes, in accordance with the achievement of set goals. The combined value of shares and cash payments paid out in the course of the three-year share-based incentive plan may not exceed the individual's gross salary for the same period. Shares transferable under the plan comprise treasury shares or Kemira Oyj shares available in public trading.

In addition to the new share-based incentive plan aimed at Strategic Management Board members, Kemira has had a share-based incentive plan aimed at key personnel since 2004, in which members of the Management Board will no longer participate. Share-based incentive plans aim to align the goals of shareholders and key personnel in order to increase the value of the company, motivate key personnel, and provide competitive shareholder-based incentives.

AGM Decisions

Kemira Oyj's Annual General Meeting, held on April 8, 2009, confirmed a dividend of EUR 0.25 per share for 2008. The dividend was paid out on April 22, 2009.

The AGM reelected members Elizabeth Armstrong, Juha Laaksonen, Pekka Paasikivi, Kaija Pehu-Lehtonen, Jukka Viinanen and Jarmo Väisänen to the Board of Directors and Wolfgang Büchele was elected as a new member. Pekka Paasikivi was elected to continue as the Board's chairman and Jukka Viinanen was elected as vice-chairman. The remuneration paid to the members of the Board of Directors remained unchanged.

The AGM elected KPMG Oy Ab, Authorized Public Accountants, to serve as the Company's auditor, with Pekka Pajamo, Authorized Public Accountant, acting as principal auditor.

The AGM decided that Article 13 of the current Articles of Association be amended to read as follows: "Notices to the general meeting of shareholders and other communications to the shareholders shall be communicated by the Board of Directors by publishing an announcement in at least two nationwide newspapers, determined by the Board of Directors, no earlier than two months and no later than 21 days before the general meeting of shareholders."

The Annual General Meeting authorized the Board of Directors to decide upon the repurchase of a maximum of 2,395,229 treasury shares ("Share repurchases authorization"). Shares will be repurchased by using unrestricted equity either through a direct offer with equal terms to all shareholder 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 NASDAQ OMX Helsinki Ltd ("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 Stock Exchange and Euroclear Finland Ltd. Shares may be repurchased to be used 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 plans. In order to realize the aforementioned purposes the shares acquired may be retained, transferred further or cancelled by the Company. The Board of Directors will decide upon other terms related to share repurchase. The Share repurchase authorization is valid until the end of the next Annual General Meeting.

The Annual General Meeting authorized the Board of Directors to decide to issue a maximum of 12,500,000 new shares and transfer a maximum of 6,250,000 treasury shares held by the Company ("Share issue authorization"). The new shares may be issued and the Company's own shares held by the Company may be transferred either against payment or, as part of the implementation of the Company's share-based incentive plans, without payment. Said new shares may be issued and said Company's own shares held by the Company may be transferred to the Company's shareholders in proportion to their current shareholdings in the Company, or through a directed share issue if the Company has a weighty financial reason to do 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 plans. The directed share issue may be carried out without payment only in connection with the implementation of the Company's share-based incentive plan. The subscription price of new shares shall be recognized under unrestricted equity capital fund. The consideration payable for Company's own shares shall be recognized under unrestricted equity capital fund. The Board of Directors will decide upon other terms related to share issue. The Share issue authorization is valid until the end of the next Annual General Meeting.

Board Committees

In April, Kemira Oyj's Board of Directors elected the members of the Audit Committee and the Compensation Committee from among Board members. The Board's Audit Committee members are Juha Laaksonen, Kaija Pehu-Lehtonen and Jarmo Väisänen. The Audit Committee is chaired by Juha Laaksonen. The Board's Compensation Committee members are Pekka Paasikivi, Kaija Pehu-Lehtonen and Jukka Viinanen. The Compensation Committee is chaired by Pekka Paasikivi.

In addition, the Board decided to form a Nomination Committee which consists of the representatives of the three largest shareholders as of 31 May 2009, the Chairman of the Board of Directors acting as an expert member. The Nomination Committee is to prepare proposals concerning the composition and remuneration of the Board of Directors to be elected in the Annual General Meeting.

Outlook

In 2009, Kemira will continue the performance improvement measures launched earlier. Key focus areas in 2009 will be profitability improvement and reinforcing cash flow and balance sheet.

