

KEMIRA 2001

KEMIRA

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

The illustrations in this Annual Report are groupwork paintings that were done during Kemira's Management days in May 2001. The purpose of the groupwork was to depict, in a playful way, the participants' views on Kemira's future.

What we aim to be

Innovation

Our core values

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

Our vision

For our customers, we are the preferred partner that offers 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 waste water.

- Water treatment know-how based on expertise and cost-effectiveness that can also be exploited within our core businesses.

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

Respect for individuals

Working together

Goal orientation

Financial objectives

	2001	Target
Net sales, growth % (continuing operations)	8	Over 10
Operating income, % of net sales	6	Over 10
Earnings per share, growth %	neg.	Over 10
Cash flow return on capital invested, %	7	Over 10
Gearing, %	61	40 – 100

Kemira serves

Industrial customers

Our 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. The Chemicals business area has production facilities in 29 countries.

Paint users

We are a modern paint manufacturer whose brands are household names in its home markets. In our marketing we draw on the advantages of the latest in tinting technology. We are an industry

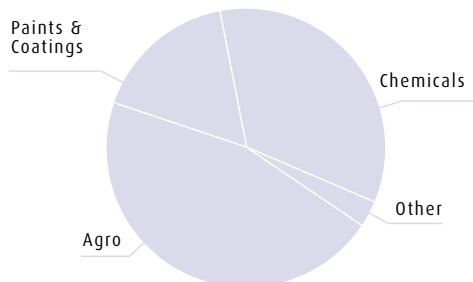
forerunner as a manufacturer of environmentally sound products. The Paints and Coatings business area has production facilities in 10 countries. Paints are one of Kemira's growth areas.

The food supply chain

Our customers are crop, greenhouse and horticultural growers as well as feed producers. We are focusing on new product and service packages, such as growth-promoting programmes for specific plants and varieties. The Agro business area has production facilities in 12 countries. We are one of Europe's largest manufacturers of specialty fertilizers.

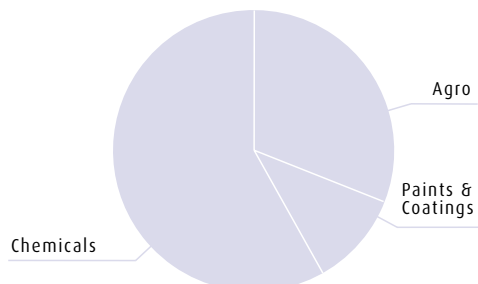


Net sales 2001



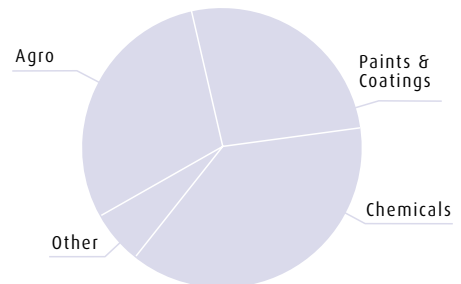
Group net sales: EUR 2,454 million

Operating income 2001

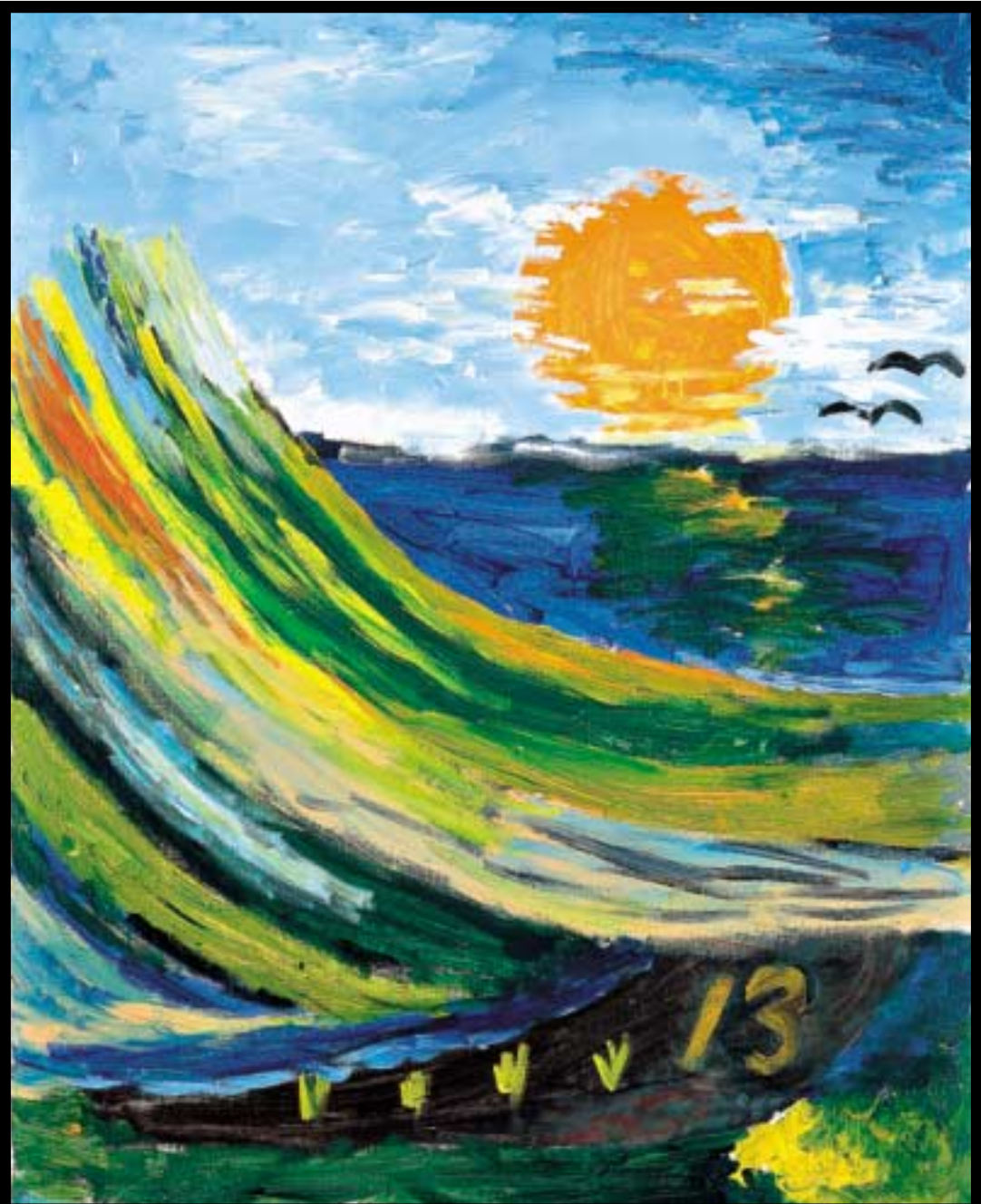


Group operating income: EUR 144 million

Personnel 2001



Group personnel 10,207 (average)



**"Chemistries harmonize when we hold
our values in respect."**

TAUNO PIHLAVA
Kemira's CEO

Review

"In 2001 the Kemira Group's continuing operations grew by 8% and net sales were EUR 2.5 billion. Operating income was EUR 144 million, or 6% of net sales. Our operating environment was overshadowed by the slowdown in economic growth, especially within pulp and paper chemicals and pigments. By contrast, water treatment chemicals and Agro succeeded in improving their earnings compared with the previous year. The main focus of the paints and coatings business was on integrating Kemira's functions with those of Alcro-Beckers, which was acquired at the beginning of the report year. The resultant earnings improvement will kick in starting this year.

The main elements of the strategy we presented two years ago have been carried out according to plan. The world and Kemira's position have nevertheless changed to such an extent that it is time to readjust the guidelines we laid out previously, particularly in view of the goal of increasing shareholder value. The company's Board of Directors has decided to change the Group's strategy such that the Group will disengage itself from Agro and speed up its growth within paper and pulp chemicals, water treatment chemicals and paints. It is important to

increase Kemira's size in order for us to achieve leading positions in our different business areas, but at the same time we must nevertheless ensure the company's good profitability. Companies that show fast and profitable growth are favoured on the financial markets. Continuously raising the company's value and satisfied shareholders are important objectives for the company's development and future.

The continuous improvement of our core competences is a fundamental objective of our strategy. By developing our expertise, above all within the pulp and paper industry, water treatment and paints, we help our customers to reach better results. We can seek fast growth only by way of M&A arrangements. Nonetheless, it is not expansion alone that we are seeking but also new know-how and greater market coverage. The growth in our operations guarantees our customers a more comprehensive service network than before and affords an opportunity for closer cooperation. The strong organic growth of our businesses is a means of development that is in our own hands. As a larger corporation we can also provide sufficient financing for research and development work.

The discussion of values in line with our strategy and in which our entire personnel took part was seen to completion in the first part of the report year. We singled out as our core values: respect for individuals, innovation, working together and goal orientation. The value discussion was condensed into the Quality of Life booklet, which was published in thirteen different languages.

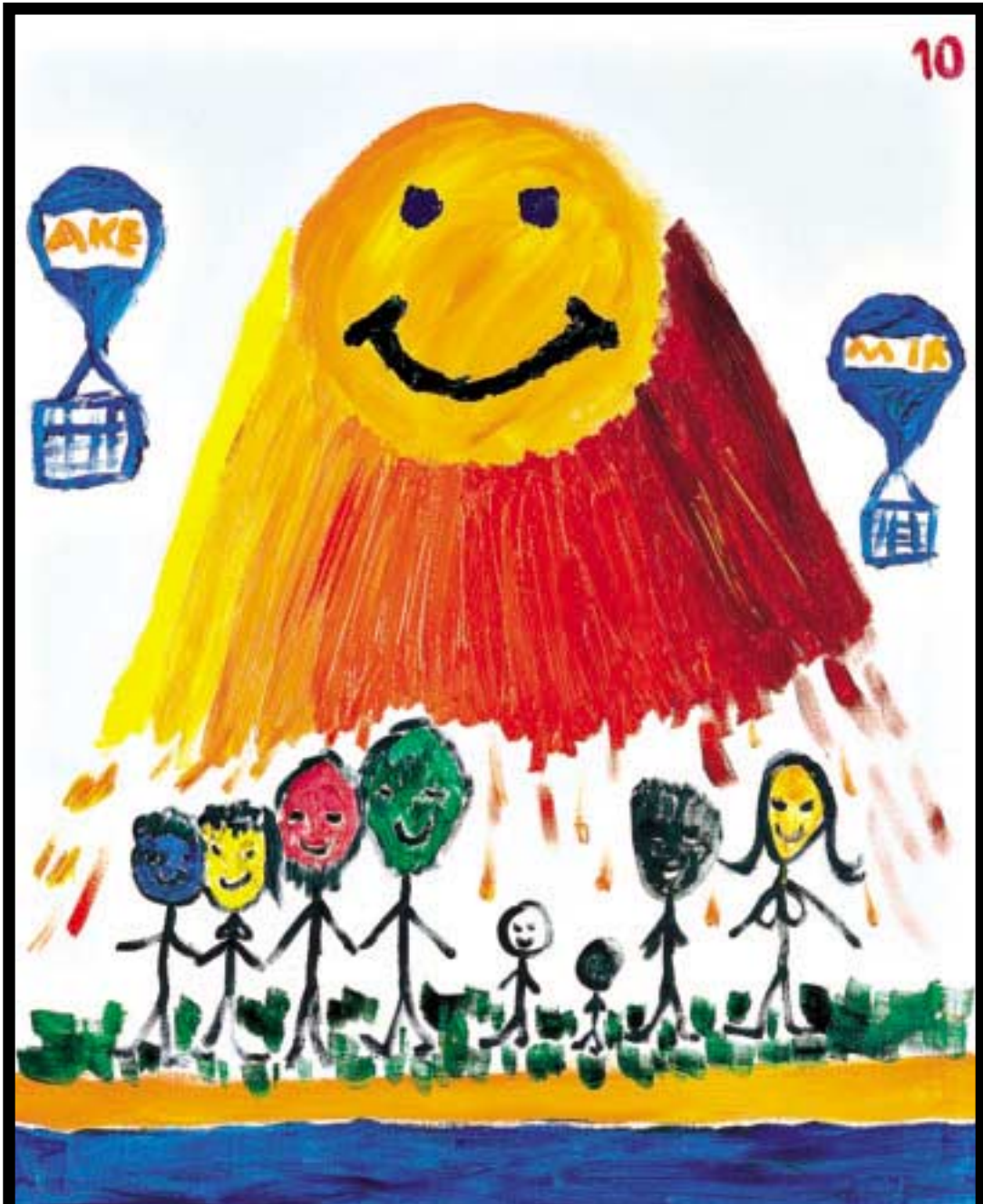
I have given my personal commitment to promoting our values, and last year I visited all Kemira's main sites in Finland and abroad to discuss the significance of the values within our corporate culture. The following pages give an account of Group management's commit-

ment to this project and of their thoughts on the importance of these values in the Group's practical work.

Putting the values into practice in our operations was still going on when we became involved in a process the aim of which was to make Kemira part of a newly formed Nordic chemicals group. This meant that both our corporate culture and we as individuals had to go through an ordeal in the midst of our development work. It is a tribute to our evolving corporate culture that despite external pressures, the chemistries between our people were in excellent accord even in that situation. There was plenty of discussion, both pro and con, at Kemira and about Kemira, but it was the kind of dialogue that we should engage in. Our objective is a corporate culture in which everyone dares to express his or her opinion.

I wish to extend my warm thanks to all our customers, shareholders and partners for their good cooperation. A special vote of thanks for your support during the past colourful year goes to all our Kemira team members. When we hold our joint values in honour, our chemistries will work in our best interests."





"Being goal-oriented is like achieving happiness. It comes about as a by-product."

YRJÖ SIPILÄ
Responsible for the Chemicals business area

Values

“For a company, being profit-oriented is like life for a human being. Other values do not mean anything without proper profit orientation. On the other hand, companies do not generate earnings if their other values are not in good shape.

A goal orientation is the same kind of indirect value as happiness: it comes about as the by-product of some other value. If you want to be happy, it's not enough to just keep repeating “be happy”. It's no use for a manager, either, to keep harping, “profit, profit, profit”. Instead, the emphasis should be on these other values, mainly on cooperation and being innovative.

Good strategies are needed to achieve top performance. A good strategy leads the company to growing markets. There's not room for all comers, but the one that stakes out a place is the one that thrives. To do this, it takes good management, which includes delegating tasks downwards, and this implies respect for the individual. People must have the freedom to do their work and to be enthusiastic about their work. This is an essential motivational factor.

An organization always has values even if they are not written down, and people act in accordance with them. They spring from society's set of shared values.

When values are written down, we're able to compare decisions against them. They guide the organization's development. Kemira has accented four important fundamentals – respect for individuals, innovation, working together and a goal orientation – but society's other values too figure in the company's operations.

The biggest change at Kemira is a new willingness to engage in cooperation with others, both within the Group and outside it. Cooperation is an organizational idea but now we're beginning to understand that through cooperation we're able to maximize the new things we create.

The aim of total solutions is to ensure that things run more smoothly for the customer too. It's part of a goal-oriented approach, in the same way as our aim of being efficient and aware of our goals in everything we do.

New ways of working, processes and patterns of cooperation are also part of an innovative corporate culture, and they too spring from cooperation and partnership. We have partnership agreements with our customers. For example, our information systems mesh together with those of our customers in the forest products industry, and our deliveries of chemicals are made virtually within the same company. We encounter the customer and its products at many different stages of the production chain: a felled tree is transported to the pulp mill, where we bring our bleaching solutions; then it moves on to the paper mill, where we bring our chemicals expertise, and the next step is on to the printing house, for which we make the pigments that go into printing inks. The paper industry closely tracks the end user of paper, and we track both.

