

FISKARS

1984



To Our Shareholders

The Annual General Meeting of Fiskars Oy Ab will be held at Hotel Marski, Lönnrot Room, Mannerheimintie 10, Helsinki, on Thursday, May 9, 1985 at 4.30 pm.

Shareholders wishing to attend the meeting should inform the Fiskars Head Office by phone (90) 644 011 or by letter, Mannerheimintie 14 A, 00100 Helsinki, on Wednesday, May 8, 1985 at 4.30 pm. at the latest.

Shareholders with changed address are kindly requested to give new address to Fiskars Head Office, telephone (90) 644 011.

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This annual report is available in Finnish, Swedish and English from Fiskars Head Office, Mannerheimintie 14 A, 00100 Helsinki.

Other financial information about the Fiskars Group during 1985 will be available in Finnish, Swedish and English as follows:

Review of Operations, January 1 to April 30, 1985, in June
Review of Operations, January 1 to August 31, 1985, in October.

The Fiskars Group

Summary of Operations

million FIM*

	1980	1981	1982	1983	1984
Net sales	391	429	454	471	536
Sales outside Finland	175	186	185	239	290
as % of net sales	45	43	41	51	54
Parent Company net sales	362	377	383	366	394
Parent Company exports	150	150	128	141	169
Operating margin	32	43	48	65	68
as % of net sales	8	10	11	14	13
Depreciation acc. to plan	9	14	16	16	18
Financial costs net	-23	-28	-28	-21	-21
Pre-tax earnings	-4	-2	+4	+27	+30
as % of net sales	-1	-0,5	+1	+6	+6
Parent Company dividend	1,9	1,5	1,5	2,7	4,1*)
Return on assets	5	5	7	12	12
Return on net assets	-	-	9	14	15
Equity + reserves	150	146	157	219	249
Equity ratio	30	30	30	39	39
Market value of Company at Stock Exchange at the year-end	29	35	45	96	154
Personnel at year's end	2214	2129	1839	1733	1774
Investments	35	28	19	31	54

*) Proposal

The Fiskars Share

FIM

Price at the year-end	136	164	210	259	414
Average price	143	146	194	278	360
Earnings per share:					
— Pre-tax earnings	7	6	19	90	82
— Earnings after tax	7	73	64
P/E ratio					
— Pre-tax earnings	19	23	11	3	5
— Earnings after tax	26	4	6
— Number of shares entitled to dividend			212 500	297 500	372 000

Development of Share Price compared to the Unitas general index

1975 = 100



* FIM = Finnish markka. One USD = 6,52 FIM

Highlights Illustrated

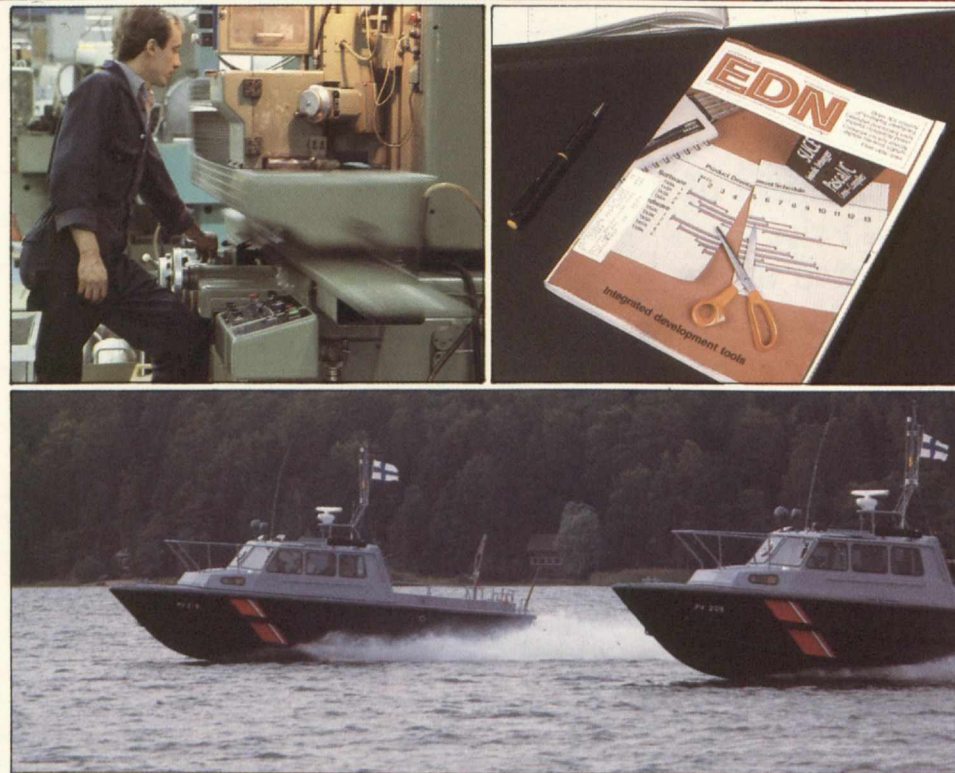


The President of the Republic Mauno Koivisto and Mrs. Tellervo Koivisto visited Inha works on August 16, watching the production of Buster boats. Guiding, Plant Manager Pauli Lantonen (left), and Managing Director Reijo Kaukonen (right).

Fiskars new Knife Plant was completed as a part of extensive modernization project. Esa Järvenkylä keeps the machinery fit in an efficient hall.

After Fiskars acquired Behlman Engineering, new U.S. markets opened for the Electronics group. Fiskars scissors were accompanied by electronics, as foreseen in the cover of Electronic Design News November issue.

A series of patrol boats, delivered to the Coast Guard, pictured on the front page of the daily Turun Sanomat.



Chairman's statement:

Fiskars Grows Stronger

Fiskars developed in 1984 essentially according to plans. The Group's present four business areas increased their sales by 20 %. Total net sales rose to 536 million FIM (80 000 000 US dollars). Pre-tax earnings rose 10% and were 30 million FIM (US dollars 4 600 000).

Fiskars strengthened its position as an enterprise with an international presence. Sizeable marketing investments were made within the Consumer Products group and the Electronics group, the most important areas of international activities.

Consumer Products now operates through sales subsidiaries in nine European countries. In the USA, Fiskars Manufacturing Corporation continued its successful performance while simultaneously carrying out extensive investments in new products and in new markets.

On December 1, Fiskars acquired Behlman Engineering located in Santa Barbara, California. This company has since 1969 specialized in power electronics and will thus enhance the Group's other product lines in this field.

Over 50 % of the Group's sales took place outside Finland, of the amount half in the United States roughly.

Three old factories in Pohja, Finland, were completely renewed. When the hand tool plant will be inaugurated in the spring of 1985, the company will operate four efficient plants producing scissors, knives, hand tools and production tools in Finland.

Sales of the Electronics group grew substantially, mainly due to its new business unit Advanced Products.

Investment Products achieved its goals. A special mention goes to the log loaders business for an overall good performance and stable earnings. The market position of the Inha products was strengthened by an acquisition.

The real estate holdings of Fiskars form an important natural resource asset. There was no major change in the Company's landholding during the year.

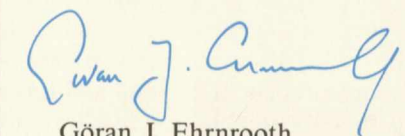
Plans for 1984—85 are focused on establishing a solid ground for future growth. Customer satisfaction — quality products — long-term growth are identified as cornerstones for the Group's development. I am happy to state that Fiskars people in different positions have through training, hard work and action achieved successes that support the Company's objectives.

The share issue in December 1983 triggered growing interest in Fiskars stock on the Helsinki Stock Exchange. In 1984, 23 000 shares were traded. The share price increased by almost 70 % from 245 FIM to 410 FIM.

The Group's strong financial position provides a sound basis for future success. Group sales in 1985 are planned to reach 600 million FIM (90 000 000 US dollars) and earnings are expected to increase.

May I express Fiskars' best wishes for 1985 to our customers, to all our 1 800 shareholders and to our employees.

Helsinki, January 1985


Göran J. Ehrnrooth
Chairman and CEO

Fiskars Business Groups

Fiskars comprises four operational groups, whose business development and performance are supervised by Management Board committees.

Consumer Products Group



Through its fast growing international sales organisation, Fiskars markets high quality scissors, knives and handtools for household, professional and do-it-yourself use.

The international popularity of these branded products continues to grow after Fiskars succeeded in changing not only the design, but also the materials and production technologies of many traditional household tools.

Fiskars® is the world's leading scissors brand. Innovations in scissors pro-

duction are now being applied to knives and other handtools. This will increase the number of customers for Fiskars products, and strengthen the Group's position as an international manufacturer of consumer products.

Using the finest Finnish wood, Fiskars makes picture frames and mouldings to suit varying tastes and purposes.

The group has seven production plants in Finland and four in the USA.

Electronics Group



Growing rapidly in the electronics industry, Fiskars specializes in select and distinct market niches where leadership can be achieved and maintained.

Power Electronics ensure uninterrupted power supply for EDP and telecommunication systems.

Traffic Control Systems help traffic flow smoothly and safely.

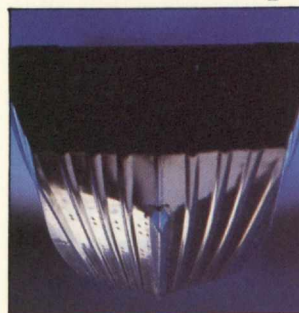
High quality injection-molded enclosures protect electrical equipment from environmental damage.

Fiskars also engages in high-tech projects to specific customers with stringent demands on performance and quality.

With a sound base in the domestic market, Fiskars is expanding its operations to the areas of potential growth, such as the USA and the Far East.

The group operates four manufacturing plants in Finland and one in the USA.

Investment Products Group



Fiskars produces heavy-duty equipment for land and sea transportation as well as industrial use, all fulfilling the most stringent customer requirements concerning suitability and reliability under demanding conditions.

Intensive research and development, together with in-depth understanding of end-users' needs enable Fiskars to offer superior quality.

