KEMIRA FINANCIAL STATEMENTS 2001

2001

KEMIRA

Contents

This report is a translation of the original Finnish-language Annual Report.

Board of Directors' review

The slowdown in economic growth in 2001 overshadowed the Kemira Group's operating environment, especially within pulp and paper chemicals and industrial chemicals. By contrast, water chemicals and Agro succeeded in improving their earnings. The main focus of the paint business was on integrating Kemira's functions with those of Alcro-Beckers, which was acquired at the beginning of last year. The resultant earnings improvement will kick in starting this year.

Consolidated net sales remained at nearly the previous year's level and were EUR 2,454 million (2,486 million). Growth in continuing operations was 8%. Operating income was EUR 144 million (175 million), representing 6% of net sales (7%). Shares in the earnings of associated companies amounted to a total credit to income of EUR 0.4 million. Consolidated operating income in October-December was EUR 17 million (38 million). Fourth-quarter operating income was burdened by exceptional cost items in the Netherlands: an EUR 10 million provision for pension costs and an EUR 4 million provision and depreciation entry related mainly to the assets of the liquid fertilizer business. Full-year operating income was burdened by the increased contributions to the Group's Finnish pension funds, because investment income fell markedly below the previous year's figure. The full-year contributions of the Finnish pension funds were EUR 37 million last year, or about EUR 26 million greater than a year earlier, when the good investment income in the first part of 2000 lowered pension contributions.

Income before taxes and minority interests as well as non-recurring items fell to EUR 113 million from EUR 144 million a year ago. Income after taxes was EUR 70 million (208 million). Earnings per share excluding non-recurring items were EUR 0.58 (0.73) and total earnings per share including non-recurring items were EUR 0.58 (1.64). About 81% of the Group's net sales came from outside Finland.

Return on equity was 6% (9%). The cash flow return on capital invested was 7% (11%).

Cash flow after capital expenditures and income from the disposal of assets was EUR 146 million negative (523 million). Cash flow from operations per share excluding non-recurring items was EUR 1.03 (1.69). Equity per share was EUR 9.35 (9.08) and gearing was 61% (37%).

The Board of Directors proposes that a dividend of EUR 0.30 per share, or EUR 35.8 million, be paid for the 2001 financial year. This corresponds to a dividend payout of 51% of the net income.

The business-area comparison figures for the 2000 financial year have been restated in line with the current business structure.

The European private equity firm Industri Kapital and the Finnish state agreed preliminarily at the end of August on an industrial restructuring with the purpose of forming a worldwide speciality chemicals company. Dynea offered to pay EUR 9.10 per share for the Kemira shares. Implementing the public tender offer called for, among other things, approval by the Finnish parliament.

The Finnish Cabinet decided at the beginning of December to cancel the bill that was up before parliament after the prolonged reading of the bill in parliament and the public dialogue on the deal threatened to have unreasonably detrimental consequences for the operations of the companies that were parties to the arrangement.

Chemicals

The growth of the Chemicals business area slowed markedly from the level of previous years as net sales rose by just one per cent to EUR 901 million (888 million). Of the strategic business units, Pulp & Paper Chemicals and Kemwater continued to grow, whereas Industrial Chemicals' net sales were below the previous year's figure.

Chemicals' operating income was EUR 91 million (115 million), representing 10% of net sales (13%). The rise in pension costs owing to the fall in the pension funds' investment income compared with the previous year cut into the result of Chemicals as a whole. The contributions to Chemicals' Finnish pension funds were about EUR 19 million higher than a year ago.

Pulp & Paper Chemicals. Sales by the Pulp & Paper Chemicals unit, which has been named one of the Group's strategic growth areas, increased by 3%. Strong growth has continued within specialty paper chemicals following Kemira's acquisition of Krems Paper Chemicals in September of the previous year. On the other hand, the production volumes of the pulp and paper industry have been below last year's figures, and this has affected the consumption of chemicals. Specifically, the profitability of bleaching chemicals did not meet objectives due to the lower capacity utilization rates and a rise in the level of costs. The unit's operating income was lower than it was a year ago.

The specialty paper chemicals business was strengthened by acquiring the paper chemicals operations of the Swiss company van Baerle. The purchase included both rosin sizes and organic polymers, which generate annual sales, primarily in Switzerland and Germany, of about EUR 3.4 million. A new unit is in construction in Brazil. In Sweden, production debottlenecking was carried out at the hydrogen peroxide plant.

The production of calcium sulphate pigment, which is used in the manufacture of magazine paper, is being increased by building a new production line at Siilinjärvi. This EUR 3.5 million capital expenditure will lift the plant's capacity to 80,000 tonnes annually and also make possible the manufacture of a new super-white pigment grade. In Spain, Kemira acquired the Cargas Blancas calcium sulphate pigment business, which rounds out well Kemira's range of pigments used in paper manufacture.

The acquisition of Vinings Industries will transform Kemira from being a strong European supplier of specialty chemicals into one of the biggest players serving the forest industry worldwide. Vinings is among North America's leading suppliers of specialty paper chemicals, and its main business is process chemicals for the forest industry, such as deposit control agents and defoamers, pigment dispersion agents and deinking chemicals. The purchase price was USD 138 million, or EUR 153 million. The company had net sales in 2000 of about USD 150 million and a payroll of about 340 employees. Kemira's present products and total solutions for the paper chemistry combined with Vinings' products, applications, technology and expert organization form a now stronger service concept. The acquisition is an excellent example of the possibilities for creating strong synergy and bolstering both existing and new businesses, including those now acquired. The deal went through on 30 January 2002 and via it Kemira's net sales of paper and pulp chemicals will now top EUR 500 million annually.

Kemwater. The Kemwater unit, which produces water treatment chemicals, reported a rise of 6% in net sales. Operating income improved substantially on the previous year.

The biggest improvement was achieved in the markets of central and southern Europe. Operations in Italy were reinforced by purchasing the ferrichloride business of Ageco, which is located in Cremona. The company has an annual capacity of 25,000 tonnes. The production plant will be integrated into Kemira's Italian subsidiary Kemira Chimica S.p.A. Kemira's stake in the Chinese water chemicals joint venture Kemwater (Yixing) Co., Ltd was increased to 89% by purchasing the Chinese partner's 29% stake.

At the beginning of 2002 an agreement was signed with the Russian company Pigment Corporation whereby Kemira will acquire its water chemicals business. The acquisition is estimated to be completed by the end of the year and thereafter Kemira will build a new water chemicals production line in St Petersburg. The aggregate value of the deal and the capital expenditure is about EUR 10 million. Water purification in St Petersburg is a major development step for Kemira, and the agreement will strengthen Kemira's position as Europe's largest supplier of coagulants.

Industrial Chemicals. Net sales of the Industrial Chemicals business unit fell 3% short of last year's level, but operating income improved.

The market situation for titanium dioxide pigment has weakened throughout the year, and both prices and demand have been dropping. Despite this, Kemira Pigments has succeeded in delivering 2% more than it did a year ago. The unit's profitability has held up well, though it is below last year's. The production capacity for titanium dioxide pigments will be raised through debottlenecking. The increase will be 10,000 tonnes, bringing an aggregate capacity of 130,000 tonnes a year. The investment will have a total price tag of EUR 21 million and the new capacity will come on stream in its entirety during 2003. The objective henceforth will be to concentrate increasingly on specialty products.

Sales of fine chemicals were down 6% on the previous year. Profitability also trailed the previous year's figures. EUR 1.9 million is being invested in the fine chemicals plant, with the objective of partially changing the production orientation from agrichemicals to pharmaceutical chemicals, for which demand is growing at a faster rate. This trend was reinforced by purchasing a 24% holding in Pharmatory Oy of Oulu, Finland. The company is specialized mainly in pharmaceuticals' process development, small scale production and quality assurance services.

The sales and profitability of the formic acid business have remained at a good level. The unit will be expanded by investing EUR 17 million in the Oulu plant, whose capacity will be raised by about 20,000 tonnes, with operations being geared increasingly towards value added formic acid products. The project will be completed in 2003.

Calcium chloride sales and profitability have improved. Within detergent raw materials, the expansion of the sodium percarbonate production unit in Sweden went into operation in the early autumn and will bring an improvement in earnings.

Paints and Coatings

The growth in sales by the paint business slowed down in the latter part of the year owing to uncertainty in the market. Thanks to the acquisition of Alcro-Beckers, net sales were nevertheless up by more than 60% on the year-ago figure in the last quarter too, rising to EUR 83 million (52 million). From the beginning of the year, net sales nearly doubled to EUR 445 million (243 million). Paints and Coatings reported a fourth-quarter operating loss of EUR 9 million (operating income of 4 million) and full-year operating income of EUR 17 million (13 million), or 4% of net sales (6%). The operating income figure includes about EUR 4 million of amortization of the goodwill arising from the Alcro-Beckers acquisition. The integration of functions involved winding up one production unit in Finland and another in Poland. In addition, functions were combined in Sweden, and a rationalization programme was launched in Great Britain. As a result of these measures, the number of staff was reduced by a total of 180 employees. The measures caused a non-recurring charge of about EUR 5 million for last year. Operating income was furthermore reduced by the changes that were made in the value of inventories in Russia, - charges that were carried over from the previous year. Operating income for the previous year included EUR 2.3 million of other operating income.

Tikkurila's decorative paints unit, Tikkurila Paints, and Alcro-Beckers were formed into Tikkurila Deco, which together with the industrial coatings arm Tikkurila

Coatings forms Kemira's paint business.

Tikkurila Deco's net sales were up 159% as a consequence of the Alcro-Beckers acquisition. Net of the acquisition, Tikkurila Paints' net sales increased by 10%. Growth remained strong, especially in Russia and the Baltic countries. Industrial coatings reported an increase of 4% in net sales, the bulk of which came in the export markets.

In order to ensure a reasonably priced and flexible supply of resins, a resin plant which is located right next to Tikkurila's facility in Vantaa was purchased.

Agro

Agro, the plant nutrient producing unit, had net sales in the last quarter of EUR 312 million (310 million) and full-year net sales of EUR 1,158 million (1,219 million). The effect of waterlogged fields due to heavy rainfall in Europe had a major impact on sales in the spring and full-year fertilizer sales volumes were down by nearly a fifth on last year's figures. In the last quarter, sales volumes were down about 9% on the previous year. Owing to slow sales in the autumn, production had to be curtailed further.

Operating income was EUR 49 million (33 million), representing 4% of net sales. Fourth-quarter operating income was EUR 9 million (17 million), including the above-mentioned charges for the units in the Netherlands: namely, an EUR 10 million expense provision for pension costs as well as an EUR 4 million expense entry connected mainly with the financial assets of the liquid fertilizer business.

Kemira Agro Specialties. The specialty fertilizer unit reported a marked increase in net sales in the first part of the year compared with last year. The growth came mainly from Kemira becoming the majority holder in the associated company UAB Kemira Lifosa in Lithuania as well as from growth in feed phosphates. The volume of NPK fertilizer sales fell by 4% and prices remained strong. Operating income was better than a year ago.

The safety, efficiency and competitiveness of the plants in Uusikaupunki will be improved by carrying out capital expenditures totalling EUR 10 million to modernize the plant automation and cooling systems.

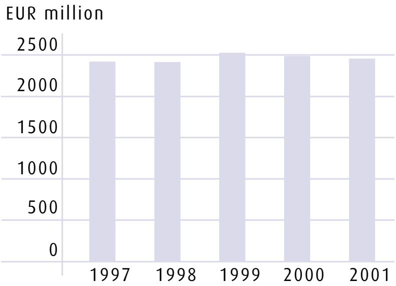
A decision has been taken to establish an agricultural logistics joint venture in Lithuania with Movere Oy. UAB Movere began operations on 1 January 2002. Kemira owns 80% of the company's shares.

The animal feed business is being strengthened by building a 40,000 tonne plant in Helsingborg, Sweden. The main products will be Bolifor feed acids which improve feed quality and are sold in the form of both liquid and solid products. The plant will start up in the second half of this year. In the European Union the estimated growth in annual sales of feed acids will be 10-15% over the next five years. Consumption is being increased by factors such as the antibiotics ban which the EU has placed on animal feeds as well as the need to protect the entire food supply chain against salmonella, coli and campylo bacteria occurring in feeds. The growth in sales is expected to pick up markedly outside the EU too.

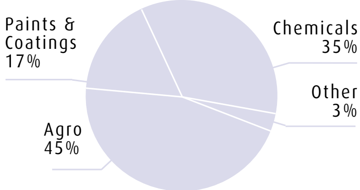
An operations expansion project in line with Agro's specialization strategy is moving ahead in Jordan, where a unit that will manufacture potassium nitrate and feed phosphates is to be built for the associated company. The unit will start up during 2002.

Agro's company in Denmark is improving the efficiency of its operations both by investing in the automation of its control rooms and by closing down about 250,000 t/a of fertilizer capacity. The measures will bring a substantial improvement in the company's profitability and the annual cost savings are estimated to come to EUR 6.3 million beginning in 2002. The non-recurring costs related to the closure were already taken into account in the earnings reported for 2000. The reduction in production will be offset in part through deliveries from Agro's other plants and partly by increasing sales of trading products.

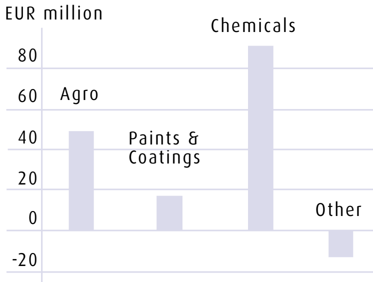
Net sales



Net sales by business area



Operating income by business area



Kemira Agro Nitrogen. Net sales of the nitrogen fertilizer manufacturing unit were down clearly on last year. Heavy rainfall in the spring was detrimental to the unit's markets and the volumes of fertilizers it delivered were substantially below last year's. The price level held up well and was at the previous year's level at the start of the autumn season. The price of natural gas, which is used in the manufacture of nitrogen raw material (ammonia), was higher than a year ago, particularly in the first half of the year. Fixed costs were significantly smaller owing to the closure of the Rozenburg plant. In the Netherlands an EUR 10 million expense provision was made to cover pension costs. Operating income was clearly better than last year.

The business operations of A. Jalander Oy, Agro's subsidiary that manufactures and markets loading pallets, were sold to a new company whose principal owners are the former company's operational management. Kemira is participating as a capital investor and is a minority shareholder in the company with a 16% stake. Jalander had net sales in 2000 of EUR 8.8 million and a payroll of 45 employees.

The nitric acid plant that was closed in Rozenburg, the Netherlands, at the turn of the year will be relocated to the company's site in Tertre, Belgium. Agro has sold the entire shares in Kemira Pernis B.V. to the Van Bentum company. The deal comprises the entire Pernis site that is located in Rotterdam, the Netherlands, together with its land area, harbour and equipment. The Kemistar concept which is in use in continental Europe is being developed by strengthening cooperation with customers and by shortening the supply chain. The required capital expenditures will total about EUR 12.5 million and the expected annual savings will come to about EUR 16 million. The savings will kick in to the full extent starting in the latter half of 2002.

Other units

Kemira Metalkat, which manufactures catalytic converters, reported a decrease in net sales of 5%, to EUR 38 million. The company posted an operating loss of EUR 2.7 million, as against operating income of EUR 2.8 million a year ago.

Group financial performance

The Group's operating income was EUR 144 million (175 million), or 6% of net sales. The result before taxes and minority interest was EUR 113 million (307 million). The previous year's result included a net amount of EUR 162 million of non-recurring income. Net financial expenses amounted to EUR 31 million (31 million). Net income after taxes was EUR 70 million (208 million). The cash flow return on invested capital was 7%.

Capital expenditures

The Group's capital expenditures totalled EUR 298 million (218 million), or 12% of net sales. Capital expenditures increased on the previous year, particularly owing to the Alcro-Beckers acquisition. Depreciation on fixed assets amounted to EUR 160 million. Disposals of fixed assets and subsidiaries yielded EUR 27 million (527 million). The Group's investments in environmental protection came to about EUR 14 million (9 million).

The Group spent about EUR 39 million on research and development, or about 2% of net sales. The figure does not include capital expenditures.

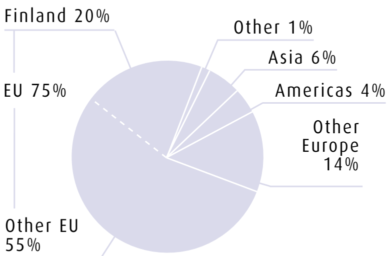
Environmental protection and management of risks

Environmental protection is an essential part of the Group's operations. The Company publishes an Environmental Report annually.

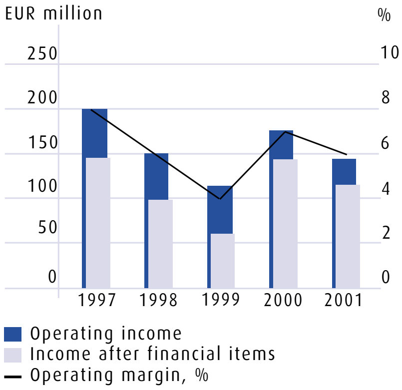
The Group continually pays close attention to ensuring that its operations are safe and that its plants run without disturbances. Functions and operations are evaluated by both internal and external experts. During the year the nine largest production sites were evaluated in this connection.

For the strategy process and the investment process, new methods of identifying and assessing risks have been developed and some of them are already in use.

