

Annual Report

2003

FISKARS



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## Problem

Our changing environment is steered by the human desire for continuous improvement. Sometimes the solutions can be very old; only their applications will change.



## Innovation

Design and innovation do not spring out of nowhere. The technology of past generations and their products are important examples and sources of ideas for contemporary designers. Inventions, discoveries and innovation go hand in hand with the evolution of technologies and materials.



## Design

Design is a process in which the new product is approached from the perspectives of marketing, technology and form. The planning and design process involves the whole life-span of a product, including its disposal and the recycling of its materials. Good quality, reliability, safety and sound ergonomic properties are the goals of product design.



## Production

The manufacturing of a product is a process, passing in various stages from one machine to another. An efficient and cost-effective method of manufacturing requires the detailed planning of the process already at the model stage. Tools are tested in authentic use situations and environments. Models are used to test the functionality, appearance and dimensions of objects, as well as their ergonomic properties.



## Marketing

The user's needs and the demands of the market are often the starting point for developing a new product. The product must convince the consumer with its appearance and packaging. The graphic design of a product and its packaging creates an association with the manufacturer and the brand.



## A Classic

Classic products are durable, long-lasting and of high quality. The appearance of a true classic will not become obsolete. Fiskars scissors are a classic.

### Fiskars Orange®

The orange color of the Fiskars scissors was brought about almost accidentally when the product was developed in 1967. That color is now part of the world-famous Fiskars brand. In 2003, the color was registered as a trademark in Finland, Fiskars Orange®.



## Information to Shareholders

The Annual General Meeting of the Shareholders of Fiskars Corporation will be held on March 16, 2004 at 3.00 p.m. at the Finlandia Hall, Mannerheimintie 13 e, Helsinki.

Shareholders registered at March 6, 2004 in the shareholders' register maintained by the Finnish Central Securities Depository Ltd. (Suomen Arvopaperikeskus Oy) are entitled to participate in the meeting. Shareholders wishing to attend the meeting should inform Fiskars Corporation not later than 4.00 p.m. on March 8.

### PAYMENT OF DIVIDENDS

The Board of Directors proposes that the Annual General Meeting declare a dividend of 0.31 euro per share of series A and 0.29 euro per share of series K. The record date for the dividend is March 19, 2004 and the payment date March 26, 2004.

### ANNUAL REPORT 2003

This Annual Report is published in Finnish, Swedish and English. The Annual Report is also available on Fiskars Corporation's website [www.fiskars.fi](http://www.fiskars.fi).

### INTERIM REPORTS IN 2004

The Interim Reports will be published as follows:

January–March	May 7, 2004
January–June	August 6, 2004
January–September	November 10, 2004

The Interim Reports are published in Finnish, Swedish and English on the website [www.fiskars.fi](http://www.fiskars.fi). They can also be ordered at [info@fiskars.fi](mailto:info@fiskars.fi) or by phone: +358 9 618 861 or fax +358 9 604 053.

### STOCK EXCHANGE RELEASES

Stock Exchange releases are published in Finnish, Swedish and English on the website [www.fiskars.fi](http://www.fiskars.fi).

### SUMMARY OF OPERATIONS\*)

	2003	2002
	M€	M€
Net sales	620	725
Operating profit	-52	28
Net profit	-13	50
Balance sheet total	678	809
Equity ratio	51%	53%

### SHARE DATA

	€	€
Earnings/share	-0.23	0.90
Equity/share	6.29	7.75

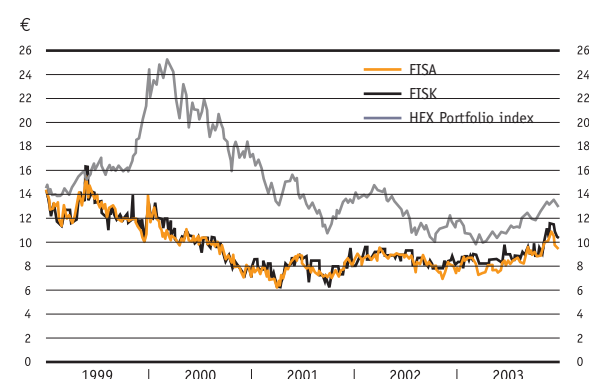
Personnel at year-end	3,877	4,206
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\*) A complete summary is presented on page 42.

### EURO EXCHANGE RATES

	2003	2002	2003	2002
	Income Statement		Balance Sheet	
USD	1.131	0.946	1.263	1.049
GBP	0.692	0.629	0.705	0.651
SEK	9.124	9.161	9.080	9.153
NOK	8.003	7.509	8.414	7.276
DKK	7.431	7.431	7.445	7.429

### TREND OF FISKARS SHARE PRICE COMPARED TO HEX PORTFOLIO INDEX



### EURO IN USD





# Fiskars has adapted to changes – new challenges ahead

Heikki Allonen



With two thirds of our net sales generated in the US, Canada and Mexico, it is obvious that the fluctuating exchange rates of 2003 cause difficulty in interpreting comparative figures from 2002.

The beginning of the year 2003 was difficult for Fiskars. And as spring is the main profit-generating season for Fiskars, the slight improvement experienced in markets and the outlook towards the end of the year was not enough to make up for the shortfall in the spring. Sales development did not meet our targets. This despite the fact that Fiskars Brands, Inc. in the US achieved a two percent growth in net sales when stated in dollars.

The corporate balance sheet developed favorably throughout the financial period. Working capital was successfully reduced by EUR 20 million.

In the last quarter of the year, it became evident that a goodwill impairment and fixed asset write-down in Fiskars Brands was required. After the execution of these measures the balance sheet remained healthy and the corporation has a sound base to finance its growth.

The impairment charges relate to continued problems with resin-based product lines in the US. Despite restructuring measures, the operations ran at a loss. Continuing high cost of raw material and the competition from low-cost countries have further more hampered the recovery.

In December 2003, Fiskars paid an extra dividend and thus the total dividends paid for 2002 were EUR 1.10 per A share and correspondingly EUR 1.06 per K share. This means that all in all EUR 60 million was paid reflecting both a strong financial position and the company's wish to maintain an active dividend policy.

Fiskars Brands development has been positive in several areas. The fastest growth was seen in Gerber, whose net sales increased by 41 percent compared to previous year. Gerber tools, knives and other recreational products are becoming another mainstay to complement the scissors-related business and garden tools business of the corporation.

The garden tools business has also developed positively, while competition has grown stronger in the scissors and

related products market. Part of the competition comes from products sourced from Asia. Fiskars Brands has also expanded its own sourcing activities in the Far East. We have furthermore opened up a new opportunity in Asia by founding an affiliated company in Japan.

In Europe, the German economy continued to be soft. Together with a modest outcome in Britain these two markets were clear disappointments. In the other markets we managed to keep our positions and in Finland we continued to be successful. We also expect that the rapidly growing Russian market will continue to improve.

Our business environment is developing and becoming increasingly international. The quality of our information technology was brought to a new level in the fall, when our new ERP system went live in the US. Change is rapid, and one of the next steps is to unify all product packaging for Fiskars Brands throughout the world.



There are plenty of forecasts available about the outlook for the US market, but much of it is in many respects conflicting. We have obviously seen an upturn in the economy, but at the same time both budget and foreign trade deficits have grown rapidly and household savings continue to be on a low level. For Fiskars products, the patterns of demand seem uneven.

Once again, development at the Inha Works was positive. Boat sales were up and the production of hinges enjoyed a favorable market. The radiator operations were divested early in the year. The new XL Buster was introduced for the 2004 season. Inha Works has every chance of further expanding its activities.

Fiskars Village is an essential and historical part of Fiskars Corporation. In the past season, Fiskars Village was visited by more than 100,000 people, and is now alive and active all year round. The properties are being developed and the forests cared for in the long term following the principles of sustainable development. A good example of this is the new hotel, which has improved the services in the village considerably.

Our holding in Wärtsilä Corporation represents more than a quarter of the Fiskars balance sheet total. Our share of the capital is 19.2 percent and 24.4 percent of the votes. We have increased our ownership consistently over

a long period of time. Wärtsilä's market value developed favorably.

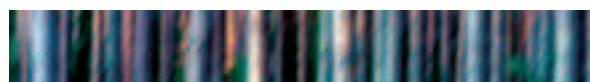
Fiskars investments in EQT private equity funds again yielded a part of the corporation's investment income.



Openness in the reporting of listed companies is increasing as the Recommendation for Corporate Governance of Listed Companies is complied with. As Fiskars has spent considerable time and effort on corporate governance, the transition will be easy. Some of the new aspects of the recommendation have already been taken into account in this Annual Report.

Fiskars targets to implement the new International Financial Reporting Standards (IFRS) starting from 2005 Financial Statement. According to our preliminary view, the changes in the financial statements will not lead to significant changes in the corporate balance sheet or ratios.

The bulk of our present operations and activity is in the US and will remain so during the current financial period. The outlook for the immediate future is quite dependent on how the US economy develops. The US dollar/Euro exchange rates will again affect our figures.



The corporation is in a position to look for new areas of growth in both its present and adjacent areas of business. Our balance sheet gives us the freedom of movement to act.

I wish to thank our customers, cooperation partners, personnel and shareholders for the past year.

Helsinki, February 2004

# Board of Directors

## FISKARS CORPORATION



**Göran J. Ehrnrooth** (1934)

Chairman since 1984, elected to the Board in 1974. President of Fiskars Corporation during 1969–1983. Vice Chairman of the Board of Wärtsilä Corporation. Holds 386,347 Fiskars shares.

**Mikael von Frenckell** (1947)

M.Sc. (Pol.). Vice Chairman, elected to the Board in 2000. Chairman of the Board and partner in Sponsor Capital Ltd. Chairman of the Board in Tamfelt Corporation. Member of the Board of Tamro Corporation and Member of the Supervisory Board of Sampo Life Insurance Company Ltd. Holds 40,000 Fiskars shares.



**Robert G. Ehrnrooth** (1939)

Lic. (Econ.). Elected to the Board in 1966. Holds 596,264 Fiskars shares.



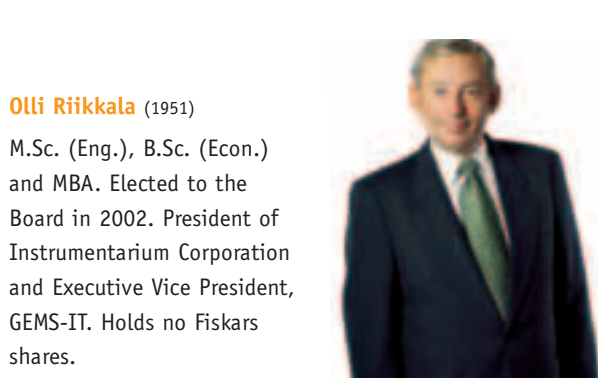
**Gustaf Gripenberg** (1952)

D.(Eng.) Professor, Helsinki University of Technology. Elected to the Board in 1986. Holds 144,125 Fiskars shares.



**Thomas Tallberg** (1934)

M.D., The Institute for Bio-Immunotherapy. Elected to the Board in 1966. Chairman of the Board of Tallberg Group. Holds 502 Fiskars shares.



**Olli Riikkala** (1951)

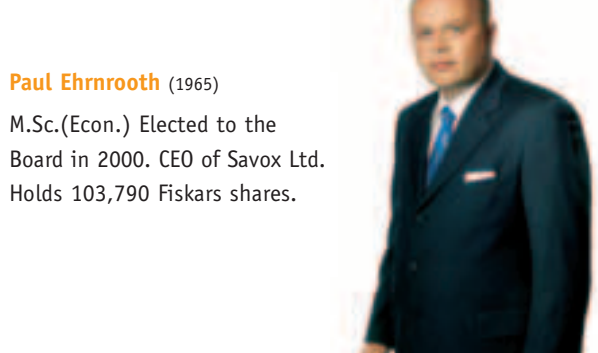
M.Sc. (Eng.), B.Sc. (Econ.) and MBA. Elected to the Board in 2002. President of Instrumentarium Corporation and Executive Vice President, GEMS-IT. Holds no Fiskars shares.

## DEPUTY MEMBERS



**Alexander Ehrnrooth** (1974)

M.Sc.(Econ.) and MBA. Elected to the Board in 2000. CEO of Virala Ltd. Vice Chairman of the Board of Menire Plc. and Chairman of the Board of Beconnected Finland Ltd. Holds 62,247 Fiskars shares.



**Paul Ehrnrooth** (1965)

M.Sc.(Econ.) Elected to the Board in 2000. CEO of Savox Ltd. Holds 103,790 Fiskars shares.

## AUDITOR

**KPMG Wierdi Oy Ab**  
Corporation of Auditors



## FISKARS CORPORATION

**Heikki Allonen** (1954)  
President and CEO  
M.Sc. (Eng.)  
Employed since 2003  
Holds 12,147 Fiskars shares

**Leena Kahila-Bergh** (1959)  
Vice President,  
Corporate Communications  
M.Sc. (Econ.)  
Employed since 1989  
Holds 375 Fiskars shares

**Johan Landsdorff** (1949)  
Vice President, Legal Counsel  
LL.M.  
Employed since 2003

**Ingmar Lindberg** (1945)  
Executive Vice President, Real Estate  
B.Sc. (Econ.)  
Employed since 1985  
Holds 12,532 Fiskars shares

**Maija Kutvonen** (1956)  
Vice President, Corporate Controller  
B. Sc. (Econ.)  
Employed since 2003  
Holds 500 Fiskars shares

**Juha Rauhala** (1954)  
Vice President, Corporate Finance  
B.Sc. (Econ.)  
Employed since 1989  
Holds 11,144 Fiskars shares

## FISKARS BRANDS, INC.

### BOARD OF DIRECTORS

**Heikki Allonen** (1954)  
Chairman  
**Ralf R. Böer** (1948)  
Holds 39,055 Fiskars shares  
**David J. Drury** (1948)  
**Alexander Ehrnrooth** (1974)  
**Richard G. Sim** (1944)  
**Clas Thelin** (1954)  
**William J. Denton** (1944)  
President and CEO

### MANAGEMENT

**William J. Denton** (1944)  
President and CEO  
Employed since 2000  
**Jerome Klein** (1957)  
Vice President & Controller  
Employed since 2002  
**Richard Krause** (1961)  
Senior Vice President &  
Chief Marketing Officer  
Employed since 2001  
**Anita A. Loch** (1948)  
Senior Vice President &  
Chief Administrative Officer  
Employed since 2001  
**Herman Nell** (1955)  
Vice President,  
Global Information Technology  
Employed since 2003  
**James S. Purdin** (1949)  
Senior Vice President &  
Chief Operating Officer  
Employed since 2003

## INHA WORKS LTD.

### BOARD OF DIRECTORS

**Heikki Allonen** (1954)  
Chairman  
**Pauli Lantonen** (1939)  
Engineer  
Holds 10,859 Fiskars shares  
**Ingmar Lindberg** (1945)

### MANAGEMENT

**Jukka Suonperä** (1952)  
President  
M.Sc. (Eng.)  
Employed since 2003  
**Ari Raiskio** (1955)  
Vice President, Finance  
M.Sc. (Econ.), B. Sc.(Eng.)  
Employed since 1994  
Holds 125 Fiskars shares  
**Jari Viljanen** (1961)  
Vice President, Purchases  
M.Sc. (Econ.)  
Employed since 1996  
**Juha Lehtineva** (1959)  
Vice President, Buster Boats  
M.Sc. (Eng.)  
Employed since 2001  
**Vesa Savolainen** (1969)  
Vice President, Hinges  
and Forged products  
M.Sc. (Eng.)  
Employed since 2000

## REAL ESTATE

### FISKARS REAL ESTATE MANAGEMENT

| **Ingmar Lindberg** (1945)

## FERRARIA OY AB

### BOARD OF DIRECTORS

**Heikki Allonen** (1954)  
Chairman  
**Elsa Fromond** (1942)  
Ph.D.  
Holds 789,321 Fiskars shares  
**Fredrik von Limburg Stirum** (1974)  
Student of agriculture and forestry  
Holds 185,842 Fiskars shares  
**Ingmar Lindberg** (1945)  
President



**Fiskars' biggest industrial operations consist of consumer products organized under a subsidiary called Fiskars Brands, Inc. As a global manufacturer of branded products Fiskars Brands serves the needs of consumers and volume purchasers worldwide. The headquarter is located in Madison, Wisconsin.**

In March 2003, Fiskars Brands was organized into seven distinct product categories: School, Office & Craft; Garden Tools & Accessories; Outdoor Recreation; Home Leisure; Housewares; Consumer Electronics; and Resin Furniture. The wide range of Fiskars consumer products is sold worldwide under recognized brand names.

