Interim Report 2012
January – March

Kemira Oyj's Interim Report January-March 2012: Stable revenue and sales margin offset by higher fixed costs

- Revenue remained stable at EUR 552.9 million (556.8).
- Operative EBIT decreased 15% to EUR 38.2 million (44.9) with a margin of 6.9% (8.1%) mainly due to higher fixed costs.
- Earnings per share decreased 21% to EUR 0.19 (0.24) mainly due to changes in fair values of electricity derivatives.
- Kemira outlook for 2012 is revised from the 2011 year-end report. Kemira expects revenue and operative EBIT in 2012 to be approximately at the same level than in 2011.

Kemira's President and CEO Wolfgang Büchele:

"Kemira's revenue and operative EBIT improved at the beginning of the year compared to the challenging fourth quarter of 2011. Compared to the first quarter of 2011, Kemira was able to compensate the lower sales volumes and higher raw material prices with the sales price increases. However, our fixed costs increased in all segments and resulted in a decrease in the operative EBIT.

Kemira will continue to focus on the water and more specifically on the water quality and quantity management. This is a unique aspect in the chemical industry. Now we are focusing on the following priorities:

First of all, we have to get into an accelerated mode in order to reach our EBIT financial target of 10% by improving our internal efficiency. This will be achieved by reducing the complexity of our business while growing profitably at the same time.

Secondly, as the fastest growth of water related business will be in Asia and South America, we have to substantially strengthen our position there.

Lastly, we need to sharpen our strategy and to make it more tangible for everyone.

I assumed the position of CEO on April 1, 2012 but already prior to that I have spent time meeting Kemira employees. What impressed me most was the energy and enthusiasm of our people. As one Kemira, we will together leverage our market potential and create value for the company and its stakeholders.

In the near term, uncertainty in Europe and a slowdown in global economic growth may affect the demand for our products. Kemira expects revenue and operative EBIT in 2012 to be approximately at the same level than in 2011. This guidance assumes that no major macroeconomic disruption and/or further substantial increase in oil price would occur."

Key figures and ratios

EUR million	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
Revenue	552.9	556.8	2,207.2
EBITDA	61.8	68.4	259.6
EBITDA, %	11.2	12.3	11.8
Operative EBIT	38.2	44.9	157.3
EBIT	36.1	44.9	158.3
Operative EBIT, %	6.9	8.1	7.1
EBIT, %	6.5	8.1	7.2
Share of profit or loss of associates	10.8	7.5	31.0
Financial income and expenses	-10.3	-3.8	-20.9
Profit before tax	36.6	48.6	168.4
Net profit	29.9	37.9	140.3
EPS, EUR	0.19	0.24	0.89
Capital employed*	1,717.0	1,677.2	1,705.0
ROCE, %*	10.7	10.6	11.1
Cash flow after investing activities	-8.1	20.7	115.3
Capital expenditure	19.4	14.4	201.1
Equity ratio, % at period-end	52	53	51
Gearing, % at period-end	45	42	38
Personnel at period-end	5,051	4,952	5,006

* 12-month rolling average

Definitions of key figures are available at www.kemira.com > Investors > Financial information. Comparative 2011 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.

Additional information:

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

www.kemira.com
www.waterfootprintkemira.com

Financial performance in January-March 2012

Kemira Group's **revenue** remained stable at EUR 552.9 million (556.8). Positive impact from the increased sales prices could not fully compensate the negative impact of lower sales volumes. Sales volumes were lower especially in the Paper segment and in ChemSolutions. Currency exchange impacted revenues by +1% and divestments by -1%.

In the Paper segment, revenues decreased 3% to EUR 244.6 million (253.2). Sales prices increased, but could not fully offset the decreased sales volumes. Currency exchange impacted revenues by +2% and divestments by -2%.

In the Municipal & Industrial segment, revenues increased 2% to EUR 161.0 million (157.8). Organic growth derived from sales volumes and sales prices was 2%. Currency exchange impacted revenues by +1% and divestments by -1%.

In the Oil & Mining segment, revenues increased 2% to EUR 85.1 million (83.7). Revenue growth derived from sales volumes and sales prices was 8%, excluding the negative impact related to some exited low margin product sales. Currency exchange impacted revenues by +2%.

Revenue, EUR million	**Jan-Mar 2012**	**Jan-Mar 2011**	**Δ%**
Paper	244.6	253.2	-3
Municipal & Industrial	161.0	157.8	2
Oil & Mining	85.1	83.7	2
Other	62.2	62.1	0
Eliminations	0.0	0.0	-
Total	552.9	556.8	-1

EBIT decreased 20% to EUR 36.1 million (44.9). **Operative EBIT** decreased 15% to EUR 38.2 million (44.9). Higher sales prices could compensate for the negative impact of lower sales volumes and increased variable costs. Fixed costs were EUR 6 million higher than in the first quarter of 2011 due to higher maintenance and other fixed costs. In total, divestment, currency exchange and other items had a minor negative impact on operative EBIT (see variance analysis table on page 4). The operative EBIT margin decreased to 6.9% (8.1%).

