

A N N U A L   R E P O R T   1 9 8 7



**FISKARS**

## SUMMARY OF OPERATIONS

Million FIM	1983	1984	1985	1986	1987
Net sales	471	536	627	705	1 027
Sales outside Finland	239	290	372	480	721
in per cent of net sales	51	54	60	68	71
Operating margin	66	70	71	80	112
in per cent of net sales	14	13	12	11	11
Depreciation according to plan	16	18	19	25	36
Financial net	- 23	- 23	- 21	- 22	- 17
Earnings after financial items	+ 27	+ 29	+ 31	+ 33	+ 58
Pre-tax earnings	+ 30	+ 37	+ 41	+ 49	+ 83
in per cent of net sales	6	7	6	7	8
Dividend paid	2,7	4,1	5,5	7,4	11,9
Equity + reserves	219	249	293	525	664
Return on equity, in per cent <sup>1)</sup>	12	9	10	7	9
Return on net capital employed <sup>2)</sup>	11	11	10	9	10
Equity ratio, in per cent	39	39	40	49	48
Market value at Stock Exchange Dec. 31	96	154	260	715	1 198
Personnel at year-end	1 733	1 822	1 998	2 218	2 890
of which employed outside Finland	198	230	420	783	1 210
Capital expenditure	31	54	55	152	199

<sup>1)</sup>  $\frac{\text{Earnings after financial items} - \text{taxes}}{\text{Equity} + \text{reserves (avg.)}} \times 100$

<sup>2)</sup>  $\frac{\text{Earnings after financial items} + \text{interest expense}}{\text{Balance sheet total} - \text{non-interest bearing debt (avg.)}} \times 100$

## ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Fiskars Oy Ab will be held at Marski restaurant, Mannerheimintie 10, Helsinki, on Wednesday, March 30, 1988 at 4.30 p.m.

Shareholders wishing to attend the meeting should inform the Fiskars Corporate Head Office by phone (90) 644 011 or by letter, Mannerheimintie 14 A, 00100 Helsinki, on Monday, March 28, 1988 at 4.30 p.m. at the latest.

Shareholders with a change of address are kindly requested to contact Fiskars Corporate Head Office, telephone (90) 644 011.

Other financial information about the Fiskars Corporation during 1988 will be available in Finnish, Swedish and English as follows:  
Review of Operations,  
January 1 to April 30, 1988, in June  
Review of Operations,  
January 1 to August 31, 1988, in October.

## ANNUAL REPORT 1987

### CONTENTS

Annual General Meeting	cover II
Fiskars Corporation, Summary of operations	cover II
Jacob von Julin in memoriam	2
Management's report	3
Information on Fiskars' shares	5
Highlights 1987	6
Board of Directors, Corporate Management and Auditors	8
Fiskars in the nordic countries and on the world map	9
Fiskars Business Groups	10
Consumer Products Group	12
Electronics Group	14
Investment Products Group	16
Real Estate Group	18
Annual Report from the Board of Directors	19
Consolidated Income Statement	25
Consolidated Balance Sheet	26
Funds Statements	28
Parent Company Income Statement	29
Parent Company Balance Sheet	30
Consolidated results in accordance with International Accounting Standards	32
Accounting Policies	34
Notes to the Financial Statements	36
General Meetings	43
Proposal by the Board of Directors to the Annual General Meeting	44
Auditors' Report	45
Addresses	46

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



## JACOB von JULIN IN MEMORIAM



Jacob von Julin passed away on June 1, 1987. He was born in 1906 and from as early as the 1940s Jacob von Julin came to represent the concept "Fiskars", with its industry, history and family traditions.

Jacob von Julin's main activities were in the forest industry and its central organizations. His glowing talent also extended to other areas of business including banking and insurance. Over the course of the years, he was nevertheless connected more and more closely with the old family enterprise, Fiskars, which now would be piloted towards a new and internationalized structure.

Fiskars experienced its most thorough structural change in 1969, when it transferred its traditional steel business to Ovako Oy Ab and became a shareholder of this company. The agreement structure which created the basis for the successful steel company was also largely the design of Jacob von Julin. The execution of this transaction can to a great extent be credited to Jacob von Julin's personality and the prestige which he enjoyed in the Finnish business world, above all in the eyes of the agreement partner, the Union Bank of Finland.

Jacob von Julin's ancestors directed the fate of the ironworks, which had been founded in 1649, from the 1820s onwards. This was a demanding tradition which Jacob von Julin continued with a wise and positive attitude. In 1950 Jacob von Julin was granted a prestigious industrial title for his achievements by the President of Finland, thus representing the 4th generation of the family to receive this honor. In 1970 he was awarded an honorary doctoral degree by the Swedish School of Economics in Helsinki.

When Fiskars celebrated its 100th anniversary as a public stock company in 1983, the great structural change which had begun in the late 1950s was almost completed. After serious crises in the 1960s and 1970s, the tradition-rich company stood on a firm economic foundation. Jacob von Julin served throughout this period as Chairman of the Board, and at the board meeting in October 1983 he was named Honorary Chairman. Jacob von Julin's contacts with Fiskars were unique in every respect: he served as a board member for 55 years, from 1932 to 1987, and was Chairman of the Board from 1947 to 1983.

All those who had the pleasure of knowing Jacob von Julin honor his memory with deep gratitude.

## MANAGEMENT'S REPORT

The Fiskars Corporation's development in 1987 was characterized by intense growth. Net sales rose a full 45 % and exceeded one billion FIM. Both the operating profit and profit after extraordinary items showed a clear improvement over the previous years.

Notable events in 1987 included the stock market crash in October and the strong reduction in the value of the US dollar. Since one-third of Fiskars operations take place in the United States, the latter in particular had a considerable influence on the corporation's financial accounts in Finnmarks.

In the light of the past five years achievements, the corporation's strategic course is clearly visible. Both net sales and operating earnings have more than doubled. As a result of the current internationalization process, sales to customers outside Finland rose from 50 % to 70 % during the period 1983-87.





The Fiskars Corporation has chosen to focus on three clearly defined, roughly equal sized, areas of business – globally speaking narrow niches of expertise – in which the corporation has deep rooted know-how and a strong market position. Fiskars products, recognised for their superior quality, can meet the challenge on the tough international markets. In recent years acquisitions have brought Fiskars closer to customers by way of strengthened distribution, marketing and local production. Fiskars' continuing structural change means divesting certain operations and product groups while investing in other operations better suited to the company's strategies.

Special features of the parent company include Fiskars' land and real estate holdings, which date back more than 300 years to the ironwork days, as well as significant holdings in a number of other companies. The mere book value of this property is no less than 30 % of the corporation's total assets. These assets, while increasing solidity, also form the basis for value adding real estate operations.

The corporation's current fast growth rate also means a certain degree of risk taking. In order to ensure financial flexibility, a healthy equity ratio is maintained. By selling non-strategic assets and by issuing new shares, equity has grown from FIM 200 million to FIM 650 million. On the other hand the return on equity has during the five-year period decreased from 12 % to 9 %, which does not correspond to the long-term objective.

In acquiring shares in SMZ-Industrier AB and in negotiating the purchase of Ulveco AB's power electronics business as well as the transfer of Wilkinson's Home and Garden division to Fiskars ownership, a large part of the price has been agreed to be in the form of Fiskars shares. This possibility of issuing new shares has provided a significant competitive advantage.

Fiskars has today nearly three thousand shareholders. The continuity created by their long-term business approach remains one of the corporation's strong points.

\* \* \*

The current development trend will present Fiskars with new international challenges.

The need to focus more deeply on technological expertise, new market areas and a customer-oriented approach requires increasing "soft investments" and the encouragement of the creative mind. One measure will be the establishment of a Development Center with the task of assisting business units in industrial design and the training of the growing international management force. As of the beginning of 1988 the corporation's activities have been coordinated by the Corporate Operating Committee, whose members represent the international management. The Corporate Management Council, which includes about 30 international and Finnish operational managers, has in turn been established in order to chart future paths of development.

Fiskars' subsidiaries around the world follow the host country's customs and practice in dealings with people, the boards of local companies and with other interest groups. The parent company is experimenting with new Finnish forms of employee relations. Three personnel representatives have thus been appointed to Fiskars Oy Ab's Management Board as of the beginning of 1988.

Fiskars' chosen objectives will mean continued intense growth. Total personnel is expected to increase to 3 500, of which more than 50 % are working outside Finland. It is anticipated that the corporation's net sales will reach an annualized level of FIM 1.5 billion. The asset returns are expected to improve.

Helsinki, February 1, 1988

*Göran J. Ehrnrooth*

Göran J. Ehrnrooth  
Chairman of the Board

*Reijo Kaukonen*

Reijo Kaukonen  
President

## INFORMATION ON FISKARS' SHARES

(Calculated in accordance with the rules of the Helsinki Stock Exchange)

	1983	1984	1985	1986	1987
Consolidated net sales, FIM million	471	536	627	705	1,027
Earnings after financial items and tax, FIM million <sup>1)</sup>	24	42	58	20	57
Average number of shares in '000 (diluted with share issues)	3 159	3 405	3 552	3 677	4 299
Earnings after financial items and tax, FIM/share	7.72	12.36	16.35	5.38 <sup>2)</sup>	13.30
Adjusted share price, <sup>3)</sup> K A	27	43	75	264	323
Price/earnings, K A	4	4	5	49	24
Adjusted dividend, FIM/share, K A	0.86	1.22	1.60	2.02	2.80 <sup>4)</sup>
Dividend return in per cent, K A	3.2	2.8	2.1	0.7	0.9
Dividend, FIM million	2.7	4.1	5.5	7.4	11.9
Equity + reserves at Dec. 31, FIM million	219	249	293	525	664
Diluted number of shares at Dec. 31 in '000	3 159	3 552	3 552	3 920	4 350
Equity + reserves, FIM/share (incl. convertible bonds)	70	70	83	134	153

<sup>1)</sup> Including share of result in affiliate companies (20–50 %)

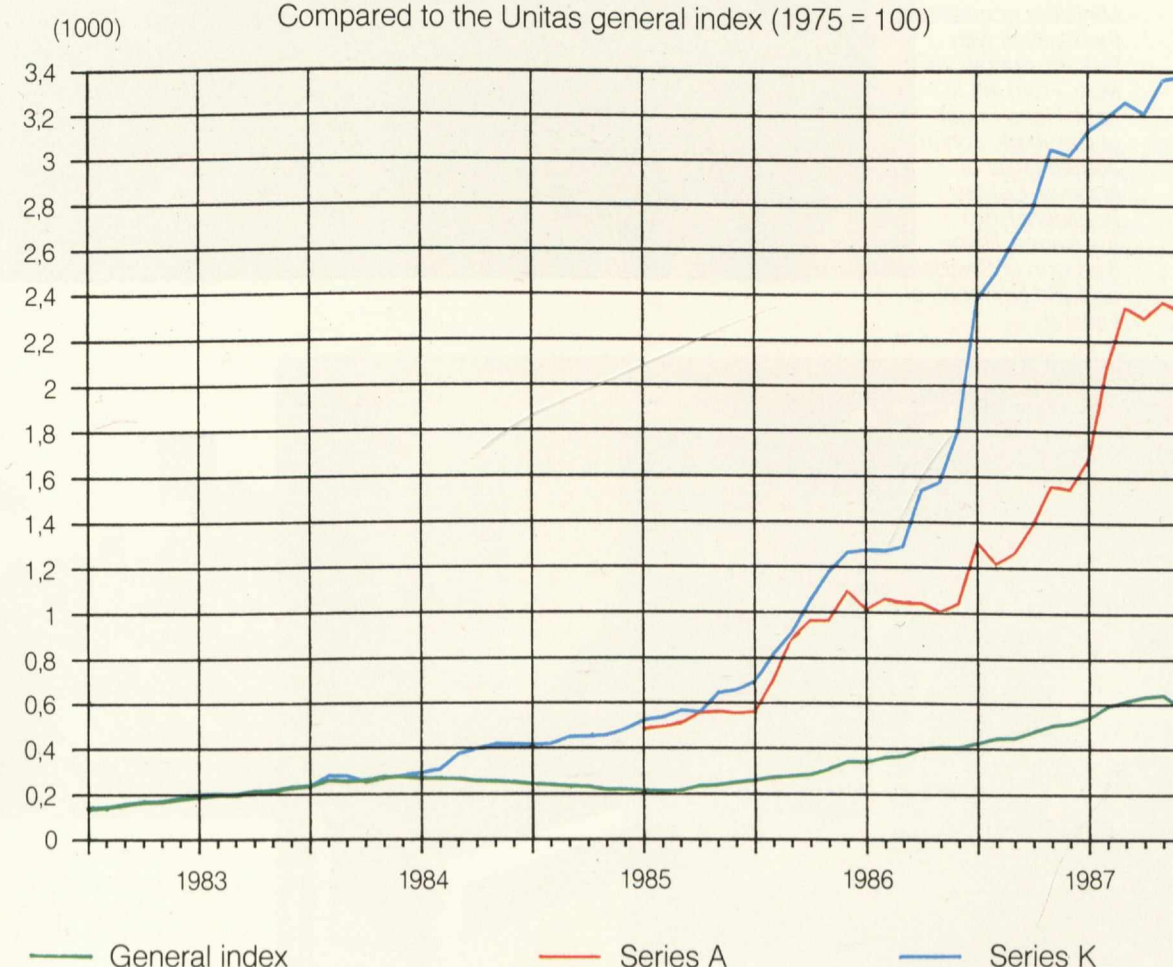
<sup>2)</sup> Affected especially by the result of Ovako Steel AB

<sup>3)</sup> Weighted average of non-restricted and restricted shares at the end of the year, diluted with share issues

<sup>4)</sup> Board proposal. Not diluted by on-going share issue.

