



OY FISKARS AB

Annual Report for 1976



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SUPERVISORY BOARD OF DIRECTORS

(elected until the AGM in)

Jacob von Julin	1977 chairman of the Board
Jarl Gripenberg	1977 deputy chairman
T. Gunnar Nyström	1978 member
Klaus Ahola	1977 member
Robert G. Ehrnrooth	1978 member
Thomas Tallberg	1979 member
Johan L. von Julin	1979 member
Lauri Kalima	1978 member
Göran J. Ehrnrooth	1979 member

AUDITORS

ordinary:	alternate:
Jarl Engberg	Otto Ekberg
Henrik Brummer	Brita Hisinger-Jägerskiöld
Eric Haglund C.P.A.	Henry Lind C.P.A.



OY FISKARS AB

REVIEW OF THE FINNISH ECONOMY

The sluggishness of the Finnish economy in 1976 was the worst since the war. Total production increased by merely 0.5%. At first the problems seemed to be more acute in the forestry industry, but later in the year even the metal industry was drawn into this vicious circle. Inflation continued high, and the country's ability to compete on international markets declined for the fourth year in succession, resulting in a general weakening of profitability, especially in the export industry.

The country's total exports increased by 21% to Fmks 24,500 million,¹⁾ while imports went up by 2% to Fmks 28,500 million. The balance of trade deficit amounted to Fmks 4,300 million (down on the previous year's 8,000 million).

The employment situation degenerated drastically and the unemployment rate averaged 4.1%. The total number of unemployed in December was more than 90,000.

Payrolls and costs continued their upward climb. Total wage costs in the metal industry were estimated to have increased by 16%. Consumer prices in 1976 were on average 14% higher than the previous year, while the average nominal pay level increased by approximately 15%. The real increase in earnings was scarcely 1%.

Foreign exchange rates fluctuated in 1976. The pound sterling slipped drastically while the Swiss franc and the German mark strengthened further; the latter was revalued in October. The US dollar was relatively stable, with an exchange rate of Fmks 3.78 at year-end (3.86). The Swedish crown was rated at Fmks 91.70 (87.90) and sterling at Fmks 6.43 (7.81).

The Bank of Finland pursued a completely restrictive monetary policy. Towards the end of the year this, together with declining business profits, meant that industry was even less able than before to finance maintenance of full employment by producing for inventory.

At the beginning of January 1977 the Confederation of Finnish Industries published its "economic barometer", which reflects its members' expectations as follows: "The economic outlook has grown gloomier in industry and building. The cautiously optimistic expectations of business already waned in the autumn and a weakening trend is again more commonly anticipated than an upswing. About half of Finnish industrial and construction enterprises estimate that the situation will remain unchanged in the immediate future. Only 13% foresee an improvement, and 38% a weakening of business. The outlook is particularly grim in the building material and metal industries. Only the chemical industry is generally expected to head for an upswing."

¹⁾ equals US\$ 6,480 million
1 Fmk = 26 cents
1 US\$ = 3.78 Fmks

THE COMPANY'S ACTIVITIES

Sales

Sales during the first half of 1976 were poor, but the figures during the last quarter improved the total result. The total increase on 1975 amounted to 5%. The net turnover for the year was Fmks 345 million (equal to US\$ 91 million).

The complete price freeze in Finland lasting from January 21 to June 30 meant it was impossible for the Company to make a profit during that period, as some costs nonetheless, continued to soar. The price freeze was, however, revoked with relative ease, and the company managed to get new prices authorized.

However, competition with imported goods continued to be keen, and the increase in sales of some product lines was only achieved with a fall in profitability.

The increase in exports — which had been zero in 1975 — was 17%, redeeming expectations at the beginning of the year. Exports constituted a significant employment factor, although the price competition on foreign markets pressed the profits — with the prevailing cost level and exchange rates — below a level that could be considered satisfactory in the long run.

During the year the Company signed several long-term agreements with Wilkinson Match for the

supply and marketing of scissors e.g. in the UK and West Germany.

On November 30 the Company signed a five-year basic agreement with the Finnish State Railways, concerning the supply of rail fastenings from the Inha works. This first long-term delivery agreement formed the basis for the decision to build a new forgings factory in Inha.

Personnel

Recruitment of personnel did not present any special problems during the year under review. Although mobility among employees had decreased considerably compared with previous years, the Company intends to continue its energetic search for the reasons for and measures to curb the abnormally high personnel turnover which hampers work efficiency. There is no doubt that these efforts are in the interests of the permanent personnel. The total number of employees fell by 110. Full employment could not be maintained at all the factories, but reductions were generally of short duration.

— — —
The Supervisory Board of Directors and the Managing Director of the Company value the enthusiasm and diligence shown at all levels of the organization, and express their sincere thanks to the personnel for their efforts in 1976.

Raw materials

Raw materials supply functioned without interruptions and, with the exception of steel, without major price fluctuations. The steel price increase, generally expected at the beginning of 1976, was shortlived, however, and towards the autumn 1976 a dramatic steel crisis with serious repercussions in the operations of Finnish steel mills had begun. The Company's steel requirements, about 45,000 metric tons, were largely supplied by Ovako Oy, and steel sheet products by Rautaruukki Oy. Special products not produced in Finland were imported.

Capital expenditure

The investments carried out during the year amounted to Fmks 18 million, 75% of the previous year's figure.

Three major decisions concerning capital expenditure were reached during the year, to be carried out in 1977. They will be financed mainly by new outside loans.

- the production capacity of Billnas scissors plant will be expanded by about 40%
- a new forgings factory will be built in Inha, to manufacture rail fastenings and other forgings

- the production capacity and processing level of the Loimaa works will be increased. At the same time the existing chain production equipment will be modernized.

The investment decisions approved at year-end are expected to restore the capital expenditure pace considered desirable for the continued growth and development of the Company.

Finance

The financing of Company operations followed the main lines laid down previously. The loan burden eased to some extent when Skogby sawmill was sold. A decision to this effect was made during 1975 and the transaction was carried out on January 1, 1976. Capital investments were financed mostly through new long-term credits. The need for working capital, i.e. the amount of customer accounts receivable and inventories, fluctuated during the year, reflecting the fact that payments were coming in slowly. Inventories were kept under control. It should be pointed out, however, that the cash flow is not satisfactory.

Result for 1976

As far as the turnover and employment situation were concerned, the year turned out somewhat

better than the Company had dared to hope at the beginning of the year, considering the rational economy. The Company's diversification showed its advantages clearly, providing a stabilized factor within the Company as a whole. Long-range marketing efforts also started to bear fruit, and expectations of an upward trend in export sales were fulfilled.

Profitability weakened, but corresponded to the forecasts made for the year.

The result of the Metal Products Division was affected mainly by the slowdown in demand for chains, fasteners, etc. The Engineering Division managed to show an improved result, due to a heavy backlog of orders at the beginning of the year. The result of the Non-metal Industries improved considerably, and the Real-estate Division reached the previous year's level.

The profit from the sale of the Skogby sawmill buildings, about Fmks 2.4 million, is included in "Other Income" in the Income Statement.

The net profit for the year Fmks 1.5 million, has been arrived at without changing the inventory reserve and after the maximum depreciations allowed for in the business taxation law.

Outlook

As previously mentioned, the economic picture on the home market is grim, and with certain exceptions, concerning only a few product groups, this also applies to the Company's backlog of orders at the beginning of 1977. Whether or not the result can be improved will to a large extent depend on how successfully the national economy adopts a more realistic approach to foreign competition. Turnover is expected to increase by 5%.



Scissors being assembled
at the Scissor works.

