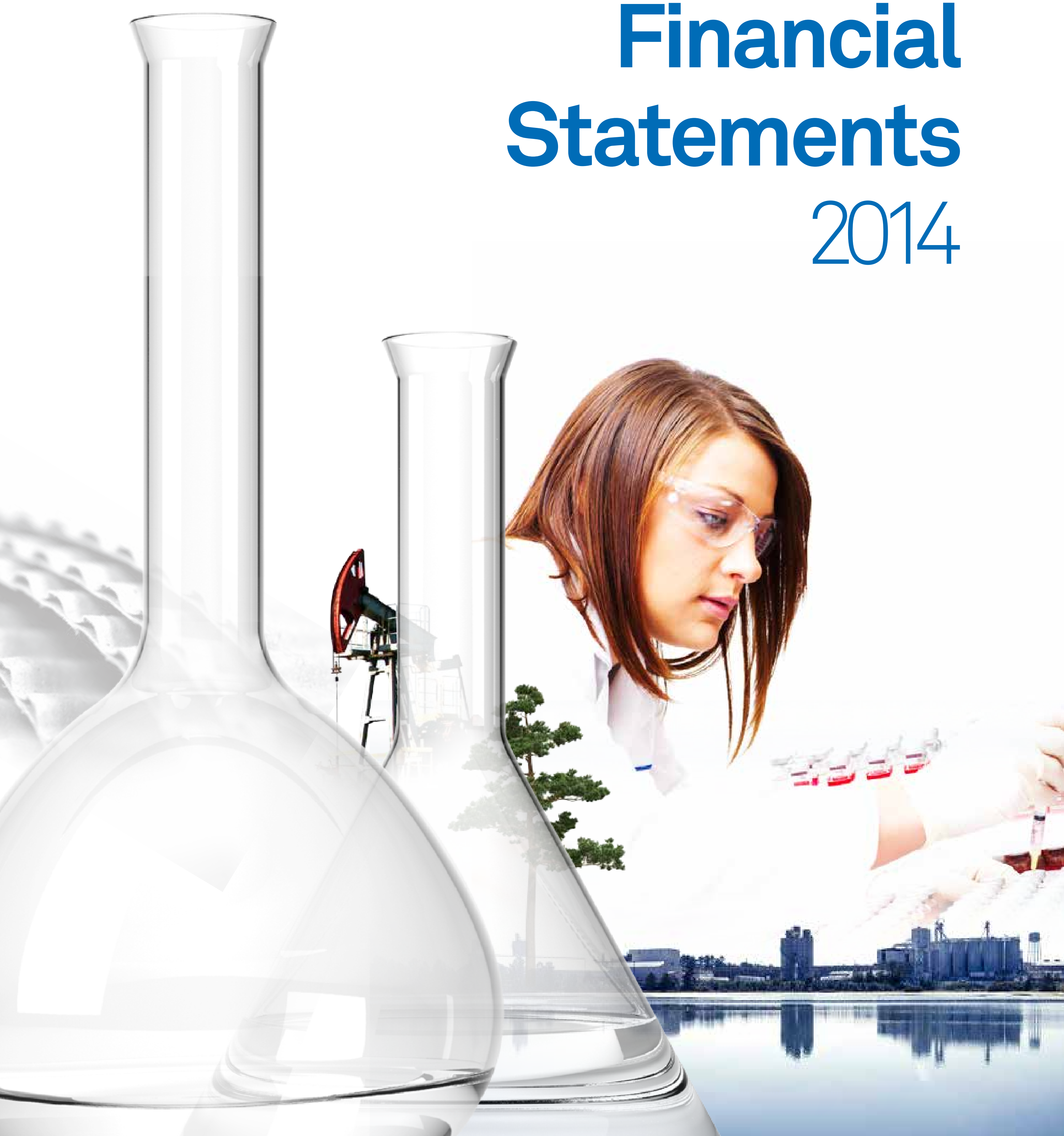
Where water
meets chemistry™

Financial Statements 2014



AFTER THE RECENT RESTRUCTURING PHASE, KEMIRA TURNS A NEW CHAPTER TOWARDS GROWTH

Our strategic focus is clear: we provide application knowhow and chemicals that improve our customers' water, energy and raw material efficiency in water-intensive industries. Through our three strong segments Paper, Oil & Mining and Municipal & Industrial, we are targeting EUR 2.7 billion revenue and 15% operative EBITDA margin level by the end of 2017.

Jari Rosendal
President & CEO

Q1

- Telemaco Borba (BR) process chemical expansion announced
- EMEA Business Service Center opening (PL)
- Completion of formic acid business divestment

Q2

- Tarragona (ES) coagulant site launched
- BASF AKD emulsion acquisition completed
- Pulp chemical deliveries to Montes del Plata (UY) started
- New President & CEO Jari Rosendal started
- Kemira chosen to supply sodium chlorate to Klabin (BR)

Q3

- AkzoNobel paper chemical acquisition (preliminary agreement)
- Baseline study of water resources in Guangxi (CN), a joint Kemira and Stora Enso community engagement & water stewardship program
- Oulu (FI) pulp chemicals expansion

Q4

- Paper chemicals capacity expansion (IT)
- Kemira (SE) wins "energy smart company" prize
- Kemira position paper and stakeholder contact program as a response to the European Commission public consultation on water reuse
- Kemira recognized in CDP's Nordic Climate Disclosure Leadership Index
- Nanjing (CN) process chemical site ramped up

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www.kemira.com/investors

FINANCIAL STATEMENTS 2014

BOARD OF DIRECTORS' REVIEW 2014

Revenue in 2014 decreased 4% to EUR 2,136.7 million (2013: 2,229.1) mainly due to divestments. Revenue in local currencies, excluding acquisitions and divestments increased 3% mainly due to continued sales volume growth in Paper and Oil & Mining. Operative EBITDA was EUR 252.9 million (251.9) with an improved margin of 11.8% (11.3%). Margin improved as a result of sales volume growth and margin dilutive divestments. The reported earnings per share increased to EUR 0.59 (-0.21) mainly as a result of lower non-recurring charges than in the comparable period. Operative earnings per share decreased to EUR 0.63 (0.70) mainly due to higher financing expenses. The Board of Directors proposes a cash dividend of EUR 0.53 per share (0.53), equaling a total of EUR 81 million (81). Kemira's dividend policy was revised. The revised policy aims at paying a stable and competitive dividend. The previous policy aimed at paying a dividend that accounted for 40–60% of Kemira's operative net income.

KEY FIGURES AND RATIOS

EUR million	2014	2013
Revenue	**2,136.7**	2,229.1
Operative EBITDA	**252.9**	251.9
Operative EBITDA, %	**11.8**	11.3
EBITDA	**252.9**	141.9
EBITDA, %	**11.8**	6.4
Operative EBIT	**158.3**	164.2
Operative EBIT, %	**7.4**	7.4
EBIT	**152.6**	42.6
EBIT, %	**7.1**	1.9
Share of profit or loss of associates	**0.2**	-1.1
Financing income and expenses	**-30.7**	-39.0
Profit before tax	**122.1**	2.5
Net profit	**95.8**	-25.9
Earnings per share, EUR	**0.59**	-0.21
Operative earnings per share, EUR	**0.63**	0.70
Capital employed*	**1,427.7**	1,493.0
Operative ROCE*	**11.1**	10.9
ROCE*	**10.7**	2.8
Capital expenditure	**145.1**	197.5
Cash flow after investing activities	**75.2**	195.7
Equity ratio, % at period-end	**51**	51
Gearing, % at period-end	**42**	41
Personnel at period-end	**4,248**	4,453

* 12-month rolling average

Definitions of key figures are available at www.kemira.com > Investors > Financial information. Definition of Capital employed has been changed and the respective numbers for 2013 and 2014 have been restated. Comparative 2013 figures are provided in parentheses for some financial results, where appropriate. Operative EBITDA, operative EBIT, operative earnings per share and operative ROCE do not include non-recurring items.

FINANCIAL PERFORMANCE, FULL YEAR 2014

Kemira Group's **revenue** decreased 4% to EUR 2,136.7 million (2,229.1). Revenue in local currencies, excluding acquisitions and divestments increased 3%, mainly due to continued sales volume growth in Paper and Oil & Mining. Sales price changes had no material impact on revenues.

In the Paper segment, revenues increased 5% to EUR 1,170.0 million (1,112.8). Revenue growth in local currencies, excluding acquisitions and divestments, was 6% driven by higher sales volumes as well as somewhat higher sales prices. Sales volumes of sizing and strength chemicals increased, driven mainly by increased demand in the packaging board industry. Pulp chemical deliveries to the new 1.3 million ton Montes del Plata pulp mill in Uruguay, also contributed to higher sales volumes. Sales prices were higher, mainly due to the corresponding increase of raw material prices.

In the Oil & Mining segment, revenues increased 23% to EUR 382.2 million (311.5). Revenue growth in local currencies, excluding acquisitions and divestments, was 15% due to strong sales volume growth in the Americas. The growth in the Americas was supported by high demand of polyacrylamides used in horizontal oil and gas drilling and stimulation. Sales price changes had a negligible impact on revenues.

In the Municipal & Industrial segment, revenues decreased 14% to EUR 564.7 million (659.4). Revenue in local currencies, excluding acquisitions and divestments decreased by -7% due to lower sales volumes and sales prices in the Americas and EMEA.

Following its strategy to shift focus towards growing differentiated product lines, Kemira finalized the integration of three acquisitions in 2014: 3F polymer business, Soto Industries paper chemical business and BASF AKD emulsion business. The impact of these acquisitions was 3% or approximately EUR 70 million on the Group's revenues in 2014. In addition, Kemira divested several commodity product businesses at the end of 2013 and in the beginning of 2014. The divestments included an aluminum and coagulant business in Brazil (closed on December 11, 2013), chemical distribution business in Denmark (closed on January 2, 2014), formic acid and its derivatives business in Finland (closed on March 6, 2014) and some other small commodity businesses in Denmark, Romania and Mexico. The impact of these divestments was -9% or approximately EUR 200 million on the Group's revenues in 2014. Currency exchange had a -1% impact.

Geographically, the revenue was split as follows: EMEA 55% (57%), the Americas 39% (37%), and Asia Pacific 6% (6%). According to Kemira's strategy, mature markets are important for all Kemira segments, whereas focus in the emerging markets is on selective expansion. In the emerging markets, Asia Pacific, especially China and Indonesia are the key markets for paper chemicals. Brazil and Uruguay are important markets for the bleaching chemicals used in pulp industry. Oil & Mining is targeting expansion in selected countries in South America as well as in the Middle East and Africa.

REVENUE

EUR million	2014	2013	Δ%
Paper	1,170.0	1,112.8	5
Oil & Mining	382.2	311.5	23
Municipal & Industrial	564.7	659.4	-14
ChemSolutions	19.8	145.4	-
Total	2,136.7	2,229.1	-4

EBITDA increased 78% to EUR 252.9 million (141.9).

Non-recurring items affecting the EBITDA were EUR 0 million (-110.0), including a capital gain of EUR 37 million related to the divestment of formic acid business and capital gains of EUR 7 million related to other disposals. In addition, non-recurring items included approximately a EUR 20 million settlement related to an old alleged infringement of competition law. Provisions and restructuring charges related to streamlining Kemira's operations amounted to approximately EUR 30 million.

NON-RECURRING ITEMS

EUR million	2014	2013
Within EBITDA	0.0	-110.0
Paper	-27.3	-32.7
Oil & Mining	-2.2	-8.1
Municipal & Industrial	-6.8	-68.8
ChemSolutions	36.3	-0.6
Within depreciations, amortization and impairment losses	-5.7	-11.6
Paper	-0.9	-8.1
Oil & Mining	0.0	-2.8
Municipal & Industrial	-4.8	-0.4
ChemSolutions	-	-0.3
Total	-5.7	-121.6

The operative EBITDA increased slightly to EUR 252.9 million (251.9). Operative EBITDA in local currencies, excluding acquisitions and divestments increased 2%, mainly due to higher sales volumes. The positive impact related to acquisitions was EUR 14 million and could largely compensate for the divestment impact of EUR -17 million (see variance analysis below). The operative EBITDA margin improved to 11.8% (11.3%). Margin improved mainly as a result of sales volume growth and margin dilutive divestments.

VARIANCE ANALYSIS

EUR million	Jan-Dec
Operative EBITDA, 2013	251.9
Sales volumes	19.1
Sales prices	-1.8
Variable costs	5.4
Fixed costs	-7.8
Currency exchange	3.0
Others, incl. acquisitions and divestments	-8.8
Operative EBITDA, 2014	252.9

OPERATIVE EBITDA

	2014 EUR million	2013 EUR million	Δ%	2014 %-margin	2013 %-margin
Paper	137.2	131.1	5	11.7	11.8
Oil & Mining	48.4	32.7	48	12.7	10.5
Municipal & Industrial	68.1	68.3	0	12.1	10.4
ChemSolutions	-0.8	19.8	-	-4.0	13.6
Total	252.9	251.9	0	11.8	11.3

The operative EBIT decreased 4% to EUR 158.3 million (164.2) mainly due to higher depreciation related to acquisitions and new manufacturing sites in China and Europe.

Income from associated companies was EUR 0.2 million (-1.1).

Financing income and expenses totaled EUR -30.7 million (-39.0). The comparable period was impacted by a write-down of EUR 23 million related to the divestment of Kemira's shares (39%) of the titanium dioxide Joint Venture Sachtleben GmbH. The changes of EUR -1.0 million (3.2) in fair values of electricity derivatives and the currency exchange differences of EUR -1.3 million (2.5) had negative impacts on the financing income and expenses. The overdue interest of approximately EUR 3 million on an old appealed tax verdict had a negative impact on financing expenses. Increased interest costs, partly related to an interest component of currency exchange hedging had additional negative impacts.

Total taxes decreased to EUR 26.3 million (28.4), mainly due to tax-exempt capital gains. The tax rate, excluding non-recurring items decreased to 22.6% (24.9%). Income taxes increased to EUR 30.2 million (25.6).

Net profit attributable to the owners of the parent company increased to EUR 89.9 million (-31.6) and the earnings per share to EUR 0.59 (-0.21). The comparable period in 2013 was impacted mainly by a write-down of EUR 23 million related to the divestment of Kemira's shares (39%) in the titanium dioxide Joint Venture Sachtleben GmbH. Earnings per share, excluding non-recurring items, decreased 10% to EUR 0.63 (0.70).

FINANCIAL POSITION AND CASH FLOW

Cash flow from the operating activities in January-December 2014 decreased to EUR 74.2 million (200.3) mainly due to foreign currency hedging settlements, higher working capital and a settlement related to an old alleged infringement of competition law. Cash flow after the investing activities decreased to EUR 75.2 million (195.7) including proceeds of EUR 122 million related to the divestment of formic acid business. The comparable period included proceeds of EUR 98 million received from the divestment of shares in JV Sachtleben and EUR 81 million from the divestment of the food and pharmaceuticals businesses. 12-month rolling average net working capital ratio decreased to 9.9% of the revenue (10.9% on December 31, 2013). At the end of the period, Kemira Group's net debt increased to EUR 486 million (456 on December 31, 2013) as a result of lower cash flow and unfavorable currency exchange rates, especially related to the U.S. dollar.

At the end of the period, interest-bearing liabilities totaled EUR 605 million (558 on December 31, 2013). Fixed-rate loans accounted for 82% of the net interest-bearing liabilities (60%). The average interest rate of the Group's interest-bearing liabilities was 2.1% (1.5%). The duration of the Group's interest-bearing loan portfolio was 23 months (14 months). In May 2014, Kemira issued a senior unsecured bond of EUR 200 million. In addition, Kemira signed two EUR 50 million term loans in December, 2014. New loans remained undrawn at the end of the review period.

Short-term liabilities maturing in the next 12 months amounted to EUR 157 million, the commercial papers of which, issued in the Finnish market, represented EUR 10 million and the short-term part of the long-term loans represented EUR 86 million. Cash and cash equivalents totaled EUR 119 million (102 on December 31, 2013).

At the end of the review period, the equity ratio was 51% (51% on December 31, 2013), while the gearing was 42% (41% on December 31, 2013). Shareholder's equity increased to EUR 1,163.3 million (1,125.5 on December 31, 2013).

The Group's most significant transaction currency risks arise from the Canadian dollar and the Swedish krona. At the end of the year, the denominated 12-month exchange rate risk of the Canadian dollar had an equivalent value of approximately EUR 41 million, 52% of which was hedged on an average basis. Correspondingly, the Swedish krona's denominated exchange rate risk was approximately EUR 34 million, 76% of which was hedged on an average basis. In addition, Kemira is exposed to smaller transaction risks in relation to the Brazilian real, Norwegian krona, Polish zloty, and the U.S. dollar with the total annual exposure in these currencies at approximately EUR 69 million, 38% of which was hedged on an average basis.

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

CAPITAL EXPENDITURE

Capital expenditure, including the acquisition of BASF AKD emulsion business and an EUR 4 million investment in Pohjolan Voima (PVO) shares, decreased 27% to EUR 145.1 million (197.5) in 2014.

Capex (excl. the BASF AKD emulsion business acquisition and investment in PVO shares) expenditure was EUR 135.9 million (134.8) and can be broken down as follows: expansion capex 43% (52%), improvement capex 27% (26%), and maintenance capex 30% (22%). Expansion capex was lower due to completion of build-out activities on greenfield sites in Dormagen, Germany; Nanjing, China and Tarragona, Spain. A greenfield investment in a sodium chlorate plant in Brazil amounted to EUR 6 million in 2014. Maintenance capex increased mainly due to a triennial maintenance break at the Helsinborg site in Sweden during the second quarter in 2014.

In January-December 2014, the Group's depreciation and impairments increased to EUR 100.3 million (99.3).

RESEARCH AND DEVELOPMENT

Research and Development expenses totaled EUR 28.0 million (32.1) in 2014, representing 1.3% (1.4%) of Kemira Group's revenue.

Kemira's Research and Development is a critical enabler of organic growth and further differentiation. New product launches contribute to the efficiency and sustainability of customer processes, and to improved profitability. Both Kemira's future market position and profitability depend on the company's ability to understand and meet current and future customer needs and market trends, and on its ability to innovate new differentiated products and applications. Revenue from differentiated products increased 9% to EUR 1,029 million (942) in 2014, representing 48% (42%) of Kemira Group's revenue.

Kemira Group's target is to increase the revenue from new products and products for new applications. The share of innovation revenue (revenue from new products or from products to new applications launched within the past five years) in the Group revenue increased to 8% (7%) in 2014.

CORPORATE RESPONSIBILITY

In 2015, Kemira will publish its Corporate Responsibility Report in connection with its Annual Report. The corporate responsibility report 2014 will be verified by a third party and prepared in accordance with the GRI (Global Reporting Initiative) framework. It deals with economic, environmental and social aspects defined material for Kemira, as well as reflects on Kemira's performance in relation to the sustainability targets approved by Kemira's Management Board. The performance targets are displayed in the table below.

RESPONSIBILITY FOCUS AREAS	KPI'S AND KPI TARGET VALUES
RESPONSIBLE BUSINESS PRACTICES	
Kemira Compliance program	Kemira Compliance program → Established by the end of 2014
RESPONSIBLE SUPPLY CHAIN	
Code of Conduct for Suppliers, Distributors and Agents	Supplier contracts with signed CoC-SDA as attachment → 90% by the end of 2015
Supplier sustainability assessment	Number of core, strategic and critical suppliers covered by supplier sustainability assessment → 45 by end of 2014
RESPONSIBILITY FOR EMPLOYEES	
Performance management	Kemira employees covered by the global Performance Management process → > 95% by the end of 2014
Leadership development	People managers participated in global leadership programs at least once in period 2013–2015, cumulative % → > 95% by the end of 2015
Employee engagement	Employee Engagement Index → Index at or above the external industry norm by the end of 2015
	Participation rate in Voices@Kemira → 75–85% by the end of 2015
Occupational health and safety	Number of Total Recordable Injuries (TRI) (per million hours, Kemira + contractor, 1 year rolling average) → Achieve zero injuries
RESPONSIBLE MANUFACTURING	
Water efficiency	Baseline analyzed and water efficiency program defined by the end of 2014
Climate change	Kemira Carbon Index performance → Index ≤ 80 by end of 2020 (baseline year 2012 = 100)
SUSTAINABLE PRODUCTS AND SOLUTIONS	
Sustainability aspects in New Product Development (NPD) process	New NPD projects apply the sustainability check in Gate 1, 100% by the end of 2014
	Existing NPD projects apply the sustainability check in Gates 2–4, 100% by the end of 2014
RESPONSIBILITY TOWARDS THE COMMUNITIES WHERE WE OPERATE	
Participation in local community involvement activities	Kemira sites with over 50 employees participated in local community involvement initiatives at least once in period 2013–2015, cumulative % → 100% by the end of 2015

HUMAN RESOURCES

At the end of the period, Kemira Group had 4,248 employees (4,453 on December 2013). Kemira employed 759 people in Finland (961), 1,654 people elsewhere in EMEA (1,634), 1,483 in the Americas (1,518) and 352 in Asia Pacific (340).

SEGMENTS

PAPER

Paper has unique expertise in applying chemicals and supporting pulp & paper producers to innovate and constantly improve their operational efficiency. The segment develops and commercializes new products to fulfill customer needs and to ensure the leading portfolio of products and services for paper wet-end, focusing on packaging and board, as well as tissue. Paper leverages its strong pulp & paper application portfolio in North America and EMEA and builds a strong position in China, Indonesia and Brazil.

EUR million	2014	2013
Revenue	**1,170.0**	1,112.8
Operative EBITDA	**137.2**	131.1
Operative EBITDA, %	**11.7**	11.8
EBITDA	**109.9**	98.4
EBITDA, %	**9.4**	8.8
Operative EBIT	**85.8**	85.9
Operative EBIT, %	**7.3**	7.7
EBIT	**57.6**	45.1
EBIT, %	**4.9**	4.1
Capital employed*	**881.2**	859.8
ROCE*	**6.5**	5.2
Capital expenditure	**83.0**	75.5
Cash flow after investing activities	**-10.1**	58.2

* 12-month rolling average

The Paper segment's **revenue** increased 5% to EUR 1,170.0 million (1,112.8). Revenues in local currencies, excluding divestments and acquisitions, grew 6% due to sales volume growth, especially in polymers, sizing and strength agents, as well as in other differentiated process chemicals. Sales price changes had a small positive impact on revenues. Currency exchange had a -1% impact. Acquisitions had an impact of 2% and divestments an impact of -1% on the revenue.

In **EMEA**, revenues increased 4% to EUR 675.9 million (651.5) mainly due to the acquisition of the BASF AKD emulsion business and the continued growth of sales volumes of differentiated product lines. During the year, Kemira invested in a production line expansion of process and functional chemistries at San Giorgio site in Italy. The investment strengthens Kemira's position as a supplier for the tissue industry in the region. In addition, Kemira started a multi-million investment to expand its hydrogen peroxide plant in Oulu, Finland, in order to improve its capabilities to serve the growing demand for pulp chemicals in the Nordics.

In **the Americas**, revenues increased 7% to EUR 397.1 million (370.5) as a result of increased sizing, strength, polymer and sodium chlorate sales volumes in North America, as well as the acquisition of Soto Industries (Q3 2013). In South America, pulp chemical deliveries to the new Montes del Plata pulp mill in Uruguay compensated for the impacts of the divested coagulant business and the unfavorable currency exchange. In February, Kemira announced a two-year, multimillion euro investment in Telêmaco Borba, Brazil to support paper and board production in South America by rolling out new technologies for surface sizing, strength properties and surface treatment. In addition, in May, Kemira was selected as a supplier of sodium chlorate to Klabin's new 1.5 million ton pulp mill in Paraná, Brazil. Kemira will build, own and operate a sodium chlorate plant, which is expected to begin production during the first half of 2016.

In **APAC**, revenues increased 7% to EUR 97.0 million (90.7) mainly due to increased sales volumes. During the year, Kemira ramped-up its new production site in Nanjing, China. Production includes ASA sizing chemicals, defoamers and polymers.

Operative EBITDA increased 5% to EUR 137.2 million (131.1), mainly due to higher sales volumes and favorable pricing. Acquisitions also had a small positive impact on the operative EBITDA. Sales price changes could more than compensate for the somewhat higher variable costs. Increased sales and marketing efforts drove higher fixed costs. Operative EBITDA margin was 11.7% (11.8%). Operative EBIT margin decreased to 7.3% (7.7%) as a result of EUR 6 million higher depreciations related to the acquisitions and the new manufacturing site in Nanjing, China.

OIL & MINING

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

EUR million	2014	2013
Revenue	382.2	311.5
Operative EBITDA	48.4	32.7
Operative EBITDA, %	12.7	10.5
EBITDA	46.2	24.6
EBITDA, %	12.1	7.9
Operative EBIT	29.9	17.4
Operative EBIT, %	7.8	5.6
EBIT	27.7	6.5
EBIT, %	7.2	2.1
Capital employed*	239.5	196.0
ROCE*	11.5	3.3
Capital expenditure	26.3	69.8
Cash flow after investing activities	20.6	-60.0

* 12-month rolling average

The Oil & Mining segment's **revenue** increased 23% to EUR 382.2 million (311.5). Revenue in local currencies, excluding acquisitions and divestments increased 15% driven by higher sales volumes. Currency exchange had a -1% impact. The acquisition of 3F had an impact of 10% and the divestment of the coagulant business in Brazil an impact of -1% on the revenue.