Non-recurring items affecting EBIT in the first quarter of 2012 totaled EUR -2.1 million (0), mainly relating to the manufacturing optimization in Municipal & Industrial segment and to some organizational changes in EMEA region.

Operative EBIT	Jan-Mar 2012 EUR, million	Jan-Mar 2011 EUR, million	∆%	Jan-Mar 2012 %-margin	Jan-Mar 2011 %-margin
Paper	21.0	22.7	-7	8.6	9.0
Municipal & Industrial	6.1	11.6	-47	3.8	7.4
Oil & Mining	12.1	9.4	29	14.2	11.2
Other	-1.0	1.2	-	-1.6	1.9
Total	38.2	44.9	-15	6.9	8.1

Income from associated companies increased 44% to EUR 10.8 million (7.5). Performance of the specialty TiO2 producer JV Sachtleben, (Kemira owns 39% of the company) was strongly supported by the high titanium dioxide prices.

Net financial expenses increased to EUR 10.3 million (3.8). Higher financial expenses were mainly related to EUR 4.6 million changes in fair values of electricity derivatives and to currency exchange differences of EUR 2.0 million.

Profit before tax decreased 25% to EUR 36.6 million (48.6). Higher income from associated companies partly compensated the decreased EBIT and increased financial expenses.

Net profit attributable to the owners of the parent company decreased 21% to EUR 28.9 million (36.6) and earnings per share to EUR 0.19 (0.24).

Variance analysis, EUR million	Jan-Mar
Operative EBIT, 2011	**44.9**
Sales volumes and prices	10.9
Variable costs	-10.4
Fixed costs	-6.0
Currency impact	0.5
Others, incl. acquisitions and divestments	-1.7
Operative EBIT, 2012	**38.2**

Financial position and cash flow

Cash flow from operating activities in the period January-March 2012 decreased to EUR 10.4 million (34.0) and the cash flow after investing activities to EUR -8.1 million (20.7). Net working capital (ratio) increased to 13.9% (11.6%) of revenue mainly due to higher inventory values.

At the end of the period, Kemira Group's net debt was EUR 593.5 million (515.8 on December 31, 2011). Net debt increased due to the dividend payment of EUR 76.5 million.

At the end of the period, interest-bearing liabilities stood at EUR 719.1 million (701.6 on December 31, 2011). Fixed-rate loans accounted for 47% of the net interest-bearing liabilities (58%). The average interest rate of the Group's interest-bearing liabilities was 2.0% (1.9%). The duration of the Group's interest-bearing loan portfolio remains at 17 months (unchanged compared to December 31, 2011).

Short-term liabilities maturing in the next 12 months amounted to EUR 259.3 million, with commercial papers issued on the Finnish market representing EUR 186.0 million and repayments on the long-term loans representing EUR 57.4 million. Cash and cash equivalents totaled EUR 125.6 million on March 31, 2012.

At the end of the period, the equity ratio was 52% (51% on December 31, 2011), while gearing was 45% (38% on December 31, 2011). Shareholder's equity decreased to EUR 1,323.1 million (1,370.8 on December 31, 2011).

Capital expenditure

Capital expenditure was EUR 19.4 million (14.4) in January-March, 2012 (expansion capex 18% (13%), improvement capex 41% (44%), and maintenance capex 41% (43%)). Expansion investments were mainly focused on emerging markets in China and India.

The Group's depreciation was EUR 25.7 million (23.5).

Research and development

Research and development expenses (incl. depreciations) were EUR 9.3 million (9.8) in January-March, 2012, representing 1.7% (1.8%) of Kemira Group's revenue.

Human Resources

At the end of the period, the number of employees in Kemira Group was 5,051 (5,006 on December 31, 2011). Kemira employed 1,172 people in Finland (1,179), 1,795 people elsewhere in EMEA (1,776), 1,381 in North America (1,384), 402 in South America (398) and 301 in Asia Pacific (269).

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	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
Revenue	244.6	253.2	973.3
EBITDA	31.6	33.7	126.0
EBITDA, %	12.9	13.3	12.9
Operative EBIT	21.0	22.7	75.4
EBIT	20.2	22.7	79.5
Operative EBIT, %	8.6	9.0	7.7
EBIT, %	8.3	9.0	8.2
Capital employed*	774.1	792.3	773.2
ROCE, %*	9.9	9.6	10.3
Capital expenditure	7.4	6.5	43.5
Cash flow after investing activities, excluding interest and taxes	7.4	20.9	90.9

*12-month rolling average

January-March

The Paper segment's **revenue** decreased 3% to EUR 244.6 million (253.2). Implemented sales price increases continued to have positive impact on revenues. Kemira's sales volumes to the pulp customer segment started to recover during the quarter after the lower production rates at some large pulp mills in the Nordic region and in South America in the fourth quarter of 2011. However, the sales volumes to pulp customers were lower than in the comparable quarter in 2011. Sales of our products to other customer segments increased compared to the first quarter of 2011. Currency exchange impacted revenues by +2% and the divestment in November, 2011 of the hydrogen peroxide plant in Maitland, Canada by -2%.

