

ANNUAL
REPORT
1988

FISKARS

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual Meeting of shareholders of Fiskars Oy Ab will be held at Hotel Palace, Eteläranta 10, Helsinki, on Friday, April 14, 1989.

Shareholders wishing to attend the meeting should inform Fiskars Corporate Head Office by letter to P.O. Box 235, SF-00101 Helsinki, Finland, or by phone +358-0-644011/Erja Nyyssölä not later than 4.30 p.m. on Tuesday, April 11.

Shareholders are kindly requested to inform the Corporate Head Office of changes in their addresses.

FINANCIAL INFORMATION

In addition to the annual report, the Fiskars Corporation publishes an interim review of operations covering the period January 1 through August 31, 1989, which will be published in October.

Both publications are available in English, Finnish and Swedish at no cost from the Fiskars Corporation, Information Department, P.O. Box 235 (Mannerheimintie 14 A), SF-00101 Helsinki, Finland, telephone +358-0-644011.

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MANAGEMENT'S REVIEW



Göran J. Ehrnrooth,
Chairman of the
Board (front) and
Reijo Kaukonen,
President.

The Fiskars Corporation succeeded in 1988 in making a strategic breakthrough, after several years of preparation, in two of its important business areas. The Consumer Products Group and the Electronics Group both increased their earnings potential significantly through sizable international acquisitions.

The Consumer Products Group's expertise focuses on uniquely designed high-quality scissors, knives and garden shears. The acquisitions of the British company Wilkinson Sword's Home and Garden Division and the German company Wilh. Boos during the year increased the group's sales by approximately 40% on an annual level and gave the group a significantly more important role, particularly in the European Community countries. Fiskars' Consumer Products Group and the Fiskars trademark today have a solid position — even globally — in the selected customer demand areas.

Uninterruptible Power Supply or UPS systems constitute the fastest growing product area within the Electronics Group, because the complicated data processing and data communications systems of today's information society do not tolerate disturbances in their power supply. The group's position in its home market was considerably strengthened through the acquisition of Ulveco, the leading Swedish power electronics company. At the end of the year, negotiations to purchase the California-based Deltec Corporation ended successfully. Deltec is one of the major producers of UPS systems in the United States. Earlier efforts to adapt European-made products to the vast US market had led to operational losses due to the product approval procedures which proved to be more difficult than expected. The Deltec purchase will leapfrog Fiskars into a significant market position in the US. Combined with the more than doubling sales, this will make a rapid profit improvement of previous operations possible.

Fiskars sold its thriving hydraulic log loader business with 260 employees during the financial year in order to release resources for the development of selected global growth areas. To provide for the sharper focus needed in pursuing these opportunities, the corporation has channeled its investments into new business areas through new subsidiaries or affiliated companies. New subsidiaries include Oy Metra Ab, specializing in the fire fighting business, and the new real estate development company Ferraria Oy Ab. Affiliated companies, where Fiskars has a minority share, include Ovako Steel AB, Gripit A/S and Gyllenberg Securities Oy Ab.

Net sales, with a renewed structure, rose 20% to FIM 1,252 million.* Reorganizing the acquired businesses strained the corporation's operational results. However, gains from the divestment of businesses and income from the affiliated companies helped to increase total earnings and earnings per share over the previous year.

Conscious risk taking in international business requires financial maneuvering space. Realizations and share issues carried out during the financial year raised the corporation's equity from FIM 664 million to FIM 943 million. The equity ratio has been maintained on a level above 50%.

Special features of the corporation include its land and forest holdings dating back to the 17th century, as well as substantial shareholdings in other companies. Even considering the low and long-term rate of return on these holdings, the corporation's return on equity is not yet on the targeted level. Utilizing the increased earnings potential brought about by the structural changes will improve the return on capital figures and continue to make Fiskars shares an interesting opportunity for investors today and in the future.

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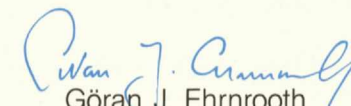
Approximately two-thirds of the corporation's total staff of more than 3,500 work outside the home country of the parent company. Fiskars companies around the world follow their host country's customs and practice in customer relations as well as in cooperation with their staff, the boards of local companies and with other interest groups.

A reorganization was carried out during the financial year 1988 in order to respond to the needs of the rapidly expanding international operation. The Board of Directors appointed Operating Boards to oversee the activities of the business groups. Additionally, the Consumer Products Group is now managed from its main market area, the United States. All these measures aim at creating the widest possible contact network for fostering internal communication and exchange of expertise.

Recent investments in product development, productivity and a customer-oriented marketing network will sustain a continuously strong growth rate of more than 20% in 1989. All the elements are now in place for long-term profitability improvement.

*The currency unit used in this report is the Finnish mark (abbreviated FIM). Its exchange rate on December 31, 1988 was 4.161 Finnish marks to 1 US dollar.

Helsinki, February 1989


Göran J. Ehrnrooth
Chairman of the Board


Reijo Kaukonen
President

SUMMARY OF OPERATIONS

(Million FIM)	1984	1985	1986	1987	1988
Net sales	536	627	705	1 027	1 252
Sales outside Finland	290	372	480	721	896
as % of net sales	54	60	68	71	72
Operating margin	70	71	80	112	112
as % of net sales	13	12	11	11	9
Depreciation according to plan	18	19	25	36	46
Financial items, net	- 23	- 21	- 22	- 17	- 6
Earnings after financial items	+ 29	+ 31	+ 33	+ 58	+ 60
Pretax earnings	+ 37	+ 41	+ 49	+ 83	+ 165
as % of net sales	7	6	7	8	13
Dividends paid	4.1	5.5	7.4	11.9	18.8
Equity + reserves	249	293	525	664	943
Return on equity ¹⁾	9	10	7	9	7
Return on net assets ²⁾	11	10	9	10	9
Equity ratio, %	39	40	49	48	52
Market value at Stock Exchange Dec 31	154	260	715	1 198	1 924
Personnel at year-end	1 822	1 998	2 218	2 890	3 084
of which abroad	230	420	783	1 210	1 877
Capital expenditure	54	55	152	167	157

¹⁾ $\frac{\text{Earnings after financial items} - \text{taxes}}{\text{Equity} + \text{reserves (average)}} \times 100$

²⁾ $\frac{\text{Earnings after financial items} + \text{financial expenses}}{\text{Balance sheet total} - \text{non-interest-bearing debt (average)}} \times 100$

INFORMATION ON FISKARS' SHARES

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

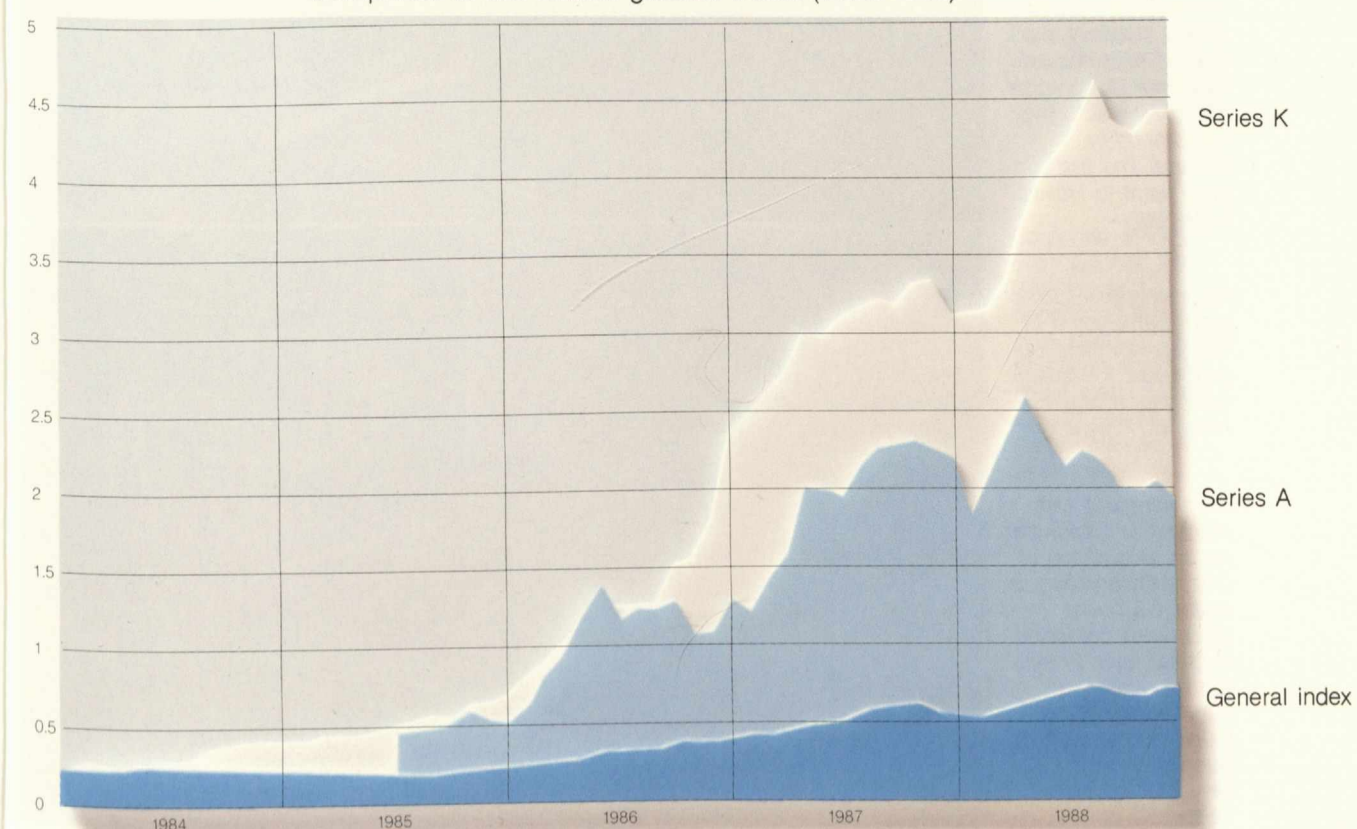
	1984	1985	1986	1987	1988
Corporate net sales	536	627	705	1 027	1 252
Earnings after financial items after taxes, mill. FIM ¹⁾	42	58	20	57	74
Average number of shares in '000 (diluted by share issues)	3 634	3 790	3 924	4 290	5 245
Earnings after financial items and tax, FIM/share	11.58	15.33	5.05	13.33	14.02
Adjusted price, FIM/share ²⁾ , K	41	69	248	309	442
A		78	134	206	196
Price/earnings, K	4	4	49	23	32
A		5	27	15	14
Adjusted dividend, FIM/share K	1.47	1.93	2.44	2.62	3.20 ³⁾
A		2.25	2.81	3.18	3.80 ³⁾
Dividend rate %, K	3.6	2.8	1.0	0.8	0.7
A		2.9	2.1	1.5	2.0
Dividend mill. FIM	4.1	5.5	7.4	11.9	18.8
Equity + reserves Dec 31, mill. FIM	249	293	525	664	943
Adjusted number of shares in thousands, Dec 31	3 371	3 790	4 184	4 318	5 563
Equity + reserves, FIM/share (incl. convertible bonds)	74	77	125	154	170

¹⁾ Including associated companies' results

²⁾ Weighted average of non-restricted and restricted shares at the end of the year, diluted by share issues

³⁾ Board proposal.

DEVELOPMENT OF FISKARS SHARE PRICE
Compared to the Uunitas general index (1975=100)



Tommy G. Thompson, Governor of Wisconsin (left), visited Fiskars in the 350th jubilee year of Finnish-American friendship, here with Fiskars President Reijo Kaukonen. Wausau, Wisconsin, has been the home of Fiskars' US scissors plant for more than a decade.



Wilh. Boos Jr. (GmbH & Co.) of Solingen, West Germany, was acquired by Fiskars in June. The agreement was signed by Achim Boos, the Managing Director of the company. Boos supplies scissors, knives and other household utensils to important European markets.



A new tradition, the Fiskars Prize for the Industrial Designer of the Year, was established in Finland. The first prize went to Heikki Kiiski (left).



An energetic Fiskars team participated in the ten-kilometer jogging event for ladies arranged in May in Helsinki, Finland.



An agreement was reached in December on the acquisition of Deltec Corporation, a major US power electronics company. A group from Fiskars' top management team from Finland toured the facilities in San Diego with Ray Meyer, President of Deltec.



A handshake by Jan-nik Lindbæk, Managing Director of the Nordic Investment Bank, confirmed a significant loan to Fiskars. This loan is important for the internationalization of Fiskars' Scandinavian business units.

The Finnish Secretary of State for Trade and Industry, Ilkka Suominen, visited the recently expanded scissors factory in Finland.



