



kemira

Interim report
January - March 2010

Kemira Oyj's interim report January-March 2010: A good start of the year, Tikkurila's separation was completed

- Revenue in January-March 2010 increased by 3% to EUR 514.7 million (January-March 2009: EUR 497.5 million). Tikkurila Oyj was separated from Kemira on March 26, 2010 and is reported under Discontinued operations (see tables).
- Operating profit excluding non-recurring items rose 62% to EUR 39.1 million (24.1). Reported operating profit rose 59% to EUR 38.4 million (24.1).
- Cash flow from operating activities amounted to EUR 19.5 million (-22.1). Cash flow includes Tikkurila until March 25, 2010.
- As a result of separating Tikkurila, the balance sheet strengthened and gearing decreased to 42% (December 31, 2009: 53%).
- Earnings/share from continuing operations were EUR 0.18 (0.05).
- In 2010, Kemira expects demand to develop favorably as the economic situation improves, even though there's still uncertainty with the development of the demand. In the second quarter, Kemira's operating profit excluding non-recurring items is expected to increase from the corresponding period in 2009 (continuing operations). In April-June 2009, operating profit excluding non-recurring items was EUR 29.3 million.

Harri Kerminen, President & CEO:

"2010 started out well for Kemira. Demand recovered in January-March in many customer industries and revenue increased by 3%. Of the segments, the revenue of Oil & Mining increased considerably. Also in the Paper segment sales improved.

Operating profit increased by some 60% which is a remarkable improvement. In addition to higher sales volumes, the result was boosted by lower costs. The operating profit percentage excluding non-recurring items was 7.6% compared to 4.8% in the prior year period. All segments improved their profitability considerably. Cash flow from operating activities was strongly positive.

Tikkurila was spun-off from Kemira in late March into a separate listed company and trading with Tikkurila's shares commenced on March 26. As a result of Tikkurila's separation, Kemira's financial position improved further.

Kemira, with the spin-off of Tikkurila, has become very focused on water chemistry. With our expertise, expected new developments and vast market potential, Kemira will have a strong platform for profitable growth in water related customer industries."

Key figures and ratios

The figures in the text section of the interim report are for continuing operations excluding Tikkurila, unless otherwise mentioned. Tikkurila Oyj was separated from Kemira on March 26, 2010 and is reported under Discontinued operations (see tables).

EUR million	1-3/2010	1-3/2009	1-12/2009
Revenue	514.7	497.5	1,969.9
EBITDA	62.8	48.6	207.2
EBITDA %	12.2	9.8	10.5
Operating profit excluding non-recurring items	39.1	24.1	124.9
Operating profit	38.4	24.1	109.7
Operating profit excluding non-recurring items, %	7.6	4.8	6.3
Operating profit, %	7.5	4.8	5.6
Financial income and expenses	-7.9	-12.3	-37.8
Profit before tax	31.7	8.0	76.5
Net profit from continuing operations	27.7	6.7	67.1
Net profit***	558.7**	6.1**	85.5**
EPS, EUR from continuing operations	0.18	0.05	0.47

Stock exchange release

April 29, 2010 at 8.30 (CET+1)

Capital employed*	1,633.2	1,726.5	1,659.3
ROCE, %*	7.6	0.6	6.3
Cash flow after investments	132.7**	-34.4**	202.2**
Equity ratio, % at period-end	50	34**	45**
Gearing, % at period-end	42	113**	53**
Personnel at period-end	5,027	8,926**	8,493**

*12-month rolling average.

**Includes Tikkurila until March 25, 2010.

***Net profit January-March 2010 includes a non-recurring income of EUR 529.2 million from the separation of Tikkurila, consisting of the difference between the market price of Tikkurila on March 26, 2010 and the shareholder's equity of Tikkurila on March 25, 2010 less the transfer tax related to Tikkurila's listing as well as listing costs.

Definitions of key figures are available at www.kemira.com > Investors > Financial information. Due to the rights offering arranged in 2009, historical per share key figures have been adjusted with the following formula: average number of shares x 1.1.

Conference for analysts and the media:

Kemira will arrange a press conference for analysts and the media today on April 29, 2010 starting at 10:30 a.m. at Kemira House, Porkkalankatu 3, Helsinki. The press conference will be held in Finnish. Harri Kerminen, Kemira's President and CEO, will present the interim report. The presentation material will be available on Kemira's website at www.kemira.com at 10:30 a.m. A conference call in English will begin at 1:00 p.m. Finnish time. In order to participate in the call, please dial +44 (0)207 1620 177, code 863784, ten minutes before the conference begins. The presentation material will be available on Kemira's website at www.kemira.com. A recording of the conference call will be available on Kemira's website later today.

Kemira Oyj will publish its January-June interim report on Thursday July 29, 2010 at 8:30 a.m.

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Kemira is a global two billion euro chemicals company that is focused on serving customers in water-intensive industries. The company offers water quality and quantity management that improves customers' energy, water, and raw material efficiency. Kemira's vision is to be a leading water chemistry company.

www.kemira.com
www.waterfootprintkemira.com

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Financial performance in January-March 2010

Kemira Group's **revenue** increased by 3% in January-March 2010 compared to the corresponding period in 2009. January-March 2010 revenue was EUR 514.7 million (January-March 2009: EUR 497.5 million). Demand recovered in January-March in several customer industries. On the other hand, sales prices declined in some products as a result of a drop in raw material prices seen last year. The currency exchange effect increased revenue by about EUR 5 million.

