

The background image is a photograph of an industrial facility. In the foreground, a large, horizontal pipe is shown with a thick, turbulent flow of brownish water cascading over its edge, creating a waterfall effect. In the background, several tall, grey smokestacks rise into a clear blue sky, with thick white plumes of smoke or steam coming from them. The overall scene suggests a chemical or industrial processing plant.

**kemira**

Where water  
meets chemistry™

# INTERIM REPORT

January - September 2013

**kemira**

## **ORGANIC REVENUE GROWTH WITH IMPROVED OPERATIVE EBIT MARGIN, OPERATIVE EBIT OUTLOOK ADJUSTED**

### **Third quarter:**

- Organic revenue growth was 3% in local currencies. Reported revenue decreased 2% to EUR 553.7 million (567.2), due to unfavorable currency exchange rates and divestments.
- Operative EBIT increased 1% to EUR 47.5 million (46.8) with an improved margin of 8.6% (8.3%).
- The reported earnings per share increased to EUR 0.09 (0.00).

### **January-September:**

- Organic revenue growth was 4% in local currencies. Reported revenue was EUR 1,683.9 million (1,682.4).
- Operative EBIT increased 7% to EUR 129.7 million (121.4) with a margin of 7.7% (7.2%).
- Operative earnings per share decreased to EUR 0.53 (0.64), mainly due to the lower income from the associated companies.
- Kemira maintains its revenue outlook for 2013, but adjusts its operative EBIT outlook. Kemira expects the fourth quarter operative EBIT to be between EUR 42-50 million.

### **Kemira's President and CEO Wolfgang Büchele:**

"With an organic revenue growth of 3% and an improved operative EBIT margin of 8.6% we continued to progress with our operative improvements in the third quarter. It is encouraging, that all of our three core segments achieved an operative EBIT margin close to 9%.

The implementation of our strategy is on track. Sales volumes of Kemira's two strategically most relevant product lines, polymers and sizing agents, have grown about 10% year-to-date. On October 1, we closed the acquisition of 3F, further strengthening our market position in polymers. Together with 3F's polymer capacity, Kemira is the second largest dry and emulsion polyacrylamide polymer producer globally.

Of the two growth segments, Paper has continuously been able to accelerate its growth pace. Oil & Mining market conditions have been unfavorable, and the segment has not yet met its growth targets. Municipal & Industrial has successfully disposed some smaller commodity chemicals businesses and has started with the implementation of its new business model, driven by a streamlined organization. The evaluation of exit options for the formic acid business of ChemSolutions is advancing as planned.

I continue to be fully committed as the President and CEO of Kemira until the end of April, 2014. For me, as well as for the entire Kemira organization, the utmost priority is to continue the fast and efficient implementation of the ongoing change initiatives."

**KEY FIGURES AND RATIOS (FIGURES FOR 2012 WERE RESTATED ON MARCH 25, 2013)**

EUR million	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012	2012
<b>Revenue</b>	<b>553.7</b>	567.2	<b>1,683.9</b>	1,682.4	2,240.9
Operative EBITDA	<b>68.9</b>	71.0	<b>193.9</b>	192.0	249.4
Operative EBITDA, %	12.4	12.6	11.5	11.4	11.1
EBITDA	<b>50.4</b>	44.2	<b>153.1</b>	164.3	179.9
EBITDA, %	9.1	7.8	9.1	9.8	8.0
<b>Operative EBIT</b>	<b>47.5</b>	46.8	<b>129.7</b>	121.4	155.5
Operative EBIT, %	8.6	8.3	7.7	7.2	6.9
EBIT	<b>29.0</b>	0.7	<b>81.5</b>	70.3	33.1
EBIT, %	5.2	0.1	4.8	4.2	1.5
Share of profit or loss of associates	<b>0.1</b>	0.3	<b>-1.0</b>	16.9	11.2
Financing income and expenses	<b>-2.4</b>	-2.7	<b>-31.3</b>	-11.6	-15.7
Profit before tax	<b>26.7</b>	-1.7	<b>49.2</b>	75.6	28.6
Net profit	<b>16.3</b>	1.4	<b>22.8</b>	62.9	22.4
Earnings per share, EUR	<b>0.09</b>	0.00	<b>0.12</b>	0.39	0.12
<b>Operative earnings per share, EUR</b>	<b>0.22</b>	0.23	<b>0.53</b>	0.64	0.77
Capital employed*	<b>1,421.0</b>	1,709.1	<b>1,421.0</b>	1,709.1	1,673.0
ROCE*	<b>2.6</b>	7.5	<b>2.6</b>	7.5	2.6
Capital expenditure	<b>32.6</b>	45.2	<b>92.5</b>	115.6	134.1
<b>Cash flow after investing activities</b>	<b>13.8</b>	46.3	<b>214.2</b>	62.4	71.8
Equity ratio, % at period-end	<b>52</b>	52	<b>52</b>	52	51
Gearing, % at period-end	<b>34</b>	41	<b>34</b>	41	42
Personnel at period-end	<b>4,469</b>	5,013	<b>4,469</b>	5,013	4,857

\*12-month rolling average (ROCE, % based on the reported EBIT)

Definitions of key figures are available at [www.kemira.com](http://www.kemira.com) > Investors > Financial information. Comparative 2012 figures are provided in parentheses for some financial results, where appropriate. Operating profit, excluding non-recurring items, is referred to as Operative EBIT. Operating profit is referred to as EBIT.

**FINANCIAL PERFORMANCE IN Q3 2013**

Kemira Group's **revenue** decreased 2% to EUR 553.7 million (567.2). Organic revenue growth was 3% driven by higher sales volumes and somewhat higher sales prices. Organic revenue growth was especially strong in Paper which showed a 9% growth. Oil & Mining organic revenue growth was 5%, excluding the impact of continued exit of some low margin product sales. Divestments had an impact of -2% and currency exchange an impact of -3% on revenues.

In the Paper segment, revenues increased 5% to EUR 271.0 million (256.9). Revenue growth in local currencies, excluding divestments was 9% driven by higher sales volumes in EMEA, NAFTA, and SA. Sales prices remained close to the level of the comparable period. Currency exchange impacted revenues by -3%.

In the Municipal & Industrial segment, revenues decreased 7% to EUR 164.2 million (176.5). Revenue in local currencies, excluding divestments decreased 3%, mainly due to the lower sales volumes, especially in NAFTA. Smaller disposals in Denmark and Romania impacted revenue by -1%. Currency exchange impacted revenues by -3%.

In the Oil & Mining segment, revenues decreased 3% to EUR 76.8 million (79.4) mainly due to a -5% currency exchange impact. Revenue in local currencies, excluding divestments increased 2% due to increased sales prices and continued sales volume growth in NAFTA. Previously reported exit of some low margin product sales, which was completed at the end of the third quarter 2013, had a -3% impact on the third quarter 2013 revenues.

In the ChemSolutions segment, revenues decreased 23% to EUR 41.7 million (54.4) due to the impact of the divested food and pharmaceuticals businesses (-22%). Revenue in local currencies, excluding divestments remained approximately at the level of the comparable period. Sales volume growth could offset the impact of lower sales prices.

Revenue, EUR million	Jul-Sep 2013	Jul-Sep 2012	Δ%
Paper	271.0	256.9	5
Municipal & Industrial	164.2	176.5	-7
Oil & Mining	76.8	79.4	-3
ChemSolutions	41.7	54.4	-23
<b>Total</b>	<b>553.7</b>	<b>567.2</b>	<b>-2</b>

**The operative EBIT** increased to EUR 47.5 million (46.8), mainly due to the “Fit for Growth” -related cost savings of EUR 13 million. The fixed cost share of “Fit for Growth” savings was EUR 9 million and the variable cost share EUR 4 million. Increased sales volumes had positive impacts of EUR 5 million and the the higher sales prices EUR 4 million on the operative EBIT.

Variable costs, excluding the impact of “Fit for Growth”, were EUR 10 million higher, driven by the increased propylene, hydrochloric acid and electricity-related raw material costs. Fixed costs, excluding the impact of “Fit for Growth”, increased EUR 6 million due to higher sales and marketing expenses in Paper and increased manufacturing expenses in Municipal & Industrial.

Currency exchange and divestments had a negative impact of EUR 2 million each on the operative EBIT (see variance analysis on page 5). The operative EBIT margin reached 8.6% (8.3%).

<b>Variance analysis, EUR million</b>	<b>Jul-Sep</b>
<b>Operative EBIT, 2012</b>	<b>46.8</b>
Sales volumes	4.6
Sales prices	3.8
Variable costs	-6.2
Fixed costs	3.2
Currency exchange	-1.5
Others, incl. acquisitions and divestments	-3.2
<b>Operative EBIT, 2013</b>	<b>47.5</b>

**Non-recurring items affecting the EBIT** were EUR -18 million (-46). Restructuring charges, related to continuous efficiency measures, mainly in the Municipal & Industrial and in the support functions, amounted to approximately EUR 10 million. Write-downs related to smaller disposals in the Municipal & Industrial amounted to EUR 5 million. Restructuring charges related to the establishment of the multifunction Business Service Center in Gdansk, Poland, amounted to EUR 4 million.