Operative EBIT decreased 7% to EUR 21.0 million (22.7). Implemented sales price increases fully compensated the variable cost increases, but could not fully offset the impact arising from the lower sales volumes. Fixed costs were slightly higher than in the first quarter of 2011. The operative EBIT margin reached 8.6% (9.0%).

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	**Jan-Mar 2012**	**Jan-Mar 2011**	**Jan-Dec 2011**
Revenue	161.0	157.8	664.7
EBITDA	13.4	18.4	74.3
EBITDA, %	8.3	11.7	11.2
Operative EBIT	6.1	11.6	46.9
EBIT	5.0	11.6	43.7
Operative EBIT, %	3.8	7.4	7.1
EBIT, %	3.1	7.4	6.6
Capital employed*	405.3	383.3	403.4
ROCE, %*	9.2	13.8	10.8
Capital expenditure	4.5	3.3	28.8
Cash flow after investing activities, excluding interest and taxes	-7.5	6.4	41.9

*12-month rolling average

January-March

The Municipal & Industrial segment's **revenue** increased 2% to EUR 161.0 million (157.8). Higher average sales prices had a positive impact on revenues. In Municipal, the sales volumes were seasonally low. Volumes started to recover at the end of the quarter, especially in Eastern Europe but were still lower than in the comparable quarter in 2011. In Industrial, revenues of polymer-based water chemicals were at the level of the first quarter in 2011. Currency exchange had slightly positive impact and divestments slightly negative impact on revenues.

Operative EBIT decreased 47% to EUR 6.1 million (11.6). Increased sales prices could fully offset the higher variable costs. Lower sales volumes in Municipal had a negative impact on the operative EBIT. Fixed costs were EUR 4 million higher than in the comparable period in 2011, mainly due to the higher maintenance and other expenses. Depreciation was accelerated because of the ongoing optimization of the manufacturing network. The operative EBIT margin was 3.8% (7.4%).

Oil & Mining

We offer a large portfolio 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	Jan-Mar 2012	Jan-Mar 2011	Jan-Dec 2011
Revenue	85.1	83.7	335.7
EBITDA	14.5	11.8	45.7
EBITDA, %	17.0	14.1	13.6
Operative EBIT	12.1	9.4	36.2
EBIT	12.0	9.4	34.9
Operative EBIT, %	14.2	11.2	10.8
EBIT, %	14.1	11.2	10.4
Capital employed*	155.8	141.3	150.1
ROCE, %*	24.1	24.7	23.3
Capital expenditure	2.0	1.9	9.6
Cash flow after investing activities, excluding interest and taxes	-2.3	0.1	28.7

*12-month rolling average

January-March

The Oil & Mining segment's **revenue** increased 2% to EUR 85.1 million (83.7). Sales volume and price-based growth was 8% excluding the negative impact related to some exited low margin product sales. The sales volume growth within the oil and gas business was seen in water treatment applications, especially in North America. Pricing continued to be favorable and it increased revenues in all customer segments. Currency exchange impacted revenues by +2%. Acquisitions and divestments did not have an impact on the revenues.

Operative EBIT increased 29% to EUR 12.1 million (9.4). The operative EBIT improvement was driven mainly by the higher sales prices partially offset by increased fixed costs. The operative EBIT margin was 14.2% (11.2%).

Other

Specialty chemicals (ChemSolutions), such as organic salts and acids, and the Group expenses not charged to the business segments (some research and development costs and the costs of the CEO Office) are included in “Other”.

The revenue in the first quarter of 2012 was EUR 62.2 million (62.1). Specialty chemicals share of the Other revenues was EUR 49.2 million (49.5). Sales price levels for specialty chemicals were higher than in the comparable period in 2011. Sales volumes decreased mainly due to a poor de-icing season caused by mild weather. Specialty chemicals products are delivered mainly to the food and feed, the chemical and the pharmaceutical industries, as well as for airport runway de-icing.

Operative EBIT in the first quarter of 2012 decreased to EUR -1.0 million (1.2). Specialty chemicals’ share of the Other operative EBIT was EUR 5.7 million (8.3). Specialty chemicals’ operative EBIT decreased mainly due to the increased raw material costs and a poor de-icing season caused by mild weather. Specialty chemicals’ operative EBIT margin decreased to 11.6% (16.8%).

Kemira Oyj’s shares and shareholders

On March 31, 2012, 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 March, Kemira Oyj had 32,065 registered shareholders (31,294 at the end of December, 2011). Foreign shareholders held 13.7% of the shares (13.8%) including nominee registered holdings. Households owned 16.7% of the shares (16.3%). Kemira held 3,312,660 treasury shares (3,312,660) representing 2.1% (2.1%) of the all company shares.

