



# Contents

## Financial statements

Report by the Board of Directors	1
<b>Consolidated Financial Statements, IFRS</b>	
Consolidated income statement and statement of comprehensive income	8
Consolidated balance sheet	10
Consolidated statement of cash flows	11
Statement of changes in consolidated equity	12
<b>Notes to the consolidated financial statements</b>	
1. Accounting principles	13
2. Segment information	21
3. Non-recurring items in operating profit	24
4. Acquisitions and divestments	24
5. Other operating income	26
6. Total expenses	26
7. Employee benefits and number of personnel	27
8. Financial income and expenses	28
9. Income taxes	29
10. Earnings per share	32
11. Intangible assets	33
12. Property, plant and equipment	35
13. Biological assets	36
14. Investment property	36
15. Investments in associates	37
16. Financial assets	38
17. Inventories	39
18. Trade and other receivables	39
19. Share capital	40
20. Finance	40
21. Employee benefit obligations	47
22. Provisions	50
23. Trade and other payables	51
24. Commitments	51
25. Related party transactions	52
26. Subsidiaries and other participations	54
<b>Financial indicators</b>	
Five years in figures	56
Share related figures	57
Calculation of financial indicators	58
Shares	59
Shareholders	60
<b>Parent Company Financial Statements, FAS</b>	
Parent company income statement	62
Parent company balance sheet	63
Parent company statement of cash flows	65
<b>Notes to the parent company financial statements</b>	
1. Parent Company accounting principles, FAS	66
2. Net sales	68

3. Other operating income	68
4. Total expenses	68
5. Fees paid to Company's auditors	69
6. Personnel costs and number of employees	69
7. Financial income and expenses	70
8. Extraordinary items	70
9. Income taxes	71
10. Intangible assets	71
11. Tangible assets	72
12. Investments	73
13. Inventories	75
14. Receivables from subsidiaries	75
15. Prepayments and accrued income	75
16. Cash and cash equivalents	75
17. Shareholders' equity	76
18. Appropriations	76
19. Non-current liabilities falling due later than within five years	76
20. Liabilities to subsidiaries	77
21. Accruals and deferred income	77
22. Lease obligations	77
23. Contingencies and pledged assets	77
24. Derivative contracts	77
Board's proposal for distribution of profits and signatures	78
Auditor's report	79

# REPORT BY THE BOARD OF DIRECTORS FOR THE YEAR 2014

## Year 2014 in brief: Continued good operational efficiency, weaker sales

2014 was a milestone year for Fiskars – in addition to celebrating its 365th anniversary, the company took several significant strategic steps in its transformation. The year ended with a new corporate structure and organization, including a separate organization for the Asia-Pacific region. In line with the Group's growth strategy, Fiskars launched its kitchen business internationally and expanded into watering with an acquisition. Strategically and financially, the most significant step was the divestment of the majority of our holdings in Wärtsilä, which released funds for the company's shareholders in the form of an extra dividend and for the company to be used for financing future growth over time.

Looking at 2014 from a sales perspective the performance was not satisfactory. Net sales decreased by 4% to EUR 767.5 million (2013: 798.6). At comparable currency rates and excluding the pottery business divested in 2013, net sales decreased by 1%. Operating profit (EBIT) decreased by 30% to EUR 42.7 million (61.0). Operating profit excluding non-recurring items decreased by 19% to EUR 59.6 million (73.8). Non-recurring profit from the sale and revaluation of Wärtsilä shares was EUR 676.0 million.

There were factors outside of the company's control, such as currencies and weather conditions. However, Fiskars also faced challenges with availability in Europe in the early part of the year and in the US the company had challenges in our outdoor business. Actions were initiated, and the company saw improvements in the second half of the year. Despite the drop in sales volume, Fiskars maintained good operational efficiency and improved its gross margin.

Cash flow from operating activities was EUR 87.0 million (81.0). Earnings per share were EUR 9.44 (1.14) and operative earnings per share (excl. the sale and revaluation of Wärtsilä shares and the change in fair value of the investment portfolio) were EUR 0.76 (1.14).

The Board proposes a dividend of EUR 0.68 per share (EUR 0.67 paid in March 2014 and extra dividend of EUR 2.60 in December 2014).

## Group Performance

### Operating environment in 2014

In Europe, early spring generated some positive momentum in the garden segment. The overall economic sentiment weakened towards the end of the year, however, the year ended with a clearly more uncertain sentiment amid increased international political tension, falling oil prices, and deflation worries. Retailers continued to implement structural changes and efficiency measures including consolidation and cross-border purchasing functions. In Finland, the retail market continued to struggle, with lower traffic in stores, contracting consumer spending and promotion-driven purchasing.

In North America, business sentiment and consumer confidence were cautiously positive from the beginning of the year, although freezing weather reduced traffic in the first quarter of the year. The year ended with economic indicators trending favorably and cautiously positive signals from the retail segment. Consumers' disposable income increased partly due to falling gasoline prices and improved employment situation.

In Japan, consumers' willingness to spend was affected in the spring positively by the change in value added tax and in the latter half of the year negatively by the macroeconomic and political situation.

### Net sales and operating profit in 2014

Net sales, EUR million	2014	2013	Change	Change cn*
Group	767.5	798.6	-4%	-2%
Europe and Asia-Pacific	533.6	564.2	-5%	-4%
Americas	240.0	245.1	-2%	-1%
Other	6.8	6.5	6%	6%

\* Currency neutral

Operating profit (EBIT), EUR million	2014	2013	Change
Group	42.7	61.0	-30%
Europe and Asia-Pacific	25.2	39.9	-37%
Americas	28.1	31.4	-11%
Other and eliminations	-10.7	-10.3	4%

In 2014, Fiskars net sales decreased by 4% to EUR 767.5 million (2013: EUR 798.6 million) mainly due to currencies and the divestment of the UK pottery business at the end of 2013. Comparable net sales, using comparable exchange rates and excluding the divested pottery business, decreased by 1%. Net sales for Europe & Asia-Pacific segment amounted to EUR 533.6 million (564.2). Comparable net sales in Europe & Asia-Pacific decreased by 2% due to decreased Garden and Outdoor sales and comparable sales in the Americas decreased by 1%. Net sales for the Americas totaled EUR 240.0 million (245.1).

The Group's operating profit excluding non-recurring items decreased by 19% to EUR 59.6 million (73.8) due to reduced sales and increase in amortization related to the five-year investment program. The Group recorded a total of EUR 10.6 million (8.2) in EMEA 2015 restructuring

costs, EUR 7.7 million (4.6) in write-downs and impairment charges in Europe & Asia-Pacific, and EUR 1.7 million of goodwill in the Americas during the year. Including these non-recurring items, operating profit decreased by 30% to EUR 42.7 million (61.0). The amortization related to the five-year investment program in Europe increased compared to the previous year.

Operating profit for Europe and Asia-Pacific amounted to EUR 25.2 million (39.9) for the year. Non-recurring costs amounted to EUR 18.0 million (12.8), and operating profit for Europe & Asia-Pacific excluding non-recurring costs amounted to EUR 43.2 million (52.7) for the year. In the Americas, operating profit for the segment decreased by 11% in 2014, totaling EUR 28.1 million (31.4). Excluding non-recurring items, operating profit in the Americas totaled EUR 26.8 million (31.4). The contraction of outdoor sales and product mix contributed to the decrease in profit. During the last quarter, Fiskars recorded EUR 1.7 million of goodwill, as the fair value of the acquired net assets of the watering business were higher than the purchase price.

### **Financial items and net result in 2014**

Fiskars treated Wärtsilä as an associated company until October 9, 2014, when the majority of the Group's holding in Wärtsilä was divested. From January 1 until then, the share of profit from the associated company was EUR 30.0 million (full year 2013: 50.8).

The sale of Wärtsilä shares for EUR 639.1 million was completed on October 9, 2014 and Fiskars recorded a non-recurring profit of EUR 453.5 million. As Wärtsilä ceased to be treated as Fiskars associated company, the remaining Wärtsilä shares were valued at market value. This reclassification resulted in a non-recurring unrealized valuation gain of EUR 222.4 million. The remaining Wärtsilä shares, along with the rest of the active investment portfolio, are treated as financial assets at fair value through profit or loss in the Other segment. After forming the investment portfolio, Fiskars recorded a EUR 27.9 million net gain from the change in the portfolio's fair value during 2014.

Other financial items totaled EUR 10.5 million (-4.3). Foreign exchange rate gains contributed to the change. Profit before taxes was EUR 786.7 million (108.3). Income taxes for the entire year were EUR 13.4 million (14.3). Earnings per share were EUR 9.44 (1.14), of which operative earnings per share (excluding the sale and reclassification of Wärtsilä shares and the net change in fair value of investment portfolio) were EUR 0.76 (1.14).

### **Five-year investment program in Europe**

In December 2010, Fiskars launched a five-year investment program to create competitive structures, systems, and processes in Europe, including a new, shared enterprise resource planning (ERP) system. The investment related to the program is estimated at EUR 65 million, of which approximately EUR 55 million had been recorded by the end of 2014.

The largest implementations took place in the third quarter of 2013 and 60% of the business volume targeted by the program is now running through common systems and processes. Changes related to these implementations impacted sales and operational efficiency during the last quarter of 2013 and also contributed to availability challenges in the Home business during the first and second quarters of 2014. No major implementations took place during 2014.

Fiskars took action to mitigate the potential impacts of upcoming implementations and to ensure business stability. As a part of these measures, the implementation period of the program was extended to 2016.

In December 2014, Fiskars announced that the estimated lifespan of some of the first system implementations within the program have been reduced due to a re-evaluation of the program's roadmap. Accordingly, Fiskars recognized a non-recurring EUR 7.0 million write-down against the intangible assets in its result for the fourth quarter of 2014.

Annual cash flow spending in the program (including both operational and capital expenses) has started to decrease since 2013, and amortization related to the program was higher in 2014 than in 2013.

### **EMEA 2015 restructuring program**

In June 2013, Fiskars launched a restructuring program to optimize operations and sales units in Europe. The "EMEA 2015" program aims to improve the competitiveness and cost structure of end-to-end supply chain and align sales operations in the region with the company's new business model. The total cost of the program was estimated at EUR 25–30 million for 2013 and 2014. At the beginning of 2014 Fiskars decided to shift some initiatives originally planned for 2014 to 2015, which means that some of the program's costs will be recorded in 2015. Program costs will be recorded as non-recurring expenses.

In 2014, EMEA 2015 expenses totaled EUR 10.6 million (EUR 8.2 million). In addition to the re-organization of the Group's businesses in connection with the adoption of the regional organization, they included costs related to the restructuring of the Group's operations in Denmark, United Kingdom and Italy and the consolidation of glass manufacturing operations in Finland. The consolidation of the Group's glass manufacturing sites and the extension of the Iittala Glass factory were completed during the first quarter. The restructuring of the Group's operations in Italy were finalized during the last quarter and local manufacturing sites were closed.

The targeted annual cost savings of the program are EUR 9–11 million once the program is fully implemented. The targeted cost savings are on track, and the majority of the savings are expected to materialize in the Group's results as of the end of 2015.

### **Cash flow, balance sheet, and financing in 2014**

In 2014, cash flow from operating activities was EUR 87.0 million (2013: 81.0). The cash flow includes dividends paid by Wärtsilä, totaling EUR 26.9 million (25.6).

Cash flow from investing activities was EUR 187.8 million (-84.6, including the acquisition of Royal Copenhagen), including proceeds from the sale of Wärtsilä shares of EUR 639.1 million, investment of EUR 400.0 million into financial assets at fair value through profit and loss and the EUR 19.7 million negative cash effect of the acquisition of the Bosch Garden and Watering business. Cash flow from financing activities was EUR -251.1 million (-2.7) for January–December 2014, including an extra dividend payment net of withholding tax of EUR -190.6 million.

Capital expenditure, excluding the acquisition of the Hackman brand in 2014, totaled EUR 25.0 million (37.5). This included replacement investments and capacity expansions. The company also continued to invest in new product development. Investments related to the five-year investment program decreased compared to 2013.

Depreciation, amortization, and impairment were EUR 28.5 million in 2014, (29.2, which included EUR 3.7 million goodwill impairment charges). Amortization related to the five-year investment program in Europe & Asia-Pacific increased compared to 2013.

Fiskars working capital totaled EUR 93.3 million (88.3) at the end of December. The increase in working capital can be attributed to the growth of inventories due to the acquisition of the watering business and slow sales. The equity ratio increased to 73% (61%) and net gearing was 11% (24%).

Cash and cash equivalents at the end of the period totaled EUR 33.6 million (9.7). Net interest-bearing debt amounted to EUR 121.3 million (152.6). Net interest-bearing debt decreased in connection with the sale of Wärtsilä shares and the use of proceeds from the sale. Short-term borrowing totaled EUR 128.9 million (108.8) and long-term borrowing totaled EUR 31.5 million (56.2). Short-term borrowing mainly consists of commercial paper issued by Fiskars Corporation. In addition, Fiskars had EUR 300.0 million (450.0) in unused, committed long-term credit facilities with Nordic banks. Fiskars and its financiers agreed in December 2014 to reduce the total sum of the corporation's binding revolving credit facilities from EUR 480.0 million to EUR 300.0 million.

## Research and development

The Group's research and development expenditure totaled EUR 14.6 million (2013: 13.3), equivalent to 1.9% (1.7%) of net sales.

## Personnel

The average number of full-time equivalent employees (FTE) was 4,243 (2013: 4,087), of which 3,370 in Europe & Asia-Pacific, 631 in the Americas and 243 in Other. At the end of December, the Group had a total of 4,832 employees (4,330) on the payroll, of whom 1,661 (1,722) were located in Finland. The increase was mainly due to the acquisition of the US watering business.

Personnel (FTE), average	2014	2013	Change
Group	4,243	4,087	4%
Europe and Asia-Pacific	3,370	3,282	3%
Americas	631	568	11%
Other	243	237	2%

## Operating Segments and Business Areas

Until October 2014, Fiskars operating segments were Europe & Asia-Pacific, the Americas, Wärtsilä (associated company), and Other (Real Estate, corporate headquarters, and shared services). Following the sale of the majority of the Group's holding in Wärtsilä on October 9, 2014, Wärtsilä ceased to be treated as an associated company and a separate operating segment. As of the fourth quarter of 2014, Fiskars reporting segments are Europe & Asia-Pacific, Americas, and Other.

In 2014, the company's business areas were Home (Living, Kitchen and School, Office, and Craft), Garden, and Outdoor (outdoor equipment and Boats).

As of January 1, 2015, the Group's financial reporting will be adjusted to reflect the new organization. As a part of the new structure, Fiskars Europe & Asia-Pacific Home and Garden product categories will be reorganized into two business units: Functional products and Living products. Replacing the current Home and Garden business areas, Fiskars will report its global Garden, Kitchen and School, Office and Craft sales as "Functional products" and global Living product sales as "Living products". In conjunction with this, the Boat business will be moved from the Europe and Asia-Pacific segment to the Other segment and its sales will be reported as part of the Other businesses.

## Business areas in 2014

Net sales, EUR million	2014	2013	Change	Change cn*
Home	380.5	386.2	-1%	0%
Garden	268.2	284.5	-6%	-4%**
Outdoor	114.2	123.7	-8%	-7%
Other	4.5	4.2	8%	8%

\* Currency neutral

\*\* Excluding divested pottery business, currency neutral Garden net sales decreased by 0% in 2014

## Europe and Asia-Pacific in 2014

EUR million	2014	2013	Change
Net sales	533.6	564.2	-5%
Operating profit (EBIT)	25.2	39.9	-37%
EBIT excl. non-recurring items	43.2	52.7	-18%
Capital expenditure	23.3	16.6	40%
Personnel (FTE), average	3,370	3,282	3%

Net sales in Europe and Asia-Pacific decreased by 5% to EUR 533.6 million (2013: 564.2) due to a decrease in Garden and Outdoor sales and the divestment of the UK pottery business at the end of 2013. Comparable sales (currency neutral and excluding the divested business) decreased by 2%.

Net sales in the Home business were at previous year's levels. Living sales were slightly positive, as good performance in tabletop and glassware categories in Europe outweighed the decrease in customer loyalty campaigns and availability problems during the first half of the year. Kitchen sales were below the previous year's level, mainly due to weak cookware sales. Strong new products drove licensed product sales.

Net sales for the Garden business were disappointing, ending below the previous year's levels even when excluding the pottery business that was divested at the end of 2013. Sales in the first half of the year were affected by insufficient product availability, in addition to which sales of snow tools were sluggish due to mild weather both at the beginning and the end of the year. Despite the availability issues and the previous year's successful customer loyalty campaigns, core garden and yard care categories developed positively year on year and Fiskars continued to increase its market share.

Outdoor sales were below 2013 levels, both in outdoor products and boats. For Outdoor products the comparison year was marked with strong business-to-business initiatives across several markets.

The segment recorded an operating profit excluding non-recurring items of EUR 43.2 million (52.7), a decrease of 18%, which was mainly attributable to volume loss in the Garden and Outdoor businesses. The Group recorded a total of EUR 10.6 million (8.2) in non-recurring costs related to the EMEA 2015 program during the year, as well as EUR 7.7 (4.6) million in write-downs and impairment of goodwill.

## Americas in 2014

EUR million	2014	2013	Change
Net sales	240.0	245.1	-2%
Operating profit	28.1	31.4	-11%
Capital expenditure	5.2	5.7	-10%
Personnel (FTE), average	631	568	11%

Net sales in the Americas decreased by 2% to EUR 240.0 million (2013: 245.1), weighed down by softness in Outdoor sales. Using comparable currency rates, sales decreased by 1%.

Garden net sales were above the previous year's levels despite the cold and rainy weather during the important spring selling season. Fiskars ended the year with a strong last quarter for Garden, with good pottery and axe performance boosting sales.

Sales of School, Office, and Craft products were flat year-on-year. Fiskars maintained its leading position in key categories and strengthened its market share during the important back-to-school season.

The Outdoor business did not match the previous year's performance. Sales in the commercial segment were impacted, especially in the first half of the year, by business challenges and also decreased promotional activities. Sales in the industrial and institutional channels increased from the previous year.

The segment's operating profit amounted to EUR 28.1 million (31.4), the main driver for the decrease being volume loss in the Outdoor business.

## Other in 2014

EUR million	2014	2013	Change
Net sales	6.8	6.5	6%
Operating profit (incl. eliminations)	-10.7	-10.3	-4%
Capital expenditure (incl. eliminations)	6.6	15.1	-56%
Personnel (FTE), average	243	237	2%

Fiskars Other segment contains the Group's investment portfolio, the Real Estate unit, corporate headquarters, and shared services.

Following the divestment of the majority of the Group's holding in Wärtsilä, the remaining Wärtsilä shares, along with the rest of the Group's active investment portfolio are treated as financial assets at fair value through profit or loss in the Other segment.

Fiskars intends to utilize the remaining proceeds from the sale of Wärtsilä shares to finance the execution of the company's branded consumer goods growth strategy both organically and through acquisitions. Meanwhile, the plan is to gradually build a diversified investment portfolio.

At the end of the period, the market value of Fiskars active investment portfolio was EUR 766.7 million, consisting of financial assets that are publicly quoted on an active market. The net change in fair value recorded in profit and loss amounted to EUR 27.9 million during the fourth quarter and the full year.

Net sales were EUR 6.8 million (2013: 6.5), largely consisting of timber sales and rental income. The operating profit was EUR -10.7 million (2013: -10.3) for January–December.

## Wärtsilä

Until October 2014, Fiskars holding in Wärtsilä amounted to 13.0% of the shares and votes (13.0) and Wärtsilä was accounted for as an associated company, forming one of Fiskars operating segments.

Fiskars share of Wärtsilä's profit from January 1 until October 9, 2014 totaled EUR 30.0 million (in the whole 2013: 50.8). No share of profit from associate was recorded in the last quarter of 2014.

Fiskars announced on September 19, 2014 that Fiskars, Investor, and their joint venture, Avlis AB, had signed an agreement according to which Investor would acquire 15.8 million shares, or 8% of the capital and votes in Wärtsilä from Avlis for EUR 639.1 million, or EUR 40.55 per Wärtsilä share. Since April 2012, Investor and Fiskars had had a joint venture for their ownership interests in Wärtsilä, which during the third quarter represented 21.8% of the capital and votes. Fiskars Group's holding in Wärtsilä through the joint venture was 13.0% and Investor's 8.8%.

The transaction including the sales of Wärtsilä shares to Investor was completed on October 9, 2014 and the joint venture structure was dissolved. Fiskars recorded a non-recurring profit from the sale of EUR 453.5 million in its Q4 2014 results. As Wärtsilä ceased to be treated as Fiskars associated company, the remaining Wärtsilä shares were valued at market value. This reclassification resulted in a non-recurring unrealized valuation gain of EUR 222.4 million.

The Group's segment reporting was changed accordingly, and Wärtsilä no longer forms an operating segment. The remaining Wärtsilä shares are treated as financial assets at fair value through profit or loss in the Other segment.

## Acquisition of Bosch Garden and Watering business

In September, 2014, Fiskars signed an agreement to purchase the Bosch Garden and Watering business, including leading U.S. watering brands Gilmour and Nelson, from the Robert Bosch Tool Corporation in order to strengthen and diversify the Group's garden and yard care portfolio.

The acquisition was completed on December 19, 2014, and watering became a part of the Fiskars Americas segment on that day. Fiskars recorded non-recurring badwill of EUR 1.7 million in its fourth quarter results as the purchase price was lower than the fair value of the acquired net assets.

The purchase price for the business and related net assets was USD 26.1 million (EUR 21.2 million). The Group's total assets were increased by EUR 33.7 million on the acquisition date. The acquisition did not contribute materially to the Group's net sales or operating profit excluding non-recurring items in 2014.

For 2014, the pro forma net sales of the acquired watering business as a stand-alone entity totaled EUR 76.5 million, operating profit EUR -1.3 million and net result EUR -0.8 million.

Fiskars expects to record non-recurring expenses related to the integration of the business in 2015 and 2016. The acquisition is estimated to have a negative effect on Fiskars EBIT excluding non-recurring items in 2015. Over time, Fiskars will pursue synergies by augmenting product innovation, leveraging category adjacencies, and streamlining processes across brands as opportunities arise.

## Changes in organization and management

As announced in 2013, Fiskars established an Asia-Pacific sales region as of January 2014, and the EMEA segment was renamed Europe and Asia-Pacific. Matteo Gaeta was appointed as President of Sales Region Asia-Pacific. In March 2014, Fiskars appointed Robert Kass as President of the company's Outdoor Americas business.

During the year three members of the Group's Executive Board left the company: General Counsel Jutta Karlsson at the end of April, CFO Ilkka Pitkänen in May and Chief Strategy Officer Max Alfthan in November.

On September 12, 2014, Teemu Kangas-Kärki was appointed as the Group's Chief Operating and Financial Officer (COO and CFO). He also became deputy to the CEO and a member of the Group's Executive Board. The role of Chief Operating Officer is new within Fiskars. Previously, he worked as the President of the Home business area.

