

A N N U A L   R E P O R T

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# Annual Report 1999

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*After new lighting was installed in the Fiskars Village 1999, it has become a sight-seeing target also at night.*

# Information to Shareholders

The Annual General Meeting of shareholders of Fiskars Corporation will be held on March 16, 2000 at 4.30 p.m. at the Finlandia Hall, Mannerheimintie 13 e, Helsinki.

Shareholders registered at March 10, 2000 in the shareholder register maintained by the Finnish Central Securities Depository Ltd. (Suomen Arvopaperikeskus) are entitled to participate in the meeting. Shareholders wishing to attend the meeting should inform Fiskars Corporation not later than 4.30 p.m. on March 14.

## Payment of dividend

The Board of Directors proposes that the Annual General Meeting declares a dividend of euro 0,31 per share of series A and euro 0,29 per share of series K for 1999. The record date for the dividend is March 21, 2000 and the payment date March 28, 2000.

## Financial Information

The interim reports in 2000 will be published as follows:

January-March	week 19
January-June	week 33
January-September	week 44

Fiskars publishes its financial information in English, Finnish and Swedish and the information can be ordered from:

Fiskars Corporation  
Corporate Communications  
P.O. Box 235  
FIN-00101 Helsinki, Finland  
telefax +358-9-604053  
e-mail: info@fiskars.fi

All the financial information is available on Fiskars Corporation's home pages [www.fiskars.fi](http://www.fiskars.fi).

Please notify the manager of your book-entry account of any change of address.

Summary of operations *)	1999	1998
	M€	M€

Net sales	665	562
Operating profit	49	58
Net profit after tax	40	30
Balance sheet total	879	649
Equity ratio	44 %	53 %

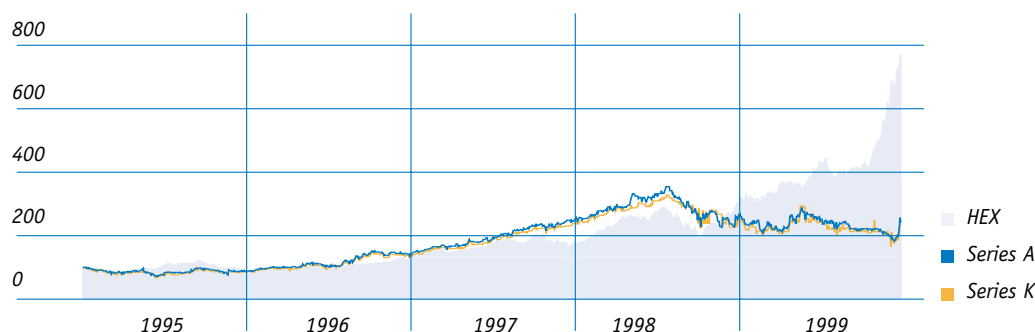
Share data	€	€
Earnings/share	0.73	0.55
Equity/share	6.92	6.28

Personnel at year-end	5657	4993
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\*) A complete summary is presented on page 46.

Exchange rates of Euro	1999	1998	1999	1998
	Income Statement		Balance Sheet	
USD	1.066	1.113	1.005	1.167
GBP	0.659	0.672	0.622	0.705
SEK	8.808	8.846	8.563	9.487
NOK	8.310	8.400	8.077	8.872
DKK	7.436	7.454	7.443	7.449
FIM	5.94573		5.94573	

Trend of Fiskars share price compared to HEX (1995=100)





# Fiskars 350 years

Industrial activity at Fiskars Village has continued without interruption since 1649, and the 350th anniversary of Fiskars Corporation was celebrated in 1999.

Fiskars is the oldest still active Finnish industrial corporation and has played a significant role in the industrial development of the country.

Numerous events were organized during the jubilee year mainly at Fiskars Village.

The year culminated in the main ceremony on 31 October 1999. The day chosen for the festivities was the same day on which in 1649 Queen Christina of Sweden granted the privilege to Dutch born Peter Thorwöste to establish Fiskars Works.



*Sculptor Kauko Räsänen designed Fiskars' 350th anniversary medal, minted in silver and bronze. The silver medal No. 1 was presented to the President of the Republic of Finland, Mr. Martti Ahtisaari.*



*The tower clock of the Belfry, which has become the landmark of the historical Fiskars Village, showed "Fiskars time" to the more than 100.000 people who visited the Village during the Jubilee Year.*



*Also members of Fiskars' international management team admired the historical exposition at the Belfry.*



*The second revised edition of the book titled "Fiskars 1649 – 350 years of Finnish industrial history" appeared during the year.*



*Fiskars 350-year history was written by Prof. C.E. Carlson, with a cavalcade of illustrations realized by Prof. Erik Bruun.*

*The exposition "Fiskars Today" at the Copper Smithy showed Fiskars products from all over the world and attracted more than 60 000 visitors.*





*Fiskars' Chief Executive Stig Stendahl opened the summer season of expositions at the Village on 15 May.*



*Fiskars' Board Chairman Mr. Göran J. Ehrnrooth delivered the main speech in the 350th anniversary ceremony held on 31 October. The President of the Republic Mr. Martti Ahtisaari and Mrs. Ahtisaari honored the occasion with their presence.*

*The Consumer Product Group's international management with spouses enjoyed a party at the old Granary on 1 November 1999. In the middle: Wayne Fethke, President of the Consumer Products Group.*



*The Jubilee dinner on 31 October 1999 was served in the Copper Smithy.*



*The Extraordinary General Meeting convened at Fiskars on 28 October and decided among other things to launch a bonus issue.*



*Fiskars' customers and other interest groups were invited to visit the Village in September 1999.*



*A concert series, Musica Fiskars, organized in September, presented music from three centuries. Mr. Jan Söderblom (left) was the artistic director of the event.*



*Stock market analysts visited Fiskars Village in August enjoying the magnificent weather.*

*Fiskars' personnel and the locals were invited to get-acquainted days which turned out to be an enormous success.*



## President's review



*Stig Stendahl*

A year ago I expressed my hope that the problems faced by the Fiskars Consumer Products Group in late 1998 would be of a passing nature and that 1999 would bring about a return to positive development. After a relatively promising start in the new year it soon appeared, however, that the changes that had occurred, above all in the American market, would drastically affect our anticipated development. However, the overall result of the Corporation was relatively good but a significant part of it was this time generated by our long-term investments.

The change in the buying behavior of consumers, particularly in the USA, became clearly visible during the year while at the same time our large distributors adopted new operating practices. This in turn significantly increased demands for shorter delivery times which led to a need to maintain higher inventories. Also imports from China and other South East Asian countries grew dramatically causing price pressures in all segments of the markets for consumer products.

As a result of these factors, Fiskars has introduced strong measures to defend its positions in this important market, launching an extensive structural program to adapt operations to the prevailing competitive situation. The objective of this program, scheduled to continue for two years, is to better utilize the production and marketing resources built up in recent years by acquisitions. A number of smaller units have already now been integrated to reduce costs and coordinate operations.

The plans also include integration of certain production units and moving production to low-cost countries and increasing sub-contracted production for instance in China. In pace with this trend towards fewer but more efficient units, the structure of the Consumer Products Group has been further finetuned by organizing operations into three product categories, i.e. Garden; Home, Office &



Craft; and Recreation. These three categories each have their own marketing resources in the United States while more local concepts have been adopted in other markets, however, with a common management for Europe and a similar smaller organization for other markets. We anticipate significant savings from these activities and at the same time a clear improvement in efficiency.

Despite the increased competition in our markets last year also gave us reasons to be pleased. We managed to keep our market shares in the US while the strong trend both in the Nordic markets and the relatively modest Eastern European markets deserve a special mention.

The growth strategy that for a long time has served as the guiding principle of our operations, is still valid and resulted in three acquisitions last year. In addition to the British company Sankey, acquired in January, the Garden category was complemented in March by the acquisition of American Designer Pottery (ADP) which manufactures big flower containers of polyurethane foam. The acquisition of Syroco, the leading US manufacturer of plastic outdoor furniture, was closed in May.

The Inha Works had to cope with lower order volumes than in the previous year. This did, however, not apply to the sales of Buster boats which hit an all time record and resulted in a higher market share. The Buster family which today includes eight different models is indisputably the leading outboard boat model in Finland and Sweden. Similarly, the active product development in hinges has helped Fiskars retain its position as the leading supplier of hinges to the Nordic door and window industry.

The result generated from our long-term industrial and financial investments, besides our own industrial activities and real estate operations, increased in importance during the year. We believe that this trend will continue, strengthening Fiskars' corporate image as a company whose success rests on a wide basis. We follow the develop-

ment of our principal investments Metra, Sanitec and the EQT-funds by participating in their Board work, thus underlining our commitment to this important sector of our operations.

An extra touch to the activities of last year was lent by the numerous events arranged to celebrate Fiskars' 350th anniversary jubilee. All the programs were organized at Fiskars Village and included a highly appreciated exposition of Fiskars products from all over the world, a series of concerts, distribution of jubilee grants, minting of a jubilee medal and above all the publication of the history Fiskars' 350 years, written by Prof. C.E. Carlson. The highlight of the year was the jubilee ceremony on 31 October honored by the President of the Republic Mr. Martti Ahtisaari and Mrs. Ahtisaari.

Fiskars has thus survived its 350 years of history with flying colors and we are fully prepared to take on the challenges brought by the new millennium. Much has been achieved and much remains to be done, but we know what is expected from us and look confidently forward to the future.

I wish to conclude this review by addressing my heartfelt thanks to all our shareholders, our employees and all those people who represent an important part of Fiskars' operations both in Finland and our international markets.

Helsinki, February 2000

A handwritten signature in blue ink, appearing to read "P. J. Mendo", with a long, sweeping horizontal stroke extending to the right.

# Board of Directors and Auditors



*From the left: Thomas Tallberg, Juha Toivola, Gustaf Gripenberg, Jarl Engberg, Göran J. Ehrnrooth, Erik Stadigh, Robert G. Ehrnrooth*

## BOARD OF DIRECTORS OF FISKARS CORPORATION

Göran J. Ehrnrooth (1934)

*Chairman since 1984, elected to the Board in 1974, Chairman since 1984. Term expires in 2000. President of the Corporation during 1969-1983. Member of the Board of Directors, Metra Corporation. Member of the Supervisory board of Rautaruukki Corporation. Holds 386 347 Fiskars shares.*

Erik Stadigh (1928)

*Vice Chairman, elected to the Board in 1993. Term expires in 2002. Former Deputy Managing Director of the Union Bank of Finland. Holds no Fiskars shares.*

Robert G. Ehrnrooth (1939)

*Elected to the Board in 1966. Term expires in 2002. Chairman of the Board of Directors, Metra Corporation. Former President of EffJohn Oy Ab. Holds 596 264 Fiskars shares.*

Thomas Tallberg (1934)

*Elected to the Board in 1966. Term expires in 2000. M.D., The Institute for Bio-Immunotherapy. Chairman of the Board of Directors, Tallberg Group. Holds 502 Fiskars shares.*

Jarl Engberg (1938)

*Elected to the Board in 1980. Term expires in 2001. Attorney-at-Law, Hannes Snellman Attorneys at Law Ltd. Holds 15 000 Fiskars shares.*

Gustaf Gripenberg (1952)

*Elected to the Board in 1986. Term expires in 2001. D.Eng., Professor, Helsinki University. Holds 137 625 Fiskars shares.*

Juha Toivola (1947)

*Elected to the Board in 1997. Term expires in 2000. President of Industrial Insurance Company Ltd. and Vice President of the Sampo Group. Holds 34 214 Fiskars shares.*

## AUDITORS

### Ordinary

Eric Haglund,  
Authorized Public Accountant

### Deputy

KPMG Wierdi Oy Ab  
Corporation of Auditors

# Corporate Management

## CORPORATE MANAGEMENT

		Employed since
Stig Stendahl (1939)	President and CEO	1992
Wayne G. Fethke (1944)	Corporate Vice President, Consumer Products Group	1977
Ingmar Lindberg (1945)	Corporate Vice President, Real Estate and Administration	1985
Ove Bäckman (1950)	Vice President, Corporate Control	1983
Juha Rauhala (1954)	Vice President, Corporate Finance	1989
Erkki Hokkinen (1947)	Vice President, Corporate Development	1988
Kurt-Erik Forsstedt (1942)	Vice President, Legal Counsel	1980

## BUSINESS AREAS

### ***Consumer Products Group*** ***Fiskars Consumer Products, Inc.***

Board of Directors: Stig Stendahl (1939), Chairman  
 Ralf R. Böer (1948)  
 David J. Drury (1948)  
 Richard G. Sim (1944)  
 Wayne G. Fethke (1944)

Wayne G. Fethke (1944)	President	1977
Gerald J. Erickson (1944)	VP, Chief Operating Officer	1977
Steven L. Cable (1959)	VP, Chief Financial Officer	1987
James P. Morley (1947)	VP, Business Development	1997
James W. Woodside (1956)	VP, Operations	1993
C. Steve Ramsey (1947)	USA; Home, Office and Craft Products	1984
Wade Medlar (1958)	USA; Garden Products	1993
Stephen J. Ruelle (1963)	USA; Recreation Products	1989
Gareth Davies (1960)	Europe	1986
Michael P. Vierzba (1948)	International	1984

### ***Inha Works***

Pauli Lantonen (1939)	President	1968
Vesa Koivula (1954)	Vice President	1995

### ***Real Estate Group***

Ingmar Lindberg (1945)	Corporate Vice President	1985
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# Consumer Products Group



Wayne G. Fethke

In 1999, the Consumer Products Group was reorganized to focus on three product categories: Home/Office/Craft, Garden and Recreation.