During the visit to the People's Republic of China by the President of Finland, Fiskars signed a preliminary agreement on a joint-venture scissors factory to be built in China. Finnish Secretary of State for Foreign Trade, Pertti Salolainen (second from right), was present at the occasion.

Corporate Management Council, the planning and negotiating forum composed of the corporation's international management, moved nearer to nature instead of customers.



BOARD OF DIRECTORS, CORPORATE MANAGEMENT AND AUDITORS

BOARD OF DIRECTORS OF FISKARS OY AB

	Elected until the Annual General Meeting in	Elected to the Board in
Göran J. Ehrnrooth, Chairman	1991	1974
Matti Pekkanen, Deputy Chairman, President, Central Association of Finnish Forest Industries	1990	1987
Robert G. Ehrnrooth, President, EFFOA — Finland Steamship Co. Ltd.	1990	1966
Thomas Tallberg, M.D., Helsinki University Central Hospital	1991	1966
Jarl Engberg, Attorney-at-Law, Hannes Snellman Attorneys	1989	1980
Gustaf Gripenberg, D.Eng., Helsinki University	1989	1986
Olof Bruncrona, M.Sc. (Eng.), Director Emeritus, Fiskars Oy Ab	1990	1987
Ronald Wrede, Master of Laws, Legislative Counsellor, Ministry for Foreign Affairs	1989	1987
Reijo Kaukonen, President, Fiskars Oy Ab	1991	1984

Board members' term of office is three years.



AUDITORS

Ordinary

Eric Haglund, C.P.A.
Juhani Kolehmainen
Jacob Wallenberg

Deputy

Sixten Nyman, C.P.A.
Brita Hisinger-Jägerskiöld
Peter Hartwall

The Board of Directors inaugurated Fiskars Design Center on August 19, 1989. From left: Reijo Kaukonen, Ronald Wrede, Olof Bruncrona, Göran J. Ehrnrooth, Robert G. Ehrnrooth, Matti Pekkanen, Gustaf Gripenberg, Thomas Tallberg and Jarl Engberg.

CORPORATE MANAGEMENT

Chairman of the Board	Göran J. Ehrnrooth
President	Reijo Kaukonen
Corporate functions	
Finance	Juha Toivola
Development and real estate	Ingmar Lindberg
Technology and planning	Kimmo Käyhkö
Consumer Products Group	Wayne G. Fethke
Electronics Group	Kalevi Puonti
Deltec Corporation	Ray Meyer
Investment Products Group	
Inha products	Pauli Lantonen
Oy Metra Ab	Carl-Erik Kortman
Ferraria Oy Ab	Olli Männikkö

CORPORATE OPERATING COMMITTEE

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

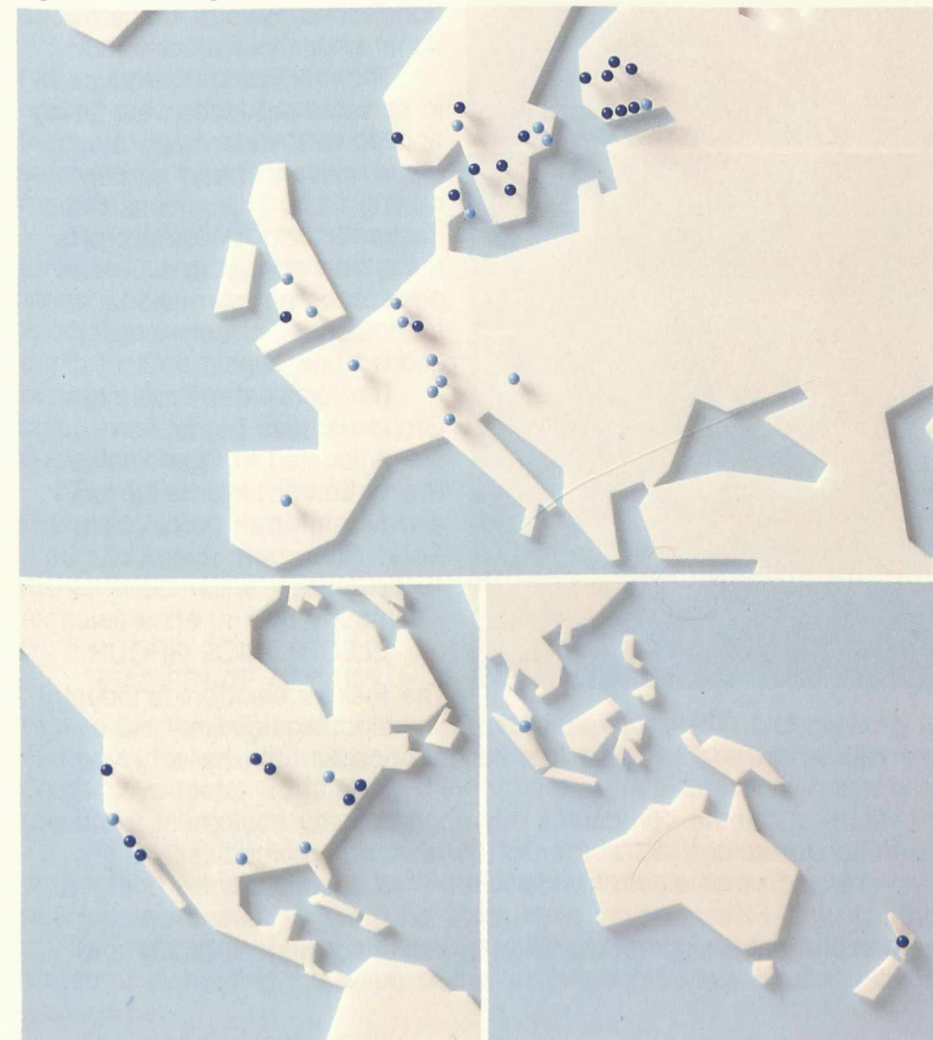
MANAGEMENT BOARD

Reijo Kaukonen, Chairman
Tom Böhme*
Kimmo Käyhkö
Pauli Lantonen
Ingmar Lindberg
Stig Matar
Kalevi Puonti
Maija-Liisa Säilä*
Juha Toivola
Tuomo Tolvanen*

*Personnel representative

CORPORATE MANAGEMENT COUNCIL

Negotiating and planning forum composed of the corporation's international management
Göran J. Ehrnrooth, Chairman



FISKARS IN EUROPE:

- manufacturing and sales
- sales and marketing

FISKARS IN NORTH AMERICA AND ASIA:

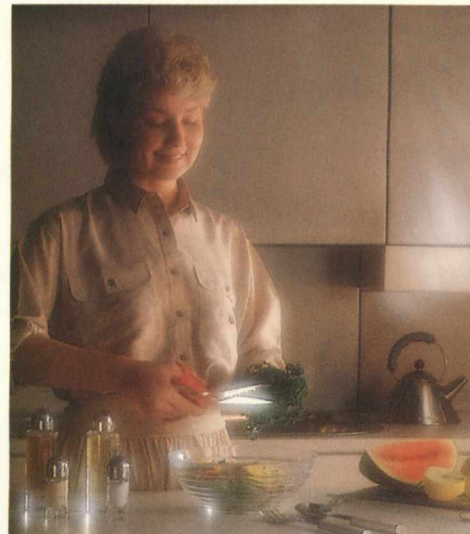
- manufacturing and sales
- sales and marketing

FISKARS BUSINESS GROUPS

Fiskars Corporation is the oldest industrial enterprise in operation in Finland. It was 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, and a decisive step was taken in 1978 when a scissors plant was established in the USA. During the 1980s Fiskars has invested strongly to reach its customers by expanding its international customer service network. Today the corporation has subsidiaries in 19 countries.

CONSUMER PRODUCTS GROUP

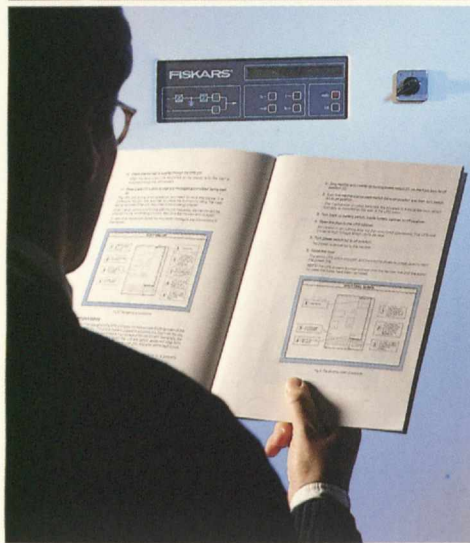


Through its expanding international marketing organization, Fiskars supplies high-quality scissors, knives and garden shears for household, professional and do-it-yourself use. Fiskars® is the world's leading scissors brand.

The international popularity of Fiskars products continues to grow, since the company has revolutionized the design, the materials and the production technologies of many traditional household articles.

The innovations introduced in scissors production are being applied to a wide range of other household and garden cutting tools. This widens the customer field for Fiskars products and strengthens Fiskars' position as an international manufacturer of consumer goods.

The Consumer Products Group has five production plants located in Scandinavia, two in Europe, five in the USA and two in other parts of the world. There are sales units in 16 countries.



ELECTRONICS GROUP

The Fiskars electronics industry is growing fast. The group specializes in select and distinct niche markets where an important international position can be achieved and maintained.

More and more companies rely upon delicate equipment for their operational routines in the form of computers, communication systems and other electronic devices — all susceptible to breakdowns. Fiskars power electronics equipment guarantees customers' uninterrupted operation by ensuring them a steady and uninterrupted supply of power.

High-quality polycarbonate injection-molded enclosures protect electronic equipment in environmentally demanding conditions. Fiskars also supplies automatic test equipment and control systems for applications where quality and reliable performance are crucial.

The Electronics Group operates seven production plants in Scandinavia and three in the USA. There are sales units in seven countries.

INVESTMENT PRODUCTS GROUP

The products of the Investment Products Group fulfill the highest standards even in adverse conditions. A complete understanding of customer requirements plus intensive involvement in research and development have enabled Fiskars to become the leader in this field.

Fiskars is the number one Scandinavian supplier of fire fighting and rescue systems. The main products include hydraulic Bronto Skylift mobile access platforms as well as fire extinguishing systems for demanding applications such as ships and computer centers.

Buster aluminum boats have gained great popularity among discerning boaters, thanks to their seaworthiness, safety features and easy maintenance.

The group also manufactures industrial components in areas where Fiskars possesses special know-how. These products include hinges and heat radiators for the building industry and forged steel products for railroads.

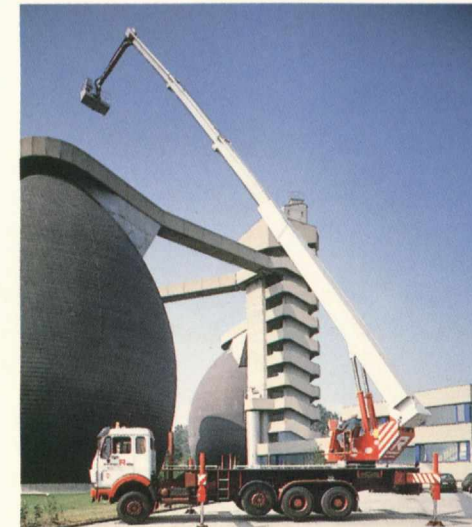
The Investment Products Group including the Metra group have five production plants in Scandinavia, as well as sales units in nine countries.

REAL ESTATE GROUP

Right from the beginning when the industrial production of iron started in Fiskars, the corporation's forests constituted an important competitive factor. To this day they remain a considerable financial resource.

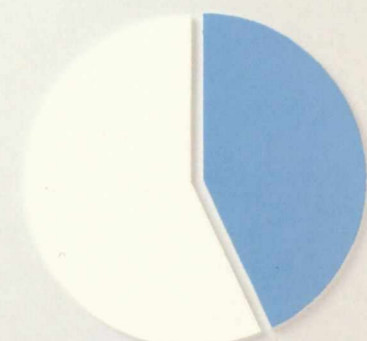
The 16,000 hectares (approx. 40,000 acres) of land owned by the corporation are situated in southern Finland in an area with good development potential.

The subsidiary Ferraria Oy Ab is involved in business ventures aimed at increasing the value of the land through active property development.



CONSUMER PRODUCTS GROUP

CONSUMER PRODUCTS GROUP



Share of corporate net sales	43%
Sales, FIM million	495 (351)
of which outside Finland	89%
Personnel	1,352 (1,041)

Fiskars consumer products have gained an internationally renowned position. The famous Fiskars orange-handled scissors have hundreds of millions of users all around the world.

The demand for high-quality hand tools for nimble fingers is expanding everywhere. Fiskars manufactures convenient and efficient implements for use inside and outside the house.

Several interesting new products were launched in 1988. The innovative and easily operated knife sharpener that produces better results than others on today's market, was an instant success with customers. It was awarded several prizes for design and functionality during the year.

