

KEMIRA GROUP

The figures are unaudited.

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

This Interim Consolidated Financial Statement has been prepared in compliance with IAS 34. Kemira Group has corrected a previous year error in accordance with IAS 8. The nature of the error is described in the end of the report.

Changes to the accounting policies as of January 1, 2007:

- IFRS 7 (Financial Instruments: Disclosures) has been adopted by the Group in 2007

- Revised IAS 1 (Disclosures about capital) has been adopted by the Group in 2007

The Group assesses that the adoption of the revised standards will not have any material effect on its future financial statements. However, the resulting changes will add disclosures to the Financial Statements.

INCOME STATEMENT	EUR million	7-9/2007	7-9/2006	1-9/2007	1-9/2006	2006*
Revenue		729.5	652.6	2,155.8	1,853.0	2,522.5
Other income from operations		6.5	20.1	19.2	41.6	59.2
Expenses		-623.0	-567.1	-1,889.5	-1,632.6	-2,264.5
Depreciation		-33.5	-30.5	-99.5	-89.9	-123.5
Operating profit		79.5	75.1	186.0	172.1	193.7
Financial income and expenses		-11.8	-11.6	-36.6	-24.5	-37.2
Income from associates		0.6	0.3	1.9	-1.2	-2.3
Profit before tax		68.3	63.8	151.3	146.4	154.2
Income tax		-15.4	-17.9	-37.8	-41.9	-42.0
Net profit for the period		52.9	45.9	113.5	104.5	112.2

Attributable to:

Equity holders of the parent		51.8	45.0	110.5	101.8	108.6
Minority interest		1.1	0.9	3.0	2.7	3.6
Net profit for the period		52.9	45.9	113.5	104.5	112.2

BALANCE SHEET

EUR million

ASSETS

30.9.2007

31.12.2006*

Non-current assets

Goodwill	624.8	581.0
Other intangible assets	119.3	108.9
Property, plant and equipment	1,014.1	987.1
Holdings in associates	5.5	8.1
Available-for-sale investments	85.4	84.3
Deferred tax assets	7.5	7.7
Defined benefit pension receivables	24.8	24.6
Other investments	8.4	9.5
Total non-current assets	1,889.8	1,811.2

Current assets

Inventories	318.8	293.2
Receivables		
Interest-bearing receivables	3.5	9.1
Interest-free receivables	653.9	565.4
Total receivables	657.4	574.5
Money market investments - cash equivalents	21.6	35.0
Bank and cash	38.6	41.1
Total current assets	1,036.4	943.8
Non-current assets held for sale	1.5	14.4
Total assets	2,927.7	2,769.4

EQUITY AND LIABILITIES

30.9.2007

31.12.2006*

Equity attributable to equity holders of the parent

Minority interest	14.0	12.6
Total equity	1,134.6	1,082.5

Non-current liabilities

Interest-bearing non-current liabilities	627.5	395.1
Deferred tax liabilities	116.5	105.9
Pension liabilities	67.9	66.8
Provisions	21.9	63.3
Total non-current liabilities	833.8	631.1

Current liabilities

Interest-bearing current liabilities	431.6	508.5
Interest-free current liabilities	516.6	522.9
Provisions	11.1	15.5
Total current liabilities	959.3	1,046.9
Liabilities directly associated with non-current assets classified as held for sale	-	8.9
Total liabilities	1,793.1	1,686.9
Total equity and liabilities	2,927.7	2,769.4

Non-current assets held for sale include US- and Canada-based factory sites.