The world's forest products companies are going through a process of con-

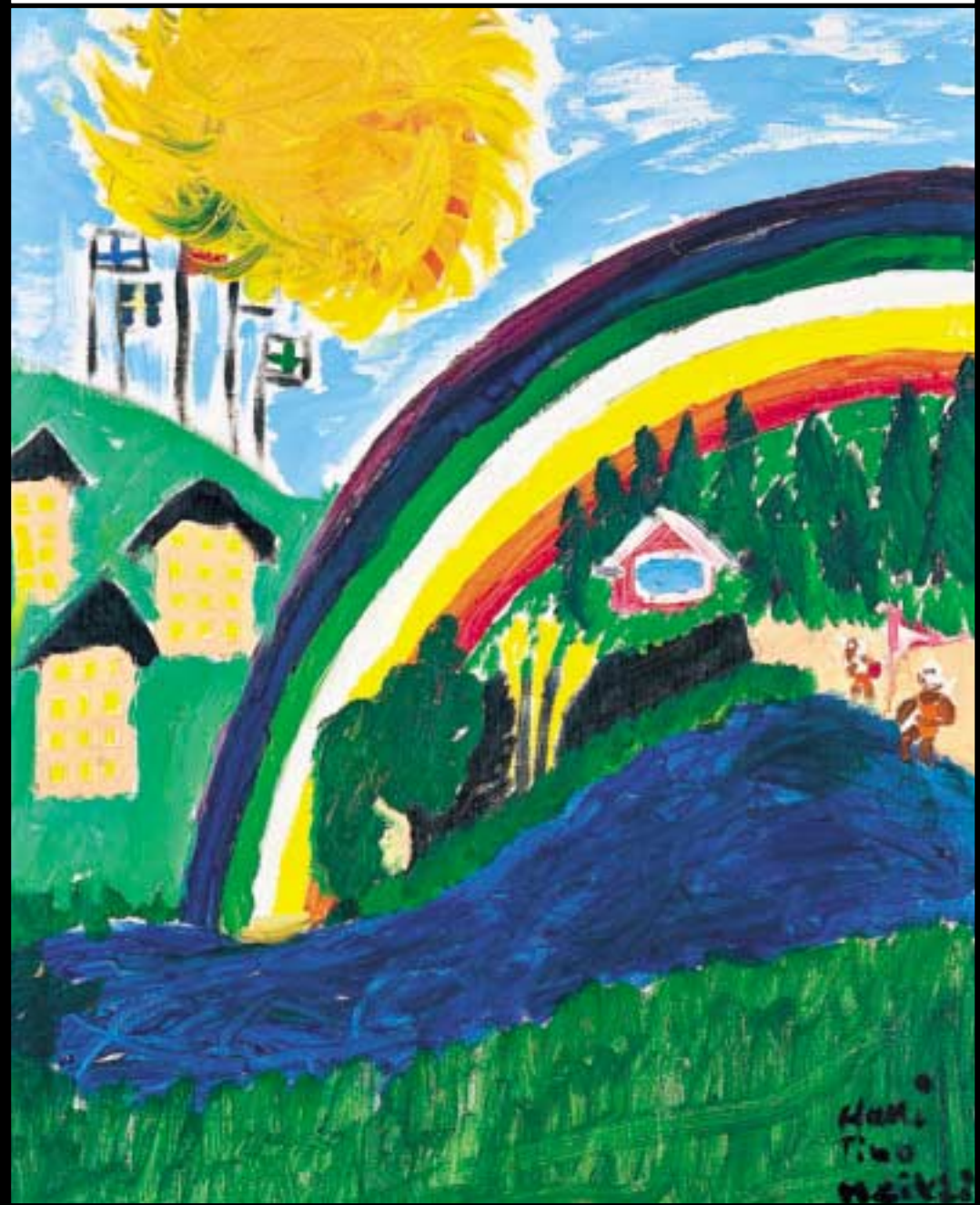
solidation leading to ever bigger players. We have an excellent opportunity to grow along with them, especially since some of the biggest ones have Nordic roots. The customer's trust must nevertheless be earned anew each day. If we want to be their preferred supplier, this means that we must have more extensive, more international operations. We must be a player in these markets too. Kemwater is another of our units that has long-standing customer relationships – with municipal water works, for example. This likewise is an area where a local partner in cooperation always has the edge.”





**"Cooperation should not be constrained by
needless bureaucracy."**

VISA PEKKARINEN
Responsible for the Paints and Coatings business area



“We try to get along as far as possible without a bureaucratic organization. We have people who perform their jobs both together and alone and who take responsibility for their actions. The ideal state is that everybody knows their objectives, each one has a clear-cut area of responsibility and they all know what area each one is good at, so that working groups are formed naturally.

This model has worked. We are now a European paint company whose area of focus is in northern, eastern and central Europe. Last year Alcro-Beckers, Sweden’s largest manufacturer of decorative paints, became part of our paint business.

The Alcro-Beckers acquisition could be characterized as a merger of equals in the paint business. The combining of operations has gone smoothly, bringing improved performance. A contributing factor has been the fact that we have had a joint venture in the Baltic countries for well on ten years now. We knew each other beforehand at the level of product development, production and management. There haven’t been hardly any culture-related problems between the two companies. Both of us have a long history of paint manufacture going back to the 1860s. Both of us are market leaders within decorative paints. Our operational principles too are very much aligned because we have been in a competitive market situation for decades.

Working together, respect for individuals and innovation are values that come naturally to us. When the last recession set in, we decided that this time management won’t withdraw into its ivory tower to think about what should be done. Instead, it was agreed that we all would make proposals on how costs could be reduced in a way that would still leave us in good shape. We probably received 2000 ideas that allowed the company to avoid a relative dip in earnings even though sales dropped by 20 to

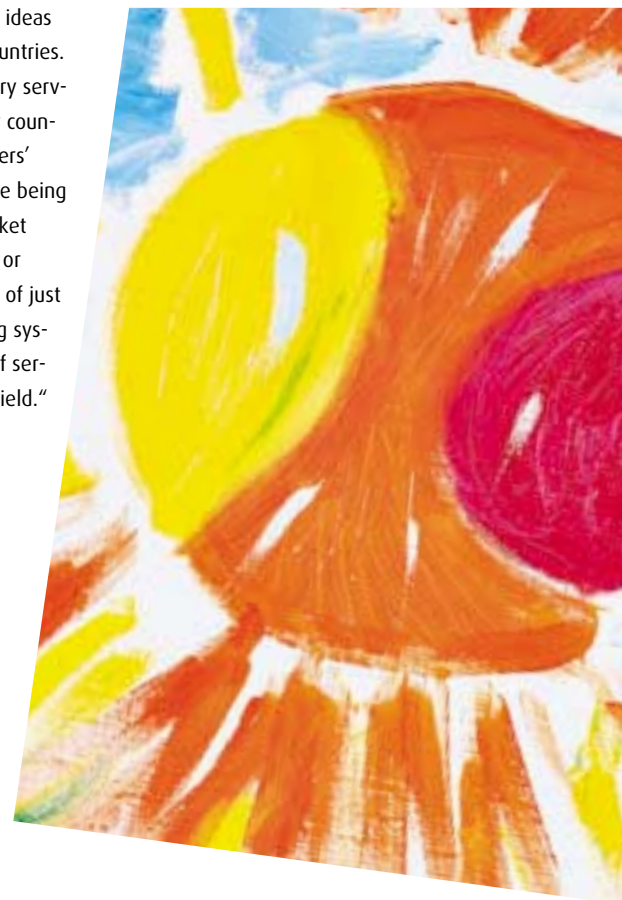
30%. To my mind, this reflects a joint spirit: that we get results by working together as a team. There’s an overall awareness that we have to generate earnings. Indeed, we’ve always turned a profit.

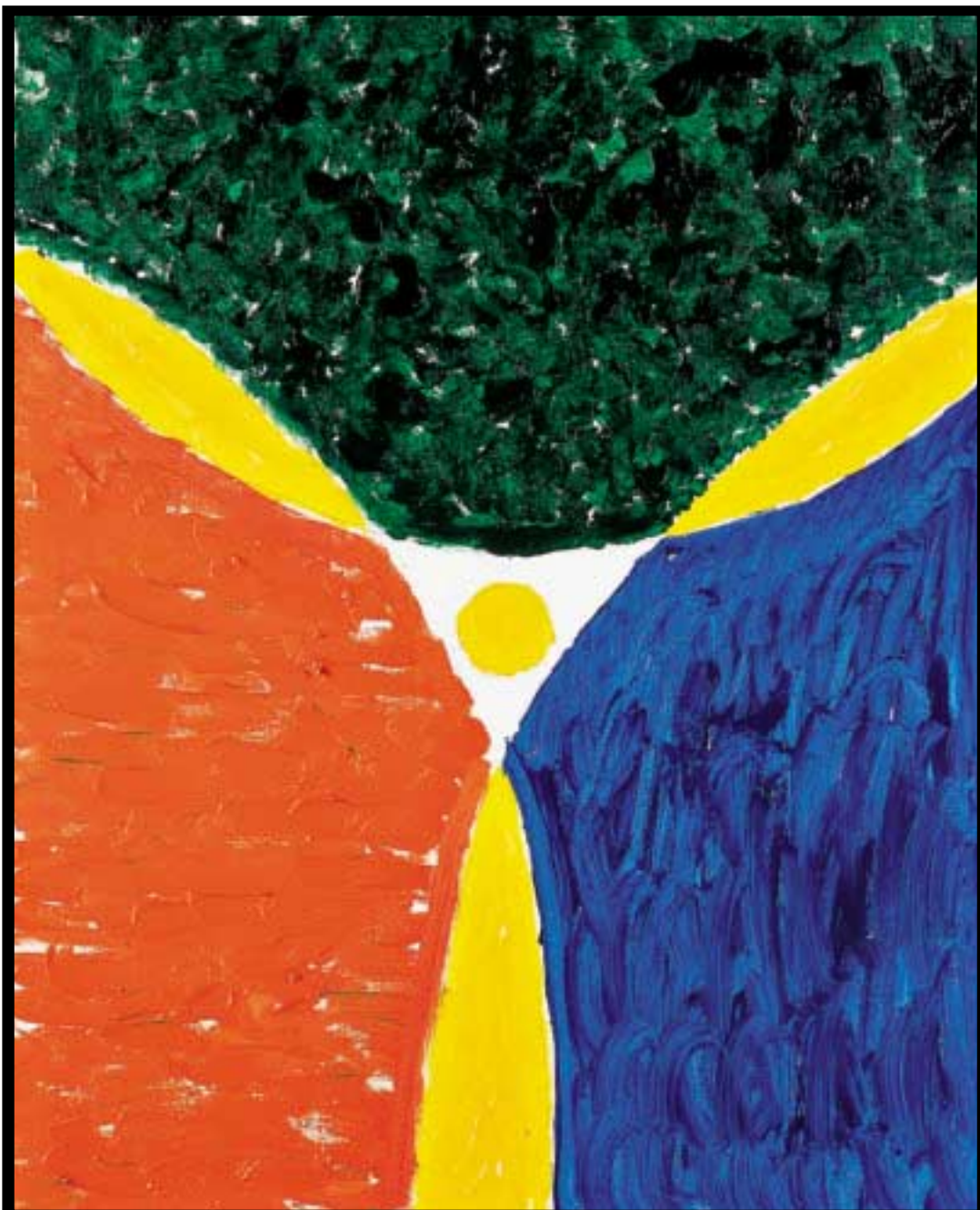
We seek out new solutions both amongst ourselves and together with our customers. For the Finnish market, a year ago we established Paintline, whose task is to serve consumers. Twenty or so people answer the phone and Internet queries about all kinds of matters concerning paints and painting.

Thousands of calls come in to Paintline monthly. The feedback obtained is collected and analyzed, and the information is passed along both to our own people and to our partners in cooperation. Paintline is an expensive investment, but we believe that we’ll get the money back in the form of stronger customer loyalty and improved products and operations.

We seek to make use of good ideas that are carried out in different countries. Expansion of the consumer advisory service is being contemplated in other countries and, for example, Alcro-Beckers’ best interior decorator concepts are being applied to the needs of other market areas. We are marketing colours – or rather cosy atmospheres – instead of just selling paints. Paintline, our tinting system and this comprehensive set of services make us forerunners in our field.”

Values





**“Fostering innovation fits
Agro’s strategy like a glove.”**

HEIKKI SIRVIÖ
Responsible for the Agro business area

"Values are like the nutrient content and richness of the soil, without which nothing can thrive. Cooperation is an internal matter, but it is also like a mirror image. Because coming up with innovations more closely resembles combining existing knowledge than producing new basic knowledge, this implies a need to network, whereby cooperation becomes an important value both within the company and in its dealings on the outside. Fostering innovation suits us to a T, because it is the fundamental premise of Agro's new strategy.

We possess an abundance of in-depth knowledge and now there's a goal-oriented desire to turn it into products and services. On the other hand, we can't succeed without having our customers succeed, and this means that we must find for our customers solutions that improve their earnings.

Our objective is for our organization to work as a chain of business processes and for our communications to be fast and open. Our teams know their objectives and communicate their success or problems in different directions. No process organization can ever function properly if people do not show respect for each other. The first and generally

most difficult thing is: sit down and listen to your co-worker. Customers, too, quickly sense whether a supplier is an arrogant seller or a genuine partner who is really seeking to solve the customer's problems.

At Agro our role is to produce information and products whereby we can ensure the good and safe quality of food. This is the area of operations we have staked out for ourselves. Agro has assumed a centralized responsibility for all the businesses that produce production inputs for the food supply chain, including those connected with animal nutrition. Agro is thus much more than a producer of fertilizers.

Agro's vision was defined as wanting to be the preferred partner and supplier in the food supply chain, whereby we seek growth by offering new integrated solutions for crop farming and animal husbandry. Our objective is to develop and offer to farmers a total service that provides a solution to many things. Apart from helping to produce a good quality harvest that is suitable for the food processing chain, the farming is done in a way that places the least possible load on the environment.

Crop determination on the basis of aerial image is an example of new solutions originated by Agro. In traditional farming, seeds are sown and fertilizers applied on the fields in the spring, and the farmer waits until the autumn to see how his crop turned out. In the new solution, an aeroplane flies over the village a couple of times during the harvest period and photographs the growing fields. The amount and quality of the future harvest is interpreted from the photograph, showing things such as the level of protein, which is important in malt barley, for instance. If the farmer buys a total solution from Agro, including our aerial image service, fertilizers and guidelines, then the malting industry will get from this farm barley that is just right for its process, and the farmer will get a price corresponding to a quality product.



A patented innovation on a similar level is a method whereby nutrients are affixed to the surface of the seed. Thanks to this solution, the plant can immediately tap into the nutrients it needs to germinate, and this goes a long way towards determining the harvest that will be reaped in the autumn. What's more, the efficiency of nutrient uptake is increased.

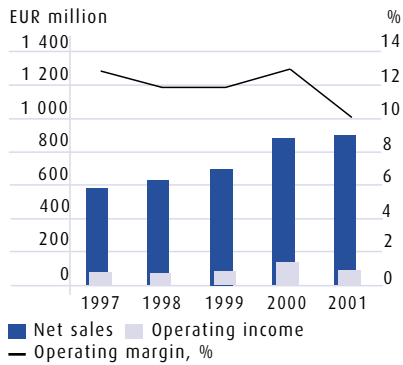
The direction of change is clear. We know the direction in which we want to develop as a company, and it means much more than fertilizers alone. Nonetheless, fertilizers are our daily bread, which has given rise to our core competence – crop cultivation. This is the cornerstone of our know-how, which we will build on in carrying out the process of change."

Values
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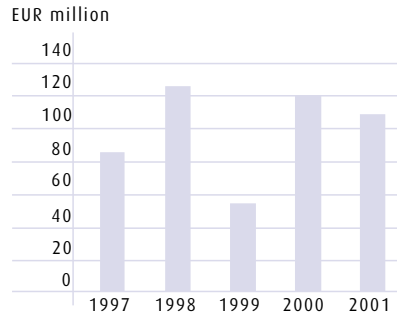
Business areas in figures

Chemicals

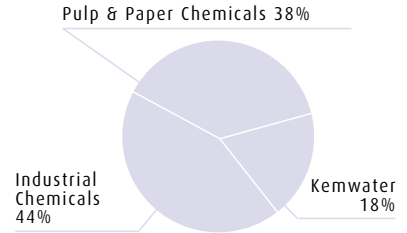
Net sales



Capital expenditure

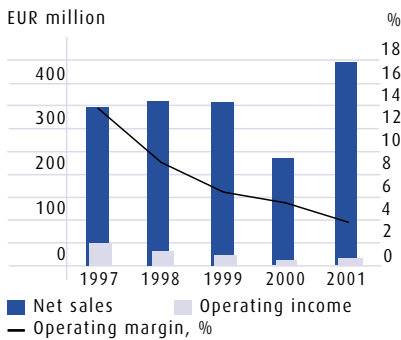


Net sales by business unit

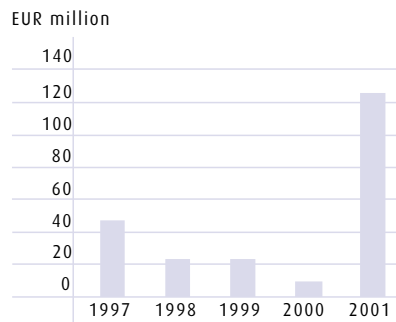


Paints & Coatings

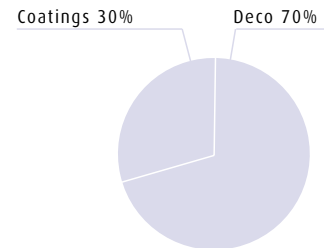
Net sales



Capital expenditure

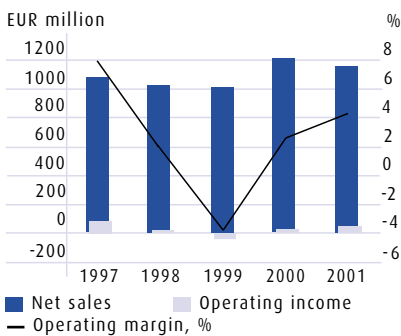


Net sales by business unit

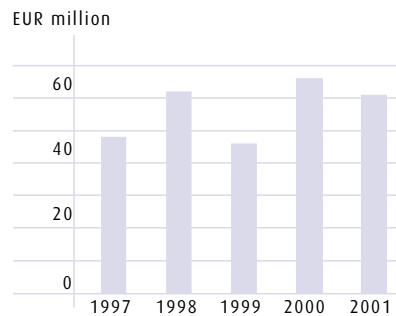


Agro

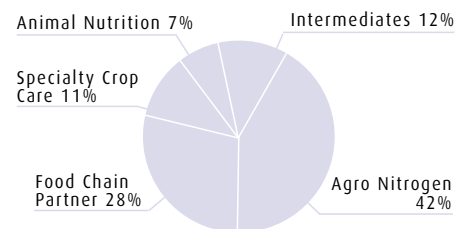
Net sales



Capital expenditure



Net sales by business unit



Business areas in figures

CHEMICALS	2001	2000	1999*	1998*	1997*
EUR million					
Net sales	901	888	697	630	582
Costs	-731	-707	-558	-507	-462
Depreciation	-79	-66	-56	-48	-45
Operating income	91	115	83	75	75
Capital employed (average)	756	783	632	470	446
Return on capital employed %	12	15	13	16	17
Capital expenditure	109	120	56	126	86
Personnel (average)	3,894	3,678	3,138	3,114	2,845

* The figures are not fully comparable owing to changes in the business structure.

