Financial Statements 2006

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Kemira GrowHow Oyj's Board of Directors' Review and Financial Statements 2006

Net Sales and Operating Profit

The key fundamentals effecting fertilizer demand continued to develop favourably and from a historical point of view the price level was high, but sales volumes in Europe fell clearly from the previous year. Kemira GrowHow's consolidated net sales were EUR 1,166.2 (1,258.2) million. However, net sales excluding the effect of the Baltic sales and marketing companies, of which 50 percent were sold to Danish DLA Agro Group at the end of the previous year, remained at last year's level.

Consolidated operating profit for the financial year was EUR 11.1 (45.3) million. Operating profit excluding non-recurring items was EUR 1.6 (40.6) million. Comparable operating profit as a percentage of net sales, non-recurring items excluded, fell from 3.2 percent in 2005 to 0.1 percent in 2006.

Operating profit for 2006 was particularly impacted by volatility in the price of the most important raw material, natural gas. Especially during the first quarter of 2006, expensive natural gas burdened operating profit and resulted in shut-downs at ammonia plants in the UK and Belgium. Decreasing natural gas prices in the latter part of the year improved result. Fair value changes of natural gas derivatives, EUR -6.9 million, weakened operating profit. The majority of the fair value changes were unrealized.

EUR million	2006	2005	2004
Net sales	1,166.2	1,258.2	1,202.2
Operating profit	11.1	45.3	60.9
Operating profit, as percentage of net sales	1.0	3.6	5.1
Operating profit, non-recurring items excluded	1.6	40.6	39.1
Operating profit, non-recurring items excluded, as percentage of net sales	0.1	3.2	3.3
Result attributable to equity holders of the parent company	-7.8	31.8	41.2
Earnings per share, EUR	-0.14	0.56	0.72
Return on equity, %	-2.0	9.5	17.4
Return on investment, %	2.4	8.3	11.3
Equity ratio, %	37.2	38.3	38.9
Gearing, %	59.5	48.2	46.9

Quarterly net sales, EUR million	Q1	Q2	Q3	Q4
2006	272.9	304.2	306.6	282.5
2005	307.6	333.0	283.2	334.5

Quarterly operating result, EUR million	Q1	Q2	Q3	Q4
2006	-19.1	2.6	19.1	8.5
2005	21.1	17.1	8.3	-1.3

Operating profit includes non-recurring items, which mainly consist of capital gains and losses from sale of assets, impairment losses, releases of provisions and restructuring expenses.

Non-recurring items, net, EUR million	Q1	Q2	Q3	Q4	2006
Crop Cultivation	1.4	3.7	6.0	1.2	12.4
Industrial Solutions	-0.1	0.0	0.3	0.2	0.4
Other	0.0	-1.5	0.0	-1.7	-3.1
Total	1.3	2.3	6.3	-0.3	9.6

Non-recurring items, net, EUR million	Q1	Q2	Q3	Q4	2005
Crop Cultivation	0.9	1.4	0.7	1.4	4.3
Industrial Solutions	0.1	0.0	0.0	0.2	0.3
Other	0.0	0.0	0.0	0.0	0.0
Total	1.0	1.4	0.7	1.6	4.6

Financial Income and Expenses

Kemira GrowHow's net financial expenses, excluding the share of the results of joint ventures and associated companies, were EUR -11.0 (-9.3) million. Net foreign exchange losses of financial activities were EUR -1.8 (-1.2) million. Kemira GrowHow's share of the results of joint ventures and associated companies was EUR 0.1 (-1.3) million.

Income Taxes

Income taxes for the financial year were EUR -6.8 (-2.9) million. Income tax expense is calculated separately for each country in which the Group operates. The main reason for high effective tax rate was that income taxes were recorded from the profits generated in certain countries, but on the other hand, deferred tax assets have not been recorded from the results of loss-making units in accordance with the prudence principle.

Result Attributable to Equity Holders of the Parent Company

The loss attributable to equity holders of the parent company for the 2006 financial year was EUR -7.8 million (profit of EUR 31.8 million in 2005).

Earnings per share were EUR -0.14 (0.56). Kemira GrowHow Oyj has not issued options, warrants, convertible bonds or similar instruments which would dilute the earnings per share.

Dividend

The distributable funds of Kemira GrowHow Oyj, the parent company of Kemira GrowHow Group, are EUR 146,120,448, of which EUR 14,972,834 represents the net profit for the financial year.

The Board of Directors proposes to the Annual General Meeting that EUR 0.15 per share be distributed as dividend from the distributable funds. The total dividend would amount to EUR 8.6 million. EUR 6,391,505 would be left in retained earnings and EUR 131,147,614 in other non-restricted equity. The dividend paid for 2005 was EUR 0.30 per share.

Kemira GrowHow Oyj's distributable funds (FAS), EUR	2006
Other non-restricted equity	142,184,338
Retained earnings	0
Treasury shares	-11,036,724
Net profit for the year	14,972,834
Total	146,120,448

The financial position of the company has not materially changed after the balance sheet date, and it is the Board of Directors' opinion that the proposed distribution of funds does not compromise the company's liquidity.

Strategic Business Units in 2006

Kemira GrowHow's operations are organized under two strategic business units: Crop Cultivation and Industrial Solutions. The Industrial Solutions business unit has strong synergies with the Crop Cultivation business unit in production and sourcing.

The Crop Cultivation strategic business unit produces and markets a broad range of fertilizers and other related products and services for agriculture, horticulture and home gardening in selected markets in Northern, Western and Eastern Europe and overseas. Kemira GrowHow has a significant market position in fertilizer business in Finland, Denmark, the Baltic states, the Benelux countries, France, and the United Kingdom.

The Industrial Solutions strategic business unit provides high performance products and innovative solutions, such as feed phosphates and feed acidifiers, a range of nitrogen-based chemicals and phosphoric acid. The Industrial Solutions business unit focuses on selected customer segments, that, in addition to the animal feed industry, include the chemical, pharmaceutical, metal, electronics and food industries. Industrial Solutions is one of the leading global suppliers of inorganic feed phosphates having sales in more than 80 countries. Kemira GrowHow's Process Chemicals business is one of the two biggest suppliers in the Benelux countries, the United Kingdom, Finland and Denmark.

Crop Cultivation

Net sales of the Crop Cultivation business unit fell in January - December by 12 percent compared with 2005 and were EUR 895.3 (1,012.5) million. Net sales excluding the effect of the Baltic sales and marketing companies, of which 50 percent were sold to Danish DLA Agro Group at the end of the previous year, decreased by 3 percent.

January - December operating result was EUR -0.4 million (operating profit of EUR 30.9 million). The operating result was particularly burdened by expensive natural gas that resulted in shut-downs at ammonia plants in the UK and Belgium during the first half of the year. The result was also burdened by the purchase prices of ammonia, which had increased from the previous year, and lower fertilizer sales. Sales prices of nitrogen fertilizers increased from the previous year and improved the result, but price improvements were not sufficient to compensate for the negative effect of higher costs. The result improvement in the last quarter – which was due to the lower price of natural gas than in the previous year and the higher utilization rate of factories – was not sufficient to cover the losses made in the beginning of the year. The result was improved by non-recurring items totalling EUR 12.4 (4.3) million. Operating profit as percentage of net sales, non-recurring items excluded, decreased from approximately 3 percent in 2005 to -1 percent in 2006.

EUR million	2006	2005	2004
Net sales	895.3	1,012.5	961.1
Operating result	-0.4	30.9	40.3

Quarterly net sales, EUR million	Q1	Q2	Q3	Q4
2006	208.9	240.9	238.7	206.7
2005	243.3	271.9	224.1	273.2

Quarterly operating result, EUR million	Q1	Q2	Q3	Q4
2006	-18.4	-0.7	13.3	5.4
2005	18.4	12.6	5.7	-5.9

The fertilizer business in Europe is highly seasonal in nature. Typically the sales and profitability of European fertilizer producers are stronger during the first and the second quarters of the year compared with the third and the fourth quarters, since spring is the main application season for fertilizers in Europe. During 2006 high natural gas prices substantially weakened the first half-year results. Producers were not able to pass on the gas price increases fully to fertilizer prices.

Sales volumes in thousands of metric tons

	Q1	Q2	Q3	Q4	Total
2006	881	1,013	1,045	875	3,814
2005	1,101	1,036	986	1,052	4,175

After taking into account the effect of the divested Baltic companies on the sales volumes, the January - December 2006 sales volumes fell approximately 6 percent from the previous year. Sales volumes decreased in the British Isles and Continental Europe, but January - December volumes grew compared with the previous year in Eastern Europe and in overseas export. Part of the lower volumes during the last quarter of 2006 is estimated to be postponed sales to 2007. The effect of the sales volumes on operating result was approximately EUR 13 million negative compared with 2005.

The January - December sales prices of nitrogen fertilizers were, depending on the nitrogen content, on average 10-15 percent and sales prices of NPK fertilizers on average 4-13 percent higher than last year. Higher sales prices, including the sales prices of traded products, improved the operating result by approximately EUR 38 million.

The price of natural gas in 2006 was on average about 15-20 percent higher than in the previous year. Higher prices of natural gas and ammonia as well as shut-downs and restarts of ammonia plants and resulting additional costs due to increased ammonia purchases weakened the result by approximately EUR 41 million compared with the previous year. Fair value changes of natural gas derivatives, EUR -6.2 million, weakened the result. In the previous year, operating profit included a total of EUR 3.5 million of the Baltic sales companies' operating profit, whereas in 2006 the share of their results, EUR 0.4 million, is included in financial items below operating profit. Higher prices of potash and electricity raised costs by approximately EUR 11 million. Purchase prices of traded products were also higher than in the previous year, weakening the result by nearly EUR 10 million.

In January 2006 Kemira GrowHow and the Danish agricultural distributor co-operative DLA Agro Group established a joint venture, AgrowLine A/S, in Denmark for fertilizer sourcing. Kemira GrowHow owns 50 percent of AgrowLine A/S. Operating activities of AgrowLine A/S started at the beginning of July 2006. The joint venture is consolidated using the equity method. Kemira GrowHow has also become a member of the co-operative DLA Agro Group.

At the end of 2005, Kemira GrowHow sold a 50 percent stake in the Baltic sales and marketing companies to Baltic Agro Holding A/S, a company partly owned by the majority of DLA Agro Group members. These companies are therefore consolidated in 2006 as joint ventures using the equity method.

At the end of April 2006, Kemira GrowHow and Hankkija-Maatalous agreed on partnering up to develop a new Growth program concept and offer it to farmers in Finland. Following the agreement, Kemira GrowHow Oyj acquired 19 percent of the shares in Hankkija-Maatalous Oy, a Finnish agricultural dealer, from SOK Corporation. The partnership seeks to meet the efficiency challenges facing the entire value chain. Co-operation aims to develop and deploy new solutions that help farmers increase their yields through better expertise and with lower unit costs.

The shares in AS Fertimix, a wholly-owned Estonian subsidiary, were sold in August 2006. A minor gain was booked due to the sale.

Industrial Solutions

Net sales of the Industrial Solutions business unit grew by 6 percent in 2006 and were EUR 309.0 (291.9) million.

Operating profit was EUR 19.9 (18.2) million. Shut-downs of ammonia plants and expensive natural gas during the first half of 2006 weakened the result of the Industrial Solutions business unit as well. Higher prices, on the other hand, improved operating profit. Operating profit as a percentage of net sales, non-recurring items excluded, remained at the same 6 percent level as in 2005.

EUR million	2006	2005	2004
Net sales	309.0	291.9	279.2
Operating profit	19.9	18.2	21.1

Quarterly net sales, EUR million	Q1	Q2	Q3	Q4
2006	75.8	72.2	76.0	84.9
2005	74.0	72.6	71.9	73.4

Quarterly operating profit, EUR million	Q1	Q2	Q3	Q4
2006	0.9	6.4	6.3	6.3
2005	5.2	4.3	3.9	4.8

During January - December feed phosphate volumes in Europe were above the previous year's level and prices increased slightly. One of the reasons underlying the decline in the sales volumes of Process Chemicals was shut downs at ammonia plants.

The total effect of volume changes on operating profit was approximately EUR 8 million negative compared with 2005. Increased prices of all products within the Industrial Solutions business unit improved operating profit by about EUR 15 million.

Expensive natural gas weakened the Industrial Solutions business unit's result by approximately EUR 6 million. In addition, the result was weakened by fair value changes of natural gas derivatives, EUR -0.7 million.

In March 2006, Kemira GrowHow acquired shares in the Irish company CetPro Limited, which is a joint venture with a Spanish company Maxam Chem S.L. CetPro started production in Tertre, Belgium, during the second quarter. CetPro produces and markets a 2EHN-based cetane improver for diesel fuels to be sold under the Micet brand. This joint venture enables Kemira GrowHow to expand synergistically into a growing downstream market segment.

A Greenox® AdBlue® production line at GrowHow's Harjavalta site in Finland was ready for production by the end of the second quarter. Greenox® AdBlue® is a urea-based, exhaust gas reducing agent injected into the exhaust gas stream. It is used in diesel engines and it reduces the nitrogen oxide emissions of vehicles.

In the beginning of October, Kemira GrowHow and Fortum Power and Heat Oy signed an agreement to start a co-operation to increase production of sulphuric acid and energy at Kemira GrowHow's Siilinjärvi plant in Finland. With this project Kemira GrowHow will invest in increasing its sulphuric acid production capacity and Fortum invests in building of a sulphur burning unit in the Siilinjärvi plant area. This new unit will provide raw material for Kemira GrowHow's sulphuric acid production. The sulphur that will be used in the sulphur burning unit is a by-product of the Finnish oil refining industry. The process will also generate heat which will be utilized in electricity production. Sulphuric acid is one of the main raw materials of phosphoric acid produced at the Siilinjärvi plant and it is used in fertilizer and animal feed phosphate production. Implementation of the project started in October 2006 and production is planned to be started at the beginning of 2008.

Financing

At 31 December 2006, the Group's net interest-bearing liabilities amounted to EUR 185.9 (164.9) million. The proportion of the total amount of the Group's interest-bearing loans represented by fixed interest loans was about 34 (32) percent at the end of the financial year. Pension loans are considered to be floating rate loans.

The Group's equity ratio was 37.2 (38.3) percent at the end of the financial year, 31 December 2006. The gearing ratio was 59.5 (48.2) percent.

Kemira GrowHow's main liquidity reserve is a syndicated revolving credit facility. The EUR 150 million credit facility is in place until the year 2010. The utilization of the revolving credit facility as of 31 December 2006 was EUR 80 (80) million. Kemira GrowHow also has a EUR 300 million domestic commercial paper program, a long-term bilateral bank loan and pension loans. Other funding sources are financial leasing arrangements and credit facilities with local house banks.

At the end of the financial year, 31 December 2006, liquid funds amounted to EUR 20.0 (57.0) million.

	2006	2005	2004
Net debt, EUR million	185.9	164.9	154.1
Liquid funds, EUR million	20.0	57.0	76.0
Equity ratio, %	37.2	38.3	38.9
Gearing, %	59.5	48.2	46.9

Cash flow during 2006 was weaker than in the previous year, with cash flow from operations amounting to EUR 3.7 (69.4) million and to EUR -36.1 (22.3) million after investing activities. The main reasons for the decrease in cash flow compared with the previous year were weaker profitability and an increase in net working capital.

EUR 9.6 million of 2005 capital expenditure was paid during the first quarter of 2006 affecting the cash flow from investing activities. The sale of holdings in the Baltic sales and marketing companies in 2005 released capital invested in these companies at the beginning of 2006 and improved the financing cash flow by approximately EUR 40 million.

Cash flow	2006	2005	2004
Cash flow from operations, EUR million	3.7	69.4	91.1
Proceeds from disposal of tangible assets and subsidiaries, EUR million	25.2	3.4	31.8
Capital expenditure, EUR million	-65.1	-50.5	-71.1
Cash flow after investing, EUR million	-36.1	22.3	51.8

Capital Expenditure

Gross capital expenditure was EUR 66.3 (61.9) million during 2006. Depreciation and amortization during 2006 were EUR 44.2 (46.3) million. Carbon dioxide emission right allowances, EUR 9.4 (4.4) million, are included in gross capital expenditure. Emission rights were recorded initially at fair value when received, and at year-end they have been valued at fair value of the balance sheet date.

The most significant investments in 2006 were related to investments in joint ventures (CetPro Ltd. and joint ventures in the Baltic countries with DLA Agro Group) and in shares in Hankkija-Maatalous Oy.

The modernization of Ince plant which started in 2005 was completed in early 2006. The modernization reduced energy consumption of the ammonia production at the plant.

Proceeds from sale of assets were EUR 25.2 (3.4) million and net gains were EUR 12.6 (4.3) million.

Cash flow from investing activities during 2006 was EUR -39.9 (-47.1) million.

Capital expenditure, EUR million	2006	2005	2004
Gross capital expenditure	66.3	61.9	76.9
Gross capital expenditure, as percentage of net sales	5.7	4.9	6.4
Proceeds from sale of assets	25.2	3.4	31.8
Net gains from sale of assets	12.6	4.3	16.3
Depreciation and amortization	44.2	46.3	47.3
Cash flow from investing activities	-39.9	-47.1	-39.3

In 2007, capital expenditure (excluding possible acquisitions) is estimated to be approximately EUR 50 million, including maintenance investments of approximately EUR 30 million.

Research and Development

The primary task of Kemira GrowHow's research and development is to develop products, services and solutions. The most important R&D projects during 2006 were aimed to commercialize products for various business units. These products include a microbiological solution to decrease ruminant acidosis developed for animal nutrition purposes, the Process Chemicals business unit's Greenox® AdBlue®, an aqueous solution of urea used in exhaust gas purification in diesel engines, and the Crop Cultivation business unit's iSeed® (seeds coated with nutrients) for maize and grass. These efforts are expected to have a significant positive financial impact 3-5 years from now. Additionally, several smaller projects in the area of value added services for the agricultural market were pursued successfully, e.g. Loris® Expert precision farming service for starch potato production.

	2006	2005	2004
Research and development expenses, EUR million	3.4	5.7	6.3
Research and development expenses, as percentage of net sales	0.29	0.45	0.53

Efficiency Improvements

Several projects aimed to improve profitability were carried out during 2006. The projects improved result in total by nearly EUR 20 million. The projects include among others improvement of energy efficiency, increasing production efficiency, cutting down fixed costs, savings in logistics and development of business in Eastern Europe. Kemira GrowHow's revised gas purchase strategy was taken into use in 2006.

Personnel and Occupational Safety

As at 31 December 2006 Kemira GrowHow had 2,489 (2,683) employees. The average number of personnel during 2006 was 2,589 (2,865). The number of personnel has decreased mainly because of efficiency improvements in several countries.

The number of personnel in Finland was 1,043 (1,083) at the end of December and 1,080 (1,134) on average during 2006.

Number of personnel	2006	2005	2004
31 December			
Finland	1,043	1,083	1,110
Other countries	1,446	1,600	1,777
Total	2,489	2,683	2,877
Average			
Finland	1,080	1,134	1,185
Other countries	1,509	1,731	1,830
Total	2,589	2,865	3,015
Gender of permanent personnel, %			
Female	22.0	21.6	22.0
Male	78.0	78.4	78.0
Salaries and wages, EUR million	101.6	105.8	117.7

Kemira GrowHow's occupational safety result – measured as lost time accidents (LTA) – deteriorated in 2006. The company had long enjoyed a rising safety trend, but it now dipped, with the result for 2006 drawn near the level of 2003. Only two production sites of ten reached the target of zero lost time accidents. The result is nevertheless better than the European chemical industry average. In 2005 the corresponding figure was eight sites out of ten. In 2006, Kemira GrowHow revised the company Code of Practice for Work Permit and Personal Protection Equipment.

Lost Time Accidents per million working hours

	2006	2005	2004	2003	2002	2001
Own personnel	3.2	2.0	2.6	7.8	6.9	6.8
Contractors	23.3	10.3	14.6	20.3	28.3	20.4

Risks Related to Kemira GrowHow's Operations and Risk Management

Risk Management

Kemira GrowHow's risk management principle is a comprehensive risk management (Enterprise Risk Management, ERM). ERM is a systematic and proactive approach to identifying, evaluating and managing different risk areas such as strategic, operational, hazard and financial risks. The aim of risk management is to ensure and optimize the continuity and development of the business without exceeding the Group's risk capacity.

Kemira GrowHow's Risk Management Team is a support function of the Management Board. The target of the Risk Management Team is to develop and co-ordinate Kemira GrowHow's risk management. Implementing the Enterprise Risk Management principle is an on-going process aiming to ensure uninterrupted and profitable operations.

ERM was developed further in 2006. The Board of Directors is responsible for Kemira GrowHow's risk management strategy and supervises its implementation. The CEO is responsible for the appropriate organization of risk management. The Board of Directors approved an ERM Statement in January 2006. The statement defines risks, describes risk management targets and responsibilities and explains how risk management relates to the strategic, operational and financial objectives of the Group.

Kemira GrowHow determined the most important risks potentially influencing the Group's operations by means of self-assessment, within the framework of Enterprise Risk Management. The self-assessment yielded a risk map and risk catalogue. These documents were further used to highlight the most important risks for further actions. Using the Group's management systems, risk management is integrated into the daily business and decision-making processes of the business units and corporate support functions. Each employee is thus responsible for identifying risks that might threaten the objectives of the Group. The Enterprise Risk Management process was included in the strategy process of Kemira GrowHow and relevant roles and responsibilities were designated.

The business units and corporate support functions are responsible for the management of the risks assigned to them. The ERM Statement is published on Kemira GrowHow's Internet page www.kemira-growhow.com.

Operational and Strategic Risks

Kemira GrowHow's business is cyclical in nature due to the general economic conditions of the fertilizer business and the cyclical nature of the end-user markets. In addition, seasonal weather conditions can have a negative effect on Kemira GrowHow's operations and result. Adverse changes in the supply and prices of natural gas and other essential raw materials can also negatively affect Kemira GrowHow's result if the cost increases cannot be passed on to end product prices.

Kemira GrowHow aims to decrease the negative impact of natural gas price volatility by improving the efficiency of those production units that use natural gas. Increasing efficiency reduces consumption of natural gas. In addition, Kemira GrowHow aims to increase the relative share of the Group's operations accounted for by businesses, that do not use natural gas, and to enter into contracts in which the price of future natural gas purchases is partly indexed to oil price.

The fluctuation between natural gas and oil derivative prices has an effect on the market value of the contracts for the Group's natural gas purchases. As Kemira GrowHow does not apply hedge accounting – as defined in IFRS – to these contracts, changes in their market value are recognized in the income statement immediately, which can lead to significant result volatility as the contracts are mainly related to future years. In the long run, however, the use of oil indexation in natural gas pricing decreases price volatility. Kemira Growhow's target is to have roughly 50 percent of the Group's gas purchases based on oil indexed pricing. In addition, gas futures are used to fix gas prices for the coming months so that the closer the actual consumption is, the higher the share of purchases covered with fixed prices or indexed contracts.

Continuously increasing competition can have a negative effect on Kemira GrowHow. Sourcing of traded products might become more difficult, decreasing the Group's net sales and margin of the traded products. Imports from Russia and Eastern Europe could create an imbalance in supply and demand in Western European fertilizer markets unless the EU maintains adequate protective measures especially to compensate for the price differences of natural gas. Urea or other nitrogen products manufactured in the low-price natural gas area can replace part of the nitrate fertilizers traditionally used in Europe. A possible decrease in

EU agricultural subsidies in Western Europe may reduce fertilizer consumption. In addition, certain fertilizers contain components that, under specific conditions, can cause damage and lead to a liability for damages.

The identified risks also include retaining key employees in the Group and the project management of large investments. Changes in legislation can cause additional costs or limit operations in the future.

Hazard Risks

Kemira GrowHow's production is capital-intensive meaning that a major part of the Group's capital is tied in the production sites. Kemira GrowHow's production is a continuous process. Therefore a fire, explosion or machinery breakdown can cause material interruption damages and other indirect losses. Kemira GrowHow manages these risks by evaluating production sites and processes within the framework of Enterprise Risk Management.

The Group takes out insurance policies against risks for which it is prudent to do so for either financially or other reasons. The Group's insurance programs are reviewed regularly. Kemira GrowHow dedicates constant attention and consideration also to other risk management actions.

Litigations with material claims for compensation and other potential risks related to legal risks or risks arising from the actions of public authorities are disclosed in Note 27 to the consolidated financial statements.

Financial Risk Management and Financing with Special Conditions

Management of financial risks at Kemira GrowHow Group is based on the treasury policy accepted by the Board of Directors of Kemira GrowHow Oyj. The policy outlines operating principles and sets limits for maximum open risk positions. The objective of financial risk management is to protect Kemira GrowHow Group from adverse changes in the financial markets. The Group uses various derivative instruments in order to manage financial risks in accordance with the limits set by the treasury policy. Derivative instruments are used only for hedging purposes. Fair value changes of derivative instruments are mainly recorded immediately in the income statement, but the Group has some derivative contracts that have been classified as cash flow hedges and which fulfill hedge accounting criteria.

The international nature of its operations exposes Kemira GrowHow to foreign exchange rate risk affecting the income statement and balance sheet. The foreign exchange rate risk arises when Group companies both within and outside the euro-area have net currency flows in a currency other than their home currency. The Group is also exposed to foreign exchange rate risk when income statement and balance sheet items are translated into euros from other currencies. Currency flow risk is hedged using currency options and forwards.

The Group measures interest rate risk with duration and sensitivity analysis. The Group's floating rate loans are exposed to cash flow interest rate risk that the Group can hedge with swaps, options and forwards.

Financial credit risk arises when the counterparty of a financial transaction cannot fulfill its obligations. The Group hedges its financial credit risk by accepting only such counterparties which have an acceptable credit rating and by investing liquidity into money market instruments that have a low risk and good liquidity.

The Group's trade receivables are spread among numerous clients and different geographical areas. Customers' credit limits are monitored systematically. Commercial credit risk is also minimized with the use of document payments such as Letters of Credit.

To hedge itself against liquidity risk the Group has spread its funding into different sources.

EUR 170 million of the committed credit facilities of the Group, whether drawn or undrawn, include covenants or other terms and conditions. These terms and conditions do not restrict the use of the respective credit facilities, but they can affect financing of the Group in the future or may require negotiations with the providers of funds. These credit facilities also include a condition that allows the lenders to cancel the facilities and declare outstanding loans due and payable if there is a change of control in Kemira GrowHow Oyj.

Financial risks are disclosed in more detail in Note 2 to the consolidated financial statements.

Environmental Issues

Updating of the environmental permits continues within the integrated pollution prevention and control scheme (IPPC). A new environmental and water management permit was issued in October 2006 to Kemira GrowHow's Siilinjärvi (Finland) mine and plants. The enforcement of the permit is pending due to appeal. The current permit is valid until the appeal process ends. The new permit, after being enforced, will be valid until further notice and the terms of the permit will be reviewed in 2015. Kemira GrowHow estimates that the new environmental permit will not create any new material obligations. Permit applications for the plants in Ince, Kokkola and Uusikaupunki are proceeding with the environmental authorities. Detailed EU guidance on the best available techniques (BAT) of installations producing ammonia, acids and inorganic fertilizers has been agreed recently. The BAT reference document will be assessed simultaneously with the assessment of the plants' environmental permit procedures.

The production sites have – in the form of many research projects and investigations – made preparations to comply with the obligations of new environmental permits and BAT guidance. Emissions of nitrous oxides as well as further treatment options of water streams have been investigated at several plants. A planning project to modernize the waste disposal areas so that they comply with the current landfilling requirements was started in Kokkola and in Uusikaupunki.

Production has restarted at the modernized ammonia plant in Ince. The modernization improves the energy efficiency of the ammonia production and reduces emissions of carbon dioxide and nitrous oxides. In Siilinjärvi, Kemira GrowHow has invested in a larger storage area for gypsum and a new circulation water pond. The total sum of environmental protection investments thus almost tripled from EUR 2.7 million in 2005 and EUR 2.8 million in 2004 to EUR 6.8 million in 2006.

Kemira GrowHow has continued to make preparations to comply with the new EU regulation on chemicals, REACH, which was approved in December 2006. From 2008 on, the registration obligations will impact roughly 50 chemical substances manufactured or imported by Kemira GrowHow. In order to acquire substance information needed for the registration, joint efforts within the European Fertilizer Manufacturers' Association, EFMA, have been started.

Emission levels in 2006 did not significantly exceed those of the previous years or allowed emission levels in accordance with the permits. In Uusikaupunki, heavy rain led to a rise in nitrous discharges into the Baltic Sea in October - November. Although monthly limits were exceeded, the annual nitrous discharge remained at 40 percent of the permitted limit.

Environmental operating costs rose from the previous year, totalling EUR 18.8 million (emission right quotas excluded). Environmental operating costs were EUR 17.7 million in 2005 and EUR 14.1 million in 2004. Main part of the costs was due to treatment of exhaust gases and water discharges. Environmental taxes caused almost one fourth of the costs.

Most of Kemira GrowHow's production sites and business units have implemented quality, environmental and safety management systems based on ISO 9001 and ISO 14001 and international safety standards. The most recent certification updates are the environmental management system of the British Isles operations and the quality and environmental management system of the Process Chemicals business unit.

Kemira GrowHow has evaluated the environmental liabilities related to its actions and made provisions that management considers necessary for any future remedial costs relating to environmental damage. Provisions for environmental remedial costs totalled

Environmental Key Indicators

	2006	2005	2004	2003	2002	2001
Energy consumption						
(1,000 TJ)	38.4	38.8	39.7	40.1	39.9	41.3
Air emissions						
CO_2 (1,000 t)	1,338	1,319	1,333	1,528	1,458	1,444
N_2O (1,000 t eq CO_2)	2,269	2,656	2,440	2,759	2,341	2,317
SO_2 (t)	1,962	1,556	1,697	1,630	1,811	1,585
NO_2 (t)	2,003	2,271	2,281	2,863	2,687	3,305
Discharges into water						
P (t)	10.3	9.1	8.2	11.5	7.5	8.0
N (t)	619	592	590	599	657	615
Metals (t)	1.38	1.24	1.07	1.54	0.70	1.03
Wastes						
Non-hazardous waste (1,000 t)	13.6	17.4	13.5	20.5	14.0	17.0
Hazardous waste (t)	967	423	469	985	507	613

EUR 3.4 million at the end of 2006 (EUR 2.4 million in 2005 and EUR 4.1 million in 2004).

Kemira GrowHow estimates that Kemira GrowHow has sufficient carbon dioxide emission right allowances for 2007. Emission right quotas for the 2008-2012 period have not as yet been decided. However, on the basis of the preliminary national allocation plans, Kemira GrowHow estimates that the quotas proposed for these years will be sufficient as well. More detailed information concerning Kemira GrowHow's CO_2 emission rights is given in Note 12 to the consolidated financial statements.

The effect of possible N_2O emission right quotas is as yet impossible to estimate, because no decisions have been made on their inclusion in emission trading or on national emission right quotas. Decisions on these matters are expected to be made in the latter half of 2007 at the earliest. The inclusion of N_2O emissions in emission right quotas would affect four of Kemira GrowHow's production sites.

Kemira GrowHow does not publish a separate printed environmental report. Environmental and safety issues are described in more detail on the Internet site (www.kemira-growhow.com).

Board of Directors, Management Team and Auditor

Kemira GrowHow Oyj's Annual General Meeting held on 4 April 2006 re-elected Mr Ossi Virolainen as the Chairman of the Board, Mr Lauri Ratia as the Vice Chairman of the Board and Ms Sari Aitokallio, Mr Arto Honkaniemi, Ms Satu Raiski, Ms Helena Terho and Mr Esa Tirkkonen as members of the Board.