Another important new product was a scissors set mainly aimed for domestic and office use. Once again the design happily succeeded in combining technical and functional quality with modern form and new colors.

With the acquisition of Wilkinson Sword's Home and Garden Division of the UK and of Wilh. Boos Jr. (3plus) company in West Germany, Fiskars strengthened its product range considerably. The wide scope of clientele from this expansion will enable Fiskars to retain a permanent position in the integrating European market.

A new innovation also introduced during the year was a scissors pack featuring a handy and safe sheath. Today's consumer is used to buying products whose brand names in themselves project quality. This is why the Fiskars brand on the pack received special attention in the design.

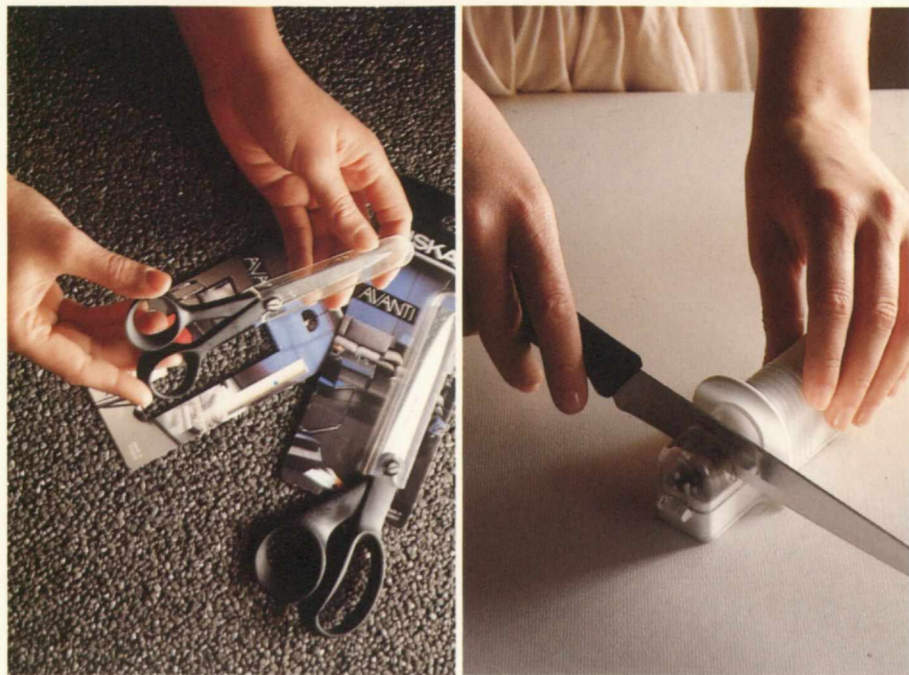
The activities were moved nearer to the customer. Local production and marketing together with a strong retail network in all the European, US and Pacific areas will further improve customer service and the availability of Fiskars products.

Both in Europe and in the United States record sales were achieved through new customers and by introducing new successful products.

The expansion started at the scissors plant in Finland to meet growing demand was finished by the end of the year. The Board has decided on additional expansion in 1989. Fiskars production expertise is put to good use in the acquired companies aiming at greater flexibility of supply and higher levels of quality.

One of the greatest successes in 1988: a truly effective knife sharpener.

Fiskars' new scissors series features a handy protective sheath.



The round-tipped hobby scissors are suitable especially for children.

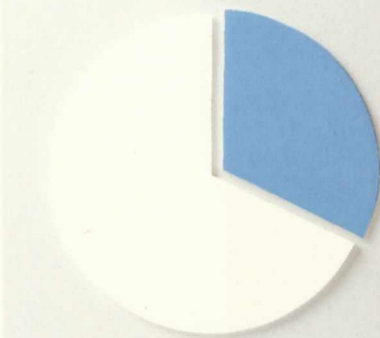


The product range of high-quality garden tools is continuously expanding.

Even a jackknife can be a design product.

ELECTRONICS GROUP

ELECTRONICS GROUP



Share of corporate net sales	26%
Sales, FIM million	298 (234)
of which outside Finland	64%
Personnel	1,046 (613)

During 1988, preparations were made for the breakthrough in Scandinavia and the US with UPS systems, the main products of the Electronics Group. The UPS (uninterruptible power supply) systems ensure smooth operation of delicate data processing and telecommunication systems during periods of disturbed power supply or breakdowns. Fiskars now has the opportunity to gain a leading position in this particular area.

The trend in data processing is that clients use their computer systems for more critical applications. This emphasizes the importance of protecting their systems against power failures.

The acquisition of the Swedish power electronics company, Ulveco, in the beginning of 1988 increased Fiskars' range of UPS products, and made it possible to serve a considerably larger group of customers. Ulveco's product range and its operations have been coordinated with Fiskars' UPS strategy. The renown of the Fiskars brand is fully utilized in the marketing of Ulveco products.

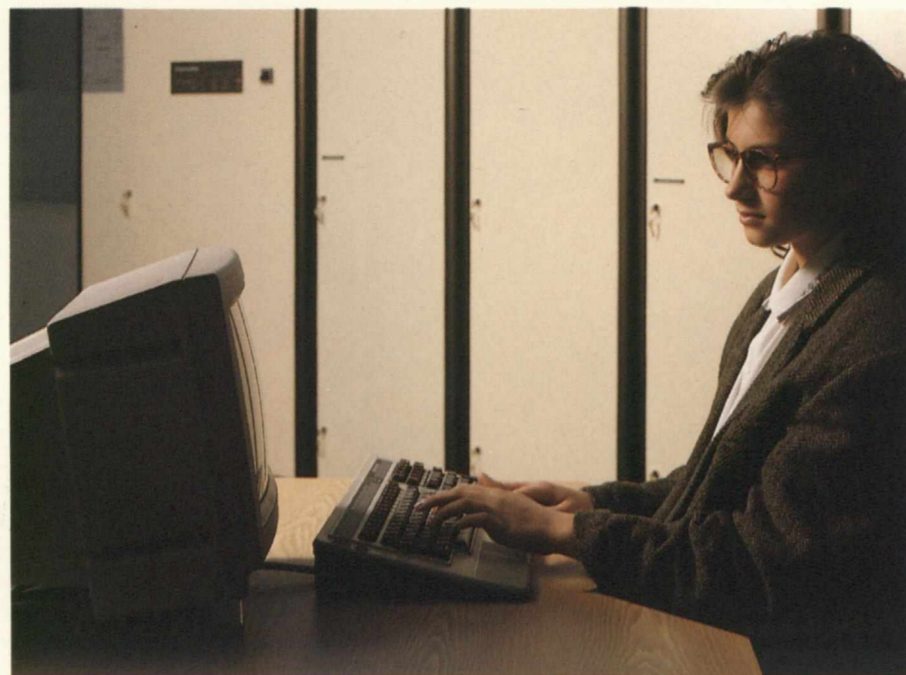
The purchase of the US based Deltec Corporation by Fiskars, agreed upon at the end of the year, more than doubles the operations of the Electronics Group in the USA. The rest of the group's electronics businesses in the US market were directed toward their traditional customers. The Deltec operation will introduce new technologies to the group, reducing manufacturing costs, and resulting in smaller appliances without loss of efficiency.

As UPS equipment is frequently installed in full view in offices, Fiskars has paid special attention to the looks of the appliances.

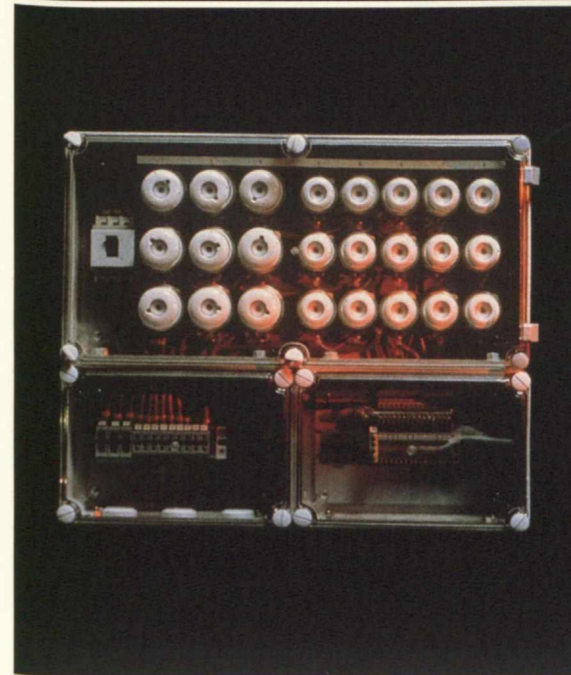
Once again, the year proved successful for the other production units of the group. The extension of the enclosures factory in Finland went into operation during the latter part of the year.

The group can now offer its customers a comprehensive product range based on the latest technology. For the immediate future this means a good starting point from which to establish and strengthen long-standing customer relations.

UPS systems guarantee the smooth operation of a company by supplying its vital equipment with uninterrupted power.



A blackout is no catastrophe for equipment protected by Fiskars UPS systems.

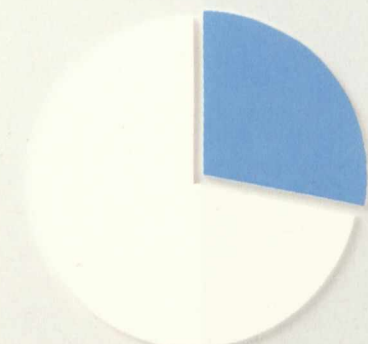


Fiskars enclosures for electrical equipment are tested against impact, humidity, heat and corrosion.

The UPS system installed the day before an electrical storm and resultant blackout saved a Californian client from losses.

INVESTMENT PRODUCTS GROUP

INVESTMENT PRODUCTS GROUP



Share of corporate net sales	28%
Sales, FIM million	316 (257)
of which outside Finland	59%
Personnel	526 (1,029)

The sales of aluminum boats hit record highs once again. Busters are well-known all around Scandinavia as high-quality, safe and multipurpose motorboats. The target for product development is to enable Fiskars to provide even better solutions to boat owners.

During 1988 Fiskars' position as the leading Scandinavian manufacturer of hinges was strengthened. In particular, the Fiskars pin hinges are well-established among Scandinavian window frame and door manufacturers due to the money-saving aspects of the solution.

Fiskars railroad track fasteners are used by all the railroad companies in Scandinavia; Fiskars is the leading supplier in this market. Faster train speeds and more demanding cargo result in greater demands on the quality and safety of the fasteners. Naturally, product development takes place in cooperation with the clients.

The Metra Corporation, a subsidiary of Fiskars, has a leading position in fire fighting equipment in the Scandinavian marketplace. During 1988 Metra continued to readjust its activities. At the same time as production was centralized and the business idea was sharpened and defined, an effective cooperation and subcontracting system was established. Large investments were channeled into production technologies aimed at shorter throughput times to obtain improved delivery reliability and flexibility.

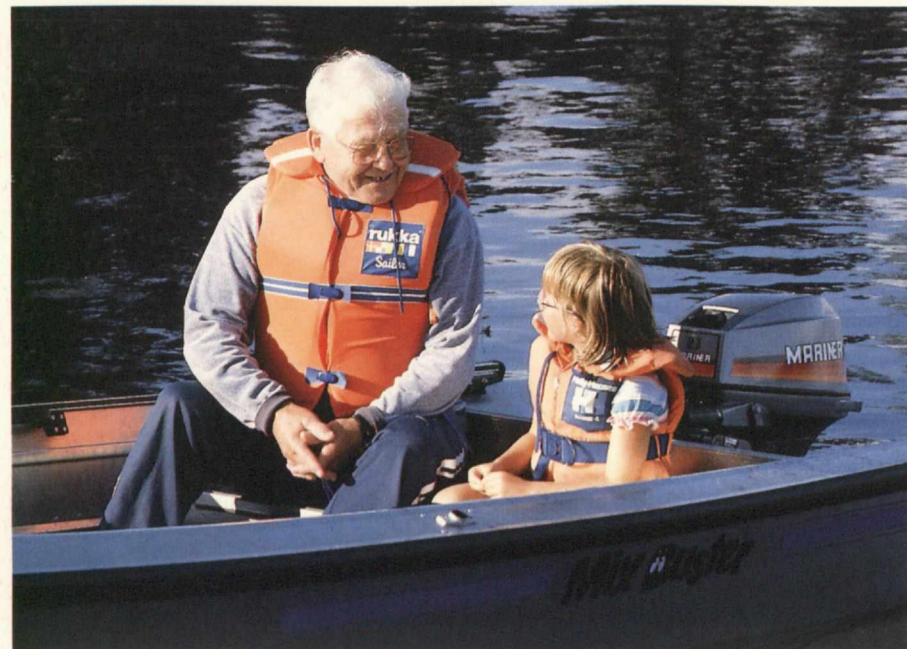
Bronto Skylift mobile access platforms are used by fire departments, electricity companies and building contractors all around the world. So far thousands of these platforms have been sold to about fifty countries.