As of December 1, 2014, the Group adopted a new, regional organization, and restructured the Group's businesses in Europe and Asia-Pacific as a part of the company's ongoing EMEA 2015 restructuring program. In the new organization, Fiskars two geographic reporting segments, Europe & Asia-Pacific and Americas, consist of four business regions: Europe, Asia-Pacific, Fiskars Americas, and Gerber Americas. The previous European sales regions, North and Central, were consolidated into one sales organization within the business region Europe. In conjunction with this, the Europe & Asia-Pacific product categories in the Garden and Home business areas were regrouped into the new business units: Living Products and Functional Products.

The business region Presidents were appointed as members of the Group's Executive Board and Fiskars' Executive Team was dissolved.

Fiskars' Executive Board consisted of the following members as of December 1, 2014:

- Kari Kauniskangas, President and CEO
- Teemu Kangas-Kärki, Chief Operating Officer and Chief Financial Officer (COO & CFO)
- Nina Ariluoma-Hämäläinen, Senior Vice President, Human Resources
- Thomas Enckell, President, Europe (previously President of Garden Europe & Asia-Pacific business area)
- Matteo Gaeta, President, Asia-Pacific (previously President of Sales Region Asia-Pacific)
- Risto Gaggl, Senior Vice President, Supply Chain
- Robert Kass, President, Gerber Americas (previously President of business area Outdoor Americas).
- Paul Tonnesen, President, Fiskars Americas (previously President of business areas Garden and SOC Americas)
- Frans Westerlund, Chief Information Officer (CIO)



## Corporate Governance

Fiskars complies with the Finnish Corporate Governance Code issued by the Securities Market Association, which came into force on October 1, 2010. Fiskars Corporate Governance Statement for 2013 in accordance with Recommendation 51 of the Code will be published in week 8, 2014 as a separate report.

Ultimate decision-making power is vested in the Annual General Meeting of shareholders, which elects the members of the Board of Directors. Members of the Board are appointed until the end of the following annual general meeting. The Board of Directors is responsible for appointing, and if necessary, dismissing the managing director. Fiskars Articles of Association do not contain matters that could materially affect a public tender offer of the company's securities.

## Dividend and extra dividend for the financial year 2013

The Annual General Meeting for 2014, held on March 12, 2014, decided to pay a dividend of EUR 0.67 per share, totaling EUR 54.9 million. The dividend was paid on March 24, 2014.

Following the sale of 8% of the shares in Wärtsilä by Fiskars subsidiary, Avlis AB, for EUR 639.1 million, Fiskars Extraordinary General Meeting of shareholders, held on December 9, 2014, decided that an extra dividend of EUR 2.60 per share was to be distributed to Fiskars shareholders. The extra dividend amounted to EUR 213 million in total and was paid on December 18, 2014.

## Shares and shareholders

Fiskars Corporation has one share series (FIS1V). All shares carry one vote and equal rights. The number of shares in the Corporation totals 81,905,242.

The Board of Directors was authorized to acquire and convey company shares but this authorization was not used during the year. The share capital remained unchanged at EUR 77,510,200.

Fiskars shares are traded in the Large Cap segment of Nasdaq Helsinki. The average share price was EUR 20.35 in 2014 (2013: 18.20). At the end of December, the closing price was EUR 17.99 (EUR 19.55) per share and Fiskars had a market capitalization of EUR 1,473.5 million (1,601.2). The number of shares traded during January–December was 6.9 million (3.0), which is 8.4% (3.7%) of the total number of shares.

The total number of shareholders was 17,828 (16,352) as of the end of December. Fiskars was not informed of any significant change among its largest shareholders during the year. Fiskars shareholder structure and main shareholders at the end of the year are detailed in the financial statements.

## Board authorizations

The Annual General Meeting for 2014 decided to authorize the Board to acquire and convey a maximum of 4,000,000 of Fiskars own shares, which represents 4.9% of the Corporation's shares. Both authorizations will remain in force until June 30, 2015.

The authorizations may be used to acquire shares to be used for the development of the capital structure of the company, as consideration in corporate acquisitions or industrial reorganizations and as part of the company's incentive system and otherwise for further transfer, retention or cancellation. The shares can be acquired in one or several installments, using the unrestricted shareholders' equity of the company. The shares may be acquired in derogation to the pre-emptive right of the shareholders to the shares of the company in public trading on Nasdaq Helsinki at market price.

The Board of Directors is authorized to decide on all other terms and conditions regarding the acquisition of its own shares and to determine to whom and in what order the shares shall be conveyed. The shares can be conveyed in one or several installments, either against payment or without payment in derogation of the pre-emptive right of shareholders to company shares. The shares may also be conveyed through public trading.

## Board and Board Committees

The Annual General Meeting for 2014 set the number of board members at nine. Kaj-Gustaf Bergh, Ingrid Jonasson Blank, Ralf Böer, Alexander Ehrnrooth, Paul Ehrnrooth, Louise Fromond, Gustaf Gripenberg, and Karsten Slotte were re-elected and Christine Mondollot was elected as a new member of the board. The Board members' term of office will expire at the end of the Annual General Meeting in 2015.

Convening after the Annual General Meeting, the Board of Directors elected Paul Ehrnrooth as Chairman and Alexander Ehrnrooth as Vice Chairman. The Board decided to establish an Audit Committee, a Compensation Committee, and a Nomination and Strategy Committee.

The Board appointed Gustaf Gripenberg as Chairman of the Audit Committee and, as its other members, Alexander Ehrnrooth, Louise Fromond, Ingrid Jonasson Blank, and Karsten Slotte. The Board appointed Paul Ehrnrooth as Chairman of the Compensation Committee and, as its other members, Ralf Böer, Christine Mondollot, and Karsten Slotte. The Board appointed Paul Ehrnrooth as chairman of the Nomination and Strategy Committee and, as its other members, Alexander Ehrnrooth and Kaj-Gustaf Bergh.

## Risks and business uncertainties

Fiskars business, net sales, and financial performance may be affected by several uncertainties. Fiskars Group details the overall business risks and risk management in its Annual Report and on its web site.

The principal business uncertainties are related to the following:

- Macroeconomic risk and consumer demand
- Customer relationships
- Brands and corporate reputation
- Innovation and new product development
- Intellectual property rights
- People and culture
- Supply chain
- Raw materials and components
- Product risk
- Weather and seasonality
- Investment program in Europe
- Information technology
- Acquisitions
- Currency rates
- Financial investments
- Taxation

In 2014, Fiskars sales were affected by macroeconomic risk and consumer demand, especially in Finland, challenges in customer relationships and product risk in Outdoor Americas, weather and seasonality in Europe (low snowfall), the investment program in Europe, and negative currency rates in the first half of the year.

In 2015, Fiskars does not foresee a change to the better in the macroeconomic situation and consumer demand in Finland.

The addition of the watering business has increased the weather and seasonality risk in the Americas and the Group's exposure to the US dollar. The first and second quarters are important selling season for both garden and yard care and watering products, and the late autumn and winter for snow tools.

Fiskars is involved in a number of legal actions, claims, and other proceedings. The final outcomes of these matters are unpredictable. Taking into account all available information to date, the outcomes are not expected to have a material impact on the financial position of the Group.

Fiskars Group's entities are subject to tax audits in several countries. It is possible that tax audits may lead to re-assessment of taxes.

Fiskars Other segment now includes an investment portfolio, which is treated as financial assets at fair value through profit or loss. This will increase the volatility of Fiskars financial items in the profit and loss statement and thus the volatility of Fiskars net result.

## Outlook for 2015

Fiskars expects the Group's net sales for 2015 to increase from the previous year. The majority of the increase is expected from the addition of the watering business.

Despite the overall economic uncertainty, Fiskars continues the determined execution of its strategy. The company plans to expand its retail network in Asia, and the integration and turnaround of the newly acquired US watering business has begun. In addition, Fiskars plans to increase investments in brands in Europe. These efforts will increase costs and, together with the amortization related to the five-year investment program, lead Fiskars to expect that its operating profit excluding non-recurring items for the year 2015 will be below 2014 levels.

Fiskars Other segment now includes an investment portfolio, which is treated as financial assets at fair value through profit or loss. This will increase the volatility of Fiskars financial items in the profit and loss statement and thus the volatility of Fiskars net result.

## Proposal for distribution of dividend

At the end of 2014, the distributable equity of the parent company was EUR 547.5 million (793.0). The Board of Directors proposes to the Annual General Meeting of shareholders, to be held on March 12, 2015, that a dividend of EUR 0.68 (0.67 and extra dividend of 2.60) per share be paid for 2014.

On the date of this financial statement release, the number of shares entitling holders to a dividend was 81,905,242. The proposed distribution of dividends would thus be EUR 55.7 million (54.9). This would leave EUR 491.8 (738.1) million of distributable profit funds at the Parent Company.

No material changes have taken place in the financial position of the company since the end of the fiscal year. The financial standing of the company is good and, according to the Board of Directors' assessment, distributing the proposed dividend will not compromise the company's solvency.

Helsinki, Finland, February 6, 2015

**FISKARS CORPORATION**  
Board of Directors

# CONSOLIDATED FINANCIAL STATEMENTS, IFRS

## Consolidated income statement

EUR million	Note	2014		2013	
<b>Net sales</b>	2	<b>767.5</b>		798.6	
Cost of goods sold	6	<b>-457.0</b>		-475.3	
<b>Gross profit</b>		<b>310.4</b>	<b>40%</b>	323.2	40%
Other operating income	5	<b>5.9</b>		3.1	
Sales and marketing expenses	6	<b>-168.4</b>		-164.7	
Administration expenses	6	<b>-80.6</b>		-82.0	
Research and development costs	6	<b>-14.6</b>		-13.3	
Other operating expenses	6	<b>-10.0</b>		-1.5	
Goodwill impairment	6			-3.7	
<b>Operating profit (EBIT)</b>		<b>42.7</b>	<b>6%</b>	61.0	8%
Change in fair value of biological assets	13	<b>-0.3</b>		0.7	
Share of profit from associate	15	<b>30.0</b>		50.8	
Gain on sale and revaluation of associate shares	15	<b>676.0</b>			
Investments at fair value through profit or loss - net change in fair value	8	<b>27.9</b>			
Other financial income and expenses	8	<b>10.5</b>		-4.3	
<b>Profit before taxes</b>		<b>786.7</b>	<b>103%</b>	108.3	14%
Income taxes	9	<b>-13.4</b>		-14.3	
<b>Profit for the period</b>		<b>773.3</b>	<b>101%</b>	94.0	12%
Attributable to:					
Equity holders of the parent company		<b>773.1</b>		93.7	
Non-controlling interest		<b>0.2</b>		0.3	
Earnings for equity holders of the parent company per share, euro (basic and diluted)	10	<b>9.44</b>		1.14	

## Consolidated statement of comprehensive income

EUR million	Note	2014	2013
<b>Profit for the period</b>		<b>773.3</b>	<b>94.0</b>
<b>Other comprehensive income for the period:</b>			
Items that may be reclassified subsequently to profit or loss:			
Translation differences		<b>3.6</b>	-8.5
Change in associate recognized directly in other comprehensive income	15	<b>6.5</b>	-13.9
Transferred to income statement		<b>6.2</b>	
Cash flow hedges		<b>-0.0</b>	0.5
Items that will not be reclassified to profit or loss:			
Defined benefit plan, actuarial gains (losses), net of tax	21	<b>-1.1</b>	-0.2
Change in associate recognized directly in other comprehensive income	15	<b>-0.1</b>	-5.6
Other comprehensive income for the period, net of tax		<b>15.1</b>	-27.7
<b>Total comprehensive income for the period</b>		<b>788.4</b>	<b>66.3</b>
Attributable to:			
Equity holders of the parent company		<b>788.0</b>	66.1
Non-controlling interest		<b>0.4</b>	0.2

The notes are an integral part of these consolidated financial statements.

## Consolidated balance sheet

EUR million	Note	Dec 31, 2014		Dec 31, 2013	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Goodwill	11	112.7		111.9	
Other intangible assets	11	171.9		170.9	
Property, plant & equipment	12	104.7		100.5	
Biological assets	13	41.6		42.0	
Investment property	14	4.9		6.0	
Investments in associates	15			286.1	
Financial assets					
Financial assets at fair value through profit or loss	16	12.2		10.5	
Other investments	16	3.9		3.9	
Deferred tax assets	9	26.8		31.3	
<b>Non-current assets total</b>		<b>478.8</b>	<b>30%</b>	<b>763.1</b>	<b>73%</b>
<b>Current assets</b>					
Inventories	17	168.2		119.4	
Trade and other receivables	18	129.2		138.5	
Income tax receivables		8.0		6.1	
Interest-bearing receivables		5.1		2.3	
Investments at fair value through profit or loss	16	766.7			
Cash and cash equivalents	16	33.6		9.7	
<b>Current assets total</b>		<b>1,110.7</b>	<b>70%</b>	<b>275.9</b>	<b>27%</b>
<b>Assets total</b>		<b>1,589.5</b>	<b>100%</b>	<b>1,039.1</b>	<b>100%</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Equity attributable to the equity holders of the parent company		1,151.9		631.8	
Non-controlling interest		1.3		0.9	
<b>Equity total</b>	19	<b>1,153.2</b>	<b>73%</b>	<b>632.7</b>	<b>61%</b>
<b>Non-current liabilities</b>					
Interest-bearing liabilities	20	31.5		56.2	
Other liabilities		6.4		6.1	
Deferred tax liabilities	9	39.1		39.8	
Pension liability	21	9.3		8.6	
Provisions	22	4.5		5.9	
<b>Non-current liabilities total</b>		<b>90.9</b>	<b>6%</b>	<b>116.7</b>	<b>11%</b>
<b>Current liabilities</b>					
Interest-bearing liabilities	20	128.9		108.8	
Trade and other payables	23	210.2		172.0	
Income tax liabilities		1.9		3.7	
Provisions	22	4.4		5.2	
<b>Current liabilities total</b>		<b>345.4</b>	<b>22%</b>	<b>289.7</b>	<b>28%</b>
<b>Equity and liabilities total</b>		<b>1,589.5</b>	<b>100%</b>	<b>1,039.1</b>	<b>100%</b>

The notes are an integral part of these consolidated financial statements.

## Consolidated statement of cash flows

EUR million	2014	2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxes	786.7	108.3
Adjustments for		
Depreciation, amortization and impairment	28.5	29.2
Share of profit from associate	-30.0	-50.8
Gain on sale and revaluation of associate shares	-676.0	
Gain/loss on sale and loss on scrap of non-current assets	8.5	0.2
Investments at fair value through profit or loss - net change in fair value	-27.9	
Other financial items	-10.4	4.2
Change in fair value of biological assets	0.3	-0.7
Change in provisions and other non-cash items	-6.1	3.6
Cash flow before changes in working capital	73.6	94.0
Changes in working capital		
Change in current assets, non-interest bearing	17.0	-14.4
Change in inventories	-20.5	-0.5
Change in current liabilities, non-interest bearing	9.6	7.3
Cash flow from operating activities before financial items and taxes	79.8	86.5
Dividends received from associate	26.9	25.6
Financial items paid (net)	-5.4	-5.5
Taxes paid	-14.3	-25.6
<b>Cash flow from operating activities (A)</b>	<b>87.0</b>	<b>81.0</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiaries	-19.7	-49.5
Investments in financial assets	-400.1	-0.1
Capital expenditure on fixed assets	-35.0	-37.5
Proceeds from sale of fixed assets	2.4	1.1
Proceeds from sale of business		1.0
Proceeds from sale of associate shares	639.1	
Cash flow from other investments	1.3	0.4
<b>Cash flow from investing activities (B)</b>	<b>187.8</b>	<b>-84.6</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Change in current receivables	-2.8	-1.8
Borrowings of non-current debt	32.7	0.1
Repayment of non-current debt	-44.6	-20.0
Change in current debt	11.4	74.2
Payment of finance lease liabilities	-2.4	-1.7
Cash flow from other financing items	0.2	-0.2
Dividends paid	-245.6	-53.2
<b>Cash flow from financing activities (C)</b>	<b>-251.1</b>	<b>-2.7</b>
<b>Change in cash and cash equivalents (A+B+C)</b>	<b>23.7</b>	<b>-6.3</b>
Cash and cash equivalents at beginning of period	9.7	16.4
Translation difference	0.2	-0.5
Cash and cash equivalents at end of period	33.6	9.7

The notes are an integral part of these consolidated financial statements.

## Statement of changes in consolidated equity

EUR million	Equity attributable to shareholders of the Parent company						Non-controlling interest	Total
	Share capital	Treasury shares	Cumul. transl. diff.	Fair value reserve	Actuarial gains and losses	Retained earnings		
<b>Dec 31, 2012</b>	<b>77.5</b>	<b>-0.9</b>	<b>-0.8</b>	<b>1.3</b>	<b>-0.8</b>	<b>542.6</b>		<b>618.9</b>
Translation differences			-8.4				-0.1	-8.5
Change in associate recognized directly in other comprehensive income			-9.5	-4.4	-5.6			-19.5
Cash flow hedges				0.5				0.5
Defined benefit plan, actuarial gains (losses), net of tax					-0.2			-0.2
<b>Other comprehensive income for the period, net of tax, total</b>			<b>-17.9</b>	<b>-3.9</b>	<b>-5.8</b>		<b>-0.1</b>	<b>-27.7</b>
Profit for the period						93.7	0.3	94.0
<b>Total comprehensive income for the period</b>			<b>-17.9</b>	<b>-3.9</b>	<b>-5.8</b>	<b>93.7</b>	<b>0.2</b>	<b>66.3</b>
Changes due to acquisitions							0.7	0.7
Cancellation of treasury shares		0.9				-0.9		
Dividends paid						-53.2		-53.2
<b>Dec 31, 2013</b>	<b>77.5</b>		<b>-18.7</b>	<b>-2.6</b>	<b>-6.7</b>	<b>582.2</b>	<b>0.9</b>	<b>632.7</b>
Translation differences			3.5				0.1	3.6
Change in associate recognized directly in other comprehensive income			8.6	-2.1	-0.1			6.4
Transferred to income statement			2.5	3.8				6.2
Transferred to retained earnings					5.7	-5.7		
Cash flow hedges				-0.0				0.0
Defined benefit plan, actuarial gains (losses), net of tax					-1.1			-1.1
<b>Other comprehensive income for the period, net of tax, total</b>			<b>14.5</b>	<b>1.6</b>	<b>4.5</b>	<b>-5.7</b>	<b>0.1</b>	<b>15.1</b>
Profit for the period						773.1	0.2	773.3
<b>Total comprehensive income for the period</b>			<b>14.5</b>	<b>1.6</b>	<b>4.5</b>	<b>767.4</b>	<b>0.4</b>	<b>788.4</b>
Changes due to divestments						-0.0	0.2	0.2
Dividends paid						-267.8	-0.2	-268.0
<b>Dec 31, 2014</b>	<b>77.5</b>		<b>-4.2</b>	<b>-1.0</b>	<b>-2.2</b>	<b>1,081.7</b>	<b>1.3</b>	<b>1,153.2</b>

The notes are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Accounting principles for the consolidated financial statements, IFRS

Fiskars Corporation is a Finnish public limited liability company listed on Nasdaq Helsinki and domiciled in Raasepori, Finland. The registered address of Fiskars Corporation is Hämeentie 135 A, Helsinki, Finland. Fiskars Corporation is the parent company of the Group. The Group manufactures and markets branded consumer products globally. Fiskars' operating segments are Europe and Asia-Pacific, Americas, the associated company Wärtsilä (until October 9, 2014) and Other. The operations were divided to Business Areas Home, Garden and Outdoor until November 30, 2014 and to Living products, Functional products and Outdoor products as of December 1, 2014. In addition the Group has Real Estate operations. The Group's international main brands are Fiskars, Iittala, and Gerber.

The financial statements are authorized for issue by the Board of Directors of Fiskars Corporation. According to the Finnish Limited Liability Companies' Act, the shareholders have a possibility to approve or reject or make a decision on altering the financial statements in the Annual General Meeting to be held after the publication of the financial statements.

### Basis of preparation

The consolidated financial statements of Fiskars Corporation ("Fiskars" or "the Group") are prepared in accordance with International Financial Reporting Standards (IFRS) in force at December 31, 2014 as adopted by the European Union. International Financial Reporting Standards, referred to in the Finnish Accounting Act and in ordinances issued based on the provisions of this Act, are standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the consolidated financial statements also comply with the Finnish accounting and corporate legislation.

The consolidated financial statements are prepared on historical cost basis except for financial assets and financial liabilities which are presented at fair value through profit or loss, and biological assets as well as assets and liabilities related to defined benefit pension plans that are measured at fair value.

Items included in the financial statements of each of the Group's entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the parent company's functional currency. The presentation is in millions of euro with one decimal.

### Use of estimates

The preparation of financial statements in conformity with IFRS requires the management to make judgments and assumptions that affect the recognition and measurement of financial statement items. These estimates and associated assumptions are based on historical experience and other justified assumptions that are believed to be reasonable under the circumstances at the end of the reporting period. These estimates form the basis for judgments of the items in the financial statements. Development of markets and general economic situation may affect the variables underlying the estimates and actual results may differ significantly from these estimates. Such estimates mainly relate to the assumptions made in

- impairment testing (Note 11),
- amount of obsolete inventory (Note 17),
- recognition of impairment losses on trade receivables (Note 18),
- restructuring provisions (Note 22),
- determination of defined benefit pension obligations (Note 21),
- value appraisal of biological assets (Note 13) and
- the probability of deferred tax assets being recovered against future taxable profits (Note 9).

### Consolidated financial statements

The consolidated financial statements include the parent company, Fiskars Corporation, and all the subsidiaries in which it holds, directly or indirectly, over 50% of the voting rights or over which it otherwise has control. Acquired or established subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

Subsidiaries are consolidated using the acquisition method. Intra-group transactions, profit distribution, receivables, liabilities and unrealized gains between Group companies are eliminated in consolidation. The profit or loss for the financial year attributable to the owners and non-controlling interest is presented in the income statement and the total comprehensive income for the financial year attributable to the owners and non-controlling interest is presented in the statement of comprehensive income. The non-controlling interest in equity is presented within equity, separately from the equity of the owners of the parent.

Investments in associates in which Fiskars has a significant influence but not control are accounted for using the equity method. Significant influence usually exists when the Group holds over 20% of the voting power of the entity or when the Group otherwise has significant influence but not control.



## Translation of foreign currency items

### Transactions in foreign currencies

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period monetary assets and liabilities are translated using the exchange rate prevailing at the end of the reporting period. Exchange differences arising from translation are recognized in the income statement and presented under financial items, except for exchange differences related to trade receivables and trade payables that are presented within operating profit. Non-monetary items denominated in foreign currencies are translated using the exchange rate at the date of the transaction, except for those items carried at fair value that are translated using at the rates prevailing at the date when the fair value was determined.