PAINTS & COATINGS	2001	2000	1999*	1998*	1997*
EUR million					
Net sales	445	243	357	361	349
Costs	-405	-218	-316	-312	-288
Depreciation	-23	-11	-18	-16	-13
Operating income	17	14	23	33	48
Capital employed (average)	327	141	253	233	175
Return on capital employed %	5	10	9	14	28
Capital expenditure	126	10	23	23	47
Personnel (average)	2,652	1,583	2,301	2,214	1,902

* The figures are not fully comparable owing to changes in the business structure.

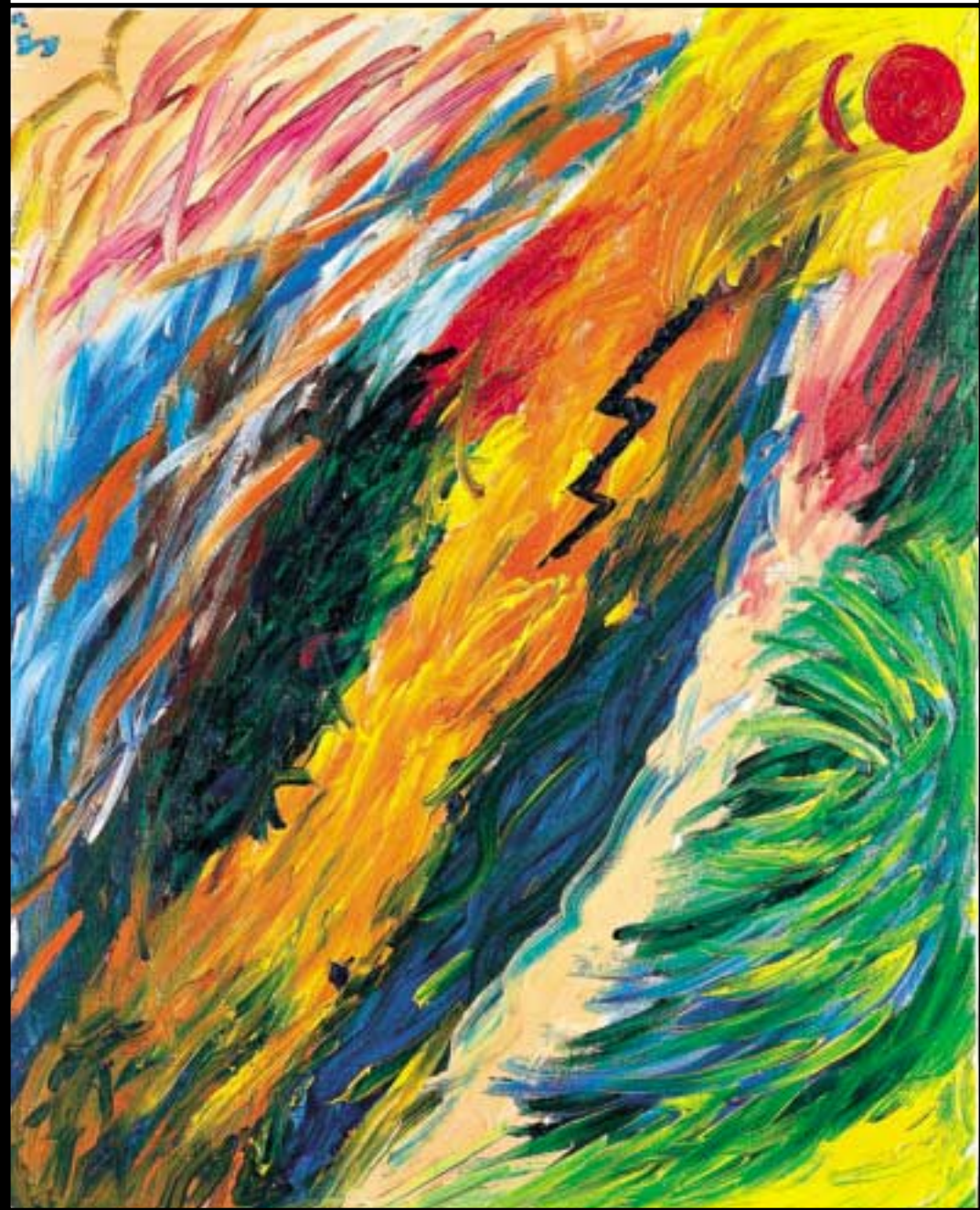
AGRO	2001	2000	1999*	1998*	1997*
EUR million					
Net sales	1,158	1,219	1,015	1,030	1,079
Costs	-1,047	-1,113	-990	-954	-941
Depreciation	-62	-73	-64	-57	-53
Operating income	49	33	-39	19	85
Capital employed (average)	572	662	585	584	563
Return on capital employed %	9	5	-7	3	15
Capital expenditure	61	66	47	62	48
Personnel (average)	3,079	3,198	2,951	3,071	3,117

* The figures are not fully comparable owing to changes in the business structure.



**"For us, the environment is not only
an important value but also a competence
and growth area."**

AARNO SALMINEN
Responsible for environmental protection



Environment

“Traditional environmental protection was not involved with corporate values as much as it was with those of society. The substantial investments in environmental protection made over the last decades were reactions or an anticipation of legislative changes. By contrast, voluntary environmental protection and market-based environmental business, which came into the fore in the 1990s, have a bearing on each of Kemira’s values. And when we look at the Group’s areas of competence, the environment turns up just about everywhere. Environmental services and solutions are on the increase in all Kemira’s areas of operations. Innovations and profitable areas are being sought within water chemicals, environmental chemicals for the pulp and paper industry, recycling and environmentally sound paints. This is happening in cooperation with customers, research institutes and all the Kemira Group’s units.

Of the larger chemicals companies, Kemira stands out as the one that has sought environment-driven growth. We

have continually measured the proportion which environmental business represents within our net sales. Nowhere in the world is there a precise definition of environmental business. Accordingly, we have agreed what we consider to be environmental products and we’ve kept the criteria the same year after year. The environmental business has not been spun off into any separate entity. Instead, at all our main companies there are environmentally-driven products which we have counted together in preparing our environmental reports. This has been a way of profiling ourselves and showing how important environmental matters are in our business operations.

Kemira has also been a forerunner in reporting openly and reliably on its environmental affairs. The industry has gained an audience that follows environmental reporting and keeps the environmental viewpoint in the public’s eye by comparing reports and granting them awards. Concurrently, special mutual funds which highlight ethical values have been established. Our environmental reports have also been a way of responding to the challenge of ethical investing.

Over the past couple of years, the life cycle and environmental aspects of products have gained prominence. A new aspect of chemicals legislation too is environmental hazards of chemicals, which previously was not well defined.

The chemicals dialogue and new legislation will most likely lead to a huge undertaking in the area of testing existing products. Let us hope this will not slow down the environment-driven development work.

Environmental protection is driven by values – values related to society, companies and, of course, individuals. The dialogue that was set in motion in the environmental area is expanding into the area of corporate social responsibility and responsibility for its employees’ well-being. It is placing a company’s values even more squarely in the spotlight.”



Environmental report



Kemira continued to develop its businesses in line with the chosen strategies, which include growth in environmentally driven businesses. In addition to acquisitions, research and development was intensified in these fields to strengthen key competencies. At the same time, the business divestments announced earlier resulted in substantially reduced environmental releases.

A total of 25 production sites now have certified environmental management systems in place (see p. 22). In 2001, seven new sites obtained ISO 14001 registration, including the Agro's main sites in Finland. Kemira's safety record improved, and health and safety principles are being sharpened. The role of product stewardship will be strengthened due to both external and internal developments.

Highlights on activities at the sites

Chemicals. The Helsingborg plant in Sweden placed in use an activated carbon filtration and scrubbing system to eliminate releases of organochlorine compounds, which were unexpectedly discovered during the previous year.

The newly acquired paper chemical plant in Krems, Austria, improved odour control of the crude tall oil unloading

station. The Swiecie plant in Poland developed safety and environmental management systems.

In Finland, the Oulu plants reduced dust emissions by replacing the electric filter of the power plant. Plans to improve soot management were also outlined.

At the Kookkola plants, the activated carbon filtration system installed in March has reduced effectively organic impurities in the hydrochloric acid and all environmental mass flows further downstream. An external expert study found no significantly elevated concentrations of organochlorine compounds in the soil or sea sediments outside the plant area. A new environmental permit stipulates that the on-site lagoons for filtrate sludge must be appropriately closed or isolated before November 2007. In addition, the plant completed the removal of surface soil contaminated by mercury.

In the Kemwater business unit, several production plants enhanced energy efficiency, whilst many others upgraded their storage safety. In Sweden, Kemwater Närke installed a new scrubbing system for removing hydrogen chloride. Use of recycled raw material was boosted, for instance, in the Kemwater plants in the Netherlands and Italy.

The report deals with Kemira Group companies in line with financial reporting and has been prepared in accordance with:

- CEFIC (European Chemical Industry Council): Health, Safety and Environment Reporting Guidelines. November 1998.
- Commission recommendation on the recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of companies. European Commission, 2001/453/EC.
- "Communication on the Interpretation of Certain Articles in the Fourth and Seventh Accounting Directives". European Commission, 98/C 16/04.

The data presented in this report has been compiled from 67 production plants and sources globally. 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 of the Annual Report.

The Pori plant reduced sulphur emissions further by expanding the activated carbon adsorption unit of the titanium dioxide plant. Construction of the new gypsum landfill was completed, and a pilot unit was built to boost the utilization of solid by-products. The site also had a year of the lowest observed incident frequency.

Paints and Coatings. The acquisition of Alcro-Beckers increased the business activities of Paints and Coatings substantially. The new paint production plants are located in Sweden, Poland and Germany.

The Tikkurila plants in Vantaa, Finland, minimized hazardous waste generation by increasing solvent re-use and treatment of water-based wastes. The Lövhölm plant in Stockholm, Sweden, continued a project for recycling spill and wash water and for re-using the treated waste water in its own production. Environmental risk assessments focusing on soil contamination were conducted at several Paints and Coatings sites.

Agro. The Uusikaupunki plant invested close to EUR 1 million for reducing nitrogen effluents into the waste water. This confirms compliance with the new permit, specifying tighter limits on nutrient releases. A fairly large invest-

ment project was also launched to improve the plant's internal efficiency, recycling and safety.

The Harjavalta plant installed two pressing units for the treatment of packaging waste. Dust emissions from the aluminium sulphate plant were reduced by filtration.

At the Siilinjärvi plant, enlargement of the gypsum storage area was completed. The frequency of accidents and the number of working days lost due to injuries were the lowest observed.

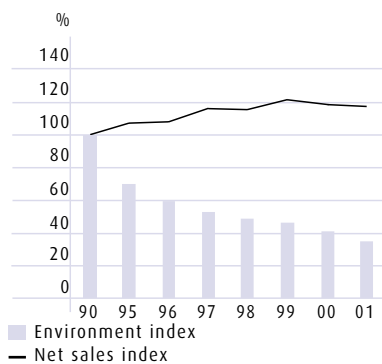
The Kedainiai plant in Lithuania installed a new fluorine gas absorption system to reduce air emissions. Energy efficiency and storage conditions were also improved.

The Fredericia plant in Denmark assessed noise reduction options and soil contamination. The authorities issued new requirements for reducing cadmium impurities into the municipal sewer.

The Ince plant in Chester, the UK, built new safety bunds for the nitric acid and phosphoric acid storage tanks. In Belgium, the Terte plant improved energy efficiency in nitric acid production and updated the noise survey of the site. Soil remediation activities continued at Willebroek and Bataille.

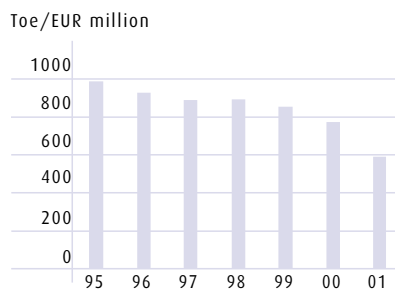


Environmental load and net sales



The environment index consists of seven different releases and of non-hazardous waste.

Energy consumption divided by net sales



Environmental report



Environmental business

Sales of environmentally benign products and services amounted to approximately EUR 352 million, up 4 % on the previous year. A decade of continual growth has more than doubled this business sector within Kemira.

The biggest contribution to growth came from water treatment chemicals. In addition to organic growth, Kemwater made acquisitions in Spain, Italy, China and Russia (early 2002). The Kemira competence centre for water research in Oulu, Finland focuses on new applications and longer-term business development. The recycling competence centre in Helsingborg, Sweden, investigates business options in sludge treatment and selectively recycled raw materials.

Sales of environmental chemicals, including hydrogen peroxide for pulp and paper applications, were impacted by the downturn in the industry. By contrast, growth continued in environmentally benign de-icing and detergent products. Sales of environmental equipment decreased slightly.

Sales of products derived from waste or by-products increased by about 10 %. This was due mainly to good markets for calcium sulphate pigment. An investment to expand the production

in Siilinjärvi, Finland, was launched in March.

Agro increased its sales of recovered carbon dioxide. Eco-products, such as organo-mineral fertilizers and biocontrol products, also showed a favourable sales trend.

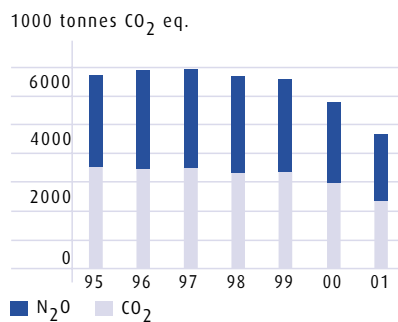
Paints and Coatings expanded substantially its sales of environmentally benign paint and coating applications. In Finland alone, these sales are now close to EUR 50 million. The number of applications grew significantly in step with the integration of Alcro-Beckers, especially by virtue of the extensive range of environmental products available in Sweden.

Industrial Coatings continued its environmental product development efforts. A new growth area was the coating of metal drums, notably in Finland and the UK. A further boost for water-soluble or solvent-free industrial applications is expected when the EU VOC directive comes into force.

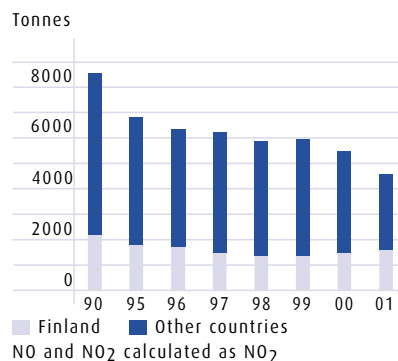
Product safety

Kemira participated actively in the chemical industry's voluntary ICCA HPV Programme, and has given commitments to testing consortia for five substances. The first comprehensive EU risk assess-

Greenhouse gas emissions



NO_x emissions



ment in which Kemira is involved significantly – hydrogen peroxide – reached the finalization phase. The draft conclusions mention process and logistics safety and user information as areas of improvement in the life-cycle of this environmentally sound chemical.

Kemira started development of modern IT tools for the global product safety expert network. Expert resources and networking were also strengthened.

The life cycle approach is used increasingly for assessing the environmental benefits, impacts and development options of Kemira's products. In-depth life cycle studies of five major product groups and covering about 13 applications were finalized.

Environmental statistics

The environmental data presented here has been compiled from 67 production plants globally, with three new medium-sized plants and some smaller units reporting for the first time in 2001. The closure of two major fertilizer plants in the Netherlands is also fully reflected in the figures for 2001.

With virtually no change in the Group's turnover, the overall production volumes decreased by about 13% due to plant closures. Total energy consumption

decreased by one quarter, a very significant decrease that was largely attributable to the energy intensity of closed operations.

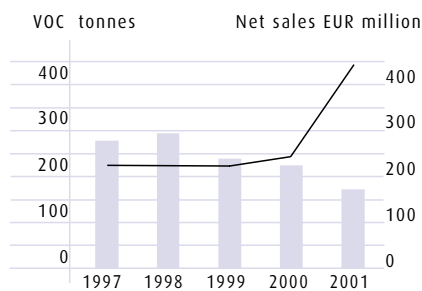
The order-of-magnitude drop in many of the the Group's waste water releases is explained by the stopping of phosphogypsum discharges at Pernis, Holland. This was a major source of phosphorus, solids and heavy metal releases across the Group. The closure of the Rozenburg nitrogen fertilizer operations contributed to a more moderate decrease in nitrogen discharges.

The emissions of common inorganic gases were also slightly lower than before. The biggest reduction was observed in nitrogen dioxide and carbon dioxide due to the closed ammonia and nitrogen fertilizer operations. The Group total for volatile organic compound emissions was also lowered. Emissions from the acquired paint plants and pulp and paper chemical plants are minor, and were outweighed by emission reductions at Paints and Coatings' sites in Finland and the UK.

The situation was more stable within waste management. On-site piling up of by-products and non-hazardous waste increased marginally due to higher production levels at key sites. The quantities

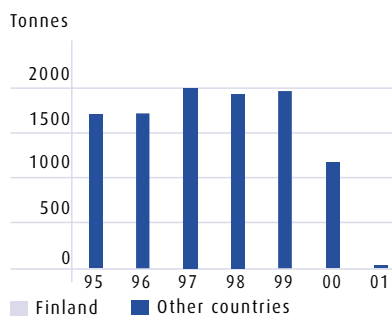


Paints & Coatings VOC emissions and net sales



■ VOC
— Net sales

Phosphorus discharges



Environmental report



of hazardous waste sent for external treatment diminished, mainly as a consequence of recycling efforts.

