2005

Annual Report










Contents 2005

2 Fiskars since 1649
3 Information for Shareholders
4 President's Review
6 Board of Directors and Auditor
8 Corporate Management
10 Fiskars Brands
16 Inha Works
18 Real Estate Group
20 Associated Company Wärtsilä
21 Financial Statements
86 Addresses



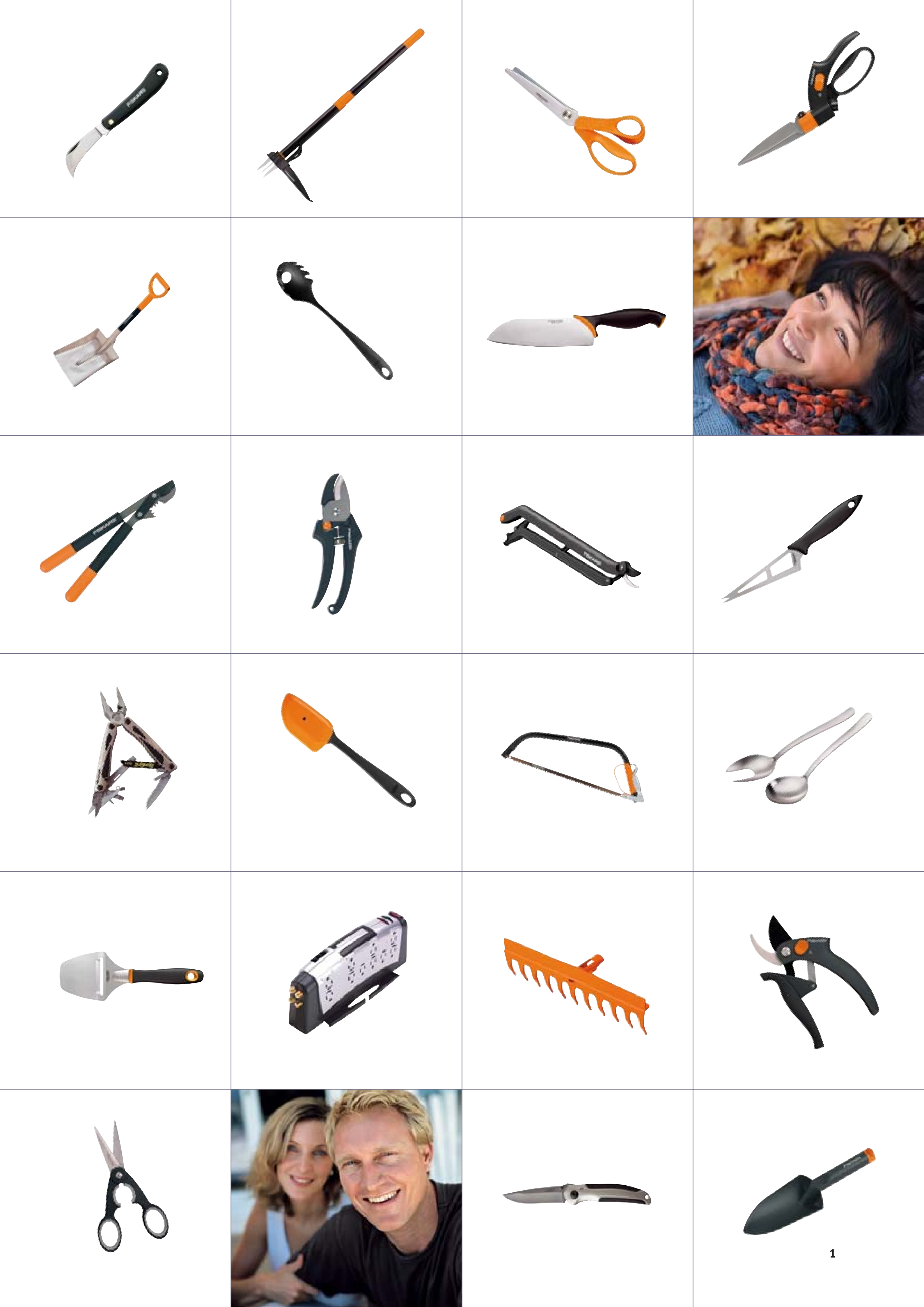








Cover: Serviceberry *(Amelanchier Spicata)*, Power Lever Anvil Pruner



Fiskars since 1649

Fiskars tailor's scissors from 1880s.

Fiskars Works was founded in 1649 with a letter of privilege from Queen Christina of Sweden. Johan von Julin's purchase of the works in 1822 began a period of development, and under his leadership Fiskars Works focused on refining iron.
In 1915 Fiskars was listed on the Helsinki Stock Exchange. In 2005, Fiskars Corporation is comprised of its subsidiary companies, Fiskars Brands, Inc. and Inha Works Ltd, and its Real Estate operations. The associated company Wärtsilä is also an important part of the Corporation.
www.fiskars.fi

FISKARS BRANDS

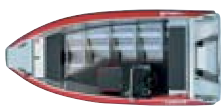
Fiskars Brands, Inc. is responsible for the Corporation's consumer product operations. Some two thirds of their net sales are generated in the US. In addition to America, the company has operations in Europe, Asia and Australia.
www.fiskars.com

KEY INDICATORS	2005	2004
Net sales, M€	513	528
Share of total net sales	93 %	93 %
Operating profit, M€	-2	48
Personnel	2,970	3,105

REAL ESTATE

The Real Estate Group handles the management and upkeep of 15,000 hectares of real estate in and around Fiskars Village and the Hanko peninsula.
www.fiskarsvillage.net

KEY INDICATORS	2005	2004
Net sales, M€	9	11
Share of total net sales	2 %	2 %
Operating profit, M€	2	5
Personnel	26	78



INHA WORKS

Most famous of the brands from Inha Works Ltd, Buster aluminum boats are mainly marketed in the Nordic countries.
www.inha.fi

KEY INDICATORS	2005	2004
Net sales, M€	32	29
Share of total net sales	6 %	5 %
Operating profit, M€	3	4
Personnel	271	248

WÄRTSILÄ

Fiskars is the largest stockholder of Wärtsilä Corporation, with a holding of 16.8 percent of shares and 30.6 percent of votes.
www.wartsila.com

KEY INDICATORS	2005	2004
Net sales, M€	2,639	2,478
Operating profit, M€	224	112
Earnings/share, € (diluted)	1.78	1.42
Personnel	12,049	12,361

Information for Shareholders

The Annual General Meeting of the Shareholders of Fiskars Corporation will be held on March 20, 2006 at 3.00 p.m. at the Finlandia Hall, Mannerheimintie 13 e, Helsinki.
Shareholders registered at March 10, 2006 in the shareholders' register maintained by the Finnish Central Securities Depository Ltd (Suomen Arvopaperikeskus Oy) are entitled to participate in the meeting. Shareholders wishing to attend the meeting should inform Fiskars Corporation not later than 4.00 p.m. on March 16.

PAYMENT OF DIVIDENDS

The Board of Directors proposes that the Annual General Meeting declare a dividend of EUR 0.45 per share of series A and EUR 0.43 per share of series K. The record date for the dividend is March 23, 2006 and the payment date March 30, 2006.

ANNUAL REPORT 2005

This Annual Report is published in Finnish, Swedish and English. The Annual Report is also available on the Fiskars Corporation website www.fiskars.fi.

INTERIM REPORTS IN 2006

The Interim Reports will be published as follows:

January – March	May 12, 2006
January – June	August 11, 2006
January – September	November 10, 2006

The Interim Reports are published in Finnish, Swedish and English on the website www.fiskars.fi. They can also be ordered at info@fiskars.fi, by phone: +358 9 618 861 or fax +358 9 604 053.

FISKARS SHARES

Trading codes	FISAS
	FISKS
Lot size	50

STOCK EXCHANGE RELEASES

Stock Exchange releases are published in Finnish, Swedish and English on the website www.fiskars.fi.

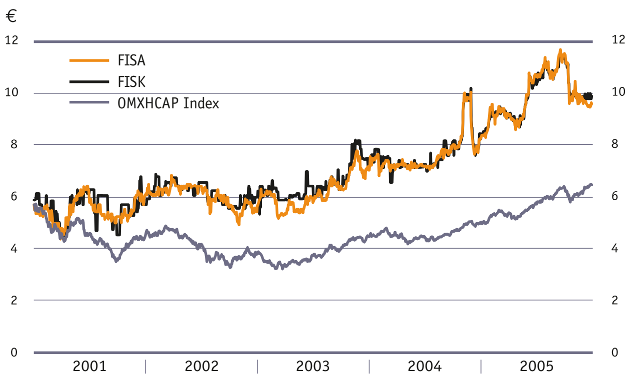
SUMMARY OF OPERATIONS *)	M€	M€
	2005	2004
Net sales	551	566
Operating profit	-2	52
Net profit	62	55
Balance sheet total	703	692
Equity ratio	57 %	49 %

SHARE DATA	€	€
	2005	2004
Earnings/share	0.80	0.71
Equity/share	5.20	4.34
Personnel at year end	3,284	3,448

*) A complete summary is presented on page 66.

EURO EXCHANGE RATES	2005	2004	2005	2004
	Income Statement		Balance Sheet	
USD	1.244	1.244	1.180	1.362
GBP	0.684	0.679	0.685	0.705
NOK	8.009	8.370	7.985	8.237
DKK	7.452	7.440	7.461	7.439
CAD	1.509	1.617	1.373	1.642
SEK	9.282	9.124	9.389	9.021

TREND OF FISKARS SHARE PRICE



EURO IN USD

Operating model and flexibility fine-tuned in pace with rapidly evolving markets

Fiskars has repeatedly faced new situations during its 366-year-long industrial history. These challenges have become more and more varied again this year, and the pace of change in the operating environment has accelerated. In their respective markets, the corporate units have faced many new situations. The future success of the company will be determined by its ability to correctly evaluate these situations and to react swiftly using efficiently its spiritual and financial resources. Fiskars has initiated a significant reorganization of its consumer products industry in order to meet the new challenges.

For Fiskars Brands, 2005 was again a year of changes. This strengthened the picture of a major transition in the US markets where critically important new areas of knowledge are growing side by side with traditional industrial skills.

An internationalization of the entire production chain, similar to what we have seen in Scandinavia, perhaps most visibly in products of the electronics industry, is currently going on also in Fiskars' global product areas; this is particularly true of products in a mature phase of their life cycles.

Fiskars Brands is determined to adapt its operations to meet this trend and take its share of the growth generated by this development. During fall 2005, the company started modifying its production structure especially in the United States while at the same time limiting capacity to some extent in the Group's home country Finland. The objective is to continue adapting its production during the current financial year by transferring a significant part of it gradually to sub-suppliers in countries with a more favorable cost structure. This concerns especially products that use resin and rubber raw-material as well as conventional products based on straightforward production technology. In 2005, Fiskars' subcontracted operations exceeded for the first time EUR 100 million calculated on the basis of retail prices.

The ongoing project whose estimated cost effects of EUR 50 million will be spread over two years led to cost bookings of EUR 40 million in 2005. The actual measures will be implemented mainly during the current financial year and are expected to take effect towards the end of 2006. The impacts will not be concretized until the products which are in some respects highly cyclical reach the distribution chain and the shelves of retailers. For example for garden products this can happen in spring 2007 at the earliest.

The most interesting new acquisitions during the year were made in the extensive US craft and hobby markets. The acquisitions included the highly valued Gingher which mainly specializes in marketing of quality scissors, as well as two small companies: Heidi Grace Designs and Cloud 9 Designs, which operate as marketers of craft and hobby products.

While the progress of garden products in the United States was sluggish in the spring season, the European operations were successful and achieved targets in this sector. Gerber succeeded reasonably well, although it was slightly down from the previous year's level that had been boosted by the campaign sales of its biggest customer. Superknife, acquired during the year, will be an interesting addition to the product range.

Consumer electronics exceeded growth expectations, and some of its products, such as PowerSquid™, fared well in international media.

The extension of Inha Works' production hall reached its roofing height in the early part of the year, and the automation investments were realized in August. The running-in phase progressed well although not entirely without capacity losses. In spite of this, however, Inha manufactured a record number of boats. Production volumes will now be increased, and if the prevailing favorable market situation continues, another production record can be anticipated for 2006 at the same time as the dynamically evolving boat markets are expecting a tenth consecutive year of growth.

The real estate assets of the company, especially its forest properties, are managed according to a long-term plan respecting both their natural and historical values. During the year, the corporate real estate unit Ferraria Oy Ab was one of the first companies to introduce the FSC standard in Finland. Since no major sales took place during the year, the overall result of the Real Estate operations for 2005 largely reflects the trend of market prices for standing timber in Finnish forests.

During the 2005 financial year, Fiskars reorganized its important assets consisting of a holding in Wärtsilä according to its long-term objectives. Altogether about 4.4 million Wärtsilä B shares were sold in June. This realized a cash flow of EUR 74 million and a net result of EUR 52 million in the parent company. Fiskars increased its interest in Wärtsilä in the fall by acquiring 1.26 million Wärtsilä A shares. As a result of the deals and taking into account the dilution effect, Fiskars held 16.8% of the shares and 30.6% of the votes at the end of the financial year.

Fiskars' financial position is very solid, the balance sheet is once again strong and the company is prepared to face the changes in the market situation and structures. I am convinced that we will see a highly interesting year as the measures introduced in the latter half of 2005 start bearing fruit.

I wish to thank our shareholders, cooperation partners and personnel for the past year and look forward to our continued good cooperation also in the future.

Helsinki, February 2006

Heikki Allonen

Board of Directors

GÖRAN J. EHRNROOTH (1934)
Chairman since 1984, elected to the Board in 1974. President of Fiskars Corporation during 1969–1983. Vice Chairman of the Board of Wärtsilä Corporation.
Holds 540,885 Fiskars shares.

MIKAEL VON FRENCKELL (1947)
M.Sc. (Pol.). Vice Chairman, elected to the Board in 2000. Chairman of the Board and partner in Sponsor Capital Ltd. Chairman of the Board in Tamfelt Corporation, Vice Chairman of the Board of Neste Oil Corporation and Member of the Board of Tamro Corporation.
Holds 56,000 Fiskars shares.

GUSTAF GRIPENBERG (1952)
D.(Eng.) Professor, Helsinki University of Technology.
Elected to the Board in 1986.
Holds 236,600 Fiskars shares.

OLLI RIIKKALA (1951)
M.Sc. (Eng.), B.Sc. (Econ.) and MBA. Elected to the Board in 2002. GE Healthcare – Senior Advisor, Member of the Board in TietoEnator Corporation, Orion Corporation and Efore Plc and Chairman of the Board in Comptel Corporation.
Holds 2,550 Fiskars shares.

PAUL EHRNROOTH (1965)
M.Sc. (Econ.) Elected to the Board in 2004. Chairman of the Board of Savox Ltd and Finance Link Ltd.
Holds 145,304 Fiskars shares.

KAJ-GUSTAF BERGH (1955)
M.Sc. (Econ.), LL.M. Elected to the Board in 2005. Chairman of the Board of Aktia Savings Bank plc and Finaref Group Ab. Member of the Board of Agnivi Ab, Ramirent Plc, Sponda Plc, Julius Tallberg Oy Ab and Föreningen Konstsamfundet r.f.
Holds 5,000 Fiskars shares.

KARL GROTENFELT (1944)
LL.M. Elected to the Board in 2005. Chairman of the Board in Famigro companies. Member of the Board in UPM-Kymmene Corporation and Ahlström Capital Oy.
Holds 11,680 Fiskars shares.

ILONA ERVASTI-VAINTOLA (1951)
LL.M., Trained on the bench. Elected to the Board in 2004. Chief Counsel of Sampo plc, Principal Attorney and Member of the Group Executive Committee. Member of the Boards of OMX Exchanges Ltd, Stockholmsbörsen AB and Finnish Literature Society.
Holds 14,000 Fiskars shares.

ALEXANDER EHRNROOTH (1974)
M.Sc. (Econ.) and MBA. Elected to the Board in 2005. CEO in Atine Group Oyj and Virala Ltd. Chairman of the Board of Turvatiimi Corporation.
Holds 42,101 Fiskars shares.

AUDITOR KMPG OY AB

Lesser celandine *(Ranunculus Ficaria)*

THE MANOR HOUSE IN FISKARS VILLAGE was completed in 1822, the same year Johan von Julin bought the Fiskars Works, and is still in company use. Many of the fine hardwood trees growing in and around the village also date back to Julin's time. Set in a fjord-like valley surrounded by forests, Fiskars Village benefits from its rich native flora.

Corporate Management

FISKARS CORPORATION

HEIKKI ALLONEN (1954)
President and CEO
M.Sc. (Eng.)
Employed 2003
Holds 21,355 Fiskars shares

INGMAR LINDBERG (1945)
Executive Vice President, Real Estate
B.Sc. (Econ.)
Employed 1985
Holds 3,544 Fiskars shares

MAIJA ELENIUS (1956)
Vice President,
Corporate Controller
B.Sc. (Econ.)
Employed 2003
Holds 980 Fiskars shares

LEENA KAHILA-BERGH (1959)
Vice President,
Corporate Communications
M.Sc. (Econ.)
Employed 1989
Holds 1,127 Fiskars shares

JUHA RAUHALA (1954)
Vice President,
Corporate Finance
B.Sc. (Econ.)
Employed 1989
Holds 13,995 Fiskars shares

JOHAN LANDSDORFF (1949)
Vice President, Legal Counsel
LL.M.
Employed 2003
Holds no Fiskars shares

FISKARS BRANDS, INC.