Numerous new products were introduced during the year and added to future growth prospects. Examples of well accepted new products are the Chameleon knife series

from Gerber, shade structures from EnviroShades, Garden Wall Décor series from American Designer Pottery, and Universal Cutters from Finland.

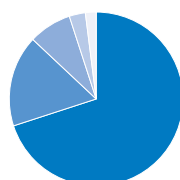
The significance of the United States as Fiskars' principal geographical market continued to increase as a result of acquisitions, with notable progress also in Europe. Although the importance of Eastern Europe remains modest for the time being, its growth trend was very positive. Mexico also continued to move well along its market growth path. Growth was somewhat subdued in Latin America and Asia Pacific as these markets have been economically challenged in the past 18 months; however, they were showing signs of recovery already towards the end of 1999.

The strength of the Consumer Products Group is based on its excellent relations with the distribution, and its skilled and competent personnel. The acquisitions of Sankey, American Designer Pottery and Syroco, closed during the year, complement the product offering and enhance Fiskars' visibility in the distribution channels.

## Key indicators

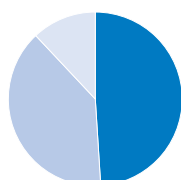
	1999	1998
	M€	M€
Net sales	640	538
Share of total net sales	96 %	96 %
Operating profit	50	57
Personnel	5370	4717

Net sales by market area



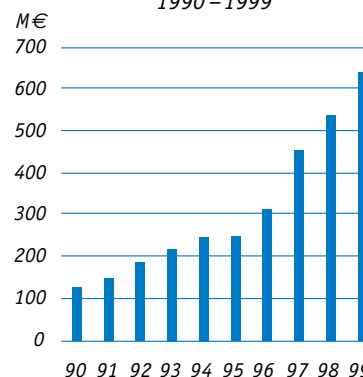
- North America 70 %
- Other Europe 17 %
- Scandinavia 8 %
- Finland 3 %
- Other 2 %

Net sales by product categories



- Home, office and craft products 49 %
- Garden products 39 %
- Recreation products 12 %

Net sales of Consumer Products 1990–1999







## HOME, OFFICE AND CRAFT PRODUCTS

**F**iskars Consumer Products Group's roots are in its scissors. Widely known for the famous orange-handle scissors the business has extended over the years into a broader base of consumer products for home, office and craft.

This product category includes Royal Floor Mats, Power Sentry electrical products, Raadvad kitchen products, Wausau paper craft and office products, Montana knives and Kitchen Devil products made in the UK. These products have the same end users and the same distribution channels through mass merchants, home centers and independent retailers.

Innovation is the key also in the Home, Office and Craft category. Fiskars is the leading developer of scissors ergonomics, and also its other products have in recent years received numerous awards for innovation and creative design. Cutlery designed in Denmark and Royal floor mats, made of recycled car tires, are good examples of this.

Home, office and craft products are a key factor in developing new product offerings for new markets. This is especially true in the Eastern European markets and Latin America. Mexico has been an interesting growth market particularly for Power Sentry products.



**FISKARS®**



softgrip®

**KAIMANO®**

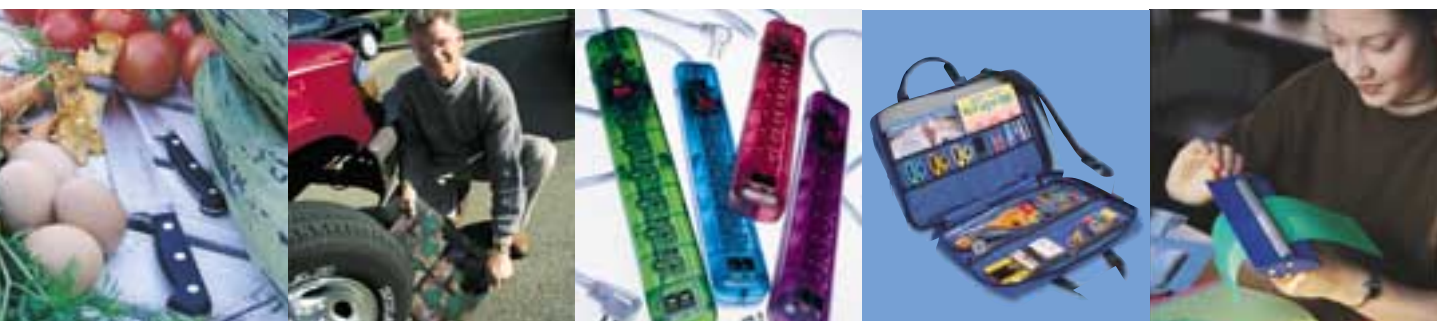
**DURASHARP®  
SCISSORS**

**KITCHEN DEVILS®**

**POWER SENTRY®**

**CREATIVE WORKS®**

**WILKINSON  
SWORD**







## GARDEN PRODUCTS

**F**iskars is a major force as a supplier of garden products both in the United States and Europe. Fiskars offers innovative solutions for gardening and is a leader in garden cutting products. The most recent garden product which has received wide acclaim by the trade and end-users is the Universal Cutter. It follows the recent success in the gear pruning tools and loppers.

The acquisitions in 1999 of Richard Sankey & Son, American Designer Pottery and Syroco were brought into Fiskars Garden business. Sankey is a market leader in the UK in garden planters, American Designer Pottery a fast-growing US manufacturer and marketer of decorative planters, and Syroco is the market leader in the United States in resin outdoor furniture. All these three companies

are expected to provide solid growth potential in the next years.

Fiskars garden products are distributed in major home centers, mass merchants and garden centers throughout Europe and the United States. Garden products are accepted worldwide and are a major part of Fiskars' geographical market expansion activities, such as growth in Latin America.

Innovation is a key factor of operations. Extensive research and development efforts are made in the Garden category in the Consumer Products Group. A good example of this is the European Design Award for the gear pruners. Also consumers have accepted the new product very positively.







## RECREATION PRODUCTS

**R**ecreation is currently the smallest consumer product category but it offers good growth opportunities. The category contains the Gerber and EnviroShade products and the popular Handy Axe series from Finland.

Gerber, known for its high-quality innovative sport knives and multipurpose tools, has been a successful key participant in Fiskars' geographical market expansion efforts.

EnviroShade is the market leader in the United States in outdoor shade structures which are increasingly popular in trade shows and sports events.

Systematic product innovation is crucial to the development of the Recreation category, and considerable resources are dedicated to research and development of new products. One of the recent successes was achieved by the new 400 Series multi-tool from Gerber, which gained excellent trade and end-user support.







# Inha Works



Pauli Lantonen

**I**nha Works, located in Ähtäri in central Finland, manufactures three product categories. The open Buster boats are manufactured for leisure and utility applications and represent Inha's aluminum expertise. The building components category supplies hinges to the door and window industry and hardware retailers. This product division also produces special-purpose radiators for bathrooms and other humid rooms. Forged products include rail fasteners and fitting components.

Strong demand for motor boats prevailed in Finland and other Nordic countries; thanks to growing demand and the sales of Buster boats advanced in the principal markets resulting in higher market shares. The Buster XS, developed for the 1999 boating season was well accepted by customers and continues the innovative extension of the range. Buster XXL, the most recent addition to the Buster family and its second largest boat was launched at the end of 1999.

Successful product development and rationalization of operations have strengthened Buster's position as the most successful aluminum boat in the Nordic market.

Demand in the principal markets for Inha hinges in Finland and other Nordic countries increased due to a recovery of new construction and renovation activity. However, declining exports by the Finnish window and door industry to the Russian market had an adverse effect on sales of hinges, while exports to Nordic countries and Finland's other neighboring regions and Poland progressed

well. Inha Work's position as the leading Nordic hinge manufacturer is strengthened by the resources dedicated to hinge production and customer-oriented product development.

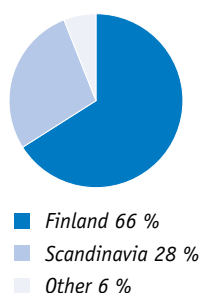
The radiator line was renewed by the development of a new drying and heating radiator, Formaterm M, which can be connected to the warm water network. Thanks to its elegant design the new easy-to-clean radiator is the perfect choice for demanding interiors. In spite of keen competition in this market sector, Formaterm radiators managed to maintain their stable market position.

Manufacture of forged products continues in Inha since 1841. Rail fasteners, which represent the traditional expertise of Inha Works, are sold to the Nordic railways under long-term supply agreements.

## Key indicators

	1999 M€	1998 M€
Net sales	18	20
• of which outside Finland	34 %	34 %
Share of total net sales	3 %	4 %
Operating profit	3	3
Personnel	175	174

## Net sales by market area



**FISKARS®**

**Buster**

**FORMATERM**





# Real Estate Group



*Ingmar Lindberg*

Fiskars' Real Estate operations consist of the management of 15 000 hectares of real estate properties and related services. The land holdings situated in the Southwest of Finland represent a considerable corporate asset and include more than 100 lakes and 250 km of shoreline.

Most of the land holdings, 11 000 hectares, are located in and around the old Fiskars Village. Traditional forestry and farming are carried on in this area according to long-term plans. The forests are harvested in accordance with forest management plans to maintain a balance between regeneration and demand based on long-term contracts with external parties.

An interesting specialty that has emerged in recent years are the deliveries of quality wood for instance to the furniture industry. The raw-material is mainly harvested in

the company's own forests and supplemented by purchases from other sources.

The revenues from the real estate operations are mainly used to maintain the historically valuable buildings at Fiskars Village and improve the surrounding landscape. The objective is to continue developing the Fiskars region as an attractive place to work and live in and to offer tourists an interesting opportunity to visit this historically unique and still living industrial community.

The long-term project with the aim of creating a dignified venue for the festivities centered around Fiskars' 350th anniversary was accomplished during 1999. The numerous jubilee events at the Village and above all the main ceremony on 31 October 1999 could hardly have been organized in a more appropriate setting. The principal renovation work has now been completed but new construction and renovation still continues in the area of Suutarinmäki (Shoemaker's Hill) which has now been connected to the municipal infrastructure.

The remaining 4 000 hectares of land holdings are located on the Hanko peninsula. The real estate company Ferrara has prepared a general plan for the area together with the neighboring municipalities with the objective of creating the conditions necessary for future development. The area is primarily reserved for year-around living and holiday homes for families and for the location of environmentally friendly small-scale industry. The partial general plan has been submitted to the Ministry of the Environment for approval.

*The historical exposition in the Belfry presents the History of Fiskars Village and the company's production today.*









# Shareholding in Metra Corporation

Fiskars' holding in Metra Corporation's share capital is 16 %, giving entitlement to 23 % of the votes. Fiskars has been a shareholder in Metra since its establishment in 1991.

Metra's corporate structure changed in 1999 as its bathroom division Sanitec was listed on the Helsinki Exchanges. As a result, Metra's core business today is Wärtsilä NSD. Another industrial division is Imatra Steel. Metra's principal holdings are Sanitec and Abloy.