1969—76 IN FIGURES

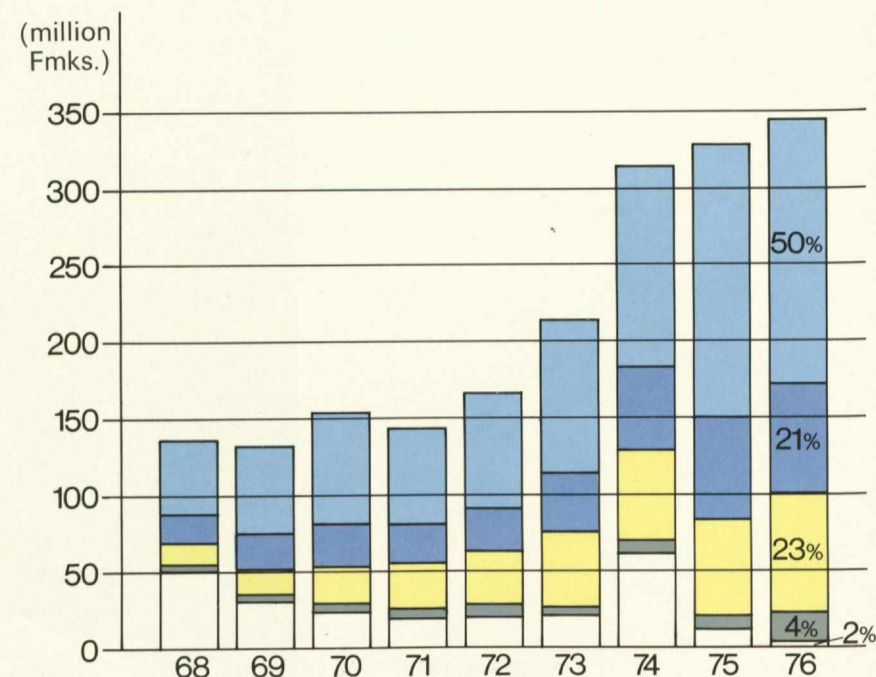
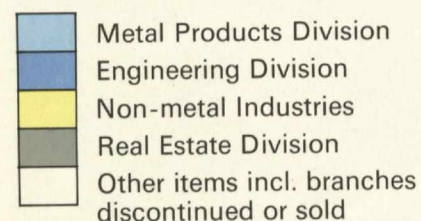
	1969	1970	1971	1972	1973	1974	1975	1976
Turnover (million Fmks.)	132	154	143	166	214	314	328	345
Exports/%	17	23	27	31	32	30	29	32
Liquid assets and inventories (million Fmks.)	103	99	94	96	122	148	155	167
Fixed assets	56	66	75	75	99	115	119	117
Current liabilities	73	56	66	64	98	118	123	120
Long-term debt	69	83	77	79	79	94	101	110
Share capital	11	11	11	11	11	21	21	21
Other shareholders' equity ¹⁾	6	15	15	17	33	30	29	33
Wages & salaries (million Fmks.) ²⁾	46	50	51	60	78	97	115	123
Capital expenditure	5	8	14	15	24	32	24	18
Recorded depreciations	4	8	8	6	10	15	19	13
Interest etc. net	8	8	9	7	10	12	14	13
Paid taxes	0.6	0.6	0.8	0.9	1.5	1.6	2.9	2.1
Profit for the year	0.6	0.8	0.7	2.5	1.1	2.0	1.7	1.5
Dividend	0.4	0.4	0.4	0.6	0.8	1.1	1.5	1.5 ³⁾

¹⁾ excl. inventory reserve

²⁾ incl. social security, etc.

³⁾ proposal as per annual report

**DEVELOPMENT OF
TURNOVER 1968—1976**
(including branches
merged in 1973)



SALES AND INFLOW OF ORDERS

The sales result in the different branches of the Company varied widely. Predominantly export oriented factories generally showed a more favourable trend. At home, the metal products industry as a rule suffered from the recession more than the engineering industry.

To the Metal Products Division, the decrease in sales by some factories oriented to the home market caused a fall in total sales compared with the previous year.

The Engineering Division achieved a sales increase, due to a heavy backlog of orders at the beginning of the year. The inflow of orders for the heavier product lines decreased considerably in 1976.

In The Company's most important marketing area — domestic demand — expectations were fulfilled despite the declining business trend in general. The Company's customers at home have been loyal and this has resulted in a growing market share for several product groups.

Total orders on hand started declining at the beginning of the year, but levelled out towards year-end. At the turn of the year the backlog of orders was 22% below the previous year's level, corresponding to approximately 3 months' sales. Orders are unevenly distributed between the factories, which may make it difficult to maintain stable employment in 1977.

**BREAKDOWN OF SALES
ACCORDING TO CONSUMER GROUP**

1976			
Industry			
Bolts, screws and wires	8%		
Foundry products & forgings	10%		
Others	15%	33%	
Building industry			
Bolts, screws and wires	7%		
Others	5%	12%	
Agriculture and forestry			
Machines and tools	9%		
Others	10%	19%	
Consumer households		19%	
Others (state, municipalities, etc.)		17%	
		100%	

Breakdown of turnover

	1975 Fmks million	1976 Fmks million	Change Fmks million	Change %
Domestic	233	234	+ 1	+ 0
Export	95	111	+16	+17
	328	345	+17	+ 5

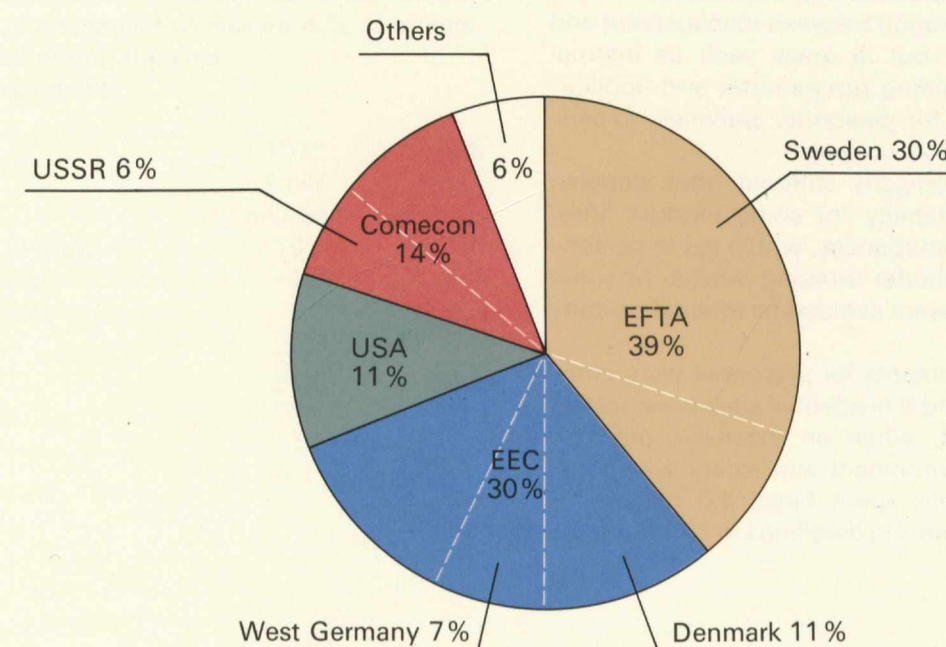
TURNOVER (1 000 Fmks)

	1975		1976	
	Total	Exports %	Total	Exports %
Sales excl. turnover tax				
Metal Products Division	178 108	29	172 040	34
Engineering Division	66 330	17	71 281	26
Non-metal Industries	74 798	41	81 351	43
Real Estate Division	9 106	—	21 804	—
Total sales	328 342	29	246 476	32
Raw material billing ./. corrective items	-547		-1 454	
Turnover	327 795		345 022	
Change on previous year	+4%		+5%	

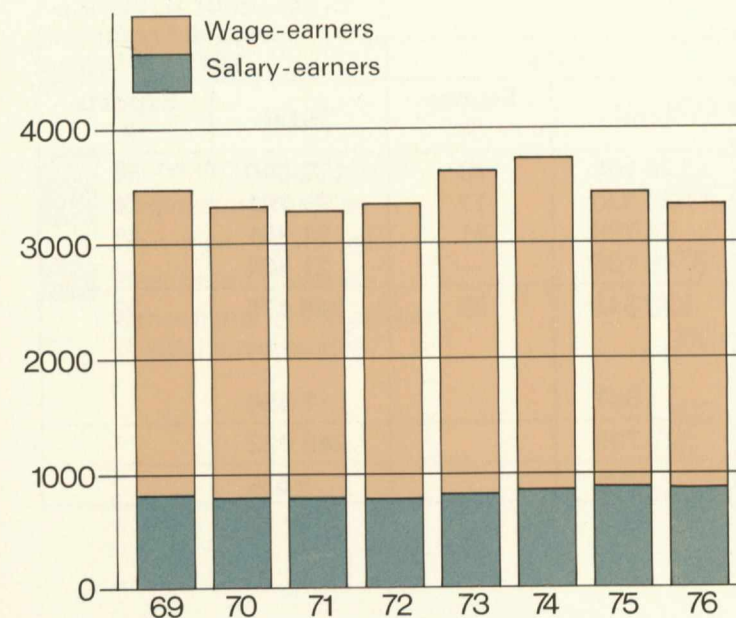
BREAKDOWN OF EXPORTS

The main change in the distribution of exports between different market areas is the increase in sales to COMECON and EEC countries. A minor drop occurred in exports to Sweden, which still is the Company's biggest export market.