In **the Americas**, revenues increased 40% to EUR 287.1 million (204.8) mainly due to strong growth of sales volumes of polymers and other process chemicals used in downstream applications like drilling, extraction and stimulation in the oil & gas industry. The acquisition of 3F, a producer of dry and emulsion polyacrylamide polymers also contributed substantially on the revenue growth. Favorable pricing had a positive impact on revenues and was supported by new innovative technologies like friction reducers and biocides. Friction reducers enable substantial performance improvements in the stimulation of oil & gas wells. Currency exchange had a small negative impact on revenues in the region. During the year, Kemira relocated its global Oil & Mining segment headquarters to Houston, Texas. In addition, Kemira is investing in a new technical service laboratory in the same area. The new headquarters increases Kemira's visibility and presence in the oil and gas industry. The technical laboratory enables faster local technical application service to Kemira's customers.

In **EMEA**, revenues decreased 9% to EUR 95.1 million (104.6) as a result of lower sales volumes. Sales volumes declined mainly due to soft demand for products used in extraction and water treatment in the mining industry.

Operative EBITDA increased 48% to EUR 48.4 million (32.7) as a result of the increased sales volumes and the positive impact of the 3F acquisition. Operative EBITDA margin improved to 12.7% (10.5%). Operative EBIT margin improved to 7.8% (5.6%).

MUNICIPAL & INDUSTRIAL

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

EUR million	2014	2013
Revenue	564.7	659.4
Operative EBITDA	68.1	68.3
Operative EBITDA, %	12.1	10.4
EBITDA	61.3	-0.5
EBITDA, %	10.9	-0.1
Operative EBIT	43.3	45.8
Operative EBIT, %	7.7	6.9
EBIT	31.7	-23.4
EBIT, %	5.6	-3.6
Capital employed*	309.4	350.9
ROCE*	10.2	-6.7
Capital expenditure	35.2	46.9
Cash flow after investing activities	34.3	37.9

* 12-month rolling average

The Municipal & Industrial segment's **revenue** decreased 14% to EUR 564.7 million (659.4). Revenue in local currencies, excluding acquisitions and divestments, decreased by 7%, due to lower sales volumes and sales prices. Acquisitions had an impact of 3% and divestments an impact of -10% on the revenue. Currency exchange had a -1% impact.

In **EMEA**, revenues decreased 5% to EUR 383.9 million (405.0), mainly due to divestments and slightly lower sales prices. Sales prices decreased largely in line with the related raw material prices, e.g. hydrochloric acid. Sales volumes remained close to the level of the comparable period. The acquisition of 3F had an impact of 5% on the revenue. Currency exchange had a small negative impact on the revenue. In April, Kemira commenced production in its new coagulant plant in Tarragona, Spain. Production focuses on aluminum and iron-based coagulants used for drinking water and wastewater treatment. The plant is utilizing by-products derived from Bayer MaterialScience's production as its raw material. The Tarragona plant, together with a similar Dormagen (Germany) plant, is one of the largest coagulant manufacturing plants in EMEA. The joint capacity of Tarragona and Dormagen is important for Kemira in order to sustain its leadership position in the municipal and industrial water treatment markets in EMEA.

In **the Americas**, revenue decreased 32% to EUR 159.2 million (234.3) mainly due to the divestment of coagulant businesses in Brazil and in Mexico. Excluding the impact of the divestments, revenues declined by some 15% as a result of lower sales volumes and sales prices, especially in North America, as well as unfavorable currency exchange rates. Sales volumes recovered towards the end of 2014 as a result of increased sales and marketing efforts, as well as leveraging the offering of high quality raw water and wastewater treatment chemicals to municipal customers.

Operative EBITDA remained at EUR 68.1 million (68.3), despite the year-on-year comparison being negatively impacted by several divestments. Operative EBITDA was positively impacted by the "Fit for Growth"-related savings and the implementation of other efficiency measures which together drew fixed costs some 15% lower than in the comparable period. Variable costs were lower mainly due to decreased raw material costs, which in turn were lower due to cost synergies related to the acquisition of 3F and a decline in certain raw material prices. Sales prices declined largely in line with the related raw material prices. Operative EBITDA margin improved to 12.1% (10.4%). Operative EBIT margin improved to 7.7% (6.9%).

PARENT COMPANY'S FINANCIAL PERFORMANCE

Kemira Oyj's revenue decreased to EUR 1,228.1 million (1,382.1) in 2014. EBITDA was EUR 34.0 million (23.8). EBITDA increased mainly due to lower variable and fixed costs. The parent company's financing income and expenses were EUR -9.3 million (147.0). Financing income and expenses decreased mainly due to lower financial income from Group companies. Net profit totaled EUR -1.3 million (141.2). Capital expenditure totaled EUR 25.7 million (28.3), excluding investments in subsidiaries.

KEMIRA OYJ'S SHARES AND SHAREHOLDERS

On December 31, 2014, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles to one vote at the Annual General Meeting.

The number of registered Kemira Oyj shareholders increased 8% to 33,164 registered shareholders in 2014 (30,640 at the end of December 2013). Foreign shareholders held 18.9% of the shares (21.6%), including nominee registered holdings. Households owned 16.1% of the shares (14.9%). Kemira held 3,291,185 treasury shares (3,301,006) representing 2.1% (2.1%) of all company shares. Based on the decision of the Annual General Meeting of Kemira Oyj on March 24, 2014, Kemira Oyj has transferred 9,821 shares on May 5, 2014 to the members of the Board of Directors as a part of the remuneration to the Board.

Kemira Oyj's share closed at EUR 9.89 on the NASDAQ OMX Helsinki at the end of December 2014 (12.16 at the end of December 2013). Shares registered a high of EUR 12.27 and a low of EUR 9.11 in January-December 2014. The average share price was EUR 10.87. The company's market capitalization, excluding treasury shares, was EUR 1,504 million at the end of December 2014 (1,849 at the end of December 2013). In January-December 2014, Kemira Oyj's share trading volume on NASDAQ OMX Helsinki increased 15% to 75 million (65). The average daily trading volume was 300,072 (259,748) shares. Source: NASDAQ OMX.

In addition to NASDAQ OMX Helsinki, Kemira shares are traded on several alternative market places or multilateral trading facilities (MTF), for example at BATS Chi-X and Turquoise. In January-December 2014, a total of 29 million (28) Kemira Oyj's shares were traded on the alternative market places or 28% (30%) of the total amount of traded shares. Source: Fidessa.

The total amount of traded Kemira shares, including the trade on NASDAQ OMX Helsinki and multilateral trading facilities increased by 12% in January-December 2014 compared to January-December 2013.

OWNERSHIP DECEMBER 31, 2014

Corporations	41.0%
Financial and insurance corporations	8.1%
General government	11.5%
Households	16.1%
Non-profit institutions	4.4%
Non-Finnish shareholders incl nominee register	18.9%

SHAREHOLDING BY NUMBER OF SHARES HELD DECEMBER 31, 2014

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1–100	7,043	21.2	441,763	0.3
101–500	14,397	43.4	3,934,243	2.5
501–1,000	5,400	16.3	4,096,417	2.6
1,001–5,000	5,276	15.9	10,831,160	7.0
5,001–10,000	545	1.6	3,963,162	2.5
10,001–50,000	369	1.1	7,255,195	4.7
50,001–100,000	51	0.2	3,863,347	2.5
100,001–500,000	64	0.2	13,004,272	8.4
500,001–1,000,000	7	0.0	4,784,522	3.1
1,000,001 -	12	0.0	103,168,476	66.4
Total	**33,164**	**100.0**	**155,342,557**	**100.0**

LARGEST SHAREHOLDERS DECEMBER 31, 2014

	Shareholder	Number of shares	% of shares and votes
1	Oras Invest Ltd	28,278,217	18.2
2	Solidium Oy	25,896,087	16.7
3	Varma Mutual Pension Insurance Company	8,164,836	5.3
4	Ilmarinen Mutual Pension Insurance Company	5,000,451	3.2
5	Nordea funds	4,255,825	2.7
6	Mandatum Life	1,704,647	1.1
7	Pohjola Fund Management	1,526,092	1.0
8	Danske Invest Funds	1,138,946	0.7
9	The State Pension Fund	1,090,000	0.7
10	Veritas Pension Insurance Company Ltd.	923,917	0.6
11	Sigrid Jusélius Foundation	730,000	0.5
12	Aktia Funds	620,148	0.4
13	Etera Mutual Pension Insurance Company	609,331	0.4
14	Kaleva Mutual Insurance Company	603,337	0.4
15	The Local Government Pensions Institution	426,482	0.3
	Kemira Oyj	3,291,185	2.1
	Nominee-registered and foreign shareholders	29,389,833	18.9
	Others, total	41,693,223	26.8
	Total	**155,342,557**	**100.0**

SHARE-BASED INCENTIVE PLAN FOR MANAGEMENT AND KEY EMPLOYEES

On December 15, 2014 the Board of Directors of Kemira Oyj decided to establish a new long-term share-based incentive plan targeted at a group of key employees in Kemira. The aim of the new plan is to combine the objectives of the shareholders and the persons participating in the plan in order to increase the value of Kemira, to commit the participants to Kemira, and to offer them a competitive reward plan based on earning Kemira's shares.

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

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

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

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

The Performance Share Plan is directed at approximately 90 people. The rewards to be paid on the basis of the 2015 earning period of the Performance Share Plan correspond to the value of an approximate maximum total of 585,000 Kemira Oyj shares and additionally the cash proportion intended to cover taxes and tax-related costs.

AGM DECISIONS

ANNUAL GENERAL MEETING

Kemira Oyj's Annual General Meeting held on March 24, 2014 confirmed the dividend of EUR 0.53. The dividend was paid out on April 3, 2014.

The AGM 2014 authorized the Board of Directors to decide upon the repurchase of a maximum of 4,500,000 company's own shares ("Share repurchase authorization"). The Share repurchase authorization is valid until the end of the next Annual General Meeting. The Board has not exercised its authority by December 31, 2014.

The AGM 2014 also authorized the Board of Directors to decide to issue a maximum of 15,600,000 new shares and/or transfer a maximum of 7,800,000 of the company's own shares held by the company ("Share issue authorization"). The Share issue authorization is valid until May 31, 2015. The share issue authorization has been used in connection with the Board of Directors remuneration.

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

CORPORATE GOVERNANCE AND GROUP STRUCTURE

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

BOARD OF DIRECTORS

On March 24, 2014, the Annual General Meeting elected six members (previously five) to the Board of Directors. Annual General Meeting reelected Winnie Fok, Juha Laaksonen, Jari Paasikivi and Kerttu Tuomas and elected Wolfgang Büchele and Timo Lappalainen as new members. Jari Paasikivi was elected as the Board's Chairman and Kerttu Tuomas was elected as the Vice Chairman. In 2014, Kemira's Board of Directors met 13 times with 97.3% attendance rate.

Kemira Oyj's Board of Directors has appointed two committees: the Personnel and Remuneration Committee and the Audit Committee. The Personnel and Remuneration Committee is chaired by Jari Paasikivi and has Juha Laaksonen and Kerttu Tuomas as members. In 2014, the Compensation Committee met four times with a 100% attendance rate. The Audit Committee is chaired by Juha Laaksonen and has Timo Lappalainen and Jari Paasikivi as members. In 2014, the Audit Committee met five times with a 100% attendance rate.

CHANGES TO COMPANY MANAGEMENT

On May 1, 2014, Jari Rosendal started as Kemira Oyj's President and Chief Executive Officer.

On May 5, 2014, Tarjei Johansen started as President of the Oil & Mining segment and the Americas region.

On November 1, 2014 Antti Salminen started as President of the Municipal & Industrial segment and EMEA region and Michael Löffelmann started as Executive Vice President of Projects & Manufacturing Technology. Both are members of the Management Board.

On January 1, 2015, Joe Chan started as President, China. He reports to the President of Paper Segment and APAC region.

On January 12, 2015, Kemira announced that Petri Helsky, President of Paper Segment and APAC region will resign from his position to take up the position of CEO of Metsä Tissue Corporation. Petri Helsky will continue in his current position and as a member of Kemira's Management Board up until the end of June 2015. Kemira has started the process of finding a successor to lead the Paper segment and the Asia Pacific region.

STRUCTURE

The acquisitions and divestments made during the year are discussed under segment information.

SHORT-TERM RISKS AND UNCERTAINTIES

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

CHANGES IN CUSTOMER DEMAND

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

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

CHANGES IN LAWS AND REGULATIONS

Kemira's business is subject to various laws and regulations, which have relevance in development and implementation of Kemira's strategy. Although laws and regulations can generally be considered as an opportunity for Kemira, certain new legislative initiatives supporting, for instance, the use of biodegradable raw materials or biological water treatment, limiting the use of aluminum or phosphates, or relating to recovery or recycling of phosphorus, may also have a negative impact on Kemira's business. Significant changes, for instance, in chemical, environmental or transportation laws and regulations (e.g. REACH, EU Sulphur Directive), may impact Kemira's profitability through the increase in production and transportation costs. At the same time, such changes may also create new business opportunities for Kemira.

Kemira is continuously following regulatory discussions in order to maintain the awareness of the contents and planned changes of the laws and regulations that may have an impact, for instance, on its sales, production planning, and product development needs. Regulatory effects are systematically considered in strategic decision making. Kemira also actively participates in regulatory discussions whenever possible and justified from the industry or business perspective.

COMPETITION

Kemira operates in a rapidly changing and competitive business environment, which represents a considerable risk to meeting its goals. New players seeking a foothold in Kemira's key business segments may use aggressive means as a competitive tool, which could affect Kemira's financial results. Major competitor consolidations are considered to be risks that may result in the weakening of market position.

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

ECONOMIC CONDITIONS

Uncertainties in global economic and geopolitical development are considered to include direct or indirect risks, such as a continuation of low-growth period in the global GDP and negative development in Ukraine, which could both have unfavorable impacts on the demand for Kemira's products. Weak economic development may result in customer closures or consolidations diminishing customer base. Also, the liquidity of Kemira's customers could become weaker, resulting in increased credit losses for Kemira. Unfavorable market conditions may also increase the availability and price risk of certain raw materials. Kemira's geographical and customer-industry diversity provides only partial protection against this risk.

HAZARD RISKS

Kemira's production activities involve many hazard risks, such as fires and explosions, natural catastrophes, environmental risks, as well as employee health and safety risks. Systematic focus on achieving set targets, certified management systems, efficient hazard prevention programs, and competent personnel play a central role in managing these hazard risks. In addition, Kemira has several insurance programs that protect the company against financial impacts of hazard risks.

INNOVATION AND R&D

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

Innovation- and R&D-related risks are being managed through efficient R&D portfolio management in close collaboration between R&D and business segments. Kemira has further improved the coordination and cooperation between Business Development, R&D, and Sales units in order to better understand the future needs and expectations of its customers. Increased focus towards the development of more differentiated and sustainable products and processes has been continued through innovation training for management, innovation contest and the establishment of an internal Innovation Community. Kemira is also continuously monitoring the sales of its new products and applications (launched into the market within the last 5 years).

ACQUISITIONS

Acquisitions can be considered as an important driver in the accomplishment of corporate goals and strategies. Consolidations are driven by, for instance, chemical manufacturers' interests in realizing synergies and establishing footholds in new markets. Kemira's market position may deteriorate if it is unable to find and take advantage of future acquisition opportunities. Inorganic growth through acquisitions also involves risks, such as the ability to integrate acquired operations and personnel successfully. If realized, this risk may result in a shortage in the set financial targets for such acquisitions.

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

PRICE AND AVAILABILITY OF RAW MATERIALS AND COMMODITIES

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

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

SUPPLIERS

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

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

TALENT MANAGEMENT

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

A detailed account of the Kemira's risk management principles and organization is available on the company's website at http://www.kemira.com. An account of the financial risks is available in the Notes to the Financial Statements 2014.

OTHER EVENTS DURING THE REVIEW PERIOD

On March 6, 2014, Kemira closed the divestment of formic acid business including the feed and airport runway de-icing product lines, which had formed the major part of the ChemSolutions segment. After the closure, the remaining sodium percarbonate business in ChemSolutions segment was transferred to Paper segment and ChemSolutions segment was discontinued at the beginning of Q2 2014. The figures for Q1 2013-Q1 2014 have been restated according to the new structure.

On July 8, 2014 Kemira announced a preliminary agreement to acquire AkzoNobel's global paper chemicals business. The closing of the transaction is expected in the first quarter of 2015 and is subject to the customary closing conditions, including completion of employee consultation proceedings and approvals of competition authorities in certain countries. At closing, AkzoNobel's paper chemical business will be reported entirely in the Paper segment. The acquisition includes products for retention and sizing, as well as other paper chemicals, including wet strength and coating products. More than 50% of the business serves packaging board and tissue industries. The scope of the transaction includes 16 manufacturing sites of which 6 sites and approximately 400 employees will be transferred to Kemira.10 sites will remain as AkzoNobel sites with contract manufacturing to Kemira. Kemira will increase the capacity of its own paper chemical manufacturing sites during 2015–2016 in order to realize expected production synergies. Kemira expects the capital expenditure required for the capacity increase to range between EUR 20–30 million. The production sites to be transferred to Kemira are located in Spain, Italy, South Korea, Thailand, Indonesia, and Australia.

EVENTS AFTER THE REVIEW PERIOD

PROPOSALS OF THE NOMINATION BOARD TO THE ANNUAL GENERAL MEETING 2015

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

The Nomination Board proposed to the Annual General Meeting that the annual fees paid to the members of the Board of Directors would increase. The annual fee is proposed to be increased to EUR 80,000 from EUR 74,000 per year to the Chairman, to EUR 49,000 from EUR 45,000 per year to the Vice Chairman and the Chairman of the Audit Committee and to EUR 39,000 from EUR 36,000 per year to the other members. A fee payable for each meeting of the Board of Directors and the Board Committees is proposed to remain unchanged. A fee payable for each meeting would thus be as follows; EUR 600 to members residing in Finland, EUR 1,200 to the members residing in rest of Europe and EUR 2,400 to the members residing outside Europe. Travel expenses are proposed to be paid according to Kemira's travel policy.

In addition, the Nomination Board proposed to the Annual General Meeting that the annual fee be paid as a combination of the company's shares and cash in such a manner that 40% of the annual fee will be paid with the company's shares owned by the company or, if this is not possible, shares purchased from the market, and 60% will be paid in cash. The shares will be transferred to the members of the Board of Directors and, if necessary, acquired directly on behalf of the members of the Board of Directors within two weeks after the release of Kemira's Interim Report January 1-March 31, 2015. The meeting fees are proposed to be paid in cash.

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

DIVIDEND AND DIVIDEND POLICY (REVISED)

On December 31, 2014, Kemira Oyj's distributable funds totaled EUR 600,226,586 net profit, which accounted for EUR -1,279,154 for the period. No material changes have taken place in the company's financial position after the balance sheet date.

Kemira Oyj's Board of Directors proposes to the Annual General Meeting to be held on March 23, 2015 that a dividend of EUR 0.53 per share totaling EUR 81 million shall be paid on the basis of the adopted balance sheet for the financial year ended December 31, 2014.

Kemira revised dividend policy aiming to pay a stable and competitive dividend.

KEMIRA'S FINANCIAL TARGETS 2017 AND OUTLOOK 2015

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

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

Kemira expects its capital expenditure-to-sales ratio to increase in the next few years from the 2014 level of 6.3%.

In addition, Kemira expects its medium-term operative tax rate to be in the range of 22%–25%. This rate excludes non-recurring items.

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

OUTLOOK FOR 2015

In 2015, Kemira will focus on profitable growth both organically and inorganically. Kemira's revenue in 2015 is expected to increase compared to 2014 and operative EBITDA in 2015 to remain approximately at the same level or increase compared to 2014. The outlook excludes the impact of AkzoNobel paper chemical business (acquisition expected to close in the first quarter of 2015). At closing, AkzoNobel paper chemical business is expected to add revenue of more than EUR 200 million on an annualized basis.

Helsinki, February 9, 2015

Kemira Oyj
Board of Directors

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

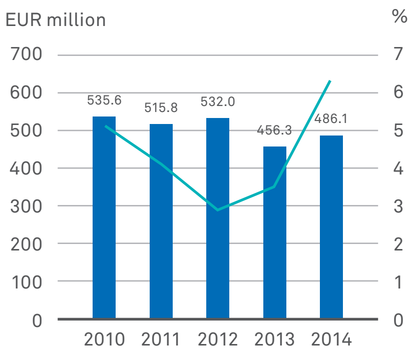
GROUP KEY FIGURES

FINANCIAL FIGURES

	2014	2013	2012	2011	2010
INCOME STATEMENT AND PROFITABILITY					
Revenue, EUR million [1]	**2,137**	2,229	2,241	2,207	2,161
Operating profit, EUR million [2] [3]	**153**	43	33	158	156
% of revenue	**7**	2	1	7	7
Share of profit or loss of associates, EUR million [1] [2]	**0**	-1	11	31	9
Finance income and costs (net), EUR million [1]	**31**	39	16	21	27
% of revenue	**1**	2	1	1	1
Interest cover [1] [2] [3]	**8**	4	11	12	10
Profit before tax, EUR million [1] [3]	**122**	3	29	168	138
% of revenue	**6**	0	1	8	6
Net profit for the period (attributable to equity owners of the parent), EUR million [1] [3]	**90**	-32	18	136	111
Return on investment (ROI), % [3] [4]	**8**	1	3	9	7
Return of equity (ROE), % [3]	**8**	-3	1	10	9
Return on capital employed (ROCE), % [3]	**11**	3	3	11	10
Research and development expenses, EUR million [1]	**28**	32	42	40	42
% of revenue	**1**	1	2	2	2
CASH FLOW					
Net cash generated from operating activities, EUR million	**74**	200	176	178	133
Disposals of subsidiaries and property, plant and equipment and intangible assets, EUR million	**146**	193	30	137	-6
Capital expenditure, EUR million	**145**	198	134	201	107
% of revenue	**7**	9	6	9	5
Cash flow before financing, EUR million	**75**	196	72	115	169
Cash flow return on capital invested (CFROI), % [3]	**4**	10	8	8	6
BALANCE SHEET AND SOLVENCY					
Non-current assets, EUR million	**1,613**	1,501	1,682	1,846	1,862
Shareholders' equity (Equity attributable to equity owners of the parent), EUR million [3]	**1,151**	1,113	1,247	1,358	1,340
Total equity includes non-controlling interests, EUR million [3]	**1,163**	1,126	1,261	1,371	1,366
Total liabilities, EUR million	**1,132**	1,086	1,202	1,306	1,178
Total assets, EUR million [3]	**2,296**	2,211	2,462	2,677	2,544
Interest-bearing net liabilities, EUR million	**486**	456	532	516	536
Equity ratio, % [3]	**51**	51	51	51	54
Gearing, % [3]	**42**	41	42	38	39
Interest-bearing net liabilities per EBITDA [3]	**1.9**	3.2	3.0	2.0	1.9
PERSONNEL					
Average number of personnel	**4,285**	4,632	5,043	5,006	5,608
of whom in Finland	**823**	1,027	1,173	1,145	1,241
EXCHANGE RATES					
Key exchange rates at 31 Dec					
USD	**1.214**	1.379	1.319	1.294	1.336
SEK	**9.393**	8.859	8.582	8.912	8.966
BRL	**3.221**	3.258	2.704	2.416	2.217

1) The financial figures for 2010 are presented without the spin-off effect of Tikkurila.
2) Share of profit or loss of associates is presented after finance expenses.
3) Comparative figures for 2012 have been restated according to the revised IAS 19 `Employee Benefits´.
4) The financial figure for 2013 has been restated. Finance costs have been decreased by EUR 23 million related to a write-down of the associate company of Sachtleben.

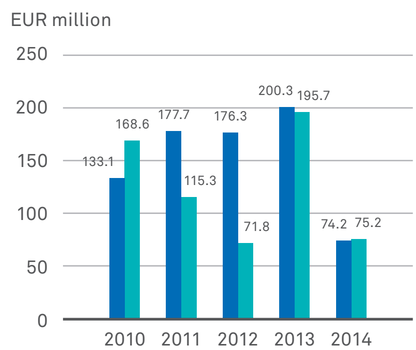
NET LIABILITIES AND FINANCIAL EXPENSES 1–2)



- Interest bearing net liabilities
- Net financial expenses (% share of interest bearing net liabilities)

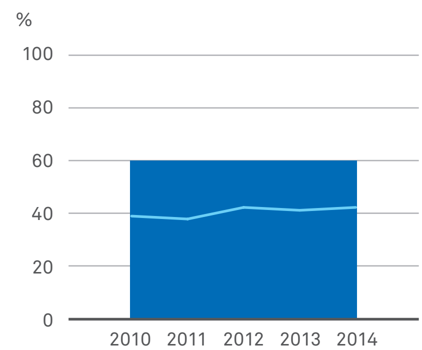
1) Excluding Tikkurila 2010.
2) Excluding write-down of associate company of Sachtleben in 2013.