Metra's consolidated net sales totaled EUR 2.7 billion (2.6) in 1999. The result before extraordinary items improved to EUR 237 million (45). The result includes significant non-recurring items.

Metra's core division Wärtsilä NSD is a global engineering group offering its customers complete solutions for power generation and marine propulsion. Its core activity consists of design, manufacture, licensing, marketing and service of Wärtsilä and Sulzer engines in the 500 – 66.000 kW range. Although clearly improved, Wärtsilä NSD's result remained a loss. The business focus is shifting increasingly toward supply of total systems along with operations and maintenance services. Wärtsilä NSD's net sales amounted to EUR 1.9 billion and its result before extraordinary items was EUR -46 million (-129).

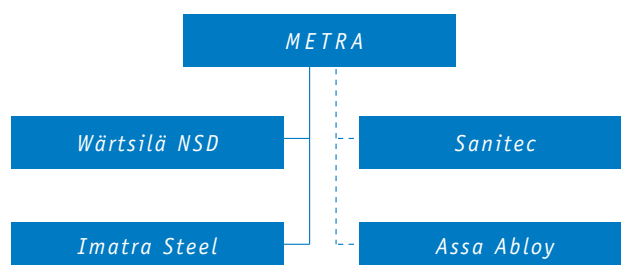
Imatra Steel produces special steels and steel products for the automotive and engineering industries. Imatra Steel's net sales decreased by 11 % from the previous year and totaled EUR 173 million. Profit before extraordinary items was EUR 7 million (19). The result was satisfactory in prevailing market situation.

Sanitec's listing was carried out as a combined public offering and sale of shares. In November Metra decided to distribute an extraordinary dividend to its shareholder in the form of Sanitec's shares; after the transaction, Metra's holding in Sanitec decreased to 64.2 %. Metra has announced its intention to further reduce its holding in Sanitec to below 50 %. Sanitec ranks among the leading European companies in bathroom products, with operations also in the Middle East and Southeast Asia.

Sanitec's net sales increased by 10 % in 1999 to EUR 630 million. Sanitec's result before extraordinary items remained good and was EUR 71 million (66). Half of the net sales growth was attributable to acquisitions. The most significant of these was the acquisition of the Dutch based N.V. Koninklijke Sphinx Gustavsberg finalized in December.



Metra's structure





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# Report by the Board of Directors

## Operational results

Corporate net sales increased by 18 % from the previous year to EUR 665 million (EUR 562 million). The net result for the period after taxes increased to EUR 40 million (EUR 30 million), due to income received from investment operations, although operating profit decreased to EUR 49 million (EUR 58 million) because of a weaker result from the industrial activities. Return on investment was 12 % (12 %), and return on equity 11 % (9 %). Earnings per share amounted to EUR 0.73 (EUR 0.55) and equity per share increased to EUR 6.92 (EUR 6.28).

## Operational developments

Corporate net sales increased both in Europe and North America. The share of US operations of total net sales remained at the previous year's level of 68 %. Finland accounted for 5 % of total sales.

The Consumer Products Group's net sales increased by 19 % from the previous year to EUR 640 million (EUR 538 million). Growing imports from Asia aggravated the competitive situation in the United States and was reflected also in the profit margins of Fiskars products. The profitability of operations met expectations in the first half of the year, but operating profit of the full year declined by 12 % from the previous year's level to EUR 50 million (EUR 57 million), due to harsher competition and changed

distribution patterns. As the acquired companies generate most of their net sales in the early part of the year, the timing of the acquisitions after the spring season also weakened the performance trend to some extent in the second half.

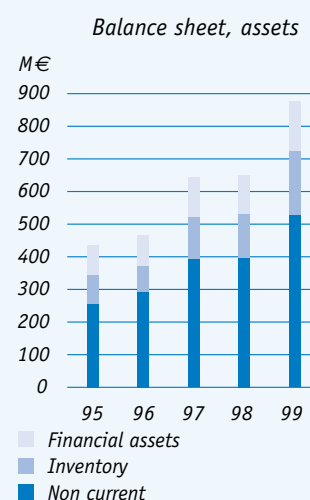
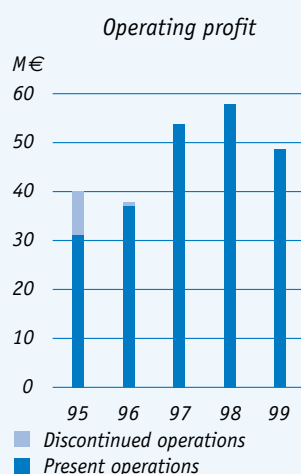
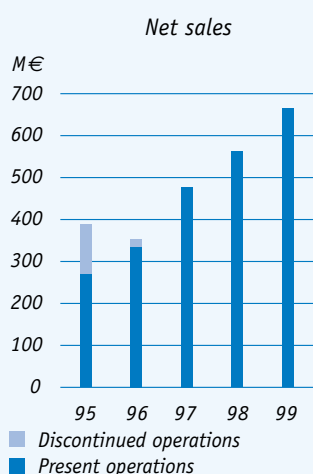
In Europe, the operational results were good in all Nordic markets and Eastern European countries, while the UK and German units were less successful than expected.

Inha Works maintained its good pace of development thanks to excellent boat sales, although the sales of building components and rail fasteners decreased from the previous year. Net sales totaled EUR 18 million (EUR 20 million). Demand for hinges declined mainly because the export sales from the Finnish window and door manufacturers to the Russian market have not yet recovered. Inha Works' operating profit amounted to EUR 3 million (EUR 3 million).

The performance of the Real Estate operations was positive.

## Returns from long-term investments

In 1999, Metra distributed an extra dividend partly in the form of Sanitec-shares. In recent years, Fiskars has made long-term investments in some substantial funds which together with the dividends from Metra yielded EUR 32 million (EUR 8 million) in returns.



### Structural change in the Consumer Products Group

The Consumer Products Group has for more than ten years been managed from the American subsidiary Fiskars Inc. in Madison, Wisconsin. Towards the end of last year, the name of the company was changed to Fiskars Consumer Products Inc. All consumer products companies have been transferred to the ownership of this company at the beginning of 2000, so that the legal structure now corresponds to the operative organization.

### Acquisitions, capital expenditure and financing

The Consumer Products Group grew during the year as a result of three new acquisitions. A British manufacturer of plastic garden products, Richard Sankey & Son Ltd., was acquired in January and American Designer Pottery L.P. (ADP), which manufactures flower containers in polyurethane foam, was acquired in March. Together with EnviroWorks, acquired in 1997, these two companies supply an extensive line of flower containers for indoor and outdoor applications in all price segments.

Syroco Inc., a US based manufacturer of resin outdoor furniture, was acquired in May; the company has three production plants in different parts of the United States. Syroco's products which are marketed together with EnviroWorks' and ADP's products further consolidate Fiskars' position in the garden products market.

The total investment in acquisitions was EUR 103 mil-

lion. Investments in industrial fixed assets totaled EUR 39 million and other long-term investments EUR 32 million.

The balance sheet total increased to EUR 879 million at the end of the year (EUR 649 million) primarily as a result of acquisitions and the exchange rate trend for the US dollar. The corporation's solvency was good and its financial position remained stable in spite of the decrease of equity ratio from 53 % to 44 %, attributable to the acquisitions.

### Personnel

The corporation's total workforce was 5 657 at the end of 1999 (4 993); 68 % of all employees in the United States and 14 % in Finland.

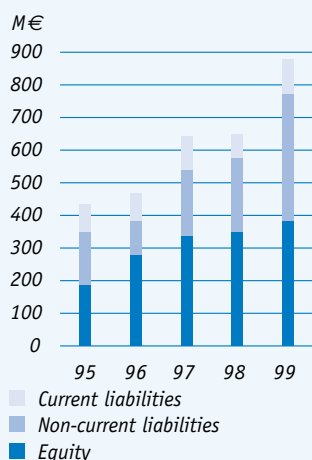
### Shares

The price of Fiskars A-share decreased by 6 % and the price of the K-share by 12 % during the year. The HEX index of the Helsinki Exchanges was 162 % higher at the year-end than at the beginning of the year. During the same period, the index of metal industry increased by 26 %.

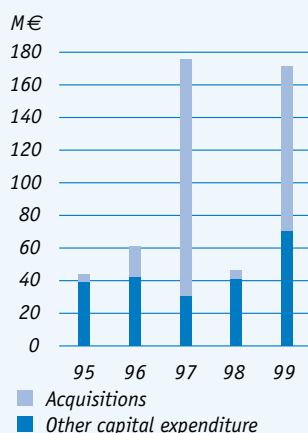
### General Meetings

The Annual General Meeting of Fiskars Corporation held on 18 March 1999 decided to distribute a total dividend of FIM 99.9 million (EUR 16.8 million) for 1998, including a jubilee bonus of FIM 24.3 million. The resigning Board

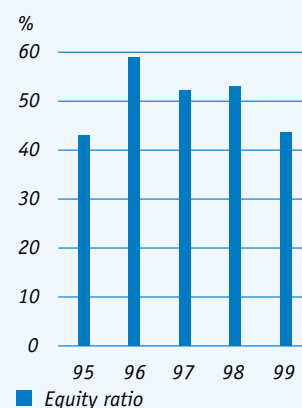
Balance sheet, liabilities and equity



Capital expenditure



Equity ratio



members Mr. Erik Stadigh and Mr. Robert G. Ehrnrooth were re-elected. Both the ordinary Auditor Mr. Eric Haglund (APA) and the deputy Auditor, KPMG Wideri Oy, Corporation of Auditors, were re-elected. The Board of Directors was granted authorization for one year to purchase and transfer not more than 1 380 000 of its own A-shares and not more than 780 000 of its K-shares. The previous corresponding authorization was cancelled. These authorizations have not been exercised.

The Extraordinary Jubilee General Meeting held on 28 October 1999 decided to amend the Articles of Association so that the share capital of the company will henceforth be denominated in euros and the nominal value will be abolished. The meeting also decided on two bonus issues by which the share capital was initially increased from EUR 37 246 514.73 to EUR 44 291 544 following the decision to express the share capital in euros. The share capital was subsequently increased to EUR 55 364 430 by issuing one new A-share against each four old shares of series A and K.

### **Fiskars 350 years**

Finland's oldest industrial company Fiskars celebrated its 350th anniversary at Fiskars Village on 31 October 1999. The President of the Republic Mr. Martti Ahtisaari and Mrs. Eeva Ahtisaari honored the occasion with their presence together with a large number of other distinguished guests.

Many events and expositions were organized to celebrate the anniversary, and the company published a jubilee book and minted a commemorative medal.

Over the years, the company has renovated and restored the historical old buildings at Fiskars, subsequently made available as venues for numerous activities at the village. This has enabled the company to celebrate its jubilee in this unique cultural environment, while at the same time preserving it for the future generations together with the long traditions associated with the concept of Fiskars.

### **Euro and year 2000**

At the beginning of 1999, the corporation introduced the euro as its accounting currency and today also the interim reports and financial statements are published in euros.

No problems occurred in the corporation's information systems due to the millennium change.

### **Outlook**

The growth rate of the Consumer Products Group is expected to continue on the previous years' level supported by the above-mentioned acquisitions. The Group's growth strategies remain unchanged: growth is sought through product innovations and acquisitions of suitable companies.

The Consumer Products Group's long-standing and extensive relations with the distribution channels offer a strong basis for the continued operations. Profitability is expected to improve thanks to growing sales and the reorganization of production resources.

Today long-term investments represent an important part of Fiskars' operations and are expected to yield significant revenues also this year.