**EBIT** increased to EUR 29.0 million (0.7) mainly due to the lower non-recurring items.

	<b>Jul-Sep 2013</b>	<b>Jul-Sep 2012</b>		<b>Jul-Sep 2013</b>	<b>Jul-Sep 2012</b>
<b>Operative EBIT</b>	<b>EUR, million</b>	<b>EUR, million</b>	<b>Δ%</b>	<b>%-margin</b>	<b>%-margin</b>
Paper	23.6	20.9	13	8.7	8.1
Municipal & Industrial	14.4	15.2	-5	8.8	8.6
Oil & Mining	6.7	7.0	-4	8.7	8.8
ChemSolutions	2.8	3.7	-24	6.7	6.8
<b>Total</b>	<b>47.5</b>	<b>46.8</b>	<b>1</b>	<b>8.6</b>	<b>8.3</b>

**Financing income and expenses** totaled EUR -2.4 million (-2.7) positively impacted by the EUR 2.4 million (0.8) changes in fair values of electricity derivatives. Currency exchange differences had EUR -0.3 million (1.3) impact.

**Net profit attributable to the owners of the parent company** increased to EUR 14.5 million (0.1) and the earnings per share to EUR 0.09 (0.00), mainly due to the higher EBIT. Earnings per share, excluding non-recurring items, was EUR 0.22 (0.23).

## FINANCIAL PERFORMANCE IN JANUARY-SEPTEMBER 2013

Kemira Group's **revenue** was EUR 1,683.9 million (1,682.4). Organic revenue growth was 4% driven by higher sales volumes. Sales price changes did not have a material impact on revenues. Currency exchange and divestments had an impact of -2% each on revenues.

In the Paper segment, revenues increased 5% to EUR 795.1 million (753.9). Revenue growth in local currencies, excluding divestments, was 7% driven by higher sales volumes. Sales price changes had a



negligible impact on revenues. Currency exchange impacted revenues by -2%.

In the Municipal & Industrial segment, revenues decreased 1% to EUR 507.0 million (511.2). Revenue growth in local currencies, excluding divestments, was 1% driven by higher sales volumes. Sales price changes did not have a material impact on revenues. Currency exchange impacted revenues by -2%.

In the Oil & Mining segment, revenues decreased 6% to EUR 233.0 million (249.0). Revenue in local currencies, excluding divestments and the -4% impact of the continued exit of some low margin product sales remained stable. Currency exchange impacted revenues by -3%.

In the ChemSolutions segment, revenues decreased 12% to EUR 148.8 million (168.3). The divestment of the food and pharmaceuticals businesses had an impact of -17% on revenues. Revenue growth in local currencies, excluding divestments, was 6%, mainly due to higher sales volumes.

Revenue, EUR million	Jan-Sep 2013	Jan-Sep 2012	Δ%
Paper	795.1	753.9	5
Municipal & Industrial	507.0	511.2	-1
Oil & Mining	233.0	249.0	-6
ChemSolutions	148.8	168.3	-12
<b>Total</b>	<b>1,683.9</b>	<b>1,682.4</b>	<b>0</b>

**The operative EBIT** increased 7% to EUR 129.7 million (121.4), mainly due to the “Fit for Growth”-related cost savings of EUR 32 million, the fixed cost share of which was EUR 21 million and the variable cost share was EUR 11 million. Increased sales volumes had a positive impact of EUR 22 million. Sales price changes reduced revenues by EUR 5 million compared to January-September 2012. Variable costs, excluding the impact of “Fit for Growth”, had EUR 23 million negative impact on the operative EBIT. Variable costs increased mainly due to higher hydrochloric acid, propylene and electricity-related raw material costs. Fixed costs, excluding the impact of “Fit for Growth” increased EUR 15 million mainly due to increased sales and marketing expenses in Paper, higher manufacturing related expenses in Municipal & Industrial and increased R&D spending in Oil & Mining.

Currency exchange had a negative impact of EUR 4 million on the operative EBIT. Divestments in ChemSolutions and Municipal & Industrial had a negative impact of EUR 4 million and other items a positive impact of EUR 5 million (see variance analysis on page 7) on the operative EBIT. Lower depreciation in the Municipal & Industrial compared to the corresponding period in 2012, was the main reason for the positive impact. The operative EBIT margin improved to 7.7% (7.2%).

Variance analysis, EUR million	Jan-Sep
<b>Operative EBIT, 2012</b>	<b>121.4</b>
Sales volumes	21.6
Sales prices	-5.3
Variable costs	-11.9
Fixed costs	6.4
Currency exchange	-3.5
Others, incl. acquisitions and divestments	1.0
<b>Operative EBIT, 2013</b>	<b>129.7</b>

**Non-recurring items affecting the EBIT** were EUR -48 million (-51), mainly due to the restructuring charges of EUR 16 million related to the announced closure of the Vaasa process chemicals site. Restructuring charges related to the establishment of the multifunction Business Service Center in Gdansk, Poland amounted to EUR 10 million. Restructuring charges, related to continuous efficiency improvement measures, mainly in the Municipal & Industrial and in the support functions, amounted to approximately EUR 10 million. Write-downs related to smaller disposals in Municipal & Industrial amounted to EUR 5 million. The "Fit for Growth"-related write-downs, severance payments, and external service costs amounted to EUR 5 million.

The EBIT increased 16% to EUR 81.5 million (70.3).

Operative EBIT	Jan-Sep 2013 EUR, million	Jan-Sep 2012 EUR, million	Δ%	Jan-Sep 2013 %-margin	Jan-Sep 2012 %-margin
Paper	62.8	55.8	13	7.9	7.4
Municipal & Industrial	38.9	32.9	18	7.7	6.4
Oil & Mining	15.3	22.5	-32	6.6	9.0
ChemSolutions	12.7	10.2	25	8.5	6.1
<b>Total</b>	<b>129.7</b>	<b>121.4</b>	<b>7</b>	<b>7.7</b>	<b>7.2</b>

**Financing income and expenses** totaled EUR -31.3 million (-11.6). Financing expenses included the non-recurring write-down of EUR 23 million related to the divestment of Kemira's shares (39%) in the titanium dioxide Joint Venture Sachtleben GmbH. The changes of EUR 4.4 million (-4.0) in fair values of electricity derivatives and the currency exchange differences of EUR 1.7 million (0.3) had a positive impacts on the financing income and expenses. The comparable period in 2012 included a EUR 7.6 million dividend from Pohjolan Voima Oy (PVO), the Finnish electricity company.

**Net profit attributable to the owners of the parent company** decreased to EUR 18.5 million (59.3) and the earnings per share to EUR 0.12 (0.39) due to a write-down of EUR 23 million related to the divestment of the shares of Kemira's JV Sachtleben, lower income from associated companies and higher taxes. Earnings per share, excluding non-recurring items, decreased 17% to EUR 0.53 (0.64), mainly due to the lower income from the associated companies.

## FINANCIAL POSITION AND CASH FLOW

Cash flow from the operating activities in January-September 2013 decreased to EUR 128.3 million (150.5). The comparable period included in total EUR 15 million dividends received from PVO and JV Sachtleben. Cash flow after investing activities increased to EUR 214.2 million (62.4), mainly due to the proceeds of EUR 97.5 million received from the divestment of the shares in JV Sachtleben and EUR 79.7 million from the divestment of the food and pharmaceuticals businesses. The comparable period of 2012 included EUR 27.3 million paid-in-capital from JV Sachtleben. The net working capital ratio decreased to 11.0% of the revenue (12.8% on December 31, 2012), mainly due to lower inventories.

At the end of the period, Kemira Group's net debt was EUR 409 million (532 on December 31, 2012). Net debt decreased due to the total proceeds of EUR 177 million received from the divestments of Kemira's food and pharmaceuticals businesses and the shares in JV Sachtleben. The dividend payment of EUR 81 million in April increased the net debt.

At the end of the period, interest-bearing liabilities totaled EUR 574 million (665 on December 31, 2012). Fixed-rate loans accounted for 49% of the net interest-bearing liabilities (56% on December 31, 2012). The average interest rate of the Group's interest-bearing liabilities was 1.5% (1.6% on December 31, 2012). The duration of the Group's interest-bearing loan portfolio was 16 months (16 months on December 31, 2012). In August, Kemira Oyj signed a 5+1+1-year revolving credit facility of EUR 400 million, which replaced an undrawn EUR 300 million credit facility. At the end of the period, the new facility remains undrawn.

Short-term liabilities maturing in the next 12 months amounted to EUR 281 million, the commercial papers of which, issued in the Finnish market, represented EUR 170 million and the short term part of the long-term loans represented EUR 59 million. Cash and cash equivalents totaled EUR 165 million on September 30, 2013.

At the end of the period, the equity ratio was 52% (51% on December 31, 2012), while the gearing was 34% (42% on December 31, 2012). Shareholder's equity decreased to EUR 1,190.3 million (1,260.6 on December 31, 2012) mainly due to the EUR 81 million dividend distribution.

## CAPITAL EXPENDITURE

Capital expenditure, including an investment of EUR 4 million into PVO, the Finnish electricity company, decreased 20% to EUR 92.5 million (115.6) in January-September 2013. Capex (excl. the investment into PVO shares) can be broken down as follows: expansion capex 66% (50%), improvement capex 15% (24%), and maintenance capex 19% (26%). Expansion investments were mainly focused on the greenfield sites Nanjing, Dormagen and Tarragona.

In January-September 2013, the Group's depreciation and impairments decreased to EUR 71.6 million (94.0). Comparable period in 2012 included non-recurring impairments of EUR 23 million.

## RESEARCH AND DEVELOPMENT

The Research and Development expenses totaled EUR 24.6 million (27.1) in January-September 2013, representing 1.5% (1.6%) of Kemira Group's revenue.



