Kemira

Financial statements bulletin 2009

Stock Exchange Release
February 9, 2010 at 8.30 am (CET+1)

Kemira Oyj's Financial Statements Bulletin 2009: Operating profit more than doubled, gearing halved to the target level

Year 2009:

- Revenue in 2009 was EUR 2,500.1 million (2008: EUR 2,832.7 million). Revenue from continuing business operations decreased by 7%. Demand weakened in several customer industries.
- Operating profit excluding non-recurring items rose 32% to EUR 175.0 million (132.6). Reported operating profit rose 113% to EUR 157.4 million (74.0).
- Cash flow after investments grew significantly to EUR 202.2 million (2.7). Strong cash flow and the rights offering completed at the end of the year strengthened the balance sheet and gearing fell to 53% (December 31, 2008: 107%).
- Earnings per share were EUR 0.61 (-0.01).
- The Board proposes that 86% of the shares of Tikkurila be distributed as dividend to Kemira's shareholders. Tikkurila's shares are expected to be listed on NASDAQ OMX Helsinki Ltd in March 2010 (please see page 21, Dividend). The Board also proposes that the Annual General Meeting authorize the Board to decide upon a dividend payable in cash of a maximum of EUR 0.27 per share (0.25). According to the proposal, the authorization is valid until May 31, 2010.
- 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 first quarter of the year, Kemira's operating profit excluding non-recurring items is expected to increase from the corresponding period in 2009.

Fourth quarter:

- Revenue in October-December 2009 amounted to EUR 594.7 million (October-December 2008: EUR 627.6 million).
- Operating profit excluding non-recurring items rose 138% to EUR 27.8 million (11.7).
- Cash flow after investments was EUR 26.9 million (-63.0).
- Earnings per share were EUR 0.06 (-0.52).

Kemira's President and CEO Harri Kerminen:

"2009 was a very good year for Kemira, considering the weakened global economy. Even though the market situation was challenging and demand weakened in several customer industries, the decline in Kemira's revenue was moderate.

All of Kemira's segments reported strong cash flow and improved their operative profitability last year. Kemira's operating profit grew 113%. The result was supported by efficiency measures, lower costs and higher sales prices, in particular in the first half of the year. The extremely strong cash flow and successful rights offering cut Kemira's gearing from 107% to 53%, well within Kemira's target of 40-80%.

Good result in Tikkurila and in the rest of Kemira in 2009 as well as the positive market outlook are basis for the Board of Directors to propose to the Annual General Meeting that 86% of the shares of Tikkurila be distributed as dividend to Kemira's shareholders. The separation of Tikkurila will make Kemira an even more focused water chemistry company.

Implementation of our strategy that focuses on water has progressed very well. The company that used to be rather fragmented is rapidly becoming a uniform Kemira that focuses on full utilization of our water expertise. Furthermore, we have improved operational efficiency. The cost cutting program for fixed costs which started in 2008 has proceeded faster than planned and it will be completed by the end of 2010, the balance sheet is stronger and Tikkurila will be separated. All of this creates a strong basis for the next phase which is profitable growth."

Key figures and ratios

EUR million	10–12/2009	10–12/2008	1–12/2009	1–12/2008
Revenue	594.7	627.6	2,500.1	2,832.7
EBITDA	38.4	2.1	273.7	243.3
EBITDA %	6.5	0.3	10,9	8.6
Operating profit excluding non-recurring items	27.8	11.7	175.0	132.6
Operating profit	12.6	-68.1	157.4	74.0
Operating profit excluding non-recurring items, %	4.7	1.9	7.0	4.7
Operating profit, %	2.1	-10.9	6.3	2.6
Financial income and expenses	-12.1	-23.7	-49.8	-69.5
Profit before tax	1.3	-94.5	102.9	1.8
Net profit	9.3	-68.5	85.5	1.8
EPS, EUR	0.06	-0.52	0.61	-0.01
Capital employed*	1,963.3	2,062.8	1,963.3	2,062.8
ROCE, %*	7.8	3.5	7.8	3.5
Cash flow after investments	27.1	-63.0	202.2	2.7
Equity ratio, % at period-end	45	34	45	34
Gearing, % at period-end	53	107	53	107
Personnel at period-end	8,493	9,405	8,493	9,405

*12-month rolling average

Definitions of key figures can be found on www.kemira.com > Investors > Financial information. Due to the rights offering, historical per share key figures have been adjusted with the following calculation 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 February 9, 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 results. Tikkurila's President and CEO Erkki Järvinen will also be present in the conference. The presentation materials 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)20 7162 0025, code 856502, ten minutes before the conference begins. The presentation materials 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's Annual General Meeting will be held on Tuesday March 16, 2010 starting at 1:00 p.m. at Marina Congress Center, Katajanokanlaituri 6, Helsinki. Kemira Oyj will publish its January-March interim report on Thursday April 29, 2010 at 8:30 a.m.

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Kemira is a global 2.5 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. Its paints and coatings business, Tikkurila, aims to be the market leader in decorative paints and selected wood and metal coatings in chosen markets.

www.kemira.com

The new strategy announced in June 2008 resulted in some changes to Kemira's business structure. Financial reporting reflects the new structure from the beginning of 2009. Kemira's reporting segments are Paper, Municipal & Industrial (previously "Water"), Oil & Mining, Tikkurila and 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).

Financial performance in October-December 2009

Kemira Group's **revenue** decreased 5% in October-December 2009 compared to the corresponding period in 2008 as demand weakened in several customer industries. Revenue in October-December 2009 amounted to EUR 594.7 million (October-December 2008: EUR 627.6 million). Acquisitions increased revenue by approximately EUR 12 million. The effect from currency exchange decreased revenue by about EUR 25 million.

Revenue, EUR million	**10–12/2009**	**10–12/2008**	**1–12/2009**	**1–12/2008**
Paper	229.6	246.8	906.4	1,003.3
Municipal & Industrial	140.6	147.0	607.5	583.7
Oil & Mining	69.4	66.6	235.0	275.4
Tikkurila	98.5	103.5	530.2	648.1
Other*	77.8	81.9	300.4	414.8
Eliminations	-21.2	-18.2	-79.4	-92.6
Total*	**594.7**	**627.6**	**2,500.1**	**2,832.7**

*2008 includes the titanium dioxide business for the period of January-August.

Operating profit for October-December 2009 was EUR 12.6 million (-68.1). Operating profit excluding non-recurring items was EUR 27.8 million (11.7) and the operating profit margin excluding non-recurring items was 4.7% (1.9%). The operating profit was in particular boosted by lower cost levels. Variable costs decreased by approximately EUR 29 million in October-December 2009 compared to the corresponding period in 2008. Fixed costs declined by about EUR 1 million.

Operating profit excluding non-recurring items, EUR million	**10–12/2009**	**10–12/2008**	**1–12/2009**	**1–12/2008**
Paper	14.6	9.8	44.9	41.5
Municipal & Industrial	12.9	6.9	66.4	25.0
Oil & Mining	5.5	0.6	14.2	8.4
Tikkurila	-4.7	-12.6	50.1	59.2
Other*	-0.5	7.0	-0.6	-1.6
Eliminations	0.0	0.0	0.0	0.1
Total*	**27.8**	**11.7**	**175.0**	**132.6**

*2008 includes the titanium dioxide business for the period of January-August.

The share of associates' results was EUR 0.8 million (-2.7).

The Group's net financial expenses in October-December were EUR 12.1 million (23.7). Net financial expenses decreased from the corresponding period a year earlier mainly due to lower debt level, lower market interest rates and smaller exchange rate losses.

Profit before tax in October-December amounted to EUR 1.3 million (-94.5) and net profit totaled EUR 9.3 million (-68.5). Earnings per share were EUR 0.06 (-0.52).

Financial performance in 2009

In 2009, Kemira continued its work to improve operational efficiency that had started in 2008. The main focus areas were improving profitability and strengthening cash flow and the balance sheet.

Kemira Group's **revenue** decreased by 12% in 2009 compared to 2008 due to weaker demand in several customer industries. Revenue was EUR 2,500.1 million (2008: EUR 2,832.7 million). Acquisitions increased revenue by approximately EUR 57 million. The figure includes the impact of the AKD wax joint venture that was set up in China. Divestments decreased revenue by approximately EUR 3 million. The effect from currency exchange lowered revenue by about EUR 73 million. Establishment of the titanium dioxide joint venture in 2008 decreased revenue by about EUR 148 million. Revenue from continuing business operations decreased by 7% from 2008.