Professionals in the European forest industry — both East and West — use Fiskars log loaders.

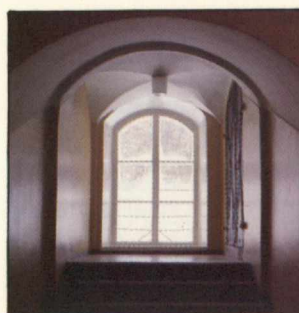
Fiskars delivers lifeboats and special vessels that meet the strict specifications

for oilrigs and large oceanliners. Demanding special vessels have been developed for naval and coastguard use. Due to their seaworthiness and sturdy construction, Buster aluminum boats have become extremely popular among safety- and quality-conscious users.

The metal manufacturing unit produces and sells door and window hinges, special-purpose radiators and heat-treated steel components for railroad and farming equipment.

The group has four production plants in Finland.

Real Estate Group



When industrial production of iron began in the 1640's in Finland, the forests and falls of the village of Fiskars made it an ideal place to establish iron works.

Today land and forest holdings also provide important production and financial resources. The Fiskars Group owns a total of over 16 000 hectares of land and forest.

Fiskars employs the latest agricultural, forestry and energy producing

techniques, at the same time developing and maintaining natural values and cultural traditions.

For generations the Company's forests have been managed according to a long-term forestry plan, which ensures a balance between utilization and active renewal of these resources.

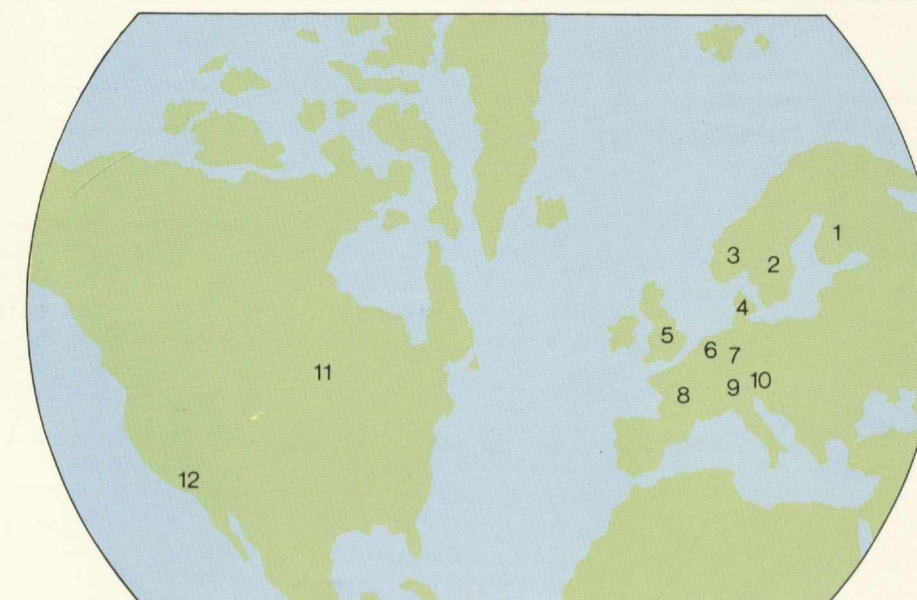
The Company's hydroelectric stations produce half of the electricity distributed by Fiskars.

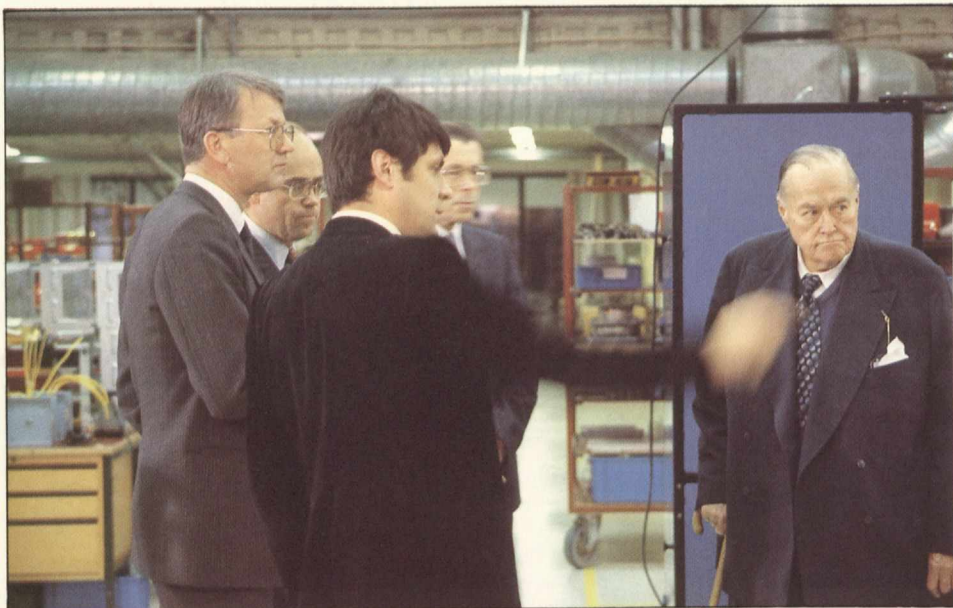
Fiskars Management

	Chairman of the Board Managing Director	Göran J Ehrnrooth* Reijo Kaukonen*
Corporate Functions	Finance Purchasing Personnel Legal Development Technology F-Systems	Juha Toivola* Nils Eklund Osmo Huttunen Kurt-Erik Forsstedt Mauno Rautiainen* Olof Dahlqvist Raimo Laurila
Consumer Products Group	Consumer Products, Europe Consumer Products, USA Fiskars International Frames and Mouldings	Kimmo Käyhkö* Wayne Fethke* Lars Palmgren* Karl-Gustav Gummerus
Electronics Group	Power Electronics, Europe Power Electronics, USA Traffic Control Systems Enclosures Advanced Products	Kimmo Pokkinen Reijo Kaukonen* Pekka Kurki Christian Elfving* Pekka Pylkkänen
Investment Products Group	Hydraulic Loaders Inha Metal Products Life Boats and Special Vessels	Väinö Korpeinen* Pauli Lantonen Aapo Latvalahti
Real Estate Group	Real Estate Group	Olof Bruncrona*
	*Member of the Management Board	
Fiskars Inc.	Board of Directors	Mr. Göran J Ehrnrooth, Chairman Mr. Ralf R Boer Mr. Wayne Fethke Mr. William B Gorog Mr. Reijo Kaukonen Mr. Juha Toivola
	Electronics Advisory Council	Mr. H Lewis Behlman, Jr., Chairman Mr. John J McDonnell, Jr.

Sites of International Activity

1. Finland
2. Sweden
3. Norway
4. Denmark
5. United Kingdom
6. Netherlands
7. German Federal Republic
8. France
9. Switzerland
10. Austria
11. Wisconsin
12. California





The Board of Directors visited Fiskars Power Electronics Plant. Watching the assembly of the new low-end power UPS, from right to left Jacob von Julin, Jarl Gripenberg, guiding Chief Design Engineer Anssi Kujala, Robert G Ehrnrooth and Managing Director Reijo Kaukonen.



Unit chief Kimmo Pokkinen presents a high-end UPS, being finished for delivery to a nuclear power station. To his left Jarl Engberg, Thomas Tallberg, Göran J Ehrnrooth and Lauri Kalima.

Board of Directors

Elected until the Annual General Meeting in			
Jacob von Julin	1986	Robert G Ehrnrooth	1987
Honorary Chairman		Thomas Tallberg	1985
Göran J Ehrnrooth	1985	Lauri Kalima	1987
Chairman		Jarl Engberg	1986
Jarl Gripenberg	1986		
Deputy Chairman			

Auditors

Ordinary	Deputy
Eric Haglund	Henry Lind
Brita Hisinger-Jägerskiöld	Peter Hartwall
Christian Hildén	Sixten Nyman

General

The Fiskars Group developed essentially as planned. Last year's satisfactory trend in profitability continued. At the same time, considerable resources were allocated to business activities.

Main focus has been the strengthening of the growth basis for international operations in the USA and in Europe, the invigorating of product development and the modernization of production facilities of the Consumer Products group in Finland.

Competitiveness was further enhanced by the doubling of the investments. The financial position and the equity ratio were maintained unchanged.

The extensive product line management training programs have clarified the corporate culture and given new tools for developing profitable business.

The Fiskars logotype was redesigned. This will further support the international marketing of our branded products.

The strong US dollar had a positive effect on the Group results. The 12% increase is also reflected in the Group Balance Sheet.

Net sales

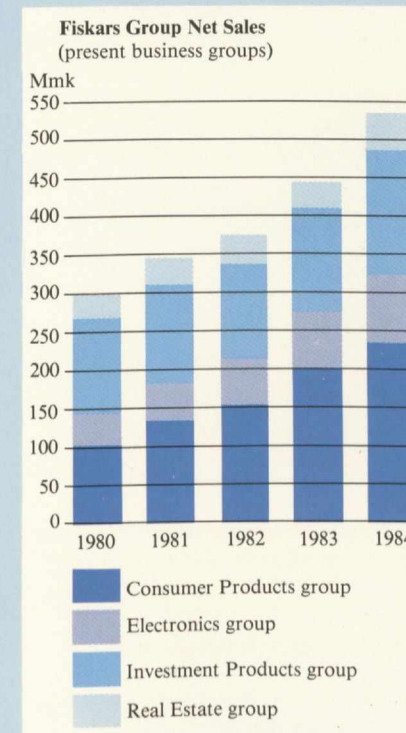
The Group's total net sales rose to 536 million FIM (471), of which sales outside Finland increased to 54% (51).

The present four business groups grew by 20%. The most international business area continued to be consumer products with sales abroad amounting to 75%.

The Parent Company's net sales were 394 million FIM (366), of which exports were 169 million FIM (141) accounting for 43% (38). Sales in Finland were 246 million FIM (226).