Investments and operating costs

Capital expenditures on environmental projects amounted to EUR 13.5 million, or 4.5% of all investments. An increase of 50% from the low figures in 2000 was due to several medium-sized investments, mainly for air pollution control.

Environmental operating costs totaled EUR 42.9 million, up 9% from the previous year. The growth is attributable to the acquisitions completed and to environmental investment projects, as well as to production increases at some plants.

Environmental costs totaled EUR 56.4 million, or 2.3% of the consolidated net sales. Major environmental projects are not pending.

In addition, the environmental taxes and fees amounted to approximately EUR 10.8 million, mainly in the form of carbon taxes included in raw material prices, and landfill taxes or fees. The compensations paid for environmental damage were EUR 0.2 million, for the most part based on specific water protection compensation schemes applied to industrial activities in Finland.

Safety and occupational health

The overall safety performance of the Group showed positive development. There were no major industrial accidents, nor any fatal incidents. The frequency of lost-time incidents (LTA 1) was reduced to the lowest observed level, 10.4 accidents per million working hours, as a result of active management and portfolio changes. Safety management, rating systems and incident reporting were developed at many sites.

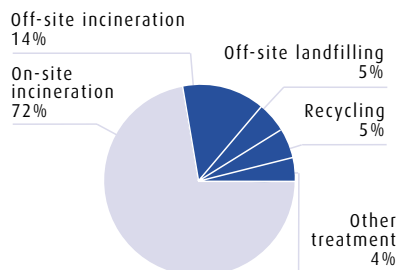
Of the reported incidents, the following cases may have caused some local concern:

On January 13, the Harjavalta plants in Finland suffered a leak of 25 m³ of iron chloride into the sewer and on into the Kokemäki River. The chemical is used for water treatment and no significant harm to the environment was observed.

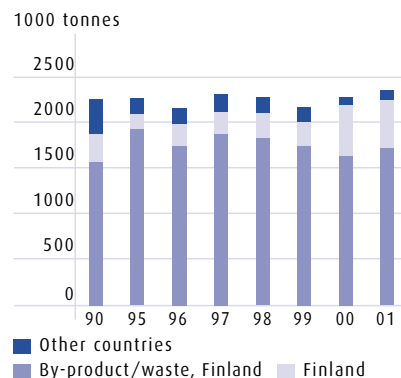
On May 4, a fire took place in one pressurized reactor of the Kemwater plant in Rozenburg, the Netherlands, causing limited property damage and interruption of business.

On July 7, about 0.5 tonnes of organic working solution at the hydrogen peroxide plant was occasionally released into the sea in Helsingborg, Sweden. About 90% of the spill was collected by the fire brigade, and a risk assessment

Hazardous waste treatment in 2001



Non-hazardous waste generation



confirmed that no significant environmental damage was caused.

In addition, limited leakage of hydrochloric acid into the air or soil took place at Helsingborg and at the Kemwater's plant in Yixing, China.

All these incidents have been subjected to internal investigations and insurance procedures, and corrective action has been taken.

Environmental risks, liabilities and legal cases

See the financial disclosure for this information (Notes to the Consolidated Financial Statements, Note 25).

Social responsibility

A renewed corporate Code of Conduct is being finalized and will be discussed with the personnel representatives, including the Kemira European Forum. The Group management manual and policies will also be amended to put more emphasis on values and social responsibility. Kemira's environmental reporting obtained again a good rating in the annual intercomparison in Finland.

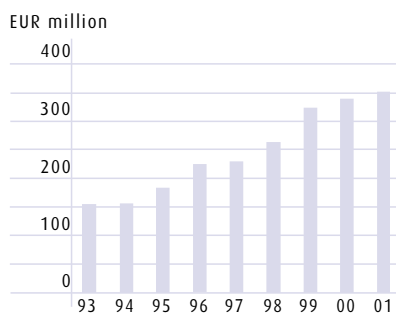
Paints and Coatings launched a public Social Responsibility programme in August. The programme outlines values, principles and targets for all sectors of

corporate responsibility. These will be developed further in the business units.

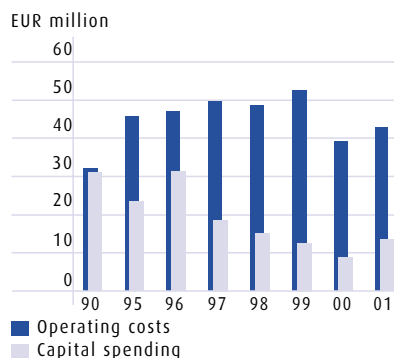
A review of the rich fauna and flora of the rehabilitated gypsum pile was published by the Uusikaupunki plant in Finland. The Kemira Pigments plant in Pori, Finland, opened an environmental exhibition at the local Nature House Arkki.



Growth of environmental business



Environmental capital spending and operating costs





Environmental and safety management systems at production sites in 2001

Site	Environment	Safety
Chemicals		
Oulu, Finland	ISO 14001 ¹	DNV ISRS ²
Kokkola, Finland	ISO 14001	DNV ISRS
Pori, Finland	ISO 14001, EMAS ³	DNV ISRS
Vaasa, Finland	ISO 14001	
Helsingborg, Sweden	ISO 14001, EMAS	
Lauterbourg, France	ISO 14001	
Fredrikstad, Norway	ISO 14001	
Flix, Spain	ISO 14001	DNV ISRS
Kvarntorp, Sweden	ISO 14001	
Krems, Austria	ISO 14001	Other
Swiecie, Poland	ISO 14001	
Rozenburg, The Netherlands	ISO 14001	Other
Ulsan, Korea	ISO 14001	
Esbjerg, Denmark	ISO 14001	
Paints and Coatings		
Vantaa, Finland	ISO 14001, EMAS	
Tallinn, Estonia	ISO 14001	
Riga, Latvia	ISO 14001	
Stockholm + Nykvarn, Sweden	ISO 14001	
Ansbach, Germany	EMAS	
Agro		
Uusikaupunki, Finland	ISO 14001	DNV ISRS
Harjavalta, Finland	ISO 14001	DNV ISRS
Siilinjärvi, Finland	ISO 14001	DNV ISRS
Ince, UK		DNV ISRS
Hull, UK	EMAS	
Tertre, Belgium	ISO 14001	DNV ISRS
Fredericia, Denmark	ISO 14001	DNV ISRS

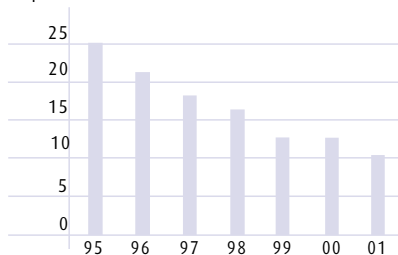
¹ International Organization for Standardization, Environmental management systems.

² Det Norske Veritas, International Safety Rating System.

³ European Union, Eco-Management and Audit Scheme.

Lost-time incidents

Per million working hours at production sites



Environmental data for the Kemira Group

	1990	1998	1999	2000	2001
Releases into water, tonnes					
Chemical Oxygen Demand (COD) ¹	..	5,694	5,397	749	168
Nitrogen (N)	2,500	1,163	1,019	948	718
Phosphorus (P)	4,952	1,933	1,967	1,176	17
Suspended solids, 1,000 tonnes	934	799	773	403	1.2
Metals (Hg+Cd+Pb+Cr+As)	49	10	5.3	0.9	0.6
Metals (Hg+Cd+Pb+Cr+As+Cu+Ni+Zn)		48	66.8	6.8	3.7
Releases into air, tonnes					
Particulates	1,950	896	936	895	854
Sulphur dioxide (SO ₂) ²	23,138	5,630	5,687	4,359	4,272
Nitrogen oxides (NO ₂) ³	8,546	5,840	5,951	5,455	4,583
Carbon dioxide (CO ₂), 1,000 tonnes		3,326	3,344	2,992	2,343
Volatile organics (VOC) ⁴	..	374	321	298	240
Volatile inorganics (VIC) ⁵	..	3,152	2,594	2,663	2,671
Waste⁶, tonnes					
Hazardous wastes, total	8,669	8,795	26,092	5,719	4,737
– Off-site landfill	..	5,117	19,479	518	1,103
– Off-site incineration	..	2,926	5,630	4,292	2,829
– On-site landfill	..	375	118	0	2
– Other treatment	..	377	864	909	803
Non-hazardous wastes, 1,000 tonnes	2,254	2,278	2,170	2,277	2,352
Natural resources					
Fuel consumption, ktoe ⁷		1,777	1,773	1,571	1,160
Purchased electricity, TJ		5,700	5,800	5,300	4,400
Total, ktoe		2,146	2,150	1,913	1,446
Cooling water volume, million m ³ , approx.		393	398	387	377
Waste water volume, million m ³ , approx.		82	76	34	16
Safety					
Number of accidents ⁸ per million working hours		16.3	12.7	12.7	10.4
Reference data, EUR million					
Group net sales	2,087	2,413	2,526	2,486	2,454
Environmental capital expenditure	31.1	15.0	12.6	8.9	13.5
Environmental operating costs	32.3	48.8	52.6	39.3	42.9
Total environmental costs, % of net sales	3.0	2.6	2.6	1.9	2.3

¹ Estimate. In this case, mainly caused by inorganic discharges, and hence not a very relevant parameter for the Group.

² All sulphur compounds calculated as SO₂.

³ Nitric oxide and nitrogen dioxide calculated as NO₂.

⁴ VOC is a sum of volatile organic compounds.

⁵ Sum of ammonia, hydrogen chloride and six other simple inorganic compounds, mostly ammonia in this case.

⁶ 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.

⁷ 1,000 tonnes of oil equivalent. Includes fuel as a raw material.

⁸ Accidents causing an employee absence at least one day (LIA1). Includes figures for production sites only.

Environmental report

Verification statement

At the request of Kemira, we have reviewed the basis of the "Kemira Group Environmental Report 2001". 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 gives, in all material respects, a fair and balanced view on the group's environmental performance.

Helsinki, 12 February 2002

KPMG WIDERI OY AB

Hannu Niilekselä
Authorized Public Accountant

Mikael Niskala
Manager, Sustainability Assurance

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, who is called chief executive officer. A managing director's deputy, who is called deputy chief executive officer, has been appointed 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 for one year at a time, comprises a minimum of four and a maximum of eight 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. The task of the Supervisory Board is to decide, within the limits indicated by the Articles of Association, on the number of members of the Board of Directors, to hire and dismiss the members of the Board of Directors and, after first consulting the Board of Directors, to hire and dismiss the managing director and the managing director's deputy 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 a true and fair view and that they have been prepared in conformity with the acts and regulations in force in Finland and that the Group accounting principles are based on IAS to the extent that the observance of them has been possible within the framework of Finnish financial statement practice. At its meetings the Board of Directors deals monthly with the reports that track the Company's earnings trend and the president discusses them in detail.

The Board members as a rule meet together once a year without the representative 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 its annual plan. The unit is staffed by two auditors, in addition to which external experts are used. The internal audit discusses its audit programme and observations during the year with the company's elected auditors.

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 of Kemira Oyj since 1 January 2000 has been Tauno Pihlava. 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.

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.

Administration



Sten-Olof Hansén,
Chairman of the Board of Directors



Niilo Pellonmaa,
Vice Chairman of the Board of Directors



Ritva Hainari



Eija Malmivirta



Anssi Soila



Tauno Pihlava

Management Board

The Management Board is a body that prepares matters that are brought before the Group's Board of Directors. It attends to the planning and implementation of strategy, the setting of targets, business development, the allocation and prioritization of resources, the utilization of synergies and the management of stakeholder relations.

Group Administration

Group Administration sees to the exploitation of the Group's internal synergies and manages and coordinates certain Group-wide functions such as finance, treasury, business development, Group planning, research, legal affairs, risk management, environmental protection, energy procurement, human resources, communications and information technology.

Supervisory Board

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

Kari Rajamäki, I Vice Chairman, b. 1948, M.Sc.(Admin.). Member of Parliament. 400 Kemira shares.

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

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

Sirpa Hertell, b. 1955, horticulturist. Secretary General: The National 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: Yleiselektronikka Oy. Member of the Board: Oy Talentum Ab. 500 Kemira shares.

Mikko Långström, b. 1940, M.Sc.(Econ.), B.Sc.(Eng.). Managing Director: Longinvest Oy. 12,100 Kemira shares.

Susanna Rahkonen, b. 1968, LL. M. 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.

Jouni Kukkonen, b. 1947, responsible foreman. Deputy member elected by the salaried employees. 20 Kemira shares.

Teuvo Virtala, b. 1952, process operator. Deputy member elected by the workers. No Kemira shares.

Board of Directors

Sten-Olof Hansén, Chairman, b. 1939, D.Sc.(Econ.). Professor: Turku School of Economics and Business Administration. Chairman of the Board: Vetcare Oy, Innomedica Oy. Member of the Board: Perlos Oyj, Foundation for Economic Education, Oy Långshipp Ab, Finnzymes Oy. 5,105 Kemira shares.

Niilo Pellonmaa, Vice Chairman, b. 1941, M. Sc.(Econ.). Chairman of the Board: PMJ Automec Corporation, Rocla Oyj. Member of the Board: Jaakko Pöyry Group Oyj, Uponor Oyj, Menire Corporation. 11,000 Kemira shares.

Ritva Hainari, b. 1948, M.Sc.(Eng. & Econ.). Industrial counsellor, Ministry of

Trade and Industry. Member of the Board: Patria Industries Oyj, State Nuclear Waste Management Fund. 0 Kemira shares.

Eija Malmivirta, b. 1941, M.Sc.(Eng.). Chairman of the Board: Merei Energy Oy Ltd. Member of the Board: VR-Group Ltd, National Emergency Supply Agency. 500 Kemira shares.

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

Tauno Pihlava, b. 1946, M.Sc.(Eng.). CEO of Kemira Group. 3,200 Kemira shares and 230,000 share options.

Management Board

Tauno Pihlava, Chairman, b. 1946, M.Sc.(Eng.). Oversees: Group planning, business development, human resources, communications. CEO of Kemira Group.

Esa Tirkkonen, Vice Chairman, b. 1949, M.Sc.(Eng.). Oversees: finance, treasury and information management, energy. Deputy CEO of Kemira Group.

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

Juhani Kari, b. 1944, LL.M. Oversees: legal affairs and audit management, risk management and environmental protection. Senior Vice President of Kemira Oyj.

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

Visa Pekkarinen, b. 1951, M.Sc.(Econ.) Oversees: Paints and Coatings (President).

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

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

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



Tauno Pihlava,
Chairman of the Management Board



Visa Pekkarinen



Esa Tirkkonen,
Vice Chairman of the Management Board



Yrjö Sipilä



Anne Haggrén



Heikki Sirviö



Juhani Kari



Hannu Toivonen



Timo Leppä

Administration



Other Group Administration

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

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 Group.
Treasury.

Esa Karhula, b. 1954, M.Sc.(Econ.).
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 180,000 share options). The numbers of shares and share options owned by

insiders are according to the situation at the close of 2001.

In addition, the following persons are regarded as insiders:

Arasjärvi Raija, Group Controller
(660 shares, 70,000 share options)

Friman Kaj, Group Treasurer
(1,702 shares, 150,000 share options)

Haggrén Anne, Senior VP Human
Resources
(0 shares, 80,000 share options)

Juutinen Anneli, Secretary
(0 shares)

Kari Juhani, Senior VP Kemira Oyj
(1,075 shares, 220,000 share options)

Karonen Liisa, Secretary
(0 shares)

Korhonen Arja, Secretary
(0 shares)

Laakso Kirsti, Administrative Assistant
(0 shares)

Leppä Timo, Senior VP Group Communica-
tions
(0 shares, 80,000 share options)

Niilekselä Hannu, Authorized Public
Accountant, KPMG Wideri Oy Ab
(0 shares)

Pekkarinen Visa, President
(3,088 shares, 100,000 share options)

Sipilä Yrjö, President
(1,575 shares, 100,00 share options)

Sirviö Heikki, President
(0 shares, 100,000 share options)

Toivonen Hannu, Senior VP Research &
Technology
(0 shares, 80,000 share options)

Shareholder information

Annual General Meeting

The Annual General Meeting of Kemira Oyj will be held on Wednesday, 3 April 2002 at 4.00 p.m. in Kemira House, Porkkalankatu 3, Helsinki. Attendance is open to shareholders who by 22 March 2002 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 27 March 2002, 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; tele-fax +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 2001 financial year is EUR 0.30 per share. The record date of the dividend payout is 8 April 2002 and the proposed date of the payout is 16 April 2002.

Profit and loss information

Kemira will publish information on its 2002 financial year in Finnish, Swedish and English as follows:

Interim Report 3 months 6 May 2002 around 9.00 a.m.

Interim Report 6 months 31 July 2002 around 9.00 a.m.

Interim Report 9 months 5 November 2002 around 9.00 a.m.

Financial Statement Bulletin February 2003

Annual Report March 2003.

These reports can be ordered from Kemira Oyj, Group Communications, tel. +358 10 8611, fax +358 10 862 1797, e-mail mailroom@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 reports and press releases by e-mail.

Investor relations

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Investment analysis

The following banks and brokerage firms are known to have prepared an investment analysis of Kemira in 2001:

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www.ssmb.com
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Press releases

January

- Kemira Agro and Pouttu, the Finnish meat producer, concluded a quality and cooperation agreement which will strengthen the quality chain for pure domestic foods. The agreement ensures that feeds are produced from pure raw materials made with fertilizers and soil conditioners as well as with plant protection substances and preservatives that are approved by the authorities.