## DEVELOPMENT OF FISKARS SHARE PRICE

Compared to the Unitas general index (1975 = 100)





## HIGHLIGHTS 1987



The managers of Fiskars' international units assembled in June for their first meeting together. The intention is to hold similar meetings annually in the future.



The Nordic Defense Ministers acquainted themselves with Fiskars' operations in May. From left to right: Hans Engell of Denmark, Johan Jörgen Holst of Norway, Fiskars President Reijo Kaukonen, Roine Karlsson of Sweden and Ole Norrback of Finland.



The Helsinki Stock Exchange brokers on a tour of Fiskars' operations.

In November Fiskars and the Neste Corporation reached an agreement to transfer Ulveco AB to Fiskars.



In January 1988 Minister of Foreign Trade Pertti Salolainen inaugurated the Fiskars scissors plant built in Pune, India, as a Finnish-Indian joint venture.

Mrs. George Schultz and Mrs. Frank Carlucci, the wives of the US Secretary of State and the current Secretary of Defence visited the Fiskars scissors factory in the company of Fiskars President Reijo Kaukonen.



A team from the Inha plant distinguished itself in August by winning a 605-kilometer-long handcar race arranged by the Finnish State Railways as part of its 125th anniversary celebration.





## BOARD OF DIRECTORS, CORPORATE MANAGEMENT AND AUDITORS

### BOARD OF DIRECTORS OF FISKARS Oy Ab

Göran J. Ehrnrooth, Chairman  
Matti Pekkanen, Deputy Chairman  
Robert G. Ehrnrooth  
Thomas Tallberg  
Jarl Engberg  
Gustaf Gripenberg  
Olof Bruncrona  
Ronald Wrede  
Reijo Kaukonen

Elected until the Annual General Meeting in*	Elected to the Board in
1988	1974
1990	1987
1990	1967
1988	1967
1989	1980
1989	1986
1990	1987
1989	1987
1988	1984

\* Board members' term of office is three years.

### AUDITORS

Ordinary  
Brita Hisinger-Jägerskiöld  
Juhani Kolehmainen  
Eric Haglund

Deputy  
Peter Hartwall  
Christian Hildén  
Sixten Nyman

### MANAGEMENT BOARD

Reijo Kaukonen,  
Chairman  
Tom Böhme\*  
Väinö Korpeinen  
Kimmo Käyhkö  
Ingmar Lindberg  
Kalevi Puonti  
Maija-Liisa Säilä\*  
Juha Toivola  
Tuomo Tolvanen\*

### CORPORATE OPERATING COMMITTEE

Reijo Kaukonen,  
Chairman  
Wayne G. Fethke  
Väinö Korpeinen  
Carl-Erik Kortman  
Kimmo Käyhkö  
Ingmar Lindberg  
Olli Männikkö  
Lars Palmgren  
Kalevi Puonti  
Juha Toivola

\* Personnel representatives

### CORPORATE MANAGEMENT

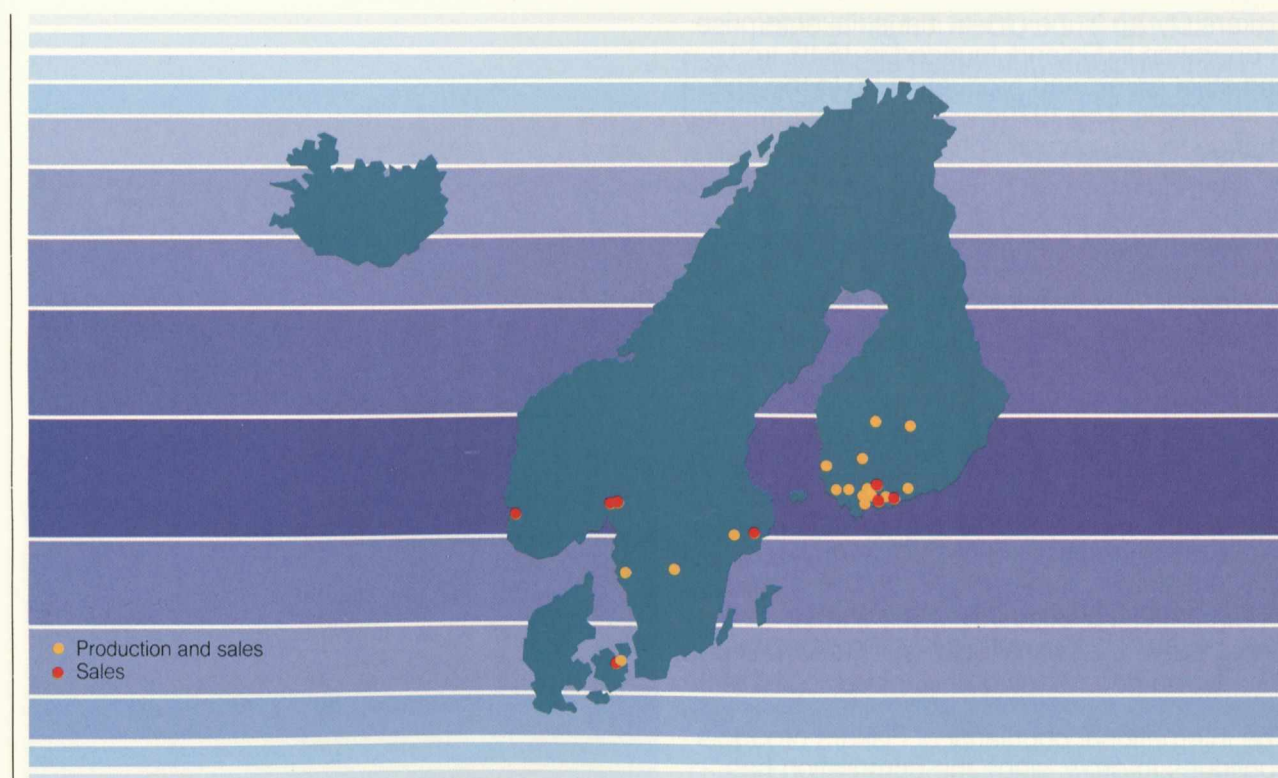
Chairman of the Board	Göran J. Ehrnrooth
President	Reijo Kaukonen
Corporate Functions	
Finance	Juha Toivola
Development and real estate	Ingmar Lindberg
Consumer Products Group	
Europe	Kimmo Käyhkö
USA	Wayne G. Fethke
Fiskars International	Lars Palmgren
Electronics Group	Kalevi Puonti
USA	David Weibel
Investment Products Group	
Hydraulic loaders	Väinö Korpeinen
Inha products	Pauli Lantonen
Oy Metra Ab	Carl-Erik Kortman
Ferraria real estate project	Olli Männikkö

### CORPORATE MANAGEMENT COUNCIL

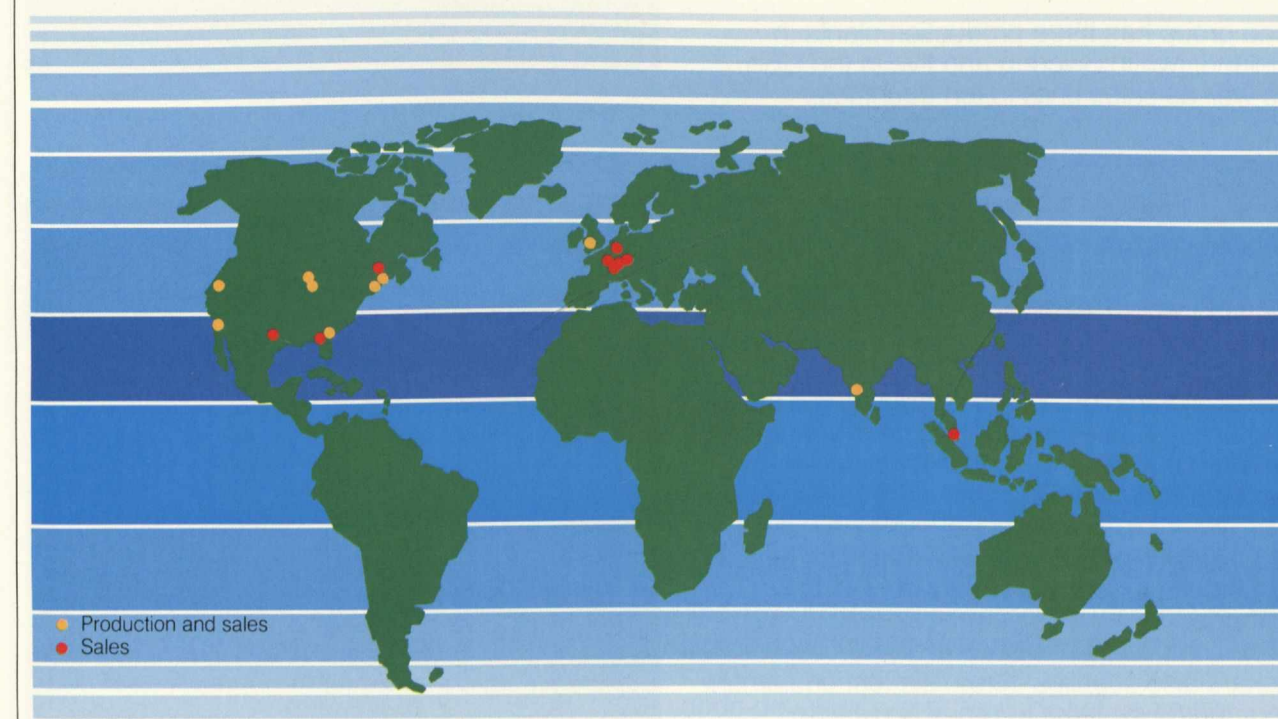
Göran J. Ehrnrooth, Chairman

Negotiating and planning forum formed by  
the corporation's Finnish and international  
management

## FISKARS IN THE NORDIC COUNTRIES



## FISKARS WORLDWIDE





## FISKARS BUSINESS GROUPS

Fiskars Oy Ab is the oldest industrial enterprise in operation in Finland, founded in 1649. Iron and steel dominated production up to the end of the 1960s. The 1970s was a time of structural change for the corporation. Internationalization began with the success of scissors products. A decisive step was taken in 1978 with the establishment of a scissors plant in the USA. During the 1980s Fiskars has invested strongly in expanding its own international customer service network, and today the corporation has operations in thirteen countries.

### CONSUMER PRODUCTS GROUP

Through its expanding international marketing organization, Fiskars supplies high-quality scissors, knives and lawn shears for household, professional and do-it-yourself use. Fiskars® is the world's leading scissors brand.

The international popularity of Fiskars products continues to grow, since the corporation has revolutionized the design, materials and production technologies of many traditional household articles. The innovations introduced in scissors production are being applied to a wide range of other indoor and outdoor cutting tools. This increases the number of customers for Fiskars products and also strengthens the group's position as an international manufacturer of consumer products.

The group has three production plants in Finland, two in Sweden and five in the USA, as well as sales units in ten countries.

### ELECTRONICS GROUP

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

Power electronics equipment ensures a steady and uninterrupted supply of power for numerous data processing and telecommunications systems.

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

Fiskars also supplies automatic test equipment and control systems to projects placing stringent demands on performance and quality.

The group has three production plants in Finland, one in Sweden and two in the USA.



### INVESTMENT PRODUCTS GROUP

Fiskars produces heavy-duty equipment for transport and industrial use, all fulfilling the most stringent customer requirements concerning suitability and reliability under demanding conditions. Intensive research and development together with a thorough understanding of end users' needs enable Fiskars to offer superior quality.

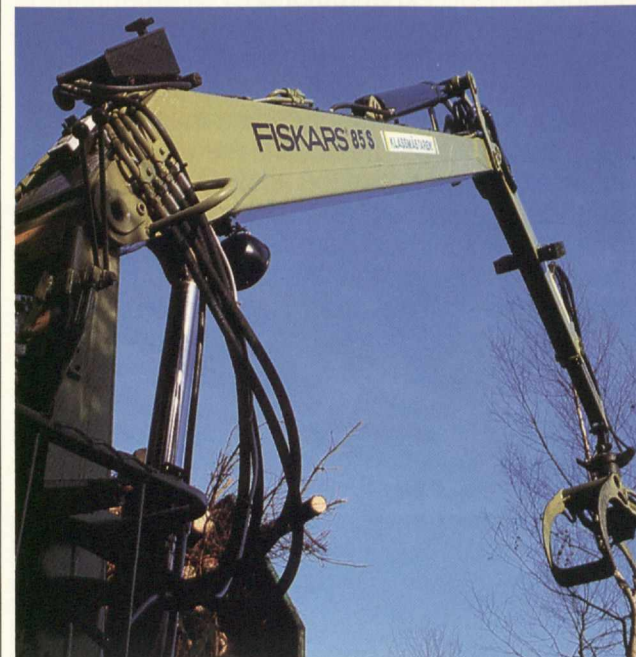
Fiskars log loaders are used by professionals in the European forest industry, both East and West.

Fiskars is the leading Scandinavian supplier of firefighting and rescue systems. Bronto Skylift products also take advantage of the mechatronics know-how gained in the forestry field.

Thanks to their seaworthiness, safety features and sturdy construction, Buster aluminum boats have become highly popular among demanding users.

The group also manufactures industrial components for areas in which Fiskars possesses specific know-how, such as hinges and radiators for the building industry and heat-treated steel products for railroads.