Kemira Oyj’s share closed at EUR 9.95 on the NASDAQ OMX Helsinki at the end of March, 2012 (9.18 at the end of December, 2011). Shares registered a high of EUR 11.20 and a low of EUR 9.18. The average share price was EUR 10.16. The company’s market capitalization, excluding treasury shares, was EUR 1,513 million at the end of March, 2012.

In addition to NASDAQ OMX Helsinki, Kemira shares are traded on the several alternative market places or multilateral trading facilities (MTF), for example at Chi-X Europe, BATS and Turquoise. In 2011, a total of 23.0 million (11.8) Kemira Oyj’s shares were traded on the alternative market places or approximately 17.5% (10.2%) of the total amount of traded shares. Source: Fidessa.

Share-based incentive plan for management

In February 2012, Kemira’s Board of Directors decided to establish a new share-based incentive plan for 2012 – 2014 that replaces the expired plan for 2009 – 2011 for the strategic management members, as a part of the company's incentive and commitment schemes. The delivery of the share rewards within the plan is subject to the achievement of the performance targets set by the Board of Directors that include both internal and external performance targets. The internal target setting is divided into three one-year performance periods: 2012, 2013 and 2014. Payment depends on achievement of the set intrinsic value targets calculated on the basis of EBITDA development and the development of the net debt. The program also includes a three-year external goal, which is tied to the relative total shareholder return (TSR) performance during 2012 - 2014. As a guiding principle, a reward will only be paid based on an excellent performance.

The value of the aggregate reward paid out in the course of the three-year plan may not exceed 120% of the CEO's and 100% of the other participants' gross salary for the same period. The applicable taxes will be deducted from the gross earnings and the remaining net value will be delivered to the participants in Kemira’s shares.

Shares earned through the plan must be held for a minimum of two years following each payment. In addition, members of the Management Board must retain fifty per-cent of the shares obtained under the plan until their ownership of Kemira's shares based on the shares obtained through Kemira's share-based incentive programs has reached a share ownership level equal value to at least their gross annual salary for as long as they remain the plan participants.

Shares transferable under the plan comprise the treasury shares or Kemira Oyj's shares available in for public trading.

In addition to the share-based incentive plan aimed at the strategic management members, Kemira has a share-based incentive plan aimed at other key personnel, in which the members of the strategic management will not participate.

The share-based incentive plan aims to align the goals of shareholders and strategic management to increase the value of the company, motivate strategic management and provide competitive shareholder-based incentives.

AGM decisions

Annual General Meeting

Kemira Oyj's Annual General Meeting, held on March 21, 2012, approved the Board proposal of EUR 0.53 dividend per share for the financial year 2011. The Annual General Meeting elected six members (previously seven) to the Board of Directors. Elizabeth Armstrong, Winnie Fok, Juha Laaksonen, Kerttu Tuomas and Jukka Viinanen were reelected to the Board of Directors. Jari Paasikivi was elected as a new member. Jukka Viinanen was elected as the Chairman of the Board and Jari Paasikivi was elected as Vice Chairman.

The Annual General Meeting authorized the Board of Directors to decide upon the repurchase of a maximum of 4,500,000 Company's own shares. Shares will be repurchased by using unrestricted equity either through a tender offer with equal terms to all shareholders at a price determined by the Board of Directors or otherwise than in proportion to the existing shareholdings of the Company's shareholders in public trading on the NASDAQ OMX Helsinki Ltd (the "Helsinki Stock Exchange") at the market price quoted at the time of the repurchase. The price paid for the shares repurchased through a tender offer under the authorization shall be based on the market price of the company's shares in public trading. The minimum price to be paid would be the lowest market price of the share quoted in public trading during the authorization period and the maximum price the highest market price quoted during the authorization period. Shares shall be acquired and paid for in accordance with the Rules of the Helsinki 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 to be used for the payment of the annual fee payable to the members of the Board of Directors or implementing the Company's share-based incentive plans. In order to realize the aforementioned purposes, the shares acquired may be retained, transferred further or cancelled by the Company. The Board of Directors will decide upon other terms related to a share repurchase. The share repurchase authorization is valid until the end of the next Annual General Meeting.

The Annual General Meeting authorized the Board of Directors to decide to issue a maximum of 15,600,000 new shares and/or transfer a maximum of 7,800,000 Company's own shares held by the Company. The new shares may be issued and the Company's own shares held by the Company may be transferred either for consideration or without consideration. The new shares may be issued and the Company's own shares held by the Company may be transferred to the Company's shareholders in proportion to their current shareholdings in the Company, or by disapplying the shareholders' pre-emption right, through the directed share issue, if the Company has a weighty financial reason to do so, such as financing or implementing mergers and acquisitions, developing a capital structure of the Company, improving the liquidity of the Company's shares or if this is justified for paying the annual fee payable to the members of the Board of Directors or implementing the Company's share-based incentive plans. The directed share issue may be carried out without consideration only in connection with the implementation of the Company's share-based incentive plan. The subscription price of new shares shall be recorded to the invested unrestricted equity reserves. The consideration payable for Company's own shares shall be recorded to the invested unrestricted equity reserves. The Board of Directors will decide upon other terms related to the share issues. The share issue authorization is valid until May 31, 2013.

