FISKARS

Annual Report 2008

360 years of innovation

Fiskars' consumer products for the home, garden, and outdoors are renowned for their functionality and cutting-edge design. The Group's core brands include Fiskars, Iittala, Gerber, Silva, and Buster. Founded in 1649, Fiskars is Finland's oldest company and is listed on NASDAQ OMX Helsinki.

Contents

2008 in brief

Fiskars' net sales in 2008 rose to €697 million (2007: €647 million), while its operating profit (EBIT) totaled €71 million (107), including one-time costs of €35 million. Operating profit excluding non-recurring items, share of profit from associated company Wärtsilä, and change in the fair value of standing timber was €41 million (51).

Net sales rose in Europe in particular. Growth of 24% in the EMEA (Europe, Middle East, and Asia-Pacific) segment was driven by the acquisitions of the Iittala Group, a Scandinavian design company, and the garden tool company, Leborgne, in 2007. Net sales in the Americas segment fell by 14%, as a result of lower consumer demand and the weakness of the US dollar against the euro.

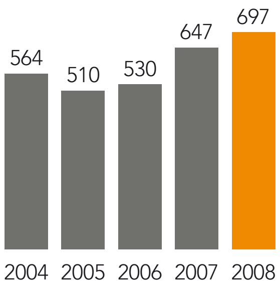
Fiskars' financial position remains strong. The equity ratio was 46%, and cash flow from operating activities €97 million (82) in 2008. Personnel totaled 4,119 as of the end of the year.

Group Key Figures	2008	2007
Net sales, € million	697.0	647.0
Adjusted operating profit*, € million	41.0	51.1
Operating profit (EBIT), € million	70.9	106.9
Profit for the period, € million	49.2	108.4
Balance Sheet total, € million	969.7	1,047.1
Equity ratio, %	46	46
Cash flow from operating activities, € million	97.0	82.0
Earnings per share, €	0.64	1.40
Equity per share, €	5.77	6.18
Dividend per Series A share, €	0.50**	0.80
Personnel, end of the year	4,119	4,515

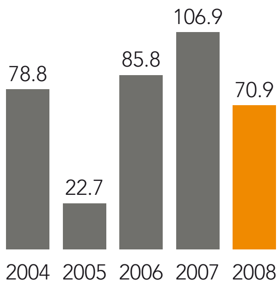
* Operating profit excluding non-recurring items, share of profit from associated company Wärtsilä, and change in the fair value of standing timber

** Board of Directors' proposal

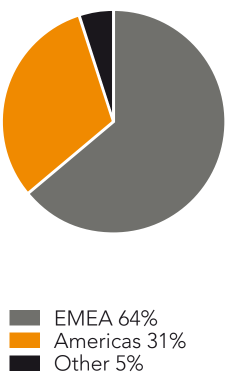
Net sales, M€



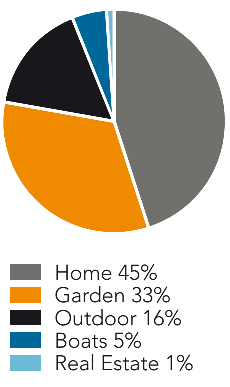
Operating profit, M€



Net sales 2008 by operating segment



Net sales 2008 by business area



Business areas

Fiskars revamped its organization in 2008 to give more focus to its strong brands, particularly in the homeware, garden tools, and outdoor gear areas. The Group's new business areas are Home, Garden, Outdoor, Boats, and Real Estate. Sales of scissors and craft products are reported as part of the Home business area. Associated company Wärtsilä continues to represent an important part of the Group.

Home

Net sales in 2008: €317 million
Personnel: 1,824 (year-end)

Garden

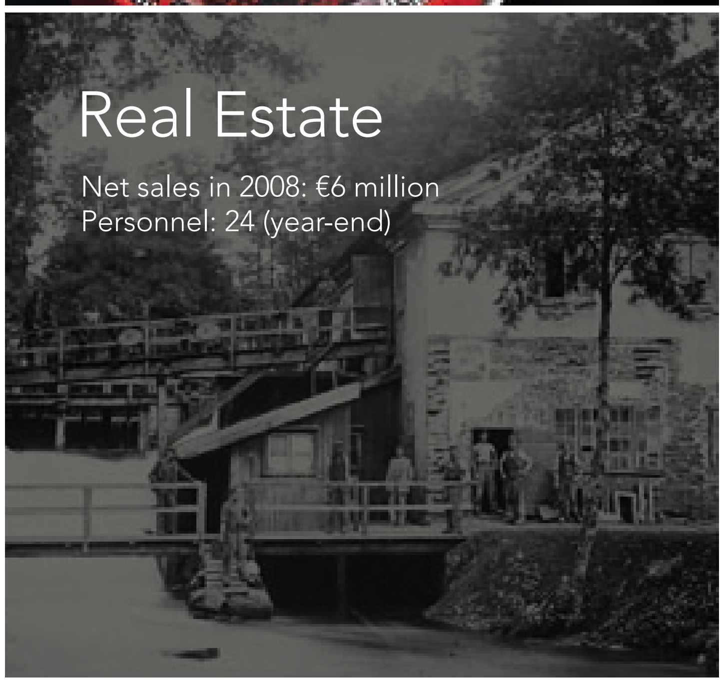
Net sales in 2008: €231 million
Personnel: 1,537 (year-end)

Outdoor

Net sales in 2008: €110 million
Personnel: 480 (year-end)

Boats

Net sales in 2008: €35 million
Personnel: 227 (year-end)



Real Estate

Net sales in 2008: €6 million
Personnel: 24 (year-end)

Changes bring competitiveness

Fiskars' corporate structure changed in 2008, as we began the shift to a new organization based on consumer-driven home, garden, and outdoor business areas in the spring. We further strengthened the role of these business areas in November, when we closed our regional administrative functions.

A sharper business focus

The challenging market situation, which only weakened towards the end of the year, was reflected in our financial result for the year. Net sales rose to €697 million (647) on the back of acquisitions made in 2007. We recorded an operating profit of €71 million (107) and earnings per share of €0.64 (1.40); both were impacted by one-time costs booked against the reorganization. Our financial position remains strong, and this will enable us to continue developing the company and moving ahead with a long-term perspective during these difficult times.

The reorganization that we have carried out is designed to guarantee Fiskars' competitiveness today and into the future. Our focus is very much on consumer products where strong brands, cutting-edge design, and innovative functionality bring clear added value. We exited various non-core activities during 2008, including Inha Works' hinge business and some craft product categories in the US.

We have also clarified the role of our corporate functions. Corporate management is responsible for the company's strategy and takes an active part in the strategic development of the Group's businesses as well as sets direction for common processes and functions related to supply chain management, finance, and brand management. The Corporate Management Team was reorganized during the year to better meet these needs.

Highly respected brands

Strong brand management know-how and innovative product development are a common element of all Fiskars' businesses. The top place given to the Fiskars brand in an independent study of Finland's most respected brands in 2008 was an excellent recognition of what we have achieved here. Three of our homeware brands – Arabia, Iittala, and Hackman – were ranked second, fourth, and fifth in the study.

Fiskars' homeware business was combined with that of the Iittala Group in 2008 to form the Home business area. To give more focus to Fiskars' iconic scissors, their development was transferred to the Home area as well. We want to leverage the wide-ranging recognition that our scissors enjoy and the manufacturing traditions that lie behind them.

A number of new Iittala stores were opened around Europe and in Tokyo, Japan during 2008. Feedback from the field indicates that this has been a success; a retail presence strengthens our brand and has contributed to increased sales.

Reorganization in the Garden business area continued, and European business management was relocated from Belgium to Finland in November, bringing the team closer to the product development center and our home markets.

Gerber and Silva continue to be our main brands in the outdoor area. Gerber products enjoy a good reputation with hunters and hikers, while Silva has successfully extended its product range from orienteering to everyday exercise and wellness products.

2008 was a challenging year for the Boats business. Sales of Buster boats in key markets dropped, despite an increase in market share, and operations had to be scaled back to adapt to this decline in market demand.

Real Estate continues to be responsible for managing Fiskars' forest and real estate assets and for developing the Fiskars Village as a tourist destination.

Our associated company Wärtsilä combined its share series in March 2008, and Fiskars now holds 17.1% of the company's shares and votes. Wärtsilä's performance continues to be of significant importance for Fiskars' result and cash flow. Our share of Wärtsilä's profit for 2008 totaled €71 million, and we received €67 million in dividend revenue.

Ready for the future, despite a challenging market

The market situation is expected to remain challenging in 2009, and this will have an impact on both consumer demand and Fiskars' net sales potential. We have restructured our organization and reduced our costs, and these measures – together with our sharper business focus, highly respected brands, and centuries-long traditions – should give us a good basis for achieving our goal of becoming the leading consumer products company in our selected categories in the home, garden, and outdoors.

Founded in 1649, Fiskars will celebrate 360 years of operations in 2009 as Finland's oldest company. I would like to thank our customers, our employees, our partners, and our shareholders for the confidence and support that you have shown us over the years. Without you, we would never have had such a rich history.

Helsinki, February 2009
Kari Kauniskangas
President & CEO

A strategy focused on specialized expertise

Fiskars has been investing in the future, to maximize its ability to create profitable long-term growth, ever since it was founded in 1649. Fiskars' business model is based on generating shareholder value by creating innovative must-have products for consumers, supported by strong specialty brands in selected high-return categories. All of the company's unique brands share a common mission: Lasting everyday design, since 1649.

Fiskars is constantly looking for opportunities to expand its business into new markets and to embrace new customers. Exploring all opportunities to boost productivity and customer service by investing in the supply chain and creating streamlined business processes across the Group is also a central priority.

The Fiskars Vision

To become the number-one specialist company for the home, garden, and outdoors – through premium brands that lead the field in functionality, innovation, and design.

A global offering

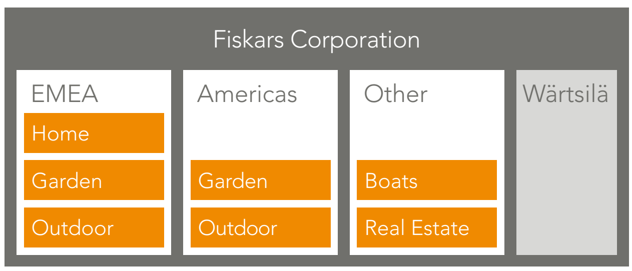
Fiskars believes that an increasing number of consumers prefer specialist brands and are willing to pay a premium for these brands. Retailers also need true specialist brands that enable them to offer their customers the choice and variety they are looking for, and deliver high margins as well. Fiskars provides must-have products for retailers and consumers alike. With a global offering, Fiskars can achieve the scale needed to ensure competitiveness in today's marketplace.

Local presence

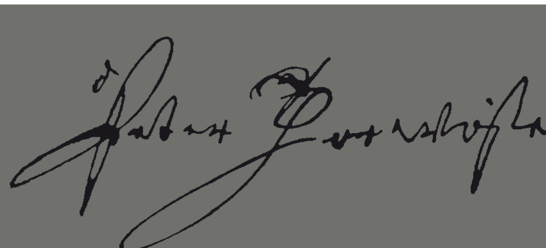
Fiskars has operations in 21 countries, and its products are sold in over 60 countries across the globe. Local sales operations are a must to provide consumer insight and local market knowledge. A local presence also generates valuable input for developing new products.

A strategy-based organization

Fiskars has a matrix organization built on operational segments – the Americas, EMEA, Wärtsilä, and Other – and business areas – Home, Garden, Outdoor, Real Estate, and Boats (as of the end of 2008). This structure emphasizes the importance of a customer-driven business model and the independence of business area, while ensuring common processes and platform across areas. Corporate management in Finland is responsible for strategy, financial goal-setting, and business development, as well as steering of common processes.



Fiskars 360 years



1649 Fiskars is established by Peter Thorwöste

1822 Johan von Julin takes over the ironworks

1883 Fiskars becomes a joint stock company

1915 Fiskars is listed on the Helsinki Stock Exchange

1921 Inha Works combined with Fiskars

1967 Orange-handled scissors are born

Cutting-edge core competence

Scissors are an iconic product for Fiskars.

Fiskars' orange-handled scissors are the company's most well-known product, and can be found in homes and workplaces worldwide. In addition to their excellent functionality, they are also a highly respected design product and feature in the pages of nearly every book published on industrial design today. Fiskars has produced scissors since the beginning of the nineteenth century, and began producing its orange-handled ones, which were to revolutionize design and production in the field, in 1967.

Although the net sales they generate are reported under those for the Home business area, scissors also form an important part of Fiskars' School, Office, and Craft (SOC) product lines. They highlight the type of specialist know-how and global offering that Fiskars' strategy aims to achieve across the company. The expertise developed in the scissors business comes in equally useful in designing and manufacturing pruners, multi-tools, and other cutting tools.

The Classics range of scissors was supplemented in 2008 with the addition of tailor's scissors and updated designs for left-handed users; scissors produced from recycled materials were developed in the US. Fiskars won the title of 'Favorite Scissors' for the eighth year in a row from the readers of the number-one US craft magazine. It should perhaps come as no surprise that almost 1 billion Fiskars scissors have been sold to date.

Specialized Brands

- Competence and authority
- No-compromise focus
- Problem-solving approach
- Leaders in functionality
- Advanced technological know-how
- Unique design and aesthetics

2008: Fiskars named as the most respected brand in Finland

1973 Billnäs plant is opened

1977 Operations expand to the United States

1985 Garden tool manufacturing starts

1987 Fiskars acquires Gerber Legendary Blades

2006–2007 Fiskars grows through acquisitions: Silva, Leborgne, and Iittala

2009 Fiskars turns 360

Finland's most-respected brands

Fiskars' products have had a very distinctive and individual identity ever since the company was founded. The Fiskars seal on a billet of bar iron was already a guarantee of quality on the Stockholm iron market back in the seventeenth century. The same commitment to quality underpins the company's brands today.

Fiskars' brand family in the twenty-first century includes five international brands – Fiskars, Iittala, Gerber, Silva, and Buster – and numerous strong local brands, such as Arabia, Hackman, Rörstrand, Leborgne, and Zinck-Lysbro. The expertise behind each of these brands has seen them become leaders in their areas.

Consumers believe in us

Consumer confidence in Fiskars' brands is very strong. The Fiskars brand took first place in an independent Finnish brand study in 2008, and Arabia, Iittala, and Hackman also placed very high, taking the second, fourth, and fifth spots respectively. The study, which analyzed the brand perceptions of Finnish consumers, covered over 1,000 Finnish and international brands.

Brands are not just about image. A successful brand is built on successful products. To remain successful, products must prove their excellence and deliver on users' expectations day in, day out. Functionality and cutting-edge design lie at the heart of Fiskars' products. The Fiskars brand has been built on quality products throughout the company's 360-year history, and provides a strong foundation for the entire business. The role of personnel in building our brands today and tomorrow – from design to production and interacting with our customers – is also central.

Specialty brands

Fiskars started refining its brand strategy in 2008, and will give increasing focus to its main brands, with the aim of becoming a specialist in selected product categories. The company will invest in premium brands that represent the highest quality and are the most respected in specific product segments. This will ensure that Fiskars' expertise delivers the greatest added value to consumers and retailers alike.

Design and product development will continue to play a decisive role in brand development into the future. A dynamic brand portfolio will generate synergies for the product development process and added value through a global offering.

Fiskars is the leading global brand for scissors and garden tools. Fiskars products for the home and garden are functional, ergonomic, durable, and feature quality design.

Iittala is an internationally renowned design brand, with a range that includes numerous Scandinavian design icons.
Lasting design against throwawayism.

Gerber offers essential, high-quality, and innovative hunting, fishing and camping equipment for people with a passion for outdoor activities.
Gerber. Fend For Yourself.

Silva is active within outdoor and wellness with products such as compasses, mobile lighting, and pedometers. Silva's aim is to help people with an active lifestyle to find a sense of freedom and increased quality of life.
Silva. Get out there.

Buster is the most popular and respected motor boat in Finland. It is a pioneer in the field and manufactures safe and durable aluminium motor boats of high quality.
Buster is a carefree choice.

Arabia has been in the vanguard of Finnish design for over 135 years. The Arabia range consists of tableware and ceramic gift items. Arabia products embody timeless beauty, high quality, and functionality.

Hackman is the most respected expert in cookware and cutlery in the Nordic countries. Hackman's pioneering approach is based on wide expertise, functionality, and lasting quality of the products.

Gerber, Torch 1 folding knife


Arabia, Oma tableware

Fiskars, Power Step™ lopper


Hackman, Flirt serving spoon


Iittala, Aalto vase

Silva, ex³plus pedometer


Buster XXL boat

Extending the offering from the kitchen to the home

The Home business area offers a wide range of design products for the kitchen, the table, and the home. Following the acquisition of the Iittala Group in 2007, Fiskars has become the market leader in this sector in the Nordic region, with prestigious brands such as Iittala, Fiskars, Arabia, Hackman, BodaNova, Höganäs Keramik, Rörstrand, Raadvad, and Høyang-Polaris in its portfolio. Internationally, the focus is on driving growth through the Iittala brand and the Iittala store concept.

Enhanced efficiency continues

Net sales in the Home business area, including sales of scissors and craft products, increased by 32% to €317 million in 2008, and were largely driven by the acquisition of the Iittala Group in 2007.

Numerous measures aimed at improving profitability were introduced in 2008. Sales companies in Norway and Denmark were merged as part of the integration of the operations of Fiskars and the Iittala Group. Although manufacturing ended at the Höganäs plant in Sweden at the end of the year, development of the Höganäs Keramik brand will continue. Negotiations with personnel aimed at enhancing operational efficiency were started in Finland and Sweden at the end of the year.

Growing in-house retail operations

Fiskars' strategic goal in home products is to shift from being a traditional production-driven industrial business to a more consumer- and retail-driven business. In the Nordic region, this will be reflected in a greater emphasis on Iittala stores, outlets, and online sales alongside other forms of distribution, such as wholesale. Outside the Nordic region, the aim is to grow sales through the Iittala store concept. The Iittala store network will spearhead continued international expansion and will be supplemented by branded departments in selected department stores and at other retail sites. The aim is to give consumers a consistent Iittala brand experience in all distribution points worldwide.

The international growth of the Iittala store network continued to plan in 2008, with two new stores opened in Sweden, one in the Netherlands, and three in Germany. The first Iittala store in Tokyo also opened its doors for business, as did a number of branded departments in department stores. As of the end of the year, a total of 37 Iittala stores and over 70 departments and shops-in-shops were operational. Iittala-brand products are now sold in over 60 countries.

Work was started on changing the Iittala Group's factory shops to Iittala outlets in 2008, and three new outlets were opened in Finland and one in Sweden – bringing the total of Iittala outlets in Finland, Sweden, and Norway as of the end of the year to 39.

Iittala's online store completed its first full year of operations in Finland in 2008. Studies have shown that online shopping has become an increasingly important factor in the homeware business, either as a way of reinforcing purchase decisions or as a purchasing channel. With this in mind, it was decided to extend the Iittala store loyal customer program to in-house outlets and the online store. A revamped My Iittala program will be officially launched in March 2009.

Anniversaries and new product launches

Numerous anniversaries were very much a feature of 2008. Arabia celebrated 135 years in the ceramics business through several events and products. The range was extended into a new category with the launch of Maku kitchenware designed by the promising young designer, Sami Ruotsalainen. The new range, which brings together kitchenware and textiles, was launched in the early part of the year. A photographic exhibition was held at the Arabia Museum Gallery and an exhibition, Arabia 135, at the Design Museum in Helsinki.

The Nuutajärvi glassworks celebrated 215 years of operations, and the Aarne range of glassware designed by Göran Hongell, which won a gold medal at the Milan Triennale in 1954, celebrated 60 years in production. Kaj Franck's timeless Kartio range of glassware celebrated 50 years in production, Tapio Wirkkala's iconic Ultima Thule glassware 40 years, and Heikki Orvola's minimalist Kivi candleholder 20 years. Turquoise was added as a color option to a number of glassware ranges.

Voted Finland's most respected brand, Fiskars extended its range of scissors and kitchenware with the launch of a number of colorful new products in the aptly named Colours range. Pink products were introduced as part of the Pink Ribbon cancer awareness campaign.

Hackman extended its offering with the launch of the innovative Flirt range of cutlery, serving utensils, and bowls, and the Match range of cookware. Swedish Rörstrand launched the Pergola range of tableware with decoration inspired by the Swedish archipelago and the Mediterranean; and Höganäs Keramik introduced a number of boldly colored dishes and bowls designed to reinforce the company's shift from matte to high-gloss glazes.

Home

Exciting new lighting ideas

All of the brands in the Home business area share a systematic approach to product development and a focus on quality-conscious consumers. This was highlighted in the new Ambient Light concept that Iittala launched in 2008, bringing together the company's classic candleholders with a range of new, exciting lighting designs – all underpinned by Iittala's commitment to lasting design. Ambient Light products have been designed to add an atmospheric and relaxing dimension to the home, and extend and strengthen the brand's interior decoration offering.

Fireplace, designed by Ilkka Suppanen, is the most eye-catching new product in the collection. Taming the flames of the campfire and bringing them indoors, it looks set to become a new icon of Scandinavian design.

Garden innovation helps build further market share

Fiskars' Garden business area is committed to developing ergonomically designed tools that make gardening both a joy and more productive. This drive to innovate has resulted in a steady increase in market share and has positioned Fiskars as the top-selling brand of garden cutting tools. Fiskars reinforced its leading position in North America, Europe, and Australia in 2008 by focusing on loyal customers who value easy-to-use tools featuring unique design and quality construction.

A year of development and change

Net sales of the Garden business area were down 4% to €231 million in 2008. In the Americas, the business grew in terms of net sales, and particularly impressive growth figures were seen in Canada. The decline of the US dollar against the Euro, however, affected reported net sales.

Net sales in EMEA were somewhat less than in 2007, mainly due to unfavorable weather conditions. A late spring and a wet summer reduced sales of garden tools, whereas the late winter affected sales of snow tools in the last quarter of the year. Growth was strongest in Russia and Eastern Europe, where Fiskars benefits from a solid presence in a growing market. The integration of Leborgne, a French-based producer of high-quality garden and construction tools acquired in spring 2007, was completed.

The role of business area management was strengthened at the end of 2008. Garden EMEA business management was relocated from Belgium to Finland, closer to the home market and the product development centre based in Finland. In the Americas, the Fiskars Garden business is now managed as one combined business area with SOC (School, Office and Craft) operations. These measures form part of Fiskars' overall efforts to further improve operational efficiency and focus on branded consumer goods.

New innovations for the ultimate gardening experience

2008 marked the launch of an ambitious array of new product designs for the multitasking needs of today's gardeners, addressing people's preference for ease of use and growing desire to make their own contribution to the future of our planet.

All Fiskars garden tools are developed to provide the ultimate gardening experience in today's hectic world, and this approach was emphasized in the extensive European marketing campaign mounted in 2008, which featured the slogan: Less effort – More garden. This principle was also followed in the launch of the Garden Light range of lightweight, sturdy stick tools, which can handle even heavier chores with less physical effort from the user.

Multitasking was highlighted in the American launch of the PowerGear® Lop & Saw, which combines a detachable saw with a lopper and features Fiskars' patented PowerGear technology, which makes cutting much easier than with single-pivot loppers. In Europe, the range of Fiskars Universal Garden Cutters – multi-use tools providing excellent accessibility to high hedges and dense bushes – was expanded with five new products.

While remaining faithful to its black and orange signature colors, Fiskars introduced a limited range of garden tools in three trendy colors during 2008. As part of its

Fiskars garden tools are designed to make gardening a joy in today's hectic world.

Garden

participation in the Pink Ribbon Campaign, Fiskars produced pink garden tools as well, and donated part of proceeds from these sales to cancer foundations in several countries.

Fiskars philosophy that 'almost anything can be made better' is closely integrated into product development work, and has been reflected in a new technology known as PowerStep™. Showcased at Gafa 2008, Europe's leading garden trade fair, it will be introduced to consumers in 2009. PowerStep™ tools require less effort by users, as the number of cuts is determined automatically, depending on the thickness of the branches being pruned.

Greener gardening

Environmental awareness is beginning to have a growing impact in the garden as people look for more ways to promote the health of the planet. Growing your own vegetables is one way to make a contribution to a more organic lifestyle. Fiskars offers a number of products that can help make greener gardeners of virtually anyone. Fiskars' weeders have become a popular success, and are ideal for easily getting rid of weeds such as dandelions without the need for chemicals or fossil-fueled power tools.

Thanks to the new Fiskars® Rainwater Collection System – launched in the US, Canada, and Britain – residents now have a very handy way of collecting and storing rainwater for watering and reducing their use of tap water. New, eco-friendly planters, produced from recycled and renewable materials, are also helping gardeners contribute to a more sustainable tomorrow.

New opportunities outdoors

Fiskars' Outdoor business area offers outdoor enthusiasts a wide range of innovative, essential, and reliable gear through its three premium brands: Gerber Legendary Blades, Silva and Brunton. All three continued to champion the benefits of an active lifestyle and self-reliance in 2008, and continued investing in their strategic markets and customers, innovative new products, and end-user relationships.

Solid performance in a tougher marketplace

Despite its many macroeconomic challenges, 2008 was a relatively solid year for the Outdoor business across North America and Europe. Net sales were, however, down by 10% to €110 million, due to the weaker US dollar and Swedish crown and reduced purchases by some major retailers during the year.

As part of wider changes in Fiskars' corporate organization, Outdoor operations covering EMEA, the focus of the Silva brand, were moved to Sollentuna in Sweden. The unit also covers worldwide product development for navigation equipment, headlamps, and health and wellness accessories.

The American Outdoor business area is managed from Portland, Oregon, home of Gerber Legendary Blades. Gerber is well-known for its knives and multi-function tools, while Brunton, Silva's former American subsidiary, specializes in camping accessories, such as cookers, and portable power units. Good progress on integrating the operations of the two companies was made in 2008.

Everyday exercise and special tools

Fiskars' Outdoor product platform includes products for hunting and the outdoor life, as well as ones for people interested in wellness and everyday exercise. The ongoing management and development of the platform is based on an intense focus on product innovation and end-user needs.

Good examples of successful product launches during 2008 included Silva's ex³plus pedometer and Gerber's Ripstop Multi-tool. Building on its reputation for innovation in the multi-tool category, the new Ripstop features all-outboard components for easier access to individual tools. Each component locks into place for safety, while the spring-loaded handles reduce user fatigue during extended use.

Silva ex³plus – named 2008 Gear of the Year by the Swedish Sporting Goods Association – is an easy-to-use and lightweight pedometer with numerous practical functions. These include an 'exercise barometer' that keeps users up-to-date on their performance in relation to the 10,000 steps a day recommendation, and a one-week memory to keep track of training.

The dynamics of today's marketplace are driven by two main groups: outdoor enthusiasts, who enjoy experimenting and participating in multiple outdoor activities; and a growing number of other people, who are looking for activities that are easier to access and learn, less time-consuming, and require less specialized equipment. Together, these will represent a broad base for Fiskars' Outdoor products and will provide good potential for future growth.

Outdoor

75 years in the great outdoors

The history of the Silva brand goes back to the innovations of Gunnar Tillander, a passionate orienteerer and inventor. He was the first person to develop a liquid-filled compass, which both speeded up and enhanced compass use. Together with his orienteering friends, Alvar and Björn Kjellström, he founded Silva in 1933, since when the company has become a trusted partner for orienteerers and other lovers of the great outdoors.

The company's product range has grown steadily over the years, and today's Silva offers everything from lightweight headlamps to portable weather stations. The exercise-4-life™ range – helping make everyday exercise fun and enjoyable, as well as beneficial – highlights the company's ability to continuously innovate new products that really address the needs of users.

Challenging times for Buster boats

Buster-brand aluminum boats are the most well-known products produced by Fiskars' wholly owned subsidiary, Inha Works. Buster retained its position as the biggest-selling leisure boat brand in Finland in 2008, and strengthened its market position elsewhere in the Nordic region.

Sales hit by a difficult market

The decline in demand for boats first seen in the US spread to Northern Europe in 2008. The steady growth typical of the previous 14 years came to an abrupt end, and demand softened rapidly in the spring in all of the main markets where Buster is present.

This was mainly the result of general economic uncertainty and the halt in the growth of consumer purchasing power caused by higher interest rates, higher fuel costs, and higher prices generally. The rainy summer in Finland also had a negative impact on Buster's key market.

Net sales at Inha Works totaled €35 million in 2008. Net sales dropped by 16% compared to 2007, despite the success of Buster boats in increasing their market share. Campaigns in the late summer and early fall improved the situation in Finland in particular. Net sales and operating profit were both negatively impacted to a significant extent by delays in boat deliveries in the spring.