BOARD OF DIRECTORS
Heikki Allonen (1954)
Chairman
Ralf R. Böer (1948)
Chairman and CEO, partner,
Foley & Lardner LLP
Holds 5,677 Fiskars shares
David J. Drury (1948)
President and Partner,
Poblocki Sign Company LLC
Alexander Ehrnrooth (1974)
Clas Thelin (1954)
Divisional President, Securitas
Cash Handling Services, Inc.
James S. Purdin (1949)
President and CEO

MANAGEMENT
James S. Purdin (1949)
President & CEO, Employed 2003
Francis Kint (1962)
President – Fiskars Brands Europe
and Garden & Outdoor Living
Employed 2004
Jerome L. Klein (1957)
Sr. Vice President – Finance &
Accounting, Employed 2002
Jason R. Landmark (1967)
President – Gerber Legendary
Blades, Employed 2001
William J. Nee (1960)
Sr. Vice President –
Human Resources, Employed 2004
Mark A. Schaffner (1959)
President – Power Sentry
Employed 2002
Chad T. Vincent (1961)
President – School, Office & Craft
Employed 2001

INHA WORKS LTD

BOARD OF DIRECTORS
Heikki Allonen (1954)
Chairman
Maija Elenius (1956)
Ingmar Lindberg (1945)

MANAGEMENT
Jukka Suonperä (1952)
President
M.Sc. (Eng.)
Employed 2003
Holds 770 Fiskars shares

REAL ESTATE

PARENT COMPANY'S REAL ESTATE
Ingmar Lindberg (1945)

FERRARIA OY AB

BOARD OF DIRECTORS
Heikki Allonen (1954)
Chairman
Elsa Fromond (1942)
Ph.D.
Holds 1,086,382 Fiskars shares
Fredrik von Limburg Stirum (1974)
M.Sc. (Agriculture and Forestry)
Holds 260,178 Fiskars shares
Ingmar Lindberg (1945)
President

THE CREATIVE DESIGN EXHIBITION AT THE HELSINKI DESIGN MUSEUM in the winter of 2005, at which Fiskars exhibited alongside Nokia, Metso, Luhta and Helkama. The theme of the exhibition was the cooperation between industry and designers. The starting point for a new Fiskars product is consumer need; our products solve the problem. Ergonomics and usability are cornerstones in our product development, and this includes the planning of the industrial manufacturing process. Long-term design leadership has made Fiskars products readily identifiable and increased brand-recognition.

Fiskars Brands

James S. Purdin

Fiskars Brands, Inc. is a global enterprise headquartered in Madison, Wisconsin. We market branded products to a wide range of retailers ranging from the world's largest chains to local boutique outlets in over 20 countries.

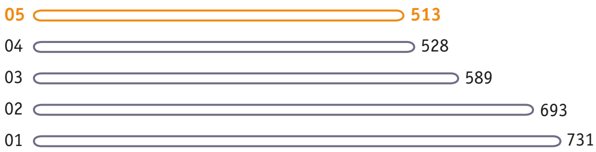
Throughout 2005, Fiskars Brands focused on its core businesses – Garden Tools; School, Office and Craft; and Outdoor Recreation – by substantially increasing its efforts in new product development and marketing activities. The company's brands already enjoy an excellent reputation and a loyal following among consumers as well as its retail trade partners, and Fiskars Brands will continue striving to be first with new innovations while also reaching out to connect with consumers through creative campaigns delivered across multiple media. The results of these efforts will be realized in 2006 and beyond.

The four acquisitions completed during 2005 strengthened and expanded our core businesses, with brands and product lines that make us more important to our key customers. Looking ahead, we believe we are well positioned for future growth.

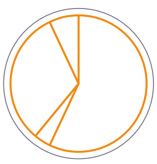
Increasing popularity of the consumer activities at which many of our products and brands are aimed is promoting excellent growth in our markets around the world. The company's strengths which are key to its future growth include our outstanding customer relationships, innovation, market-leading new product development, support for our strong brands, engaging and focused marketing campaigns, excellence in our supply chain, and an employee development program. Together, all these ensure that the management is well prepared to meet future challenges.

KEY INDICATORS	2005	2004
Net sales, M€	513	528
Share of total net sales	93 %	93 %
Operating profit, M€	-2	48
Personnel	2,970	3,105

NET SALES M€

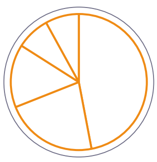


NET SALES BY MARKET AREA



USA 57 %
Finland 4 %
Other Europe 32 %
Other 7 %

NET SALES BY PRODUCT GROUP



Garden and Outdoor Living 47 %
School, Office and Craft 22 %
Outdoor Recreation 15 %
Housewares 8 %
Consumer Electronics 8 %

SCHOOL, OFFICE AND CRAFT

As a worldwide leader in consumer craft and office products, we exist to develop innovative products for people of all ages and lifestyles who want to express their individuality through their art. Fiskars® high quality scissors have long been embraced by needleworkers and quilters, and we market a wide range of hobby, craft and paperwork products for school, home and office.

Three acquisitions were made in 2005. When we acquired Gingher® early in the year, we strengthened our product and brand portfolio with a line of heirloom-quality, handcrafted, forged scissors and a brand name trusted and admired for decades by sewing and quilting enthusiasts. The recent acquisitions of Heidi Grace Design® and Cloud 9 Design® will increase Fiskars' presence in the fast-growing consumables segment of the craft market.

In 2005, we stepped up the development of innovative new products and as a result will market more than three hundred new items in 2006. Developed through meticulous market research and analysis, these products reflect a thorough understanding of consumer wants and needs.

Fiskars Classic all-purpose scissors were first introduced in 1967.

GARDEN AND OUTDOOR LIVING

Fiskars® is the number one global brand of garden tools. We have earned this position through years of developing innovative cutting and long-handled tools that make gardening easier and more enjoyable. Fiskars garden tools employ state-of-the-art materials and technology, and have been recognized with numerous awards for design excellence.

In addition to our world-renowned garden tools, we market a broad line of additional garden products ranging from hoses and fittings to pottery, decorative planters, and professional tools under brand names that include Aquapore, Sankey, and Zinc Lysbro.

As in our other businesses, we give high priority to developing strong relationships with consumers through marketing programs that position us as the leading resource for products as well as information about the products. In addition to traditional print campaigns and website programs, we participate in consumer shows worldwide that each year reach nearly one million gardening enthusiasts.

Fiskars large leaf rake with exchangeable handle.

Gerber's Multi-Plier Diesel.

OUTDOOR RECREATION

The vision of our Outdoor Recreation group is to champion a return to self-reliance, and to outfit the world with essential outdoor gear. Its Gerber® brand enjoys a premium position among outdoor enthusiasts around the world, particularly in its core lines of sporting knives and multi-tools.

Gerber® continues to strengthen its market position through a comprehensive new product development effort that launches over one hundred new, innovative products each year. In 2005, we expanded our Outdoor Recreation business with the introduction of our first line of hydration packs with innovative features geared for our primary consumers. We also expanded our line of portable LED lights with impressive technical developments, such as our breakthrough new TRAX™ blood-tracking technology.

The recent acquisition of SuperKnife™ adds the original and leading brand of folding utility knives to our portfolio and strengthens our position in the hardware distribution channel of the market.

Gerber's award-winning Fend For Yourself™ marketing campaign continues to build our base of loyal consumers and to strengthen our retail partnerships. Highlights of the 2005 campaign included, in addition to a strong print and PR campaign, upgrades to our website and a first taste of viral web marketing.

The Fiskars Functional Form range of kitchen utensils was introduced in 2005.

HOUSEWARES

With the classic orange-handled scissors as the foundation of our range, gourmet cooks and professional chefs count on our houseware products to help them pursue their culinary passions with ease and style. Our distinctive European cutlery, innovative cookware and accessories can be found in the kitchens of the world's finest chefs.

Housewares saw major additions to their product range in 2005 with the launch of five new Fiskars-branded cutlery lines, from our high value Functional Form collection to our premium quality, fully forged Chef Deluxe line. We will maintain this emphasis on new products to strengthen our market position and expand our product range across our houseware categories.

In addition to Fiskars®, we market two other leading European houseware brands. Raadvad® has been a premium brand in Denmark for cookware cutlery, flatware, and kitchen tools dating back to 1758, while Montana® is the leading brand of high quality cutlery in Italy.

CONSUMER ELECTRONICS

Our Consumer Electronics group is the industry leader in innovative products that connect and protect electronic equipment. Our surge protectors set the industry standard for quality and features. The Electronic operations are concentrated in the North American markets.

Our new-product development efforts are focused on creating electronic products aimed at growing consumer trends, such as for HDTV and home theater. Our innovative new PowerSquid™ was acclaimed by consumers and the national media in the United States as one of the best new products of 2005.

From a marketing perspective, we continue to use a dual-brand approach to differentiate our products and markets. We have positioned the Newpoint™ brand for the upscale audio/video channel of the market, while our core PowerSentry™ brand continues to focus on the everyday user in the mass market and hardware channels.

The new PowerSquid™ Power Multiplier.

Buster boats get their surface basecoat at the factory, which makes boating more carefree.

Inha Works Ltd designs, manufactures and markets Buster® aluminum boats and Fiskars® hinges. The main markets are the Nordic countries and others in the Baltic Sea region. The primary markets for the third product group, forged rail fasteners, are Finland and Sweden.

Inha Works designs, manufactures and markets Buster® aluminum boats and Fiskars® hinges. The main markets are the Nordic countries and others in the Baltic Sea region. The primary markets for the third product group, forged rail fasteners, are Finland and Sweden.

During 2005 Inha Works invested in increased production capacity for boats and improved cost-effectiveness by automating the cutting and folding of aluminum sheets. These measures will make it possible to increase capacity and the degree of finish in years to come. The product range of the hinges operations was developed in cooperation with door and window manufacturers to meet increasingly exacting demands from consumers.

Inha Works aims to further increase the enjoyment of Buster® boating. The company makes a particular effort to develop the boats in ways that make their use more carefree than ever. Thanks to the greater degree of automation in the production of the boats, customers now have more freedom to choose the combination of equipment that will best suit their own needs and preferences while on board. Training of the network of retail dealers aims to improve customer service and satisfaction throughout the various stages of boat purchase and ownership.

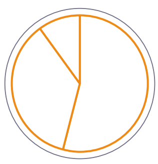
The new coating process for the boats further strengthened the leading position Buster® holds in the European boat market. The demand for Buster® boats with the new finish grew both in the domestic and export markets. Deliveries of all models increased significantly, particularly in the Nordic market. Due to the seasonal fluctuation in demand, deliveries in the spring were limited to the full extent of Inha's production capacity. Their capacity for manufacturing boats was therefore increased during the fall, ready to meet the expected surge in demand during the 2006 season.

The hinges operation was made more competitive by renewing the range of hinges and by improved cost-effectiveness. Deliveries of Fiskars® hinges to the Nordic countries almost reached the previous year's levels, despite the fact that demand from door and window manufacturers did not remain at the expected level. Exports to the Baltic states grew despite increased competition in prices, which also occurred in the other export markets. Through new products and improvements to distribution network procedures, Inha Works aims to increase its export of hinges to the Russian market, where building work is expected to stay brisk in 2006, particularly in the economic areas of St. Petersburg and Moscow.

The demand for rail fasteners maintained a good level of use of the manufacturing capacity throughout the year. Thanks to its steel-processing expertise and customer-based service the longstanding cooperation of Inha Works with Nordic rail companies continued.

KEY INDICATORS	2005	2004
Net sales, M€	32	29
Share of total net sales	6 %	5 %
Operating profit, M€	3	4
Personnel	271	248

NET SALES BY MARKET AREA



Finland 54 %
Scandinavia 36 %
Other 10 %

Real Estate Group

The Real Estate Group manages the land and buildings in and around Fiskars Village and on the Hanko peninsula. The 15,000 hectares of real estate consist of buildings, commercial and natural forest, and about a hundred lakes. In managing the land and buildings, the Corporation actively develops plans for their future.

The soul of Fiskars Corporation remains in its birthplace, Fiskars Village, where an ironworks was founded in 1649. The Real Estate business dates from these early days of the ironworks. The large forests supplied the charcoal needed to manufacture iron, and the Fiskars River which flows through the village supplied the water power.

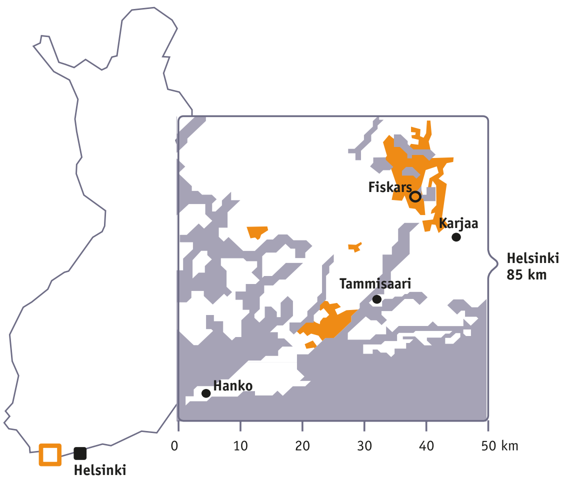
FISKARS VILLAGE

Through corporate ownership, Fiskars Village, once an industrial ironworks community, has survived the industry's moving elsewhere to become a unified cultural environment. Tourists have become more aware of the historical village thanks to the artists and artisans who have made their homes in Fiskars whose valuable industrial buildings have been revitalized to serve as fine studios and workshops. The number of artisans and designers living and working in Fiskars has grown steadily and their cooperative currently counts about a hundred members. The Laatupuu (Quality Wood) sawmill in Fiskars Village is part of the Real Estate Group and specializes in supplying high-quality wood for furniture-making and other industries. Most of the raw-material is harvested from own forests.

Since 1836, Fiskars Village is also home to Finland's oldest inn, Fiskars Wärdshus (Wärssy). Two years ago, a new building increased the inn's capacity, and in 2005, the hotel rooms of the 'Old Wärssy' were renovated, to meet the growing demand for accommodation. Conference guests and tourists appreciate the year-round activities at Fiskars Village and the high-quality art and design exhibitions. The lively community of almost 600 inhabitants is continually being developed both by the Corporation and the villagers themselves. Today, as in previous years, living in Fiskars Village is a way of life.

THE FORESTS AND THE ENVIRONMENT

Fiskars Corporation shoulders its responsibility by being involved in numerous environmental projects. Some 10 percent of the Corporation's land is included in several nature conservation plans, either through deeds or corporate ownership. The Real Estate Group also actively develops modern forestry. In 2005, Fiskars subsidiary Ferraria, which owns 4,000 hectares of forest on the Hanko peninsula, was granted a new FSC certificate. The FSC scheme aims to promote sustainable forestry. Part of the area included in the pilot project will be managed as a park-like recreation area, while timber will be harvested in other parts to allow renewal of the forest.
In addition to their environmental value, the forests continue to be a considerable financial asset to the Corporation.



English Oak *(Quercus robur)*

Furniture made by Mikko Merz is
built of the birch, oak, and alder that grow in Fiskars.

Associated Company Wärtsilä Corporation

Fiskars holds 16.8% of shares and 30.6% of votes in Wärtsilä. The book value of the investement in the associated company at the end of the year was EUR 232 million and the market value EUR 394 million.

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 more than 12,000 professionals manning 130 Wärtsilä offices in over 60 countries around the world.

WÄRTSILÄ

KEY FIGURES	2005	2004
Net sales, M€	2,638.8	2,478.2
Operating profit, M€	224.3	112.0
Earnings/share, € (diluted)	1.78	1.42

Wärtsilä's customer Fincantieri in Trieste, Italy, is one of the leading shipbuilding companies in the world.

Wärtsilä service in Singapore.

Wärtsilä has delivered a gas power plant to Nevada, USA.

SHIP POWER

Wärtsilä is the leading provider of ship machinery, propulsion and manoeuvring solutions. Wärtsilä supplies engines and generating sets, reduction gears, propulsion equipment, control systems and sealing solutions for all types of vessels and offshore applications.

KEY FIGURES	2005	2004
Net sales, M€	710.3	631.2
Order intake, M€	1,545.3	836.7
Order book, end of period, M€	1,658.5	812.7

SERVICE

Wärtsilä supports its customers throughout the lifecycle of their installations. Wärtsilä provides service and maintenance as well as reconditioning solutions for both ship machinery and power plants. Wärtsilä is expanding its service business by introducing innovative services that support its customers' business, service for multiple engine brands in key ports, long-term service contracts, predictive and condition-based maintenance, and operations and maintenance contracts.

KEY FIGURES	2005	2004
Net sales, M€	1,093.1	936.8
Order intake, M€	1,077.1	930.8
Order book, end of period, M€	303.3	290.2

POWER PLANTS

Wärtsilä is a leading supplier of power plants for the decentralized power generation market. Wärtsilä offers powerplant solutions based on oil, gas and dual-fuel engines as well as bio-mass fuelled heat and power plants.