February

- The transaction whereby Kemira acquired Alcro-Beckers AB, Sweden's largest manufacturer of decorative paints, received final approval. Kemira became the largest paint manufacturer in the Nordic countries. Decorative paints are now marketed under three strong brand names: Alcro, Beckers and Tikkurila. The most important market areas are the Nordic countries, Russia, the Baltic countries and Poland. The industrial coatings units will concentrate on the metal and woodworking industry and coil coating.

March

- Kemira announced it was raising its production capacity for titanium dioxide pigments in Pori from 120,000 tonnes to 130,000 tonnes a year. The capital expenditure will have a total price tag of EUR 21 million and the new capacity will come on stream in its entirety during 2003.
- Kemira is expanding its production capacity for calcium sulphate pigment in Siilinjärvi to 80,000 annually at an investment cost of EUR 3.5 million. The new production line will be completed at the beginning of 2002. CoCoat calcium sulphate pigment is used in coating printing papers, and Kemira has developed proprietary technology for manufacturing it.
- The functions of the decorative paint manufacturers Tikkurila Paints and Alcro-Beckers were combined into the Tikkurila Deco unit.

- Tikkurila purchased Eastman Chemical Company's resin plant in Vantaa in order to ensure flexible availability of polyester and alkyd binders for its production units.

April

- Kemira announced it was stepping up the efficiency of its nitrogen fertilizer operations in continental Europe with the aim of ensuring the units' competitiveness, profitability and appreciation in value. The Kemistar concept will be developed further. The nitric acid plant that was closed in Rozenburg, the Netherlands, at the turn of the year will be relocated to the site in Tertre, Belgium, where in turn older nitric acid capacity will be closed down. The shares outstanding in Kemira Pernis B.V. will be sold to the Van Bentum company.
- Kemira decided to begin a share buyback programme in accordance with an authorization granted by the Annual General Meeting. The company can purchase on the market through Helsinki Exchanges an amount corresponding to a maximum of 5% of Kemira Oyj's entire shares outstanding. The shares can be used for the payment of employee bonuses and possible bonuses to the personnel funds provided the Board of Directors decides to introduce such a compensation system. The shares can also be used as consideration in acquisitions.
- Kemira invested EUR 17 million in modernizing its formic acid plant in Oulu and in raising the production capacity by 20,000 tonnes. Demand for formic acid is expected to show particularly strong growth in feed applications, in which its derivative products replace feed antibiotics. It is also believed that the use of formic acid salts, or formiates, in heat transfer and de-icing products will continue to grow. Formic acid is easily biodegradable and in many applications it is a replacement for less benign chemicals. The production orientation of the Kokkola fine chemicals plant is being changed over

from agrichemicals to pharmaceutical chemicals, a sector in which the demand for fine chemicals is growing more strongly.

May

- Kemira's joint venture Kemira Compound Fertiliser was inaugurated in Zhanjiang in southern China. The plant manufactures compound fertilizers and has an annual capacity of 200,000 tonnes. The company is owned by Zhanhua Enterprise Group of China (25%), Finnfund (26%) and Kemira (49%).

June

- The operational efficiency of Kemira Denmark, which manufactures fertilizers, will be boosted by closing 250,000 tonnes of fertilizer capacity and improving the plant's automation. The annual cost savings will come to more than EUR 6 million beginning in 2002.
- The agreement signed between Kemira and JSC Acron of Russia concerning the marketing of fertilizers throughout the Baltic countries was expanded to a worldwide scope.
- The business operations of Kemira's subsidiary A. Jalander Oy were transferred to the company's line management. A. Jalander Oy is the leading company in Finland that manufactures and markets pallets.

August

- Kemira acquired from Ageco of Italy the company's ferric chloride production facility in Cremona. The annual production capacity is 25,000 tonnes. Ferric chloride is used primarily as a coagulant in municipal and industrial water treatment. The Cremona plant's entire output is used for waste water treatment and producing potable water. The deal will strengthen Kemira's position as a producer of coagulants in Italy and its neighbouring countries.

- Kemira signed a cooperation agreement with the Ukrainian company Sumykhimprom concerning the manufacture and sale of iron-based coagulants used in water treatment. Sumykhimprom will construct a facility for manufacturing iron-based coagulants in the city of Sumy. The know-how required for the basic engineering, production processes and applications will be provided by Kemira. The facility's start-up is estimated to be in mid-2002.

- The safety, efficiency and competitiveness of the plant in Uusikaupunki will be improved by carrying out an EUR 10 million investment programme.

- Kemira and Movere Oy established a joint agricultural logistics operation in Lithuania. UAB Movere began operations on 1 January 2002. The company is located in Kedainiai at Kemira Lifosa's fertilizer plant site. Kemira has an 80% stake in the newly established company.

- The Ministry of Trade and Industry announced that the Cabinet's Ministerial Committee for Economic Policy had approved the outcome of negotiations on the sale of the Kemira Oyj shares owned by the Finnish State to Dynea Oy, which is owned by Industri Kapital of Sweden, and the Committee authorized the Ministry of Trade and Industry to sign a memorandum of intent on the transaction. The purpose of the arrangement is to form a new Nordic group in the chemical industry, in which the State would own a 34.0% stake. The Finnish State owns about 56% of Kemira and the Cabinet has an authorization to lower the shareholding to 15%. Before signing the purchase agreement, the Cabinet must obtain from Parliament an authorization to relinquish completely the State's shareholding in Kemira.

September

- Kemira made an agreement to acquire the paper chemicals business of the

Swiss van Baerle company in Münchenstein, Switzerland. The deal includes both rosin sizes and polymers. The business has annual sales of about EUR 3.4 million. The deal strengthens Kemira's position in continental Europe, particularly in the paper chemicals markets in Switzerland and Germany.

October

- Kemira announced that its earnings for 2001 would come in below the previous year's result.
- Kemira increased its holding in the Chinese water chemicals joint venture Kemwater (Yixing) Co. Ltd to 89% by acquiring the 29% holding of its Chinese partner Yixing Purifying Agent Plant. The remaining 11% stake is owned by Finnfund. The company has operated since 1999 in the city of Yixing in the Jiangsu province of China. It had net sales in 2001 of about EUR four million and employed 130 people.
- Kemira acquired the calcium sulphate pigment business of Cargas Blancas from Yesos Ibéricos S.A., which is part of the Uralita Group of Spain. The Cargas Blancas facility is located in Besalu in north-eastern Spain. The plant has an annual production capacity of about 100,000 tonnes and its main markets are in Spain, France, Italy and Morocco. Cargas Blancas' calcium sulphate rounds out well Kemira's range of pigments used in paper manufacture.

November

- The parliamentary Agriculture and Forestry Committee issued a statement to the Commerce Committee concerning the possible effects which the M&A arrangement preliminarily agreed between the Finnish State and Industri Kapital might have on the economic viability of Finland's agriculture and forestry. According to the statement, Parliament was asked not to grant the permission for

relinquishing the shareholding in Kemira as requested in the Cabinet's proposal.

- Dynea's owner, Industri Kapital, reached an agreement in principle with the Ministry of Trade and Industry on separating out Kemira's Agro business, which manufactures fertilizers, from the new Group, whereby the Finnish State could become, either directly or indirectly, the majority owner of the fertilizer business after the Kemira transaction is concluded.

December

- Finland's Cabinet decided to retract the proposal which was up before Parliament concerning the so-called Kemira restructuring.
- Kemira announced that it was acquiring Vinings Industries, which is one of North America's leading suppliers of specialty chemicals. The purchase price was USD 138 million, or EUR 153 million. By way of the transaction, Kemira will grow from being a strong European supplier of specialty chemicals serving the forest industry to become one of the biggest players in this sector worldwide. Vinings had turnover in 2000 of about USD 150 million and it employs about 340 people. Vinings has seven production facilities in the most important paper production areas in North America.
- Kemira Fine Chemicals Oy, which manufactures organic fine chemicals, acquired a 24% holding in Pharmatory Oy of Oulu, Finland. The company is specialized in process development, small-scale production and quality assurance for pharmaceuticals. In line with its strategy, Kemira Fine Chemicals is expanding its operations to the custom manufacture of pharmaceutical intermediates.

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 intermediate in fertilizer manufacture.

Nitrogen (N)

An element that is essential for the growth of plants.

Nitrogen oxides

Mainly nitrogen monoxide (NO) and nitrogen dioxide (NO₂). 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.

TiO₂

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 TiO₂

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

1.2.2002

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

Company	Group holding %	Location	Company	Group holding %	Location	
Kemira Oyj		Finland, Helsinki	Kemira Chemicals S.A./N.V.	100	Belgium, Wavre	▲
Chemicals			Kemira Chemicals	100	South Korea, Ulsan	■
Kemira Chemicals Oy	100	Finland, Helsinki	■	Korea Corporation		
Kemira Chemicals Holding Oy	100	Finland, Helsinki	●	Kemira Chemicals	100	Canada, Maitland
Kemira Kemi AB	100	Sweden, Helsingborg	■	Canada NRO, Inc.		
Kemira Chimie S.A.	100	France, Lauterbourg	■	Kemira Chemicals Canada Inc.	100	Canada, Maitland
Kemira Chemicals AS	100	Norway, Gamle Fredrikstad	■	Kemira Chemicals U.S. Inc.	100	United States, Philadelphia, PA
Kemwater Cristal S.A.	95	Rumania, Bucharest	■	Kemira Specialty Chemicals Inc.	100	United States, Kennesaw, GA
Alchim S.R.L.	95	Rumania, Tulcea	■	Kemira Chemicals, Inc.	100	United States, Kennesaw, GA
Kemwater Chimbis S.A.	58	Rumania, Bistrita	■	Kemira Paper Chemicals	100	Canada, St. Catharines, Ont.
Scandinavian Silver Eel AB	100	Sweden, Helsingborg	■	Canada Inc.		
Aliada Quimica S.A.	100	Spain, Barcelona	●	AS Kemivesi	50	Estonia, Tallinn
Kemira Ibérica S.A.	100	Spain, Barcelona	■	Kemwater (Thailand) Ltd	49	Thailand, Bangkok
Kemira Ibérica	100	Spain, Barcelona	●	Kemwater Services Oy	51	Finland, Helsinki
Internacional S.L.				Kemira Chemicals Brasil Ltda	100	Brazil, Telemaco Borba
Aliada Quimica de Portugal Lda.	74	Portugal, Estarreja	■	Kemwater (Yixing) Co., Ltd	89	China, Yixing City
Kemira Chimica S.p.A.	100	Italy, Ossona	■	Kemira Chemicals (Shanghai) Co. Ltd.	100	China, Shanghai
Kemifloc a.s.	51	Czech Republic, Prerov	■	Kemira Miljö A/S	100	Denmark, Esbjerg
Kemifloc Slovakia s.r.o.	100	Slovakia, Sol	▲	Kemira Pigments Oy	100	Finland, Pori
Kemwater Närke AB	92	Sweden, Kumla	■	Kemira Pigments	100	Hungary, Budapest
Kemipol Sp. z o.o.	51	Poland, Police	■	Kereskedelmi KFT		
Kemira Kopparverket KB	100	Sweden, Helsingborg	■	Kemira Pigments S.A.	100	Belgium, Wavre
Ahlbo Kemi AB	100	Sweden, Helsingborg	●	Kemira Pigments Asia	100	Singapore, Singapore
Kemwater Brasil S.A.	51	Brazil, São Paulo	■	Pacific Pte. Ltd.		
Kemwater de México, S.A. de C.V.	51	Mexico, Tlaxcala	■	Kemira Pigments Latin America Comercial Ltda.	100	Chile, Santiago
Kemwater ProChemie s.r.o.	60	Czech Republic, Bakov nad Jizerou	■			
Kemwater Dipier	51	Turkey, Izmir	■	Paints and Coatings		
Environmental Chemicals Inc.				Tikkurila Oy	100	Finland, Vantaa
Kemira Fine Chemicals Oy	100	Finland, Kokkola	■	Tikkurila Paints Oy	100	Finland, Vantaa
Kemira Chemicals (UK) Ltd	100	United Kingdom, Harrogate	▲	Tikkurila AB ¹⁾	100	Sweden, Spånga
Kemira Chemie GmbH	100	Germany, Hanau	■	AS Baltic Color	100	Estonia, Tallinn
Kemira Paper Chemicals Oy	100	Finland, Helsinki	■	UAB Baltic Color	100	Lithuania, Vilnius
Kemira Chemie Ges.mBH	100	Austria, Krems	■	ZAO Finncolor	100	Russia, St. Petersburg
PCS Paper Chemicals Systems				OOO Kraski Tikkurila	100	Russia, Moscow
Vertriebges.mBH	100	Austria, Krems	▲	Tikkurila Festék KFT	100	Hungary, Budapest
Kemira-Swiecie Sp. z o.o.	65	Poland, Swiecie	■	Imagica Ltd	100	United Kingdom, Uxbridge
ZAO NovoKemira	47	Russia, Novodvisk	■	Sia Vivacolor	100	Latvia, Riga
Cell Kemira Sp. z o.o.	55	Poland, Ostroleka	■	Tikkurila Coatings Sp. z o.o ¹⁾	100	Poland, Szczecin
Kemira Kimya Sanayi ve Ticaret A.S.	51	Turkey, Istanbul	■	Imagica S.r.l.	100	Italy, Modena
Kemira Chem Holding B.V.	100	Netherlands, Rotterdam	●	Tikkurila Coatings Oy	100	Finland, Vantaa
Kemira Chemicals B.V.	100	Netherlands, Rozenburg	■	Tikkurila Coatings B.V.	100	Netherlands, Dordrecht
Kemira Kemax B.V.	100	Netherlands, Rozenburg	●	Tikkurila Coatings (Ireland) Ltd	100	Ireland, Cork
				Tikkurila Coatings Ltd	100	United Kingdom, Bury
				AS Tikkurila Coatings	100	Estonia, Tallinn

Group companies

Company	Group holding %	Location	Company	Group holding %	Location		
Tikkurila Coatings KFT	100	Hungary, Budapest	▲	Kemira Deutschland GmbH	100	Germany, Hannover	▲
ZAO Tikkurila Coatings	100	Russia, St. Petersburg	▲	Comercial de Fertilizantes	50	Spain, Valencia	▲
SiA Tikkurila Coatings	100	Latvia, Riga	▲	Liquidos S.A.			
Tikkurila Services Oy	100	Finland, Vantaa	■	Kemira Phosphates Oy	100	Finland, Siilinjärvi	■
Alcro-Beckers AB	100	Sweden, Stockholm	■	Viljavuuspalvelu Oy	80	Finland, Mikkeli	■
Alcro-Beckers Norge A/S	100	Norway, Oslo	▲	Mykora Oy	100	Finland, Kiukainen	■
Alcro-Beckers Poland Sp. z o.o	100	Poland, Warsaw	■	Kemira Agro Muurla Oy	100	Finland, Muurla	■
Alcro-Beckers Danmark A/S	100	Denmark, Copenhagen	▲	SiA Kemira Agro Latvija	100	Latvia, Riga	▲
TBD S.A.	100	Poland, Debica	■	ZAO Kemira Agro	100	Russia, Moscow	▲
Nokian Laatumaalit Oy	100	Finland, Nokia	■	Kemira Agro Poland Sp. z o.o	100	Poland, Gdynia	▲
Pigrol Farben GmbH	100	Germany, Ansbach	■	Kemira Sdn. Bhd.	100	Malaysia, Kuala Lumpur	▲
Holmbergs Färg i Skövde AB	91	Sweden, Skövde	▲	Kemira Agro Hungary Ltd Co.	100	Hungary, Budapest	▲
Färghuset i Bollnäs AB	91	Sweden, Bollnäs	▲	Kemira Chemicals Hungaria KFT	100	Hungary, Budapest	▲
Sundsvalls Färghandel AB	91	Sweden, Sundsvall	▲	AS Kemira Agro Eesti	100	Estonia, Tallinn	▲
Tapetlagret Öbergs Färghus i Västerås AB	91	Sweden, Västerås	▲	UAB Kemira Agro Vilnius	100	Lithuania, Vilnius	▲
Gemptus AB	100	Sweden, Västerås	■	UAB Kemira-Lifosa	51	Lithuania, Kedainiai	▲
Färgmästaren J E Englund AB	91	Sweden, Eskilstuna	▲	UAB Movere	80	Lithuania, Kedainiai	■
Hässleholms Färg & Miljö AB	91	Sweden, Hässleholm	▲	AS Fertimix	100	Estonia, Tallinn	■
RF Golventreprenader AB	91	Sweden, Västerås	▲	Biolchim S.p.A.	50	Italy, Bologna	■
Runes Färger AB	100	Sweden, Västerås	▲	Kemira Danmark A/S	100	Denmark, Fredericia	■
Färg AB Gamol	91	Sweden, Uddevalla	▲	Other			
Färghuset i Malmö AB	91	Sweden, Malmö	▲	Kemira Metalkat Oy	100	Finland, Laukaa	■
Färgservice i Malmö AB	91	Sweden, Malmö	▲	Metpela Oy	100	Finland, Laitila	■
Färghuset i Kristinehamn AB	91	Sweden, Kristinehamn	▲	Convertitori Catalitici	100	Italy, Genova	■
Billdals Färghus AB	91	Sweden, Göteborg	▲	Europa S.r.l.			
Golv & Färghuset	91	Sweden, Göteborg	▲	Kemira Katalysatoren GmbH	100	Germany, Wiesbaden	▲
Peter Alvefelt AB				Metalkat Romania S.A.	80	Rumania, Craiova	■
Alcro Parti AB	50	Sweden, Stockholm	▲	Multirange B.V.	100	Netherlands, Rotterdam	■
Agro				Kemira Pigments Holding B.V.	100	Netherlands, Rotterdam	▲
Kemira Agro Oy	100	Finland, Helsinki	■	Kemira Services Holland B.V.	100	Netherlands, Rotterdam	■
Kemira Agro Holdings Ltd	100	United Kingdom, Ince	▲	Kemira International Finance B.V.	100	Netherlands, Rotterdam	■
Kemira Agro U.K. Ltd	100	United Kingdom, Ince	■	Kemira Finance B.V.	100	Netherlands, Rozenburg	▲
Kemira Ltd	100	United Kingdom, Ince	■	Kemira Danmark Holding A/S	100	Denmark, Fredericia	▲
Kemira Ireland Ltd	100	Ireland, Dublin	▲	Kemira Engineering Oy ²⁾	100	Finland, Helsinki	■
Kemira S.A./N.V.	100	Belgium, Wavre	■	Kemira Trading Oy	100	Finland, Helsinki	▲
Battaille S.A.	100	Belgium, Basècles	■	Spruce Vakuutus Oy	100	Finland, Helsinki	■
Engrais Battaille S.A.	100	France, Fresnes s/ Escaut	■				
Kemira Engrais S.A.	100	France, Ribécourt	▲				
S.G.A. S.A.	100	Belgium, Wavre	▲				
Kemira Agro Holding B.V.	100	Netherlands, Rotterdam	▲				
Kemira Agro Rozenburg B.V.	100	Netherlands, Rotterdam	■				
Kemira Agro Pernis B.V.	100	Netherlands, Rotterdam	■				
Kemira B.V.	100	Netherlands, Rotterdam	▲				
Kencica Speciaal meststoffen B.V.	100	Netherlands, Maastricht	▲				

¹⁾ Owned in equal shares by Tikkurila Coatings Oy and Tikkurila Paints Oy

²⁾ Owned in equal shares by Kemira Chemicals Oy, Kemira Pigments Oy and Kemira Agro Oy

Companies not operative in 2001 are excluded.

