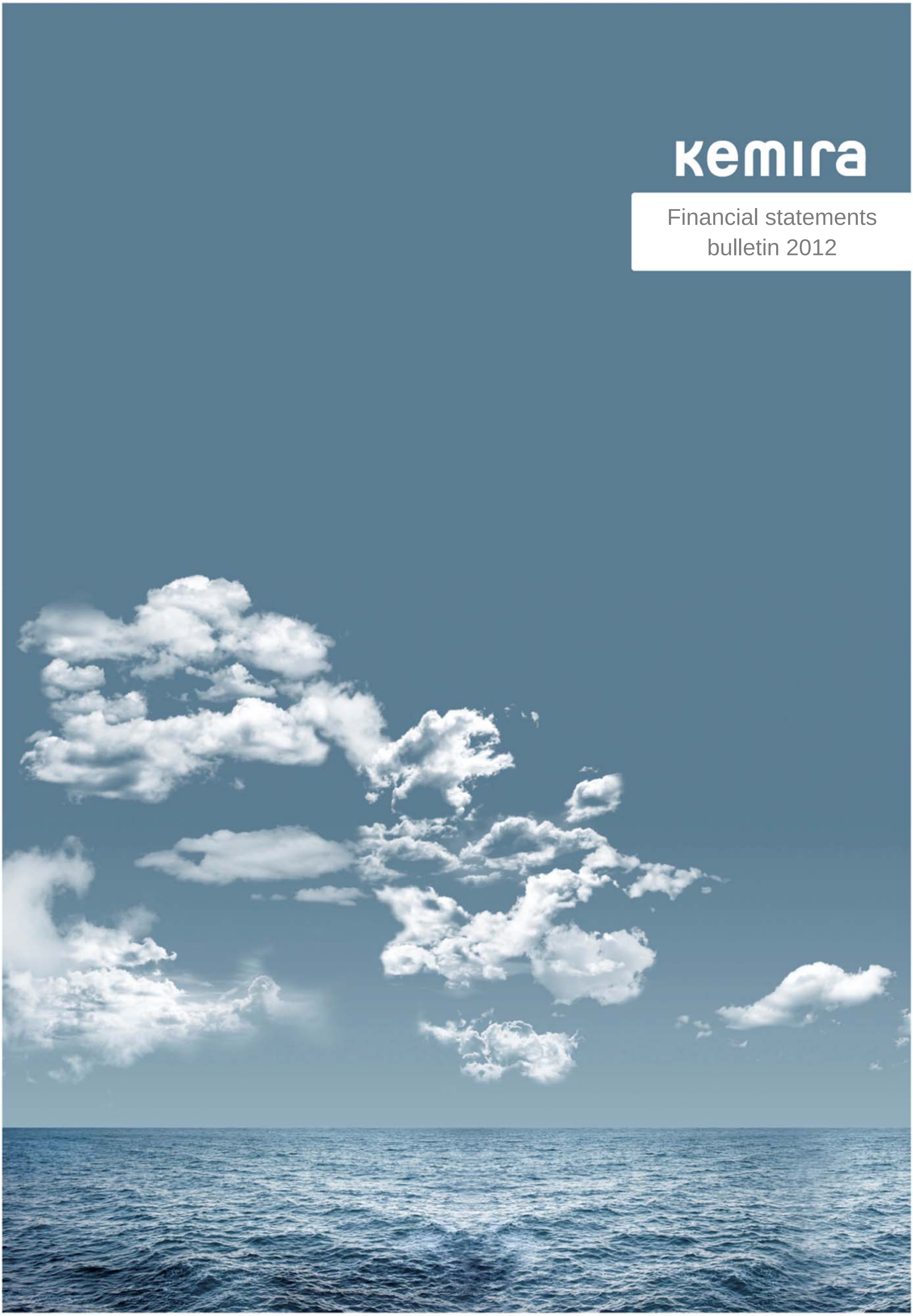

kemira

Financial statements bulletin 2012

Kemira
Water is the connection

Fourth quarter: "Fit for Growth" program proceeding as planned. Strong quarter for the Paper segment.

- Revenue grew 3% to EUR 558.5 million (543.3).
- Operative EBIT was EUR 33.7 million (34.3) with a margin of 6.0% (6.3%).
- Earnings per share, excluding non-recurring items, decreased to EUR 0.13 (0.24) mainly due to the weak performance of the titanium dioxide joint venture (Sachtleben).
- The reported earnings per share were reduced to EUR -0.28 (0.24) largely due to non-recurring items of EUR 71 million that were mainly related to the structural development of the company.

Full year: Financially satisfactory year 2012. Dividend proposal again at EUR 0.53.

- Revenue increased 2% to EUR 2,240.9 million (2,207.2).
- Operative EBIT decreased 2% to EUR 154.1 million (157.3) with a margin of 6.9% (7.1%).
- Earnings per share, excluding non-recurring items, decreased 13% to EUR 0.77 (0.89).
- The reported earnings per share decreased to EUR 0.11 (0.89), mainly due to the non-recurring items of EUR 122.4 million related to "Fit for Growth", to the divestment of Kemira's food and pharmaceuticals businesses and to the streamlining of Kemira's operations.
- The Board of Directors proposes a cash dividend of EUR 0.53 per share (0.53) to the Annual General Meeting 2013, totaling EUR 81 million (81), equivalent to 69% of the operative net profit.
- In 2013, Kemira expects the revenue in local currencies and excluding divestments to be slightly higher and the operative EBIT to be significantly higher than in 2012. Kemira's outlook for 2013 is detailed on page 20.

Kemira's President and CEO Wolfgang Büchele:

"Despite our ongoing restructuring initiatives, we managed to maintain the fourth quarter revenue and operative EBIT at last year's level, and reached our targets set for 2012. This is an encouraging achievement, considering the stagnating markets in which we are operating.

Our competitive landscape for Kemira started to change substantially in 2012. Major global competitors announced their entry into water quality and quantity management as well as oil and mining either by outlining new strategies or by major acquisitions in the respective fields.

In addition, the market environment for titanium dioxide changed completely in 2012, causing a deterioration of the performance of the JV Sachtleben with a substantial negative impact on our EPS.

We continued to implement "Fit for Growth", including decisions on additional site closures and headcount reductions in Europe and the US. Overall, we achieved the expected 2012 cost savings of EUR 10 million. We also introduced a new performance management system to align all of Kemira's organization towards value creation. The sharpened strategy will be presented at the end of April, 2013, once it has been approved by the Board of Directors.

The revenue of Kemira's Paper segment reached EUR 1 billion in 2012 and thus grew 5%, excluding the impact of the Canadian based hydrogen peroxide business divestment at the end of 2011. Due to organic growth and cost saving measures, the Paper segment's profitability reached nearly 9%. The Municipal & Industrial sales volumes recovered after the sudden drop in Q4 2011. Gross margin was kept at the same level as in 2011, despite 30% higher raw material expenses. Fixed costs increased mainly due to higher personnel and manufacturing related expenses, in particular in the first half of the year. Oil & Mining improved its already good profitability, despite sales volumes being under pressure due to low gas prices in the US and global mining activity having slowed down. ChemSolutions sales volumes remained stable compared to 2011.

In 2013, besides continuing the implementation of our "Fit for Growth" cost savings program, growth will again move into the center of Kemira's focus. We expect the revenue in local currencies and excluding divestments to be slightly higher than in 2012 and the operative EBIT to be significantly higher than in 2012."

Key figures and ratios

EUR million	Oct–Dec 2012	Oct–Dec 2011	Jan–Dec 2012	Jan–Dec 2011
Revenue	558.5	543.3	2,240.9	2,207.2
EBITDA	15.6	65.9	178.5	259.6
EBITDA, %	2.7	12.1	8.0	11.8
Operative EBIT	33.7	34.3	154.1	157.3
EBIT	-37.7	35.3	31.7	158.3
Operative EBIT, %	6.0	6.3	6.9	7.1
EBIT, %	-6.8	6.5	1.4	7.2
Share of profit or loss of associates	-5.7	7.2	11.2	31.0
Financing income and expenses	-4.1	-5.5	-15.7	-20.9
Profit before tax	-47.4	37.0	27.2	168.4
Net profit	-40.6	37.8	21.5	140.3
EPS, EUR	-0.28	0.24	0.11	0.89
Operative EPS, EUR	0.13	0.24	0.77	0.89
Capital employed*	1,673.0	1,705.0	1,673.0	1,705.0
ROCE, %*	2.6	11.1	2.6	11.1
Cash flow after investing activities	9.4	-27.3	71.8	115.3
Capital expenditure	18.5	129.3	134.1	201.1
Equity ratio, % at period-end	53	51	53	51
Gearing, % at period-end	40	38	40	38
Personnel at period-end	4,857	5,006	4,857	5,006

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

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.

Financial performance in October–December 2012

Kemira Group's **revenue** increased 3% to EUR 558.5 million (543.3) mainly due to continued sales volumes growth, especially in Paper and Municipal & Industrial. In ChemSolutions, sales volumes remained stable and in Oil & Mining sales volumes were down due to the global gas and mining market softness. Sales prices had a small positive impact on revenues. Currency exchange had +2% and divestments -1% impact on revenues.

In the Paper segment, revenues increased 7% to EUR 250.3 million (234.5). Revenue growth in local currencies and excluding divestments was 6% as a result of higher sales volumes and slightly higher sales prices. Sales to the pulp customer segment contributed the most as these sales volumes recovered to a more normal level. The comparable quarter in 2011 was affected by lower production rates in some large pulp mills. Sales increased in all other customer segments as well. Currency exchange impacted revenues by +2% and divestments by -1%.