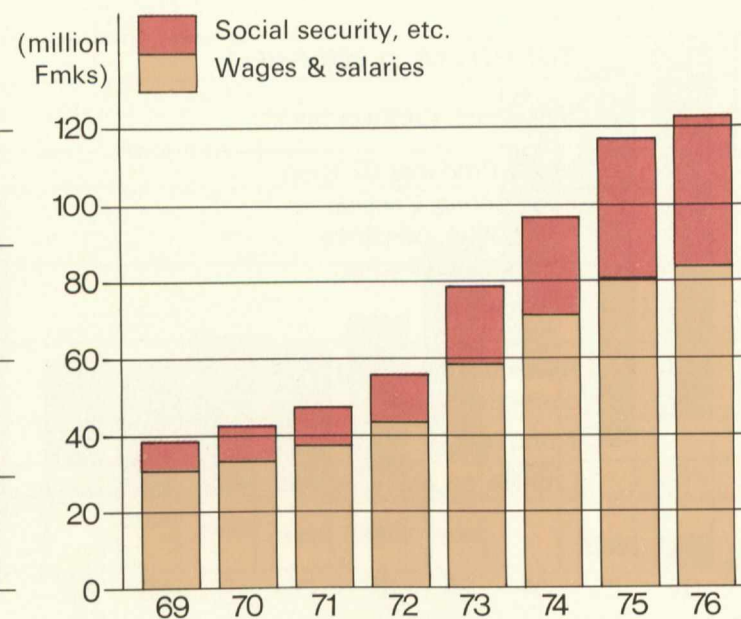
	1975 1 000 Fmks	1976 1 000 Fmks
EFTA (Sweden)	40 491 (35 350)	42 821 (33 732)
EEC (Denmark) (West Germany)	28 936 (8 804) (4 619)	33 821 (12 236) (7 431)
USA	11 381	12 363
COMECON (USSR)	10 038 (8 408)	15 586 (6 659)
Others	4 270	6 715
	95 116	111 306



PERSONNEL DEVELOPMENT 1969—1976



TOTAL PAYROLL COSTS 1969—76 (million Fmks)



PERSONNEL ADMINISTRATION

Personnel administration during the year under review aimed at planning and developing administrative methods that will assist the Company in recruiting, training and keeping suitable personnel needed for the Company's operations now and in the future. The goal of personnel policy is to equip the Company to cope with the demands generally made on businesses, at the same time fulfilling the basic expectations of its personnel. An example of actual measures are the efforts to curb unwanted turnover of personnel, i.e. to increase personnel stability. It should be stressed, however, that the Company does not intend to prevent the normal mobility of personnel, but instead will try to reduce the unusually high turnover which has reached alarming proportions at some factories.

Experiments with cooperation between management and personnel were carried out in areas such as internal information systems, training programmes and application of funds allocated for personnel activities. Experiences are positive and encouraging.

During the year the Company suffered from sluggish demand, negative profitability for some product lines, and other operational disturbances, which led to personnel reductions and to shorter working weeks. In some cases, major reductions were avoided by internal personnel changes.

Altogether 16 new apartments for personnel were completed during the year and 9 residential sites were sold to employees. Since 1974, when an extensive plan for improving the work environment and safety was completed, the Company has spent Fmks 4.0 million for these purposes. Investments in dwellings in 1976 totalled Fmks 0.6 million.

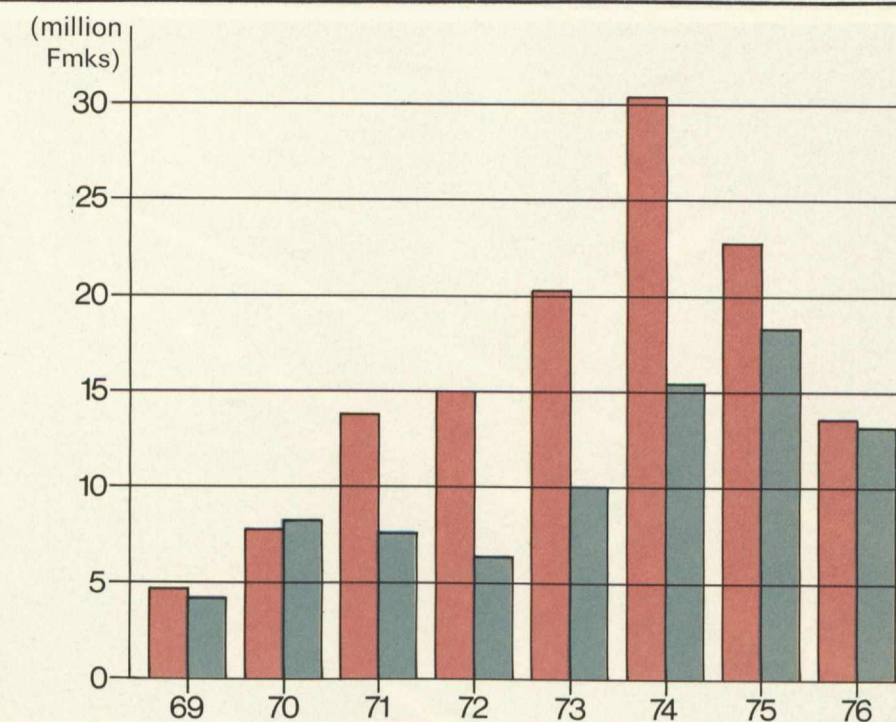
Wages and salaries amounted to Fmks 84 million and the employer's statutory and voluntary social security and other remuneration fringe costs to Fmks 39 million, or 46%.

The number of employees decreased, mainly because the whole personnel of Skogby sawmill (89) were employed by the newly formed Metsä-Skogby company.

During the year under review 34 people retired on old age pensions and 135 employees were awarded decorations for specific years of service. 5 employees who had completed 50 years and those 14 who had completed 45 or 40 years of service are especially worthy of mention. The personnel numbered 3,334 on December 31, 1976 (3,444).

CAPITAL INVESTMENTS IN DEPRECIABLE FIXED ASSETS AND DEPRECIATIONS 1969—76

Capital investments
Depreciations



CAPITAL EXPENDITURE

The downward trend in the volume of investments continued this year. Due to the tight financial situation, the investment programme for improving the work environment and work safety could not be fully carried out. Investments completed in this category are the replacement of excentric presses to meet the new work safety regulations.

The largest investment still not completed is expansion of hydraulic log crane production at Salo Engineering works, most of which will be finished within 1977.

Another significant investment is the acquisition of screw manufacturing machinery from Lasve Oy.

The Company increased its holdings by Fmks 3.0 million by subscribing half of the share capital in Oy Metsä-Skogby Ab. The share capital of Fiskars A/S, Denmark, was also increased during the year.

Breakdown of investments:

	1975 Fmks million	1976 Fmks million
Metal Products Division	19.4	7.6
Engineering Division	1.9	4.1
Non-metal Industries	1.4	0.6
Others	1.3	5.8
	24.0	18.1

Breakdown according to asset category:

	1975 Fmks million	1976 Fmks million
Land & water	0.8	0.8
Buildings and structures	7.8	2.0
Machinery & equipment	14.0	10.5
Shares	0.4	3.7
Other	1.0	1.1
	24.0	18.1
Work in progress of the above	3.6	5.3



Final assembling of tractor chains at the Loimaa works.

METAL PRODUCTS DIVISION

The decrease in demand for metal products affected the market for steel products most. Their production capacity could not be used fully.

In spite of a 10% increase in exports, the total sales of the Division decreased to Fmks 172 million (178).

The Division comprises 10 plants and the total number of employees was 1,622 (1,663).

The sales volume of Fiskars works dropped by 5% on 1975, the record year. Simultaneously export sales increased by 10%. A programme for improving efficiency and profitability was outlined during the year. The plan also includes renewing machinery and production facilities. Measures taken during the year have improved productivity.

Since the end of the previous year, scissors exports have been surging ahead steadily. Volume increased by 50%, and the plant started operating in 3 shifts at the end of the year. The growth is most impressive in the markets covered by the new marketing and distribution agreements with Wilkinson Match. Previously established markets, with the USA in the lead, also developed favourably.

The new needlework scissors launched in the autumn were an instant success on all markets. New products were added to the knife range, including a new kitchen knife set and some new sheath knife models, all knives being manufactured at the Cutlery works.

Deliveries by the Spring manufacturing works to the Finnish and Swedish automotive industry diminished, but major operational reductions have been avoided so far. Billnas works' forgings deliveries remained at a satisfactory level, and compensated partly for the decline in the volume of hand tools manufacture. The sales value remained at the previous year's level.

Jokioinen and Loimaa suffered from the recession in building and woodworking industry. The Jokioinen works' volume by ton was at the previous year's level, but low prices affected the result significantly. The demand for chains on the home market declined, resulting in a low use of capacity at the Loimaa works.

The sales volume of bolt and screw products decreased on the previous year. Taking into account the transfer of heat-treated products to the Companys' Inha works, the production of fastening materials increased by some 30%. Despite the sharp decline in imports, the bolt and screw manufacturing plants were able to use only a little over half of their capacity.

The warehousing operation for standard products, delivered a little more in tonnage than the year before. The increased demands for shorter delivery times were met and a satisfactory level of delivery preparedness was maintained.

ENGINEERING DIVISION

The Division's sales totalled Fmks 71 million (66), of which 26% went for export. The Division comprises 3 factories, and the number of employees was 689 (723).