EUR million	1–12/2009	1–12/2008 Continuing business operations	1–12/2008
Revenue	2,500.1	2,685.2	2,832.7
Operating profit excluding non-recurring items	175.0	126.4	132.6
Operating profit excluding non-recurring items, %	7.0	4.7	4.7

The impact of the titanium dioxide business transferred to a joint venture has been eliminated in the continuing business operations.

Geographically revenue was divided as follows: EMEA 65% (68%), North America 23% (23%), South America 6% (5%), and Asia Pacific 6% (4%).

Operating profit rose 113% to EUR 157.4 million (74.0). Operating profit excluding non-recurring items rose 32% to EUR 175.0 million (132.6). The operating profit margin excluding non-recurring items rose from 4.7% to 7.0%. Kemira's medium term target for the operating profit margin is at least 10%.

Sales price increases were implemented in the second half on 2008 in response to the significant increase in raw material prices. This contributed to the increase in operating profit in 2009 compared to 2008 and compensated for the impact of lower sales volumes on operating profit. Operating profit was also boosted by lower cost base: fixed costs were approximately EUR 29 million lower and variable costs approximately EUR 34 million lower than the year before. Acquisitions increased operating profit by approximately EUR 10 million. The currency exchange effect decreased operating profit by about EUR 7 million.

As of September 1, 2008, Kemira's share of the titanium dioxide joint venture's results is being reported below operating profit. In 2008, the operating profit of the titanium dioxide business was approximately EUR 6 million. In 2009, Kemira's operating profit from continuing business operations excluding non-recurring items rose 38%.

The annual savings target of Kemira's global cost savings program is more than EUR 85 million, with Tikkurila accounting for EUR 25 million. The savings have materialized faster than planned: by the end of 2009, 80% of the targeted savings had been achieved. The full annual impact is expected to be felt from 2011 onwards. These savings will affect the entire Group and will be achieved by streamlining the Group structure, organization and operating models.

The share of associates' results was EUR -4.7 million (-2.7).

Profit before tax amounted to EUR 102.9 million (1.8) and net profit totaled EUR 85.5 million (1.8). Taxes totaled EUR -17.4 million (0.0) representing an effective tax rate of 17%. The taxes in the income statement are lower than according to currently valid tax rates, mainly because some deferred tax assets have been recorded on tax losses from previous years. Earnings per share were EUR 0.61 (-0.01).

Financial position and cash flow

The financial position and liquidity remained good.

Cash flow from operating activities in 2009 amounted to EUR 287.8 million (90.2). Cash flow after investments was EUR 202.2 million (2.7). Cash flow increased due to higher EBITDA, effective working capital management and smaller gross capital expenditure. The cash flow effect of expansion and improvement investments was EUR -54.0 million (-124.4). Cash flow from acquisitions was EUR -3.7 million (-180.8). The share of working capital of revenue was 14.5% (14.9%). Kemira Oyj's shareholders were paid EUR 30.3 million (60.6) in dividends.

At the end of 2009, the Group's net debt stood at EUR 675.6 million (EUR 1,049.1 million). Net debt declined due to stronger cash flow (effect approximately EUR 202 million) and the rights offering arranged in the fourth quarter (effect approximately EUR 196 million). Currency exchange rate fluctuations reduced net debt by approximately EUR 3 million.

At year end, interest-bearing liabilities stood at EUR 950.2 million (1,168.5). Fixed-rate loans accounted for 70% of total interest-bearing liabilities (47%). The average interest rate on the Group's interest-bearing liabilities was 4.6% (5.6%). The duration of the Group's interest-bearing loan portfolio was 19 months (December 31, 2008: 17 months).

The unused amount of the EUR 750 million revolving credit facility that falls due in 2012 was EUR 548.7 million at the end of December. Short-term liabilities maturing in the next 12 months amounted to EUR 437.6 million at year end, with commercial papers issued on the Finnish markets representing EUR 125.4 million and repayments of long-term loans representing EUR 299.1 million. Cash and cash equivalents totaled EUR 274.6 million on December 31, 2009. 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 year, the equity ratio stood at 45% (December 31, 2008: 34%), while gearing was 53% (December 31, 2008: 107%). Kemira's gearing target is 40-80%. The net impact of the rights offering on shareholders' equity was approximately EUR 196 million and the net impact of currencies approximately EUR 28 million. Shareholder's equity declined by EUR 30.3 million due to the dividends paid out after the Annual General Meeting in April.

The Group's net financial expenses were EUR 49.8 million (69.5). The decrease in net financial expenses can be attributed to smaller liabilities and a lower market interest level compared to 2008. Currency exchange rate losses decreased by EUR 7 million.

In January 2010, Tikkurila Oy signed a 6 year TyEL repayment plan for EUR 40 million.

The Group's most significant transaction currency risk arises from the U.S. dollar, mainly as a result of U.S. dollar denominated exports from the euro area to overseas. At the end of the year, the U.S. dollar denominated 12-month exchange rate risk had an equivalent value of approximately EUR 38 million. On average, 34% of this transaction exposure was hedged. In addition, Kemira is exposed to smaller transaction risks in relation to the Canadian dollar and the Swedish krona with the annual exposure in both of these currencies being approximately EUR 15 million.

Because Kemira's consolidated financial statements are compiled in euros, Kemira is also subject to currency translation risk to the extent that the income statement and balance sheet items of subsidiaries located outside Finland are reported in some other currency than the euro. Kemira's main equity items denominated in foreign currencies are in Swedish krona, US dollar, Brazilian real, Polish zloty, Canadian dollar and Russian ruble. A weakening of the above mentioned currencies against the euro would decrease Kemira's revenue and operating profit through a translation risk.

A more detailed report on the Group's financial risks and their management is published in the notes to the 2009 financial statements.

Capital expenditure

Gross capital expenditure in 2009, excluding acquisitions, amounted to EUR 82.2 million (161.0). The largest investments were the Kemira-Tiancheng Chemicals joint venture (EUR 11.1 million), the reorganization of Tikkurila's production site in Saint Petersburg, Russia (EUR 3.4 million) and a new coagulant production line in France (EUR 3.2 million). Expansion investments represented around 34% of capital expenditure excluding acquisitions, improvement investments around 32%, and maintenance investments around 34%.

The Group's depreciation, non-recurring impairment and reversals of impairments were EUR 116.3 million (169.4). The figure includes non-recurring impairment of EUR 5.7 million (38.6) and reversals of impairments of EUR 8.9 million (0.0).

Cash flow from the sale of assets was EUR 2.4 million (254.3). Cash flow from acquisitions was EUR -3.7 million (-180.8). The Group's net capital expenditure totaled EUR 85.6 million (87.5).

Research and development

Research and development expenditure totaled EUR 47.0 million, accounting for 2.0% of all operating expenses. Research and development expenditure in 2008 was EUR 71.1 million, accounting for 2.5% of all operating expenses, and in 2007 EUR 65.9 million, accounting for 2.4% of all operating expenses. The amount of development costs recorded in balance sheet in the financial year was EUR 2.1 million (2008: 1.8; 2007: 3.3).

At the end of the year, the Group employed 452 persons (December 31, 2008: 520) in R&D in 10 countries (2008: 10). 58% (2008: 62%) of the R&D personnel worked in Finland.

In 2009 the focus of research and development moved to organic growth. The aim is to develop products, concepts and business models that help customers improve the efficiency of their water-intensive operations. In addition to Kemira's own water expertise, development of such solutions also requires cooperation with equipment manufacturers and companies that supply automation and regulation systems.

More synergy benefits are sought through cooperation between the different parts of the organization within Kemira which also affects R&D operations. The R&D network focuses on developing and commercializing new innovative technologies and products to meet the needs of global and local customers in all customer segments. Products and solutions are offered for drinking and waste water treatment, and for pulp and paper, oil and mining and other water intensive customer industries.

