Annual Report 2000

KEMIRA

ANNUAL GENERAL MEETING

The Annual General Meeting of Kemira Oyj will be held on Tuesday, 3 April 2001 at 4.00 p.m. in the Kemira House, Porkkalankatu 3, 00180 Helsinki. Attendance is open to shareholders who by 23 March 2001 have been entered in the company's Shareholders' Register which is kept by Finnish Central Securities Depository Ltd and have given notification of their intention to attend the meeting no later than by 29 March 2001, 4.00 p.m. Shareholders wishing to attend the meeting are kindly requested to register with Ms Arja Korhonen or Ms Seija Mörsky, Kemira Oyj, P.O. Box 330, FIN-00101 Helsinki, Finland; e-mail *arja.korhonen@kemira.com*; telefax +358 10 862 1375; telephone +358 10 8611 on weekdays from 8.00 a.m. to 4.00 p.m.

The proposal of the Board of Directors of Kemira Oyj for the dividend to be paid out for the 2000 financial year is EUR 0.30 per share. The record date of the dividend payment is 6 April 2001 and the proposed date of the payment 18 April 2001.

PROFIT AND LOSS INFORMATION

Kemira will publish information on its 2001 financial year in Finnish, Swedish and English as follows:

Interim Report 3 months	8 May 2001 around 9.00 a.m.
Interim Report 6 months	1 August 2001 around 9.00 a.m.
Interim Report 9 months	6 November 2001 around 9.00 a.m.
Financial Statement Bulletin	February 2002
Annual Report	March 2002

These reports can be ordered from Kemira Oyj, Group Communications, tel. +358 10 8611, fax +358 10 862 1797, e-mail *postitus@kemira.com*.

Financial reports and press releases will be published in Finnish and English on Kemira's Internet pages at *www.kemira.com*. At the same address readers can register to receive e-mail bulletins.

INVESTOR RELATIONS

Kemira Oyj

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Timo Leppä, Senior Vice President, Group Communications, tel. +358 10 862 1700, e-mail *timo.leppa@kemira.com*.
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This report is a translation of the Finnish-language Annual Report.

Contents

OUR CORE VALUES

- Respect for individuals
- Innovation
- Working together
- Goal orientation

(More about our values on page 55.)

OUR VISION

We are the preferred partner to our customers, offering complete solutions.

WE AIM TO BE

- The leading chemical and integrated service provider for the pulp & paper industry.
- The world leader in chemical water purification.
- A leading European paint and coatings company.
- A world-class performer in industrial chemicals.
- The preferred partner in the food supply chain, offering novel solutions and integrated services.

OUR CORE COMPETENCIES

Water management and chemistry

- Water treatment applications for both drinking water and wastewater.
- Water treatment know-how based on expertise and cost-effectiveness that can also be exploited within our core businesses.

FINANCIAL OBJECTIVES

	2000 Year of change	*Target from 2001*
Net sales growth, % (continuing operations)	11	Over 10
Operating income, % of net sales (continuing op.)	8	Over 10
Earnings per share, growth %	217	Over 10
Cash flow return on capital invested, %	11	Over 10
Gearing, %	37	40–100

Environmental know-how and recycling

- Integrated solutions aimed at recycling raw materials or utilizing waste.
- Environmentally friendlier alternatives for chemicals and their applications.
- Increasingly sustainable integrated solutions.

Internal and external networking

- Our organization is flexible, allowing us to react quickly to changes.
- We implement the best practices throughout the Group.
- We continuously create closer links to our external networks.

Brands and integrated services

- Integrated services and quality products to create added value.
- Brand products and services.
- Cooperation and networking in our capital-intensive operations.

Kemira's business areas are chemicals, Tikkurila and Agro

KEMIRA CHEMICALS OFFERS PRODUCTS AND TOTAL SOLUTIONS FOR INDUSTRIAL CUSTOMERS

Kemira Chemicals' most important customers are the pulp and paper industry, water treatment plants and other industry (notably, the paints, printing ink, detergent and fine chemicals industries). Pulp and paper chemicals as well as water treatment chemicals are growth areas for the Kemira Group. Kemira Chemicals has production facilities in 27 countries.

Net sales in 2000, EUR million	767
% of Group net sales	30
Operating income, EUR million	69
% of Group operating income	40
Personnel at 31.12.	3,329

TIKKURILA SERVES PAINT CUSTOMERS

Tikkurila is a modern paint manufacturer whose brands are household names in its home markets. In its marketing, Tikkurila draws on the advantages of the latest in tinting technology. It is an industry forerunner as a manufacturer of environmentally sound products. Tikkurila has production facilities in 10 countries. Paints are one of the Kemira Group's growth areas.

Net sales in 2000, EUR million	345
% of Group net sales	13
Operating income, EUR million	27
% of Group operating income	15
Personnel at 31.12.	1,506

KEMIRA AGRO IS PART OF THE FOOD-SUPPLY CHAIN

Agro is one of Europe's largest producers of specialty fertilizers. Its products are used in crop cultivation, greenhouses and horticultural applications. Kemira Agro is focussing on new product and service packages, such as growth-promoting programmes for specific plants and varieties. Kemira Agro has production facilities in 11 countries.

Net sales in 2000, EUR million	1,116
% of Group net sales	43
Operating income, EUR million	23
% of Group operating income	13
Personnel at 31.12.	2,759

CEO's review

During the past year we at Kemira have moved structurally in the direction we promised, securing a lower level of capital-intensive operations and a reduced susceptibility to the effect of business cycles. We have thus created possibilities for both better earnings and faster growth.

Although the forecasts for the trend in the world economy are partly conflicting - even downbeat - in the current year we expect the favourable trend to continue in our growth areas of operations: paper, pulp and water treatment chemicals as well as paints. We shall continue to search actively for growth potential through acquisitions as a continuation of last year's Alcro-Beckers AB and Krems Paper Chemicals deals. Our aim in so doing is again to exceed our 10 per cent annual growth target in our continuing business areas. In 2000 we achieved growth of 11 per cent.

In all our business operations we have decided to focus on the total solutions our customers require. We want to be more than just a supplier of chemicals. This will call for strengthening our R&D activities as we extend our networking to encompass both customers and research institutes and universities.

Environmental and recycling solutions occupy a central position within our operations. To meet these needs we have established competence centres in Oulu to do water research and in Helsingborg, Sweden, to work on recycling solutions. We wish to underscore the objective of "the Quality of Life" in all sectors of our operations. We are doing our part to ensure that the world has an adequate supply of pure water and nutrition, a pleasing environment and a foundation for culture and leisure pursuits.

In developing our own products and processes, we want to stress the potential for achieving a balance between man, nature and industry. We want to abide by high ethical principles and to honour our commitment to international environmental, health and safety programmes, such as Responsible Care. Our environmental business will grow further from the level we have now reached: 14 per cent of net sales.

We also stress the importance of the quality of life in our working environment. This is why we have drawn up a set of shared values underpinning our operations. Our objective is a corporate culture in which each person's know-how and ability can develop and contribute to reaching our joint objectives.

I wish to extend my warmest thanks to our customers, shareholders and other stakeholders for their good cooperation during the past year. A special vote of thanks goes to our personnel, who have actively and efficiently carried out our far-reaching process of transformation. I believe that the work we do together will yield even better results in the year ahead.

Tauno Pihlava

Board of directors' review

Major structural portfolio changes were carried out within the Kemira Group in 2000. Businesses with annual net sales of about EUR 600 million were divested and in turn businesses with net sales of some EUR 250 million were acquired. Kemira Agro and Kemira Pigments improved their earnings markedly. Tikkurila and Kemira Chemicals also stayed on track for good profitability.

Despite the divestments, consolidated net sales remained at nearly the previous year's level and were EUR 2,486 million (2,526 million in 1999). Growth in continuing operations was 11%. Operating income was EUR 175 million (111 million). Operating income was 7% of net sales (4%). Shares in the earnings of associated companies were a loss of EUR 0.5 million.

Income before taxes, minority interests and non-recurring items rose to EUR 144 million from EUR 59 million a year earlier. The result was thus more than double that of the previous year, not counting in non-recurring net gains connected with the structural transformation. The non-recurring items for discontinuing operations include capital gains of EUR 245 million on the disposals of Pigments' units and CPS, as well as costs and write-downs of EUR 82 million to cover the closure of nitrogen fertilizer production at Rozenburg. Income after taxes was EUR 208 million (EUR 30 million). Earnings per share excluding non-recurring items were EUR 0.73 (0.23) and total earnings per share including non-recurring items were EUR 1.64 (0.23).

About 81% of consolidated net sales was generated outside Finland.

The table on page 12 shows the breakdown of consolidated net sales among the different business areas.

Return on equity was 9.0% (3.2%). The cash flow return on capital invested was 11% (9%).

Cash flow after capital expenditures and income from disposals of assets was EUR 523 million (31 million). Cash flow from operations per share excluding non-recurring items was EUR 1.69 (1.41). Equity per share was EUR 9.08 (7.57) and the gearing ratio was 37% (95%).

The Board of Directors proposes that a dividend of EUR 0.30 per share (0.23) be paid for the 2000 financial year, or a total dividend payout of EUR 37.1 million (29.6 million), representing 18% of total net earnings and 41% of net earnings without non-recurring items.

CARRYING OUT THE NEW STRATEGIC FOCUS

A good year ago the Board of Directors decided to overhaul its business strategy in such a way that in the future the Group will concentrate on fields that have promising growth prospects and are less dependent on economic cycles than is the industry on average. In accordance with the new strategy, Kemira will seek growth within paper and pulp chemicals, water treatment chemicals and paints. Other core business areas are specialty fertilizers and industrial chemicals. The structural transformation dictated by the new strategy has progressed rapidly. The proportion of cyclically sensitive and capital-intensive operations was reduced - bringing a marked increase in shareholder value - already in the second quarter by divesting the weakly profitable titanium dioxide plants in the United States and the Netherlands for a sale price of USD 403 million.

Tikkurila's tinting system business (CPS) was sold for about EUR 200 million through transactions that were completed at the beginning of October. Kemira remained a minority shareholder in the colourant business with an interest of about 28% with the objective of exploiting the latent shareholder value represented by the growth potential of the colourant business. The deal freed the paints business from the factors constraining its growth. Kemira Safety, a non-core business, was sold for USD 17 million in the second quarter.

The divested units had aggregate net sales in the first part of the year of EUR 220 million and generated operating income of EUR 11 million. The positive cash flow from the sales of the companies and assets inclusive of the tax effects amounted to about EUR 527 million, which will go towards expanding the growth areas.

To separate the nitrogen fertilizer business from the Group, Kemira Agro has carried out internal preparations and held talks with third parties. The closure of nitrogen fertilizer production in Rozenburg is part of this process. The improvement in the market will give additional time for finding a solution that maximizes shareholder value, and this will therefore be the only major yet-to-be-completed disposal in carrying out the new strategy. Concurrently, the focus of operations has been moved towards growth and acquisitions.

In November an agreement was signed on the acquisition of Alcro-Beckers AB, Sweden's largest manufacturer of decorative paints. The deal entered into force 1 January 2001. Kemira's position in the UK was strengthened by purchasing the industrial coatings business of Mason Coatings.

The purchase of Krems Paper Chemicals was completed in September and it will increase the volume of the Kemira Chemicals' Pulp & Paper unit by a good 10% annually. The water treatment chemicals business was beefed up by acquiring a 15% interest in Kemiron Inc., one of the largest full-range manufacturers of coagulants in the United States.

It was decided to streamline the Group's business structure by combining Kemira Pigments Oy, which manufactures titanium dioxide, with Kemira Chemicals' Industrial Chemicals unit. The Kemphos phosphorus business, the Bolifor feed phosphates and the potassium sulphate business, all of which are connected with the food supply chain, would be transferred from Kemira Chemicals to Kemira Agro. Kemira Chemicals' formic acid business would be transferred from the Pulp & Paper unit to the Industrial Chemicals unit, as would the previously independent Chemicals' unit Kemira Fine Chemicals. The transfers aim to strengthen the strategic focus according to which Kemira Chemicals will concentrate on industrial customers, Agro on customers who are part of the food supply chain and Tikkurila on paint customers. The transfers of businesses came into effect on 1 January 2001.

Following these realignments, Kemira Chemicals' net sales will increase by about EUR 50 million and its operating income will improve substantially because Pigments' operating income is significantly better than that of businesses transferred to Agro. Agro's net sales will increase by about EUR 120 million and its operating income is expected to improve.

KEMIRA CHEMICALS

The Group's fastest growing area was again Kemira Chemicals, whose net sales rose by 10% to EUR 767 million (697 million). Of the strategic business units, Pulp & Paper Chemicals and Kemwater continued to grow, whereas Industrial Chemicals' net sales were slightly below the previous year's figure. Kemira Fine Chemicals also grew.

Kemira Chemicals posted operating income of EUR 69 million (83 million in 1999), or 9% of net sales (12%). This figure included about EUR 13 million of non-recurring write-downs on assets as well as about EUR 4 million of additional costs arising from the strikes in the spring. The greater expense of raw materials and transport costs due to the high price of oil has led to higher overall costs, which could not in all cases be passed on into product prices.

Sales by the Pulp & Paper Chemicals unit, which has been named one of the Group's strategic growth areas, increased by 14%. The growth was largely organic because the industry which Pulp & Paper Chemicals serves experienced a period of strongly rising sales in 2000. It was not until right at the end of the year that signs of a slight slowdown began to appear. The hydrogen peroxide market has improved, particularly in North America. The other products of the Pulp and Paper unit have also performed well and the unit has succeeded in maintaining its good profitability.

By way of a deal concluded at the beginning of September, Kemira Chemicals purchased Krems Paper Chemicals from Neste Chemicals Oy. The sizing agent business of the Finnish Oy Chemec Ab was a part of this deal. The purchase price was about EUR 34 million and the companies have net sales of EUR 35 million. Through this acquisition, Kemira will become the world's most integrated and versatile manufacturer of paper sizings and gained a strong foothold within speciality chemicals for the paper industry in Europe's German-speaking region.

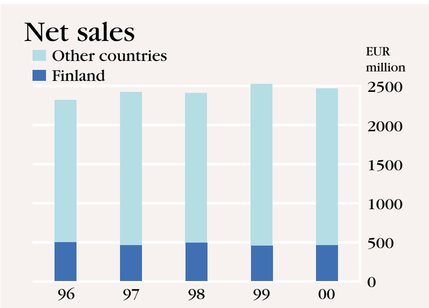
Expansion investments continued in many areas. An extension to the specialty chemicals plant was completed in Vaasa, Finland, and in Helsingborg, Sweden debottlenecking projects will be carried out at the hydrogen peroxide plant. The capital expenditure project for the paper sizing plant in Brazil is moving ahead according to plans.

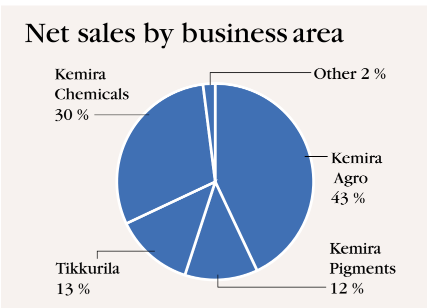
The markets of the Kemwater business unit developed as expected and growth continued in Eastern and Southern Europe. Kemwater's net sales grew by 7%, though operating income was below last year's figure owing to non-recurring write-downs on assets. Kemwater is another of the Kemira Chemicals units which belong to the Group's strategic growth areas.

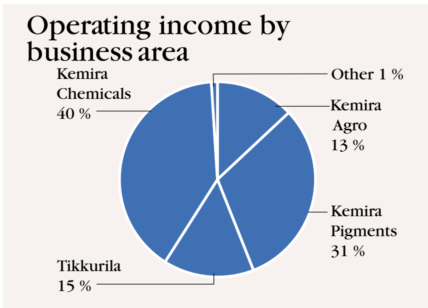
The most important of Kemwater's growth projects was the purchase of a 15% stake in Kemiron Inc, the United States' largest manufacturer of a full range of coagulants. The company had net sales last year of USD 50 million. By way of the deal Kemwater gained entry into the world's largest single market area for water treatment chemicals. At the company in China, Kemwater (Yixing) Co. Ltd, the shareholding was increased to 60%.

Two acquisitions were made in Europe. The market position was further strengthened by purchasing Luebny závody a.s., a Czech manufacturer of aluminium sulphate, and the ferrichloride business of Solvay S.A. of Spain. In Pori, Finland the manufacture of magnesium-free iron coagulant was expanded. Kemwater Services Oy concluded a major agreement for developing the water supply in Kosovo. In St Petersburg, studies are being made of possibilities to team up with local suppliers to carry on cooperation in waste water treatment.

It was a difficult year for Industrial Chemicals. The only unit that fared







well was Kemphos, which manufactures phosphoric acid in Siilinjärvi, Finland. Its result too was burdened by the lower price of phosphoric acid, though this was partially offset by the high exchange rate of the US dollar.

The units that manufacture animal feeds and detergent chemicals had difficulties adjusting the market prices to compensate for the rises in raw material costs. The markets for phosphoric acid and calcium chloride have evened out and the fall in prices has come to a halt or has swung upwards in some markets. Of the detergent chemicals units, Industrial Chemicals sold its sodium tripolyphosphate business, which had net sales of about EUR 39 million and reported a loss on operations. Following the divestment, Kemira Chemicals will close its sodium tripolyphosphate manufacturing operations in Helsingborg, Sweden, resulting in a non-recurring charge of about EUR 10 million.

Within detergent raw materials the aim is to concentrate on bleaching chemicals, notably sodium percarbonate. Demand for the product has got off to a good start and its production in Helsingborg will be more than doubled.

Kemira Fine Chemicals increased both its net sales and operating income.

TIKKURILA

Of Tikkurila's businesses, tinting systems were sold, causing net sales to fall by 3% from last year's figure, to EUR 345 million. Tikkurila Paint's net sales grew by 6%, whereas Coatings' net sales fell by 9% as a consequence of disposals of businesses in Great Britain. Operations improved markedly in Russia, Poland and Sweden. Tikkurila CPS was sold in the autumn. The figures for CPS's tinting machines are included in net sales up to the end of August and colourants up to the end of September.

Tikkurila's operating income improved and was EUR 27 million (23 million), or 8% of net sales (6%). Operating income includes EUR 1.4 million of other operating income from the Tikkurila Coatings' arrangements in the UK as well as EUR 0.9 million from the disposal of the Italian company Matherson S.p.A., a previous CPS unit which manufactures colour cards. As part of the arrangements connected with the operations in Poland, a one-off write-down was made to cover the closure of alkyd production. In Finland, Tikkurila Paints revamped its marketing. The cost impact of these measures was a total of about EUR 4 million.

The sale of Tikkurila CPS's tinting system business took place in two parts. CPS sold a 50% portion of its holding in the tinting machine business to Swisslog AG of Switzerland. In another transaction, the colourant business was sold to a newly founded company, in which Kemira retained a 28% holding. In the first part of the year, the net sales of the operations divested, including Swisslog's share of the tinting machine business, amounted to about EUR 118 million. The sale price totalled about EUR 200 million, or nearly twice the units' net sales last year, calculated on Kemira's proportional interest in the units. The capital gain on the deals before taxes was about EUR 96 million, taking into account Kemira's remaining minority interest in the new company.

The disposal of Tikkurila CPS eliminated any conflict of interests, which in certain cases has been detrimental to the sales of tinting systems to Tikkurila's global competitors in the paints business and which furthermore constrained the growth of Tikkurila Paints and Coatings.

In November an agreement was signed on the acquisition Alcro-Beckers AB, Sweden's largest manufacturer of decorative paints. Alcro-Beckers had net sales in 2000 of about EUR 190 million, including the industrial coatings business in Poland that was included in the deal. The purchase price was about EUR 180 million. Alcro-Beckers' largest production plants are in Sweden and Poland and it also has operations in Denmark, Norway, Germany and Finland. Via this deal, the combined decorative paints business is now the largest in the Nordic countries and one of the large players in Europe. The business was made a part of the Kemira Group as from 1 January 2001.

Tikkurila's OOO Kraski Tikkurila subsidiary in Moscow started up operations in the spring. In line with its growth strategy, Tikkurila purchased the 40% stake in Tikkurila Baltcolor Sp. z o.o. held by the Polish partner Baltchem S.A. Tikkurila Paints and Tikkurila Coatings now own 100% of the company's shares on a 50-50 basis. The company, which is now called Tikkurila Polska Sp. z o.o., produces and markets both decorative paints and industrial coatings on the Polish market. As part of the Alcro-Beckers deal, Tikkurila acquired Polifarb Debica, an important unit in Poland.

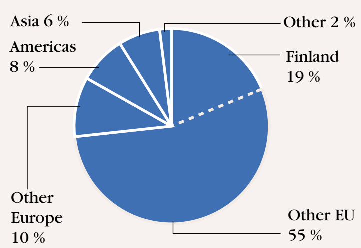
Tikkurila strengthened its position in the UK by purchasing the industrial coatings business of Mason Coatings. Manufacture of its products will be moved to the plants in Bury and West Bromwich.

KEMIRA AGRO

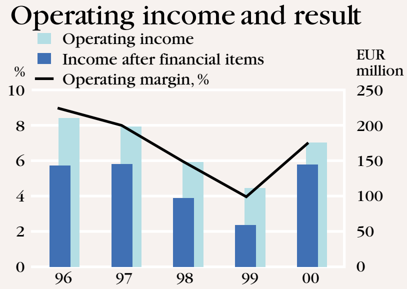
Implementation of Kemira's new strategy, according to which Agro is prioritizing specialty fertilizers, was set in motion right from the beginning of the year by dividing Agro into two new strategic business units: Kemira Agro Specialties (KAS) and Kemira Agro Nitrogen (KAN). Kemira aims to peel off Kemira Agro Nitrogen in line with its strategy.

Kemira Agro's vision is to be a primary partner in cooperation and supplier within the food supply chain. To implement the new strategy, the parts of Kemira Chemicals which are connected with the food supply chain were

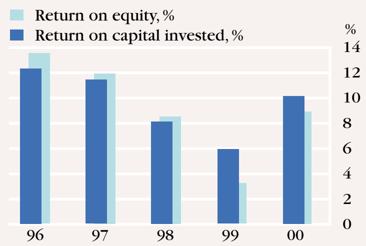
Net sales by region



Operating income and result



Return on capital



transferred to Agro as from 1 January 2001. The businesses transferred were animal feed phosphates, phosphoric acid and potassium sulphate.

Kemira Agro had net sales of EUR 1,116 million (1,015 million) and operating income of EUR 23 million (an operating loss of EUR 39 million). Fertilizer prices headed upwards in the first quarter of the year and kept rising throughout the rest of the year. Prices of nitrogen fertilizers were 40-90% higher in different markets at the end of the year and prices of NPK fertilizers 20-35% higher in the EU than they were a year earlier. Competition in the area of NPK compound fertilizers got tougher in Agro's main markets outside Europe. Within raw materials, the price of natural gas rose sharply, taking a big bite out of the upside brought by the price increases, though part of the natural gas purchases are hedged through a fixed-price contract.

In order to improve its position in the Russian and Baltic markets, Kemira Agro has increased its holding in the Lithuanian company UAB Kemira-Lifosa from 33% to 51%. The joint ventures producing compound fertilizers both in Lithuania and Malaysia got up to speed and the NPK plant in Zhanjiang, China, was completed in December, when it started up trial production. A plant that will manufacture water-soluble urea phosphate will go into operation in the United Arab Emirates in February. The joint project that was started together with Arab Potash Company to produce potassium nitrate and dicalcium phosphate in Jordan has moved ahead according to plans and production will start up in the summer 2002.

Major structural changes took place in Western Europe, Kemira Agro's main market area. Owing to the reduced demand for products and to cheap imports, the European fertilizer industry closed about 30 plants by the end of 2000. About 3 million tonnes of nitrogen fertilizer capacity and 1 million tonnes of NPK fertilizer capacity came off the market. In June, Kemira Agro closed the Pernis plant in the Netherlands and in December the Rozenburg plant, bringing about a total reduction of 560,000 tonnes of NPK/DAP capacity and nearly 1 million tonnes of nitrogen fertilizer capacity. The latter closure resulted in charges to income in 2000 totalling about EUR 82 million, which are presented in the income statement line: "Non-recurring items from discontinuing operations". All these moves are believed to improve the health of the sector and to enable Agro's fertilizer operations to develop as part of Western Europe's high-quality and competitive food supply chain.

KEMIRA PIGMENTS

As a consequence of divestments of businesses, Kemira Pigments' net sales declined by 37% to EUR 307 million. Sales volumes were about 44% smaller than they were a year ago after the unit in the United States was divested at the beginning of April and the unit in the Netherlands at the beginning of May. The divested units had net sales in the first part of the year of EUR 97 million and posted an operating loss of EUR 3 million. In 1999 the net sales of the divested units were EUR 326 million. The sales volumes of the remaining unit in Pori grew by 9% and average prices rose by nearly 14% on the same period a year ago.

Kemira Pigments posted operating income of EUR 54 million (35 million in 1999).

Demand for titanium dioxide pigment grew significantly in 2000 compared with the previous year in all the market areas, but most of all in Western Europe. The strong growth in demand led to a tight delivery situation, pushing up prices several times during the year. The latest price increase notifications were made towards the end of 2000.

From the beginning of 2001, Kemira Pigments is part of Kemira Chemicals' Industrial Chemicals unit.

OTHER UNITS

Kemira Metalkat, which manufactures catalytic converters, reported net sales growth of 14% to EUR 40 million. Operating income was EUR 2.8 million, as against EUR 3.1 million a year earlier.

Kemira Safety, which manufactures personal respiratory protective devices, was sold to the American company Scott Technologies Inc. for USD 17 million, resulting in a capital gain of EUR 12 million. The business was transferred to the buyer as from the beginning of May.

FINANCIAL PERFORMANCE

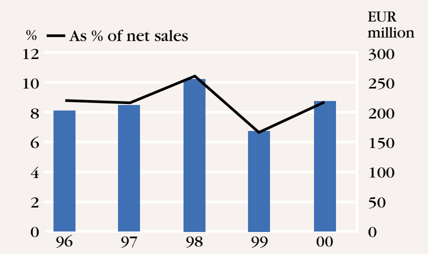
Consolidated operating income was EUR 175 million (111 million), representing 7% of net sales. Income before taxes and minority interests was EUR 307 million (59 million), including non-recurring income in a net amount of EUR 162 million. Net financial expenses were EUR 31 million (52 million). Income after taxes was EUR 208 million (30 million). The cash flow return on invested capital was 11%.

CAPITAL EXPENDITURE

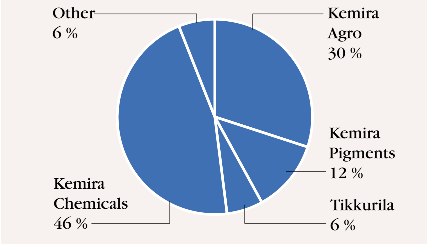
The Group's capital expenditures totalled EUR 218 million (168 million), or 9% of net sales. Capital expenditures increased on the previous year, when no major acquisitions were made. The Alcro-Beckers acquisition does not yet show up in the figures for 2000. Depreciation on fixed assets amounted to EUR 171 million. Disposals of assets including the sales of subsidiaries generated EUR 527 million (18 million). The Group's investments in environmental protection amounted to EUR 9 million (13 million). All the most important capital expenditures are discussed in the reviews of the business areas.

The Group spent about EUR 48 million on research and development, or about 2% of net sales. The figure does not include capital expenditures.

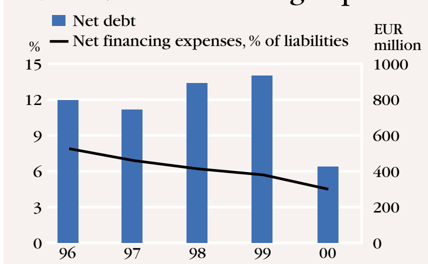
Capital expenditure



Capital expenditure by business area



Net debt and financing expenses



ENVIRONMENTAL PROTECTION AND MANAGEMENT OF RISKS

Environmental protection is an essential part of the Group's operations. The verified Environmental Report is included in this Annual Report (pp. 56-62).

The Group continually pays particular attention to ensuring that its operations are safe and its plants run without disturbances. Operations are also evaluated together with the risk management units of insurance companies. During the year the 12 largest production sites were thus evaluated. Both the environmental protection and risk management organizations were strengthened and centralized within Group Administration.

FINANCING

The Group's financial position strengthened substantially as a consequence of the divestments of businesses. Interest-bearing net debt at the end of 2000 stood at EUR 425 million (934 million). New loans were not raised during the year and a substantial part of the short term-loans was repaid.

Cash flow before financing was EUR 523 million (31 million). The Group's equity ratio was 48% at the end of the year (38%). The gearing ratio (net debt as a ratio of shareholders' equity) was 37%. The amount of liquid funds grew markedly on the previous year, totalling EUR 247 million at the end of the year. Unused agreed credit facilities amounted to about EUR 422 million.

Net financing expenses were EUR 31 million (52 million). The increase in costs due to the rise in interest rates was compensated by lower net debts, a gain on foreign exchange and by measures taken to hedge interest rate risks. The proportion which fixed-interest loans represent within the total amount of the Group's interest-bearing long-term loans (including pension loans, which are considered to be floating rate loans) was about 51% at the end of the year. Foreign exchange gains amounted to EUR 1.5 million (a foreign exchange loss of EUR 1.6 million).

PARENT COMPANY'S FINANCIAL PERFORMANCE

The parent company's net sales come only from the sale of energy in Finland both within and outside the Group. The parent company had net sales of EUR 21 million (27 million). Operating loss was EUR 0.3 million (a profit of 3.5 million). The parent company bears the cost of Group management and administration.

The reason for the fall in net sales was that in the previous year the parent company sold a substantial part of its electric power business.

The parent company's net financial expense totalled EUR 7.4 million (income 16.5 million). Income before taxes and appropriations was EUR 170 million (102 million). Capital expenditures amounted to EUR 20 million, including increases in the equity of subsidiaries.

PERSONNEL

The Group employed an average of 9,644 people, or 1,099 less than in the previous year. Of the total personnel, an average of 4,736 were employed by Group companies outside Finland.

The parent company had an average payroll of 120 employees, 12 less than a year ago.

During the year under review the following persons served on the Board of Directors of Kemira Oyj: Sten-Olof Hansén (Chairman), Niilo Pellonmaa (Vice Chairman), Timo Kaisanlahti, Eija Malmivirta, Anssi Soila and Tauno Pihlava. At its meeting on 13 December 2000 the Supervisory Board elected the previous directors to seats on the Board for the term beginning 1 January 2001, except for Timo Kaisanlahti, who was replaced by Ritva Hainari. Of the members of the Board of Directors, only CEO Tauno Pihlava is employed by the Kemira Group.

A large part of the Group's personnel are covered by various bonus systems that vary from country to country. In addition, the Group has a share option system for top management. This is discussed in greater detail on page 13.