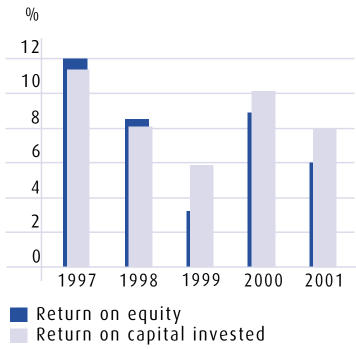
Net sales by region



Operating income and result



Return on capital



Board of Directors' review

Financing

The Group's financial position remained stable. Interest-bearing net debt at the end of 2001 stood at EUR 686 million (425 million). During the year one new long-term loan was taken out, and the amount of short-term loans increased by EUR 26 million.

Cash flow before financing was EUR 146 million negative (positive cash flow of 523). The Group's equity ratio was 46% at the close of the year (48%). The gearing ratio (net debt as a ratio of shareholders' equity) was 61%. The amount of liquid assets was lowered markedly from the previous year's level. At the end of the year they amounted to EUR 70 million and unused agreed credit facilities amounted to about EUR 383 million.

Net financing expenses were EUR 31 million (31 million). A foreign exchange loss of EUR 2.1 million was booked. The proportion which fixed-interest loans represent within the total amount of the Group's interest-bearing loans, including pension loans, which are considered to be floating rate loans, was about 40% at the end of the year.

Parent company's financial performance

The parent company's net sales come only from the sale of energy in Finland, both within and outside the Group. The parent company had net sales of EUR 21 million (21 million). The parent company reported an operating loss of EUR 14.8 million (a loss of 0.3 million). The parent company bears the costs of Group management and administration as well as part of the expenses of the research centre in Espoo.

The parent company's net financial income amounted to EUR 11.6 million (7.4 million). Income before taxes and appropriations was EUR 109 million (170 million). Capital expenditures amounted to EUR 17 million, including increases in the equity of subsidiaries.

Personnel

The Group employed an average of 10,207 people, or 563 more than in the previous year. Of the total personnel, an average of 5,336 people were employed by Group companies outside Finland.

The parent company had an average payroll of 235 employees, 115 more than a year ago, because the Espoo research centre became a part of the parent company on 1 April 2001.

During the year under review the following persons served on the Board of Directors of Kemira Oyj: Sten-Olof Hansén (Chairman), Niilo Pellonmaa (Vice Chairman), Ritva Hainari, Eija Malmivirta, Anssi Soila and Tauno Pihlava. At its meeting on 12 December 2001, the Supervisory Board elected the previous directors to seats on the Board of Directors for the period of office beginning on 1 January 2002. Of the members of the Board of Directors, only CEO Tauno Pihlava is employed by the Kemira Group.

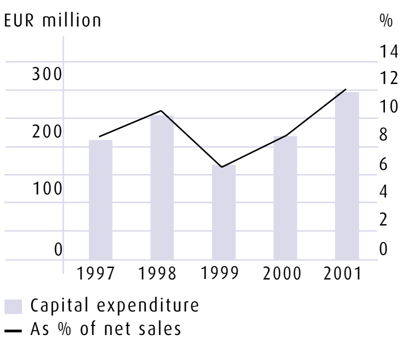
A large part of the Group's personnel are covered by various bonus systems that vary from country to country. In addition, the Group has a share option system for top management.

Ownership

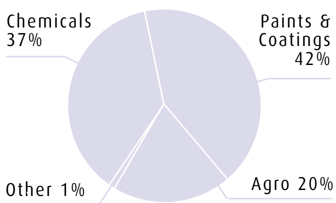
The Finnish Government's holding in Kemira was 56.2% at 31 December 2001. Foreign institutional investors owned 6.4% of the shares and Finnish institutions and mutual funds 28.5%. Private investors' holdings amounted to 6.5% of the shares outstanding.

In accordance with a resolution of the Annual General Meeting, the company cancelled 6,440,000 of its own shares in April, or 5% of the amount of shares outstanding at that time. In accordance with the authorization granted by the Annual General Meeting, the company bought back a total of 3,152,500 of its own shares by 31 December 2001 at an average price of EUR 6.72 per share.

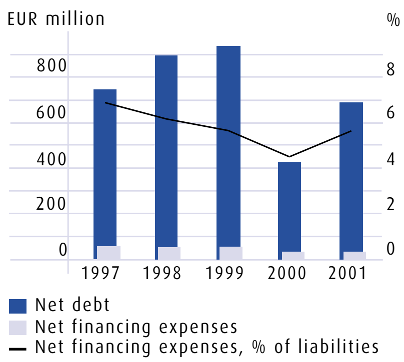
Capital expenditure



Capital expenditure by business area



Net debt and financing expenses



Changes in the Group structure

A number of companies or participations were established, acquired or divested during the year. The major changes have been discussed in the surveys of the business areas.

Outlook for 2002

Production in the client industries that use paper and pulp chemicals is set to swing upward towards the end of the year and this is expected to bring an increase in the consumption of chemicals compared with the present level. The Vinings acquisition will also contribute to strengthening the Group's worldwide market position. The water chemicals business too is expected to show favourable development, and this is likewise a sector in which Kemira is prepared to grow by way of strategic acquisitions as well as organically. The positive growth of industrial chemicals is overshadowed by the weak demand and price level of titanium dioxide pigments. This year's operating income from the titanium dioxide unit will fall short of last year's, though a recovery in the sector is forecast to start in the latter half of the year. All in all, the Group's chemicals business is expected to increase its operating income compared with the previous year's figure.

The integration of Alcro-Beckers of Sweden within the Group's Paints and Coatings business is moving ahead. Kemira is expecting to realize synergy benefits that will bring EUR 5-10 million in annual savings over this and the next two years. About EUR 5 million of this will come from savings in personnel expenses. This together with further growth in demand in the nearby markets gives reason to anticipate improved earnings from the Paints and Coatings business.

The demand for Agro's products has been impacted by the problems in the agricultural sector in Europe, notably, floods and livestock diseases. The need for nutrients is nevertheless expected to return to the normal level and the growth in demand will create a basis for an improvement in earnings compared with last year.

Although the difficulties in the world economy appear to be continuing this year, the Kemira Group with its present structure is estimated to report better earnings than it did in 2001. The Company's Board of Directors is currently preparing the Group's future strategy, business structure, priority areas and growth targets. The work will be completed and its results announced within the next few weeks.

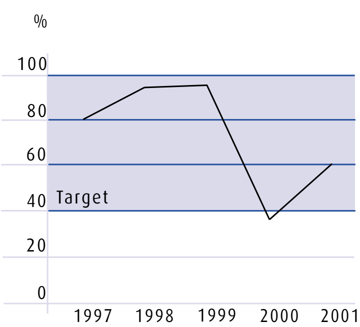
Earnings and personnel by business area in 2001

EUR million	Net sales	Operating income	Personnel average
Chemicals	901	91	3,894
Paints & Coatings	445	17	2,652
Agro	1,158	49	3,079
Others*	70	-13	582
Intra-Group sales	-120	-	-
Group total	2,454	144	10,207

*Includes other businesses, Group administration and eliminations from operating income.

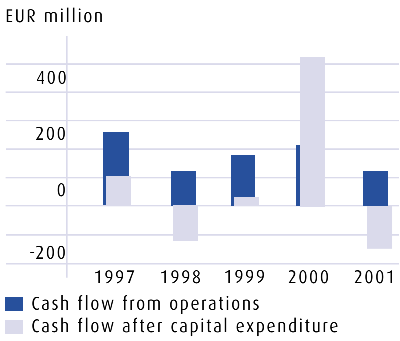
All forecasts and estimates mentioned in this report are based on the current judgement of the economic environment and the actual results may be significantly different.

Gearing

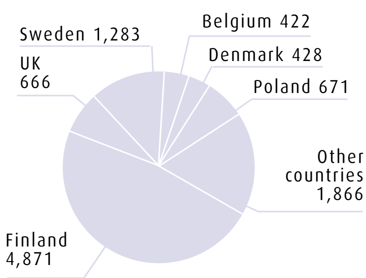


Net debt divided by net debt plus equity.

Cash flow



Personnel (average)



Shares and shareholders

Shares and voting rights

Kemira Oyj has 122,360,000 shares following the cancellation of 6,440,000 shares in its possession in April 2001 in accordance with the resolution of the Annual General Meeting in 2001. Each share carries one vote at general meetings of shareholders. According to the Articles of Association, the Company's share capital can be in the range of from EUR 217 to 850 million. The share capital can be changed within these limits without amending the Articles of Association. The share capital of Kemira Oyj at present is EUR 217 million. Kemira Oyj shares are registered within the book-entry system.

State ownership

The Finnish State's ownership was 56.2% at 31 December 2001. On the basis of authorizations obtained from Parliament, the Council of State can reduce the state's holding in Kemira Oyj in such a way that the holding is nevertheless 15% of the Company's shares outstanding and the voting rights they confer.

As a shareholder, the state has not given guarantees or otherwise made commitments to assume responsibility for the Company's debts and obligations.

Dividend policy

Kemira aims to distribute a dividend which is 30-50% of its operational net income. The company's Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.30 per share, or EUR 35.8 million, be paid for the 2001 financial year. This corresponds to a dividend payout of 51% of the net income. Taking into account the Finnish tax base, this amounts to a taxable dividend of EUR 0.42. The record date for the dividend payout will be 8 April 2002, and the dividend will be paid on 16 April 2002.

Increase in share capital

The Board of Directors of Kemira Oyj does not at present have authorizations to increase the Company's share capital.

Purchase of own shares

The Annual General Meeting held on 03.04.01 resolved to authorize the company's Board of Directors to purchase a maximum of 6,118,000 of the Company's own shares on the market (share buyback). The authorization is valid for one year from the date of the Annual General Meeting. On the basis of the new authorisation, 2,925,500 shares had been bought back by 31 December 2001.

Insider rules

The insider regulations issued by Helsinki Exchanges on 28 October 1999 are observed within the Kemira Group.

Listing and share trading

Kemira Oyj's shares have been listed on Helsinki Exchanges since 10 November 1994. In addition to Helsinki, trading in the shares is done through the SEAQ International trading system operated by the London Stock Exchange. Kemira is also part of the PORTAL system in the United States. In the United States, Kemira's shares were issued under Regulation 144A, whereby only qualified institutional buyers permitted under this legislation are allowed to buy and sell the shares. Kemira's shares can also be traded in the United States in the form of ADS shares. One ADS share corresponds to two Kemira shares.

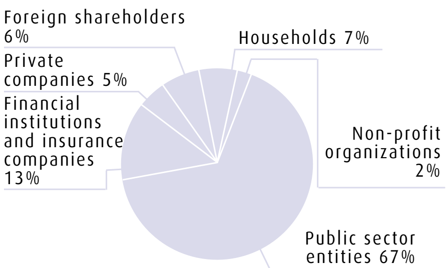
Price and trading volume

The price of Kemira's share on Helsinki Exchanges strengthened by 24.4% on Helsinki Exchanges during 2001, whereas the HEX index weakened by 32.4%. The highest price of the share was EUR 8.75 and the lowest price was EUR 5.30. The price of the share at the end of the year was EUR 6.67. The taxation value of the share for Finnish tax declarations for the 2001 tax year is EUR 4,634. Turnover of the share on Helsinki Exchanges totalled 72,175,935 shares, and in euro terms the turnover was EUR 532 million. The market capitalization at the end of 2001 was EUR 795 million.

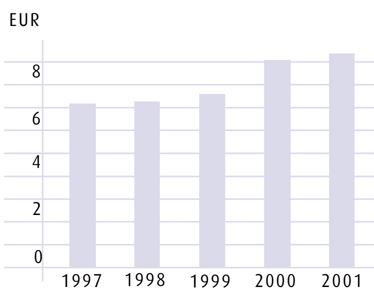
Management bond issue with warrants, stock options and share ownership

The subscription period for shares exercisable under the bond loan with war-

Distribution of shareholders 31.12.2001



Shareholders' equity/share



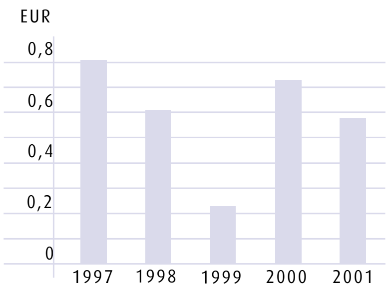
rants ended on 31 January 2002. At the close of the subscription period, warrants were not converted into shares.

The Annual General Meeting of Kemira Oyj held on 3 April 2001 passed a resolution on a new share option programme. Members of management who are employed by Kemira Oyj or its subsidiaries will be entitled to receive share options conferring the right to subscribe for a maximum of 2,850,000 Kemira Oyj shares from 2 May 2004 to 31 May 2007. It is a condition for commencement of the subscription period that Kemira Oyj's consolidated earnings per share after financial items and before taxes and extraordinary items for the financial years 2001–2003 are at least equal to the Kemira Group's earnings per share after financial items and before taxes and extraordinary items for the financial years 1998-2000 plus five (5) per cent, i.e. EUR 2.48, and that Kemira Oyj's share price trend has outperformed a comparison index in the manner described in the terms and conditions of the share options.

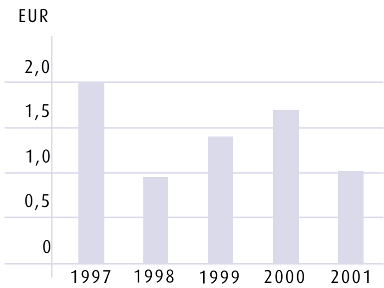
The subscription price is the average price of the Kemira Oyj share weighted for trading volume in 2003 and lowered by double the percentage by which the index of the share price trend of Kemira Oyj's share exceeds the above-mentioned comparison index, and lowered furthermore by the amount of dividends distributed after 31 December 2003. The subscription price will nevertheless be a minimum of the trade-weighted average price of Kemira Oyj's share in January 2001, less the amount of dividends to be paid out after 31 January 2001. As a consequence of exercise of the stock options, the number of the Company's shares can increase by a maximum of 2,850,000 shares and the share capital by the accounting countervalue of an equal number of shares. About 80 people are entitled to receive share options.

The members of the Board of Directors and the Supervisory Board as well as the President and the President's Deputy owned 39,880 Kemira Oyj shares at the end of the year. This represents 0.03% of the company's shares and voting rights. At the end of the year Kemira Oyj's President and the President's Deputy held 140,000 share options connected with the 1995 bond loan with warrants. Kemira Oyj's President and the President's Deputy hold 270,000 share options connected with the the 2001 share option programme.

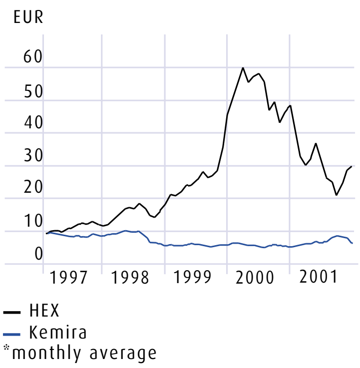
Earnings/share



Cash flow/share

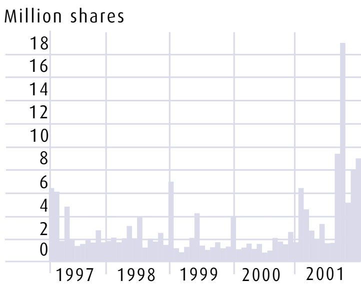


Share price 1997 – 2001*



*monthly average

Share turnover on Helsinki Exchanges 1997 – 2001



Shares and shareholders

Distribution of ownership 31.12.2001

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1 – 50	1,088	8.71	41,769	0.03
51 – 100	1,015	8.12	80,367	0.07
100 – 1,000	8,322	66.61	3,589,449	2.93
1,001 – 5,000	1,744	13.96	3,336,070	2.73
5,001 – 10,000	130	1.04	978,716	0.80
10,001 – 100,000	149	1.19	4,788,553	3.91
100,001 – 500,000	30	0.24	7,540,396	6.16
500,001 – 1,000,000	5	0.04	3,008,160	2.46
Over 1,000,000	11	0.09	91,473,242	74.76
Total	12,494	100.00	114,836,722	
Nominee-registered shares			7,523,278	6.15
Grand total			122,360,000	100.00

20 largest shareholders 31.12.2001

Shareholder	**Number of shares 1,000**	**% of shares and votes**
1. Finnish state	68,754	56.19
2. Varma-Sampo Mutual Pension Insurance Company	4,985	4.07
3. Sampo Life Insurance Company Ltd	3,218	2.63
4. Ilmarinen Mutual Pension Insurance Company Ltd	2,426	1.98
5. Kaleva Mutual Insurance Company	2,104	1.72
6. Pohjola Non-Life Insurance Company	1,780	1.45
7. Tapiola Mutual Pension Insurance Company	1,732	1.42
8. Suomi Mutual Life Assurance Company	1,260	1.03
9. Sampo Insurance Company Ltd	1,150	0.94
10. Suomi Insurance Company	1,140	0.93
11. Tapiola General Mutual Insurance Company	714	0.58
12. Sampo Industrial Insurance Company	588	0.48
13. The Central Fund of the Church	586	0.48
14. Pension Foundation Neliapila s.r.	577	0.47
15. The LEL Employment Pension Fund	544	0.44
16. Local Government Pensions Institution	500	0.41
17. Tapiola Mutual Life Assurance Company	456	0.37
18. Mutual Fund Conventum Finland Value	450	0.37
19. Nordea Life Assurance Finland Ltd	442	0.36
20. The Union of the Evangelical Lutheran parishes of Turku and Kaarina	426	0.35
Kemira Oyj	2,926	2.39
Nominee-registered shares	7,523	6.15
Others, total	18,079	14.79
Grand total	122,360	100.00