Group Net Sales (Present business groups) (million FIM)

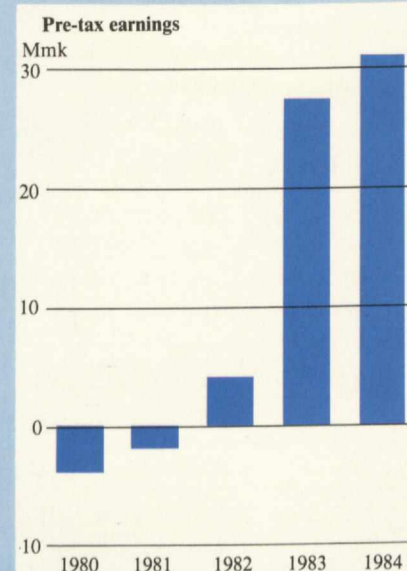
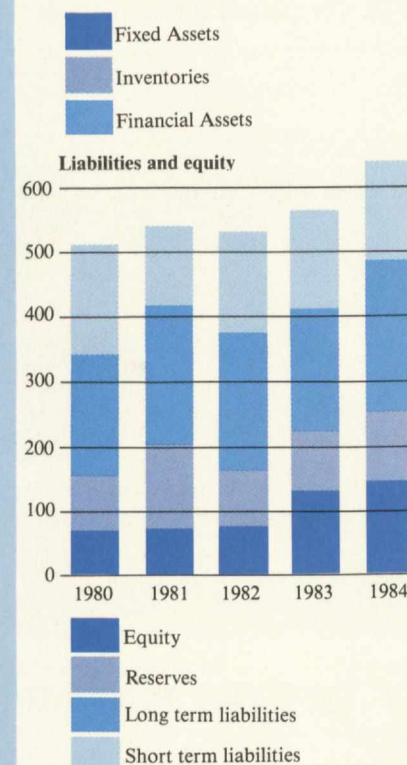
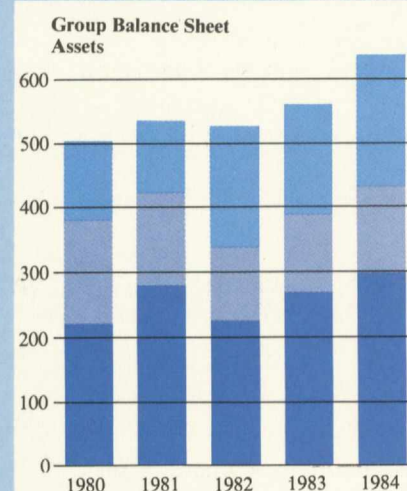
	Total net sales	abroad 1984 FIM	1984 %	% 1983
Consumer Products	235	177	75	77
Electronics	89	41	46	35
Investment Products	163	72	44	42
Real Estate	49	—	—	—
Group total	536	290	54	51



Group Sales by Market Areas (Present business groups)

	1984 Mill.FIM	1983 Mill.FIM	Change %
Finland	254	205	+ 24
Scandinavia	60	48	+ 25
Western Europe	62	55	+ 13
USA	140	115	+ 22
Soviet Union + other CMEA-countries	43	33	+ 30
Others	7	7	—
	566	463	
— Adjusting items	30	19	
Net Sales	536	444	+ 21

Operational Results of Business Groups



The Consumer Products group's core business comprises in Europe and in the USA scissors products, which continue to be successful.

The group's result is burdened by increased development and market introduction costs, as well as by continued expansion of the international marketing and distribution network.

The profitability of the Consumer Products group was satisfactory except for picture frames and mouldings.

The Electronics group continued to grow with an overall good profitability. Strong efforts in product development were maintained.

The Investment Products group could further improve its profitability and reach a good level. However, the development in various product lines was uneven.

The Real Estate group's activities are of long-term nature. Thus the evaluation of their profitability is different from that of the industrial groups. The harvest was successful second year in a row, enabling Fiskars to record a good result.

The timber sales were carried out according to plans. Again, annual growth exceeded annual fellings. Electricity distribution took place at previous year's level with a satisfactory result.

The operations of the subsidiary Priedium continued as planned with a positive result.

Earnings Summary

The Group

The Group's pre-tax earnings were 30.4 million FIM (26,9) or 6% of net sales (6).

The operating margin was 68 million FIM (65) or 13% of total net sales (14).

Depreciation according to plan rose to 18 million FIM (16), maximum allowable for tax purposes being 20 million FIM (17).

Net financial expenses, including realized and unrealized exchange differences, continued to decrease to 21 million FIM or less than 4% of net sales.

Depreciation in excess of plan has been increased by 2,4 million FIM and untaxed reserves have been increased by 15,5 million FIM. Taxes amount to 6,5 million FIM.

Return on assets in industrial operations (excluding forests and shares) was 12% (12), return on net assets rose to 15% (14).

The Parent Company

The Parent Company's pre-tax earnings were 24 million FIM (13) or 6% of net sales (4).

The operating margin was 38 million FIM (38) or 10% of net sales (10).

Net financial expenses decreased to 5,7 million FIM (14,9) or to 1,4% of net sales. The improvement is mainly due to the dividend paid by the subsidiary in the USA.

Other income comprises mainly such gains on sale of fixed assets that are to be considered as normal business transactions for the company.

Extraordinary gains on sales of fixed assets have been credited to the contingency reserve.

The Group's after tax earnings per share were 64 FIM, the corresponding P/E ratio being 6 at the year-end.

Finance

The Group's liquidity was good throughout the year.

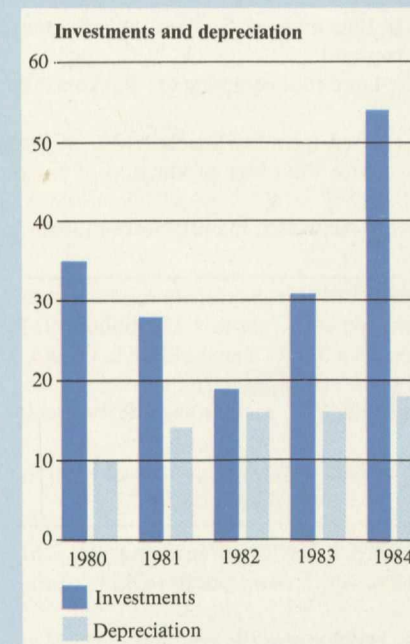
The growth of Financial assets is mainly due to new Group companies, and receivables connected to sizeable project deliveries and real estate sales.

Inventories increased primarily due to new subsidiaries and the growth of the subsidiary Priedium's business operations.

In the Parent Company, the funds tied-up in Inventories have decreased.

Short-term liabilities remained at last year's level.

Long-term loans totalling 95 million FIM were raised while previous loans were repaid by 57 million FIM, the net increase being 38 million FIM.



The exceptionally high amount of new loans and repayment of previous loans were due to improving the financial structure in connection of the reorganization of the Group's U.S. operations.

Short-term financing was converted to long-term loans on better terms.

Equity + reserves grew by 29 million FIM. The Group's equity ratio stayed at 39%.

The Parent Company's liquidity has also been good throughout the year. The foreign exchange position was kept in balance; there were no significant losses or gains on foreign currency transactions.

External borrowings remained at last year's level. Equity and reserves increased by 22 million FIM. The Parent Company's equity ratio grew to 47% (45).

Deficit in the Pension Fund was kept unchanged at 4 million FIM. The deficit in the Pension Fund and the Parent Company's pension liability totalled 11,6 million FIM (10,6).

Investments

The Group investment program was carried out according to plan. Investments totalled 54 million FIM (31) of which the Parent Company's share was 37 million FIM (22).

The major part of investments was again allocated to the Consumer Products group, which doubled its investments second year in a row. The largest single investment was the modernization of the Production tool plant and the Hand tool plant located in Billnäs, Finland.

The most important acquisition was the purchase of the Rahkola hand tool company in Vaasa, Finland.

In the USA, the production of S/V Tool Ltd, acquired in 1983, was moved to Wausau, Wisconsin and reorganized as a facility manufacturing hand tools.

Plastic injection molding capacity for hand tool production was increased by the purchase of a molding company.

In the Electronics group, the biggest single investment was the subscription for all the shares issued by Fiskars Electronics Corporation established in the USA.

As during previous year, all investments in product development and Parent Company tooling were entered as expenditure costs for the year.

Fixed Assets Investments	1984 Mill.FIM	1983 Mill.FIM
Consumer Products group	35	17,0
Electronics group	9,5	2,1
Investment Products group	4,7	3,0
Real Estate group	3,6	4,4
Others	1,1	4,2
	53,9	30,7

Personnel

The Group employed at the year-end 1774 (1733) people, of them outside Finland 230. The Parent Company's personnel numbered 1506 (1535).

The number of personnel employed was generally in balance with the volume of production.

During the year, 50 managers took part in Fiskars internal management seminars. Strategic marketing and sales planning seminars were organized for 55 key marketing people.

Organization

Business responsibilities of individual Management Board members were redefined by establishing a new business unit, Fiskars International. Lars Palmgren, member of the Management Board, was appointed its director.

Kimmo Käyhkö was nominated director of Consumer Products, Europe, and elected to the Management Board.

Further details of the organization are given on page 7.

Impact on Society (Parent Company)

In Finland, Fiskars operates 15 production plants in nine communities. The company also engages in agriculture and forestry as well as in generating and distributing electricity.

The company's impact on society is most visible in communities where Fiskars industrial units are significant employers, e.g. in Pohja and Inha. In these places, the company allocates considerable funds for cultural purposes in close collaboration with community people.

Changes in the Group Structure and Acquisitions

Fiskars aims at establishing competitive industry and providing modern industrial employment opportunities while maintaining its historically valuable buildings and the old industrial milieu in Fiskars.

The company sold to the community of Pohja about 25 hectares of land, old iron works and some other buildings of historical value in Billnäs.

The Group's operations in the USA were expanded by establishing Fiskars Inc. owned by the Parent Company. Fiskars Inc. owns the whole shareholding of the two operating companies, Fiskars Manufacturing Corporation (consumer products) and Fiskars Electronics Corporation.

Fiskars Manufacturing Corporation acquired the assets of Continental Custom Products located in Forest Lake, Minnesota.