The Annual General Meeting decided to establish a Nomination Board as follows:

1. The Annual General Meeting decided to establish a Nomination Board comprising of the shareholders or the representatives of the shareholders to prepare yearly proposals concerning the composition and remuneration of the Board of Directors for the next Annual General Meeting.

2. The annual tasks of the Nomination Board are

a. preparation of the proposal for the Annual General Meeting concerning the composition of the Board of Directors;
b. preparation of the proposal for the Annual General Meeting concerning the remuneration of the Board of Directors;
c. identification of successor candidates for the members of the Board of Directors; and
d. presentation of the proposal concerning the composition and remuneration of the Board of Directors to the Annual General Meeting.

3. The Nomination Board shall consist of the four largest shareholders or the representatives of such shareholders and the Chairman of the Board of Directors of Kemira Oyj acting as an expert member. The four shareholders having the most voting rights on August 31 preceding the Annual General Meeting according to the company's shareholders' register maintained by Euroclear Finland Ltd, shall have a right to appoint a member to the Nomination Board. In case a shareholder, who has a duty to disclose certain ownership changes based on the Securities Market Act (disclosure obligation of holdings), presents no later than on August 30 preceding the Annual General Meeting a written demand to the Board of Directors of the company concerning the matter, the shareholdings of such shareholder which are registered in several funds or registers shall be summed up when calculating the voting rights of such shareholder. In case a shareholder does not wish to use his right to appoint a member to the Nomination Board, such right will pass on to the shareholder who, according to the shareholder register, is the largest following shareholder and who otherwise would not have the appointment right.

4. The Nomination Board shall be convened by the Chairman of the Board of Directors. The Nomination Board shall elect a Chairman among its members.

5. The Nomination Board shall deliver its proposal to the Board of Directors no later than on February 1 preceding the Annual General Meeting.

According to the view of the Board of Directors, it is in the best interest of the company and its shareholders that the largest shareholders participate in preparing the nomination and the compensation issues related to the Board of Directors.

Deloitte & Touche Ltd. was elected as the Company's auditor, APA Jukka Vattulainen acting as the principal auditor. The Auditor's fees will be paid against an invoice approved by Kemira.

Board Committees

In March, 2012, the Board of Directors of Kemira Oyj elected members from among themselves for the Audit Committee and the Compensation Committee. The Board's Audit Committee members are Elizabeth Armstrong, Juha Laaksonen and Jari Paasikivi. The Audit Committee is chaired by Juha Laaksonen. The Board's Compensation Committee members are Kerttu Tuomas, Jari Paasikivi and Jukka Viinanen. The Compensation Committee is chaired by Jukka Viinanen.

Short-term risks and uncertainties

There have been no significant changes in Kemira's short-term risks or uncertainties compared to December 31, 2011.

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 2011. Environmental and hazard risks are discussed in Kemira's Sustainability Report that was published in connection with the Kemira's Annual Report 2011. The web version of the Annual Report and Sustainability Report is available here: www.kemiraannualreport2011.com.

Outlook (revised)

Kemira's vision is to be a leading water chemistry company. Kemira will continue to focus on improving profitability and reinforcing positive cash flow. The company will also continue to invest in order to secure the future growth in the water business.

Kemira's financial targets remain as communicated in connection with the Capital Markets Day in September 2010. The company's medium term financial targets are:

- revenue growth in mature markets > 3% per year, and in emerging markets > 7% per year
- EBIT, % of revenue > 10%
- positive cash flow after investments and dividends
- gearing level < 60%.

The basis for growth is the expanding water chemicals markets and Kemira's strong know-how in the 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 current and new 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 the new innovative technologies for Kemira's customers globally and locally.

In the near term, an uncertainty in Europe and a slowdown in global economic growth may affect the demand for our products in the customer industries. In 2012, Kemira expects the revenue and operative EBIT to be approximately at the same level than in 2011. This guidance assumes that no major macroeconomic disruption and/or further substantial increase in oil price would occur.

Helsinki, April 23, 2012

Kemira Oyj
Board of Directors

Financial calendar 2012

Interim Report January-June 2012	July 26, 2012
Interim Report January-September 2012	October 25, 2012

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

Basis of preparation

This unaudited consolidated interim financial report has been prepared in accordance with IAS 34 ‘Interim financial reporting’. The interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with IFRS. The accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2011, except described below.