CASH FLOW



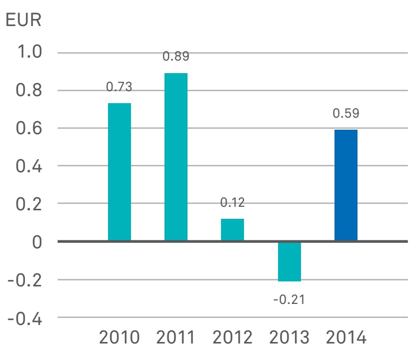
- Net cash generated from operating activities
- Cash flow after investments

GEARING



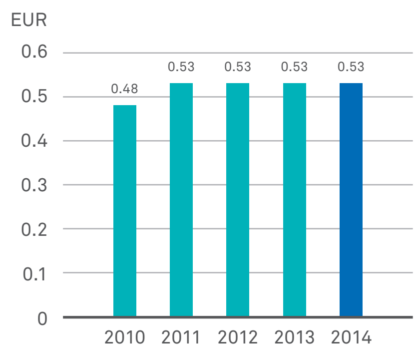
- Comfort zone
- Interest bearing liabilities divided by equity

EARNINGS PER SHARE 1)



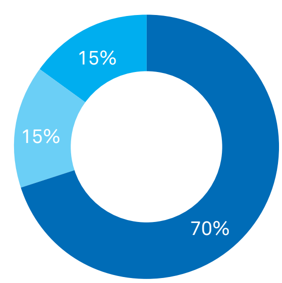
1) Excluding Tikkurila 2010.

DIVIDEND PER SHARE 2)



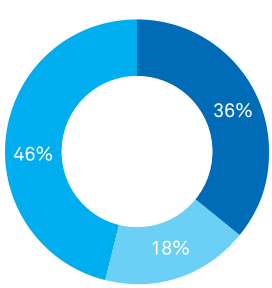
2) The dividend for 2014 is the Board of Director's proposal to the Annual General Meeting.

OPERATING EXPENSES



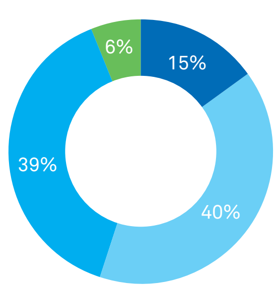
- Material and services
- Personnel expenses
- Other expenses

CAPITAL EXPENDITURE BY CHARACTER



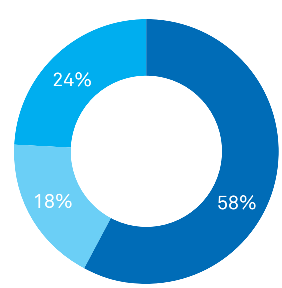
- Maintenance
- Improvement
- Expansion

REVENUE BY REGION



- Finland, domicile of the parent company
- Europe, Middle-East and Africa
- America
- Asia Pacific

CAPITAL EXPENDITURE BY SEGMENT



- Paper
- Oil & Mining
- Municipal & Industrial

GROUP KEY FIGURES

PER SHARE FIGURES

	2014	2013	2012	2011	2010
PER SHARE FIGURES					
Earnings per share, continuing operations, basic and diluted, EUR 1) 3) 5)	**0.59**	-0.21	0.12	0.89	0.73
Earnings per share, basic and diluted, EUR 1) 3) 5)	**0.59**	-0.21	0.12	0.89	4.23
Cash flow from operations per share, EUR 1) 3)	**0.49**	1.32	1.16	1.17	0.88
Dividend per share, EUR 1) 2) 3) 4)	**0.53**	0.53	0.53	0.53	0.48
Dividend payout ratio, % 1) 2) 3) 4) 5)	**89.6**	-255.0	455.1	59.4	65.7
Dividend yield, % 1) 2) 4)	**5.4**	4.4	4.5	5.8	4.1
Equity per share, EUR 1) 5)	**7.57**	7.32	8.20	8.94	8.83
Price per earnings per share (P/E ratio) 1) 3) 5)	**16.72**	-58.50	101.51	10.28	16.01
Price per equity per share 1) 3) 5)	**1.31**	1.66	1.44	1.03	1.33
Price per cash flow from operations per share 1) 3)	**20.24**	9.23	10.18	7.85	13.34
Dividend paid, EUR million 2) 4)	**80.6**	80.6	80.6	80.6	72.8
SHARE PRICE AND TRADING					
Share price, year high, EUR 3)	**12.27**	13.02	12.00	12.67	13.19
Share price, year low, EUR 3)	**9.11**	10.55	8.00	7.80	7.89
Share price, year average, EUR 3)	**10.87**	11.76	10.10	10.49	10.15
Share price at 31 Dec, EUR 3)	**9.89**	12.16	11.81	9.18	11.70
Number of shares traded (1,000)	**75,018**	64,937	88,346	109,013	115,850
% on number of shares	**49**	42	57	70	75
Market capitalization at 31 Dec, EUR million 1)	**1,503.8**	1,848.8	1,795.6	1,395.6	1,775.3
NUMBER OF SHARES AND SHARE CAPITAL					
Average number of shares, basic (1,000) 1)	**152,048**	152,039	152,037	151,994	151,697
Average number of shares, diluted (1,000) 1)	**152,203**	152,179	152,173	152,152	152,017
Number of shares at 31 Dec, basic (1,000) 1)	**152,051**	152,042	152,041	152,030	151,735
Number of shares at 31 Dec, diluted (1,000) 1)	**152,373**	152,091	152,090	152,030	152,055
Increase in number of shares (1,000)	**9**	1	11	295	247
Share capital, EUR million	**221.8**	221.8	221.8	221.8	221.8

1) Number of shares outstanding, excluding the number of treasury shares.
2) The total cash dividend payout during 2010 for the financial year 2009 was EUR 41.0 million (EUR 0.27 per share), in addition to the Tikkurila shares which were distributed as a dividend to a total amount of EUR 599.3 million (EUR 3.95 per shares). Kemira distributed a total of 37,933,097 shares in Tikkurila to its shareholders as dividend. The purchase price of Tikkurila's share was EUR 15.80. Each Kemira's four shares entitled one Tikkurila's share as dividend. The share figures based on dividend are calculated in accordance with cash dividend.
3) For 2010 rights offering restated.
4) The dividend for 2014 is the Board of Director's proposal to the Annual General Meeting.
5) Comparative figures for 2012 have been restated according to the revised IAS 19 `Employee Benefits´.

DEFINITIONS OF KEY FIGURES

PER SHARE FIGURES

EARNINGS PER SHARE (EPS)

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

CASH FLOW FROM OPERATIONS

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

CASH FLOW FROM OPERATIONS PER SHARE

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

DIVIDEND PER SHARE

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

DIVIDEND PAYOUT RATIO, %

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

DIVIDEND YIELD, %

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

EQUITY PER SHARE

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

SHARE PRICE, YEAR AVERAGE

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

PRICE PER EARNINGS PER SHARE (P/E)

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

PRICE PER EQUITY PER SHARE

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

PRICE PER CASH FLOW FROM OPERATIONS PER SHARE

$$\frac{\text{Share price at 31 Dec}}{\text{Cash flow from operations per share}}$$

SHARE TURNOVER, %

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

FINANCIAL FIGURES

INTEREST-BEARING NET LIABILITIES

Interest-bearing liabilities – cash and cash equivalents

EQUITY RATIO, %

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

GEARING, %

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

INTEREST COVER

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

RETURN ON INVESTMENTS (ROI), %

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

RETURN ON EQUITY (ROE), %

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

CASH FLOW RETURN ON INVESTMENT (CFROI), %

$$\frac{\text{Cash flow from operations x 100}}{\text{(Total assets – interest-free liabilities)}^{1)}}$$

RETURN ON CAPITAL EMPLOYED (ROCE), %

$$\frac{\text{Operating profit + share of profit or loss of associates x 100}}{\text{Capital employed}^{1)\,2)}}$$

CAPITAL TURNOVER

$$\frac{\text{Revenue}}{\text{Capital employed}^{1)\,2)}}$$

INTEREST-BEARING NET LIABILITIES/EBITDA

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

NET FINANCIAL COST, %

$$\frac{\text{(Net financial expenses – dividend income – exchange rate differences) x 100}}{\text{Interest-bearing net liabilities}^{1)}}$$

1) Average
2) Capital employed = Property, plant and equipment + intangible assets + net working capital + investments in associates

20 CONSOLIDATED FINANCIAL STATEMENTS • Consolidated Income Statement (EUR million)

CONSOLIDATED INCOME STATEMENT (IFRS)

		Year ended 31 December	
	Note	2014	2013
Revenue	2	**2,136.7**	2,229.1
Other operating income	3	**55.2**	15.2
Operating expenses	4, 5	**-1,939.0**	-2,102.4
Depreciation, amortization and impairment	6, 11, 12, 13	**-100.3**	-99.3
Operating profit		**152.6**	42.6
Finance income	7	**4.6**	4.4
Finance expense	7	**-34.0**	-45.9
Exchange differences	7	**-1.3**	2.5
Finance costs, net	7	**-30.7**	-39.0
Share of profit or loss of associates	2, 8	**0.2**	-1.1
Profit before tax		**122.1**	2.5
Income tax expense	9	**-26.3**	-28.4
Net profit for the period		**95.8**	-25.9
Net profit attributable to:			
Equity owners of the parent		**89.9**	-31.6
Non-controlling interests	19	**5.9**	5.7
Net profit for the period		**95.8**	-25.9
Earnings per share for net profit attributable to the equity owners of the parent company (EUR per share)			
Basic and diluted	10	**0.59**	-0.21

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

CONSOLIDATED FINANCIAL STATEMENTS • Consolidated Statement of Comprehensive Income (EUR million)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

	Note	Year ended 31 December 2014	2013
Net profit for the period		**95.8**	-25.9
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets		**50.0**	-27.0
Exchange differences on translating foreign operations		**1.2**	-17.7
Cash flow hedges		**3.4**	-2.3
Items that will not be reclassified subsequently to profit or loss			
Remeasurements on defined benefit pensions		**-26.6**	22.6
Other comprehensive income for the period, net of tax	9, 19	**28.0**	-24.4
Total comprehensive income for the period		**123.8**	-50.3
Total comprehensive income attributable to			
Equity owners of the parent		**118.3**	-55.4
Non-controlling interests	19	**5.5**	5.1
Total comprehensive income for the period		**123.8**	-50.3

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

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

22 | CONSOLIDATED FINANCIAL STATEMENTS • Consolidated Balance Sheet (EUR million)

CONSOLIDATED BALANCE SHEET (IFRS)

	Note	As at 31 December 2014	2013
ASSETS			
NON-CURRENT ASSETS			
Goodwill	11	**485.6**	471.9
Other intangible assets	12	**76.3**	75.3
Property, plant and equipment	13	**706.2**	644.5
Investments in associates	8	**0.9**	0.8
Available-for-sale financial assets	14, 15	**293.7**	233.6
Deferred tax assets	22	**33.7**	36.0
Other investments		**9.2**	9.2
Defined benefit pension receivables	23	**7.5**	29.8
Total non-current assets		**1,613.1**	1,501.1
CURRENT ASSETS			
Inventories	16	**197.3**	169.9
Interest-bearing receivables	15, 17	**0.1**	0.5
Trade and other receivables	15, 17	**343.7**	320.9
Current income tax assets		**22.4**	11.2
Cash and cash equivalents	29	**119.1**	102.0
Total current assets		**682.6**	604.5
Non-current assets classified as held-for-sale	18	**-**	105.4
Total assets		**2,295.7**	2,211.0
EQUITY AND LIABILITIES			
EQUITY	19		
Equity attributable to equity owners of the parent			
Share capital		**221.8**	221.8
Other equity		**928.9**	890.7
Equity attributable to equity owners of the parent		**1,150.7**	1,112.5
Non-controlling interests		**12.6**	13.0
Total equity		**1,163.3**	1,125.5
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	15, 20, 21	**448.3**	279.9
Other liabilities	15	**21.4**	21.4
Deferred tax liabilities	22	**46.4**	43.5
Defined benefit pension liabilities	23	**73.1**	73.8
Provisions	24	**23.6**	27.3
Total non-current liabilities		**612.8**	445.9
CURRENT LIABILITIES			
Interest-bearing liabilities	15, 20, 21	**156.9**	278.4
Trade payables and other liabilities	15, 25	**327.7**	302.6
Current income tax liabilities		**17.9**	13.6
Provisions	24	**17.1**	25.2
Total current liabilities		**519.6**	619.8
Liabilities directly associated with the assets classified as held-for-sale	18	**-**	19.8
Total liabilities		**1,132.4**	1,085.5
Total equity and liabilities		**2,295.7**	2,211.0

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

CONSOLIDATED FINANCIAL STATEMENTS • Consolidated Statement of Cash Flow (EUR million) Kemira 2014 23

CONSOLIDATED STATEMENT OF CASH FLOW (IFRS)

	Note	Year ended 31 December 2014	2013
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the period		**95.8**	-25.9
Adjustments for			
Depreciation, amortization and impairment	6, 11, 12, 13	**100.3**	99.3
Income taxes	9	**26.3**	28.5
Finance expenses, net	7	**30.7**	39.0
Share of profit or loss of associates	8	**-0.2**	1.1
Other non-cash income and expenses not involving cash flow		**-64.3**	60.2
Operating profit before change in net working capital		**188.6**	202.2
Change in net working capital			
Increase (-)/decrease (+) in inventories		**-17.6**	-3.5
Increase (-)/decrease (+) in trade and other receivables		**-7.1**	14.1
Increase (+)/decrease (-) in trade payables and other liabilities		**5.3**	14.1
Change in working capital		**-19.4**	24.7
Cash generated from operations		**169.2**	226.9
Interest and other finance cost paid		**-25.8**	-27.7
Interest and other finance income received		**3.0**	8.4
Realized exchange gains and losses		**-39.0**	19.0
Dividends received		**0.2**	0.2
Income taxes paid		**-33.4**	-26.5
Net cash generated from operating activities		**74.2**	200.3
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of subsidiaries, net of cash acquired	27	**0.6**	-58.6
Purchases of available-for-sale financial assets		**-4.6**	-4.1
Purchases of property, plant, equipment and intangible assets		**-141.1**	-134.8
Change in long-term loan receivables decrease (+)/increase (-)		**0.6**	-0.5
Proceeds from sale of subsidiaries, net of cash disposed	26	**130.0**	87.5
Proceeds from sale of associates and paid-in-capital from associates		**0.0**	97.7
Proceeds from sale of available-for-sale financial assets		**9.7**	2.8
Proceeds from sale of property, plant and equipment		**5.8**	5.4
Net cash used in investing activities		**1.0**	-4.6
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from non-current interest-bearing liabilities (+)		**245.0**	0.0
Repayment from non-current interest-bearing liabilities (-)		**-62.6**	-95.1
Short-term financing, net increase (+)/decrease (-)		**-152.9**	-32.6
Dividends paid		**-86.0**	-85.1
Other finance items		**0.1**	-1.1
Net cash used in financing activities		**-56.4**	-213.9
Net decrease (-)/increase (+) in cash and cash equivalents		**18.8**	-18.2
Cash and cash equivalents at 31 Dec		**119.1**	102.0
Exchange gains (+)/losses (-) on cash and cash equivalents		**-1.7**	-3.4
Cash and cash equivalents at 1 Jan		**102.0**	123.6
Net decrease (-)/increase (+) in cash and cash equivalents		**18.8**	-18.2

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

24 CONSOLIDATED FINANCIAL STATEMENTS • Consolidated Statement of Changes in Equity (EUR million)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

	ATTRIBUTABLE TO OWNERS OF THE PARENT									
	Share capital	Share premium	Fair value and other reserves	Unrestricted equity reserve	Exchange differences	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Equity at January 1, 2013	221.8	257.9	93.7	196.3	-23.1	-22.2	523.0	1,247.4	13.2	1,260.6
Net profit for the period							-31.6	-31.6	5.7	-25.9
Other comprehensive income, net of tax			-29.3		-17.1		22.6	-23.8	-0.6	-24.4
Total comprehensive income			-29.3		-17.1		-9.0	-55.4	5.1	-50.3
Transactions with owners										
Dividends paid							-80.6	-80.6	-4.5	-85.1
Returned treasury shares						-0.1		-0.1		-0.1
Treasury shares issued to the Board of Directors						0.1		0.1		0.1
Share-based payments							0.2	0.2		0.2
Changes due to business combinations			-0.5				1.3	0.8	-0.8	0.0
Transfers in equity			0.1				-0.1	0.0		0.0
Other changes							0.1	0.1		0.1
Transactions with owners			-0.4			0.0	-79.1	-79.5	-5.3	-84.8
Equity at December 31, 2013	221.8	257.9	64.0	196.3	-40.2	-22.2	434.9	1,112.5	13.0	1,125.5
Equity at January 1, 2014	**221.8**	**257.9**	**64.0**	**196.3**	**-40.2**	**-22.2**	**434.9**	**1,112.5**	**13.0**	**1,125.5**
Net profit for the period							89.9	**89.9**	5.9	**95.8**
Other comprehensive income, net of tax			53.4		1.6		-26.6	**28.4**	-0.4	**28.0**
Total comprehensive income			**53.4**		**1.6**		**63.3**	**118.3**	**5.5**	**123.8**
Transactions with owners										
Dividends paid							-80.6	**-80.6**	-5.4	**-86.0**
Treasury shares issued to the Board of Directors						0.1		**0.1**		**0.1**
Share-based payments							-0.1	**-0.1**		**-0.1**
Changes due to business combinations							0.5	**0.5**	-0.5	**0.0**
Transfers in equity			0.0				0.0	**0.0**		**0.0**
Transactions with owners			**0.0**			**0.1**	**-80.2**	**-80.1**	**-5.9**	**-86.0**
Equity at December 31, 2014	**221.8**	**257.9**	**117.4**	**196.3**	**-38.6**	**-22.1**	**418.0**	**1,150.7**	**12.6**	**1,163.3**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

GROUP PROFILE

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

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

The Board of Directors of Kemira Oyj has approved the Financial Statements for publication at its meeting on February 9, 2015. Under the Finnish Limited Liability Companies Act, the shareholders may accept or reject the Financial Statements at the General Meeting of Shareholders held after their publication. The meeting also has the power to make a decision to amend the Financial Statements.

BASIS OF PREPARATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

NEW AND AMENDED IFRS STANDARDS ADOPTED IN 2014

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

- IFRS 10 *Consolidated Financial Statements*. The standard establishes control as the base for consolidation. Additionally, the standard provides further guidance on how to apply principles of control when it is challenging to assess.
- IFRS 11 *Joint Arrangements*. The standard emphases the rights and obligations of the joint arrangement rather than its legal form in the accounting. The arrangements are divided into two: joint operations and joint ventures. The standard requires joint ventures to be accounted for using equity method of accounting. Proportional consolidation of joint ventures is no longer allowed.
- IFRS 12 *Disclosure of Interests in Other Entities*. The standard includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other, off balance sheet vehicles.
- IAS 27 (revised 2011) *Separate Financial Statements*. The revised standard includes the requirements for separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- IAS 28 (revised 2011) *Investments in Associates and Joint Ventures*. The revised standard includes require-

Note
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35

ments for both joint operations and associates to be accounted by using equity method of accounting after IFRS 11 was issued.

- Amendment to IAS 32 *Financial instruments: Presentation*. The amendment clarifies the conditions for net presentation of financial assets and liabilities and introduces some additional application guidance.
- Amendment to IAS 36 *Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets*. The overall effect of the amendments is to clarify the disclosure requirements on those cash generating units which have been subject to impairment.
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting*. The amendments allow the continuation of hedge accounting under IAS 39 when a derivative is novated to a clearing counterparty and certain conditions are met.
- Amendment to IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*. The amendment provides additional transition relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period.
- Amendment to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements*. The amendment provides 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 or IAS 39.

APPLICATION OF NEW AND REVISED IFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

- IFRS 9 *Financial Instruments* (effective for reporting periods beginning on or after January 1, 2018). IFRS 9 is a several phase project which aims to replace IAS 39 with a new standard. According to the finalised classification and measurement part of IFRS 9, financial assets are classified and measured based on entity's business model and the contractual cash flow characteristics of the financial asset. Classification and measurement of financial liabilities is mainly based on the current IAS 39 principles. The new impairment model reflects an expected credit loss model, as opposed to incurred credit losses model under IAS 39. The finalised general hedge accounting model of IFRS 9 allows reporters to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting. The standard has not yet been endorsed by EU.
- IFRS 15 *Revenue from Contracts with Customers* (effective for reporting periods beginning on or after January 1, 2017). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations. The standard has not yet been endorsed by EU.
- Amendment to IFRS 11 *Joint Arrangements* (effective for reporting periods beginning on or after January 1, 2016). The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations. The amendment has not yet been endorsed by EU.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Tangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation* (effective for reporting periods beginning on or after January 1, 2016). The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. The amendments have not yet been endorsed by EU.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture: Bearer Plants* (effective for reporting periods beginning on or after January 1, 2016). The amendments define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The amendments have not yet been endorsed by EU.
- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* (effective for reporting periods beginning on or after 1 July 2014). The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. Retrospective application is required.
- *Annual Improvements to IFRSs 2010–2012 and 2011–2013* (both effective for reporting periods beginning on or after 1 July 2014) and Annual Improvements to IFRSs 2012–2014 (effective for reporting periods beginning on

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or after 1 January 2016). In the annual improvement process the non-urgent but necessary amendments to IFRS are collected and issued annually. The nature of the improvements depends on the standards, but they do not have material impact on the consolidated financial statements.

- IFRIC 21 *Levies* (effective for reporting periods beginning on or after January 1, 2014). The interpretation provides guidance on when to recognise a liability for a levy imposed by a government. The interpretation has been endorsed by the EU on 14 June 2014.

CONSOLIDATION

SUBSIDIARIES

The Consolidated Financial Statements include the parent company and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group's subsidiaries are presented in the Note 34.

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

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

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

Net profit or loss for the financial year and other comprehensive income attributable to the equity holders of the parent and non-controlling interests are presented in the income statement and in the statement of comprehensive income. The portion of equity attributable to non-controlling interests is stated as an individual item separately from equity to the equity holders of the parent. Total comprehensive income shows separately the total amounts attributable to the equity holders of the parent and to non-controlling interests. The Group recognizes negative non-controlling interests, unless non-controlling interests have a binding obligation to cover losses up to the amount of their investment.

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

ASSOCIATES

Associated companies are companies over which the Group exercises significant influence (voting rights generally being 20–50 percent) but not control. Holdings in associated companies are consolidated using the equity method. If the Group's share of an associate's losses exceeds the carrying amount of the investment, the exceeding losses will not be consolidated unless the Group has a commitment to fulfill obligations on behalf of the associate. The Group's share of the associated companies' net profit for the financial year is stated as a separate item in the consolidated income statement after operating profit, in proportion to the Group's holdings. The Group's share of its associates' movements in other comprehensive income is recognized in Group's other comprehensive income. The Group's associates do not have such items for financial years 2013–2014. The Group's associates are presented in the Note 8.

JOINT ARRANGEMENTS

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group had no joint arrangements for financial years 2013–2014.

FOREIGN CURRENCY TRANSLATION

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

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

Translation differences arising from net investment in foreign subsidiaries affecting equity are stated as an increase or decrease in other comprehensive income. When the Group ceases to have control over a subsidiary, the accumulated translation difference is transferred into the income statement as part of gain or loss on sale.

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

REVENUE RECOGNITION

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

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

PENSION OBLIGATIONS

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

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

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

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

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

Past-service costs are recognized immediately in income statements.

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

The Group's defined benefit plans are presented in the Note 23.

SHARE-BASED PAYMENTS

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

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

Notes 5 and 32 provide information on share-based payment arrangements for key personnel and management board members.

CURRENT AND DEFERRED INCOME TAX

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

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

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

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

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

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

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

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

Development costs are capitalized as intangible assets when it can be shown that a development project will generate probable future economic benefit, and the costs attributable to the development project can reliably be measured. Capitalized development costs are presented as a separate item and amortized over their useful lives of a maximum of eight years. Capitalized development costs include material, labor and testing costs, and any capitalized borrowing costs that are directly attributable to bringing the asset ready for its intended use. Other development costs that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in the subsequent periods.

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

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

- Buildings and constructions 25 years
- Machinery and equipment 3–15 years
- Intangible assets 5–10 years

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

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Note
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overhaul of asset performed at regular intervals and identified as separate components are capitalized and depreciated over their useful lives.

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

GOVERNMENT GRANTS

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

LEASES

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

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

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

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

INVENTORIES

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

FINANCIAL ASSETS, FINANCIAL LIABILITIES AND DERIVATIVE CONTRACTS

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

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENTS

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

LOANS AND RECEIVABLES

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

AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

Kemira Oyj's holding in PVO Group that entitles to the electricity from completed power plants is measured at fair value based on the discounted cash flow resulting from the difference between the market price of electricity and the cost price. In the Financial Statements for 2014 the Group has adopted the revised PVO/TVO shares valuation model. The forward electricity price quotations in Finland area published by the Nordic Electricity Exchange have been used as the market price for electricity of the first five years and after this the development of the prices based on a fundamental simulation model of the Nordic electricity market. The impact of inflation in the coming years is taking into account in the price of electricity and the cost prices. The cost prices are determined by each share series. Future cash flows have been discounted based on the estimated useful lives of the plants related to each share series, and hydro power includes terminal value. The discount rate has been calculated using the annually determined average weighted cost of capital.

More information on PVO Group's fair value determination is presented in Note 14.

CASH AND CASH EQUIVALENTS

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

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses any impairment losses on its financial instruments on each balance sheet date. An impairment of a financial asset is recognized when an event with a negative effect on the future cash flows from the investment has occurred. For items measured at amortized cost, the amount of the impairment loss equals the difference between the asset's carrying amount and the present value of estimated future cash flows from the receivable. This is discounted at the financial asset's original effective interest rate. For items measured at fair value, the fair value determines the amount of impairment. Impairment charges are recognized under financial items in the income statement.