Fiskars Electronics Corporation acquired the assets of Behlman Engineering located in Santa Barbara, California.

Fiskars acquired the shares of Finnsales Ltd in Birmingham, England. A new sales subsidiary Fiskars AG, was started in Zug, Switzerland.

In Finland, Fiskars acquired the shares of the hand tool company Oy Rahkola Ab located in Vaasa.

A product line manufacturing hinges was acquired from Oy Excelsior Ab, of the Wärsilä Group. The production was combined with the hinge production of Inha works.

The minority holding of shares in Risslamet Oy Ab, which manufactures ploughs, was sold.

Affiliate Companies

Long-term structural changes and adjustment of operations to prevailing market conditions contributed to Ovako Oy Ab's good result. Net sales rose to 1 258 million FIM (1 107) and the company was profitable. Fiskars has a 33,5% shareholding in Ovako.

In favorable market conditions, the sawmill Oy Metsä-Skogby Ab was able to improve its profitability. Net sales were 53 million FIM (55). Fiskars has a 50% shareholding.

The software company Procons Oy, of which Fiskars owns 49%, continued to grow. The company was profitable with sales rising to 20,5 million FIM (13,5).

Turnover of Shares on the Stock Exchange; Grouping of Shareholders

Turnover of Company shares on the Helsinki Stock Exchange amounted to FIM 8 172 716. Traded shares numbered 22 721 (18 526), which corresponds to 6,1% of the total share capital.

The Company's quotation was FIM 250 at the beginning of the year and FIM 412 at its end. A high of FIM 430 and a low of FIM 250 were registered.

The taxation value on December 31 was FIM 410 (245) per share.

The Company's share capital is FIM 37 200 000 and consists of 372 000 shares with a nominal value of FIM 100 each.

At the end of the year, the Company had 1 793 (1 845) registered shareholders.

Distribution of Share Ownership according to Share Register

12.31.1984:	Proportion of share capital, %	
	1984	1983
Private persons	64,9	67,5
Non-profit organizations	8,7	8,2
Business enterprises	18,6	16,6
Banks and insurance companies	7,8	7,7
	100,0	100,0

Outlook

The Group's main focus will continue to be the strengthening of operations in international markets, especially in Europe and in the USA.

High-quality Fiskars-branded products form the cornerstone in consumer product operations. Success will be achieved by continuously striving at increased customer satisfaction and development of new products.

In the Electronics group, product development aiming at increased international competitiveness will be carried out during 1985 and 1986 as well as the widening of activities both in Europe and in the USA.

The strategic position of the product lines within the Investment Products group varies. Market position in Europe will be strengthened.

The Real Estate group will continue to follow its long-term development plans.

Investment programs will support the Group's objectives and are estimated to reach a 60 million FIM level.

Group sales are expected to rise by 10% to 600 million FIM with a further earnings increase. The financial position and the equity ratio will remain good.

Group Income Statement (1000 FIM)

	1984	1983
Net sales	+ 535 791	+ 471 304
Costs of manufacturing, selling and administration	- 468 187	- 406 424
Operating margin	+ 67 604	+ 64 880
Depreciation according to plan	- 17 968	- 15 951
Operating profit	+ 49 636	+ 48 929
Financial income and expenses		
Dividends received	+ 204	+ 137
Interest income	+ 10 237	+ 7 179
Exchange differences	+ 174	- 1 212
Interest expense	- 31 407	- 20 792
Earnings after financial items	+ 28 844	+ 27 505
Other income and expenses		
Other income	+ 3 128	+ 486
Other expense	- 1 544	+ 1 584
Pre-tax earnings	+ 30 428	+ 26 946
Depreciation in excess of plan	- 2 364	- 690
Change in reserves		
Operating reserve	- 8 000	- 7 000
Inventory reserve	- 7 379	+ 213
Bad debts reserve	- 99	+ 236
Taxes	- 6 441	- 5 016
Net profit for the financial year	+ 6 145	+ 14 689

Group Balance Sheet
(1000 FIM)

Assets	31.12.1984		31.12.1983	
Financial assets				
Cash and bank deposits	39 216		42 350	
Trade receivables	112 208		90 463	
Loans	20 278		12 199	
Advance payments to suppliers	7 458		4 978	
Prepaid expenses and accrued income	10 016		7 006	
Share issue receivable	—		3 040	
Other financial assets	19 308	208 484	10 828	170 864
Inventories				
Materials and supplies	32 457		28 380	
Finished and semi-finished goods	100 564	133 021	91 347	119 727
Fixed assets				
Construction-in-progress	8 167		1 094	
Land and water	100 365		69 520	
Revaluation 1983	—		30 000	
Buildings and constructions	44 830		43 093	
Machinery and equipment	44 720		29 925	
Other tangible assets	1 186		5 684	
Bonds and shares	44 087		37 934	
Intangible assets	2 007		1 815	
Other long-term expenditure	1 107		1 374	
Goodwill	1 778		—	
	248 247		220 439	
Depreciation in excess of plan	47 012	295 259	46 653	267 092
		<u>636 764</u>		<u>557 683</u>

Liabilities and equity	31.12.1984		31.12.1983	
Liabilities				
Short-term				
Trade payables	34 369		35 459	
Advances from customers	5 217		7 184	
Prepaid income and accrued expenses	37 197		33 306	
Notes payable	33 666		29 091	
Current portion of long-term debts	31 224		37 188	
Other short-term liabilities	14 096	155 769	7 828	150 056
Long-term				
Loans from financial institutions	129 254		100 397	
Pensions fund loans	72 157		68 182	
Bond issue	12 250		11 000	
Other long-term debts	18 649	232 310	8 484	188 063
Reserves and depreciation in excess of plan				
Operating reserve	15 000		7 000	
Inventory reserve	42 269		34 809	
Bad debts reserve	2 695		2 671	
Depreciation in excess of plan	47 012	106 976	46 653	91 133
Equity				
Restricted equity				
Share capital	37 200		29 750	
New issue 1983	—		7 450	
Reserve fund	4 138		4 126	
Other restricted reserves	63 253		61 979	
	104 591		103 305	
Unrestricted equity				
Unappropriated profits	30 973		10 437	
Net profit for the financial year	6 145		14 689	
	37 118	141 709	25 126	128 431
		<u>636 764</u>		<u>557 683</u>

Funds Statement (1000 FIM)

	Group		Parent Company	
	1984	1983	1984	1983
Source of funds				
From operations				
Operating margin	67 604	64 880	37 942	38 146
Net financial expenses	-20 792	-20 754	- 5 661	-14 181
Taxes	- 6 441	- 4 201	- 3 832	- 2 111
Total from operations	40 371	39 925	28 449	21 854
Other income and expenses	- 872	- 654	- 384	22
Sales of fixed assets	14 840	6 670	14 365	4 839
New issue	—	7 719	—	7 719
New long-term borrowing	94 816	11 889	42 458	11 693
Translation differences on consolidation	3 169	900	—	—
Total funds provided	152 324	66 449	84 888	46 127
Application of funds				
Investments	53 872	31 591	36 965	21 980
Repayment of long-term liabilities	56 537	40 137	37 528	33 146
Dividends	2 678	1 488	2 678	1 488
Sundry decrease in equity	—	64	—	64
Total funds applied	113 087	73 280	77 171	56 678
Change in working capital	39 237	- 6 831	+ 7 717	-10 551
	152 324	66 449	84 888	46 127
Breakdown of change in working capital				
Financial assets	+ 37 620	-16 698	+ 14 022	-26 356
Inventories	+ 13 294	+ 6 449	- 4 714	+ 1 269
Short-term liabilities	-11 677	+ 3 418	- 1 591	+14 536
	39 237	- 6 831	+ 7 717	-10 551

Parent Company Income Statement (1000 FIM)

	1984	1983
Net sales	+ 394 191	+ 365 982
Costs of manufacturing, selling and administration	-356 249	-327 836
Operating margin	+ 37 942	+ 38 146
Depreciation according to plan	- 10 892	- 9 999
Operating profit	+ 27 050	+ 28 147
Financial income and expenses		
Dividends received	+ 6 435	+ 137
Interest income	+ 11 987	+ 9 563
Exchange differences	+ 174	- 1 212
Interest expenses	- 24 257	- 23 339
	- 5 661	- 14 851
Earnings after financial items	+ 21 389	+ 13 296
Other income and expense		
Other income	+ 2 683	+ 29
Other expense	- 478	- 142
	+ 2 205	- 113
Pre-tax earnings	+ 23 594	+ 13 183
Depreciation in excess of plan	- 2 364	- 690
Change in reserves		
Operating reserve	- 8 000	- 7 000
Inventory reserve	—	+ 2 000
	- 8 000	- 5 000
Taxes	- 3 832	- 2 926
Net profit for the financial year	+ 9 398	+ 4 567

Parent Company Balance Sheet
(1000 FIM)

Assets	31.12.1984		31.12.1983	
Financial assets				
Cash and bank deposits	29 006		36 166	
Trade receivables	86 534		70 783	
Loans	36 440		29 444	
Advance payments to suppliers	6 961		4 855	
Prepaid expenses and accrued income	4 335		6 148	
Share issue receivables	—		3 040	
Other financial assets	10 178	173 454	8 996	159 432
Inventories				
Materials and supplies	24 481		23 463	
Finished and semi-finished goods	61 310	85 791	67 042	90 505
Fixed assets				
Construction-in-progress	7 932		332	
Land and water	98 288		67 499	
Revaluation 1983	—		30 000	
Buildings and constructions	26 808		28 391	
Machinery and equipment	22 327		16 329	
Other tangible assets	1 054		859	
Bonds and shares	59 062		53 421	
Intangible assets	1 061		845	
Other long-term expenditure	1 103		1 374	
	217 635		199 050	
Depreciation in excess of plan	47 012	264 647	46 653	245 703
		<u>523 892</u>		<u>495 640</u>

Liabilities and equity	31.12.1984		31.12.1983	
Liabilities				
Short-term				
Trade payables	26 231		29 458	
Advances from customers	5 217		7 184	
Prepaid income and accrued income	30 868		27 622	
Current portion of long-term debts	30 874		31 700	
Other short-term liabilities	10 542	103 732	7 003	102 967
Long-term				
Loans from financial institutions	85 711		85 650	
Pension and loans	71 581		68 182	
Bond issue	12 250		11 000	
Other long-term debt	5 863	175 405	4 817	169 649
Reserves and depreciation in excess of plan				
Operating reserve	15 000		7 000	
Inventory reserve	27 558		27 558	
Bad debts reserve	2 564		2 564	
Depreciation on excess of plan	47 012	92 134	46 653	83 775
Equity				
Restricted equity				
Share capital	37 200		29 750	
New issue 1983	—		7 450	
Reserve fund	4 126		4 126	
Revaluation fund	57 314		57 395	
Other restricted reserves	13 038		13 700	
	111 678		112 422	
Unrestricted equity				
Contingency reserve	28 207		20 811	
Unappropriated profits	3 338		1 449	
Net profit for the financial year	9 398		4 567	
	40 943	152 621	26 827	139 249
		<u>523 892</u>		<u>495 640</u>

Notes to the Financial Statements

General accounting principles

The financial statements are based on the historical cost concept with the exception of certain landholdings which have been revalued.