The main goals of the global organization are to ensure the success of our brands, focusing in particular on new innovative product development, and to use our resources to achieve more competitive production costs, efficient distribution channels, and global growth. Fiskars Brands aims to continually improve customer satisfaction and brand loyalty through long-term development of technology, creativity, excellence in design, and cost-efficiency.

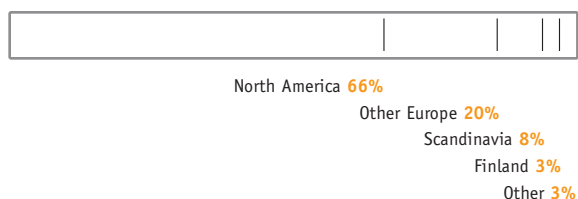
In today's global marketplace, Fiskars Brands multinational experience, global marketing and distribution capabilities give a key strategic advantage. With 3,500 employees in more than 20 countries on three continents, Fiskars Brands maintains dedicated manufacturing, sales and distribution facilities around the world. Its products are marketed and distributed in North and Central America, Europe and the Asian Pacific markets. The products – manufactured primarily in the United States, Finland, United Kingdom, Germany, Italy, Norway, Poland and Russia – are distributed primarily through nationally and internationally known retailers.

In the future, Fiskars Brands will continue to develop the opportunities offered by a global marketplace, its brands, its customer services, its product innovation, and its international chain of distributors – all factors that make Fiskars Brands a world leader in manufacturing and marketing.

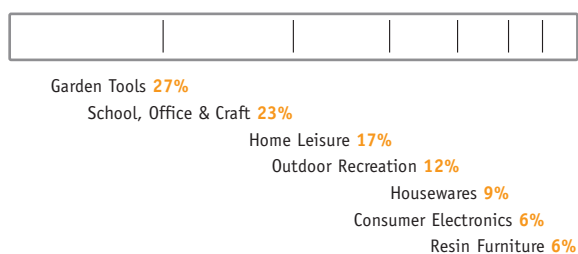
## KEY INDICATORS M€

	2003	2002
Net sales	589	693
Share of total net sales	95%	96%
Operating profit	-51	27
Personnel	3,580	3,899

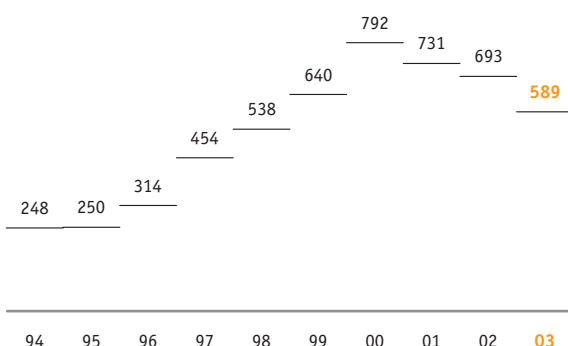
## NET SALES BY MARKET AREA



## NET SALES BY PRODUCT GROUP



## NET SALES 1994-2003 M€





#### His and hers.

The length of the shaft can be adjusted, bringing ergonomics to gardening. The spade and fork in the Telescopic series were awarded the respected iF-Design Prize 2003 Gold Award.

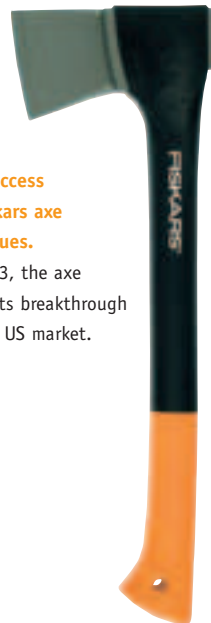
#### The PowerGear design increases cutting power.

PowerGear tools include a variety of power loppers and shears to make all forms of pruning easier.



#### The success of Fiskars axe continues.

In 2003, the axe made its breakthrough on the US market.



The Fiskars range offers efficient cutting tools for all forms of pruning. The highly commended and award-winning pruning tools are easily recognized by their familiar orange-and-black colors.



Gerber multi-tools and knives are increasingly popular. Some of the knives are now sold under the Winchester brand.

One of the new gardening products is the weeder. Dandelions can be removed while standing in a comfortable position and without any toxic substances.







Montana fine Italian kitchen knives embody modern design and solid expertise.

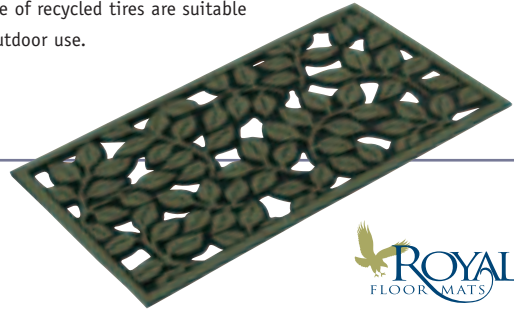


Lightweight pottery for indoor and outdoor plants makes even creation of large plant arrangements easy.

PLANTERRA

AMERICAN DESIGNER™ POTTERY

Royal Floor Mats made of recycled tires are suitable for both indoor and outdoor use.



ROYAL FLOOR MATS



SYROCO

The Syroco outdoor and garden furniture are made and marketed in the United States.



Power Sentry®

The Electronic product range, designed to look good at home or office, protects electrical equipment from unexpected power surges.



FISKARS®

A variety of craft tools have joined the Fiskars range of scissors and other cutting tools.



RAADVAD

Danish-designed Raadvad cutlery are part of the European housewares offerings.



## **SCHOOL, OFFICE & CRAFT**

Fiskars School, Office & Craft is the world's leading manufacturer of scissors and other cutting products. Most of the products are made and sold in the United States, but significant quantities of scissors are also produced in Finland. Sales in Europe, Australia and Canada have recently increased dramatically.

Fiskars is known all over the world, particularly for its orange-handled scissors. The color became a registered trademark in Finland in 2003. Year after year, in schools across the United States, teachers specify Fiskars for Kids scissors on their school supply lists. Consumer loyalty and brand awareness is increasing through the Fiskars website ([www.fiskars.com](http://www.fiskars.com)) from which teachers can download lesson plans and ideas for craft projects.

## **GARDEN TOOLS & ACCESSORIES**

Fiskars manufactures consumer gardening products in the United States, Finland, Norway, Denmark, Sweden, Germany, the United Kingdom, Poland and Russia. The development of uniquely innovative products has made Fiskars the number one global manufacturer of garden tools.

Fiskars leads the way in developing tools to help reduce the effort, fatigue and strain associated with gardening. The gardening product range offers a variety of cutters and shears, pole pruners, axes, tool accessories, snow and landscape tools, as well as garden and soaker hoses.

## **OUTDOOR RECREATION**

The Outdoor Recreation group produces tools and equipment for hunting, fishing, biking and camping. Production is located mainly in the United States and Finland, and various marketing and distribution channels ensure global sales of the products. This product category offers goods for retail customers as well as professional tools for police, fire, rescue and military applications.

The premium brand is Gerber, known all over the world for designing outdoor gear for enthusiasts. Best known are their multi-tools and award-winning sporting knife

designs. The multi-brand/multi-product line strategy portfolio, including the Winchester brand, allows Gerber to differentiate between products and respond effectively to specific customer and marketplace needs. In January 2004, Fiskars Brands acquired CMG Equipment, a United States manufacturer of camping lights and flashlights that complement the Gerber product line.

## **HOUSEWARES**

The Housewares group focuses its operations in Europe, with production in Finland, Italy, Poland and Denmark. Its extensive range of products includes a wide variety of premium cutlery, kitchen aids, and other home consumer products. The reorganization of product categories in early 2003 is aimed to streamline the offerings while continuing to develop and manufacture innovative new products.

## **CONSUMER ELECTRONICS**

Consumer electrical goods marketed throughout North America. This group includes a wide range of products to protect electrical appliances and equipment at home or office from unexpected power surges, as well as other outlet devices. The Power Sentry and Newpoint product lines offer consumers innovative solutions in a variety of price ranges.

## **RESIN FURNITURE**

The operation of this product category is focused on the United States. Syroco produces a variety of resin-based outdoor furniture and items for home decorating.

## **HOME LEISURE**

Home leisure products are manufactured in the United States, the United Kingdom and Germany, and marketed throughout the world through our international distribution network. The range of products includes the Royal Floor Mats, lightweight pottery for indoor and outdoor plants, and other planting accessories.





**Inha Works, located in Ähtäri, central Finland, has three product lines: Buster aluminum boats, Fiskars hinges and rail fasteners. In addition to the Nordic countries the main market areas are the Baltic region.**

During 2003, Inha Works concentrated on developing new products and production methods for its boat and hinge ranges. Implementing these measures improved competitiveness, customer satisfaction, and the reliability of delivery of Buster boats and Fiskars hinges. The new products were well received in the marketplace, which has improved expectations of profitable growth in future years. The radiator operations were divested in the spring of 2003.

Demand for Buster boats increased and Buster's position was strengthened as Europe's brand leader in aluminum boats. The largest increase was in shipments of Buster boats to Norway.

The aluminum boat range includes seven models. When the fourth generation Buster XL was introduced to the boating press and retailers, excellent reviews increased sales expectations. The maximum outboard engine power recommendation has been increased for the two largest Buster models, the XXL and the Magnum. Standard of equipment have been upgraded in the XXL and M boats. Once again, Buster L was the best-selling open boat in Finland.

Sales of hinges maintained a good level in Finland. Confidence in the quality of Fiskars hinges and the reliability of delivery were further improved. The export market of hinges did not do as well as expected due to general insecurity in the construction markets. Investments in development of new production processes and products for the hinge range, together with good customer service, will give both business customers and end users better value also in the future.

Demand for rail fasteners was good throughout the year. Inha Works' longstanding cooperation with Nordic rail companies continued, thanks to customer-based service and steel processing expertise.

## KEY INDICATORS M€

	2003	2002
Net sales	24	23
– of which outside Finland	44%	43%
Share of total net sales	4%	3%
Operating profit	3	2
Personnel	202	198

## NET SALES BY MARKET AREA



## BUSTER BOAT MODELS



**Buster**

The furnishings of Buster boats have been upgraded to provide greater comfort for both driver and passengers, especially in the larger models.



Buster leisure boats come in many different models, making boating fun for people of all ages.



**FISKARS**

Fiskars hinges are pioneers in the development and installation of security hinges.



## Real Estate Group

Ingmar Lindberg



One area of business operated by Fiskars Corporation is the Real Estate Group, which manages nearly 15,000 hectares of real estate. Most of the properties, some 11,000 hectares, are located in and around Fiskars Village, the birthplace of the company. In addition to the management of land and buildings, Fiskars actively develops their use and plans for their future.

Today, tourists and other visitors come to Fiskars Village all year round and it is known as a center for high-quality Finnish art and design. The ironworks village, founded in 1649, is a lively community and the corporation wants to further develop it in ways that continue to pay homage to its roots while creating a vital environment for its present and future inhabitants as well as for the visitors.

The new hotel building, finished in the summer of 2003, has been praised for its architecture that fits into the historically valuable environment and has created a unique setting for people who want to take a longer sojourn in the village, whether to attend a conference at FiskarsForum or to visit it for some other reason. Together with the exhibitions all year round in the village, the hotel is attracting new visitors even in winter. The historically interesting Fiskars Village located in a landscape of outstanding natural beauty provides an excellent setting for both work and recreation throughout the year.

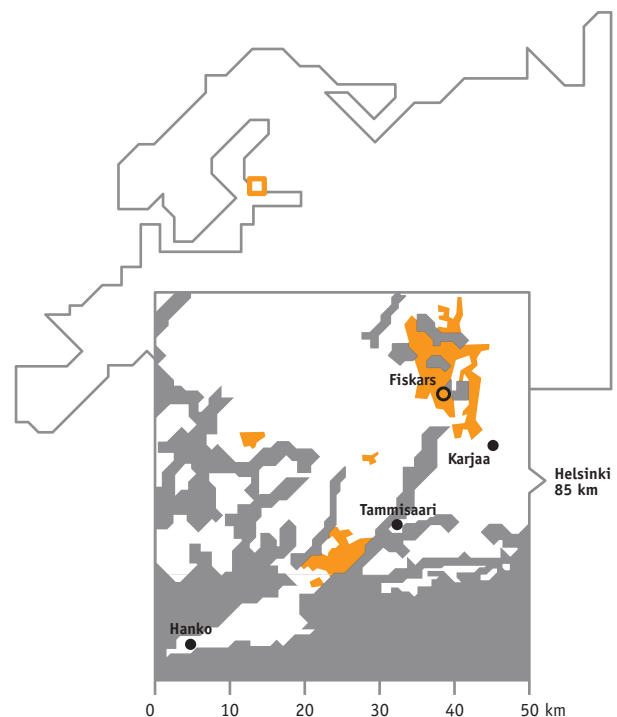
Fiskars' forests in southwest Finland include both commercial forest and wilderness, which are used for traditional forestry and farming in accordance with long-term plans. A sawmill in Fiskars Village supplies high-quality wood for specialist uses, such as the furniture industry. The raw material is harvested mainly from the corporation's own forests. With hundreds of lakes and some 160 miles (250 kilometers) of shoreline, the area also offers building sites for new inhabitants.