Kemira GrowHow's Management Team consists of the following persons: Mr Heikki Sirviö, Chief Executive Officer; Mr Kaj Friman, Deputy Chief Executive Officer; Timo Lainto, President, Crop Cultivation Business Unit; Mr Antti Orkola, President, Industrial Solutions Business Unit; Mr Ilkka Kruus, Senior Vice President, Research and Development; Mr Olavi Määttä, Senior Vice President, Crop Cultivation Business Unit; Mr Michael Christensson, Senior Vice President, Industrial Solutions Business Unit and Mr Jukka-Pekka Nieminen, Senior Vice President, Strategic Planning.

The persons responsible for steering Kemira GrowHow's support processes are: Mr Heikki Liukas, Senior Vice President, Finance and Treasury; Ms Pirjo Nordman, Senior Vice President, Human Resources; Mr Jussi Ollila, Senior Vice President, Communications (until 31 January 2007); Mr Tuomo Orpana, Senior Vice President, Information Technology; Ms Annica Söderström, Senior Vice President, Risk Management and Mr Veli-Matti Tarvainen, General Counsel (from 18 September 2006).

Kemira GrowHow Oyj's Annual General Meeting held on 4 April 2006 re-elected KPMG Oy Ab as the company's auditor, with Mr Petri Kettunen, APA as the responsible auditor.

Shares and Share Capital

At the end of the financial year, 31 December 2006, the share capital of Kemira GrowHow Oyj amounted to EUR 155,973,000 consisting of 57,208,857 shares (before the deduction of treasury shares). The shares have no nominal value. Each share, with the exception of the treasury shares, entitles its holder to one vote at the General Meetings of Shareholders of Kemira GrowHow Oyj.

Kemira GrowHow Oyj continued to repurchase its own shares during the first quarter based on the authorization granted by the Annual General Meeting held on 6 April 2005. The shares were repurchased at market price through public trading on the Helsinki Stock Exchange. The number of own shares purchased during 2-10 January and 10 February - 24 March 2006 was 1,582,800 and the average price per share was EUR 5.92, amounting to EUR 9.4 million in total. The shares repurchased during the first quarter of 2006 represent approximately 2.77 percent of the share capital and votes in Kemira GrowHow Oyj. The repurchased shares have no material effect on the relative holdings of other shareholders of the Company or on their voting power. At 31 December 2006, Kemira GrowHow Oyj held 1,860,700 own shares, representing in total 3.25 percent of the number of issued shares.

At the end of the financial year, the quoted price of Kemira GrowHow Oyj shares stood at EUR 6.79. The highest quoted price in 2006 was EUR 6.82 and the lowest was EUR 4.11. The average quoted price in 2006 was EUR 5.59. The share capital had a market value of EUR 375.8 million at the end of 2006. The volume of shares traded during the January - December period was equivalent to 102.3 percent of the average number of shares outstanding.

Equity attributable to equity holders of the parent company was EUR 5.60 (5.99) per share at the end of 2006. The number of shares used in calculating this key ratio has been reduced by the number of treasury shares.

	2006	2005	2004
Equity attributable to equity holders of the parent company per share, EUR	5.60	5.99	5.73

As of 31 December 2006, Kemira GrowHow's ownership structure was the following:

The Government of Finland	30.0%
International institutions and nominee registered shareholders	23.6%
Finnish institutions	28.5%
Finnish households	14.6%
Kemira GrowHow Oyj	3.3%

Authorizations of the Board of Directors

The Annual General Meeting held on 4 April 2006 authorized the Board of Directors to purchase and dispose of the Company's own shares and to issue new shares. Authorizations have not been used.

The authorization for share purchase covers, in addition to shares purchased based on the previous authorization, a maximum of 2,860,442 Company shares. Own shares held by the Company cannot exceed 10 percent of the total number of shares. The shares will be repurchased at market price in public trading at the time of the repurchase. The Annual General Meeting authorized the Board of Directors to dispose of a maximum of 4,721,142 Company shares repurchased by the Company.

Through issuance of new shares, the share capital of the Company may be increased, in accordance with the authorization, by a maximum of 5,720,885 shares, corresponding to an aggregate amount of EUR 15,597,300. The amount covered by the authorization corresponds to 10 percent of the shares of the Company as currently registered. In accordance with the authorization, the Board of Directors may deviate from the shareholders' pre-emptive rights to subscribe for Company shares.

Authorizations are effective only for a maximum duration of one year from the date of the Annual General Meeting.

The Board of Directors of Kemira GrowHow Oyj has no authorization to issue convertible bonds or warrants or options.

Share-based Incentive Plan

Kemira GrowHow's Board of Directors decided on 19 December 2006 to adopt a new share-based incentive plan which is based on three performance periods: 2007, 2008 and 2009. The criteria for reward payments are based on the Group's key ratios earnings per share (EPS) and Economic Profit (EP). The possible reward for all performance periods shall be paid as a combination of shares and a cash payment by the end of April 2010. The cash payment will be 1.5 times the value of the shares. The maximum reward per person to be paid for each performance period is limited and will not be more than 12.5 times the monthly gross salary of the person in question at the time when the Board of Directors decides on the final allocated number of shares for the reward period. In order to be entitled to receive the shares and the cash payment, the persons have to be employed by Kemira GrowHow Group at the time the payment takes place. The persons included in the plan must keep any shares that they may have earned up to the worth of their annual salary for as long as they remain employed by the Group. The total number of key persons included in the plan for the 2007 performance period is 52.

More information of the share-based incentive plan is given in Note 29 to the consolidated financial statements.

Information in Accordance with the Ordinance 480/2006 of the Ministry of Finance of Finland

Information concerning Kemira GrowHow Oyj's shares and authorizations of the Board of Directors as required by the Ordinance 480/2006 are given in the consolidated financial statements in the section "Shares and shareholders".

Material agreements in which Kemira GrowHow is a party and which will take effect or can change if a change of control takes place are described in this Board of Directors' Review in the section "Financial risk management and financing with special conditions".

Agreements between Kemira GrowHow and members of the Board of Directors and CEO concerning the remuneration to be paid if their employment ceases are disclosed in Note 7 to the consolidated financial statements.

According to the Articles of Association of Kemira GrowHow, the General Meeting of Shareholders elects the Board of Directors as well as the Chairman and the Vice Chairman of the Board. The term of office of the Board members ends at the conclusion of the next Annual General Meeting of Shareholders. The Board of Directors nominates and dismisses the CEO and Deputy CEO.

In accordance with the Companies' Act, any amendments to the Articles of Association are to be decided by the General Meeting of Shareholders. Kemira GrowHow Oyj's Articles of Association do not include any specific regulations concerning amendments to the Articles of Association.

Parent Company Financial Statements

The parent company of Kemira GrowHow Group, Kemira GrowHow Oyj, prepares its separate financial statements in accordance with Finnish Accounting Standards (FAS). Kemira GrowHow Oyj applies the same accounting principles as Kemira GrowHow Group in its separate financial statements to the extent it is possible within the framework of Finnish accounting practice. The main differences in the accounting principles employed in Kemira GrowHow Oyj's separate financial statements and Kemira GrowHow Group's consolidated financial statements are presented in the notes to the parent company financial statements.

Parent company net sales in 2006 were EUR 409.0 (436.0) million and operating profit was EUR 22.9 (29.1) million. Net financial expenses were EUR -6.0 (-27.9) million in 2006. Net financial expenses included EUR -5.8 (-25.8) million impairment losses of non-current investments. Result before extraordinary items, change in untaxed reserves and taxes was EUR 16.9 (1.2) million, and the result for the financial year was EUR 15.0 (-7.0) million.

EUR million	2006	2005	2004
Net sales	409.0	436.0	427.8
Operating profit	22.9	29.1	27.3
Operating profit, as percentage of net sales	5.6	6.7	6.4
Net result	15.0	-7.0	-40.9
Return on equity, %	3.7	-1.0	-12.2
Equity ratio, %	44.8	50.4	55.6

Personnel key ratios	2006	2005	2004
Number of personnel, 31 December	631	658	680
Number of personnel, average	652	689	715
Salaries and wages, EUR million	29.3	30.9	30.4

Kemira GrowHow Oyj has no branch offices.

Other Material Events during the Financial Year

In October 2006 Kemira GrowHow Oyj and Terra Industries Inc. entered into a Memorandum of Understanding which sets out their agreement to create a joint venture to operate the fertilizer and associated process chemicals businesses of both companies in the United Kingdom. The joint venture would be held 50/50 by Kemira GrowHow and Terra and would own and operate the site of Kemira GrowHow UK Limited at Ince and the sites of Terra Nitrogen (UK) Limited in Teesside and Severnside. Both companies produce ammonium nitrate, which is the main nitrogen fertilizer consumed in the UK, and Kemira GrowHow produces also compound fertilizers. The proposed joint venture would therefore provide a complete fertilizer offering for agricultural customers. Through the proposed joint venture, Kemira GrowHow and Terra expect to create significant cost and operational synergies that would enhance their ability to service and compete in increasingly challenging markets. The Memorandum of Understanding is subject, inter alia, to clearance from the UK competition authorities, negotiation of definite documents and lender consent.

Events after the Balance Sheet Date

The Office of Fair Trading in the UK (OFT) referred the planned joint venture between Kemira GrowHow and Terra Industries to the Competition Commission (UK) in January 2007.

One of the three nitric acid factories of Kemira GrowHow's plant in Tertre, Belgium, suffered a fire in early February. There were no human injuries or environmental damages. According to preliminary estimates, the production interruptions in the nitric acid plant will last approximately 10 weeks. Also fertilizer production at the plant will be reduced during the shut-down. The nitric acid plant is insured for property damage and business interruptions.

Market Overview

In 2006, fertilizer deliveries of European fertilizer producers in Europe fell nearly 6 percent from the previous year. Global fertilizer consumption is expected to increase by over 4 percent during the 2006/07 season. In the longer term, average annual growth in global consumption is expected to remain at about 2 percent. The decline in consumption in Western Europe is compensated for by increasing consumption in Eastern Europe. Consumption of nitrogen, one of the main nutrients, is even projected to increase in the European Union. Global nitrogen fertilizer production capacity is estimated to increase during the next five years, but European fertilizer supply is decreasing as the Greek company PFI has closed AN and NPK production capacity and the French company Grande Paroisse announced the closure of its NPK plants. In addition, the Norwegian company Yara has announced that it will stop fertilizer production at its plant in Sweden and switch to production of technical ammonium nitrate. These closures are estimated to reduce NPK capacity in Western Europe by approximately 15 percent.

As a result of the reform of the common agricultural policy of the European Union, farm subsidies were mostly decoupled from production. The full long-term impact of these reforms is still difficult to assess, but they may reduce fertilizer consumption. These reforms and high fertilizer prices were a partial cause for the decline of fertilizer consumption during the season of 2005/06. On the other hand, the expanding cultivation of energy crops is assumed to increase fertilizer use. The European Commission forecasts that farm income in EU will grow at an average annual rate of 1-2 percent.

Global cereal stocks continue to be the main driver of the fertilizer market. According to the FAO global cereal production in 2005 was 1 percent lower than in 2004, and in 2006 it is estimated to have decreased further by almost 3 percent. In the European Union, cereal production dropped by more than 10 percent in 2005 compared with 2004, mainly due to drought. In 2006 cereal production in the European Union is estimated to have declined further by 4 percent.

The European Union has maintained the obligatory set aside agricultural area at 10 percent for the season of 2006/07. However, increasing energy crop cultivation might reduce the area to be set aside.

The recovery of world meat production, the surge in bioethanol production in the United States and the currently prevailing rather favourable global economic conditions are expected to result in continuous growth in global cereal demand. Cereal stocks are at a historically low level and they are estimated to further decrease by 14 percent to their lowest level in 25 years.

Global market prices for straight fertilizers and their raw materials, such as urea, ammonia, diammonium phosphate and potash, remained at a high level until late spring. During the summer the prices of urea and ammonia decreased slightly, but they strengthened again during the autumn and winter decreasing the pressure of fertilizer imports from outside of Europe.

The prices of wheat and other cereals increased strongly during 2006, although the trend in cereal futures anticipates some stabilization. High cereal prices improve the farmers' financial situation. Improving cereal prices have historically increased fertilizer consumption.

During the winter of 2005/06 the price of natural gas was very high and exceptionally volatile. This resulted partly from bottlenecks in gas transport capacity, production problems in the North Sea gas fields and technical problems in gas storages. There were also geographical differences in the gas markets, with gas being most expensive in the United Kingdom, Belgium and Northern France. During the spring and summer gas prices returned closer to the normal seasonal level and geographical price differences evened out. During the autumn and early winter a number of new gas pipelines connecting the United Kingdom to the Dutch gas network and to a new gas field in the North Sea were completed. This has decreased gas futures and is expected to improve the effectiveness of gas markets. Furthermore, the European Union has boosted its activities to open up European gas markets in order to guarantee better functionality of the markets.

The feed phosphate market in Europe has remained stable. The supply-demand balance of phosphoric acid is anticipated to remain well in balance in the near future.

Current Outlook

Fertilizer demand is expected to grow during the first half of 2007 and to be higher than during the corresponding period of 2006. Fertilizer prices are expected to remain at a high level during the first half of 2007 at the same time as the price of the most important raw material, natural gas, is estimated to be clearly lower than in 2006.

The operations of the Industrial Solutions business unit are expected to continue to develop favourably.

Kemira GrowHow's operating profit for 2007, non-recurring items excluded, is estimated to improve clearly from 2006.

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

Changes in Presentation of Financial Statements and New Standards

In the second quarter of 2006, Kemira GrowHow changed the way of presenting currency and commodity derivatives in the income statement. Kemira GrowHow has also changed the way of recognizing net sales, other income and expenses of the ammonia business. In addition, 31 December 2004 balance sheet was adjusted with a defined benefit medical plan obligation.

Explanation of the changes and the effects of the changes to the previously published figures are presented in Note 31 to the consolidated financial statements.

The new and amended IFRS standards and interpretations applied by Kemira GrowHow are presented in Note 1 to the consolidated financial statements, "Summary of significant accounting policies".

Auditing

Quarterly information presented in this Board of Directors' Review is unaudited.

Consolidated Financial Statements

Consolidated Income Statement

EUR million, Financial year ended 31 December	Note	2006	2005
Net sales		**1,166.2**	**1,258.2**
Other operating income	5	29.6	19.3
Changes in inventories of finished goods and work in process		25.8	37.0
Own work capitalized		0.8	1.6
Materials	6	-707.7	-763.7
Personnel expenses	7	-135.7	-143.1
Other operating expenses	6	-317.5	-314.5
Fair value changes of currency derivatives, net	25	0.8	-2.2
Fair value changes of commodity derivatives, net	25	-6.9	0.3
Depreciation, amortization and impairment charges	10	-44.4	-47.7
Operating profit		**11.1**	**45.3**
Share of results of joint ventures	8	0.2	-1.1
Share of results of associated companies	8	-0.1	-0.2
Financial income	8	1.5	2.7
Financial expenses	8	-12.4	-12.1
Profit before income taxes		**0.3**	**34.6**
Income tax expense	9	-6.8	-2.9
Profit / loss for the period		**-6.5**	**31.8**
Attributable to minority interest		1.3	0.0
Attributable to equity holders of the parent company		**-7.8**	**31.8**
Total		-6.5	31.8
Earnings per share, EUR	18	**-0.14**	**0.56**

Consolidated Balance Sheet

EUR million, at 31 December	Note	2006	2005
Assets			
Non-current assets			
Goodwill	12	5.4	5.5
Intangible assets	12	9.5	12.0
Property, plant and equipment	11	306.4	318.1
Biological assets	11	0.2	0.2
Holdings in joint ventures	14	17.8	9.4
Holdings in associated companies	13	2.6	1.4
Available-for-sale shares	15	15.3	0.9
Other investments	15	4.5	4.7
Deferred tax assets	9	33.1	30.9
Defined benefit pension assets	20	19.1	20.8
Total non-current assets		**414.0**	**403.8**
Current assets			
Inventories	16	211.5	197.7
Tax receivables	9	0.6	0.7
Receivables			
Interest-bearing receivables	17	3.2	46.6
Trade receivables and other interest-free receivables	17	195.6	189.6
Cash and cash equivalents			
Current investments		3.3	41.2
Cash and bank		16.7	15.8
Total current assets		**430.8**	**491.6**
Total assets		**844.7**	**895.4**
Equity and liabilities			
Equity			
Share capital		156.0	156.0
Share premium account		8.5	8.5
Other reserves		0.5	0.5
Other non-restricted equity		142.2	154.4
Treasury shares		-11.0	-1.7
Hedging reserve		1.5	0.1
Fair value reserve		-	-
Retained earnings and translation differences		20.3	-8.7
Net result attributable to equity holders of the parent company		-7.8	31.8
Attributable to equity holders of the parent company		**310.1**	**340.9**
Minority interest		2.2	1.0
Total equity		**312.2**	**341.9**
Non-current liabilities			
Non-current interest-bearing liabilities	21	103.9	114.6
Non-current interest-free liabilities	23	0.3	1.5
Provisions	22	2.7	2.7
Deferred tax liabilities	9	15.9	16.8
Defined benefit pension and other long-term employee benefit liabilities	20	96.3	95.8
Total non-current liabilities		**219.2**	**231.4**
Current liabilities			
Current interest-bearing liabilities	21	102.0	107.3
Provisions	22	5.4	4.5
Accounts payable and other current interest-free liabilities	23	199.6	210.1
Income tax payables	9	6.3	0.3
Total current liabilities		**313.3**	**322.1**
Total liabilities		**532.5**	**553.5**
Total equity and liabilities		**844.7**	**895.4**

Statement of Changes in Equity

EUR million	Share capital	Share premium account	Other reserves	Other non-restricted equity	Hedging reserve	Fair value reserve	Treasury shares	Retained earnings	Cumulative translation difference	Attributable to equity holders of the parent company	Minority interest	Total equity
Equity 1 January 2005, as published	**156.0**	**8.5**	**0.6**	**154.4**	**-0.2**	**-**	**-**	**9.1**	**-0.3**	**328.1**	**0.9**	**328.9**
Effect of restatement	-	-	-	-	-	-	-	-0.5	-	-0.5	-	-0.5
Equity 1 January 2005, restated	**156.0**	**8.5**	**0.6**	**154.4**	**-0.2**	**-**	**-**	**8.6**	**-0.3**	**327.6**	**0.9**	**328.4**
Translation differences	-	-	-	-	-	-	-	-	0.2	0.2	-	0.2
Hedging of net investment in foreign entity	-	-	-	-	-	-	-	-	-0.2	-0.2	-	-0.2
Cash flow hedges, recognized in equity	-	-	-	-	-0.2	-	-	-	-	-0.2	-	-0.2
Cash flow hedges, transferred in income statement	-	-	-	-	0.6	-	-	-	-	0.6	-	0.6
Acquisition of treasury shares	-	-	-	-	-	-	-1.7	-	-	-1.7	-	-1.7
Changes in minority interest	-	-	-	-	-	-	-	-	-	-	0.2	0.2
Translation differences of divested subsidiaries	-	-	-	-	-	-	-	0.0	0.0	-	-	-
Other changes	-	-	0.0	-	-	-	-	0.0	-	0.0	-	0.0
Tax effect of net income recognized directly in equity	-	-	-	-	-0.1	-	-	-	0.0	-0.1	-	-0.1
Net income recognized directly in equity	**-**	**-**	**0.0**	**-**	**0.3**	**-**	**-1.7**	**0.0**	**0.1**	**-1.3**	**0.2**	**-1.2**
Share-based incentive plan	-	-	-	-	-	-	-	0.1	-	0.1	-	0.1
Share-based incentive plan, tax effect	-	-	-	-	-	-	-	0.0	-	0.0	-	0.0
Net profit for the period	-	-	-	-	-	-	-	31.8	-	31.8	0.0	31.8
Recognized income and expense for the period	**-**	**-**	**0.0**	**-**	**0.3**	**-**	**-1.7**	**31.9**	**0.1**	**30.5**	**0.2**	**30.7**
Dividends paid	-	-	-	-	-	-	-	-17.2	-	-17.2	-0.1	-17.3
Equity 31 December 2005	**156.0**	**8.5**	**0.5**	**154.4**	**0.1**	**-**	**-1.7**	**23.3**	**-0.2**	**340.9**	**1.0**	**341.9**
Translation differences	-	-	-	-	-	-	-	-	0.0	0.0	0.0	0.0
Hedging of net investment in foreign entity	-	-	-	-	-	-	-	-	0.3	0.3	-	0.3
Cash flow hedges, recognized in equity	-	-	-	-	1.8	-	-	-	-	1.8	-	1.8
Cash flow hedges, transferred in income statement	-	-	-	-	0.1	-	-	-	-	0.1	-	0.1
Available-for-sale shares, change in fair values	-	-	-	-	-	0.1	-	-	-	0.1	-	0.1
Available-for-sale shares, transfer to income statement	-	-	-	-	-	-0.1	-	-	-	-0.1	-	-0.1
Acquisition of treasury shares	-	-	-	-	-	-	-9.4	-	-	-9.4	-	-9.4
Changes in minority interest	-	-	-	-	-	-	-	-	-	-	0.0	0.0
Divested subsidiaries	-	-	0.0	-	-	-	-	0.0	-	-	-	-
Share of changes recognized directly in associates' and joint ventures' equity	-	-	-	-	-	-	-	1.1	-	1.1	-	1.1
Other changes	-	-	0.0	-	-	-	-	0.0	-	0.0	-	0.0
Tax effect of net income recognized directly in equity	-	-	-	-	-0.5	-	-	-	0.1	-0.4	-	-0.4
Net income recognized directly in equity	**-**	**-**	**0.0**	**-**	**1.4**	**-**	**-9.4**	**1.1**	**0.4**	**-6.5**	**0.0**	**-6.5**
Share-based incentive plan	-	-	-	-	-	-	-	0.1	-	0.1	-	0.1
Share-based incentive plan, tax effect	-	-	-	-	-	-	-	0.0	-	0.0	-	0.0
Net profit / loss for the period	-	-	-	-	-	-	-	-7.8	-	-7.8	1.3	-6.5
Recognized income and expense for the period	**-**	**-**	**0.0**	**-**	**1.4**	**-**	**-9.4**	**-6.6**	**0.4**	**-14.2**	**1.3**	**-12.9**
Dividends paid	-	-	-	-12.2	-	-	-	-4.4	-	-16.6	-0.1	-16.7
Equity 31 December 2006	**156.0**	**8.5**	**0.5**	**142.2**	**1.5**	**-**	**-11.0**	**12.3**	**0.1**	**310.1**	**2.2**	**312.2**

Parent company distributable equity (FAS)

EUR million	**2006**	**2005**
Other non-restricted equity	142.2	154.4
Retained earnings	-	11.4
Fair value reserve	-	-
Treasury shares	-11.0	-1.7
Net profit / loss for the period	15.0	-7.0
Total	**146.1**	**157.1**

Consolidated Cash Flow Statement

EUR million, Financial year ended 31 December	**2006**	**2005**
Cash flows from operating activities		
Net result attributable to equity holders of the parent company	-7.8	31.8
Adjustments to net result attributable to equity holders of the parent company [1]	5.5	9.6
Depreciation, amortization and impairment	44.4	47.7
Interest received	0.9	2.3
Interest paid	-9.2	-8.0
Dividends received	0.3	0.6
Other financing items	-1.5	-1.9
Income taxes paid	-3.7	-1.1
Total funds from operations	**28.9**	**80.9**
Change in net working capital		
Change in inventories	-13.1	-47.9
Change in current receivables	-11.8	5.9
Change in interest-free current liabilities	-0.2	30.6
Change in net working capital, total	**-25.1**	**-11.5**
Net cash flow from operating activities	**3.7**	**69.4**
Cash flows from investing activities		
Acquisition of subsidiaries net of cash acquired	-0.8	-2.6
Acquisition of associated companies and joint ventures	-3.4	-
Acquisition of available-for-sale shares	-14.6	0.0
Capital expenditure in tangible and intangible assets	-46.2	-48.0
Proceeds from disposal of subsidiary shares	5.6	-
Proceeds from disposal of shares in associated companies	0.0	-
Proceeds from disposal of available-for-sale shares	0.2	-
Proceeds from sale of tangible and intangible assets	19.4	3.4
Net cash used in investing activities	**-39.9**	**-47.1**
Cash flow before financing	**-36.1**	**22.3**
Cash flows from financing activities		
Change in non-current loans (increase +, decrease -)	-37.5	-36.3
Change in non-current loan receivables (decrease +, increase -)	-1.8	0.3
Short-term financing, net (increase +, decrease -)	65.3	12.9
Treasury shares	-11.0	-
Dividends paid	-16.7	-17.3
Other financing	0.4	-2.3
Net cash used in financing activities	**-1.3**	**-42.8**
Net increase (- decrease) in cash and cash equivalents	**-37.5**	**-20.5**
Effect of exchange rate fluctuations	**0.5**	**1.5**
Cash and cash equivalents at end of period	20.0	57.0
Cash and cash equivalents at beginning of period	57.0	76.0
Net increase (- decrease) in cash and cash equivalents	**-37.0**	**-19.0**

(1 Non-cash flow items included in net result attributable to equity holders of the parent company (e.g. gains/losses on the sale of non-current assets).

The above figures cannot be directly delivered from the balance sheets.

Supplemental cash flow information

EUR million, Financial year ended 31 December	2006	2005
Acquisition of subsidiaries		
Purchase consideration on acquisitions	-	0.5
Cash and cash equivalents in acquired companies	-	-0.3
	-	0.2
Non-cash transactions		
Part of the purchase price paid in the previous year	-	-
Unpaid part of the purchase price recorded in liabilities	-	-
Previously owned shares	-	0.0
Total non-cash transactions	**-**	**0.0**
Purchase price of acquisitions made in previous years	0.8	2.4
Cash flow on acquisitions net of cash acquired	**0.8**	**2.6**
Acquired net assets		
Net working capital	-	0.0
Property, plant, equipment, intangible assets and shares	-	0.1
Goodwill	-	0.1
Income tax receivables / payables	-	-
Interest-bearing liabilities	-	-
Deferred taxes (net)	-	-
Minority share of net assets	-	0.0
Total net assets of acquired subsidiaries	**-**	**0.2**
Part of the purchase price paid in the previous year	-	-
Unpaid part of the purchase price recorded in liabilities	-	-
Non-cash transaction / previously owned shares	-	0.0
Purchase price of acquisitions made in previous years	0.8	2.4
Cash flow on acquisitions net of cash acquired	**0.8**	**2.6**
Disposal of subsidiaries		
Cash flow on disposals	0.3	5.5
Costs related to disposal	-	-0.1
Cash and cash equivalents in disposed companies	0.0	-1.6
	0.3	3.8
Money received from the previous years disposals of group companies	5.3	-
Money not yet received / paid, net of sales price recorded in receivables and costs of disposals recorded in liabilities	-	-5.4
Cash and cash equivalents of sold companies presented in cash flow in other financing	-	1.6
Total cash flow on disposals of subsidiaries	**5.6**	**-**
Net assets disposed		
Net working capital	0.0	24.1
Property, plant, equipment, intangible assets, shares and other long-term investments	0.2	3.8
Deferred taxes (net)	-	-
Income tax receivables / payables	-	0.0
Interest-bearing receivables less cash and cash equivalents	-	0.4
Interest-free receivables	-	0.1
Interest-bearing liabilities	-	-25.9
Other interest-free liabilities	-	-0.2
Total disposed net assets	**0.2**	**2.3**
Money received from the previous years disposals of group companies	5.3	-
Net gain on sale of net assets, net of costs of disposals	0.1	1.5
Money not yet received / paid, net of sales price recorded in receivables and costs of disposals recorded in liabilities	-	-5.4
Cash and cash equivalents of sold companies presented in cash flow in other financing	-	1.6
Total cash flow on disposals of subsidiaries	**5.6**	**0.0**

Per Share Data

		IFRS		Finnish Accounting Standards (FAS)	
	2006	**2005**	**2004**	**2004**	**2003**
Earnings per share, EUR	-0.14	0.56	0.72	0.58	-0.14
Earnings per share, Continuing Operations, EUR	-0.14	0.56	0.72	0.58	0.27
Cash flow from operations per share, EUR	0.07	1.21	1.59	1.58	0.46
Dividend per share, EUR (1	0.15	0.30	0.30	0.30	-
Dividend payout ratio, % (1	-106.4	53.9	41.7	51.3	-
Dividend yield (1	2.2	5.0	5.3	5.3	-
Equity attributable to equity holders of the parent company per share, EUR	5.60	5.99	5.73	6.48	3.19
Price per earnings per share (P/E) ratio	-48.14	10.75	7.82	9.63	-
Price per equity attributable to equity holders of the parent company per share	1.21	1.00	0.98	0.87	-
Price per cash flow per share	101.17	4.93	3.54	3.57	-
Dividend paid, EUR million (1	8.6	16.6	17.2	17.2	-
Number of shares at the end of the year, treasury shares excluded	55,348,157	56,930,957	57,208,857	57,208,857	57,208,857
Weighted average number of shares, treasury shares excluded	55,519,098	57,207,225	57,208,857	57,208,857	57,208,857

Share price and turnover	**2006**	**2005**	**2004**		**2003**
Share price, year high, EUR	6.82	8.00	5.74		-
Share price, year low, EUR	4.11	5.48	5.22		-
Share price, year average, EUR	5.59	6.36	5.38		-
Share price, end of year, EUR	6.79	5.98	5.63		-
Number of shares traded (1,000)	56,797	78,663	43,053		-
% of average number of shares	102	138	75		-
Market capitalization, end of year, EUR million	375.8	340.4	322.1		-

(1 The 2006 dividend is the Board of Directors' proposal to the Annual General Meeting.

Per share data of 2004 and 2003 is calculated based on the total number of shares, 57,208,857, after the share split registered on 16 September 2004.

