Kemira Oyj

Financial Statements 2015

Kemira Oyj

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FINANCIAL STATEMENTS 2015

BOARD OF DIRECTORS' REVIEW 2015

In 2015, Kemira Group's revenue increased 11% to EUR 2,373.1 million (2,136.7). Revenue in local currencies, excluding acquisitions and divestments decreased 1%. Operative EBITDA increased 14% to EUR 287.3 million (252.9) with an improved margin of 12.1% (11.8%). Earnings per share decreased to EUR 0.47 (0.59) partly due to non-recurring items and higher depreciation and amortization resulting from acquisitions. Operative earnings per share were EUR 0.63 (0.63). The Board of Directors proposes a cash dividend of EUR 0.53 per share (0.53) to the Annual General Meeting 2016, totaling EUR 81 million (81) equivalent to 84% (84%) of the operative net profit.

KEY FIGURES AND RATIOS

EUR million	2015	2014
Revenue	**2,373.1**	2,136.7
Operative EBITDA	**287.3**	252.9
Operative EBITDA, %	**12.1**	11.8
EBITDA	**263.8**	252.9
EBITDA, %	**11.1**	11.8
Operative EBIT	**163.1**	158.3
Operative EBIT, %	**6.9**	7.4
EBIT	**132.6**	152.6
EBIT, %	**5.6**	7.1
Financing income and expenses	**-30.8**	-30.7
Profit before tax	**102.1**	122.1
Net profit	**77.2**	95.8
Earnings per share, EUR	**0.47**	0.59
Operative earnings per share, EUR	**0.63**	0.63
Capital employed*	**1,659.5**	1,427.7
Operative ROCE*, %	**9.8**	11.1
ROCE*, %	**8.0**	10.7
Cash flow from operating activities	**247.6**	74.2
Capital expenditure excl. M&A	**181.7**	145.7
Capital expenditure incl. M&A	**305.1**	145.1
Cash flow after investing activities	**-53.8**	75.2
Equity ratio, % at period-end	**46**	51
Equity per share, EUR	**7.76**	7.57
Gearing, % at period-end	**54**	42
Personnel at period-end	**4,685**	4,248

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

Definitions of key figures are available at www.kemira.com > Investors > Financial information. Comparative 2014 figures are provided in parentheses for some financial results, where appropriate. Operative EBITDA, operative EBIT, operative earnings per share and operative ROCE do not include non-recurring items.

FINANCIAL PERFORMANCE, FULL YEAR 2015

Kemira Group's **revenue** increased 11% to EUR 2,373.1 million (2,136.7) due to acquisitions and favorable currency exchange rates; especially, the strengthened U.S. dollar is beneficial for Kemira. Revenue in local currencies, excluding acquisitions and divestments, decreased 1% due to the slowdown of horizontal drilling and fracking activity in the U.S. shale gas and oil business.

Revenue, EUR million	**2015**	2014	**∆%**	Organic growth*, %	Currency impact, %	Acq. & div. impact, %
Pulp & Paper	**1,417.3**	1,170.0	+21	+2	+6	+13
Oil & Mining	**350.1**	382.2	-8	-18	+9	0
Municipal & Industrial	**605.7**	564.7	+7	+1	+6	0
ChemSolutions	-	19.8	-	-	-	-
Total	**2,373.1**	2,136.7	+11	-1	+6	+6

* Revenue in local currencies, excluding acquisitions and divestments

Geographically, the revenue split was as follows: EMEA (Europe, Middle East, Africa) 52% (55%), the Americas 40% (39%), and Asia Pacific 8% (6%). According to Kemira's strategy, mature markets are important to all Kemira segments, whereas the focus in the emerging markets is on selective expansion.

The operative EBITDA increased 14% to EUR 287.3 million (252.9), mainly due to the lower variable costs and positive currency exchange rate impact, as well as a contribution from the acquisitions. The operative EBITDA margin improved to 12.1% (11.8%).

Variance analysis, EUR million	
Operative EBITDA, 2014	**252.9**
Sales volumes	-1.8
Sales prices	-20.1
Variable costs	+41.3
Fixed costs	-21.8
Currency exchange	+26.2
Others	+10.6
Operative EBITDA, 2015	**287.3**

Operative EBITDA	**2015 EUR, million**	2014 EUR, million	**∆%**	**2015 %-margin**	2014 %-margin
Pulp & Paper	**171.0**	137.2	+25	**12.1**	11.7
Oil & Mining	**33.5**	48.4	-31	**9.6**	12.7
Municipal & Industrial	**82.8**	68.1	+22	**13.7**	12.1
ChemSolutions	**-**	-0.8	-	**-**	-4.0
Total	**287.3**	252.9	+14	**12.1**	11.8

The EBITDA increased 4% to EUR 263.8 million (252.9). **Non-recurring items affecting the EBITDA** were EUR -23.5 million (0.0) including EUR 13 million from restructuring costs related to acquisitions and EUR 6 million costs from site closures of manufacturing plants. The comparable period included a capital gain of EUR 37 million related to the divestment of formic acid business and capital gains of EUR 7 million related to other disposals. In addition, non-recurring items in 2014 included approximately a EUR 20 million settlement related to an old alleged infringement of competition law. Provisions and restructuring charges related to streamlining Kemira's operations amounted to approximately EUR 30 million in 2014.

Depreciation, amortization and impairments increased to EUR 131.2 million (100.3) due to acquisitions and increased investments, including EUR 12.6 million (4.9) amortization of PPA (purchase price allocation). Non-recurring items within depreciation, amortization and impairments were EUR -7.0 million (-5.7) and related mainly to write-downs due to site closures.

Non-recurring items, EUR million	**2015**	2014
Within EBITDA	**-23.5**	0.0
Pulp & Paper	-13.9	-27.3
Oil & Mining	-2.7	-2.2
Municipal & Industrial	-6.9	-6.8
Other	0.0	36.3
Within depreciation, amortization and impairments	**-7.0**	-5.7
Pulp & Paper	-0.3	-0.9
Oil & Mining	-5.5	0.0
Municipal & Industrial	-1.2	-4.8
Total	**-30.5**	-5.7

The operative EBIT increased to EUR 163.1 million (158.3). **The operative EBIT margin** decreased to 6.9% (7.4%).

Financing income and expenses totaled EUR -30.8 million (-30.7) including changes of EUR -0.8 million (-1.0) in fair values of electricity derivatives and EUR 2.3 million write down of a shareholder's loan related to Kemira's ownership in TVO (Teollisuuden Voima Oyj), a Finnish power company. The currency exchange differences, mainly related to the U.S. dollar, had EUR -2.0 million (-1.3) impact on the financing income and expenses.

Total **taxes** decreased to EUR 24.9 million (26.3), mainly due to lower profit before taxes. The tax rate, excluding non-recurring items was 22.0% (22.6%).

Net profit attributable to the owners of the parent company was EUR 71.0 million (89.9) and earnings per share were EUR 0.47 (0.59). Operative earnings per share were EUR 0.63 (0.63).

FINANCIAL POSITION AND CASH FLOW

Cash flow from the operating activities in January-December 2015 increased to EUR 247.6 million (74.2), mainly due to lower net working capital, lower realized exchange losses and lower taxes paid. Cash flow after investing activities decreased to EUR -53.8 million (75.2) as a result of acquisitions. At the end of the period, Kemira Group's net debt was EUR 642 million (486). Net debt increased due to acquisitions, higher capital expenditure, and dividend payment. The biggest individual project impacting capital expenditure (excl. acquisitions) in 2015 was a construction of a sodium chlorate plant in Brazil.

At the end of the period, interest-bearing liabilities totaled EUR 794 million (605). Fixed-rate loans accounted for 80% of the net interest-bearing liabilities (82%). The average interest rate of the Group's interest-bearing liabilities was 2.0% (2.1%). The duration of the Group's interest-bearing loan portfolio was 31 months (23). Kemira issued a senior unsecured bond of EUR 150 million on May 13, 2015. The seven-year bond will mature on May 13, 2022 and it carries a fixed annual interest of 2.250 percent.

Short-term liabilities maturing in the next 12 months amounted to EUR 123 million, the short-term part of the long-term loans represented EUR 37 million. On December 31, 2015, cash and cash equivalents totaled EUR 152 million. The Group has an undrawn EUR 400 million revolving credit facility and an undrawn EUR 50 million term loan.

At the end of the period, the equity ratio was 46% (51%), while the gearing was 54% (42%). Shareholder's equity was EUR 1,193.2 million (1,163.3).

The Group's most significant transaction currency risks arise from the Swedish krona, Brazilian real and Canadian dollar. At the end of the year, the denominated 12-month exchange rate risk of the Swedish krona had an equivalent value of approximately EUR 60 million, 58% of which was hedged on an average basis. The Brazilian real's denominated exchange rate risk was approximately EUR 43 million without being hedged. The Canadian dollar's denominated exchange rate risk was approximately EUR 39 million, 54% of which was hedged on an average basis. In addition, Kemira is exposed to smaller transaction risks in relation to the Chinese renminbi, the U.S. dollar and Norwegian krona with the total annual exposure in these currencies at approximately EUR 50 million, 33% of which was hedged on an average basis.

As Kemira's consolidated financial statements are compiled in euros, Kemira is also subject to a currency translation risk to the extent that the income statement and balance sheet items of subsidiaries located outside Finland are reported in a currency other than euro. The most significant translation exposure derives from the U.S. dollar, the Swedish krona, the Canadian dollar, the Chinese renminbi, and the Brazilian real. A strengthening of these currencies against the euro would increase Kemira's revenue and EBITDA through a translation effect. A 10% appreciation of main currencies against the euro would increase Kemira's EBITDA by approximately EUR 15 million on an annual basis through the translation effect. In 2015, favorable currency rates had an EUR 26 million positive impact on the operative EBITDA.

CAPITAL EXPENDITURE

In 2015, capital expenditure increased to EUR 305.1 million (145.1) including the impact of acquisitions. Capital expenditure, excluding the impact of acquisitions increased to EUR 181.7 (145.7) and can be broken down as follows: expansion capex 43% (43%), improvement capex 29% (27%) and maintenance capex 28%

(30%). The biggest individual project impacting capital expenditure (excl. acquisitions) in 2015 was the construction of the sodium chlorate plant in Brazil.

In January-December 2015, the Group's depreciation, amortization and impairments, excluding non-recurring items, increased to EUR 124.2 million (94.6), mainly as a result of acquisitions and investments in new capacity.

RESEARCH AND DEVELOPMENT

Research and Development expenses totaled EUR 31.9 million (28.0) in 2015, representing 1.3% (1.3%) of the Kemira Group's revenue.

Kemira's Research and Development is a critical enabler of growth and further differentiation. New product launches contribute to the efficiency and sustainability of customer processes and to improved profitability. Both Kemira's future market position and profitability depend on the company's ability to understand and meet current and future customer needs and market trends, and on its ability to innovate new differentiated products and applications. Revenue from differentiated products increased 17% to EUR 1,200 million (1,029) in 2015 representing 51% (48%) of Kemira Group's revenue.

Kemira Group's target is to increase the revenue from new products and products for new applications. In 2015, the share of innovation revenue (revenue from new products or from products to new applications launched within the past five years) in the Group revenue was 8% (8%).

At the end of 2015, Kemira had 345 (292) patent families, 1,034 (730) granted patents, and 819 (635) pending applications. A patent family covers one invention and has a number of patents or applications in various countries. The numbers increased due to acquisitions and by 38 own patent filings protected in 2015.

HUMAN RESOURCES

At the end of the period, Kemira Group had 4,685 employees (4,248). Kemira employed 785 people in Finland (759), 1,786 people elsewhere in EMEA (1,654), 1,578 in the Americas (1,483), and 536 in APAC (352).

CORPORATE RESPONSIBILITY

In 2016, Kemira will publish its Corporate Responsibility Report in connection with its Annual Report. The corporate responsibility report 2015 will be verified by a third party and prepared in accordance with the GRI G4 (Global Reporting Initiative) framework. It deals with economic, environmental and social aspects defined material for Kemira, and reflects on Kemira's performance in relation to the sustainability targets approved by Kemira's Management Board. The performance targets are displayed in the following table.

Responsibility focus areas	KPI's and KPI target values
Sustainable products and solutions	
Innovation sales	Share of innovation revenue of total revenue → 10% by the end of 2016
Responsibility toward employees	
Leadership development	People managers participated in global leadership programs at least once in period 2013–2015, cumulative % → > 95% by the end of 2015
Employee engagement	Employee Engagement Index → Index at or above the external industry norm (68%) by the end of 2015
	Participation rate in Voices@Kemira → 75–85% by the end of 2015
Occupational health and safety	Number of Total Recordable Injuries (TRI) (per million hours, Kemira + contractor, 1 year rolling average) → Achieve zero injuries
Responsible supply chain	
	Supplier contracts with signed CoC-SDA as attachments → 90% by the end of 2015
Responsible manufacturing	
Climate change	Kemira Carbon Index performance → Index ⩽ 80 by end of 2020 (baseline year 2012 = 100)
Responsibility toward the communities where we operate	
Participation in local community involvement activities	Kemira sites with over 50 employees participated in local community involvement initiatives at least once in period 2013–2015, cumulative % → 100% by the end of 2015

SEGMENTS

PULP & PAPER

Pulp & Paper has unique expertise in applying chemicals and supporting pulp & paper producers in innovating and constantly improving their operational efficiency. The segment develops and commercializes new products to fulfill customer needs, ensuring the leading portfolio of products and services for paper wet-end, focusing on packaging and board, as well as tissue. Pulp & Paper leverages its strong application portfolio in North America and EMEA and builds a strong position in the emerging Asian and South American markets.

EUR million	2015	2014
Revenue	**1,417.3**	1,170.0
Operative EBITDA	**171.0**	137.2
Operative EBITDA, %	**12.1**	11.7
EBITDA	**157.1**	109.9
EBITDA, %	**11.1**	9.4
Operative EBIT	**96.8**	85.8
Operative EBIT, %	**6.8**	7.3
EBIT	**82.6**	57.6
EBIT, %	**5.8**	4.9
Capital employed*	**1,068.6**	881.2
Operative ROCE*, %	**9.1**	9.7
ROCE*, %	**7.7**	6.5
Capital expenditure excl. M&A	**118.9**	83.0
Capital expenditure incl. M&A	**240.1**	83.0
Cash flow after investing activities	**-63.2**	-10.1

*12-month rolling average

The Pulp & Paper segment's **revenue** increased 21% to EUR 1,417.3 million (1,170.0). The revenues in local currencies, excluding divestments and acquisitions, grew 2% due to sales volume growth in EMEA and APAC regions. Sales prices were approximately at the previous year's level. Currency exchange had a 6% impact and the acquisitions had an impact of 13% on the revenue.

In **EMEA**, revenue increased 11% to EUR 753.0 million (675.9), mainly due to acquisitions and sales volume growth. Sales volumes of differentiated products continued to grow, especially in packaging board and tissue paper markets. In addition, stable demand for sodium chlorate and other pulping and bleaching chemicals contributed to the sales volume growth.

In **the Americas**, revenue increased 26% to EUR 501.5 million (397.1). Growth was supported by currencies and acquisitions, as well as pulp chemical deliveries to the Montes del Plata pulp mill in Uruguay.

In **APAC**, revenue increased 68% to EUR 162.8 million (97.0), mainly due to acquisitions, currencies and sales volume growth. Raw material shortages for ASA sizing agent were resolved during the second half of the year, improving the capacity utilization rate of the Nanjing site in China.

The operative EBITDA increased 25% to EUR 171.0 million (137.2) due to contribution from acquisitions, sales volumes growth, as well as favorable currencies and raw material prices. Operative EBITDA margin improved to 12.1% (11.7%). The operative EBIT margin declined to 6.8% (7.3%) due to higher depreciation as a result of acquisitions and investments in new capacity.

OIL & MINING

O&M provides a unique combination of innovative chemicals and application knowledge that improves process efficiency and yield in oil, gas and metals recovery. The segment uses its in-depth understanding of extraction processes to tailor solutions for water management and re-use. Expanding from its position in North America and EMEA, Oil & Mining continues to build a strong base for growth in South America, Middle East, and Africa.

EUR million	2015	2014
Revenue	**350.1**	382.2
Operative EBITDA	**33.5**	48.4
Operative EBITDA, %	**9.6**	12.7
EBITDA	**30.8**	46.2
EBITDA, %	**8.8**	12.1
Operative EBIT	**11.1**	29.9
Operative EBIT, %	**3.2**	7.8
EBIT	**2.9**	27.7
EBIT, %	**0.8**	7.2
Capital employed*	**271.4**	239.5
Operative ROCE*, %	**4.1**	12.5
ROCE*, %	**1.1**	11.5
Capital expenditure excl. M&A	**28.5**	26.9
Capital expenditure incl. M&A	**30.7**	26.3
Cash flow after investing activities	**10.7**	20.6

*12-month rolling average

The Oil & Mining segment's **revenue** decreased 8% to EUR 350.1 million (382.2). The revenue in local currencies, excluding acquisitions and divestments, decreased 18% as a result of low volumes of friction reducers used in shale fracking in the U.S. Sales price changes had a negative impact on revenue. Revenue decline from business derived from other verticals was more modest. However, the revenue from Mining business grew despite difficult market conditions. Currency exchange rates had a 9% positive impact.

In **the Americas**, revenue decreased 14% to EUR 245.9 million (287.1), mainly due to lower sales in shale oil and gas business. Currency exchange had a positive impact on revenue in the region.

In **EMEA**, revenue increased 10% to EUR 104.3 million (95.1) as a result of new product sales in the field of Chemical Enhanced Oil Recovery. The region started polyacrylamide deliveries to India in the second quarter of 2015.

The operative EBITDA declined to EUR 33.5 million (48.4) as a result of lower sales. Lower variable costs and favorable currencies were not able to offset the decline in revenue. The operative EBITDA margin was 9.6% (12.7%). The operative EBIT margin was 3.2% (7.8%).

MUNICIPAL & INDUSTRIAL

M&I is a leading water chemicals supplier for raw and wastewater applications in EMEA and North America, and aims to capture selected growth opportunities in emerging markets. The segment enables its municipal and industrial customers to improve their water treatment efficiency by supplying them with competitive, high-performing products and value adding application support.

EUR million	2015	2014
Revenue	**605.7**	564.7
Operative EBITDA	**82.8**	68.1
Operative EBITDA, %	**13.7**	12.1
EBITDA	**75.9**	61.3
EBITDA, %	**12.5**	10.9
Operative EBIT	**55.2**	43.3
Operative EBIT, %	**9.1**	7.7
EBIT	**47.1**	31.7
EBIT, %	**7.8**	5.6
Capital employed*	**320.2**	309.4
Operative ROCE*, %	**17.2**	14.0
ROCE*, %	**14.7**	10.2
Capital expenditure excl. M&A	**34.2**	35.2
Capital expenditure incl. M&A	**34.2**	35.2
Cash flow after investing activities	**38.2**	34.3

*12-month rolling average

The Municipal & Industrial segment's **revenue** increased 7% to EUR 605.7 million (564.7). The revenues in local currencies, excluding acquisitions and divestments, increased 1% due to higher sales volumes, especially in EMEA and the Americas. Currency exchange rates had a positive impact of 6%.

In **EMEA**, revenue increased 2% to EUR 393.2 million (383.9), mainly due to higher volumes of coagulants and polymers while sales prices declined.

In **the Americas**, revenue increased 18% to EUR 187.7 million (159.2), mainly due to favorable currency exchange rates and volume growth of coagulants.

In **APAC**, revenue increased by 15% to EUR 24.9 million (21.6) due to favorable currency effect. During the year, M&I APAC has increased focus on product lines with better profitability.

The operative EBITDA increased 22% to EUR 82.8 million (68.1) as a result of lower variable costs and favorable currency fluctuations. The operative EBITDA margin improved to 13.7% (12.1%) and the operative EBIT margin was 9.1% (7.7%).

PARENT COMPANY'S FINANCIAL PERFORMANCE

Kemira Oyj's revenue increased to EUR 1,337.5 million (1,228.1) in 2015. EBITDA was EUR 109.4 million (34.0). EBITDA increased mainly due to growth in revenue. In addition, in the previous year EBITDA included a EUR 20 million settlement related to an old alleged infringement of competition law. The parent company's financing income and expenses were EUR 104.7 million (-9.3). Financing income and expenses increased mainly due to dividends from group companies. Net profit totaled EUR 165.2 million (-1.3). Capital expenditure totaled EUR 60.9 million (25.7), excluding investments in subsidiaries.

KEMIRA OYJ'S SHARES AND SHAREHOLDERS

On December 31, 2015, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles to one vote at the Annual General Meeting.

At the end of December, Kemira Oyj had 32,601 registered shareholders (33,164). Non-Finnish shareholders held 21.4% of the shares (18.9%) including nominee registered holdings. Households owned 16.1% of the shares (16.1%). Kemira held 3,280,602 treasury shares (3,291,185) representing 2.1% (2.1%) of all company shares.

Kemira Oyj's share price closed at EUR 10.88 on the Nasdaq Helsinki at the end of December 2015 (9.89). Shares registered a high of EUR 12.27 (12.27) and a low of EUR 9.14 (9.11) in January-December 2015. The average share price was EUR 10.86 (10.87). The share price increased 10% during the year, while OMX Helsinki Cap index increased 11%. STOXX Chemicals (Europe), chemical sector benchmark index for Kemira increased 2% in 2015 (5%). The company's market capitalization, excluding treasury shares, was EUR 1,654 million (1,504) at the end of December 2015. In January-December 2015, Kemira Oyj's share trading volume on Nasdaq Helsinki was EUR 75 million (75). The average daily trading volume was 298,313 (300,072) shares. Source: Nasdaq. The total value of Kemira Oyj's share trading in 2015 was EUR 112 million (106), 33% (30%) of which was executed on trading facilities other than Nasdaq Helsinki. Source: Kemira.com.

Ownership December 31, 2015

Corporations	40.8%
Financial and insurance corporations	6.1%
General government	11.2%
Households	16.1%
Non-profit institutions	4.4%
Non-Finnish shareholders incl nominee register	21.4%

Shareholding by number of shares held December 31, 2015

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1 - 100	7,223	22.2	446,743	0.3
101 - 500	14,087	43.2	3,845,194	2.5
501 - 1,000	5,298	16.3	4,022,575	2.6
1,001 - 5,000	4,994	15.3	10,322,319	6.6
5,001 - 10,000	517	1.6	3,741,811	2.4
10,001 - 50,000	361	1.1	7,047,652	4.5
50,001 - 100,000	41	0.1	3,026,406	2.0
100,001 - 500,000	62	0.2	13,220,894	8.5
500,001 - 1,000,000	7	0.0	5,288,880	3.4
1,000,001 -	11	0.0	104,380,083	67.2
Total	32,601	100.0	155,342,557	100.0

Largest shareholders December 31, 2015

	Shareholder	Number of shares	% of shares and votes
1	Oras Invest Ltd	28,278,217	18.2
2	Solidium Oy	25,896,087	16.7
3	Varma Mutual Pension Insurance Company	8,164,836	5.3
4	Ilmarinen Mutual Pension Insurance Company	4,800,451	3.1
5	Nordea funds	3,446,661	2.2
6	The State Pension Fund	1,190,000	0.8
7	Danske Invest Funds	1,152,678	0.7
8	Mandatum Life	1,142,412	0.7
9	Skagen Vekst Verdipapierfond	910,000	0.6
10	Etola Erkki Olavi	800,000	0.5
11	Etera Mutual Pension Insurance Company	609,331	0.4
12	Veritas Pension Insurance Company Ltd.	579,245	0.4
13	Säästöpankki Funds	511,418	0.3
14	Aktia Funds	470,000	0.3
15	Pohjola Funds Managment	467,185	0.3
	Kemira Oyj	3,280,602	2.1
	Nominee-registered and foreign shareholders	33,212,496	21.4
	Others, total	40,430,938	26.0
	Total	155,342,557	100.0

Share-based incentive plan for management and key employees

On December 15, 2014, the Board of Directors of Kemira Oyj decided to establish a long-term share-based incentive plan (the “Performance Share Plan”) directed to a group of key employees in Kemira. The aim of the plan is to combine the objectives of the shareholders and the persons participating in the plan in order to increase the value of Kemira, to commit the participants to Kemira, and to offer them a competitive reward plan based on earning Kemira's shares. This plan replaces the share-based incentive plan targeted to the strategic management 2012–2014 as well as the share-based incentive plan targeted to the key personnel.

The Performance Share Plan includes three performance periods: calendar years 2015, 2016 and 2017. The Board of Directors of Kemira decides on the plan's performance criteria and on the required performance levels for each criterion at the beginning of each performance period. The reward of the plan from the performance period 2015 was based on the Kemira Group's revenue and on the Group's operative EBITDA margin.

The reward from the performance period 2015 will be paid partly in Kemira's shares and partly in cash in 2016. The cash proportion covers the taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid if a participant's employment or service ends before the disbursement of reward. The shares paid as a reward may not be transferred during the restriction period, which will end two years after the end of the performance period. If the participant's employment or service ends during the restriction period, he or she must, as a rule, gratuitously return the shares given as a reward.

The Performance Share Plan is directed to approximately 90 people. The maximum rewards on the basis of the 2015 earning period of the Performance Share Plan would have corresponded to the value of an approximate total of 479,700 Kemira Oyj shares and additionally, the cash proportion intended to cover taxes and tax-related costs. At the date of the Financial Statements Bulletin the estimated number of shares to be paid is 287,800.

The Board of Directors recommends that a member of the Management Board owns such number of Kemira's shares that the total value of his or her shareholding would correspond to the value of his or her annual gross salary as long as the membership continues. If this recommendation is not yet fulfilled, the Board of Directors recommends that a member of the Management Board holds 50 percent of the net number of shares given on the basis of this plan also after the end of the restriction period, as long as his or her total shareholding corresponds to the value of his or her annual gross salary.

AGM DECISIONS

Annual General Meeting

Kemira Oyj's Annual General Meeting held on March 23, 2015 confirmed the dividend of EUR 0.53. The dividend was paid out on April 4, 2015.

The AGM 2015 authorized the Board of Directors to decide on the repurchase of a maximum of 4,500,000 company's own shares ("Share repurchase authorization"). The Share repurchase authorization is valid until the end of the next Annual General Meeting. The Board has not exercised its authority by December 31, 2015.

The AGM 2015 also authorized the Board of Directors to decide to issue a maximum of 15,600,000 new shares and/or transfer a maximum of 7,800,000 of the company's own shares held by the company ("Share issue authorization"). The Share issue authorization is valid until May 31, 2016. The share issue authorization has been used in connection with the Board of Directors remuneration.

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

CORPORATE GOVERNANCE AND GROUP STRUCTURE

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

Board of Directors

On March 23, 2015, the Annual General Meeting elected six members to the Board of Directors. Annual General Meeting reelected Wolfgang Büchele, Winnie Fok, Juha Laaksonen, Timo Lappalainen, Jari Paasikivi and Kerttu Tuomas to the Board of Directors. Jari Paasikivi was elected as the Board's Chairman and Kerttu Tuomas was elected as the Vice Chairman. In 2015, Kemira's Board of Directors met 12 times with a 98.6% attendance rate.

Kemira Oyj's Board of Directors has appointed two committees: the Personnel and Remuneration Committee and the Audit Committee. The Personnel and Remuneration Committee is chaired by Jari Paasikivi and has Juha Laaksonen and Kerttu Tuomas as members. In 2015, the Compensation Committee met 3 times with a 100% attendance rate. The Audit Committee is chaired by Juha Laaksonen and has Timo Lappalainen and Jari Paasikivi as members. In 2015, the Audit Committee met five times with a 100% attendance rate.

Changes to company management

Petri Helsky, Kemira's President of Paper segment and APAC region left his position on March 31, 2015. Mats Rönnbäck served as Interim President of the renamed Pulp & Paper segment and APAC region between April 1 – October 31, 2015. On November 1, 2015, Kim Poulsen started as President of Pulp & Paper segment and APAC region and a member of the Management Board.

On May 18, 2015, Esa-Matti Puputti started as Executive Vice President, Operational Excellence and a member of the Management Board.

Structure

The acquisitions and divestments made during the year:

On May 4, 2015, Kemira completed the acquisition of AkzoNobel paper chemicals business announced on July 8, 2014. The value of the transaction was EUR 153 million and it became cash-effective in the second quarter of 2015. The acquired business is expected to increase revenue by more than EUR 200 million on an annualized basis as of the completion date.

On September 2, 2015, Kemira acquired certain assets of Soto Industries, LLC, a privately owned company, headquartered in Charlotte, North Carolina. Soto specializes in the application of scale control products, defoamers, and settling agents for the pulp and paper industry. The acquisition has no material impact on Kemira's financials.