The 4,000 hectares of Fiskars real estate located on the Hanko peninsula are managed by the real estate company Ferraria. The company has prepared a plan to develop the area in cooperation with the neighboring municipalities. Their goal is to produce a detailed zoning plan for the Skogby area and to develop the municipal infrastructure for its essential services.

Fiskars takes responsibility for its environment and has long been involved in various environmental projects. Some

10 percent of the corporation's land in Uusimaa and Varsinais-Suomi districts is included in several nature conservation plans either through deed or own corporate ownership.

In addition to their environmental value, the forests will continue to be a considerable financial asset to the corporation.



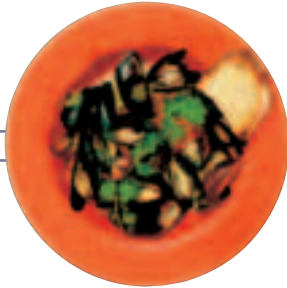




The cooperative of designers, artisans and artists who live and work at Fiskars Village is an important resource that offers exhibitions throughout the year.



Fiskars' real estate holdings consist of commercial forests as well as forests that are unique.



Fiskars Village has two fine restaurants: Kupaipaja and the Fiskars Wårdshus hotel and restaurant where the new building has significantly increased the hotel's guest capacity.



## Long-term Investments

### WÄRTSILÄ CORPORATION

Wärtsilä is the leading global ship power supplier and a major provider of solutions for decentralized power generation and of supporting services.

In addition Wärtsilä operates a Nordic engineering steel company Imatra Steel and has a stake in Assa Abloy Ltd.

In 2003 the Wärtsilä Corporation's consolidated net sales amounted to EUR 2.4 billion and its profits after taxes were EUR -39.3 million. The group has 12,100 employees.

Fiskars is Wärtsilä's biggest single shareholder. Fiskars holds 4.1 million Wärtsilä A-shares and 7.4 million B-shares, in total 24.4 per cent of votes and 19.2 percent of the Wärtsilä Corporation share capital. At December 31, 2003 the market value of the investment on the Helsinki Stock Exchange was EUR 175 million, EUR 15.2 per share.

The two companies have no significant mutual trade relations or other common business operations.

[www.wartsila.com](http://www.wartsila.com)



### FUNDS

The EQT Equity Funds rank among the leading top-rated private capital investment funds in Northern Europe.

The EQT was established in 1994 and their total assets exceed EUR 3 billion. Investments have been made in more than 30 companies.

Fiskars' investments since 1994 in the various EQT funds totaled approximately EUR 16 million at December 31, 2003 and have yielded good returns.

[www.eqt.se](http://www.eqt.se)

Fiskars also has other long-term holdings of a bookvalue of approximately EUR 5 million in the New York-based AEA Fund and in Helsinki-listed securities.





# Financial Statements 2003

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## Report by the Board of Directors

Corporate net sales were EUR 620 million (725), a decline of 14 percent compared to the previous year. The decline was partly due to structural changes within the corporation, but mainly a consequence of the dollar weakening against the euro.

Operating profits from the corporation's industrial operations were EUR -48.9 million (29.8), burdened by the impairments of goodwill and devaluations of tangible fixed assets totalling EUR 84.2 million (19.5).

The Real Estate Group operating results were positive.

The Corporation's operating profit was EUR -51.9 million (27.9).

Income from long-term investments totalled EUR 31.3 million (59.0). Net financial items were reduced from the previous year to EUR 9.4 million (14.8) and the profit before taxes was EUR -30.0 million (72.1).

A substantial part of the parent company's devaluation of investments in subsidiaries will be tax deductible and therefore a deferred tax asset totalling EUR 24.2 million has been booked. This resulted in a positive net tax of EUR 17.2 million for the financial period, when taxes for the previous period were expenses totalling EUR 22.5.

The net profit for the year was EUR -12.8 million (49.6) and earnings per share EUR -0.23 (0.90).

The Board of Directors proposes a dividend of EUR 0.31 per share of series A and EUR 0.29 per share of series K for the year 2003. Thus the 2003 dividend distribution would be EUR 16.8 million. In March 2003, a dividend for the year 2002 was paid in the amount of EUR 0.70 per share of series A and EUR 0.68 per share of series K and in December an extra dividend of EUR 0.40 per A share and EUR 0.38 per K share was paid. Thus the dividend distribution for the year 2002 was EUR 60.3 million.

### OPERATIONS

#### Fiskars Brands, Inc.

Price pressure in consumer products increased - particularly

for resin based products in the United States. Manufacturing in Asia continued to increase its price competitiveness compared to producing goods in the West. This had a negative influence on both net sales and profitability and in part caused the impairment in the balance-sheet values of assets. Net sales of Fiskars Brands, the corporation's overwhelmingly largest division, were EUR 589 million (693), a decline of 15 percent compared to the previous year. Calculated at comparable currency rates the decline was 3.5 percent.

Of the sales 63 percent (68) were generated in North America and although the North American share of total net sales was lower than in the previous year, in dollars the amount was at the level of 2002. Europe's share of total net sales was 31 percent (29).

In North America, a decline of 6 percent in sales of FISKARS-branded school, office and crafts products was partly due to structural changes. However, profitability remained good.

Sales volumes and profitability increased in garden products, most of which sell under the FISKARS brand. The range and sales volume of products made in Billnäs, Finland, increased also in the US.

Sales of outdoor recreation products, most of which are GERBER branded, increased by 41 percent in dollars, and the level of profitability remained good.

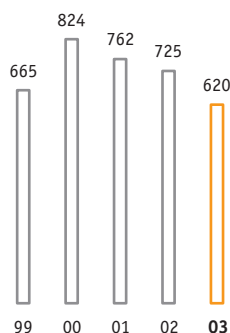
Sales of home leisure products, mainly plastic flower pots, developed very unsatisfactorily, and profitability was further deteriorated by higher raw-material costs and the low utilization level of production capacity.

Sales of outdoor resin furniture fell, and the business showed a loss.

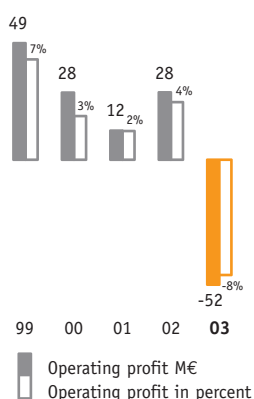
Sales of consumer electronics declined by approximately 17 percent, but profitability was maintained.

Houseware products which together with garden products form the core of European sales, developed favourably. Sales in Finland continued to grow, whereas weakening of the markets in Germany and Britain were reflected in the

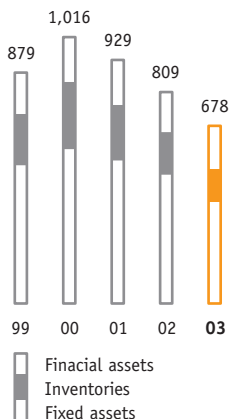
**NET SALES**  
M€



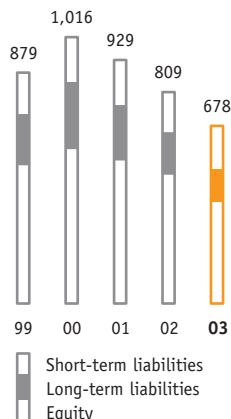
**OPERATING PROFIT M€ AND OPERATING PROFIT IN PERCENT**



**BALANCE SHEET, ASSETS**  
M€



**BALANCE SHEET, LIABILITIES AND EQUITY**  
M€



sales figures. Increased production volumes at the factory in Billnäs and the reorganization of European marketing channels improved profitability, despite a fall of 4 percent in total net sales in Europe.

Operations were extended into Asia by founding subsidiaries in Japan and China: in Japan to manage local sales and marketing and in China to further develop outsourcing. During the year the Bucket Boss product line was divested, and in January 2004 Fiskars Brands acquired CMG Equipment, a US manufacturer of camping lights and flashlights, to be included in the Gerber operations.

The operating profit of Fiskars Brands was EUR -51.4 million (27.3) including non-recurring items totalling EUR 84.2 million (19.5).

### Inha Works

Inha Works net sales were EUR 24,2 million (23,3), an increase of 4 percent. Boat sales increased both in Finland and the export markets. Sales and production of new products began well; the Buster M and the new Buster XL are being produced in series. The demand for other products remained level with that of the previous year. The operating profit was EUR 2.5 million (2.5).

### Real Estate Operations

Operating profit from the real estate operations was slightly lower to those of the previous year, but were clearly positive. Fiskars Village is a major part of the real estate operations and in latter years its significant development has increasingly generated positive recognition for the corporation. Historical values have been preserved in the more than 350 years old ironworks village. New activities have replaced its original industries.

### PERSONNEL

At the end of the year, the total number of personnel was

3,877 (4,206). The decrease was due to rationalization of both production and distribution in the US and in Europe. The Corporation employed a total of 2,096 (2,330) people in North America, and 873 (908) in Finland.

### CAPITAL EXPENDITURE AND INVESTMENTS

Capital expenditure in industrial fixed assets totalled EUR 26.7 million (31.0). Long-term investments counted for EUR 11.0 million (4.2), mostly in form of Wärtsilä shares.

Fiskars ownership of Wärtsilä shares at the end of the year was 19.2 percent of the capital and 24.4 percent of the votes. At the end of December the market value of Fiskars Wärtsilä shares was EUR 175 million. On February 9, 2004 Wärtsilä's market value exceeded the book value of the shares.

Fiskars has long-term investments in private equity funds with a market value of some EUR 27 million, according to estimates from the funds.

The long-term investment yield of EUR 31.3 million (59.0) mostly consists of Wärtsilä dividends. Returns from the equity funds were higher than those for the previous year.

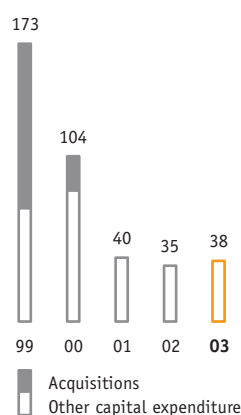
### BALANCE SHEET, FINANCING

The Corporation's cash flow continued to be positive, amounting to EUR 83.6 million (130.0). As in the previous year working capital was released, with EUR 11.9 million (21.4) being released from inventories. Net gearing remained low at 57 percent (57). The Corporation's interest-bearing liabilities decreased to EUR 216 million from EUR 266 million in the previous year.

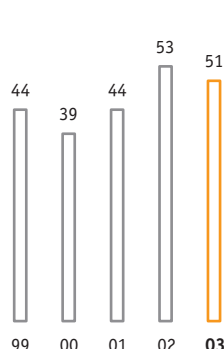
Solvency was good. In addition to significant unused available credit limits, the corporation had liquid assets totalling EUR 16.9 million (19.5) at the end of the year.

Net financial costs continued to decline strongly to EUR 9.4 million (14.8). This was due to a decrease in

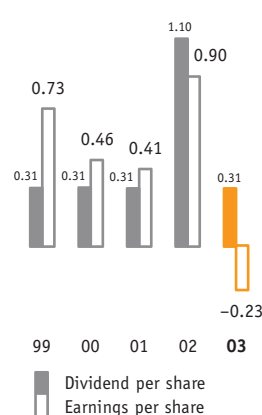
**CAPITAL EXPENDITURE**  
M€



**EQUITY RATIO**  
%



**DIVIDEND PER SHARE  
EARNINGS PER SHARE**  
€



interest-bearing debt and to lower average interest rates.

Shareholders' equity at the end of the financial period was EUR 348 million (429). Even after restructuring expenses and distribution of substantial dividends, the equity ratio remained good at 51 percent (53).

The balance sheet total was EUR 678.4 million. That is 16 percent less than the total of EUR 809.3 million for the previous financial year. After the deduction of the impairment during the financial period, the remaining goodwill associated with Fiskars Brands operations is EUR 33.0 million (102.2). The deductions will further more reduce the amount of future annual amortization of goodwill. The dollar weakened 20 percent against the euro. This reduced the balance sheet value of industrial fixed assets by approximately EUR 20 million.

As in previous years, long-term investments in fixed assets are shown at cost; Wärtsilä shares at EUR 192 million or 16.72 per share and investments in private equity funds at EUR 21 million.

## MANAGEMENT

Mr. Heikki Allonen, M.Sc. (Eng.), was appointed Chief Executive Officer and Corporate President in April. He assumed his post on June 16, 2003. Mr. Bertel Langenskiöld resigned as CEO on May 15, 2003. In the interim, Mr. Ingmar Lindberg, Corporate Executive Vice-President, acted as President.

Mr. William J. Denton was President and CEO of Fiskars Brands, Inc. throughout the year.

Mr. Jukka Suonperä, M.Sc. (Eng.) assumed his post as President of Inha Works on April 1, 2003.

Mr. Johan Landsdorff, LL.M., was appointed Corporate Vice-President and Legal Counsel on April 1, 2003, and Ms. Maija Kutvonen, B.Sc. (Econ.) was appointed Vice-President, Corporate Control, as from November 17, 2003.

## ANNUAL GENERAL MEETING 2003

The Fiskars Corporation Annual General Meeting, held on March 13, 2003, decided to declare a dividend of EUR 0.70 per A share and EUR 0.68 per K share, in total EUR 38.4 million.

The Articles of Association were amended to provide that the minimum number of Board members shall be five and the maximum number nine, and the maximum number of deputy members shall be three. Their term of office will be from their election to the end of the following Annual General Meeting.

The retiring members Mr. Göran J. Ehrnrooth and Dr. Thomas Tallberg and the deputy members Mr. Paul Ehrnrooth and Mr. Alexander Ehrnrooth were reelected. The term of all Board members and deputy members will end at the close of the Annual General Meeting in 2004.

KPMG Wideri Oy Ab was appointed auditor.

The Annual General Meeting authorized the Board of Directors to acquire and dispose of not more than

1,962,303 A shares and not more than 805,918 K shares in the company. The corresponding previous authorizations were revoked.

The Board decided to exercise the authorization for share repurchase and during the period December 10–31, 2003, the corporation purchased 62,219 A shares and 300 K shares. The average price per A share was EUR 9.83 and per K share EUR 10.50. The total purchase price for the shares was EUR 615,007.05 and their nominal value a total of EUR 62,519.00. The percentage of equity capital held in the shares is 0.11 percent with 0.02 percent of the number of votes. Share repurchase continued in the present financial period: between January 2 and January 16, the corporation purchased a total of 30,281 A shares.

## EXTRAORDINARY GENERAL MEETING 2003

On December 9, 2003, the Fiskars Corporation Extraordinary General Meeting approved a proposal to distribute an extra dividend for the financial period ending December 31, 2002. The extra dividend distributed was EUR 0.40 per A share and EUR 0.38 per K share, in total EUR 21.8 million.

