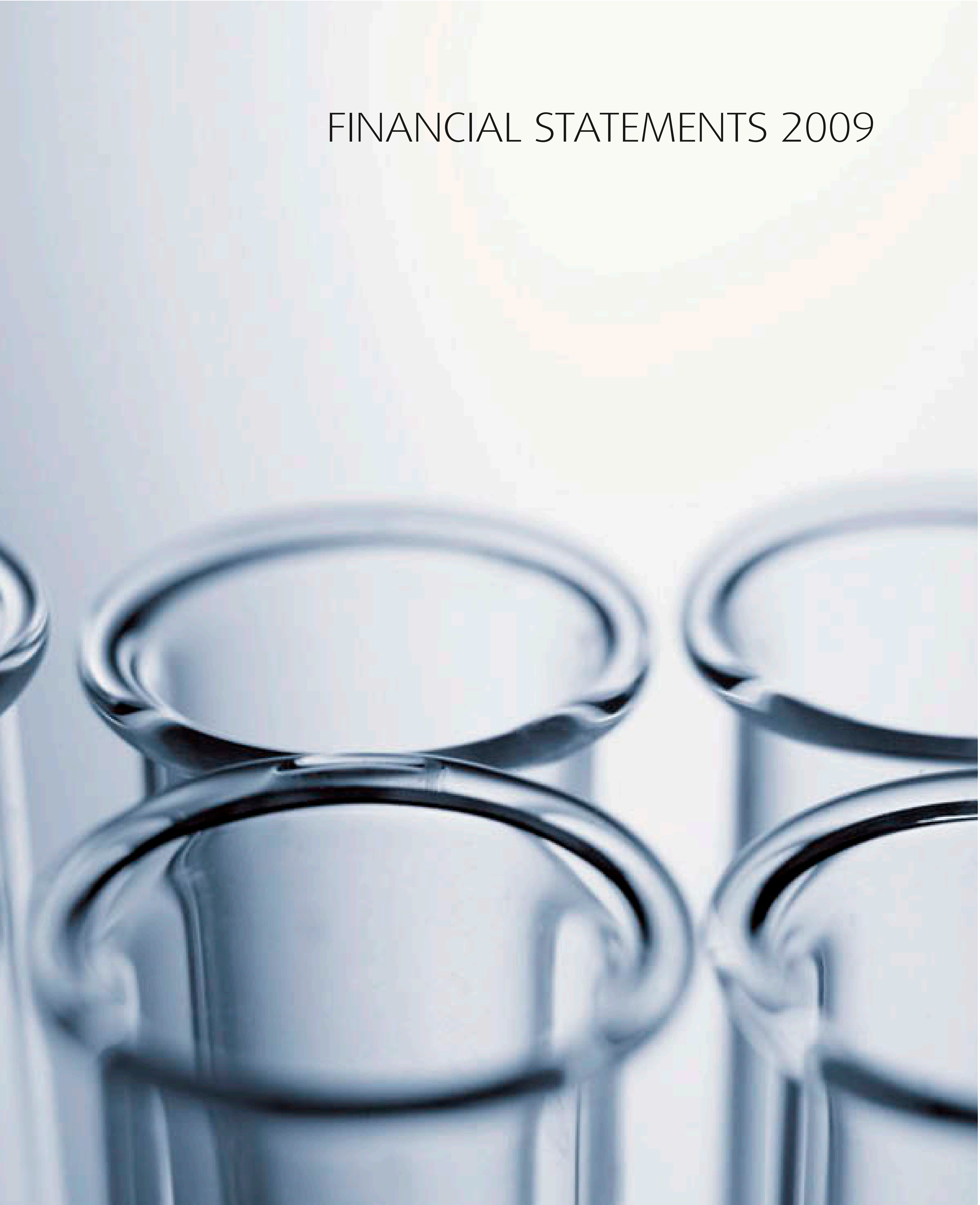
FINANCIAL STATEMENTS 2009



FINANCIAL STATEMENTS 2009

Since all figures in this Annual Report have been rounded, the sum of individual figures may deviate from the presented sums.

BOARD OF DIRECTORS' REVIEW 2009

Revenue in 2009 was EUR 2,500.1 million (2008: EUR 2,832.7 million). Revenue from continuing business operations decreased by 7%. Demand weakened in several customer industries. Operating profit excluding non-recurring items rose 32% to EUR 175.0 million (132.6). Reported operating profit rose 113% to EUR 157.4 million (74.0). Cash flow after investments grew significantly to EUR 202.2 million (2.7). Strong cash flow and the rights offering completed at the end of the year strengthened the balance sheet and gearing fell to 53% (December 31, 2008: 107%). Earnings per share were EUR 0.61 (-0.01).

The Board proposes that 86% of the shares of Tikkurila be distributed as dividend to Kemira's shareholders. Tikkurila's shares are expected to be listed on NASDAQ OMX Helsinki Ltd in March 2010. The Board also proposes that the Annual General Meeting authorize the Board to decide upon a dividend payable in cash of a maximum of EUR 0.27 per share (0.25). According to the proposal, the authorization is valid until May 31, 2010.

KEY FIGURES AND RATIOS

EUR million	**1–12/2009**	1–12/2008
Revenue	**2,500.1**	2,832.7
EBITDA	**273.7**	243.3
EBITDA %	**10.9**	8.6
Operating profit excluding non-recurring items	**175.0**	132.6
Operating profit	**157.4**	74.0
Operating profit excluding non-recurring items, %	**7.0**	4.7
Operating profit, %	**6.3**	2.6
Financial income and expenses	**-49.8**	-69.5
Profit before tax	**102.9**	1.8
Net profit	**85.5**	1.8
EPS, EUR	**0.61**	-0.01
Capital employed*	**1,963.3**	2,062.8
ROCE, %*	**7.8**	3.5
Cash flow after investments	**202.2**	2.7
Equity ratio, % at period-end	**45**	34
Gearing, % at period-end	**53**	107
Personnel at period-end	**8,493**	9,405

* 12-month rolling average

Due to the rights offering, historical per share key figures have been adjusted with the following calculation formula: average number of shares x 1.1.

The new strategy announced in June 2008 resulted in some changes to Kemira's business structure. Financial reporting reflects the new structure from the beginning of 2009. Kemira's reporting segments are Paper, Municipal & Industrial (previously "Water"), Oil & Mining, Tikkurila and Other. The Other segment consists of specialty chemicals such as organic salts and acids and the Group expenses not charged to the segments (some research and development costs and the costs of CEO Office).

FINANCIAL PERFORMANCE IN 2009

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

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

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

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

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

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

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

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

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

Group and will be achieved by streamlining the Group structure, organization and operating models.

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

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

FINANCIAL POSITION AND CASH FLOW

The financial position and liquidity remained good.

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

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

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

The unused amount of the EUR 750 million revolving credit facility that falls due in 2012 was EUR 548.7 million at the end of December. Short-term liabilities maturing in the next 12 months amounted to EUR 437.6 million at year end, with commercial papers issued on the Finnish markets representing EUR 125.4 million and repayments of long-term loans representing EUR 299.1 million. Cash and cash equivalents totaled EUR 274.6 million on December 31, 2009. Based on its current structure, it is expected that the Group will not encounter any significant refinancing needs in 2010, since the current loan arrangements cover its financing needs. The terms of the revolving credit facility and other major bilateral loan arrangements require that the Group's equity ratio must be more than 25%.

At the end of the year, the equity ratio stood at 45% (December 31, 2008: 34%), while gearing was 53% (December 31, 2008: 107%). Kemira's gearing target is 40-80%. The net impact of the rights offering on shareholders' equity was approximately EUR 196 million and the net impact of currencies approximately EUR 28 million. Shareholder's equity declined by EUR 30.3 million due to the dividends paid out after the Annual General Meeting in April.

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

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

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

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

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

CAPITAL EXPENDITURE

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

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

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

RESEARCH AND DEVELOPMENT

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

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

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

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

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

HUMAN RESOURCES

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

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

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

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

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

ENVIRONMENT AND SAFETY

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

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

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

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

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

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

SEGMENTS

PAPER

We offer chemical products and integrated systems that help customers in the water-intensive pulp and paper industry to improve their profitability as well as their water, raw material and energy efficiency. Our solutions support sustainable development.

EUR million	**1–12/2009**	1–12/2008
Revenue	**906.4**	1 003.3
EBITDA	**87.0**	69.4
EBITDA %	**9.6**	6.9
Operating profit excluding non-recurring items	**44.9**	41.5
Operating profit	**40.1**	-2.6
Operating profit excluding non-recurring items %	**5.0**	4.1
Operating profit, %	**4.4**	-0.3
Capital employed*	**782.6**	826.7
ROCE, %*	**5.1**	-0.3
Capital expenditure, excluding acquisitions	**37.8**	51.7
Cash flow after investments, excluding interest and taxes	**75.6**	15.5

* 12-month rolling average

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

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

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

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

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

MUNICIPAL & INDUSTRIAL

We offer water treatment chemicals for municipalities and industrial customers. Our strengths are high-level application know-how, a comprehensive range of water treatment chemicals, and reliable customer deliveries.

EUR million	**1–12/2009**	1–12/2008
Revenue	**607.5**	583.7
EBITDA	**91.7**	41.0
EBITDA %	**15.1**	7.0
Operating profit excluding non-recurring items	**66.4**	25.0
Operating profit	**59.8**	5.3
Operating profit excluding non-recurring items, %	**10.9**	4.3
Operating profit, %	**9.8**	0.9
Capital employed*	**349.4**	342.7
ROCE, %*	**17.1**	1.6
Capital expenditure, excluding acquisitions	**21.0**	29.7
Cash flow after investments, excluding interest and taxes	**93.5**	-13.8

* 12-month rolling average

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

Overall steady demand continued in the municipal water treatment business despite a decrease in delivery volumes in certain market areas. In the industrial water treatment business, demand decreased in some customer industries due to lower capacity utilization rates, but in other industries, such as the food industry and power production, demand for water treatment chemicals was stable. Total delivery volumes were lower than in 2008, but prices were higher on average.

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

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

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

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

OIL & MINING

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

EUR million	1–12/2009	1–12/2008
Revenue	**235.0**	275.4
EBITDA	**23.6**	15.3
EBITDA %	**10.1**	5.6
Operating profit excluding, non-recurring items	**14.2**	8.4
Operating profit	**19.9**	1.9
Operating profit excluding non-recurring items, %	**6.0**	3.1
Operating profit, %	**8.5**	0.7
Capital employed*	**148.9**	160.4
ROCE, %*	**13.4**	1.2
Capital expenditure, excluding acquisitions	**4.7**	8.8
Cash flow after investments, excluding interest and taxes	**20.8**	14.3

* 12-month rolling averageo

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

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

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

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

TIKKURILA

Our product range consists of decorative paints and coatings for the wood and metal industries. We provide consumers, professional painters and industrial customers with branded products and expert services in approximately 40 countries.

EUR million	1–12/2009	1–12/2008
Revenue	**530.2**	648.1
EBITDA	**66.5**	78.2
EBITDA %	**12.5**	12.1
Operating profit excluding non-recurring items	**50.1**	59.2
Operating profit	**47.7**	59.2
Operating profit excluding, non-recurring items, %	**9.5**	9.1
Operating profit, %	**9.0**	9.1
Capital employed*	**304.0**	323.6
ROCE, %*	**15.7**	18.3
Capital expenditure, excluding acquisitions	**13.5**	32.1
Cash flow after investments, excluding interest and taxes	**61.4**	52.2

* 12-month rolling averageo

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

BOARD OF DIRECTORS' REVIEW 2009

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

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

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

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

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

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

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

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

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

OTHER

The Other segment consists of specialty chemicals such as organic salts and acids and the Group expenses not charged to the segments (some research and development costs and the costs of CEO Office).

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

PARENT COMPANY'S FINANCIAL PERFORMANCE

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

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

KEMIRA OYJ'S SHARES AND SHAREHOLDERS

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

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

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

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

In 2009, Kemira Oyj's share trading volume on NASDAQ OMX Helsinki Ltd totaled 77.2 million (117.4 million) and was valued at EUR 634.2 million

(EUR 1,028.4 million). This represents 62% of the share capital. The average daily trading volume was 307,657 (464,022) shares.

RIGHTS OFFERING

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

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

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

SHARE-BASED INCENTIVE PLAN FOR THE STRATEGIC MANAGEMENT BOARD

In February, Kemira Oyj's Board of Directors decided on a new share-based incentive plan aimed at Strategic Management Board members. The plan is divided into three one-year performance periods: 2009, 2010 and 2011. Payment depends on the achievement of the set operating profit targets. The program also includes a three-year goal, which is tied to the development of operating profit as a percentage of revenue by the end of 2011. Any payments will be paid as a combination of Kemira shares and cash payments covering the payable taxes, in accordance with the achievement of set goals. The combined value of shares and cash payments paid out in the course of the three-year share-based incentive plan may not exceed the individual's gross salary for the same period. Shares transferable under the plan comprise treasury shares or Kemira Oyj shares available in public trading.

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

AGM AND EGM DECISIONS

ANNUAL GENERAL MEETING

Kemira Oyj's Annual General Meeting, held on April 8, 2009, confirmed a dividend of EUR 0.25 per share for 2008. The dividend was paid out on April 22, 2009.

The AGM decided that Article 13 of the current Articles of Association be amended to read as follows: "Notices to the general meeting of shareholders and other communications to the shareholders shall be communicated by the Board of Directors by publishing an announcement in at least two nationwide newspapers, determined by the Board of Directors, no earlier than two months and no later than 21 days before the general meeting of shareholders."

The Annual General Meeting authorized the Board of Directors to decide upon the repurchase of a maximum of 2,395,229 treasury shares ("Share repurchases authorization"). Shares will be repurchased by using unrestricted equity either through a direct offer with equal terms to all shareholder at a price determined by the Board of Directors or otherwise than in proportion to the existing shareholdings of the Company's shareholders in public trading on the NASDAQ OMX Helsinki Ltd ("Stock Exchange") at the market price quoted at the time of the repurchase. Shares shall be acquired and paid for in accordance with the Rules of Stock Exchange and Euroclear Finland Ltd. Shares may be repurchased to be used in implementing or financing mergers and acquisitions, developing the Company's capital structure, improving the liquidity of the Company's shares or implementing the Company's share-based incentive plans. In order to realize the aforementioned purposes the shares acquired may be retained, transferred further or cancelled by the Company. The Board of Directors will decide upon other terms related to share repurchase. The Share repurchase authorization is valid until the end of the next Annual General Meeting. The authorization has not been exercised.

The Annual General Meeting authorized the Board of Directors to decide to issue a maximum of 12,500,000 new shares and transfer a maximum of 6,250,000 treasury shares held by the Company ("Share issue authorization"). The new shares may be issued and the Company's own shares held by the Company may be transferred either against payment or, as part of the implementation of the Company's share-based incentive plans, without payment. Said new shares may be issued and said Company's own shares held by the Company may be transferred to the Company's shareholders in proportion to their current shareholdings in the Company, or through a directed share issue if the Company has a weighty financial reason to do so, such as financing or implementing mergers and acquisitions, developing its capital structure, improving the liquidity of the Company's shares or if this is justified for the purpose of implementing the Company's share-based incentive plans. The directed share issue may be carried out without payment only in connection with the implementation of the Company's share-based incentive plan. The subscription price of new shares shall be recognized under unrestricted equity capital fund. The consideration payable for Company's own shares shall be recognized under unrestricted equity capital fund. The Board of Directors will decide upon other terms related to share issue. The Share issue authorization is valid until the end of the next Annual General Meeting. The authorization has not been exercised.

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

EXTRAORDINARY GENERAL MEETING

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

OTHER EVENTS DURING THE REVIEW PERIOD

In August 2009, Kemira Oyj received a summons where it was stated that Cartel Damage Claims Hydrogen Peroxide SA (CDC) had filed an action against six hydrogen peroxide manufacturers, including Kemira, for violations of competition law applicable to the hydrogen peroxide business.

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

CORPORATE GOVERNANCE AND GROUP STRUCTURE

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

BOARD OF DIRECTORS

On April 8, 2009, the AGM reelected members Elizabeth Armstrong, Juha Laaksonen, Pekka Paasikivi, Kaija Pehu-Lehtonen, Jukka Viinanen and Jarmo Väisänen to the Board of Directors and Wolfgang Büchele was elected as a new member. Pekka Paasikivi was re-appointed as the Chairman of the Board and Jukka Viinanen was appointed Vice Chairman. The remuneration paid to the members of the Board remained unchanged. In 2009, the Board of Directors met 13 times.

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

To the Nomination Committee the Board of Directors of Kemira Oyj invited the representatives of the three largest shareholders as of May 31, 2009, and the Chairman of Kemira Oyj's Board of Directors as an expert member. The Nomination Committee prepares a proposal for the next Annual General Meeting concerning the composition and remuneration of the Board of Directors. The members of the Nomination Committee are Jari Paasikivi, Managing Director of Oras Invest Oy; Kari Järvinen, Managing Director of Solidium Oy; Risto Murto, Chief Investment Officer, Varma Mutual Pension Insurance Company; and the Chairman of the Board of Directors Pekka Paasikivi as an expert member. In 2009, the Nomination Committee met once.

CHANGES TO COMPANY MANAGEMENT

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

STRUCTURE

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

SHORT-TERM RISKS AND UNCERTAINTY FACTORS

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

Powerful fluctuations in the world market prices of electricity and oil are reflected in Kemira's financial results, via raw material prices and logistics costs.

Capacity cuts among raw material suppliers may affect Kemira's production costs. As a result of general economic development some of our cooperation partners, for instance logistics companies, may face difficulties, which in turn may have a temporary effect on Kemira's operations.

Introduction of REACH legislation may decrease the available raw material options and suppliers and thus increase Kemira's raw material costs. REACH registration of Kemira's own products may also be more expensive than estimated, in particular if Kemira is not able to divide the costs with other companies. Acrylamide which Kemira uses as a raw material for polymers has been proposed to the list of candidates for authorization. If acrylamide was added to the list of substances subject to authorization under REACH, this would hinder its use.

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

A detailed account of Kemira's risk management principles and organization is available at the company website at www.kemira.com. An account of financial risks is available in the notes to the financial statements. Materialized environmental and hazard risks will be handled in Kemira's environmental report, to be published in spring.

EVENTS AFTER THE REVIEW PERIOD

In January 2010, Kemira reversed the decision to shut down the polymer manufacturing site in Columbus Georgia USA as the demand for water treatment chemicals in the oil and gas industries is expected to increase. Previously the site was primarily serving customers in the paper industry. Last year's decision to shut down the Columbus site was part of the refocusing of Kemira's paper chemicals business, where the offering of paper chemicals is being adapted regionally to local customer needs. The operations at the site have now been retooled to offer a tailored product mix to meet the needs of customers in the oil and gas industry.

In January 2010, Metso and Kemira entered into a three-year research and development partnership agreement, by which Kemira will handle the chemical control of Metso's pilot paper machines. The aim is to combine Metso's leading competence in paper and board machine processes, automation and technology with Kemira's know-how in water and fiber chemistry to produce optimal overall solutions for pulp and paper industry customers.

DIVIDEND

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

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

Each four Kemira's shares entitle their holder to receive one share of Tikkurila Oyj as a dividend. Kemira shall distribute to its shareholders as dividend an aggregate of 37.933.097 shares of Tikkurila, which represents 86% of the shares in Tikkurila and the number of voting rights carried by them.

The dividend payable in Tikkurila's shares will be paid to each shareholder who is registered in the Company's Shareholder Register maintained by Euroclear Finland Ltd on the record date, March 19, 2010. The Board of Directors proposes that the dividend be paid on March 26, 2010.

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

BOARD PROPOSAL FOR DIVIDEND AUTHORIZATION

Kemira Oyj's Board of Directors proposes to the Annual General Meeting on March 16, 2010 that the Annual General Meeting authorize the Board to decide upon a dividend payable in cash on the basis of the adopted balance sheet for the financial year ended December 31, 2009 under the following terms and conditions:

- Under the authorization, the Board of Directors may decide upon a dividend payable in cash of a maximum of EUR 0.27 per share.
- The Board of Directors will decide upon the other terms related to the dividend payable in cash in accordance with the Rules of the Helsinki Stock Exchange and Euroclear Finland Ltd. The authorization to decide upon a dividend payable in cash is valid until May 31, 2010.

OUTLOOK

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

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

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

The basis for growth are the growing water chemicals markets and Kemira's strong know-how in water quality and quantity management. Increasing water shortage, tightening legislation and customers' needs to increase operational efficiency create opportunities for Kemira to develop new water applications for both new and current customers. Investment in research and development is a central part of Kemira's strategy. The focus of Kemira's research and development activities is on the development and commercialization of new innovative technologies for Kemira's customers globally and locally.

The global cost savings program started in 2008 has proceeded faster than planned and it will be completed by the end of the year. The full annual impact is expected to be felt from 2011 onwards.

In 2010, Kemira expects demand to develop favorably as the economic situation improves, even though there's still uncertainty with the development of the demand. In the first quarter of the year, Kemira's operating profit excluding non-recurring items is expected to increase from the corresponding period in 2009.

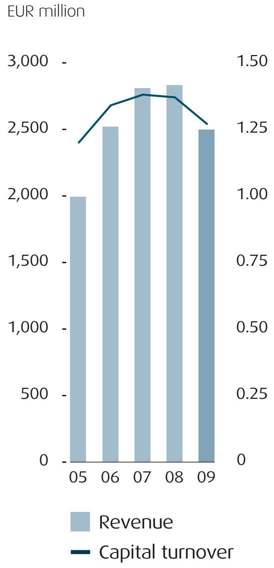
Helsinki, February 8, 2010

Kemira Oyj
Board of Directors

Financial key figures, definitions of key figures as well as information on shareholders, management shareholding and related parties' events are presented in the financial statements and in the notes to the financial statements.

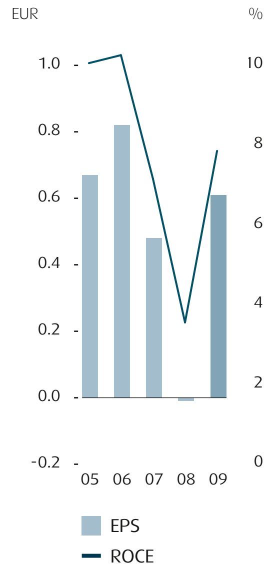
All forward-looking statements in this review are based on the management's current expectations and beliefs about future events, and actual results may differ materially from the expectations and beliefs such statements contain.