Working to meet reduced demand

Production capacity was adjusted downwards in the fall to meet the changed market situation and reduced

Boats

demand, and led to major cutbacks in operations and reductions in personnel numbers in the boat business.

The hinge business was terminated during 2008, resulting from tough competition from low-cost countries and reduced construction in the key Nordic market. The patents and rights associated with hinge products were sold to Abloy Oy in October. Net sales of the forging business moved down in 2008, and profitability was also lower.

The challenging market situation in the boat business is expected to continue. Efforts are under way to enhance profitability and competitiveness by updating the product range, improving distribution efficiency, and introducing changes in business structures. A number of measures were introduced in 2008 and 2009.

Buster retained its position as the biggest-selling leisure boat brand in Finland.

Comprehensive all-weather capabilities

The rapidly changing conditions typical of the Nordic region mean that boats need to be safe and reliable, whatever the weather. Good performance in all weather conditions was the number-one priority when designing the new Buster XXL, which was unveiled at the Nordic Boat Show in spring 2008. This sturdy vessel takes heavy, unevenly loaded cargoes in its stride, while making it easy for passengers to step ashore easily, even on rocky shorelines. The new model, and its performance in particular, have received excellent reviews from both users and the media.

The marine aluminum used in all Buster boats is extremely durable. It does not rust and is light and easy to maintain, making it ideal for both heavy-duty and leisure use.

Forest and real estate assets ensure a stable foundation

Fiskars' Real Estate business area is responsible for managing the company's property, which includes 15,000 hectares of land in and around Fiskars Village, the company's birthplace, and on the Hankoniemi peninsula. Renting operations, together with forestry and farming land, are also managed from Real Estate's headquarters in Fiskars Village. Forest assets cover both economically managed and various protected areas.

Net sales at the Real Estate business area totaled €6 million in 2008, and its operating profit was down on 2007. The result of this business area is very much dependent on the value of the company's standing timber, which, in turn, is based on stumpage prices. The latter were substantially lower in 2008 than in 2007, when they reached record levels, and this had a negative impact on the business' result. The company follows a long-term approach to managing its forestland, and annual fluctuations in operational performance have been minor in recent years. The accounting estimate used for valuing the company's standing timber was changed in December 2008 to better reflect the stable nature of this asset, and now employs a three-year rolling average price rather than a one-month average as previously.

The majority of timber is sold standing to long-term partners. Some is processed at the company's own Laatupuu sawmill, which produces customized wood for furniture and similar use.

Long-term development of the Village

Fiskars Village has gone through some major changes over the last 20 years. Following the transfer of industrial operations to other sites, the area became something of a 'dead' community. A revitalization program has breathed new life into the Village since then, and it is

Real Estate

now known, both within Finland and internationally, as a vibrant design and arts center. Thanks to an influx of new residents, the community has once again become a dynamic place to live and work. It has also become a popular destination for conferences and seminars through the FiskarsForum.

To ensure the continued development of Fiskars Village into the future, a zoning initiative has been launched with the local municipality designed to promote controlled growth in the area. The new land use plan being drafted will release new plots of land for development that should ensure decades of positive growth.

Fiskars owns some 4,000 hectares of land on the Hankoniemi peninsula. Development work there is continuing with the local municipalities of Raasepori and Hanko. Town planning could start in 2009 when the new water and sewage system is completed.

A dynamic community

Fiskars Village is home to some 600 year-round residents today. Its exhibitions, shops, and workshops – together with its restaurant, conference, and accommodation services – attract around 150,000 visitors a year.

The Copper Smithy hosted an exhibition of jewelry entitled A Glint in the Eye, a review of the work of contemporary Finnish artists known as Simple Life, and the R.ASIA show, amongst other events in 2008. A retrospective exhibition celebrating the 45 year-long career of artist Howard Smith, a long-time resident of Fiskars, opened at the Copper Smithy on October 4, and attracted numerous art-lovers (see photo). The Born in Fire international ceramics exhibition was also a highpoint of the year.

Sustainability – part of the big picture and the detail

The Fiskars ironworks was born 360 years ago beside a series of falls in the local river, and the falls and the surrounding forest were instrumental in laying the foundation for the growth of local industry and the community. Today, although Fiskars operates globally, it has still retained its link to nature.

Sustainability is seen as a principle covering all aspects of operations and every stage of the production chain, from the environment in which products are manufactured through their life to re-use and recycling.

Energy choices affect the world on a global scale, but are typically taken locally. The Inha Works and the Nuutajärvi glassworks, for example, have both switched to using locally produced wood pellets to heat their sites. Pellets are both a pro-environment fuel and more cost-effective than heavy fuel oil.

Fiskars is working to reduce its energy consumption in a number of ways. The Home business area joined an Energy Efficiency Agreement of Finnish Industries (EK) in 2008 that will commit the company to cut its energy consumption by 10% by 2016.

Taking recycling into account early on

Fiskars develops its production processes with an eye to reducing emissions and waste. Well-designed products make efficient use of raw materials. Re-use and recycling begins at production plants, where waste glass, porcelain, plastic, and metal is collected. Fiskars also now produces products from 100% recycled material. A new range of scissors featuring recycled materials recently introduced in the US has been well-received by both retailers and consumers. School items, such as scissors, sharpeners, and rulers are also produced from recycled materials. Recyclable materials are given priority in packaging these products, as they are across the Group.

Fiskars is committed to improving the safety of its production, and carries out risk assessments and safety analyses on a continuous basis. Environmental, health, and safety issues are always reviewed before new products and processes are introduced. The basic thinking is that no substances harmful to the environment should be released at any point, during production, storage, or waste disposal. Employees are trained to handle chemicals and hazardous waste appropriately, and the same vigilance is expected of subcontractors. Suppliers are required to strictly observe national legislation in this area and work towards reducing the burden they place on the environment.

One of the most significant areas of environmental impact, but one that often receives less attention than it should, is logistics. Fiskars' goal in this area is to use as direct a logistics chain as possible. The company works closely with suppliers and distribution companies to reduce logistics-related emissions. A number of measures have been developed with retailers to collect products that become surplus to requirements and send them for re-use and recycling.

Long-lasting products promote sustainability

Products and extended product lives represent the most important cornerstone of a sustainable business approach. Good products have a long life, often stretching beyond one generation. Users often form a personal bond with tools or other items that they particularly like and pass them on to others.

While Fiskars prefers products made to last, it also recognizes the importance and value of helping customers recycle. Hackman, for example, has organized campaigns to collect customers' old cookware when they buy new saucepans and frying pans for a number of years. Fiskars strives to underline the importance of sustainability through practical efforts like this aimed at helping people behave responsibly.

Fiskars has received extensive recognition for the work it has done in the sustainable development area. The comprehensive range of environmental management processes in place at the Sorsakoski cookware plant was recognized with the granting of ISO 14001 certification in 2008. Similar certification has previously been given to plants in Britain and Germany.

Forestland owned by Fiskars is certified under the PEFC system, and some areas have been granted an FSC certificate as well. Productive forestland is managed using traditional sustainable methods, and various environmental protection programs cover 10% of the company's land. Fiskars also works towards a number of voluntary protection goals such as protecting the natural state of its shorelines.

It is only natural that these principles of sustainable development are also followed in Fiskars Village, where the company was born. The community, now devoted to art and design, has been presented with the international Royal Award for Sustainable Tourism in recognition of the fact that good design and a good environment are grounded in the same values.

Broad-based social responsibility

Social responsibility has a long history at Fiskars, and the company has been a major employer and cultural force in the communities where it has had its plants.

Being known as a good employer and company continues to make good business sense today. The Code of Conduct approved by Fiskars' Board of Directors in 2008 underlines the company's commitment to behaving in an ethically and socially responsible way. Fiskars wants to be a good corporate citizen in all its locations and one that encourages openness and good business practices.

A good corporate citizen is a good world citizen

As a global company, Fiskars is committed to promoting social responsibility through its own actions. Selecting good partners to work with, and monitoring conditions at the company's own plants, are concrete and everyday ways of influencing developments. When Silva opened its own production plant in China in 2004, it was able to improve its ability to monitor not only the quality of output, but also conditions in the workplace.

Fiskars supports the principles contained in the United Nations' Universal Declaration of Human Rights and expects all its partners and suppliers to do the same.

Fiskars wants to be an attractive partner for others, with operations guided by high ethical standards that can be trusted in every area. As an employer, Fiskars is committed to treating everyone equally and giving employees equal and fair opportunities.

In addition to its own actions, Fiskars also works through third sector organizations. Iittala, for example, has supported international work with children since 2001, and during 2008 offered consumers in Sweden a series of special products with all profits donated directly to UNICEF. Fiskars has also taken part in the Pink Ribbon cancer awareness campaign, donating a proportion of revenues from various pink products to supporting national cancer organizations in various countries. The company also supports local sports and other activities in the communities where it has production plants, together with carefully selected national charities.

Responsibility is also about supporting community

Fiskars wants to produce products that inspire people to work together and enrich their communities. Gardening, for example, can bring together people from different walks of life and different ages and provide beneficial relaxation and recreation.

In the US, Fiskars had coordinated Project Orange Thumb for six years, providing community garden groups with tools and materials to enhance and develop local green spaces. A total of 92 community groups have been born as a result of the project, devoted to breathing new life into local parks, setting up allotments, and arranging courses and training.

Project Orange Thumb supported three projects in 2008 – in Chicago, San Francisco, and Orlando – bringing together Fiskars employees, local residents, and gardening experts to help turn wasteland into green oases. Work will continue in Canada, New Zealand, and Australia in 2009.

Cultural treasures for future generations

The community where Fiskars was born could easily have slipped into decline if the company had not decided to take a proactive approach to reinvigorating the area around the old ironworks. Today, Fiskars Village attracts some 150,000 visitors annually, and Fiskars is continuing to work on restoring buildings there and helping preserve this heritage site for future generations.

Fiskars has close links with numerous people in the arts, including most prominently the Artisans, Designers and Artists of Fiskars Co-operative; Fiskars supports exhibitions by the Co-operative every year. Finland's Design Museum is another major partner and recipient of support from Fiskars. Many of Fiskars' products are recognized as examples of outstanding design. The collections of the Iittala, Nuutajärvi, and Arabia Museums now form part of the Design Museum's collections and are available to everyone through exhibitions and other events. The Arabia 135 exhibition organized by the Design Museum in 2008 provided visitors with a comprehensive overview of Arabia's production and operations over the years.

Fiskars also plays an important role in cultural life in the municipality of Raasepori to which Fiskars Village belongs. The company has supported the Finnish Chamber Orchestra under Jukka-Pekka Saraste and its series of summer classical concerts in Tammisaari for a number of years.

Fiskars wants to be an attractive partner for others, with operations guided by high ethical standards.

Traditional artisan skills and new expertise

Fiskars has depended on a wide range of experts and skills throughout its history. The original ironworks at Fiskars was founded by the Dutchman Peter Thorwöste, and the site employed workers from England, Germany, and Sweden, as well as Finns, during its early years – making Fiskars quite an international company from the very beginning.

Today's Fiskars has employees in over 20 countries. All of its locations share a common challenge and a common goal: to find and retain the best professionals in their respective fields. Exceptional products cannot be produced without exceptional people. Design products and innovative tools often call for special expertise that cannot be acquired or passed on through books or colleges. This is also probably one of the reasons why many generations in some families have worked and continue to work for Fiskars.

Training is a great motivator

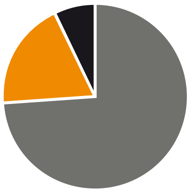
Fiskars works to ensure that its skills and 'silent knowledge' are passed on and shared among its people. Many plants have had apprenticeship-based training programs in place for many years, and these have played a critical role in ensuring that the special glassblowing techniques needed for particularly demanding pieces, for example, have been retained. Surveying and securing these types of critical glassblowing skills for the future is seen as a priority.

Training courses and on-the-job learning are also a valuable way of motivating personnel, and Fiskars aims to offer a wide range of opportunities here. Work started on developing an international online eLearning training program in the Home business area in 2008 that will focus on areas such as in-store interaction with customers and brand and product awareness. Particular emphasis in this business area was given to developing leadership skills as well.

Ensuring the wellbeing of personnel is also important to the success of a company like Fiskars. Business areas have surveyed the wellbeing of their employees and have increased cooperation with occupational health care teams. Measures are constantly being developed to ensure that personnel are satisfied with their work, and this has yielded results. Iittala, for example, has ranked highly in the study on Finland's best workplaces carried out by the Great Place to Work Institute.

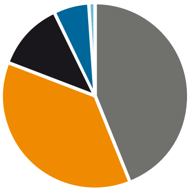
Exercise, keep fit, and other activities are organized to promote a sense of community at Fiskars workplaces. Workouts at the gym at the Fiskars plants at Billnäs, for example, help employees stay in shape.

Personnel 2008 by operating segment



- EMEA 74%
- Americas 19%
- Other 7%

Personnel 2008 by business area



- Home 44%
- Garden 37%
- Outdoor 12%
- Boats 6%
- Real Estate 1%

Personnel in 2008

Fiskars Corporation employed 4,119 people (2007: 4,515) as of the end of the year. Reorganization and weaker markets resulted in reductions in personnel at a number of units. Personnel numbers fell, in particular, in the US due to reorganization in Craft and Outdoor business areas; in Sweden, where operations at the Höganäs plant were ended; and in Finland, where production was cut at Inha Works.

The opening of new Iittala stores in several locations, such as in Berlin, Germany (see photo), increased retail personnel in the Home business area.

Respecting traditions and looking to the future

Fiskars strives to be an innovative pioneer in its chosen business areas. Strong design and systematic brand management form the basis for product development work. In addition to great looks, Fiskars products are renowned for their functionality and quality. While very much grounded in its long design tradition, Fiskars is strongly committed to the new in terms of product development.

The Group's business areas are responsible for their own product development. New products are developed in close cooperation with brand management and production. The design of every product starts with the consumer, and understanding people's everyday needs.

Beauty and ease of use through good design

What makes a new product so outstanding that it can be described as a true innovation? The answer, according to Fiskars' Chief Designer, Olavi Lindén, is easy: "A product is a good product when it is so honestly simple that someone can start thinking, I could have invented that myself!"

Fiskars' signature orange-handled scissors, which have been in production since 1967, are a good example of excellent functionality. The development of Fiskars' garden tools is based to a large extent on the modern, timeless design language these scissors created. Fiskars' commitment to long-term design and continuous development results in high standards of ergonomics and quality. Fiskars aims to make products that last, and that are also easy to look after and maintain.

Functionality is central to Fiskars' approach. Products are lightweight and easy to use, and many feature innovative mechanisms that enable a wide variety of activities in the garden and the home to be carried out by people with even limited strength in their hands and arms. Fiskars showcased its new PowerStep™ technology for pruning tools, which adjusts to the thickness of the branch being cut, in fall 2008. PowerStep™ loppers received an honorable mention in the Fennia Prize for 2009 in February 2009.

Combining practicality with beauty is particularly highlighted in products produced by the Home business area. The Scandinavian design heritage is a particular strength here, and forms the foundation on which a steady stream of new products for the home is developed.

Design classics of the future are born when product development intersects and cross-fertilizes with new design ideas. Iittala regularly invites respected designers to design its products. Klaus Haapaniemi, who was named Graphic Artist of the Year in Finland in 2008, has designed the decoration used on Iittala's popular range of Taika tableware. The Ote range of glasses designed by another young Finnish designer, Aleksi Perälä, won the Design Plus Prize in spring 2008. International designers have always been welcome at Iittala. The respected Italian artist and jewelry designer, Giorgio Vigna (see photo), recently created his own collection of glass birds together with Iittala's expert glassblowers, complementing the tradition started by Professor Oiva Toikka at the beginning of the 1970s.

Making the product process the heart of things

Design in the Garden business area is very much teamwork. Fiskars' product development team at the Billnäs plant works closely with the team responsible for designing production machinery. Strategic moulds and other tools used are produced in-house, which is ideal for prototyping and developing new manufacturing methods. Production technology is an integral part of product innovation and is patented where appropriate. Prototypes are tested by professional gardeners and consumers.

Product development work is also carried out in other Garden units. Four garden tools developed in the US Garden unit won Good Design awards in 2008.

The product process has been defined as a core process for the Home business area, and extends across the life cycle of products, from product development through range management to marketing. The product development organization in the area was restructured in 2008, and a design director recruited to be responsible for design and material development processes. Innovative technology-driven product development also takes places at production plants, and strengthens expertise in areas such as material know-how and manufacturing techniques.

Targeting new product areas

Fiskars spent a total of some €8.4 million (2007: 7.4 million) on R&D in 2008. Hundreds of new products were launched during the year, of which many represented completely new product concepts.

The Home business area is working to extend the reach of its brands into more areas of the home. A good example of this is Iittala's new Ambient Light concept, which has seen the development of oil lamps and LED-based lighting to complement the company's traditional candleholders.

The Outdoor business area has also prioritized extending its reach. Silva, for example, which was born out of a new approach to the compass 75 years ago, now also serves the needs of everyday exercise through its exercise-4-life™ range, which includes items such as advanced pedometers.

Supply chain management has become a strategic focus area

Fiskars' Operations function covers the Group's own production plants, outsourced production, logistics, distribution centers, and the processes used to manage Fiskars' supply chain. The company aims to develop a set of common, streamlined supply network processes capable of keeping Fiskars' customer service capabilities as efficient as possible.

Activities in 2008 focused on creating a global procurement strategy, reviewing subcontractor partners, enhancing the efficiency of in-house production, and developing the processes needed by Fiskars to anticipate future sales and production needs – to make the overall supply chain demand-driven. The Group's inventory valuation principles were harmonized at the end of the year to better match the needs of a consumer-driven business model.

In-house production focuses on core areas of expertise

Fiskars has a number of production plants producing garden tools, the largest of which are the garden tools and scissors plant at Billnäs in Finland, the Slupsk unit in Poland, and the Leborgne plant in France. The company also has three units producing planters and other plastic products in Germany, Britain, and the US. The bulk of garden tool production in the Americas has been outsourced.

In the Home business area in Finland, Fiskars operates the Iittala and Nuutajärvi glassworks, the Arabia ceramics plant, and a unit producing cookware at Sorsakoski. The company has two plants producing kitchen knives and cutlery in Italy. The Höganäs ceramics plant in Sweden, where production had been running at a loss since 2005, was closed in 2008. Production of Höganäs-brand products will continue on an outsourced basis. Outdoor products are produced in-house in Sweden, the US, and China. The Inha Works' plant at Ähtäri in Finland is now primarily focused on producing aluminum boats following the end of hinge production in November 2008. The plant continues to produce forged products.

Many of the Group's plants have long experience and wide-ranging expertise in their specialist fields. The Arabia plant in Helsinki, for example, celebrated 135 years of production in November 2008, when a new Pro Arte and product development department was created to specialize in products requiring a high level of manual input, and moulds and tools for new products. Color glazes are a particular Arabia specialty, in the same way that colored glass is a particular strength of the glassworks. Prototype products, moulds, and tools are produced in-house at the Billnäs plant as well. This leverages specialty expertise, and promotes the development of new technical innovations. The heat treatment techniques used in ax production and the grinding and honing techniques used in cutting tools represent some of the most advanced in their fields. The coating and other technical capabilities developed for frying pans at the Sorsakoski plant have also proved very successful.

The role of in-house production is emphasized in demand-driven operations, as it can respond flexibly and rapidly to the need for small production runs to meet changing customer trends.

Sourcing adds flexibility

Contract suppliers complement Fiskars' product range. Their expertise is particularly useful when there is no capacity or technology in-house or in products combining various specialist materials. Sourcing also brings cost-savings. In some areas, the bulk of products is outsourced, from suppliers in either Europe or Asia. Fiskars aims to establish long-term relationships with these, and carefully reviews suppliers on the basis of total costs, efficiency, quality, ability to deliver, and responsibility. Emphasis is also given to developing Fiskars' in-house procurement capabilities.

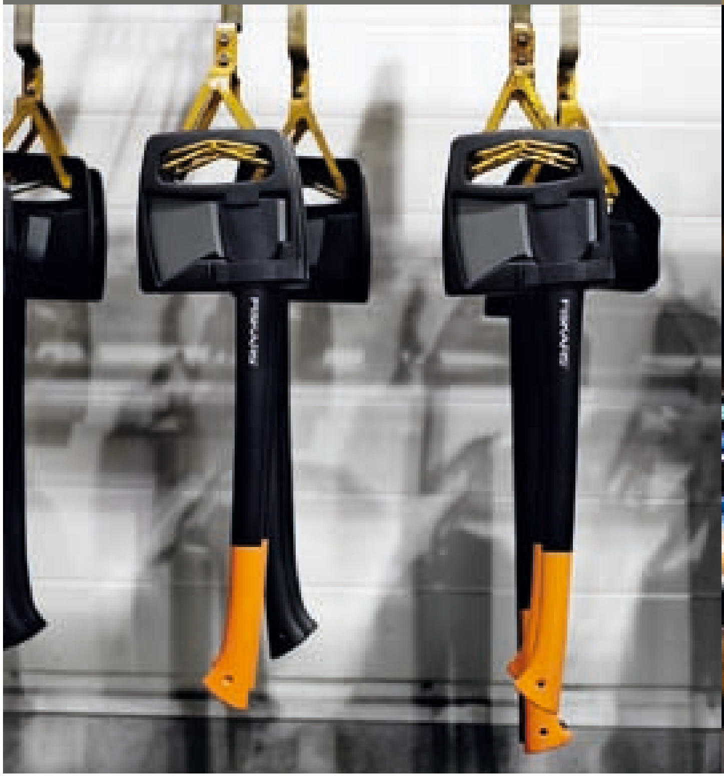
The management of external suppliers presents new challenges in areas such as anticipating demand levels and logistics if products are to be available when needed. Efficient processes for managing a demand-driven supply chain will become increasingly important.

Distribution that truly serves the customer

Logistics and distribution centers play an important role in guaranteeing flexible customer service and an efficient supply chain. Fiskars' logistics operations are handled through a number of distribution centers. Each of the Group's business areas currently operates its own centers in Europe and the Americas. Challenges are essentially similar everywhere, however. The need to have a large number of different products and packaging options available, the seasonal nature of many businesses, and short customer delivery times complicate chain management everywhere. As a result, a study was launched in 2008 on the opportunities for combining logistics in Europe and possible ways of cutting logistics costs.

The growth of in-house retail sales and online sales, together with greater outsourcing, have changed many aspects of distribution center operations. The distribution center in Finland will move to new premises in Hämeenlinna in spring 2009. The larger facilities there will provide an efficient and modern environment close to all major transport routes, as product flows grow.

Consumers appreciate the unique qualities of our products. Hand-blown Aalto vases in different colours, quality forged axes, and frying pans featuring highly durable coating are all produced at Fiskars' own plants.



Risks and risk management

The objective of Fiskars' risk management is to assess and manage all possible scenarios, threats, and risks to ensure that the company can implement its business plans, achieves its targets, and secure the continuity of its business.

Customer relationships and consumer demand

Fiskars produces and sells consumer products; therefore general market conditions and a decline in consumer demand in key market areas in Europe and North America could have a material adverse effect on the Corporation's net sales and profitability.

Fiskars' products are sold through its sales force, agents, and distributors to wholesalers, retailers, and directly to consumers through its stores. Sales to large individual customers are significant in some businesses. As some major customers decide their product range and suppliers only once annually, the loss of several major customers or disruption in the activities of a specialized distribution channel could have an adverse effect on Fiskars' business and profits. Fiskars' largest customer accounted for around 5% of total sales in 2008.

Supply chain

Fiskars is making increasing use of outsourcing and working with a growing number of contract manufacturers and partners. The proportion of in-house production has declined, and the dependency on the supply chain increased. Supply chain management has become a management and availability risk, as a considerable proportion of sales in respect of some products is of a seasonal nature and an increasing proportion of total corporate purchases will be made in countries distant from the company's main operations. Risk management associated with outsourced production and ensuring product availability is being developed on a continuous basis.

Raw materials

Fiskars products are manufactured from a wide range of materials, primarily steel, aluminum, and plastic. Sudden fluctuations in raw material and energy prices can have an impact on the company's operational result. Fiskars employs long-term contracts with its raw material suppliers. Production plants in Finland that use large amounts of electricity make use of collective purchasing to hedge their operations against fluctuations in electricity prices.

Innovation

The growth of Fiskars' business depends to a significant extent on its ability to generate and commercialize a stream of new products and product enhancements that meet consumer expectations. The ability to combine design and innovation with technical R&D capabilities forms a solid basis for rolling out products successfully in a timely manner.

Brands and corporate reputation

Fiskars has a number of global and local brands in its portfolio. Any adverse event affecting consumer confidence or continuity of supply affecting these brands could have a detrimental impact on its business. Fiskars monitors the performance of its brands closely, and is committed to taking appropriate action to mitigate any threat to brand value.

Weather and seasonal dependence

Some product groups, such as garden tools during the spring, can be affected by the weather. Unexpected weather conditions can have a negative impact on sales of these products. Sales of products for the home are heavily geared towards the last quarter of the year, and any negative issues related to product availability or demand during this quarter could affect the full-year result significantly.

Environment

Most of Fiskars' industrial operations involve no significant environmental risks. Production facilities have up-to-date environmental permits that set clear limits on their operations. Changes in environmental directives can affect existing environmental permits. Adapting to such directives may require changes in existing production methods or investments in new equipment. This may result in additional costs at some older facilities.

Pensions and similar obligations

Movements in equity markets, interest rates, and the life expectancy in some defined benefit pension plans could affect the pension liabilities reported by the company. These liabilities are regarded as small, however, and the risk considered immaterial.

Associated company

Fiskars has a substantial investment in an associated company, Wärtsilä Corporation. Major changes in Wärtsilä's share price, profitability, or ability to pay a dividend would have a material impact on Fiskars.

A continued strong holding in Wärtsilä

Associated company, Wärtsilä Corporation, represents an important part of the Fiskars portfolio. Fiskars' wholly owned subsidiary, Avlis AB, is Wärtsilä's largest single shareholder and Fiskars owned a total of 17.1% of Wärtsilä's shares and votes as of the end of 2008. These shares had a balance sheet value at the end of the financial year of €264 million and a market value of €354 million.

Series of shares combined

Wärtsilä's Annual General Meeting held on March 19, 2008 decided to combine the company's Series A and B shares. This resulted in an increase in Fiskars' shareholding from 16.5% to 17.1% and a decrease in votes from 32.2% to 17.1%. Although its share of votes is now below 20%, Fiskars believes that it continues to have a significant holding in the company under the provisions of IAS 28, for a number of reasons, not the least of which is that Fiskars continues to be Wärtsilä's single largest shareholder. As a long-standing holding, Wärtsilä's result has had a major impact on Fiskars' result, and this is expected to continue in the future. The Chairman of Fiskars' Board of Directors, Kaj-Gustaf Bergh, and President and CEO, Kari Kauniskangas, both sit on Wärtsilä's Board of Directors. As a result, Wärtsilä will continue to be recognized as an associated company.

Share of profit of the associated company in 2008

Fiskars' share of Wärtsilä's profit for 2008 totaled €71 million (2007: 43). The bonus issue made in connection with the combination of the company's two series of shares in March 2008 increased Fiskars' share of Wärtsilä's equity by €6 million, and is included in the share of profit of the associated company.

Fiskars received dividend revenue from its holding in Wärtsilä totaling €67 million in 2008 (28), which has been booked directly to the balance sheet to compensate for the expenditure on associated company shares. The balance sheet value of Fiskars' holding in Wärtsilä stood at €264 million (278) as of the end of the year, and included goodwill of €61 million. The market value of Fiskars' shares in Wärtsilä as of the end of the year was €354 million (833). Wärtsilä stock was valued at €21.01 a share at the end of the year, and went as high as €52.40 in January 2008. The decline in value seen latterly was strongly impacted by the global economic crisis in 2008.

Wärtsilä Corporation in brief

Wärtsilä enhances the business of its customers by providing them with complete lifecycle power solutions. When creating better and environmentally compatible technologies, Wärtsilä focuses on the marine and energy markets with products and solutions as well as services. Through innovative products and services, Wärtsilä sets out to be the most valued business partner of all its customers. This is achieved by the dedication of close to 19,000 professionals manning 160 locations in close to 70 countries around the world. Wärtsilä is listed on NASDAQ OMX Helsinki.

www.wartsila.com

Key figures	2008	2007
Net sales, € million	4612	3763
Operating profit, € million	525	380
Earnings per share, €	3.88	2.74
Dividend per share, €	1.50	4.25*
Personnel, end of the year	18812	16336

* Includes an extra dividend of €2.00 per share

Corporate Governance

Corporate Governance in Fiskars Corporation is based on its Articles of Association, Finland's Companies Act and the rules and regulations concerning listed companies of the NASDAQ OMX Helsinki Ltd. Fiskars also complies with the Finnish Corporate Governance Code approved by the Securities Market Association, which came into force on January 1, 2009.