Kemira Group's target is to increase the revenue from new products and products for new applications. The share of innovation revenue (revenue from new products or from products to new applications launched within the past five years) in Kemira's revenue increased to 5.5% (4.7% in 2012) in January-September 2013. Many innovation projects are reaching the commercialization phases, and we are focusing on finalization and commercialization such products.

During the third quarter 2013, Kemira completed the expansion of its Fennobind binder production capacity in Continental Europe. With the increased capacity, Kemira is preparing the launch of its second-generation Fennobind products. Fennobind's patented technology allows lower manufacturing costs for paper and board producers.

Kemira also launched its first tagged scale inhibitor products that enable on-site measurement of residual scale inhibitor levels at oil and gas wells. The new technology is targeting offshore wells where an accurate, timely control of inhibitor concentrations is vital in maintaining efficient operation.

## **HUMAN RESOURCES**

At the end of the period, Kemira Group had 4,335 permanent employees (4,762 on December 2012) and 134 temporary employees (95). Kemira employed 983 people in Finland (1,114), 1,499 people elsewhere in EMEA (1,690), 1,258 in North America (1,279), 392 in South America (423), and 337 in Asia Pacific (351).

## **SUSTAINABILITY**

In 2012, Kemira defined its sustainability focus areas and targets as a part of its sustainability management process. Each target is addressed with a roadmap and annual action plans, and the progress against the set targets is monitored quarterly.

The Kemira Code of Conduct training program will be rolled out in the beginning of October 2013 with a target to have all Kemira employees trained by the end of 2013. Earlier this year Kemira launched the Ethics and Compliance hotline in order to bring up issues that might violate Kemira's Code of Conduct. Employees are able to report anything that is believed to be illegal or unethical either by phone or by filling in a web-based form, either anonymously or with contact information. The hotline and the Code of Conduct training are operated by independent external service providers.

The Kemira Code of Conduct for Suppliers, Distributors, and Agents has been incorporated in 38% of all contracts. Kemira is targeting the effective use of the Code of Conduct for Suppliers, Distributors, and Agents in all relevant supplier relationships by the end of 2013. The supplier audit process and the related governance model have been defined, and the selection of suppliers for the audit has been completed.

Safety performance for Kemira employees and contractors is reported by Total Recordable Injuries (TRI) per million working hours. At the end of September 2013 the 12-month rolling average TRI for Kemira employees and contractors decreased to 6.2 (8.4 at the end of September 2012).

19% of Kemira's managers participated in the leadership development programs. Kemira's target is that every manager participates in one of the leadership development programs at least once every 3 years.

Sustainability and safety criteria have been integrated into 80% of all NPD (New Product Development) projects initiated in 2013 and into 71% of the ongoing NPD projects as the part of Kemira's NPD process.

Community involvement initiatives took place at 8 out of 28 major Kemira sites. Kemira's target is that each Kemira site with over 50 employees will participate in local community involvement initiatives at least once by the end of 2015.

## SEGMENTS

### Paper

*Paper has unique expertise in applying chemicals and supporting pulp & paper producers to innovate and constantly improve their operational efficiency. We develop and commercialize new products to fulfill customer needs and to ensure the leading portfolio of products and services for paper wet-end, focusing on packaging and board, as well as tissue. We leverage our strong pulp & paper application portfolio in North America and EMEA and build a strong position in China, Indonesia and Brazil.*

EUR million	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012	2012
<b>Revenue</b>	<b>271.0</b>	256.9	<b>795.1</b>	753.9	1,005.6
Operative EBITDA	<b>34.6</b>	31.9	<b>95.5</b>	87.4	117.5
Operative EBITDA, %	<b>12.8</b>	12.4	<b>12.0</b>	11.6	11.7
EBITDA	<b>29.5</b>	19.8	<b>76.2</b>	74.9	93.3
EBITDA, %	<b>10.9</b>	7.7	<b>9.6</b>	9.9	9.3
<b>Operative EBIT</b>	<b>23.6</b>	20.9	<b>62.8</b>	55.8	75.3
Operative EBIT, %	<b>8.7</b>	8.1	<b>7.9</b>	7.4	7.5
EBIT	<b>18.5</b>	0.8	<b>36.0</b>	34.7	44.7
EBIT, %	<b>6.8</b>	0.3	<b>4.5</b>	4.6	4.4
Capital employed*	<b>762.3</b>	784.0	<b>762.3</b>	784.0	777.2
ROCE*	<b>6.0</b>	6.7	<b>6.0</b>	6.7	5.8
Capital expenditure	<b>16.8</b>	28.5	<b>50.8</b>	64.6	72.2
<b>Cash flow after investing activities</b>	<b>-6.5</b>	2.9	<b>41.2</b>	12.0	8.1

\*12-month rolling average

### Third quarter

The Paper segment's **revenue** increased 5% to EUR 271.0 million (256.9) mainly due to the sales volume growth in EMEA, NAFTA and SA. Sales price changes did not have a material impact on revenues. Currency exchange had -3% impact.

The Paper segment's revenue in EMEA increased by more than 10% as sales volumes continued to grow, especially in the two biggest differentiated product lines, polymers and sizing agents. In NAFTA, revenues increased by 7%, despite the unfavorable currency exchange. Sales prices increased and sales volume recovery continued in all main product lines. In SA, sales volumes and sales prices increased, but the impact of negative currency exchange drove revenues nearly 10% lower compared to the third quarter of 2012. In APAC, sales volumes were close to the level of the comparable period in 2012, but revenues declined more than 10% mainly due to lower sales prices and unfavorable currency exchange.

**The operative EBIT** increased 13% to EUR 23.6 million (20.9) mainly due to the continued growth of sales volumes. Slightly higher sales prices and lower fixed costs also contributed to the increased operative EBIT. Variable costs were higher as the raw material costs, especially related to electricity, increased. “Fit for Growth” savings amounted to EUR 5 million and could more than compensate for the higher sales and marketing expenses. Currency exchange had a small negative impact on the operative EBIT. The operative EBIT margin improved to 8.7% (8.1%).

**Non-recurring items affecting EBIT** were EUR -5 million (-20). Non-recurring items included restructuring charges related to the continuous efficiency improvement measures and the establishment of the Business Service Center in Gdansk, Poland.

### January-September

The Paper segment’s **revenue** increased 5% to EUR 795.1 million (753.9). The revenues in local currencies and excluding divestments grew 7% due to the sales volume growth, especially in polymers, sizing agents and other differentiated process chemicals. Sales price changes did not have a material impact on revenues. Currency exchange had -2% impact.

**The operative EBIT** increased 13% to EUR 62.8 million (55.8). Higher sales volumes more than offset the negative impact of higher variable costs. Higher sales and marketing expenses were offset by the “Fit for Growth” cost savings of EUR 13 million. The operative EBIT margin improved to 7.9 % (7.4%).

**Non-recurring items affecting the EBIT** were EUR -27 million (-21) mainly related to the restructuring charges of EUR -16 million related to the announced closure of the Vaasa process chemicals site and EUR -5 million restructuring charges related to the establishment of the Business Service Center in Gdansk, Poland. “Fit for Growth” -related write-downs, severance payments and external service costs amounted to EUR -2 million. Other, continuous efficiency improvement related restructuring charges amounted to EUR -5 million.

In September, Kemira announced the acquisition of Soto Industries Inc. (Vancouver, Canada). Soto supplies a broad range of specialty chemicals including digester scale control, silicone and oil-based defoamers, as well as polymers used in green liquor clarification and effluent treatment for pulp and papermaking.

## MUNICIPAL & INDUSTRIAL

M&I is a leading water chemicals supplier for raw and waste water applications in EMEA and North America, and aims to capture selected growth opportunities in emerging markets. We enable our municipal and industrial customers to improve their water treatment efficiency by supplying them with competitive, high-performing products and value adding application support.

EUR million	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012	2012
<b>Revenue</b>	<b>164.2</b>	176.5	<b>507.0</b>	511.2	686.6
Operative EBITDA	<b>19.7</b>	21.6	<b>54.7</b>	51.7	64.0
Operative EBITDA, %	<b>12.0</b>	12.2	<b>10.8</b>	10.1	9.3
EBITDA	<b>9.8</b>	13.4	<b>39.6</b>	43.1	34.0
EBITDA, %	<b>6.0</b>	7.6	<b>7.8</b>	8.4	5.0
<b>Operative EBIT</b>	<b>14.4</b>	15.2	<b>38.9</b>	32.9	39.2
Operative EBIT, %	<b>8.8</b>	8.6	<b>7.7</b>	6.4	5.7
EBIT	<b>4.6</b>	-1.7	<b>23.9</b>	12.0	-16.5
EBIT, %	<b>2.8</b>	-1.0	<b>4.7</b>	2.3	-2.4
Capital employed*	<b>321.5</b>	386.1	<b>321.5</b>	386.1	374.4
ROCE*	<b>-1.5</b>	4.2	<b>-1.5</b>	4.2	-4.4
Capital expenditure	<b>10.3</b>	9.5	<b>29.3</b>	26.2	31.7
<b>Cash flow after investing activities</b>	<b>21.0</b>	18.2	<b>26.4</b>	22.1	39.2

\*12-month rolling average

### Third quarter

The Municipal & Industrial segment's **revenue** decreased 7% to EUR 164.2 million (176.5) due to lower sales volumes, an unfavorable currency exchange impact of -3% and smaller disposals in Denmark and Romania.