Financial Ratios

	IFRS			Finnish Accounting Standards (FAS)		
Income statement and profitability	2006	2005	2004	2004	2003	2002 (* Pro forma
Net sales, EUR million	1,166.2	1,258.2	1,202.2	1,155.4	1,205.4	1,165.2
Operating profit, EUR million	11.1	45.3	60.9	52.6	24.8	-31.7 (**
% of net sales	1.0	3.6	5.1	4.6	2.1	-2.7
Share of joint ventures' and associates' net result	0.1	-1.3	0.3	0.4	-8.5	-2.6
Other financial income and expenses (net), EUR million	-11.0	-9.3	-12.9	-12.8	-19.4	-21.0
% of net sales	-0.9	-0.7	-1.1	-1.1	-1.6	-1.8
Interest cover	5.1	9.9	8.4	8.0	3.9	5.0
Profit before income taxes (IFRS) / Profit before extraordinary items (FAS), EUR million	0.3	34.6	48.3	40.2	-3.1	-55.3
% of net sales	0.0	2.8	4.0	3.5	-0.3	-4.7
Extraordinary items (group contributions to / from Kemira Group)	-	-	-	-	20.4	-9.1
Profit before income taxes and minority interests, EUR million	0.3	34.6	48.3	40.2	17.3	-64.4
% of net sales	0.0	2.8	4.0	3.5	1.4	-5.5
Net profit / loss attributable to equity holders of the parent company, EUR million	-7.8	31.8	41.2	33.4	12.4	-57.8
% of net sales	-0.7	2.5	3.4	2.9	1.0	-5.0
Return on investment, %	2.4	8.3	11.3	9.2	3.1	-4.9
Return on equity, %	-2.0	9.5	17.4	11.8	-4.3	-33.0
Research and development expenses, EUR million	3.4	5.7	6.3	6.3	6.5	5.0
% of net sales	0.3	0.5	0.5	0.5	0.5	0.4
Gross capital expenditure, EUR million	66.3	61.9	76.9	76.7	52.7	61.5
% of net sales	5.7	4.9	6.4	6.6	4.4	5.3
Cash flow						
Cash flow from operations, EUR million	3.7	69.4	91.1	90.2	26.4	116.9
Cash flow from sale of property, plant and equipment, intangible assets, subsidiaries and associates, EUR million	25.2	3.4	31.8	32.2	2.2	9.9
Capital expenditure, EUR million	-65.1	-50.5	-71.1	-70.9	-52.7	-71.4
Cash flow after capital expenditure, EUR million	-36.1	22.3	51.8	51.6	-24.1	55.4
Cash flow return on investment, % (CFROI)	0.7	12.4	16.0	14.6	4.3	19.1
Balance sheet and solvency						
Fixed assets, EUR million (1	361.8	352.1	343.4	341.2	334.8	353.8
Non-current assets, EUR million	414.0	403.8	389.2	347.3	342.2	353.8
Equity attributable to equity holders of the parent company, EUR million	310.1	340.9	327.6	370.5	182.4	178.2
Equity (includes minority interest), EUR million	312.2	341.9	328.4	371.4	187.5	184.5
Liabilities, EUR million	532.5	553.5	517.4	435.2	655.5	655.0
Balance sheet total, EUR million	844.7	895.4	845.8	806.6	843.0	839.5
Invested capital, EUR million	518.1	563.7	558.6	601.1	632.6	594.5
Net liabilities, EUR million	185.9	164.9	154.1	153.3	414.8	387.2
Equity ratio, %	37.2	38.3	38.9	46.1	22.3	22.1
Gearing, %	59.5	48.2	46.9	41.3	221.2	210.0

(** includes EUR 78.2 million impairment loss

(* In June 2002 Kemira GrowHow's legal structure was reorganized in order for it to correspond to Kemira GrowHow's operational business structure. As part of this process the ownership of certain companies was transferred to Kemira GrowHow. In order to have comparable figures, the figures for the year 2002 have been presented here as if the business structure had been in force beginning as at 1 January 2001. Thus the figures for the year 2002 presented here do not correspond to figures in accordance with the legal structure at that time. Income taxes included in Kemira GrowHow's income statements for the year 2003 do not represent income taxes for the Kemira GrowHow Group's result. During 2003 Kemira GrowHow was a part of the Kemira Group, and group contributions were utilized to optimize the income taxes of the Finnish companies within Kemira Group. Because the income taxes included in the income statements for the year 2003 do not represent the income taxes for Kemira GrowHow's consolidated results, and because group contributions to Kemira Group have affected the equity of Kemira GrowHow Group, the per share data and certain financial key figures for the year 2003 are not considered representative of the Kemira GrowHow Group's results and financial position.

(1 Fixed assets = non-current assets - deferred tax assets - defined benefit pension assets

Personnel	2006	2005	2004	2003	2002 (* Pro forma
Personnel, average	2,589	2,865	3,015	3,133	2,928
In Finland	1,080	1,134	1,185	1,247	1,255
Personnel, at the end of the period	2,489	2,683	2,877	3,061	3,039
In Finland	1,043	1,083	1,110	1,198	1,243

Exchange rates

Key exchange rates (31 December)					
USD	1.31700	1.17970	1.36210	1.26300	1.04870
GBP	0.67150	0.68530	0.70505	0.70480	0.65050
PLN	3.83100	3.86000	4.08450	4.70190	4.02100
SEK	9.04040	9.38850	9.02060	9.08000	9.15280
HUF	251.76867	252.87008	245.97221	262.50164	236.28931
DKK	7.45600	7.46050	7.43880	7.44550	7.42880

Definitions of Key Ratios

Per share data

Earnings per share (EPS)

$$\frac{\text{Net result attributable to equity holders of the parent company}}{\text{Adjusted average number of shares}}$$

Cash flow from operations

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

Cash flow from operations per share

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

Dividend per share

$$\frac{\text{Dividends paid}}{\text{Adjusted number of issued shares at year end}}$$

Dividend payout ratio

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

Dividend yield

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

Equity attributable to equity holders of the parent company per share

$$\frac{\text{Equity attributable to equity holders of the parent company at year end}}{\text{Adjusted number of shares at year end}}$$

Average trading price

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

Price per earnings per share (P/E)

$$\frac{\text{Share price at year end}}{\text{Earnings per share (EPS)}}$$

Price per equity per share

$$\frac{\text{Share price at year end}}{\text{Equity attributable to equity holders of the parent company per share}}$$

Price per cash flow per share

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

Share turnover

The proportion of number of shares traded during the year to weighted average number of shares

Market capitalization

Number of shares at year end x share price at year end

Number of shares at year end

Number of issued shares - treasury shares

Financial ratios

Operating profit

Profit after depreciation, amortization and impairment

Net liabilities

Interest-bearing liabilities - cash and bank - current investments

Equity ratio, %

$$\frac{\text{Equity (Equity attributable to equity holders of the parent company + minority interest) x 100}}{\text{Balance sheet total - advance payments received}}$$

Gearing, %

$$\frac{\text{Net liabilities x 100}}{\text{Equity (Equity attributable to equity holders of the parent company + minority interest)}}$$

Interest cover

$$\frac{\text{Operating profit + depreciation and amortization and impairment}}{\text{Net financial expenses}}$$

Return on investments, % (ROI)

$$\frac{\text{Profit before taxes + interest expenses + other financial expenses x 100}}{\text{Balance sheet total - interest-free liabilities (average of 1 January and 31 December)}}$$

Return on equity, % (ROE)

$$\frac{\text{Profit before income taxes - income taxes x 100}}{\text{Equity (Equity attributable to equity holders of the parent company + minority interest) (average of 1 January and 31 December)}}$$

Cash flow return on investments (CFROI), %

$$\frac{\text{Cash flow from operations x 100}}{\text{Balance sheet total - interest-free liabilities (average of 1 January and 31 December)}}$$

Shares and Shareholders

Shares and voting rights

Kemira GrowHow Oyj has one class of shares. The number of outstanding shares is 57,208,857 (treasury shares are not excluded from the number of shares) and each share, with the exception of treasury shares, carries one vote at general meetings of shareholders. There are no restrictions as far as assigning shares is concerned. According to the Articles of Association, the share capital of Kemira GrowHow Oyj can be in the range of EUR 150 - 600 million. The share capital can be changed within these limits without amending the Articles of Association. At the end of 2006 and 2005, Kemira GrowHow Oyj's share capital amounted to EUR 155,973,000. The share has no nominal value. Kemira GrowHow's shares are registered in the book-entry securities system maintained by Finnish Central Securities Depository Ltd.

Share trading and listing of shares in year 2004

During 2006 the highest price of the Kemira GrowHow share was EUR 6.82 (in 2005 EUR 8.00) and the lowest price EUR 4.11 (5.48). The average volume-weighted share price was EUR 5.59 (6.36). At the end of the year 2006 the share price stood at EUR 6.79 (5.98). There are no more taxation values for the shares in the year 2006. The turnover of the share in Helsinki Stock Exchange in 2006 was 56,797,229 (78,663,396) shares and in euro terms EUR 319 (497) million. Number of shares traded was 102 percent (138 percent) of the average share stock. Market capitalization was at the end of 2006 approximately EUR 376 (340) million.

Trading of Kemira GrowHow Oyj's share began on the Pre List of the Helsinki Stock Exchange on 14 October 2004 and on the Main List on 18 October 2004 after Kemira Oyj had distributed to its shareholders Kemira GrowHow shares as an additional dividend and sold Kemira GrowHow shares in the offering. The selling price of the shares in the offering was EUR 5.25. In December 2004, the Finnish Central Tax Board issued a preliminary ruling on the acquisition cost of the Kemira GrowHow Oyj shares distributed as dividend. According to the preliminary ruling, the acquisition cost of Kemira GrowHow Oyj's share in the taxation of shareholders is deemed to be EUR 5.35, which is the weighted average price of the Kemira GrowHow Oyj share on the first quotation day, including the pre-opening trades.

Authorizations of the Board of Directors and treasury shares

The Board of Directors of Kemira GrowHow Oyj has no authorization to issue convertible bonds or warrants or options. The Annual General Meeting held on 4 April 2006 decided to authorize the Board of Directors to purchase and dispose of the Company's own shares. The authorization for share purchase covers, in addition to shares purchased based on the previous authorization, a maximum of 2,860,442 Company shares. Own shares held by the Company cannot exceed 10 percent of the total number of shares. The shares will be repurchased at market price in public trading at the time of the repurchase. The Annual General Meeting authorized the Board of Directors to dispose of a maximum of 4,721,142 Company shares repurchased by the Company. Authorizations are effective only for a maximum duration of one year from the date of the Annual General Meeting.

Kemira GrowHow Oyj repurchased its own shares during the first quarter of 2006 based on the authorization granted by the Annual General Meeting held on 6 April 2005. The shares were repurchased at market price through public trading on the Helsinki Stock Exchange. The number of own shares purchased during 2 - 10 January and 10 February - 24 March 2006 was 1,582,800 and the average price per share was EUR 5.92, amounting to EUR 9.4 million in total. The shares repurchased during the first quarter of 2006 represent approximately 2.77 percent of the share capital and votes in Kemira GrowHow Oyj. The repurchased shares have no material effect on the relative holdings of other shareholders of the Company or on their voting power. At 31 December 2006 Kemira GrowHow Oyj held 1,860,700 own shares, representing in total 3.25 percent of the share capital.

The Annual General Meeting also decided to authorize the Board of Directors to issue new shares. Through issuance of new shares, the share capital of the Company may be increased by a maximum of 5,720,885 shares, corresponding to an aggregate amount of appr. EUR 15.6 million. The amount covered by the authorization corresponds to 10 percent of the shares of the Company as currently registered. In accordance with the authorization, the Board of Directors may deviate from the shareholders' pre-emptive rights to subscribe for Company shares. Authorization is effective only for a maximum duration of one year from the date of the Annual General Meeting. The authorization has not been used.

Notifications as per Section 9 of Chapter 2 of the Securities Market Act

There were no notifications as per Section 9 of Chapter 2 of the Securities market Act in 2006.

State ownership

At the end of 2006, the Government of Finland held approximately 30.05 percent of the shares and voting rights in Kemira GrowHow Oyj. The Government of Finland may without a consent of the Finnish Parliament decrease the state ownership in Kemira GrowHow Oyj or dispose it in its entirety.

Dividend policy

Kemira GrowHow aims to distribute dividends representing about one-half of earnings per share on average over the business cycle. The Company's Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.15 per share, or about EUR 8.6 million, be paid for the 2006 financial year. This corresponds to a dividend payout of -106 percent of the net result attributable to equity holders of the parent company.

Insider rules

Kemira GrowHow Group has observed the insider regulations issued by the Helsinki Stock Exchange on 28 October 1999 and since 1 January 2006 the regulations issued in December 2005.

Share-based incentive plan and management's shareholding

Kemira GrowHow's share-based incentive plans aim to align the goals of the Company's shareholders and key executives in the Group in order to raise the value of the Company. The shares to be allocated based on the incentive plans may be in Kemira GrowHow's treasury or they may be purchased in public trading. Consequently, the share-based incentive plans have no dilution effect on the value of shares.

The terms and conditions of the share-based incentive plans are described in detail in Note 29 to the consolidated financial statements.

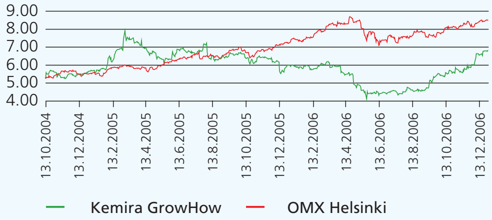
Directors' and Management Board's share ownership is presented in detail in Note 29.

Largest shareholders 31 December 2006

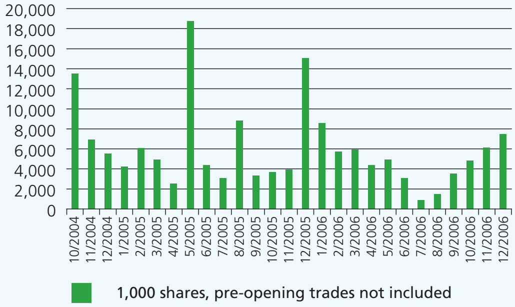
Shareholder	Number of shares 1,000 pcs	% of shares and votes
1 Ministry of Trade and Industry (Government of Finland)	17,188	30.05
2 Varma Mutual Pension Insurance Company	2,195	3.84
3 Kemira GrowHow Oyj	1,861	3.25
4 Op-Suomi Arvo Mutual Fund	1,489	2.60
5 Nordea Life Assurance Company Finland Ltd	1,296	2.27
6 Op-Eurooppa Arvo Mutual Fund	1,243	2.17
7 ABN AMRO Finland Mutual Fund	869	1.52
8 Finnish National Fund for Research and Development	533	0.93
9 Tapiola Mutual Pension Insurance Company	531	0.93
10 State Pension Fund	500	0.87
11 Odin Forvaltnings As	455	0.79
12 Neste Oil Pension Fund	401	0.70
13 Ilmarinen Mutual Pension Insurance Company	365	0.64
14 Arvo Finland Value Mutual Fund	350	0.61
15 ABN AMRO Optimal Mutual Fund	329	0.58
16 Norvestia plc	328	0.57
17 ABN AMRO Small Cap Finland Mutual Fund	322	0.56
18 Finanssi-Sampo Oy	300	0.52
19 Carnegie Osake Mutual Fund	230	0.40
20 eQ Pikkujättiläiset / eQ Rahastoyhtiö Oy	200	0.35
20 largest shareholders, total	30,985	54.16
Nominee-registered shares	12,586	22.00
Others, total	13,638	23.84
Total	57,209	100.00

Share Price

from selling price in the share offering



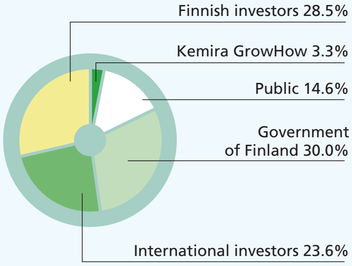
Monthly share turnover



Ownership distribution 31 December 2006

	Number of shareholders	% of share-holders	Shares	% of shares and votes
Kemira GrowHow Oyj	1	0.01	1,860,700	3.25
Corporations	533	3.29	2,460,778	4.30
Financial and insurance corporations	29	0.18	6,607,951	11.55
Public institutions	26	0.16	22,413,356	39.18
Non-profit institutions	173	1.07	2,004,696	3.50
Households	15,336	94.69	8,378,815	14.65
Foreign owners	86	0.53	896,475	1.57
Nominee-registered	12	0.07	12,586,086	22.00
Total	16,196	100.00	57,208,857	100.00

Ownership 31 December 2006



Shareholders by share ownership 31 December 2006

Number of shares	Number of shareholders	% of share-holders	Shares	% of shares and votes
1 - 100	5,988	36.97	282,090	0.49
101 - 500	6,509	40.19	1,694,269	2.96
501 - 5,000	3,334	20.59	4,669,728	8.16
5,001 - 100,000	324	2.00	5,671,310	9.91
100,001 - 500,000	20	0.12	5,100,221	8.92
500,001 -	9	0.06	27,205,153	47.55
Total	16,184	99.93	44,622,771	78.00
Nominee-registered	12	0.07	12,586,086	22.00
Total	16,196	100.00	57,208,857	100.00

NOTE 1 Summary of Significant Accounting Policies – Consolidated Financial Statements

Principal Activities

Kemira GrowHow Oyj is a public limited liability company organized under the laws of the Republic of Finland and domiciled in Helsinki and whose shares are publicly traded in the Nordic list of OMX in Mid Cap in Helsinki, Finland. Kemira GrowHow Oyj is the parent company of Kemira GrowHow Group and its registered office is at Mechelininkatu 1 a, 00180 Helsinki, Finland.

Kemira GrowHow is a leading European provider of fertilizer products for use in agriculture with a particular focus on customized fertilizing solutions. Kemira GrowHow Group's primary products include compound and nitrogen fertilizers, horticultural and specialty fertilizers, industrial chemicals for various industries, and animal nutrition products. The operations of Kemira GrowHow Group are organized in two strategic business units, Crop Cultivation and Industrial Solutions. These strategic business units are also Kemira GrowHow's business segments. Supporting activities include Corporate Centre.

Basis of Presentation

The consolidated financial statements of Kemira GrowHow Group are prepared in accordance with International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) and Interpretations issued by the International Financial Reporting Interpretations Committee (SIC and IFRIC). International Financial Reporting Standards are standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. The Notes to the Financial Statements are also in accordance with the Finnish Accounting Act and Ordinance and the Finnish Companies' Act.

Kemira GrowHow's date of transition to IFRS reporting was 1 January 2004. IFRS 1 was applied in the transition.

The consolidated financial statements include the financial statements of Kemira GrowHow Oyj and its subsidiaries. The functional and reporting currency of the parent company is euro, which is also the reporting currency of the consolidated financial statements. The financial year of Kemira GrowHow Group as well as of the parent company and group companies is the calendar year ending 31 December.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The figures in Kemira GrowHow's consolidated financial statements are mainly presented in EUR millions. Due to rounding differences the figures presented in tables do not necessarily add up to the totals of the tables.

Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

In addition, management uses judgement in applying the accounting principles and in choosing the applicable accounting policies, if IFRS allows alternative methods.

The most significant management estimates relate to impairment tests, which require use of estimates in the calculations. In impairment testing management estimates recoverable amount of an asset or a cash generating unit. Recoverable amount is the higher of fair value less costs to sell and value in use. When calculating value in use, management estimates the future cash flows as well as the discount rates used in discounting the cash flows. Discount rates reflect current market assessments of the time value of money at the time of impairment testing and the risks related to the tested assets. Estimated cash flows include assumptions of, among other things, future prices, production levels, costs and development of the markets. Impairment loss is recorded if the carrying amount exceeds recoverable amount.

In business combinations the net identifiable assets of the acquired companies are measured at fair value. In the case of a major acquisition, estimated fair values of tangible and intangible assets acquired in an acquisition and their estimated useful lives may have a significant effect on Kemira GrowHow's result and balance sheet.

Useful life of intangible and tangible assets is based on management's best estimate of the period the asset is expected to be available for use by Kemira GrowHow. The actual useful life can, however, differ from the expected useful life resulting in adjustment of annual depreciation or amortization of the asset or in recording of impairment loss.

Calculation of defined benefit pensions and other defined long-term employee benefits requires choosing certain assumptions which actuaries use in calculation of the obligations arising from defined benefit plans. These assumptions include, among other things, discount rates used in the measurement of plan assets and liabilities as well as other actuarial assumptions such as future salary increases and mortality rate. Actual results, which differ from the initial estimates and assumptions, are in most cases accumulated and amortized over future periods, when they have an effect on personnel expenses and recorded obligations.

Kemira GrowHow records remedial environmental expenditure caused by past operations as an expense. Based on environmental laws and regulations environmental provisions are recognized if it is probable, that an obligation has arisen and the amount of the obligation can be reliably estimated. Making precise estimates of environmental obligations is difficult, so the estimate of the amount of each obligation is based on the opinion of management and external consultants.

Measurement of inventories includes some management estimates. Inventories are measured at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value is used in testing the recoverable amount of inventories in order to avoid the inventories being carried in excess of amount expected to be realized from their sale or use.

Deferred tax liabilities and assets include management estimates, especially deferred tax assets arising from confirmed tax losses of group companies or from other temporary differences. Deferred tax assets are recognized for deductible temporary differences and tax losses to the extent that it is probable that taxable profit will be available against which tax credits and deductible temporary differences can be utilized. All tax liabilities and assets are reviewed at balance sheet date and adjusted if necessary.

Consolidation Principles

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

Joint ventures, in which the Group exercises control together with other parties, are accounted for using the equity method in the consolidated financial statements. Also associated companies, where the Group has a significant influence (holding normally 20 - 50%), are accounted for using the equity method. The Group's share of the joint ventures' and associated companies' net results for the financial year is presented as separate items in the consolidated income statement. The Group's interest in a joint venture or an associated company is carried in the balance sheet at an amount that reflects its share of the net assets of the joint venture or associated company together with goodwill on acquisition, if such goodwill exists. When the Group's share of losses exceeds the carrying amount of the joint venture or an associated company, the carrying amount is reduced to nil and recognition of further losses ceases unless the Group is committed to satisfy obligations of the joint venture or associated company by guarantees or otherwise.

Other shares (shares in companies in which Kemira GrowHow owns less than 20% of voting rights) are presented at the lower of cost or fair value in the balance sheet and dividends received from them are included in the income statement.

All inter-company transactions are eliminated as part of the consolidation process. Minority interests are presented separately in arriving at the net result attributable to equity holders of the parent company. They are also shown separately within equity. Unrealized gains arising from transactions with associated companies and joint ventures are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Goodwill

Acquisitions of subsidiaries are accounted for under the purchase method. Goodwill represents the excess of the acquisition cost over fair value of the assets less liabilities of the acquired company. Goodwill arising from the acquisition of foreign companies of acquisitions made after 1 January 2004 is treated as an asset of the foreign entity and translated at the closing rate. Goodwill arising from the acquisitions of foreign companies made before 1 January 2004 has been translated into euros at the foreign exchange rate prevailing on the acquisition date.

Acquisitions made after 1 January 2004 have been recorded in accordance with IFRS 3. Purchase consideration has been allocated to intangible assets, if they have met the recognition criteria stated in IAS 38 (Intangible Assets). Acquisitions made before 1 January 2004 have not been restated.

In accordance with IFRS 3 Business Combinations goodwill is not amortized. The carrying amount of goodwill is tested annually for impairment. The testing is made more frequently if there are indications of impairment of the goodwill. Any possible impairment loss is recorded immediately in the income statement.

Foreign Subsidiaries

In the consolidated financial statements, the income statements and cash flows 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 from translating the income statement and balance sheet using the different exchange rates is entered in equity in cumulative translation difference. Exchange differences arising from the translation of the net investments in foreign subsidiaries, joint ventures and associated companies in non-euro-area are also recorded directly in equity in cumulative translation difference. Kemira GrowHow applied the exemption allowed in IFRS 1 for recording of cumulative translation differences. In accordance with the exemption, the cumulative translation differences for all foreign operations were deemed to be zero on 1 January 2004.

On the disposal of all or part of a foreign subsidiary, a joint venture or an associate, the cumulative amount or proportionate share of the translation difference is recognized in the income statement in the same period in which the gain or loss on disposal is recognized.

Transactions in Foreign Currency

In their own day-to-day accounting the Group companies translate transactions in foreign currencies into their own reporting currency at the exchange rates 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 exchange rates 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 fair value changes of the currency derivatives which hedge sales or purchases and for which hedge accounting is not applied, are recorded immediately in the income statement as a separate item in other operating income and expenses.

Exchange rate gains and losses associated with financing are recorded as financial income and expenses.

Financial Assets and Liabilities

Financial assets and liabilities of Kemira GrowHow have been classified as financial assets and liabilities held for trading, loans and receivables and available-for-sale financial assets.

Kemira GrowHow has classified other shares as available-for-sale financial assets, which are measured at fair value. Kemira GrowHow records changes in fair value of available-for-sale assets into the fair value reserve in equity until the assets are disposed, at which time the cumulative gain or loss is recognized in the income statement. Certain unlisted equities for which fair values cannot be measured reliably are reported at cost less impairment. Trade date accounting is used in recognizing regular way purchases and sales of financial assets.

Derivatives, which do not meet hedge accounting criteria, are financial assets and liabilities held for trading and changes in the fair values of these derivative instruments are recognized immediately in the income statement.

Fair values of other financial assets and liabilities are assumed to approximate their carrying amounts because of their short maturities or because their fair values cannot be measured reliably.

Derivative Financial Instruments

Derivatives are recorded in the balance sheet at their fair values. Fair values of publicly traded derivatives are calculated based on quoted market rates at the balance sheet date. Interest rate swaps are valued by using discounted cash flow analyses. Fair values of forward foreign exchange contracts are determined using forward exchange market rates at the balance sheet date. Fair values of interest rate and currency options are calculated at the balance sheet date using market rates together with option pricing models. Commodity derivatives are recorded at market value at the balance sheet date.

Most of the Group's derivative transactions, while providing economic hedges, do not qualify for hedge accounting under IAS 39, and therefore changes in the fair values of these derivative instruments are recognized immediately in the income statement. Group companies mainly hedge their sales and purchases in foreign currency, in which the hedging instruments used are forward contracts mainly made with Group Treasury and to some extent with banks. These hedges are recognized in the income statement as a separate item in other operating income and expenses.

In addition to currency derivatives, the Group hedges some of its raw material purchases with commodity derivatives. Most of these derivatives do not qualify for hedge accounting under IAS 39. When hedge accounting is not applied the fair value changes of commodity derivatives are recognized immediately in the income statement as a separate item in other operating income and expenses. If the hedge accounting criteria are fulfilled, commodity derivatives are reported in accordance with IAS 39 hedge accounting principles. In that case the changes in fair value of the derivatives are recorded directly into the hedging reserve in equity. Ineffective part of the hedge is recognized immediately in the income statement. The cumulative gain or loss of the derivative deferred in equity is transferred to the income statement in the same period in which the hedged item affects the income statement.

The future cash flows arising from the interest rate payments of Kemira GrowHow's non-current liabilities are hedged with interest rate derivatives, and the hedge fulfills the hedge accounting criteria of IAS 39. Changes in the fair value of these derivatives, which are designated and qualifying as cash flow hedges and which are effective hedges, are recognized in the hedging reserve in equity. Ineffective part of the hedge is recognized immediately in the income statement. The cumulative gain or loss of the derivative deferred in equity is transferred to the income statement in the same period in which the hedged item affects the income statement.

Changes in the fair value of foreign currency derivatives designated as hedges of net investment in foreign entities, and which are effective hedges, are recorded in the equity in cumulative translation difference. Ineffective part of the hedge is recognized immediately in the income statement. Hedging of net investment in foreign entities includes hedging of subordinated loans given to the entities.

Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs.

Interest expenses are accrued for and recorded in the income statement for each period.

Accounts Receivable

Accounts receivable are carried at the original invoice amount less an estimate made for doubtful receivables. Estimate made for doubtful receivables is based on a periodic review of all outstanding amounts. Bad debts are written off when identified.

Factoring

The Group has used factoring in certain countries where it operates as a means to improve collectibility of trade receivables with long payment terms. The sold trade receivables are derecognized from the balance sheet only to the extent of which the risks and rewards of the ownership have been transferred.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and at bank and highly liquid investments with remaining maturities at the date of acquisition of three months or less. Bank overdrafts are included in current interest-bearing liabilities.

Revenue Recognition

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

Revenue is recognized in the income statement when the significant risks and rewards connected with the ownership of goods sold are transferred to the buyer. The Group net sales do not include long-term projects.

Income Taxes

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

Income taxes which relate to items recognized directly in equity are recognized in equity.

The Group's deferred tax liabilities and assets have been calculated for temporary differences, which have been obtained by comparing the carrying amount of each balance sheet item with their tax bases. Deferred tax assets are recognized for deductible temporary differences and tax losses to the extent that it is probable that taxable profit will be available, against which tax credits and deductible temporary differences can be utilized. In calculating deferred tax liabilities and assets, the tax rate used is the tax rate in force at the time of preparing the financial statements or which has been enacted by the balance sheet date.

Principal temporary differences arise from depreciation and amortization of property, plant and equipment and intangible assets, defined benefit pensions, recognition of net assets of acquired companies at fair value, valuation of available-for-sale assets and derivative instruments to fair value, inter-company inventory profits, untaxed reserves and confirmed tax losses.

Temporary differences for accumulated depreciation and untaxed reserves, mainly relevant only for Finnish and Swedish group companies, are recorded in equity and deferred tax liability in the consolidated balance sheet.

Pensions and Other Long-term Employee Benefits

The Group has various pension plans in accordance with the local conditions and practices in the countries where it operates. The pension plans are classified as defined contribution plans or defined benefit plans. The schemes are generally funded through payments to trustee-administered funds or to insurance companies as determined by actuarial calculations.

The contributions to defined contribution plans are charged to the income statement in the period to which the contributions relate.

The obligations for defined benefit pension plans have been calculated separately for each plan. Defined benefit pension liabilities or assets, which have arisen from the difference between the present value of pension obligations and the fair value of plan assets and unrecognized actuarial gains and losses, have been entered in the balance sheet.

The defined benefit pension obligation is measured as the present value of the estimated future cash flows using interest rates of government securities that have maturity terms approximating the terms of related liabilities.

For the defined benefit plans, pension costs are assessed using the projected unit credit method. Under this method the cost of providing pensions is charged to the income statement so as to spread over the service lives of employees.

As allowed by IFRS 1, the cumulative actuarial gains and losses from the defined benefit pension plans were recognized in the balance sheet at the date of transition 1 January 2004. The corridor method under IAS 19 is applied to actuarial gains and losses arising after the date of transition. Actuarial gains or losses outside the corridor are recognized in the income statement over the average remaining service lives of employees.

In addition to defined benefit pensions, Kemira GrowHow has other long-term employee benefits, such as long-service benefits and termination benefits, for which the timing of the payments is uncertain. These benefits are accounted for as post-employment benefits, and they are presented separately from defined benefit pensions. Actuarial gains and losses as well as past service costs of all these long-term employee benefits are recognized immediately.

Intangible Assets

Expenditures on acquired patents and licenses are stated at historical cost and amortized on a straight-line basis over expected useful lives, which usually vary between 3 - 10 years.

Acquired intangible assets recognized as assets separately from goodwill consist of customer related intangible assets and licenses, which are recorded at fair value at the time of the acquisition of the subsidiary.

Carbon dioxide emission right allowances recorded in the intangible assets are not amortized.

Research costs are 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 do not meet the above-mentioned capitalization requirements and are expensed for the year. Capitalized development costs are included in the item "Other capitalized expenditure" and amortized over their economic life, not exceeding, however, five years.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Assets from acquisition of a subsidiary are stated at their fair values at the date of the acquisition. Depreciation is recorded on a straight-line basis over expected useful lives. Land is not depreciated since it is deemed to have indefinite useful life.

The most common estimated useful lives are as follows:

Machinery and equipment	3 - 15 years
Buildings and constructions	25 years

Gain on the sale of property, plant and equipment is included in other operating income and loss in operating expenses. Interest expenses are not capitalized as part of the acquisition cost. The costs of major inspections or the overhaul of property, plant and equipment items, that occur at regular intervals and are identified as separate components, are capitalized and depreciated over their useful lives. Ordinary maintenance and repair charges are expensed as incurred.

Biological Assets

The Group has minor biological assets (forests), which are included in land and recognized and measured at their fair value separately from the land less estimated point-of-sale costs. Gain or loss from the change of fair value of biological assets is recognized in the income statement in the period in which it arises.

Non-current Assets Held for Sale

Non-current assets are classified as held for sale and shown separately in the balance sheet if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. In order to be classified as held for sale the asset must be available for immediate sale in its present condition and the sale must be highly probable. In addition, the sale should qualify for recognition of a complete sale within one year from the date of the classification.

An asset classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell and it is not depreciated.

IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) is not applied retrospectively if the valuations and other information required by the standard were not obtainable at the time the classification criteria were met.

Impairment of Assets

Annual impairment tests are performed during the fourth quarter of the year. Other assets of the Group are evaluated at each balance sheet date or at any other time, if events or circumstances indicate that the value of an asset has been impaired.

If there are indications of impairment, the asset's recoverable amount is estimated, based on the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognized in the income statement whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. If subsequently recording 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. For goodwill, a recognized impairment loss is not reversed.

Cash flow projections have been calculated on the basis of reasonable and supportable assumptions. They are based on the most recent financial plans and forecasts that have been approved by management. Estimated cash flows are used for a maximum of five years. Cash flow projections beyond the period covered by the most recent plans and forecasts are estimated by extrapolating the projections using a steady or declining growth rate. The discount rate is the weighted average cost of capital. It is a pre-tax rate and reflects current market assessments of the time value of money at the time of review and the risks related to the assets.

Government Grants

The most significant government grants are the carbon dioxide emission right allowances received for the Group's main production facilities. Kemira GrowHow applies so-called gross method in recognition and measurement of carbon dioxide emission right allowances. Both received emission right allowances and the obligation to deliver allowances equal to emissions made are measured initially at their fair value and recorded in the balance sheet.

If the obligation to deliver allowances equal to emissions made exceeds the received emission right allowances, this difference is recorded at fair value at the balance sheet date.

The received emission right allowances and the obligation to deliver emission allowances for the emissions made in the year are settled at the end of the financial year. Emission right allowances recorded in intangible assets are derecognized from the balance sheet when they are settled against the obligation or sold. Settling of the intangible assets with the obligation was made on the balance sheet date, when the emitted tons of carbon dioxide were known.

The emission right allowances received as government grant are recorded in other operating income and the obligation to deliver the emission right allowances in operating expenses. The received emission right allowances are recorded as an income at the same time as the obligation to deliver allowances equal to emissions is recorded as an expense.

Government grants received to acquire property, plant and equipment are reduced from the acquisition cost of the assets in question.

Accounting for Leases

Kemira GrowHow Group has entered into various operating leases, the payments under which are treated as rentals and charged to income statement over the lease term.

Leases of property, plant and equipment where Kemira GrowHow has substantially all the rewards and risks of ownership, are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are allocated between liability and finance charges. The rental obligations, net of finance charges, are included in interest-bearing liabilities, with the interest element taken to the income statement over the lease period. Property, plant and equipment acquired under finance lease contracts are depreciated over the shorter of the useful life of the asset or lease period.

IFRIC 4 Determining whether an Arrangement contains a Lease is applied to such agreements, which are not leases in legal form, but which in substance convey the right to use an asset for an agreed period of time in return for a payment. If an arrangement or part of it is determined to be a lease, it or part of it is classified as finance or operating lease and accounted for under the guidance in IAS 17 Leases.

Inventories

Inventories are reported at the lower of cost and net realisable value. Cost is determined on a first in first out (FIFO) basis, or alternatively, weighted average cost. Net realisable value is the amount which can be realized from the sale of the asset in the normal course of business, after allowing for the estimated costs of completion and the costs necessary to make the sale. The cost of finished goods and work in process includes allocated proportion of production overhead, but excludes interest expenses.

Provisions

A provision is recognized 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. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the time value of money is material, provisions are discounted.

Share-based Incentive Plan

The share-based incentive plan of Kemira GrowHow is a combination of shares and a cash payment. Kemira GrowHow has the option to settle the possible reward in cash in its entirety. The granted amount of the incentive plan, which will be settled in shares, is measured at fair value at grant date, and the cash-settled part of the plan is measured at fair value at the reporting date. The expenses arising from the incentive plan are recorded in the income statement during the vesting period. The cash-settled part of the incentive plan is recorded as a liability in the balance sheet and the part to be settled in shares is recorded in retained earnings in equity net of tax. Kemira GrowHow has made an accrual of the personnel costs arising from the share-based incentive plan to the extent it is liable to pay them.

Dividends

Dividends proposed by the Board of Directors are not recorded in the financial statements until they have been approved by the shareholders at the Annual General Meeting.

Treasury Shares

Treasury shares acquired by the Company and the related costs are presented as a deduction of equity.

Earnings per Share

Basic earnings per share is calculated by dividing the net result attributable to shareholders of the parent company by the weighted average number of shares in issue during the year, excluding shares purchased by the Group and held as treasury shares. Kemira GrowHow Oyj has no potential ordinary shares which would dilute earnings per share.

Changes in Presentation of Financial Statements

In the second quarter of 2006, Kemira GrowHow changed the way of presenting currency and commodity derivatives in the income statement.

Previously Kemira GrowHow's subsidiaries recorded fair value changes of those currency derivatives, which hedge expected future cash flows arising from commercial transactions, immediately as adjustments of net sales or purchases based on the nature of the hedged transaction. After the change, subsidiaries record fair value changes of the currency derivatives, which hedge expected future cash flows, separately within other operating income and expenses.

Group treasury hedges the Group's expected future net currency cash flows with currency derivatives, and previously all fair value changes of currency derivatives hedging net future cash flows were recorded immediately as financial items. After the change, the part of future net currency cash flow hedging which represents hedging of expected transactions, has been separated, and fair value changes of those hedges are recorded separately within other operating income and expenses. Fair value changes of currency derivatives which hedge currency denominated liabilities and assets, which are considered as financial items, are still recorded as financial items.

Also fair value changes of commodity derivatives, which were previously recorded as adjustments of net sales or purchases, are now recorded separately within other operating income and expenses.

These changes have changed the consolidated net sales, operating profit and financial items, but they had no effect on the consolidated result. The changes have changed cash flows from operating and financing activities.

The result of Kemira GrowHow's ammonia business has previously been recorded as adjustment of ammonia purchases, and net sales of ammonia business as well as all other income and expenses have been recorded as adjustment of purchases. However, the trading of ammonia has grown to be substantial enough to be recognized as a separate business. For this reason Kemira GrowHow has changed the way of recognizing ammonia business net sales, other income and expenses and records them currently in the income statement according to their nature as net sales, other income and expenses. These changes have no result effect.

Previous year information has been restated to reflect the current presentation method.

New Accounting Standards

The following new or revised or amended standards and interpretations have been applied from 1 January 2006:

- IFRIC 4 Determining Whether an Arrangement Contains a Lease
- IFRIC 8 Scope of IFRS 2
- IFRS 6 Exploration for and Evaluation of Mineral Resources (incl. amendment)
- Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates: Net Investment in a Foreign Operation
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Cash Flow Hedge Accounting of Forecast Intragroup Transactions
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Financial Guarantee Contracts

IFRS 6 Exploration for and Evaluation of Mineral Resources might have an impact on Kemira GrowHow's future financial statements if Kemira GrowHow decides to expand its mine in Siilinjärvi, Finland. Other new or amended standards or interpretations are not material for Kemira GrowHow Group.

The following new or amended standards and interpretations will be applied from 1 January 2007:

- IFRS 7 Financial Instruments: Disclosures
- Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures

- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 10 Interim Financial Reporting and Impairment
- IFRIC 11 IFRS 2 Group and Treasury Share Transactions

The new and amended standards will mainly have an effect on the disclosures of the consolidated financial statements.

Other new or amended standards or interpretations are not material for Kemira GrowHow Group.

The following new or amended standards and interpretations will be applied from 1 January 2009:

- IFRS 8 Operating Segments

Kemira GrowHow estimates that applying IFRS 8 standard has no material effect on the financial information of Kemira GrowHow.

NOTE 2 Management of Financial Risks

Management of financial risks at Kemira GrowHow is based on a treasury policy accepted by the Board of Directors of Kemira GrowHow Oyj. The policy outlines operating principles and sets limits for maximum open risk positions. The finance and treasury management of the Group is responsible for daily management of financial risks.

The aim of the financial risk management is to protect Kemira GrowHow from adverse movements in financial markets. The Group uses various derivative instruments to manage financial risks according to limits set by the treasury policy. Derivative instruments are used only for hedging purposes. Fair value changes of derivative instruments are mainly recognized immediately through income statement, but the Group has also some derivative contracts, which have been classified as cash flow hedges and which fulfill the criteria for hedge accounting. The fair value changes of those derivative instruments are recorded in equity and transferred to income statement when the cash flows of the hedged instruments affect the income statement.

Credit risk

Financial credit risk

Credit risk arises when the counterparty of a financial transaction cannot fulfill its obligations. Treasury credit risks are usually linked to money market investments and derivative contracts. The Group hedges credit risk of derivative instruments by accepting such counterparties which have an acceptable credit rating. According to treasury policy, counterparties must have a rating of A or better. The deputy CEO can grant an exception to this rule.

Credit risk linked to investing activity is managed by investing liquidity into such money market instruments, which have low risk and good liquidity in accordance with the policy accepted by the Board of Directors. The investment policy outlines the maximum amount and duration of investments by counterparty.

Commercial credit risk

According to the credit risk policy the subsidiaries have to monitor and report their credit risks on a continuous basis. Subsidiaries must have their own local credit risk policies, which have to be accepted by the management board of the subsidiary.

The Group's trade receivables are spread among numerous clients and into different geographical areas. Customers have credit limits, which are monitored systematically, and any deviations are reported to the management boards of the subsidiary as well as to the Group's finance and treasury management. The credit policy requires, that a credit risk of a new customer has to be investigated before any sales are done, and that the credit risk of existing customers is monitored continuously. Commercial credit risk is also minimized by the use of document payments such as Letters of Credit.

Liquidity risk

The Group has spread its funding into different sources in order to hedge itself from liquidity risk. The main funding sources are a EUR 150 million revolving credit facility and a EUR 300 million domestic commercial paper program. In addition, the Group has a bilateral bank loan and pension loans. Other funding sources are financial leasing arrangements and credit facilities with local house banks.

EUR 170 million of the committed credit facilities of the Group, whether drawn or undrawn, include covenants or other terms and conditions. These terms and conditions do not restrict the use of the respective credit facilities, but they can affect financing of the Group in the future or may require negotiations with the providers of funds. These credit facilities include also a condition, which allows the lenders to cancel the facilities and declare outstanding loans due and payable if there is a change of control in Kemira GrowHow Oyj.

In accordance with the policy accepted by the Board of Directors, the Group's liquidity is mainly invested into short-term commercial papers, which are tradable on the secondary market.

At the end of 2006 the liquidity of the Group was approximately EUR 20 million and unused committed credit facility was EUR 70 million. In total the Group had approximately EUR 90 million unused liquidity reserves (EUR 130 million at the end of 2005).

Market risk

Foreign exchange risk

The international nature of its operations exposes Kemira GrowHow to foreign exchange risk. This exchange rate risk arises when Group companies have net currency flows in other currencies than their home currency. The Group is also exposed to exchange risk when income statement and balance sheet items are translated into euros from other currencies.

Group companies are reporting their currency positions on a regular basis to finance and treasury management. Based on the currency positions of group companies, the Group's finance and treasury management calculates the total currency risk position of the Group and hedges it. In accordance with the treasury policy accepted by the Board of Directors, the hedge ratio of the Group's currency risk position should be between 30 - 100 percent. Kemira GrowHow has significant exposures in the following currencies: USD, GBP, PLN and THB.

Foreign currency flow risk is hedged using currency options and forwards. The fair value changes of these instruments are recognized as a separate item in other operating income and expenses. The fair value changes of hedges of currency denominated financial liabilities and assets, which are considered as financial items, are separated from the net currency flow hedge and recorded in the financial items in the income statement.

The forecast 12 month foreign currency risk position of Kemira GrowHow at the end of 2006 was as presented in the table below.

EUR million	USD	GBP	HUF	PLN	SEK	THB
Net currency position	-71	-103	9	30	-8	25
Hedges (open position)	15	30	2	15	4	0
Hedge ratio, %	21	29	22	50	50	0

A 10 percent change in the value of euro in relation to other currencies would affect Kemira GrowHow's currency risk position by EUR 12.3 million excluding the hedges, and EUR 9.1 million including the hedges.

From the beginning of 2007 Kemira GrowHow has hedged 50 percent of its currency risk position by an index option based on reported currency flow. The index will be monitored monthly, and if the annual average index shows that the option is in the money, the difference will be compensated to Kemira GrowHow.

In accordance with the treasury policy, the subsidiaries are not required to hedge their own exchange rate risks, but they are able to hedge themselves with the Group's finance and treasury management if they want to. In certain cases subsidiaries are allowed to hedge themselves with their local house banks.

Exchange risk arises from net investments made in foreign entities outside euro-area. This risk can be hedged by currency loans, forwards and options. The majority of the net investments in entities outside the euro-area are not hedged.

Interest rate risk

Kemira GrowHow measures interest rate risk by duration and sensitivity analysis. In accordance with the treasury policy, the duration of the loan portfolio can be between 6 and 24 months.

Kemira GrowHow's floating rate loans are exposed to cash flow interest rate risk, which the Group may hedge by swaps, options and forwards. At the end of 2006 the amount of loans converted to fixed rate was EUR 70 million. Open interest rate options amounted to EUR 10 million. These transactions mature in 2009.

Kemira GrowHow's interest-bearing debts are mainly managed by the Group's finance and treasury management. At the end of 2006 the duration of this loan portfolio was 15 months and the proportion of fixed rate loans was 34 (32) percent. A change of 1 percentage point in interest rate would have an impact of EUR 1.4 million on the Group's interest expenses on an annual basis.

Price risk

The most important raw material for nitrogen-based fertilizers is natural gas. Annual gas cost for Kemira GrowHow is approximately EUR 200 million. Kemira GrowHow has set up a team to manage price risk of gas purchases. The team is responsible for co-ordinating at Group level the gas purchases and hedging. The team started its work during the year 2006.

The hedging of gas price risk aims to secure the delivery of competitively priced gas to Kemira GrowHow's ammonia plants. Short-term price risk of gas is hedged mainly by fixing the price of gas by derivatives. Derivatives are also used to change the pricing basis to oil indexation. Kemira GrowHow's target is to have roughly 50 percent of gas purchases linked to oil indexes.

As Kemira GrowHow does not apply hedge accounting as defined in the IFRS standards to these contracts, changes in their market value are recognized in the income statement immediately, which can lead into significant result volatility as the contracts are mainly related to future years.

NOTE 3 Segment Information

The business segments of Kemira GrowHow are Crop Cultivation and Industrial Solutions. The business segments apply the same accounting principles as described in Note 1.

The Crop Cultivation business unit produces and markets a broad range of fertilizers and related services for agriculture, horticulture and home gardening in selected markets in Northern, Western and Eastern Europe and overseas. Kemira GrowHow is the market leader in Finland, the Baltic Region, Denmark, Northern Ireland and Belgium. It is a second to the market leader in the United Kingdom and the Netherlands. In addition, the business unit has a strong presence in Northern France and Northern Germany. Main overseas markets are in focused areas in Asia and in Africa.

Industrial Solutions business unit provides high-performance products and innovative solutions, such as feed phosphates and feed acidifiers for animal feed industry and a range of nitrogen-based chemicals and phosphoric acid to various other industries. The Industrial Solutions business unit is divided into phosphates business and process chemicals. The phosphates business is further divided into animal feed phosphates, animal feed acids and phosphoric acid businesses. The process chemicals business sells a variety of nitrogen-based intermediates to industrial customers.

The Industrial Solutions business unit has strong synergies with the Crop Cultivation business unit in production and sourcing. The Industrial Solutions business unit is a leading producer of inorganic feed phosphates offering the animal feed industry a wide selection of high quality feed minerals ranging from calcium phosphates to sodium and magnesium-containing products. These products for animal feed industry are sold in over 80 countries.

Kemira GrowHow follows the same commercial terms in transactions between segments as with third parties.

EUR million	2006	2005

Net sales by segment

Net sales		
Crop Cultivation		
External sales	894.3	1,009.7
Internal sales	0.9	2.8
Crop Cultivation total	**895.3**	**1,012.5**
Industrial Solutions		
External sales	271.9	248.5
Internal sales	37.1	43.4
Industrial Solutions total	**309.0**	**291.9**
Elimination of internal sales	-38.0	-46.2
Total net sales	**1,166.2**	**1,258.2**

Operating profit and share of joint ventures' and associates' result by segment

Share of joint ventures' and associates' result		
Crop Cultivation	0.1	-0.2
Industrial Solutions	0.0	-1.1
Business segments total	0.1	-1.3
Non-allocated	-	-
Total share of joint ventures' and associates' result	**0.1**	**-1.3**

Investment in joint ventures and associates		
Crop Cultivation	12.0	5.1
Industrial Solutions	8.5	5.7
Business segments total	20.4	10.8
Non-allocated	-	-
Total investment in joint ventures and associates	**20.4**	**10.8**

Property, plant and equipment and intangible assets, depreciation, amortization and impairment and capital expenditure by segment

Property, plant and equipment and intangible assets, incl. biological assets		
Crop Cultivation	227.3	239.7
Industrial Solutions	93.1	94.6
Business segments total	320.4	334.3
Corporate centre and other	1.1	1.5
Total property, plant and equipment and intangible assets	**321.5**	**335.8**

Depreciation and amortization by segment		
Crop Cultivation	33.2	34.4
Industrial Solutions	10.6	11.5
Business segments total	43.8	45.9
Corporate centre and other	0.4	0.4
Total depreciation and amortization	**44.2**	**46.3**

	2006	2005

Operating profit / loss by segment

Operating profit / loss		
Crop Cultivation	-0.4	30.9
Industrial Solutions	19.9	18.2
Business segments total	19.5	49.1
Corporate centre and other	-8.4	-3.9
Total operating profit / loss	**11.1**	**45.3**

Non-cash expenses included in operating profit (*		
Crop Cultivation	3.1	0.7
Industrial Solutions	0.3	0.5
Business segments total	3.4	1.2
Corporate centre and other	0.7	0.0
Total non-cash expenses	**4.1**	**1.2**

(* Excluding impairment.

Non-recurring items included in operating profit by segment (*		
Crop Cultivation	12.4	4.3
Industrial Solutions	0.4	0.3
Business segments total	12.7	4.6
Corporate centre and other	-3.1	0.0
Total non-recurring items	**9.6**	**4.6**

(* Impairment losses and reversals are included in non-recurring items.

Goodwill (included in intangible assets)		
Crop Cultivation	2.0	2.0
Industrial Solutions	3.5	3.5
Business segments total	5.5	5.5
Corporate centre and other	-	-
Total goodwill	**5.5**	**5.5**

Impairment losses of goodwill		
Crop Cultivation	-	-
Industrial Solutions	-	-
Business segments total	-	-
Corporate centre and other	-	-
Total impairment losses of goodwill	**-**	**-**

Impairment losses of tangible assets	2006	2005
Crop Cultivation	0.7	1.3
Industrial Solutions	-	-
Business segments total	0.7	1.3
Corporate centre and other	-	-
Total impairment losses	**0.7**	**1.3**

Reversals of impairment losses of tangible assets	2006	2005
Crop Cultivation	0.6	-
Industrial Solutions	-	-
Business segments total	0.6	-
Corporate centre and other	-	-
Total reversals of impairment losses	**0.6**	-

Capital expenditure in property, plant, equipment, intangible and biological assets		
Crop Cultivation	33.2	50.6
Industrial Solutions	12.0	11.3
Business segments total	45.3	61.9
Corporate centre and other	-	-
Total capital expenditure	**45.3**	**61.9**

Including intangible and tangible assets of acquired companies at the time of acquisition.

Gross capital expenditure by segment		
Crop Cultivation	51.2	50.6
Industrial Solutions	15.2	11.3
Business segments total	66.3	61.9
Corporate centre and other	-	-
Total gross capital expenditure	**66.3**	**61.9**

Assets and liabilities by segment and reconciliation to consolidated balance sheet

Assets		
Crop Cultivation	575.9	574.7
Industrial Solutions	193.6	181.5
Corporate centre and non-allocated	25.1	11.1
Intra-group eliminations	-6.7	-7.1
	787.9	760.3
Interest-bearing receivables	3.2	46.6
Current investments and cash and bank	20.0	57.0
Tax receivables	0.6	0.7
Deferred tax assets	33.1	30.9
Total assets	**844.7**	**895.4**

Liabilities		
Crop Cultivation	253.5	268.7
Industrial Solutions	55.6	46.8
Corporate centre and non-allocated	7.1	6.1
Intra-group eliminations	-11.9	-6.9
	304.3	314.6
Interest-bearing liabilities	205.9	221.8
Tax liabilities	6.3	0.3
Deferred tax liabilities	15.9	16.8
Total liabilities	**532.5**	**553.5**

Personnel

Number of personnel at the end of the year by segment		
Crop Cultivation	1,869	2,064
Industrial Solutions	601	600
Corporate centre	19	19
Total number of personnel	**2,489**	**2,683**

Number of personnel by location at the end of the period		
Finland	1,043	1,083
United Kingdom	400	442
Belgium	333	336
Baltic countries	154	181
Other EU-countries (*	290	349
Other Europe	109	144
South-Africa	123	109
Asia	37	39
Total number of personnel	**2,489**	**2,683**

(* EU member states at the end of the year

Net sales by geographical area

Net sales by country, % , by destination		
Finland	19	17
United Kingdom	16	17
Belgium	5	5
Other EU-countries (*	44	47
Other Europe	4	2
Asia	6	6
Africa	5	5
Other countries	1	1
Total	**100**	**100**

(* EU member states at the end of the year

Net sales by country by destination		
Finland	223.6	215.4
United Kingdom	185.7	207.9
Belgium	57.5	58.6
Other EU-countries (*	511.2	596.5
Other Europe	46.2	30.6
Asia	72.8	74.1
Africa	56.3	62.6
Other countries	13.1	12.4
Total	**1,166.2**	**1,258.2**

(* EU member states at the end of the year

Property, plant and equipment and intangible assets, depreciation, amortization and impairment and capital expenditure by location

Property, plant and equipment and intangible assets, incl. biological assets	2006	2005
Finland	150.3	158.6
United Kingdom	84.8	82.7
Belgium	55.1	60.0
Other EU-countries (*	26.4	29.6
Other Europe	3.6	3.1
Other countries	1.4	1.8
Total property, plant and equipment and intangible assets	**321.5**	**335.8**

(* EU member states at the end of the year

Goodwill (included in intangible assets)	2006	2005
Finland	4.2	4.2
United Kingdom	-	-
Belgium	-	-
Other EU-countries (*	-	-
Other Europe	1.2	1.3
Other countries	-	-
Total goodwill	**5.4**	**5.5**

(* EU member states at the end of the year

Depreciation, amortization and impairment		
Finland	19.3	21.8
United Kingdom	11.3	8.1
Belgium	9.2	11.7
Other EU-countries (*	3.6	5.3
Other Europe	0.6	0.4
Other countries	0.4	0.5
Total depreciation, amortization and impairment	**44.4**	**47.7**

(* EU member states at the end of the year

Capital expenditure in property, plant, equipment, intangible and biological assets		
Finland	14.6	19.4
United Kingdom	13.9	30.5
Belgium	14.1	7.0
Other EU-countries (*	1.2	4.3
Other Europe	1.1	0.7
Other countries	0.3	0.1
Total capital expenditure	**45.3**	**61.9**

(* EU member states at the end of the year

Including intangible and tangible assets of acquired companies at the time of acquisition.

NOTE 4 Acquisitions and Disposals

Acquisitions in 2006

The only acquisition of Kemira GrowHow in 2006 was the acquisition of the joint venture CetPro Ltd. More details of this acquisition are disclosed in Note 14.

Acquisitions in 2005

Viljavuuspalvelu Oy, a Kemira GrowHow group company, in which ownership is 80 percent, acquired in March appr. 94 percent of Savolab Oy shares with EUR 0.4 million. After the acquisition Viljavuuspalvelu Oy owns 100 percent of the shares in Savolab Oy.

The cost of the business combination has been allocated to identified assets and liabilities of the acquiree if the recognition criteria are met. Purchase consideration has been allocated to intangible assets if they have been separable and their fair values were reliably measured. The recognized goodwill represents assets which were not individually identified or separately recognized or for which fair values could not be reliably measured. Such items are for example future synergy benefits.

From the date of acquisition, Savolab Oy has contributed EUR 0.0 million to the net result attributable to equity holders of the parent company (until the date of merger 1 October 2005). If Savolab Oy would have been consolidated in Kemira GrowHow Group from the beginning of 2005, consolidated net sales would have increased by EUR 0.2 million and the net result attributable to equity holders of the parent company would have decreased by EUR -0.1 million.

Kemira GrowHow Oyj acquired in June the remaining 1 percent of the shares in Verdera Oy in Finland. Verdera Oy is now a wholly-owned subsidiary of Kemira GrowHow Oyj.

Acquisitions, acquired net assets

EUR million	2006	2005
Acquired net assets		
Cash and cash equivalents	-	0.3
Property, plant and equipment	-	0.1
Intangible assets and shares	-	0.0
Net working capital	-	0.0
Deferred taxes and income taxes	-	-
Interest-bearing liabilities	-	-
Minority share of net assets	-	0.0
Fair value of net assets in acquired companies	-	**0.4**
Goodwill	-	0.1
Total purchase consideration on acquisitions	-	**0.5**

Acquisitions, carrying amount of acquired net assets before the business combination

	2006	2005
Carrying amount of acquired net assets before the business combination		
Cash and cash equivalents	-	0.3
Property, plant and equipment	-	0.1
Intangible assets and shares	-	0.0
Net working capital	-	0.0
Deferred taxes and income taxes	-	-
Interest-bearing liabilities	-	-
Carrying amount of acquired net assets before the business combination	-	**0.3**

Disposals in 2006

Kemira GrowHow Oyj sold in August 2006 100 percent of the shares in Estonian AS Fertimix with a sales consideration of EUR 0.3 million.

Disposals in 2005

Kemira GrowHow Oyj sold at the end of 2005 50 percent of the shares in the Baltic sales and marketing companies to a company mostly owned by the majority of the members of the Danish agricultural distributor co-operative DLA Agro. The sales consideration was EUR 5.5 million. The income statements of the sold subsidiaries, AS Kemira GrowHow, Estonia, SIA Kemira GrowHow, Latvia and UAB Kemira GrowHow, Lithuania are included in Kemira GrowHow's consolidated financial statements until 31 December 2005. From the beginning of 2006 these companies have been consolidated as joint ventures using the equity method.

Disposals, disposal of net assets

EUR million	2006	2005
Net assets sold		
Cash and cash equivalents	0.0	1.6
Property, plant and equipment	0.2	3.2
Intangible assets	-	0.1
Other long-term investments	-	0.5
Net working capital	0.0	24.1
Interest-bearing assets less cash and cash equivalents	-	0.4
Other interest-free receivables	-	0.1
Deferred taxes and income taxes	-	0.0
Interest-bearing liabilities	-	-25.9
Interest-free liabilities	-	-0.2
Sold net assets in divested companies	**0.2**	**3.9**
Capital gain on sale of net assets	0.1	1.6
Total sales consideration	**0.3**	**5.5**

NOTE 5 Other Operating Income

EUR million	2006	2005
Other operating income		
Capital gains on sale of assets	11.6	1.0
Gains on sale of available-for-sale shares	0.1	-
Gains on sale of long-term investments	0.1	1.6
Emission right allowances, offset against emissions	8.6	3.4
Gains on sale of emission right allowances	0.8	1.7
Insurance compensation	0.1	0.6
Rents	0.5	0.8
Consulting	0.2	0.1
Sale of scrap and waste	0.3	0.2
Other income	7.4	9.9
Other operating income total	**29.6**	**19.3**

Other operating income includes in 2006 EUR 0.5 (1.7) million release of provisions.

The most significant sales of assets during 2006 were real estate sales in the UK, Denmark and Finland. In addition, Kemira GrowHow released capital employed by selling the precious metals used in nitric acid production. The precious metals will be acquired in the future as services.

The most significant sale of assets during 2005 was the sale of nitric acid plant in Uusikaupunki, Finland. Gains on sale of long-term investments in 2005 relate to the sale of 50 percent of the shares in Baltic sales and marketing companies.

The received emission right allowances are recorded as income at the same time as the obligation to deliver allowances equal to emissions is recorded as expenses in other expenses. Kemira GrowHow Group had during 2006 and 2005 enough emission rights to fulfill the obligation to deliver allowances equal to emissions, so emission right allowances did not burden the result. Instead Kemira GrowHow Group recorded a gain from the sale of excess emission right allowances. More details of the emission right allowances are disclosed in Note 12 Intangible assets.

NOTE 6 Materials and Other Operating Expenses

EUR million	2006	2005
Materials		
Materials and supplies, purchases during the period	703.9	766.6
Change in inventories of materials and supplies	3.8	-2.9
Total materials	**707.7**	**763.7**
Other operating expenses		
Rents and leases	10.0	9.7
Losses on sale of assets	0.1	0.0
Other expenses	307.5	304.8
Total other operating expenses	**317.5**	**314.5**

In 2006 expenses include a net increase in long and short-term provisions amounting to EUR 1.3 (0.5) million.

Fees for professional services rendered by auditors	2006	2005
Auditing, KPMG	0.7	0.9
Auditing, other auditors	0.0	0.0
Tax consulting, KPMG	0.1	0.1
Other consulting, KPMG	0.0	0.1
Other consulting, other auditors	0.1	0.4
Total	**0.9**	**1.5**

The principal independent auditor of Kemira GrowHow Group is KPMG. Joint ventures can have other auditors.

Principal auditor's audit fees of the audit of the financial year	0.7	0.8

Research and development costs

EUR million	3.4	5.7
As percentage of net sales	0.29	0.45

NOTE 7 Personnel Expenses and Number of Personnel

EUR million	2006	2005
Personnel expenses		
Salaries and other remuneration of members of boards of directors and managing directors	2.2	2.5
Other wages and salaries	99.4	103.2
Pension expenses	15.8	17.9
Other personnel expenses	18.3	19.4
Total personnel expenses	**135.7**	**143.1**

	2006	2005
Pension expenses		
Defined benefit plans	7.0	10.7
Defined contribution plans	8.8	7.3
Total pension expenses	**15.8**	**17.9**

Pension benefits are described in more detail in Note 20.

Remuneration of the Management Board

EUR		
CEO Heikki Sirviö		
Salaries	320,794	316,577
Bonuses	3,647	126,750
Total	324,441	443,327
Fringe benefits	31,833	31,480
Total	**356,274**	**474,807**
Compulsory pension payments (Finnish TEL or similar plan)	59,854	79,768
Other pensions	10,688	14,244
Deputy CEO Kaj Friman		
Salaries	264,672	261,624
Bonuses	2,645	92,104
Total	267,317	353,728
Fringe benefits	480	480
Total	**267,797**	**354,208**
Compulsory pension payments (Finnish TEL or similar plan)	44,990	59,507
Other pensions	8,034	10,626

EUR		
Other members of the Management Board		
Salaries	770,513	764,224
Bonuses	24,517	89,930
Total	795,030	854,154
Fringe benefits	63,217	55,594
Total	**858,247**	**909,748**
Compulsory pension payments (Finnish TEL or similar plan)	132,289	153,285
Other pensions	24,575	29,173

The CEO's and the deputy CEO's period of notice is 6 months. In case the company would give notice to the CEO and the deputy CEO, they will receive an additional remuneration equaling 12 months' salary. The CEO and the deputy CEO receive an additional remuneration equaling 18 months' salary if they resign or they are given notice as a result of a public tender offer.