The ultimate decision power is vested in the shareholders of the company at the General Meeting of the Shareholders. The Board of Directors of Fiskars Corporation is responsible for the management and proper arrangement of the operations of the company. The Managing Director is responsible for the day-to-day management of the company under the instructions and orders of the Board of Directors.

Annual General Meeting

The Annual General Meeting shall be held before the end of June, either in Raasepori or in Helsinki. The Annual General Meeting decides on matters stipulated in the Companies Act and the Articles of Association, such as the approval of the financial statements, distribution of profits, release from liability of members of the Board of Directors and the Managing Director, and the election of members of the Board of Directors and the Auditors, and the compensation paid to them.

According to the Articles of Association, the notice of the Annual General Meeting must be published in at least three general newspapers which are chosen by the Board of Directors. Fiskars also publishes the notice of the Annual General Meeting on its website.

The Board of Directors

Composition of the Board of Directors

According to the Articles of Association, the Board of Directors consists of a minimum of five and maximum of nine members. The terms of office of members will be from their election to the end of the following Annual General Meeting. The Board elects a Chairman among its members.

The Annual General Meeting held on March 25, 2008 appointed nine members. Chairman of the Board is Mr. Kaj-Gustaf Bergh, and Vice Chairmen are Mr. Alexander Ehrnrooth and Mr. Paul Ehrnrooth. The other members of the Board are Mr. Ralf Böer, Ms. Ilona Ervasti-Vaintola, Mr. Gustaf Gripenberg, Mr. Karl Grotenfelt, Mr. Karsten Slotte, and Mr. Jukka Suominen.

None of the members are employed by the company.

The current Board of Directors is presented on the company website and on pages 32–33 of the Annual Report.

Responsibilities and Working Charter of the Board of Directors

The duties and responsibilities of the Board of Directors are governed by the Finnish Companies Act and the Articles of Association.

According to the charter approved by the Board of Directors, the Board is responsible for the management and proper arrangement of the operations of the company and confirms the company's business strategy and budget. In addition, the Board supervises the solidity, profitability and liquidity of the company. Board appoints the Managing Director and accepts the terms of his executive agreement. The Board appoints the members of the Management Team and approves their salaries and other compensation as well as decides the principles for compensation systems of the group. The Board also appoints committees and members thereof. The task for each committee is to prepare matters within their specific area to be decided upon at meetings of the Board. The Board also regularly evaluates its own work and its cooperation with the management.

The Board of Directors convened nineteen times during 2009. The average attendance in the Board meetings was 96%.

Members of the Board are independent in relation to the Company, with the exception of Mr. Ralf Böer. Of the Board members, Mr. Kaj-Gustaf Bergh, Mr. Ralf Böer, Ms. Ilona Ervasti-Vaintola, Mr. Gustaf Gripenberg, Mr. Karl Grotenfelt, Mr. Karsten Slotte, and Mr. Jukka Suominen are independent in relation to the shareholders.

Board Committees

In 2008 the Board of Directors has appointed three committees: Audit Committee, Compensation Committee and Nomination Committee.

1. The Audit Committee supervises internal audit, financial reporting and risk management, economic standing of the company as well as external audit and independence of the auditors. The Chairman is Mr. Gustaf Gripenberg and the members are Mr. Alexander Ehrnrooth, Mr. Paul Ehrnrooth, Ms. Ilona Ervasti-Vaintola, and Mr. Karsten Slotte. The Audit Committee convened four times in 2008. The average attendance of the members in the meetings was 90%.

2. The Compensation Committee prepares matters connected with appointment and remuneration of group directors as well as proposals to the General Meeting of the Shareholders on remuneration of the Board members. The Chairman is Mr. Kaj-Gustaf Bergh and Mr. Ralf Böer, Mr. Karl Grotenfelt, and Mr. Jukka Suominen are members. The Compensation Committee convened four times during 2008. The attendance of the members in the meetings was 100%.

3. The Nomination Committee prepares proposals regarding the composition of the Board to the General Meeting of the Shareholders, after consulting the major shareholders, prepares proposals to the Board regarding the composition of the committees of the Board and prepares the proposal on the election of the auditors as well as confirms criteria and processes for evaluation of the Board. The Chairman is Mr. Kaj-Gustaf Bergh and Mr. Alexander Ehrnrooth and Mr. Paul Ehrnrooth are members. The Nomination Committee convened four times during 2008. The attendance of the members in the meetings was 100%.

President and CEO

The Board of Directors appoints and, if necessary, dismisses the Managing Director, who is also the Chief Executive Officer of the Corporation. The CEO runs the operations of the Corporation and is in charge of its administration in accordance with the Articles of Association, the Finnish Companies Act, and the instructions of the Board. The CEO is assisted in his duties by the Management Team. The CEO is Mr. Kari Kauniskangas.

Executive Vice President

If necessary, the Board appoints one or more Executive Vice Presidents. Executive Vice President, Mr. Ingmar Lindberg retired on December 31, 2008.

Corporate Management

The management of the parent company consists of the managers responsible for managing the corporate portfolio of businesses. The management convenes under the leadership of the CEO to prepare proposals for the Board and to discuss financing, economics, communications, brand management, legal issues, development of personnel, information technology, supply chain, and other issues. Its duties also include stakeholder relations.

Information about management personnel is presented on the company website and on page 34–35 of the Annual Report.

Subsidiaries

Each of the subsidiaries has its own Board of Directors, which oversees its operations. The President of each subsidiary is responsible for ensuring that the subsidiary's resources are available in proper relation to the needs of its line of business, personnel development, ensuring that their operation meets the demands of quality criteria, and complies with the requirements imposed by local laws and regulations.

Remuneration

The Annual General Meeting determines the remuneration of the Board of Directors. In 2008, the Annual General Meeting set the annual fee of the Chairman of the Board at EUR 65,000, and the fee paid to the Vice Chairman at EUR 50,000 per annum; with fees for ordinary members at EUR 35,000 per annum. In addition, the Annual General Meeting determined that Board members are paid a fee of EUR 550 per Board and Committee meeting, the Chairman of the Board is paid EUR 1,100 per Board and Committee meeting, and the Chairman of the Audit Committee is paid EUR 1,100 per Audit Committee meeting. In addition they are reimbursed for their travel and other expenses incurred due to their activities in the interest of the company.

In addition to his basic salary, the CEO is to be paid an annual bonus with a target level of 60% of the annual salary. The bonus is determined in accordance with the targets set by the Board of Directors. In addition the CEO is included in a long-term incentive scheme, which in terms of earnings corresponds to the annual bonus. Notice period is six months for both the CEO and the Company. Remuneration on dismissal by the company is twelve months basic salary in addition to salary for six-month's notice period. The Managing Director's agreement ends when the CEO turns 60 years. In addition to his statutory pension, a voluntary supplementary fee-based pension is granted to him, whereby the company pays 20% of his annual salary.

CEO Kari Kauniskangas' salary, including benefits and bonuses, was EUR 913,586 in 2008. EUR 535,123 of this consisted of a signing bonus. The CEO agreed to purchase shares of the Company with the net amount of the signing bonus.

The directors have an annual bonus scheme, the amount and earning criteria of which are determined by the Board annually. In addition, key persons selected by the Board are included in a long-term incentive scheme, the earning criteria of which are determined annually by the Board. The earning criteria are based in principal on economic targets and in addition the increase in value of the company affects the long-term incentive scheme. The corporate management team has also a voluntary fee-based additional pension insurance.

Fiskars Corporation has no current share option programs tied to the share price.

Internal Control, Risk Management, and Internal Audit

The Board of Directors is responsible for the proper management and organization of operations. In practice it is the responsibility of the CEO together with the management to among other things put in place and administer accounting and control mechanisms.

The financial performance of the Corporation is reviewed monthly through a reporting system that covers all units and operations. The system comprises an income statement, balance sheet, cash flows and key ratios, as well as reports of any events significant to operations.

Each of the Business Areas is run by and through their own management teams. With the support of the Corporation, each Business Area is responsible for the daily risk management of running its business.

The parent company has an internal auditor, who is administratively subordinate to the President and CEO but reports to the Audit Committee.

In accordance with principles approved by the Board, the parent company is responsible for financial risk management and global risk insurance. The subsidiaries cover their financing and exchange rate risks through the parent company in accordance with internal hedging regulations.

Insiders of the Corporation

Fiskars applies the insider regulations of the NASDAQ OMX Helsinki that came into force January 1, 2006. In addition, the company has its own insider regulations that came into force on August 5, 2008. The company's Public Insiders include the Board members, the Corporate President and CEO, Executive Vice President, and the auditors. Further Public Insiders are the members of the corporate management group and the Business Area Presidents.

The Company-specific Insiders include the assistants and secretaries of the corporate management; the staff at the Economy Department; the personnel in charge of Communications; the staff at the Legal Department; Managing Director and Controller of Avlis AB as well as other persons in similar positions as separately decided by the CEO.

For projects that on realization may have an impact on the company's share value a separate project-based register is kept.

The legal department of Fiskars Corporation maintains lists of its insiders on the basis of information provided by the insiders. The holdings of the Public Insiders are available at the Euroclear Finland Ltd; Urho Kekkosen katu 5 C, 00100 Helsinki, tel. +358 20 770 6000 as well as on the company's website www.fiskars.fi.

Audit

The corporate auditor is KPMG Oy Ab, Corporation of Authorized Public Accountants, with Mr. Mauri Palvi, APA, as auditor with main responsibility.

Board of Directors

Kaj-Gustaf Bergh (1955)
Chairman, elected to the Board 2005. B.Sc., LL.M. Managing Director of Föreningen Konstsamfundet r.f. 2006–.

Skandinaviska Enskilda Banken, Member of management 2000–2001; SEB Asset Management, Director 1998–2000; Ane Gyllenberg Ab, Chief executive officer 1986–1998.

Chairman of the Board of Aktia plc, Finaref Group Ab and KSF Media Holding Ab. Member of the Board of Stockmann Oyj Abp, Ramirent Group, Julius Tallberg Oy Ab and Wärtsilä Corporation. Holds 5,000 Fiskars shares.

Alexander Ehrnrooth (1974)
Vice Chairman, elected to the Board in 2000. M.Sc. (Econ.), MBA. CEO of Virala Ltd. 1995–.

Chairman of the Board in Turvatiimi Corporation and Member of the Board in Oral Hammaslääkärit Plc. Holds 5,930 Fiskars shares.

Paul Ehrnrooth (1965)
Vice Chairman, elected to the Board in 2000. M.Sc. (Econ.). Managing Director of Turret Oy Ab.

Chairman of the Board of Savox Ltd. and Finance Link Ltd. and Member of the Board of Agrofin Oy Ab. Holds 30,798 Fiskars shares.

Ralf R. Böer (1948)
Elected to the Board in 2007. Juris Doctor. Chairman, CEO and Partner in Foley & Lardner LLP. 2002–.

Foley & Lardner LLP since 1974, Partner since 1981. Member of the Board of Plexus Corp. Holds 5,677 Fiskars shares.

Ilona Ervasti-Vaintola (1951)
Elected to the Board in 2004. LL.M. Group Chief Counsel of Sampo Group, Principal Attorney and Member of the Group Executive Committee 2001–.

Mandatum Bank plc, Chief Counsel and Board Member 1998–2001; Mandatum & Co Ltd, Director, Partner 1992–1998.

Member of the Boards of Fortum Corporation and Finnish Literature Society. Chairman of the Legal Committee and member of the Panel of Takeovers and Mergers at the Central Chamber of Commerce of Finland. Holds 14,000 Fiskars shares.

Gustaf Gripenberg (1952)
Elected to the Board in 1986. D. (Eng.). Professor, Helsinki University of Technology.

Primary working experience in the Helsinki University of Technology and University of Helsinki. Holds 236,600 Fiskars shares.

Karl Grotenfelt (1944)
Elected to the Board in 2005. LL.M. Chairman of the Board in Famigro Oy.

A. Ahlström Oy, lawyer, General Counsel, Administrative Director of Paper Industry, member of the Executive Board with responsibility for the Paper Industry, 1970–1986.

Member of the Board of UPM-Kymmene Corporation and Ahlström Capital Limited. Holds 11,680 Fiskars shares.

Karsten Slotte (1953)
Elected to the Board 2008. B.Sc. (Econ.). President and CEO of Fazer Group 2006–.

Cloetta Fazer AB (publ.), President 2002–2006; Cloetta Fazer Konfektyr AB, Managing Director 2000–2002; Fazer Confectionery, Managing Director 1997–2000.

Member of the Board of Onninen Oy, Varma Mutual Pension Insurance Company, and Finnish-Swedish Chamber of Commerce. Holds 1,000 Fiskars shares.

Jukka Suominen (1947)
Elected to the Board 2008. M.Sc. (Eng.), B.Sc. (Econ.).

Group CEO of Silja Oyj Abp 1995–2000.

Member of the Board of Huhtamäki Oyj and Finnish State Shipping Enterprise, Chairman of the Board of Rederi AB Eckerö and Merivaara Oy. Holds no Fiskars shares.

Share holdings as of December 31, 2008.

In the picture from left (sitting) Jukka Suominen, Alexander Ehrnrooth, Kaj-Gustaf Bergh, Gustaf Gripenberg, and standing Karl Grotenfelt, Paul Ehrnrooth, Ralf R. Böer, Karsten Slotte, and Ilona Ervasti-Vaintola.

Corporate Management Team

Kari Kauniskangas (1962)
President and CEO, M.Sc. (Econ.), employed 2008.

Amer Sports Corporation, Head of Winter & Outdoor division 2007, SVP, Sales & Distribution 2004–2007; Amer Sports Europe GmbH, President & GM 1999–2004.

Board Member in Wärtsilä Corporation.

Holds 23,397 Fiskars shares.

Jutta Karlsson (1963)
General Counsel, LL.M., employed 2006.

LMR Attorneys-at-law, Legal Counsel 2003–2006; Council of the Baltic Sea States (Stockholm), Legal Advisor 2002–2004.

Holds no Fiskars shares.

Hille Korhonen (1961)
Vice President, Operations, Lic.Tech., employed 2007.

Iittala Group, Group Director, Operations 2003–2007; Nokia Corporation, management duties for logistics 1996–2003.

Board Member in Nokian Tyres Plc. and Mint of Finland Ltd., Member of the Economic Policy Committee at the Central Chamber of Commerce.

Holds no Fiskars shares.

Teemu Kangas-Kärki (1966)
Chief Financial Officer (CFO), M.Sc. (Econ.), employed 2008.

Alma Media Corporation, CFO 2003–2008; Kesko Group, Vice President, Corporate Controller 2002–2003, Corporate Business Controller 2000–2001; Suomen Nestlé Oy, Finance Director 1999–2000.

Holds no Fiskars shares.

Max Alfthan (1961)
Chief Strategy Officer (CSO), M.Sc. (Econ.), employed 2008.

Amer Sports Corporation, SVP Communications 2001–2008; Lowe & Partners, Managing Director 1998–2001; Oy Sinebrychoff Ab, Marketing Director 1989–1998.

Board Member in Suomen Lähikauppa Oy and Nokian Panimo Oy.

Holds 1,400 Fiskars shares.

Share holdings as of December 31, 2008.

In the picture from left Kari Kauniskangas, Jutta Karlsson, Hille Korhonen, Max Alfthan, and Teemu Kangas-Kärki.

Business Area Management

Tero Vähäkylä (1958)
President, Home
M. Sc. (Econ.)
Employed 2007
Holds no Fiskars shares

Paul Tonnesen (1964)
President, Garden & SOC, Americas
MBA, B. Sc. (Mktg.)
Employed 2007
Holds no Fiskars shares

Thomas Enckell (1963)
President, Garden, EMEA
M. Sc. (Econ.)
Employed 2007
Holds no Fiskars shares

Jason R. Landmark (1967)
President, Outdoor, Americas
B. Sc.
Employed 2001
Holds no Fiskars shares

Lars Gullikson (1963)
President, Outdoor, EMEA
B. Sc. (Econ.)
Employed 2006
Holds no Fiskars shares

Jukka Suonperä (1952)
President, Boats
M. Sc. (Eng.)
Employed 2003
Holds 1,470 Fiskars shares

Tomas Landers (1977)
Vice President, Real Estate
M. Sc. (Forestry)
Employed 2008
Holds no Fiskars shares

Share holdings as of
December 31, 2008.

Financial Statements 2008

The Consolidated Financial Statements in this Annual Report have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union. All figures in the Annual Report are rounded, and consequently the sum of individual figures may differ from the presented total sum.

Report by the Board of Directors

2008 in brief

Fiskars Corporation's net sales increased by 8% to EUR 697.0 million (647.0), driven by the acquisitions of Iittala Group and Leborgne in 2007. Cash flow from operations continued at a strong level, EUR 97.0 million (82.0).

The operating profit (EBIT) was EUR 70.9 million (106.9) or 10% of net sales (17%). Non-recurring items totaling EUR -34.9 million (+1.4) were booked in 2008, of which EUR 31.8 million (0) were due to business reorganization. EBIT excluding non-recurring items, share of profit from associated company Wärtsilä, and changes in the fair value of standing timber totaled EUR 41.0 million (51.1) or 6% of net sales (8%).

Earnings per share for the year were EUR 0.64 (1.40).

Reorganization of the business

Fiskars is shifting its focus from manufacturing to a consumer- and brand-driven business. As part of the transformation, several organizational changes were carried out during 2008.

Mr. Kari Kauniskangas, M.Sc. (Econ.) started as President and CEO of the company at the beginning of the year. There were changes in the corporate management team, as new Chief Financial Officer, Vice President for Operations, and Chief Strategy Officer were appointed during the year. The new corporate management is taking an active part in the strategic management of all businesses.

A new organizational structure and new operating segments were introduced in March 2008. As from the first interim report of 2008, Fiskars has reported its performance using the following operating segments: Americas, EMEA (Europe, Middle East, and Asia-Pacific), Wärtsilä (associated company), and Other, which consists of Inha Works and the Real Estate Group. The corporation's business areas were during 2008: Garden, Homeware, Outdoor Recreation, Craft, Real Estate, and Inha Works.

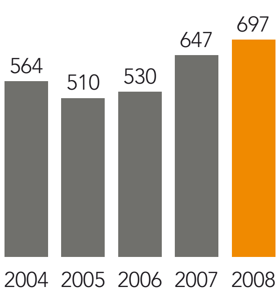
Regional administrative functions were eliminated in November 2008 and the role of business area management was further strengthened. The Garden and Craft businesses in the Americas were combined into one new business area, Garden & SOC (School, Office, and Craft). In EMEA, Garden business area management was relocated from Belgium to Finland. All business area presidents report to Fiskars President and CEO.

Following these changes in the organization, Fiskars' business areas as from the beginning of 2009 are Home, Garden, Outdoor, and Other. Sales of scissors and other school, office, and craft products will be reported in the business area Home, together with all homeware products. The Inha Works business area, which mainly consists of boat production, will be included in the Outdoor business area. Real Estate will be moved to the business area Other.

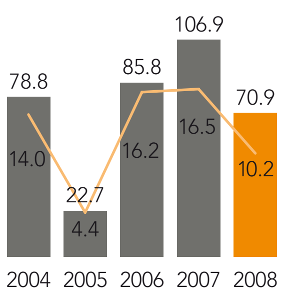
Group financials

Fiskars' consolidated net sales in 2008 totaled EUR 697.0 million (647.0), an increase of 8% compared to 2007. The comparison period includes Iittala Group's reported figures from September 1, 2007 and Leborgne's from May 1, 2007 onwards. Pro forma net sales in 2007 totaled EUR

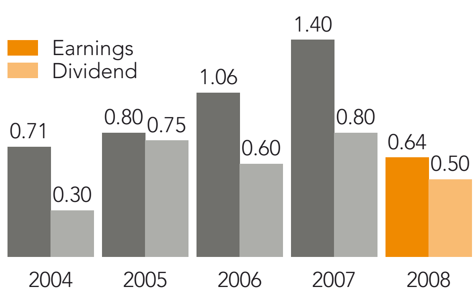
Net sales, M€



Operating profit, M€ and %



Earnings per share and dividend per share, €



767.6 million. Compared with this, net sales in 2008 were down 6% at comparable currency rates.

The Corporation's EBIT was EUR 70.9 million (106.9), and includes non-recurring items of EUR -34.9 million (+1.4), which were mainly due to restructuring costs booked in the last quarter of 2008. Fiskars' share of profit from associated company Wärtsilä was EUR 70.5 million (43.3). The change in the fair value of standing timber (i.e. biological assets) was EUR -5.6 million (11.1). EBIT excluding non-recurring items, Wärtsilä, and the change in the fair value of standing timber was EUR 41.0 million (51.1).

Product development costs of the Corporation totaled EUR 8.4 million (7.4) or 1% of net sales (1%). The increase was mainly due to the acquisition of Iittala Group.

Net financing costs were EUR 19.4 million (10.7). Interest costs increased due to the acquisitions made in 2007 that were financed by debt.

Profit before taxes was EUR 51.5 million (119.8). In 2008, the figure includes non-recurring items of EUR -34.9 million, whereas the comparison period includes gains on the sale of Wärtsilä shares of EUR 23.7 million. Taxes for the fiscal year were EUR 2.3 million (11.4).

The profit for the year was EUR 49.2 million (108.4), and earnings per share EUR 0.64 (1.40).

EMEA

Net sales in EMEA increased by 24% to EUR 454.7 million (365.9) in 2008. Compared with pro forma net sales in 2007, net sales decreased by 6%. Operating profit before non-recurring items was EUR 33.3 million (36.4).

The operating environment changed significantly during the year. Consumer confidence and retailer purchasing in particular weakened towards the end of the year. The market was especially tough during the fourth quarter, which is of significant importance to the Homeware business. The decline of the British pound and the Swedish krona against the Euro also affected net sales.

Lower sales volumes impacted operating profits. As part of the integration of the operations of Fiskars and the Iittala Group, sales companies in Norway and Denmark were merged, which brought synergy-related savings. To enhance profitability and streamline operations, the ceramics factory at Höganäs in Sweden was closed during 2008.

Despite the challenging market, direct consumer sales in the Homeware business area developed satisfactorily. A total of seven new Iittala stores and three Iittala outlets were opened during the year, and year-on-year growth continued.

The garden business developed favorably in Eastern Europe and Russia during the year, whereas performance

Net sales by operating segment	**2008 M€**	**%**	2007 M€	%	Change, %
EMEA	**454.7**	**65.2**	365.9	56.6	24
Americas	**219.6**	**31.5**	255.3	39.5	–14
Other	**40.4**	**5.8**	45.9	7.1	–12
Inter-segment sales	**–17.7**	**–2.5**	–20.1	–3.2	
Corporate total	**697.0**	**100.0**	647.0	100.0	8

Operating profit by operating segment	**2008 M€**	2007 M€	Change, M€
EMEA	**25.1**	36.4	–11.3
Americas	**–3.9**	22.0	–25.9
Other	**–8.0**	14.6	–22.6
Share of profit from associate	**70.5**	43.3	27.2
Eliminations and unallocated costs	**–12.7**	–9.4	–3.3
Corporate total	**70.9**	106.9	–35.9

in Western European markets did not reach sales levels of 2007. Unfavorable weather conditions, which reduced sales of both garden tools in the spring and snow tools in the last quarter of the year, were the main reason for this.

Net sales of the Outdoor Recreation business area were lower from 2007, but the new category of wellness products succeeded well in the market.

Capital expenditure during the year totaled EUR 21.8 million (181.5) and consisted mainly of new store openings and investments in production and logistics facilities. The comparison period includes the acquisitions of the Iittala Group and Leborgne.

As of the end of the year, there were 3,042 people (3,228) employed in EMEA.

Americas

Net sales for the Americas decreased by 14% to EUR 219.6 million (255.3) in 2008. In USD terms, net sales fell by 7% to USD 323.6 million (348.6). EBIT before non-recurring items was EUR 16.3 million (22.0).

The downturn in the US economy affected consumer confidence and retailer sales to an even greater extent than in Europe. The decline in sales seen in the Americas was a result of reduced purchases by retailers, combined with consumers favoring lower-priced products.

In addition to lower sales volumes, profits were affected by increased raw material prices and higher oil costs during the first half of the year. A weaker US dollar, particularly against the Chinese RMB, also impacted the cost of goods sold.

Garden sales in the Americas increased, and particularly strong growth figures were seen in Canada. Economic turbulence had a significant impact on the school, office and craft (SOC) business, and their sales dropped. Outdoor Recreation sales were slightly down on year 2007.

Capital expenditure in the Americas was EUR 3.0 million (3.2) in 2008 and was mainly related to investments in production facilities.

As of the end of the year, 799 people (939) were employed in the Americas.

Inha Works

Fiskars' wholly-owned subsidiary Inha Works mainly produces Buster aluminum boats. Net sales decreased by 16% to EUR 35.2 million (42.1) in 2008. Operating profit (EBIT) before non-recurring items was EUR -3.3 million (3.3).

General economic developments had a significant effect on the boat market in 2008. New boat registrations dropped in Inha Works' major markets, although Buster boats increased their market share.

To improve the profitability of the business and meet the challenge of reduced market demand, the company started restructuring measures. These led to temporary lay-offs and reductions in personnel. Inha Works also terminated its hinge business during the last quarter of 2008.

Capital expenditure totaled EUR 1.9 million (3.6) and was primarily focused on replacement investments in machinery. As of the end of the year, Inha Works employed 227 (306) people.

Net sales by business area	**2008 M€**	**%**	2007 M€	%	Change, %
Garden	**231.2**	**33.2**	240.3	37.1	–4
Homeware	**242.6**	**34.8**	142.2	22.0	71
Craft	**74.1**	**10.6**	97.5	15.1	–24
Outdoor Recreation	**110.0**	**15.8**	122.4	18.9	–10
Inha Works	**35.2**	**5.1**	42.1	6.5	–16
Real Estate	**5.9**	**0.8**	5.6	0.9	5
Eliminations and unallocated costs	**–2.0**	**–0.3**	–3.1	–0.5	
Corporate total	**697.0**	**100.0**	647.0	100.0	8

Real Estate

The Real Estate Group manages the Corporation's forests, land and other real estate, and leases real estate to internal and external customers.

Net sales for the Real Estate Group were EUR 5.9 million (5.6) in 2008. The operating profit (EBIT) was EUR -4.4 million (11.3). The change in the fair value of standing timber totaled EUR -5.6 million (11.1) during the year.

The accounting estimate used for valuing biological assets (standing timber) was changed in 2008, and now uses a three-year rolling average price, reflecting the stable nature of the asset.

Capital expenditure totaled EUR 1.8 million (1.8). The number of personnel as of the end of the year was 24 (24).

Associated company Wärtsilä

Wärtsilä Corporation, a leading provider of marine and power solutions, is an integral part of Fiskars as its associated company. Fiskars' share of profit from Wärtsilä was EUR 70.5 million (43.3) in 2008. As a result of a bonus share issue in March 2008, Fiskars' share of Wärtsilä equity increased by EUR 5.8 million and this is included in the share of profits.

Fiskars received a total of EUR 67.2 million (27.7) in dividends from Wärtsilä during 2008.

As of the end of the year, Fiskars' ownership in Wärtsilä was 17.1% of shares (16.5%) and 17.1% of votes (32.2%). The shares are owned by Fiskars' wholly owned subsidiary Avlis AB. The Annual General Meeting of Wärtsilä decided on 19 March 2008 to combine the two share series A and B. Although the voting rights of Fiskars in Wärtsilä decreased from 32.2% to below 20%, Fiskars continues to be the largest single shareholder, with more than 17% of votes. The Chairman of the Board of Fiskars, Mr. Kaj-Gustaf Bergh, and the President and CEO of Fiskars, Mr. Kari Kauniskangas, were elected to Wärtsilä's Board of Directors. Fiskars has assessed that it has a significant influence on Wärtsilä as defined in IAS 28 and accordingly continues to report Wärtsilä as an associated company.

The book value of Fiskars' investment in Wärtsilä was EUR 263.5 million at the end of the year (278.3), and EUR 61.2 million (61.2) of this book value is goodwill. The market value of Wärtsilä shares owned by Fiskars was EUR 353.9 million (EUR 833.2) as of the end of the year with a share price of EUR 21.01.

Balance sheet, cash flow, and financing

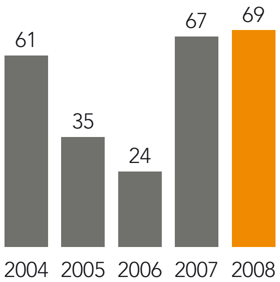
Cash flow from operations during the year was EUR 97.0 million (82.0), and includes dividends paid by associated company Wärtsilä, which totaled EUR 67.2 million (27.7). Cash flow from investing activities was EUR -25.8 million (-183.4) and cash flow after investing activities was EUR 71.2 million (-101.4).