The revenues in EMEA were close to a level of the comparable quarter in 2012, as sales volumes and sales prices were unchanged and smaller disposals in Denmark and Romania had only a small negative impacts on revenues. In NAFTA and in SA, the revenues decreased more than 10%, mainly due to lower sales volumes and unfavorable currency exchanges. Higher sales prices could partly compensate for the lower sales volumes.

**The operative EBIT** decreased 5% to EUR 14.4 million (15.2) mainly due to EUR 4 million higher variable costs. Raw material costs, mainly related to hydrochloric acid and acrylonitrile, increased and were the main reason for the increased variable costs. Slightly higher sales prices compensated for the lower sales volumes. The "Fit for Growth"-related costs savings of EUR 5 million more than offset the higher manufacturing-related fixed costs. The operative EBIT margin improved to 8.8% (8.6%).

**Non-recurring items affecting the EBIT** were EUR -10 million (-17), mainly related to smaller disposals in Denmark and Romania, restructuring charges for the streamlined organization and the establishment of the Business Service Center in Gdansk, Poland.

### January-September

The Municipal & Industrial segment's **revenue** was EUR 507.0 million (511.2). The revenues in local currencies and excluding divestments increased by 1% due to the higher sales volumes, especially in EMEA and APAC and higher sales prices in SA. Currency exchange had an impact of -2%.

**The operative EBIT** increased 18% to EUR 38.9 million (32.9). "Fit for Growth" savings of EUR 14 million were the main reason for the improved profitability. Higher sales volumes and changes in sales prices had positive impacts on the operative EBIT. Variable costs increased EUR 8 million driven mainly by the higher propylene based raw material costs. The operative EBIT margin improved to 7.7% (6.4%).

**Non-recurring items affecting the EBIT** were EUR -15 million (-21), mainly related to the smaller disposals in Denmark and Romania, restructuring charges for the streamlined organization and the "Fit for Growth" program as well as for the establishment of a Business Service Center in Gdansk, Poland.

In September, Kemira announced that in-line with its strategy, Municipal & Industrial has started the implementation of a new business model, driven by a more streamlined organization. The new organization will result in a reduction of approximately 50 employees and in a more focused R&D approach with a 40% reduction of the Municipal & Industrial-related R&D portfolio. The new business model includes customer segmentation based on customer need and buying behaviour. The streamlined organization and the new business model are expected to result in more than EUR 5 million annual savings once fully implemented by the end of the second quarter 2014.

Kemira is investing in two new coagulant plants in Germany and in Spain, next to the Bayer MaterialScience's isocyanate production plants in Dormagen, Germany and Tarragona, Spain. The investment will further strengthen Kemira's manufacturing network in Western Europe and secure a long term, cost-efficient access to hydrochloric acid, the key raw material for coagulants. The coagulant plant in Dormagen, Germany is expected to be operational during the fourth quarter of 2013 and the plant in Tarragona, Spain is expected to be operational at the end of the first quarter 2014.



## OIL & MINING

O&M provides a unique combination of innovative chemicals and application knowledge that improves process efficiency and yield in oil, gas and metals recovery. We use our in-depth understanding of extraction processes to tailor solutions for water management and re-use. Expanding from our position in North America and EMEA, we continue to build a strong base for growth in South America, Middle East, and Africa.

EUR million	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012	2012
<b>Revenue</b>	<b>76.8</b>	79.4	<b>233.0</b>	249.0	321.1
Operative EBITDA	<b>10.4</b>	10.8	<b>26.4</b>	33.5	40.6
Operative EBITDA, %	<b>13.5</b>	13.6	<b>11.3</b>	13.5	12.6
EBITDA	<b>8.0</b>	7.3	<b>21.4</b>	29.9	31.2
EBITDA, %	<b>10.4</b>	9.2	<b>9.2</b>	12.0	9.7
<b>Operative EBIT</b>	<b>6.7</b>	7.0	<b>15.3</b>	22.5	25.9
Operative EBIT, %	<b>8.7</b>	8.8	<b>6.6</b>	9.0	8.1
EBIT	<b>4.3</b>	1.1	<b>10.4</b>	16.5	14.2
EBIT, %	<b>5.6</b>	1.4	<b>4.5</b>	6.6	4.4
Capital employed*	<b>171.9</b>	176.6	<b>171.9</b>	176.6	177.7
ROCE*	<b>4.7</b>	12.5	<b>4.7</b>	12.5	8.0
Capital expenditure	<b>4.5</b>	5.2	<b>10.3</b>	16.1	20.2
<b>Cash flow after investing activities</b>	<b>1.8</b>	10.0	<b>-8.2</b>	-7.6	-5.3

\*12-month rolling average

### Third quarter

The Oil & Mining segment's **revenue** decreased 3% to EUR 76.8 million (79.4), including a negative impact of -3% of the previously reported ongoing termination of low margin products, which was completed at the end of the third quarter 2013.

The revenues in local currencies, excluding the impact of exited product sales increased 5% mainly due to increased sales prices and somewhat higher sales volumes. Currency exchange had a -5% impact. In NAFTA, the revenue increased by more than 10%, excluding the unfavorable currency exchange impact of -6%. Revenue increased as a result of the continued growth in differentiated products, especially polymers. In EMEA, the revenues continued to decline due to the market softness.

**The operative EBIT** decreased 4% to EUR 6.7 million (7.0) mainly due to unfavorable currency exchange. Improved product mix and favorable sales pricing had positive impacts on the operative EBIT. Fixed costs remained close to the level of the third quarter 2012, whereas mainly propylene price driven variable costs increased. The operative EBIT margin was 8.7% (8.8%).

### January-September

The Oil & Mining segment's **revenue** decreased 6% to EUR 233.0 million (249.0) including the impact of -4% of the previously reported carryover on the termination of low margin product sales. The

revenue in local currencies, excluding the impact of exited product sales, remained at the level of the comparable period in 2012. Currency exchange had a -3% impact on revenues.

**The operative EBIT** decreased 32% to EUR 15.3 million (22.5) as a result of lower revenue and higher fixed as well as variable costs. The operative EBIT margin declined to 6.6% (9.0%).

## CHEMSOLUTIONS

*ChemSolutions reliably provides customers with formic acid and high-performing derivatives as well as environmentally sound bleaching agents. Our economy of scale, based on our world-class operations in EMEA in combination with our people's dedication to quality and efficiency, enable us to continuously improve our competitiveness.*

EUR million	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012	2012
<b>Revenue</b>	<b>41.7</b>	54.4	<b>148.8</b>	168.3	227.6
Operative EBITDA	<b>4.2</b>	6.8	<b>17.3</b>	19.4	27.3
Operative EBITDA, %	<b>10.1</b>	12.5	<b>11.6</b>	11.5	12.0
EBITDA	<b>3.1</b>	3.9	<b>15.9</b>	16.5	21.3
EBITDA, %	<b>7.4</b>	7.2	<b>10.7</b>	9.8	9.4
<b>Operative EBIT</b>	<b>2.8</b>	3.7	<b>12.7</b>	10.2	15.1
Operative EBIT, %	<b>6.7</b>	6.8	<b>8.5</b>	6.1	6.6
EBIT	<b>1.6</b>	0.5	<b>11.2</b>	7.1	-9.3
EBIT, %	<b>3.8</b>	0.9	<b>7.5</b>	4.2	-4.1
Capital employed*	<b>120.4</b>	204.4	<b>120.4</b>	204.4	192.6
ROCE*	<b>-4.2</b>	6.4	<b>-4.2</b>	6.4	-4.8
Capital expenditure	<b>1.0</b>	2.1	<b>2.1</b>	8.8	10.0
<b>Cash flow after investing activities</b>	<b>-1.2</b>	3.8	<b>76.2</b>	16.4	23.6

\*12-month rolling average

### Third quarter

The ChemSolutions segment's **revenue** decreased 23% to EUR 41.7 million (54.4) mainly due to divestment of the food and pharmaceuticals businesses. Revenue in local currencies, excluding divestments, remained approximately at the level of the comparable period. Sodium percarbonate and formic acid product lines-related sales volume growth could offset the impact of lower sales prices. Currency exchange had a -1% impact.

**The operative EBIT** decreased 24% to EUR 2.8 million (3.7) mainly due to the divestment of the food and pharmaceuticals businesses and decreased sales prices. Variable and fixed costs decreased mainly as a result of the "Fit for Growth" cost savings program. The operative EBIT margin was 6.7% (6.8%).

### January-September

The ChemSolutions segment's **revenue** decreased 12% to EUR 148.8 million (168.3). The revenue in local currencies and excluding divestments increased 6%, mainly due to the higher sales volumes in all main

product lines. Sales prices were slightly lower than in the comparable period in 2012. The divestment of the food and pharmaceuticals businesses had an impact of -17% on revenues.

**The operative EBIT** increased 25% to EUR 12.7 million (10.2) mainly due to the result of higher sales volumes. The operative EBIT margin increased to 8.5% (6.1%).

In September 2013, Kemira announced that it is reviewing options to exit the formic acid and formic acid derivatives part of the ChemSolutions business. According to its strategy, Kemira focuses on pulp & paper, oil & gas, mining, and water treatment and provides expertise and tailored combinations of chemicals for water-intensive industries. ChemSolutions is a non-core part of Kemira's business with limited synergies to Kemira's core business.

## KEMIRA OYJ'S SHARES AND SHAREHOLDERS

On September 30, 2013, 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 Annual General Meeting.