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



KEMIRA FINANCIAL STATEMENTS 2001

2001

KEMIRA

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

Board of Directors' review

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

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

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

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

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

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

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

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

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

Chemicals

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

Chemicals' operating income was EUR 91 million (115 million), representing 10% of net sales (13%). The rise in pension

costs owing to the fall in the pension funds' investment income compared with the previous year cut into the result of Chemicals as a whole. The contributions to Chemicals' Finnish pension funds were about EUR 19 million higher than a year ago.

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

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

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

The acquisition of Vinings Industries will transform Kemira from being a strong European supplier of specialty chemicals

Board of Directors' review

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

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

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

At the beginning of 2002 an agreement was signed with the Russian company Pigment Corporation whereby Kemira will acquire its water chemicals business. The acquisition is estimated to be completed by the end of the year and thereafter Kemira will build a new water

chemicals production line in St Petersburg. The aggregate value of the deal and the capital expenditure is about EUR 10 million. Water purification in St Petersburg is a major development step for Kemira, and the agreement will strengthen Kemira's position as Europe's largest supplier of coagulants.

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

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

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

The sales and profitability of the formic acid business have remained at a good level. The unit will be expanded by investing EUR 17 million in the Oulu plant, whose capacity will be raised by about 20,000 tonnes, with operations

being geared increasingly towards value added formic acid products. The project will be completed in 2003.

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

Paints and Coatings

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

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

Board of Directors' review

Coatings forms Kemira's paint business.

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

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

Agro

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

Operating income was EUR 49 million (33 million), representing 4% of net sales. Fourth-quarter operating income was EUR 9 million (17 million), including the above-mentioned charges for the

units in the Netherlands: namely, an EUR 10 million expense provision for pension costs as well as an EUR 4 million expense entry connected mainly with the financial assets of the liquid fertilizer business.

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

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

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

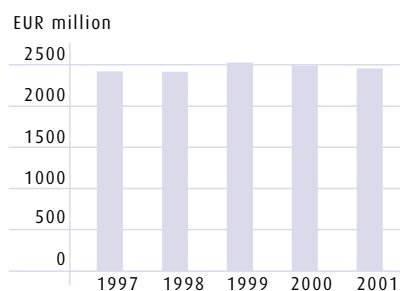
The animal feed business is being strengthened by building a 40,000 tonne plant in Helsingborg, Sweden. The main products will be Bolifor feed acids which improve feed quality and are sold in the form of both liquid and solid products. The plant will start up in the second half

of this year. In the European Union the estimated growth in annual sales of feed acids will be 10-15% over the next five years. Consumption is being increased by factors such as the antibiotics ban which the EU has placed on animal feeds as well as the need to protect the entire food supply chain against salmonella, coli and campylo bacteria occurring in feeds. The growth in sales is expected to pick up markedly outside the EU too.

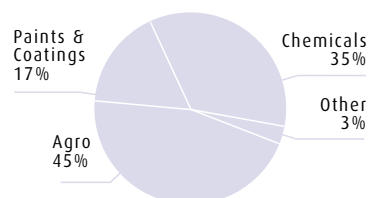
An operations expansion project in line with Agro's specialization strategy is moving ahead in Jordan, where a unit that will manufacture potassium nitrate and feed phosphates is to be built for the associated company. The unit will start up during 2002.

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

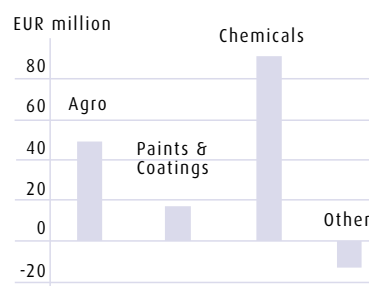
Net sales



Net sales by business area



Operating income by business area



Board of Directors' review

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

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

The nitric acid plant that was closed in Rozenburg, the Netherlands, at the turn of the year will be relocated to the company's site in Tertre, Belgium. Agro has sold the entire shares in Kemira Pernis B.V. to the Van Bentum company. The

deal comprises the entire Pernis site that is located in Rotterdam, the Netherlands, together with its land area, harbour and equipment. The Kemistar concept which is in use in continental Europe is being developed by strengthening cooperation with customers and by shortening the supply chain. The required capital expenditures will total about EUR 12.5 million and the expected annual savings will come to about EUR 16 million. The savings will kick in to the full extent starting in the latter half of 2002.

Other units

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

Group financial performance

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

Capital expenditures

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

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

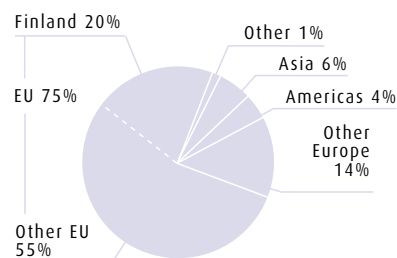
Environmental protection and management of risks

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

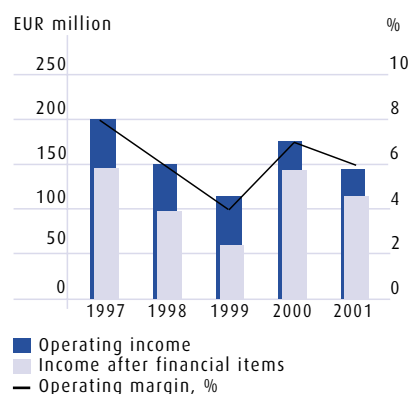
The Group continually pays close attention to ensuring that its operations are safe and that its plants run without disturbances. Functions and operations are evaluated by both internal and external experts. During the year the nine largest production sites were evaluated in this connection.

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

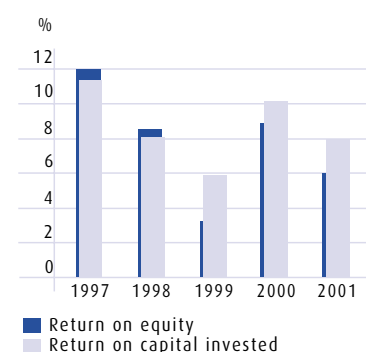
Net sales by region



Operating income and result



Return on capital



Board of Directors' review

Financing

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

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

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

Parent company's financial performance

The parent company's net sales come

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

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

Personnel

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

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

During the year under review the following persons served on the Board of Directors of Kemira Oyj: Sten-Olof Hansén (Chairman), Niilo Pellonmaa (Vice Chair-

man), Ritva Hainari, Eija Malmivirta, Anssi Soila and Tauno Pihlava. At its meeting on 12 December 2001, the Supervisory Board elected the previous directors to seats on the Board of Directors for the period of office beginning on 1 January 2002. Of the members of the Board of Directors, only CEO Tauno Pihlava is employed by the Kemira Group.

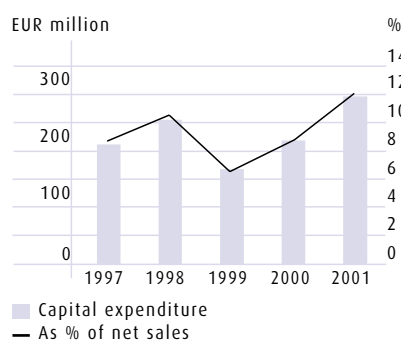
A large part of the Group's personnel are covered by various bonus systems that vary from country to country. In addition, the Group has a share option system for top management.

Ownership

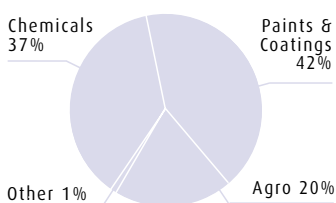
The Finnish Government's holding in Kemira was 56.2% at 31 December 2001. Foreign institutional investors owned 6.4% of the shares and Finnish institutions and mutual funds 28.5%. Private investors' holdings amounted to 6.5% of the shares outstanding.

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

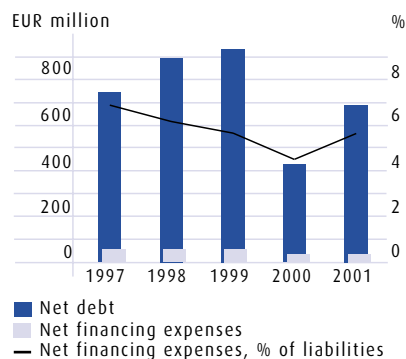
Capital expenditure



Capital expenditure by business area



Net debt and financing expenses



Board of Directors' review

Changes in the Group structure

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

Outlook for 2002

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

The integration of Alcro-Beckers of Sweden within the Group's Paints and

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

The demand for Agro's products has been impacted by the problems in the agricultural sector in Europe, notably, floods and livestock diseases. The need for nutrients is nevertheless expected to

return to the normal level and the growth in demand will create a basis for an improvement in earnings compared with last year.

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

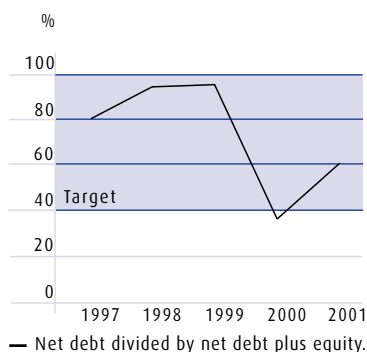
Earnings and personnel by business area in 2001

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

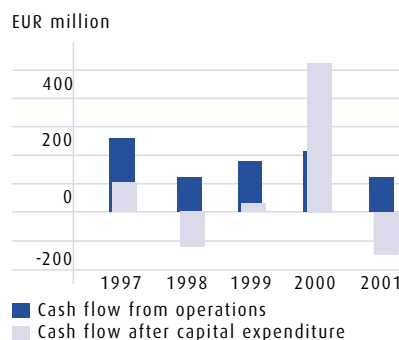
*Includes other businesses, Group administration and eliminations from operating income.

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

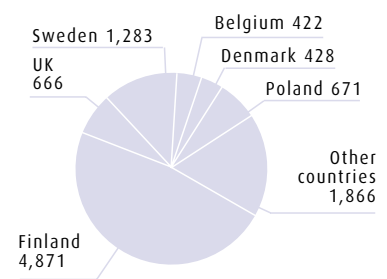
Gearing



Cash flow



Personnel (average)



Shares and shareholders

Shares and voting rights

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

State ownership

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

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

Dividend policy

Kemira aims to distribute a dividend which is 30-50% of its operational net income. The company's Board of Directors will propose to the Annual General Meet-

ing that a dividend of EUR 0.30 per share, or EUR 35.8 million, be paid for the 2001 financial year. This corresponds to a dividend payout of 51% of the net income. Taking into account the Finnish tax base, this amounts to a taxable dividend of EUR 0.42. The record date for the dividend payout will be 8 April 2002, and the dividend will be paid on 16 April 2002.

Increase in share capital

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

Purchase of own shares

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

Insider rules

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

Listing and share trading

Kemira Oyj's shares have been listed on Helsinki Exchanges since 10 November 1994. In addition to Helsinki, trading in

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

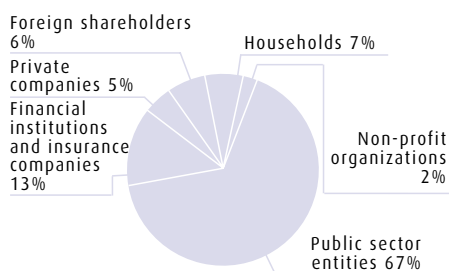
Price and trading volume

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

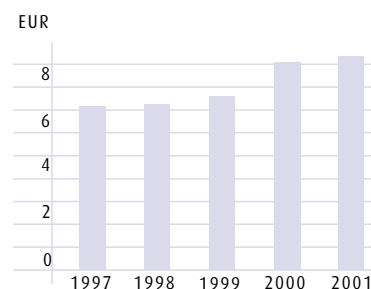
Management bond issue with warrants, stock options and share ownership

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

Distribution of shareholders 31.12.2001



Shareholders' equity/share



Shares and shareholders

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

The Annual General Meeting of Kemira Oyj held on 3 April 2001 passed a resolution on a new share option programme. Members of management who are employed by Kemira Oyj or its subsidiaries will be entitled to receive share options conferring the right to subscribe for a maximum of 2,850,000 Kemira Oyj shares from 2 May 2004 to 31 May 2007. It is a condition for commencement of the subscription period that Kemira Oyj's consolidated earnings per share after financial items and before taxes and extraordinary items for the financial years 2001-2003 are at least equal to the Kemira Group's earnings per share after financial items and before taxes and extraordinary

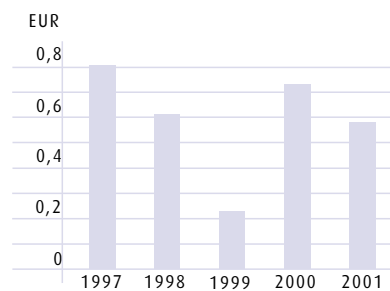
items for the financial years 1998-2000 plus five (5) per cent, i.e. EUR 2.48, and that Kemira Oyj's share price trend has outperformed a comparison index in the manner described in the terms and conditions of the share options.

The subscription price is the average price of the Kemira Oyj share weighted for trading volume in 2003 and lowered by double the percentage by which the index of the share price trend of Kemira Oyj's share exceeds the above-mentioned comparison index, and lowered furthermore by the amount of dividends distributed after 31 December 2003. The subscription price will nevertheless be a minimum of the trade-weighted average price of Kemira Oyj's share in January 2001, less the amount of dividends to be paid out after 31 January 2001. As a consequence of

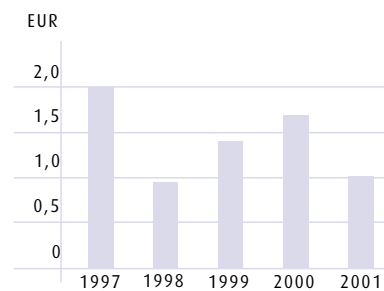
exercise of the stock options, the number of the Company's shares can increase by a maximum of 2,850,000 shares and the share capital by the accounting counter-value of an equal number of shares. About 80 people are entitled to receive share options.

