

KEMIRA GROUP

The figures are unaudited.

The financial statement is prepared in accordance with the IFRS accounting principles. The comparative figures for 2004 income statement cover continuing operations, excluding GrowHow, Fine Chemicals, the calcium chloride business and Ecocat. The figures furthermore exclude non-recurring items arising from disposals of these units. The post-tax profit of discontinued operations together with the non-recurring items arising from the disposals are shown as a separate line item.

Due to the retrospective application of IFRS 2 (Share-based Payment) continuing operation's costs have decreased and profit increased by EUR 1.8 million in 2004, as according to IFRS 2 the share based payments are accounted for services during the vesting period. The length of the vesting period of Kemira's share-based incentive plan is three years.

INCOME STATEMENT	EUR million	10-12/2005	10-12/2004	2005	2004
Continuing operations					
Revenue		521,5	391,0	1 994,4	1 695,1
Other income from operations		53,7	4,4	69,3	13,8
Cost of sales		-508,0	-350,9	-1 779,3	-1 476,9
Depreciation		-30,8	-30,8	-118,9	-120,4
Operating profit		36,4	13,7	165,5	111,6
Financial income and expenses		-8,2	-47,3	-30,5	-56,8
Income from associates		-1,3	-0,2	-1,5	-3,7
Profit before tax		26,9	-33,8	133,5	51,1
Income tax		-8,0	5,3	-42,1	-31,5
Profit from continuing operations		18,9	-28,5	91,4	19,6
Discontinued operations					
Profit from discontinued operations			-17,9		62,6
Net profit		18,9	-46,4	91,4	82,2
Attributable to:					
Equity holders of the parent		18,7	-47,2	88,5	78,0
Minority interest		0,2	0,8	2,9	4,2
Net profit		18,9	-46,4	91,4	82,2

KEY FIGURES	EUR million	10-12/2005	10-12/2004	2005	2004
Equity holders of the parent:					
Earnings per share, basic, EUR		0,15	-0,40	0,73	0,65
Earnings per share, diluted, EUR		0,15	-0,39	0,73	0,65
Earnings per share, basic and diluted, continuing operations, EUR		0,15	-0,24	0,73	0,13
Cash flow from operations per share, EUR					
Cash flow from operations per share, continuing operations, EUR		0,58	0,56	1,29	2,20
Capital expenditure, continuing operations, EUR million		38,4	75,8	401,9	165,1
Capital expenditure / revenue, continuing operations, %		7,4	19,4	20,2	9,7
Average number of shares (1000), basic *)		120 705	120 271	120 628	119 187
Average number of shares (1000), diluted *)		121 085	120 641	121 024	120 202
Number of shares at the end of the period (1000), basic *)		120 714	120 306	120 714	120 306
Number of shares at the end of the period (1000), diluted *)		121 057	120 707	121 057	120 707
Equity per share, attributable to equity holders of the parent, EUR					
Equity ratio, %				8,33	7,71
Gearing, %				43,8	46,8
Net liabilities, EUR million				60,8	21,1
Personnel (average)				619,7	201,3
				7 717	9 714

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

REVENUE BY BUSINESS AREA	EUR million	10-12/2005	10-12/2004	2005	2004
Pulp & Paper Chemicals		215,7	143,7	738,5	565,5
Kemwater		93,6	79,9	363,5	285,3
Performance Chemicals		127,0	79,1	430,5	315,2
Paints & Coatings		90,3	83,5	457,5	439,9
Other and Intra-Group sales		-5,1	4,8	4,4	89,2
Total Group		521,5	391,0	1 994,4	1 695,1
OPERATING PROFIT BY BUSINESS AREA					
		10-12/2005	10-12/2004	2005	2004
Pulp & Paper Chemicals		21,6	12,8	63,4	44,8
Kemwater		7,5	-4,0	31,9	14,4
Performance Chemicals		15,3	7,3	41,1	33,0
Paints & Coatings		6,8	-3,0	55,9	38,4
Other and eliminations		-14,8	0,6	-26,8	-19,0
Total Group		36,4	13,7	165,5	111,6

BALANCE SHEET

EUR million

ASSETS	31.12.2005	31.12.2004
Non-current assets		
Goodwill	558,1	190,4
Other intangible assets	70,9	30,7
Property, plant and equipment	864,9	752,0
Holdings in associates	9,2	7,8
Available-for-sale investments	83,7	124,3
Deferred tax assets	6,8	2,1
Defined benefit pension receivables	15,3	15,4
Other investments	7,7	12,6
Total non-current assets	1 616,6	1 135,3
Current assets		
Inventories	219,2	188,0
Receivables		
Interest-bearing receivables	7,0	2,9
Interest-free receivables	431,8	331,9
Total receivables	438,8	334,8
Short-term investments	28,3	356,0
Cash and cash equivalents	28,0	28,9
Total current assets	714,3	907,7
Total assets	2 330,9	2 043,0