OWNERSHIP

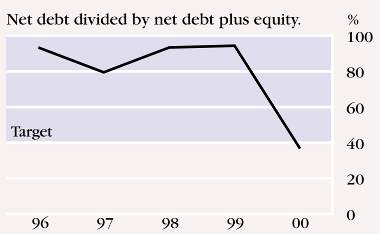
The Finnish government's holding in Kemira was 53.4% at 31 December 2000. The proportion held by institutional investors outside Finland was 15.1%, whereas Finnish institutional investors and mutual funds held 20.8% of the shares. Private investors' holdings amounted to 6.7% of the shares outstanding.

In accordance with the authorization granted by the Annual General Meeting, the company repurchased a total of 4,155,000 of its own shares (share buyback) by 31 December 2000 at an average price of EUR 5.54/share. In addition, the company has in its possession 1,000,000 shares which it purchased in 1999, giving the company a total holding of 4.0% of Kemira's shares outstanding.

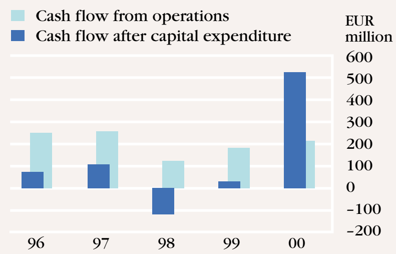
CHANGES IN THE GROUP STRUCTURE

Various companies or participations were established, acquired or divested during the year, as discussed in the review of the business areas above. The changes in the Group structure are presented in more detail on page 37-38. Because the changes made during the financial year were major in size and import, the financial statement information of both continuing and discontinuing operations are given separately in the Notes to the consolidated financial statements.

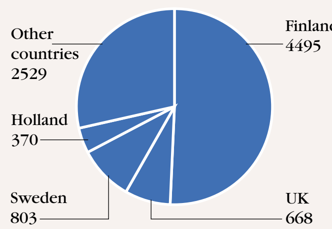
Gearing



Cash flow



Personnel 31.12.2000



OUTLOOK FOR THE FUTURE

Kemira Chemicals. The market outlook for the Pulp & Paper Chemicals unit remains good thanks to continuing strong demand in the Pulp and Paper industry. Recently, however, there has been increased uncertainty concerning economic growth. The transfer of the formic acid business to Industrial Chemicals will take with it both net sales and operating income, thereby cutting into Pulp & Paper Chemicals' growth.

The Kemwater unit is expected to continue growing at a strong rate and its strategy will be implemented by centralizing operations within larger units.

The titanium dioxide pigment business that was transferred to Industrial Chemicals has continued to enjoy good demand, though the slowing economic growth in the United States may lower demand in the North American market. New titanium dioxide capacity will come on stream to a limited extent and the price level of the product is expected to hold up well throughout the current year too. In addition, Industrial Chemicals' result will be improved by the formic acid business that was transferred from Pulp & Paper Chemicals, as well as by the melding of Kemira Fine Chemicals into Industrial Chemicals. On the other hand, a factor that will lower net sales and operating income is the transfer of the Kemphos phosphoric acid business, feed phosphates and potassium sulphate business, which are connected with the food supply chain, to Kemira Agro from the beginning of 2001.

Of Industrial Chemicals' other products, the sales volumes of calcium chloride are expected to grow and its price level to move in a better direction. In line with an agreement that has been signed, Industrial Chemicals will get out of its detergent phosphate business, thus eliminating the loss that was booked last year. The other detergent raw material, sodium percarbonate, has done well on the market and operations are expected to show further favourable development.

As a consequence of the structural arrangements carried out and the strength of the operating environment, Kemira Chemicals' full-year operating income will increase markedly on last year's.

Tikkurila. The divestment of Tikkurila CPS will make possible stronger growth of the mainline paints business. An example in point is the net sales generated by Alcro-Beckers, which became a part of Tikkurila from the beginning of the year. The joint growth prospects of Tikkurila and Alcro-Beckers are better than ever before, especially in Russia, the Baltic countries and Poland, where the growth potential of the overall market is substantial.

The paints business is estimated to report better earnings this year than it did in 2000.

Kemira Agro. Grain stocks around the world were smaller at the end of 2000 than they have been in recent years. Owing to the prohibition on the use of meat and bone meal (MBM), there will probably be an increasing need for soy beans and cheap feed grain in Europe in step with an accelerating shift to feed phosphates. Global nutrient demand is forecast to grow by 1%. In Western Europe the quantities are still declining slightly, but thanks to the closures of local fertilizer industry capacity and limitations on cheap imports, fertilizer supply and demand will be in better balance than they have been for a long time. This is also reflected by the fact that the stocks of West European producers are smaller than they were last year. The positive expectations are also strengthened by the agreement between China and the World Trade Organization, WTO.

Kemira Agro will continue its preparations aimed at getting out of nitrogen fertilizer production. Although prices, especially of nitrogen fertilizers, have risen markedly, the high price of natural gas and the strong dollar will push up raw material costs, thereby eating into the upside brought by higher prices, especially in the first half of the year. Thereafter the price of natural gas too is expected to stabilize at a lower level.

On the horticultural and specialty fertilizer side as well as within process chemicals, the favourable trend is expected to continue.

Kemira Agro's full-year operating income is expected to improve on last year's figure.

Kemira Group. The most significant of the external factors of uncertainty influencing Kemira's result are the trend in the United States economy and the resultant exchange rate of the dollar as well as the global trend in the price of energy. Furthermore, the solution leading to the divestment of Kemira Agro's nitrogen fertilizer business may also have an important impact. This year the Kemira Group's operating income is expected to exceed last year's figure. As a consequence of acquisitions that will be made, net debt and net financing costs will increase this year, but the net operational result is nevertheless expected to improve on last year's.

EARNINGS AND PERSONNEL BY BUSINESS AREA IN 2000

EUR million	Net sales	Operating income	Income after financial items	Personnel, average
Kemira Chemicals	767	69	53	3,210
Tikkurila	345	27	26	2,049
Kemira Agro	1,116	23	6	2,833
Kemira Pigments	307	54	50	1,084
Others*	76	2	9	468
Intra-Group sales	–125			
Group, total	2,486	175	144	9,644

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

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

Shares and shareholders

SHARES AND VOTING RIGHTS

Kemira Oyj has 128,800,000 shares outstanding and each share carries one vote at general meetings of the shareholders. According to the Articles of Association, the company's share capital can be in the range of from EUR 217 to 850 million. The share capital can be changed within these limits without amending the Articles of Association. The share capital of Kemira Oyj at present is EUR 217 million. Kemira Oyj shares are registered within the book-entry system.

DIVIDEND POLICY

Kemira aims to distribute a dividend which is 30% - 50% of its operative net income. The company's Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.30 per share, or EUR 37.1 million, be paid for the 2000 financial year. This corresponds to a dividend payout of 41% of the net income without non-recurring items, or 18% of the net income for the year. Taking into account the Finnish tax base, this amounts to a taxable dividend of EUR 0.42. The record date for the dividend payout will be 6 April 2001, and the dividend will be paid on 18 April 2001.

INCREASE IN SHARE CAPITAL

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

PURCHASE OF OWN SHARES

The Annual General Meeting held on 11 April 2000 resolved to authorize the company's Board of Directors to purchase a maximum of 5,440,000 of the company's own shares on the market (share buyback). The authorization is valid for one year from the date of the Annual General Meeting. Including shares previously bought back, the company can have in its possession a total of 6,440,000 of its own shares, representing 5% of the entire shares outstanding. On the basis of the new authorization, by 31 December 2000 the number of shares bought back was 4,155,000 and the company had in its possession a total of 5,155,000 of its own shares.

INSIDER RULES

The insiders regulations issued by Helsinki Exchanges on 28 October 1999 are observed within the Kemira Group. A list of insiders including their shareholdings at 31 December 2000 is given on page 66.

LISTING AND SHARE TRADING

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

PRICE AND TRADING VOLUME

The price of Kemira's share on Helsinki Exchanges weakened by 12.3% during 2000, whereas the HEX index fell by 10.6%. The highest price of the share was EUR 6.80 and the lowest price was EUR 4.92. The price of the share at the end of the year was EUR 5.36. The taxation value of the share for year 2000 Finnish tax declarations is EUR 3.605. Turnover of the share on Helsinki Exchanges totalled 17,366,406 shares, and in euro terms the turnover was EUR 98 million. The market capitalization at the end of 2000 was EUR 663 million.

MANAGEMENT BOND ISSUE WITH WARRANTS, STOCK OPTIONS AND SHARE OWNERSHIP

On 26 April, 1995, the Annual General Meeting of Kemira Oyj passed a resolution to float an issue of bonds with warrants targeted at the management of the Kemira Group. The amount of the bond loan was EUR 100,912.76. Each member of the Board of Directors who was employed by Kemira Oyj was entitled to subscribe for a maximum of EUR 13,455.03 of the bond loan with warrants. The maturity of the issue was five years beginning on 2 May 1995, the interest is 6% and the issuing price was 100%. The options give management the right to subscribe for a maximum of 1,200,000 shares in the company between 1 December 1998 and 31 January 2002 at a price of EUR 6.73 per share. These subscriptions can increase the company's share capital by a maximum of EUR 2.02 million. The bonds with warrants were subscribed for by 16 persons.

At present, no one had sold their warrants or converted them into shares.

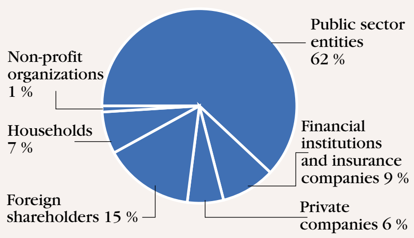
The conditions for exercise of the 1998 share option programme were not fulfilled.

The members of the Board of Directors and the Supervisory Board as well as the Managing Director and the Managing Director's Deputy owned 37,580 Kemira Oyj shares at the end of the year. This represents 0.03% of the company's shares and voting rights. The issue of bonds with warrants entitling holders to Kemira Oyj shares has been subscribed for by the Managing Director and the Managing Director's Deputy in the amount of EUR 16,818.79, which corresponds to 200,000 share options.

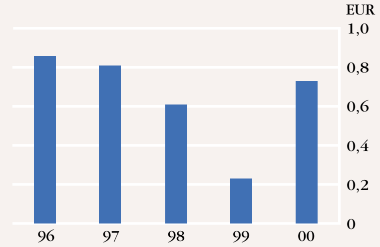
DISTRIBUTION OF OWNERSHIP 31.12.2000

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1 – 50	1,063	8.09	41,817	0.03
51 – 100	1,038	7.90	81,477	0.06
101 – 1,000	8,828	67.22	3,830,372	2.97
1,001 – 5,000	1,914	14.57	3,725,920	2.89
5,001 – 10,000	135	1.03	1,017,858	0.79
10,001 – 100,000	115	0.88	3,291,920	2.56
100,001 – 500,000	24	0.18	5,480,100	4.25
500,001 – 1,000,000	6	0.05	4,037,563	3.14
Over 1,000,000	11	0.08	89,971,374	69.85
Total	13,134	100.00	111,478,401	
Nominee-registered shares			17,321,599	13.46
Grand total			128,800,000	100.00

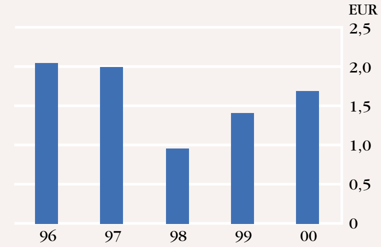
Distribution of shareholders
31.12.2000



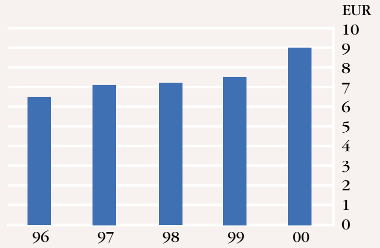
Earnings/share



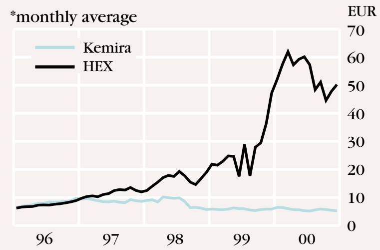
Cash flow/share



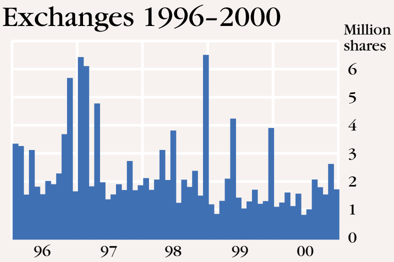
Shareholders' equity/share



Share price* 1996-2000



Share turnover on Helsinki Exchanges 1996-2000



20 LARGEST SHAREHOLDERS 31.12.2000

	Shareholder	Number of shares (1000)	% of shares and votes
1.	Finnish State	68,754	53.38
2.	Franklin Resources Inc. [1)]	6,425	4.99
3.	Sampo Group	3,539	2.75
	Industrial Insurance Company Ltd 1,480,000 shares		
	Sampo Enterprise Insurance Company Ltd 450,000 shares		
	Sampo Life Insurance Company Ltd 1,609,000 shares		
4.	Ilmarinen Mutual Pension Insurance Company Ltd	3,435	2.67
5.	Pohjola Group	2,920	2.27
	Pohjola Non-Life Insurance Company 1,780,000 shares		
	Pohjola Life Insurance Company Ltd 1,140,000 shares		
6.	Varma-Sampo Mutual Pension Insurance Company	2,514	1.95
7.	Odin Group	1,956	1.52
	Odin Norden 1,538,000 shares		
	Odin Finland 418,000 shares		
8.	Tapiola Mutual Pension Insurance Company	1,562	1.21
9.	Suomi Mutual Life Assurance Company	1,260	0.98
10.	Local Government Pensions Institution	800	0.62
11.	Tapiola General Mutual Insurance Company	714	0.55
12.	Norvestia Oyj	705	0.55
13.	Kaleva Mutual Insurance Company	700	0.54
14.	Pension Foundation Neliapila s.r.	577	0.45
15.	Mutual Insurance Company Pension-Fennia	542	0.42
16.	Tapiola Mutual Life Assurance Company	455	0.35
17.	The LEL Employment Pension Fund	348	0.27
18.	Seligson & Co. Fund Management Company Plc	314	0.24
19.	Neste Pension Foundation s.r.	270	0.21
20.	Finnish Broadcasting Company Pension Foundation s.r.	246	0.19
Kemira Oyj		5,155	4.00
Nominee-registered shares		10,897	8.46
Other, total		14,712	11.43
Total		128,800	100.00

[1)] As announced by Franklin Resources Inc. 30 November 2000. In addition the company has assets managed under agreement as follows: 3,788,620 shares, or 2.94 % of shares and votes.

Definitions of key ratios

PER-SHARE DATA

Earnings per share (EPS)

$$\frac{\text{Income before extraordinary items +/– minority interest – taxes}}{\text{Adjusted average number of shares}}$$

Net income per share

$$\frac{\text{Net income}}{\text{Adjusted average number of shares}}$$

Cash flow from operations

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

Cash flow from operations per share

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

Dividend per share

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

Dividend payout ratio

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

Dividend yield

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

Equity per share

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

Share price, year average

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

Share price, end of year

Weighted average share price of the last trading day

Price per earnings per share (P / E)

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

Price per equity per share

$$\frac{\text{Share price at end of year}}{\text{Equity per share}}$$

Price per cash flow per share

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

Share turnover

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

FINANCIAL RATIOS

Net liabilities

Interest-bearing liabilities – cash and bank – securities

Equity ratio, %

$$\frac{\text{Shareholders' equity + minority interest x 100}}{\text{Total assets – advance payments received}}$$

Gearing, %

$$\frac{\text{Net liabilities x 100}}{\text{Shareholders' equity + minority interest}}$$

Interest cover

$$\frac{\text{Operating income + depreciation}}{\text{Net financial expenses}}$$

Return on capital invested, % (ROI)

$$\frac{\text{Income before extraordinary items + interest expenses + other financing expenses x 100}}{\text{Total assets – interest-free liabilities (average)}}$$

Return on equity, % (ROE)

$$\frac{\text{Income before extraordinary items – taxes +/– tax effect of extraordinary items x 100}}{\text{Shareholders' equity + minority interests (average)}}$$

Cash flow return on capital invested (CFROI), %

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

Key figures

PER-SHARE DATA

	2000	1999	1998	1997	1996
Per-share data					
Earnings per share, EUR [1) 4)]	**0.73**	0.23	0.61	0.81	0.86
Net income per share, EUR [1)]	**1.64**	0.23	0.61	0.81	0.86
Cash flow from operations per share, EUR	**1.69**	1.41	0.96	2.00	2.05
Dividend per share, EUR [2)]	**0.30**	0.23	0.29	0.29	0.27
Dividend payout ratio, % [2)]	**18.2**	100.0	47.2	35.3	31.4
Dividend yield [2)]	**5.6**	3.8	4.6	3.3	2.7
Equity per share, EUR [1)]	**9.08**	7.57	7.27	7.16	6.53
Price per earnings per share (P/E) ratio [1)]	**7.34**	26.57	10.30	10.60	11.43
Price per equity per share [1)]	**0.59**	0.81	0.90	1.20	1.50
Price per cash flow per share	**3.17**	4.33	6.50	4.30	4.78
Dividend paid, EUR million [2)]	**37.1**	29.6	36.8	36.8	34.7
Share price and turnover					
Share price, year high, EUR	**6.80**	6.90	10.60	10.34	10.09
Share price, year low, EUR	**4.92**	5.20	5.21	7.65	6.05
Share price, year average, EUR	**5.67**	5.85	8.06	9.01	8.06
Share price, end of year, EUR	**5.36**	6.11	6.24	8.61	9.81
Number of shares traded (1000), Helsinki	**17,366**	20,703	30,277	33,241	33,276
% of number of shares	**13**	16	24	26	27
Market capitalization, end of year, EUR million	**663.0**	780.9	803.6	1,109.2	1,262.9
Increase in share capital					
Average number of shares (1000) [3)]	**126,623**	128,318	128,800	128,800	122,090
Number of shares at end of year (1000) [3)]	**123,645**	127,800	128,800	128,800	128,800
Increases in number of shares (1000)	**–**	–	–	–	8,000
Share capital, EUR million	**217.0**	217.0	216.6	216.6	216.6
Increases in share capital, EUR million	**–**	–	–	–	13.5

[1)] The change in accounting practice (IAS 12) reduced 1998 taxes by EUR 14.0 million.
[2)] The 2000 dividend is the Board of Directors' proposal to the Annual General Meeting.
[3)] Weighted average number of shares outstanding, adjusted by the number of shares bought back.
[4)] Net income before gain/loss on discontinuing operations.

FINANCIAL RATIOS

	2000	1999	1998	1997	1996
Income statement					
Net sales, EUR million	**2,486**	2,526	2,413	2,420	2,266
Foreign operations, EUR million	**2,024**	2,073	1,916	1,955	1,764
Sales in Finland, %	**19**	18	21	19	22
Exports from Finland, %	**24**	20	19	22	24
Sales generated outside Finland, %	**57**	62	61	59	54
Operating income, EUR million	**175**	111	148	198	210
% of net sales	**7**	4	6	8	9
Net financing income and expenses, EUR million	**31**	52	51	53	67
% of net sales	**1**	2	2	2	3
Interest cover	**11**	6	6	7	6
Income before extraordinary items, EUR million	**144**	59	97	145	143
% of net sales	**6**	2	4	6	6
Extraordinary income and expenses, EUR million	**–**	–	–	–	–
Discontinuing operations	**162**	–	–	–	–
Income before taxes and minority interests, EUR million	**307**	59	97	145	143
% of net sales	**12**	2	4	6	6
Net income, EUR million [1)]	**208**	30	79	104	104
Return on capital invested, %	**10**	6	8	11	12
Return on equity, % [1)]	**9**	3	8	12	14
Cash flow					
Cash flow from operations, EUR million	**214**	181	123	257	250
Sales of subsidiaries and fixed assets, EUR million	**527**	18	14	61	26
Capital expenditure, EUR million	**218**	168	255	211	202
% of net sales	**9**	7	11	9	9
Cash flow after capital expenditure, EUR million	**523**	31	–119	107	73
Cash flow return on capital invested, %	**11**	9	7	14	14
Balance sheet					
Non-current assets, EUR million	**1,277**	1,486	1,444	1,404	1,366
Shareholders' equity, EUR million [1)]	**1,122**	968	936	923	840
Liabilities, EUR million	**1,259**	1,620	1,504	1,458	1,601
Total assets, EUR million	**2,399**	2,603	2,453	2,389	2,447
Net liabilities, EUR million	**425**	934	892	745	798
Equity ratio, % [1)]	**48**	38	39	39	35
Gearing, %	**37**	95	94	80	94
Personnel					
Personnel (average)	**9,644**	10,743	10,785	10,392	10,631
of whom in Finland	**4,908**	5,090	5,155	5,176	5,945
Exchange rates					
Key exchange rates (31 December)					
USD	**0.93050**	1.00460	1.16674	1.09686	1.28033
GBP	**0.62410**	0.62170	0.70547	0.66122	0.75559
NLG	**2.20371**	2.20371	2.20371	2.12352	2.23322
SEK	**8.83130**	8.56250	9.48736	8.66346	8.81110
DKK	**7.46310**	7.43300	7.44892	7.48079	7.61395
BEF	**40.3399**	40.3399	40.33990	40.50225	41.03333
FIM	**5.94573**	5.94573	5.94573	5.94573	5.94573

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

Consolidated income statement

	Note	2000 EUR million	1999 EUR million
		1.1. – 31.12.	
Net sales	1, 28	**2,486.0**	2,526.2
Share of associates' net income	2, 28	**–0.5**	2.8
Other income from operations	3	**30.9**	32.6
Cost of sales	4, 5	**–2,170.3**	–2,262.5
Depreciation	6, 28	**–171.3**	–188.1
Operating income	28	**174.8**	111.0
Financing income and expenses	7	**–30.5**	–52.4
Income before non-recurring items, taxes and minority interest		**144.3**	58.6
Non-recurring items from discontinuing operations	8, 22	**162.2**	–
Income before taxes and minority interests		**306.5**	58.6
Direct taxes	9	**–96.3**	–27.8
Income before minority interests		**210.2**	30.8
Minority interest		**–2.4**	–0.9
Net income		**207.8**	29.9
Earnings per share, EUR	10	**0.73**	0.23

The income statement has been split into continuing and discontinuing operations in Note 22.

Consolidated balance sheet

	Note	31.12. 2000 EUR million	31.12. 1999 EUR million
ASSETS			
Non-current assets			
Intangible assets	11	**88.7**	79.7
Tangible assets	12	**1,049.5**	1,328.2
Investments	13		
Holdings in associates		**63.4**	50.7
Other shares and holdings		**19.6**	8.4
Other investments		**55.3**	18.5
Total investments		**138.3**	77.6
Total non-current assets		**1,276.5**	1,485.5
Current assets			
Inventories	14	**348.7**	455.9
Receivables	15		
Interest-bearing receivables		**11.2**	23.4
Other interest-free receivables		**515.9**	549.7
Total receivables		**527.1**	573.1
Securities	21, 26	**199.0**	42.4
Cash and bank	21, 26	**47.7**	46.0
Total current assets		**1,122.5**	1,117.4
Total assets		**2,399.0**	2,602.9

	Note	31.12. 2000 EUR million	31.12. 1999 EUR million
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital		**217.0**	217.0
Share premium account		**252.5**	252.5
Revaluation reserve		**8.0**	8.3
Own shares		**–28.8**	–5.8
Other reserves		**2.6**	4.2
Retained earnings		**463.2**	461.6
Net profit for the financial year		**207.8**	29.9
Total shareholders' equity		**1,122.3**	967.7
Minority interests		**18.0**	15.2
Long-term liabilities			
Interest-bearing long-term liabilities	17,21	**573.3**	848.8
Deferred tax liabilities	18	**52.6**	56.6
Provision for liabilities and charges	19	**74.4**	39.2
Total long-term liabilities		**700.3**	944.6
Current liabilities	20		
Interest-bearing short-term liabilities		**98.2**	173.5
Interest-free short-term liabilities		**460.2**	501.9
Total current liabilities		**558.4**	675.4
Total liabilities		**1,258.7**	1,620.0
Total liabilities and shareholders' equity		**2,399.0**	2,602.9

Consolidated cash flow statement

	2000 EUR million	1999 EUR million
Funds from operations		
Operating income	**174.8**	111.0
Adjustments to operating income [1]	**–1.4**	–6.5
Depreciation	**171.3**	188.1
Interest income	**15.5**	6.4
Interest expense	**–47.6**	–56.2
Dividend received	**2.0**	4.2
Other financing items	**–8.3**	0.1
Taxes	**–72.5**	–31.5
Total funds from operations	**233.8**	215.6
Change in net working capital		
Inventories	**15.6**	–26.7
Short-term receivables	**–45.3**	–83.5
Interest-free short-term liabilities	**9.8**	75.5
Change in net working capital, total	**–19.9**	–34.7
Cash flow from operations	**213.9**	180.9
Capital expenditure		
Acquisitions of Group companies	**–5.9**	–4.1
Acquisitions of associated companies	**–17.1**	–
Purchase of other shares	**–12.1**	–9.9
Purchase of other fixed assets	**–183.2**	–154.1
Disposal of Group companies	**513.8**	–
Disposal of associated companies	**–**	–
Sales of other shares	**0.1**	0.3
Sales of other fixed assets	**13.3**	18.2
Total capital expenditure	**308.9**	–149.6
Cash flow before financing	**522.8**	31.3
Financing		
Change in long-term loans (increase +, decrease -)	**–223.2**	18.6
Change in long-term loan receivables (increase -, decrease +)	**–37.0**	0.6
Short-term financing, net (increase +, decrease -)	**–53.1**	–20.2
Dividend paid	**–29.4**	–36.8
Own shares	**–23.0**	–
Other	**1.2**	–0.6
Financing, total	**–364.5**	–38.4
Increase / decrease in liquid funds	**158.3**	–7.1
Liquid funds at end of year	**246.7**	88.4
Liquid funds at beginning of year	**88.4**	95.5
Increase / decrease in liquid funds	**158.3**	–7.1

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

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

Statement of changes in equity

EUR million	Share capital	Share premium fund	Revaluation and other funds	Exchange differences	Own shares	Retained earnings	Total
Shareholders' equity at 1 January 1999	216.6	252.9	12.3	–36.9	–	491.0	935.9
Change in accounting principles [1)]	–	–	–	–	–	18.6	18.6
Net profit for the financial year	–	–	–	–	–	29.9	29.9
Dividends paid	–	–	–	–	–	–36.8	–36.8
Exchange differences	–	–	–	26.6	–	–	26.6
Repurchase of own shares	–	–	–	–	–5.8	–	–5.8
Other changes	–	–	0.2	–	–	–0.9	-0.7
Transfers	0.4	–0.4	–	–	–	–	–
Shareholder's equity at 31 Dec. 1999	217.0	252.5	12.5	–10.3	–5.8	501.8	967.7
Shareholders' equity at 1 January 2000	217.0	252.5	12.5	–10.3	–5.8	501.8	967.7
Change in accounting principles	–	–	–	–	–	–	**–**
Net profit for the financial year	–	–	–	–	–	207.8	**207.8**
Dividends paid	–	–	–	–	–	–29.4	**–29.4**
Exchange differences	–	–	–	–1.4	–	–	**–1.4**
Repurchase of own shares	–	–	–	–	–23.0	–	**–23.0**
Other changes	–	–	–1.9	–	–	2.5	**0.6**
Transfers	–	–	–	–	–	–	**–**
Shareholders' equity at 31 Dec. 2000	**217.0**	**252.5**	**10.6**	**–11.7**	**–28.8**	**682.7**	**1,122.3**

[1)] The change in the accounting principles in 1999 includes a charge of EUR 18.6 million after taxes for a change in the accounting policy for major maintenance works (IAS 37). The change in the accounting policy for maintenance works, after tax, in 1999 was a charge of EUR -0.1 million.

The Group's non-restricted shareholders' equity, which limits the parent company's dividend payout, was EUR 507.8 million in 2000 and EUR 351.4 million in 1999. This figure is obtained by adding to retained earnings the net income for the financial year and subtracting from it the proportion of voluntary untaxed reserves which has been transferred to shareholders' equity and own shares. Research, establishment and development expenses that have a limiting effect on the distribution of profits have not been capitalized in the balance sheet.

Details of the company's breakdown of shareholders' equity and the regulations of the Articles of Association are given on page 13. In 2000 the company purchased 4,155,000 of its own shares, which represent 3.2% of the aggregate votes conferred by all the shares and 3.2% of the share capital. By 31.12.2000 the company had totally 5,155,000 shares in its possession, which represent 4.0% of the aggregate votes conferred and 4.0% of the share capital.

Summary of significant accounting policies

Basis of presentation

The Kemira Group's financial statements have been prepared in compliance with the relevant acts and regulations in force in Finland and in accordance with the Group's uniform accounting principles. The Group's accounting principles are based on International Accounting Standards (IAS). Accordingly, the financial statements also correspond to IAS, with the exception of accounting for pension expenses, IAS 19, which entered into force on 1 January 1999. Its effects on the consolidated income statement and shareholders' equity are discussed and presented in Notes 23 and 24 to the consolidated financial statements.

Principles of consolidation

The consolidated financial statements include the accounts of the parent company, Kemira Oyj, and companies in which it owns, directly or indirectly through subsidiaries, over 50 percent of the voting rights. Certain real estate and housing companies, and captive insurance companies, as well as companies that had no operations during the financial year, have not been consolidated. However, the effect of these companies on the Group's results and distributable reserves, in cases of any significance, has been consolidated using the equity method of accounting. Companies acquired during the accounting period are consolidated from the date the responsibility for their operations was transferred to the Group. Similarly, units or companies sold during the fiscal year are included in the income statement up to the date of disposition.

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

Companies in which the Group has a participating interest are associated companies, in which the interest is 20-50%. Holdings in associated companies are presented in the consolidated financial statements using the equity method of accounting. The Group's proportionate share of the associated companies' net income for the financial year is a separate item in the consolidated income statement. Joint ventures that are owned on a fifty-fifty basis with another shareholder and in which the voting rights and management responsibility are divided evenly between the shareholders have been consolidated according to the proportionate method of accounting. Other companies (voting rights owned less than 20 percent) are stated at cost in the balance sheet and dividends received are included in the income statement.

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

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

Derivative financial instruments to hedge currency and interest rate risks have been recorded in the income statement simultaneously with the commitment hedged. Derivative financial instruments, which are not considered as hedging instruments, are valued in the financial statements at the market price in accordance with conservative accounting practice. The interest portion of currency forwards is recorded as interest income and expense over the terms of the contract, and the differences in the foreign exchange rates are booked as a credit or charged to income when the underlying hedged transaction has been credited or charged to income in the financial statements.

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

The Group seeks to hedge the translation risk of its investment in the net assets of foreign subsidiaries. Accordingly, the foreign currency-denominated shareholders' equity in the subsidiaries is hedged against exchange rate changes using long-term foreign currency-denominated loans as well as forward and currency swap contracts. In the consolidated financial statements, the exchange rate gains and losses of such loans and forward and currency swap contracts are credited or charged against the translation differences arising from the translation of the shareholders' equity amounts of the last confirmed balance sheets of the subsidiaries. Other translation differences affecting shareholders' equity are stated as an increase or decrease in the non-restricted shareholders' equity.