Exports have taken an increasingly important part of total sales. In addition to Europe, the most important markets are in North America and in Southeast Asia.

Metra Systems Division deals with the manufacture, marketing and installation of fixed fire alarm and fire extinguishing systems. A prime area for these activities encompasses safety system installations for merchant vessels and oil rigs.

Another rapidly growing field is fire fighting systems for computer premises.

Busters are easy to maintain and safe in use.



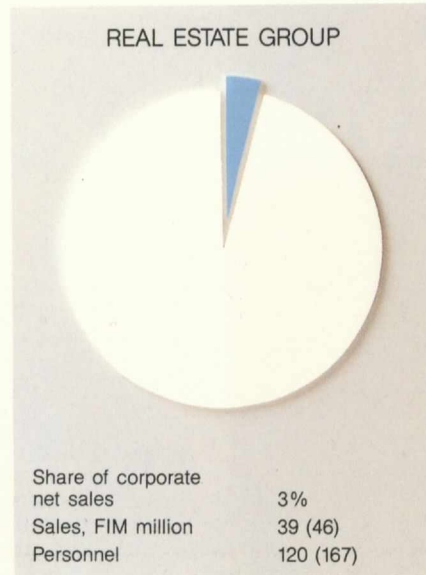
Buster aluminum boats are the ideal choice for lazy vacationing as well as rough professional use.



Bronto Skylift model 66-2T2 has the highest reach of all series-produced hydraulic platforms.

Fire departments are a major user of hydraulic access platforms.

REAL ESTATE GROUP



The Real Estate Group is in charge of the profitable administration of the Fiskars Corporation's holdings in land, forest and building property. In order to increase the yield of this property, Fiskars sold about 4,000 hectares (approx. 10,000 acres) of real estate centrally located in Southern Finland to Ferrara Oy Ab, a subsidiary activated at the end of the year. The plan is to invest in this property with the ultimate goal of creating new job opportunities in the area. The property is located within the expansion routes of the economic zones of the two largest cities in Finland, Helsinki and Turku. The area has commercial and industrial traditions which go back centuries. Ferrara's aim is to preserve the unique features of the landscape while basing its operations on existing infrastructure.

The company also assumed responsibility for the service operations in the Fiskars area, including building maintenance, electricity distribution and transport services.

Fiskars continued its long-range restoration program, which concerns historically and culturally valuable buildings.



Fiskars' land holdings are located in beautiful southern Finland.

The corporation has supplied power to the Fiskars area for a century.

Fiskars' service functions include preserving buildings as well as game.



ANNUAL REPORT FROM THE BOARD OF DIRECTORS

In 1988 the Fiskars Corporation continued to allocate resources to selected business growth areas. The integration of strategic corporate acquisitions, the allocation of human and economic resources and the success of branch reorganization programs, strengthened market position and enhanced earnings potential.

The measures taken to enhance the profitability of acquired companies, together with initial acquisition costs, negatively impacted operational results. The newly acquired companies also negatively affected return on capital as their financial results are included only since joining the corporation. However, branch reorganizations and divestment gains increased consolidated earnings before appropriations and taxes to an exceptionally high level.

Share issues completed during the year together with divestment gains had a further strengthening effect on the equity ratio and the financial status.

NET SALES

With a changed structure, consolidated net sales rose more than 20% to FIM 1,252 million* (compared with FIM 1,027 million the previous year). Acquisitions only contributed for a part of the year. Sales to customers outside Finland accounted for 72% (71%) of the total sales.

*The currency unit used in this report is the Finnish mark (abbreviated FIM). Its exchange rate on December 31, 1988 was 4.161 Finnish marks to 1 US dollar.

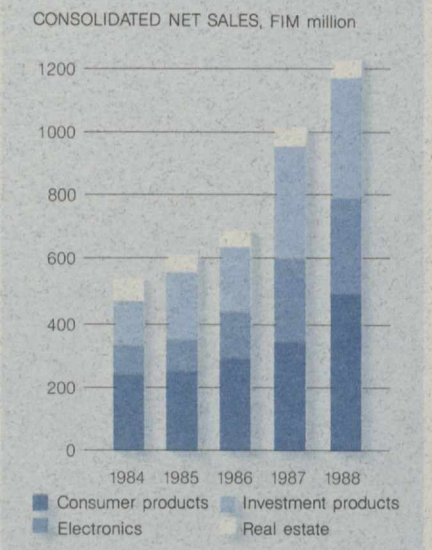
CONSOLIDATED NET SALES

	Total net sales		Sales abroad		
	FIM	FIM	FIM	%	%
	million	million	million	1988	1987
Consumer Products Group	495	351	439	89	85
Electronics Group	298	234	192	64	65
Investment Products Group	316	257	188	59	61
Real Estate Group	39	46	7	18	46
	1 148	888	826	72	71
+ Business operations sold	104	139			
Consolidated total	1 252	1 027			

OPERATIONAL RESULT OF BUSINESS GROUPS

The Consumer Products Group increased its sales by 41%. The integration of Wilkinson Sword's Home and Garden Division and Wilh. Boos company into the corporation has proceeded according to plans, but caused initial costs in Europe. These costs influence the operational results, which in spite of a strong performance in the USA, only produced a satisfactory profit result for the group as a whole.

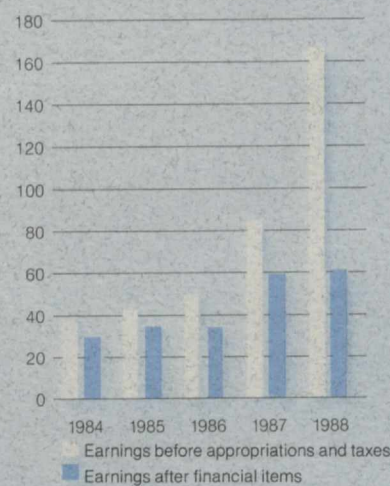
The Electronics Group grew by 28%. Extensive resource allocations used for product development and the slower than expected process of revitalizing acquired companies weakened the financial results, especially in the USA. Group profitability was unsatisfactory, however, business units which have already reached good profit



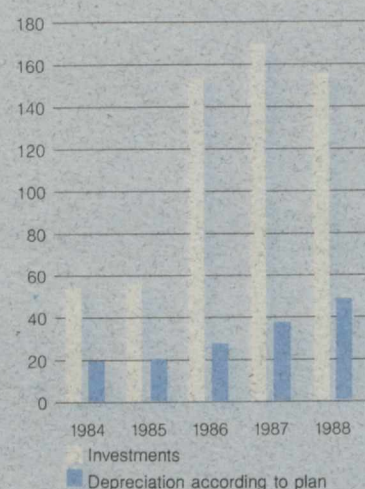
CONSOLIDATED NET SALES BY MARKET AREA

	1988 FIM million	1987 FIM million	Change %
Finland	334	265	+26
Scandinavia	208	195	+7
Western Europe	252	147	+71
USA	311	259	+20
Soviet Union and other CMEA countries	31	17	+82
Others	70	43	+63
	1 206	926	+30
- Adjusting items	- 58	- 38	
+ Business operations sold	104	139	
Net sales	1 252	1 027	

EARNINGS, FIM million



INVESTMENTS AND DEPRECIATION ACCORDING TO PLAN, FIM million



levels continued to develop positively.

The Investment Products Group increased its sales by 23% with a significantly changed structure. The branch reorganization of the subsidiary Metra and its business consolidation were still uncompleted, and Metra's financial results showed a loss. The results of the Inha plant were good.

The activities of the Real Estate Group are long-term in nature, accordingly, the profitability assessment principles differ from those of the industrial operations. Timber harvesting was carried out according to the forestry plan.

SUMMARY OF EARNINGS

The consolidated operating margin was FIM 112 million (FIM 112 million the previous year) or 9% (11%) of net sales.

Depreciation according to plan rose to FIM 46 million (FIM 36 million).

Net financial expenses at FIM 5.9 million (FIM 17.1 million) declined to 0.5% of net sales (1.7%) as a result of high profits from investments.

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

Extraordinary income and expense includes income of FIM 115 million for the sale of the log loader business and extraordinary gains on the sale of real estate.

Earnings before appropriations and taxes were FIM 164.8 million (FIM 82.7 million).

After charging depreciation in excess of plan by FIM 32.9 million, the total depreciation charge equals the total allowable under Finnish tax rules. Reserves were increased by FIM 74 million. The increase primarily consisted of parent company investment reserves which, according to Finnish bookkeeping practices, reduced both the consolidated net profit and the parent company net profit to their full amount.

The consolidated net profit, in accordance with International Accounting Standards (IAS), amounted to FIM 183.5 million (FIM 80.3 million).

Earnings per share, calculated after financial items and taxes and including the share of affiliated companies' profits, amounted to FIM 14.02 (FIM 13.33).

Earnings per share according to IAS were FIM 15.01 (FIM 13.00).

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

In accordance with IAS the return on net assets was 11% (11%) and the return on equity 9% (9%).

The net profit shown by the parent company, FIM 158 million, was exceptionally high. A considerable portion of the divestment profits was derived from real estate deals within the corporation.

FINANCING

The sharp increase in liquid current assets was due to share issues and divestment gains during the year. Operational assets and short-term loans grew at a normal rate in conjunction with company acquisitions. The net increase in long-term loans totaled FIM 40 million.

The share issue completed at the beginning of the year and the conversion of the convertible bond loan generated FIM 73 million and FIM 29 million of new capital respectively.

Company acquisitions were mainly financed by directed share issues.

Consolidated equity and reserves rose to FIM 943 million (FIM 664 million) or 52% of total assets (48%).

INVESTMENTS

Consolidated investments in fixed assets amounted to FIM 157 million (FIM 167 million).

The Consumer Products Group's most significant investments were the acquisitions of the Wilkinson Sword Home and Garden Division of the UK and of the Wilhelm Boos company of Solingen, West Germany.

The expansion project of the Finnish scissors factory was carried out according to plan.

The largest single investment of the Electronics Group was the takeover of Ulveco, the leading manufacturer of power electronics in Sweden.

At the enclosures plant in Finland, an extension of the factory building was completed.

Within the subsidiary Metra of the Investment Products Group, considerable investments have been made in production technology at the Finnish Bronto Skylift unit's facilities.

Other investments comprised purchased shares in Gyllenberg Securities Oy Ab, the banking firm Ane Gyllenberg Oy, and others.

PERSONNEL AND ORGANIZATION

The number of employees at the end of the year totaled 3,080 (2,890), with 1,880 of them working outside Finland (1,210).

The Board of Directors appointed Operating Boards to oversee the management of their own respective business groups.

The organization of the Consumer Products Group has been developed to meet the demands of its drastically enlarged international business involvements. The group is now divided into five geographical profit centers with its operative control located in its biggest market area, the USA. Wayne G. Fethke was appointed head of the group.

A new corporate Technology and Planning function was formed with Kimmo Käyhkö appointed head of its operations. The planning and training unit, Design Center located in Fiskars, is included in the new function.

The manager of the Ferraria real estate project, Olli Männikkö, was appointed to head the new company, Ferraria Oy Ab, activated at the end of the year.

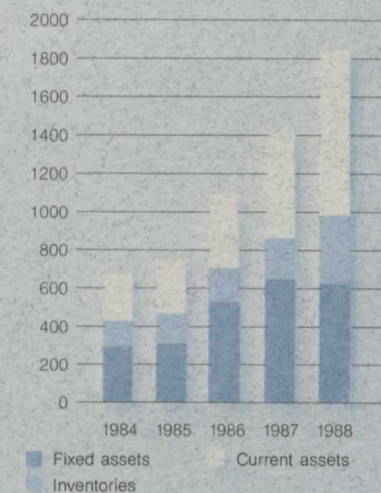
CHANGES IN CORPORATE STRUCTURE, ACQUISITIONS AND JOINT VENTURES

The Wilkinson Sword Home and Garden Division was absorbed into the corporation on April 1, 1988. The acquisition strengthens the position of Fiskars' scissors, knives and garden shears within the European Common Market, in the Pacific Rim area and in the USA.

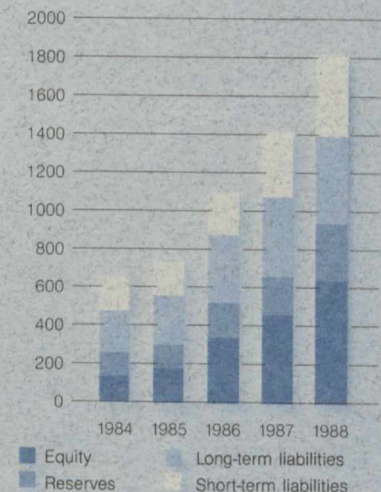
The West German company Wilhelm Boos Jr. (GmbH & Co.) in Solingen was acquired by Fiskars on June 1, 1988. The company supplies scissors, knives and other household products under the trade name 3plus to the central European markets and is a significant support for Fiskars' expansion into the European Community.