In September 2009, Kemira opened its North American research and development center located at Technology Enterprise Park on the campus of the Georgia Institute of Technology in Atlanta. The Atlanta facility will have global responsibility in Kemira's R&D network for paper tissue and recycled fiber research, oil and mining research, as well as defomer and polymer chemistry research. Kemira's other R&D centers are located in Espoo, Finland; Leverkusen, Germany and Shanghai, China. A fifth center will be established in São Paulo, Brazil during 2010.

Human resources

The number of Group employees at the end of 2009 was 8,493 (December 31, 2008: 9,405; December 31, 2007: 10,007). The average number of personnel in 2009 was 8,843 (2008: 9,954; 2007: 10,008). The cost savings program launched in 2008 continued in 2009 and the personnel was decreased in Finland, Sweden, USA, China, Germany and France. The individuals who lost their job were supported in accordance with good local practices.

At the end of the year, the Group employed 1,829 persons in Finland (December 31, 2008: 2,137), 4,615 persons elsewhere in EMEA (4,940), 1,298 in North America (1,420), 405 in South America (425) and 346 in Asia Pacific (483). The Paper segment employed 1,577 persons, Municipal & Industrial 1,193, Oil & Mining 460, Tikkurila 3,538 and the segment Other 257 persons. A total of 1,468 persons worked for Kemira functions and joint operations.

Total salaries and wages paid in 2009 were EUR 310.6 million (2008: 354.6; 2007: 360.4). Kemira's reward system is based on performance, the principles of internal fairness and external competitiveness. Consistent job evaluation helps ensure compliance with these principles. Basic pay is supplemented by performance-based bonus schemes, which cover a large share of Group employees.

Kemira conducted a personnel survey in May-June. The objective of the survey was to assess personnel satisfaction and commitment and identify the organization's strengths and development areas. The response rate of 87% is very high, which is a positive sign of the personnel's willingness to express their views on Kemira as a workplace. The overall results for Kemira fell somewhat compared to the previous personnel survey in 2007. The survey showed that people found their work challenging and interesting, and felt joy of work. The main organizational strengths were seen in the areas of management and leadership; especially in the fields of availability, trust, recognition and competence. According to the survey, further development was needed in communicating Kemira's strategy, objectives and structure. The annual Group-wide personnel survey offers an important channel for personnel participation and serves as a valuable management tool.

The Kemira Code of Conduct specifies Group principles governing equality. Accordingly, Kemira treats all people equally in recruitment and provides equal working conditions irrespective of race, gender, religious beliefs, political opinions and national and social origin. Kemira aims to achieve equal numbers of applications for vacancies by women and men, equal opportunities for competence development and career progression, equal placement on various organizational levels, equal pay for equal work and equality in other employment terms and conditions. At the end of 2009, men represented 68% (2008 and 2007: 71%) of Kemira's employees and women 32% (2008 and 2007: 29%).

Environment and safety

Chemical products, their use, applications and manufacturing are governed by numerous international agreements, as well as regional and national legislation all over the world. In its financial statements, the Group treats its environmental liabilities and risks in accordance with IFRS. The Kemira Code of Conduct contains up-to-date environmental and health and safety guidelines, compliance with law setting the minimum requirement. The company performs regular internal and external audits to improve environmental and safety performance. No material non-compliance conditions with respect to environmental and safety permits have been brought to the management's attention.

In 2009, capital expenditure on environmental protection at company sites totaled EUR 2.4 million (EUR 7.2 million) and operating costs EUR 14.8 million (EUR 30.0 million). The change was mainly due to the full effect of transferring the titanium dioxide business to a joint venture, and decreased production caused by the economic crisis and cost cutting. No major environmental investment projects are in progress or are being planned.

Provisions for environmental remediation measures of EUR 21.1 million (EUR 19.4 million) were mainly related to a landfill closure in Pori, Finland, and a sediment remediation project in Vaasa, Finland, with both re-conditioning work starting in 2009. In addition a demolition project of old factory buildings began in Helsingborg, Sweden. There were no acquisitions and divestments that altered the Group's overall environmental liabilities significantly. No environmental liability cases related to previous operations, which would have a significant effect on Kemira's financial position, have been brought to the management's attention.

The implementation of the new EU chemicals regulation (REACH) progressed as planned and the so-called preregistration was completed. Kemira made around 3,000 preregistrations for just over 400 manufactured and/or imported substances. None of the substances which are candidates for authorization are used in Kemira's products. However, acrylamide has been proposed to the candidate list and the representatives of the industry have together taken the issue to the General Court of European Union. Kemira manufactures acrylamide mainly as a raw material for non-toxic polymers. The implementation of REACH is not expected to have major effects on the Group's competitiveness, even though the registration costs are expected to accumulate over the next few years.

The frequency of occupational incidents (LTA1) decreased significantly from the previous year, to 3.5 incidents per million working hours (4.4), which is the best result the Group has achieved thus far. There was one incident, which regrettably resulted in permanent injuries for one employee. There were no significant process accidents in 2009. Two truck transportation accidents happened, but environmental damage and personal injuries were avoided.

Kemira publishes an annual Environmental Report verified by a third party. The report is prepared in accordance with IFRS and the guidelines issued by the European Chemical Industry Council (CEFIC). For example, the report deals with emissions and effluents, waste, environmental costs, safety and product safety as well as the use of natural resources.

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	10–12/2009	10–12/2008	1–12/2009	1–12/2008
Revenue	229.6	246.8	906.4	1,003.3
EBITDA	19.4	2.6	87.0	69.4
EBITDA %	8.4	1.1	9.6	6.9
Operating profit excluding non-recurring items	14.6	9.8	44.9	41.5
Operating profit	9.8	-33.5	40.1	-2.6
Operating profit excluding non-recurring items, %	6.4	4.0	5.0	4.1
Operating profit, %	4.3	-13.6	4.4	-0.3
Capital employed*	782.6	826.7	782.6	826.7
ROCE, %*	5.1	-0.3	5.1	-0.3
Capital expenditure, excluding acquisitions	13.3	10.6	37.8	51.7
Cash flow after investments, excluding interest and taxes	18.8	-12.4	75.6	15.5

*12-month rolling average

October-December

The Paper segment's **revenue** in October-December 2009 declined by 7% to EUR 229.6 million (246.8) as demand in the paper industry weakened from the corresponding quarter in 2008. Strong demand and a considerable price increase in pulp enabled restarting pulp mills that had been shut down for several months, which increased the demand for pulp chemicals. The currency exchange effect had a EUR 7 million negative impact on revenue. In October-December, revenue was cumulatively reclassified between segments based on customer assignments, which decreased the revenue of the Paper segment by about EUR 1 million.

Operating profit excluding non-recurring items for October-December was EUR 14.6 million (9.8). The operating profit margin rose to 6.4% from 4.0% last year (excluding non-recurring items). Lower fixed and variable costs compensated for the decline in sales volumes. Variable costs decreased by about EUR 11 million in October-December 2009 compared to the corresponding period in 2008.

Year 2009

The Paper segment's **revenue** in 2009 declined by 10% to EUR 906.4 million (1,003.3) as demand in customer industries decreased markedly. The currency exchange effect had an approximately EUR 4 million negative impact on revenue. Reclassification of customer assignments between segments decreased revenue by about EUR 1 million in 2009.

The consumption of paper used in magazines and newspapers and the number of printed advertising material have fallen, particularly in the traditional markets in Europe and North America. Management estimated that demand has decreased by 10-25% depending on the paper grade. To adapt production to weaker demand, the Paper segment's customers in the paper industry have cut back and shut down capacity, and cleared stocks. The demand for packaging boards has also weakened, although Asia and Eastern Europe showed signs of recovery in demand in the second half of the year. The high utilization rate of pulp mills in the second half of the year was visible as a pick-up in pulp chemical demand.

Operating profit excluding non-recurring items was EUR 44.9 million (41.5). The operating profit margin rose to 5.0% from 4.1% a year earlier (excluding non-recurring items). Higher average prices and lower fixed and variable costs compensated for the decline in sales volumes. Variable costs decreased by about EUR 6 million compared to 2008.

At the beginning of the year, Kemira and the Chinese company Tiancheng Ltd. set up a joint venture, Kemira-Tiancheng Chemicals (Yanzhou) Co., Ltd., to produce AKD wax, and adhesives derived from its wax, for the paper and board industry. The company's operations have started as planned, and the company's home market in China shows healthy demand for the products.