* Prior year correction included

CONSOLIDATED CASH FLOW STATEMENT	EUR million	7-9/2007	7-9/2006	1-9/2007	1-9/2006	2006
Cash flows from operating activities						
Adjusted operating profit		96.2	61.1	262.3	200.0	232.0
Interests		-12.2	-3.3	-27.3	-18.5	-30.4
Dividend income		2.0	0.1	2.1	1.9	2.0
Other financing items		-	-5.6	-	-5.1	-1.3
Income taxes paid		-4.8	-6.9	-24.3	-24.8	-45.1
Total funds from operations		81.2	45.4	212.8	153.5	157.2
Change in net working capital		9.6	34.4	-98.9	-45.4	59.6
Total cash flows from operating activities		90.8	79.8	113.9	108.1	216.8
Cash flows from investing activities						
Capital expenditure for acquisitions		-2.6	-5.9	-47.2	-108.1	-297.4
Other capital expenditure		-57.6	-37.2	-178.7	-96.8	-164.6
Proceeds from sale of assets		14.6	30.4	-11.4	64.2	102.9
Net cash used in investing activities		-45.6	-12.7	-237.3	-140.7	-359.1
Cash flow after investing activities		45.2	67.1	-123.4	-32.6	-142.3
Cash flows from financing activities						
Change in long-term loans (increase +, decrease -)		66.7	29.7	60.0	73.5	173.4
Change in long-term loan receivables (decrease +, increase -)		-1.4	-0.3	-0.7	0.4	1.5
Short-term financing, net (increase +, decrease -)		-110.7	-115.7	105.8	23.9	33.8
Dividends paid		-0.5	-0.1	-60.4	-45.2	-46.3
Other		-1.3	1.1	2.7	15.8	-0.2
Net cash used in financing activities		-47.2	-85.3	107.4	68.4	162.2
Net change in cash and cash equivalents		-2.0	-18.2	-16.0	35.8	19.9
Cash and cash equivalents at end of period		60.2	92.1	60.2	92.1	76.2
Cash and cash equivalents at beginning of period		62.2	110.3	76.2	56.3	56.3
Net change in cash and cash equivalents		-2.0	-18.2	-16.0	35.8	19.9

STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the parent									Total
	Share capital	Share issue	Capital paid-in in excess of par value	Other reserves	Fair value reserve	Exchange differences	Treasury shares	Retained earnings	Minority interests	
Shareholders' equity at January 1, 2006	221.3	0.0	257.8	2.8	64.3	-33.9	-27.5	520.7	13.7	1,019.2
Net profit for the financial year	-	-	-	-	-	-	-	101.8	2.7	104.5
Dividends paid	-	-	-	-	-	-	-	-43.6	-2.2	-45.8
Treasury shares issued to target group	-	-	-	-	-	-	0.7	-0.7	-	0.0
Share-based compensation	-	-	-	-	-	-	-	0.7	-	0.7
Options subscribed for shares	0.2	-	-	-	-	-	-	-	-	0.2
Exchange differences	-	-	-	-	-	-4.4	-	-	0.1	-4.3
Hedge of net investments in foreign entities	-	-	-	-	-	2.9	-	-	-	2.9
Cash flow hedging: amount entered in shareholders' equity	-	-	-	-	10.6	-	-	-	-	10.6
Acquired minority interest	-	-	-	-	-	-	-	-	-0.8	-0.8
Transfer between restricted and non-restricted equity	-	-	-	0.4	-	-	-	-0.4	-	0.0
Other changes	-	-	-	-	-	-	-	-0.8	0.1	-0.7
Shareholders' equity at September 30, 2006	221.5	0.0	257.8	3.2	74.9	-35.4	-26.8	577.7	13.6	1,086.5
Shareholders' equity at January 1, 2007	221.6	0.0	257.9	3.1	59.6	-30.8	-26.8	585.3	12.6	1082.5
Net profit for the financial year	-	-	-	-	-	-	-	110.5	3.0	113.5
Dividends paid	-	-	-	-	-	-	-	-58.2	-2.2	-60.4
Treasury shares issued to target group	-	-	-	-	-	-	0.9	-0.9	-	0.0
Share-based compensation	-	-	-	-	-	-	-	1.3	-	1.3
Options subscribed for shares	0.2	-	-	-	-	-	-	-	-	0.2
Exchange differences	-	-	-	0.1	-	-4.8	-	-	0.2	-4.5
Hedge of net investments in foreign entities	-	-	-	-	-	3.2	-	-	-	3.2
Cash flow hedging: amount entered in shareholders' equity	-	-	-	-	-1.5	-	-	-	-	-1.5
Acquired minority interest	-	-	-	-	-	-	-	-	0.4	0.4
Transfer between restricted and non-restricted equity	-	-	-	0.1	-	-	-	-0.1	-	0.0
Other changes	-	-	-	-	-	-0.1	-	-	-	-0.1
Shareholders' equity at September 30, 2007	221.8	0.0	257.9	3.3	58.1	-32.5	-25.9	637.9	14.0	1,134.6