<b>Net sales by business area</b>	<b>1.1. – 31.12.1999</b>		<b>1.1. – 31.12.1998</b>		<b>change</b>
	<i>M€</i>	<i>%</i>	<i>M€</i>	<i>%</i>	<i>99/98 %</i>
Consumer Products	640	96	538	96	19
Inha Works	18	3	20	4	-9
Industry total	658	99	558	99	18
Corporate operations, real estate, other	10	2	9	2	21
Eliminations	-3		-4		
Corporate total	665	100	562	100	18

<b>Result by business segment</b>					<b>change</b>
	<i>M€</i>	<i>%</i>	<i>M€</i>	<i>%</i>	<i>99/98 %</i>
Consumer Products	50	62	57	88	-12
Inha Works	3	4	3	5	-24
Industry total	52	64	61	93	-13
Corporate operations, real estate, other	-4	-5	-3	0	0
Operating profit	49	60	58	88	-16
Income from non-current investments	32	40	8	12	
Consolidated segmental results	81	100	65	100	24

<b>Net sales by market area</b>					<b>change</b>
	<i>M€</i>	<i>%</i>	<i>M€</i>	<i>%</i>	<i>99/98 %</i>
Finland	35	5	35	6	0
Scandinavia	56	8	51	9	10
Other Europe	110	17	78	14	41
North America	450	68	385	68	17
Other	15	2	14	3	3
Corporate total	665	100	562	100	18

Export from Finland	32		30		7
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<b>Personnel by geographical area</b>	<b>31.12.1999</b>		<b>31.12.1998</b>		<b>change</b>
	<i>%</i>		<i>%</i>		<i>99/98 %</i>
Finland	781	14	763	15	2
Scandinavia	240	4	243	5	-1
Other Europe	681	12	563	11	21
North America	3 926	69	3 397	68	16
Other	29	1	27	1	7
Corporate total	5 657	100	4 993	100	13



# Consolidated Income Statement

	1999		1998	
	M€		M€	
<b>Net sales</b>	<b>664.9</b>	<b>100.0%</b>	562.4	100.0%
Cost of sales	<b>-443.0</b>		-356.8	
<b>Gross profit</b>	<b>221.8</b>	<b>33.4%</b>	205.6	36.6%
Sales and marketing expenses	<b>-109.0</b>		-93.1	
Administration expenses	<b>-43.8</b>		-39.8	
Other operating income	<b>0.3</b>		2.3	
Other operating expenses	<b>-20.9</b>		-17.0	
<b>Operating profit</b>	<b>48.5</b>	<b>7.3%</b>	57.9	10.3%
Income from participating interests	<b>-0.1</b>		-0.1	
Financial income and expenses (6)	<b>12.3</b>		-8.9	
<b>Profit before taxes</b>	<b>60.8</b>	<b>9.1%</b>	49.0	8.7%
Income taxes (7)	<b>-20.9</b>		-18.6	
<b>Profit for the financial year</b>	<b>39.9</b>	<b>6.0%</b>	30.4	5.4%

# Consolidated Balance Sheet

		31.12.1999 M€		31.12.1998 M€	
<b>Assets</b>					
<b>Fixed assets and other non-current investments</b>					
Intangible assets	(8)	2.3		3.8	
Goodwill	(9)	130.6		99.5	
Tangible assets	(10)	177.0		110.0	
Investments	(11)	216.1		182.2	
		526.0	59.8%	395.4	60.9%
<b>Stocks and financial assets</b>					
Stocks	(13)	196.8		135.9	
Non-current debtors	(14)	0.7		1.2	
Deferred tax assets	(15)	11.2		13.0	
Current debtors	(16)	127.8		95.1	
Cash in hand and at bank		16.9		8.8	
		353.5	40.2%	254.0	39.1%
		879.5	100.0%	649.5	100.0%
<b>Liabilities</b>					
<b>Capital and reserves</b>					
	(18)				
Share capital		55.4		37.1	
Share premium account		21.3		38.7	
Revaluation reserve		4.0		4.0	
Other reserves		8.9		6.4	
Retained earnings		253.6		229.8	
Profit for the financial year		39.9		30.4	
		383.1	43.6%	346.5	53.4%
<b>Provisions</b>	(20)	1.9	0.2%	1.6	0.2%
<b>Creditors</b>					
Deferred tax liabilities	(21)	10.4		12.3	
Non-current creditors	(22)	384.8		213.5	
Current creditors	(23)	99.3		75.5	
		494.5	56.2%	301.3	46.4%
		879.5	100.0%	649.5	100.0%

# Consolidated Statement of Cash Flows

	1999	1998
	M€	M€
<b>Cash flows from operating activities</b>		
Net profit before taxation	60.8	49.0
Depreciation	32.5	25.7
Reversal of items recorded on an accrual basis (31)	-12.0	8.9
Cash generated before working capital changes	81.3	83.7
Change in current receivables	7.8	-0.9
Change in stocks	-21.9	-10.2
Change in current non-interest bearing debt	-1.1	-4.6
Cash generated from operations	66.1	68.0
Financial income items received	2.5	3.1
Dividends received	13.4	4.1
Financial expense items paid	-18.6	-18.6
Taxes paid	-12.3	-16.9
<b>Net cash flow from operating activities</b>	<b>51.1</b>	<b>39.7</b>
<b>Cash flows from investing activities</b>		
Acquisitions	-103.1	-6.2
Investments	-31.5	-9.5
Purchase of tangible and intangible assets	-38.7	-29.9
Proceeds from disposal of investments	15.9	0.0
Proceeds from sale of equipment	3.7	5.1
Taxes paid on extraordinary items		-13.0
<b>Net cash flow from investments</b>	<b>-153.7</b>	<b>-53.5</b>
<b>Cash flow after investments</b>	<b>-102.6</b>	<b>-13.8</b>
<b>Cash flows from financing activities</b>		
New issue	0.8	0.9
Change in non-current debt	133.7	19.8
Change in current interest bearing debt	-7.8	5.2
Change in non-current receivables	0.5	0.3
Dividends paid	-16.8	-15.1
<b>Net cash flows from financing activities</b>	<b>110.4</b>	<b>11.2</b>
<b>Change in cash</b>	<b>7.8</b>	<b>-2.6</b>
<b>Cash at beginning of year</b>	<b>8.8</b>	<b>11.4</b>
Effect of exchange rate changes	0.3	0.1
<b>Cash at end of year</b>	<b>16.9</b>	<b>8.8</b>



# Statement of Changes in Consolidated Equity

<i>M€</i>	<i>Share capital</i>	<i>Share premium account</i>	<i>Revaluation reserve</i>	<i>Other reserves</i>	<i>Retained earnings</i>	<i>Total</i>
<b>Jan. 1, 1999</b>	<b>37.1</b>	<b>38.7</b>	<b>4.0</b>	<b>6.4</b>	<b>260.3</b>	<b>346.5</b>
New issue	0.1	0.7				<b>0.8</b>
Bonus issue	18.1	-18.1				<b>0.0</b>
Translation adjustment				2.5	11.8	<b>14.3</b>
Exchange differences related to hedging					-1.6	<b>-1,6</b>
Dividends					-16.8	<b>-16.8</b>
Net profit					39.9	<b>39.9</b>
<b>Dec. 31, 1999</b>	<b>55.4</b>	<b>21.3</b>	<b>4.0</b>	<b>8.9</b>	<b>293.5</b>	<b>383.1</b>

# General Accounting Principles

The financial statements have been prepared in accordance with regulations in force in Finland. The consolidated financial statements are in all material respects in conformity with international accounting standards (IAS).

The financial information is presented in euro.

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

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

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

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

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

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

**Transactions in foreign currencies** Foreign currency denominated income statements are translated into euro at the average exchange rate for the financial period.

Balance sheets are translated at the end of period exchange rate. Consequently, net income according to the income statement will differ from net income according to the balance sheet. The difference is included in retained earnings.

Currency translation adjustments on foreign subsidiaries' opening retained earnings are included in consolidated retained earnings. Currency translation adjustments on other reserves are included in consolidated other reserves.

The main part of the corporation's business is conducted in the United States. The net assets related to the business in the US are therefore not hedged against fluctuations in the value of the US dollar. Investments in other foreign subsidiaries are hedged by loans and other financial instruments. The exchange gains and losses related to these hedging instruments are balanced against currency translation adjustments on the equities of the subsidiaries.

Transactions in foreign currencies are recorded at the rates of exchange ruling at the date of the transaction.

Unsettled balances in foreign currencies are translated at the rates prevailing on the balance sheet date, except for advance payments received or paid which are translated at the exchange rates on the payment date. Open hedging instruments pertaining to foreign currency items are valued at the market value, including interest components.

Both realized and unrealized exchange gains and losses have been included in the financial items in the income statement.

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

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

**Retirement benefit plans** In the consolidated accounts the retirement benefit plans have been accounted for in accordance with IAS.

The retirement plans for the Finnish companies' employees are funded through payments to independent insurance companies. A small number of the parent company's retired employees receive their benefits from a trustee-administered fund. Any change in the deficit in the trustee-administered fund is included in net income of the parent company. The net deficit of the fund is taken up as a liability in the balance sheet. During 1999 the net deficit was fully covered. The retirement benefits of employees outside Finland have been arranged in accordance with local practice.

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

**Fixed assets and other long-term investments** Fixed assets are stated at cost less accumulated depreciation according to plan. Certain landholdings have been revalued. The credit of the revaluation entry is included in other reserves.

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

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

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

Revaluation amounts of land and water holdings are not depreciated.

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

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

**Leasing** Operating leases are expensed. The corporation has not entered into financial lease agreements of any material size.

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

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

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

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

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

# Notes to the Financial Statements

		Consolidated		Parent Company	
		1999	1998	1999	1998
		M€	M€	M€	M€
Income statement (foreign currency denominated income statements translated at average rate of exchange)					
1. Personnel costs					
Wages and salaries, for time worked	132.1	104.4	2.2	2.1	
Pension costs	10.0	8.2	0.3	0.4	
Other personnel costs	32.1	27.3	0.4	0.5	
Total	174.3	139.9	2.8	3.0	
2. Wages and salaries paid					
Salaries to managing directors and boards	4.6	4.0	0.5	0.5	
Wages and salaries to other personnel	134.2	107.6	1.7	1.6	
Total	138.8	111.5	2.2	2.1	
According to an agreement the President and CEO of the parent company can retire at the age of 62.					
3. Average number of employees					
Finland	753	749	48	47	
Scandinavia	236	233			
Other Europe	697	566			
North America	3 906	3 280			
Other	29	26			
Total	5 621	4 854	48	47	
4. Number of employees, end-of-period					
Salaried	4 218	3 723	9	9	
Workers	1 439	1 270	38	38	
Total	5 657	4 993	47	47	
5. Depreciation and amortization according to plan by function (at average rate of exchange)					
Manufacturing and procurement	19.1	13.3	0.9	0.7	
Sales and marketing	0.8	0.5			
Administration	2.2	1.7	0.3	0.3	
Other operating expenses (intangibles)	10.4	10.1	0.0	0.0	
Total	32.5	25.7	1.2	1.0	



## NOTES TO THE FINANCIAL STATEMENTS

	<i>Consolidated</i>		<i>Parent Company</i>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<i>M€</i>	<i>M€</i>	<i>M€</i>	<i>M€</i>
<b>6. Financial income and expense</b>				
Income from investments held as non-current assets				
Dividend income				
From group undertakings			<b>5.0</b>	2.7
From other investments	<b>18.5</b>	5.7	<b>18.6</b>	5.7
Other interest and financial income				
From group undertakings			<b>9.9</b>	12.7
From other investments	<b>14.0</b>	1.9	<b>14.0</b>	1.9
Income from investments held as non-current investments, total	<b>32.5</b>	7.6	<b>47.6</b>	23.0
Other interest and financial income				
From group undertakings			<b>10.9</b>	4.5
From other parties	<b>1.4</b>	0.9	<b>9.4</b>	0.5
Interest and other financial expense				
To group undertakings			<b>-0.1</b>	-0.2
To other parties	<b>-21.6</b>	-17.3	<b>-19.6</b>	-25.8
Total financial income and expense	<b>12.3</b>	-8.9	<b>48.2</b>	2.0
Net exchange gains and losses included in financial items	<b>0.6</b>	-1.1	<b>8.9</b>	-8.9
<b>7. Income taxes</b>				
Current taxes	<b>20.2</b>	16.8	<b>18.8</b>	6.3
Change in deferred tax	<b>0.7</b>	1.8		
Income taxes per income statement	<b>20.9</b>	18.6	<b>18.8</b>	6.3
<b>Balance sheet, assets</b> (currency denominated balance sheets translated at closing rate of exchange)				
Movements in fixed assets				
<b>8. Intangible assets</b>				
Original cost, Jan. 1.	<b>13.8</b>	13.3	<b>0.8</b>	0.7
Translation adjustment	<b>0.6</b>	-0.3		
Original cost, at the beginning of the year	<b>14.4</b>	13.0	<b>0.8</b>	0.7
Capital expenditure	<b>0.5</b>	0.7	<b>0.0</b>	0.1
Decrease	<b>-0.4</b>	-0.1	<b>-0.1</b>	-0.1
Transfers	<b>0.0</b>	0.1		
Gross value, Dec. 31.	<b>14.5</b>	13.8	<b>0.7</b>	0.8
Accumulated amortization according to plan, Jan. 1.	<b>10.0</b>	7.7	<b>0.5</b>	0.4
Translation adjustment	<b>0.4</b>	-0.1		
Accumulated amortization, at the beginning of the year	<b>10.3</b>	7.7	<b>0.5</b>	0.4
Amortization according to plan	<b>2.2</b>	2.3	<b>0.1</b>	0.1
Decrease	<b>-0.4</b>	-0.1	<b>-0.1</b>	-0.1
Transfers		0.1		
Accumulated amortization according to plan, Dec. 31.	<b>12.2</b>	10.0	<b>0.5</b>	0.5
Net book value, Dec. 31.	<b>2.3</b>	3.8	<b>0.2</b>	0.3