In the Municipal & Industrial segment, revenues increased 5% to EUR 175.4 million (166.6). Revenue growth in local currencies and excluding divestments was 4% mainly due to higher sales volumes, especially for coagulants used mainly in municipal water treatment. Sales prices were at the level of the comparable period in 2011. Currency exchange impacted revenues by +1%. Divestments did not have a material impact on revenues.

In the Oil & Mining segment, revenues decreased 10% to EUR 72.1 million (80.0). Sales volumes were lower due to the continued exit of some low margin product sales combined with reduced demand due to the decreased natural gas prices in North America and the slowdown in the mining activity globally. Exited low margin product sales impacted revenues by -4%. Currency exchange impacted revenues by +1%.

Revenue, EUR million	Oct–Dec 2012	Oct–Dec 2011	∆%
Paper	250.3	234.5	7
Municipal & Industrial	175.4	166.6	5
Oil & Mining	72.1	80.0	-10
Other	60.7	62.2	-2
of which ChemSolutions	49.8	49.1	1
Eliminations	-	-	-
Total	558.6	543.3	3

Non-recurring charges reduced the **EBIT** to EUR -37.6 million (35.3). The **operative EBIT** decreased 2% to EUR 33.7 million (34.3). Higher fixed costs in all segments were the main reason for the decline. Raw material price inflation was partly offset by corresponding sales price increases. “Fit for Growth” savings impact on variable costs was EUR 3 million. Sales volumes increased and had a positive impact on the operative EBIT.

Fixed costs increased EUR 7 million in the fourth quarter, including the positive EUR 4 million “Fit for Growth” savings impact. Group expenses were EUR 3 million higher due to higher pension costs. Municipal & Industrial fixed costs increased EUR 2 million due to higher personnel and manufacturing related expenses. Increased sales and marketing expenses resulted in EUR 2 million higher fixed costs in Oil & Mining. Currency exchange had a positive impact of EUR 1 million on the operative EBIT. In total, divestments, and other items had a negative impact of EUR 1 million (see variance analysis on page 4). The operative EBIT margin was 6.0% (6.3%).

Non-recurring items affected the EBIT in the fourth quarter of 2012 by EUR -71 million (1). “Fit for Growth” severance payments and costs related to external services totaled EUR 23 million and asset write-downs EUR 8 million. Other, not “Fit for Growth” related, non-recurring items included a write-down of EUR 18 million from the divestment of Kemira’s food and pharmaceutical businesses and charges of EUR 22 million related to efficiency improvements, as well as the streamlining of Kemira’s current operations and environmental liability (see non-recurring items table on page 6).

Non-recurring items in the comparable period in 2011 included a capital gain related to the sale of a hydrogen peroxide plant in Canada (Paper segment), asset write-downs related to the closure of the calcium sulphate business in Finland, and site consolidation activities in Spain and North America in Municipal.

Operative EBIT	Oct–Dec 2012 EUR, million	Oct–Dec 2011 EUR, million	∆%	Oct–Dec 2012 %-margin	Oct–Dec 2011 %-margin
Paper	20.8	14.2	46	8.3	6.1
Municipal & Industrial	7.2	9.0	-20	4.1	5.4
Oil & Mining	5.8	8.5	-32	8.0	10.6
Other	-0.1	2.6	-	-0.2	4.2
of which ChemSolutions	5.2	5.3	-2	10.4	10.8
Total	33.7	34.3	-2	6.0	6.3

Loss from associated companies was EUR -5.7 million (7.2). The result of the specialty TiO_2 producer JV Sachtleben, of which Kemira owns 39%, was negatively impacted by a significant slowdown in demand, decreasing titanium dioxide prices in the latter part of 2012, and higher raw material costs.

Financing income and expenses totaled EUR -4.1 million (-5.5), positively impacted by EUR 1.5 million changes in fair values of electricity derivatives.

Net profit attributable to the owners of the parent company decreased to EUR -41.7 million (36.8) and the earnings per share to EUR -0.28 (0.24). Earnings per share, excluding non-recurring items, decreased 46% to EUR 0.13 (0.24).

Variance analysis, EUR million	**Oct–Dec**
Operative EBIT, 2011	**34.3**
Sales volumes and prices	9.7
Variable costs	-3.8
Fixed costs	-6.7
Currency impact	1.1
Others, incl. acquisitions and divestments	-0.9
Operative EBIT, 2012	**33.7**

Financial performance, full year 2012

Kemira Group **revenue** increased 2% to EUR 2,240.9 million (2,207.2). Revenues in local currencies and excluding divestments remained stable at the level of 2011. In local currencies, the main positive impact on revenues came from price increases, compensating the corresponding raw material price inflation. Excluding the exit of about EUR 20 million in low margin product sales, sales volumes were close to the level of 2011. Recovered sales volumes, especially with pulp and municipal customers compensated for the decreased sales volumes to the oil & gas and mining customer segments. ChemSolutions sales volumes were close to the level of 2011. The divestments of the hydrogen peroxide plant in Maitland, Canada in November, 2011 and Galvatek in October, 2011 had a negative impact of EUR 23 million on revenues. Most of the main foreign currencies affecting Kemira's financials, such as US dollar, Swedish krona, and Canadian dollar, appreciated against the euro compared to the previous year. Currency exchange had 2% or approximately EUR 50 million positive impact on revenues.

In the Paper segment, revenues increased 3% to EUR 1,002.0 million (973.3). Revenue growth in local currencies and excluding divestments was 2%. Currency exchange impacted revenues by +3% and divestments by -2%.

In the Municipal & Industrial segment, revenues increased 3% to EUR 686.6 million (664.7). Revenue growth was 2% in local currencies and excluding divestments. Currency exchange impacted revenues by +2% and divestments by -1%.

In the Oil & Mining segment, revenues decreased 4% to EUR 321.0 million (335.7). Revenues declined 2% in local currencies, excluding the impact of exited low margin product sales. Exited low margin product sales impacted revenues by -6% and currency exchange impacted revenues by +4%.

Geographically, the revenue was split as follows: EMEA 55% (57%), North America 31% (30%), South America 8% (7%), and Asia Pacific 6% (6%). Revenues increased 1% (3%) in the mature markets and 9%

(0%) in the emerging markets in 2012. Kemira group's mid-term revenue target set in September 2010 is to increase revenues by 3% in the mature markets and by 7% in the emerging markets.

Revenue, EUR million	**Jan–Dec 2012**	**Jan–Dec 2011**	**∆%**
Paper	1,002.0	973.3	3
Municipal & Industrial	686.6	664.7	3
Oil & Mining	321.1	335.7	-4
Other	231.2	233.5	-1
of which ChemSolutions	186.0	183.6	1
Eliminations	-	-	-
Total	2,240.9	2,207.2	2

The EBIT was impacted by non-recurring charges of EUR -122 million (1) and amounted to EUR -31.7 million (158.3). The **operative EBIT** decreased 2% to EUR 154.1 million (157.3) with a margin of 6.9% (7.1%). In 2008, Kemira set a mid-term target for the operative EBIT margin to be at least 10%. In order to reach the EBIT margin target of 10% in 2014, Kemira launched its "Fit for Growth" restructuring program in July, 2012, targeting at cost savings of EUR 60 million.

"Fit for Growth" cost savings totaled EUR 10 million in 2012, of which EUR 5 million impacted variable costs and EUR 5 million fixed costs. Fixed costs, including the positive impact of "Fit for Growth" were EUR 15 million higher than in 2011 mainly due to higher manufacturing, maintenance and personnel related expenses.

Variable costs were EUR 18 million higher than in 2011, mainly due to higher raw material prices and freight costs. Raw material price inflation was more than offset by corresponding price adjustments.

Lower sales volumes had less than a EUR 10 million negative impact on operative EBIT.

Currency exchange had a positive impact of EUR 5 million on the operative EBIT. In total, divestments and other items had a EUR 5 million negative impact (see variance analysis on page 6).

Operative EBIT	**Jan–Dec 2012 EUR, million**	**Jan–Dec 2011 EUR, million**	**∆%**	**Jan–Dec 2012 %-margin**	**Jan–Dec 2011 %-margin**
Paper	86.2	75.4	14	8.6	7.7
Municipal & Industrial	42.3	46.9	-10	6.2	7.1
Oil & Mining	37.3	36.2	3	11.6	10.8
Other	-11.7	-1.2	-	-5.1	-0.5
of which ChemSolutions	14.6	20.8	-30	7.8	11.3
Total	154.1	157.3	-2	6.9	7.1

Variance analysis, EUR million	Jan–Dec
Operative EBIT, 2011	**157.3**
Sales volumes and prices	29.9
Variable costs	-18.2
Fixed costs	-15.2
Currency impact	5.4
Others, incl. acquisitions and divestments	-5.1
Operative EBIT, 2012	**154.1**

Non-recurring items, mainly relating to the restructuring program “Fit for Growth”, affected the EBIT in 2012 by EUR -122 million (1). “Fit for Growth” severance payments and costs related to external services totaled EUR 41 million and asset write-downs EUR 30 million. Other, not “Fit for Growth” related, non-recurring items included the write-down of EUR 18 million from the divestment of Kemira’s food and pharmaceutical businesses and charges of EUR 33 million related to environmental liabilities, efficiency improvements, as well as streamlining of Kemira’s current operations (see non-recurring items table on page 6).