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

The following standards, amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2012 but not currently relevant to the Group:
- Amendments to IFRS 7 Financial instruments: Dislosures

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

INCOME STATEMENT **EUR million**	**1-3/2012**	1-3/2011	2011
Revenue	**552.9**	556.8	2,207.2
Other operating income	**3.3**	3.6	22.5
Operating expenses	**-494.4**	-492.0	-1,970.1
Depreciation, amortization and impairment	**-25.7**	-23.5	-101.3
Operating profit	**36.1**	44.9	158.3
Finance costs, net	**-10.3**	-3.8	-20.9
Share of profit or loss of associates	**10.8**	7.5	31.0
Profit before tax	**36.6**	48.6	168.4
Income tax expense	**-6.7**	-10.7	-28.1
Net profit for the period	**29.9**	37.9	140.3
Net profit attributable to:			
Equity holders of the parent	**28.9**	36.6	135.6
Non-controlling interests	**1.0**	1.3	4.7
Net profit for the period	**29.9**	37.9	140.3
Earnings per share, basic and diluted, EUR	**0.19**	0.24	0.89

STATEMENT OF COMPREHENSIVE INCOME	**1-3/2012**	1-3/2011	2011
Net profit for the period	**29.9**	37.9	140.3
Other comprehensive income:			
Available-for-sale financial assets	**0.0**	-4.4	-24.1
Exchange differences on translating foreign operations	**1.8**	-4.4	-4.6
Net investment hedge in foreign operations	**0.0**	-0.1	0.4
Cash flow hedges	**0.8**	-3.1	-14.5
Other comprehensive income for the period, net of tax	**2.6**	-12.0	-42.8
Total comprehensive income for the period	**32.5**	25.9	97.5
Total comprehensive income attributable to:			
Equity holders of the parent	**30.8**	25.1	93.8
Non-controlling interests	**1.7**	0.8	3.7
Total comprehensive income for the period	**32.5**	25.9	97.5

BALANCE SHEET
EUR million

ASSETS	31.3.2012	31.12.2011
Non-current assets		
Goodwill	**602.5**	606.0
Other intangible assets	**65.5**	67.5
Property, plant and equipment	**642.0**	656.0
Investments in associates	**169.6**	158.8
Available-for-sale financial assets	**256.5**	256.5
Deferred income tax assets	**30.2**	47.3
Other investments	**10.0**	9.7
Defined benefit pension receivables	**44.4**	44.3
Total non-current assets	**1,820.7**	1,846.1
Current assets		
Inventories	**229.7**	228.2
Interest-bearing receivables	**0.4**	0.5
Trade and other receivables	**371.5**	391.2
Current income tax assets	**25.6**	24.7
Cash and cash equivalents	**125.6**	185.8
Total current assets	**752.8**	830.4
Total assets	**2,573.5**	2,676.5

EQUITY AND LIABILITIES	31.3.2012	31.12.2011
Equity		
Equity attributable to equity holders of the parent	**1,309.1**	1,358.5
Non-controlling interests	**14.0**	12.3
Total Equity	**1,323.1**	1,370.8
Non-current liabilities		
Interest-bearing liabilities	**459.8**	464.5
Deferred income tax liabilities	**65.2**	86.5
Pension liabilities	**52.7**	52.4
Provisions	**50.0**	50.3
Total non-current liabilities	**627.7**	653.7
Current liabilities		
Interest-bearing current liabilities	**259.3**	237.1
Trade payables and other liabilities	**324.6**	383.8
Current income tax liabilities	**31.8**	24.8
Provisions	**7.0**	6.3
Total current liabilities	**622.7**	652.0
Total liabilities	**1,250.4**	1,305.7
Total equity and liabilities	**2,573.5**	2,676.5

CONDENSED CASH FLOW STATEMENT
EUR million

	1-3/2012	1-3/2011	2011
Cash flow from operating activities			
Net profit for the period	**29.9**	37.9	140.3
Total adjustments	**33.0**	29.4	92.3
Operating profit before change in working capital	**62.9**	67.3	232.6
Change in net working capital	**-42.6**	-23.3	-2.7
Cash generated from operations	**20.3**	44.0	229.9
Finance items	**-1.4**	5.2	-14.8
Income taxes paid	**-8.5**	-15.2	-37.4
Net cash generated from operating activities	**10.4**	34.0	177.7
Cash flow from investing activities			
Purchases of subsidiaries, net of cash acquired	**-**	-	-
Other capital expenditure	**-19.4**	-14.4	-201.1
Proceeds from sale of assets	**0.5**	0.8	137.1
Change in long-term loan receivables decrease (+) / increase (-)	**0.4**	0.3	1.6
Net cash used in investing activities	**-18.5**	-13.3	-62.4
Cash flow from financing activities			
Proceeds from non-current interest-bearing liabilities	**0.4**	8.9	16.0
Repayments from non-current interest-bearing liabilities	**-0.2**	-25.3	-103.3
Short-term financing, net (increase + / decrease -)	**26.1**	47.6	154.6
Dividends paid	**-76.5**	-69.7	-77.8
Purchase of non-controlling interests	**-**	-	-13.2
Other finance items	**-0.3**	0.7	-0.5
Net cash used in financing activities	**-50.5**	-37.8	-24.2
Net increase (+) / decrease (-) in cash and cash equivalents	**-58.6**	-17.1	91.1
Cash and cash equivalents at end of period	**125.6**	73.2	185.8
Exchange gains (+) / losses (-) on cash and cash equivalents	**1.6**	1.5	-2.9
Cash and cash equivalents at beginning of period	**185.8**	91.8	91.8
Net increase (+) / decrease (-) in cash and cash equivalents	**-58.6**	-17.1	91.1