The group has nine plants in Finland, two in Scandinavia and one in Great Britain, as well as sales units in seven countries.



### REAL ESTATE GROUP

Back in 1649, when the industrial production of iron began in Fiskars, the corporation's forests constituted an important competitive factor. Today they remain a notable financial resource.

The 16,000 hectares (approx. 40,000 acres) of land owned by the Fiskars Corporation is situated in an area in southern Finland with good development potential. Studies on the future use of these holdings led to the Ferraria real estate project. The aim is to engage in active business operations to increase the value of the property.



## CONSUMER PRODUCTS GROUP

The Consumer Products Group strengthened its position on the US market with the purchase of the highly reputed American knife manufacturer Gerber Legendary Blades, at the beginning of the year. The transaction allowed the introduction of new products on the European market and created new business contacts with Japan.

Wilkinson Sword's Home and Garden operations were transferred to Fiskars in early 1988. With this acquisition Fiskars' distribution will be considerably strengthened particularly in Great Britain and in many important for Fiskars new countries. The plants in the U.K. and New Zealand will significantly reinforce the group. Production will expand to the EC area and the growing Pacific market. The integration of European consumer products operations proceeded with the establishment of an operating center for the EC area in Holland.

Fiskars also strengthened its position in Scandinavia with the acquisition of Ergotool of Sweden, which manufactures knives and cheese slicers. In India the joint venture aiming to produce scissors progressed according to schedule. Production will begin in early 1988.

*Fiskars scissors and knives are finding their way into more and more homes.*

*A cheese slicer is a basic household item.*

*A truly effective knife sharpener.*



The organization in Europe was developed in a more customer-oriented direction and marketing was upgraded by channeling it increasingly through Fiskars' own sales units. Product packaging was redesigned to achieve visual uniformity and strengthen the focus on the Fiskars trademark.

The scissors factory in Finland began an expansion project aimed at satisfying increased demand for Fiskars scissors. The intensive development of new production technology got under way at the plants acquired by the group. Plant automation continued. Research and development resources were increased in the area of material technology.

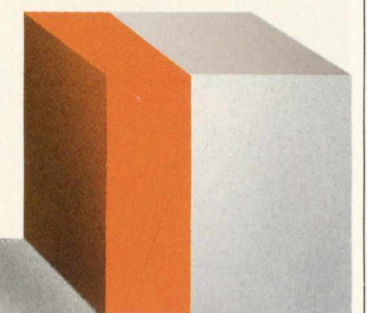
The main objective in 1988 is to take advantage of the group's strong international market position and coordinate current and acquired operations. A new knife sharpener recently introduced by Fiskars is expected to achieve great success in 1988.

*Fiskars loppers can cut thicker branches as well.*

*Little hands at work with Fiskars hobby scissors.*



Share of corporate net sales	35 %
Sales, FIM million	351
of which outside Finland	85 %
Personnel	1 041





## ELECTRONICS GROUP

The group's growth continued and was strongest in the field of uninterruptible power supply (UPS).

At the end of the year Fiskars and the Neste Corporation agreed on cooperation in the field of power electronics and associated battery technology. In connection with this arrangement the Ulveco Group's business operations will be passed to Fiskars in early 1988. Ulveco has operations in Sweden, Norway and Denmark, and its merger with the Electronics group will make Fiskars the leading Scandinavian enterprise in this field, and strengthen the group's position in the European market.

*An uninterrupted power supply is vitally important in large financial centers.*



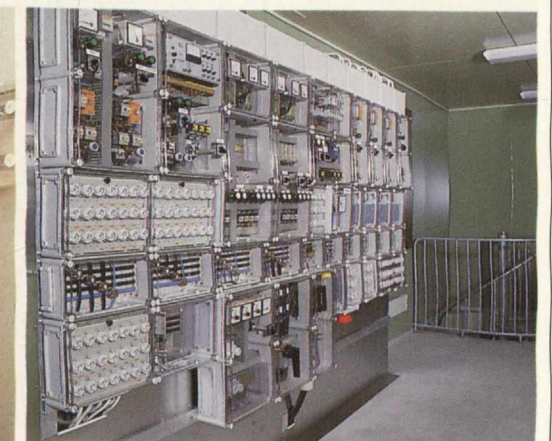
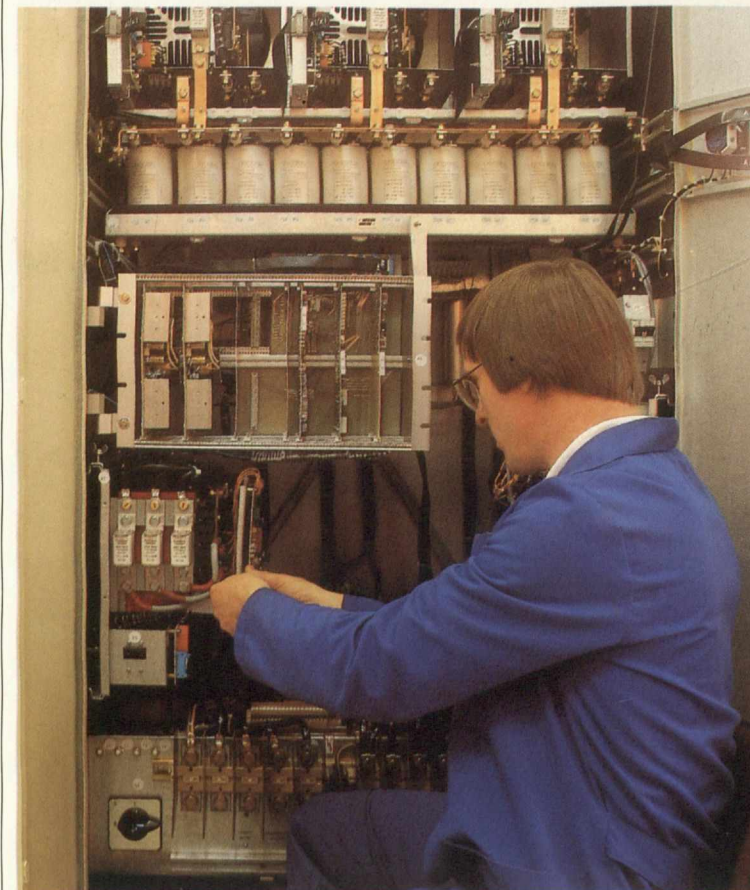
Earlier in the year Fiskars strengthened its position in the USA with the acquisition of Triad Power Systems in Dallas, Texas, which markets UPS-systems. This new subsidiary's expertise will help in adapting the group's UPS products to the requirements of US customers. With internationalization and growing markets, staff resources were increased in Sweden, the U.K. and the USA, as well as Finland.

Product development focused on the creation of global products. The strengthened market position and increased international know-how warrant increased investments in product development.

In 1988 steady growth will continue as a result of acquisitions and technological investments. Markets will also continue to grow. Investment programs are aimed at consolidating and fine-tuning the operations.

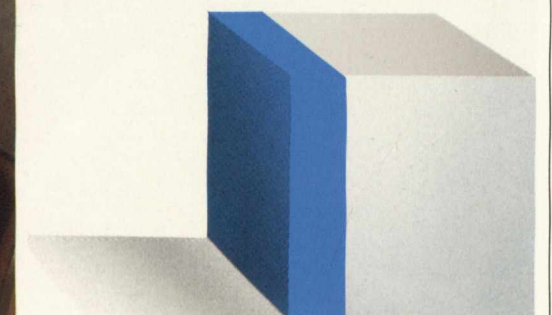
*Fiskars enclosures protect important electrical equipment at the new water purification plant in Hanko.*

*UPS equipment are subjected to a careful testing program at the plant.*



Share of corporate net sales  
Sales, FIM million  
of which outside Finland  
Personnel

23 %  
234  
65 %  
613





## INVESTMENT PRODUCTS GROUP

To strengthen its market position and operations, a significant reorganization was conducted in Scandinavia. Fiskars entered marketing cooperation with the Swedish SMZ-Industrier AB and purchased 10 per cent of the company's shares. This cooperation has started well.

Fiskars strengthened its market position as the leading producer of log loaders in Europe. A sturdy vehicle-mounted loader designed for full stems and a strong loader for forest harvester use were successfully introduced, together with a new vehicle-mounted loader for cut timber.

The main emphasis in the development of production capacity remained on the fine-tuning of the state-of-the-art machinery which was part of the previous year's major investments.

Production cooperation in the USSR proceeded according to plan.

*A loader designed for cut logs.*



Buster aluminum boats made further gains in Finnish markets. Sales reached a new record figure in spite of poor weather in the summer, and exports grew significantly.

Fiskars strengthened its position as Scandinavia's leading hinge supplier, while the trend for sales in Finland remained positive. Product development is aimed at producing economical high quality hinges for windows and doors. The sales of other industrial components also increased.

During the year Fiskars' subsidiary Oy Metra Ab acquired Oy Bronto Skylift Ltd., a leading manufacturer of mobile access platforms, as well as a number of other Finnish and Scandinavian companies, thus obtaining a market-leading position on the Scandinavian firefighting market.

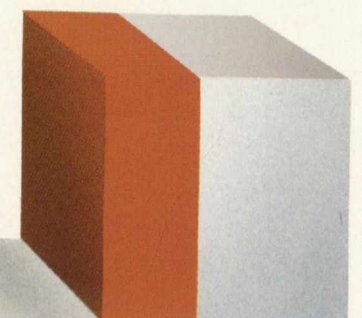
Generally speaking the Investment Products Group's order level for 1988 is good.

*A Buster boat outfitted for sport fishing.*

*Hydraulic access platforms facilitate firefighting and rescue work.*



Share of corporate net sales	38 %
Sales, FIM million	379
of which outside Finland	66 %
Personnel	1 029





The Real Estate Group manages the corporation's forest holdings, engages in agriculture and plans land use. The group's real estate management activities also include electricity distribution, building maintenance and transport services.

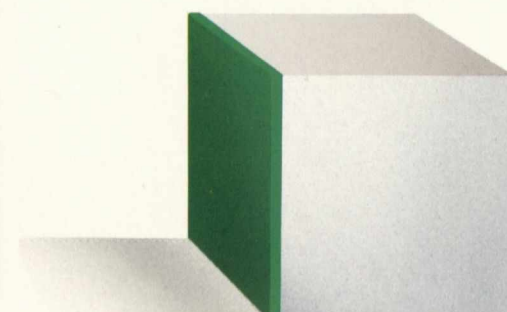
Operations developed favorably. The agricultural harvest was nearly as planned despite the exceptionally wet summer. Forest fellings proceeded according to plan.

Studies regarding the future use of land holdings led to the Ferraria real estate project. The aim of the project is to develop active business operations to increase the value of property.

Fiskars' land holdings are located in beautiful southern Finland.



Share of corporate net sales 4 %  
Sales, FIM million 46  
Personnel 167



# GENERAL

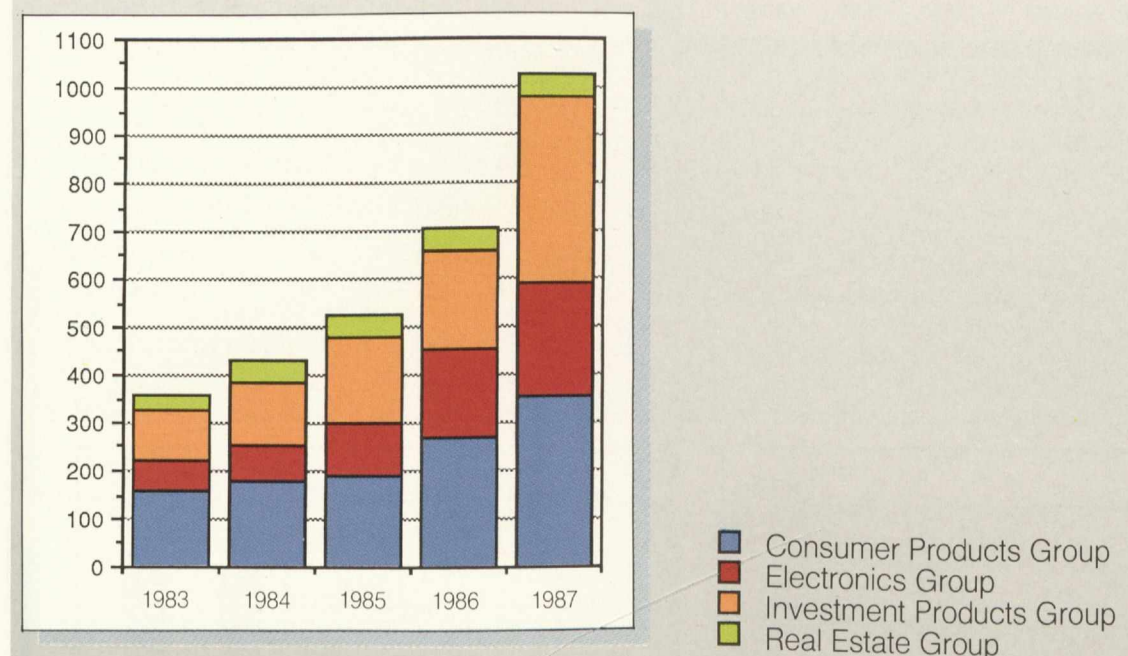
In 1987 resources were allocated to selected business areas in which the corporation can achieve and maintain a strong position. The development and strengthening of different business areas through acquisitions and other means has progressed briskly.