Management of financial risks is discussed in greater detail in the Notes to the financial statements. The notes furthermore present a discussion of compliance with the rules of IAS 39, which govern the recording in the accounts of financial instruments and entered into force as from 1 January 2001. The foreign exchange rates on the balance sheet date are given on page 17.

Pension arrangements

The Group has various pension schemes in accordance with the local conditions and practices in the countries in which it operates. The schemes are generally funded through payments to separate funds or to insurance companies. Contributions are based on periodic actuarial calculations and are charged against profits.

The parent company's pension arrangements have been handled within the separate pension funds. The uncovered liabilities of pension funds are presented in the parent company's financial statements in short-term interest-free receivables and in short-term interest-free liabilities.

In 2000, IAS 19 was not applied, but the effect of applying the standard on the Group's net income and retained earnings has been calculated and stated in Notes. The liability resulting from the changeover to applying IAS 19, which came into force in 1999, has been calculated at the Group level such that the accumulated entitlement has been periodized over the time of the employment according to the accrual rules for pension arrangements (Projected Unit Credit method). The pension calculations are based on studies carried out by actuaries.

Net sales

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

Direct taxes

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

The Group's deferred tax liabilities and assets have been calculated according to IAS 12 which came into force from the beginning of 1998 and which is allowed by the Finnish legislation. The deferred tax liability has been calculated for all significant temporary differences, which have been obtained by comparing the book value of each balance sheet item and the taxation value. Deferred tax assets are included in the financial statements only if the company considers that the temporary difference or tax loss will probably be realized in the near future and that the taxable unit will probably generate a sufficient amount of taxable income in order to be able to make use of the tax claim. Tax assets on confirmed losses have been stated observing particular caution. In calculating the deferred tax liability, the tax base in force at the time of preparing the financial statements has been applied.

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

Research and development expenditure

Research expenditure is expensed. Development expenditure is also expensed except for major projects for which investment decisions have been made. These are capitalized. Capitalized development costs are presented in the item "Other long-term expenditures" and amortized over their economic life, not exceeding, however, five years.

Fixed assets and depreciation

Non-current (fixed) assets are generally stated at cost, except for certain land and water areas and buildings, which are stated at revalued amounts, less accumulated depreciation, as applicable.

Depreciation is calculated on a straight-line basis so as to write off carrying value of fixed assets over their expected useful lives. The depreciation periods adopted are as follows:

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

As a general rule, interest expense is not capitalized. However, interest expenses related to capital borrowed to finance major capital investment projects can, when specifically approved by the Board, be capitalized as part of the total investment costs.

Gains and losses on the sale of fixed assets are included either in income and expenses of operations with the exception of gains and losses on discontinuing operations. They are presented as a separate item. In recent years, new revaluations have not been made within the Group.

Large, seldom performed maintenance works

Large, seldomperformed maintenance works are treated as a capital expenditure as from 1999 and acquisition costs are depreciated over their useful lifetimes (IAS 37). Previously, provisions for expenses were booked for them in advance. The effect of the change on net income and shareholders' equity is stated in the statement of changes in equity.

Leasing

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

Inventories

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

Securities and other short-term investments

Securities and other short-term investments are a part of the Group's cash management and are stated at lower of cost or market.

Discontinuing operations

Businesses to be discontinued include those major businesses which according to the strategy decided in the autumn 1999 have either been divested or wound up, or a decision has been taken to wind them up. These are Kemira Pigments Inc. in Savannah, USA, and Kemira Pigments B.V. in the Netherlands, as well as Tikkurila's CPS unit, i.e. the colour processing systems business. The Kemira Pigments companies were sold in the spring 2000 and the CPS business in the late summer 2000. Businesses to be discontinued also include Kemira Agro Rozenburg. A decision was taken to wind up its operations, and production was closed in December 2000. Rozenburg's operations are part of Kemira Agro's nitrogen business, which is to be divested in line with the strategy adopted. The final solution involves the disposal of the remainder of the nitrogen business and, because the alternatives are currently being studied, the remaining nitrogen business is still included in continuing operations.

The income statement and cash flow statements are presented separately for continuing operations and the above-mentioned businesses which are to be discontinued, presenting the figures for both the current year and the comparison year. The businesses divested in 2000 are not included in the balance sheet at the end of the year. In respect of the comparison year, their impact on the 1999 balance sheet is discussed in the Notes to the financial statements and the exact dates of the divestments are given.

Non-recurring items for discontinuing operations

In the consolidated income statement, the capital gains and losses resulting from the above-mentioned discontinued major businesses are stated as a separate item before taxes and minority interests.

Extraordinary income and expenses

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

Notes to consolidated financial statements

INCOME STATEMENT (EUR million)	**2000**	1999

1. NET SALES

Net sales by division

Kemira Chemicals	**766.9**	697.0
Tikkurila	**345.3**	357.5
Kemira Agro	**1,115.5**	1,014.7
Kemira Pigments	**306.8**	488.5
Other operations	**76.6**	84.5
Intra-Group invoicing	**–125.1**	–116.0
Total	**2,486.0**	2,526.2

Distribution of net sales by geographic market areas, as a percentage of total net sales

Finland	**19**	18
Other European Union countries	**55**	52
Other European countries	**10**	8
North and South America	**8**	13
Asia	**6**	7
Other countries	**2**	2
Total	**100**	100

2. SHARE OF ASSOCIATES' NET INCOME

Share of associates' profits	**4.8**	4.9
Share of associates' losses	**–5.3**	–2.1
Total	**–0.5**	2.8

3. OTHER INCOME FROM OPERATIONS

Gains on the sale of fixed assets	**17.5**	14.1
Sales of scrap and waste	**0.5**	0.5
Insurance compensation	**2.8**	10.1
Income from royalties, knowhow and licences	**0.7**	0.5
Rent income	**3.7**	3.0
Other income	**5.7**	4.4
Total	**30.9**	32.6

Gains on the sale of the fixed assets in 2000 include a capital gain of EUR 12 million on the sale of Kemira Safety Oy and a gain of EUR 9.2 million on the sale of shares in electric power utilities in 1999.

4. COST OF SALES

Change in inventories of finished goods	**17.6**	–6.1
Own work capitalized [1]	**–6.6**	–6.6
Materials and services		
Materials and supplies		
Purchases during the financial year	**1,059.5**	1,075.9
Change in inventories of materials and supplies	**–9.4**	1.1
External services	**64.5**	85.7
Total materials and services	**1,114.6**	1,162.7
Personnel expenses	**421.6**	456.6
Rents	**24.4**	34.3
Losses on the sales of fixed assets	**0.7**	0.3
Other expenses	**598.0**	621.3
Total	**2,170.3**	2,262.5

In 2000 costs included an increase in long-term provisions for liabilities and charges in a total amount of EUR 35.2 million (a reduction of EUR 4.8 million in 1999)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT (EUR million)	**2000**	1999

5. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

Emoluments of the Supervisory Board	**0.1**	0.1
Emoluments of boards of directors and managing directors [1]	**7.8**	8.3
Other wages and salaries	**316.7**	344.7
Pension expenses	**38.1**	40.6
Other personnel expenses	**58.9**	62.9
Total	**421.6**	456.6

[1] Profit sharing bonuses to the management were EUR 0.2 million in 2000 and EUR 0.5 million in 1999.

The non-executive members of the Board of Directors are paid a monthly emolument; other compensation is not paid to the members of the Board. Persons belonging to the Company's management, including parties closely associated with them, are not involved in substantial business relationships with the Company.

Management's pension commitments

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

Personnel, average		
Kemira Chemicals	**3,210**	3,138
Tikkurila	**2,049**	2,301
Kemira Agro	**2,833**	2,951
Kemira Pigments	**1,084**	1,752
Other companies	**468**	601
Total	**9,644**	10,743

Personnel in Finland, average	**4,908**	5,090
Personnel outside Finland, average	**4,736**	5,653
Total	**9,644**	10,743

The total personnel of joint ventures that have been consolidated according to the proportionate method of accounting was in average 134 (279 in 1999).

Personnel at year end	**8,865**	10,436

6. DEPRECIATION

Scheduled depreciation		
Intangible assets		
Intangible rights	**2.3**	2.0
Goodwill	**1.9**	1.2
Goodwill on consolidation	**3.8**	4.5
Other long-term expenditures	**7.6**	6.1
Tangible assets		
Buildings and constructions	**24.7**	23.5
Machinery and equipment	**125.4**	145.5
Other tangible assets	**5.6**	5.3
Total	**171.3**	188.1

Scheduled depreciation for goodwill on consolidation was EUR 3.8 million (EUR 4.5 million in 1999). No reductions have been made in the Group reserve in 2000 and 1999.

7. FINANCING INCOME AND EXPENSES

Financing income		
Dividend income	**0.6**	0.7
Interest income from long-term investments	**1.3**	1.1
Other interest income	**14.2**	5.3
Other financing income	**1.0**	0.5
Exchange gains	**1.5**	–
Total	**18.6**	7.6

INCOME STATEMENT (EUR million)	**2000**	1999
Financing expenses		
Interest expenses	**–47.5**	–56.2
Other financing expenses	**–1.6**	–2.2
Exchange losses	**–**	–1.6
Total	**–49.1**	–60.0
Total financing income and expenses	**–30.5**	–52.4
Net financing expenses as a percentage of net sales	**1.2**	2.1
Net interests as a percentage of net sales	**1.3**	2.0
Exchange gains and losses		
Realized	**–8.4**	1.8
Unrealized	**9.9**	–3.4
Total	**1.5**	–1.6

Interest expenses were not capitalized during 2000 or 1999.

The exchange differences on foreign currency loans and foreign currency derivatives have been credited or charged directly to shareholders' equity and matched against the translation differences arising from the consolidation of foreign subsidiaries according to the so called equity hedging method. In 2000 these foreign exchange gains totalled EUR 0.3 million (in 1999 foreign exchange losses were EUR 11.4 million).

There were no financing income and expenses from associates.

8. DISCONTINUING OPERATIONS

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

9. DIRECT TAXES

Direct taxes, current year	**–113.5**	–30.9
Direct taxes, previous years	**–6.2**	–0.5
Deferred taxes	**24.4**	3.6
Other taxes	**–1.0**	–
Total	**–96.3**	–27.8

Taxes on capital gains on discontinuing businesses amounted to EUR 46.7 million. There were no such items in 1999.

Certain Group subsidiaries have tax losses which can be applied against future taxable income. According to the principle of prudence, all tax losses have not been entered as deferred tax assets because there is uncertainty regarding the extent to which they can be used.

10. EARNINGS PER SHARE

Income before non-recurring items and taxes	**144.3**	58.6
Minority interests	**–2.4**	–0.9
Direct taxes for the financial year	**–96.3**	–27.8
Tax on sales profit of the discontinuing operations	**46.7**	–
Net income	**92.3**	29.9
Weighted average number of shares [1)]	**126,623,000**	128,318,000
Earnings per share, EUR	**0.73**	0.23

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET (EUR million)

11. INTANGIBLE ASSETS

	Intangible rights	Goodwill	Goodwill on consolidation [1]	Other long-term expenditures	Advances paid	**2000 total**	1999 total
Acquisition cost at beginning of year	34.0	14.1	72.0	84.5	0.4	**205.0**	179.3
Increases	4.3	20.9	8.4	3.6	3.2	**40.4**	21.0
Decreases	–10.7	–4.5	–28.0	–5.0	–	**–48.2**	–
Exchange differences and other changes	–0.5	0.5	–12.2	1.3	0.0	**–10.9**	4.7
Acquisition cost at end of year	27.1	31.0	40.2	84.4	3.6	**186.3**	205.0
Accumulated depreciation at beginning of year	–23.8	–7.1	–49.7	–44.7	–	**–125.3**	–110.6
Accumulated depreciation relating to decreases and transfers	8.6	2.9	13.2	3.8	–	**28.5**	–
Depreciation during the financial year	–2.3	–1.9	–3.8	–7.6	–	**–15.6**	–13.8
Exchange differences and other changes	0.7	–0.3	12.7	1.7	–	**14.8**	–0.9
Accumulated depreciation at end of year	–16.8	–6.4	–27.6	–46.8	–	**–97.6**	–125.3
Net book value at end of year	10.3	24.6	12.6	37.6	3.6	**88.7**	79.7

[1] There was no goodwill on consolidation related to associated companies in 2000 and 1999.

12. TANGIBLE ASSETS

	Land and water areas [1]	Buildings and constructions [2]	Machinery and equipment [3]	Other tangible assets	Advances paid and fixed assets under construction	**2000 total**	1999 total
Acquisition cost at beginning of year	104.3	606.1	2,496.3	92.7	64.8	**3,364.2**	3,215.3
Increases	1.3	22.9	104.5	4.7	15.1	**148.5**	137.1
Decreases	–11.4	–62.8	–402.0	–3.3	–18.5	**–498.0**	–4.5
Exchange differences and other changes	–1.0	–12.9	–26.2	–15.1	–14.5	**–69.7**	16.3
Acquisition cost at end of year	93.2	553.3	2,172.6	79.0	46.9	**2,945.0**	3,364.2
Accumulated depreciation at beginning of year	–	–295.3	–1,687.2	–53.5	–	**–2,036.0**	–1,907.7
Accumulated depreciation relating to decreases and transfers	–	19.8	237.6	2.0	–	**259.4**	–4.6
Depreciation during the financial year	–	–24.7	–125.4	–5.6	–	**–155.7**	–174.3
Exchange differences and other changes	–	4.9	28.7	3.2	–	**36.8**	50.6
Accumulated depreciation at end of year	–	–295.3	–1,546.3	–53.9	–	**–1,895.5**	–2,036.0
Net book value at end of year	93.2	258.0	626.3	25.1	46.9	**1,049.5**	1,328.2

[1] The acquisition cost and book value of land and water areas include EUR 23.3 million revaluations in 2000 and in 1999.

[2] The acquisition cost of buildings and constructions include EUR 20.1 million revaluations in 2000 and in 1999.
The book value was EUR 7.8 million at the end of 2000 and EUR 8.6 million at the end of 1999.

[3] Non-depreciated capitalized interest expenses included in buildings were EUR 0.2 million in 2000 (EUR 0.5 million in 1999), in machinery and equipment EUR 0.5 million in 2000 (EUR 2.4 million in 1999). Interest expenses were not capitalized in 2000 and 1999.

13. INVESTMENTS

	Holdings in associates	Other shares and holdings	Receivables from associates	Other investments	**2000 total**	1999 total
Acquisition cost at beginning of year	50.7	8.4	0.9	17.6	**77.6**	67.9
Share of net income of associates	–2.0	–	–	–	**–2.0**	1.5
Increases	17.1	12.1	–	35.7	**64.9**	10.0
Decreases	–	–0.1	–	–	**–0.1**	–0.3
Transfers	–1.7	–	–	–	**–1.7**	–
Exchange differences and other changes	–0.7	–0.8	–	–	**–1.5**	–1.7
Reduction in value	–	–	–	–	**–**	0.2
Receivables from associates	–	–	1.1	–	**1.1**	–
Other receivables	–	–	–	–	**–**	–
Net book value at end of year	63.4	19.6	2.0	53.3	**138.3**	77.6

Shares and holdings are specified in Note 27.

14. INVENTORIES

	2000	1999
Materials and supplies	**133.7**	187.1
Work in process	**9.1**	15.1
Finished goods	**204.3**	252.3
Advances paid	**1.6**	1.4
Total	**348.7**	455.9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET (EUR million)	2000	1999
15. RECEIVABLES		
Long-term receivables		
Interest-bearing long-term receivables		
Loan receivables from associates	**–**	–
Loan receivables from others	**–**	–
Other receivables from others	**0.6**	0.1
Total interest-bearing long-term receivables	**0.6**	0.1
Interest-free long-term receivables		
Prepaid expenses and accrued income from others	**0.1**	4.3
Accounts receivable from others	**4.6**	5.5
Other receivables from others	**0.6**	0.8
Total interest-free long-term receivables	**5.3**	10.6
Total long-term receivables	**5.9**	10.7
Current receivables		
Interest-bearing short-term receivables		
Loan receivables from associates	**2.6**	2.6
Loan receivables from others	**1.7**	9.5
Other receivables from others	**6.3**	11.3
Total interest-bearing short-term receivables	**10.6**	23.4
Interest-free short-term receivables		
Accounts receivable from associates	**8.0**	4.1
Accounts receivable from others	**411.4**	471.6
Advances paid from others	**14.4**	2.7
Prepaid expenses and accrued income from others	**46.0**	22.5
Other receivables from associates	**4.2**	0.9
Other receivables from others	**26.6**	37.2
Total interest-free short-term receivables	**510.6**	539.0
Total current receivables	**521.2**	562.4
Total receivables	**527.1**	573.1
Loans to the management of the Group companies	**0.0**	–

16. APPROPRIATIONS

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

Of which equity	**134.4**	134.3
Of which deferred tax liability	**51.7**	54.8
Total accumulated depreciation difference	**186.1**	189.1

17. LONG-TERM INTEREST-BEARING LIABILITIES

Debentures and other bond loans	**61.7**	61.7
Loans from financial institutions	**209.7**	398.6
Loans from pension institutions	**254.5**	296.4
Other long-term liabilities to associated companies	**–**	0.4
Other long-term liabilities to others	**47.4**	91.7
Total	**573.3**	848.8

Long-term interest-bearing liabilities maturing in

2002 (2001)	**26.4**	44.6
2003 (2002)	**150.1**	33.6
2004 (2003)	**8.0**	192.8
2005 (2004)	**62.0**	150.7
2006 (2005) or later	**326.8**	427.1
Total	**573.3**	848.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET (EUR million)	**2000**	1999
Interest-bearing liabilities maturing in 5 years or longer		
Loans from financial institutions	**48.8**	99.7
Loans from pension institutions	**248.4**	283.9
Other long-term interest-bearing liabilities	**29.6**	43.5
Total	**326.8**	427.1

Long-term loans by currency, %

EUR	**52**	35
FIM	**–**	18
SEK	**22**	15
BEF	**–**	1
USD	**9**	11
DKK	**4**	5
GBP	**11**	7
Other	**2**	8
Total	**100**	100

The Group has no convertible bonds.

Debentures and other bond loans

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

18. DEFERRED TAX LIABILITIES

Deferred tax liabilities	**78.4**	82.3
Deferred tax assets	**25.8**	25.7
Net deferred tax liabilities	**52.6**	56.6
Temporary differences	**3.2**	9.1
Untaxed reserves	**51.7**	54.8
Consolidation entries	**–2.3**	–7.3
Total	**52.6**	56.6

Deferred tax liabilities and tax assets have been calculated according to IAS regulations, effective from 1 January 1998.

The deferred tax liabilities related to untaxed reserves of the Finnish Group companies amounted to EUR 51.7 million in 2000 and EUR 54.8 million in 1999. The deferred tax assets are mainly tax assets from tax losses, finance lease and intra-Group profits.

19. PROVISION FOR LIABILITIES AND CHARGES

Pension liabilities

Uncovered liabilities of pension funds	**–**	0.4
Other pension liabilities	**15.0**	18.3
Total	**15.0**	18.7

Other provisions for liabilities and charges

Provisions for reorganization	**7.8**	7.0
Provisions for accidents and environmental liabilities	**9.8**	7.5
Deferred income, Tikkurila CPS	**32.6**	–
Other provisions	**9.2**	6.0
Total	**59.4**	20.5
Total provision for liabilities and charges	**74.4**	39.2

Provisions for liabilities and charges are expected to fall due in a year at the earliest. Short-term provisions (EUR 59.6 million in 2000 and EUR 20.8 million in 1999) are included in accrued expenses and prepaid income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET (EUR million)	**2000**	1999
20. CURRENT LIABILITIES		
Interest-bearing short-term liabilities		
Loans from financial institutions	**20.7**	28.6
Loans from pension institutions	**1.6**	3.2
Current portion of other long-term loans to others	**18.8**	19.4
Bills of exchange from others	**0.8**	2.4
Other interest-bearing short-term liabilities to associates	**2.8**	1.2
Other interest-bearing short-term liabilities to others	**53.5**	118.7
Total interest-bearing short-term liabilities	**98.2**	173.5

In 1999 current portion of other long-term liabilities include a EUR 0.1 million issue of bonds with warrants offered to senior management.

Interest-free short-term liabilities		
Advances received from others	**7.7**	18.5
Accounts payable to associates	**4.4**	0.8
Accounts payable to others	**189.4**	235.3
Accrued expenses and prepaid income to others	**226.8**	202.3
Other interest-free short-term liabilities to others	**31.9**	45.0
Total interest-free short-term liabilities	**460.2**	501.9
Total current liabilities	**558.4**	675.4

Accrued expenses

Accrued expenses and prepaid income in 2000 include mainly salaries and personnel expenses, taxes and interests.

21. NET LIABILITIES

Interest-bearing long-term liabilities	**573.3**	848.8
Interest-bearing short-term liabilities	**98.2**	173.5
Securities	**–199.0**	–42.4
Cash and bank	**–47.7**	–46.0
Total	**424.8**	933.9

22. DISCONTINUING OPERATIONS

The Kemira Pigments business and the CPS unit or the Tikkurila Group's colour processing business, were sold because they were not core businesses. Kemira Agro's production in Rozenburg was also closed. Kemira Pigments Inc. was sold on 31 March 2000 and Kemira Pigments B.V. on 30 April 2000. The remaining company, Kemira Pigments Oy was transferred to the Kemira Chemicals business area as from 1 January 2001. The portion of the tinting machine business that belonged to the CPS group was sold on 31 August 2000, and the colour processing systems business was sold on 30 September 2000. The Board of Directors of Kemira Oyj decided to wind up Kemira Agro Rozenburg, and production was closed in December 2000. The closure of production resulted in a non-recurring charge to earnings of EUR 82.5 million.

Income statement

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

Continuing operations	**2000**	1999
Net sales	**2,124.0**	1,920.2
Share of associates' net income	**–0.5**	2.7
Other operating income	**28.2**	29.7
Expenses	**–1,833.9**	–1,698.6
Depreciation	**–150.3**	–139.5
Operating income	**167.5**	114.5
Financing income and expenses	**–23.4**	–32.9
Income before Group contribution, taxes and minority interests	**144.1**	81.6
Group contribution	**–3.3**	6.7
Net income before taxes and minority interest	**140.8**	88.3
Income taxes	**–50.7**	–29.7
Minority interests	**–1.1**	–0.4
Net income after taxes	**89.0**	58.2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET (EUR million)	**2000**	1999
Discontinuing operations		
Net sales	**362.0**	606.0
Share of of associates' net income	**–**	0.1
Other operating income	**2.7**	3.0
Expenses	**–336.4**	–563.9
Depreciation	**–21.0**	–48.7
Operating income	**7.3**	–3.5
Financing income and expenses	**–7.1**	–19.5
Income before Group contribution, non-recurring items taxes and minority interests	**0.2**	–23.0
Group contribution	**3.3**	–6.7
Income taxes	**1.1**	1.8
Minority interests	**–1.3**	–0.4
Net income before discontinuance	**3.3**	–28.3
Gain on discontinuance	**244.7**	–
Provision for employee termination	**–22.3**	–
Provision for cleaning and contracts	**–17.7**	–
Impairment loss	**–42.5**	–
Tax on discontinuance	**–46.7**	–
Net income after taxes	**118.8**	–28.3
Total Group, net income from ordinary activities	**92.3**	29.9

Balance sheet, discontinuing operations

Carrying amount of total assets (outside Group and intra-Group)	**43.7**	561.6
Carrying amount of total liabilities (outside Group companies)		
Interest-bearing liabilities	**0.4**	47.4
Interest-free liabilities	**52.2**	122.8
Total	**52.6**	170.2

Kemira Agro Rozenburg's total assets and liabilities are included in the balance sheet at 31 December 2000 and 31 December 1999 and the assets and liabilities of Kemira Pigments Inc., Kemira Pigments B.V. and Tikkurila CPS Group are given in the balance sheet at 31 December 1999.

Cash flow from discontinuing operations

Cash flow from operations	**–**	34.9
Capital expenditure	**–16.7**	–36.3
Sale of assets	**493.9**	0.3
Cash flow before financing	**477.2**	–1.1
Financing	**–480.2**	3.6
Increase / decrease in liquid funds	**–3.0**	2.5

23. PENSION LIABILITIES ACCORDING TO IAS 19

Present value of funded obligations at end of period	**754.7**	760.9
Fair value of plan assets at end of period	**–877.5**	–861.5
Unrecorded actuarial gains and losses	**124.9**	120.1
Liability in the balance sheet at end of period	**2.1**	19.5
Change in the net liability is the following:		
Current service cost	**2.0**	10.6
Interest on obligation	**44.6**	44.4
Expected return on plan assets	**–51.5**	–40.9
Other	**–4.6**	2.7
Total	**–9.5**	16.8
Contributions included in net income	**6.3**	6.9
Impact on net income if IAS 19 had been applied	**15.8**	–9.9

The calculations make use of 10% corridors for unrecorded actuarial costs which have an impact on earnings. The corridor is the higher of the following: 10% of the present value of the obligation or 10% of the fair value of the assets. The figures for 1999 have been adjusted to reflect this treatment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET (EUR million)	**2000**	1999

24. THE FINANCIAL IMPACT OF IAS 19

If IAS 19 had been applied in the consolidated financial statements and the increase in liabilities resulting from the changeover had been entered in its entirety in the income statement, earnings for 1999 would have been EUR 9.9 million smaller and shareholders' equity at 31 December 1999 would have been EUR 19.5 million smaller. Net income in 2000 would have been EUR 15.8 million greater and shareholders' equity at 31 December 2000 would have been EUR 2.1 million smaller than in the financial statements submitted.

25. COLLATERAL AND CONTINGENT LIABILITIES

Loans secured by mortgages in the balance sheet and for which mortgages given as collateral

Loans from financial institutions	**4.0**	10.0
Mortgages given	**2.3**	9.9
Loans from pension institutions	**74.3**	89.1
Mortgages given	**103.0**	110.9
Other loans	**7.1**	6.6
Mortgages given	**5.6**	6.9
Total mortgage loans	**85.4**	105,7
Total mortgages given	**110.9**	127.7

Contingent liabilities

Assets pledged		
On behalf of own commitments	**13.5**	7.0
On behalf of others	**1.1**	1.1
Guarantees		
On behalf of associates	**36.0**	39.7
On behalf of others	**2.7**	4.2
Operating leasing		
Maturity within one year	**4.8**	5.1
Maturity after one year	**12.6**	13.8
Other obligations		
On behalf of associates	**1.3**	1.2
On behalf of others	**1.1**	1.0

In liabilities for 2000 there are EUR 45.1 million of debts related to finance lease.
In 1999 the finance lease included in debts amounted to EUR 55.5 million.

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

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

26. MANAGEMENT OF FINANCIAL RISKS

The Group's treasury functions are managed on a centralized basis. Group Treasury serves as an internal bank via which the subsidiaries handle all their borrowing, investment and hedging needs. Group Treasury also sees to the investment of liquid funds, the management of interest rate and foreign exchange risk as well as cash pools. The Treasury policy is approved by the company's Board of Directors. In addition, the Board of Directors confirms an action plan for Treasury each year. The objective of financial risk management is to protect the company from unfavourable changes occurring in the financial markets and thus to contribute to safeguarding the company's earnings trend and its shareholders' equity. The company employs various financial instruments, such as forward rate agreements, options and futures, within the framework of the limits which have been set. Only such instruments are used whose market values and risks can be tracked continually and reliably within the company's risk management system. Derivative instruments are used only for hedging, not for speculative purposes.

IAS 39

The Group observes the IAS accounting rules for derivative instruments, which will come into force from the beginning of 2001 (IAS 39), according to which all financial derivatives must be booked at their market value either in the balance sheet or in the income statement.

Hedging at the Group level is based primarily on net currency flow exposure, whereby in 2001 the exchange rate differences in hedging instruments are entered, in accordance with IAS 39, in Group-level financial expenses and not in operating income as has been done up to now. This procedure will increase the variation in Group-level foreign exchange differences and also, to some extent, consolidated operating income compared with the present level.

The subsidiaries, however, will carry out hedge accounting for trading flows, booking foreign exchange differences to operating income in the previous manner, whereby the operating income figures for the individual business areas will include the foreign exchange differences in hedging instruments.

Currency swap agreements connected with long-term loans will be documented in accordance with IAS requirements and, in respect of loans, exchange rate differences in these swaps will be booked to foreign exchange differences. The exchange rate differences in hedging instruments for shareholders' equity items will continue to be booked to shareholders' equity against translation differences in accordance with IAS 21.

Foreign exchange risk

The introduction of the euro has reduced the Group's currency flow exposure. The bulk of the Group's production in the eurozone is sold in the eurozone. Currency flow risk nevertheless arises from the net currency flows denominated in currencies other than the reporting currency both in the eurozone and outside the euro area. At the Group level, the largest foreign exchange risks in 2001 have been estimated to be as follows:

- USD surplus	EUR 120 million
- SEK surplus	EUR 15 million
- PLN surplus	EUR 15 million
- and GBP deficit	EUR 20 million

which comprise a total of more than 80% of the entire EUR 200 million currency flow risk from commercial activities at the annual level. At the turn of the year, 70% of these risks was hedged. Furthermore, currency risk arises on the translation into euros of the net income and balance sheet items of companies outside the eurozone.

Currency flow exposure is hedged selectively in such a way that already assured foreign currency flows are hedged completely. Forecast cash flows are partly hedged. The hedged part is larger when the likelihood grows that the forecasted transaction will materialize. The basic guideline is that a minimum of 30% of the foreign currency flow that is forecast for the next 12 months must be hedged. Each subsidiary is separately responsible for taking its own hedging decisions. The hedging undertaken by the subsidiaries is supplemented, according to the Group's needs, by means of Group-level hedging measures that are carried out by Group Treasury such that as a rule 50% of the forecast net currency flow for 12 months is hedged. Group Treasury can diverge from this 50% level by +/- EUR 100 million. Nevertheless, a minimum of 30% and a maximum of 100% of the forecast flow must always be hedged.

Use of the limits is tracked daily. At the monthly level an average of about EUR 7 million of this type of limit was in use. In 2000 the total volume of all external foreign exchange contracts and options was about EUR 6,600 million. This figure includes transactions made both on behalf of subsidiaries and at the Group level.

The Group strives to hedge translation risk by keeping foreign currency-denominated liabilities in balance, currency by currency, with the asset items in the balance sheet. The foreign currency-denominated shareholders' equity items of subsidiaries are hedged against foreign exchange fluctuations in accordance with the so-called equity hedging method by means of long-term foreign currency-denominated loans as well as by forward rate agreements and currency swaps. Because euro interest rates are clearly lower than, say, the interest rates for the US dollar and the British pound, balance sheet hedging by means of foreign currency loans results in a substantial cost, which is taken into account when taking decisions regarding hedging. In hedging balance sheet risk, the equity ratio is monitored such that if a change of +/- 5.0% in the foreign exchange rates causes a change of more than 1.5 percentage points in the equity ratio, hedging measures have to be undertaken. In practice this means that in the balance sheet the value of the unhedged shareholders' equity in 2000 could be a maximum of EUR 375 million, of which limit EUR 344 million was in use at the turn of the year. The largest unhedged positions are in the Swedish krona and the British pound.