	<i>Consolidated</i>		<i>Parent Company</i>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<i>M€</i>	<i>M€</i>	<i>M€</i>	<i>M€</i>
<b>9. Goodwill</b>				
Original cost, Jan. 1.	<b>122.3</b>	124.5		
Translation adjustment	<b>18.3</b>	-7.2		
Original cost, at the beginning of the year	<b>140.6</b>	117.2		
Capital expenditure	<b>24.3</b>	5.5		
Decrease	<b>-0.2</b>	-0.5		
Transfers	<b>0.0</b>	0.0		
Gross value, Dec. 31.	<b>164.7</b>	122.3		
Accumulated amortization according to plan, Jan. 1.	<b>22.8</b>	16.4		
Translation adjustment	<b>2.9</b>	-0.8		
Accumulated amortization, at the beginning of the year	<b>25.7</b>	15.5		
Amortization according to plan	<b>8.6</b>	7.3		
Decrease	<b>-0.2</b>			
Transfers		0.0		
Accumulated amortization according to plan, Dec. 31.	<b>34.1</b>	22.8		
Net book value, Dec. 31.	<b>130.6</b>	99.5		
<b>10. Tangible assets</b>				
<b>10.1 Land and water</b>				
Original cost, Jan. 1.	<b>11.3</b>	11.7	<b>4.4</b>	4.5
Revaluation, Jan. 1.	<b>9.9</b>	9.9	<b>9.9</b>	9.9
Translation adjustment	<b>0.2</b>	0.0		
Original cost, at the beginning of the year	<b>21.4</b>	21.6	<b>14.3</b>	14.4
Capital expenditure	<b>4.5</b>	0.0	<b>0.0</b>	0.0
Decrease	<b>-0.1</b>	-0.3	<b>0.0</b>	0.0
Transfers		-0.1		-0.1
Book value, Dec. 31.	<b>25.8</b>	21.2	<b>14.4</b>	14.3
<b>10.2 Buildings</b>				
Original cost, Jan. 1.	<b>46.7</b>	42.6	<b>18.9</b>	15.3
Translation adjustment	<b>1.8</b>	-1.1		
Original cost, at the beginning of the year	<b>48.5</b>	41.6	<b>18.9</b>	15.3
Capital expenditure	<b>22.1</b>	4.8	<b>3.5</b>	3.6
Decrease	<b>-4.0</b>	-1.7	<b>0.1</b>	0.0
Transfers	<b>0.5</b>	2.1	<b>0.1</b>	
Gross value, Dec. 31.	<b>67.1</b>	46.7	<b>22.5</b>	18.9
Accumulated depreciation according to plan, Jan. 1.	<b>19.2</b>	17.4	<b>7.9</b>	7.3
Translation adjustment	<b>0.5</b>	-0.1		
Accumulated depreciation, at the beginning of the year	<b>19.7</b>	17.2	<b>7.9</b>	7.3
Depreciation according to plan	<b>2.6</b>	1.9	<b>0.7</b>	0.6
Decrease	<b>-2.2</b>	0.0	<b>0.1</b>	
Transfers		0.0		
Accumulated depreciation according to plan, Dec. 31.	<b>20.1</b>	19.2	<b>8.8</b>	7.9
Net book value, Dec. 31.	<b>47.0</b>	27.5	<b>13.7</b>	11.0

## NOTES TO THE FINANCIAL STATEMENTS

	<i>Consolidated</i>		<i>Parent Company</i>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<i>M€</i>	<i>M€</i>	<i>M€</i>	<i>M€</i>
<b>10.3 Machinery and equipment</b>				
Original cost, Jan. 1.	<b>140.7</b>	127.3	<b>3.4</b>	3.2
Translation adjustment	<b>14.8</b>	-5.5		
Original cost, at the beginning of the year	<b>155.5</b>	121.8	<b>3.4</b>	3.2
Capital expenditure	<b>58.6</b>	24.0	<b>1.0</b>	0.3
Decrease	<b>-13.5</b>	-3.9	<b>-0.3</b>	-0.2
Transfers	<b>-0.5</b>	-1.2	<b>-0.1</b>	0.1
Gross value, Dec. 31.	<b>200.2</b>	140.7	<b>4.0</b>	3.4
Accumulated depreciation according to plan, Jan. 1.	<b>79.5</b>	71.1	<b>2.1</b>	2.0
Translation adjustment	<b>7.4</b>	-2.6		
Accumulated depreciation, at the beginning of the year	<b>86.8</b>	68.5	<b>2.1</b>	2.0
Depreciation according to plan	<b>20.7</b>	13.4	<b>0.4</b>	0.3
Decrease	<b>-11.6</b>	-3.2	<b>-0.3</b>	-0.2
Transfers		0.8		
Accumulated depreciation according to plan, Dec. 31.	<b>95.9</b>	79.5	<b>2.1</b>	2.1
Net book value, Dec. 31.	<b>104.2</b>	61.3	<b>1.9</b>	1.3
<b>10.4 Total tangible assets</b>				
Original cost, Jan. 1.	<b>198.7</b>	181.6	<b>26.7</b>	23.0
Revaluation, Jan. 1.	<b>9.9</b>	9.9	<b>9.9</b>	9.9
Translation adjustment	<b>16.8</b>	-6.6		
Original cost, at the beginning of the year	<b>225.5</b>	185.0	<b>36.6</b>	32.9
Capital expenditure	<b>85.2</b>	28.8	<b>4.5</b>	3.9
Decrease	<b>-17.6</b>	-5.9	<b>-0.3</b>	-0.2
Transfers	<b>0.0</b>	0.8	<b>0.0</b>	0.0
Gross value, Dec. 31.	<b>293.0</b>	208.7	<b>40.8</b>	36.6
Accumulated depreciation according to plan, Jan. 1.	<b>98.6</b>	88.5	<b>10.0</b>	9.4
Translation adjustment	<b>7.9</b>	-2.8		
Accumulated depreciation, at the beginning of the year	<b>106.5</b>	85.7	<b>10.0</b>	9.4
Depreciation according to plan	<b>23.3</b>	15.2	<b>1.1</b>	0.9
Decrease	<b>-13.8</b>	-3.1	<b>-0.2</b>	-0.2
Transfers	<b>0.0</b>	0.8	<b>0.0</b>	0.0
Accumulated depreciation according to plan, Dec. 31.	<b>116.1</b>	98.6	<b>10.9</b>	10.0
Net book value, Dec. 31.	<b>177.0</b>	110.0	<b>30.0</b>	26.6
<b>11. Investments</b>				
<b>11.1 Holdings in group undertakings</b>				
Original cost, Jan. 1.			<b>83.2</b>	77.3
Capital expenditure			<b>16.4</b>	5.9
Decrease			<b>-0.7</b>	0.0
Gross value, Dec. 31.			<b>98.9</b>	83.2
Write-downs			<b>11.5</b>	11.5
Net book value, Dec. 31.			<b>87.4</b>	71.7



	<i>Consolidated</i>		<i>Parent Company</i>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<i>M€</i>	<i>M€</i>	<i>M€</i>	<i>M€</i>
<b>11.2 Participating interests</b>				
Value Jan. 1.	<b>0.0</b>	0.1	<b>0.4</b>	0.4
Decreases	<b>0.0</b>	-0.1	<b>0.0</b>	
Value Dec. 31.	<b>0.0</b>	0.0	<b>0.4</b>	0.4
<b>11.3 Other shares and similar rights of ownership</b>				
Original cost, Jan. 1.	<b>147.7</b>	141.5	<b>147.0</b>	140.9
Capital expenditure	<b>24.3</b>	6.2	<b>24.3</b>	6.2
Decrease	<b>-0.5</b>	0.0	<b>-0.3</b>	0.0
Book value, Dec. 31.	<b>171.5</b>	147.7	<b>171.1</b>	147.0
<b>11.4 Other receivables</b>				
Original cost, Jan. 1.	<b>34.5</b>	33.1	<b>34.4</b>	31.2
Translation adjustment	<b>3.4</b>	-0.1		
Original cost, at the beginning of the year	<b>37.9</b>	33.0	<b>34.4</b>	31.2
Increase	<b>10.1</b>	3.6	<b>7.4</b>	3.6
Decrease	<b>-3.5</b>	-2.1	<b>-3.5</b>	-0.4
Book value, Dec. 31.	<b>44.6</b>	34.5	<b>38.3</b>	34.4
<b>11.5 Total investments</b>				
Original cost, Jan. 1.	<b>182.2</b>	174.7	<b>265.1</b>	249.8
Translation adjustment	<b>3.4</b>	-0.1		
Original cost, at the beginning of the year	<b>185.6</b>	174.6	<b>265.1</b>	249.8
Capital expenditure	<b>34.4</b>	9.8	<b>48.1</b>	15.7
Decrease	<b>-4.0</b>	-2.2	<b>-4.5</b>	-0.4
Gross value, Dec. 31.	<b>216.1</b>	182.2	<b>308.7</b>	265.1
Write-downs			<b>11.5</b>	11.5
Net book value, Dec. 31.	<b>216.1</b>	182.2	<b>297.2</b>	253.6
<b>12. Net book value of production machinery and equipment Dec. 31.</b>	<b>72.9</b>	43.7		
<b>13. Stocks</b>				
Raw materials and consumables	<b>44.0</b>	36.5		
Work in progress	<b>29.3</b>	25.2	<b>0.0</b>	0.0
Finished products/Goods	<b>121.3</b>	72.7	<b>0.1</b>	0.1
Other stocks	<b>0.7</b>	0.8		
Advance payments	<b>1.4</b>	0.6		
Total stocks, Dec. 31.	<b>196.8</b>	135.9	<b>0.1</b>	0.1

## NOTES TO THE FINANCIAL STATEMENTS

		<i>Consolidated</i>		<i>Parent Company</i>	
		<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
		<i>M€</i>	<i>M€</i>	<i>M€</i>	<i>M€</i>
<b>14. Non-current debtors</b>					
Trade debtors, external		<b>0.3</b>	0.4	<b>0.3</b>	0.3
Amounts owed by group undertakings					
Loan receivables				<b>180.3</b>	129.2
				<b>180.3</b>	129.2
Other external debtors					
Trade debtors		<b>0.2</b>	0.5	<b>0.2</b>	0.5
Other debtors		<b>0.2</b>	0.3		
		<b>0.4</b>	0.8	<b>0.2</b>	0.5
Total, Dec. 31.		<b>0.7</b>	1.2	<b>180.8</b>	130.0
<b>15. Deferred tax assets</b>					
Net operating losses		<b>5.0</b>	3.8		
Timing differences		<b>5.9</b>	8.7		
Deferred tax on consolidating entries		<b>0.3</b>	0.5		
Total, Dec. 31.		<b>11.2</b>	13.0		
<b>16. Current debtors</b>					
Trade debtors, external		<b>116.7</b>	85.6	<b>0.3</b>	0.2
Amounts owed by group undertakings					
Trade debtors				<b>0.1</b>	0.1
Loan receivables				<b>193.4</b>	97.3
Other debtors				<b>40.2</b>	11.2
Prepayments and accrued income				<b>7.7</b>	7.7
				<b>241.4</b>	116.3
Other external debtors					
Other debtors		<b>3.0</b>	2.0		
Prepayments and accrued income		<b>8.1</b>	7.5	<b>1.7</b>	2.5
		<b>11.1</b>	9.5	<b>1.7</b>	2.5
Total, Dec. 31.		<b>127.8</b>	95.1	<b>243.5</b>	119.0
<b>17. Prepayments and accrued income</b>					
Prepaid and accrued interest		<b>1.5</b>	1.3	<b>1.5</b>	1.3
Prepaid income tax		<b>0.2</b>	0.6		
Other prepayments and accruals		<b>6.4</b>	5.6	<b>0.2</b>	1.2
Total, Dec. 31.		<b>8.1</b>	7.5	<b>1.7</b>	2.5