Compensation of the CEO and other members of the Management Board is made up of a fixed monthly salary, an annual bonus and a share-based incentive plan intended as a long-term incentive (described in more detail in Note 29). The criteria for bonus payments are among others earnings per share (EPS), EBITDA, net cash flow and Economic Profit (EP).

The CEO and the deputy CEO of Kemira GrowHow Oyj are entitled to retire at the age of 60. Also other members of the Management Board, with the exception of one person, are entitled to retire at the age of 60.

The maximum remuneration for the CEO and the deputy CEO is 66 percent of the pension salary. The possibility is based on the benefits of the supplementary pension foundation that has been closed to new members since 1 January 1991. The supplementary pension foundation's benefits concern all the personnel whose years of service and other conditions concerning the granting of a pension have been fulfilled.

The members of Kemira GrowHow Oyj's Board of Directors are paid a monthly remuneration and a meeting fee; other compensation is not paid. The Chairman of Kemira GrowHow Oyj's Board of Directors is paid EUR 4,000 (4,000) monthly, the Vice Chairman EUR 3,100 (3,100) monthly and each of the members EUR 2,400 (2,400) monthly. In addition, a meeting fee of EUR 500 (500) per meeting is paid. The meeting fee is also paid for the board committee meetings. The members of the Board of Directors did not receive any shares or share derivatives as remuneration during the year. The members of the Board of Directors do not receive any compensation if they resign or they are dismissed or their position as a member of the Board of Directors ends as a result of a public tender offer.

Remuneration of the Board of Directors	2006	2005
EUR		
Ossi Virolainen, Chairman	59,500	58,000
Lauri Ratia, Vice Chairman	47,700	47,200
Sari Aitokallio	38,800	38,800
Arto Honkaniemi	40,300	38,800
Satu Raiski	39,800	38,800
Esa Tirkkonen	37,800	38,300
Helena Terho	39,800	29,100
Total	**303,700**	**289,000**

Number of personnel	2006	2005
Personnel in Finland, average	1,080	1,134
Personnel outside Finland, average	1,509	1,731
Total	**2,589**	**2,865**

	2006	2005
Personnel in Finland, end of the period	1,043	1,083
Personnel outside Finland, end of the period	1,446	1,600
Total	**2,489**	**2,683**

Average number of personnel in joint ventures was 219 (75 in 2005). Kemira GrowHow Group's number of personnel does not include the number of personnel in joint ventures.

NOTE 8 Financial Income and Expenses

EUR million	2006	2005
Financial income		
Interest income		
Non-current investments	0.1	-
Other	1.4	2.5
Total interest income	1.4	2.5
Dividend income	0.0	0.1
Other financial income	-	0.2
Total financial income	**1.5**	**2.7**
Financial expenses		
Interest expenses		
Loans	-8.8	-7.5
Finance leasing	-1.0	-1.8
Total interest expenses	-9.8	-9.4
Other financial expenses	-0.8	-1.5
Exchange losses	-1.8	-1.2
Total financial expenses	**-12.4**	**-12.1**
Total financial income and expenses	**-11.0**	**-9.3**
Share of associates' net result		
Share of associates' profits	0.1	0.1
Share of associates' losses	-0.2	-0.3
Total	**-0.1**	**-0.2**
Share of joint ventures' net result		
Share of joint ventures' profits	1.1	-
Share of joint ventures' losses	-0.9	-1.1
Total	**0.2**	**-1.1**
Net financial items	**-10.8**	**-10.6**

	2006	2005
Net financial items, share of associates' and joint ventures´ result excluded, as a percentage of net sales	0.9	0.7
Net interests as percentage of net sales	0.7	0.5

Interest expenses are not capitalized in Kemira GrowHow Group.

Net exchange gains and losses		
Realized	-0.8	-1.3
Unrealized	-1.1	0.1
Net	**-1.8**	**-1.2**

Kemira GrowHow renewed its revolving credit facility in June 2005. Due to the renewal, EUR 0.6 million of arrangement fees concerning the previous revolving credit facility were recorced as expense in other financial expenses.

Derivatives included in the financial items are described in more detail in Note 25.

NOTE 9 Income Taxes

EUR million	2006	2005
Income tax charge in income statement		
Current income tax charge	-9.4	-0.8
Adjustments in respect of current income tax of previous years	0.0	0.2
Deferred tax charge	2.9	-1.9
Other	-0.3	-0.4
Total income tax charge in income statement	**-6.8**	**-2.9**
Income taxes charged to equity during the financial year		
Deferred taxes		
Share-based incentive plan	0.1	0.0
Cash flow hedge/ net losses on changes in fair value	-0.5	-0.1
Net investments in foreign entity and hedging of them, net	0.1	0.0
Total income taxes charged to equity	**-0.4**	**-0.1**
Current taxes		
Share-based incentive plan	-0.1	-
Total income taxes charged to equity	**-0.5**	**-0.1**

The Group companies have tax losses, totalling roughly EUR 283 million (roughly EUR 226 million in 2005), which can be applied against future taxable income. Deferred tax asset has not been recognized for all tax losses, because there is uncertainty regarding the extent to which they can be used. Approximately 33 percent (appr. 12 percent) of tax losses are such losses, for which deferred tax asset has been recognized to some extent.

The limited right to make deductions concerns about 3 percent (6 percent) of the tax losses and the unlimited deduction right 97 percent (94 percent) of the tax losses.

Deferred tax assets are recognized for deductible temporary differences and tax losses to the extent that it is probable that taxable profit will be available, against which tax credits and deductible temporary differences can be utilized. Changes in tax rates have been taken into account when calculating deferred taxes. Corporate tax rate in Finland is 26 percent.

Deferred tax liability has not been recognized in 2005 or 2006 of the undistributed earnings of Finnish or foreign subsidiaries as majority of such earnings can be transferred to the parent company without any tax consequences. Deferred tax liability of undistributed earnings of associates and joint ventures has not been recognized either, because the majority of such earnings can be transferred to the equity holder of the associate or joint venture without any tax consequences.

	2006	2005
Reconciliation of income tax expense calculated at statutory tax rates with income tax expense in the income statement		
Profit before taxes	0.3	34.6
Tax at domestic rates applicable to profits in the country concerned	0.6	-9.8
Tax exempt income and non-deductible expenses	-1.1	-0.8
Effect of changes in tax rates and tax laws	0.0	0.0
Losses where no deferred tax benefit is recognized	-11.1	-1.6
Deferred taxes recognized during the financial year in respect of previous years' temporary differences	0.2	-
Withholding taxes and adjustments in respect of current income tax of previous periods	0.0	0.3
Use of losses where no deferred tax asset was recognized	3.2	8.6
Other	1.3	0.5
Income taxes in the income statement	**-6.8**	**-2.8**
Effective tax rate	2094.0%	8.2%

Tax losses, for which there is a limited right to make deductions, last year to use (as a percentage of the total amount of tax losses):		
Last year to use 2007 (2006)	1%	1%
Last year to use 2008-2012 (2007-2011)	2%	4%
Last year to use 2013- (2012-)	0%	0%
	3%	6%

Tax assets and tax liabilities		
Deferred tax assets	33.1	30.9
Other tax receivables	0.6	0.7
Deferred tax liabilities	15.9	16.8
Other tax liabilities	6.3	0.3

Reconciliation of deferred tax assets and deferred tax liabilities

EUR million

2006

Deferred tax assets	1 January	Translation difference	Charge in income statement (- tax expense)	Charged to equity	31 December
Defined benefit employee benefits	25.7	0.5	-0.2	-	26.0
Other temporary differences concerning depreciation and amortization	6.1	0.0	0.0	-	6.1
Unrealized internal profits	1.3	-	0.0	-	1.3
Confirmed tax losses carried forward (*	5.8	0.1	1.6	-	7.6
Share-based incentive plan	0.1	-	-0.2	0.1	0.0
Cash flow hedge / net losses and gains on changes in fair value	0.0	-	-	0.0	0.0
Hedging of net investment in foreign entity	0.0	-	-0.1	0.1	0.0
Other temporary differences	2.6	0.0	1.3	-	4.0
	41.7	0.7	2.5	0.2	45.0
Offset with deferred tax liabilities	-10.8				-11.9
Deferred tax assets in balance sheet	**30.9**				**33.1**

(* EUR 1.6 million previously unrecognized deferred tax asset of a prior period has been recognized during the financial year.

Deferred tax liabilities	1 January	Translation difference	Charge in income statement (+ tax expense)	Charged to equity	31 December
Untaxed reserves and depreciation difference	11.8	-	0.2	-	12.1
Other temporary differences concerning depreciation and amortization	8.6	0.2	0.3	-	9.1
Defined benefit employee benefits	5.5	-	-0.5	-	5.0
Tangible and intangible assets and biological assets carried at fair value	0.8	0.0	-0.6	-	0.1
Cash flow hedge / net losses and gains on changes in fair value	-	-	-	0.5	0.5
Other temporary differences	0.9	0.0	0.2	-	1.1
	27.5	0.1	-0.4	-	27.8
Offset with deferred tax assets	-10.8				-11.9
Deferred tax liabilities in balance sheet	**16.8**				**15.9**
Change in deferred taxes in income statement (- tax expense)			**2.9**		

2005

Deferred tax assets	1 January	Translation difference	Charge in income statement (- tax expense)	Charged to equity	31 December
Defined benefit employee benefits	24.4	0.7	0.7	-	25.7
Other temporary differences concerning depreciation and amortization	7.0	0.0	-0.9	-	6.1
Unrealized internal profits	1.3	-	0.0	-	1.3
Confirmed tax losses carried forward (*	6.2	0.1	-0.5	-	5.8
Share-based incentive plan	0.1	-	0.1	0.0	0.1
Cash flow hedge / net losses and gains on changes in fair value	0.1	-	-	-0.1	0.0
Hedging of net investment in foreign entity	-	-	0.0	0.0	-
Other temporary differences	2.7	0.1	-0.1	-	2.6
	41.8	0.8	-0.8	-0.1	41.7
Offset with deferred tax liabilities	-15.2				-10.8
Deferred tax assets in balance sheet	**26.6**				**30.9**

(* EUR 0.3 million previously unrecognized deferred tax asset of a prior period has been recognized during the financial year.

Deferred tax liabilities	1 January	Translation difference	Charge in income statement (+ tax expense)	Charged to equity	31 December
Untaxed reserves and depreciation difference	11.8	-	0.1	-	11.8
Other temporary differences concerning depreciation and amortization	7.8	0.2	0.5	-	8.6
Defined benefit employee benefits	5.1	-	0.4	-	5.5
Tangible and intangible assets and biological assets carried at fair value	0.8	0.0	-0.1	-	0.8
Taxes on undistributed earnings	0.3	-	-0.3	-	-
Other temporary differences	0.4	0.0	0.5	-	0.9
	26.2	0.2	1.1	-	27.5
Offset with deferred tax assets	-15.2				-10.8
Deferred tax liabilities in balance sheet	**11.0**				**16.8**
Change in deferred taxes in income statement (- tax expense)			**-1.9**		

NOTE 10 Depreciation, Amortization and Impairment of Assets

EUR million	2006	2005
Depreciation and amortization		
Intangible assets		
Intangible rights	2.2	1.7
Other intangible assets	1.1	1.7
Property, plant and equipment		
Buildings and constructions	5.4	6.6
Machinery and equipment	34.3	35.1
Other tangible assets	1.3	1.3
Total depreciation and amortization	**44.2**	**46.3**
Impairment losses		
Property, plant and equipment		
Buildings and constructions	0.6	0.6
Machinery and equipment	0.2	0.7
Reversals of impairment losses		
Property, plant and equipment		
Machinery and equipment	-0.6	-
Total impairment	**0.2**	**1.3**
Total depreciation, amortization and impairment	**44.4**	**47.7**

Impairment of assets

Kemira GrowHow's cash generating units are smaller business units within strategic business units (segments), generating cash flows which are largely independent of the cash flows of other business units. Cash generating units tested for impairment are mainly defined based on market areas.

Goodwill and intangible assets with indefinite useful life are tested annually in accordance with IAS 36 for impairment. Kemira GrowHow does not have other intangible assets than goodwill with indefinite useful life and which is not amortized, with the exception of trademark included in the carrying amount of a joint venture.

Impairment testing is performed also always when there is indication that the recoverable amount of an asset or cash generating unit is lower than the carrying amount.

Goodwill has been tested for impairment by comparing the recoverable amount of the cash generating unit, to which the goodwill has been allocated, with the carrying amount of the cash generating unit. Impairment loss has been recorded if the recoverable amount is lower than the carrying amount. Similar method has been used in testing property, plant and equipment and intangible assets.

The recoverable amount of a cash generating unit is its value in use, based on its discounted future cash flows. These cash flows are based on the budgets and estimates approved by the management. Budgets and estimates are used as a basis of the future cash flows for a maximum of five years. Subsequent cash flows are estimated by extrapolating the cash flow estimates. Terminal values have been calculated using steady or zero growth rate.

The assumptions used in value in use -calculations are mainly the same as used in budgets and latest long range plans. Cash flows based on the assumptions have, however, been adjusted so that the future cash flows used in impairment testing exclude any cash flows from uncommitted future restructuring and cash flows arising from improving or enhancing the asset's performance. The final (fifth) year cash flows used in impairment testing are in some cases average cash flows over the cycle. Otherwise the terminal value would be too high or too low, depending on the phase of the cycle at the time of impairment testing.

The most significant assumptions used in impairment calculations, such as development of fertilizer markets and price development of products and the most important raw materials, are based on information gathered from various external sources. Based on this information and past experience Kemira GrowHow has arrived at the assumptions used in estimates. Also the phases of the cycle during the forecast period have had an impact on the assumptions.

The discount rate used in arriving in recoverable amount is the pre-tax weighted average cost of capital, which reflects the market assessment of time value of money and risks specified to the assets, such as currency risk. Discount rates have been calculated separately for each market area, and they can vary considerable between the market areas. The discount rates used were mainly in the range of 9 and 10 percent. Discount rates used for five market areas, in which country and currency risks are high, varied between 11 and 24 percent. Discount rates used in 2005 were between 6 and 9 percent.

Also the terminal year growth rate used in impairment testing varies depending on the market area. For areas, in which for example fertilizer consumption is decreasing, used terminal year growth rates varied between 0 and 2 percent. For areas with higher growth the terminal year growth rate varied between 3 and 6.5 percent. In the cases where growth rate was high, also the used discount rate was high, thus decreasing the present value of terminal value.

Impairment testing of goodwill

Kemira GrowHow's goodwill has been allocated in its entirety to cash generating units, which are lower than segments. Goodwill arising from an acquisition of a cash generating unit has mainly been allocated to that cash generating unit. Goodwill within the Phosphates business unit, which belongs to Industrial Solutions segment, has however been allocated to the whole business unit, because all cash generating units within the Phosphates business unit are considered to benefit from the goodwill.

Segment	Cash generating unit / group of cash generating units	Goodwill, EUR million	Goodwill and intangible assets with indefinite useful life included in the carrying amount of joint venture, EUR million
Crop Cultivation	ZAO Agropromchimija	1.2	
Crop Cultivation	Other	0.8	
Industrial Solutions	Phosphates business unit	3.2	
Industrial Solutions	Other	0.3	
Industrial Solutions	Joint ventures		1.1
	Total	**5.5**	**1.1**

Based on the results of impairment tests performed, Kemira GrowHow recorded no impairment losses of goodwill in 2006 and 2005. The recoverable amounts used in impairment testing might change if the assumptions used in calculation of the recoverable amounts change.

The most significant assumptions used in testing of goodwill

	ZAO Agropromchimija	Phosphates business unit
Assumption	Development of net sales during the forecast period (5 years).	Development of EBITDA during the forecast period (5 years).
Basis of assumption	Forecast fertilizer sales are based on the competitive situation in the market the unit operates.	Forecast EBITDA development is based on estimated sales volumes, price development of products and raw materials and forecast development of USD currency rate.
Assumption	Growth rate used in extrapolating the cash flows beyond the forecast period.	Growth rate used in extrapolating the cash flows beyond the forecast period.
Basis of assumption	Used growth rate is based on estimated market development in the geographical area the unit operates.	Used growth rate is based on the market development of the cash generating unit's products.
Assumption	Used discount rate.	Used discount rate.
Basis of assumption	Country and currency risk.	Country and currency risk.

	Crop Cultivation - other	Industrial Solutions - other	Joint ventures
Assumption	Development of net sales during the forecast period (5 years).	Development of net sales during the forecast period (5 years).	Development of net sales during the forecast period (5 years).
Basis of assumption	Additional sales due to new products (registration of new products is in progress).	Sales development is based on new customers.	Sales development is based on new customers.
Assumption	Growth rate used in extrapolating the cash flows beyond the forecast period.	Growth rate used in extrapolating the cash flows beyond the forecast period.	Growth rate used in extrapolating the cash flows beyond the forecast period.
Basis of assumption	Used growth rate is based on the market development of the cash generating unit's products.	Used growth rate is based on the market development of the cash generating unit's products.	Used growth rate is based on the market development of the cash generating unit's products.
Assumption			Used discount rate.
Basis of assumption			Country and currency risk.

Used growth rates do not exceed the long-term average growth rates of the market areas.

Sensitivity analysis

The management estimates that a reasonably possible change in a key assumption does not, in most of the cases, cause the cash generating unit's carrying amount to exceed its recoverable amount. The cases, in which a reasonably possible change in a key assumption would cause the carrying amount of a cash generating unit to exceed its recoverable amount, are presented below. The recoverable amounts of these cash generating units exceed their carrying amounts by 16 - 24 percent.

Phosphates business unit

A change in an assumption which, other things being equal, would cause the recoverable amount to equal the carrying amount:

Assumption	Value assigned to the assumption	Change
EBITDA development	Varies annually between -3 and 21 percent	0.5 percentage point lower than forecast annual EBITDA development
Growth rate	1 percent	-0.1 percentage points
Used discount rate	10.17 percent	+0.15 percentage points

ZAO Agropromchimija

A change in an assumption which, other things being equal, would cause the recoverable amount to equal the carrying amount:

Assumption	Value assigned to the assumption	Change
Sales development	Varies annually due to change in product mix, annual growth between -9 and 8 percent	1 percentage point lower than forecast annual sales development
Growth rate	1 percent	-3 percentage points
Used discount rate	17.76 percent	+3 percentage points

Impairment of property, plant and equipment

Impairment losses of property, plant and equipment in 2006 relate to, among other things, replacing machinery with new machinery, which led to the carrying amounts of the old machinery to exceed their recoverable amounts and thus to impairment losses. In addition, an impairment loss was recorded of a building, which is no longer in use.

Reversal of impairment losses of machinery relate to a production line, which was previously impaired because it was not in use, but which was taken back to production use in another group company.

Impairment losses of property, plant and equipment in 2005 relate to closing of certain production lines. Due to the closing the carrying amounts of the related tangible assets exceeded the recoverable amounts of the assets which led to recording of impairment losses.

NOTE 11 Property, Plant, Equipment and Biological Assets

Kemira GrowHow has not pledged property, plant and equipment as security of liabilities. Real estate mortgages given as security of liabilities are presented in Note 27.

At the end of 2006 Kemira GrowHow had EUR 1.3 (7.7) million of contractual commitments for the acquisition of property, plant and equipment.

Kemira GrowHow had no material compensation from third parties for items of property, plant and equipment that were impaired, lost or given up.

Biological assets

Kemira GrowHow has some minor forest areas in Finland. These forest areas are valued at fair value less estimated point-of-sale costs.

There were no material changes in the fair value of forest areas during 2006 and 2005.

2006

EUR million	Land and water areas	Biological assets	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and assets under construction	2006 total
Acquisition cost at beginning of year	19.4	0.2	70.9	594.6	31.5	40.1	756.8
Acquisition of subsidiaries	-	-	-	-	-	-	-
Other increases	-	-	0.4	9.9	0.4	24.5	35.2
Decreases	-0.4	-	-18.0	-89.2	-0.6	-	-108.2
Reclassifications and other changes	0.1	-	0.8	51.2	0.5	-55.1	-2.5
Translation difference	0.0	-	0.4	6.5	0.2	0.3	7.5
Acquisition cost at end of year	**19.1**	**0.2**	**54.6**	**573.0**	**32.0**	**9.8**	**688.7**
Accumulated depreciation and impairment at beginning of year	-	-	-11.3	-411.3	-15.8	-	-438.4
Accumulated depreciation relating to decreases and transfers	-	-	14.8	86.0	0.6	-	101.3
Depreciation during the financial year	-	-	-5.4	-34.3	-1.3	-	-41.0
Reclassifications and other changes	-	-	0.1	2.0	0.1	-	2.2
Impairment losses	-	-	-0.6	-0.2	0.0	-	-0.7
Reversals of impairment losses	-	-	-	0.6	-	-	0.6
Translation difference	-	-	-0.3	-5.5	-0.2	-	-6.1
Accumulated depreciation and impairment at end of year	**-**	**-**	**-2.6**	**-362.8**	**-16.6**	**-**	**-382.0**
Carrying amount at end of year	**19.1**	**0.2**	**51.9**	**210.2**	**15.4**	**9.8**	**306.6**

2005

EUR million	Land and water areas	Biological assets	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and assets under construction	2005 total
Acquisition cost at beginning of year	19.1	0.2	71.1	568.5	30.5	13.8	703.3
Acquisition of subsidiaries	-	-	-	0.1	-	-	0.1
Other increases	0.1	-	0.5	5.2	0.4	49.0	55.2
Decreases	-0.1	-	-4.1	-2.7	-0.8	-0.4	-8.0
Reclassifications and other changes	0.3	-	2.9	15.2	1.1	-22.2	-2.7
Translation difference	0.0	-	0.4	8.2	0.3	0.0	9.0
Acquisition cost at end of year	**19.4**	**0.2**	**70.9**	**594.6**	**31.5**	**40.1**	**756.8**
Accumulated depreciation and impairment at beginning of year	-	-	-5.4	-368.3	-16.1	-	-389.9
Accumulated depreciation relating to decreases and transfers	-	-	0.7	-0.4	0.4	-	0.7
Depreciation during the financial year	-	-	-6.6	-35.1	-1.3	-	-43.0
Reclassifications and other changes	-	-	0.9	0.1	1.5	-	2.6
Impairment losses	-	-	-0.6	-0.7	-	-	-1.3
Translation difference	-	-	-0.3	-6.9	-0.3	-	-7.5
Accumulated depreciation and impairment at end of year	**-**	**-**	**-11.3**	**-411.3**	**-15.8**	**-**	**-438.4**
Carrying amount at end of year	**19.4**	**0.2**	**59.7**	**183.2**	**15.7**	**40.1**	**318.3**

NOTE 12 Intangible Assets

Kemira GrowHow has no other intangible assets than goodwill with indefinite useful life. All intangible assets with the exception of goodwill and emission right allowances are amortized over their useful life.

2006

EUR million	Intangible rights	Goodwill	Other capitalized expenditure	Advances paid	2006 total
Acquisition cost at beginning of year	12.5	5.5	17.4	0.0	35.4
Acquisition of subsidiaries	-	-	-	-	-
Other increases	9.9	-	0.0	0.2	10.1
Additions as a result of internal development	-	-	-	-	-
Decreases	-0.3	-	0.0	-	-0.3
Reclassifications and other changes	-2.4	-	-6.6	-0.2	-9.1
Translation difference	0.0	0.0	0.0	-	0.0
Acquisition cost at end of year	**19.8**	**5.5**	**10.9**	**-**	**36.2**
Accumulated amortization and impairment at beginning of year	-6.9	-0.1	-11.0	-	-18.0
Accumulated amortization relating to decreases and transfers	-	-	-	-	-
Amortization during the financial year	-2.2	-	-1.1	-	-3.3
Reclassifications and other changes	-5.2	-	5.2	-	0.0
Translation difference	0.0	-	0.0	-	0.0
Accumulated amortization and impairment at end of year	**-14.3**	**-0.1**	**-7.0**	**-**	**-21.3**
Carrying amount at end of year	**5.5**	**5.5**	**3.9**	**-**	**14.9**

2005

EUR million	Intangible rights	Goodwill	Other capitalized expenditure	Advances paid	2005 total
Acquisition cost at beginning of year	10.6	5.3	17.1	0.0	33.0
Acquisition of subsidiaries	0.0	0.1	-	-	0.2
Other increases	6.3	-	0.0	0.2	6.6
Additions as a result of internal development	-	-	-	-	-
Decreases	-1.2	-	0.0	-	-1.2
Reclassifications and other changes	-3.3	-	0.2	-0.2	-3.3
Translation difference	0.1	0.1	0.0	0.0	0.2
Acquisition cost at end of year	**12.5**	**5.5**	**17.4**	**0.0**	**35.4**
Accumulated amortization and impairment at beginning of year	-5.5	-0.1	-9.7	-	-15.3
Accumulated amortization relating to decreases and transfers	0.2	-	0.0	-	0.2
Amortization during the financial year	-1.6	-	-1.7	-	-3.3
Reclassifications and other changes	0.0	-	0.4	-	0.4
Translation difference	0.0	-	0.0	-	-0.1
Accumulated amortization and impairment at end of year	**-6.9**	**-0.1**	**-11.0**	**-**	**-18.0**
Carrying amount at end of year	**5.6**	**5.5**	**6.4**	**0.0**	**17.5**

Emission right allowances

Carbon dioxide emission right allowances are included in intangible rights. Accounting principles concerning emission right allowances are described in the Summary of Significant Accounting Policies of the Consolidated Financial Statements, section "Government Grants".

Kemira GrowHow records emission right allowances using the so-called gross method, which means that Kemira GrowHow records both the received emission right allowances and the obligation to deliver allowances equal to emissions in the balance sheet. When emission right allowances are recorded in intangible rights, a liability equalling to the value of the emission right allowances is recorded to accrued expenses. This accrual is entered as income at the same time as the obligation to deliver allowances equal to emissions is recorded as expense.

The received emission right allowances are measured initially at their fair value at the date when the allowances are received. If the value of the excess emission right allowances recorded in the balance sheet has materially decreased at the balance sheet date, the value of the emission right allowances is reduced to fair value of the balance sheet date. This impairment charge has no result effect, because also the liability related to received emission right allowances is reduced with the same amount.

The emission right allowances received are recorded in other operating income and the obligation to deliver the emission right allowances in operating expenses. Kemira GrowHow had in 2006 and 2005 sufficiently emission right allowances to cover the obligation to deliver allowances equal to emissions, so there were no net result effect from the obligation to deliver the emission rights.

Kemira GrowHow sold both in 2006 and 2005 excess emission right allowances. A gain of EUR 0.8 (1.7) million was recorded from the sale.

The excess emission right allowances recorded in intangible rights are measured at fair value of the balance sheet date. The carrying amount of excess emission right allowances is not material.

If Kemira GrowHow would not have enough emission right allowances to cover the obligation to deliver allowances equal to emissions, the lacking emission right allowances would be measured at fair value of the balance sheet date and recorded as a provision.

Kemira GrowHow Group's emission right allowances for the period of 2005-2007

Three production sites of Kemira GrowHow are included in emission trading.

Kemira GrowHow's emission right quotas (tons)

2005 (*	2006	2007
431,770	358,248	358,248

(* In 2005 also the Fredericia site, which was closed in 2004, received emission right allowances.

Kemira GrowHow estimates that it had in 2006 sufficiently emission right allowances to cover the obligation to deliver allowances equal to emissions, and Kemira GrowHow has some excess emission right allowances. The final verified emissions are not expected to change the situation materially.

Kemira GrowHow estimates that Kemira GrowHow has sufficient carbon dioxide emission right allowances for 2007. Emission right quotas for the 2008-2012 period have not as yet been decided. However, on the basis of the preliminary national allocation plans, Kemira GrowHow estimates that the quotas proposed for these years will be sufficient as well.

The price of the CO_2 emission rights turned downwards in the spring of 2006, and the year end closing price was approximately EUR 6 per ton.

The effect of possible N_2O emission right quotas for the years 2008-2012 is as yet impossible to estimate, because no decisions have been made on their inclusion in emission trading or on national emission right quotas. Decisions on these matters are expected to be made in the latter half of 2007 at the earliest. The inclusion of N_2O emissions in emission right quotas would affect four of Kemira GrowHow's production sites.

NOTE 13 Associated Companies

Investment in associated companies

EUR million	2006	2005
Carrying amount 1 January	1.4	1.8
Translation differences	0.0	0.0
Additions	0.1	-
Disposals	0.0	-
Share of net result of associated companies	-0.1	-0.2
Dividends received	-0.1	0.0
Transfer from available-for-sale shares	0.1	-
Transfer to subsidiary shares	-	-0.2
Share of changes recognized directly in associates' equity	1.2	-
Carrying amount 31 December	**2.6**	**1.4**

Carrying amount of associated companies does not include goodwill.

Most significant associated companies

			Group ownership, %		Carrying amount of shares	
			2006	2005	2006	2005
A/S Ammonia	Fredericia	Denmark	33	33	0.3	0.4
Indkoebsselskabet for Kali	Fredericia	Denmark	50	50	0.0	0.0
Farmit Website Oy	Helsinki	Finland	50	50	0.1	0.1
Movere Oy	Lahti	Finland	33	33	0.3	0.2
PK Düngerhandelsgesellschaft m.b.H.	Hannover	Germany	50	50	0.1	0.0
Société des Engrais Chimiques et Organic S.A.	Ribécourt	France	49.7	49.7	1.6	0.6
Nitrex AG	Zürich	Switzerland	25	< 20	0.1	-
Other					0.1	0.1
					2.6	1.4

Associated company balances

	2006	2005
Receivables		
Loan receivables	2.3	4.5
Accounts receivable and other interest-free receivables	13.4	12.2
Liabilities		
Long-term liabilities	-	0.0
Accounts payable and other interest-free liabilities	0.6	1.0

No bad debts have been recorded from receivables from associates.

Summarized financial information of the significant associated companies

Net sales	194.1	186.1
Profit / loss	4.5	1.5
Assets	52.1	45.0
Liabilities	34.8	38.2

Transactions with associated companies

	2006	2005
Sales to associated companies	87.9	77.4
Purchases from associated companies	0.7	12.8
Other expenses charged by associated companies	1.3	3.8
Other income from associated companies	0.1	0.1
Interest income from associated companies	0.1	0.1
Interest expenses to associated companies	0.0	0.0
Dividend income from associated companies	0.1	0.0

NOTE 14 Joint Ventures

Joint ventures of Kemira GrowHow

Kemira GrowHow acquired at the end of March 2006 shares in Irish CetPro Limited. Kemira GrowHow consolidates CetPro Group in its financial statements as a joint venture using the equity method from the end of March 2006 as it has obtained 50 percent of control of CetPro by virtue of a shareholders' agreement. Ownership of the shares in CetPro, 49 percent, was transferred to Kemira GrowHow in January 2007. The purchase consideration to be paid in January 2007, EUR 3 million, was recorded as a liability in the year-end 2006 balance sheet.

The amount of goodwill included in acquisition cost of the shares is EUR 0.2 million. Goodwill consists of, among others, value added to raw materials produced by Kemira GrowHow when it expands to a new market. In total EUR 2.5 million of purchase consideration was allocated to intangible assets (customer relationships and trademark).

CetPro Group has not had activities and thus no net sales or result from the period before acquisition and consolidation in Kemira GrowHow Group. The net profit of the acquired companies in the result attributable to equity holders of the parent company since the acquisition date is EUR 0.2 million.

Kemira GrowHow sold in December 2005 50 percent of its shares in Estonian AS Kemira GrowHow, Latvian SIA Kemira GrowHow and Lithuanian UAB Kemira GrowHow. During the year 2006 Kemira GrowHow has been consolidating these sales and marketing companies as joint ventures using the equity method.