Salo Engineering works operated at nearly full capacity. This was possible thanks to the good sales volume of travelling cranes at the beginning of the year. The sales volume of hydraulic log cranes was safeguarded, in spite of the recession, due to a renewed and completed product range, and a sufficient number of export markets. The Salo foundry worked at 3/4 capacity. The consequences of the slowdown were accentuated in the autumn, affecting the foundry and travelling cranes.

Salo Engineering works is carrying out an investment plan to triple its hydraulic log crane production capacity.

The Kellokoski works did not use its full capacity for oil drum manufacture. The decline in the demand for drums was most evident in the chemical industry.

The Inha works exceeded their budget, but notwithstanding, sales decreased by 15%. In the housing and construction sector the volume and demand for products such as hinges, wardrobes, electrical insulation boxes and heat radiators was also on the decline. About 70% of the capacity was in use. Due to the lack of orders, shorter working weeks introduced.

The future of forgings production in Inha was secured with the signing of a basic delivery agreement for rail fastenings with the Finnish State Railways. The agreement laid the foundation for a decision to build a new forgings factory, which is expected to be ready by the autumn of 1977. At the same time, the municipality of Ähtäri will build an apartment house in the new housing area close to the new factory.

NON-METAL INDUSTRIES

This group represents four branches which differ from each other and from the Company's metal industry. They are diversified so that their economic cycle rarely coincides with that of the metal industry.

The total group sales reached Fmks 81 million (75), of which Fmks 34 million (24) were exports. The number of employees was 689 (632).

Moulding factory

The sales volume developed favourably during the last quarter of 1976, mostly due to an improved demand in the US. The production of mouldings decreased by 8%, while the manufacture of ready frames increased by 26% on the previous year. There were reductions in production during the first half of 1976, but since then production has gained speed along with an increasing inflow of orders.

As in the Finnish wood processing industry in general, the profitability of the factory was unsatisfactory, mainly due to a cost level which could not be counterbalanced by higher sales prices in the tough world competition.

61% of production was exported, the number of employees was 199 (200).

Plastics works

The sales and result continued to develop favourably. The domestic demand for heat insulating culverts continued to be keen. Certain capacity bottlenecks which had led to prolonged delivery times were eliminated. The technological development of the product continues while completely new applications are simultaneously under way.

The increase in the sales of distribution boxes for electrical installations picked up speed towards the autumn along with increased exports. A distribution network covering 23 countries and thus the major part of the most important foreign markets, is the base for export sales.

The factory is increasingly reliant on domestic suppliers of raw materials whenever this is technically possible. Some 28% of sales are destined for foreign markets. The number of employees was 132 (118).

The control centre of Helsinki western area traffic light system.



Electronics

The electronics factory increased its sales considerably and reached an acceptable level of profitability. The Company's first computer controlled traffic light system was delivered in June to the city of Helsinki, marking an important step forward and entry into a new field of technology. The success with traffic electronics was further confirmed by an order from the City of Trondheim in Norway, comprising a similar automatically-controlled traffic light system, to be delivered during the autumn of 1977.

The Electronics factory carried out several exacting deliveries, mainly to the Department of Post and Telegraphy, and also received several orders for power and industrial electronics equipment.

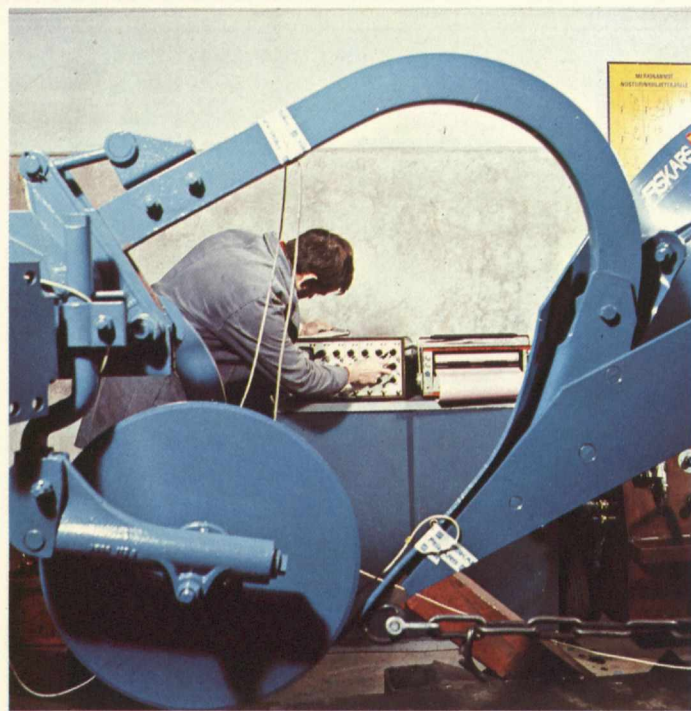
Turku boatyard

The boatyard increased its sales of leisure boats by 38%, and its result improved significantly, although it is not yet satisfactory. The serial production of two new boat types, the Finnsailer 36 and Finnsailer 38, was started; both were well received on various markets. In 1977 the boatyard will start to produce the popular 3/4-ton ocean sailing boat Finnfire 33, constructed by Eivind Still.

Sales of life and service boats went up in 1976, but the backlog of orders declined.

About 2/3 of the area capacity of the boatyard was in use.

Some 72% of sales were exports, and the number of employees was 232 (203).



A Fiskars plough being tested at the Fiskars works.

REAL ESTATE DIVISION

The land property of the company decreased by 8.5 hectares due to 19 sales contracts, mainly plots for private dwellings and other housing purposes, though the Company at the same time increased its land by 44.8 hectares. It also relinquished an area of 98.5 hectares by selling land adjacent to the Skogby sawmill.

The Electrical Department distributed 4% more energy than the year before, i.e. 65,800 MWh. The department's own energy production declined by 47% to 4,300 MWh. The water flow remained at only 1/3 of the average for 1931—70.

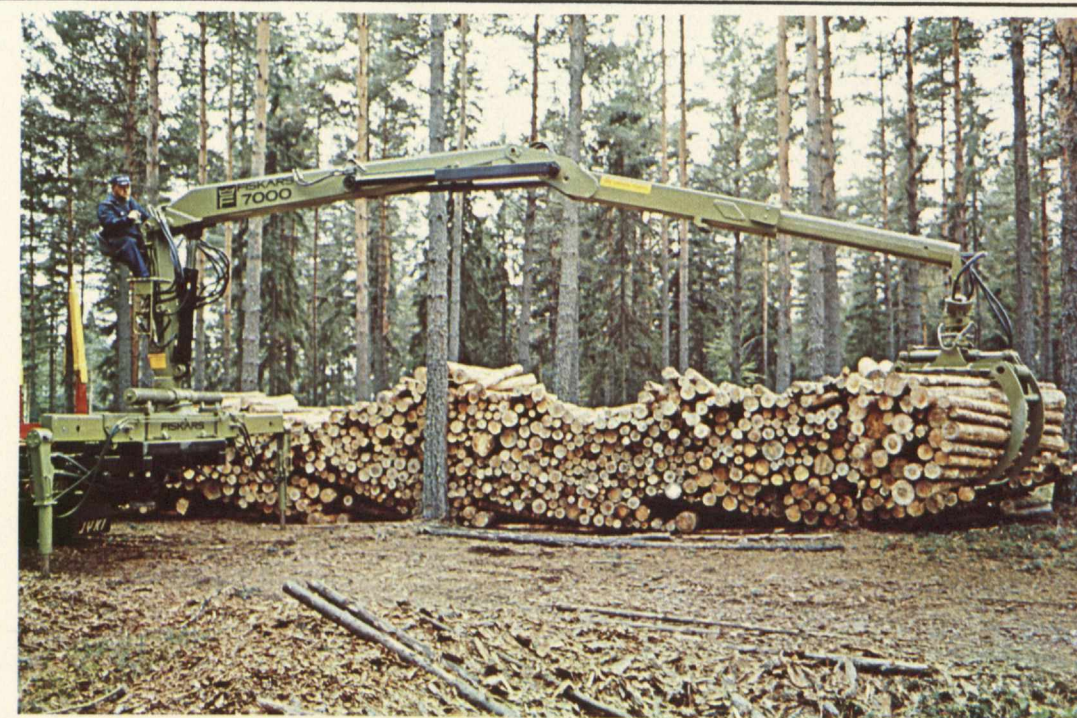
In contrast, the agricultural year turned out to be very successful, and the harvest value is estimated at 63% higher than the previous year. Productivity developed favourably during the year.

The timber outtake from the Company's forests followed the main lines of the forestry plan, reaching a total of 35,000 cu.m. (31,000). Forest conservation and improvement costs were about 51 Fmks/hectare.

Supplies of timber to Metsä-Skogby were carried out according to plan, totalling about 55,000 cu.m. The price of timber at the sawmill was somewhat lower than in the previous year.

The departments of the Real Estate Division employed 162 persons (174).

Fiskars F 7000 S log crane loading timber.