### Translation of financial statements of foreign subsidiaries

In the consolidated financial statements income statements, statements of comprehensive income and cash flows of foreign subsidiaries are translated into parent company's currency at the average exchange rates for the period. Their balance sheet items are translated at exchange rates prevailing at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income and presented under translation differences in equity. Exchange differences resulting from the translation of profit or loss and comprehensive income at the average rate in the income statement and in the statement of comprehensive income, and the balance sheet at the closing rate, are recognized in other comprehensive income and they are included under translation differences in equity. The effective portions of the gains or losses on those financial instruments hedging net investments in foreign operations are recognized similarly. When the Group disposes of all, or part of, that subsidiary, the translation differences accumulated in equity are transferred to profit or loss as part of the gain or loss on disposal.

### Net sales and revenue recognition principles

Net sales are shown net of indirect taxes, rebates, and exchange differences on trade receivables denominated in foreign currencies. Revenue from the sale of goods is recognized when all significant risks and rewards of ownership have been transferred to the buyer, i.e. when a product has been delivered to the client in accordance with the terms of delivery. Revenue related to the Myiittala loyalty program is allocated between the loyalty program and other components of the sale. The amount allocated to the loyalty program is recognized as revenue when customers use the vouchers or when it is apparent that the vouchers will no longer be redeemed. There are no such long-term projects in the Group for which the revenue would be recognized using the percentage-of-completion (POC) method.

### Pension obligations

Group companies have various pension plans in accordance with local conditions and practices in the countries in which they operate. The plans are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan the Group pays fixed contributions into a separate entity. If the entity does not hold sufficient assets to pay all employees the benefits in question, the Group will have no legal or constructive obligation to pay further contributions. All other plans not meeting the above criteria are classified as defined benefit plans. Most of plans Group companies have are classified as defined contribution plans and related contributions are charged to the income statement in the year in which the payment obligation has arisen.

The costs for defined benefit pension plans are calculated and recognized under the terms of the plan based on actuarial calculations. Pension costs are recognized as expenses over the employees' service period. The pension obligation is measured as the present value of the estimated future contributions deducted by the fair value of plan assets at the end of the reporting period. Changes in the estimates in the actuarial calculations may influence the reported pension obligations and pension costs. Actuarial gains and losses are recognized in other comprehensive income.

### Operating profit

IAS 1 Presentation of Financial Statements does not give a definition for operating profit. In Fiskars the operating profit (EBIT) is the net of revenues and other operating income, material purchases and change of inventories, production for own use, employee benefits, depreciations, amortizations and possible impairments and other operating expenses. The operating profit includes operating results of Fiskars' operating segments Europe and Asia-Pacific, Americas, and Other. The share of profit or loss of the associate Wärtsilä and the change in fair value of biological assets are presented as separate line items below EBIT in the income statement.

## Intangible assets

An intangible asset is initially capitalized in the balance sheet at cost if the cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group. Residual values and expected useful lives are reassessed at least at each financial year-end and, if necessary, are adjusted to reflect changes in the expected future economic benefits. Those borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

### Goodwill

Goodwill represents the Group's share of difference between the cost of the acquisition and the fair value of the net identifiable assets, liabilities, and contingent liabilities acquired measured at the acquisition date. Goodwill is stated at historical cost less any accumulated impairment losses. Goodwill is not amortized but is tested for impairment at least annually. For this purpose goodwill has been allocated to cash-generating units or, in case of an associate, the goodwill is included within the carrying amount of the associate in question. The recoverable amount of the unit is compared annually or more often if there are indications of impairment, with its carrying amount to determine potential impairment.

Contingent consideration will be measured at fair value and subsequently re-measured through profit or loss. All acquisition-related costs, such as experts' fees, will be expensed instead of capitalization. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

### Research and development costs

Research and development costs are expensed as they are incurred, except for those development costs that are capitalized if the criteria in IAS 38 are met. Capitalized development costs consisting of mainly direct labor costs and external services are recognized as intangible assets.

Intangible assets not yet available for use are tested annually for impairment. Subsequent to initial recognition capitalized development costs are measured at cost less accumulated amortization and accumulated impairment losses. They are amortized on a straight-line basis over their useful lives, from 3 to 6 years.

### Other intangible assets

Other intangible assets include among other patents, capitalized development costs, software, as well as trademarks and customer relationships acquired in business combinations. Intangible assets are stated at cost less accumulated amortization and any accumulated impairment. Intangible assets in this class are amortized on a straight-line basis over their known or expected useful lives. Residual values and expected useful lives are reassessed at least at each financial year-end and, if necessary, are adjusted to reflect changes in the expected future economic benefits. The estimated useful lives are as follows:

- |                          |            |
|--------------------------|------------|
| • Software               | 3–10 years |
| • Customer relationships | 5–15 years |
| • Other                  | 3–10 years |

Intangible assets with an indefinite useful life such as trademarks or brand names acquired in business combinations are not amortized but they are tested at least annually for impairment.

## Property, plant and equipment

Property, plant, and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses, if applicable. Those borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the assets. Residual values and expected useful lives are reassessed at least at each financial year-end and, if necessary, are adjusted to reflect changes in the expected future economic benefits. The estimated useful lives are as follows:

- |                           |                 |
|---------------------------|-----------------|
| • Buildings               | 20–40 years     |
| • Machinery and equipment | 3–10 years      |
| • Land and water          | No depreciation |

Gains and losses on sales and disposals of items of property, plant, and equipment are presented under other operating income and other operating expenses.

## Leases

Leases in which the Group takes over from the lessor substantially all the risks and rewards of ownership are classified as finance leases. Assets leased under finance leases are recognized under property, plant, and equipment at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments at the commencement of the lease term. The associated obligations are recognized in interest-bearing financial liabilities. The lease payments are divided into finance cost and amortization of the lease liability.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are accounted for as operating leases. Lease payments made under an operating lease are recognized as an expense on a straight-line basis over the lease term.

## Investment property

The properties that are not used in the Group's operations or which are held to earn rental revenue or increase in value are classified as investment property. These properties are measured at cost less accumulated depreciation and impairment. Investment properties are depreciated over 20–40 years. Land is not depreciated.

## Impairment of property, plant and equipment and intangible assets

The Group operations have been divided into cash-generating units (CGU) that are smaller than operating segments. The carrying amounts of the assets relating to these CGUs are reviewed for impairment indicators annually at the end of the reporting period. The recoverable amounts of the following assets are also estimated annually irrespective whether there is any indication for impairment: goodwill, intangible assets with indefinite useful lives and unfinished intangible assets.

To determine a potential impairment the carrying amount of the asset is compared to the carrying amounts of the CGU's net assets are compared against the recoverable amount of that asset or CGU. The recoverable amount is the higher of the present value of the future cash flows (value in use) and the fair value less costs to sell. An impairment loss is recognized for an asset when its carrying amount exceeds its recoverable amount. An impairment loss previously recognized for items of property, plant, and equipment as well as for intangible assets other than goodwill is reversed subsequently only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of a mortization or depreciation, if no impairment loss had been recognized for the asset in prior years. An impairment loss recognized for goodwill is not reversed.

## Biological assets

Biological assets consist of standing timber in Group's forests in Finland. These assets are measured at fair value less estimated point-of-sale costs. The fair value resulting from both net growth and change in the market value of standing timber is presented as a separate line item in the income statement after operating profit (EBIT). The revenue from the sale of standing timber is presented in the income statement within the operating profit.

For valuing biological assets Fiskars applies a three year rolling average price of standing timber, based on the statistics provided by the Finnish Forest Research Institute, and multiplied by the estimated volume of standing timber, taking into account the costs and risks relating to sales.

## Non-current assets held for sale and discontinued operations

A non-current asset (or a disposal group) as well as assets and liabilities associated with a discontinued operation are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The recognition criteria are regarded to be met when a sale is highly probable, the asset (or a disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary, the management is committed to the plan to sell the asset and the sale is expected to take place within one year from the date of classification.

As from classification date a non-current asset (or a disposal group) held for sale is measured at the lower of its carrying amount and fair value less costs to sell, and it is not depreciated or amortized any more. Assets classified as held for sale, disposal groups, items recognized in other comprehensive income associated with the assets classified as held for sale as well as liabilities included in the disposal group are presented separately in the balance sheet.

A discontinued operation is a component of the Group's business that has been disposed of or will be disposed of in accordance with a coordinated plan. It represents a separate major line of business or geographical area of operations. The profit or loss of a discontinued operation is reported separately from the continuing operations in the consolidated statement of comprehensive income.

Fiskars classified a part of its ownership in Wärtsilä as a non-current asset held for sale in September 2014. These shares were sold in October 2014. There were no other non-current assets or discontinued operations neither in the financial year 2014 nor 2013.

## Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined using the first-in first-out (FIFO) method. The cost of finished goods and work-in-progress comprise direct purchase and manufacturing cost, other direct costs and a proportion of the related production overheads based on normal operating capacity. Net realizable value is the estimated amount that can be realized from the sale in normal course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories are presented net of an impairment loss recognized for obsolete and slow-moving inventories.

## Financial instruments

### Financial assets

Fiskars classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. Financial assets are classified at initial recognition based on their purpose of use. For investments not at fair value through profit or loss, the directly attributable transaction costs are included in the original costs of the financial assets. All purchases or sales of financial assets are recognized or derecognized using trade date accounting. The Group derecognizes financial assets when it has lost its right to receive the cash flows or when it has transferred substantially all the risks and rewards to an external party.

### Financial assets at fair value through profit or loss

In this category are classified such financial assets that are held for trading or are designated as financial assets at fair value through profit or loss upon initial recognition (the fair value option). In Fiskars this category comprises the investments in listed securities and those derivative instruments that do not meet the hedge accounting criteria or for which hedge accounting is not applied.

These financial assets are measured at fair value both at initial recognition and subsequently. The fair values of the listed securities are based on quoted rates at the end of the reporting period and fair value changes, both realized and unrealized gains and losses are recognized in the income statement under financial items. The fair value measurement principles of the derivative instruments that do not meet the hedge accounting criteria are described below under Derivatives and hedge accounting.

### Loans and other receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group does not hold them for trading or designate them as available for sale upon initial recognition. This category comprises trade receivables and other receivables under current receivables as well as non-current loan receivables that are presented under the item Other investments in the consolidated balance sheet.

Loans and other receivables are measured at amortized cost. The estimate made for doubtful receivables is based on the risks of individual items. Resulting from this assessment the carrying amounts of receivables are adjusted to measure their probable value. Loans and receivables are included in current or non-current assets based on their nature; in the latter class for maturities greater than 12 months after the end of the reporting period.

### Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as either loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. In Fiskars this category comprises the investments in unlisted securities. If their fair values cannot be determined reliably, they are measured at cost. Available-for-sale financial assets are included in non-current assets unless the Group intends to dispose of them within 12 months of the end of the reporting period in which case they are included in current assets.

### Cash and cash equivalents

The balance sheet item Cash and cash equivalents includes cash, i.e. cash in hand and deposits held at call with banks, and cash equivalents. Cash equivalents comprise highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. The items included in cash equivalents have original maturities of maximum three months from the date of acquisition. Bank overdrafts are included within current interest-bearing financial liabilities.

### Financial liabilities and borrowing costs

Fiskars classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss (includes derivative liabilities) and financial liabilities measured at amortized cost. A financial liability is recognized initially at fair value. For financial liabilities measured at amortized cost, the directly attributable transaction costs are included in the original cost. Subsequently financial liabilities are carried at amortized cost using the effective interest method, except for derivative liabilities that are measured at fair value. Financial liabilities are classified as non-current or current; the latter group comprises all those financial liabilities for which the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. The Group removes a financial liability (or a part of it) from its balance sheet only when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Credit fees related to loan commitments are treated as transaction costs to the extent it is likely that the loans will not be drawn down. Remaining credit fees are amortized over the expected loan term.

## Derivatives and hedge accounting

Derivative financial instruments are classified as financial instruments at fair value through profit and loss. Derivatives are recognized initially at cost and subsequently at fair value determined at the end of each reporting period. The fair value of derivatives is based on prevailing market rates or rates derived from the prevailing market rates at the end of the reporting period. Fair value changes are recognized in financial items. Fiskars has applied hedge accounting to changes in the fair value of derivatives designated, qualifying, and effective as cash flow hedges. The changes are recognized in Other comprehensive income.

## Fair value categories

Hierarchy level 1 includes financial assets that are publicly quoted in an active market. This category includes listed shares. Level 2 includes financial assets and liabilities measured using directly observable market inputs. All interest bearing debts and derivatives fall within this category. Level 3 includes financial assets and liabilities measured using non-market observable inputs. The asset classes in this category are unlisted equity investments and funds.

## Provisions and contingent liabilities

A provision is recognized when the Group as a result of a past event has a present legal or constructive obligation, it is probable that the obligation will be realized and a reliable estimate can be made of the amount of the obligation. A provision for restructuring is recognized when a detailed formal plan has been prepared and when there is a valid expectation relating those affected that the plan will be carried out. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If it is possible to receive compensation for part of the obligation from a third party, the compensation is recognized as a separate asset, but only when receipt of the compensation is virtually certain.

The Group may be a party to lawsuits and legal processes concerning Group's business operations. A related provision is recognized in the financial statements when the amount of the expenditure can be estimated reliably and it is more likely than not that they will be realized. Otherwise these contingent liabilities are disclosed in the notes.

## Income taxes

The Group's tax expense comprises current tax based on Group companies' taxable profit for the period and the change of deferred taxes. The current tax charge is calculated using the tax rate enacted or substantively enacted at the end of the reporting period. Deferred tax liabilities or deferred tax assets are provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using tax rates enacted or substantively enacted at the end of the reporting period. Temporary differences arise, inter alia, from tax loss carry-forwards, depreciation differences, provisions, defined benefit pension plans, fair value measurement of derivative financial instruments, biological assets, and eliminated intra-group inventory margins as well as from the fair value adjustments made to assets and liabilities in business combinations. A deferred tax liability is recognized on the undistributed profits of subsidiaries and associates if the distribution of profit is probable and it will result in tax consequences. A deferred tax liability is recorded to its full amount and a deferred tax asset is recognized at the amount of the estimated probable tax benefit. Income tax is recognized in profit or loss, unless it relates to items recognized in other comprehensive income. In such case any related tax effects are also recognized similarly.

## Dividends

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

## New and amended standards applied in financial year ended

As from January 1, 2014 the Group has applied the following new or amended standards that have come into effect:

- IFRS 10 Consolidated Financial Statements and subsequent amendments. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor when deciding whether an entity should be incorporated within the consolidated financial statements. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess. The new standard did not impact the consolidated financial statements.
- IFRS 11 Joint Arrangements and subsequent amendments. In the accounting of joint arrangements IFRS 11 focuses on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Jointly controlled entities are accounted for using only one method, equity method, and the other alternative, proportional consolidation is no longer allowed. The new standard did not impact the consolidated financial statements.
- IFRS 12 Disclosures of Interests in Other Entities and subsequent amendments. IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including associates, joint arrangements, structured entities and other off-balance sheet vehicles. The new standard expanded the notes the Group provides for its interests in other entities. The new standard did not otherwise impact the consolidated financial statements.
- IAS 27 Separate Financial Statements (revised 2011) and subsequent amendments. The revised standard includes the provisions on separate IFRS financial statements that were left after the control provisions were included in the new IFRS 10. The revised standard did not impact the consolidated financial statements.

- IAS 28 Investments in Associates and Joint Ventures (revised 2011) and subsequent amendments. Following the issue of IFRS 11 the revised IAS 28 includes the requirements for joint ventures, as well as associates, to be equity accounted. As a result of the revised standard ownership in Wärtsilä was divided into investments in associates and non-current assets held for sale in Q3 2014 reporting. The revised standard did not have other impact on consolidated financial statements.
- Amendments to IAS 32 Financial Instruments: Presentation. The amendments provide clarifications on the application of presentation requirements for offsetting financial assets and financial liabilities on the statement of financial position and give more related application guidance. The amendments did not impact the consolidated financial statements.
- Amendments to IAS 36 Impairment of Assets. The objective of the amendments is to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets. The amended standard did not impact the consolidated financial statements.
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement. The amendments made to IAS 39 provide an exception to the requirement to discontinue hedge accounting in certain circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The amendments did not impact the consolidated financial statements.
- IFRIC 21 Levies. The interpretation clarifies the accounting treatment of levies. A liability for a levy is recognised when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation is applicable to all levies other than income taxes, fines, penalties and outflows that are in scope of other standards. The interpretation did not impact the consolidated financial statements.

Other new or amended standards or interpretations had no impact on the consolidated financial statements.

## Adoption of new and amended standards and interpretations applicable in future financial years

Fiskars has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year. These amendments have not been endorsed for use by the European Union yet.

- Amendments to IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions (effective for financial years beginning on or after 1 July 2014). The amendments clarify the accounting treatment under IAS 19 in respect of defined benefit plans that involve contributions from employees or third parties towards the cost of benefits. The amendments are not assessed to have an impact on the consolidated financial statements.
- Annual Improvements to IFRSs 2010–2012 cycle and 2011–2013 cycle (effective for financial years beginning on or after 1 July 2014) and 2012–2014 cycle (effective for financial years beginning on or after 1 January 2016). The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. Their impacts vary standard by standard but are not significant.
- Amendments to IAS 27 Separate Financial Statements - Equity Method in Separate Financial Statements (effective for financial years beginning on or after 1 January 2016). The amendment allows the use of equity method when accounting for subsidiaries and joint ventures and operations in separate financial statements, which has been a local requirement in some jurisdictions. This will allow more entities to use IFRS in their separate financial statements. The amendments do not have an impact on the consolidated financial statements.
- Amendments to IAS 16 Tangible Assets and IAS 41 Agriculture - Bearer Plants (effective for financial years beginning on or after 1 January 2016). The amendment transports bearer plants from the scope of IAS 41 to IAS 16. As a result they will be valued according to the cost model or the revaluation model, whereas IAS 41 required them to be valued to fair value less costs to sell. The produce growing on bearer plants will remain within the scope of IAS 41. The amendments do not have an impact on the consolidated financial statements.
- Amendments to IAS 16 Tangible Assets and IAS 38 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for financial years beginning on or after 1 January 2016). The amendments forbid the use of a revenue based depreciation method for intangible and tangible assets. This presumption can be overcome only in the limited circumstance when revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendments do not have an impact on the consolidated financial statements.
- Amendments to IFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (effective for financial years beginning on or after 1 January 2016). The amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business to apply all of the principles on business combinations accounting.
- IFRS 14 Regulatory Deferral Accounts (effective for financial years beginning on or after 1 January 2016). This standard includes specific guidance to a first-time adopter on how to account for the effects of a rate-regulated market. The new standard does not have an impact on the consolidated financial statements.
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for financial years beginning on or after 1 January 2016). The amendment elaborates the instructions related to the sale or contribution of assets between an investor and its associate or joint venture. The amendments do not have an impact on the consolidated financial statements.
- Amendments to IAS 1 Presentation of Financial Statements - Disclosure Initiative (effective for financial years beginning on or after 1 January 2016). The amendment elaborates on the effect of materiality on the presentation of notes, subtotals and the order of notes. The amendments are estimated not to have a material impact on the consolidated financial statements.
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in associates and joint ventures - Investment Entities: Applying the Consolidation Exception (effective for financial years beginning on or after 1 January 2016). The amendment clarifies that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. A corresponding exception was extended to the application of the equity method to associates and joint ventures. The amendments do not have an impact on the consolidated financial statements.

- IFRS 15 Revenue from Contracts with Customers (effective for financial years beginning on or after 1 January 2017). The new standard establishes a 5-step model on how to account for revenue from contracts with customers. The new standard will replace current IAS 18 and IAS 11 standards and related interpretations. Accounting for sales revenue may happen over time or in a point in time, and the transfer of control is a central criterion. The new standard will increase the number of notes. The group is currently evaluating the possible effects of the standard.
- IFRS 9 Financial Instruments and subsequent amendments (effective for financial years beginning on or after 1 January 2018). The new standard replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 changes the classification and valuation of financial assets and includes a new model for estimating impairment of financial assets, which is based on expected credit losses. Classification of financial liabilities corresponds for the most part to the current requirements of IAS 39. Hedge accounting will continue to have three types hedging relationships. Hedge accounting may be applied to more risk positions than earlier and the principles of hedge accounting have been aligned risk management. The group is currently evaluating the possible effects of the standard.

## 2. Segment information

In 2014 and 2013, Fiskars' operating segments were Europe & Asia-Pacific, Americas, the associated company Wärtsilä (until October, 2014) and Other. The operating segments are identified on the basis of management reporting, which is organized by geographical areas. The operations are further divided to business areas.

### Operating segments

Europe & Asia-Pacific: The revenues comprise of sales of Home, Garden and Outdoor products to retailers in Europe, Middle-East and Asia-Pacific. In addition, homeware products are sold directly to consumers via own stores and outlets.

Americas: The revenues comprise of sales of Home, Garden and Outdoor products to retailers in USA, Canada and Latin America.

Other: The revenues consist mainly of rental income from Real Estate and timber sales in Finland. Other covers Real Estate and corporate headquarter functions.

Associate Wärtsilä: Income from the associate was reported as one operating segment until October 9, 2014.

Business activities between the segments are not significant. Inter-segment sales are made on an arm's length basis. Real Estate owns real estates in Finland and leases them to subsidiaries in Finland e.g. for use as production facilities.

President and CEO monitors the operating results of the segments separately for the purpose of making decisions. Segment assets and liabilities are based on geographical location of the assets. Financial income and costs and income taxes are managed on group basis and accordingly not allocated to operating segments.

In the Americas the Fiskars branded products' distribution, logistics and consumer preferences are managed centrally for the business areas. In the Europe & Asia-Pacific area the markets and distribution are more diversified, but from the customer point of view the business areas operate in a common environment.

### Unallocated items

The unallocated items of the Income Statement contain corporate level costs and income. Unallocated assets comprise items related to corporate administration, tax receivables, loan receivables and equity instruments. Unallocated liabilities comprise non-current and current debt and tax liabilities. Also part of the restructuring costs are unallocated.

No single customer of Fiskars accounts for more than 10% share of the Group's total net sales.



## Reporting by operating segment

### 2014

EUR million	Europe & Asia-Pacific	Americas	Other	Associate Wärtsilä	Unallocated and eliminations	Group total
Net sales, external	526.2	236.7	4.6			767.5
Net sales, inter-segment	7.4	3.3	2.3		-13.0	0.0
Net sales	533.6	240.0	6.8		-13.0	767.5
Operating profit excl. non-recurring items	43.2	26.8	-6.0		-4.4	59.6
Non-recurring items*	-18.0	1.3	-0.2			-17.0
Operating profit	25.2	28.1	-6.2		-4.4	42.7
Change in fair value of biological assets			-0.3			-0.3
Share of profit from associate				30.0		30.0
Gain on sale and revaluation of associate shares					676.0	676.0
Other financial income and expenses					38.4	38.4
Profit before taxes						786.7
Income taxes					-13.4	-13.4
Profit for the period						773.3
Assets	593.7	169.0	1,361.6		-534.8	1,589.5
Liabilities	411.6	92.1	277.7		-345.1	436.3
Capital expenditure	23.3	5.2	6.6			35.0
Depreciations, amortizations and impairment	15.3	5.9	3.8		3.5	28.5

\* Includes restructuring costs of EUR 10.6 million relating to the EMEA 2015 restructuring program, EUR 7.0 million relating to write-down of ERP related intangible assets, EUR 1.7 million relating to a gain from bargain purchase, EUR 0.4 million trademark impairment and EUR 0.7 million of other non-recurring items.