The drop in the value of the US dollar had a negative effect on the corporation's sales and consolidated earnings measured in Finnmarks. Growth remained strong in the United States.

# NET SALES

Mainly due to new acquisitions, consolidated net sales rose 45 % to FIM 1,027 million (compared with FIM 705 million the previous year). Sales to customers outside Finland accounted for 71 % (68 %) of the total. The parent company recorded net sales of FIM 516 million (FIM 478 million).

CONSOLIDATED NET SALES, FIM million

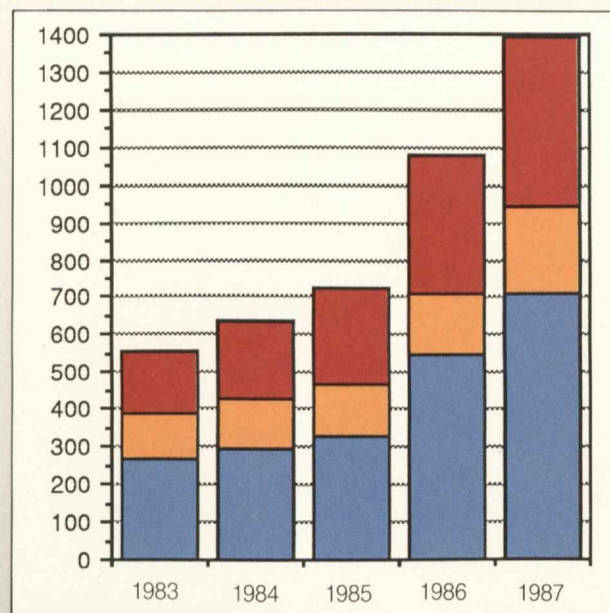


## CONSOLIDATED NET SALES

	Total net sales		Sales abroad		
	FIM million 1987	FIM million 1986	FIM million 1987	% 1987	% 1986
Consumer Products Group	351	251	297	85	80
Electronics Group	234	168	151	65	62
Investment Products Group	379	191	249	66	58
Real Estate Group	46	33	21	46	53
+ Business operations sold	17	62			
Total	1,027	705	718	71	68

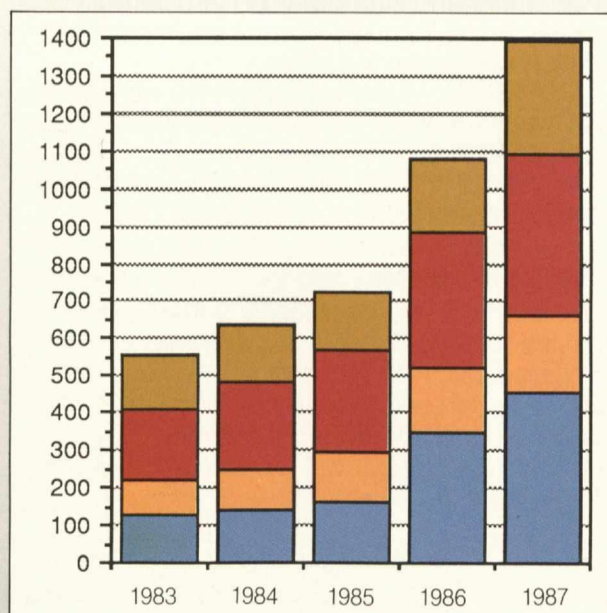


CONSOLIDATED BALANCE SHEET,  
ASSETS, FIM million



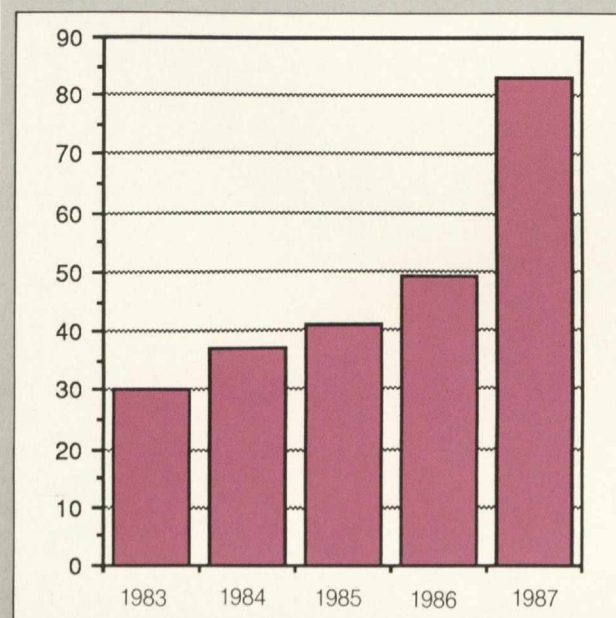
■ Fixed assets  
■ Inventories  
■ Financial assets

LIABILITIES AND EQUITY, FIM million

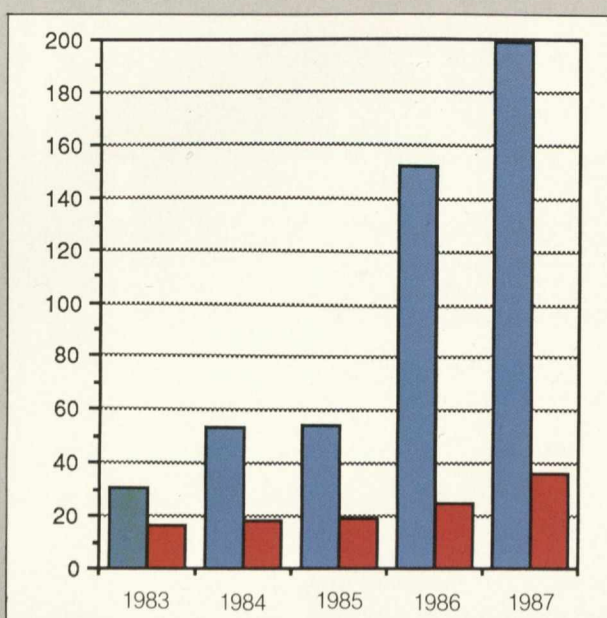


■ Equity  
■ Reserves  
■ Long-term liabilities  
■ Short-term liabilities

CONSOLIDATED  
PRE-TAX EARNINGS, FIM million



INVESTMENTS AND DEPRECIATION  
ACCORDING TO PLAN, FIM million



■ Investments  
■ Depreciation according to plan

CONSOLIDATED NET SALES BY  
MARKET AREA

	1987 FIM million	1986 FIM million	Change %
Finland	304	187	+ 63
Scandinavia	212	149	+ 42
Western Europe	176	109	+ 61
USA	259	164	+ 58
Soviet Union and other CMEA countries	62	68	- 9
Other	44	7	+528
	1,057	684	+ 55
- Adjusting items	- 47	- 41	
+ Business opera- tions sold	17	62	
Net sales	1,027	705	+ 57

#### OPERATIONAL RESULT OF BUSINESS GROUPS

The Consumer Products Group increased its sales by 40 per cent. The integration of companies acquired in the USA with current operations has proceeded successfully, and products have continued to strengthen their market position. Investments to strengthen distribution channels continued and burdened the result. Profitability of the group was satisfactory.

The Electronics Group continued to grow strongly, with business up 39 %. Investments in product development and the creation of a marketing network for new-generation UPS products were intense particularly in the USA. In spite of this the group's profitability was good.

The Investment Products Group marked up a 98 % increase in sales and showed good profitability with the exception of the new subsidiary Oy Metra Ab, which showed unsatisfactory results during its first partial year of operations.

Real Estate Group's activities have a long time span. Consequently, profitability cannot be assessed annually the same way as for the industrial groups. The agricultural harvest was unsatisfactory as a result of exceptionally poor weather conditions. Timber harvesting proceeded according to plan. Electricity distribution showed a satisfactory result.

#### SUMMARY OF EARNINGS

The consolidated operating margin was FIM 111.9 million (compared with FIM 79.6 million the previous year) or 11 % of net sales (11 %).

Depreciation according to plan rose to FIM 36.5 million (FIM 25.1 million).

Net financial expense at FIM 17.1 million (FIM 21.6 million) declined to 1.7 % of net sales (3.1 %) as a result of exceptionally high financial gains.

Currency positions have been kept in balance and no major exchange losses or gains were recorded.

In contrast with previous practice, extraordinary income and expense includes only non-recurring gains on sale of real estate, which totaled FIM 24.5 million. The figures for earlier years have been adjusted accordingly.

Pre-tax earnings amounted to FIM 82.7 million (FIM 193.2 million, with the sale of shares in Ovako accounting for FIM 144.4 million).

Tax appropriations included an additional FIM 1.8 million added to depreciation according to plan, bringing the total up to the maximum allowed by Finnish corporate tax laws.

Untaxed reserves were increased by FIM 35.4 million, primarily in the form of investment reserves.

Earnings after financial items and tax, taking into account share of affiliated companies' profits, amounted to FIM 57.2 million (FIM 19.8 million). Earnings per share accordingly amounted to FIM 13.30 (FIM 5.40).

Consolidated results in accordance with International Accounting Standards (IAS) are now being published for the first time for 1987 and 1986. The IAS accounts show a net profit of FIM 80.3 million (FIM 37 million). Earnings per share according to IAS was FIM 13.00 (FIM 5.80).

The return on net assets was 10 % (9 %) and the return on equity was 9 % (7 %).



## FINANCING

The increase in financial assets and short-term liabilities was mainly due to new acquisitions.

The net increase in long-term loans totaled FIM 77 million, with the convertible bond loan accounting for FIM 33.2 million. Other loans were mainly incurred in connection with company acquisitions.

Consolidated equity + reserves rose to FIM 664 million or 48 % of total assets (49 %). The parent company equity ratio was 64 % (59 %). New shares issued during the year increased equity by FIM 73 million.

Pension liabilities totaled FIM 14.1 million. Taking into consideration fair market value of the pension fund's assets at December 31, the deficit in the pension fund amounted to approximately FIM 3 million.

## INVESTMENTS

Total investments rose to FIM 198.5 million (FIM 152 million).

The Consumer Products Group's most important investment was the acquisition of the American company Gerber Legendary Blades. Expansion of the Finnish scissors plant was started.

The Electronics Group acquired Triad Power Systems in Dallas, Texas, and the group continued profit improvement investments.

The Investment Products Group's biggest investments included the purchase of a 10 % share in SMZ-Industrier AB in Sweden and the Metra subsidiary's acquisitions.

Other investments include shares in Oy Lohja Ab, Manconor Oy and Gripit A/S.

As in previous years, all product development investments have been charged against income.

## PERSONNEL

Employees at the end of the year totaled 2,890 (2,220), including 1,210 outside Finland (780).

## ORGANIZATION

Carl-Erik Kortman was appointed president of the subsidiary Oy Metra Ab.

Olli Männikkö was named to head the Ferrara project, a project for planning the future use of land holdings and real estate owned by the corporation.

The Board of Directors appointed three personnel representatives, Tom Böhme, Maija-Liisa Säilä and Tuomo Tolvanen to the nine-member Management Board. This is a two year experiment. The continuation will be decided later based on the results.

## CHANGES IN CORPORATE STRUCTURE, ACQUISITIONS AND JOINT VENTURES

Fiskars strengthened its position on the US market with the acquisition of the reputed American knife manufacturer Gerber Legendary Blades in Oregon at the beginning of the year. The transaction also signified an opportunity to introduce new products on the European market and create new business contacts with Japan. The Consumer Products Group nearly doubled its net sales in the United States.

According to a preliminary agreement reached in November, Wilkinson Sword's Home and Garden operations will be acquired by Fiskars in March 1988. Wilkinson markets products in Europe, North America, Australia and New Zealand. With the acquisition of the British plant, the manufacturing base of consumer products will expand to the EC area. The new plant in New Zealand, on the other hand, offers an important opening to the growing markets of the Pacific Rim. The new plants employ approx. 250 people.

The integration of European consumer products operations is proceeding in the form of an operational center for the EC area established in the Netherlands.

The corporation's position in Scandinavia was strengthened by the acquisition of the Swedish Ergotool AB, a manufacturer of knives and cheese slicers. Production has been moved to the Fiskars plant in Eskilstuna.

The construction of a joint venture scissors plant in India proceeded as planned, and the plant was officially opened on January 19, 1988.

The frames and mouldings plant in Porvoo was sold to the acting local management.

Fiskars and Neste Corporation have closed a contract on cooperation in the fields of power electronics and associated battery technology. Under the terms of the agreement, the operations of Ulveco AB would be passed to Fiskars early 1988. Ulveco AB has production plants in Sweden, Norway and Denmark. Company personnel number over 400. The deal will make Fiskars the leading company in power electronics in the Scandinavian countries.

This agreement will supplement Fiskars operations on the uninterruptible power supply market. Earlier in the year Fiskars strengthened its position in the US market by acquiring Triad Power Systems in Texas to complement its operations in Massachusetts and California.

Traffic electronics unit was sold to new owners.

The log-loader plant began marketing cooperation with SMZ-Industrier AB in March, and this cooperation has proceeded successfully. Fiskars purchased 10 per cent of this Swedish OTC-listed company's shares. The transaction was financed by a directed share issue.

Production cooperation in the USSR has led to significant new loader orders.

During the year Fiskars' subsidiary Oy Metra Ab acquired Oy Bronto Skylift Ltd. and Satalaite Oy, which manufacture mobile access platforms, as well as Sammutin Oy and a majority share in Ginge-Kerr A/S of Denmark, which produce automatic fire-extinguishing systems and firefighting equipment.