At the end of September, Kemira Oyj had 29,659 registered shareholders (30,601 at the end of December 2012). Foreign shareholders held 22.0% of the shares (17.1% at the end of December 2012) including nominee registered holdings. Households owned 14.6% of the shares (15.4% at the end of December 2012). Kemira held 3,301,006 treasury shares (3,301,769 at the end of December, 2012) representing 2.1% (2.1% at the end of December 2012) of all company shares. On the basis of Kemira's share-based incentive scheme, Kemira has received a return of 7,389 Kemira's shares during January-September 2013. Based on the decision of the Annual General Meeting of Kemira Oyj on March 26, 2013, Kemira Oyj has transferred 8,152 shares on May 5, 2013, to the members of the Board of Directors as a part of the remuneration to the Board.

Kemira Oyj's share closed at EUR 11.39 on the NASDAQ OMX Helsinki at the end of September 2013 (11.81 at the end of December 2012). Shares registered a high of EUR 13.02 and a low of EUR 10.55 in January-September 2013. The average share price was EUR 11.79. The company's market capitalization, excluding treasury shares, was EUR 1,769 million at the end of September 2013 (1,796 at the end of December 2012). In January-September 2013, Kemira Oyj's share trading volume on NASDAQ OMX Helsinki decreased 35% to 47.5 million (72.8). The trading value of the shares decreased 23% to EUR 555.1 million (716.7). The average daily trading volume was 251,540 (384,923) shares. Source: NASDAQ OMX.

In addition to NASDAQ OMX Helsinki, Kemira shares are traded on several alternative market places or multilateral trading facilities (MTF), for example at Chi-X, BATS and Turquoise. In January-September 2013, a total of 19.6 million (23.5) Kemira Oyj's shares were traded on the alternative market places or 29% (24%) of the total amount of traded shares. Source: Fidessa.

The total amount of traded Kemira shares, including trade on NASDAQ OMX Helsinki and multilateral trading facilities decreased by 30% in January-September 2013 compared to January-September 2012.

## Authorizations

The AGM 2013 authorized the Board of Directors to decide upon the repurchase of a maximum of 4,500,000 company's own shares ("Share repurchase authorization"). The Share repurchase authorization is valid until

the end of the next Annual General Meeting.

The AGM 2013 also authorized the Board of Directors to decide to issue a maximum of 15,600,000 new shares and/or transfer a maximum of 7,800,000 of the company's own shares held by the company ("Share issue authorization"). The Share issue authorization is valid until May 31, 2014. The share issue authorization has been used in connection with the Board of Directors remuneration.

## **SHORT-TERM RISKS AND UNCERTAINTIES**

There have been no significant changes in Kemira's short-term risks or uncertainties compared to December 31, 2012.

A detailed account of Kemira's risk management principles and organization is available on the company's website at <http://www.kemira.com>. An account of the financial risks is available in the Notes to the Financial Statements 2012. Environmental and hazard risks are discussed in Kemira's Sustainability Report that was published as part of Kemira's Annual Report 2012 on February 28, 2013.

## **OTHER EVENTS DURING THE REVIEW PERIOD**

On September 27, Kemira announced that Kemira's President and CEO Wolfgang Büchele will resign from his position to become the CEO of Linde AG. It has been agreed that Büchele will continue as Kemira's President and CEO until April 30, 2014.

On September 27, Kemira's Nomination Board proposed to the Annual General Meeting 2014 an election of Wolfgang Büchele as a member of the Board of Directors.

## **EVENTS AFTER THE REVIEW PERIOD**

Kemira closed the acquisition of 3F Chimica S.p.A on October 1, 2013. The acquisition of 3F strengthens Kemira's market position as the second largest dry and emulsion polyacrylamide polymer producer globally. It also enables the backward integration into some key intermediates, such as bio-acrylamide and cationic monomers. Once fully integrated, the transaction is expected to result in approximately EUR 10 million synergies. In 2013, the annual revenues of 3F are expected to be EUR 70-75 million.

On October 8, Kemira announced that it was for the first time recognized in the CDP Nordic Climate Disclosure Leadership Index. Kemira achieved a score of 96 out of 100 in the index that measures the disclosure of information regarding climate change.

## **KEMIRA'S FINANCIAL TARGETS, RESTRUCTURING PROGRAM "FIT FOR GROWTH" AND OUTLOOK 2013 (REVENUE OUTLOOK UNCHANGED, OPERATIVE EBIT OUTLOOK ADJUSTED)**

Kemira will continue to focus on improving its profitability and reinforcing the positive cash flow. The company will also continue to invest in order to secure the future growth in the water quality and quantity management business.

Kemira's financial targets have been revised in connection with its strategy update on April 23, 2013. The company's financial targets for 2016 are:

- revenue EUR 2.6 – 2.7 billion
- EBITDA-% of revenue 15%
- gearing level < 60%.

In addition, Kemira expects its medium-term operative tax rate to be in the range of 22%-24%. The operative tax rate excludes non-recurring items and the impact of the income from associated companies.

The basis for growth is the expanding market for chemicals related to water quality and quantity management and Kemira's strong expertise in this field. The need to increase operational efficiency in our customer industries creates opportunities for Kemira to develop new products and services for both current and new customers. Research and Development is a critical organic growth enabler for Kemira and it provides differentiation capabilities in the water quality and quantity management markets. Kemira will invest in innovation, technical expertise, and competencies in the targeted focus areas.

### **Restructuring program “Fit for Growth”**

Kemira Oyj has continued to implement its global restructuring program “Fit for Growth”, launched at the end of July 2012 in order to improve the company's profitability, its internal efficiency and to accelerate the growth in emerging markets without sacrificing business opportunities in the mature markets. The cost savings target with the program is EUR 60 million on an annualized basis. In 2012, the cost savings impact of “Fit for Growth” was EUR 10 million.

The anticipated EUR 60 million cost saving impact of the program is expected to be as follows: EUR 10 million in 2012, more than EUR 45 million in 2013 and EUR 60 million in 2014. The ultimate goal of the program is to reach at least 10% EBIT margin in 2014. Headcount reductions will account for 50% of the expected savings. The remaining 50% will be achieved through manufacturing network consolidation as well as through leaner operations. Based on the detailed list of measures, the cost savings estimates for the different segments are as follows: Paper EUR 22 million, Municipal & Industrial EUR 22 million, Oil & Mining EUR 12 million and ChemSolutions EUR 4 million.

Non-recurring charges related to the restructuring program were EUR 76 million, EUR 46 million of which were severance payments and external services related costs and EUR 30 million were the asset write-downs. EUR 71 million of the restructuring charges were booked in 2012 and EUR 5 million in the first half of 2013.

### **Outlook**

Outlook for 2013 revenue remains unchanged. Kemira expects revenue in local currencies, excluding divestments to be slightly higher than in 2012. Outlook for operative EBIT is adjusted. Kemira expects the fourth quarter operative EBIT to be between EUR 42-50 million.

The guidance for 2013 is defined as follows.



<b>Kemira guidance</b>	<b>Definition</b>
Slightly higher/lower	from 0% to 5% or from 0% to -5%
Higher/lower	from 5% to 15% or from -5% to -15%
Significantly higher/lower	more than 15% or less than -15%

Helsinki, October 22, 2013

Kemira Oyj  
Board of Directors

## **FINANCIAL CALENDAR 2013 AND 2014**

Financial results for the year 2013	February 7, 2014
Interim report January-March 2014	April 23, 2014
Interim report January-June 2014	July 22, 2014
Interim report January-September 2014	October 22, 2014

Kemira Oyj's Annual Report 2013 will be published during the week beginning on February 24, 2014.

The Annual General Meeting is scheduled for Monday, March 24, 2014 at 1.00 pm (CET+1).

*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

### CONSOLIDATED INCOME STATEMENT

	7-9/2013	7-9/2012	1-9/2013	1-9/2012	2012
<b>EUR million</b>					
<b>Revenue</b>	<b>553.7</b>	567.2	<b>1,683.9</b>	1,682.4	2,240.9
Other operating income	3.2	2.5	9.3	8.2	13.8
Operating expenses	-506.5	-525.5	-1,540.1	-1,526.3	-2,074.8
Depreciation, amortization and impairment	-21.4	-43.5	-71.6	-94.0	-146.8
<b>Operating profit (EBIT)</b>	<b>29.0</b>	0.7	<b>81.5</b>	70.3	33.1
Finance costs, net	-2.4	-2.7	-31.3	-11.6	-15.7
Share of profit or loss of associates	0.1	0.3	-1.0	16.9	11.2
<b>Profit before tax</b>	<b>26.7</b>	-1.7	<b>49.2</b>	75.6	28.6
Income tax expense	-10.4	3.1	-26.4	-12.7	-6.2
<b>Net profit for the period</b>	<b>16.3</b>	1.4	<b>22.8</b>	62.9	22.4
<b>Net profit attributable to:</b>					
Equity owners of the parent	14.5	0.1	18.5	59.3	17.7
Non-controlling interests	1.8	1.3	4.3	3.6	4.7
<b>Net profit for the period</b>	<b>16.3</b>	1.4	<b>22.8</b>	62.9	22.4
Earnings per share, basic and diluted, EUR	0.09	0.00	0.12	0.39	0.12