## SHARE PRICES

The price of the Fiskars A share on the Helsinki Stock Exchange was EUR 9.40 at the end of December, compared to EUR 7.80 at the beginning of the year. Correspondingly, the price of the K series share was EUR 10.45 (8.10). The market value of Fiskars shares increased by 23 percent over the year to EUR 537 million (437). A total number of 4.5 million A shares (3.9) and 0.5 million K shares (1.3) were traded for a total value of EUR 44 million (45). This represented 8.9 percent of the entire share capital (9.5).

## OUTLOOK

The outlook for Fiskars Brands was modestly brighter during the last quarter of 2003 compared with the previous year. Though the change is not big, it bodes well for the financial year started.

As restructuring and rationalization continue in the problematic area of plastic products, the negative effects on the results will gradually diminish. Outsourcing will increase in these product groups, and rationalization projects will go forward.

The outlook for Inha Works is positive, particularly for the boat operations. The Real Estate Group will continue its stable development.

Investment income will consist of dividends from Wärtsilä – the proposed dividend at EUR 0.75 per share would result in a distribution of EUR 8.6 million for Fiskars' stake in the company – and possible returns from fund investments.

Continuing strength of the balance sheet provides a solid base and liquidity will remain good given the positive cash flow.

## Business areas

Net sales by business area	1.1.–31.12.2003		1.1.–31.12.2002		change 03/02 %
	M€	%	M€	%	
Fiskars Brands	589	95	693	96	-15
Inha Works	24	4	23	3	4
Industry total	613	99	717	99	-14
Corporate operations, real estate, other	10	2	12	2	
Eliminations	-3		-3		
Corporate total	620	100	725	100	-14

Result by business segment	M€		M€		change 03/02 M€
Fiskars Brands	-51.4		27.3		-78.7
Inha Works	2.5		2.5		0.0
Industry total	-48.9		29.8		-78.7
Corporate operations, real estate, other	-3.0		-1.9		-1.1
Operating profit (loss)	-51.9		27.9		-79.8
Income from non-current investments	31.3		59.0		-27.9
Consolidated segmental result	-20.6		86.9		-107.6

Net sales by market area	M€		M€		change 03/02 %
		%		%	
Finland	38	6	37	5	1
Scandinavia	57	9	63	9	-10
Other Europe	119	19	130	18	-8
North America	389	63	473	65	-18
Other	18	3	23	3	-23
Corporate total	620	100	725	100	-14
Export from Finland	53	9	51	7	5

Personnel by geographical area	Dec. 31, 2003		Dec. 31, 2002		change 03/02 %
		%		%	
Finland	873	23	908	22	-4
Scandinavia	155	4	190	5	-18
Other Europe	686	18	730	17	-6
North America	2,096	54	2,330	55	-10
Other	67	2	48	1	40
Corporate total	3,877	100	4,206	100	-8



## Consolidated Income Statement

	2003 M€		2002 M€	
<b>Net sales</b>	<b>620.3</b>	<b>100.0%</b>	725.5	100.0%
Cost of goods sold	-426.0		-501.5	
<b>Gross profit</b>	<b>194.3</b>	<b>31.3%</b>	224.0	30.9%
Sales and marketing expenses	-89.4		-98.8	
Administration expenses	-59.2		-61.8	
Other operating income	2.5		3.0	
Other operating expenses	-15.7		-19.1	
Restructuring expenses	-84.2		-19.5	
<b>Operating profit (loss)</b>	<b>-51.9</b>	<b>-8.4%</b>	27.9	3.8%
Income from participating interests			0.0	
Financial income and expenses (6)	21.9		44.2	
<b>Profit (loss) before taxes</b>	<b>-30.0</b>	<b>-4.8%</b>	72.1	9.9%
Income taxes (8)	17.2		-22.5	
<b>Profit (loss) for the financial year</b>	<b>-12.8</b>	<b>-2.1%</b>	49.6	6.8%

# Consolidated Balance Sheet

		Dec. 31, 2003 M€		Dec. 31, 2002 M€	
<b>ASSETS</b>					
<b>Fixed assets and other long-term investments</b>					
Intangible assets		1.6		1.0	
Goodwill		33.0		102.2	
Tangible assets		139.1		176.9	
Investments	(13)	215.9		211.4	
		389.5	57.4%	491.5	60.7%
<b>Inventories and financial assets</b>					
Inventories		124.4		160.2	
Long-term receivables		0.7		1.4	
Deferred tax assets		48.0		24.1	
Current receivables		99.0		112.6	
Cash in hand and at bank		16.9		19.5	
		288.9	42.6%	317.8	39.3%
		678.4	100.0%	809.3	100.0%
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>					
	(19)				
Share capital		55.4		55.4	
Share premium account		21.3		21.3	
Revaluation reserve		3.9		3.9	
Own shares		-0.6			
Other reserves		3.3		0.7	
Retained earnings		277.8		298.2	
Profit (loss) for the financial year		-12.8		49.6	
		348.3	51.3%	429.0	53.0%
<b>Provisions</b>	(21)	8.9	1.3%	5.5	0.7%
<b>Liabilities</b>					
Deferred tax liabilities	(22)	2.4		14.7	
Long-term liabilities	(23)	121.0		168.8	
Short-term liabilities	(24)	197.8		191.3	
		321.2	47.3%	374.8	46.3%
		678.4	100.0%	809.3	100.0%

# Consolidated Statement of Cash Flows

	2003 M€	2002 M€
<b>Cash flows from operating activities</b>		
Net profit before taxation	-30.0	72.1
Depreciation	33.3	42.8
Reversal of items recorded on an accrual basis (32)	46.1	-30.2
Cash generated before working capital changes	49.5	84.7
Change in current receivables	5.6	5.3
Change in inventories	11.9	21.4
Change in current non-interest bearing debt	12.7	8.0
Cash generated from operations	79.6	119.5
Financial income items received	1.1	0.6
Dividends received	19.9	41.6
Financial expense items paid	-10.6	-19.6
Taxes paid	-6.3	-12.0
<b>Net cash flow from operating activities</b>	<b>83.6</b>	<b>130.0</b>
<b>Cash flows from investing activities</b>		
Investments	-11.0	-4.2
Purchase of tangible and intangible assets	-26.7	-31.0
Proceeds from disposal of investments	9.4	0.9
Proceeds from sale of tangible assets	5.9	4.7
<b>Net cash flow from investments</b>	<b>-22.4</b>	<b>-29.6</b>
<b>Cash flow after investments</b>	<b>61.2</b>	<b>100.4</b>
<b>Cash flows from financing activities</b>		
Purchase of own shares	-0.6	
Change in non-current debt	-36.7	-9.4
Change in current interest bearing debt	31.3	-63.6
Change in non-current receivables	2.5	0.2
Dividends paid	-60.3	-16.8
<b>Net cash flows from financing activities</b>	<b>-63.8</b>	<b>-89.6</b>
<b>Change in cash</b>	<b>-2.6</b>	<b>10.9</b>
<b>Cash at beginning of year</b>	<b>19.5</b>	<b>9.5</b>
Effect of exchange rate changes	-0.1	-0.8
<b>Cash at end of year</b>	<b>16.9</b>	<b>19.5</b>

## Statement of Changes in Consolidated Equity

M€	Share capital	Share premium account	Revaluation reserve	Own shares	Other reserves	Retained earnings	Total
Dec. 31, 2001	55.4	21.3	3.9		4.8	321.5	406.8
Translation adjustment					-4.1	-6.5	-10.6
Transfer from revaluation reserve following sale of landholdings			0.0			0.0	0.0
Dividends						-16.8	-16.8
Net profit						49.6	49.6
<b>Dec. 31, 2002</b>	<b>55.4</b>	<b>21.3</b>	<b>3.9</b>		<b>0.7</b>	<b>347.8</b>	<b>429.0</b>
Translation adjustment					2.6	-9.7	-7.1
Transfer from revaluation reserve following sale of landholdings			0.0			0.0	0.0
Dividends						-60.3	-60.3
Own shares, change				-0.6			-0.6
Net profit						-12.8	-12.8
<b>Dec. 31, 2003</b>	<b>55.4</b>	<b>21.3</b>	<b>3.9</b>	<b>-0.6</b>	<b>3.3</b>	<b>265.1</b>	<b>348.3</b>

# General Accounting Principles

The financial statements have been prepared in accordance with regulations in force in Finland.

The financial information is presented in euro.

The preparation of financial statements in conformity with regulations in force and generally accepted accounting principles requires management to make estimates and assumptions that affect the valuation of assets and liabilities and reported amounts of revenues and expenses. Actual results could differ from those estimates.

**Scope of the Consolidated Financial Statements** The consolidated financial statements include the accounts of all companies where Fiskars directly or indirectly holds more than 50% of the votes. Acquired or established subsidiaries and investments in participating interests are included in the consolidated financial statements from the date of acquisition or establishment to the date of divestment.

Intercompany transactions, dividends, receivables and liabilities as well as unrealized intercompany profits have been eliminated.

The purchase method of accounting is used in elimination of intercompany shareholdings. Tax liability on the acquired company's untaxed reserves is included in deferred tax liabilities. The remainder is included in shareholders' equity. Where appropriate, the excess of acquisition cost over the value of acquired net assets is allocated to various balance sheet items. The residual is accounted for as goodwill and amortized over ten to twenty years. The amortization period is dependent on estimates concerning the useful economic life of acquired brands.

Investments in participating interests (20% - 50% of shares) are included in the financial statements by applying the equity method of accounting. A proportional share of net income is included in financial items. Goodwill is amortized and any unrealized internal profit is eliminated. In the balance sheet the investment is valued at cost adjusted for the corporation's share of net assets accumulated after the date of acquisition.

Investments in other companies are stated in the balance sheet at cost or at net realizable value.

**Transactions in foreign currencies** Foreign currency denominated income statements are translated into euro at the average exchange rate for the financial period. Balance sheets are translated at the end of period exchange rate. Consequently, net income according to the income statement will differ from net income according to the balance sheet. The difference is included in retained earnings.

Currency translation adjustments on foreign subsidiaries' opening retained earnings are included in consolidated retained earnings. Currency translation adjustments on other reserves are included in consolidated other reserves. Transactions in foreign currencies are recorded at the rates of exchange ruling at the date of the transaction. Unsettled balances in foreign currencies are translated at the rates prevailing on the balance sheet date, except for advance payments received or paid which are translated at the exchange rates on the payment date. Open hedging instruments pertaining to foreign currency items are valued at the market value, including interest components. Both realized and unrealized exchange gains and losses have been included in the financial items in the income statement.

**Net sales** Net sales is defined as invoiced amount less indirect taxes, rebates and exchange rate adjustments on foreign currency denominated sales.

**Research and development costs** Research and development costs are expensed when incurred.

**Retirement benefit plans** The retirement plans for the Finnish companies' employees are funded through payments to independent insurance companies. A small part of already retired employees receive their benefits from a trustee-administered fund. Any

change in the deficit in the trustee-administered fund is included in net income of the parent company. The net deficit of the fund, is fully covered. The retirement plans in subsidiaries outside Finland are handled in accordance with local practises.

**Extraordinary income and expense** Only income and expense of significant size and not a part of continuing operations, e.g. sale or discontinuation of a whole, separate line of business, are taken up as extraordinary items, net of tax.

**Fixed assets and other long-term investments** Fixed assets are stated at cost less accumulated depreciation according to plan. Certain land holdings have been revalued.

Revaluations are based on market values. If the market values fall below book value, the revaluation is reversed correspondingly.

Fixed assets are depreciated and amortized over their expected useful lives. Typically, the following expected useful lives are applied:

• goodwill	10–20 years
• other long-term expense	3–10 years
• buildings	25–40 years
• vehicles	4 years
• machinery and equipment	3–10 years

Revaluation amounts of land and water holdings are not depreciated.

Gains and losses on disposal of fixed assets are included in operating profit.

**Inventories and financial assets** Inventories are stated at the lower of cost or net realizable value. Cost includes both direct and indirect costs. Cost is determined on a first-in-first-out (FIFO) basis. Net realizable value is the amount that can be realized from the sale of the asset less any related sales cost.

**Leasing** Operating leases are expensed. Objects leased under financial lease agreements are recorded as assets, and the corresponding liability is recorded as debt.

**Provisions** Provisions consist of reserves for future costs to which the corporation has committed itself or of losses that are deemed probable and do not generate a corresponding income.

**Appropriations** Appropriations in the parent company balance sheet consist of untaxed reserves and depreciation in excess of plan. In the consolidated balance sheet appropriations are taken up as equity and deferred tax liability. The change in appropriations is split into net income and increase or decrease in deferred tax cost.

In accordance with the Companies Act appropriations are not included in distributable earnings.

Group contributions are included in the appropriations in the parent company's income statement.

**Income taxes** Income taxes consist of the aggregate current tax expense in the group companies, prior year taxes and deferred taxes. Taxes related to extraordinary items are shown in connection with these items.

Deferred tax assets and liabilities are calculated at the current tax rate or, if a future tax rate has been announced, at that announced tax rate. Deferred tax liabilities are recognized in full whereas deferred tax assets are recognized only to the extent it is considered probable that the tax asset will realize future tax savings.

**Dividends** The dividend proposed by the Board of Directors has not been included as liability in the financial statements. Dividends to be paid are taken up as a liability following the decision of the Annual General Meeting.