Revenue, EUR million	1-3/2010	1-3/2009	1-12/2009
Paper	234.0	225.0	906.4
Municipal & Industrial	148.4	150.7	607.5
Oil & Mining	66.6	54.4	235.0
Other	65.8	85.2	300.4
Eliminations	-0.1	-17.8	-79.4
Total	514.7	497.5	1 969.9

Operating profit rose by 59% in January-March 2010 compared to the corresponding period in 2009 and amounted to EUR 38.4 million (24.1). Operating profit excluding non-recurring items was EUR 39.1 million (24.1) and the operating profit margin excluding non-recurring items was 7.6% (4.8%). The operating profit was in particular boosted by lower variable costs and higher sales volumes. Variable costs decreased by EUR 37 million in January-March 2010 compared to the corresponding period in 2009. Fixed costs were at last year's level.

Operating profit excluding non-recurring items, EUR million	1-3/2010	1-3/2009	1-12/2009
Paper	15.2	7.5	44.9
Municipal & Industrial	16.7	10.4	66.4
Oil & Mining	6.4	2.0	14.2
Other	0.8	4.2	-0.6
Eliminations	0.0	0.0	0.0
Total	39.1	24.1	124.9

The share of associates' results was EUR 1.2 million (-3.8).

The January-March profit before tax was EUR 31.7 million (8.0). Net profit from continuing operations totaled EUR 27.7 million (6.7). Net profit was EUR 558.7 million (6.1). Net profit includes a non-recurring income of EUR 529.2 million from the separation of Tikkurila, consisting of the difference between the market price of Tikkurila on March 26, 2010 and the shareholder's equity of Tikkurila on March 25, 2010 less the transfer tax related to Tikkurila's listing as well as listing costs. The separation of Tikkurila does not have a significant impact on the shareholders' equity or distributable funds of Kemira Oyj.

Earnings/share from continuing operations was EUR 0.18 (0.05).

Financial position and cash flow

Cash flow from operating activities in January-March 2010 amounted to EUR 19.5 million (-22.1). Cash flow includes Tikkurila until March 25, 2010. Cash flow increased due primarily to higher EBITDA and effective working capital management. Cash flow after investments amounted to EUR 132.7 million (-34.4). Cash flow from investing activities includes the loan repayment from Tikkurila as well as cash and cash equivalents transferred to Tikkurila, with a net effect of EUR 129.3 million. The cash flow effect of expansion, improvement and maintenance investments was EUR -16.1 million (-12.7). No acquisitions were carried out during this or the prior year period.

Stock exchange release

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At the end of the period, the Group's net debt stood at EUR 530.7 million (December 31, 2009: EUR 675.6 million). The decrease in net debt was mainly due to the separation of Tikkurila (effect approximately EUR 160 million). Currency exchange rate fluctuations increased net debt by approximately EUR 23 million.

At the end of the period, interest-bearing liabilities stood at EUR 703.3 million (December 31, 2009: 950.2). Fixed-rate loans accounted for 86% of total interest-bearing liabilities (December 31, 2009: 70%). The average interest rate on the Group's interest-bearing liabilities was 4.2% (January-March 2009: 5.9%). At the period end, the duration of the Group's interest-bearing loan portfolio was 21 months (December 31, 2009: 19 months).

The unused amount of the EUR 750 million revolving credit facility that falls due in 2012 was EUR 728.8 million at the end of the period. Short-term liabilities maturing in the next 12 months amounted to EUR 165.9 million, with commercial papers issued on the Finnish markets representing EUR 57.6 million and repayments of long-term loans representing EUR 100.6 million. Cash and cash equivalents totaled EUR 172.7 million on March 31, 2010. Based on its current structure, it is expected that the Group will not encounter any significant refinancing needs in 2010, since the current loan arrangements cover its financing needs. The terms of the revolving credit facility and other major bilateral loan arrangements require that the Group's equity ratio must be more than 25%.

At the end of the period, the equity ratio stood at 50% (December 31, 2009: 45%), while gearing was 42% (December 31, 2009: 53%). Kemira's gearing target is 40-80%. Shareholders' equity decreased by approximately EUR 70 million due to the separation of Tikkurila. The net impact of currencies on shareholders' equity was approximately EUR 49 million.

The Group's net financial expenses were EUR 7.9 million (12.3). Net financial expenses decreased from the corresponding period in 2009, due mainly to lower debt and lower market interest levels.

Capital expenditure

Gross capital expenditure excluding acquisitions amounted to EUR 16.1 million (12.7). Excluding Tikkurila, gross capital expenditure excluding acquisitions was EUR 14.0 million (8.5). Expansion investments represented around 37% of gross capital expenditure excluding acquisitions, improvement investments around 34% (excluding Tikkurila 35%), and maintenance investments around 29% (excluding Tikkurila 28%).

The Group's depreciation amounted to EUR 24.4 million (24.5).

Cash flow from the sale of assets was EUR 0.3 million (0.4). The Group's net capital expenditure totaled EUR 15.8 million (12.3), excluding Tikkurila EUR 14.0 million (8.5).

Research and development

Research and development expenditure was EUR 9.8 million (8.9), i.e. 2.0% (1.9%) of all operating expenses (continuing operations).

In March Kemira and VTT announced an establishment of a major water research center in Finland. The total cost of the research, which will be performed at the center, is estimated at EUR 120 million, including external funding. The investments are allocated over a period of 4 years, resulting further investment activities in projects for piloting and proof of concept purposes. The center will employ approximately 200 persons. The current Finnish competence of the water sector is being gathered into the Center of Water Efficiency Excellence. The goal is to develop unique water knowledge to Finland and to create new business opportunities for companies in the environmental technology sector. The research center supports Kemira's strategic target to become a leading water chemistry company and to grow profitably by generating new business in the already strong field of water knowledge.

Human Resources

The number of Group employees at the end of the period was 5,027 (March 31, 2009: 8,926). The number of personnel declined due to the separation of Tikkurila.