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

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	10–12/2009	10–12/2008	1–12/2009	1–12/2008
Revenue	140.6	147.0	607.5	583.7
EBITDA	17.7	4.7	91.7	41.0
EBITDA %	12.6	3.2	15.1	7.0
Operating profit excluding non-recurring items	12.9	6.9	66.4	25.0
Operating profit	6.3	-13.3	59.8	5.3
Operating profit excluding non-recurring items, %	9.2	4.7	10.9	4.3
Operating profit, %	4.5	-9.0	9.8	0.9
Capital employed*	349.4	342.7	349.4	342.7
ROCE, %*	17.1	1.6	17.1	1.6
Capital expenditure, excluding acquisitions	11.8	6.7	21.0	29.7
Cash flow after investments, excluding interest and taxes	9.4	-3.3	93.5	-13.8

*12-month rolling average

October-December

The Municipal & Industrial segment's (formerly Water segment) **revenue** decreased 4% in October-December 2009 to EUR 140.6 million (147.0) from the same period a year earlier. In October-December, revenue was cumulatively reclassified between segments based on customer assignments, which decreased the revenue of the Municipal & Industrial segment by about EUR 8 million. The comparable revenue rose by 1% in the fourth quarter. The total delivery volumes rose slightly compared to the previous year although demand remained at a low level as utilization rates have fallen in certain customer industries. The currency exchange effect had an approximately EUR 7 million negative impact on revenue. Acquisitions had an approximately EUR 2 million positive impact on revenue.

Operating profit excluding non-recurring items rose 87% to EUR 12.9 million (6.9), despite a drop in average sales prices. The operating profit margin rose to 9.2% from 4.7% last year (excluding non-recurring items). Variable costs decreased by about EUR 10 million in October-December 2009 compared to the corresponding period in 2008.

Year 2009

The Municipal & Industrial segment's **revenue** in 2009 was EUR 607.5 million (583.7). Reclassification of customer assignments between segments decreased revenue by about EUR 8 million in 2009. Comparable revenue increased by 5% from 2008. Acquisitions had an approximately EUR 22 million positive impact on revenue while divestments had an approximately EUR 3 million negative effect on revenue. The currency exchange effect decreased revenue by about EUR 7 million.

Overall steady demand continued in the municipal water treatment business despite a decrease in delivery volumes in certain market areas. In the industrial water treatment business, demand 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 was stable. Total delivery volumes were lower than in 2008, but prices were higher on average.

Operating profit excluding non-recurring items was EUR 66.4 million (25.0). The operating profit margin rose to 10.9% from 4.3% in 2008 (excluding non-recurring items). Operating profit was boosted by higher sales prices compared to 2008, particularly in the first half of the year, and by lower variable and fixed costs. Variable costs decreased by approximately EUR 26 million from 2008. There was a shortage of many recycled industrial raw materials during the first half of the year in particular, which increased variable and fixed costs as production had to use other raw materials. Acquisitions had an approximately EUR 5 million positive impact on operating profit.

In September, Kemira and Akzo Nobel agreed that Kemira will take over Akzo Nobel's water treatment iron coagulant business in Scandinavia (Sweden, Norway and Denmark). The business deal did not involve any transfer of personnel or production facilities.

Kemira has revised its strategy in Asia, especially in China, and divested its coagulation chemicals unit during the year. In September 2008, Kemira announced its intention to acquire a water chemical company operating in the Shandong province in China, but the deal fell through and will no longer be completed.

The segment was renamed Municipal & Industrial in September. The name replaced the previous name "Water". The new name describes the segment's customer base, which ranges from small municipalities to big cities and various industries.

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	10–12/2009	10–12/2008	1–12/2009	1–12/2008
Revenue	69.4	66.6	235.0	275.4
EBITDA	8.0	-2.1	23.6	15.3
EBITDA %	11.5	-3.2	10.1	5.6
Operating profit excluding non-recurring items	5.5	0.6	14.2	8.4
Operating profit	11.2	-7.7	19.9	1.9
Operating profit excluding non-recurring items, %	7.9	0.9	6.0	3.1
Operating profit, %	16.1	-11.6	8.5	0.7
Capital employed*	148.9	160.4	148.9	160.4
ROCE, %*	13.4	1.2	13.4	1.2
Capital expenditure, excluding acquisitions	2.0	1.3	4.7	8.8
Cash flow after investments, excluding interest and taxes	7.6	-2.5	20.8	14.3

*12-month rolling average

October-December

The Oil & Mining segment's **revenue** in October-December 2009 rose by 4% to EUR 69.4 million (66.6). In October-December, revenue was cumulatively reclassified between segments based on customer assignments, which increased the revenue of the Oil & Mining segment by about EUR 9 million. The comparable revenue decreased by 10% in the fourth quarter. Demand remained at a low level and delivery volumes decreased from the corresponding period in 2008. The chemicals demand in oil and gas industries recovered slightly towards year end as oil and gas prices rose. In the mining industry, the demand for chemicals by metal industry customers started to strengthen at the end of the year as metal demand and prices rose. The currency exchange effect had an approximately EUR 4 million negative impact on revenue.

Operating profit excluding non-recurring items for October-December was EUR 5.5 million (0.6). The operating profit margin rose to 7.9% from 0.9% last year (excluding non-recurring items). The decrease in sales volume was compensated by an approximately EUR 7 million drop in variable costs.

Year 2009

The Oil & Mining segment's **revenue** in 2009 fell by 15% to EUR 235.0 million (275.4). The decline was result of weaker demand, particularly in the mining industry. The currency exchange effect had an approximately EUR 6 million positive impact on revenue. Reclassification of customer assignments between segments increased revenue by about EUR 9 million.

In the oil and gas industry, chemical demand was weak as a consequence of cuts in exploration, drilling and production services. In the mining industry, customer demand and prices were also low due to the economic recession. Signs of recovery were visible in oil and gas industry in the last quarter as the prices for oil and gas rose. In the mining industry, the demand for chemicals by metal industry customers started to strengthen towards year end as metal demand and prices rose.

Operating profit excluding non-recurring items for was EUR 14.2 million (8.4). The operating profit margin rose to 6.0% from 3.1% last year (excluding non-recurring items). The decrease in sales volumes was compensated by lower variable costs that decreased by about EUR 19 million from the previous year.

Oil & Mining segment is based on Kemira's water competence and water treatment product range. Its strategy is to focus on extraction and process solutions for oil and mining industries where water quality and quantity management plays a central role for the customers. Oil & Mining implements its strategy by leveraging Kemira's global presence, production footprint as well as research and development network.

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	10–12/2009	10–12/2008	1–12/2009	1–12/2008
Revenue	98.5	103.5	530.2	648.1
EBITDA	0.0	-7.9	66.5	78.2
EBITDA %	0.0	-7.6	12.5	12.1
Operating profit excluding non-recurring items	-4.7	-12.6	50.1	59.2
Operating profit	-4.7	-12.6	47.7	59.2
Operating profit excluding non-recurring items, %	-4.8	-12.2	9.5	9.1
Operating profit, %	-4.8	-12.2	9.0	9.1
Capital employed*	304.0	323.6	304.0	323.6
ROCE, %*	15.7	18.3	15.7	18.3
Capital expenditure, excluding acquisitions	2.5	14.2	13.5	32.1
Cash flow after investments, excluding interest and taxes	8.9	-3.8	61.4	52.2

*12-month rolling average

October-December

Tikkurila's **revenue** in October-December decreased by 5% and totaled EUR 98.5 million (103.5). The currency exchange effect had an approximately EUR 5 million negative impact on revenue. Acquisitions increased revenue by about EUR 2 million.

Operating profit excluding non-recurring items for October-December was EUR -4.7 million (-12.6). An increase in average selling prices and a decrease in the cost base compensated for lower sales volumes. Variable costs decreased by about EUR 2 million compared to the corresponding period in 2008, and also fixed costs decreased. The currency exchange effect had an approximately EUR 2 million positive impact on operating profit.

Year 2009

Tikkurila's **revenue** in 2009 decreased by 18% to EUR 530.2 million (648.1). The decrease is associated with the general economic recession, which caused a slowdown in both new construction and the sales of building materials and resulted in more sluggish housing sales in all key markets. The currency exchange effect had an approximately EUR 70 million negative impact on revenue, in particular due to weakening of the Russian ruble, the Swedish krona and the Polish zloty. Acquisitions increased revenue by about EUR 9 million.