In the consolidated income statement of 2005 AS Kemira GrowHow, SIA Kemira GrowHow and UAB Kemira GrowHow are consolidated as subsidiaries. In consolidated balance sheet of 2005 they are consolidated as joint ventures using the equity method.

Investment in joint ventures

EUR million	2006	2005
Carrying amount 1 January	9.4	7.4
Translation differences	0.2	-0.3
Additions	6.4	-
Share of net result of joint ventures	0.2	-1.1
Reclassifications	2.0	3.8
Dividends received	-0.2	-0.4
Share of changes recognized directly in joint ventures' equity	-0.2	-
Carrying amount 31 December	**17.8**	**9.4**

Carrying amount of investment in joint ventures includes EUR 0.5 (0.2) million goodwill. Goodwill and purchase consideration allocated to intangible assets, which are not amortized, have been tested for impairment. Carrying amount of investment in joint ventures includes EUR 2.7 (3.1) million purchase consideration allocated to tangible assets and EUR 2.2 (0.0) million purchase consideration allocated to intangible assets.

Joint ventures

			Group ownership, %		Carrying amount of shares	
			2006	2005	2006	2005
Alufluor AB	Helsingborg	Sweden	50	50	5.4	5.6
Agrowline A/S	Fredericia	Denmark	50	-	0.5	-
AS Kemira GrowHow (*	Tallinn	Estonia	50	50	4.2	2.6
SIA Kemira GrowHow (*	Riga	Latvia	50	50	2.5	0.7
UAB Kemira GrowHow	Vilnius	Lithuania	50	50	1.9	0.5
CetPro Ltd (*	Dublin	Ireland	49	-	3.4	-
					17.8	**9.4**

(* These joint ventures have subsidiaries.

Kemira GrowHow's share of assets and liabilities and income and expenses of joint ventures are as follows:

Share of assets and liabilities of joint ventures	2006	2005
Non-current assets	9.7	6.9
Current assets	45.6	35.3
	55.3	**42.2**
Non-current liabilities	5.3	2.9
Current liabilities	36.2	32.3
	41.5	**35.2**

Share of income and expenses of joint ventures	2006	2005 (*
Net sales	**104.2**	**7.7**
Other operating income	0.3	0.0
Changes in inventories of finished goods and work in process	3.1	-0.3
Materials	-93.7	-4.4
Personnel expenses	-3.2	-1.6
Other operating expenses	-7.8	-2.1
Depreciation and amortization	-1.1	-0.5
Operating profit / loss	**1.8**	**-1.1**
Financial income and expenses	-0.4	0.1
Result before income taxes	**1.4**	**-1.1**
Income taxes	-0.3	0.4
Net result	**1.1**	**-0.7**

(* Only Alufluor AB

Joint venture balances	2006	2005
Receivables		
Non-current loan receivables	3.9	4.1
Loan receivables	0.6	41.7
Accounts receivable	6.3	4.5
Other receivables	0.1	0.5
Liabilities		
Current liabilities	0.3	1.4
Accounts payable	0.6	0.1

No bad debts have been recorded from receivables from joint ventures.

Acquisition of joint ventures

Acquired net assets	2006	2005
Cash and cash equivalents	0.2	-
Property, plant and equipment	0.2	-
Intangible assets	2.5	-
Net working capital	0.3	-
Deferred taxes and income taxes	-0.3	-
Fair value of net assets in acquired companies	**2.9**	-
Goodwill	0.2	-
Total purchase consideration on acquisitions	**3.1**	-

Transactions with joint ventures	2006	2005 (*
Sales to joint ventures	48.4	1.2
Purchases from joint ventures	0.3	0.2
Other expenses charged by joint ventures	0.6	-
Other income from joint ventures	-	-
Interest income from joint ventures	0.4	-
Interest expenses to joint ventures	-	-
Dividend income from joint ventures	0.2	0.4
Property, plant and equipment sold to a joint venture, sales price	0.6	-

(* Only Alufluor AB

Acquired companies, carrying amount of acquired net assets before business combination	2006	2005
Cash and cash equivalents	0.2	-
Property, plant and equipment	0.2	-
Intangible assets	0.0	-
Net working capital	0.3	-
Deferred taxes and income taxes	0.0	-
Carrying amount of acquired net assets before the business combination	**0.8**	-

NOTE 15 Available-for-sale Shares and Other Investments

EUR million

2006	Available-for-sale shares	Other invest-ments
Acquisition cost 1 January		
Listed securities	0.0	-
Unlisted securities	0.8	4.7
Measurement at fair value	-	-
Carrying amount 1 January	0.9	4.7
Translation difference	0.0	0.0
Additions	14.6	1.9
Disposals	-0.1	-0.1
Disposed subsidiaries	-	-
Reclassifications	-0.1	-2.0
Change in fair values recorded in equity	0.1	-
Transfer of fair value from equity to income statement on disposal	-0.1	-
Carrying amount 31 December	**15.3**	**4.5**

2005	Available-for-sale shares	Other invest-ments
Acquisition cost 1 January		
Listed securities	0.0	-
Unlisted securities	0.9	2.1
Measurement at fair value	-	-
Carrying amount 1 January	0.9	2.1
Translation difference	0.0	0.0
Additions	0.0	0.0
Disposals	0.0	-0.4
Disposed subsidiaries	-	-1.1
Reclassifications	0.0	4.0
Change in fair values recorded in equity	-	-
Transfer of fair value from equity to income statement on disposal	-	-
Carrying amount 31 December	**0.9**	**4.7**

Kemira GrowHow has classified its non-current investments as available-for-sale (shares) and loans and receivables. Kemira GrowHow records changes in fair value of available-for-sale shares directly into the fair value reserve in equity until the shares are disposed, at which time the cumulative gain or loss is recognized in the income statement. Certain unlisted equities for which fair values can not be measured reliably are reported at cost less impairment.

EUR 3.9 (4.1) million of other investments were non-current loan receivables from joint ventures. Approximately one half of the receivables is euro denominated and the other half currency denominated. Interest on the loan receivables is based on market rates. The loan receivables fall due for repayment in 2011. The loans are not secured.

The most significant of the available-for-sale investments is the 19 percent ownership in Hankkija-Maatalous Oy, which was acquired in April 2006.

NOTE 16 Inventories

EUR million	2006	2005
Inventories		
Materials and supplies	52.2	59.6
Work in process	0.1	0.5
Finished goods	158.9	137.3
Advances paid	0.3	0.3
Total inventories	**211.5**	**197.7**
Inventory write-downs during the period	0.4	1.0
Reversals of inventory write-downs during the period (*	-0.4	-
Total write-downs and reversals of write-downs during the period	**0.0**	**1.0**
Carrying amount of inventories carried at fair value less costs to sell	0.7	0.8

(* Inventory write-down was reversed due to increase in net realisable value.

NOTE 17 Current Receivables

	2006	2005
Interest-free current receivables		
Trade receivables	166.8	157.9
Advance payments	0.8	1.1
Prepaid expenses and accrued income	14.6	16.2
Other interest-free receivables	13.4	14.5
Total	**195.6**	**189.6**
Interest-bearing current receivables		
Loan receivables	3.1	46.6
Loan receivables, falling due after 12 months	0.0	0.0
Total	**3.2**	**46.6**
Total current receivables	**198.7**	**236.2**

Prepaid expenses and accrued income consist mainly of accruals of financial items, fair values of derivative instruments, accruals related to sales, accruals related to insurances and other accruals.

Prepaid expenses and accrued income recorded of derivative instruments are disclosed in more detail in Note 25.

NOTE 18 Number of Shares and Earnings per Share

Earnings per share (EPS)	2006	2005
Net result attributable to equity holders of the parent company, EUR million	-7.8	31.8
Number of shares	55,519,098	57,207,225
Earnings per share (EPS), EUR	**-0.14**	**0.56**

Kemira GrowHow Oyj has no potential ordinary shares which would dilute earnings per share.

Number of shares		
Number of shares 31 December	57,208,857	57,208,857
Treasury shares 31 December	-1,860,700	-277,900
Number of shares 31 December, excluding treasury shares	**55,348,157**	**56,930,957**

Average number of shares 31 December, excluding treasury shares	**55,519,098**	**57,207,225**

Acquisition of treasury shares		
Treasury shares 1 January, shares	277,900	-
Acquired during the year, shares	1,582,800	277,900
Treasury shares 31 December, shares	1,860,700	277,900
Treasury shares 1 January, EUR million	1.7	-
Acquired during the year, EUR million	9.4	1.7
Treasury shares 31 December, EUR million	11.0	1.7

Equity attributable to equity holders of the parent company per share	2006	2005
Equity attributable to equity holders of the parent company, EUR million	310.1	340.9
Number of shares	55,348,157	56,930,957
Equity attributable to equity holders of the parent company per share, EUR	**5.60**	**5.99**

Dividend

Dividend per share, EUR	0.15	0.30

The 2006 dividend is the Board of Directors' proposal to the Annual General Meeting.

NOTE 19 Minority Interests

EUR million	2006	2005
Carrying amount 1 January	1.0	0.9
Translation difference	0.0	-
Acquisition of the minority share	-	0.0
Disposals	0.0	-
Net result attributable to minority	1.3	0.0
Dividends paid	-0.1	-0.1
Other changes	-	0.2
Carrying amount 31 December	**2.2**	**1.0**

Other changes in 2005 include minority interest of equity of Kemira GrowHow (Thailand) Ltd at 1 January 2005. Kemira GrowHow (Thailand) Ltd was consolidated as an associate in 2004, and due to a change in control of the company, as a subsidiary from 1 January 2005.

Principal minority interests		**2006**	**2005**
Kemira GrowHow (Thailand) Ltd	Thailand	1.1	0.1
Viljavuuspalvelu Oy	Finland	0.9	0.8
UAB Movere	Lithuania	0.1	0.1
Kemira GrowHow (M) Sdn. Bhd.	Malaysia	0.0	-
Kemira Agro Sdn. Bhd.	Malaysia	0.0	0.0
Total		**2.2**	**1.0**

NOTE 20 Pensions and Other Long-term Employee Benefits

Pensions

The Group has various pension schemes in the countries where it operates. In Finland the pension cover is mainly arranged through own trustee-administrated pension funds. The Group has also own pension funds in the United Kingdom. The pension arrangements elsewhere are made in accordance with local regulations and practice. In addition to Finland and the UK, the Group has defined benefit pension plans also in Belgium, the Netherlands and Germany. The plans include retirement, disability, death and termination benefits.

The Group has also defined contribution pension plans, of which the charge to the income statement was EUR 8.8 million (EUR 7.3 million in 2005). Belgian defined contribution pension plan has defined benefit aspects as the Belgian pension legislation changed in the beginning of 2005. However, these defined benefit aspects have no effect on the net defined benefit pension liability or pension expenses, so they are not included in assets and liabilities of the defined benefit pension plans.

The funded part of the Finnish pensions, including the disability pensions, belonging to the Finnish statutory employment pension scheme TEL (retirement and unemployment pensions), is treated as defined benefit pension plan when the pensions are managed in the Group's own pension funds.

Kemira GrowHow's Finnish pension 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 GrowHow Oyj shares representing 0.27 percent (0.27 percent) of the company's shares outstanding. In 2006 Kemira GrowHow's subsidiary sold to the pension fund a property consisting of land and a building with a total consideration of EUR 3.0 million. The sales price was the fair value of the sold property. The subsidiary has leased back the sold property with market terms. The lease term is 5 years and the period of notice for the lease is 12 months.

Other long-term employee benefits

In addition to defined benefit pensions Kemira GrowHow has other long-term employee benefits, such as long-service benefits and termination benefits, for which the timing of the payments is uncertain. These termination benefits are accounted for as post-employment benefits, and they are presented separately from defined benefit pensions. Actuarial gains and losses as well as past service costs of all these long-term employee benefits are recognized immediately. In addition, the Group has a minor medical plan, which is closed to new members, in one of the countries it operates. Actuarial gains and losses of the medical plan are recognized immediately.

Amounts in the balance sheet relating to defined benefit pension plans

EUR million	2006	2005
Fair value of plan assets	470.9	536.8
Present value of funded obligations	496.8	585.1
	26.0	48.3
Present value of unfunded obligations	2.4	2.4
Deficit	28.3	50.7
Unrecognized net actuarial gains (-) / losses	41.8	16.8
Net liability	**70.1**	**67.5**
Amounts in the balance sheet		
Liabilities	89.2	88.3
Assets	19.1	20.8
Net liability	**70.1**	**67.5**

Amounts in the balance sheet relating to other long-term employee benefits

	2006	2005
Fair value of plan assets	-	-
Present value of funded obligations	-	-
	-	-
Present value of unfunded obligations	7.1	7.5
Net liability	**7.1**	**7.5**
Amounts in the balance sheet		
Liabilities	7.1	7.5
Assets	-	-
Net liability	**7.1**	**7.5**

Benefit plan summary by country, defined benefit pensions and other long-term employee benefits

	2006	2005	
Total assets by country	Finland	Finland	Other countries
Fair value of plan assets	218.2	247.8	92.9
Present value of funded obligations	196.1	231.3	93.8
	22.1	16.5	-0.9
Present value of unfunded obligations	-	-	-
Surplus	22.1	16.5	-0.9
Unrecognized net actuarial gains (-) / losses	-3.0	3.1	2.2
Asset in the balance sheet from defined benefit pensions and other long-term employee benefits	**19.1**	**19.5**	**1.2**

	2006			2005		
Total liabilities by country	Finland	UK	Other countries	Finland	UK	Other countries
Fair value of plan assets	42.7	197.7	12.2	0.7	188.5	7.0
Present value of funded obligations	41.9	245.9	12.9	1.0	250.9	8.1
	-0.7	48.1	0.7	0.3	62.4	1.1
Present value of unfunded obligations	-	-	9.5	0.0	0.0	10.0
Deficit	-0.7	48.1	10.2	0.3	62.4	11.1
Unrecognized net actuarial gains / losses (-)	2.3	35.5	0.9	0.1	21.2	0.7
Liability in the balance sheet from defined benefit pensions and other long-term employee benefits	**1.6**	**83.6**	**11.1**	**0.4**	**83.7**	**11.8**

	2006	2005
Changes in the fair value of plan assets, defined benefit pensions		
Fair value of plan assets 1 January	536.8	490.1
Exchange differences on foreign plans	3.9	4.6
Expected return on plan assets	23.0	24.9
Actuarial (losses -) gains	10.9	25.4
Benefits paid	-22.4	-20.2
Effect of curtailment	-	1.2
Settlement	-89.3	-1.4
Contributions by employer	6.2	10.6
Contributions by employees	1.7	1.6
Fair value of plan assets 31 December	**470.9**	**536.8**

2006 settlements include transfer of the majority of the defined benefit plan in the Netherlands to an insurance company.

	2006	2005
Changes in the present value of defined benefit pension obligation		
Present value of defined benefit obligation 1 January	587.6	559.0
Exchange differences on foreign plans	5.2	6.8
Current service cost	6.6	8.2
Past service cost	-	-
Interest cost	22.8	28.6
Actuarial losses (gains -)	-11.8	5.1
Effect of curtailment	0.0	-0.2
Settlement	-90.5	-1.4
Benefits paid	-22.4	-20.2
Contributions by employees	1.7	1.6
Present value of defined benefit obligation 31 December	**499.2**	**587.6**

2006 settlements include transfer of the majority of the defined benefit plan in the Netherlands to an insurance company.

Changes in the fair value of plan assets, other long-term employee benefits		
Fair value of plan assets 1 January	-	-
Benefits paid	-1.6	-1.7
Contributions by employer	1.6	1.7
Fair value of plan assets 31 December	-	-

Changes in the present value of other long-term employee benefit obligation		
Present value of defined benefit obligation 1 January	7.5	8.1
Current service cost	0.0	0.0
Interest cost	0.3	0.4
Actuarial losses (gains -)	1.0	0.8
Effect of curtailment	-	-
Benefits paid	-1.7	-1.7
Present value of defined benefit obligation 31 December	**7.1**	**7.6**

Amounts recognized in income statement, defined benefit pensions	2006	2005
Current service cost	6.6	8.2
Interest on obligation	22.7	28.6
Expected return on plan assets	-22.9	-24.9
Net actuarial gains (-) / losses recognized	2.0	0.2
Effect of curtailment (gain -)	0.0	-1.2
Settlement	-1.4	-0.1
Past service cost	-	-
Total included in pension expenses (gain -)	**7.0**	**10.7**

The Group expects to contribute EUR 11.7 million to its defined benefit pension plans in 2007.

Actual return on plan assets, pensions		
Expected return on plan assets	23.0	24.9
Actuarial gains / losses (-) on plan assets	10.9	25.4
Actual return on plan assets	**33.9**	**50.4**

Amounts recognized in income statement, other long-term employee benefits	2006	2005
Current service cost	0.0	0.0
Interest on obligation	0.3	0.4
Net actuarial gains (-) / losses recognized	1.0	0.8
Total included in other personnel expenses (gain -)	**1.3**	**1.2**

The Group expects to contribute EUR 1.5 million to its other long-term employee benefit plans in 2007.

Actuarial assumptions, all plans

	2006 Finland	UK	Other countries	2005 Finland	UK	Other countries
Discount rate, %	4.5%	5.12%	3.75%-4.25%	5.0%	4.7%	4.0 %-4.5%
Expected return on plan assets, %	4.55 %-4.9%	6.04%	4.60%-4.75%	4.6%-5.4%	5.7%	4.5 %-4.75%
Future salary increase, %	2.0%	3.02%	2.0%-3.5%	3.0%	3.8%	2.0 %-3.5%
Future pension increases, %	1.9%-2.1%	2.25 %-3.02%	1.0%-2.0%	1.8%-2.3%	1.84%	2.0 %-3.5%
Inflation, %	2.0%	3.02%	2.0%	2.0%	2.8%	2.0%
Expected remaining working years of staff	7-16	11	11-13	7-17	11	12-13

The major categories of plan assets as a percentage of total plan assets	2006	2005
Equity instruments	48%	42%
Debt instruments	45%	53%
Property	2%	1%
Other assets	5%	5%

To develop the expected rate of return, the current level of expected returns on risk free investments has been considered as well as the historical level of the risk premium associated with other asset classes and the expectations for future returns of each asset class. The expected return for each asset class has been weighted based on the asset allocation to develop the expected rate of return on asset assumption for the portfolio.

Amounts for the current and previous periods, defined benefit pensions

EUR million	2006	2005	2004
Defined benefit pension obligation	499.2	587.6	559.0
Plan assets	470.9	536.8	490.1
Surplus / (deficit)	-28.3	-50.7	-68.9
Experience adjustments on plan assets, % of the plan assets	5%	5%	2%
Experience adjustments on plan liabilities, % of the plan liabilities	-0.3%	-1%	-2%

Amounts included in the fair value of plan assets

EUR million	2006	2005
Kemira GrowHow Oyj shares	1.0	0.9
Property occupied/ other assets used by Kemira GrowHow	6.6	3.5
Loan receivables from Kemira GrowHow	31.3	34.3
Total	**38.9**	**38.7**

NOTE 21 Interest-bearing Liabilities

EUR million	2006	2005
Non-current interest-bearing liabilities		
Loans from financial institutions	70.5	76.6
Pension loans	31.3	34.3
Finance leasing liabilities	1.9	2.5
Other non-current liabilities	0.2	1.2
Total non-current interest-bearing liabilities	**103.9**	**114.6**

Maturity of non-current interest-bearing liabilities		
2008 (2007)	0.8	1.9
2009 (2008)	0.4	1.1
2010 (2009)	50.4	0.2
2011 (2010)	20.4	50.2
2012 (2011) or later	32.0	61.1
Total	**103.9**	**114.6**

Interest-bearing net liabilities		
Non-current interest-bearing liabilities	103.9	114.6
Current interest-bearing liabilities	102.0	107.3
Current investments	-3.3	-41.2
Cash and bank accounts	-16.7	-15.8
Total	**185.9**	**164.9**

Kemira GrowHow's main liquidity reserve is a syndicated revolving credit facility. Kemira GrowHow renewed the revolving credit facility at the end of June 2005. The EUR 150 million credit facility is in place until the year 2010. The previous revolving credit facility from 2004 totalled EUR 225 million.

At the end of 2006 EUR 80 (80) million of the EUR 150 (150) million revolving credit facility was in use.

Kemira GrowHow Oyj agreed in December 2005 on an increase to its domestic commercial paper programme from EUR 100 million to EUR 300 million. Under the commercial paper programme the Company is able to issue commercial papers up to one year's maturity. By using the commercial paper programme Kemira GrowHow Oyj aims to broaden its funding sources according to its treasury policy.

Kemira GrowHow has no convertible bonds or debentures or other bond loans.

Finance leasing

Kemira GrowHow has several finance lease agreements concerning machinery and equipment, but no significant individual agreements in 2006. The most significant finance lease agreement in 2005 concerned the ammonia plant in Hull in the United Kingdom. In accordance with the finance lease agreement, the lessor had from the year 2004 a possibility to each year demand the payment of the remaining minimum lease payments in full. For this reason the finance lease liability of this lease agreement was presented in current liabilities in 2005. In accordance with the terms of the lease agreement, Kemira GrowHow paid back the finance lease liability in 2006 and the ownership of the ammonia plant was transferred to Kemira GrowHow.

The capital cost of machinery and equipment financed with finance leasing was EUR 3.8 (3.9) million, and depreciation thereon was EUR 1.0 (0.8) million.

	2006	2005
Current interest-bearing liabilities		
Loans from financial institutions	30.2	30.5
Current portion of other long-term loans	1.9	29.0
Bills of exchange	3.0	10.0
Finance leasing liabilities	1.2	28.1
Other current interest-bearing liabilities	64.9	9.7
Total current interest-bearing liabilities	**101.2**	**107.3**

Non-current liabilities by currency, %		
EUR	98	78
USD	1	4
GBP	1	17
HUF	0	1
Other currencies	0	0
Total	**100**	**100**

Non-current interest-bearing loans maturing after 5 years		
Loans from financial institutions	0.6	26.7
Pension loans	31.3	34.3
Other non-current liabilities	0.1	0.1
Total	**32.0**	**61.1**

Aggregated finance lease payments		
Interest element	1.0	1.8
Reduction in leasing liabilities	28.8	5.6
Total	**29.8**	**7.4**

Minimum lease payments, maturing in		
Less than 1 year	1.3	29.5
2 - 5 years	1.6	3.9
Over 5 years	0.6	0.9
Total minimum lease payments	**3.5**	**34.3**
Future finance charge	-0.4	-3.7
Present value of minimum lease payments	**3.1**	**30.6**

Present value of minimum lease payments, maturing in		
Less than 1 year	1.2	28.1
2 - 5 years	1.4	1.7
Over 5 years	0.6	0.8
Total present value of minimum lease payments	**3.1**	**30.6**

NOTE 22 Provisions

Long-term provisions

2006

EUR million	Environmental and damage provisions	Restructuring provisions	Other provisions	Pension liabilities	Total
Carrying amount 1 January	-	2.1	0.1	0.5	2.7
Translation difference	-	-	-	-0.1	-0.1
Reclassification	-	-0.2	-	0.0	-0.3
Increase in provisions	-	0.7	0.0	0.0	0.7
Provisions used during the period	-	-0.1	0.0	-	-0.1
Provisions released during the period	-	-0.3	0.0	-	-0.3
Carrying amount 31 December	**-**	**2.2**	**0.1**	**0.5**	**2.7**

2005

EUR million	Environmental and damage provisions	Restructuring provisions	Other provisions	Pension liabilities	Total
Carrying amount 1 January	-	2.5	-	0.6	3.1
Translation difference	-	-	-	0.0	0.0
Reclassification	-	-0.1	-	-0.1	-0.2
Increase in provisions	-	-	0.1	0.0	0.1
Provisions used during the period	-	-0.2	-	-	-0.2
Provisions released during the period	-	-	-	-0.1	-0.1
Carrying amount 31 December	**-**	**2.1**	**0.1**	**0.5**	**2.7**

Short-term provisions

2006

EUR million	Environmental and damage provisions	Restructuring provisions	Other provisions	Emission rights	Pension liabilities	Total
Carrying amount 1 January	2.4	2.1	-	-	0.0	4.5
Translation difference	-	-	-	-	-	-
Reclassification	-	0.2	-	-	0.0	0.3
Increase in provisions	1.3	-	0.5	8.6	-	10.4
Provisions used during the period	-0.4	-0.5	-	-8.6	0.0	-9.4
Provisions released during the period	-	-0.3	-	-	-	-0.3
Carrying amount 31 December	**3.4**	**1.6**	**0.5**	**-**	**0.0**	**5.4**

2005

EUR million	Environmental and damage provisions	Restructuring provisions	Emission rights	Pension liabilities	Total
Carrying amount 1 January	4.1	2.3	-	0.0	6.4
Translation difference	-	-	-	-	-
Reclassification	0.0	0.2	-	0.1	0.2
Increase in provisions	0.5	-	3.4	-	3.8
Provisions used during the period	-0.4	-0.4	-3.4	-0.1	-4.2
Provisions released during the period	-1.7	0.0	-	-	-1.8
Carrying amount 31 December	**2.4**	**2.1**	**-**	**0.0**	**4.5**

Environmental and damage provisions

Kemira GrowHow has evaluated the environmental liabilities related to its past actions and made provisions that management considers necessary for any future remedial cost relating to environmental damage. Kemira GrowHow estimates that a significant part of the environmental provisions will be realized in 2007 or early 2008 the latest. For some of the environmental provisions it is not possible to estimate the timing of the outflow of economic benefits.

Restructuring provisions

Kemira GrowHow has recorded restructuring provisions when it has made rationalization measures by closing production plants or reducing activities at the plants. Restructuring provisions include only expenses which are necessarily entailed by the restructuring and which are not associated with the on-going activities. The restructuring provision relates mainly to Kemira GrowHow's activities in Belgium and the Netherlands, and they include, among others, estimated demolition costs and provisions for employee benefits related to personnel whose employment has been terminated. For approximately half of the provisions the timing of the outflow of economic benefits will take place in the latter part of 2007. For some of the provisions it is not possible to estimate the timing of the outflow of economic benefits, for example because the timing is dependent on the actions of an external party.

Pension liabilities

Pension liabilities relate to additional future contributions to defined contribution plans due to personnel reductions.

NOTE 23 Interest-free Liabilities

EUR million	2006	2005
Non-current interest-free liabilities		
Other non-current interest-free liabilities	0.3	1.5
Current interest-free liabilities		
Accounts payable	127.8	140.8
Advances received	4.9	3.1
Accrued expenses and deferred income	55.0	58.6
Other current interest-free liabilities	12.0	7.5
Total current interest-free liabilities	**199.6**	**210.1**

Accruals consist mainly of accrued personnel expenses, accruals related to net sales and purchases, accruals of interests, fair values of derivative instruments and other accruals.

Accrued expenses and deferred income recorded of derivative instruments are disclosed in more detail in Note 25.

NOTE 24 Financial Assets and Liabilities

EUR million 31.12.2006	Note	Assets held for sale	Financial assets and liabilities at fair value through profit and loss: held for trading	Loans and receivables	Financial liabilities at amortized cost	Other liabilities	Derivatives, hedge accounting applies	Total carrying amounts	Total fair value
Cash and bank				16.7				16.7	16.7
Current investments			3.3					3.3	3.3
Derivatives (in assets)	25		1.3				2.1	3.5	3.5
Trade receivables	17			166.8				166.8	166.8
Advance payments	17			0.8				0.8	0.8
Other interest-free receivables	17			13.4				13.4	13.4
Interest-bearing current receivables	17			3.2				3.2	3.2
Available-for-sale shares	15	15.3						15.3	15.3
Other investments	15			4.5				4.5	4.5
Non-current interest-bearing liabilities	21				-103.9			-103.9	-103.9
Current interest-bearing liabilities	21				-102.0			-102.0	-102.0
Accounts payable	23					-127.8		-127.8	-127.8
Advances received	23					-4.9		-4.9	-4.9
Other non-current interest-free liabilities	23				-0.3			-0.3	-0.3
Other current interest-free liabilities	23					-12.0		-12.0	-12.0
Derivatives (in liabilities)	25		-9.1				-0.2	-9.3	-9.3
		15.3	**-4.4**	**205.3**	**-206.2**	**-144.6**	**1.9**	**-132.7**	**-132.7**

EUR million 31.12.2005	Note	Assets held for sale	Financial assets and liabilities at fair value through profit and loss: held for trading	Loans and receivables	Financial liabilities at amortized cost	Other liabilities	Derivatives, hedge accounting applies	Total carrying amounts	Total fair value
Cash and bank				15.8				15.8	15.8
Current investments			41.2					41.2	41.2
Derivatives (in assets)	25		0.4				0.2	0.6	0.6
Trade receivables	17			157.9				157.9	157.9
Advance payments	17			1.1				1.1	1.1
Other interest-free receivables	17			14.5				14.5	14.5
Interest-bearing current receivables	17			46.6				46.6	46.6
Available-for-sale shares	15	0.9						0.9	0.9
Other investments	15			4.7				4.7	4.7
Non-current interest-bearing liabilities	21				-114.6			-114.6	-114.6
Current interest-bearing liabilities	21				-107.3			-107.3	-107.3
Accounts payable	23					-140.8		-140.8	-140.8
Advances received	23					-3.1		-3.1	-3.1
Other non-current interest-free liabilities	23				-1.5			-1.5	-1.5
Other current interest-free liabilities	23					-7.5		-7.5	-7.5
Derivatives (in liabilities)	25		-0.7				-0.2	-0.9	-0.9
		0.9	**41.0**	**240.5**	**-223.3**	**-151.5**	**0.0**	**-92.5**	**-92.5**

NOTE 25 Derivative Instruments

The majority of the Group's derivative transactions, while providing economic hedges, do not qualify for hedge accounting under IAS 39. The Group hedges itself against currency fluctuation mainly by hedging net currency position with derivative instruments. Because hedge accounting is not applied for currency derivatives, changes in the fair values of derivative instruments are immediately recognized in the income statement under other operating income and expenses as a separate item. Changes in the fair values of derivatives hedging currency denominated liabilities and assets, which are considered as financial items, are separated from hedging of net currency position, and they are recorded in the income statement in financial items.

The future cash flows arising from the interest rate payments of Kemira GrowHow's liabilities are hedged with interest rate derivatives, and the hedge fulfills the hedge accounting criteria of IAS 39. Changes in the fair value of these derivatives are recognized in the hedging reserve in equity to the extent that the hedge is effective. Ineffective part of the hedge is recognized immediately in the income statement. The cumulative gain or loss of the derivative deferred in equity is transferred to the income statement in the same period in which the hedged item affects the income statement.

Changes in the fair value of foreign currency derivatives designated as hedges of net investment in foreign entities, and which are effective hedges, are recorded in equity in cumulative translation difference. When the net investment is disposed, the cumulative translation difference relating to the net investment is recorded in the income statement.

Kemira GrowHow's commodity derivatives in 2006 were natural gas derivatives, with which Kemira GrowHow hedges its natural gas purchases. These hedges do not qualify for hedge accounting under IAS 39, thus fair value changes of these derivatives are recorded immediately in the income statement. In 2005 Kemira GrowHow had some grain futures.

Valuation methods of derivative instruments are presented in the Summary of Significant Accounting Policies.