The Fiskars India Ltd. scissors plant jointly owned by Fiskars, Finnfund and Indian partners, was inaugurated on January 19, 1988 in Pune, India. Its principal market area will be India.

CONSOLIDATED BALANCE SHEET ASSETS, FIM million



LIABILITIES AND EQUITY, FIM million



A preliminary agreement on a joint-venture scissors plant in Nanjing, People's Republic of China, was signed on October 11, 1988.

Ulveco, the leading power electronics company in Sweden, came under Fiskars ownership after government clearances on July 1, 1988. The integration of its operations has proceeded well.

An agreement was reached in December 1988 on the acquisition of the US based Deltec Corporation. Deltec is a leading American manufacturer of uninterruptible power supply (UPS) systems. This acquisition will double Fiskars' electronics business in the USA.

In order to release managerial and financial resources for the development of select growth areas, Fiskars divested its thriving log loader business. At the same time the shares held in SMZ-Industrier AB were sold.

Oy Metra Ab, a Fiskars subsidiary, continued to readjust its operations in 1988. Part of the production of the Metra-owned Bronto Skylift Ltd. was transferred to subcontractors.

In April 1988, Metra bought the remaining shares of Ginge-Kerr A/S of Denmark, thus becoming the sole owner. Ginge-Kerr was transformed into Metra's Systems Division. Its operation was strengthened by concentrating all marketing, project activities and material operations in Copenhagen.

Fiskars reorganized its forestry operations by entering into a management contract with an outside company, which absorbed the personnel of the corporation's Forest Department. Agricultural operations were cut to approximately one-third. Measures include leasing land areas to outsiders.

At the end of the year, the parent company sold about 4,000 hectares (approx. 10,000 acres) of real estate including land, water and buildings located centrally in Southern Finland to its newly activated subsidiary Ferraria Oy Ab. Ferraria aims to increase the usefulness of the property in cooperation with the local municipalities. At the same time the service operations in the Fiskars area including building maintenance, electricity distribution and transport services, were transferred to Ferraria.

Fiskars sold off about 800 hectares (2,000 acres) of real estate, of which 109 hectares (approx. 270 acres) went to the expansion of a national park in the South Finnish archipelago.

AFFILIATED COMPANIES

The Scandinavian special steel producer Ovako Steel AB, in which Fiskars holds a share of 20%, has developed its operations substantially. Net sales amounted to SEK 5,000 million and the financial result showed a profit.

The Scandinavian hand tool manufacturer Gripit A/S, in which Fiskars' share is 33%, affirmed its leading position in Scandinavia by the acquisition of the Swedish company Falu Redskap AB. The net sales of the company were DKK 215 million with profitable financial results.

Gyllenberg Securities Oy Ab, formed at the beginning of the year, of which Fiskars owns 40%, and the banking company Ane Gyllenberg Oy, of which Fiskars owns 22%, both achieved profitable results.

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

Based on the authorization granted by the Annual General Meeting of shareholders on April 8, 1987, the Board of Directors decided to increase the corporation's share capital through a directed share

issue of FIM 10,000,000. In connection with the acquisition of Wilkinson Sword's Home and Garden Division, 220,000 unrestricted A-series shares and 150,000 unrestricted K-series shares were directed to the sellers. These shares are in the possession of the Swedish investment company AB Investor. In connection with the acquisition of Ulveco's electronics operation, 130,000 unrestricted A-series shares were directed to the seller Neste Battery Ltd. The issues were carried out at the stock exchange rates of the respective dates of the transactions.

The share capital of the corporation was increased to FIM 110,127,360 through a bonus issue of FIM 3,452,660 and a new issue of FIM 10,357,980 as decided by the Extraordinary General Meeting of shareholders on January 11, 1988.

The Extraordinary General Meeting of shareholders authorized the Board of Directors to decide upon the sale in one or more quotas of a maximum of 50,000 warrants to the corporation's international and Finnish operative management, deviating from the shareholders' preferential subscription rights, within a period of one year from January 11, 1988.

Based on the decisions of the Board of Directors a total of 43,000 warrants were subscribed during 1988 which entitle to the subscription of a maximum of 43,000 A-series shares at a subscription price of FIM 170 per share. Exercising the subscription rights of the warrants, the share capital can be increased by a maximum of FIM 860,000.

The Extraordinary General Meeting of shareholders authorized the Board of Directors to decide upon an increase of FIM 10 million in the corporation's share capital through a new issue within a period of one year from January 11, 1988. The Board has not used the authorization.

At the end of the year, the corporation redeemed, in accordance with Article 5 of its Articles of Association, 15,500 of its own K-series shares at current stock exchange rates.

Turnover of Fiskars shares on the Helsinki Stock Exchange during the period January 1 through December 31, 1988 was as follows:

Series	Trading value FIM mill.	Quantity	Quotation	
			highest	lowest
A restr.	80.8	389602	227.00	175.00
A unrestr.	9.2	42514	278.00	185.00
K restr.	151.1	367162	480.00	300.00
K unrestr.	6.7	17060	475.00	300.00
	247.8	816338		

Finnish taxation values and quotations on the Helsinki Stock Exchange on December 30, 1988 were as follows:

Series	Quotation (FIM)	Taxation value (FIM)
A restricted	190.00	130.00
A unrestricted	205.00	140.00
K restricted	440.00	305.00
K unrestricted	450.00	300.00

At the end of the year Fiskars had 3,517 (2,849) registered shareholders.

Share ownership as of December 31, 1988 was as follows:

	Percentage of share capital	
	1988	1987
Private individuals	39.9	48.3
Non-profit organizations	8.2	8.7
Business enterprises	42.7	36.1
Banks and insurance companies	9.2	7.0
	<u>100.0</u>	<u>100.0</u>

The ten largest shareholders control 45.8% of shares and 45.4% of votes. The ten largest shareholders are:

	Percentage of	
	shares	votes
Agrofin Oy Ab	11.5	13.6
AB Investor	8.6	6.3
Sampo Insurance Company Ltd.	4.1	4.0
Jacob von Julins Sterbhus	3.6	3.7
Bergsrådinnan Sophie von Julins stiftelse	3.4	3.9
Oy Lohja Ab	3.3	4.2
I. A. von Julins Sterbhus	3.3	3.7
Oy Julius Tallberg Ab	3.3	3.4
Virala Oy	2.4	2.5
Neste Battery Ltd.	2.3	0.1
	<u>45.8</u>	<u>45.4</u>

The Board members and the President owned a total of 204,753 shares controlling 3.7% of the voting rights.

OUTLOOK

Fiskars concentrates on areas of business where it has in-depth know-how and where it can achieve and maintain a strong market position on a global scale. The financial status of the corporation enables it to develop its business activities rapidly as opportunities arise.

The Consumer Product Group's sales will continue their sharp increase aided by the new distribution channels and products now available through the recent European acquisitions. The operation puts strong emphasis on growth gained in current markets and on the development of new markets. The international recognition of the Fiskars brand is a strong advantage in achieving these objectives.

The strong growth of the Electronics Group will continue in both Europe and the USA resulting from acquisitions in both areas. These acquisitions confirm the corporation's position as an international supplier of UPS systems. The consolidation of new companies, the re-arrangement of product mixes and the introduction of new products will all be of central importance during the coming years.

The main task of the Investment Products Group remains that of improving the profitability of Oy Metra Ab. Measures taken to revitalize and reorganize will make this possible in the light of the strong market position of the products. The business operations of the Inha plant are basically sound and developing in a controlled manner within its Scandinavian home market.

Ferraria Oy Ab will have an important effect on the activities of the Real Estate Group. The administration of Fiskars' land and forest holdings will be carried out according to a long-range plan.

Consolidated sales will grow strongly. The operational result is expected to improve. The financial position and the equity ratio will remain good.

CONSOLIDATED INCOME STATEMENT (FIM 1000)

	1988	%	1987	%
NET SALES	1 251 782	100.0	1 027 341	100.0
COSTS OF MANUFACTURING SELLING AND ADMINISTRATION	<u>-1 139 399</u>	- 91.0	<u>- 915 475</u>	- 89.1
OPERATING MARGIN	112 383	9.0	111 866	10.9
DEPRECIATION ACCORDING TO PLAN	<u>- 46 408</u>	- 3.7	<u>- 36 471</u>	- 3.6
OPERATING PROFIT	65 975	5.3	75 395	7.3
FINANCIAL INCOME AND EXPENSES				
Dividends received	7 674		1 010	
Financial income	48 046		34 380	
Financial expenses	<u>- 61 675</u>	- 5.955	<u>- 52 493</u>	- 5.1
EARNINGS AFTER FINANCIAL ITEMS	60 020	4.8	58 292	5.7
EXTRAORDINARY INCOME AND EXPENSE				
Extraordinary income	115 160		24 448	
Extraordinary expense	<u>- 10 411</u>	- 0.8	<u>- 24 448</u>	- 2.4
PRETAX EARNINGS	164 769	13.2	82 740	8.1
DEPRECIATION IN EXCESS OF PLAN	<u>- 32 865</u>	- 2.6	<u>- 1 750</u>	- 0.2
INCREASE IN RESERVES	<u>- 74 097</u>	- 5.9	<u>- 35 366</u>	- 3.4
TAXES	<u>- 6 055</u>	- 0.5	<u>- 5 885</u>	- 0.6
Minority share	<u>2 481</u>	0.2	<u>449</u>	
NET PROFIT FOR THE FINANCIAL YEAR	<u>54 233</u>	4.3	<u>39 290</u>	3.8

CONSOLIDATED BALANCE SHEET
(FIM 1000)

ASSETS	Dec 31, 1988	%	Dec 31, 1987	%
CURRENT ASSETS				
Cash and bank deposits	269 876		151 921	
Trade receivables	293 926		214 342	
Loans	5 025		8 078	
Advance payments	9 800		4 289	
Prepaid expenses and accrued income	22 207		12 302	
Other current assets	<u>210 821</u>	44.8	<u>108 973</u>	35.9
INVENTORIES				
Materials and supplies	105 319		77 233	
Finished goods and work-in-process	211 083		153 747	
Other inventories	<u>31 617</u>	19.2	<u>—</u>	16.6
FIXED ASSETS				
Construction-in-progress	25 817		12 086	
Land and water	85 643		133 352	
Buildings and constructions	88 712		66 837	
Machinery and equipment	77 763		72 684	
Other tangible assets	4 761		3 455	
Bonds and shares	227 471		245 498	
Intangible assets	4 852		5 774	
Other capitalized expenditure	29 493		35 867	
Goodwill	<u>33 222</u>		<u>26 196</u>	
	577 734		601 749	
Depreciation in excess of plan	<u>73 507</u>	36.0	<u>60 723</u>	47.5
	<u>1 810 915</u>	100.0	<u>1 393 357</u>	100.0

LIABILITIES AND EQUITY	Dec 31, 1988	%	Dec 31, 1987	%
LIABILITIES				
Short-term				
Trade payables	124 841		87 202	
Advance payments received	11 230		3 097	
Prepaid income and accrued expenses	107 608		88 350	
Short-term notes payable	87 553		40 691	
Current portion of long-term debts	50 078		49 265	
Other short-term liabilities	<u>20 539</u>	22.2	<u>31 302</u>	21.5
Long-term				
Loans from financial institutions	312 581		236 952	
Pension fund loans	107 588		96 207	
Bonds	3 849		1 000	
Convertible bond loan	—		33 213	
Other long-term liabilities	<u>42 344</u>	25.8	<u>59 050</u>	30.6
TOTAL LIABILITIES	<u>868 211</u>	47.9	<u>726 329</u>	52.1
MINORITY INTEREST	97		2 521	0.2
UNTAXED RESERVES AND DEPRECIATION IN EXCESS OF PLAN				
Depreciation in excess of plan	66 569		60 723	
Investment reserve	150 000		78 000	
Other reserves	<u>94 128</u>	17.2	<u>71 271</u>	15.1
EQUITY				
Restricted equity				
Share capital	100 127		80 923	
Unregistered increase of share capital	10 000		600	
Reserve fund	232 335		98 497	
Other restricted equity	<u>27 250</u>		<u>50 958</u>	
	369 712		230 978	
Unrestricted equity				
Retained profits	207 965		184 245	
Net profit for the financial year	54 233		39 290	
	<u>262 198</u>	34.9	<u>223 535</u>	32.6
	<u>1 810 915</u>	100.0	<u>1 393 357</u>	100.0