Definitions of key ratios

PER-SHARE DATA

Earnings per share (EPS)

Income before extraordinary items + / - minority interest - taxes
―――
Adjusted average number of shares

Net income per share

Net income
―――
Adjusted average number of shares

Cash flow from operations

Cash flow from operations, after change in net working capital and before capital investments

Cash flow from operations per share

Cash flow from operations
―――
Adjusted average number of shares

Dividend per share

Dividends paid
―――
Number of shares at end of year

Dividend payout ratio

Dividend per share x 100
―――
Earnings per share

Dividend yield

Dividend per share x 100
―――
Share price at end of year

Equity per share

Equity at end of year
―――
Number of shares at end of year

Share price, year average

Shares traded (EUR)
―――
Shares traded (volume)

Share price, end of year

Weighted average share price of the last trading day

Price per earnings per share (P / E)

Share price at end of year
―――
Earnings per share

Price per equity per share

Share price at end of year
―――
Equity per share

Price per cash flow per share

Share price at end of year
―――
Cash flow from operations per share

Share turnover

Number of shares traded during the year and the proportional share of number of shares traded to weighted average number of shares during the year

FINANCIAL RATIOS

Net liabilities

Interest-bearing liabilities - cash and bank - securities

Equity ratio, %

Shareholders' equity + minority interests x 100
―――
Total assets - advance payments received

Gearing, %

Net liabilities x 100
―――
Shareholders' equity + minority interests

Interest cover

Operating income + depreciation
―――
Net financial expenses

Return on capital invested, % (ROI)

Income before extraordinary items + interest expenses + other financing expenses x 100
―――
Total assets - interest-free liabilities (average)

Return on equity, % (ROE)

Income before extraordinary items - taxes +/- tax effect of extraordinary items x 100
―――
Shareholders' equity + minority interests (average)

Cash flow return on capital invested (CFROI), %

Cash flow from operations x 100
―――
Total assets - interest-free liabilities (average)

Key figures

PER-SHARE DATA

	2001	2000	1999	1998	1997
Per-share data					
Earnings per share, EUR 1) 4)	**0.58**	0.73	0.23	0.61	0.81
Net income per share, EUR 1)	**0.58**	1.64	0.23	0.61	0.81
Cash flow from operations per share, EUR	**1.03**	1.69	1.41	0.96	2.00
Dividend per share, EUR 2)	**0.30**	0.30	0.23	0.29	0.29
Dividend payout ratio, % 2)	**51.7**	18.2	100.0	47.2	35.3
Dividend yield 2)	**4.5**	5.6	3.8	4.6	3.3
Equity per share, EUR 1)	**9.35**	9.08	7.57	7.27	7.16
Price per earnings per share (P/E) ratio 1)	**11.50**	7.34	26.57	10.30	10.60
Price per equity per share 1)	**0.71**	0.59	0.81	0.90	1.20
Price per cash flow per share	**6.48**	3.17	4.33	6.50	4.30
Dividend paid, EUR million 2)	**35.8**	37.1	29.6	36.8	36.8
Share price and turnover					
Share price, year high, EUR	**8.75**	6.80	6.90	10.60	10.34
Share price, year low, EUR	**5.30**	4.92	5.20	5.21	7.65
Share price, year average, EUR	**7.36**	5.67	5.85	8.06	9.01
Share price, end of year, EUR	**6.67**	5.36	6.11	6.24	8.61
Number of shares traded (1000), Helsinki	**72,176**	17,366	20,703	30,277	33,241
% of number of shares	**59**	13	16	24	26
Market capitalization, end of year, EUR million	**795.1**	663.0	780.9	803.6	1,109.2
Increase in share capital					
Average number of shares (1000) 3)	**121,075**	126,623	128,318	128,800	128,800
Number of shares at end of year (1000) 3)	**119,208**	123,645	127,800	128,800	128,800
Increases in number of shares (1000)	-	-	-	-	-
Share capital, EUR million	**217.0**	217.0	217.0	216.6	216.6
Increases in share capital, EUR million	-	-	-	-	-

1) The change in accounting practice (IAS 12) reduced 1998 taxes by EUR 14.0 million.
2) The 2001 dividend is the Board of Directors' proposal to the Annual General Meeting.
3) Weighted average number of shares outstanding, adjusted by the number of shares bought back.
4) Net income before gain/loss on discontinued operations.

Key figures

FINANCIAL RATIOS

Income statement	**2001**	2000	1999	1998	1997
Net sales, EUR million	**2,454**	2,486	2,526	2,413	2,420
Foreign operations, EUR million	**1,967**	2,024	2,073	1,916	1,955
Sales in Finland, %	**20**	19	18	21	19
Exports from Finland, %	**23**	24	20	19	22
Sales generated outside Finland, %	**57**	57	62	61	59
Operating income, EUR million	**144**	175	111	148	198
% of net sales	**6**	7	4	6	8
Net financing income and expenses, EUR million	**31**	31	52	51	53
% of net sales	**1**	1	2	2	2
Interest cover	**10**	11	6	6	7
Income before extraordinary items, EUR million	**113**	144	59	97	145
% of net sales	**5**	6	2	4	6
Extraordinary income and expenses, EUR million	**-**	-	-	-	-
Discontinued operations	**-**	162	-	-	-
Income before taxes and minority interests, EUR million	**113**	307	59	97	145
% of net sales	**5**	12	2	4	6
Net income, EUR million 1)	**70**	208	30	79	104
Return on capital invested, %	**8**	10	6	8	11
Return on equity, % 1)	**6**	9	3	8	12
Research and development expenses	**39**	48	48	49	48
% of net sales	**2**	2	2	2	2

Cash flow

Cash flow from operations, EUR million	**125**	214	181	123	257
Sales of subsidiaries and fixed assets, EUR million	**27**	527	18	14	61
Capital expenditure, EUR million	**298**	218	168	255	211
% of net sales	**12**	9	7	11	9
Cash flow after capital expenditure, EUR million	**-146**	523	31	-119	107
Cash flow return on capital invested %	**7**	11	9	7	14

Balance sheet

Non-current assets, EUR million	**1,415**	1,285	1,486	1,444	1,404
Shareholders' equity, EUR million 1)	**1,115**	1,122	968	936	923
Liabilities, EUR million	**1,318**	1,268	1,620	1,504	1,458
Total assets, EUR million	**2,450**	2,408	2,603	2,453	2,389
Net liabilities, EUR million	**686**	425	934	892	745
Equity ratio, % 1)	**46**	48	38	39	39
Gearing, %	**61**	37	95	94	80

Personnel

Personnel (average)	**10,207**	9,644	10,743	10,785	10,392
of whom in Finland	**4,871**	4,908	5,090	5,155	5,176

Exchange rates

Key exchange rates (31 December)					
USD	**0.88130**	0.93050	1.00460	1.16674	1.09686
GBP	**0.60850**	0.62410	0.62170	0.70547	0.66122
SEK	**9.30120**	8.83130	8.56250	9.48736	8.66346
DKK	**7.43650**	7.46310	7.43300	7.44892	7.48079
FIM	**5.94573**	5.94573	5.94573	5.94573	5.94573

1) The change in accounting practice (IAS 12) reduced 1998 taxes by EUR 14.0 million.

Consolidated income statement

	Note	1.1.– 31.12. 2001 EUR million	2000 EUR million
Net sales	1, 28	**2,454.4**	2,486.0
Share of associates' net income	2, 28	**0.4**	-0.5
Other income from operations	3	**30.7**	30.9
Cost of sales	4, 5	**-2,180.9**	-2,170.3
Depreciation	6, 28	**-160.5**	-171.3
Operating income	28	**144.1**	174.8
Financing income and expenses	7	**-31.3**	-30.5
Income before non-recurring items, taxes and minority interest		**112.8**	144.3
Non-recurring items from discontinued operations	8, 22	**-**	162.2
Income before taxes and minority interests		**112.8**	306.5
Income taxes	9	**-40.2**	-96.3
Minority interest		**-2.2**	-2.4
Net income		**70.4**	207.8
Earnings per share, EUR	10	**0.58**	0.73

The income statement for 2000 has been split into the continuing and the discontinued operations in Note 22.

Consolidated balance sheet

	Note	31.12. 2001 EUR million	2000 EUR million
ASSETS			
Non-current assets			
Intangible assets	11	**158.7**	88.7
Tangible assets	12	**1,078.6**	1,049.5
Investments	13		
Holdings in associates		**74.4**	63.4
Other shares and holdings		**19.2**	19.6
Deferred tax assets 1)	18	**11.5**	8.9
Other investments		**72.9**	55.3
Total investments		**178.0**	147.2
Total non-current assets		**1,415.3**	1,285.4
Current assets			
Inventories	14	**397.8**	348.7
Receivables	15		
Interest-bearing receivables		**15.1**	11.2
Other interest-free receivables		**551.9**	515.9
Total receivables		**567.0**	527.1
Securities	21, 26	**21.1**	199.0
Cash on hand and at banks	21, 26	**48.7**	47.7
Total current assets		**1,034.6**	1,122.5
Total assets		**2,449.9**	2,407.9

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	31.12. 2001 EUR million	2000 EUR million
Shareholders' equity			
Share capital		**217.0**	217.0
Share premium account		**252.5**	252.5
Revaluation reserve		**-**	8.0
Own shares		**-21.2**	-28.8
Other reserves		**2.8**	2.6
Retained earnings		**593.6**	463.2
Net profit for the financial year		**70.4**	207.8
Total shareholders' equity		**1,115.1**	1,122.3
Minority interests		**16.6**	18.0
Long-term liabilities			
Interest-bearing long-term liabilities	17, 21	**631.4**	573.3
Deferred tax liabilities 1)	18	**54.1**	61.5
Provision for liabilities and charges	19	**89.6**	74.4
Total long-term liabilities		**775.1**	709.2
Current liabilities	20		
Interest-bearing short-term liabilities		**124.6**	98.2
Interest-free short-term liabilities		**418.5**	460.2
Total current liabilities		**543.1**	558.4
Total liabilities		**1,318.2**	1,267.6
Total liabilities and shareholders' equity		**2,449.9**	2,407.9

1) Change in comparative year information: deferred tax assets that cannot be deducted from tax liabilities are stated on the assets side of the balance sheet.

Consolidated cash flow statement

	2001 EUR million	2000 EUR million
Funds from operations		
Operating income	**144.1**	174.8
Adjustments to operating income 1)	**-14.7**	-1.4
Depreciation	**160.5**	171.3
Interest income	**11.8**	15.5
Interest expense	**-41.1**	-47.6
Dividend received	**1.7**	2.0
Other financing items	**2.9**	-8.3
Taxes	**-40.5**	-72.5
Total funds from operations	**224.7**	233.8
Change in net working capital		
Inventories	**-23.4**	15.6
Short-term receivables	**-1.4**	-45.3
Interest-free short-term liabilities	**-74.8**	9.8
Change in net working capital, total	**-99.6**	-19.9
Cash flow from operations	**125.1**	213.9
Capital expenditure		
Acquisitions of Group companies	**-106.5**	-5.9
Acquisitions of associated companies	**-13.0**	-17.1
Purchase of other shares	**-0.2**	-12.1
Purchase of other fixed assets	**-178.4**	-183.2
Disposal of Group companies	**12.1**	513.8
Disposal of associated companies	**1.5**	-
Sales of other shares	**0.1**	0.1
Sales of other fixed assets	**12.9**	13.3
Total capital expenditure	**-271.5**	308.9
Cash flow before financing	**-146.4**	522.8
Financing		
Change in long-term loans (increase +, decrease -)	**-20.3**	-223.2
Change in long-term loan receivables (increase -, decrease +)	**25.5**	-37.0
Short-term financing, net (increase +, decrease -)	**32.6**	-53.1
Dividend paid	**-36.7**	-29.4
Own shares	**-28.8**	-23.0
Other	**-2.7**	1.2
Financing, total	**-30.4**	-364.5
Increase / decrease in liquid funds	**-176.8**	158.3
Liquid funds at end of year	**69.9**	246.7
Liquid funds at beginning of year	**246.7**	88.4
Increase / decrease in liquid funds	**-176.8**	158.3

1) Non-cash flow items included in operating income (e.g. results of associated companies) and gains / losses on the sale of fixed assets.

Liquid funds according to exchange rates 31.12.2001		
Liquid funds at end of year	**69.9**	247.3
Liquid funds at beginning of year	**247.3**	88.7
Increase / decrease in liquid funds	**-177.4**	158.6
Translation difference of liquid funds	**0.6**	-0.3
Increase / decrease in liquid funds	**-176.8**	158.3

The above figures cannot be directly delivered from the balance sheets owing to changes, e.g., in the Group structure and foreign exchange rates. The cash flows of the business areas are shown with the segment data.

Supplemental cash flow information

	2001 EUR million
Acquistion of Group companies	
Purchase consideration on acquisitions	**108.9**
Cash and cash equivalents in acquired companies	**-2.4**
Total cash flow on acquistions	**106.5**
Acquired net assets	
Net working capital	**28.0**
Fixed assets	**71.2**
Interest-bearing receivables less cash and cash equivalents	**42.4**
Interest-bearing liabilities	**-108.5**
Minority interests	**-1.2**
Goodwill on acquisition	**74.6**
Total net assets acquired	**106.5**
Disposal of subsidiaries	
Cash flow on disposal	**12.1**
Cash and cash equivalent in disposed companies	**0.0**
Total cash flow on disposals	**12.1**
Net assets disposed	
Net working capital	**0.6**
Fixed assets	**2.5**
Interest-bearing receivables less cash and cash equivalents	**6.5**
Interest-bearing liabilities	**-6.7**
Minority interests	**0.0**
Gain/loss on disposal	**9.2**
Total net assets disposed	**12.1**

Statement of changes in equity

	Share capital	Share premium account	Revaluation and other funds	Exchange differences	Own shares	Retained earnings	Total
Shareholders' equity at 1 January 2000	217.0	252.5	12.5	-10.3	-5.8	501.8	967.7
Net profit for the financial year	-	-	-	-	-	207.8	207.8
Dividends paid	-	-	-	-	-	-29.4	-29.4
Exchange differences	-	-	-	-1.4	-	-	-1.4
Repurchase of own shares	-	-	-	-	-23.0	-	-23.0
Other changes	-	-	-1.9	-	-	2.5	0.6
Shareholders' equity at 31 Dec. 2000	217.0	252.5	10.6	-11.7	-28.8	682.7	1,122.3
Shareholders' equity at 1 January 2001	**217.0**	**252.5**	**10.6**	**-11.7**	**-28.8**	**682.7**	**1,122.3**
Net profit for the financial year	-	-	-	-	-	70.4	**70.4**
Dividends paid	-	-	-	-	-	-36.7	**-36.7**
Exchange differences	-	-	-	4.0	-	-	**4.0**
Own shares repurchased	-	-	-	-	-28.8	-	**-28.8**
Own shares cancelled	-	-	-	-	36.4	-36.4	**-**
Revaluations as a charge in equity	-	-	-5.9	-	-	-25.2	**-31.1**
Reversal of deferred taxes on revaluation	-	-	-	-	-	9.0	**9.0**
Release of previous deferred tax (IAS 37)	-	-	-	-	-	5.9	**5.9**
Other changes	-	-	-1.9	-	-	2.0	**0.1**
Shareholders' equity at 31 Dec. 2001	**217.0**	**252.5**	**2.8**	**-7.7**	**-21.2**	**671.7**	**1,115.1**

The Group's non-restricted shareholders' equity, which limits the parent company's dividend payout, was EUR 511.7 million in 2001 and EUR 507.8 million in 2000. This figure is obtained by subtracting from non-restricted equity the proportion of untaxed reserves which has been transferred to shareholders' equity. Research, establishment and development expenses that have a limiting effect on the distribution of profits have not been capitalized in the balance sheet.

From 1 January to 31 December 2001 the Group bought back 4,438,000 shares, representing 3.6% of the share capital and the aggregate votes conferred by all the shares. The average price of the shares was EUR 6.48. By the decision taken at the Annual General Meeting Kemira cancelled 6,440,000 of its own shares of which 1,285,000 where acquired during 2001. The average price of the cancelled shares was EUR 5.65. Kemira had in its possession 3,153,000 of its own shares at 31 December 2001. Their average share price was 6.72 and they represented 2.6% of the share capital and of the aggregate number of votes conferred by all the shares. Of this amount 2,925,500 shares had been registered in the book-entry account by 31 December 2001.

Summary of significant accounting policies

Basis of presentation

The Kemira Group's financial statements have been prepared in compliance with the relevant acts and regulations in force in Finland. The Group's accounting principles are based on International Accounting Standards (IAS) to the extent that observance of them has been possible within the framework of Finnish financial statement practice. Divergences have arisen in respect of pension costs and the valuations of certain financial instruments.

Principles of consolidation

The consolidated financial statements include the parent company and its subsidiaries. In these companies the parent company has, on the basis of its holding, more than half of the voting rights directly or via its subsidiaries or it otherwise has control. Divested companies are included in the income statement up to the time of sale, and companies acquired during the year are included from the time of acquisition.