Nominal and fair values of derivative instruments

	2006		2005	
EUR million	Nominal value	Fair value	Nominal value	Fair value
Currency derivatives				
Forward contracts	181.9	-2.4	139.6	-0.4
of which hedging net investment in foreign entity	1.2	-0.1	2.5	-0.1
Currency options				
Bought	61.7	0.7	147.6	0.7
Sold	61.7	-0.2	145.5	-0.8
Interest rate derivatives				
Interest rate options				
Bought	10.0	0.3	10.0	0.1
Sold	10.0	0.0	10.0	0.0
all interest rate options are used in hedging of cash flows				
Interest rate swaps	70.0	1.7	70.0	0.0
all interest rate swaps are used in hedging of cash flows				
Commodity derivatives				
Swaps	136.2	-7.9	-	-

Change in fair values of derivatives recorded in equity

	Hedging reserve
Equity 1 January 2005	**-0.2**
Cash flow hedges, recognized in equity	-0.2
Cash flow hedges, transferred in income statement	0.6
Deferred taxes	-0.1
Cash flow hedges recorded in equity, net	**0.3**
Equity 31 December 2005	**0.1**
Cash flow hedges, recognized in equity	1.8
Cash flow hedges, transferred in income statement	0.1
Deferred taxes	-0.5
Cash flow hedges recorded in equity, net	**1.4**
Equity 31 December 2006	**1.5**

	Cumulative translation difference
Equity 1 January 2005	**-0.2**
Hedging of net investment in foreign entity	-0.2
Deferred taxes	0.0
Cash flow hedges recorded in equity, net	**-0.1**
Equity 31 December 2005	**-0.4**
Hedging of net investment in foreign entity	0.3
Deferred taxes	-0.1
Net income recognized directly in equity	**0.2**
Equity 31 December 2006	**-0.1**

Interest rate swaps and interest rate options are used as hedging instruments.

EUR million	2006	2005
Derivative instruments in the income statement		
Items included in operating profit		
Fair value changes of currency derivatives, net	0.8	-2.2
Fair value changes of commodity derivatives, net	-6.9	0.3
Total	-6.1	-1.9
Items included in financial items		
Currency differences		
Fair value changes of currency derivatives, net	-4.4	0.5
Interest expenses		
Interest rate derivatives, hedge accounting, effective part	0.1	0.6
Total	-4.3	1.1
Total result effect of derivatives	**-10.3**	**-0.8**

	2006	2005
Derivative instruments in the balance sheet, receivables and liabilities		
Prepaid expenses and accrued income		
Currency derivatives	1.3	0.4
Interest rate derivatives, cash flow hedge	2.1	0.2
Total	3.5	0.6
Accrued expenses and deferred income		
Currency derivatives	1.1	0.7
Currency derivatives, hedging net investment in foreign entity	0.1	0.1
Interest rate derivatives, cash flow hedge	0.1	0.1
Commodity derivatives	7.9	-
Total	9.3	0.9

NOTE 26 Cumulative Translation Difference

Kemira GrowHow Group is an international group and is thus exposed to exchange rate fluctuations in relation to its net investments in non-euro-area subsidiaries, joint ventures and associates. Net investments in foreign entities include also subordinated loans to these companies.

Translation differences arise from converting the equity, results, distributed dividends and subordinated loans of foreign subsidiaries, joint ventures and associates into euros. Translation differences are recorded as a separate item in equity. On the disposal of all or part of a foreign subsidiary, a joint venture or an associate, the cumulative amount or proportionate share of the translation difference is recognized in the income statement in the same period in which the gain or loss on disposal is recognized.

The majority of net investments in foreign entities are not hedged. Some subordinated loans are however hedged with derivatives. Changes in the fair value of foreign currency derivatives designated as hedges of net investment in foreign entities, and which are effective hedges, are recorded in equity in cumulative translation difference. Ineffective part of the hedge is recognized immediately in the income statement.

Kemira GrowHow applied the exemption allowed in IFRS 1 for recording of cumulative translation differences. In accordance with the exemption, the cumulative translation differences for all foreign operations were deemed to be zero on 1 January 2004.

Cumulative translation difference

EUR million	2006	2005
Cumulative translation difference 1 January	**-0.2**	**-0.3**
Translation differences arising during the financial year		
Positive	1.2	1.0
- tax effect	-	0.0
Negative	-1.2	-0.8
- tax effect	0.1	-
Transfer of cumulative translation differences of divested companies to income statement		
Positive	-	-
Negative	-	0.0
Hedging of net investment in foreign entity		
Hedging	0.3	-0.2
- tax effect	-0.1	0.0
Cumulative translation difference 31 December	**0.1**	**-0.2**
Of which positive, net of tax	2.7	1.3
Of which negative, net of tax	-2.5	-1.5

The effect, net of tax, of the hedging of net investment in foreign entity is offset against the translation difference, net of tax, arising from the hedged net investment in foreign entity.

NOTE 27 Contingencies

EUR million	2006	2005
Loans secured with mortgages or pledges		
Loans from financial institutions	0.6	0.7
Mortgages given	1.6	1.6
Loans from pension institutions	18.6	21.6
Mortgages given	20.1	18.3
Total loans secured with mortgages	**19.2**	**22.3**
Total mortgages given	**21.8**	**19.9**
Other loans secured with pledges	**0.8**	**1.7**
Pledges given	**2.3**	**2.5**
Contingent liabilities		
Mortgages		
On behalf of own commitments	27.0	24.6
Assets pledged		
On behalf of own commitments	2.3	2.5
Guarantees		
On behalf of joint ventures	-	4.5
On behalf of others (*	29.5	32.6
Total	29.5	37.0
Total contingent liabilities	**58.8**	**64.2**

(* EUR 29.2 (31.8) million of this obligation is related to the guarantees for which Kemira Oyj has issued a counter indemnity to Kemira GrowHow Oyj.

Operating leases

Kemira GrowHow has various non-cancellable operating leases. The minimum future payments of these leasing contracts are presented in the table below.

Minimum future payments of operating lease commitments		
Maturity within one year	9.3	9.9
Maturity later than one year and not later than five years	17.8	19.2
Maturity later than five years	9.8	13.3
Total minimum future payments of operating lease commitments	**37.0**	**42.4**

Operating leases as lessor

Kemira GrowHow has some operating lease agreements in which the Group acts as a lessor. The minimum future payments to be received from non-cancellable operating lease agreements are presented in the table below.

Minimum future payments of operating leases		
Maturity within one year	0.3	0.2
Maturity later than one year and not later than five years	0.8	0.7
Maturity later than five years	0.3	0.3
Total minimum future payments of operating leases	**1.3**	**1.2**

Other contingent liabilities and litigations

The Finnish Supreme Administrative Court gave a decision in April 2004 on Kemira GrowHow's appeal concerning the waste management permit for Kemira GrowHow's Siilinjärvi plant in Finland. Although the Court's decision was negative, the opinion of the management is that this will not have an impact on Kemira GrowHow's financial position. A new environmental and water management permit was issued in October 2006 to the Siilinjärvi mine and plants. The enforcement of the permit is pending due to an appeal. The existing permit is valid until the appeal process is completed. The new permit, when enforceable, will be valid until further notice. The terms of the permit will be reviewed in 2015. Kemira GrowHow estimates that the new environmental permit will not create new material obligations.

The Hungarian competition authority investigated Kemira GrowHow´s role in a suspected market sharing and price cartel in animal feed phosphates. Kemira GrowHow co-operated with the Hungarian competition authority in the investigation. The investigation was concluded in March 2006. The investigation did not lead to any measures.

Kemira GrowHow Group has international operations and is a defendant or plaintiff in a number of legal 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.

NOTE 28 Shares and Holdings

Group companies			Group holding %	Parent company holding %
Kemira GrowHow Oyj	Helsinki	Finland		
Kemira GrowHow Holdings Ltd	Ince	United Kingdom	100	100
Kemira GrowHow U.K. Ltd	Ince	United Kingdom	100	
Kemira GrowHow Ltd	Ince	United Kingdom	100	
Kemira GrowHow N.I. Ltd	Hillsborough	United Kingdom	100	
GrowHow N.I. Ltd	Hillsborough	United Kingdom	100	
H.A. Butts & Son Ltd	Ince	United Kingdom	100	
GrowHow UK Ltd	Ince	United Kingdom	100	
Kemira GrowHow Ireland Ltd	Dublin	Ireland	100	
Kemira GrowHow S.A./N.V.	Wavre	Belgium	100	
Battaille S.A.	Basecles	Belgium	100	
S.G.A. S.A.	Wavre	Belgium	100	
Engrais Battaille S.A.	Fresness / Escaut	France	100	
Kemira GrowHow B.V.	Rozenburg	Netherlands	100	100
Kemira GrowHow Rozenburg B.V.	Rozenburg	Netherlands	100	
Kemira GrowHow GmbH	Hannover	Germany	100	
Kemira GrowHow Holding A/S	Fredericia	Denmark	100	100
Kemira GrowHow Danmark A/S	Fredericia	Denmark	100	100
Agroprom Oy	Lohja	Finland	100	100
Kemira Phosphates Oy	Helsinki	Finland	100	100
Kemphos Oy	Helsinki	Finland	100	
Sokli Oy	Helsinki	Finland	100	100
Kemira GrowHow CIS Oy	Helsinki	Finland	100	100
Limited Liability Company Kemira GrowHow	Kiev	Ukraine	100	
Viljavuuspalvelu Oy	Mikkeli	Finland	80	80
Verdera Oy	Helsinki	Finland	100	100
Kemira GrowHow AB	Helsingborg	Sweden	100	
Kemira Phosphates (Pty) Ltd	Umbogintwini	South Africa	74	
KK Animal Nutrition (Pty) Ltd	Umbogintwini	South Africa	87	
Kynoch Feeds (Pty) Ltd	Umbogintwini	South Africa	74	
Kemira GrowHow (M) Sdn.Bhd.	Kuala Lumpur	Malaysia	70	70
Kemira Agro Sdn. Bhd. (*	Kuala Lumpur	Malaysia	30	30
Kemira Agro (HK) Ltd	Hong Kong	China	100	100
ZAO Kemira Agro	Moscow	Russia	100	100
OOO Mineralresurs	Moscow	Russia	100	100
ZAO Agropromchimija	Vyborg	Russia	100	
Kemira GrowHow Sp.z.o.o.	Gdynia	Poland	100	100
Kemira GrowHow Kft.	Berhida	Hungary	100	99
UAB Kemira Lifosa	Kedainiai	Lithuania	100	100
UAB Movere	Kedainiai	Lithuania	80	80
Kemira GrowHow Latinoamericana S.A.	Buenos Aires	Argentina	100	100
Kemira GrowHow (Thailand) Ltd (**	Bangkok	Thailand	49	49

(* Kemira GrowHow Group has the control in the company.

(** Kemira GrowHow Group has the control in the company, consolidated as a subsidiary from 1 January 2005 after a change in control.

Joint ventures			Group holding %	Parent company holding %
Alufluor AB	Helsingborg	Sweden	50	
Agrowline A/S	Fredericia	Denmark	50	
UAB Kemira GrowHow	Vilnius	Lithuania	50	50
SIA Kemira GrowHow Group				
SIA Kemira GrowHow	Riga	Latvia	50	50
SIA Agro Stende	Stende	Latvia	50	
AS Kemira GrowHow Group				
AS Kemira GrowHow	Tallinn	Estonia	50	50
Põllumajandusteenuste Oü	Tallinn	Estonia	50	
CetPro Limited Group				
CetPro Limited	Dublin	Ireland	49	
CetProbel S.A.	Wavre	Belgium	49	

Associated companies			Group holding %	Parent company holding %
A/S Ammonia	Fredericia	Denmark	33	
Indkoebsselskabet for Kali	Fredericia	Denmark	50	
Nitrex AG	Zürich	Switzerland	25	25
Farmit Website Oy	Helsinki	Finland	50	50
Movere Oy	Lahti	Finland	33	33
PK Düngerhandelsgesellschaft m.b.H.	Hannover	Germany	50	
Société des Engrais Chimiques et Organic S.A.	Ribécourt	France	49.7	
AB Gustoniu Zemes Ukio Chemija	Panevezio raj.	Lithuania	47	

Changes in group structure in 2006

Acquisitions and established companies

- In January 2006 a joint venture, Agrowline A/S, was established in Denmark with the Danish agricultural distributor co-operative DLA Agro Group.
- Kemira GrowHow S.A. / N.V. acquired in March 2006 49 percent of shares in the Irish company CetPro Limited. CetPro Limited has a 98 percent holding in the Belgium company CetProbel S.A.
- Nitrex AG (Switzerland) became an associated company when the holding of Kemira GrowHow Oyj was increased to 25 percent in the beginning of 2006.
- The Latvian joint venture of Kemira GrowHow, SIA Kemira GrowHow, acquired in June 2006 100 percent share in the Latvian company SIA Agro Stende.
- The Estonian joint venture of Kemira GrowHow, AS Kemira GrowHow, acquired in November 2006 100 percent share in the Estonian company Põllumajandusteenuste Oü.

Divested companies

- Kemira GrowHow Oyj sold in August 2006 100 percent of its holding in the Estonian subsidiary AS Fertimix.
- Kemira GrowHow Oyj sold in September 30 percent of its holding in the Malaysian subsidiary Kemira GrowHow (M) Sdn.Bhd. The Group's holding in Kemira GrowHow (M) Sdn.Bhd. decreased from 100 percent to 70 percent.

Changes within Kemira GrowHow Group

- Hungarian companies Transcenter Kft. and Komission Kft. were merged in Kemira GrowHow Kft. in January 2006.
- OOO Mineralresurs (Russia) sold its holding in the Russian subsidiary ZAO Agropromchimija to the Finnish subsidiary Kemira GrowHow CIS Oy.
- Associated company Zao Kemikrona (Russia) was dissolved in May 2006.
- The Group's wholly-owned subsidiaries Agtek Ltd (UK), Kemira Cropcare Ltd (UK), Shellstar Ltd (UK) and Westward & Yorkshires Fertilizers Ltd (UK) were dissolved in November 2006.

NOTE 29 Share-based Incentive Plans and Directors´ and Management´s Ownership

Share-based incentive plans

Kemira GrowHow's share based incentive plans are directed to the Group's key personnel as part of the Group's incentive schemes. The plans aim to align the interests of the Company's shareholders and key personnel in the Group, in order to raise the value of the Company.

The shares to be allocated may be in Kemira GrowHow Oyj's own treasury or they may be purchased in public trading. Therefore, the incentive plans will have no dilution effect on the share value.

The share-based incentive plans of Kemira GrowHow are combinations of shares and cash payments. Kemira GrowHow has the option to settle the possible reward in cash in its entirety. The granted amount of the incentive plans, which will be settled in shares, is measured at fair value at grant date, and the cash-settled part of the plan is measured at fair value at the reporting date. The expenses arising from the incentive plans are recorded in the income statement during the vesting period. The cash-settled part of the incentive plan is recorded as a liability in the balance sheet and the part to be settled in shares is recorded in retained earnings in equity net of tax. Kemira GrowHow has made an accrual of the personnel costs arising from the share-based incentive plans to the extent it is liable to pay them.

Share-based incentive plan 2004 - 2006

Kemira GrowHow's Board of Directors decided on 26 August 2004 to adopt a share-based incentive plan which is based on three performance periods: 2004, 2005 and 2006. The criteria for reward payments for the year 2004 were based on return on capital employed (ROCE) and cash flow after capital expenditure. For the years 2005 and 2006 cash flow was replaced by earnings per share (EPS). The possible reward will be paid as a combination of shares and a cash payment two years after each performance period. The cash payment will be 1.5 times the value of the shares. In order to be entitled to receive the shares and the cash payment, the persons have to be employed by Kemira GrowHow Group at the time the payment takes place. The persons included in the plan must keep any shares that they may have earned up to the worth of their annual salary for as long as they remain employed by the Group.

The maximum number of shares that may be allocated through the incentive plan is 315,000 shares. No shares have been allocated through the incentive plan yet, but the shares earned from the 2004 performance period will be allocated by 30 April 2007. Because the performance conditions for 2006 were not fulfilled, no shares will be allocated from the 2006 performance period.

The expenses arising from the share-based incentive plan are recorded in the income statement during the 40-month vesting period of each performance period. The expenses arising from the share-based incentive plan were EUR 0.5 million in 2006 (EUR 0.2 million in 2005). EUR 0.1 (0.0) million of the annual expense, net of tax, has been recorded in equity and EUR 0.3 (0.1) million as a liability. The expenses recorded in 2006 include the amounts recognized in 2006 of the performance periods of 2005 and 2004. The expenses recorded in 2005 include the amounts recognized in 2005 of the performance periods of 2005 and 2004. The total liability recognized in the balance sheet due to the share-based incentive plan was EUR 0.8 (0.4) million.

If all the persons included in the incentive plan remain employed by Kemira GrowHow, the total number of shares to be allocated based on the 2005 performance period will be 2,742 shares, and 77,320 shares based on the 2004 performance period respectively. The grant date share price of the 2005 performance period was EUR 5.70, and the grant date share price of the 2004 performance period was EUR 5.25. No shares will be allocated based on the 2006 performance period. The expenses to be recorded in 2007 and 2008 based on the 2005 and 2004 performance periods depend on the share price development of Kemira GrowHow Oyj share to the extent that the reward is paid in cash. Assuming that all the persons included in the plan remain employed by Kemira GrowHow, the annual expense from the part of the plan which will be allocated in shares will be immaterial in 2007 and 2008.

Share-based incentive plan 2007 - 2009

Kemira GrowHow's Board of Directors decided on 19 December 2006 to adopt a new share-based incentive plan which is based on three performance periods: 2007, 2008 and 2009. The criteria for reward payments are based on the Group's key ratios earnings per share (EPS) and Economic Profit (EP). The possible reward for all performance periods will be paid as a combination of shares and a cash payment by the end of April 2010. The cash payment will be 1.5 times the value of the shares. The maximum reward per person to be paid for each performance period is limited and will not be more than 12.5 times the monthly gross salary of the person in question at the time when the Board of Directors decides on the final allocated number of shares for the reward period. In order to be entitled to receive the shares and the cash payment, the persons have to be employed by Kemira GrowHow Group at the time the payment takes place. The persons included in the plan must keep any shares that they may have earned up to the worth of their annual salary for as long as they remain employed by the Group.

The maximum number of shares that may be allocated through the incentive plan is 1,041,000 shares. For the 2007 performance period a maximum of 347,000 shares can be allocated.

The grant date share price of the 2007 performance period was EUR 6.51. The total number of key persons included in the plan for the 2007 performance period is 52. The annual expenses to be recorded between 2007 - 2010 based on the 2007 performance period depend on the fulfillment of the criteria for reward payments, which affects the number of the shares to be allocated, and also on the share price development of Kemira GrowHow Oyj share to the extent that the reward is paid in cash. Assuming that all the persons included in the plan remain employed by Kemira GrowHow and that the total number of the shares to be allocated will be the maximum number of shares (i.e. 347,000 shares), the annual expense from the part of the plan which is allocated in shares will be EUR 0.7 million in 2007 - 2009.

It is not yet possible to estimate the 2008 - 2010 annual expenses arising from the 2008 - 2009 performance periods because the Board of Directors of Kemira GrowHow Oyj has not yet made a decision concerning these performance periods.

Board of Directors, share ownership

	Kemira GrowHow shares	
	31.12.2006 (*	31.12.2005 (*
Ossi Virolainen, Chairman	3,001	3,001
Lauri Ratia, Vice Chairman	2,282	2,282
Sari Aitokallio	700	700
Arto Honkaniemi	-	-
Satu Raiski	540	540
Esa Tirkkonen	3,296	3,296
Helena Terho	1,000	1,000

(* Share ownership includes also the ownership of Kemira GrowHow Oyj shares by the related parties of the person in question and entities controlled by the person in question.

Management Board, share ownership

	Kemira GrowHow shares	
	31.12.2006 (*	31.12.2005 (*
Heikki Sirviö, CEO	14,603	14,603
Kaj Friman, Deputy CEO and CFO	13,325	13,325
Timo Lainto	8,553	8,553
Antti Orkola	6,242	6,242
Olavi Määttä	7,743	7,743
Michael Christensson	-	-
Ilkka Kruus	-	521
Jukka-Pekka Nieminen	115	115

(* Share ownership includes also the ownership of Kemira GrowHow Oyj shares by the related parties of the person in question and entities controlled by the person in question.

Kemira GrowHow shares, based on share-based incentive plan (number of shares earned from performance period)

	2005 performance period (1	2004 performance period (2
Heikki Sirviö, CEO	434	12,249
Kaj Friman, Deputy CEO and CFO	326	9,187
Timo Lainto	217	6,124
Antti Orkola	217	6,124
Olavi Määttä	136	3,828
Michael Christensson	109	3,062
Ilkka Kruus	109	3,062
Jukka-Pekka Nieminen	109	3,062

No shares have been transferred yet based on the share-based incentive plan.

(1 The shares will be transferred in 2008 if the person entitled to the shares is still employed by the Group.

(2 The shares will be transferred by 30 April 2007 if the person entitled to the shares is still employed by the Group.

NOTE 30 Related Parties

Parties are considered to be related parties if one party is able to exercise control over the other or substantially influence in decision-making concerning its finances and business operations. The Group's related parties include the parent company, subsidiaries, associated companies and joint ventures. Related parties also include the members of the Board of Directors and the Group's Management Team, the CEO and his deputy and their family members. Loans granted to management of the parent company or subsidiaries in 2006 were EUR 2,000 (EUR 19,000 in 2005). No material transactions were made with the management. Details of management compensation are given in Note 7 and details of management´s share ownership in Note 29.

Loans granted to minority shareholders of subsidiaries in 2006 were EUR 41,000 (EUR 16,000 in 2005).

Kemira GrowHow follows the same commercial terms in transactions with associated companies, joint ventures and other related parties as with third parties. Associated companies are described in more detail in Note 13 and joint ventures in Note 14.

Kemira GrowHow'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 GrowHow Oyj shares representing 0.27 percent (in 2005 0.27 percent) of the Company's shares outstanding.

In 2006 Kemira GrowHow's subsidiary sold to the pension fund a property consisting of land and a building with a total consideration of EUR 3.0 million. The sales price was the fair value of the sold property. The subsidiary has leased back the sold property with market terms. The lease term is 5 years and the period of notice for the lease is 12 months.

The Finnish pension foundations own 1.76 percent of the outstanding Pohjolan Voima shares. Pohjolan Voima shareholders have the right to purchase electricity with preferencial price. Kemira GrowHow Oyj pays compensation to the pension foundations for utilization of this right to purchase electricity. This electricity price covers its production costs and it has generally been below the average market prices.

The Government of Finland owns 30.05 percent of the shares in Kemira GrowHow Oyj. Based on its shareholding, the Government of Finland is able to substantially influence in decision-making concerning Kemira GrowHow's finances and business operations.

NOTE 31 Changes in Presentation of Financial Statements and the Effects of the Changes

Changes in presentation of financial statements

In the second quarter of 2006, Kemira GrowHow changed the way of presenting currency and commodity derivatives in the income statement.

Previously Kemira GrowHow's subsidiaries recorded fair value changes of those currency derivatives, which hedge expected future cash flows arising from commercial transactions, immediately as adjustments of net sales or purchases based on the nature of the hedged transaction. After the change, subsidiaries record fair value changes of the currency derivatives, which hedge expected future cash flows, separately within other operating income and expenses.

The Group treasury hedges the Group's expected future net currency cash flows with currency derivatives, and previously all fair value changes of currency derivatives hedging net future cash flows were recorded immediately as financial items. After the change, the part of future net currency cash flow hedging which represents hedging of expected transactions, has been separated, and fair value changes of those hedges are recorded separately within other operating costs. Fair value changes of currency derivatives hedging currency denominated liabilities and assets, which are considered as financial items, are still recorded as financial items.

Also fair value changes of commodity derivatives, which were previously recorded as adjustments of net sales or purchases, are now recorded separately within other operating income and expenses.

These changes have changed the consolidated net sales, operating profit and financial items, but they had no effect on the consolidated result. The changes have changed cash flows from operating and financing activities.

The result of Kemira GrowHow's ammonia business has previously been recorded as adjustment of ammonia purchases, and net sales of ammonia business as well as all other income and expenses have been recorded as adjustment of purchases. However, the trading of ammonia has grown to be substantial enough to be recognized as a separate business. For this reason Kemira GrowHow has changed the way of recognizing net sales, other income and expenses of the ammonia business and records them currently in the income statement according to their nature as net sales, other income and expenses. These changes have no result effect.

Other restatements

Kemira GrowHow has restated the balance sheet of 31 December 2004. The restatement concerns a defined benefit medical plan liability and amounts to EUR 0.8 million. The restatement decreases retained earnings by EUR 0.5 million. The result effect of the medical plan on 2005 and 2006 is immaterial.

Restated condensed income statement 1–12/2005

Condensed income statament

EUR million	Before restatement 1–12/2005	Effect of restatement	Restated 1–12/2005
Net sales	**1,220.9**	**37.3**	**1,258.2**
Other operating income	18.2	1.1	19.3
Cost of sales	-1,143.6	-39.1	-1 182.7
Fair value changes of currency derivatives, net	-	-2.2	-2.2
Fair value changes of commodity derivatives, net	-	0.3	0.3
Depreciation, amortization and impairment	-47.7	-	-47.7
Operating profit/loss	**47.8**	**-2.6**	**45.3**
Financial income and expenses	-11.9	2.6	-9.3
Share of the net result of associated companies and joint ventures	-1.3	-	-1.3
Net financial items	-13.2	2.6	-10.6
Result before income taxes	**34.6**	**0.0**	**34.6**
Income taxes	-2.8	0.0	-2.9
Net result	**31.8**	**0.0**	**31.8**
Attributable to minority interests	0.0	-	0.0
Attributable to equity holders of the parent company	**31.8**	**0.0**	**31.8**
Total	31.8	0.0	31.8
Earnings per share, EUR	**0.56**	0.00	**0.56**
Operating result / loss, % of net sales	**3.9**	-0.3	**3.6**
Net result for the period, % of net sales	**2.6**	-0.1	**2.5**
Equity ratio, %	**38.4**	-0.1	**38.3**
Gearing, %	**48.2**	0.0	**48.2**

Effect of restatement on cash flow statement 1–12 / 2005

Cash flow statement

EUR million	Before restatement 1–12/2005	Effect of restatement	Restated 1–12/2005
Cash flows from operating activities			
Cash flows from operating activities before change in net working capital	81.1	-0.2	80.9
Change in net working capital	-11.2	-0.3	-11.5
Net cash flow from operating activities	**69.9**	**-0.5**	**69.4**
Net cash flow from investing activities	**-47.1**	**0.0**	**-47.1**
Cash flow before financing activities	**22.8**	**-0.5**	**22.3**
Net cash flow from financing	**-42.6**	**-0.2**	**-42.8**
Effect of exchange rate fluctuations	**0.7**	**0.7**	**1.5**
Net change in cash and cash equivalents	**-19.0**	**0.0**	**-19.0**
Cash and cash equivalents at the beginning of the period	76.0	-	76.0
Cash and cash equivalents at the end of the period	57.0	-	57.0
Net change in cash and cash equivalents	**-19.0**	**-**	**-19.0**

Effect of restatement quarterly and by segment

EUR million

Net sales	1–3/2006	10–12/2005	7–9/2005	4–6/2005	1–3/2005	1–12/2005
Crop Cultivation						
Before restatement	201.2	267.9	211.6	260.4	233.9	973.8
Effect of restatement	7.6	5.3	12.5	11.5	9.4	38.7
Net sales	**208.9**	**273.2**	**224.1**	**271.9**	**243.3**	**1,012.5**
Industrial Solutions						
Before restatement	75.8	73.4	72.1	72.2	73.7	291.5
Effect of restatement	0.0	0.0	-0.2	0.3	0.3	0.4
Net sales	**75.8**	**73.4**	**71.9**	**72.6**	**74.0**	**291.9**
Internal eliminations						
Before restatement	-11.8	-12.0	-12.6	-10.1	-9.7	-44.3
Effect of restatement	0.0	-0.2	-0.2	-1.5	0.0	-1.9
Net sales	**-11.8**	**-12.2**	**-12.8**	**-11.5**	**-9.7**	**-46.2**
Kemira GrowHow total net sales						
Before restatement	265.2	329.3	271.1	322.6	297.9	1,220.9
Effect of restatement	7.7	5.2	12.1	10.4	9.7	37.3
Net sales	**272.9**	**334.5**	**283.2**	**333.0**	**307.6**	**1,258.2**

Operating profit/loss	1–3/2006	10–12/2005	7–9/2005	4–6/2005	1–3/2005	1–12/2005
Crop Cultivation						
Before restatement	-17.8	-5.9	6.4	13.9	18.9	33.4
Effect of restatement	-0.6	-0.1	-0.6	-1.3	-0.5	-2.5
Operating profit/loss	**-18.4**	**-5.9**	**5.7**	**12.6**	**18.4**	**30.9**
Industrial Solutions						
Before restatement	0.9	4.8	3.9	4.3	5.2	18.2
Effect of restatement	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit/loss	**0.9**	**4.8**	**3.9**	**4.3**	**5.2**	**18.2**
Segments total						
Before restatement	-16.8	-1.1	10.3	18.2	24.1	51.6
Effect of restatement	-0.6	-0.1	-0.6	-1.3	-0.5	-2.5
Segments total, operating profit/loss	**-17.4**	**-1.1**	**9.7**	**16.9**	**23.7**	**49.1**
Corporate centre and other						
Before restatement	-1.6	-0.2	-1.1	0.4	-2.9	-3.8
Effect of restatement	0.0	0.0	-0.2	-0.2	0.3	-0.1
Operating profit/loss	**-1.7**	**-0.1**	**-1.3**	**0.2**	**-2.6**	**-3.9**
Kemira GrowHow total operating profit/loss						
Before restatement	-18.4	-1.3	9.2	18.7	21.2	47.8
Effect of restatement	-0.6	0.0	-0.8	-1.5	-0.2	-2.6
Total operating profit/loss	**-19.1**	**-1.3**	**8.3**	**17.1**	**21.1**	**45.3**

NOTE 32 Events after the Balance Sheet Date

In October 2006 Kemira GrowHow Oyj and Terra Industries Inc. entered into a Memorandum of Understanding which sets out their agreement to create a joint venture to operate the fertilizer and associated process chemicals businesses of both companies in the United Kingdom. The joint venture would be held 50/50 by Kemira GrowHow and Terra and would own and operate the site of Kemira GrowHow UK Limited at Ince and the sites of Terra Nitrogen (UK) Limited on Teesside and Severnside. Both companies produce ammonium nitrate, which is the main nitrogen fertilizer consumed in the UK, and Kemira GrowHow produces also compound fertilizers. The proposed joint venture would therefore provide a complete fertilizer offering for agricultural customers. Through the proposed joint venture, Kemira GrowHow and Terra expect to create significant cost and operational synergies that would enhance their ability to service and compete in increasingly challenging markets. The Memorandum of Understanding is subject, inter alia, to clearance from the UK competition authorities, negotiation of definite documents and lender consent.

The Office of Fair Trading in the UK (OFT) referred the planned joint venture between Kemira GrowHow and Terra Industries to the Competition Commission (UK) in January 2007.

One of the three nitric acid factories of Kemira GrowHow's plant in Tertre, Belgium, suffered a fire in early February 2007. There were no human injuries or environmental damages. According to preliminary estimates, the production interruptions in the nitric acid plant will last approximately 10 weeks. Also fertilizer production at the plant will be reduced during the shut-down. The nitric acid plant is insured for property damage and business interuptions.