At the end of the year 2006 there were 3,979,670 treasury shares. Of the shares that were granted in connection with the share-based incentive plan 16,796 were returned to Kemira in 2007. A total of 144,143 shares were issued to key persons based on the incentive plan on February 23, 2007. The total equivalent book value of the shares issued amounted to approx. EUR 255,133. The issue does not materially affect the distribution of ownership and voting power in the company.

Kemira had in its possession 3,852,323 of its treasury shares at September 30, 2007. Their average acquisition share price was EUR 6.73 and the treasury shares represented 3.1% of the share capital and of the aggregate number of votes conferred by all the shares. The equivalent book value of the treasury shares is EUR 6.8 million.

KEY FIGURES	7-9/2007	7-9/2006	1-9/2007	1-9/2006	2006*
Earnings per share, basic and diluted, EUR	0.43	0.37	0.91	0.84	0.90
Cash flow from operations per share, EUR	0.75	0.66	0.94	0.89	1.79
Capital expenditure, EUR million	60.2	43.1	225.9	204.9	462.0
Capital expenditure / revenue, %	8.3	6.6	10.5	11.1	18.3
Average number of shares (1000), basic *)	121,193	120,934	121,155	120,853	120,877
Average number of shares (1000), diluted *)	121,193	121,043	121,194	121,043	121,051
Number of shares at the end of the period (1000), basic *)	121,193	120,931	121,193	120,931	120,988
Number of shares at the end of the period (1000), diluted *)	121,193	121,046	121,193	121,046	121,204
Equity per share, attributable to equity holders of the parent, EUR			9.25	8.87	8.85
Equity ratio, %			38.9	42.3	39.2
Gearing, %			88.0	65.6	76.4
Net liabilities, EUR million			998.9	712.6	827.4
Personnel (average)			10,008	9,117	9,186

*) Number of shares outstanding, adjusted by the number of shares bought back.

REVENUE BY BUSINESS AREA	EUR million	7-9/2007	7-9/2006	1-9/2007	1-9/2006	2006*
Kemira Pulp&Paper		253.1	261.9	768.5	729.3	993.3
Kemira Water		187.4	101.7	542.5	296.1	467.6
Kemira Specialty		109.8	112.8	323.9	339.0	456.2
Kemira Coatings		182.3	164.6	506.8	453.5	562.8
Other and Intra-Group sales		-3.1	11.6	14.1	35.1	42.6
Total Group		729.5	652.6	2,155.8	1,853.0	2,522.5

OPERATING PROFIT BY BUSINESS AREA	7-9/2007	7-9/2006	1-9/2007	1-9/2006	2006*
Kemira Pulp&Paper	23.6	24.3	70.0	70.7	90.8
Kemira Water	14.9	9.0	39.8	25.0	35.3
Kemira Specialty	10.0	11.7	27.4	34.7	45.8
Kemira Coatings	38.9	39.0	79.0	73.6	72.1
Other and eliminations	-7.9	-8.9	-30.2	-31.9	-50.3
Total Group	79.5	75.1	186.0	172.1	193.7