On December 8, 2015, Kemira acquired certain assets of Polymer Services, LLC, a privately owned company, headquartered in Plainville, Kansas. Polymer Services, LLC is a highly specialized company focusing on the field application of polymer gel treatments for enhanced or improved oil recovery. The acquisition has no material impact on Kemira's financials.

SHORT-TERM RISKS AND UNCERTAINTIES

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

Changes in customer demand

Significant and rapid decline in the use of certain chemicals (e.g. chemicals for packaging and board production) or in the demand for customers' products or activity could have a negative impact on Kemira's business. Significant decline in oil, gas and metal prices may shift customers' activities in areas that can be exploited with fewer chemicals. Also, increased awareness of and concern towards climate change and more sustainable products may change customers' demands, for instance, for water treatment technologies with lower chemical consumption, and this may have a negative impact, especially on the Kemira Municipal & Industrial segment's ability to compete. On the other hand, customer's possible capacity expansions could increase the chemical consumption and challenge Kemira's current production capacity. Failure from Kemira's side to be prepared to meet and manage these changed expectations could result in loss of market share.

In order to manage and mitigate this risk, Kemira systematically monitors leading indicators and early warning indicators that focus on market development. Kemira has also continued to focus on the sustainability of its business and is further improving the coordination and cooperation between Business Development, R&D and Sales units in order to better understand the future needs and expectations of its customers. Timely capital investments, as well as continuous discussions, and follow-ups with customers ensure Kemira's ability to respond to possible increase in demands. Kemira's geographic and customer-industry diversity also provides partial protection against the risk of changed customer demands.

Changes in laws and regulations

Kemira's business is subject to various laws and regulations, which have relevance in the development and implementation of Kemira's strategy. Although laws and regulations can generally be considered as an opportunity for Kemira, certain new legislative initiatives supporting, for example, the use of biodegradable raw materials or biological water treatment, limiting the use of aluminium or phosphates, or relating to recovery or recycling of phosphorus, may also have a negative impact on Kemira's business. Significant changes, for instance, in chemical, environmental or transportation laws and regulations may impact on Kemira's profitability through the increase in production and transportation costs. At the same time, such changes may also create new business opportunities for Kemira. Inclusion of new substances into the REACH authorization process may also bring further requirements to Kemira, where failure to obtain the relevant authorization could impact Kemira's business.

Kemira continuously follows regulatory developments in order to maintain the awareness of proposed and upcoming changes of those laws and regulations, which may have impact, for instance, on its sales, production and product development needs. Kemira has established an internal process to manage the substances of potential concern and to create management plans for them that consider, for example, possibilities to replace certain substances if they would be subject to stricter regulation. Regulatory effects are systematically considered in strategic decision making. Kemira takes an active role in regulatory discussions whenever justified from the industry or business perspective.

Competition

Kemira operates in a rapidly changing and competitive business environment, which represents a considerable risk to meeting its goals. New players seeking a foothold in Kemira's key business segments may use aggressive means as a competitive tool that could affect Kemira's financial results. Major competitor or customer consolidations could change the market dynamics and possibly change also Kemira's market position.

Kemira is seeking growth in segments that are less familiar and where new competitive situations will prevail. In the long-term, completely new types of technology may considerably change the current competitive situation. This risk is managed both at the Group and segment levels through continuous monitoring of the competition. The company aims at responding to its competition with active management of customer relationships and continuous development of its products and services to further differentiate itself from the competitors.

Economic conditions and geopolitical changes

Uncertainties in the global economic and geopolitical development are considered to include direct or indirect risks, such as a continuation of low-growth period in the global GDP and negative development in Ukraine including continuation and possible extension of international sanctions against Russia, which could both have unfavorable impacts on the demand for Kemira's products. Certain political actions or changes, especially in the countries that are important to Kemira, could cause business interference or other adverse consequences. Weak economic development may result in customer closures or consolidations diminishing customer base. Also, the liquidity of Kemira's customers could become weaker, resulting in increased credit losses for Kemira. Unfavorable market conditions may also increase the availability and price risk of certain raw materials. Kemira's geographical and customer industry diversity provides only partial protection against this risk. Kemira continuously monitors geopolitical movements and changes, and aims to adjust its business accordingly, if reasonable.

Hazard risks

Kemira's production activities involve many hazard risks, such as fires and explosions, machinery breakdowns, natural catastrophes, environmental incidents and possible resulting liabilities, as well as employee health and safety risks. These risk events could derive from several factors, including but not limited to unauthorized IT system access by malicious intruder causing potential damage to the systems and consequent financial losses. Systematic focus on achieving set targets, certified management systems, efficient hazard prevention programs, and competent personnel play a central role in managing these hazard risks. In addition, Kemira has several insurance programs that protect the company against financial impacts of hazard risks.

Innovation and R&D

Kemira's Research and Development is a critical enabler for growth and further differentiation. New product launches contribute both to the efficiency and sustainability of Kemira's or its customers' processes as well as to improved profitability. Both Kemira's future market position and profitability depend on its ability to understand and meet current and future customer needs and market trends and its ability to innovate new differentiated products and applications. Failure to innovate or focus on new disruptive technologies and products may result in non-achievement of growth and profitability targets.

Innovation and R&D related risks are being managed through efficient R&D portfolio management in close collaboration between R&D and business segments. Kemira has further improved the coordination and cooperation between Business Development, R&D and Sales units in order to better understand the future needs and expectations of its customers. Kemira maintains increased focus towards the development of more differentiated and sustainable products and processes and is also continuously monitoring sales of its new products and applications, launched to the market within the last 5 years.

Acquisitions

Acquisitions can be considered as an important driver in accomplishment of corporate goals and strategies. Consolidations are driven by, for instance, chemical manufacturers' interests in realizing synergies and establishing footholds in new markets.

Kemira's market position may deteriorate if it is unable to find and take advantage of future acquisition opportunities. Growth through acquisitions also involves risks, such as the ability to integrate acquired operations and personnel successfully. If realized, this risk may result in a shortage in the set financial targets for such acquisitions.

Kemira has Group level dedicated resources to actively manage merger and acquisition activities. In addition, external advisory services are being used to screen potential mergers and acquisitions and help execute transactions and post-merger integration. Kemira has also developed its M&A procedures to better support and improve the execution of its business transactions in the future.

Price and availability of raw materials and commodities

Continuous improvement of profitability is a crucial part of Kemira's strategy. Significant and sudden increase in raw material, commodity or logistic costs could place Kemira's profitability targets at risk if Kemira is not able to pass on such increase to product prices without delay. For instance, remarkable changes in oil and electricity prices could materially impact Kemira's profitability.

Changes in the raw material supplier field, such as consolidation or decreasing capacity, may increase raw material prices. Also, material demand changes in industries that are the main users of certain raw materials may lead to significant raw material price fluctuations. Poor availability of certain raw materials may affect Kemira's production if Kemira fails to prepare for this by mapping out alternative suppliers or opportunities for process changes. Raw material and commodity risks can be effectively monitored and managed with Kemira's centralized Sourcing unit. Risk management measures include, for instance, forward-looking forecasting of key raw materials and commodities, synchronization of raw material purchase agreements and sales agreements, strategic investment in energy-generating companies, and hedging a portion of the energy and electricity spent.

Suppliers

The continuity of Kemira's business operations is dependent on the accurate and high-quality supply of products and services. Currently, Kemira has numerous partnerships and other agreements in place with a third-party product and service suppliers to secure its business continuity. Certain products used as raw materials are considered critical as the purchase can be made economically only from a sole or single source. In the event of a sudden and significant loss or interruption of such raw material supply, Kemira's operations could be impacted, and this could have further effects on Kemira's ability to accomplish its profitability targets. Ineffective procurement planning, supply source selection, and contract administration, as well as inadequate supplier relationship management, create a risk of Kemira not being able to fulfill its promises to the customers.

Kemira continuously aims to identify, analyze, and engage third-party suppliers in a way that ensures security of supply and competitive pricing of the end products and services. Collaborative relationships with key suppliers are being developed in order to uncover and realize new value and reduce risk. Supplier performance is also regularly monitored as a part of the supplier performance management process.

Talent management

To secure competitiveness and growth, as well as to improve operative efficiency, it is essential to attract and retain personnel with the right skills and competences. Kemira is continuously identifying high potentials and key competencies for the future needs. By systematical development and improvement of compensation schemes, learning programs, and career development programs, Kemira aims to ensure the continuity of skilled personnel also in the future.

A detailed account of Kemira's risk management principles is available on the company's website at http://www.kemira.com. Financial risks are also described in the Notes to the Financial Statements.

OTHER EVENTS DURING THE REVIEW PERIOD

On May 6, 2015 Kemira issued a senior unsecured bond of EUR 150 million. The seven-year bond matures on May 13, 2022.

On July 22, 2015 Kemira announced the closure of the production at its site in Longview, WA, United States.

On October 12, 2015 Kemira started to plan for closing the production at its site in Soave, Italy.

EVENTS AFTER THE REVIEW PERIOD

Proposals of the Nomination Board to the Annual General Meeting 2016

Kemira Nomination Board proposed to the Annual General Meeting of Kemira Oyj that seven (previously six) members be elected to the Board of Directors and that the present members Wolfgang Büchele, Winnie Fok, Juha Laaksonen, Timo Lappalainen, Jari Paasikivi and Kerttu Tuomas be re-elected as members of the Board of Directors. Nomination Board proposes that Kaisa Hietala be elected as a new member of the Board of Directors. In addition, the Nomination Board proposes Jari Paasikivi to be elected as the Chairman of the Board of Directors and Kerttu Tuomas to be elected as the Vice Chairman.

The Nomination Board proposed to the Annual General Meeting that the remuneration paid to the members of the Board of Directors will remain unchanged. The remuneration paid to the members of the Board of Directors would thus be as follows: for the Chairman EUR 80,000 per year, for the Vice Chairman and the Chairman of the Audit Committee EUR 49,000 per year and for the other members EUR 39,000 per year. A fee payable for each meeting of the Board of Directors and the Board Committees would be for the members residing in Finland EUR 600, for the members residing in rest of Europe EUR 1,200 and for the members residing outside Europe EUR 2,400. Travel expenses are proposed to be paid according to Kemira's travel policy.

In addition, the Nomination Board proposed to the Annual General Meeting that the annual fee be paid as a combination of the company's shares and cash in such a manner that 40% of the annual fee is paid with the company's shares owned by the company or, if this is not possible, shares purchased from the market, and 60% is paid in cash. The shares will be transferred to the members of the Board of Directors and, if necessary, acquired directly on behalf of the members of the Board of Directors within two weeks from the release of Kemira's interim report January 1 - March 31, 2016. The meeting fees are proposed to be paid in cash.

The Nomination Board has consisted of the following representatives: Pekka Paasikivi, Chairman of the Board of Oras Invest Oy as the Chairman of the Nomination Board; Kari Järvinen, Managing Director of Solidium Oy; Risto Murto, President and CEO, Varma Mutual Pension Insurance Company and Timo Ritakallio, President and CEO, Ilmarinen Mutual Pension Insurance Company as members of the Nomination Board and Jari Paasikivi, Chairman of Kemira's Board of Directors as an expert member.

DIVIDEND AND DIVIDEND POLICY

On December 31, 2015, Kemira Oyj's distributable funds totaled EUR 684,913,318 of which net profit for the period was EUR 165,155,958. No material changes have taken place in the company's financial position after the balance sheet date.

Kemira Oyj's Board of Directors proposes to the Annual General Meeting to be held on March 21, 2016 that a dividend of EUR 0.53 per share totaling EUR 81 million shall be paid on the basis of the adopted balance sheet for the financial year ended December 31, 2015.

Kemira's dividend policy aims to pay a stable and competitive dividend.

KEMIRA'S FINANCIAL TARGETS 2017 AND OUTLOOK FOR 2016

Kemira will continue to focus on improving its profitability and cash flow. The company will also continue to invest in order to secure future growth to serve selected water-intensive industries.

The company's financial targets for 2017 are:
- Revenue EUR 2.7 billion
- Operative EBITDA-% of revenue 15%
- Gearing level <60%.

The basis for growth is the expanding market for chemicals and Kemira's expertise that helps customers in water-intensive industries to increase their water, energy and raw material efficiency. The need to increase operational efficiency in our customer industries creates opportunities for Kemira to develop new products and services for both current and new customers. Research and Development is a critical enabler of growth for Kemira, providing differentiation capabilities in its relevant markets.

Outlook for 2016

Kemira continues to focus on profitable growth. Kemira expects its revenue and operative EBITDA to increase in 2016 compared to 2015.

Kemira expects its capital expenditure, excluding acquisitions, to be around EUR 200 million 2016.

Helsinki, February 10, 2016

Kemira Oyj
Board of Directors

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

Shares and shareholders

Shares and share capital

On December 31, 2015, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles to one vote at the general meeting. Kemira Oyj's shares are registered in the book-entry system maintained by Euroclear Finland Ltd.

Shareholders

At the end of 2015, Kemira Oyj had 32,601 registered shareholders (33,164). Foreign shareholding of Kemira Oyj shares increased 13% during the year and was 21.4% of the shares (18.9%), including nominee-registered holdings. Households owned 16.1% of the shares (16.1%). At year-end, Kemira held 3,280,602 treasury shares (3,291,185), representing 2.1% (2.1%) of all company shares. A list of Kemira's largest shareholders is updated monthly and can be found on the company website at www.kemira.com/investors.

Listing and trading

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

Kemira Oyj's share closed at EUR 10.88 at the Nasdaq Helsinki at the end of 2015 (9.89). The share price increased 10% during the year while Helsinki Cap index increased 11%. STOXX Chemicals (Europe), chemical sector benchmark index for Kemira increased 2% in 2015 (5%). Shares registered a high of EUR 12.27 (12.27) and a low of EUR 9.14 (9.11). The average share price of Kemira remained almost the same and was EUR 10.86 (10.87).

Kemira's market capitalization, excluding treasury shares, was EUR 1,654 million at the end of the year 2015 (1,504).

In 2015, Kemira Oyj's share trading volume on Nasdaq Helsinki was 75 million (75) shares. Share turnover value increased 1% and was EUR 814.7 million (809.6). The average daily trading volume was 298,313 (300,072) shares.

In addition to Nasdaq Helsinki, Kemira shares are traded on several alternative market places or multilateral trading facilities (MTF), for example at BATS Chi-X and Turquoise. The total value of Kemira Oyj's share trading in 2015 was EUR 112 million (106), of which 33% (30%) was executed on other trading facilities than on Nasdaq Helsinki. Source: Kemira.com.

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

Dividend policy and dividend distribution

Kemira's dividend policy aims to pay a stable and competitive dividend.

The company's Board of Directors will propose to the Annual General Meeting that a per-share dividend of EUR 0.53 (0.53) totaling EUR 81 million (81) be paid for the financial year 2015, accounting for a dividend payout of 84% (84%) of the operative net profit. The Annual General Meeting will be held on March 21, 2016.

The dividend ex-date is March 22, 2016, dividend record date March 23, 2016, and payment date April 6, 2016.

In 2015, a dividend of EUR 0.53 per share was paid for the financial year that ended December 31, 2014. The dividend record date was March 25, 2015, and the payment (EUR 81 million in total) date April 1, 2015.

Board authorizations

The Annual General Meeting on March 23, 2015 authorized the Board of Directors to decide upon repurchase of a maximum of 4,500,000 company's own shares ("Share repurchases authorization"). Shares will be repurchased by using unrestricted equity either through a tender offer with equal terms to all shareholders at a price determined by the Board of Directors or otherwise than in proportion to the existing shareholdings of the company's shareholders in public trading on the Nasdaq Helsinki Ltd (the "Helsinki Stock Exchange") at the market price quoted at the time of the repurchase. The price paid for the shares repurchased through a tender offer under the authorization shall be based on the market price of the company's shares in public trading. The minimum price to be paid would be the lowest market price of the share quoted in public trading during the authorization period and the maximum price the highest market price quoted during the authorization period.

Shares shall be acquired and paid for in accordance with the Rules of the Helsinki Stock Exchange and Euroclear Finland Ltd. Shares may be repurchased to be used in implementing or financing mergers and acquisitions, developing the company's capital structure, improving the liquidity of the company's shares or to be used for the payment of the annual fee payable to the members of the Board of Directors or implementing the company's share-based incentive plans. In order to realize the aforementioned purposes, the shares acquired may be retained, transferred further or cancelled by the company. The Board of Directors will decide upon other terms related to share repurchases. The share repurchase authorization is valid until the end of the next Annual General Meeting. The Board had not exercised its authorization by December 31, 2015.

The AGM authorized the Board of Directors to decide to issue a maximum of 15,600,000 new shares and/or transfer a maximum of 7,800,000 company's own shares held by the company ("Share issue authorization"). The new shares may be issued and the company's own shares held by the company may be transferred either for consideration or without consideration. The new shares may be issued and the company's own shares held by the company may be transferred to the company's shareholders in proportion to their current shareholdings in the company, or by displaying the shareholders' pre-emption right, through a directed share issue, if the company has a weighty financial reason to do so, such as financing or implementing mergers and acquisitions, developing the capital structure of the company, improving the liquidity of the company's shares or if this is justified for the payment of the annual fee payable to the members of the Board of Directors or implementing the company's share-based incentive plans. The directed share issue may be carried out without consideration only in connection with the implementation of the company's share-based incentive plan. The subscription price of new shares shall be recorded to the invested unrestricted equity reserves. The consideration payable for company's own shares shall be recorded to the invested unrestricted equity reserves. The Board of Directors will decide upon other terms related to the share issues. The share issue authorization is valid until May 31, 2016. The share issue authorization has been used in connection with the Board of Directors remuneration.

Management shareholding

The members of the Board of Directors as well as the President and CEO and his Deputy held 406 691 (338,252) Kemira Oyj shares on December 31, 2015, or 0.26% (0.22%) of all outstanding shares and voting rights (including treasury shares and shares held by the related parties and controlled corporations). Jari Rosendal, President and CEO, held 10,000 shares on December 31, 2015. Board members are not covered by the share-based incentive plan. Members of the Management Board, excluding the President and CEO and his Deputy, held a total of 32,089 shares on December 31, 2015 (103,590), representing 0.02% (0.07%) of all outstanding shares and voting rights (including treasury shares and shares held by the related parties and controlled corporations). Up-to-date information regarding the shareholdings of the Board of Directors and Management is available on Kemira's website at www.kemira.com/investors.

GROUP KEY FIGURES

FINANCIAL FIGURES

	2015	2014	2013	2012	2011
INCOME STATEMENT AND PROFITABILITY					
Revenue, EUR million	**2,373**	2,137	2,229	2,241	2,207
EBITDA [1) 2)]	**264**	253	142	180	260
% of revenue	**11**	12	6	8	12
Operating profit (EBIT), EUR million [1) 2)]	**133**	153	43	33	158
% of revenue	**6**	7	2	1	7
Share of profit or loss of associates, EUR million [1)]	**0**	0	-1	11	31
Finance costs (net), EUR million	**31**	31	39	16	21
% of revenue	**1**	1	2	1	1
Interest cover [1) 2)]	**9**	8	4	11	12
Profit before tax, EUR million [2)]	**102**	122	3	29	168
% of revenue	**4**	6	0	1	8
Net profit for the period (attributable to equity owners of the parent), EUR million [2)]	**71**	90	-32	18	136
Return on investment (ROI), % [2) 3)]	**7**	8	1	3	9
Return of equity (ROE), % [2)]	**6**	8	-3	1	10
Return on capital employed (ROCE), % [2)]	**8**	11	3	3	11
Research and development expenses, EUR million	**32**	28	32	42	40
% of revenue	**1**	1	1	2	2
CASH FLOW					
Net cash generated from operating activities, EUR million	**248**	74	200	176	178
Disposals of subsidiaries and property, plant and equipment and intangible assets, EUR million	**3**	146	193	30	137
Capital expenditure, EUR million	**305**	145	198	134	201
% of revenue	**13**	7	9	6	9
Cash flow after investing activities, EUR million	**-54**	75	196	72	115
Cash flow return on capital invested (CFROI), % [2)]	**12**	4	10	8	8
BALANCE SHEET AND SOLVENCY					
Non-current assets, EUR million	**1,825**	1,613	1,501	1,682	1,846
Shareholders' equity (Equity attributable to equity owners of the parent), EUR million [2)]	**1,180**	1,151	1,113	1,247	1,358
Total equity including non-controlling interests, EUR million [2)]	**1,193**	1,163	1,126	1,261	1,371
Total liabilities, EUR million	**1,402**	1,132	1,086	1,202	1,306
Total assets, EUR million [2)]	**2,595**	2,296	2,211	2,462	2,677
Interest-bearing net liabilities, EUR million	**642**	486	456	532	516
Equity ratio, % [2)]	**46**	51	51	51	51
Gearing, % [2)]	**54**	42	41	42	38
Interest-bearing net liabilities per EBITDA [2)]	**2.4**	1.9	3.2	3.0	2.0
PERSONNEL					
Average number of personnel	**4,559**	4,285	4,632	5,043	5,006
of whom in Finland	**793**	823	1,027	1,173	1,145
EXCHANGE RATES					
Key exchange rates at 31 Dec					
USD	**1.089**	1.214	1.379	1.319	1.294
SEK	**9.190**	9.393	8.859	8.582	8.912
BRL	**4.312**	3.221	3.258	2.704	2.416

[1)] Share of profit or loss of associates is presented after finance expenses.

[2)] Comparative figures for 2012 have been restated according to the revised IAS 19 `Employee Benefits´.

[3)] The financial figure for 2013 has been restated. Finance costs relating to a write-down of the associate company of Sachtleben have been decreased by EUR 23 million.

GROUP KEY FIGURES

PER SHARE FIGURES

	2015	2014	2013	2012	2011
PER SHARE FIGURES					
Earnings per share, basic and diluted, EUR [1) 3)]	**0.47**	0.59	-0.21	0.12	0.89
Net cash generated from operating activities per share, EUR [1)]	**1.63**	0.49	1.32	1.16	1.17
Dividend per share, EUR [1) 2)]	**0.53**	0.53	0.53	0.53	0.53
Dividend payout ratio, % [1) 2) 3)]	**113.5**	89.6	-255.0	455.1	59.4
Dividend yield, % [1) 2)]	**4.9**	5.4	4.4	4.5	5.8
Equity per share, EUR [1) 3)]	**7.76**	7.57	7.32	8.20	8.94
Price per earnings per share (P/E ratio) [1) 3)]	**23.29**	16.72	-58.50	101.51	10.28
Price per equity per share [1) 3)]	**1.40**	1.31	1.66	1.44	1.03
Price per cash flow from operations per share [1)]	**6.68**	20.24	9.23	10.18	7.85
Dividend paid, EUR million [2)]	**80.6**	80.6	80.6	80.6	80.6
SHARE PRICE AND TRADING					
Share price, year high, EUR	**12.27**	12.27	13.02	12.00	12.67
Share price, year low, EUR	**9.14**	9.11	10.55	8.00	7.80
Share price, year average, EUR	**10.86**	10.87	11.76	10.10	10.49
Share price at 31 Dec, EUR	**10.88**	9.89	12.16	11.81	9.18
Number of shares traded (1,000)	**74,877**	75,018	64,937	88,346	109,013
% on number of shares	**49**	49	42	57	70
Market capitalization at 31 Dec, EUR million [1)]	**1,654.4**	1,503.8	1,848.8	1,795.6	1,395.6
NUMBER OF SHARES AND SHARE CAPITAL					
Average number of shares, basic (1,000) [1)]	**152,059**	152,048	152,039	152,037	151,994
Average number of shares, diluted (1,000) [1)]	**152,395**	152,203	152,179	152,173	152,152
Number of shares at 31 Dec, basic (1,000) [1)]	**152,062**	152,051	152,042	152,041	152,030
Number of shares at 31 Dec, diluted (1,000) [1)]	**152,544**	152,373	152,091	152,090	152,030
Increase in number of shares (1,000)	**11**	9	1	11	295
Share capital, EUR million	**221.8**	221.8	221.8	221.8	221.8

1) Number of shares outstanding, excluding the number of treasury shares.

2) The dividend for 2015 is the Board of Director's proposal to the Annual General Meeting.

3) Comparative figures for 2012 have been restated according to the revised IAS 19 `Employee Benefits´.

DEFINITION OF KEY FIGURES

PER SHARE FIGURES

EARNINGS PER SHARE (EPS)

$$\frac{\text{Net profit attributable to equity owners of the parent}}{\text{Average number of shares}}$$

NET CASH GENERATED FROM OPERATING ACTIVITIES PER SHARE

$$\frac{\text{Net cash generated from operating activities}}{\text{Average number of shares}}$$

DIVIDEND PER SHARE

$$\frac{\text{Dividend paid}}{\text{Number of shares at 31 Dec}}$$

DIVIDEND PAYOUT RATIO, %

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

DIVIDEND YIELD, %

$$\frac{\text{Dividend per share x 100}}{\text{Share price at 31 Dec}}$$

EQUITY PER SHARE

$$\frac{\text{Equity attributable to equity owners of the parent at 31 Dec}}{\text{Number of shares at 31 Dec}}$$

SHARE PRICE, YEAR AVERAGE

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

PRICE PER EARNINGS PER SHARE (P/E)

$$\frac{\text{Share price at 31 Dec}}{\text{Earnings per share (EPS)}}$$

PRICE PER EQUITY PER SHARE

$$\frac{\text{Share price at 31 Dec}}{\text{Equity per share attributable to equity owners of the parent}}$$

PRICE PER NET CASH GENERATED FROM OPERATING ACTIVITIES PER SHARE

$$\frac{\text{Share price at 31 Dec}}{\text{Cash generated from operating activities per share}}$$

SHARE TURNOVER, %

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

FINANCIAL FIGURES

EBITDA

Operating profit (EBIT) + depreciation and amortization + impairments

INTEREST-BEARING NET LIABILITIES

Interest-bearing liabilities - cash and cash equivalents

EQUITY RATIO, %

$$\frac{\text{Total equity x 100}}{\text{Total assets - prepayments received}}$$

GEARING, %

$$\frac{\text{Interest-bearing net liabilities x 100}}{\text{Total equity}}$$

INTEREST COVER

$$\frac{\text{Operating profit + depreciation, amortization and impairments}}{\text{Finance costs, net}}$$

RETURN ON INVESTMENTS (ROI), %

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

RETURN ON EQUITY (ROE), %

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

CASH FLOW RETURN ON INVESTMENT (CFROI), %

$$\frac{\text{Net cash generated from operating activities x 100}}{\text{(Total assets - interest-free liabilities)}^{1)}}$$

CASH FLOW AFTER INVESTING ACTIVITIES

Net cash generated from operating activities + net cash used in investing activities

RETURN ON CAPITAL EMPLOYED (ROCE), %

$$\frac{\text{Operating profit + share of profit or loss of associates x 100}}{\text{Capital employed}^{2)\,3)}}$$

CAPITAL TURNOVER

$$\frac{\text{Revenue}}{\text{Capital employed}^{2)\,3)}}$$

INTEREST-BEARING NET LIABILITIES / EBITDA

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

NET FINANCIAL COST, %

$$\frac{\text{(Finance costs, net - dividend income - exchange rate differences) x 100}}{\text{Interest-bearing net liabilities}^{1)}}$$

[1)] Average
[2)] 12-month rolling average
[3)] Capital employed = Property, plant and equipment + intangible assets + net working capital + investments in associates

CONSOLIDATED INCOME STATEMENT (IFRS)

(EUR million)

	Note	Year ended 31 December 2015	2014
Revenue	2	**2,373.1**	2,136.7
Other operating income	3	**7.1**	55.2
Operating expenses	4, 5	**-2,116.4**	-1,939.0
Depreciation, amortization and impairments	6, 11, 12, 13	**-131.2**	-100.3
Operating profit		**132.6**	152.6
Finance income	7	**5.2**	4.6
Finance expense	7	**-33.9**	-34.0
Exchange differences	7	**-2.1**	-1.3
Finance costs, net	7	**-30.8**	-30.7
Share of profit or loss of associates	2, 8	**0.3**	0.2
Profit before tax		**102.1**	122.1
Income taxes	9	**-24.9**	-26.3
Net profit for the period		**77.2**	95.8
Net profit attributable to:			
Equity owners of the parent		**71.0**	89.9
Non-controlling interests	18	**6.2**	5.9
Net profit for the period		**77.2**	95.8
Earnings per share for net profit attributable to the equity owners of the parent company (EUR per share)			
Basic and diluted	10	**0.47**	0,59

The notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

(EUR million)

	Note	Year ended 31 December 2015	2014
Net profit for the period		**77.2**	95.8
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets		**-21.0**	50.0
Exchange differences on translating foreign operations		**26.2**	1.2
Cash flow hedges		**-2.5**	3.4
Items that will not be reclassified subsequently to profit or loss			
Remeasurements on defined benefit pensions		**35.9**	-26.6
Other comprehensive income for the period, net of tax	9, 18	**38.6**	28.0
Total comprehensive income for the period		**115.8**	123.8
Total comprehensive income attributable to			
Equity owners of the parent		**109.6**	118.3
Non-controlling interests	18	**6.2**	5.5
Total comprehensive income for the period		**115.8**	123.8

Items in the Consolidated Statement of Comprehensive Income are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 9.

The notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET (IFRS)

(EUR million)

	Note	As at 31 December 2015	2014
ASSETS			
NON-CURRENT ASSETS			
Goodwill	11	**518.3**	485.6
Other intangible assets	12	**134.7**	76.3
Property, plant and equipment	13	**815.3**	706.2
Investments in associates	8	**1.2**	0.9
Available-for-sale financial assets	14, 15	**271.6**	293.7
Deferred tax assets	21	**29.5**	33.7
Other investments	15	**5.8**	9.2
Defined benefit pension receivables	22	**48.9**	7.5
Total non-current assets		**1,825.3**	1,613.1
CURRENT ASSETS			
Inventories	16	**207.0**	197.3
Interest-bearing receivables	15, 17	**0.2**	0.1
Trade and other receivables	15, 17	**389.8**	343.7
Current income tax assets		**21.4**	22.4
Cash and cash equivalents	28	**151.5**	119.1
Total current assets		**769.9**	682.6
Total assets		**2,595.2**	2,295.7
EQUITY AND LIABILITIES			
EQUITY	18		
Equity attributable to equity owners of the parent			
Share capital		**221.8**	221.8
Share premium		**257.9**	257.9
Fair value and other reserves		**94.2**	117.4
Unrestricted equity reserve		**196.3**	196.3
Translation differences		**-12.4**	-38.6
Treasury shares		**-22.0**	-22.1
Retained earnings		**444.5**	418.0
Equity attributable to equity owners of the parent		**1,180.3**	1,150.7
Non-controlling interests		**12.9**	12.6
Total equity		**1,193.2**	1,163.3
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	15, 19, 20	**670.9**	448.3
Other liabilities	15	**21.4**	21.4
Deferred tax liabilities	21	**55.9**	46.4
Defined benefit pension liabilities	22	**77.3**	73.1
Provisions	23	**28.1**	23.6
Total non-current liabilities		**853.6**	612.8
CURRENT LIABILITIES			
Interest-bearing liabilities	15, 19, 20	**122.7**	156.9
Trade payables and other liabilities	15, 24	**388.7**	327.7
Current income tax liabilities		**22.1**	17.9
Provisions	23	**14.9**	17.1
Total current liabilities		**548.4**	519.6
Total liabilities		**1,402.0**	1,132.4
Total equity and liabilities		**2,595.2**	2,295.7

The notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOW (IFRS)

(EUR million)

	Note	Year ended 31 December 2015	2014
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the period		**77.2**	95.8
Adjustments for			
Depreciation, amortization and impairment	6, 11, 12, 13	**131.2**	100.3
Income taxes	9	**24.8**	26.3
Finance costs, net	7	**30.8**	30.7
Share of profit or loss of associates	8	**-0.3**	-0.2
Other non-cash income and expenses not involving cash flow		**2.6**	-64.3
Operating profit before change in net working capital		**266.3**	188.6
Change in net working capital			
Increase (-) / decrease (+) in inventories		**7.7**	-17.6
Increase (-) / decrease (+) in trade and other receivables		**-28.9**	-7.1
Increase (+) / decrease (-) in trade payables and other liabilities		**41.9**	5.3
Change in net working capital		**20.7**	-19.4
Cash flow from operations before financing items and taxes		**287.0**	169.2
Interest and other finance cost paid		**-26.3**	-25.8
Interest and other finance income received		**4.3**	3.0
Realized exchange gains and losses		**-5.2**	-39.0
Dividends received		**0.1**	0.2
Income taxes paid		**-12.3**	-33.4
Net cash generated from operating activities		**247.6**	74.2
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of subsidiaries and business acquisitions, net of cash acquired	26	**-123.4**	0.6
Purchases of available-for-sale financial assets		**-4.2**	-4.6
Purchases of property, plant, equipment and intangible assets		**-177.5**	-141.1
Change in long-term loan receivables decrease (+) / increase (-)		**0.4**	0.6
Proceeds from sale of subsidiaries, net of cash disposed	25	**1.1**	130.0
Proceeds from sale of available-for-sale financial assets		**0.1**	9.7
Proceeds from sale of property, plant, equipment and intangible assets		**2.1**	5.8
Net cash used in investing activities		**-301.4**	1.0
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from non-current interest-bearing liabilities (+)		**250.0**	245.0
Repayment from non-current interest-bearing liabilities (-)		**-86.0**	-62.6
Short-term financing, net increase (+) / decrease (-)		**9.9**	-152.9
Dividends paid		**-86.6**	-86.0
Other finance items		**0.1**	0.1
Net cash used in financing activities		**87.4**	-56.4
Net decrease (-) / increase (+) in cash and cash equivalents		**33.6**	18.8
Cash and cash equivalents at 31 Dec		**151.5**	119.1
Exchange gains (+) / losses (-) on cash and cash equivalents		**-1.2**	-1.7
Cash and cash equivalents at 1 Jan		**119.1**	102.0
Net decrease (-) / increase (+) in cash and cash equivalents		**33.6**	18.8

The notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

(EUR million)

	Attributable to owners of the parent									
	Share capital	Share premium	Fair value and other reserves	Unrestricted equity reserve	Translation differences	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Equity at January 1, 2014	221.8	257.9	64.0	196.3	-40.2	-22.2	434.9	1,112.5	13.0	1,125.5
Net profit for the period							89.9	89.9	5.9	95.8
Available-for-sale financial assets			50.0					50.0		50.0
Exchange differences on translating foreign operations					1.6			1.6	-0.4	1.2
Cash flow hedges			3.4					3.4		3.4
Remeasurements on defined benefit pensions							-26.6	-26.6		-26.6
Total comprehensive income			53.4		1.6		63.3	118.3	5.5	123.8
Transactions with owners										
Dividends paid							-80.6	-80.6	-5.4	-86.0
Treasury shares issued to the Board of Directors						0.1		0.1		0.1
Share-based payments							-0.1	-0.1		-0.1
Changes due to business combinations							0.5	0.5	-0.5	0.0
Transfers in equity			0.0				0.0	0.0		0.0
Transactions with owners			0.0			0.1	-80.2	-80.1	-5.9	-86.0
Equity at December 31, 2014	221.8	257.9	117.4	196.3	-38.6	-22.1	418.0	1,150.7	12.6	1,163.3
Equity at January 1, 2015	**221.8**	**257.9**	**117.4**	**196.3**	**-38.6**	**-22.1**	**418.0**	**1,150.7**	**12.6**	**1,163.3**
Net profit for the period							**71.0**	**71.0**	**6.2**	**77.2**
Available-for-sale financial assets			**-21.0**					**-21.0**		**-21.0**
Exchange differences on translating foreign operations					**26.2**			**26.2**	**0.0**	**26.2**
Cash flow hedges			**-2.5**					**-2.5**		**-2.5**
Remeasurements on defined benefit pensions							**35.9**	**35.9**		**35.9**
Total comprehensive income			**-23.5**		**26.2**		**106.9**	**109.6**	**6.2**	**115.8**
Transactions with owners										
Dividends paid							**-80.6**	**-80.6**	**-5.9**	**-86.5**
Treasury shares issued to the Board of Directors						**0.1**		**0.1**		**0.1**
Share-based payments							**0.7**	**0.7**		**0.7**
Transfers in equity			**0.3**				**-0.3**	**0.0**		**0.0**
Other changes							**-0.2**	**-0.2**		**-0.2**
Transactions with owners			**0.3**			**0.1**	**-80.4**	**-80.0**	**-5.9**	**-85.9**
Equity at December 31, 2015	**221.8**	**257.9**	**94.2**	**196.3**	**-12.4**	**-22.0**	**444.5**	**1,180.3**	**12.9**	**1,193.2**

The notes are an integral part of these Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. THE GROUP'S ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set in the following. These policies have been consistently applied to all the years presented, unless otherwise stated.

GROUP PROFILE

Kemira is a global chemicals company serving customers in water-intensive industries. The company provides expertise, application know-how and chemicals that improve its customers' water, energy and raw material efficiency. Kemira's three segments Pulp & Paper, Oil & Mining and Municipal & Industrial focus on customers in pulp & paper, oil & gas, mining and water treatment.

The Group's parent company is Kemira Oyj. The parent company is domiciled in Helsinki, Finland, and its registered address is Porkkalankatu 3, FI-00180 Helsinki, Finland. The parent company is listed on Nasdaq Helsinki. A copy of the Consolidated Financial Statements is available at www.kemira.com.

The Board of Directors of Kemira Oyj has approved the Financial Statements for publication at its meeting on February 10, 2016. Under the Finnish Limited Liability Companies Act, the shareholders may accept or reject the Financial Statements at the General Meeting of Shareholders held after their publication. The meeting also has the power to make a decision to amend the Financial Statements.

BASIS OF PREPARATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared its Consolidated Financial Statements in accordance with IAS and IFRS (International Financial Reporting Standards) and the related SIC and IFRIC interpretations, issued by the IASB (International Accounting Standards Board). In the Finnish Accounting Act and the statutes under it, the International Financial Reporting Standards refer to the endorsed standards and their interpretations under the European Union Regulation No. 1606/2002, regarding the adoption of the International Financial Reporting Standards applicable within the Community. The Notes to the Consolidated Financial Statements also comply with the requirements of the Finnish accounting and corporate legislation, which supplement the IFRS regulations.

The Consolidated Financial Statements are presented in million euros and have been prepared based on historical cost excluding the items measured at fair value that are available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, and share-based payments on the date of grant.

The preparation of Consolidated Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas which need a higher degree of judgment and are significant to the Consolidated Financial Statements are described below in section "Critical accounting estimates and judgments".

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended IFRS standards adopted in 2015

The following new and revised IFRSs have been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions and events.

- *Annual Improvements to IFRS 2011-2013* (effective in the EU for annual periods beginning on or after 1 January 2015). In the annual improvement process the non-urgent but necessary amendments to IFRS are collected and issued annually. The nature of the improvements depends on the standards, but they do not have material impact on the consolidated financial statements.
- IFRIC 21 *Levies* (effective in the EU for annual periods beginning on or after 17 June 2014) [if not already adopted in 2014]. The interpretation provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where timing and amount of the levy is certain.

Application of new and revised IFRSs in issue but not yet effective

IASB has published the following new or revised standards which the Group has not yet adopted. The Group will adopt each standard as from the effective date, or if the effective date is other than the first day of the reporting period, from the beginning of the next reporting period after the effective date. The effects of these new and amended standards are under investigation.

- *Amendments to IAS 19 Defined Benefit Plans: Employee Contributions* (effective in the EU for annual periods beginning on or after 1 February 2015). The amendments to IAS 19 Employee Benefits clarify how an entity should account for contributions made by employees or third parties that are linked to services should be attributed to periods of service.

Notes to Consolidated Financial Statements

In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, be recognised as a reduction in the service cost in the period in which the related service is rendered. Retrospective application is required.

- *Annual Improvements to IFRS 2010-2012* (effective in the EU for annual periods beginning on or after 1 February 2015). In the annual improvement process the non-urgent but necessary amendments to IFRS are collected and issued annually. The nature of the improvements depends on the standards, but they do not have material impact on the consolidated financial statements.

- IFRS 9 *Financial Instruments* (effective date for annual periods beginning on or after 1 January 2018). IFRS 9 is a several phase project which aims to replace IAS 39 Financial Instruments: Recognition and Measurement with a new standard. According to the classification and measurement part of IFRS 9, financial assets are classified and measured based on entity's business model and the contractual cash flow characteristics of the financial asset. Classification and measurement of financial liabilities is mainly based on the current IAS 39 principles. The general hedge accounting model allows entities to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of "economic relationship". The impairment model reflects expected credit losses, as opposed to incurred credit losses under IAS 39. It is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, entities always account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. The standard also introduces a number of new disclosure requirements about an entity's risk management activities. The standard has not yet been endorsed by the EU.

- IFRS 15 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. The standards core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Extensive disclosures are required by the standard. Entities can choose to apply the Standard retrospectively or to use a modified transition approach, which is to apply the Standard retrospectively only to contracts that are not completed contracts at the date of initial application. The standard has not yet been endorsed by the EU.

- *Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations* (effective in the EU for annual periods beginning on or after 1 January 2016). The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations. The amendments are required to be applied prospectively.

- *Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation* (effective in the EU for annual periods beginning on or after 1 January 2016). The amendments to IAS 16 Property, Plant and Equipment prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. The amendments apply prospectively.

- *Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants* (effective in the EU for annual periods beginning on or after 1 January 2016). The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The amendments apply retrospectively.

- *Amendments to IAS 1 Disclosure Initiative* issued in December 2014 (effective for annual periods beginning on or after 1 January 2016). The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 Presentation of Financial Statements had in some cases been read to prevent the use of judgement. Specifically, an entity should not reduce the understandability of financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. A specific disclosure required by an IFRS is not needed to be provided if the information is immaterial.

- *Annual Improvements to IFRS 2012-2014* issued in September 2014 (effective in the EU for annual periods beginning on or after 1 January 2016). In the annual improvement process the non-urgent but necessary amendments to IFRS are collected and issued annually. The nature of the improvements depends on the standards, but they do not have material impact on the consolidated financial statements.

- *Amendments to IAS 27 Equity Method in Separate Financial Statements* issued in August 2014 (effective for annual periods beginning on or after 1 January 2016). The amendments focus on separate financial statements and allow the use of equity method in such statements, in addition to already existing alternatives of valuing investments in subsidiaries, joint ventures and associates either at cost or in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The amendments are to be applied retrospectively.

- *Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception* (effective for annual period beginning on or after 1 January 2016). The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10 Consolidated Financial Statements. Consequential amendments have also been made to IAS 28 Investments in Associates and Joint Ventures to clarify that the exemption from applying equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value. The amendments have not yet been endorsed by the EU.

- IFRS 16 *Leases* issued in January 2016 (effective for annual periods beginning on or after 1 January 2019). IFRS 16 specifies the recognition, measurement, presentation and disclosure requirements on leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from the current standards. The adoption of the new standard will have an impact on the way leases are presented by the Group. The standard has not yet been endorsed by the EU.

- Amendments to IAS 12 *Income taxes: Recognition of Deferred Tax Assets for Unrealised Losses* issued in January 2016 (effective for annual periods beginning on or after 1 January 2017). The amendments addresses recognition of deferred tax assets relating to unrealised losses arising from fair value changes in debt instruments classified as available for sale. The amendments have not yet been endorsed by the EU.

CONSOLIDATION

Subsidiaries (NOTE 33)

The Consolidated Financial Statements include the parent company and its subsidiaries. Subsidiaries are all entities over which the Group has control (voting rights generally being over 50 percent). The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

All intra-group transactions are eliminated. Intra-group shareholdings are eliminated by using the acquisition method. The consideration transferred for the acquisition of a subsidiary is defined as an aggregate of the fair values of the assets transferred, the liabilities assumed and the equity interests issued by the Group. The consideration transferred may include the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The amount that exceeds that aggregate of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

Net profit or loss for the financial year and other comprehensive income attributable to the equity holders of the parent and non-controlling interests are presented in the income statement and in the statement of comprehensive income. The portion of equity attributable to non-controlling interests is stated as an individual item separately from equity to the equity holders of the parent. Total comprehensive income shows separately the total amounts attributable to the equity holders of the parent and to non-controlling interests. The Group recognizes negative non-controlling interests, unless non-controlling interest do not have a binding obligation to cover losses up to the amount of their investment.

If the parent company's ownership interest in a subsidiary is reduced but the control is retained, the transactions are treated as equity transactions. When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, and the difference is recognized in profit or loss.

Notes to Consolidated Financial Statements

Associates (NOTE 8)
Associated companies are companies over which the Group exercises significant influence (voting rights generally being 20-50 percent) but not control. Holdings in associated companies are consolidated using the equity method. If the Group's share of an associate's losses exceeds the carrying amount of the investment, the exceeding losses will not be consolidated unless the Group has a commitment to fulfill obligations on behalf of the associate. The Group's share of the associated companies' net profit for the financial year is stated as a separate item in the consolidated income statement after operating profit, in proportion to the Group's holdings. The Group's share of its associates' movements in other comprehensive income is recognized in Group's other comprehensive income. The Group's associates do not have such items for financial years 2014-2015.

FOREIGN CURRENCY TRANSLATION
Items included in the financial statements of each of the Group's entities are measured by using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in euro, which is the Group's presentation currency and the parent company's functional currency.

In the Consolidated Financial Statements, the income statements of foreign subsidiaries are translated into euro using the financial year's average foreign currency exchange rates, and the balance sheets are translated using the exchange rates quoted on the balance sheet date. Retranslating the net profit for the period and the other comprehensive income using different exchange rates in the income statement and in the balance sheet causes a translation difference recognized in equity in the balance sheet; the change in this translation difference is presented under other comprehensive income. Goodwill and fair value adjustments to the carrying amounts of the assets and liabilities that arise from the acquisition of a foreign entity are accounted for as part of the assets and liabilities of the foreign entity, and translated into euro at the rate quoted on the balance sheet date.

Translation differences in the loans granted to foreign subsidiaries in replacement of their equity are treated as an increase or decrease in other comprehensive income. When the Group ceases to have control over a subsidiary, the accumulated translation difference is transferred into the income statement as part of gain or loss on sale.

In their day-to-day accounting, the Group companies translate foreign currency transactions into their functional currency at the exchange rates quoted on the transaction date. In the Financial Statements, foreign currency denominated receivables and liabilities are measured at the exchange rates quoted on the balance sheet date, and non-monetary items using the rates quoted on the transaction date. Any foreign exchange gains and losses related to business operations are treated as adjustments to sales and purchases. Exchange rate differences associated with financing transactions and the hedging of the Group's overall foreign currency position are stated in foreign exchange gains or losses under financial income and expenses.

REVENUE RECOGNITION
Revenue is measured at the fair value of the consideration received or receivable, and represents the total invoicing value of products sold and services rendered less; sales tax, discounts and foreign exchange differences in trade receivables as adjusting items.

The revenue from sale of goods is recognized in the income statement when the major risks and rewards related to the ownership of the goods have been transferred to the buyer.

PENSION OBLIGATIONS (NOTE 22)
The Group has post-employment schemes, including both defined contribution and defined benefit pension plans in accordance with the local conditions and practices in the countries in which it operates. Pension plans are generally funded through contributions to insurance companies or a separate pension fund.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as compensation and years of service.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Notes to Consolidated Financial Statements

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Current service costs are included in the Consolidated Income Statement as the employee benefits expenses and net interest cost on finance income and finance expense. Past-service costs are recognized immediately in income statements.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

SHARE-BASED PAYMENTS (NOTE 5, 31)

The Group has equity-settled share-based compensation plans under which the Group receives services from employees as consideration for equity instrument of the Group. The potential rewards are provided partly in shares and partly in cash. The potential reward provided in shares is recognized as a personnel expense in the income statement and in the equity. Correspondingly, the rewards provided in cash are recognized as a personnel expense in the income statement and in liabilities. The total expense is recognized over the vesting period, which is the period over which the specified vesting conditions are to be satisfied.

Share-based compensation expense is determined on the grant date based on the Group's estimate of the number of shares that are expected to vest at the end of the vesting period. Based on the vesting conditions, the Group revises its estimates of the number of shares expected to vest based on the balance sheet date. It recognizes the potential impact of the revision to original estimates in the income statement as a personnel expense, with the corresponding adjustment made to equity and liabilities at fair value.

CURRENT AND DEFERRED INCOME TAX (NOTE 9, 22)

The Group’s tax expense for the period comprises current tax, adjustments prior tax periods and deferred tax. Tax is recognized in the income statement, except in the case it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated based on tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset in such cases, when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes assets and liabilities relate to the income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (NOTE 11-13)

Goodwill arises from business combinations. Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually and whenever there is any indication that an asset may be impaired. For this purpose, goodwill is allocated to cash-generating units.

Development costs are capitalized as intangible assets when it can be shown that a development project will generate probable future economic benefit, and the costs attributable to the development project can reliably be measured.

Notes to Consolidated Financial Statements

Capitalized development costs are presented as a separate item and amortized over their useful lives. Capitalized development costs include material, labor and testing costs, and any capitalized borrowing costs that are directly attributable to bringing the asset ready for its intended use. Other development costs that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in the subsequent periods.

Other intangible assets include for instance software and software licenses as well as patents, technologies, non-compete agreements and customer relationships bases acquired in business combinations. Property, plant and equipment (PP&E) and intangible assets (with definite useful lives) are measured at cost less accumulated depreciation and amortization and any impairment losses. The Group has no intangible assets that have an indefinite useful life other than goodwill.

Land is not depreciated. Depreciation/amortization is calculated on a straight-line basis over the asset's useful life. The most commonly applied depreciation/amortization periods according to the Group's accounting policies are:

PP&E

• Buildings and constructions	20-40 years
• Machinery and equipment	3-15 years

Intangible assets

• Development costs	a maximum of 8 years
• Customer relationships	5-7 years
• Technologies	5-10 years
• Non-compete agreements	3-5 years
• Other intangible assets	5-10 years

The residual values and useful lives of assets are reviewed at least at the end of each financial year. Gains and losses on the sale of non-current assets are included in other operating income and expenses, respectively. Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of the asset in question when it is probable that they will generate future economic benefit and the costs can be reliably measured. The costs of major inspections or the overhaul of asset performed at regular intervals and identified as separate components are capitalized and depreciated over their useful lives.

Depreciation of an asset begins when it is available for use and it ceases at the moment that the asset is derecognized.

GOVERNMENT GRANTS (NOTE 4)
Government grants for investments are recognized as a deduction from the carrying amount of these assets. The grants are recognized in the income statement as smaller depreciations over the asset's useful life. Government grants for research activities are deducted from expenses.

LEASES (NOTE 13, 20, 29)
Leases involving tangible assets, in which the Group acts as a lessee, are classified as finance leases if substantially all of the risks and rewards of ownership transfer to the Group.

Upon the commencement of the lease term, the finance lease assets are recognized at the lower of the fair value of the leased asset and the present value of the minimum lease payments. These assets and related rental obligations are presented as part of the Group's non-current assets and interest-bearing liabilities. In respect of the finance lease contracts, depreciation on the leased assets and interest expenses from the related liability are shown in the income statement. Rents paid based on operating leases are expensed on a straight-line basis over the lease terms.

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

Also the arrangements that are not leases in their legal form but convey the rights to use assets in return for a payment or series of payments are treated as leases.

INVENTORIES (NOTE 16)
Inventories are measured at the lower of cost and net realizable value. Costs are determined on a first-in first-out (FIFO) basis or by using a weighted average cost formula, depending on the nature of the inventory. The cost of finished goods and work in progress include the proportion of production overheads of the normal capacity. The net realizable value is the sales price received in the ordinary course of business less the estimated costs for completing the asset and the sales costs.

Notes to Consolidated Financial Statements

FINANCIAL ASSETS, FINANCIAL LIABILITIES AND DERIVATIVE CONTRACTS

When a financial asset or a financial liability is initially recognized on the trade date, it is measured at cost, which equals the fair value of the consideration given or received. The Group's financial assets are classified for subsequent measurement as financial assets at fair value through profit or loss, loans and receivables issued by the Group, and available-for-sale financial assets.

Category	Financial instrument	Measurement
Financial assets at fair value through profit or loss	Currency forward contracts, currency options, currency swaps, interest rate forwards , interest rate futures, interest rate options, interest rate swaps, electricity forwards, certificates of deposit, commercial papers, units in mutual funds, embedded derivatives	Fair value
Loans and receivables	Non-current loan receivables, bank deposits, trade receivables and other receivables	(Amortized) cost
Available-for-sale financial assets	Shares, bond investments	Fair value

Financial assets at fair value through income statements

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

Loans and receivables

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

Available-for-sale financial assets (NOTE 14)

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

PVO and its subsidiary TVO comprise a private electricity-generating group owned by Finnish manufacturing and power companies, to which it supplies electricity at cost. PVO Group owns and operates, among others, two nuclear power plant units in Olkiluoto in the municipality of Eurajoki. The Group has A and C series shares in TVO and A, B, C, G and M series shares in PVO. Different share series entitle the shareholder to electricity generated by different power plants. The owners of each share series are responsible for the fixed costs of the series in question in proportion to the number of the shares, regardless of whether they use their power or energy share or not, and for variable costs in proportion to the amount of energy used.

Kemira Oyj's holding in PVO Group that entitles to the electricity from completed power plants is measured at fair value based on the discounted cash flow resulting from the difference between the market price of electricity and the cost price. The forward electricity price quotations in Finland area published by the Nordic Electricity Exchange have been used as the market price for electricity of the first five years and after this the development of the prices based on a fundamental simulation model of the Nordic electricity market. The impact of inflation in the coming years is taken into account in the price of electricity and the cost prices. The cost prices are determined by each share series. Future cash flows have been discounted based on the estimated useful lifecycles of the plants related to each share series, and hydro power includes terminal value. The discount rate has been calculated using the annually determined average weighted cost of capital.

Cash and cash equivalents (NOTE 28)

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

Impairment of financial assets

The Group assesses any impairment losses on its financial instruments on each balance sheet date. An impairment of a financial asset is recognized when an event with a negative effect on the future cash flows from the investment has occurred.

Notes to Consolidated Financial Statements

For items measured at amortized cost, the amount of the impairment loss equals the difference between the asset's carrying amount and the present value of estimated future cash flows from the receivable. This is discounted at the financial asset's original effective interest rate. For items measured at fair value, the fair value determines the amount of impairment. Impairment charges are recognized under financial items in the income statement.

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

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss and other financial liabilities. Financial liabilities at fair value through profit and loss include derivatives to which hedge accounting is not applied.

Category	Financial instrument	Measurement
Financial liabilities at fair value through profit or loss	Currency forward contracts, currency options, currency swaps, interest rate forwards, interest rate futures, interest rate options, interest rate swaps, electricity forwards, embedded derivatives	Fair value
Other financial liabilities	Current and non-current loans, pension loans, bond and trade payables	(Amortized) cost

Derivatives (NOTE 27)

The fair values of currency, interest rate and commodity derivatives, currency options and units in mutual funds as well as publicly traded shares are based on prices quoted in active markets on the balance sheet date. The value of other financial instruments measured at fair value is determined on the basis of valuation models using information available in the financial market.

Changes in the value of forward contracts are calculated by measuring the contracts against the forward exchange rates on the balance sheet date and comparing them with the counter values calculated through the forward exchange rates on the date of entry into the forward contracts. The fair value of interest rate derivatives is determined using the market value of similar instruments on the balance sheet date. Other derivatives are measured at the market price on the balance sheet date.

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

Other financial liabilities are initially recognized in the balance sheet at the initial value of received net assets deducted with direct costs. Later, these financial liabilities are measured at amortized cost, and the difference between the received net assets and amortizations is recognized as interest costs over the loan term.

HEDGE ACCOUNTING (NOTE 27)

According to IAS 39, hedge accounting refers to a method of accounting aimed at allocating one or more hedging instruments in such a way that their fair value offsets, in full or in part, the changes in the fair value or cash flows of the hedged item. Hedge accounting is applied to hedging the interest rate risk, commodity risk and fair value.

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

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

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

Notes to Consolidated Financial Statements

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

Fair value hedging
Fair value hedges are related to the fixed rate bond loan. Interest rate derivatives are used as instruments in fair value hedging. The fair value of the hedging derivative contracts of change in fair value are recognized in the income statement and the hedged item's book value is adjusted through profit or loss to the extent that the hedge is effective.

PROVISIONS (NOTE 23)
Provisions for restructuring costs, personnel related costs, environmental obligations, legal claims and onerous contracts are recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of this obligation can be made. A restructuring provision is recognized when there is a detailed and appropriate plan prepared for it and the implementation of the plan has begun or has been notified to those whom the restructuring concerns.

The amount recognized as a provision is the present value of the expenditure expected to be required to settle the obligation on the balance sheet date using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

CONTINGENT LIABILITIES (NOTE 29)
Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed by the occurrence of uncertain future events not wholly within the control of the Group or a present obligation that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured within sufficient reliability. Contingent liability is disclosed in the notes.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS
Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale transaction and a sale is considered highly probable. Since the time of classification, the assets are valued at the lower of carrying amount and fair value less costs to sell. Depreciation on these assets discontinues at the time of classification. Non-current assets classified as held for sale are disclosed separately in the balance sheet.

A discontinued operation is a component of the Group that has either been disposed of, or is classified as held for sale, and meets one of the following criteria:

- it represents a separate major line of business or geographical area of operations,
- it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- it is a subsidiary that has been acquired exclusively with a prospect of reselling.