Interest rate risk

In accordance with the Group's risk management policy, the objective is to hedge against significant interest rate risks. In order to manage interest rate risks, the Group's borrowing and investments are spread out between fixed and variable interest rate instruments. In addition, interest rate swaps and forward rate agreements are used actively, as are other derivatives. At the end of 2000, 51% of the Group's entire loan portfolio consisted of fixed-interest borrowings. Pension loans are considered to be floating rate loans. Treasury Management also monitors the duration of the loan portfolio as well as its sensitivity to changes in the interest rate curve. The average duration of the entire loan portfolio at the end of 2000 was about 24 months, whereas the duration for pension loans has been set at one year. In 2001 the duration of the loan portfolio can vary in a range of 6-24 months. In 2001 a change of one percentage point in the interest rate curve is allowed to cause a maximum change of EUR 15 million in the market value of the asset/liability portfolio. Limits can be changed through a decision of the Board of Directors in accordance with the market situation. As a consequence of this policy, the Group's average interest rate level in general has been higher than the market level of short-term interest rates when low rates prevail and, on the other hand, lower than the market level when high rates prevail.

Counterparty risk

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

As a consequence of the high liquidity arising from divestments, during 2000 the company's Board of Directors increased the limits for investing in short-term commercial paper to a total maximum of EUR 200 million, spread among 45 different companies. At the turn of the year, 46% of the limit was in use, i.e. EUR 92 million. During the financial year credit losses were not incurred in treasury operations.

Funding risk

The Group diversifies its funding risk by obtaining financing from different sources in different markets. The Group has bank loans, pension loans, insurance company loans, a Medium Term Note Programme as well as short-term domestic and foreign commercial paper programmes. The objective is to balance the maturity schedule of the bond and loan portfolio and to maintain a sufficiently long maturity for long-term loans. The average maturity of long-term loans (not including pension loans) was 3.0 years at the turn of the year, and in 2003, 26% of them will fall due, i.e. a total of EUR 150 million. The Group's solvency and funding arrangements are safeguarded by maintaining good liquidity and by means of revolving credit facilities. The Group has a commercial paper programme providing for the raising of a maximum of EUR 150 million as well as a Euro Commercial Paper (ECP) programme, within which a maximum of USD 200 million can be raised. The ECP programme was used to a very minor extent in 2000. At the end of the year no commercial paper programmes were in use.

Due to divestments, the Group's average liquidity in 2000 was an exceptionally high EUR 206 million. At the end of 2000, liquidity amounted to EUR 247 million as well as an unused revolving credit facility of about EUR 422 million, for a total of EUR 669 million. Liquidity management is developed by continually improving the efficiency of the cash pool arrangement. The euro cash pool that was introduced during 2000 will in future facilitate the management of the Group's liquid funds considerably. Plans call for expanding further the euro cash pool stage by stage during 2001, notably, to Austria and Spain.

Documentation risk

The Group's documentation risk for financing agreements is managed by concentrating the approval of financing agreements within Group Treasury as well as by using standardized agreements.

Financial instruments	**31.12.2000**		31.12.1999	
	Nominal value	**Fair value**	Nominal value	Fair value
Currency instruments				
Forward contracts	**417.6**	**10.5**	318.9	1.9
Of which for hedging of future currency flows	**21.2**	**1.3**	47.7	3.2
Currency options				
Bought	**208.0**	**1.1**	5.8	0,1
Sold	**257.2**	**0.1**	11.6	–0.5
Currency swaps	**95.1**	**–9.8**	183.2	–9.9
Interest rate instruments				
Interest rate swaps	**220.9**	**–3.3**	173.9	–3.6
Forward rate agreements	**10.0**	**–**	290.0	–
Of which open	**–**	**–**	–	–
Bond futures	**6.0**	**–**	2.0	–
Of which open	**2.0**	**–**	–	–

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

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

27. SHARES AND HOLDINGS OF GROUP COMPANIES

			Holding %
Associated companies [1]			
A/S Ammonia	Fredericia	Denmark	33.3
Alufluor AB	Helsingborg	Sweden	50.0
Aluminium Sulphate Co. of Egypt, S.A.E.	Cairo	Egypt	26.1
Biolchim Tunisie	Carthage	Tunis	25.0
CPS Color Group Oy	Vantaa	Finland	28.4
DA Kemikaalide AS	Tallinn	Estonia	40.0
Farmit Website Oy	Helsinki	Finland	33.3
Indkoebsselskabet for Kali I/S	Fredericia	Denmark	50.0
Kemax B.V.	Rozenburg	Netherlands	50.0
Kemira Arab Potash Company	Amman	Jordan	48.0
Kemira Compound Fertiliser (Zhanjiang) Co. Ltd.	Zhanjiang	China	49.0
Kemira Emirates Fertilizer Company (Kefco)	Dubai	United Arab Emirates	39.8
Kemira Kuok Fertilizer Sdn. Bhd.	Kuala Lumpur	Malaysia	30.0
Kemira Thai Co. Ltd	Bangkok	Thailand	49.5
Kemira Trading Oy	Helsinki	Finland	100.0
Kemira-Ube Ltd	Tokyo	Japan	50.0
Kemwater Phil., Corp.	Manila	Philippines	40.0
KK Animal Nutrition (Pty) Ltd.	Durban	South Africa	50.0
Movere Oy	Lahti	Finland	40.0
Oy Polargas Ab	Oulu	Finland	30.0
PK Düngerhandelsgesellschaft m.b.H.	Hannover	Germany	50.0
Seco S.A.	Ribécourt	France	49.9
S.E.M. Kemira Algérie S.P.A.		Alger	40.0
Superstar Fertilizers Co. Ltd	Bangkok	Thailand	40.0
Spruce Vakuutus Oy	Helsinki	Finland	100.0
Swedish Water Corporation AB	Stockholm	Sweden	20.0
Union Kemira Co.	Abu Dhabi	United Arab Emirates	49.0
Varteko Valduse AS	Pärnu	Estonia	44.8

[1] Including such wholly owned companies that have been consolidated according to the equity method.

Real estate and housing companies are included in other shares.

Other shares and holdings		
Forcit Oy	Finland	15.4
Suomen Rehu Oy	Finland	19.9
Kemiron Companies Inc.	United States	15.0

28. SEGMENT DATA

In 2000 the Group was organized into the following main business areas: Kemira Chemicals, Tikkurila, Kemira Agro and Kemira Pigments.

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

The assets and liabilities of businesses comprise assets and liabilities which can be allocated, directly or justifiably, to the businesses in question. The assets of the business segments include tangible and intangible assets, interest in associated companies, inventories and interest-free receivables. Short-term interest-free liabilities are included in the liabilities of the business segments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Segment data (EUR million)

2000	Chemicals	Tikkurila	Agro	Pigments	Other	**Group**
Income statement						
External net sales	700.3	345.3	1,098.0	293.8	48.6	**2,486.0**
Intra-Group sales	66.6	0.0	17.5	13.0	–97.1	**–**
Net sales, total	766.9	345.3	1,115.5	306.8	–48.5	**2,486.0**
Share of associates' net income	2.6	–	–0.9	–	–2.2	**–0.5**
Operating income	69.4	27.1	22.9	53.8	1.6	**174.8**
Other information						
Assets of businesses	815.1	178.4	756.0	224.0	92.6	**2,066.1**
of which holdings in associated companies	28.4	–	24.3	0.7	10.0	**63.4**
Unallocated assets						**332.9**
Consolidated assets, total						**2,399.0**
Liabilities of businesses	122.2	71.5	233.6	47.1	–14.2	**460.2**
Unallocated liabilities						**798.5**
Consolidated liabilities, total						**1,258.7**
Capital expenditure	100.1	13.1	65.7	27.1	12.3	**218.3**
Depreciation	60.3	16.8	63.9	27.0	3.3	**171.3**
Cash flows						
Operations	107.8	71.2	29.8	79.3	–74.2	**213.9**
Net capital expenditure	–99.2	115.6	–57.6	358.9	–8.8	**308.9**
Financing	–2.7	–193.6	41.6	–442.7	232.9	**–364.5**

1999	Chemicals	Tikkurila	Agro	Pigments	Other	**Group**
Income statement						
External net sales	629.4	357.3	1,000.4	477.7	61.4	**2,526.2**
Intra-Group sales	67.6	0.2	14.3	10.8	–92.9	**–**
Net sales, total	697.0	357.5	1,014.7	488.5	–31.5	**2,526.2**
Share of associates' net income	2.9	–	–0.5	–	0.4	**2.8**
Operating income	83.2	23.1	–38.8	34.9	8.6	**111.0**
Other information						
Assets of businesses	777.2	297.5	792.5	538.4	58.5	**2,464.1**
of which holdings in associated companies	29.3	–	16.5	0.6	4.3	**50.7**
Unallocated assets						**138.8**
Consolidated assets, total						**2,602.9**
Liabilities of businesses	112.1	59.1	231.4	93.0	6.0	**501.6**
Unallocated liabilities						**1,118.4**
Consolidated liabilities, total						**1,620.0**
Capital expenditure	48.9	22.6	47.4	46.2	3.0	**168.1**
Depreciation	56.0	18.1	64.2	46.2	3.6	**188.1**
Cash flows						
Operations	75.0	27.5	36.5	55.1	–13.2	**180.9**
Capital expenditure	–48.5	–20.5	–46.3	–46.2	11.9	**–149.6**
Financing	–14.5	–5.8	3.7	–1.4	–20.4	**–38.4**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Geographical segment (EUR million)

	2000	1999
Net sales		
Finland	**461.2**	453.5
Other EU countries	**1,378.4**	1,324.5
Rest of Europe	**247.9**	211.7
North and South America	**194.3**	328.9
Asia	**163.4**	167.8
Other countries	**40.8**	39.8
Total	**2,486.0**	2,526.2
Assets (tangible and intangible fixed assets)		
Finland	**511.5**	535.5
Other EU countries	**496.2**	603.8
Rest of Europe	**40.7**	34.5
North and South America	**50.0**	190.0
Asia	**39.8**	42.4
Other countries	**–**	1.7
Total	**1,138.2**	1,407.9
Capital expenditure		
Finland	**62.5**	77.6
Other EU countries	**130.5**	58.9
Rest of Europe	**14.1**	9.8
North and South America	**10.5**	20.4
Asia	**0.6**	1.3
Other countries	**0.1**	0.1
Total	**218.3**	168.1

29. CHANGES IN GROUP STRUCTURE

Acquisitions of Group companies, and new subsidiaries that have been founded

- Kemira Chemicals Oy and the City of Helsinki established a company named Kemwater Services Oy, whose line of business includes the treatment of waste water. Kemira Chemicals Oy has a 51% holding in the company and the City of Helsinki 49%.
- Tikkurila Coatings Oy established in Latvia a subsidiary named SiA Tikkurila Coatings.
- In Russia, Kemira Agro Oy established a wholly-owned subsidiary named Kemira Agro Russia Oy.
- Kemira Metalkat established a subsidiary named Metalkat Romania S.A. in Craiova, Romania. Metalkat Oy has an 80% stake in the company.
- Kemira Chemicals established a company named Kemira Chemicals Brasil Ltda.
- Kemira Chemicals acquired Neste Chemicals' paper chemicals business, which includes the paper chemicals business of the Austrian company Krems Chemie and the hydrophobic sizing business of Oy Chemec Ab of Finland. The businesses in Austria and Germany were organized under the direction of the existing company Kemira Chemie GmbH. New companies included in the acquisition were PCS Paper Chemicals Systems Vertriebsges.mbH (55%), which operates in Austria and Germany, the Polish company Krems Swiecie Sp. z o.o (65%), the Russian company ZAO Novokrems (47%), the Polish company Cell Krems Sp. z o.o (55%) and KKS Krems Kimya Sanayi ve Ticaret A.S. of Turkey (51%).
- Kemira Agro raised its holding in UAB Kemira Lifosa from 33 % to 51%.
- Kemira Chemicals established a new subsidiary named Kemira Phosphates Oy.
- In October, Kemira Metalkat established the marketing company OE-Direct Automobilteile Entwicklungs- und Vertriebs GmbH (60% holding) in Germany.
- Kemira Chemicals Oy increased its holding in Kemwater (Yixing) Co. Ltd from 49% to 60%.
- Tikkurila's holding in Tikkurila Polska Sp. z o.o rose from 60% to 100%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Divestments of Group companies

- The following subsidiaries of Tikkurila Coatings Ltd were sold to Becker Acroma Ltd: Northern Universal Coatings Ltd, Industrial Coatings Western Ltd, Industrial Coatings Eastern Ltd, Industrial Coatings Northern Ltd, Southern Coatings and Services Ltd, Universal Surface Coatings Ltd and Chiltern Surface Coatings Ltd.
- Kemira sold Kemira Pigments Inc. to the American company Kerr-McGee Chemical LLC.
- Kemira Pigments B.V. was sold to Kerr-McGee Chemical LLC together with Kemira Pigmente GmbH.
- Kemira Oyj sold Kemira Safety Oy to the American-owned company Scott Technologies Inc.
- The operations of Prospector B.V. and its subsidiary Aquanorm VOF were wound up.
- Matherson S.p.A was sold at the turn of March-April 2000.
- Tikkurila sold its 50% holding in the Corob Group to Swisslog, which previously had a 50% stake in the same group. The deal included the following companies: Corob International AG, Corob Oy, Corob Color Robots B.V., Corob SpA, Corob Scandinavia AB, Corob CPS Service Ltd, Corob Sudamericana S.A., Corob North America Inc. and Corob Ltd. At the same time, the associated company Corob India PVT.LTD was sold.
- Tikkurila sold its 50% holding in the joint ventures Becker Acroma Ltd and Becker Acroma (Ireland) Ltd.
- Tikkurila CPS Oy sold its business which manufactures color processing systems (including the subsidiaries Winter-Bouts B.V., Macpherson GmbH, Winter-Bouts GmbH, CPS Color SA Pty Ltd, CPS Color Ltda, CPS Color Pty Ltd, Tikkurila Inc. and Tikkurila CPS (SEA) Pte Ltd) at the end of September 2000. The Kemira Group has a 28% holding in the new company, CPS Color Group Oy.

Changes in holdings in Group companies within the Group

- Ownership of Tikkurila Coatings B.V. was transferred from Tikkurila CPS Oy to Tikkurila Coatings Oy.
- Kemira Pigments B.V.'s holding of shares in Kemira Pigments S.A. (50%) was sold to Kemira Oyj.
- Ownership of Tikkurila Coatings (Ireland) Ltd was transferred from Tikkurila Coatings Ltd to Tikkurila Coatings Oy.
- Multirange B.V. was transferred from the ownership of Kemira Agro Holding B.V. to Kemira Oyj.
- Kemira Chemicals has carried out internal structural changes in the group in Canada.
- Kemwater B.V. was merged with Kemira Chemicals B.V. The new company's name is Kemira Chemicals B.V.

Name changes

- Kemira Color B.V. changed its name to Tikkurila Coatings B.V.
- Kemira Coatings Ltd was renamed Tikkurila Coatings Ltd.
- Kemira Coatings (Ireland) Ltd was renamed Tikkurila Coatings (Ireland) Ltd.
- Dickursby Färg AB was renamed Tikkurila AB.
- The name Tikkurila Baltcolor Sp. z o.o was changed to Tikkurila Polska Sp. z o.o.
- Societatea Comercala Chimbis S.A. was renamed Kemira Chimbis S.A.
- CN Paper Chemicals Oy was renamed Kemira Paper Chemicals Oy, the name Krems Swiecie Sp. z o.o was changed to Kemira Swiecie Sp. z o.o, the name ZAO Novokrems was changed to ZAO NovoKemira, the name Cell Krems Sp z o.o was changed to Kemira Cell Sp. z o.o and KKS Krems Sanayi ve Ticaret A.S was changed to Kemira Kimya Sanayi ve Ticaret A.S.
- Tikkurila CPS Oy was renamed Tikkurila Finance Oy.

Kemira Oyj financial statements

INCOME STATEMENT
(EUR million)

	Note	1.1. – 31.12. 2000	1999
Net sales	1	**20.7**	27.2
Other income from operations	2	**13.4**	9.8
Cost of sales	3, 4	**–33.5**	–32.5
Depreciation	5	**–0.9**	–1.0
Operating income		**–0.3**	3.5
Financing income and expenses	6	**–7.5**	16.5
Income before extraordinary items, appropriations and taxes		**–7.8**	20.0
Extraordinary items	7	**177.6**	81.6
Income before appropriations and taxes		**169.8**	101.6
Appropriations	8	**0.0**	0.0
Direct taxes	9	**–49.3**	–28.4
Net income		**120.5**	73.2

CASH FLOW STATEMENT
(EUR million)

	2000	1999
Funds from operations		
Operating income	**–0.3**	3.5
Adjustments to operating income	**–13.2**	–
Depreciation	**0.9**	1.0
Interest income	**35.8**	31.0
Interest expense	**–22.2**	–22.5
Dividend received	**0.4**	1.3
Other financing items	**–16.2**	17.4
Taxes	**–49.3**	–20.4
Total funds from operations	**–64.1**	11.3
Change in net working capital		
Short-term receivables	**–9.6**	–2.7
Interest-free short-term liabilities	**–15.1**	7.5
Change in net working capital, total	**–24.7**	4.8
Cash flow from operations	**-88.8**	16.1
Capital expenditure		
Acquisitions of Group companies	**–19.3**	–66.3
Acquisitions of associated companies	**–**	–
Purchase of other fixed assets	**–0.6**	–0.8
Disposal of Group companies	**16.1**	–
Disposal of associated companies	**–**	–
Sales of other fixed assets	**0.1**	0.2
Total capital expenditure	**–3.7**	–66.9
Cash flow before financing	**–92.5**	–50.8
Financing		
Change in long-term loans (increase +, decrease -)	**–175.1**	120.8
Change in long-term loan receivables (increase –, decrease +)	**87.3**	–47.6
Short-term financing, net (increase +, decrease -)	**139.4**	–28.3
Group contribution	**174.8**	109.1
Dividend paid	**–29.4**	–36.8
Other	**–23.1**	–5.9
Financing, total	**173.9**	111.3
Increase / decrease in liquid funds	**81.4**	60.5
Liquid funds at end of year	**418.4**	337.0
Liquid funds at beginning of year	**337.0**	276.5
Increase / decrease in liquid funds	**81.4**	60.5

BALANCE SHEET
(EUR million)

	Note	31.12. 2000	1999
ASSETS			
Non-current assets			
Intangible assets	10	**0.4**	0.4
Tangible assets	11	**21.1**	21.4
Investments	12		
Shares in Group companies		**440.2**	434.7
Holdings in associates		**5.0**	5.0
Other shares and holdings		**3.3**	3.1
Own shares		**28.8**	5.8
Other investments		**390.0**	477.3
Total investments		**867.3**	925.9
Total non-current assets		**888.8**	947.7
Current assets			
Receivables	13		
Interest-bearing receivables		**70.2**	114.1
Interest-free receivables		**145.3**	123.4
Total receivables		**215.5**	237.5
Securities	14	**417.3**	334.3
Cash and bank		**1.1**	2.7
Total current assets		**633.9**	574.5
Total assets		**1,522.7**	1,522.2
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	15		
Share capital		**217.0**	217.0
Share premium account		**252.5**	252.5
Reserve for own shares		**28.8**	5.8
Retained earnings		**205.7**	184.9
Net profit for the financial year		**120.5**	73.2
Total shareholders' equity		**824.5**	733.4
Appropriations	16	**0.5**	0.5
Long-term liabilities			
Interest-bearing long-term liabilities	17	**306.7**	525.2
Interest-free long-term liabilities	18	**–**	–
Total long-term liabilities		**306.7**	525.2
Current liabilities	19		
Interest-bearing short-term liabilities		**362.5**	217.5
Interest-free short-term liabilities		**28.5**	45.6
Total current liabilities		**391.0**	263.1
Total liabilities		**697.7**	788.3
Total liabilities and shareholders' equity		**1,522.7**	1,522.2

NOTES TO KEMIRA OYJ FINANCIAL STATEMENTS
INCOME STATEMENT (EUR million)

1. NET SALES

	2000	1999
Net sales	**20.7**	27.2

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

2. OTHER INCOME FROM OPERATIONS

	2000	1999
Gains on the sale of fixed assets	**13.3**	9.3
Other income	**0.1**	0.5
Total	**13.4**	9.8

3. COST OF SALES

	2000	1999
Materials and services		
Materials and supplies		
Purchases during the financial year	**15.7**	20.8
External services	**–**	–
Total materials and services	**15.7**	20.8
Personnel expenses	**11.8**	6.4
Rents	**2.1**	2.3
Losses on the sales of fixed assets	**0.0**	0.0
Other expenses	**3.9**	3.0
Total	**33.5**	32.5

4. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

	2000	1999
Emoluments of the Supervisory Board	**0.1**	0.1
Emoluments of boards of directors and managing directors [1]	**0.3**	0.9
Other wages and salaries	**5.3**	4.2
Pension expenses	**5.4**	0.7
Other personnel expenses	**0.7**	0.5
Total	**11.8**	6.4

[1] Performance-related bonuses were not paid to management in 2000 and in 1999.Year 2000 salary paid to the managing director, including fringe benefits, was EUR 0.3 million.

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

The non-executive members of the Board of Directors are paid a monthly emolument; other compensation is not paid to the members of the Board of Directors.

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

The pension commitments to the management of the company do not differ from those to the other permanent staff.

Personnel	2000	1999
Personnel, average	**120**	132
Personnel at year end	**116**	133

5. DEPRECIATION

Scheduled depreciation	2000	1999
Intangible assets		
Intangible rights	**0.1**	0.1
Other long-term expenditures	**0.0**	0.0
Tangible assets		
Buildings and constructions	**0.3**	0.3
Machinery and equipment	**0.5**	0.6
Other tangible assets	**0.0**	0.0
Total	**0.9**	1.0

Decrease in difference between scheduled and actual depreciation	2000	1999
Intangible assets	**0.0**	0.0
Other long-term expenditures	**0.0**	–0.1
Buildings and constructions	**–0.1**	–0.2
Machinery and equipment	**0.1**	0.3
Total	**0.0**	0.0

6. FINANCING INCOME AND EXPENSES

	2000	1999
Financing income		
Dividend income		
Dividend income from Group companies	**0.3**	–
Dividend income from associates	**0.3**	1.6
Dividend income from others	**0.0**	0.2
Total dividend income	**0.6**	1.8
Interest income		
From long-term investments from Group companies	**22.4**	26.5
From short-term investments from Group companies	**14.3**	12.6
From short-term investments from others	**7.8**	1.8
Total interest income	**44.5**	40.9
Other financing income		
Other financing income from Group companies	**0.1**	0.2
Other financing income from others	**0.0**	0.0
Total other financing income	**0.1**	0.2
Exchange differences		
Exchange differences from Group companies	**–**	75.2
Exchange differences from others	**–**	–69.3
Total exchange differences	**–**	5.9
Total financing income	**45.2**	48.8
Financing expenses		
Interest expenses		
Interest expenses to Group companies	**–7.4**	–2.1
Interest expenses to others	**–24.2**	–29.7
Total interest expenses	**–31.6**	–31.8
Other financing expenses	**–0.6**	–0.5
Exchange differences		
Exchange differences from Group companies	**13.2**	–
Exchange differences from others	**–33.7**	–
Total exchange differences	**–20.5**	–
Total financing expenses	**–52.7**	–32.3
Total financing income and expenses	**–7.5**	16.5
Exchange gains and losses		
Realized	**–24.4**	17.7
Unrealized	**3.9**	–11.8
Total	**–20.5**	5.9

7. EXTRAORDINARY ITEMS

	2000	1999
Extraordinary income		
Group contributions received	**190.7**	96.1
Total	**190.7**	96.1
Extraordinary expenses		
Group contributions granted	**–2.3**	–2.9
Write-downs on shares	**–10.8**	–11.6
Total	**–13.1**	–14.5
Total extraordinary income and expenses	**177.6**	81.6

8. CHANGE IN APPROPRIATIONS

	2000	1999
Decrease in depreciation difference	**0.0**	0.0
Total	**0.0**	0.0

9. DIRECT TAXES

	2000	1999
On extraordinary items	**51.5**	22.8
Current year	**–2.5**	5.6
Previous years	**0.3**	0.0
Other	**0.0**	0.0
Total	**49.3**	28.4

10. INTANGIBLE ASSETS

	Intangible rights	Other long-term expenditures	**2000 total**	1999 total
Acquisition cost at beginning of year	0.7	0.5	**1.2**	1.8
Increases	0.0	0.0	**0.0**	0.2
Decreases	0.0	0.0	**0.0**	–0.8
Acquisition cost at end of year	0.7	0.5	**1.2**	1.2
Accumulated depreciation at beginning of year	–0.4	–0.4	**–0.8**	–1.5
Accumulated depreciation relating to decreases and transfers	0.0	0.0	**0.0**	0.8
Depreciation during the financial year	0.0	0.0	**0.0**	–0.1
Accumulated depreciation at end of year	–0.4	–0.4	**–0.8**	–0.8
Net book value at end of year	0.3	0.1	**0.4**	0.4

NOTES TO KEMIRA OYJ FINANCIAL STATEMENTS
BALANCE SHEET (EUR million)

11. TANGIBLE ASSETS

	Land and water areas [1]	Buildings and constructions [2]	Machinery and equipment	Other tangible assets	Advances paid and fixed assets under construction	**2000 total**	1999 total
Acquisition cost at beginning of year	2.7	28.2	8.7	0.5	0.0	**40.2**	41.0
Increases	0.0	0.1	0.4	0.0	0.0	**0.5**	0.4
Decreases	0.0	0.0	–0.3	0.0	0.0	**–0.3**	–1.2
Acquisition cost at end of year	2.7	28.3	8.9	0.5	0.0	**40.4**	40.2
Accumulated depreciation at beginning of year	0.0	–11.5	–6.8	–0.4	0.0	**–18.8**	–19.1
Accumulated depreciation relating to decreases and transfers	0.0	0.0	0.2	0.0	0.0	**0.2**	1.2
Depreciation during the financial year	0.0	–0.3	–0.5	0.0	0.0	**–0.8**	–0.9
Accumulated depreciation at end of year	0.0	–11.8	–7.1	–0.4	0.0	**–19.4**	–18.8
Net book value at end of year	2.7	16.5	1.7	0.1	0.0	**21.0**	21.4

[1] The acquisition cost and the book value of land and water areas include revaluations of EUR 0.6 million in 2000 and in 1999.

[2] The acquisition cost of buildings and constructions include revaluations of EUR 5.0 million in 2000 and in 1999.

12. INVESTMENTS

	Holdings in associates	Group company and other shares	Investments in Group companies	Own shares	**2000 total**	1999 total
Acquisition cost at beginning of year	5.0	437.8	477.3	5.8	**925.9**	817.8
Increases	0.0	19.4	0.0	23.0	**42.4**	72.2
Decreases	0.0	–13.7	0.0	–	**–13.7**	–11.7
Receivables from Group companies	0.0	0.0	–87.3	–	**–87.3**	47.6
Net book value at end of year	5.0	443.5	390.0	28.8	**867.3**	925.9

Shares and holdings are specified in Note 21.

13. RECEIVABLES

	2000	1999
Long-term receivables		
Interest-free long-term receivables		
Receivable from pension liability at 1 Jan.	**1.3**	1.5
Transfer to other short-term interest-free receivables	**–1.3**	–1.5
Increase / Decrease	**–**	–
Receivable from pension liability at 31 Dec.	**–**	–
Total interest-free long-term receivables	**–**	–
Total long-term receivables	**–**	–
Current receivables		
Interest-bearing short-term receivables		
Loan receivables from Group companies	**70.2**	114.1
Total interest-bearing short-term receivables	**70.2**	114.1
Interest-free short-term receivables		
Accounts receivable		
Accounts receivable from Group companies	**2.6**	3.2
Accounts receivable from others	**0.1**	1.0
Total accounts receivable	**2.7**	4.2
Advances paid	**0.0**	0.1
Prepaid expenses and accrued income		
Prepaid expenses and accrued income from Group companies	**115.1**	111.0
Prepaid expenses and accrued income from others	**27.4**	6.7
Total prepaid expenses and accrued income	**142.5**	117.7
Other interest-free short-term receivables		
Receivables from pension liability at 1 Jan.	**–**	–
Transfer from long-term receivables	**1.3**	1.5
Decrease	**–1.3**	–0.2
Receivables from pension liability at 31 Dec.	**0.0**	1.3
Other receivables	**0.1**	0.1
Total interest-free short-term receivables	**0.1**	1.4
Total current receivables	**145.3**	123.4
Total receivables	**215.5**	237.5
Loans to the management	**–**	–
Prepaid expenses and accrued income from		
Interests	**8.7**	9.9
Taxes	**12.7**	–
Exchange differences	**9.0**	5.9
Group contribution	**109.7**	96.1
Other	**2.4**	5.8
Total	**142.5**	117.7

14. SECURITIES

Securities in Group companies	**241.7**	308.2
Securities in other companies	**175.6**	26.1
Total	**417.3**	334.3

15. SHAREHOLDERS' EQUITY

	2000	1999
Share capital at 1 Jan.	**217.0**	216.6
Change	**0.0**	0.4
Share capital at 31 Dec.	**217.0**	217.0
Share premium account at 1 Jan.	**252.5**	252.9
Change	**0.0**	–0.4
Share premium account at 31 Dec.	**252.5**	252.5
Fund for own shares at 1 Jan.	**5.8**	–
Purchase of own shares	**23.0**	5.8
Fund for own shares at 31 Dec.	**28.8**	5.8
Retained earnings at 1 Jan.	**258.1**	227.5
Net profit for the year	**120.5**	73.2
Dividends paid	**–29.4**	–36.8
Purchase of own shares	**–23.0**	–5.8
Donations	**0.0**	0.0
Retained earnings and net profit for the year at 31 Dec.	**326.2**	258.1
Total shareholders' equity at 31 Dec.	**824.5**	733.4

16. APPROPRIATIONS

Appropriations		
Appropriations in the balance sheets are as follows:		
Buildings and constructions	**0.2**	0.0
Machinery and equipment	**0.3**	0.4
Other tangible assets	**0.0**	0.1
Intangible rights	**0.0**	0.0
Other long-term expenditures	**0.0**	0.0
Total	**0.5**	0.5
Change in appropriations		
Appropriations at 1 Jan.	**0.5**	0.5
Change in untaxed reserves	**0.0**	0.0
Appropriations at 31 Dec.	**0.5**	0.5

Deferred tax liabilities on accumulated depreciations were EUR 0.1 million at 31 Dec. 2000 and EUR 0.1 million at 31 Dec. 1999.