Non-recurring items, EUR million	Oct–Dec 2012	Oct–Dec 2011	Jan–Dec 2012	Jan–Dec 2011
Within EBITDA	**-41.9**	**6.4**	**-69.6**	**6.4**
Paper	-11.9	6.3	-22.9	6.3
Municipal & Industrial	-19.5	-1.3	-26.8	-1.3
Oil & Mining	-2.8	-0.2	-5.1	-0.2
Other	-7.7	1.6	-14.8	1.6
Within Depreciation, amortization and impairment losses	**-29.4**	**-5.4**	**-52.8**	**-5.4**
Paper	-2.0	-2.2	-8.1	-2.2
Municipal & Industrial	-12.6	-1.9	-24.1	-1.9
Oil & Mining	-0.6	-1.1	-1.9	-1.1
Other	-14.2	-0.2	-18.7	-0.2
Total	**-71.3**	**1.0**	**-122.4**	**1.0**

Non-recurring items in 2011 included a capital gain related to the sale of a hydrogen peroxide plant (Paper segment) in Canada, asset write-downs related to the discontinued calcium sulphate business in Finland and site consolidation activities in Spain and North America in Municipal.

Income from associated companies decreased to EUR 11.2 million (31.0) as a result of lower net profits of the specialty TiO_2 producer JV Sachtleben, of which Kemira owns 39%. The result of JV Sachtleben was negatively impacted by a significant slowdown in demand, decreasing titanium dioxide prices in the latter part of 2012, and higher raw material costs.

In June, 2012 Kemira Oyj’s and Rockwood Holdings Inc.’s titanium dioxide joint venture Sachtleben GmbH completed the re-financing with a new facility agreement in the aggregate amount of EUR 430 million. The proceeds of the facility have been used to repay the outstanding balance of the existing facility agreement, pay a dividend to the joint venture partners and for other corporate purposes. The facility has a maturity of five years. Also in June, 2012, Sachtleben GmbH reached an agreement to acquire the TiO_2 production assets and inventory of crenox GmbH, based in Krefeld, Germany. The acquisition was closed in July, 2012, and added over 100,000 metric tons of TiO_2 production, increasing total capacity to approximately 340,000 metric tons.

Financing income and expenses totaled EUR -15.7 million (-20.9). Financing expenses included changes of EUR -2.3 million in fair values of electricity derivatives and dividends of EUR 7.6 million received from PVO in the second quarter of 2012.

Profit before tax decreased to EUR 27.2 million (168.4). Lower financial expenses and lower taxes partly compensated for the lower EBIT and the reduced income from associated companies. The EBIT was lower mainly due to the non-recurring items related to the “Fit for Growth” restructuring program and other non-recurring items.

Taxes were EUR 5.7 million (28.1) and the reported tax rate was 21.0% (16.7%). Non-recurring items affecting the EBIT and higher profits, especially in North America increased the reported tax rate. The tax rate, excluding non-recurring items affecting the EBIT and income from associated companies was 20.6% (20.8%). In addition, changes in deferred tax assets and liabilities had material effects in the total taxes.

Net profit attributable to the owners of the parent company decreased to EUR 16.8 million (135.6) and the earnings per share to EUR 0.11 (0.89). Non-recurring items had EUR 0.66 negative impact on the EPS. Earnings per share, excluding non-recurring items, decreased 13% to EUR 0.77 (0.89).

Financial position and cash flow

Cash flow from operating activities in 2012 was EUR 176.3 million (177.7). Cash flow after investing activities and after severance payments decreased 38% to EUR 71.8 million (115.3) mainly due to higher expansion related capital expenditure. Cash flow after investing activities included EUR 27 million paid-in-capital from JV Sachtleben. The comparable period in 2011 included a cash flow of EUR 97 million from the sale of Kemira’s remaining Tikkurila shares. Net working capital (ratio) was 12.8% of revenue (13.4% on December 31, 2011).

At the end of the period, Kemira Group’s net debt was EUR 532.0 million (515.8). Net debt increased due to the dividend payment of EUR 81 million in March 2012 and was largely offset by a positive cash flow.

At the end of the period, interest-bearing liabilities totaled EUR 664.7 million (701.6). Fixed-rate loans accounted for 56% of the net interest-bearing liabilities (58%). The average interest rate of the Group’s interest-bearing liabilities was 1.6% (2.0%). The duration of the Group’s interest-bearing loan portfolio was 16 months (17 months).

Short-term liabilities maturing in the next 12 months amounted to EUR 277.2 million, of which commercial papers issued on the Finnish market represented EUR 193.6 million and repayments on the long-term loans represented EUR 52.8 million. Cash and cash equivalents totaled EUR 132.7 million on December 31, 2012 (185.8).

At the end of the period, the equity ratio was 53% (51%), while the gearing was 40% (38%). Shareholder’s equity decreased to EUR 1,314.8 million (1,370.8).

The Group's most significant transaction currency risk arises from the Swedish krona and the Canadian dollar. At the end of the year, the denominated 12-month exchange rate risk of Swedish krona had an equivalent value of approximately EUR 43 million, 45% of which was hedged on an average basis. Correspondingly, the CAD denominated exchange rate risk was approximately EUR 26 million, 50% of which was hedged on an average basis. In addition, Kemira is exposed to smaller transaction risks in relation to the U.S. dollar, the British pound and the Norwegian krona with the total annual exposure in these currencies being approximately EUR 50 million, 60% of which was hedged on an average basis.

Because Kemira's consolidated financial statements are compiled in euros, Kemira is also a subject to currency translation risk to the extent that the income statement and balance sheet items of subsidiaries located outside Finland are reported in a currency other than euro. The most significant translation exposure derives from the US dollar, the Swedish krona, the Canadian dollar and the Brazilian real. A weakening of the above mentioned currencies against the euro would decrease Kemira's revenue and EBIT through a translation risk. 10% depreciation of the above mentioned currencies against the euro would decrease Kemira's EBIT by some EUR 10 million (10) on an annual basis through a translation risk.

Capital expenditure

Capital expenditure decreased 33% to EUR 134.1 million (201.1) in 2012, (expansion capex 44% (17%), improvement capex 29% (40%), and maintenance capex 27% (43%), comparable 2011 %-figures are excluding the acquisition of PVO shares). Expansion investments were mainly focused on China as well as Germany and Spain. The comparable period capital expenditure included EUR 103 million related to acquisitions of PVO shares from Kemira pension fund Neliapila.

In 2012, the Group's depreciation and impairments increased 45% to EUR 146.8 million (101.3), mainly due to "Fit for Growth" related write-downs of EUR 25 million and the write-down of EUR 18 million from the divestment of Kemira's food and pharmaceutical businesses.

Research and development

Research and development related expenses totaled EUR 38.1 million (36.5) in 2012, representing 1.7% (1.6%) of Kemira Group's revenue. Kemira has four research and development centers in Espoo (Finland), Atlanta (USA), Shanghai (China) and São Paulo (Brazil).

Kemira's research and development is a critical enabler for organic growth and further differentiation. In 2012, Kemira generated EUR 106 million (40) of revenues from new products and new applications. Kemira's definition for a new product and application revenue is revenue generated from products and applications introduced within the past five years. New product launches during 2012 included e.g. antiscalants, friction reducers and biocides improving the efficiency of water and energy usage.

Kemira's four-year R&D program launched in 2010 called SWEET (Center of Water Efficiency and Excellence) progressed in 2012, and most of the projects included in the program are in the development or scale-up phase. Projects are running in all of Kemira's four R&D centers and include new innovations regarding process chemicals and water management for oil & gas, shale gas, bioethanol and biomass. One example of the SWEET innovation is the strength chemistry launched for tissue and board customers. It enables savings in terms of raw materials, but also better strengths with lower material weight. Customers are benefiting from raw material, cost and energy savings. Our new products and applications have been an important enabler for the double-digit revenue growth rates in the tissue as well as in the packaging and board customer segments in 2012.

Kemira aims to strengthen its R&D centers' competencies by developing them further into a truly global network, providing the company with a unique strength.

In 2012, Kemira opened a new R&D laboratory in Alberta, Canada in cooperation with the University of Alberta, specializing in oil and gas applications, including reuse and water management in oil sands applications.

Kemira has a strong IP portfolio with 330 patent families and 1,350 patents.

Human Resources

At the end of 2012, Kemira Group had 4,762 permanent employees (2011: 4,846, 2010: 4,814) and 95 temporary employees (2011: 160, 2010: 119). Kemira employed 1,114 people in Finland (1,179), 1,690 people elsewhere in EMEA (1,776), 1,279 in North America (1,384), 423 in South America (398) and 351 in

Asia Pacific (269).

Total salaries and wages in 2012 increased to EUR 271.5 million (2011: 235.6, 2010: 251.3) mainly due to severance payments.

Sustainability

In 2013, Kemira for the second time will publish an annual Sustainability Report in connection with its Annual Report. The Sustainability Report is verified by a third party and prepared in accordance with the GRI (Global Reporting Initiative) framework. It deals, for example, with Kemira's economic performance, its emissions and effluents, its waste, its environmental costs, its labor and responsible work practices, with safety and product safety, the society, as well as the use of natural resources.

As an update to the first Sustainability report published in 2011, Kemira has more clearly defined its sustainability priorities and targets as part of its sustainability management process. The sustainability targets were approved by the Kemira Management Board in the third quarter of 2012. The targets, Key Performance Indicators (KPI) and planned measures will be discussed in more detail in Kemira's Sustainability Report that will be published as part of the Kemira Annual Report 2012 during the week beginning on February 25.

In 2012, capital expenditure on environmental protection at the company's 71 production sites totaled EUR 3.4 million (EUR 3.6 million) and operating costs were EUR 14.2 million (EUR 12.7 million). The increase of operating costs was caused mainly by higher production volumes. No major environmental investment projects are in progress or being planned.

Provisions for environmental remediation totaled EUR 19.7 million (14.7). The major provisions apply to the closing of the former waste piling area in Pori and to the limited reconditioning of the sediment of a lake adjacent to the Vaasa plant.