KEY FIGURES	2005	2004
Net sales, M€	710.3	651.9
Order intake, M€	865.2	1,019.5
Order book, end of period, M€	943.9	752.4

Financial Statements 2005

22 Report by the Board of Directors
28 Consolidated Financial Statements, IFRS
28 Income Statement
29 Balance Sheet
30 Statement of Cash Flows
31 Statement of Changes in Consolidated Equity Attributable to Equity Holders of the Parent Company
32 Notes to the Consolidated Financial Statements, IFRS
32 Accounting Principles
35 Segment Information
37 Restructuring Costs
38 Acquisition and Divestment of Businesses and Operations
39 Reconciliation of Consolidated Accounts
45 Income Statement specifications
47 Effective Income Tax Rate and Deferred Tax Assets
48 Pension Benefits and Other Post-Employment Benefits
50 Balance Sheet, Assets specifications
55 Balance Sheet, Shareholders' Equity & Liabilities specifications
57 Finance
61 Related Parties
61 Other Notes Information
63 Risk Management
64 Corporate Governance
66 Five Years in Figures
67 Information on Fiskars Shares
68 Other Information on Shares and Shareholders
70 Parent Company Financial Statements, FAS
70 Income Statement
71 Statement of Cash Flows
72 Statement of Changes in Equity
73 Accounting Principles of the Parent Company
74 Notes to the Financial Statements
83 Stock Exchange Releases and Announcements 2005
84 The Board of Director's proposal for the Annual General Meeting
85 Auditor's Report

Report by the Board of Directors 2005

Fiskars Corporation's net sales were EUR 551.1 million (565.6) and declined thus by 2.5% from the previous financial year. A decision was taken in fall 2005 to restructure parts of the US operations of the largest division, Fiskars Brands, Inc. The plans will be implemented during two financial years and will cause non-recurring costs of approximately EUR 50 million. Of these restructuring costs, EUR 39.7 million were booked in 2005. Operating results after these items were a loss of 2.0 million (52.1). The bookings, around half of which related to goodwill impairment, had a minor negative impact of EUR 1.0 million on cash flows. Operating profit before non-recurring items was EUR 37.7 million (51.5).

Fiskars income from associated company Wärtsilä's profit was EUR 28.6 million (26.7). Sales of Wärtsilä B-shares during the year yielded a gain of EUR 49.8 million. Wärtsilä A-shares were acquired for EUR 30.2 million during the financial year, after which Fiskars' share of the votes in Wärtsilä increased to over 30 percent.

Net profit for the year was EUR 62.1 million (54.6) and earnings per share EUR 0.80 (0.71). Return on Equity was 16.8% (15.8) and Return on Investment 14.5% (14.9).

The Board proposes a dividend of EUR 0.45 per share of series A and EUR 0.43 per share of series K, i.e. a total dividend of EUR 34.4 million, for 2005.

The Corporate structure was streamlined during the financial year by merging and dissolving inactive administrative companies.

OPERATIONS

FISKARS BRANDS, INC.

Production restructuring

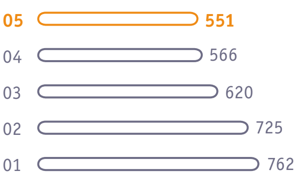
The change in the markets and the competitive structure in the United States continued, and a decision was taken to adapt Fiskars Brands' operations to better respond to the challenges of the situation. Fiskars Brands, Inc. decided to carry out an extensive restructuring of its production in the North American markets where today a continuosly increasing part of products will be subcontracted. Own correctly sized manufacture, rapid introduction of new innovations to the markets, tight control of the supply-chain, and timely response to customers' quickly changing expectations are critical success factors.

According to the restructuring plans, by the end of 2006 some of the present production capacity will be closed down or converted into logistics centers, and production volumes at some plants will be adapted to better match demand of the markets. These measures will impact the number of personnel towards the end of 2006.

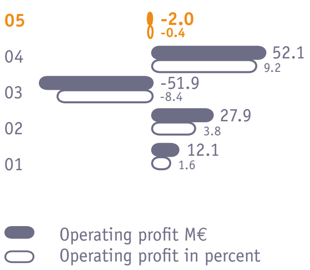
As a consequence of the plans, the 2005 financial statements include write-offs on inventories and fixed assets, particularly goodwill impairment as well as amortizations due to shorter depreciation period of certain fixed assets. The bookings total USD 49.3 million, equaling EUR 39.7 million.

The estimate of the total restructuring costs, which is approximately EUR 50 million, prevails. The remainder of the restructuring costs will accrue in 2006. Cost savings as a result of the structural changes will, however start accruing towards the end of 2006 when new sourced products manufactured with a lower cost base will start to be delivered to the customers.

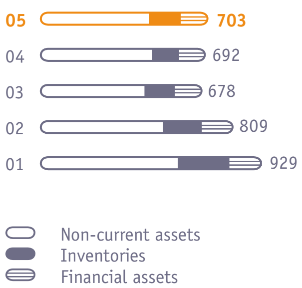
NET SALES
M€



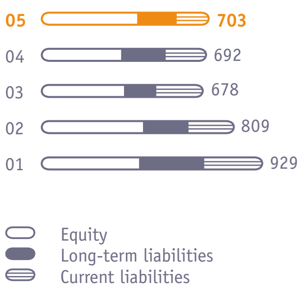
OPERATING PROFIT M€ **AND OPERATING PROFIT IN PERCENT**



BALANCE SHEET ASSETS M€



BALANCE SHEET EQUITY AND LIABILITIES M€



2001 – 2003 figures according to the Finnish Accounting Standards (FAS)
2004 – 2005 figures according to the International Financial Report Standards (IFRS)

Goodwill impairment

For goodwill impairment testing, Fiskars Brands has been divided into cash generating units to which the goodwill in the consolidated balance sheet has been allocated. The goodwill in the units is tested annually for impairment by calculating the values in use of the cash generating units based on estimated future cash flows. On the basis of these calculations, the goodwill value of Garden & Outdoor Living was impaired by EUR 19.7 million (1.5). After impairment, the goodwill of the cash generating at the end of the financial year was EUR 4.8 million. The management estimates that the fair market value of this unit today equals or exceeds its book value EUR 43.0 million after the impairment. There was no need for impairments in other cash-flow generating units.

Fiskars Brands business operations

Fiskars Brands' net sales were EUR 513.3 million (528.0). US sales accounted for USD 372.0 million (396.9), corresponding to EUR 312.7 million (332.6), a decrease of 6.3% from the previous financial year. European sales remained on the previous year's level at EUR 185.6 million (186.0). Europe represented 36% (34) and the United States 59% (61) of total net sales.

Fiskars Brands' operating profit was EUR -1.6 million (48.5). Non-recurring items amounted to EUR -39.7 million (+0.6). The earnings excluding non-recurring items would have been EUR 38.1 million (47.9).

Prices of resin and steel increased during the year but their impact on costs could not entirely be transferred to sales prices due to the competitive situation. This eroded profitability throughout the business, more so and particularly in the United States.

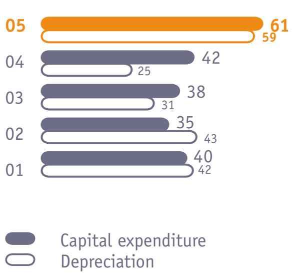
Major retailers in the US market sell a significant volume of the products, and prices are a more critical sales argument than quality. Especially imports of products of high labour content grew, and the ability of local, traditional production to compete on prices weakened, while the competitive position of technically demanding and innovative products was still maintained. Only the Consumer Electronics unit increased sales in the US market. Sales of the School, Office and Craft and Garden and Outdoor Living declined and the low utilization rate of the manufacturing capacity in rubber mats and pottery businesses had adverse effect on profitability. Investments in marketing, product development and sourcing were increased and the measures are expected to have a positive impact on profitability in the coming years.

In the European markets quality is a critical factor in addition to price level. Development of a new generation of Housewares lines and launch of new School Office and Craft products was intensified. Sales of Garden and Outdoor Recreation products still represent the majority of European sales which grew over the previous year. Housewares also play an important role in sales which, however, decreased slightly due to supply difficulties in the initial phase of the introduction of new product lines. Profitability in Europe continued to be good in spite of the slight decline from the previous year.

Sales in other markets, the most important of them being Canada and Australia, increased by more than 20%, and profitability improved considerably.

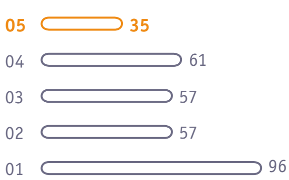
Fiskars Brands invested in expansion and product innovations. The company acquired the production and marketing assets of Gingher branded quality scissors in the spring, and the Heidi Grace and Cloud 9 branded scrapbooking product lines in

CAPITAL EXPENDITURE AND DEPRECIATION M€

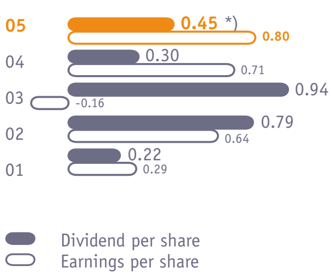


EQUITY RATIO %

NET GEARING %



EARNINGS PER SHARE DIVIDEND PER SHARE €



*) Board proposal

the fall to reinforce the growing craft products sales. Also Superknife products were acquired during the fall as an addition to the Gerber outdoor recreation operation. Investments in these acquisitions totaled EUR 11.9 million. Other investments amounted to EUR 12.2 million and mainly related to product development, maintenance of production capacity and improved efficiency of operations. The total investments in 2005 were EUR 24.1 million (15.8).

INHA WORKS

Inha Works' net sales increased by 11% to EUR 32.4 million (29.2). Operating profit decreased slightly, due to start-up costs of the delays caused by the implemented investments and to higher aluminum prices, and was EUR 3.5 million (3.6). Demand for boats continued to grow strongly in the main market areas, and sales of Buster boats increased especially in Finland and Norway. The plant worked at capacity, and prodution capacity bottlenecks restricted sales at times. The new painted boat models were well received by customers. Sales of other Inha products – hinges and forged products – also continued to be satisfactory.

Investments were made to increase boat production capacity and rationalization of production. The investments totaled EUR 3.4 million (1.3).

REAL ESTATE GROUP

The real estate operation consists of leasing of real estate properties to corporate and external customers, as well as of management of the corporate forest assets. In accordance with IFRS, the change in value of biological assets is now reported instead of the realized timber sales. Price of standing timber decreased during the year and contributed to the decrease of EUR 0.8 million in reported revenues calculated with this method, which consequently weakened profitability compared with the previous year. In the previous year, the increase in prices of standing timber had increased the value of biological assets by EUR 1.6 million. Net sales from the real estate operations totaled EUR 8.9 million (11.0) and operating profit was EUR 2.0 million (5.2). Investments during the year related among other things to the new logistics facility leased to Fiskars Brands' Billnäs factory. The total investments were EUR 2.9 million (2.2).

A unit within the Real Estate Group, Hangon Sähkö Oy, which operates as supplier of electrical installation services was sold to the operative management in November. The transaction had no significant impact on the results.

ASSOCIATED COMPANY WÄRTSILÄ

Fiskars' income from associate in 2005 was EUR 28.6 million (26.7).

During the year, Fiskars sold Wärtsilä B-shares for EUR 105.0 million and acquired A-shares for EUR 30.2 million. The Corporation's interest in the associated company was thus 16.81% (20.54) of the share capital and 30.58% of the votes (28.07) at December 31, 2005. The share transactions yielded a gain of EUR 49.8 million. Dividends paid to Fiskars by Wärtsilä during the financial year amounted to EUR 17.1 million (21.3). The book value of the holding at the end of the financial year was EUR 231.9 million (219.1) and included EUR 38.1 million (35.7) goodwill. The market capitalization of the shares at the year-end was EUR 394 (295).

CORPORATE RESULT AND TAXES

Operating profit was EUR -2.0 million (52.1). Net financing costs amounted to EUR 7.1 million (3.8) and included EUR 2.5 million (6.3) of investment income. Financing costs remained largely unchanged from the previous year.

Profit after financial items, inclusive income from the associated company Wärtsilä and the gain from the sale of shares, was EUR 69.4 million (75.0). Taxes for the year totaled EUR 7.3 million (15.2). The gain from the sale of the Wärtsilä shares is tax exempt. The profit for the year was EUR 62.1 million (54.6) and earnings per share EUR 0.80 (0.71).

BALANCE SHEET AND FINANCIAL POSITION

Cash flow from operations was EUR 62.7 million (88.1). Working capital was on the same level as in the previous financial year. Inventories increased to some extent. Investments, exclusive of the acquisition of Wärtsilä shares, were below the annual depreciation made on fixed assets. Only a very minor part of the restructuring costs (EUR 1.0 million) had an impact on the cash flow. Purchases and sales of Wärtsilä shares generated a net cash flow of about EUR 74 million.

The Corporation's net interest-bearing debt decreased by EUR 66 million to EUR 140.0 million (206.1). The capital loan of EUR 45.1 million issued to shareholders at the end of 2004 is included in interest-bearing long-term liabilities.

The Corporation's liquidity remained good. Cash at the end of the year totaled EUR 21.7 million (15.6), in addition to which there are considerable unused credit limits at hand.

Consolidated shareholders' equity was EUR 402.7 million (335.8). Dividends paid during the year totaled EUR 22.8 million. The net gearing ratio was good at 57% (49).

Total assets were on the previous year's level at EUR 702.7 million (691.7). Non-current assets amounted to EUR 458.5 million (469.7). Consolidated goodwill in the balance sheet totaled EUR 12.8 million (28.9), all of which related to Fiskars Brands' operations. All the biological assets of EUR 29.9 million (30.4) are situated in Finland. Investment properties included real estate leased to external parties by the Real Estate Group as well as those leased by Fiskars Brands in the United States that were no longer used by the Corporation. The investment in associated company Wärtsilä in the balance sheet total was EUR 231.9 million (219.1).

PERSONNEL

At the end of the year, the total number of personnel was 3,284 (3,448). The number in the United States decreased by 111 and in Finland by 72. The attrition in the United States was mainly attributable to increased sourcing; in Finland, the divestment of Hangon Sähkö Oy led to a personnel decrease of 52. As a result of the codetermination negotiations with personnel at the Billnäs factory in the fall, the number of personnel will decrease by 75 by summer 2006. At Inha Works, the number of personnel increased by 23 during the year.

MANAGEMENT

There were no changes in the corporate management during the period. Heikki Allonen continued as CEO and President.

CORPORATE GOVERNANCE

Fiskars complies with the administrative and corporate governance rules for stock exchange listed entities published by Helsinki Exchanges, the Central Chamber of Commerce and the Confederation of Finnish Industries, effective in 2004. Fiskars also complies with the new insider rules of Financial Supervision and Helsinki Exchanges adopted on July 1, 2005. The Corporation further also applies its internal insider guidelines.

RISKS AND RISK MANAGEMENT

Fiskars hedges its financial risks in accordance with the practice approved by the Corporation's Board of Directors. Investments are made only in solid financial institutions and other low-risk companies or funds. Other receivables mainly consist of trade receivables and are relatively widely spread geographically and between customers. The credit ratings of major customers are high. Insurance policies are used to cover property risks and significant operational risks. Other risks associated with balance sheet values are estimated to be minor. The Corporation has not used raw-material derivative instruments.

Risks connected with information technology and systems were analyzed during the financial year, and the level of risk management was increased. The most important operational risks relate to raw-material prices and changes in the markets and demand.

PURCHASES AND SALES OF OWN SHARES

The Board of Directors has an authorization to purchase and sell the Corporation's shares provided that the total nominal value of such shares and the votes carried by them do not exceed five (5) percent of the share capital and the total votes in the company. The Board did not exercise its authorization during the year. At December 31, 2005, the company held in total 127,512 of its own A-shares and 420 K-shares. The holding has not changed during the review period, and the number of shares equals 0.2% of the entire share capital of the company.

ANNUAL GENERAL MEETING 2005

Fiskars Corporation's annual general meeting held on March 23, 2005 declared a dividend of EUR 0.30 per A-share and EUR 0.28 per K-share, i.e. a total dividend of approximately EUR 22.8 million.

The number of Board members was set at seven. Göran J. Ehrnrooth, Mikael von Frenckell, Gustaf Gripenberg, Olli Riikkala, Paul Ehrnrooth, Ilona Ervasti-Vaintola and Alexander Ehrnrooth were re-elected. The mandate of the Board members ends at the 2006 annual general meeting.

At their meeting held after the annual general meeting, the Board elected Göran J. Ehrnrooth as Chairman and Mikael von Frenckell as Vice Chairman. KPMG Oy Ab was reappointed as auditor.

The annual general meeting authorized the Board of Directors to decide on the acquisition of a maximum of 2,619,712 A-shares and 1,127,865 K-shares and on the disposal of a maximum of 2,747,224 A-shares and 1,128,285 K-shares as from March 23, 2005.

EXTRAORDINARY GENERAL MEETING 2005

The extraordinary general meeting held on September 27, 2005 set the number of Board members at nine. Kaj-Gustaf Bergh and Karl Grotenfelt were elected as new Board members. The mandate of the new members also ends at the 2006 annual general meeting.

SHARE PRICES

At the end of December 2005, the price of Fiskars A-share at the Helsinki Exchanges was EUR 9.60 (7.90) and the price of K-share EUR 9.90 (7.90). The market value of the share capital increased by 23% during the year to EUR 751 million (612) at the end of the year.

In the new industry classification of Helsinki Exchanges, Fiskars shares were transferred to the Consumer Goods and Services category as from July 1, 2005.

ADAPTION OF IFRS REPORTING

Since January 1, 2005 Fiskars applies the International Financial Reporting Standards (IFRS), approved by EU, to the preparation of its consolidated financial statements. Also the comparison data for 2004 have been adjusted in accordance with the new accounting standard. The financial statements of the parent company Fiskars Corporation will also henceforth be prepared in accordance with the relevant Finnish regulations.

OUTLOOK

Fiskars will implement an extensive restructuring program in its US operations in 2006, in this connection some products will be manufactured by sub-suppliers and the production capacity will be adjusted to meet the demand.

The market situation remains tight, and more resources than previous year will be dedicated to sales and marketing in all core areas. The sale of sourced products will increase above all in the US market.