Operating profit excluding non-recurring items was EUR 50.1 million (59.2). The operating profit margin rose to 9.5% from 9.1% in the previous year (excluding non-recurring items). A decrease in sales volume decreased operating profit but on the other hand the average price of sold products increased from 2008. Variable costs increased by about EUR 17 million, but fixed costs decreased. The currency exchange effect had an approximately EUR 5 million negative impact on operating profit.

Erkki Järvinen took over the position as the President and CEO of Tikkurila Oy on January 1, 2009. Before taking over the post at Tikkurila, Järvinen worked as President and CEO of Rautakirja Corporation, which belongs to Sanoma Oyj.

A new Board of Directors was appointed for Tikkurila in January. Harri Kerminen, President and CEO of Kemira Oyj, was reappointed as the Chairman of the Board and Jari Paasikivi and Petteri Walldén as members. New members that were appointed were Eeva Ahdekivi, Ove Mattsson and Pia Rudengren.

In January, Tikkurila announced a savings program in order to secure its future competitiveness. The aim is to save EUR 25 million annually. On April 15, 2009 the co-determination negotiations were finished in Finland. The savings program resulted in a personnel reduction of 163 employees in Finland. Implementation of the savings program progressed according to plan in other operating countries as well. In connection with Tikkurila's savings program, EUR 2.4 million in non-recurring costs was recognized in the second quarter of 2009.

The operations of the logistics and service center in Mytishchi near Moscow, which came on stream in February, have started out well. The center houses all of Tikkurila's decorative paints and industrial paints operations in the Moscow region and features facilities for customer training. The center will further improve Tikkurila's customer services in Moscow and the surrounding area.

In May, Tikkurila purchased the remaining 30% of the shares in St Petersburg-based industrial coatings companies from the founders and previous management of the companies. OOO Gamma Industrial Coatings manufactures metal industry coatings and OOO Tikkurila Powder Coatings manufactures powder coatings. After the deal, Tikkurila owns 100% of both companies.

In August, Tikkurila announced its intentions to acquire the 50% stake of the Slovenian JUB coatings company in the trading company Tikkurila JUB Romania SRL. Ownership was transferred on September 1, 2009, with 100% ownership now by Tikkurila. The name of the company was changed to Tikkurila SRL. Tikkurila JUB Romania SRL was established in May 2008 for marketing, selling and distributing Tikkurila's and JUB's decorative paints in Romania. In addition to decorative paints, the service concept of Tikkurila SRL will also include Tikkurila's industrial coatings. With an office and warehouse in Bucharest, the company employs around 10 people.

The key elements of Tikkurila's strategy are customer focus, profitable growth, geographic focus, strong brands, and one unified Tikkurila. To improve customer services and efficiency, Tikkurila changed its organization as of December 31, 2009 to reflect the geographic division. The four new strategic business units are East, Finland, Scandinavia and Central Eastern Europe.

In 2008, Kemira announced a plan to separate Tikkurila and list Tikkurila's shares on NASDAQ OMX Helsinki Ltd in early 2009. The aim of separating Tikkurila is to increase the shareholder value for Kemira's shareholders. Kemira is focusing on water chemistry. As the capital, debt and paints markets weakened, Kemira decided in February 2009 to postpone the listing. The Board of Directors of Kemira proposes to the Annual General Meeting that 86% of the shares of Tikkurila be distributed as dividend to Kemira's shareholders. Tikkurila intends to seek listing of its shares on NASDAQ OMX Helsinki Ltd as from the end of March, 2010. Kemira does not intend to raise cash proceeds for Kemira nor issue new shares of Tikkurila in connection with Tikkurila's separation. Kemira will retain a 14% minority holding in Tikkurila.

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 and price level of specialty chemicals was good. Products are delivered for instance to the food industry, feed industry and pharmaceutical industry.

Parent company's financial performance

The revenue of the parent company was EUR 296.9 million (285.3). Operating profit was EUR 14.1 million (37.9). The parent company bears the cost of Group management and administration as well as a portion of research costs.

The parent company's net financial expenses came to EUR 14.9 million (16.9). Net profit totaled EUR 23.2 million (54.7). Capital expenditure totaled EUR 12.6 million (EUR 192.5 million, including the formation of the titanium dioxide joint venture), excluding investments in subsidiaries.

Kemira Oyj's shares and shareholders

On December 31, 2009, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles to one vote at the general meeting.

At the end of 2009, Kemira Oyj had 26,495 registered shareholders (December 31, 2008: 21,333). Foreign shareholders held 10.9% of the shares (12.8%), including nominee registered holdings. Households owned 15.5% of the shares (12.4%).

At the year-end, Kemira held 3,854,711 treasury shares (3,854,465), representing 2.5% (3.1%) of all company shares. A total of 306 shares granted as share-based incentives were returned to Kemira during the year in accordance with the terms of the incentive plan as employment ended.

Kemira Oyj's share closed at EUR 10.39 at the NASDAQ OMX Helsinki Ltd at the end of 2009 (2008: 5.40. Due to the rights offering, NASDAQ OMX Helsinki has adjusted the historical prices prior to November 24, 2009 with the following calculation formula: old price / 1.1). The share price rose 92% during the year while OMX Helsinki Cap index rose 36%. Shares registered a high of EUR 11.63 (EUR 13.43) and a low of EUR 3.87 (EUR 4.93). The average share price was EUR 7.64 (7.91). The company's market capitalization, excluding treasury shares, was EUR 1,574 million at the year-end (720 million).

In 2009, Kemira Oyj's share trading volume on NASDAQ OMX Helsinki Ltd totaled 77.2 million (117.4 million) and was valued at EUR 634.2 million (EUR 1,028.4 million). This represents 62% of the share capital. The average daily trading volume was 307,657 (464,022) shares.

Rights offering

On November 23, 2009, the Board of Directors decided on a rights offering based on an authorization given by the Extraordinary General Meeting on the same day. Kemira's shareholders were able to subscribe for one new share for every four shares held on the record date on November 26, 2009. The subscription price was EUR 6.60 per share and the subscription period was between December 1 and 18, 2009. As a result of the rights offering Kemira's total number of shares rose to 155,342,557 shares. The shares subscribed for in the rights offering entitle to any possible dividends and profit distribution and generate all other shareholder rights.

Trading with temporary shares corresponding with the shares subscribed for with the subscription rights began as its own series on December 21, 2009. The temporary shares were combined with Kemira shares on December 30, 2009 and trading with the new shares commenced.

Kemira raised net capital of approximately EUR 196 million from the rights offering. The proceeds of the rights offering are to support Kemira's growth strategy and vision to be a leading water chemistry company, to enable the separation and listing of Tikkurila and to strengthen Kemira's balance sheet.

Share-based incentive plan for the strategic management board

In February, Kemira Oyj's Board of Directors decided on a new share-based incentive plan aimed at Strategic Management Board members. The 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 a share-based incentive plan for key personnel, from which the members of the Strategic Management Board were excluded when the new plan was introduced. The share-based incentive plans aim at aligning the goals of the Group's shareholders and key personnel in order to increase the Company's value, motivate key personnel and provide them with competitive, shareholding-based incentives.

AGM and EGM decisions

Annual General Meeting

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 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 authorization has not been exercised.

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. The authorization has not been exercised.

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

Extraordinary General Meeting

The Extraordinary General Meeting held on November 23, 2009 authorized the Board of Directors to decide on a share issue for consideration in such a manner that the shareholders shall be entitled to subscribe for new shares in proportion to their prior shareholding. More detailed information on the share issue can be found under "Kemira Oyj's shares and shareholders".

Other events during the review period

In August 2009, Kemira Oyj received a summons where it was stated 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.

On December 31, 2009 Kemira Oyj's statutory employees' pension insurance (TyEL) was transferred from Kemira's Pension Fund to Varma Mutual Pension Insurance Company. The transfer has no effect on the level of employees' pension security or its coverage. Due to the transfer, Kemira recorded non-recurring expenses of EUR 13.7 million in its October-December result. Kemira Oyj also has employees' pension insurance in Ilmarinen Mutual Pension Insurance Company.