The profit or loss of the discontinued operation is stated as a separate item in the consolidated income statement and statement of comprehensive income. Assets held for sale and related to other comprehensive income items are recognized in the balance sheet separately from other items.

IMPAIRMENT OF NON-FINANCIAL ASSETS (NOTE 11)
On each balance sheet date, the Group's assets are assessed to determine whether there is any indication of an asset's impairment. If any indication of impairment exists, the recoverable amount of the asset or the cash-generating unit is calculated on the basis of the value in use or the net selling price. Annual impairment tests cover goodwill and intangible assets not yet ready for use.

A cash-generating unit has been defined as a reportable segment. Goodwill impairment is tested by comparing the reportable segment's recoverable amount with its carrying amount. The Group does not have intangible assets with indefinite useful lives other than goodwill. All goodwill has been allocated to the reportable segments.

The recoverable amount of a reportable segment is defined as its value in use, which consists of the discounted future cash flows to the unit. Estimates of future cash flows are based on continuing use of an asset and on the latest five-year forecasts by the business unit's management. The annual growth rate used to extrapolate cash flows subsequent to the forecast

Notes to Consolidated Financial Statements

period is assumed to be zero. Cash flow estimates do not include the effects of improved asset performance, investments or future reorganizations.

An impairment loss is recognized, whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. An impairment loss is recognized in the income statement. Note 11 provides more detailed information on impairment testing.

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

EMISSIONS ALLOWANCES (NOTE 31)
The Group holds assigned emissions allowances, under the EU emissions trading system, at its Helsingborg site in Sweden and Oulu site in Finland. Carbon dioxide allowances are accounted for as intangible assets measured at cost. Carbon dioxide allowances received free of charge are measured at their nominal value (zero). A provision for the fulfillment of the obligation to return allowances is recognized if the free-of-charge allowances are not sufficient to cover actual emissions. The Group’s consolidated balance sheet shows no items related to emissions allowances when the volume of actual emissions is lower than that of the free-of-charge emissions allowances and the Group has not bought allowances in the market.

TREASURY SHARES (NOTE 18)
Purchases of own shares (treasury shares), including the related costs, are deducted directly from equity in the Consolidated Financial Statements.

DIVIDEND DISTRIBUTION
Any dividend proposed by the Board of Directors is not deducted from distributable equity until approved by the shareholders at the Annual General Meeting.

EARNINGS PER SHARE (NOTE 10)
Basic earnings per share is calculated by dividing the profit attributable to equity owners of the parent company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by Kemira Oyj and held as treasury shares. Diluted earnings per share is calculated by the adjusting the weighted average number of ordinary shares plus diluted effect of all potential ordinary shares dilutive such as shares from the share-based payments.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS
Estimates and judgments are continuously evaluated and they are based on previous experience and other factors, such as expectations of future events that are expected to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimated impairment of goodwill
The impairment tests of goodwill and other assets include determining future cash flows which, with regard to the most significant assumptions, are based on gross margin levels, discount rates and the projected period. Major adverse developments in cash flows and interest rates may necessitate the recognition of an impairment loss. More information on goodwill impairment testing, as well as the assumptions used in the sensitivity analysis is presented in Note 11.

Estimated fair value of shares in PVO Group
The Group’s investments include non-listed shares, holdings in PVO Group representing the largest of these. The Group’s shareholding in the company is measured at fair value, based on the discounted cash flow resulting from the difference between the market price of electricity and the cost price. Developments in the actual fair value may differ from the estimated value, due to factors such as electricity prices, the forecast period or the discount rate. More information on PVO Group's fair value determination is presented in Note 14.

Defined benefit pension plans
Determining pension liabilities under defined benefit pension plans includes a number of actuarial assumptions, and significant changes in these assumptions may affect the amounts of pension liabilities and expenses. Actuarial calculations include assumptions by the management, such as the discount rate and assumptions of salary increases and the termination of employment contracts. Pension liability is calculated by independent actuaries. See Note 22 for details on the calculation of the defined benefit pension assumptions.

Notes to Consolidated Financial Statements

Environmental provisions
Recognizing environmental provisions requires the management's estimates, since the precise euro amount of obligations related to provisions is not known when preparing the Financial Statements. Provisions are disclosed in Note 23.

Deferred taxes
For the recognition of deferred tax assets on tax losses and other items, the management assesses the amount of a probable future taxable profit against which unused tax losses and unused tax credits can be utilized. Actual profits may differ from the forecasts and in such a case the change will affect the taxes in future periods. Deferred taxes are disclosed in Note 21.

2. SEGMENT INFORMATION

On April 2014, Kemira started its financial reporting according to the new organizational structure which consists of three segments: Paper, Oil & Mining and Municipial & Industrial. On September 2015, Paper segment was renamed as Pulp & Paper segment. Kemira's reportable segments in the segment information are as follows:

Pulp & Paper

The Pulp & Paper segment provides customers in the pulp and paper industry with products and product packages that improve their profitability, end-product quality, raw material and energy efficiency, and promote sustainable development.

Oil & Mining

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

Municipal & Industrial

The Municipal & Industrial segment offers water treatment chemicals for municipal and industrial water treatment. The segment's strengths are high-level process know-how, comprehensive range of water treatment chemicals and reliable customer deliveries.

The segments formulate their respective business strategies and guide the strategy implementation within the segment. Operational business responsibilities within a segment are assumed by Regional Business Units (RBUs) having full P&L responsibility. As most operational decisions are taken on a regional level closer to customers. The RBUs are guided by policies and guidelines defined by global functions. Global functions are responsible for developing policies, processes, guidelines and tools related to their respective functional areas (Supply Chain Management, R&D, Finance and Administration, IT, Human Resources, Communications and Public Affairs, Legal, and EHSQ) on a global basis. They oversee such policies and processes that are adopted and implemented throughout the company. Functions also have representatives in each region. Regional functions ensure that the global policies are implemented and adhered to in the regions. They are also responsible for supporting the business locally in the region.

Geographically Kemira’s operations are divided into three business regions: Europe, Middle East and Africa (EMEA), the Americas and Asia Pacific (APAC). The region heads provide operational support and co-ordination within the region and steer all regional development projects.

Segment information is presented in a manner consistent with the Group’s internal organizational and reporting structure. Segment information presented in revenue consists only of income from external customers. There is no intersegments sales. Assets and liabilities dedicated to a particular segment’s operations are included in that segment’s total assets and liabilities. Segment assets include property, plant and equipment, intangible assets, investments in associates, inventories and current non-interest bearing receivables. Segment liabilities include current non-interest bearing liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EUR million)

2015	Pulp & Paper	Oil & Mining	Municipal & Industrial	Group
Revenue	1,417.3	350.1	605.7	**2,373.1**
EBITDA	157.1	30.8	75.9	**263.8**
Operating profit	82.6	2.9	47.1	**132.6**
Finance costs, net				**-30.8**
Share of profit or loss of associates				**0.3**
Profit before tax				**102.1**
Income taxes				**-24.9**
Net profit for the period				**77.2**
Depreciation and amortization	-74.5	-27.2	-28.0	**-129.7**
Impairment		-0.7	-0.8	**-1.5**
Capital expenditure	240.1	30.8	34.2	**305.1**
OTHER SEGMENT INFORMATION				
Capital employed by segments (net)	1,089.6	276.7	321.1	**1,687.4**
Assets by segments	1,303.5	333.3	415.2	**2,052.0**
Investments in associates	0.5		0.7	**1.2**
Available-for-sale financial assets				**271.6**
Deferred income tax assets				**29.5**
Other investments				**5.8**
Defined benefit pension receivables				**48.9**
Other assets				**34.7**
Cash and cash equivalents				**151.5**
Total assets				**2,595.2**
Liabilities by segments	214.4	56.6	94.8	**365.8**
Interest-bearing non-current financial liabilities				**670.9**
Interest-bearing current financial liabilities				**122.7**
Other liabilities				**242.6**
Total liabilities				**1,402.0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EUR million)

2014	Pulp & Paper	Oil & Mining	Municipal & Industrial	ChemSolutions [1)]	Group
Revenue	1,170.0	382.2	564.7	19.8	2,136.7
EBITDA	109.9	46.2	61.3	35.5	252.9
Operating profit	57.6	27.7	31.7	35.6	152.6
Finance costs, net					-30.7
Share of profit or loss of associates					0.2
Profit before tax					122.1
Income taxes					-26.3
Net profit for the period					95.8
Depreciation and amortization	-52.3	-18.5	-29.6	0.1	-100.3
Impairment					0.0
Capital expenditure	83.0	26.3	35.2	0.6	145.1
OTHER SEGMENT INFORMATION					
Capital employed by segments (net)	927.3	254.3	309.1		1,490.7
Assets by segments	1,080.2	320.5	398.2		1,798.9
Investments in associates	0.5		0.4		0.9
Available-for-sale financial assets					293.7
Deferred income tax assets					33.7
Other investments					9.2
Defined benefit pension receivables					7.5
Other assets					32.7
Cash and cash equivalents					119.1
Total assets					2,295.7
Liabilities by segments	153.4	66.2	89.5		309.1
Interest-bearing non-current financial liabilities					448.3
Interest-bearing current financial liabilities					156.9
Other liabilities					218.1
Total liabilities					1,132.4

[1)] On March 2014, Kemira closed the divestment of formic acid business which had formed the major part of ChemSolutions segment. After the closure, the remaining sodium percarbonate business in ChemSolutions segment was transferred to Pulp & Paper segment and ChemSolutions segment was discontinued as of the beginning of Q2 2014.

(EUR million)

INFORMATION ABOUT GEOGRAPHICAL AREAS

Analysis of revenue by geographical area based on customer location

	2015	2014
Finland, domicile of the parent company	**334.8**	317.9
Other Europe, Middle East and Africa	**906.0**	848.6
Americas	**935.9**	848.4
Asia Pacific	**196.4**	121.8
Total	**2,373.1**	2,136.7

Analysis of non-current assets by geographical area

	2015	2014
Finland, domicile of the parent company	**710.1**	694.4
Other Europe, Middle East and Africa	**441.1**	406.8
Americas	**477.3**	374.1
Asia Pacific	**118.1**	92.7
Total	**1,746.6**	1,568.0

Information about major customers

The Group derives revenue from many significant customers. However, 10% or more of the Group's revenue is not derived from any single external customer in 2015 or 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(EUR million)

3. OTHER OPERATING INCOME

	2015	2014
Gains on sale of non-current assets [1]	**1.0**	48.5
Rental income	**1.5**	1.3
Services	**2.3**	2.4
Sale of scrap and waste	**0.1**	0.4
Income from royalties, know-how and licenses	**0.1**	0.2
Other income from operations	**2.1**	2.4
Total	**7.1**	55.2

[1] In 2014, the gains on sale of non-current assets EUR 40.9 million includes formic acid business and the Danish distribution business.

4. OPERATING EXPENSES

	2015	2014
Change in inventories of finished goods (inventory increase + / decrease -)	**11.0**	11.7
Own work capitalized [1]	**-2.3**	-2.7
Total	**8.7**	9.0
Materials and services		
Materials and supplies		
Purchases during the financial year	**1,440.2**	1,322.4
Change in inventories of materials and supplies (inventory increase + / decrease -)	**-1.4**	15.7
External services	**20.4**	21.0
Total	**1,459.2**	1,359.1
Employee benefit expenses	**356.0**	284.2
Other operating expenses		
Rents	**37.4**	35.1
Loss on sales of property, plant and equipment	**0.1**	2.7
Other expenses [2] [3]	**255.0**	248.9
Total	**292.5**	286.7
Total operating expenses	**2,116.4**	1,939.0

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

[2] In 2015, other operating expenses include research and development expenses of EUR 31.9 million (28.0). Government grants received for R&D were EUR 1.2 million (2.1). The extent of grants received reduces research and development expenses.

[3] In 2014, Kemira signed an agreement with CDC Cartel Damage Claims Hydrogen Peroxide SA and CDC Holding SA (together "CDC") to settle a lawsuit in Helsinki, Finland. The settlement concerns claims assigned to CDC based on which CDC claimed compensation for alleged damages relating to the alleged old infringement of competition law in the hydrogen peroxide business during 1994-2000. CDC agreed to withdraw the damage claims and Kemira paid to CDC a compensation of EUR 18.5 million and will compensate CDC for its legal costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(EUR million)

	Note	2015	2014
EMPLOYEE BENEFIT EXPENSES			
Wages and salaries			
Wages		**274.4**	220.9
Emoluments of Kemira Oyj's CEO and the Board of Directors	31	**1.1**	1.2
Share-based payments	5	**2.1**	-0.3
Total		**277.6**	221.8
Indirect employee benefit expenses			
Pension expenses for defined benefit plans	22	**3.4**	-3.5
Pension expenses for defined contribution plans		**20.8**	15.2
Other employee benefit costs		**54.2**	50.7
Total		**78.4**	62.4
Total employee benefit expenses		**356.0**	284.2
NUMBER OF PERSONNEL			
Average number of personnel by geographical area			
Europe, Middle East and Africa		**2,536**	2,463
Americas		**1,550**	1,474
Asia Pacific		**473**	348
Total		**4,559**	4,285
Personnel in Finland, average		**793**	823
Personnel outside Finland, average		**3,766**	3,462
Total		**4,559**	4,285
Number of personnel at 31 Dec		**4,685**	4,248
DELOITTE & TOUCHE OY'S FEES AND SERVICES			
Audit fees		**1.5**	1.4
Tax services		**0.3**	0.4
Other services [4]		**0.5**	2.2
Total		**2.3**	4.0

[4] In 2014, other services include fees related mainly to the auditors reports and statements for formic acid business divestment and fees related to the AkzoNobel's global paper chemicals business acquisition.

5. SHARE-BASED PAYMENTS

SHARE-BASED INCENTIVE PLAN 2015-2017

In 2014, the Kemira Board of Directors established a new Performance Share Plan with three performance periods: calendar years 2015, 2016 and 2017. The Board of Directors of Kemira will decide on the Plan's performance criteria and on the required performance levels for each criterion at the beginning of each performance period. The potential reward of the Plan from the performance period 2015 will be based on the Kemira Group's revenue and on the Group's operative EBITDA margin.

The reward from the performance period 2015 will be paid partly in Kemira's shares and partly in cash in 2016. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment.

The shares paid as reward may not be transferred during the restriction period, which will end two years from the end of the performance period. Should a participant's employment or service end during the restriction period, as a rule, he or she must gratuitously return the shares given as reward.

The rewards to be paid on the basis of the 2015 earning period of the Performance Share Plan correspond to the value of an approximate maximum total of 479,700 Kemira Oyj shares and additionally the cash proportion intended to cover taxes and tax-related costs.

Share-based incentive plan 2015

Performance period	2015
Lock-up period of shares	2 years
Estimated number of shares to be delivered at December 31, 2015	287,800
Fair value of the reward paid as shares, EUR million at December 31, 2015	2.7
Fair value of the reward paid in cash, EUR million at December 31, 2015	3.4
Number of participants at December 31, 2015	86

SHARE-BASED INCENTIVE PLAN FOR KEY EMPLOYEES 2013-2014

In 2013, the Kemira Board of Directors established a share-based incentive plan aimed at the key employees for the years 2013-2014, as part of the company's incentive and commitment schemes. The delivery of share rewards within the plan is subject to achieving the performance targets set by the Board of Directors. Payment is tied to achieving the return on capital employed percentage (ROCE-%).

The value of the aggregate reward paid out in the plan may not exceed 100% of the other participants' gross salary for the same period. If the performance targets are achieved entirely, the maximum gross earning during the three-year plan is expected to be approximately 600,000 Kemira shares. The applicable taxes will be deducted from the gross earning and the remaining net value is delivered to the participants in Kemira shares. The shares earned through the plan must be held for a minimum of two years following each payment.

The shares transferable under the plan comprise of Kemira Oyj's treasury shares or shares available for public trading.

For the share-based incentive plans 2013-2014 the vesting periods have ended and the financial targets were not achieved.

(EUR million)

SHARE-BASED INCENTIVE PLANS FOR MANAGEMENT BOARD MEMBERS 2012-2014

In 2012, the Kemira Board of Directors established a share-based incentive plan aimed at the Management Board members for the years 2012-2014, as part of the company's incentive and commitment schemes. The delivery of share rewards within the plan is subject to achieving the performance targets set by the Board of Directors, which include both internal and external performance targets. The internal target setting is divided into three one-year performance periods: 2012, 2013, and 2014. Payment depends on achieving the set intrinsic value targets calculated from the development of EBITDA and the development of the net debt. The program also includes a three-year external goal, which is tied to the relative total shareholder return (TSR) performance during 2012-2014.

The value of the aggregate reward paid out in the course of the three-year plan may not exceed 120% of the CEO's and 100% of the other participants' gross salary for the same period. If the performance targets are achieved entirely, the maximum gross earning during the three-year plan is expected to be approximately 900,000 Kemira shares. The applicable taxes will be deducted from the gross earning and the remaining net value is delivered to the participants in Kemira shares.

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

The shares transferable under the plan comprise of Kemira Oyj's treasury shares or shares available for public trading.

In addition to the share-based incentive plan aimed at the Management Board members, Kemira has a share-based incentive plan aimed at other key employees, in which members of the Management Board will not participate.

For the share-based incentive plans 2012-2014 the vesting periods have ended and the financial targets were not achieved.

THE EFFECT OF SHARE-BASED PAYMENTS ON OPERATING PROFIT

	2015	2014
Rewards provided in shares	**0.9**	-0.2
Rewards provided in cash	**1.2**	-0.1
Total	**2.1**	-0.3

(EUR million)

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

	2015	2014
Amortization of intangible assets		
Other intangible assets [1]	**25.7**	12.4
Development costs	**3.8**	3.8
Total	**29.5**	16.2
Depreciation of property, plant and equipment		
Buildings and constructions	**16.2**	16.4
Machinery and equipment	**78.1**	64.5
Other tangible assets	**5.9**	3.2
Total	**100.2**	84.1
Impairment of intangible assets and property, plant and equipment		
Goodwill	**0.8**	0.0
Land	**0.7**	0.0
Total	**1.5**	0.0
Total depreciation, amortization and impairments	**131.2**	100.3

[1] Includes amortization of EUR 7.4 million during financial year 2015 related to AkzoNobel paper chemicals business, Soto Industries LLC and Polymer Services LLC acquisitions. More information on the acquisitions is disclosed in Notes 12 and 26.

Goodwill impairment tests is disclosed in Note 11.

(EUR million)

7. FINANCE INCOME AND EXPENSES

	2015	2014
Finance income		
Dividend income	**0.0**	0.2
Interest income		
Interest income from loans and receivables [1]	**4.0**	1.1
Interest income from financial assets at fair value through profit or loss	**0.7**	3.0
Other finance income	**0.4**	0.3
Total	**5.1**	4.6
Finance expenses		
Interest expenses		
Interest expenses from other liabilities [2]	**-17.7**	-17.3
Interest expenses from financial assets at fair value through profit or loss	**-7.7**	-10.7
Other finance expenses [3]	**-8.5**	-6.0
Total	**-33.9**	-34.0
Exchange gains and losses		
Exchange gains and losses from financial assets and liabilities at fair value through profit or loss	**0.0**	-37.0
Exchange gains and losses from loans and other receivables	**-1.7**	-0.4
Exchange gains and losses from other liabilities	**-0.3**	36.1
Total	**-2.0**	-1.3
Total finance income and expenses	**-30.8**	-30.7
Net finance expenses as a percentage of revenue	**1.3**	1.4
Net interest as a percentage of revenue	**0.9**	1.1
Change in Consolidated Statement of Comprehensive Income from hedge accounting instruments		
Cash flow hedge accounting: Amount recognized in the Consolidated Statement of Comprehensive Income	**-2.5**	3.4
Total	**-2.5**	3.4
Exchange differences		
Realized	**-5.1**	-11.2
Unrealized	**3.1**	9.9
Total	**-2.0**	-1.3

[1] In 2015 includes interest income from income taxes of EUR 3 million.

[2] In 2014 includes delay interest costs from taxes of EUR 3 million.

[3] Includes write down of EUR -2.3 million a shareholder's loan related to Kemira's ownership in TVO (Teollisuuden Voima Oyj), a Finnish power company and ineffective portion of electricity hedge EUR -0.8 million (-1.0).

(EUR million)

8. INVESTMENTS IN ASSOCIATES

	2015	2014
Net book value at 1 Jan	**0.9**	0.8
Dividends received	**0.0**	-0.1
Share of profit (+) / loss (-)	**0.3**	0.2
Net book value at 31 Dec	**1.2**	0.9

			Group holding %	
Name of the company	City	Country	**2015**	2014
FC Energia Oy	Ikaalinen	Finland	**34.0**	34.0
FC Power Oy	Ikaalinen	Finland	**34.0**	34.0
Haapaveden Ympäristöpalvelut Oy	Haapavesi	Finland	**40.5**	40.5
Honkalahden Teollisuuslaituri Oy	Joutseno	Finland	**50.0**	50.0

SUMMARY OF ASSETS, LIABILITIES, REVENUES AND THE RESULT OF ASSOCIATES FOR THE PERIOD (TOTAL AMOUNTS)

	2015	2014
Assets	**21.4**	22.4
Liabilities	**19.2**	20.5
Revenue	**7.5**	6.9
Profit (+) / loss (-) for the period	**0.5**	0.3

Related party transactions carried out with associates are disclosed in Note 31.

(EUR million)

9. INCOME TAXES

	2015	2014
Current taxes	**-24.2**	-29.5
Taxes for prior years	**4.8**	-0.7
Change in deferred taxes	**-5.5**	3.9
Total	**-24.9**	-26.3

Subsidiaries have EUR 143.9 million (106.9) tax losses of which no deferred tax benefits have been recognized.

RECONCILIATION BETWEEN TAX EXPENSE AND TAX CALCULATED AT DOMESTIC TAX RATE

	2015	2014
Profit before tax	**102.1**	122.1
Tax at parent's tax rate 20%	**-20.4**	-24.4
Foreign subsidiaries' different tax rate	**2.0**	-3.0
Non-deductible expenses and tax-exempt profits	**-1.2**	7.4
Share of profit or loss of associates	**0.1**	0.0
Tax losses	**-7.4**	-4.6
Tax for prior years	**4.8**	-0.7
Changes in deferred taxes related to prior years	**-2.8**	-1.0
Total taxes	**-24.9**	-26.3

THE TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2015			2014		
	Before tax	**Tax charge (-)/ credit (+)**	**After tax**	Before tax	Tax charge (-)/ credit (+)	After tax
Available-for-sale financial assets	**-26.3**	**5.3**	**-21.0**	62.5	-12.5	50.0
Exchange differences on translating foreign operations	**26.2**	**0.0**	**26.2**	1.2	0.0	1.2
Cash flow hedges	**-3.1**	**0.6**	**-2.5**	4.3	-0.9	3.4
Remeasurements on defined benefit pensions	**44.8**	**-8.9**	**35.9**	-32.6	6.0	-26.6
Other comprehensive income	**41.6**	**-3.0**	**38.6**	35.4	-7.4	28.0

(EUR million)

10. EARNINGS PER SHARE

	2015	2014
Earnings per share, basic		
Net profit attributable to equity owners of the parent	**71.0**	89.9
Weighted average number of shares [1)]	**152,059,309**	152,048,098
Basic earnings per share, EUR	**0.47**	0.59
Earnings per share, diluted		
Net profit attributable to equity owners of the parent	**71.0**	89.9
Weighted average number of shares [1)]	**152,059,309**	152,048,098
Adjustments for:		
Treasury shares possibly subject to emission in share-based payments	**335,317**	154,781
Weighted average number of shares for diluted earnings per share	**152,394,626**	152,202,879
Diluted earnings per share, EUR	**0.47**	0.59

[1)] Weighted average number of shares outstanding, excluding the number of treasury shares.

(EUR million)

11. GOODWILL

	Note	2015	2014
Net book value at 1 Jan		**485.6**	471.9
Acquisition of subsidiaries and business acquisitions [1]	26	**21.3**	-0.1
Decreases and other changes		**-0.8**	0.0
Exchange differences		**12.2**	13.8
Net book value at 31 Dec		**518.3**	485.6

[1] In 2015, goodwill has increased by EUR 21.3 million which is related to the acquired AkzoNobel paper chemicals business. In 2014, goodwill decreased by EUR 0.1 million which is related to the final adjustment of the purchase price of 3F Chimica S.p.A.

GOODWILL IMPAIRMENT TESTING

The Group performed its annual impairment test for goodwill on September 30. Impairment tests for goodwill are also carried out whenever changes in circumstances indicate that the carrying amount may not be recoverable. The estimated value in use by all segments exceeded their carrying values. As a result, no goodwill impairment was recognized in 2015 (2014: no impairment).

Goodwill has been allocated to three individual cash-generating units. The reportable segment has been defined as a cash-generating unit. The reportable segment represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The Group's three reportable segments are Pulp & Paper, Oil & Mining and Municipal & Industrial. A summary of the net book value and goodwill to the Group's reportable segments is presented in the following table.

	Dec 31, 2015	
	Net book value	**of which goodwill**
Pulp & Paper	**1,025**	**357**
Oil & Mining	**255**	**83**
Municipal & Industrial	**300**	**78**
Total	**1,580**	**518**

	Dec 31, 2014	
	Net book value	of which goodwill
Pulp & Paper	893	330
Oil & Mining	245	83
Municipal & Industrial	297	73
Total	1,435	486

KEY ASSUMPTIONS FOR IMPAIRMENT TESTING OF GOODWILL

LONG-TERM GROWTH RATE

The long-term growth rate used is purely for the impairment testing of goodwill. The assumptions of the long-term growth rate were used based on the Group’s financial forecasts prepared and approved by the management covering a five-year horizon. Forecasts for cash flow growth reflect the management's perception of developments in sales and cost items during the forecast period. The growth rate used to extrapolate cash flows subsequent to the five-year forecast period was assumed to be zero.

DISCOUNT RATE

The discount rates applied were based on the Group's adjusted weighted average cost of capital (WACC). The risk-adjusted WACC rate was defined separately for each cash-generating unit. The discount rates used in performing the impairment tests of the Group's reportable segments are presented in the following table.

%	**2015**	2014
Pulp & Paper	**6.1**	6.3
Oil & Mining	**6.7**	7.3
Municipal & Industrial	**5.4**	5.6

SENSITIVITY ANALYSIS

The sensitivity analyses were made under the assumption that there would be a decline in the growth rate of cash flows during and after the forecast period. A general increase in interest rates has also been taken into consideration as well as a decrease in profitability. A decrease of 10% in the estimated cash flow or an increase of 2 percentage points in the discount rate would not result in any impairment losses to be recorded on the reportable segment level.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(EUR million)

12. OTHER INTANGIBLE ASSETS

2015	**Internally generated development costs**	**Other intangible assets [1)]**	**Prepayments**	**Total**
Acquisition cost at 1 Jan	47.2	185.9	13.5	**246.6**
Additions		8.8	2.6	**11.4**
Acquisitions of subsidiaries and business acquisitions [1)]		75.6	-0.1	**75.5**
Decreases and other changes		-62.8	-3.7	**-66.5**
Exchange rate differences		1.0	0.5	**1.5**
Acquisition cost at 31 Dec	47.2	208.5	12.8	**268.5**
Accumulated amortization at 1 Jan	-41.7	-128.6		**-170.3**
Accumulated amortization relating to decreases and transfers		66.6		**66.6**
Amortization during the financial year	-3.8	-25.7		**-29.5**
Exchange rate differences		-0.6		**-0.6**
Accumulated amortization at 31 Dec	-45.5	-88.3		**-133.8**
Net book value at 31 Dec	**1.7**	**120.2**	**12.8**	**134.7**

[1)] Other intangible assets includes AkzoNobel the paper chemicals business, Soto Industries LLC and Polymer Services LLC of which acquisition value EUR 75,6 million was allocated to intangible assets as customer relationships, non-compete agreements, patents and technologies.