	<i>Consolidated</i>		<i>Parent Company</i>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<i>M€</i>	<i>M€</i>	<i>M€</i>	<i>M€</i>
<b>Balance sheet, liabilities</b>				
<b>18. Capital and reserves</b>				
Share capital				
A-shares				
Jan. 1.	<b>23.5</b>	23.4	<b>23.5</b>	23.4
Share issue	<b>0.1</b>	0.1	<b>0.1</b>	0.1
Bonus issue	<b>15.6</b>		<b>15.6</b>	
Dec. 31.	<b>39.2</b>	23.5	<b>39.2</b>	23.5
K-shares				
Jan. 1.	<b>13.6</b>	13.6	<b>13.6</b>	13.6
Bonus issue	<b>2.6</b>		<b>2.6</b>	
Dec. 31.	<b>16.2</b>	13.6	<b>16.2</b>	13.6
Share capital, Dec. 31.	<b>55.4</b>	37.1	<b>55.4</b>	37.1
Share premium account				
Jan. 1.	<b>38.7</b>	38.0	<b>38.7</b>	38.0
Transfer to share capital	<b>-18.1</b>		<b>-18.1</b>	
Share issue	<b>0.7</b>	0.8	<b>0.7</b>	0.8
Share premium account, Dec. 31.	<b>21.3</b>	38.7	<b>21.3</b>	38.7
Revaluation reserve				
Jan. 1.	<b>4.0</b>	4.0	<b>4.0</b>	4.0
Revaluation reserve, Dec. 31.	<b>4.0</b>	4.0	<b>4.0</b>	4.0
Other reserves				
Jan. 1.	<b>6.4</b>	9.0	<b>3.2</b>	3.2
Translation adjustment	<b>2.5</b>	-2.6		
Other reserves, Dec. 31	<b>8.9</b>	6.4	<b>3.2</b>	3.2
Retained earnings				
Jan. 1.	<b>260.3</b>	248.4	<b>206.4</b>	202.6
Translation adjustment	<b>11.8</b>	-3.5		
Exchange difference related to hedging of investments in subsidiaries	<b>-1.6</b>	0.1		
Dividends	<b>-16.8</b>	-15.1	<b>-16.8</b>	-15.1
Translation adjustment on Net profit in foreign currency denominated income statements (average rate) vs. balance sheets (end of period rate)	<b>0.0</b>	-0.2		
Net profit	<b>39.9</b>	30.4	<b>50.9</b>	18.8
Retained earnings, Dec. 31.	<b>293.5</b>	260.3	<b>240.5</b>	206.4
-less equity part of untaxed reserves	<b>-3.0</b>	-2.5		
Distributable earnings, Dec. 31.	<b>290.5</b>	257.7	<b>240.5</b>	206.4

## NOTES TO THE FINANCIAL STATEMENTS

	<i>Consolidated</i>		<i>Parent Company</i>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<i>M€</i>	<i>M€</i>	<i>M€</i>	<i>M€</i>
<b>19. Appropriations (Untaxed reserves)</b>				
Depreciation in excess of plan, Jan. 1.	<b>3.2</b>	3.7	<b>1.7</b>	1.9
Changes during the year	<b>0.2</b>	-0.5	<b>0.1</b>	-0.2
Depreciation in excess of plan, Dec. 31.	<b>3.4</b>	3.2	<b>1.8</b>	1.7
Other untaxed reserves, Jan. 1.	<b>0.4</b>	0.4		
Changes during the year	<b>0.4</b>	0.0		
Other untaxed reserves, Dec. 31.	<b>0.8</b>	0.4	<b>0.0</b>	0.0
Untaxed reserves total, Dec. 31.	<b>4.2</b>	3.6	<b>1.8</b>	1.7
Less deferred tax asset	<b>-1.2</b>	-1.1		
Equity part of untaxed reserves	<b>3.0</b>	2.5		
<b>20. Provisions</b>				
Retirement benefits	<b>0.3</b>	0.2		0.1
Other provisions for liabilities and charges	<b>1.6</b>	1.4		
Total, Dec. 31.	<b>1.9</b>	1.6	<b>0.0</b>	0.1
Retirement benefits in consolidated accounts in accordance with International Accounting Standards (IAS)				
Actuarial present value of benefits	<b>14.3</b>	13.8		
Plan assets at fair value	<b>14.0</b>	13.6		
Plan assets below the present value of benefits Dec. 31.	<b>0.3</b>	0.2		
The retirement benefits in the corporation consists mainly of defined contribution plans.				
<b>21. Deferred tax liabilities</b>				
Deferred tax liability on untaxed reserves	<b>1.2</b>	1.1		
Timing differences	<b>9.2</b>	10.8		
Deferred tax liability on consolidating entries	<b>0.0</b>	0.4		
Total, Dec. 31.	<b>10.4</b>	12.3		
Parent Company deferred tax liabilities 0.5 M€ (2.5) are only included in consolidated accounts.				
<b>22. Non-current creditors</b>				
Loans from credit institutions	<b>363.9</b>	197.1	<b>363.9*)</b>	206.5
Pension loans	<b>8.8</b>	9.4	<b>8.8</b>	9.4
Amounts owed to group undertakings			<b>0.0</b>	0.0
Other creditors	<b>12.1</b>	6.9	<b>0.0</b>	0.7
Total, Dec. 31.	<b>384.8</b>	213.5	<b>372.6</b>	216.7

\*) In the Parent Company statements foreign currency denominated debt is valued at the exchange rate of the balance sheet date or the exchange rate of the day the loan was raised, whichever is higher.



		Consolidated		Parent Company		
		1999	1998	1999	1998	
		M€	M€	M€	M€	
<b>23. Current creditors</b>						
Convertible debentures			0.0		0.0	
Loans from credit institutions		1.4	1.0	1.4	1.0	
Pension loans		0.6	0.6	0.6	0.6	
Advances received		0.0	0.0	0.0	0.0	
Trade creditors		42.2	32.5	0.3	0.6	
		44.3	34.1	2.4	2.2	
Amounts owed to group undertakings						
Trade creditors				0.3	0.2	
Other creditors				21.1	13.1	
Accruals and deferred income				14.3	0.4	
				35.7	13.7	
Other creditors		10.3	10.5	3.7	7.9	
Accruals and deferred income		44.8	30.9	16.9	5.4	
Total, Dec. 31.		99.3	75.5	58.7	29.1	
<b>24. Accruals and deferred income</b>						
Income taxes payable		6.5	3.9	8.9	2.1	
Interest payable		6.0	2.8	6.0	2.8	
Wages, salaries and social costs		12.0	10.6	0.3	0.5	
Purchases and other similar items		20.3	13.6	1.7	0.1	
Total, Dec. 31.		44.8	30.9	16.9	5.4	
<b>25. Repayments of non-current debt</b>						
	2000	2001	2002	2003	Later years	Total
Credit institutions	1.4	1.4	35.9	93.9	232.6	365.3
Pension fund loans	0.6	0.5	0.5	0.4	7.3	9.3
Other non-current debt	0.0	10.8	0.0		1.3	12.1
Total	2.0	12.7	36.4	94.4	241.2	386.8
	0.5%	3.3%	9.4%	24.4%	62.4%	100.0%
		Consolidated		Parent Company		
		1999	1998	1999	1998	
		M€	M€	M€	M€	
<b>26. Lease obligations</b>						
Operating leases, payments next year		10.5	6.9	0.3	0.3	
Operating leases, payments later		60.9	44.0	0.0	0.0	
Total, Dec. 31.		71.4	50.9	0.3	0.3	

## NOTES TO THE FINANCIAL STATEMENTS

	<i>Consolidated</i>		<i>Parent Company</i>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<i>M€</i>	<i>M€</i>	<i>M€</i>	<i>M€</i>
<b>27. Contingencies and pledged assets</b>				
As security for own commitments				
Real estate mortgages	<b>0.6</b>	0.7	<b>0.6</b>	0.7
Other pledged assets	<b>28.0</b>	27.9	<b>28.0</b>	27.9
Discounted bills of exchange	<b>0.7</b>	0.5		
Lease commitments	<b>71.4</b>	50.9	<b>0.3</b>	0.3
Other contingencies	<b>2.3</b>	1.6	<b>0.0</b>	0.0
<b>Total</b>	<b>103.1</b>	81.7	<b>29.0</b>	29.0
Guarantees as security for group undertakings' commitments			<b>3.3</b>	3.4
Guarantees as security for other parties' commitments	<b>3.9</b>	4.2	<b>3.9</b>	4.1
Real estate mortgages as security for other parties' commitments	<b>0.1</b>		<b>0.1</b>	
<b>Total pledged assets and contingencies, Dec. 31.</b>	<b>107.1</b>	85.8	<b>36.3</b>	36.5
<b>28. Debts with collateral</b>				
Mortgages				
Pension loans				
-Amount of liability	<b>0.6</b>	1.6	<b>0.6</b>	1.6
-Nominal value of mortgage	<b>0.6</b>	0.6	<b>0.6</b>	0.6
Other liabilities				
-Amount of liability	<b>0.0</b>	0.0	<b>0.0</b>	0.0
-Nominal value of mortgage	<b>0.1</b>	0.1	<b>0.1</b>	0.1
Assets pledged				
Pension loans				
-Amount of liability	<b>8.9</b>	8.5	<b>8.9</b>	8.5
-Book value of assets pledged	<b>28.0</b>	27.9	<b>28.0</b>	27.9
<b>29. Nominal amounts of derivatives</b>				
Forward exchange contracts	<b>79.2</b>	32.0	<b>79.2</b>	32.0
Interest swaps	<b>99.5</b>	51.4	<b>99.5</b>	51.4
Forward interest rate agreements	<b>119.5</b>	34.3	<b>119.5</b>	34.3
<b>30. Market value vs. nominal amounts of derivatives</b>				
(+ calculatory gain, - calculatory loss)				
Interest swaps	<b>2.4</b>	-2.1	<b>2.4</b>	-2.1
Forward interest rate agreements	<b>0.4</b>	-0.2	<b>0.4</b>	-0.2

Forward exchange contracts have been valued at market in the financial statements.

The calculatory result has been determined as the amount that would have had to be paid if interest swap agreements and forward rate agreements had been closed at Dec. 31, 1999 by offsetting agreements at the then prevailing interest rates.

	<i>Consolidated</i>		<i>Parent Company</i>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<i>M€</i>	<i>M€</i>	<i>M€</i>	<i>M€</i>
<b>31. Statements of cash flows</b>				
Reversal of items recorded on an accrual basis				
Changes in provisions	<b>0.2</b>		<b>-0.1</b>	
Exchange differences	<b>-0.6</b>	1.1	<b>-8.9</b>	8.9
Financial income	<b>-33.2</b>	-8.4	<b>-57.6</b>	-27.7
Financial expense	<b>21.6</b>	16.2	<b>18.3</b>	16.8
Total	<b>-12.0</b>	8.9	<b>-48.4</b>	-2.0

## FINANCIAL RISK MANAGEMENT

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

### Foreign exchange risks

Two thirds of the corporation's business is in North America and the rest is mainly in Europe.

The revenue and expense of the North American business is mainly US dollar denominated while European business is mainly done in various European currencies.

The hedging of the rest of non-euro denominated equity was abandoned at the beginning of 2000. For US dollar the hedging was terminated already in 1998. The impact of equity hedging in 1999 was small.

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

### Interest rate risk

Close to 90 per cent of the corporation's funding need is US dollar denominated. With the exception of pension loans, all loans are floating interest rate loans.

Long-term interest swap agreements with a total value of 100 million US dollars reduce the corporation's exposure to fluctuations in short-term interest rates. Forward rate agreements with a total value of 120 million US dollars reduce the interest rate exposure in 2000.