Segments

Paper

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

EUR million	1-3/2010	1-3/2009	1-12/2009
Revenue	234.0	225.0	906.4
EBITDA	27.5	19.8	87.0
EBITDA %	11.8	8.8	9.6
Operating profit excluding non-recurring items	15.2	7.5	44.9
Operating profit	15.2	7.5	40.1
Operating profit excluding non-recurring items, %	6.5	3.3	5.0
Operating profit, %	6.5	3.3	4.4
Capital employed*	775.2	830.7	782.6
ROCE, %*	6.2	-0.9	5.1
Capital expenditure, excluding acquisitions	8.2	5.1	37.8
Cash flow after investments, excluding interest and taxes	22.8	6.3	75.6

*12-month rolling average

The Paper segment's **revenue** in January-March 2010 rose 4% to EUR 234.0 million (225.0). Strong demand and a considerable price increase in pulp increased the sales of pulp chemicals. Demand for packaging board has picked up in particular in Asia and Eastern Europe since the second half of last year. The demand for paper used in magazines and newspapers and the number of printed advertising material has shown signs of recovery in the past months, but the amounts are still low compared to the level seen before the recession. In some products, sales prices declined as a result of a drop in raw material prices seen last year. The currency exchange effects had a EUR 4 million positive impact on revenue.

Operating profit for January-March was EUR 15.2 million (7.5). The operating profit margin rose to 6.5% from 3.3% last year. Costs decreased by some EUR 18 million in January-March 2010 compared to the corresponding period in 2009.

In January 2010, Metso and Kemira entered into a three-year research and development partnership agreement, by which Kemira will handle the chemical control of Metso's pilot paper machines. The aim is to combine Metso's leading competence in paper and board machine processes, automation and technology with Kemira's know-how in water and fiber chemistry to produce optimal overall solutions for pulp and paper industry customers.

Municipal & Industrial

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

EUR million	1–3/2010	1–3/2009	1–12/2009
Revenue	148.4	150.7	607.5
EBITDA	20.6	16.4	91.7
EBITDA %	13.9	10.9	15.1
Operating profit excluding non-recurring items	16.7	10.4	66.4
Operating profit	14.6	10.4	59.8
Operating profit excluding non-recurring items, %	11.3	6.9	10.9
Operating profit, %	9.8	6.9	9.8
Capital employed*	346.9	356.1	349.4
ROCE, %*	18.5	2.5	17.1
Capital expenditure, excluding acquisitions	3.7	2.1	21.0
Cash flow after investments, excluding interest and taxes	12.6	8.2	93.5

*12-month rolling average

The Municipal & Industrial segment's **revenue** in January-March was EUR 148.4 million (150.7). Delivery volumes were higher than in January-March 2009, but average sales prices decreased as a result of a drop in raw material prices in 2009. The currency exchange effects had a EUR 3 million positive impact on revenue.

Healthy demand continued in the municipal water treatment business, and delivery volumes were higher than a year earlier. Also in the industrial water treatment business, volumes increased even though capacity utilization was still at a low level in many customer industries.

Despite a drop in average prices, **operating profit** excluding non-recurring items rose to EUR 16.7 million (10.4). The operating profit margin rose to 11.3% from 6.9 % last year (excluding non-recurring items). Costs decreased by some EUR 14 million in January-March 2010 compared to the corresponding period in 2009.

Oil & Mining

We offer a large selection of innovative chemical extraction and process solutions for the oil and mining industries, where water plays a central role. Utilizing our expertise, we enable our customers to improve efficiency and productivity.

EUR million	1–3/2010	1–3/2009	1–12/2009
Revenue	66.6	54.4	235.0
EBITDA	8.7	4.5	23.6
EBITDA %	13.1	8.3	10.1
Operating profit excluding non-recurring items	6.4	2.0	14.2
Operating profit	6.4	2.0	19.9
Operating profit excluding non-recurring items, %	9.6	3.7	6.0
Operating profit, %	9.6	3.7	8.5
Capital employed*	141.7	162.6	148.9
ROCE, %*	17.2	0.1	13.4
Capital expenditure, excluding acquisitions	1.2	0.6	4.7
Cash flow after investments, excluding interest and taxes	7.9	-7.4	20.8

*12-month rolling average

The Oil & Mining segment's **revenue** in January–March 2010 rose 22% to EUR 66.6 million (54.4). Overall sales volumes rose from the corresponding period in 2009.

As the prices of oil and gas increased, chemical demand in oil and gas industries recovered from the corresponding period last year. In the mining industry, the demand for chemicals by metal industry customers started to strengthen towards the end of 2009 as metal demand and prices rose.

Operating profit for January–March was EUR 6.4 million (2.0). The operating profit margin rose to 9.6% from 3.7% last year. Operating profit increased due to higher sales volumes and lower costs. Costs decreased by some EUR 4 million compared to the corresponding period in 2009.

In January 2010, Kemira reversed the decision to shut down the polymer manufacturing site in Columbus Georgia USA as the demand for water treatment chemicals in the oil and gas industries is expected to increase. Previously the site was primarily serving customers in the paper industry. The operations at the site have now been retooled to offer a tailored product mix to meet the needs of customers in the oil and gas industry.

Other

The Other segment 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 CEO Office).

The demand of specialty chemicals was at a good level in the Other segment. Products are delivered for instance to the food industry, feed industry and pharmaceutical industry, as well as for airport runway de-icing.

Separation of Tikkurila

Trading with Tikkurila Oyj's share began on NASDAQ OMX Helsinki Oy on March 26, 2010 and Tikkurila was separated from Kemira Oyj.

On March 16, 2010 Kemira's Annual General Meeting decided that each four Kemira's shares entitle their holder to receive one share of Tikkurila as a dividend. Kemira distributed a total of 37,933,097 Tikkurila shares as dividend to its shareholders which corresponds with 86% of Tikkurila's shares and votes. Kemira held a 14% minority share in Tikkurila. The dividend decision is described in more detail under "AGM decisions".

The taxable value and purchase price for the Tikkurila shares distributed as dividend is the volume-weighted average of the prices paid for Tikkurila's share during the first trading day, March 26, 2010, i.e. EUR 15.80.