Consolidated companies

All companies in which the group has more than 50 per cent of the voting shares have been included in the consolidated accounts, with the exception of Fiskars Electronics Corporation (FEC) that started operations in December 1984. Including FEC in the consolidated accounts would not have had a significant effect on the Group's result and financial position.

No significant minority interest exists in the group.

Intercompany transactions

Intercompany balances, sales, charges, dividends and profit in stock value at the year-end have been eliminated in consolidation.

Shares in subsidiaries

The Group's shareholding in subsidiaries has been eliminated using the Purchase method. This means that the Parent Company's investment in the subsidiary is set against the subsidiary's equity at the date of the acquisition. Half of the subsidiary's untaxed reserves have been included in the equity at the date of acquisition whereas the other half represents deferred tax liability and has been included under other long term debts. The cost of the investment in excess of equity is shown as goodwill in the consolidated balance sheet. Goodwill is depreciated with 10 per cent p.a.

Translation of foreign subsidiaries' accounts into Finnmarks

The accounts of foreign subsidiaries have been translated into Finnmarks using the Current-rate method. An exchange gain in consolidation has arisen due to the fact that most of the Group's investments have been made in countries with strong currencies. The exchange gain is included under Restricted equity.

Inventories

Inventories have been valued at the lower of cost, replacement cost or net realizable value. When determining cost, the direct costs of manufacturing have been used in the Parent Company and its Finnish subsidiaries. The first-in first-out principle has been applied. If manufacturing overheads were included (as subscribed for example by International Accounting Standards) this would result in a significantly higher inventory value.

The inventories of foreign subsidiaries have been valued in accordance with the principles prevailing in respective country, which means that production overheads are included in some cases.

Receivables and liabilities in foreign currencies

Receivables and liabilities have been converted into Finnmarks at the rate of exchange prevailing at the year-end. Realized and unrealized exchange differences have been charged against income.

Fixed assets

The fixed assets are entered at direct costs with the exception of certain landholdings that have been revalued.

The Group uses the following three methods of depreciation:

- Depreciation according to plan. Depreciation is applied consistently over the asset's useful life.
- Book depreciation. Book depreciation is based on fiscal requirements. In order for depreciation to be tax deductible in Finland the amount depreciated for taxation purposes must also be entered into the company's books.
- Depreciation calculated on current cost values. This is calculated on the historical cost values that have been adjusted for inflation. The Parent Company uses depreciation calculated on current cost values for pricing and internal measurement of profitability.

The difference between depreciation according to plan and book depreciation is shown in the income statement as an appropriation. In the balance sheet, the fixed assets are carried at original cost less book depreciation. Accumulated depreciation in excess of plan is taken up as a separate item in Fixed assets and Reserves.

In accordance with Finnish accounting regulations certain fixed assets may be revalued if appreciation in value is considered permanent. In accordance with this certain landholdings include revaluation. The surplus arising from valuation must be taken up under Restricted equity.

Reserves

Tax regulations in Finland allow transfer from the profit for the year to reserves. Such transfers are tax-deductible only when entered into the company's books. In accordance with the Accounting act such transfer is made from the pre-tax earnings. The total amount of transfers to reserves from the profit for the year and previous years are shown under Reserves.

Taxes

Taxes in the income statement consist of taxes paid and taxes payable on net profit. Deferred tax on transfer to reserves is not accounted for as these "timing differences" are not likely to be reversed in the near future.

Accounting for pensions

The retirement benefit plans for present employees have been covered by insurance policies with independent insurance companies. The Parent Company's Pension Fund, and the pensions paid by the Parent Company directly, cover voluntary pension plans for persons already retired.

Research and development

All costs for research and development are charged against income when incurred.

Leasing

Fixed assets leased to the company are in accordance with Finnish accounting practice not shown as assets, nor is the unpaid amount of leasing rentals shown as a liability. Further in the notes a summary of future lease payments on present financial lease agreements can be found.

Return on Assets

Return is defined as pre-tax earnings + interest expenses. Income from forestry and dividends received are deducted. The figure is further adjusted by eliminating extraordinary items (Other income and expenses).

Assets are calculated by deducting land and shares not employed in industrial operations.

Return is calculated on the average of the assets at the current and previous year's balance sheet dates.

All amounts in FIM 1000.

1. Costs of manufacturing, selling and administration	Group		Parent	
	1984	1983	1984	1983
Materials and supplies	206 900	182 674	154 236	146 757
Wages and salaries	118 642	103 191	87 338	82 663
Personnel costs	52 152	47 521	43 191	44 463
Rents and leases	12 511	9 970	11 370	9 960
Other fixed and variable costs	88 687	71 059	58 371	48 456
Production for own use	— 2 971	— 3 194	— 2 971	— 3 194
Change in inventory	— 7 734	— 4 797	4 714	— 1 269
	468 187	406 424	356 249	327 836

In the Parent Company a new accounting system was taken in use starting January 1st 1984. Some alternations of the 1983 figures have therefore been necessary in order to establish comparability.

2. Net Sales

Value added tax, freight-out, sales commissions and discounts have been deducted from gross sales in order to arrive at the net sales figure.

3. Salaries	Group		Parent	
	1984	1983	1984	1983
Manufacturing wages	71 664	66 151	60 596	59 160
Other wages and salaries	66 445	55 602	46 209	42 065
	138 109	121 753	106 805	101 225
Vacations and sick-leave pay	—19 467	—18 562	—19 467	—18 562
	118 642	103 191	87 338	82 663

Directors' salaries and emoluments were FIM 3,2 million (Group) and 1,1 million (Parent). The average number of persons employed was 1 754 (Group) and 1 521 (Parent).

4. Statutory and contractual personnel costs	Group		Parent	
	1984	1983	1984	1983
Finland				
Vacation and sick-leave pay	19 467	18 562	19 467	18 562
Social security charges	6 562	6 420	6 388	6 420
Pension costs	13 294	13 958	13 024	13 958
Pension costs, non-recurring	929	843	929	843
Transfer to Pension Fund	681	1 976	681	1 976
Other personnel costs	2 837	2 704	2 702	2 704
	43 770	44 463	43 191	44 463
Personnel costs abroad	8 383	3 058		
	52 153	47 521		

5. Other fixed and variable costs

Other fixed and variable costs comprise, for example, of purchases of subcontractors' services, energy for own use and sale, costs for maintaining production machinery and buildings, marketing costs and costs of personnel development.

The largest increase was noted in the Parent Company (+9,9 million FIM). Marketing costs, travelling costs, costs for maintaining buildings and production machinery and business development costs showed the largest increases.

6. Depreciation according to plan	Group		Parent	
	1984	1983	1984	1983
Buildings	3 230	2 906	2 489	2 564
Machinery and equipment	13 306	8 747	7 314	6 537
Other tangible assets	109	2 251	99	80
Intangible assets	511	1 364	376	258
Other long-term expenditure	614	560	614	560
Goodwill	198	123	—	—
	17 968	15 951	10 892	9 999

Depreciation according to plan is calculated using varying rates depending on the useful life of the asset. In most cases the following useful lives apply:

Buildings	25 years
Machinery and equipment	12,5 years
Vehicles	4 years

7. Book depreciation	Group		Parent	
	1984	1983	1984	1983
Buildings	3 339	3 135	2 598	2 793
Machinery and equipment	15 561	9 237	9 569	6 998
Other tangible assets	109	2 221	99	80
Intangible assets	511	1 365	376	258
Other long-term expenditure	614	560	614	560
Goodwill	198	123	—	—
	20 332	16 641	13 256	10 689

Depreciation in excess of plan	2 364	690	2 364	690
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As in 1983 book depreciation for 1984 corresponds to the maximum allowable under tax laws in Finland and abroad.

Depreciation on current cost values was FIM 22,5 Million in the Group (22,5) and FIM 15,4 Million in the Parent Company (16,6).

8. Financial income and expenditure

Of total dividends FIM 6,4 million received by the Parent Company FIM 6,3 million constitute dividends paid by subsidiaries.

Exchange differences	Group		Parent	
	1984	1983	1984	1983
Exchange differences on long-term debts and deposits in foreign currency				
Realized exchange differences	+ 47	— 405	+ 47	— 405
Unrealized exchange differences	+ 127	— 807	+ 127	— 807
	+ 174	—1 212	+ 174	—1 212

9. Other income and expense

In the Parent Company gains on sales of real estate totalling 6,7 million FIM have been credited to the Contingency Reserve. The gains on sales of real estate and shares shown in Other income are not extraordinary items considering the nature and extent of the Group's operations.

10. Taxes

Taxes in the Income statement consist of taxes paid and payable on net profit as according to the Income statement.