SUBSIDIARIES

Oy Predium Ab

Operations entailed mainly preparing a detailed plan for the Company's land in Tammisaari archipelago. The Municipality of Tammisaari approved the plan on December 13, 1976. This proposal, together with the plan proposal approved by the Municipality of Tenhola in 1975 for the area north of Lappvik on Hanko peninsula, has been submitted to the provincial authorities for approval. No property transactions were completed during the year. Forestry management was pursued on a normal scale. Revenues did not cover the expenses of day-to-day operations, further increased by interest paid, mainly to the parent company. The financial statement for the year shows a loss.

Oy Metsä-Skogby Ab

The company started operations on January 1, with personnel taken over from Fiskars.

The improvement in sawmill trends generally expected in the spring did not materialize, and 1976 was a loss year. The plans for the first stage of expansion and modernization of the sawmill are ready but they have been postponed for the time being. The parent companies Metsäliitto and Fiskars each supply half of the timber requirement of the sawmill.

Production reached 36,300 cu.m. (24,500) of sawn goods. Sales were Fmks 15.7 million (12.1), 60% of which went for export (56). The number of employees was 98 (89).

MARKETING SUBSIDIARIES

Of its five wholly owned sales companies abroad, Fiskars A/S continues to be dominant as far as sales volume, product range and personnel are concerned.

Foreign customers were invoiced through the sales companies to the amount of Fmks 19 million (16); about 60% of this was for the Turku boatyard's products. The number of personnel abroad was 36 (36).



OY FISKARS AB

Comments on the Income Statement

Turnover increased by Fmks 17 million, or 5%, on the previous year. Thanks to stringent control on inventories, materials purchases were maintained at previous year's level. The net decrease in inventories is Fmks 6.0 million. Wages, salaries and personnel costs increased by only 5%, due to a decline in the total number of employees. The biggest single item included in other variable and fixed expenses, Fmks 35.4 million, is the cost of energy purchases.

The accrued depreciations are recorded at the maximum rate according to the Finnish tax regulations.

The revenues from the sale of Skogby sawmill's machinery and equipment were recorded in accordance with the Finnish tax regulations.

Other income includes the book profit, Fmks 2.4 million, on the sales of Skogby sawmill's buildings.

Net interest decreased from Fmks 13.6 million to Fmks 13.0 million.

Comments on the Balance Sheet

The accounts receivable increased by Fmks 12 million on the previous year's statements. This is partly due to the considerable sales volume at the end of 1976 and partly to a tendency towards slower payments, reflecting the general shortage of money.

The delivery credits receivable increased by Fmks 9 million, mainly in connexion with exports of the engineering division's products and sales of Turku boatyard's products to Fiskars own subsidiaries abroad.

The recorded decrease in inventories reflects actual trends as the inventory reserve has been kept unchanged in Fmks. The inventories are recorded at 52.5% of the FIFO costs, and the inventory reserve is estimated at Fmks 51.8 million.

The changes in fixed assets are shown in the breakdown below:

	(million Fmks)
Recorded value on January 1, 1976	119.4
Investments and additions	+ 18.1
Sales and decreases	- 7.8
Depreciations	- 13.2
Recorded value on December 31, 1976	116.5

The decrease in short-term loans payable was achieved through loan arrangements in connexion with the sale of Skogby sawmill. Other current liabilities include Fmks 14.6 million in amortizations of long-term loans in 1977.

INCOME STATEMENT

	December 31, 1975	December 31, 1976
Net turnover	+327 795 431.92	+345 021 668.46
Variable and fixed expenses		
Materials and supplies	154 758 648.52	151 993 085.06
Wages and salaries	80 182 149.87	83 806 334.35
Statutory and contractual personnel costs	36 769 082.92	38 916 570.30
Rents and leases	3 655 596.79	4 470 012.00
Other variable and fixed expenses	32 982 162.52	35 372 390.46
Goods for own use	- 2 893 360.07	- 2 643 443.91
Change in inventories	- 12 153 700.00	- 293 300 580.55
Operating margin	+ 34 494 851.37	+ 27 089 258.20
Depreciation		
Buildings	7 311 963.00	4 564 387.22
Machinery and equipment	10 834 736.89	8 272 583.36
Other fixed assets	137 731.18	226 488.00
Intangible assets	—	44 362.00
Others	—	40 066.00
Net earnings from operations	+ 16 210 420.30	+ 13 941 371.62
Other income and expenses		
Interest receivable	2 632 890.31	3 875 112.72
Dividends receivable	139 695.60	135 911.60
Other income	273 695.29	2 725 066.90
Other costs	- 42 994.44	- 227 821.89
	+ 3 003 286.76	+ 6 508 269.33
	+ 19 213 707.06	+ 20 449 640.95
Change in reserves	- 819 000.00	—
Interest expenses	- 16 252 106.89	- 16 856 689.52
Direct taxes		
For the year	2 239 829.70	1 997 989.20
From previous years	635 953.38	72 589.75
Less paid from reserves	- 2 428 304.02	- 447 479.06
Net profit for the period	+ 1 695 121.11	+ 1 522 372.48

OY FISKARS AB

BALANCE SHEET AS AT

	December 31, 1975	December 31, 1976	
ASSETS			
Liquid assets			
Cash and bank	4 853 741.94	6 386 604.10	
Accounts receivable	43 511 099.21	55 369 566.92	
Loans receivable	18 599 321.20	11 980 850.55	
Advances	1 331 407.94	3 199 629.19	
Prepaid expenses and accrued income	4 221 020.60	5 453 304.17	
Acc. receiv. from subsid. delivery credits	3 889 815.59	8 316 241.19	
" " " " others	12 631 808.32	13 321 009.28	
Delivery credits, receivable	1 992 578.34	6 184 620.75	110 211 826.15
Inventories			
Materials and supplies	16 342 903.00	16 941 986.00	
Products	46 981 810.00	40 365 265.00	57 307 251.00
Fixed assets			
Work in progress	3 643 986.22	5 299 670.66	
Land	41 214 754.04	41 720 995.24	
Buildings	41 775 756.02	38 049 884.42	
Machinery and equipment	25 228 333.84	18 836 689.35	
Other fixed assets	1 395 907.75	2 465 482.53	
Securities	6 129 527.24	9 695 466.24	
Intangible assets	—	251 392.60	
Others	—	160 107.60	116 479 688.64
Adjusting items			
	787 100.00	—	
	274 530 871.25	283 998 765.79	



LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities

Current liabilities

Accounts payable	17 378 370.31	30 546 319.48
Advances	4 177 566.26	1 373 617.40
Prepaid income and accrued expenses	18 538 158.38	17 686 644.01
Notes payable	58 080 090.00	45 164 045.00
Delivery credits payable, short term	1 956 676.65	5 260 270.30
Other current liabilities	22 751 195.82	19 721 681.95
	122 882 057.42	119 752 578.14

Long-term debt

Bank loans	59 625 253.28	58 970 099.63
Loans from pension institutions	34 716 183.43	41 002 539.59
Delivery credits payable, long term	1 731 948.35	4 679 299.40
Other long-term debt	5 696 195.95	5 232 201.73
	101 769 581.01	109 884 140.35

Reserves

	2 564 000.00	2 564 000.00
--	--------------	--------------

Shareholders' equity

Share capital	21 250 000.00	21 250 000.00
Capital Reserve	3 196 524.45	3 366 036.56
Supplementary reserve fund I	—	6 266 572.00
" " " II	18 051 184.28	16 232 554.28
Others	63 731.00	63 731.00
Retained earnings	3 058 671.98	3 096 780.98
Net earnings of the period	1 695 121.11	1 522 372.48
	47 315 232.82	51 798 047.30
	274 530 871.25	283 998 765.79

ADDITIONAL NOTES ON THE BALANCE SHEET

Wages & salaries	<u>53 806 965.60</u>	Fund for social activities	63 731.00
Adjustment of values		Profit	
Activated adjustm. of values		January 1, 1976	4 753 793.09
January 1, 1976	787 100.00	For dividend payments	- 1 487 500.00
Differences in exchange rates		To Capital Reserve	- 169 512.11
recorded against long term debt	- 787 100.00	December 31, 1976	<u>3 096 780.98</u>
December 31, 1976	<u>—</u>	Profit for the year	1 522 372.48
		Shareholders' equity, total	<u>51 798 047.30</u>
Change in shareholders' equity		Pension obligations	
Share capital		Company's own obligations	3 265 830.00
January 1, 1976	21 250 000.00	Deficit of pension foundation	<u>3 915 560.49</u>
			<u>7 181 390.49</u>
Capital Reserve		Other obligations	
January 1, 1976	3 196 524.45	Mortgages (in circulation)	58 581 000.00
From the profit for the year	+ 169 512.11	Obligations upon bonds	36 186 342.00
December 31, 1976	<u>3 366 036.56</u>	Discounted Bills of Exchange	<u>5 040 226.00</u>
Supplementary reserve fund I			<u>99 807 568.00</u>
January 1, 1976	—		
Dividends not collected within			
5 years	+ 102.00		
Value adjustments incurred through			
realization of land, transferred			
from S.R.F. II	+ 1 818 630.00		
Sales profit on Skogby sawmill's land	+ 4 447 840.00		
December 31, 1976	<u>6 266 572.00</u>		
Supplementary reserve fund II			
January 1, 1976	18 051 184.28		
Transfer of value adjustments			
incurred through realization of			
land to S.R.F. I	- 1 818 630.00		
December 31, 1976	<u>16 232 554.28</u>		

FUND TRANSFERS

Value adjustments incurred in connexion with the realization of land, Fmks 1,818,630.00, have been transferred from supplementary reserve fund II to supplementary reserve fund I.