For the first part of the current year the profitability of the Corporation's wholly owned industrial operations is expected to follow the level of the previous corresponding period.

The impact of the structural measures is expected to take effect gradually in the latter part of the year, however, mainly during 2007.

As in previous years, the consolidated result from associated company Wärtsilä constitutes an important part of Fiskars Corporation's result.

Helsinki, 14th February 2006

Fiskars Corporation
Board of Directors

Business Areas

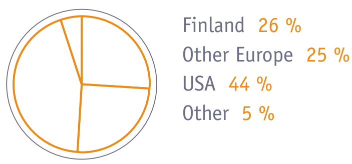
NET SALES BY BUSINESS AREA	2005 M€	%	2004 M€	%	change 05/04 %
Fiskars Brands	**513**	**93**	528	93	-3
Inha Works	**32**	**6**	29	5	11
Real Estate	**9**	**2**	11	2	-19
Eliminations	**-3**		-3		
Corporate total	**551**	**100**	566	100	-3

RESULT BY BUSINESS SEGMENT	M€	M€	change 05/04 M€
Fiskars Brands	**-1.6**	48.5	-50.1
Inha Works	**3.5**	3.6	-0.1
Real Estate	**2.0**	5.2	-3.2
Eliminations and other oper.	**-5.8**	-5.2	
Operating profit	**-2.0**	52.1	-54.1
Income from associated company Wärtsilä	**28.6**	26.7	1.9
Gain on sale of Wärtsilä shares	**49.8**		
Financial income and expenses	**-7.1**	-3.8	-3.4
Result after financial items	**69.4**	75.0	-5.6

NET SALES BY MARKET AREA	M€	%	M€	%	change 05/04 %
Finland	**44**	**8**	41	7	8
Other Europe	**177**	**32**	177	31	0
USA	**293**	**53**	311	55	-6
Other	**38**	**7**	36	6	4
Corporate total	**551**	**100**	566	100	-3
Export from Finland	**55**	**10**	56	0	-1

PERSONNEL BY BUSINESS AREA	Dec. 31, 2005	%	Dec. 31, 2004	%	change 05/04 %
Fiskars Brands	**2,970**	**90**	3,105	90	-4
Inha Works	**271**	**8**	248	7	9
Real Estate	**26**	**1**	78	2	-67
Corporate management	**17**	**1**	17	0	0
Corporate total	**3,284**	**100**	3,448	100	-5

PERSONNEL BY GEOGRAPHICAL AREA		%		%	change 05/04 %
Finland	**843**	**26**	915	27	-8
Other Europe	**832**	**25**	822	24	1
USA	**1,458**	**44**	1,586	46	-8
Other	**151**	**5**	125	4	21
Corporate total	**3,284**	**100**	3,448	100	-5



Personnel for 2004 stated without personnel in discontinued businesses

Income Statement

		2005 M€		2004 M€	
Net sales		**551.1**	**100 %**	565.6	100 %
Cost of goods sold		**-397.0**		-388.1	
Gross profit		**154.1**	**28 %**	177.5	31 %
Other operating income	(6.1)	**2.3**		3.6	
Sales and marketing expenses		**-68.9**		-63.5	
Administration expenses		**-46.5**		-58.0	
Research and development costs		**-5.6**		-4.8	
Other operating expenses	(6.3)	**-37.4**		-2.7	
Operating profit		**-2.0**	**0 %**	52.1	9 %
Share of associated company result		**28.6**		26.7	
Gain on sale of Wärtsilä shares		**49.8**			
Financial income and expenses	(6.10)	**-7.1**		-3.8	
Profit before taxes		**69.4**	**13 %**	75.0	13 %
Taxes	(6.11)	**-7.3**		-15.2	
Profit from continuing operations		**62.1**	**11 %**	59.8	11 %
Profit from discontinued operations	(6.12)			-5.3	
Profit (loss) for the period		**62.1**	**11 %**	54.6	10 %
Earnings per share, euro		**0.80**		0.71	
continuing operations		**0.80**		0.77	
discontinued operations				-0.07	

Earnings per share is undiluted. The company has no open otion programs.

Balance Sheet

		Dec. 31, 2005 M€		Dec. 31, 2004 M€	
ASSETS					
Long-term					
Intangible assets	(9.1)	**13.5**		5.8	
Goodwill	(9.2)	**12.8**		28.9	
Tangible assets	(9.3)	**110.9**		118.5	
Biological assets	(9.4)	**29.9**		30.4	
Investment property	(9.5)	**9.4**		14.6	
Investments in associated companies	(9.6)	**231.9**		219.1	
Other shares	(9.7)	**4.8**		3.9	
Other investments	(9.8)	**1.3**		1.1	
Avoir fiscal tax receivables	(7)	**9.0**		10.8	
Deferred tax assets	(7)	**35.0**		36.6	
		458.5	**65 %**	469.7	68 %
Current					
Inventories	(9.9)	**129.3**		109.7	
Trade receivables	(9.10)	**86.9**		83.6	
Other receivables	(9.11)	**6.4**		13.2	
Cash in hand and at bank	(9.12)	**21.7**		15.6	
		244.2	**35 %**	222.0	32 %
		702.7	**100 %**	691.7	100 %
EQUITY AND LIABILITIES					
Shareholders' equity	(10.1)	**402.7**	**57 %**	335.8	49 %
Long-term					
Interest bearing debt	(10.2)	**124.5**		144.3	
Non-interest bearing debt	(10.3)	**2.7**		3.1	
Deferred tax liabilities	(7)	**17.6**		20.4	
Pension liability	(8)	**15.5**		12.8	
Provisions	(10.4)	**2.9**		3.8	
		163.1	**23 %**	184.4	27 %
Current					
Interest bearing debt	(10.5)	**37.2**		77.4	
Trade payable and other non-interest bearing debt	(10.6)	**94.6**		84.2	
Income tax payable	(10.7)	**5.1**		9.9	
		136.9	**19 %**	171.5	25 %
		702.7	**100 %**	691.7	100 %

Statement of Cash Flows

	2005 M€	2004 M€
Cash flows from operating activities		
Net profit before taxation	**69.4**	75.0
Adjustments for		
Depreciation	**58.7**	25.1
Share of associated company result	**-28.6**	-26.7
Investment income (net)	**-52.3**	-6.3
Interest expense (net)	**9.5**	10.0
Change in value of biological assets	**0.5**	-2.0
Cash generated before working capital changes	**57.2**	75.2
Change in interest free assets	**8.1**	-2.6
Change in inventories	**-7.8**	-3.5
Change in interest free liabilities	**3.0**	8.8
Cash generated before financing and taxes	**60.5**	77.9
Dividends received from assocated company	**17.1**	21.3
Dividends received	**0.1**	0.9
Financial expense items paid (net)	**-8.3**	-9.7
Taxes paid	**-6.7**	-2.3
Net cash flow from operating activities A	**62.7**	88.1
Cash flows from investing activities		
Acquisitions	**-11.9**	
Net change in shares in associated company	**74.4**	-22.2
Capital expenditure	**-19.0**	-19.8
Proceeds from sale of fixed assets	**2.9**	2.7
Sales of other shares and l/t investments	**1.7**	25.4
Purchase of other shares and l/t investments	**-0.2**	-1.2
Cash flows from discontinued operations		8.4
Net cash used in investing activities B	**47.9**	-6.7
Cash flows from financing activities		
Repurchase of own shares		-0.3
Proceeds from l/t borrowings		45.3
Repayment of l/t borrowings	**-32.8**	-51.6
Proceeds from (payment of) s/t borrowings	**-39.8**	3.2
Payment of financial lease liabilities	**-3.7**	-2.8
Cash flows from other financing items	**-3.1**	-1.2
Dividends paid	**-22.8**	-71.8
Net cash used in financing activities C	**-102.3**	-79.2
Translation adjusment D	**-2.3**	-3.4
Change in cash (A+B+C+D)	**6.1**	-1.2
Cash at beginning of period	**15.6**	16.8
Cash at end of period	**21.7**	15.6

Statement of Changes in Consolidated Equity Attributable to Equity Holders of the Parent Company

M€	Share capital	Share premium-account	Own shares	Other reserves	Transl.-adjustm.	Retain. earn.	Total
Jan.1,2004 IFRS	**55.4**	**21.3**	**-0.6**	**0.0**	**0.0**	**278.6**	**354.6**
Translation differences					-1.4		-1.4
Net income recognised directly in equity					**-1.4**		**-1.4**
Net profit for the period						54.6	54.6
Total recognised income and expense for the period					**-1.4**	**54.6**	**53.2**
Bonus issue	22.1	-21.3				-0.9	0.0
Repurchase and sale of own shares			-0.3				-0.3
Dividend distribution						-71.8	-71.8
Dec.31,2004 IFRS	**77.5**	**0.0**	**-0.9**	**0.0**	**-1.4**	**260.5**	**335.8**
Adoption of IAS 39							
Fiskars Corporation				-0.4		0.4	0.1
Associated company Wärtsilä				37.8			37.8
Jan.1,2005	**77.5**	**0.0**	**-0.9**	**37.5**	**-1.4**	**261.0**	**373.7**
Translation differences					1.4		1.4
Change in fair value reserve				0.4			0.4
Change in investment in associates*				-6.9			-6.9
Other changes in associated company				-6.3	1.2	-0.1	-5.2
Net income recognised directly in equity				**-12.8**	**2.5**	**-0.1**	**-10.3**
Net profit for the period						62.1	62.1
Total recognised income and expense for the period				**-12.8**	**2.5**	**62.1**	**51.8**
Dividend distribution						-22.8	-22.8
Dec.31,2005 IFRS	**77.5**	**0.0**	**-0.9**	**24.7**	**1.2**	**300.3**	**402.7**

* Fair value reserve effect from the sale of shares in associate booked in the income statement

Fiskars share of associated company Wärtsilä's fair value reserve and its changes are specified in the other reserves above.

The fair value reserve that was booked in the Fiskars Group opening balance in 2005 has been dissolved via income statement during the year as Fiskars does not apply hedge accounting.

Notes to the Consolidated Financial Statements, IFRS

1. Accounting principles

Description of business
Fiskars Oyj Abp is a Finnish public limited liability company listed in Finland with domicile in Pohja. Fiskars Group comprises Fiskars Brands that manufactures and markets branded consumer products globally, manufacturing and marketing of aluminum boats, real estate operations and a strategic shareholding in Wärtsilä Oyj Abp qualifying as an investment in an associate.

Statement of compliance
The consolidated financial statements of Fiskars Group ("Fiskars" or "the Group") are prepared in accordance with International Financial Reporting Standards (IFRS) and its Interpretations adopted within EU. The Group adopted the Standards as from 1 January 2005. Previously the consolidated financial statements were prepared in accordance with Finnish generally accepted accounting principles (Finnish GAAP). The Group has applied IFRS 1 First-time Adoption of International Financial Reporting Standards in the transition to IFRSs. The comparative information for the year ended 31 December 2004 and the opening IFRS balance sheet at 1 January 2004 have been adjusted as required under IFRSs. An explanation of the effects of the adjustments is set out in the Notes to the Consolidated Financial Statements.

The financial statements are prepared in euro. They are prepared on the historical cost basis, except as disclosed in the accounting policies below. The (consolidated) financial statements are presented in millions of euros with one decimal.

Use of Estimates
The preparation of financial statements in conformity with IFRSs, requires management to make judgements and assumptions that affect the reported amounts of 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 plans, valuation of assets, the measurement of pension obligations and the probability of deferred tax assets being recovered against future taxable profits.

Principles of consolidation
The consolidated financial statements include the parent company, Fiskars Oyj Abp, and all companies 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. Investments in associates (voting rights 20%–50% and for which Fiskars has significant influence, but not control) are accounted for on an equity accounted basis. In accordance with the exemption under IFRS 1 the investment in Wärtsilä is measured at the carrying amount on the date of transition to IFRSs.

All intragroup transactions, distribution of profits, receivables, liabilities and unrealised margins are eliminated in the consolidation.

Acquisitions of subsidiaries are accounted under the purchase method of accounting. Identifiable assets and liabilities are measured at their fair values at the acquisition date, the excess of the cost of acquisition over the fair value of the net assets acquired is recorded as goodwill. In accordance with the exemption under IFRS 1, acquisitions prior to the IFRS transition date have not been restated but the goodwill is recognised in the balance sheet at carrying amount consistent with previous GAAP since the estimated recoverable amounts did not indicate any impairment losses as of December 31, 2003. Under IFRSs, goodwill shall not be amortized but its recoverable amount and the possible need for impairment are tested annually. Impairment is recognized in the Income Statement.

Foreign operations / subsidiaries
In the consolidated accounts all items in the income statement accounts of foreign operations / Group companies are translated into euro at the average foreign exchange rates for the period and the balance sheet items at foreign exchange rates ruling at the balance sheet date. Foreign exchange differences arising on retranslation are recognised in consolidated equity. All translation differences arising after the date of transition to IFRSs are presented as a separate component of equity. Pre-transition translation differences have been debited to the retained earnings as allowed by the exemption under IFRS 1. 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 recognised as a separate item in equity.

Transactions in foreign currencies
Foreign currency transactions are translated into euros 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 recognised 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 recognised 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 deliveries in the Group for which the revenue would be recognised using the percentage-of-completion (POC) method.

The change in value of biological assets resulting from the net increase of standing timber and the change in the fair value are recognised in turnover. The cash flows from the sales of standing timber reduce the carrying value of biological assets and the net increase of standing timber.

Research and Development
Research and development costs are expensed as they are incurred, except for development projects that are capitalized if the Group can reliably demonstrate that they will generate probable future economic benefits 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 labour costs and external services are recognized as intangible assets.

Pensions

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 period to which the contributions relate. The costs for pension schemes that are classified as defined benefit plans are calculated and recognised under the terms of the plan based on actuarial calculations. The pension obligation is measured as the present value of the estimated future cash outflows deducted by the fair value of plan assets at the balance sheet date. All cumulative actuarial gains and losses are recognized at the date of transition to IFRSs in accordance with the exemption permitted in IFRS 1. All actuarial gains and losses (after the transition date) are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if applicable. Revaluations included to the land areas in accordance with Finnish GAAP, amounting to EUR 9,8 million, have been reversed in the transition to IFRSs. The land areas have been re-measured applying the exemption allowed under IFRS 1, i.e. the value of forest areas only comprises the soil and some of the revaluations previously made to fair value have been allocated to zoned sites. These values represent the deemed cost for the land areas under IFRS 1. Property, plant and equipment of acquired subsidiaries are measured at their fair values at the time of acquisition.

Depreciation is 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 are not depreciated.

Leased assets

In accordance with the criteria for finance leases in IAS 17, lease contracts in terms of which the Group has substantially 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 owner-occupied are classified as investment property. Part of the revaluation that was allocated to land according to the prior GAAP is assigned to assets classified as investment property. Land has been revaluated when applying the exemption of IFRS 1 and to the zoned sites have been allocated some previously made revaluations based on the fair values. These values will be taken as deemed cost for land complying with IFRS. The properties are carried at their cost less accumulated depreciations and accumulated impairment losses. Investment property is depreciated within 20–40 years. The fair value of investment property is disclosed in the notes. The real estate in Fiskars Village is deemed to be unique and therefore the fair value cannot be determined reliably.

Goodwill and other intangible assets

The excess of the acquisition cost for a business combination over fair value of the net assets acquired is allocated to goodwill. Goodwill has been allocated to cash-generating units and each unit's recoverable amount is compared annually with its carrying amount to determine potential impairment loss. Goodwill related to the associated companies is included in the carrying amount of the investment in the associate.

Other intangible assets are: patents, capitalized development costs, software and other intangible assets acquired in a business combination. Intangible assets are stated at cost less accumulated amortization and impairment losses. When intangible assets are acquired related to a business combination they are stated at fair value at inception.

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
Other	3–10 years

Intangible assets with an indefinite useful life are not amortized but they are tested systematically for impairment on an annual bases.

Biological assets

Biological assets consist of wood resources in Finland. These assets are recognized at fair value less estimated point-of-sale costs. Measurement is based on the price for standing timber at the balance sheet date, on wood species-specific quantitative and qualitative information included in the forestry plans as well as on realized point-of-sale costs. The change in fair value of standing timber resulting from growth, felling and fluctuation of prices and expenses is included in operating profit.

Financial instruments

The Corporation has implemented the standard ”Financial instruments: recognition and measurement” since January 1, 2005. Financial assets have been classified in the manner prescribed into the following categories: financial assets at fair value through profit or loss; loans and other receivables; 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.

Investments in debt and equity securities

The publicly traded shares of Fiskars Oyj Abp are classified as financial assets and stated at fair value through profit or loss. Changes in fair value are reported in the profit or loss account as financial income or expenses and the results will be included when calculating changes in deferred tax liabilities. Unlisted shares are carried at lower of cost or net realisable value because their fair values cannot be measured reliably.

Other investments include long-term receivables that are stated at cost at inception. 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 placed in this group 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 shareholders' equity, until the investment is sold or otherwise disposed of, at which time they are released into the income statement. Permanent write-down 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. Regardless of the derivatives compliance with the Corporation's risk management policy's requirements for effective hedging and that they can be regarded as economically effective, the Group does not apply hedge accounting under IAS 39 and therefore changes in fair value are recognized immediately through profit and loss.

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 market prices 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 and cash in the balance sheet consist of cash at bank and in hand. 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 long-term and current, with all liabilities to be paid within the next 12 months 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.

Inventories

Inventories are stated at the lower of cost or net realisable value. The cost of inventories comprise direct costs of purchase, costs of conversion and related production overheads. The cost is determined by FIFO-method.