## Notes to the Financial Statements

		CONSOLIDATED		PARENT COMPANY	
		2003	2002	2003	2002
		M€	M€	M€	M€
<b>Income statement (foreign currency denominated income statements translated at average rate of exchange)</b>					
<b>1. Personnel costs</b>					
Wages and salaries, for time worked		110.0	108.6	2.3	2.5
Pension costs		10.2	10.0	0.3	0.4
Other personnel costs		31.1	31.7	0.7	0.6
Total		151.3	150.3	3.2	3.5
<b>2. Directors' fees and managing directors' salaries and benefits</b>					
Salaries and directors' fees		4.6	4.9	0.3	0.5
Benefits of kind		0.7	0.9	0.0	0.1
Total		5.3	5.8	0.3	0.6
<b>3. Average number of employees</b>					
Finland		864	846	46	47
Scandinavia		174	193		
Other Europe		704	751		
North America		1,831	2,260		
Other		60	45		
Total		3,633	4,095	46	47
<b>4. Number of employees, end-of-period</b>					
Workers		2,636	2,932	12	10
Salaried		1,241	1,274	33	31
Total		3,877	4,206	45	41
<b>5. Depreciation and amortization according to plan by function (at average rate of exchange)</b>					
Manufacturing and procurement		18.9	24.9	1.0	1.0
Sales and marketing		0.8	0.9		
Administration		4.8	3.3	0.2	0.2
Other operating expenses (intangible assets and goodwill)		8.9	13.8		
Total		33.3	42.8	1.2	1.2

	CONSOLIDATED		PARENT COMPANY	
	2003	2002	2003	2002
	M€	M€	M€	M€
<b>6. Financial income and expense</b>				
Income from investments held as non-current assets				
Dividend income				
From group undertakings				0.7
From other investments	28.0	58.6	28.0	58.6
Other interest and financial income				
From group undertakings			8.9	13.6
From other investments	3.2	0.4	3.2	0.4
Income from investments held as non-current investments, total	31.3	59.0	40.1	73.3
Other interest and financial income				
From group undertakings			4.9	7.9
From other parties	2.3	1.5	0.7	1.3
Write down of investments held as non-current assets	-0.1		-0.1	-0.4
Interest and other financial expense				
To group undertakings			-0.1	-0.1
To other parties	-11.6	-16.3	-9.9	-14.9
Total financial income and expense	21.9	44.2	35.6	67.2
Net exchange gains and losses included in financial items	1.1	0.9	0.5	1.0
<b>7. Extraordinary items</b>				
Write down of receivables from group undertakings and holdings in group undertakings			-144.9	-18.7
Tax related to extraordinary items			24.2	
Total extraordinary income and expense			-120.7	-18.7
<b>8. Income taxes</b>				
Current taxes	-1.7	-22.3	-7.9	-21.9
Change in deferred tax	18.9	-0.2		
Income taxes per income statement	17.2	-22.5	-7.9	-21.9

		CONSOLIDATED		PARENT COMPANY	
		2003	2002	2003	2002
		M€	M€	M€	M€
<b>Balance sheet, assets (currency denominated balance sheets translated at closing rate of exchange)</b>					
Movements in fixed assets					
<b>9. Intangible assets</b>					
Original cost, Jan. 1.	13.8	14.1	0.8	0.7	
Currency translation adjustment	-0.4	-0.5			
Original cost, at the beginning of the year	13.3	13.6	0.8	0.7	
Capital expenditure	1.2	0.2	0.1	0.1	
Decrease	0.0	-0.2	0.0	0.0	
Transfers	0.0	0.1			
Gross value, Dec. 31.	14.5	13.8	0.8	0.8	
Accumulated amortization according to plan, Jan. 1.	12.8	12.7	0.6	0.5	
Currency translation adjustment	-0.4	-0.5			
Accumulated amortization, at the beginning of the year	12.3	12.2	0.6	0.5	
Amortization according to plan	0.7	0.7	0.0	0.0	
Decrease	0.0	-0.2	0.0	0.0	
Accumulated amortization according to plan, Dec. 31.	13.0	12.8	0.6	0.6	
Net book value, Dec. 31.	1.6	1.0	0.2	0.2	
<b>10. Goodwill</b>					
Original cost, Jan. 1.	161.3	188.3			
Currency translation adjustment	-31.6	-27.2			
Original cost, at the beginning of the year	129.7	161.1			
Capital expenditure	0.7				
Decrease	-2.7				
Transfers	-0.9	0.3			
Gross value, Dec. 31.	126.8	161.3			
Accumulated amortization according to plan, Jan. 1.	59.0	54.4			
Currency translation adjustment	-7.8	-8.0			
Accumulated amortization, at the beginning of the year	51.2	46.4			
Amortization according to plan	7.6	12.3			
Decrease	-8.3				
Impairment	43.9				
Transfers	-0.6	0.4			
Accumulated amortization according to plan, Dec. 31.	93.8	59.0			
Net book value, Dec. 31.	33.0	102.2			
<b>11. Tangible assets</b>					
<b>11.1 Land and water</b>					
Original cost, Jan. 1.	15.9	16.9	4.5	4.4	
Revaluation, Jan. 1.	9.8	9.9	9.8	9.9	
Currency translation adjustment	-0.2	-0.6			
Original cost, at the beginning of the year	25.6	26.2	14.4	14.4	
Capital expenditure	0.1	0.0	0.1	0.0	
Decrease	-0.5	-0.4	0.0	0.0	
Book value, Dec. 31.	25.2	25.9	14.5	14.4	

	CONSOLIDATED		PARENT COMPANY	
	2003	2002	2003	2002
	M€	M€	M€	M€
<b>11.2 Buildings</b>				
Original cost, Jan. 1.	84.8	92.4	24.5	23.9
Currency translation adjustment	-6.3	-7.0		
Original cost, at the beginning of the year	78.5	85.4	24.5	23.9
Capital expenditure	1.9	2.0	1.6	0.7
Decrease	-2.3	-3.5		-0.1
Transfers	0.2	0.9		
Gross value, Dec. 31.	78.2	84.8	26.1	24.5
Accumulated depreciation according to plan, Jan. 1.	29.4	27.1	11.1	10.3
Currency translation adjustment	-1.6	-1.3		
Accumulated depreciation, at the beginning of the year	27.7	25.8	11.1	10.3
Depreciation according to plan	3.0	3.5	0.8	0.8
Decrease	-1.0	-0.6		0.0
Devaluation	8.5			
Transfers	0.1	0.7		
Accumulated depreciation according to plan, Dec. 31.	38.4	29.4	11.8	11.1
Net book value, Dec. 31.	39.8	55.5	14.3	13.4
<b>11.3 Machinery and equipment</b>				
Original cost, Jan. 1.	243.4	257.2	4.5	4.2
Currency translation adjustment	-30.6	-29.3		
Original cost, at the beginning of the year	212.8	227.9	4.5	4.2
Capital expenditure	22.8	28.4	0.7	0.5
Decrease	-12.3	-10.9	-0.3	-0.2
Transfers	0.0	-2.0		
Gross value, Dec. 31.	223.4	243.4	4.9	4.5
Accumulated depreciation according to plan, Jan. 1.	147.8	149.6	2.7	2.6
Currency translation adjustment	-17.9	-15.9		
Accumulated depreciation, at the beginning of the year	130.0	133.7	2.7	2.6
Depreciation according to plan	19.6	23.3	0.4	0.3
Decrease	-6.0	-7.0	-0.2	-0.2
Devaluation	5.4			
Transfers	0.4	-2.1		
Accumulated depreciation according to plan, Dec. 31.	149.3	147.8	2.8	2.7
Net book value, Dec. 31.	74.1	95.6	2.1	1.8

	CONSOLIDATED		PARENT COMPANY	
	2003	2002	2003	2002
	M€	M€	M€	M€
<b>11.4 Total tangible assets</b>				
Original cost, Jan. 1.	344.2	366.4	33.5	32.5
Revaluation, Jan. 1.	9.8	9.9	9.8	9.9
Currency translation adjustment	-37.1	-36.9		
Original cost, at the beginning of the year	316.9	339.4	43.4	42.5
Capital expenditure	24.8	30.4	2.4	1.1
Decrease	-15.1	-14.8	-0.3	-0.3
Transfers	0.2	-1.1	0.0	
Gross value, Dec. 31.	326.8	354.0	45.5	43.4
Accumulated depreciation according to plan, Jan. 1.	177.2	176.7	13.8	12.9
Currency translation adjustment	-19.5	-17.2		
Accumulated depreciation, at the beginning of the year	157.7	159.4	13.8	12.9
Depreciation according to plan	22.6	26.7	1.1	1.1
Decrease	-7.0	-7.6	-0.2	-0.2
Devaluation	13.9			
Transfers	0.5	-1.4	0.0	
Accumulated depreciation according to plan, Dec. 31.	187.7	177.2	14.7	13.8
Net book value, Dec. 31.	139.1	176.9	30.8	29.6
<b>12. Net book value of production machinery and equipment Dec. 31.</b>	42.4	58.2		
<b>13. Investments</b>				
<b>13.1 Holdings in group undertakings</b>				
Original cost, Jan. 1.			81.7	61.6
Capital expenditure				20.2
Gross value, Dec. 31.			81.7	81.7
Devaluation			-61.5	
Net book value, Dec. 31.			20.2	81.7
<b>13.2 Participating interests</b>				
Value Jan. 1.		0.0	0.0	0.4
Devaluation of interests				-0.4
Decrease			0.0	
Value Dec. 31.		0.0	0.0	0.0
<b>13.3 Other shares and similar rights of ownership</b>				
Original cost, Jan. 1.	213.1	209.4	212.7	208.9
Capital expenditure	11.0	4.2	11.0	4.2
Decrease	-6.2	-0.5	-6.1	-0.5
Gross value, Dec. 31.	218.0	213.1	217.5	212.7
Devaluation, Jan. 1.	-3.0	-3.0	-2.9	-2.9
Net book value, Dec. 31.	215.0	210.1	214.6	209.7



	CONSOLIDATED		PARENT COMPANY	
	2003	2002	2003	2002
	M€	M€	M€	M€
<b>13.4 Receivables from group undertakings</b>				
Original cost, Jan. 1.			238.6	285.4
Exchange difference			-26.2	-32.1
Capital expenditure				3.9
Decrease				-18.6
Gross value, Dec. 31.			212.4	238.6
Impairment			-83.4	
Net book value, Dec. 31.			129.0	238.6
<b>13.5 Other receivables</b>				
Original cost, Jan. 1.	1.2	2.3	0.1	0.0
Currency translation adjustment	-0.2	-0.4		
Original cost, at the beginning of the year	1.1	1.9	0.1	0.0
Increase	0.0	0.1		0.1
Decrease	-0.1	-0.7		
Book value, Dec. 31.	0.9	1.2	0.1	0.1
<b>13.6 Total investments</b>				
Original cost, Jan. 1.	214.4	211.7	533.1	556.3
Currency translation adjustment	-0.2	-0.4		
Original cost, at the beginning of the year	214.2	211.3	533.1	556.3
Exchange difference			-26.2	-32.1
Capital expenditure	11.0	4.3	11.0	28.4
Decrease	-6.3	-1.3	-6.1	-19.5
Gross value, Dec. 31.	218.9	214.4	511.7	533.1
Devaluation, Jan. 1.	-3.0	-3.0	-2.9	-2.9
Increase			-144.9	
Devaluation, Dec. 31.	-3.0	-3.0	-147.8	-2.9
Net book value, Dec. 31.	215.9	211.4	363.9	530.2
<b>14. Inventories</b>				
Raw materials and consumables	26.4	30.9		
Work in progress	12.9	20.9	0.0	0.0
Finished products / Goods	84.0	106.4	0.1	0.0
Other stocks	0.8	1.3		
Advance payments	0.3	0.7		
Total stocks, Dec. 31.	124.4	160.2	0.1	0.1
<b>15. Long-term receivables</b>				
Loan receivables	0.1	0.1	0.1	0.1
Other receivables	0.6	1.3	0.5	1.1
Total, Dec. 31.	0.7	1.4	0.6	1.2

		CONSOLIDATED		PARENT COMPANY	
		2003	2002	2003	2002
		M€	M€	M€	M€
<b>16. Deferred tax assets</b>					
Net operating losses		0.2	9.6		
Deferred tax on extraordinary items		24.2		24.2	
Timing differences		23.6	14.5		
Total, Dec. 31.		48.0	24.1	24.2	
<b>17. Short-term receivables</b>					
Trade receivables, external		84.7	94.2	0.3	38.1
Amounts owed by group undertakings					
Trade receivables				0.2	0.2
Loan receivables				138.2	128.8
Other receivables				21.7	24.5
Prepayments and accrued income				4.4	8.4
				164.5	161.9
Other external receivables					
Loan receivables		1.5	0.3	0.0	0.0
Other receivables		2.5	3.5	0.4	0.2
Prepayments and accrued income		10.3	14.6	1.1	0.6
		14.3	18.4	1.5	0.8
Total, Dec. 31.		99.0	112.6	166.3	200.8
<b>18. Prepayments and accrued income</b>					
Prepaid and accrued interest		0.1	0.1	0.1	0.1
Prepaid income tax		2.6	5.0	0.7	0.2
Other prepayments and accruals		7.6	9.5	0.3	0.3
Total, Dec. 31.		10.3	14.6	1.1	0.6

	CONSOLIDATED		PARENT COMPANY	
	2003	2002	2003	2002
	M€	M€	M€	M€
<b>Balance sheet, shareholders' equity &amp; liabilities</b>				
<b>19. Shareholders' equity</b>				
Share capital				
A-shares				
Jan. 1.	39.2	39.2	39.2	39.2
Dec. 31.	39.2	39.2	39.2	39.2
K-shares				
Jan. 1.	16.2	16.2	16.2	16.2
Dec. 31.	16.2	16.2	16.2	16.2
Share capital, Dec. 31.	55.4	55.4	55.4	55.4
Share premium account				
Jan. 1.	21.3	21.3	21.3	21.3
Share premium account, Dec. 31.	21.3	21.3	21.3	21.3
Revaluation reserve				
Jan. 1.	3.9	3.9	3.9	3.9
Transfer to retained earnings	0.0	0.0	0.0	0.0
Revaluation reserve, Dec. 31.	3.9	3.9	3.9	3.9
Own shares				
A-shares				
Dec. 31.	-0.6		-0.6	
K-shares				
Dec. 31.	0.0		0.0	
Own shares, 31.12.	-0.6		-0.6	
Other reserves				
Jan. 1.	0.7	4.8	3.2	3.2
Currency translation adjustment	2.6	-4.1		
Other reserves, Dec. 31.	3.3	0.7	3.2	3.2
Retained earnings				
Jan. 1.	347.8	321.5	390.0	354.3
Currency translation adjustment	-13.2	-7.2		
Dividends	-60.3	-16.8	-60.3	-16.8
Currency translation adjustment on Net profit in foreign currency denominated income statements (average rate) vs. balance sheets (end of period rate)	3.5	0.7		
Transfer from revaluation reserve	0.0	0.0	0.0	0.0
Net result	-12.8	49.6	-70.6	52.6
Retained earnings, Dec. 31.	265.1	347.8	259.2	390.0
-less equity part of untaxed reserves	-3.2	-3.1		
-own shares	-0.6		-0.6	
Distributable earnings, Dec. 31.	261.3	344.7	258.6	390.0

	CONSOLIDATED		PARENT COMPANY	
	2003	2002	2003	2002
	M€	M€	M€	M€
<b>20. Appropriations (Untaxed reserves)</b>				
Depreciation in excess of plan, Jan. 1.	3.0	2.8	1.9	1.9
Changes during the year	0.2	0.2	0.1	0.0
Depreciation in excess of plan, Dec. 31.	3.2	3.0	2.0	1.9
Other untaxed reserves, Jan. 1.	1.5	1.6		
Changes during the year	-0.3	-0.1		
Other untaxed reserves, Dec. 31.	1.2	1.5	0.0	0.0
Untaxed reserves total, Dec. 31.	4.3	4.4	2.0	1.9
Less deferred tax liability	-1.1	-1.3		
Equity part of untaxed reserves, Dec. 31.	3.2	3.1		
<b>21. Provisions</b>				
Retirement benefits	1.6	1.3	0.0	0.1
Restructuring provision	7.0	4.0		
Other provisions for liabilities and charges	0.3	0.3		
Total, Dec. 31.	8.9	5.5	0.0	0.1
Actuarial present value of benefits	17.4	16.1		
Plan assets at fair value	12.0	11.0		
Funded Status	5.4	5.1		
Unrecognised net gain/loss	-3.8	-3.8		
Retirement benefits, Dec. 31.	1.6	1.3		
Most retirement benefits are classified either as state plans or defined contribution plans.				
<b>22. Deferred tax liabilities</b>				
Deferred tax liability on untaxed reserves	1.1	1.3		
Timing differences	1.2	13.4		
Total, Dec. 31.	2.4	14.7		
Parent Company deferred tax liabilities EUR 0.6 million (0.6) are only included in consolidated accounts.				
<b>23. Long-term liabilities</b>				
Loans from credit institutions	109.9	157.4	106.8	154.4
Pension loans	1.0	1.1	1.0	1.1
Amounts owed to group undertakings			0.0	0.0
Other liabilities	10.2	10.3		
Total, Dec. 31.	121.0	168.8	107.8	155.5