The recorded profit on the sale of Skogby sawmill, Fmks 4,447,840.00, was also transferred to supplementary reserve fund I.

The fund also includes dividends not collected within five years, Fmks 102.00.

After these transactions, supplementary reserve fund I stands at Fmks 6,266,572.00. The Supervisory Board proposes that the above mentioned transfers be authorized by the annual general meeting of shareholders.

DIVIDENDS AND RETAINED EARNINGS

The net profit is Fmks 1,522,372.48. According to the Company statutes, interest at 4% per share is to be paid to the shareholders and 10% of the profit is to be transferred to the Capital Reserve.

Profit for the year	Fmks 1 522 372.48
— less 4% interest	850 000.00
— transfer to the Capital Reserve	<u>152 237.25</u>
leaving	520 135.23

and the retained earnings from previous years	<u>3 096 780.98</u>
at the disposal of the AGM	<u>3 616 916.21</u>

The Board proposes that

— in addition to the above 3%, i.e. Fmks 3 per share, be paid to the shareholders	Fmks 637 500.00
— the remainder be retained on the Profit and Loss Account	Fmks 2 979 416.21

Helsinki, March 8, 1977

Jacob von Julin

Jarl Gripenberg

Klaus Ahola

Thomas Tallberg

Lauri Kalima

T. Gunnar Nyström

Robert G. Ehrnrooth

Johan L. von Julin

Göran J. Ehrnrooth

AUDITORS' REPORT

Having been elected by the Annual General Meeting of the shareholders of Oy Fiskars Ab, on April 28, 1976, to audit the Company's administration and accounts for 1976 and having now completed our audit we hereby submit our report.

We have examined the balance sheet and the statements of income and retained earnings and changes in financial position as well as the minutes of the General Meeting and Board Meetings, and other documents pertaining to the administration and finances of the Company. Our examinations included such checks of the accounting records and such other auditing procedures as we considered necessary.

The accounts and internal control of the Company have been examined by Mr. Henry Lind, CPA. In separate reports and in a conclusive report of March 29, 1977, he has informed the Company Management of the extent of his examination and of his comments. We have studied the reports mentioned and received additional verbal information.

In our opinion, the financial statements, showing a profit of Fmks 1,522,372.48, were made in accordance with

generally accepted auditing practice and give a fair view of the state of the Company. The operating profit includes profits from associated steel operations as in previous years.

With reference to the above, and since we have been able to establish that the affairs of the Company have been managed with care we recommend that the Annual General Meeting

- adopt the Annual Accounts for 1976 and authorize the fund transfers stated in the Annual Report of the Supervisory Board
- release the Supervisory Board and the Managing Director from responsibility for 1976 and
- accept the Board's proposal for payment of dividends and retention of earnings.

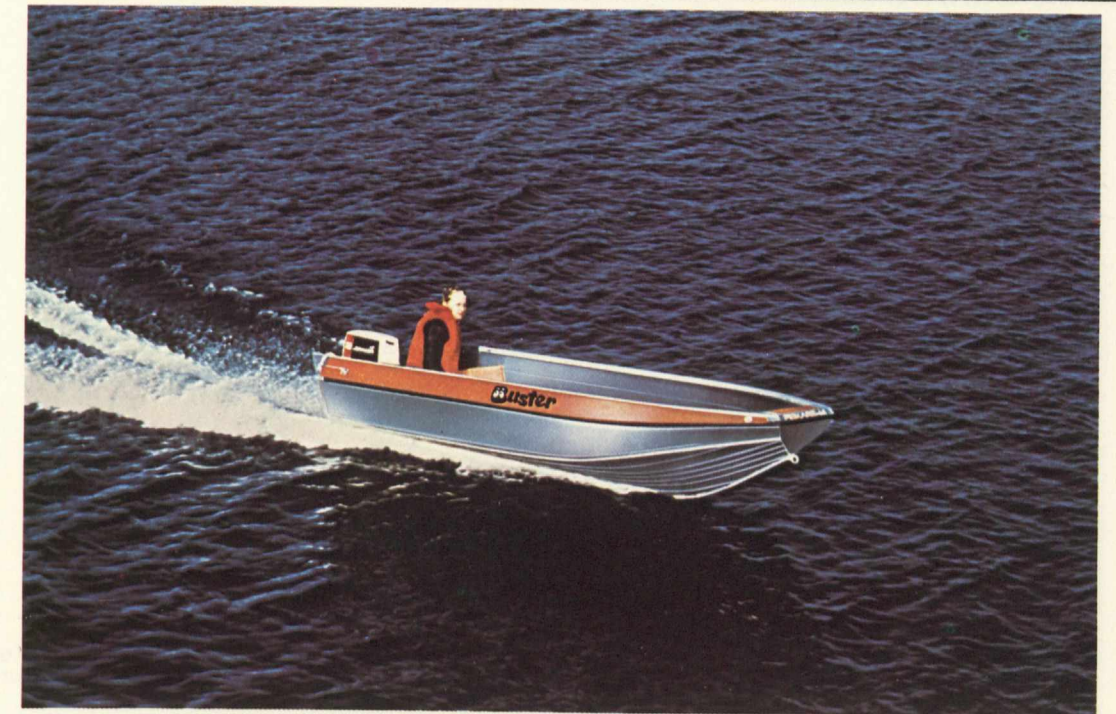
Helsinki, April 5, 1977

Jarl Engberg

Eric Haglund
CPA

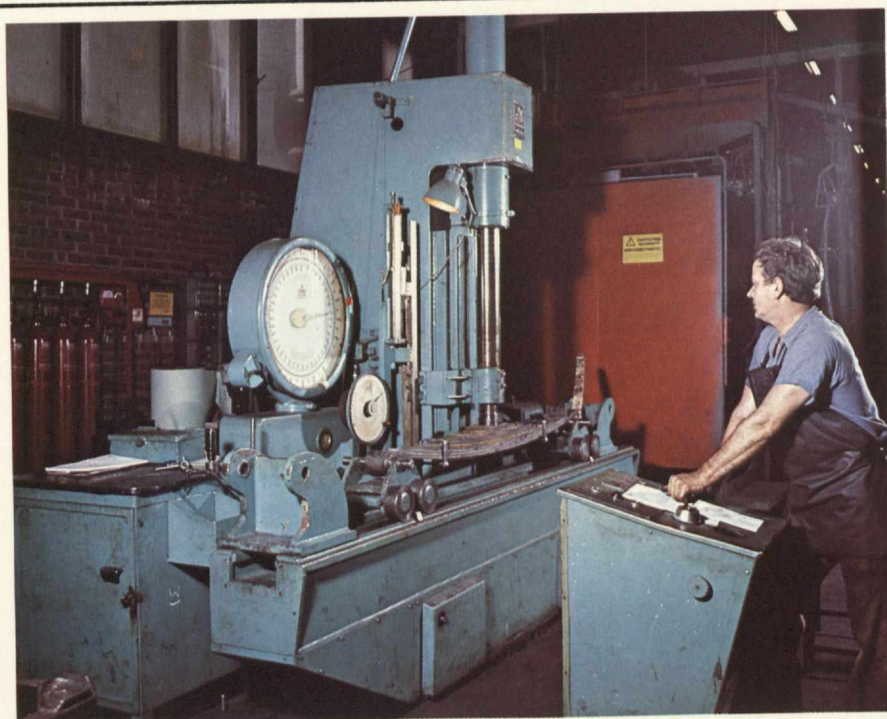
Henrik Brummer

Buster aluminium boat,
manufactured at the
Inha works.



CASH FLOW ANALYSIS

	1975 mill. Fmk	1976 mill. Fmk
Supply of funds		
Result before interest, taxes, depreciations and reservations	34.9	29.7
Sales of fixed assets	<u>1.0</u> 35.9	<u>12.3</u> 42.0
Increase (+)/decrease (-) in liabilities		
Short-term	+ 4.9	- 3.1
Long-term *)	<u>+ 8.0</u> 12.9	<u>+ 8.9</u> 5.8
Paid share issue	2.2	—
	<u>51.0</u>	<u>47.8</u>
*) including change in activated value adjustments		
Used funds		
Net interest	13.6	13.0
Taxes	2.9	2.1
Dividends	<u>1.1</u> 17.6	<u>1.5</u> 16.6
Increase (+)/decrease (-) in liquid assets	- 2.7	+19.1
Inventories	<u>+12.1</u> 9.4	<u>- 6.0</u> 13.1
Investments in buildings, machinery and structures	23.6	14.4
Commercial papers	<u>0.4</u> 24.0	<u>3.7</u> 18.1
	<u>51.0</u>	<u>47.8</u>



Leaf springs being tested
at the Spring manufacturing
works.