The annual savings target of the announced global cost savings program is more than EUR 85 million. These savings are expected to be realized in 2009–2010. Tikkurila accounts for EUR 25 million of the savings target.

The market situation is challenging in many of Kemira's customer industries. General economic trends are generating major uncertainties in customers' and Kemira's business operations. During the second quarter of the year, Kemira's revenue is expected to fall compared to the second quarter of 2008 due to reduced demand in customer industries. Operating profit excluding non-recurring items is expected to decrease in Tikkurila, but rise in the rest of the Group due to the efficiency-boosting measures.

Helsinki, May 5, 2009

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 contained in the forward-looking statements.

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Kemira will hold a press conference on its January–March 2009 results for the media and analysts at its head office (Porkkalankatu 3) today, starting at 10:30 a.m. Presentation material is available on Kemira's website at www.kemira.com.

Kemira Oyj will publish its results for January–June on Thursday, July 30, 2009 at 9:00 a.m.

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.

Changes to the accounting policies as of January 1, 2009:

- IFRS 8 Operating Segments. The adoption of the standard has changed the way in which segment information is presented. The segment information in the financial statements changed at the beginning of 2009 owing to the reorganization of the Group. The comparative figures have been published with separate release March 2009.
- IAS 23 Borrowing costs. The adoption of the amended standard will mean a change to the consolidated financial statements' accounting policies but will not have any material effect on the future financial statements.
- IAS 1 Presentation of Financial Statements. The amendment of the standard has changed the presentation of the income statement and the statement of changes in equity.

The following changes of accounting principles have not had effect on financial statement of the Group:
- Amendment of IFRS 2 Share-based Payment
- Amendments of IAS 1 Presentation of Financial Statements and IAS 32 Financial Instruments: Presentation
- Amendments of IFRS 1 First-time Adoption of IFRS and IAS 27 Consolidated and Separate Financial Statements
- IFRIC 15 Agreements for the Construction of Real Estate

INCOME STATEMENT **EUR million**	**1-3/2009**	1-3/2008	2008
Revenue	**608.7**	683.6	2,832.7
Other operating income	**3.4**	13.7	51.5
Expenses	**-555.0**	-629.7	-2,640.8
Depreciation and impairments	**-29.0**	-34.6	-169.4
Operating profit	**28.1**	33.0	74.0
Financial income and expenses, net	**-16.1**	-11.2	-69.5
Share of profit or loss of associates	**-3.8**	0.1	-2.7
Profit before tax	**8.2**	21.9	1.8
Income tax	**-2.1**	-5.9	-
Net profit for the period	**6.1**	16.0	1.8
Attributable to:			
Equity holders of the parent	**5.7**	14.8	-1.8
Minority interest	**0.4**	1.2	3.6
Net profit for the period	**6.1**	16.0	1.8

STATEMENT OF COMPREHENSIVE INCOME	**1-3/2009**	1-3/2008	2008
Net profit for the period	**6.1**	16.0	1.8
Other comprehensive income, net of tax:			
Available-for-sale - change in fair value	**-**	-	35.3
Exchange differences	**-7.9**	-11.4	-74.2
Hedge of net investment in foreign entities	**-0.8**	1.9	9.1
Cash flow hedging: amount entered in shareholders' equity	**-2.6**	-5.3	-22.0
Other changes	**-0.5**	-0.1	2.1
Other comprehensive income, net of tax	**-11.8**	-14.9	-49.7
Total comprehensive income	**-5.7**	1.1	-47.9
Attributable to:			
Equity holders of the parent	**-5.3**	0.2	-49.4
Minority interest	**-0.4**	0.9	1.5
Total comprehensive income	**-5.7**	1.1	-47.9