FUNDS STATEMENT
(FIM 1000)

	Consolidated		Parent Company	
	1988	1987	1988	1987
SOURCE OF FUNDS				
From operations				
Operating margin	112 383	111 866	54 025	66 523
Financial income and expenses (net)	- 5 955	- 17 103	+ 34 418	+ 5 712
Taxes	- 6 055	- 5 885	- 3 865	- 3 149
Total from operations	<u>100 373</u>	<u>88 878</u>	<u>84 578</u>	<u>69 086</u>
Extraordinary items	104 749	23 316	182 275	16 610
Sale of fixed assets	71 552	48 035	131 049	28 953
Shares issued	159 278	72 953	159 278	72 953
New borrowing, net	39 941	31 461	- 24 227	- 335
TOTAL FUNDS PROVIDED	<u>475 893</u>	<u>264 643</u>	<u>532 959</u>	<u>187 267</u>
APPLICATION OF FUNDS				
Investments	157 400	166 612	209 978	90 972
Dividends paid	11 942	7 397	11 942	7 397
Redemption of shares	6 983	-	6 983	-
Decrease of restricted equity	19 053	-	-	-
Change in corporate structure	4 339	-	-	-
TOTAL FUNDS APPLIED	<u>199 717</u>	<u>174 009</u>	<u>228 903</u>	<u>98 369</u>
CHANGES IN WORKING CAPITAL	<u>276 176</u>	<u>90 634</u>	<u>304 056</u>	<u>88 898</u>
	<u>475 893</u>	<u>264 643</u>	<u>532 959</u>	<u>187 267</u>
ANALYSIS OF CHANGES IN WORKING CAPITAL				
Current assets ¹⁾	+ 311 749	63 074	+ 334 641	+ 93 728
Inventories	+ 66 369	5 898	- 32 045	- 119
Short-term liabilities	- 101 942	21 662	+ 1 460	- 4 710
	<u>276 176</u>	<u>90 634</u>	<u>304 056</u>	<u>88 898</u>

¹⁾ Changes in current assets cannot be calculated from the balance sheet due to reallocation of items between current assets and fixed assets.

PARENT COMPANY INCOME STATEMENT
(FIM 1000)

	1988	%	1987	%		
NET SALES	510 555	100.0	515 800	100.0		
COST OF MANUFACTURING, SELLING AND ADMINISTRATION	- 456 530	- 89.4	- 449 277	- 87.1		
OPERATING MARGIN	54 025	10.6	66 523	12.9		
DEPRECIATION ACCORDING TO PLAN	- 13 549	- 2.7	- 15 818	- 3.1		
OPERATING PROFIT	40 476	7.9	50 705	9.8		
FINANCIAL INCOME AND EXPENSES						
Dividends received	19 782		2 785			
Interest income	27 714		24 127			
Interest expense	- 29 235		- 30 672			
Other financial income	20 249		12 019			
Other financial expenses	- 4 092	34 418	6.7	- 2 547	5 712	1.1
EARNINGS AFTER FINANCIAL ITEMS	74 894	14.7	56 417	10.9		
EXTRAORDINARY INCOME AND EXPENSE						
Extraordinary income	193 398		17 610			
Extraordinary expense	- 11 123	182 275	35.7	- 1 000	16 610	3.2
PRETAX EARNINGS	257 169	50.4	73 027	14.2		
DEPRECIATION IN EXCESS OF PLAN	- 31 637	- 6.2	- 1 364	- 0.3		
CHANGE IN INVENTORY RESERVE	11 150	2.2				
CHANGE IN OTHER RESERVES	- 74 450	- 14.6	- 33 500	- 6.5		
TAXES	- 3 865	- 0.8	- 3 149	- 0.6		
NET PROFIT FOR THE FINANCIAL YEAR	<u>158 367</u>	<u>31.0</u>	<u>35 014</u>	<u>6.8</u>		

PARENT COMPANY BALANCE SHEET
(FIM 1000)

ASSETS	Dec 31, 1988	%	Dec 31, 1987	%
CURRENT ASSETS				
Cash and bank receivables	217 743		129 577	
Trade receivables	182 127		125 839	
Loans	123 691		33 533	
Advance payments	1 483		2 516	
Prepaid expense and accrued income	7 073		8 025	
Other current assets	<u>187 171</u>	719 288 51.0	<u>85 155</u>	384 645 36.8
INVENTORIES				
Material and supplies	12 729		22 363	
Finished goods and work-in-process	<u>38 289</u>	51 018 3.6	<u>60 700</u>	83 063 7.9
FIXED ASSETS				
Construction-in-progress			7 811	
Land and water	82 037		131 810	
Buildings and constructions	32 590		33 611	
Machinery and equipment			27 893	
Other tangible assets	4 073		2 720	
Shares in group companies	227 647		70 729	
Other bonds and shares	222 813		240 079	
Intangible assets	1 656		1 787	
Other capitalized expenditure	<u>1 360</u>		<u>1 130</u>	
	572 176		517 570	
Depreciation in excess of plan	<u>67 268</u>	639 444 45.4	<u>60 335</u>	577 905 55.3
	<u>1 409 750</u>	100.0	<u>1 045 613</u>	100.0

LIABILITIES AND EQUITY	Dec 31, 1988	%	Dec 31, 1987	%
LIABILITIES				
Short-term				
Trade payables	55 670		56 052	
Advance payments	6 300		113	
Prepaid income and accrued expense	38 343		40 144	
Short-term notes payable			2 533	
Current portion of long-term liabilities	32 143		33 171	
Other short-term liabilities	<u>3 575</u>	136 031 9.6	<u>5 478</u>	137 491 13.1
Long-term				
Loans from financial institutions	80 793		101 890	
Pension fund loans	92 830		91 607	
Bond loans			1 000	
Convertible bond loans	3 849		33 213	
Other long-term liabilities	<u>32 890</u>	210 362 14.9	<u>6 873</u>	234 583 22.4
LIABILITIES TOTAL	<u>346 393</u>	24.6	<u>372 074</u>	35.6
UNTAXED RESERVES AND DEPRECIATION IN EXCESS OF PLAN				
Depreciation in excess of plan	67 268		60 335	
Investment reserve	150 000		78 000	
Re-investment reserve	20 864			
Inventory reserve	17 850		29 000	
Other reserves	<u>41 450</u>	297 432 21.1	<u>39 000</u>	206 335 19.7
EQUITY				
Restricted equity				
Share capital	100 127		80 923	
Unregistered increase of share capital	10 000		600	
Reserve fund	232 219		98 273	
Other restricted equity	<u>43 259</u>		<u>50 904</u>	
	385 605		230 700	
Unrestricted equity				
Contingency fund	127 056		129 666	
Retained profits	94 897		71 824	
Net profit for the financial year	<u>158 367</u>		<u>35 014</u>	
	<u>380 320</u>	765 925 54.3	<u>236 504</u>	467 204 44.7
	<u>1 409 750</u>	100.0	<u>1 045 613</u>	100.0

**CONSOLIDATED INCOME STATEMENT AND
BALANCE SHEET**

prepared in accordance with International Accounting Standards (IAS)

Because of the corporation's international activities, financial statements 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 IAS are:

- Under Finnish accounting standards and taxation rules it is possible to reduce taxable income by charges to untaxed reserves. Under IAS these charges are eliminated.
- As these charges are not likely to be reversed in the near future, no provision has been made for deferred tax.
- Similarly, deferred tax on untaxed reserves in acquired companies at date of acquisition is not shown as a liability in the financial statements prepared under IAS.
- IAS require indirect costs to be included in inventory valuations whereas Finnish accounting standards only permit direct costs to be included.
- The IAS financial statements include a proportionate share of associated companies' results and net assets, whereas in the Finnish financial statements shares in associated companies are stated at cost.
- The uncovered pension liability in the pension fund has been included in the IAS financial statements, whereas in the Finnish financial statements this liability is shown only in the notes.

CONSOLIDATED INCOME STATEMENT (IAS)

1 000 FIM	1988	1987
Net sales	1 251 782	1 027 341
Operating costs	- 1 183 294	- 952 866
Profit from operations	68 488	74 475
Share of results of associated companies	19 789	4 817
Unrealized exchange differences on long term borrowing	- 259	4 850
Other exchange differences	- 599	202
Interest and other financial expenses, net	- 5 097	- 22 155
Profit before taxes, minority share and extraordinary items	82 322	62 189
Taxes	- 6 010	- 5 885
Minority interest	2 416	- 449
Profit before extraordinary items	78 728	55 855
Extraordinary items	104 749	24 448
Profit for the financial year	183 477	80 303

CONSOLIDATED BALANCE SHEET (IAS)

1 000 FIM	1988	1987
Fixed assets and other long-term assets		
Construction-in-progress	25 817	12 086
Buildings, land and water	184 636	215 733
Machinery and equipment	144 500	121 318
	<u>354 953</u>	<u>349 137</u>
Shares	252 770	302 395
Long-term receivables	54 946	36 935
Goodwill and other intangible assets	58 090	58 860
Long-term assets, total	720 759	747 327
Current assets		
Inventory	360 534	245 760
Trade receivables and advance payments	367 792	251 144
Investments	120 560	11 348
Cash and bank	269 876	151 921
	<u>1 118 762</u>	<u>660 173</u>
Current liabilities		
Trade payables and accrued liabilities	232 449	175 552
Advance payments received	11 230	3 097
Current portion of long-term liabilities	50 078	49 265
Short-term loans	108 092	71 993
	<u>401 849</u>	<u>299 907</u>
Net working capital	716 913	360 266
Total	1 437 672	1 107 593
Equity		
Share capital	100 127	80 923
Other restricted capital	272 635	150 055
Untaxed reserves	310 697	209 994
	<u>683 459</u>	<u>440 972</u>
Unrestricted equity	308 145	249 178
Equity, total	991 604	690 150
Minority interest	97	3 132
Long-term liabilities	445 971	414 311
Total	1 437 672	1 107 593

RATIOS CALCULATED FROM IAS ACCOUNTS

	1988	1987
Earnings/share ¹⁾	15.01	13.00
Dividend/share ³⁾		
K	3.20 ²⁾	2.62
A	3.80 ²⁾	3.18
Equity/share ³⁾	178.24	158.65
Return on equity ⁴⁾	9.4%	9.1%
Return on investment ⁵⁾	11.3%	11.5%
Equity ratio	69%	62%

¹⁾ Earnings before extraordinary items
Diluted number of shares, average

²⁾ Board proposal

³⁾ Equity total
Diluted number of shares at year-end

⁴⁾ Earnings before extraordinary items in per cent of average equity

⁵⁾ Earnings before extraordinary items+interest expenses and other financial expenses in per cent of balance sheet total

RECONCILIATION BETWEEN IAS ACCOUNTS AND ACCOUNTS
PREPARED IN ACCORDANCE WITH FINNISH ACCOUNTING
STANDARDS

RESULTS	1988	1987
Profit per official Finnish accounts	54 233	39 290
Increase in untaxed reserves	106 962	37 116
	161 195	76 406
Difference in inventory valuation	- 2 265	- 448
Goodwill amortization	1 362	2 924
Pension costs	3 396	- 3 396
Share of affiliated companies' results	19 789	4 817
Profit as per IAS accounts	183 477	80 303
EQUITY		
Equity per official Finnish accounts	631 910	454 513
Untaxed reserves	310 697	209 994
	942 607	664 507
Difference in inventory valuation	12 515	14 780
Difference between associated companies' value under equity accounting and cost of shares	26 818	8 340
Pension costs	0	- 3 396
Difference resulting from treatment of untaxed reserves in subsidiaries at date of acquisition	9 664	5 919
Equity as per IAS accounts	991 604	690 150

ACCOUNTING POLICIES

These notes refer to the accounts prepared in accordance with generally accepted accounting standards in Finland. The material differences between Finnish accounting standards and International accounting standards are set out on page 34.

The accounts have been prepared under the historical cost convention with the exception of certain land holdings, 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.

The results of companies acquired during the financial year are reflected in the consolidated accounts to the extent that they arose after the effective date of acquisition.

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

The accounts have been prepared using the acquisition method of accounting, whereby the book value of the investment and the equity acquired are eliminated. In consolidating the accounts of subsidiaries, half of the untaxed reserves are consolidated as equity and the remainder as a deferred tax liability in 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 exchange rate ruling at the balance sheet date. Translation differences on investments that arise due to changes in exchange rates between the acquisition date and the balance sheet date have been credited directly to equity in the balance sheet.

INVENTORIES

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

In determining costs only the direct costs of manufacture have been included in inventories held by the parent company and its Finnish subsidiaries. The first-in-first-out principle has been applied.