In order to ensure competitiveness and growth, Metra and Norsk Hamnerverk A/S divided overlapping operations. Metra's business areas are fire safety and mobile access platforms, while Norsk Hamnerverk will concentrate on hydrants and hand extinguishers.

In order to improve efficiency and rationalize operations, Metra and Mandals Reberbane Christiansen & Co A/S reached an agreement according to which Metra will concentrate on the sale and marketing of fire hoses and the Norwegian party on product development and production.

As part of the restructuring in Great Britain, Metra sold its chemical manufacturing operations to Croda World Traders Limited.

During the year Metra sold all its real estate holdings in Scandinavia.

## AFFILIATED COMPANIES

The Nordic special steel producer Ovako Steel AB, in which Fiskars holds a 20 % share, has developed essentially according to plan. Net

sales amounted to SEK 4,400 million and the company showed a profit for the year.

The Scandinavian hand tool manufacturer Gripit A/S, with which Fiskars merged its own traditional hand tools operations, acquired the Swedish Wedevåg AB, thus forming the leading Scandinavian company in its field, with plants in Norway, Sweden, Denmark and Finland. Fiskars owns 33 % of the company. Gripit A/S recorded net sales of DKK 230 million and showed a slight loss for the year.

The corporation's shares in Waterman Oy were sold during the year.

At the beginning of 1988 a new financial enterprise, Gyllenberg Securities Oy Ab, was established. The company's share capital is FIM 30 million. The shareholders are the Private Bankers Ane Gyllenberg Ltd. (20 %) from Finland, Fiskars Oy Ab (40 %), the Swedish investment company AB Investor (20 %) and the Finnish investment company Agrofin Oy Ab (20 %).

In order to intensify cooperation, an agreement has been reached for Fiskars Oy Ab and AB Investor to become shareholders in Ane Gyllenberg Ltd. through a directed share issue in 1988. After ownership arrangements, Fiskars will own 22 % of the shares and Investor 10 %.

## INCREASES OF SHARE CAPITAL, TURNOVER OF FISKARS SHARES AND MAIN SHAREHOLDER GROUPS

The increase of share capital from FIM 60,864,000 to FIM 79,123,200 decided by the Extraordinary Meeting of Shareholders held on December 10, 1986, was subscribed in full and the increase was entered in the Trade Register during the year. The FIM 33,813,000 convertible bond issue approved by the same Meeting of Shareholders was also subscribed in full.

Based on the authorization granted by the Annual General Meeting of Shareholders on April 4, 1986, the Board of Directors decided to increase the corporation's share capital by FIM 1,800,000 through a directed share issue (SMZ Industrier AB) from FIM 79,123,200 to FIM 80,923,200.

Turnover of Fiskars shares on the Helsinki Stock Exchange in 1987 was as follows:

Series	Trading value FIM million	Quantity	Quotation (FIM)	
			High	Low
A	49.1	247,346	279.-	123.-
K	79.4	237,162	388.-	250.-
Total	128.5	484,508		



Finnish taxation values and quotations on the Helsinki Stock Market at December 31, 1987, were as follows:

Series	Taxation value (FIM)	Quotation (FIM)
A	165.-	230.-
K	280.-	340.-

At the end of the year Fiskars had 2,849 registered shareholders (2,381).

Share ownership as of December 31, 1987, was broken down as follows:

	Percentage of share capital	
	1987	1986
Private individuals	48.3	52.0
Non-profit organizations	8.7	9.3
Business enterprises	36.1	30.7
Banks and insurance companies	7.0	8.0
Total	100.0	100.0

The ten largest shareholders control 38.7 % of shares and 41.3 % of votes.

The ten largest shareholders are:

	Percentage of shares votes	
	shares	votes
Agrofin Oy Ab	10.6	11.0
Sampo Insurance Company Ltd.	3.8	3.7
I.A. von Julins Sterbhus	3.7	4.0
Jacob von Julins Sterbhus Bergsrådinnan	3.6	3.7
Sophie von Julins stiftelse	3.5	4.0
Oy Lohja Ab	3.4	4.4
Oy Julius Tallberg Ab	3.0	3.1
Louise Ehrnrooth	2.7	2.8
Virala Oy	2.4	2.5
Industrial Mutual Insurance Company		
Teollisuusvakuutus	2.2	2.2

The Board Members and the President owned a total of 156 424 shares controlling 3.8 % of the voting rights.

## OUTLOOK

Fiskars concentrates on areas of business in which the corporation has in depth know-how and in which it can achieve and maintain a strong market position on a global scale.

The Consumer Products Group's operations will expand considerably with the acquisition of Wilkinson Sword's Home and Garden division. In 1988 emphasis will be on consolidating operations and taking advantage of the expanded distribution network and product range. Investments in production technology and product development will continue.

The Electronics Group's strong growth will continue internally, and particularly as a result of the acquisition of Ulveco AB, a specialist in power supply systems. Global projects to develop new generation of UPS products are under way. Investments aimed at improving the European and American distribution networks are being continued.

The Investment Products Group will give top priority to improving Oy Metra Ab's profitability. The reorganization which has already taken place will allow the completion of streamlining measures during 1988. The group's other operational areas are sound.

The Real Estate Group's operations will be influenced by the Ferraria project. The agricultural and forestry plans for the next few years will be re-evaluated.

The corporation's net sales will continue to rise strongly, mainly due to acquisitions. Although the integration of the acquired companies will require investments and management efforts, profits are expected to improve. The financial structure and equity ratio will remain good.

## CONSOLIDATED INCOME STATEMENT

(FIM 1000)

	1987	%	1986	%
NET SALES	1 027 341	100,0	704 913	100,0
COSTS OF MANUFACTURING, SELLING AND ADMINISTRATION	-915 475	-89,1	-625 330	-88,7
OPERATING MARGIN	111 866	10,9	79 583	11,3
DEPRECIATION ACCORDING TO PLAN	- 36 471	- 3,6	- 25 119	- 3,6
OPERATING PROFIT	75 395	7,3	54 463	7,7
FINANCIAL INCOME AND EXPENSE				
Dividends received	1 010		6 402	
Financial income	34 380		12 189	
Financial expense	- 52 493	- 1,7	- 40 213	- 3,1
EARNINGS AFTER FINANCIAL ITEMS	58 292	5,7	32 841	4,7
EXTRAORDINARY INCOME AND EXPENSE				
Extraordinary income	24 448	2,4	160 372	22,8
PRE-TAX EARNINGS	82 740	8,1	193 213	27,4
DEPRECIATION IN EXCESS OF PLAN	- 1 750	- 0,2	- 5 560	- 0,8
INCREASE IN RESERVES	- 35 366	- 3,4	- 40 264	- 5,7
TAXES	- 5 885	- 0,6	- 3 253	- 0,5
EARNINGS BEFORE TRANSFER TO THE CONTINGENCY FUND	39 739	3,9	144 136	20,4
Minority share	- 449	0,0		
TRANSFER TO THE CONTINGENCY FUND	-		-100 000	-14,2
NET PROFIT FOR THE FINANCIAL YEAR	39 290	3,8	44 136	6,3



ASSETS	31.12.1987	%	31.12.1986	%
FINANCIAL ASSETS				
Cash and bank deposits	151 921		174 455	
Trade receivables	214 342		134 888	
Loans	8 078		7 624	
Advance payments	4 289		5 730	
Prepaid expense and accrued income	12 302		12 241	
Other financial assets	<u>60 416</u>	451 348 32,4	<u>33 511</u>	368 449 34,1
INVENTORIES				
Materials and supplies	77 233		53 779	
Finished and semi-finished goods	<u>153 747</u>	230 980 16,6	<u>109 754</u>	163 533 15,1
FIXED ASSETS				
Construction-in-progress	12 086		1 688	
Land and water	133 352		131 721	
Buildings and constructions	66 837		69 979	
Machinery and equipment	72 684		62 288	
Other tangible assets	3 455		2 007	
Bonds and shares	294 055		196 892	
Intangible assets	5 774		1 616	
Other long-term expenditure	35 867		12 057	
Goodwill	<u>26 196</u>		<u>10 189</u>	
	650 306		488 437	
Depreciation in excess of plan	<u>60 723</u>	<u>711 029</u> 51,0	<u>59 755</u>	<u>548 192</u> 50,8
	1 393 357 100,0		1 080 174 100,0	

LIABILITIES AND EQUITY	31.12.1987	%	31.12.1986	%
LIABILITIES				
Short-term				
Trade payables	87 202		52 704	
Advance payments received	3 097		13 124	
Prepaid income and accrued expenses	88 350		55 271	
Short-term notes payable	40 691		14 982	
Current portion of long-term debts	49 265		41 906	
Other short-term liabilities	<u>31 302</u>	299 907 21,5	<u>20 478</u>	198 465 18,4
Long-term				
Loans from financial institutions	236 952		234 402	
Pension fund loans	96 207		89 963	
Bonds	1 000		4 750	
Convertible bond loan	33 213			
Other long-term liabilities	<u>59 050</u>	426 422 30,6	<u>27 603</u>	356 718 33,0
TOTAL LIABILITIES		726 329 52,1		555 183 51,4
MINORITY INTEREST		2 521 0,2		
UNTAXED RESERVES AND DEPRECIATION IN EXCESS OF PLAN				
Depreciation in excess of plan	60 723		59 755	
Investment reserve	78 000		50 719	
Other reserves	<u>71 271</u>	209 994 15,1	<u>64 379</u>	174 853 16,2
EQUITY				
Restricted equity				
Share capital	80 923		60 864	
Paid-in new issue	600		3 428	
Reserve fund	98 497		36 513	
Other restricted reserves	<u>50 958</u>		<u>57 849</u>	
	<u>230 978</u>		<u>158 654</u>	
Unrestricted equity				
Unappropriated profits	184 245		147 348	
Net profit for the financial year	<u>39 290</u>		<u>44 136</u>	
	<u>223 535</u>	454 513 32,6	<u>191 484</u>	350 138 32,4
	1 393 357 100,0		1 080 174 100,0	



FUNDS STATEMENTS  
(FIM 1000)

	Consolidated		Parent Company	
	1987	1986	1987	1986
SOURCE OF FUNDS				
From operations				
Operating margin	111 866	79 583	66 523	55 239
Financial net	- 17 103	- 21 622	5 712	- 12 976
Taxes	- 5 885	- 3 253	- 3 149	- 753
Total from operations	88 878	54 708	69 086	41 510
Extraordinary items	23 316	160 283	16 610	160 371
New issue	72 953	47 528	72 953	47 528
Net increase in long-term debt	31 461	81 690	- 335	29 243
TOTAL FUNDS PROVIDED	216 608	344 209	158 314	278 652
APPLICATION OF FUNDS				
Net increase in fixed assets	181 384	246 999	110 577	231 697
Dividends paid	7 397	5 506	7 397	5 506
TOTAL FUNDS APPLIED	188 781	252 505	117 974	237 203
CHANGE IN WORKING CAPITAL	27 827	91 704	40 340	41 449
	216 608	344 209	158 314	278 652
BREAKDOWN OF CHANGE IN WORKING CAPITAL				
Financial assets	267	110 113	45 169	62 409
Inventories	5 898	22 159	- 119	- 13 042
Short-term liabilities	21 662	- 40 568	- 4 710	- 7 918
	27 827	91 704	40 340	41 449

PARENT COMPANY INCOME STATEMENT  
(FIM 1000)

	1987	%	1986	%
NET SALES	515 800	100,0	478 043	100,0
COSTS OF MANUFACTURING, SELLING AND ADMINISTRATION	-449 277	-87,1	-422 804	-88,4
OPERATING MARGIN	66 523	12,9	55 239	11,6
DEPRECIATION ACCORDING TO PLAN	- 15 818	- 3,1	- 13 913	- 2,9
OPERATING PROFIT	50 705	9,8	41 325	8,6
FINANCIAL INCOME AND EXPENSE				
Dividends received	2 785		6 402	
Financial income	36 146		12 493	
Financial expense	- 33 219	5 712 1,1	- 31 871	- 12 976 - 2,7
EARNINGS AFTER FINANCIAL ITEMS	56 417	10,9	28 349	5,9
EXTRAORDINARY INCOME AND EXPENSE				
Extraordinary income	17 610		160 371	
Extraordinary expense	- 1 000	16 610 3,3	-	160 371 33,5
PRE-TAX EARNINGS	73 027	14,2	188 720	39,5
DEPRECIATION IN EXCESS OF PLAN	- 1 364	- 0,3	- 5 425	- 1,1
INCREASE IN RESERVES	- 33 500	- 6,5	- 39 000	- 8,2
TAXES	- 3 149	- 0,6	- 753	- 0,2
EARNINGS BEFORE TRANSFER TO THE CONTINGENCY FUND	35 014	6,8	143 542	30,0
TRANSFER TO THE CONTINGENCY FUND	-		-100 000	-20,9
NET PROFIT FOR THE FINANCIAL YEAR	35 014	6,8	43 542	9,1



## (FIM 1000)

3031



# CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET

prepared in accordance with International Accounting Standards (IAS)

Because of the corporation's international activities the accounts have also been prepared in accordance with International Accounting Standards (IAS) as set forth by the International Accounting Standards committee (IASC).

The material differences between Finnish accounting standards and the IAS rules are:

- According to Finnish accounting standards and taxation rules it is possible to reduce taxable income by charges to untaxed reserves. In the IAS accounts these charges are treated as equity.

As these charges are not likely to be reversed in the near future, no deferred tax has been accounted for.

Likewise, deferred tax on untaxed reserves in acquired companies at date of acquisition is not taken up as a liability in the IAS accounts.