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

FINANCIAL LIABILITIES

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

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

DERIVATIVES

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

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

All of the derivatives open on the balance sheet date are measured at their fair values. As a rule, fair value changes from open derivative contracts are recognized through profit or loss under financial items in the Consoli-

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35

dated Financial Statements. The number of embedded derivatives used by the Group is low.

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

HEDGE ACCOUNTING

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

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

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

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

CASH FLOW HEDGING

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

FAIR VALUE HEDGING

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

PROVISIONS AND CONTINGENT LIABILITIES

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

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

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

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

The recoverable amount of a reportable segment is defined as its value in use, which consists of the discounted future cash flows to the unit. Estimates of future cash flows are based on continuing use of an asset and on the latest five-year forecasts by the business unit's management. The annual growth rate used to extrapolate cash flows subsequent to the forecast period is assumed to be zero. Cash flow estimates do not include the effects of improved asset performance, investments or future reorganizations.

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

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

EMISSIONS ALLOWANCES

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

TREASURY SHARES

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

DIVIDEND DISTRIBUTION

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

EARNINGS PER SHARE

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

NON-RECURRING ITEMS

Items that are material either because of their size or their nature are considered as one-time items. Most commonly non-recurring items are sales of assets, write-downs and restructuring of the operations. Non-recurring items are described in the board of directors´ review.

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CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

ESTIMATED IMPAIRMENT OF GOODWILL

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

ESTIMATED FAIR VALUE OF INVESTMENT IN PVO GROUP

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

DEFINED BENEFIT PENSION PLANS

Determining pension liabilities under defined benefit pension plans includes a number of actuarial assumptions, and significant changes in these assumptions may affect the amounts of pension liabilities and expenses. Actuarial calculations include assumptions by the management, such as the discount rate and assumptions of salary increases and the termination of employment contracts. See Note 23 for details on the calculation of the defined benefit pension assumptions.

PROVISIONS

Recognizing provisions requires the management's estimates, since the precise euro amount of obligations related to provisions is not known when preparing the Financial Statements.

DEFERRED TAXES

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

2. SEGMENT INFORMATION

In 2013, the Group organized its business into four segments being Paper, Municipal & Industrial, Oil & Mining and ChemSolutions. In March 2014, Kemira closed the divestment of formic acid business which had formed the major part of ChemSolutions segment. After the closure, the remaining sodium percarbonate business in ChemSolutions segment was transferred to Paper segment and ChemSolutions segment was discontinued as of the beginning of Q2 2014. On April 2014, Kemira started its financial reporting according to the new organizational structure. Correspondingly comparative financials for 2013 have been reclassified to reflect the new organizational structure. Kemira's reportable segments are as follows:

PAPER

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

OIL & MINING

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

MUNICIPAL & INDUSTRIAL

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

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

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million) Kemira 2014 37

2013	Paper	Oil & Mining	Municipal & Industrial	ChemSolutions	Group
Revenue	1,112.8	311.5	659.4	145.4	2,229.1
EBITDA	98.4	24.6	-0.5	19.4	141.9
Operating profit	45.1	6.5	-23.4	14.4	42.6
Finance costs, net					-39.0
Share of profit or loss of associates					-1.1
Profit before tax					2.5
Income tax expense					-28.4
Net profit for the period					-25.9
Depreciation and amortization	-46.6	-15.3	-22.9	-4.8	-89.6
Impairment	-6.9	-2.8			-9.7
Capital expenditure	75.5	69.9	46.9	5.2	197.5
OTHER SEGMENT INFORMATION					
Capital employed by segments (net)	849.3	230.3	311.1		1,390.7
Assets by segments	990.3	272.4	415.5		1,678.2
Investments in associates	0.6		0.2		0.8
Available-for-sale financial assets					233.6
Deferred income tax assets					36.0
Other investments					9.2
Defined benefit pension receivables					29.8
Other assets					16.0
Cash and cash equivalents					102.0
Non-current assets classified as held-for-sale					105.4
Total assets					2,211.0
Liabilities by segments	141.6	42.1	104.6		288.3
Interest-bearing non-current financial liabilities					279.9
Interest-bearing current financial liabilities					278.4
Other liabilities					219.1
Liabilities directly associated with the assets classified as held-for-sale					19.8
Total liabilities					1,085.5

INFORMATION ABOUT GEOGRAPHICAL AREAS

Analysis of revenue by geographical area based on customer location

	2014	2013
Finland, domicile of the parent company	**317.9**	329.2
Other Europe, Middle East and Africa	**848.6**	941.9
Americas	**848.4**	828.0
Asia Pacific	**121.8**	130.0
Total	**2,136.7**	2,229.1

Analysis of non-current assets by geographical area

	2014	2013
Finland, domicile of the parent company	**694.4**	582.7
Other Europe, Middle East and Africa	**406.8**	435.2
Americas	**374.1**	337.4
Asia Pacific	**92.7**	76.3
Total	**1,568.0**	1,431.6

INFORMATION ABOUT MAJOR CUSTOMERS

The Group derives revenue from many significant customers. However, 10% or more of the Group's revenue is not derived from any single external customer in 2014 or 2013.

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3. OTHER OPERATING INCOME

	2014	2013
Gains on sale of non-current assets [1]	**48.5**	3.6
Rental income	**1.3**	3.3
Insurance compensation received	**0.0**	0.1
Consulting	**0.9**	0.5
Sale of scrap and waste	**0.4**	0.3
Income from royalties, know-how and licenses	**0.2**	0.6
Other income from operations	**3.9**	6.8
Total	**55.2**	15.2

1) In 2014, the gains on sale of non-current assets EUR 40.9 million includes formic acid business and the Danish distribution business. In 2013, the gains on sale of non-current assets EUR 3.6 million included gain on sale of property and production facilities.

4. OPERATING EXPENSES

	2014	2013
Change in inventories of finished goods (inventory increase +/decrease -)	**11.7**	-1.5
Own work capitalized 1)	**-2.7**	-2.1
Total	**9.0**	-3.6
Materials and services		
Materials and supplies		
Purchases during the financial year	**1,322.4**	1,432.1
Change in inventories of materials and supplies (inventory increase +/ decrease -)	**15.7**	-10.6
External services	**21.0**	21.5
Total	**1,359.1**	1,443.0
Employee benefit expenses	**284.2**	333.5
Other operating expenses		
Rents	**35.1**	37.8
Loss on sales of property, plant and equipment	**2.7**	46.0
Other expenses [2) 3)]	**248.9**	245.7
Total	**286.7**	329.5
Total operating expenses	**1,939.0**	2,102.4

1) Own work capitalized comprises mainly wages, salaries and other personnel expenses and changes in inventories relating to self-constructed property, plant and equipment for own use.
2) In 2014, other operating expenses include research and development expenses of EUR 28.0 million (32.1). Government grants received for R&D were EUR 2.1 million (3.5). The extent of grants received reduces research and development expenses.
3) In 2014, Kemira has signed an agreement with CDC Cartel Damage Claims Hydrogen Peroxide SA and CDC Holding SA (together "CDC") to settle a lawsuit in Helsinki, Finland. The settlement concerns claims assigned to CDC based on which CDC claimed compensation for alleged damages relating to the alleged old infringement of competition law in the hydrogen peroxide business during 1994–2000. CDC has agreed to withdraw the damage claims and Kemira has paid to CDC a compensation of EUR 18.5 million and will compensate CDC for its legal costs.

	Note	2014	2013
EMPLOYEE BENEFIT EXPENSES			
Wages and salaries			
Wages		**220.9**	255.3
Emoluments of Kemira Oyj's CEO and the Board of Directors	32	**1.2**	1.3
Share-based payments	5	**-0.3**	0.6
Total		**221.8**	257.2
Indirect employee benefit expenses			
Pension expenses for defined benefit plans	23	**-3.5**	14.5
Pension expenses for defined contribution plans		**15.2**	21.9
Other employee benefit costs		**50.7**	39.9
Total		**62.4**	76.3
Total employee benefit expenses		**284.2**	333.5

	2014	2013
NUMBER OF PERSONNEL		
Average number of personnel by geographical area		
Europe, Middle East and Africa	**2,463**	2,625
Americas	**1,474**	1,668
Asia Pacific	**348**	339
Total	**4,285**	4,632
Personnel in Finland, average	**823**	1,027
Personnel outside Finland, average	**3,462**	3,605
Total	**4,285**	4,632
Number of personnel at 31 Dec	**4,248**	4,453
DELOITTE & TOUCHE OY'S FEES AND SERVICES		
Audit fees	**1.4**	1.3
Tax services	**0.4**	0.0
Other services [4) 5)]	**2.2**	1.1
Total	**4.0**	2.4

4) In 2014, other services include fees related mainly to the auditors reports and statements for formic acid business divestment and fees related to the AkzoNobel's global paper chemicals business acquisition.
5) In 2013, other services include fees mainly related to the 3F acquisition.

5. SHARE-BASED PAYMENTS

SHARE-BASED INCENTIVE PLAN FOR KEY EMPLOYEES

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

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

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

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

Share-based incentive plan 2010

Performance period	2010
Lock-up period of shares	2 years
Release date of shares	2013
Fair value of the reward paid as shares, EUR million	1.9
Fair value of the reward paid in cash, EUR million	2.6
Realization on closing date, shares (1,000)	221
Number of employees	64

SHARE-BASED INCENTIVE PLANS FOR MANAGEMENT BOARD MEMBERS

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

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

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

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

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

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

Share-based incentive plan 2010

Performance period	2010
Lock-up period of shares	2 years
Release date of shares	2013
Fair value of the reward paid as shares, EUR million	0.9
Fair value of the reward paid in cash, EUR million	0.9
Realization on closing date, shares (1,000)	78
Number of persons	9

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The effect of share-based incentive plans on operating profit	Key employees	Management Board	2014 Total	2013 Total
Share component	0.0	-0.2	**-0.2**	0.2
Cash component	0.0	-0.1	**-0.1**	0.4
Total	0.0	-0.3	**-0.3**	0.6

A NEW SHARE-BASED INCENTIVE PLANS FOR MANAGEMENT BOARD MEMBERS AND KEY EMPLOYEES

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

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

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

The Performance Share Plan is directed to approximately 90 people. The rewards to be paid on the basis of the 2015 earning period of the Performance Share Plan correspond to the value of an approximate maximum total of 585,000 Kemira Oyj shares and additionally the cash proportion intended to cover taxes and tax-related costs.

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	2014	2013
Amortization of intangible assets		
Other tangible assets	**12.4**	9.4
Development costs	**3.8**	3.9
Total	**16.2**	13.3
Depreciation of property, plant and equipment		
Buildings and constructions	**16.4**	12.8
Machinery and equipment	**64.5**	61.0
Other tangible assets	**3.2**	2.6
Total	**84.1**	76.4
Impairment of property, plant and equipment		
Buildings and constructions	**0.0**	2.6
Machinery and equipment	**0.0**	6.8
Other tangible assets	**0.0**	0.2
Total	**0.0**	9.6
Total depreciation, amortization and impairment	**100.3**	99.3

In 2014, no impairments of PP&E and intangible assets.

In 2013, an impairment loss of EUR 9.6 million was recognized in relation to buildings and constructions, machinery and equipment and other tangible assets. These impairment losses were mainly related to the process chemicals plant in Vaasa, Finland.

Impairment tests for goodwill are disclosed in Note 11.

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

7. FINANCE INCOME AND EXPENSES

	2014	2013
Finance income		
Dividend income	0.2	0.2
Interest income		
Interest income from loans and receivables	1.1	0.7
Interest income from financial assets at fair value through profit or loss	3.0	3.2
Other finance income	0.3	0.3
Total	4.6	4.4
Finance expenses		
Interest expenses		
Interest expenses from other liabilities [1]	-17.3	-11.3
Interest expenses from financial assets at fair value through profit or loss	-10.7	-6.6
Other finance expenses [2] [3]	-6.0	-28.0
Total	-34.0	-45.9
Exchange gains and losses		
Exchange gains and losses from financial assets and liabilities at fair value through profit or loss	-37.0	11.7
Exchange gains and losses from loans and other receivables	-0.4	-2.2
Exchange gains and losses from other liabilities	36.1	-7.0
Total	-1.3	2.5
Total finance income and expenses	-30.7	-39.0
Net finance expenses as a percentage of revenue	1.4	1.7
Net interest as a percentage of revenue	1.1	0.6
Change in Consolidated Statement of Comprehensive Income from hedge accounting instruments		
Cash flow hedge accounting: Amount recognized in the Consolidated Statement of Comprehensive Income	3.4	-2.3
Total	3.4	-2.3
Exchange differences		
Realized	-11.2	7.2
Unrealized	9.9	-4.7
Total	-1.3	2.5

1) In 2014 includes delay interest costs from income taxes of EUR 3 million.
2) Includes ineffective portion of electricity hedge EUR -1.0 million (3.2).
3) In 2013 includes a non-recurring write-down of EUR 23 million related to the divestment of Kemira's share (39%) in the titanium dioxide associate Sachtleben.

8. INVESTMENTS IN ASSOCIATES

	2014	2013
Net book value at 1 Jan	0.8	122.8
Dividends received	-0.1	0.0
Decreases	0.0	-120.9
Share of profit (+)/loss (-)	0.2	-1.1
Net book value at 31 Dec	0.9	0.8

In 2013, Kemira Oyj and Rockwood Holdings Inc. signed an agreement according to which Rockwood buys Kemira's share (39%) of Sachtleben. The transaction price of the deal was EUR 97.5 million and impacted Kemira's cash flow positively in the first quarter of 2013. Kemira recognized a write-down of EUR 23 million related to the Sachtleben transaction.

GROUP HOLDING %

Name	2014	2013
FC Energia Oy (Finland, Ikaalinen)	34.0	34.0
FC Power Oy (Finland, Ikaalinen)	34.0	34.0
Haapaveden Ympäristöpalvelut Oy (Finland, Haapavesi)	40.5	40.5
Honkalahden Teollisuuslaituri Oy (Finland, Joutseno)	50.0	50.0

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

	2014	2013
Assets	22.4	23.1
Liabilities	20.5	21.4
Revenue	6.9	5.5
Profit (+)/loss (-) for the period	0.3	0.2

Related party transactions carried out with associates are disclosed in Note 32.

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9. INCOME TAXES

	2014	2013
Current taxes	-29.5	-25.4
Taxes for prior years	-0.7	-0.2
Change in deferred taxes	3.9	-2.8
Total	-26.3	-28.4

Total taxes decreased to EUR 26.3 million (28.4), mainly due to tax-exempt capital gains. Subsidiaries still have EUR 106.9 million (93.3) tax losses of which no deferred tax benefits have been recognized.

In addition, due to extensive international operations, the Group is involved in a number of pending corporate income tax and indirect tax proceedings.

RECONCILIATION BETWEEN TAX EXPENSE AND TAX CALCULATED AT DOMESTIC TAX RATE

	2014	2013
Profit before taxes	122.1	2.5
Tax at parent's tax rate 20% (24.5%)	-24.4	-0.6
Foreign subsidiaries' different tax rate	-3.0	-1.4
Non-deductible expenses and tax-exempt profits	7.4	-5.8
Share of profit or loss of associates	0.0	-0.3
Tax losses	-4.6	-16.3
Tax for prior years	-0.7	-0.2
Changes in deferred taxes related to prior years	-1.0	1.8
Change in Finnish tax rate	0.0	-5.6
Total taxes	-26.3	-28.4

THE TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2014			2013		
	Before tax	Tax charge (-)/ credit (+)	After tax	Before tax	Tax charge (-)/ credit (+)	After tax
Available-for-sale financial assets	62.5	-12.5	50.0	-41.1	14.1	-27.0
Exchange differences on translating foreign operations	1.2	0.0	1.2	-17.7	0.0	-17.7
Cash flow hedges	4.3	-0.9	3.4	-3.2	0.9	-2.3
Remeasurements on defined benefit pensions	-32.6	6.0	-26.6	29.8	-7.2	22.6
Other comprehensive income	35.4	-7.4	28.0	-32.2	7.8	-24.4

10. EARNINGS PER SHARE

	2014	2013
Earnings per share, basic		
Net profit attributable to equity owners of the parent	89.9	-31.6
Weighted average number of shares 1)	152,048,098	152,038,834
Basic earnings per share, EUR	0.59	-0.21
Earnings per share, diluted		
Net profit attributable to equity owners of the parent	89.9	-31.6
Weighted average number of shares 1)	152,048,098	152,038,834
Adjustments for:		
Treasury shares possibly subject to emission in share-based payments	154,781	140,033
Weighted average number of shares for diluted earnings per share	152,202,879	152,178,867
Diluted earnings per share, EUR	0.59	-0.21

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

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11. GOODWILL

	Note	2014	2013
Net book value at 1 Jan		471.9	522.5
Acquisition of subsidiary	27	-0.1	32.5
Additions		0.0	1.5
Disposal of subsidiaries		0.0	-41.1
Transferred to non-current asset classified as held-for-sale	18	0.0	-35.8
Exchange differences		13.8	-7.7
Net book value at 31 Dec		485.6	471.9

In 2014, goodwill decreased by EUR 0.1 million which is related to the final adjustment of the purchase price of 3F Chimica S.p.A.

In 2013, goodwill increased by EUR 34.0 million, which was related to 3F Chimica S.p.A and Soto Industries Inc acquisitions. Goodwill decreased by EUR 41.1 million due to the sale of coagulant business to Bauminas Química Ltda. A further net book value of EUR 35.8 million transferred to assets held-for-sale relates to goodwill of ChemSolutions' formic acid business and Municipal & Industrial's distribution business in Denmark.

GOODWILL IMPAIRMENT TESTS

The Group performed its annual impairment test for goodwill on September 30. Impairment tests for goodwill are also carried out whenever changes in circumstances indicate that the carrying amount may not be recoverable. The estimated value in use by all segments exceeded their carrying values. As a result, no goodwill impairment was recognized in 2014 (2013: no impairment).

In March 2014, Kemira closed the divestment of formic acid business which had formed the major part of ChemSolutions segment. After the closure, the remaining sodium percarbonate business in ChemSolutions segment has been transferred to Paper segment and ChemSolutions segment was discontinued as of the beginning of Q2 2014.

In 2014, goodwill has been allocated to three individual cash-generating units. The reportable segment has been defined as a cash-generating unit. The reportable segment represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The Group's three reportable segments are Paper, Oil & Mining and Municipal & Industrial. A summary of the carrying amounts and goodwill to the Group's reportable segments is presented in the table below.

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

	Dec 31, 2013	
	Net book value	of which goodwill
Paper	827	322
Oil & Mining	225	82
Municipal & Industrial	303	68
Total	1,355	472

KEY ASSUMPTIONS FOR IMPAIRMENT TESTING OF GOODWILL

LONG-TERM GROWTH RATE

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

DISCOUNT RATE

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

%	2014	2013
Paper	6.3	7.5
Oil & Mining	7.3	7.7
Municipal & Industrial	5.6	6.9

SENSITIVITY ANALYSIS

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

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12. OTHER INTANGIBLE ASSETS

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

2013	Internal generated development costs	Other intangible assets	Prepayments	Total
Acquisition cost at 1 Jan	47.2	154.7	4.5	206.4
Acquisition of subsidiaries		20.8		20.8
Additions		3.9	4.5	8.4
Disposal of subsidiaries		-0.1		-0.1
Decreases and other changes		-0.1		-0.1
Transferred to non-current assets classified as held-for-sale [1)]		-12.0		-12.0
Reclassifications			-0.2	-0.2
Exchange rate differences		-1.1	0.1	-1.0
Acquisition cost at 31 Dec	47.2	166.1	8.9	222.2
Accumulated amortization at 1 Jan	-34.0	-111.9		-145.9
Accumulated amortization relating to decreases and transfers		0.2		0.2
Amortization during the financial year	-3.9	-9.4		-13.3
Transferred to non-current assets classified as held-for-sale [1)]		11.2		11.2
Exchange rate differences		0.9		0.9
Accumulated amortization at 31 Dec	-37.9	-109.0		-146.9
Net book value at 31 Dec	9.3	57.1	8.9	75.3

1) In 2013, other intangible assets amounting EUR 0.8 million were transferred to non-current assets classified as held-for-sale. These assets were used by the formic acid business within the ChemSolutions segment. See Note 18 for further details regarding the held-for-sale.

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

13. PROPERTY, PLANT AND EQUIPMENT

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

1) Prepayment and non-current assets under construction mainly comprises of plant investments.

2013	Land	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and non-current assets under construction [3]	Total
Acquisition cost at 1 Jan	50.6	392.7	1,136.5	32.9	111.0	1,723.7
Acquired subsidiaries	5.1	10.7	14.2	0.2	0.1	30.3
Additions	0.3	4.8	55.1	3.9	52.2	116.3
Disposal of subsidiaries	-0.6	-3.0	-8.5	-4.0	-4.9	-21.0
Decreases		-2.0	-4.4	-0.7	-1.5	-8.6
Transferred to non-current assets classified as held-for-sale [2]	-0.1	-13.4	-86.6	-2.4	-3.5	-106.0
Other changes			0.3	0.1	-0.1	0.3
Reclassifications	0.5	-4.6	8.2	5.0	-8.8	0.3
Exchange rate differences	-1.3	-11.0	-28.8	-0.5	-4.1	-45.7
Acquisition cost at 31 Dec	54.5	374.2	1,086.0	34.5	140.4	1,689.6
Accumulated depreciation at 1 Jan	-8.5	-235.0	-805.6	-18.7		-1,067.8
Accumulated depreciation related to decreases and transfers		1.5	4.8	0.5		6.8
Disposal of subsidiaries		0.8	2.2	0.1		3.1
Depreciation during the financial year		-12.8	-61.0	-2.6		-76.4
Impairments		-2.6	-6.8	-0.2		-9.6
Transferred to non-current assets classified as held-for-sale [2]		7.3	63.5	1.3		72.1
Other changes			0.1			0.1
Exchange rate differences		6.2	19.3	1.1		26.6
Accumulated depreciation at 31 Dec	-8.5	-234.6	-783.5	-18.5		-1,045.1
Net book value at 31 Dec	46.0	139.6	302.5	16.0	140.4	644.5

2) In 2013, property, plant and equipment amounting EUR 33.9 million were transferred to non-current assets classified as held-for-sale. These assets were used by the formic acid business within the ChemSolutions segment and the distribution business in Denmark. See Note 18 for further details regarding the held-for-sale.

3) Prepayment and non-current assets under construction mainly comprises of plant investments in China and Europe.

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FINANCE LEASE ASSETS

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

	2014	2013
Cost – capitalized finance leases	6.0	6.2
Accumulated depreciation	-1.8	-1.7
Net book value at 31 Dec	4.2	4.5

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

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014	2013
Net book value at 1 Jan	233.6	264.0
Additions	4.4	4.1
Decreases	-6.8	-2.5
Change in fair value	62.5	-41.1
Reclassification	0.0	9.1
Net book value at 31 Dec	293.7	233.6

The available-for-sale financial assets include the shares in Pohjolan Voima Group; their valuation principles are described in more detail in Kemira Group's accounting policies. Kemira Oyj owns 4% of Pohjolan Voima Oy and 1% of Teollisuuden Voima Oyj. The fair value of the shares is based on the discounted cash flow resulting from the difference between the market price and the production cost of electricity. The discount rate used to calculate the net present value at the year-end is an annually defined weighted average cost of capital. The discount rate in 2014 was 4% (5%). A 10% decrease in the electricity market future price would decrease the fair value of shares by approximately 16%. An increase of 1 percentage point in the discount rate would decrease the fair value by approximately 14%.

				2014	2013
The shares of Pohjolan Voima Group	Class of shares	Holding %	Class of assets	Fair value	Fair value
Pohjolan Voima Oy	A	5	hydro power	79.3	26.3
Pohjolan Voima Oy	B	3	nuclear power	83.6	45.2
Pohjolan Voima Oy	B2	7	nuclear power	13.9	81.2
Teollisuuden Voima Oyj	A	2	nuclear power	91.2	48.6
Other Pohjolan Voima Oy and Teollisuuden Voima Oyj	C, C2, G5, G6, H, M	several	several	24.1	24.4
Total				292.1	225.7

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

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

2014	Note	Financial instruments under hedge accounting	Financial assets at fair value through profit and loss	Financial assets at fair value through profit and loss (fair value hedging)	Loans and receivables	Available-for-sale investments	Other liabilities	Total carrying amounts by balance sheet item	Total fair value
Non-current financial assets									
Investments									
Available-for-sale financial assets [1]	14					293.7		**293.7**	**293.7**
Current financial assets									
Receivables [2]	17								
Interest-bearing receivables					0.1			**0.1**	**0.1**
Non-interest bearing receivables									
Trade receivables					265.3			**265.3**	**265.3**
Other receivables [3) 4)]			2.9	3.0	0.8			**6.7**	**6.7**
Total			2.9	3.0	266.2	293.7		**565.8**	**565.8**
Non-current financial liabilities									
Interest-bearing liabilities	20								
Loans from financial institutions							241.6	**241.6**	**248.8**
Bond [5]							202.1	**202.1**	**208.2**
Other liabilities							4.6	**4.6**	**4.7**
Other liabilities							21.4	**21.4**	**21.4**
Current financial liabilities									
Interest-bearing liabilities	20								
Loans from financial institutions							85.5	**85.5**	**88.1**
Other liabilities							71.4	**71.4**	**73.2**
Non-interest bearing current liabilities	25								
Trade payables							135.2	**135.2**	**135.2**
Other liabilities [3]		8.4	1.4				29.8	**39.6**	**40.5**
Total		8.4	1.4				791.6	**801.4**	**820.1**

1) The available-for-sale financial assets include shares of the Pohjolan Voima Group.
2) The carrying amount represents the maximum credit risk.
3) Other receivables and liabilities are financial assets at fair value through profit and loss or financial instruments under hedge accounting.
4) Other receivables include electricity derivative transactions related to collateral of EUR 0.8 million paid to counterparties.
5) Includes hedge accounting adjustment of EUR 2.1 million.