Kemira Oyj's shares and shareholders

On March 31, 2010, Kemira Oyj's share capital was EUR 221.8 million and the number of shares was 155,342,557. At the end of March, Kemira owned 3,610,171 own shares (December 31, 2009: 3,854,771), which corresponds with 2.3% (December 31, 2009: 2.5%) of all Kemira Oyj's shares. Based on the Board of Directors' decision, Kemira Oyj transferred shares to the persons involved in the 2009 share ownership plans on March 3, 2010 and the number of shares owned by the company decreased by 244,600 shares. In connection with this, the company also acquired 1,385 shares from the market which were assigned based on the share ownership plan.

The highest share price of Kemira Oyj's shares on NASDAQ OMX Helsinki Oy in January-March was EUR 13.19 and the lowest was EUR 7.98. The average share price was EUR 10.80. The company's market value less the shares held by Kemira was EUR 1,200.2 at the end of March.

AGM decisions

On March 16, 2010, the AGM reelected members Elizabeth Armstrong, Wolfgang Büchele, Juha Laaksonen, Pekka Paasikivi, Kaija Pehu-Lehtonen and Jukka Viinanen to the Board of Directors and elected Kerttu Tuomas as a new member. Pekka Paasikivi was elected to continue as the Chairman of the Board and Jukka Viinanen was elected as Vice Chairman.

Dividend payment

A. Dividend paid in Tikkurila Oyj's shares

The Annual General Meeting decided that a dividend on the basis of the adopted balance sheet for the financial year ended December 31, 2009 was paid as follows:

Each four Kemira's shares entitled their holder to receive one share of Tikkurila Oyj as a dividend. The number of shares of Tikkurila that a shareholder was entitled to receive was calculated on a book-entry account basis. Kemira distributed to its shareholders as dividend a total of 37,933,097 shares of Tikkurila, which represents 86% of the shares in Tikkurila and the number of voting rights carried by them. The record date was March 19, 2010 and the dividend was paid on March 26, 2010.

Fractional entitlements to Tikkurila's share resulting from the distribution ratio of the shares were not distributed but the amount corresponding to the fractional entitlements was compensated for in cash. The amount of the

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cash payment corresponding to the fractional entitlements was based on the taxable value of the dividend paid in Tikkurila's shares, EUR 15.80, which was the volume-weighted average of the prices paid for Tikkurila's share during the first trading day, March 26, 2010. The fractional entitlements to Tikkurila's share were combined to complete shares and sold on the first trading day. The cash payment corresponding to the fractional entitlements was paid, on a book-entry account basis, to the shareholders entitled to fractional entitlements on March 30, 2010.

B. Cash dividend

The Annual General Meeting authorized the Board to decide upon a dividend payable in cash on the basis of the adopted balance sheet for the financial year ended December 31, 2009 under the following terms and conditions:

Under the authorization, the Board of Directors may decide upon a dividend payable in cash of a maximum of 0.27 euro per share.

The Board of Directors will decide upon the other terms related to the dividend payable in cash in accordance with the Rules of the Helsinki Stock Exchange and Euroclear Finland Ltd. The authorization to decide upon a dividend payable in cash is valid until May 31, 2010.

Remuneration of the Chairman, the Vice Chairman and the members of the Board of Directors

The Annual General Meeting decided that the remuneration paid to the members of the Board of Directors will remain unchanged but the monthly fee will be changed into an annual fee. The fees are as follows: the Chairman will receive 66.000 euro per year, the Vice Chairman 42.000 euro per year and the other members 33.600 euro per year. A fee payable for each meeting of the Board and its committees is for the members residing in Finland 600 euro, the members residing in rest of Europe 1.200 euro and the members residing outside Europe 2.400 euro. Travel expenses are paid according to Kemira's travel policy.

In addition, the Annual General Meeting decided that the annual fee be paid as a combination of the company's shares and cash in such a manner that 40% of the annual fee is paid with the company's shares owned by the company or, if this is not possible, shares purchased from the market, and 60% is paid in cash. The shares will be transferred to the members of the Board of Directors and, if necessary, acquired directly on behalf of the members of the Board of Directors within two weeks from the release of Kemira's interim report January 1 – March 31, 2010.

The meeting fees are to be paid in cash.

Election and remuneration of the auditor

KPMG Oy Ab was elected as the Company's auditor KHT Pekka Pajamo acting as the principal auditor. The Auditor's fees will be paid against an invoice approved by Kemira.

Authorization to decide on the repurchase of the Company's own shares

The Annual General Meeting authorized the Board of Directors to decide upon repurchase of a maximum of 4,156,957 Company's own shares ("Share repurchase authorization"). Shares will be repurchased by using unrestricted equity either through a tender 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 Helsinki 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 Helsinki Stock Exchange and Euroclear Finland Ltd.

The price paid for the shares repurchased through a tender offer under the authorization shall be based on the market price of the company's shares in public trading. The minimum price to be paid would be the lowest market price of the share quoted in public trading during the authorization period and the maximum price the highest market price quoted during the authorization period.

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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 to be used for the payment of the annual fee payable to the members of the Board of Directors 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.

Authorization to decide on share issues

The Annual General Meeting authorized the Board of Directors to decide to issue a maximum of 15,534,256 new shares and/or transfer a maximum of 7,767,128 Company's own 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 for consideration or without consideration.

The new shares may be issued and the 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 by disapplying the shareholders' pre-emption right, 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 the capital structure of the Company, improving the liquidity of the Company's shares or if this is justified for the payment of the annual fee payable to the members of the Board of Directors or implementing the Company's share-based incentive plans. The directed share issue may be carried out without consideration only in connection with the payment of the annual fee payable to the members of the Board of Directors or implementation of the Company's share-based incentive plan.

The subscription price of new shares shall be recorded to the invested unrestricted equity reserves. The consideration payable for Company's own shares shall be recorded to the invested unrestricted equity reserves.