Parent Company Financial Statements (FAS)

Income Statement

EUR million, Financial year ended 31 December	Note	2006	2005
Net sales	2	**409.0**	**436.0**
Other operating income	3	15.4	18.7
Cost of sales	4,5	-390.1	-412.4
Depreciation and amortization and impairment	6	-11.6	-13.2
Operating profit	7	**22.9**	**29.1**
Financial income and expenses		-0.2	-2.1
Impairment losses of the investments in non-current assets		-5.8	-25.8
Total financial income and expenses	8	**-6.0**	**-27.9**
Profit before extraordinary items, change in untaxed reserves and taxes		**16.9**	**1.2**
Extraordinary items	9	6.3	-2.8
Profit / loss before change in untaxed reserves and taxes		**23.1**	**-1.6**
Change in untaxed reserves	10	-1.2	-1.3
Profit / loss before taxes		**21.9**	**-2.9**
Income taxes	11	-6.9	-4.1
Net profit / loss for the financial year		**15.0**	**-7.0**

Balance Sheet

EUR million, at 31 December	Note	2006	2005
Assets			
Non-current assets			
Intangible assets	12	6.3	7.6
Property, plant and equipment	13	71.5	77.3
Investments	14		
Holdings in subsidiaries		215.8	218.9
Holdings in joint ventures		5.1	0.6
Holdings in associates		0.4	0.2
Other shares and holdings		15.2	0.7
Other investments		70.1	84.4
Total investments		**306.5**	**304.9**
Total non-current assets		**384.3**	**389.8**
Current assets			
Inventories	15	44.5	43.5
Receivables			
Deferred tax assets		1.9	2.1
Interest-bearing receivables		178.0	82.3
Interest-free receivables		86.6	84.4
Total receivables	16	**266.6**	**168.9**
Current investments		-	36.1
Cash and bank		1.2	0.3
Total current assets		**312.2**	**248.7**
Total assets		**696.5**	**638.5**
Equity and Liabilities			
Equity			
Share capital		156.0	156.0
Share premium account		8.5	8.5
Other non-restricted equity		142.2	154.4
Fair value reserve		1.5	0.1
Treasury shares		-11.0	-1.7
Retained earnings		-	11.4
Net profit / loss for the financial year		15.0	-7.0
Total equity	17	**312.1**	**321.7**
Untaxed reserves	18	**24.3**	**23.1**
Non-current liabilities			
Deferred tax liabilities		0.5	-
Interest-bearing non-current liabilities		93.8	94.8
Interest-free non-current liabilities		0.3	1.5
Total non-current liabilities	19	**94.7**	**96.3**
Current liabilities			
Interest-bearing current liabilities		187.5	145.4
Other interest-free current liabilities		77.9	52.0
Total current liabilities	20	**265.4**	**197.4**
Total liabilities		**360.1**	**293.7**
Total equity and liabilities		**696.5**	**638.5**

Cash Flow Statement

EUR million, Financial year ended 31 December	2006	2005
Cash flows from operating activities		
Operating profit	22.9	29.1
Adjustments to operating profit (1	0.6	-5.2
Depreciation, amortization and impairment	11.6	13.2
Interest received	8.5	5.8
Interest paid	-7.8	-6.7
Dividends received	1.3	3.2
Other financing items	-0.9	-3.9
Income taxes	-2.2	-0.2
Total funds from operations	**33.9**	**35.3**
Change in net working capital		
Inventories	-1.1	-7.4
Current receivables	-4.1	-17.2
Interest-free current liabilities	17.2	1.2
Change in net working capital, total	**12.1**	**-23.4**
Net cash from operating activities	**46.0**	**11.9**
Cash flows from investing activities		
Acquisitions of subsidiaries and additional investments in subsidiaries	-4.0	-1.8
Acquisitions of associated companies and joint ventures	-2.6	-
Purchase of other shares	-14.6	0.0
Purchase of property, plant and equipment	-7.3	-9.4
Disposal of subsidiaries	5.6	-
Disposal of associated companies	0.0	-
Proceeds from other shares	0.1	-
Proceeds from property, plant and equipment	3.5	0.8
Net cash used in investing activities	**-19.3**	**-10.4**
Cash flow before financing	**26.7**	**1.5**
Cash flows from financing activities		
Change in long-term loans (increase +, decrease -)	12.9	-29.3
Change in long-term loan receivables (decrease +, increase -)	-30.9	-20.0
Short-term financing, net (increase +, decrease -)	-13.5	64.4
Dividends paid	-16.6	-17.2
Group contributions	-2.8	-0.6
Own shares	-11.0	-
Net cash used in financing activities	**-61.9**	**-2.7**
Net increase / decrease (-) in cash and cash equivalents	**-35.2**	**-1.2**
Cash and cash equivalents at end of year	1.2	36.4
Cash and cash equivalents at beginning of year	36.4	37.6
Net increase / decrease (-) in cash and cash equivalents	**-35.2**	**-1.2**

(1 Non-cash flow items included in operating profit (e.g. gains/losses on the sale of fixed assets).

The above figures cannot be directly delivered from the balance sheets.

NOTE 1 Summary of Significant Accounting Policies

Kemira GrowHow Oyj is a public limited liability company organized under the laws of the Republic of Finland and domiciled in Helsinki and whose shares are publicly traded in Nordic list of OMX in Mid Cap in Helsinki, Finland. Kemira GrowHow Oyj is the parent company of Kemira GrowHow Group and its registered office is at Mechelininkatu 1 a, 00180 Helsinki, Finland.

Basis of Presentation

Kemira GrowHow Oyj's separate financial statements are prepared in accordance with Finnish Accounting Standards (FAS).

The consolidated financial statements of Kemira GrowHow Group are prepared in accordance with International Financial Reporting Standards (IFRS), and Kemira GrowHow Oyj applies the same accounting principles as Kemira GrowHow Group in its separate financial statements to the extent it is possible within the framework of Finnish accounting practice. The accounting policies of Kemira GrowHow Group are presented in the Notes to the Consolidated Financial Statements (Note 1).

The main differences in the accounting principles between Kemira GrowHow Oyj's separate financial statements and Kemira GrowHow Group's consolidated financial statements are presented below.

Pension Arrangements

Kemira GrowHow Oyj's pension cover is mainly arranged through own trustee-administrated pension funds. The pension cost for the financial year consists of the contributions paid to the pension funds.

Financial Assets, Financial Liabilities and Derivative Instruments

Financial assets and liabilities with the exception of derivative instruments are recorded at cost or at cost less impairment losses. Derivatives are recorded at their fair values. Valuation methods and recognition principles of derivatives are presented in the accounting principles of Kemira GrowHow Group.

To the extent that Kemira GrowHow Oyj does not apply hedge accounting, all fair value changes of derivatives are recorded in financial items. Because Kemira GrowHow Oyj does not hedge individual foreign currency denominated transactions but net currency position, also fair value changes of currency derivatives are recorded in financial items.

Leasing

Finance lease payments are recorded as expenses during the financial year. Property leased under finance leasing contracts is not capitalized in tangible assets.

Share-based Incentive Plan

The share-based incentive plan of Kemira GrowHow Oyj is a combination of shares and a cash payment. Kemira GrowHow has the option to settle the possible reward in cash in its entirety. The granted amount of the incentive plan, which will be settled in shares, is measured at fair value at grant date, and the cash-settled part of the plan has been measured at fair value at the reporting date. The expenses arising from the incentive plan are recorded in the income statement during the vesting period. Both the cash-settled part of the incentive plan and the part to be settled in shares are recorded as a liability in the balance sheet. The terms of share-based incentive plan are described in the Notes to the Consolidated Financial Statements (Note 29).

Extraordinary Income and Expenses

The parent company's extraordinary income and expenses consist of group contributions received from and given to subsidiaries. Group contributions are eliminated in the consolidated financial statements.

Intangible Assets

Kemira GrowHow Oyj amortizes goodwill recorded in intangible assets over expected useful life in 5 years.

Untaxed Reserves

Untaxed reserves consist of a depreciation difference. This difference between scheduled depreciation and amortization and the depreciation and amortization deducted in arriving to taxable profit is presented as a separate item in the equity and liabilities. The depreciation difference, net of deferred tax, is recorded in retained earnings in the consolidated financial statements.

Emission Right Allowances

Kemira GrowHow Oyj applies in its separate financial statements so-called net method in recognition and measurement of carbon dioxide emission right allowances. Neither received emission right allowances nor the obligation to deliver allowances equal to emissions made are recognized in the balance sheet. If Kemira Oyj has a sufficient amount of received emission rights to cover the obligation to deliver allowances equal to emissions made, there will be no result effect from the emission right allowances.

If the emissions made exceed the received emission right allowances, this obligation is recorded at fair value at the balance sheet date as an expense in the income statement and as a liability in the balance sheet.

If the received emission right allowances exceed the emissions made, Kemira GrowHow Oyj does not recognize the difference in the balance sheet but presents it as an off-balance sheet asset measured at fair value in the notes to the financial statements.

Changes in accounting principles

The result of Kemira GrowHow Oyj's ammonia business has previously been recorded as adjustment of ammonia purchases, and net sales of ammonia business as well as all other income and expenses have been recorded as adjustment of purchases. However, the trading of ammonia has grown to be substantial enough to be recognized as a separate business. For this reason Kemira GrowHow Oyj has changed the way of recognizing ammonia business net sales, other income and expenses and records them currently in the income statement according to their nature as net sales, other income and expenses. These changes have no result effect.

Previous year information has been restated to reflect the current accounting principles.

NOTE 2 Net Sales

EUR million	2006	2005
Net sales by strategic business unit		
Crop Cultivation	386.4	418.7
Industrial Solutions	22.6	17.3
Total	**409.0**	**436.0**
Net sales by market area (by destination), % of net sales		
Finland	51	45
Other EU countries (*	28	30
Other Europe	2	2
Asia	13	15
Africa	6	7
Other countries	0	1
Total	**100**	**100**

(* EU member states at the end of the year

NOTE 3 Other Operating Income

Gains on sale of fixed assets	1.4	0.4
Gains on sale of shares	0.1	4.7
Gains on sale of emission right allowances	0.0	-
Emission right allowances	0.1	0.0
Service fees to group companies	2.4	1.3
Service fees to other companies	2.3	2.3
Insurance compensation	0.1	0.1
Sale of scrap and waste	0.0	0.0
Sale of shipping services	7.4	9.2
Rent income	0.3	0.3
Other income	1.4	0.3
Total	**15.4**	**18.7**

NOTE 4 Cost of Sales

Change in inventories of finished goods	-2.8	-1.0
Own work capitalized (1	-0.1	-0.3
Materials and services		
Materials and supplies		
Purchases during the financial year	264.2	284.1
Change in inventories of materials and supplies	1.7	-6.4
External services	43.5	53.0
Total materials and services	309.4	330.6
Personnel expenses	37.5	38.8
Rents and leases	3.2	3.0
Losses on sale of fixed assets	-	0.0
Losses on sale of shares	1.2	-0.1
Losses on sale of emission allowances	0.0	-
Obligation to deliver emission rights equal to emissions made	0.1	0.0
Service fees from other group companies	11.2	11.8
Other expenses	30.3	29.5
Total	**390.1**	**412.4**

(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.

Total research and development expenses	2,6	4,1

NOTE 5 Personnel Expenses and Number of Personnel

	2006	2005
Salaries and other remuneration of Board of Directors, CEO and deputy CEO	0.9	1.1
Other wages and salaries	28.4	29.8
Pension expenses	5.2	5.6
Other personnel expenses	3.0	2.3
Total	**37.5**	**38.8**

The remuneration of the Board of Directors, CEO and deputy CEO as well as their pension arrangements and termination benefits are described in more detail in Note 7 to the consolidated financial statements.

Share-based incentive plan

The share-based incentive plan is described in Note 29 to the consolidated financial statements.

Number of personnel

Number of personnel at the end of the year by strategic business unit		
Crop Cultivation	539	570
Industrial Solutions	73	69
Corporate Centre	19	19
Total	**631**	**658**
Average number of personnel	652	689
Number of personnel at the end of the year	631	658

NOTE 6 Depreciation, Amortization and Impairment of Assets

Scheduled depreciation and amortization		
Intangible assets		
Intangible rights	1.6	1.1
Goodwill	0.1	0.1
Other capitalized expenditure	0.4	0.9
Property, plant and equipment		
Buildings and constructions	1.7	1.8
Machinery and equipment	7.5	7.9
Other tangible assets	0.3	0.3
Total scheduled depreciation and amortization	**11.6**	**12.0**
Impairment losses		
Property, plant and equipment		
Buildings and constructions	-	0.6
Machinery and equipment	-	0.6
Total impairment losses	**-**	**1.2**
Total scheduled depreciation and amortization and impairment of assets	**11.6**	**13.2**

Impairment of assets is described in Note 10 to the consolidated financial statements.

NOTE 7 Operating Profit by Strategic Business Unit

EUR million	2006	2005
Crop Cultivation	29.0	32.8
Industrial Solutions	0.6	0.1
Corporate Centre	-6.7	-3.9
Total	**22.9**	**29.1**

NOTE 8 Financial Income and Expenses

Financial income		
Dividend income		
From group companies	1.2	3.1
From others	0.1	0.1
Total dividend income	1.3	3.2
Interest income		
From long-term investments in group companies	3.5	2.1
From long-term investments in associated companies	0.1	0.1
From current investments in group companies	5.3	2.5
From current investments in associated companies	0.3	1.3
From current investments in others	0.1	0.3
Total interest income	9.2	6.3
Other financial income from group companies	0.1	-
Total financial income	**10.7**	**9.4**
Financial expenses		
Interest expenses		
From long-term loans from others	-3.6	-2.8
From current loans from group companies	-1.8	-1.8
From current loans from associated companies	0.0	0.0
From current loans from others	-3.6	-2.3
Total interest expenses	-8.9	-6.8
Other financial expenses	-0.3	-1.1
Exchange losses	-1.6	-3.6
Total financial expenses	**-10.9**	**-11.5**
Impairment losses of investments in non-current assets	**-5.8**	**-25.8**
Net financial items	**-6.0**	**-27.9**

Net exchange gains and losses		
Realized	-0.7	-2.8
Unrealized	-0.9	-0.8
Total	**-1.6**	**-3.6**

NOTE 9 Extraordinary Items

	2006	2005
Group contributions received	13.4	-
Group contributions given	-7.1	-2.8
Net extraordinary items	**6.3**	**-2.8**

NOTE 10 Changes in Untaxed Reserves

Intangible rights	0.0	0.0
Other capitalized expenditure	0.0	0.0
Buildings and constructions	-0.3	-0.9
Machinery and equipment	1.4	2.1
Other tangible assets	0.1	0.1
Total	**1.2**	**1.3**

NOTE 11 Income Taxes

Income taxes, current year	-4.9	-1.1
Income taxes from extraordinary items, current year	-1.6	0.7
Income taxes, previous year	0.0	0.0
Deferred taxes	-0.2	-3.6
Other taxes	-0.2	-0.1
Total	**-6.9**	**-4.1**

NOTE 12 Intangible Assets

2006 EUR million	Intangible rights	Emission right allowances	Goodwill	Other capitalized expenditure	Advance payments	2006 total
Acquisition cost at beginning of year	6.1	-	0.3	9.5	-	16.0
Increases	0.7	1.0	-	-	-	1.7
Decreases	-	-0.9	-	-	-	-0.9
Other changes	-	-0.1	-	-	-	-0.1
Reclassifications	6.2	-	-	-6.2	-	0.0
Acquisition cost at end of year	**13.0**	**0.0**	**0.3**	**3.4**	**-**	**16.7**
Accumulated amortization at beginning of year	-2.2	-	-0.1	-6.1	-	-8.4
Accumulated amortization from decreases and transfers	-4.8	-	-	4.8	-	-
Amortization during the financial year	-1.6	-	-0.1	-0.4	-	-2.0
Accumulated amortization at end of year	**-8.6**	**-**	**-0.2**	**-1.6**	**-**	**-10.4**
Carrying amount at end of year	**4.4**	**0.0**	**0.1**	**1.8**	**-**	**6.3**

2005 EUR million	Intangible rights	Emission right allowances	Goodwill	Other capitalized expenditure	Advance payments	2005 total
Acquisition cost at beginning of year	4.5	-	0.3	9.1	-	13.9
Increases	1.6	0.0	-	0.5	-	2.1
Decreases	-	0.0	-	-	-	0.0
Reclassifications	-	-	-	0.0	-	0.0
Acquisition cost at end of year	**6.1**	**-**	**0.3**	**9.5**	**-**	**16.0**
Accumulated amortization at beginning of year	-1.1	-	-0.1	-5.2	-	-6.4
Accumulated amortization from decreases and transfers	-	-	-	-	-	-
Amortization during the financial year	-1.1	-	-0.1	-0.9	-	-2.0
Accumulated amortization at end of year	**-2.2**	**-**	**-0.1**	**-6.1**	**-**	**-8.4**
Carrying amount at end of year	**3.9**	**-**	**0.2**	**3.5**	**-**	**7.6**

NOTE 13 Property, Plant and Equipment

2006 EUR million	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and assets under construction	2006 total
Acquisition cost at beginning of year	1.2	36.9	125.5	9.2	1.4	174.1
Increases	-	0.7	2.2	0.3	1.8	5.0
Decreases	-	-	-1.7	-	-	-1.7
Reclassifications	-	-	-0.1	0.1	-	-
Acquisition cost at end of year	**1.2**	**37.6**	**125.9**	**9.5**	**3.2**	**177.4**
Accumulated depreciation and impairment losses at beginning of year	-	-19.0	-73.2	-4.7	-	-96.8
Accumulated depreciation from decreases and transfers	-	-	0.5	-	-	0.5
Impairment losses	-	-	-	-	-	-
Depreciation during the financial year	-	-1.7	-7.5	-0.3	-	-9.5
Accumulated depreciation and impairment losses at end of year	**-**	**-20.6**	**-80.2**	**-5.0**	**-**	**-105.9**
Carrying amount at end of year	**1.2**	**17.0**	**45.7**	**4.5**	**3.2**	**71.5**

2005 EUR million	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and assets under construction	2005 total
Acquisition cost at beginning of year	1.2	36.8	127.5	8.4	1.5	175.4
Increases	-	1.2	5.4	0.6	-0.1	7.1
Decreases	-	-0.9	-7.4	-	-	-8.3
Reclassifications	-	-0.1	0.0	0.1	-	0.0
Acquisition cost at end of year	**1.2**	**36.9**	**125.5**	**9.2**	**1.4**	**174.1**
Accumulated depreciation at beginning of year	-	-17.5	-71.8	-4.4	-	-93.6
Accumulated depreciation from decreases and transfers	-	0.9	7.1	0.0	-	8.0
Impairment losses	-	-0.6	-0.6	-	-	-1.2
Depreciation during the financial year	-	-1.8	-7.9	-0.3	-	-10.0
Accumulated depreciation at end of year	**-**	**-19.0**	**-73.2**	**-4.7**	**-**	**-96.8**
Carrying amount at end of year	**1.2**	**18.0**	**52.2**	**4.5**	**1.4**	**77.3**

The carrying amounts of land and water areas and buildings and constructions do not include revaluations.
The carrying amount of production machinery and equipment was EUR 40.9 million (EUR 46.7 million in 2005).

NOTE 14 Investments

2006 EUR million	Holdings in group companies	Holdings in joint ventures	Holdings in associated companies	Other shares and holdings	Other investments	2006 total
Carrying amount at beginning of year	218.9	0.6	0.2	0.7	-	220.5
Increases	4.0	2.5	0.1	14.6	-	21.2
Decreases	-1.5	-	-	0.0	-	-1.5
Transfers	0.1	2.0	0.1	-0.1	-	2.1
Impairment losses	-5.8	-	-	-	-	-5.8
Loan receivables from group companies	-	-	-	-	66.1	66.1
Loan receivables from joint ventures	-	-	-	-	3.9	3.9
Other loan receivables	-	-	-	-	0.1	0.1
Carrying amount at end of year	**215.8**	**5.1**	**0.4**	**15.2**	**70.1**	**306.5**

2005 EUR million	Holdings in group companies	Holdings in joint ventures	Holdings in associated companies	Other shares and holdings	Other investments	2005 total
Carrying amount at beginning of year	244.9	-	0.3	0.7	-	245.8
Increases	1.1	-	-	0.0	-	1.1
Decreases	-0.6	-	0.0	-	-	-0.6
Transfers	-0.6	0.6	0.0	-	-	0.0
Impairment losses	-25.8	-	-	-	-	-25.8
Loan receivables from group companies	-	-	-	-	80.3	80.3
Loan receivables from joint ventures	-	-	-	-	4.1	4.1
Other loan receivables	-	-	-	-	0.1	0.1
Carrying amount at end of year	**218.9**	**0.6**	**0.2**	**0.7**	**84.4**	**304.9**

Detailed information of the shares and holdings is in Note 28 to the consolidated financial statements.

NOTE 15 Inventories

EUR million	2006	2005
Materials and supplies	19.4	21.1
Finished products	25.1	22.3
Total	**44.5**	**43.5**

NOTE 16 Receivables

EUR million	2006	2005
Deferred tax assets		
Confirmed tax losses	-	-
Other temporary differences	1.9	2.1
Total	**1.9**	**2.1**
Current receivables		
Current interest-bearing receivables		
From group companies	178.0	40.6
From joint ventures	-	41.7
Total	**178.0**	**82.3**
Current interest-free receivables		
From group companies		
Accounts receivable	18.9	24.9
Advances paid	-	0.1
Prepaid expenses and accrued income	18.8	1.2
Total	**37.7**	**26.2**
From joint ventures		
Accounts receivable	0.6	1.3
Prepaid expenses and accrued income	0.1	0.5
Total	**0.7**	**1.8**
From associated companies		
Accounts receivable	0.0	0.0
Total	**0.0**	**0.0**

	2006	2005
From others		
Accounts receivable	36.5	40.2
Advances paid	0.3	0.6
Prepaid expenses and accrued income	9.4	10.2
Other receivables	2.0	5.3
Total	**48.1**	**56.4**
Total current interest-free receivables	**86.6**	**84.4**
Total current receivables	**264.6**	**166.8**
Total receivables	**266.6**	**168.9**

Prepaid expenses and accrued income		
Interests	2.4	1.7
Exchange rate differences	0.1	0.7
Group contributions	13.4	-
Options	1.4	2.0
Sale of shares	0.0	5.5
Commodity derivatives	3.2	-
Other	7.7	2.1
Total	**28.3**	**12.0**

NOTE 17 Equity

EUR million	2006	2005
Share capital 1 January	156.0	156.0
Share capital 31 December	156.0	156.0
Share premium account 1 January	8.5	8.5
Share premium account 31 December	8.5	8.5
Other non-restricted equity 1 January	154.4	154.4
Dividends paid from other non-restricted equity	-12.2	-
Other non-restricted equity 31 December	142.2	154.4
Fair value reserve 1 January	0.1	-
Changes in fair value during the period	1.8	-0.2
Tax effect	-0.5	0.1
Transfer to income statement	0.1	0.3
Tax effect	0.0	-0.1
Fair value reserve 31 December	1.5	0.1
Treasury shares 1 January	-1.7	-
Acquired during the period	-9.4	-1.7
Treasury shares 31 December	-11.0	-1.7
Retained earnings 1 January	4.4	28.6
Dividends paid	-4.4	-17.2
Net result for the period	15.0	-7.0
Retained earnings 31 December	15.0	4.4
Total equity	**312.1**	**321.7**

Distributable funds

Retained earnings	15.0	4.4
Other non-restricted equity	142.2	154.4
Fair value reserve	-	-
Treasury shares	-11.0	-1.7
Total	**146.1**	**157.1**

NOTE 18 Untaxed Reserves

Depreciation difference		
Intangible rights	0.9	0.4
Goodwill	0.1	0.1
Other capitalized expenditure	0.3	0.7
Buildings and constructions	0.3	0.6
Machinery and equipment	23.1	21.7
Other tangible assets	-0.2	-0.3
Total	**24.3**	**23.1**

NOTE 19 Non-current Liabilities

	2006	2005
Deferred tax liabilities		
Other temporary differences	0.5	-
Long-term interest-bearing liabilities		
Loans from financial institutions	70.1	70.2
Pension loans	23.8	23.8
Other non-current loans from group companies	0.0	0.0
Other non-current loans	-	0.8
Total non-current interest-bearing liabilities	**94.4**	**94.8**
Non-current interest-free liabilities	**0.3**	**1.5**
Total non-current liabilities	**94.7**	**96.3**

Maturity of non-current interest-bearing liabilities

2008 (2007)	0.1	0.9
2009 (2008)	-	0.1
2010 (2009)	50.0	-
2011 (2010)	20.0	50.0
2012 (2011) or later	23.8	43.8
Total	**93.8**	**94.8**

Non-current interest-bearing liabilities maturing after 5 years

Pension loans	23.8	23.8
Loans from financial institutions	0.0	20.0
Other long-term loans from group companies	-	0.0
Total	**23.8**	**43.8**

NOTE 20 Current Liabilities

EUR million	2006	2005
Current interest-bearing liabilities		
Loans from financial institutions	30.0	30.0
Current interest-bearing loans from group companies	107.0	86.0
Current interest-bearing loans from joint ventures	-	1.4
Other current interest-bearing liabilities	50.6	28.0
Total current interest-bearing liabilities	**187.5**	**145.4**
Current interest-free liabilities		
To group companies		
Accounts payable	12.7	7.3
Accrued expenses and prepaid income	8.0	4.1
Total	**20.7**	**11.5**
To joint ventures		
Accounts payable	0.1	0.0
Accrued expenses and prepaid income	-	0.0
Total	**0.1**	**0.0**
To associated companies		
Accounts payable	0.5	0.3
Accrued expenses and prepaid income	0.0	-
Total	**0.5**	**0.3**
To others		
Advances received	0.5	0.3
Accounts payable	31.2	25.0
Accrued expenses and prepaid income	23.4	13.8
Other current interest-free liabilities	1.6	1.1
Total	**56.7**	**40.1**
Total current interest-free liabilities	**77.9**	**52.0**
Current liabilities total	**265.4**	**197.4**
Accrued expenses and prepaid income		
Personnel expenses	5.4	5.3
Interests and exchange rate differences	4.7	2.1
Group contributions	7.1	2.8
Income taxes	4.8	0.3
Options	0.9	2.0
Purchase of own shares	-	1.7
Commodity derivatives	3.2	-
Other	5.4	3.8
Total	**31.4**	**17.9**

NOTE 21 Contingencies

	2006	2005
Loans secured with mortgages or pledges		
Pension loans	11.1	11.1
Mortgages	15.4	13.6
Other loans	0.8	1.7
Pledges	2.3	2.5
Contingent liabilities		
Mortgages		
On behalf of own commitments	20.1	18.3
Assets pledged		
On behalf of own commitments	2.3	2.5
Guarantees		
On behalf of group companies	68.0	96.6
On behalf of joint ventures	-	4.5
On behalf of others (*	29.2	32.2
Total	97.2	133.3
Minimum future payments of leases		
Maturity within one year	3.1	2.9
Maturity after one year	2.2	2.4
Total	5.3	5.3
Total contingent liabilities	**125.0**	**159.4**

There were no collaterals or contingent liabilities related to the CEO, the deputy CEO or the members of the Board of Directors during 2006 and 2005.

(* EUR 29.2 million (EUR 31.8 million) of this obligation is related to the guarantees for which Kemira Oyj has issued a counter indemnity to Kemira GrowHow Oyj.

NOTE 22 Derivative Instruments

EUR million	2006 Nominal value	Fair value	2005 Nominal value	Fair value
Currency derivatives				
Forward contracts	163.6	-2.1	121.0	-0.2
Currency options				
Bought	61.7	0.7	147.6	0.7
Sold	61.7	-0.2	145.5	-0.8
Interest derivatives				
Interest rate options				
Bought	10.0	0.3	10.0	0.1
Sold	10.0	0.0	10.0	0.0
Interest rate swaps	70.0	1.7	70.0	0.0
Commodity derivatives				
Swaps	30.5	-3.2	-	-
Intra-group currency derivatives				
Forward contracts	20.5	-0.1	9.2	0.1
Intra-group commodity derivatives				
Swaps	30.5	3.2	-	-

Derivative instruments are used only for hedging purposes.

Nominal values of derivative instruments do not necessarily correspond with the actual cash flows between the counterparties and do not therefore give a fair view of the risk position of the company. The fair values are based on market valuation on the date of reporting.

Proposal for the Distribution of Profits

The distributable funds of Kemira GrowHow Oyj, the parent company of Kemira GrowHow Group, are EUR 146,120,448, of which EUR 14,972,834 represents the net profit for the financial year.

The Board of Directors proposes to the Annual General Meeting that of the distributable funds in total EUR 0.15 per share would be distributed as dividend. The dividend to be distributed would amount to EUR 8,581,329. EUR 6,391,505 would be left to retained earnings and EUR 131,147,614 to other non-restricted equity.

Kemira GrowHow Oyj's distributable funds, EUR	**2006**
Other non-restricted equity	142,184,338
Retained earnings	0
Treasury shares	-11,036,724
Net profit for the year	14,972,834
Total	146,120,448

The financial position of the company has not materially changed after the balance sheet date, and it is the Board of Directors' opinion, that the proposed distribution of funds does not compromise the company's liquidity.

Helsinki, 12 February 2007

Ossi Virolainen Chairman	Lauri Ratia Vice Chairman
Sari Aitokallio	Arto Honkaniemi
Satu Raiski	Esa Tirkkonen
Helena Terho	Heikki Sirviö CEO

Auditor's Report (translation)

To the shareholders of Kemira GrowHow Oyj

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Kemira GrowHow Oyj for the period 1.1.-31.12.2006. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, containing the consolidated balance sheet, income statement, cash flow statement, statement on the changes in equity and notes to the financial statements, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report and 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 is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements, report of the Board of Directors and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of 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 by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Helsinki, 12 February 2007
KPMG Oy Ab

Petri Kettunen
Authorized Public Accountant

Stock Exchange and Press Releases 2006

18 January	Kemira GrowHow and DLA Agro Group have signed an agreement on co-operation in the Nordic and Baltic regions
31 January	Nomination Committee's proposal for Kemira GrowHow Oyj's Board of Directors
10 February	Financial Statements 1 January - 31 December 2005
10 February	Kemira GrowHow Oyj's Board proposals to the Annual General Meeting
13 February	Kemira GrowHow awarded Chemical Supplier of the Year in the UK
10 March	Notice of Annual General Meeting
16 March	High natural gas price weakens Kemira GrowHow's result
28 March	Kemira GrowHow and UEE Chem form a joint venture for nitrogen-based specialty chemicals
04 April	The decisions of Kemira GrowHow Oyj's Annual General Meeting 2006
27 April	Kemira GrowHow Oyj becomes a minority shareholder in Hankkija-Maatalous Oy
28 April	Interim Report 1 January - 31 March 2006
27 July	Interim Report 1 January - 30 June 2006
21 September	Financial Calendar 2007
05 October	Kemira GrowHow and Fortum into co-operation to strengthen production of sulphuric acid and energy
19 October	Kemira GrowHow and Terra Industries Announce UK Joint Venture
31 October	Interim Report 1 January - 30 September 2006
16 November	Kemira GrowHow improves energy efficiency in Belgium
01 December	Members of Kemira GrowHow's Nomination Committee
20 December	Kemira GrowHow's fourth quarter result better than expected

In addition stock exchange releases in January - March concerning purchasing of treasury shares.
Releases are available on Kemira GrowHow's Internet site (www.kemira-growhow.com).

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