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2013	Note	Financial instruments under hedge accounting	Financial assets at fair value through profit and loss	Financial assets at fair value through profit and loss (fair value hedging)	Loans and receivables	Available-for-sale investments	Other liabilities	Total carrying amounts by balance sheet item	Total fair value
Non-current financial assets									
Investments									
Available-for-sale financial assets [1]	14		6.6			227.0		233.6	233.6
Current financial assets									
Receivables [2]	17								
Interest-bearing receivables					0.5			0.5	0.5
Non-interest bearing receivables									
Trade receivables					255.0			255.0	255.0
Other receivables [3]			4.2					4.2	4.2
Total			10.8		255.5	227.0		493.3	493.3
Non-current financial liabilities									
Interest-bearing liabilities	20								
Loans from financial institutions							270.0	270.0	274.1
Other liabilities							9.9	9.9	10.0
Other liabilities							21.4	21.4	21.4
Current financial liabilities									
Interest-bearing liabilities	20								
Loans from financial institutions							58.3	58.3	59.2
Other liabilities							220.1	220.1	221.0
Non-interest bearing liabilities	25								
Trade payables							143.3	143.3	143.3
Other liabilities [3]		11.4	3.3					14.7	14.7
Total		11.4	3.3				723.0	737.7	743.7

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FAIR VALUE OF FINANCIAL ASSETS

FAIR VALUE HIERARCHY	2014 Level 1	Level 2	Level 3	Total net	2013 Level 1	Level 2	Level 3	Total net
Available-for-sale financial assets	-	-	293.7	**293.7**	6.6	-	227.0	233.6
Currency investments	-	2.9	-	**2.9**	-	4.0	-	4.0
Interest rate instruments, hedge accounting	-	3.0	-	**3.0**	-	-	-	0.0
Other instruments	-	-	-	**0.0**	-	0.2	-	0.2
Trade receivables	-	265.3	-	**265.3**	-	255.4	-	255.4
Total	-	**271.2**	**293.7**	**564.9**	6.6	259.6	227.0	493.2

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

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

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

LEVEL 3 SPECIFICATION	Level 3 Total net 2014	Level 3 Total net 2013
Instrument		
Net book value at 1 Jan	**227.0**	264.0
Effect on the Statement of Comprehensive Income	**62.5**	-41.1
Increases	**4.4**	4.1
Decreases	**-0.2**	0.0
Net book value at 31 Dec	**293.7**	227.0

FAIR VALUE OF FINANCIAL LIABILITIES

FAIR VALUE HIERARCHY	2014 Level 1	Level 2	Level 3	Total net	2013 Level 1	Level 2	Level 3	Total net
Non-current interest-bearing liabilities	-	461.7	-	**461.7**	-	284.1	-	284.1
Repayments from non-current interest-bearing liabilities	-	88.1	-	**88.1**	-	59.2	-	59.2
Loans from financial institutions	-	63.2	-	**63.2**	-	57.2	-	57.2
Other liabilities	-	41.0	-	**41.0**	-	185.2	-	185.2
Currency instruments	-	1.4	-	**1.4**	-	3.3	-	3.3
Interest rate instruments	-	2.5	-	**2.5**	-	3.6	-	3.6
Other instruments	-	5.9	-	**5.9**	-	7.8	-	7.8
Trade payables	-	135.2	-	**135.2**	-	143.3	-	143.3
Total	-	**799.0**	-	**799.0**	-	743.7	-	743.7

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16. INVENTORIES

	2014	2013
Materials and supplies	67.6	52.6
Finished goods	120.3	108.6
Prepayments	9.4	8.7
Total	197.3	169.9

In 2014, EUR 1.6 million (2.6) of inventory value was recognized as expense in order to decrease the book values of inventories to correspond with their net realizable value.

17. RECEIVABLES

	Note	2014	2013
Interest-bearing receivables			
Loan receivables		0.1	0.5
Trade and other receivables			
Trade receivables	29	265.3	255.0
Prepayments		4.4	4.3
Prepaid expenses and accrued income		34.1	30.0
Other receivables		39.9	31.6
Total		343.7	320.9

In 2014, items that are due in a time period longer than one year include trade receivables of EUR 0.9 million (0.3), prepaid expenses and accrued income of EUR 0.5 million (2.0) and non-interest bearing receivables of EUR 10.1 million (0.6).

18. NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

ASSETS CLASSIFIED AS HELD-FOR-SALE

	2014	2013
Goodwill	-	35.8
Intangible assets	-	0.8
Property, plant and equipment	-	33.9
Inventories	-	15.3
Other current assets	-	19.6
Total	-	105.4

LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD-FOR-SALE

	2014	2013
Trade payables	-	12.3
Other current liabilities	-	7.5
Total	-	19.8

The assets and liabilities related to sale of formic acid business to Taminco (Allentown, Pennsylvania, USA) and hydrochloric acid, sulfuric acid and sodium hydroxide (caustic soda) in Denmark to Brenntag Group, have been presented as held-for-sale in the Financial Statements 2013.

Kemira signed an agreement on December 23, 2013 to sell its formic acid business, including the feed and airport runway deicing product lines. The transaction included a manufacturing asset for formic acid in Oulu, Finland, and approximately 160 employees, that were transferred to Taminco. The transaction was completed during the first quarter of 2014. The agreed transaction price was EUR 140 million which was paid fully at closing. Sodium percarbonate, the remaining business within the ChemSolutions segment, is staying within Kemira and is reported in the Paper segment.

Kemira sold its distribution business in Denmark and certain assets in Copenhagen. The distribution business was part of Kemira's Municipal & Industrial segment. The transaction was completed during the first quarter of 2014.

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19. SHAREHOLDERS' EQUITY

SHARE CAPITAL

	Number of shares outstanding (1,000)	Share capital
January 1, 2013	152,041	221.8
Treasury shares issued to the Board of Directors	8	
Shares from the share-based arrangement returned	-7	
December 31, 2013	152,042	221.8

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

Kemira Oyj has one class of shares. Each share entitles its holder to one vote at the Annual General Meeting. On December 31, 2014, the share capital was EUR 221.8 million and the total number of shares issued was 155,342,557 including 3,291,185 treasury shares. Under the Articles of Association of Kemira Oyj, the company does not have a minimum or maximum share capital or a par value for a share. All issued shares have been fully paid.

SHARE PREMIUM

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

FAIR VALUE RESERVES

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

OTHER RESERVES

Other reserves originate from local requirements of subsidiaries. On December 31, 2014, other reserves were EUR 3.7 million (3.7).

UNRESTRICTED EQUITY RESERVE

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

EXCHANGE DIFFERENCES

The foreign currency translation differences arise from the translation of foreign subsidiaries' financial statements. Also, the gains and losses arising from net investment hedges in foreign subsidiaries are included in foreign currency translation differences, provided that hedge accounting requirements are fulfilled.

TREASURY SHARES

Kemira had 3,291,185 of its treasury shares in possession on December 31, 2014. The average share price of treasury shares was EUR 6.73, and they represented 2.1% of the share capital and the aggregate number of votes conferred by all shares. The aggregate par value of the treasury shares is EUR 4.7 million.

NON-CONTROLLING INTEREST

	2014	2013
Net book value at 1 Jan	**13.0**	13.2
Dividends	**-5.4**	-4.5
Decreases	**-0.5**	-0.8
Share of the profit for the period	**5.9**	5.7
Exchange rate differences	**-0.4**	-0.6
Net book value at 31 Dec	**12.6**	13.0

Name	Kemira Group's Holding %
Aliada Quimica de Portugal Lda. (Portugal, Estarreja)	50.10
Kemifloc a.s. (Czech Republic, Přerov)	51.00
Kemifloc Slovakia S.r.o. (Slovakia, Prešov)	51.00
Kemipol Sp. z o.o. (Poland, Police)	51.00
Kemira Cell Sp. z.o.o. (Poland, Ostroleka)	55.00
Kemira Chemicals India Private Limited (India, Hyderabad)	99.99
Kemwater ProChemie s.r.o. (Czech Republic, Kosmonosy)	95.10

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OTHER COMPREHENSIVE INCOME IN THE STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013	Fair value and other reserves	Exchange differences	Retained earnings	Total	Non-controlling interests	Total equity
Net profit for the period			-31.6	-31.6	5.7	-25.9
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Available-for-sale financial assets	-27.0			-27.0		-27.0
Exchange differences on translating foreign operations		-17.1		-17.1	-0.6	-17.7
Cash flow hedges	-2.3			-2.3		-2.3
Items that will not be reclassified subsequently to profit or loss:						
Remeasurements on defined benefit pensions			22.6	22.6		22.6
Other comprehensive income for the period, net of tax	-29.3	-17.1	22.6	-23.8	-0.6	-24.4
Total comprehensive income for the period	-29.3	-17.1	-9.0	-55.4	5.1	-50.3

Year ended 31 December 2014	Fair value and other reserves	Exchange differences	Retained earnings	Total	Non-controlling interests	Total equity
Net profit for the period			89.9	**89.9**	5.9	**95.8**
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Available-for-sale financial assets	50.0			**50.0**		**50.0**
Exchange differences on translating foreign operations		1.6		**1.6**	-0.4	**1.2**
Cash flow hedges	3.4			**3.4**		**3.4**
Items that will not be reclassified subsequently to profit or loss:						
Remeasurements on defined benefit pensions			-26.6	**-26.6**		**-26.6**
Other comprehensive income for the period, net of tax	53.4	1.6	-26.6	**28.4**	-0.4	**28.0**
Total comprehensive income for the period	**53.4**	**1.6**	**63.3**	**118.3**	**5.5**	**123.8**

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20. INTEREST-BEARING LIABILITIES

	2014	2013
Interest-bearing current liabilities		
Loans from financial institutions	85.5	58.3
Finance lease liabilities	0.8	0.9
Other current liabilities	70.6	219.2
Total	156.9	278.4
Interest-bearing non-current liabilities		
Loans from financial institutions	241.6	270.0
Bond	202.1	-
Finance lease liabilities	1.4	1.8
Other non-current liabilities	3.2	8.1
Total	448.3	279.9
Non-current interest-bearing liabilities maturing in		
2016 (2015)	36.9	93.5
2017 (2016)	60.8	34.3
2018 (2017)	75.8	60.3
2019 (2018)	209.9	67.9
2020 (2019) or later	64.9	23.9
Total	448.3	279.9
Interest-bearing liabilities maturing in five years or over a longer period of time		
Loans from financial institutions	64.9	23.2
Total	64.9	23.2

The foreign currency breakdown of non-current loans is disclosed in Note 29 Management of financial risks.

The Group's liabilities include neither debentures nor convertible bonds.

Net liabilities	2014	2013
Interest-bearing non-current liabilities	448.3	279.9
Interest-bearing current liabilities	156.9	278.4
Cash and cash equivalents	-119.1	-102.0
Total	486.1	456.3

21. FINANCE LEASE LIABILITIES

	2014	2013
Maturity of minimum lease payments		
No later than 1 year	0.9	1.0
1–5 years	0.8	1.2
Later than 5 years	0.7	0.8
Total minimum lease payments	2.4	3.0
Present value of finance lease liabilities		
Total minimum lease payments	2.4	3.0
Future finance charges on finance leases	-0.2	-0.3
Present value of finance lease liabilities	2.2	2.7
Maturity of the present value of finance lease liabilities		
No later than 1 year	0.8	0.9
1–5 years	0.8	1.1
Later than 5 years	0.6	0.7
Total present value of finance lease liabilities	2.2	2.7

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22. DEFERRED TAX LIABILITIES AND ASSETS

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

	Jan 1, 2013	Recognized in the income statement	Recognized in other comprehensive income	Recognized in equity	Acquired subsidiaries	Exchange differences and reclassifications	Dec 31, 2013
Deferred tax liabilities							
Depreciation difference and untaxed reserves	49.6	3.1				-2.0	50.7
Available-for-sale financial assets	31.5	0.0	-14.0			-0.1	17.4
Defined benefit pensions	5.9	-2.7	5.1			-1.1	7.2
Fair value adjustments of net assets acquired [1]	3.5	-0.7			6.6	-0.6	8.8
Other	3.4	0.6	0.7			1.0	5.7
Total	93.9	0.3	-8.2	0.0	6.6	-2.8	89.8
Deferred tax assets deducted	-54.8						-46.3
Total deferred tax liabilities in the balance sheet	39.1						43.5
Deferred tax assets							
Provisions	5.4	2.9				-1.4	6.9
Tax losses	44.1	3.3				-1.2	46.2
Defined benefit pensions	3.2	-0.7				1.3	3.8
Other	32.2	-8.0	1.1			0.1	25.4
Total	84.9	-2.5	1.1	0.0	0.0	-1.2	82.3
Deferred tax liabilities deducted	-54.8						-46.3
Total deferred tax assets in the balance sheet	30.1						36.0

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

The Finnish corporate tax rate change from 24.5% to 20% was enacted on December 17, 2013, and became effective on January 1, 2014. Deferred tax balances have been remeasured at 20% tax rate in the Financial Statements 2013 and 2014.

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23. DEFINED BENEFIT PENSION PLANS

The Group's main defined benefit plans are in Finland, Sweden, Germany, UK, France, Norway and Canada. The defined benefit pension plan previously in force in the Netherlands was changed to a defined contribution plan in 2014.

FINLAND

The Group's most significant defined benefit plan is in Finland through the Pension Fund Neliapila that takes care of part of some employees supplementary pension benefits. The Pension Fund Neliapila covers employees, whose employment has begun prior to 1.1.1991 in Kemira, meaning that the fund is closed for new employees. The plan is a final average pay pension plan concerning supplementary pension benefits. Pension Fund Neliapila's obligations are total EUR 284.5 million (262.9) and the plan assets EUR 289.8 million (290.2).

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

SWEDEN

The significant defined benefit pension plan is the ITP 2-plan for white-collar employees. To qualify for a full pension the employee must have a projected period of pensionable service, from the date of entry until retirement age, of at least 30 years. The pension arrangements comprise normal retirement pension, complementary retirement pensions and survivors' pension. In additional, Kemira must have a credit insurance from PRI Pensionsgaranti Mutual Insurance Company for the ITP 2 -plan pension liability. Swedish defined benefit obligations total EUR 46.8 million (44.6).

AMOUNTS RECOGNIZED IN THE BALANCE SHEET – DEFINED BENEFIT PLANS

	2014	2013
Defined benefit obligations	375.2	423.8
Fair value of plan assets	-309.6	-379.8
Net recognized assets (-)/liabilities (+) in the balance sheet	65.6	44.0
Liabilities for defined benefit plans	73.1	73.8
Assets for defined benefit plans	-7.5	-29.8
Net recognized assets (-)/liabilities (+) of defined benefit plans in the balance sheet	65.6	44.0

AMOUNTS RECOGNIZED IN THE COMPREHENSIVE INCOME – DEFINED BENEFIT PLANS

	2014	2013
Service cost	-5.0	12.4
Net interest cost	1.5	2.1
Components of defined benefit costs recorded in the income statement 1)	-3.5	14.5
Remeasurements on defined benefit pensions 2) 3)	26.6	-22.6
Defined benefit costs recognized in the other comprehensive income	26.6	-22.6
Total of components of defined benefit plans	23.1	-8.1

1) The service cost and the net interest cost for the period is included in the employee benefits expenses in the Consolidated Income Statement.
2) The remeasurements of defined benefit pension plans are included in the Statement of Comprehensive Income as part of other comprehensive income. The item has been disclosed net of tax and the related income tax is disclosed in Note 9.
3) In 2014, the change in actuarial gains/losses are mainly due to changes in economic assumptions in determining the actuarial items.

THE MOVEMENT IN THE DEFINED BENEFIT OBLIGATION OVER THE PERIOD

	2014	2013
Defined benefit obligation at 1 Jan	423.8	454.5
Current service cost	2.6	5.7
Interest cost	10.8	13.6
Actuarial losses (+)/gains (-) on obligation	45.3	-9.9
Exchange differences on foreign plans	-2.3	-3.6
Effect of business combinations and divestments	-7.8	-18.3
Benefits paid	-20.3	-24.9
Curtailments and settlements	-77.0	6.1
Past service cost	0.0	0.9
Other movements	0.1	-0.3
Defined benefit obligation at 31 Dec	375.2	423.8

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MOVEMENT IN THE FAIR VALUE OF PLAN ASSETS OVER THE PERIOD

	2014	2013
Fair value at 1 Jan	379.8	392.2
Interest income	9.3	11.5
Contributions	1.3	5.0
Actuarial losses (-)/gains (+) on plan assets	13.7	8.0
Exchange differences on foreign plans	0.4	-1.7
Effect of business combinations and divestments	-6.3	-12.6
Benefits paid	-17.8	-22.7
Settlements	-70.7	0.0
Other movements	-0.1	0.1
Fair value of plan assets at 31 Dec	309.6	379.8

ANALYSIS OF PLAN ASSETS BY ASSET CATEGORY

	2014	2013
Shares	129.9	129.9
Mutual funds, interest rate investments and other assets	163.1	234.5
Kemira Oyj's shares	1.1	1.4
Property occupied by the Group	15.5	14.0
Total assets	309.6	379.8

The Finnish Pension Fund Neliapila, which has the most of the defined plan's assets, hold a significant proportion of equities and high-yield corporate bonds which are expected to outperform corporate bonds in the long-term while causing volatility and risk in the short term. In Pension Fund Neliapila, the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to combine long-term investments in line with the obligations under the pension scheme.

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

The actual return on plan assets of the Group's defined benefit plan was EUR 23.0 million (19.5).

SIGNIFICANT ACTUARIAL ASSUMPTIONS, %

	2014	2013
Discount rate	1.5–4.0	3.0–4.8
Inflation rate	1.5–3.0	1.0–3.3
Future salary increases	2.0–3.3	1.0–3.5
Future pension increases	1.8–3.3	1.0–3.3

SENSITIVITY ANALYSES

If the discount rate would be 0.5% lower, the defined benefit obligation would increase by EUR 41.5 million in case all other assumptions were held constant.

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

Expected contributions to the defined benefit plans for the year ended December 31, 2015, are EUR 3.5 million.

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24. PROVISIONS

	Personnel related provisions	Restructuring provisions	Environmental and damage provisions	Other provisions	Total
Non-current provisions					
At January 1, 2014	4.3	1.6	20.4	1.0	**27.3**
Exchange rate differences			-0.2		**-0.2**
Additional provisions and increases in existing provisions	1.1	0.7	0.6		**2.4**
Used during the financial year	-0.1	-1.1	-3.2		**-4.4**
Unused amounts reversed		-0.1			**-0.1**
Reclassification			-1.4		**-1.4**
At December 31, 2014	**5.3**	**1.1**	**16.2**	**1.0**	**23.6**
Current provisions					
At January 1, 2014	10.9	11.9	1.8	0.6	**25.2**
Exchange rate differences	-0.1			-0.1	**-0.2**
Additional provisions and increases in existing provisions	3.8	0.8	8.5		**13.1**
Used during the financial year	-8.3	-9.0	-2.0		**-19.3**
Unused amounts reversed	-3.2		-1.5	-0.3	**-5.0**
Reclassification		0.7	2.6		**3.3**
At December 31, 2014	**3.1**	**4.4**	**9.4**	**0.2**	**17.1**

	2014	2013
Analysis of total provisions		
Non-current provisions	**23.6**	27.3
Current provisions	**17.1**	25.2
Total	**40.7**	52.5

In 2014, increase in provisions related mainly to the plant closures and environmental clean-up work in those plants. More information on environmental risks and liabilities can be found in Note 31.

In 2013, increase in provisions related mainly to the paper chemicals plant closure in Vaasa, Finland and the business service center established in Gdansk, Poland during 2013–2014.

25. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2014	2013
Trade payables and other liabilities		
Prepayments received	**3.4**	1.7
Trade payables	**135.2**	143.3
Accrued expenses	**159.9**	129.5
Other non-interest bearing current liabilities	**29.2**	28.1
Total	**327.7**	302.6
Accrued expenses		
Employee benefits	**41.1**	36.3
Items related to revenues and purchases	**70.4**	58.6
Interest	**11.2**	2.2
Exchange rate differences	**1.5**	3.6
Other	**35.7**	28.8
Total	**159.9**	129.5

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26. CASH FLOW FROM DISPOSALS OF SUBSIDIARIES

	2014	2013
Disposal of subsidiaries		
Proceeds from the disposals	132.0	89.2
Cash and cash equivalents in disposed companies	-2.0	-1.7
Total cash flow on disposals of subsidiaries	130.0	87.5
Assets and liabilities disposed of subsidiaries		
Net working capital	8.8	7.4
Property, plant and equipment and intangible assets	-0.1	133.7
Other non-interest bearing receivables	0.2	0.8
Non-controlling interests	-0.6	-
Interest-bearing liabilities	-3.8	-0.8
Non-interest bearing liabilities	-2.0	-7.3
Total assets and liabilities of disposed subsidiaries	2.5	133.8

27. BUSINESS COMBINATIONS

2013:

On 1 July 2013, Kemira announced that it had acquired 3F Chimica S.p.A., a privately owned company, headquartered in Sandrigo, Italy, excluding a certain part of their assets located in the US. Kemira acquired 100% of the share capital of 3F amounting to EUR 59.5 million and obtained control of 3F. Goodwill of EUR 32.4 million arising from the acquisition is attributable to acquired production capacities from manufacturing sites in Italy and USA and the expected synergy benefits.

3F produces dry and emulsion polyacrylamide polymers and related process chemicals. Their polymer production is supported by backward integrated key intermediates, such as bio-acrylamide and cationic monomers. The acquisition includes two manufacturing sites in Italy (San Giorgio and Sandrigo) and one manufacturing site in USA (Aberdeen, Mississippi). 3F products are used in retention and drainage in paper production, in drilling, extraction and stimulation in the oil & gas industry, in production optimization in the mining industry as well as in wastewater treatment and sludge dewatering.

The following table summarizes the consideration paid for 3F, and the amounts of the assets acquired and liabilities assumed recognized on the acquisition date.

	Note	
Consideration at October 1, 2013		
Cash		59.5
Recognized amounts of identifiable assets acquired and liabilities assumed		
Technologies, customer relationships and other intangible assets	12	20.8
Property, plant and equipment	13	30.3
Inventories		8.8
Trade and other receivables		12.0
Cash and cash equivalents		0.9
Interest-bearing liabilities		-26.0
Deferred tax liabilities		-6.6
Provisions, trade payables and other payables		-13.3
Total identifiable net assets		26.9
Goodwill	11	32.4
		59.3

Acquisition-related costs of EUR 1.6 million have been included in other operating expenses in the Consolidated Income Statement for the year ended 31 December 2013.

Had 3F been consolidated from 1 January 2013, the consolidated income statement would show pro forma revenue of EUR 72.5 million and operating profit of EUR 2.9 million. The pro forma amounts are provided for comparative purposes only and do not necessarily reflect the actual result that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

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28. DERIVATIVE INSTRUMENTS

NOMINAL VALUES	2014			2013		
	< 1 year	> 1 year	Total	< 1 year	> 1 year	Total
Currency instruments						
Forward contracts	304.7	-	**304.7**	604.8	-	604.8
Currency options	65.2	-	**65.2**	-	-	-
Bought	32.6	-	**32.6**	-	-	-
Sold	32.6	-	**32.6**	-	-	-
Interest rate instruments						
Interest rate swaps	66.5	258.0	**324.5**	42.6	152.0	194.6
of which cash flow hedges	66.5	158.0	**224.5**	42.6	152.0	194.6
of which fair value hedges	-	100.0	**100.0**	-	-	-
Bond futures	-	-	**-**	-	10.0	10.0
of which open	-	-	**-**	-	10.0	10.0
Other instruments						
Electricity forward contracts, bought (GWh)	538.4	965.2	**1,503.6**	521.2	929.3	1,450.5
of which cash flow hedges (GWh)	538.4	965.2	**1,503.6**	521.2	929.3	1,450.5

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

FAIR VALUES	2014			2013		
	Assets gross	Liabilities gross	Total net	Assets gross	Liabilities gross	Total net
Currency instruments						
Forward contracts	2.9	-1.4	**1.5**	4.0	-3.3	0.7
Currency options	0.0	0.0	**0.0**	-	-	-
Bought	0.0	0.0	**0.0**	-	-	-
Sold	0.0	0.0	**0.0**	-	-	-
Interest rate instruments						
Interest rate swaps	3.0	-2.5	**0.5**	-	-3.6	-3.6
of which cash flow hedges	-	-2.5	**-2.5**	-	-3.6	-3.6
of which fair value hedges	3.0	-	**3.0**	-	-	-
Bond futures	-	-	**-**	0.2	-	0.2
of which open	-	-	**-**	0.2	-	0.2
Other instruments						
Electricity forward contracts, bought	-	-5.9	**-5.9**	-	-7.8	-7.8
of which cash flow hedges	-	-5.9	**-5.9**	-	-7.8	-7.8

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FAIR VALUES	2014				2013			
	Assets gross		Liabilities gross		Assets gross		Liabilities gross	
	< 1 year	> 1 year	< 1 year	> 1 year	< 1 year	> 1 year	< 1 year	> 1 year
Currency instruments								
Forward contract	2.9	-	-1.4	-	4.0	-	-3.3	-
Currency options	0.0	0.0	0.0	0.0	-	-	-	-
Bought	0.0	0.0	0.0	0.0	-	-	-	-
Sold	0.0	0.0	0.0	0.0	-	-	-	-
Interest rate instruments								
Interest rate swaps	-	3.0	-0.8	-1.7	-	-	-0.5	-3.1
of which cash flow hedges	-	0.0	-0.8	-1.7	-	-	-0.5	-3.1
of which fair value hedges	-	3.0	-	-				
Bond futures	-	-	-	-	-	0.2	-	-
of which open	-	-	-	-	-	0.2	-	-
Other instruments								
Electricity forward contracts, bought	0.0	0.0	-3.1	-2.8	0.0	0.0	-4.3	-3.5
of which cash flow hedges	0.0	0.0	-3.1	-2.8	0.0	0.0	-4.3	-3.5

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29. MANAGEMENT OF FINANCIAL RISKS

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

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

FOREIGN EXCHANGE RISK

Foreign currency transaction risk arises from net currency flows denominated in currencies other than the domestic currency within and outside the eurozone. The Group's most significant transaction currency risks arise from the Canadian dollar and the Swedish krona. At the end of the year the denominated exchange rate risk of the Canadian dollar had an equivalent value of approximately EUR 41 million (30), the average hedging rate being 52% (42%). The SEK denominated exchange rate risk had an equivalent value of approximately EUR 34 million (33), the average hedging rate being 76% (79%). Kemira is exposed to smaller transaction risks in relation to the Norwegian krona, Brazilian real, Polish zloty and U.S. dollar with the annual exposure in those currencies being approximately EUR 69 million.