BALANCE SHEET
EUR million

ASSETS	**31.3.2009**	31.12.2008
Non-current assets		
Goodwill	**660.9**	655.1
Other intangible assets	**106.5**	111.6
Property, plant and equipment	**757.4**	765.7
Holdings in associates	**131.7**	135.6
Available-for-sale financial assets	**159.8**	159.8
Deferred tax assets	**11.9**	12.7
Defined benefit pension receivables	**54.1**	54.0
Other investments	**11.5**	11.5
Total non-current assets	**1,893.8**	1,906.0
Current assets		
Inventories	**295.6**	319.3
Receivables		
Interest-bearing receivables	**5.7**	7.6
Interest-free receivables	**505.7**	507.4
Total receivables	**511.4**	515.0
Money market investments - cash equivalents	**100.0**	87.1
Cash and cash equivalents	**25.4**	32.3
Total current assets	**932.4**	953.7
Total assets	**2,826.2**	2,859.7

EQUITY AND LIABILITIES	**31.3.2009**	31.12.2008
Equity attributable to equity holders of the parent	**957.7**	962.8
Minority interest	**12.8**	13.2
Total equity	**970.5**	976.0
Non-current liabilities		
Interest-bearing non-current liabilities	**1,059.4**	609.2
Deferred tax liabilities	**84.2**	89.9
Pension liabilities	**67.3**	67.5
Provisions	**61.2**	61.8
Total non-current liabilities	**1,272.1**	828.4
Current liabilities		
Interest-bearing current liabilities	**161.0**	559.3
Interest-free current liabilities	**414.0**	485.2
Provisions	**8.6**	10.8
Total current liabilities	**583.6**	1,055.3
Total liabilities	**1,855.7**	1,883.7
Total equity and liabilities	**2,826.2**	2,859.7

CONSOLIDATED CASH FLOW STATEMENT EUR million	**1-3/2009**	1-3/2008	2008
Cash flows from operating activities			
Adjusted operating profit	**54.2**	62.5	217.0
Interests and other financing items	**-6.9**	-11.2	-75.2
Dividend income	**-**	-	1.0
Income taxes paid	**-6.1**	-4.2	-23.9
Total funds from operations	**41.2**	47.1	118.9
Change in net working capital	**-63.3**	-26.9	-28.7
Total cash flows from operating activities	**-22.1**	20.2	90.2
Cash flows from investing activities			
Capital expenditure for acquisitions	**-**	-	-180.8
Other capital expenditure	**-12.7**	-38.6	-161.0
Proceeds from sale of assets	**0.4**	9.4	254.3
Net cash used in investing activities	**-12.3**	-29.2	-87.5
Cash flow after investing activities	**-34.4**	-9.0	2.7
Cash flows from financing activities			
Change in non-current loans (increase +, decrease -)	**60.2**	-9.2	426.6
Change in non-current loan receivables (decrease +, increase -)	**-1.2**	0.5	-7.1
Short-term financing, net (increase +, decrease -)	**-13.1**	29.0	-282.1
Dividends paid	**-**	-	-64.2
Other	**-5.5**	-7.6	-9.1
Net cash used in financing activities	**40.4**	12.7	64.1
Net change in cash and cash equivalents	**6.0**	3.7	66.8
Cash and cash equivalents at end of period	**125.4**	56.3	119.4
Cash and cash equivalents at beginning of period	**119.4**	52.6	52.6
Net change in cash and cash equivalents	**6.0**	3.7	66.8

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 and other reserves	Exchange differences	Treasury shares	Retained earnings	Minority interests	**Total**
Shareholders' equity at January 1, 2008	221.8	257.9	68.2	-41.1	-25.9	591.1	15.3	1087.3
Total comprehensive income	-	-	-5.1	-9.3	-	14.6	0.9	1.1
Dividends paid	-	-	-	-	-	-60.6	-	-60.6
Share-based compensations	-	-	-	-	-	0.3	-	0.3
Shareholders' equity at March 31, 2008	**221.8**	**257.9**	**63.1**	**-50.4**	**-25.9**	**545.4**	**16.2**	**1028.1**
Shareholders' equity at January 1, 2009	221.8	257.9	81.4	-104.6	-25.9	532.2	13.2	**976.0**
Total comprehensive income	-	-	-2.7	-8.0	-	5.4	-0.4	**-5.7**
Share-based compensations	-	-	-	-	-	0.2	-	**0.2**
Shareholders' equity at March 31, 2009	**221.8**	**257.9**	**78.7**	**-112.6**	**-25.9**	**537.8**	**12.8**	**970.5**