17. LONG-TERM INTEREST-BEARING LIABILITIES

Debentures and other bond loans	**61.7**	61.7
Loans from financial institutions	**193.7**	380.7
Loans from pension institutions	**51.3**	56.3
Other long-term liabilities	**0.0**	26.5
Total	**306.7**	525.2

Long-term interest-bearing liabilities maturing in

2002 (2001)	**8.6**	45.5
2003 (2002)	**142.6**	8.7
2004 (2003)	**1.5**	174.3
2005 (2004)	**54.6**	142.2
2006 (2005) or later	**99.4**	154.5
Total	**306.7**	525.2

NOTES TO KEMIRA OYJ FINANCIAL STATEMENTS

BALANCE SHEET (EUR million)

			2000	1999
Interest-bearing liabilities maturing in 5 years or longer				
Loans from pension institutions			**51.3**	56.3
Other long-term interest-bearing liabilities			**48.1**	98.2
Total			**99.4**	154.5
Debentures and other bond loans				
Loan		Loan currency		
FI 0003008581	1998-2003	EUR	**45.2**	45.2
FI 0003008599	1998-2006	EUR	**16.5**	16.5
Total			**61.7**	61.7

The Group has no convertible bonds.

18. LONG-TERM INTEREST-FREE LIABILITIES

	2000	1999
Pension liabilities		
Uncovered liabilities of pension funds	–	0.1
Other pension liabilities	**1.2**	1.4
Transfer to other intrerest-free liabilities	**–1.2**	-1.5
Total	–	–

19. CURRENT LIABILITIES

	2000	1999
Interest-bearing short-term liabilities		
Loans from financial institutions	**39.3**	87.6
Current portion of other long-term loans to others	**54.9**	11.5
Advances received	**0.8**	
Other interest-bearing short-term liabilities		
to Group companies	**258.9**	79.2
to others	**8.6**	39.2
Total interest-bearing short-term liabilities	**362.5**	217.5

Repayment items for other long-term loans in 1999 include an EUR 0.1 million issue of bonds with warrants targeted at management.

	2000	1999
Interest-free short-term liabilities		
Accounts payable		
to Group companies	**0.4**	0.0
to others	**2.6**	3.0
Total accounts payable	**3.0**	3.0
Accrued expenses and prepaid income		
to Group companies	**6.2**	3.9
to others	**19.1**	37.4
Total accrued expenses and prepaid income	**25.3**	41.3
Pension liabilities		
Transfer from interest-free long-term liabilities	**1.2**	1.5
Change in pension liabilites	**–1.2**	-0.3
Total pension liabilities	**0.0**	1.2
Other interest-free liabilites to others	**0.2**	0.1
Total interest-free short-term liabilities	**28.5**	45.6
Total current liabilities	**391.0**	263.1

	2000	1999
Accrued expenses and prepaid income		
From salaries	**1.3**	0.9
From interests and exchange differences	**23.1**	26.9
From taxes	**0.0**	7.6
From Group contribution	**0.2**	0.2
Other	**0.7**	5.7
Total	**25.3**	41.3

20. COLLATERAL AND CONTINGENT LIABILITIES

	2000	1999
Loans secured by mortgages in the balance sheet and for which mortgages given as collateral		
Loans from pension institutions	**4.8**	4.3
Mortgages given	**5.0**	5.0
Contingent liabilities		
Assets pledged		
On behalf of own commitments	**1.1**	0.2
On behalf of Group companies	**9.8**	10.9
Guarantees		
On behalf of Group companies		
for loans	**57.1**	70.0
for leasing obligations	**53.9**	54.1
for other obligations	**4.4**	7.7
On behalf of associates	**24.3**	20.2
On behalf of others	**1.6**	1.9
Total	**141.3**	153.9
Letter of Comfort obligations [1]		
On behalf of Group companies		
for credits	**0.7**	0.2
for leasing agreements	**2.1**	3.7
Total	**2.8**	3.9

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

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

21. SHARES AND HOLDINGS OF KEMIRA OYJ

Shares in subsidiaries	**Group holding %**	**Kemira Oyj holding %**
Kemira Agro Oy	100	100
Kemira Chemicals Oy	100	100
Kemira Pigments Holding B.V.	100	17.79
Kemira Metalkat Oy	100	100
Kemira Pigments Oy	100	100
Kemira Trading Oy	100	100
Tikkurila Oy	100	100
Spruce Vakuutus Oy	100	100
Kemira Danmark Holding A/S	100	100
Kemira (UK) Limited	100	100
Multirange B.V.	100	100
Kemira Pigments Latin America Comercial Ltda	100	50
Kemira Pigments S.A.	100	50

Proposal for the distribution of profits

The net profit of Kemira Oyj for the 2000 financial year was EUR 120,542,659 and the distributable equity at 31 December 2000 was EUR 326,180,000. The Group's non-restricted equity was EUR 642,156,000. The parent company's payment of a dividend is limited by the Group's distributable equity, EUR 507,787,000, which is obtained when the share of untaxed reserves that has been transferred to shareholders' equity is subtracted from the non-restricted equity shown in the Consolidated Balance Sheet.

It is proposed to the Annual General Meeting that a dividend of EUR 0.30 per share, or EUR 37,094,000, be paid for the financial year. It is proposed that EUR 500,000 be reserved for use by the Board of Directors for purposes promoting the common good (among other things, for donations to the Kemira Oyj foundation).

Helsinki 12 February 2001

Sten-Olof Hansén

Niilo Pellonmaa *Ritva Hainari*

Eija Malmivirta *Tauno Pihlava*

Anssi Soila

Auditors' report

To the shareholders of Kemira Oyj

We have audited the accounting records and the financial statements, as well as the administration by the Supervisory Board, the Board of Directors and the Managing Director of Kemira Oyj for the year ended 31 December 2000. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and the company's administration.

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

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

Helsinki, 12 February 2001

KPMG WIDERI OY AB

Hannu Niilekselä
Authorized Public Accountant

Statement of the supervisory board

The Supervisory Board of Kemira Oyj has read the financial statements of the parent company and the Group for 2000 and studied the Auditors' report at its meeting today.

The Supervisory Board advises the 2001 Annual General Meeting that the company has been managed well and that it has no comments to make on the financial statements of the parent company and the Group for 2000. The Supervisory Board proposes that the financial statements of the parent company and the Group be adopted and that the Board of Directors, the Managing Director and his deputies be discharged from liability. The Supervisory Board concurs with the proposal of the Board of Directors for the distribution of profit funds.

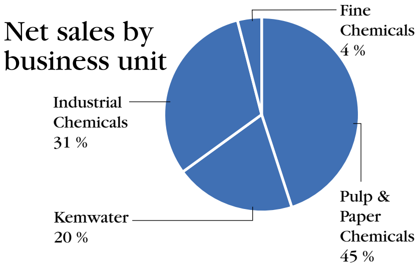
Helsinki, 14 February 2001

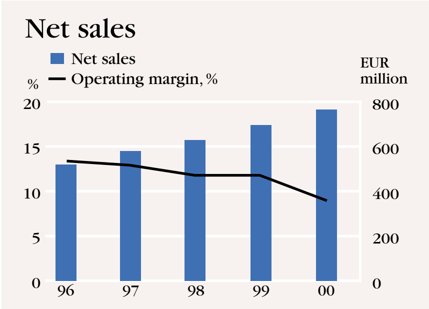
Timo Kalli *Kari Rajamäki*

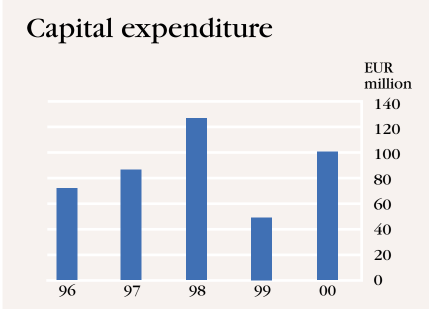
Risto Ranki *Sirpa Hertell*

Pekka Kainulainen *Mikko Långström*

Kemira Chemicals



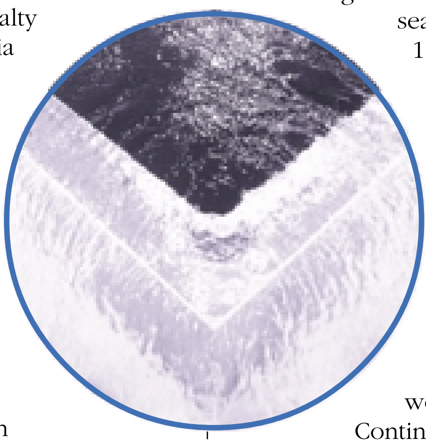




A YEAR OF GROWTH FOR PULP & PAPER CHEMICALS

Pulp & Paper Chemicals' net sales rose by 14 % to EUR 372 million. The unit's customer industry, the pulp and paper industry, experienced a strong upswing throughout 2000, although right at the end of the year there were signs of a slight slowdown. A number of major acquisitions and mergers were concluded amongst client companies, and this consolidation trend is continuing at full force. This also brings new challenges to chemicals suppliers, who must have an increasingly global and more integrated service capability to meet the needs of strongly expanding client companies. Kemira Chemicals is responding to this challenge by building on its strategy of total solutions and by expanding its presence in world markets.

The first important step in implementing the new strategy was the acquisition of Neste Chemicals' Finnish-Austrian specialty chemicals business. Via this deal we gained a firm foothold within specialty chemicals for the paper industry in Europe's German-speaking region. Apart from Austria, the deal includes operations in Finland, Poland, Turkey and Russia.



Expansion investments moved ahead in many areas. An extension will be completed at the specialty chemicals plant in Vaasa. In Sweden a debottlenecking programme will be carried out at the hydrogen peroxide plant, and peracetic acid equipment has been installed at Södra Cell AB in Mönsterås. The capital expenditure on the sizing plant in Brazil is moving ahead according to plans.

The sharply higher cost of oil raised raw material prices in 2000 and the impact of oil prices will be considerable in the current year as well.

KEMWATER CONTINUES TO EXPAND

For the most part, Kemwater's operations showed a favourable trend in 2000. Net sales were up 7 % to EUR 156 million. Organizational changes were made and at present Kemwater is divided into three water management units: Nordic, Continental and Overseas. The fourth business unit is Sludge Management, which concentrates on developing the Krepro business. Krepro refers to the process of treating and recycling waste water sludge by environmentally sound means. Kemira Chemicals is pursuing cooperation in this area with Agro.

Kemwater's new projects moved ahead at a good clip. The best growth came in the Overseas segment, where a 15% stake was purchased in Kemiron Inc, the United States' leading manufacturer of iron coagulants. We also increased our holding in our company in China, Kemwater (Yixing) Co. Ltd.

Two acquisitions were made in the Continental segment. We purchased Luebny závody a.s., the Czech manufacturer of aluminium sulphate, and the ferrichloride business of Solvay S.A. of Spain.

The Nordic unit expanded the manufacture of magnesium-free iron coagulant at its plant in Pori. Kemwater Services Oy concluded an important agreement on development of Kosovo's water supply system. In St. Pe-

KEMIRA CHEMICALS
EUR million

	2000	1999	1998	1997	1996
Net sales	**767**	697	630	582	520
Cost of sales	**–638**	–558	–507	–462	–407
Depreciation	**–60**	–56	–48	–45	–42
Operating income	**69**	83	75	75	71
Net financing expenses	**–16**	–24	–19	–17	–20
Income before extraordinary items	**53**	59	56	58	51
Capital invested (average)	**647**	596	524	453	415
Return on capital invested %	**12**	13	14	17	18
Capital expenditure	**100**	56	126	86	72
Personnel (average)	**3,210**	3,138	3,114	2,845	2,283

The operating income figure includes the non-recurring costs of winding up the detergent phosphate plant and other one-time depreciation totalling EUR 14 million.

tersburg we are studying the possibilities of starting up the manufacture of chemicals for waste water treatment needs together with local suppliers.

Prices of aluminium hydrate, which is used as a raw material for water chemicals, faced increase pressures.

INDUSTRIAL CHEMICALS SHOWS ITS GRIT

It was a difficult year for Industrial Chemicals. Net sales were roughly at the level of a year earlier. The only unit that posted good earnings was Kemphos, which manufactures phosphoric acid in Siilinjärvi, Finland. Its earnings too were burdened by the lower price of phosphoric acid. This, however, was partly offset by the high exchange rate of the dollar. The units that manufacture animal feeds and detergent chemicals had difficulties adjusting the market prices to compensate for the rises in raw material costs. Within detergent chemicals, the sodium tripolyphosphate business was sold, and this will lead to the discontinuance of manufacture of the product in Helsingborg, Sweden, within a few years. The calcium chloride unit continued to face a tight competitive situation.

Industrial Chemicals' most important capital expenditure, the expansion of sodium percarbonate production in Sweden, progressed according to plans and will reach completion before the end of 2001. Similarly, investments were made in the receiving end for feed phosphate raw materials so that we will be able to use lower-priced and purer Kovdor apatite as a raw material of feed phosphates.

Kemira Fine Chemicals Oy's operations developed in line with the agreed strategy. The company reported somewhat better net sales than a year ago.

KEMIRA CHEMICALS AND SOCIETY

Kemira Chemicals' business units will continue to have an important social significance in future: Kemwater purifies both drinking water and waste water for hundreds of millions of people and Pulp & Paper Chemicals serves information exchange as well as education and training by making possible efficient and environmentally sound paper production. Industrial Chemicals' ECOX is a detergent compound that is harmless to the environment, and titanium dioxide is an essential raw material in countless everyday products.

DEVELOPMENT OF INFORMATION SYSTEMS

Installation and fine-tuning of the SAP/R3 systems moved ahead. The system was placed in use in Germany, and it will be up and running in Canada during the spring.

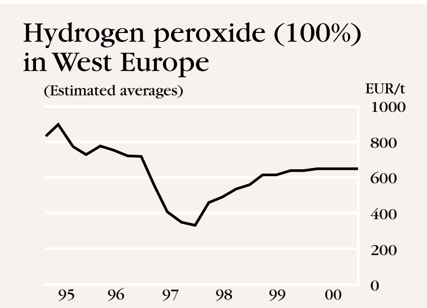
Kemira Chemicals is building an e-commerce system as part of its process oraganization with the aim of achieving smoothly running operations from the supplier all the way to a satisfied customer. E-commerce will enable this chain to be extended so that both suppliers and customers are more closely involved together in the same process.

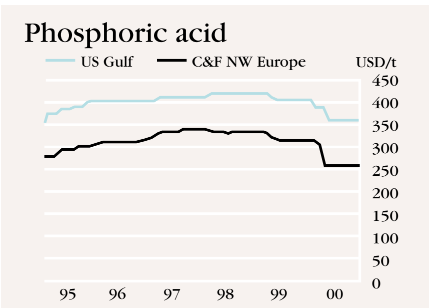
OUTLOOK FOR THE FUTURE

2001 will be a year of positive growth for Kemira Chemicals. Significantly, the Pulp & Paper Chemicals and Kemwater units are among the entire Kemira Group's most important growth areas, which are expected to deliver growth of 20-30% over the next few years. Expansion will be propelled mainly by acquisitions. The search for promising acquisition candidates has been made a top priority and both units are expecting results within a year. At present exploratory studies are focusing on the United States and Europe. We are also investing a good deal in research and development with the aim of ensuring organic growth in both our present companies and in those we buy.

Considerable changes have taken place within Kemira Chemicals' strategic business units. Pulp & Paper Chemicals' formic acid unit, Kemira Pigments' Pori plant and Kemira Fine Chemicals' were melded into Industrial Chemicals as from the beginning of 2001. Feed phosphates, potassium sulphate fertilisers and the phosphoric acid business in turn were transferred to Agro.

The outlook for the current year will depend a great deal on the general trend in business cycles, particularly in the United States. It is believed that Kemira Chemicals' net sales and net income will grow both organically and via acquisitions. The internal structural transformation that has been carried out within Kemira, above all the integration of Pigments within Chemicals, will improve earnings.





KEMIRA PIGMENTS

THE BEST UNIT WAS RETAINED

In line with Kemira's strategy, Kemira Pigments' weakly profitable production units in the United States and the Netherlands were sold. In future Kemira Pigments is basing its operations on its competitive production unit in Pori.

DEMAND LIFTS PRICES

The world's titanium dioxide market is growing at a rate of 3% a year in step with the growth in gross domestic product. Although the total volumes of titanium dioxide used for different purposes do not necessarily change very significantly from one year to the next, demand for the product varies according to a cycle of about three years. The main reason for this is that customers stock up on the product and then wind down their stocks.

Compared with the previous year, demand for titanium dioxide grew significantly in 2000 in all market areas, but above all in western Europe. The strong growth in demand led to a tight delivery situation, pushing up prices several times during the year. The latest price increase notifications were made towards the end of 2000.

A bit more than 100,000 tonnes of new capacity came on stream around the world during 2000. The increases in capacity have been made by means of debottlenecking because even the present price level does not support capital expenditures on completely new plants. Announcements have been made concerning a total of about 400,000 tonnes, which consists of debottlenecking investments and several preliminary plans for building fairly small lines over the next four years. This corresponds to the average growth in demand. The present good balance between supply and demand will thus hold steady in coming years.

Kemira Pigments delivers products to more than a hundred countries all told. Our most important market area is western Europe, though we have an important market position in Latin America and Asia as well. Our most important growth area, particularly within printing ink products, will be North America in the years ahead.

COSTLIER RAW MATERIALS

The most important production cost factors are ilmenite and energy. The price of ilmenite has risen owing to the scarcity of the ore on the market, and the general price level of energy has been on the rise.

NEAR-TERM OBJECTIVES

Our plant in Pori is one of the world's largest plants that employs the sulphate method. It has a capacity of 120,000 tonnes a year. The plant uses the lowest cost titanium dioxide raw material – ilmenite. This means that the production unit in Pori has a very competitive cost level. We have a strong market position within number of speciality products, such as within products used in printing inks and microfine titanium dioxide.

Our objective is to grow further both in the area of specialty products and industrial pigments. Within specialty products we are seeking growth through new products and higher volumes. The possibility of lifting production capacity gradually to 150,000 tonnes by means of debottlenecking is under study at present.

A central objective for us within environmental protection in future years is to exploit process byproduct flows in the form of saleable products. Byproducts are used for purposes such as water purification, soil conditioning and as an additive in cement.

R&D REMAINS A HIGH PRIORITY

The titanium dioxide manufacturing process is lengthy and complex and its proper control calls for a good deal of know-how. Kemira has special expertise within finishing, in the manufacture of microfine product and also in the area of environmental technology.

Product development on pigmentary titanium dioxide, which has good opacity properties, was weighted towards pigments that are used in the printing ink and paint industries. The accent in the development of speciality products was on articles used in cosmetics, plastics, paints and catalysts. The development work on microfine transparent TiO_2 pigment which is used in so-called high effect automotive paints reached completion. As part of our research and development work, we pursued cooperation with customers, universities and research institutes.

We are studying domestic ilmenite in cooperation with VTT technical research centre of Finland and a development company in the mining field. The technical suitability of this ilmenite as a raw material for the sulphate process in Pori is being studied by means of a plant-scale test run.

FURTHER IMPROVEMENTS IN EFFICIENCY

Kemira Pigments' efficiency has risen significantly in recent years. In Pori the production capacity per employee has risen by about 40% since 1997. Over the next few years we shall increase capacity further and improve the efficiency of energy use.

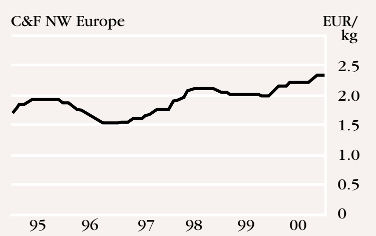
SYNERGIES WITH THE OTHER BUSINESS AREAS

Our cooperation with Kemwater is important for both parties. Together with Tikkurila we have studied the use of titanium dioxide in paints. In future we shall engage in closer cooperation with Kemira's research centres in Espoo and Oulu with the aim of enhancing the use of research resources.

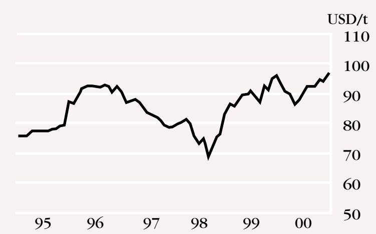
OUTLOOK FOR THE FUTURE

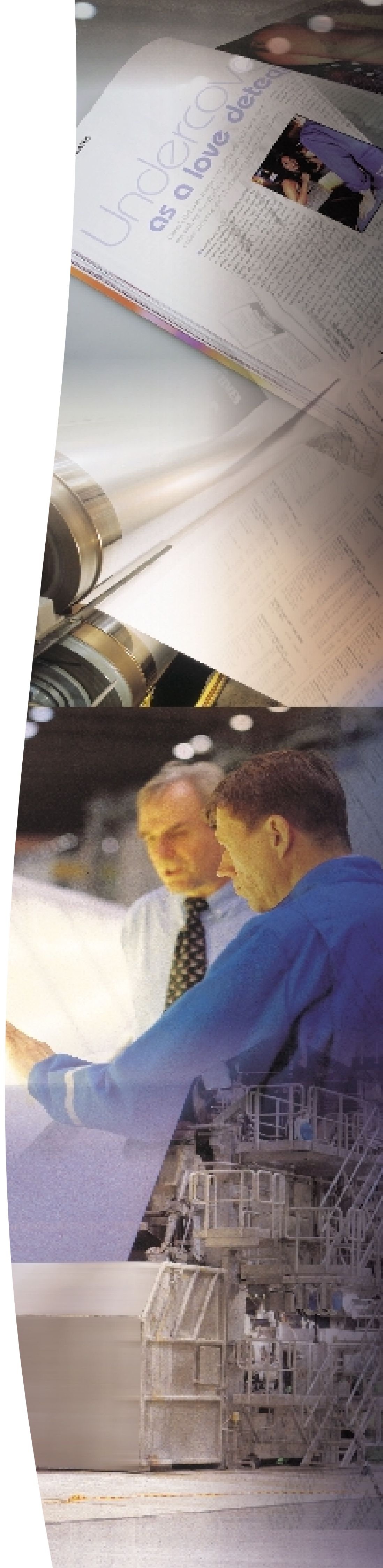
Demand for titanium dioxide has held up well, though the slowing of economic growth in the United States may lower demand in the North American market. New capacity will be made available only to a limited extent. It is believed that the price level will remain strong next year too.

Titanium dioxide pigment



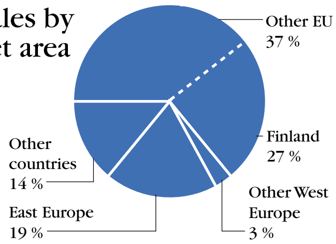
Ilmenite



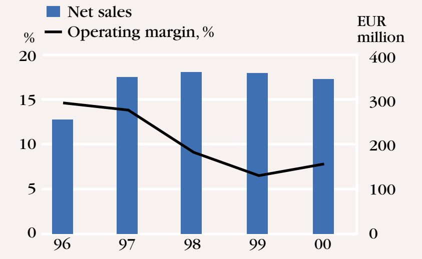


Tikkurila

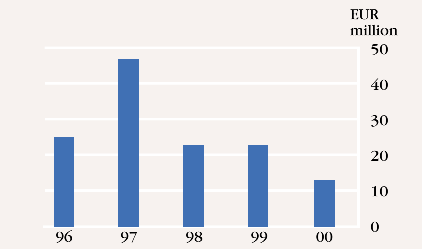
Net sales by market area



Net sales



Capital expenditure



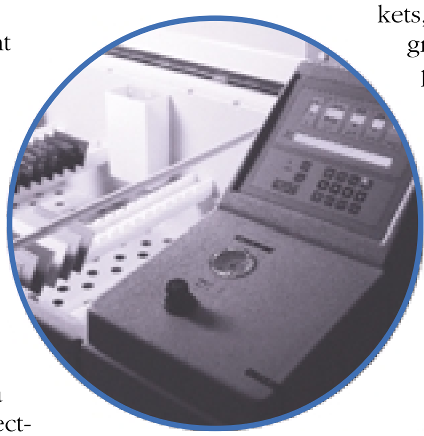
The operational framework of the paint business, which Kemira has chosen as a strategic priority, improved considerably when Tikkurila CPS, the tinting business, was sold to Industri Kapital, a Swedish private equity investment firm, in the autumn.

TIKKURILA PAINTS EXPANDS WESTWARD

The acquisition of Alcro-Beckers AB at the turn of the year 2001 marked the start of Tikkurila's expansion into Western Europe. Sweden's largest paint manufacturer has teamed up with Tikkurila before: the Baltic Color joint venture has operated successfully in the Baltic countries since 1994.

Tikkurila's decorative paints are seeking to establish a major position in selected market areas. By way of this acquisition, Tikkurila became the largest paint manufacturer in the Nordic countries. In Europe the company is already amongst the ten largest manufacturers, but it has set its sights on being in the top five in a few years.

Within exterior paints, the focus in recent years has been on the development of technically high quality and weather-resistant products. The use of solvent-containing products has been reduced by replacing these or by introducing equivalent water-borne or low-solvent alternatives. Water-borne products too have been developed further. On the interior paints side, Tikkurila is pushing ahead with the development of very low-emitting products.



A FAVOURABLE CONTINENTAL EUROPEAN MARKET

The rainy summer hampered sales of exterior paints in Finland and Sweden. Thanks to brisk demand in the early months of the year and the autumn, sales of decorative paints nevertheless reached the previous year's level.

The Feelings products and concept which facilitate the selection of colours and was brought out on the market in the spring has been well received both in Finland and in export markets, and sales have grown according to expectations.

Earnings were weakened somewhat by one-off outlays on marketing, which will bear fruit over the longer term.

Operations in Russia also showed favourable development. Deliveries increased by a third and the local companies were doing business at a good clip. Finncolor, which has firmly established its position in Northwest Russia, reported good growth, especially thanks to its own production facilities: already half of the litres sold are manufactured in St Petersburg. The activities of the painting school were continued and a modern test painting shop was built in the warehouse.

The Kraski Tikkurila plant near Moscow started its own paint production in the spring. Product development is steered from the Vantaa site, whilst the greatest possible use of local raw materials is made in producing

TIKKURILA EUR million	**2000**	1999	1998	1997	1996
Net sales	**345**	357	361	349	255
Cost of sales	**–301**	–316	–312	–288	–208
Depreciation	**–17**	–18	–16	–13	–10
Operating income	**27**	23	33	48	37
Net financing expenses	**–1**	–4	–5	–4	–4
Income before extraordinary items	**26**	19	28	44	33
Capital invested (average)	**252**	234	211	181	170
Return on capital invested %	**13**	10	16	27	22
Capital expenditure	**13**	23	23	47	25
Personnel (average)	**2,049**	2,301	2,214	1,902	1,520

the paints. For this product group, Tikkurila is seeking to find its own distribution channels so that it can compete with Russian manufacturers. In the spring a regional warehouse was opened in Novosibirsk to serve Siberian distributors.

Marketing of the Benetton concept continued in continental Europe, where it has performed well. Ultramodern products were brought out on the market, for example, Iridescent, a pearlescent effect finish. At the turn of the year there were about 500 Benetton stores selling paint around the world.

The sales trend in Hungary was favourable. The relocation to new facilities in November 2000 will improve customer service further.

The situation in the Baltic countries normalized following the Russian crisis, and Baltic Color's sales showed a positive trend. Vivacolor, the leading trademark in the Baltic countries, strengthened its position further.

TIKKURILA COATINGS GOES EUROPEAN

In 2000 the remake of Tikkurila Coatings' profile into a company with a clear European focus was seen to completion. To underline the common identity, the name of all the companies is now Tikkurila Coatings, and the product names too are for the most part the same. The objective is that regardless of the country or locality, customers will perceive Tikkurila Coatings as being a company that offers customized surface treatment solutions for industry's needs.

Additional Temaspeed service outlets were established in Finland and abroad. Temaspeed is the leading tinting and distribution system for industrial coatings across Europe. Tikkurila Coatings has its own production, a sales company or an importer in 20 countries, and there are already about 200 authorized Temaspeed distributors.

As the result of a nearly three-year long project, Tikkurila Coatings set up an extensive customer service centre in Vantaa for the woodworking industry. The centre employs the latest technology and offers customers services such as the possibility of testing their products with new equipment before taking their own capital expenditure decisions.

Within the product development for the metal industry, major outlays have been made on environmentally compliant products. These include water-borne paints as well as paints having a high solids content. The most important development effort within paints for the woodworking industry is water-borne and UV-cured products. Research in the coil coating area is centered on the development of high-build coatings and chromate-free primers.

EXPORTS UP SHARPLY

The competitiveness of industrial coatings has improved in both the Nordic countries and elsewhere in Europe. In its chosen areas, Tikkurila Coatings now ranks amongst Europe's leading manufacturers of industrial coatings.

Within protective coatings the company is one of the six largest produc-

ers and in OEM product finishes it ranks among the top ten. Tikkurila Coatings' paints for the woodworking industry are the market leaders in Finland and the Baltic countries. Coil coating has landed new export customers in addition to its established customer base in the Nordic countries.

Thanks to the favourable trend in the economy, the consumption of industrial coatings headed upwards a bit in Finland and Sweden.

Especially in export markets, paint sales were buoyant. Deliveries to the CIS market nearly doubled. To strengthen operations in the Baltic countries, a service centre was set up in Latvia. In Hungary, Tikkurila moved into new premises which will serve as a base for managing paint deliveries to all parts for eastern Central Europe.

Positions within the metal industry were strengthened in the UK by purchasing the industrial coatings business of Mason Coatings PLC. Manufacture of the products will be transferred gradually to the plants in Bury and West Bromwich.

The concentration on selected areas of operations also moved ahead in the UK when Tikkurila sold its 50 % stake in Becker Acroma Ltd. At the same time, the Goldspeed chain of distributors was sold off, though it will continue marketing Tikkurila Coatings' products for the metal industry.

WHAT ARE PAINTS FOR?

The purpose of paints is to protect and beautify surfaces. This means that they have a considerable importance from the standpoint of sustainable development. Properly protected buildings and structures last longer and thereby conserve nature and various materials.

Nor should one belittle the importance of aesthetics and colours. A building that is in harmony with its environment is a joy to behold, and a tastefully chosen interior makes for a more pleasant working or living environment. In the area of industrial painting too, colours now figure prominently.

CUSTOMER-DRIVEN OPERATIONS

Tikkurila's operations have always been centred on the customer's needs. Tikkurilan Viesti (the Tikkurila Messenger), which first came out in 1929, is one of Finland's oldest customer magazines, and advisory services for professional painters date back just as far. Also, the Paintline telephone service that was introduced in the autumn 2000 put consumers directly in touch with the paint plant.

Tikkurila is one of the world's leading companies in the utilization of tinting systems in marketing paint products to consumers, the painting trade and industry alike.

A few years ago Tikkurila Paints became the world's first company to introduce environmentally compliant colourants and a tinting system comprising only two base paints. The colourants of Tikkurila Coatings' two base paint system are in compliance with the stringent quality, occupational safety and environmental requirements set for industrial painting.

Production efficiency at Tikkurila is top-flight. The new operations control system that was introduced at the Monicolor plant in January 2000 will further increase cost effectiveness and improve the plant's ability to meet quality standards.

All subareas of operations undergo continuous improvement by means of benchmarking. Delivery reliability has reached a very good level.

E-COMMERCE MOVES AHEAD

Several projects connected with e-commerce were launched in 2000. Tikkurila signed up as a shareholder in the BuildForum e-commerce site, which seeks to be a neutral marketplace and a vehicle for guiding logistics chains in the construction industry.

The company's own website is being developed with the aim of providing a capability for receiving orders over the Internet. Electronic orders already represent a significant share of new business, and the possibilities of e-commerce are also being studied by the Purchasing Department.