2014	Internally generated development costs	Other intangible assets	Prepayments	Total
Acquisition cost at 1 Jan	47.2	166.1	8.9	222.2
Additions		11.7	4.3	16.0
Decreases and other changes		7.0		7.0
Exchange rate differences		1.1	0.3	1.4
Acquisition cost at 31 Dec	47.2	185.9	13.5	246.6
Accumulated amortization at 1 Jan	-37.9	-109.0		-146.9
Accumulated amortization relating to decreases and transfers		-6.9		-6.9
Amortization during the financial year	-3.8	-12.4		-16.2
Exchange rate differences		-0.3		-0.3
Accumulated amortization at 31 Dec	-41.7	-128.6		-170.3
Net book value at 31 Dec	5.5	57.3	13.5	76.3

(EUR million)

13. PROPERTY, PLANT AND EQUIPMENT

2015	**Land**	**Buildings and constructions**	**Machinery and equipment**	**Other property, plant and equipment**	**Prepayments and non-current assets under construction [2)]**	**Total**
Acquisition cost at 1 Jan	51.0	424.9	1,221.2	53.1	65.6	**1,815.8**
Additions		10.1	67.1	2.0	86.8	**166.0**
Acquisitions of subsidiaries and business acquisitions [1)]	2.6	5.1	13.1	0.1	1.7	**22.6**
Decreases and other changes	-0.4	-9.3	-39.4	-3.2	-0.1	**-52.4**
Reclassifications		3.6	16.5	0.7	-20.8	**0.0**
Exchange rate differences	1.3	11.9	40.7	2.0	-5.4	**50.5**
Acquisition cost at 31 Dec	54.5	446.3	1,319.2	54.7	127.8	**2,002.5**
Accumulated depreciation at 1 Jan	-8.8	-234.8	-844.1	-21.9		**-1,109.6**
Accumulated depreciation related to decreases and transfers		9.3	38.6	3.1		**51.0**
Depreciation during the financial year		-16.2	-78.3	-5.7		**-100.2**
Impairments	-0.7					**-0.7**
Exchange rate differences		-5.5	-21.7	-0.5		**-27.7**
Accumulated depreciation at 31 Dec	-9.5	-247.2	-905.5	-25.0		**-1,187.2**
Net book value at 31 Dec	**45.0**	**199.1**	**413.7**	**29.7**	**127.8**	**815.3**

[1)] Property, plant and equipment includes acquisitions of AkzoNobel the paper chemicals business, Soto Industries LLC and Polymer Services LLC with book value of EUR 22.6 million.

2014	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and non-current assets under construction [2)]	Total
Acquisition cost at 1 Jan	54.5	374.2	1,086.0	34.5	140.4	1,689.6
Additions	0.8	7.8	82.7	4.3	28.9	124.5
Decreases	-4.2	-15.1	-13.6	-1.0		-33.9
Other changes		-0.4	-1.0	-0.3	-0.4	-2.1
Reclassifications		54.7	41.5	13.8	-110.0	0.0
Exchange rate differences	-0.1	3.7	25.6	1.8	6.7	37.7
Acquisition cost at 31 Dec	51.0	424.9	1,221.2	53.1	65.6	1,815.8
Accumulated depreciation at 1 Jan	-8.5	-234.6	-783.5	-18.5		-1,045.1
Accumulated depreciation related to decreases and transfers	-0.3	14.6	14.2	0.9		29.4
Depreciation during the financial year		-16.4	-64.5	-3.2		-84.1
Other changes			0.1			0.1
Exchange rate differences		1.6	-10.4	-1.1		-9.9
Accumulated depreciation at 31 Dec	-8.8	-234.8	-844.1	-21.9		-1,109.6
Net book value at 31 Dec	42.2	190.1	377.1	31.2	65.6	706.2

[2)] Prepayment and non-current assets under construction mainly comprises of plant investments.

Finance lease assets

Property, plant and equipment where the Group is a lessee under a finance lease includes the following amounts:

	2015	2014
Cost - capitalized finance leases	**6.0**	6.0
Accumulated depreciation	**-2.5**	-1.8
Net book value at 31 Dec	**3.5**	4.2

The Group leases buildings and constructions, machinery and equipment and other property, plant and equipment under finance lease agreements.

(EUR million)

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
Net book value at 1 Jan	**293.7**	233.6
Additions	**4.2**	4.4
Decreases	**-0.1**	-6.8
Change in fair value	**-26.2**	62.5
Net book value at 31 Dec	**271.6**	293.7

THE SHARES OF POHJOLAN VOIMA GROUP

The available-for-sale financial assets total EUR 271.6 million (293.7) include the shares in Pohjolan Voima Group of EUR 270.0 million (292.1); their valuation principles are described in more detail in Kemira Group's accounting policies. Kemira Oyj owns 4% of Pohjolan Voima Oy and 1% of its subsidiary Teollisuuden Voima Oyj.

				2015	2014
	Class of shares	Holding %	Class of assets	**Fair value**	Fair value
Pohjolan Voima Oy	A	5	hydro power	**75.6**	79.3
Pohjolan Voima Oy	B	3	nuclear power	**72.8**	83.6
Pohjolan Voima Oy	B2	7	nuclear power	**18.0**	13.9
Teollisuuden Voima Oyj	A	2	nuclear power	**79.4**	91.2
Other Pohjolan Voima Oy and Teollisuuden Voima Oyj	C, C2, G5, G6, M	several	several	**24.2**	24.1
Total				**270.0**	292.1

The fair value of the shares is based on the discounted cash flow resulting from the difference between the market price and the production cost of electricity. The discount rate used to calculate the net present value at the year-end is an annually defined weighted average cost of capital. The short-term discount rate in 2015 was 4.2% (3.9%) and long-term discount rate was 4.8% (4.6%). A 10% decrease in the electricity market future price would decrease the fair value of shares by approximately EUR 43 million. An increase of 1 percentage point in the discount rate would decrease the fair value by approximately EUR 38 million.

(EUR million)

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

2015	Note	Financial instruments under hedge accounting	Financial assets at fair value through profit and loss	Financial assets at fair value through profit and loss (fair value hedging)	Loans and other receivables	Available-for-sale investments	Other liabilities	**Total carrying amounts by balance sheet item**	**Total fair value**
Non-current financial assets									
Investments									
Available-for-sale financial assets [1]	14					271.6		**271.6**	**271.6**
Other assets					5.8			**5.8**	**5.8**
Current financial assets									
Receivables [2]	17								
Interest-bearing receivables					0.2			**0.2**	**0.2**
Non-interest bearing receivables									
Trade receivables					295.4			**295.4**	**295.4**
Other receivables [3) 4)]			5.2	3.3	0.3			**8.8**	**8.8**
Total			5.2	3.3	301.7	271.6		**581.8**	**581.8**
Non-current financial liabilities									
Interest-bearing liabilities	19								
Loans from financial institutions							315.2	**315.2**	**333.1**
Bonds [5]							352.4	**352.4**	**359.2**
Other liabilities							3.3	**3.3**	**3.4**
Other liabilities							21.4	**21.4**	**21.4**
Current financial liabilities									
Interest-bearing liabilities	19								
Loans from financial institutions							36.7	**36.7**	**38.1**
Other liabilities							86.0	**86.0**	**89.2**
Non-interest bearing current liabilities	24								
Trade payables							162.4	**162.4**	**162.4**
Other liabilities [3]		12.2	2.1				32.4	**46.7**	**47.9**
Total		12.2	2.1				1,009.8	**1,024.1**	**1,054.7**

[1] The available-for-sale financial assets include mainly shares of the Pohjolan Voima Group.

[2] The carrying amount represents the maximum credit risk.

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

[4] Other receivables include electricity derivative transactions related to collateral of EUR 0.3 million (0.8) paid to counterparties.

[5] Includes hedge accounting adjustment of EUR 2.4 million (2.1).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(EUR million)

2014	Note	Financial instruments under hedge accounting	Financial assets of fair value through profit and loss	Financial assets at fair value through profit and loss (fair value hedging)	Loans and other receivables	Available-for-sale investments	Other liabilities	Total carrying amounts by balance sheet item	Total fair value
Non-current financial assets									
Investments									
Available-for-sale financial assets [1]	14					293.7		293.7	293.7
Other assets					9.2			9.2	9.2
Current financial assets									
Receivables [2]	17								
Interest-bearing receivables					0.1			0.1	0.1
Non-interest bearing receivables									
Trade receivables					265.3			265.3	265.3
Other receivables [3] [4]			2.9	3.0	0.8			6.7	6.7
Total			2.9	3.0	275.4	293.7		575.0	575.0
Non-current financial liabilities									
Interest-bearing liabilities	19								
Loans from financial institutions							241.6	241.6	248.8
Bonds [5]							202.1	202.1	208.2
Other liabilities							4.6	4.6	4.7
Other liabilities							21.4	21.4	21.4
Current financial liabilities									
Interest-bearing liabilities	19								
Loans from financial institutions							85.5	85.5	88.1
Other liabilities							71.4	71.4	73.2
Non-interest bearing liabilities	24								
Trade payables							135.2	135.2	135.2
Other liabilities [3]		8.4	1.4				29.8	39.6	40.5
Total		8.4	1.4				791.6	801.4	820.1

(EUR million)

FAIR VALUE OF FINANCIAL ASSETS

FAIR VALUE HIERARCHY	2015 Level 1	Level 2	Level 3	Total net	2014 Level 1	Level 2	Level 3	Total net
Available-for-sale financial assets	-	-	271.6	**271.6**	-	-	293.7	293.7
Other investments	-	5.8	-	**5.8**	-	9.2	-	9.2
Currency investments	-	5.2	-	**5.2**	-	2.9	-	2.9
Interest rate instruments, hedge accounting	-	3.3	-	**3.3**	-	3.0	-	3.0
Other receivables	-	0.2	-	**0.2**	-	0.9	-	0.9
Trade receivables	-	295.4	-	**295.4**	-	265.3	-	265.3
Total	-	**309.9**	**271.6**	**581.5**	-	281.3	293.7	575.0

Level 1: Fair value is determined based on quoted market prices.

Level 2: Fair value is determined by using valuation techniques. The fair value refers to the value that is observable from the market value of elements of the financial instrument or from the market value of corresponding financial instrument; or the value that is observable by using commonly accepted valuation models and techniques, if the market value can be measured reliably with them.

Level 3: Fair value is determined by using valuation techniques, which use inputs that have a significant effect on the recorded fair value, and inputs are not based on observable market data.

There is no transfers between levels 1-3 during the financial year.

LEVEL 3 SPECIFICATION

	Level 3 Total net 2015	Level 3 Total net 2014
Instrument		
Net book value at 1 Jan	**293.7**	227.0
Effect on the Statement of Comprehensive Income	**-26.3**	62.5
Increases	**4.2**	4.4
Decreases	**0.0**	-0.2
Net book value at 31 Dec	**271.6**	293.7

FAIR VALUE OF FINANCIAL LIABILITIES

FAIR VALUE HIERARCHY	2015 Level 1	Level 2	Level 3	Total net	2014 Level 1	Level 2	Level 3	Total net
Non-current interest-bearing liabilities	-	695.1	-	**695.1**	-	461.7	-	461.7
Repayments from non-current interest-bearing liabilities	-	38.1	-	**38.1**	-	88.1	-	88.1
Non-current other liabilities	-	21.4	-	**21.4**	-	21.4	-	21.4
Finance lease liabilities	-	1.2	-	**1.2**	-	2.2	-	2.2
Loans from financial institutions	-	88.6	-	**88.6**	-	63.2	-	63.2
Current other liabilities	-	33.6	-	**33.6**	-	38.5	-	38.5
Currency instruments	-	2.1	-	**2.1**	-	1.4	-	1.4
Interest rate instruments, hedge accounting	-	1.7	-	**1.7**	-	2.5	-	2.5
Other instruments, hedge accounting	-	10.5	-	**10.5**	-	5.9	-	5.9
Trade payables	-	162.4	-	**162.4**	-	135.2	-	135.2
Total	-	**1,054.7**	-	**1,054.7**	-	820.1	-	820.1

(EUR million)

16. INVENTORIES

	2015	2014
Materials and supplies	**66.8**	67.6
Finished goods	**131.3**	120.3
Prepayments	**8.9**	9.4
Total	**207.0**	197.3

In 2015, EUR 2.5 million (1.6) of inventory value was recognized as expense in order to decrease the book values of inventories to correspond with their net realizable value.

17. RECEIVABLES

	Note	2015	2014
Interest-bearing receivables			
Loan receivables		**0.2**	0.1
Trade and other receivables			
Trade receivables	28	**295.4**	265.3
Prepayments		**4.5**	4.4
Prepaid expenses and accrued income		**45.1**	34.1
Other receivables		**44.8**	39.9
Total		**389.8**	343.7

In 2015, items that are due in a time period longer than one year include trade receivables of EUR 0.5 million (0.9), prepaid expenses and accrued income of EUR 0.8 million (0.5) and non-interest bearing receivables of EUR 6.5 million (10.1).

(EUR million)

18. SHAREHOLDERS' EQUITY

SHARE CAPITAL

	Number of shares outstanding (1,000)	Share capital
January 1, 2014	152,042	221.8
Treasury shares issued to the Board of Directors	9	
December 31, 2014	152,051	221.8
January 1, 2015	**152,051**	**221.8**
Treasury shares issued to the Board of Directors	**11**	
December 31, 2015	**152,062**	**221.8**

Kemira Oyj has one class of shares. Each share entitles its holder to one vote at the Annual General Meeting. On December 31, 2015, the share capital was EUR 221.8 million and the total number of shares issued was 155,342,557 including 3,280,602 treasury shares. Under the Articles of Association of Kemira Oyj, the company does not have a minimum or maximum share capital or a par value for a share. All issued shares have been fully paid.

SHARE PREMIUM

The share premium is a reserve accumulated through subscriptions entitled by the management stock option program of 2001. This reserve is based on the old Finnish Companies Act (734/1978), which will not change anymore.

FAIR VALUE RESERVES

The fair value reserve is a reserve accumulated based on available-for-sale financial assets (shares) measured at fair value and hedge accounting.

OTHER RESERVES

Other reserves originate from local requirements of subsidiaries. On December 31, 2015, other reserves were EUR 4.0 million (3.7).

UNRESTRICTED EQUITY RESERVE

The unrestricted equity reserve includes other equity type investments and the subscription price of shares to the extent that they will not, based on the specific decision, be recognized in share capital.

TRANSLATION DIFFERENCES

The foreign currency translation differences arise from the translation of foreign subsidiaries' financial statements. Also, translation differences in the loans granted to foreign subsidiaries in replacement of their equity are included in foreign currency translation differences.

TREASURY SHARES

Kemira had 3,280,602 (3,291,185) of its treasury shares in possession on December 31, 2015. The average share price of treasury shares was EUR 6,73 and they represented 2.1% of the share capital and the aggregate number of votes conferred by all shares. The aggregate par value of the treasury shares is EUR 4.7 million.

(EUR million)

NON-CONTROLLING INTEREST

	2015	2014
Net book value at 1 Jan	**12.6**	13.0
Dividends	**-5.9**	-5.4
Decreases	**0.0**	-0.5
Share of the profit for the period	**6.2**	5.9
Exchange rate differences	**0.0**	-0.4
Net book value at 31 Dec	**12.9**	12.6

			Kemira Group's Holding, %		Ownership interest held by non-controlling interests, %	
Name of the company	City	Country	**2015**	2014	**2015**	2014
Aliada Quimica de Portugal Lda.	Estarreja	Portugal	**50.10**	50.10	**49.90**	49.90
Kemifloc a.s.	Přerov	Czech Republic	**51.00**	51.00	**49.00**	49.00
Kemwater ProChemie s.r.o.	Kosmonosy	Czech Republic	**95.10**	95.10	**4.90**	4.90
Kemifloc Slovakia S.r.o.	Prešov	Slovakia	**51.00**	51.00	**49.00**	49.00
Kemipol Sp. z o.o.	Police	Poland	**51.00**	51.00	**49.00**	49.00
Kemira Cell sp.z.o.o.	Ostroleka	Poland	**55.00**	55.00	**45.00**	45.00
Kemira Chemicals India Private Limited	Hyderabad	India	**99.99**	99.99	**0.01**	0.01
PT Kemira Chemicals Indonesia	Pasuruan	Indonesia	**99.77**	-	**0.23**	-

(EUR million)

19. INTEREST-BEARING LIABILITIES

	2015	2014
Interest-bearing current liabilities		
Loans from financial institutions	**36.7**	85.5
Finance lease liabilities	**0.6**	0.8
Other current liabilities	**85.4**	70.6
Total	**122.7**	156.9
Interest-bearing non-current liabilities		
Loans from financial institutions	**315.2**	241.6
Bonds	**352.4**	202.1
Finance lease liabilities	**0.6**	1.4
Other non-current liabilities	**2.7**	3.2
Total	**670.9**	448.3
Non-current interest-bearing liabilities maturing in		
2017 (2016)	**67.6**	36.9
2018 (2017)	**83.0**	60.8
2019 (2018)	**210.1**	75.8
2020 (2019)	**160.2**	209.9
2021 (2020) or later	**150.0**	64.9
Total	**670.9**	448.3
Interest-bearing liabilities maturing in five years or over a longer period of time		
Bond [1)]	**150.0**	0.0
Loans from financial institutions	**0.0**	64.9
Total	**150.0**	64.9

[1)] Kemira issued a senior unsecured bond of EUR 150 million in May 13, 2015. The bond will mature on May 13, 2022 and it carries a fixed annual interest of 2.250 percent.

The foreign currency breakdown of non-current loans is disclosed in Note 28 Management of financial risks. The Group's liabilities include neither debentures nor convertible bonds.

	2015	2014
Interest-bearing net liabilities		
Non-current liabilities	**670.9**	448.3
Current liabilities	**122.7**	156.9
Cash and cash equivalents	**-151.5**	-119.1
Total	**642.1**	486.1

20. FINANCE LEASE LIABILITIES

	2015	2014
Maturity of minimum lease payments		
No later than 1 year	**0.6**	0.9
1 - 5 years	**0.7**	0.8
Later than 5 years	**0.0**	0.7
Total minimum lease payments	**1.3**	2.4
Present value of finance lease liabilities		
Total minimum lease payments	**1.3**	2.4
Future finance charges on finance leases	**-0.1**	-0.2
Present value of finance lease liabilities	**1.2**	2.2
Maturity of the present value of finance lease liabilities		
No later than 1 year	**0.6**	0.8
1 - 5 years	**0.6**	0.8
Later than 5 years	**0.0**	0.6
Total present value of finance lease liabilities	**1.2**	2.2

(EUR million)

21. DEFERRED TAX LIABILITIES AND ASSETS

	Jan 1, 2015	Recognized in the income statement	Recognized in other comprehensive income	Recognized in equity	Disposed subsidiaries	Exchange differences and reclassifications	**Dec 31, 2015**
Deferred tax liabilities							
Depreciation difference and untaxed reserves	55.2	0.7				3.3	**59.2**
Available-for-sale financial assets	29.8		-5.2				**24.6**
Defined benefit pensions	2.6	-0.2	8.5			0.4	**11.3**
Fair value adjustments of net assets acquired [1)]	7.6	-1.7			3.8	0.1	**9.8**
Other	2.7	9.2	0.3			0.1	**12.3**
Total	97.9	8.0	3.6	0.0	3.8	3.9	**117.2**
Deferred tax assets deducted	-51.5						**-61.3**
Deferred tax liabilities in the balance sheet	46.4						**55.9**
Deferred tax assets							
Provisions	4.9	5.9				6.9	**17.7**
Tax losses	56.7	-17.4				-7.0	**32.3**
Defined benefit pensions	4.2	0.8	-0.2			-0.1	**4.7**
Other	19.4	13.2	0.8		0.6	2.1	**36.1**
Total	85.2	2.5	0.6	0.0	0.6	1.9	**90.8**
Deferred tax liabilities deducted	-51.5						**-61.3**
Deferred tax assets in the balance sheet	33.7						**29.5**

	Jan 1, 2014	Recognized in the income statement	Recognized in other comprehensive income	Recognized in equity	Acquired subsidiaries	Exchange differences and reclassifications	Dec 31, 2014
Deferred tax liabilities							
Depreciation difference and untaxed reserves	50.7	0.5				4.0	55.2
Available-for-sale financial assets	17.4	0.0	12.5			-0.1	29.8
Defined benefit pensions	7.2	0.7	-5.4			0.1	2.6
Fair value adjustments of net assets acquired [1)]	8.8	-1.0			-0.3	0.1	7.6
Other	5.7	-3.2	0.2				2.7
Total	89.8	-3.0	7.3	0.0	-0.3	4.1	97.9
Deferred tax assets deducted	-46.3						-51.5
Deferred tax liabilities in the balance sheet	43.5						46.4
Deferred tax assets							
Provisions	6.9	-1.9				-0.1	4.9
Tax losses	46.2	7.9				2.6	56.7
Defined benefit pensions	3.8	-0.5	0.3			0.6	4.2
Other	25.4	-4.6	-0.4		-0.2	-0.8	19.4
Total	82.3	0.9	-0.1	0.0	-0.2	2.3	85.2
Deferred tax liabilities deducted	-46.3						-51.5
Deferred tax assets in the balance sheet	36.0						33.7

[1)] The identifiable assets acquired and liabilities assumed in a business combination are recognized at their fair values. The resulting deferred taxes affect goodwill.

(EUR million)

22. DEFINED BENEFIT PENSION PLANS AND EMPLOYEE BENEFITS

The Group has several defined benefit pension plans and other employee benefits obligations. The main defined benefit pension plans are in Finland, Sweden, Germany, UK, Norway and Canada.

FINLAND

The Group's most significant defined benefit plan is in Finland through the Pension Fund Neliapila that takes care of part of some employees' supplementary pension benefits. The Pension Fund Neliapila covers employees, whose employment has begun prior to 1.1.1991 in Kemira, meaning that the fund is closed for new employees. The plan is a final average pay pension plan concerning supplementary pension benefits. Pension Fund Neliapila's obligations are total EUR 241.2 million (284.5) and the plan assets EUR 287.5 million (289.8).

The Pension Fund Neliapila's supplementary benefit is old age pensions, disability pensions, survivors' pensions and funeral grants. The aggregated pension benefit is 66% of pension salary. To qualify a full pension the employee must have a pensionable service of 25 years. The supplementary pension benefits is the difference between aggregated and compulsory pension benefits. Old-age pension age is 65 years, but the employee is entitled to a pension benefit equivalent to pensionable service when the employee's age is 60 years. Old-age pension is paid in full form of supplementary pension until the age of 63 and since then the statutory pensions reduce the supplementary pension.

The 2017 pension reform legislation and its associated mortality rate assumption affects the calculation of supplementary benefits for persons belonging to Pension Fund Neliapila. In the IFRS financial statements for 2015, the new assumed mortality is recognized in other comprehensive income, and the pension reform legislation change may be recognized in profit or loss as past service cost in the IFRS financial statements for 2016.

SWEDEN

A significant defined benefit pension plan is the ITP 2-plan for white-collar employees. To qualify for a full pension the employee must have a projected period of pensionable service, from the date of entry until retirement age, of at least 30 years. The pension arrangements comprise normal retirement pension, complementary retirement pensions and survivors' pension. In additional, Kemira must have a credit insurance from PRI Pensionsgaranti Mutual Insurance Company for the ITP 2 –plan pension liability. The defined benefit obligations in Sweden total EUR 46.9 million (46.8).

AMOUNTS RECOGNIZED IN THE BALANCE SHEET - DEFINED BENEFIT OBLIGATIONS

	2015	2014
Defined benefit obligations	**337.5**	375.2
Fair value of plan assets	**-309.1**	-309.6
Net recognized assets (-) / liabilities (+) in the balance sheet	**28.4**	65.6
Liabilities for defined benefit plans	**77.3**	73.1
Assets for defined benefit plans	**-48.9**	-7.5
Net recognized assets (-) / liabilities (+) of defined benefit plans in the balance sheet	**28.4**	65.6

AMOUNTS RECOGNIZED IN THE COMPREHENSIVE INCOME - DEFINED BENEFIT PLANS

	2015	2014
Service cost	**3.4**	-5.0
Net interest cost	**1.7**	1.5
Components of defined benefit expenses (+) / income (-) recorded in the income statement	**5.1**	-3.5
Remeasurements on defined benefit pensions from actuarial gains (-) and losses (+) [1) 2)]	**-35.9**	26.6
Defined benefit expenses (+) / income (-) recognized in the other comprehensive income	**-35.9**	26.6
Total comprehensive income for defined benefit plans expenses (+) / income (-)	**-30.8**	23.1

[1)] The remeasurements of defined benefit pension plans are included in the Statement of Comprehensive Income as part of other comprehensive income. The item has been disclosed net of tax and the related income tax is disclosed in Note 9.

[2)] In 2015 and 2014, the change in actuarial gains / losses are mainly due to changes in economic assumptions in determining the actuarial items. In addition, in 2015 the actuarial gains are affected by EUR 8.8 million of revised mortality rates related to Pension Fund Neliapila. The updated mortality rate is treated as demographic assumption in the IAS 19 calculation.

(EUR million)

THE MOVEMENT IN THE DEFINED BENEFIT OBLIGATIONS OVER THE PERIOD

	2015	2014
Defined benefit obligation at 1 Jan	**375.2**	423.8
Current service cost	**3.0**	2.6
Interest cost	**6.7**	10.8
Actuarial losses (+) / gains (-) on obligation	**-34.7**	45.3
Exchange differences on foreign plans	**0.3**	-2.3
Effect of business combinations and divestments [3)]	**4.8**	-7.8
Benefits paid	**-19.8**	-20.3
Curtailments and settlements [4)]	**-0.1**	-77.0
Past service cost	**0.3**	0.0
Other movements	**1.8**	0.1
Defined benefit obligation at 31 Dec	**337.5**	375.2

MOVEMENT IN THE FAIR VALUE OF PLAN ASSETS OVER THE PERIOD

	2015	2014
Fair value at 1 Jan	**309.6**	379.8
Interest income	**5.0**	9.3
Contributions	**2.2**	1.3
Actuarial losses (-) / gains (+) on plan assets	**10.1**	13.7
Exchange differences on foreign plans	**-0.7**	0.4
Effect of business combinations and divestments [3)]	**0.5**	-6.3
Benefits paid	**-17.1**	-17.8
Settlements [4)]	**0.0**	-70.7
Other movements	**-0.5**	-0.1
Fair value of plan assets at 31 Dec	**309.1**	309.6

[3)] In 2015 Kemira acquired AkzoNobel paper chemicals business. As a result of the acquisition, the transferred defined benefits plans to Kemira are mainly located in Germany, France, Italy, Indonesia, Thailand, Korea and Australia.

[4)] In 2014 the defined benefit pension plan previously in force in the Netherlands was changed to a defined contribution plan.

ANALYSIS OF PLAN ASSETS BY ASSET CATEGORY

	2015	2014
Interest rate investments and other assets	**175.1**	163.1
Shares and share funds	**117.2**	129.9
Properties occupied by the Group	**15.5**	15.5
Kemira Oyj's shares	**1.3**	1.1
Total assets	**309.1**	309.6

The Finnish Pension Fund Neliapila, which has the most of the defined plan's assets EUR 287.5 million (289.8) consist of interest rate investments and other assets EUR 165.9 million (156.1); shares and share funds EUR 104.8 million (117.1); properties EUR 15.5 million (15.5) and Kemira Oyj´s shares EUR 1.3 million (1.1). In Pension Fund Neliapila, the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to combine long-term investments in line with the obligations under the pension scheme.

In Pension Fund Neliapila, a significant investment risk can be considered as market risk. Financial market cyclical fluctuations due to market risk are managed by ensuring that the investment position is sufficiently diversified.

The income (+) / expense (-) of actual return on plan assets of the Group's defined benefit plan was EUR 14.7 million (23.0).

(EUR million)

SIGNIFICANT ACTUARIAL ASSUMPTIONS, %

	2015	2014
Discount rate	**2,0 - 4,0**	1,5 - 4,0
Inflation rate	**1,5 - 2,5**	1,5 - 3,0
Future salary increases	**1,5 - 3,0**	2,0 - 3,3
Future pension increases	**1,7 - 3,0**	1,8 - 3,3

The significant assumptions used in calculating the obligations of the Finnish Pension Fund Neliapila were as follows: discount rate 2.0% (1.5%), inflation rate 1.5% (2.0%), future salary increases 1.5% (2.0%) and future pension increases 1.7% (2.1%).

SENSITIVITY ANALYSES

If the discount rate would be 0.5% lower, the defined benefit obligation would increase by EUR 22.3 million in case all other assumptions were held constant.

The sensitivity analysis is based on maintaining other assumptions stagnant even through one assumption changes. In practice, this is unlikely to occur and changes in some of the assumptions may correlate. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognized within the balance sheet.

Expected contributions to the defined benefit plans for the year ended December 31, 2016, are EUR 3.5 million.