Corporate Governance and Group structure

Kemira Oyj's corporate governance is based on the Articles of Association, the Finnish Companies Act and NASDAQ OMX Helsinki Ltd's rules and regulations on listed companies. Furthermore, the Company complies with the Finnish Corporate Governance Code, with the exception that the Nomination Committee primarily consists of members outside the Company's Board of Directors which is not in line with the Governance Code's recommendation 22. According to the view of the Company's Board of Directors, it is in the best interest of the Company and its shareholders that the biggest shareholders participate in preparing nomination and compensation issues related to the Board of Directors. The company's corporate governance is presented as a separate statement on the company's website. The statement is also attached to this financial statements bulletin.

Board of Directors

On April 8, 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 re-appointed as the Chairman of the Board and Jukka Viinanen was appointed Vice Chairman. The remuneration paid to the members of the Board remained unchanged. In 2009, the Board of Directors met 13 times.

Kemira Oyj's Board of Directors has appointed three committees: the Audit Committee, the Compensation Committee and the Nomination Committee. The Audit Committee is chaired by Juha Laaksonen and has Kaija Pehu-Lehtonen and Jarmo Väisänen as members. In 2009, the Audit Committee met 5 times. The Compensation Committee is chaired by Pekka Paasikivi and has Kaija Pehu-Lehtonen and Jukka Viinanen as members. In 2009, the Compensation Committee met 3 times.

To the Nomination Committee the Board of Directors of Kemira Oyj invited the representatives of the three largest shareholders as of May 31, 2009, and the Chairman of Kemira Oyj's Board of Directors as an expert member. The Nomination Committee prepares a proposal for the next Annual General Meeting concerning the composition and remuneration of the Board of Directors. The members of the Nomination Committee are Jari

Paasikivi, Managing Director of Oras Invest Oy; Kari Järvinen, Managing Director of Solidium Oy; Risto Murto, Chief Investment Officer, Varma Mutual Pension Insurance Company; and the Chairman of the Board of Directors Pekka Paasikivi as an expert member. In 2009, the Nomination Committee met once.

Changes to company management

In August, Kemira Oyj's CFO Jyrki Mäki-Kala was appointed new Deputy CEO as of September 1, 2009 following the retirement of the previous Deputy CEO Esa Tirkkonen.

Structure

The acquisitions made during the year are discussed under segment information.

Short-term risks and uncertainty factors

Kemira’s key risks and uncertainty factors are related to general economic development and its effect on the demand for Kemira’s products.

Powerful 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 suppliers 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 proposed to the list of candidates for authorization. If acrylamide was added to the list of substances subject to authorization under REACH, this would hinder its use.

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 will be available in the notes to the financial statements 2009. Materialized environmental and hazard risks will be handled in Kemira’s environmental report, to be published in spring.

Events after the review period

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. Last year's decision to shut down the Columbus site was part of the refocusing of Kemira's paper chemicals business, where the offering of paper chemicals is being adapted regionally to local customer needs. 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.

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.

Dividend

On December 31, 2009, Kemira Oyj's distributable funds totaled EUR 394,164,178 of which net profit for the period accounted for EUR 23,172,560. No material changes have taken place in the company's financial position after the balance sheet date.

Kemira Oyj's Board of Directors proposes to the Annual General Meeting to be held on March 16, 2010 that dividend on the basis of the adopted balance sheet for the financial year ended December 31, 2009 shall be paid in Tikkurila Oyj's shares as follows:

Each four Kemira's shares entitle their holder to receive one share of Tikkurila Oyj as a dividend. Kemira shall distribute to its shareholders as dividend an aggregate 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 dividend payable in Tikkurila's shares will be paid to each shareholder who is registered in the Company's Shareholder Register maintained by Euroclear Finland Ltd on the record date, March 19, 2010. The Board of Directors proposes that the dividend be paid on March 26, 2010.

The distribution of the dividend is conditional upon the approval of Tikkurila's shares to trading on the official list of NASDAQ OMX Helsinki by May 31, 2010. If this condition is not fulfilled, the decision to distribute dividend will lapse.

Board proposal for dividend authorization

Kemira Oyj's Board of Directors proposes to the Annual General Meeting on March 16, 2010 that the Annual General Meeting authorize 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 EUR 0.27 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.

Outlook

Kemira's vision is to be a leading water chemistry company. Kemira will continue to focus on improving profitability and reinforcing positive cash flow, but the company will increase its actions to boost growth.

Kemira's financial targets remain unchanged. The company's medium term financial targets are:

- organic revenue growth > 5% per year
- EBIT, % of revenue > 10%
- positive cash flow after investments and dividends
- return on capital employed (ROCE), %: continuous improvement, and
- targeted gearing level 40–80%.

The basis for growth are the growing 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 research and development activities is on the development and commercialization of new innovative technologies for Kemira's customers 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 first quarter of the year, Kemira's operating profit excluding non-recurring items is expected to increase from the corresponding period in 2009.

Helsinki, February 8, 2010

Kemira Oyj
Board of Directors

Financial key figures, definitions of key figures as well as information on shareholders, management shareholding and related parties' events are presented in the financial statements and in the notes to the financial statements which will be published on the company's website February 22, 2010.

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.

APPENDIX: Corporate Governance Statement

DISCLAIMER

Laws of certain jurisdictions may impose restrictions on the distribution of this release and the share dividend. This release does not constitute an offer to sell or a solicitation to buy any shares in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction. No actions have been taken to register or qualify the share dividend or otherwise to permit a public offering of the Tikkurila shares in any jurisdiction outside of Finland. Persons into whose possession this release comes must inform themselves of and observe all such restrictions. In particular, the dividend shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any state of the United States and, accordingly, may not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S), unless registered under the Securities Act or where such registration is not required.

SEB Enskilda is acting exclusively for Kemira and Tikkurila and no one else in connection with the share dividend. It will not regard any other person (whether or not a recipient of this release) as its client in relation to the share dividend and will not be responsible to anyone other than Kemira and Tikkurila for providing the protections afforded to its clients, nor for giving advice in relation to the share dividend or any transaction or arrangement referred to herein. No representation or warranty, express or implied, is made by SEB Enskilda as to the accuracy, completeness or verification of the information set forth in this release, and nothing contained in this release is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. SEB Enskilda assumes no responsibility for its accuracy, completeness or verification and, accordingly, disclaim, to the fullest extent permitted by applicable law, any and all liability which it may otherwise be found to have in respect of this release or any such statement.

KEMIRA GROUP

The figures are audited.
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, 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 ment a change to the consolidated financial statements' accounting policies but had no 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.

INCOME STATEMENT **EUR million**	**10-12/2009**	10-12/2008	**2009**	2008
Revenue	**594.7**	627.6	**2,500.1**	2,832.7
Other operating income	**3.8**	11.6	**15.0**	51.5
Expenses	**-560.1**	-637.0	**-2,241.4**	-2,640.8
Depreciation, impairments and reversals of impairments	**-25.8**	-70.3	**-116.3**	-169.4
Operating profit	**12.6**	-68.1	**157.4**	74.0
Financial income and expenses, net	**-12.1**	-23.7	**-49.8**	-69.5
Share of profit or loss of associates	**0.8**	-2.7	**-4.7**	-2.7
Profit before tax	**1.3**	-94.5	**102.9**	1.8
Income tax	**8.0**	26.0	**-17.4**	-
Net profit for the period	**9.3**	-68.5	**85.5**	1.8
Attributable to:				
Equity holders of the parent	**8.4**	-68.6	**81.8**	-1.8
Minority interest	**0.9**	0.1	**3.7**	3.6
Net profit for the period	**9.3**	-68.5	**85.5**	1.8
Earnings per share, basic and diluted, EUR	**0.06**	-0.52	**0.61**	-0.01

STATEMENT OF COMPREHENSIVE INCOME	10-12/2009	10-12/2008	2009	2008
Net profit for the period	**9.3**	-68.5	**85.5**	1.8
Other comprehensive income, net of tax:				
Available-for-sale - change in fair value	**3.7**	-23.9	**3.7**	35.3
Exchange differences	**5.6**	-61.3	**28.1**	-74.2
Hedge of net investment in foreign entities	**-0.5**	6.8	**-3.0**	9.1
Cash flow hedging	**8.0**	-21.3	**10.0**	-22.0
Other changes	**-0.2**	2.0	**-0.4**	2.1
Other comprehensive income, net of tax	**16.6**	-97.7	**38.4**	-49.7
Total comprehensive income	**25.9**	-166.2	**123.9**	-47.9
Attributable to:				
Equity holders of the parent	**25.0**	-164.3	**119.9**	-49.4
Minority interest	**0.9**	-1.9	**4.0**	1.5
Total comprehensive income	**25.9**	-166.2	**123.9**	-47.9