The Board of Directors will decide upon other terms related to the share issues. The Share issue authorization is valid until the end of the next Annual General Meeting.

Donation to the Aalto University Foundation

The Annual General Meeting approved a donation in the amount of 500.000 euro to the Aalto University Foundation to be used for the Aalto University Foundation's basic capital.

Other events during the review period

In a Board meeting held on March 16, 2010, Kemira Oyj's Board of Directors elected members from among themselves for the Audit Committee and the Compensation Committee. The Board's Audit Committee members are Juha Laaksonen, Kaija Pehu-Lehtonen and Jukka Viinanen. The Audit Committee is chaired by Juha Laaksonen. The Board's Compensation Committee members are Pekka Paasikivi, Kerttu Tuomas and Jukka Viinanen. The Compensation Committee is chaired by Pekka Paasikivi. In addition, the Board decided to assemble a Nomination Committee which will consist of the representatives of the four largest shareholders as of May 31, 2010, the Chairman of the Board of Directors acting as an expert member. The Nomination Committee is to prepare a proposal for the next Annual General Meeting concerning the composition and remuneration of the Board of Directors.

Leena Lie, Vice President, Communications of Kemira Oyj was appointed Vice President, Marketing and Communications and member of the Strategic Management Board of Kemira as of March 24, 2010. This is a substitute position for maternity leave.

Short-term risks and uncertainties

Kemira's main short-term risks and uncertainties are connected to raw material availability and prices.

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Substantial fluctuations in the world market prices of electricity and oil are reflected in Kemira's financial results, via raw material prices and logistics costs.

Capacity cuts among raw material suppliers may affect Kemira's production costs. As a result of general economic development some of our cooperation partners, for instance logistics companies, may face difficulties, which in turn may have a temporary effect on Kemira's operations.

Introduction of REACH legislation may decrease the available raw material options and thus increase Kemira's raw material costs. REACH registration of Kemira's own products may also be more expensive than estimated, in particular if Kemira is not able to divide the costs with other companies. Acrylamide, which Kemira uses as a raw material for polymers, has been added to the list of candidates for authorization under REACH. If acrylamide was added to the list of substances subject to authorization under REACH, this would make its use more difficult.

Changes in the exchange rates of key currencies can affect Kemira's financials.

A detailed account of Kemira's risk management principles and organization is available at the company website at www.kemira.com. An account of financial risks is available in the Notes to the Financial Statements 2009. Environmental and hazard risks are discussed in Kemira's environmental report.

Outlook

Kemira's goal is to be a leading water chemistry company. Implementation of Kemira's water strategy has progressed well and the company has improved its profitability significantly and strengthened the balance sheet with several measures. Kemira will continue to focus on improving profitability and reinforcing positive cash flow, but the company will also increase its actions to boost growth.

The basis for growth is the expanding water chemicals markets and Kemira's strong know-how in water quality and quantity management. Increasing water shortage, tightening legislation and customers' needs to increase operational efficiency create opportunities for Kemira to develop new water applications for both new and current customers. Investment in research and development is a central part of Kemira's strategy. The focus of Kemira's R&D activities is on the development and commercialization of new innovative technologies both globally and locally.

The global cost savings program started in 2008 has proceeded faster than planned and it will be completed by the end of the year. The full annual impact is expected to be felt from 2011 onwards.

In 2010, Kemira expects demand to develop favorably as the economic situation improves, even though there's still uncertainty with the development of the demand. In the second quarter, Kemira's operating profit excluding non-recurring items is expected to increase from the corresponding period in 2009 (continuing operations). In April-June 2009, operating profit excluding non-recurring items was EUR 29.3 million.

Helsinki, April 28, 2010

Kemira Oyj
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.

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.

The accounting policies adopted are consistent with those of the Group's annual financial statement, added with the following changes.

Changes to the accounting policies as of January 1, 2010:

- IFRS 3 Business Combinations - The standard change had no effect on the interim consolidated financial statement.
- IAS 27 Consolidated and Separate Financial Statements (amended 2008) - The standard change had no effect on the interim consolidated financial statement.
- IFRIC 17 Distributions of non-cash assets to owners - New interpretation has been followed in separation of Tikkurila Oyj.

The changes have been described in annual financial statement 2009.

INCOME STATEMENT	1-3/2010	1-3/2009	2009
EUR million			
Continuing operations			
Revenue	514.7	497.5	1,969.9
Other operating income	3.0	3.1	22.4
Expenses	-454.9	-452.0	-1,785.1
Depreciation, impairments and reversals of impairments	-24.4	-24.5	-97.5
Operating profit	38.4	24.1	109.7
Financial income and expenses, net	-7.9	-12.3	-37.8
Share of profit or loss of associates	1.2	-3.8	-4.8
Group contribution	-	-	9.4
Profit before tax	31.7	8.0	76.5
Income tax	-4.0	-1.3	-9.4
Net profit for the period	27.7	6.7	67.1
Discontinued operations			
Net profit for the period, discontinued operations	531.0	-0.6	18.4
Net profit for the period	558.7	6.1	85.5
Attributable to:			
Equity holders of the parent	26.8	6.3	63.4
Minority interest	0.9	0.4	3.7
Net profit for the period	27.7	6.7	67.1
Earnings per share, continuing operations, basic and diluted, EUR	0.18	0.05	0.47
Earnings per share, basic and diluted, EUR	3.68	0.50	0.61

STATEMENT OF COMPREHENSIVE INCOME	1-3/2010	1-3/2009	2009
Net profit for the period	558.7	6.1	85.5
Other comprehensive income, net of tax:			
Available-for-sale - change in fair value	-3.5	-	3.7
Exchange differences	37.0	-7.9	28.1
Hedge of net investment in foreign entities	-4.5	-0.8	-3.0
Cash flow hedging	-1.7	-2.6	10.0
Other changes	-0.7	-0.5	-0.4
Other comprehensive income, net of tax	26.6	-11.8	38.4
Total comprehensive income	585.3	-5.7	123.9
<hr/>			
Attributable to:			
Equity holders of the parent	583.3	-5.3	119.9
Minority interest	2.0	-0.4	4.0
Total comprehensive income	585.3	-5.7	123.9