(EUR million)

23. PROVISIONS

	Personnel related provisions	Restructuring provisions	Environmental provisions	Other provisions	**Total**
Non-current provisions					
At January 1, 2015	5.3	1.1	16.2	1.0	**23.6**
Exchange rate differences	-0.1		0.3	-0.2	**0.0**
Additional provisions and increases in existing provisions	0.9		2.7	6.0	**9.6**
Used during the financial year	-0.3	-0.5	-3.1		**-3.9**
Unused amounts reversed	-0.5		-0.5	-0.5	**-1.5**
Reclassification	-1.9	0.1	1.0	1.1	**0.3**
At December 31, 2015	**3.4**	**0.7**	**16.6**	**7.4**	**28.1**
Current provisions					
At January 1, 2015	3.1	4.4	9.4	0.2	**17.1**
Exchange rate differences					**0.0**
Additional provisions and increases in existing provisions	3.6	5.5	1.2		**10.3**
Used during the financial year	-1.8	-2.2	-4.8		**-8.8**
Unused amounts reversed	-1.0	-0.1	-2.2		**-3.3**
Reclassification		0.6	-1.0		**-0.4**
At December 31, 2015	**3.9**	**8.2**	**2.6**	**0.2**	**14.9**

	2015	2014
Analysis of total provisions		
Non-current provisions	**28.1**	23.6
Current provisions	**14.9**	17.1
Total	**43.0**	40.7

In 2015, increase in provisions related mainly to streamlining organizational structure, contingent consideration related to the acquisition and the plant closures and environmental clean-up work in those plants. More information on environmental risks and liabilities can be found in Note 30.

24. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2015	2014
Trade payables and other liabilities		
Prepayments received	**1.7**	3.4
Trade payables	**162.4**	135.2
Accrued expenses	**192.8**	159.9
Other non-interest-bearing current liabilities	**31.8**	29.2
Total	**388.7**	327.7
Accrued expenses		
Employee benefits	**62.6**	41.1
Items related to revenues and purchases	**80.3**	70.4
Interest	**9.9**	11.2
Exchange rate differences	**0.3**	1.5
Other	**39.7**	35.7
Total	**192.8**	159.9

(EUR million)

25. CASH FLOW FROM DISPOSALS OF SUBSIDIARIES

	2015	2014
Disposal of subsidiaries		
Proceeds from the disposals [1)]	**1.1**	132.0
Cash and cash equivalents in disposed companies	**-**	-2.0
Total cash flow on disposals of subsidiaries	**1.1**	130.0
Assets and liabilities disposed of subsidiaries		
Net working capital	**-**	8.8
Property, plant and equipment and intangible assets	**-**	-0.1
Other non-interest bearing receivables	**-**	0.2
Non-controlling interests	**-**	-0.6
Interest-bearing liabilities	**-**	-3.8
Non-interest bearing liabilities	**-**	-2.0
Total assets and liabilities of disposed subsidiaries	**-**	2.5

[1)] In 2015, proceeds from the disposals includes a final payment related to the sold business in Brazil. Kemira sold Brazilian coagulant business to Bauminas Química Ltda. in 2013.

(EUR million)

26. BUSINESS COMBINATIONS

2015: ACQUISITION OF AKZONOBEL PAPER CHEMICALS BUSINESS

On May 4, 2015 Kemira acquired AkzoNobel paper chemicals business. As a result of the acquisition, six AkzoNobel paper chemicals production sites and about 350 employees transferred to Kemira. The transferred production sites are located in South Korea, Thailand, Indonesia, Australia, Spain and Italy. The acquisition strengthens Kemira's market position especially in the APAC region. It also enables efficiency improvements in global paper chemicals manufacturing network.

The consideration of EUR 127,3 million was paid in cash and it does not involve the contingent consideration. Kemira acquired a 100% interest in acquired business and the acquired business has been consolidated into Pulp & Paper segment. A provisional goodwill of EUR 21.3 million arises from the expected synergy in the business combination.

The calculations under IFRS 3 related to the acquisition are provisional and the presented values of assets, liabilities and goodwill may change during the 12-month period when the acquisition calculation will be finalized. Based on preliminary calculations EUR 62 million was allocated to intangible assets as customer relationships, non-compete agreements, patents and technologies. Acquired intangible assets will be amortized within an average of six years.

The following table summarizes the consideration paid for AkzoNobel paper chemicals business, and the amounts of the assets acquired and liabilities assumed recognized on the acquisition date:

	Note	
Purchase consideration, paid in cash, total		**127,3**
The assets and liabilities recognized as a result of the acquisition		
Intangible assets	12	**62.0**
Property, plant and equipment	13	**21.9**
Inventories		**14.8**
Trade receivables		**8.1**
Other receivables		**3.5**
Cash and cash equivalents		**13.6**
Deferred tax liabilities		**-3.8**
Provisions, trade payables and other payables		**-14.1**
Net assets acquired in fair value		**106.0**
Goodwill	11	**21.3**
Total		**127.3**

Acquisition-related costs of EUR 7.7 million have been included in other operating expenses in the Consolidated Income Statement for the year ended 31 December 2015.

The revenue included in the Consolidated Income Statement since 4 May 2015 contributed by AkzoNobel paper chemicals business was EUR 146 million. It also contributed EBITDA of EUR 13 million over the same period.

Had AkzoNobel paper chemicals business been consolidated from 1 January 2015, the consolidated income statement would show pro forma revenue of EUR 219 million and EBITDA of EUR 19 million. The pro forma amounts are provided for comparative purposes only and do not necessarily reflect the actual result that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

2015: ACQUISITIONS OF SOTO INDUSTRIES LLC AND POLYMER SERVICES LLC

On September 2, 2015, Kemira announced that it has acquired certain assets of Soto Industries, LLC, a privately owned company, headquartered in Charlotte, North Carolina. Soto specializes in the application of scale control products, defoamers, and settling agents for the pulp and paper industry. The acquisition is consolidated to Pulp & Paper segment.

On December 8, 2015, Kemira acquired certain assets of Polymer Services, LLC, a privately owned company, headquartered in Plainville, Kansas. Polymer Services, LLC is a highly specialized company focusing on the field application of polymer gel treatments for enhanced or improved oil recovery. The acquisition is consolidated to Oil & Mining segment.

These calculations under IFRS 3 related to the acquisition are provisional and fair value of identifiable assets are obtained when the final calculations have been completed.

(EUR million)

27. DERIVATIVE INSTRUMENTS

Nominal values	2015			2014		
	< 1 year	**> 1 year**	**Total**	< 1 year	> 1 year	Total
Currency instruments						
Forward contracts	402.3	-	**402.3**	304.7	-	304.7
Currency options	-	-	**-**	65.2	-	65.2
Bought	-	-	**-**	32.6	-	32.6
Sold	-	-	**-**	32.6	-	32.6
Interest rate instruments						
Interest rate swaps	65.9	282.9	**348.8**	66.5	258.0	324.5
of which cash flow hedges	65.9	182.9	**248.8**	66.5	158.0	224.5
of which fair value hedges	-	100.0	**100.0**	-	100.0	100.0
Other instruments						
Electricity forward contracts, bought (GWh)	562.2	893.5	**1,455.7**	538.4	965.2	1,503.6
of which cash flow hedges (GWh)	562.2	893.5	**1,455.7**	538.4	965.2	1,503.6

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

Fair values	2015			2014		
	Assets gross	**Liabilities gross**	**Total net**	Assets gross	Liabilities gross	Total net
Currency instruments						
Forward contracts	5.2	-2.1	**3.1**	2.9	-1.4	1.5
Currency options	-	-	**-**	0.0	0.0	0.0
Bought	-	-	**-**	0.0	0.0	0.0
Sold	-	-	**-**	0.0	0.0	0.0
Interest rate instruments						
Interest rate swaps	3.3	-1.7	**1.6**	3.0	-2.5	0.5
of which cash flow hedges	-	-1.7	**-1.7**	-	-2.5	-2.5
of which fair value hedges	3.3	-	**3.3**	3.0	-	3.0
Other instruments						
Electricity forward contracts, bought	-	-10.5	**-10.5**	-	-5.9	-5.9
of which cash flow hedges	-	-10.5	**-10.5**	-	-5.9	-5.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(EUR million)

Fair values	2015				2014			
	Assets gross		Liabilities gross		Assets gross		Liabilities gross	
	< 1 year	> 1 year	< 1 year	> 1 year	< 1 year	> 1 year	< 1 year	> 1 year
Currency instruments								
Forward contract	**5.2**	**-**	**-2.1**	**-**	2.9	-	-1.4	**-**
Currency options	**-**	**-**	**-**	**-**	0.0	0.0	0.0	0.0
Bought	**-**	**-**	**-**	**-**	0.0	0.0	0.0	0.0
Sold	**-**	**-**	**-**	**-**	0.0	0.0	0.0	0.0
Interest rate instruments								
Interest rate swaps	**-**	**3.3**	**-0.6**	**-1.1**	**-**	3.0	-0.8	-1.7
of which cash flow hedges	**-**	**0.0**	**-0.6**	**-1.1**	**-**	0.0	-0.8	-1.7
of which fair value hedges	**-**	**3.3**	**-**	**-**	**-**	3.0	-	-
Other instruments								
Electricity forward contracts, bought	**0.0**	**0.0**	**-5.2**	**-5.3**	0.0	0.0	-3.1	-2.8
of which cash flow hedges	**0.0**	**0.0**	**-5.2**	**-5.3**	0.0	0.0	-3.1	-2.8

(EUR million)

28. MANAGEMENT OF FINANCIAL RISKS

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

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

FOREIGN EXCHANGE RISK

Foreign currency transaction risk arises from net currency flows denominated in currencies other than the domestic currency within and outside the eurozone. The Group's most significant transaction currency risks arise from the Swedish krona, the Brazilian real and the Canadian dollar. At the end of the year the denominated exchange rate risk of the Swedish krona had an equivalent value of approximately EUR 60 million (34), the average hedging rate being 58% (76%). The Brazilian real's denominated exchange rate risk was approximately EUR 43 million (39) without being hedged. The Canadian dollar's denominated exchange rate risk had an equivalent value of approximately EUR 39 million (41), the average hedging rate being 54% (52%). Kemira is exposed to smaller transaction risks in relation to the Chinese renminbi, U.S. dollar and Norwegian krona with the annual exposure in those currencies being approximately EUR 50 million.

Kemira mainly uses forwards and currency options in hedging against foreign exchange risks. The table below shows an estimate of the largest group-level foreign currency cash flow risks.

Transaction and translation exposure	**2015 SEK**	**CAD**	**USD**	**Other**	2014 SEK	CAD	USD	Other
Operative cash flow forecast [1]	**-60.4**	**38.9**	**14.1**	**34.6**	-33.9	41.0	6.8	61.9
Loans, net	**2.7**	**1.5**	**430.7**	**17.3**	-16.1	-	315.5	53.8
Derivatives, transaction hedging	**39.2**	**-23.2**	**-9.2**	**-8.5**	13.8	-22.0	0.0	-12.5
Derivatives, translation hedging	**-2.7**	**-1.5**	**-65.9**	**-73.9**	16.8	-	-74.4	-50.3
Total	**-21.2**	**15.7**	**369.7**	**-30.5**	-19.4	19.0	247.9	52.9

[1] Based on 12 months foreign currency operative cash flow forecast.

At the turn of 2015/2016, the foreign currency operative cash flow forecast for 2016 was EUR 208 million of which 41% was hedged (32%). The hedge ratio is monitored daily. In hedging the total cash flow risk, a neutral level is achieved when 50% of the forecasted net foreign currency cash flow is hedged. A minimum of 30% and a maximum of 100% of the forecast flow must always be hedged. A 10% fall in foreign exchange rates against the euro, based on the average exchange rates, and without hedging, would reduce EBITDA by approximately EUR 15 million.

Since Kemira's consolidated financial statements are compiled in euros, Kemira is subject to currency translation risk to the extent that the income statement and balance sheet items of subsidiaries located outside Finland are reported in some other currency than the euro. Most significant translation risk currencies are the US dollar, the Swedish krona, the Canadian Dollar, Chinese Renminbi and the Brazilian real.

Kemira's main equity items denominated in foreign currencies are in the Swedish krona and US dollar. The objective is to hedge the balance sheet risk by maintaining a balance between foreign currency denominated liabilities and assets, currency by currency. In hedging the net investment in its units abroad, Kemira monitors the equity ratio. In accordance with the Group's policy, Kemira must take equity hedging measures if a change of +/- 5% in foreign exchange rates causes a change of more than 1.5 percentage points in the equity ratio. Long-term loans are primarily used for hedging of net investments in foreign subsidiaries. These hedges do not apply hedge accounting. To the some foreign subsidiaries loans in US dollar have been granted in replacement of their equity, and currency differences have been included in foreign currency translation differences.

INTEREST RATE RISK

In accordance with the treasury policy the Group's interest rate risk is measured with the duration which describes average repricing moment of the loan portfolio. The duration must be in the range of 6–60 months. The Group may borrow in either fixed or floating rate and use both interest rate swaps and interest rate options as well as forward rate agreements and interest rate futures in order to meet the goal set under the related policy.

(EUR million)

The duration of the Group's interest-bearing loan portfolio was 31 months at the end of 2015 (23 months). Excluding the interest rate derivatives, the duration was 27 months (20 months). At the end of 2015, 80% of the Group's entire net debt portfolio, including derivatives and pension loans, was fixed (82%). The net financing cost of the Group was 3.9% (5.2%). This figure is attained by dividing yearly net interest and other financing expenses excluding exchange rate differences and dividends by the average interest bearing net debt figure for the corresponding period. The most significant impact on the net financing cost arises from variation in the interest rate levels of the euro and the US dollar denominated debt. On the balance sheet date the average interest rate of loan portfolio was approximately 2%.

Financial assets and liabilities with fixed interest rate are exposed to price risks arising from changes in interest rates. Financial assets and liabilities with floating interest rate of which changes alongside market interest rates, are exposed to cash flow risks due to interest rates.

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

Time to interest rate fixing at Dec 31, 2015	**<1 year**	**1-5 years**	**> 5 year**	**Total**
Floating net liabilities	128.3	-	-	**128.3**
Fixed net liabilities	65.9	297.9	150.0	**513.8**
Total	**194.2**	**297.9**	**150.0**	**642.1**

Time to interest rate fixing at Dec 31, 2014	<1 year	1-5 years	> 5 year	Total
Floating net liabilities	91.5	-	-	91.5
Fixed net liabilities	116.5	248.1	30.0	394.6
Total	208.0	248.1	30.0	486.1

As a consequence of treasury policy, the Group's average interest rate is generally higher than short-term market interest rates when low rates prevail and, on the other hand, lower than market interest rates when high rates prevail. If interest rates would rise by one percentage point on January 1, 2016, the resulting interest expenses before taxes incurred by the Group over the next 12 months would increase by approximately EUR 0.4 million (0.5). During 2016, Kemira will reprice 20% (30%) of the Group's net debt portfolio, including derivatives.

On the balance sheet date, the Group had outstanding interest rate derivatives related to cash flow hedging with a market value of EUR -1.7 million (-2.5) and fair value hedging with market value of EUR 3.3 million (3.0). All interest rate swaps are used to hedge the Group's loan portfolio, and are accounted for in accordance with the principles of hedge accounting set out in IAS 39. The Group's accounting policies section describes the Group policy regarding hedge accounting. One percentage point increase in interest rates would have positive impact in market valuation of interest rate swaps of EUR 0.3 million (0.4) in equity.

PRICE RISK

The price of electricity varies greatly according to the market situation. Kemira Group takes hedging measures with respect to its electricity purchases in order to even out raw material costs. In line with its hedging policy, the Group hedges its existing sales agreements in such a way that the hedges cover the commitments made. The company primarily uses electricity forwards on the power exchange as hedging instruments. Currency and regional price risks connected with hedges are hedged by making agreements in Finland, mainly in HELEUR amounts and in Sweden, mainly in MALSEK amounts. The outstanding electricity derivatives are treated in accordance with cash flow hedge accounting, as discussed above. The forecast for physical deliveries of the underlying asset, or purchases, are not recorded until the delivery period. A 10% change in the market price of electricity hedging contracts would impact the valuation of these contracts EUR +/-3.5 million (+/- 4.3). This impact would be mainly in equity.

CREDIT AND COUNTERPARTY RISK

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

(EUR million)

The Group Treasury approves the new banking relationships of subsidiaries. At present, there are 10 approved financial institution counterparties used by the Group Treasury, all of which have a credit rating of at least investment grade, based on Standard & Poor's credit rating information. The maximum risk assignable to the Group's financial institution counterparties on the balance sheet date amounted to EUR 160.0 million (125.1). Kemira monitors its counterparty risk on a monthly basis by defining the maximum risk associated with each counterparty, based on the market value of receivables. For each financial institution, Kemira has defined an approved limit. Credit risks associated with financing transactions did not result in credit losses during the financial year.

The counterparty risk in treasury operations is due to the fact that a contractual party to a financing transaction is not necessarily able to fulfill its contractual obligations. Risks are mainly related to investment activities and the counterparty risks associated with derivative contracts. The Group Treasury may invest a maximum of EUR 150 million in liquid assets in the commercial papers of Finnish companies. The maximum single investment is EUR 25 million for a period of up to six months.

Kemira has a Group wide credit policy in place. Products are sold on open account only to companies the credit information of which does not indicate payment irregularities. The Group does not have any significant credit risk concentrations because of its extensive customer base across the world. Credit limits apply to most customers and are monitored systematically. In some cases, documentary payments are in use, such as letters of credit. The age distribution of trade receivables outstanding at the end of 2015 is shown in the following table.

Ageing of trade receivables	**2015**	2014
Undue trade receivables	**248.7**	212.7
Trade receivables 1–90 days overdue	**44.4**	48.8
Trade receivables more than 91 days overdue	**2.3**	3.8
Total	**295.4**	265.3

In 2015, impairment loss of trade receivables amounted to EUR 2.9 million (1.2).

In USA Kemira has an accounts receivable purchase facility worth USD 38 million, enabling Group companies in the USA to sell certain account receivables to the counterparty. The credit risk of the accounts receivables is transferred to the counterparty and 96.9 % of the receivables transferred are derecognized from the balance sheet. The amount of outstanding receivables transferred, which also reflects the carrying value of the receivables before the transfer was EUR 28.8 million (26.5) at 31 December 2015. The amounts recognized in the balance sheet at 31 December 2015 due to the continuing involvement are EUR 0.6 million (0.8) in assets and EUR 0.3 million (0.2) in liabilities.

LIQUIDITY AND REFINANCING RISKS

In order to secure its liquidity, the Group uses account overdrafts, money market investments and a revolving credit facility. At the end of 2015 the Group's cash and cash equivalents stood at EUR 151.5 million (119.1), of which short-term investment accounted for EUR 45.4 million (37.6) and bank deposits EUR 106.1 million (81.5).

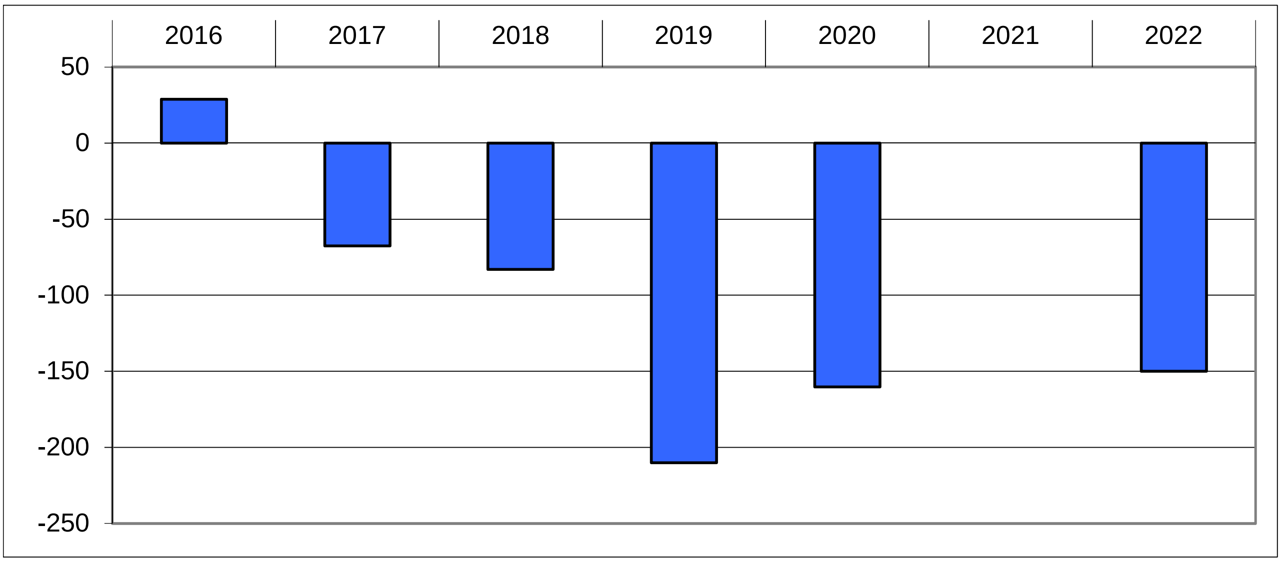
The Group diversifies its refinancing risk by raising financing from various sources. The Group has bank loans, insurance company loans as well as a short-term domestic commercial paper program, with the objective of balancing the maturity schedule of the loan portfolio and maintaining a sufficiently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

In accordance with the Group Treasury policy, the average maturity of outstanding loans should always be at least 3 years. The Group must have committed credit facilities to cover planned funding needs, the current portion of long term debt, commercial paper borrowings and other uncommitted short-term loans in the next 12 months. Moreover, the maturity profile of the long-term debt portfolio and refinancing should be planned so that a maximum of 30% of the total debt portfolio will mature during the next 12 month period. The average maturity of debt at the end of 2015 was 4 years.

The Group has a EUR 600 million domestic commercial paper program enabling it to issue commercial papers with a maximum maturity of one year. At the end of 2015 there was no commercial papers outstanding on the market. Simultaneously the group had EUR 151.5 million of outstanding liquid short- and long-term investments. In addition, the Group has 5+1+1 year maturity August 29, 2020 revolving credit facility of EUR 400 million. At the turn of the year 2015/2016 the revolving credit facility was undrawn. The revolving credit facility represents a flexible form of both short-term and long-term financing with a predictable fee structure. Kemira issued a senior unsecured bond of EUR 150 million in May 2015. The seven year bond will mature in 2022 and it carries a fixed annual interest rate of 2.250 percent. In addition, Kemira signed a EUR 50 million term loan in May 2015. New loan was undrawn at the end of the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(EUR million)

Maturity split of interest-bearing net debt



The Group's long-term objective is to maintain a gearing ratio below 60%. To calculate the gearing ratio, interest-bearing net liabilities (interest-bearing liabilities less cash and cash equivalents) are divided by shareholders' equity. The new revolver credit facility agreement contains a covenant according to which the company gearing must be below 100%.

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

The Board of Directors will propose a per-share dividend of EUR 0.53 for 2015 (EUR 0.53), corresponding to a dividend payout ratio of 114% (90%). Kemira dividend policy aims at paying a stable and competitive dividend.

	2015	2014
Interest-bearing liabilities	**793.6**	605.2
Cash and cash equivalents	**151.5**	119.1
Interest-bearing net liabilities	**642.1**	486.1
Equity	**1,193.2**	1,163.3
Total assets	**2,595.2**	2,295.7
Gearing	**54%**	42 %
Equity ratio	**46%**	51 %

CASH AND CASH EQUIVALENTS

	2015		2014	
	Book value	**Fair value**	Book value	Fair value
Cash and cash equivalents	**106.1**	**106.1**	81.5	81.5
Money market investments	**45.4**	**45.4**	37.6	37.6
Total	**151.5**	**151.5**	119.1	119.1

Money market investments are short-term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EUR million)

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

Currency

	Dec 31, 2015		Maturity					
	Fair value	**Book value**	2016	2017	2018	2019	2020	2021-
EUR	**607.2**	**586.6**	25.8	24.8	15.9	209.9	160.2	150.0
USD	**124.9**	**120.5**	11.5	42.2	66.8	-	-	-
Other	**1.1**	**1.1**	-	0.6	0.3	0.2	-	-
Total	**733.2**	**708.2**	37.3	67.6	83.0	210.1	160.2	150.0

Currency

	Dec 31, 2014		Maturity					
	Fair value	Book value	2015	2016	2017	2018	2019	2020-
EUR	433.0	417.4	76.2	24.6	24.5	17.4	209.9	64.8
USD	112.8	112.5	8.9	8.9	36.3	58.4	-	-
Other	4.0	4.0	0.4	3.6	-	-	-	-
Total	549.8	533.9	85.5	37.1	60.8	75.8	209.9	64.8

The figures include the amortizations planned for 2016 (2015) excluding commercial papers and other current loans.

CASH FLOW FROM ALL FINANCIAL LIABILITIES

Loan type

	Dec 31, 2015		Maturity					
	Drawn	**Undrawn**	2016	2017	2018	2019	2020	2021-
Long-term interest bearing liabilities	**354.6**	**50.0**	36.7	67.4	82.8	7.5	160.2	-
financial expenses			7.1	6.4	5.1	3.4	3.2	
Bonds [1)]	**352.4**					202.4		150.0
financial expenses			8.4	8.4	8.4	8.4	5.9	3.4
Revolving credit facility	**-**	**400.0**						
financial expenses			0.8	0.8	0.8	0.8	0.6	
Finance lease liabilities	**1.2**		0.6	0.2	0.2	0.2		
financial expenses			0.1					
Commercial paper program	**-**	**600.0**						
financial expenses								
Other interest-bearing current loans	**85.4**		85.4					
financial expenses			3.0					
Interest-bearing loans total	**793.6**	**1,050.0**	142.1	83.2	97.3	222.7	169.9	153.4
Trade payables	**162.4**							
Forward contracts								
liabilities	**2.1**		2.1					
assets	**-5.2**		-5.2					
Other derivatives [2)]	**12.2**		5.6	3.3	2.1	0.4	0.8	
Trade payables and derivatives total	**171.5**		2.5	3.3	2.1	0.4	0.8	0.0
Total	**965.1**	**1,050.0**	144.6	86.5	99.4	223.1	170.7	153.4
Guarantees			3.0					

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(EUR million)

	Dec 31, 2014 Drawn	Undrawn	Maturity 2015	2016	2017	2018	2019	2020-
Long-term interest bearing liabilities	329.5	100.0	85.5	36.8	60.5	75.5	7.5	64.6
financial expenses			7.1	5.3	4.5	3.2	1.6	1.4
Bond [1]	202.1						202.1	
financial expenses			5.0	5.0	5.0	5.0	2.5	
Revolving credit facility	-	400.0						
financial expenses			1.0	1.0	1.0	1.0	1.0	1.0
Finance lease liabilities	2.2		0.8	0.3	0.3	0.3	0.3	0.2
financial expenses			0.1					
Commercial paper program	10.0	590.0	10.0					
financial expenses			0.0					
Other interest-bearing current loans	61.4		61.4					
financial expenses			1.5					
Interest-bearing loans total	605.2	1,090.0	172.4	48.4	71.3	85.0	215.0	67.2
Trade payables	135.2							
Forward contracts								
liabilities	1.4		1.4					
assets	-2.9		-2.9					
Other derivatives [2]	8.4		3.9	3.6	0.4	0.2	0.1	0.2
Trade payables and derivatives total	142.1		2.4	3.6	0.4	0.2	0.1	0.2
Total	747.3	1,090.0	174.8	52.0	71.7	85.2	215.1	67.4
Guarantees			3.3					

[1] Includes hedge accounting adjustment of EUR 2.4 million (2.1).

[2] Interest rate swaps and electricity forwards.

(EUR million)

29. COMMITMENTS AND CONTINGENT LIABILITIES

	2015	2014
COMMITMENTS		
Assets pledged		
On behalf of own commitments	**6.1**	6.0
Guarantees		
On behalf of own commitments	**52.9**	48.4
On behalf of others	**3.0**	3.3
Operating lease commitments - the Group as lessee		
Minimum lease payments under operating leases are as follows:		
No later than 1 year	**37.5**	31.1
Later than 1 year and no later than 5 years	**89.5**	74.7
Later than 5 years	**95.2**	87.1
Total	**222.2**	192.9
Other obligations		
On behalf of own commitments	**1.1**	1.2
On behalf of associates	**0.6**	0.6

THE MOST SIGNIFICANT OFF-BALANCE SHEET INVESTMENTS COMMITMENTS

Major amounts of contractual commitments for the acquisition of property, plant and equipment on December 31, 2015 were about EUR 22.6 million (23.8) for plant investments.

LITIGATION

On August 19, 2009, Kemira Oyj received a summons stating that Cartel Damage Claims Hydrogen Peroxide SA had filed an action against six hydrogen peroxide manufacturers, including Kemira, for violations of competition law applicable to the hydrogen peroxide business. In its claim, Cartel Damage Claims Hydrogen Peroxide SA seeks an order from the Regional Court of Dortmund in Germany to obtain an unabridged and full copy of the decision of the European Commission, dated May 3, 2006, and demands that the defendants, including Kemira, are jointly and severally ordered to pay damages together with accrued interest on the basis of such decision.