REVENUE

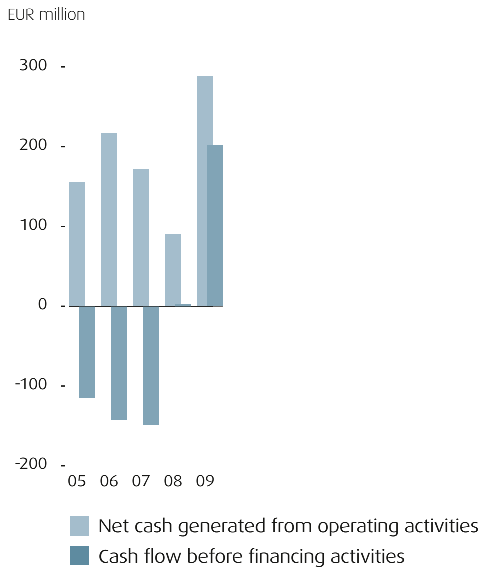


OPERATING PROFIT

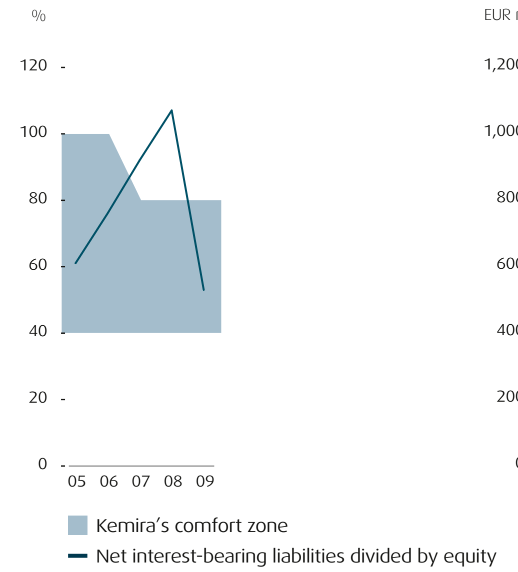
EPS AND ROCE



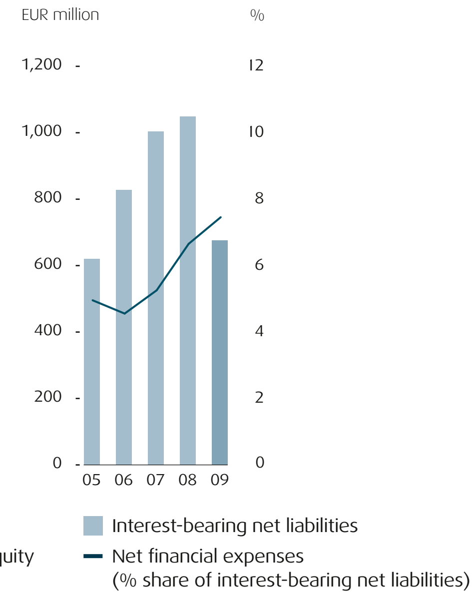
CASH FLOW



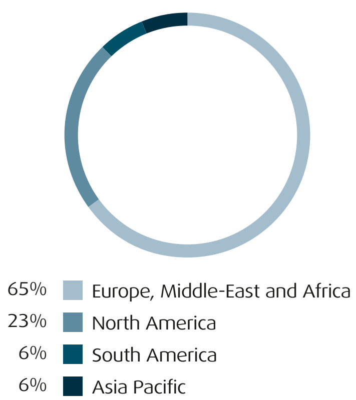
GEARING



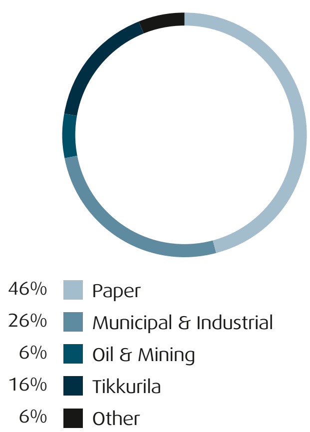
NET LIABILITIES AND FINANCIAL EXPENSES



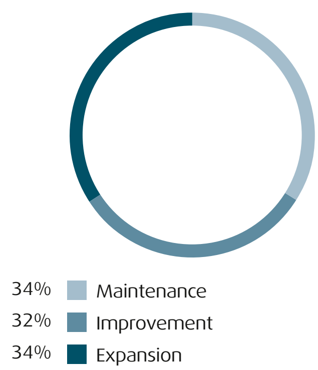
REVENUE BY REGION



CAPITAL EXPENDITURE BY SEGMENT
Excluding acquisitions



CAPITAL EXPENDITURE BY CHARACTER
Excluding acquisitions



GROUP KEY FIGURES

PER SHARE FIGURES	2009	2008	2007	2006	2005
PER SHARE FIGURES					
Earnings per share, basic, EUR 1) 3) 4)	**0.61**	-0.01	0.48	0.82	0.67
Earnings per share, diluted, EUR 1) 3) 4)	**0.61**	-0.01	0.48	0.82	0.66
Cash flow from operations per share, EUR 1) 4)	**2.13**	0.68	1.29	1.63	1.17
Dividend per share, EUR 1) 2) 4)	**-**	0.23	0.45	0.44	0.33
Dividend payout ratio, % 1) 2) 3) 4)	**-**	-1,634.2	95.2	53.4	49.1
Dividend yield 1)	**-**	4.2	3.5	2.8	2.7
Equity per share, EUR 1) 3)	**8.25**	7.94	8.85	8.85	8.33
Price per earnings per share (P/E ratio) 1) 3) 4)	**17.14**	-388.28	27.41	18.95	18.39
Price per equity per share 1) 4)	**1.26**	0.75	1.63	1.93	1.62
Price per cash flow per share 1) 4)	**4.87**	7.98	10.14	9.49	10.45
Dividend paid, EUR million 2)	**-**	30.3	60.6	58.1	43.5
SHARE PRICE AND TURNOVER					
Share price, year high, EUR 4)	**11.63**	13.43	17.45	15.61	12.75
Share price, year low, EUR 4)	**3.87**	4.93	11.92	10.06	8.96
Share price, year average, EUR 4)	**7.64**	7.91	14.93	12.90	10.54
Share price, end of year, EUR 4)	**10.39**	5.40	13.09	15.48	12.25
Number of shares traded (1,000)	**83,792**	117,397	151,643	76,252	65,578
% of number of shares	**54**	97	125	63	54
Market capitalisation, end of year, EUR million	**1,614.0**	719.9	1,745.1	2,060.4	1,627.2
INCREASE IN SHARE CAPITAL					
Average number of shares, basic, (1,000) 1)	**134,824**	121,191	121,164	120,877	120,628
Average number of shares, diluted (1,000) 1)	**135,085**	121,191	121,194	121,051	121,024
Number of shares at end of year, basic, (1,000) 1)	**151,488**	121,191	121,191	120,988	120,714
Number of shares at end of year, diluted (1,000) 1)	**151,748**	121,191	121,191	121,204	121,057
Increase in number of shares (1,000)	**30,298**	-	203	274	408
Share capital, EUR million	**221.8**	221.8	221.8	221.6	221.3
Increase in share capital - share options, EUR million	**-**	-	0.2	0.3	0.6

1) Number of shares outstanding, excluding the number of shares bought back.
2) Board of Directors proposes to the Annual General Meeting that dividend on the basis of the financial year 2009 shall be paid in Tikkurila Oyj's shares as follows: Each four Kemira's shares entitle their holder to receive one share of Tikkurila Oyj as a dividend.
3) Year 2006 error has been corrected.
4) Rights offering restatement

GROUP KEY FIGURES

FINANCIAL FIGURES	2009	2008	2007	2006 [2]	2005
INCOME STATEMENT AND PROFITABILITY					
Revenue, EUR million	**2,500**	2,833	2,810	2,523	1,994
Foreign operations, EUR million	**1,984**	2,109	2,370	2,159	1,642
Sales in Finland, %	**15**	15	15	17	18
Exports from Finland, %	**6**	10	12	16	21
Sales generated outside Finland, %	**79**	75	73	67	61
Operating profit, EUR million [1]	**157**	74	143	194	166
% of revenue	**6**	3	5	8	8
Share of profit or loss of associates, EUR million [1]	**-5**	-3	2	-2	-2
Financial income and expenses (net), EUR million [3]	**50**	69	52	37	30
% of revenue	**2**	2	2	1	2
Interest cover [1]	**5**	4	6	9	9
Profit before tax, EUR million	**103**	2	93	154	134
% of revenue	**4**	0	3	6	7
Net profit for the period (attributable to equity holders of the parent), EUR million	**82**	-2	64	109	88
Return on investment (ROI), %	**7**	4	8	11	11
Return on equity (ROE), %	**7**	0	6	10	9
Return on capital employed (ROCE), %	**8**	3	7	10	10
Research and development expenses, EUR million	**47**	71	66	55	43
% of revenue	**2**	3	2	2	2
CASH FLOW					
Cash flow from operations, EUR million	**288**	90	172	217	156
Disposals of subsidiaries and property, plant and equipment, EUR million	**2**	254	-	103	132
Capital expenditure, EUR million	**86**	342	321	462	402
% of revenue	**3**	12	11	18	20
Cash flow after capital expenditure, EUR million	**202**	3	-149	-142	-115
Cash flow return on capital invested (CFROI), %	**12**	4	8	12	10
BALANCE SHEET AND SOLVENCY					
Non-current assets, EUR million	**1,886**	1,906	1,877	1,811	1,617
Shareholders' equity (attributable to equity holders of the parent), EUR million	**1,250**	963	1,072	1,070	1,005
Shareholders' equity including minority interest, EUR million	**1,269**	976	1,087	1,083	1,019
Liabilities, EUR million	**1,548**	1,884	1,741	1,687	1,312
Total assets, EUR million	**2,817**	2,860	2,828	2,769	2,331
Interest-bearing net liabilities, EUR million	**676**	1,049	1,003	827	620
Equity ratio, %	**45**	34	39	39	44
Gearing, %	**53**	107	92	76	61
Interest-bearing net liabilities / EBITDA	**2.5**	4.3	3.2	2.6	2.2
PERSONNEL					
Personnel (average)	**8,843**	9,954	10,008	9,186	7,717
of whom in Finland	**1,929**	2,659	3,033	3,150	3,146

EXCHANGE RATES					
Key exchange rates (31 December)					
USD	**1.441**	1.392	1.472	1.317	1.180
SEK	**10.252**	10.870	9.442	9.040	9.388
PLN	**4.105**	4.154	3.594	3.831	3.860
BRL	**2.511**	3.244	2.583	2.810	2.745

[1] The share of profit or loss of associates is presented after financial expenses.
[2] Year 2006 error has been corrected
[3] The total research and development expenses for 2009 include EUR 3.4 million (EUR 4.7 million) of depreciations.

DEFINITIONS OF KEY FIGURES

PER SHARE 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

$$\frac{\text{Cash flow from operations}}{\text{Average number of shares}}$$

DIVIDEND PER SHARE

$$\frac{\text{Dividends paid}}{\text{Number of shares at end of year}}$$

DIVIDEND PAYOUT RATIO

$$\frac{\text{Dividend per share x 100}}{\text{Earnings per share (EPS)}}$$

DIVIDEND YIELD

$$\frac{\text{Dividend per share x 100}}{\text{Share price at end of year}}$$

EQUITY PER SHARE

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

SHARE PRICE, YEAR AVERAGE

$$\frac{\text{Shares traded (EUR)}}{\text{Shares traded (volume)}}$$

PRICE PER EARNINGS PER SHARE (P/E)

$$\frac{\text{Share price at end of year}}{\text{Earnings per share (EPS)}}$$

PRICE PER EQUITY PER SHARE

$$\frac{\text{Share price at end of year}}{\text{Equity per share attributable to equity holders of the parent}}$$

PRICE PER CASH FLOW PER SHARE

$$\frac{\text{Share price at end of year}}{\text{Cash flow from operations per share}}$$

SHARE TURNOVER, %

$$\frac{\text{Number of shares traded x 100}}{\text{Weighted average number of shares}}$$

FINANCIAL FIGURES

INTEREST-BEARING NET LIABILITIES

Interest-bearing liabilities - money market investments
- cash and cash equivalents

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 COVER

$$\frac{\text{Operating profit + depreciation, impairments and reversal of impairments}}{\text{Net financial expenses}}$$

RETURN ON INVESTMENT (ROI), %

$$\frac{\text{(Profit before taxes + interest expenses + other financial expenses) x 100}}{\text{(Total assets - interest-free liabilities)}^{1)}}$$

RETURN ON EQUITY (ROE), %

$$\frac{\text{Net profit attributable to equity holders of the parent x 100}}{\text{Equity attributable to equity holders of the parent}^{1)}}$$

CASH FLOW RETURN ON INVESTMENT (CFROI), %

$$\frac{\text{Cash flow from operations x 100}}{\text{(Total assets - interest-free liabilities)}^{1)}}$$

RETURN ON CAPITAL EMPLOYED (ROCE), %

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

CAPITAL TURNOVER

$$\frac{\text{Revenue}}{\text{Capital employed}^{1)\,2)}}$$

INTEREST-BEARING NET LIABILITIES / EBITDA

$$\frac{\text{Interest-bearing net liabilities}}{\text{Operating profit + depreciation, impairments and reversal of impairments}}$$

NET FINANCIAL COST, %

$$\frac{\text{(Net financial expenses - dividend income - exchange rate differences)}}{\text{Interest-bearing net liabilities}^{1)}}$$

1) Average
2) Capital employed = Net working capital + property, plant and equipment available for use + intangible assets + investments in associates

CONSOLIDATED INCOME STATEMENT (IFRS)

EUR million

	Note	**1.1.–31.12.2009**	1.1.–31.12.2008
Revenue	2	**2,500.1**	2,832.7
Other operating income	3	**15.0**	51.5
Cost of sales	4, 5, 6, 7	**-2,241.4**	-2,640.8
Depreciation, amortization, impairments and reversal of impairments	8, 14	**-116.3**	-169.4
Operating profit		**157.4**	74.0
Financial income	9	**202.8**	208.7
Financial expense	9	**-252.6**	-278.2
Financial expenses, net	9	**-49.8**	-69.5
Share of profit or loss of associates	2, 9	**-4.7**	-2.7
Profit before tax		**102.9**	1.8
Income tax	10	**-17.4**	0.0
Net profit for the period		**85.5**	1.8
ATTRIBUTABLE TO:			
Equity holders of the parent		**81.8**	-1.8
Minority interest		**3.7**	3.6
Net profit for the period		**85.5**	1.8
Earnings per share, basic and diluted, EUR	11	**0.61**	-0.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million

	Note	**1.1.–31.12.2009**	1.1.–31.12.2008
Net profit for the period		**85.5**	1.8
Other comprehensive income, net of tax:			
Available-for-sale financial assets - change in fair value	21	**3.7**	35.3
Exchange differences		**28.1**	-74.2
Hedge of net investment in foreign entities	21	**-3.0**	9.1
Cash flow hedging	21	**10.0**	-22.0
Other changes		**-0.4**	2.1
Other comprehensive income, net of tax		**38.4**	-49.7
Total comprehensive income		**123.9**	-47.9

ATTRIBUTABLE TO:			
Equity holders of the parent		**119.9**	-49.4
Minority interest		**4.0**	1.5
Total comprehensive income		**123.9**	-47.9

CONSOLIDATED BALANCE SHEET (IFRS)

EUR million

ASSETS	Note	31.12.2009	31.12.2008
NON-CURRENT ASSETS			
Goodwill	12	**658.0**	655.1
Other intangible assets	12	**102.2**	111.6
Property, plant and equipment	13	**761.5**	765.7
Holdings in associates	15, 33	**131.1**	135.6
Available-for-sale investments	15, 17	**166.2**	159.8
Deferred tax assets	21	**18.8**	12.7
Other investments		**13.2**	11.5
Defined benefit pension receivables	26	**35.3**	54.0
Total non-current assets		**1,886.3**	1,906.0
CURRENT ASSETS			
Inventories	16	**246.5**	319.3
Interest-bearing receivables	17, 18	**1.4**	7.6
Trade receivables and other receivables	17, 18	**400.6**	493.0
Current tax asset	18	**7.3**	14.4
Money market investments	32	**202.1**	87.1
Cash and cash equivalents	32	**72.5**	32.3
Total receivables		**930.4**	953.7
Total assets		**2,816.7**	2,859.7

EQUITY AND LIABILITIES	Note	31.12.2009	31.12.2008
EQUITY			
Share capital		**221.8**	221.8
Other equity		**1,027.7**	741.0
Equity attributable to equity holders of the parent		**1,249.5**	962.8
Minority interest		**19.3**	13.2
Total equity		**1,268.8**	976.0
NON-CURRENT LIABILITIES			
Interest-bearing non-current liabilities	17, 20, 24, 25	**512.6**	609.2
Deferred tax liabilities	21	**90.1**	89.9
Pension liabilities	26	**70.4**	67.5
Provisions	22	**55.6**	61.8
Total non-current liabilites		**728.7**	828.4
CURRENT LIABILITIES			
Interest-bearing current liabilities	17, 23, 24, 25	**437.6**	559.3
Trade payables and other liabilities	23	**369.1**	479.7
Current tax liabilities	23	**0.5**	5.5
Provisions	22	**12.0**	10.8
Total current liabilities		**819.2**	1,055.3
Total liabilities		**1,547.9**	1,883.7
Total equity and liabilities		**2,816.7**	2,859.7

CONSOLIDATED STATEMENT OF CASH FLOW (IFRS)

EUR million

CASH FLOW FROM OPERATING ACTIVITIES	Note	2009	2008
Profit for the period		**81.8**	-1.8
Adjustments for			
Depreciation, amortization, impairments and reversal of impairments	8	**116.3**	169.2
Taxes	10	**17.4**	0.1
Financial expenses, net	9	**49.8**	69.5
Share of profit or loss of associates	9	**4.7**	2.7
Other non-cash income and expenses		**18.7**	-22.7
		288.7	217.0
Change in working capital			
Increase (-) / decrease (+) in inventories		**75.6**	-38.4
Increase (-) / decrease (+) in trade and other receivables		**81.1**	8.2
Increase (+) / decrease (-) in trade payables and other liabilities		**-82.3**	1.5
Change in net working capital		**74.4**	-28.7
Interest and other financing cost paid		**-58.9**	-92.5
Interest and other income received		**11.5**	26.2
Realized exchange gains and losses		**-1.8**	-8.9
Dividends received		**0.2**	1.0
Income taxes paid		**-26.3**	-23.9
		-75.3	-98.1
Net cash generated from operating activities		**287.8**	90.2
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of subsidiaries, net of cash acquired	27	**-3.7**	-44.3
Purchases of associates		**-**	-136.5
Purchases of other shares		**-1.5**	-10.1
Purchases of property, plant, equipment and intangible assets		**-80.7**	-150.9
Proceeds from sale of subsidiaries, net of cash disposed	27	**0.6**	232.5
Proceeds from sale of associates		**-**	3.9
Proceeds from sale of other shares		**-**	0.1
Proceeds from sale of property, plant, equipment and intangible assets		**1.8**	17.8
Change in other investments		**-2.1**	-
Net cash used in investing activities		**-85.6**	-87.5
Cash flow before financing activities		**202.2**	2.7
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from non-current interest-bearing liabilities		**228.3**	470.0
Repayments from non-current interest-bearing liabilities		**-249.7**	-43.4
Payment of (-) / proceeds from (+) current interest-bearing liabilities		**-183.6**	-282.1
Dividends paid		**-33.5**	-64.2
Rights issue or other chargeable change in equity		**200.0**	-
Other financial items		**-11.3**	-7.8
Net cash used in financing activities		**-49.8**	72.5
Net increase (+) / decrease (-) in cash and cash equivalents		**152.4**	75.2
Cash and cash equivalents at end of period		**274.6**	119.4
Exchange gains (+) / losses (-) on cash and cash equivalents		**-2.8**	8.4
Cash and cash equivalents at beginning of period		**119.4**	52.6
Net increase (+) / decrease (-) in cash and cash equivalents		**152.4**	75.2

The above figures cannot be directly derived from balance sheet.

STATEMENT OF CHANGES IN EQUITY

EUR million

	Equity attributable to equity holders of the parent								
	Share capital	Capital paid-in in excess of par value	Fair value and other reserves	Unrestricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Minority interests	Total
Shareholders' equity at January 1, 2008	221.8	257.9	68.2	-	-41.1	-25.9	591.1	15.3	1,087.3
Net profit for the period	-	-	-	-	-	-	-1.8	3.6	1.8
Other comprehensive income, net of tax	-	-	12.7	-	-63.5	-	3.3	-2.2	-49.7
Total comprehensive income	0.0	0.0	12.7	-	-63.5	0.0	1.5	1.4	-47.9
Dividends paid	-	-	-	-	-	-	-60.6	-3.5	-64.1
Share-based compensations	-	-	-	-	-	-	0.7	-	0.7
Transfers in equity	-	-	0.5	-	-	-	-0.5	-	0.0
Shareholders' equity at December 31, 2008	221.8	257.9	81.4	-	-104.6	-25.9	532.2	13.2	976.0
Shareholders' equity at January 1, 2009	**221.8**	**257.9**	**81.4**	**-**	**-104.6**	**-25.9**	**532.2**	**13.2**	**976.0**
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**81.8**	**3.7**	**85.5**
Other comprehensive income, net of tax	**-**	**-**	**13.8**	**-**	**24.7**	**-**	**-0.3**	**0.2**	**38.4**
Total comprehensive income	**0.0**	**0.0**	**13.8**	**-**	**24.7**	**0.0**	**81.5**	**3.9**	**123.9**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-30.3**	**-3.2**	**-33.5**
Share issue	**-**	**-**	**-**	**196.3**	**-**	**-**	**-**	**-**	**196.3**
Share-based compensations	**-**	**-**	**-**	**-**	**-**	**-**	**0.8**	**-**	**0.8**
Changes due to acquisition	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5.3**	**5.3**
Transfers in equity	**-**	**-**	**0.6**	**-**	**-**	**-**	**-0.6**	**-**	**0.0**
Shareholders' equity at December 31, 2009	**221.8**	**257.9**	**95.8**	**196.3**	**-79.9**	**-25.9**	**583.6**	**19.2**	**1,268.8**

CHANGES IN SHARE VOLUME

(1,000)	Shares outstanding	Treasury Shares	Total
Jan. 1, 2008	121,191	3,854	125,045
Treasury shares issued to the members of share-based incentive plan	-	-	-
Shares from the share-based arrangement given back	-	-	-
Dec. 31, 2008	121,191	3,854	125,045
Jan. 1, 2009	**121,191**	**3,854**	**125,045**
Share issue	**30,298**	**-**	**30,298**
Shares from the share-based arrangement given back	**-1**	**0**	**-**
Dec. 31, 2009	**151,488**	**3,854**	**155,343**

Kemira had in its possession 3,854,771 of its treasury shares at December 31, 2009. Of shares granted based on the share-based incentive program, 306 shares were returned to Kemira in 2009. The average share price of treasury shares was EUR 6.73 and they represented 2,5% of the share capital and the aggregate number of votes conferred by all shares. The aggregate par value of the treasury shares is EUR 5.5 million.

The capital paid-in in excess of par value is a reserve accumulated through subscriptions entitled by the Management stock option program 2001. This non-changing reserve based on the Finnish Companies Act (734/1978) which does no longer change. According to IFRS, the Fair Value reserve is a reserve accumulating based on available-for-sale financial assets (shares) measured at fair value and hedge accounting. Other reserves originate from local requirements of subsidiaries. The unrestricted equity reserve includes other equity type investments and the subscription price of share to the extent that it will not, based on the specific decision, be recognized in share capital.

On November 23, 2009, the Board of Directors decided on a rights offering based on an authorization given by the Extraordinary General Meeting on the same day. As a result of the offering, Kemira’s total number of shares increased to 155,342,557 shares. The funds generated from the rights offering less the costs related to the offering amounting to EUR 196,3 million was included in the unrestricted equity reserve.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(EUR million)

1. COMPANY PROFILE

Kemira is an international chemicals group which had five business areas during the period under review: Paper, Municipal & Industrial, Oil & Mining, Tikkurila and Other. The Municipal & Industrial segment used to be called the Water segment. The name was changed in September. The group's main clients are industries that use a lot of water. Kemira offers solutions for water quality and volume management that help improve customers' energy, water and raw material efficiency. Kemira's vision is to be a leading water chemicals company. Tikkurila, which is responsible for Kemira's paint and coating operations, has the objective to be the market leader in retail and construction paints and in certain wood and metal industry coatings in selected market areas

The group's parent company is Kemira Oyj. The parent company is domiciled in Helsinki, Finland, and its registered address is Porkkalankatu 3, FI-00180 Helsinki, Finland. A copy of the consolidated financial statements is available for viewing at www.kemira.com. The Board of Directors of Kemira Oyj has approved the financial statements for publication at its meeting of 8 February 2010. The annual general meeting can change the financial statements after their approval.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

Kemira has prepared its consolidated financial statements in accordance with IAS and IFRS (International Financial Reporting Standards), issued by the IASB (International Accounting Standards Board), and the related SIC and IFRIC interpretations. In the Finnish Accounting Act and its provisions, the International Financial Reporting Standards refer to the approved standards and their interpretations under European Union Regulation No. 1606/2002, regarding the application of the International Financial Reporting Standards applicable within the Community. The standards in effect on 31 December 2009 have been applied to the year 2009 and the comparison year 2008.

The consolidated financial statements have been prepared based on historical cost unless otherwise stated in the accounting policies below. Among the items measured at fair value are available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, and share-based payments on their grant date. The consolidated financial statements are presented in euro which is the parent company's operating currency.

As of 1 January 2009, the Group has applied the following standards and interpretations:

- IFRS 7 *Financial Instruments: Disclosures*. Standard amendment. The amendment requires additional information concerning the fair value of financial instruments and liquidity risks. The amendment has increased the note information in these terms.
- IFRS 8 *Operating Segments*. The new standard did not substantially change current segment reporting as the segment information published by the Group was already previously based on the Group's internal reporting structure. Adoption of the standard mainly affects the way in which the segment information is presented in the notes. The segment information of the financial statements was changed from the beginning of 2009 due to reorganization of the Group.
- IAS 23 *Borrowing Costs*. Standard amendment. The amended standard requires that the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. The Group has previously recorded borrowing costs as costs during the financial year in which they have accumulated. Adoption of the new standard means a change to the accounting principles of the consolidated Financial Statements. In 2009, the Group had no investments that fulfilled the recognition criteria.
- IAS 1 amendment *Presentation of Financial Statements*. Standard amendment. The amendment mainly changed the presentation method for the income statement and statement of changes in equity.
- IFRS 2 *Share-based Payment* – amendments to standard. The standard amendment specifies the financial reporting by an entity when it undertakes a share-based payment transaction. In particular, it requires an entity to reflect in its profit or loss and financial position the effects of share-based payment transactions. The amendment had no effect on Group reporting.
- IAS 1 *Presentation of Financial Statements* and IAS 32 Financial Instruments: Presentation. Standards amendments. *Puttable Financial Instruments and Obligations Arising on Liquidation*. These amendments had no effect on the consolidated financial statements.
- IAS 39 *Financial Instruments Recognition and Measurement*. Amendments for embedded derivatives when reclassifying financial instruments. These amendments had no effect on the consolidated financial statements.
- IFRIC 16 *Hedges of a net investment in a foreign operation*. The interpretation clarifies the accounting policy for hedging of net investments in a foreign unit in the consolidated financial statements. The interpretation has no effect on the consolidated financial statements.