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

Transaction and translation exposure	2014				2013			
	SEK	CAD	USD	Other	SEK	CAD	USD	Other
Operative cash flow forecast [1]	-33.9	41.0	6.8	61.9	-33.5	30.4	4.6	49.5
Loans, net	-16.1	-	315.5	53.8	17.6	1.0	241.6	61.1
Derivatives, transaction hedging	13.8	-22.0	0.0	-12.5	31.6	-19.1	-2.2	21.4
Derivatives, translation hedging	16.8	-	-74.4	-50.3	1.6	-1.0	-228.9	-68.7
Total	-19.4	19.0	247.9	52.9	17.3	11.3	15.1	63.3

1) Based on 12 months operative cash flow forecast.

At the turn of 2014/2015, the foreign currency operative cash flow forecast for 2015 was EUR 151 million of which 32% was hedged (63%). The hedge ratio is monitored daily. In hedging the total cash flow risk, a neutral level is achieved when 50% of the forecasted net foreign currency cash flow is hedged. A minimum of 30% and a maximum of 100% of the forecast flow must always be hedged. A 10% fall in foreign exchange rates against the euro, based on the average exchange rates, and without hedging, would reduce EBITDA by about EUR 16 million.

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

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

INTEREST RATE RISK

In accordance with the treasury policy the Group's interest rate risk is measured with the duration which describes average repricing moment of the loan portfolio. The duration must be in the range of 6–24 months. The Group may borrow in either fixed or floating rate and use both interest rate swaps and interest rate options as well as forward rate agreements and interest rate futures in order to meet the goal set under the related policy.

The duration of the Group's interest-bearing loan portfolio was 23 months at the end of 2014 (14 months). Excluding the interest rate derivatives, the duration was 20 months (7 months). At the end of 2014, 82% of the Group's entire net debt portfolio, including derivatives and pension loans, was fixed (60%). The net financing cost of the Group

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was 5.2% (2.7%). This figure is attained by dividing yearly net interest and other financing expenses excluding exchange rate differences and dividends by the average interest bearing net debt figure for the corresponding period. The most significant impact on the net financing cost arises from variation in the interest rate levels of the euro and the US dollar denominated debt. On the balance sheet date the average interest rate of loan portfolio was approximately 2.1%.

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

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

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

Time to interest rate fixing at Dec 31, 2013	<1 year	1–5 years	> 5 year	Total
Floating net liabilities	182.3	-	-	182.3
Fixed net liabilities	43.0	207.0	24.0	274.0
Total	225.3	207.0	24.0	456.3

As a consequence of treasury policy, the Group's average interest rate is generally higher than short-term market interest rates when low rates prevail and, on the other hand, lower than market interest rates when high rates prevail. If interest rates would rise by one percentage point on January 1, 2015, the resulting interest expenses before taxes incurred by the Group over the next 12 months would increase by about EUR 0.5 million (1.4). During 2015, Kemira will reprice 30% (46%) of the Group's net debt portfolio, including derivatives.

On the balance sheet date, the Group had outstanding interest rate derivatives related to cash flow hedging with a market value of EUR -2.5 million (-3.6) and fair value hedging with market value of EUR 3.0 million. All interest rate swaps are used to hedge the Group's loan portfolio, and are accounted for in accordance with the principles of hedge accounting set out in IAS 39. The Group's accounting policies section describes the Group policy regarding hedge accounting. One percentage point increase in interest rates would have a positive impact in market valuation of interest rate swaps of EUR 0.4 million (1.4) in equity (before taxes).

PRICE RISK

The price of electricity varies greatly according to the market situation. Kemira Group takes hedging measures with respect to its electricity purchases in order to even out raw material costs. In line with its hedging policy, the Group hedges its existing sales agreements in such a way that the hedges cover the commitments made. The company primarily uses electricity forwards on the power exchange as hedging instruments. Currency and regional price risks connected with hedges are hedged by making agreements in Finland, mainly in HELEUR amounts and in Sweden, mainly in MALSEK amounts. The majority of outstanding electricity derivatives are treated in accordance with cash flow hedge accounting, as discussed above. The forecast for physical deliveries of the underlying asset, or purchases, are not recorded until the delivery period. A 10% change in the market price of electricity hedging contracts would impact the valuation of these contracts EUR +/-4.3 million (+/-5.1).

CREDIT AND COUNTERPARTY RISK

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

The Group Treasury approves the new banking relationships of subsidiaries. At present, there are 11 approved financial institution counterparties used by the Group Treasury, all of which have a credit rating of at least A, based on Standard & Poor's credit rating information. The maximum risk assignable to the Group's financial institution counterparties on the balance sheet date amounted to EUR 125.1 million (106.2). Kemira monitors its counterparty risk on a monthly basis by defining the maximum risk associated with each counterparty, based on the market value of receivables. For each financial institution, Kemira has defined an approved limit. Credit risks associated with financing transactions did not result in credit losses during the financial year.

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

Kemira has a Group wide credit policy in place. Products are sold on open account only to companies the credit information of which does not indicate payment irregularities. The Group does not have any significant credit risk concentrations because of its extensive customer base across the world. Credit limits apply to most customers and are monitored systematically. In some cases, documentary payments are in use, such as letters of credit. The age distribution of trade receivables outstanding at the end of 2014 is shown in the following table.

AGEING OF TRADE RECEIVABLES	2014	2013
Undue trade receivables	212.7	212.0
Trade receivables 1–90 days overdue	48.8	40.3
Trade receivables more than 91 days overdue	3.8	2.7
Total	265.3	255.0

In 2014, impairment loss of trade receivables amounted to EUR 1.2 million (4.4).

In USA Kemira has an accounts receivable purchase facility worth USD 38 million, enabling Group companies in the USA to sell certain account receivables to the counterparty. The credit risk of the accounts receivables is transferred to the counterparty and 96.9% of the receivables transferred are derecognized from the balance sheet. The amount of outstanding receivables transferred, which also reflects the carrying value of the receivables before the transfer was EUR 26.5 million (17.8) at 31 December 2014. The amounts recognized in the balance sheet at 31 December 2014 due to the continuing involvement are EUR 0.8 million (0.6) in assets and EUR 0.2 million (0.2) in liabilities.

LIQUIDITY AND REFINANCING RISKS

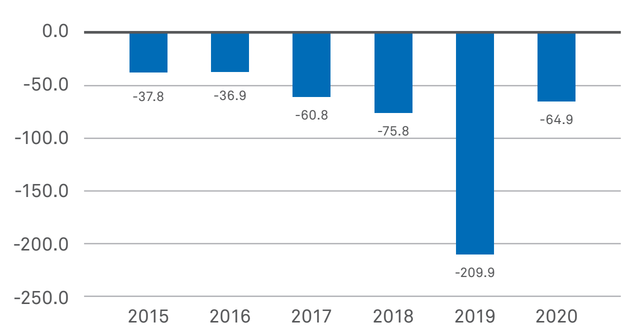
In order to secure its liquidity, the Group uses account overdrafts, money market investments and a revolving credit facility. At the end of 2014 the Group's cash and cash equivalents stood at EUR 119.1 million (102.0), of which short-term investment accounted for EUR 37.6 million (14.4) and bank deposits EUR 81.5 million (87.6).

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

In accordance with the Group Treasury policy, the average maturity of outstanding loans should always be at least 3 years. The Group must have committed credit facilities to cover planned funding needs, the current portion of long term debt, commercial paper borrowings and other uncommitted short-term loans in the next 12 months. Moreover, the maturity profile of the long-term debt portfolio and refinancing should be planned so that a maximum of 30% of the total debt portfolio will mature during the next 12 month period. The average maturity of debt at the end of 2014 was 4.0 years.

The Group has a EUR 600 million domestic commercial paper program enabling it to issue commercial papers with a maximum maturity of one year. At the end of 2014 the amount raised from commercial paper markets was EUR 10.0 million. Simultaneously the group had EUR 119.1 million of outstanding liquid short- and long-term investments. In addition, the Group has 5+1 year revolving credit facility of EUR 400 million. At the turn of the year 2014/2015 the revolving credit facility was undrawn. The revolving credit facility represents a flexible form of both short-term and long-term financing with a predictable fee structure. Kemira issued a senior unsecured bond of EUR 200 million in May 2014. The five year bond will mature in May 2019 and it carries a fixed annual interest rate of 2.500 percent. In addition, Kemira signed two EUR 50 million term loans in December 2014. New loans were undrawn at the end of the period.

MATURITY SPLIT OF INTEREST-BEARING NET DEBT



Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35

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Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35

CAPITAL STRUCTURE MANAGEMENT

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

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

The Board of Directors will propose a per-share dividend of EUR 0.53 for 2014 (EUR 0.53), corresponding to a dividend payout ratio of 90% (-255%). Kemira dividend policy aims at paying a stable and competitive dividend.

	2014	2013
Interest-bearing liabilities	**605.2**	558.3
Cash and cash equivalents	**119.1**	102.0
Interest-bearing net liabilities	**486.1**	456.3
Equity	**1,163.3**	1,125.5
Total assets	**2,295.7**	2,211.0
Gearing	**42%**	41%
Equity ratio	**51%**	51%

CASH AND CASH EQUIVALENTS

	2014		2013	
	Book value	**Fair value**	Book value	Fair value
Cash and cash equivalents	**81.5**	**81.5**	87.6	87.6
Money market investments	**37.6**	**37.6**	14.4	14.4
Total	**119.1**	**119.1**	102.0	102.0

Money market investments are short-term.

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

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

Currency	Dec 31, 2013		Maturity					
	Fair value	Book value	2014	2015	2016	2017	2018	2019–
EUR	195.1	190.5	25.8	76.4	24.3	24.3	16.5	23.2
USD	136.3	135.9	32.3	10.3	8.9	33.0	51.4	-
Other	10.0	10.0	0.2	6.8	-	3.0	-	-
Total	341.4	336.4	58.3	93.5	33.2	60.3	67.9	23.2

The figures include the amortizations planned for 2015 (2014) excluding commercial papers and other current loans.

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CASH FLOW FROM ALL FINANCIAL LIABILITIES

Loan type

	Dec 31, 2014		Maturity					
	Drawn	Undrawn	2015	2016	2017	2018	2019	2020–
Long-term interest bearing liabilities [1]	331.6	100.0	85.5	36.8	60.5	75.5	9.6	64.6
financial expenses			1.8	0.8	1.3	1.6	0.2	1.4
Bond	200.0						200.0	
financial expenses			5.0	5.0	5.0	5.0	5.0	
Revolving credit facility	-	400.0						
financial expenses			1.0	1.0	1.0	1.0	1.0	1.0
Finance lease liabilities	2.2		0.8	0.3	0.3	0.3	0.3	0.2
financial expenses			0.1					
Commercial paper program	10.0	590.0	10.0					
financial expenses			0.0					
Other interest-bearing current loans	61.4		61.4					
financial expenses			1.5					
Interest-bearing loans total	605.2	1,090.0	167.1	43.9	68.1	83.4	216.1	67.2
Trade payables	135.2							
Forward contracts								
liabilities	304.7		304.7					
assets	-306.2		-306.2					
Other derivatives [2]	8.4		3.9	3.6	0.4	0.2	0.1	0.2
Trade payables and derivatives total	142.1		2.4	3.6	0.4	0.2	0.1	0.2
Total	747.3	1,090.0	169.5	47.5	68.5	83.6	216.2	67.4
Guarantees			3.3					

Loan type

	Dec 31, 2013		Maturity					
	Drawn	Undrawn	2014	2015	2016	2017	2018	2019–
Long-term interest bearing liabilities	336.4	45.0	58.3	93.5	33.2	60.3	67.9	23.2
financial expenses			0.9	1.4	0.5	0.9	1.0	0.3
Revolving credit facility	-	400.0						
financial expenses								
Finance lease liabilities	2.7		0.9	0.3	0.3	0.3	0.2	0.7
financial expenses			0.1					
Commercial paper program	163.8	436.2	163.8					
financial expenses			1.0					
Other interest-bearing current loans	55.4		55.4					
financial expenses			0.8					
Interest-bearing loans total	558.3	881.2	281.2	95.2	34.0	61.5	69.1	24.2
Trade payables	143.3							
Forward contracts								
liabilities	604.8		604.8					
assets	-605.5		-605.5					
Other derivatives [2]	11.4		4.8	3.2	2.8	0.4	0.2	
Trade payables and derivatives total	154.0		4.1	3.2	2.8	0.4	0.2	
Total	712.3	881.2	285.3	98.4	36.8	61.9	69.3	24.2
Guarantees			3.1					

1) Includes hedge accounting adjustment of EUR 2.1 million.
2) Interest rate swaps and electricity forwards.

Note
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35

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Note
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35

30. COMMITMENTS AND CONTINGENT LIABILITIES

	2014	2013
COMMITMENTS		
Assets pledged		
On behalf of own commitments	6.0	6.4
Guarantees		
On behalf of own commitments	48.4	50.4
On behalf of others	3.3	3.1
Operating lease commitments – the Group as lessee		
Minimum lease payments under operating leases are as follows:		
No later than 1 year	31.1	26.4
Later than 1 year and no later than 5 years	74.7	63.3
Later than 5 years	87.1	76.6
Total	192.9	166.3
Other obligations		
On behalf of own commitments	1.2	1.6
On behalf of associates	0.6	0.7

THE MOST SIGNIFICANT OFF-BALANCE SHEET INVESTMENTS COMMITMENTS

Major amounts of contractual commitments for the acquisition of property, plant and equipment on December 31, 2014 were about EUR 23.8 million (12.3) for plant investments.

LITIGATION

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

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

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

The process is currently pending in the Regional Court of Dortmund, Germany. It has on April 29, 2013 decided to suspend the case and to asked a preliminary ruling on jurisdiction from the Court of Justice of the European Union. Kemira defends against the claim of Cartel Damage Claims Hydrogen Peroxide SA.

Kemira Oyj has additionally been served on April 28, 2011 a summons stating that Cartel Damage Claims Hydrogen Peroxide SA had filed an application for summons in the municipal court of Helsinki on April 20, 2011 for violations of competition law applicable to the hydrogen peroxide business claiming from Kemira Oyj as maximum compensation EUR 78.0 million as well as overdue interest starting from November 10, 2008 as litigation expenses with overdue interest. The referred violations of competition law are the same as those on basis of which CDC has taken legal action in Germany in Dortmund. The municipal court made on July 4, 2013 a decision which could not be appealed separately. In its decision the municipal court considered to have jurisdiction and that the claims made by the claimant were at least not totally time-barred. On May 19, 2014 Kemira announced that it had signed an agreement with Cartel Damage Claims Hydrogen Peroxide SA and CDC Holding SA (together "CDC") to settle the lawsuit in Helsinki, Finland. Based on the settlement CDC withdrew the damages claims and Kemira paid to CDC a compensation of EUR 18.5 million and compensated CDC for its legal costs. The settlement also includes significant limitations of liabilities for Kemira regarding the pending legal actions filed by CDC entities in Dortmund, Germany (mentioned above) and in Amsterdam, the Netherlands (mentioned below).

Kemira Oyj's subsidiary Kemira Chemicals Oy (former Finnish Chemicals Oy) has on June 9, 2011 received documents where it was stated that CDC Project 13 SA has filed an action against four companies in municipal court of Amsterdam, including Kemira, asking damages for violations of competition law applicable to the sodium chlorate business. The European Commission set on June 2008 a fine of EUR 10.15 million on Finnish Chemicals Oy for antitrust activity in the company's sodium chlorate business during 1994–2000. Kemira Oyj acquired Finnish Chemicals in 2005. The municipal court of Amsterdam decided on June 4, 2014 to have jurisdiction over the case. The said decision may be appealed separately and Kemira is making an appeal. Kemira defends against the claim of CDC Project 13 SA.

As mentioned above the settlement between Kemira and CDC relating the Helsinki litigation also includes significant limitations of liabilities for Kemira regarding the pending legal actions filed by CDC entities in Dortmund, Germany and in Amsterdam, the Netherlands. However, regardless of such limitations of liabilities, Kemira is currently not in a position to make any estimate regarding the duration or the likely outcome of the processes started by Cartel Damage Claims Hydrogen Peroxide SA and CDC Project 13 SA. No assurance can be given as to the outcome of the processes, and unfavorable judgments against Kemira could have a material adverse effect on Kemira's business, financial condition or results of operations. Due to its extensive international operations the Group, in addition to the above referred claims, is involved in a number of other legal proceedings incidental to these operations and it does not expect the outcome of these other currently pending legal proceedings to have materially adverse effect upon its consolidated results or financial position.

31. ENVIRONMENTAL RISKS AND LIABILITIES

The bulk of Kemira's business is in the chemical industry our operations are governed by numerous international agreements and regional and national legislation all over the world. The Group treats its environmental liabilities and risks in the consolidated financial statements in accordance with IFRS and observes the established internal environmental principles and procedures. Divestments and acquisitions changed the Group's environmental liabilities. Provisions for environmental remediation totaled EUR 25.6 million (22.2). The increase is mainly explained by additional clean-up work required by the authorities related to site closures. The biggest provisions relate to site closures and the limited reconditioning of the sediment of a lake adjacent to the Vaasa plant.

EMISSION ALLOWANCES

The Group holds assigned emissions allowances under the EU Emissions Trading System in Sweden and in Finland site. At Group level, the allowances showed a net surplus of 65,570 tons (a net surplus of 59,393 tons).

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32. RELATED PARTIES

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

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

	Wages, salaries and other benefits, EUR	Bonuses, EUR	Share-based payments, EUR 2)	Severance payments, EUR	2014	2013
CEO Jari Rosendal (since May 1, 2014)	360,000	-	-	-	**360,000**	-
CEO Wolfgang Büchele (until April 30, 2014)	291,222	157,039	-	-	**448,261**	964,566
Deputy CEO Jukka Hakkila (since May 6, 2013) 1)	178,810	41,059	-	-	**219,869**	161,557
Deputy CEO Jyrki Mäki-Kala (until May 5, 2013)	-	-	-	-	**-**	141,349
Other members of management board	2,689,378	567,509	-	636,571	**3,893,458**	2,472,567
Total	3,519,410	765,607	-	636,571	**4,921,588**	3,740,039

1) Jukka Hakkila is not a member of the management board.
2) Share-based incentive plans for the management board are disclosed in Note 5.

In addition, in 2014, the employment of a member of management board was ended and he was allowed to retain the right to defined benefit pension. EUR 1.7 million pension expense was recognized as result of it. More information on defined benefit pension plans is presented in Note 23.

MANAGEMENT'S PENSION COMMITMENTS AND TERMINATION BENEFITS

Jari Rosendal was appointed as Kemira Oyj's CEO as of May 1, 2014. Former CEO Wolfgang Büchele left the position on April 30, 2014 and joined another company.

CEO Jari Rosendal belongs to the Finnish Employees' Pension Act (TyEL) scheme, which provides pension security based on the years of service and earnings as stipulated by law. CEO's retirement age is 63. CEO does not have a supplementary pension arrangement.

A six-month period of notice applies to the Managing Director. The Managing Director will receive severance pay equaling his 12-month salary if the Company terminates the employment.

THE BOARD OF DIRECTORS' EMOLUMENTS

The Annual General Meeting decided on March 24, 2014, that the annual fee for the Board of Directors be paid as a combination of the company's shares and cash in such a manner that 40% of the annual fee is paid with the company's shares owned by the company or, if this is not possible, shares purchased from the market, and 60% is paid in cash. According to the decision, the shares will be transferred to the members of the Board of Directors and, if necessary, acquired directly on behalf of the members of the Board of Directors within two weeks from the release of Kemira's interim report January 1 - March 31, 2014.

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

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MEMBERS OF THE BOARD OF DIRECTORS

	Number of shares	Share value, EUR	Cash compensation, EUR	**2014 Total, EUR**	2013 Total, EUR
Jari Paasikivi, Chairman (since March 24, 2014)	2,671	29,167	57,566	**86,733**	59,710
Kerttu Tuomas, Vice Chairman	1,625	17,745	37,171	**54,916**	47,167
Wolfgang Büchele (since March 24, 2014)	1,300	14,196	29,377	**43,573**	-
Winnie Fok	1,300	14,196	52,777	**66,973**	66,967
Juha Laaksonen	1,625	17,745	40,171	**57,916**	56,710
Timo Lappalainen (since March 24, 2014)	1,300	14,196	28,777	**42,973**	-
Jukka Viinanen, Chairman (until March 24, 2014)	-	-	2,400	**2,400**	84,923
Elisabeth Armstrong (until March 26, 2013)	-	-	-	**-**	7,200
Total	9,821	107,245	248,239	**355,484**	322,677

TRANSACTIONS CARRIED OUT WITH RELATED PARTIES

	2014	2013
Revenue		
Associated companies	**2.2**	2.3
Purchases		
Associated companies	**2.9**	2.6
Pension Fund Neliapila	**1.1**	1.1
Total	**4.0**	3.7
Receivables		
Associated companies	**0.0**	0.2
Liabilities		
Associated companies	**0.2**	0.3

The amount of contingent liabilities on behalf of associates are presented in Note 30.

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

No loans had been granted to the management at year-end of 2013 and 2014, nor were there contingency items or commitments on behalf of key management personnel.

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33. CHANGES IN THE GROUP STRUCTURE

ACQUISITIONS OF GROUP COMPANIES AND NEW SUBSIDIARIES ESTABLISHED

- Kemira established a new company Kemira (Thailand) Co., Ltd. in Thailand on October 2, 2014.
- Kemira established a new company Kemira Japan Co., Ltd. in Japan on October 3, 2014.

DIVESTMENTS OF GROUP COMPANIES

- Suomen Muurahaishappo Oy was sold on March 6, 2014.
- Kemira Indus Limited was sold on December 15, 2014.

CHANGES IN THE HOLDINGS OF GROUP COMPANIES WITHIN THE GROUP

- Kemira 3F Chimica Spa merged into Kemira Italy S.p.A on May 1, 2014.
- Kemira Chimica Srl merged into Kemira Italy S.p.A on May 1, 2014.
- 3F Chimica Deutschland GmbH merged into Kemira Chemicals Germany GmbH on April 30, 2014.