CHANGES IN PROPERTY, PLANT AND EQUIPMENT	EUR million	1-9/2007	1-9/2006	2006
Carrying amount at beginning of year		987.1	865.0	865.0
Acquisitions of subsidiaries		5.0	27.6	151.9
Increases		155.2	95.3	154.4
Decreases		-4.1	-4.2	-42.0
Depreciation and impairments		-84.0	-77.7	-106.3
Exchange rate differences and other changes		-45.1	-56.0	-35.9
Net carrying amount at end of period		1,014.1	850.0	987.1

CHANGES IN INTANGIBLE ASSETS	EUR million	1-9/2007	1-9/2006	2006
Carrying amount at beginning of year		689.9	629.7	629.7
Acquisitions of subsidiaries		19.0	44.5	71.8
Increases		22.4	9.8	18.1
Decreases		-0.3	-0.1	-0.4
Depreciation and impairments		-15.5	-12.2	-17.2
Exchange rate differences and other changes		28.6	-8.3	-12.1
Net carrying amount at end of period		744.1	663.4	689.9

CONTINGENT LIABILITIES	EUR million	30.9.2007	31.12.2006
Mortgages		62.0	64.8
Assets pledged			
On behalf of own commitments		17.6	19.5
Guarantees			
On behalf of own commitments		12.1	6.4
On behalf of associates		7.1	32.6
On behalf of others		3.6	1.4
Operating leasing liabilities			
Maturity within one year		14.4	14.9
Maturity after one year		112.3	118.1
Other obligations			
On behalf of own commitments		0.3	0.4
On behalf of associates		2.2	2.3

Major off-balance sheet investment commitments

Major amounts of contractual commitments for the acquisition of property, plant and equipment on September 30, 2007 were EUR 26 million for the construction of the chemical plant in Uruguay, EUR 16 million for the investment of Kemira Coatings in Russia and EUR 7 million for the environmental investment in Pori.

Litigation

The Group has extensive international operations and is involved in a number of legal proceedings incidental to these operations. The Group does not expect the outcome of any legal proceedings currently pending to have a materially adverse effect upon the Group's consolidated result.

Kemira Chemicals, Inc. has received a grand jury subpoena to produce documents in connection with an investigation by the United States Department of Justice's Antitrust Division, relating to the hydrogen peroxide business in the US. Kemira Oyj, Kemira Chemicals, Inc. and Kemira Chemicals Canada, Inc. have recently received claims or were named in class action lawsuits filed by direct and indirect purchasers of hydrogen peroxide and persalts in US federal and state courts and in Canada.

In these civil actions it is alleged that the US plaintiffs suffered damages resulting from a cartel among hydrogen peroxide suppliers. The existence of the United States Department of Justice's Antitrust Division's investigations and the European Commission's ruling in a case of infringement of competition law in May 2006 are relied upon in support of the allegations.

Finnish Chemicals Oy has received in August 2007 from the European Union Commission a statement of objections in respect to competition law infringements by sodium chlorate producers during 1994-2000 to which statement of objections Finnish Chemicals Oy has given its reply.

RELATED PARTY

Related party transactions have decreased due to the sale of Kemira's 50 % stake in Swedish filler producer Scanspac (joint venture) in September 2007. Transactions with Scanspac represented about 80 % of the Group's related party transactions. Other than that the related party transactions have not changed materially after annual closing 2006.