**Liquidity risk** The group had 52 MEUR unutilized long-term revolving credit facilities available. In addition there are various other short-term credit lines with the banks in the amount of ca 9 million euros. Commercial paper programs amounted to 144 MEUR.

## NOTES TO THE FINANCIAL STATEMENTS

### Shares and participations

		<i>Domicile</i>	<i>Number of shares</i>	<i>% of share capital Parent</i>	<i>capital Consoli dated</i>	<i>% of voting power Parent</i>	<i>Consoli dated</i>	<i>Book value (€ 1000)</i>
<b>Shares in group undertakings owned by the parent company</b>								
DE	Fiskars Deutschland GmbH	Solingen		100	100	100	100	8 852
DE	Fiskars Consumer Holding GmbH	Solingen		100	100	100	100	30
DK	Fiskars Consumer Europe ApS	Silkeborg	1 250	100	100	100	100	17
DK	Fiskars Danmark A/S	Silkeborg	200 000	100	100	100	100	10 231
FI	Ferraria Oy Ab	Pohja	750 000	100	100	100	100	17 660
FI	Fiskars Consumer Oy Ab	Pohja	200	100	100	100	100	4 145
FI	Inhan Tehtaat Oy Ab	Ähtäri	5 000	100	100	100	100	399
FI	Kiinteistö Oy Danskog gård Ab	Tammisaari	4 000	100	100	100	100	505
FI	Baltic Tool Finland Oy Ab	Helsinki	250	100	100	100	100	420
FR	Fiskars France S.a.r.l.	Wissous	35 000	100	100	100	100	2 278
GB	Fiskars UK Limited	Bridgend	1 500 000	100	100	100	100	2 424
HU	Fiskars Hungary Ltd	Budapest	7	100	100	100	100	223
IT	Fiskars Montana S.r.l.	Premana	7 000	100	100	100	100	6 087
NO	Fiskars Norge A/S	Oslo	50 000	100	100	100	100	14 247
PL	Fiskars Polska Spółka z o.o.	Slupsk	3 348	31	100	31	100	563
SE	Fiskars AB	Motala	50 000	100	100	100	100	10 758
US	Fiskars Consumer Products, Inc.	Wisconsin	300	100	100	100	100	8 520
	Other subsidiaries, 1							3
								87 363

### Shares in participating interests owned by the parent company

IN	Fiskars India Limited	Mumbai	1 056 700	30	30	30	30	381*
	- equity 0.0 M€							
IN	Finlandia Cutlery Pvt. Ltd.	Mumbai	120 000	24	24	24	24	32*
	- equity 0.0 M€							
								413

### Other shares owned by the parent company

									<i>Market value 31.12.99 (€ 1000)</i>
FI	Metra Oyj Abp, A	Helsinki	3 632 724	26.1	26.1	26.1	26.1	67 670	66 116
FI	Metra Oyj Abp, B		4 883 754	12.2	12.2	12.2	12.2	77 521	90 349
	Metra total		8 516 478	15.8	15.8	23.0	23.0	145 190	156 465
FI	Sanitec Oyj Abp		2 009 238	3.2	3.2	3.2	3.2	23 433	26 120
FI	Menire Oyj		300 000	2.8	2.8	2.8	2.8	930	1 557
FI	Sampo Insurance Company plc		79 988	x	x	x	x	165	2 760
FI	Rautaruukki Oyj		72 916	x	x	x	x	143	507
FI	Julius Tallberg-Kiinteistöt Oyj		18 150	x	x	x	x	172	91
	Other shares in fixed assets							1 036	
								171 070	

\* Per balance sheet Dec. 31, 1999.



		<i>Domicile</i>	<i>Number of shares</i>	<i>% of share capital</i>	<i>% of share power</i>	<i>Book value (1000)</i>	<i>(€ 1000)</i>
<b>Shares owned by other group companies</b>							
<b>Consumer Products Group</b>							
AU	Fiskars (Australia) Pty Limited	Melbourne	1	100	100	182 (USD)	181
CA	Fiskars Canada Inc.	Toronto	500	100	100	433 (USD)	431
DE	Werga-Tools GmbH	Hilden		100	100	11 017 (DEM)	5 633
GB	Richard Sankey & Son Limited	Nottingham	477 902	100	100	498 (GBP)	801
GB	Vikingate Limited	Nottingham	8 277 650	100	100	8 167 (GBP)	13 137
MX	Fiskars de Mexico, S.A. de C.V.	Mexico City	50 000	100	100	300 (USD)	299
NO	Fiskars Consumer Holding AS	Oslo	100 000	100	100	100 (NOK)	12
PL	Fiskars Polska Spółka z o.o.	Slupsk	7 352	69	69	9 199 (DKK)	1 236
RU	ZAO Baltic Tool	St Petersburg	1 775 000	100	100	438 (EUR)	438
SE	Fiskars Consumer Holding AB	Motala	1 000	100	100	100 (SEK)	12
SE	Fiskars Sverige AB	Motala	350 000	100	100	22 052 (SEK)	2 575
US	Aquapore Moisture Systems, Inc.	Delaware	100	100	100	25 695 (USD)	25 577
US	EnviroWorks, Inc.	Delaware	1 000	100	100	77 921 (USD)	77 564
US	Royal Rubber & Manufacturing Co.	California	1 794	100	100	51 359 (USD)	51 124
	Other Consumer group subsidiaries, 3						-
<b>Other</b>							
FI	Hangon Sähkö Oy	Hanko	1 351	93.2	93.2	671 (EUR)	671
	Other group companies, 1						3
<b>Other shares owned by the subsidiaries</b>							
	Other						415

The list includes all operating group companies and participating interests.

A complete list of all shareholdings is available at the Fiskars Corporation Head Office.

# Five Years in Figures

		1999	1998	1997	1996	1995
Net sales	M€	665	562	478	353	390
of which outside Finland	M€	630	528	445	320	352
in per cent of net sales	%	94.8	93.9	93.1	90.7	90.2
Percentage change of net sales	%	18.2	17.7	35.5	-9.6	-0.2
Profit before depreciation and amortization	M€	81	84	74	52	55
in per cent of net sales	%	12.2	14.9	15.6	14.7	14.0
Operating profit	M€	49	58	54	38	40
in per cent of net sales	%	7.3	10.3	11.3	10.7	10.3
Financial net	M€	12	-9	-1	-1	-7
in per cent of net sales	%	1.8	1.6	0.2	0.4	1.8
Earnings after financial items	M€	61	49	53	37	33
in per cent of net sales	%	9.1	8.7	11.0	10.4	8.5
Taxes	M€	21	19	19	13	13
Profit before extraordinary items	M€	40	30	34	24	20
in per cent of net sales	%	6.0	5.4	7.1	6.8	5.1
Extraordinary items, net of tax	M€			32	81	5
Profit for the financial year	M€	40	30	66	105	25
in per cent of net sales	%	6.0	5.4	13.9	29.7	6.3
Capital expenditure (incl. acquisitions)	M€	173	46	176	62	44
in per cent of net sales	%	26.1	8.2	36.8	17.4	11.3
Research and development costs	M€	7	6	6	5	8
in per cent of net sales	%	1.1	1.1	1.3	1.4	2.0
Equity	M€	383	347	337	276	184
Interest bearing debt	M€	383	219	207	103	169
Non-interest bearing debt	M€	114	84	100	87	80
Balance sheet total	M€	879	649	643	466	433
Return on investment	%	12	12	14	13	14
Return on equity	%	11	9	11	10	11
Equity ratio	%	44	53	52	59	43
Persons employed, average		5621	4854	4547	3670	3927
Persons employed, Dec. 31		5657	4993	4655	3434	4088
of which outside Finland		4876	4230	3978	2777	3255

Return on investment  
in per cent =  $\frac{\text{Earnings after financial items + interest and other financial expense}}{\text{Balance sheet total - non-interest bearing debt (average of beginning and end of year amounts)}} \times 100$

Return on equity  
in per cent =  $\frac{\text{Earnings after financial items - taxes}}{\text{Equity + minority shareholders' equity (average of beginning and end of year amounts)}} \times 100$

Equity ratio  
in per cent =  $\frac{\text{Equity + minority shareholders' equity}}{\text{Balance sheet total}} \times 100$

Earnings per share =  $\frac{\text{Earnings after financial items - minority interest - taxes}}{\text{Adjusted average number of shares}}$

Dividend per earnings  
in per cent =  $\frac{\text{Dividend paid}}{\text{Earnings (calculated as in Earnings per share)}} \times 100$

Dividend per share =  $\frac{\text{Dividend paid}}{\text{Adjusted number of shares Dec. 31}}$

Price per earnings =  $\frac{\text{Adjusted market quotation Dec. 31}}{\text{Earnings per share}}$

Equity per share =  $\frac{\text{Equity}}{\text{Adjusted number of shares Dec. 31}}$

Dividend yield in per cent =  $\frac{\text{Dividend per share}}{\text{Adjusted quotation Dec. 31}} \times 100$

Adjusted average share price =  $\frac{\text{Value of shares traded during the period}}{\text{Adjusted number of shares traded during the period}}$

# Information on Fiskars Shares

		<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>
Share capital	M€	<b>55.4</b>	37.1	37.0	38.7	38.7
Earnings per share	€	<b>0.73</b>	0.55	0.62	0.44	0.35
-incl. extraordinary income	€	<b>0.73</b>	0.55	1.20	1.91	0.45
Nominal dividend per share	€/A-share	<b>0.31</b>	0.39	0.35	0.29	0.21
	€/K-share	<b>0.29</b>	0.37	0.33	0.27	0.19
Dividend, million	M€	<b>16.8*)</b>	16.8	15.1	12.5	9.0
Adjusted dividend per share	€/A-share	<b>0.31</b>	0.31	0.28	0.24	0.17
	€/K-share	<b>0.29</b>	0.29	0.26	0.21	0.15
Equity per share	€	<b>6.92</b>	6.28	6.11	5.03	3.29
Adjusted average price per share	€/A-share	<b>11.38</b>	15.85	10.92	6.62	4.78
	€/K-share	<b>10.95</b>	16.31	10.66	7.27	4.78
Adjusted lowest price per share	€/A-share	<b>9.50</b>	12.24	7.62	4.71	3.36
	€/K-share	<b>10.00</b>	12.93	7.67	4.93	3.60
Adjusted highest price per share	€/A-share	<b>16.00</b>	18.97	14.80	8.52	5.55
	€/K-share	<b>16.65</b>	18.51	13.87	8.40	5.81
Adjusted price per share, Dec. 31	€/A-share	<b>13.00</b>	13.86	13.23	7.74	4.75
	€/K-share	<b>13.00</b>	14.70	13.53	8.18	5.26
Market value of shares, Dec. 31	M€ A-shares	<b>510.2</b>	541.5	514.5	299.3	188.4
	M€ K-shares	<b>209.5</b>	236.9	218.0	131.8	86.0
	Total, M€	<b>719.7</b>	778.5	732.5	431.1	274.4
Number of shares (unadjusted), 1000	A-shares	<b>39246.1</b>	28037.2	27901.2	27754.0	28435.2
	K-shares	<b>16118.4</b>	16118.4	16118.4	16118.4	16358.5
	Total	<b>55364.4</b>	44155.6	44019.6	43872.4	44793.6
Adjusted number of shares Dec. 31, 1000	A-shares	<b>39246.1</b>	39076.1	38886.6	38681.4	39630.7
	K-shares	<b>16118.4</b>	16118.4	16118.4	16118.4	16358.5
	Total	<b>55364.4</b>	55194.5	55005.0	54799.8	55989.2
Adjusted average number of shares, 1000	A-shares	<b>39097.5</b>	38990.9	39265.6	38848.1	39630.7
	K-shares	<b>16118.4</b>	16118.4	16118.4	16118.4	16358.5
	Total	<b>55215.9</b>	55109.3	55384.0	54966.4	55989.2
Number of shares traded, 1000	A-shares	<b>3866.7</b>	4457.5	2880.9	7458.9	5990.7
	in % of total	<b>9.9</b>	11.4	7.4	19.3	15.1
	K-shares	<b>2414.6</b>	1268.8	969.6	2742.6	1153.8
	in % of total	<b>15.0</b>	7.9	6.0	17.0	7.1
Price per earnings	A-share	<b>18</b>	25	22	18	14
	K-share	<b>18</b>	26	22	18	15
Dividend per earnings in per cent		<b>42.2</b>	55.2	44.3	52.2	45.8
Dividend yield in per cent	A-share	<b>2.4</b>	2.2	2.1	3.0	3.5
	K-share	<b>2.2</b>	2.0	2.0	2.7	2.9
Number of shareholders		<b>3020</b>	2476	2434	2670	2892