A PACESETTER WITHIN ENVIRONMENTAL AFFAIRS

Within environmental affairs, Tikkurila has been a pacesetter in its field worldwide. Back in 1994 the company's environmental system earned it accreditation according to the BS 7750 standard, which was subsequently changed to the ISO 14001 certificate. All Tikkurila's plants have either existing or pending environmental and quality assurance systems according to the ISO series of standards.

EU regulations governing the quantities of organic solvents which are permissible in paints will enter into force in April 2001. For years now Tikkurila has anticipated forthcoming changes in the legislation and other areas and guided its product development and marketing along these lines.

In the autumn 2000, Tikkurila Coatings organized training in environmental affairs and new technologies for its customers. This initiative yielded a good deal of positive feedback.

PERSONNEL

At the end of 2000 the Tikkurila Group employed 1,506 people, or 777 employees less than a year ago. Of these employees, 769 worked in Finland. The inclusion of Alcro-Beckers from the beginning of 2001 will raise the number of personnel by about 1,100.

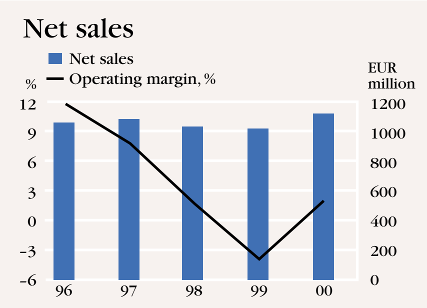
OUTLOOK FOR THE FUTURE

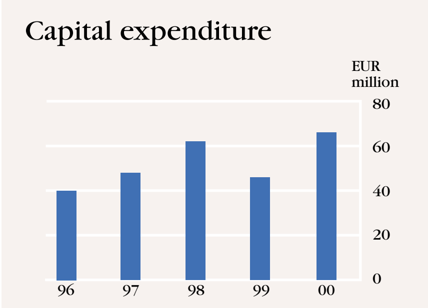
The clearly defined objective within both decorative paints and industrial coatings is growth and the strengthening of Tikkurila's chosen product areas. In the established markets this will take place via acquisitions and also organically in the fast-growing markets in Finland's nearby areas.

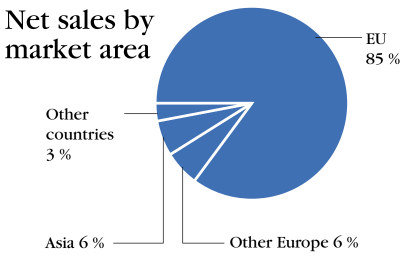
Tikkurila's particular strength is its flexibility - the ability to adjust to the developments of the markets and to changing customer structures from time to time. This ability will be needed in the face of ever-tougher competition, in which only the best companies will come out on top.

Tikkurila has always wanted to introduce new ways of working whenever these have been available. E-commerce is another area in which Tikkurila wants to be number one. The objective is to develop systems with built-in simplicity, which are capable of serving both the company and its customers in the best possible way.

Alcro-Beckers will strengthen Tikkurila's competitiveness even more and this joining of forces will make the Tikkurila Group a top-notch player in the paint market. Both companies are pioneers in the management of environmental affairs and customer relationships. This is the first step towards the creation of a strong Nordic paint company.







PRICES FINALLY HEAD UPWARDS

In 2000 the use of plant nutrients worldwide grew by about 2%. The world's crop harvest is forecast to fall short of the previous year's harvest by nearly 2%. In Western Europe, Kemira Agro's main market area, the fertilizer industry saw major structural changes. Nearly 3 million tonnes of nitrogen fertilizer capacity and 1 million tonnes of NPK fertilizer capacity were closed.

Owing to the reduced demand for products and to cheap imports, the West European fertilizer industry has closed 30 plants over the last couple of years. Kemira Agro closed the Pernis plant in the Netherlands in June and the Rozenburg plant, also in the Netherlands, in December, bringing about a total reduction of 560,000 tonnes of NPK/DAP capacity and close to 1 million tonnes of nitrogen fertilizer capacity. All these moves are believed to improve the health of the sector and to enable the fertilizer industry to develop as part of Western Europe's high quality and competitive food supply chain.

Fertilizer prices headed upwards in Western Europe in the first quarter of 2000 and kept rising throughout the latter part of the year. Prices of nitrogen fertilizers were 40-90% higher in different markets at the end of the year and prices of NPK fertilizers 20-35% higher than they were a year earlier. By contrast, prices of PK fertilizers remained virtually unchanged. Competition got tougher in the export market, particularly for NPK products.

Within raw materials, the price of natural gas rose sharply and this in turn lifted the price of ammonia, which is manufactured from it. In December ammonia cost over 80% more than it did a year ago. All year long the price of potassium raw material held fairly steady. Of phosphorus raw materials, the dollar price of phosphoric acid fell by 15% in the first half of the year.

THE NEW TWO-UNIT STRATEGY

Implementation of Kemira's new strategy, in which specialty fertilizers are the priority area for Agro, was launched right from the start of the year by dividing Agro into two new strategic business units: Kemira Agro Specialties (KAS) and Kemira Agro Nitrogen (KAN).

Kemira Agro Specialties' objective is to be a preferred partner and a supplier of total solutions within the food chain. To implement the new strategy, the parts of Kemira Chemicals which operate as part of the food supply chain were transferred to Agro. Animal feed phosphates, phosphoric acid and potassium sulphate were the businesses transferred.

Kemira Agro Nitrogen operates for the time being as part of Kemira Agro and its planning and control systems. In line with its strategy, Kemira is seeking to get out of the nitrogen fertilizer business.

KEMIRA AGRO
EUR million

	2000	1999	1998	1997	1996
Net sales	**1,116**	1,015	1,030	1,079	1,056
Cost of sales	**–1,029**	-990	-954	-941	-871
Depreciation	**–64**	-64	-57	-53	-59
Operating income	**23**	-39	19	85	126
Net financing expenses	**–17**	-20	-17	-21	-23
Income before extraordinary items	**6**	-59	2	64	103
Capital invested (average)	**605**	663	645	602	595
Return on capital invested %	**5**	-5	5	14	21
Capital expenditure	**66**	47	62	48	40
Personnel (average)	**2,833**	2,951	3,071	3,117	3,415

KEMIRA AGRO SPECIALTIES

The strategy of KAS is to grow by offering novel solutions and integrated services

- for agriculture in the Baltic area and in eastern Central Europe
- for selected high value crop markets worldwide
- for selected animal nutrition markets worldwide.

This implies a clear shift from commodity fertilizers to specialty products: we are seeking to move away from markets where producers compete on price alone towards markets where customers and consumers have greater purchasing power. We also offer customized products and grow-how programmes in which services form an important part of our overall solution.

We supply mainly multinutrient NPK fertilizers and fully water-soluble specialty fertilizers to global markets. Our production facilities are located in Finland, Denmark, Lithuania, China, the United Arab Emirates and Malaysia.

The KAS unit had net sales of EUR 563 million. Sales volumes remained at nearly the same level as in the previous year. The clear improvement of NPK prices in Western Europe did not compensate for the price rise of the main raw material, ammonia. There was noticeable improvement in the Baltic markets and Poland. A factor that lifted earnings was exports to markets outside Europe thanks to the strong dollar. Sales volumes of fully water-soluble specialty fertilizers were up and profitability remained at a good level even though the strong growth in the supply of potassium nitrate depressed prices somewhat.

KEMIRA AGRO NITROGEN

The KAN unit is primarily a producer of nitrogen fertilizers for the West European market and its production facilities are located in the Netherlands, Belgium, France and Great Britain.

The unit had net sales of EUR 662 million. Earnings improved strongly compared with the previous year thanks to the rise in nitrogen fertilizer prices. The higher price of natural gas - up 70% on the previous year - nevertheless took a big bite out of this upside.

The process chemicals business ran on an even keel. Prices rose in lockstep with raw material costs. The business was developed further and in the wake of the closure of the Rozenburg plant, new purchase agreements were negotiated.

BUSINESS DEVELOPMENT AND R&D

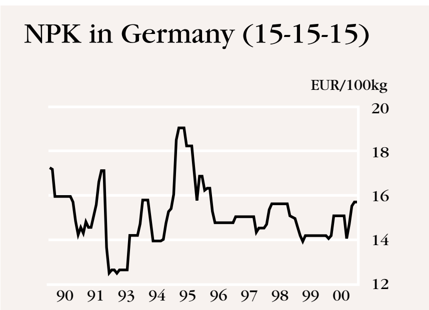
The bulk of the capital expenditure funds was spent on developing the safety and reliability of existing plants and on reinforcing the specialty fertilizers strategy we have chosen. The joint ventures that produce NPK fertilizers both in Lithuania and in Malaysia got up to speed and the NPK plant in Zhanjiang, China, was completed in December, when it started up trial production. A plant that will manufacture water-soluble urea phosphate went into operation in the United Arab Emirates in February 2001. The joint project that was started together with Arab Potash Company to produce potassium nitrate and dicalcium phosphate in Jordan has moved ahead according to plans and production will start up in the summer 2002.

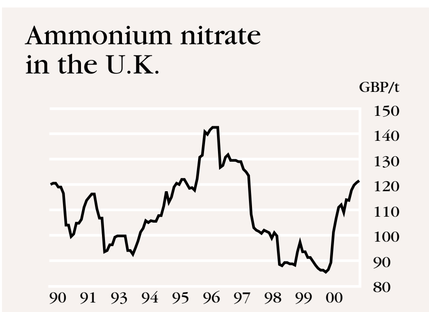
Kemira Agro's total capital expenditures during the past year amounted to EUR 66 million.

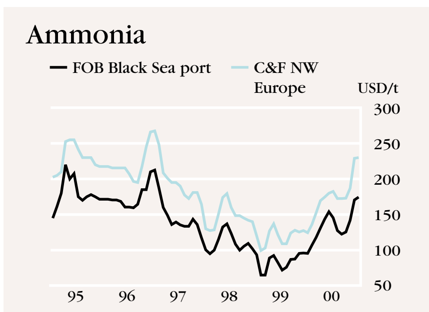
The year saw the expansion of Farmit Website Oy, an Internet service developed by KAS jointly with other input providers. The comprehensive agricultural portal has built up a wide user base, and the 9,000 farmers who had registered as club members by the end of the year represent 20% of Finland's cultivated acreage. The possibility of utilizing this newly developed Internet product in KAS's other market areas will be explored during 2001.

Research efforts centred on subjects that support the specialization strategy. The research revolved around the development of services connected with cultivation programmes and precision farming as well as specialty fertilizers for specific crops and areas. The design of a new pilot plant that can be flexibly adapted to different requirements was started. The facility will be completed at the Espoo research centre in 2001 and provide better means of offering our customers fast and customized service.

Research expenditure amounted to EUR 12 million, or 1.1% of net sales.







PERSONNEL

Kemira Agro's number of personnel has contracted considerably in step with the structural transformation and operational efficiency-boosting that have been carried out. The headcount has been reduced by about 200 in the space of two years. In 2000 the average number of personnel was 2,833.

Apart from pushing ahead with the structural transformation, we have continuously developed our operations towards a process-oriented way of working with the aim of increasing our customer focus, the personal responsibility of all Kemira staff and the company's agility in a fast-changing business environment. Developing a process organization including related training for the personnel will be high-priority projects over the next few years.

As the new strategic orientation takes hold, we will develop skills and expertise that support change.

SAFETY AND RELIABILITY

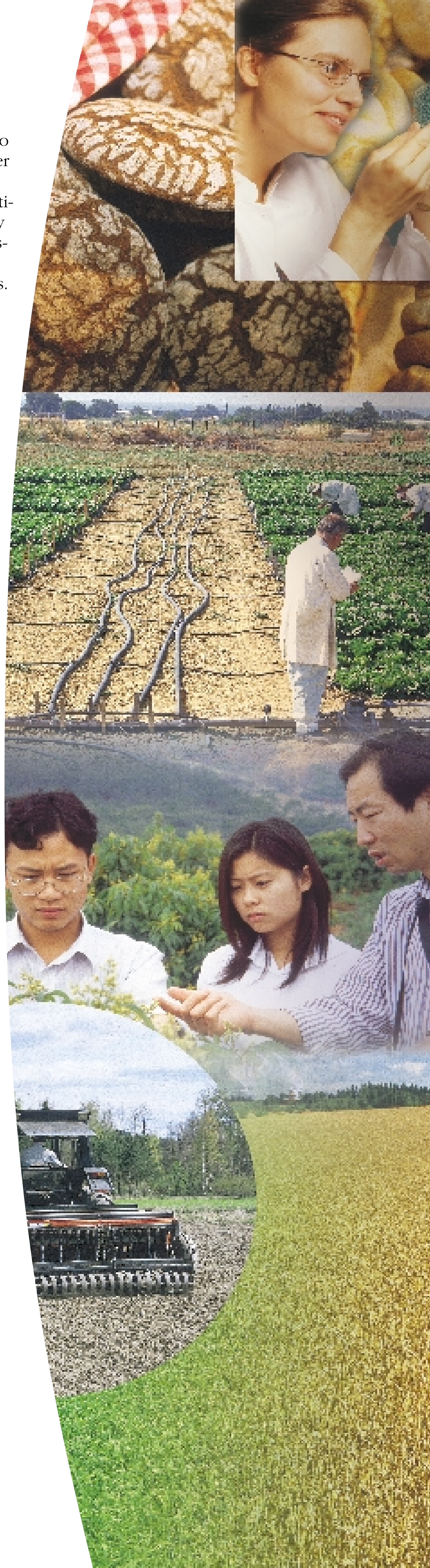
A strategic cornerstone for us is safe and reliable operations. Thanks to ongoing development projects and new working methods that have been put into use, the number of accidents has declined steadily over the past four years. We are continuing to implement our new safety policy and to improve our operations further. In addition, starting new joint ventures and lifting the reliability of their operations quickly to the target level are challenges that we have taken up.

OUTLOOK FOR THE FUTURE

Global grain stocks were smaller at the end of 2000 than at the end of 1999. The seeded acreage for autumn crops in the northern hemisphere was smaller than usual owing to the poor weather. Due to the prohibition on the use of meat and bone meal (MBM), the need for soya and cheap feed grain in Europe is likely to increase. It is difficult to forecast the global price trend of grain and other cultivated products, but prices will probably hold steady.

According to an estimate by the International Fertilizer Association, IFA, the worldwide agricultural situation bodes well for the fertilizer business, and the demand for nutrients is set to grow by 1%. In Western Europe volumes are still declining but thanks to closures of capacity by local fertilizer producers and restrictions on cheap imports, supply and demand for fertilizers are in better balance than they have been for a long time. The prospects for the fertilizer business are thus favourable in our main markets. Positive expectations are also strengthened by the agreement between China and the World Trade Organization, WTO, which will lead to a clearer and more certain future for NPK exports.

The biggest of the factors of uncertainty is the trend in the United States economy, with its repercussions on the exchange rate of the dollar, as well as the trend in energy prices around the world.



Kemira Metalkat

Kemira Metalkat posted good earnings. Both net sales and operating income were above budget. This was attributable to the better than forecast demand for models that are being dropped from the production programme as well as to the fast start-up of deliveries for new car models.

Net sales consisted mainly of deliveries of catalytic converters to the European automotive industry. Deliveries outside the automotive industry for motorcycles, chain saws and other small combustion engines are continuing to grow, and products are also being delivered to North America and Asia. Metalkat has a share of about 20% of the world market for metallic catalytic converters.

During the year Kemira Metalkat established a joint venture in Romania to improve its service for the local automotive industry. A joint venture was also set up in Germany with the objective of starting and developing e-commerce. Towards the end of the year, rights to the metallic ECOCAT catalytic converter substrate were purchased. With the start-up of production in 2001, this purchase will further strengthen Kemira Metalkat's position as a supplier of metallic catalytic converters.

Demand for products that improve the state of the environment will increase as emission norms become global in scope. Kemira Metalkat has an extensive product range and know-how, making it well placed to develop the business in coming years. Net sales and earnings in 2001 are expected to be at a slightly lower lever.

Kemira Oyj

Kemira Oyj comprises Group management and administration as well as certain service functions. Kemira Oyj's net sales consist of the sale of electricity to the Group's companies in Finland and to outside companies.

Net sales for 2000 were EUR 21 million (27 million), of which 40% came from outside the Group.

The parent company's paramount task is the Group's strategic management. It sets objectives for the Group and the subsidiaries, defines operating principles and contributes to exploiting the Group's internal synergies. In addition to the energy business, the parent company handles the Group's financing and certain other headquarters service functions.

Kemira Oyj employed 120 (132) people in the average.

An evolving corporate culture

Major changes took place in Kemira's top management at the beginning of 2000: a new non-executive Board of Directors and a new CEO took over.

This led to major decisions that will have a significant bearing not only on the structure of the Group's business areas but also on its corporate culture. During the year Kemira's vision and its Group-wide values and key competencies were defined (p. 4). Virtually every member of the Kemira team had an opportunity to take part in this process, mainly by way of intranet dialogue pages and discussions that were arranged in small groups at different sites.

KEMIRA'S CORE VALUES

RESPECT FOR INDIVIDUALS

All our interpersonal dealings are based on a respect for fairness, honesty, openness and trust. We encourage participation, networking and communicating.

INNOVATION

We seek innovative solutions, products and services and combine them in a new way. We encourage individual thinking.

TEAMWORK

Cooperation with our customers and within Kemira underpins our operations. We foster cooperation that goes beyond organizational and cultural boundaries. We encourage the sharing of information and adopting the best working practices.

FOCUSED ON RESULTS

Our efforts are directed at achieving ever-improving financial performance. We set high goals in everything we do and strive for a win-win relationship in our dealings with customers.

THE KEMIRA SCORECARD

At the beginning of 2000 Kemira decided to go over, step by step, to a strategic management system based on the Balanced Scorecard method. The new system was named the Kemira Scorecard. During 2000 the Group and its strategic business units have developed their own scorecards, drawing on the strategic objectives of the Group and its business units. Use of the management method based on the Kemira Scorecard will be expanded and amplified across Group units during 2001.

The Kemira Scorecard is a strategic management system whose aim is to describe the path we must take to fulfil Kemira's strategy and to realize the company's vision. The scorecard is an effective tool for communicating the company's vision and strategy to the entire organization. It enables the objectives and efforts of the Group and the strategic business units to be united and aligned, whilst also integrating the annual plans into the long-term plans.

The Kemira Scorecard provides a means of ensuring the company's balanced development by defining the key factors of success for the four subareas of prime importance for the Group's future, by formulating the practical action plans needed to implement the strategy, by selecting the benchmarks that will be used in tracking the development and by agreeing on challenging target values for them. The Kemira Scorecard embodies four critical perspectives: finance, customers, operational processes and human resources.

The key success factors that have been singled out for the Group from the financial perspective are profitable growth, the efficiency of capital employed and the capital structure. The financial benchmarks used in the Kemira Scorecard are presented in greater detail on page 4. From the customer perspective, the Group's central success factors are renewal of the Group's business and development of the environmental business. At the Group level, the key success factors that have been identified from the process viewpoint are occupational safety, excellence in daily operations and a far-reaching overhaul of our organizations. The key success factors that have been selected from the human resources perspective are the development of interaction and management, a revitalized corporate culture and a recasting of the Group's external profile.

HUMAN RESOURCES DEVELOPMENT

By the end of last year, 170 supervisors or experts from different parts of the Kemira organization were participating in the Kemira Excellence by You (KEY) management development programme, which was launched in 1998. The programme is a flexible development syllabus comprising nine study weeks. In addition to common modules that promote internal networking, the programme comprises a section based on an individual development plan. At the same time, the programme reinforces a culture of learning in which each and every employee bears responsibility for their own development, drawing on the company's resources.

At the top management level, the Group started up a development project comprising both individual development for the target group as a whole and specific elements for management teams.

Kemira is carrying out a Group-wide shift to a process-based organization, and this change is also being supported through training initiatives.

By means of development discussions, we ensure that every employee receives feedback on his or her performance, knows their objectives and follows a planned course of development. The objective over the next few years is to improve the quality of the discussions and to involve the entire personnel in them.

Kemira Group environmental report 2000

INTRODUCTION AND PURPOSE

The eighth annual environmental report by Kemira reviews the most important developments in 2000. The report also contains information on safety, energy, and social responsibility.

The report has been prepared in accordance with the relevant European reporting and accounting guidelines[1] and deals with Kemira Group companies in line with financial reporting.

SUMMARY

Portfolio changes resulted in substantial reductions in most of the Group's environmental releases. The decline was particularly prominent in waste water discharges. Amounts of hazardous waste dropped, while non-hazardous waste generation increased slightly. There was increased activity in the area of environmental site assessments and remedial planning.

Capital expenditures on environmental protection declined further, by about 30% from the previous year. Even more significant was the reduction in environmental operating costs, dropping by about 25%, mainly due to divestments of businesses.

Sales of environmental products and services totaled EUR 340 million, up 10% on a comparable basis. Decisive, long-term efforts have doubled this business across Kemira in less than 10 years.

There were no major industrial accidents or environmental spills, although one regrettable fatal accident occurred.

Kemira published its new vision and values. The Group's redefined core competencies sharpen the environmental strategy. A new Balanced Scorecard system was adopted for measuring progress also in HSE issues. Many new sites obtained ISO 14001 certificates or were actively developing environmental and safety management systems. In Finland, Kemira again received an award for good public environmental reporting.

ENVIRONMENTAL STRATEGY

Implementation of the new corporate strategy was the dominant theme of Kemira during the year. Kemira's redefined core businesses include many environmental products and services, especially to the pulp and paper, water treatment and paint and coating sectors. Kemira aims to be a leading service provider in these fields, and has ambitious growth targets. The selected core businesses are based on key competencies, among which water chemistry and technology, environmental expertise and recycling play a crucial role.

As anticipated last year, the divestment of part of the titanium dioxide business and the pending divestment of nitrogen fertilizers are changing the Group portfolio, giving it an environmentally lighter orientation. Further reductions in various releases, energy intensity and costs are thus expected.

ENVIRONMENTAL POLICY AND MANAGEMENT SYSTEMS

To respond to external and internal developments, Kemira strengthened resources in safety and chemicals management. The Group also introduced a new Balanced Scorecard system which includes management targets for safety and environment.

Within Kemira Chemicals, the Oulu plant obtained an ISO 14001 certificate in November. The Industrial Chemicals business unit received similar approval covering its operations in Helsingborg.

The Siilinjärvi and Kokkola plants in Finland are getting ready with ISO 14001 in 2001. Building of the ISRS International Safety Rating System was launched at the Vaasa and Oulu plants.

Kemwater made progress with safety rating systems and ISO 14001 preparations of several units. Kemira Pigments conducted a baseline ISRS audit in Pori, Finland. Many sites were completing the procedures according to the Seveso regulations.

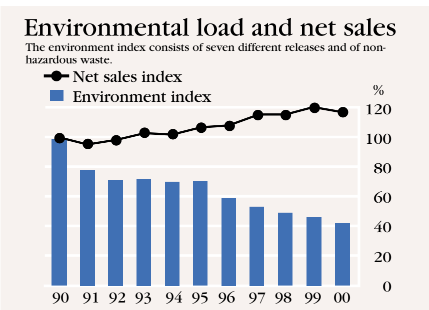
Kemira Agro's Tertre plant obtained ISO 14001 certification in March. All the Finnish units continued their preparations for gaining certification in 2001 and for finalizing the safety declarations based on the Seveso regulations.

Alcro-Beckers, the paints business recently integrated into Tikkurila, has long been active in environmental management and has adopted a challenging environmental policy. The company already has ISO 14001 in place at the main Lövsholm site in Stockholm, as well as one of the first EMAS schemes in the paints business at the smaller unit at Ansbach, Germany.

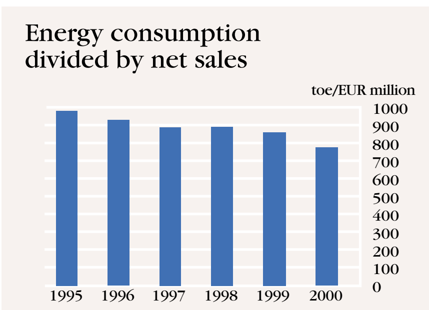
ENVIRONMENT PROTECTION AT THE PRODUCTION PLANTS

Kemira Chemicals. The Helsingborg plant in Sweden reduced odorous emissions from dicalcium phosphate production and improved acid storage safety. The company also conducted extensive investigations on the unexpectedly discovered releases of chlorinated organic compounds, including

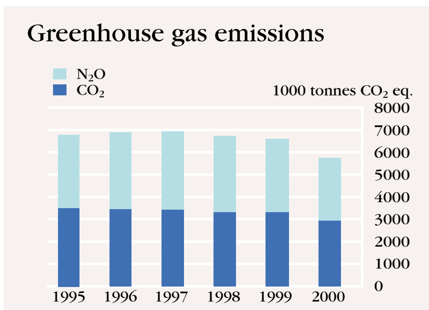
[1] CEFIC (European Chemical Industry Council): Health, Safety and Environmental Reporting Guidelines. November 1998.
"Communication on the Interpretation of Certain Articles in the Fourth and Seventh Accounting directives." European Commission, 98/C 16/04.



Environmental load and net sales



Energy consumption divided by net sales



Greenhouse gas emissions

dioxins and hexachlorobenzene, from the inorganic process. After clarifying the sources and formation of these compounds, an activated carbon filtration system is being installed to eliminate the impurities. In addition, raw materials were changed and a temporary activated carbon filter was placed in use to purify hydrochloric acid and waste water. An external expert assessment confirmed that the releases have not caused significant risk to public or occupational health. The public was informed in an open manner as soon as reliable data was available.

Within hydrogen peroxide production, the Ulsan plant in South Korea reduced hazardous waste from aromatic solvent use by making operational improvements, and assessed the odour situation at the site. The Maitland plant in Canada had no major environmental changes, but passed a waste management audit. The Rozenburg peroxide plant improved waste water treatment and noise control. Preparations were also made to reduce VOC emissions further to meet the regulatory requirements and to recycle aluminium oxide waste to the supplier.

The Kemwater business unit further reduced filtrate waste at Närke, Sweden. The Prerov plant in the Czech Republic expanded production based on secondary raw materials. Complete rebuilding of the Rheinberg plant included installation of modern environmental technology. At the Police plant in Poland, the hydrochloric acid scrubber was modernized. At Goole, UK, a new dust extraction system was installed and the scrubber efficiency was tested for SO_2 and particles. The Yixing plant in China carried out improvements in scrubbing systems, water recycling and filtrate waste reduction.

In Finland, production increases at the Vaasa plants coincided with a reduction in VOC emissions by replacing methanol as a solvent. A minor occasional release of sulphur dioxide and hydrochloric acid occurred in November. Surveys of the contamination in the sediment of the nearby small lake were completed, as well as an evaluation of alternative remediation technologies. A detailed remediation plan is in preparation.

The Oulu plants investigated soot treatment methods and possibilities of co-incineration with peat. In addition, a risk assessment of the soot storage areas was conducted. At the Siilinjärvi plants, record production was achieved in mining and phosphoric acid production without major changes in the releases into the environment. The frequency of occupational incidents was the lowest observed.

The Kokkola plant completed extensive investigations of the releases of chlorinated organics from the production of potassium sulphate and calcium chloride, simultaneously with those reported for Helsingborg above. An activated carbon filtration system is being installed to remove the impurities from the acid and all subsequent environmental mass streams (mainly air emissions). The investment cost is approximately EUR 1.3 million.

In addition, external expert studies confirmed that the impurity releases have not caused significant risk to public or occupational health, and that the concentrations of organochlorine compounds are not significantly elevated in the sea sediment outside the Kokkola plant area. Further investigations are pending for the on-site storage areas of the inorganic sludge.

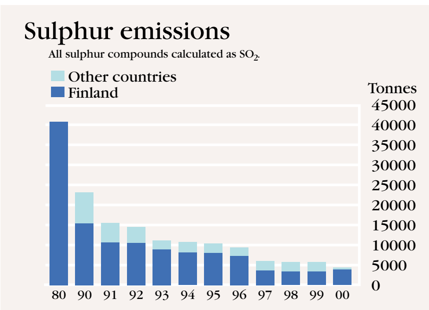
The Kemira Fine Chemicals plant, located at the same Kokkola site, invested in additional continuous monitoring instruments for the on-site incinerator, with the aim of meeting tough new regulations. VOC releases from a scrubber, caused by recent process changes, will be eliminated by thermal treatment in the incinerator. Tests were also made for developing a new method of monitoring the eco-toxicity of the plant's waste water.

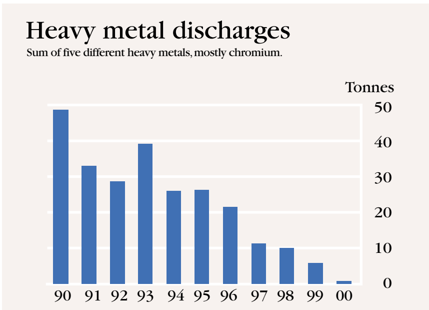
Kemira Pigments. The Pori plant focused on safety management and energy efficiency. The specific energy consumption decreased by 6%, and the plant started supplying distric heat to nearby residential areas. The waste water treatment systems performed excellently, and an application to move the discharge point closer to the shore is pending. The plant also solved the NOx non-compliance issues by investing in technical modifications of the Pyroflow power plant. Construction of the new gypsum landfill was continued.

Kemira Agro. The Uusikaupunki plant invested in energy efficiency together with a local district heating company in order to expand the utilization of process energy from the nitric acid plant. This reduces the local use of heavy fuel oil substantially. The plant also investigated nitrous oxide monitoring techniques and made plans for increased recycling of nitrogen-rich waste waters.

The Harjavalta plant further reduced waste from off-spec products and packaging. A soil survey was conducted for the whole site, partly in connection with the sale of a parcel of undeveloped land. Emergency containment was built for the aluminium sulphate plant.

The Kedainiai plant in Lithuania in-





stalled a monitoring system for hydrogen fluoride and hydrogen chloride emissions. The plant also increased the recycling of silicofluoric acid and water, as well as the use of recycled raw materials. A sulphuric acid storage tank was equipped with new safety containment.

Investment to improve the evaporation and crystallization systems of the potassium nitrate plant in Fredericia, Denmark, will boost energy efficiency and reduce associated releases. The site also investigated the potential impacts of cooling water discharges, and possibilities of minimizing any cadmium impurity releases into the municipal sewage system and sludge.

Closing of the two major Agro sites in the Netherlands in July (Pernis) and December (Rozenburg) also reduced substantially corporate totals for many releases, although this will be fully reflected in the figures of year 2001. There were no major incidents at these sites, and environment-related demolition activities will be continued.

In Belgium, the Tertre plant installed non-catalytic equipment to reduce nitrogen oxide emissions of the ammonia plant by one half. Surveys were made of noise levels at the site and of ground water contamination due to past activities of several companies in the whole industrial area.

In the UK, the Ince plant had a relatively stable year in environmental protection and safety, apart from major maintenance shutdowns which reduced annual releases to some extent. A new unit was installed to remove NOx from the flue gases of the ammonia plant's primary reformer.