DERIVATIVE INSTRUMENTS	EUR million					
	Nominal value	30.9.2007 Fair value	Nominal value	31.12.2006 Fair value		
Currency instruments						
Forward contracts	458.0	5.3	389.4	5.5		
of which hedges of net investment in a foreign operation	-	-	19.6	2.2		
Currency options						
Bought	41.2	0.1	42.8	-		
Sold	21.6	-	45.3	0.2		
Currency swaps	148.8	7.0	115.9	8.4		
Interest rate instruments						
Interest rate swaps	111.1	3.7	109.2	4.7		
of which cash flow hedge	84.1	3.3	83.8	4.2		
Interest rate options						
Bought	10.0	0.1	-	-		
Sold	-	-	-	-		
Bond futures	10.0	-	10.0	-0.2		
of which open	10.0	-	10.0	-0.2		
Other instruments		Fair value		Fair value		
Electricity forward contracts	GWh	944.6	9.1	GWh	1,227.0	10.4
of which cash flow hedge	GWh	944.6	9.1	GWh	1,227.0	10.4
Propane swap contracts	Tons	-	-	Tons	1,000.0	-0.1

The fair values of the instruments which are publicly traded are based on market valuation on the date of reporting. Other instruments have been valued based on net present values of future cash flows. Valuation models have been used to estimate the fair values of options.

Nominal values of the financial instruments do not necessarily correspond to the actual cash flows between the counterparties and do not therefore give a fair view of the risk position of the Group.

BUSINESS COMBINATIONS

The Cytec water treatment business

Kemira acquired the Cytec Industries, Inc.'s water treating and acryl amide business on October 1, 2006. Cytec's water treatment chemicals product line consists of water treatment solutions for industrial and municipal water treatment plants. The acquisition includes five production plants of which three are located in the US (Mobile/Alabama, Longview/Washington, and Fortier/Louisiana), and two in Europe (Bradford /UK and Botlek/the Netherlands).

The acquisition of Cytec's water treatment chemicals business is in line with Kemira's growth strategy. It also enables the Group to significantly broaden its current product portfolio and gain greater geographical presence in key markets and inside key customer segments. The acquired business' market regions include the US, South America, Asia and Europe.

The total price of the acquisition is approx. EUR 197 million but the amount is subject to the adjustment of net working capital. Capitalized acquisition costs directly attributed to the combination were EUR 3.1 million September 30, 2007. The acquisition was financed with Kemira Group's own cash assets and through existing financing agreements.

In addition to the purchase of the business (asset purchase agreement) which was closed October 1, 2006, Kemira signed a share purchase agreement to buy the shares of Cytec Manufacturing BV. The closing and payment of the share purchase was on January 11, 2007. Kemira has also signed transition service agreements with nine Cytec companies concerning certain transition services with respect of the products of the business (Overseas units). The assets related to these transition service agreements will be transferred to Kemira and paid gradually starting on April 1 and ending on November 2007. One of those asset transfers will be in the form of a share purchase of an existing company.

The control over the whole Cytec water treatment business was transferred to Kemira on October 1, 2006. The purchase price allocation of the Cytec water treatment business has been made for the September 30, 2007 financial statements. The fair values of the business combination's intangible assets consist of global patents, customer related assets and manufacturing knowhow.

Business combination has been done preliminarily since the business transfers of the Overseas units are still on-going according to the plan.

	Fair values recorded on business combination	Carrying amounts prior to business combination
Intangible assets	15.5	-
Property, plant and equipment	91.0	54.7
Inventories	28.6	33.3
Trade receivables and other receivables	39.8	34.9
Cash and cash equivalents	0.3	0.3
Total assets	175.2	123.2
Interest bearing current liabilities	-	-
Other liabilities	11.8	12.8
Deferred tax liabilities	1.9	-
Total liabilities	13.7	12.8
Net assets	161.5	110.4
Cost of business combination (net)	197.2	
Goodwill	35.7	
Acquisition cost	197.2	
Overseas units	-7.6	
Cash and cash equivalents in subsidiary acquired	-0.3	
Cash outflow on acquisition	189.3	

The revenue of the acquired unit for January 1 - September 30, 2007 totaled EUR 205.4 million and operating profit EUR 10.3 million.