### 2013

EUR million	Europe & Asia-Pacific	Americas	Other	Associate Wärtsilä	Unallocated and eliminations	Group total
Net sales, external	556.1	238.3	4.2			798.6
Net sales, inter-segment	8.2	6.8	2.2		-17.2	0.0
Net sales	564.2	245.1	6.5		-17.2	798.6
Operating profit excl. non-recurring items	52.7	31.4	-10.3			73.8
Non-recurring items*	-12.8					-12.8
Operating profit	39.9	31.4	-10.3			61.0
Change in fair value of biological assets			0.7			0.7
Share of profit from associate				50.8		50.8
Financial income and expenses					-4.3	-4.3
Profit before taxes						108.3
Income taxes					-14.3	-14.3
Profit for the period						94.0
Assets	586.5	118.7	561.4	286.1	-513.6	1,039.1
Liabilities	404.9	65.0	259.7		-323.2	406.4
Capital expenditure	16.6	5.5	15.1			37.2
Depreciations, amortizations and impairment	21.1	3.7	4.4			29.2

\* Includes restructuring costs of EUR 8.2 million relating to the EMEA 2015 restructuring program, EUR 3.7 million relating to goodwill impairment loss and EUR 0.9 million relating to a write-down of a real estate asset.

## Business areas

Business areas are Home, Garden and Outdoor. Net sales for the business areas are reported based on the nature of the sales of the products sold to customers. Sales between the business areas are insignificant.

### Net sales by business areas

EUR million	2014	2013
Home	380.5	386.2
Garden	268.2	284.5
Outdoor	114.2	123.7
Other	4.5	4.2
Total	767.5	798.6

### Information about geographical areas

EUR million	2014	2013
Net sales from Finland	134.6	141.0
Net sales from the USA	242.1	241.7
Net sales from other countries	390.7	415.9
Total	767.5	798.6

EUR million	2014	2013
Assets in Finland*,**	206.7	495.7
Assets in other countries*	245.3	241.5
Total	452.0	737.1

\* Non-current assets other than deferred tax assets.

\*\* Assets in Finland include also the associated company Wärtsilä in 2013.

## Fiskars new reporting structure

As of January 1, 2015, following the implementation of a new region-based organization, the Group's financial reporting was changed to reflect the new organization. As a part of the new structure, Fiskars Home and Garden product categories in Europe & Asia-Pacific were reorganized into two business units, Functional products and Living products. Replacing the current Home and Garden business areas, Fiskars will report its global Garden, Kitchen and School, Office and Craft sales as one "Functional products" and global Living product sales as one "Living products". In conjunction with this, the Boat business will be moved from the Europe & Asia-Pacific segment to the Other segment and going forward its sales will be reported as part of the Other businesses.

The preliminary net sales for 2014 according to the new segment and business unit structure is presented below.

### Net sales by segments

EUR million	2014
Europe and Asia-Pacific	507.1
Americas	235.1
Other	38.3
Unallocated and eliminations	-13.0
Group total	767.5

### Net sales by business units

EUR million	2014
Living	242.9
Functional	405.8
Outdoor	82.8
Other	36.0
Total	767.5

### 3. Non-recurring items in operating profit

Exceptional and material transactions outside ordinary course of business are treated as non-recurring items. These include items such as gains and losses on disposal of business operations, impairments, costs of discontinued significant business operations, restructuring costs and costs of integrating acquired businesses, major product recalls and fines and penalties. Gains and losses are presented in the income statement as an income or expense on the relevant line item and function. Impairments have been presented in the income statement in depreciation, amortization and impairment of the relevant function or on line impairment when the impairment concerns goodwill. Write-downs are presented in other operating expenses.

In June 2013, Fiskars announced a restructuring program to optimize operations and sales units in the EMEA region. The planned "EMEA 2015" program aims to improve the competitiveness and cost structure of end-to-end supply chain and align sales operations in the region with the company's new business model. The total cost of the program is estimated at EUR 25–30 million for 2013–2015. Program costs will be recorded as non-recurring expenses.

Of the total expenses related to the program, EUR 10.6 million were recorded in 2014 (EUR 8.2 million in 2013). They related mainly to the restructuring of the Italian operations and Fiskars' entities in Denmark together with costs related to the planned reorganization of the Group's businesses in Europe into a business-region-based organization.

The targeted annual cost savings of the program are EUR 9–11 million once the program is fully implemented. The targeted cost savings will be achieved gradually, and the majority of the savings are expected to materialize in the Group's results as of the end of 2015.

The estimated lifespan of some of the first system implementations within Fiskars five year investment program in Europe have been reduced due to a re-evaluation of the program roadmap. Accordingly, Fiskars recognized a non-recurring EUR 7.0 million write-down against the intangible assets. The acquisition of the watering business resulted in a gain from bargain purchase amounting to EUR 1.7 million.

Gingher trademark was impaired by EUR 0.4 million and recognized as a non-recurring item. Other non-recurring items amounted to EUR 0.7 million in 2014.

EUR million	2014	2013
EMEA 2015 restructuring program	-10.6	-8.2
Write-down of ERP related intangible assets	-7.0	
Gain from bargain purchase related to the watering business	1.7	
Trademark impairment	-0.4	
Goodwill impairment related to the Sankey business		-3.7
Write-down of a real estate		-0.9
Other non-recurring items	-0.7	
Total	-17.0	-12.8

### 4. Acquisitions and divestments

#### 2014

#### Sale of significant part of Wärtsilä shares

On September 19, 2014 Fiskars, Investor and their joint venture Avlis AB signed an agreement according to which Investor acquired 15.8 million shares, or 8% of the capital and votes in Wärtsilä from Avlis for EUR 639.1 million, or EUR 40.55 per share. As a result, these shares were classified as a non-current asset held for sale in the Q3 2014 interim report. The transaction was completed on October 9, 2014.

The joint venture structure was dissolved on October 9, 2014 and Fiskars retains an ownership stake in Wärtsilä representing 5.01% of the capital and votes. The non-recurring gain from the sale of Wärtsilä shares to Investor amounted to EUR 453.5 million.

Following the decrease in the Fiskars ownership of Wärtsilä it ceased to be accounted for as Fiskars' associated company, and the Group's segment reporting was changed accordingly. As a consequence, the remaining Wärtsilä shares were classified as financial assets at fair value through profit or loss. This reclassification resulted in a non-recurring unrealized valuation gain of EUR 222.4 million. Later changes in the market value have been reported in the Other segment.

In addition, Investor will pay an additional consideration to Fiskars' subsidiary Avlis (50% of profit the first year, 40% the second year and 30% the third year) in the event the acquired shares are divested at a higher price during a three year period. During that period, Fiskars and Investor have agreed in a shareholders' agreement to mutual first right of refusal provisions as well as a right for Fiskars to participate on equal terms if Investor were to divest the acquired shares.

## Acquisition of U.S. watering brands Nelson and Gilmour

On December 19, 2014, Fiskars acquired the Bosch Garden and Watering business, including leading U.S. watering brands Gilmour and Nelson, from the Robert Bosch Tool Corporation in order to strengthen and diversify Fiskars' garden and yard care portfolio. Based in Peoria, Illinois, USA, the product assortment of the watering business includes hoses, hose ends, sprinklers, nozzles, and watering timers under the Gilmour and Nelson brands. The acquisition includes all related assets and leases, as well as manufacturing operations in Missouri in the USA and Ningbo in China. The watering business employs approximately 440 people in total, about 270 of whom are in the U.S. The purchase price for the business and related net assets was USD 26.1 million, equaling approximately EUR 21.2 million. The transaction was financed by Fiskars' existing credit facilities.

A bargain purchase gain of EUR 1.7 million arising from the acquisition relates to liabilities where all the conditions to recognize a provision are not yet met. Fiskars believes that it was able to acquire the watering business for less than the fair value of its assets because of the seller's intent to exit its Garden and Watering operations. The bargain purchase gain is not expected to be taxed for income tax purposes.

Upon completion of the transaction, the watering business became a part of Fiskars' Americas segment. As of the acquisition date, the consolidated comprehensive income for 2014 includes EUR 1.7 million of net sales and EUR 0.3 million of loss for the financial year contributed by the watering business. Had the watering business been consolidated from January 1, 2014, the consolidated statement of income would show pro forma revenue of EUR 76.5 million, operating loss of EUR 1.3 million and a net loss of EUR 0.8 million for the watering business. Similarly, Fiskars Group consolidated statement of income would show pro forma revenue of EUR 842.3 million and profit for the period of EUR 772.8 million.

The costs of advisory and valuation services related to the acquisition totaled EUR 1.7 million. These costs have been included in the Administration expenses item on the consolidated income statement. The bargain purchase gain is recognized in the income statement and is included in the item Other operating income. The acquired watering business was consolidated into the consolidated financial statements as of 19 December 2014.

The following table summarizes the preliminary fair value of identifiable assets acquired and liabilities assumed at the acquisition date, as well as the consideration transferred and the bargain purchase gain:

EUR million	
Property, plant & equipment	5.3
Deferred tax assets	1.6
Non-current assets total	6.9
Inventories	25.2
Trade and other receivables	0.2
Cash and cash equivalents	1.4
Current assets total	26.8
Deferred tax liabilities	2.5
Non-current liabilities total	2.5
Trade payables and other current liabilities	8.3
Current liabilities total	8.3
Net assets	22.9
Consideration transferred	21.2
A gain from a bargain purchase	1.7

2013

## Acquisition of Royal Copenhagen

On January 4, 2013 Fiskars acquired 100% of the shares in Royal Copenhagen A/S and Royal Scandinavian Modern KK Japan. Royal Copenhagen became a part of Fiskars' Home business area.

## Divestment of UK Sankey business

On December 31, 2013 Fiskars sold its UK garden container, propagation and water storage business, Sankey, and the related manufacturing assets. The Sankey business had a turnover of EUR 8.5 million in 2013.

## 5. Other operating income

EUR million	2014	2013
Gain on bargain purchase related to the acquisition of the watering business	1.7	
Release of provision related to rented facilities	1.2	
Net gain on disposal of fixed assets	0.8	0.3
Royalty income	0.6	0.7
Rental income	0.2	0.6
Divestment of business		0.5
Other income	1.4	1.1
<b>Total</b>	<b>5.9</b>	<b>3.1</b>

## 6. Total expenses

### Total expenses by nature

EUR million	2014	2013
Materials and supplies	369.1	377.8
Change in inventory	-19.6	5.0
Employee benefits	209.8	202.1
Depreciation and amortization	28.1	25.5
Impairment	0.4	3.7
External services	67.4	66.7
Other costs	75.4	59.9
<b>Total</b>	<b>730.7</b>	<b>740.7</b>

### Other operating expenses

EUR million	2014	2013
Loss on sale of fixed assets	0.2	0.0
Loss on scrap of fixed assets	9.1	0.5
Other costs	0.8	1.0
<b>Total</b>	<b>10.0</b>	<b>1.5</b>

### Depreciation, amortization and impairment by asset category

EUR million	2014	2013
Land and water		0.8
Buildings	4.2	3.4
Machinery and equipment	14.0	14.5
Intangible assets	9.2	6.3
Investment property	1.0	0.4
Goodwill impairment		3.7
<b>Total</b>	<b>28.5</b>	<b>29.2</b>

## Fees paid to Companies' Auditors

EUR million	2014	2013
Audit fees	0.8	0.8
Audit related fees	0.1	0.0
Tax consultation	0.5	0.5
Other non-audit fees	0.1	0.3
<b>Total</b>	<b>1.5</b>	<b>1.6</b>

The appointed auditor for the financial years 2013 and 2014 was KPMG.

## 7. Employee benefits and number of personnel

### Employee benefits

EUR million	2014	2013
Wages and salaries	167.8	157.9
Other compulsory personnel costs	22.7	20.9
Pension costs, defined contribution plans	16.4	16.9
Pension costs, defined benefit plans	0.3	0.8
Other post employment benefits	1.1	1.1
Termination benefits	1.6	4.5
<b>Total</b>	<b>209.8</b>	<b>202.1</b>

### Personnel at the end of period

	2014	2013
Finland	1,661	1,722
Other Europe	1,396	1,360
USA	838	578
Thailand	500	424
Other	437	246
<b>Total</b>	<b>4,832</b>	<b>4,330</b>

### Personnel (FTE) in average

	2014	2013
Direct	1,533	1,504
Indirect	2,710	2,583
<b>Total</b>	<b>4,243</b>	<b>4,087</b>

Fiskars has adopted the following definitions for employee reporting:

Personnel, end of period = active employees in payroll at the end of period

Personnel (FTE), average = full-time equivalent number of employees according to worked volume during the period

Direct = production workers

Indirect = other employees than production workers

## 8. Financial income and expenses

EUR million	2014	2013
Gain on sale and revaluation of associate shares	<b>676.0</b>	
Dividends received from investments at fair value through profit and loss		0.0
Interest income on cash and bank	<b>0.1</b>	
Net change in fair value of current investments at fair value through profit or loss	<b>27.9</b>	
Net change in fair value of other investments at fair value through profit or loss	<b>2.7</b>	1.1
Derivative revaluation gains, at fair value through profit or loss	<b>0.5</b>	0.5
Exchange gains on commercial hedges	<b>7.9</b>	
Other exchange gains	<b>5.4</b>	0.3
Financial income total	<b>720.5</b>	1.9
Interest expenses on debt at amortized cost	<b>-4.8</b>	-3.9
Interest cost on financial leasing at amortized cost	<b>-0.4</b>	-0.5
Loss from sale of investments at fair value through profit or loss	<b>-0.2</b>	
Exchange losses on commercial hedges		-0.9
Other financial expenses	<b>-0.8</b>	-0.8
Financial expense total	<b>-6.2</b>	-6.2
Financial income and expenses total	<b>714.3</b>	-4.3

## 9. Income taxes

### Income taxes in the income statement

EUR million	2014	2013
Current year income taxes	-9.9	-19.4
Prior year income taxes	0.7	0.6
Change in deferred taxes	-4.2	4.4
Income taxes total	-13.4	-14.3

### Reconciliation of income taxes

EUR million	2014	2013
Tax rate for the parent company	20.0 %	24.5 %
Profit before taxes	786.7	108.3
Income tax using the domestic corporation tax rate	-157.3	-26.5
Effect of tax rates in foreign jurisdictions	-2.1	-1.5
Income tax for prior years	0.7	0.6
Impact of associate	6.0	11.2
Effect of sales and revaluation of Wärtsilä shares	140.7	
Other tax exempt items	0.4	0.3
Non-deductible expenses	-1.6	-0.9
Effect of change of tax rates	-0.1	6.9
Tax recognized against unrecognized tax assets and unrecognized tax on loss	-3.6	-4.2
Change in valuation of tax assets	-0.2	-0.8
Other items	3.6	0.6
Income taxes recognized in profit and loss	-13.4	-14.3

### Taxes in other comprehensive income

#### 2014

EUR million	Total	Tax	Net
Translation differences	3.6		3.6
Change in associate recognized directly in other comprehensive income	12.7		12.7
Cash flow hedges	-0.1	0.0	0.0
Defined benefit plan actuarial gains (losses)	-1.5	0.4	-1.1
Defined benefit plan actuarial gains (losses), change in associate	-0.1		-0.1
Other comprehensive income for the period, total	14.6	0.4	15.1

#### 2013

EUR million	Total	Tax	Net
Translation differences	-8.5		-8.5
Change in associate recognized directly in other comprehensive income	-13.9		-13.9
Cash flow hedges	0.8	-0.3	0.5
Defined benefit plan actuarial gains (losses)	-0.2	0.0	-0.2
Defined benefit plan actuarial gains (losses), change in associate	-5.6		-5.6
Other comprehensive income for the period, total	-27.5	-0.2	-27.7



## Deferred income taxes in the balance sheet

2014

Deferred tax assets		Recognized in income statement	Recognized in other comprehensive income	Transfers and translation difference	Acquisitions and divestments	Dec 31, 2014
EUR million	Jan 1, 2014					
Post-employment benefit	2.3	-0.2	0.4	0.2		2.8
Provisions and accruals	16.5	-2.8		0.7	-0.6	13.8
Effects on consolidation and eliminations	0.0	0.2		0.0	1.4	1.5
Property, plant & equipment	3.5	-1.3		0.2	0.0	2.5
Tax losses and credits carried forward net of valuation allowance	13.5	2.6		1.0	0.0	17.1
Other temporary differences	0.2	-0.1		-1.1	0.0	-1.0
<b>Total deferred tax assets</b>	<b>36.1</b>	<b>-1.6</b>	<b>0.4</b>	<b>1.0</b>	<b>0.7</b>	<b>36.7</b>
Offset against deferred tax liabilities	-4.8	-5.7	0.0	-0.2	0.7	-10.0
<b>Net deferred tax assets</b>	<b>31.3</b>	<b>-7.2</b>	<b>0.4</b>	<b>0.8</b>	<b>1.4</b>	<b>26.7</b>

Deferred tax liabilities		Recognized in income statement	Recognized in other comprehensive income	Transfers and translation difference	Acquisitions and divestments	Dec 31, 2014
EUR million	Jan 1, 2014					
Property, plant & equipment	3.9	0.3		0.2	1.8	6.1
Fair value adjustments	9.8	0.9				10.7
Effects on consolidation and eliminations*	26.3	0.1		0.0		26.4
Other temporary differences	4.7	1.4		-0.2		5.9
<b>Total deferred tax liabilities</b>	<b>44.6</b>	<b>2.7</b>		<b>0.0</b>	<b>1.8</b>	<b>49.1</b>
Offset against deferred tax assets	-4.8	-5.7	0.0	-0.2	0.7	-10.0
<b>Net deferred tax liabilities</b>	<b>39.8</b>	<b>-3.0</b>	<b>0.0</b>	<b>-0.2</b>	<b>2.5</b>	<b>39.1</b>

Deferred tax assets (+) / liabilities (-), net

-8.5

-12.4

\* Consist mainly of adjustments to fair value in acquisitions.

2013

## Deferred tax assets

	Jan 1, 2013	Recognized in income statement	Recognized in other comprehensive income	Transfers and translation difference	Acquisitions and divestments	Dec 31, 2013
EUR million						
Post-employment benefit	2.7	-0.1	-0.2	-0.1	0.0	2.3
Provisions and accruals	10.1	-1.1		5.5	2.0	16.5
Effects on consolidation and eliminations	0.5	-0.6		0.4	-0.3	0.0
Property, plant & equipment	0.6	-0.1		0.0	3.1	3.5
Tax losses and credits carried forward net of valuation allowance	8.6	-1.5		1.2	5.1	13.5
Other temporary differences	6.1	-0.6	-0.3	-5.4	0.3	0.2
Total deferred tax assets	28.6	-3.9	-0.4	1.6	10.3	36.1
Offset against deferred tax liabilities	-2.9	-1.9				-4.8
Net deferred tax assets	25.8	-5.9	-0.4	1.6	10.3	31.3

## Deferred tax liabilities

	Jan 1, 2013	Recognized in income statement	Recognized in other comprehensive income	Transfers and translation difference	Acquisitions and divestments	Dec 31, 2013
EUR million						
Property, plant & equipment	3.6	0.1		0.2		3.9
Fair value adjustments	13.0	-3.2				9.8
Effects on consolidation and eliminations*	26.0	-5.8		0.6	5.4	26.3
Other temporary differences	4.6	0.5	-0.2	-0.2		4.7
Total deferred tax liabilities	47.1	-8.3	-0.2	0.6	5.4	44.6
Offset against deferred tax assets	-2.9	-1.9				-4.8
Net deferred tax liabilities	44.3	-10.3	-0.2	0.6	5.4	39.8

Deferred tax assets (+)

/ liabilities (-), net	-18.5					-8.5
------------------------	-------	--	--	--	--	------

\* Consist mainly of adjustments to fair value in acquisitions.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The Group has full control of the timing of dividend distribution in subsidiaries and therefore no deferred tax liability has been recorded on retained earnings of subsidiaries. Wärtsilä is a public company and its distribution of profit is tax exempt for Fiskars. Taxes relating to cash flow hedges and actuarial gains and losses have been recorded into other comprehensive income. The deferred tax asset on tax losses carried forward, net of valuation allowance, amounted to EUR 17.1 million (13.5) at the end of financial year. Deferred tax allowance is recorded to offset deferred tax assets in order to recognize the deferred tax assets only to the extent that it is probable that future taxable profits will be available. The tax losses carried forward on the basis of which the deferred tax asset is recognized will not expire in the following five years. Income taxes recorded in the income statement and in other comprehensive income are specified earlier in this note 9.

## 10. Earnings per share

The basic earnings per share is the annual net profit attributable to ordinary shareholders of the parent company divided by the weighted average number of shares outstanding during the year. Fiskars Corporation does not have any current share option programs or other diluting financial instruments, so the diluted earnings per share is the same as basic.