Fiskars' net working capital was EUR 149.4 million at the end of 2008 (EUR 162.1 million). Non-current assets totaled EUR 680.6 million (713.1), of which EUR 131.0 million was intangible assets and EUR 99.2 million was goodwill.

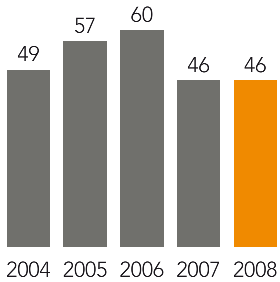
The Corporation's financial position continues to be strong. Shareholder's equity totaled EUR 446.7 million (478.3) at the end of the period. The Corporation's equity to assets ratio was 46% (46%) and net gearing 69% (67%).

Cash and deposits at the end of the year were EUR

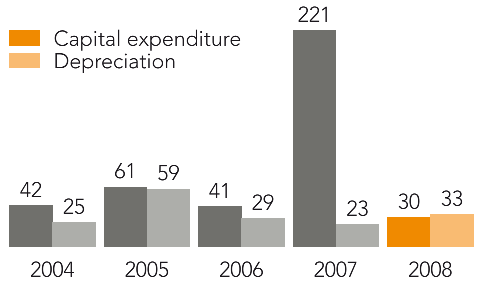
Net gearing, %



Equity ratio, %



Capital expenditure and depreciation, M€



11.3 million (34.5). Net interest-bearing debt amounted to EUR 309.9 million, which was down EUR 9.1 million from year-end 2007. Short-term borrowings totaled EUR 183.7 million (228.9) and long-term borrowings EUR 137.5 million (124.6). Short-term borrowings are mainly commercial papers issued by the Corporation.

In addition, the Corporation had EUR 405.0 million (425.0) in unused, binding long-term credit facilities, mainly with major Nordic banks. The financial market crisis has not significantly affected the Corporation's financing.

Capital expenditure

Total capital expenditure during the year was EUR 29.8 million (220.6), and mainly comprised replacement investments and new store openings in the Homeware business area. Capital expenditure also includes EUR 3.1 million paid in the second quarter of 2008 for the minority shares representing 2.3% of the share capital of the Iittala Group Oy Ab. The capital expenditure in 2007 included the acquisitions of Iittala and Leborgne as well as investment in Wärtsilä Series A shares.

Personnel

The company employed 4,119 people (4,515) as of the end of the year: 3,042 (3,228) people in EMEA, 799 (939) in the Americas, and 278 (348) in Other (Inha Works, Real Estate, and Corporate HQ). The Corporation employed 1,722 people in Finland (1,853) as of the end of the year.

The reduction of personnel in the Americas was due to restructuring measures within Craft and Outdoor business areas. In EMEA, the closure of the Höganäs plant and other reorganization measures within Homeware production units reduced the number of personnel, while the opening of new Iittala stores and outlets have had an increasing effect on the personnel. The reduction in personnel in the Other segment was due to the downsizing of operations at Inha Works.

Wages, salaries, and benefits totaled EUR 186.8 million (146.1) in 2008.

Changes in management

Mr. Kari Kauniskangas, M.Sc. (Econ), took over as the President and CEO of Fiskars Corporation at the beginning of 2008.

Hille Korhonen, Lic.Tech., was appointed Vice President, Operations of Fiskars Corporation in March 2008. Teemu Kangas-Kärki, M.Sc. (Econ.) was appointed CFO in April 2008, and assumed his duties in August 2008. Max Alfthan, M.Sc. (Econ.) was appointed Chief Strategy Officer in August 2008, and assumed his duties in November 2008. Korhonen, Kangas-Kärki, and Alfthan are all members of the Corporate Management Team.

Ingmar Lindberg, Head of Real Estate and Executive Vice President of Fiskars Corporation, retired at the end of 2008. Tomas Landers, M.Sc. (Forester) was appointed Vice President, Real Estate as of December 1, 2008, and assumed responsibility for the Real Estate Group at the beginning of 2009.

Three members of the Corporate Management Team, Maija Elenius (Vice President, Corporate Control), Juha Rauhala (Vice President, Corporate Finance), and Leena Kahila-Bergh (Vice President, Communications), left Fiskars during 2008.

In November 2008, Fiskars appointed Paul Tonnesen President, Garden & SOC (School, Office & Craft), Americas, and Thomas Enckell President, Garden, EMEA. Tonnesen was previously responsible for Fiskars' Garden business in the Americas, and Enckell for the wholesale business of the Iittala Group.

Jim Purdin (CEO of Fiskars Brands, Inc.), Francis Kint

Personnel by operating segment	**Dec 31, 2008**	**%**	Dec 31, 2007	%	Change, %
EMEA	**3,042**	**73.9**	3,228	71.5	–6
Americas	**799**	**19.4**	939	20.8	–15
Other	**278**	**6.7**	348	7.7	–20
Corporate total	**4,119**	**100.0**	4,515	100.0	–9

(President, Garden), Chad Vincent (President, Craft, Americas), Jerome Klein (CFO, Americas), and Elly Piccart (CFO, EMEA) have left the company.

Corporate Goverance

Fiskars complies with the Finnish Corporate Governance Code issued by the Securities Market Association, which came into force on January 1, 2009.

Fiskars also complies with the insider regulations of NASDAQ OMX Helsinki adopted on June 2, 2008, and internal insider guidelines adopted on August 5, 2008.

Risks and business uncertainties

Fiskars produces and sells goods targeted for consumers. The general market conditions and decline in consumer demand in Fiskars' significant market areas in Europe and North America could have a material adverse effect on the Corporation's net sales and profitability.

Fiskars products are sold to wholesalers and retailers as well as directly to consumers through its own stores. The loss of some major customers, financial difficulties of them or a disruption in the activities of a specialized distribution channel could have an adverse effect on the Corporation's business and profits. Fiskars largest customer accounted for about 5% of sales in 2008 (about 6% in 2007).

Fiskars uses increasingly external manufacturers and partners in its operations. The share of own production has decreased; the Corporation's dependency in supply chain has increased. This means management of the supply chain becomes both a management and availability risk.

Sudden fluctuations in raw material and energy prices may have an impact upon Corporation's result from operations. The most important raw materials for the Corporation are steel, aluminum, and plastic.

Demand for some product groups can be affected by weather and seasonality, for example garden tools in the spring season. This means that weather conditions that do not concur with the statistical seasons could have a negative impact on sales of these products. The sales of Corporation's homeware products are heavily geared towards the last quarter of the year. Possible negative issues in product availability or demand during the quarter may significantly affect the full-year result.

Fiskars owns a 17.1% share in an associated company, Wärtsilä Corporation. Major changes in Wärtsilä's profitability, or ability to pay a dividend would have a material impact on Fiskars profitability and cash flow.

Environment

Fiskars does not detail environmental costs, as they are part of on-going business activities and business development. No significant environmental investments were made during 2008. Production operations in the homeware business area are more energy-intensive than other areas of production.

Most of Fiskars' industrial operations involve no significant environmental risks. Production facilities have up-to-date environmental permits that set clear limits on their operations. Changes in environmental directives can affect existing environmental permits. Adapting to such directives may require changes in existing production methods or investments in new equipment, and result in additional costs.

Share

Fiskars Corporation has two series of shares. Series A shares carry one vote per share, and Series K shares carry 20 votes per share. The dividend per share paid out on Series A shares shall, according to the Corporation's Articles of Association, be a minimum of two (2) percentage points higher than the dividend paid out on Series K share.

The share capital and the number of shares were unchanged during the year. The Corporation had a total of 54,944,492 Series A shares (71% of shares and 11% of votes) and 22,565,708 Series K shares (29% and 89% respectively), in total 77,510,200 shares and 506,258,652 votes.

The book counter-value for both series of shares is EUR 1.00. The share capital was EUR 77,510,200 as of the end of the year.

A group of shareholders representing more than 5% but less than 10% of the votes of Fiskars shares approached the company's Board of Directors in October 2008 and requested that the Board should investigate the possibility of introducing equal voting rights for the company's listed share series. Based on the request the Board decided to investigate the matter.

Purchase and sale of treasury shares

Until the Annual General Meeting held on 25 March 2008, the Board of Directors had an authorization to acquire and convey treasury shares, provided that the amount of shares acquired did not exceed ten percent (10%) of the total share capital and votes in the company. The Annual General Meeting on 25 March 2008 authorized the Board to acquire and convey treasury shares provided that the total amount of shares acquired or conveyed is less than five percent (5%) of the total amount of shares of the Corporation.

In January 2008 the Corporation sold a total of 15,397 A shares through the stock exchange to the President and CEO Kauniskangas at the market price (EUR 11.20 per share). The Corporation recorded a gain of EUR 0.1 million to equity.

Since then, the Corporation has not used its authorization to acquire or convey treasury shares. As of the end of the year, Fiskars had 112,115 Series A treasury shares and 420 Series K shares, corresponding to 0.15% of the Corporation's shares and 0.02% of votes.

Share prices

Both series of shares are traded in the Large Cap segment of the NASDAQ OMX Helsinki Ltd. At the end of December, the price of one Fiskars Series A share was EUR 6.96 (EUR 13.30) and the price of one Series K share was EUR 11.15 (14.45).

The market value of Fiskars' share capital was EUR 633 million, excluding treasury shares, as of the end of the year.

The number of shares traded during the year was 5.1 million (12.7).

Changes in ownership

On November 18, 2008, Fiskars Corporation was informed that Virala Oy Ab had decreased its holdings to less than 1/5 (20%) of the voting rights in Fiskars Corporation. The new share of votes was 19.87% and share of shares 10.63%.

The Corporation has not been informed of any other significant change among the largest shareholders during 2008.

Annual General Meeting 2008

The Annual General Meeting of Shareholders approved the financial statements for 2007 on March 25, 2008. It was decided to pay a dividend of EUR 0.80 per share for Series A shares, totaling EUR 43,865,901.60, and EUR 0.78 per share for Series K shares, totaling EUR 17,600,924.64. The record date for the dividend was March 28, 2008, and a dividend totaling EUR 61,466,826.24 was paid on April 4, 2008. Members of the Board and the President were discharged from liability for the 2007 financial year.

It was decided that the number of Board members be nine. Mr. Kaj-Gustaf Bergh, Mr. Ralf Böer, Mr. Alexander Ehrnrooth, Mr. Paul Ehrnrooth, Ms. Ilona Ervasti-Vaintola, Mr. Gustaf Gripenberg, Mr. Karl Grotenfelt, Mr. Karsten Slotte, and Mr. Jukka Suominen were elected as Board members. The term of Board members will expire at the end of the Annual General Meeting in 2009.

KPMG Oy Ab was elected auditor and they nominated Authorized Public Accountant Mr. Mauri Palvi as responsible auditor.

The Annual General Meeting decided to authorize the Board to acquire treasury shares, with the Corporation's distributable equity, no more than 2,747,224 of Series A

Euro in USD

Euro exchange rates

	Income Statement		Balance Sheet	
	2008	2007	**2008**	2007
USD	**1.345**	1.457	**1.392**	1.472
GBP	**0.904**	0.721	**0.953**	0.733
DKK	**7.450**	7.460	**7.451**	7.458
SEK	**10.754**	9.432	**10.870**	9.442
NOK	**9.423**	8.012	**9.750**	7.958

and no more than 1,128,285 of Series K shares. The share price shall be no higher than the highest price paid for the shares of Fiskars Corporation in public trading at the time of purchase. This authorization shall remain in force until the end of the next Annual General Meeting.

The Annual General Meeting decided to authorize the Board to decide to convey treasury shares to a maximum of 2,747,224 of Series A shares and a maximum of 1,128,285 of Series K shares. The Board may decide on the conveyance of the shares otherwise than in proportion to the shareholders' pre-emptive subscription rights. This authorization shall remain in force until the end of the next Annual General Meeting.

In addition, the Annual General Meeting decided to amend the Corporation's Articles of Association. The changes in the Articles of Association were entered into the Trade Register on April 21, 2008.

Constitutive meeting of the Board of Directors

Convening after the Annual General Meeting, the Board elected Kaj-Gustaf Bergh to be its Chairman and Alexander Ehrnrooth and Paul Ehrnrooth its Vice Chairmen.

The Board appointed Gustaf Gripenberg to be chairman of the Audit Committee, and its other members to be Ilona Ervasti-Vaintola, Alexander Ehrnrooth, Paul Ehrnrooth, and Karsten Slotte. The Board appointed Kaj-Gustaf Bergh to be chairman of the Compensation Committee, and its other members to be Ralf Böer, Karl Grotenfelt, and Jukka Suominen. The Board appointed Kaj-Gustaf Bergh to be chairman of the Nomination Committee, and its other members to be Alexander Ehrnrooth and Paul Ehrnrooth.

Annual General Meeting 2009

Fiskars Corporation's Annual General Meeting (AGM) of Shareholders will be held at the Helsinki Fair Centre on Monday March 16, 2009 at 3.00 p.m.

Board's proposal for the Annual General Meeting

The distributable equity of the Parent Company at the end of the 2008 fiscal year was EUR 460.5 million (894.8).

The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of EUR 0.50 per Series A share and EUR 0.48 per Series K share would be paid for 2008.

The number of shares entitling to a dividend totaled 77,397,665, of which 54,832,377 are Series A shares and 22,565,288 Series K shares. The proposed distribution of dividend would thus be as follows:

	Number of shares	Dividend per share, €	Total
Series A shares	54,832,377	0.50	27,416,188.50
Series K shares	22,565,288	0.48	10,831,338.24
Total	**77,397,665**		**38,247,526.74**

This would leave EUR 422.3 million of unused profit funds at the Parent Company.

No material changes have taken place in the financial position of the Company after the end of the fiscal year. The financial standing of the Company is good and according to the Board of Directors' assessment the proposed distribution of dividend will not compromise the Company's solvency.

Outlook for 2009

The market situation is expected to remain uncertain in 2009, and both the North American and European markets are likely to continue facing severe challenges. Consumer demand is expected to be weaker than in 2008, and this will have an impact on Fiskars' net sales.

The Corporation has restructured its organization and is reducing its cost base to meet the projected consumer demand for 2009 and ensure Fiskars' competitiveness. A clear business focus on specialized business areas and brands, together with new product development will continue to be key success factors in a challenging market environment.

Fiskars Corporation's full-year net sales are expected to be below the 2008 sales. Operating profit is expected to be lower than in 2008, excluding non-recurring items, share of profit from associated company Wärtsilä, and the change in the fair value of standing timber.

Associated company Wärtsilä will continue to have a major impact on the Corporation's profit and cash flow in 2009.

Helsinki, February 12, 2009
Fiskars Corporation
Board of Directors

Consolidated Income Statement

M€	Note	2008		2007	
Net sales		**697.0**		647.0	
Cost of goods sold		**–483.5**		–439.2	
Gross profit		**213.5**	**30.6%**	207.8	32.1%
Other operating income	5.1	**2.9**		5.8	
Change in fair value of biological assets		**–5.6**		11.1	
Sales and marketing expenses		**–129.8**		–100.2	
Administration expenses		**–54.4**		–49.3	
Research and development costs		**–8.4**		–7.4	
Other operating expenses	5.3	**–17.8**		–4.2	
Share of profit from associate	6.6	**70.5**		43.3	
Operating profit		**70.9**	**10.2%**	106.9	16.5%
Financial income and expenses	5.9	**–19.4**		12.9	
Profit before taxes		**51.5**	**7.4%**	119.8	18.5%
Income taxes	5.10	**–2.3**		–11.4	
Profit for the period		**49.2**	**7.1%**	108.4	16.8%
Attributable to:					
Equity holders of the Company		**49.3**		108.0	
Minority interest		**–0.1**		0.3	
		49.2		108.4	
Earnings for Equity holders of the Company per share, euro (basic)		**0.64**		1.40	
Earnings per share, euro (diluted)		**0.64**		1.40	

Consolidated Statement of Recognized Income and Expenses

Profit for the period	**49.2**	108.4
Translation differences	**–1.9**	–10.4
Changes in associate recognized directly in equity	**–18.1**	–0.2
Equity net investment hedges after tax	**0.7**	2.5
Defined benefit plan actuarial gains (losses), net of tax	**-0.2**	2.0
Other changes	**0.2**	0.1
Net income and expense recognized directly in equity	**–19.3**	–5.9
Total recognized income and expense for the period	**29.9**	102.5
Attributable to:		
Equity holders of the Company	**30.0**	102.2
Minority interest	**–0.1**	0.3
	29.9	102.5

Consolidated Balance Sheet

M€	Note	Dec 31, 2008		Dec 31, 2007	
ASSETS					
Non-current assets					
Intangible assets	6.1	**131.0**		134.0	
Goodwill	6.2	**99.2**		99.8	
Property, plant & equipment	6.3	**113.2**		121.7	
Biological assets	6.4	**39.3**		44.9	
Investment property	6.5	**7.7**		8.4	
Investments in associates	6.6	**263.5**		278.3	
Financial assets					
Shares at fair value through profit and loss	6.7	**2.9**		3.0	
Other investments	6.8	**2.2**		2.3	
Deferred tax assets	7	**21.7**		20.6	
Non-current assets total		**680.6**	**70%**	713.1	68%
Current assets					
Inventories	6.9	**159.8**		173.7	
Trade and other receivables	6.10	**109.6**		119.8	
Income tax receivables		**8.4**		6.0	
Cash and cash equivalents	6.11	**11.3**		34.5	
Current assets total		**289.0**	**30%**	334.1	32%
Assets total		**969.7**	**100%**	1,047.1	100%
EQUITY AND LIABILITIES					
Equity					
Equity attributable to the equity holders of the Company		**446.7**		477.8	
Minority interest		**0.0**		0.5	
Equity total		**446.7**	**46%**	478.3	46%
Non-current liabilities					
Interest bearing debt	8.2	**137.5**		124.6	
Other liabilities		**1.4**		4.7	
Deferred tax liabilities	7	**49.3**		51.7	
Pension liability	8.6	**9.2**		9.4	
Provisions	8.3	**13.4**		6.2	
Non-current liabilities total		**210.8**	**22%**	196.7	19%
Current liabilities					
Interest bearing debt	8.4	**183.7**		228.9	
Trade and other payables	8.5	**121.9**		139.4	
Income tax payable		**6.6**		3.8	
Current liabilities total		**312.2**	**32%**	372.1	36%
Equity and liabilities total		**969.7**	**100%**	1,047.1	100%

Consolidated Statement of Cash Flows

M€	**2008**	2007
Cash flow from operating activities		
Profit before taxes	**51.5**	119.8
Adjustments for		
Depreciation	**32.9**	23.2
Gain/loss on sale of non-current assets	**0.0**	–26.1
Share of profit from associate	**–70.5**	–43.3
Investment income	**–1.0**	–3.0
Interest expense	**20.4**	13.7
Change in value of biological assets	**5.6**	–10.0
Other non-cash items	**0.0**	2.7
Cash flow before changes in working capital	**39.0**	77.0
Changes in working capital		
Change in current assets, non-interest bearing	**10.9**	–9.7
Change in inventories	**10.6**	–1.5
Change in current liabilities, non-interest bearing	**–7.5**	11.4
Cash flow from operating activities before financial items and taxes	**53.0**	77.2
Dividends received from associate	**67.2**	27.7
Financial items paid / received (net)	**–18.0**	–11.8
Taxes paid	**–5.2**	–11.2
Cash flow from operating activities (A)	**97.0**	82.0
Cash flow from investing activities		
Acquisitions	**–3.1**	–169.3
Investments in plant, property & equipment	**–25.4**	–20.5
Proceeds from sale of property, plant & equipment and other investments	**4.1**	6.5
Cash flow from other investments	**–1.4**	0.0
Cash flow from investing activities (B)	**–25.8**	–183.4
Cash flow from financing activities		
Sell of treasury shares	**0.2**	
Borrowings of non-current debt	**62.2**	0.6
Repayment of non-current debt	**–0.1**	–0.1
Change in current debt	**–85.6**	137.6
Payment of financial lease liabilities	**–3.4**	–1.8
Cash flow from other financing items	**–3.5**	0.9
Dividends paid	**–61.5**	–46.0
Cash flow from financing activities (C)	**–91.7**	91.3
Change in cash (A+B+C)	**–20.5**	–10.2
Cash at beginning of period	**34.5**	44.9
Translation adjustment	**–2.8**	–0.3
Cash at end of period	**11.3**	34.5

Statement of Changes in Consolidated Equity

	Equity attributable to shareholders of the Company:						
M€	Share capital	Treasury shares	Fair value reserve	Cumul. transl.diff.	Retained earnings	Minority interest	Total
Dec 31, 2006	**77.5**	**–0.9**	**21.6**	**–1.5**	**325.0**	**0.0**	**421.8**
Translation differences				–10.4		0.0	–10.4
Changes in associates			–0.2				–0.2
Equity net investment hedges after tax				2.5			2.5
Defined benefit plan, actuarial gains (losses), net of tax					2.0		2.0
Other changes						0.1	0.1
Net income and expense recognized directly in equity			**–0.2**	**–7.8**	**2.0**	**0.1**	**–5.9**
Profit for the period					108.0	0.3	108.4
Total recognized income and expense for the period			**–0.2**	**–7.8**	**110.0**	**0.5**	**102.5**
Dividends paid					–46.0		–46.0
Dec 31, 2007	**77.5**	**–0.9**	**21.4**	**–9.3**	**389.1**	**0.5**	**478.3**
Translation differences				–1.9		0.0	–1.9
Changes in associates			–12.8	–5.9	0.7		–18.1
Equity net investment hedges after tax				0.7			0.7
Defined benefit plan, actuarial gains (losses), net of tax					–0.2		–0.2
Other changes		0.1			0.5	–0.5	0.2
Net income and expense recognized directly in equity		**0.1**	**–12.8**	**–7.1**	**1.0**	**–0.4**	**–19.3**
Profit for the period					49.3	–0.1	49.2
Total recognized income and expense for the period		**0.1**	**–12.8**	**–7.1**	**50.3**	**–0.5**	**29.9**
Dividends paid					–61.5		–61.5
Dec 31, 2008	**77.5**	**–0.8**	**8.5**	**–16.5**	**377.9**	**0.0**	**446.7**

The fair value reserve includes Fiskars' share of associate Wärtsilä's fair value reserve and its changes.

Equity net investment hedges have been re-classified to translation differences as of Jan 1, 2008.

Notes to the Consolidated Financial Statements

1. Accounting principles

Basis of preparation

Fiskars Corporation is a Finnish public limited liability company listed on NASDAQ OMX Helsinki and domiciled in Raasepori. Fiskars Group manufactures and markets branded consumer products globally. Its operations are divided to Business Areas Garden, Homeware, Craft, Outdoor Recreation, and Inha Works which manufactures and markets aluminum boats. In addition the Group has Real Estate operations and a strategic shareholding in Wärtsilä Oyj Abp qualifying as an investment in an associate. The Group holds international brands such as Fiskars, Iittala, Gerber, Silva, and Buster.

Statement of compliance

The consolidated financial statements of Fiskars Corporation ("Fiskars" or "the Group") are prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union. The Notes to the Consolidated Financial Statements also comply with Finnish accounting and corporate legislation.

The consolidated financial statements are prepared on historical cost basis except for assets available for sale, financial assets and liabilities designated at fair value through profit or loss and derivative agreements at fair value. The consolidated financial statements are presented in millions of euros with one decimal.

Use of estimates

The preparation of financial statements in conformity with IFRS requires the management to make judgments and assumptions that affect the valuation of reported assets, liabilities, revenues, and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other justified assumptions that are believed to be reasonable under the circumstances at the balance sheet date. These estimates form the basis for judgments of the items in financial statements. Actual results may differ from these estimates. Such estimates mainly affect provisions for inventory obsolescence, restructuring, valuation of assets, the measurement of pension obligations, and the probability of deferred tax assets being recovered against future taxable profits. Estimates are also used to assess the fair value of acquired assets, particularly intangible assets, at acquisition. Estimated future sales costs and sales prices are used in valuing inventories. Estimates of life expectancies, interest rates, and turnover of employees are used to determine pension obligations. Potential use of tax assets are assessed using both past results and estimated future income. Market development and the development of the general situation of the economy may influence the variables that are used in making estimates, and outcomes may differ significantly from those estimated.

Principles of consolidation

The consolidated financial statements include the parent company, Fiskars Oyj Abp, and all subsidiaries in which it holds directly or indirectly over 50% of voting rights or over which it has control. Acquired or established subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases. Acquisitions of subsidiaries are accounted under the purchase method of accounting. Identifiable assets, liabilities and contingent liabilities are measured at their fair values at the acquisition date, the excess of the purchase price over the fair value of assets, liabilities, and contingent liabilities acquired is recorded as goodwill. Goodwill is not to be amortized but tested for impairment at least annually. Impairment is recognized in the Income Statement.

Investments in associates for which Fiskars has significant influence, but not control are accounted for using the equity method. Fiskars most important associate is Wärtsilä Oyj Abp. As of the end of the year 2008, Fiskars' ownership in Wärtsilä was 17.1% of shares (16.5%) and 17.1% of votes (32.2%). The shares are owned by Fiskars' wholly owned subsidiary Avlis AB. Fiskars is the largest single shareholder, with more than 17% of votes and has a significant influence through the number of members in the Board of Directors of Wärtsilä. Thus, in accordance with IAS 28, Fiskars reports Wärtsilä as an associate.

All intra-group transactions, such as dividend distribution, receivables, liabilities, and unrealized margins are eliminated in the consolidation. Minority interests have been separated from the results for the financial period. In the consolidated balance sheet, minority interest is entered as a separate item under equity.

Determining the fair value of assets acquired in a business combination

Fair value of intangible assets has been determined based on estimates of future cash flows generated by the assets. For tangible assets, comparisons have been made to the market value of corresponding assets with estimated decrease due to age, degree of wear, and other such factors.

Foreign subsidiaries

In the consolidated accounts all items in the income statement accounts of foreign subsidiaries are translated into euros at the average foreign exchange rates for the period and the balance sheet items at foreign exchange rates prevailing at the balance sheet date. Translation differences are recognized in equity. Exchange rate differences resulting from the translation of income statement items at the average rate and the balance sheet items at the closing rate are recognized to equity.

Transactions in foreign currencies

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities at closing are translated using the exchange rate prevailing at the balance sheet date. Foreign exchange differences arising from translation are recognized in the income statement. Foreign exchange gains and losses associated with financing are included under financial income and expenses.

Net sales and revenue recognition principles

Net sales is defined as invoiced sales less indirect taxes, rebates, and exchange rate adjustments on sales denominated in foreign currency. Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, i.e. when a product has been delivered to the client in accordance with the terms of delivery. There are no such long-term projects in the Group for which the revenue would be recognized using the percentage-of-completion (POC) method.

Research and development
Research and development costs are expensed as they are incurred, except for development costs that are capitalized if the Group can reliably demonstrate that they will generate probable future economic benefits for the Group and also other criteria in IAS 38 is met as the product is regarded technically and commercially feasible. Capitalized development costs consisting of mainly direct labor costs and external services are recognized as intangible assets.

Operating profit
IAS 1 Presentation of Financial Statements does not give a definition for operating profit. Associate Wärtsilä is one of the segments in the Group's reporting. The income from associate Wärtsilä is included in the operating profit in the same manner as the other segments profits.

Pension obligations
The Group companies have various pension plans in accordance with local conditions and practices in the countries in which they operate. The plans are classified as either defined contribution plans or defined benefit plans. Most of these schemes are defined contribution plans and contributions are charged to the income statement in the year to which the contributions relate.

The costs for pension schemes that are classified as defined benefit plans are calculated and recognized under the terms of the plan based on actuarial calculations. The pension obligation is measured as a present value of the estimated future cash outflows deducted by the fair value of plan assets at the balance sheet date. Changes in the estimates in the actuarial calculations made by authorized actuaries may influence reported pension obligations and pension costs. Until the end of third quarter of 2008 Fiskars has applied full recognition of actuarial gains and losses through Profit & Loss (P&L). In the fourth quarter of 2008, Fiskars changed the accounting for defined benefit pension liabilities to apply the amendment of IAS 19 allowing for immediate recognition of actuarial gains and losses in the equity. The previous periods' data has been restated accordingly. Due the change, EUR –2.7 million adjustment to the previous periods' operating profit (EBIT) has taken place.

Property, plant, and equipment
Property, plant, and equipment are stated at cost less accumulated depreciation and impairment losses, if applicable. Property, plant, and equipment of acquired subsidiaries are measured at their fair values at the time of acquisition.