STATEMENT OF CHANGES IN EQUITY
EUR million

	Equity attributable to equity holders of the parent								Non-controlling interests	Total Equity
	Share capital	Share premium	Fair value and other reserves	Un-restricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Total		
Equity at January 1, 2011	221.8	257.9	125.0	196.3	-21.3	-24.2	584.4	1,339.9	25.9	1,365.8
Net profit for the period	-	-	-	-	-	-	36.6	36.6	1.3	37.9
Other comprehensive income, net of tax	-	-	-7.4	-	-4.1	-	-	-11.5	-0.5	-12.0
Total comprehensive income	-	-	-7.4	-	-4.1	-	36.6	25.1	0.8	25.9
Transactions with owners										
Dividends paid	-	-	-	-	-	-	-73.0 *)	-73.0	-	-73.0
Treasury shares issued to target group of share-based incentive plan	-	-	-	-	-	2.1	-	2.1	-	2.1
Share-based payments	-	-	-	-	-	-	-1.9	-1.9	-	-1.9
Transactions with owners	-	-	-	-	-	2.1	-74.9	-72.8	-	-72.8
Equity at March 31, 2011	221.8	257.9	117.6	196.3	-25.4	-22.1	546.1	1,292.2	26.7	1,318.9

*) A dividend was EUR 73.0 million in total (EUR 0.48 per share) in respect of the financial year ended December 31, 2010. The dividend record date was March 25, 2011, and the payment date April 1, 2011.

	Share capital	Share premium	Fair value and other reserves	Un-restricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Total	Non-controlling interests	Total Equity
Equity at January 1, 2012	**221.8**	**257.9**	**89.3**	**196.3**	**-24.6**	**-22.3**	**640.1**	**1,358.5**	**12.3**	**1,370.8**
Net profit for the period	-	-	-	-	-	-	28.9	**28.9**	1.0	**29.9**
Other comprehensive income, net of tax	-	-	0.8	-	1.1	-	-	**1.9**	0.7	**2.6**
Total comprehensive income	**-**	**-**	**0.8**	**-**	**1.1**	**-**	**28.9**	**30.8**	**1.7**	**32.5**
Transactions with owners										
Dividends paid	-	-	-	-	-	-	-80.6 *)	**-80.6**	-	**-80.6**
Share-based payments	-	-	-	-	-	-	0.4	**0.4**	-	**0.4**
Transfers in equity	-	-	-	-	-0.1	-	0.1	**0.0**	-	**0.0**
Transactions with owners	**-**	**-**	**-**	**-**	**-0.1**	**-**	**-80.1**	**-80.2**	**-**	**-80.2**
Equity at March 31, 2012	**221.8**	**257.9**	**90.1**	**196.3**	**-23.6**	**-22.3**	**588.9**	**1,309.1**	**14.0**	**1,323.1**

*) 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 dividend record date was March 26, 2012, and the payment date April 2, 2012.

Kemira had in its possession 3,312,660 of its treasury shares on March 31, 2012. 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. 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 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	**1-3/2012**	1-3/2011	2011
Earnings per share, basic and diluted, EUR *	**0.19**	0.24	0.89
Cash flow from operations per share, EUR *	**0.07**	0.22	1.17
Capital expenditure, EUR million	**19.4**	14.4	201.1
Capital expenditure / revenue	**3.5**	2.6	9.1
Average number of shares, basic, (1,000) *	**152,030**	151,840	151,994
Average number of shares, diluted (1,000)*	**152,159**	152,137	152,152
Number of shares at end of period, basic (1,000) *	**152,030**	152,049	152,030
Number of shares at end of period, diluted (1,000)*	**152,181**	152,175	152,030
Equity per share, EUR *	**8.61**	8.50	8.94
Equity ratio, %	**51.5**	52.9	51.3
Gearing, %	**44.9**	42.4	37.6
Interest-bearing net liabilities, EUR million	**593.5**	559.0	515.8
Personnel (average)	**5,020**	4,943	5,006

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

REVENUE BY BUSINESS AREA **EUR million**	**1-3/2012**	1-3/2011	2011
Paper external	**244.6**	253.2	973.3
Paper Intra-Group	**-**	-	-
Municipal & Industrial external	**161.0**	157.8	664.7
Municipal & Industrial Intra-Group	**-**	-	-
Oil & Mining external	**85.1**	83.7	335.7
Oil & Mining Intra-Group	**-**	-	-
Other external	**62.2**	62.1	233.5
Other Intra-Group and eliminations	**-**	-	-
Total	**552.9**	556.8	2,207.2

OPERATING PROFIT BY BUSINESS AREA **EUR million**	**1-3/2012**	1-3/2011	2011
Paper	**20.2**	22.7	79.5
Municipal & Industrial	**5.0**	11.6	43.7
Oil & Mining	**12.0**	9.4	34.9
Other and eliminations	**-1.1**	1.2	0.2
Total	**36.1**	44.9	158.3