BALANCE SHEET
EUR million

ASSETS	31.12.2009	31.12.2008
Non-current assets		
Goodwill	**658.0**	655.1
Other intangible assets	**102.2**	111.6
Property, plant and equipment	**761.5**	765.7
Holdings in associates	**131.1**	135.6
Available-for-sale investments	**166.2**	159.8
Deferred tax assets	**18.8**	12.7
Other investments	**13.2**	11.5
Defined benefit pension receivables	**35.3**	54.0
Total non-current assets	**1,886.3**	1,906.0
Current assets		
Inventories	**246.5**	319.3
Interest-bearing receivables	**1.4**	7.6
Accounts receivables and other receivables	**400.6**	493.0
Current tax asset	**7.3**	14.4
Money market investments	**202.1**	87.1
Cash and cash equivalents	**72.5**	32.3
Total receivables	**930.4**	953.7
Total assets	**2,816.7**	2,859.7

EQUITY AND LIABILITIES	31.12.2009	31.12.2008
Equity attributable to equity holders of the parent	**1,249.5**	962.8
Minority interest	**19.3**	13.2
Total equity	**1,268.8**	976.0
Non-current liabilities		
Interest-bearing non-current liabilities	**512.6**	609.2
Deferred tax liabilities	**90.1**	89.9
Pension liabilities	**70.4**	67.5
Provisions	**55.6**	61.8
Total non-current liabilities	**728.7**	828.4
Current liabilities		
Interest-bearing current liabilities	**437.6**	559.3
Interest-free current liabilities	**369.1**	479.7
Current tax liabilities	**0.5**	5.5
Provisions	**12.0**	10.8
Total current liabilities	**819.2**	1,055.3
Total liabilities	**1,547.9**	1,883.7
Total equity and liabilities	**2,816.7**	2,859.7

CONSOLIDATED CASH FLOW STATEMENT EUR million	10-12/2009	10-12/2008	2009	2008
Cash flow from operating activities				
Profit for the period	**8.4**	-68.5	**81.8**	-1.8
Total adjustments	**53.1**	78.1	**206.9**	218.8
	61.5	9.6	**288.7**	217.0
Change in net working capital	**26.2**	35.9	**74.4**	-28.7
	87.7	45.5	**363.1**	188.3
Financing items	**-23.2**	-26.7	**-49.0**	-74.2
Taxes paid	**-3.5**	-5.7	**-26.3**	-23.9
Total cash flow from operating activities	**61.0**	13.1	**287.8**	90.2
Cash flow from investing activities				
Capital expenditure for acquisitions	**-0.1**	-40.4	**-3.7**	-180.8
Other capital expenditure	**-31.7**	-44.7	**-82.2**	-161.0
Proceeds from sale of assets	**-0.2**	9.0	**2.4**	254.3
Change in other investments	**-2.1**	-	**-2.1**	-
Cash flow after investing activities	**-34.1**	-76.1	**-85.6**	-87.5
Cash flow before financing activities	**26.9**	-63.0	**202.2**	2.7
Cash flow from financing activities				
Proceeds from non-current interest-bearing liabilities	**197.5**	234.3	**228.3**	470.0
Repayments from non-current interest-bearing liabilities	**-142.4**	-10.8	**-249.7**	-43.4
Short-term financing, net (increase +, decrease -)	**-220.4**	-107.7	**-183.6**	-282.1
Dividends paid	**-**	-	**-33.5**	-64.2
Share issue	**200.0**	-	**200.0**	-
Other financing items	**-0.9**	12.2	**-11.3**	-7.8
Net cash used in financing activities	**33.8**	128.0	**-49.8**	72.5
Net change in cash and cash equivalents	**60.7**	65.0	**152.4**	75.2
Cash and cash equivalents at end of period	**274.6**	119.4	**274.6**	119.4
Exchange gains (+) / losses (-) on cash and cash equivalents	**-1.0**	7.5	**-2.8**	8.4
Cash and cash equivalents at beginning of period	**212.9**	61.9	**119.4**	52.6
Net change in cash and cash equivalents	**60.7**	65.0	**152.4**	75.2

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, 2008	221.8	257.9	68.2	-	-41.1	-25.9	591.1	15.3	1,087.3
Net profit for the period	-	-	-	-	-	-	-1.8	3.6	1.8
Other comprehensive income, net of tax	-	-	12.7	-	-63.5	-	3.3	-2.2	-49.7
Total comprehensive income	-	-	12.7	-	-63.5	-	1.5	1.4	-47.9
Dividends paid	-	-	-	-	-	-	-60.6	-3.5	-64.1
Share-based compensations	-	-	-	-	-	-	0.7	-	0.7
Transfer between restricted and non-restricted equity	-	-	0.5	-	-	-	-0.5	-	0.0
Shareholders' equity at December 31, 2008	**221.8**	**257.9**	**81.4**	**-**	**-104.6**	**-25.9**	**532.2**	**13.2**	**976.0**
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	-	-	-	-	-	-	81.8	3.7	**85.5**
Other comprehensive income, net of tax	-	-	13.8	-	24.7	-	-0.3	0.2	**38.4**
Total comprehensive income	-	-	13.8	-	24.7	-	81.5	3.9	**123.9**
Dividends paid	-	-	-	-	-	-	-30.3	-3.2	**-33.5**
Share issue	-	-	-	196.3	-	-	-	-	**196.3**
Share-based compensations	-	-	-	-	-	-	0.8	-	**0.8**
Changes due to business combinations	-	-	-	-	-	-	-	5.3	**5.3**
Transfer between restricted and non-restricted equity	-	-	0.6	-	-	-	-0.6	-	**0.0**
Shareholders' equity at December 31, 2009	**221.8**	**257.9**	**95.8**	**196.3**	**-79.9**	**-25.9**	**583.6**	**19.2**	**1,268.8**

Kemira had in its possession 3,854,711 of its treasury shares on December 31, 2009. Of shares granted based on the share-based incentive program 306 shares were returned to Kemira in 2009. The average share price of treasury shares was EUR 6.73 and they represented 2.5% of the share capital and the aggregate number of votes conferred by all shares. The aggregate par value of the treasury shares is EUR 5.5 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.

On November 23, 2009, the Board of Directors decided on a rights offering based on an authorization given by the Extraordinary General Meeting on the same day. As a result of the offering, Kemira's total number of shares increased to 155,342,557 shares. The funds generated from the rights offering less the costs related to the offering amounting to EUR 196.3 million was included in the unrestricted equity reserve.

KEY FIGURES	10-12/2009	10-12/2008	2009	2008
Earnings per share, basic and diluted, EUR **	**0.06**	-0.52	**0.61**	-0.01
Cash flow from operations per share, EUR **	**0.45**	0.10	**2.13**	0.68
Capital expenditure, EUR million	**31.8**	85.1	**85.9**	341.8
Capital expenditure / revenue, %	**5.3**	13.6	**3.4**	12.1
Average number of shares (1000), basic *	**134,824**	121,191	**134,824**	121,191
Average number of shares (1000), diluted *	**135,085**	121,191	**135,085**	121,191
Number of shares at end of period (1000), basic *	**151,488**	121,191	**151,488**	121,191
Number of shares at end of period (1000), diluted *	**151,748**	121,191	**151,748**	121,191
Equity per share, attributable to equity holders of the parent, EUR			**8.25**	7.94
Equity ratio, %			**45.1**	34.1
Gearing, %			**53.2**	107.5
Interest-bearing net liabilities, EUR million			**675.6**	1,049.1
Personnel (average)			**8,843**	9,954