11. Intercompany receivables and liabilities	Group		Parent	
	1984	1983	1984	1983
Trade receivables	—	—	29 462	23 956
Loans receivable	—	—	17 245	17 245
Prepaid expense and accrued income	—	—	—	120
Trade payables	—	—	1 935	436

12. Loans receivable

Loans receivable from persons belonging to Group management amounted to FIM 0.5 million.

13. Inventories

Inventories in the Group Balance Sheet include Oy Priedium Ab's landholdings intended for sale.

14. Fixed assets

Gross investments and depreciation according to plan
Gross in-vestments Accumulated depreciation Residual value

Construction-in-progress	8 167	—	8 167
Land and water	100 364	—	100 364
Buildings and constructions	82 740	27 158	55 582
Machinery and equipment	151 216	70 236	80 980
Other tangible assets	1 723	537	1 186
Intangible assets	3 413	1 406	2 007
Other long-term expenditure	2 461	1 354	1 107
Bonds and shares	44 087	—	44 087
Goodwill	2 100	321	1 779
Total 1984	396 271	101 012	295 259
Total 1983	355 210	88 118	267 092

Gross investments and book depreciation

Gross in-vestments Accumulated depreciation Residual value

Construction-in-progress	8 167	—	8 167
Land and water	82 740	37 910	44 830
Buildings	100 365	—	100 365
Machinery and equipment	151 216	106 496	44 720
Other tangible assets	1 723	537	1 186
Intangible assets	3 413	1 406	2 007
Other long-term expenditure	2 461	1 354	1 107
Bonds and shares	44 087	—	44 087
Goodwill	2 100	322	1 778
Total 1984	396 271	148 025	248 247
Total 1983	355 210	134 771	220 439

Depreciation in excess of plan 1984 47 012

15. Investments	Group		Parent	
	1984	1983	1984	1983
Construction-in-progress	7 885	1 068	7 885	332
Land and water	1 007	2 578	1 007	2 559
Buildings and constructions	5 984	4 912	2 698	4 697
Machinery and equipment	26 773	13 941	18 179	10 152
Other tangible assets	294	4 116	257	—
Bonds and shares	10 967	3 135	5 977	3 305
Intangible assets	619	1 236	619	330
Other long-term expenditure	343	605	343	605
	53 872	31 591	36 965	21 980

16. Value of real estate and shares assessed for taxation purposes (Finland)	Group		Parent	
	1984	1983	1984	1983
Land and water	39 368	35 833	37 211	34 252
Buildings	63 562	66 672	46 399	44 899
Bonds and shares	26 720	28 705	50 995	50 113

17. Bond loans, Parent

Bond loan Dec. 1, 1978 to Dec. 1, 1988

Rate 7,5%

Principal outstanding Dec. 31, 1984	11 000
— current portion	2 750
	8 250

Bond loan Dec. 28, 1984 to Dec. 28, 1989

Rate 10,5%

Principal outstanding Dec. 31, 1984	5 000
— current portion	1 000
	4 000

Total as per balance sheet 12 250

18. Reserves	Group		Parent	
	1984	1983	1984	1983
Operating reserve				
Jan. 1	7 000	—	7 000	—
Increase + /Decrease—	+ 8 000	+ 7 000	+ 8 000	+ 7 000
Dec. 31	15 000	7 000	15 000	7 000

Inventory reserve				
Jan. 1	34 809	35 021	27 558	29 558
Increase + /Decrease—	+ 7 379	— 213	— —	— 2 000
Other change	+ 81	+ 1	—	—
Dec. 31	42 269	34 809	27 558	27 558

Bad debts reserve				
Jan. 1	2 671	2 907	2 564	2 564
Increase + /Decrease—	—	—	—	—
Other change	+ 99	— 236	—	—
Dec. 31	— 75	—	—	—
Dec. 31	2 695	2 671	2 564	2 564

Depreciation in excess of plan	47 012	46 653	47 012	46 653
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19. Changes in the Group's equity

Restricted equity	Share capital	New issue 1983	Reserve fund	Other restricted
Jan. 1	29 750	7 450	4 126	61 979
Transfer to Share capital	+ 7 450	— 7 450		
Transfer to Contingency reserve				— 81
Other change			+ 12	+ 1 355
Dec. 31	37 200	—	4 138	63 253
Restricted equity total				104 591

Unrestricted equity	Unappropriated profits	Net profit for the year
Jan. 1	25 126	
Dividends paid	— 2 678	
Revaluation on real estate realized through sale	+ 81	
Gain on sale of fixed assets	+ 6 652	
Other change	+ 1 792	
Profit for the year		+ 6 145
Dec. 31	30 973	6 145
Unrestricted reserves, total		37 118
Equity, total		141 709

Exchange gains in consolidation totalling FIM 5.4 million are included in restricted equity.

20. Changes in the Parent Company's equity

Restricted equity	Share capital	New issue 1983	Reserve fund	Revaluation fund	Other re-stricted equity
Jan. 1	29 750	7 450	4 126	57 395	13 700
Transfer to Share capital	+ 7 450	— 7 450			
Transfer to Contingency reserve				— 81	— 662
Dec. 31	37 200	—	4 126	57 314	13 038
Equity, total					111 678

Unrestricted equity	Contingency reserve	Unappropriated profits	Profit for the year
Jan. 1	20 811	6 016	
Revaluation on real estate realized through sale	+ 744		
Gain on sale of fixed assets	+ 6 652		
Dividends		— 2 678	
Profit for the year			+ 9 398
Dec. 31	28 207	3 338	9 398
Unrestricted equity, total			40 943
Equity, total			152 621

21. Parent Company share capital

The Parent Company's share capital consists of 372 000 shares, nominal value 100 FIM/each.

22. Pledged assets and contingencies	Group		Parent	
	1984	1983	1984	1983
Mortgages				
— for the Group's liabilities	117 833	112 370	117 683	106 463
— other	900	—	—	—
	118 773	112 370	117 683	106 463

Pledged assets				
— other	278	—	—	—
Factoring obligation	771	—	771	—

Contingencies				
— for subsidiaries' liabilities	—	—	19 221	32 477
— other	23 899	22 977	23 399	22 977
	23 899	22 977	42 620	55 454

Discounted bills of exchange				
— for subsidiaries' liabilities			27 653	9 320
— other	3 571	7 454	3 571	14 587
	3 571	7 454	31 224	23 907

23. Pension liability	1984	1983
— Parent Company's pension liability	7 709	6 667
— Deficit in Pension Fund	3 938	3 939
	11 647	10 606

24. Leased assets

Lease rentals under present uncancellable leasing agreements payable in future years:

	Group	Parent
1985	3 823	2 081
1986	2 668	1 759
1987	1 383	1 002
1988	885	787
1989	52	45

25. Shares included in fixed assets	Number of shares	% of share capital	Nominal value (1000)	Book value (1000)
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Shares owned by the Parent Company

Shares in subsidiaries				
Fiskars Manufacturing Corporation, USA	250	100	2500 (USD)	10 590
Fiskars Inc., USA	250	100	250 (USD)	1 532
Fiskars A/S, Denmark		99,7	4490 (DKK)	3 066
Fiskars A/S, Norway	30	100	150 (NOK)	117
Fiskars AB, Sweden	1 000	100	100 (SEK)	84
Fiskars GmbH, FRG		100	49 (DEM)	73
Fiskars GmbH, Austria		99	500 (ATS)	126
Fiskars Nederland B.V., Netherlands	35	100	35 (NLG)	66
Finnovation SARL, France	299	100	30 (FRF)	174
Fiskars AG, Switzerland	50	100	50 (CHF)	129
Finnsales Ltd., Great Britain	66 000	100	66 (GBP)	618
Oy Rahkola Ab		100	4	3 694
Oy Priedium Ab	15 000	100	1500	1 500
Housing companies				129
Non-operating companies				83
				21 981

Shares in other companies

Ovako Oy Ab	34 480	33,5	34 840	21 808
Oy Metsä-Skogby Ab	1 000	50,0	10 000	10 000
Starckjohann-Telko Oy	2 250	18,7	1 687	2 231
Rautaruukki Oy	125	×	625	625
Procons Oy	199	49,7	199	199
Oy Liikkeenjohdon koulutuskeskus Ab	2	×	100	100
Wilkinson-Fiskars B.V.	25	50	25 (NLG)	44
Cadaps Ky			100	100
Housing companies				1 377
Other shares				597
				37 081

Total Parent Company 59 062

Shares owned by other Group companies

Fiskars Electronics Corp., USA	1 000	100	1 000 (USD)	6 522
Other shares				483
Total other Group companies				7 005

× = less than 1%

Annual General Meeting of Shareholders 1984

At the annual general meeting of shareholders on May 9, 1984, the financial statements for 1983 were approved in accordance with the Board of Directors' proposal. A dividend of 9% was declared, i.e. FIM 9 per share, totaling FIM 2 677 500 mk.

Retiring members, Robert G. Ehrnrooth and Lauri Kalima were re-elected to the Board.

Eric Haglund, Brita Hisinger-Jägerskiöld and Christian Hildén were re-elected auditors.

Henry Lind, Peter Hartwall and Sixten Nyman were elected deputy auditors.

Proposal by the Board of Directors to the Annual General Meeting 1985

Unrestricted equity for the Group amounts to FIM 37 million

Unappropriated profits from previous years	3 337 815,42
Profit for the financial year	9 398 336,22
Total	<u>FIM 12 736 151,64</u>

The Board proposes that

- in accordance with Company by-laws, 4% interest be paid to shareholders mk 1 488 000,00
- an additional 7% be paid to shareholders mk 2 604 000,00 thus totalling FIM 11/share (11%)
- to be carried forward FIM 8 644 151.64

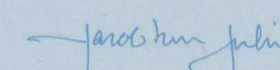
If the Annual General Meeting approves the proposal of the Board, the Parent Company's equity amounts to FIM 148.5 million.