CONSOLIDATION AND SUBSIDIARIES

The consolidated financial statements include the parent company and its subsidiaries. In these companies, the parent company holds, on the basis of its shareholdings, more than half of the voting rights directly or through its subsidiaries, or otherwise exercises control. Divested companies are included in the income statement until the date on which control ceases, and companies acquired during the year are included from the date on which control transfers to the Group.

All intra-Group transactions are eliminated. The purchase method is used to eliminate intra-Group shareholdings. The difference between the acquisition costs over fair value of net assets acquired is partly allocated to the identifiable assets and liabilities. Resulting excess is recorded as goodwill.

Profit for the financial year attributable to the holders of parent company equity and minority shareholders is presented in the income statement and other comprehensive income. The portion of equity attributable to minority shareholders is stated as an individual item (minority interest) under equity in the balance sheet. Minority shareholders' share of accrued losses is recognized up to the maximum amount of their investment. Any excess is allocated against the share of majority shareholders, except to the extent that minority shareholders have a binding obligation to cover losses.

ASSOCIATES

Associated companies are companies over which the Group exercises significant influence (shareholding of 20–50 percent). Holdings in associated companies are presented in the consolidated financial statements using the equity method. The Group's share of the associated companies' net profit for the financial year is stated as a separate item in the consolidated income statement, in proportion to the Group's holdings.

If the Group's share of an associate's losses exceeds the carrying amount of the investment, the exceeding losses will not be consolidated unless the Group has a commitment to fulfill obligations on behalf of the associate.

JOINT VENTURES

Joint ventures are companies over which the Group shares control with other parties. They are included in the consolidated financial statements line by line, using the proportionate consolidation method.

FOREIGN SUBSIDIARIES

In the consolidated financial statements, the income statements of foreign subsidiaries are translated into euros using the financial year's average foreign currency exchange rates and their balance sheets using the exchange rates quoted on the balance sheet date. Recalculating the profit for the period and the other comprehensive income using different exchange rates in the income statements and the balance sheet causes a translation difference recognized in equity in the balance sheet, the change in this translation difference is presented under other comprehensive income. Goodwill and fair value adjustments to assets and liabilities that arise upon the acquisition of a foreign entity are accounted for as part of the assets and liabilities of the acquired entity, and translated into euros at the rate quoted on the balance sheet date.

The "Hedge accounting" section describes hedging of net investment in the Group's foreign units. In the consolidated financial statements, the exchange rate gains and losses of such loans and forward and currency swap contracts are credited or charged to equity, as required by hedge accounting requirements, against the translation differences arising from the translation of the shareholders' equity amounts of the balance sheets of the subsidiaries. These translation differences from hedge accounting are presented under other comprehensive income. Other translation differences affecting shareholders' equity are stated as an increase or decrease in equity. When a subsidiary is divested in full or part, the accumulated translation difference is transferred into the sales gain or loss in the income statement.

ITEMS DENOMINATED IN FOREIGN CURRENCY

In their day-to-day accounting, Group companies translate foreign currency transactions into their functional currency at the exchange rates quoted on the transaction date. In the financial statements, foreign currency-denominated receivables and liabilities are measured at the exchange rates quoted on the balance sheet date, and non-monetary items using the rates quoted on the transaction date. Any foreign exchange gains and losses related to business operations are treated as adjustments to sales and purchases. Exchange rate differences associated with the hedging of financing transactions and the Group's overall foreign currency position are stated in foreign exchange gains or losses under financial income and expenses. Subsidiaries mainly hedge sales and purchases in foreign currencies, primarily using forward contracts taken out with the Group Treasury as hedging instruments. The effects of subsidiaries' hedging transactions are recognized as adjustments to business units' revenue and purchases.

REVENUE

Revenue includes the total invoicing value of products sold and services rendered less, as adjusting items, sales tax, discounts and foreign exchange differences in accounts receivable.

REVENUE RECOGNITION

The sale of goods is recognized as revenue in the income statement when major risks and rewards of ownership of the goods have been transferred to the buyer. Service and rent income account for a insignificant share of consolidated sales.

PENSION OBLIGATIONS

The Group has both defined contribution and defined benefit pension plans, in accordance with the local conditions and practices in the countries in which it operates. Pension plans are generally funded through contributions to separate pension funds or insurance companies. Contributions under defined contribution plans are recognized in the income statement for the period when an employee has rendered service.

The Group calculates obligations under defined benefit plans separately for each plan. The amount recognized as a defined benefit liability (or asset) equals the difference between the present value of the defined benefit obligation and the fair value of plan assets. The effect of possible past service costs and actuarial gains and losses are also taken into account in the net liability. Defined benefit plans are calculated by using the Projected Unit Credit Method to arrive at an estimate of the amount of benefit that employees have earned. Pension costs are recognized as expenses over the employee's service period, using actuarial calculations. The rate used to discount the present value of post-employment benefit obligations is determined by reference to market yields on high quality corporate bonds. If the country in question does not have deep bond markets, the expected return of government bonds is used.

Actuarial gains or losses are recorded to the income statement over the average remaining working lives of the participating employees to the extent that they exceed the higher of the following: 10% of the pension obligation or 10% of the fair value of plan assets, so-called corridor method.

The funded portion of the Finnish system under the Employees' Pensions Act (TyEL) and the disability portion are accounted for as a defined benefit plan in respect of the pension plans managed by the Group's own pension fund in 2008. Pension fund assets are measured in accordance with IAS 19 (Employee Benefits). On December 31, 2009 the pension obligation of Kemira's Pension Fund has been transferred to Mutual Pension Insurance Company Varma. The TyEL plans managed by insurance companies are treated as defined contribution plans.

SHARE BASED PAYMENTS

Stock options under the share-based incentive plan for key employees, as decided by the Board of Directors, are measured at fair value on their grant date and expensed over the instrument's vesting period. On each balance sheet date, the Group updates the assumed final number of shares and the amounts of the related cash payment. Note 7 provides information on this arrangement and its measurement factors.

BORROWING COSTS

Borrowing costs are entered as expenses in the financial year in which they occur. The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset if the recognition requirements are met.

INCOME TAXES

The income taxes presented in the consolidated financial statements include taxes based on the taxable profit of the Group companies for the financial period, and changes in deferred tax assets and liabilities. If the taxes are directly connected to equity or items included in the other comprehensive income, they are included in the said items.

Deferred tax liability is calculated on all temporary differences arising between the carrying amount and the taxable value. Deferred tax assets, related e.g. to confirmed losses, are recognized to the extent that it is probable that taxable profit will be available in the future, against which the Group companies are able to utilize these deferred taxes. The tax bases in force on the date of the preparation of the financial statements, or adopted by the balance sheet date for the following financial year, are used in calculating deferred tax assets and liabilities.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Research costs are expensed in the income statement. Development costs, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources to complete its development and use or sell the intangible asset. Since most of the Group's development costs do not meet the above-mentioned capitalization criteria, they are expensed as annual costs. Capitalized development costs are presented as separate item and amortized over the asset's useful life of a maximum of eight years.

Other intangible assets include for instance software and software licenses as well as brands and customer basis acquired in connection with acquisitions.

Goodwill is generated in connection with acquisitions. Goodwill is the share of acquisition costs that exceeds the fair value of assets and liabilities. Goodwill is measured at cost less any impairment losses.

Property, plant and equipment (PPE) and intangible assets (with definite useful lives) are measured at cost less accumulated depreciation and amortization and any impairment losses. The Group has not intangible assets with a definite useful life.

Depreciation/amortization is calculated on a straight-line basis over the asset's useful life. The most commonly applied depreciation/amortization periods according to the Group's accounting policies are as follows:

Machinery and equipment	3–15 years
Buildings and constructions	25 years
Intangible assets	5–10 years

The residual values and useful lives of all assets are checked at least at the end of each financial year. Gains and losses on the sale of non-current assets are included in operating income and expenses, respectively. The loan costs arising from the acquisition, construction or production of an asset that meets the requirements are activated as part of the acquisition costs of the asset in question when it is probable that they will generate future financial benefit and the costs can be reliably measured. The costs of major inspections or the overhaul of PPE performed at regular intervals and identified as separate components are capitalized and depreciated over their useful lives. Depreciation on fixed assets discontinues when they are reclassified as available for sale assets.

GOVERNMENT GRANTS

Government grants related to the purchase of PPE are presented in the balance sheet by deducting the grant from the carrying amount of these assets. These grants are recognized in the income statement in the form of smaller depreciation during the asset's useful life. Government grants related to research are deducted from expenses.

LEASES

Leases involving tangible assets, in which the Group acts as a lessee, are classified as finance leases if substantially all of the risks and rewards of ownership transfer to the Group.

Upon their inception, finance lease assets are recognized at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Finance leases and related rent obligations are presented as part of non-current assets and interest-bearing liabilities. In respect of finance lease contracts, depreciation on the leased asset and interest expenses from the related liability are shown in the income statement.

Rents paid based on other lease agreements are recognized as costs in equal amounts over the rent period.

When the Group is a lessor, it recognizes assets held under a finance lease as receivables in the balance sheet. Assets held under other operating leases are included in PPE.

In accordance with IFRIC 4 (standard interpretation Determining whether an Arrangement Contains a Lease), the Group treats as leases arrangements that do not take the legal form of a lease but which convey rights to use assets in return for a payment or series of payments.

INVENTORIES

Inventories are measured at the lower of cost and net realization value. Cost is determined on a first-in first-out (FIFO) basis or using a weighted average cost formula, depending on the nature of the inventory. The cost of finished goods and work in progress include proportion of production overheads of normal level of activity. The net realization value is the sales price received in normal operations less the estimated costs for completing the asset and the sales costs.

FINANCIAL ASSETS, FINANCIAL LIABILITIES AND DERIVATIVE CONTRACTS

When financial assets or liabilities are initially accounted for on the trade date, they are measured at cost, which equals the fair value of the consideration given or received. Following their initial measurement, financial assets are classified as financial assets at fair value through profit or loss, loans given by the company and other receivables, and available-for-sale financial assets.

Category	Financial instruments	Measurement
Financial assets at fair value through profit or loss	Forward contracts, currency options, currency swaps, forward rate agreements, interest rate futures, interest rate options, interest rate swaps, electricity forwards, natural gas hedges, propane futures, certificates of deposit, commercial papers, mutual funds, embedded derivatives	Fair value
Loans and other receivables	Long-term loan receivables, bank deposits, trade receivables and other receivables	(Amortized) acquisition cost
Available-for-sale financial assets	Shares, bond investments	Fair value

Financial assets at fair value through profit or loss are measured at fair value. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Derivative contracts not fulfilling the criteria set for hedge accounting under IAS 39 are classified as financial assets held for trading. These are classified as financial assets at fair value through profit or loss. In the balance sheet, these items are shown under prepaid expenses and accrued income and accrued expenses and prepaid income. Any gains or losses arising from changes in fair value are recognized through profit or loss on the transaction date in financial items.

Loans and receivables include long-term receivables carried at amortized cost using the effective interest rate method and accounting for any impairment.

Available-for-sale financial assets are measured at fair value if it is considered that the fair value can be determined reliably. Unrealized changes in value of assets available for sale are recognized in other comprehensive income and presented under equity in the fair value reserve taking into account the tax effect. Accumulated changes in fair value are transferred to the income statement as a classification revision when the investment is divested or its value has been impaired to the extent that an impairment loss has to be recognized. Available-for-sale financial assets include bond investments and shares in listed and non-listed companies, the shareholdings in Pohjolan Voima Oy and Teollisuuden Voima Oy representing the largest investments.

Pohjolan Voima Oy and its subsidiary Teollisuuden Voima Oyj electricity-generating company owned by Finnish manufacturing and power companies, to which it supplies electricity at cost. Pohjolan Voima Group owns and operates two nuclear power plants in Olkiluoto in the municipality of Eurajoki. Kemira Group has A and C series shares in TVO and A, B, C, G and I series shares in PVO. Different share series entitle the shareholder to electricity generated by different power plants. The owners of each share series are responsible for the fixed costs of the series in question regardless of whether they use their power or energy share or not, and for variable costs in proportion to the amount of energy used.

Kemira PLC's holding in Pohjolan Voima Group that entitles to electricity from completed power plants is valued at fair value based on the discounted cash flow resulting from the difference between the market price of electricity and the cost price. The spot price electricity published by the Nordic Electricity Exchange has been used as the market price for electricity. The cost prices are share series specific. Future cash flow has been discounted based on the limited useful life of the plants related to each share series. When calculating the discount rate the average weighted cost of capital that is determined annually has been used. The note on management of financial risks discusses how changes in the evaluation assumptions affect fair values.

The portion of the holding entitling to electricity from the nuclear power plant currently under construction in Finland was re-measured in 2008. In earlier financial statements, these shares entitling to the nuclear power plant under construction were measured at cost. The re-measurement made in 2008 was based on the market price of the shares, which was determined in May 2008 in an external third-party share transaction. In the 2009 financial statements the measurement of shares related to nuclear power plant currently under construction was not changed. According to an announcement by the supplier the new plant will be completed during 2012.

Cash, cash equivalents and money market investments consist of cash in hand, demand deposits and other short-term, highly liquid investments. Items classified as cash and cash equivalents have a maximum maturity of three months from the date of purchase. Binding credit facilities are included in current interest-bearing liabilities.

The company assesses any impairment losses on its financial instruments on each balance sheet date. An impairment of a financial asset occurs when the company has identified an event with a negative effect on the future cash flows from the investment. For items measured at amortized cost, the amount of the impairment loss equals the difference between the asset's carrying amount and the present value of estimated future cash flows from the receivable. This is discounted at the financial asset's original effective interest rate. For items measured at fair value, the fair value determines the amount of impairment. Impairment charges are recognized under financial items in the income statement.

The Group sells certain trade receivables to finance companies within the framework of limits stipulated in the agreement. The credit risk associated with these sold receivables and contractual rights to the financial assets in question is transferred from the company on the selling date. The related expenses are charged to financial expenses.

Financial liabilities are classified as financial liabilities at fair value through profit or loss and other financial liabilities. Financial liabilities at fair value through profit and loss include derivatives not fulfilling the criteria set for hedge accounting.

Category	Financial instruments	Measurement
Financial assets at fair value through profit or loss	Forward contracts, currency options, currency swaps, forward rate agreements, interest rate futures, interest rate options, interest rate swaps, electricity forwards, natural gas hedges, propane forwards, embedded derivatives	Fair value
Other liabilities	Short and long-term loans, pension loans, accounts payable	(Amortized) acquisition cost

The fair values of currency, interest rate and commodity derivatives and units in mutual funds as well as publicly traded shares are based on prices quoted in active markets on the balance sheet date. The value of other financial instruments measured at fair value is determined on the basis of valuation models using information available in the financial market. For value determination, Kemira uses values calculated on the basis of market data entered in the Twin treasury management system.

Changes in the value of forward contracts are calculated by measuring the contracts against the forward exchange rates on the balance sheet date and comparing these with the countervalues calculated through the forward exchange rates on the date of entry into the forward contracts. The fair value of currency options is calculated using the Black & Scholes valuation model for options as adapted to Kemira's currency environment. Input data required for valuation, such as the exchange rate of the destination country's currency, the contract exchange rate, volatility and the risk-free interest rate are based on public market information. Moreover, the fair value of interest rate derivatives is determined using the market value of similar instruments on the balance sheet date. Other derivatives are measured at the market price on the balance sheet date.

All of the derivatives open on the balance sheet date are measured at their fair value. As a rule, open derivative contracts at fair value are recognized through profit or loss under financial items in the consolidated financial statements. The number of embedded derivatives used by the Group is low.

Other liabilities are booked to balance sheet at original value of received net assets deducted with direct costs. Later the financial liabilities are valued to balance sheet at amortized acquisition cost and the difference of received net assets and amortizations is booked to interest costs during the exercise period of the loan.

HEDGE ACCOUNTING

According to IAS 39, hedge accounting refers to a method of accounting aimed at allocating one or more hedging instruments in such a way that their fair value offsets, in full or in part, changes in the fair value of the hedged item or cash flows. Hedge accounting is used to hedge against the interest rate risk and the currency risk associated with a net investment in a foreign unit, as well as the commodity risk. The hedge accounting models used include cash flow hedging and the hedging of a net investment in a foreign operation.

Cash flow hedging is used to hedge against cash flow changes attributable to a particular risk associated with a recognized asset or liability in the balance sheet or a highly probable future transaction. Interest rate and commodity derivatives are used as investment instruments in cash flow hedging. The Group applies only selected hedging items to its cash-flow hedge accounting, as specified by IAS 39. Changes in the fair value of derivative instruments associated with cash flow hedge are recognized in other comprehensive income (including the tax effect) and presented under equity, provided that they fulfill the criteria set for hedge accounting and are based on effective hedging. The ineffective portion of the gain or loss on the hedging instrument is recognized under financial items in the income statement. Derivatives not fulfilling the hedge accounting criteria are recognized in financial items through profit or loss.

A net investment made in a foreign operation is hedged against interest rate fluctuations by raising long-term loans in foreign currency and by entering into forward rate agreements and currency swaps. Changes in the value of the effective portion of the fair value of derivative contracts fulfilling the criteria for hedging a net investment in a foreign operation are recognized under other comprehensive income and presented under equity including their tax effect. In forward exchange contracts, the interest rate difference to be left outside the change in value of the hedging relationship is recognized as financial income or expenses. Any gains or losses arising from hedging a net investment are recorded in the income statement when the net investment is sold. The ineffective portion of the hedging is recognized immediately under financial items in the income statement.

Hedge effectiveness is monitored as required by IAS 39. Effectiveness refers to the capacity of a hedging instrument to offset changes in the fair value of the hedged item or cash flows from a hedged transaction, which are due to the realization of the risk being hedged. A hedging relationship is considered to be highly effective when the change in the fair value of the hedging instrument offsets changes in the cash flows attributable to the hedged risk in the range of 80–125 percent. Hedge effectiveness is assessed on an ongoing basis, prospectively and retrospectively. Testing for hedge effectiveness is repeated on each balance sheet date.

Hedge accounting discontinues when the criteria for hedge accounting are no longer fulfilled. Gains or losses recognized in other comprehensive income and presented under equity are derecognized and transferred immediately under financial income or expenses in the income statement, if the hedged item is sold or falls due. However, gains or losses arising from changes in the fair value of those derivatives not fulfilling the hedge accounting criteria under IAS 39 are reported directly in the income statement.

At the inception of a hedge, the Group has documented the existence of the hedging relationship, including the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, the objectives of risk management and the strategy for undertaking hedging as well as a description of how hedge effectiveness is assessed.

TREASURY SHARES

Purchases of own shares (treasury shares), including the related costs, are deducted directly from equity in the consolidated financial statements.

PROVISIONS

Provisions are recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of this obligation can be made. A restructuring provision is recognized only if a detailed and appropriate plan has been prepared for it and the plan's implementation has begun or it has been notified to those whom the restructuring concerns. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation on the balance sheet date. If the time value of money is material, provisions will be discounted.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets held for sale and assets connected with discontinued operations are classified as held for sale, under IFRS 5. They are measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Depreciation on these assets discontinues at the time of classification. A discontinued operation must be recognized as a separate business unit or a unit representing a geographical area. The profit or loss of the discontinued operation is stated as a separate item in the consolidated income statement.

IMPAIRMENT OF ASSETS

On each balance sheet date, the Group's assets are assessed to determine whether there is any indication of an asset's impairment. If any indication of an impaired asset exists, the recoverable amount of the asset or the cash-generating unit must be calculated on the basis of the value in use or the net selling price. Annual impairment tests cover goodwill and intangible assets with indefinite useful lives, or intangible assets not yet ready for use.

Kemira adopted a new organization in October 2008 and the shift to financial reporting according to this new organization took place at the beginning of 2009. The cash-generating unit has been defined as the customer segment. The level of a customer segment is one notch down from a segment. Compared to earlier years, the organizational level at which testing takes place did not change at Kemira.

Goodwill impairment is tested by comparing the customer segment's recoverable amount with its carrying amount. Kemira does not have material intangible assets with indefinite useful lives other than goodwill. All goodwill has been allocated to the customer segments.

The recoverable amount of a customer segment is defined as its value in use, which consists of the discounted future cash flows to the unit. Estimates of future cash flows are based on continuing use of an asset and on the latest three-year forecasts by the business unit's management. The growth rate used to extrapolate cash flows subsequent to the forecast period is assumed to be zero. Cash flow estimates do not include the effects of improved asset performance, investments or future reorganizations. The Kemira Corporate Center's expenses are allocated to the strategic business units in proportion to revenue.

An impairment loss is recognized in the income statement, whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment loss is recognized in the income statement. Note 14 provides more detailed information on impairment testing.

If there has been a positive change in the estimates used to determine an asset's recoverable amount since the last impairment loss was recognized, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized. An impairment loss for goodwill is never reversed.

EMISSIONS ALLOWANCES

Kemira holds assigned emissions allowances, under the EU emissions trading system, only at its Helsingborg site in Sweden. Carbon dioxide allowances are accounted for as intangible assets measured at cost. Carbon dioxide allowances received free of charge are measured at their nominal value (zero). Provisions for the fulfillment of the obligation to return allowances must be recognized if free-of-charge allowances are not sufficient to cover actual emissions. Kemira's balance sheet shows no items related to emissions allowances when the volume of actual emissions is lower than that of the free-of-charge emissions allowances and the Group has not bought allowances in the market. Note 31, Environmental Risks and Liabilities, provides information on emissions allowances.

KEY ASSUMPTIONS AND POLICIES; NECESSITY OF MANAGEMENT JUDGEMENT

Preparing the financial statements requires the company's management to make certain future accounting estimates and assumptions, and actual results may differ from these estimates and assumptions.

The impairment tests of goodwill and other assets include determining future cash flows which, with regard to the most significant assumptions, are based on gross margin levels, discount rates and the projected period. Major adverse developments in cash flows and interest rates may necessitate the recognition of an impairment loss.

Kemira's investments include non-listed shares, holdings in Pohjolan Voima Group representing the largest of these. Kemira's shareholding in the company is measured at fair value, based on the discounted cash flow resulting from the difference between the market price of electricity and the cost price. Developments in the actual fair value may differ from the estimated value, due e.g. to electricity prices, the forecast period or the discount rate.

Determining pension liabilities under defined benefit pension plans includes assumptions, and significant changes in these assumptions may affect the amounts of pension liabilities and expenses. Actuarial calculations include assumptions by the management, such as expected long-term return on assets in pension funds, the discount rate and assumptions of salary increases and the termination of employment contracts. Actual share price changes in the market, among other things, may differ from the management's assumptions.

Recognizing provisions requires the management's estimates, since the precise euro amount of obligations related to provisions is not known when preparing the financial statements.

For the recognition of tax losses and other deferred tax assets, the management assesses the probability of a future taxable profit against which unused tax losses and unused tax credits can be utilized. Actual profits may differ from the forecasts and, in such a case, the change will affect the taxes in future periods.

CHANGES TO THE ACCOUNTING POLICIES AFTER DECEMBER 31, 2009

The following standards, the use of which is not mandatory for the financial year starting on January 1, 2009, but which may be applied prior to their effective date, have not been applied by the Group:

- IFRS 3 *Business Combinations* (valid for financial years that started on July 1, 2009 or later). The amended standard still requires using the purchase method when combining business, however, with some major changes like recognizing transaction costs as costs. In addition all costs related to acquiring business operations must be recognized at current value at the time of acquisition and conditional payment must be recognized at current value through profit or loss after the acquisition. Goodwill can be calculated based on the parent company's relative share of net assets and it can contain goodwill allocated at the share of owners with no control in the company. The change has effect on goodwill amounts of business combinations and on sale profits. The change effects also items booked to income statements at the acquisition year and to years' when additional acquisition prices are paid or additional acquisitions are made.
- IAS 27 *Consolidated and Separate Financial Statements* (amended 2008)(valid for financial years that started on July 1, 2009 or later). The amended standard requires that any changes in subsidiary holdings are recognized directly in the Group's equity when the control is not changed. If the control is lost, the remaining investment is measured at fair value through profit or loss. A similar approach will in the future also be applied to shares in associated companies (IAS 28) and joint ventures (IAS 31). As a result of the amendment subsidiary losses can be allocated to the minority even when it exceeds the amount of investments made by the minority.
- IFRIC 17 *Distributions of non-cash assets to owners* (valid for financial years that started on July 1, 2009 or later). The change of the interpretation has effect on future financial statements in those cases when dividends are distributed to owners in some other form than cash.