	CONSOLIDATED		PARENT COMPANY	
	2003	2002	2003	2002
	M€	M€	M€	M€
<b>24. Short-term liabilities</b>				
Loans from credit institutions	91.5	97.9	91.2	97.9
Advances received	0.1	0.1	0.0	0.1
Trade payables	35.6	32.4	0.2	0.7
	127.1	130.3	91.5	98.7
Amounts owed to group undertakings				
Trade payables			0.1	0.1
Other liabilities			42.1	33.7
Accruals and deferred income			0.5	0.2
			42.7	34.0
Other liabilities	13.1	7.4	6.3	4.0
Accruals and deferred income	57.5	53.5	2.9	10.6
Total, Dec. 31.	197.8	191.3	143.3	147.4

<b>25. Accruals and deferred income</b>				
Income taxes payable	10.8	5.9	0.0	6.4
Interest payable	2.2	3.7	2.1	3.6
Wages, salaries and social costs	16.9	12.2	0.3	0.5
Purchases and other similar items	27.6	31.8	0.3	0.1
Total, Dec. 31.	57.5	53.5	2.7	10.6

## 26. Repayments of long-term liabilities

	2004	2005	2006	2007	Later years	Total
Loans from credit institutions	35.6	30.8	29.8	21.9	27.4	145.5
Pension loans	0.0	1.0	0.0	0.0	0.0	1.0
Other long-term liabilities	0.6	1.1	0.9	0.2	8.0	10.9
Total, Dec. 31.	36.3	32.9	30.7	22.1	35.4	157.3
	23.1%	20.9%	19.5%	14.1%	22.5%	100.0%

	CONSOLIDATED		PARENT COMPANY	
	2003	2002	2003	2002
	M€	M€	M€	M€
<b>27. Lease obligations</b>				
Operating leases, payments next year	10.2	11.9	0.4	0.4
Operating leases, payments later	44.3	57.9	0.0	0.0
Total operating leases, Dec. 31.	54.5	69.8	0.4	0.4
Financial leases, payments next year	0.6	0.7		
Financial leases, payments later	6.6	8.7		
Total financial leases, Dec. 31.	7.3	9.5		

The present value of financial lease agreements has been recorded under liabilities in the balance sheet.



	CONSOLIDATED		PARENT COMPANY	
	2003	2002	2003	2002
	M€	M€	M€	M€
<b>28. Contingencies and pledged assets</b>				
As security for own commitments				
Real estate mortgages	0.6	0.6	0.6	0.6
Other pledged assets	0.5	0.3	0.5	0.3
Discounted bills of exchange	0.5	0.6		
Lease commitments	54.5	69.8	0.4	0.4
Other contingencies	7.8	0.8	5.9	0.8
Total	63.9	72.1	7.4	2.1
Guarantees as security for group undertakings' commitments			16.0	9.6
Total pledged assets and contingencies, Dec. 31.	63.9	72.1	23.4	11.7
<b>29. Debts with collateral</b>				
Mortgages				
Pension loans				
-Amount of liability	0.6	0.6	0.6	0.6
-Nominal value of mortgage	0.6	0.6	0.6	0.6
Assets pledged				
Pension loans				
-Amount of liability	0.3	0.5	0.3	0.5
-Book value of assets pledged	0.5	0.3	0.5	0.3
<b>30. Nominal amounts of derivatives</b>				
Forward exchange contracts	91.5	167.2	91.5	167.2
Interest swaps	87.1	104.9	87.1	104.9
Forward interest rate agreements	35.6	28.6	35.6	28.6
<b>31. Market value vs. nominal amounts of derivatives</b> (+calculatory gain, -calculatory loss)				
Interest swaps	-4.8	-9.6	-4.8	-9.6
Forward interest rate agreements	0.0	-0.1	0.0	-0.1
Forward exchange contracts have been valued at market in the financial statements.				
The calculatory result has been determined as the amount that would have had to be paid if interest swap agreements and forward rate agreements had been closed at Dec. 31, by offsetting agreements at the then prevailing interest rates.				
<b>32. Statements of cash flows</b>				
Reversal of items recorded on an accrual basis				
Devaluation of investments	0.1	0.0	0.1	0.4
Write down of inventories and fixed assets	65.1	12.4		
Changes in provisions	2.9	1.7	-0.1	0.0
Exchange differences	-1.1	-0.9	-0.5	-1.0
Financial income	-32.3	-59.6	-44.6	-81.2
Financial expense	11.4	16.3	9.4	14.7
Total	46.1	-30.2	-35.7	-67.1

## FINANCIAL RISK MANAGEMENT

Financing and financial risks are managed centrally from the Corporate Head Office in Helsinki.

### Foreign exchange risks

Approximately two thirds of the corporation's business is in North America and the rest is mainly in Europe. The revenue and expense of the North American business is mainly US dollar denominated while European business is mainly in various European currencies.

The corporation does not use derivative financial instruments speculatively. Open contracts pertain mostly to hedging of financing transactions, and have been valued at market.

### Interest rate risk

Approximately 80 percent of the corporation's funding need is US dollar denominated. All loans are floating interest rate loans.

Long-term interest swap agreements with a total value of 110 million US dollars reduce the corporation's exposure to fluctuations in short-term interest rates. Forward rate agreements with a total value of 45 million US dollars reduce the interest rate exposure in 2004.

### Liquidity risk

The group has considerable unutilized credit lines. In Finland the Parent Company has Commercial paper program amounting to 200 million euros with its main banks.

## Adopting IFRS accounting

The European Union requires all companies quoted in the EU to adopt the International Financial Reporting Standards (IFRS) by the year 2005. The aim of the transition to IFRS is to increase the efficiency of the EU's capital markets by improving the reliability, transparency and comparability of financial statements.

### IFRS transition project and timetable

Fiskars Corporation will adopt the IAS/IFRS standards in its 2005 interim reports and financial statements. Preparation for the transition to the IFRS was begun in 2003. During 2003 mapping of differences in various areas was started to clarify the changes required to the principles used in drawing up the

Fiskars Corporation financial statements by transition from Finnish financial reporting standards to the IFRS.

In 2004, decisions will be taken about the optional choices to the financial reporting principles and an opening IFRS balance sheet will be prepared, as will the figures for 2004 interim reports to enable comparison with the interim reports to be published in 2005. The system changes necessary to make reporting IFRS-compliant from the beginning of 2005 will likewise be made in 2004.

Corporate Governance in Fiskars Corporation is based on its Articles of Association, Finland's Companies Act and the rules and regulations concerning listed companies of the Helsinki Stock Exchange. In part, Fiskars also already complies with the Recommendation for Corporate Governance of Listed Companies of HEX, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers, which will come into force July 1, 2004.

The Annual General Meeting, the Board of Directors and the CEO and President are responsible for the administration of Fiskars Corporation.

## Annual General Meeting

The Annual General Meeting shall be held before the end of June, either at Pohja or in Helsinki. The Annual General Meeting decides on matters stipulated in the Companies Act, such as the approval of the financial statements and distribution of profits, the release from liability of members of the Board of Directors, the President and CEO, the election of members of the Board of Directors and the Auditors, and the compensation paid to them.

According to the Articles of Association, the notice of the Annual General Meeting must be published in at least three newspapers which are chosen by the Board of Directors. Fiskars also publishes the notice of the Annual General Meeting on its website [www.fiskars.fi](http://www.fiskars.fi).

Proposals for Directors and Auditor notified to the Board of Directors are made public by the Corporation when it has been notified by the Board and the nominees have given their consent to the nomination.

## THE BOARD OF DIRECTORS

### Composition of the Board of Directors

According to the Articles of Association, the Board of Directors consists of a minimum of five and maximum of nine board members. The Annual General Meeting can also appoint a maximum of three deputy members. The terms of office of both members and deputy members will be from their election to the end of the following Annual General Meeting. The Board elects a Chairman and a Vice Chairman among its members.

During 2003, the Board of Directors comprised six ordinary members and two deputy members. Chairman of the Board was Mr. Göran J. Ehrnrooth and Vice Chairman Mr. Mikael von Frenckell. None of the ordinary or deputy members are employed by the company.

The current Board of Directors is presented on page 6.

### Responsibilities of the Board of Directors

The duties and responsibilities of the Board of Directors are governed by the Finnish Companies Act and the Fiskars Corporation Articles of Association. According to the working code approved by the Board of Directors, the Board is responsible for the corporate administration and proper organization of the affairs of the corporation. The Board also appoints the Presi-

dent and a sufficient number of other managers and determines their remuneration. The Board can also appoint committees and determine their duties. The committees' task is to prepare matters within their specific areas to be decided at meetings of the Board.

The Board of Directors convened thirteen times during 2003. With a few exceptions, the members of the Board attended all meetings.

### Board committees

The Board of Directors has in 2003 appointed three committees: an Audit Committee, a Compensation Committee, and a Nomination Committee.

1. The Audit Committee supervises and controls corporate financial reporting and audit. The members of the Audit Committee were Mr. Gustaf Gripenberg, Chairman, and Mr. Alexander Ehrnrooth and Mr. Paul Ehrnrooth, members.

2. The Compensation Committee prepares matters connected with corporate remuneration and award systems. Its members were Mr. Göran J. Ehrnrooth, Chairman, Mr. Mikael von Frenckell and Mr. Olli Riikkala, members.

3. The Nomination Committee prepares nominations for membership of the Board of Directors who are elected at the Annual General Meeting. The committee members were Mr. Göran J. Ehrnrooth, Chairman, and Mr. Mikael von Frenckell and Mr. Robert G. Ehrnrooth, members.

### President and CEO

The Board of Directors appoints and, if necessary, dismisses the chief executive officer, who is also President of the Corporation. The CEO runs the corporation and is in charge of its administration in accordance with the Articles of Association, the Finnish Companies Act and the instructions of the Board. The CEO is assisted in his duties by the Management Group.

### Executive Vice President

If necessary, the Board appoints one or more Executive Vice Presidents. At present, the Corporation has one Executive Vice President.

### Corporate Management

The management of the parent company consists of the managers responsible for managing the corporate portfolio of businesses. The management – in different combinations, depending on the matters in hand – convenes under the leadership of the CEO to prepare proposals for the Board and to discuss financing, economical issues, communications, legal issues, development of personnel and information technology, and other issues. Its duties also include the management of relations with stakeholder groups.

Information about management personnel is presented on page 7.

### Subsidiaries

Each of the subsidiaries has its own Board of Directors. Fiskars Brands, Inc., Inha Works Ltd. and Ferraria Oy Ab all have also independent board members, who bring knowledge of local and international business to the company. Information about members of the Board is presented on page 7.

The President of each subsidiary is responsible for: ensuring that the subsidiary's resources are available in proper relation to the needs of its line of business; personnel development; ensuring that their operation meets the demands of quality control, and complies with the requirements imposed by local laws, regulations and business practices.

### Remuneration

The Annual General Meeting determines the remuneration of the Board of Directors. The fees paid to the Chairman of the Board in 2003 totaled EUR 50,000, and the fees paid to the Vice Chairman EUR 37,500; fees for ordinary members were EUR 25,000 and those of deputy members EUR 25,000 during the year. In addition, Board members and deputy members are paid a fee of EUR 550 per meeting, and are reimbursed for their travel and other expenses incurred due to their activities in the interest of the company.

In addition to his basic salary, the CEO can also be paid a bonus. The Board of Directors defines the basis of the CEO's remuneration. The CEO's retirement age is 62 years. Remuneration on dismissal by the company is twelve months basic salary in addition to a six-month notice period.

Bonus fees can also be paid to the Vice Presidents and other members of the Corporate Management in addition to their salaries, pursuant to conditions as defined by the Board.

Fiskars Corporation has no current share option programs tied to the share price.

### Internal Control, Risk Management and Internal Audit

The Board of Directors is responsible for seeing to that the management and organization of operations is properly executed. In practice, it is the responsibility of the CEO together with the management to among other things put in place and administer internal audit and control mechanisms.

The financial performance of the Corporation is reviewed monthly through a system that covers all units and operations. The procedure comprises an income statement, balance sheet,

cash flows and key ratios, and reports of any events significant to operations.

With the support of the Corporation, the separate business areas are responsible for the daily risk management of running the businesses. The parent company is responsible for financing risk management and global risk insurance.

### Insiders of the Corporation

Fiskars has applied the insider regulations approved by the Helsinki Exchange since January 1, 2000. On the basis of the Finnish Securities Markets Act, the permanent insiders include the Board members, the Corporate President and CEO, Executive Vice President and the auditors. In addition, the extended insiders include the Vice President, Corporate Controller; the Vice President, Corporate Finance; the Vice President, Legal Counsel; the Vice President, Corporate Communications; the members of the Board of Fiskars Brands, Inc.; the President and CEO of Fiskars Brands, Inc. and the members of Fiskars Brands Management Group. Fiskars maintains a list of its insiders in the SIRE system of the Finnish Central Securities Depository Ltd.

### Audit

The corporate auditor is KPMG Wideri Oy Ab, Corporation of Authorized Public Accountants, with Mr. Sixten Nyman, APA, as auditor with main responsibility. Fiskars Brands, Inc.'s auditor is PricewaterhouseCoopers, with Mr. Ray Wilson as auditor with main responsibility.

Fiskars Corporation paid in 2003 its authorized public accountants fees of EUR 81,000 for auditing and EUR 93,000 for consultations, the fees paid totaling EUR 174,000. The fees have mostly related to tax consultations.

### Information

Fiskars Corporation publishes pertinent information concerning its corporate governance on its website ([www.fiskars.fi](http://www.fiskars.fi)).

Company Stock Exchange Releases are available on the website as soon as they have been published.