TURNOVER OF SHARES ON THE STOCK EXCHANGE

The turnover of the Company's shares on the Helsinki Stock Exchange amounted to Fmks 847 922. 5 777 shares were sold. The price per share at the beginning of the year was Fmks 155 and at year-end Fmks 152, the high during the year was Fmks 165 and the low Fmks 143. The taxable value on December 31, 1976 was Fmks 148 (149) per share.

SHAREHOLDERS

The share capital remained unchanged and is composed of 212 500 shares with a nominal value of Fmks 100 each. At the end of the year the shareholders numbered 961 (902).

The shares are distributed as follows:

	% of the share capital
Private persons	88.1
Foundations and other organisations of public interest	7.7
Business enterprises	3.6
Banks and insurance companies	0.6
	<hr/> 100.0

The biggest shareholder owns 5.2% of the share capital.

OWNERSHIP IN OTHER COMPANIES

Sales companies abroad (wholly owned by Fiskars)
Fiskars A/S, Denmark, established 1969 (98%)
Fiskars Ges.m.b.H, Austria, established 1972
Fiskars Svenska AB, Sweden, established 1974
Fiskars GmbH, West Germany, established 1975
Ballena Ltd., England, established 1970 (purchased
by Fiskars 1975)
Fiskars USA Ltd., established 1976

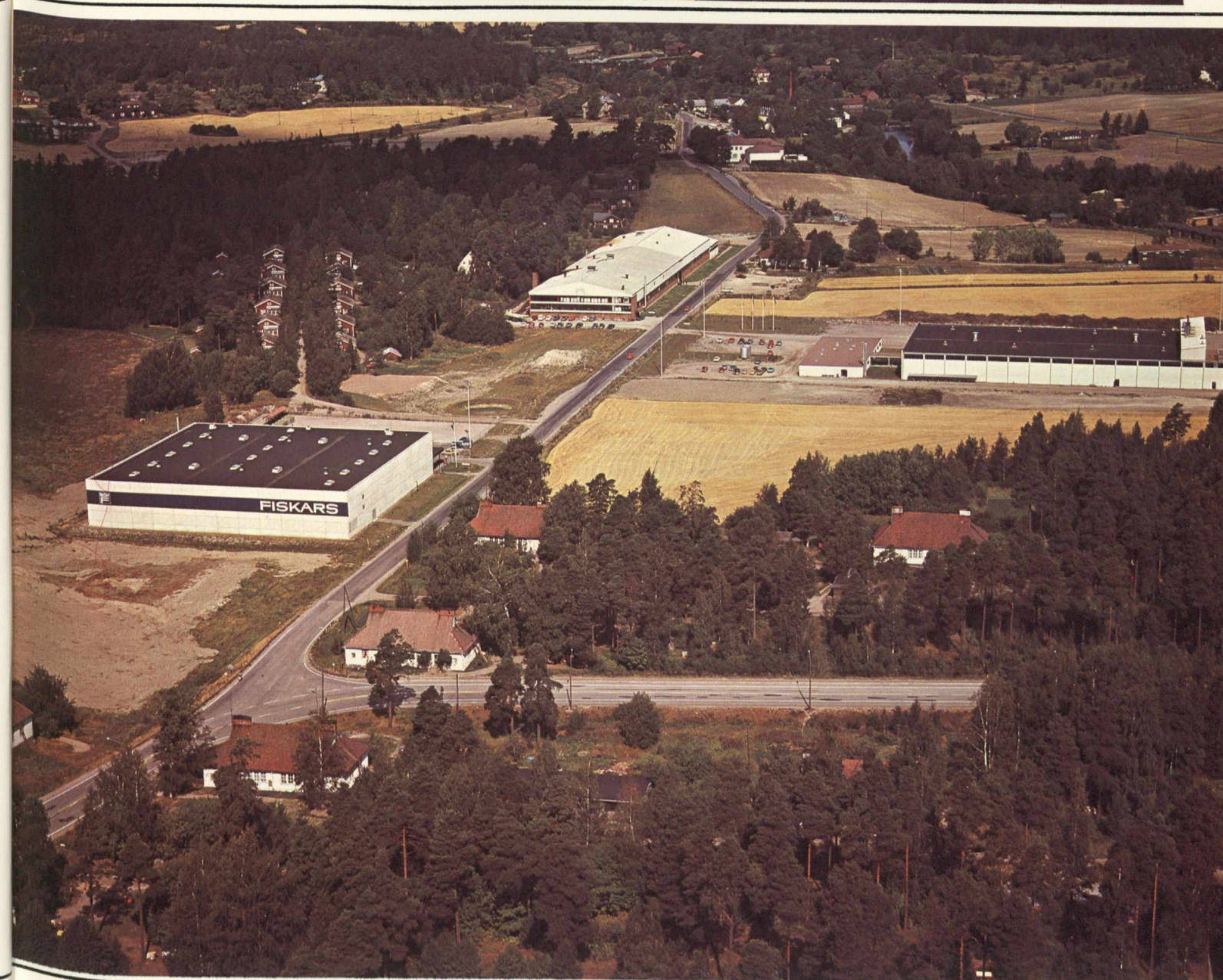
Ownership in other companies (over 20%)
Oy Predium Ab 100%
Oy Metsä-Skogby Ab 50%
Tietotyö Oy 50%
Ovako Oy 36%

Housing companies or similar firms are not included
in the list.

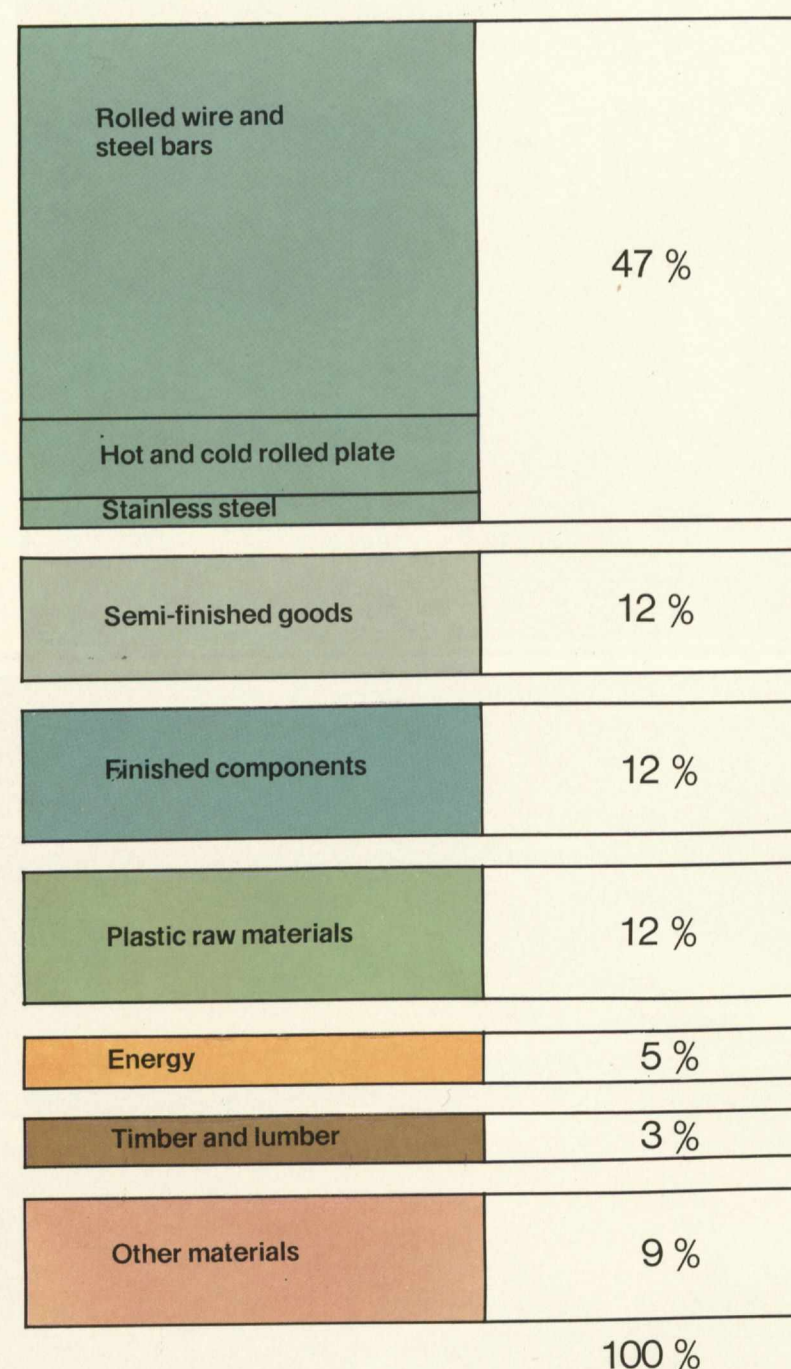
Aerial view of Billnäs.