	2014	2013
Net profit attributable to the ordinary shareholders of the parent company, EUR million	773.1	93.7
Number of shares	81,905,242	81,905,242
Weighted average number of shares outstanding	81,905,242	81,905,242
Earnings per share, EUR (basic)	9.44	1.14
Earnings per share, EUR (diluted)	9.44	1.14

## 11. Intangible assets

### 2014

EUR million	Goodwill	Trademarks, patents and domain names	Software	Other intangible assets	Construction in progress	Total
Historical cost, Jan 1	135.1	127.4	46.9	57.5	13.3	380.1
Translation differences	6.1	0.6	2.6	-0.9		8.4
Additions		10.3	1.0	0.2	5.1	16.7
Decreases			-12.3	-0.1	-3.0	-15.4
Transfers between asset groups			1.8	0.3	-1.6	0.5
Historical cost, Dec 31	141.1	138.4	40.0	57.0	13.8	390.3
Accumulated amortization, Jan 1	23.1	2.8	23.5	47.7		97.2
Translation differences	5.3	0.2	2.6	-0.9		7.2
Amortization for the period		0.2	6.2	2.4		8.8
Impairment for the period		0.4				0.4
Decreases			-8.3	-0.1		-8.4
Transfers between asset groups			0.5			0.5
Accumulated amortization, Dec 31	28.4	3.7	24.5	49.1		105.7
Net book value, Dec 31	<b>112.7</b>	<b>134.7</b>	<b>15.5</b>	<b>7.9</b>	<b>13.8</b>	<b>284.6</b>

Investment commitments for intangible assets

**6.0**

### 2013

EUR million	Goodwill	Trademarks, patents and domain names	Software	Other intangible assets	Construction in progress	Total
Historical cost, Jan 1	109.3	105.3	28.3	58.5	18.6	319.9
Translation differences	-1.6	-0.1	-0.9	-1.1	0.0	-3.7
Royal Copenhagen acquisition	27.4	22.1				49.4
Additions		0.2	15.0	0.1	-0.5	14.7
Decreases			-0.1	-0.2	-0.0	-0.3
Transfers between asset groups			4.6	0.3	-4.8	0.0
Historical cost, Dec 31	135.1	127.4	46.9	57.5	13.3	380.1
Accumulated amortization, Jan 1	20.7	2.7	21.3	46.0		90.7
Translation differences	-1.3	-0.0	-0.8	-1.1		-3.3
Amortization for the period		0.2	3.2	2.4		5.8
Impairment for the period	3.7			0.5		4.2
Decreases			-0.1	-0.1		-0.2
Accumulated amortization, Dec 31	23.1	2.8	23.5	47.7		97.2
Net book value, Dec 31	<b>111.9</b>	<b>124.6</b>	<b>23.4</b>	<b>9.8</b>	<b>13.3</b>	<b>282.9</b>

Investment commitments for intangible assets

**3.6**

## Impairment tests

Goodwill is not amortized but is tested at least annually for impairment. Goodwill has been allocated to cash-generating units as follows:

EUR million	2014	2013
Home	101.3	101.1
Garden	11.4	10.8
Total	112.7	111.9

Goodwill from acquisitions is allocated to Cash Generating Units (CGU). The business areas, which form the CGUs, are Home and Garden. The recoverable amounts from CGUs are determined with value in use method, using five-year discounted cash flow projections, based on strategic plans approved by management. Cash flows for the period extending over the planning period are calculated using the terminal value method. The discount rate is the weighted average post-tax cost of capital (WACC) as defined by Fiskars. The components of the WACC are risk-free rate, market risk premium, company-specific risk premium, industry specific equity beta, cost of debt and debt to equity ratio.

On the basis of the impairment calculations made, there has been no need for impairment of goodwill for any CGU for the period ended December 31, 2014. In 2013, goodwill of EUR 3.7 million was impaired due to divesting of Fiskars UK Sankey business which was a part of Garden EMEA business area.

Fiskars has six trademarks whose aggregate carrying amount is EUR 134.0 million (2013: 124.0). Since the benefits from trademarks are indefinite, they are not amortized but are tested at least annually for impairment using a relief from royalty method. Cash flows attributable to trademarks are derived by identifying revenues from sales of products belonging to each trademark. The value in use of trademarks is determined on a discounted cash flow method basis, derived from five-year cash flow projections, based on strategic plans approved by the management. Cash flows for the period extending over the planning period are calculated using the terminal value method.

On the basis of the impairment calculations made, trademark Gingher was impaired by EUR 0.4 million in 2014. There has been no need for other impairment of trademarks for the periods ended December 31, 2014 and 2013.

## Key parameters applied in impairment testing

%	2014		2013	
	Goodwill*	Trademarks**	Goodwill*	Trademarks**
Increase in net sales on average	1.8	1.8	1.8	1.8
Steady growth rate in projecting terminal value	2.5	3.0	2.5	3.0
Discount rate, pre-tax, average	8.3	9.6	8.1	9.4

\* The increases in net sales, used in impairment testings, are on average more moderate than strategic plans for the planning period. The EBIT used in impairment testing is the CGU's actual three previous years average EBIT-% of sales. This is consistently used for all periods in the five year discounted cash flow projections.

\*\* Used one percentage point higher risk premium than in goodwill testing.

## Sensitivity analyses

Sensitivity analyses of goodwill have been carried out for the valuation of each CGU by making downside scenarios for key parameters. The management views that no reasonably possible change in any of the key parameters would lead to impairment as the recoverable amounts exceed the carrying amounts considerably.

Sensitivity analyses of trademarks have been carried out for the valuation of each trademark by making downside scenarios for key parameters. The management views that excluding trademark Gingher, no reasonably possible change in any of the key parameters would lead to impairment. Due to the recognized impairment loss in 2014, the recoverable amount of trademark Gingher currently equals its carrying amount of EUR 3.3 million, which means all adverse changes in assumptions would result in the recoverable amount being less than the carrying amount.

## 12. Property, plant and equipment

### 2014

EUR million	Land and water	Buildings	Leased real estate	Machinery and equipment	Construction in progress	Total
Historical cost, Jan 1	15.3	65.1	13.7	170.2	9.5	273.8
Translation differences		0.9	1.9	5.5	0.3	8.5
Acquisitions and divestments	0.3	1.3		4.2		5.8
Additions	0.5	2.0		3.3	13.2	18.9
Decreases	0.0	-8.4		-29.1	-0.1	-37.6
Transfers between asset groups	-0.1	7.3		10.2	-17.9	-0.5
Historical cost, Dec 31	15.9	68.2	15.6	164.3	4.9	268.8
Accumulated depreciation, Jan 1	0.8	34.8	12.9	124.7		173.3
Translation differences		0.4	1.8	3.9		6.0
Depreciation for the period		3.7	0.3	13.9		17.9
Impairment for the period				0.3		0.3
Acquisitions and divestments				0.5		0.5
Decreases		-6.0		-27.2		-33.3
Transfers between asset groups		0.0		-0.5		-0.5
Accumulated depreciation, Dec 31	0.8	32.8	15.0	115.5		164.1
Net book value, Dec 31	<b>15.1</b>	<b>35.5</b>	<b>0.6</b>	<b>48.7</b>	<b>4.9</b>	<b>104.7</b>

Investment commitments for tangible assets

**2.7**

### 2013

EUR million	Land and water	Buildings	Leased real estate	Machinery and equipment	Construction in progress	Total
Historical cost, Jan 1	16.4	55.9	14.3	164.7	4.9	256.2
Translation differences	0.0	-0.9	-0.6	-4.7	-0.0	-6.2
Acquisitions and divestments		13.2		23.4	0.0	36.6
Additions	0.0	2.6		5.2	14.6	22.5
Decreases	-0.2	-7.1		-26.9		-34.2
Transfers between asset groups		1.3		8.5	-10.0	-0.2
Reclassification to investment property	-1.0					-1.0
Historical cost, Dec 31	15.3	65.1	13.7	170.2	9.5	273.8
Accumulated depreciation, Jan 1		30.2	13.2	123.0		166.3
Translation differences		-0.2	-0.6	-3.7		-4.5
Depreciation for the period		3.1	0.3	13.3		16.7
Impairment for the period	0.8	0.1		0.8		1.7
Acquisitions and divestments		7.8		18.0		25.7
Decreases		-6.6		-26.5		-33.0
Transfers between asset groups		0.4		-0.1		0.4
Accumulated depreciation, Dec 31	0.8	34.8	12.9	124.7		173.3
Net book value, Dec 31	<b>14.4</b>	<b>30.3</b>	<b>0.8</b>	<b>45.4</b>	<b>9.5</b>	<b>100.5</b>

Investment commitments for tangible assets

**3.1**

## 13. Biological assets

EUR million	2014	2013
Fair value, Jan 1	42.0	41.2
Increase due to growth	2.0	1.8
Change in fair value less estimated point-of-sale costs	-0.2	0.8
Harvested timber	-2.1	-1.8
Fair value, Dec 31	41.6	42.0

Fiskars owns some 11,000 hectares of forests in Finland. For valuing biological assets Fiskars applies a three year rolling average price of standing timber, based on the statistics provided by the Finnish Forest Research Institute, and multiplied by the estimated volume of standing timber, taking into account the costs and risks relating to sales.

The fair value measurements of biological assets are categorized within level 2 of the fair value hierarchy.

## 14. Investment property

EUR million	2014	2013
Historical cost, Jan 1	18.2	17.6
Translation differences	1.0	-0.3
Decreases	-6.6	-0.0
Reclassification from property, plant and equipment		1.0
Historical cost, Dec 31	12.6	18.2
Accumulated depreciation, Jan 1	12.2	12.1
Translation differences	0.9	-0.3
Depreciation and impairment for the period	1.0	0.4
Decreases	-6.5	0.0
Accumulated depreciation and impairment, Dec 31	7.7	12.2
Net book value, Dec 31	4.9	6.0

Investment Property comprises the parent company's buildings and zoned and unbuilt lots for detached houses in Fiskars Village, Finland, and the leasing properties of Fiskars Brands, Inc. in the US that are not in Group's operational use.

### Fair value

Properties in Fiskars Village are unique in their cultural and historical values. Therefore it is not possible to determine a comparable market value on those properties.

The book value of the zoned and unbuilt lots for detached houses in Fiskars Village amounted to EUR 1.0 million as at December 31, 2014. The fair value of those lots, calculated based on average market prices of the area, amounted to EUR 3.5 million.

The book value of the leasing properties of Fiskars Brands, Inc. in the US approximate their fair value.

### Book values by countries

EUR million	2014	2013
Finland	4.8	5.3
USA	0.2	0.7
Total	4.9	6.0

## 15. Investments in associates

### Investments in associates

EUR million	2014	2013
Net book value, Jan 1	286.1	280.4
Share of profit in associate	30.0	50.8
Dividends received	-26.9	-25.6
Share of other comprehensive income	6.4	-19.5
Sale of shares	-181.7	
Transfer to financial assets	-113.9	
Net book value, Dec 31	0.0	286.1

Share of other comprehensive income comprises changes in associated company's equity. In October 2014, Fiskars sold 7.99% of its Wärtsilä holding and Wärtsilä was no longer accounted for as an associate as of 9 October 2014. Fiskars Group recorded a profit of EUR 453.5 million from the transaction in its 2014 results. The remaining ownership of 5.01% was classified as a financial asset. The reclassification resulted in an unrealized valuation gain of EUR 222.4 million.

### Summary of financial information on the associate

The summary of financial information is based on Wärtsilä's financial statements and interim report which have been prepared in accordance with IFRS. Wärtsilä has been equity accounted in the consolidated financial statements until October 9, 2014.

EUR million	Q1-Q3 2014	2013
WÄRTSILÄ OYJ ABP, domicile Helsinki		
Current assets		3,274
Non-current assets		1,935
Current liabilities		2,434
Non-current liabilities		892
Net assets		1,884
Net assets attributable to investee's shareholders		1,844
Net sales	3,230	4,654
Profit from continuing operations	259	393
Loss from discontinued operations	-29	
Other comprehensive income	49	-117

### Reconciliation of financial information on the associate to net book value in consolidated financial statements

Ownership %	13.00
Group's interest in net assets	240
Goodwill	46
Net book value of the associate in consolidated financial statements	286
Market value of ownership interest	917

Fiskars' only equity accounted associate was Wärtsilä Corporation. Fiskars' ownership in Wärtsilä was 13.0% of the shares and the votes until 9 October 2014.

Fiskars was the largest single shareholder of Wärtsilä until 9 October 2014 and Fiskars had significant influence through the number of members in the Board of Directors of Wärtsilä. Thus, Fiskars consolidated Wärtsilä as an associated company in accordance with IAS 28.



## 16. Financial assets

### Financial assets at fair value through profit or loss

EUR million	Level 1		Level 3	
	2014	2013	2014	2013
Book value, Jan 1	0.3		10.2	9.7
Acquisitions		0.3		
Transfer from investments in associates	113.9			
Additions	400.0			0.1
Decreases			-1.6	-0.4
Change in fair value through profit or loss	252.8		3.3	0.8
Book value, Dec 31	767.0	0.3	11.9	10.2

The investments comprise listed and unlisted shares as well as unlisted funds. Listed shares have been recognized at their fair value based on quotation at the end of the reporting period (fair value hierarchy level 1). Level 1 investments consist of 9,881,781 shares in Wärtsilä with fair value of EUR 366.5 million and of investments into short interest rate funds with fair value of EUR 400.1 million. A 10% change in the Wärtsilä share price would have an impact of EUR 36.7 million in the results before taxes. Risk associated to investments into short interest rate funds are considered to be modest. Unlisted shares are measured at cost (level 3) since their fair value cannot be determined reliably. The fair value of unlisted funds is based on the market value reported by the fund (level 3). Changes in the fair value are booked in the income statement. For the definition of levels please see the accounting principles in note 1.

### Other investments

EUR million	2014	2013
Book value, Jan 1	3.9	0.8
Translation differences		-0.0
Acquisitions		3.5
Additions		0.3
Decreases		-0.8
Other changes		0.0
Book value, Dec 31	3.9	3.9

Other financial assets comprise of non-current receivables and they are measured at the lower of cost and fair value (level 3).

### Cash and cash equivalents

EUR million	2014	2013
Cash at bank	33.6	9.7
Total, Dec 31	33.6	9.7

## 17. Inventories

EUR million	2014	2013
Raw materials and consumables	23.6	20.2
Work in progress	10.4	9.2
Finished goods	167.7	111.7
Advance payments	0.0	0.2
Gross value of inventories	201.8	141.2
Write-down to the carrying value of inventories	-33.6	-21.8
Total, Dec 31	168.2	119.4

## 18. Trade and other receivables

EUR million	2014	2013
Trade receivables	106.4	125.4
Derivatives	5.4	
Other receivables	5.9	4.4
Prepaid expenses and accrued income	11.4	8.7
Total, Dec 31	129.2	138.5

### Aging of trade receivables

EUR million	2014	2013
Not fallen due	91.3	104.6
1–30 days past due	12.9	17.5
31–60 days past due	1.8	2.5
61–90 days past due	0.6	0.8
91–120 days past due	0.2	0.4
Over 120 days past due	2.2	3.9
Less provision for bad debts, Dec 31	-2.6	-4.4
Total, Dec 31	106.4	125.4

### Trade receivables in currencies

EUR million	2014	2013
Danish Kroner (DKK)	15.0	13.3
Euros (EUR)	33.1	46.1
Norwegian Kroner (NOK)	2.7	3.8
Swedish Kronas (SEK)	6.2	13.4
United Kingdom Pounds (GBP)	2.6	2.5
US Dollars (USD)	35.4	29.4
Other currencies	11.4	16.9
Total, Dec 31	106.4	125.4

Trade receivables are widely spread geographically. The biggest customers are major retailers with solid credit ratings. Credit loss risks are estimated to be moderate. The maximum exposure to credit risk is the carrying amount of the trade receivables.

## 19. Share capital

### Share capital and treasury shares

	2014 pcs 1,000	2013 pcs 1,000	2014 EUR million	2013 EUR million
Share capital				
Jan 1	<b>81,905.2</b>	82,023.3	<b>77.5</b>	77.5
Cancellation of treasury shares		-118.1		
Share capital, Dec 31	<b>81,905.2</b>	81,905.2	<b>77.5</b>	77.5
	2014 pcs 1,000	2013 pcs 1,000	2014 EUR million	2013 EUR million
Treasury shares				
Jan 1	<b>0.0</b>	118.1		0.9
Cancellation		-118.1		-0.9
Treasury shares, Dec 31	<b>0.0</b>	0.0		0.0

In February 2013, the Board of Directors decided to cancel all 118.1 thousand treasury shares held by the company, equaling 0.14% of the shares of the company.

### Number of shares and votes

	Dec 31, 2014			Dec 31, 2013		
	Number of shares	Number of votes	Share capital EUR	Number of shares	Number of votes	Share capital EUR
Shares (1 vote/share)	<b>81,905,242</b>	<b>81,905,242</b>	<b>77,510,200</b>	81,905,242	81,905,242	77,510,200
Total	<b>81,905,242</b>	<b>81,905,242</b>	<b>77,510,200</b>	81,905,242	81,905,242	77,510,200

Fiskars Corporation has a single class of shares. Shares have no nominal value.

## 20. Finance

### Non-current interest bearing debt

	2014		2013	
EUR million	Fair value	Carrying amount	Fair value	Carrying amount
Loans from credit institutions	<b>30.0</b>	<b>30.0</b>	52.6	52.6
Financial leasing debt	<b>1.5</b>	<b>1.5</b>	3.6	3.6
Total, Dec 31	<b>31.5</b>	<b>31.5</b>	56.2	56.2

All interest-bearing debts are valued at amortized cost. The fair values of interest-bearing debts have been calculated by discounting the cash flow of the debt by the market rate at the end of reporting period (fair value hierarchy level 2).

## Finance lease debt

EUR million	2014	2013
Finance lease liabilities are payable as follows:		
Less than one year	1.1	2.1
Between one and five years	1.4	3.8
More than five years	0.2	0.3
Minimum lease payments in total	2.7	6.2
EUR million	2014	2013
Minimum lease payments, principal:		
Less than one year	0.9	1.7
Between one and five years	1.3	3.3
More than five years	0.2	0.3
Present value of minimum finance lease payments	2.3	5.2
Future finance charges	0.4	0.9

## Current interest bearing debt

EUR million	2014		2013	
	Fair value	Carrying amount	Fair value	Carrying amount
Bank overdrafts	4.9	4.9	12.0	12.0
Loans from credit institutions	22.5	22.5	10.9	10.9
Commercial papers	94.8	94.8	79.9	79.9
Financial leasing debt	0.9	0.9	1.7	1.7
Other	5.9	5.9	4.4	4.4
Total, Dec 31	128.9	128.9	108.8	108.8

## Maturity of liabilities

As of December 31, 2014 the Group has unused credit facilities EUR 300 million (450) at its disposal to guarantee its liquidity. The average maturity of the credit limit agreements as of December 31, 2014 was 4.5 years (3.7). Agreements concerning credit facilities and long term loans include among others covenants for the solidity. Incompliance with the covenants would lead to a premature expiry of the agreements. Potential default would require considerably deterioration of the solidity from the current.

### 2014

EUR million	2015	2016	2017	2018	2019	Later	Total
Bank overdrafts	4.9						4.9
Commercial papers	94.8						94.8
interests	0.2						0.2
Other debt	5.9						5.9
Loans from credit institutions	22.5			30.0			52.5
interests	0.4	0.3	0.3	0.2			1.2
Financial leasing	0.9	0.7	0.2	0.2	0.1	0.2	2.3
interests	0.2	0.1	0.0	0.0	0.0	0.0	0.4
Trade payables	67.8						67.8
Derivative liabilities	2.4						2.4
Total, Dec 31	199.9	1.1	0.6	30.3	0.2	0.2	232.4

## 2013

EUR million	2014	2015	2016	2017	2018	Later	Total
Bank overdrafts	12.0						12.0
Commercial papers	79.9						79.9
interests	0.1						0.1
Other debt	4.4						4.4
Loans from credit institutions	10.9	22.5			30.0		63.4
interests	0.6	0.5	0.3	0.3	0.2		1.9
Financial leasing	1.7	1.1	1.0	0.6	0.6	0.3	5.2
interests	0.4	0.3	0.1	0.1	0.0	0.0	0.9
Trade payables	61.2						61.2
Derivative liabilities	1.7	1.0	0.5	0.1			3.4
Total, Dec 31	172.9	25.5	2.0	1.1	30.7	0.3	232.4
	74.5%	10.9%	0.8%	0.5%	13.2%	0.1%	100.0%

## Sensitivity analysis of currency exposure

The exchange rate sensitivity analysis in accordance with IFRS 7 has been carried out by examining how the profit before taxes or consolidated group equity would be impacted by a 10% devaluation of a currency against all other currencies. Impact from a 10% appreciation of a currency against all other currencies would be opposite. The analysis of impact on profit includes internal and external foreign currency denominated financial items of the parent company in the selected currencies. Commercial cash flows consist of net foreign currency flows of purchases and sales estimated to take place during the following year by the business units and hedged internally. Financial items include foreign currency denominated loans, deposits and external derivatives. The selected currencies represent approximately 90% of the commercial net foreign currency flows. The sensitivity analysis on the group consolidated equity illustrates translation risk related to the foreign currency denominated equity.

EUR million	2014			2013		
	Impact on result before taxes			Impact on result before taxes		
	Estimated commercial cash flows	Other financial items	Impact on group equity	Estimated commercial cash flows	Other financial items	Impact on group equity
GBP	-1.0	1.0	2.9	-0.9	0.9	2.4
JPY	-0.8	0.8	-0.9	-0.8	0.8	-0.9
NOK	-1.9	1.9	-0.9	-1.5	1.5	-1.2
SEK	-2.4	2.4	-2.8	-2.3	2.3	-3.0
THB	2.3	-2.3	-0.3	1.4	-1.4	-0.3
USD	3.3	-19.0*	-7.6	2.8	-2.8	-6.0

\* EUR -15.7 million related to financial investments, see also nominal amounts of derivatives below

## Average interest rates and sensitivity analysis of interest expenses

The sensitivity of interest expenses on changes in interest rates has been presented by simulating a permanent one percentage unit raise in interest rates at the end of the reporting year. The Corporation's net interest bearing debt as of December 31, 2014 was EUR 121.3 million (152.6) and the average interest reset period was 12 months (14). A permanent one percentage point raise in all interest rates would increase the corporation's annual interest costs by EUR 0.7 million (0.8) assuming no change in the amount of the net debt.

The table below shows the Corporation's net interest bearing debt, currency derivatives, average interest rates on loans and interest rate sensitivity by major currencies.

## 2014

EUR million	EUR	USD	GBP	DKK	Other	Total
External loans and deposits	119.3	5.4	-0.2	1.2	-4.4	121.3
Currency derivatives	120.6	-245.9	41.1	62.6	16.3	-5.4
Net debt and currency derivatives	240.0	-240.6	40.8	63.8	11.9	115.9
Average interest rate on loans (p.a.)	1.5%	5.9%				
Interest rate sensitivity	1.8	-2.3	0.4	0.6	0.2	0.7

## 2013

EUR million	EUR	USD	GBP	DKK	Other	Total
External loans and deposits	130.8	21.0	-1.3	1.0	1.0	152.6
Currency derivatives	-67.1	-51.5	33.6	60.3	24.1	-0.6
Net debt and currency derivatives	63.7	-30.5	32.3	61.4	25.1	152.0
Average interest rate on loans (p.a.)	1.5%	3.0%				
Interest rate sensitivity	0.3	-0.4	0.3	0.4	0.2	0.8

## Nominal amounts of derivatives

EUR million	2014	2013
Derivatives not designated in hedge accounting:		
Foreign exchange forwards and swaps	417.3	197.1
Foreign exchange options	205.9	
Electricity forward agreements	1.5	1.8
Interest rate swaps	13.4	13.4
Cash flow hedges:		
Interest rate swaps	52.5	42.5

Of the foreign exchange derivatives foreign exchange forwards and swaps with nominal value of EUR 205 million and foreign exchange options with nominal value of EUR 206 million relate to financial investments. There would be a gain of EUR 20.4 million or loss of EUR 15.7 million in case USD appreciated or depreciated 10% from the year end rate of 1.2141. At the end of the year all financial investments were denominated in euros. Foreign exchange forwards and swaps include also agreements related to hedging of future cash flows and financial items with aggregate nominal value of EUR 212 million.