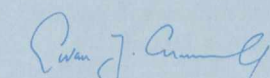
Breakdown of equity:

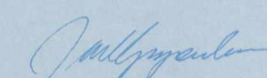
	1984	1983
RESTRICTED EQUITY		
Share capital	37,2	29,7
— New issue 1983	—	7,5
Reserve fund	4,1	4,1
Revaluation fund	57,3	57,4
Other restricted reserves	13,0	13,7
	<u>111,7</u>	<u>112,4</u>

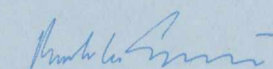
UNRESTRICTED EQUITY		
Distributable reserves	28,2	20,8
Unappropriated profits	8,6	3,3
	<u>36,8</u>	<u>24,1</u>
Total	<u>148,5</u>	<u>136,5</u>

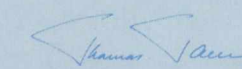
Helsinki, March 8, 1985

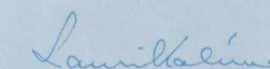

Jacob von Julin

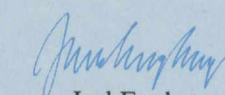

Göran J. Ehrnrooth

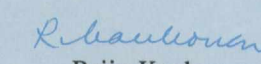

Jarl Gripenberg


Robert G. Ehrnrooth


Thomas Tallberg


Lauri Kalima


Jarl Engberg


Reijo Kaukonen
Managing Director

Auditors' Report

We have examined the annual accounts, the consolidated accounts, the accounting records and the administration by the board of directors and the managing director of Fiskars Oy Ab for the financial year 1984. Our examination was made in accordance with generally accepted auditing standards in Finland.

Parent Company

The annual accounts showing a profit for the period of 9,398,336.22 marks have been prepared in accordance with the regulations in force.

As our audit has not given cause to any comments regarding the accounts and the administration we recommend

that the income statement and the balance sheet be adopted,

that the unappropriated earnings be dealt with in accordance with the board of directors' proposal,

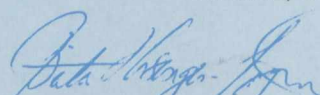
that the members of the board of directors and the managing director be discharged from liability for the financial period audited by us.

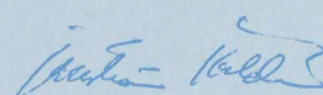
Group

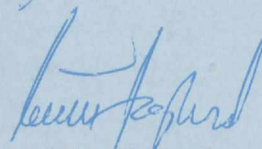
The consolidated accounts have been prepared in accordance with the regulations in force. The unrestricted equity of the Group is shown in the balance sheet in accordance with the Companies Act.

We recommend that the consolidated income statement and the consolidated balance sheet be adopted.

Helsinki, March 11, 1985

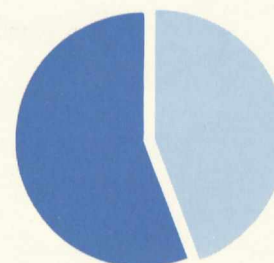

Brita Hisinger-Jägerskiöld


Christian Hildén


Eric Haglund
Authorized Public
Accountant

Consumer Products Group

Strong expansion in Europe



Consumer Products group accounted for 44 % of total Groups sales

Sales, FIM mill.	235
of which	
outside Finland	75 %
Personnel	772

Fiskars European sales of scissors, knives and handtools increased over 30 %, partly due to the acquisition of the Rahkola company in Finland. In spite of the softening consumer market in the USA towards the year end, the sales of Fiskars Manufacturing Corporation increased.

The Consumer group's business was organized by market areas into three operations: Europe, the USA and International. This enables Fiskars to focus its market and product strategies to the diversified business conditions and to maintain a proper management control over each area.

Innovation accelerated

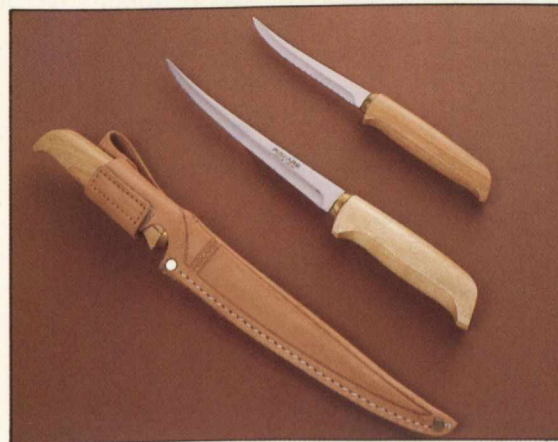
Fiskars launched several new products based on the continued design and development efforts of joint European and US teams. New scissors models were introduced for kitchen, garden and professional use. Two new series of kitchen knives, the Chef Collection for Europe and the Fiskars Collection for the American market, and several individual professional tools were also introduced.

In the USA a comprehensive range of Fiskars branded innovative do-it-yourself tools was brought onto the market towards the end of the year. This is expected to contribute significantly towards growth in the future on both sides of the Atlantic.





A new series of kitchen knives, the Fiskars Collection, was introduced in the USA. The new sporting knives have been successful in the American markets.



New consumer products include the Chef kitchen knives collection, loppers, pruners and renewed kitchen/gourmet scissors. The product range of picture frames and mouldings was redesigned.

Consumer Products Group

New inputs of technology

During the last decade Fiskars invested heavily in the manufacturing facilities required to achieve the ambitious targets for the volume production of high-quality scissors. Fiskars® scissors have further strengthened their position as a leading world product.

New technology and production methods are also being continually adapted by the knife and hand tool plants both in Finland and the USA. The hand tool production in the USA was consolidated in a new manufacturing facility adjoining the scissors plant. Plastic injection molding capacity was increased by the purchase of a molding company. The new knife plant in Finland started its operations and a new hand tool plant is being made ready for production.

Closer to the market

New national sales subsidiaries started in the UK and in Switzerland. Fiskars consumer products are now marketed by nine sales companies in Europe.

The organization of the consumer operations in the USA was restructured along divisional lines to gain new growth opportunities in existing and developing businesses. Fiskars has today nationwide marketing coverage by four sales forces: scissors, kitchen knives, handtools and sporting knives, assisted by nationwide advertising.

Fiskars consumer products are known all over the world by their high utility value proven by their quality, distinctive designs and unique price/performance ratio. The consumer group is becoming strongly poised to mass marketing Fiskars® branded products internationally for home makers, do-it-yourselfers and professional users and will contribute decisively to the dynamic development of the group as a whole.

Frames and mouldings restructured

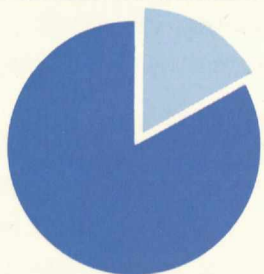
The Porvoo unit, serving European and US markets, struggled last year with difficulties caused by changing demand behavior. The product range was redesigned to meet customer needs and to enable the plant to adopt new materials and automated production techniques. Customer service and communications are being improved through an effective use of the Consumer group's sales subsidiaries.

Growing public acceptance of Fiskars quality design

Fiskars' long tradition of practical and attractive design of high quality products was acknowledged by the Finnish Design Council, which awarded the emblem of Good Design to the sporting knives supporting the activities of World Wildlife Foundation and to the 98 premium range of Fiskars scissors.

Electronics Group

Focus on internationalization



Electronics group accounted for 17 % of total Group sales.

Sales, FIM mill.	89
of which outside Finland	46 %
Personnel	289

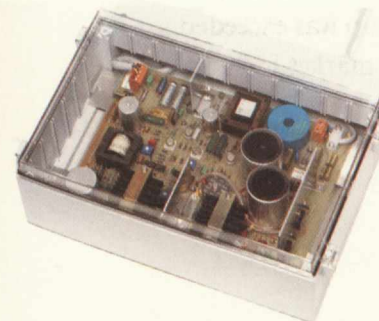
The overall growth target of Fiskars Electronics group was exceeded primarily due to increased exports. The larger home market including all four Nordic countries, received the bulk of these increases and enclosures opened up new markets in New Zealand, Australia and Singapore as well.

Advanced Products grew substantially during the year and increased its human resources.

Total sales for the Electronics group increased by 20 % over the previous year.

A major step in the internationalization process was taken by the forming of Fiskars Electronics Corporation in the USA which acquired Behlman Engineering in Santa Barbara, California, known for its micro processor controlled AC power sources and smart power distribution systems. This acquisition provides Fiskars with a widened base for expanding the power electronics business and growing into a major supplier in the European and American markets.

Co-operation with European suppliers of traffic control systems have resulted in important orders from the Middle East.



The new FIBOX enclosures protect electrical equipment from environmental damage.

Fiskars new low-end UPS guarantee uninterruptible power supply for the computer and the office-of-the-future.

Fiskars traffic control systems ensure smooth and safe traffic flow.

