KEMIRA REPORTS INCOME AFTER FINANCIAL ITEMS IN 2001 OF EUR 113 MILLION

- Net sales: EUR 2,454 million (2000: 2,486 million)
- Operating income: EUR 144 million (175 million)
- Income after financial items: EUR 113 million (144 million)
- Net income for the financial year: EUR 70 million (208 million)
- Earnings per share excluding non-recurring items: EUR 0.58 (0.73)
- Proposed dividend per share: EUR 0.30 (0.30)

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

EUR millions	Q1	Q2	Q3	Q4	Q1-4
Net sales					
2001	651.4	636.0	565.9	601.1	2,454
2000	707.2	633.8	573.5	571.5	2,486
Operating income					
2001	56.7	54.6	15.8	17.0	144
2000	36.0	67.0	33.7	38.1	175

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

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

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

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

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

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

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

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

CHEMICALS

EUR millions	Q1	Q2	Q3	Q4	Q1-4
Net sales					
2001	225.5	234.7	220.1	220.5	901
2000	205.4	220.0	219.8	243.2	888
Operating income					
2001	24.5	25.0	18.2	23.5	91
2000	28.1	26.7	25.1	35.5	115

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

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

Pulp & Paper Chemicals. Sales by the Pulp & Paper Chemicals unit, which has been named one of the Group’s strategic growth areas, increased by 3%. Strong growth has continued within speciality paper chemicals following Kemira’s acquisition of Krems Paper Chemicals in

September of the previous year. On the other hand, the production volumes of the pulp and paper industry have been below last year's figures, and this has affected the consumption of chemicals. Specifically, the profitability of bleaching chemicals did not meet objectives due to the lower capacity utilization rates and a rise in the level of costs. The unit's operating income was lower than it was a year ago.

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

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

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

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

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

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

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

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

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

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

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

PAINTS AND COATINGS

EUR millions	Q1	Q2	Q3	Q4	Q1-4
Net sales					
2001	104.3	133.2	124.9	83.0	445
2000	58.4	67.0	66.5	51.5	243
Operating income					
2001	3.5	9.8	12.5	-9.1	16.7
2000	5.9	6.5	5.3	-4.2	13.5

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

Tikkurila's decorative paints unit, Tikkurila Paints, and Alcro-Beckers were formed into Tikkurila Deco, which together with the industrial coatings arm Tikkurila Coatings forms Kemira's paint business.

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

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

AGRO

EUR millions	Q1	Q2	Q3	Q4	Q1-4
Net sales					
2001	328.1	288.4	228.9	312.4	1 158
2000	331.4	311.2	266.8	309.8	1 219
Operating income					
2001	30.9	19.5	-9.9	8.9	49
2000	3.4	14.4	-2.1	17.4	33

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

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

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

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

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

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

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

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

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

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

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

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

OTHER UNITS

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

GROUP FINANCIAL PERFORMANCE

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

CAPITAL EXPENDITURES

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

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

ENVIRONMENTAL PROTECTION AND MANAGEMENT OF RISKS

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

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

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

FINANCING

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

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

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

PARENT COMPANY’S FINANCIAL PERFORMANCE

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

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

PERSONNEL

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

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

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

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

OWNERSHIP

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

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

CHANGES IN THE GROUP STRUCTURE

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

OUTLOOK FOR 2002

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

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

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

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

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

KEMIRA GROUP JANUARY-DECEMBER 2001

The figures are unaudited.
The business figures for the comparison year have been adjusted to correspond to the present corporate structure.

INCOME STATEMENT EUR million	2001	2000
Net sales	2,454.4	2,486.0
Shares of associates' profits	0.4	-0.5
Other income from operations	30.7	30.9
Cost of sales	-2,180.9	-2,170.3
Depreciation	-160.5	-171.3
Operating income	144.1	174.8
Financing income and expenses	-31.3	-30.5
Income before non-recurring items, taxes and minority interests	112.8	144.3
Non-recurring items from discontinuing operations	-	162.2
Income before taxes and minority items	112.8	306.5
Direct taxes	-40.2	-96.3
Income before minority interests	72.6	210.2
Minority interest	-2.2	-2.4
Net income	70.4	207.8