Tikkurila. Divestment of the CPS business reduced the number of production units, but did not essentially change the overall environmental situation. The new plant in Moscow employs technology comparable to Tikkurila's other modern plants.

At Vantaa, Finland, Tikkurila completed development of washing water treatment to remove zinc, and continued with the optimization of raw material use in milling. In the UK, VOC emissions were reduced at the two coating plants, together with improvements in washing systems. Minor remedial activities were conducted at three Tikkurila sites to eliminate solvent contamination in the soil.

PRODUCT DEVELOPMENT AND ENVIRONMENT BUSINESS

Net sales of environment-related products were boosted to EUR 340 million, despite the divestment of the safety business which had been partly included in this category. A good 10% annual growth curve was maintained on a comparable basis. The biggest steps were taken in water treatment, pulp & paper chemicals, environmental equipment, and by introducing new environmental chemicals onto the market.

At Kemira Chemicals, the sales of hydrogen peroxide and its environmentally benign derivatives grew markedly. The production of sodium percarbonate increased, and sales of the recently launched Freezium and Meltium products had a promising start. All these products are environmentally sound alternatives to existing applications.

The geographical expansion of Kemwater continued on all continents, resulting in 7% growth in net sales on the previous year. New competence centres were established for recycling in Helsingborg and for water research in Oulu. Furthermore, Kemwater Services Oy was established as a joint venture together with Helsingin Vesi, the water research company of the city, for developing municipal water services.

Kemira Metalkat boosted sales of metallic catalytic converters by about 14%, both to cars and off-road applications. However, due to the divestment of the safety business, the overall sales of environmental equipment declined by approximately 17%.

Sales of co-products and products developed from waste decreased by about 11% mainly due to business divestments and the closing of small-scale production. Meanwhile, Kemira Agro stepped up its sales of biocontrol products and increased the use of recycled fertilizer raw materials.

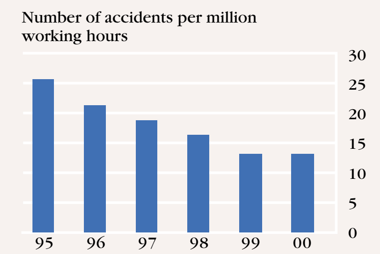
Tikkurila Paints continued R&D efforts on low-emission, safe interior paints, as well as on durable, waterborne exterior applications. Tikkurila Coatings concentrated on high-solids applications for the metal industry and established a customer service centre for the wood working industry, where water-based UV-hardening products are becoming an increasingly attractive alternative. Alcro-Beckers has for a long time been the market leader in environmental applications in Sweden. Notably, it offers an extensive range of eco-labelled products.

DATA[2] ON ENVIRONMENTAL RELEASES, WASTE, ENERGY AND SAFETY

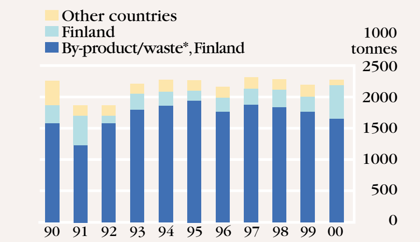
The overall production volumes declined by more than 10% from the previous year due to business divestments and plant closures in the titanium dioxide and fertilizer businesses. Two major plants were sold and two

[2] The data in this report have been compiled from statistics from many sites and sources. Whilst every effort has been made to ensure that the information is neither incomplete nor misleading, it cannot be considered as reliable as the financial data published in the Annual Report.

Lost time accidents

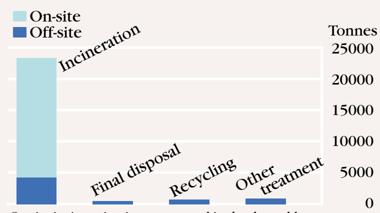


Non-hazardous waste



* Comprises two (90-99 three) material streams, which are piled on site in Finland. The classification as waste is a matter of interpretation.

Hazardous waste treatment in 2000



On-site incineration is not reported in the data table as waste which is finally disposed of.

closed. The sold sites have been excluded from the environmental data for 2000, and half-year estimates have been made for the Pernis plant. One medium-sized plant and a number of small plants are included in the figures for the first time. These changes explain most of the variations in Group-level totals, since big environmental projects were not carried out.

Total energy consumption decreased by about 11%. This mainly reflects the Group's move towards a less energy intensive portfolio, since the net sales of the Group only declined by less than two percent.

A drastic reduction was experienced in the waste water volumes and practically all measured discharges. This is explained by the divestments and closures of plants with relatively high waste water loads.

The changes were more moderate in air pollution control. Emission reductions of 5-25% were typical, notably those of sulphur dioxide. Volatile organics, originating mainly from the paint businesses, also diminished further.

Hazardous waste generation dropped to record low levels because of business divestments and the completion of two bigger remedial projects. These changes are shown especially in the amounts of landfilling. Non-hazardous waste generation increased slightly. Here the effect of divestments and closures was counterbalanced by high production levels at key sites with large-scale piling of co-products and waste.

To summarize, the environment index of the Group went down to an all-time-low, by dropping 5 percentage points from the previous year. An overall improvement of close to 60% has thus taken place since 1990. Further improvement is expected next year, depending mainly on planned business transactions.

ENVIRONMENTAL INVESTMENTS AND OPERATING COSTS

Capital spending on environmental protection declined further, by about 30% to EUR 9 million, or about 4% of all investments. No significant investment projects were carried out.

More importantly, the environmental operating costs dropped by 25% to EUR 39 million largely due to business divestments. The situation was fairly stable at most sites.

Environmental costs totalled EUR 48 million, down one quarter from the previous year. These costs correspond to 1.9% (2.6%) of Group net sales, a significantly lower figure than those observed throughout the 90s. The change was expected, and is a sign of progress in the Group's portfolio restructuring.

ENVIRONMENTAL RISKS, LIABILITIES AND LEGAL ISSUES

Compliance and permits. Overall compliance with site-level permit conditions was satisfactory in 2000. A non-compliance situation was observed at five sites. The authorities have been informed and corrective actions have been taken.

The number of significant new environmental permits issued by the authorities was lower than last year. Two sites submitted new permits due to essential changes in information on releases, and all sites in Finland are making preparations for permit applications in accordance with the new Environmental Protection Act. At Fredericia, Denmark, conditions in the final permit obtained require investments in noise control. No significant difficulties were encountered in obtaining the necessary environmental permits for new production, or to expand or continue existing industrial operations.

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

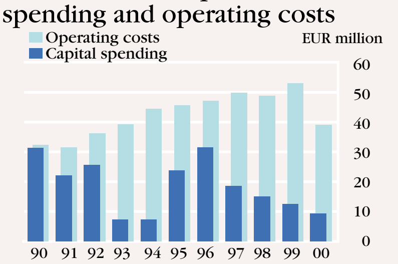
Accidents, occasional releases and environmental impacts. The frequency of industrial accidents and major environmental incidents decreased from the previous year.

Lost-time accidents were at the same level as the last years best annual record obtained so far, but considerably tighter internal targets have been set. One regrettable fatal accident occurred on 11 January 2000 at the Kemira Agro Uusikaupunki plant in Finland (see the 1999 report for details), and investigations by the authorities are still pending.

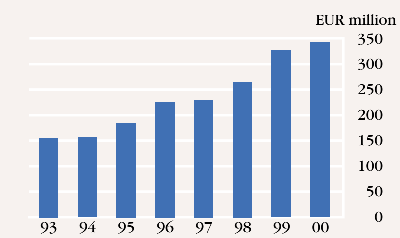
The following cases caused some local impacts or concern:

- Occasional stack releases of yellow smoke and dust caused some local complaints at Fredericia, Denmark.
- Two occasional releases, consisting of gypsum dust and sulphuric acid droplets caused some nuisance and damage to cars at the Pori plant.
- Limited fires at Siilinjärvi, Oulu and Helsingborg caused some material

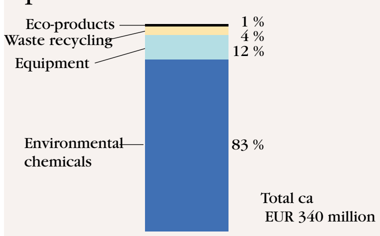
Environmental capital spending and operating costs



Growth of environmental business



Sales of environment related products in 2000



damage and short production interruptions.

- Contamination of cooling water towers with bacteria (Legionella) was observed at Rozenburg, leading to immediate corrective action and occupational safety measures. The episode caused no local health effects, but some public discussion followed.

- A shock wave and minor fire in one of the Uusikaupunki plant units injured one employee, and caused smoke formation and minor material damage.

The reported spills and accidents did not cause significant environmental impacts outside the plant areas. All accidents were investigated in detail and reported to the authorities, and appropriate insurance procedures have been undertaken.

The Group companies paid approximately EUR 0.8 million in compensation for environment-related damage, mainly as specific water protection compensations defined by the Environmental Permit Agencies in Finland.

Environmental liabilities. Soil and ground water contamination and other risks associated with past activities have been assessed at all major Group-owned properties. Several complementary investigations were conducted, mainly to support the increased M&A activities.

The divestment of the titanium dioxide business, including one major site in the USA and one in the Netherlands, was subject to detailed due diligence investigations. As defined in the relevant agreements, Kemira's risk of future environmental liabilities from these activities is limited, and appropriate provisions have been made. Other completed business divestments were also subject to environmental due diligence, but no material issues were identified. Preparations connected with the pending divestment of nitrogen fertilizer operations included environmental site assessments of 12 industrial properties in Europe.

Completed business acquisitions or plant closures did not change environmental liabilities significantly in 2000. A detailed environmental assessment of the paint businesses which were acquired at the end of the year is pending.

At present, there is a requirement or commitment to undertake a limited clean-up at four sites, and appropriate provisions have been made. The total amount provided for future remedial action was increased due to developments at Tertre and Willebroek, Belgium. Remedial action or demolition were carried out at five sites. The costs of current clean-up activities are reported as environmental operating costs (see above). The Group also continued to build up a reserve for unforeseen remediation costs.

Investigations of arsenic and other impurities in the sediment of the small lake near the Vaasa plants were completed, followed by an evaluation of alternative remedial technologies. After preliminary discussions with the competent authorities, an action plan will be finalized in early 2001, including limited dredging operations and landfilling. Final estimates of the costs to Kemira and of the schedule are not yet available.

Unexpected detection of chlorinated organic compounds at Kokkola and Helsingborg were dealt with by carrying out extensive investigations (see above). Investment projects, totalling c. EUR 2.6 million, are in progress with the aim of eliminating the impurities. The releases have not caused significant risk to public health or environmental damage close to the plants. Investigations of on-site landfilling of waste are continuing.

At Tertre, Belgium, ground water contamination with inorganic compounds was observed in a survey conducted by external experts. The contamination is of historic origin and many potentially responsible parties exist. The contamination has not caused significant damage to third parties, and at present there are no detailed plans or requirements for remedial action. The eventual costs to Kemira cannot yet be estimated.

Legal cases. There were no significant environmental legal cases pending against Group companies. A fine was set by the authorities in Dordrecht, the Netherlands, to improve the plant's chemical storage safety.

Environmental taxes and fees. Environment-based taxes totaled EUR 11 million calculated on a net basis, with no practical change from 1999.

VALUES, SOCIAL RESPONSIBILITY, PUBLIC COMMUNICATION

Following extensive value discussions within the Group, Kemira prepared and launched a new set of company values and the Group's vision. The new values emphasize respect for people, increased networking across organizational and cultural borders, and innovation to improve the quality of life. We believe these values are well in line with the recent discussions on the transparency and social responsibility of multinational corporations. The commitment to implement the values will be a long-term, global challenge for us. Steps are being taken to modify the corporate code of conduct and management manuals in accordance with the principles published recently, notably by the OECD[3].

As described above, the Group already has a strong position in environmental businesses. Our products and services bring direct benefits to customers and the environment. Kemira's quality products also serve the food supply chain, where consumer safety and health are of the utmost importance, as highlighted by the recent food crises, especially in the EU.

Kemira is committed to the international Responsible Care (RC) programme of the international chemical industry. This voluntary programme also includes indicators for measuring and improving site-level performance in respect of some aspects of social responsibility, such as occupational health and safety, and training. The Group's new internal training programme for key managers also includes special sessions on the environment, health and safety.

Kemira's environmental management obtained a good rating by a number of ethical investment bodies. Nevertheless, Kemira was removed from the Dow Jones Sustainability Group index, solely on the basis of the size of market capitalization. In the field of public environmental communication, Kemira achieved again a award for good annual environmental reporting in Finland in a comparison of publicly listed companies. In connection with Kemira's 80th anniversary, the company donated a professorship in water treatment to the University of Oulu, Finland.

The following web pages of Kemira Group companies contain additional, business-specific environmental information:

http://kc.kemira.com
www.tikkurila.fi
www.kemira-agro.com

[3] Principles of Corporate Governance. OECD 1999.

ENVIRONMENTAL DATA FOR THE KEMIRA GROUP

	1990	1997	1998	1999	**2000***
Releases into water, tonnes					
Chemical Oxygen Demand (COD)[1]	..	5,616	5,694	5,397	**749**
Nitrogen (N)	2,500	1,121	1,163	1,019	**948**
Phosphorus (P)[2]	4,952	1,993	1,933	1,967	**1,176**
Suspended solids, 1,000 tonnes[2]	934	841	799	773	**403**
Metals (Hg+Cd+Pb+Cr+As)	49	12	10	5,3	**0,9**
Metals (Hg+Cd+Pb+Cr+As+Cu+Ni+Zn)		12	48	66,8	**6,8**
Releases into air, tonnes					
Particulates	1,950	1,364	896	936	**895**
Sulphur dioxide (SO_2)[3]	23,138	5,765	5,630	5,687	**4,359**
Nitrogen oxide (NO_2)[4]	8,546	6,202	5,840	5,951	**5,455**
Carbon dioxide (CO_2), 1,000 tonnes		3,508	3,326	3,344	**2,992**
Volatile organics (VOC)[5]	..	369	374	321	**298**
Volatile inorganics (VIC)[6]	..	3,508	3,152	2,594	**2,663**
Waste[7], tonnes					
Hazardous waste, total	8,669	8,153	8,795	26,092	**5,719**
– Off-site landfill	..	4,274	5,117	19,479	**518**
– Off-site incinertion	..	1,845	2,926	5,630	**4,292**
– On-site landfill	..	362	375	118	**0**
– other treatment	..	1,672	377	864	**909**
Non-hazardous, 1,000 tonnes	2,254	2,308	2,278	2,170	**2,277**
Natural resources					
Fuel consumption, ktoe[8]		1,791	1,777	1,773	**1,571**
Purchased electricity, TJ		5,500	5,700	5,800	**5,300**
Total, ktoe		2,148	2,146	2,150	**1,913**
Cooling water volume, million m^3, appr.		399	393	398	**387**
Waste water volume, million m^3, appr.		78	82	76	**34**
Safety					
Number of incidents[9] per million working hours		18.2	16.3	12.7	**12.7**
Reference data, EUR million					
Group net sales	2,087	2,420	2,413	2,526	**2,486**
Environmental capital expenditure	31.1	18.5	15.0	12.6	**8.9**
Environmental operating costs	32.3	49.8	48.8	52.6	**39.3**
Total environmental costs, % of net sales	3.0	2.8	2.6	2.6	**1.9**

1 Estimate. In this case, mainly caused by inorganic discharges, and hence not a very relevant parameter for the Group.
2 Originates mostly from phosphogypsum.
3 All sulphur compounds calculated as SO_2.
4 Nitric oxide and nitrogen dioxide calculated as NO_2.
5 VOC is a sum of volatile organic compounds.
6 Sum of ammonia, hydrogen chloride and six other simple inorganic compounds, mostly ammonia in this case.
7 Waste as defined in EU legislation. Reported figures do not include mining by-products, on-site incineration, waste which is further processed into products at the sites, or sold as a co-product to external recycling. Figures are on wet basis.
8 1,000 tonnes of oil equivalent. Includes fuel as a raw material.
9 Accidents causing an employee absence of at least one day (LTA1).
* Includes half year estimates from one major site.

VERIFICATION STATEMENT

At the request of Kemira, we have reviewed the basis of the “Kemira Group Environmental Report 2000”. The report is the responsibility of and has been approved by the Board of Directors of Kemira Oyj. The inherent limitations of completeness and the accuracy of the data are set out in the report.

Our review has consisted of the following procedures:
– making enquiries of management responsible for compiling the report;
– an examination of relevant supporting information;
– review in more detail of the systems for gathering and reporting environmental data at operating level at one site outside Finland and two sites in Finland, selected by us.

Based on our review we are assured that:
– the statements made in the report are supported by underlying information;
– the data has been properly collated from information provided by the sites;
– for the three sites visited, data has been properly extracted from their information systems.

The report has been prepared in line with the *CEFIC Health, Safety and Environmental Reporting Guidelines*, excluding information on occupational illnesses and distribution incidents. Kemira’s approach to reporting continues to be in line with the European Commission interpretative communication concerning certain articles of the fourth and seventh Council Directives on accounting and, where appropriate, meets the requirements of International Accounting Standard IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.* It is our opinion that the Kemira Group Environmental Report 2000 gives, in all material respects, a fair and balanced view on the group’s environmental performance.

Helsinki, 12 February 2001

KPMG WIDERI OY AB

Hannu Niilekselä
Authorized Public Accountant

Mikael Niskala
Manager, Sustainability Assurance

Investment analysis

The following banks and brokerage firms are known to have prepared an investment analysis of Kemira in 2000:

Alfred Berg Suomi Oy
www.alfredberg.fi
Tel. +358 9 228 321

ArosMaizels Equities Oy
www.arossecurities.com
Tel. +358 9 173 371

Conventum Securities Ltd
www.conventum.fi
Tel. +358 9 549 9300

Credit Suisse First Boston (Europe) Ltd
www.csfb.com
Tel. +44 20 7888 8888

D. Carnegie Ab Finland
www.carnegie.fi
Tel. +358 9 6187 1200

Commerzbank
www.commerzbankib.com
Tel. +49 69 1362 4341

Deutsche Bank Ag London
www.db.com
Tel. +44 20 7545 8000

Dresdner Kleinwort Benson
www.dresdnerkb.com
+44 20 7475 2431

Enskilda Research
www.equities.enskilda.se
Tel. +358 9 6162 8716

Evli Securities Plc
www.elvi.net
Tel. +358 9 476 690

Goldman Sachs International
www.gs.com
Tel. +44 20 7774 1103

Handelsbanken Markets
www.handelsbanken.se
Tel. +358 10 444 2425

Mandatum Pankkiiriliike Oy
www.mandatum.fi
Tel. +358 9 166 721

Merita Pankkiiriliike Oy
www.merita.fi
Tel. +358 9 1651

Merrill Lynch International Ltd
www.ml.com
Tel. +44 20 7772 2094

Opstock Oy Pankkiiriliike
www.opstock.fi
Tel. +358 9 404 2669

Rabobank
www.rabobank.com
Tel. +31 20 460 4707

Schroder Salomon Smith Barney
www.ssmb.com
Tel. +44 20 7986 4000

WestLB Research GmbH
www.westlb.com
Tel. +49 211 826 4126

Press releases

JANUARY

The changeover to the year 2000 at Kemira's sites went according to plans. A large number of the plants continued production without interruption. Production at some of the plants came to a halt over the turn of the year in order to maximize safety.

An internal Management Board was set up with the task of assisting Kemira's Board of Directors by carrying out preparatory work. The members are the Group division presidents and senior vice presidents within Group management.

Kemira announced it was exploring new cooperation models or ownership arrangements for its nitrogen fertilizer business. To this end, Kemira Agro was divided into two units: Kemira Agro Specialties and Kemira Agro Nitrogen.

A plant that will manufacture components for tinting systems will be built in Shanghai, China. Start-up is scheduled for the first part of 2001.

FEBRUARY

Top management launched a reassessment of Kemira's core values. The entire personnel was invited to participate in defining a set of values underpinning Kemira's operations and to sharpen the focus on future objectives.

Kemira sold its titanium dioxide pigment plants in the United States and the Netherlands to Kerr-Mcgee Chemical Corporation of the United States for EUR 400 million. The deal generated a capital gain of EUR 149 million before taxes.

Kemira brought out on the market its newly developed de-icing substance. MELTIUM™ does not contain chloride which is harmful to the environment and it is well suited to demanding de-icing applications: at airports, on bridges, in tunnels and on roads running through groundwater areas.

MARCH

It was decided to increase production of ECOX sodium percarbonate at the plant in Helsingborg, Sweden. ECOX is an environmentally friendly bleaching agent which is used in detergents and washing-up liquids.

The OOO Kraski Tikkurila paint plant that was built near Moscow started operations. The facility is the second paint plant in Russia that operates according to the western model. The first is Tikkurila's plant in St Petersburg.

The entire shares outstanding in Kemira Safety Oy, which manufactures respiratory protective devices, were sold to the American company Scott Technologies for a price of almost EUR 17 million.

To celebrate Kemira's 80th anniversary, the Group donated FIM 3.5 million to the University of Oulu to establish a new professorship in chemical water treatment.

The Kemira Group acquired a 100 % interest in the Polish paint plant Tikkurila Baltcolor, which has up to now operated as a joint venture.

Kemira signed an agreement with the Russian company JSC Acron concerning a strategic partnership within the fertilizer business in the CIS countries and the Baltic Rim.

MAY

Kemira launched a programme to reduce environmental releases at its potassium sulphate plants in Helsingborg, Sweden, and Kokkola, Finland.

Kemira announced its intention to wind up the manufacture of nitrogen fertilizers in Rozenburg, the Netherlands, by the end of 2000. The reason for the closure was production overcapacity in the industry and the resulting profitability problems.

Kemira began purchasing its own shares on Helsinki Exchanges with the aim of buying back a maximum of 4.2 % of Kemira Oyj's entire shares outstanding. The shares can be used to pay profit and incentive bonuses or as consideration in acquisitions.

JUNE

Kemira bought Neste Chemicals' paper chemicals business, which comprised Krems Paper Chemicals of Austria, part of CN-Paper Chemicals and the paper sizing business of Oy Chemec Ab. The purchase price was EUR 34 million, and the units have aggregate net sales of EUR 35 million.

Tikkurila Coatings opened a customer service centre and warehouse in Riga, Latvia.

AUGUST

Kemira acquired a 15 % interest in Kemiron Companies, Inc, of the USA. The deal gave Kemira access to the world's largest single market area for water treatment chemicals.

Kemira sold the Tikkurila CPS Oy tinting system business. The deal was part of Kemira's long-term strategy. The purchase price was EUR 200 million and the divested operations generate net sales of EUR 130 million.

Kemira established a Recycling Competence Center at the Kemira Kemi AB facility in Helsingborg. The staff at the centre will be made up of experts in biochemistry, process technology and logistics, and it will furthermore maintain close contacts with technical and other universities.

SEPTEMBER

The Kemwater unit acquired an aluminium sulphate plant in the Czech Republic. The deal will strengthen Kemwater's position as a supplier of coagulants for the treatment of drinking and waste water in the Czech Republic and its neighbouring countries.

In line with its strategy, Kemira sold off its sodium tripolyphosphate business. In the detergent market Kemira is specializing above all on sodium percarbonate, which is an environmentally sound bleaching agent for use in laundry detergents and washing-up fluids.

NOVEMBER

Kemira bought the business operations of Alcro-Beckers AB, Sweden's largest decorative paints company. Alcro-Beckers had net sales in 2000 of about EUR 190 million and employed about 1,100 people. The purchase price was about EUR 180 million. Alcro-Beckes' main plants are located in Sweden and Poland. In addition, it has operations in Denmark, Norway, Germany and Finland.

Tikkurila Coatings acquired the industrial coatings business of Mason Coatings of the UK for about EUR 3 million.

Kemwater Services Oy concluded an agreement on the development of Kosovo's water and sewage facilities, including training. The objective is to raise the level of the country's water treatment plants and to organize follow-up training in the water management field at the university of Pristina and abroad.

Kemira increased its holding in a Chinese water chemicals joint venture and it now has a 60 % stake in Kemwater (Yixing) Co. Ltd.

DECEMBER

Kemira purchased from Solvay Quimica a water treatment chemicals plant located in Torrelavega, Spain.

Kemira's joint venture Kemira Compound Fertilizer began production of NPK compound fertilizer in the city of Zhanjiang in Southern China near the country's important cash crop lands.

The press releases can be read in full on Kemira's Internet pages at www.kemira.com.

Administration

According to the Articles of Association of Kemira Oyj, the company's affairs are managed by a Supervisory Board, a Board of Directors and a managing director. One or more deputy managing directors can be named for the company. The Supervisory Board is composed of a minimum of eight and a maximum of ten members, all of whom are elected by the Annual General Meeting for one year at a time, counting from the Annual General Meeting at which the election was held. The Annual General Meeting elects one member as chairman and a maximum of two vice chairmen.

The Board of Directors, which is elected by the Supervisory Board, comprises a minimum of four and a maximum of six members. The Supervisory Board elects one member as chairman and one member as vice chairman.

SUPERVISORY BOARD

The task of the Supervisory Board is to oversee that the company's affairs are managed according to sound business principles and with a view to profitability, in observance of the regulations of the Articles of Association, resolutions of meetings of shareholders and other confirmed standing rules. It is the task of the Supervisory Board to decide, within the limits indicated by the Articles of Association, on the number of members of the Board of Directors, to appoint and dismiss the members of the Board of Directors and, after first hearing the Board of Directors, the managing director and executive vice presidents as well as to determine their compensation. It also decides on instructions to be given to the Board of Directors concerning matters of wide-ranging import or which are important in principle. A matter of wide-ranging import is deemed to be the opening of a new core business area or the complete withdrawal from such an area. The Supervisory Board gives its statement to the Annual General Meeting concerning the parent company and consolidated financial statements and the Auditors' Report. The emoluments of the Supervisory Board are decided by the Annual General Meeting.

During the past financial year the Supervisory Board met six times.

BOARD OF DIRECTORS

The task of the Board of Directors is to prepare matters that will be dealt with at meetings of shareholders and meetings of the Supervisory Board, to decide on calling a general meeting of the shareholders as well as to see to the implementation of decisions of the meetings of shareholders and the Supervisory Board. Its task is also to appoint and dismiss other officers upon a proposal by the managing director and to determine their compensation. The Board of Directors handles those administrative tasks that do not belong to the Supervisory Board or which have not been assigned to the managing director or to other individuals. The Board of Directors grants and cancels authorizations to sign the company's business name. The Board of Directors also handles the other tasks in its competence under the Companies Act.

The Board of Directors is responsible for duly organizing the company's accounting and overseeing the management of its funds. The Board of Directors is also responsible for seeing to it that the company's financial statements give correct and sufficient information and that the income statement and balance sheet have been prepared in conformity with the acts and regulations in force in Finland and following the Group's uniform accounting practices, which are based on the International Accounting Standards (IAS). At its meetings the Board of Directors deals monthly with the reports that track the Company's earnings trend and the managing director discusses them in detail.

The non-executive Board members as a rule meet together once a year without representatives of the Company's management and provide an opportunity for the auditor to discuss the Company's audit.

The company maintains an internal control system for the purpose of ensuring the reliability of financial reporting and to provide protection against significant misuse or loss of company assets. The internal control system is supported by approved policies and procedures which are observed at all Group companies as well as by an internal audit department whose staff operate in accordance with the procedures and principles confirmed by the Board of Directors and in accordance with the annual plan. The department's staff consists of two auditors in addition to which external project personnel are used. The internal audit staff discuss their audit programme and observations on a running basis with the auditors.

The Board of Directors of Kemira Oyj met 17 times during the financial year.

MANAGING DIRECTOR

According to the Articles of Association, the task of the managing director is to manage and develop the Company and the Group in accordance with the instructions and regulations issued by the Board of Directors. The managing director is responsible for ensuring that the interests of the company and the Group are taken into account at subsidiaries and associated companies that are owned by the parent company. The managing director likewise implements the decisions of the Board of Directors. The managing director, who is called Chief Executive Officer, of Kemira Oyj has been Tauno Pihlava since 1 January 2000. The managing director's deputy has been Esa Tirkkonen from the same date.

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

The members of the Kemira Oyj Board of Directors in 2001 are (from the left) Sten-Olof Hansén, Ritva Hainari, Anssi Soila, Tauno Pihlava, Eija Malmivirta and Niilo Pellonmaa.

AUDITORS

The Annual General Meeting elects as auditors a minimum of one and a maximum of three auditors. One of the auditors must be a firm of independent public accountants approved by the Central Chamber of Commerce. The auditor of Kemira Oyj is the firm of public accountants KPMG Wideri Oy Ab, with Hannu Niilekselä acting as chief auditor.

SUPERVISORY BOARD

Chairman **Timo Kalli**, b. 1947, farmer. Member of Parliament. No Kemira shares.

I Vice Chairman **Kari Rajamäki**, b. 1948, M.Sc.(Admin.). Member of Parliament. No Kemira shares.

II Vice Chairman **Hanna Markkula-Kivisilta**, b. 1965, M.Sc.(Pol.Sc.). Member of Parliament. No Kemira shares.

Risto Ranki, b. 1948, Licentiate in Political Science, B.Sc. Deputy Director General of the Ministry of Trade and Industry. No Kemira shares.

Sirpa Hertell, b. 1955, horticulturist. Secretary General of the International Council of Women in Finland. No Kemira shares.

Pekka Kainulainen, b. 1941, Lic.Tech. Managing Director: Oy Liikkeenjohdon koulutuskeskus Ab. Chairman of the Board: Amer Group Plc. Vice Chairman of the Board: Yleiselektroniikka Oy. Member of the Board: Oy Talentum Ab. 600 Kemira shares.

Mikko Långström, b. 1940, M.Sc.(Econ.), B.Sc.(Eng.). Managing Director: Longinvest Oy. 11,100 Kemira shares.

Marjaana Koskinen, b. 1962. Member of Parliament. No Kemira shares.

Employee representatives (right of attendance and expression of views, no voting rights):

Pertti Kautto, b. 1945, safety manager. Represents managerial employees. 815 Kemira shares.

Jorma Luukkonen, b. 1945, work planner. Represents technical employees. 500 Kemira shares.

Marja-Leena Tuominen, b. 1949, head of purchasing. Salaried industrial employees' representative. No Kemira shares.

Jukka Virta, b. 1942, operator. Represents workers. 165 Kemira shares.

Tauno Korhonen, b. 1946, operator. Represents workers. No Kemira shares.

BOARD OF DIRECTORS

Chairman **Sten-Olof Hansén**, b. 1939, D.Sc.(Econ.). Chairman of the Board at Medinet International Oy, Vetcare Oy, Innomedica Oy. Member of the Board at Perlos Oyj, Liikesivistysrahasto, Turun Seudun Osuuspankki. 2,605 Kemira shares.

Vice Chairman **Niilo Pellonmaa**, b. 1941, M.Sc.(Econ.). Chairman of the Board at PMJ-Automec Oyj, Rocla Oyj. Member of the Board at Finvest Oyj, Asko Oyj, Uponor Oyj, Menire Oyj. 12,500 Kemira shares.

Ritva Hainari, b. 1948, M.Sc.(Eng. & Econ.). Industrial Counsellor: Ministry of Trade and Industry. Member of the Board: Patria Industries Oyj. No Kemira shares.