EQUITY AND LIABILITIES	31.12.2005	31.12.2004
Equity attributable to equity holders of the parent	1 005,5	927,8
Minority interest	13,7	28,2
Total equity	1 019,2	956,0
Non-current liabilities		
Interest-bearing non-current liabilities	404,0	415,8
Deferred tax liabilities	100,5	63,3
Pension liabilities	55,4	50,2
Provisions	94,6	69,0
Total non-current liabilities	654,5	598,3
Current liabilities		
Interest-bearing current liabilities	272,0	170,4
Interest-free current liabilities	356,7	304,6
Provisions	28,5	13,7
Total current liabilities	657,2	488,7
Total liabilities	1 311,7	1 087,0
Total equity and liabilities	2 330,9	2 043,0

CASH FLOW STATEMENT	EUR million	2005	2004
Cash flows from operating activities			
Continuing operations		155,6	231,0
Discontinued operations			31,1
Total cash flows from operations		155,6	262,1
Capital expenditure			
Continuing operations		-401,9	-165,1
Discontinued operations			-49,9
Total capital expenditure		-401,9	-215,0
Proceeds from sale of fixed assets			
Continuing operations		131,5	41,7
Discontinued operations			149,2
Total proceeds from sale of fixed assets		131,5	190,9
Cash flows from investing activities		-270,4	-24,1
Cash flow after capital expenditure		-114,8	238,0
Change in liabilities and short-term financing		-173,9	119,7
Dividends paid		-43,2	-41,3
Other financing		3,3	-9,6
Cash flows from financing activities		-213,8	68,8
Net change in cash and cash equivalent		-328,6	306,8

STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the parent									Total
	Share capital	Share issue	Capital paid in excess of par value	Reserves	Fair value reserve	Exchange differences	Treasury shares	Retained earnings	Minority interests	
Shareholders' equity at January 1, 2004	217,0	-	252,5	3,2	49,1	-54,8	-28,2	597,0	32,2	1 068,0
Net profit for the financial year	-	-	-	-	-	-	-	78,0	4,2	82,2
Dividends paid	-	-	-	-	-	-	-	-199,7	-3,3	-203,0
Shares available for sale - change in valuation	-	-	-	-	-1,6	-	-	-	-	-1,6
Options subscribed for shares	3,7	0,1	5,0	-	-	-	-	0,2	-	9,0
Exchange differences	-	-	-	-	-	2,6	-	-	-0,6	2,0
Hedge of net investments in foreign entities	-	-	-	-	-	4,8	-	-	-	4,8
Cash flow hedging: amount entered in shareholders' equity	-	-	-	-	-0,2	-	-	-	-	-0,2
Acquired minority interest	-	-	-	-	-	-	-	-	-4,5	-4,5
Transfer between restricted and non restricted equity	-	-	-	0,2	-	-	-	-0,2	-	-
Donations	-	-	-	-	-	-	-	-0,2	-	-0,2
The effect of the change in the tax rate	-	-	-	-	2,0	-	-	-	-	2,0
Other changes	-	-	-	-0,6	-0,3	-	-	-1,8	0,2	-2,5
Shareholders' equity at December 31, 2004	220,7	0,1	257,5	2,8	49,0	-47,4	-28,2	473,3	28,2	956,0
Shareholders' equity at January 1, 2005	220,7	0,1	257,5	2,8	49,0	-47,4	-28,2	473,3	28,2	956,0
Net profit for the financial year	-	-	-	-	-	-	-	88,5	2,9	91,4
Dividends paid	-	-	-	-	-	-	-	-41,1	-2,1	-43,2
Shares available for sale - change in valuation	-	-	-	-	4,1	-	-	-	-	4,1
Treasury shares issued to target group	-	-	-	-	-	-	0,7	-0,7	-	-
Options subscribed for shares	0,6	-0,1	0,3	-	-	-	-	-	-	0,8
Exchange differences	-	-	-	-0,1	-	21,8	-	-	4,1	25,8
Hedge of net investments in foreign entities	-	-	-	-	-	-8,3	-	-	-	-8,3
Cash flow hedging: amount entered in shareholders' equity	-	-	-	-	11,2	-	-	-	-	11,2
Acquired minority interest	-	-	-	-	-	-	-	-	-19,6	-19,6
Share-based compensation	-	-	-	-	-	-	-	0,7	-	0,7
Other changes	-	-	-	0,1	-	-	-	-	0,2	0,3
Shareholders' equity at December 31, 2005	221,3	-	257,8	2,8	64,3	-33,9	-27,5	520,7	13,7	1 019,2

At the start of the year 2004 there were 4,190,000 treasury shares and in 2005 107,920 of them were issued to key persons according to the share-based incentive plan and 5,680 of the shares were given back to Kemira.