BALANCE SHEET
EUR million

ASSETS	31.3.2010	31.12.2009 *
Non-current assets		
Goodwill	598.6	658.0
Other intangible assets	68.8	102.2
Property, plant and equipment	660.8	761.5
Holdings in associates	131.6	131.1
Available-for-sale investments	259.5	166.2
Deferred tax assets	18.2	18.8
Other investments	10.5	13.2
Defined benefit pension receivables	35.3	35.3
Total non-current assets	1,783.3	1,886.3
Current assets		
Inventories	180.7	246.5
Interest-bearing receivables	0.6	1.4
Accounts receivables and other receivables	358.5	400.6
Current tax asset	8.9	7.3
Money market investments	87.3	202.1
Cash and cash equivalents	85.4	72.5
Total receivables	721.4	930.4
Total assets	2,504.7	2,816.7
EQUITY AND LIABILITIES		
Equity		
Equity attributable to equity holders of the parent	1,234.0	1,249.5
Minority interest	21.5	19.3
Total equity	1,255.5	1,268.8
Non-current liabilities		
Interest-bearing non-current liabilities	537.3	512.6
Deferred tax liabilities	81.7	90.1
Pension liabilities	57.4	70.4
Provisions	55.8	55.6
Total non-current liabilities	732.2	728.7
Current liabilities		
Interest-bearing current liabilities	166.0	437.6
Interest-free current liabilities	339.9	369.1
Current tax liabilities	-	0.5
Provisions	11.1	12.0
Total current liabilities	517.0	819.2
Total liabilities	1,249.2	1,547.9
Total equity and liabilities	2,504.7	2,816.7

* Includes Tikkurila

CONSOLIDATED CASH FLOW STATEMENT
EUR million

Includes Tikkurila until March 25, 2010

1-3/2010 1-3/2009 2009

Cash flow from operating activities

Profit for the period	557.8	5.7	81.8
Total adjustments	-486.3	48.5	206.9
	71.5	54.2	288.7
Change in net working capital	-30.1	-63.3	74.4
	41.4	-9.1	363.1
Financing items	-16.5	-6.9	-49.0
Taxes paid	-5.4	-6.1	-26.3
Total cash flow from operating activities	19.5	-22.1	287.8

Cash flow from investing activities

Capital expenditure for acquisitions	-	-	-3.7
Other capital expenditure	-16.1	-12.7	-82.2
Proceeds from sale of assets *	-18.9	0.4	2.4
Change in other investments *	148.2	-	-2.1
Cash flow after investing activities	113.2	-12.3	-85.6
Cash flow before financing activities	132.7	-34.4	202.2

Cash flow from financing activities

Proceeds from non-current interest-bearing liabilities	45.2	52.3	228.3
Repayments from non-current interest-bearing liabilities	-11.3	7.9	-249.7
Short-term financing, net (increase +, decrease -)	-230.7	-13.1	-183.6
Dividends paid	-	-	-33.5
Share issue	-	-	200.0
Other financing items	-42.1	-7.0	-11.3
Net cash used in financing activities	-238.9	40.1	-49.8

Net change in cash and cash equivalents

Net change in cash and cash equivalents	-106.2	5.7	152.4
Cash and cash equivalents at end of period	172.7	125.4	274.6
Exchange gains (+) / losses (-) on cash and cash equivalents	-4.3	-0.3	-2.8
Cash and cash equivalents at beginning of period	274.6	119.4	119.4
Net change in cash and cash equivalents	-106.2	5.7	152.4

* 1-3/2010 include cash and cash equivalents transferred to Tikkurila as well as the loan repayment from Tikkurila

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	Unrestricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Minority interests	Total
Shareholders' equity at January 1, 2009	221.8	257.9	81.4	-	-104.6	-25.9	532.2	13.2	976.0
Net profit for the period	-	-	-	-	-	-	5.7	0.4	6.1
Other comprehensive income, net of tax	-	-	-2.7	-	-8.0	-	-0.3	-0.8	-11.8
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
Shareholders' equity at January 1, 2010	221.8	257.9	95.8	196.3	-79.9	-25.9	583.6	19.2	1,268.8
Net profit for the period	-	-	-	-	-	-	557.9	0.8	558.7
Other comprehensive income, net of tax	-	-	-5.4	-	31.2	-	-0.3	1.2	26.7
Total comprehensive income	-	-	-5.4	-	31.2	-	557.6	2.0	585.4
Dividends paid	-	-	-	-	-	-	-599.3	-	-599.3
Treasury shares issued to target group of share-based incentive plan	-	-	-	-	-	1.6	-	-	1.6
Share-based compensations	-	-	-	-	-	-	-1.0	-	-1.0
Changes due to business combinations	-	-	-	-	-	-	-0.2	0.2	0.0
Shareholders' equity at March 31, 2010	221.8	257.9	90.4	196.3	-48.7	-24.3	540.7	21.4	1,255.5

Kemira had in its possession 3,610,171 of its treasury shares on March 31, 2010. The average share price of treasury shares was EUR 6.73 and they represented 2.3% of the share capital and the aggregate number of votes conferred by all shares. The aggregate par value of the treasury shares is EUR 5.2 million.

The capital paid-in in excess of par value is a reserve accumulating through subscriptions entitled by the Management stock option program 2001 and is based on the Finnish Companies Act (734/1978), which does no longer change. According to IFRS, the Fair Value reserve is a reserve accumulating based on available-for-sale financial assets (shares) measured at fair value and hedge accounting. Other reserves are required by local legislation. The unrestricted equity reserve includes other equity type investments and the subscription price of shares to the extent that it will not, based on a specific decision, be recognized in share capital.