\*) Board proposal

# Other Information on Shares and Shareholders

Number of shares and share capital	December 31, 1999		December 31, 1998	
	Number of shares	€	Number of shares	€
Outstanding A shares	39 246 066	39 246 066	28 037 202	23 577 594
Outstanding K shares	16 118 364	16 118 364	16 118 364	13 554 571
Outstanding shares, total	55 364 430	55 364 430	44 155 566	37 132 165

Number of shares and votes	December 31, 1999		December 31, 1998	
	Number of shares	Votes	Number of shares	Votes
Outstanding A shares (1 vote/share)	39 246 066	39 246 066	28 037 202	28 037 202
Outstanding K shares (20 votes/share)	16 118 364	322 367 280	16 118 364	322 367 280
Total	55 364 430	361 613 346	44 155 566	350 404 482

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

Minimum and maximum number of shares	December 31, 1999		December 31, 1998
	minimum	maximum	maximum
Shares of series A	35 000 000	140 000 000	168 000 000
Shares of series K	35 000 000	140 000 000	168 000 000
Total number of series A and K	35 000 000	140 000 000	168 000 000

Minimum and maximum share capital	December 31, 1999		December 31, 1998
	€		FIM
Minimum share capital	35 000 000		210 000 000
Maximum share capital	140 000 000		840 000 000

Taxation values of the shares in Finland	1999	1998
	€	€
Series A share	9.415	11.77
Series K share	9.100	11.77

Turnover of shares at the Helsinki Exchanges	1999			1998		
	MFIM	M€	Number of shares	MFIM	M€	Number of shares
Series A shares	261.7	44.0	3 866 685	420.2	70.7	4 457 480
Series K shares	157.2	26.4	2 414 646	123.0	20.7	1 268 844
Total	418.9	70.4	6 281 331	543.2	91.4	4 581 059

## Shareholders by owner groups December 31, 1999

Ownership structure	Number of shareholders		Number of shares		Number of votes	
		%		%		%
Private corporations	159	5.27	14 818 337	26.77	101 864 310	28.17
Financial institutions and insurance companies	26	0.86	2 278 932	4.12	19 071 037	5.27
Public entities	31	1.03	5 520 996	9.97	31 255 261	8.64
Non-profit organizations	94	3.11	7 205 729	13.01	51 919 702	14.36
Private individuals	2 666	88.28	14 960 192	27.02	103 504 676	28.62
Foreigners	43	1.42	10 537 577	19.03	53 787 429	14.88
Others	1	0.03	42 667	0.08	210 931	0.06
Total	3 020	100.00	55 364 430	100.00	361 613 346	100.00



## Division of shares on December 31, 1999

<i>Number of shares</i>	<i>Number of shareholders</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>	<i>Number of votes</i>	<i>%</i>
1 - 100	392	12.98	65 426	0.12	323 636	0.09
101 - 500	1 032	34.17	287 777	0.52	1 214 027	0.34
501 - 1.000	445	14.73	333 100	0.60	1 497 610	0.41
1.001 - 10.000	909	30.10	2 798 512	5.05	15 135 155	4.19
10.001 - 100.000	176	5.83	5 498 324	9.93	32 004 122	8.85
100.001 -	66	2.19	46 381 291	83.78	311 438 796	86.12
Total	3 020	100.00	55 364 430	100.00	361 613 346	100.00

## Major shareholders according to the shareholder register on December 31, 1999

	<i>Shares of series A</i>	<i>Shares of series K</i>	<i>Total</i>	<i>Percentage of votes</i>	<i>Percentage of shares</i>
Virala Oy Ab	2 121 483	1 498 926	3 620 409	8.9	6.5
Oy Holdix Ab	2 206 516	1 233 996	3 440 512	7.4	6.2
Extoria Trade Aktiebolag	3 731 197	1 012 800	4 743 997	6.6	8.6
Varma-Sampo Mutual Pension Insurance Company	1 425 812	932 770	2 358 582	5.6	4.3
Agrofin Oy Ab	3 154 356	682 344	3 836 700	4.6	6.9
Sampo Group	932 094	782 548	1 714 642	4.6	3.1
Oy Julius Tallberg Ab	491 471	772 938	1 264 409	4.4	2.3
Hambo Oy Ab	996 231	740 235	1 736 466	4.4	3.1
I.A. von Julin's Trust	878 272	733 530	1 611 802	4.3	2.9
Sophie von Julin's Foundation	1 132 260	482 040	1 614 300	3.0	2.9
The Local Government Pension Institute	1 130 580	314 220	1 444 800	2.1	2.6

## Share option program

The holders of warrants connected to the share option program of 1998 are entitled to a maximum of 1 575 000 shares of series A corresponding to approx. 2.8% of the shares and approx. 0.4% of the votes. The warrants can be exercised as follows:

	<i>Subscription period</i>	<i>Number of shares of series A</i>	<i>Subscription price/share</i> €
Series A	15 May to 15 June 2001	maximum 525 000	17.36
Series B	15 May to 15 June 2002	maximum 525 000	13.18
Series C	15 May to 15 June 2003	maximum 525 000	not fixed

## Management's shareholding

On December 31, 1999, the Board members, the President and the Corporate Vice Presidents controlled a total of 15 319 211 shares corresponding to 27.7% of the Corporation's shares and 31.6% of the votes. By exercising the warrants of series A and B connected to the option program of 1998 the President and the Corporate Vice Presidents are entitled to a total of 180 000 shares of series A corresponding to 0.3% of the shares and 0.05% of the votes.

## Shareholders' Agreement

In December 1992 a group of private investors and companies entered into an agreement on pre-emptive rights between the parties in case of sales of shares. The agreement is still in force and the group represents about 54% of the total number of votes.

## Insider Rules

The Board of Directors has decided that as of January 1, 2000 the Corporation applies the Guidelines for Insiders approved in 1999 by the Helsinki Exchanges.

# Parent Company Income Statement

	1999 M€		1998 M€	
<b>Net Sales</b>	<b>27.0</b>	<b>100.0%</b>	23.9	100.0%
Cost of sales	-2.1		-1.9	
<b>Gross profit</b>	<b>24.9</b>	<b>92.2%</b>	21.9	91.9%
Administration expenses	-6.2		-6.1	
Other operating income	1.1		2.5	
Other operating expenses	-1.5		0.0	
<b>Operating profit</b>	<b>18.3</b>	<b>67.8%</b>	18.3	76.7%
Financial income and expenses	(6) 48.2		2.0	
<b>Profit before appropriations and taxes</b>	<b>66.6</b>	<b>246.3%</b>	20.3	84.9%
Increase (-), or decrease (+) in depreciation reserve	-0.1		0.2	
Group contribution received	3.3		4.7	
Income taxes	(7) -18.8		-6.3	
<b>Profit for the financial year</b>	<b>50.9</b>	<b>188.5%</b>	18.8	78.8%

# Parent Company Balance Sheet

31.12.1999 M€				31.12.1998 M€			
<b>ASSETS</b>				<b>LIABILITIES</b>			
<b>Fixed assets and other non-current investments</b>				<b>Capital and reserves</b> (18)			
Intangible assets	(8) 0.2		0.3	Share capital	55.4		37.1
Tangible assets	(10) 30.0		26.6	Share premium account	21.3		38.7
Investments	(11) 297.2		253.6	Revaluation reserve	4.0		4.0
	327.4	43.2%	280.5	Other reserves	3.2		3.2
				Retained earnings	189.6		187.5
<b>Stocks and financial assets</b>				Profit for the financial year	50.9		18.8
Stocks	(13) 0.1		0.1		324.3	42.8%	289.4
Non-current debtors	(14) 180.8		130.0				53.9%
Current debtors	(16) 243.5		119.1	<b>Appropriations</b>	(19) 1.8	0.2%	1.7
Cash in hand and at bank	5.8		7.4				0.3%
	430.1	56.8%	256.6	<b>Provisions</b>	(20) 0.0	0.0%	0.1
			47.8%				0.0%
				<b>Creditors</b>			
				Non-current creditors	(22) 372.6		216.7
				Current creditors	(23) 58.7		29.1
					431.3	56.9%	245.9
					757.5	100.0%	537.1
							100.0%
	757.5	100.0%	537.1				
			100.0%				

# Parent Company Statement of Cash Flows

	1999	1998
	M€	M€
<b>Cash flows from operating activities</b>		
Net profit before taxation	66.6	20.3
Depreciation	1.2	1.0
Reversal of items recorded on an accrual basis	(31) -48.4	-2.0
Cash generated before working capital changes	19.4	19.3
Change in current receivables	2.2	1.2
Change in stocks	0.0	0.0
Change in current non-interest bearing debt	15.4	-2.0
Cash generated from operations	37.0	18.6
Financial income items received	20.4	19.9
Dividends received	18.4	6.8
Financial expense items paid	-15.4	-26.1
Taxes paid	-6.8	-7.3
Group contributions	3.3	4.7
<b>Net cash flow from operating activities</b>	56.9	16.6
<b>Cash flows from investing activities</b>		
Investments	-47.4	-15.3
Purchase of tangible and intangible assets	-4.5	-4.1
Proceeds from disposal of investments	15.9	0.0
Proceeds from sale of equipment	0.1	0.0
Taxes paid on extraordinary items		-13.0
<b>Net cash flow from investments</b>	-35.9	-32.3
<b>Cash flow after investments</b>	21.0	-15.7
<b>Cash flows from financing activities</b>		
New issue	0.8	0.9
Change in non-current debt	134.3	26.8
Change in current interest bearing debt	3.8	10.7
Change in current receivables	-114.7	-19.2
Change in non-current receivables	-30.0	11.2
Dividends paid	-16.8	-15.1
<b>Net cash flows from investing activities</b>	-22.6	15.4
<b>Change in cash</b>	-1.6	-0.4
<b>Cash at beginning of year</b>	7.4	7.8
<b>Cash at end of year</b>	5.8	7.4

# Proposal by the Board of Directors to the Annual General Meeting

At the end of the financial year the distributable consolidated equity amounted to 290.5 million euro (257.7 million euro). The distributable equity of the Parent Company is 240.5 million euro (206.4 million euro).

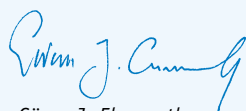
For the accounting period of 1998 a dividend of 16.8 mill. euro was paid, which included a 350-year anniversary

bonus of 4.1 mill. euro.

For 1999 the Board of Directors proposes a dividend of 0.31 euro or ca FIM 1.84 per share of series A (0.31 euro; FIM 1.84) and 0.29 euro or ca FIM 1.72 per share of series K (0.2926 euros; FIM 1.74). Thus the dividend distribution would be:

on 39 246 066 shares of series A 0.31 euro/share, in total	12 166 280.46 euro
on 16 118 364 shares of series K 0.29 euro/share, in total	4 674 325.56 euro
Total dividend distribution	16 840 606.02 euro

Helsinki, 17 February 2000



Göran J. Ehrnrooth



Erik Stadigh



Robert G. Ehrnrooth



Thomas Tallberg



Jarl Engberg



Gustaf Gripenberg



Juha Toivola



Stig Stendahl  
President and CEO



# Auditors' Report

## To the shareholders of Fiskars Corporation

I have audited the accounting records and the financial statements, as well as the administration by the Board of Directors and the Managing Director of Fiskars Corporation for the year ended 31 December 1999. The financial statements prepared by the Board of Directors and the Managing Director include the report of Board of Directors, consolidated and parent company income statements, balance sheets, cash flow statements and notes to the financial statements. Based on my audit I express an opinion on these financial statements and the parent company's administration.

I have conducted my audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that I plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements,

assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of my audit of the administration has been to examine that the Board of Directors and the Managing Director have complied with the rules of the Companies Act.

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

Helsinki, 17 February 2000



*Eric Haglund*  
Authorized Public Accountant

## Fiskars Worldwide





▲ Manufacturing and sales

■ Sales

● Distributors

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