Kemira had in its possession 4,087,760 of its treasury shares at the December 31, 2005. Their average acquisition share price was EUR 6.73 and proportion of the share capital 3.3%. They represented 3.3% of the aggregate number of votes conferred by all the shares. The Annual General Meeting has authorized the Board of Directors to decide on the transfer of Kemira shares owned by the Company. The Kemira Oyj Board of Directors is authorized to buy 2,156,030 of the company's own shares.

CONTINGENT LIABILITIES	EUR million	31.12.2005		31.12.2004	
Mortgages		74,9		74,7	
Assets pledged					
On behalf of own commitments		17,5		26,9	
On behalf of others		-		2,2	
Guarantees					
On behalf of associates		61,5		55,4	
On behalf of others		4,2		1,7	
Operating leasing liabilities					
Maturity within one year		10,6		2,9	
Maturity after one year		37,7		13,3	
Other obligations					
On behalf of associates		2,5		-	

Litigation

The Group has extensive international operations and is involved in a number of legal proceedings incidental to those operations. The most material proceedings currently pending include an arbitration case relating to sale of US pigments companies in 2000 and the Statement of Objections from EU Commission received at the end of January 2005 relating to hydrogen peroxide and its down stream products. At the time of this report the Group does not expect the outcome of any such legal proceedings currently pending to have materially adverse effect upon the Group's consolidated future result of operations taking into account provisions.

Kemira Oyj disclosed in a separate release and in the annual accounts for 2004 to have received from European Commission at the end of January 2005 a Statement of Objections concerning hydrogen peroxide and persalts, with regard to alleged antitrust activities during 1994-2001 in Europe. Kemira has given its response and the proceedings continue.

Kemira Chemicals, Inc. has received a grand jury subpoena seeking documents in connection with an investigation by the United States Department of Justice Antitrust Division relating to the hydrogen peroxide business in the US. Kemira Oyj and Kemira Chemicals, Inc. have recently been named in class action lawsuits filed in US federal and state courts by direct and indirect purchasers of hydrogen peroxide and persalts. In these civil actions it is alleged that the US plaintiffs suffered damages resulting from a cartel among hydrogen peroxide and persalts suppliers. The existence of the European Commission's investigation is relied upon in support of the allegations, but Kemira Oyj and Kemira Chemicals, Inc. have not been informed of any allegation that relates specifically to the US market. Class actions have also been initiated in Canada against Kemira Oyj, Kemira Chemicals, Inc. and Kemira Chemicals Canada, Inc. alleging plaintiffs suffered damages resulting from a cartel among hydrogen peroxide and persalts suppliers. Kemira Oyj, Kemira Chemicals Inc. and Kemira Chemicals Canada, Inc. have not been informed of any allegation that relates specifically to the Canadian market.

DERIVATIVE INSTRUMENTS	EUR million		31.12.2004	
	Nominal value	Fair value	Nominal value	Fair value
Currency instruments				
Forward contracts	314,7	-5,4	316,7	2,6
of which hedges of net investment in a foreign operation	24,7	-3,1	24,0	0,4
Currency options				
Bought	94,1	-0,3	196,6	0,2
Sold	111,2	-0,6	197,2	1,0
Currency swaps	121,9	-0,1	73,7	-16,3
Interest rate instruments				
Interest rate swaps	160,4	2,9	210,2	-3,2
of which cash flow hedge	69,6	3,3	46,7	1,6
Interest rate options				
Bought	10,0	0,0	27,4	-0,1
Sold	15,0	-0,2	36,2	-0,3
Forward rate agreements	0,0	0,0	0,0	0,0
of which open	-	-	-	-
Bond futures	10,0	-0,1	10,0	0,0
of which open	10,0	-0,1	10,0	-0,1
Electricity forward contracts	GWh	Fair value	GWh	Fair value
Electricity forward contracts	1 884,0	17,3	-	-
of which cash flow hedge	1 884,0	17,3	-	-

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

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