All intra-Group transactions have been eliminated. Acquisitions of companies are accounted for under the purchase method of accounting. The excess of the acquisition cost over fair value of the net assets acquired is partly allocated to the identifiable assets and liabilities. Any excess is recorded as goodwill. Goodwill is amortized over the useful life of the assets acquired, which has as a rule been a maximum of 5 years. Should a longer amortization period be justified, it is a maximum of 20 years. The minority interest in the net assets and profit and loss of consolidated subsidiaries is reflected as a separate item in the Group´s consolidated balance sheet and income statement.

Associated companies are participating interests in which the Group has a considerable interest (20-50%). Holdings in associated companies are presented in the consolidated financial statements using the equity method of accounting. The Group's proportionate share of the associated companies' net income for the financial year is stated as a separate item in the consolidated income statement. Joint ventures in which the Group exercises control together with other parties are included in the consolidated financial statements according to the Group's proportionate holding on a line by line basis. Other companies (voting rights owned less than 20 per cent) are stated at the lower of cost or fair value in the balance sheet and dividends received from them are included in the income statement.

Overseas subsidiaries

In the consolidated financial statements, the income statements of foreign subsidiaries have been translated into euros using the average exchange rates and the balance sheets have been translated using the year-end exchange rates. The translation difference arising in translating the income statement and balance sheet using the different exchange rates is entered in non-restricted equity.

Net investments in foreign entities are hedged against exchange rate changes at the Group level by taking out long-term loans in foreign currency as well as by entering into forward exchange rate agreements and currency swaps. In the consolidated financial statements, the exchange rate gains and losses of such loans and forward and currency swap contracts are credited or charged, in accordance with the requirements of the hedging calculation, against the translation differences arising from the translation of the shareholders´ equity amounts of the last confirmed balance sheets of the subsidiaries. Other translation differences affecting shareholders´ equity are stated as an increase or decrease in the non-restricted shareholders´ equity.

Items denominated in foreign currency, and foreign currency and interest rate derivatives

In their own day-to-day accounting the Group companies translate transactions in foreign currencies into their own accounting currency at the rates of exchange prevailing on the dates of the transactions. At the end of the accounting period the unsettled balances of foreign currency transactions are valued at the rates of exchange prevailing on the balance sheet date. Foreign exchange gains and losses related to normal business operations are treated as adjustments to sales and purchases, while those gains and losses associated with financing and hedging of the total foreign exchange position are recorded as financial income and expenses.

Group Treasury hedges the Group's total foreign exchange and interest rate exposures. The effects on income of hedging transactions are reflected in the Group's financial items. Subsidiaries mainly hedge sales and purchases in foreign currency, in which the hedging instruments used are forward contracts made with Group Treasury. The effects of subsidiaries' hedging transactions appear as adjustments to the net sales and purchases of the business areas. At the Group level, the hedging entries of the subsidiaries are eliminated.

All open derivatives are valued at their market value in the financial statements. As a rule, the valuation results of open derivative contracts are booked to financial items in the consolidated financial statements. The hedge accounting defined in IAS 39 is applied only in exceptional cases to selected hedging items, such as for net investment in a foreign entity, whereby the valuation results of open derivative contracts are entered in shareholders' equity.

From 2001 on, the valuation of forward contracts is calculated by valuing the forward contracts against the forward rates on the balance sheet date and comparing them with the countervalues calculated via the forward rates prevailing at the beginning of the contract. Previously, only the interest rate differences of forward contracts were booked to the income statement, and foreign exchange gains and losses were booked to income when the item hedged was realized. The effect of the change in accounting policy for forward contracts on financial income and expenses in 2001 was approximately EUR -1 million at the Group level.

All financial assets and liabilities are booked at acquisition cost or at fair value less write-downs except for derivative instruments, which are valued at their fair value. In respect of long-term foreign exchange contracts and interest rate swaps, the transfer to the practice of booking fair values did not cause a material change in financial income and expenses. Changes in value for financial assets and liabilities were booked last year and previously to financial income and expenses. Changes in the value of currency options and interest rate derivatives have also been booked to financial income and expenses in accordance with the previous practice.

The fair value of forex derivatives has been calculated by means of the treasury management system (Twin) that is employed by the Group. The foreign exchange rates, the zero coupon curves and the volatilities used in the valuation are the rates registered on the last banking day of 2001 as registered by Reuters. The fair value of interest rate derivatives has been calculated by means of the treasury management system except for interest rate options and oil futures, the value of which is based on the value defined by the counterparties to the agreements.

The management of treasury risks is discussed in greater detail in the notes to the consolidated financial statements (page 33). The income statement and balance sheet effect on the Group's figures of derivative contracts that are open on the balance sheet date is set forth in the table of derivative instruments presented on page 35.

The foreign exchange rates on the balance sheet date are given on page 13.

Net sales

Net sales include the total invoicing value of products sold and services provided less sales tax, discounts, rebates and foreign exchange differences in accounts receivable.

Revenue recognition

Sales income is booked to the income statement when the major risks and rewards of ownership of the goods have been transferred to the purchaser. There are no long-term projects.

Pension arrangements

The Group has various pension schemes in accordance with the local conditions and practices in the countries in which it operates. The schemes are generally funded through payments to separate pension funds or to insurance companies. Contributions are based on actuarial calculations and are recognized as expense in the income statement as incurred.

The effect of IAS 19 on the Group's net income and retained earnings has been calculated and disclosed in the notes to the consolidated financial statements, in which the pension liabilities of defined benefit plans have been calculated at the Group level by using the projected unit credit method. If the accumulated actuarial gains and losses are greater than 10% of the present value of the defined benefit obligation or the fair value of the plan assets, the excess has been booked to the income statement divided by the average remaining working lives of the employees. The pension calculations are performed by actuaries.

Summary of significiant accounting policies

Income taxes

The consolidated financial statements include income taxes, which are based on the taxable results of the Group companies for the accounting period calculated according to local tax rules, and the change in the deferred tax liabilities and assets.

The Group's deferred tax liabilities and assets have been calculated according to IAS 12, which is allowed by Finnish legislation. The deferred tax liability has been calculated for all temporary differences, which have been obtained by comparing the book value of each balance sheet item with the taxation value. Deferred tax assets are included in the financial statements only if the company considers that the temporary difference or tax loss will probably be realized in the near future and that the taxable unit will probably generate a sufficient amount of taxable income in order to be able to make use of the tax claim. In calculating deferred tax liabilities and assets, the tax rate which is in force at the time of preparing the financial statements or which has been enacted by the balance sheet date.

The income taxes in the income statement of the parent company are direct taxes calculated on an accrual basis. The untaxed reserves of the parent company are shown as a separate item. The deferred tax liability for the untaxed reserves has not been calculated in the balance sheet of the parent company.

Research and development expenditure

Research expenditure is expensed as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development and to use or sell the intangible asset. The majority of the Group's development expenditure does not meet the above-mentioned capitalization requirements and is expensed for the year.

Capitalized development costs are included in the item "Other long-term assets" and amortized over their economic life, not exceeding, however, five years.

Fixed assets and depreciation

Non-current (fixed) assets are stated in the balance sheet at cost, less accumulated depreciation, as applicable. The Group does not make revaluations. The revaluation entries with a carrying value of EUR 31 million, which were made in 1984-1986 for land areas and buildings and were previously included in non-current assets, have been reversed in the 2001 accounts by deleting them from fixed assets and recording them as a charge to shareholders' equity. Depreciation according to plan is calculated on a straight-line basis from the original acquisition cost in accordance with the useful lifetime of the assets. The estimated useful lives are as follows:

Machinery and equipment	3–15	years
Buildings and constructions	25	years
Other capitalized expenses	5–10	years
Goodwill on consolidation	5–20	years

Profit on the sale of non-current assets is included in operating income and losses on the sale of assets in operating expenses. The profits and losses arising from discontinued operations were stated in 2000 as a separate item. Interest expenses are not capitalized as part of the acquisition cost of non-current assets. Large seldom carried out maintenance works are capitalized and depreciated over their useful lives.

Leasing

Lease payments are treated as rental expenses except for finance lease agreements, in which the leased assets are presented as part of the Group's fixed assets and the leasing debt is shown as a long-term liability. In respect of finance lease agreements, the depreciation on the leased property and the interest expense on the debt are shown in the income statement.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a first in first out (FIFO) basis. Net realizable value is the amount which can be realized from the sale of the asset in the normal course of business, after allowing for the costs of realization. The cost of finished goods and work in process include an allocable proportion of production overheads.

Liquid funds

Cash on hand and at banks as well as short-term placements held as financial assets are included in liquid assets.

Impairment of assets

In preparing each year's financial statements, the Group's assets are evaluated to determine whether there are indications that the value of an asset may be impaired. If there are indications of impairment, the assets' recoverable amount is estimated, based on an assets's value in use or net selling price. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable value. The loss is booked to the income statement. If after booking the impairment loss a positive change has occurred in the estimates of the recoverable amount, the impairment loss made in previous years is reversed no more than up to the value which would have been determined for the asset item if an impairment loss had not been booked on it in previous years.

Provisions

A provision is entered in the balance sheet when as a consequence of some previous event there has arisen a legal or constructive obligation and it is probable that this will cause future expenses and the amount of the obligation can be evaluated reliably. A restructuring provision is booked only when a detailed and fully compliant plan has been prepared for it and implementation of the plan has been started or notification of it has been made to those whom the arrangement concerns.

Operations discontinued in 2000

Operations to be discontinued are parts of the company which, in accordance with a plan that has been drawn up, are to be disposed of entirely or gradually. They represent a central business area or a geographical area of operations and can be distinguished functionally and for purposes of the financial statements.

In 2000, operations to be discontinued included those major businesses which in accordance with the strategy decided upon in autumn 1999 were either divested, closed or subject to a decision to be wound up. These were the Kemira Pigments companies Kemira Pigments Inc. in Savannah, USA, and Kemira Pigments B.V. in the Netherlands as well as Tikkurila's CPS unit, i.e. the colour processing systems business. The Kemira Pigments companies were sold in spring 2000 and the CPS business in the late summer 2000. Businesses to be discontinued also included Kemira Agro Rozenburg. A decision was taken to wind up its operations, and production was closed in December 2000.

The income statement and cash flow statements are presented separately for continuing operations and the above-mentioned businesses which are to be discontinued, presenting the figures for both the current year and the comparison year. The businesses divested in 2000 are not included in the balance sheet at the end of the comparison year.

Non-recurring items for operations to be discontinued

The consolidated income statement presented as non-recurring items before taxes and minority interest such gains and losses on sales of assets as arose from the above-mentioned major disposals of businesses in 2000.

Extraordinary income and expenses

There were no extraordinary items in the Group's income statement. Extraordinary items of the parent company include Group contributions received and paid.

Notes to consolidated financial statements

INCOME STATEMENT (EUR million)	**2001**	2000

1. NET SALES

Net sales by division		
Chemicals	**900.8**	888.4
Paints & Coatings	**445.4**	243.4
Agro	**1,157.8**	1,219.2
Other operations	**70.4**	263.6
Intra-Group invoicing	**-120.0**	-128.6
Total	**2,454.4**	2,486.0

Distribution of net sales by geographic market areas, as a percentage of total net sales		
Finland	**20**	19
Other European Union countries	**55**	55
Other European countries	**14**	10
North and South America	**4**	8
Asia	**6**	6
Other countries	**1**	2
Total	**100**	100

2. SHARE OF ASSOCIATES' NET INCOME

Share of associates' profits	**5.3**	4.8
Share of associates' losses	**-4.9**	-5.3
Total	**0.4**	-0.5

3. OTHER INCOME FROM OPERATIONS

Gains on the sale of fixed assets	**13.9**	17.5
Sales of scrap and waste	**0.2**	0.5
Insurance compensation	**1.2**	2.8
Consulting	**1.8**	1.0
Income from royalties, knowhow and licences	**0.8**	0.7
Rent income	**4.3**	3.7
Other income	**8.5**	4.7
Total	**30.7**	30.9

Gains on the sale of the fixed assets in 2001 include a capital gain of EUR 7.8 million on the sale of Kemira Pernis B.V. and a gain of EUR 12 million on the sale of of Kemira Safety Oy in 2000.

4. COST OF SALES

Change in inventories of finished goods	**-26.5**	17.6
Own work capitalized 1)	**-5.7**	-6.6
Materials and services		
Materials and supplies		
Purchases during the financial year	**1,101.6**	1,059.5
Change in inventories of materials and supplies	**13.0**	-9.4
External services	**50.5**	64.5
Total materials and services	**1,165.1**	1,114.6
Personnel expenses	**448.3**	421.6
Rents	**24.7**	24.4
Losses on the sales of fixed assets	**0.8**	0.7
Other expenses	**574.2**	598.0
Total	**2,180.9**	2,170.3

In 2001 costs included a net increase in long and short-term provisions to a total amount of EUR 6.3 million and in 2000 to an amount of EUR 74.0 million.

1) Own work capitalized comprises mainly wages, salaries and other personnel expenses and changes in inventories relating to self-constructed fixed assets for own use.

INCOME STATEMENT (EUR million)	2001	2000

5. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

Emoluments of the Supervisory Board	**0.1**	0.1
Emoluments of boards of directors and managing directors 1)	**6.7**	6.0
Other wages and salaries	**310.9**	316.7
Pension expenses	**65.4**	38.1
Other personnel expenses	**65.2**	60.7
Total	**448.3**	421.6

1) Profit sharing bonuses to the management were EUR 0.9 million in 2001 and EUR 0.2 million in 2000.

The non-executive members of the Board of Directors are paid a monthly emolument; other compensation is not paid to the members of the Board. The chairman of the Board was paid EUR 22,201, the vice chairman EUR 18,165 and each member EUR 14,127. The managing director of Kemira Oyj was paid a salary of EUR 349,681, including EUR 58,232 of profit sharing bonuses.

Persons belonging to the Company's management, including parties closely associated with them, are not involved in substantial business relationships with the Company.

Management's pension commitments
The managing director and deputy managing directors of Kemira Oyj are entitled to retire at the age of 60. The maximum remuneration is 66% of the pension salary. This possibility is based on the benefits of the supplementary pension foundation that has been closed to new members since 1 January 1991. The supplementary pension foundation's benefits concern all the personnel whose years of service and other conditions concerning the granting of a pension have been fulfilled. Similar arrangements have been made in other Group companies.

Personnel, average		
Chemicals	**3,894**	3,678
Paints & Coatings	**2,652**	1,583
Agro	**3,079**	3,198
Other companies	**582**	1,185
Total	**10,207**	9,644

Personnel in Finland, average	**4,871**	4,908
Personnel outside Finland, average	**5,336**	4,736
Total	**10,207**	9,644

The total personnel of joint ventures that have been consolidated according to the proportionate method of accounting was in average 68 (134 in 2000).

Personnel at year end	**9,707**	8,865

6. DEPRECIATION

Scheduled depreciation		
Intangible assets		
Intangible rights	**3.0**	2.3
Goodwill	**4.5**	1.9
Goodwill on consolidation	**7.3**	3.8
Other long-term expenditures	**7.9**	7.6
Tangible assets		
Buildings and constructions	**19.5**	24.7
Machinery and equipment	**113.2**	125.4
Other tangible assets	**5.1**	5.6
Total	**160.5**	171.3

Scheduled depreciation for goodwill on consolidation was EUR 7.4 million (EUR 3.8 million in 2000). Reductions in the Group reserve in 2001 were EUR 0.1 million.

INCOME STATEMENT (EUR million)	2001	2000
7. FINANCING INCOME AND EXPENSES		
Financing income		
Dividend income	**1.2**	0.6
Interest income from long-term investments	**4.5**	1.3
Other interest income	**7.4**	14.2
Other financing income	**0.9**	1.0
Exchange gains	**-**	1.5
Total	**14.0**	18.6
Financing expenses		
Interest expenses	**-41.0**	-47.5
Other financing expenses	**-2.2**	-1.6
Exchange losses	**-2.1**	-
Total	**-45.3**	-49.1
Total financing income and expenses	**-31.3**	-30.5
Net financing expenses as a percentage of net sales	**1.3**	1.2
Net interests as a percentage of net sales	**1.2**	1.3
Exchange gains and losses		
Realized	**3.0**	-8.4
Unrealized	**-5.1**	9.9
Total	**-2.1**	1.5

Interest expenses are not capitalized in the Group.

The exchange differences on foreign currency loans and foreign currency derivatives have been credited or charged directly to shareholders´ equity and matched against the translation differences arising from the consolidation of foreign subsidiaries according to the so called equity hedging method. In 2001 these foreign exchange net losses were EUR 1.9 million. (In 2000 the foreign exchange net gains were EUR 0.3 million.)

There were no financing income or expenses from associates.

8. DISCONTINUED OPERATIONS

	2001	2000
Profit on sales	**-**	244.7
Shut-down costs	**-**	-82.5
Total	**-**	162.2

9. INCOME TAXES

	2001	2000
Income taxes, current year	**-38.9**	-113.5
Income taxes, previous years	**-1.7**	-6.2
Deferred taxes	**0.4**	24.4
Other taxes	**-**	-1.0
Total	**-40.2**	-96.3

Taxes on capital gains on discontinued businesses amounted to EUR 46.7 million in 2000.