Kemira did not register any new substances under the new EU chemicals regulation (REACH) in 2012. Kemira is in the process of preparing for the next registration deadline in June 2013 for phase-in registrations. In the EU, the third deadline of REACH is coming up in 2018. In addition, there will be other regulations concerning the Asia-Pacific region and South America that will require Kemira's attention in the future. The implementation of REACH is not expected to have a major impact on Kemira's financial results, even though the registration costs are expected to accumulate over the next few years. In 2012, the costs of REACH compliance were insignificant and related to improvements in REACH-related management processes and associated IT support.

In 2012 Kemira started reporting Total Recordable Injuries for Kemira employees and contractors (TRI) instead of the LTA1 (accident frequency rating that indicates the number of accidents that cause absences lasting at least one day per one million working hours) for Kemira employees. The TRI Includes LTA, Restricted work cases (RWC) and Medical treatment cases (MTC). For 2012 the TRI frequency for Kemira employees and contractors per million working hours was 8.5. This compares to a chemical industry average of 12 (Source: US department of labor, 2011).

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	Oct–Dec 2012	Oct–Dec 2011	Jan–Dec 2012	Jan–Dec 2011
Revenue	250.3	234.5	1,002.0	973.3
EBITDA	19.9	31.9	106.2	126.0
EBITDA, %	7.9	13.6	10.6	12.9
Operative EBIT	20.8	14.2	86.2	75.4
EBIT	6.8	18.3	55.2	79.5
Operative EBIT, %	8.3	6.1	8.6	7.7
EBIT, %	2.7	7.8	5.5	8.2
Capital employed*	759.8	773.2	759.8	773.2
ROCE, %*	7.3	10.3	7.3	10.3
Capital expenditure	6.9	4.0	66.4	43.5
Cash flow after investing activities, excluding interest and taxes	-3.4	38.8	30.6	90.9

*12-month rolling average

Fourth quarter

The Paper segment's **revenue** increased 7% to EUR 250.3 million (234.5) mainly due to continued sales volume growth. Implemented sales prices increases and currency exchange also had a positive impact on revenues. Divestments did not have a material impact on revenues.

Kemira's sales to the pulp customer segment increased 5%, driven by recovered demand and slightly higher sales prices. The comparable quarter in 2011 was impacted by a lower production rate at some large pulp mills in the Nordic region and in South America. Sales to the printing and writing customer segment increased 8%, driven by higher polymer based application related sales volumes, especially in Europe and North America. Sales growth to the packaging and board customer segment slowed down whereas sales to the tissues and specialties customer segment grew by more than 20%.

The operative EBIT increased 46% to EUR 20.8 million (14.2) mainly due to sales volumes growth. Raw material cost inflation was offset by sales price increases. Fixed costs, excluding "Fit for Growth" impact were EUR 2 million higher than in the comparable period last year due to increased sales and marketing activity. "Fit for Growth" cost savings had a EUR 2 million positive impact on the fixed costs. The operative EBIT margin improved to 8.3% (6.1%).

Non-recurring restructuring charges, including "Fit for Growth" program amounted to EUR -14 million and were mainly related to the asset write-downs, severance payments and external services.

Full year

The Paper segment's **revenue** increased 3% to EUR 1,002.0 million (973.3). Revenues in local currencies and excluding divestment grew 2% due to the implemented sales price increases and slightly higher sales volumes. Currency exchange impacted revenues by +3% and the divestment of the hydrogen peroxide plant in Maitland, Canada in November 2011 by -2%.

Demand for pulp started to recover in the beginning of the year after some slow down witnessed in the end of 2011. Sales volumes to the pulp customer segment steadily increased during the year. The demand remained at a good level even in the last quarter of 2012 and pulp revenues reached the level of 2011, excluding the hydrogen peroxide divestment. Sales to the packaging and board customers increased over 10% in 2012 driven mainly by growth in sizing chemical sales in Asia Pacific. The demand for printing and writing remained fairly stable globally and due to extensive sales activity, especially in Europe and North

America, Kemira's product and application related sales grew some 5% to this customer segment. Sales to the tissue and specialty customer segment increased nearly 20% in 2012. Paper segment sales volumes increased to tissue customers, especially in North America. In 2013, sales to tissue customers are expected to accelerate also in China, Indonesia, South America and in Europe.

In 2012, Kemira announced that it would expand hydrogen peroxide capacity in Fray Bentos, Uruguay by mid-2013. The company is also proceeding with its Nanjing paper chemicals production plant in China. The project is now in its pre-sales phase, in anticipation of trial production starting at the end of Q1 2013.

The operative EBIT increased 14% to EUR 86.2 million (75.4). Higher sales prices could more than offset the higher variable costs. Increased sales volumes had a small positive impact on the operative EBIT. The fixed costs were EUR 5 million higher than in the comparable period in 2011, mainly due to increased sales and marketing activities and maintenance related expenses. Currency exchange had a positive impact of EUR 4 million on the operative EBIT. The divestment of the hydrogen peroxide plant in Maitland, Canada in November 2011 had a small negative impact on the operative EBIT. The operative EBIT margin improved to 8.6% (7.7%).

Non-recurring restructuring charges, including the "Fit for Growth" program amounted to EUR -31 million and were mainly related to asset write-downs, severance payments and external services.

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	Oct–Dec 2012	Oct–Dec 2011	Jan–Dec 2012	Jan–Dec 2011
Revenue	175.4	166.6	686.6	664.7
EBITDA	-5.9	15.4	42.6	74.3
EBITDA, %	-3.4	9.2	6.2	11.2
Operative EBIT	7.2	9.0	42.3	46.9
EBIT	-24.8	5.8	-8.5	43.7
Operative EBIT, %	4.1	5.4	6.2	7.1
EBIT, %	-14.1	3.5	-1.2	6.6
Capital employed*	392.1	403.4	392.1	403.4
ROCE, %*	-2.2%	10.8	-2.2%	10.8
Capital expenditure	10.0	13.8	35.2	28.8
Cash flow after investing activities, excluding interest and taxes	21.3	24.3	23.3	41.9

*12-month rolling average

Fourth quarter

The Municipal & Industrial segment's **revenue** increased 5% to EUR 175.4 million (166.6). Inorganic coagulant sales volumes, used mainly for municipal and industrial water treatment, continued to recover and increased especially in South America and slightly also in North America. In the comparable period in 2011, some municipal customers decreased their consumption of water treatment chemicals due to the challenging economic environment. The consumption of municipal water treatment chemicals in South Europe has stabilized close to a level of the fourth quarter in 2011. In the Industrial sub-segment, revenues increased 3% mainly due to sales price increases in applications related to polymers and higher sales volumes of some low-margin non-core products. Overall, Municipal & Industrial sales prices remained unchanged. Currency exchange had +1% impact on revenues.

The operative EBIT decreased 20% to EUR 7.2 million (9.0) with a margin of 4.1% (5.4%) mainly due to raw material cost inflation and higher fixed costs. Higher sales volumes supported the operative EBIT, but could together with implemented sales price increases not offset the negative impacts of higher operating expenses. Gross margin was negatively impacted by the reduction of low margin product inventories.

Fixed costs increased EUR 2 million, including the positive “Fit for Growth” cost savings impact of EUR 2 million. The fixed costs increased mainly due to higher personnel and manufacturing related expenses.

Non-recurring restructuring charges, including the “Fit for Growth” program amounted to EUR -32 million and were mainly related to the asset write-downs, severance payments and external services.

Full year

The Municipal & Industrial segment’s **revenue** increased 3% to EUR 686.6 million (664.7). Demand for water treatment chemicals in municipalities recovered throughout the year and resulted together with higher sales prices for inorganic coagulants and flocculants in 2% organic revenue growth. Currency exchange impacted revenues by +2% and divestments by -1%.

The challenging economic conditions caused a slowdown of sales volumes to the municipal customer segment in the fourth quarter in 2011, especially in East Europe, South Europe and California. In East Europe, sales volumes recovered quickly in the beginning of 2012 followed by California. In South Europe chemical usage in municipal water treatment seems to have stabilized on a lower level.

In the industrial customer segment, the sales volumes remained relatively stable through the year in all main industries. Kemira is focusing on water intensive industries such as the food & beverage, the sugar, the construction, the pharmaceutical and the power generating industries. In addition, solutions for membrane technologies, biogas, fermentation, and bioethanol processes have been developed and are currently in the process of commercialization.

The operative EBIT decreased by 10% to EUR 42.3 million (46.9). Higher sales volumes and prices could offset the negative impact of higher variable costs. Variable costs increased by EUR 12 million in 2012 mainly due to increased sulphuric and hydrochloric acid prices. Fixed costs increased by EUR 6 million mainly due to higher personnel and manufacturing related expenses. Currency exchange had a small positive impact on operative EBIT. Operative EBIT margin decreased to 6.2% (7.1%).

Non-recurring restructuring charges, including the “Fit for Growth” program amounted to EUR -51 million and were mainly related to asset write-downs, severance payments and external services.

Rationalization of the manufacturing footprint comprises consolidation of the manufacturing network and selected investments to increase competitiveness. Kemira has made the decision that of its 40 coagulant plants, nine will be closed, focusing the development activities to long-term key sites. The aim is to minimize manufacturing and logistic costs through an asset footprint optimization. Coagulants are one of Kemira's core product lines, and ensuring cost efficient supply of raw materials is essential for the business. Kemira is building two coagulants plants next to Bayer MaterialScience's isocyanate production plants in Dormagen, Germany and Tarragona, Spain. This will guarantee long-term, cost-efficient access to hydrochloric acid, one of the raw materials for coagulant manufacturing. Furthermore, these selected investments will reinforce the company’s strong coagulant position. The new plants in Dormagen and Tarragona are expected to be in operation during the second half of 2013.