Depreciations are charged to the income statement on a straight-line basis over the estimated useful lives of the assets. The useful lives are reassessed annually.

The estimated useful lives are as follows:

Buildings	20–40 years
Property, plant, and equipment	3–10 years
Land areas	No depreciation

Leased assets
Lease contracts in terms of which the Group substantially takes over from the lessor all the risks and rewards of ownership are classified as finance leases. Finance leases are recognized in the balance sheet as assets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments at inception of the lease. The associated obligations are included in interest-bearing liabilities. The lease payments are divided into finance cost and amortization of lease liability.

Lease payments under an operating lease are recognized as an expense as incurred.

Investment property
The properties that are not used in the Group's operations or which are held to earn rental revenue or increase in value are classified as investment property. The properties are valued at their cost less accumulated depreciations and impairment. Investment property is depreciated within 20–40 years. The real estate in Fiskars Village is deemed to be unique in cultural and historical context and therefore the fair value cannot be determined reliably.

Goodwill and other intangible assets
The excess of the purchase price for a business combination over fair value of the assets, liabilities, and contingent liabilities acquired is goodwill. Goodwill has been allocated to cash-generating units and each unit's recoverable amount is compared annually or more often if there are indications of impairment with its carrying amount to determine potential impairment. Goodwill related to the associates is included in the carrying amount of the investment in the associate.

Other intangible assets include: patents, capitalized development costs, software, as well as trademarks and customer relationships acquired in a business combination. Intangible assets are stated at cost less accumulated amortization and impairment. When intangible assets are acquired related to a business combination they are stated at fair value at the acquisition date. Intangible assets are amortized on a straight-line basis over the period of their known or expected useful lives as follows:

Development costs	3–6 years
Software	3–6 years
Client relationships	5–15 years
Other	3–10 years

Intangible assets with an indefinite useful life such as trademarks or brand names obtained in a business acquisition are not amortized but they are tested at least annually for impairment.

Biological assets
Biological assets consist of standing timber in Finland. These assets are recognized at fair value less estimated point-of-sale costs. The change in value of biological assets resulting from the net increase and the change in the fair value of standing timber are recognized in a separate line in the Income Statement before operating profit (EBIT). The cash flows from the sales of standing timber reduce the carrying value of biological assets and the net increase of standing timber. In the fourth quarter of 2008 Fiskars changed the accounting estimate used for valuing its biological assets (i.e. standing timber). Earlier Fiskars has used a one-month average price for measuring the fair value of standing timber. This was changed to a three-year rolling average price, reflecting the stable nature of the asset.

Inventories

Inventories are carried at the lower of cost or net realizable value. Cost is determined using primarily the first-in first-out (FIFO) method. The cost of finished goods and work-in-progress comprise purchase cost, manufacturing, other direct costs and related production overheads. Net realizable value is the estimated amount that can be realized from the sale in normal course of business after the point-of-sale costs. Inventories are shown net of a reserve for obsolete and slow-moving inventories.

Financial instruments

Financial assets have been classified in the manner prescribed into the following categories: financial assets or liabilities at fair value through profit or loss; held-to-maturity investments; loans and other receivables; financial liabilities measured at amortized cost; and available-for-sale financial assets. Assets are designated a category at inception on the basis of the management's intent at the date of purchase. Transaction costs are included in the original book value of assets when an item is not measured at fair value through profit or loss. All transactions of financial assets are booked on the transaction date. Currently Fiskars has no held to maturity investments.

• Investments in debt and equity securities

Investments in other companies are classified as financial assets and stated at fair value through profit or loss. Changes in fair value are reported in the income statement as financial income or expenses and the profit impact will be net of changes in deferred tax liabilities. Listed shares are valued at their market value. Unlisted shares are valued at lower of cost or net realizable value because their fair values cannot be measured reliably.

Other investments include non-current receivables that are stated at cost at settlement date. At closing an estimate is made for doubtful receivables based on the risks of single items and they are recorded at fair value.

• Assets available for sale

Assets classified as available-for-sale financial assets are those that have specifically been classified as available-for-sale or that have not been placed in any other group. Available-for-sale assets are measured at fair value and changes in fair value adjusted for tax effects are recognized directly in equity, until the investment is sold or otherwise disposed of, at which point they are released into the income statement. Permanent or significant devaluation of assets is booked in the income statement.

• Derivatives

Derivative financial instruments are classified as financial assets at fair value through profit and loss. Derivative financial instruments are recognized initially at cost, which is their fair value at inception. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The most significant net investments in subsidiaries situated outside the Euro zone have been hedged against foreign currency exchange rate fluctuations through foreign currency loans and derivatives using the hedge accounting to reduce the effect of exchange-rate fluctuations on the consolidated equity. The Group applies hedge accounting in accordance with IAS 39 Financial instruments, documenting the relationship between each hedge instrument and the corresponding net investment as the hedge accounting is applied, as well as the risk management aim and the strategy used.

Those changes in the fair value of derivative instruments that do not meet the requirements of hedge accounting in accordance with the IAS 39 standard are directly recognized in the income statement.

Fair values of interest rate swaps, the futures and forwards are measured by using discounted cash flow analyses. Fair values of currency forwards are based on quoted forward rates at the balance sheet date.

• Trade and other receivables

Trade receivables are carried at the original invoice amount. The estimate made for doubtful receivables is based on the risks of single items and they are recorded at highest to their probable value.

• Cash and cash equivalents

Bank balances and cash are included in cash and cash equivalents. Cash equivalents comprise liquid available-for-sale investments with maturity of three months or less. Bank overdrafts are included in short-term borrowings under current liabilities.

• Financial liabilities

Financial liabilities comprise balance sheet liabilities other than tax liabilities, trade payables and accruals and deferred income. The liabilities are classified as non-current and current. All liabilities to be paid within the next 12 months are classified as current.

Financial liabilities are stated at fair value based on the consideration received. The transaction costs are included in the original book value of financial liabilities. All financial liabilities are later valued at the amortized cost using the effective interest method.

Non-current assets held for sale and discontinued operations

An operation is classified as sold or held for sale when the company has sold or, on the basis of a specific discontinuation plan, decides to discontinue – such discontinuation being held to be likely – a separate and significant division which has assets, liabilities and financial results that can be separated physically, operationally, and for financial reporting purposes. Fiskars does not currently have non-current assets held for sale or discontinued operations.

Impairment

The Group operations have been divided into cash-generating units (CGU) that are smaller than segments. The carrying amounts of the assets relating to these CGUs are regularly reviewed. To determine a potential impairment the capital employed by a CGU is compared against the discounted future cash flows expected to be derived from that CGU or against the net disposal price. An impairment loss is recognized for an asset when its carrying amount exceeds its recoverable amount. An impairment loss previously recognized for items of property, plant, and equipment as well as for intangible assets other than goodwill is reversed, if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization or depreciation, if no impairment loss had been recognized for the asset in prior years. An impairment loss recognized for goodwill is not reversed.

Provisions

A provision is recognized in the balance sheet if the entity as a result of past events has a present legal or constructive obligation, the counterparty is aware of the commitment, and a reliable estimate can be made of the amount of the future obligation. These include, for example, restructuring costs. A provision for restructuring is recognized when a formal plan has been approved and when there is a valid expectation that the plan will be carried out.

The Group is party to lawsuits and legal processes involving Group's business enterprise. The provision is recognized when the amounts can be assessed and they seem likely to be realized. The final results may differ from these estimates.

Income taxes

The Group income taxes include Group companies' current taxes based on taxable profit for the financial period according to local tax regulations, adjustments to prior year taxes and deferred taxes.

Deferred tax liabilities or assets are determined on temporary differences arising between the tax bases and their carrying amounts using tax rates enacted at the balance sheet date. Temporary differences arise, inter alia, from tax loss carry-forwards, depreciation differences, provisions, defined pension benefit plans, valuation of derivative financial instruments at fair value, biological assets, eliminated group internal inventory margins as well as the assessed fair value of assets in connection with business acquisitions. The tax effect of undistributed earnings of subsidiaries is recorded as a deferred tax liability if a dividend payout is probable and it will result in tax consequences. A deferred tax asset is recognized as a result of tax loss carry-forwards and other temporary differences to the extent that it is probable that they can be utilized in future financial periods.

Deferred tax liabilities are recorded to their full amounts and deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilized.

Dividends

Dividends proposed by the Board of Directors are not recorded in the financial statements until they have been approved by the shareholders at the Annual General Meeting.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

New IFRS standards and interpretations

The standards described below, together with interpretations of and amendments to them, have been issued but they have not yet come into force and the Group has not applied these regulations before they come into force. From 2009 and 2010, the Group will implement the following new or amended IASB standards and interpretations:

- IFRS 1 and IAS 27 (amended) Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective January 1, 2009)
- IAS 1 (revised) Presentation of Financial Statements (effective January 1, 2009)
- IFRS 2 (amended) Share based Payments (effective January 1, 2009)
- IFRS 3 (revised) Business combinations (effective July 1, 2009)
- IAS 23 (revised) Borrowing costs (effective January 1, 2009)
- IAS 27 (revised) Consolidated and separate financial statements (effective July 1, 2009)
- IAS 32 and IAS 1 (amended) Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective January 1, 2009)
- IAS 39 (amended) Eligible Hedged Items (effective July 1, 2009)
- IFRIC 13 Customer Loyalty Programmes (effective July 1, 2009)
- IFRIC 15 Agreements for the Construction of Real Estate (effective January 1, 2009)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective October 1, 2009)
- Improvements to International Financial Reporting Standards 2008 (effective January 1, 2009)

Group estimates that the amendment to IAS 1 influences the presentation of the Consolidated Income Statement and Statement of Changes in Consolidated Equity. Following the change in accounting policy for defined pension benefits, Fiskars has presented Consolidated Statement of Recognized Income and Expenses. Considering the other amendments and interpretations, the Group estimates that the changes will not impact its Consolidated Financial Statements significantly.

2. Segment information

Fiskars reports EMEA, Americas, Other and the associated company Wärtsilä as its operating segments. The reporting follows the format how the Group's management monitors business in management reporting. The Group's accounting principles are applied for calculating segment information. The segments are further divided to six different business areas.

Operating segments

EMEA: The segment includes sales of consumer goods: Garden, Homeware, Craft, and Outdoor Recreation to retailers in Europe, Middle-East and APAC. The segment also sells homeware products directly to consumers via its own stores and outlets.

Americas: The segment includes sales of consumer goods for Garden, Homeware, Craft, and Outdoor Recreation to retailers in USA, Canada and Latin America.

Other: The segment consists of Inha Works and Real Estate. The major part of Inha's revenues comes from selling aluminum boats to retailers in Finland, other Nordic countries and Russia. Real Estate is active in Finland, with external rental income coming from the Fiskars Village area in Finland. Forestry is part of the Real Estate's business activities.

Associate Wärtsilä: Income from the associate Wärtsilä is reported as one operating segment.

Business activities between the segments are limited. Real Estate owns real estate in Finland and leases it to subsidiaries in Finland for use as production facilities.

Management monitors the operating results of the segments separately for the purpose of making decisions. Segment assets and liabilities are based on geographical location of the assets. Financial income and costs and income taxes are managed on group basis and accordingly not allocated to operating segments.

In the Americas the Fiskars branded consumer products' distribution, logistics and consumer preferences are common within different business areas. In the EMEA area the markets and distribution are more diversified, but from the customer point of view the business areas operate in a common environment. In the segment Other the business logic for Inha Works and Real Estate differ from the EMEA segment operations.

Business areas

Business areas are Garden, Homeware, Craft, Outdoor Recreation, Inha Works, and Real Estate. Net sales for the business areas are reported based on the nature of the sales of the products sold to customers. Sales between the business areas are insignificant.

Unallocated items

The unallocated items of the Income Statement contain corporate level costs and income. Unallocated assets comprise items related to corporate administration, tax receivables, loan receivables and equity instruments. Unallocated liabilities comprise non-current and current debt and tax liabilities. Also part of the restructuring costs are unallocated.

M€	EMEA	Americas	Other	Associate Wärtsilä	Unallocated and eliminations	Corporate total
2.1 Operating segments						
2008						
Net sales, external	442.8	214.5	38.8		0.9	697.0
Net sales, inter-segment	11.9	5.1	1.6		–18.6	0.0
Net sales	454.7	219.6	40.4	0.0	–17.7	697.0
Share of profit from associate				70.5		70.5
Operating profit w/o restructuring and change in fair value of biological assets	32.1	15.4	–2.0	70.5	–7.7	108.3
Restructuring costs	–7.0	–19.4	–0.4		–5.0	–31.8
Change in biological assets			–5.6			–5.6
Operating profit	25.1	–3.9	–8.0	70.5	–12.7	70.9
Financial income and expenses					–19.4	–19.4
Profit before taxes						51.5
Income taxes					–2.3	–2.3
Profit for the period						49.2
Assets	545.9	151.5	120.6	263.5	–111.9	969.7
Liabilities	437.1	66.6	44.4		–25.1	523.0
Capital expenditure	21.8	3.0	3.7		1.3	29.8
Depreciations and amortizations	15.9	12.8	3.9		0.3	32.9
2007						
Net sales, external	355.6	246.8	44.3		0.4	647.0
Net sales, inter-segment	10.3	8.5	1.6		–20.5	0.0
Net sales	365.9	255.3	45.9	0.0	–20.1	647.0
Share of profit from associate				43.3		43.3
Change in biological assets			11.1			11.1
Operating profit	36.4	22.0	14.6	43.3	–9.4	106.9
Financial income and expenses					12.9	12.9
Profit before taxes						119.8
Income taxes					–11.4	–11.4
Profit for the period						108.4
Assets	558.5	167.3	122.7	278.3	–79.8	1,047.1
Liabilities	537.6	77.0	42.4		–88.3	568.8
Capital expenditure	181.5	3.2	5.3	28.9	1.6	220.6
Depreciations and amortizations	10.8	9.3	2.7		0.4	23.2

M€	2008	2007
2.2 Net sales by business area		
Garden	**231.2**	240.3
Homeware	**242.6**	142.2
Craft	**74.1**	97.5
Outdoor Recreation	**110.0**	122.4
Inha Works	**35.2**	42.1
Real Estate	**5.9**	5.6
Unallocated and eliminations	**–2.0**	–3.1
Total	**697.0**	647.0
Revenues from Finland	**151.5**	100.3
Revenues from foreign countries	**545.5**	546.7

3. Restructuring costs

Fiskars announced restructuring measures in December 2008 for reorganizing its business areas and strengthening its operations. The principles used for inventory valuation across the Group were also harmonized. The restructuring costs included in operating profit (EBIT) totaled EUR 31.8 million in 2008 (0.0). All restructuring costs were recorded during Q4 of 2008. The restructuring costs recorded in cost of goods sold amounted to EUR 13.7 million, whereof EUR 12.6 million resulted from the change in the inventory valuation policy. The rest of the restructuring costs were recorded to sales and marketing expenses, administration expenses and other operating expenses.

4. Acquisitions of businesses and operations

2008

Fiskars acquired a 2.3% minority share of Iittala Group on June 30, 2008. Purchase price of the minority share was EUR 3.1 million and was paid fully in cash. The price of the purchase has been allocated to assets, liabilities and contingent liabilities already at the 2007 acquisition. After minority share acquisition Fiskars owns all shares of Iittala Group.

2007

Fiskars acquired Iittala Group Plc. on August 31, 2007. Iittala designs, produces and sells homeware products mainly in the EMEA operating segment. Iittala purchase price was EUR 230.1 million, which include refinanced debt. Purchase price paid in cash has been allocated to assets, liabilities and contingent liabilities at their fair value. Valuation of trademarks is based on the "relief from royalty" method considering their qualities and significance. Intangible assets comprise trademarks, customer relationships and franchising agreements. Trademarks are not amortized as no economic lifetime can be established. Customer relationships and franchising business related assets are amortized during their estimated lifetime of 15 and 10 years respectively. The part of the purchase price that was allocated to inventory (finished goods) was fully realized during 2007.

The goodwill from the acquisition relates mostly to the synergies that will be gained from integrating the businesses.

Iittala acquisition cost, specification	M€
Purchase price paid in cash	116.1
Acquisition related costs	1.7
Capital loans from previous owners included in the transaction	44.7
Fair value of acquired assets, liabilities and contingent liabilities	–90.2
Minority interest	0.1
Goodwill	72.5
Acquired cash and cash equivalents	–6.3
Cash impact of the acquisition	156.1

Acquired assets, liabilities and contingent liabilities	Seller's book values	Fair values
Property, plant and equipment	26.0	26.0
Intangible assets and other non-current investments	3.8	118.9
Inventories	56.7	60.6
Receivables	19.6	19.6
Cash and cash equivalents	6.3	6.3
Deferred tax liability	–1.2	-32.1
Capital loans	–44.7	0.0
Non-current liabilities	–8.9	-8.9
Current liabilities	-100.3	-100.3
Total	-42.6	90.2

Fiskars acquired the French company Leborgne S.A.S in May 2007. Leborgne merged with Fiskars Brands France S.A.S in September 2008. The purchase price paid in cash has been allocated to assets, liabilities and contingent liabilities at fair value.

The purchase price has been allocated to trademark Leborgne, customer relationships and inventory.

The remaining goodwill relates to synergies within the garden business in Europe and the acquired product group.

Leborgne acquisition cost, specification	M€
Purchase price paid in cash	12.8
Acquisition related costs	0.4
Fair value of acquired assets, liabilities and contingent liabilities	–6.5
Goodwill	6.7
Acquired cash and cash equivalents	–0.1
Cash impact of the acquisition	13.1

Acquired assets, liabilities and contingent liabilities	Seller's book values	Fair values
Non-current assets	0.9	3.2
Inventories	3.2	3.3
Receivables	6.1	6.1
Cash and cash equivalents	0.1	0.1
Deferred tax liability	0.0	–0.8
Non-current liabilities	–0.9	–0.9
Current liabilities	–4.5	–4.5
Total	4.9	6.5

If the acquired businesses of Iittala and Leborgne had been consolidated from the beginning of the year the pro forma consolidated net sales in 2007 of Fiskars would have been EUR 767 million.

5. Notes to the Income Statement

M€	**2008**	2007
5.1 Other operating income		
Net gain on disposal of fixed assets	**0.4**	2.8
Other	**2.4**	3.0
Total	**2.9**	5.8
5.2 Total expenses by nature		
Materials and supplies	**300.7**	240.0
Change in inventory	**13.0**	1.9
Employee benefits	**186.8**	146.1
Depreciation and amortization	**32.9**	23.2
Other	**166.1**	192.2
Total	**699.4**	603.4
5.3 Other operating expenses		
Impairment of property, plant and equipment	**5.6**	1.1
Other	**12.2**	3.1
Total	**17.8**	4.2

M€	**2008**	2007
5.4 Employee benefits		
Wages and salaries	**126.4**	103.5
Other compulsary personnel costs	**40.7**	29.0
Pension costs, defined contribution plans	**13.4**	8.8
Pension costs, defined benefit plans	**0.1**	3.4
Other post employment benefits	**0.4**	0.1
Termination benefits	**5.8**	1.2
Total	**186.8**	146.1

	2008	2007
5.5 Average number of employees		
Finland	**1,787**	1,056
Other Europe	**1,431**	1,127
USA	**861**	898
Other	**246**	436
Total	**4,325**	3,517

The average number of employees includes in 2007 Iittala and Leborgne personnel only from the time of acquisition.

5.6 Number of employees, end-of-period		
Blue collar	**2,473**	2,803
White collar	**1,646**	1,712
Total	**4,119**	4,515

M€	**2008**	2007
5.7 Audit fees paid to Companies' Auditors		
Audit fees	**0.9**	1.0
Audit related fees	**0.1**	0.1
Tax consultation	**0.2**	0.2
Other non-audit fees	**0.1**	0.1
Total	**1.4**	1.4

The appointed auditor was KPMG for the fiscal years 2007–2008.

M€	2008	2007
5.8 Depreciation and amortization by non-current asset group		
Buildings	**7.5**	3.6
Machinery and equipment	**19.4**	15.3
Intangible assets	**6.0**	4.3
Total	**32.9**	23.2
5.9 Financial income and expenses		
Gain on sale of Wärtsilä shares		23.7
Dividends received from investments at fair value through profit and loss	**0.0**	0.1
Interest income on cash and bank	**0.8**	1.5
Exchange gains and losses, net	**0.1**	0.5
Financial income total	**1.0**	25.8
Write-down of non-current investments	**–0.1**	
Interest expenses on debt at amortized cost	**–17.4**	–11.4
Interest cost on financial leasing at amortized cost	**–0.9**	–1.1
Derivative revaluation gains(losses), at fair value through profit and loss	**–0.1**	0.0
Net gain (loss) from sale of investments at fair value through profit and loss	**–0.3**	0.8
Fair value of other shares at fair value through profit and loss	**–0.8**	0.5
Other financial expenses	**–0.8**	–1.8
Financial expense total	**–20.4**	–12.9
Financial income and expenses total	**–19.4**	12.9
5.10 Income taxes		
Current year taxes	**–4.0**	–11.2
Tax adjustments for prior years	**–1.1**	–0.1
Change in deferred tax from temporary differences	**4.9**	–0.9
Change in deferred tax from change of tax rate		–2.0
Change in deferred tax valuation allowance	**–1.6**	4.5
Deferred tax cost from equity hedge	**0.2**	0.7
Other changes in deferred tax	**–0.7**	–2.3
Income taxes total	**–2.3**	–11.4

M€	2008	2007
Reconciliation of income taxes		
Tax rate for the parent company	**26%**	26%
Profit before taxes	**51.5**	119.8
Income tax using the domestic corporation tax rate	**–13.4**	–31.1
Tax exempt revenues	**22.9**	17.5
Non-deductible expenses	**–7.3**	–1.1
Effect of tax rates in foreign jurisdictions	**–0.9**	–3.1
Effect of change of tax rates	**0.0**	–3.1
Change in valuation of tax assets	**–3.2**	6.4
Income tax for prior years	**–1.1**	–0.1
Tax booked against unbooked tax assets	**1.0**	3.7
Deferred tax from equity hedge	**0.2**	0.7
Other items	**–0.6**	–1.1
Income taxes recognized in profit and loss	**–2.3**	–11.4

5.11 Earnings per share

The basic earnings per share is the annual net profit attributable to ordinary shareholders of the parent company divided by the weighted average number of shares outstanding during the year. Fiskars Corporation does not have any current share option programs or other diluting financial instruments, so the diluted earnings per share is the same as the undiluted. The Corporation has a minority interest from 2006 onwards. The minority interest in 2008 was EUR –0.1 million (0.3).

	2008	2007
Net profit attributable to the ordinary shareholders of the parent company, M€	**49.3**	108.0
Number of shares	**77,510,200**	77,510,200
Weighted average number of shares outstanding	**77,397,665**	77,382,268
Earnings per share, euro (basic)	**0.64**	1.40
Earnings per share, euro (diluted)	**0.64**	1.40

6. Notes to the Balance Sheet, Assets

M€	2008	2007
6.1 Intangible assets		
Historical cost, Jan 1	**157.1**	39.0
Translation differences	**–0.3**	–1.7
Acquisitions		118.4
Additions	**1.4**	1.9
Decreases	**–1.9**	–1.0
Transfers between asset group	**1.6**	0.5
Historical cost, Dec 31	**158.1**	157.1
Accumulated amortization, Jan 1	**23.2**	19.8
Translation differences	**–0.6**	–0.4
Amortization for the period	**6.0**	4.2
Decreases	**–1.5**	–0.5
Accumulated amortization, Dec 31	**27.1**	23.2
Net book value, Dec 31	**131.0**	134.0
Trademarks included in intangible assets	**102.1**	102.1

Impairment tests for trademarks are carried out annually with relief from royalty method. Cash flows attributable to trademarks are derived by indentifying revenues from sale of products belonging to each trademark. The carrying amounts of trademarks are determined on a discounted cash flow method basis, derived from eight-year cash flow projections.

Cash flows for the period extending over the planning period are calculated using the terminal value method. On the basis of the impairment calculations made, there has been no need for impairment of trademarks for the periods ended 31 December 2008 and 2007.

6.2 Goodwill

	2008	2007
Historical cost, Jan 1	**117.5**	42.2
Translation differences	**0.4**	–3.6
Acquisitions		79.0
Historical cost, Dec 31	**117.9**	117.5
Accumulated impairment, Jan 1	**17.7**	19.8
Translation differences	**1.0**	–2.1
Accumulated impairment, Dec 31	**18.7**	17.7
Net book value, Dec 31	**99.2**	99.8

Goodwill is not amortized but is tested at least annually for impairment.

M€	2008	2007
Goodwill impairment test in cash-generating units		
Goodwill allocated to cash-generating units:		
Garden	**10.9**	3.8
Homeware	**72.2**	72.2
Craft	**1.3**	1.2
Outdoor Recreation	**14.7**	22.6
Total	**99.2**	99.8

Goodwill from acquisitions is allocated to Cash Generating Units (CGU) in the table above. The recoverable amounts from CGUs are determined on a discounted cash flow method basis, derived from three-year cash flow projections from strategic plans approved by management. The estimated performances are based on current business without any potential future acquisitions. Cash flows for the period extending over the planning period are calculated using the terminal value method. A steady growth rate of 1.5% is applied in projecting the terminal value to all CGUs. The discount rate is the weighted average pre-tax cost of capital (WACC) as defined by Fiskars. The components of the WACC are risk-free rate, market risk premium, company-specific risk premium, industry specific beta, cost of debt and debt to equity ratio. The pre-tax cost of equity used in the calculations were: 9.3% (11.7) for CGU's located in US and 10.0% (12.1) for CGU's in Europe. The pre-tax discount rate used in the calculations for CGU Homeware was 9.8% (12.1). On the basis of the impairment calculations made, there has been no need for impairment of goodwill for any unit for the periods ended 31 December 2008 and 2007.

Sensitivity analysis
Sensitivity analyses have been carried out for the valuation of each CGU by making downside scenarios.

These downside scenarios were created by changing the underlying assumptions in the valuations, such as:

- Applying EBIT-% that are 1–2% lower
- Applying 0% steady growth rate in projecting the terminal value
- Applying a WACC that is 1–2% higher

In the management's opinion changes in the basic assumptions provided in these theoretical downside scenarios shall not be seen as an indication that these factors are likely to materialize. Two percentage points increase in WACC would result goodwill impairment amounted to total of EUR 12 million. Two percentage points decreases in EBIT-% would result goodwill impairment amounted to total of EUR 0.7 million respectively.

M€	Land and water	Buildings	Leased real estate	Machinery and equipment	Construction in progress	Total
6.3 Property, plant & equipment						
2008						
Historical cost, Jan 1	16.0	56.2	15.0	180.8	6.7	274.6
Translation differences	0.0	–2.5	0.9	–2.6	–0.2	–4.5
Additions	0.6	0.4		9.0	13.8	23.8
Decreases	–0.1	–1.3		–6.7	–0.4	–8.6
Transfers between asset group		1.1	–3.0	11.6	–14.4	–4.7
Historical cost, Dec 31	16.4	53.9	12.8	191.9	5.5	280.5
Accumulated depreciation, Jan 1		26.4	6.3	120.0		152.8
Translation differences		–1.9	0.4	–1.7		–3.2
Depreciation for the period		2.4	1.1	19.1		22.5
Decreases		0.0		–4.7		–4.8
Transfers between asset group		0.0		–0.1		–0.1
Accumulated depreciation, Dec 31		26.9	7.8	132.7		167.3
Net book value, Dec 31	**16.4**	**27.0**	**5.1**	**59.3**	**5.5**	**113.2**
2007						
Historical cost, Jan 1	14.2	52.3	16.9	174.7	2.8	260.9
Translation differences	0.0	–1.0	–1.9	–8.1	–0.2	–11.2
Acquisitions	1.8	5.2		18.7	1.8	27.5
Additions	0.2	0.9		7.1	9.9	18.2
Decreases	–0.2	–1.5		–18.5	–0.3	–20.5
Transfers between asset group	0.0	0.3		6.8	–7.4	–0.3
Historical cost, Dec 31	16.0	56.2	15.0	180.8	6.7	274.5
Accumulated depreciation, Jan 1		26.2	6.1	129.8		162.2
Translation differences		–0.6	–0.8	–5.9		–7.3
Depreciation for the period		2.3	1.0	15.3		18.6
Decreases		–1.5		–19.3		–20.9
Transfers between asset group		0.0		0.2		0.2
Accumulated depreciation, Dec 31		26.4	6.3	120.0		152.8
Net book value, Dec 31	16.0	29.7	8.7	60.7	6.7	121.7

M€	**2008**	2007
6.4 Biological assets		
Fair value, Jan 1	**44.9**	33.9
Increase due to growth	**1.7**	1.9
Change in fair value less estimated point-of-sale costs	**–5.8**	10.3
Harvested timber	**–1.5**	–1.1
Fair value in the balance sheet, Dec 31	**39.3**	44.9

M€	2008	2007
6.5 Investment property		
Historical cost, Jan 1	**16.2**	16.5
Translation differences	**0.4**	–0.8
Additions	**0.2**	0.5
Decreases	**–0.1**	0.0
Transfers between asset group	**3.0**	0.0
Historical cost, Dec 31	**19.7**	16.2
Accumulated depreciation, Jan 1	**7.8**	7.8
Translation differences	**0.2**	–0.5
Depreciation and impairment for the period	**4.0**	0.5
Decreases	**–0.1**	0.0
Accumulated depreciation and impairment, Dec 31	**12.0**	7.8
Net book value, Dec 31	**7.7**	8.4

Fair value

Investment Property comprises the parent company properties in Fiskars Village, Finland, and the US leasing properties of Fiskars Brands, Inc. that are not in Group´s operational use. Because properties of Fiskars Village are unique in its cultural and historical values it is impossible to set a comparable market value on the properties.