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	7-9/2013	7-9/2012	1-9/2013	1-9/2012	2012
<b>EUR million</b>					
<b>Net profit for the period</b>	<b>16.3</b>	1.4	<b>22.8</b>	62.9	22.4
<b>Other comprehensive income:</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Available-for-sale financial assets	0.0	0.0	0.0	0.0	5.4
Exchange differences on translating foreign operations	-2.7	7.0	-12.1	10.8	2.3
Cash flow hedges	2.1	-0.8	0.8	-0.3	-1.0
<b>Items that will not be reclassified subsequently to profit or loss:</b>					
Actuarial losses and gains on defined benefit pension plans	0.0	0.0	2.9	0.0	-38.6
<b>Other comprehensive income for the period, net of tax</b>	<b>-0.6</b>	6.2	<b>-8.4</b>	10.5	-31.9
<b>Total comprehensive income for the period</b>	<b>15.7</b>	7.6	<b>14.4</b>	73.4	-9.5
<b>Total comprehensive income attributable to:</b>					
Equity owners of the parent	13.7	6.1	10.7	69.1	-14.9
Non-controlling interests	2.0	1.5	3.7	4.3	5.4
<b>Total comprehensive income for the period</b>	<b>15.7</b>	7.6	<b>14.4</b>	73.4	-9.5

## CONSOLIDATED BALANCE SHEET

	30.9.2013	31.12.2012
EUR million		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	514.9	522.5
Other intangible assets	61.0	60.5
Property, plant and equipment	647.2	655.9
Investments in associates	0.8	122.8
Available-for-sale financial assets	274.5	264.0
Deferred income tax assets	35.4	30.1
Other investments	12.3	9.8
Defined benefit pension receivables	11.3	16.5
<b>Total non-current assets</b>	<b>1,557.4</b>	<b>1,682.1</b>
<b>Current assets</b>		
Inventories	186.8	181.9
Interest-bearing receivables	0.2	0.3
Trade and other receivables	356.7	353.1
Current income tax assets	26.1	18.9
Cash and cash equivalents	164.9	132.7
<b>Total current assets</b>	<b>734.7</b>	<b>686.9</b>
Non-current assets classified as held-for-sale	0.0	93.3
<b>Total assets</b>	<b>2,292.1</b>	<b>2,462.3</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity attributable to equity owners of the parent	1,178.7	1,247.4
Non-controlling interests	11.6	13.2
<b>Total equity</b>	<b>1,190.3</b>	<b>1,260.6</b>
<b>Non-current liabilities</b>		
Interest-bearing liabilities	292.8	387.5
Other liabilities	21.4	21.4
Deferred income tax liabilities	44.6	39.1
Defined benefit pension liabilities	81.8	87.1
Provisions	21.2	21.8
<b>Total non-current liabilities</b>	<b>461.8</b>	<b>556.9</b>
<b>Current liabilities</b>		
Interest-bearing current liabilities	281.1	277.2
Trade payables and other liabilities	309.1	315.5
Current income tax liabilities	24.0	17.3
Provisions	25.8	23.8
<b>Total current liabilities</b>	<b>640.0</b>	<b>633.8</b>
Liabilities directly associated with the assets classified as held-for-sale	0.0	11.0
<b>Total liabilities</b>	<b>1,101.8</b>	<b>1,201.7</b>
<b>Total equity and liabilities</b>	<b>2,292.1</b>	<b>2,462.3</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	7-9/2013	7-9/2012	1-9/2013	1-9/2012	2012
EUR million					
<b>Cash flow from operating activities</b>					
Net profit for the period	16.3	1.4	22.8	62.9	22.4
Total adjustments	39.9	63.2	142.6	121.1	196.9
Operating profit before change in net working capital	56.2	64.6	165.4	184.0	219.3
Change in net working capital	-4.9	15.5	-16.0	-27.7	-21.1
Cash generated from operations	51.3	80.1	149.4	156.3	198.2
Finance expenses, net and dividends received	7.1	16.8	0.0	15.4	8.3
Income taxes paid	-9.0	-4.3	-21.1	-21.2	-30.2
<b>Net cash generated from operating activities</b>	<b>49.4</b>	<b>92.6</b>	<b>128.3</b>	<b>150.5</b>	<b>176.3</b>
<b>Cash flow from investing activities</b>					
Purchases of subsidiaries, net of cash acquired	-2.5	-	-2.5	-	-
Other capital expenditure	-30.1	-45.2	-90.0	-115.6	-134.1
Proceeds from sale of assets and paid in capital	0.0	-0.3	181.6	28.3	29.8
Change in long-term loan receivables decrease (+) / increase (-)	-3.0	-0.8	-3.2	-0.8	-0.2
<b>Net cash used in investing activities</b>	<b>-35.6</b>	<b>-46.3</b>	<b>85.9</b>	<b>-88.1</b>	<b>-104.5</b>
<b>Cash flow from financing activities</b>					
Proceeds from non-current interest-bearing liabilities (+)	-6.0	0.9	0.9	2.1	1.6
Repayments from non-current interest-bearing liabilities (-)	-54.8	-65.5	-63.7	-73.6	-81.5
Short-term financing, net increase (+) / decrease (-)	76.1	16.8	-22.6	62.1	43.3
Dividends paid	-1.8	-0.3	-85.1	-85.1	-85.1
Other finance items	-0.7	-0.3	0.5	-0.1	-0.9
<b>Net cash used in financing activities</b>	<b>12.8</b>	<b>-48.4</b>	<b>-170.0</b>	<b>-94.6</b>	<b>-122.6</b>
<b>Net decrease (-) / increase (+) in cash and cash equivalents</b>	<b>26.6</b>	<b>-2.1</b>	<b>44.2</b>	<b>-32.2</b>	<b>-50.8</b>
Cash and cash equivalents at end of period	164.9	152.5	164.9	152.5	132.7
Exchange gains (+) / losses (-) on cash and cash equivalents	1.6	0.8	2.9	1.1	2.3
Cash and cash equivalents at beginning of period	139.9	155.4	123.6*)	185.8	185.8
<b>Net decrease (-) / increase (+) in cash and cash equivalents</b>	<b>26.6</b>	<b>-2.1</b>	<b>44.2</b>	<b>-32.2</b>	<b>-50.8</b>

\*) Investment of EUR 9.1 million is part of Cash and cash equivalents at year ended 31 December, 2012 has now been reclassified to Available-for-sale investments.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million

	Equity attributable to equity owners of the parent							Total	Non-controlling interests	Total Equity
	Share capital	Share premium	Fair value and other reserves	Un-restricted equity reserve	Exchange differences	Treasury shares	Retained earnings			
<b>Reported equity at January 1, 2012</b>	221.8	257.9	89.3	196.3	-24.6	-22.3	640.1	1,358.5	12.3	1,370.8
Effect of application of IAS 19 revised	-	-	-	-	-	-	-16.5	-16.5	-	-16.5
<b>Restated equity at January 1, 2012</b>	221.8	257.9	89.3	196.3	-24.6	-22.3	623.6	1,342.0	12.3	1,354.3
<b>Net profit for the period</b>	-	-	-	-	-	-	59.3	59.3	3.6	62.9
Other comprehensive income, net of tax	-	-	-0.3	-	10.0	-	-	9.7	0.8	10.5
<b>Total comprehensive income</b>	-	-	-0.3	-	10.0	-	59.3	69.0	4.4	73.4
<b>Transactions with owners</b>										
Dividends paid	-	-	-	-	-	-	-80.6 *)	-80.6	-4.5	-85.1
Treasury shares issued to the Board of Directors	-	-	-	-	-	0.1	-	0.1	-	0.1
Share-based payments	-	-	-	-	-	-	0.8	0.8	-	0.8
Transfers in equity	-	-	-	-	-0.1	-	0.1	0.0	-	0.0
<b>Transactions with owners</b>	-	-	-	-	-0.1	0.1	-79.7	-79.7	-4.5	-84.2
<b>Equity at September 30, 2012</b>	221.8	257.9	89.0	196.3	-14.7	-22.2	603.2	1,331.3	12.2	1,343.5

\*) A dividend was EUR 80.6 million in total (EUR 0.53 per share) in respect of the financial year ended December 31, 2011. The annual general meeting approved EUR 0.53 dividend on March 21, 2012. The dividend record date was March 26, 2012, and the payment date April 2, 2012.

<b>Reported equity at December 31, 2012</b>	221.8	257.9	93.7	196.3	-23.1	-22.2	577.2	1,301.6	13.2	1,314.8
Effect of application of IAS 19 revised	-	-	-	-	-	-	-54.2	-54.2	-	-54.2
<b>Restated equity at January 1, 2013</b>	221.8	257.9	93.7	196.3	-23.1	-22.2	523.0	1,247.4	13.2	1,260.6
<b>Net profit for the period</b>	-	-	-	-	-	-	18.5	18.5	4.3	22.8
Other comprehensive income, net of tax	-	-	0.8	-	-11.5	-	2.9	-7.8	-0.6	-8.4
<b>Total comprehensive income</b>	-	-	0.8	-	-11.5	-	21.4	10.7	3.7	14.4
<b>Transactions with owners</b>										
Dividends paid	-	-	-	-	-	-	-80.6 *)	-80.6	-4.5	-85.1
Returned treasury shares	-	-	-	-	-	-0.1	-	-0.1	-	-0.1
Treasury shares issued to the Board of Directors	-	-	-	-	-	0.1	-	0.1	-	0.1
Share-based payments	-	-	-	-	-	-	0.4	0.4	-	0.4
Changes due to business combinations	-	-	-0.5	-	-	-	1.3	0.8	-0.8	0.0
<b>Transactions with owners</b>	-	-	-0.5	-	-	0.0	-78.9	-79.4	-5.3	-84.7
<b>Equity at September 30, 2013</b>	221.8	257.9	94.0	196.3	-34.6	-22.2	465.5	1,178.7	11.6	1,190.3

\*) A dividend was EUR 80.6 million in total (EUR 0.53 per share) in respect of the financial year ended December 31, 2012. The annual general meeting approved EUR 0.53 dividend on March 26, 2013. The dividend record date was April 2, 2013, and the payment date April 9, 2013.