The Group estimates that the adoption of the following standards and interpretations will have no effect on future financial statements:

- IAS 39 *Financial Instruments Recognition and measurement* – standard amendment (*Items accepted as hedge items*) (valid for financial years that started on July 1, 2009 or later).
- Amendments to IFRS 2 *Share-based payment – Share-based operations in a Group paid as cash* (valid for financial years that started on January 1, 2010 or later). The standard amendment provides additional guidelines for the accounting treatment of share-based operations between Group companies. The amended standard has not yet been approved to be applied in the EU.
- IFRIC 18 *Transfers of assets from customers* (valid for financial years that started on July 1, 2009 or later). The interpretation clarifies the requirements for agreements in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network (e.g. electrical network) or to provide the customer with ongoing access to a supply of goods or services.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(EUR million)

2. OPERATING SEGMENT INFORMATION

The new strategy announced in June 2008 resulted in some changes to Kemira's business structure. Financial reporting reflects the new structure from the beginning of 2009. Kemira's business is divided into customer-oriented segments with P/L responsibility: Paper, Municipal & Industrial, Oil & Mining, Tikkurila and Other.

Paper provides customers in the pulp and paper industry with products and product packages that improve their profitability, raw material and energy efficiency, and promote sustainable development.

The Municipal & Industrial segment offers water treatment chemicals for municipal and industrial water treatment. The strengths are high-level process know-how, a comprehensive range of water treatment chemicals, and reliable customer deliveries. The segment was renamed Municipal & Industrial in September. The name replaced the previous name "Water". The new name describes the segment's customer base, which ranges from small municipalities to big cities and various industries.

The Oil & Mining segment offers a large selection of innovative chemical extraction and process solutions for the oil and mining industries, where water plays a central role. Utilizing its expertise, the segment enables its customers to improve efficiency and productivity.

Tikkurila's product range consists of decorative paints and coatings for the wood and metal industries. Tikkurila provides consumers, professional painters and industrial customers with branded products and expert services.

The Other segment consists of organic salts and acids of the ChemSolutions operations and the Group expenses not charged to the segments (some research and development costs and the costs of CEO Office).

The comparison data has been adjusted to correspond with the new segment division.

The market-based principle has been applied to transfer pricing between Group companies.

The assets and liabilities of segments comprise assets and liabilities which can be allocated, directly or justifiably, to the segment in question. The assets of the segments include property, plant and equipment, intangible assets, interest in associated companies, inventories and interest-free receivables. Current interest-free liabilities are included in the liabilities of the segments.

(EUR million)

2009	Paper	Municipal & Industrial	Oil & Mining	Tikkurila	Other	Eliminations	Group
INCOME STATEMENT							
External revenue	905.2	607.3	234.4	530.2	223.0	-	2,500.1
Intra-Group revenue	1.2	0.2	0.6	-	77.4	-79.4	0.0
Total revenue	906.4	607.5	235.0	530.2	300.4	-79.4	2,500.1
Operating profit	40.1	59.8	19.9	47.7	-10.1	-	157.4
Financial income and expenses, net							-49.8
Share of profit or loss of associates							-4.7
Profit before tax							102.9
Income tax							-17.4
Net profit for the period							85.5
Depreciation, amortization	-49.4	-26.4	-9.5	-18.8	-15.4	-	-119.5
Impairments and reversal of impairments	2.5	-5.5	6.2	-	-	-	3.2
Other non-cash items	7.3	1.8	0.5	-	9.5	-	19.1
Capital expenditure	-37.8	-21.0	-4.7	-17.2	-5.2	-	-85.9
OTHER INFORMATION							
Capital employed by segments (net)	768.1	333.8	147.0	288.8	356.8	-	1,894.5
Assets by segments	890.1	420.1	175.2	363.0	277.1	-16.4	2,109.9
Holdings in associates	0.5	0.7	-	0.8	129.1	-	131.1
Available-for-sale investments							166.2
Deferred tax assets							18.8
Other investments							13.2
Defined benefit pension receivables							35.3
Other assets							67.6
Money market investments - cash equivalents							202.1
Cash and cash equivalents							72.5
Consolidated assets, total	-	-	-	-	-	-	2,816.7
Liabilities by segments	122.5	86.3	28.2	75.0	50.2	-16.4	345.8
Interest-bearing non-current liabilities							512.6
Interest-bearing current liabilities							437.6
Other liabilities							251.9
Consolidated liabilities, total							1,547.9

(EUR million)

2008	Paper	Municipal & Industrial	Oil & Mining	Tikkurila	Other	Eliminations	Group
INCOME STATEMENT							
External revenue	987.6	582.2	273.3	648.1	341.5	-	2,832.7
Intra-Group revenue	15.7	1.5	2.1	-	73.3	-92.6	0.0
Total revenue	1,003.3	583.7	275.4	648.1	414.8	-92.6	2,832.7
Operating profit	-2.6	5.3	1.9	59.2	10.1	0.1	74.0
Financial income and expenses, net							-69.5
Share of profit or loss of associates							-2.7
Profit before tax							1.8
Income tax							0.0
Net profit for the period							1.8
Depreciation and amortization	-49.5	-24.3	-10.4	-19.0	-27.7	-	-130.9
Impairments and reversal of impairments	-22.6	-11.4	-3.0	-	-1.5	-	-38.5
Other non-cash items	-19.8	-5.9	-5.6	-	-4.2	-	-35.5
Capital expenditure	-67.1	-51.8	-10.6	-36.4	-175.9	-	-341.8
OTHER INFORMATION							
Capital employed by segments (net)	813.8	347.7	154.4	288.4	391.6	-	1,995.9
Assets by segments	976.6	452.9	193.7	364.6	319.3	-19.9	2,287.2
Holdings in associates	0.5	0.5	-	0.9	133.7	-	135.6
Available-for-sale investments							159.8
Deferred tax assets							12.7
Other investments							11.5
Defined benefit pension receivables							54.0
Other assets							79.5
Money market investments - cash equivalents							87.1
Cash and cash equivalents							32.3
Consolidated assets, total							2,859.7
Liabilities by segments	163.3	105.7	39.3	77.1	61.4	-19.9	426.9
Interest-bearing non-current liabilities							609.2
Interest-bearing current liabilities							559.3
Other liabilities							288.3
Consolidated liabilities, total							1,883.7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(EUR million)

GEOGRAPHICAL INFORMATION	2009	2008
REVENUE		
Finland	**378.4**	444.3
Other Europe, Middle East and Africa	**1,252.1**	1,486.3
North America	**578.3**	648.6
South America	**149.8**	136.5
Asia Pacific	**141.5**	117.0
Total	**2,500.1**	2,832.7
NON-CURRENT ASSETS		
Finland	**785.2**	804.8
Other Europe, Middle East and Africa	**627.4**	640.0
North America	**240.3**	241.0
South America	**154.8**	145.8
Asia Pacific	**20.6**	3.6
Total	**1,828.3**	1,835.2

The revenue of geographical areas is based on the location of customers and the total carrying amount of assets is based on the geographical location of assets.

3. OTHER OPERATING INCOME

	2009	2008
Gains on sale of property, plant and equipment	**0.5**	24.8
Rental income	**2.6**	3.1
Insurance compensation	**0.6**	0.6
Consulting	**1.7**	9.6
Services	**4.3**	0.1
Sale of scrap and waste	**0.1**	0.7
Income from royalties, know-how and licences	**0.3**	0.4
Other income from operations	**4.9**	12.2
Total	**15.0**	51.5

Gains on sale of property, plant and equipment in 2009 do not include gains on sale of subsidiaries and associated companies (EUR 15.4 million) nor gains on sale of property and production facilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(EUR million)

4. COST OF SALES

	2009	2008
Change in inventories of finished goods (inventory increase + / decrease -)	**-61.8**	15.5
Own work capitalised [1)]	**-1.8**	-2.5
Materials and services		
Materials and supplies		
Purchases during the financial year	**1,349.9**	1,515.3
Change in inventories of materials and supplies (inventory increase + / decrease -)	**-11.2**	-7.3
External services	**36.4**	40.7
Total materials and services	**1,375.1**	1 548.7
Personnel expenses	**409.4**	442.8
Rents	**47.1**	57.6
Loss on sales of property, plant and equipment	**0.8**	0.5
Other expenses	**472.4**	578.3
Total	**2,241.2**	2,640.9

[1)] Own work capitalised comprises mainly wages, salaries and other personnel expenses and changes in inventories relating to self-constructed property, plant and equipment for own use.

In 2009 income statement included a net decrease in non-current and current provisions amounting to EUR 5.0 million (increase EUR 47.5 million).

FEES AND SERVICES OF AUDITORS FEES PAID TO KPMG	2009	2008
Audit fees	**1.6**	2.2
Ancillary audit services	**0.0**	0.1
Tax services	**0.3**	0.3
Other services	**0.8**	1.7
Total	**2.7**	4.3

The audit fees relate to statutory audit or other common audit related services. The tax service fees relate to tax advising and planning.

Fees for services paid to auditing companies other than KPMG amounting to EUR 2.5 million (EUR 2.3 million), which were mainly consultation not related to statutory audit.

5. RESEARCH AND DEVELOPMENT EXPENSES

	2009	2008
Research and development expenses total	**47.0**	71.1

The total research and development expenses for 2009 include EUR 3.4 million (EUR 4.7 million) of depreciations on capitalized research and development expenses. The research and development costs are reduced by EUR 1.6 million (EUR 1.2 million) with received subsidies.

2009 Research and development expenses do not include one-time items. In 2008 one-time items amounted to EUR 11.0 million due to restructuring. The amount included both personnel related and other restructuring costs.

(EUR million)

6. EMPLOYEE BENEFITS AND NUMBER OF PERSONNEL

	2009	2008
Emoluments of boards of directors and managing directors	**14,2**	18,3
Wages and salaries	**296.4**	336.3
Pension expenses for defined benefit plans	**22.8**	-1.1
Pension expenses for defined contribution plans	**25.8**	29.7
Other personnel expenses	**50.2**	59.6
Total	**409.4**	442.8

Employee benefits include personnel related restructuring costs EUR 3.9 million (EUR 23.1 million).
On December 31, 2009 Kemira Oyj's statutory employees' pension insurance (TyEL) was transferred from Kemira's Pension Fund to Varma Mutual Pension Insurance Company. The transfer has no effect on the level of employees' pension security or its coverage. Due to the transfer Kemira recorded nonrecurring expenses of EUR 13.7 million in its October-December result.

PERSONNEL, AVERAGE		
Europe, Middle East and Africa	**6,678**	7,746
North America	**1,325**	1,465
South America	**410**	263
Asia Pacific	**430**	480
Total	**8,843**	9,954
Personnel in Finland, average	**1,929**	2,659
Personnel outside Finland, average	**6,914**	7,295
Total	**8,843**	9,954
Personnel at year end	**8,493**	9,405

The personnel of joint ventures consolidated according to the proportionate method of accounting totalled an average of 14 (14).

(EUR million)

7. SHARE-BASED PAYMENTS

In 2004, Kemira Oyj's Board of Directors decided on a share-based incentive plan designed for key employees as Group's incentive schemes. This scheme was divided into three one-year performance periods. The performance periods of schemes for the years 2004, 2005 and 2006 have already ended. In February 2006, Kemira Oyj's Board of Directors decided on a share-based incentive plan for key employees, the performance periods of which were the years 2007, 2008 and 2009.

Bonus payments are contingent on meeting the set financial targets. Any bonuses payable comprise two components: Kemira shares and cash. The value of these shares is determined by their closing price quoted on the grant date (at the price quoted on the date of agreeing on the share-based payment). If the requirement of holding the granted shares for two years following their transfer is not fulfilled, they must be returned to Kemira Oyj.

All of the granted shares and cash payments are accounted for over three years within the vesting period. Expected dividends are not taken into account in the fair value measurement. Cash bonus payments are measured at fair value on the basis of the share price on the balance sheet date, and the bonus is approximately 1.1-fold the value of transferred shares. The actual amount of bonuses will reflect to what extent set targets were achieved.

In February 2009, Kemira Oyj's Board of Directors decided to introduce a new share-based incentive plan aimed at Strategic Management Board members. The plan is divided into three one-year performance periods: 2009, 2010, and 2011. The plan also has a three-year long term goal. The actual amount of bonuses will reflect to what extent set targets are achieved. Possible compensations are paid as Kemira shares and taxes as extensive fund units in accordance with how set targets are met. The combined value of shares and cash payments paid out in the course of the three-year share-based incentive plan may not exceed the individual's gross salary for the same period. The members of the Strategic Management Board are now excluded from the share-based incentive plan aimed at key personnel that has been in use since 2004.

The incentive plans involved 79 employees on December 31, 2009 (77). Bonuses payable in shares are charged to personnel expenses and recognised as an addition to equity. Accounting basis of share-based incentive plan designed for key employees is 149.800 shares in 2009 financial statement. The valuation of shares is based on fair value of 4.82 euros of grant date February 24, 2009. The accounting of share-based incentive plan aimed at Strategic Management Board members is based on annual salaries. Cash bonus payments are charged to personnel expenses and recognised as liabilities. The final decision of share-based incentive plans will be made by Board in February 2010. For the share-based plan of 2007 and 2008, there were no expenses recognised as the set targets were not reached.

ANNUAL SHARE-BASED INCENTIVE PLANS / GRANT DATES	Share price (EUR) at grant date	Number of shares recognized for three years
Share-based plan in 2006: share transfer in 2007 / May 2, 2006	17.98	144,143

The performance period of the plan ends May 1, 2009.
There are 9.728 returned shares.

	2009	2008
Outstanding at the beginning of the period, number of shares	**134,415**	241,815
Granted	**-**	-
Returned	**-306**	-
Exercised	**-134,109**	-107,400
Outstanding at the end of period, number of shares	**0**	134 415
EXPENSES ARISING FROM SHARE-BASED PAYMENTS		
Share component	**1.1**	1.0
Cash component and personnel expenses	**1.5**	1.6
Total	**2.6**	2.6
Liabilities arising from share-based payments, Dec. 31	**1.1**	0.0

(EUR million)

8. DEPRECIATION, AMORTIZATION, IMPAIRMENTS AND REVERSAL OF IMPAIRMENTS

DEPRECIATION AND AMORTIZATION ACCORDING TO PLAN	2009	2008
INTANGIBLE ASSETS		
Intangible assets	**22.6**	21.2
PROPERTY, PLANT AND EQUIPMENT		
Buildings and construction	**18.4**	21.2
Machinery and equipment	**75.4**	84.6
Other property, plant and equipment	**3.1**	3.8
Total	**119.5**	130.8

IMPAIRMENTS		
INTANGIBLE ASSETS		
Intangible assets	**-**	1.4
Goodwill	**5.0**	2.3
PROPERTY, PLANT AND EQUIPMENT		
Land and water	**-**	0.6
Buildings and construction	**-**	8.0
Machinery and equipment	**0.3**	24.4
Other tangible assets	**0.4**	1.9
Total	**5.7**	38.6
Depreciation and impairments total	**125.2**	169.4

REVERSAL OF IMPAIRMENTS		
PROPERTY, PLANT AND EQUIPMENT		
Land and water	**-**	-
Buildings and construction	**-**	-
Machinery and equipment	**-8.9**	-
Other tangible assets	**-**	-
Total	**-8.9**	-
Depreciation, impairments and reversal of impairments total	**116.3**	169.4

For more information on impairments and reversal of impairments see note 14.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(EUR million)

9. FINANCIAL INCOME AND EXPENSES

	2009	2008
FINANCIAL INCOME		
Dividend income	**0.2**	0.1
Interest income		
Interest income from loans and other receivables	**1.9**	4.7
Interest income from financial assets valued through profit or loss	**5.7**	18.1
Interest income from hedge accounting instruments, ineffective portion	**-**	-
Other financial income	**0.5**	1.8
Exchange gains		
Exchange gains from financial assets valued through profit or loss	**143.9**	128.1
Exchange gains from financial liabilities valued through profit or loss	**-**	-
Exchange gains from other liabilities	**50.6**	55.9
Exchange gains from loans and other receivables	**-**	-
Total	**202.8**	208.7
FINANCIAL EXPENSES		
Interest expenses		
Interest expenses from other liabilities	**-36.2**	-62.8
Interest expenses from financial assets valued through profit or loss	**-15.8**	-18.1
Interest expenses from hedge accounting instruments, ineffective portion	**-**	-
Other financial expenses	**-4.1**	-4.3
Exchange losses		
Exchange losses from financial assets valued through profit or loss	**-**	-
Exchange losses from financial liabilities valued through profit or loss	**-142.4**	-149.0
Exchange losses from other liabilities	**-54.1**	-44.0
Exchange losses from loans and other receivables	**-**	-
Total	**-252.6**	-278.2
Total financial income and expenses	**-49.8**	-69.5
Net financial expenses as a percentage of revenue	**2.0**	2.4
Net interests as a percentage of revenue	**1.8**	2.1
CHANGE IN COMPREHENSIVE INCOME STATEMENT FROM HEDGE ACCOUNTING INSTRUMENTS		
Hedge of net investments in foreign entitites *	**-3.0**	9.1
Cash flow hedge accounting: Amount booked in comprehensive income statement	**10.0**	-22.0
Total	**7.0**	-12.9
EXCHANGE GAINS AND LOSSES		
Realised	**-15.3**	8.3
Unrealised	**13.4**	-17.2
Total	**-1.9**	-8.9
SHARE OF PROFIT OR LOSS OF ASSOCIATES		
Share of profit of associates	**0.1**	0.3
Share of loss of associates	**-4.8**	-3.0
Total	**-4.7**	-2.7

* The exchange rate differences on foreign currency loans and foreign currency derivatives have been credited or charged directly to shareholders´ equity and hedged against the translation differences arising from the consolidation of foreign subsidiaries according to the so called hedge of investment in foreign entities method.

Financial income and expenses do not include income or expenses from associated companies.

EUR -2.0 million (EUR 2.0 million) has been recorded as an income related to embedded derivatives 2009.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(EUR million)

10. INCOME TAX

	2009	2008
Income taxes, current year	**20.6**	10.5
Income taxes, previous years	**6.4**	5.3
Change in deferred tax	**-9.6**	-15.8
Total	**17.4**	0.0

Total taxes are significantly lower than the Finnish tax rate, because tax losses from previous years, when deferred tax benefits have not been recognized, were utilized as well as deferred tax assets were recorded. Subsidiaries have still tax losses of EUR 191,6 million (EUR 223,7 million), of which no deferred tax assets have been recorded.

TAX RATE RECONCILIATION		
Profit before taxes	**102,9**	1,8
Income taxes at Finnish tax rate on consolidated profit before tax, 26%	**26.7**	0.5
Effect on different tax rates outside Finland	**1.3**	-
Non-deductible expenses and tax exempt profits	**-6.9**	-4.4
Tax effect on current year's losses for which no deferred tax benefit is recognized	**9.6**	8.0
Tax effect on utilized losses for which no deferred tax assets in prior years	**-8.0**	-8.7
Changes in the carrying amounts of deferred tax assets from prior years	**-10.0**	0.0
Tax effect of net results of associated companies	**-1.4**	-0.7
Impact of the changes in the tax rates on deferred tax balances	**-0.3**	-
Taxes from prior years	**6.4**	5.3
Total	**17.4**	0.0

Presentation methodology of tax reconciliation has been changed and comparison figures of the last year have been presented according to the new methodology.

11. EARNINGS PER SHARE

	2009	2008
EARNINGS PER SHARE, BASIC		
Profit before tax	**102.9**	1.8
Income tax for the financial year	**-17.4**	0.0
Net profit for the period	**85.5**	1.8
Attributable to minority interest	**-3.7**	-3.6
Attributable to equity holders of the parent	**81.8**	-1.8
Weighted average number of shares [1] [2]	**134,824,130**	121,190,535
Earnings per share, basic, EUR	**0.61**	-0.01
EARNINGS PER SHARE, DILUTED [3]		
Weighted average number of shares [1] [2]	**134,824,130**	121,190,535
Treasury shares possibly subject to emission in share based system	**260,478**	-
Weighted average number of shares adjusted for the effect of dilution	**135,084,608**	121,190,535
Earnings per share, diluted, EUR	**0.61**	-0.01

[1] Weighted average number of shares outstanding, excluding the number of shares bought back.

[2] Rights offering restatement

[3] In 2008 there were no adjustments for the effect of dilution which would have impacted weighted average number of shares.

(EUR million)

12. INTANGIBLE ASSETS

	Goodwill	Development costs	Intangible assets	Prepayments	**2009 total**
Acquisition cost at beginning of year	661.6	30.3	206.9	2.8	**901.6**
Acquisition of subsidiaries	0.4	-	2.0	-	**2.4**
Additions	-	-	6.9	4.4	**11.3**
Additions – internal development	-	0.3	-	-	**0.3**
Disposal of subsidiaries	-	-	-	-	**0.0**
Decreases	-	-	-2.4	-	**-2.4**
Other changes	-	-	-3.1	-	**-3.1**
Reclassifications	-	-	-	-	**0.0**
Exchange rate differences	8.4	-	1.0	-	**9.4**
Acquisition cost at end of year	670.4	30.6	211.3	7.2	**919.5**
Accumulated amortization at beginning of year	-6.5	-2.1	-126.3	-	**-134.9**
Accumulated amortization relating to decreases and transfers	-	-	2.3	-	**2.3**
Amortization during the financial year	-	-3.8	-18.8	-	**-22.6**
Impairments	-5.0	-	-	-	**-5.0**
Exchange rate differences	-0.9	-	1.8	-	**0.9**
Accumulated amortization at end of year	-12.4	-5.9	-141.0	-	**-159.3**
Net carrying amount at end of year	658.0	24.7	70.3	7.2	**760.2**

	Goodwill	Internal development	Intangible assets	Prepayments	2008 total
Acquisition cost at beginning of year	630.8	1.3	213.6	14.3	860.0
Acquisition of subsidiaries	32.3	-	4.0	-	36.3
Additions	-	-	6.1	2.0	8.1
Additions – internal development	-	16.2	-	-	16.2
Disposal of subsidiaries	-4.6	-	-	-	-4.6
Decreases	-	-	-4.3	-	-4.3
Other changes	-1.0	-	-1.0	-0.6	-2.6
Reclassifications	-	12.8	-	-12.8	0.0
Exchange rate differences	4.1	-	-11.5	-0.1	-7.5
Acquisition cost at end of year	661.6	30.3	206.9	2.8	901.6
Accumulated amortization at beginning of year	-4.2	-	-116.9	-	-121.1
Accumulated amortization relating to decreases and transfers	-	-	9.5	-	9.5
Amotization during the financial year	-	-2.1	-19.1	-	-21.2
Impairments	-2.3	-	-1.4	-	-3.7
Exchange rate differences	-	-	1.6	-	1.6
Accumulated amortization at end of year	-6.5	-2.1	-126.3	-	-134.9
Net carrying amount at end of year	655,1	28,2	80,6	2,8	766,7

There was no goodwill related to associated companies in 2009 and 2008. A part from goodwill, the Group does not have intangible assets with indefinite useful lives.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(EUR million)

13. PROPERTY, PLANT AND EQUIPMENT

	Land and water	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and non-current assets under construction	**2009 total**
Acquisition cost at beginning of year	48.2	433.3	1 169.1	36.1	56.0	**1,742.6**
Acquisition of subsidiaries	-	-	0.1	-	-	**0.1**
Increases	0.2	27.9	49.4	2.3	-3.7	**76.1**
Disposal of subsidiaries	-	-	-	-	-	**0.0**
Decreases	-	-6.5	-29.4	-2.1	-	**-38.0**
Non-current assets held for sale	-	-	-	-	-	**0.0**
Other changes	-	0.7	5.1	-0.1	-7.5	**-1.8**
Reclassifications	-	-	-	-	-	**0.0**
Exchange rate differences	1.1	7.9	20.6	1.5	-0.9	**30.2**
Acquisition cost at end of year	49.5	463.3	1,214.9	37.7	43.9	**1,809.2**
Accumulated depreciation at beginning of year	-8.3	-214.7	-734.5	-19.4	-	**-976.9**
Accumulated depreciation relating to decreases and transfers	-	6.0	28.0	2.0	-	**36.0**
Depreciation during the financial year	-	-18.5	-75.6	-3.0	-	**-97.1**
Impairments	-	-	-0.3	-0.4	-	**-0.7**
Reversal of impairments	-	-	8.9	-	-	**8.9**
Other changes	-	-	0.1	0.2	-	**0.3**
Exchange rate differences	-	-4.3	-13.4	-0.5	-	**-18.2**
Accumulated depreciation at end of year	-8.3	-231.5	-786.8	-21.1	-	**-1,047.7**
Net carrying amount at end of year	41.2	231.8	428.1	16.6	43.9	**761.5**

	Land and water	Buildings and constructions	Machinery and equipment	Other property. plant and equipment	Prepayments and non-current assets under construction	2008 total
Acquisition cost at beginning of year	51.2	501.8	1,463.6	36.9	138.0	2,191.4
Acquisition of subsidiaries	-	0.9	3.8	1.6	-	6.3
Increases	3.3	17.9	91.8	5.8	9.1	127.9
Disposal of subsidiaries	-1.5	-69.7	-325.1	-6.1	-36.6	-439.0
Decreases	-0.2	-10.7	-52.8	-2.0	-0.4	-66.1
Non-current assets held for sale	-	4.9	12.9	-	-	17.8
Other changes	-0.2	-4.8	-4.6	1.9	-0.1	-7.8
Reclassifications	0.2	12.7	33.2	-0.3	-48.7	-2.9
Exchange rate differences	-4.6	-19.7	-53.7	-1.7	-5.3	-85.0
Acquisition cost at end of year	48.2	433.3	1 169.1	36.1	56.0	1,742.6
Accumulated depreciation at beginning of year	-7.7	-237.6	-942.8	-19.0	-	-1,207.1
Accumulated depreciation relating to decreases and transfers	-	40.0	280.7	4.1	-	324.8
Depreciation during the financial year	-	-21.2	-84.6	-3.8	-	-109.6
Impairments	-0.6	-8.0	-24.4	-1.9	-	-34.9
Other changes	-	0.2	-0.1	0.7	-	0.8
Exchange rate differences	-	11.9	36.7	0.5	-	49.1
Accumulated depreciation at end of year	-8.3	-214.7	-734.5	-19.4	-	-976.9
Net carrying amount at end of year	39.9	218.6	434.5	16.7	56.0	765.7

There were no long-term construction projects in the group which interest for construction period was capitalized in 2009.