## Shares and Participations

		Domicile	% of share capital Parent	capital Consoli- dated	% of voting power Parent	Consoli- dated	Book value Dec. 31, 2003 (€ 1000)	Market value Dec. 31, 2003 (€ 1000)
<b>Shares in group undertakings</b>								
<b>US</b>	<b>Fiskars Brands, Inc.</b>	<b>Wisconsin</b>	<b>86.8</b>	<b>100.0</b>	<b>86.8</b>	<b>100.0</b>	<b>0</b>	
AU	Fiskars Brands (Australia) Pty Limited	Melbourne	100.0	100.0	100.0	100.0		
BE	Fiskars Consumer Products Europe SPRL	Brussels	100.0	100.0	100.0	100.0		
CA	Fiskars Canada, Inc.	Toronto	100.0	100.0	100.0	100.0		
CN	Excalibur Management Consulting Co., Ltd.	Shanghai	100.0	100.0	100.0	100.0		
DE	Fiskars Europe Holding GmbH	Herford	100.0	100.0	100.0	100.0		
DE	Fiskars GmbH & Co. KG	Herford	100.0	100.0	100.0	100.0		
DE	Werga-Tools GmbH	Hilden	100.0	100.0	100.0	100.0		
DK	Fiskars Consumer Europe ApS	Silkeborg	100.0	100.0	100.0	100.0		
DK	Fiskars Danmark A/S	Silkeborg	100.0	100.0	100.0	100.0		
FI	Fiskars Consumer Oy Ab	Pohja	100.0	100.0	100.0	100.0		
FR	Fiskars France S.A.R.L.	Wissous	100.0	100.0	100.0	100.0		
GB	Fiskars UK Limited	Bridgend	100.0	100.0	100.0	100.0		
GB	Richard Sankey & Son Limited	Nottingham	100.0	100.0	100.0	100.0		
GB	Vikingate Limited	Nottingham	100.0	100.0	100.0	100.0		
HK	Consumer Brands (Hong Kong) Co., Limited	Hong Kong	100.0	100.0	100.0	100.0		
HU	Fiskars Hungary Ltd.	Budapest	100.0	100.0	100.0	100.0		
IT	Fiskars Montana S.r.l.	Premana	100.0	100.0	100.0	100.0		
JP	Fiskars Brands Japan K.K.	Tokyo	100.0	100.0	100.0	100.0		
MX	Fiskars de Mexico. S.A. de C.V.	Mexico City	100.0	100.0	100.0	100.0		
MX	Fiskars Servicios. S.A. de C.V.	Mexico City	100.0	100.0	100.0	100.0		
MX	Puntomex International. S.A. de C.V.	Tijuana	100.0	100.0	100.0	100.0		
NO	Fiskars Consumer Holding AS	Oslo	100.0	100.0	100.0	100.0		
NO	Fiskars Norge AS	Oslo	100.0	100.0	100.0	100.0		
PL	Fiskars Poland Ltd	Slupsk	100.0	100.0	100.0	100.0		
RU	ZAO Baltic Tool	St. Petersburg	100.0	100.0	100.0	100.0		
SE	Fiskars Consumer Holding AB	Motala	100.0	100.0	100.0	100.0		
SE	Fiskars Sverige AB	Motala	100.0	100.0	100.0	100.0		
US	Aquapore Moisture Systems, Inc.	Delaware	100.0	100.0	100.0	100.0		
US	EnviroWorks, Inc.	Delaware	100.0	100.0	100.0	100.0		
US	Royal Rubber & Manufacturing Co.	California	100.0	100.0	100.0	100.0		
<b>FI</b>	<b>Ferraria Oy Ab</b>	<b>Pohja</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>17,660</b>	
FI	Hangon Sähkö Oy	Hanko	93.2	93.2	93.2	93.2		
<b>FI</b>	<b>Inha Works Ltd.</b>	<b>Ähtäri</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>399</b>	
<b>Shares in other group undertakings</b>							<b>2,161</b>	
<b>Other shares owned by the parent company</b>								
FI	Wärtsilä Corporation, A	Helsinki	26.6	26.6	26.6	26.6	76,074	62,584
FI	Wärtsilä Corporation, B		16.7	16.7	16.7	16.7	115,712	112,019
	Wärtsilä total		19.2	19.2	24.4	24.4	191,786	174,603
FI	Menire Corporation		1.8	1.8	1.8	1.8	274	211
FI	Rautaruukki Corporation		x	x	x	x	143	426
FI	Julius Tallberg-Kiinteistöt Oyj		x	x	x	x	172	138
	Other shares in fixed assets						22,223	



## Five Years in Figures

		2003	2002	2001	2000	1999
Net sales	M€	620	725	762	824	665
of which outside Finland	M€	583	688	726	785	630
in percent of net sales	%	93.9	94.9	95.2	95.3	94.8
Percentage change of net sales	%	-14.5	-4.8	-7.5	23.9	18.2
Profit before depreciation and amortization	M€	-19	71	54	70	81
in percent of net sales	%	-3.0	9.7	7.1	8.4	12.2
Operating profit	M€	-52	28	12	28	49
in percent of net sales	%	-8.4	3.8	1.6	3.4	7.3
Financial net	M€	22	44	24	11	12
in percent of net sales	%	3.5	6.1	3.1	1.3	1.8
Profit before taxes	M€	-30	72	36	39	61
in percent of net sales	%	-4.8	9.9	4.7	4.7	9.1
Taxes	M€	-17	23	13	13	21
Profit for the financial year	M€	-13	50	23	26	40
in percent of net sales	%	-2.1	6.8	3.0	3.2	6.0
Capital expenditure (incl. acquisitions)	M€	38	35	40	104	173
in percent of net sales	%	6.1	4.9	5.2	12.6	26.1
Research and development costs	M€	4	5	6	9	7
in percent of net sales	%	0.7	0.7	0.8	1.0	1.1
Equity	M€	348	429	407	397	383
Interest bearing debt	M€	216	266	400	492	383
Non-interest bearing debt	M€	115	115	122	128	114
Balance sheet total	M€	678	809	929	1,016	879
Return on investment	%	-3	12	8	9	12
Return on equity	%	-3	12	6	7	11
Equity ratio	%	51	53	44	39	44
Net gearing	%	57	57	96	121	95
Persons employed, average		3,633	4,095	4,489	5,340	5,621
Persons employed, Dec. 31		3,877	4,206	4,556	5,337	5,657
of which outside Finland		3,004	3,298	3,731	4,501	4,876

## FORMULAS FOR CALCULATION OF RATIOS

Return on investment in percent	=	$\frac{\text{Earnings before extraordinary items + interest and other financial expense}}{\text{Balance sheet total - non-interest bearing debt}} \times 100$ (average of beginning and end of year amounts)
Return on equity in percent	=	$\frac{\text{Earnings before extraordinary items - taxes}}{\text{Equity + minority shareholders' equity}} \times 100$ (average of beginning and end of year amounts)
Equity ratio in percent	=	$\frac{\text{Equity + minority shareholders' equity}}{\text{Balance sheet total - advances received}} \times 100$
Net gearing in percent	=	$\frac{\text{Interest bearing debt - cash and bank}}{\text{Equity + minority shareholders' equity}} \times 100$
Earnings per share	=	$\frac{\text{Earnings before extraordinary items - minority interest - taxes}}{\text{Adjusted average number of shares Dec. 31}}$
Dividend per earnings in percent	=	$\frac{\text{Dividend paid}}{\text{Earnings (calculated as in Earnings per share)}} \times 100$
Dividend per share	=	$\frac{\text{Dividend paid}}{\text{Number of shares Dec. 31}}$
Price per earnings	=	$\frac{\text{Adjusted market quotation Dec. 31}}{\text{Earnings per share}}$
Equity per share	=	$\frac{\text{Equity}}{\text{Number of shares Dec. 31}}$
Dividend yield in percent	=	$\frac{\text{Dividend per share}}{\text{Adjusted quotation Dec. 31}} \times 100$
Adjusted average share price	=	$\frac{\text{Value of shares traded during the period}}{\text{Adjusted number of shares traded during the period}}$

## Information on Fiskars Shares

		2003	2002	2001	2000	1999
Share capital	M€	55.4	55.4	55.4	55.4	55.4
Earnings per share	€	-0.23	0.90	0.41	0.46	0.73
Nominal dividend per share	€/A-share	0.31	1.10	0.31	0.31	0.31
	€/K-share	0.29	1.06	0.29	0.29	0.29
Dividend, million	M€	16.8 *)	60.3	16.8	16.8	16.8
Equity per share	€	6.29	7.75	7.35	7.17	6.92
Adjusted average price per share	€/A-share	8.90	8.61	7.71	9.32	11.38
	€/K-share	8.95	8.23	7.93	9.31	10.95
Adjusted lowest price per share	€/A-share	7.25	6.90	6.13	6.90	9.50
	€/K-share	7.47	7.51	6.20	7.01	10.00
Adjusted highest price per share	€/A-share	11.00	9.60	9.00	13.00	16.00
	€/K-share	12.50	9.65	9.50	13.49	16.65
Adjusted price per share, Dec. 31	€/A-share	9.40	7.80	8.50	7.40	13.00
	€/K-share	10.45	8.10	8.00	7.50	13.00
Adjusted price per share, Dec. 31	M€ A-share	368.9	306.1	333.6	290.4	510.2
	M€ K-share	168.4	130.6	128.9	120.9	209.5
	Total, M€	537.3	436.7	462.5	411.3	719.7
Number of shares, 1000	A-shares	39,246.1	39,246.1	39,246.1	39,246.1	39,246.1
	K-shares	16,118.4	16,118.4	16,118.4	16,118.4	16,118.4
	Total	55,364.4	55,364.4	55,364.4	55,364.4	55,364.4
Adjusted average number of shares, 1000	A-shares	39,246.1	39,246.1	39,246.1	39,246.1	39,097.5
	K-shares	16,118.4	16,118.4	16,118.4	16,118.4	16,118.4
	Total	55,364.4	55,364.4	55,364.4	55,364.4	55,215.9
Number of own shares, 1000	A-shares	62.2				
	in % of total	0.1				
	K-shares	0.3				
	in % of total	0.0				
Number of shares traded, 1000	A-share	4,459.7	3,942.5	1,263.3	3,830.6	3,866.7
	in % of total	11.4	10.0	3.2	9.8	9.9
	K-share	451.3	1 303.2	46.9	501.9	2 414.6
	in % of total	2.8	8.1	0.3	3.1	15.0
Price per earnings	A-share	neg.	9	21	16	18
	K-share	neg.	9	20	16	18
Dividend per earnings in percent		neg.	121.4	74.4	65.6	42.2
Dividend yield in percent	A-share	3.3	14.1	3.6	4.2	2.4
	K-share	2.8	13.1	3.6	3.9	2.2
Number of shareholders		4,958	3,948	3,402	3,353	3,020

\*) Board proposal

## Other information on Shares and Shareholders

### Number of shares, votes and share capital

	Number of shares	Number of votes	Dec. 31, 2003	Number of shares	Number of votes	Dec. 31, 2002
			€			€
A-shares (1 vote/share)	39,246,066	39,246,066	39,246,066	39,246,066	39,246,066	39,246,066
K-shares (20 votes/share)	16,118,364	322,367,280	16,118,364	16,118,364	322,367,280	16,118,364
Total	55,364,430	361,613,346	55,364,430	55,364,430	361,613,346	55,364,430

If the Annual General Meeting declares a distribution of dividends, shares of series A are entitled to a dividend of at least two percentage points higher than shares of series K. The calculatory nominal value of one A-share or K-share is one euro.

### Minimum and maximum number of shares and share capital according to the Articles of Association

	Dec. 31, 2003		Dec. 31, 2002	
	minimum number; €	maximum number; €	minimum number; €	maximum number; €
Total of shares of series A and series K	35,000,000	140,000,000	35,000,000	140,000,000

### Taxation values of the shares in Finland

	2003	2002
Series	€	€
Series A share	6.87	5.32
Series K share	6.65	5.85

### Turnover of shares at the Helsinki Exchanges

Series	M€	2003	M€	2002
		Number of shares		Number of shares
A-share	39.7	4,459,661	33.9	3,942,473
K-share	4.0	451,348	10.7	1,303,240
Total	43.7	4,911,009	44.6	5,245,713

### Shareholders by owner groups December 31, 2003

Ownership structure	Number of shareholders		Number of shares		Number of votes	
		%		%		%
Private corporations	286	5.77	14,696,861	26.55	102,438,918	28.33
Financial institutions and insurance companies	18	0.36	1,469,586	2.65	16,991,902	4.70
Public entities	13	0.26	4,395,376	7.94	26,381,131	7.30
Non-profit organizations	124	2.50	9,273,450	16.75	62,678,137	17.33
Private individuals	4,459	89.94	15,742,171	28.43	104,766,063	28.97
Foreigners	57	1.15	9,745,118	17.60	48,148,773	13.31
Others	1	0.02	41,868	0.08	208,422	0.06
Total	4,958	100.00	55,364,430	100.00	361,613,346	100.00

### Distribution of shares on December 31, 2003

Number of shares	Number of shareholders	%	Number of shares	%	Number of votes	%
1 - 100	953	19.22	106,257	0.19	442,519	0.12
101 - 500	1,883	37.98	560,790	1.01	1,719,619	0.48
501 - 1 000	799	16.12	627,469	1.13	1,870,905	0.52
1 001 - 10 000	1,097	22.13	3,294,752	5.95	15,362,051	4.25
10 001 - 100 000	161	3.25	4,959,458	8.96	26,047,748	7.20
100 001 -	65	1.31	45,815,704	82.75	316,170,504	87.43
Total	4,958	100.00	55,364,430	100.00	361,613,346	100.00

### Major shareholders according to the shareholder register on December 31, 2003

	Shares of series A	Shares of series K	Total	Percentage of votes	Percentage of shares
Viral Oy Ab	2,168,983	1,656,119	3,825,102	9.8	6.9
Oy Holdix Ab	2,206,516	1,233,996	3,440,512	7.4	6.2
Hambo Oy Ab	1,292,856	1,260,545	2,553,401	7.3	4.6
Duba AB	3,731,197	1,012,800	4,743,997	6.6	8.6
Varma Mutual Pension Insurance Company	1,429,750	932,770	2,362,520	5.6	4.3
Agrofin Oy Ab	3,260,556	741,546	4,002,102	5.0	7.2
Oy Julius Tallberg Ab	491,471	792,938	1,284,409	4.5	2.3
Sampo Life Insurance Company Limited	0	815,948	815,948	4.5	1.5
I.A. von Julins Sterbhus	884,990	734,000	1,618,990	4.3	2.9
Bergsrådninnan Sophie von Julins stiftelse	1,144,260	482,040	1,626,300	3.0	2.9
Tapiola Mutual Pension Insurance Company	1,110,022	217,565	1,327,587	1.5	2.4

### Share Repurchases

Repurchases under the AGM 2003 authorisation and the Board decision of November 10, 2003, were initiated on December 10, 2003.

By December 31, 2003, 62,219 A-shares and 300 K-shares had been repurchased, representing 63% of the target amount. The average price paid for the A-shares was EUR 9.83 and for the K-shares EUR 10.50.

### Share option program

The option program of 1998 has expired on June 16, 2003. On December 31, 2003, the company had no option programs.

### Management's shareholding

On December 31, 2003, the Board members, the Deputy Members, the President and the Corporate Vice President controlled a total of 14,655,141 shares corresponding to 26.5% of the Corporation's shares and 30.5% of the votes.