Kemira had in its possession 3,301,006 of its treasury shares on September 30, 2013. The average share price of treasury shares was EUR 6.73 and they represented 2.1% of the share capital and the aggregate number of votes conferred by all shares. The aggregate par value of the treasury shares is EUR 4.7 million.

The share premium is a reserve accumulating through subscriptions entitled by the management stock option program 2001. This reserve based on the old Finnish Companies Act (734/1978), which does not change anymore. 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 originate from local requirements of subsidiaries. The unrestricted equity reserve includes other equity type investments and the subscription price of shares to the extent that they will not, based on a specific decision, be recognized in share capital.



## KEY FIGURES

	7-9/2013	7-9/2012	1-9/2013	1-9/2012	2012
Earnings per share, basic and diluted, EUR *)	0.09	0.00	0.12	0.39	0.12
Cash flow from operations per share, EUR *)	0.32	0.61	0.84	0.99	1.16
Capital expenditure, EUR million	32.6	45.2	92.5	115.6	134.1
Capital expenditure / revenue, %	5.9	8.0	5.5	6.9	6.0
Average number of shares, basic (1,000) *)	152,042	152,041	152,038	152,036	152,037
Average number of shares, diluted (1,000) *)	152,206	152,190	152,183	152,179	152,173
Number of shares at end of period, basic (1,000) *)	152,042	152,041	152,042	152,041	152,041
Number of shares at end of period, diluted (1,000) *)	152,206	152,190	152,206	152,190	152,090
Equity per share, EUR *)			7.75	8.75	8.20
Equity ratio, %			52.0	51.7	51.2
Gearing, %			34.4	40.5	42.2
Interest-bearing net liabilities, EUR million			409.0	544.4	532.0
Personnel (average)			4,653	5,087	5,043

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

## REVENUE BY BUSINESS AREA

	7-9/2013	7-9/2012	1-9/2013	1-9/2012	2012
<b>EUR million</b>					
Paper	271.0	256.9	795.1	753.9	1,005.6
Municipal & Industrial	164.2	176.5	507.0	511.2	686.6
Oil & Mining	76.8	79.4	233.0	249.0	321.1
ChemSolutions	41.7	54.4	148.8	168.3	227.6
<b>Total</b>	<b>553.7</b>	<b>567.2</b>	<b>1,683.9</b>	<b>1,682.4</b>	<b>2,240.9</b>

## OPERATING PROFIT (EBIT) BY BUSINESS AREA

	7-9/2013	7-9/2012	1-9/2013	1-9/2012	2012
<b>EUR million</b>					
Paper	18.5	0.8	36.0	34.7	44.7
Municipal & Industrial	4.6	-1.7	23.9	12.0	-16.5
Oil & Mining	4.3	1.1	10.4	16.5	14.2
ChemSolutions	1.6	0.5	11.2	7.1	-9.3
<b>Total</b>	<b>29.0</b>	<b>0.7</b>	<b>81.5</b>	<b>70.3</b>	<b>33.1</b>

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT

	1-9/2013	1-9/2012	2012
<b>EUR million</b>			
<b>Carrying amount at beginning of year</b>	<b>655.9</b>	656.0	656.0
Acquisitions of subsidiaries	-	-	-
Increases	69.9	104.7	135.3
Decreases	-0.3	-1.3	-2.8
Disposal of subsidiaries	-3.5	-	-
Depreciation and impairments	-62.4	-83.3	-113.0
Transferred to non-current assets classified as held-of-sale	-	-	-17.2
Exchange rate differences and other changes	-12.4	9.5	-2.4
<b>Net carrying amount at end of period</b>	<b>647.2</b>	685.6	655.9

## CHANGES IN INTANGIBLE ASSETS

	1-9/2013	1-9/2012	2012
<b>EUR million</b>			
<b>Carrying amount at beginning of year</b>	<b>583.0</b>	673.5	673.5
Acquisitions of subsidiaries	-	-	-
Increases	9.9	7.4	8.0
Decreases	0.0	-0.1	-0.1
Disposal of subsidiaries	-	-	-
Depreciation and impairments	-9.2	-10.7	-33.8
Transferred to non-current assets classified as held-of-sale	-	-	-57.6
Exchange rate differences and other changes	-7.8	-6.2	-7.0
<b>Net carrying amount at end of period</b>	<b>575.9</b>	663.9	583.0

## BUSINESS COMBINATIONS

On 1 July 2013, Kemira announced that it had acquired 100% of the share capital of 3F Chimica S.p.A., a privately owned company, headquartered in Sandrigo, Italy, excluding a certain part of their assets in the US, for EUR 85 million. Q4/2013 Financial statements is the first financial report in which Kemira will report the new company. IFRS 3 -standard related notes will be also disclosed in Q4/2013 Financial statements, as the required information is not yet available.

## CONTINGENT LIABILITIES

	30.9.2013	31.12.2012
<b>EUR million</b>		
<b>Mortgages</b>	<b>0.0</b>	0.5
<b>Assets pledged</b>		
On behalf of own commitments	6.5	6.6
<b>Guarantees</b>		
On behalf of own commitments	51.6	52.9
On behalf of associates	0.5	0.7
On behalf of others	3.1	3.0
<b>Operating leasing liabilities</b>		
Maturity within one year	26.3	29.0
Maturity after one year	138.8	132.4
<b>Other obligations</b>		
On behalf of own commitments	1.6	1.3
On behalf of associates	0.7	1.0

### Major off-balance sheet investment commitments

Major amounts of contractual commitments for the acquisition of property, plant and equipment on September 30, 2013 were about EUR 20.9 million for plant investments in China and Europe.

## 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 has stated 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. In the original summons such alleged overcharge, together with accrued interest until December 31, 2008, was stated to be EUR 641.3 million.

Thereafter Cartel Damage Claims Hydrogen Peroxide SA has delivered to the attorneys of the defendants an April 14, 2011 dated brief addressed to the court and an expert opinion. In the said brief the minimum damage including accrued interest until December 31, 2010, based on the expert opinion, is stated to be EUR 475.6 million. It is further stated in the brief that the damages analysis of the expert does not include lost profit.

The process is currently pending in the Regional Court of Dortmund, Germany. It has on April 29, 2013 decided to suspend the case and to ask a preliminary ruling on jurisdiction from the Court of Justice of the European Union. Kemira defends against the claim of Cartel Damage Claims Hydrogen Peroxide SA.

Kemira Oyj has additionally been served on April 28, 2011 a summons stating that Cartel Damage Claims Hydrogen Peroxide SA has filed an application for summons in the municipal court of Helsinki on April 20, 2011 for violations of competition law applicable to the hydrogen peroxide business claiming from Kemira Oyj as maximum compensation EUR 78.0 million as well as overdue interest starting from November 10, 2008 as litigation expenses with overdue interest. The referred violations of competition law are the same as those on basis of which CDC has taken legal action in Germany in Dortmund. The municipal court has on July 4, 2013 made a decision which can not be appealed separately. In its decision the municipal court considers to have jurisdiction and that the claims made by the claimant are at least not totally time-barred. The next phase of the case is the consideration of the principal claim at the municipal court. Kemira defends against the claim of Cartel Damage Claims Hydrogen Peroxide SA.

Kemira Oyj's subsidiary Kemira Chemicals Oy (former Finnish Chemicals Oy) has on June 9, 2011 received documents where it is stated that CDC Project 13 SA was filed an action against four companies in municipal court of Amsterdam, including Kemira, asking damages for violations of competition law applicable to the sodium chlorate business. The European Commission set on June 2008 a fine of EUR 10.15 million on Finnish Chemicals Oy for antitrust activity in the company's sodium chlorate business during 1994-2000. Kemira Oyj acquired Finnish Chemicals in 2005. Next the municipal court of Amsterdam will decide in respect to its jurisdiction. Kemira defends against the claim of CDC Project 13 SA.

Kemira is currently not in a position to make any estimate regarding the duration or the likely outcome of the processes started by Cartel Damage Claims Hydrogen Peroxide SA and CDC Project 13 SA. No assurance can be given as to the outcome of the processes, and unfavorable judgments 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 above referred claims, 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 2012.

## DERIVATIVE INSTRUMENTS

EUR million	30.9.2013		31.12.2012	
	Nominal value	Fair value	Nominal value	Fair value
<b>Currency instruments</b>				
Forward contracts	550.9	0.8	611.2	1.7
<b>Interest rate instruments</b>				
Interest rate swaps	197.0	-3.9	173.2	-6.2
of which cash flow hedge	197.0	-3.9	173.2	-6.2
Bond futures	10.0	-0.3	10.0	-0.1
of which open	10.0	-0.3	10.0	-0.1
<b>Other instruments</b>				
	GWh	Fair value	GWh	Fair value
Electricity forward contracts, bought	1,440.5	-4.1	1,301.1	-6.7
of which cash flow hedge	1,440.5	-4.0	1,257.3	-5.9

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 individual items do not therefore give a fair view of the Group's risk position.