(EUR million)

FINANCE LEASE ASSETS

Property, plant and equipments include assets acquired using finance lease agreements as follows:

	2009	2008
Acquisition cost	**7.3**	6.8
Accumulated depreciations	**-2.7**	-2.0
Carrying amount	**4.6**	4.8

14. IMPAIRMENT TESTING

The Group's Accounting Policies set out the principles and process of testing assets for impairment.
In the impairment testing performed on September 30, 2009 no need to record impairment losses were identified. After the impairment testing no material changes in cash generating units nor assumptions used in impairment testing have realized. The segments are Paper, Municipal & Industrial, Oil and Mining, Tikkurila and Other. In the new business structure Kemira has defined its customer segments as a cash generating units. The level of a customer segment is one notch down from a segment. There are twelve customer segments in the group. Other basis for testing are the same as in previous years.

The carrying amounts of non-current assets and goodwill are the following:

SEGMENT ON DECEMBER 31, 2009	**Carrying amount**	**of which goodwill**
Paper	**663**	**308**
Municipal & Industrial	**283**	**123**
Oil & Mining	**113**	**50**
Tikkurila	**213**	**68**
Other	**167**	**109**
Total	**1,439**	**658**

SEGMENT ON DECEMBER 31, 2008	Carrying amount	of which goodwill
Paper	679	306
Municipal & Industrial	272	122
Oil & Mining	116	50
Tikkurila	211	68
Other	176	109
Total	1,454	655

Forecasts for cash flow growth reflect the management's perception of developments in sales and cost items during the forecast period. The growth rate used to extrapolate cash flows subsequent to the three-year forecast period was assumed to be zero.

Discount rates were based on group's adjusted weighted average cost of capital (WACC). New risk-adjusted WACC rate was determined to every segment.

DISCOUNT RATES BY SEGMENTS, %	**2009**	2008
Paper	**9**	9
Municipal & Industrial	**10**	10
Oil and Mining	**9**	10
Tikkurila	**9**	9
Other	**10**	10

The sensitivity analyses was made under the assumption that there would be a decline in the cash flows' growth rate both during and after the forecasting period. A general increase in interest rates has also been taken into consideration as well as a decrease in profitability. A decrease of 10% in generated cash flow or an increase of 1% in discount rate would not result any impairment losses to be recorded on the customer segment level. If the discount rate would increase by 2%, impairment losses are required to be recorded only to one customer segment. This impairment loss would constitute approximately 6% of the goodwill recorded in the group.

The Group's recoverable amount is nearly double the carrying amount. Impairment testing did not reveal any need to recognize impairment losses.

IMPAIRMENTS RECOGNISED ON DECEMBER 31, 2009

The fair value of an Finnish entity, which designs systems and devices was estimated to be substantially lower than its carrying value. The fair value was determined based on a value in use. Therefore, in the financial statement for the year ended December 31, 2009 an impairment loss of EUR 5.0 million concerning this business operation was recorded. The entity is part of Municipal & Industrial segment and the fair value was estimated based on the revised strategy of the segment.

A production plant was closed in Brazil based on the plan scheduled earlier. Due to this, an impairment loss of EUR 0.7 million was recorded in the financial statement for the year 2009.

REVERSAL OF IMPAIRMENT RECOGNISED ON DECEMBER 31, 2009

The closing the polymer plant located in Columbus North America has been cancelled. Therefore, the impairment loss recorded in 2008 has been reversed partially and EUR 8.9 million reversal has been recorded in the financial statement of the year 2009. In the note 8 the allocation of the reversal of impairment to the assets has been presented in more detail.

(EUR million)

IMPAIRMENTS RECOGNISED ON DECEMBER 31, 2008

Due to the cost savings program Kemira booked approximately EUR 38.6 million impairment for the last quarter of 2008. The effect of the write-downs on segments were as follows: Paper EUR 22.6 million, Municipal & Industrial EUR 11.5 million, Oil and Mining EUR 3.0 million and Other EUR 1.5 million.

There were four classes of impaired assets:

- The productions lines are closed in the following sites: Longview and Mobile in the United States, Brazil, Krems in Austria and Vaasa in Finland. The total impairment of these sites was EUR 9.6 million.
- The following sites are closed down: Kemira (Yixing) Co., Ltd and Kemira Water Solutions (Chongqing) Co., Ltd sites in China are considered not having a fair value. The fair value of Columbus site in the Unites States is based on future cash flows that is generated from on-going operations until the site closes at the end of 2009. The total impairment of these three sites was EUR 16.2 million.
- The fair value of Hydrogen peroxide site in Maitland Canada was lower than its carrying value due to declining markets in North America due to structural changes in the customer industry. The impairment of this site was EUR 7.4 million.
- Other smaller impairments due to closures of sites and decreased fair values amounted to EUR 5.4 million. These impairments were in Canada, in the Netherlands, in Spain and in Finland.

Personnel related restructuring costs EUR 23.1 million were related to above mentioned impairments. See note 6.

15. INVESTMENTS

2009	**Holdings in associates**	**Available-for-sale investments**
Carrying amount at beginning of year	**135.6**	**159.8**
Share of profit or loss of associates	**-4.7**	**-**
Increases	**-**	**1.5**
Decreases	**-**	**-**
Change in fair value	**-**	**5.0**
Exchange rate differences	**0.2**	**-0.1**
Net carrying amount at end of year	**131.1**	**166.2**

2008	Holdings in associates	Available-for-sale investments
Carrying amount at beginning of year	5.5	102.2
Share of profit or loss of associates	-2.7	-
Increases	136.5	10.1
Decreases	-2.7	-
Change in fair value	-	47.7
Exchange rate differences	-1.0	-0.2
Net carrying amount at end of year	135.6	159.8

Associated companies are specified in note 33.

Available-for-sale financial assets include shares in Pohjolan Voima Group, their valuation principles is described in the Consolidated accounting principles. The discount rate used to calculate the current value is an annually defined average weighted capital cost. The discount rate in 2009 was 7.31%.

Available-for-sale financial assets include also shares entitling to electricity from a nuclear power plant currently under construction in Finland. In May 2008, the market price of these nuclear power plant shares was determined by an external third party share trading transaction. In 2008, the Group booked a revaluation of the shares based on the market transaction. In the 2009 financial statements the measurement of shares related to nuclear power plant currently under construction was not changed.

Available for sale financial assets do not include listed shares.

16. INVENTORIES

	2009	2008
Materials and supplies	**84.7**	95.9
Work in process	**1.9**	2.1
Finished goods	**158.1**	219.9
Prepayments	**1.8**	1.4
Total	**246.5**	319.3

In the financial year, EUR 4.4 million (EUR 2.3 million) of inventory value was recognized as expense in order to decrease the carrying value of inventories to correspond with their net capitalization value.

(EUR million)

17. CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORIES

2009	Note	Financial instruments under hedge accounting	Financial assets at fair value through profit and loss	Loans and other receivables	Available-for-sale investments	Other liabilities	**Total carrying amounts by balance sheet item**	**Total fair value**
NON-CURRENT FINANCIAL ASSETS								
Investments								
Available-for-sale investments	15				166.2		**166.2**	**166.2**
Other investments					8.9		**8.9**	**8.9**
CURRENT FINANCIAL ASSETS								
Receivables								
Interest-bearing receivables	18			1.4			**1.4**	**1.3**
Interest-free receivables	18							
Accounts receivable				344.3			**344.3**	**344.3**
Other receivables		1.1	5.3				**6.4**	**6.4**
Money market investments			193.2				**193.2**	**193.2**
Cash and cash equivalents				72.5			**72.5**	**72.5**
Total		1.1	198.5	418.2	175.1	0.0	**792.9**	**792.9**
NON-CURRENT FINANCIAL LIABILITIES								
Interest-bearing non-current liabilities	20, 24							
Loans from financial institutions						494.2	**494.2**	**494.2**
Pension loans						11.3	**11.3**	**11.3**
Other non-current liabilities						7.1	**7.1**	**7.1**
CURRENT FINANCIAL LIABILITIES								
Interest-bearing current liabilities	23, 24							
Loans from financial institutions						338.8	**338.8**	**338.8**
Pension loans						16.5	**16.5**	**16.5**
Current portion of the non current liabilities						66.5	**66.5**	**66.5**
Other interest-bearing current liabilities						15.8	**15.8**	**15.8**
Interest-free current liabilities								
Accounts payable						160.3	**160.3**	**160.3**
Other liabilities		7.6	9.3				**16.9**	**16.9**
Interest-free current liabilities							**0.0**	**0.0**
Total		7.6	9.3	0.0	0.0	1,110.5	**1,127.4**	**1,127.4**

(EUR million)

2008	Note	Financial instruments under hedge accounting	Financial assets at fair value through profit and loss	Loans and other receivables	Available-for-sale investments	Other liabilities	Total carrying amounts by balance sheet item	Total fair value
NON-CURRENT FINANCIAL ASSETS								
Investments								
Available-for-sale investments	15				159.8		159.8	159.8
Other investments					2.0		2.0	2.2
CURRENT FINANCIAL ASSETS								
Receivables								
Interest-bearing receivables	18			7.6			7.6	7.6
Interest-free receivables	18							
Accounts receivable				396.5			396.5	396.5
Other receivables		0.2	24.1				24.3	24.3
Money market investments			85.0				85.0	85.0
Cash and cash equivalents				32.3			32.3	32.3
Total		0.2	109.1	436.4	161.8	0.0	707.5	707.7
NON-CURRENT FINANCIAL LIABILITIES								
Interest-bearing non-current liabilities	20, 24							
Loans from financial institutions						567.2	567.2	567.2
Pension loans						37.2	37.2	37.2
Other non-current liabilities						4.8	4.8	4.8
CURRENT FINANCIAL LIABILITIES								
Interest-bearing current liabilities	23, 24							
Loans from financial institutions						508.3	508.3	508.3
Pension loans						0.7	0.7	0.7
Current portion of the non-current liabilities						34.9	34.9	34.9
Other interest-bearing current liabilities						15.3	15.3	15.3
Interest-free current liabilities								
Accounts payable						240.1	240.1	240.1
Other liabilities		18.4	16.3				34.7	34.7
Interest-free current liabilities							0.0	0.0
Total		18.4	16.3	0.0	0.0	1,408.5	1,443.2	1,443.2

The Group does not have investments in listed shares.

The carrying amount represents the maximum credit risk.

Other receivables and liabilities are financial assets at fair value through profit and loss or financial instruments under hedge accounting.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(EUR million)

	2009				2008			
HIERARCHY	Level 1	Level 2	Level 3	**Total net**	Level 1	Level 2	Level 3	Total net
Available-for-sale financial assets	-	-	166.2	**166.2**	-	-	159.8	159.8
Other investments	-	8.9	-	**8.9**	-	2.0	-	2.0
Currency instruments	-	-2.3	-	**-2.3**	-	6.1	-	6.1
Interest rate instruments	0.2	-9.4	-	**-9.2**	-	-7.0	-0.1	-7.1
Other instruments	-	1.0	-	**1.0**	-	-9.4	-	-9.4
Money market instruments	-	193.2	-	**193.2**	-	85.1	-	85.1
Total	0.2	191.4	166.2	**357.8**	-	76.8	159.8	236.5

Level 1: Exchange traded securities

Level 2: Fair value determined by discernable parameters

Level 3: Fair value determined by non discernable parameters

LEVEL 3 SPECIFICATION	**Level 3, total net**
INSTRUMENT	
Balance value 31.12.2008	**159.8**
Realized gain/loss	**-0.1**
Result impact	**5.0**
Purchased	**1.5**
Sold	**-**
Unrealized result impact	**-**
Balance value 31.12.2009	**166.2**

(EUR million)

18. RECEIVABLES

	2009	2008
INTEREST-BEARING RECEIVABLES		
Loan receivables	**0.2**	0.2
Finance lease receivables	**0.3**	0.8
Other receivables	**0.9**	6.6
Total interest-bearing receivables	**1.4**	7.6
TRADE AND OTHER RECEIVABLES		
Trade receivables	**344.3**	396.5
Prepayments	**5.6**	3.9
Accrued income	**39.4**	77.0
Other receivables	**11.3**	15.6
Total trade and other receivables	**400.6**	493.0
Current tax asset	**7.3**	14.4
Total receivables	**409.3**	515.0

Items that are due over one year, include trade receivables of EUR 3.0 million (EUR 4.9 million), prepaid expenses and accrued income of EUR 2.9 million (EUR 4.0 million) and other interest-free receivables of EUR 1.1 million (EUR 0.1 million) as well as loan receivables of EUR 0.1 million (EUR 0.2 million), finance lease receivables of EUR 0.1 (EUR 0.4 million) and other interest-bearing receivables of EUR 0,6 million (EUR 1.0 million).

FINANCE LEASE RECEIVABLES - TOTAL MINIMUM LEASES	**2009**	2008
Within one year	**0.2**	0.4
After one year but no more than five years	**0.1**	0.4
Total	**0.3**	0.8
FINANCE LEASE RECEIVABLES - THE PRESENT VALUE OF MINIMUM LEASE PAYMENTS		
Within one year	**0.2**	0.4
After one year but no more than five years	**0.1**	0.4
Total	**0.3**	0.8
Future finance income	**-**	-
Total finance lease receivables	**0.3**	0.8

(EUR million)

19. RELATED PARTIES DISCLOSURE

Parties are considered belonging to each other's related parties if one party is able to exercise control over the other or substantial influence in decision-making concerning its finances and business operations. The Group's related parties include the parent company, subsidiaries, associated companies, joint-ventures and pension funds. Related parties also include the members of Board of Directors and the Group's Management Boards, the CEO and his deputy and their near family members. Key management persons are the members of the Group Management Boards.

EMPLOYEE BENEFITS OF KEY MANAGEMENT PERSONNEL	2009	2008
Wages, salaries and other short-term employee benefits	**3.9**	3.6
Post-employment benefits	**-**	0.7
Share-based payments	**-**	-
Total	**3.9**	4.3

The emolument of Kemira Oyj's managing director was EUR 734,730 (656,832), including bonuses of EUR 79,278 (7,380). The emolument of Kemira Oyj's deputy managing directors were EUR 360,835 (322,760), including bonuses EUR 23,889. (In 2008, no bonuses.)

No loans had been granted to management in the end of 2009 and 2008, nor were there any contingency items and contingent liabilities on behalf of key personnel. Persons belonging to the Company's key management, including parties closely associated with them, are not involved in substantial business relationships with the Company.

Management's share-based incentive plan is specified in Note 7.

MANAGEMENT'S PENSION COMMITMENTS AND TERMINATION BENEFITS

Kemira Oyj's Board of Directors appointed Harri Kerminen as the new managing director of Kemira Oyj as of January 1, 2008. Harri Kerminen's contract period is until 2013, when he will be 62 years old. Jyrki Mäki-Kala was appointed new Deputy CEO as of September 1, 2009. The former Deputy CEO Esa Tirkkonen retired from Kemira on August 31, 2008.

The maximum remuneration for the managing director, Harri Kerminen, is 66% of the pension-based salary. Regarding both age of retirement and amount of pension are based on voluntary pension fund's (closed to new members since January 1, 1991) benefits. The voluntary pension fund benefits concern all the personnel who have been in service before the year 1991. The pension fund's benefits concern all the personnel whose years of service and other conditions for granting of pension have been fulfilled. Similar arrangements have been made in other Group companies.

The period of notice of Kemira Oyj's managing director is 6 months. In case the company would give notice to the managing director, he will receive an emolument equaling 12 months' salary. The respective periods for the deputy managing director are 6 months and 6 months.

BOARD OF DIRECTORS EMOLUMENTS, EUR	2009	2008
MEMBERS OF THE BOARD OF DIRECTORS		
Pekka Paasikivi, Chairman	**75,000**	73,219
Jukka Viinanen, Vice Chairman (since March 19, 2008)	**50,400**	40,768
Eija Malmivirta, Vice Chairman (until March 19, 2008)	**-**	11,550
Elizabeth Armstrong	**60,000**	66,555
Wolfgang Buchele (since April 8, 2009)	**34,100**	
Juha Laaksonen	**43,200**	42,905
Ove Mattson (until April 8, 2009)	**17,640**	53,355
Kaija Pehu-Lehtonen	**43,800**	42,305
Markku Tapio (until March 19, 2008)	**-**	10,050
Jarmo Väisänen, (since March 19, 2008)	**43,800**	34,174

(EUR million)

OTHER RELATED PARTY DISCLOSURE

Sales and purchases of goods and services to and from associates as well as receivables from associates are specified in note 33. The amount of contingent liabilities on behalf of associates are presented in note 29.

Kemira has Finnish pension funds (Kemira's Pension Fund and Pension Fund Neliapila) that are legal units of their own. On December 31, 2009, Kemira transferred its TyEL pension obligation from Kemira's Pension Fund to Varma Mutual Pension Insurance Company. Kemira's Pension Fund will be liquidated during 2010.

Pension Fund Neliapila manages part of the pension assets of the Group's personnel in Finland. The assets include Kemira shares representing 0.15% of the company's outstanding shares.

Pension Fund Neliapila owns 2.6% of Pohjolan Voima's shares. Kemira Oyj buys electricity from Pohjolan Voima in proportion to pension fund's share of ownership for Group use and also for selling it to external parties. The shareholders can buy electricity from the company at a price that covers its production expenses. This price has been clearly below the average market price.

TRANSACTIONS WITH OTHER RELATED PARTIES	2009	2008
Sales	**96.7**	35.3
Purchases	**72.4**	41.0
Financial income and expenses	**-1.3**	1.3
Receivables	**19.5**	34.0
Liabilities	**43.8**	55.9

20. NON-CURRENT INTEREST-BEARING LIABILITIES

	2009	2008
Loans from financial institutions	**494.3**	567.2
Loans from pension institutions	**11.2**	37.2
Other non-current liabilities to others	**7.1**	4.8
Total	**512.6**	609.2

NON-CURRENT INTEREST-BEARING LIABILITIES MATURING IN		
2011 (2010)	**81.1**	81.6
2012 (2011)	**72.9**	59.0
2013 (2012)	**53.4**	31.1
2014 (2013)	**59.5**	63.9
2015 (2014) or later	**245.7**	373.6
Total	**512.6**	609.2

INTEREST-BEARING LIABILITIES MATURING IN 5 YEARS OR LONGER PERIOD OF TIME		
Loans from financial institutions	**245.7**	356.8
Loans from pension institutions	**-**	14.2
Other non-current interest-bearing liabilities	**-**	2.6
Total	**245.7**	373.6

The foreign currency breakdown of non-current loans is presented in note 32, Management of financial risks.

The Group's liabilities include neither debentures nor convertible or other bonds.

(EUR million)

21. DEFERRED TAX LIABILITIES AND ASSETS

2009	Jan. 1, 2009	Recognised in the income statement	Other comprehensive income	Recognised in equity	Acquired / disposed subsidiaries	**Dec. 31, 2009**
DEFERRED TAX LIABILITIES						
Cumulative depreciation in excess of / less than plan	51.1	7.4	-	-	-	**58.5**
Available-for-sale investments	33.7	0.2	1.3	-	-	**35.2**
Pensions	13.8	-5.6	-	-	-	**8.2**
Fair value of acquired subsidiaries [1]	15.0	-3.3	-	-	-	**11.7**
Other	6.9	-3.8	3.7	-1.3	-	**5.5**
Total	120.5	-5.1	5.0	-1.3	-	**119.1**
Tax assets deducted [2]	-30.6					**-29.0**
Total deferred tax liabilities in the balance sheet	89.9					**90.1**
DEFERRED TAX ASSETS						
Internal stock margin	2.5	-0.7	-	-	-	**1.8**
Provisions	12.3	-3.5	-	-	-	**8.8**
Tax losses	21.6	10.4	-	-	-	**32.0**
Pensions	3.2	-1.0	-	-	-	**2.2**
Other	3.7	-0.7	-	-	-	**3.0**
Total	43.3	4.5	-	-	-	**47.8**
Deferred tax liabilities deducted [2]	-30.6					**-29.0**
Deferred tax assets in the balance sheet	12.7					**18.8**

2008	Jan. 1, 2008	Recognised in the income statement	Other comprehensive income	Recognised in equity	Acquired / disposed subsidiaries	Dec. 31, 2008
DEFERRED TAX LIABILITIES						
Cumulative depreciation in excess of / less than plan	72.4	-4.8	-	-	-16.5	51.1
Available-for-sale investments	20.7	-	13.0	-	-	33.7
Pensions	10.7	3.1	-	-	-	13.8
Fair value of acquired subsidiaries [1]	19.0	-5.0	-	-	1.0	15.0
Other	23.9	-9.9	-7.1	-	-	6.9
Total	146.7	-16.6	5.9	-	-15.5	120.5
Tax assets deducted [2]	-41.2					-30.6
Total deferred tax liabilities in the balance sheet	105.5					89.9
DEFERRED TAX ASSETS						
Internal stock margin	2.2	0.3	-	-	-	2.5
Provisions	5.2	9.4	-	-	-2.3	12.3
Tax losses	25.2	-3.6	-	-	-	21.6
Pensions	5.0	-1.8	-	-	-	3.2
Other	8.8	-5.1	-	-	-	3.7
Total	46.4	-0.8	0.0	-	-2.3	43.3
Deferred tax liabilities deducted [2]	-41.2					-30.6
Deferred tax assets in the balance sheet	5.2					12.7

[1] The increase in deferred taxes relating to the fair value measurement of acquired subsidiaries was recognised under goodwill.
[2] Netting of receivables and liabilities has been applied.

(EUR million)

22. PROVISIONS

	Personnel related provisions	Restructuring provisions	Environmental and damage provisions	Other provisions	**2009 Total**
NON-CURRENT PROVISIONS					
Balance at beginning of year	2.4	6.6	18.8	34.0	**61.8**
Exchange rate differencies	-	-	-	-	**-**
Increase in provisions	0.1	0.4	0.1	1.5	**2.1**
Provisions used during the period	-	-0.9	-2.5	-	**-3.4**
Provisions released during the period	-1.3	-0.3	-	-1.4	**-3.0**
Reclassification	-0.1	-1.6	-0.2	-	**-1.9**
Balance at end of year	1.1	4.2	16.2	34.1	**55.6**
CURRENT PROVISIONS					
Balance at beginning of year	7.2	1.2	0.6	1.8	**10.8**
Exchange rate differencies	0.3	-	-	0.3	**0.6**
Increase in provisions	3.9	0.3	4.6	-	**8.8**
Provisions used during the period	-6.4	-0.8	-0.2	-	**-7.4**
Provisions released during the period	-1.8	-0.2	-0.3	-	**-2.3**
Reclassification	-0.2	1.5	0.2	-	**1.5**
Balance at end of year	3.0	2.0	4.9	2.1	**12.0**

Other provisions relate mainly to the establishment of an associated company in 2008. There are more information about environmental provisions in note 31, Environmental risks and liabilities.

23. CURRENT LIABILITIES

	2009	2008
INTEREST-BEARING CURRENT LIABILITIES		
Loans from financial institutions	**267.8**	417.3
Loans from pension institutions	**16.5**	0.7
Current portion of other non-current loans	**14.8**	13.7
Finance lease liabilities	**4.2**	4.6
Other interest-bearing current liabilities	**134.3**	123.0
Total interest-bearing current liabilities	**437.6**	559.3
TRADE PAYABLES AND OTHER LIABILITIES		
Prepayments received	**3.0**	0.7
Trade payables	**160.3**	240.1
Accrued expenses	**179.7**	202.5
Other interest-free current liabilities	**26.1**	36.4
Total trade payables and other liabilities	**369.1**	479.7
Current provisions	**12.0**	10.8
Current tax liabilities	**0.5**	5.5
Total current liabilities	**819.2**	1 055.3

Finance lease liabilities include items that are due over one year of EUR 3.4 million (EUR 3.8 million).