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

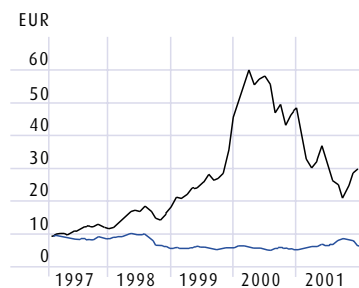
Earnings/share



Cash flow/share

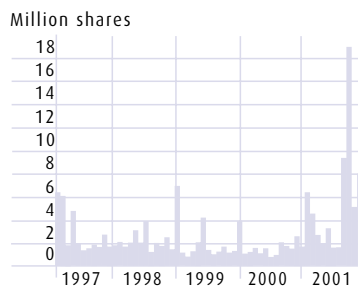


Share price 1997 - 2001*



— HEX
— Kemira
*monthly average

Share turnover on Helsinki Exchanges 1997 - 2001



Shares and shareholders

Distribution of ownership 31.12.2001

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

20 largest shareholders 31.12.2001

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

Definitions of key ratios

PER-SHARE DATA

Earnings per share (EPS)

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

Adjusted average number of shares

Net income per share

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

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

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

Adjusted average number of shares

Dividend per share

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

Number of shares at end of year

Dividend payout ratio

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

Earnings per share

Dividend yield

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

Share price at end of year

Equity per share

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

Number of shares at end of year

Share price, year average

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

Shares traded (volume)

Share price, end of year

Weighted average share price of the last trading day

Price per earnings per share (P / E)

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

Earnings per share

Price per equity per share

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

Equity per share

Price per cash flow per share

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

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, %

$\frac{\text{Shareholders' equity} + \text{minority interests} \times 100}{\text{Total assets} - \text{advance payments received}}$

Total assets - advance payments received

Gearing, %

$\frac{\text{Net liabilities} \times 100}{\text{Shareholders' equity} + \text{minority interests}}$

Shareholders' equity + minority interests

Interest cover

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

Net financial expenses

Return on capital invested, % (ROI)

$\frac{\text{Income before extraordinary items} + \text{interest expenses} + \text{other financing expenses} \times 100}{\text{Total assets} - \text{interest-free liabilities}}$

Total assets - interest-free liabilities

(average)

Return on equity, % (ROE)

$\frac{\text{Income before extraordinary items} - \text{taxes} + / - \text{tax effect of extraordinary items} \times 100}{\text{Shareholders' equity} + \text{minority interests}}$

Shareholders' equity + minority interests

(average)

Cash flow return on capital invested (CFROI), %

$\frac{\text{Cash flow from operations} \times 100}{\text{Total assets} - \text{interest-free liabilities}}$

Total assets - interest-free liabilities

(average)

Key figures

PER-SHARE DATA

	2001	2000	1999	1998	1997
Per-share data					
Earnings per share, EUR ^{1) 4)}	0.58	0.73	0.23	0.61	0.81
Net income per share, EUR ¹⁾	0.58	1.64	0.23	0.61	0.81
Cash flow from operations per share, EUR	1.03	1.69	1.41	0.96	2.00
Dividend per share, EUR ²⁾	0.30	0.30	0.23	0.29	0.29
Dividend payout ratio, % ²⁾	51.7	18.2	100.0	47.2	35.3
Dividend yield ²⁾	4.5	5.6	3.8	4.6	3.3
Equity per share, EUR ¹⁾	9.35	9.08	7.57	7.27	7.16
Price per earnings per share (P/E) ratio ¹⁾	11.50	7.34	26.57	10.30	10.60
Price per equity per share ¹⁾	0.71	0.59	0.81	0.90	1.20
Price per cash flow per share	6.48	3.17	4.33	6.50	4.30
Dividend paid, EUR million ²⁾	35.8	37.1	29.6	36.8	36.8

Share price and turnover

Share price, year high, EUR	8.75	6.80	6.90	10.60	10.34
Share price, year low, EUR	5.30	4.92	5.20	5.21	7.65
Share price, year average, EUR	7.36	5.67	5.85	8.06	9.01
Share price, end of year, EUR	6.67	5.36	6.11	6.24	8.61
Number of shares traded (1000), Helsinki	72,176	17,366	20,703	30,277	33,241
% of number of shares	59	13	16	24	26
Market capitalization, end of year, EUR million	795.1	663.0	780.9	803.6	1,109.2

Increase in share capital

Average number of shares (1000) ³⁾	121,075	126,623	128,318	128,800	128,800
Number of shares at end of year (1000) ³⁾	119,208	123,645	127,800	128,800	128,800
Increases in number of shares (1000)	-	-	-	-	-
Share capital, EUR million	217.0	217.0	217.0	216.6	216.6
Increases in share capital, EUR million	-	-	-	-	-

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

2) The 2001 dividend is the Board of Directors' proposal to the Annual General Meeting.

3) Weighted average number of shares outstanding, adjusted by the number of shares bought back.

4) Net income before gain/loss on discontinued operations.

Key figures

FINANCIAL RATIOS

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

Cash flow

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

Balance sheet

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

Personnel

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

Exchange rates

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

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

Consolidated income statement

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

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

Consolidated balance sheet

	Note	31.12.	
		2001 EUR million	2000 EUR million
ASSETS			
Non-current assets			
Intangible assets	11	158.7	88.7
Tangible assets	12	1,078.6	1,049.5
Investments	13		
Holdings in associates		74.4	63.4
Other shares and holdings		19.2	19.6
Deferred tax assets ¹⁾	18	11.5	8.9
Other investments		72.9	55.3
Total investments		178.0	147.2
Total non-current assets		1,415.3	1,285.4
Current assets			
Inventories	14	397.8	348.7
Receivables	15		
Interest-bearing receivables		15.1	11.2
Other interest-free receivables		551.9	515.9
Total receivables		567.0	527.1
Securities	21, 26	21.1	199.0
Cash on hand and at banks	21, 26	48.7	47.7
Total current assets		1,034.6	1,122.5
Total assets		2,449.9	2,407.9
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital		217.0	217.0
Share premium account		252.5	252.5
Revaluation reserve		-	8.0
Own shares		-21.2	-28.8
Other reserves		2.8	2.6
Retained earnings		593.6	463.2
Net profit for the financial year		70.4	207.8
Total shareholders' equity		1,115.1	1,122.3
Minority interests			
		16.6	18.0
Long-term liabilities			
Interest-bearing long-term liabilities	17, 21	631.4	573.3
Deferred tax liabilities ¹⁾	18	54.1	61.5
Provision for liabilities and charges	19	89.6	74.4
Total long-term liabilities		775.1	709.2
Current liabilities			
Interest-bearing short-term liabilities	20	124.6	98.2
Interest-free short-term liabilities		418.5	460.2
Total current liabilities		543.1	558.4
Total liabilities		1,318.2	1,267.6
Total liabilities and shareholders' equity		2,449.9	2,407.9

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

Consolidated cash flow statement

	2001 EUR million	2000 EUR million
Funds from operations		
Operating income	144.1	174.8
Adjustments to operating income ¹⁾	-14.7	-1.4
Depreciation	160.5	171.3
Interest income	11.8	15.5
Interest expense	-41.1	-47.6
Dividend received	1.7	2.0
Other financing items	2.9	-8.3
Taxes	-40.5	-72.5
Total funds from operations	224.7	233.8
Change in net working capital		
Inventories	-23.4	15.6
Short-term receivables	-1.4	-45.3
Interest-free short-term liabilities	-74.8	9.8
Change in net working capital, total	-99.6	-19.9
Cash flow from operations	125.1	213.9
Capital expenditure		
Acquisitions of Group companies	-106.5	-5.9
Acquisitions of associated companies	-13.0	-17.1
Purchase of other shares	-0.2	-12.1
Purchase of other fixed assets	-178.4	-183.2
Disposal of Group companies	12.1	513.8
Disposal of associated companies	1.5	-
Sales of other shares	0.1	0.1
Sales of other fixed assets	12.9	13.3
Total capital expenditure	-271.5	308.9
Cash flow before financing	-146.4	522.8
Financing		
Change in long-term loans (increase +, decrease -)	-20.3	-223.2
Change in long-term loan receivables (increase -, decrease +)	25.5	-37.0
Short-term financing, net (increase +, decrease -)	32.6	-53.1
Dividend paid	-36.7	-29.4
Own shares	-28.8	-23.0
Other	-2.7	1.2
Financing, total	-30.4	-364.5
Increase / decrease in liquid funds	-176.8	158.3
Liquid funds at end of year	69.9	246.7
Liquid funds at beginning of year	246.7	88.4
Increase / decrease in liquid funds	-176.8	158.3
1) Non-cash flow items included in operating income (e.g. results of associated companies) and gains / losses on the sale of fixed assets.		
Liquid funds according to exchange rates 31.12.2001		
Liquid funds at end of year	69.9	247.3
Liquid funds at beginning of year	247.3	88.7
Increase / decrease in liquid funds	-177.4	158.6
Translation difference of liquid funds	0.6	-0.3
Increase / decrease in liquid funds	-176.8	158.3

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

Supplemental cash flow information

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

Statement of changes in equity

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

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

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

Summary of significant accounting policies

Basis of presentation

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

Principles of consolidation

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

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

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

Overseas subsidiaries

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

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

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

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

Group Treasury hedges the Group's total foreign exchange and interest rate exposures. The effects on income of hedging transactions are

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

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

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

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

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

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

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

Net sales

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

Revenue recognition

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

Pension arrangements

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

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

Summary of significant accounting policies

Income taxes

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

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

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

Research and development expenditure

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

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

Fixed assets and depreciation

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

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

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

Leasing

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

Inventories

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

Liquid funds

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

Impairment of assets

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

Provisions

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

Operations discontinued in 2000

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

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

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

Non-recurring items for operations to be discontinued

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

Extraordinary income and expenses

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

Notes to consolidated financial statements

INCOME STATEMENT (EUR million) 2001 2000

1. NET SALES

Net sales by division

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

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

Finland	20	19
Other European Union countries	55	55
Other European countries	14	10
North and South America	4	8
Asia	6	6
Other countries	1	2
Total	100	100

2. SHARE OF ASSOCIATES' NET INCOME

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

3. OTHER INCOME FROM OPERATIONS

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

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

4. COST OF SALES

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

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

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

Notes to consolidated financial statements

INCOME STATEMENT (EUR million) 2001 2000

5. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

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

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

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

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

Management's pension commitments

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

Personnel, average

Chemicals	3,894	3,678
Paints & Coatings	2,652	1,583
Agro	3,079	3,198
Other companies	582	1,185
Total	10,207	9,644
Personnel in Finland, average	4,871	4,908
Personnel outside Finland, average	5,336	4,736
Total	10,207	9,644

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

Personnel at year end	9,707	8,865
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6. DEPRECIATION

Scheduled depreciation

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

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

Notes to consolidated financial statements

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

Interest expenses are not capitalized in the Group.

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

There were no financing income or expenses from associates.

8. DISCONTINUED OPERATIONS

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

9. INCOME TAXES

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

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

Notes to consolidated financial statements

INCOME STATEMENT (EUR million) 2001 2000

Tax losses

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

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

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

10. EARNINGS PER SHARE

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

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

Notes to consolidated financial statements

BALANCE SHEET (EUR million)

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

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

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

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

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

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

Shares and holdings are specified in Note 27.

Notes to consolidated financial statements

BALANCE SHEET (EUR million)	2001	2000
14. INVENTORIES		
Materials and supplies	149.1	133.7
Work in process	6.6	9.1
Finished goods	240.0	204.3
Advances paid	2.1	1.6
Total	397.8	348.7
15. RECEIVABLES		
Long-term receivables		
Interest-bearing long-term receivables		
Loan receivables from associates	0.1	-
Other receivables from others	-	0.6
Total interest-bearing long-term receivables	0.1	0.6
Interest-free long-term receivables		
Prepaid expenses and accrued income from others	0.2	0.1
Accounts receivable from others	4.2	4.6
Other receivables from others	1.2	0.6
Total interest-free long-term receivables	5.6	5.3
Total long-term receivables	5.7	5.9
Current receivables		
Interest-bearing short-term receivables		
Loan receivables from associates	3.2	2.6
Loan receivables from others	6.5	1.7
Other receivables from others	5.3	6.3
Total interest-bearing short-term receivables	15.0	10.6
Interest-free short-term receivables		
Accounts receivable from associates	10.7	8.0
Accounts receivable from others	426.6	411.4
Advances paid from others	15.6	14.4
Prepaid expenses and accrued income from others	53.1	46.0
Other receivables from associates	3.1	4.2
Other receivables from others	37.2	26.6
Total interest-free short-term receivables	546.3	510.6
Total current receivables	561.3	521.2
Total receivables	567.0	527.1
Loans to the management of the Group companies	0.1	0.0

Events related to closely connected parties

Parties are considered to belong to each other's closely connected parties if one party is able to exercise control over the other or substantial influence in decision-making concerning its finances and business operations. The Group's closely connected parties include the parent company, subsidiaries, associated companies and joint-ventures. Closely connected parties also include the members of the Supervisory Board, Board of Directors and the Group's Management Board, the CEO and his deputies and their near family members. Details of loans granted to management and management's compensation are given above and in the Note 5 to the consolidated financial statements.

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

Notes to consolidated financial statements

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

16. APPROPRIATIONS

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

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

17. LONG-TERM INTEREST-BEARING LIABILITIES

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

Long-term interest-bearing liabilities maturing in

2003 (2002)	155.8	26.4
2004 (2003)	47.9	150.1
2005 (2004)	66.9	8.0
2006 (2005)	29.2	62.0
2007 (2006) or later	331.6	326.8
Total	631.4	573.3

Interest-bearing liabilities maturing in 5 years or longer

Loans from financial institutions	103.9	48.8
Loans from pension institutions	226.7	248.4
Other long-term interest-bearing liabilities	1.0	29.6
Total	331.6	326.8

Long-term loans by currency, %

EUR	52	52
SEK	30	22
USD	9	9
DKK	1	4
GBP	7	11
Other	1	2
Total	100	100

The Group has no convertible bonds.

Debentures and other bond loans

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

Notes to consolidated financial statements

BALANCE SHEET (EUR million) 2001 2000

18. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities

Deferred tax assets at start of period	25.8	25.7
Tax assets for deductible losses	-1.7	3.2
Tax assets for other deductible temporary differences	-3.9	-3.1
Deferred tax assets at end of period	20.2	25.8
Deferred tax assets at start of period	78.4	82.3
Tax liabilities for cumulative depreciation differences	-2.5	-3.1
Tax liabilities for revaluations	-9.0	-0.3
Tax liabilities for other temporary differences	-4.1	-0.5
Deferred tax liabilities at end of period	62.8	78.4
Net deferred tax liabilities	42.6	52.6
Temporary differences	9.1	3.2
Appropriations	49.2	51.7
Consolidation entries	-15.7	-2.3
Total	42.6	52.6

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

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

19. PROVISION FOR LIABILITIES AND CHARGES

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

Notes to consolidated financial statements

BALANCE SHEET (EUR million)	2001	2000
20. CURRENT LIABILITIES		
Interest-bearing short-term liabilities		
Loans from financial institutions	13.9	20.7
Loans from pension institutions	1.6	1.6
Current portion of other long-term loans to others	15.7	18.8
Bills of exchange from others	1.0	0.8
Other interest-bearing short-term liabilities to associates	2.5	2.8
Other interest-bearing short-term liabilities to others	89.9	53.5
Total interest-bearing short-term liabilities	124.6	98.2
Interest-free short-term liabilities		
Advances received from others	13.6	7.7
Accounts payable to associates	2.1	4.4
Accounts payable to others	183.4	189.4
Accrued expenses and prepaid income to others	188.1	226.8
Other interest-free short-term liabilities to others	31.3	31.9
Total interest-free short-term liabilities	418.5	460.2
Total current liabilities	543.1	558.4
Accrued expenses		
Personnel expenses	45.3	40.5
Items related to net sales and purchases	15.5	9.8
Interest	14.4	10.6
Exchange rate differences	14.0	10.0
Taxes	2.5	44.3
Other	96.4	111.6
Total	188.1	226.8
21. NET LIABILITIES		
Interest-bearing long-term liabilities	631.5	573.3
Interest-bearing short-term liabilities	124.6	98.2
Securities	-21.1	-199.0
Cash on hand and at banks	-48.7	-47.7
Total	686.3	424.8
22. DISCONTINUED OPERATIONS		
<p>Kemira Pigments business and the CPS unit or the Tikkurila Group's colour processing business, were sold because they were not core businesses. Kemira Agro's production in Rozenburg was also closed. Kemira Pigments Inc. was sold on 31 March 2000 and Kemira Pigments B.V. on 30 April 2000. The remaining company, Kemira Pigments Oy was transferred to the Kemira Chemicals business area. The tinting machine business that belonged to the CPS group was sold on 31 August 2000, and the colour processing systems business was sold on 30 September 2000. The Board of Directors of Kemira Oyj decided to wind up Kemira Agro Rozenburg, and production was closed in December 2000. The closure of production resulted in a non-recurring charge to earnings of EUR 82.5 million.</p>		
Income statement		
<p>The results of the above-mentioned companies were included in the income statement for discontinued businesses up to the time they ceased to be a part of the Group. The net amount of the capital gains on divestments of the companies and the non-recurring expenses for Kemira Agro Rozenburg were stated within the income statement 2000 for discontinued businesses.</p>		

Notes to consolidated financial statements

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

Notes to consolidated financial statements

OTHER NOTES (EUR million)

23. PENSION LIABILITIES ACCORDING TO IAS 19

Pension arrangements

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

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

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

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

Movements in net liability

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

The amounts in the income statement

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

Actual return on plan assets

Actual return on plan assets/expense (-)	-67.2	-14.8
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Notes to consolidated financial statements

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

The financial impact of IAS 19

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

24. COLLATERAL AND CONTINGENT LIABILITIES

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

Loans from financial institutions	5.5	4.0
Mortgages given	5.3	2.3
Loans from pension institutions	73.9	74.3
Mortgages given	91.2	103.0
Other loans	8.3	7.1
Mortgages given	13.6	5.6
Total mortgage loans	87.6	85.4
Total mortgages given	110.1	110.9

Contingent liabilities

Assets pledged		
On behalf of own commitments	46.6	13.5
On behalf of others	1.1	1.1
Guarantees		
On behalf of associates	44.4	36.0
On behalf of others	1.6	2.7
Operating leasing		
Maturity within one year	1.0	4.8
Maturity after one year	3.6	12.6
Other obligations		
On behalf of associates	1.4	1.3
On behalf of others	1.1	1.1

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

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

Litigation

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

25. ENVIRONMENTAL RISKS, LIABILITIES AND LEGAL ISSUES

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

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

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

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

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

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

with the completed and planned business acquisitions.