INCOME STATEMENT (EUR million)	**2001**	2000

Tax losses

Certain Group subsidiaries have tax losses, totalling EUR 653.0 million (EUR 640.6 million in 2000), which can be applied against future taxable income. All tax losses have not been entered as deferred tax assets, because there is uncertainty regarding the extent to which they can be used. The limited right to make deductions concerns about 5% of the tax losses and the unlimited deduction right about 95% of the tax losses.

Comparison of taxes calculated according to the current tax rate with taxes according to the income statement

Tax at the current tax rates	**33.9**	89.4
Tax-free income / non-deductible expenditure	**-21.2**	-30.9
Write-down of shares	**-2.3**	-7.5
Unapplied losses during the financial year	**20.5**	48.0
Amortization of goodwill	**2.3**	-
Withholding taxes and taxes from previous years	**1.7**	5.3
Applied tax losses	**-2.7**	-7.6
Other	**8.0**	-0.4
Taxes in the income statement	**40.2**	96.3

10. EARNINGS PER SHARE

Income before non-recurring items and taxes	**112.8**	144.3
Minority interests	**-2.2**	-2.4
Income taxes for the financial year	**-40.2**	-96.3
Tax on sales profit of the discontinuing operations	**-**	46.7
Earnings	**70.4**	92.3
Weighted average number of shares [1)]	**121,075,000**	126,623,000
Earnings per share, EUR	**0.58**	0.73

[1)] Weighted average number of shares outstanding, adjusted by the number of shares bought back.

BALANCE SHEET (EUR million)

11. INTANGIBLE ASSETS	Intangible rights	Goodwill	Goodwill on consolidation[1)]	Other long-term assets	Advances paid	**2001 total**	2000 total
Acquisition cost at beginning of year	27.1	31.0	40.2	84.4	3.6	**186.3**	205.0
Increases	1.4	10.9	74.6	4.4	5.1	**96.4**	40.4
Decreases	-	-	-0.5	-3.3	-	**-3.8**	-48.2
Exchange differences and other changes	5.0	7.0	28.7	-9.1	-7.8	**23.8**	-10.9
Acquisition cost at end of year	33.5	48.9	143.0	76.4	0.9	**302.7**	186.3
Accumulated depreciation at beginning of year	-16.8	-6.4	-27.6	-46.8	-	**-97.6**	-125.3
Accumulated depreciation relating to decreases and transfers	-	-	-	-2.5	-	**-2.5**	28.5
Depreciation during the financial year	-3.0	-4.5	-7.4	-7.9	-	**-22.8**	-15.6
Exchange differences and other changes	-1.1	0.1	-30.3	10.2	-	**-21.1**	14.8
Accumulated depreciation at end of year	-20.9	-10.8	-65.3	-47.0	-	**-144.0**	-97.6
Net book value at end of year	12.6	38.1	77.7	29.4	0.9	**158.7**	88.7

1) There was no goodwill on consolidation related to associated companies in 2001 and 2000.

12. TANGIBLE ASSETS	Land and water areas[1)]	Buildings and constructions	Machinery and equipment[2)]	Other tangible assets	Advances paid and fixed assets under construction	**2001 total**	2000 total
Acquisition cost at beginning of year	93.2	553.3	2,172.6	79.0	46.9	**2,945.0**	3,364.2
Increases	0.7	19.3	87.9	5.2	44.5	**157.6**	148.5
Decreases	-0.8	-3.4	-22.1	-0.8	-0.2	**-27.3**	-498.0
Exchange differences and other changes	-16.2	39.0	75.4	-0.5	4.6	**102.3**	-69.7
Acquisition cost at end of year	76.9	608.2	2,313.8	82.9	95.8	**3,177.6**	2,945.0
Accumulated depreciation at beginning of year	-	-295.3	-1,546.3	-53.9	-	**-1,895.5**	-2,036.0
Accumulated depreciation relating to decreases and transfers	-	-0.9	-15.5	-0.4	-	**-16.8**	259.4
Depreciation during the financial year	-	19.5	113.5	5.1	-	**138.1**	-155.7
Exchange differences and other changes	-	-62.0	-253.8	-9.0	-	**-324.8**	36.8
Accumulated depreciation at end of year	-	-338.7	-1,702.1	-58.2	-	**-2,099.0**	-1,895.5
Net book value at end of year	76.9	269.5	611.7	24.7	95.8	**1,078.6**	1,049.5

1) The revaluations of EUR 23.3 million that were included in the acquisition cost and book value of land and water areas 31.12.2000 have been written off from the assets by charging equity. The respective values in buildings included in the acquisition cost, EUR 20.1 million, and book value, EUR 8.6 million, were also written off.

2) Interest expenses have not been capitalized in the assets.

13. INVESTMENTS	Holdings in associates	Other shares and holdings	Receivables from associates	Other investments	Deferred tax assets	**2001 total**	2000 total
Acquisition cost at beginning of year	63.4	19.6	2.0	53.3	8.9	**147.2**	77.6
Share of net income of associates	-2.0	-	-	-	-	**-2.0**	-2.0
Increases	13.0	0.2	-	19.6	2.6	**35.4**	73.8
Decreases	-1.5	-	-2.0	-	-	**-3.5**	-0.1
Transfers	-	-	-	-	-	**-**	-1.7
Exchange differences and other changes	1.5	-0.6	-	-	-	**0.9**	-1.5
Reduction in value	-	-	-	-	-	**-**	-
Receivables from associates	-	-	-	-	-	**-**	1.1
Net book value at end of year	74.4	19.2	-	72.9	11.5	**178.0**	147.2

Shares and holdings are specified in Note 27.

Notes to consolidated financial statements

BALANCE SHEET (EUR million)	**2001**	2000
14. INVENTORIES		
Materials and supplies	**149.1**	133.7
Work in process	**6.6**	9.1
Finished goods	**240.0**	204.3
Advances paid	**2.1**	1.6
Total	**397.8**	348.7

15. RECEIVABLES

Long-term receivables		
Interest-bearing long-term receivables		
Loan receivables from associates	**0.1**	-
Other receivables from others	**-**	0.6
Total interest-bearing long-term receivables	**0.1**	0.6
Interest-free long-term receivables		
Prepaid expenses and accrued income from others	**0.2**	0.1
Accounts receivable from others	**4.2**	4.6
Other receivables from others	**1.2**	0.6
Total interest-free long-term receivables	**5.6**	5.3
Total long-term receivables	**5.7**	5.9
Current receivables		
Interest-bearing short-term receivables		
Loan receivables from associates	**3.2**	2.6
Loan receivables from others	**6.5**	1.7
Other receivables from others	**5.3**	6.3
Total interest-bearing short-term receivables	**15.0**	10.6
Interest-free short-term receivables		
Accounts receivable from associates	**10.7**	8.0
Accounts receivable from others	**426.6**	411.4
Advances paid from others	**15.6**	14.4
Prepaid expenses and accrued income from others	**53.1**	46.0
Other receivables from associates	**3.1**	4.2
Other receivables from others	**37.2**	26.6
Total interest-free short-term receivables	**546.3**	510.6
Total current receivables	**561.3**	521.2
Total receivables	**567.0**	527.1
Loans to the management of the Group companies	**0.1**	0.0

Events related to closely connected parties

Parties are considered to belong to each other's closely connected 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 closely connected parties include the parent company, subsidiaries, associated companies and joint-ventures. Closely connected parties also include the members of the Supervisory Board, Board of Directors and the Group's Management Board, the CEO and his deputies and their near family members. Details of loans granted to management and management's compensation are given above and in the Note 5 to the consolidated financial statements.

Kemira's Finnish pension foundations and funds are legal units of their own and they manage part of the pension assets of the Group's personnel in Finland. The assets include Kemira shares representing 0.6% of the company's shares outstanding.

BALANCE SHEET (EUR million)	**2001**	2000

16. APPROPRIATIONS

In the consolidated financial statements the appropriations of each individual company have been divided into equity and deferred tax liability. Appropriations in the balance sheets of the Group companies are accumulated depreciation differences.

Of which equity	**134.4**	134.4
Of which deferred tax liability	**49.2**	51.7
Total accumulated depreciation difference	**183.6**	186.1

17. LONG-TERM INTEREST-BEARING LIABILITIES

Debentures and other bond loans	**61.7**	61.7
Loans from financial institutions	**290.1**	209.7
Loans from pension institutions	**233.1**	254.5
Other long-term liabilities to others	**46.5**	47.4
Total	**631.4**	573.3

Long-term interest-bearing liabilities maturing in		
2003 (2002)	**155.8**	26.4
2004 (2003)	**47.9**	150.1
2005 (2004)	**66.9**	8.0
2006 (2005)	**29.2**	62.0
2007 (2006) or later	**331.6**	326.8
Total	**631.4**	573.3

Interest-bearing liabilities maturing in 5 years or longer		
Loans from financial institutions	**103.9**	48.8
Loans from pension institutions	**226.7**	248.4
Other long-term interest-bearing liabilities	**1.0**	29.6
Total	**331.6**	326.8

Long-term loans by currency, %		
EUR	**52**	52
SEK	**30**	22
USD	**9**	9
DKK	**1**	4
GBP	**7**	11
Other	**1**	2
Total	**100**	100

The Group has no convertible bonds.

Debentures and other bond loans

Loan		Loan currency		
FI 0003008581	1998-2003	EUR	**45.2**	45.2
FI 0003008599	1998-2006	EUR	**16.5**	16.5
Total			**61.7**	61.7

BALANCE SHEET (EUR million)	**2001**	2000
18. DEFERRED TAX LIABILITIES		
Deferred tax assets and liabilities		
Deferred tax assets at start of period	**25.8**	25.7
Tax assets for deductible losses	**-1.7**	3.2
Tax assets for other deductible temporary differences	**-3.9**	-3.1
Deferred tax assets at end of period	**20.2**	25.8
Deferred tax assets at start of period	**78.4**	82.3
Tax liabilities for cumulative depreciation differences	**-2.5**	-3.1
Tax liabilities for revaluations	**-9.0**	-0.3
Tax liabilities for other temporary differences	**-4.1**	-0.5
Deferred tax liabilities at end of period	**62.8**	78.4
Net deferred tax liabilities	**42.6**	52.6
Temporary differences	**9.1**	3.2
Appropriations	**49.2**	51.7
Consolidation entries	**-15.7**	-2.3
Total	**42.6**	52.6

All deferred tax assets and liabilities are presented above. Deferred tax assets and liabilities were deducted from each other to the amount of EUR 8.7 million as per 31.12.2001, and to the total of EUR 16.9 million as per 31.12.2000. This shows up as a difference compared to the corresponding figures given in the balance sheet.

The deferred tax liabilities related to untaxed reserves of the Finnish Group companies amounted to EUR 49.2 million in 2001 and EUR 51.7 million in 2000. The deferred tax assets are mainly tax assets from tax losses, finance leases and intra-Group profits.

19. PROVISION FOR LIABILITIES AND CHARGES

Long-term provisions 2000	Pension liabilities	Restructuring provisions	Environmental and damage provisions	Deferred income on disposal of Tikkurila CPS	Other provisions	Total
Balance at beginning of year	18.7	7.0	7.5	-	6.0	39.2
Change in provisions	-3.7	5.4	2.3	32.6	-1.4	35.2
Balance at end of year	15.0	12.4	9.8	32.6	4.6	74.4
2001						
Balance at beginning of year	15.0	12.4	9.8	32.6	4.6	74.4
Change in provisions	23.9	-6.3	3.0	-1.6	-3.8	15.2
Balance at end of year	**38.9**	**6.1**	**12.8**	**31.0**	**0.8**	**89.6**
Short-term provisions						
2000						
Balance at beginning of year	-	18.1	2.3	-	0.4	20.8
Change in provisions	-	29.9	8.2	-	0.7	38.8
Balance at end of year	-	48.0	10.5	-	1.1	59.6
2001						
Balance at beginning of year	-	48.0	10.5	-	1.1	59.6
Change in provisions	-	-24.5	2.1	-	0.9	-21.5
Balance at end of year	-	**23.5**	**12.6**	-	**2.0**	**38.1**

BALANCE SHEET (EUR million)	2001	2000
20. CURRENT LIABILITIES		
Interest-bearing short-term liabilities		
Loans from financial institutions	**13.9**	20.7
Loans from pension institutions	**1.6**	1.6
Current portion of other long-term loans to others	**15.7**	18.8
Bills of exchange from others	**1.0**	0.8
Other interest-bearing short-term liabilities to associates	**2.5**	2.8
Other interest-bearing short-term liabilities to others	**89.9**	53.5
Total interest-bearing short-term liabilities	**124.6**	98.2
Interest-free short-term liabilities		
Advances received from others	**13.6**	7.7
Accounts payable to associates	**2.1**	4.4
Accounts payable to others	**183.4**	189.4
Accrued expenses and prepaid income to others	**188.1**	226.8
Other interest-free short-term liabilities to others	**31.3**	31.9
Total interest-free short-term liabilities	**418.5**	460.2
Total current liabilities	**543.1**	558.4
Accrued expenses		
Personnel expenses	**45.3**	40.5
Items related to net sales and purchases	**15.5**	9.8
Interest	**14.4**	10.6
Exchange rate differences	**14.0**	10.0
Taxes	**2.5**	44.3
Other	**96.4**	111.6
Total	**188.1**	226.8

21. NET LIABILITIES

Interest-bearing long-term liabilities	**631.5**	573.3
Interest-bearing short-term liabilities	**124.6**	98.2
Securities	**-21.1**	-199.0
Cash on hand and at banks	**-48.7**	-47.7
Total	**686.3**	424.8

22. DISCONTINUED OPERATIONS

Kemira Pigments business and the CPS unit or the Tikkurila Group's colour processing business, were sold because they were not core businesses. Kemira Agro's production in Rozenburg was also closed. Kemira Pigments Inc. was sold on 31 March 2000 and Kemira Pigments B.V. on 30 April 2000. The remaining company, Kemira Pigments Oy was transferred to the Kemira Chemicals business area. The tinting machine business that belonged to the CPS group was sold on 31 August 2000, and the colour processing systems business was sold on 30 September 2000. The Board of Directors of Kemira Oyj decided to wind up Kemira Agro Rozenburg, and production was closed in December 2000. The closure of production resulted in a non-recurring charge to earnings of EUR 82.5 million.

Income statement

The results of the above-mentioned companies were included in the income statement for discontinued businesses up to the time they ceased to be a part of the Group. The net amount of the capital gains on divestments of the companies and the non-recurring expenses for Kemira Agro Rozenburg were stated within the income statement 2000 for discontinued businesses.

Notes to consolidated financial statements

BALANCE SHEET (EUR million)	**2001**	2000
Continuing operations		
Net sales	**2,454.4**	2,124.0
Share of associates' net income	**0.4**	-0.5
Other operating income	**30.7**	28.2
Expenses	**-2,180.9**	-1,833.9
Depreciation	**-160.5**	-150.3
Operating income	**144.1**	167.5
Financing income and expenses	**-31.3**	-23.4
Income before Group contribution, taxes and minority interests	**112.8**	144.1
Group contribution	**-**	-3.3
Net income before taxes and minority interest	**112.8**	140.8
Income taxes	**-40.2**	-50.7
Minority interests	**-2.2**	-1.1
Net income after taxes	**70.4**	89.0
Discontinued operations		
Net sales	**-**	362.0
Share of associates' net income	**-**	-
Other operating income	**-**	2.7
Expenses	**-**	-336.4
Depreciation	**-**	-21.0
Operating income	**-**	7.3
Financing income and expenses	**-**	-7.1
Income before Group contribution, non-recurring items, taxes and minority interests	**-**	0.2
Group contribution	**-**	3.3
Income taxes	**-**	1.1
Minority interests	**-**	-1.3
Net income before discontinuance	**-**	3.3
Gain on discontinuance	**-**	244.7
Provision for employee termination	**-**	-22.3
Provision for cleaning and contracts	**-**	-17.7
Impairment loss	**-**	-42.5
Tax on discontinuance	**-**	-46.7
Net income after taxes	**-**	118.8
Total Group, net income from ordinary activities	**-**	92.3
Balance sheet, discontinued operations		
Carrying amount of total assets (outside Group and intra-Group)	**-**	43.7
Carrying amount of total liabilities (outside Group companies)		
Interest-bearing liabilities	**-**	0.4
Interest-free liabilities	**-**	52.2
Total	**-**	52.6
Cash flow from discontinued operations		
Cash flow from operations	**-**	-
Capital expenditure	**-**	-16.7
Sale of assets	**-**	493.9
Cash flow before financing	**-**	477.2
Financing	**-**	-480.2
Increase / decrease in liquid funds	**-**	-3.0

OTHER NOTES (EUR million)

23. PENSION LIABILITIES ACCORDING TO IAS 19

Pension arrangements
The Group has several pension arrangements in different countries. In Finland, the Netherlands and Great Britain pension security has been arranged primarily through the Group's own defined benefit plan pension foundations. In addition, in Sweden the Group has pension arrangements going beyond statutory pension security. In other countries the pension arrangements are handled in accordance with the local regulations and practices. The above mentioned pension foundation arrangements and the pension arrangements in Sweden are in line with a defined benefit plan in which the benefits are determined on the basis of retirement age, suffering of an injury, the insured's decease or ending of the employment relationship. Pension benefits are determined primarily on the basis of years in employment and the final salary or wages, in accordance with the local regulations. Finnish compulsory pension arrangement (TEL) has been accounted for as defined contribution plan. The Group pays contributions to the pension foundations in accordance with the local practice of each country or it assumes responsibility for the payment of pension benefits through insurance companies.