## Fair value of derivatives

EUR million	2014	2013
Derivatives not designated in hedge accounting:		
Foreign exchange forwards and swaps	5.4	-0.6
Electricity forward agreements	-0.2	-0.4
Interest rate swaps	-0.8	-1.2
Cash flow hedges:		
Interest rate swaps	-1.3	-1.3

Derivatives have been valued at fair value, which has been determined by using generally accepted valuation techniques supported by observable market data (fair value hierarchy level 2). Derivatives are recognised at fair value through profit and loss except for cash flow hedges, which are recorded in equity.

## Maturity of derivatives

### 2014

EUR million	2015	2016	Later	Total
Foreign exchange forwards and swaps	417.3			417.3
Foreign exchange options	205.9			205.9
Electricity forward agreements	0.8	0.3	0.5	1.5
Interest rate swaps	22.5		43.4	65.9
Total, Dec 31	646.5	0.3	43.9	690.7

### 2013

EUR million	2014	2015	Later	Total
Foreign exchange forwards and swaps	197.1			197.1
Electricity forward agreements	0.8	0.8	0.2	1.8
Interest rate swaps		22.5	33.4	55.9
Total, Dec 31	197.9	23.3	33.6	254.8

## Fair value of financial instruments

### 2014

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit or loss	767.0		11.9	778.9
Other investments			3.9	3.9
Derivative assets		5.4		5.4
Total assets	767.0	5.4	15.8	788.2
Derivative liabilities		2.4		2.4
Total liabilities		2.4		2.4

### 2013

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit or loss	0.3		10.2	10.5
Other investments			3.9	3.9
Derivative assets				
Total assets	0.3		14.1	14.4
Derivative liabilities		3.4		3.4
Total liabilities		3.4		3.4

For the definition of fair value category levels please see the accounting principles in note 1.

## Financial risk management

Financial risks are managed by the corporate treasury, in accordance with a set of risk management principles approved by the Board of Directors.

### Currency risk

Currency risk is linked to changes in the value of Fiskars' cash flows, its balance sheet, and/or its competitiveness resulting from changes in exchange rates. Fiskars' currency position is split between its transaction position and translation position, both of which are managed separately.

### Transaction risk

Transaction risk results from the possibility that the value of expected cash flow denominated in a particular currency may change as a result of changes in exchange rates. The objective of Fiskars' approach to managing its transaction risk is to reduce the impact of changes in exchange rates on the Group's budgeted profitability and cash flows. Business units are responsible for managing the currency risks associated with their projected and agreed commercial cash flows. Units hedge their exposure using currency forwards with the corporate treasury.

Transaction risk is measured by net of the Group's commercial and financial receivables and liabilities denominated in foreign currencies. The net position is hedged by currency derivatives in accordance with the treasury policy approved by the Board of Directors. Currency forwards and swaps are the most widely used instruments in hedging currency risks.

Less than 20% of Fiskars' commercial cash flows are exposed to fluctuations in foreign exchange rates. The most significant risks relate to the depreciation of SEK and NOK against EUR and appreciation of USD and THB against EUR. Higher levels of imports indirectly expose Fiskars to risks linked to changes in the local currencies of its suppliers, of which the most important is the Chinese renminbi.

Fiskars does not apply hedge accounting as defined under IAS 39 for transaction risk purposes. All gains and losses made on currency derivatives are booked in the income statement. If hedge accounting had been applied to currency derivatives Fiskars' consolidated profit before tax for 2014 would have been EUR 7.9 million below the reported figure (0.9 million above reported in 2013).

### Translation risk

Translation risk refers to the impact that changes in exchange rates can have on the consolidated balance sheet, and which can affect the value of balance sheet assets, equity, and debt liabilities. In addition to balance sheet values, changes in exchange rates can also result in changes in key indicators, such as equity ratio and gearing. In 2014 Fiskars Group's translation risk was not significant and it was not hedged. The currency distribution of the Group's balance sheet is monitored regularly.

### Interest rate risk

Interest rate risk refers to possible changes in cash flow or in the value of assets or liabilities resulting from changes in interest rates. Interest rate risk is measured by the average reset period of interest rates of financial assets and liabilities. The average reset period reflects the time it takes on average for the change in interest rates to effect on the interest costs of net debt portfolio. The risk is quantified in monetary terms as the change in interest costs during the observation period caused by a permanent one percentage point rise in interest rates. The shorter the average reset period, the more unpredictable are the interest costs and thus the higher the interest rate risk.

Derivatives are used in the management of interest rate risks. The objective is to maintain the average reset period within the agreed limits of 4 to 18 months as set in the treasury policy. As of December 31, 2014 the nominal amount of outstanding interest rate derivatives was EUR 65.9 million (55.9). The Group's interest-bearing net debt as of December 31, 2014 was EUR 121.3 million (152.6). 44% (61%) of net debt was linked to variable interest rates. Taking into consideration the effect of interest rate derivatives, 56% (39%) of net debt was linked to fixed interest rates. The average interest rate reset period of interest-bearing debt was 12 months (14).

Sensitivity of interest expenses on changes in market rates has been calculated by assuming permanent one percentage unit increase change in market rates and assuming no change in net debt during the year. The calculated impact on the consolidated result before tax would be EUR 0.7 million (0.8) in 2015.

At the end of the year Fiskars held investments amounting to EUR 400.1 million in short-term interest rate funds with low interest rate risk. The fund investments are not included in the interest bearing net debt.



## Liquidity and re-financing risk

Liquidity risk refers to the possibility of the Group's financial assets proving insufficient to cover its business needs or a situation in which arranging such funding would result in substantial additional costs. The objective of liquidity management is to maintain an optimal amount of liquidity to fund the business operations of the Group at all times while minimizing interest costs. Liquidity is considered to be the sum of cash and cash equivalents and available committed credit lines.

Re-financing risk refers to the possibility of such a large amount of liabilities falling due over such a short space of time that the re-financing needed might be unavailable or prohibitively expensive. The objective is to minimize the re-financing risk by diversifying the maturity structure of the debt portfolio.

The Group has extensive unused credit facilities at its disposal to guarantee its liquidity. As of the end of the year, the aggregate of unutilized committed revolving credit facilities and overdraft facilities totaled EUR 323.1 million (466.0). In addition, the Group's parent company in Finland has a commercial paper program with a number of leading banks amounting to EUR 400.0 million, of which EUR 94.8 million (79.9) was utilized as of the end of the year.

## Commodity risk

Fiskars may use derivatives to hedge its exposure to commodity price fluctuations where appropriate. At the end of the year, the Group held no commodity derivative contracts other than electricity futures with a nominal value of EUR 1.5 million (1.8) recognized at fair value through the income statement.

## Credit risk

Corporate treasury is responsible for evaluating and monitoring financial counterparty risk. The Group minimizes this risk by limiting its counterparties to a limited number of major banks and financial institutions and by working within agreed counterparty limits. Business units are responsible for monitoring customer credit risks. The Group's clientele is extensive and even the largest customer represent less than 10% of the outstanding receivables. As of the end of the year, the Group's sales receivables totaled EUR 106.4 million (125.4), and the financial statements include provisions for bad debt related to sales receivables totaling EUR 2.6 million (4.4).

## Management of capital

Fiskars is not subject to any externally imposed capital requirements (other than possible local company law requirements effective in the jurisdictions where Fiskars Group companies are active).

The Group's objectives when managing capital are:

- to safeguard the Corporation's capacity to fund its operations and take care of its obligations under all business conditions
- to maintain a balanced business and investment portfolio that provides return both on short and long term to its shareholders
- to maintain possibilities to act on potential investment opportunities.

## 21. Employee benefit obligations

Most of Fiskars Group's pension plans are defined contribution plans. The defined benefit plans in the US, Great Britain and Germany are closed plans, and future pay increases will not impact the valuation. The Group also has supplementary pension plans in Finland which are classified as defined benefit plans. Each plan is operated in accordance with local conditions and practices of the respective country. Authorized actuaries have performed the actuarial calculations for the defined benefit plans. The Group is responsible for some post-employment benefits in Italy, but the liabilities recorded are final and as such they are classified as defined contribution plans.

The main non-funded plans are in US and Germany. Plans in Finland and Norway are taken care of by local pension insurance companies. The Group estimates its contributions to the plans during 2015 to be EUR 1.1 million.

EUR million	2014	2013
Liabilities for post-employment benefits*	2.3	2.7
Net defined benefit pension liabilities**	7.0	5.9
Net pension liability total	9.3	8.6

\* The liabilities for post-employment benefits: Italy EUR 1.3 (1.3) and other 1.0 (1.4) million.

\*\* The net defined benefit liabilities consist of Germany EUR 1.3 (1.2), Norway -0.1 (-0.1), UK 0.0 (0.0), USA 5.4 (4.5), Finland 0.2 (0.1) and Thailand 0.2 (0.1) million.

### Characteristics of the defined benefit plans and risks associated with them

Plan	Description and risks
Finland	There are 42 eligible members in the Finnish pension plans. The plans are either funded insured pension plans, which are closed, or unfunded pension promises. Benefits of the plans are old age pension, disability pension, survivor's pension and funeral grant. Pension increases are based on either insurance companies' own indexes or TyEL index. Main risks are changes in bond yields, increase in life expectancy and inflation risk.
Germany	There are 92 eligible members in the German pension plans. The plans are either unfunded individual pension promises, or unfunded pension plans, which are closed. Benefits of the plans are old age pension, disability pension and widow's/widower's pension. Pension increases, if any, are based on inflation. Main risks are changes in bond yields, increase in life expectancy and inflation risk.
Thailand	There are 481 eligible members in the Thai pension plan, which is a retirement benefit plan. Benefit of the plan is severance pay. There are no pension increases. Main risks are changes in bond yields and inflation risk.
Norway	There are 17 eligible members in the Norwegian pension plans. The plans are either funded insured pension plans, or unfunded pension plans, both of which are closed. Benefits of the plans are old age pension, disability pension, widow's/widower's pension, children's pension and early retirement. There are no guaranteed minimum pension increases. Main risks are changes in bond yields, increase in life expectancy and inflation risk.
UK	<p>There are 180 eligible members in the British pension plan, which is a closed pension fund. The plan has surplus (asset) of GBP 2.6 million at end of 2014, which is not recognized as an assets due to asset ceiling. Benefits of the plan are old age pension, early retirement pension, widow's/widower's pension and death benefit. Pension increases are based on inflation. Main risks are volatility of equity instruments, changes in bond yields, increase in life expectancy and inflation risk.</p> <p>UK legislation requires the board to carry out actuarial valuations at least every three years and to target full funding against a basis that prudently reflects the fund's risk exposure, including the strength of the covenant offered to the fund by Fiskars UK Limited. The most recent actuarial valuation was carried out as at 31 March 2014. Fiskars UK Limited has agreed to pay annual contributions of GBP 0.5 million until 31 March 2018.</p>
USA	There is one eligible member in the American pension plan, which is an unfunded pension promise. Benefits of the plan are old age pension and widow's/widower's pension. There are no pension increases. Main risks are changes in bond yields and increase in life expectancy.

## Changes in net defined benefit liability

EUR million	Present value of obligation	Fair value of plan assets	Total	Effect of asset ceiling	Total
<b>Jan 1, 2014</b>	20.1	-16.5	3.6	2.2	5.9
Current service cost	0.0		0.0		0.0
Interest expense (+) or income (-)	0.9	-0.8	0.1	0.1	0.2
Total included in personnel expenses (Note 7)	0.9	-0.8	0.2	0.1	0.3
Return on plan assets, excluding amounts included in interest		-0.2	-0.2		-0.2
Actuarial gains (-) and losses (+) arising from changes in demographic assumptions	0.1		0.1		0.1
Actuarial gains (-) and losses (+) arising from changes in financial assumptions	1.1		1.1		1.1
Experience adjustment gains (-) and losses (+)	-0.4		-0.4		-0.4
Changes in asset ceiling, excluding amounts included in interest			0.0	0.8	0.8
Remeasurement gains (-) and losses (+) included in OCI	0.8	-0.2	0.6	0.8	1.3
Translation differences	1.6	-1.1	0.5	0.2	0.6
Employer contributions		-1.1	-1.1		-1.1
Benefits paid	-1.1	1.1	0.0		0.0
Other changes	0	0.0	0.0		0.0
<b>Dec 31, 2014</b>	22.3	-18.6	3.7	3.3	7.0

EUR million	Present value of obligation	Fair value of plan assets	Total	Effect of asset ceiling	Total
Jan 1, 2013	25.2	-19.5	5.7		5.7
Current service cost	0.0		0.0		0.0
Interest expense (+) or income (-)	0.9	-0.7	0.2		0.2
Past service cost and gains and losses from settlements	-3.7	4.2	0.5		0.5
Total included in personnel expenses (Note 7)	-2.8	3.5	0.8		0.8
Return on plan assets, excluding amounts included in interest		-1.6	-1.6		-1.6
Actuarial gains (-) and losses (+) arising from changes in demographic assumptions	0.0		0.0		0.0
Actuarial gains (-) and losses (+) arising from changes in financial assumptions	0.2		0.2		0.2
Experience adjustment gains (-) and losses (+)	-0.5		-0.5		-0.5
Changes in asset ceiling, excluding amounts included in interest			0.0	2.2	2.2
Remeasurement gains (-) and losses (+) included in OCI	-0.3	-1.6	-1.9	2.2	0.4
Translation differences	-1.1	1.0	-0.1		-0.1
Employer contributions		-1.1	-1.1		-1.1
Benefits paid	-1.0	1.0	0.0		0.0
Other changes	0.1	0.2	0.3		0.3
<b>Dec 31, 2013</b>	20.1	-16.5	3.7	2.2	5.9

## Plan assets by asset category

EUR million	2014	2013
Equity instruments	14.7	13.6
Bonds	3.3	2.2
Property	0.3	0.3
Insurance contracts	0.2	0.2
Cash and cash equivalents	0.0	0.1
Other	0.0	0.1
<b>Total</b>	<b>18.6</b>	<b>16.5</b>

## Principal actuarial assumptions at the balance sheet date

%	2014	2013
Discount rate		
Great Britain	3.9	4.3
Other countries	2.0–4.0	3.2–4.8
Future salary increases		
Great Britain	n/a	n/a
Other countries	n/a / 0.0–4.5	n/a / 0.0–6.0
Future pension increases		
Great Britain	0–3.2	0–3.4
Other countries	n/a / 0.0–2.1	n/a / 0.0–2.1

## Sensitivity analysis

A reasonably possible change to one of the relevant actuarial assumptions at the reporting date holding other assumptions constant, would have affected the defined benefit obligation as shown below.

EUR million	Dec 31, 2014		Dec 31, 2013	
	Defined benefit obligation Increase	Decrease	Defined benefit obligation Increase	Decrease
Great Britain				
Discount rate (0.5% change)	-1.0	1.2	-0.6	0.6
Future salary (0.5% change)				
Future pension (0.25% change)	0.2	-0.2	0.3	-0.3
Other Group companies, total				
Discount rate (0.5% change)	-0.4	0.4	-0.3	0.3
Future salary (0.5% change)	0.0	-0.0	0.0	-0.0
Future pension (0.25% change)	0.0	-0.0	0.0	-0.0

The weighted average of the duration of the defined benefit obligation: 13.2

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

## 22. Provisions

2014

### Long-term provisions

EUR million	Warranty provision	Restructuring provision	Onerous contracts and other provisions	Total
Provisions, Jan 1	1.3	1.2	3.5	5.9
Translation differences	-0.0	0.1	-0.0	0.1
Additions	0.2		0.4	0.6
Used provisions	-0.2	-1.1	0.0	-1.3
Change in estimates	-0.0	0.0	-0.2	-0.2
Reversals	-0.2		-0.3	-0.5
Provisions, Dec 31	<b>1.0</b>	<b>0.1</b>	<b>3.4</b>	<b>4.5</b>

### Short-term provisions

EUR million	Warranty provision	Restructuring provision	Onerous contracts and other provisions	Total
Provisions, Jan 1	2.6	2.0	0.7	5.2
Translation differences	0.2	-0.0	0.0	0.2
Additions	0.3	0.2		0.5
Used provisions	-0.0	-1.0	-0.5	-1.5
Change in estimates	-0.0	0.0		0.0
Reversals			-0.0	-0.0
Provisions, Dec 31	<b>3.0</b>	<b>1.2</b>	<b>0.2</b>	<b>4.4</b>

2013

### Long-term provisions

EUR million	Warranty provision	Restructuring provision	Onerous contracts and other provisions	Total
Provisions, Jan 1	0.8	1.0	2.1	3.9
Translation differences	-0.0	-0.0	-0.0	-0.1
Additions	0.2		4.4	4.6
Used provisions	-0.1	0.2	-2.4	-2.3
Change in estimates	0.1	0.0	-0.4	-0.2
Reversals	0.3		-0.3	0.0
Provisions, Dec 31	<b>1.3</b>	<b>1.2</b>	<b>3.5</b>	<b>5.9</b>

### Short-term provisions

EUR million	Warranty provision	Restructuring provision	Onerous contracts and other provisions	Total
Provisions, Jan 1	1.1	0.6	0.9	2.6
Translation differences	-0.0	-0.0	0.0	-0.1
Additions	1.7	1.5	0.3	3.5
Used provisions		-0.1		-0.1
Change in estimates	0.3	-0.0		0.2
Reversals	-0.4		-0.4	-0.8
Provisions, Dec 31	<b>2.6</b>	<b>2.0</b>	<b>0.7</b>	<b>5.2</b>

## 23. Trade and other payables

EUR million	2014	2013
Trade payables	67.8	61.2
Dividend withholding tax liability	22.4	
Other debt	15.2	16.1
Accrued expenses and deferred income:		
Interests	1.3	1.4
Wages, salaries and social costs	40.6	33.1
Customer rebates and commissions	25.7	25.8
Other	37.3	34.4
<b>Total, Dec 31</b>	<b>210.2</b>	<b>172.0</b>

Other accrued expenses and deferred income comprise periodization of bought materials and supplies, annual rebates for clients and other accrued items.

## 24. Commitments

### Operating lease obligations

EUR million	2014	2013
Payments next year	20.9	18.2
Payments between one and five years	33.5	32.9
Payments later	0.7	2.6
<b>Total, Dec 31</b>	<b>55.1</b>	<b>53.8</b>

### Contingencies and pledged assets

EUR million	2014	2013
Guarantees as security for Group companies' commitments	11.2	13.9
Lease commitments	55.1	53.8
Other contingencies	22.9	2.8
<b>Total pledged assets and contingencies, Dec 31</b>	<b>89.1</b>	<b>70.5</b>

\*Other contingencies include a commitment of USD 25 million (EUR 20 million) to invest in a private equity fund.

### Litigation

Fiskars is involved in a number of legal actions, claims and other proceedings. The final outcome of these matters cannot be predicted. Taking into account all available information to date the outcome is not expected to have material impact on the financial position of the Group.

Fiskars Group entities are subject to tax audits in several countries. It is possible that tax audits may lead to re-assessment of taxes.

## 25. Related party transactions

Fiskars has no significant transactions, liabilities or receivables with Wärtsilä, its associated company until October 9, 2014. The dividend from Wärtsilä EUR 26.9 million (25.6), has been reported as dividends from associate in the consolidated statement of cash flows. The dividend was received in the first quarter of 2014. Fiskars Home Oy Ab rents real estate from its associate Koy Iittalan Lasimäki and has granted a capital loan to the company at inception.

At the end of June 2014, Fiskars sold 9.9% of its shares in Inha Works Ltd. to the company's management.

EUR million	2014	2013
Rent	0.2	0.2
Capital loan	0.2	0.2

### Shareholdings of the Board and key management, December 31

Includes holding of corporations under controlling power together with a family member.

	2014			2013		
	Own holdings	Holdings of controlled corporations	Total	Own holdings	Holdings of controlled corporations	Total
Bergh Kaj-Gustaf	5,000	0	5,000	5,000	0	5,000
Böer Ralf	5,677	0	5,677	5,677	0	5,677
Ehrnrooth Alexander	855,000	11,775,000	12,630,000	1,630,000	10,275,000	11,905,000
Ehrnrooth Paul	8,205	9,095,406	9,103,611	8,205	9,095,406	9,103,611
Fromond Louise	601,135	8,294,050	8,895,185	601,135	8,294,050	8,895,185
Gripenberg Gustaf	243,320	4,057,289	4,300,609	243,320	4,057,289	4,300,609
Jonasson Blank Ingrid	0	0	0	0	0	0
Mondollot Christine*	0	0	0			
Slotte Karsten	1,000	0	1,000	1,000	0	1,000
Suominen Jukka**				1,500	0	1,500
Alfthan Max***				3,300	0	3,300
Ariluoma-Hämäläinen Nina****	0	0	0	0	0	0
Enckell Thomas*****	0	0	0			
Gaeta Matteo*****	0	0	0			
Gaggi Risto	0	0	0	0	0	0
Kangas-Kärki Teemu*****	2,000	0	2,000			
Karlsson Jutta*****				0	0	0
Kass Robert*****	0	0	0			
Kauniskangas Kari	28,897	0	28,897	28,897	0	28,897
Pitkänen Ilkka*****				1,750	0	1,750
Tonnesen Paul*****	0	0	0			
Westerlund Frans****	0	0	0	0	0	0

The Directors and the CEO do not have any debts to the company; nor has the company given pledges or taken on other responsibilities in their names. The shareholdings of the Board and key management represent in total 42.8% of the outstanding shares of the company.

\* Member of the Board of Directors as of March 12, 2014

\*\* Member of the Board of Directors until March 12, 2014

\*\*\* Member of the Executive Board until August 19, 2014

\*\*\*\* Member of the Executive Board as of September 16, 2013.

\*\*\*\*\* Member of the Executive Board as of December 1, 2014

\*\*\*\*\* Member of the Executive Board until April 30, 2014

\*\*\*\*\* Member of the Executive Board until May 12, 2014

## Remuneration of the Board and key management

EUR thousand	2014			2013		
	Salaries and fees	Statutory pension	Supplementary pension*	Salaries and fees	Statutory pension	Supplementary pension*
Bergh Kaj-Gustaf	72.4			104.2		
Böer Ralf	74.4			53.2		
Ehrnrooth Alexander	79.0			68.8		
Ehrnrooth Paul	121.8			68.8		
Fromond Louise	58.2			47.8		
Gripenberg Gustaf	61.4			49.8		
Jonasson Blank Ingrid	78.9			53.2		
Mondollot Christine	66.8					
Slotte Karsten	65.7			47.2		
Suominen Jukka	11.8			47.8		
Kauniskangas Kari	589.8	165.5	80.9	891.7	163.1	80.7
Executive board excl. President & CEO	1,197.6	388.2	222.0	1,306.9	192.0	142.5
<b>Total</b>	<b>2,477.6</b>	<b>553.8</b>	<b>302.9</b>	<b>2,739.4</b>	<b>355.1</b>	<b>223.2</b>

The key management consists of the Board of Directors, the President & CEO and the members of Corporate Management Team (Executive Board). The figures are presented on an accrual basis.