KEY FIGURES

	1-3/2010	1-3/2009	2009
Earnings per share, continuing operations, basic and diluted, EUR **	0.18	0.05	0.47
Earnings per share, discontinued operations, basic and diluted, EUR **	3.50	0.00	0.14
Cash flow from operations per share, EUR **	0.13	-0.18	2.13
Capital expenditure, EUR million	16.1	12.7	85.9
Capital expenditure / revenue, %	3.1	2.1	3.4
Average number of shares (1000), basic *	151,569	121,190	134,824
Average number of shares (1000), diluted *	151,742	121,190	135,085
Number of shares at end of period (1000), basic *	151,732	121,190	151,488
Number of shares at end of period (1000), diluted *	151,732	121,190	151,748
Equity per share, attributable to equity holders of the parent, EUR	8.13	7.90	8.25
Equity ratio, %	50.2	34.4	45.1
Gearing, %	42.3	112.8	53.2
Interest-bearing net liabilities, EUR million	530.7	1,095.0	675.6
Personnel (average)	7,398	8,987	8,843

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

** Rights offering restatement year 2009

REVENUE BY BUSINESS AREA

EUR million

	1-3/2010	1-3/2009	2009
Paper external	234.0	223.9	905.2
Paper Intra-Group	-	1.1	1.2
Municipal & Industrial external	148.4	150.7	607.3
Municipal & Industrial Intra-Group	-	-	0.2
Oil & Mining external	66.6	57.0	234.4
Oil & Mining Intra-Group	-	-2.6	0.6
Other external	65.7	65.9	223.0
Other Intra-Group	0.1	19.3	77.4
Eliminations	-0.1	-17.8	-79.4
Total, continuing operations	514.7	497.5	1,969.9

Tikkurila, external, discontinued operations

108.2

111.2

530.2

Total

622.9

608.7

2,500.1

OPERATING PROFIT BY BUSINESS AREA

EUR million

	1-3/2010	1-3/2009	2009
Paper	15.2	7.5	40.1
Municipal & Industrial	14.6	10.4	59.8
Oil & Mining	6.4	2.0	19.9
Other	2.2	4.2	-10.1
Eliminations	-	-	-
Total, continuing operations	38.4	24.1	109.7

Tikkurila, discontinued operations

5.3

4.0

47.7

Total

43.7

28.1

157.4

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million

	1-3/2010	1-3/2009	2009
Carrying amount at beginning of year	761.5	765.7	765.7
Acquisitions of subsidiaries	-	-	0.1
Increases	12.9	11.2	76.1
Decreases	-0.2	-0.5	-2.0
Disposal of subsidiaries	-115.9	-	-
Depreciation, impairments and reversals of impairments	-23.7	-23.5	-88.9
Exchange rate differences and other changes	26.2	4.5	10.5
Net carrying amount at end of period	660.8	757.4	761.5

CHANGES IN INTANGIBLE ASSETS

EUR million

	1-3/2010	1-3/2009	2009
Carrying amount at beginning of year	760.2	766.7	766.7
Acquisitions of subsidiaries	-	-	2.4
Increases	3.3	1.5	11.6
Decreases	-	-	-0.1
Disposal of subsidiaries	-101.3	-	-
Depreciation and impairments	-5.4	-5.5	-27.6
Exchange rate differences and other changes	10.6	4.7	7.2
Net carrying amount at end of period	667.4	767.4	760.2

CONTINGENT LIABILITIES
EUR million
31.3.2010
31.12.2009

Mortgages	13.9	37.5
Assets pledged		
On behalf of own commitments	5.8	5.5
Guarantees		
On behalf of own commitments	43.4	45.2
On behalf of associates	1.0	1.0
On behalf of others	9.4	9.2
Operating leasing liabilities		
Maturity within one year	21.5	26.0
Maturity after one year	131.9	137.3
Other obligations		
On behalf of own commitments	0.9	1.7
On behalf of associates	1.7	1.8

Major off-balance sheet investment commitments

There were no major contractual commitments for the acquisition of property, plant and equipment on March 31, 2010.

Litigation

On August 19, 2009, Kemira Oyj received a summons stating that Cartel Damage Claims Hydrogen Peroxide SA (CDC) had filed an action against six hydrogen peroxide manufacturers, including Kemira, for violations of competition law applicable to the hydrogen peroxide business. In its claim, Cartel Damage Claims Hydrogen Peroxide SA seeks an order from the Regional Court of Dortmund in Germany to obtain an unabridged and full copy of the decision of the European Commission, dated May 3, 2006, and demands that the defendants, including Kemira, are jointly and severally ordered to pay damages together with accrued interest on the basis of such decision.

Cartel Damage Claims Hydrogen Peroxide SA states that it will specify the amount of the damages at a later stage after the full copy of the decision of the European Commission has been obtained by it. In order to provide initial guidance as to the amount of such damages, Cartel Damage Claims Hydrogen Peroxide SA presents in its claim a preliminary calculation of the alleged overcharge having been paid to the defendants as a result of the violation of the applicable competition rules by the parties which have assigned and sold their claim to Cartel Damage Claims Hydrogen Peroxide SA. Such alleged overcharge, together with accrued interest until December 31, 2008, is stated to be approximately EUR 641.3 million. The process is currently pending in the Regional Court of Dortmund, Germany, and Kemira's response to the claim of Cartel Damage Claims Hydrogen Peroxide SA is due to be submitted until the end of April 2010.

Kemira intends to defend vigorously against the claim of Cartel Damage Claims Hydrogen Peroxide SA. However, Kemira is currently not in a position to make any estimate regarding the duration or the likely outcome of the process. No assurance can be given as to the outcome of the process, and an unfavorable judgment against Kemira could have a material adverse effect on Kemira's business, financial condition or results of operations. Due to its extensive international operations the Group, in addition to the CDC claim, is involved in a number of other legal proceedings incidental to these operations and it does not expect the outcome of these other currently pending legal proceedings 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 2009.