NAME CHANGES

Former name
ZAO Kemira EKO

New name
ZAO Avers

CONSOLIDATED FINANCIAL STATEMENTS • Notes to the Consolidated Financial Statements (EUR million)

34. THE GROUP'S SUBSIDIARIES

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

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	Kemira Group's Holding %	City	Country
Kemira Kopparverket KB	100.00	Helsingborg	Sweden
Kemira Korea Corporation	100.00	Seoul	South-Korea
Kemira KTM d.o.o.	100.00	Ljubljana	Slovenia
Kemira Logistics, Inc.	100.00	Atlanta, GA	United States
Kemira Nederland Holding B.V.	100.00	Rotterdam	Netherlands
Kemira New Chemicals Inc.	100.00	Savannah, GA	United States
Kemira Operon Oy	100.00	Helsinki	Finland
Kemira Rotterdam B.V.	100.00	Rotterdam	Netherlands
Kemira South Africa (Pty) Ltd	100.00	Weltevredenpark	South Africa
Kemira Specialty Chemicals, Inc.	100.00	Atlanta, GA	United States
Kemira Świecie Sp. z o.o.	100.00	Swiecie	Poland
Kemira Taiwan Corporation	100.00	Taipei	Taiwan
Kemira (Thailand) Co., Ltd	100.00	Bangkok	Thailand
Kemira Uruguay S.A.	100.00	Montevideo	Uruguay
Kemira Water Danmark A/S	100.00	Esbjerg	Denmark
Kemira Water Solutions Brasil -Produtos para tratamento de agua Ltda.	100.00	São Paulo	Brazil
Kemira Water Solutions Canada Inc.	100.00	Varennes Qs	Canada
Kemira Water Solutions, Inc.	100.00	Atlanta, GA	United States
Kemwater Brasil S.A.	100.00	Camaçari	Brazil
Kemwater ProChemie s.r.o.	95.10	Kosmonosy	Czech Republic
LA Water, LLC	100.00	Atlanta, GA	United States
PT Kemira Indonesia	100.00	Jakarta	Indonesia
Riverside Development Partners, LLC	100.00	Atlanta, GA	United States
Ruoholahden Kuusenkerkkä Oy	100.00	Helsinki	Finland
Scandinavian Tanking System A/S	100.00	Copenhagen	Denmark
Water Elements Las Vegas, LLC	100.00	Atlanta, GA	United States
Water Elements, LLC	100.00	Atlanta, GA	United States
ZAO "Kemira HIM"	100.00	St. Petersburg	Russia
ZAO Avers	100.00	St. Petersburg	Russia

35. EVENTS AFTER THE BALANCE SHEET DATE

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

KEMIRA OYJ INCOME STATEMENT (FAS)

		Year ended 31 December	
	Note	2014	2013
Revenue	2	**1,228,093,326.36**	1,382,093,042.77
Change in inventories of finished goods	4	**-5,762,341.10**	-5,360,719.99
Other operating income	3	**21,831,008.86**	26,077,105.50
Materials and services	4	**-833,680,854.67**	-927,158,120.54
Personnel expenses	5	**-37,542,887.25**	-47,129,227.77
Depreciation, amortization and impairment	6	**-30,841,745.64**	-34,130,718.97
Other operating expenses	4	**-338,951,246.02**	-404,735,455.50
Operating profit/loss		**3,145,260.54**	-10,344,094.50
Financial income and expenses	7	**-9,335,297.22**	147,046,343.79
Profit/loss before extraordinary items		**-6,190,036.68**	136,702,249.29
Extraordinary items	8	**4,051,000.00**	10,760,000.00
Profit/loss before appropriations and taxes		**-2,139,036.68**	147,462,249.29
Appropriations	6	**986,476.92**	-474,630.03
Income tax	9	**-126,594.21**	-5,809,899.08
Net profit for the period		**-1,279,153.97**	141,177,720.18

KEMIRA OYJ BALANCE SHEET (FAS)

	Note	As at 31 December 2014	2013
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	**86,731,162.78**	100,964,301.36
Property, plant and equipment	11	**29,134,666.18**	27,739,469.56
Investments	12		
Holdings in subsidiaries		**1,570,433,661.40**	1,521,871,906.66
Other shares and holdings		**144,105,359.93**	140,284,625.87
Total investments		**1,714,539,021.33**	1,662,156,532.53
Total non-current assets		**1,830,404,850.29**	1,790,860,303.45
CURRENT ASSETS			
Inventories	13	**77,283,674.66**	79,273,543.06
Non-current receivables	14	**182,251,103.67**	157,196,898.40
Current receivables	14	**268,922,965.41**	322,047,359.83
Money market investments – cash equivalents	15	**22,910,617.10**	2,785,859.04
Cash and cash equivalents		**62,735,605.73**	114,914,629.36
Total current assets		**614,103,966.57**	676,218,289.69
Total assets		**2,444,508,816.86**	2,467,078,593.14
EQUITY AND LIABILITIES			
EQUITY	16		
Share capital		**221,761,727.69**	221,761,727.69
Share premium		**257,877,731.94**	257,877,731.94
Fair value reserve		**-2,963,940.82**	-5,079,068.12
Unrestricted equity reserve		**199,963,876.20**	199,963,876.20
Retained earnings		**401,541,863.82**	340,837,348.99
Net profit/ loss for the financial year		**-1,279,153.97**	141,177,720.18
Total equity		**1,076,902,104.86**	1,156,539,336.88
Appropriations	17	**8,981,935.22**	11,319,859.13
Obligatory provisions	18	**19,907,801.98**	26,006,246.27
LIABILITIES			
Non-current liabilities	19	**382,904,000.19**	290,130,674.23
Current liabilities	20	**955,812,974.61**	983,082,476.63
Total liabilities		**1,338,716,974.80**	1,273,213,150.86
Total equity and liabilities		**2,444,508,816.86**	2,467,078,593.14

KEMIRA OYJ CASH FLOW STATEMENT (FAS)

	Year ended 31 December 2014	2013
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	**-1,279,153.97**	141,177,720.18
Adjustments for		
Depreciation, amortization and impairment	**30,841,745.64**	34,130,718.97
Income taxes	**126,594.21**	5,809,899.08
Finance expenses, net	**9,335,297.22**	-147,046,343.79
Other non-cash income and expenses not involving cash flow	**6,996,582.31**	63,701,307.67
Operating profit before change in working capital	**46,021,065.41**	97,773,302.11
Change in working capital		
Increase (–)/decrease (+) in inventories	**1,989,868.40**	8,955,363.02
Increase (–)/decrease (+) in trade and other receivables	**51,817,307.75**	-47,197,356.58
Increase (+)/decrease (–) in trade payables and other liabilities	**-13,931,611.93**	-5,033,556.25
Change in working capital	**39,875,564.22**	-43,275,549.81
Cash generated from operations	**85,896,629.63**	54,497,752.30
Interest and other finance cost paid	**-106,779,623.70**	-47,766,225.86
Interest and other finance income received	**9,156,578.72**	11,609,335.19
Realized exchange gains and losses	**-12,148,327.45**	8,679,990.78
Dividends received	**9,167,120.63**	228,906,770.99
Income taxes paid	**-1,725,829.42**	-2,473,464.65
Net cash generated from operating activities	**-16,433,451.59**	253,454,158.75
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisitions of subsidiaries	**-50,979,300.74**	-24,218,481.57
Acquisitions of associated companies, and other shares	**-4,285,008.00**	-4,084,808.00
Purchase of intangible assets	**-14,305,205.12**	-16,146,329.32
Purchase of other plant, property and equipment	**-7,111,776.69**	-8,107,154.15
Proceeds from sale of subsidiaries and other shares	**2,665,906.06**	100,034,117.62
Proceeds from sale of other plant, property and equipment and intangible assets	**1,211,546.01**	3,245,955.74
Change in loan receivables, net increase (–)/decrease (+)	**-25,054,205.27**	-13,485,092.74
Net cash used in investing activities	**-97,858,043.75**	37,238,207.58
Cash flow before financing	**-114,291,495.34**	290,692,366.33
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from non-current interest-bearing liabilities (+)	**245,000,000.00**	0.00
Repayment from non-current interest-bearing liabilities (–)	**-152,226,674.04**	-35,245,666.37
Short-term financing, net increase (+)/decrease (–)	**64,332,289.87**	-131,411,404.02
Dividends paid	**-80,582,022.03**	-80,577,701.47
Received group contribution	**10,760,000.00**	12,071,000.00
Net cash used in financing activities	**87,283,593.80**	-235,163,771.86
Net increase (+)/decrease (–) in cash and cash equivalents	**-27,007,901.54**	55,528,594.47
Cash and cash equivalents at 31 Dec	**85,646,222.83**	117,700,488.40
Exchange gains (+)/losses (–) on cash and cash equivalents	**-5,046,364.03**	2,808,714.00
Cash and cash equivalents at 1 Jan	**117,700,488.40**	59,363,179.93
Net increase (+)/decrease (–) in cash and cash equivalents	**-27,007,901.54**	55,528,594.47

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NOTES TO KEMIRA OYJ FINANCIAL STATEMENTS

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

BASIS OF PREPARATION

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

PENSION ARRENGEMENTS

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

SHARE-BASED INCENTIVE SCHEME FOR THE PERSONNEL

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

EXTRAORDINARY INCOME AND EXPENSES

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

INCOME TAXES

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

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Group's accounting policies are applied to property, plant and equipment, and intangible assets.

LEASE

All leasing payments are treated as rental expenses.

FINANCIAL ASSETS, FINANCIAL LIABILITIES AND DERIVATIVE CONTRACTS

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

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

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

2. REVENUE

	2014	2013
Revenue by business segments		
Paper	588,544,203.02	547,930,248.07
Oil & Mining	101,702,779.83	103,017,122.15
Municipal & Industrial	271,233,546.59	280,962,837.77
ChemSolutions	23,945,813.24	172,294,587.98
Intercompany revenue	195,293,331.33	242,908,678.23
Other revenue	47,373,652.35	34,979,568.57
Total	1,228,093,326.36	1,382,093,042.77
Distribution of revenue by geographical segments as a percentage of total revenue		
Finland, domicile of the parent company	30	29
Other Europe, Middle East and Africa	59	60
North and South America	6	5
Asia Pacific	5	6
Total	100	100

3. OTHER OPERATING INCOME

	2014	2013
Gain on the sale of property, plant and equipment	1,211,546.01	3,245,955.74
Gain on the sale of shares	2,920,101.65	0.00
Rent income	922,592.75	1,586,042.33
Intercompany service charges	7,212,890.98	7,113,950.16
Other income from operations	9,563,877.47	14,131,157.27
Total	21,831,008.86	26,077,105.50

4. COSTS

	2014	2013
Change in inventories of finished goods	5,762,341.10	5,360,719.99
Materials and services		
Materials and supplies		
Purchases during the financial year	827,383,214.87	916,581,217.93
Change in inventories of materials and supplies	-2,374,453.15	1,213,163.11
External services	8,672,092.95	9,363,739.50
Total materials and services	833,680,854.67	927,158,120.54
Personnel expenses	37,542,887.25	47,129,227.77
Other operating expenses		
Rents	7,739,388.14	11,467,557.76
Intercompany tolling manufacturing charges	169,843,770.73	187,320,563.39
Intercompany service charges and royalties	82,930,098.01	119,731,979.36
Other expenses	78,437,989.14	86,215,354.99
Total other operating expenses	338,951,246.02	404,735,455.50
Total costs	1,215,937,329.04	1,384,383,523.80

DELOITTE & TOUCHE OY'S FEES AND SERVICES

	2014	2013
Audit fees	**521,196.81**	418,055.00
Other services	**2,197,120.22**	1,094,508.00

In 2014, other services include fees related mainly to the auditors reports and statements for formic acid business divestment and fees related to the AkzoNobel's global paper chemicals business acquisition. In 2013, other services include fees mainly related to the 3F acquisition.

In 2014, the costs included a net decrease in obligatory provisions of EUR -6.1 million (personnel expenses EUR –3.0 million, rents EUR –0.5 million and other expenses EUR –2.6 million), and in 2013, the costs included a net increase in obligatory provisions of EUR 8.8 million (personnel expenses EUR +2.6 million, rents EUR –0.4 million and other expenses EUR +6.6 million).

5. PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

	2014	2013
Emoluments of the Board of Directors, the CEOs and his deputy [1)]	**1,383,613.83**	1,590,150.01
Other wages and salaries	**29,450,475.85**	36,922,727.53
Pension expenses	**5,726,009.18**	6,452,577.08
Other personnel expenses	**982,788.39**	2,163,773.15
Total	**37,542,887.25**	47,129,227.77

1) The emolument of Kemira Oyj's CEOs was EUR 808,261 (964,566) including bonuses of EUR 157,039 (220,080). The emolument of Kemira Oyj's deputy CEO/deputy CEOs was EUR 219,869 (302,906) including bonuses of EUR 41,059 (83,511).

Other transactions between related parties are presented in Note 32 in the notes to the Consolidated Financial Statements.

	2014	2013
Personnel at 31 Dec		
Paper	**81**	76
Oil & Mining	**4**	7
Municipal & Industrial	**27**	27
ChemSolutions	**0**	19
Other, of which	**341**	404
R&D and Technology	**155**	165
Total	**453**	533
Personnel, average	**477**	561

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	2014	2013
Depreciation according to plan and impairment		
Intangible assets		
Intangible rights	**4,834,291.44**	3,635,828.84
Other intangible assets	**20,713,359.50**	25,643,458.14
Property, plant and equipment		
Buildings and constructions	**362,066.25**	794,455.99
Machinery and equipment	**4,914,283.63**	4,037,497.88
Other property, plant and equipment	**17,744.82**	19,478.12
Total	**30,841,745.64**	34,130,718.97
Change in difference between scheduled and actual depreciation (+ increase/ – decrease)		
Intangible rights	**-458,705.93**	-325,625.61
Other intangible assets	**-149,716.43**	1,616,655.07
Buildings and constructions	**19,287.23**	-261,802.02
Machinery and equipment	**-393,164.36**	-549,516.50
Other property, plant and equipment	**-4,177.43**	-5,080.91
Total	**-986,476.92**	474,630.03

7. FINANCE INCOME AND EXPENSES

	2014	2013
Dividend income		
From the Group companies	8,991,145.63	228,752,265.99
From others	175,975.00	154,505.00
Total	9,167,120.63	228,906,770.99
Interest income		
From the Group companies	9,681,422.78	7,423,847.20
From others	3,146,732.00	3,202,488.25
Total	12,828,154.78	10,626,335.45
Interest expenses		
To the Group companies	-1,912,944.65	-3,380,959.23
To others	-17,699,696.98	-9,994,736.75
Total	-19,612,641.63	-13,375,695.98
Other finance income		
From the Group companies	378,553.58	402,780.49
Total	378,553.58	402,780.49
Other finance expenses		
From the Group companies	-2,417,546.00	-80,190,383.53
From others	-7,284,274.00	-1,937,072.14
Total	-9,701,820.00	-82,127,455.67
Exchange gains and losses		
From the Group companies	36,587,523.39	-17,242,373.28
From others	-38,982,187.97	19,855,981.79
Total	-2,394,664.58	2,613,608.51
Total finance income and expenses	-9,335,297.22	147,046,343.79
Exchange gains and losses		
Realized	-12,148,327.45	8,679,990.78
Unrealized	9,753,662.87	-6,066,382.27
Total	-2,394,664.58	2,613,608.51

In 2014, other finance expenses from the Group companies include impairment of subsidiary shares of EUR 2.4 million (80.2).

8. EXTRAORDINARY ITEMS

	2014	2013
Extraordinary income		
Group contributions received	4,051,000.00	10,760,000.00
Total	4,051,000.00	10,760,000.00
Total extraordinary income and expenses	4,051,000.00	10,760,000.00

9. INCOME TAXES

	2014	2013
(income +, expense –)		
Income taxes, current year	0.00	-2,471,764.65
Income taxes, previous years	163,500.00	-1,700.00
Deferred taxes	42,433.63	-3,336,434.43
Other taxes	-332,527.84	0.00
Total	-126,594.21	-5,809,899.08

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10. INTANGIBLE ASSETS

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

2013	Intangible rights	Goodwill	Prepayments and non-current assets under construction	Other intangible assets	Total
Acquisition cost at 1 Jan	30,537,920.84	6,181,419.27	4,251,126.95	178,649,425.58	219,619,892.64
Additions	3,414,234.85		3,051,448.43	9,729,646.04	16,195,329.32
Decreases	-10,447.04				-10,447.04
Transfers	429,227.56		-522,436.11	44,208.55	-49,000.00
Acquisition cost at 31 Dec	34,370,936.21	6,181,419.27	6,780,139.27	188,423,280.17	235,755,774.92
Accumulated amortization at 1 Jan	-12,668,787.53	-6,181,419.27	0.00	-86,672,426.82	-105,522,633.62
Accumulated amortization relating to decreases and transfers	10,447.04				10,447.04
Amortization and impairment during the financial year	-3,635,828.84			-25,643,458.14	-29,279,286.98
Accumulated amortization at 31 Dec	-16,294,169.33	-6,181,419.27	0.00	-112,315,884.96	-134,791,473.56
Net book value at 31 Dec	18,076,766.88	0.00	6,780,139.27	76,107,395.21	100,964,301.36

11. PROPERTY, PLANT AND EQUIPMENT

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

2013	Land and water areas	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and non-current assets under construction	Total
Acquisition cost at 1 Jan	413,551.22	25,381,555.82	81,336,516.45	567,573.82	1,229,873.83	108,929,071.14
Additions		197,728.67	3,720,230.10		4,705,746.62	8,623,705.39
Decreases	-56,344.04		-82,401.80			-138,745.84
Transfers			1,278,873.83		-1,229,873.83	49,000.00
Acquisition cost at 31 Dec	357,207.18	25,579,284.49	86,253,218.58	567,573.82	4,705,746.62	117,463,030.69
Accumulated depreciation at 1 Jan	0.00	-18,080,821.82	-66,402,307.39	-425,501.51	0.00	-84,908,630.72
Accumulated depreciation relating to decreases and transfers			36,501.58			36,501.58
Depreciation and impairment during the financial year		-794,455.99	-4,037,497.88	-19,478.12		-4,851,431.99
Accumulated depreciation at 31 Dec	0.00	-18,875,277.81	-70,403,303.69	-444,979.63	0.00	-89,723,561.13
Net book value at 31 Dec	357,207.18	6,704,006.68	15,849,914.89	122,594.19	4,705,746.62	27,739,469.56

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22

12. INVESTMENTS

2014	Group company shares	Investments in associated companies	Other shares	Total
Book value at 1 Jan	1,521,871,906.66	0.00	140,284,625.87	**1,662,156,532.53**
Additions	50,979,300.74		4,285,008.00	**55,264,308.74**
Decreases and transfers			-84,093.94	**-84,093.94**
Impairments	-2,417,546.00		-380,180.00	**-2,797,726.00**
Net book value at 31 Dec	**1,570,433,661.40**	**0.00**	**144,105,359.93**	**1,714,539,021.33**

2013	Group company shares	Investments in associated companies	Other shares	Total
Book value at 1 Jan	1,582,549,112.46	98,987,988.91	136,249,905.46	1,817,787,006.83
Additions	24,218,481.57		4,084,808.00	28,303,289.57
Decreases and transfers	-4,705,303.84	-98,987,988.91	-50,087.59	-103,743,380.34
Impairments	-80,190,383.53			-80,190,383.53
Net book value at 31 Dec	1,521,871,906.66	0.00	140,284,625.87	1,662,156,532.53

Associated companies are disclosed in Note 8 in the Notes to the Consolidated Financial Statements.

13. INVENTORIES

	2014	2013
Raw materials and supplies	**22,568,316.21**	20,193,863.06
Finished goods	**50,663,105.55**	56,425,446.65
Prepayments	**4,052,252.90**	2,654,233.35
Total	**77,283,674.66**	79,273,543.06

14. RECEIVABLES

	2014	2013
Non-current receivables		
Interest-bearing non-current receivables		
Loan receivables		
Loan receivables from the Group companies	159,607,421.47	133,643,564.92
Loan receivables from others	0.00	350,000.00
Other non-current investments	2,294,308.65	2,294,308.65
Total interest-bearing non-current receivables	161,901,730.12	136,287,873.57
Interest-free non-current receivables		
Deferred taxes	20,349,373.55	20,909,024.83
Total interest-free non-current receivables	20,349,373.55	20,909,024.83
Total non-current receivables	182,251,103.67	157,196,898.40
Current receivables		
Interest-bearing current receivables		
Loan receivables from the Group companies	65,942,296.74	116,095,524.83
Total interest-bearing current receivables	65,942,296.74	116,095,524.83
Interest-free current receivables		
Advances paid		
To the Group companies	18,240,121.02	18,240,121.02
To others	0.00	30,093.56
Total	18,240,121.02	18,270,214.58
Trade receivables		
From the Group companies	32,169,987.28	24,285,788.94
From others	116,488,277.14	129,544,226.59
Total	148,658,264.42	153,830,015.53
Accrued income		
From the Group companies	7,560,921.40	15,562,546.77
From others	15,607,117.91	6,659,439.89
Total	23,168,039.31	22,221,986.66
Other short-term interest-free receivables		
From the Group companies	-2,363.13	0.00
From others	12,916,607.05	11,629,618.23
Total	12,914,243.92	11,629,618.23
Total interest-free current receivables	202,980,668.67	205,951,835.00
Total current receivables	268,922,965.41	322,047,359.83
Total receivables	451,174,069.08	479,244,258.23

	2014	2013
Accrued income		
Interests	6,096,199.24	982,316.92
Taxes	1,351,783.69	0.00
Exchange differences	4,172,319.25	5,236,071.93
Group contributions	4,051,000.00	10,760,000.00
Other	7,496,737.13	5,243,597.81
Total	23,168,039.31	22,221,986.66

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15. MONEY-MARKET INVESTMENTS – CASH EQUIVALENTS

	2014	2013
Money-market investments		
Carrying amount	22,910,617.10	2,785,859.04
Fair value	22,910,617.10	2,785,859.04
Difference	0.00	0.00

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

16. EQUITY

	2014	2013
Restricted equity		
Share capital at 1 Jan	221,761,727.69	221,761,727.69
Share capital at 31 Dec	221,761,727.69	221,761,727.69
Share premium at Jan 1	257,877,731.94	257,877,731.94
Share premium at 31 Dec	257,877,731.94	257,877,731.94
Fair value reserve at 1 Jan	-5,079,068.12	-2,282,814.00
Fair value reserve at 31 Dec	-2,963,940.82	-5,079,068.12
Total restricted equity at 31 Dec	476,675,518.81	474,560,391.51
Unrestricted equity reserve		
Unrestricted equity reserve at 1 Jan	199,963,876.20	199,963,876.20
Unrestricted equity reserve at 31 Dec	199,963,876.20	199,963,876.20
Retained earnings at 1 Jan 1)	482,015,069.17	421,370,378.27
Net profit for the period	-1,279,153.97	141,177,720.18
Dividends paid	-80,582,022.03	-80,577,701.47
Share-based incentive plan		
Shares given	108,816.68	94,400.16
Shares returned	-	-49,727.97
Retained earnings and net profit for the period at 31 Dec	400,262,709.85	482,015,069.17
Total unrestricted equity at 31 Dec	600,226,586.05	681,978,945.37
Total equity at 31 Dec	1,076,902,104.86	1,156,539,336.88
Total distributable funds at 31 Dec	600,226,586.05	681,978,945.37

1) The company owns 3,291,185 treasury shares, the acquisition value of which totals EUR 22,154,179.13.

Change in treasury shares	EUR	Number of shares
Acquisition value/number at Jan 1, 2014	22,220,274.46	3,301,006
Change	-66,095.33	-9,821
Acquisition value/number at Dec 31, 2014	22,154,179.13	3,291,185

17. APPROPRIATIONS

	2014	2013
Appropriations		
Appropriations in the balance sheets are as follows:		
Buildings and constructions	**1,109,717.01**	2,393,142.97
Machinery and equipment	**4,426,525.32**	4,825,018.76
Other property, plant and equipment	**31,806.40**	35,983.83
Intangible rights	**-397,285.16**	104,825.49
Other non-current expenditures	**3,811,171.65**	3,960,888.08
Total	**8,981,935.22**	11,319,859.13
Change in appropriations		
Appropriations at 1 Jan	**11,319,859.13**	10,845,229.10
Business transfers	**-1,351,446.99**	0.00
Change in untaxed reserves in income statement	**-986,476.92**	474,630.03
Appropriations at 31 Dec	**8,981,935.22**	11,319,859.13

On December 31, 2014, deferred tax liabilities on accumulated appropriations were EUR 1.8 million (2.3).

18. OBLIGATORY PROVISIONS

	2014	2013
Non-current provisions		
Pension provisions	**6,187,127.00**	6,106,698.22
Other obligatory provisions		
Environmental and damage provisions	**10,473,637.24**	13,122,537.05
Restructuring provisions	**1,109,513.20**	1,564,265.20
Total other obligatory provisions	**11,583,150.44**	14,686,802.25
Total non-current provisions	**17,770,277.44**	20,793,500.47
Current provisions		
Other obligatory provisions		
Personnel related provisions	**1,682,772.54**	4,757,993.80
Restructuring provisions	**454,752.00**	454,752.00
Total current provisions	**2,137,524.54**	5,212,745.80
Total provisions	**19,907,801.98**	26,006,246.27
Change in obligatory provisions		
Obligatory provisions at 1 Jan	**26,006,246.27**	17,246,839.53
Decrease of provisions during the year	**-4,137,610.84**	-5,491,908.33
Provisions reversed during the year	**-2,060,833.45**	-260,346.93
Increase during financial year	**100,000.00**	14,511,662.00
Obligatory provisions at 31 Dec	**19,907,801.98**	26,006,246.27

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19. NON-CURRENT INTEREST-BEARING LIABILITIES

	2014	2013
Loans from financial institutions	**161,480,632.19**	193,707,306.23
Loans from the Group companies	**0.00**	75,000,000.00
Other non-current liabilities	**221,423,368.00**	21,423,368.00
Total	**382,904,000.19**	290,130,674.23
Long-term interest-bearing liabilities maturing in		
2016 (2015)	**32,740,584.95**	82,835,584.95
2017 (2016)	**32,740,584.95**	32,835,584.95
2018 (2017)	**23,826,696.07**	32,835,584.95
2019 (2018) or later	**293,596,134.22**	141,623,919.38
Total	**382,904,000.19**	290,130,674.23
Interest-bearing liabilities maturing in 5 years or more		
Loans from financial institutions	**62,272,766.22**	45,200,551.38
Loans from the Group companies	**0.00**	75,000,000.00
Other non-current liabilities	**231,323,368.00**	21,423,368.00
Total	**293,596,134.22**	141,623,919.38

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

20. CURRENT LIABILITIES

	2014	2013
Interest-bearing current liabilities		
Loans from financial institutions	84,415,495.01	33,154,048.77
Other interest-bearing current liabilities		
To the Group companies	663,613,458.90	497,616,799.80
To others	28,748,687.54	181,674,503.01
Total interest-bearing current liabilities	776,777,641.45	712,445,351.58
Interest-free current liabilities		
Prepayments received		
From the Group companies	136,764.13	136,764.13
From others	2,032,541.64	835,620.60
Total	2,169,305.77	972,384.73
Trade payables		
To the Group companies	45,289,257.81	49,583,889.32
To others	60,613,842.32	80,104,063.83
Total	105,903,100.13	129,687,953.15
Accrued expenses		
To the Group companies	5,452,509.31	84,290,304.94
To others	57,736,220.20	48,817,748.37
Total	63,188,729.51	133,108,053.31
Total other interest-free liabilities	7,774,197.75	6,868,733.86
Total interest-free current liabilities	179,035,333.16	270,637,125.05
Total current liabilities	955,812,974.61	983,082,476.63
Accrued expenses		
Salaries	5,806,658.44	6,286,971.04
Interests and exchange differences	15,946,607.10	93,206,751.28
Other	41,435,463.97	33,614,330.99
Total	63,188,729.51	133,108,053.31

21. COLLATERAL AND CONTINGENT LIABILITIES

	2014	2013
Guarantees		
On behalf of the Group companies		
For loans	284,877,246.00	311,044,261.00
For other obligations	48,391,309.00	70,109,579.00
On behalf of others	2,838,864.00	2,847,229.00
Total	336,107,419.00	384,001,069.00
Leasing liabilities		
Maturity within one year	4,917,200.00	5,228,278.00
Maturity after one year	16,686,243.00	21,000,189.00
Total	21,603,443.00	26,228,467.00

Environmental risks and liabilities are disclosed in Note 31 in the Notes to the Consolidated Financial Statements.