Oil & Mining

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

EUR million	Oct–Dec 2012	Oct–Dec 2011	Jan–Dec 2012	Jan–Dec 2011
Revenue	72.1	80.0	321.1	335.7
EBITDA	5.8	10.9	42.6	45.7
EBITDA, %	8.0	13.6	13.3	13.6
Operative EBIT	5.8	8.5	37.3	36.2
EBIT	2.4	7.2	30.2	34.9
Operative EBIT, %	8.0	10.6	11.6	10.8
EBIT, %	3.3	9.0	9.4	10.4
Capital employed*	168.8	150.1	168.8	150.1
ROCE, %*	17.9	23.3	17.9	23.3
Capital expenditure	1.0	3.4	15.9	9.6
Cash flow after investing activities, excluding interest and taxes	5.6	13.4	21.6	28.7

*12-month rolling average

Fourth quarter

The Oil & Mining segment's **revenue** decreased 10% to EUR 72.1 million (80.0). Sales prices were slightly higher than in the comparable period of 2011. Sales volumes were lower mainly due to the continued market softness in the Oil and Gas sub-segment in North America and in the global mining industry. Revenues in local currencies, excluding the previously reported carryover impact of the exit of low margin product sales, decreased 7%. The year-on-year decline was slightly lower than the comparable third quarter decline. Exited low margin product sales impacted revenues by -4%. Currency exchange impacted revenues by +1%.

The operative EBIT decreased 32% to EUR 5.8 million (8.5) mainly due to the result of lower sales volumes and higher fixed costs related to increased sales and marketing expenses. A positive price mix effect could only partly compensate for the lower sales volumes. Variable costs decreased as propylene and ethylene based raw material prices were lower than in the comparable period in 2011. The operative EBIT margin declined to 8.0% (10.6%).

Non-recurring restructuring charges, including the "Fit for Growth" program amounted to EUR -3 million and were mainly related to a minor asset write-downs, severance payments and external services.

Full year

The Oil & Mining segment's **revenue** decreased 4% to EUR 321.1 million (335.7). Revenues in local currencies decreased 2% excluding the negative -6% impact related to exited low margin product sales. Currency exchange impacted revenues by +4%. Acquisitions and divestments did not have an impact on the revenues.

The decline in Oil & Mining sales volumes was mainly due to lower drilling activities specifically caused by low natural gas prices in North America, and a global slowdown in the mining industry because of lower metal prices.

In the end of 2012, Kemira completed a two-year, multi-million euro capacity expansion project at its polymer production plants in North America. This has resulted in a 60% increase in manufacturing capacity at the company's Mobile, Alabama, Columbus, Georgia and Longview, Washington production sites.

Polymers are core to Kemira's water technology platform and also play a significant role in growing applications like water reuse, wastewater treatment, rheology control and shale fracturing. The Oil & Mining segment continues to shift its sales mix from products to innovative solutions, improving value creation for the customers.

The operative EBIT increased 3% to EUR 37.3 million (36.2). The operative EBIT improvement was driven mainly by the higher sales prices as Oil & Mining has shifted its sales mix from products into higher value creating solutions. Higher sales prices could partly offset the negative impact of lower sales volumes. Variable costs were EUR 8 million lower due to lower raw material prices. Fixed costs were EUR 5 million higher than in 2011 as a result of investing in sales and marketing resource and related activities. Currency exchange had EUR 3 million positive impact on the operative EBIT. The operative EBIT margin rose to 11.6% (10.8%).

Non-recurring restructuring charges, including the “Fit for Growth” program amounted to EUR -7 million and were mainly related to asset write-downs, severance payments and external services.

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”. Specialty chemicals products are delivered mainly to the food and feed, the chemicals and the pharmaceutical industries, as well as for airport runway de-icing.

Fourth quarter

The “Other” **revenue** was EUR 60.7 million (62.2). ChemSolutions’ revenues increased 1% to EUR 49.8 million (49.1), mainly due to increased sales prices, especially of the formic acid based products offered to the chemical and pharmaceutical industries. Sales volumes remained at the level of the comparable period in 2011.

The operative EBIT declined to EUR -0.1 million (2.6). ChemSolutions’ operative EBIT was EUR 5.2 million (5.3). ChemSolutions’ operative EBIT was at the level of 2011 as the inflation in raw material prices was offset by price adjustments. ChemSolutions’ operative EBIT margin was 10.4% (10.8%).

“Other” non-recurring restructuring charges, including the “Fit for Growth” program amounted to EUR -22 million in the fourth quarter of 2012, and were mainly related to the EUR -18 million write-down associated to the ChemSolutions’ food and pharmaceutical businesses divestment, severance payments and external services.

Group expenses were EUR 3 million higher than in the comparable period in 2011 due to higher pension costs.

Full year

The “Other” **revenue** remained stable at EUR 231.2 million (233.5). ChemSolutions’ revenues increased slightly to EUR 186.0 million (183.6) as the higher sales prices could more than compensate for somewhat lower sales volumes. ChemSolutions’ products are delivered mainly to the food and feed (about 50% of the ChemSolutions’ revenue), chemical and pharmaceutical industries (about 40%), as well as for airport runway de-icing. In December 2012, Kemira signed an agreement with Niacet Corporation (Niagara Falls, USA) regarding the divestment of ChemSolutions’ food and pharmaceutical businesses. The transaction covered the shares of ChemSolutions B.V. and its manufacturing site in Tiel, the Netherlands. Other businesses of the ChemSolutions’ segment, including the chemical, feed and de-icing businesses will be kept within Kemira. The businesses sold had a revenue of approximately EUR 50 million in 2012. The transaction price was EUR 82 million and will impact Kemira's cash flow positively in the first quarter of 2013.

Revenues other than ChemSolutions are the service revenues in Sweden and Finland.

The operative EBIT decreased to EUR -11.7 million (-1.2). ChemSolutions’ operative EBIT decreased 30% to EUR 14.6 million (20.8). The operative EBIT decreased mainly due to the higher variable costs of EUR 9 million that could not fully be compensated by the respective sales price increases. The extended maintenance shut-down of ChemSolutions’ formic acid plant in Oulu, Finland in the second quarter in 2012 also impacted operative EBIT negatively. ChemSolutions’ operative EBIT margin decreased to 7.8% (11.3%).

“Other” non-recurring restructuring charges, including the “Fit for Growth” program amounted to EUR -34 million in 2012 mainly related to the EUR -18 million write-down for ChemSolutions’ food and pharmaceutical businesses divestment, other asset write-downs, severance payments and external services.

As of January 1, 2013, ChemSolutions will be reported as a separate segment together with Paper, Municipal & Industrial and Oil & Mining. Revenue other than ChemSolutions and all Group expenses will be allocated to these four segments on a fixed quota basis, and the unit called “Other” will be abolished. Restated figures will be publicly available before the first quarter result release on April 23, 2013.

Parent company’s financial performance

As of January 1, 2011, Kemira Oyj has acted as a principal for the European business operations. In this business model, Kemira Oyj purchases raw material and sells products to customers in Europe. Kemira Oyj’s revenue decreased to EUR 1,356.0 million (1,365.3) in 2012. The EBIT decreased to EUR -38.2 million (86.7). EBIT decreased mainly due to the charges related to the “Fit for Growth” restructuring program and decline in other operating income.

The parent company’s net financial expenses were EUR 86.9 million (90.5). Net profit totaled EUR 68.7 million (245.6). Capital expenditure totaled EUR 13.4 million (216.9), excluding investments in subsidiaries.

Kemira Oyj’s shares and shareholders

On December 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 December 2012, Kemira Oyj had 30,601 registered shareholders (31,294 at the end of December, 2011). Foreign shareholders held 17.1% of the shares (13.8%) including nominee registered holdings. Households owned 15.4% of the shares (16.3%). Kemira held 3,301,769 treasury shares (3,312,660) representing 2.1% (2.1%) of all company shares. No shares granted as share-based incentives were returned to Kemira during the year in accordance with the terms of the incentive plan as employment ended.

Kemira Oyj’s share closed at EUR 11.81 at the NASDAQ OMX Helsinki at the end of 2012 (9.18). The share price increased 28.6% during the year while OMX Helsinki Cap index increased 9.6%. Shares registered a high of EUR 12.00 (12.67) and a low of EUR 8.00 (7.80). The average share price was EUR 10.10 (10.49). Kemira’s market capitalization, excluding treasury shares, was EUR 1,796 million at the end of the year 2012 (1,396). The performance of the STOXX Chemicals (Europe), benchmark index for Kemira, developed closely in line with the Kemira share and increased 30% in 2012.

In 2012, Kemira Oyj’s share trading volume on NASDAQ OMX Helsinki decreased 19% to 88.5 million (109.0) shares and was valued at EUR 886.7 million (1,113.0). The average daily trading volume was 352,397 (430,882) shares. On NASDAQ OMX Helsinki stock exchange, the total trading volume decreased 29% in 2012 compared to 2011.

In addition to NASDAQ OMX Helsinki, Kemira shares are traded on several alternative market places or multilateral trading facilities (MTF), for example at BATS Chi-X and Turquoise. In 2012, a total of 29.1 million (23.0) Kemira Oyj shares were traded at alternative market places, i.e. approximately 26.0% (17.5%) of the total amount of traded shares executed on-book. (Source: Fidessa) The total amount of traded Kemira shares, including trade on NASDAQ OMX Helsinki and multilateral trading facilities decreased 6% in 2012 compared to 2011.