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

REVENUE BY BUSINESS AREA EUR million	10-12/2009	10-12/2008	2009	2008
Paper external	**229.2**	246.4	**905.2**	987.6
Paper Intra-Group	**0.4**	0.4	**1.2**	15.7
Municipal & Industrial external	**140.6**	146.8	**607.3**	582.2
Municipal & Industrial Intra-Group	**-**	0.2	**0.2**	1.5
Oil & Mining external	**69.2**	66.0	**234.4**	273.3
Oil & Mining Intra-Group	**0.2**	0.6	**0.6**	2.1
Tikkurila external	**98.5**	103.5	**530.2**	648.1
Tikkurila Intra-Group	**-**	-	**-**	-
Other external	**57.2**	64.8	**223.0**	341.5
Other Intra-Group	**20.6**	17.1	**77.4**	73.3
Eliminations	**-21.2**	-18.2	**-79.4**	-92.6
Total	**594.7**	627.6	**2,500.1**	2,832.7

OPERATING PROFIT BY BUSINESS AREA EUR million	10-12/2009	10-12/2008	2009	2008
Paper	**9.8**	-33.5	**40.1**	-2.6
Municipal & Industrial	**6.3**	-13.3	**59.8**	5.3
Oil & Mining	**11.2**	-7.7	**19.9**	1.9
Tikkurila	**-4.7**	-12.6	**47.7**	59.2
Other	**-10.0**	-1.0	**-10.1**	10.1
Eliminations	**-**	-	**-**	0.1
Total	**12.6**	-68.1	**157.4**	74.0

CHANGES IN PROPERTY, PLANT AND EQUIPMENT EUR million	2009	2008
Carrying amount at beginning of year	**765.7**	984.3
Acquisitions of subsidiaries	**0.1**	6.3
Increases	**76.1**	127.9
Decreases	**-2.0**	-9.4
Disposal of subsidiaries	**-**	-168.1
Depreciation, impairments and reversals of impairments	**-88.9**	-144.5
Exchange rate differences and other changes	**10.5**	-30.8
Net carrying amount at end of period	**761.5**	765.7

CHANGES IN INTANGIBLE ASSETS EUR million	2009	2008
Carrying amount at beginning of year	**766.7**	738.9
Acquisitions of subsidiaries	**2.4**	36.3
Increases	**11.6**	24.3
Decreases	**-0.1**	-
Disposal of subsidiaries	**-**	-8.1
Depreciation and impairments	**-27.6**	-24.9
Exchange rate differences and other changes	**7.2**	0.2
Net carrying amount at end of period	**760.2**	766.7

CONTINGENT LIABILITIES

EUR million	31.12.2009	31.12.2008
Mortgages	**37.5**	43.3
Assets pledged		
On behalf of own commitments	**5.5**	5.2
Guarantees		
On behalf of own commitments	**45.2**	14.1
On behalf of associates	**1.0**	1.2
On behalf of others	**9.2**	5.5
Operating leasing liabilities		
Maturity within one year	**26.0**	20.9
Maturity after one year	**137.3**	115.0
Other obligations		
On behalf of own commitments	**1.7**	2.6
On behalf of associates	**1.8**	1.9

Major off-balance sheet investment commitments

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

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 2008.

DERIVATIVE INSTRUMENTS

EUR million	31.12.2009		31.12.2008	
	Nominal value	**Fair value**	Nominal value	Fair value
Currency instruments				
Forward contracts	**549.5**	**1.5**	427.6	11.7
of which hedges of net investment in a foreign operation	**-**	**-**	-	-
Currency options				
Bought	**-**	**-**	-	-
Sold	**-**	**-**	-	-
Currency swaps	**29.3**	**-3.9**	27.6	-5.6
Interest rate instruments				
Interest rate swaps	**354.7**	**-9.4**	338.8	-6.9
of which cash flow hedge	**307.8**	**-7.4**	304.4	-6.5
Interest rate options				
Bought	**10.0**	**-**	110.0	-0.1
Sold	**-**	**-**	-	-
Bond futures	**10.0**	**0.2**	10.0	-
of which open	**10.0**	**0.2**	10.0	-
Other instruments	**GWh**		GWh	
Electricity forward contracts, bought	**1,156.7**	**1.2**	1,431.5	-10.7
of which cash flow hedge	**1,051.6**	**1.1**	1,378.9	-9.7
Electricity forward contracts, sold	**-**	**-**	52.6	1.2
of which cash flow hedge	**-**	**-**	-	-
	K tons		K tons	
Natural gas hedging	**14.8**	**-0.2**	15.6	-2.0
of which cash flow hedge	**14.8**	**-0.2**	15.6	-2.0
Salt derivatives	**160.0**	**-**	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.

BUSINESS COMBINATION

Tikkurila announced its intentions to acquire the 50% stake of the Slovenian JUB coatings company in the trading company Tikkurila JUB Romania S.R.L.. Ownership was transferred on September 1, 2009, with 100% ownership now by Tikkurila. The name of the company was changed to Tikkurila S.R.L. Acquisition was not significant to the group and no goodwill was recorded.

Kemira acquired Akzo Nobel's iron coagulant business in the Nordic countries (Sweden, Norway and Denmark). Iron coagulants are used in water treatment. The transaction represents approximately 20% of the Swedish iron coagulant markets. The agreement took force on November 2, 2009. No personnel or production facilities were transferred under the agreement. Acquisition was not significant to the group and no goodwill was recorded.

QUARTERLY INFORMATION

EUR million	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Revenue								
Paper external	**229.2**	**229.9**	**222.2**	**223.9**	246.4	263.0	234.7	243.5
Paper Intra-Group	**0.4**	**0.3**	**-0.6**	**1.1**	0.4	4.7	6.4	4.2
Municipal & Industrial external	**140.6**	**155.6**	**160.4**	**150.7**	146.8	155.9	143.7	135.8
Municipal & Industrial Intra-Group	**-**	**-0.1**	**0.3**	**-**	0.2	0.1	0.7	0.5
Oil & Mining external	**69.2**	**55.9**	**52.3**	**57.0**	66.0	73.6	66.7	67.0
Oil & Mining Intra-Group	**0.2**	**0.1**	**2.9**	**-2.6**	0.6	0.9	0.1	0.5
Tikkurila external	**98.5**	**158.1**	**162.4**	**111.2**	103.5	193.7	205.7	145.2
Tikkurila Intra-Group	**-**	**-**	**-**	**-**	-	-	-	-
Other external	**57.2**	**46.3**	**53.6**	**65.9**	64.8	93.9	90.7	92.1
Other Intra-Group	**20.6**	**19.4**	**18.1**	**19.3**	17.1	10.4	21.1	24.7
Eliminations	**-21.2**	**-19.7**	**-20.7**	**-17.8**	-18.2	-16.2	-28.3	-29.9
Total	**594.7**	**645.8**	**650.9**	**608.7**	627.6	780.0	741.5	683.6
Operating profit								
Paper	**9.8**	**14.8**	**8.0**	**7.5**	-33.5	10.9	7.6	12.4
Municipal & Industrial	**6.3**	**24.9**	**18.2**	**10.4**	-13.3	7.3	4.7	6.6
Oil & Mining	**11.2**	**3.5**	**3.2**	**2.0**	-7.7	3.4	2.4	3.8
Tikkurila	**-4.7**	**26.3**	**22.1**	**4.0**	-12.6	30.4	29.7	11.7
Other	**-10.0**	**-4.2**	**-0.1**	**4.2**	-1.0	17.5	-4.9	-1.5
Eliminations	**-**	**-**	**-**	**-**	-	0.3	-0.2	-
Total	**12.6**	**65.3**	**51.4**	**28.1**	-68.1	69.8	39.3	33.0
Operating profit, excluding non-recurring items								
Paper	**14.6**	**14.8**	**8.0**	**7.5**	9.8	11.7	7.6	12.4
Municipal & Industrial	**12.9**	**24.9**	**18.2**	**10.4**	6.9	7.3	4.6	6.2
Oil & Mining	**5.5**	**3.5**	**3.2**	**2.0**	0.6	3.5	2.4	1.9
Tikkurila	**-4.7**	**26.3**	**24.5**	**4.0**	-12.6	30.4	29.7	11.7
Other	**-0.5**	**-4.2**	**-0.1**	**4.2**	7.0	3.3	-6.9	-5.0
Eliminations	**-**	**-**	**-**	**-**	-	0.3	-0.2	-
Total	**27.8**	**65.3**	**53.8**	**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