\* The key management has a collective supplementary pension insurance, which includes an old-age pension at the retirement age of 60 years, vested rights under certain conditions and indemnity payable at death. The amount of pension income is based on the insurance savings. The employer's contribution to the insurance plan is 20% of the preceding year's base salary of CEO and 14%–20% of the preceding year's base salary of the Executive Board excl. CEO.



## 26. Subsidiaries and other participations

### Shares in subsidiaries

	Domicile		% of share capital	% of voting power	Nature of activities
Avlis AB	Stockholm	SE	59.7	59.7	H
Fiskamin AB	Sollentuna	SE	100.0	100.0	H
ImanCo Oy	Helsinki	FI	100.0	100.0	H
Fiskars Home Oy Ab	Helsinki	FI	0.7	0.7	P
Fiskars Home Oy Ab	Helsinki	FI	99.3	99.3	P
Fiskars (Thailand) Co., Limited	Bangkok	TH	1.0	1.0	H
Fispo Sp. z o.o.	Warsaw	PL	100.0	100.0	D
Fiskars Sweden AB	Höganäs	SE	100.0	100.0	S
Nilsjohan AB	Höganäs	SE	100.0	100.0	D
Fiskars Estonia AS	Tallinn	EE	100.0	100.0	S
Fiskars Benelux B.V.	Oosterhout	NL	100.0	100.0	S
iittala BVBA	Antwerpen	BE	0.5	0.5	S
iittala BVBA	Antwerpen	BE	99.5	99.5	S
iittala GmbH	Solingen	DE	100.0	100.0	S
Fiskars Americas Holding Oy Ab	Raasepori	FI	100.0	100.0	H
Fiskars Brands, Inc.	Madison, Wi.	US	100.0	100.0	P
Fiskars Brands Global Holdings LLC	Madison, Wi.	US	100.0	100.0	D
Fiskars Servicios, S.A. de C.V. iL	Mexico City	MX	0.002	0.002	D
Fiskars de Mexico, S.A. de C.V.	Mexico City	MX	0.002	0.002	D
Fiskars Canada, Inc.	Toronto	CA	100.0	100.0	S
Fiskars de Mexico, S.A. de C.V.	Mexico City	MX	99.998	99.998	D
Fiskars Servicios, S.A. de C.V. iL	Mexico City	MX	99.998	99.998	D
Consumer Brands (Hong Kong) Co., Limited	Hongkong	HK	1.0	1.0	H
Chinese Representative Office	Shanghai	CN	100.0	100.0	S
Fiskars Europe Holding Oy Ab	Raasepori	FI	100.0	100.0	H
Consumer Brands (Hong Kong) Co., Limited	Hong Kong	HK	99.0	99.0	H
Fiskars (Thailand) Co., Limited	Bangkok	TH	98.0	98.0	H
Fiskars Trading (Shanghai) Co., Ltd.	Shanghai	CN	100.0	100.0	H
Fiskars Garden Oy Ab	Raasepori	FI	100.0	100.0	P
ZAO Fiskars Brands Rus	St. Petersburg	RU	100.0	100.0	P
Hungarian Branch Office	Budapest	HU	100.0	100.0	S
Fiskars Denmark A/S	Silkeborg	DK	100.0	100.0	S
Royal Copenhagen A/S	Glostrup	DK	100.0	100.0	P
Royal Copenhagen GmbH	Cologne	DE	100.0	100.0	S
Royal Copenhagen (Japan) Ltd	Tokyo	JP	100.0	100.0	S
Royal Copenhagen Korea Ltd	Seoul	KR	100.0	100.0	S
Royal Copenhagen Taiwan Ltd	Taipei	TW	100.0	100.0	S
Royal Copenhagen Thailand Ltd	Saraburi	TH	60.0	60.0	P
Fiskars Gardening Equipment (Ningbo), Co., Ltd.	Ningbo	CN	100.0	100.0	P
RC Heritage Center Ltd, Thailand	Saraburi	TH	100.0	100.0	P
Fiskars Asia Pacific Limited	Hongkong	HK	100.0	100.0	H
Fiskars Deutschland GmbH	Herford	DE	100.0	100.0	D
Fiskars France S.A.S.	Wissous	FR	100.0	100.0	P
Fiskars Germany GmbH	Herford	DE	100.0	100.0	P

Fiskars Italy S.r.l.	Premana	IT	100.0	100.0	P
Fiskars Norway AS	Oslo	NO	100.0	100.0	P
Fiskars Polska Sp. z o.o.	Slupsk	PL	100.0	100.0	P
Fiskars Spain S.L.U.	Madrid	ES	100.0	100.0	S
Fiskars UK Limited	Bridgend	GB	100.0	100.0	S
Vikingate Limited	Nottingham	GB	100.0	100.0	D
Richard Sankey & Son Limited	Nottingham	GB	100.0	100.0	D
Fiskars (Australia) Pty Limited	Melbourne	AU	100.0	100.0	S
UAB Fiskars Lithuania	Vilnius	LT	100.0	100.0	S
Fiskars Latvia SIA	Riga	LV	100.0	100.0	S
Fiskars Services Oy Ab	Helsinki	FI	100.0	100.0	H
Inha Works Ltd.	Ähtäri	FI	90.1	90.1	P
Ferraria Oy Ab	Raasepori	FI	100.0	100.0	H
Kiinteistö Oy Danskog gård	Raasepori	FI	100.0	100.0	H
Ab Åbo Båtvarf - Turun Veneveistämö Oy	Turku	FI	100.0	100.0	D
Fiskars (Thailand) Co., Limited	Bangkok	TH	1.0	1.0	H
				Holding or management	H
				Production and sales	P
				Sales	S
				Dormant	D

# FINANCIAL INDICATORS

## Five years in figures

		2014	2013	2012	2011	2010
Net sales	EUR million	<b>767.5</b>	798.6	747.8	742.5	715.9
of which outside Finland	EUR million	<b>632.8</b>	657.6	579.1	568.5	549.9
in percent of net sales	%	<b>82.5</b>	82.3	77.4	76.6	76.8
export from Finland	EUR million	<b>61.8</b>	66.2	54.5	69.1	77.9
Percentage change of net sales	%	<b>-3.9</b>	6.8	0.7	3.7	8.4
Gross profit	EUR million	<b>310.4</b>	323.2	274.6	259.2	253.6
in percent of net sales	%	<b>40.4</b>	40.5	36.7	34.9	35.4
Operating profit (EBIT)	EUR million	<b>42.7</b>	61.0	63.9	52.8	49.1
in percent of net sales	%	<b>5.6</b>	7.6	8.5	7.1	6.9
Operating profit excluding non-recurring items	EUR million	<b>59.6</b>	73.8	63.1	62.1	60.4
Share of profit from associate	EUR million	<b>30.0</b>	50.8	47.8	42.7	65.9
Change in fair value of biological assets	EUR million	<b>-0.3</b>	0.7	5.6	-1.0	-2.2
Financial items net	EUR million	<b>714.3</b>	-4.2	83.2	67.4	-6.3
in percent of net sales	%	<b>93.1</b>	-0.5	11.1	9.1	-0.9
Profit before taxes	EUR million	<b>786.7</b>	108.3	200.4	161.8	106.7
in percent of net sales	%	<b>102.5</b>	13.6	26.8	21.8	14.9
Income tax (continuing operations)	EUR million	<b>-13.4</b>	-14.3	-21.5	-5.5	-12.4
Profit for the period attributable to the equity holders of the company	EUR million	<b>773.1</b>	93.7	178.9	156.3	94.3
in percent of net sales	%	<b>100.7</b>	11.7	23.9	21.1	13.2
Non-controlling interests' share of profit	EUR million	<b>0.2</b>	0.3			
Employee benefits	EUR million	<b>209.8</b>	202.1	173.3	171.7	172.8
Depreciation, amortization and impairment	EUR million	<b>28.5</b>	29.2	21.9	21.5	34.9
in percent of net sales	%	<b>3.7</b>	3.7	2.9	2.9	4.9
Cash flow from operating activities	EUR million	<b>87.0</b>	81.0	95.0	107.4	92.6
Capital expenditure	EUR million	<b>35.0</b>	37.5	32.7	24.4	18.5
in percent of net sales	%	<b>4.6</b>	4.7	4.4	3.3	2.6
Research and development costs in income statement	EUR million	<b>14.6</b>	13.3	10.3	8.6	8.5
in percent of net sales	%	<b>1.9</b>	1.7	1.4	1.2	1.2
Capitalized development costs	EUR million	<b>0.5</b>	0.7	1.1	1.5	1.3
Equity attributable to equity holders of the company	EUR million	<b>1,151.9</b>	631.8	618.9	554.3	553.5
Non-controlling interest	EUR million	<b>1.3</b>	0.9			
Equity total	EUR million	<b>1,153.2</b>	632.7	618.9	554.3	553.5
Net interest bearing liabilities	EUR million	<b>121.3</b>	152.6	72.4	150.8	200.0
Working capital	EUR million	<b>93.3</b>	88.3	71.4	82.7	101.2
Balance sheet total	EUR million	<b>1,589.5</b>	1,039.1	935.4	940.2	979.0
Return on investment	%	<b>73.8</b>	15.1	28.9	22.6	14.8
Return on equity	%	<b>86.6</b>	15.0	30.5	28.2	17.8
Equity ratio	%	<b>72.6</b>	60.9	66.2	59.0	56.5
Net gearing	%	<b>10.5</b>	24.1	11.7	27.2	36.1
Personnel (FTE), average		<b>4,243</b>	4,087	3,364	3,545	3,612
Personnel, end of period		<b>4,832</b>	4,330	3,449	3,574	3,944
of which outside Finland		<b>3,171</b>	2,748	1,839	2,072	1,904

## Share related figures

		2014	2013	2012	2011	2010
Share capital	EUR million	77.5	77.5	77.5	77.5	77.5
Earnings per share (basic and diluted)	EUR/share	9.44	1.14	2.18	1.91	1.15
continuing operations	EUR/share	9.44	1.14	2.18	1.91	1.15
Dividend per share*	EUR/share	0.68	3.27	0.65	1.37	1.90
Dividend	EUR million	55.7	267.8	53.2	112.2	155.6
Equity per share	EUR/share	14.06	7.71	7.56	6.77	6.76
Adjusted average price	EUR/share	20.35	18.20	16.00	16.92	13.94
Adjusted lowest price per share	EUR/share	17.34	16.20	13.60	10.99	10.52
Adjusted highest price per share	EUR/share	21.98	19.70	17.49	22.05	17.45
Adjusted price per share, Dec 31	EUR/share	17.99	19.55	16.69	13.94	17.33
Market value of shares	EUR million	1,473.5	1,601.2	1,367.0	1,141.8	1,419.5
Number of shares	1,000 pcs	81,905.2	81,905.2	82,023.3	82,023.3	82,023.3
Number of treasury shares	1,000 pcs	0	0.0	118.1	118.1	112.6
Number of shares traded	1,000 pcs	6,898.3	3,042.1	4,883.3	5,730.3	6,626.0
Price per earnings		1.9	17.1	7.7	7.3	15.1
Dividend per earnings	percent	7.2	286.8	29.8	71.9	165.3
Dividend yield	percent	3.8	16.7	3.9	9.8	11.0
Number of shareholders, Dec 31		17,828	16,352	16,148	15,339	12,213

\* Board's proposal.

Basic and diluted earnings per share are equal, as the company has no potential ordinary shares.

## Calculation of financial indicators

Earnings before depreciation and amortization	=	Operating profit + depreciation and amortization + impairment	
Return on investment in %	=	$\frac{\text{Profit for the period} + \text{income taxes} + \text{interest and other financial expenses}}{\text{Equity, total} + \text{interest-bearing liabilities}}$ (average of beginning and end of year amounts)	x100
Return on equity in %	=	$\frac{\text{Profit for the period}}{\text{Equity, total}}$ (average of beginning and end of year amounts)	x100
Equity ratio in %	=	$\frac{\text{Equity, total}}{\text{Balance sheet total}}$	x100
Net gearing in %	=	$\frac{\text{Interest-bearing liabilities} - \text{interest-bearing receivables} - \text{cash and bank}}{\text{Equity, total}}$	x100
Earnings per share	=	$\frac{\text{Profit attributable to equity holders of the company}}{\text{Weighted average number of outstanding ordinary shares}}$	
Earnings per share from continuing activities	=	$\frac{\text{Profit from continuing activities attributable to equity holders of the company}}{\text{Weighted average number of outstanding ordinary shares}}$	
Equity per share	=	$\frac{\text{Equity attributable to equity holders of the company}}{\text{Number of outstanding ordinary shares}}$	
Adjusted average share price	=	$\frac{\text{Value of shares traded during the period}}{\text{Number of shares traded during the period, adjusted for emissions}}$	
Market capitalization	=	Number of outstanding ordinary shares Dec 31 x market quotation Dec 31	
Price per earnings (P/E)	=	$\frac{\text{Market quotation per share, Dec 31}}{\text{Earnings per share}}$	
Dividend per earnings in %	=	$\frac{\text{Dividend paid}}{\text{Profit attributable to equity holders of the company}}$	x100
Dividend per share	=	$\frac{\text{Dividend paid}}{\text{Number of outstanding shares, Dec 31}}$	
Dividend yield in %	=	$\frac{\text{Dividend per share}}{\text{Market quotation, Dec 31 adjusted for emissions}}$	x100

# SHARES

## Number of shares, votes and share capital

Fiskars Corporation's shares are traded in the Large Cap segment of Nasdaq Helsinki. The Company has one series of shares FIS1V. All shares carry one vote each and have equal rights.

The total number of shares at the end of 2014 was 81,905,242 (81,905,242). The share capital remained unchanged in 2014 at EUR 77,510,200.

## Share details

Market	Nasdaq Helsinki
ISIN	FI0009000400
Trading code	FIS1V (OMX)
Segment	OMXH Large Cap
Industry	3000 Consumer Goods
Supersector	3700 Personal & Household Goods
Shares as of Dec 31, 2014	81,905,242

## Fiskars share price development

EUR, Jan 1, 2010 - Dec 31, 2014



## Board authorizations

The Annual General Meeting for 2014 decided to authorize the Board to acquire and convey a maximum of 4,000,000 Fiskars' own shares. Both authorizations will remain in force until June 30, 2015.

## Changes in the number of shares, 2010–2014

	Total
Total shares, Dec 31, 2010	82,023,341
Total shares, Dec 31, 2011	82,023,341
Total shares, Dec 31, 2012	82,023,341
Feb 15, 2013	-118,099 Cancellation of treasury shares
Total shares, Dec 31, 2013	81,905,242
Total shares, Dec 31, 2014	81,905,242
Treasury shares Dec 31, 2014	0

# SHAREHOLDERS

Fiskars Corporation had 17,828 (16,352) shareholders as of the end of the year. Approximately 2.7% (2.1) of the share capital was owned by foreign or nominee-registered shareholders.

## Management shareholding

On December 31 2014, the Board members, the President & CEO and the members of Corporate Management Team (Executive Board) and the companies where they have a controlling interest together with a family member, owned a total of 34,971,979 shares corresponding to 42.7% of the Company's shares and votes. The Company did not have any share option programs as at December 31, 2014.

## Share ownership, December 31, 2014

	Number of shareholders	%	Number of shares and votes	%
Private companies	661	3.71	33,826,856	41.30
Financial and insurance institutions	23	0.13	1,725,801	2.11
Public sector organizations	6	0.03	3,893,260	4.75
Households	16,790	94.18	30,012,066	36.64
Non-profit organizations	223	1.25	10,270,136	12.54
Foreigners	115	0.65	540,529	0.66
Nominee registered	10	0.06	1,636,594	2.00
<b>Total</b>	<b>17,828</b>	<b>100.00</b>	<b>81,905,242</b>	<b>100.00</b>

## Distribution of shares, December 31, 2014

Number of shares	Number of shareholders	%	Number of shares and votes	%
1—100	6,623	37.15	384,956	0.47
101—500	6,967	39.08	1,842,217	2.25
501—1,000	1,955	10.97	1,520,233	1.86
1,001—10,000	1,993	11.18	5,492,353	6.71
10,001—100,000	222	1.25	5,936,933	7.25
100,001—1,000,000	55	0.31	18,746,002	22.89
1,000,001—	13	0.07	47,982,548	58.58
<b>Total</b>	<b>17,828</b>	<b>100.00</b>	<b>81,905,242</b>	<b>100.00</b>

## Major shareholders, December 31, 2014

		Total shares	% of shares and votes
1	Virala Oy Ab	11,775,000	14.38
2	Turret Oy Ab	9,095,406	11.10
3	Holdix Oy Ab	8,294,050	10.13
4	I.A. von Julins Sterbhus	2,689,120	3.28
5	Oy Julius Tallberg Ab	2,554,350	3.12
6	Sophie von Julins Foundation	2,551,791	3.12
7	Varma Mutual Pension Insurance Company	2,469,326	3.01
8	Ehrnrooth Jacob	1,626,929	1.99
9	Fromond Elsa	1,623,926	1.98
10	Ehrnrooth Sophia	1,536,230	1.88
11	Ilmarinen Mutual Pension Insurance Company	1,375,871	1.68
12	Stiftelsen för Åbo Akademi	1,012,929	1.24
13	Ehrnrooth Albert	855,372	1.04
14	Ehrnrooth Alexander	855,000	1.04
15	Wrede Sophie	821,790	1.00
16	Hartwall Peter Johan	748,450	0.91
17	Lindsay von Julin & Co Ab	733,320	0.90
18	Therman Anna Maria Elisabeth	722,436	0.88
19	Gripenberg Margareta	628,974	0.77
20	Åberg Albertina	604,169	0.74
20 major shareholders		52,574,439	64.19



# PARENT COMPANY FINANCIAL STATEMENTS, FAS

## Parent company income statement

EUR	Note	2014	2013
Net sales	2	24,721,674.36	25,152,433.21
Cost of goods sold	4	-37,963,654.64	-3,395,767.13
<b>Gross profit</b>		<b>-13,241,980.28</b>	<b>21,756,666.08</b>
		<b>-54 %</b>	<b>86 %</b>
Administration expenses	4	-14,960,645.66	-15,408,460.72
Other operating income	3	496,886.71	60,620.46
Other operating expenses	4	-239,094.37	-24,720.35
<b>Operating profit</b>		<b>-27,944,833.60</b>	<b>6,384,105.47</b>
		<b>-113 %</b>	<b>25 %</b>
Financial income and expenses	7	41,429,228.07	81,948,269.76
<b>Profit (loss) before extraordinary items</b>		<b>13,484,394.47</b>	<b>88,332,375.23</b>
Extraordinary items	8	9,400,000.00	13,431,400.00
<b>Profit (loss) before appropriations and taxes</b>		<b>22,884,394.47</b>	<b>101,763,775.23</b>
Appropriations		-477,196.15	216,548.03
Income taxes	9	-208,545.03	-5,031,426.66
<b>Profit (loss) for the period</b>		<b>22,198,653.29</b>	<b>96,948,896.60</b>

## Parent company balance sheet

EUR	Note	Dec 31, 2014	Dec 31, 2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	10	7,260,093.17	523,280.91
Tangible assets	11		
Land and water		15,472,728.02	15,487,691.33
Buildings		13,498,748.03	13,604,856.42
Machinery and equipment		1,101,701.66	1,316,347.96
Construction in progress		580,803.38	515,135.27
Tangible assets total		30,653,981.09	30,924,030.98
Investments	12		
Holdings in subsidiaries		485,754,293.10	797,828,797.36
Receivables from subsidiaries		3,815,974.44	3,700,000.00
Other shares		4,761,037.66	6,057,492.53
Investments total		494,331,305.20	807,586,289.89
<b>Non-current assets total</b>		<b>532,245,379.46</b>	<b>839,033,601.78</b>
		<b>33 %</b>	<b>75 %</b>
<b>Current assets</b>			
Inventories	13	766,515,257.28	172,436.75
Non-current loan receivables		37,368.58	17,805.22
Current receivables			
Trade receivables		349,530.99	105,957.62
Receivables from subsidiaries	14	289,121,949.58	272,595,762.36
Other receivables		8,234,185.90	88,850.32
Prepayments and accrued income	15	1,759,380.73	1,614,373.50
Current receivables total		299,465,047.20	274,404,943.80
Cash and cash equivalents	16	22,611,629.33	1,704,278.84
<b>Current assets total</b>		<b>1,088,629,302.39</b>	<b>276,299,464.61</b>
		<b>67 %</b>	<b>25 %</b>
<b>Assets total</b>		<b>1,620,874,681.85</b>	<b>1,115,333,066.39</b>
		<b>100 %</b>	<b>100 %</b>

## SHAREHOLDERS' EQUITY AND LIABILITIES

<b>Shareholders' equity</b>	17				
Share capital		77,510,200.00		77,510,200.00	
Revaluation reserve		3,786,650.19		3,789,720.00	
Other reserves		3,204,313.18		3,204,313.18	
Retained earnings		525,277,140.39		696,075,878.09	
Profit (loss) for the financial year		22,198,653.29		96,948,896.60	
<b>Shareholders' equity total</b>		<b>631,976,957.05</b>	<b>39 %</b>	<b>877,529,007.87</b>	<b>79 %</b>
<b>Appropriations</b>	18	<b>883,561.96</b>		<b>406,365.81</b>	
<b>Liabilities</b>					
Non-current	19				
Loans from credit institutions		30,000,000.00		52,499,658.69	
<b>Non-current liabilities total</b>		<b>30,000,000.00</b>		<b>52,499,658.69</b>	
Current					
Loans from credit institutions		120,579,540.94		100,621,583.70	
Trade payables		409,457.13		891,213.50	
Liabilities to subsidiaries	20	800,578,935.24		75,001,789.66	
Income tax payable		0.00		1,934,028.63	
Other payables		33,091,246.52		3,443,461.83	
Accruals and deferred income	21	3,354,983.01		3,005,956.70	
<b>Current liabilities total</b>		<b>958,014,162.84</b>		<b>184,898,034.02</b>	
<b>Liabilities total</b>		<b>988,014,162.84</b>	<b>61 %</b>	<b>237,397,692.71</b>	<b>21 %</b>
<b>Shareholders' equity and liabilities total</b>		<b>1,620,874,681.85</b>	<b>100 %</b>	<b>1,115,333,066.39</b>	<b>100 %</b>

## Parent company statement of cash flows

EUR	2014	2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit (loss) before extraordinary items, appropriations and taxes	22,874,755.48	101,775,754.76
Adjustments for		
Depreciation, amortization and impairment	1,356,570.81	1,410,224.51
Impairment of financial assets in inventories	34,263,873.26	
Investment income	-67,330.37	-35,346.87
Interest income and dividends	-43,112,418.49	-91,294,133.15
Unrealized exchange gains and losses	-3,981,259.04	-1,016,563.51
Interest expenses and other financial costs	4,650,794.68	3,540,208.33
Change in provisions and other non-cash items	-8,386,345.22	-6,609,181.43
Cash flow before changes in working capital	7,598,641.11	7,770,962.64
Changes in working capital		
Change in current assets, non-interest bearing	-5,734,404.60	-489,221.57
Change in inventories	-800,606,563.24	-5,525.97
Change in current liabilities, non-interest bearing	5,113,097.88	2,229,623.05
Cash flow from operating activities before financial items and taxes	-793,629,228.85	9,505,838.15
Dividends received	38,662,386.55	17,900,075.00
Financial income received	4,291,420.24	3,723,963.06
Financial expenses paid	-4,139,610.89	-3,519,162.65
Taxes paid	-4,844,845.35	-4,119,981.09
<b>Cash flow from operating activities (A)</b>	<b>-759,659,878.30</b>	<b>23,490,732.47</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Repayment of equity, Avlis AB	311,955,759.07	122,641,347.00
Investments in financial assets	-57,700.59	-107,156.25
Investments in intangible assets and property, plant & equipment	-8,078,085.47	-1,271,234.50
Proceeds from sale of property, plant & equipment and other investments	228,604.45	78,024.50
Sale of shares in group companies, Inhan Tehtaat Oy Ab	198,000.00	
Sale of other holdings	1,274,980.21	375,977.29
Change in long term loan receivables	-135,537.80	-1,520,700.00
<b>Cash flow from investing activities (B)</b>	<b>305,386,019.87</b>	<b>120,196,258.04</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Change of non-current debt	-10,876,658.69	0.00
Change in current debt	742,372,820.56	-39,623,661.44
Change in current receivables	-24,298,887.19	-64,742,945.56
Dividends paid	-245,447,465.76	-53,227,302.70
Group contribution received/paid	13,431,400.00	13,981,208.03
<b>Cash flow from financing activities (C)</b>	<b>475,181,208.92</b>	<b>-143,612,701.67</b>
<b>Change in cash and cash equivalents (A+B+C)</b>	<b>20,907,350.49</b>	<b>74,288.84</b>
Cash and cash equivalents at beginning of period	1,704,278.84	1,629,990.00
Cash and cash equivalents at end of period	22,611,629.33	1,704,278.84

# NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

## 1. Parent company accounting principles, FAS

The financial statements of Fiskars Oyj have been prepared in accordance with the Finnish Accounting Act and Ordinance and other statutes regulating the preparation of financial statements (Finnish Accounting Standards, FAS). The financial statements are 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.