Shown below is the effect of defined benefit plan on the Group's net income and balance sheet as calculated according to the IAS 19 standard. The calculation covers the pension arrangements of the Group's pension foundations in Finland, the Netherlands and Great Britain as well as the supplementary pension arrangements borne by companies in Sweden, and it furthermore indicates the differences which application of IAS 19 would have caused in the Group's net income and balance sheet.

	2001	2000
Defined benefit plan, employee benefit obligations		
Present value of unfunded obligations	**34.6**	23.1
Present value of funded obligations	**740.7**	709.7
Fair value of plan assets	**-766.5**	-830.7
Fair value of pension obligations	**8.8**	-97.9
Unrecognized actuarial gains and losses (-)	**-18.0**	108.3
Net IAS liability/receivable (-)	**-9.2**	10.4

The assets for pension arrangements include Kemira Oyj shares at a fair value of EUR 5.0 million as well as real-estate properties which are in the Group's own use and have a fair value of EUR 5.5 million.

	2001	2000
Movements in net liability		
Net liability at start of year	**10.4**	27.6
Exchange differences on foreign plan	**-2.0**	-0.6
Liabilities acquired in business combinations	**10.9**	-
Net expense in the income statement	**-1.9**	-9.6
Contributions included in net income	**-26.6**	-7.0
Net liability/receivable (-)	**-9.2**	10.4
Pension liabilities included in balance sheet	**4.4**	3.6
Impact on balance sheet if IAS 19 had been applied	**-13.6**	6.8

	2001	2000
The amounts in the income statement		
Current service cost	**5.7**	2.0
Interest on obligation	**43.0**	44.6
Expected return on plan assets	**-48.1**	-51.5
Net actuarial gains/losses of financial year (-)	**-2.5**	-4.7
IAS pension expenses/decrease in expenses (-)	**-1.9**	-9.6
Contributions included in net income	**26.6**	7.1
Impact on net income if IAS 19 had been applied	**-28.5**	-16.7

	2001	2000
Actual return on plan assets		
Actual return on plan assets/expense (-)	**-67.2**	-14.8

	2001	2000
Principal actuarial assumptions (IAS 19)		
Discount rate	**5.5 - 5.8%**	5.5 - 5.8%
Expected return on plan assets	**5.0 - 7.0%**	5.0 - 7.0%
Future salary increases	**2.0 - 5.0%**	2.25 - 5.0%
Future pension increases	**2.0 - 2.8%**	2.0 - 3.25%

The financial impact of IAS 19

If IAS 19 had been applied in the consolidated financial statements the net income for 2001 would have been EUR 28.5 million higher and shareholders' equity at 31 December 2001 EUR 13.6 million higher. Net income in 2000 would have been EUR 16.7 million higher and shareholders' equity at 31 December 2000 EUR 6.8 million lower than in the financial statements submitted.

24. COLLATERAL AND CONTINGENT LIABILITIES

Loans secured by mortgages in the balance sheet and for which mortgages given as collateral		
Loans from financial institutions	**5.5**	4.0
Mortgages given	**5.3**	2.3
Loans from pension institutions	**73.9**	74.3
Mortgages given	**91.2**	103.0
Other loans	**8.3**	7.1
Mortgages given	**13.6**	5.6
Total mortgage loans	**87.6**	85.4
Total mortgages given	**110.1**	110.9
Contingent liabilities		
Assets pledged		
On behalf of own commitments	**46.6**	13.5
On behalf of others	**1.1**	1.1
Guarantees		
On behalf of associates	**44.4**	36.0
On behalf of others	**1.6**	2.7
Operating leasing		
Maturity within one year	**1.0**	4.8
Maturity after one year	**3.6**	12.6
Other obligations		
On behalf of associates	**1.4**	1.3
On behalf of others	**1.1**	1.1

In liabilities for 2001 there is a debt of EUR 46.2 million related to finance lease. In 2000 the finance lease included in debts amounted to EUR 45.1 million.

There were no collaterals or contingent liabilities related to managing directors, members or deputy members of boards of directors and the Supervisory Board.

Litigation

The Group has extensive international operations and is a defendant or plaintiff in a number of proceedings incidental to those operations. The Group does not expect the outcome of any legal proceedings currently pending, either individually or in the aggregate, to have material adverse effect upon the Group's consolidated financial position or results of operations.

25. ENVIRONMENTAL RISKS, LIABILITIES AND LEGAL ISSUES

Environmental risks. Most of Kemira's businesses belong to chemical industry, whose products and operations are subject to various international agreements and national laws and regulations all over the world. In 2001, the Group's operations were in material compliance with the existing regulations and no significant difficulties were encountered in this respect. The Group manages environmental liabilities and risks in accordance with the IAS regulations, and by established internal policies and procedures.

Perhaps the most important forward-looking change in the legal framework was the White Paper, 'Strategy for a future Chemicals Policy', issued by the European Commission. This strategy, when implemented, may increase substantially the costs of testing and risk assessment of the existing chemicals within the European market. Kemira has assessed the potential impacts of this proposal on the present products and businesses, and takes part in voluntary risk assessment programmes. The management does not expect material effects, because the costs will be shared by all companies on the market over a long time period. In addition, the final legislative outcome of the proposed strategy is not yet clear.

The recently adopted international conventions on the so-called POP compounds (Persistent Organic Pollutants) and PICs (Prior Inform Consent chemicals) are not significant to Kemira's present businesses.

The safety requirements of the European ammonium nitrate business may be tightened due to a major industrial accident at Toulouse, France. Kemira has assessed accident risks at all relevant plants. The type of process technology used by Kemira differs from that used in the above described case.

The European Commission landfill directive, which is applied also to existing landfills, entered into force. Kemira has relevant industrial landfills or piling areas in use on five locations in Europe. The Group has started an assessment of the impact of the directive on the operations, and of the eventual need for provisions.

Environmental liabilities. Soil and ground water contamination associated to past activities has been assessed at all major Group-owned properties. Several environmental site assessment projects were conducted in conjunction with the completed and planned business acquisitions.

In the acquisition of the paint businesses of Alcro-Beckers, soil contamination caused by past paint manufacturing activities was observed on two major sites, i.e., in Sweden and in Poland. Potential clean-up costs have been addressed in the purchase agreement, and an appropriate provision has also been made. The authorities are aware of the situation and, at present, there are no requirements for additional action.

The acquisition of Vinings Chemicals, Inc., in the United states, included a comprehensive environmental due diligence project.

The completed business divestments were not connected to any material environmental issues. The Group does not have significant environmental liabilities from the closed fertiliser activities in the Netherlands.

At present, there is a requirement or commitment to undertake a limited clean-up of soil at 11 sites. The total amount provided for future remedial action was increased due to business acquisitions. Remedial action or demolition were carried out at 11 sites.

At Vaasa, Finland, a preliminary action plan was submitted to the authorities concerning limited dredging operations and subsequent landfilling of the contaminated sediment of the nearby small lake.

The waste management permit for the Siilinjärvi plant in Finland is still subject to an appeal in the Supreme Administrative Court. The permit specifies significant requirements concerning future measures in the piling and rehabilitation of by-products and waste. The outcome of this case cannot yet be fully predicted.

The waste management permit of the Pori plant also requires future rehabilitation measures, for which plans will be submitted later.

A new permit for the Kokkola plant in Finland requires that the on-site filtrate sludge lagoons must be appropriately closed or isolated before November, 2007, depending on their future use.

Legal cases. There were no significant environmental legal cases pending against Group companies.

26. MANAGEMENT OF FINANCIAL RISKS

The Group's operations involve market price, credit and liquidity risks. Management of financial risks is the responsibility of Group Treasury, which acts in accordance with the financial policy that is in effect. The policy of Kemira's Treasury operations is approved by the company's Board of Directors. The policy defines the operational principles of financial management as well as the maximum permissible amounts of financial risks. In addition, the Board of Directors confirms an action plan for treasury operations each year. The objective of financial risk management is to protect the company from unfavourable changes occurring in the financial markets and thus to contribute to safeguarding the company's earnings trend and its shareholders' equity. The company employs various financial instruments, such as forward rate agreements, options and futures, within the framework of the limits which have been set. Only such instruments are used whose market values and risks can be tracked continually and reliably. Derivative instruments are used only for hedging purposes, not for speculative gain.

MARKET RISK

Foreign exchange risk

As a consequence of global operations, the Group is exposed to foreign exchange risks due to changes in foreign exchange rates. Currency flow risk arises from the net currency flows denominated in currencies other than the home currency both in the euro-zone and outside the euro area. At the Group level, the largest foreign exchange risks in 2002 have been estimated to be as follows:

Degree of hedging at the turn of the year:

– USD surplus	(EUR 145 million)	54%
– SEK deficit	(EUR 15 million)	55%
– PLN surplus	(EUR 30 million)	20%
– GBP deficit	(EUR 45 million)	27%

which comprise a total of more than 90% of the entire EUR 250 million currency flow risk from commercial activities at the annual level. At the turn of the year, 43% of these risks was hedged.

Furthermore, currency risk arises on the translation into euros of the net income and balance sheet items of companies outside the euro-zone.

The basic guideline for hedging foreign exchange risks is that a minimum of 30% of the foreign currency flow that is forecast for the next 12 months must be hedged. Each subsidiary is responsible for taking its own hedging decisions. The hedging undertaken by the subsidiaries is supplemented, according to the

Group's needs, by means of Group-level hedging measures that are carried out by Group Treasury such as a rule 50% of the forecast net currency flow for 12 months is hedged. A minimum of 30% and a maximum of 100% of the forecast flow must always be hedged.

The degree of hedging is tracked daily. The average degree of hedging in 2001 was 47%. For the bulk of the derivatives, the maturity of forex derivative contracts is less than one year. During the current year the company is assessing the possibility of introducing Value-at-Risk analysis, which is a means of enhancing the management of foreign exchange risk.

The Group strives to hedge balance sheet risk by keeping foreign currency-denominated liabilities in balance, currency by currency, with the asset items in the balance sheet. The Group's shareholders' equity amounts in foreign currency are hedged against exchange rate changes by taking out long-term loans in foreign currency as well as through forward contracts. The hedge accounting calculation as defined in IAS 39 is applied to balance sheet hedging; accordingly, the degrees of hedging are documented and the effectiveness is tested in the manner required by the standard. Instruments used to hedge net investments in foreign units had an aggregate nominal value at the end of the year of EUR 85.5 million. In hedging balance sheet risk, the equity ratio is monitored such that if a change of +/- 5.0% in the foreign exchange rates causes a change of more than 1.5 percentage point in the equity ratio, hedging measures have to be undertaken. In practice this means that in the balance sheet the value of the unhedged shareholders' equity in 2001 could be a maximum of EUR 375 million, of which limit EUR 344 million was in use at the turn of the year. The largest unhedged positions are in the Swedish krona and the British pound.

Interest rate risk

In order to manage interest rate risks, the Group's borrowing and investments are spread out between fixed and variable interest rate instruments. Other instruments that are used actively are interest rate swaps, forward rate agreements, government bond forward contracts and interest rate options. At the end of 2001, 40% of the Group's entire loan portfolio consisted of fixed-interest borrowings. Pension loans are considered to be variable-interest loans. Treasury Management measures the interest rate risk by means of the duration of the loan portfolio and sensitivity analysis. The duration of the entire loan portfolio at the end of 2001 was 13 months including interest rate derivatives and 7 months excluding derivatives. One year is used as the duration of pension loans. In 2002 the duration of the loan portfolio can vary in a range of 6-24 months. In 2002 a change of one percentage point in the interest rate curve is allowed to cause a maximum change of EUR 15 million in the market value of the asset/liability portfolio. An increase of one percentage point in the level of interest rates at the end of 2001 would have lowered the market value of the portfolio of net liabilities by EUR 6.5 million including interest rate derivatives and by EUR 3.8 million without derivatives. The proportion of fixed-interest loans in the loan portfolio has been increased by means of interest rate derivatives. Limits can be changed through a decision by the Board of Directors in accordance with the market situation. As a consequence of this policy, the Group's average interest rate level in general has been higher than the market level of short-term interest rates when low rates prevail and, on the other hand, lower than the market level when high rates prevail.

CREDIT RISK

Financing-related credit risk

Counterparty risk is due to the fact that a contractual party to a financing transaction is not necessarily able to fulfil its obligations under the agreement. Counterparty risks in treasury operations are mainly connected with investing funds and with the counterparty risks of derivative contracts. The Group seeks to minimize its counterparty risk by using as its counterparties only financial institutions that have a good credit rating as well as by spreading out agreements among them. At present there are more than 20 approved counterparties. A counterparty that has received a credit rating below the A level or an unrated counterparty must have a separate approval. At present this condition applies only to a few counterparties. Before being accepted as a counterparty, the financial institution must go through a special approval process. In addition, Treasury Management approves the new banking relationships of subsidiaries. Counterparty risk is monitored on a monthly basis by defining from the market values of receivables the maximum risk associated with each counterparty. For each financial institution, there is an approved limit. Credit risks for financing did not result in credit losses during the financial year.

Commercial credit risk

The Group's trade receivables are spread out over an extensive customer base in different geographical areas and industries. Credit limits have been set for nearly all customers and they are monitored systematically. For customers in western Europe, North America and part of eastern and central Europe, credit insurance policies are taken out on a business unit basis for the entire customer portfolio. In other market areas document payments are in use, such as letters of credit.

LIQUIDITY RISK

Funding risk

The Group diversifies its funding risk by obtaining financing from different sources in different markets. The Group has bank loans, pension loans, insurance company loans, a Long Term Note Programme as well as short-term domestic and foreign commercial paper programmes. The objective is to balance the maturity schedule of the bond and loan portfolio and to maintain a sufficiently long maturity for long-term loans. The average maturity of long-term loans (excluding pension loans) was 3.3 years at the turn of the year and by 2005, 53% of them, or EUR 221 million, will fall due. The Group's solvency and funding arrangements are safeguarded by maintaining good liquidity and by means of revolving credit facilities.

Syndicated credits contain a covenant according to which the company represents and warrants that its financial state will remain such that the consolidated shareholders' equity is always at least 25% of consolidated total assets (equity ratio).

The Group has a commercial paper programme providing for the raising of a maximum of EUR 150 million as well as a Euro Commercial Paper (ECP) programme, within which a maximum of USD 200 million can be raised. The ECP programme was used to a very minor extent in 2001. At the end of the year commercial paper programmes amounting to EUR 43 million were in use.

The acquisitions made during 2001 reduced liquidity significantly compared with the situation at the end of 2000, when liquidity included the proceeds of divestments. The Group's average liquidity in 2001 was EUR 133 million. At the end of 2001, liquidity amounted to EUR 70 million as well as an unused revolving credit facility of about EUR 383 million, for a total of EUR 453 million. Liquidity management is developed continually by improving the efficiency of the cash pool Group account arrangement as well as by bringing new subsidiaries within the Group's netting system for internal payments. During 2001 the euro cash pool was extended, notably, to Austria and Spain.

DOCUMENTATION RISK

The Group's documentation risk for financing agreements is managed by concentrating the approval of financing agreements within Group Treasury as well as by using standardized agreement models. In loan agreements the company observes the normal terms and conditions of agreement prevailing on the market.

Financial instruments
EUR million

	31.12.2001		31.12.2000	
	Nominal value	**Fair value**	Nominal value	Fair value
Currency instruments				
Forward contracts,	**390.4**	**0.3**	417.6	10.5
of which for balance sheet hedging	**42.5**	**-0.1**	46.0	3.2
Currency options				
Bought	**152.9**	**-1.8**	208.0	1.1
Sold	**232.5**	**0.8**	257.2	0.1
Currency swaps	**114.0**	**-1.3**	95.1	-9.8
Interest rate instruments				
Interest rate swaps	**182.2**	**-3.0**	220.9	-3.3
Interest rate options	**20.0**	**0.1**	-	-
Bought	**10.0**	**0.2**	-	-
Sold	**10.0**	**0.0**	-	-
Forward rate agreements	**1,548.0**	**-0.1**	10.0	0.0
Of which open	**150.0**	**-0.1**	-	-
Bond futures	**86.0**	**0.0**	6.0	0.0
Of which open	**-**	**-**	2.0	0.0
Other instruments				
Oil futures	**0.0**	**0.0**	-	-

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

Fair value of those financing instruments which are entered in the balance sheet at their acquisition cost:
EUR million

	Balance sheet value 2001	**Fair value 2001**
Assets		
Loans to associated companies	**37.5**	**45.5**
Short-term deposits with financial institutions	**2.0**	**2.0**
Shareholders' equity and liabilities		
Long-term loans from financial institutions	**262.6**	**258.3**
of which for balance sheet hedging	**43.0**	**43.5**
Pension loans	**200.0**	**201.3**
Bonds and notes	**61.7**	**62.0**
Short-term loans from financial institutions	**44.0**	**43.9**
Leasing liabilities	**46.2**	**48.3**

The fair value of contracts has been calculated on the basis of the present value of the cash flows arising from them. The valuation of financial instruments has been calculated according to the date of the trade, whereas the purchase and sale of financial assets are booked according to the settlement date.