M€	2008	2007
Investment property by country		
Finland	**6.1**	6.3
USA	**1.6**	2.1
Total	**7.7**	8.4

M€	2008	2007
6.6 Investments in associates		
Net book value, Jan 1	**278.3**	239.1
Additions	**0.0**	28.9
Adjustments to the share in equity	**–18.0**	15.6
Other changes	**3.3**	–5.3
Net book value, Dec 31	**263.5**	278.3
Goodwill included in the net book value	**61.2**	61.2

Adjustments to the share in equity comprise the share of net profit in associate and share of adjustments made directly to equity reduced with EUR 67.2 million (27.7) dividends received. Other changes result from equity share adjustments. The market value of Wärtsilä shares owned by Fiskars as at Dec 31, 2008 was EUR 353.9 million (833.2).

Summary of financial information on associates

M€	Ownership-%	Assets	Liabilities	Equity	Net sales	Net profit
Wärtsilä Corporation						
2008	17.1	4,743	3,544	1,199	4,612	389
2007	16.5	3,749	2,424	1,325	3,763	265

Fiskars' share in the votes of the associate were 17.1% (32.2).

M€	Ownership-%	Assets	Liabilities	Equity	Net sales	Net profit
Kiinteistöosakeyhtiö Iittalan Lasimäki						
2008	34.0	2.3	2.3	0.0	0.3	0.0
2007	34.0	2.3	2.3	0.0	0.2	–0.1
Rörstrands Kulturforum AB						
2008	33.3	0.2	0.1	0.1	0.4	0.0
2007	33.3	0.2	0.2	0.0	0.2	0.0

6.7 Shares at fair value through profit and loss

M€	2008	2007
Historical cost, Jan 1	**3.0**	5.0
Additions	**1.3**	1.0
Decreases	**–0.5**	–1.1
Change in fair value through profit and loss	**–0.8**	–1.9
Book value, Dec 31	**2.9**	3.0

The shares comprises quoted and unquoted shares owned by the Corporation. Quoted shares have been booked at their quoted value and changes in the fair value are booked in the income statement. Unquoted shares are booked at acquisition cost, as a reliable fair value is not available.

6.8 Other investments

M€	2008	2007
Historical cost, Jan 1	**2.3**	1.5
Translation differences	**–0.1**	–0.1
Additions	**0.2**	0.1
Decreases	**–0.1**	0.0
Other changes	**–0.2**	0.9
Book value, Dec 31	**2.2**	2.3

Other investments comprises non-current receivables and they are recognized at acquisition cost or lower fair value.

6.9 Inventories

M€	2008	2007
Raw materials and consumables	**28.8**	29.1
Work in progress	**17.6**	15.4
Finished goods	**112.6**	127.4
Advance payments	**0.8**	1.7
Total, Dec 31	**159.8**	173.7
Write-down to the carrying value of inventories to reflect the net realizable value	**–25.3**	–13.1

6.10 Trade and other receivables

M€	2008	2007
Trade receivables	**90.7**	103.6
Advances paid	**0.2**	0.2
Derivatives	**3.6**	0.5
Other receivables	**6.1**	7.0
Prepaid expenses and accrued income	**9.1**	8.5
Total, Dec 31	**109.6**	119.8

Trade receivables, aging

M€	2008	2007
Aging class., not fallen due	**72.2**	75.9
Aging class., 0–30 days overdue	**12.4**	21.8
Aging class., 31–60 days overdue	**2.8**	3.5
Aging class., 61–90 days overdue	**1.7**	1.7
Aging class., 91–120 days overdue	**0.7**	0.6
Aging class., over 120 days overdue	**3.7**	3.0
Less provision for bad debts, Dec 31	**–2.9**	–2.9
Total, Dec 31	**90.7**	103.6

Trade receivables in currencies

M€	2008	2007
Danish Krones (DKK)	**7.2**	8.3
Euros (EUR)	**33.8**	40.4
United Kingdom Pounds (GBP)	**8.0**	8.1
Swedish Kronas (SEK)	**8.0**	9.8
US Dollars (USD)	**23.6**	22.8
Other currencies	**10.0**	14.3
Total, Dec 31	**90.7**	103.6

Trade receivables are widely spread geographically. The biggest customers are major retail stores with solid credit ratings. Credit loss risks are estimated to be moderate. The maximum exposure to credit risk is the carrying amount of the trade receivables.

6.11 Cash and cash equivalents

M€	2008	2007
Cash in hand and at bank	**9.4**	12.8
Money market investments	**1.9**	21.0
Other current investments	**0.0**	0.6
Total, Dec 31	**11.3**	34.5

7. Deferred tax assets and liabilities

M€	Jan 1, 2008	Recognized in income statement	Recognized directly into equity	Translation adjustment	Acquisitions and divestments	Dec 31, 2008
2008						
Deferred tax assets						
Retirement benefit and other provisions	3.9	–1.5	0.2	0.0	0.0	2.6
Effects on consolidation and eliminations	3.7	–0.8		0.1		3.0
Depreciation difference	9.3	–5.6		0.0		3.6
Tax losses and tax credits carried forward	25.1	–5.6		–0.2		19.3
Valuation allowance of deferred tax assets	–24.6	6.2		–0.3		–18.7
Other temporary differences	3.0	12.4		0.8		16.1
Total deferred tax assets	20.3	5.0	0.2	0.4	0.0	25.9
Offset against deferred tax liabilities		–4.3				–4.3
Net deferred tax assets	**20.3**	**0.7**	**0.2**	**0.4**	**0.0**	**21.7**
Other non-current tax receivables	0.8	–0.8		0.0		0.0
Deferred tax liability						
Depreciation difference	4.7	3.2	0.5	0.1		8.5
Fair value adjustments and biological assets	13.8	–2.0				11.8
Effects on consolidation and eliminations	33.0	–0.8		0.0		32.1
Other temporary differences	0.4	0.6	0.0	0.0		1.1
Total deferred tax liabilities	51.8	1.1	0.5	0.1	0.0	53.5
Offset against deferred tax assets		–4.3				–4.3
Net deferred tax liabilities	**51.8**	**–3.2**	**0.5**	**0.1**	**0.0**	**49.3**
Deferred tax assets (+)/liabilities (–), net	–30.7					–27.6

M€	Jan 1, 2007	Recognized in income statement	Recognized directly into equity	Translation adjustment	Acquisitions and divestments	Dec 31, 2007
2007						
Deferred tax assets						
Depreciation difference	8.7	0.9		–0.3	0.0	9.3
Retirement benefit	4.4	–0.2		–0.3	0.0	3.9
Tax losses and tax credits carried forward	33.7	–7.3		–1.2		25.1
Valuation allowance of deferred tax assets	–36.5	7.5		1.4		–27.5
Other temporary differences	14.6	–4.4	0.7	–1.4		9.5
Total	24.9	–3.5	0.7	–1.8	0.0	20.3
Other non-current tax receivables	5.5	–4.8		0.0		0.8
Deferred tax liability						
Tax provisions	1.0	–0.1		0.0	0.3	1.2
Biological assets	11.1	2.5		0.0		13.5
Depreciation difference	8.3	–1.8		0.9	29.3	36.7
Other temporary differences	0.5	–1.2		0.0	1.0	0.3
Total	20.8	–0.6	0.0	0.9	30.6	51.8
Deferred tax assets (+)/liabilities (–), net	9.7					–30.7

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The Corporation has full control of dividend distribution. Associate Wärtsilä is a public company and its distribution is tax exempt for Fiskars. Taxes relating to equity net investment hedge and actuarial gains and losses have been recorded into equity. The corporation has available tax losses, and the tax losses carried forward amounted to EUR 19.3 million at the end of the fiscal year. Deferred tax allowance is recorded to offset deferred tax assets in order to recognize the deferred tax assets only to the extent that it is probable that future taxable profits will be available. The tax losses carried forward, net of allowance will not expire in the following five years. Income taxes recorded in the income statement are specified in note 5.10.

8. Notes to the Balance Sheet, Equity and Liabilities

	2008 pcs 1,000	2007 pcs 1,000	**2008 M€**	2007 M€
8.1 Share capital				
A Shares				
Jan 1	**54,944**	54,944	**54.9**	54.9
Dec 31	**54,944**	54,944	**54.9**	54.9
K Shares				
Jan 1	**22,566**	22,566	**22.6**	22.6
Dec 31	**22,566**	22,566	**22.6**	22.6
Share capital, Dec 31	**77,510**	77,510	**77.5**	77.5
Treasury shares				
A Shares				
Jan 1	**128**	128	**–0.9**	–0.9
Decrease	**–15**		**0.1**	
Dec 31	**112**	128	**–0.8**	–0.9
K Shares				
Jan 1	**0**	0	**0.0**	0.0
Dec 31	**0**	0	**0.0**	0.0
Treasury shares, Dec 31	**113**	128	**–0.8**	–0.9

Number of shares, votes and share capital

	Dec 31, 2008 Number of shares	**Number of votes**	**Share capital €**	Dec 31, 2007 Number of shares	Number of votes	Share capital €
A shares (1 vote/share)	**54,944,492**	**54,944,492**	**54,944,492**	54,944,492	54,944,492	54,944,492
K shares (20 votes/share)	**22,565,708**	**451,314,160**	**22,565,708**	22,565,708	451,314,160	22,565,708
Total	**77,510,200**	**506,258,652**	**77,510,200**	77,510,200	506,258,652	77,510,200

Dividends on series A shares must exceed the corresponding dividend on series K shares by at least two percentage points. The counter value per share for both series A and series K is one euro.

M€	**2008 Fair value**	**Carrying amount**	2007 Fair value	Carrying amount
8.2 Non-current interest bearing debt				
Capital loan *)	**45.5**	**45.1**	45.3	45.1
Loans from credit institutions	**78.6**	**78.6**	64.8	64.8
Financial leasing debt	**14.9**	**13.6**	15.6	14.7
Other non-current debt	**0.1**	**0.1**		0.0
Total, Dec 31	**139.1**	**137.5**	125.7	124.6

*) Main characteristics of the loan:
The principal, interest and any other yield will be payable on the dissolution or bankruptcy of the company solely at a priority ranking inferior to that of all other debt.

The principal can be repaid if and only to the extent the company will retain full cover for its restricted equity and non-distributable funds in accordance with the balance sheet and consolidated balance sheet approved for the latest financial year. Interest can be paid if and only to the extent the equivalent sum is available for dividend distribution in accordance with the balance sheet and consolidated balance sheet approved for the latest financial year.

The loan will be repaid in full on June 17, 2010 and the interest rate on the loan is fixed 6.25%. The fair value has been calculated using an estimated 5.6% interest rate. The loan is listed on NASDAQ OMX Helsinki but the trading volume is very low.

All interest-bearing debts are loans issued by the company and they are valued at periodized acquisition cost. The current values of interest-bearing debts have been calculated by discounting the cash flow of the debt by the market rate on balance day.

M€	**2008**	2007
Financial leasing debt		
Finance lease liabilities are payable as follows:		
Less than one year	**3.3**	3.1
Between one and five years	**10.2**	10.9
More than five years	**7.0**	8.5
Minimum lease payments in total	**20.5**	22.6
Minimum lease payments, principal		
Less than one year	**2.4**	2.7
Between one and five years	**8.0**	8.2
More than five years	**5.6**	6.5
Present value of minimum finance lease payments	**16.0**	17.4
Unaccrued interest	**4.5**	5.2

M€	Warranty provision	Restructuring provision	Onerous contracts and other provisions	Total
8.3 Provisions				
2008				
Provisions, Jan 1	1.3	2.5	2.3	6.2
Translation differences	0.0	–0.3	0.0	–0.3
Additions	0.4	10.3	0.7	11.4
Used provisions		–3.3		–3.3
Change in estimates		0.0	–0.1	–0.1
Reversals		–0.5	–0.1	–0.5
Provisions, Dec 31	**1.7**	**8.8**	**2.9**	**13.4**
2007				
Provisions, Jan 1	1.1	2.4	0.6	4.2
Translation differences	0.0	–0.2	0.0	–0.3
Additions	0.2	3.6	2.3	6.1
Used provisions		–3.3	–0.4	–3.7
Change in estimates		0.6	0.0	0.5
Reversals		–0.6	–0.1	–0.7
Provisions, Dec 31	1.3	2.5	2.3	6.2

M€	**2008 Fair value**	**Carrying amount**	2007 Fair value	Carrying amount
8.4 Current interest bearing debt				
Bank overdrafts	**6.9**	**6.9**	2.2	2.2
Loans from credit institutions	**47.9**	**47.9**	0.2	0.2
Commercial papers	**123.1**	**123.1**	217.9	217.9
Financial leasing debt	**2.4**	**2.4**	2.7	2.7
Other	**3.3**	**3.3**	5.9	5.9
Total, Dec 31	**183.7**	**183.7**	228.9	228.9

M€	**2008**	2007
8.5 Trade and other payables		
Trade payables	**42.6**	49.7
Advances received	**0.3**	0.2
Other debt	**7.9**	8.8
Accrued expenses and deferred income		
Interest payable	**7.3**	6.2
Wages, salaries and social costs	**30.8**	34.8
Other	**32.9**	39.6
Total, Dec 31	**121.9**	139.4

Other accrued expenses and deferred income comprise periodization of bought materials and supplies, annual rebates for clients and other similar accrued items.

8.6 Employee benefit obligations

Most of Fiskars Corporation's pension plans are defined contribution plans. The defined benefit plans in the US, Great Britain and Germany are closed plans, and future pay increases will not impact the valuation. The defined benefit plans in Norway and Holland are not closed. The Corporation also has supplementary pension plans in Finland which are classified as defined benefit plans. Authorized actuaries have performed the actuarial calculations for the defined benefit plans. The Corporation is responsible for some post-employment benefits in Italy, but the liabilities recorded are final and as such they are classified as defined contribution plans.

M€	**2008**	2007
Liabilities for post-employment benefits	**2.3**	2.3
Defined pension benefit liabilities	**6.9**	7.1
Pension liability total	**9.2**	9.4

M€	**2008**	2007	2006	2005	2004
Amounts as of December 31					
Defined benefit obligation	**23.9**	32.4	27.6	28.1	23.1
Plan assets	**17.0**	25.4	17.1	14.8	13.1
Deficit/(surplus) in the plan	**6.9**	7.1	10.5	13.2	10.0
Experience (loss)/gain on plan liabilities	**2.3**	0.4	0.3	0.0	0.0
Experience (loss)/gain on plan assets	**4.9**	–0.3	–0.2	–0.7	0.8

M€	**2008**	2007
Amounts recognized in the Balance Sheet		
Change in defined benefit obligation:		
Defined benefit obligation at the beginning of the year	**32.4**	36.0
Translation difference	**–4.7**	–2.0
Service cost	**0.8**	0.6
Interest cost	**1.5**	1.4
Actuarial (gain) or loss	**–4.8**	–2.5
Benefits paid	**–1.3**	–1.1
Defined benefit obligation at the end of the year	**23.9**	32.4
Changes in plan assets:		
Fair value of plan assets at the beginning of the year	**25.4**	24.4
Translation difference	**–4.8**	–1.2
Expected return on plan assets	**1.2**	1.1
Actuarial gain or (loss)	**–5.2**	0.2
Benefits paid	**–1.3**	–0.9
Employer contributions	**1.7**	1.7
Fair value of plan assets at the end of the year	**17.0**	25.4
Net defined pension benefit liability at December 31	**6.9**	7.0

M€	**2008**	2007
Amounts recognized in the Income Statement		
Current service cost	**0.8**	0.6
Interest cost	**1.5**	1.5
Expected return on plan assets	**–1.3**	–1.2
Net actuarial (gain) or loss recognized during the year	**0.0**	0.1
Total	**1.1**	1.1
Amounts recognized directly in equity (SORIE)		
Actuarial gain or (loss)	**–0.3**	2.7
Deferred tax thereon	**0.1**	–0.7
Total	**–0.2**	2.0
Actual gain for defined benefit plan funds	**–4.1**	0.9

Plans in US and Germany are non-funded. Plans in Finland, Norway and the Netherlands are taken care of by local pension insurance companies. The plans in UK are funded by investments in equities and bonds totaling EUR 9.5 million of which EUR 5.1 million are investments in equities. The Group estimates its contributions to the plans during 2009 to be EUR 1.6 million.

	2008	2007
Percentages of plan assets by asset group		
Equity securities, %	**34**	50
Debt securities, %	**3**	1
Real Estate, %	**7**	4
Bonds, %	**40**	31
Other, %	**16**	14
Principal actuarial assumptions at the balance-sheet date		
Discount rate, %		
Great Britain	**6.5–6.65**	5.5–5.8
Germany	**6.5**	5.0
Finland	**6.5**	5.3
United States	**6.0**	6.0

	2008	2007
Expected return on plan assets, %		
Great Britain	**3.9–7.2**	5.0–7.0
Germany	**n/a**	n/a
Finland	**5.57**	5.25
United States	**n/a**	n/a
Future salary increases, %		
Great Britain	**n/a**	n/a
Germany	**n/a**	n/a
Finland	**2.5**	2.5
United States	**n/a**	n/a
Future pension increases, %		
Great Britain	**3.0–3.3**	3.4
Germany	**1.0**	1.0
Finland	**n/a**	2.1
United States	**0.0**	0.0

9. Finance

9.1 Maturity of liabilities

The Group has extensive unused credit facilities at its disposal to guarantee its liquidity. The average maturity of the EUR 425 million (425) commited credit limit agreements as of December 31, 2008 was 5.4 years (6.4 years).

M€	2009	2010	2011	2012	2013	Later years	Total
2008							
Bank overdrafts	6.9						6.9
Commercial papers	123.2						123.2
Interests	2.8						2.8
Other debt	5.7						5.7
Capital loan		45.1					45.1
Interests	2.8	2.8					5.6
Loans from credit institutions	45.8	15.1	0.1			63.3	124.3
Interests	5.0	3.8	3.2	3.2	3.2	10.1	28.6
Financial leasing	2.4	2.4	2.5	1.5	1.6	5.6	16.0
Interests	0.9	0.7	0.6	0.5	0.4	1.5	4.6
Trade payables	112.0						112.0
Total, Dec 31	**307.5**	**70.0**	**6.4**	**5.2**	**5.2**	**80.5**	**474.8**
	64.8%	14.7%	1.4%	1.1%	1.1%	17.0%	100.0%

M€	2008	2009	2010	2011	2012	Later years	Total
2007							
Bank overdrafts	2.2						2.2
Commercial papers	217.9						217.9
Interests	5.7						5.7
Other debt	5.9						5.9
Capital loan			45.1				45.1
Interests	2.8	2.8	2.8				8.4
Loans from credit institutions	0.2	24.4	15.1	0.1		25.2	65.0
Interests	3.6	3.1	2.1	1.4	1.4	3.5	15.0
Financial leasing	2.7	2.7	2.1	1.8	1.6	6.5	17.4
Interests	0.9	0.8	0.7	0.6	0.5	1.8	5.2
Trade payables	126.5						126.5
Total, Dec 31	368.3	33.9	67.9	3.8	3.4	37.0	514.3
	71.6%	6.6%	13.2%	0.7%	0.7%	7.2%	100.0%

9.2 Currency exposure, average interest rates and sensitivity analysis

The exchange rate sensitivity analysis in accordance with IFRS 7 has been carried out by examining the parent company's exposure to the risks in major currencies. Subsidiaries hedge their foreign exchange risks with currency derivatives against the parent company. The parent company's currency exposure includes both internal and external financial items as well as the hedged portion of net investments in foreign operations. The exchange rate sensitivity analysis below illustrates a 10% exchange rate change impact on profit before taxes.

M€	USD	GBP	SEK
2008			
External loans and deposits	–40.8	0.0	–1.0
External currency derivatives	50.3	–19.9	–33.3
Internal loans and deposits	–29.5	9.8	0.0
Internal currency derivatives	–24.9	11.6	23.0
Hedged net investments in foreign operations	43.1	0.0	10.1
Currency exposure	**–1.9**	**1.5**	**–1.2**
Exchange rate sensitivity	0.2	0.1	0.1
2007			
External loans and deposits	–34.9	0.0	0.0
External currency derivatives	53.8	–19.9	–33.3
Internal loans and deposits	–21.7	6.2	146.1
Internal currency derivatives	–35.4	12.4	10.9
Hedged net investments in foreign operations	40.5	0.0	–127.0
Currency exposure	2.3	–1.4	–3.3
Exchange rate sensitivity	0.2	0.1	0.3

The interest rate sensitivity illustrates the impact on next year's profit of a permanent 1 percentage point change in interest rates. The corporation's net interest bearing debt as of December 31, 2008 was EUR 309.9 million and the average interest reset period was 10 months. A permanent 1 percentage point increase on all interest rates would increase the corporation's interest costs by EUR 1.9 million in 2009.

The table below shows the corporation's net interest bearing debt, average interest rates and interest rate sensitivity by major currencies.

M€	EUR	USD	GBP	SEK	Other	Total
2008						
External loans and deposits	256.1	54.9	–0.1	2.0	–1.5	311.4
Currency derivatives	–49.0	–50.3	19.9	33.3	44.6	–1.5
Net debt	**207.1**	**4.6**	**19.9**	**35.3**	**43.1**	**309.9**
Average interest rate (p.a.)	5.6%	2.8%	2.6%	2.1%	5.0%	
Interest rate sensitivity	1.1	0.2	0.2	0.3	0.4	
2007						
External loans and deposits	271.3	48.8	0.2	–1.6	0.6	319.6
Currency derivatives	–33.1	–53.8	20.5	28.1	38.7	0.3
Net debt	238.2	–5.0	20.7	26.5	39.3	319.7
Average interest rate (p.a.)	5.0%	5.3%	6.0%	4.6%	5.0%	
Interest rate sensitivity	1.4	0.3	0.3	0.3	0.4	

M€	**2008**	2007
9.3 Lease obligations		
Operating leases, payments next year	**14.6**	12.6
Operating leases, payments later	**49.8**	40.5
Total operating leases, Dec 31	**64.5**	53.1

The present value of financial lease agreements has been recorded under liabilities in the balance sheet.

9.4 Contingencies and pledged assets

As security for own commitments		
Other pledged assets		
Guarantees	**1.2**	1.4
Lease commitments	**64.5**	53.1
Other contingencies	**4.8**	7.3
Total	**70.8**	61.7
As security for third-party commitments		
Real estate mortgages	**1.9**	1.8
As security for subsidiaries' commitments		
Guarantees	**16.0**	12.5
Total pledged assets and contingencies, Dec 31	**88.6**	76.0

M€	**2008**	2007
9.5 Nominal amounts of derivatives		
Forward exchange contracts	**171.1**	185.6
Electricity forward agreements	**1.6**	0.9
Interest rate swaps	**16.1**	16.1
Forward interest rate agreements		60.0
Fair value vs. nominal amounts of derivatives		
(+calculatory gain, –calculatory loss)		
Forward exchange contracts	**1.6**	–0.4
Electricity forward agreements	**–0.3**	0.3
Interest rate swaps	**0.0**	0.2
Forward interest rate agreements		0.1

All derivatives are recognized at fair value in the financial statements.

M€	2009	2010	Later years	Total
9.6 Maturity of derivatives				
2008				
Forward exchange contracts	171.1			171.1
Electricity forward agreements	0.6	0.6	0.3	1.6
Interest rate swaps	15.0		1.1	16.1
Total, Dec 31	**186.7**	**0.6**	**1.4**	**188.8**

M€	2008	2009	Later years	Total
2007				
Forward exchange contracts	185.6			185.6
Electricity forward agreements	0.3	0.4	0.1	0.9
Interest rate swaps		15.0	1.1	16.1
Forward interest rate agreements	60.0			60.0
Total, Dec 31	246.0	15.4	1.3	262.7

M€	USD	SEK	DKK	NOK	PLN	Other	Total
9.7 Hedging of net investments in foreign subsidiaries							
Net investment	91.2	16.7	–45.3	4.2	10.4		
Hedge	–43.1	–10.1	48.6	–1.5	–6.0		
Exchange gain/(loss) recognized in equity	–2.4	1.5	0.1	0.3	1.2	0.0	0.7

10. Financial risk management

Financial risks are managed by Corporate Treasury, in accordance with a set of risk management principles approved by the Board of Directors.

Currency risk

Currency risk is linked to changes in the value of Fiskars' cash flows, its balance sheet, and/or its competitiveness resulting from changes in exchange rates. Fiskars' currency position is split between its transaction position and translation position, both of which are managed separately.

Transaction risk results from the possibility that the value of expected cash flow denominated in a particular currency may change as a result of changes in exchange rates. Translation risk refers to the impact that changes in exchange rates can have on the consolidated balance sheet, and which can affect the value of balance sheet assets, equity, and debt liabilities. In addition to balance sheet values, changes in exchange rates can also result in some circumstances in changes in key indicators, such as the Group's equity-to-assets ratio and gearing.

Fiskars aims to manage its currency risks primarily through business means. Production inputs allocated for purchasing, together with products, are primarily denominated in the local currencies of the Group's corporate companies, of which the euro (42% of consolidated net sales), the US dollar (28%), the Swedish krona (8%) and the pound sterling (6%) are the most important.

Higher levels of imports indirectly expose Fiskars to risks linked to changes in the local currencies of its suppliers, of which the most important is the Chinese Renminbi.

Transaction risk

The objective of Fiskars' approach to managing its transaction risk is to reduce the impact of changes in exchange rates on the Group's budgeted gross profit. Business units are responsible for managing the currency risks associated with their projected and agreed commercial cash flows (commercial exposure) during each budget period. Units primarily hedge their exposure using currency forwards with Corporate Treasury.

The Group's net position is based on its commercial exposure, receivables and liabilities denominated in foreign currencies, and currency derivatives used for hedging purposes (Note 9.2). Currency forwards and swaps are the most widely used instruments in hedging currency risks. Derivatives are used solely for hedging purposes.

Fiskars does not apply hedge accounting as defined under IAS 39 for transaction risk purposes. All gains and losses made on currency derivatives are booked in the income statement. If hedge accounting had been applied to currency derivatives, Fiskars' consolidated profit before tax for 2008 would have been EUR 3.7 million below the reported figure (2007: 0.0 million).

Translation risk

Fiskars applies hedge accounting in accordance with IAS 39 and IAS 21 in respect of net investments made in certain units outside Finland (Note 9.7). The exchange gain resulting from this hedging, booked to equity, totaled EUR 0.7 million (EUR 2.5 million).

Interest rate risk

Interest rate risk refers to possible changes in cash flow, assets, or the value of liabilities resulting from changes in interest rates. Fiskars concentrates on managing the interest rate risks associated with financial items.

The Group's interest-bearing net liabilities as of December 31, 2008 was EUR 309.9 million (320.0 million). Of this total, the EUR 45.1 million capital loan and EUR 16.0 million in financial leases were fixed-rate instruments, while the others were variable-rate items. The nominal value of interest rate derivatives amounted to EUR 16.1 million at the end of the year. The average interest rate reset period of interest-bearing liabilities was 10 months (18 months).

A change of one percentage point in market interest rates on the closing date would have an impact of EUR 1.9 million (2.1 million) on the consolidated result before tax in 2009.

Liquidity and re-financing risk

Liquidity risk refers to the possibility of the Group's financial assets proving insufficient to cover its business needs or a situation in which arranging such funding would result in substantial additional costs.

Re-financing risk refers to the possibility of such a large amount of liabilities falling due over such a short space of time that the re-financing needed might be unavailable or prohibitively expensive.