DERIVATIVE INSTRUMENTS
EUR million
31.3.2010
Nominal value
Fair value
31.12.2009
Nominal value
Fair value

Currency instruments				
Forward contracts	498.2	2.8		
of which hedges of net investment in a foreign operation	-	-	-	-
Currency options				
Bought	18.4	-0.1	-	-
Sold	19.9	0.1	-	-
Currency swaps	-	-	29.3	-3.9
Interest rate instruments				
Interest rate swaps	340.1	-8.9	354.7	-9.4
of which cash flow hedge	292.7	-6.9	307.8	-7.4
Interest rate options				
Bought	10.0	-	10.0	-
Sold	-	-	-	-
Bond futures	10.0	-	10.0	0.2
of which open	10.0	-	10.0	0.2
Other instruments				
Electricity forward contracts, bought	GWh	Fair value	GWh	Fair value
of which cash flow hedge	1,359.8	-0.7	1,156.7	1.2
Electricity forward contracts, sold	1,062.0	-0.7	1,051.6	1.1
of which cash flow hedge	297.8	0.1	-	-
	K tons	Fair value	K tons	Fair value
Natural gas hedging	9.6	-0.2	14.8	-0.2
of which cash flow hedge	9.6	-0.2	14.8	-0.2
Salt derivatives	160.0	-	160.0	-

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 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

Continuing operations

Revenue

	2010 Q1	2009 Q4	2009 Q3	2009 Q2	2009 Q1
Paper external	234.0	229.2	229.9	222.2	223.9
Paper Intra-Group	-	0.4	0.3	-0.6	1.1
Municipal & Industrial external	148.4	140.6	155.6	160.4	150.7
Municipal & Industrial Intra-Group	-	-	-0.1	0.3	-
Oil & Mining external	66.6	69.2	55.9	52.3	57.0
Oil & Mining Intra-Group	-	0.2	0.1	2.9	-2.6
Other external	65.7	57.2	46.3	53.6	65.9
Other Intra-Group	0.1	20.6	19.4	18.1	19.3
Eliminations	-0.1	-21.2	-19.7	-20.7	-17.8
Total	514.7	496.2	487.7	488.5	497.5

Operating profit

Paper	15.2	9.8	14.8	8.0	7.5
Municipal & Industrial	14.6	6.3	24.9	18.2	10.4
Oil & Mining	6.4	11.2	3.5	3.2	2.0
Other	2.2	-10.0	-4.2	-0.1	4.2
Eliminations	-	-	-	-	-
Total	38.4	17.3	39.0	29.3	24.1

Operating profit, excluding non-recurring items

Paper	15.2	14.6	14.8	8.0	7.5
Municipal & Industrial	16.7	12.9	24.9	18.2	10.4
Oil & Mining	6.4	5.5	3.5	3.2	2.0
Other	0.8	-0.5	-4.2	-0.1	4.2
Eliminations	-	-	-	-	-
Total	39.1	32.5	39.0	29.3	24.1

DEFINITIONS OF KEY FIGURES
Earnings per share (EPS)

Net profit attributable to equity holders of the parent

Average number of shares

Equity ratio, %

Total 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

Total equity

Cash flow from operations per share

Cash flow from operations

Average number of shares

Interest-bearing net liabilities

Interest-bearing liabilities - money market investments

- Cash and cash equivalents

Equity per share

Equity attributable to equity holders of the parent

at end of period

Return on capital employed (ROCE), %

Operating profit + share of profit or loss of associates x 100

(Net working capital + property, plant and equipment available for use + intangible assets + investments in associates) *

* Average

DISCONTINUED OPERATIONS

Trading with Tikkurila Oy's share began on NASDAQ OMX Helsinki Oy on March 26, 2010 and Tikkurila was separated from Kemira Oyj. Tikkurila comprised own segment in Kemira.

On March 16, 2010 Kemira's Annual General Meeting decided that each four Kemira's shares entitle their holder to receive one share of Tikkurila as a dividend. Kemira distributed a total of 37,933,097 Tikkurila shares as dividend to its shareholders which corresponds with 86% of Tikkurila's shares and votes. Kemira held a 14% minority share in Tikkurila.

INCOME STATEMENT EUR million

	1.1.- 25.3.2010	1.1. - 31.12.2009
Revenue	108.2	530.2
Other operating income	0.4	1.5
Expenses	-98.6	-465.2
Depreciation, impairments and reversals of impairments	-4.7	-18.8
Operating profit	5.3	47.7
Financial income and expenses, net	-1.6	-12.0
Share of profit or loss of associates	-	0.1
Group contribution	-	-9.4
Profit before tax	3.7	26.4
Income tax	-1.9	-8.0
Net profit for the period	1.8	18.4
Profit for Tikkurila spin off	529.2	
Net profit for the period, discontinued operations	531.0	
Attributable to, discontinued operations:		
Equity holders of the parent	1.8	
Minority interest	0.0	
Net profit for the period	1.8	
Earnings per share, discontinued operations, basic and diluted, EUR	3.50	0.14
Cash flow of Tikkurila segment		
Cash flow from operating activities	-29.0	62.5
Cash flow from investing activities	-1.9	-17.1
Cash flow from financing activities	24.9	-53.1
Net change in cash and cash equivalents	-6.0	-7.7
The effect of paying Tikkurila as dividend on Group's financial position	25.3.2010	31.12.2009
Non-current assets	230.0	224.6
Receivables	222.1	178.5
Non-current liabilities	-164.0	-140.6
Current liabilities	-132.6	-118.6
Assets and liabilities, net	155.5	143.9
Expenses paid in cash	-0.1	
Cash and cash equivalents of discontinued operations	-19.2	
The effect on cash flow	-19.3	