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

$$\frac{\text{Equity attributable to equity holders of the parent at end of quarter}}{\text{Number of shares at end of quarter}}$$

Equity ratio, %

$$\frac{\text{Shareholders' equity} \times 100}{\text{Total assets} - \text{prepayments received}}$$

Gearing, %

$$\frac{\text{Interest-bearing net liabilities} \times 100}{\text{Shareholders' equity}}$$

Net liabilities

Liabilities - bank and cash - money market investments

Return on capital employed (ROCE), %

$$\frac{\text{Operating profit} + \text{share of associates' results} \times 100}{(\text{Net working capital} + \text{property, plant and equipment available for use} + \text{intangible assets} + \text{investments in associates})^{*1}}$$

*1) Average

PRIOR PERIOD ERROR

An error was discovered related to the financial statements of 2006 and has been corrected retrospectively according to IAS 8. The error was related to the calculation of the provision made for the closure of the Water Soluble business unit and as a result of this the provision was reported 8 million euro too low. This has been corrected to the fourth quarter result of 2006. The income statement of full year 2006 and the balance sheet at December 31, 2006 were changed as follows:

INCOME STATEMENT	EUR million	Reported 2006	Corrected 2006
Revenue		2,522.5	2,522.5
Other income from operations		59.2	59.2
Expenses		-2,256.5	-2,264.5
Depreciation		-123.5	-123.5
Operating profit		201.7	193.7
Financial income and expenses		-37.2	-37.2
Income from associates		-2.3	-2.3
Profit before tax		162.2	154.2
Income tax		-42.0	-42.0
Net profit for the period		120.2	112.2

Attributable to:			
Equity holders of the parent		116.6	108.6
Minority interest		3.6	3.6
Net profit for the period		120.2	112.2

KEY FIGURES	Reported 2006	Corrected 2006
Earnings per share, basic and diluted, EUR	0.96	0.90

BALANCE SHEET	EUR million	Reported 31.12.2006	Corrected 31.12.2006
Equity attributable to equity holders of the parent		1,077.9	1,069.9
Total equity		1,090.5	1,082.5
Provisions		55.3	63.3
Total non-current liabilities		623.1	631.1

Retrospective restated quarterly figures are presented as appendix to this interim report.

QUARTERLY EARNINGS PERFORMANCE

(Unaudited figures)	1–3	4–6	7–9	10–12	2006 Total
Revenue					
Kemira Pulp&Paper	209.5	257.9	261.9	264.0	993.3
Kemira Water	92.3	102.1	101.7	171.5	467.6
Kemira Speciality	118.6	107.6	112.8	117.2	456.2
Kemira Coatings	118.6	170.3	164.6	109.3	562.8
Other and intra-Group sales	13.9	9.6	11.6	7.5	42.6
Total	552.9	647.5	652.6	669.5	2,522.5
Operating profit					
Kemira Pulp&Paper	26.0	20.4	24.3	20.1	90.8
Kemira Water	6.4	9.6	9.0	10.3	35.3
Kemira Speciality	11.3	11.7	11.7	11.1	45.8
Kemira Coatings	9.6	25.0	39.0	-1.5	72.1
Other including eliminations	-7.8	-15.2	-8.9	-18.4	-50.3
Total	45.5	51.5	75.1	21.6	193.7
Financial income and expenses	-7.1	-5.8	-11.6	-12.7	-37.2
Share of associates' results	-0.9	-0.6	0.3	-1.1	-2.3
Profit before tax	37.5	45.1	63.8	7.8	154.2
Income tax	-10.9	-13.1	-17.9	-0.1	-42.0
Net Profit	26.6	32.0	45.9	7.7	112.2
Attributable to					
Equity holders of the parent	25.8	31.0	45.0	6.8	108.6
Minority interests	0.8	1.0	0.9	0.9	3.6
Net Profit	26.6	32.0	45.9	7.7	112.2
Earnings per share, diluted, EUR	0.21	0.26	0.37	0.06	0.90
Capital employed, rolling					1,876.6
ROCE, %					10.2 %