Employees who were awarded
decorations for 50 or 45 years
of service.

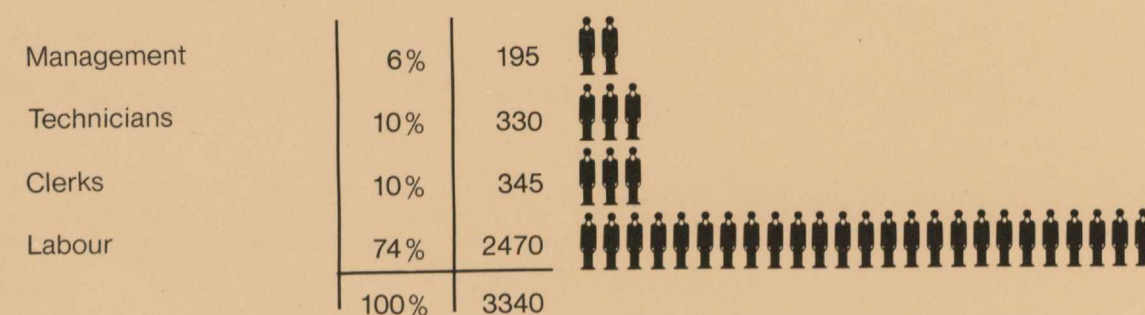


MATERIALS AND SUPPLIES



INDUSTRIAL AND PERSONNEL STRUCTURE

BREAKDOWN OF PERSONNEL



BRANCH

FACTORIES

PRODUCTS

Steel products industry

Jokioinen works
Loimaa works
Boltmaking works
Screw and fastening works
Spring manufacturing works

Wires and nails
Chains
Bolt products
Screw products
Leaf springs and spiral springs

Metal products industry

Cutlery works
Scissor works
Tool works
Billnäs works
Inha works
Kellokoški works

Household utensils, *) see Plastics works
Scissors
Machine tools, metal, plastics
Hand tools, forgings
Hinges, wardrobes, heat radiators
Oil drums, stands for garbage disposal bags

Engineering industry

Fiskars works
Salo engineering works
Porvoo machine shop

Ploughs, harrows
Log cranes, travelling cranes
Hydraulic components

Foundry

Salo foundry

Steel and iron casting, unit weight 50—4000 kg

Plastic products industry

Plastics works

Heat insulating culverts, distribution boxes for electrical installations, plastic flagpoles *) manufactured at the Cutlery works

Boatyard

Turku boatyard

Leisure and service boats in fibre glass

Electronics

Electronics

Traffic and industrial electronics

Wood working

Moulding factory

Wooden frames and mouldings

Production

2850



Pojo area administration

45



Real Estate Division

160



Sales and distribution

130



R & D and technology

55



Corporate functions

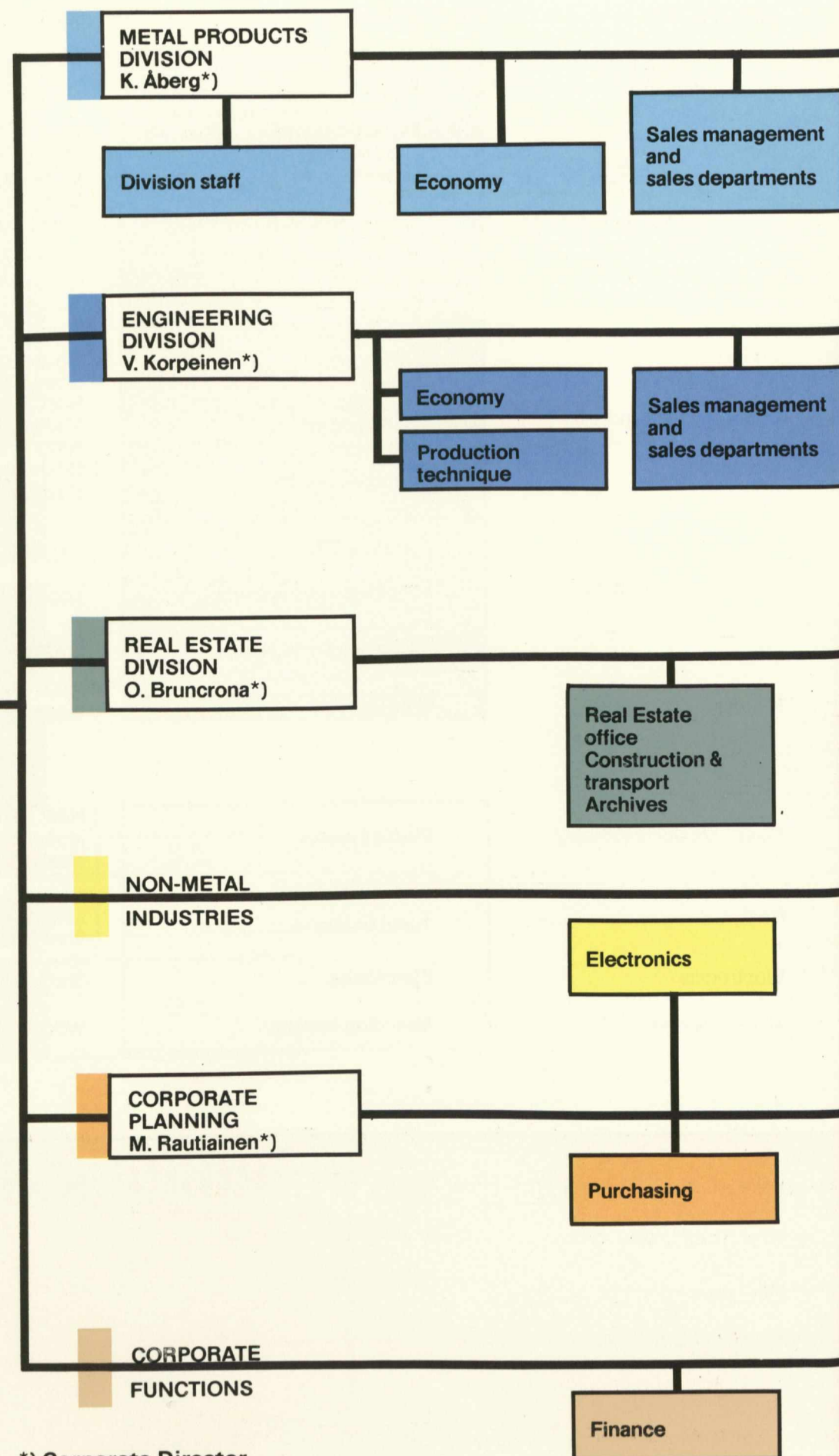
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GENERAL MEETING
|
SUPERVISORY BOARD
|
MANAGING DIRECTOR
G. J. Ehrnrooth*)



*) Corporate Director

Fiskars works
Cutlery works

Billnäs works
Tool works
Scissor works
Spring manufacturing works

Jokioinen works
Loimaa works
Boltmaking works
Screw and fastening works

Kellokoski works
Inha works

Salo engineering works
— Hydraulic cranes
— Foundry
— Porvoo machine shop

Salo engineering works
— Travelling cranes

Timber supply & forest management
Farm management
Fiskars electrical department

Oy Predium Ab

Housing corporations

Moulding factory

Plastics works

Turku boatyard

Standardization

Laboratory

Project administration
ADP

Personnel administration

Legal matters &
Company Secretary

Marketing service

Special assignments

OY FISKARS AB

CORPORATE DIRECTORS

Göran J. Ehrnrooth	Managing Director Chairman of the Corporate Directors
Olof Bruncrona	Director Real Estate Division
Väinö Korpeinen	Director Engineering Division
Mauno Rautiainen	Director Corporate Planning
Kaj Åberg	Director Metal Products Division

MANAGERS, CORPORATE FUNCTIONS

Nybergh Erik	Legal matters & Company Secretary
Eklund, Nils	Purchasing
Huttunen, Osmo	Personnel administration
Grandell, Helmer	Marketing service
Tallberg, Torsten	Finance
Palin, N. H.	Special assignments

DIVISIONAL DIRECTORS

Zitting, C. C.	Assistant Director	Metal Products Div.
Höglund, Nils	Assistant Director	Metal Products Div.
Holmström, Lars	Assistant Director	Metal Products Div.
Klinge, P. V.	Sales Director	Metal Products Div.
Blomquist, Fredrik	Export Director	Metal Products Div.
Hiekkanen, Raimo	Sales Director	Engineering Division