CHANGES IN PROPERTY, PLANT AND EQUIPMENT EUR million	1-3/2012	1-3/2011	2011
Carrying amount at beginning of year	**656.0**	661.2	661.2
Acquisitions of subsidiaries	**-**	-	-
Increases	**14.4**	13.1	94.2
Decreases	**-0.5**	-0.4	-17.2
Disposal of subsidiaries	**-**	-	-
Depreciation and impairments	**-22.7**	-20.7	-86.1
Exchange rate differences and other changes	**-5.2**	-15.2	3.9
Net carrying amount at end of period	**642.0**	638.0	656.0

CHANGES IN INTANGIBLE ASSETS EUR million	1-3/2012	1-3/2011	2011
Carrying amount at beginning of year	**673.5**	682.9	682.9
Acquisitions of subsidiaries	**-**	-	-
Increases	**1.5**	1.3	8.2
Decreases	**-**	-	-0.5
Disposal of subsidiaries	**-**	-	-0.4
Depreciation and impairments	**-3.0**	-2.8	-15.2
Exchange rate differences and other changes	**-4.0**	-8.9	-1.5
Net carrying amount at end of period	**668.0**	672.5	673.5

CONTINGENT LIABILITIES EUR million	31.3.2012	31.12.2011
Mortgages	**0.5**	0.5
Assets pledged		
On behalf of own commitments	**6.4**	6.3
Guarantees		
On behalf of own commitments	**42.8**	48.9
On behalf of associates	**0.6**	0.7
On behalf of others	**4.4**	4.4
Operating leasing liabilities		
Maturity within one year	**26.6**	27.8
Maturity after one year	**141.0**	146.0
Other obligations		
On behalf of own commitments	**1.3**	1.3
On behalf of associates	**1.2**	1.4

Major off-balance sheet investment commitments

Major amounts of contractual commitments for the acquisition of property, plant and equipment on March 31, 2012 were about EUR 23.0 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. 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. 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 has filed an action against four companies, including Kemira, asking damages for violations of competition law applicable to the sodium chlorate business. The European Commision 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. 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 2011.

DERIVATIVE INSTRUMENTS

	31.3.2012		31.12.2011	
	Nominal value	**Fair value**	Nominal value	Fair value
Currency instruments				
Forward contracts	**423.6**	**1.0**	554.6	-1.7
Interest rate instruments				
Interest rate swaps	**230.9**	**-4.7**	213.5	-5.3
of which cash flow hedge	**220.9**	**-4.6**	193.5	-4.9
Bond futures	**10.0**	**0.0**	10.0	-0.3
of which open	**10.0**	**0.0**	10.0	-0.3
Other instruments	**GWh**	**Fair value**	GWh	Fair value
Electricity forward contracts, bought	**1,298.7**	**-8.0**	1,092.0	-4.6
of which cash flow hedge	**1,107.9**	**-6.0**	1,092.0	-4.6
	K tons	**Fair value**	K tons	Fair value
Salt derivatives	**0.0**	**0.0**	53.3	0.3

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

QUARTERLY INFORMATION

EUR million	**2012 1-3**	2011 10-12	2011 7-9	2011 4-6	2011 1-3
Revenue					
Paper external	**244.6**	234.5	243.4	242.2	253.2
Paper Intra-Group	**-**	-	-	-	-
Municipal & Industrial external	**161.0**	166.6	173.7	166.6	157.8
Municipal & Industrial Intra-Group	**-**	-	-	-	-
Oil & Mining external	**85.1**	80.0	87.2	84.8	83.7
Oil & Mining Intra-Group	**-**	-	-	-	-
Other external	**62.2**	62.2	54.0	55.2	62.1
Other Intra-Group and eliminations	**-**	-	-	-	-
Total	**552.9**	543.3	558.3	548.8	556.8
Operating profit					
Paper	**20.2**	18.3	18.5	20.0	22.7
Municipal & Industrial	**5.0**	5.8	15.4	10.9	11.6
Oil & Mining	**12.0**	7.2	10.2	8.1	9.4
Other and eliminations	**-1.1**	4.0	-3.3	-1.7	1.2
Total	**36.1**	35.3	40.8	37.3	44.9
Operating profit, excluding non-recurring items					
Paper	**21.0**	14.2	18.5	20.0	22.7
Municipal & Industrial	**6.1**	9.0	15.4	10.9	11.6
Oil & Mining	**12.1**	8.5	10.2	8.1	9.4
Other and eliminations	**-1.0**	2.6	-3.3	-1.7	1.2
Total	**38.2**	34.3	40.8	37.3	44.9

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 - cash and cash equivalents

Return on capital employed (ROCE), %

$$\frac{\text{Operating profit + share of profit or loss of associates x 100}}{\text{Capital employed [1] [2]}}$$

[1] Average

[2] Capital Employed = Net working capital + property, plant and equipment available for use + intangible assets + investments in associates