### Transactions in foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the date of the transaction. At the end of the reporting period balances in foreign currencies are translated using the exchange rate prevailing at the end of the reporting period. Foreign exchange derivatives are recognized at market values and changes in market values are recognized in the income statement.

### Net sales

Net sales are defined as invoiced amount less indirect taxes, rebates and exchange rate differences related to sales. Revenue is recognized when all significant risks and rewards of ownership have been transferred to the buyer, i.e. when a product has been delivered to the client in accordance with the terms of delivery. Royalty income from trademarks held by Fiskars Corporation is recorded as net sales. Revenue from the sale of securities, dividends and other corresponding income from securities classified as inventories is also recorded as net sales.

### Leasing arrangements

Lease payments are expensed as incurred. Future leasing payment obligations are reported as contingent liabilities. Rent income, when the company acts as a lessor, is recorded as net sales.

### Pension benefit plans

The retirement plans for the Finnish companies' employees are funded through payments to independent insurance companies.

### Extraordinary income and expenses

Group contributions, merger losses and gains, as well as liquidation losses and gains, are reported in extraordinary income and expenses.

### Income taxes

Income taxes consist of the aggregate current tax expense based on the Finnish tax rules and adjustments to prior year taxes. Parent company does not account for deferred taxes as a stand-alone entity.

### Tangible and intangible assets and other long-term investments

Tangible and intangible assets are stated at cost less accumulated depreciation according to plan. Certain land holdings have been revalued. Revaluations are based on market values at time of the revaluation. Revaluation reserves are adjusted for decreases in the market value of land holdings. When revalued real estate is sold, the respective share in the revaluation reserve is transferred to retained earnings.

Tangible and intangible assets are depreciated and amortized over their expected useful lives. The following expected useful lives are applied:

- |                           |                 |
|---------------------------|-----------------|
| ▪ Intangible assets       | 3–10 years      |
| ▪ Buildings               | 20–40 years     |
| ▪ Vehicles                | 4 years         |
| ▪ Machinery and equipment | 3–10 years      |
| ▪ Land and water          | No depreciation |

Investments in subsidiaries are stated in the balance sheet at cost or at net realizable value if the net realizable value is significantly and permanently impaired. An impairment loss may be reversed until the original acquisition cost, when the value of the investment has been restored.

## **Inventories**

Inventories are stated at the lower of cost and 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 estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Financial assets in inventories are stated at the lower of cost and fair value.

## **Receivables**

Receivables are valued at the lower of original and recoverable value.

## **Provisions**

Provisions consist of reserves for future losses to which the Company is committed or that are perceived probable.

## **Appropriations**

Appropriations in the parent company balance sheet consist of depreciation in excess of plan.

## 2. Net sales

EUR	2014	2013
Royalties	<b>18,865,376.38</b>	19,427,672.10
Lease income	<b>3,212,196.06</b>	3,180,797.22
Other	<b>2,644,101.92</b>	2,543,963.89
<b>Total</b>	<b>24,721,674.36</b>	25,152,433.21

## 3. Other operating income

EUR	2014	2013
Net gain on sale of property, plant and equipment	<b>227,169.93</b>	60,067.22
Net gain on sale of subsidiary shares	<b>79,254.81</b>	
Other income	<b>190,461.97</b>	553.24
<b>Total</b>	<b>496,886.71</b>	60,620.46

## 4. Total expenses

### Total expenses by nature

EUR	2014	2013
Materials and supplies	<b>27,971.79</b>	155,490.24
Financial assets in inventory	<b>800,779,000.00</b>	
Change in inventory	<b>-766,342,820.53</b>	-5,525.97
Employee benefits	<b>7,897,091.57</b>	7,620,488.07
Depreciation, amortization and impairment	<b>1,356,570.81</b>	1,410,224.51
External services	<b>4,441,867.07</b>	4,530,375.25
Other	<b>4,764,619.59</b>	5,093,175.75
<b>Total</b>	<b>52,924,300.30</b>	18,804,227.85

### Other operating expenses

EUR	2014	2013
Loss on sale of property, plant and equipment	<b>239,094.37</b>	24,720.35
<b>Total</b>	<b>239,094.37</b>	24,720.35

## 5. Fees paid to Company's auditors

EUR	2014	2013
Audit fees	<b>108,168.44</b>	87,314.74
Tax consultation	<b>359,261.04</b>	371,741.01
Other	<b>21,297.77</b>	187,763.63
<b>Total</b>	<b>488,727.25</b>	646,819.38

## 6. Personnel costs and number of employees

### Personnel costs

EUR	2014	2013
Wages and salaries	<b>6,003,626.92</b>	5,542,391.13
Pension costs	<b>1,127,628.99</b>	1,119,289.78
Termination benefits	<b>340,006.29</b>	
Other personnel costs	<b>425,829.37</b>	958,807.16
<b>Total</b>	<b>7,897,091.57</b>	7,620,488.07

### Number of employees

	2014	2013
Average (FTE)	<b>49</b>	49
End of period	<b>45</b>	44



## 7. Financial income and expenses

EUR	2014	2013
Dividend income		
From group companies	<b>38,662,311.55</b>	87,363,700.00
From other parties	<b>75.00</b>	75.00
Dividend income, total	<b>38,662,386.55</b>	87,363,775.00
Interest and financial income from non-current investments		
From group companies	<b>4,015,122.92</b>	3,724,404.26
Interest and financial income from non-current investments, total	<b>4,015,122.92</b>	3,724,404.26
Other interest and financial income		
From other parties	<b>4,416,168.06</b>	1,222,517.40
Other interest and financial income, total	<b>4,416,168.06</b>	1,222,517.40
Interest and financial income, total	<b>8,431,290.98</b>	4,946,921.66
Interest and other financial expenses		
To subsidiaries		
Interest expenses	<b>-755,450.06</b>	-371,023.18
Change in provisions for credit losses	<b>-1,013,654.78</b>	-6,822,218.57
Interest and other financial expenses to other parties	<b>-3,895,344.62</b>	-3,169,185.15
Interest and other financial expenses, total	<b>-5,664,449.46</b>	-10,362,426.90
Total financial income and expenses	<b>41,429,228.07</b>	81,948,269.76
Net exchange gains and losses included in financial items	<b>3,981,259.04</b>	1,016,563.51

## 8. Extraordinary items

EUR	2014	2013
Group contribution received	<b>9,400,000.00</b>	16,231,400.00
Group contribution paid		-2,800,000.00
Total	<b>9,400,000.00</b>	13,431,400.00

## 9. Income taxes

EUR	2014	2013
Current year taxes for profit before extraordinary items	<b>1,658,536.91</b>	-1,740,386.53
Tax for extraordinary items	<b>-1,880,000.00</b>	-3,290,693.00
Income tax for previous periods	<b>12,918.06</b>	-347.13
Income taxes per income statement	<b>-208,545.03</b>	-5,031,426.66

## 10. Intangible assets

EUR	2014	2013
Historical cost, Jan 1	<b>2,537,892.58</b>	2,420,844.47
Additions	<b>6,818,273.80</b>	126,192.24
Decrease	<b>-38,437.85</b>	-9,144.13
Historical cost, Dec 31	<b>9,317,728.53</b>	2,537,892.58
Accumulated amortization according to plan, Jan 1	<b>2,014,611.67</b>	1,928,050.16
Amortization according to plan	<b>73,726.94</b>	86,561.51
Decrease	<b>-30,703.25</b>	0.00
Accumulated amortization according to plan, Dec 31	<b>2,057,635.36</b>	2,014,611.67
Net book value, Dec 31	<b>7,260,093.17</b>	523,280.91

## 11. Tangible assets

<b>2014</b>	Land and water	Buildings	Machinery and equipment	Construction in progress	Total
EUR					
Historical cost, Jan 1	5,771,232.33	35,948,006.28	5,465,590.01	515,135.27	47,699,963.89
Additions		796,439.96	1,773.72	461,597.99	1,259,811.67
Decreases	-14,963.31	-959,484.55	-42,067.86		-1,016,515.72
Transfers		395,078.00	851.89	-395,929.88	0.01
Historical cost, Dec 31	5,756,269.02	36,180,039.69	5,426,147.76	580,803.38	47,943,259.85
Accumulated depreciation according to plan, Jan 1		22,343,149.86	4,149,242.05		26,492,391.91
Depreciation according to plan		1,072,190.03	210,653.84		1,282,843.87
Decreases		-734,048.23	-35,449.79		-769,498.02
Accumulated depreciation according to plan, Dec 31		22,681,291.66	4,324,446.10		27,005,737.76
Revaluation, Jan 1	9,716,459.00				9,716,459.00
Revaluation, Dec 31	9,716,459.00				9,716,459.00
Book value Dec 31, 2014	<b>15,472,728.02</b>	<b>13,498,748.03</b>	<b>1,101,701.66</b>	<b>580,803.38</b>	<b>30,653,981.09</b>

  

<b>2013</b>	Land and water	Buildings	Machinery and equipment	Construction in progress	Total
EUR					
Historical cost, Jan 1	5,740,222.34	35,248,885.48	5,216,808.33	462,376.38	46,668,292.53
Additions	31,853.00	647,563.83	163,484.27	302,141.16	1,145,042.26
Decreases	-843.01	-23,630.19	-88,897.70		-113,370.90
Transfers		75,187.16	174,195.11	-249,382.27	0.00
Historical cost, Dec 31	5,771,232.33	35,948,006.28	5,465,590.01	515,135.27	47,699,963.89
Accumulated depreciation according to plan, Jan 1		21,265,414.42	3,983,151.89		25,248,566.31
Depreciation according to plan		1,087,595.63	236,067.37		1,323,663.00
Decreases		-9,860.19	-69,977.21		-79,837.40
Accumulated depreciation according to plan, Dec 31		22,343,149.86	4,149,242.05		26,492,391.91
Revaluation, Jan 1	9,716,459.00				9,716,459.00
Revaluation, Dec 31	9,716,459.00				9,716,459.00
Book value Dec 31, 2013	<b>15,487,691.33</b>	<b>13,604,856.42</b>	<b>1,316,347.96</b>	<b>515,135.27</b>	<b>30,924,030.98</b>

## 12. Investments

### 2014

EUR	Holdings in subsidiaries	Receivables from subsidiaries	Other shares	Total
Historical cost, Jan 1	797,828,797.36	3,700,000.00	6,768,815.33	808,297,612.69
Additions		3,815,974.44	57,700.59	3,873,675.03
Decreases	-312,074,504.26	-3,700,000.00	-1,260,756.80	-317,035,261.06
Historical cost, Dec 31	485,754,293.10	3,815,974.44	5,565,759.12	495,136,026.66
Write-downs, Jan 1			-711,322.80	-711,322.80
Decreases			-93,398.66	-93,398.66
Write-downs, Dec 31			-804,721.46	-804,721.46
Net book value, Dec 31, 2014	<b>485,754,293.10</b>	<b>3,815,974.44</b>	<b>4,761,037.66</b>	<b>494,331,305.20</b>

### 2013

EUR	Holdings in subsidiaries	Receivables from subsidiaries	Other shares	Total
Historical cost, Jan 1*	851,006,444.36	2,174,300.00	7,037,636.37	860,218,380.73
Additions	69,463,700.00	6,497,046.32	107,156.25	76,067,902.57
Decreases	-122,641,347.00	-4,971,346.32	-375,977.29	-127,988,670.61
Historical cost, Dec 31	797,828,797.36	3,700,000.00	6,768,815.33	808,297,612.69
Write-downs, Jan 1			-711,322.80	-711,322.80
Write-downs, Dec 31			-711,322.80	-711,322.80
Net book value, Dec 31, 2013	797,828,797.36	3,700,000.00	6,057,492.53	807,586,289.89

\*Includes a restrospective adjustment of EUR -29 481 000 to holdings in subsidiaries related to the return of capital from Avlis AB in 2010, which was previously recorded as dividend income.

## Shares in subsidiaries

	Number of shares	Domicile		% of share capital	% of voting power	Book value
Avlis AB*	25,641,347	Stockholm	SE	59.7	59.7	242,755,752.66
Ferraria Oy Ab	750,000	Raasepori	FI	100.0	100.0	17,659,665.00
Fiskamin AB*	1,000,000	Sollentuna	SE	100.0	100.0	42,333,815.82
Fiskars Americas Holding Oy Ab	1000	Raasepori	FI	100.0	100.0	110,071,862.76
Fiskars Europe Holding Oy Ab	1000	Raasepori	FI	100.0	100.0	71,340,500.00
Fiskars Services Oy Ab	250	Helsinki	FI	100.0	100.0	2,500.00
Fiskars (Thailand) Co., Ltd.	100	Bangkok	TH	1.0	1.0	2,409.12
Inha Works Ltd.	9,010	Ähtäri	FI	90.1	90.1	1,080,701.14
Kiinteistö Oy Danskog gård	4,000	Raasepori	FI	100.0	100.0	504,563.78
Ab Åbo Båtvarf - Turun Veneveistämö Oy	150	Turku	FI	100.0	100.0	2,522.82
Total, Dec 31, 2014						<b>485,754,293.10</b>

\*Includes a retrospective adjustment of EUR -22,729,630 to the book value of Avlis AB and EUR -6,751,370 to the book value of Fiskamin AB relating to the return of capital from the former Avlis AB in 2010, which was previously treated as dividend income. Former Avlis AB was demerged to Avlis AB and Fiskamin AB in 2012.

## Other shares

	Book value
Other shares owned by the parent company	4,761,037.66
Total, Dec 31, 2014	<b>4,761,037.66</b>

## 13. Inventories

EUR	2014	2013
Work in progress		1,745.50
Finished goods		170,691.25
Financial assets	<b>766,515,257.28</b>	
Total, Dec 31	<b>766,515,257.28</b>	172,436.75

  

EUR	2014	2013
Market value of financial assets in inventories	<b>766,664,963.77</b>	
Book value of financial assets in inventories	<b>766,515,257.28</b>	
Difference	<b>149,706.49</b>	

## 14. Receivables from subsidiaries

EUR	2014	2013
Trade receivables	<b>774,240.28</b>	1,540,038.81
Loan receivables	<b>15,207,807.54</b>	24,548,762.49
Other receivables	<b>260,232,284.76</b>	227,606,097.40
Prepayments and accrued income	<b>12,907,617.00</b>	18,900,863.66
Total, Dec 31	<b>289,121,949.58</b>	272,595,762.36

## 15. Prepayments and accrued income

EUR	2014	2013
Prepaid and accrued interest	<b>1,420,741.28</b>	1,253,750.82
Other prepayments and accruals	<b>338,639.45</b>	360,622.68
Total, Dec 31	<b>1,759,380.73</b>	1,614,373.50

## 16. Cash and cash equivalents

EUR	2014	2013
Cash and cash equivalents	<b>22,611,629.33</b>	1,704,278.84
Total, Dec 31	<b>22,611,629.33</b>	1,704,278.84

## 17. Shareholders' equity

EUR	2014	2013
Share capital		
Jan 1	<b>77,510,200.00</b>	77,510,200.00
Share capital, Dec 31	<b>77,510,200.00</b>	77,510,200.00
Revaluation reserve		
Jan 1	<b>3,789,720.00</b>	3,789,720.00
Decrease	<b>-3,069.81</b>	
Revaluation reserve, Dec 31	<b>3,786,650.19</b>	3,789,720.00
Treasury shares		
Jan 1		-864,706.21
Cancellation of treasury shares		864,706.21
Treasury shares, Dec 31		0.00
Other reserves		
Jan 1	<b>3,204,313.18</b>	3,204,313.18
Other reserves, Dec 31	<b>3,204,313.18</b>	3,204,313.18
Retained earnings		
Jan 1*	<b>793,024,774.69</b>	750,178,991.60
Cancellation of treasury shares		-864,706.21
Dividends	<b>-267,747,634.30</b>	-53,238,407.30
Net profit	<b>22,198,653.29</b>	96,948,896.60
Retained earnings, Dec 31	<b>547,475,793.68</b>	793,024,774.69
Distributable earnings, Dec 31	<b>547,475,793.68</b>	793,024,774.69

\*January 1, 2013 includes a restrospective adjustment of EUR -29 481 000 relating to the return of capital from Avlis AB in 2010, which was previously treated as dividend income.

## 18. Appropriations

EUR	2014	2013
Depreciation in excess of plan, Jan 1	<b>406,365.81</b>	622,913.84
Changes during the year	<b>477,196.15</b>	-216,548.03
Depreciation in excess of plan, Dec 31	<b>883,561.96</b>	406,365.81

The deferred tax liabilities, 20.0% from appropriations, have not been recognized.

## 19. Non-current liabilities falling due later than within five years

EUR	2014	2013
Loans from credit institutions	<b>30,000,000.00</b>	52,499,658.69

## 20. Liabilities to subsidiaries

EUR	2014	2013
Trade payables		330,634.32
Other liabilities	<b>800,049,956.44</b>	71,483,523.70
Accruals and deferred income	<b>528,978.80</b>	3,187,631.64
Total, Dec 31	<b>800,578,935.24</b>	75,001,789.66

## 21. Accruals and deferred income

EUR	2014	2013
Interests	<b>866,326.05</b>	946,432.34
Wages, salaries and social costs	<b>1,958,963.82</b>	1,757,650.78
Other	<b>529,693.14</b>	301,873.58
Total, Dec 31	<b>3,354,983.01</b>	3,005,956.70

## 22. Lease obligations

EUR	2014	2013
Payments next year	<b>74,789.61</b>	109,281.51
Payments later	<b>95,732.53</b>	146,858.90
Total, Dec 31	<b>170,522.14</b>	256,140.41

## 23. Contingencies and pledged assets

EUR	2014	2013
As security for own commitments	<b>21,951,000.00</b>	908,216.00
Lease commitments	<b>170,522.14</b>	256,140.41
Guarantees as security for subsidiaries' commitments	<b>11,163,000.00</b>	13,908,947.00
Total, Dec 31	<b>33,284,522.14</b>	15,073,303.41

## 24. Derivative contracts

Nominal value, EUR	2014	2013
Foreign exchange forwards and swaps	<b>617,625,081.56</b>	369,450,898.09
Foreign exchange options	<b>205,913,845.65</b>	
Electricity forward agreements	<b>1,510,298.00</b>	1,811,148.00
Interest rate swaps	<b>52,500,000.00</b>	42,500,000.00
Total, Dec 31	<b>877,549,225.21</b>	413,762,046.09
Fair value, EUR	2014	2013
Foreign exchange forwards and swaps	<b>-2,019,686.51</b>	-288,527.95
Foreign exchange options	<b>2.40</b>	
Electricity forward agreements	<b>-230,588.00</b>	-397,473.00
Interest rate swaps	<b>-1,336,838.69</b>	-1,264,745.95
Total, Dec 31	<b>-3,587,110.80</b>	-1,950,746.90



# BOARD'S PROPOSAL FOR DISTRIBUTION OF PROFITS AND SIGNATURES

The distributable equity of the Parent Company at the end of the 2014 fiscal year was EUR 547.5 million (793.0). The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of EUR 0.68 per share be paid for 2014. The number of shares entitling to a dividend totaled 81,905,242. The proposed distribution of dividend would thus be EUR 55,695,564.56. This would leave EUR 491.8 million of distributable profit funds at the Parent Company.

No material changes have taken place in the financial position of the Company since the end of the fiscal year. The financial standing of the Company is good and, according to the Board of Directors' assessment, distributing the proposed dividend will not compromise the Company's solvency.

## Signatures to the Financial Statements and the Board of Directors' Report

Helsinki, February 5, 2015

Kaj-Gustaf Bergh

Ralf Böer

Alexander Ehrnrooth

Paul Ehrnrooth

Louise Fromond

Gustaf Gripenberg

Ingrid Jonasson Blank

Karsten Slotte

Christine Mondolot

Kari Kauniskangas  
President and CEO

## The Auditor's Note

Our auditor's report has been issued today.

Helsinki, February 5, 2015  
KPMG Oy Ab

Virpi Halonen  
Authorized Public Accountant

# AUDITOR'S REPORT

## To the Annual General Meeting of Fiskars Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Fiskars Corporation for the year ended 31 December, 2014. The financial statements comprise the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated equity and consolidated statement of cash flows and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, statement of cash flows and notes to the financial statements.

### Responsibility of the Board of Directors and the President and CEO

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

### Auditor's responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the President and CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion on the consolidated financial statements

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

### Opinion on the Company's financial statements and the report of the Board of Directors

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

Helsinki February 5, 2015  
KPMG Oy Ab

Virpi Halonen  
*Authorized Public Accountant*