The Group has extensive unused credit facilities at its disposal to guarantee its liquidity. As of the end of the year, the aggregate of unutilized committed revolving credit facilities and overdraft facilities totaled EUR 430.3 million (450.3 million). In addition, the Group's parent company in Finland has a commercial paper program with a number of leading banks amounting to EUR 400.0 million, of which EUR 123.2 million (218.3 million) was utilized as of the end of the year.

The Group's re-financing risk is managed by maintaining an appropriate maturity structure in respects of loans and credit facilities spread over a number of years.

Commodity risk

Fiskars may use derivatives to hedge its exposure to commodity price fluctuations where appropriate. As of the end of the year, the Group held no commodity derivative contracts other than electricity futures with a nominal value of EUR 1.6 million (0.9 million) recognized at market value through the Income Statement.

Credit risk

Corporate Treasury is responsible for evaluating and monitoring financial counterparty risk. The Group minimizes this risk by limiting its counterparties to a limited number of major banks and financial institutions and by working within agreed counterparty limits.

Business units are responsible for monitoring customer credit risks. The Group's major customers comprise large international retailers. As of the end of the year, the Group's sales receivables totaled EUR 90.7 million (103.6 million), and the financial statements include provisions for bad debts related to sales receivables totaling EUR 2.9 million (2.9 million).

Management of Capital
Fiskars is not subject to any externally imposed capital requirements (other than eventual local company law requirements effective in the jurisdictions where Fiskars Group Companies are active).

The Group's objectives when managing capital are:
- to safeguard the Corporation's ability to continue as a going concern so that it can continue to provide returns for shareholders and take care of its obligations towards other stakeholders
- to provide an adequate return to shareholders by maintaining a balanced business and investment portfolio that provides returns both on short and long term
- to maintain possibilities to act on potential investment opportunities

The aim is to maintain the capital structure of the Group strong enough to ensure Group's capacity to fund its operations in all business conditions.

M€	**2008**	2007
Equity	**446.7**	478.3
Non-current interest bearing debt	**137.5**	124.6
Current interest bearing debt	**183.7**	228.9
Cash and cash equivalents	**–11.3**	–34.5
Net interest bearing debt	**309.9**	319.0

The calculation rules for the ratios are presented in Formulas for calculating ratios on page 77.

Equity ratio	**46%**	46%
Net gearing	**69%**	67%

11. Related party transactions

The Corporation has no significant transactions, liabilities or receivables with its associated company, Wärtsilä. The dividend from Wärtsilä EUR 67.2 million (EUR 27.7 million in 2007), has been reported as Dividends from associate in the Consolidated Statement of Cash Flows. The dividend was received in Q2/2008. The Corporation has no significant transactions, liabilities or receivables with its associate Rörstrands Kulturforum AB. Iittala Group Oy Ab rents real estate from its associate Koy Iittalan Lasimäki and has granted a capital loan to the company at inception.

M€	**2008**	2007
Rent	**0.2**	0.4
Capital loan	**0.2**	0.2

Fiskars Corporation has booked legal service fees for EUR 1.3 million (EUR 1.6 million in 2007) from Foley & Lardner law offices where Ralf Böer, board member of Fiskars, is an associate.

Shareholdings of the key management, Dec 31	2008 A Shares	K Shares	Total	2007 A Shares	K Shares	Total
Allonen Heikki (CEO until Dec 31, 2007)	**10,155**	**11,200**	**21,355**	10,155	11,200	21,355
Bergh Kaj-Gustaf	**5,000**		**5,000**	5,000		5,000
Böer Ralf	**5,677**		**5,677**	5,677		5,677
Drury David			**N/A**			N/A
Ehrnrooth Alexander	**5,000**	**930**	**5,930**	36,047	930	36,977
Ehrnrooth Paul	**26,698**	**4,100**	**30,798**	26,698	4,100	30,798
Ervasti-Vaintola Ilona	**14,000**		**14,000**	14,000		14,000
Gripenberg Gustaf	**203,000**	**33,600**	**236,600**	203,000	33,600	236,600
Grotenfelt Karl	**11,680**		**11,680**	11,680		11,680
Kauniskangas Kari (CEO as from Jan1, 2008) *)	**23,397**		**23,397**	8,000		8,000
Lindberg Ingmar	**3,544**		**3,544**	3,544		3,544
Riikkala Olli			**N/A**			N/A
Slotte Karsten	**1,000**		**1,000**			N/A
Suominen Jukka			**N/A**			N/A
Thelin Clas			**N/A**			N/A

*) Kari Kauniskangas has started as Fiskars Corporation's President and CEO on Jan1, 2008. According to his director's agreement signed in Aug 2007 the company has during Jan 2008 sold him 15,397 Fiskars A shares.

The Directors and the CEO do not have any debts to the company; nor has the company given pledges or taken on other responsibilities in their names.

T€	2008	2007
Fees, wages and salaries to the key management		
Allonen Heikki *)	**731.5**	411.1
Bergh Kaj-Gustaf	**94.2**	75.3
Böer Ralf	**49.9**	35.1
Drury David	**12.1**	33.4
Ehrnrooth Alexander	**64.3**	60.8
Ehrnrooth Paul	**63.8**	60.8
Ervasti-Vaintola Ilona	**47.1**	44.2
Gripenberg Gustaf	**49.3**	45.3
Grotenfelt Karl	**49.3**	44.2
Kauniskangas Kari	**913.6**	
Lindberg Ingmar	**230.1**	186.9
Riikkala Olli		9.1
Slotte Karsten	**34.5**	
Suominen Jukka	**36.2**	
Thelin Clas	**12.6**	35.6
Total	**2,388.5**	1,041.8

*) In addition to the wages paid, a provision for the severance payments and bonus compensation program totaling EUR 1.2 million has been recorded in the income statement in 2007. The value of the three-year program running until 2009 is based on the market value of the Corporation.

The key management consists of the Board of Directors, the President & CEO and deputy CEO.

12. Other disclosure information

Shares and participations	Domicile		% of share capital	% of voting power	Nature of activities
Shares in subsidiaries					
Avlis AB	**Sollentuna**	**SE**	**100.0**	**100.0**	**H**
iittala bvba	Antwerpen	BE	100.0	100.0	M
iittala GmbH	Solingen	DE	100.0	100.0	M
iittala a/s	Herlev	DK	100.0	100.0	M
iittala a/s	Tallinn	EE	100.0	100.0	M
Iittala Group Oy Ab	Helsinki	FI	100.0	100.0	T
ImanCo Oy	Helsinki	FI	100.0	100.0	H
iittala Ltd.	Windsor Berkshire	GB	100.0	100.0	M
iittala b.v.	Oosterhout	NL	100.0	100.0	M
Hackman Polska Sp. Z.o.o.	Warsaw	PL	100.0	100.0	L
OOO iittala	Moscow	RU	100.0	100.0	L
Fastighets AB Noshörningen	Höganäs	SE	100.0	100.0	H
iittala ab	Höganäs	SE	100.0	100.0	T
Nilsjohan AB	Höganäs	SE	100.0	100.0	L
Tjörröds Fastighets AB	Höganäs	SE	100.0	100.0	L
iittala, Inc.	New Jersey	US	100.0	100.0	M
Silva Shenzhen Company	Shenzhen	CN	70.0	70.0	T
Silva Deutschland GmbH	Friedrichsdorf	DE	100.0	100.0	M
Silva France S.A.R.L.	Mantes la Ville	FR	100.0	100.0	M
Silva Ltd	Livingston	GB	100.0	100.0	M
Silva Far East Ltd.	Hong Kong	HK	70.0	70.0	H
Silva Sweden AB	Sollentuna	SE	100.0	100.0	T
Fiskars Brands, Inc.	**Madison, WY**	**US**	**100.0**	**100.0**	**T**
Fiskars Brands (Australia) Pty Limited	Melbourne	AU	100.0	100.0	M
Fiskars Brands Canada, Inc.	Toronto	CA	100.0	100.0	M
Fiskars de Mexico, S.A. de C.V.	Mexico City	MX	100.0	100.0	M
Fiskars Servicios, S.A. de C.V.	Mexico City	MX	100.0	100.0	M
Puntomex Internacional, S.A. de C.V.	Tijuana	MX	100.0	100.0	H
Fiskars Brands Global Holdings LLC	Madison, WY	US	100.0	100.0	H
Nexus Marine, Inc.	Riverton, WY	US	100.0	100.0	L
Fiskars Brands Europe BVBA	**Brussels**	**BE**	**100.0**	**100.0**	**H**
Fiskars Brands Europe ApS	**Silkeborg**	**DK**	**100.0**	**100.0**	**H**
Excalibur Management Consulting (Shanghai) Co., Ltd.	Shanghai	CN	100.0	100.0	H
Fiskars Brands Germany GmbH	Herford	DE	100.0	100.0	T
Fiskars Deutschland GmbH	Herford	DE	100.0	100.0	L
Fiskars Brands Danmark A/S	Silkeborg	DK	100.0	100.0	M
Fiskars Brands Spain S.L.	Madrid	ES	100.0	100.0	M
Fiskars Brands Fininvest Oy Ab	Raasepori	FI	100.0	100.0	H
Fiskars Brands Finland Oy Ab	Raasepori	FI	100.0	100.0	T
Fiskars Brands France S.A.S	Wissous	FR	100.0	100.0	M

	Domicile		% of share capital	% of voting power	Nature of activities
Fiskars Brands UK Limited	Bridgend	GB	100.0	100.0	T
Fiskars Limited	Bridgend	GB	100.0	100.0	L
Kitchen Devils Limited	Bridgend	GB	100.0	100.0	L
Richard Sankey & Son Limited	Nottingham	GB	100.0	100.0	T
Vikingate Limited	Nottingham	GB	100.0	100.0	L
Consumer Brands (Hong Kong) Co., Limited	Hong Kong	HK	100.0	100.0	H
Fiskars Brands Hungary Ltd. iL	Budapest	HU	100.0	100.0	M
Fiskars Brands Italia S.r.l.	Premana	IT	100.0	100.0	T
Fiskars Brands Japan K.K.	Tokyo	JP	100.0	100.0	M
Fiskars Brands Holding AS	Oslo	NO	100.0	100.0	H
Fiskars Brands Norge AS	Oslo	NO	100.0	100.0	M
iittala as	Moss	NO	100.0	100.0	T
Fiskars Brands Polska Sp. z o.o.	Slupsk	PL	100.0	100.0	T
ZAO Fiskars Brands Rus	St. Petersburg	RU	100.0	100.0	T
Fiskars Brands Sverige AB	Motala	SE	100.0	100.0	M
Fiskars Brands Holding AB, IL	Motala	SE	100.0	100.0	L
Inha Works Ltd.	**Ähtäri**	**FI**	**100.0**	**100.0**	**T**
Inha Invest Oy Ab	Ähtäri	FI	100.0	100.0	H
Ferraria Oy Ab	**Raasepori**	**FI**	**100.0**	**100.0**	**T**
Kiinteistö Oy Danskog gård	**Raasepori**	**FI**	**100.0**	**100.0**	**T**
Ab Åbo Båtvarf - Turun Veneveistämö Oy	**Turku**	**FI**	**100.0**	**100.0**	**L**

Management or holding	H
Manufacturing and marketing	T
Marketing	M
Dormant	L

	Number of shares	Domicile		% of share capital	% of voting power
Shares in associates					
Wärtsilä Corporation	16,846,301	Helsinki	FI	17.1	17.1
Kiinteistöosakeyhtiö Iittalan Lasimäki		Hämeenlinna	FI	34.0	34.0
Rörstrands Kulturforum AB		Lidköping	SE	33.3	33.3
Other shares					
Rautaruukki Corporation	10,000		FI	0.0	0.0

Formulas for calculation of ratios

Earnings before depreciation and amortization and share of profit from associate = Operating profit + depreciation and amortization + impairment – share of profit from associate

Return on investment in percent =
$$\frac{\text{Profit for the period + income taxes + interest and other financial expenses}}{\text{Balance sheet total – non-interest bearing debt (average of beginning and end of year amounts)}} \times 100$$

Return on equity in percent =
$$\frac{\text{Profit for the period attributable to equity holders of the company}}{\text{Equity attributable to equity holders of the company (average of beginning and end of year amounts)}} \times 100$$

Equity ratio in percent =
$$\frac{\text{Equity, total}}{\text{Balance sheet total – advances received}} \times 100$$

Net gearing in percent =
$$\frac{\text{Interest bearing debt – cash and bank}}{\text{Equity, total}} \times 100$$

Earnings per share =
$$\frac{\text{Profit attributable to equity holders of the company}}{\text{Weighted average number of outstanding ordinary shares Dec 31}}$$

Earnings per share from continuing activities =
$$\frac{\text{Profit from continuing activities attributable to equity holders of the company}}{\text{Weighted average number of outstanding ordinary shares Dec 31}}$$

Nominal dividend per share = The dividend per share approved at the shareholders' meeting adjusted for emissions

Equity per share =
$$\frac{\text{Equity attributable to equity holders of the company}}{\text{Number of outstanding ordinary shares Dec 31}}$$

Adjusted average share price =
$$\frac{\text{Value of shares traded during the period}}{\text{Number of shares traded during the period, adjusted for emissions}}$$

Market capitalization = Number of shares Dec 31 x market quotation Dec 31

Price per earnings (P/E) =
$$\frac{\text{Market quotation Dec 31}}{\text{Earnings per share}}$$

Dividend per earnings in percent =
$$\frac{\text{Dividend paid}}{\text{Profit attributable to equity holders of the company}} \times 100$$

Dividend per share =
$$\frac{\text{Dividend paid for the series}}{\text{Number of outstanding shares Dec 31 in the series}}$$

Dividend yield in percent =
$$\frac{\text{Dividend per share}}{\text{Market quotation Dec 31 adjusted for emissions}} \times 100$$

Five years in figures

		IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2004
Net sales	M€	**697**	647	530	510	564	597
of which outside Finland	M€	**553**	553	486	466	523	556
in percent of net sales	%	**79.3**	85.4	91.8	91.4	92.8	93.2
export from Finland	M€	**98**	79	59	55	56	56
Percentage change of net sales	%	**7.7**	22.1	3.8	–9.4	–9.1	–3.7
Earnings before depr. and amort. and share of profit from associate	M€	**33**	87	56	53	77	64
in percent of net sales	%	**4.8**	13.4	10.5	10.3	13.7	10.7
Share of profit from associates	M€	**70**	43	59	29	27	
Operating profit	M€	**71**	107	86	23	79	39
in percent of net sales	%	**10.2**	16.5	16.2	4.4	14.0	6.5
Financial items net	M€	**–19**	13	–9	43	–4	–3
in percent of net sales	%	**–2.8**	2.0	–1.7	8.4	–0.7	–0.5
Profit before taxes	M€	**52**	120	77	65	75	57
in percent of net sales	%	**7.4**	18.5	14.5	12.8	13.3	9.5
Income tax (continuing operations)	M€	**2**	11	10	7	15	12
Profit from discontinued operations	M€			15	4	–5	
Profit for the period attributable to the equity holders of the company	M€	**49**	108	82	62	55	45
in percent of net sales	%	**7.1**	16.8	15.5	12.2	9.7	7.5
Minority interest	M€	**–0.1**	0.3	0.0			
Employee benefits	M€	**187**	146	121	126	138	146
Depreciation and amortization	M€	**33**	23	29	59	25	25
in percent of net sales	%	**4.7**	3.6	5.4	11.5	4.5	4.2
Capital expenditure (incl. acquisitions)	M€	**30**	221	41	61	42	41
in percent of net sales	%	**4.3**	34.1	7.7	11.9	7.5	6.9
Research and development costs	M€	**8**	7	6	5	5	5
in percent of net sales	%	**1.2**	1.1	1.2	1.0	0.8	0.8
Capitalized development costs	M€	**1**	1	1	1	1	
Equity attributable to equity holders of the company	M€	**447**	478	422	403	336	319
Minority interest	M€	**0.0**	0.5	0.0			
Equity total	M€	**447**	478	422	403	336	319
Interest bearing debt	M€	**321**	354	147	162	222	200
Non-interest bearing debt	M€	**202**	215	139	138	134	116
Balance sheet total	M€	**970**	1,047	707	703	692	635
Return on investment	%	**9**	19	18	14	14	12
Return on equity	%	**11**	25	20	17	16	13
Equity ratio	%	**46**	46	60	57	49	50
Net gearing	%	**69**	67	24	35	61	58
Persons employed, average		**4,325**	3,517	3,167	3,426	3,782	3,782
Persons employed, Dec 31		**4,119**	4,515	3,003	3,220	3,448	3,448
of which outside Finland		**2,397**	2,662	2,224	2,377	2,533	2,533

Discontinued operations include Power Sentry in 2006 and 2005 and Syroco in 2004.

Information on Fiskars shares

		IFRS 2008		IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2004
Share capital	M€	**77.5**		77.5	77.5	77.5	77.5	77.5
Earnings per share **) (basic and diluted)	€	**0.64**		1.40	1.06	0.80	0.71	0.58
continuing operations		**0.64**		1.40	0.86	0.75	0.77	
discontinued operations					0.20	0.05	–0.07	
Nominal dividend per share **)	€/A Share	**0.50**	*)	0.80	0.60	0.75	0.30	0.30
	€/K Share	**0.48**	*)	0.78	0.58	0.71	0.28	0.28
Dividend	M€	**38.2**	*)	61.5	46.0	57.1	22.8	22.8
Equity per share **)	€	**5.77**		6.18	5.45	5.20	4.34	4.12
Adjusted average price per share	€/A Share	**10.91**		13.33	10.71	9.75	7.60	7.60
	€/K Share	**14.19**		13.84	10.83	9.32	7.40	7.40
Adjusted lowest price per share	€/A Share	**6.89**		11.92	9.00	7.91	6.58	6.58
	€/K Share	**10.70**		11.83	9.25	8.00	6.57	6.57
Adjusted highest price per share	€/A Share	**13.90**		15.40	12.55	12.00	10.07	10.07
	€/K Share	**16.79**		17.99	12.53	11.50	10.21	10.21
Adjusted price per share, Dec 31	€/A Share	**6.96**		13.30	12.29	9.60	7.90	7.90
	€/K Share	**11.15**		14.45	12.11	9.90	7.90	7.90
Market value of shares	M€ A Shares	**381.6**		729.1	673.7	526.2	433.1	433.1
	M€ K Shares	**251.6**		326.1	273.3	223.4	178.3	178.3
	Total, M€	**633.2**		1,055.1	947.0	749.6	611.3	611.3
Number of shares, 1,000 **)	A Shares	**54,944.5**		54,944.5	54,944.5	54,944.5	54,944.5	54,944.5
	K Shares	**22,565.7**		22,565.7	22,565.7	22,565.7	22,565.7	22,565.7
	Total	**77,510.2**		77,510.2	77,510.2	77,510.2	77,510.2	77,510.2
Number of treasury shares, 1,000 **)	A Shares	**112.1**		127.5	127.5	127.5	127.5	127.5
	in % of total	**0.2**		0.2	0.2	0.2	0.2	0.2
	K Shares	**0.4**		0.4	0.4	0.4	0.4	0.4
	in % of total	**0.0**		0.0	0.0	0.0	0.0	0.0
Number of shares traded, 1,000 **)	A Shares	**3,786.3**		10,397.3	5,901.9	10,452.4	11,659.1	11,659.1
	in % of total	**6.9**		18.9	10.7	19.0	21.2	21.2
	K Shares	**1,295.8**		2,250.9	663.2	2,144.4	3,173.6	3,173.6
	in % of total	**5.7**		10.0	2.9	9.5	14.1	14.1
Price per earnings	A Share	**11**		9	12	12	11	14
	K Share	**18**		10	11	12	11	14
Dividend per earnings in percent		**77.6**		55.9	56.1	92.0	41.7	50.7
Dividend yield in percent	A Share	**7.2**		6.0	4.9	7.8	3.8	3.8
	K Share	**4.3**		5.4	4.8	7.2	3.5	3.5
Number of shareholders		**9,899**		8,356	6,592	6,114	5,591	5,591

*) Board's proposal.

**) Key figures adjusted for the bonus issue as per Dec 3, 2004.

Basic and diluted Earnings per Share are equal, as the company has no potential ordinary shares.

Other information on shares and shareholders

Number of shares, votes and share capital

	Dec 31, 2008 Number of shares	**Number of votes**	**Share capital €**	Dec 31, 2007 Number of shares	Number of votes	Share capital €
A-shares (1 vote/share)	**54,944,492**	**54,944,492**	**54,944,492**	54,944,492	54,944,492	54,944,492
K-shares (20 votes/share)	**22,565,708**	**451,314,160**	**22,565,708**	22,565,708	451,314,160	22,565,708
Total	**77,510,200**	**506,258,652**	**77,510,200**	77,510,200	506,258,652	77,510,200

Dividends decided on shares of Series A must exceed the corresponding dividend on shares of Series K by at least two percentage of the dividend. The book counter value per share for both Series A and Series K is EUR 1.00.

Minimum and maximum number of shares and share capital according to the Articles of Association
The shares in the Company are divided into Series K and A, the total number of shares being minimum 35,000,000 and maximum 140,000,000. The number of shares of Series K may not exceed 140,000,000 and the number of shares of Series A may not exceed 140,000,000. The Company's minimum share capital is EUR 35,000,000 and its maximum authorized capital is EUR 140,000,000, within which limits the share capital may be increased or decreased following a resolution of the Shareholders' Meeting without amending the articles of association.

Number of shares, bonus issues and stock splits 1994–2008

	A Share	K Share	Total	
Total of shares Dec 31, 1994	2,236,392	3,362,814	5,599,206	
March 22, 1995	1,866,402		1,866,402	Bonus issue: one new A Share for three A and/or K Shares.
November 23, 1998	23,364,335	13,431,970	36,796,305	Split: six new shares for one share.
October 28, 1999	11,072,886		11,072,886	Bonus issue: one new A Share for four A and/or K Shares.
December 3, 2004	15,698,426	6,447,344	22,145,770	Bonus issue: two new A Shares for five A Shares and two new K Shares for five K Shares.
Other changes	706,051	–676,420	29,631	
Total of shares Dec 31, 2008	**54,944,492**	**22,565,708**	**77,510,200**	

Share trading volume on NASDAQ OMX Helsinki

	2008 M€	**Number of shares**	2007 M€	Number of shares
Series A Share	**41.7**	**3,786,347**	137.5	10,397,274
Series K Share	**17.6**	**1,295,787**	31.5	2,250,902
Total	**59.3**	**5,082,134**	169.0	12,648,176

Share ownership, December 31, 2008

Ownership structure	Number of shareholders	%	Number of shares	%	Number of votes	%
Private corporations	464	4.69	36,763,068	47.43	288,982,273	57.08
Financial institutions and insurance companies	25	0.25	951,563	1.23	1,553,655	0.31
Public entities	14	0.14	5,626,072	7.26	5,649,594	1.12
Non-profit organizations	148	1.50	9,824,671	12.67	50,478,819	9.97
Private individuals	9,163	92.56	22,640,746	29.21	156,283,041	30.87
Foreigners	84	0.85	1,687,533	2.18	3,228,413	0.63
Other(s)	1	0.01	16,547	0.02	82,857	0.02
Total	**9,899**	**100.00**	**77,510,200**	**100.00**	**506,258,652**	**100.00**

Distribution of shares, December 31, 2008

Number of shares	Number of shareholders	%	Number of shares	%	Number of votes	%
1–100	2,494	25.19	176,083	0.23	533,473	0.10
101–500	3,898	39.38	1,068,856	1.38	2,866,883	0.57
501–1,000	1,395	14.09	1,065,527	1.38	2,875,315	0.57
1,001–10,000	1,808	18.27	5,052,394	6.52	19,357,228	3.82
10,001–100,000	237	2.39	6,406,723	8.27	29,867,847	5.90
100,001–	67	0.68	63,740,617	82.24	450,757,906	89.04
Total	**9,899**	**100.00**	**77,510,200**	**100.00**	**506,258,652**	**100.00**

Major shareholders according to the shareholder register, December 31, 2008

	Shares of Series A	Shares of Series K	Total	% of votes	% of shares
Agrofin Oy Ab	9,064,506	2,332,882	11,397,388	11.0	14.7
Virala Oy Ab	3,380,000	4,861,476	8,241,476	19.9	10.6
Turret Oy Ab	5,074,313	2,805,078	7,879,391	12.1	10.2
Oy Holdix Ab	3,089,122	1,727,594	4,816,716	7.4	6.2
I.A. von Julins Sterbhus	1,456,000	1,027,600	2,483,600	4.3	3.2
Varma Mutual Pension Insurance Company	2,469,326	0	2,469,326	0.5	3.2
Bergsrådinnan Sophie von Julins stiftelse	1,741,964	674,856	2,416,820	3.0	3.1
Oy Julius Tallberg Ab	800,798	1,230,198	2,030,996	5.0	2.6
Ilmarinen Mutual Pension Insurance Company	1,496,865	0	1,496,865	0.3	1.9
Fromond Elsa	851,159	260,900	1,112,059	1.2	1.4
Åberg Karin	764,233	314,772	1,079,005	1.4	1.4
Stiftelsen för Åbo Akademi	969,241	0	969,241	0.2	1.3
Ehrnrooth Göran J.	51,407	804,478	855,885	3.2	1.1
Wrede Sophie	593,378	190,344	783,722	0.9	1.0
Lindsay von Julin & Co Ab	583,800	124,600	708,400	0.6	0.9
Hartwall Peter	415,801	277,208	693,009	1.2	0.9
Therman Anna	417,034	254,502	671,536	1.1	0.9
Tapiola Mutual Pension Insurance Company	600,001	0	600,001	0.1	0.8
Gripenberg Margaretha	269,332	299,702	569,034	1.2	0.7
Mutual Insurance Company Pension-Fennia	473,789	0	473,789	0.1	0.6

Treasury shares

On December 31, 2008, the Company had 112,115 shares of Series A and 420 shares of Series K corresponding to 0.15% of the Corporation's shares and 0.02% of the votes. The Company has acquired the shares at the NASDAQ OMX Helsinki in accordance with the authorization of the general meeting of the shareholders. The acquisitions have been made from December 10, 2003 through January 16, 2004.

The Board of Directors' authorizations

The Annual General Meeting decided to authorize the Board of Directors to acquire at the NASDAQ OMX Helsinki, within the period of one year from March 25, 2008, a maximum of 2,747,224 of the company's own shares of Series A and a maximum of 1,128,285 of Series K in a proportion deviating from the shareholders' existing proportionate holdings at share prices quoted on the NASDAQ OMX Helsinki at the time of such acquisition.

The Annual General Meeting decided to authorize the Board of Directors to decide within the period of one year from March 25, 2008 to sell a maximum of 2,747,224 Fiskars shares of Series A and a maximum of 1,128,285 Fiskars shares of Series K acquired pursuant to the Board's authorization.

The Board has not exercized the authorization given by the AGM 2008 to acquire or sell Company's shares.

Share option program

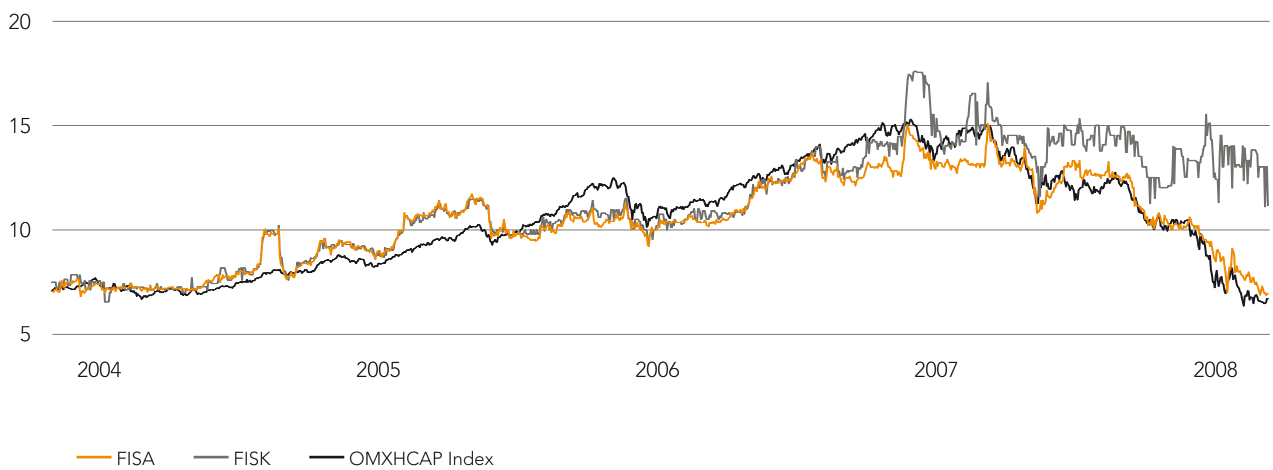
On December 31, 2008, the company had no option program.