27. SHARES AND HOLDINGS OF GROUP COMPANIES

			Holding %
Associated companies			
A/S Ammonia	Fredericia	Denmark	33.3
Alcro-Beckers Barvy Tjeckien	Prague	Czech Republic	25.0
Alufluor AB	Helsingborg	Sweden	50.0
Aluminium Sulphate Co. of Egypt, S.A.E.	Cairo	Egypt	26.1
Biolchim Tunisie	Carthage	Tunisia	25.0
CPS Color Group Oy	Vantaa	Finland	28.7
DA Kemikaalide AS	Tallinn	Estonia	40.0
Farmit Website Oy	Helsinki	Finland	33.3
Färgsam AB	Stockholm	Sweden	20.0
Indkoebsselskabet for Kali I/S	Fredericia	Denmark	50.0
Kemax B.V.	Rozenburg	The Netherlands	50.0
Kemira Algérie S.p.A.	Alger	Algeria	40.0
Kemira Arab Potash Company	Amman	Jordan	49.0
Kemira Compound Fertiliser (Zhanjiang) Co. Ltd.	Zhanjiang	China	49.0
Kemira Emirates Fertilizers Company (Kefco)	Dubai	United Arab Emirates	30.0
Kemira Kuok Fertilizer Sdn. Bhd.	Kuala Lumpur	Malaysia	30.0
Kemira Thai Co. Ltd	Bangkok	Thailand	49.5
Kemira-Ube Ltd	Tokyo	Japan	50.0
Kemwater Phil., Corp.	Manila	Philippines	40.0
KK Animal Nutrition (Pty) Ltd.	Durban	South Africa	50.0
Movere Oy	Lahti	Finland	40.0
Pharmatory Oy	Oulu	Finland	24.0
Oy Polargas Ab	Oulu	Finland	30.0
PK Düngerhandelsgesellschaft m.b.H.	Hannover	Germany	50.0
Scanspac & Co KB	Sala	Sweden	50.0
Scanspac AB	Sala	Sweden	50.0
Seco S.A.	Ribécourt	France	49.7
Superstar Fertilizers Co. Ltd	Bangkok	Thailand	40.0
Swede Pavimenta S.a.s di Carazza & Co	Pecetto	Italy	30.0
Swedish Water Corporation AB	Stockholm	Sweden	20.0
Union Kemira Co.	Abu Dhabi	United Arab Emirates	49.0
Varteko Valduse AS	Pärnu	Estonia	44.8
Other shares and holdings			
A. Jalander Oy		Finland	16.0
Forcit Oy		Finland	15.4
Kemiron Companies Inc.		United States	15.0
Suomen Rehu Oy		Finland	19.9

28. SEGMENT DATA

The Group is organized into the following main business areas: Chemicals, Paints and Coatings, and Agro.

Intra-Group transfer prices are based primarily on market prices. In some cases, for example, where marketing companies are involved, cost-based prices are used, thereby including the margin (so-called cost plus method).

The assets and liabilities of businesses comprise assets and liabilities which can be allocated, directly or justifiably, to the businesses in question. The assets of the business segments include tangible and intangible assets, interest in associated companies, inventories and interest-free receivables. Short-term interest-free liabilities are included in the liabilities of the business segments. The figures for year 2000 have been restated to correspond to the current business structure.

2001 EUR million	Chemicals	Paints & Coatings	Agro	Other	**Group**
Income statement					
External net sales	830.1	445.3	1,121.4	57.6	**2,454.4**
Intra-Group sales	70.7	0.1	36.4	-107.2	**-**
Net sales, total	900.8	445.4	1,157.8	-49.6	**2,454.4**
Share of the associates' net income	3.7	1.6	-3.2	-1.7	**0.4**
Operating income	91.2	16.7	49.4	-13.2	**144.1**
Other information					
Assets of businesses	963.0	375.0	856.9	66.7	**2,261.6**
of which holdings in associated companies	30.3	3.3	32.8	8.0	**74.4**
Unallocated assets					**188.3**
Consolidated assets, total					**2,449.9**
Liabilities of businesses	183.7	85.7	234.8	2.6	**506.8**
Unallocated liabilities					**811.4**
Consolidated liabilities, total					**1,318.2**
Capital expenditure	109.2	126.3	60.9	1.7	**298.1**
Depreciation	78.9	23.0	62.3	-3.7	**160.5**
Cash flows					
Operations	161.6	-19.3	29.2	-46.4	**125.1**
Net capital expenditure	-105.2	-122.2	-43.4	-0.7	**-271.5**
Financing	-56.5	143.9	23.3	-141.1	**-30.4**

2000 EUR million	Chemicals	Paints & Coatings	Agro	Other	**Group**
Income statement					
External net sales	855.4	243.4	1,176.0	211.2	**2,486.0**
Intra-Group sales	33.0	-	43.2	-76.2	**-**
Net sales, total	888.4	243.4	1,219.2	135.0	**2,486.0**
Share of the associates' net income	2.6	-	-0.9	-2.2	**-0.5**
Operating income	115.4	13.5	33.1	12.8	**174.8**

Notes to consolidated financial statements

2000 **EUR million**	Chemicals	Paints & Coatings	Agro	Other	**Group**
Other information					
Assets of businesses	887.2	178.4	845.1	155.4	**2,066.1**
of which holdings in associated companies	29.1	-	24.3	10.0	**63.4**
Unallocated assets					**341.8**
Consolidated assets, total	887.2	178.4	845.1	155.4	**2,407.9**
Liabilities of businesses	101.3	71.5	207.6	79.8	**460.2**
Unallocated liabilities					**807.4**
Consolidated liabilities, total					**1,267.6**
Capital expenditure	120.1	10.2	65.7	22.3	**218.3**
Depreciation	66.0	11.0	72.6	21.7	**171.3**
Cash flows					
Operations	150.5	67.4	61.3	-65.3	**213.9**
Capital expenditure	-120.3	119.4	-57.6	367.4	**308.9**
Financing	-33.9	-193.6	10.1	-147.1	**-364.5**

Geographical segment	**2001**	2000
Net sales		
Finland	**487.4**	461.2
Other EU countries	**1,350.1**	1,378.4
Rest of Europe	**337.7**	247.9
North and South America	**104.4**	194.3
Asia	**143.1**	163.4
Other countries	**31.7**	40.8
Total	**2,454.4**	2,486.0
Assets (tangible and intangible fixed assets)		
Finland	**490.8**	511.5
Other EU countries	**591.8**	496.2
Rest of Europe	**64.1**	40.7
North and South America	**52.2**	50.0
Asia	**38.4**	39.8
Other countries	**-**	-
Total	**1,237.3**	1,138.2
Capital expenditure		
Finland	**67.6**	62.5
Other EU countries	**207.2**	130.5
Rest of Europe	**14.7**	14.1
North and South America	**7.9**	10.5
Asia	**0.7**	0.6
Other countries	**-**	0.1
Total	**298.1**	218.3

29. CHANGES IN GROUP STRUCTURE 2001

Acquisitions of Group companies, and new subsidiaries that have been founded.
- Kemira and AB Wilhelm Becker have concluded an agreement on the transfer of Alcro-Beckers AB, the decorative paints business of AB Wilhelm Becker, to the Finnish Kemira Group. The business was transferred to the new owner at the beginning of 2001. The new Group companies are: Alcro Beckers AB, Alcro-Beckers Norge A/S, Alcro-Beckers Poland Ltd, Alcro-Beckers Danmark A/S, Polifarb Becker Debica SA (renamed TBD S.A. in 2002), Nokian Laatumaalit Oy, Pigrol Farben Gmbh, Holmbergs Färg i Skövde AB, Färghuset i Bollnäs AB, Sundsvalls Färghandel AB, Tapetlagret Öbergs Färghus i Västerås AB, Gemptus AB, Färgmästaren J E Englund AB, Hässleholms Färg & Miljö AB, RF Golventreprenader AB, Runes Färger AB, Gamol Försäljnings AB, Färghuset i Malmö AB, Färgservice i Malmö AB, Färghuset i Kristinehamn AB, Billdals Färghus AB, Golv & Färghuset Peter Alvefelt AB, Alcro Färg AB, AB Rosma, Prodafa AB, Beckers Färg AB, AS Baltic Color Estonia, A/S Baltic Color Latvia (earlier Paints & Coatings owned 50% of the Baltic Color companies). New associated companies: Scanspac & Co KB (50%), Scanspac AB (50%), Alcro-Beckers Barvy Tjeckien (25%), Swede Pavimenta S.a.s. di Carazza & Co (30%), Färgsam Ekonomisk Förening (20%).
- Kemira Phoshates Oy was established in the beginning of April. The company covers the Kemphos and animal nutrition business which belong to Agro.
- The Group share of Kemwater (Yixing) Co., Ltd. was increased from 60% to 89% in September.
- In September Kemira Chemicals Oy established a fully-owned company in China. The name of the new marketing company is Kemira Chemicals (Shanghai) Co. Ltd.
- The Czech subsidiary of Kemira Kemi Ab, Kemifloc a.s. has established a company in neighbouring country. The company is named Kemifloc Slovakia S.r.o.
- In December Kemira Agro Oy and Movere Oy established a joint agricultural logistics operation in Lithuania. UAB Movere began operations in the beginning of 2002. Kemira's holding is 80% of the company's shares.
- Alcro Beckers established a new joint venture in Stockholm with 50% ownership. The company is named Alcro Parti AB.

Divestments of Group companies
- A. Jalander Oy operations were transferred in a management-buy-out to a new company. The name of the new company is A.Jalander Oy, and the old group company is renamed to Kemira Agro Muurla Oy. Kemira Agro Muurla Oy has no activities.
- Kemira Agro sold Kemira Pernis B.V. to Van Bentum.
- Paper Chemicals Canada Inc. was closed down in July.

Changes in holdings in Group companies within the Group
- Kemira Chemicals Oy sold Kemira Chemicals Hungary KFT to Kemira Agro Oy. Kemira Denmark A/S sold its 5% share of Kemira Agro Hungary Ltd. to Kemira Agro Oy.
- A/S Baltic Color, Latvia (renamed Sia Vivacolor in 2002) and AS Baltic Color, Estonia are 100% owned by Tikkurila Paints Oy and belong to Tikkurila Paints Oy organisation since October.
- Tikkurila Finance Oy was merged to Tikkurila Oy in November.
- Vitalba S.r.l. was merged to Biolchim S.p.A. in the beginning of December.
- Kemira Pigments AB was merged to Kemira Kemi AB in December.
- Kemira Oyj and Kemira Pigments Oy sold their shares in Kemira Pigments Holding B.V. to Multirange B.V. in December.

Name changes
- Spetra S.r.l. in Paints & Coatings group was renamed Imagica S.r.l.
- Tikkurila Polska Sp. z o.o in Paints & Coatings group was renamed Tikkurila Coatings Sp. z o.o.

Coming changes in the Group structure
- Kemira Chemicals acquired North American Vinings Industries, which is a supplier of specialty chemicals to the pulp and paper industry. The deal was closed on 30 January 2002.

Kemira Oyj financial statements

INCOME STATEMENT		1.1.– 31.12.	
EUR million	Note	**2001**	2000
Net sales	1	**21.0**	20.7
Other income from operations	2	**0.6**	13.4
Cost of sales	3, 4	**-35.1**	-33.5
Depreciation	5	**-1.3**	-0.9
Operating income		**-14.8**	-0.3
Financing income and expenses	6	**11.6**	-7.5
Income before extraordinary items, appropriations and taxes		**-3.2**	-7.8
Extraordinary items	7	**112.1**	177.6
Income before appropriations and taxes		**108.9**	169.8
Appropriations	8	**-0.4**	0.0
Direct taxes	9	**-31.6**	-49.3
Net income		**76.9**	120.5

BALANCE SHEET		31.12.	
EUR million	Note	**2001**	2000
ASSETS			
Non-current assets			
Intangible assets	10	**1.0**	0.4
Tangible assets	11	**23.5**	21.1
Investments	12		
Shares in Group companies		**451.2**	440.2
Holdings in associates		**5.0**	5.0
Other shares and holdings		**3.4**	3.3
Own shares		**21.2**	28.8
Other investments		**466.2**	390.0
Total investments		**947.0**	867.3
Total non-current assets		**971.5**	888.8
Current assets			
Receivables	13		
Interest-bearing receivables		**55.4**	70.2
Interest-free receivables		**149.7**	145.3
Total receivables		**205.1**	215.5
Securities	14	**335.8**	417.3
Cash and bank		**4.3**	1.1
Total current assets		**545.2**	633.9
Total assets		**1,516.7**	1,522.7
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	15		
Share capital		**217.0**	217.0
Share premium account		**252.5**	252.5
Reserve for own shares		**21.2**	28.8
Retained earnings		**260.6**	205.7
Net profit for the financial year		**77.0**	120.5
Total shareholders' equity		**828.3**	824.5
Appropriations	16	**0.9**	0.5

	Note	**2001**	2000
Long-term liabilities			
Interest-bearing long-term liabilities	17	**367.7**	306.7
Interest-free long-term liabilities	18	**-**	-
Total long-term liabilities		**367.7**	306.7
Current liabilities	19		
Interest-bearing short-term liabilities		**277.0**	361.7
Interest-free short-term liabilities		**42.8**	29.3
Total current liabilities		**319.8**	391.0
Total liabilities		**687.5**	697.7
Total liabilities and shareholders' equity		**1,516.7**	1,522.7

CASH FLOW STATEMENT	**2001**	2000
EUR million		
Funds from operations		
Operating income	**-14.8**	-0.3
Adjustments to operating income	**-0.5**	-13.2
Depreciation	**1.3**	0.9
Interest income	**29.4**	35.8
Interest expense	**-16.1**	-22.2
Dividend received	**0.6**	0.4
Other financing items	**-11.1**	-16.2
Taxes	**-32.2**	-62.0
Total funds from operations	**-43.4**	-76.8
Change in net working capital		
Short-term receivables	**2.1**	3.1
Interest-free short-term liabilities	**10.2**	-15.1
Change in net working capital, total	**12.3**	-12.0
Cash flow from operations	**-31.1**	-88.8
Capital expenditure		
Acquisitions of Group companies	**-12.1**	-19.3
Acquisitions of associated companies	**-**	-
Purchase of other fixed assets	**-4.5**	-0.6
Disposal of Group companies	**1.0**	16.1
Disposal of associated companies	**-**	-
Sales of other fixed assets	**0.6**	0.1
Total capital expenditure	**-15.0**	-3.7
Cash flow before financing	**-46.1**	-92.5
Financing		
Change in long-term loans (increase +, decrease -)	**24.1**	-175.1
Change in long-term loan receivables (increase +, decrease -)	**-76.2**	87.3
Short-term financing, net (increase +, decrease -)	**-24.1**	139.4
Group contribution	**109.5**	174.8
Dividend paid	**-36.7**	-29.4
Own shares	**-28.8**	-23.0
Other	**-**	-0.1
Financing, total	**-32.2**	173.9
Increase / decrease in liquid funds	**-78.3**	81.4
Liquid funds at end of year	**340.1**	418.4
Liquid funds at beginning of year	**418.4**	337.0
Increase / decrease in liquid funds	**-78.3**	81.4

Notes to Kemira Oyj financial statements

INCOME STATEMENT (EUR million)	2001	2000

1. NET SALES

Net sales	**21.0**	20.7

Net sales consist of sale of electricity to Finnish Group companies and other external customers in Finland.

2. OTHER INCOME FROM OPERATIONS

Gains on the sale of fixed assets	**0.6**	13.3
Other income	**0.0**	0.1
Total	**0.6**	13.4

3. COST OF SALES

Materials and services		
Materials and supplies		
Purchases during the financial year	**14.6**	15.7
External services	**-**	-
Total materials and services	**14.6**	15.7
Personnel expenses	**13.2**	11.8
Rents	**2.4**	2.1
Losses on the sales of fixed assets	**1.0**	0.0
Other expenses	**3.9**	3.9
Total	**35.1**	33.5

4. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

Emoluments of the Supervisory Board	**0.1**	0.1
Emoluments of the board of directors and the managing director 1)	**0.4**	0.3
Other wages and salaries	**7.9**	5.3
Pension expenses	**4.2**	5.4
Other personnel expenses	**0.6**	0.7
Total	**13.2**	11.8

1) The managing director received a remuneration of EUR 349,681 which includes a profit sharing bonus of EUR 58,232.

The non-executive members of the board of directors are paid a monthly emolument; other compensation is not paid to the members of the board. The chairman received EUR 22,201, the vice-chairman EUR 18,165 and the ordinary members EUR 14,127 each.

Management's pension commitments
The managing director and deputy managing director of Kemira Oyj are entitled to retire at the age of 60. This possibility is based on the benefits of the supplementary pension foundation that has been closed to new members since 1 January 1991. The supplementary pension foundation's benefits concern all the personnel whose years of service and other conditions concerning the granting of a pension have been fulfilled. Persons belonging to the Company's management, including parties closely associated with them, are not involved in substantial business relationships with the Company. The pension commitments to the management of the company do not differ from those to the other permanent staff.