Kemira had in its possession 3,854,465 of its treasury shares at December 31, 2008. 306 shares granted according share-based incentive plan were returned 2009. Kemira had in its possession 3,854,771 of its treasury shares at March 31, 2009. 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	**1-3/2009**	1-3/2008	2008
Earnings per share, basic and diluted, EUR	**0.05**	0.12	-0.02
Cash flow from operations per share, EUR	**-0.18**	0.17	0.74
Capital expenditure, EUR million	**12.7**	38.6	341.8
Capital expenditure / revenue, %	**2.1**	5.7	12.1
Average number of shares (1000), basic *	**121,190**	121,191	121,191
Average number of shares (1000), diluted *	**121,190**	121,191	121,191
Number of shares at the end of the period (1000), basic *	**121,190**	121,191	121,191
Number of shares at the end of the period (1000), diluted *	**121,190**	121,191	121,191
Equity per share, attributable to equity holders of the parent, EUR	**7.90**	8.35	7.94
Equity ratio, %	**34.4**	36.2	34.1
Gearing, %	**112.8**	98.8	107.5
Interest-bearing net liabilities, EUR million	**1,095.0**	1,015.9	1,049.1
Personnel (average)	**8,987**	10,100	9,954

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

REVENUE BY BUSINESS AREA **EUR million**	**1-3/2009**	1-3/2008	2008
Paper external	**223.9**	243.5	987.6
Paper Intra-Group	**1.1**	4.2	15.7
Water external	**150.7**	135.8	582.2
Water Intra-Group	**-**	0.5	1.5
Oil & Mining external	**57.0**	67.0	273.3
Oil & Mining Intra-Group	**-2.6**	0.5	2.1
Tikkurila external	**111.2**	145.2	648.1
Tikkurila Intra-Group	**-**	-	-
Other external	**65.9**	92.1	341.5
Other Intra-Group	**19.3**	24.7	73.3
Eliminations	**-17.8**	-29.9	-92.6
Total	**608.7**	683.6	2,832.7

OPERATING PROFIT BY BUSINESS AREA **EUR million**	**1-3/2009**	1-3/2008	2008
Paper	**7.5**	12.4	-2.6
Water	**10.4**	6.6	5.3
Oil & Mining	**2.0**	3.8	1.9
Tikkurila	**4.0**	11.7	59.2
Other	**4.2**	-1.5	10.1
Eliminations	**-**	-	0.1
Total	**28.1**	33.0	74.0

CHANGES IN PROPERTY, PLANT AND EQUIPMENT **EUR million**	**1-3/2009**	1-3/2008	2008
Carrying amount at beginning of year	**765.7**	984.3	984.3
Acquisitions of subsidiaries	**-**	-	6.3
Increases	**11.2**	28.7	127.9
Decreases	**-0.5**	-1.0	-9.4
Disposal of subsidiaries	**-**	-0.5	-168.1
Depreciation and impairments	**-23.5**	-28.7	-144.5
Exchange rate differences and other changes	**4.5**	-1.6	-30.8
Net carrying amount at end of period	**757.4**	981.2	765.7

CHANGES IN INTANGIBLE ASSETS **EUR million**	**1-3/2009**	1-3/2008	2008
Carrying amount at beginning of year	**766.7**	738.9	738.9
Acquisitions of subsidiaries	**-**	-	36.3
Increases	**1.5**	9.9	24.3
Decreases	**-**	-	-
Disposal of subsidiaries	**-**	-	-8.1
Depreciation and impairments	**-5.5**	-5.9	-24.9
Exchange rate differences and other changes	**4.7**	-8.5	0.2
Net carrying amount at end of period	**767.4**	734.4	766.7

CONTINGENT LIABILITIES

EUR million	**31.3.2009**	31.12.2008
Mortgages	**43.3**	43.3
Assets pledged		
On behalf of own commitments	**5.2**	5.2
Guarantees		
On behalf of own commitments	**13.6**	14.1
On behalf of associates	**1.2**	1.2
On behalf of others	**9.8**	5.5
Operating leasing liabilities		
Maturity within one year	**21.4**	20.9
Maturity after one year	**117.1**	115.0
Other obligations		
On behalf of own commitments	**1.7**	2.6
On behalf of associates	**1.9**	1.9

Major off-balance sheet investment commitments

There were no major contractual commitments for the acquisition of property, plant and equipment on March 31, 2009.