Management's shareholding

On December 31, 2008, the Board members, the President & CEO and the deputy CEO controlled a total of 20,239,417 shares corresponding to 26.1% of the Corporation's shares and 38.1% of the votes. In January 2008 the Corporation sold a total of 15,397 A shares through the Stock Exchange to the President and CEO Kauniskangas at the market price (EUR 11.20 per share). The Corporation recorded a gain of EUR 0.1 million to equity.

Fiskars share price, €

January 1, 2004–December 31, 2008



Parent Company Income Statement

M€	Note	2008		2007	
Net sales	1	**20.1**		21.9	
Cost of goods sold		**–3.4**		–3.4	
Gross profit		**16.6**	**83%**	18.6	85%
Administration expenses		**–8.9**		–8.3	
Other operating income	4	**0.5**		0.6	
Other operating expenses	5	**–2.4**			
Operating profit		**5.9**	**29%**	10.9	50%
Gain/(loss) on sale of Wärtsilä shares *)		**–13.6**		608.7	
Financial income and expenses **)	7	**–371.9**		32.3	
Profit (loss) before extraordinary items		**–379.6**		651.9	
Extraordinary items	8	**8.6**		6.9	
Profit (loss) after extraordinary items		**–370.9**		658.7	
Appropriations		**0.2**		0.0	
Income taxes	9	**–2.2**		–5.9	
Profit (loss) for the period		**–373.0**		652.9	

*) Fiskars Corporation sold 901,857 Wärtsilä shares (8,500,000 Wärtsilä A shares and 6,500,000 Wärtsilä B shares in 2007) to its wholly owned subsidiary Avlis AB in December 2008 at NASDAQ OMX Helsinki. The group-internal loss from the sale was EUR 13.6 million (gain EUR 583.7 million).
**) The book value of the Fiskars Corporation's subsidiary Avlis AB has been impaired to correspond the subsidiary's equity as at 31 December 2008.

Parent Company Balance Sheet

M€	Note	2008		2007	
ASSETS					
Non-current assets					
Intangible assets	10	**0.5**		0.7	
Tangible assets	11				
Land and water		**15.1**		14.8	
Buildings		**16.5**		17.1	
Machinery and equipment		**1.9**		1.9	
Construction in progress		**0.2**		0.2	
		33.7		33.8	
Investments	12				
Holding in subsidiaries		**578.0**		133.5	
Receivables from subsidiaries		**133.6**		988.1	
Shares in associates				33.3	
Other shares		**2.9**		2.5	
		714.5		1,157.5	
Non-current assets total		**748.7**	**78%**	1,192.0	85%
Current assets					
Inventories	13	**0.2**		0.2	
Avoir fiscal tax receivables				0.3	
Current receivables					
Trade receivables		**0.4**		0.5	
Receivables from subsidiaries	14	**202.5**		179.1	
Other receivables		**0.0**		0.1	
Prepayments and accrued income	15	**1.2**		0.5	
		204.1		180.3	
Cash and cash equivalents	16	**4.6**		24.3	
Current assets total		**209.0**	**22%**	205.1	15%
Assets total		**957.7**	**100%**	1,397.1	100%

M€	Note	2008		2007	
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	17				
Share capital		**77.5**		77.5	
Revaluation reserve		**3.8**		3.8	
Treasury shares		**–0.8**		–0.9	
Other reserves		**3.2**		3.2	
Retained earnings		**834.3**		242.8	
Profit (loss) for the financial year		**–373.0**		652.9	
Shareholders' equity total		**545.0**	**57%**	979.3	70%
Appropriations	18	**1.9**	**0%**	2.0	0%
Liabilities					
Non-current					
Capital loan	19	**45.1**		45.1	
Loans from credit institutions		**78.3**		64.4	
		123.4		109.5	
Current					
Loans from credit institutions		**177.7**		219.6	
Advances received		**0.2**		0.1	
Trade payables		**0.3**		1.9	
Liabilities to subsidiaries	20	**97.5**		72.5	
Income tax payable		**1.7**			
Other payables		**1.7**		2.7	
Accruals and deferred income	21	**8.3**		9.3	
		287.4		306.2	
Liabilities total		**410.8**	**43%**	415.7	30%
Shareholders' equity and liabilities total		**957.7**	**100%**	1,397.1	100%

Parent Company Statement of Cash Flows

M€	**2008**	2007
Cash flow from operating activities		
Profit/(loss) before extraordinary items, appropriations and taxes	**–379.6**	651.9
Adjustments for		
Depreciation and amortization	**1.8**	1.6
Gains and losses for non-current assets	**382.8**	–611.9
Exchange differences	**2.1**	–3.6
Financial income	**–19.6**	–35.3
Financial expense	**20.2**	14.0
Cash generated before working capital changes	**7.6**	16.6
Change in current receivables	**–0.3**	–2.2
Change in inventories	**0.0**	0.0
Change in current non-interest bearing liabilities	**–1.2**	3.8
Cash generated from operations	**6.1**	18.1
Financial income	**17.9**	8.7
Dividends received	**3.5**	27.8
Financial expenses	**–21.5**	–7.0
Taxes paid	**–0.3**	–0.6
Group contributions	**6.9**	1.8
Net cash flow from operating activities (A)	**12.6**	48.9
Cash flow from investing activities		
Investments in subsidiaries and other non-current assets	**–814.9**	–30.1
Purchase of tangible and intangible assets	**–2.0**	–3.0
Proceeds from disposal of investments	**19.9**	800.3
Proceeds from sale of tangible and intangible assets	**0.5**	0.6
Change in receivables from subsidiaries	**854.6**	–990.6
Net cash flow from investments (B)	**58.1**	–222.7
Cash flow after investments	**70.7**	–173.8
Cash flow from financing activities		
Sell of treasury shares	**0.2**	
Change in non-current debt	**13.9**	0.0
Change in current interest bearing debt	**–24.9**	204.4
Change in current receivables	**–18.0**	0.0
Change in non-current receivables	**0.0**	0.0
Dividends paid	**–61.5**	–46.0
Net cash flow from financing activities (C)	**–90.4**	158.4
Change in cash (A+B+C)	**–19.6**	–15.3
Cash at beginning of year	**24.3**	39.6
Cash at end of year	**4.6**	24.3

Statement of Changes in Parent Company Shareholders' Equity

M€	Share capital	Revaluation reserve	Treasury shares	Other reserves	Retained earnings	Total
Dec 31, 2006	**77.5**	**3.8**	**–0.9**	**3.2**	**288.8**	**372.4**
Transfer from revaluation reserve following sale of landholdings		0.0			0.0	0.0
Dividends					–46.0	–46.0
Net profit (loss)					652.9	652.9
Dec 31, 2007	**77.5**	**3.8**	**–0.9**	**3.2**	**895.7**	**979.3**
Transfer from revaluation reserve following sale of landholdings		0.0			0.0	0.0
Other changes			0.1		0.1	0.2
Dividends					–61.5	–61.5
Net profit (loss)					–373.0	–373.0
Dec 31, 2008	**77.5**	**3.8**	**–0.8**	**3.2**	**461.3**	**545.0**

Parent Company Accounting Principles

The financial statements have been prepared in accordance with regulations in force in Finland (FAS=Finnish Accounting Standards). All financial information is presented in euro.

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

Investments in associated companies and other companies are stated in the balance sheet at cost or at net realizable value which ever is lower.

Transactions in foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the date of the transaction. Unsettled balances in foreign currencies are translated at the rates prevailing at the balance-sheet date, except for advance payments received or paid which are translated at the exchange rates on the payment date. Open hedging instruments pertaining to foreign currency items are valued at market value, including interest components. Both realized and unrealized exchange gains and losses have been included in the financial items in the income statement.

Net sales

Net sales is defined as invoiced amount less indirect taxes and rebates.

Research and development costs

Research and development costs are expensed as incurred.

Pension benefit plans

The retirement plans for the Finnish companies' employees are funded through payments to independent insurance companies.

Extraordinary income and expense

Group contributions, merger losses and liquidation losses are reported in extraordinary income and expenses.

Tangible and intangible assets and other long term investments

Tangible and intangible assets are stated at cost less accumulated depreciation according to plan. Certain land holdings have been revalued.

Revaluations are based on market values at time of the revaluation. Revaluation reserves are adjusted for decreases in the market value of land holdings. When revalued real estate is sold, the respective share in the revaluation reserve is transferred to retained earnings.

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

long term expense	3–10 years
buildings	25–40 years
vehicles	4 years
machinery and equipment	3–10 years

Land and water areas are not depreciated. Gains and losses on disposal of tangible and intangible assets are included in operating profit.

Inventories and financial assets

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

Receivables

Receivables are valued to acquisition cost or to a lower probable value.

Leasing

Operating lease payments are expensed as paid. Remaining leasing payment obligations are reported as contingent liabilities. Assets under part-payment agreements are recognized in the balance sheet along with a corresponding liability.

Provisions

Provisions consist of reserves for future costs to which the Corporation is committed and reserves for loss-making contracts.

Appropriations

Appropriations in the parent company balance sheet consist of depreciation in excess of plan.

Income taxes

Income taxes consist of the aggregate current tax expense based on the Finnish tax rules, adjustments to prior year taxes and deferred taxes.

Notes to the Parent Company Financial Statements

Income Statement

M€	2008	2007
1. Net sales		
Royalties	**15.4**	17.3
Lease income	**2.9**	2.8
Other	**1.8**	1.8
Total	**20.1**	21.9
2. Personnel costs		
Wages and salaries	**5.6**	4.8
Pension costs	**0.6**	0.4
Other personnel costs	**0.7**	0.4
Total	**6.9**	5.5

	2008	2007
3. Number of employees		
Average	**49**	47
End-of-period	**51**	42

M€	2008	2007
4. Other operating income		
Net gain on sale of property, plant and equipment	**0.5**	0.6
Other income	**0.1**	0.0
Total	**0.5**	0.6
5. Other operating expenses		
Restructuring costs		
To subsidiaries	**2.4**	
Total	**2.4**	
6. Audit fees paid to Companies' Auditors		
Audit fees	**0.1**	0.1
Tax consultation	**0.2**	0.1
Other	**0.0**	0.2
Total	**0.3**	0.4

M€	**2008**	2007
7. Financial income and expenses		
Dividend income		
From associated companies	**3.5**	27.7
From other investments	**0.0**	0.1
Dividend income, total	**3.5**	27.8
Interest and financial income from non-current investments		
From subsidiaries	**6.6**	5.6
From other investments		3.1
Interest and financial income from non-current investments, total	**6.6**	8.8
Other interest and financial income		
From subsidiaries	**9.3**	5.1
From other parties	**0.3**	4.5
Other interest and financial income, total	**9.6**	9.7
Interest and financial income, total	**16.1**	18.4
Impairment of non-current investments		
Subsidiaries *)	**–369.2**	
Other parties	**–0.1**	
Write down of non-current investments, total	**–369.2**	

*) The book value of the Fiskars Corporation's subsidiary Avlis AB has been impaired to correspond the subsidiary's equity as at 31 December 2008.

Interest and other financial expenses		
To subsidiaries	**–1.9**	–1.5
To other parties	**–20.4**	–12.4
Interest and other financial expenses, total	**–22.3**	–14.0
Total financial income and expenses	**–371.9**	32.3
Net exchange gains and losses included in financial items	**–2.1**	3.6

8. Extraordinary items		
Group contribution received	**14.1**	6.9
Group contribution paid	**–5.5**	
Total extraordinary items	**8.6**	6.9

M€	**2008**	2007
9. Income taxes		
Current year taxes for profit before extraordinary items	**0.0**	–4.1
Tax for extraordinary items	**–2.2**	–1.8
Income taxes per income statement	**–2.2**	–5.9

Balance Sheet, Assets

10. Intangible assets		
Historical cost, Jan 1	**1.4**	0.9
Additions	**0.0**	0.5
Historical cost, Dec 31	**1.4**	1.4
Accumulated amortization according to plan, Jan 1	**0.7**	0.7
Amortization according to plan	**0.1**	0.1
Accumulated amortization according to plan, Dec 31	**0.9**	0.7
Net book value, Dec 31	**0.5**	0.7

M€	Land and water	Buildings	Machinery and equipment	Constr. in progress	Total
11. Tangible assets					
2008					
Historical cost, Jan 1	5.0	32.7	5.5	0.2	43.3
Additions	0.4	0.6	0.5	0.1	1.7
Decreases	–0.1	0.0	–0.3	–0.1	–0.5
Transfers		0.0	0.0	0.0	0.0
Historical cost, Dec 31	5.3	33.3	5.7	0.2	44.5
Accumulated depreciation according to plan, Jan 1		15.6	3.6		19.3
Depreciation according to plan		1.1	0.5		1.6
Decreases		0.0	–0.3		–0.3
Accumulated depreciation according to plan, Dec 31		16.8	3.8		20.6
Revaluation, Jan 1	9.8				9.8
Decreases	0.0				0.0
Revaluation, Dec 31	9.8				9.8
Book value, Dec 31, 2008	**15.1**	**16.5**	**1.9**	**0.2**	**33.7**

M€	Land and water	Buildings	Machinery and equipment	Constr. in progress	Total
2007					
Historical cost, Jan 1	4.8	31.6	5.2	0.0	41.7
Additions	0.2	1.0	0.5	0.2	1.9
Decreases	0.0	0.0	–0.2		–0.3
Transfers		0.0		0.0	0.0
Historical cost, Dec 31	5.0	32.7	5.5	0.2	43.3
Accumulated depreciation according to plan, Jan 1		14.5	3.4		17.9
Depreciation according to plan		1.1	0.5		1.6
Decreases		0.0	–0.2		–0.2
Accumulated depreciation according to plan, Dec 31		15.6	3.6		19.3
Revaluation, Jan 1	9.8				9.8
Decreases	0.0				0.0
Revaluation, Dec 31	9.8				9.8
Book value, Dec 31, 2007	14.8	17.1	1.9	0.2	33.8

12. Investments

M€	Holdings in subsidiaries	Receivables from subsidiaries	Shares in associates	Other shares	Total
2008					
Historical cost, Jan 1	169.8	988.1	33.3	3.2	1,194.4
Additions	813.7	56.1		1.3	871.0
Decreases		–910.7	–33.3	–0.8	–944.8
Historical cost, Dec 31	983.5	133.6	0.0	3.6	1,120.6
Write-downs, Jan 1	–36.3			–0.6	–36.9
Increase	–369.2			–0.1	–369.2
Write-downs, Dec 31	–405.5			–0.7	–406.2
Net book value, Dec 31, 2008	**578.0**	**133.6**	**0.0**	**2.9**	**714.5**
2007					
Historical cost, Jan 1	169.6	48.5	191.7	3.3	413.1
Additions	0.2	1,188.1	28.9	1.0	1,218.2
Decreases		–248.4	–187.4	–1.1	–436.9
Historical cost, Dec 31	169.8	988.1	33.3	3.2	1,194.4
Write-downs, Jan 1	–36.3			–0.6	–36.9
Write-downs, Dec 31	–36.3			–0.6	–36.9
Net book value, Dec 31, 2007	133.5	988.1	33.3	2.5	1,157.5

	Number of shares	Domicile		% of share capital	% of voting power	Book value (€ 1,000)
Shares in subsidiaries						
Avlis AB	N/A	Sollentuna	SE	100.0	100.0	444,622
Fiskars Brands, Inc.	22,924,913	Madison,WY	US	100.0	100.0	42,484
Fiskars Brands Europe ApS	1,251,250	Silkeborg	DK	100.0	100.0	71,338
Fiskars Brands Europe BVBA	199	Brussels	BE	100.0	100.0	239
Inha Works Ltd.	5,000	Ähtäri	FI	100.0	100.0	1,199
Ferraria Oy Ab	750,000	Raasepori	FI	100.0	100.0	17,660
Kiinteistö Oy Danskog gård	4,000	Raasepori	FI	100.0	100.0	505
Ab Åbo Båtvarf - Turun Veneveistämö Oy	150	Turku	FI	100.0	100.0	3
						578,050
Other shares						
Rautaruukki Corporation	10,000		FI	0.0	0.0	20
Other shares owned by the parent company						2,856
						2,875

M€	**2008**	2007
13. Inventories		
Finished goods	**0.2**	0.2
Total, Dec 31	**0.2**	0.2
14. Receivables from subsidiaries		
Trade receivables	**0.1**	0.0
Loan receivables	**169.0**	156.6
Other receivables	**12.7**	7.0
Prepayments and accrued income	**20.7**	15.4
Total, Dec 31	**202.5**	179.1
15. Prepayments and accrued income		
Prepaid and accrued interest	**1.2**	0.5
Total, Dec 31	**1.2**	0.5
16. Cash and cash equivalents		
Cash and cash equivalents	**2.7**	3.3
Money market investments	**1.9**	21.0
Total, Dec 31	**4.6**	24.3

Balance Sheet, Shareholders' Equity and Liabilities

M€	**2008**	2007
17. Shareholders' equity		
Share capital		
A Shares		
Jan 1	**54.9**	54.9
Dec 31	**54.9**	54.9
K Shares		
Jan 1	**22.6**	22.6
Dec 31	**22.6**	22.6
Share capital, Dec 31	**77.5**	77.5
Revaluation reserve		
Jan 1	**3.8**	3.8
Decrease following sale of fixed assets	**0.0**	0.0
Revaluation reserve, Dec 31	**3.8**	3.8
Treasury shares		
A Shares		
Jan 1	**–0.9**	–0.9
Decrease	**0.1**	
Dec 31	**–0.8**	–0.9
K Shares		
Jan 1	**0.0**	0.0
Dec 31	**0.0**	0.0
Treasury shares, Dec 31	**–0.8**	–0.9
Other reserves		
Jan 1	**3.2**	3.2
Other reserves, Dec 31	**3.2**	3.2
Retained earnings		
Jan 1	**895.7**	288.8
Dividends	**–61.5**	–46.0
Transfer from revaluation reserve	**0.0**	0.0
Sale of treasury shares	**0.1**	
Net profit (loss)	**–373.0**	652.9
Retained earnings, Dec 31	**461.3**	895.7
Less treasury shares	**–0.8**	–0.9
Distributable earnings, Dec 31	**460.5**	894.8
Restricted equity	**83.7**	83.6
Non-restricted equity	**461.3**	895.7
Shareholders' equity total	**545.0**	979.3

M€	2008	2007
18. Appropriations		
Depreciation in excess of plan, Jan 1	**2.0**	2.1
Changes during the year	**–0.2**	0.0
Depreciation in excess of plan, Dec 31	**1.9**	2.0

Parent Company deferred tax liabilities EUR 0.5 million (0.5) are included above.

19. Capital loan

Main characteristics of the loan

The principal, interest and any other yield will be payable on the dissolution or bankruptcy of the Company solely at a priority ranking inferior to that of all other debt.

The principal can be repaid if and only to the extent the Company will retain full cover for its restricted equity and non-distributable funds in accordance with the balance sheet and consolidated balance sheet approved for the latest financial year.

Interest can be paid if and only to the extent the equivalent sum is available for dividend distribution in accordance with the balance sheet and consolidated balance sheet approved for the latest financial year.

The loan will be repaid in full on June 17, 2010 and a fixed annual interest of 6.25% will be paid. The loan is listed on NASDAQ OMX Helsinki.

M€	2008	2007
20. Liabilities to subsidiaries		
Trade payables	**2.4**	0.2
Other liabilities	**89.5**	71.3
Accruals and deferred income	**5.6**	1.0
Total, Dec 31	**97.5**	72.5
21. Accruals and deferred income		
Interest payable	**6.2**	6.0
Wages, salaries and social costs	**1.7**	0.3
Other items	**0.4**	3.0
Total, Dec 31	**8.3**	9.3
22. Lease obligations		
Operating leases, payments next year	**0.4**	0.3
Operating leases, payments later	**0.1**	0.0
Total, Dec 31	**0.5**	0.3
23. Contingencies and pledged assets		
As security for own commitments		
Lease commitments	**0.5**	0.3
Other contingencies	**4.6**	6.8
Total	**5.1**	7.0
Guarantees as security for subsidiaries' commitments	**15.0**	11.4
Total, Dec 31	**20.1**	18.4

Board's proposal for the Annual General Meeting

The distributable equity of the Parent Company at the end of the 2008 fiscal year was EUR 460.5 million (894.8).

The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of EUR 0.50 per Series A share and EUR 0.48 per Series K share would be paid for 2008.

The number of shares entitling to a dividend totaled 77,397,665, of which 54,832,377 are Series A shares and 22,565,288 Series K shares. The proposed distribution of dividend would thus be as follows:

	Number of shares	Dividend per share, €	Total
Series A shares	54,832,377	0.50	27,416,188.50
Series K shares	22,565,288	0.48	10,831,338.24
Total	**77,397,665**		**38,247,526.74**

This would leave EUR 422.3 million of unused profit funds at the Parent Company.

No material changes have taken place in the financial position of the Company after the end of the fiscal year. The financial standing of the Company is good and according to the Board of Directors' assessment the proposed distribution of dividend will not compromise the Company's solvency.

Helsinki, February 12, 2009

Kaj-Gustaf Bergh

Ralf Böer

Alexander Ehrnrooth

Paul Ehrnrooth

Ilona Ervasti-Vaintola

Gustaf Gripenberg

Karl Grotenfelt

Karsten Slotte

Jukka Suominen

Kari Kauniskangas
President and CEO

Auditor's report

To the Annual General Meeting of Fiskars Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Fiskars Corporation for the year ended on December 31, 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

The responsibility of the Board of Directors and the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditors' responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with professional ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the President and CEO have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit has been performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

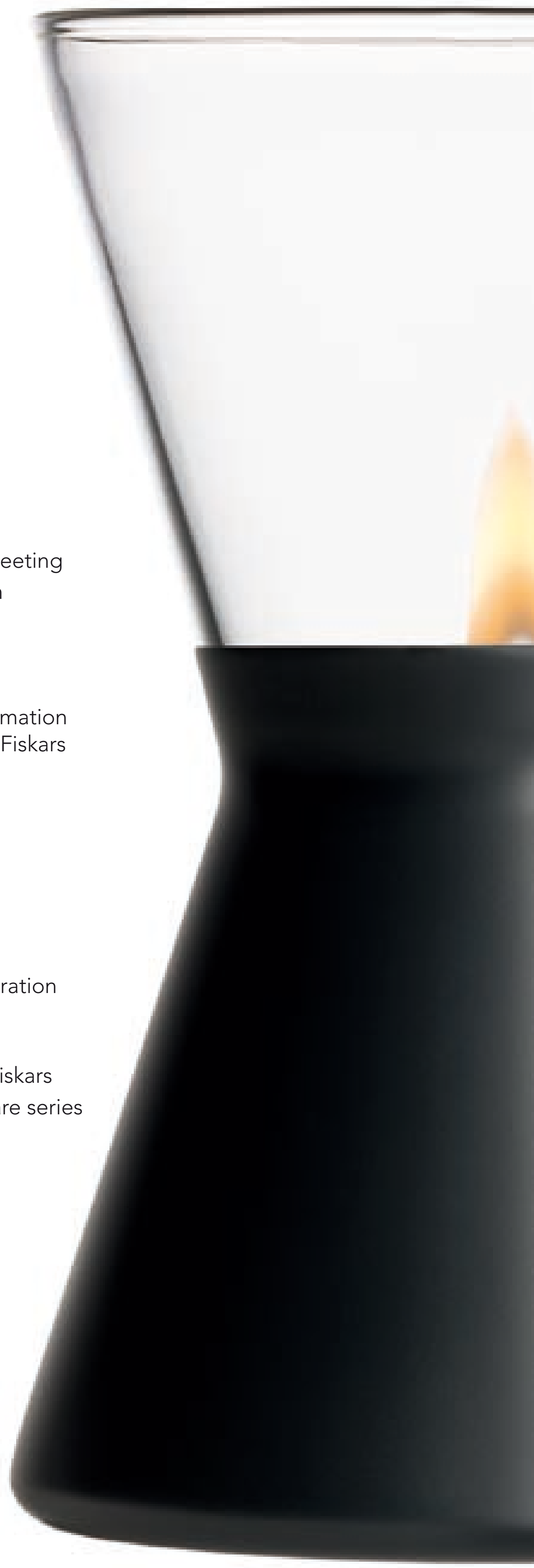
Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, February 12, 2009
KPMG OY AB

Mauri Palvi
Authorized Public Accountant

Stock exhange releases in 2008



Fiskars Corporation published the following stock exchange releases in 2008.

Financial Reports

Feb 14, 2008	Fiskars Financial Statement Bulletin 2007
May 8, 2008	Fiskars Corporation interim report January–March 2008
Aug 6, 2008	Fiskars Corporation interim report January–June 2008
Oct 31, 2008	Fiskars Corporation interim report January–September 2008

Other Stock Exchange Releases

Jan 24, 2008	Annual Review 2007
Feb 14, 2008	Notice of Annual General Meeting
Feb 14, 2008	Correction to Fiskars Corporation's notice of Annual General Meeting
Feb 14, 2008	Correction to Fiskars Corporation's Financial Statement Bulletin
Mar 6, 2008	Correction to Reuters news concerning Fiskars' Q1
Mar 7, 2008	Fiskars Corporation announces new organization structure
Mar 13, 2008	Fiskars Corporation's Annual Report 2007 is published
Mar 20, 2008	The effects of the new organization on the Fiskars segment information and the effects of Wärtsilä's combination of the share series on Fiskars
Mar 25, 2008	Fiskars Annual General Meeting of Shareholders 2008
Apr 21, 2008	Amendments to Fiskars Corporation's articles of association entered into the trade register
Apr 25, 2008	Teemu Kangas-Kärki appointed Chief Financial Officer for Fiskars Corporation
May 9, 2008	Juha Rauhala, Fiskars VP, Corporate Finance resigns
Jun 13, 2008	Fiskars full-year outlook changed
Aug 7, 2008	Max Alfthan appointed Chief Strategy Officer for Fiskars Corporation
Aug 22, 2008	Fiskars Executive Vice President and Head of Real Estate Ingmar Lindberg to retire
Sep 16, 2008	Vice President, Communications Leena Kahila-Bergh to leave Fiskars
Oct 1, 2008	Request received to consider equal voting rights for Fiskars share series
Oct 31, 2008	Board's response to the request to consider equal voting rights for share series
Nov 18, 2008	Changes in the Fiskars Americas management
Nov 18, 2008	Notification referred to in chapter 2, section 10, of the securities markets act on a change in holdings
Nov 24, 2008	Fiskars to strengthen its business area management
Dec 11, 2008	Fiskars to continue streamlining its business; Books EUR 32 million in restructuring charges
Dec 11, 2008	Fiskars to change the accounting estimate for standing timber, reducing fair value by EUR 3 million
Dec 11, 2008	Fiskars financial reports in 2009
Dec 29, 2008	Iittala Group to start negotiations under the codetermination act

The releases and the Annual Report are available at www.fiskars.fi.

For investors

Fiskars was listed on the Helsinki Stock Exchange in 1915. Today, its Series A and Series K shares are traded in the large cap segment of NASDAQ OMX Helsinki, under the FISAS (Series A) and FISKS (Series K) trading codes.

Annual General Meeting and dividend

Fiskars Corporation will hold its Annual General Meeting (AGM) at 3.00 pm EET on Monday, March 16, 2009 in the Congress Wing of the Helsinki Fair Centre (Messuaukio 1, Helsinki). Registration will begin at 2.00 pm.

All shareholders included in the register of shareholders maintained by Euroclear Finland Ltd. as of March 6, 2009 shall be entitled to attend the meeting. Shareholders wishing to attend should inform the company on March 10 at the latest.

The Board of Directors is proposing a dividend of €0.50 per Series A share and €0.48 per Series K share for the 2008 fiscal year. The record date for payment of the dividend will be March 19, 2009, and dividends will be paid on March 26, 2009.

Further information on the matters to be discussed at the AGM and how to register can be found in the invitation to the meeting at www.fiskars.fi.

Financial reports

Fiskars will publish three interim reports in 2009: January–March on May 6, 2009, January–June on August 6, 2009, and January–September on November 4, 2009.

Interim reports, the Annual Report, and all stock exchange releases are published in Finnish, Swedish, and English, and can be consulted at www.fiskars.fi.

Investor relations

The goal of Fiskars' investor relations is to provide all parties in the market with accurate, up-to-date, and sufficient information on the company to enable them to analyze its performance and prospects as an investment.

Fiskars observes a closed window for three weeks prior to the publication of its results. During these periods, the company's representatives will not comment on Fiskars' financial position or prospects, or meet market representatives.

Meetings with investors are coordinated by Corporate Communications. Questions should be addressed to Communications Manager Nora Malin, tel. +358 (0)9 6188 6250, nora.malin@fiskars.fi.

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