- IAS includes indirect costs in inventory whereas Finnish accounting standards only include direct costs.

- The IAS accounts include the proportional share of associated companies results and equity, whereas in the Finnish accounts shares in associated companies are stated at cost.

- The pension liability in the pension fund has been included in the corporation's debt in the IAS accounts, whereas in the Finnish accounts this liability is taken up only in the notes.

## CONSOLIDATED INCOME STATEMENT (IAS)

(FIM 1000)	1987	1986
Net sales	1 027 341	704 913
Costs	-952 866	-649 021
Profit from operations	74 475	55 892
Share of associated companies results	4 817	- 3 748
Unrealized exchange differences on long-term borrowing	4 850	113
Other exchange differences	202	78
Interest and other financial expense, net	- 22 155	- 27 736
Profit before taxes, minority share and extraordinary items	62 189	24 599
Taxes	- 5 885	- 3 253
Minority share	- 449	-
Profit before extraordinary items	55 855	21 346
Extraordinary items	24 448	15 762
Profit for the financial year	80 303	37 108

## RATIOS CALCULATED FROM IAS ACCOUNTS

	1987	1986
Earnings/share <sup>1)</sup>	13,00	5,80
Dividend/share <sup>3)</sup>	2,74 <sup>2)</sup>	1,88
Equity/share <sup>3)</sup>	158,65	138,50
Return on equity <sup>4)</sup>	9,1 %	4,2 %
Equity ratio	62 %	61 %

<sup>1)</sup> Earnings before extraordinary items. Number of shares, diluted average

<sup>2)</sup> Board proposal

<sup>3)</sup> Number of shares, diluted at year-end

<sup>4)</sup> Earnings before extraordinary items in per cent of average equity

## CONSOLIDATED BALANCE SHEET (IAS)

(FIM 1 000)	1987	1986
Fixed assets and other long-term assets		
Construction-in-progress	12 086	1 688
Buildings, land and water	215 733	213 928
Machinery and equipment	121 318	114 832
	349 137	330 448
Shares	302 395	197 582
Long-term receivables	36 935	16 822
Goodwill and other intangible assets	58 860	17 531
Long-term assets, total	747 327	562 383
Current assets		
Inventory	245 760	174 728
Trade receivables and advance payments to vendors	262 492	177 172
Cash and bank	151 921	174 455
	660 173	526 355
Current liabilities		
Trade payables and accrued liabilities	175 552	107 975
Advance payments received	3 097	13 124
Current portion of long-term liabilities	49 265	41 906
Short-term loans	71 993	35 460
	299 907	198 465
Net working capital	360 266	327 890
Total	1 107 593	890 273
Equity		
Share capital	80 923	60 864
Other restricted capital	150 055	97 790
Untaxed reserves	209 994	174 853
	440 972	333 507
Unrestricted equity	249 178	209 500
Equity, total	690 150	543 007
Minority share	3 132	
Long-term liabilities	414 311	347 266
Total	1 107 593	890 273

## COMPARISON BETWEEN IAS ACCOUNTS AND ACCOUNTS PREPARED IN ACCORDANCE WITH FINNISH ACCOUNTING STANDARDS

(FIM 1 000)	1987	1986
RESULT		
Profit as per official Finnish accounts	39 290	44 136
Charge to untaxed reserves	37 116	145 824
	76 406	189 960
Gain on sale of shares in associated company		-144 610
Difference in inventory valuation	- 448	- 95
Goodwill depreciation	2 924	796
Depreciation on fixed assets		728
Pension costs	- 3 396	
Share of associated companies' results	4 817	- 9 671
Profit as per IAS-accounts	80 303	37 108
(FIM 1 000)		
EQUITY	1987	1986
Equity as per official Finnish accounts	454 513	350 138
Untaxed reserves	209 994	174 853
	664 507	524 991
Difference in inventory valuation	14 780	11 195
Difference between associated companies' value as per equity accounting and cost of shares	8 340	685
Difference between pension liability and the pension fund's assets at fair market value	- 3 396	
Difference resulting from different treatment of untaxed reserves in subsidiaries at date of acquisition	5 919	3 125
Difference due to different valuation of fixed assets		3 011
Equity as per IAS accounts	690 150	543 007



## ACCOUNTING POLICIES

These notes refer to the accounts prepared in accordance with Finnish generally accepted accounting standards. The material differences between Finnish accounting standards and International accounting standards have been explained on pages 32-33.

The accounts have been prepared under the historical cost convention with the exception of certain landholdings, which have been revalued.

The consolidated accounts include all companies in which the Parent Company, directly or indirectly, controls more than 50 per cent of the voting rights.

Operations of companies acquired during the financial year are reflected in the consolidated accounts to the extent that the operations have incurred after acquisition date.

All intra-group transactions and balances are eliminated from the consolidated accounts.

The consolidation is based on the Purchase Method, whereby the book value of the Parent Company's shareholding and shareholders' equity in the subsidiaries at the date of acquisition are eliminated. Shareholders' equity in subsidiaries includes half of untaxed reserves at the date of acquisition (the other half is taken up as a deferred tax liability in Other long-term debts). The difference between net assets at the date of acquisition and corresponding purchase price has been applied to specific assets or treated as goodwill. Goodwill is written off over a period of ten years.

### TRANSLATION OF FOREIGN SUBSIDIARIES' ACCOUNTS INTO FINNISH MARKS

The accounts of foreign subsidiaries have been translated into Finnish marks using the Current Rate Method. Exchange differences on equity that arise due to variation of exchange rates between date of acquisition and balance sheet date have been credited directly to equity in the balance sheet.

### INVENTORIES

Inventories have been valued at the lower of cost, replacement cost or net realizable value.

When determining cost, direct costs of manufacturing have been used in Parent Company and its Finnish subsidiaries. The first-in-first-out principle has been applied.

Inventory in foreign subsidiaries has been valued in accordance with the principles prevailing in respective country, thus manufacturing overheads are included in some cases.

### RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Receivables and liabilities have been converted into Finnish marks at the rate of exchange prevailing at the year-end. Thus both realized and unrealized exchange differences have been included in the results of the year.

### FIXED ASSETS

The fixed assets are entered at direct costs with the exception of certain landholdings that have been revalued. The corporation applies the following methods of depreciation:

- Depreciation according to plan. Depreciation is applied consistently over the asset's useful life using the Straight Line Method.
- 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.

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 in Reserves.

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

### RESERVES

Tax regulations in Finland and Sweden allow transfer from the profit for the year to reserves. Such transfers are usually 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 under Change in Reserves in the income statement. The total amount of transfers to reserves from the profit for the year and previous years are shown under Reserves in the balance sheet.

### TAXES

Taxes in the income statement consist of income taxes payable for the current year. Deferred tax on transfer to reserves is not accounted for, as these transfers are not likely to be reversed in the near future.

### PENSIONS

The retirement benefit plans for present employees have been covered by insurance policies with independent insurance companies. The Parent Company's Pension Fund covers retirement benefit plans for persons already retired. The deficit of the Pension Fund is explained in the notes.

### RESEARCH AND DEVELOPMENT

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

### RATIOS

The ratios have been calculated in accordance with the rules of the Helsinki Stock Exchange.



# NOTES TO THE FINANCIAL STATEMENTS

(FIM 1 000)

## 1. INCOME STATEMENT

Due to the acquisition of new subsidiaries and exchange differences on consolidation the figure for Change in Inventory does not equal the figure arrived at when comparing the Balance Sheets of 1987 and 1986.

## 2. NET SALES

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

## 3. COSTS OF MANUFACTURING, SELLING AND ADMINISTRATION

	Consolidated		Parent Company	
	1987	1986	1987	1986
Materials and supplies	445 039	266 451	232 583	186 111
Wages and salaries	214 854	153 358	93 253	93 724
Personnel costs	90 934	72 805	47 901	54 224
Rent and leases	27 006	18 427	16 554	14 726
Other fixed and variable costs	153 973	108 943	64 009	63 513
Production for own use	- 6 404	- 2 536	- 5 143	- 2 536
Change in inventory	- 9 927	7 882	120	13 042
	915 475	625 330	449 277	422 804

## 4. SALARIES

	Consolidated		Parent Company	
	1987	1986	1987	1986
Manufacturing wages	115 731	85 398	57 945	60 364
Other wages and salaries	124 613	91 205	54 716	55 023
	240 344	176 603	112 661	115 387
Vacation and sick-leave pay	- 26 490	- 23 245	- 19 408	- 21 663
	214 854	153 358	93 253	93 724

Directors' salaries and emoluments were FIM 1,2 million. The average number of persons employed was 2 304, of which the Parent Company employed 1 290.

## 5. STATUTORY AND CONTRACTUAL PERSONNEL COSTS

	Consolidated		Parent Company	
	1987	1986	1987	1986
In Finland				
Vacation and sick-leave pay	23 404	21 663	19 408	21 663
Social security charges	6 857	6 836	5 654	6 701
Pension costs	22 057	21 274	18 101	21 114
Pension costs, non-recurring	-	1 162	-	1 162
Other personnel costs	7 593	3 740	4 738	3 584
	59 911	54 675	47 901	54 224
Personnel costs abroad	31 023	18 130		
	90 934	72 805		

## 6. OTHER FIXED AND VARIABLE COSTS

Other fixed and variable costs include, for example, purchases of subcontractors' services, energy for own use and sale, costs for maintaining production machinery and buildings, marketing costs and costs of personnel development. Research and development costs amounted to FIM 25 million (25 MFIM).

## 7. DEPRECIATION ACCORDING TO PLAN

	Consolidated		Parent Company	
	1987	1986	1987	1986
Buildings	4 788	3 671	3 156	3 013
Machinery and equipment	21 394	16 515	11 480	9 929
Other tangible assets	141	118	92	100
Intangible assets	2 743	544	735	544
Other long-term expenditure	2 642	2 897	355	327
Goodwill	4 763	1 374	-	-
	36 471	25 119	15 818	13 913

## 8. BOOK DEPRECIATION

	Consolidated		Parent Company	
	1987	1986	1987	1986
Buildings	5 118	4 526	3 110	3 491
Machinery and equipment	21 871	21 220	11 946	14 876
Other tangible assets	1 084	118	1 035	100
Intangible assets	2 743	544	735	544
Other long-term expenditure	2 642	2 897	355	327
Goodwill	4 763	1 374	-	-
	38 221	30 679	17 182	19 338
Depreciation in excess of plan	1 750	5 560	1 364	5 425

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	25-33 years
Machinery and equipment	10-12,5 years
Vehicles	4 years
Molding tools	3 years
Goodwill	10 years

## 9. FINANCIAL INCOME AND EXPENSE

The dividends received by the Parent Company are mainly dividends paid by subsidiaries.

	Consolidated		Parent Company	
	1987	1986	1987	1986
Financial income				
Interest income	22 226	11 998	24 127	12 302
Interest expense	5 054	191	4 919	191
Gain on sale of shares	7 100	-	7 100	-
	34 380	12 189	36 146	12 493

	Consolidated		Parent Company	
	1987	1986	1987	1986
Financial expense				
Interest expense	48 235	36 129	30 672	27 787
Other expense for acquiring financing	4 258	4 084	2 547	4 084
	52 493	40 213	33 219	31 871

	Consolidated		Parent Company	
	1987	1986	1987	1986
Exchange differences on long-term debt				
Realized	+ 204	+ 113	+ 69	+ 113
Unrealized	+4 850	+ 78	+4 850	+ 78
	+5 054	+ 191	+4 919	+ 191

## 10. EXTRAORDINARY INCOME AND EXPENSE

The income statement line "Other income and expense" has been redefined so that income and expense shown below Earnings after financial items include only items of non-recurring nature



that are not a part of the corporation's usual operations. The figures for previous years have been adjusted correspondingly.

#### 11. TAXES

Taxes in the Income Statement consist of income taxes paid and payable on taxable profit.

#### 12. INTERCOMPANY RECEIVABLES AND LIABILITIES

	Parent Company	
	1987	1986
Trade receivable	60 789	30 199
Loans (receivable)	30 674	17 707
Trade payable	15 066	4 552

#### 13. LOANS RECEIVABLE

Loans receivable from Directors of the Fiskars Corporation amounted to FIM 0,5 million.

#### 14. FIXED ASSETS

Gross capital expenditure and depreciation according to plan	Gross-invest-ments	Accumula-ted depre-ciation	Residual value
Construction-in-progress	12 086		12 086
Land and water	133 411	59	133 352
Buildings and constructions	116 623	34 242	82 381
Machinery and equipment	194 438	77 184	117 254
Other tangible assets	6 266	2 206	4 060
Bonds and shares	294 055	-	294 055
Intangible assets, net	5 774	-	5 774
Other long-term expenditure, net	35 867	-	35 867
Goodwill, net	26 196	-	26 196
Total 1987	824 719	113 690	711 029
Total 1986	671 996	123 805	548 192
Gross capital expenditure and book depreciation	Gross-invest-ments	Accumula-ted depre-ciation	Residual value
Construction-in-progress	12 086		12 086
Land and water	133 411	59	133 352
Buildings and constructions	116 623	49 786	66 837
Machinery and equipment	194 438	121 754	72 684
Other tangible assets	6 266	2 811	3 455
Bonds and shares	294 055	-	294 055
Intangible assets, net	5 774	-	5 774
Other long-term expenditure, net	35 867	-	35 867
Goodwill, net	26 196	-	26 196
Total 1987	824 719	174 413	650 306
Total 1986	671 996	183 559	488 437

Depreciation in excess of plan 1987 60 723

Taxation values are assessed for the real estate holdings in Finland and shares in other Finnish companies. The taxation values assessed are generally significantly below the fair market value of these assets.