Inventories in foreign subsidiaries have been valued in accordance with the principles prevailing in each respective country, and manufacturing overheads have been included in some cases.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Assets and liabilities have been converted into Finnish marks at the rate of exchange ruling at the balance sheet date. Both realized and unrealized exchange differences have been included in the results for the year.

FIXED ASSETS

Fixed assets are shown at cost with the exception of certain land holdings that have been revalued. The corporation applies the following methods of depreciation:

- Depreciation according to plan. Depreciation is calculated using the straight line method so as to write off the cost of the asset evenly over its estimated useful life.

- Book depreciation. Book depreciation is calculated on the basis of fiscal requirements. In order for this to be tax-deductible in Finland the full amount must be charged in 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, fixed assets are carried at original cost or valuation less book depreciation. Accumulated depreciation in excess of plan is shown as a separate item in fixed assets and in reserves.

Under Finnish accounting practice certain fixed assets may be revalued if the appreciation in value is considered to be permanent. Accordingly, certain land holdings are shown at valuation. The surplus arising on revaluation is shown as restricted equity.

RESERVES

Tax regulations in Finland and Sweden allow transfers to be made from the profit for the year to untaxed reserves. Such transfers are usually tax-deductible only when entered into the company's books. In accordance with the Accounting Act these transfers are made from pretax earnings under movements in reserves in the income statement. The total of transfers to reserves from the profit for the year and from previous years is shown under reserves in the balance sheet.

TAXES

Taxes charged in the income statement comprise income tax payable in respect of the current year. Deferred tax is not provided for on transfers to reserves 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 on the Pension Fund is explained in the notes.

RESEARCH AND DEVELOPMENT

All research and development costs are charged against income as incurred.

RATIOS

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

NOTES TO THE FINANCIAL STATEMENTS

All amounts in 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 1988 and 1987.

2. NET SALES

Value added tax, outward freight costs, 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

	Group		Parent Company	
	1988	1987	1988	1987
Materials and supplies	582 224	445 039	204 622	232 583
Wages and salaries	270 011	214 854	84 752	93 253
Personnel costs	105 503	90 934	44 670	47 901
Rents and leases	34 613	27 006	15 278	16 554
Other costs	206 182	153 973	84 851	64 009
Production for own use	- 12 643	- 6 404	- 9 687	- 5 143
Change in inventory	- 46 491	- 9 927	32 044	120
	1 139 399	915 475	456 530	449 277

4. SALARIES

	Group		Parent Company	
	1988	1987	1988	1987
Manufacturing wages	141 595	115 731	50 502	57 945
Other wages and salaries	176 454	124 613	53 515	54 716
	318 049	240 344	104 017	112 661
Holiday and sick-leave pay	- 48 038	- 26 490	- 19 265	- 19 408
	270 011	214 854	84 752	93 253

Directors' salaries and emoluments were FIM 2,262 thousand. The average number of persons employed was 3,024, of which the parent company employed 1,070.

5. STATUTORY AND CONTRACTUAL PERSONNEL COSTS

	Group		Parent Company	
	1988	1987	1988	1987
In Finland				
Holiday and sick-leave pay	23 519	23 404	19 265	19 408
Social security charges	8 035	6 857	6 490	5 654
Pension costs	19 498	22 057	14 543	18 101
Transfer to Pension Fund	957	-	957	-
Other personnel costs	6 942	7 593	3 415	4 738
	58 951	59 911	44 670	47 901
Personnel costs abroad	46 552	31 023		
	105 503	90 934		

6. OTHER COSTS

Other costs include 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 30 million (25 million).

7. DEPRECIATION ACCORDING TO PLAN

	Group		Parent Company	
	1988	1987	1988	1987
Buildings	4 545	4 788	2 224	3 156
Machinery and equipment	20 987	21 394	7 216	11 480
Other tangible assets	3 706	141	3 089	92
Intangible assets	2 601	2 743	808	735
Other capitalized expenditure	7 897	2 642	212	355
Goodwill	6 671	4 763	-	-
	46 408	36 471	13 549	15 818

8. BOOK DEPRECIATION

	Group		Parent Company	
	1988	1987	1988	1987
Buildings	5 812	5 118	3 614	3 110
Machinery and equipment	53 450	21 871	38 327	11 946
Other tangible assets	2 842	1 084	2 225	1 035
Intangible assets	2 601	2 743	808	735
Other capitalized expenditure	7 897	2 642	212	355
Goodwill	6 671	4 763	-	-
	79 273	38 221	45 186	17 182
Depreciation in excess of plan	32 865	1 750	31 637	1 364

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	Vehicles	4 years
Machinery and equipment	10—12.5 years	Moulding tools	3 years
		Goodwill	10 years

9. FINANCIAL INCOME AND EXPENSES

	Group		Parent Company	
	1988	1987	1988	1987
Financial income				
Interest income	27 406	22 226	27 714	24 127
Exchange losses	102	5 054	-	4 919
Profit on sale of shares	20 538	7 100	20 249	7 100
	48 046	34 380	47 963	36 146

	Group		Parent Company	
	1988	1987	1988	1987
Financial expenses				
Interest expense	56 465	48 235	29 235	30 672
Exchange gains	960	-	673	-
Other financial expenses	4 250	4 258	3 419	2 547
	61 675	52 493	33 327	33 219

10. EXTRAORDINARY INCOME AND EXPENSE

Income and expenses shown beneath earnings after financial items relate only to items of non-recurring nature that are not a part of the corporation's usual operations.

11. TAXES

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

12. CURRENT ASSETS

Other current assets include the Parent Company's investment fund deposits and investments in listed shares. The largest investment in listed shares is 847,115 shares in Lohja Corporation corresponding to 7 per cent of the share capital and 5 per cent of the votes.

13. INTERCOMPANY RECEIVABLES AND LIABILITIES

	Parent Company	
	1988	1987
Trade receivable	122 222	60 789
Loans receivable	122 405	30 674
Trade payable	27 384	15 066

14. LOANS RECEIVABLE

Loans receivable from Directors of the Fiskars Corporation amounted to FIM 0.5 million.

15. FIXED ASSETS

	Gross investments	Accumulated depreciation	Residual value
Gross capital expenditure and depreciation according to plan			
Construction-in-process	25 817	-	25 817
Land and water	85 643	-	85 643
Buildings and constructions	132 026	31 783	100 243
Machinery and equipment	181 154	41 415	139 739
Other tangible assets	16 178	11 417	4 761
Bonds and shares	227 471	-	227 471
Intangible assets, net	4 852	-	4 852
Other capitalized expenditure, net	29 493	-	29 493
Goodwill, net	33 222	-	33 222
Total 1988	735 856	84 615	651 241
Total 1987	776 162	113 690	662 472

	Gross investments	Accumulated depreciation	Residual value
Gross capital expenditure and book depreciation			
Construction-in-process	25 817	-	25 817
Land and water	85 643	-	85 643
Buildings and constructions	132 026	43 314	88 712
Machinery and equipment	181 154	103 391	77 763
Other tangible assets	16 178	11 417	4 761
Bonds and shares	227 471	-	227 471
Intangible assets, net	4 852	-	4 852
Other capitalized expenditure, net	29 493	-	29 493
Goodwill, net	33 222	-	33 222
Total 1988	735 856	158 122	577 734
Total 1987	776 162	174 413	601 749
Depreciation in excess of plan 1988			73 507

The decrease in land holdings is due to the sale of land to the subsidiary Ferrara Oy. These land holdings are shown in the consolidated accounts under "Other inventories".

Taxation values are assessed for 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

Land holdings	39 399
Buildings	53 447
Shares (in Finnish companies)	247 739

16. CAPITAL EXPENDITURE

	Group		Parent Company	
	1988	1987	1988	1987
Construction-in-process	7 269	10 398		7 811
Land and water	6 892	1 523	6 839	1 523
Buildings and constructions	25 471	3 086	9 441	2 826
Machinery and equipment	59 860	24 476	18 413	14 690
Other tangible assets	4 078	2 999	3 583	2 830
Bonds and shares	36 683	104 812	177 024	37 207
Intangible assets	3 434	4 463	958	1 206
Other capitalized expenditure	13 713	14 855	460	1 001
	157 400	166 612	216 718	69 094

17. RESERVES

	Group		Parent Company	
	1988	1987	1988	1987
Investment reserve				
1.1.	78 000	50 719	78 000	50 500
Increase + /Decrease -	+ 72 000	+ 27 500	+ 72 000	+ 27 500
Other changes		- 219		
31.12.	150 000	78 000	150 000	78 000
Other reserves:				
Operating reserve				
1.1.	35 181	29 000	34 000	29 000
Increase + /Decrease -	- 3 896	+ 8 019	- 2 300	+ 5 000
Other changes	+ 415	- 1 838		
31.12.	31 700	35 181	31 700	34 000
in per cent of Parent Company's salaries			30	30
Inventory reserve				
1.1.	29 904	31 205	29 000	29 000
Increase + /Decrease -	+ 2 210	- 2 104	- 11 150	-
Other changes	- 424	+ 803		
31.12.	31 690	29 904	17 850	29 000
in per cent of Parent Company's inventory value			35	35
Doubtful debts reserve				
1.1.	5 579	4 174	5 000	4 000
Increase + /Decrease -	+ 4 215	+ 1 385	+ 4 750	+ 1 000
Other changes	+ 26	+ 20		
31.12.	9 820	5 579	9 750	5 000

Guarantee and other reserves

1.1.	607	-	-	-
Increase	+ 20 864	+ 566	+ 20 864	-
Other changes	- 553	+ 41		-
31.12.	20 918	607	+ 20 864	-
Other reserves total	94 128	71 271		

18. CHANGES IN CONSOLIDATED EQUITY

	Share capital	Unregis-tered share capital	Reserve fund	Other restricted equity
Restricted equity				
1.1.	80 923	600	98 497	50 958
New issue	15 152		86 718	
Private placement		10 000	47 227	
Bonus issue	3 452			- 3 452
Reversal of valuation of land holdings sold to subsidiary				- 19 053
Transfer to share capital	600	- 600		
Transfer to unappropriated profits				- 4 372
Other changes			- 107	3 170
31.12.	100 127	10 000	232 335	27 250
Restricted equity, total				369 712
Unrestricted equity			Retained profits	Profit for the year
1.1.			223 535	
Dividends paid			- 11 942	
Redemption of shares			- 6 983	
Transfer from restricted reserves			4 372	
Other changes			- 1 017	
Profit for the year				54 233
31.12.			207 965	54 233
Unrestricted equity, total				262 198
Equity, total				631 910

Translation differences in consolidation have been booked as an increase or decrease in restricted equity.

19. CHANGES IN THE PARENT COMPANY'S EQUITY

	Share capital	Unregis-tered share capital	Reserve fund	Other restricted equity
Restricted equity				
1.1.	80 923	600	98 274	50 904
New issue	15 152		86 718	
Private placement		10 000	47 227	
Bonus issue	3 453			- 3 453
Transfer to share capital	600	- 600		
Transfer to contingency fund				- 4 372
Warrants				180
31.12.	100 127	10 000	232 219	43 259
Restricted equity, total				385 605

	Contingency reserve	Retained profits	Profit for the year
Unrestricted equity			
1.1.	129 666	106 839	
Dividends		- 11 942	
Redemption of shares	- 6 983		
Transfer from restricted reserves	4 372		
Profit for the year			158 367
31.12.	127 056	94 897	158 367
Unrestricted equity, total			380 319
Equity, total			765 925

The shares acquired in connection with the private placements undertaken were booked at FIM 57 million corresponding to a share capital increase of FIM 10 million and an increase in the reserve fund of FIM 47 million.

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

SHARE CAPITAL

On December 31, the share capital consisted of 5,490,868 shares of nominal value FIM 20 each.

Number of shares:

A shares, total issued	2 037 134	2 037 134
K shares, total issued	3 469 234	
— redemption of shares	- 15 500	3 453 734
Total number of shares outstanding		<u>5 490 868</u>

CONVERTIBLE BOND LOAN

Jan 1, 1988	33 213
Converted into shares	- 29 364
Dec 31, 1988	<u>3 849</u>

Convertible bonds issued on Feb 1, 1987 can be converted into 34,641 shares corresponding to a share capital increase of FIM 692,820.

Each convertible bond of FIM 1,000 nominal value can be converted into 9 A or K shares during the following periods:

Jan 2—Jan 15, 1990
Jan 2—Jan 15, 1991
Jan 2—Jan 15, 1992

The bonds can also be converted into shares if the company increases its share capital during the loan period by new issue other than private placement or if the company issues a new convertible bond loan.

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

WARRANTS

Warrants that entitle to subscription of 43,000 A shares at a price of FIM 170 each were sold to the corporation's international and Finnish operative management.