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 materially adverse effect upon its consolidated results or financial position.

RELATED PARTY

Transactions with related parties have not changed materially after annual closing 2008.

DERIVATIVE INSTRUMENTS

EUR million		**31.3.2009**		31.12.2008
	Nominal value	**Fair value**	Nominal value	Fair value
Currency instruments				
Forward contracts	**409.3**	**-3.8**	427.6	11.7
of which hedges of net investment in a foreign operation	**-**	**-**	-	-
Currency options				
Bought	**-**	**-**	-	-
Sold	**-**	**-**	-	-
Currency swaps	**27.4**	**-5.8**	27.6	-5.6
Interest rate instruments				
Interest rate swaps	**385.1**	**-8.4**	338.8	-6.9
of which cash flow hedge	**322.6**	**-6.3**	304.4	-6.5
Interest rate options				
Bought	**110.0**	**-0.1**	110.0	-0.1
Sold	**-**	**-**	-	-
Bond futures	**10.0**	**-0.1**	10.0	-
of which open	**10.0**	**-0.1**	10.0	-
Other instruments	**GWh**		GWh	
Electricity forward contracts, bought	**1,435.6**	**-15.2**	1,431.5	-10.7
of which cash flow hedge	**1,383.0**	**-14.1**	1378.9	-9.7
Electricity forward contracts, sold	**52.6**	**1.2**	52.6	1.2
of which cash flow hedge	**-**	**-**	-	-
	K tons		K tons	
Natural gas hedging	**15.6**	**-1.7**	15.6	-2.0
of which cash flow hedge	**15.6**	**-1.7**	15.6	-2.0
Salt derivatives	**172.8**	**1.2**	212.8	2.0

The fair values of the instruments which are publicly traded are based on market valuation on the date of reporting. Other instruments have been valuated 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.

QUARTERLY INFORMATION

EUR million	**2009 Q1**	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Revenue					
Paper external	**223.9**	246.4	263	234.7	243.5
Paper Intra-Group	**1.1**	0.4	4.7	6.4	4.2
Water external	**150.7**	146.8	155.9	143.7	135.8
Water Intra-Group	**-**	0.2	0.1	0.7	0.5
Oil & Mining external	**57.0**	66.0	73.6	66.7	67.0
Oil & Mining Intra-Group	**-2.6**	0.6	0.9	0.1	0.5
Tikkurila external	**111.2**	103.5	193.7	205.7	145.2
Tikkurila Intra-Group	**-**	-	-	-	-
Other external	**65.9**	64.8	93.9	90.7	92.1
Other Intra-Group	**19.3**	17.1	10.4	21.1	24.7
Eliminations	**-17.8**	-18.2	-16.2	-28.3	-29.9
Total	**608.7**	627.6	780.0	741.5	683.6
Operating profit					
Paper	**7.5**	-33.5	10.9	7.6	12.4
Water	**10.4**	-13.3	7.3	4.7	6.6
Oil & Mining	**2.0**	-7.7	3.4	2.4	3.8
Tikkurila	**4.0**	-12.6	30.4	29.7	11.7
Other	**4.2**	-1.0	17.5	-4.9	-1.5
Eliminations	**-**	-	0.3	-0.2	-
Total	**28.1**	-68.1	69.8	39.3	33.0
Operating profit, excluding non-recurring items					
Paper	**7.5**	9.8	11.7	7.6	12.4
Water	**10.4**	6.9	7.3	4.6	6.2
Oil & Mining	**2.0**	0.6	3.5	2.4	1.9
Tikkurila	**4.0**	-12.6	30.4	29.7	11.7
Other	**4.2**	7.0	3.3	-6.9	-5.0
Eliminations	**-**	-	0.3	-0.2	-
Total	**28.1**	11.7	56.5	37.2	27.2

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

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

Equity ratio, %

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

Gearing, %

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

Interest-bearing net liabilities

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

Return on capital employed (ROCE), %

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

* Average