Non-current assets held for sale and discontinued operations

The assets and liabilities of major operations sold, classified as held for sale or classified to be discontinued are presented separately in the balance sheet. The operating profit of such operations as well as the net result arising from their sale or discontinuation, are presented in the income statement separately from the profit for the period from continuing operations. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

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 event 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. For example restructuring costs may fall under the provisions. A provision for restructuring is recognized when a detailed formal plan has been approved and when there is a valid expectation that the plan will be carried out.

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 liability or asset are determined on temporary differences arising between the tax bases and their carrying amounts using tax rates enacted at the balance sheet date. Deferred tax liabilities are provided for in full 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.

Lawsuits and legal processes

The Corporation is party to lawsuits and legal processes involving the Corporation's business enterprise. The accounts make suitable preparations for expenses caused by these processes when the amounts can be assessed and it seems likely to be realized.

New IFRS standards and interpretations

The IASB has published and the EU has approved some changes to existing standards as well as some new interpretations, which will come into effect either at the beginning of or during the 2006 fiscal year. Fiskars will begin implementing these standards in 2006. The Corporation's assessment is that implementation of the changed standards and new interpretations will not affect future balance sheets in any considerable way.

2. Segment Information

Segment information is presented in respect of the Group's business and geographical segments.
The primary format, business segments, is based on the Group's management and internal reporting structure.
The Group's accounting principles are applied for calculating segment information.

Business segments
Fiskars Brands: The segment's revenues are derived from sales to the retail stores.
Sales focused in the North American and European markets.
Inha Works: The major part of the segment's revenues come from selling aluminum boats to retailers in Finland and other Nordic countries.
Real Estate: Segment is active in Finland and the external leasing income comes from the Fiskars Village area in Finland.
Forestry belongs to the segment's business activities.
Associated company Wärtsilä: Share of the associated company's results is reported as the segment's revenues.
Business activities between the segments are limited, Real Estate owns and leases to the subsidiaries in Finland real estate property that is used in production.

Geographical segments
USA
Europe
Rest of the World
Net sales for the segment is reported based on the geographical location of customers.
Segments assets and liabilities are based on geographical location of the assets.
Sales between the segments is insignificant.

Unallocated items
The unallocated items comprise corporate level costs and income.
The unallocated assets comprise corporate administration related items, tax receivables, loan receivables and equity instruments. The unallocated liabilities comprise long- and short-term debt and tax liabilities.

M€		Fiskars Brands	Inha Works	Real Estate	Associated company Wärtsilä	Unallocated and eliminations	Corporate total
2.1	**Business segments**						
	2005						
	Net sales, external	513.2	32.4	6.4		-0.9	551.1
	Net sales, inter-segment	0.1		2.5		-2.6	
	Net sales	513.3	32.4	8.9		-3.5	551.1
	Operating profit	-1.6	3.5	2.0		-5.8	-2.0
	Share of associated company result				28.6		28.6
	Gain on sale of Wärtsilä shares					49.8	49.8
	Financial income and expenses					-7.1	-7.1
	Profit before taxes						69.4
	Taxes					-7.3	-7.3
	Profit (loss) for the period						62.1
	Assets	316.8	15.4	61.9	231.9	76.8	702.7
	Liabilities	109.1	4.5	1.4		184.9	300.0
	Capital expenditure	24.1	3.4	2.9	30.2	0.4	60.9
	Depreciations	36.2	1.0	1.3		0.5	39.0
	Impairment	19.7					19.7
	Other non-recurring costs	0.2					0.2
	2004						
	Net sales, external	527.9	29.2	8.5			565.6
	Net sales, inter-segment	0.1		2.6		-2.6	
	Net sales	528.0	29.2	11.0		-2.6	565.6
	Operating profit	48.5	3.6	5.2		-5.2	52.1
	Share of associated company result				26.7		26.7
	Financial income and expenses					-3.8	-3.8
	Profit before taxes						75.0
	Taxes					-15.2	-15.2
	Profit from continuing operations						59.8
	Profit from discontinued operations					-5.3	-5.3
	Profit (loss) for the period						54.6
	Assets	318.1	11.9	62.6	219.1	80.0	691.7
	Liabilities	94.7	5.5	2.5		253.1	355.9
	Capital expenditure	15.8	1.3	2.2	22.2	0.6	42.2
	Depreciations	21.2	0.8	1.3		0.3	23.6
	Impairment	1.5				0.0	1.5
	Other non-recurring income	2.1					2.1

M€		Europe	USA	Rest of the world	Unallocated and eliminations	Corporate total
2.2	**Geographical segment**					
	2005					
	Net sales					
	-based on customer location	220.1	292.9	38.1		551.1
	-based on assets' location	234.8	312.7	31.8	-28.1	551.1
	Segment assets	437.7	188.0	16.3	60.7	702.7
	Capital expenditure	43.7	16.8	0.5		60.9
	Operating profit					
	-based on assets' location	15.8	-20.0	0.9	1.3	-2.0
	2004					
	Net sales					
	-based on customer location	219.9	311.3	34.4		565.6
	-based on assets' location	237.5	332.6	26.1	-30.6	565.6
	Segment assets	417.9	198.8	11.8	63.2	691.7
	Capital expenditure	34.0	7.8	0.4		42.2
	Operating profit					
	-based on assets' location	26.1	27.5	-0.7	-0.8	52.1

3. Restructuring costs

The strategy and structure of Fiskars Brands, Inc. was revised at the end of 2005.
At the same time, it became apparent that there was an impairment of goodwill associated with one cash-generating unit (Garden and Outdoor Living). The Board approved of two programs to streamline the operations at a total cost estimated to be EUR 50 million.
The first part of the costs has been booked in the closing accounts for the year 2005 and is mostly comprised of write-offs on inventories and fixed assets as well as amortizations due to shorter depreciation periods for certain fixed assets and goodwill impairment.
The restructuring costs are included in expenses by function of the income statement as follows:

	M€
Cost of goods sold	3.2
Other operating expenses	36.5
Total	**39.7**

4. Acquisition and divestment of businesses and operations in 2005

Fiskars made only relatively small business acquisitions in 2005. Fiskars Brands, Inc. widened its operations by acquiring the manufacture and marketing of scissors under the Gingher brand in February, the scrapbooking product lines of the Heidi Grace and Cloud9 brands in November and December, respectively, and the SuperKnife brand of knives in September.
All acquisitions were made to increase business, and a significant part of the acquisition costs went towards acquiring immaterial rights: trademarks, client relationships and patents. Mainly the immaterial rights will be stated at cost less amortization but for some trademarks an economical life cannot be defined.
The net sales of the operations acquired were EUR 5.3 million in 2005.
The profits generated by the acquisitions in 2005 cannot be stated separately because the acquisitions have been integrated into existing businesses (School, Office and Craft, and Outdoor Recreation, respectively).

	M€
Acquisitions total	
Price paid in cash	**11.9**
Total acquisition cost	**11.9**
Acquired assets	**-11.1**
Goodwill	**0.7**
Acquired assets at fair value	
Property, plant and equipment	**0.2**
Immaterial rights	**7.9**
Inventories	**2.4**
Receivables	**1.7**
Trade and other payables	**-1.0**
Total	**11.1**

Divestments
Fiskars divested Hangon Sähkö Oy – Hangö Elektriska Ab in November. The shares in the company were sold for cash. The sold assets were EUR 1.2 million and the total interest-free liabilities EUR 0.7 million.

No significant business acquisitions were made in the year 2004.

5. Reconciliation of Consolidated Accounts

General

Fiskars Corporation has adopted the International Financial Reporting Standards (IFRS) as of 1.1.2005. Prior to IFRS adoption Fiskars Corporation reported in accordance with Finnish Accounting Standards (FAS)

In the transition Fiskars has applied certain exemptions allowed by the First-Time Adoption Standard (IFRS1). The most significant of these for Fiskars are the exemptions regarding valuation of tangible assets and reporting for business combinations at the transition date.

The biggest changes compared with 2004 FAS financial statements come from including the value of the growing stock in the balance sheet, adopting more precise rules to reporting for financial leasing agreements, reporting change for businesses sold classified as discontinued businesses, more precise reporting for defined pension benefit plans.

The garden furniture business sold in the autumn 2004 has been classified as discontinued operations and it affects almost all captions in the comparative income statement and balance sheet.

Associated company Wärtsilä has adopted IFRS at the same transition date as Fiskars and the changes in Wärtsilä's net profit and shareholders' equity also affect Fiskars financial statements. Goodwill related to Wärtsilä was tested for impairment and there was no need for write-down.

The goodwill in the opening balance of 32.5 million euro at 1.1.2004 refers to Fiskars Brands business only. The goodwill has been tested for impairment in all cash-generating units in 2003 and 2004. The impairment tests and recoverable amounts are based on estimated discounted future cash flows. Based on testing no impairment losses were recognized. Major part of the goodwill amount refers to the Garden and Outdoor Living business unit.

M€	FAS	Adjustm.	IFRS
Income Statement 2004			
Net sales	597.0	-31.5	565.6
Cost of goods sold	-420.3	32.2	-388.1
Gross profit	176.7	0.7	177.5
Other operating income	3.6	0.0	3.6
Sales and marketing expenses	-64.5	1.0	-63.5
Administration expenses	-60.6	2.7	-58.0
Research and development costs	-5.1	0.3	-4.8
Other operating expenses	-11.1	8.3	-2.7
Operating profit	39.0	13.0	52.1
Share of associated company result	20.9	5.8	26.7
Financial income and expenses	-3.3	-0.5	-3.8
Profit before taxes	56.7	18.3	75.0
Taxes	-11.8	-3.4	-15.2
Profit from continuing operations	44.9	14.9	59.8
Profit from discontinued operations		-5.3	-5.3
Profit for the period	**44.9**	**9.6**	**54.6**

M€	FAS	Adjustm.	IFRS
Balance Sheet Jan.1, 2004			
ASSETS			
Long-term			
Intangible assets	1.6	3.0	4.5
Goodwill	33.0	-0.5	32.5
Tangible assets	139.1	-0.4	138.7
Biological assets		28.7	28.7
Investment property		6.0	6.0
Investments in associated companies		191.8	191.8
Other shares	215.0	-191.8	23.2
Other investments	1.6		1.6
Deferred tax assets	48.0	1.7	49.7
	438.1	38.5	476.6
Current			
Inventories	124.4	-14.9	109.4
Trade receivables	89.2	-4.7	84.5
Other receivables	9.9		9.9
Cash and bank	16.9	-0.1	16.8
	240.3	-19.8	220.5
Assets of a disposal group held for sale		28.2	28.2
	678.4	**46.9**	**725.3**
EQUITY AND LIABILITIES			
Shareholders' equity	348.3	6.3	354.6
Long-term			
Interest bearing debt	114.6	21.0	135.7
Non-interest bearing debt	6.4	-1.4	5.0
Deferred tax liabilities	2.4	15.2	17.5
Pension liability	1.6	11.1	12.7
Provisions	7.3	-6.2	1.1
	132.3	39.7	172.1
Current			
Interest bearing debt	100.9	-0.3	100.6
Trade payables and other non-interest bearing debt	86.1	-3.3	82.8
Income tax payable	10.8	0.0	10.8
	197.8	-3.6	194.2
Liabilities of a disposal group held for sale		4.4	4.4
	678.4	**46.9**	**725.3**

M€	FAS	Adjustm.	IFRS
Balance Sheet Dec.31, 2004			
ASSETS			
Long-term			
Intangible assets	3.2	2.5	5.8
Goodwill	47.0	-18.1	28.9
Tangible assets	124.7	-6.2	118.5
Biological assets		30.4	30.4
Investment property		14.6	14.6
Investments in associated companies	192.2	26.9	219.1
Other shares	3.3	0.6	3.9
Other investments	1.1		1.1
Deferred tax assets	40.6	6.8	47.4
	412.2	57.5	469.7
Current			
Inventories	110.9	-1.2	109.7
Trade receivables	85.6	-2.0	83.6
Other receivables	10.7	2.5	13.2
Cash and bank	15.6		15.6
	222.8	-0.8	222.0
	635.0	**56.7**	**691.7**
EQUITY AND LIABILITIES			
Shareholders' equity	318.8	17.0	335.8
Long-term			
Interest bearing debt	128.8	15.6	144.3
Non-interest bearing debt	5.3	-2.2	3.1
Deferred tax liabilities	9.3	11.1	20.4
Pension liability	4.3	8.5	12.8
Provisions	3.0	0.8	3.8
	150.6	33.7	184.4
Current			
Interest bearing debt	71.1	6.3	77.4
Trade payables and other non-interest bearing debt	85.0	-0.8	84.2
Income tax payable	9.4	0.5	9.9
	165.5	6.0	171.5
	635.0	**56.7**	**691.7**

M€	FAS	Adjustm.	IFRS
Segment Information 2004			
Net sales			
Fiskars Brands	561.4	-33.4	528.0
Inha Works	29.2		29.2
Real Estate	9.0	2.0	11.0
Inter-segment sales of RE	-2.6		-2.6
Corporate total	**597.0**	**-31.5**	**565.6**
Result			
Fiskars Brands	37.5	11.0	48.5
Inha Works	3.3	0.3	3.6
Real Estate	3.5	1.7	5.2
Eliminations and other oper.	-5.2		-5.2
Operating profit	39.0	13.0	52.1
Share of associated company result	20.9	5.8	26.7
Financial cost net	-3.3	-0.5	-3.8
Corporate profit after financial items	**56.7**	**18.3**	**75.0**

Reconciliation of Net Profit

M€	1-12/2004
Net profit according to FAS	44.9
Change in biological assets (1)	2.0
Revenue recognition (3)	-0.2
Inventory valuation (4)	-0.1
Employee benefits (5)	3.1
Development costs (6)	0.1
Goodwill amortization and impairment (7)	2.5
Finance leases (8)	-0.5
Deferred tax effect (9)	-2.8
Associated company Wärtsilä (10)	5.8
Other adjustments (11)	-0.2
Net profit according to IFRS	54.6

Reconciliation of Equity

M€	Jan. 1, 2004	Dec. 31, 2004
Equity according to FAS	348.3	318.8
Biological assets (1)	28.7	30.4
Cancellation of revaluations (2)	-9.8	-9.8
Revaluation of real estate (2)	1.1	0.9
Revenue recognition (3)	-0.8	-0.8
Inventory valuation(4)	-2.6	-2.4
Employee benefits (5)	-9.7	-6.6
Development costs (6)	2.5	2.5
Goodwill amortization and impairment (7)	0.0	3.5
Financial leasing (8)	0.0	-0.4
Deferred tax (9)	-2.9	-6.0
Associated company Wärtsilä (10)	0.0	5.3
Other adjustments (11)	0.0	0.3
Total IFRS restatement	6.3	16.9
Equity according to IFRS	354.6	335.8

Keyfigures	Jan. 1, 2004		Dec. 31, 2004	
	FAS	IFRS	FAS	IFRS
Earnings per share, euro			0.58	0.71
Equity per share, euro	4.49	4.58	4.12	4.34
Equity ratio	51 %	49 %	50 %	49 %
Net gearing	57 %	62 %	58 %	61 %
Equity, EUR million	348.3	354.6	318.8	335.8
Net interest bearing debt, EUR million	198.6	219.5	184.3	206.1

Additional information

1. Biological assets are included at fair value less estimated point-of-sale costs. Fiskars owns forests in Finland and the valuation is based on the prevailing price-level at closing date, the data of amounts and quality in the long-term plans for forestry and the actual point-of-sale costs.

2. Revaluations on land according to FAS have been reversed. Fiskars has elected in accordance with IFRS 1 exemptions to use fair value of some land areas as deemed cost at the transition date: the forest areas are booked at the ground value and plots or sites on planned areas have been revalued based on unified principles and earlier fair value estimates.

3. Revenue recognition has been adjusted to comply with the more precise criteria in IAS 18 Revenue.

4. Inventory valuation in the corporation has been made more consistent and precise in accordance with IAS 2 Inventory.

5. All accumulated actuarial gains and losses from defined benefit plans are recognized in the opening balance sheet at 1.1.2004. The disability element of the Finnish pension scheme (TEL) is calculated as defined benefit plan in the Finnish Group companies and has been included as a liability in the opening balance sheet and it has been reversed to income in the last quarter of 2004. The pension liabilities are reported as a separate item on the face of the balance sheet.

6. Development costs have been recognized in the balance sheet when they have met the recognition criteria in accordance with IAS 38 Intangible Assets.

7. Goodwill is not amortized but tested for impairment in accordance with IFRS. Goodwill in acquisitions from December 2003 onwards has been recognized in accordance with IFRS 3. Based on the estimated recoverable amount of Garden and Outdoor Living unit compared with its carrying amount, an impairment was recognized.

8. Classification of leases has been made more consistent and some lease agreements that have previously been classified according to FAS as operative lease agreements have been reclassified as financial lease agreements.

9. Deferred tax adjustment is due to the impact from IFRS-adjustments.

10. Ownership in Wärtsilä is classified as associated company in the comparative opening balance sheet. The exemption allowed by IFRS 1 has been utilized and the purchase accounting is based on the opening balance sheet of Wärtsilä prepared in accordance with IFRS. The differences in recognition criteria between the standards according to IFRS and FAS are the reason why the share of associated company's profit in Fiskars comparative figures increases even though the IFRS-adjustments have had a negative effect on Wärtsilä's net profit.

11. Other changes result mainly from differences in gains on sale of real estate due to new deemed cost under IFRS.

12. The Syroco garden furniture business has been classified to discontinued operations as from 31 December 2003.

13. The Capital Loan (in accordance with Finnish legislation) is included in long-term interest-bearing loans in the balance sheet according to IFRS.