Personnel

Personnel, average	**235**	120
Personnel at year end	**233**	116

5. DEPRECIATION	2001	2000
Scheduled depreciation		
Intangible assets		
Intangible rights	**0.0**	0.1
Other long-term expenditures	**0.1**	0.0
Tangible assets		
Buildings and constructions	**0.3**	0.3
Machinery and equipment	**0.9**	0.5
Other tangible assets	**0.0**	0.0
Total	**1.3**	0.9
Decrease in difference between scheduled and actual depreciation		
Intangible assets	**0.0**	0.0
Other long-term expenditures	**-0.1**	0.0
Buildings and constructions	**-0.1**	-0.1
Machinery and equipment	**-0.2**	0.1
Total	**-0.4**	0.0

6. FINANCING INCOME AND EXPENSES

Financing income		
Dividend income		
Dividend income from Group companies	**0.2**	0.3
Dividend income from associates	**0.0**	0.3
Dividend income from others	**0.4**	0.0
Total dividend income	**0.6**	0.6
Interest income		
From long-term investments from Group companies	**21.2**	22.4
From short-term investments from Group companies	**14.8**	14.3
From short-term investments from others	**5.2**	7.8
Total interest income	**41.2**	44.5
Other financing income		
Other financing income from Group companies	**0.2**	0.1
Other financing income from others	**0.0**	0.0
Total other financing income	**0.2**	0.1
Exchange differences		
Net exchange differences from Group companies	**-**	13.2
Net exchange differences from others	**5.1**	-
Total exchange differences	**5.1**	13.2
Total financing income	**47.1**	58.4
Financing expenses		
Interest expenses		
Interest expenses to Group companies	**-9.0**	-7.4
Interest expenses to others	**-20.0**	-24.2
Total interest expenses	**-29.0**	-31.6
Other financing expenses	**-0.8**	-0.6
Exchange differences		
Net exchange differences from Group companies	**-5.7**	-
Net exchange differences from others	**-**	-33.7
Total exchange differences	**-5.7**	-33.7
Total financing expenses	**-35.5**	-65.9
Total financing income and expenses	**11.6**	-7.5
Exchange gains and losses		
Realized	**2.6**	-24.4
Unrealized	**-3.2**	3.9
Total	**-0.6**	-20.5

Notes to Kemira Oyj financial statements

7. EXTRAORDINARY ITEMS

	2001	2000
Extraordinary income		
Group contributions received	**115.6**	190.7
Total	**115.6**	190.7
Extraordinary expenses		
Group contribution granted	**-3.5**	-2.3
Write-downs on shares	**-**	-10.8
Total	**-3.5**	-13.1
Total extraordinary income and expenses	**112.1**	177.6

8. CHANGE IN APPROPRIATIONS

	2001	2000
Decrease in depreciation difference	-0.4	0.0
Total	-0.4	0.0

9. DIRECT TAXES

	2001	2000
Direct taxes on extraordinary items	32.5	51.5
Direct taxes, current year	-3.6	-2.5
Direct taxes, previous years	2.6	0.3
Other	0.1	0.0
Total	31.6	49.3

BALANCE SHEET
(EUR million)

10. INTANGIBLE ASSETS

	Intangible rights	Other long-term expenditures	**2001 total**	2000 total
Acquisition cost at beginning of year	0.7	0.5	**1.2**	1.2
Increases	0.0	0.7	**0.7**	0.0
Decreases	-	-0.1	**-0.1**	0.0
Acquisition cost at end of year	0.7	1.1	**1.8**	1.2
Accumulated depreciation at beginning of year	-0.4	-0.4	**-0.8**	-0.8
Accumulated depreciation relating to decreases and transfers	-	0.1	**0.1**	0.0
Depreciation during the financial year	0.0	-0.1	**-0.1**	0.0
Accumulated depreciation at end of year	-0.4	-0.4	**-0.8**	-0.8
Net book value at end of year	0.3	0.7	**1.0**	0.4

11. TANGIBLE ASSETS	Land and water areas 1)	Buildings and constructions 2)	Machinery and equipment	Other tangible assets	Advances paid and fixed assets under construction	**2001 total**	2000 total
Acquisition cost at beginning of year	2.7	28.3	8.9	0.5	-	**40.4**	40.2
Increases	-	0.1	3.3	-	1.2	**4.6**	0.5
Decreases	-	-	-0.3	-	-0.9	**-1.2**	-0.3
Acquisition cost at end of year	2.7	28.4	11.9	0.5	0.3	**43.8**	40.4
Accumulated depreciation at beginning of year	-	-11.8	-7.2	-0.4	-	**-19.4**	-18.8
Accumulated depreciation relating to decreases and transfers	-	-	0.3	-	-	**0.3**	0.2
Depreciation during the financial year	-	-0.3	-0.9	0.0	-	**-1.2**	-0.8
Accumulated depreciation at end of year	0.0	-12.1	-7.8	-0.4	-	**-20.3**	-19.4
Net book value at end of year	2.7	16.3	4.1	0.1	0.3	**23.5**	21.0

1) The acquisition cost and the book value of land and water areas include revaluations of EUR 0.6 million in 2001 and in 2000.
2) The acquisition cost of buildings and constructions include revaluations of EUR 5.0 million in 2001 and in 2000.

12. INVESTMENTS	Holdings in associates	Group company and other shares	Investments in Group companies	Own shares	**2001 total**	2000 total
Acquisition cost at beginning of year	5.0	443.5	390.0	28.8	**867.3**	925.9
Increases	-	12.1	-	28.8	**40.9**	42.4
Decreases	-	-1.0	-	-36.4	**-37.4**	-13.7
Receivables from Group companies	-	-	76.2	-	**76.2**	-87.3
Net book value at end of year	5.0	454.6	466.2	21.2	**947.0**	867.3

Shares and holdings are specified in Note 21.

BALANCE SHEET (EUR million)	2001	2000
13. RECEIVABLES		
Long-term receivables		
Interest-free long-term receivables		
Receivable from pension liability at 1 Jan.	-	1.3
Transfer to other short-term interest-free receivables	-	-1.3
Increase / Decrease	-	-
Receivables from pension liability at 31 Dec.	-	-
Total interest-free long-term receivables	-	-
Total long-term receivables	-	-
Current receivables		
Interest-bearing short-term receivables		
Loan receivables from Group companies	**55.4**	70.2
Total interest-bearing short-term receivables	**55.4**	70.2
Interest-free short-term receivables		
Accounts receivable		
Accounts receivable from Group companies	**2.3**	2.6
Accounts receivable from others	**0.2**	0.1
Total accounts receivable	**2.5**	2.7
Advances paid	**2.9**	0.0
Prepaid expenses and accrued income		
Prepaid expenses and accrued income from Group companies	**122.6**	115.1
Prepaid expenses and accrued income from others	**21.5**	27.4
Total prepaid expenses and accrued income	**144.1**	142.5
Other interest-free short-term receivables		
Receivables from pension liability at 1 Jan.	-	-
Transfer from long-term receivables	-	1.3
Decrease	-	-1.3
Receivables from pension liability at 31 Dec.	-	0.0
Other receivables	**0.2**	0.1
Total interest-free short-term receivables	**0.2**	0.1
Total current receivables	**149.7**	145.3
Total receivables	**205.1**	215.5
Loans to management	-	-
Prepaid expenses and accrued income		
Interests	**11.9**	8.7
Taxes	**0.6**	12.7
Exchange differences	**15.9**	9.0
Group contribution	**115.6**	109.7
Other	**0.1**	2.4
Total	**144.1**	142.5

14. SECURITIES

Securities in Group companies	**332.8**	241.7
Securities in other companies	**3.0**	175.6
Total	**335.8**	417.3

15. SHAREHOLDERS' EQUITY	2001	2000
Share capital at 1 Jan.	**217.0**	217.0
Change	-	-
Share capital at 31 Dec.	**217.0**	217.0
Share premium account at 1 Jan.	**252.5**	252.5
Change	-	-
Share premium account at 31 Dec.	**252.5**	252.5
Fund for own shares at 1 Jan.	**28.8**	5.8
Purchase of own shares	**28.8**	23.0
Cancellation of own shares	**-36.4**	-
Fund for own shares at 31 Dec.	**21.2**	28.8
Retained earnings at 1 Jan.	**326.2**	258.1
Net profit for the year	**76.9**	120.5
Dividends paid	**-36.7**	-29.4
Purchase of own shares	**-28.8**	-23.0
Donations	**0.0**	0.0
Retained earnings and net profit for the year at 31 Dec.	**337.6**	326.2
Total shareholders' equity at 31 Dec.	**828.3**	824.5

16. APPROPRIATIONS

Appropriations

Cumulative depreciation difference in the balance sheet is as follows:

Buildings and constructions	**0.3**	0.2
Machinery and equipment	**0.5**	0.3
Other tangible assets	**0.0**	0.0
Intangible rights	**0.0**	0.0
Other long-term expenditures	**0.1**	0.0
Total	**0.9**	0.5

Change in appropriations

Appropriations at 1 Jan.	**0.5**	0.5
Change in untaxed reserves	**0.4**	0.0
Appropriations at 31 Dec.	**0.9**	0.5

Deferred tax liabilities on accumulated depreciation differencies were EUR 0.3 million at 31 Dec. 2001 and EUR 0.1 million at 31 Dec. 2000.

17. LONG-TERM INTEREST-BEARING LIABILITIES

Debentures and other bond loans	**61.7**	61.7
Loans from financial institutions	**261.5**	193.7
Loans from pension institutions	**44.5**	51.3
Other long-term liabilities	-	-
Total	**367.7**	306.7

Long-term interest-bearing liabilities maturing in

2003 (2002)	**138.2**	8.6
2004 (2003)	**40.0**	142.6
2005 (2004)	**58.3**	1.5
2006 (2005)	**18.0**	54.6
2007 (2006) or later	**113.2**	99.4
Total	**367.7**	306.7

BALANCE SHEET (EUR million)			2001	2000
Interest-bearing liabilities maturing in 5 years or longer				
Loans from pension institutions			**44.5**	51.3
Other long-term interest-bearing liabilities			**68.7**	48.1
Total			**113.2**	99.4
Debentures and other bond loans				
Loan		Loan currency		
FI 0003008581	1998-2003	EUR	**45.2**	45.2
FI 0003008599	1998-2006	EUR	**16.5**	16.5
Total			**61.7**	61.7

The Group has no convertible bonds.

18. LONG-TERM INTEREST-FREE LIABILITIES

	2001	2000
Pension liabilities		
Uncovered liabilities of pension funds	**-**	-
Other pension liabilities	**-**	1.2
Transfer to other intrerest-free liabilities	**-**	-1.2
Total	**-**	-

19. CURRENT LIABILITIES

	2001	2000
Interest-bearing short-term liabilities		
Loans from financial institutions	**41.7**	39.3
Current portion of other long-term loans to others	**18.1**	54.9
Other interest-bearing short-term liabilities		
to Group companies	**165.5**	258.9
to others	**51.7**	8.6
Total interest-bearing short-term liabilities	**277.0**	361.7
Interest-free short-term liabilities		
Advances received	**3.0**	0.8
Accounts payable		
to Group companies	**0.4**	0.4
to others	**1.9**	2.6
Total accounts payable	**2.3**	3.0
Accrued expenses and prepaid income		
to Group companies	**5.5**	6.2
to others	**31.7**	19.1
Total accrued expenses and prepaid income	**37.2**	25.3
Pension liabilities		
Transfer from interest-free long-term liabilities	**-**	1.2
Change in pension liabilites	**-**	-1.2
Total pension liabilities	**-**	-
Other interest-free liabilites to others	**0.3**	0.2
Total interest-free short-term liabilities	**42.8**	29.3
Total current liabilities	**319.8**	391.0
Accrued expenses and prepaid income		
From salaries	**1.7**	1.3
From interests and exchange differences	**28.6**	23.1
From taxes	**-**	0.0
From Group contribution	**3.5**	0.2
Other	**3.4**	0.7
Total	**37.2**	25.3

20. COLLATERAL AND CONTINGENT LIABILITIES	2001	2000
Loans secured by mortgages in the balance sheet and for which mortgages given as collateral		
Loans from pension institutions	**3.4**	4.8
Mortgages given	**5.9**	5.0
Contingent liabilities		
Assets pledged		
On behalf of own commitments	**1.5**	1.1
On behalf of Group companies	**8.6**	9.8
Guarantees		
On behalf of Group companies		
for loans	**95.2**	57.1
for leasing obligations	**46.4**	53.9
for other obligations	**0.7**	4.4
On behalf of associates	**25.0**	24.3
On behalf of others	**1.6**	1.6
Total	**168.9**	141.3
Letter of Comfort obligations [1)]		
On behalf of Group companies		
for credits	**0.7**	0.7
for leasing agreements	**0.0**	2.1
Total	**0.7**	2.8

1) Letter of Comfort obligations do not constitute a legal guarantee.

The nominal values and market values of financing instruments are included in the Notes to the consolidated financial statements.

21. SHARES AND HOLDINGS OF KEMIRA OYJ

Shares in subsidiaries

	Group holding %	Kemira Oyj holding %
Kemira Agro Oy	100	100
Kemira Chemicals Oy	100	100
Kemira Danmark Holding A/S	100	100
Kemira Metalkat Oy	100	100
Kemira Pigments Latin America Comercial Ltda	100	50
Kemira Pigments Oy	100	100
Kemira Pigments S.A.	100	50
Kemira Trading Oy	100	100
Kemira U.K. Limited	100	100
Multirange B.V.	100	100
Spruce Vakuutus Oy	100	100
Tikkurila Oy	100	100

Proposal for the distribution of profits

The net profit of Kemira Oy for the 2001 financial year was EUR 76,931,382 and the distributable equity at 31 December 2001 was EUR 337,598,448. The Group's non-restricted equity was EUR 642,692,000. The parent company's payment of a dividend is limited by the Group's distributable equity, EUR 511,699,000, which is obtained when the share of untaxed reserves that has been transferred to shareholders' equity is subtracted from the non-restricted equity shown in the Consolidated Balance Sheet.

It is proposed to the Annual General Meeting that a dividend of EUR 0.30 per share, or EUR 35,830,000, be paid for the financial year. It is proposed that EUR 500,000 be reserved for use by the Board of Directors for purposes promoting the common good (among other things, for donations to the Kemira Oyj Foundation).

Helsinki, 11 February 2002

Sten-Olof Hansén	Ritva Hainari
Niilo Pellonmaa	Tauno Pihlava
Eija Malmivirta	Anssi Soila

Auditors' report

To the shareholders of Kemira Oyj

We have audited the accounting records and the financial statements, as well as the administration by the Supervisory Board, the Board of Directors and the Managing Director of Kemira Oyj for the year ended 31 December 2001. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and the company's administration.

We have conducted our audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration has been to examine that the Supervisory Board, the Board of Directors and the Managing Director have complied with the rules of the Finnish Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position. The financial statements can be adopted and the members of the Supervisory Board, the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal made by the Board of Directors on how to deal with the retained earnings is in compliance with the Finnish Companies Act.

Helsinki, 11 February 2002

KPMG Wideri Oy, Ab

Hannu Niilekselä
Authorized Public Accountant

Statement of the Supervisory Board

The Supervisory Board of Kemira Oyj has read the financial statements of the parent company and the Group for 2001 and studied the Auditors' report at its meeting today.

The Supervisory Board advises the 2002 Annual General Meeting that the company has been managed well and that it has no comments to make on the financial statements of the parent company and the Group for 2001. The Supervisory Board proposes that the financial statements of the parent company and the Group be adopted and that the Board of Directors, the Managing Director and his deputies be discharged from liability. The Supervisory Board concurs with the proposal of the Board of Directors for the distribution of profit funds.

Helsinki, 13 February 2002

Timo Kalli

Kari Rajamäki

Hanna Kivisilta

Risto Ranki

Mikko Långström

Pekka Kainulainen

Sirpa Hertell

Quarterly income statement

The figures are unaudited

EUR million	I/2001	II/2001	III/2001	IV/2001	2001 total	I/2000	II/2000	III/2000	IV/2000	2000 total
Net sales										
Chemicals	**225.5**	**234.7**	**220.1**	**220.5**	**900.8**	205.4	220.0	219.8	243.2	888.4
Paints & Coatings	**104.3**	**133.2**	**124.9**	**83.0**	**445.4**	58.4	67.0	66.5	51.5	243.4
Agro	**328.1**	**288.4**	**228.9**	**312.4**	**1,157.8**	331.4	311.2	266.8	309.8	1,219.2
Other including eliminations	**-6.5**	**-20.3**	**-8.0**	**-14.8**	**-49.6**	112.0	35.6	20.4	-33.0	135.0
Total	**651.4**	**636.0**	**565.9**	**601.1**	**2,454.4**	707.2	633.8	573.5	571.5	2,486.0
Operating income										
Chemicals	**24.5**	**25.0**	**18.2**	**23.5**	**91.2**	28.1	26.7	25.1	35.5	115.4
Paints & Coatings	**3.5**	**9.8**	**12.5**	**-9.1**	**16.7**	5.9	6.5	5.3	-4.2	13.5
Agro	**30.9**	**19.5**	**-9.9**	**8.9**	**49.4**	3.4	14.4	-2.1	17.4	33.1
Other	**-2.2**	**0.3**	**-5.0**	**-6.3**	**-13.2**	-1.4	19.4	5.4	-10.6	12.8
Total	**56.7**	**54.6**	**15.8**	**17.0**	**144.1**	36.0	67.0	33.7	38.1	174.8
Financing expenses	**8.2**	**9.8**	**5.4**	**7.9**	**31.3**	12.5	8.6	3.1	6.3	30.5
Income before non-recurring items and taxes	**48.5**	**44.8**	**10.4**	**9.1**	**112.8**	23.5	58.4	30.6	31.8	144.3
Net income	**34.3**	**30.0**	**3.1**	**3.0**	**70.4**	16.0	82.6	76.2	33.0	207.8
Earnings per share	**0.28**	**0.24**	**0.03**	**0.03**	**0.58**	0.13	0.33	0.03	0.24	0.73