### Shareholders' Agreement

In December 1992 a group of private investors and companies entered into an agreement on pre-emptive rights between the parties in case of sales of shares. The agreement is still in force. The group owns 26,215,609 shares corresponding to 47.4% of the Corporation's shares and 56.7% of the votes (Dec. 31, 2003).

### Insider Guidelines

The Board of Directors has decided that as of January 1, 2000 the Corporation applies the Guidelines for Insiders approved by the Helsinki Exchanges.

### The Board of Directors' Authorizations

The Board of Directors holds authorizations to acquire and convey a maximum of 1,962,303 shares of series A and a maximum of 805,918 shares of series K. On grounds of these authorizations, the Company has acquired 62,219 A-shares and 300 K-shares by December 31, 2003. The Board has no other issue authorizations.

## Parent Company Income Statement

	2003 M€		2002 M€	
<b>Net sales</b>	<b>28.0</b>	<b>100.0%</b>	31.0	100.0%
Cost of sales	-2.5		-2.2	
<b>Gross profit</b>	<b>25.5</b>	<b>91.0%</b>	28.8	93.0%
Administration expenses	-5.2		-6.4	
Other operating income	0.9		2.3	
Other operating expenses	0.0		-0.1	
<b>Operating profit (loss)</b>	<b>21.2</b>	<b>75.5%</b>	24.6	79.4%
Financial income and expenses (6)	35.6		67.2	
<b>Profit (loss) before extraordinary items</b>	<b>56.7</b>	<b>202.3%</b>	91.7	296.2%
Extraordinary items (7)	-120.7		-18.7	
<b>Profit (loss) after extraordinary items</b>	<b>-64.0</b>	<b>-228.4%</b>	73.0	235.8%
Increase (-) or decrease (+) in depreciation reserve	-0.1		0.0	
Group contribution received	1.4		1.4	
Income taxes (8)	-7.9		-21.9	
<b>Profit (loss) for the financial year</b>	<b>-70.6</b>	<b>-251.9%</b>	52.6	169.7%

## Parent Company Balance Sheet

	Dec. 31, 2003 M€		Dec. 31, 2002 M€	
<b>ASSETS</b>				
<b>Fixed assets and other long-term investments</b>				
Intangible assets (9)	0.2		0.2	
Tangible assets (11)	30.8		29.6	
Investments (13)	363.9		530.2	
	<b>394.9</b>	<b>66.3%</b>	559.9	71.9%
<b>Inventories and financial assets</b>				
Inventories (14)	0.1		0.1	
Long-term receivables (15)	0.6		1.2	
Deferred tax assets (16)	24.2			
Current receivables (17)	166.3		200.8	
Cash in hand and at bank	9.4		16.7	
	<b>200.5</b>	<b>33.7%</b>	218.7	28.1%
	<b>595.4</b>	<b>100.0%</b>	778.7	100.0%
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity (19)</b>				
Share capital	55.4		55.4	
Share premium account	21.3		21.3	
Revaluation reserve	3.9		3.9	
Own shares	-0.6			
Other reserves	3.2		3.2	
Retained earnings	329.8		337.5	
Profit (loss) for the financial year	-70.6		52.6	
	<b>342.3</b>	<b>57.5%</b>	473.8	60.8%
<b>Appropriations (20)</b>	<b>2.0</b>	<b>0.3%</b>	1.9	0.2%
<b>Provisions (21)</b>	<b>0.0</b>	<b>0.0%</b>	0.1	0.0%
<b>Liabilities</b>				
Long-term (23)	107.8		155.5	
Short-term (24)	143.3		147.4	
	<b>251.1</b>	<b>42.2%</b>	302.9	38.9%
	<b>595.4</b>	<b>100.0%</b>	778.7	100.0%



# Parent Company Statement of Cash Flows

	2003 M€	2002 M€
<b>Cash flows from operating activities</b>		
Profit before extraordinary items, appropriations and taxes	56.7	91.7
Depreciation	1.2	1.2
Reversal of items recorded on an accrual basis (32)	-35.7	-67.1
Cash generated before working capital changes	22.2	25.8
Change in current receivables	39.5	-41.1
Change in stocks	0.0	0.0
Change in current non-interest bearing debt	0.1	-0.3
Cash generated from operations	61.8	-15.6
Financial income items received	15.5	21.7
Dividends received	19.9	42.1
Financial expense items paid	-10.6	-16.3
Taxes paid	-6.6	-17.1
Group contributions	1.4	1.4
<b>Net cash flow from operating activities</b>	<b>81.4</b>	<b>16.1</b>
<b>Cash flows from investing activities</b>		
Investments	-11.0	-24.5
Purchase of tangible and intangible assets	-2.5	-1.2
Proceeds from disposal of investments	9.3	0.9
Proceeds from sale of equipment	0.1	0.0
<b>Net cash flow from investments</b>	<b>-4.1</b>	<b>-24.7</b>
<b>Cash flow after investments</b>	<b>77.4</b>	<b>-8.6</b>
<b>Cash flows from financing activities</b>		
Purchase of own shares	-0.6	
Change in non-current debt	-69.5	-39.6
Change in current interest bearing debt	25.7	-77.6
Change in current receivables	-6.7	128.8
Change in non-current receivables	26.7	27.3
Dividends paid	-60.3	-16.8
<b>Net cash flows from investing activities</b>	<b>-84.7</b>	<b>22.0</b>
<b>Change in cash</b>	<b>-7.3</b>	<b>13.4</b>
<b>Cash at beginning of year</b>	<b>16.7</b>	<b>3.3</b>
<b>Cash at end of year</b>	<b>9.4</b>	<b>16.7</b>

# The Board of Directors' proposal for the Annual General Meeting

According to the consolidated balance sheet on 31. December 2003 the distributable equity amounts to 261.3 mill. euro (344.7 mill. euro). The distributable equity of the Parent Company is 258.6 mill. euro (390.0 mill. euro).

For 2003 the Board of Directors proposes a dividend of 0.31 euro per share of series A and 0.29 per share of series K. On 12 February 2004, dividend entitling shares numbered 39 153 566 of series A and 16 118 064 of series K, totalling 55 271 630 shares. Thus the dividend distribution would be:

on 39 153 566 shares of series A 0.31 euro per share, in total	12 137 605.46 euro
on 16 118 064 shares of series K 0.29 euro per share, in total	4 674 238.56 euro
Total dividend distribution	16 811 844.02 euro

This leaves 241 750 092 euro of unused profit funds at the Parent Company.

Helsinki, 12 February 2004



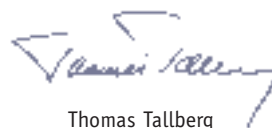
Göran J. Ehrnrooth



Mikael von Frenckell



Robert G. Ehrnrooth



Thomas Tallberg



Gustaf Gripenberg



Olli Riikkala



Heikki Allonen  
President and CEO

## To the shareholders of Fiskars Corporation

We have audited the accounting records and the financial statements, as well as the administration by the Board of Directors and the Managing Director of Fiskars Corporation for the year ended 31 December 2003. The financial statements prepared by the Board of Directors and the Managing Director include the report of Board of Directors, consolidated and parent company income statements, balance sheets, cash flow statements and notes to the financial statements. Based on our audit we express an opinion on these financial statements and the parent company's administration.

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

In our opinion, the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations for the year, as well as of the financial position at the year-end. The financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited. The proposed dividend is in compliance with the Companies Act.

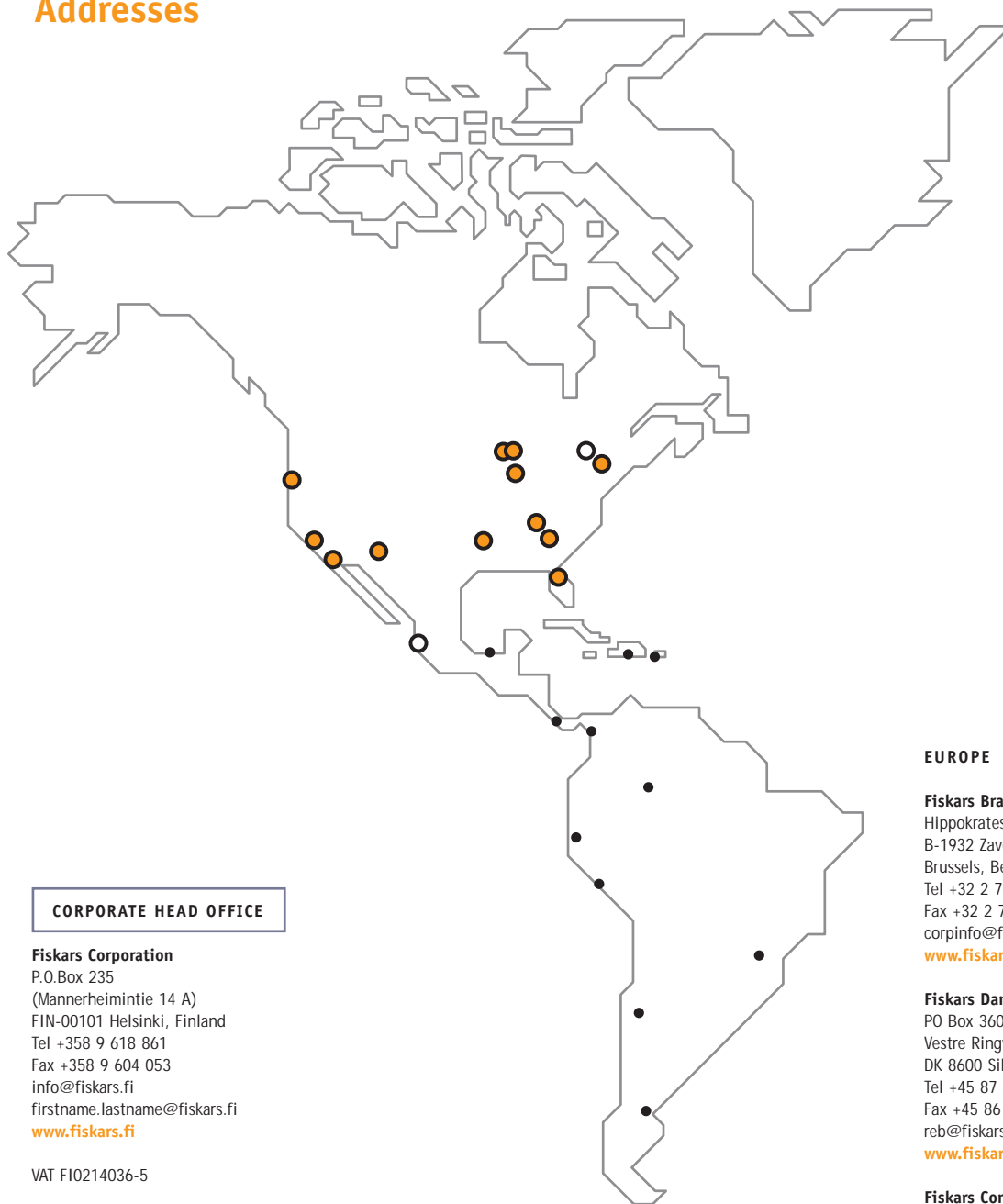
Helsinki 12 February 2004

KPMG WIDERI OY AB



Sixten Nyman  
Authorized Public Accountant

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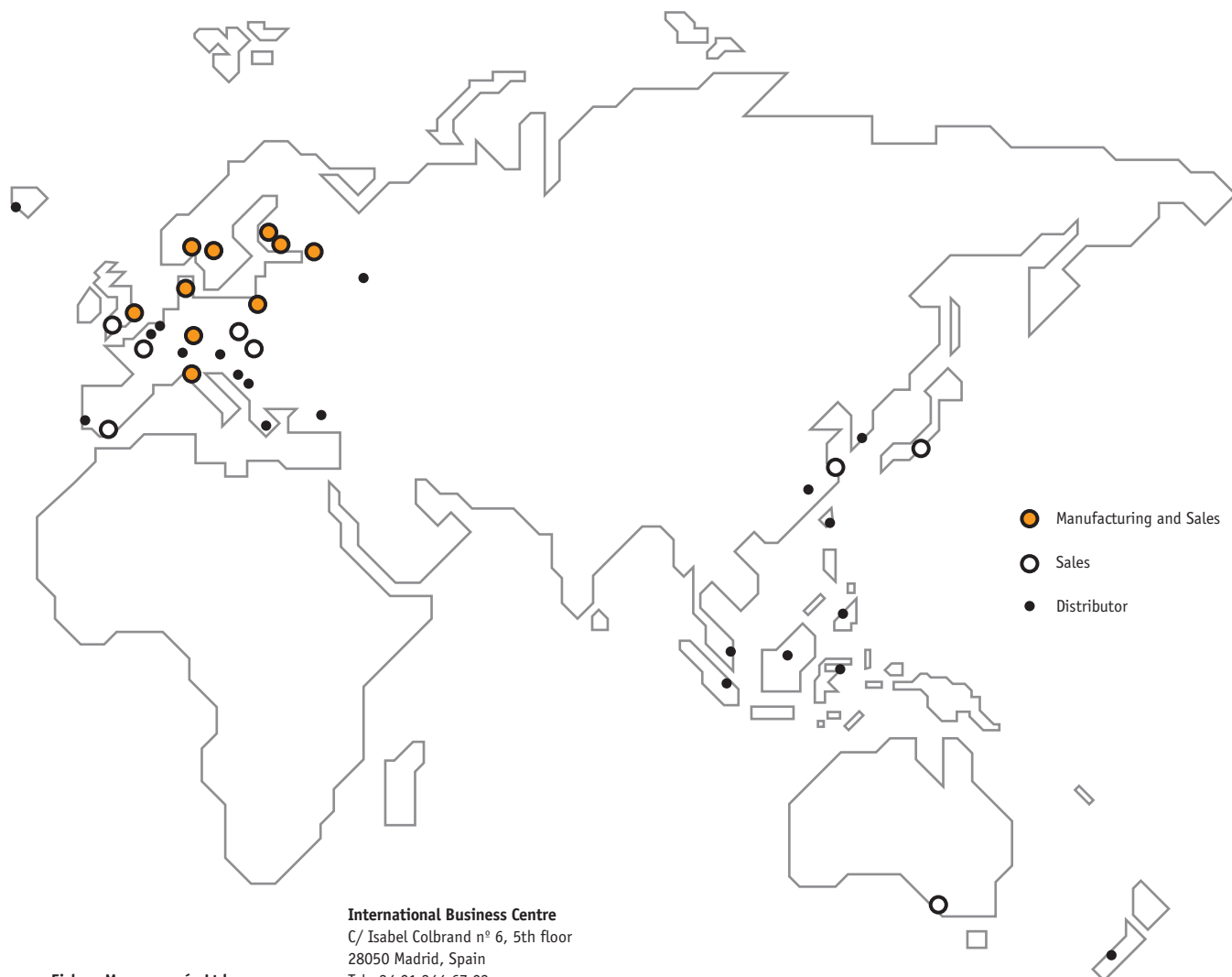
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