Eija Malmivirta, b. 1941, M.Sc.(Eng.). Chairman of the Board at Merei Energy Oy Ltd. Member of the Board at VR-Group Ltd, Tosco Corporation. 500 Kemira shares.

Tauno Pihlava, b. 1946, M.Sc.(Eng.). Chief Executuve Officer of Kemira Oyj. 3,200 Kemira shares and 80,000 share options.

Anssi Soila, b. 1949, M.Sc.(Eng.& Econ.). Chairman of the Board at Sponda Oyj, Årcarton AB, Normet Oy, Castrum Oyj. Member of the Board at Eimo Oyj, Lindström Oy. 6,000 Kemira shares.

MANAGEMENT BOARD

Chairman **Tauno Pihlava**, b. 1946, M.Sc.(Eng.). Oversees Business Development, Corporate Planning, Personnel and Group Communications. CEO of Kemira Group.

Vice Chairman **Esa Tirkkonen**, b. 1949, M.Sc.(Eng.). Oversees Finance, Treasury, Information Management and Energy. Executive Vice President of Kemira Group.

Anne Haggrén, b. 1951, M.Sc.(Econ.). Senior Vice President, Human Resources of Kemira Group from April 2001.

Juhani Kari, b. 1944, LL.M. Oversees Legal Affairs, Internal Audit, Risk Management and Environmental Management. Senior Vice President of Kemira Oyj.

Timo Leppä, b. 1957, M.Sc.(Eng.), CEFA. Senior Vice President, Group Communications from March 2001.

Visa Pekkarinen, b. 1951, M.Sc.(Econ.). Oversees Tikkurila Oy (President).

Yrjö Sipilä, b. 1949, B.Sc.(Econ.). Oversees Kemira Chemicals Oy (President).

Heikki Sirviö, b. 1955, M.Sc.(Eng.). Oversees Kemira Agro Oy (President).

Hannu Toivonen, b. 1947, D.Sc.(Tech). Senior Vice President, Research and Technology of Kemira Group.

Kemira Oyj's Management Board in February 2001. In front, Tauno Pihlava (left) and Esa Tirkkonen, in the rear, Juhani Kari, Yrjö Sipilä, Visa Pekkarinen, Hannu Toivonen and Heikki Sirviö. Absent from the picture are Timo Leppä and Anne Haggrén. Mr Leppä became a member in March 2001 and Ms Haggrén in April.

OTHER GROUP ADMINISTRATION

Raija Arasjärvi, b. 1957, M.Sc.(Econ.)
Finance

Kari Autio, b. 1945, M.Sc.(Eng.)
Business Development

Kaj Friman, b. 1953, LL.M.,B.Sc. (Econ.)
Secretary to the Supervisory Board, Board of Directors and Management Board
Treasury

Esa Karhula, b. 1954, M.Sc. (Econ.), M.A.
Internal Audit

Leena Laakso, b. 1943, M.Sc.(Eng.)
Risk Management

Jukka Liimatainen b. 1946, M.Sc. (Eng.)
Energy

Tauno Lovén, b. 1944, M.Sc. (Econ.)
Information Management

Aarno Salminen, b. 1956, M.A.
Environmental Management

CORE BUSINESSES

Pulp & Paper Chemicals
Juhani Lindholm, b. 1956, M.Sc. (Eng.)

Kemwater
Lennart Johansson, b. 1960, M.Sc. (Eng.)

Paints & Coatings
Visa Pekkarinen, b. 1951, M.Sc. (Econ.)

Agro Specialties
Heikki Sirviö, b. 1955, M.Sc. (Eng.)

Industrial Chemicals
Harri Kerminen, b. 1951, M.Sc. (Eng.)

INSIDERS

The statutory insiders of Kemira Oyj include the members of the Supervisory Board and of the Board of Directors (see above) as well as the Chief Executive Officer (see above) and his deputy, Esa Tirkkonen (1,075 Kemira shares and 120,000 share options). The numbers of shares owned by insiders are according to the situation at the close of 2000.

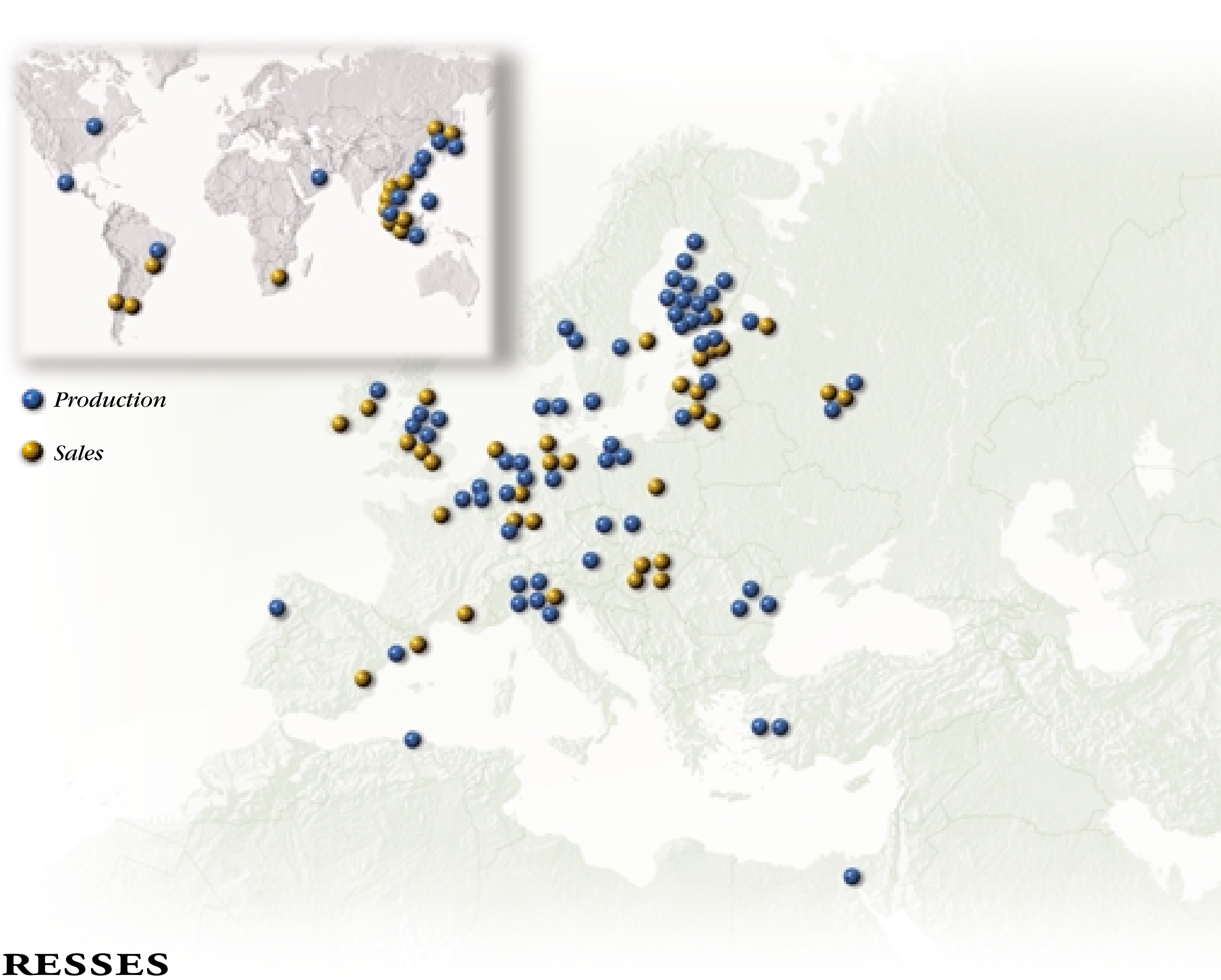
In addition, the following persons are regarded as insiders:

Arasjärvi Raija, Group Controller (660 shares)
Friman Kaj, Group Treasurer (1,702 shares)
Juutinen Anneli, Secretary (0 shares)
Kari Juhani, Senior Vice President (1,075 shares)
Karonen Liisa, Secretary (0 shares)
Korhonen Arja, Secretary (0 shares)
Laakso Kirsti, Administrative Assistant (0 shares)
Pekkarinen Visa, President (588 shares)
Sipilä Yrjö, President (1,575 shares)
Sirviö Heikki, President (0 shares)
Toivonen Hannu, Senior Vice President, Research and Technology (1,203 shares)

QUARTERLY FINANCIAL DEVELOPMENT (The figures are unaudited)

EUR million

	I/2000	**II/2000**	**III/2000**	**IV/2000**	I/1999	II/1999	III/1999	IV/1999
Net sales								
Kemira Chemicals	**182.0**	**183.2**	**191.3**	**210.4**	172.5	172.8	169.2	182.5
Tikkurila	**90.1**	**105.8**	**98.1**	**51.3**	79.0	97.1	101.7	79.7
Kemira Agro	**305.6**	**285.5**	**242.6**	**281.8**	289.9	268.7	215.4	240.6
Kemira Pigments	**133.0**	**66.9**	**53.7**	**53.2**	107.6	121.3	131.0	128.6
Other including eliminations	**–3.5**	**–7.6**	**–12.2**	**–25.2**	–9.3	–7.5	–2.3	–12.3
Total	**707.2**	**633.8**	**573.5**	**571.5**	639.7	652.4	615.0	619.1
Operating income								
Kemira Chemicals	**21.5**	**16.0**	**7.7**	**24.2**	19.4	21.1	19.4	23.3
Tikkurila	**7.4**	**13.2**	**10.8**	**–4.3**	1.9	11.2	15.3	–5.3
Kemira Agro	**0.4**	**10.6**	**–1.9**	**13.8**	5.1	2.1	–14.3	–31.7
Kemira Pigments	**7.2**	**14.4**	**17.4**	**14.8**	5.4	9.6	3.3	16.6
Other including eliminations	**–0.5**	**12.8**	**–0.3**	**–10.4**	–2.2	–0.2	1.2	9.8
Total	**36.0**	**67.0**	**33.7**	**38.1**	29.6	43.8	24.9	12.7
Financing expenses	**12.5**	**8.6**	**3.1**	**6.3**	12.6	12.1	12.3	15.4
Income before non-recurring items and taxes	**23.5**	**58.4**	**30.6**	**31.8**	17.0	31.7	12.6	–2.7
Net income	**16.0**	**82.6**	**76.2**	**33.0**	11.8	19.6	8.8	–10.3
Earnings per share	**0.13**	**0.33**	**0.03**	**0.24**	0.09	0.15	0.07	–0.08



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Kemira Agro Specialties
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A more complete address list can be seen on Kemira's Internet pages at *www.kemira.com/contact_information*

Glossary

ACE
Agricultural, construction and earthmoving (equipment).

AKD wax
The active ingredient in AKD sizing used in paper manufacture. Sizing makes paper less water absorbing and controls its printing properties. AKD = alkylketenedimer.

Alkyd paint
An outdoor or indoor paint that is based on an air-drying alkyd binder. Alkyd is an oil-modified polyester resin. Alkyd paint dries faster than conventional oil paint.

Aluminium sulphate
Mainly used in the paper industry. Also used as a coagulant in water purification. It is generally made from aluminium hydroxide using sulphuric acid.

Ammonia
A basic chemical that is produced from natural gas and is mainly a nitrogen-containing raw material in fertilizers.

Ammonium nitrate (AN)
A nitrogen fertilizer.

Anatase
A certain type of titanium dioxide pigment used by the paper industry in particular.

Audit
A systematic, independent and documented inspection or evaluation in which operations are compared with given requirements or guidelines. An audit can be performed by an external party or by an internal expert.

Calcium ammonium nitrate (CAN)
A nitrogen fertilizer. Ammonium nitrate into which powdered limestone is mixed as part of the production process.

Calcium chloride
An industrial salt that is made from limestone using hydrochloric acid. It has a variety of uses such as in dust binding on roads, oil drilling and applications in the food-processing industry.

Can coatings
Can coatings for the beverage and food industry. The coating acts as an insulating layer between the food product and the can or cap.

Carbon sink
A part of the earth that permanently removes carbon dioxide from the atmosphere and binds it in organic compounds. The most important carbon sinks are the world's oceans and forests.

CEFIC
The umbrella organization of the European Chemical industry (Confédération Européenne des Fédérations de l'Industrie Chimique).

Chemical Oxygen Demand (COD)
A quantity connected with waste waters. It mainly serves to measure the ability of organic substances to consume oxygen in water.

Coagulant
Precipitates impurities in water.

Coil coating
A method of coating metal sheets.

Compound fertilizer
A fertilizer that contains in every granule a number of elements that are essential for plants.

CPS
Colour Processing Systems.

Diammonium phosphate (DAP)
A nitrogen and phosphorus fertilizer for crops and horticulture.

Dicalcium phosphate (DCP)
A raw material for animal feed, manufactured from raw phosphate and limestone.

ECF bleaching
Elemental chlorine free pulp bleaching.

ECOX
Product name for sodium percarbonate. Used as detergent bleach.

EHS
Environment, Health and Safety.

EMAS
(Eco-Management and Audit Scheme)
An environmental management system that is based on a European Community regulation. Industrial companies can register for it voluntarily.

Environmental business
The sale of products and services that are used directly for environmental protection or are closely related to it.

Environmental chemical
A chemical that is used for environmental protection purposes or closely connected to it. For example, chemicals used in treating waste water.

Environmental disclosure
A yearly report by a company on the releases caused by its operations as well as their environmental impacts, liabilities, costs, legislative compliance and other related environmental issues of major importance. It is becoming an increasingly integral part of the financial reporting.

Environmental management system
A company's regular, documented description of how it acts in managing environmental affairs. The main components are the drawing up of an environmental policy, the setting and measuring of objectives as well as auditing.

Environmental report
A company's public report that is free-form in terms of its content and deals with environmental issues connected with the company's operations. It is published either separately or as part of the Annual Report at discretionary intervals.

Environmental technology
Equipment used for environmental protection purposes.

Ferix
Product name. Granular ferrisulphate, a water treatment chemical.

Ferrichloride
An iron-based water treatment chemical.

Ferrous sulphate
An iron-based water treatment chemical or a raw material used in such chemicals. It is generated as a byproduct in the manufacture of titanium dioxide pigment. Also used in feeds.

FinnTi
Product name for titanium dioxide pigment.

Formamide
A solvent and raw material used in the chemical and pharmaceutical industries, a derivative of formic acid.

Formic acid
Manufactured from carbon monoxide and methanol. Mainly used in silage additives as well as in the textile, pharmaceutical and rubber industries.

Greenhouse gases
Gases that promote heating of the atmosphere, the most important of which are carbon dioxide, methane and laughing gas (nitrous oxide).

HAZOP
A risk analysis method that is used in the process industry to improve working methods and the technical safety of equipment.

Hydrogen peroxide
A reactive oxygen chemical that is used especially in the environmentally sound bleaching of pulp, and also as a disinfectant and in environmental applications. Its raw materials are hydrogen and the oxygen found in air.

Hydrophobation agent
An additive used in paper manufacture to regulate the water absorption of paper.

IFA
International Fertilizer Industry Association.

Ilmenite
The raw material of titanium dioxide pigment, an ore which has a relatively low concentration of titanium.

ISO
The International Standards Organization.

ISO 14001
An International standard that defines the requirements of an environmental management system. A company or institution that complies with the requirements can obtain a certificate according to the standard.

KREPRO
The Kemwater Recycling Process separates metals, heavy metals, phosphorus and carbon out from waste water sludge and recirculates them for useful purposes.

LORIS (KEMIRA LORIS)
(Local Resource Information System)
A satellite-controlled precision farming system.

Methylene urea
A slow-acting nitrogen fertilizer.

Monocalcium phosphate (MCP)
A feed raw material that is manufactured using limestone and pure phosphoric acid.

Nitric acid
A basic chemical that is made from ammonia by catalytic combustion. An important intermediale in fertilizer manufacture.

Nitrogen (N)
An element that is essential for the growth of plants.

Nitrogen oxides
Mainly nitrogen monoxide (NO) and nitrogen dioxide (NO_2). Nitrogen gases that are formed as emissions in combustion and, for example, in the manufacture of nitric acid. Nitric oxides cause acidification and impair air quality.

NK fertilizer
Fertilizer containing nitrogen and potassium.

NPK fertilizer
A compound fertilizer containing nitrogen, phosphorus and potassium as its main nutrients. A number of trace elements can also be added to it.

Organic mineral fertilizer
Composed of both organic substances (e.g. peat) and inorganic salts.

Peracetic acid
A reactive acid chemical that is used in the environmentally sound bleaching of pulp.

Phosphate
A phosphorus compound which occurs in natural ores and is used as a raw material in fertilizers, animal feeds and detergents.

Phosphogypsum
A gypsum that is formed as a byproduct in the manufacture of phosphoric acid.

Phosphoric acid
An acid that is manufactured from phosphate concentrate using sulphuric acid and is used as a raw material in products such as compound fertilizers, feed phosphates, detergents and processed foods.

Phosphorus (P)
An element that is essential for life. One of the three main nutrients in fertilizers. It is obtained by processing phosphate-containing ores.

Pickling liquor
An acidic solution that is used to surface coat metals.

PK fertilizer
Fertilizer containing phosphorus and potassium.

Plastisol
Precoated thin sheet for roofing.

Polyaluminium chloride
A chemical coagulant that is used in the treatment of drinking water and waste water.

POP
Persistent Organic Pollutant.

Potassium (K)
An element. One of the three main nutrients in compound fertilizers. It is excavated mainly in salt mines in the form of potassium chloride.

Potassium nitrate
A nitrogen and potassium fertilizer that is used in horticulture.

Potassium sulphate
A sulphur and potassium fertilizer used in horticulture, or the raw material for fertilizer.

Process chemicals
Products that are primarily sold to the process industry, such as nitric acid, ammonia and technical urea.

ProGips
Product name. Gypsum raw material used by the construction industry.

Responsible Care (RC)
The chemical industry's voluntary, worldwide environmental and safety programme.

Rutile ore
A raw material in titanium dioxide pigment. It contains a large amount of titanium dioxide.

Size
Additives used in paper manufacture to improve the strength or to lower the water absorption of paper.

Sodium percarbonate
A raw material in detergents. It is made from soda using hydrogen peroxide.

Sodium tripolyphosphate (STPP)
Used in detergents as builder to soften the water. Prevents dirt particles from adhering back to the garment.

Straight fertilizer
A fertilizer containing one plant nutrient.

Sulphur dioxide
An industrial gas which is used mainly by the forest industry and is manufactured, for example, by burning elementary sulphur or by means of its recovery from process gases. It is also an acidification-causing emission that is produced when sulphur-containing fuels are burnt.

Sulphuric acid
A widely used basic chemical that is produced from sulphur dioxide gas. The raw gas is obtained from the roasting of certain ores, or by burning elementary sulphur.

Stabilization
Bringing to a permanent state. For example, the chemical composition of a hazardous waste can be changed or the solubility in water of the waste can be lowered by means of various treatment techniques

Tinting system
A method of producing coloured paint. The system comprises (base paints,) tinting colourants, tinting formulae, dispensing machines, shakers, colour matching systems, PC software, and colour cards.

TiO_2
Titanium dioxide.

Titanium dioxide pigment
A white pigment. An important raw material in the manufacture of paint, paper, plastics and printing ink. It is manufactured from titanium-containing ores and slag in a complex process involving the use of sulphuric acid or chlorine and numerous auxiliary chemicals. The methods of manufacture are the sulphate process and the chloride process.

UC cured product
Lacquer or paint cured by ultra-violet radiation.

Ultrafine TiO_2
A very fine crystal titanium dioxide that is invisible in the product application and protects against UV radiation.

Urea
A single-nutrient fertilizer that contains a large amount of nitrogen and is manufactured from ammonia and carbon dioxide. It is also used in resin adhesives.

Water chemical
A chemical used in treating water.

VIC
(Volatile Inorganic Compounds)
These compounds include ammonia, chlorine and fluorine that are formed as emissions mainly from the processes of the basic inorganic industries.

VOC
(Volatile Organic Compounds)
These compounds are mainly solvents which in normal conditions evaporate into the air, notably with effects on the generation of ozone.

Group companies

1.1.2001

Company	Group holding %	Location	
Kemira Oyj		Finland, Helsinki	
Kemira Chemicals			
Kemira Chemicals Oy	100	Finland, Helsinki	■
Kemira Kemi AB	100	Sweden, Helsingborg	■
Kemira Chimie S.A.	100	France, Lauterbourg	■
Kemira Chemicals AS	100	Norway, Gamle Fredrikstad	■
Kemwater Cristal S.A.	95	Rumania, Bucharest	■
Alchim S.R.L.	95	Rumania, Tulcea	■
Kemwater Chimbis S.A.	58	Rumania, Bistrita	■
Scandinavian Silver Eel AB	100	Sweden, Helsingborg	■
Aliada Quimica S.A.	100	Spain, Barcelona	●
Kemira Ibérica S.A.	100	Spain, Barcelona	■
Kemira Ibérica Internacional S.L.	100	Spain, Barcelona	●
Aliada Quimica de Portugal Lda.	74	Portugal, Estarreja	■
Kemira Chimica S.p.A.	100	Italy, Ossona	■
Kemifloc a.s.	51	Czech Republic, Prerov	■
Kemwater Närke AB	92	Sweden, Kumla	■
Kemipol Sp. z o.o.	51	Poland, Police	■
Kemira Kopparverket KB	100	Sweden, Helsingborg	●
Ahlbo Kemi AB	100	Sweden, Helsingborg	●
Kemwater Brasil S.A.	51	Brazil, São Paulo	■
Kemwater de México, S.A. de C.V.	51	Mexico, Tlaxcala	■
Kemwater ProChemie s.r.o.	60	Czech Republic, Bakov nad Jizerou	■
Kemwater Diper Environmental Chemicals Inc.	51	Turkey, Izmir	■
Kemira Fine Chemicals Oy	100	Finland, Kokkola	■
Kemira Chemicals (UK) Ltd	100	United Kingdom, Harrogate	▲
Kemira Chemie GmbH	100	Germany, Hanau	■
Kemira Chemie Ges.mbH	100	Austria, Krems	■
PCS Paper Chemicals Systems Vertriebges.mbH	55	Austria, Krems	▲
PCS Paper Chemicals Systems Vertriebges.mbH	55	Germany, Brühl	▲
Kemira-Swiecie Sp. z o.o	65	Poland, Swiecie	■
ZAO NovoKemira	47	Russia, Novodvisk	■
Kemira Cell Sp. z o.o	55	Poland, Ostroleka	■
Kemira Kimya Sanayi ve Ticaret A.S.	51	Turkey, Istanbul	■
Kemira Chem Holding B.V.	100	Netherlands, Rotterdam	●
Kemira Chemicals B.V.	100	Netherlands, Rozenburg	■
Kemira Kemax B.V.	100	Netherlands, Rozenburg	●
Kemira Chemicals S.A./N.V.	100	Belgium, Wavre	▲
Kemira Chemicals Korea Corporation	100	South Korea, Ulsan	■
Kemira Chemicals Canada Inc.	100	Canada, Maitland	■
Kemira Chemicals U.S. Inc.	100	United States, Philadelphia, PA	▲
Kemira Chemicals Inc.	100	United States, Savannah, GA	●
Kemira Chemicals Canada NRO, Inc.	100	Canada, Maitland	□
Kemira Chemicals Hungaria KFT	100	Hungary, Budapest	▲
AS Kemivesi	50	Estonia, Tallinn	■
Kemwater (Thailand) Ltd	49	Thailand, Bangkok	■
Kemwater Services Oy	51	Finland, Helsinki	□
Kemira Chemicals Brasil Ltda	100	Brazil, Telemaco Borba	■
Kemwater (Yixing) Co., Ltd	60	China, Yixing City	■
Kemira Miljö A/S	100	Denmark, Esbjerg	■
Kemira Pigments Oy	100	Finland, Pori	■
Kemira Pigments AB	100	Sweden, Helsingborg	▲
Kemira Pigments Kereskedelmi KFT	100	Hungary, Budapest	▲
Kemira Pigments Holding B.V.	100	Netherlands, Rotterdam	●
Kemira Pigments S.A.	100	Belgium, Wavre	▲
Kemira Pigments Asia Pacific Pte. Ltd.	100	Singapore, Singapore	▲
Kemira Pigments Latin America Comercial Ltda.	100	Chile, Santiago	▲

Company
Tikkurila
Tikkurila Oy
Tikkurila Paints Oy
Tikkurila AB
AS Baltic Color [1]
UAB Baltic Color
ZAO Finncolor
OOO Kraski Tikkurila
Tikkurila Festék KFT
Imagica Ltd
A/S Baltic Color [1]
Tikkurila Polska Sp. z o.o. [2]
Spetra S.r.l.
Tikkurila Coatings Oy
Tikkurila Coatings B.V.
Tikkurila Coatings (Ireland) Ltd
Tikkurila Coatings Ltd
Tikkurila AB
AS Tikkurila Coatings
Tikkurila Coatings KFT
ZAO Tikkurila Coatings
SiA Tikkurila Coatings
Tikkurila Services Oy
Tikkurila Finance Oy
Alcro-Beckers AB
Alcro-Beckers Norge A/S
Alcro-Beckers Poland Ltd
Alcro-Beckers Danmark A/S
Polifarb Becker Debica SA
Nokian Laatumaalit Oy
Pigrol Farben GmbH
Holmbergs Färg i Skövde AB
Färghuset i Bollnäs AB
Sundsvalls Färghandel AB
Tapetlagret Öbergs Färghus i Västerås AB
Gemptus AB
Färgmästaren J E Englund AB
Hässleholms Färg & Miljö AB
RF Golventreprenader AB
Runes Färger AB
Gamol Försäljnings AB
Färghuset i Malmö AB
Färgservice i Malmö AB
Färghuset i Kristinehamn AB
Billdals Färghus AB
Golv & Färghuset Peter Alvefelt AB
Kemira Agro
Kemira Agro Oy
Kemira Agro Holdings Ltd
Kemira Agro U.K. Ltd
Kemira Ltd
Kemira Ireland Ltd
Kemira S.A./N.V.
Battaille S.A.
Engrais Battaille S.A.
Kemira Engrais S.A.
Kemira Agro Holding B.V.

■ = production
▲ = marketing
● = holding
□ = service

Group holding %	Location	
100	Finland, Vantaa	□
100	Finland, Vantaa	■
100	Sweden, Spånga	▲
100	Estonia, Tallinn	■
50	Lithuania, Vilnius	▲
100	Russia, St. Petersburg	■
100	Russia, Moscow	■
100	Hungary, Budapest	▲
100	United Kingdom, Uxbridge	▲
100	Latvia, Riga	■
100	Poland, Sczcecin	■
100	Italy, Modena	■
100	Finland, Vantaa	■
100	Netherlands, Dordrecht	■
100	Ireland, Cork	▲
100	United Kingdom, Bury	■
100	Sweden, Spånga	▲
100	Estonia, Tallinn	▲
100	Hungary, Budapest	▲
100	Russia, St. Petersburg	▲
100	Latvia, Riga	□
100	Finland, Vantaa	□
100	Finland, Vantaa	□
100	Sweden, Stockholm	■
100	Norway, Oslo	▲
100	Poland, Warsaw	▲
100	Denmark, Copenhagen	▲
91	Poland, Debica	■
100	Finland, Nokia	■
100	Germany, Ansbach	■
91	Sweden, Skövde	▲
91	Sweden, Bollnäs	▲
91	Sweden, Sundsvall	▲
91	Sweden, Västerås	▲
100	Sweden, Västerås	□
91	Sweden, Eskilstuna	▲
91	Sweden, Hässleholm	▲
91	Sweden, Västerås	▲
100	Sweden, Västerås	▲
100	Sweden, Uddevalla	●
91	Sweden, Malmö	▲
91	Sweden, Malmö	▲
91	Sweden, Kristinehamn	▲
91	Sweden, Göteborg	▲
91	Sweden, Göteborg	▲
100	Finland, Helsinki	■
100	United Kingdom, Ince	●
100	United Kingdom, Ince	■
100	United Kingdom, Ince	■
100	Ireland, Dublin	▲
100	Belgium, Wavre	■
100	Belgium, Basècles	■
100	France, Fresnes s/ Escaut	■
100	France, Ribécourt	▲
100	Netherlands, Rotterdam	●

Company	Group holding %	Location	
Kemira B.V.	100	Netherlands, Rotterdam	●
Kemira Pernis B.V.	100	Netherlands, Rotterdam	●
Kencica Speciaalmeststoffen B.V.	100	Netherlands, Maastricht	▲
Kemira Deutschland GmbH	100	Germany, Hannover	▲
Comercial de Fertilizantes Liquidos S.A.	50	Spain, Valencia	▲
Viljavuuspalvelu Oy	80	Finland, Mikkeli	□
Mykora Oy	100	Finland, Kiukainen	■
A. Jalander Oy	100	Finland, Muurla	■
A. Jalander Eesti Oü	100	Estonia, Tallinn	■
SiA Kemira Agro Latvija	100	Latvia, Riga	▲
ZAO Kemira Agro	100	Russia, Moscow	▲
Kemira Agro Poland Sp. z o.o.	100	Poland, Gdynia	▲
Kemira Agro Sdn. Bhd.	100	Malaysia, Kuala Lumpur	
Kemira Agro Hungary Ltd Co.	100	Hungary, Hódmezóvásárhely	▲
AS Kemira Agro Eesti	100	Estonia, Tallinn	▲
UAB Kemira Agro Vilnius	100	Lithuania, Vilnius	▲
UAB Kemira Lifosa	51	Lithuania, Kedainiai	▲
AS Fertimix	100	Estonia, Tallinn	■
Biolchim S.p.A.	50	Italy, Bologna	■
Vitalba S.r.l.	98	Italy, Bologna	■
Kemira Agro Rozenburg B.V.	100	Netherlands, Rotterdam	■
Kemira Agro Pernis B.V.	100	Netherlands, Rotterdam	■
Kemira Danmark A/S	100	Denmark, Fredericia	■
Kemira Metalkat			
Kemira Metalkat Oy	100	Finland, Laukaa	■
Metpela Oy	100	Finland, Laitila	■
Convertitori Catalitici Europa S.r.l.	100	Italy, Genova	■
Kemira Katalysatoren GmbH	100	Germany, Wiesbaden	▲
Metalkat Romania S.A.	80	Romania, Craiova	■
Other			
Kemira Services Holland B.V.	100	Netherlands, Rotterdam	□
Kemira International Finance B.V.	100	Netherlands, Rotterdam	□
Kemira Finance B.V.	100	Netherlands, Rozenburg	●
Kemira Danmark Holding A/S	100	Denmark, Fredericia	●
Kemira Engineering Oy [3)]	100	Finland, Helsinki	□
Multirange B.V.	100	Netherlands, Rotterdam	□

[1)] Owned in equal shares by Tikkurila Coatings Oy and Alcro-Beckers AB

[2)] Owned in egual shares by Tikkurila Coatings Oy and Tikkurila Paints Oy

[3)] Owned in equal shares by Kemira Chemicals Oy, Kemira Pigments Oy and Kemira Agro Oy

Companies not operative in 2000 are excluded.

Graphic design and layout by Matti Savimaa, printed by Sävypaino ISO 9002 2001

KEMIRA