14. The fair value of cash flow hedge derivatives is included in the balance sheet and the changes in the fair values are recognized through profit and loss beginning January 1, 2005.

15. Fiskars owns real estate that is classified as investment property. Investment property is valued at cost less accumulated depreciation. The real estate in Fiskars Village is deemed to be the only one-of-its-kind and therefore alternative reliable estimates of fair value are not available.

		2005 M€	2004 M€
6.	**Income statement specifications (foreign currency denominated income statements translated at average rate of exchange)**		
6.1	**Other operating income**		
	Net gain on disposal of tangible assets	**1.5**	1.3
	Other income	**0.8**	2.3
	Total	**2.3**	3.6
6.2	**Total expenses by kind**		
	Materials and supplies	**218.6**	180.2
	Change in inventory	**-10.1**	-4.4
	Personnel costs	**128.2**	138.1
	Depreciation and amortization	**39.0**	23.6
	Goodwill impairment	**19.7**	1.5
	Other costs	**158.4**	178.1
	Total	**553.9**	517.1
6.3	**Other operating expenses**		
	Impairment in property, plant and equipment	**15.9**	0.2
	Goodwill impairment	**19.7**	1.5
	Other expenses	**1.9**	1.0
	Total	**37.4**	2.7
6.4	**Personnel costs**		
	Wages and salaries for time worked	**87.8**	94.6
	Pension costs, defined contribution plans	**8.0**	10.8
	Pension costs, defined benefit plans	**2.5**	1.2
	Other social benefits	**28.8**	30.4
	Other personnel costs	**1.1**	1.1
	Total	**128.2**	138.1
6.5	**Personnel costs by function**		
	Cost of goods sold	**73.3**	76.2
	Sales and marketing expenses	**22.8**	24.4
	Administration expenses	**26.7**	31.6
	Research and development	**2.7**	3.5
	Other operating expenses	**2.8**	2.4
	Total	**128.2**	138.1
6.6	**Salaries and benefits paid to the Board of Directors and President and CEO of Fiskars Corporation**		
	Salaries and benefits	**0.8**	0.6
	Post-employement benefits	**0.1**	0.1
	Total	**0.9**	0.7

The CEO's retirement age is 62 years and the pension is 60% of his pensionable income.
Closer specification of salaries and remunerations is given in Corporate Governance section.

		2005 M€	2004 M€
6.7	**Authorized public accountant fees paid to Corporate's Auditors**		
	Audit fees	**0.9**	0.7
	Consultation fees	**0.4**	0.5
	Total	**1.3**	1.2

		2005 M€	2004 M€
6.8	**Depreciation and amortization according to plan by function**		
	Cost of goods sold	**17.1**	13.7
	Sales and marketing	**0.9**	1.1
	Administration	**5.4**	7.3
	Research end development	**1.3**	1.2
	Other operating expenses	**33.9**	1.7
	Total	**58.7**	25.1
6.9	**Depreciation and amortization by non-current asset group**		
	Buildings	**10.0**	4.8
	Machinery and equipment	**26.6**	16.8
	Intangible assets	**2.4**	2.0
	Goodwill impairment	**19.7**	1.5
	Total	**58.7**	25.1
6.10	**Financial income and expenses**		
	Dividend distribution received	**0.1**	1.3
	Interest income from long-term investments	**0.0**	0.0
	Financial income from long-term investments in total	**0.1**	1.3
	Interest income from short-term investments	**0.8**	0.5
	Net gain from sale of investments	**1.3**	5.5
	Fair value of other shares	**1.0**	
	Financial income total	**3.2**	7.4
	Write-down of long-term investments		-0.6
	Interest expenses on debt	**-9.1**	-8.0
	Interest cost on financial leasing	**-1.3**	-1.1
	Derivative revaluation gains/losses	**0.6**	
	Net exchange gains and losses	**0.5**	-0.4
	Other financial expenses	**-1.0**	-1.1
	Interest and other financial expense, total	**-10.4**	-11.2
	Total financial income and expenses	**-7.1**	-3.8
6.11	**Taxes**		
	Current year taxes	**-7.9**	-21.9
	Tax adjustments for prior years	**0.6**	-1.0
	Change in deferred tax from temporary differences	**6.9**	1.3
	Change in deferred tax from change of tax rate	**-0.6**	-0.6
	Change in deferred tax valuation allowance	**-5.2**	-1.3
	Other changes in deferred tax	**-1.0**	-0.2
	Avoir fiscal, associated company		8.6
	Taxes per income statement	**-7.3**	-15.2
6.12	**Profit from discontinued operations**		-5.3

In 2004, the Corporation divested a US manufacturer and distributor of resin garden furniture that had been part of Fiskars Brands. In the IFRS-compliant opening balance the operations are classified as discontinued businesses.

		2005 M€	2004 M€
6.13	**Earnings per share**		

The undiluted result per share is the annual net profit attributable to ordinary shareholders divided by the weighted average number of shares outstanding during the year. Fiskars Corporation does not have any current share option programs, so the diluted result per share is the same as the undiluted. The Corporation has no minority owners either.

	2005 M€	2004 M€
Net Profit attributable to the ordinary shareholders	**62.1**	54.6
Number of shares (1,000 pcs)	**77,510**	77,510
Weighted average number of shares outstanding (1,000 pcs)	**77,382**	77,382
Earnings per share, euro	**0.80**	0.71

7. Effective income tax rate and deferred tax assets

	2005 M€	2004 M€
Tax rate for the parent company	**26 %**	29 %
Profit before taxes	**69.4**	75.0
Income tax using the domestic corporation tax rate	**-18.0**	-21.7
Tax exempt revenues	**20.6**	1.7
Non-deductible expenses	**-7.8**	-0.8
Effect of tax rates in foreign jurisdictions	**2.4**	-1.6
Effect of change of tax rates	**0.6**	0.6
Effect of tax losses not recognized as assets	**-6.0**	-1.6
Effect of tax losses utilized	**0.7**	1.5
Income tax for prior years	**0.6**	-1.0
Avoir fiscal, associated company		8.6
Other items	**-0.5**	-0.7
Income taxes recognized in profit and loss	**-7.3**	-15.2
Deferred tax assets		
Property, plant and equipment	**13.4**	12.1
Inventories	**4.3**	3.5
Pension obligations	**1.5**	1.4
Interest limited by thin-cap	**9.3**	6.5
Tax-loss carry forwards	**40.6**	36.8
Valuation allowance of deferred tax assets	**-44.2**	-36.1
Other temporary differences	**10.2**	12.3
Total December 31.	**35.0**	36.6
Deferred tax liability		
Tax provisions	**1.1**	1.0
Biological assets	**8.4**	8.5
Property, plant and equipment	**6.9**	9.5
Other temporary differences	**1.2**	1.4
Total December 31.	**17.6**	20.4
Deferred tax assets, net	**17.4**	16.3

No deferred tax liability has been booked based on the retained earnings in subsidiaries, as the corporation has full control of dividend distribution and it is not probable to happen in the near future.
No taxes have been recognized directly in equity.

		2005 M€	2004 M€
8.	**Pension benefits and other post-employment benefits**		

Most of Fiskars Corporation's pension plans are defined contribution plans. There are some defined benefit plans in the US, Great Britain and Germany, among others. However, most of these pension plans have been closed, which means future pay increases will not affect the amount of liability.
The Corporation also has certain supplementary pension plans which are classified as defined benefit plans. The numbers below are based on calculations made by approved actuaries. The Corporation is responsible for some post-employment benefits in Italy, but the liabilities booked are final and as such they are classified as defined contribution plans.

	2005 M€	2004 M€
Liabilities for post-employment benefits	**2.2**	2.2
Defined pension benefit liabilities	**13.2**	10.6
Pension liability total	**15.5**	12.8

Liability for defined pension benefits

	2005 M€	2004 M€
Present value of funded obligations	**28.3**	23.2
Fair value of plan assets	**-15.3**	-13.2
Present value of unfunded obligations	**0.0**	-0.1
Unrecognized actuarial gains and losses	**0.3**	0.6
Unrecognized past service cost	**0.0**	0.0
Liability recognized in the balance sheet	**13.2**	10.6
Movements in net liability recognized in the balance sheet		
Net liability at January 1.	**10.6**	12.7
Translation difference	**0.9**	-0.4
Expense recognized in the income statement	**2.6**	-1.2
Pension paid	**-1.0**	-0.8
Contributions paid	**0.1**	0.4
Net liability at December 31.	**13.2**	10.6

Expenses for defined pension benefits recognized in the Income statement

	2005 M€	2004 M€
Current service cost	**0.3**	0.3
Interest cost	**1.3**	1.3
Effect of settlement and curtailments	**0.0**	-2.1
Expected return on plan assets	**-0.8**	-0.8
Net actuarial gain(-) / loss (+) recognized during the year	**1.7**	0.1
Amortization of past service cost	**0.2**	-0.1
Expense(+) income (-) in the income statement	**2.6**	-1.2
Expenses in the Income Statement are booked in the following lines:		
Cost of goods sold	**0.0**	0.1
Sales and marketing expenses	**0.0**	0.0
Administration expenses	**2.4**	0.7
Research and development	**0.0**	0.0
Other operating expenses	**0.2**	-1.9
Total	**2.6**	-1.2
Actual gain for defined benefit plan funds	**2.0**	1.0

A change in the calculation basis of the disability element in the Finnish pension scheme (TEL) resulted in a non-recurring income of euro 2.1 million reducing other operating expenses in the income statement and included in line Effect of settlement and curtailments above.

	2005 %	2004 %
Principal actuarial assumptions at the balance sheet date		
Discount rate, %		
Great Britain	**4.8**	5.3
Germany	**4.5**	5.5
Finland	**4.5**	5.0
United States	**6.25**	6.25
Expected return on plan assets, %		
Great Britain	**6.2**	6.7
Germany	**n/a**	n/a
Finland	**4.5**	5.0
United States	**n/a**	n/a
Future salary increases, %		
Great Britain	**n/a**	4.3
Germany	**n/a**	n/a
Finland	**2.5**	2.5
United States	**0**	0
Future pension increases, %		
Great Britain	**2.8**	2.8
Germany	**1.0**	1.0
Finland	**2.0**	2.0
United States	**0**	0

		2005 M€	2004 M€
9.	**Balance sheet, assets specifications (currency denominated balance sheets translated at closing rate of exchange)**		
9.1	**Intangible assets**		
	Original cost, Jan. 1.	**21.7**	19.3
	Currency translation adjustment	**0.7**	-0.3
	Original cost, at the beginning of the year	**22.4**	19.0
	Acquisitions	**7.9**	
	Capital expenditure	**2.0**	2.6
	Decrease	**-1.6**	0.1
	Transfers	**0.0**	0.0
	Gross value, Dec. 31.	**30.6**	21.7
	Accumulated amortization according to plan, Jan. 1.	**15.9**	14.8
	Currency translation adjustment	**0.4**	-0.2
	Accumulated amortization, at the beginning of the year	**16.3**	14.6
	Amortization according to plan	**2.4**	1.9
	Decrease	**-1.7**	-0.7
	Transfers	**0.0**	
	Accumulated amortization according to plan, Dec. 31.	**17.1**	15.9
	Net book value, Dec. 31.	**13.5**	5.8
9.2	**Goodwill**		
	Original cost, Jan. 1.	**71.8**	78.1
	Currency translation adjustment	**8.5**	-3.5
	Original cost, at the beginning of the year	**80.3**	74.7
	Capital expenditure	**0.8**	
	Decrease		-2.9
	Gross value, Dec. 31.	**81.1**	71.8
	Accumulated amortization according to plan, Jan. 1.	**42.9**	46.7
	Currency translation adjustment	**4.7**	-2.5
	Accumulated amortization, at the beginning of the year	**47.6**	44.2
	Impairment	**20.8**	1.4
	Decrease		-2.7
	Accumulated amortization according to plan and impairment, Dec. 31.	**68.3**	42.9
	Net book value, Dec. 31.	**12.8**	28.9

Goodwill has not been amortized since January 1, 2004

Goodwill impairment test in cash-generating units

	2005 M€	2004 M€
Goodwill allocated to cash-generating units		
Garden & Outdoor Living / Fiskars Brands, USA	**4.8**	22.1
School, Office & Craft / Fiskars Brands, USA	**1.5**	0.6
Power Sentry / Fiskars Brands, USA	**1.4**	1.2
Europe / Fiskars Brands	**4.9**	4.7
Other units	**0.2**	0.2
Total	**12.8**	28.9

Goodwill has been tested for impairment by comparison to its value in use. Value in use is based on discounted cash-flow calculations. The first five years' cash flows are based on the units' plans and the cash flows after that are extrapolated using an estimated growth of 2%. According to the management this reflects the average growth of the business in long term. The same growth-% has been applied in all businesses. The pre-tax discount rates used in the calculations were: 10.2% for US and 11.0% for Europe.
The management estimates that due changes in the underlying assumptions will not result in the balance sheet value exceeding the recoverable amount of the other units but for Garden and Outdoor Living. A goodwill impairment has been recognized for this unit.

		2005 M€	2004 M€
9.3	**Intangible assets**		
	Land and water		
	Original cost, Jan. 1.	**14.1**	14.2
	Currency translation adjustment	**0.0**	0.0
	Original cost, at the beginning of the year	**14.1**	14.2
	Capital expenditure	**0.1**	0.1
	Decrease	**0.0**	0.0
	Devaluation	**-0.2**	-0.1
	Transfers	**0.2**	
	Book value, Dec. 31.	**14.2**	14.1
	Buildings		
	Original cost, Jan. 1.	**52.5**	56.2
	Currency translation adjustment	**1.8**	-1.0
	Original cost, at the beginning of the year	**54.4**	55.2
	Capital expenditure	**0.5**	2.0
	Decrease	**-2.1**	-1.3
	Transfers	**-0.4**	-3.3
	Gross value, Dec. 31.	**52.3**	52.5
	Accumulated depreciation according to plan, Jan. 1.	**25.7**	24.4
	Currency translation adjustment	**1.0**	-0.5
	Accumulated depreciation, at the beginning of the year	**26.7**	24.0
	Depreciation according to plan	**2.6**	2.3
	Decrease	**-1.3**	-0.6
	Transfers	**-1.6**	0.0
	Accumulated depreciation according to plan, Dec. 31.	**26.4**	25.7
	Net book value, Dec. 31.	**25.9**	26.8
	Leased real estate		
	Original cost, Jan. 1.	**13.5**	20.7
	Currency translation adjustment	**2.1**	-1.5
	Original cost, at the beginning of the year	**15.6**	19.2
	Transfers	**1.1**	-5.7
	Gross value, Dec. 31.	**16.7**	13.5
	Accumulated depreciation according to plan, Jan. 1.	**1.0**	
	Currency translation adjustment	**0.1**	
	Accumulated depreciation, at the beginning of the year	**1.1**	
	Depreciation according to plan	**2.8**	2.0
	Devaluation	**0.2**	
	Transfers	**1.6**	-1.0
	Accumulated depreciation according to plan, Dec. 31.	**5.6**	1.0
	Net book value, Dec. 31.	**11.1**	12.5

	2005 M€	2004 M€
Machinery and equipment		
Original cost, Jan. 1.	**193.6**	199.6
Currency translation adjustment	**17.9**	-8.5
Original cost, at the beginning of the year	**211.4**	191.1
Capital expenditure	**6.4**	5.4
Decrease	**-18.7**	-12.7
Transfers	**12.6**	9.8
Gross value, Dec. 31.	**211.6**	193.6
Accumulated depreciation according to plan, Jan. 1.	**133.5**	134.0
Currency translation adjustment	**11.8**	-5.4
Accumulated depreciation, at the beginning of the year	**145.4**	128.6
Depreciation according to plan	**27.7**	15.8
Decrease	**-16.7**	-10.9
Devaluation		0.1
Transfers	**0.0**	0.0
Accumulated depreciation according to plan, Dec. 31.	**156.4**	133.5
Net book value, Dec. 31.	**55.3**	60.0
Construction in progress		
Original cost, Jan. 1.	**5.0**	6.5
Currency translation adjustment	**0.6**	-0.4
Original cost, at the beginning of the year	**5.7**	6.1
Capital expenditure	**12.0**	9.3
Transfers	**-13.3**	-10.3
Book value, Dec. 31.	**4.4**	5.0
Total tangible assets		
Original cost, Jan. 1.	**278.7**	297.1
Currency translation adjustment	**22.4**	-11.4
Original cost, at the beginning of the year	**301.1**	285.7
Capital expenditure	**19.0**	16.7
Decrease	**-20.9**	-14.1
Devaluation	**-0.2**	-0.1
Transfers	**0.2**	-9.6
Gross value, Dec. 31.	**299.3**	278.7
Accumulated depreciation according to plan, Jan. 1.	**160.2**	158.4
Currency translation adjustment	**13.0**	-5.9
Accumulated depreciation, at the beginning of the year	**173.2**	152.5
Depreciation according to plan	**33.1**	20.1
Decrease	**-18.1**	-11.5
Devaluation	**0.2**	0.1
Transfers	**0.0**	-1.0
Accumulated depreciation according to plan, Dec. 31.	**188.4**	160.2
Net book value, Dec. 31.	**110.9**	118.5

		2005 M€	2004 M€
9.4	**Biological assets**		
	Original cost, Jan. 1.	**30.4**	28.7
	Capital expenditure		0.0
	Increase due to growth	**1.2**	1.1
	Change in fair value less estimated point-of-sale costs	**-0.8**	1.6
	Harvested timber	**-0.9**	-0.7
	Decrease due to sales	**0.0**	-0.2
	Book value, Dec. 31.	**29.9**	30.4
9.5	**Investment property**		
	Original cost, Jan. 1.	**18.4**	8.9
	Currency translation adjustment	**1.5**	0.0
	Original cost, at the beginning of the year	**19.9**	8.9
	Capital expenditure	**0.8**	0.1
	Decrease	**-3.0**	-0.1
	Transfers		9.6
	Gross value, Dec. 31.	**17.7**	18.4
	Accumulated depreciation according to plan, Jan. 1.	**3.9**	2.8
	Currency translation adjustment	**0.2**	0.0
	Accumulated depreciation, at the beginning of the year	**4.0**	2.8
	Depreciation according to plan and impairment recognized	**5.1**	0.1
	Decrease	**-0.8**	-0.1
	Transfers		1.0
	Accumulated depreciation according to plan and impairment, Dec. 31.	**8.3**	3.9
	Net book value, Dec. 31.	**9.4**	14.6

Fair value

Investment Property comprises the parent company's properties in Fiskars Village, Finland, and the US leasing properties of Fiskars Brands, Inc. that are not in company's use for production purposes. Because Fiskars Village is unique it is impossible to set a comparable market value on the properties. The US properties have been stated at their market value after write-downs.