INCOME STATEMENT EUR million	10-12/2001	10-12/2000
Net sales	601.1	571.5
Shares of associates' profits	-1.0	-3.2
Other income from operations	5.8	9.3
Cost of sales	-546.0	-490.7
Depreciation	-42.9	-48.8
Operating income	17.0	38.1
Financing income and expenses	-7.9	-6.3
Income before non-recurring items, taxes and minority interests	9.1	31.8
Non-recurring items from discontinuing operations	-	2.2
Income before taxes and minority interests	9.1	34.0
Direct taxes	-5.9	-0.9
Income before minority interests	3.2	33.1

Minority interest	-0.2	-0.1
Net income	3.0	33.0

Key figures	2001	2000
Earnings per share, EUR	0.58	0.73
Cash flow from operations per share, EUR	1.03	1.69
Capital expenditure, EUR million	298	218
Average number of shares (1000) **)	121,075	126,623
Equity per share, EUR	9.35	9.08
Equity ratio, %	46.4	47.7
Gearing, %	60.6	37.2
Net liabilities EUR million	686	425
Personnel (average)	10,207	9,644

Key figures	10-12/2001	10-12/2000
Earnings per share, EUR	0.03	0.24
Cash flow from operations per share, EUR	0.08	0.34
Capital expenditure, EUR million	63	37
Average number of shares (1000) **)	119,623	126,604

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

BALANCE SHEET
EUR Million

	31.12.2001	31.12.2000
Non-current assets		
Intangible assets	158.7	88.7
Tangible assets	1,078.6	1,049.5
Deferred tax assets	11.5	8.9
Investments	166.5	138.3
Total non-current assets	1,415.3	1,285.4
Current assets		
Inventories	397.8	348.7
Receivables		
Interest-bearing receivables	15.1	11.2
Other interest-free receivables	551.9	515.9
Total receivables	567.0	527.1
Securities	21.1	199.0
Cash and bank	48.7	47.7
Total current assets	1,034.6	1,122.5

Total assets	2,449.9	2,407.9
	31.12.2001	31.12.2000
Shareholders' equity		
Share capital	217.0	217.0
Own shares	-21.2	-28.8
Other shareholders' equity	919.3	934.1
Total shareholders' equity	1,115.1	1,122.3
Minority interests	16.6	18.0
Long-term liabilities		
Interest-bearing long-term liabilities	631.4	573.3
Deferred tax liabilities	54.1	61.5
Provision for liabilities and charges	89.6	74.4
Total long-term liabilities	775.1	709.2
Current liabilities		
Interest-bearing short-term liabilities	124.6	98.2
Interest-free short-term liabilities	418.5	460.2
Total current liabilities	543.1	558.4
Total liabilities	1,318.2	1,267.6
Total liabilities and shareholders' equity	2,449.9	2,407.9

During the report period a dividend payout of EUR 36.7 million and an EUR 28.8 million purchase of the company's own shares have been booked as a reduction in shareholders' equity. Foreign exchange and translation differences increased shareholders' equity by EUR 4.0 million. Previously in connection with a change in accounting policy for major maintenance works, an amount net of deferred tax was recorded in shareholders' equity as an adjustment to the opening balance. The release of said tax increased shareholders' equity by EUR 5.9 million.

The revaluation entries of EUR 31.1 million made for land areas and buildings in the 1980s have been booked as a charge to shareholders equity. At the same time, shareholders' equity has also increased by EUR 9.0 million through a reversal of deferred taxes on revaluation.

On the stock market, Kemira purchased its own shares for the personnel funds operating within the Group for the payment of bonuses that may be payable, for the payment of incentive compensation to staff in lieu of cash, provided that the Board of Directors decides to introduce this kind of incentive compensation system for staff, as well as for use as consideration in possible acquisitions.

From the 1st of January to 31st December 2001 the Group bought back 4 437 500 shares, representing 3.6% of the share capital and 3.6% of the aggregate votes conferred by all the shares. The average price of the shares was EUR 6.48. By the decision taken at the Annual General Meeting Kemira cancelled 6 440 000 of its own shares of which 1 285 000 were acquired during 2001. The average price of the cancelled shares was EUR 5.65. Kemira had in its possession 3 153 000 of its own shares at 31st December 2001. Their average share price was 6.72 and proportion of the share capital 2.6%. They represented 2.6% of the aggregate number of votes conferred by all the shares. Of this amount, 2 925 500 shares had been registered in the book-entry account by 31 December 2001.