21. PLEDGED ASSETS AND CONTINGENCIES

	Group		Parent Company	
	1988	1987	1988	1987
Real estate mortgages				
— for own liabilities	162 104	158 210	147 236	147 213
Chattel mortgages				
— other	500	-	-	-
Other mortgages				
— for own liabilities	52 725	50 008	-	-
	<u>215 329</u>	<u>208 218</u>	<u>147 236</u>	<u>147 213</u>
Pledged assets				
— other	-	918	-	-
Factoring liability	6 532	4 710	6 532	4 710
Contingencies				
— for own liabilities	1 510	-	184 490	86 509
— other	42 041	985	40 471	698
	<u>50 083</u>	<u>6 613</u>	<u>231 493</u>	<u>91 917</u>
Discounted Bills of Exchange				
— for own liabilities	-	-	-	-
— other	4 664	544	121	544
	<u>4 664</u>	<u>544</u>	<u>121</u>	<u>544</u>
Other liabilities	10 908	9 150	-	-
	<u>10 908</u>	<u>9 150</u>	<u>-</u>	<u>-</u>
Total pledged assets and contingencies	280 984	224 525	378 850	239 674

22. LEASED ASSETS (GROUP)

Operating leases for fixed assets	1989	50 078
Minimum future rental payments under non-cancellable operating lease agreements are as follows:	1990	43 196
	1991	66 769
	1992	34 690
	1993—	<u>321 707</u>
1988	12 136	
1989	9 579	
1990	6 094	
1991	3 234	
1992	2 333	
1993—	839	

23. REPAYMENTS OF LONG-TERM DEBTS (GROUP)

1989	50 078
1990	43 196
1991	66 769
1992	34 690
1993—	<u>321 707</u>
	516 440

24. PENSION LIABILITY

	Group		Parent Company	
	1988	1987	1988	1987
Deficit in Pension Fund	14 676	14 093	14 676	14 093

The fair market value of the Pension Fund's assets is significantly above the book value. If these assets are valued at their fair market value Dec 31, 1988, the difference between the fair market value and the book value will fully cover the deficit.

25. 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	11 185	100	11 185 (USD)	57 387
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
Ferraria Oy Ab	750 000	100	75 000	105 000
Oy Metra Ab	500 000	100	500	9 999
Kiinteistö Oy Danskog gård Ab	4 000	100	3 000	3 000
Fiskars Finance BV, Holland	50	100	50 (NLG)	90
Ulveco Power Systems AB, Sweden	3 000	100	3 000 (SEK)	5 755
Fiskars Ltd Bridgend, Great Britain	1 500	100	1 500 (GBP)	14 123
Fiskars (New Zealand) Ltd, New Zealand	250	100	250 (NZD)	3 154
				227 535
Other companies				112
				227 647
Associated companies				
Ovako Steel AB, Sweden	11 120 000	20	112 000 (SEK)	179 579
Fiskars India Ltd, India	148 000	20	1 480 000 (INR)	515
Gripit A/S, Denmark	6 680	33.4	6 680 (DKK)	17 370
Oy Gyllenberg Securities Ab	120 000	40	12 000	12 000
Oy Ane Gyllenberg Ab	3 235	22	3 235	3 959
				213 423
Other companies				
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
Hankoniemen kehitysyhtiö Oy	800	X	800	800
Vakuutusosakeyhtiö Sampo	3 513	X	70	405
Housing companies				92
Manconor Oy	20 000	1.5	400	600
Other shares				574
				9 390
				450 460
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)
Bankeryds Maskin AB, Sweden	30 000	100	3 000 (SEK)	11 657 (SEK)
Knivman Bankeryd AB, Sweden	900	100	90 (SEK)	4 500 (SEK)
AB Plast- och Metallprodukter, Sweden	600	100	60 (SEK)	1 000 (SEK)
Kraftelektronik AB, Sweden	30 000	100	3 000 (SEK)	12 014 (SEK)
Fiskars Elektronik AB, Sweden	50 500	100	5 050 (SEK)	25 050 (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 Ltd, Great Britain	66 000	100	66 (GBP)	66 (GBP)
Brontosaurus Oy	150	100	150	150 (FIM)
Lebo Lift AB, Sweden	1 500	100	150 (SEK)	641 (FIM)
Nummela Lift Oy	160 000	100	1 600	10 134 (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)	2 097 (FIM)
Bronto Skylift Marketing Far East Pte Ltd., Singapore	160	80	160 (SGD)	341 (FIM)
Bronto Skylift GmbH, FRG		100	50 (DEM)	120 (FIM)
Bronto Skylift North America Inc., Canada	2 000	100	2 000 (CAD)	7 (FIM)
Bronto Skylift North America Inc., USA	8 000	100	100 (USD)	423 (FIM)
Teknokela Oy	90	100	90	1 227 (FIM)
Ginge-Kerr A/S, Norway	200	100	200 (NOK)	719 (NOK)
Ginge-Kerr AB, Sweden	2 500	100	250 (SEK)	250 (SEK)
Ginge-Kerr UK Ltd, Great Britain	250 000	100	250 (GBP)	902 (GBP)
Ginge-Kerr A/S, Denmark	32 000	100	17 000 (DKK)	15 385 (FIM)

	Number of shares	% of share capital	Nominal value (1 000)	Book value (1 000)
Shares owned by other group companies				
Subsidiaries				
Oy Bronto Skylift Ltd	7 048	92.7	705	1 129 (FIM)
Sammutin Oy	2 000	100	500	7 988 (FIM)
Ulveco Hamar A/S, Norway	1 110	100	1 110 (NOK)	1 052 (SEK)
Ulveco AS, Denmark	129	100	600 (DKK)	1 918 (SEK)
Ulveco Elektronik A/S, Norway	500	100	50 (NOK)	32 (SEK)
Ulveco GmbH, FRG	1	100	50 (DEM)	124 (SEK)
Oy Finnduktor Ab	500	100	500 (FIM)	72 (SEK)
Ulveco Personalrest. AB, Sweden	500	100	100 (SEK)	50 (SEK)
W. Boos Jr GmbH, FRG		100	1 000 (DEM)	1 000 (DEM)
Gebr. Boos GmbH, FRG		100	50 (DEM)	50 (DEM)
Fiskars S.r.l., Italy	19 000	100	19 000 (ITL)	29 (NLG)
Fiskars Spain S.A., Spain	1 000 000	100	1 000 (ESB)	17 (NLG)
Kitchen Devils Ltd, Great Britain	100 100	100	100 (GBP)	100 (GBP)
No-Ha Engineering A/S, Norway	50	100	50 (NOK)	6 550 (NOK)
In other Fiskars companies				85 (FIM)
Associated companies				
Svenska Brandslangfabriken, Sweden	200	50	2 850 (SEK)	1 931 (FIM)
Kraft Dynatronix, Inc., USA	7 577	45	7 577 (USD)	200 (SEK)
Other companies				
				2 480 (FIM)

1988 ANNUAL GENERAL MEETING

At the annual general meeting of shareholders on March 30, 1988, the financial statements for 1987 were approved as proposed by the Board of Directors. A dividend of 17% or FIM 3.40 per share was declared for A-series shares, totaling FIM 3,388,110.20, and a dividend of 14% or FIM 2.80 for K-series shares, totaling FIM 8,554,159.60.

The meeting reelected the retiring members of the board Göran J. Ehnrooth, Thomas Tallberg and Reijo Kaukonen.

Eric Haglund (C.P.A.), Juhani Kolehmainen and Jacob Wallenberg were elected auditors. Peter Hartwall, Brita Hisinger-Jägerskiöld and Sixten Nyman (C.P.A.) were elected deputy auditors.

PROPOSAL BY THE BOARD OF DIRECTORS
TO THE ANNUAL GENERAL MEETING 1989

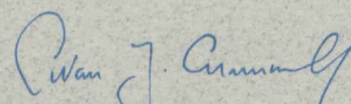
Unrestricted equity to consolidated balance sheet amounts to FIM 262 million.


Unappropriated profits from previous years	94,896,521.81
Profit for the financial year	<u>158,366,702.01</u>
Total	FIM 253,263,223.82

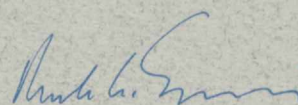
Because of the divestment gains during the fiscal year the Board proposes

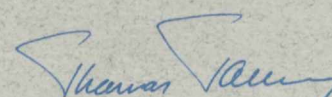
- a dividend of 19 % corresponding to FIM 3,80 per share to be paid on shares of series A FIM 7,741,109.20
- a dividend of 16 % corresponding to FIM 3,20 per share to be paid on shares of series K FIM 11,051,948.80
- and that the balance of FIM 234,470,165.82 is carried forward.

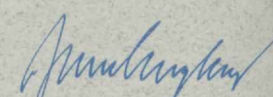
Helsinki, March 7, 1989

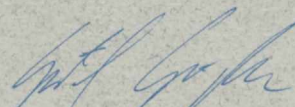

Göran J. Ehrnrooth

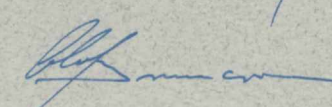

Matti Pekkanen

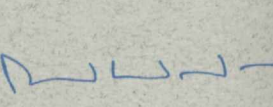

Robert G. Ehrnrooth


Thomas Tallberg


Jarl Engberg


Gustaf Gripenberg


Olof Bruncrona


Ronald Wrede


Reijo Kaukonen

AUDITORS' REPORT

We have examined the accounts of the Company and the Group, and the administration of the Board of Directors and the Managing Director of Fiskars Oy Ab for the financial year 1988. Our examination was carried out in accordance with generally accepted auditing standards in Finland.

PARENT COMPANY

The accounts showing a profit for the year 1988 of 158,366,702.01 marks have been prepared in accordance with current regulations.

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

the Profit and Loss Account and the Balance Sheet be approved,

the retained profits be dealt with in accordance with the proposal of the Board of Directors,

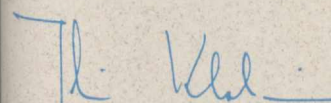
the members of the Board of Directors and the Managing Director be discharged from liability for the year 1988.

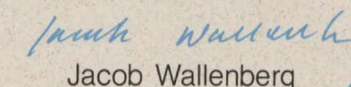
GROUP

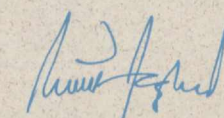
The consolidated accounts have been prepared in accordance with current regulations. The unrestricted reserves of the Group are shown in the consolidated balance sheet in accordance with the Companies Act.

We recommend that the consolidated profit and loss account and the consolidated balance sheet be approved.

Helsinki, March 7, 1989


Juhani Kolehmainen


Jacob Wallenberg


Eric Haglund
Authorized Public Accountant

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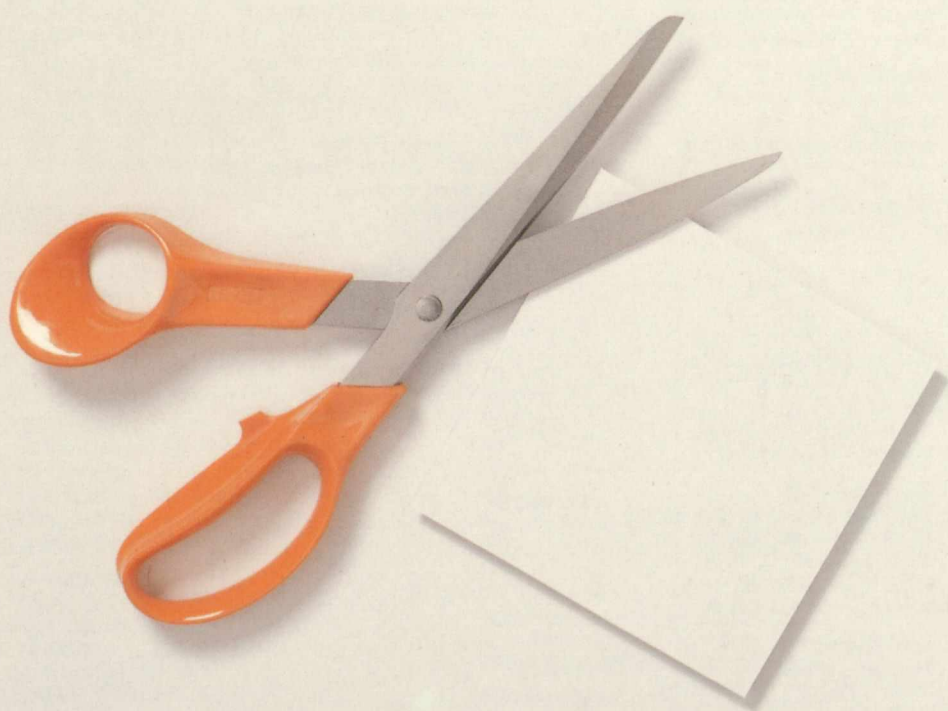
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