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

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

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

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

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

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

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

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

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

26. MANAGEMENT OF FINANCIAL RISKS

The Group's operations involve market price, credit and liquidity risks. Management of financial risks is the responsibility of Group Treasury, which acts in accordance with the financial pol-

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

MARKET RISK

Foreign exchange risk

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

Degree of hedging at the turn of the year:

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

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

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

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

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

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

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

Interest rate risk

In order to manage interest rate risks, the Group's borrowing and investments are spread out between fixed and variable interest rate instruments. Other instruments that are used actively are interest rate swaps, forward rate agreements, government bond forward contracts and interest rate options. At the end of 2001, 40% of the Group's entire loan portfolio consisted of fixed-interest borrowings. Pension loans are considered to be variable-interest loans. Treasury Management measures the inter-

est rate risk by means of the duration of the loan portfolio and sensitivity analysis. The duration of the entire loan portfolio at the end of 2001 was 13 months including interest rate derivatives and 7 months excluding derivatives. One year is used as the duration of pension loans. In 2002 the duration of the loan portfolio can vary in a range of 6-24 months. In 2002 a change of one percentage point in the interest rate curve is allowed to cause a maximum change of EUR 15 million in the market value of the asset/liability portfolio. An increase of one percentage point in the level of interest rates at the end of 2001 would have lowered the market value of the portfolio of net liabilities by EUR 6.5 million including interest rate derivatives and by EUR 3.8 million without derivatives. The proportion of fixed-interest loans in the loan portfolio has been increased by means of interest rate derivatives. Limits can be changed through a decision by the Board of Directors in accordance with the market situation. As a consequence of this policy, the Group's average interest rate level in general has been higher than the market level of short-term interest rates when low rates prevail and, on the other hand, lower than the market level when high rates prevail.

CREDIT RISK

Financing-related credit risk

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

tution, there is an approved limit. Credit risks for financing did not result in credit losses during the financial year.

Commercial credit risk

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

LIQUIDITY RISK

Funding risk

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

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

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

The acquisitions made during 2001 reduced liquidity significantly compared with the situation at the end of 2000, when liquidity included the proceeds of divestments. The Group's aver-

Notes to consolidated financial statements

age liquidity in 2001 was EUR 133 million. At the end of 2001, liquidity amounted to EUR 70 million as well as an unused revolving credit facility of about EUR 383 million, for a total of EUR 453 million. Liquidity management is developed continually by improving the efficiency of the cash pool Group account arrangement as well as by bringing new subsidiaries

within the Group's netting system for internal payments. During 2001 the euro cash pool was extended, notably, to Austria and Spain.

DOCUMENTATION RISK

The Group's documentation risk for financing agreements is managed by concentrating the

approval of financing agreements within Group Treasury as well as by using standardized agreement models. In loan agreements the company observes the normal terms and conditions of agreement prevailing on the market.

Financial instruments

EUR million

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

Nominal values of the financial instruments do not necessarily correspond to the actual cash flows between the counterparties and do not therefore give a fair view of the risk position of the Group. Fair values are based on market valuation on the date of reporting for instruments which are publicly traded. Other instruments have been valued based on the net present values of future cash flows. A valuation model has been used to estimate the fair values of options.

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

EUR million

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

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

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27. SHARES AND HOLDINGS OF GROUP COMPANIES

**Holding
%**

Associated companies

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

Other shares and holdings

A. Jalander Oy	Finland	16.0
Forcit Oy	Finland	15.4
Kemiron Companies Inc.	United States	15.0
Suomen Rehu Oy	Finland	19.9

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28. SEGMENT DATA

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

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

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

2001 EUR million	Chemicals	Paints & Coatings	Agro	Other	Group
Income statement					
External net sales	830.1	445.3	1,121.4	57.6	2,454.4
Intra-Group sales	70.7	0.1	36.4	-107.2	-
Net sales, total	900.8	445.4	1,157.8	-49.6	2,454.4
Share of the associates' net income	3.7	1.6	-3.2	-1.7	0.4
Operating income	91.2	16.7	49.4	-13.2	144.1
Other information					
Assets of businesses	963.0	375.0	856.9	66.7	2,261.6
of which holdings in associated companies	30.3	3.3	32.8	8.0	74.4
Unallocated assets					188.3
Consolidated assets, total					2,449.9
Liabilities of businesses	183.7	85.7	234.8	2.6	506.8
Unallocated liabilities					811.4
Consolidated liabilities, total					1,318.2
Capital expenditure	109.2	126.3	60.9	1.7	298.1
Depreciation	78.9	23.0	62.3	-3.7	160.5
Cash flows					
Operations	161.6	-19.3	29.2	-46.4	125.1
Net capital expenditure	-105.2	-122.2	-43.4	-0.7	-271.5
Financing	-56.5	143.9	23.3	-141.1	-30.4
2000 EUR million					
Income statement					
External net sales	855.4	243.4	1,176.0	211.2	2,486.0
Intra-Group sales	33.0	-	43.2	-76.2	-
Net sales, total	888.4	243.4	1,219.2	135.0	2,486.0
Share of the associates' net income	2.6	-	-0.9	-2.2	-0.5
Operating income	115.4	13.5	33.1	12.8	174.8

Notes to consolidated financial statements

2000 EUR million	Chemicals	Paints & Coatings	Agro	Other	Group
Other information					
Assets of businesses	887.2	178.4	845.1	155.4	2,066.1
of which holdings in associated companies	29.1	-	24.3	10.0	63.4
Unallocated assets					341.8
Consolidated assets, total	887.2	178.4	845.1	155.4	2,407.9
Liabilities of businesses	101.3	71.5	207.6	79.8	460.2
Unallocated liabilities					807.4
Consolidated liabilities, total					1,267.6
Capital expenditure	120.1	10.2	65.7	22.3	218.3
Depreciation	66.0	11.0	72.6	21.7	171.3
Cash flows					
Operations	150.5	67.4	61.3	-65.3	213.9
Capital expenditure	-120.3	119.4	-57.6	367.4	308.9
Financing	-33.9	-193.6	10.1	-147.1	-364.5
Geographical segment			2001	2000	
Net sales					
Finland			487.4		461.2
Other EU countries			1,350.1		1,378.4
Rest of Europe			337.7		247.9
North and South America			104.4		194.3
Asia			143.1		163.4
Other countries			31.7		40.8
Total			2,454.4		2,486.0
Assets (tangible and intangible fixed assets)					
Finland			490.8		511.5
Other EU countries			591.8		496.2
Rest of Europe			64.1		40.7
North and South America			52.2		50.0
Asia			38.4		39.8
Other countries			-		-
Total			1,237.3		1,138.2
Capital expenditure					
Finland			67.6		62.5
Other EU countries			207.2		130.5
Rest of Europe			14.7		14.1
North and South America			7.9		10.5
Asia			0.7		0.6
Other countries			-		0.1
Total			298.1		218.3

29. CHANGES IN GROUP STRUCTURE 2001

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

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

Divestments of Group companies

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

Changes in holdings in Group companies within the Group

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

Name changes

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

Coming changes in the Group structure

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

Kemira Oyj

financial statements

INCOME STATEMENT

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

BALANCE SHEET

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

Long-term liabilities

	Note	2001	2000
Interest-bearing long-term liabilities	17	367.7	306.7
Interest-free long-term liabilities	18	-	-
Total long-term liabilities		367.7	306.7

Current liabilities

	19	2001	2000
Interest-bearing short-term liabilities		277.0	361.7
Interest-free short-term liabilities		42.8	29.3
Total current liabilities		319.8	391.0

Total liabilities	687.5	697.7
Total liabilities and shareholders' equity	1,516.7	1,522.7

CASH FLOW STATEMENT

EUR million	2001	2000
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Funds from operations

Operating income	-14.8	-0.3
Adjustments to operating income	-0.5	-13.2
Depreciation	1.3	0.9
Interest income	29.4	35.8
Interest expense	-16.1	-22.2
Dividend received	0.6	0.4
Other financing items	-11.1	-16.2
Taxes	-32.2	-62.0
Total funds from operations	-43.4	-76.8

Change in net working capital

Short-term receivables	2.1	3.1
Interest-free short-term liabilities	10.2	-15.1
Change in net working capital, total	12.3	-12.0

Cash flow from operations

Cash flow from operations	-31.1	-88.8
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Capital expenditure

Acquisitions of Group companies	-12.1	-19.3
Acquisitions of associated companies	-	-
Purchase of other fixed assets	-4.5	-0.6
Disposal of Group companies	1.0	16.1
Disposal of associated companies	-	-
Sales of other fixed assets	0.6	0.1
Total capital expenditure	-15.0	-3.7
Cash flow before financing	-46.1	-92.5

Financing

Change in long-term loans (increase +, decrease -)	24.1	-175.1
Change in long-term loan receivables (increase +, decrease -)	-76.2	87.3
Short-term financing, net (increase +, decrease -)	-24.1	139.4
Group contribution	109.5	174.8
Dividend paid	-36.7	-29.4
Own shares	-28.8	-23.0
Other	-	-0.1
Financing, total	-32.2	173.9

Increase / decrease in liquid funds

Liquid funds at end of year	340.1	418.4
Liquid funds at beginning of year	418.4	337.0

Increase / decrease in liquid funds

Increase / decrease in liquid funds	-78.3	81.4
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Notes to Kemira Oyj financial statements

INCOME STATEMENT (EUR million)

	2001	2000
1. NET SALES		
Net sales	21.0	20.7

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

2. OTHER INCOME FROM OPERATIONS

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

3. COST OF SALES

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

4. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

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

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

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

Management's pension commitments

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

Personnel

Personnel, average	235	120
Personnel at year end	233	116

5. DEPRECIATION

Scheduled depreciation

Intangible assets		
Intangible rights	0.0	0.1
Other long-term expenditures	0.1	0.0
Tangible assets		
Buildings and constructions	0.3	0.3
Machinery and equipment	0.9	0.5
Other tangible assets	0.0	0.0
Total	1.3	0.9

Decrease in difference between scheduled and actual depreciation

Intangible assets	0.0	0.0
Other long-term expenditures	-0.1	0.0
Buildings and constructions	-0.1	-0.1
Machinery and equipment	-0.2	0.1
Total	-0.4	0.0

6. FINANCING INCOME AND EXPENSES

Financing income

Dividend income		
Dividend income from Group companies	0.2	0.3
Dividend income from associates	0.0	0.3
Dividend income from others	0.4	0.0
Total dividend income	0.6	0.6
Interest income		
From long-term investments from Group companies	21.2	22.4
From short-term investments from Group companies	14.8	14.3
From short-term investments from others	5.2	7.8
Total interest income	41.2	44.5
Other financing income		
Other financing income from Group companies	0.2	0.1
Other financing income from others	0.0	0.0
Total other financing income	0.2	0.1
Exchange differences		
Net exchange differences from Group companies	-	13.2
Net exchange differences from others	5.1	-
Total exchange differences	5.1	13.2
Total financing income	47.1	58.4

Financing expenses

Interest expenses		
Interest expenses to Group companies	-9.0	-7.4
Interest expenses to others	-20.0	-24.2
Total interest expenses	-29.0	-31.6
Other financing expenses	-0.8	-0.6
Exchange differences		
Net exchange differences from Group companies	-5.7	-
Net exchange differences from others	-	-33.7
Total exchange differences	-5.7	-33.7
Total financing expenses	-35.5	-65.9

Total financing income and expenses	11.6	-7.5
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Exchange gains and losses

Realized	2.6	-24.4
Unrealized	-3.2	3.9
Total	-0.6	-20.5

Notes to Kemira Oyj financial statements

7. EXTRAORDINARY ITEMS

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

8. CHANGE IN APPROPRIATIONS

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

9. DIRECT TAXES

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

BALANCE SHEET (EUR million)

10. INTANGIBLE ASSETS

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

11. TANGIBLE ASSETS

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

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

2) The acquisition cost of buildings and constructions include revaluations of EUR 5.0 million in 2001 and in 2000.

12. INVESTMENTS

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

Shares and holdings are specified in Note 21.

Notes to Kemira Oyj financial statements

BALANCE SHEET (EUR million)	2001	2000
13. RECEIVABLES		
Long-term receivables		
Interest-free long-term receivables		
Receivable from pension liability at 1 Jan.	-	1.3
Transfer to other short-term interest-free receivables	-	-1.3
Increase / Decrease	-	-
Receivables from pension liability at 31 Dec.	-	-
Total interest-free long-term receivables	-	-
Total long-term receivables	-	-
Current receivables		
Interest-bearing short-term receivables		
Loan receivables from Group companies	55.4	70.2
Total interest-bearing short-term receivables	55.4	70.2
Interest-free short-term receivables		
Accounts receivable		
Accounts receivable from Group companies	2.3	2.6
Accounts receivable from others	0.2	0.1
Total accounts receivable	2.5	2.7
Advances paid	2.9	0.0
Prepaid expenses and accrued income		
Prepaid expenses and accrued income from Group companies	122.6	115.1
Prepaid expenses and accrued income from others	21.5	27.4
Total prepaid expenses and accrued income	144.1	142.5
Other interest-free short-term receivables		
Receivables from pension liability at 1 Jan.	-	-
Transfer from long-term receivables	-	1.3
Decrease	-	-1.3
Receivables from pension liability at 31 Dec.	-	0.0
Other receivables	0.2	0.1
Total interest-free short-term receivables	0.2	0.1
Total current receivables	149.7	145.3
Total receivables	205.1	215.5
Loans to management	-	-
Prepaid expenses and accrued income		
Interests	11.9	8.7
Taxes	0.6	12.7
Exchange differences	15.9	9.0
Group contribution	115.6	109.7
Other	0.1	2.4
Total	144.1	142.5
14. SECURITIES		
Securities in Group companies	332.8	241.7
Securities in other companies	3.0	175.6
Total	335.8	417.3

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

16. APPROPRIATIONS

Appropriations

Cumulative depreciation difference in the balance sheet is as follows:		
Buildings and constructions	0.3	0.2
Machinery and equipment	0.5	0.3
Other tangible assets	0.0	0.0
Intangible rights	0.0	0.0
Other long-term expenditures	0.1	0.0
Total	0.9	0.5

Change in appropriations

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

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

17. LONG-TERM INTEREST-BEARING LIABILITIES

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

Long-term interest-bearing liabilities maturing in

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

Notes to Kemira Oyj financial statements

BALANCE SHEET (EUR million)	2001	2000
Interest-bearing liabilities maturing in 5 years or longer		
Loans from pension institutions	44.5	51.3
Other long-term interest-bearing liabilities	68.7	48.1
Total	113.2	99.4

Debentures and other bond loans				
Loan		Loan currency		
FI 0003008581	1998-2003	EUR	45.2	45.2
FI 0003008599	1998-2006	EUR	16.5	16.5
Total			61.7	61.7

The Group has no convertible bonds.

18. LONG-TERM INTEREST-FREE LIABILITIES

Pension liabilities		
Uncovered liabilities of pension funds	-	-
Other pension liabilities	-	1.2
Transfer to other interest-free liabilities	-	-1.2
Total	-	-

19. CURRENT LIABILITIES

Interest-bearing short-term liabilities		
Loans from financial institutions	41.7	39.3
Current portion of other long-term loans to others	18.1	54.9
Other interest-bearing short-term liabilities to Group companies	165.5	258.9
to others	51.7	8.6
Total interest-bearing short-term liabilities	277.0	361.7

Interest-free short-term liabilities		
Advances received	3.0	0.8
Accounts payable to Group companies	0.4	0.4
to others	1.9	2.6
Total accounts payable	2.3	3.0
Accrued expenses and prepaid income to Group companies	5.5	6.2
to others	31.7	19.1
Total accrued expenses and prepaid income	37.2	25.3

Pension liabilities		
Transfer from interest-free long-term liabilities	-	1.2
Change in pension liabilities	-	-1.2
Total pension liabilities	-	-
Other interest-free liabilities to others	0.3	0.2
Total interest-free short-term liabilities	42.8	29.3
Total current liabilities	319.8	391.0

Accrued expenses and prepaid income		
From salaries	1.7	1.3
From interests and exchange differences	28.6	23.1
From taxes	-	0.0
From Group contribution	3.5	0.2
Other	3.4	0.7
Total	37.2	25.3

20. COLLATERAL AND CONTINGENT LIABILITIES	2001	2000
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Loans secured by mortgages in the balance sheet and for which mortgages given as collateral

Loans from pension institutions	3.4	4.8
Mortgages given	5.9	5.0

Contingent liabilities

Assets pledged		
On behalf of own commitments	1.5	1.1
On behalf of Group companies	8.6	9.8

Guarantees

On behalf of Group companies for loans	95.2	57.1
for leasing obligations	46.4	53.9
for other obligations	0.7	4.4
On behalf of associates	25.0	24.3
On behalf of others	1.6	1.6
Total	168.9	141.3

Letter of Comfort obligations ¹⁾

On behalf of Group companies for credits	0.7	0.7
for leasing agreements	0.0	2.1
Total	0.7	2.8

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

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

21. SHARES AND HOLDINGS OF KEMIRA OYJ

Shares in subsidiaries

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

Proposal for the distribution of profits

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

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

Helsinki, 11 February 2002

Sten-Olof Hansén

Niilo Pellonmaa

Eija Malmivirta

Ritva Hainari

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 2001. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and the company's administration.

We have conducted our audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles

used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration has been to examine that the Supervisory Board, the Board of Directors and the Managing Director have complied with the rules of the Finnish Companies Act.

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

Helsinki, 11 February 2002

KPMG Wideri Oy, Ab

Hannu Niilekselä
Authorized Public Accountant

Statement of the Supervisory Board

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

The Supervisory Board advises the 2002 Annual General Meeting that the company has been managed well and that it has no comments to make on the financial statements of the

parent company and the Group for 2001. The Supervisory Board proposes that the financial statements of the parent company and the Group be adopted and that the Board of Directors, the Managing Director and his deputies be discharged from liability. The Supervisory Board concurs with the proposal of the Board of Directors for the distribution of profit funds.

Helsinki, 13 February 2002

Timo Kalli

Kari Rajamäki

Hanna Kivisilta

Risto Ranki

Mikko Långström

Pekka Kainulainen

Sirpa Hertell

Quarterly income statement

The figures are unaudited

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