The taxation values assessed are	
Landholdings	46 777
Buildings	74 140
Shares (in Finnish companies)	135 453

#### 15. CAPITAL EXPENDITURE

	Consolidated		Parent Company	
	1987	1986	1987	1986
Construction-in-progress	10 398	1 515	7 811	990
Land and water	1 523	12 282	1 523	12 262
Buildings and constructions	3 086	22 780	2 826	9 172
Machinery and equipment	24 476	30 118	14 690	24 767
Other tangible assets	2 999	120	2 830	-
Bonds and shares	136 701	76 462	85 764	35 740
Intangible assets	4 463	496	1 206	363
Other long-term expenditure	14 855	7 999	1 001	83
	198 501	151 772	117 651	83 377

#### 16. BOND LOANS, PARENT COMPANY

Bond loan 1.12.1978-1.12.1988	
Interest 9,75 %	
Principal outstanding 31.12.1987	2 750
- current portion	-2 750
	-
Bond loans 28.12.1984-28.12.1989	
Interest 10,5 %	
Principal outstanding 31.12.1987	2 000
- current portion	-1 000
	1 000
Total as per balance sheet, long-term	1 000

#### 17. RESERVES

	Consolidated		Parent Company	
	1987	1986	1987	1986
Investment reserve				
1.1.	50 719	13 000	50 500	13 000
Increase +/-Decrease -	+27 500	+37 679	+27 500	+37 500
Other change	- 219	+ 40	-	-
31.12.	78 000	50 719	78 000	50 500
Other reserves:				
Operating reserve				
1.1.	29 000	24 000	29 000	24 000
Increase +/-Decrease -	+ 8 019	+ 5 000	5 000	+ 5 000
Other change	- 1 838	-	-	-
31.12.	35 181	29 000	34 000	29 000
in per cent of Parent Company's salaries			30	25
Maximum deductible for taxation purposes			30	25
Inventory reserve				
1.1.	31 205	33 658	29 000	32 500
Increase +/-Decrease -	- 2 104	- 2 421	-	- 3 500
Other change	+ 803	- 32	-	-
31.12.	29 904	31 205	29 000	29 000
in per cent of Parent Company's inventory			35	35
Maximum deductible for taxation purposes			35	35



Doubtful debts reserve				
1.1.	4 174	4 034	4 000	4 000
Increase +/-Decrease -	1 385	- 5	+ 1 000	-
Other change	+ 20	+ 145	-	-
31.12.	5 579	4 174	5 000	4 000

Guarantee and other reserves				
1.1.	-	-	-	-
Increase	+ 566	-	-	-
Other change	+ 41	-	-	-
31.12.	607	-	-	-
Other reserves total	71 271	64 379	68 000	62 000

#### 18. CHANGE IN THE CONSOLIDATED EQUITY

	Share capital	Paid-in new issue	Reserve fund	Other restricted equity
Restricted equity				
1.1.	60 864	3 428	36 513	57 849
New issue	8 745	600	41 593	
Transfer to Share capital	9 514	- 3 428		- 6 086
Private placement	1 800		20 214	
Other change			+ 177	- 805
31.12.	80 923	600	98 497	50 958
Restricted equity, total				230 978

	Unappropriated profits	Net profit for the year
Unrestricted equity		
1.1.	191 484	
Dividends paid	- 7 397	
Other change	+ 158	
Profit for the year		39 290
31.12.	184 245	39 290
Unrestricted equity, total		223 535
Equity, total		454 513

Exchange differences on consolidation have been booked as an increase or decrease of restricted equity.

#### 19. CHANGES IN THE PARENT COMPANY'S EQUITY

	Share capital	Paid-in new issue	Reserve fund	Revaluation fund	Other restricted equity
Restricted equity					
1.1.	60 864	3 428	36 466	45 046	11 944
New issue	8 745	600	41 593		
Transfer to Share Capital	9 514	- 3 428		- 6 086	
Private placement	1 800		20 214		
31.12.	80 923	600	98 273	38 960	11 944
Restricted equity, total					230 700

	Contingency reserve	Unappropriated profits	Profit for the year
Unrestricted equity			
1.1.	129 666	79 221	
Dividends	-	- 7 397	
Profit for the year			35 014
31.12.	129 666	71 824	35 014
Unrestricted equity, total			236 504
Equity, total			467 204

#### 20. THE PARENT COMPANY'S SHARE CAPITAL AND CONVERTIBLE BOND LOANS

The Parent Company's share capital consisted at the year-end of 3 049 675 K series shares and 996 485 A series shares or a total number of 4 046 160 shares, nominal value FIM 20. At conversion, the convertible bonds issued Feb 1st 1987 can be converted into 304 317 shares (or less) corresponding to a nominal value of share capital of 6 086 340 FIM (or less).

The bonds can be converted into shares as follows:

From Jan 2nd to Jan 15th 1990 From Jan 2nd to Jan 15th 1991 From Jan 2nd to Jan 15th 1992

The bonds can also be converted into shares if the company, during the loan period, decides to increase its share capital by new issue other than by private placement. Bonds can also be converted into shares if the company, during the loan period, decides to issue a new convertible bond loan.

An interest of 7 per cent is paid on the convertible bond loan.

#### 21. PLEDGED ASSETS AND CONTINGENCIES

	Consolidated 1987	Consolidated 1986	Parent Company 1987	Parent Company 1986
Real estate mortgages				
- for own liabilities	158 210	175 153	147 213	161 847
Chattel mortgages				
- for own liabilities	-	-	-	-
- other	-	-	-	-
Other mortgages				
- for own liabilities	50 008	7 114	-	-
	208 218	182 267	147 213	161 847
Pledged assets				
- other	918	-	-	-
Factoring liability	4 710	1 174	4 710	1 174
Contingencies				
- for own liabilities	-	-	86 509	73 987
- other	985	21 156	698	20 631
	6 613	22 330	91 917	95 792
Discounted Bills of Exchange				
- for own liabilities	-	-	-	14 272
- other	544	1 747	544	1 747
	544	1 747	544	16 019
Other contingencies	9 150	-	-	-
Total pledged assets and contingencies	224 525	206 344	239 674	273 658

#### 22. LEASED ASSETS

Operating leases for fixed assets

Minimum future rental payments under non-cancellable lease agreements:

1988	9 812	1990	4 587	1992	1 293
1989	6 985	1991	1 476	1993-	860

#### 23. PENSION LIABILITY

	Consolidated 1987	Consolidated 1986	Parent Company 1987	Parent Company 1986
- Parent company's pension liability	-	7 931	-	7 931
- Deficit in Pension Fund	14 093	4 984	14 093	4 984
	14 093	12 915	14 093	12 915

The increase in deficit in the pension fund is a result of the transfer of the Parent Company's direct pension liability to the pension fund.



## 24. SHARES INCLUDED IN FIXED ASSETS

	Number of shares	% of share capital	Nominal value (1 000)	Book value 1 000	
Shares owned by Fiskars Oy Ab					
Subsidiaries					
Fiskars Inc., USA	5 750	100	6 185 (USD)	35 665	
Fiskars Europe BV, Holland	150	100	150 (NLG)	4 299	
Fiskars AB, Sweden	5 000	100	32 000 (SEK)	22 833	
Geoinstruments Oy	50	100	50	1 895	
Kiinteistö Oy Danskog gård Ab	4 000	100	3 000	3 000	
Länsi-Uudenmaan Sähköpalvelu Oy	150	100	45	2 785	
Oy Metra Ab	100	100	1	1	
				70 478	
Housing companies				130	
Other companies				121	
				70 729	
Associated companies					
Ovako Steel AB, Sweden	11 200 000	20	112 000 (SEK)	179 579	
Wilkinson-Fiskars BV, Holland	25	50	25 (NLG)	44	
Manconor Oy	270 000	20	5 400	13 500	
Fiskars India Ltd., India	148 000	20	1 480 000 (INR)	515	
Gripit A/S, Denmark		33,4	26 600 (DKK)	17 370	
				211 008	
Other companies					
SMZ-Industrier AB, Sweden	72 678	10	363 (SEK)	18 928	
Starckjohann-Telko Oy	2 250	18,7	1 687	2 231	
Rautaruukki Oy	125	X	625	625	
Asunto-Oy Puistokatu 9	6	X	100	2 992	
Kiinteistö Oy Soukan Pienteollisuustalo	5	X	100	3 048	
Oy Nordgolf Ab	5	X	254	254	
Oy Lohja Ab	357 611	2,9	7 152	48 558	
Housing companies				242	
Other shares				750	
				77 628	
				359 365	
Shares owned by other group companies					
Subsidiaries					
Fiskars Manufacturing Corp., USA	4 500	100	4 500 (USD)	4 500 (USD)	
Fiskars Electronics Corp., USA	2 500	100	2 500 (USD)	2 500 (USD)	
Gerber Legendary Blades Inc., USA	15 000	100	15 (USD)	9 040 (USD)	
Knivman AB, Sweden	30 000	100	3 000 (SEK)	20 000 (SEK)	
Knivman Bankeryd AB, Sweden	900	100	90 (SEK)	4 500 (SEK)	
AB Plast- och Metallprodukter, Sweden	600	100	60 (SEK)	60 (SEK)	
Kraftelektronik AB, Sweden	30 000	100	3 000 (SEK)	12 048 (SEK)	
Ergotool International AB, Sweden	500	100	50 (SEK)	50 (SEK)	
Fiskars A/S, Denmark	41	99,8	4 490 (DKK)	4 490 (DKK)	
Fiskars A/S, Norway	30	100	150 (NOK)	150 (NOK)	
Fiskars GmbH, FRG		100	50 (DEM)	50 (DEM)	
Fiskars GesmbH, Austria		99	500 (ATS)	500 (ATS)	
Fiskars S.A.R.L., France	500	100	500 (FRF)	500 (FRF)	
Fiskars AG, Switzerland	50	100	60 (CHF)	50 (CHF)	
Fiskars Nederland B.V.	35	100	35 (NLG)	35 (NLG)	
Fiskars Limited, Great Britain	66 000	100	66 (GBP)	66 (GBP)	
Brontosaurus Oy	150	100	150 (FIM)	150 (FIM)	
Lebo Lift AB, Sweden	150	100	150 (SEK)	640 (FIM)	
Nummela Lift Oy	160 000	100	1 600	10 133 (FIM)	
Bronto Skylift AB, Sweden	2 000	100	2 000 (SEK)	1 486 (FIM)	
Bronto Skylift AG, Switzerland	49	98	49 (CHF)	1 073 (FIM)	
Bronto Skylift A/S, Norway	15	100	150 (NOK)	2 098 (FIM)	
Bronto Skylift Marketing Far East Pte	160 000	80	160 (SGD)	341 (FIM)	
Teknokela Oy	90	100	90	1 227 (FIM)	
Ginge-Kerr A/S, Norway	200	100	200 (NOK)	200 (NOK)	
Ginge-Kerr AB, Sweden	2 500	100	250 (SEK)	250 (SEK)	
Ginge-Kerr UK Ltd	250 000	100	250 (GBP)	250 (GBP)	
Oy Bronto Skylift Ltd	7 048	92,7	705	1 129 (FIM)	
Sammutin Oy	2 000	100	500	7 988 (FIM)	
Ginge-Kerr A/S, Denmark	2 000	50	1 000 (DKK)	5 078 (FIM)	
In other Fiskars companies				122 (FIM)	
Associated companies					
Pirkan Teollisuuspinnoite	130	43,3	130	130 (FIM)	
Svenska Brandslangfabriken	200	50	200	2 850 (SEK)	
Other companies				25 (FIM)	

## GENERAL MEETINGS

## ANNUAL GENERAL MEETING OF SHAREHOLDERS 1987

At the annual general meeting of shareholders on April 8, 1987, the financial statements for 1986 were approved in accordance with the Board of Directors' proposal.

A dividend of 15 % was declared for A-series shares i.e. FIM 3,00 per old share and FIM 1,50 per new share, totalling FIM 1 865 856,00 and a dividend of 13 % for K-series shares was declared, i.e. FIM 2,60 per old share and FIM 1,30 per new share, totalling FIM 5 530 844,80.

The annual general meeting re-elected the retiring member of the Board Robert G. Ehrnrooth to the Board. Matti Pekkanen was elected to the Board as a new member to replace resigning Lauri Kalima. Olof Bruncrona and Ronald Wrede were elected as new members to the Board, Mr. Wrede to replace the resigning Jacob von Julin for his remaining term.

Brita Hisinger-Jägerskiöld, Juhani Kolehmainen and Eric Haglund were elected as auditors.

Peter Hartwall, Christian Hildén and Sixten Nyman were elected as deputy auditors.

The annual general meeting authorized the Board of Directors to increase the share capital by maximum 10 000 000 FIM by a new issue deviating from the shareholders preferential subscription rights. A total of 500 000 new A or K shares with a maximum of 150 000 K-shares, at a par value of 20 FIM, can be offered for subscription in accordance with conditions and at prices decided by the Board of Directors. The subscription can also be made against capital contributions. The authorization is valid for a period of one year as from April 8, 1987.

## EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS 1988

The extraordinary general meeting, held on January 11, 1988, decided to increase the share capital by a minimum of 12 947 680 FIM, and a maximum of 13 921 520 FIM by a bonus issue of minimum 3 236 920 FIM and maximum FIM 3 480 380 and a new issue of minimum 9 710 760 FIM and maximum 10 441 140 FIM. The final amount within the limits of these minimum and maximum amounts was subject to the amount of convertible bonds converted into shares at the latest on January 8, 1988 in accordance with article 10 of the terms of the Fiskars convertible bond loan, confirmed by the extraordinary general meeting of shareholders on December 10, 1986. A total of 269 676 new shares were given in the conversion, of which 117 A-shares and 269 559 K-shares. In the bonus issue the maximum value thus amounted to 3 452 660 FIM and in the new issue to 10 357 980 FIM.

The extraordinary general meeting authorized the Board of Directors to increase the share capital by maximum 10 000 000 FIM by a new issue deviating from the shareholders preferential subscription rights. A total of 500 000 new A- or K-shares with a maximum of 150 000 K-shares, at a par value of 20 FIM, can be offered for subscription in accordance with conditions and at prices decided by the Board of Directors. The subscription can also be made against capital contributions. The authorization is valid for a period of one year as from January 11, 1988.

The extraordinary general meeting further authorized the Board of Directors to decide upon the sales of a maximum of 50 000 warrants to the Corporation's international and domestic operative management, deviating from the shareholders preferential subscription

rights. Each warrant entitles to the subscription of one new unrestricted A-share, par value 20 FIM, at a price of at least 150 FIM. Each person entitled to the subscription can purchase a maximum of 2 000 warrants. Through the warrants a maximum of 50 000 new free A-shares can be issued and the capital raised by a maximum of 1 000 000 FIM. The warrants may be offered for subscription in accordance with conditions and at prices decided by the Board of Directors.

The extraordinary general meeting also decided upon the following alterations to the company's articles of association:

## Article 6

Aliens and alien corporations and Finnish corporations mentioned in section two of the Act of 28th July, 1939 on the right of aliens and certain organisations to own and control real estate and shares, shall not own more than 2/5 of the shares of the company. It is prohibited to surrender other shares to aliens or to the above mentioned corporations.

## Article 8, paragraph 5

The Board of Directors may appoint, from among the personnel of the company, an executive board. The general manager acts as the chairman of the executive board. The Board of Directors issues detailed instructions to the executive board.

## Article 12, paragraph 2

A call convening a meeting of shareholders shall be issued not earlier than four weeks and not later than one week prior to the day on which the meeting of shareholders is to be held. The call shall be published in not less than three daily papers chosen by the Board of Directors.



# PROPOSAL BY THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL MEETING 1988

Unrestricted equity according to consolidated balance sheet amounts to FIM 224 million.

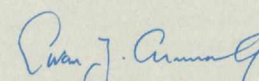
Unappropriated profits from previous years	71 824 199,47
Profit for the financial year	35 014 592,14
Total	FIM 106 838 791,61

The Board proposes

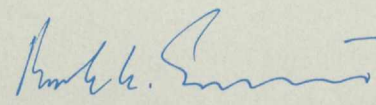
a dividend of 17 % corresponding to FIM 3,40/share to be paid on shares of series A		
- old shares (996 485 shares)	3 388 049,00	
- shares issued at the conversion 18.-31.12.87 of convertible bonds (18 shares)	61,20	FIM 3 388 110,20
a dividend of 14 % corresponding to FIM 2,80/share to be paid on shares of series K		
- old shares (3 049 675 shares)	8 539 090,00	
- shares issued at the conversion 18.-31.12.87 of convertible bonds (5 382 shares)	15 069,60	FIM 8 554 159,60

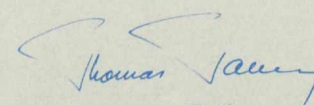
and that the balance of FIM 94 896 521,81 is carried forward.

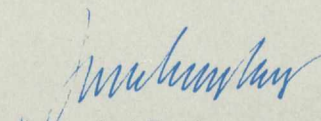
Helsinki February 26, 1988

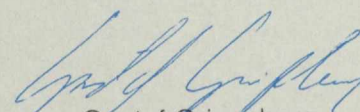
  
Göran J. Ehrnrooth

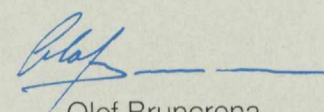
  
Matti Pekkanen

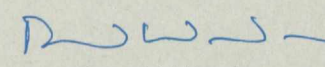
  
Robert G. Ehrnrooth

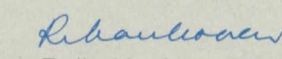
  
Thomas Tallberg

  
Jarl Engberg

  
Gustaf Gripenberg

  
Olof Bruncrona

  
Ronald Wrede

  
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 1987. 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 35 014 592,14 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,

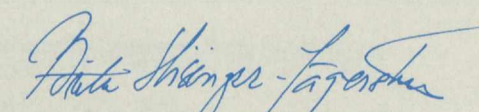
that the members of the Board of Directors and the Managing Director be discharged from liability for the financial period audited by us.

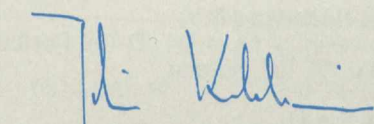
## GROUP

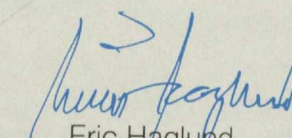
The consolidated accounts have been prepared in accordance with the regulations in force. The unrestricted equity of the group is shown in the balance sheet in accordance with the Companies Act.

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

Helsinki, February 29, 1988

  
Brita Hisinger-Jägerskiöld

  
Juhani Kolehmainen

  
Eric Haglund



# ADDRESSES

	Tel.	Telex	Telefax
<b>CORPORATE HEAD OFFICE</b> Mannerheimintie 14 A, P.O.Box 235, 00101 Helsinki	+358-0-644 011	124826 fhels sf	+358-0-604 053
<b>CONSUMER PRODUCTS GROUP</b>			
<b>Consumer Products Group, Europe</b>			
<b>General &amp; Administration</b> 10330 Billnäs	+358-11-377 721	13157 fbill sf	+358-11-322 10
<b>Scissors plant</b> 10330 Billnäs.	+358-11-377 721	13188 fmark sf	+358-11-363 50
<b>Knife plant</b> 10470 Fiskars	+358-11-377 721	13188 fmark sf	+358-11-377 204
<b>Production tool plant</b> 10330 Billnäs	+358-11-377 721	13188 fmark sf	+358-11-363 50
<b>Knivman AB</b> Stålbrännaregatan 5, Box 1117, S-631 80 Eskilstuna, Sverige	16-147 250	46073 knivman s	16-146 594
<b>Knivman Bankeryd AB</b> Domsandsvägen, Box 53, S-564 01 Bankeryd, Sverige	36-771 60	46073 knivman s	16-146 594
<b>Fiskars AG</b> Büttenenhalde 38, CH-6006 Luzern, Schweiz	41-312 897	868195 fisk ch	41-317 909
<b>Fiskars A/S</b> Maglebjergvej 4, DK-2800 Lyngby, Danmark	2-881 666	37361 tecco dk	2-881 854
<b>Fiskars A/S</b> Postboks 3688, N-0135 Oslo 1, Tøyengaten 26, N-0190 Oslo 1, Norge	2-683 310		2-684 076
<b>Fiskars Ges.m.b.H</b> Lamezanstrasse 5, A-1232 Wien, Österreich	222-616 5291	112011 banw a	222-616 5293
<b>Fiskars Limited</b> Brocastle Avenue, Waterton Industrial Estate, Bridgend, Mid Glamorgan, CF31 3YN	656-555 95	497584	656-59582
<b>Fiskars Nederland B.V.</b> Kellenseweg 2a, NL-4004 JD Tiel, Postbus 6019, NL-4000 HA Tiel, Holland	3440-154 70	70049 fkars nl	3440-214 06
<b>Fiskars S.a.r.l.</b> 374, Rue de Vaugirard, F-75015 Paris, France	1-425 098 83	finn 203612 f	1-425 099 06
<b>Fiskars Europe B.V.</b> Kellenseweg 2 a NL-4004 JD Tiel, Holland	3440-154 70 +32-1644-3930	70049 fkars nl	3440-214 06 +32-1644-9978
<b>Consumer Product Group, USA</b>			
<b>Fiskars Manufacturing Corporation</b> P.O.Box 1727, Wausau, Wisconsin 54401, USA	715-842-2091	290840 fiskarsmc wasu	715-845-2740
<b>Wallace</b> 21 Manning Road, Enfield, Connecticut 06082, USA	203-745-1634	294730	203-745-8183
<b>Plastic Molding</b> 1520 S.W. 9th Avenue, Forest Lake, Minnesota 55025, USA	612-464-1700		
<b>Gerber</b> 14200 S.W. 72nd Avenue, P.O.Box 23088, Portland Oregon 97223, USA	503-639-6161	151354	503-684-7008

	Tel.	Telex	Telefax
<b>ELECTRONICS GROUP</b>			
<b>Electronics Group, Europe</b>			
<b>Power Electronics</b> Ruosilankuja 3 B, 00390 Helsinki	+358-0-546 011	125286 fipel sf	+358-0-542 926
<b>Enclosures</b> Björknäs Industrial Area, P.O.Box 42, 10601 Tammisaari	+358-11-129 00	13123 feken sf	+358-11-139 99
<b>Elesco, Geoinstruments</b> Soukantie 13, PL 19, 02361 Espoo	+358-0-801 9433	125843 feles sf	+358-0-802 2489
<b>Kraftelektronik AB</b> Box 2102, S-44502 Surte, Sverige	31-982 025	21210 kraft s	31-981 313
<b>Fiskars Electronics Ltd.</b> Farley Hall, London Road, Binfield, Bracknell, Berks RG12 5EU, England	344-863 320	849999 net nyn g	344-863 999
<b>Electronics Group, USA</b>			
<b>Fiskars Electronics Corporation</b> 19925 Stevens Creek Blvd., Suite 137, Cupertino, California 95014, USA	408-973-7837	5101007634 amex	408-996-3508
<b>Behlman Engineering</b> 1142 Mark Avenue, Carpinteria, California 93013, USA	805-684-8311		805-684-8128
<b>Warren Communications</b> Newtown Road, P.O.Box 1490, Littleton, Massachusetts 01460, USA	617-486-9551	139984	617-486-9601
<b>Triad Power Systems</b> 10362 Miller Road, Dallas, Texas 75238, USA	214-341-8700		214-341-1804
<b>INVESTMENT PRODUCTS GROUP</b>			
<b>Hydraulic Loaders, Salo Plant</b> Tehdaskatu 7, P.O.Box 54, 24101 Salo	+358-24-2001	6814 fsalo sf	+358-24-160 74
<b>Hydraulic Loaders, Porvoo Plant</b> P.O.Box 35, 06101 Porvoo	+358-15-144 266	1704 prvoo sf	+358-15-173 037
<b>Inha Plant</b> 63920 Inha	+358-65-349 11	72133 finha sf	+358-65-341 25
<b>Metra</b> P.O.Box 300/Mannerheimintie 14 A, 00101 Helsinki	+358-0-642 677	124826 fhels sf	+358-0-644 043
<b>Oy Bronto Skylift Ltd</b> Teerivuorenkatu 28, 33300 Tampere	+358-31-442 233	22583 brnto sf	+358-31-451 042
<b>Brontosaurus Oy</b> Saunatie 4, 40900 Säynätsalo	+358-41-742 422		+358-41-742 080
<b>Sammutin Oy</b> P.O.Box 173/Valimotie 15 B, 00381 Helsinki	+358-0-506 1188	122765 sammu sf	+358-0-506 1557



	Tel.	Telex	Telefax
<b>Bronto Skylift AG</b> Ifangstrasse 111, CH-8153 Rümlang/Zürich, Schweiz	1-817 0112		1-817 1867
<b>Bronto Skylift AB</b> Box 449/Sågvägen 2, S-184 26 Åkersberga, Sverige	764-68005		764 60748
<b>Bronto Skylift A/S</b> Postboks 4/Maskinvn. 12, N-4033 Forus (Stavanger) Norge	4-571 022		4-571 616
<b>Ginge-Kerr A/S</b> 111 Stamholmen, Avedøre Holme DK-2650 Hvidovre (Köpenhamn), Danmark	1-771 131	15331	1-772 231
<b>Ginge-Kerr Limited</b> Ashcroft Road, Knowsley Industrial Park Kirkby, Liverpool L33 7TS, United Kingdom	51-548 6424	627261	51-548 7263
<b>Ginge-Kerr (Norge) A/S</b> <b>No-Ha Engineering A/S</b> Postboks 4/Maskinvn. 12, N-4033 Forus (Stavanger) Norge	4-571 188		4-571 616
<b>Bronto Skylift North America Inc.</b> 55 Bloor Street West Suite 400 Toronto, Ontario, Canada M4W 1A5	416-964-8885	062-17831	416-964-7591
<b>Bronto Skylift North America Inc.</b> 2300 Peachford Road, Suite 3120 Atlanta, Georgia 30338, USA.	404-451-1094		404-451-6348
<b>Bronto Skylift Marketing (Far East) Pte. Ltd.</b> 80 Marine Parade Rd, Parkway Parade, Unit 11-06 Singapore 1544	65-344 7950	rs56137 bfein	65-344 2990
<b>REAL ESTATE GROUP</b>			
<b>Real estate services</b> <b>Forest management</b> <b>Farm management</b> <b>Electricity distribution</b>	+358-11-3771		+358-11-377 204
<b>Länsi-Uudenmaan Sähköpalvelu Oy</b> Keskuskatu 79, 10300 Karjaa	+358-11-30 180		