Focus on product development

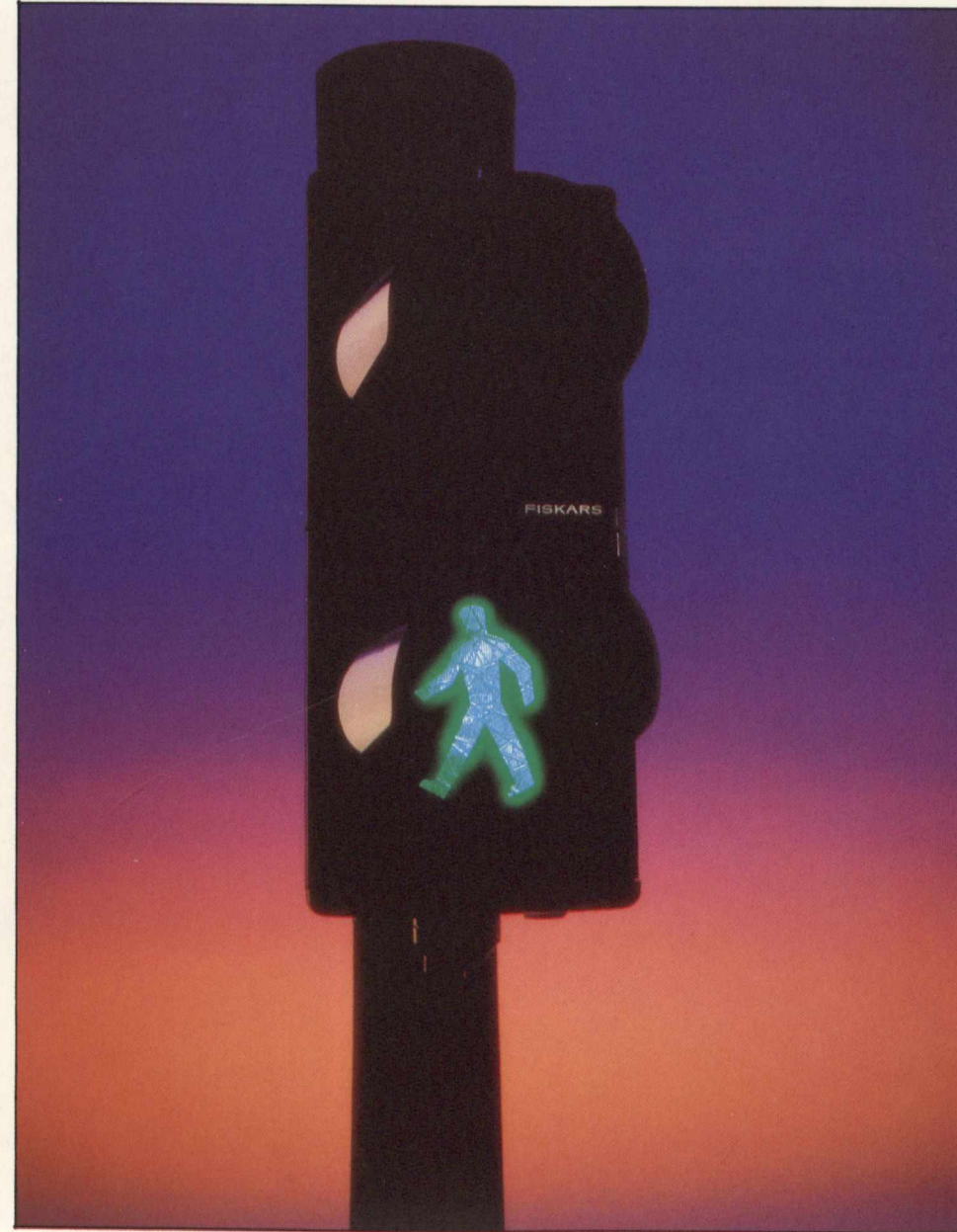
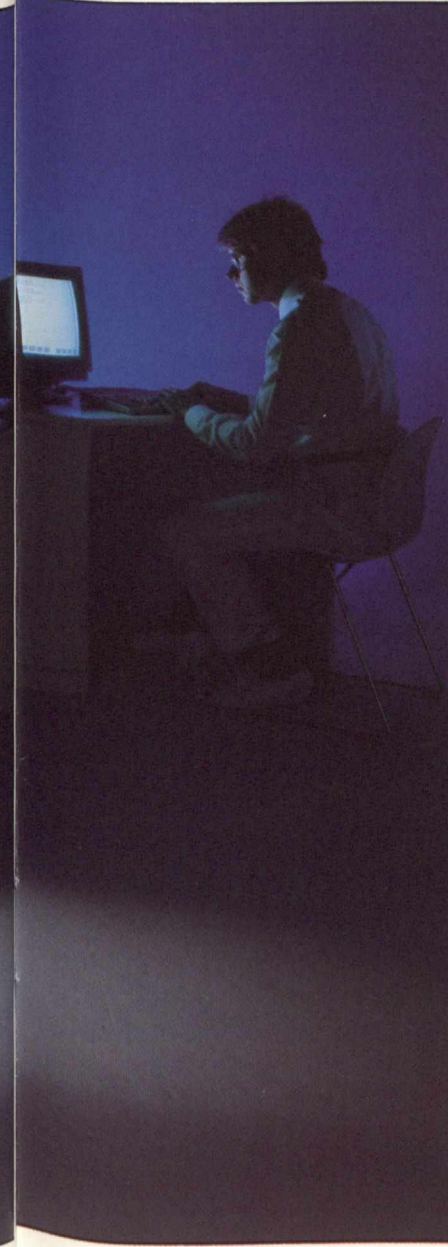
Power Electronics designed a new generation of UPS (Uninterruptible Power Supply) systems that well match the product ranges of Behlman Engineering. Product development efforts in this area focus on miniaturization, low noise switcher technology, user friendly diagnosis and control functions.

First sales were made on the new low-end power UPS specially designed for the computer and the office-of-the-future markets.

Traffic Electronics continued its high-level product development and invested simultaneously in increased productivity. Enclosures started developments on new product lines. First market successes were gained with the new FIBOX enclosure series.

Leading domestic position maintained

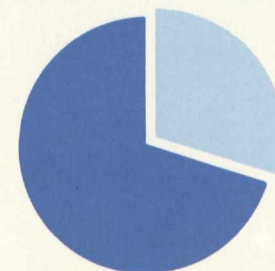
While focusing on growth in the export markets and new product investments, Fiskars Electronics has maintained its strong domestic market position. Sizeable orders were received for UPS systems by the Olkiluoto nuclear power station, the Finnish State Railways and ships built by Finnish docks.





Investment Products Group

Demand growing but spotty



Investment Products group accounted for 30 % of total Groups sales

Sales, FIM mill.	163
of which	
outside Finland	44 %
Personnel	521

Buster aluminum boats improved their market positions.



Fiskars' enclosed life-boat, designed for 80 persons, is being tested for self-righting. Test shows a positive result even with latches open and filled with water.

The new foldable log loader F MZ in Austria.

Fiskars products for transportation and materials handling in critical conditions were advancing at different speeds. The worldwide boom in the demand for forest products increased the sales of Fiskars log loaders and cranes, while the continuing shipbuilding depression affected lifeboats. Consumer spending in motor boats went down, but Buster boats were able to improve their market positions.

Overall sales of the group's existing businesses increased by 20 % over the previous year and the group achieved its sales objectives.

Full advantage for log loaders

In favorable market conditions Fiskars increased the sales of log loaders considerably and introduced new models to capture markets in new user segments. Market positions were strengthened especially in the UK and Norway.

Well-known and appreciated for its high-quality products and services, Fiskars also won strong acclaim among professionals in Central Europe with the new foldable log loaders type F MZ and F GZ. Orders increased at an impressive rate. The industrial log cranes achieved a break-through in Central Europe.

In the Soviet Union Fiskars has established a solid position as a log loader supplier; orders from the Soviet Union increased over the previous year.

To improve competitiveness, the Salo Engineering unit has continued investing in new technology.

Special vessels for many waters

The Turku boat yard delivered a series of mine sweepers contracted by the Finnish Navy. Advanced patrol boats with aluminum hulls were delivered to the Coast Guard with a success that led to the order of additional boats.

Apart from delivering lifeboats and other auxiliary vessels for ocean cruisers, car ferries and oilrigs built by the Finnish ship yards, Fiskars also built special boats for Canadian ice-breakers and Soviet arctic tankers. A hyperbaric lifeboat to be used for the rescue of deep-sea divers was delivered to India. Further boats of similar construction will be delivered in 1985.

Inha strengthens domestic muscle and goes abroad

The rugged Buster® aluminum boat, a famous brand in Scandinavia, is a leading all-weather leisure and professional boat for demanding seashore transportation. Busters did particularly well even in recent extensive shoreline rescue operations after a critical oil leak incident in the shallow waters of the Gulf of Bothnia.

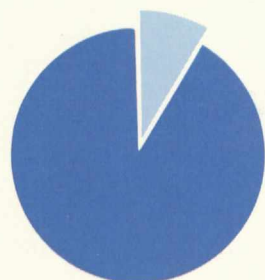
Now Busters are also assembled in Rochefort on the Atlantic coast, a joint effort by French and Finnish boatbuilders. Market surveys have shown that the Atlantic and Mediterranean coasts have many uses for the rugged design and quality of Buster boats. For Inha works, this means a challenging opportunity to create new markets.

To rationalize domestic production of hinges for windows and doors and to gain competitiveness in the Scandinavian markets, Inha last year joined forces with the Excelsior company of the Wärtsilä Security Group. Manufacturing of hinges was concentrated in Inha.

Inha signed a new contract for deliveries of rail attachment equipment to the Finnish State Railways. The Formaterm special purpose radiators were successfully introduced to the market.

Real Estate Group

Industrial community revitalized



Real Estate group accounted for 9 % of total Group sales.

Sales, FIM mill. 49
Personnel 141

The Real Estate group carried out the modernization project of three plants belonging to the Consumer Products group. The renewal of the factories is a part of the large revitalizing project involving the industrial communities of Pohja.

Stable progress in farming and forestry

Despite changing weather conditions, the harvest was successful, enabling Fiskars to record a good result in its farming business.

Own forests were managed along a long-term plan which aims at the growth and improved age-class distribution of timber. The annual growth exceeded fellings of 27 000 cubic meters.

Real estate services

The modernization of Fiskars plants in Fiskars and Billnäs increased the need for various real estate services. Fiskars electricity unit distributed over 31 000 MWh to industrial and private users in the area. The three hydroelectric plants owned by the Real Estate group produced 14 500 MWh.

Growing demand for recreational areas

In the attractive recreation areas of Tenhola and Tammisaari, Fiskars' subsidiary Predium develops and sells its land properties in building lots to private users. Sales exceeded targets.



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Plastics plant, Ajuripuistotie 2, P.O. Box 42, 10601 Tammisaari. Tel. +358-11-12900. Telex 13123 feken sf. Telefax +358-11-139 99. Mgr. Nils Ewalds.

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Electricity distribution, 10470 Fiskars. Tel. +358-11-3771. Telex 13164 fmek sf. Mgr. Ralf Lytz.

Oy Predium Ab, Pohj. Rautatiekatu 11 A, 00100 Helsinki. Tel. +358-0-492859. Telex 124826 fhels sf. Mgr. Gösta Roos.

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Behlman Engineering, 1142 Mark Avenue, Carpinteria, 93013 California, USA. Tel. 805-684-8311. Telefax 805-684-8128. Tommy Tucker.

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