Transfers comprises properties classified as Investment Property during the fiscal year.

		2005 M€	2004 M€
9.6	**Investments in associated companies**		
	Net book value, Jan. 1.	**219.1**	191.8
	Capital expenditure	**30.2**	22.2
	Decrease	**-49.8**	
	Adjustments to the share in equity	**37.4**	5.1
	Other changes	**4.9**	
	Net book value, Dec. 31.	**231.9**	219.1
	Goodwill included in the net book value.	**38.1**	35.7

Adjustments to the share in equity comprise the share of net profit in associate and share of adjustments made directly to equity reduced with dividend distribution received. Other changes result from equity share adjustments caused by changes in share of ownership.

Summary of financial information on associates, Wärtsilä Corporation (100%)

	Ownership-%	Assets	Liabilities	Equity	Net sales	Net profit
2005	16.8	2869	1706	1163	2639	168
2004	20.5	2397	1497	901	2478	131

Fiskars' share in the votes of the associate were 30.58% (28.07)

		2005 M€	2004 M€
9.7	**Other shares, available for sale**		
	Original cost, Jan. 1.	**3.9**	23.2
	Capital expenditure	**0.3**	0.5
	Decrease	**-0.4**	-19.9
	Transfers		0.1
	Change in fair value through profit and loss	**1.0**	0.0
	Book value, Dec. 31.	**4.8**	3.9

Other shares comprises the 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 readily available.

		2005 M€	2004 M€
9.8	**Other investments**		
	Original cost, Jan. 1.	**1.1**	1.6
	Currency translation adjustment	**-0.1**	0.1
	Original cost, at the beginning of the year	**1.3**	1.6
	Capital expenditure	**0.2**	0.2
	Decrease	**-0.2**	-0.6
	Book value, Dec. 31.	**1.3**	1.1

Other investments comprises long-term receivables and they are stated at acquisition cost or lower fair value.

		2005 M€	2004 M€
9.9	**Inventories**		
	Raw materials and consumables	**25.2**	24.3
	Work in progress	**10.2**	9.3
	Finished products / Goods	**93.2**	75.6
	Other inventories	**0.1**	
	Advance payments	**0.4**	0.5
	Total inventories, Dec. 31.	**129.3**	109.7
9.10	**Trade receivables**		
	Trade receivables	**80.4**	76.2
	Trade accruals	**6.5**	7.4
	Total, Dec. 31.	**86.9**	83.6

Trade receivables are widely spread geographically and regarding the customer base, single credit loss risks are estimated to be insignificant. The corporation has some bigger customers, but those are mainly major retail store chains with high credit ratings.

		2005 M€	2004 M€
9.11	**Other receivables**		
	Loan receivables	**0.0**	1.4
	Other receivables	**2.5**	3.9
	Derivatives	**0.7**	3.7
	Prepayments and accrued income	**3.2**	4.2
	Total, Dec. 31.	**6.4**	13.2
	Prepayments and accrued income		
	Prepaid and accrued interest	**0.4**	0.1
	Prepaid income tax		2.3
	VAT receivables	**2.7**	1.4
	Other prepayments and accruals	**0.1**	0.3
	Total, Dec. 31.	**3.2**	4.2
9.12	**Cash in hand and at bank**		
	Cash in hand and at bank	**21.7**	15.6
	Total, Dec. 31.	**21.7**	15.6

		2005 1,000 pcs	2004 1,000 pcs	2005 M€	2004 M€
10.	**Balance sheet, shareholders' equity & liabilities, specifications**				
10.1	**Shareholders' equity**				
	Share capital				
	A-shares				
	Jan. 1.	**54,944**	39,246	**54.9**	39.2
	Bonus issue		15,698		15.7
	Dec. 31.	**54,944**	54,944	**54.9**	54.9
	K-shares				
	Jan. 1.	**22,566**	16,118	**22.6**	16.1
	Bonus issue		6,447		6.4
	Dec. 31.	**22,566**	22,566	**22.6**	22.6
	Share capital, Dec. 31.	**77,510**	77,510	**77.5**	77.5
	Share premium account				
	Jan. 1.				21.3
	Transfer to share capital, bonus issue				-21.3
	Share premium account, Dec. 31.				0.0
	Own shares				
	A-shares				
	Jan. 1.	**128**	62	**-0.9**	-0.6
	Increase		30		-0.3
	Decrease		-1		0.0
	Bonus issue		36		
	Dec. 31.	**128**	128	**-0.9**	-0.9
	K-shares				
	Jan. 1.	**0**	0	**0.0**	0.0
	Bonus issue		0		
	Dec. 31.	**0**	0	**0.0**	0.0
	Own shares, Dec. 31.	**128**	128	**-0.9**	-0.9
	Other equity Jan. 1.			**259.1**	278.6
	Dividends			**-22.8**	-71.8
	Currency translation adjustment			**1.2**	-1.4
	Other reserves			**24.7**	
	Transfer to share capital, bonus issue				-0.9
	Net profit			**62.1**	54.6
	Other equity Dec. 31.			**326.2**	259.1
	- currency translation adjustment			**-1.2**	1.4
	- own shares			**-0.9**	-0.9
	- fair value reserve (incl. in other reserves)			**-24.7**	0.0
	Distributable earnings, Dec. 31.			**299.4**	259.6

		2005 M€ fair value	M€ carrying amount	2004 M€ fair value	M€ carrying amount
10.2	**Long-term interest bearing debt**				
	Capital loan *)	**46.5**	**45.1**	45.1	45.1
	Loans from credit institutions	**57.9**	**57.9**	78.9	78.9
	Pension loans	**0.9**	**0.9**	0.9	0.9
	Financial leasing debt	**22.6**	**20.6**	21.5	19.3
	Other long-term debt			0.0	0.0
	Total, Dec. 31.	**127.9**	**124.5**	146.5	144.3

*) 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 the Helsinki Exchanges.

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.

		2005 M€	2004 M€
	Financial leasing debt		
	Finance lease liabilities are payable as follows:		
	Less than one year	**3.2**	2.9
	Between one and five years	**13.2**	11.2
	More than five years	**12.9**	14.2
	Minimum lease payments in total	**29.3**	28.3
	Minimum lease payments, principal		
	Less than one year	**2.0**	2.1
	Between one and five years	**9.5**	7.6
	More than five years	**11.0**	11.9
	Present value of minimum finance lease payments	**22.6**	21.6
	Unaccrued interest	**6.8**	6.7
10.3	**Long-term non-interest bearing debt**		
	Other long-term debt	**2.7**	3.1
	Total, Dec. 31.	**2.7**	3.1
10.4	**Provisions**		
	Provisions January 1.	**3.8**	1.1
	Translation differences	**0.3**	0.3
	Increases	**1.2**	4.4
	Used provisions	**-0.6**	-1.6
	Changes in estimates	**-1.9**	-0.4
	Provisions Dec 31.	**2.9**	3.8
	Warranty costs	**1.1**	0.3
	Restructuring provision	**0.9**	3.4
	Onerous contracts and other provisions	**0.9**	0.1
	Total	**2.9**	3.8

		2005 M€ fair value	M€ carrying amount	2004 M€ fair value	M€ carrying amount
10.5	**Current interest bearing debt**				
	Loans from credit institutions	**26.5**	**26.5**	66.5	66.5
	Financial leasing debt	**2.0**	**2.0**	2.3	2.3
	Other debt	**8.7**	**8.7**	8.6	8.6
	Total, Dec. 31.	**37.2**	**37.2**	77.4	77.4

		2005 M€	2004 M€
10.6	**Trade payables and other non-interest bearing liabilities**		
	Trade payables	**39.5**	32.3
	Advances received	**0.5**	0.5
	Other liabilities	**3.2**	2.0
	Accruals and deferred income	**51.4**	49.4
	Total, Dec. 31.	**94.6**	84.2
	Accruals and deferred income		
	Interest payable	**2.3**	1.0
	Wages, salaries and social costs	**19.5**	18.5
	Other accruals	**29.5**	29.8
	Total, Dec. 31.	**51.4**	49.4

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

		2005 M€	2004 M€
10.7	**Income tax payable**		
	Income tax liability	**5.1**	9.9
	Total, Dec. 31.	**5.1**	9.9

11. Finance

Repayments of long-term liabilities

	2007	2008	2009	2010	Later years	Total
Capital loan				45.1		45.1
Loans from credit institutions	12.7		30.2	15.0		57.9
Pension loans				0.9		0.9
Financial leasing	2.1	2.3	2.5	2.7	11.0	20.6
Total, Dec. 31.	14.8	2.3	32.7	63.7	11.0	124.5
	11.9 %	1.8 %	26.3 %	51.1 %	8.9 %	100.0 %

12 month commercial foreign exchange transaction exposure excluding hedges	2005 M€	2004 M€
USD	**-18.3**	-7.1
CAD	**10.0**	2.5
AUD	**5.4**	6.5
GBP	**9.3**	2.8
DKK	**1.5**	3.8
NOK	**4.6**	2.4
SEK	**7.7**	-0.1
Other	**-2.2**	-2.4

Currency split and repricing schedule** of outstanding net debt* including hedges	2005 M€	Avg. rate	2004 M€	Avg. rate
EUR	**-84.8**	**2.4%**	-16.8	1.8%
USD	**87.6**	**4.9%**	115.1	3.2%
CAD	**10.9**	**3.3%**	3.7	2.9%
AUD	**6.3**	**5.5%**	1.9	5.6%
GBP	**14.7**	**4.5%**	6.8	5.0%
DKK	**16.5**	**2.6%**	17.6	2.4%
NOK	**5.9**	**2.4%**	-0.8	2.3%
SEK	**6.8**	**1.8%**	-2.4	2.3%
Other	**-0.8**		3.0	
Total	**63.1**		128.1	

* Excluding other debt, capital loan and financial leasing
** The duration of all loans and deposits is less than 6 months.

Debt structure	2005			2004		
Debt type	**Amount drawn**	**Amount available**	**Total**	Amount drawn	Amount available	Total
Capital loan	**45.1**		**45.1**	45.1		45.1
Committed revolving facilities*		**215.0**	**215.0**		266.5	266.5
Loans from financial institutions	**61.0**		**61.0**	86.3		86.3
Commercial paper program	**17.9**		**17.9**	57.5		57.5
Total	**124.0**	**215.0**	**339.0**	188.9	266.5	455.4

*75 M€ maturing in 2009, 85 M€ in 2010 and the rest later.

Lease obligations	2005 M€	2004 M€
Operating leases, payments next year	**6.7**	6.4
Operating leases, payments later	**16.5**	24.4
Total operating leases, Dec. 31.	**23.2**	30.8

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

Contingencies and pledged assets	2005 M€	2004 M€
As security for own commitments		
Real estate mortgages		0.6
Other pledged assets		0.5
Discounted bills of exchange	**0.4**	0.5
Lease commitments	**23.2**	30.8
Other contingencies	**0.8**	3.8
Total pledged assets and contingencies, Dec. 31.	**24.4**	36.2

	2005 M€	2004 M€
Debts with collateral		
Mortgages		
Pension loans		
-Amount of liability		0.3
-Nominal value of mortgage		0.3
Assets pledged		
Pension loans		
-Amount of liability		0.7
-Book value of assets pledged		0.7
Nominal amounts of derivatives		
Forward exchange contracts	**144.7**	113.5
Currency options	**4.2**	0.0
Interest rate swaps		22.0
Forward interest rate agreements	**59.3**	29.4
Market value vs. nominal amounts of derivatives		
(+calculatory gain, -calculatory loss)		
Forward exchange contracts	**-1.5**	4.2
Currency options	**0.1**	0.0
Interest rate swaps		-0.5
Forward interest rate agreements	**0.1**	0.1

Forward exchange contracts have been valued at market in the financial statements.

The calculatory result has been determined as the amount that would have had to be paid if interest swap agreements and forward rate agreements had been closed at Dec. 31, by offsetting agreements at the then prevailing interest rates.

Management of Financial Risks

Financing and financial risks are managed centrally from the Fiskars Corporate Treasury in Helsinki.

Currency risk
Approximately half of the Corporation's business is in North America and the rest is mainly in Europe. The Corporation is exposed to exchange risk through internal and external exports and imports, funding of foreign units and currency denominated equities in its subsidiaries. The revenue and expense of the North American business is mainly US dollar denominated while European business is mainly in various European currencies.

Transaction risk
The objective of the transaction risk management is to reduce the impacts of the exchange rate fluctuations to budgeted gross profit. Business units are in charge of managing their currency risks related to the commercial cash flows during the budget period. The units hedge their exposures mainly with currency forwards with Fiskars Corporate Treasury.

Fiskars Corporate Treasury manages the corporation's net currency position and is responsible for operating in the foreign exchange and derivative market. The net position consists of commercial position and currency denominated funding. Eligible instruments are mainly currency forwards and swaps. The Corporation does not use derivative financial instruments speculatively.

Fiskars does not apply hedge accounting as defined by IAS39. All gains and losses resulting from valuation of currency derivates hedging future transactions are booked through Profit and Loss.

Translation risk
Fiskars did not hedge the equity in its foreign subsidiaries. The total amount of equity in other currencies than euro is less than 10% of the total equity of the Corporation.

Interest rate risk
Corporation's funding need is mainly US dollar denominated. In Euros the Corporation is net depositor. All loans are floating interest rate loans except for the 45 million euro capital loan and the capital leases, 23 million euro. Forward rate agreements with total face value of 70 million US dollars reduce the Corporation's exposure to fluctuations in short term interest rates in 2006.

Liquidity and refinancing risk
The Corporation had considerable credit facilities with different banks. In Finland the parent company has a commercial paper program amounting to 200 million euros with its main banks. The unutilised committed revolving credit facilities amounted to 215 million euros at year end 2005. The day to day liquidity is managed by cash pools and overdraft facilities.

Refinancing risk is managed by maintaining an appropriate maturity structure of loans and credit facilities.

Credit risk
The financial counterparty risk is measured and monitored by the Treasury function. The Corporation minimizes financial credit risk by limiting its counterparties to a limited number of major banks and financial institutions and by working within agreed counterparty limits. There was no significant concentration of credit risks with any single counterparty as at the year end.

Customer credit risks are measured and monitored by the business units. The main customer base is made up of highly rated leading international retailers. The Corporation has not experienced any major credit losses in the past.

12. Related parties

The Corporation has no significant transactions, liabilities or receivables with its associated company, Wärtsilä.

Shareholdings of Directors and Corporate management	2005			2004		
	A-shares	**K-shares**	**Total**	A-shares	K-shares	Total
Allonen Heikki	**10,155**	**11,200**	**21,355**	10,155	11,200	21,355
Bergh Kaj-Gustaf	**5,000**	**0**	**5,000**			
Ehrnrooth Alexander	**41,171**	**930**	**42,101**	41,171	930	42,101
Ehrnrooth Göran J	**391,407**	**149,478**	**540,885**	391,407	149,478	540,885
Ehrnrooth Paul	**48,512**	**96,792**	**145,304**	48,512	96,792	145,304
Ervasti-Vaintola Ilona	**14,000**	**0**	**14,000**	14,000	0	14,000
von Frenckell Mikael	**56,000**	**0**	**56,000**	56,000	0	56,000
Gripenberg Gustaf	**203,000**	**33,600**	**236,600**	203,000	33,600	236,600
Grotenfelt Karl	**11,680**	**0**	**11,680**			
Lindberg Ingmar	**3,544**	**0**	**3,544**	3,544	0	3,544
Riikkala Olli	**2,550**	**0**	**2,550**			
Tallberg Thomas				450	252	702

In Finland the Corporation has a Financial Services Office into which deposits can be made and from which loans can be granted.
The Directors and the CEO do not have debts to the Financial Services Office nor other debts to the company; nor has the company given pledges or taken on other responsibilities in their names.
The foundation Bergsrådinnan Sophie von Julins Stiftelse had a deposit totaling EUR 2.5 million (2.3) in the Financial Services Office on December 31, 2005. An interest of 2.25 percent was paid on the deposit.