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22. SHARES AND HOLDINGS OF KEMIRA OYJ

Shares in subsidiaries	Group holding %	Kemira Oyj holding %
AS Kemivesi	100.00	100.00
Kemira Argentina S.A.	100.00	15.80
Kemira Asia Pacific Pte. Ltd.	100.00	100.00
Kemira Cell Sp. z.o.o.	55.00	55.00
Kemira Chemicals (Nanjing) Co., Ltd.	100.00	100.00
Kemira Chemicals (Shanghai) Co.,Ltd.	100.00	100.00
Kemira Chemicals (UK) Ltd.	100.00	100.00
Kemira Chemicals (Yanzhou) Co.,Ltd.	100.00	100.00
Kemira Chemicals Brasil Ltda	100.00	99.87
Kemira Chemicals Canada Inc.	100.00	100.00
Kemira Chemicals Germany GmbH	100.00	100.00
Kemira Chemicals India Private Ltd.	99.99	99.99
Kemira Chemie Ges.mbH	100.00	100.00
Kemira Chile Comercial Limitada	100.00	99.00
Kemira de Mexico S.A. de C.V.	100.00	100.00
Kemira Europe Oy	100.00	100.00
Kemira Germany GmbH	100.00	100.00
Kemira GrowHow A/S	100.00	100.00
Kemira Hong Kong Company Limited	100.00	100.00
Kemira Korea Corporation	100.00	100.00
Kemira KTM d.o.o.	100.00	100.00
Kemira Nederland Holding B.V.	100.00	100.00
Kemira Operon Oy	100.00	100.00
Kemira Świecie Sp. z o.o.	100.00	100.00
Kemira Water Danmark A/S	100.00	100.00
Kemira Water Solutions Brasil -Produtos para tratamento de agua Ltda.	100.00	100.00
PT Kemira Indonesia	100.00	75.00
Ruoholahden Kuusenkerkkä Oy	100.00	100.00

SHARES AND SHAREHOLDERS

SHARES AND SHARE CAPITAL

On December 31, 2014, Kemira Oyj's share capital amounted to EUR 221.8 million and the number of shares was 155,342,557. Each share entitles to one vote at the general meeting. Kemira Oyj's shares are registered in the book-entry system maintained by Euroclear Finland Ltd.

SHAREHOLDERS

At the end of 2014, Kemira Oyj had 33,164 registered shareholders (30,640). Foreign shareholding of Kemira Oyj shares decreased 13% during the year and was 18.9% of the shares (21.6%), including nominee-registered holdings. Households owned 16.1% of the shares (14.9%). At year-end, Kemira held 3,291,185 treasury shares (3,301,006), representing 2.1% (2.1%) of all company shares. A list of Kemira's largest shareholders is updated monthly and can be found on the company website at www.kemira.com/investors.

LISTING AND TRADING

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

Kemira Oyj's share closed at EUR 9.89 at the NASDAQ OMX Helsinki at the end of 2014 (2013:12.16). The share price decreased 19% during the year while OMX Helsinki Cap index increased 6%. STOXX Chemicals (Europe), chemical sector benchmark index for Kemira increased 5% in 2014 (2013: 15%). Shares registered a high of EUR 12.27 (13.02) and a low of EUR 9.11 (10.55). The average share price of Kemira decreased 8% and was EUR 10.87 (11.76).

Kemira's market capitalization, excluding treasury shares, was EUR 1,504 million at the end of the year 2014 (2013: 1,849).

In 2014, Kemira Oyj's share trading volume on NASDAQ OMX Helsinki increased 15% to 75 million (2013: 65) shares. Share turnover value increased 7% and was EUR 809.6 million (757.2). The average daily trading volume was 300,072 (259,748) shares. On NASDAQ OMX Helsinki stock exchange, the total trading volume increased 22% in 2014 to EUR 116.2 billion (95.3).

In addition to NASDAQ OMX Helsinki, Kemira shares are traded on several alternative market places or multilateral trading facilities (MTF), for example at BATS Chi-X and Turquoise. In 2014, a total of 29 million (28) Kemira Oyj shares were traded at alternative market places, i.e. approximately 28% (30%) of the total amount of traded shares executed on-book. (Source: Fidessa)

The total amount of traded Kemira shares, including trade on NASDAQ OMX Helsinki and multilateral trading facilities increased 12% in 2014 compared to 2013.

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

DIVIDEND POLICY AND DIVIDEND DISTRIBUTION

Kemira dividend policy aims at paying a stable and competitive dividend.

The company's Board of Directors will propose to the Annual General Meeting that a per share dividend of EUR 0.53 (0.53) totaling EUR 81 million (81) be paid for the financial year 2014, accounting for a dividend payout of about 84% (76%) of the operative net income. The Annual General Meeting will be held March 23, 2015. The dividend ex-date is March 24, 2015, dividend record date March 25, 2015, and payout April1, 2015.

In 2014, a dividend of EUR 0.53 per share was paid for the financial year that ended December 31, 2013. The dividend record date was March 27, 2014, and the payment (EUR 81 million in total) date April 3, 2014.

BOARD AUTHORIZATIONS

The Annual General Meeting on March 24, 2014 authorized the Board of Directors to decide upon repurchase of a maximum of 4,500,000 company's own shares ("Share repurchases authorization"). Shares will be repurchased by using unrestricted equity either through a tender offer with equal terms to all shareholders at a price determined by the Board of Directors or otherwise than in proportion to the existing shareholdings of the company's shareholders in public trading on the NASDAQ OMX Helsinki Ltd (the "Helsinki Stock Exchange") at the market price quoted at the time of the repurchase. The price paid for the shares repurchased through a tender offer under the authorization shall be based on the market price of the company's shares in public trading. The minimum price to be paid would be the lowest market price of the share quoted in public trading during the authorization period and the maximum price the highest market price quoted during the authorization period.

Shares shall be acquired and paid for in accordance with the Rules of the Helsinki Stock Exchange and Euroclear Finland Ltd. Shares may be repurchased to be used in implementing or financing mergers and acquisitions, developing the company’s capital structure, improving the liquidity of the company’s shares or to be used for the payment of the annual fee payable to the members of the Board of Directors or implementing the company’s share-based incentive plans. In order to realize the aforementioned purposes, the shares acquired may be retained, transferred further or cancelled by the company. The Board of Directors will decide upon other terms related to share repurchases. The share repurchase authorization is valid until the end of the next Annual General Meeting. The Board had not exercised its authorization by December 31, 2014.

The AGM authorized the Board of Directors to decide to issue a maximum of 15,600,000 new shares and/or transfer a maximum of 7,800,000 company's own shares held by the company (“Share issue authorization”). The new shares may be issued and the company’s own shares held by the company may be transferred either for consideration or without consideration. The new shares may be issued and the company's own shares held by the company may be transferred to the company’s shareholders in proportion to their current shareholdings in the company, or by displaying the shareholders’ pre-emption right, through a directed share issue, if the company has a weighty financial reason to do so, such as financing or implementing mergers and acquisitions, developing the capital structure of the company, improving the liquidity of the company’s shares or if this is justified for the payment of the annual fee payable to the members of the Board of Directors or implementing the company’s share-based incentive plans. The directed share issue may be carried out without consideration only in connection with the implementation of the company’s share-based incentive plan. The subscription price of new shares shall be recorded to the invested unrestricted equity reserves. The consideration payable for company's own shares shall be recorded to the invested unrestricted equity reserves. The Board of Directors will decide upon other terms related to the share issues. The share issue authorization is valid until May 31, 2015. The share issue authorization has been used in connection with the Board of Directors remuneration.

MANAGEMENT SHAREHOLDING

The members of the Board of Directors as well as the President and CEO and his Deputy held 396,108 (December 31, 2013: 311,478) Kemira Oyj shares on December 31, 2014, or 0.25% (0.20%) of all outstanding shares and voting rights (including treasury shares and shares held by the related parties and controlled corporations). Jari Rosendal, President and CEO, held 10,000 shares on December 31, 2014. Board members are not covered by the share-based incentive plan. Members of the Management Boards, excluding the President and CEO and his Deputy, held a total of 103,590 shares on December 31, 2014 (274,911), representing 0.07% (0.18%) of all outstanding shares and voting rights (including treasury shares and shares held by the related parties and controlled corporations). Up-to-date information regarding the shareholdings of the Board of Directors and Management is available at Kemira’s website at www.kemira.com/investors.

LARGEST SHAREHOLDERS DECEMBER 31, 2014

	Shareholder	Number of shares	% of shares and votes
1	Oras Invest Ltd	28,278,217	18.2
2	Solidium Oy	25,896,087	16.7
3	Varma Mutual Pension Insurance Company	8,164,836	5.3
4	Ilmarinen Mutual Pension Insurance Company	5,000,451	3.2
5	Nordea funds	4,255,825	2.7
6	Mandatum Life	1,704,647	1.1
7	Pohjola Fund Management	1,526,092	1.0
8	Danske Invest Funds	1,138,946	0.7
9	The State Pension Fund	1,090,000	0.7
10	Veritas Pension Insurance Company Ltd.	923,917	0.6
11	Sigrid Jusélius Foundation	730,000	0.5
12	Aktia Funds	620,148	0.4
13	Etera Mutual Pension Insurance Company	609,331	0.4
14	Kaleva Mutual Insurance Company	603,337	0.4
15	The Local Government Pensions Institution	426,482	0.3
	Kemira Oyj	3,291,185	2.1
	Nominee-registered and foreign shareholders	29,389,833	18.9
	Others, total	41,693,223	26.8
	Total	**155,342,557**	**100.0**

SHAREHOLDING BY NUMBER OF SHARES HELD DECEMBER 31, 2014

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1–100	7,043	21.2	441,763	0.3
101–500	14,397	43.4	3,934,243	2.5
501–1,000	5,400	16.3	4,096,417	2.6
1,001–5,000	5,276	15.9	10,831,160	7.0
5,001–10,000	545	1.6	3,963,162	2.6
10,001–50,000	369	1.1	7,255,195	4.7
50,001–100,000	51	0.2	3,863,347	2.5
100,001–500,000	64	0.2	13,004,272	8.4
500,001–1,000,000	7	0.0	4,784,522	3.1
1,000,001–	12	0.0	103,168,476	66.4
Total	**33,164**	**100.0**	**155,342,557**	**100.0**

BOARD PROPOSAL FOR PROFIT DISTRIBUTION

On December 31, 2014, Kemira Oyj's distributable funds totaled EUR 600,226,586 of which net profit for the period accounted for EUR -1,279,154.

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

The Board proposes to the Annual General Meeting that distributable funds would be allocated as follows:
- Distributing a per-share dividend of EUR 0.53 for the financial year, or a total of EUR 80,587,227.
- Retaining EUR 519,639,359 under unrestricted equity.

Helsinki, February 9, 2015

Jari Paasikivi
Chairman

Kerttu Tuomas
Vice Chairman

Winnie Fok

Juha Laaksonen

Wolfgang Büchele

Timo Lappalainen

Jari Rosendal
CEO

AUDITOR'S REPORT

TO THE ANNUAL GENERAL MEETING OF KEMIRA OYJ

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Kemira Oyj for the financial period 1.1.–31.12.2014. The financial statements comprise of the consolidated income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's income statement, balance sheet, cash flow statement and notes to the financial statements.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE PRESIDENT AND CEO

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

OPINION ON THE COMPANY'S FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

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

OTHER OPINIONS

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

Helsinki, 9 February 2015

Deloitte & Touche Oy
Authorized Public Audit Firm

Jukka Vattulainen
Authorized Public Accountant

94 Quarterly Earnings Performance (EUR million)

QUARTERLY EARNINGS PERFORMANCE

(The figures are unaudited)

	2014					2013				
	1–3	4–6	7–9	10–12	Total	1–3	4–6	7–9	10–12	Total
Revenue										
Paper [1]	280.4	282.0	300.6	307.0	1,170.0	267.9	278.0	283.7	283.2	1,112.8
Oil & Mining	92.0	97.6	95.9	96.7	382.2	76.3	79.9	76.8	78.5	311.5
Municipal & Industrial	137.7	138.6	145.0	143.4	564.7	164.8	178.0	164.2	152.4	659.4
ChemSolutions [1]	19.8	-	-	-	19.8	51.9	33.4	29.0	31.1	145.4
Total	529.9	518.2	541.5	547.1	2,136.7	560.9	569.3	553.7	545.2	2,229.1
EBITDA										
Paper [1]	30.7	7.5	34.0	37.7	109.9	29.1	17.3	30.6	21.4	98.4
Oil & Mining	8.9	11.2	11.7	14.4	46.2	8.0	5.4	8.0	3.2	24.6
Municipal & Industrial	2.6	16.1	21.5	21.1	61.3	13.0	16.8	9.8	-40.1	-0.5
ChemSolutions [1]	35.5	-	-	-	35.5	11.0	2.1	2.0	4.3	19.4
Total	77.7	34.8	67.2	73.2	252.9	61.1	41.6	50.4	-11.2	141.9
EBIT										
Paper [1]	19.4	-5.1	20.9	22.4	57.6	17.4	-0.7	19.3	9.1	45.1
Oil & Mining	4.5	6.7	7.2	9.3	27.7	4.3	1.8	4.3	-3.9	6.5
Municipal & Industrial	-5.2	8.4	14.8	13.7	31.7	7.8	11.5	4.6	-47.3	-23.4
ChemSolutions [1]	35.6	-	-	-	35.6	9.7	0.7	0.8	3.2	14.4
Total	54.3	10.0	42.9	45.4	152.6	39.2	13.3	29.0	-38.9	42.6
Finance costs, net	-5.3	-8.5	-6.6	-10.3	-30.7	-24.7	-4.2	-2.4	-7.7	-39.0
Share of profit or loss of associates	0.0	0.0	0.0	0.2	0.2	-1.2	0.1	0.1	-0.1	-1.1
Profit before tax	49.0	1.5	36.3	35.3	122.1	13.3	9.2	26.7	-46.7	2.5
Income tax expense	-5.9	0.3	-9.3	-11.4	-26.3	-10.5	-5.5	-10.4	-2.0	-28.4
Net profit for the period	43.1	1.8	27.0	23.9	95.8	2.8	3.7	16.3	-48.7	-25.9
Net profit attributable to:										
Equity owners of the parent	41.9	0.2	25.3	22.5	89.9	1.8	2.2	14.5	-50.1	-31.6
Non-controlling interests	1.2	1.6	1.7	1.4	5.9	1.0	1.5	1.8	1.4	5.7
Net profit for the period	43.1	1.8	27.0	23.9	95.8	2.8	3.7	16.3	-48.7	-25.9
Earning per share, basic, EUR	0.28	0.00	0.16	0.15	0.59	0.01	0.02	0.09	-0.33	-0.21
Earning per share, diluted, EUR	0.28	0.00	0.16	0.15	0.59	0.01	0.02	0.09	-0.33	-0.21
Capital employed, rolling					1,427.7					1,493.0
Return on capital employed (ROCE), %					10.7%					2.8%

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

INFORMATION FOR INVESTORS

FINANCIAL REPORTS IN 2015

Kemira will publish three interim reports in 2015.
April 24, 2015: Interim report for January–March
July 22, 2015: Interim report for January–June
October 23, 2015: Interim report for January–September

The interim reports and related presentation material are available on Kemira's website at www.kemira.com/investors. Furthermore, Kemira's press releases, Annual Reports (incl. Corporate Responsibility Report and Financial Statements) and other investor information are also available on the website. On the site, visitors can register to receive press releases by email and order the company's Financial Statements. Financial Statements can also be ordered from Kemira Oyj, Group Communications, tel. +358 10 8611.

INVESTOR COMMUNICATIONS

The purpose of Kemira's investor communications is to provide capital markets with open and reliable information on the company and its operating environment in order to give market participants a factual overview of Kemira as an investment.

Kemira's investor communications aims to ensure that everyone operating in the markets has equal access to sufficient and correct information concerning the company, and to ensure that information is disclosed consistently and without delay.

Kemira Oyj is domiciled in Helsinki, Finland, and the company's shares are listed on NASDAQ OMX Helsinki. Kemira Oyj complies with the laws of Finland and the regulations of NASDAQ OMX Helsinki and Finland's Financial Supervisory Authority.

SILENT PERIOD

Kemira observes a 30-day silent period before issuing financial statements or interim reports. During the period, Kemira's representatives do not comment on Kemira's financial statements or interim reports for the ongoing reporting period the specific silent period relates to. The schedule for the silent period and publication of financial information and closed periods is displayed on Kemira's website under Investors > Investor Calendar. Kemira's Investor Relation function is responsible for keeping the calendar up-to-date.

ANNUAL GENERAL MEETING

Kemira's Annual General Meeting will be held on Monday, March 23, 2015 at 1.00 p.m. in Finlandia Hall, Mannerheimintie 13 e, Helsinki, Finland. A shareholder who on the record date of the Annual General Meeting, March 11, 2015, is registered in the company's shareholders' register maintained by Euroclear Finland Ltd, is entitled to attend and participate in the Annual General Meeting.

Registration to the Annual General Meeting begins on February 26, 2015 and registration instructions will be published on that day as a stock exchange release and at Kemira's web site at www.kemira.com > Investors > Corporate Governance > Annual General Meeting > Annual General Meeting 2015.

Kemira will release a stock exchange release on the Annual General Meeting's decisions immediately after the meeting.

DIVIDEND DISTRIBUTION

For dividend proposal, please see page 92.

CHANGE OF ADDRESS

Kemira's shareholders are kindly requested to report any change of address to the bank or brokerage firm in which they have their book-entry account. This will also update information in registers, maintained by Euroclear Finland Ltd, which Kemira uses to send mail to its shareholders. If the book-entry account is held by Finnish Central Securities Depository Ltd, changes of address should be reported there directly.

INVESTOR RELATIONS

Tero Huovinen, Vice President, Investor Relations
tel. +358 10 862 1980
e-mail: tero.huovinen@kemira.com

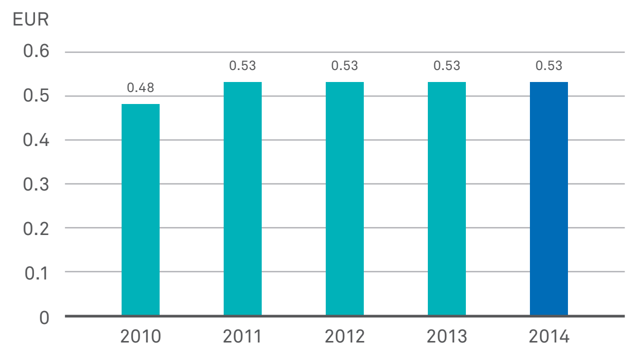
BASIC SHARE INFORMATION

Listed on: NASDAQ OMX Helsinki Ltd
Trading code: KRA1V
ISIN code: FI0009004824
Industry group: Materials
Industry: Chemicals
Number of shares on December 31, 2014: 155,342,557
Listing date: November 10, 1994

SHARE PRICE 2010–2014

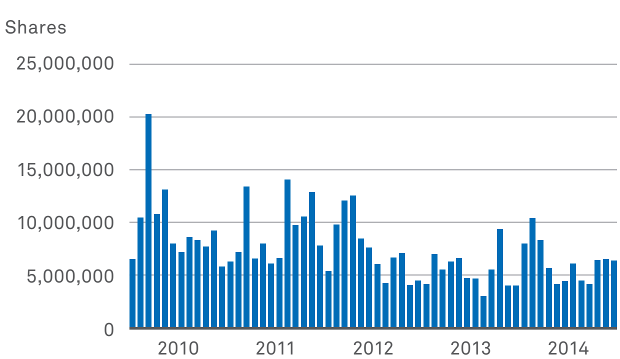
- Kemira Oyj
- Nasdaq OMX Helsinki Ltd
- EURO STOXX Chems

DIVIDEND PER SHARE [2]

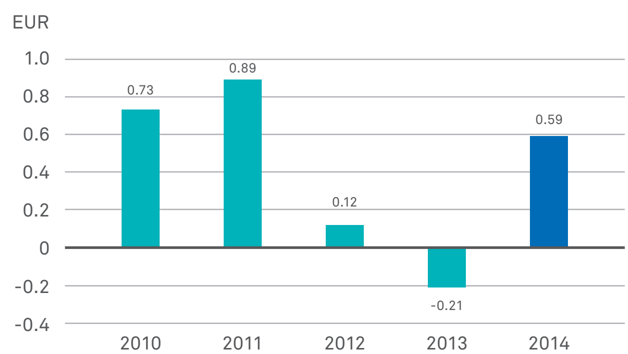


2) The dividend for 2014 is the Board of Director's proposal to the Annual General Meeting.

MONTHLY TRADING VOLUME ON NASDAQ OMX HELSINKI 2010–2014

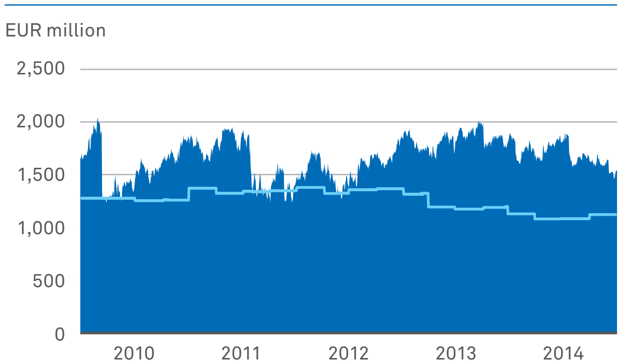


EARNINGS PER SHARE [1]



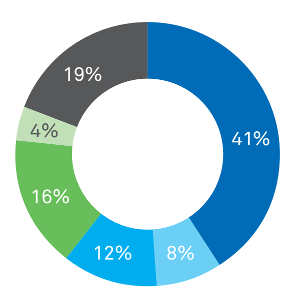
1) Excluding Tikkurila 2010

MARKET VALUE 2010–2014



- Market value
- Total equity

OWNERSHIP DECEMBER 31, 2014



- Corporations
- Financial and insurance corporations
- General goverment
- Households
- Non-profit institutions
- Non-Finnish shareholders incl nominee register

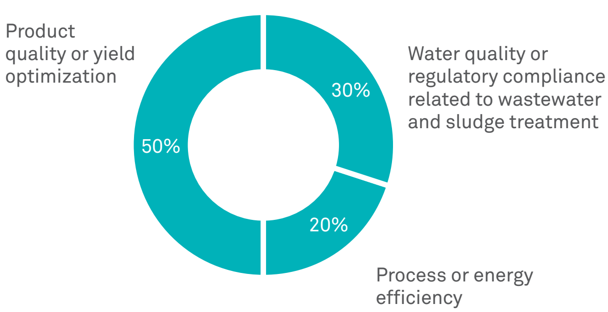
CREATING SUSTAINABLE VALUE

TO OUR CUSTOMERS IN WATER INTENSIVE INDUSTRIES

In 2014, Kemira's innovations and technologies enabled the production of:

- 600 BILLION BOXES FOR PACKAGING
- 150 BILLION COPIES OF MAGAZINES AND CATALOGUES
- 20 BILLION CARTONS OF MILK, JUICE OR OTHER LIQUIDS
- 1,500 MILLION BARRELS OF OIL AND GAS (MBOE)
- 17,000 MILLION M³ PURIFIED WATER

KEMIRA REVENUE SPLIT BY CUSTOMER BENEFIT, %



Kemira
Where water meets chemistry™

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Kemira is a global chemicals company serving customers in water-intensive industries. We provide expertise and tailored combinations of chemicals that improve our customers' water, energy and raw material efficiency. We focus on pulp & paper, oil & gas, mining and water treatment.

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