Cartel Damage Claims Hydrogen Peroxide SA stated that it will specify the amount of the damages at a later stage after the full copy of the decision of the European Commission has been obtained by it. In order to provide initial guidance as to the amount of such damages, Cartel Damage Claims Hydrogen Peroxide SA presented in its claim a preliminary calculation of the alleged overcharge having been paid to the defendants as a result of the violation of the applicable competition rules by the parties which have assigned and sold their claim to Cartel Damage Claims Hydrogen Peroxide SA. In the original summons such alleged overcharge, together with accrued interest until December 31, 2008, was stated to be EUR 641.3 million.

Thereafter Cartel Damage Claims Hydrogen Peroxide SA delivered to the attorneys of the defendants an April 14, 2011 dated brief addressed to the court and an expert opinion. In the said brief the minimum damage including accrued interest until December 31, 2010, based on the expert opinion, was stated to be EUR 475.6 million. It is further stated in the brief that the damages analysis of the expert does not include lost profit.

The process is currently pending in the Regional Court of Dortmund, Germany. By its decision on April 29, 2013 it decided to suspend the case and to ask a preliminary ruling on jurisdiction from the Court of Justice of the European Union which has given its ruling on May 21, 2015. Thereafter, on request by Regional Court of Dortmund, the parties have filed their briefs on admissibility of the proceedings. In its brief responding to the said request of the court Cartel Damage Claims Hydrogen Peroxide SA has additionally waived seeking an order to obtain an unabridged and full copy of the decision of the European Commission, dated May 3, 2006, and demanded from Kemira and the three other defendants jointly and severally damages an amount to be decided by the court but at least EUR 196.2 million together with accrued interest calculated from August 24, 2009 at an interest rate exceeding by 5 per cent the base rate at a time, and other interest of EUR 97.6 million. Kemira defends against the claim of Cartel Damage Claims Hydrogen Peroxide SA.

Kemira Oyj has additionally been served on April 28, 2011 a summons stating that Cartel Damage Claims Hydrogen Peroxide SA had filed an application for summons in the municipal court of Helsinki for violations of competition law applicable to the hydrogen peroxide business claiming from Kemira Oyj as maximum compensation EUR 78.0 million as well as overdue interest starting from November 10, 2008 as litigation expenses with overdue interest. The referred violations of competition law are the same as those on basis of which CDC has taken legal action in Germany in Dortmund. The municipal court made on July 4, 2013 a decision which could not be appealed separately. In its decision the municipal court considered to have jurisdiction and that the claims made by the claimant were at least not totally time-barred. On May 19, 2014 Kemira announced that it had signed an agreement with Cartel Damage Claims Hydrogen Peroxide SA and CDC Holding SA (together “CDC”) to settle the lawsuit in Helsinki, Finland. Based on the settlement CDC withdrew the damages claims and Kemira paid to CDC a compensation of EUR 18.5 million and compensated CDC for its legal costs. The settlement also includes significant limitations of liabilities for Kemira regarding the pending legal actions filed by CDC entities in Dortmund, Germany (mentioned above) and in Amsterdam, the Netherlands (mentioned below).

Kemira Oyj's subsidiary Kemira Chemicals Oy (former Finnish Chemicals Oy) has on June 9, 2011 received documents where it was stated that CDC Project 13 SA has filed an action against four companies in municipal court of Amsterdam, including Kemira, asking damages for violations of competition law applicable to the sodium chlorate business. The European Commission set on June 2008 a fine of EUR 10.15 million on Finnish Chemicals Oy for antitrust activity in the company's sodium chlorate business during 1994-2000. Kemira Oyj acquired Finnish Chemicals in 2005. The municipal court of Amsterdam decided on June 4, 2014 to have jurisdiction over the case. The said decision on jurisdiction was appealed by Kemira to the court of appeal of Amsterdam. According to the decision by the court of appeal on July 21, 2015, the municipal court of Amsterdam has jurisdiction over the case. The proceedings now continue at the municipal court of Amsterdam where Kemira is the only defendant after the other defendants have settled the claim with CDC Project 13 SA . CDC Project 13 SA claims from Kemira in its brief filed to the municipal court of Amsterdam EUR 61,1 million as damages and interested calculated until December 2, 2015 from which amount CDC Project 13 SA asks the court to deduct the share of the earlier other defendants for other sales than made by them directly, and statutory interest on so defined amount starting from December 2, 2015. Kemira defends against the claim of CDC Project 13 SA.

As mentioned above the settlement between Kemira and CDC relating the Helsinki litigation also includes significant limitations of liabilities for Kemira regarding the pending legal actions filed by CDC entities in Dortmund, Germany and in Amsterdam, the Netherlands. However, regardless of such limitations of liabilities, Kemira is currently not in a position to make any estimate regarding the duration or the likely outcome of the said processes. No assurance can be given as to the outcome of the processes, and unfavorable judgments against Kemira could have a material adverse effect on Kemira’s business, financial condition or results of operations. Due to its extensive international operations the Group, in addition to the above referred claims, is involved in a number of other legal proceedings incidental to these operations and it does not expect the outcome of these other currently pending legal proceedings to have materially adverse effect upon its consolidated results or financial position.

30. ENVIRONMENTAL RISKS AND LIABILITIES

The bulk of Kemira’s business is in the chemical industry. Our operations are governed by numerous international agreements and regional and national legislation all over the world. The Group treats its environmental liabilities and risks in the consolidated financial statements in accordance with IFRS and observes the established internal environmental principles and procedures. Divestments and acquisitions changed the Group's environmental liabilities. Provisions for environmental remediation totaled EUR 19.2 million (25.6). The biggest provisions relate to site closures and the limited reconditioning of the sediment of a lake adjacent to the Vaasa plant.

EMISSION ALLOWANCES

The Group holds assigned emissions allowances under the EU Emissions Trading System in Sweden. At Group level, the allowances showed a net surplus of 62,349 tons in 2015 (a net surplus of 65,570 tons).

(EUR million)

31. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party, or exercise significant influence, or exercise joint control in making financial and operating decisions. The Group's related parties include the parent company, subsidiaries, associates, joint-ventures and the Pension Fund Neliapila. Related parties also include the members of the Board of Directors and the Group's Management Boards, the CEO and his deputy and their immediate family members.

EMPLOYEE BENEFITS OF CEO, DEPUTY CEO AND MEMBERS OF MANAGEMENT BOARD

	Salaries and other benefits, EUR	Bonuses, EUR	Share-based payments, EUR [1]	Severance payments, EUR	**2015**	2014
CEO Jari Rosendal (since May 1, 2014)	559,800	109,965	-	-	**669,765**	360,000
CEO Wolfgang Büchele (until April 30, 2014)	-	-	-	-	**-**	448,261
Deputy CEO Jukka Hakkila [2]	180,955	44,287	-	-	**225,242**	219,869
Other members of management board [3]	2,006,704	513,029	-	-	**2,519,733**	3,893,458
Total	2,747,459	667,281	-	-	**3,414,740**	4,921,588

[1] Share-based incentive plans for management and key personnel are disclosed in Note 5.

[2] Jukka Hakkila is not a member of the management board.

[3] In 2014, the employment of a member of management board was ended and he was allowed to retain the right to defined benefit pension. EUR 1.7 million pension expense was recognized as result of it. More information on defined benefit pension plans is presented in Note 22.

CEO'S PENSION COMMITMENTS AND TERMINATION BENEFITS

Jari Rosendal was appointed as Kemira Oyj's CEO as of May 1, 2014. Former CEO Wolfgang Büchele left the position on April 30, 2014 and joined another company. CEO Jari Rosendal belongs to the Finnish Employees' Pension Act (TyEL) scheme, which provides pension security based on the years of service and earnings as stipulated by law. CEO's retirement age is 63. CEO has not a separate supplementary pension arrangement which exceeds the statutory level.

A mutual termination notice period of six months applies to CEO. CEO is entitled to an additional severance pay of 12 months' salary in case the company terminates his service.

THE BOARD OF DIRECTORS' EMOLUMENTS

The Annual General Meeting decided on March 23, 2015, that the annual fee shall be paid as a combination of the company's shares and cash in such a manner that 40% of the annual fee is paid with the Kemira shares owned by the company or, if this is not possible, Kemira shares acquired from the securities market, and 60% is paid in cash. The shares will be transferred to the members of the Board of Directors within two weeks after the release of Kemira's interim report January 1 – March 31, 2015.

There are no special terms or conditions associated with owning these shares received as the annual fee. In addition, the members of the Board of Directors are not eligible for any cash bonus plans, share-based incentive plans or supplementary pension plans of Kemira Oyj.

The meeting fees are paid in cash and travel expenses are paid according to Kemira's travel policy.

MEMBERS OF THE BOARD OF DIRECTORS

	Number of shares	Share value, EUR	Cash compensation, EUR	**2015 Total, EUR**	2014 Total, EUR
Jari Paasikivi, Chairman (since March 24, 2014)	2,870	30,766	61,341	**92,107**	86,733
Kerttu Tuomas, Vice Chairman	1,758	18,846	40,053	**58,899**	54,916
Wolfgang Büchele (since March 24, 2014)	1,399	14,997	38,163	**53,160**	43,573
Winnie Fok	1,399	14,997	54,963	**69,960**	66,973
Juha Laaksonen	1,758	18,846	42,453	**61,299**	57,916
Timo Lappalainen (since March 24, 2014)	1,399	14,997	33,963	**48,960**	42,973
Jukka Viinanen, Chairman (until March 24, 2014)	-	-	-	**-**	2,400
Total	10,583	113,449	270,936	**384,385**	355,484

(EUR million)

TRANSACTIONS CARRIED OUT WITH RELATED PARTIES

	2015	2014
Revenue		
Associated companies	**1.7**	2.2
Purchases		
Associated companies	**3.2**	2.9
Pension Fund Neliapila	**1.1**	1.1
Total	**4.3**	4.0
Receivables		
Associated companies	**0.1**	0.0
Liabilities		
Associated companies	**0.3**	0.2

The amount of contingent liabilities on behalf of associates are presented in Note 29.

Related parties include the Pension Fund Neliapila, which is a separate legal entity. Pension Fund Neliapila manages Kemira Oyj's voluntarily organized additional pension fund. Pension Fund Neliapila manages part of the pension assets of the Group's personnel in Finland. The assets include Kemira shares representing 0.08% of the company's outstanding shares. Supplementary benefit in Pension Fund Neliapila are presented in more detail in Note 22.

No loans had been granted to the management at year-end of 2014 and 2015, nor were there contingency items or commitments on behalf of key management personnel. Persons close to key managment personnel have not any significant business relationship with the Group.

(EUR million)

32. CHANGES IN THE GROUP STRUCTURE

ACQUISITIONS OF GROUP COMPANIES AND NEW SUBSIDIARIES ESTABLISHED

- Kemira acquired Akzo Nobel Pulp and Performance Chemicals (Australia) Pty Ltd. on May 4, 2015.

- Kemira acquired Akzo Nobel Pulp and Performance Chemicals Korea Co., Ltd. on May 4, 2015.

- Kemira acquired Akzo Nobel Pulp and Performance Chemicals S.A. on May 4, 2015.

- Kemira acquired PT Akzo Nobel Pulp and Performance Chemicals on May 4, 2015.

- Kemira established a new company Kemira NewPoly Inc. in United States on December 1, 2015.

DIVESTMENTS OF GROUP COMPANIES

- FinnChem Canada, Inc. was dissolved on December 31, 2015

CHANGES IN THE HOLDINGS OF GROUP COMPANIES WITHIN THE GROUP

- Ruoholahden Kuusenkerkkä Oy was merged into Kemira Oyj on December 1, 2015

- Kemira NewPoly, Inc. merged with and into Kemira Chemicals, Inc. on December 30, 2015

- Chesapeake Agro-Iron, LLC merged with and into Kemira Water Solutions, Inc. on December 31, 2015

- Clean Water Logistics, LLC merged with and into Water Elements, LLC on December 31, 2015

- FinnChem USA Inc. merged with and into Kemira Chemicals, Inc. on December 31, 2015

- Finnish Chemicals Corporation merged with and into Kemira Chemicals, Inc. on December 31, 2015

- HTC Augusta Inc. mergerd with and into FinnChem USA Inc. on December 31, 2015

- Kemira Specialty Chemicals, Inc. merged with and into Kemira Chemicals, Inc. on December 31, 2015

- LA Water, LLC merged with and into Water Elements, LLC on December 31, 2015

- Riverside Development Partners, LLC merged with and into Kemira Water Solutions, Inc. on December 31, 2015

- Water Elements Las Vegas, LLC merged with and into Water Elements, LLC on December 31, 2015

- Water Elements, LLC merged with and into Kemira Water Solutions, Inc. on December 31, 2015

NAME CHANGES

Former name	New name
Akzo Nobel Pulp and Performance Chemicals (Australia) Pty Ltd.	Kemira Australia Pty Ltd.
Akzo Nobel Pulp and Performance Chemicals Korea Co., Ltd.	Kemira Chemicals Korea Corporation
Akzo Nobel Pulp and Performance Chemicals S.A.	Kemira Chemicals Spain S.A.
PT Akzo Nobel Pulp and Performance Chemicals	PT Kemira Chemicals Indonesia

(EUR million)

33. THE GROUP'S SUBSIDIARIES

	Kemira Group's Holding %	City	Country
Kemira Oyj (parent company)		Helsinki	Finland
Aliada Quimica de Portugal Lda.	50.10	Estarreja	Portugal
AS Kemivesi	100.00	Tallinn	Estonia
Corporación Kemira Chemicals de Venezuela, C.A.	100.00	Caracas	Venezuela
Industry Park i Helsingborg Förvaltning AB	100.00	Helsingborg	Sweden
Kemifloc a.s.	51.00	Přerov	Czech Republic
Kemifloc Slovakia S.r.o.	51.00	Prešov	Slovakia
Kemipol Sp. z o.o.	51.00	Police	Poland
Kemira (Asia) Co., Ltd.	100.00	Shanghai	China
Kemira Argentina S.A.	100.00	Buenos Aires	Argentina
Kemira Asia Pacific Pte. Ltd.	100.00	Singapore	Singapore
Kemira Australia Pty Ltd	100.00	Hallam	Australia
Kemira Cell sp.z.o.o	55.00	Ostroleka	Poland
Kemira Chemicals (Nanjing) Co. Ltd.	100.00	Nanjing	China
Kemira Chemicals (Shanghai) Co. Ltd.	100.00	Shanghai	China
Kemira Chemicals (UK) Ltd.	100.00	Harrogate	United Kingdom
Kemira Chemicals (Yanzhou) Co., Ltd.	100.00	Yanzhou City	China
Kemira Chemicals AS	100.00	Gamle Fredrikstad	Norway
Kemira Chemicals Brasil Ltda	100.00	São Paulo	Brazil
Kemira Chemicals Canada Inc.	100.00	Maitland	Canada
Kemira Chemicals Germany GmbH	100.00	Frankfurt am Main	Germany
Kemira Chemicals India Private Limited	99.99	Hyderabad	India
Kemira Chemicals Korea Corporation	100.00	Gunsan-City	Korea
Kemira Chemicals NV	100.00	Aartselaar	Belgium
Kemira Chemicals Oy	100.00	Helsinki	Finland
Kemira Chemicals, Inc.	100.00	Atlanta, GA	United States
Kemira Chemicals Spain S.A.	100.00	Barcelona	Spain
Kemira Chemie Ges.mbH	100.00	Krems	Austria
Kemira Chile Comercial Limitada	100.00	Santiago	Chile
Kemira Chimie S.A.S.U.	100.00	Lauterbourg	France
Kemira de México, S.A. de C.V.	100.00	Tlaxcala	Mexico
Kemira Europe Oy	100.00	Helsinki	Finland
Kemira Finance Solutions B.V.	100.00	Rotterdam	Netherlands
Kemira France SAS	100.00	Lauterbourg	France
Kemira Gdańsk Sp. z o.o.	100.00	Gdansk	Poland
Kemira Germany GmbH	100.00	Leverkusen	Germany
Kemira Germany Sales GmbH	100.00	Leverkusen	Germany
Kemira GrowHow A/S	100.00	Fredericia	Denmark
Kemira Hong Kong Company Limited	100.00	Hong Kong	China
Kemira Ibérica S.A.	100.00	Barcelona	Spain
Kemira Ibérica Sales and Marketing S.L.	100.00	Barcelona	Spain
Kemira International Finance B.V.	100.00	Rotterdam	Netherlands
Kemira Italy S.p.A.	100.00	San Giorgio di Nogaro	Italy
Kemira Japan Co., Ltd.	100.00	Tokyo	Japan
Kemira Kemi AB	100.00	Helsingborg	Sweden
Kemira Kopparverket KB	100.00	Helsingborg	Sweden
Kemira Korea Corporation	100.00	Seoul	South-Korea
Kemira KTM d.o.o.	100.00	Ljubljana	Slovenia
Kemira Logistics, Inc.	100.00	Atlanta, GA	United States
Kemira Nederland Holding B.V.	100.00	Rotterdam	Netherlands

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EUR million)

Kemira Operon Oy	100.00	Helsinki	Finland
Kemira Rotterdam B.V.	100.00	Rotterdam	Netherlands
Kemira South Africa (Pty) Ltd.	100.00	Weltevredenpark	South Africa
Kemira Świecie Sp. z o.o.	100.00	Swiecie	Poland
Kemira Taiwan Corporation	100.00	Taipei	Taiwan
Kemira (Thailand) Co., Ltd.	100.00	Bangkok	Thailand
Kemira Uruguay S.A.	100.00	Montevideo	Uruguay
Kemira Water Danmark A/S	100.00	Esbjerg	Denmark
Kemira Water Solutions Brasil -Produtos para tratamento de agua Ltda.	100.00	São Paulo	Brazil
Kemira Water Solutions Canada Inc.	100.00	Varennes Qs	Canada
Kemira Water Solutions, Inc.	100.00	Atlanta, GA	United States
Kemwater Brasil S.A.	100.00	Camaçari	Brazil
Kemwater ProChemie s.r.o.	95.10	Kosmonosy	Czech Republic
PT Kemira Indonesia	100.00	Jakarta	Indonesia
PT Kemira Chemicals Indonesia	99.77	Pasuruan	Indonesia
Scandinavian Tanking System A/S	100.00	Copenhagen	Denmark
CJSC "Kemira HIM"	100.00	St. Petersburg	Russia
ZAO Avers	100.00	St. Petersburg	Russia

34. EVENTS AFTER THE BALANCE SHEET DATE

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

KEMIRA OYJ INCOME STATEMENT (FAS)

(EUR)

	Note	Year ended 31 December 2015	2014
Revenue	2	**1,337,471,368.94**	1,228,093,326.36
Change in inventories of finished goods	4	**3,953,695.97**	-5,762,341.10
Other operating income	3	**11,091,484.71**	21,831,008.86
Materials and services	4	**-866,694,494.05**	-833,680,854.67
Personnel expenses	5	**-42,156,568.73**	-37,542,887.25
Depreciation, amortization and impairment	6	**-38,197,982.33**	-30,841,745.64
Other operating expenses	4	**-334,310,897.25**	-338,951,246.02
Operating profit/loss		**71,156,607.26**	3,145,260.54
Financial income and expenses	7	**104,681,255.05**	-9,335,297.22
Profit/loss before extraordinary items		**175,837,862.31**	-6,190,036.68
Extraordinary items	8	**2,850,000.00**	4,051,000.00
Profit/loss before appropriations and taxes		**178,687,862.31**	-2,139,036.68
Appropriations	6	**-614,181.05**	986,476.92
Income taxes	9	**-12,917,723.00**	-126,594.21
Net profit for the period		**165,155,958.26**	-1,279,153.97

KEMIRA OYJ BALANCE SHEET (FAS)

(EUR)

		As at 31 December	
	Note	**2015**	2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	**100,880,994.96**	86,731,162.78
Property, plant and equipment	11	**33,434,220.14**	29,134,666.18
Investments	12		
Shares in subsidiaries		**2,083,703,472.85**	1,570,433,661.40
Other investments		**148,222,158.17**	144,105,359.93
Total investments		**2,231,925,631.02**	1,714,539,021.33
Total non-current assets		**2,366,240,846.12**	1,830,404,850.29
CURRENT ASSETS			
Inventories	13	**85,390,061.32**	77,283,674.66
Non-current receivables	14	**266,310,037.66**	182,251,103.67
Current receivables	14	**317,022,561.67**	268,922,965.41
Money market investments	15	**30,394,906.22**	22,910,617.10
Cash and cash equivalents		**63,910,883.58**	62,735,605.73
Total current assets		**763,028,450.45**	614,103,966.57
Total assets		**3,129,269,296.57**	2,444,508,816.86
EQUITY AND LIABILITIES			
EQUITY	16		
Share capital		**221,761,727.69**	221,761,727.69
Share premium		**257,877,731.94**	257,877,731.94
Fair value reserve		**-4,657,093.00**	-2,963,940.82
Unrestricted equity reserve		**199,963,876.20**	199,963,876.20
Retained earnings		**319,793,483.44**	401,541,863.82
Net profit/ loss for the financial year		**165,155,958.26**	-1,279,153.97
Total equity		**1,159,895,684.53**	1,076,902,104.86
Appropriations	17	**9,596,116.27**	8,981,935.22
Obligatory provisions	18	**19,484,405.66**	19,907,801.98
LIABILITIES			
Non-current liabilities	19	**601,111,567.30**	382,904,000.19
Current liabilities	20	**1,339,181,522.81**	955,812,974.61
Total liabilities		**1,940,293,090.11**	1,338,716,974.80
Total equity and liabilities		**3,129,269,296.57**	2,444,508,816.86

KEMIRA OYJ CASH FLOW STATEMENT (FAS)

(EUR)

	Year ended 31 December 2015	2014
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	**165,155,958.26**	-1,279,153.97
Adjustments for		
Depreciation, amortization and impairment	**38,197,982.33**	30,841,745.64
Income taxes	**12,917,723.00**	126,594.21
Finance expenses, net	**-104,681,255.05**	9,335,297.22
Other non-cash items and expenses not involving cash flow	**14,182,127.73**	6,996,582.31
Operating profit before change in working capital	**125,772,536.27**	46,021,065.41
Change in working capital		
Increase (–) / decrease (+) in inventories	**-8,106,386.66**	1,989,868.40
Increase (–) / decrease (+) in trade and other receivables	**-47,042,548.95**	51,817,307.75
Increase (+) / decrease (–) in trade payables and other liabilities	**30,052,413.06**	-13,931,611.93
Change in working capital	**-25,096,522.55**	39,875,564.22
Cash generated from operations before financing itmes and taxes	**100,676,013.72**	85,896,629.63
Interest and other finance cost paid	**-40,242,953.02**	-106,779,623.70
Interest and other finance income received	**9,138,670.92**	9,156,578.72
Realized exchange gains and losses	**-5,553,184.83**	-12,148,327.45
Dividends received	**134,536,455.90**	9,167,120.63
Income taxes paid	**-1,141,217.06**	-1,725,829.42
Net cash generated from operating activities	**197,413,785.63**	-16,433,451.59
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisitions of subsidiaries and increases in subsidiaries	**-534,837,144.91**	-50,979,300.74
Acquisitions of associated companies, and other shares	**-4,224,953.64**	-4,285,008.00
Purchases of intangible assets	**-45,749,471.95**	-14,305,205.12
Purchases of property, plant and equipment	**-10,927,742.35**	-7,111,776.69
Proceeds from sale of subsidiaries and other shares	**134,852.81**	2,665,906.06
Proceeds from sale of other plant, property and equipment and intangible assets	**3,148.42**	1,211,546.01
Change in loan receivables, net increase (–) / decrease (+)	**-84,058,933.99**	-25,054,205.27
Net cash used in investing activities	**-679,660,245.61**	-97,858,043.75
Cash flow before financing	**-482,246,459.98**	-114,291,495.34
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from non-current interest-bearing liabilities (+)	**250,000,000.00**	245,000,000.00
Repayment from non-current interest-bearing liabilities (–)	**-31,792,432.89**	-152,226,674.04
Short-term financing, net increase (+) / decrease (–)	**353,737,864.80**	64,332,289.87
Dividends paid	**-80,587,227.16**	-80,582,022.03
Received group contribution	**4,051,000.00**	10,760,000.00
Net cash used in financing activities	**495,409,204.75**	87,283,593.80
Net increase (+) / decrease (–) in cash and cash equivalents	**13,162,744.77**	-27,007,901.54
Cash and cash equivalents at 31 Dec	**94,305,789.80**	85,646,222.83
Exchange gains (+) / losses (–) on cash and cash equivalents	**-4,503,177.80**	-5,046,364.03
Cash and cash equivalents at 1 Jan	**85,646,222.83**	117,700,488.40
Net increase (+) / decrease (–) in cash and cash equivalents	**13,162,744.77**	-27,007,901.54

NOTES TO KEMIRA OYJ FINANCIAL STATEMENTS

(EUR)

1. THE PARENT COMPANY'S ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS

BASIS OF PREPARATION

The parent company's financial statements have been prepared in compliance with the relevant acts and regulations in force in Finland (FAS). Kemira Group's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), and the parent company observes the Group's accounting policies according to FAS whenever it has been possible. Below are presented mainly the accounting policies in which the practice differs from the Group's accounting policies. In other respects the Group's accounting policies are observed.

PENSION ARRENGEMENTS

The company's pension liabilities are handled partly by pension insurance company and partly by Kemira's own pension fund. Contributions are based on periodic actuarial calculations and are recognized in the income statement.

SHARE-BASED INCENTIVE PLANS

The treatment of share-based plans is described in the Group's accounting policies. In the parent company, share-based payments are recognized as an expense in the amounts of the payments to be made.

EXTRAORDINARY INCOME AND EXPENSES

Extraordinary income and expenses consist of the Group contributions received and given, which are eliminated at the Group level.

INCOME TAXES

The Group's accounting policies are applied to income taxes and deferred tax assets and liabilities as permitted under Finnish GAAP. Deferred tax liability for the depreciation difference is stated in the notes to financial statements.

LEASE

All leasing payments are treated as rental expenses.

FINANCIAL ASSETS, FINANCIAL LIABILITIES AND DERIVATIVE CONTRACTS

All financial assets (including shares) and liabilities are recognized at their acquisition value or their acquisition value less write-downs, with the exception of derivative instruments, which are measured at their fair value.

Changes in the value of the financial assets and liabilities, including derivatives, are booked as a credit or charge into income statement under financial income and expenses, with the exception of other derivatives used for hedging purposes the efficient part of which is booked to fair value reserve. Inefficient part of other derivative instruments used for hedging purposes is booked as a profit or loss into the income statement.

The valuation methods of derivative instruments are described in the Group's accounting policies and in Note 28 in the Consolidated Financial Statements.

NOTES TO KEMIRA OYJ FINANCIAL STATEMENTS

(EUR)

2. REVENUE

	2015	2014
Revenue by segments		
Pulp & Paper	**722,951,092.02**	635,917,855.37
Oil & Mining	**107,914,648.61**	101,702,779.83
Municipal & Industrial	**282,421,395.13**	271,233,546.59
ChemSolutions	**0.00**	23,945,813.24
Intercompany revenue	**224,184,233.18**	195,293,331.33
Total	**1,337,471,368.94**	1,228,093,326.36

	2015	2014
Distribution of revenue by geographical areas as a percentage of total revenue		
Finland, domicile of the parent company	**29**	30
Other Europe, Middle East and Africa	**60**	59
Americas	**5**	6
Asia Pacific	**6**	5
Total	**100**	100

3. OTHER OPERATING INCOME

	2015	2014
Gain on the sale of property, plant and equipment	**3,148.42**	1,211,546.01
Gain on the sale of shares	**134,852.81**	2,920,101.65
Rent income	**1,184,262.09**	922,592.75
Intercompany service charges	**7,701,641.29**	7,212,890.98
Other income from operations	**2,067,580.10**	9,563,877.47
Total	**11,091,484.71**	21,831,008.86

NOTES TO KEMIRA OYJ FINANCIAL STATEMENTS

(EUR)

4. COSTS

	2015	2014
Change in inventories of finished goods	**-3,953,695.97**	5,762,341.10
Materials and services		
Materials and supplies		
Purchases during the financial year	**857,805,105.99**	827,383,214.87
Change in inventories of materials and supplies	**-702,429.06**	-2,374,453.15
External services	**9,591,817.12**	8,672,092.95
Total materials and services	**866,694,494.05**	833,680,854.67
Personnel expenses	**42,156,568.73**	37,542,887.25
Other operating expenses		
Rents	**5,970,972.97**	7,739,388.14
Intercompany tolling manufacturing charges	**179,054,783.95**	169,843,770.73
Intercompany service charges and royalties	**90,562,331.91**	82,930,098.01
Other expenses	**58,722,808.42**	78,437,989.14
Total other operating expenses	**334,310,897.25**	338,951,246.02
Total costs	**1,239,208,264.06**	1,215,937,329.04

In 2015, the costs included a net decrease in obligatory provisions of EUR –0.4 million (personnel expenses EUR –0.7 million, rents EUR –0.4 million and other expenses EUR +0.7 million), and in 2014, the costs included a net decrease in obligatory provisions of EUR –6.1 million (personnel expenses EUR –3.0 million, rents EUR –0.5 million and other expenses EUR –2.6 million).