Share-based incentive plan for the strategic management

In February 2012, Kemira’s Board of Directors decided to establish a new share-based incentive plan that follows the already terminated 2009–2011 plan aimed at the company’s strategic management for the years 2012–2014, as part of the company's incentive and commitment schemes. The delivery of share rewards within the plan is subject to the achievement of the performance targets set by the Board of Directors, which 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 the achievement of the set intrinsic value targets calculated from the development of the EBITDA 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, rewards will only be paid based on excellent performance.

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

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

The shares transferable under the plan comprise treasury shares or Kemira Oyj shares available in public trading.

In addition to the share-based incentive plan aimed at the strategic management, Kemira has a share-based incentive plan aimed at other key employees. The participants in the strategic management plan will not participate in this plan for the key employees.

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

AGM decisions

Annual General Meeting

Kemira Oyj's Annual General Meeting, held on March 21, 2012, confirmed a dividend of EUR 0.53 per share for 2011. The dividend was paid out on April 2, 2012.

The AGM authorized the Board of Directors to decide upon 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 share repurchases. The share repurchase authorization is valid until the end of the next Annual General Meeting. The Board had not exercised its authorization by December 31, 2012.

The AGM 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 a directed share issue, if the company has a weighty financial reason to do so, such as financing or implementing mergers and acquisitions, developing the capital structure of the company, improving the liquidity of the company's shares or if this is justified for the payment of the annual fee payable to the members of the Board of Directors or implementing the company's share-based incentive plans. The directed share issue may be carried out without consideration only in connection with the 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. Based on the decision of the Annual General Meeting of Kemira Oyj on March 21, 2012, Kemira Oyj has transferred 10,891 shares to the members of the Board of Directors as part of remuneration of the Board.

The AGM elected Deloitte & Touche Oy. to serve as the company's auditor, with Jukka Vattulainen, Authorized Public Accountant, acting as the principal auditor.

Nomination Board

The AGM of Kemira Oyj decided to establish a Nomination Board consisting of the shareholders or the representatives of the shareholders to prepare annually a proposal for the next AGM concerning the composition and remuneration of the Board of Directors. The Nomination Board consists of representatives of the four largest shareholders of Kemira Oyj based on the situation on August 31 preceding the AGM, and the Chairman of Kemira's Board of Directors acts as an expert member.

As of August 31, 2012, the members of the Nomination Board are Pekka Paasikivi, Chairman of the Board of Oras Invest Oy; Kari Järvinen, Managing Director of Solidium Oy; Risto Murto, Executive Vice President, Varma Mutual Pension Insurance Company; Timo Ritakallio, Deputy CEO, Ilmarinen Mutual Pension Insurance Company and Jukka Viinanen, Chairman of Kemira's Board of Directors as an expert member.

Corporate governance and Group structure

Kemira Oyj's corporate governance is based on the Articles of Association, the Finnish Companies Act and NASDAQ OMX Helsinki Ltd's rules and regulations on listed companies. Furthermore, the Company complies with the Finnish Corporate Governance Code. The company's corporate governance is presented as a separate statement on the company's website.

Board of Directors

On March 21, 2012, the AGM elected six Board members. The AGM reelected members Elizabeth Armstrong, Winnie Fok, Juha Laaksonen, Kerttu Tuomas and Jukka Viinanen to the Board of Directors and elected Jari Paasikivi as a new member. Jukka Viinanen was elected as the new Board's chairman and Jari Paasikivi was elected as vice chairman. The remuneration paid to the members of the Board remained unchanged. In 2012, the Board of Directors met 12 times. The average attendance rate was 95%.

Kemira Oyj's Board of Directors has appointed two committees: the Audit Committee and the Compensation Committee. The Audit Committee is chaired by Juha Laaksonen and has Elizabeth Armstrong and Jari Paasikivi as members. In 2012, the Audit Committee met 5 times with a 100% attendance rate. The Compensation Committee is chaired by Jukka Viinanen and has Kerttu Tuomas and Jari Paasikivi as members. In 2012, the Compensation Committee met twice with a 100% attendance rate.

Changes to company management

In October, 2012, Kemira's Board of Directors appointed Wolfgang Büchele (PhD, Chemistry) as Kemira Oyj's President and Chief Executive Officer. Succeeding the retiring Harri Kerminen, Wolfgang Büchele started in the position on April 1, 2012. Büchele acted as a member of Kemira's Board of Directors since

2009 until March 21, 2012.

In October 1, 2012, Kemira's management structure was consolidated in connection to an organizational change, Management Board lead by the CEO replaced the previous Strategic Management and Business Management Boards. The Management Board is responsible for securing the long-term strategic development of the company. The members of the Management Board are: Wolfgang Büchele, CEO; Petri Helsky, Paper segment and EMEA region; Hannu Virolainen, Municipal & Industrial segment and EHSQ; Randy Owens, Oil & Mining segment and North America; Frank Wegener, ChemSolutions segment; Joe Chan, Asia Pacific region; Hilton Casas, South America region; Antti Salminen, Supply Chain Management; Jyrki Mäki-Kala, CFO; Heidi Fagerholm, CTO and Eeva Salonen, Human Resources. Jukka Hakkila, Group General Counsel is acting as a secretary to the Management Board.

Structure

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

Short-term risks and uncertainties

At Kemira, a risk is defined as an event or circumstance, which, if it materializes, may affect Kemira's ability to meet its strategic, operational and financial goals in a sustainable and ethical way. Kemira's risk management policy and principles proactively protect and help Kemira to reach the desired aggregate risk level and ensure the continuity of Kemira's operations.

Kemira's main short-term risks and uncertainties are related to uncertainties in the global economic development. A potential low-growth period in the global GDP would have a negative impact on the demand for Kemira's products, especially in the Paper and Oil & Mining segments, and it could also delay some future growth projects. Weak economic development may also have serious effects on the liquidity of Kemira's customers, which could result in increased credit losses for Kemira. The prices of many raw materials decrease in the unfavorable market conditions but the availability and price risk related to some of Kemira's raw materials may increase. Kemira's geographical and customer-industry diversity provides only partial protection against this risk.

The continuous improvement of the profitability is a crucial element of Kemira's strategy. Significant increases in raw material, commodity or logistic costs could place Kemira's profitability targets at risk. For instance, high oil and electricity prices could materially weaken Kemira's profitability. Changes in the raw material supplier field, such as consolidation or decreasing capacity, may increase raw material prices. Poor availability of raw materials may affect Kemira's production if the company fails to prepare for this by mapping out alternative suppliers or opportunities for process changes. Raw material and commodity risks can be effectively monitored and managed with Kemira's centralized Supply Chain Management function (SCM).

The lack of suitable and reliable partners for collaboration may slow down the development of an efficient business model in Asia. Development of the new products and their successful commercialization are crucial factors for Kemira's growth efforts in Asia, and possible failure in these is a considerable risk for the company's strategy.

The development of a profitable business in Asia can also be threatened by difficulties related to the intellectual property rights and by local competitors. The growth and development of a profitable business model in Asia comes under risk if Kemira is not successful in hiring, inducting and managing to retain skilled and motivated employees. In line with its strategy, Kemira pays particular attention to the development of its operations and risk management in Asia. In practice, the risk management is executed by Kemira's organization in the Asia-Pacific (APAC) region.

Kemira holds assigned emissions allowances under the EU Emissions Trading System at one site in Sweden. In addition, the Oulu plants in Finland submitted a permit application to the authorities concerning emission.

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

A detailed account of Kemira’s risk management principles and organization is available on the company 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 will be published as part of the Kemira Annual Report 2012 during the week beginning on February 25, 2013.

Events after the review period

Proposals of the Nomination Board to the Annual General Meeting 2013

Kemira’s Nomination Board proposed to the 2013 Annual General Meeting of Kemira Oyj that five members be elected to the Board of Directors and that the present members Winnie Fok, Juha Laaksonen, Jari Paasikivi, Kerttu Tuomas and Jukka Viinanen be re-elected as members of the Board of Directors. The Nomination Board proposes Jukka Viinanen to be re-elected as Chairman of the Board of Directors and Jari Paasikivi to be re-elected as Vice Chairman.

The Nomination Board proposed to the Annual General Meeting that the remuneration paid to the members of the Board of Directors would remain unchanged, except that the annual fee payable to the Chairman of the Audit Committee, when he is not the Chairman or Vice Chairman of the Board of Directors, was proposed to be increased to EUR 45,000 from EUR 36,000 payable to the other members of the Board of Directors. The reason for this proposal was the big workload of the Chairman of the Audit Committee.

The remuneration paid to the members of the Board of Directors would thus be as follows. The annual fees: for the Chairman EUR 74,000 per year, for the Vice Chairman and the Chairman of the Audit Committee EUR 45,000 per year and for the other members EUR 36,000 per year. A fee payable for each meeting of the Board of Directors and the Board Committees would be for the members residing in Finland EUR 600, for the members residing in other parts of Europe EUR 1,200 and for the members residing outside of Europe EUR 2,400. Travel expenses were proposed to be paid according to Kemira's travel policy.

In addition, the Nomination Board proposed to the Annual General Meeting that the annual fee be paid as a combination of the company's shares and cash in such a manner that 40% of the annual fee is paid with the company's shares owned by the company or, if this is not possible, with the shares purchased from the market, and 60% is paid in cash. The shares will be transferred to the members of the Board of Directors and, if necessary, acquired directly on behalf of the members of the Board of Directors within two weeks from the release of Kemira's interim report in January 1–March 31, 2013. The meeting fees were proposed to be paid in cash.

Dividend

On December 31, 2012, Kemira Oyj’s distributable funds totaled EUR 621,334,254 net profit, which accounted for EUR 68,680,078 for the period. No material changes have taken place in the company’s financial position after the balance sheet date.