ACCRUED EXPENSES		
Personnel expenses	**63.1**	47.1
Items related to revenues and purchases	**51.1**	67.5
Interest	**15.7**	25.3
Exchange rate differences	**6.7**	17.7
Other	**43.1**	44.9
Total	**179.7**	202.5

(EUR million)

24. FINANCE LEASE LIABILITIES - MATURITY

	2009	2008
FINANCE LEASE LIABILITIES - MINIMUM LEASE PAYMENTS		
Within one year	**0.9**	0.8
After one year but no more than five years	**1.9**	2.2
Over five years	**1.4**	1.6
Total	**4.2**	4.6
FINANCE LEASE LIABILITIES - PRESENT VALUE OF MINIMUM LEASE PAYMENTS		
Within one year	**0.7**	0.6
After one year but no more than five years	**1.7**	2.0
Over five years	**1.4**	1.6
Total	**3.8**	4.2
Future finance charges	**0.4**	0.4
Total finance lease liabilities	**4.2**	4.6

25. NET LIABILITIES

	2009	2008
Interest-bearing non-current liabilities	**512.6**	609.2
Interest-bearing current liabilities	**437.6**	559.3
Money market and bond investments	**-202.1**	-87.1
Cash and cash equivalents	**-72.5**	-32.3
Total	**675.6**	1 049.1

26. DEFINED BENEFIT PENSION PLANS

The Group has various pension plans in accordance with the local conditions and practices of the countries in which it operates. Under defined benefit plan, pension benefits are determined by salary, retirement age, disability, mortality or termination of employment. The funded portion of the Finnish system under the Employees' Pensions Act (TyEL) and the disability portion were treated as a defined benefit plan in respect to the pension plans managed by the Group's own pension funds in 2008. The pension liability of Kemira's Pension Fund was transferred to Varma Mutual Pension Insurance Company on December 31, 2009. The TyEL plans managed by insurance companies are treated as defined contribution plans.

The "corridor" method is used to account for any actuarial gains and losses.

The following table shows the effect both of the defined benefit and defined contribution plans on the Group's income statement and balance sheet. Pension liabilities, plan assets and actuarial gains and losses of the businesses acquired and divested have changed obligations and assets.

BALANCE SHEET	2009	2008
Liability for defined contribution plans	**0.8**	0.6
Liability for defined benefit plans	**69.6**	66.9
Total liability for defined benefit and contribution plans	**70.4**	67.5
Receivable for defined benefit plans	**-35.3**	-54.0
Net liability for defined benefit and contribution plans	**35.1**	13.5

(EUR million)

DEFINED BENEFIT PLANS	**2009**	2008
BALANCE SHEET		
Liability for defined benefit plans	**69.6**	66.9
Receivable for defined benefit plans	**-35.3**	-54.0
Net liability for defined benefit plans	**34.3**	12.9
INCOME STATEMENT		
Defined benefit pension plans	**-22.8**	-1.1
AMOUNTS RECOGNIZED IN THE BALANCE SHEET		
Present value of funded obligations	**295.4**	346.0
Present value of unfunded obligations	**71.8**	66.2
Fair value of plan assets	**-363.6**	-427.8
Net asset (-) / liability (+)	**3.6**	-15.6
Unrecognized past service costs	**-0.5**	-0.8
Unrecognized actuarial gains (+) and losses (-)	**31.2**	29.3
Net liability (+) for defined benefit plans	**34.3**	12.9
MOVEMENTS IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS		
Liability at the beginning of year	**412.1**	573.4
Current service	**6.7**	11.4
Interest costs	**23.4**	22.4
Actuarial gains (-) / losses (+)	**37.6**	-49.6
Exchange rate differences on foreign plans	**4.8**	-9.2
The effect of companies acquired and divested during the period	**-**	-112.7
Benefits paid	**-24.5**	-23.5
Curtailments	**-96.0**	-
Settlements	**-**	-0.9
Past service costs	**3.0**	0.8
Liability at the end of year	**367.2**	412.1
MOVEMENTS IN THE FAIR VALUE OF PLAN ASSETS		
Plan assets at the beginning of year	**427.8**	622.9
Expected return on plan assets	**21.4**	27.6
Employer contribution	**3.1**	17.4
Actuarial gains (+) / losses (-)	**30.1**	-93.6
Exchange differences on foreign plans	**1.6**	-2.7
Effect of companies acquired and divested during the period	**-**	-120.5
Benefits paid	**-24.5**	-23.5
Settlements	**-95.9**	0.2
Plans assets at the end of year	**363.6**	427.8

(EUR million)

	2009	2008
AMOUNTS RECOGNIZED IN THE INCOME STATEMENT		
Current service cost	**6.7**	11.4
Interest cost	**23.4**	22.4
Expected return on plan assets	**-21.4**	-27.5
Past service costs	**3.0**	0.8
Net actuarial gains (-) / losses (+) for financial year	**0.4**	-7.8
Curtailments	**10.7**	-0.4
Income statement (-) / expense (+)	**22.8**	-1.1

The above amount, EUR 22.8 million (EUR -1.1 million), is included in the employee benefits in the income statement.

ACTUAL RETURN ON PLAN ASSETS	2009	2008
Actual income (+) / expense (-) on plan assets	**51,5**	-66,2
PRINCIPAL ACTUARIAL ASSUMPTIONS, %		
Discount rate	**4.0–5.8**	3.8–6.2
Expected return on plan assets	**2.8–7.5**	4.5–5.8
Inflation	**1.5–3.6**	2.0–4.5
Future salary increases	**1.5–4.3**	2.0–4.5
Future pension increases	**0.5–3.8**	1.3–4.0
PLAN ASSETS CONSIST OF:		
Equity instruments	**198.0**	195.1
Debt finance instruments	**31.4**	173.2
Assets in insurance companies *)	**119.1**	8.6
Kemira Oyj treasury shares	**1.2**	0.5
Real estate in Group use	**14.0**	14.0
Other	**-**	36.4
Total	**363.6**	427.8

* Funds managed by insurance companies, under the defined benefit pension plan, form part of the investment assets of the insurance companies, which bear the associated investment risk. For this reason, more detailed information on the individual plans' asset allocation is not available.

The total expected long-term rate of return on plan assets is 5.0%. This rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

Expected contributions to the post-employment benefit plans for 2010 total EUR 2.7 million.

31.12.	2009	2008	2007	2006	2005
Present value of defined benefit obligation	**367.2**	412.2	573.4	536.8	526.9
Fair value of plan assets	**363.6**	427.8	622.9	552.3	543.3
Surplus / deficit	**3.6**	-15.6	-49.5	-15.5	-16.4
Experience adjustments on plan liabilities	**0.1**	-3.4	-3.4	4.0	-9.1
Experience adjustments on plan assets	**31.6**	-88.2	45.9	19.5	1.6

(EUR million)

27. SUPPLEMENTARY CASH FLOW INFORMATION

ACQUISITION AND DISPOSAL OF SUBSIDIARIES	2009	2008
ACQUISITION OF SUBSIDIARIES		
Acquisition cost	**3.7**	48.5
Cash and cash equivalents at acquisition date	**0.0**	-4.2
Cash flow on acquisition net of cash acquired	**3.7**	44.3
ACQUIRED ASSETS AND LIABILITIES		
Net working capital	**1.1**	4.7
Property, plant and equipment	**2.1**	10.0
Interest-bearing receivables, cash and cash equivalents deducted	**-**	-
Other interest-bearing receivables	**-**	1.6
Interest-bearing liabilities	**-**	-0.1
Interest-free liabilities	**-0.4**	-5.8
Minority interest	**0.5**	-
Goodwill on acquisition	**0.4**	33.9
Total assets and liabilities of acquired subsidiaries	**3.7**	44.3
PROCEEDS FROM THE DISPOSALS OF SUBSIDIARIES		
Proceeds from the disposals	**2.0**	234.1
Cash and cash equivalent in disposed companies	**-1.4**	-1.6
Total cash flow on disposals of subsidiaries	**0.6**	232.5
ASSETS AND LIABILITIES DISPOSED		
Net working capital	**1.6**	61.2
Property, plant and equipment	**-**	176.5
Shares	**-**	-
Interest-bearing receivables, excluding cash	**-**	10.5
Other interest-free receivables	**-**	2.0
Interest-bearing liabilities	**-1.2**	-26.2
Interest-free liabilities	**0.1**	-26.0
Gain / loss on disposal	**0.1**	34.5
Total assets and liabilities of disposed subsidiaries	**0.6**	232.5

28. BUSINESS COMBINATIONS

2009: TIKKURILA JUB ROMANIA

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

2009: AKZO NOBEL

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

2009: ACQUISTION OF SHARES FOR NON-CONTROLLING INTEREST

The Group acquired the shares of a non-controlling interest relating to the acquisition in 2007. A goodwill of EUR 0.4 million was recorded for this acquisition.

2008 NHEEL QUIMICA LTDA

Kemira acquired the entire share capital of the Brazilian Nheel Quimica Ltda in a transaction confirmed on November 15, 2008. Nheel Quimica Ltda is Brazil's second largest manufacturer of iron salts and the largest manufacturer of aluminum salts used in water treatment. Nheel Quimica Ltda has a production facility in Rio Claro, in the state of São Paolo. The company primarily serves companies in the municipal water treatment and waste water treatment sectors. As a result of increasingly stringent environmental legislation, the use of coagulants is growing rapidly in the largest Brazilian cities.

The purchase price was EUR 39.4 million, which was paid in cash and financed with the Group's existing financing agreements. The estimated capitalized acquisition costs directly attributable to combination were EUR 0.3 million.

The revenue of the acquired business in the period from date of purchase to December 31, 2008 was EUR 6.5 million and operating profit EUR 1.1 million.

A total of EUR 0.1 million of the EUR 39.4 million acquisition cost was allocated to inventories of finished goods. The acquisition therefore generated EUR 29.9 million of goodwill. Goodwill is based on future earnings expectations and significant synergy benefits.

	Fair values recorded on business combination	Carrying amounts prior to business combination
Property, plant and equipment	5.5	5.5
Other investments	0.7	0.7
Inventories	1.5	1.4
Trade receivables and other receivables	5.3	5.3
Cash and cash equivalents	3.3	3.3
Total	16.3	16.2
Deferred tax liabilities	-	-
Other liabilities	6.8	6.8
Total liabilities	6.8	6.8
Net assets	9.5	9.4
Cost of business combination (net)	39.4	
Goodwill	29.9	
Acquisition cost	39.4	
Cash and cash equivalents in subsidiary acquired	-3.3	
Cash outflow on acquisition total	36.1	

(EUR million)

2008 AGGREGATE OF BUSINESS ACQUISITIONS

Kemira made the following acquisitions in 2008: Finncolor Slovakia s.r.o. (100%) and Färggädje Målerbutiken i Alvik AB (100%).

These business combinations are individually immaterial.

	Fair values recorded on business combination	Carrying amounts prior to business combination
Other intangible assets	4.0	0.0
Property, plant and equipment	0.4	0.4
Other investments	0.1	0.1
Inventories	1.3	1.3
Trade receivables and other receivables	0.6	0.6
Cash and cash equivalents	0.9	0.9
Total assets	7.3	3.3
Deferred tax liabilities	1.0	-
Other liabilities	0.9	0.9
Total liabilities	1.9	0.9
Net assets	5.4	2.4
Cost of business combination (net)	6.5	
Goodwill	1.0	
Acquisition cost	6.5	
Unpaid acquisition cost	-1.1	
Cash and cash equivalents in subsidiaries acquired	-0.9	
Cash outflow on acquisition	4.5	

EFFECT OF BUSINESS COMBINATIONS ON REVENUE AND PROFIT

Kemira's revenue for 2008 would have been EUR 2,871 million and operating profit EUR 80 million if all of the business combinations carried out during the period had been completed on January 1, 2008.

(EUR million)

29. COLLATERAL AND CONTINGENT LIABILITIES

	2009	2008
LOANS SECURED BY MORTGAGES IN THE BALANCE SHEET AND FOR WHICH MORTGAGES ARE GIVEN AS COLLATERAL		
Loans from financial institutions	**0,5**	0,4
Mortgages given	**1,0**	0,9
Loans from pension institutions	**27,8**	37,1
Mortgages given	**35,7**	41,5
Other loans	**0,3**	0,7
Mortgages given	**0,8**	0,9
Total mortgage loans	**28.6**	38.2
Total mortgages given	**37.5**	43.3
CONTINGENT LIABILITIES		
Assets pledged		
On behalf of own commitments	**5.5**	5.2
Guarantees		
On behalf of own commitments	**45.2**	14.1
On behalf of associates	**1.0**	1.2
On behalf of others	**9.2**	5.5
Operating leasing liabilities		
Maturity within one year	**26.0**	20.9
Maturity after one year but within five years	**64.9**	47.6
Maturity after five years	**72.4**	67.4
Other obligations		
On behalf of own commitments	**1.7**	2.6
On behalf of associates	**1.8**	1.9

MAJOR OFF-BALANCE SHEET INVESTMENT COMMITMENTS

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

LITIGATION

On August 19, 2009, Kemira Oyj received a summons stating that Cartel Damage Claims Hydrogen Peroxide SA (CDC) had filed a claim 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 a decision from the Regional Court of Dortmund in Germany to obtain an unabridged and full copy of the decision of the European Commission, dated May 3, 2006, and demands that the defendants, including Kemira, are jointly and severally ordered to pay damages together with accrued interest on the basis of such decision.

Cartel Damage Claims Hydrogen Peroxide SA states that it will specify the amount of the damages at a later stage after the full copy of the decision of the European Commission has been obtained by it. In order to provide initial estimation as to the amount of such damages, Cartel Damage Claims Hydrogen Peroxide SA presents in its claim a preliminary calculation of the alleged overcharge having been paid to the defendants as a result of the violation of the applicable competition rules by the parties which have assigned and sold their claim to Cartel Damage Claims Hydrogen Peroxide SA. Such alleged overcharge, together with accrued interest until December 31, 2008, is stated to be approximately EUR 641.3 million. The process is currently pending in the Regional Court of Dortmund, Germany, and Kemira's response to the claim of Cartel Damage Claims Hydrogen Peroxide SA is due to be submitted by the end of April 2010.

(EUR million)

Kemira intends to defend vigorously against the claim of Cartel Damage Claims Hydrogen Peroxide SA. However, Kemira is currently not in a position to make any estimate regarding the duration or the likely outcome of the process. No assurance can be given as to the outcome of the process, and an unfavorable judgment against Kemira could have a material adverse effect on Kemira's business, financial condition or results of operations.

Due to its extensive international operations the Group, in addition to the CDC claim, is involved in a number of other legal proceedings incidental to these operations and it does not expect the outcome of these other currently pending legal proceedings to have materially adverse effect upon its consolidated results or financial position

30. DERIVATIVE INSTRUMENTS

	2009			2008		
NOMINAL VALUES	**< 1 year**	**> 1 year**	**Total**	< 1 year	> 1 year	Total
CURRENCY INSTRUMENTS						
Forward contracts	**549.5**	**-**	**549.5**	427.8	-	427.8
of which hedges of net investment in a foreign operation	**-**	**-**	**-**	-	-	-
Currency options	**-**	**-**	**-**	-	-	-
Bought	**-**	**-**	**-**	-	-	-
Sold	**-**	**-**	**-**	-	-	-
Currency swaps	**29.3**	**-**	**29.3**	-	27.6	27.6
INTEREST RATE INSTRUMENTS						
Interest rate swaps	**69.0**	**285.7**	**354.7**	21.6	317.2	338.8
of which cash flow hedge	**52.1**	**255.7**	**307.8**	14.4	290.0	304.4
Interest rate options	**-**	**-**	**-**	-	110.0	110.0
Bought	**-**	**10.0**	**10.0**	-	110.0	110.0
Sold	**-**	**-**	**-**	-	-	-
Bond futures	**-**	**10.0**	**10.0**	-	10.0	10.0
of which open	**-**	**10.0**	**10.0**	-	10.0	10.0
OTHER INSTRUMENTS						
Electricity forward contracts, bought (GWh)	**630.7**	**526.0**	**1,156.7**	811.7	619.8	1,431.5
of which cash flow hedge (GWh)	**525.6**	**526.0**	**1,051.6**	759.1	619.8	1,378.9
Electricity forward contracts, sold (GWh)	**-**	**-**	**-**	52.6	-	52.6
of which cash flow hedge (GWh)	**-**	**-**	**-**	-	-	-
Propane swap contracts (k tons)	**-**	**14.8**	**14.8**	1.0	14.6	15.6
of which cash flow hedge (k tons)	**-**	**14.8**	**14.8**	1.0	14.6	15.6
Salt derivatives (k tons)	**160.0**	**-**	**160.0**	160.0	52.8	212.8

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.

(EUR million)

FAIR VALUES	2009 Assets gross	2009 Liabilities gross	2009 Total net	2008 Assets gross	2008 Liabilities gross	2008 Total net
CURRENCY INSTRUMENTS						
Forward contracts *	**5.0**	**-3.4**	**1.6**	20.8	-9.1	11.7
of which hedges of net investment in a foreign operation	**-**	**-**	**-**	-	-	-
Currency options *	**-**	**-**	**-**	-	-	-
Bought	**-**	**-**	**-**	-	-	-
Sold	**-**	**-**	**-**	-	-	-
Currency swaps	**-**	**-3.9**	**-3.9**	-	-5.6	-5.6
INTEREST RATE INSTRUMENTS						
Interest rate swaps	**-**	**-9.4**	**-9.4**	0.3	-7.2	-6.9
of which cash flow hedge	**-**	**-7.4**	**-7.4**	0.2	-6.7	-6.5
Interest rate options	**-**	**-**	**-**	-	-0.1	-0.1
Bought	**-**	**-**	**-**	-	-0.1	-0.1
Sold	**-**	**-**	**-**	-	-	-
Bond futures	**0.2**	**-**	**0.2**	-	-	-
of which open	**0.2**	**-**	**0.2**	-	-	-
OTHER INSTRUMENTS						
Electricity forward contracts, bought	**2.0**	**-0.8**	**1.2**	-	-10.7	-10.7
of which cash flow hedge	**1.9**	**-0.8**	**1.1**	-	-9.7	-9.7
Electricity forward contracts, sold	**-**	**-**	**-**	1.2	-	1.2
of which cash flow hedge	**-**	**-**	**-**	-	-	-
Propane swap contracts	**-**	**-0.2**	**-0.2**	-	-2.0	-2.0
of which cash flow hedge	**-**	**-0.2**	**-0.2**	-	-2.0	-2.0
Salt derivatives	**-**	**-**	**-**	2.0	-	2.0

* Includes also closed foreign exchange positions. The open position is shown in the hedging section of the currency risk table, note 32.

(EUR million)

	2009				2008			
	Assets gross		**Liabilities gross**		Assets gross		Liabilities gross	
FAIR VALUES	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**	< 1 year	> 1 year	< 1 year	> 1 year
CURRENCY INSTRUMENTS								
Forward contracts *	**5.0**	**-**	**-3.4**	-	20.8	-	-9.1	-
of which hedges of net investment in a foreign operation	**-**	**-**	**-**	-	-	-	-	-
Currency options *	**-**	**-**	**-**	-	-	-	-	-
Bought	**-**	**-**	**-**	-	-	-	-	-
Sold	**-**	**-**	**-**	-	-	-	-	-
Currency swaps	**-**	**-**	**-3.9**	-	-	-	-	-5.6
INTEREST RATE INSTRUMENTS								
Interest rate swaps	**-**	**-**	**-1.3**	**-8.1**	-	0.3	-0.2	-7.0
of which cash flow hedge	**-**	**-**	**-1.0**	**-6.4**	-	0.2	-0.1	-6.6
Interest rate options	**-**	**-**	**-**	**-**	-	-	-	-0.1
Bought	**-**	**-**	**-**	**-**	-	-	-	-0.1
Sold	**-**	**-**	**-**	**-**	-	-	-	-
Bond futures	**-**	**0,2**	**-**	**-**	-	-	-	-
of which open	**-**	**0,2**	**-**	**-**	-	-	-	-
OTHER INSTRUMENTS								
Electricity forward contracts, bought (GWh)	**0.1**	**1.9**	**-0.8**	**-**	-	-	-7.3	-3.4
of which cash flow hedge (GWh)	**-**	**1.9**	**-0.8**	**-**	-	-	-6.3	-3.4
Electricity forward contracts, sold (GWh)	**-**	**-**	**-**	**-**	1.2	-	-	-
of which cash flow hedge (GWh)	**-**	**-**	**-**	**-**	-	-	-	-
Propane swap contracts (k tons)	**-**	**-**	**-**	**-0.2**	-	-	-0.2	-1.8
of which cash flow hedge (k tons)	**-**	**-**	**-**	**-0.2**	-	-	-0.2	-1.8
Salt derivatives (k tons)	**-**	**-**	**-**	**-**	1.5	0.5	-	-

* Includes also closed foreign exchange positions. The open position is shown in the hedging section of the currency risk table, note 32.

(EUR million)

31. ENVIRONMENTAL RISKS AND LIABILITIES

The bulk of Kemira's business is in the chemical industry, whose products and operations are governed by numerous international agreements and regional and national legislation all over the world. The Group treats its environmental liabilities and risks in financial statements in accordance with IFRS and observes established internal principles and procedures.

Divestments and acquisitions did not change the Group's environmental liabilities considerably. Provisions for environmental remediation totaled EUR 21.1 million (19.4). The major provisions apply to the closing of the former waste piling area in Pori, and limited reconditioning of the sediment of a lake adjacent to the Vaasa plant. These remediation projects were launched in 2009 in accordance with the environmental permits. In Helsingborg, a project for demolishing old plant buildings was started and a provision was made for this.

EMISSIONS ALLOWANCES

The Group holds assigned emissions allowances under the EU Emissions Trading System at one site in Sweden. In net volumes, these allowances at Group level showed a surplus of 2,037 (2,230) carbon dioxide tons in 2009.

32. MANAGEMENT OF FINANCIAL RISKS

The Group Treasury manages financial risks in accordance with the treasury policy in force. Approved by the Board of Directors, the treasury policy defines treasury management principles. The Board of Directors approves the annual Treasury plan and the maximum permissible financial risk levels.

Financial risk management aims to protect the Company from unfavorable changes in financial markets, thus contributing to safeguarding the Company's profit performance and shareholders' equity. Kemira employs various financial instruments within the set limits. The Group uses only instruments whose market values and risks can be monitored continuously and reliably. It uses derivative instruments only for hedging purposes, not for speculative gain. Management of foreign exchange and interest rate risk is centralized in the Group treasury.

FOREIGN EXCHANGE RISK

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

Kemira mainly uses forwards and currency options in hedging against foreign exchange risks, which had less than a one year maturity at the end of 2009. At Group level, the impact of the subsidiaries' hedging operations are eliminated. The table below shows an estimate of the largest group-level foreign currency cash flow risks.

TRANSACTION AND TRANSLATION EXPOSURE			**2009**
	SEK	**USD**	**Other**
Operative net cash flow*	**-13.8**	**42.3**	**189.2**
Net lending **	**-59.8**	**127.3**	**42.8**
Derivatives, transaction hedging	**13.8**	**-37.5**	**-63.8**
Derivatives, balance sheet hedging	**59.8**	**-126.9**	**-32.2**
Total	**0.0**	**5.2**	**135.9**
Loans, translation hedging	**-75.1**	**-28.5**	**-11.3**

TRANSACTION AND TRANSLATION EXPOSURE			2008
	SEK	USD	Other
Operative net cash flow*	-31.0	9.5	71.6
Net lending**	-55.5	128.3	73.6
Derivatives, transaction hedging	26.4	-2.9	-20.3
Derivatives, balance sheet hedging	55.5	-127.6	-55.4
Total	-4.6	7.3	69.5
Loans, translation hedging	-70.9	-29.5	-10.5

* Based on 12 months operative cash flow forecast

** Does not include hedging of a net investment in a foreign entity

At the turn of 2009/2010, the foreign currency operative cash flow forecast for 2010 was EUR 159.8 million, 39% of which was hedged (41%). The hedge ratio is monitored daily. In hedging the total cash flow risk, a neutral level is achieved when 50% of the forecast net foreign currency cash flow is hedged. A minimum of 30% and a maximum of 100% of the forecast flow must always be hedged. A 10% fall in foreign exchange rates against the euro, based on the exchange rates quoted on the balance sheet date, and without hedging would reduce earnings before taxes by about EUR 8.9 million (4.6).