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

CASH FLOW STATEMENT

EUR million	2001	2000
Cash flow from operations	125.1	213.9
Capital expenditure	-298.1	-218.3
Sale of assets	26.6	527.2
Cash flow before financing	-146.4	522.8
Financing	-30.4	-364.5
Increase / decrease in liquid funds	-176.8	158.3

EARNINGS BY BUSINESS AREA

Net sales, EUR million

	2001	2000
Chemicals	900.8	888.4
Paints & Coatings	445.4	243.4
Agro	1,157.8	1,219.2
Other and Intra-Group sales	-49.6	135.0
Total Group	2,454.4	2,486.0

	10-12/2001	10-12/2000
Chemicals	220.5	243.2
Paints & Coatings	83.0	51.5
Agro	312.4	309.8
Other and Intra-Group sales	-14.8	-33.0
Total Group	601.1	571.5

Operating income, EUR million

	2001	2000
Chemicals	91.2	115.4
Paints & Coatings	16.7	13.5
Agro	49.4	33.1
Other	-13.2	12.8

Total Group	144.1	174.8

	10-12/2001	10-12/2000
Chemicals	23.5	35.5
Paints & Coatings	-9.1	-4.2
Agro	8.9	17.4
Other	-6.3	-10.6
Total Group	17.0	38.1

CONTINGENT LIABILITIES
EUR million

	31.12.2001	31.12.2000
Mortgages	110.1	110.9
Assets pledged		
On behalf of own commitments	46.6	13.5
On behalf of others	1.1	1.1
Guarantees		
On behalf of associates	44.4	36.0
On behalf of others	1.6	2.7
Operating leasing		
Maturity within one year	1.0	4.8
Maturity after one year	3.6	12.6
Other obligations		
On behalf of associates	1.4	1.3
On behalf of others	1.1	1.1

FINANCIAL INSTRUMENTS 31.12.2001
EUR million

	Nominal value	Fair value
Currency instruments		
Forward contracts	390.4	0.3
Of which equity hedging	42.5	-0.1
Currency options		
Bought	152.9	-1.8
Sold	232.5	0.8
Currency swaps	114.0	-1.3
Interest rate instruments		
Interest rate swaps	182.2	-3.0
Interest rate options	20.0	0.1
Bought	10.0	0.2
Sold	10.0	0.0
Forward rate agreements	1548.0	-0.1
Of which open	150.0	-0.1
Bond futures	86.0	0.0
Of which open	-	-
Other derivates		
Oil futures	0.0	0.0

FINANCIAL INSTRUMENTS 31.12.2000

EUR million	Nominal value	Fair value
Currency instruments		
Forward contracts	417.6	10.5
Of which equity hedging	46.0	3.2
Currency options		
Bought	208.0	1.1
Sold	257.2	0.1
Currency swaps	95.1	-9.8
Interest rate instruments		
Interest rate swaps	220.9	-3.3
Forward rate agreements	10.0	-
Of which open	-	-
Bond futures	6.0	-
Of which open	2.0	-
Other derivates		
Oil futures	-	-

Financial leases have been booked in the balance sheet in fixed assets and interest-bearing liabilities.

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

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

Derivative instruments are used solely for hedging purposes, not for speculative gain.

FINANCIAL TARGETS	2001	Target
Growth rate %, continuing operations	8	>10
Operating income % of sales	6	>10
EPS growth %	neg	>10
Cash flow return on capital invested CFROI%	7	>10
Gearing %	61	40-100

QUARTERLY FINANCIAL DEVELOPMENT EUR million	I/2001	II/2001
Net Sales		
Chemicals	225.5	234.7
Paints & Coatings	104.3	133.2
Agro	328.1	288.4
Other including eliminations	-6.5	-20.3
Total	651.4	636.0

Operating income		
Chemicals	24.5	25.0
Paints & Coatings	3.5	9.8
Agro	30.9	19.5
Other	-2.2	0.3
Total	56.7	54.6
Financing expenses	-8.2	-9.8
Income before non-recurring items and taxes	48.5	44.9
Net income	34.3	30.0
Earnings per share	0.28	0.24

	III/2001	IV/2001
Net Sales		
Chemicals	220.1	220.5
Paints & Coatings	124.9	83.0
Agro	228.9	312.4
Other including eliminations	-8.0	-14.8
Total	565.9	601.1
Operating income		
Chemicals	18.2	23.5
Paints & Coatings	12.5	-9.1
Agro	-9.9	8.9
Other	-5.0	-6.3
Total	15.8	17.0
Financing expenses	-5.4	-7.9
Income before non-recurring items and taxes	10.3	9.1
Net income	3.1	3.0
Earnings per share	0.03	0.03

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