## FAIR VALUE OF FINANCIAL ASSETS

EUR million	30.9.2013				31.12.2012			
	Level 1	Level 2	Level 3	Total net	Level 1	Level 2	Level 3	Total net
<b>Fair value hierarchy</b>								
Available-for-sale financial assets	6.4	-	268.1	274.5	-	-	264.0	264.0
Currency instruments	-	2.6	-	2.6	-	3.4	-	3.4
Interest rate instruments, hedge accounting	-	0.0	-	0.0	-	0.0	-	0.0
Other instruments	-	0.0	-	0.0	-	0.0	-	0.0
Trade receivables	-	299.5	-	299.5	-	292.5	-	292.5
Cash and cash equivalents	-	164.9	-	164.9	7.1	125.6	-	132.7
<b>Total</b>	<b>6.4</b>	<b>467.0</b>	<b>268.1</b>	<b>741.5</b>	<b>7.1</b>	<b>421.5</b>	<b>264.0</b>	<b>692.6</b>

Level 1: Fair value is determined based on quoted market prices in markets.

Level 2: Fair value is determined by using valuation techniques. The fair value refers to the value that is observable from the market value of elements of financial instrument or from the market value of corresponding financial instrument; or the value that is observable by using commonly accepted valuation models and techniques, if the market value can be measured reliably with them.

Level 3: Fair value is determined by using valuation techniques, which use inputs which have a significant effect on the recorded fair value, and inputs are not based on observable market data.

Level 3 specification	Total net 30.9.2013	Total net 31.12.2012
<b>Instrument</b>		
Carrying value at beginning of period	264.0	256.5
Effect on the statement of comprehensive income	0.0	6.9
Transfers	0.0	0.0
Increases	4.1	0.6
Decreases	0.0	0.0
<b>Carrying value at end of period</b>	<b>268.1</b>	<b>264.0</b>

## FAIR VALUE OF FINANCIAL LIABILITIES

	30.9.2013				31.12.2012			
EUR million								
Fair value hierarchy	Level 1	Level 2	Level 3	Total net	Level 1	Level 2	Level 3	Total net
Non-current interest-bearing liabilities	-	298.1	-	298.1	-	415.9	-	415.9
Repayments from non-current interest-bearing liabilities	-	59.6	-	59.6	-	53.8	-	53.8
Loans from financial institutions	-	55.4	-	55.4	-	10.8	-	10.8
Other liabilities	-	190.5	-	190.5	-	213.6	-	213.6
Currency instruments	-	1.8	-	1.8	-	1.7	-	1.7
Interest rate instruments	-	3.9	-	3.9	-	6.2	-	6.2
Other instruments	-	4.4	-	4.4	-	6.8	-	6.8
Trade payables	-	150.0	-	150.0	-	157.6	-	157.6
Total	-	763.7	-	763.7	-	866.4	-	866.4

## QUARTERLY INFORMATION

	2013 7-9	2013 4-6	2013 1-3	2012 10-12	2012 7-9	2012 4-6	2012 1-3
EUR million							
<b>Revenue</b>							
Paper	271.0	265.0	259.1	251.7	256.9	249.1	247.9
Municipal & Industrial	164.2	178.0	164.8	175.4	176.5	173.7	161.0
Oil & Mining	76.8	79.9	76.3	72.1	79.4	84.5	85.1
ChemSolutions	41.7	46.4	60.7	59.3	54.4	55.0	58.9
<b>Total</b>	<b>553.7</b>	<b>569.3</b>	<b>560.9</b>	<b>558.5</b>	<b>567.2</b>	<b>562.3</b>	<b>552.9</b>
<b>Operating profit (EBIT)</b>							
Paper	18.5	-0.3	17.8	10.0	0.8	15.7	18.2
Municipal & Industrial	4.6	11.5	7.8	-28.5	-1.7	9.5	4.2
Oil & Mining	4.3	1.8	4.3	-2.3	1.1	7.2	8.2
ChemSolutions	1.6	0.3	9.3	-16.3	0.5	0.8	5.8
<b>Total</b>	<b>29.0</b>	<b>13.3</b>	<b>39.2</b>	<b>-37.1</b>	<b>0.7</b>	<b>33.2</b>	<b>36.4</b>
<b>Operating profit (EBIT), excluding non-recurring items</b>							
Paper	23.6	19.5	19.7	19.5	20.9	16.1	18.8
Municipal & Industrial	14.4	15.9	8.6	6.3	15.2	12.0	5.7
Oil & Mining	6.7	3.5	5.1	3.4	7.0	7.2	8.3
ChemSolutions	2.8	1.1	8.8	4.9	3.7	0.7	5.8
<b>Total</b>	<b>47.5</b>	<b>40.0</b>	<b>42.2</b>	<b>34.1</b>	<b>46.8</b>	<b>36.0</b>	<b>38.6</b>



## DEFINITIONS OF KEY FIGURES

### Earnings per share (EPS)

Net profit attributable to equity owners of the parent  
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

Cash flow from operations  
Average number of shares

### Equity per share

Equity attributable to equity owners of the parent  
at end of period  
Number of shares at end of period

### Equity ratio, %

Total equity x 100  
Total assets - prepayments received

### Gearing, %

Interest-bearing net liabilities x 100  
Total equity

### Interest-bearing net liabilities

Interest-bearing liabilities - cash and cash equivalents

### Return on capital employed (ROCE), %

Operating profit + share of profit or loss of associates x 100  
Capital employed <sup>1) 2)</sup>

<sup>1)</sup> Average

<sup>2)</sup> Capital Employed = Net working capital + property, plant and equipment available for use + intangible assets + investments in associates

## BASIS OF PREPARATION

This unaudited condensed consolidated interim financial statements has been prepared in accordance with IAS 34 'Interim financial reporting'. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with IFRS.

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

## ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except as described below.

- Taxes on income in the interim periods are accrued using the tax rate that would be applicable total annual earnings.

- Amendment to IAS 1 Presentation of Financial Statements (effective for reporting periods beginning on or after 1 July 2012). The main change is the requirement for grouping items in 'other comprehensive income' based on whether they are potentially reclassifiable to profit or loss as certain conditions are fulfilled. The amendments only have an impact on the presentation of the Kemira's Consolidated Financial Statements.

- IFRS 13 Fair Value Measurement (effective for reporting periods beginning on or after 1 January 2013). The standard aims to increase uniformity by providing specific definition for fair value. It also provides both requirements for determining fair value and the required disclosures under the same standard. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards.

- In the beginning of 2013, Kemira Group has applied revised *Employee Benefits*. The amendments to IAS 19 change the accounting for defined benefit plans. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated balance sheet to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 revised, which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 revised introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures in the Kemira's Financial Statements.

- Q1/2013 Interim financial statements is the first financial report in which the Group has applied IAS 19 revised. Consequently, the Group has adjusted opening equity as of 1 January 2012 and the figures for 2012 have been restated as if IAS 19 revised had always been applied.

	Liabilities for defined benefits plans	Deferred tax assets	Assets for defined benefits plans	Deferred tax liabilities	Equity
<b>The effect on the balance sheet was as follows:</b>					
Balance as reported at 1 January 2012	52.0	2.0	44.3	10.3	1,370.8
Effect of application of IAS 19 revised	13.6	0.2	-2.7	0.4	-16.5
<b>Restated balance at 1 January 2012</b>	<b>65.6</b>	<b>2.2</b>	<b>41.6</b>	<b>10.7</b>	<b>1,354.3</b>
Balance as reported at 31 December 2012	54.9	2.7	43.6	10.7	1,314.8
Effect of application of IAS 19 revised	13.6	0.2	-2.7	0.4	-16.5
Effect on total comprehensive income for the period	18.6	0.2	-24.4	-5.1	-37.7
<b>Restated balance at 31 December 2012</b>	<b>87.1</b>	<b>3.1</b>	<b>16.5</b>	<b>6.0</b>	<b>1,260.6</b>

	2012 1-3	2012 4-6	2012 7-9	2012 10-12	2012 1-12
<b>The effect on defined benefit expenses on the consolidated income statement was as follows:</b>					
Reported defined benefit expense (+) / income (-)	1.6	1.6	1.6	4.7	9.5
Effect of application of IAS 19 revised	-0.3	-0.4	-0.3	-0.4	-1.4
<b>Restated defined benefit expense (+) / income (-)</b>	<b>1.3</b>	<b>1.2</b>	<b>1.3</b>	<b>4.3</b>	<b>8.1</b>

	2012 1-3	2012 4-6	2012 7-9	2012 10-12	2012 1-12
<b>The effect on total comprehensive income was as follows:</b>					
Reported total comprehensive income for the period	32.5	32.8	7.3	-44.4	28.2
Effect of application of IAS 19 revised	0.3	0.4	0.3	-38.7	-37.7
<b>Restated total comprehensive income for the period</b>	<b>32.8</b>	<b>33.2</b>	<b>7.6</b>	<b>-83.1</b>	<b>-9.5</b>

	2012 1-3	2012 4-6	2012 7-9	2012 10-12	2012 1-12
<b>The effect on earnings per share, EUR was as follows:</b>					
Reported earnings per share	0.19	0.20	0.00	-0.28	0.11
Effect of application of IAS 19 revised	0.00	0.00	0.00	0.01	0.01
<b>Restated earnings per share</b>	<b>0.19</b>	<b>0.20</b>	<b>0.00</b>	<b>-0.27</b>	<b>0.12</b>

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.