Since Kemira's consolidated financial statements are compiled in euros, Kemira is also subject to currency translation risk to the extent that the income statement and balance sheet items of subsidiaries located outside Finland are reported in some other currencies than the euro. Kemira's main equity items denominated in foreign currencies are in the Swedish krona, the US dollar, the Brazilian real, the Polish zloty the Canadian dollar and the Russian ruble. The objective is to hedge the balance sheet risk by maintaining a balance between foreign currency denominated liabilities and assets, currency by currency. Kemira hedges foreign currency equity items with long-term loans.

In hedging the net investment in its units abroad, Kemira monitors the equity ratio. In accordance with the Group's policy, Kemira must take equity hedging measures if a change of +/-5.0% in foreign exchange rates causes a change of more than 1.5 percentage points in the equity ratio.

On the balance sheet date, part of the equity denominated in the Swedish krona, the US dollar and the British pound was hedged. At the end of 2009, the nominal amount of hedges of net investments in foreign operations totaled EUR 114.8 million (110.8). All in all, these transactions correspond to a 9% hedge ratio (2008: 11%). At the end of 2009 all net investments in foreign entities were hedged with long-term loans, which was also the case at the end of 2008. A 10% fall in foreign exchange rates against the euro, based on the exchange rates quoted on the balance sheet date, would have a positive impact on the valuation of equity hedging instruments of about EUR 10.4 million in equity (before taxes).

INTEREST RATE RISK

Interest rate risk is associated with the Group's loan portfolio management. In accordance with the treasury policy, the benchmark of the Group's interest rate risk is the duration of the loan portfolio, which must be in the range of 6–24 months. The Group may borrow by way of either fixed or floating rate instruments and use both interest rate swaps and interest rate options as well as forward rate agreements and interest rate futures, in order to meet the goal set under the related policy.

The duration of the Group's interest-bearing loan portfolio was 19 months at the end of 2009 (17 months). Excluding interest rate derivatives, the duration is 12 months (9 months). At the end of 2009, 70% of the Group's entire net debt portfolio, including derivatives and pension loans, consisted of fixed-interest borrowings (47%). Pension loans are classified as fixed rate loans. The net financing cost of the Group's loan portfolio stands at around 4.65% (5.65%). This figure is attained by dividing yearly net interest and other financing expenses excluding exchange rate differences and dividends by the average interest bearing net debt figure for the corresponding period. The most significant impact on the net financing cost arises from variation in the interest rate levels of the euro, the US dollar and the Swedish krona.

Fixed-interest financial assets and liabilities are exposed to price risks arising from changes in interest rates. Floating rate financial assets and liabilities, whose interest rate changes alongside market interest rates are exposed to cash flow risks due to interest rates

The table below shows the time to interest rate fixing of the loan portfolio.

TIME TO INTEREST RATE FIXING DEC. 31, 2009

(EUR million)	**<1 year**	**1-5 years**	**>5 year**	**Total**
Floating net liabilities	**201**			**201**
Fixed net liabilities	**83**	**297**	**95**	**475**
Total	**284**	**297**	**95**	**676**

TIME TO INTEREST RATE FIXING DEC. 31, 2008

(EUR million)	<1 year	1-5 years	>5 year	Total
Floating net liabilities	552			552
Fixed net liabilities	73	320	104	497
Total	625	320	104	1,049

(EUR million)

The proportion of fixed-interest loans in the loan portfolio has been increased by means of interest rate derivatives. As a consequence of this treasury policy, the Group's average interest rate is generally higher than short-term market interest rates when low rates prevail and, on the other hand, lower than market interest rates when high rates prevail. If interest rates rose by one percentage point on January 1, 2009, the resulting interest expenses before taxes incurred by the Group over the next 12 months would increase by about EUR 1.6 million (5.0 million). During 2010, Kemira will re-price 40% (59%) of the Group's net debt portfolio, including derivatives. The Group's average interest rate maturity is 21 months (16 months). Kemira will price floating rate instruments when the next interest rate review is conducted, and the interest rate maturity for fixed-interest instruments is the same as their remaining maturity.

On the balance sheet date, the Group had outstanding interest rate derivatives with a market value of EUR -9.4 million (-6.9). Some of the interest rate swaps are used to hedge the Group's loan portfolio, and are accounted for in accordance with the principles of hedge accounting set out in IAS 39. The market value of the interest rate swaps designated as cash flow hedge accounting instruments was -7.4 million at the end of 2009 (-6.5). The Group's accounting policies section describes the Group policy regarding hedge accounting. A one percentage point increase in interest rates would result in a positive impact of EUR 2.6 million (2.0) in equity (before taxes) from hedge accounting interest rate swaps.

PRICE RISK

The price of electricity varies greatly according to the market situation. Kemira Group takes hedging measures with respect to its electricity purchases in order to even out raw material costs. In line with its hedging policy, the Group hedges its existing sales agreements in such a way that the hedges cover the commitments made. The company, primarily uses electricity forwards on the power exchange as hedging instruments. Currency and regional price risks connected with hedges are fully hedged by making agreements in HELEUR amounts. The majority of outstanding electricity derivatives are treated in accordance with cash flow hedge accounting, as discussed above. The forecast physical deliveries of the underlying asset, or purchases, are not recorded until the delivery period. A 10% increase in the price of electricity hedging contracts would impact the valuation of these contracts in equity (before taxes) by EUR 4.6 million (4.4).

Kemira has an exposure to the price of natural gas in conjunction with raw material purchases. Pricing of Natural Gas is based on FuelOil and GasOil. A portion of this risk is hedged with commodity swap contracts with total hedge volumes of 6610 metric tons FuelOil and 8210 metric tons of GasOil over the years 2010–2013, the valuation of which is subject to cash flow hedge accounting. A simultaneous 10% change in FuelOil and GasOil price would result in a EUR 0.7 million change in the market value of the swaps in equity (before taxes) assuming EURUSD levels of December 31, 2009.

Kemira Oyj owns shares in Pohjolan Voima Group (PVO). The fair value of PVO shares is based on the discounted cash flow resulting from the difference between the market price and the production cost of electricity. A decrease in the electricity market spot price of 10% would lower fair value of shares by approximately 20%. A one percentage point change in the discounted rate would change the fair value by 9.4%.

Kemira's salt purchase agreement from 2009 includes an embedded derivative. The variable pricing component is dependent on the development of LFSO (Low Sulphur Fuel Oil) index in euros, thus there is an exposure both to the oil price and the EUR/USD exchange rate. A 10% increase in the euro value of the LFSO index would impact the valuation of the embedded derivative in the result (before taxes) by approximately EUR 0.1 million.

CREDIT AND COUNTERPARTY RISK

The Group's treasury policy defines the credit rating requirements for counterparties to investment activities and derivative agreements as well as the related investment policy. The Group seeks to minimize its counterparty risk by dealing solely with counterparties which are financial institutions with a good credit rating as well as by spreading agreements among them.

Group Treasury approves the new banking relationships of subsidiaries. At present, there are 15 approved financial institution counterparties, all of which have a credit rating of at least A, based on Standard & Poor's credit rating information. A counterparty with a credit rating below A or an unrated counterparty requires the separate approval of the Board of Directors. The maximum risk assignable to the Group's financial institution counterparties on the balance sheet date amounted to EUR 281.0 million on the balance sheet date (143.6). Kemira monitors its counterparty risk on a monthly basis by defining the maximum risk associated with each counterparty, based on the market value of receivables. For each financial institution, Kemira has defined an approved limit. Credit risks associated with financing transactions did not result in credit losses during the financial year.

The counterparty risk in treasury operations is due to the fact that a contractual party to a financing transaction is not necessarily able to fulfill its contractual obligations. Risks are mainly related to investment activities and the counterparty risks associated with derivative contracts. Group Treasury may invest a maximum of EUR 150 million in liquid assets in the commercial papers of Finnish companies. The maximum investment in a single company totals EUR 30 million for a period of up to six months. The Group's credit risk equals the amount of its financial receivables on December 31, 2009.

Kemira has a Group wide credit policy in place. Products are sold only to companies whose credit information does not indicate payment irregularities. The Group does not have any significant credit risk concentrations because of its extensive customer base spread across the world. Credit limits apply to most customers and are monitored systematically. In some cases, documentary payments are in use, such as letters of credit. The age distribution of trade receivables outstanding at the end of 2009 is shown in the following table.

AGEING OF TRADE RECEIVABLES	2009	2008
Undue trade receivables	**285.8**	299.1
Trade receivables 1–90 days overdue	**44.6**	77.7
Trade receivables more than 91 days overdue	**13.9**	19.7
Total	**344.3**	396.5

Impairment loss of trade receivables amounted to EUR 9.6 million (EUR 6.4 million).

(EUR million)

LIQUIDITY AND REFINANCING RISKS

In order to safeguard its liquidity, the Group uses account overdrafts, money market investments and a revolving credit facility. The Group's cash and cash equivalents at the end of 2008 stood at EUR 274.6 million (119.3), of which short-term and long-term investments accounted for EUR 202.1 million (87) and bank deposits EUR 72.5 million (32.3). The unused revolving credit facility was EUR 548.7 million (354.5).

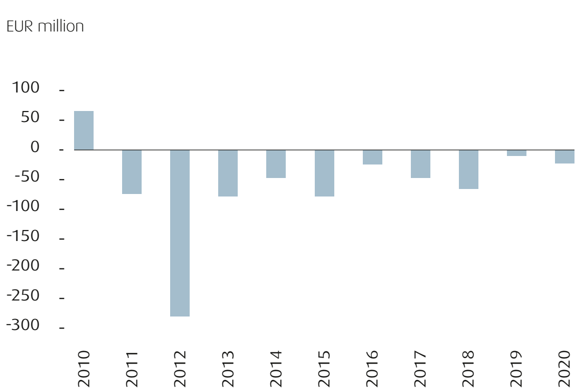
The Group diversifies its refinancing risk by raising financing from various sources in different markets. The Group has bank loans, pension loans, insurance company loans as well as short-term domestic commercial paper program, with the objective of balancing the maturity schedule of the loan portfolio and maintaining a sufficiently long maturity for long-term loans.

In accordance with the Group Treasury policy, the average maturity of outstanding loans should always be at least 3 years. The Group must have committed credit facilities to cover planned funding needs, the current portion of long term debt, commercial paper borrowings and other uncommitted short-term loans in the next 12 months. Moreover, the maturity profile of the long term debt portfolio and refinancing should be planned so that a maximum of 30% of the total debt portfolio will mature during the next 12 month period. The average maturity of debt at the end of 2009 was 5.3 years.

The Group has a EUR 600 million domestic commercial paper program enabling it to issue commercial papers with a maximum maturity of one year. At the end of 2009 the amount raised from commercial paper markets was EUR 125.4 million. Simultaneously the group had EUR 202.1 million of outstanding liquid short- and long-term investments. In addition, the Group has a 750 million euro revolving credit facility, which matures in 2012. At the turn of the year 2009/2010, EUR 201.3 million of revolving credit facility was in use (395.5). The revolving credit facility allows for borrowing at terms specified in the original agreement from 2005 and represents a flexible form of both short-term and long-term financing with a predictable fee-structure.

In its current structure the Group will not have any significant refinancing needs in 2010 as the current loan arrangements cover its financing needs. In the following table, debt drawn from the revolving credit facility is shown as maturing in 2012.

MATURITY SPLIT OF NET DEBT



CAPITAL STRUCTURE MANAGEMENT

The Group's long-term objective is to maintain the gearing ratio in the range of 40 to 80 percent. To calculate the gearing ratio, interest-bearing net liabilities (interest-bearing liabilities less cash and cash equivalents) are divided by shareholders' equity.

Besides gearing, the revolving credit facility and certain other bilateral loan agreements contain a covenant according to which the Company represents and warrants that its financial standing will remain such that the consolidated shareholders' equity is always at least 25 percent of the consolidated total assets (equity ratio).

Kemira Oyj's Board of Directors proposes to the Annual General Meeting to be held on March 16, 2010 that dividend on the basis of the adopted balance sheet for the financial year ended December 31, 2009 shall be paid in Tikkurila Oyj's shares as follows: Each four Kemira's shares entitle their holder to receive one share of Tikkurila Oyj as a dividend. Kemira shall distribute to its shareholders as dividend an aggregate of 37.933.097 shares of Tikkurila, which represents 86% of the shares in Tikkurila and the number of voting rights carried by them.

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

In addition, Kemira Oyj's Board of Directors proposes to the Annual General Meeting on March 16, 2010 that the Annual General Meeting authorize the Board to decide upon a dividend payable in cash on the basis of the adopted balance sheet for the financial year ended December 31, 2009 under the following terms and conditions:

* Under the authorization, the Board of Directors may decide upon a dividend payable in cash of a maximum of EUR 0.27 per share.

* The Board of Directors will decide upon the other terms related to the dividend payable in cash in accordance with the Rules of the Helsinki Stock Exchange and Euroclear Finland Ltd. The authorization to decide upon a dividend payable in cash is valid until May 31, 2010.

	2009	2008
Interest-bearing liabilities	**950.2**	1,168.5
Cash and cash equivalents	**274.6**	119.4
Interest-bearing net liabilities	**675.6**	1,049.1
Equity	**1,268.8**	976.0
Total assets	**2,816.7**	2,859.7
Gearing	**53%**	107%
Equity ratio	**45%**	34%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(EUR million)

CASH AND CASH EQUIVALENTS	**2009** Book value	Fair value	2008 Book value	Fair value
Cash and cash equivalents	**72.5**	**72.5**	32.3	32.3
Money market investments	**193.2**	**193.2**	85.1	85.1
Bond investments	**8.9**	**8.9**	2.0	2.2
Total	**274.6**	**274.6**	119.4	119.6

The fair value of money market investments has been discounted from book value using effective interest rate.

NON-CURRENT INTEREST-BEARING LOANS AND AMORTIZATIONS OF NON-CURRENT INTEREST-BEARING LOANS

	31.12.2009		Maturity					
CURRENCY	**Fair value**	**Book value**	2010*	2011	2012	2013	2014	2015-
EUR*	**457.5**	**451.9**	227.0	31.3	16.8	16.1	16.0	144.7
SEK	**75.5**	**75.1**	39.0	36.1	-	-	-	-
USD	**256.0**	**254.9**	8.9	9.0	56.1	37.3	43.6	100.0
Other	**29.9**	**29.8**	24.3	4.8	-	-	-	0.7
Total	**818.9**	**811.7**	299.2	81.2	72.9	53.4	59.6	245.4

	31.12.2008		Maturity					
CURRENCY	Fair value	Book value	2009*	2010	2011	2012	2013	2014-
EUR*	673.6	663.6	405.9	28.3	6.3	21.8	5.9	195.4
SEK	72.5	70.9	-	36.8	34.0	0.1	-	-
USD	278.1	273.5	9.2	9.7	9.2	9.2	58.0	178.2
Other	32.6	32.3	16.0	6.8	9.5	-	-	-
Total	1,056.8	1,040.3	431.1	81.6	59.0	31.1	63.9	373.6

* Includes EUR 201.3 million (395.5) raised from the revolving credit facility which matures in 2012, but has been reported as a short term loan.

Figures include the amortizations planned for 2010 (2009) excluding commercial papers, finance lease liabilities and other current loans.

(EUR million)

CASH FLOW FROM ALL FINANCIAL LIABILITIES

	31.12.2009		Maturity					
LOAN TYPE	**Drawn**	**Undrawn**	2010	2011	2012	2013	2014	2015-
Long term interest-bearing liabilities	**610.3**	**-**	97.8	81.2	72.9	53.4	59.6	245.4
financial expenses			1.7	1.4	1.3	0.9	1.0	4.3
Revolving credit facility	**201.3**	**548.7**	201.3					
financial expenses			1.7					
Finance lease liabilities	**4.2**	**-**	4.2					
financial expenses			0.3					
Commercial paper programme	**125.4**	**474.6**	125.4					
financial expenses			1.4					
Other interest-bearing current loans	**9.0**	**-**	8.8					
financial expenses			0.4					
Interest-bearing loans	**950.2**	**1,023.3**	443.0	82.6	74.2	54.3	60.6	249.7
Trade payables	**160.3**		160.3					
Derivatives								
Derivative liabilities	**-550.9**		-550.9					
Derivative assets	**552.5**		552.5					
Other derivatives*	**-12.1**		-5.8	-4.3	-1.2	-0.5	-0.3	0.2
Trade payables and derivatives	**149.8**	**0.0**	156.1	-4.3	-1.2	-0.5	-0.3	0.2
Total	**1,100.0**	**1,023.3**	599.1	78.3	73.0	53.8	60.3	249.9
Guarantees			9.2					

	31.12.2008		Maturity					
LOAN TYPE	Drawn	Undrawn	2009	2010	2011	2012	2013	2014-
Loans from financial institutions	644.8	-	35.6	81.6	59.0	31.1	63.9	373.6
financial expenses			1.4	3.3	2.4	1.2	2.5	14.9
Revolving credit facility	395.5	354.5	395.5					
financial expenses			1.6					
Finance lease liabilities	4.6	-	4.6					
financial expenses			0.3					
Commercial paper programme	112.8	487.2	112.8					
financial expenses			2.2					
Other interest-bearing current loans	10.8	-	10.8					
financial expenses			0.6					
Interest-bearing loans	1,168.5	841.7	565.4	84.9	61.4	32.3	66.4	388.5
Trade payables	240.1		240.1					
Derivatives								
Derivative liabilities	408.8		408.8					
Derivative assets	-420.5		-420.5					
Other derivatives*	22.1		5.0	9.8	4.2	1.5	1.0	0.6
Trade payables and derivatives	250.5	0.0	233.4	9.8	4.2	1.5	1.0	0.6
Total	1,419.0	841.7	798.8	94.7	65.6	33.8	67.4	389.1
Guarantees			5.5					

* Interest rate swaps, currency swaps and electricity forwards

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(EUR million)

33. ASSOCIATED COMPANIES

			Group holding %
BNH Nya Hembutikerna AB	Stockholm	Sweden	45.1
Ekomuovi Oy	Lahti	Finland	22.4
FC Energia Oy	Ikaalinen	Finland	34.0
FC Power Oy	Ikaalinen	Finland	34.0
Galvatek Technology Oy	Lahti	Finland	39.9
Haapaveden Puhdistamo Oy	Haapavesi	Finland	40.5
Haapaveden Ymparistöpalvelut Oy	Haapavesi	Finland	40.5
Honkalahden Teollisuuslaituri Oy	Joutseno	Finland	50.0
Kemwater Phil., Corp.	Manila	Philippines	40.0
PPHU Polifarb Sp.z.o.o.	Gliwice	Poland	20.4
Sachtleben GmbH	Frankfurt am Main	Germany	39.0
White Pigment LLC	Princeton NJ	United States	39.0

SUMMARISED FINANCIAL INFORMATION OF ASSOCIATES (COMPANIES' TOTAL AMOUNTS)	**2009**	2008
Assets	**676.1**	883.4
Liabilities	**614.6**	516.9
Revenue	**486.1**	187.0
Net profit for the period	**-5.3**	-7.4

THE FOLLOWING TRANSACTIONS TOOK PLACE WITH ASSOCIATED COMPANIES:		
Sale of goods	**96.5**	35.1
Total sales	**96.5**	35.1
Purchase of goods	**67.2**	24.4
Total purchases	**67.2**	24.4

No services were sold to associates in 2009, nor were any services acquired from associates.

Receivables from associates in 2009 were EUR 19.5 million (EUR 33.8 million) and liabilities for associates were EUR 16.0 million (EUR 16.7 million).

(EUR million)

34. JOINT VENTURES

The Group's joint venture on December 31, 2009 was Alcro-Parti AB. Tikkurila JUB Romania S.R.L. was a joint venture until August 31, 2009. OOO Sto-Tikkurila was divested in 2008. The Group has a 50% voting right in joint ventures. The consolidated financial statements include shares of the joint ventures' assets, liabilities, income and expenses as follows:

	2009	2008
Non-current assets		-
Current assets	**0.9**	1.4
Total assets	**0.9**	1.4
Non-current liabilities	**0.1**	0.1
Current liabilities	**0.3**	0.9
Total liabilities	**0.4**	1.0
Revenue	**3.2**	3.5
Costs	**-3.1**	-3.5
Depreciation	**-**	-
Income taxes	**-**	-
Net profit for the period	**0.1**	0.0

35. CHANGES IN GROUP STRUCTURE 2009

ACQUISITIONS OF GROUP COMPANIES, AND NEW SUBSIDIARIES THAT HAVE BEEN FOUNDED

- Kemira Oyj and Yanzhou Tiancheng Chemical Co., Ltd. established a new JV company Kemira-Tiancheng Chemicals (Yanzhou) Co., Ltd.
- Tikkurila bought the rest 30% of the shares of Dickursby Holding AB. in May.
- Tikkurila bought the rest of the shares (50%) of Tikkurila JUB Romania S.R.L. in August. Tikkurila JUB Romania S.R.L. became 100% owned by Tikkurila.
- Kemira established a new company Kemira Chemicals (Nanjing) Co., Ltd. in October.
- Kemira established a new company Kemira Operon Oy in October.
- Kemira established two new companies: Kemira ChemSolutions B.V. and Kemira Finance Solutions B.V. in Netherlands in December.

DIVESTMENTS OF GROUP COMPANIES

- Kemira Water Solutions (Chonging) Co. Ltd. was sold in July.
- Galvatek Sweden AB was sold in May.
- Kemira sold Kemira (Yixing) Co., Ltd. in December.

CHANGES IN HOLDINGS IN GROUP COMPANIES WITHIN THE GROUP

- Kemira Oyj sold the shares of Kemira Water Solutions Inc. to Kemira Specialty Chemicals Inc. in September.

NAME CHANGES

Old name:	New name:
Finnish Chemicals Oy	Kemira Chemicals Oy
AS Tikkurila Vivacolor	AS Tikkurila
Sia Tikkurila Vivacolor	SIA Tikkurila
UAB Tikkurila Vivacolor	UAB Tikkurila
Tikkurila JUB Romania S.R.L.	Tikkurila S.R.L.
Kemira ChemSolutions B.V.	Kemira ChemSolutions Production B.V.

36. EVENTS AFTER THE BALANCE SHEET DATE

The Group has no significant events after the balance sheet date.

KEMIRA OYJ INCOME STATEMENT (FAS)

(EUR million)

	1.1.–31.12.2009	1.1.–31.12.2008
Revenue	**296.9**	285.3
Change in inventories of finished goods	**5.0**	5.8
Own work capitalised	**0.1**	1.3
Other operating income	**59.3**	114.5
Materials and services	**-183.9**	-160.4
Personnel expenses	**-60.4**	-78.8
Depreciation	**-28.1**	-32.9
Other operating expenses	**-74.8**	-96.9
Operating profit / loss	**14.1**	37.9
Financial income and expenses	**-14.9**	-16.9
Profit / loss before extraordinary items	**-0.8**	21.0
Extraordinary items	**19.5**	36.1
Profit / loss before appropriations and taxes	**18.7**	57.1
Appropriations	**5.1**	0.9
Income tax	**-0.6**	-3.3
Net profit / loss for the period	**23.2**	54.7

Kemira has sent a copy of the full official financial statements to the Trade Register. The official financial statements are also available on Kemira's internet pages.