Kemira Oyj’s Board of Directors proposes to the Annual General Meeting to be held on March 26, 2013 that a dividend of EUR 0.53 totaling EUR 81 million shall be paid on the basis of the adopted balance sheet for the financial year ended December 31, 2012.

Outlook and restructuring program “Fit for Growth”

Kemira will continue to focus on improving its profitability and reinforcing 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 remain as earlier communicated. 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 market for chemicals related to water quantity and quality management and Kemira's strong know-how in this field. 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 new innovative technologies for Kemira's customers in all relevant markets.

Restructuring program "Fit for Growth"

Kemira Oyj has started to implement its global restructuring program "Fit for Growth", launched at the end of July, 2012, 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 planned 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 take place as follows: EUR 10 million in 2012, EUR 50 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. Redundancies will account for 50% of the expected savings. The remaining 50% will be achieved through the manufacturing network consolidation as well as through the leaner operations. Cost savings estimates for the different segments, based on the detailed plan of measures, are: 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 are estimated to be around EUR 85 million, EUR 45 million of which will be severance payments and external services related cost and EUR 40 million will be asset write-downs. EUR 71 million of the restructuring charges were booked in the second half of 2012, and the balance will be booked in the first half of 2013. In the fourth quarter in 2012 non-recurring charges related to "Fit for Growth" amounted to EUR 31 million, EUR 8 million of which were asset write-downs and EUR 23 million were severance payments and external services.

The implementation may ultimately lead to a reduction of up to 600 positions globally. Kemira has initiated the co-determination negotiations according to each country's local legislation. In the beginning of the negotiations, it was estimated that the personnel reductions may affect approximately 260 employees working in Finland. As a result of the co-determination negotiations, the head count reduction was 152 in Finland. Additional potential outsourcing in Finland is still under consideration. Kemira had 4,857 employees worldwide at the end of December 2012 (5,006 at the end of 2011).

Outlook

In 2013, Kemira expects its revenue in local currencies and excluding divestments to be slightly higher than in 2012 and its operative EBIT to be significantly higher than in 2012. The guidance for 2013 is defined as follows.

Kemira guidance	Definition
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, February 6, 2013

Kemira Oyj
Board of Directors

Financial calendar 2013

Interim report January–March 2013	April 23, 2013
Interim report January–June 2013	July 23, 2013
Interim report January–September 2013	October 22, 2013

The Annual General Meeting 2013 is scheduled for Tuesday, March 26, 2013 at 1.00 p.m. (CET+1).

Financial key figures, definitions of key figures as well as information on shareholders, management shareholding and related parties' events are presented in the financial statements and in the notes to the financial statements, which will be published on the company's website during the week starting February 25th, 2013.

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 audited consolidated interim financial report has been prepared in accordance with IAS 34 ´Interim financial reporting´. The same accounting policies have been applied as in the annual financial statements. The interim financial report should be read in conjunction with the annual financial statements.

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: Disclosures

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.

CONSOLIDATED INCOME STATEMENT **EUR million**	**10-12/2012**	10-12/2011	**2012**	2011
Revenue	**558.5**	543.3	**2,240.9**	2,207.2
Other operating income	**5.6**	13.5	**13.8**	22.5
Operating expenses	**-548.9**	-490.9	**-2,076.2**	-1,970.1
Depreciation, amortization and impairment	**-52.8**	-30.6	**-146.8**	-101.3
Operating profit	**-37.6**	35.3	**31.7**	158.3
Finance costs, net	**-4.1**	-5.5	**-15.7**	-20.9
Share of profit or loss of associates	**-5.7**	7.2	**11.2**	31.0
Profit before tax	**-47.4**	37.0	**27.2**	168.4
Income taxes	**6.8**	0.8	**-5.7**	-28.1
Net profit for the period	**-40.6**	37.8	**21.5**	140.3
Net profit attributable to:				
Equity holders of the parent	**-41.7**	36.8	**16.8**	135.6
Non-controlling interests	**1.1**	1.0	**4.7**	4.7
Net profit for the period	**-40.6**	37.8	**21.5**	140.3
Earnings per share, basic, EUR	**-0.28**	0.24	**0.11**	0.89
Earnings per share, diluted, EUR	**-0.27**	0.24	**0.11**	0.89

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	10-12/2012	10-12/2011	2012	2011
Net profit for the period	**-40.6**	37.8	**21.5**	140.3
Other comprehensive income:				
Available-for-sale financial assets	**5.4**	-19.7	**5.4**	-24.1
Exchange differences on translating foreign operations	**-8.5**	15.4	**2.3**	-4.6
Net investment hedge in foreign operations	**0.0**	-0.6	**0.0**	0.4
Cash flow hedges	**-0.7**	-3.9	**-1.0**	-14.5
Other comprehensive income for the period, net of tax	**-3.8**	-8.8	**6.7**	-42.8
Total comprehensive income for the period	**-44.4**	29.0	**28.2**	97.5
Total comprehensive income attributable to:				
Equity holders of the parent	**-45.5**	28.2	**22.8**	93.8
Non-controlling interests	**1.1**	0.8	**5.4**	3.7
Total comprehensive income for the period	**-44.4**	29.0	**28.2**	97.5

CONSOLIDATED BALANCE SHEET
EUR million

ASSETS	31.12.2012	31.12.2011
Non-current assets		
Goodwill	**522.5**	606.0
Other intangible assets	**60.5**	67.5
Property, plant and equipment	**655.9**	656.0
Investments in associates	**122.8**	158.8
Available-for-sale financial assets	**264.0**	256.5
Deferred income tax assets	**29.7**	47.3
Other investments	**9.8**	9.7
Defined benefit pension receivables	**43.6**	44.3
Total non-current assets	**1,708.8**	1,846.1
Current assets		
Inventories	**181.9**	228.2
Interest-bearing receivables	**0.3**	0.5
Trade and other receivables	**353.1**	391.2
Current income tax assets	**18.9**	24.7
Cash and cash equivalents	**132.7**	185.8
Total current assets	**686.9**	830.4
Non-current assets classified as held-for-sale	**93.3**	0.0
Total assets	**2,489.0**	2,676.5

EQUITY AND LIABILITIES	31.12.2012	31.12.2011
Equity		
Equity attributable to equity holders of the parent	**1,301.6**	1,358.5
Non-controlling interests	**13.2**	12.3
Total equity	**1,314.8**	1,370.8
Non-current liabilities		
Interest-bearing liabilities	**387.5**	464.5
Other liabilities	**21.4**	0.0
Deferred income tax liabilities	**43.8**	86.5
Pension liabilities	**54.9**	52.4
Provisions	**21.8**	50.3
Total non-current liabilities	**529.4**	653.7
Current liabilities		
Interest-bearing current liabilities	**277.2**	237.1
Trade payables and other liabilities	**315.5**	383.8
Current income tax liabilities	**17.3**	24.8
Provisions	**23.8**	6.3
Total current liabilities	**633.8**	652.0
Liabilities directly associated with the assets classified as held-for-sale	**11.0**	0.0
Total liabilities	**1,174.2**	1,305.7
Total equity and liabilities	**2,489.0**	2,676.5

CONDENSED CONSOLIDATED CASH FLOW STATEMENT EUR million	**10-12/2012**	10-12/2011	**2012**	2011
Cash flow from operating activities				
Net profit for the period	**-40.6**	37.8	**21.5**	140.3
Total adjustments	**75.9**	10.3	**197.8**	92.3
Operating profit before change in working capital	**35.3**	48.1	**219.3**	232.6
Change in net working capital	**6.6**	37.5	**-21.1**	-2.7
Cash generated from operations	**41.9**	85.6	**198.2**	229.9
Finance expenses, net and dividends received	**-7.1**	-8.0	**8.3**	-14.8
Income taxes paid	**-9.0**	-7.4	**-30.2**	-37.4
Net cash generated from operating activities	**25.8**	70.2	**176.3**	177.7
Cash flow from investing activities				
Purchases of subsidiaries, net of cash acquired	**0.0**	13.2	**0.0**	0.0
Other capital expenditure	**-18.5**	-142.5	**-134.1**	-201.1
Proceeds from sale of assets and paid in capital	**1.5**	31.0	**29.8**	137.1
Change in long-term loan receivables decrease (+) / increase (-)	**0.6**	0.8	**-0.2**	1.6
Net cash used in investing activities	**-16.4**	-97.5	**-104.5**	-62.4
Cash flow from financing activities				
Proceeds from non-current interest-bearing liabilities (+)	**-0.5**	0.8	**1.6**	16.0
Repayments from non-current interest-bearing liabilities (-)	**-7.9**	-46.5	**-81.5**	-103.3
Short-term financing, net increase (+) / decrease (-)	**-18.8**	64.1	**43.3**	154.6
Dividends paid	**0.0**	-0.3	**-85.1**	-77.8
Purchase of non-controlling interests	**0.0**	-13.2	**0.0**	-13.2
Other finance items	**-0.8**	-4.2	**-0.9**	-0.5
Net cash used in financing activities	**-28.0**	0.7	**-122.6**	-24.2
Net increase (+) / decrease (-) in cash and cash equivalents	**-18.6**	-26.6	**-50.8**	91.1
Cash and cash equivalents at end of period	**132.7**	185.8	**132.7**	185.8
Exchange gains (+) / losses (-) on cash and cash equivalents	**1.2**	-4.4	**2.3**	-2.9
Cash and cash equivalents at beginning of period	**152.5**	208.0	**185.8**	91.8
Net increase (+) / decrease (-) in cash and cash equivalents	**-18.6**	-26.6	**-50.8**	91.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
EUR million