DELOITTE & TOUCHE OY'S FEES AND SERVICES

	2015	2014
Audit fees	**415,000.00**	**521,196.81**
Tax services	**50,000.00**	**0.00**
Other services [1)]	**445,000.00**	**2,197,120.22**

[1)] In 2015, other services include fees related mainly to the AkzoNobel's global paper chemicals business acquisition. In 2014, other services include fees related mainly to the auditors reports and statements for formic acid business divestment and fees related to the AkzoNobel's global paper chemicals business acquisition.

NOTES TO KEMIRA OYJ FINANCIAL STATEMENTS

(EUR)

5. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

	2015	2014
Emoluments of the Board of Directors, the CEOs and his deputy [1)]	**1,279,391.34**	1,383,613.83
Other wages and salaries	**32,508,815.66**	29,450,475.85
Pension expenses	**6,324,848.06**	5,726,009.18
Other personnel expenses	**2,043,513.67**	982,788.39
Total	**42,156,568.73**	37,542,887.25

[1)] The emolument of Kemira Oyj's CEO was EUR 669,765 (808,261) including bonuses of EUR 109,965 (157,039). The emolument of Kemira Oyj's deputy CEO was EUR 225,242 (219,869) including bonuses of EUR 44,287 (41,059).

Other transactions between related parties are presented in Note 31 in the notes to the Consolidated Financial Statements.

	2015	2014
Personnel at 31 Dec		
Pulp & Paper	**83**	81
Oil & Mining	**5**	4
Municipal & Industrial	**28**	27
Other, of which	**371**	341
R&D and Technology	**173**	155
Total	**487**	453
Personnel, average	**483**	477

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	2015	2014
Depreciation according to plan and impairments		
Intangible assets		
Intangible rights	**10,452,379.69**	4,834,291.44
Other intangible assets	**21,147,260.08**	20,713,359.50
Tangible assets		
Buildings and constructions	**346,416.22**	362,066.25
Machinery and equipment	**6,232,973.18**	4,914,283.63
Other property, plant and equipment	**18,953.16**	17,744.82
Total	**38,197,982.33**	30,841,745.64
Change in difference between scheduled and actual depreciation (+ increase/ – decrease)		
Intangible rights	**907,451.08**	-458,705.93
Other intangible assets	**588,848.12**	-149,716.43
Buildings and constructions	**-147,774.12**	19,287.23
Machinery and equipment	**-735,433.53**	-393,164.36
Other property, plant and equipment	**1,089.50**	-4,177.43
Total	**614,181.05**	-986,476.92

NOTES TO KEMIRA OYJ FINANCIAL STATEMENTS

(EUR)

7. FINANCE INCOME AND EXPENSES

	2015	2014
Dividend income		
From the Group companies	**134,501,680.90**	8,991,145.63
From others	**34,775.00**	175,975.00
Total	**134,536,455.90**	9,167,120.63
Interest income		
From the Group companies	**11,071,308.86**	9,681,422.78
From others	**765,614.19**	3,146,732.00
Total	**11,836,923.05**	12,828,154.78
Interest expenses		
To the Group companies	**-696,132.31**	-1,912,944.65
To others	**-18,333,242.85**	-17,699,696.98
Total	**-19,029,375.16**	-19,612,641.63
Other finance income		
From the Group companies	**894,798.55**	378,553.58
Total	**894,798.55**	378,553.58
Other finance expenses		
From the Group companies [1)]	**-16,579,854.88**	-2,417,546.00
From others	**-8,397,520.47**	-7,284,274.00
Total	**-24,977,375.35**	-9,701,820.00
Exchange gains and losses		
From the Group companies	**3,277,812.55**	36,587,523.39
From others	**-1,857,984.49**	-38,982,187.97
Total	**1,419,828.06**	-2,394,664.58
Total finance income and expenses	**104,681,255.05**	-9,335,297.22
Exchange gains and losses		
Realized	**-5,553,184.83**	-12,148,327.45
Unrealized	**6,973,012.89**	9,753,662.87
Total	**1,419,828.06**	-2,394,664.58

[1)] In 2015, other finance expenses from the Group companies include impairment of subsidiary shares of EUR 16.6 million (2.4).

NOTES TO KEMIRA OYJ FINANCIAL STATEMENTS

(EUR)

8. EXTRAORDINARY ITEMS

	2015	2014
Extraordinary income		
Group contributions received	**2,850,000.00**	4,051,000.00
Total	**2,850,000.00**	4,051,000.00
Total extraordinary income and expenses	**2,850,000.00**	4,051,000.00

9. INCOME TAXES

(income +, expense –)

Income taxes, current year	**-1,271,420.66**	0.00
Income taxes, previous years	**300,000.00**	163,500.00
Deferred taxes	**-9,170,081.91**	42,433.63
Other taxes	**-2,776,220.43**	-332,527.84
Total	**-12,917,723.00**	-126,594.21

10. INTANGIBLE ASSETS

2015	Intangible rights	Goodwill	Prepayments and non-current assets under constructions	Other intangible assets	Total
Acquisition cost at 1 Jan	44,049,063.67	6,181,419.27	9,815,011.73	185,832,090.74	**245,877,585.41**
Additions	30,715,935.10		7,029,411.36	8,004,125.49	**45,749,471.95**
Decreases	-4,553,037.42			-11,648,493.50	**-16,201,530.92**
Transfers	2,546,066.93		-4,348,277.01	1,802,210.08	**0.00**
Acquisition cost at 31 Dec	72,758,028.28	6,181,419.27	12,496,146.08	183,989,932.81	**275,425,526.44**
Accumulated amortization at 1 Jan	-20,395,988.34	-6,181,419.27	0.00	-132,569,015.02	**-159,146,422.63**
Accumulated amortization relating to decreases and transfers	4,553,037.42			11,648,493.50	**16,201,530.92**
Amortization and impairment during the financial year	-10,452,379.69			-21,147,260.08	**-31,599,639.77**
Accumulated amortization at 31 Dec	-26,295,330.61	-6,181,419.27	0.00	-142,067,781.60	**-174,544,531.48**
Net book value at 31 Dec	**46,462,697.67**	**0.00**	**12,496,146.08**	**41,922,151.21**	**100,880,994.96**

2014	Intangible rights	Goodwill	Prepayments and non-current assets under constructions	Other intangible assets	Total
Acquisition cost at 1 Jan	34,370,936.21	6,181,419.27	6,780,139.27	188,423,280.17	235,755,774.92
Additions	7,124,145.34		7,126,959.94	54,099.84	14,305,205.12
Decreases	-1,497,105.36			-2,686,289.27	-4,183,394.63
Transfers	4,051,087.48		-4,092,087.48	41,000.00	0.00
Acquisition cost at 31 Dec	44,049,063.67	6,181,419.27	9,815,011.73	185,832,090.74	245,877,585.41
Accumulated amortization at 1 Jan	-16,294,169.33	-6,181,419.27	0.00	-112,315,884.96	-134,791,473.56
Accumulated amortization relating to decreases and transfers	732,472.43			460,229.44	1,192,701.87
Amortization and impairment during the financial year	-4,834,291.44			-20,713,359.50	-25,547,650.94
Accumulated amortization at 31 Dec	-20,395,988.34	-6,181,419.27	0.00	-132,569,015.02	-159,146,422.63
Net book value at 31 Dec	23,653,075.33	0.00	9,815,011.73	53,263,075.72	86,731,162.78

11. PROPERTY, PLANT AND EQUIPMENT

2015	Land and water areas	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and non-current assets under construction	Total
Acquisition cost at 1 Jan	1,179,973.51	17,051,549.47	91,824,049.57	567,573.82	5,122,363.77	**115,745,510.14**
Additions		6,652.37	5,917,852.48		5,001,901.24	**10,926,406.09**
Decreases	-4,491.32	-1,841.67	-1,145,032.09	-14,500.00		**-1,165,865.08**
Transfers		51,152.35	2,337,761.89		-2,388,914.24	**0.00**
Acquisition cost at 31 Dec	1,175,482.19	17,107,512.52	98,934,631.85	553,073.82	7,735,350.77	**125,506,051.15**
Accumulated depreciation at 1 Jan	0.00	-12,812,088.63	-73,336,030.88	-462,724.45	0.00	**-86,610,843.96**
Accumulated depreciation relating to decreases and transfers		1,841.67	1,121,013.84	14,500.00		**1,137,355.51**
Depreciation and impairment during the financial year		-346,416.22	-6,232,973.18	-18,953.16		**-6,598,342.56**
Accumulated depreciation at 31 Dec	0.00	-13,156,663.18	-78,447,990.22	-467,177.61	0.00	**-92,071,831.01**
Net book value at 31 Dec	**1,175,482.19**	**3,950,849.34**	**20,486,641.63**	**85,896.21**	**7,735,350.77**	**33,434,220.14**

2014	Land and water areas	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and non-current assets under construction	Total
Acquisition cost at 1 Jan	357,207.18	25,579,284.49	86,253,218.58	567,573.82	4,705,746.62	117,463,030.69
Additions	832,000.00		4,904,900.86		5,043,235.75	10,780,136.61
Decreases	-9,233.67	-8,527,735.02	-3,960,688.47			-12,497,657.16
Transfers			4,626,618.60		-4,626,618.60	0.00
Acquisition cost at 31 Dec	1,179,973.51	17,051,549.47	91,824,049.57	567,573.82	5,122,363.77	115,745,510.14
Accumulated depreciation at 1 Jan	0.00	-18,875,277.81	-70,403,303.69	-444,979.63	0.00	-89,723,561.13
Accumulated depreciation relating to decreases and transfers		6,425,255.43	1,981,556.44			8,406,811.87
Depreciation and impairment during the financial year		-362,066.25	-4,914,283.63	-17,744.82		-5,294,094.70
Accumulated depreciation at 31 Dec	0.00	-12,812,088.63	-73,336,030.88	-462,724.45	0.00	-86,610,843.96
Net book value at 31 Dec	1,179,973.51	4,239,460.84	18,488,018.69	104,849.37	5,122,363.77	29,134,666.18

12. INVESTMENTS

2015	Shares in subsidiaries	Other shares and holdings	Total
Net book value at 1 Jan	1,570,433,661.40	144,105,359.93	**1,714,539,021.33**
Additions	534,837,144.91	4,224,953.64	**539,062,098.55**
Decreases and transfers	-4,987,478.58		**-4,987,478.58**
Impairments	-16,579,854.88	-108,155.40	**-16,688,010.28**
Net book value at 31 Dec	2,083,703,472.85	148,222,158.17	**2,231,925,631.02**

2014	Shares in subsidiaries	Other shares and holdings	Total
Net book value at 1 Jan	1,521,871,906.66	140,284,625.87	1,662,156,532.53
Additions	50,979,300.74	4,285,008.00	55,264,308.74
Decreases and transfers		-84,093.94	-84,093.94
Impairments	-2,417,546.00	-380,180.00	-2,797,726.00
Net book value at 31 Dec	1,570,433,661.40	144,105,359.93	1,714,539,021.33

13. INVENTORIES

	2015	2014
Raw materials and supplies	**23,270,745.27**	22,568,316.21
Finished goods	**54,616,801.52**	50,663,105.55
Prepayments	**7,502,514.53**	4,052,252.90
Total	**85,390,061.32**	77,283,674.66

14. RECEIVABLES

	2015	2014
Non-current receivables		
Interest-bearing non-current receivables		
Loan receivables		
Loan receivables from the Group companies	**254,707,458.08**	159,607,421.47
Other non-current investments	**0.00**	2,294,308.65
Total interest-bearing non-current receivables	**254,707,458.08**	161,901,730.12
Interest-free non-current receivables		
Deferred taxes	**11,602,579.58**	20,349,373.55
Total interest-free non-current receivables	**11,602,579.58**	20,349,373.55
Total non-current receivables	**266,310,037.66**	182,251,103.67
Current receivables		
Interest-bearing current receivables		
Loan receivables from the Group companies	**69,631,225.71**	65,942,296.74
Total interest-bearing current receivables	**69,631,225.71**	65,942,296.74
Interest-free current receivables		
Advances paid		
To the Group companies	**18,836,395.50**	18,240,121.02
Total	**18,836,395.50**	18,240,121.02
Trade receivables		
From the Group companies	**53,656,850.36**	32,169,987.28
From others	**133,153,754.73**	116,488,277.14
Total	**186,810,605.09**	148,658,264.42
Accrued income		
From the Group companies	**6,324,773.43**	7,560,921.40
From others	**21,691,409.18**	15,607,117.91
Total	**28,016,182.61**	23,168,039.31
Other short-term interest-free receivables		
From the Group companies	**266,006.46**	-2,363.13
From others	**13,462,146.30**	12,916,607.05
Total	**13,728,152.76**	12,914,243.92
Total interest-free current receivables	**247,391,335.96**	202,980,668.67
Total current receivables	**317,022,561.67**	268,922,965.41
Total receivables	**583,332,599.33**	451,174,069.08

	2015	2014
Accrued income		
Interests	**6,779,178.07**	6,096,199.24
Taxes	**16,780.32**	1,351,783.69
Exchange differences	**7,082,391.10**	4,172,319.25
The Group contributions	**2,850,000.00**	4,051,000.00
Other	**11,287,833.12**	7,496,737.13
Total	**28,016,182.61**	23,168,039.31

NOTES TO KEMIRA OYJ FINANCIAL STATEMENTS

(EUR)

15. MONEY-MARKET INVESTMENTS

	2015	2014
Money-market investments		
Book value	**30,394,906.22**	22,910,617.10
Fair value	**30,394,906.22**	22,910,617.10
Difference	**0.00**	0.00

Money-market investments include company's short-term investments.

16. EQUITY

	2015	2014
Restricted equity		
Share capital at 1 Jan	**221,761,727.69**	221,761,727.69
Share capital at 31 Dec	**221,761,727.69**	221,761,727.69
Share premium account at Jan 1	**257,877,731.94**	257,877,731.94
Share premium account at 31 Dec	**257,877,731.94**	257,877,731.94
Fair value reserve at 1 Jan	**-2,963,940.82**	-5,079,068.12
Fair value reserve at 31 Dec	**-4,657,093.00**	-2,963,940.82
Total restricted equity at 31 Dec	**474,982,366.63**	476,675,518.81
Unrestricted equity reserve		
Unrestricted equity reserve at 1 Jan	**199,963,876.20**	199,963,876.20
Unrestricted equity reserve at 31 Dec	**199,963,876.20**	199,963,876.20
Retained earnings at 1 Jan [1)]	**400,262,709.85**	482,015,069.17
Net profit for the period	**165,155,958.26**	-1,279,153.97
Dividends paid	**-80,587,227.16**	-80,582,022.03
Share-based incentive plan		
Shares given	**118,000.75**	108,816.68
Retained earnings and net profit for the period ending at 31 Dec	**484,949,441.70**	400,262,709.85
Total unrestricted equity at 31 Dec	**684,913,317.90**	600,226,586.05
Total equity at 31 Dec	**1,159,895,684.53**	1,076,902,104.86
Total distributable funds at 31 Dec	**684,913,317.90**	600,226,586.05

[1)] The company owns 3,280,602 treasury shares, the acquisition value of which totals EUR 22,082,955.54.

Change in treasury shares	**EUR**	**Number of shares**
Acquisition value/number at Jan 1, 2015	**22,154,179.13**	**3,291,185**
Change	**-71,223.59**	**-10,583**
Acquisition value/number at Dec 31, 2015	**22,082,955.54**	**3,280,602**

NOTES TO KEMIRA OYJ FINANCIAL STATEMENTS

(EUR)

17. APPROPRIATIONS

	2015	2014
Appropriations		
Appropriations in the property, plant and equipment by asset classes are as follows:		
Buildings and constructions	**961,942.89**	1,109,717.01
Machinery and equipment	**3,691,091.79**	4,426,525.32
Other property, plant and equipment	**32,895.90**	31,806.40
Intangible rights	**510,165.92**	-397,285.16
Other intangible assets	**4,400,019.77**	3,811,171.65
Total	**9,596,116.27**	8,981,935.22
Change in appropriations		
Appropriations at 1 Jan	**8,981,935.22**	11,319,859.13
Business transfers	**0.00**	-1,351,446.99
Change in untaxed reserves in income statement	**614,181.05**	-986,476.92
Appropriations at 31 Dec	**9,596,116.27**	8,981,935.22

On December 31, 2015, deferred tax liabilities on accumulated appropriations were EUR 1.9 million (1.8).

18. OBLIGATORY PROVISIONS

	2015	2014
Non-current provisions		
Pension provisions	**6,223,992.00**	6,187,127.00
Other obligatory provisions		
Environmental provisions	**10,032,827.51**	10,473,637.24
Restructuring provisions	**654,761.20**	1,109,513.20
Total other obligatory provisions	**10,687,588.71**	11,583,150.44
Total non-current provisions	**16,911,580.71**	17,770,277.44
Current provisions		
Other obligatory provisions		
Personnel related provisions	**1,018,072.95**	1,682,772.54
Restructuring provisions	**1,554,752.00**	454,752.00
Total current provisions	**2,572,824.95**	2,137,524.54
Total provisions	**19,484,405.66**	19,907,801.98
Change in obligatory provisions		
Obligatory provisions at 1 Jan	**19,907,801.98**	26,006,246.27
Decrease of provisions during the year	**-3,634,335.32**	-4,137,610.84
Provisions reversed during the year	**-599,061.00**	-2,060,833.45
Increase during financial year	**3,810,000.00**	100,000.00
Obligatory provisions at 31 Dec	**19,484,405.66**	19,907,801.98

19. NON-CURRENT INTEREST-BEARING LIABILITIES

	2015	2014
Loans from financial institutions	**229,688,199.30**	161,480,632.19
Other non-current liabilities	**371,423,368.00**	221,423,368.00
Total	**601,111,567.30**	382,904,000.19
Long-term interest-bearing liabilities maturing in		
2017 (2016)	**35,524,028.48**	32,740,584.95
2018 (2017)	**26,610,139.60**	32,740,584.95
2019 (2018)	**209,900,000.00**	23,826,696.07
2020 (2019) or later	**329,077,399.22**	293,596,134.22
Total	**601,111,567.30**	382,904,000.19
Interest-bearing liabilities maturing in 5 years or more		
Loans from financial institutions	**157,654,031.22**	62,272,766.22
Other non-current liabilities	**171,423,368.00**	231,323,368.00
Total	**329,077,399.22**	293,596,134.22

Other non-current liabilities include EUR 200 million bond, which matures on May 27, 2019 and EUR 150 million bond, which matures on May 13, 2022.

NOTES TO KEMIRA OYJ FINANCIAL STATEMENTS

(EUR)

20. CURRENT LIABILITIES

	2015	2014
Interest-bearing current liabilities		
Loans from financial institutions	**35,626,179.89**	84,415,495.01
Other interest-bearing current liabilities		
To the Group companies	**1,070,240,243.20**	663,613,458.90
To others	**19,192,135.35**	28,748,687.54
Total interest-bearing current liabilities	**1,125,058,558.44**	776,777,641.45
Interest-free current liabilities		
Prepayments received		
From the Group companies	**136,764.13**	136,764.13
From others	**1,153,676.10**	2,032,541.64
Total	**1,290,440.23**	2,169,305.77
Trade payables		
To the Group companies	**60,861,950.95**	45,289,257.81
To others	**69,855,984.68**	60,613,842.32
Total	**130,717,935.63**	105,903,100.13
Accrued expenses		
To the Group companies	**4,512,263.86**	5,452,509.31
To others	**69,706,311.25**	57,736,220.20
Total	**74,218,575.11**	63,188,729.51
Total other interest-free liabilities	**7,896,013.40**	7,774,197.75
Total interest-free current liabilities	**214,122,964.37**	179,035,333.16
Total current liabilities	**1,339,181,522.81**	955,812,974.61
Accrued expenses		
Salaries	**11,452,788.92**	5,806,658.44
Interests and exchange differences	**19,710,404.59**	15,946,607.10
Other	**43,055,381.60**	41,435,463.97
Total	**74,218,575.11**	63,188,729.51

NOTES TO KEMIRA OYJ FINANCIAL STATEMENTS

(EUR)

21. COLLATERAL AND CONTINGENT LIABILITIES

	2015	2014
Guarantees		
On behalf of the Group companies		
For loans	**388,809,015.00**	284,877,246.00
For other obligations	**52,920,895.00**	48,391,309.00
On behalf of others	**2,558,342.00**	2,838,864.00
Total	**444,288,252.00**	336,107,419.00
Leasing liabilities		
Maturity within one year	**4,699,217.00**	4,917,200.00
Maturity after one year	**17,215,651.00**	16,686,243.00
Total	**21,914,868.00**	21,603,443.00

Environmental risks and liabilities are disclosed in Note 30 in the Notes to the Consolidated Financial Statements.

NOTES TO KEMIRA OYJ FINANCIAL STATEMENTS

(EUR)

22. SHARES AND HOLDINGS OF KEMIRA OYJ

Shares in subsidiaries	**Group holding %**	**Kemira Oyj holding %**
AS Kemivesi	100.00	100.00
Kemira Argentina S.A.	100.00	15.80
Kemira Asia Pacific Pte. Ltd.	100.00	100.00
Kemira Cell Sp. z.o.o.	55.00	55.00
Kemira Chemicals (Nanjing) Co.,Ltd.	100.00	100.00
Kemira Chemicals (Shanghai) Co.,Ltd.	100.00	100.00
Kemira Chemicals (UK) Ltd.	100.00	100.00
Kemira Chemicals (Yanzhou) Co.,Ltd.	100.00	100.00
Kemira Chemicals Brasil Ltda	100.00	99.87
Kemira Chemicals Canada Inc.	100.00	100.00
Kemira Chemicals Germany GmbH	100.00	100.00
Kemira Chemicals India Private Ltd.	99.99	99.99
Kemira Chemicals Korea Corporation	100.00	100.00
Kemira Chemie Ges.mbH	100.00	100.00
Kemira Chile Comercial Limitada	100.00	99.00
Kemira de Mexico S.A. de C.V.	100.00	100.00
Kemira Europe Oy	100.00	100.00
Kemira Germany GmbH	100.00	100.00
Kemira GrowHow A/S	100.00	100.00
Kemira Hong Kong Company Limited	100.00	100.00
Kemira Korea Corporation	100.00	100.00
Kemira KTM d.o.o.	100.00	100.00
Kemira Nederland Holding B.V.	100.00	100.00
Kemira Operon Oy	100.00	100.00
Kemira Świecie Sp. z o.o.	100.00	100.00
Kemira Water Danmark A/S	100.00	100.00
Kemira Water Solutions Brasil -Produtos para tratamento de agua Ltda.	100.00	100.00
PT Kemira Indonesia	100.00	74.80

BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING FOR THE DISTRIBUTION OF DISTRIBUTABLE FUNDS AND SIGNING OF THE FINANCIAL STATEMENTS AND BOARD OF DIRECTORS' REVIEW

On December 31, 2015, Kemira Oyj's distributable funds totaled EUR 684,913,318 of which net profit for the period accounted for EUR 165,155,958.

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

The Board proposes to the Annual General Meeting that distributable funds would be allocated as follows:

- Distributing a per-share dividend of EUR 0.53 for the financial year, or a total of EUR 80,592,836.
- Retaining EUR 604,320,482 under unrestricted equity.

Helsinki, February 10, 2016

Jari Paasikivi
Chairman

Kerttu Tuomas
Vice Chairman

Winnie Fok

Juha Laaksonen

Wolfgang Büchele

Timo Lappalainen

Jari Rosendal
CEO

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AUDITOR'S REPORT

To the Annual General Meeting of Kemira Oyj

We have audited the accounting records, the financial statements, the Board of Directors Review, and the administration of Kemira Oyj for the financial period 1.1.–31.12.2015. The financial statements comprise of the consolidated income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's income statement, balance sheet, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the CEO

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the Board of Directors Review based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the Board of Directors Review are free from material misstatement, and whether the members of the Board of Directors of the parent company and the CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the Board of Directors Review. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and the Board of Directors Review that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the Board of Directors Review.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

Other opinions
We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the CEO should be discharged from liability for the financial period audited by us.

Helsinki, 10 February 2016

Deloitte & Touche Oy
Authorized Public Audit Firm

Jukka Vattulainen
Authorized Public Accountant

QUARTERLY EARNINGS PERFORMANCE

(EUR million)

(The figures are unaudited)

					2015					2014
	1-3	**4-6**	**7-9**	**10-12**	**Total**	1-3	4-6	7-9	10-12	Total
Revenue										
Pulp & Paper [1)]	**314.6**	**351.3**	**379.1**	**372.3**	**1,417.3**	280.4	282.0	300.6	307.0	1,170.0
Oil & Mining	**93.9**	**89.7**	**90.1**	**76.4**	**350.1**	92.0	97.6	95.9	96.7	382.2
Municipal & Industrial	**144.5**	**153.8**	**155.9**	**151.5**	**605.7**	137.7	138.6	145.0	143.4	564.7
ChemSolutions [1)]	**-**	**-**	**-**	**-**	**-**	19.8	-	-	-	19.8
Total	**553.0**	**594.8**	**625.1**	**600.2**	**2,373.1**	529.9	518.2	541.5	547.1	2,136.7
EBITDA										
Pulp & Paper [1)]	**35.0**	**34.4**	**44.9**	**42.8**	**157.1**	30.7	7.5	34.0	37.7	109.9
Oil & Mining	**11.0**	**9.5**	**7.0**	**3.3**	**30.8**	8.9	11.2	11.7	14.4	46.2
Municipal & Industrial	**19.2**	**22.2**	**22.9**	**11.6**	**75.9**	2.6	16.1	21.5	21.1	61.3
ChemSolutions [1)]	**-**	**-**	**-**	**-**	**-**	35.5	-	-	-	35.5
Total	**65.2**	**66.1**	**74.8**	**57.7**	**263.8**	77.7	34.8	67.2	73.2	252.9
EBIT										
Pulp & Paper [1)]	**19.6**	**16.2**	**25.2**	**21.6**	**82.6**	19.4	-5.1	20.9	22.4	57.6
Oil & Mining	**5.7**	**2.4**	**1.3**	**-6.5**	**2.9**	4.5	6.7	7.2	9.3	27.7
Municipal & Industrial	**12.5**	**15.7**	**16.2**	**2.7**	**47.1**	-5.2	8.4	14.8	13.7	31.7
ChemSolutions [1)]	**-**	**-**	**-**	**-**	**-**	35.6	-	-	-	35.6
Total	**37.8**	**34.3**	**42.7**	**17.8**	**132.6**	54.3	10.0	42.9	45.4	152.6
Finance costs, net	**-7.5**	**-9.3**	**-8.2**	**-5.8**	**-30.8**	-5.3	-8.5	-6.6	-10.3	-30.7
Share of profit or loss of associates	**0.2**	**0.1**	**0.0**	**0.0**	**0.3**	0.0	0.0	0.0	0.2	0.2
Profit before tax	**30.5**	**25.1**	**34.5**	**12.0**	**102.1**	49.0	1.5	36.3	35.3	122.1
Income taxes	**-4.1**	**-5.8**	**-7.4**	**-7.6**	**-24.9**	-5.9	0.3	-9.3	-11.4	-26.3
Net profit for the period	**26.4**	**19.3**	**27.1**	**4.4**	**77.2**	43.1	1.8	27.0	23.9	95.8
Net profit attributable to:										
Equity owners of the parent	**25.0**	**17.6**	**25.5**	**2.9**	**71.0**	41.9	0.2	25.3	22.5	89.9
Non-controlling interests	**1.4**	**1.7**	**1.6**	**1.5**	**6.2**	1.2	1.6	1.7	1.4	5.9
Net profit for the period	**26.4**	**19.3**	**27.1**	**4.4**	**77.2**	43.1	1.8	27.0	23.9	95.8
Earning per share, basic, EUR	**0.16**	**0.12**	**0.17**	**0.02**	**0.47**	0.28	0.00	0.16	0.15	0.59
Earning per share, diluted, EUR	**0.16**	**0.12**	**0.17**	**0.02**	**0.47**	0.28	0.00	0.16	0.15	0.59
Capital employed, rolling					**1,659.5**					1,427.7
Return on capital employed (ROCE), %					**8.0 %**					10.7 %

[1)] On March 2014, Kemira closed the divestment of formic acid business which had formed the major part of ChemSolutions segment. After the closure, the remaining sodium percarbonate business in ChemSolutions segment was transferred to Pulp & Paper segment and ChemSolutions segment was discontinued as of the beginning of Q2 2014.