KEMIRA OYJ BALANCE SHEET (FAS)

(EUR million)

ASSETS	31.12.2009	31.12.2008
NON-CURRENT ASSETS		
Intangible assets	**41.1**	43.3
Property, plant and equipment	**98.6**	113.4
Investments		
Holdings in subsidiaries	**1,344.9**	1,346.8
Holdings in associates	**137.5**	137.5
Other shares and holdings	**32.7**	31.2
Total investments	**1,515.1**	1,515.5
Total non-current assets	**1,654.8**	1,672.2
CURRENT ASSETS		
Inventories	**20.2**	26.8
Non-current receivables	**355.1**	275.2
Current receivables	**182.6**	189.4
Money market investments - cash equivalents	**186.6**	68.4
Cash and cash equivalents	**56.1**	5.6
Total current assets	**800.6**	565.4
Total assets	**2,455.3**	2,237.6

EQUITY AND LIABILITIES		
EQUITY		
Share capital	**221.8**	221.8
Capital paid-in in excess of par value	**257.9**	257.9
Reserve for unrestricted capital invested	**200.0**	0.0
Retained earnings	**171.0**	146.6
Net profit / loss for the period	**23.2**	54.7
Total equity	**873.8**	681.0
Appropriations	**36.1**	41.1
Obligatory provisions	**47.1**	52.5
LIABILITIES		
Non-current liabilities	**485.1**	479.1
Current liabilities	**1,013.2**	983.9
Total liabilities	**1,498.3**	1,463.0
Total equity and liabilities	**2,455.3**	2,237.6

KEMIRA OYJ CASH FLOW STATEMENT (FAS)

(EUR million)

CASH FLOW FROM OPERATING ACTIVITIES	2009	2008
Operating result	**23.2**	54.7
Adjustments to operating result		
Depreciation	**28.1**	33.0
Taxes	**1.2**	3.3
Financial expenses	**14.9**	16.9
Other non-cash income and expenses	**-9.3**	-95.7
Interest paid	**-74.7**	-86.5
Interest received	**14.4**	41.3
Realized exchange rate differencies	**-10.5**	8.5
Dividend received	**49.2**	31.6
Income taxes paid	**-0.6**	2.7
Total funds from operations	**35.9**	9.8
CHANGE IN NET WORKING CAPITAL		
Change in inventories	**6.7**	-5.4
Change in current receivables	**21.8**	-12.8
Change in interest-free current liabilities	**-20.4**	8.4
Change in net working capital, total	**8.1**	-9.8
Total cash flows from operations	**44.0**	0.0
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisitions of subsidiaries	**-6.5**	-35.2
Acquisitions of associated companies, and other shares	**-1.5**	-146.6
Purchase of intangible assets	**-5.4**	0.0
Purchase of other plant, property and equipment	**-5.7**	-45.9
Proceeds from sale of subsidiaries	**1.0**	180.5
Proceeds from sale of other plant, property and equipment and intangible assets	**0.1**	8.3
Change in loan receivables net (decrease +, increase -)	**-130.0**	71.4
Total capital expenditure	**-148.0**	32.5
Cash flow before financing	**-104.0**	32.5
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in non-current loans (+)	**328.6**	349.6
Decrease in non-current loans (-)	**-327.7**	-76.2
Change in current loans (increase +, decrease -)	**67.1**	-229.3
Dividends paid	**-30.3**	-60.6
Rights issue	**200.0**	0,0
Other	**35.0**	48.7
Net cash used in financing activities	**272.7**	32.2
Net change in cash and cash equivalents (increase+, decrease-)	**168.7**	64.7
Cash and cash equivalents at end of year	**74.0**	9.3
Cash and cash equivalents at beginning of year	**242.7**	74.0
Net change in cash and cash equivalents (increase+, decrease-)	**168.7**	64.7

KEMIRA OYJ STATEMENT OF CHANGES IN EQUITY (FAS)

(EUR million)

	31.12.2009	31.12.2008
Share capital at Jan. 1	**221.8**	221.8
Share capital at Dec. 31	**221.8**	221.8
Capital paid-in in excess of par value at Jan. 1	**257.9**	257.9
Capital paid-in in excess of par value at Dec. 31	**257.9**	257.9
Reserve for unrestricted capital invested at Jan. 1	**-**	-
Share issue at Dec. 30	**200.0**	-
Reserve for unrestricted capital invested at Dec. 31	**200.0**	-
Retained earnings at Jan. 1	**201.3**	207.2
Net profit / loss for the period	**23.2**	54.7
Dividends paid	**-30.3**	-60.6
Retained earnings and net profit for the period at Dec. 31	**194.2**	201.3
Total equity at Dec. 31	**873.8**	681.0

The company owns 3,854,771 treasury shares, the acquisition costs of which total EUR 25.9 million.

CHANGE IN TREASURY SHARES	**EUR million**	shares
Acquisition cost / no. of shares Jan. 1	**25.9**	3,854,465
Change	**0.0**	306
Acquisition cost / no. of shares Dec. 31	**25.9**	3,854,771

SHARES AND SHAREHOLDERS

SHARES AND SHARE CAPITAL

On December 31, 2009, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles to one vote at the general meeting. Kemira Oyj's shares are registered in the book-entry system maintained by Euroclear Finland Ltd.

SHAREHOLDERS

At the end of 2009, Kemira Oyj had 26,495 registered shareholders (December 31, 2008: 21,333). Foreign shareholders held 10.9 per cent of the shares (12.8), including nominee registered holdings. Households owned 15.5% of the shares (12.4). At the year-end, Kemira held 3,854,711 treasury shares (3,854,465), representing 2.5% (3.1) of all company shares. A list of Kemira's largest shareholders that is updated monthly can be found on the company website at www.kemira.com > investors.

LISTING AND TRADING

Kemira Oyj's shares are listed on NASDAQ OMX Helsinki Ltd. The trading code for the shares is KRA1V and the ISIN code is FI0009004824.

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

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

Up-to-date information on Kemira's share price is available on the company's website at www.kemira.com > Investors.

DIVIDEND POLICY AND DIVIDEND DISTRIBUTION

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

Each four Kemira's shares entitle their holder to receive one share of Tikkurila Oyj as a dividend. Kemira shall distribute to its shareholders as dividend an aggregate of 37.933.097 shares of Tikkurila, which represents 86% of the shares in Tikkurila and the number of voting rights carried by them.

The dividend payable in Tikkurila's shares will be paid to each shareholder who is registered in the Company's Shareholder Register maintained by Euroclear Finland Ltd on the record date, March 19, 2010. The Board of Directors proposes that the dividend be paid on March 26, 2010.

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

BOARD PROPOSAL FOR DIVIDEND AUTHORIZATION

Kemira Oyj's Board of Directors proposes to the Annual General Meeting on March 16, 2010 that the Annual General Meeting authorize the Board to decide upon a dividend payable in cash on the basis of the adopted balance sheet for the financial year ended December 31, 2009 under the following terms and conditions:

- Under the authorization, the Board of Directors may decide upon a dividend payable in cash of a maximum of EUR 0.27 per share.
- The Board of Directors will decide upon the other terms related to the dividend payable in cash in accordance with the Rules of the Helsinki Stock Exchange and Euroclear Finland Ltd. The authorization to decide upon a dividend payable in cash is valid until May 31, 2010.

In 2008 the dividend was EUR 0.25 per share. The dividend record date was April 15, 2009, and the payment (totaling EUR 30.3 million) date was April 22, 2009.

Kemira's aim is to distribute 40-60% of the operative net profit as dividend.

RIGHTS OFFERING

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

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

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

BOARD AUTHORIZATIONS

The Annual General Meeting on April 8, 2009 authorized the Board to decide upon the repurchase of a maximum of 2,395,229 treasury shares ("Share repurchases authorization"). Shares will be repurchased by using unrestricted equity either through a direct offer with equal terms to all shareholder at a price determined by the Board of Directors or otherwise than in proportion to the existing shareholdings of the Company's shareholders in public trading on the NASDAQ OMX Helsinki Ltd ("Stock Exchange") at the market price quoted at the time of the repurchase. Shares shall be acquired and paid for in accordance with the Rules of Stock Exchange and Euroclear Finland Ltd. Shares may be repurchased to be used in implementing or financing mergers and acquisitions, developing the Company's capital structure, improving the liquidity of the Company's shares or implementing the Company's share-based incentive plans. In order to realize the aforementioned purposes the shares acquired may be retained, transferred further or cancelled by the Company. The Board of Directors will decide upon other terms related to share repurchase. The Share repurchase authorization is valid until the end of the next Annual General Meeting. The Board had not exercised its authorization by December 31, 2009.

Furthermore, the Annual General Meeting authorized the Board to decide to issue a maximum of 12,500,000 new shares and transfer a maximum of 6,250,000 treasury shares held by the Company ("Share issue authorization"). The new shares may be issued and the Company's own shares held by the Company may be transferred either against payment or, as part of the implementation of the Company's share-based incentive plans, without payment. Said new shares may be issued and said Company's own shares held by the Company may be transferred to the Company's shareholders in proportion to their current shareholdings in the Company, or through a directed share issue if the Company has a weighty financial reason to do so, such as financing or implementing mergers and acquisitions, developing its capital structure, improving the liquidity of the Company's shares or if this is justified for the purpose of implementing the Company's share-based incentive plans. The directed share issue may be carried out without payment only in connection with the implementation of the Company's share-based incentive plan. The subscription price of new shares shall be recognized under unrestricted equity capital fund. The consideration payable for Company's own shares shall be recognized under unrestricted equity capital fund. The Board of Directors will decide upon other terms related to share issue. The Share issue authorization is valid until the end of the next Annual General Meeting. The Board had not exercised its authorization by December 31, 2009.

MANAGEMENT SHAREHOLDING

The members of the Board of Directors as well as the President and CEO and his Deputy held 1,209,413 Kemira Oyj shares on December 31, 2009, or 0.78% (0.68%) of all outstanding shares and voting rights (including treasury shares and shares held by the related parties and controlled corporations). Harri Kerminen, President and CEO, held 158.252 shares on December 31, 2009 (17,167). Board members are not covered by the share-based incentive plan. Members of the Management Boards, excluding the President and CEO and his Deputy, held a total of 488,255 shares on December 31, 2009 (39,122 on 31 December 2008), representing 0.31% (0.03) of all outstanding shares and voting rights (including treasury shares and shares held by the related parties and controlled corporations). Updated information regarding the shareholdings of the Board of Directors and management is available at Kemira's website at www.kemira.com > Investors.

SHARES AND SHAREHOLDERS

LARGEST SHAREHOLDERS JANUARY 31, 2010

	SHAREHOLDER	Number of shares	% of shares and votes
1	Oras Invest Oy	25,933,622	16.69
2	Solidium Oy	25,896,087	16.67
3	Varma Mutual Pension Insurance Company	15,185,836	9.78
4	Ilmarinen Mutual Pension Insurance Company	9,153,495	5.89
5	Mandatum Life	2,601,155	1.67
6	Tapiola Mutual Pension Insurance Company	2,295,625	1.48
7	The State Pension Fund	1,855,113	1.19
8	OP-Delta Investment Fund	1,716,522	1.10
9	Kaleva Mutual Insurance Company	802,337	0.52
10	Veritas Pension Insurance Company	787,500	0.51
11	Oy Nextstone	781,532	0.50
12	Wate Oy	781,532	0.50
13	Oy Finow	781,531	0.50
14	OP-Suomi Arvo Investment Fund	640,000	0.41
15	Nordea Fennia Investment Fund	600,000	0.39
16	Mutual Insurance Company Pension Fennia	506,250	0.33
17	Gyllenberg Finlandia Investment Fund	485,397	0.31
18	Yara Finland Pension Fund	483,450	0.31
19	Etera	462,373	0.30
20	Finnfoam Oy	382,815	0.25
	Kemira Oyj	3,854,771	2.48
	Nominee-registered shares	13,215,724	8.51
	Others, total	46,139,890	29.71
	Total	155,342,557	100.00

SHAREHOLDING BY NUMBER OF SHARES HELD JANUARY 31, 2010

NUMBER OF SHARES	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1 - 100	3,651	13.43	216,564	0.14
101 - 500	11,481	42.23	3,070,223	1.98
501 - 1,000	5,149	18.94	3,715,185	2.39
1,001 - 5,000	5,826	21.43	11,419,091	7.35
5,001 - 10,000	546	2.01	3,838,346	2.47
10,001 - 50,000	382	1.41	7,602,380	4.89
50,001 - 100,000	63	0.23	4,250,343	2.74
101,000 -500,000	67	0.25	15,012,790	9.66
500,001 - 1,000,000	8	0.03	5,680,682	3.66
1,000,001 -	11	0.04	100,536,953	64.72
Total	**27,184**	**100.00**	**155,342,557**	**100.00**
Including nominee-registered shares	**12**		**13,215,724**	**8.51**

BOARD PROPOSAL FOR PROFIT DISTRIBUTION

On December 31, 2009, Kemira Oyj's distributable funds totaled EUR 394,164,178 of which net profit for the period accounted for EUR 23,172,560.

No material changes have taken place in the company's financial position after the balance sheet date.

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

Each four Kemira's shares entitle their holder to receive one share of Tikkurila Oyj as a dividend. Kemira shall distribute to its shareholders as dividend an aggregate of 37.933.097 shares of Tikkurila, which represents 86% of the shares in Tikkurila and the number of voting rights carried by them.

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

Helsinki, February 8, 2010

Pekka Paasikivi

Jukka Viinanen

Elizabeth Armstrong

Wolfgang Büchele

Juha Laaksonen

Kaija Pehu-Lehtonen

Jarmo Väisänen

Harri Kerminen
CEO

AUDITORS' REPORT

TO THE ANNUAL GENERAL MEETING OF KEMIRA OYJ

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Kemira Oyj for the year ended on December 31, 2009. The financial statements comprise the consolidated balance sheet, consolidated income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

THE RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE PRESIDENT AND CEO

The Board of Directors and the President and CEO are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

AUDITORS' RESPONSIBILITY

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the President and CEO have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements or of the report of the Board of Directors, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the report of the Board of Directors in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

OPINION ON THE COMPANY'S FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Opinion on the discharge from liability and disposal of distributable funds The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the President and CEO of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Limited Liability Companies Act.

Helsinki, February 8, 2010
KPMG OY AB

Pekka Pajamo
Authorized Public Accountant

QUARTERLY EARNINGS PERFORMANCE

(EUR million)

(The figures are unaudited)

	1–3	4–6	7–9	10–12	2009 Total	1–3	4–6	7–9	10–12	2008 Total
REVENUE										
Paper	**225.0**	**221.6**	**230.2**	**229.6**	**906.4**	247.7	241.1	267.7	246.8	1,003.3
Municipal & Industrial	**150.7**	**160.7**	**155.5**	**140.6**	**607.5**	136.3	144.4	156.0	147.0	583.7
Oil & Mining	**54.4**	**55.2**	**56.0**	**69.4**	**235.0**	67.5	66.8	74.5	66.6	275.4
Tikkurila	**111.2**	**162.4**	**158.1**	**98.5**	**530.2**	145.2	205.7	193.7	103.5	648.1
Other	**67.4**	**51.0**	**46.0**	**56.6**	**221.0**	86.9	83.5	88.1	63.7	322.2
Total	**608.7**	**650.9**	**645.8**	**594.7**	**2,500.1**	683.6	741.5	780.0	627.6	2,832.7
OPERATING PROFIT										
Paper	**7.5**	**8.0**	**14.8**	**9.8**	**40.1**	12.4	7.6	10.9	-33.5	-2.6
Municipal & Industrial	**10.4**	**18.2**	**24.9**	**6.3**	**59.8**	6.6	4.7	7.3	-13.3	5.3
Oil & Mining	**2.0**	**3.2**	**3.5**	**11.2**	**19.9**	3.8	2.4	3.4	-7.7	1.9
Tikkurila	**4.0**	**22.1**	**26.3**	**-4.7**	**47.7**	11.7	29.7	30.4	-12.6	59.2
Other including eliminations	**4.2**	**-0.1**	**-4.2**	**-10.0**	**-10.1**	-1.5	-5.1	17.8	-1.0	10.2
Total continuing operations	**28.1**	**51.4**	**65.3**	**12.6**	**157.4**	33.0	39.3	69.8	-68.1	74.0
Financial income and expenses, net	**-16.1**	**-10.6**	**-11.0**	**-12.1**	**-49.8**	-11.2	-13.9	-20.7	-23.7	-69.5
Share of profit or loss of associates	**-3.8**	**-1.2**	**-0.5**	**0.8**	**-4.7**	0.1	0.2	-0.3	-2.7	-2.7
Profit before tax	**8.2**	**39.6**	**53.8**	**1.3**	**102.9**	21.9	25.6	48.8	-94.5	1.8
Income tax	**-2.1**	**-10.1**	**-13.2**	**8.0**	**-17.4**	-5.9	-6.7	-13.4	26.0	0.0
Net profit for the period	**6.1**	**29.5**	**40.6**	**9.3**	**85.5**	16.0	18.9	35.4	-68.5	1.8
ATTRIBUTABLE TO:										
Equity holders of the parent	**5.7**	**28.4**	**39.3**	**8.4**	**81.8**	14.8	17.6	34.4	-68.6	-1.8
Minority interests	**0.4**	**1.1**	**1.3**	**0.9**	**3.7**	1.2	1.3	1.0	0.1	3.6
Net profit for the period	**6.1**	**29.5**	**40.6**	**9.3**	**85.5**	16.0	18.9	35.4	-68.5	1.8
Earnings per share, diluted, EUR	**0.04**	**0.21**	**0.30**	**0.06**	**0.61**	0.11	0.13	0.27	-0.52	-0.01
Capital employed, rolling					**1,963.3**					2,062.8
Return on capital employed (ROCE), %					**7.8,%**					3.5,%

INFORMATION FOR INVESTORS

FINANCIAL REPORTS IN 2010

Kemira will publish three interim reports in 2010.

April 29, 2010	Interim report for January–March
July 29, 2010	Interim report for January–June
October 28, 2010	Interim report for January–September

The interim reports and related presentation material are available on Kemira's website at www.kemira.com. Here you can also find Kemira's press releases, Annual Reports, Environmental Report and other investor information. On this site, visitors can register to receive press releases by e-mail and order the company's Annual Reports. Annual Reports can also be ordered from Kemira Oyj, Group Communications, tel. +358 10 8611.

INVESTOR RELATIONS

The purpose of Kemira's investor relations is to provide capital markets with information on the company and its operating environment, and to serve Kemira's shareholders and other operators in the capital markets. In these activities, the objective is to provide reliable and up-to-date information on a regular and equal basis in order to give those operating in the markets a factual view of Kemira as an investment.

Kemira's investor relations function is responsible for investor relations and daily communications. The Group's top management is actively involved in investor relations and regularly meets with capital market representatives. In 2009, Kemira's representatives met with investors in Helsinki, Tampere, Turku, Amsterdam, Edinburgh, Frankfurt, Geneva, Zürich, Copenhagen, London, Oslo, Paris, Stockholm, Boston and New York. Kemira's annual Capital Markets Day was held in Helsinki, Finland, and focused on Kemira's water strategy.

The company observes a 30-day closed period before it publishes its financial statements bulletin and interim reports. During this period, Kemira's management does not discuss the result or factors affecting the result with capital market representatives.

Contact information of analysts monitoring Kemira is listed on the company website at www.kemira.com > Investors > Share Information > Analysts.

ANNUAL GENERAL MEETING

Date:	Tuesday March 16, 2010 at 1:00 pm
Venue:	Marina Congress Center, Katajanokanlaituri 6, Helsinki, Finland.

Attendance is open to shareholders who have been entered in Kemira Oyj's Shareholder Register, maintained by Euroclear Finland Ltd, by March 4, 2010. Shareholders wishing to attend the meeting must register their attendance by 4 p.m. Finnish time on March 11, 2010, using one of the following means:

- On Kemira's website at www.kemira.com,
- By letter to the address Kemira Oyj, Tea Salminen, P.O. Box 330, FI-00101 Helsinki;
- By fax +358 (0)10 862 1197 or
- By telephone +358 (0)10 862 1703 on weekdays between 9:00 am and noon, and between 1:00 and 4:00 pm.

Shareholders wishing to be represented by proxy are requested to provide a Power of Attorney together with their registration.

Any shareholder has the right to submit an issue pertaining to the Company's industry and a statutory issue for discussion by the shareholders' meeting, if (s)he requests this in writing from the Board of Directors well in advance, so that the issue can be incorporated into the Notice of Meeting. Kemira will release a stock exchange release on the Annual General Meeting's decisions immediately after the meeting.

DIVIDEND DISTRIBUTION

Dividend proposal, please see page 130.

CHANGE OF ADDRESS

Kemira's shareholders are kindly requested to report any change of address to the bank or brokerage firm in which they have their book-entry account. This will also update information in registers, maintained by Euroclear Finland Ltd, which Kemira uses to send mail to its shareholders. If the book-entry account is held by Finnish Central Securities Depository Ltd, changes of address should be reported there directly.

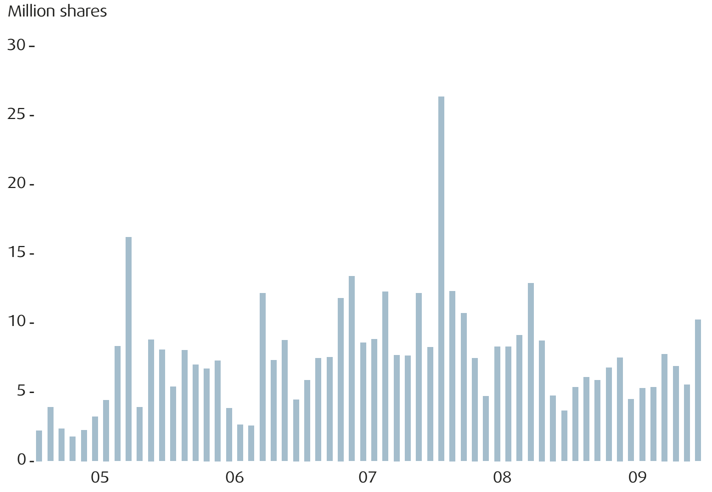
INVESTOR RELATIONS

Päivi Antola, Senior Manager,
Investor Relations and Financial Communications
tel. +358 10 862 1140, e-mail: paivi.antola@kemira.com

BASIC SHARE INFORMATION

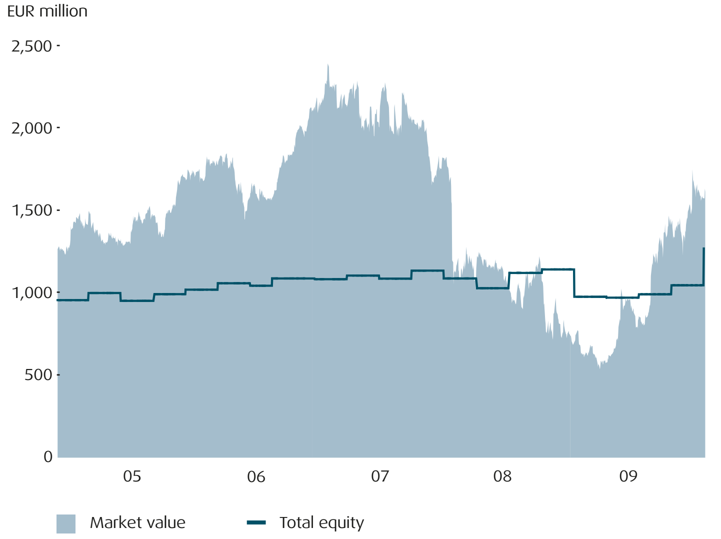
Listed on:	NASDAQ OMX Helsinki Ltd
Trading code:	KRA1V
ISIN code:	FI0009004824
Industry group:	Materials
Industry:	Chemicals
Number of shares, December 31, 2009:	155,342,557
Listing date:	November 10, 1994

MONTHLY TRADING VOLUME ON THE NASDAQ OMX HELSINKI 2005–2009

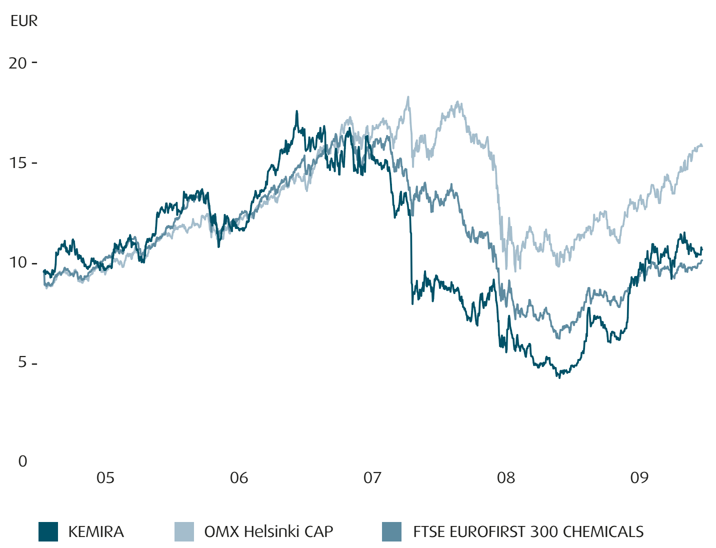


* Excluding 40,097,420 shares sold by the Finnish state in August 2007

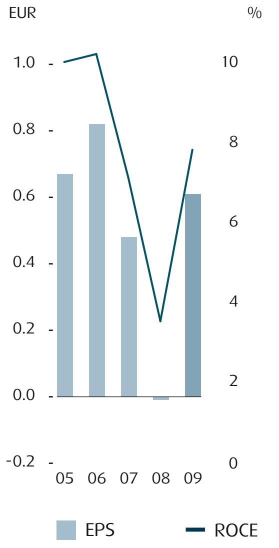
MARKET VALUE 2005–2009



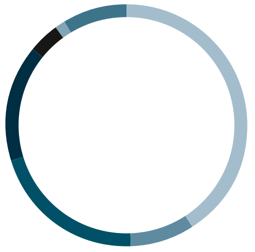
SHARE PRICE 2005–2009



EPS AND ROCE

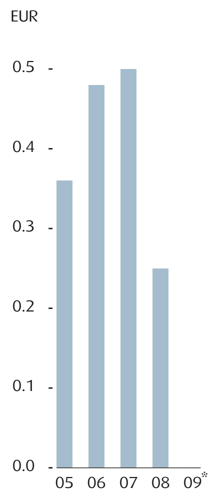


OWNERSHIP JAN. 31, 2010



41.1%	Corporations
8.4%	Financial and insurance corporations
20.8%	General government
15.7%	Households
4.1%	Non-profit institutions
1.4%	Non-Finnish shareholders
8.5%	Nominee registered

DIVIDEND PER SHARE



* Board of Directors' dividend proposal, please see page 130.