	Equity attributable to equity holders of the parent									
	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, 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	-	-	-	-	-	-	135.7	135.7	4.6	140.3
Other comprehensive income, net of tax	-	-	-38.6	-	-3.3	-	-	-41.9	-0.9	-42.8
Total comprehensive income	-	-	-38.6	-	-3.3	-	135.7	93.8	3.7	97.5
Transactions with owners										
Dividends paid	-	-	-	-	-	-	-73.0 *)	-73.0	-4.8	-77.8
Treasury shares issued to target group of share-based incentive plan	-	-	-	-	-	1.9	-	1.9	-	1.9
Share-based payments	-	-	-	-	-	-	-0.9	-0.9	-	-0.9
Changes due to business combinations	-	-	-	-	-	-	-2.9	-2.9	-12.5	-15.4
Transfers in equity	-	-	2.9	-	-	-	-2.9	0.0	-	0.0
Other changes	-	-	-	-	-	-	-0.3	-0.3	-	-0.3
Transactions with owners	-	-	2.9	-	-	1.9	-80.0	-75.2	-17.3	-92.5
Equity at December 31, 2011	221.8	257.9	89.3	196.3	-24.6	-22.3	640.1	1,358.5	12.3	1,370.8

*) 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	-	-	-	-	-	-	16.8	**16.8**	4.7	**21.5**
Other comprehensive income, net of tax	-	-	4.4	-	1.6	-	-	**6.0**	0.7	**6.7**
Total comprehensive income	**-**	**-**	**4.4**	**-**	**1.6**	**-**	**16.8**	**22.8**	**5.4**	**28.2**
Transactions with owners										
Dividends paid	-	-	-	-	-	-	-80.6 *)	**-80.6**	-4.5	**-85.1**
Treasury shares issued to target group of share-based incentive plan	-	-	-	-	-	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**
Transactions with owners	**-**	**-**	**-**	**-**	**-0.1**	**0.1**	**-79.7**	**-79.7**	**-4.5**	**-84.2**
Equity at December 31, 2012	**221.8**	**257.9**	**93.7**	**196.3**	**-23.1**	**-22.2**	**577.2**	**1,301.6**	**13.2**	**1,314.8**

*) 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 3,301,769 of its treasury shares on December 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. 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	**10-12/2012**	10-12/2011	**2012**	2011
Earnings per share, basic, EUR *	**-0.28**	0.24	**0.11**	0.89
Earnings per share, diluted, EUR *	**-0.27**	0.24	**0.11**	0.89
Cash flow from operations per share, EUR *	**0.17**	0.46	**1.16**	1.17
Capital expenditure, EUR million	**18.5**	129.3	**134.1**	201.1
Capital expenditure / revenue, %	**3.3**	4.8	**6.0**	9.1
Average number of shares, basic (1,000) *	**152,041**	151,994	**152,037**	151,994
Average number of shares, diluted (1,000) *	**152,156**	152,152	**152,173**	152,152
Number of shares at end of period, basic (1,000) *	**152,041**	152,030	**152,041**	152,030
Number of shares at end of period, diluted (1,000) *	**152,090**	152,030	**152,090**	152,030
Equity per share, EUR *			**8.56**	8.94
Equity ratio, %			**52.8**	51.3
Gearing, %			**40.5**	37.6
Interest-bearing net liabilities, EUR million			**532.0**	515.8
Personnel (average)			**5,043**	5,006

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

REVENUE BY BUSINESS AREA **EUR million**	**10-12/2012**	10-12/2011	**2012**	2011
Paper external	**250.3**	234.5	**1,002.0**	973.3
Paper Intra-Group	**-**	-	**-**	-
Municipal & Industrial external	**175.4**	166.6	**686.6**	664.7
Municipal & Industrial Intra-Group	**-**	-	**-**	-
Oil & Mining external	**72.1**	80.0	**321.1**	335.7
Oil & Mining Intra-Group	**-**	-	**-**	-
Other external	**60.7**	62.2	**231.2**	233.5
Other Intra-Group and eliminations	**-**	-	**-**	-
Total	**558.5**	543.3	**2,240.9**	2,207.2

OPERATING PROFIT BY BUSINESS AREA **EUR million**	**10-12/2012**	10-12/2011	**2012**	2011
Paper	**6.8**	18.3	**55.2**	79.5
Municipal & Industrial	**-24.8**	5.8	**-8.5**	43.7
Oil & Mining	**2.4**	7.2	**30.2**	34.9
Other and eliminations	**-22.0**	4.0	**-45.2**	0.2
Total	**-37.6**	35.3	**31.7**	158.3

CHANGES IN PROPERTY, PLANT AND EQUIPMENT	**2012**	2011
EUR million		
Carrying amount at beginning of period	**656.0**	661.2
Acquisitions of subsidiaries	**-**	-
Increases	**135.3**	94.2
Decreases	**-2.8**	-17.2
Disposal of subsidiaries	**-**	-
Depreciation and impairments	**-113.0**	-86.1
Transferred to non-current assets classified as held-for-sale	**-17.2**	0.0
Exchange rate differences and other changes	**-2.4**	3.9
Net carrying amount at end of period	**655.9**	656.0

CHANGES IN INTANGIBLE ASSETS	**2012**	2011
EUR million		
Carrying amount at beginning of period	**673.5**	682.9
Acquisitions of subsidiaries	**-**	-
Increases	**8.0**	8.2
Decreases	**-0.1**	-0.5
Disposal of subsidiaries	**-**	-0.4
Depreciation and impairments	**-33.8**	-15.2
Transferred to non-current assets classified as held-for-sale	**-57.6**	0.0
Exchange rate differences and other changes	**-7.0**	-1.5
Net carrying amount at end of period	**583.0**	673.5

CONTINGENT LIABILITIES

EUR million	**31.12.2012**	31.12.2011
Mortgages	**0.5**	0.5
Assets pledged		
On behalf of own commitments	**6.6**	6.3
Guarantees		
On behalf of own commitments	**52.9**	48.9
On behalf of associates	**0.7**	0.7
On behalf of others	**3.0**	4.4
Operating leasing liabilities		
Maturity within one year	**29.0**	27.8
Maturity after one year	**132.4**	146.0
Other obligations		
On behalf of own commitments	**1.3**	1.3
On behalf of associates	**1.0**	1.4

Major off-balance sheet investment commitments

Major amounts of contractual commitments for the acquisition of property, plant and equipment on December 31, 2012 were about EUR 21.6 million for plant investments in China, India 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 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. 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 unfavourable 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

Kemira Oyj received dividends EUR 8 million and paid in capital EUR 27 million from the associated company Sachtleben. Other transactions with related parties have not changed materially after annual closing 2011.

DERIVATIVE INSTRUMENTS

EUR million	**31.12.2012**		31.12.2011	
	Nominal value	**Fair value**	Nominal value	Fair value
Currency instruments				
Forward contracts	**611.2**	**1.7**	554.6	-1.7
Interest rate instruments				
Interest rate swaps	**173.2**	**-6.2**	213.5	-5.3
of which cash flow hedge	**173.2**	**-6.2**	193.5	-4.9
Bond futures	**10.0**	**-0.1**	10.0	-0.3
of which open	**10.0**	**-0.1**	10.0	-0.3
Other instruments	**GWh**	**Fair value**	GWh	Fair value
Electricity forward contracts, bought	**1,301.1**	**-6.7**	1,092.0	-4.6
of which cash flow hedge	**1,257.3**	**-5.9**	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 10-12**	**2012 7-9**	**2012 4-6**	**2012 1-3**	2011 10-12	2011 7-9	2011 4-6	2011 1-3
Revenue								
Paper external	**250.3**	**257.9**	**249.2**	**244.6**	234.5	243.4	242.2	253.2
Paper Intra-Group	**-**	**-**	**-**	**-**	-	-	-	-
Municipal & Industrial external	**175.4**	**176.5**	**173.7**	**161.0**	166.6	173.7	166.6	157.8
Municipal & Industrial Intra-Group	**-**	**-**	**-**	**-**	-	-	-	-
Oil & Mining external	**72.1**	**79.4**	**84.5**	**85.1**	80.0	87.2	84.8	83.7
Oil & Mining Intra-Group	**-**	**-**	**-**	**-**	-	-	-	-
Other external	**60.7**	**53.4**	**54.9**	**62.2**	62.2	54.0	55.2	62.1
Other Intra-Group and eliminations	**-**	**-**	**-**	**-**	-	-	-	-
Total	**558.5**	**567.2**	**562.3**	**552.9**	543.3	558.3	548.8	556.8
Operating profit								
Paper	**6.8**	**8.8**	**19.4**	**20.2**	18.3	18.5	20.0	22.7
Municipal & Industrial	**-24.8**	**0.7**	**10.6**	**5.0**	5.8	15.4	10.9	11.6
Oil & Mining	**2.4**	**5.8**	**10.0**	**12.0**	7.2	10.2	8.1	9.4
Other and eliminations	**-22.0**	**-14.9**	**-7.2**	**-1.1**	4.0	-3.3	-1.7	1.2
Total	**-37.6**	**0.4**	**32.8**	**36.1**	35.3	40.8	37.3	44.9
Operating profit, excluding non-recurring items								
Paper	**20.8**	**24.1**	**20.3**	**21.0**	14.2	18.5	20.0	22.7
Municipal & Industrial	**7.2**	**16.3**	**12.7**	**6.1**	9.0	15.4	10.9	11.6
Oil & Mining	**5.8**	**9.4**	**10.0**	**12.1**	8.5	10.2	8.1	9.4
Other and eliminations	**-0.1**	**-3.3**	**-7.3**	**-1.0**	2.6	-3.3	-1.7	1.2
Total	**33.7**	**46.5**	**35.7**	**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