13. Other notes information

	2005	2004
Average number of employees		
Finland	**944**	903
Other Europe	**842**	856
USA	**1,552**	1,908
Other	**139**	115
Total	**3,476**	3,782
Number of employees, end-of-period		
Workers	**2,170**	2,320
Salaried	**1,114**	1,128
Total	**3,284**	3,448

		Domicile		% of share capital	% of voting power	Nature of activities
Shares and Participations						
Shares in subsidiaries						
Fiskars Brands, Inc.		**Wisconsin**	**US**	**100.0**	**100.0**	**T**
Fiskars Brands (Australia) Pty Limited		Melbourne	AU	100.0	100.0	M
Fiskars Brands Europe SPRL		Brussels	BE	100.0	100.0	H
Fiskars Brands Canada, Inc.		Toronto	CA	100.0	100.0	M
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 iL		Herford	DE	100.0	100.0	L
Fiskars Consumer Europe ApS		Silkeborg	DK	100.0	100.0	H
Fiskars Brands Danmark A/S		Silkeborg	DK	100.0	100.0	T
Fiskars Brands Finland Oy Ab		Pohja	FI	100.0	100.0	T
Predium Oy Ab		Helsinki	FI	100.0	100.0	H
Fiskars Brands France S.A.R.L.		Wissous	FR	100.0	100.0	M
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.		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 Global Holdings LLC		Wisconsin	MX	100.0	100.0	H
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 Holding AS		Oslo	NO	100.0	100.0	H
Fiskars Brands Norge AS		Oslo	NO	100.0	100.0	M
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 Holding AB iL		Motala	SE	100.0	100.0	H
Fiskars Brands Sverige AB		Motala	SE	100.0	100.0	M
Inha Works Ltd.		**Ähtäri**	**FI**	**100.0**	**100.0**	**T**
Ferraria Oy Ab		**Pohja**	**FI**	**100.0**	**100.0**	**T**
Kiinteistö Oy Danskog gård		**Tammisaari**	**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

Shares in associated companies					
Wärtsilä Corporation	15,817,476	Helsinki	FI	16.8	30.6
Other shares					
Elisa Corporation	14,356		FI	x	x
Rautaruukki Corporation	72,916		FI	x	x
Turvatiimi Oyj	1,140,000		FI	x	x

Risk Management

The following discussion includes forward-looking statements regarding risks and uncertainties. The actual outcome of the risk exposure could differ materially from that projected herein.

CUSTOMER RELATIONSHIPS AND DISTRIBUTION

Fiskars' products are sold through its sales force and agents and distributors to retail chains, wholesale, co-operative and independent accounts and institutions. Products are distributed through company operated and public storage facilities, depots and other facilities. Sales to certain large customers or sales via specialized distribution channels are significant in some of the company's businesses. The loss of a small number of major customers or a disruption of a specialized distribution channel could have an adverse effect on the Group's business and results of operations. The largest customer of Fiskars accounted for about 15% of the sales in 2005. The share of 20 main customers was 50%.

SUPPLY-CHAIN

A risk facing the company arises from ensuring that the business will develop as planned from a primarily manufacturing driven mode of operations to a business more driven by subcontracting and marketing. This is the key focus of the risk management process in 2006 as of the total purchases made by the company, an increasing part will originate from distant countries with a beneficial cost structure.

PRICE AND SUPPLY OF RAW MATERIALS AND COMMODITIES CONTRACTS

Fiskars' products are manufactured of diverse materials, mainly steel, aluminium and plastics. The company has experience in managing fluctuations in both price and availability. However, movements outside the normal range may have an impact upon margins. Futures contracts may be used but only in order to hedge future price movements.

INNOVATION

Growth of business depends in part on the company's ability to generate and commercialize a stream of new products and consumer-relevant improvements to existing products. The skill of combining innovation with the technical capability of the research and development functions forms the basis for the success of operating management in rolling out the resulting products and improvements in a timely manner.

BRANDS AND CORPORATE REPUTATION

Fiskars controls a number of global and local brands. Any adverse event affecting consumer confidence or continuity of supply of such a brand would have an impact on the overall business. The Group therefore continues to monitor closely the performance of our leading brands and will take appropriate action to mitigate any threat to brand value.

Fiskars has a good corporate reputation. Products carrying well-known brand names are sold in numerous countries. To maintain the reputation, the company shall meet product safety and quality, social, environmental and ethical standards in all operations and activities.

WEATHER AND SEASONAL DEPENDENCE

In the short term, demand for some product groups can be affected by weather and seasonal variations. These products are purchased and launched in the stores based on normal weather conditions. This means that weather conditions that do not concur with the statistical seasons could have a negative impact on sales of these products.

PENSIONS AND CORRESPONDING OBLIGATIONS

Movements in equity markets, interest rates and life expectancy of participants in some defined pension benefit plans could affect the amount of pension liabilities reported by the company. These liabilities are however regarded as small and the risk is thus not considered material.

ASSOCIATED COMPANY

Fiskars has a substantial investment in an associated company, Wärtsilä Corporation. Major movement in the share price, profitability or Wärtsilä's ability to pay dividends could have a material impact on Fiskars.

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 Helsinki Stock Exchange. Fiskars also complies with the Recommendation for Corporate Governance of Listed Companies of the Helsinki Exchanges, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers, which came into force July 1, 2004.

The Annual General Meeting, the Board of Directors and the CEO and President are responsible for the administration of Fiskars Corporation.

ANNUAL GENERAL MEETING

The Annual General Meeting shall be held before the end of June, either at Pohja or in Helsinki. The Annual General Meeting decides on matters stipulated in the Companies Act, such as the approval of the financial statements and distribution of profits, the release from liability of members of the Board of Directors, the President and CEO, 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 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 board members. The Annual General Meeting can also appoint a maximum of three deputy members. The terms of office of both members and deputy 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 23, 2005 appointed seven members. Chairman of the Board is Mr. Göran J. Ehrnrooth and Vice Chairman Mr. Mikael von Frenckell. The other members of the Board are Mr. Gustaf Gripenberg, Mr. Olli Riikkala, Mr. Paul Ehrnrooth, Ms. Ilona Ervasti-Vaintola and Mr. Alexander Ehrnrooth.

The Extraordinary General Meeting held on September 27, 2005 approved the proposal to increase the number of Board Members from seven to nine. Mr. Kaj-Gustaf Bergh and Mr. Karl Grotenfelt were elected new Board Members.

None of the members are employed by the company.

The current Board of Directors is presented on the company website and on page 6 of the Annual Report.

Responsibilities and Working Code of the Board of Directors

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

According to the working code approved by the Board of Directors, the Board is responsible for the corporate administration and proper organization of the affairs of the Corporation. The Board also appoints the President and a sufficient number of other managers and determines their remuneration. The Board can also appoint committees and determine their duties.

The Board also regularly evaluates its own work and its cooperation with the management. The committees' task is to prepare matters within their specific areas to be decided at meetings of the Board.

The Board will see to it that proposals for Director nominees for the Annual General Meeting are published in the Notice of the Annual General Meeting, provided a minimum of 10 percent of the shareholder votes support the proposals and each nominee has given their consent to the nomination. Proposals for nominees proposed after the publication of the Notice of the Annual General Meeting will be made public separately, provided the above criteria are fulfilled.

The Board of Directors convened fifteen times during 2005. With a few exceptions, the members of the Board attended all meetings.

All seven members of the Board are independent in relation to the Company. Of the Board members, Mr. Kaj-Gustaf Bergh, Ms. Ilona Ervasti-Vaintola, Mr. Mikael von Frenckell, Mr. Gustaf Gripenberg, Karl Grotenfelt and Mr. Olli Riikkala are independent in relation to the shareholders.

BOARD COMMITTEES 2005

In 2005 the Board of Directors has appointed two committees: an Audit Committee and a Compensation Committee.

1. The Audit Committee supervises and controls corporate financial reporting and audit. The members of the Audit Committee are Mr. Gustaf Gripenberg, Chairman, and Mr. Paul Ehrnrooth and Ms. Ilona Ervasti-Vaintola, members. The Audit Committee convened five times during 2005.

2. The Compensation Committee prepares matters connected with corporate remuneration and award systems. Its members are Mr. Göran J. Ehrnrooth, Chairman, Mr. Mikael von Frenckell, Mr. Olli Riikkala and Mr. Kaj-Gustaf Bergh, members. The Audit Committee convened three times during 2005.

Due to the shareholder structure of the corporation the Board decided not to appoint a Nomination Committee.

PRESIDENT AND CEO

The Board of Directors appoints and, if necessary, dismisses the chief executive officer, who is also President of the Corporation. The CEO runs 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 Group. President and CEO is Mr. Heikki Allonen.

EXECUTIVE VICE PRESIDENT

If necessary, the Board appoints one or more Executive Vice Presidents. At present, the Corporation has one Executive Vice President. The Executive Vice President is Mr. Ingmar Lindberg.

CORPORATE MANAGEMENT

The management of the parent company consists of the managers responsible for managing the corporate portfolio of businesses. The management – in different combinations, depending on the matters in hand – convenes under the leadership of the CEO to prepare proposals for the Board and to discuss financing, economical issues, communications, legal issues, development of personnel and information technology, and other issues. Its duties also include the management of relations with stakeholder groups.

Information about management personnel is presented on the company website and on page 8 of the Annual Report.

SUBSIDIARIES

Each of the subsidiaries has its own Board of Directors, which oversees its operations. Fiskars Brands, Inc. also has independent Board members, who bring their knowledge of local and international business to the company. Information about members of the Board is presented on the company website and on page 8 of the Annual Report.

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 control, and complies with the requirements imposed by local laws, regulations and business practices.

REMUNERATION

The Annual General Meeting determines the remuneration of the Board of Directors. In 2005, the Annual General Meeting set the annual fee of the Chairman of the Board at EUR 50,000, and the fee paid to the Vice Chairman at EUR 37,500 per annum; with fees for ordinary members at EUR 25,000 per annum.

In addition, the Annual General Meeting determined that Board members are paid a fee of EUR 550 per meeting, and 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 also to be paid a bonus. The Board of Directors defines the basis of the CEO's bonus fee. The CEO's salary, including benefits and bonuses, was EUR 391,600 in 2005. Some EUR 125,000 of this consisted of bonuses. The CEO's retirement age is 62 years and the pension is 60 percent of his pensionable income (TEL). Remuneration on dismissal by the company is twelve months basic salary in addition to a six-month notice period.

Bonus fees can also be paid to the Vice Presidents and other members of the Corporate Management in addition to their salaries, pursuant to conditions as defined by the Board.

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 seeing that the management and organization of operations is properly executed. In practice, it is the responsibility of the CEO together with the management to among other things put in place and administer internal audit 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.

The business operations are run by and through their own Boards of Directors. The Board of the largest subsidiary, Fiskars Brands, Inc., is assisted in its work by an Audit Committee of its own as well as the subsidiary's internal auditor, who in turn reports to the Chairman of the subsidiary's Audit Committee.

With the support of the Corporation, each subsidiary is responsible for the daily risk management of running its business.

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

INSIDERS OF THE CORPORATION

Fiskars applies the insider regulations approved by the Helsinki Exchanges on August 1, 2005. In addition, the company has its own insider regulations that came into force on January 1, 2006. 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 as well as the Board members and President and CEO of Fiskars Brands, Inc. The Company's Insiders include the assistants and secretaries of the corporate management; the staff at the Economy and Finance Department; the personnel in charge of Communications; the staff at the Legal Department; the Sr. Vice President, Finance and Accounting, of Fiskars Brands, Inc.; the assistant to the President and CEO of Fiskars Brands, Inc.; and the President and CEO of Inha Works Ltd. For projects that on realization may have an impact on the company's share value a separate project-based register is kept. Fiskars maintains lists of its insiders in the SIRE system of the Finnish Central Securities Depository Ltd.

AUDIT

The corporate auditor is KPMG Oy Ab, Corporation of Authorized Public Accountants, with Mr. Sixten Nyman, APA, as auditor with main responsibility. Fiskars Brands, Inc.'s auditor is PricewaterhouseCoopers, with Mr. Ray Wilson as auditor with main responsibility.

Five Years in Figures

		IFRS 2005	IFRS 2004	FAS 2004	FAS 2003	FAS 2002	FAS 2001
Net sales	M€	**551**	566	597	620	725	762
of which outside Finland	M€	**507**	525	556	583	688	726
in percent of net sales	%	**92.0**	92.8	93.2	93.9	94.9	95.2
export from Finland	M€	**55**	56	56	53	51	40
Percentage change of net sales	%	**-2.5**	-8.8	-3.7	-14.5	-4.8	-7.5
Profit before depreciation and amortization	M€	**57**	77	64	-19	71	54
in percent of net sales	%	**10.3**	13.6	10.7	-3.0	9.7	7.1
Operating profit	M€	**-2**	52	39	-52	28	12
in percent of net sales	%	**-0.4**	9.2	6.5	-8.4	3.8	1.6
Financial net	M€	**43**	-4	-3	22	44	24
in percent of net sales	%	**7.8**	-0.7	-0.5	3.5	6.1	3.1
Profit before taxes	M€	**69**	75	57	-30	72	36
in percent of net sales	%	**12.6**	13.3	9.5	-4.8	9.9	4.7
Income taxes	M€	**-7**	15	12	-17	23	13
Profit for the financial year	M€	**62**	55	45	-13	50	23
in percent of net sales	%	**11.3**	9.6	7.5	-2.1	6.8	3.0
Capital expenditure (incl. acquisitions)	M€	**61**	42	41	38	35	40
in percent of net sales	%	**11.1**	7.5	6.9	6.1	4.9	5.2
Research and development costs	M€	**6**	5	5	4	5	6
in percent of net sales	%	**1.0**	0.8	0.8	0.7	0.7	0.8
Capitalized development costs	M€	**1**	1				
Shareholders' equity	M€	**403**	336	319	348	429	407
Interest bearing debt	M€	**162**	222	200	216	266	400
Non-interest bearing debt	M€	**138**	134	116	115	115	122
Balance sheet total	M€	**703**	692	635	678	809	929
Return on investment	%	**14**	15	12	-3	12	8
Return on equity	%	**17**	16	13	-3	12	6
Equity ratio	%	**57**	49	50	51	53	44
Net gearing	%	**35**	61	58	57	57	96
Persons employed, average		**3,476**	3,782	3,782	3,633	4,095	4,489
Persons employed, Dec. 31		**3,284**	3,448	3,448	3,877	4,206	4,556
of which outside Finland		**2,441**	2,533	2,533	3,004	3,298	3,731

Formulas for calculation of ratios

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

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

Equity ratio in percent = $\frac{\text{Shareholders' Equity}}{\text{Balance sheet total - advances received}} \times 100$

Net gearing in percent = $\frac{\text{Interest bearing debt - cash and bank}}{\text{Shareholders' Equity}} \times 100$

Earnings per share = $\frac{\text{Profit attributable to ordinary shareholders}}{\text{Weighted average number of outstanding ordinary shares adjusted for emissions Dec. 31.}}$

Earnings per share from continuing activities = $\frac{\text{Profit for continuing activities}}{\text{Weighted average number of outstanding ordinary shares adjusted for emissions Dec. 31.}}$

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

Equity per share = $\frac{\text{Shareholders Equity attributable to ordinary shareholders}}{\text{Number of outstanding ordinary shares Dec 31.}}$

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 = $\frac{\text{Dividend paid}}{\text{Profit attributable to ordinary shareholders}} \times 100$

Dividend per share = $\frac{\text{Dividend paid}}{\text{Number of outstanding shares Dec 31.}}$

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

Information on Fiskars Shares

		IFRS 2005	IFRS 2004	FAS 2004	FAS 2003	FAS 2002	FAS 2001
Share capital	M€	**77.5**	77.5	77.5	55.4	55.4	55.4
Earnings per share **) (diluted and undiluted)	€	**0.80**	0.71	0.58	-0.16	0.64	0.29
continuing operations		**0.80**	0.77				
discontinued operations			-0.07				
Nominal dividend per share **)	€/A-share	**0.45** *)	0.30	0.30	0.94	0.79	0.22
	€/K-share	**0.43** *)	0.28	0.28	0.91	0.76	0.21
Dividend	M€	**34.4** *)	22.8	22.8	71.8	60.3	16.8
Equity per share **)	€	**5.20**	4.34	4.12	4.50	5.54	5.25
Adjusted average price per share	€/A-share	**9.75**	7.60	7.60	6.36	6.15	5.51
	€/K-share	**9.32**	7.40	7.40	6.39	5.88	5.66
Adjusted lowest price per share	€/A-share	**7.91**	6.58	6.58	5.18	4.93	4.38
	€/K-share	**8.00**	6.57	6.57	5.34	5.36	4.43
Adjusted highest price per share	€/A-share	**12.00**	10.07	10.07	7.86	6.86	6.43
	€/K-share	**11.50**	10.21	10.21	8.93	6.89	6.79
Adjusted price per share, Dec. 31	€/A-share	**9.60**	7.90	7.90	6.71	5.57	6.07
	€/K-share	**9.90**	7.90	7.90	7.46	5.79	5.71
Market value of shares	M€ A-shares	**527.5**	434.1	434.1	368.9	306.1	333.6
	M€ K-shares	**223.4**	178.3	178.3	168.4	130.6	128.9
	Total, M€	**750.9**	612.3	612.3	537.3	436.7	462.5
Number of shares, 1000 **)	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 own shares, 1000 **)	A-shares	**127.5**	127.5	127.5	87.1		
	in % of total	**0.2**	0.2	0.2	0.2		
	K-shares	**0.4**	0.4	0.4	0.4		
	in % of total	**0.0**	0.0	0.0	0.0		
Number of shares traded, 1000 **)	A-shares	**10,452.4**	11,659.1	11,659.1	6,243.5	5,519.5	1,768.6
	in % of total	**19.0**	21.2	21.2	11.4	10.0	3.2
	K-shares	**2,144.4**	3,173.6	3,173.6	631.9	1,824.5	65.7
	in % of total	**9.5**	14.1	14.1	2.8	8.1	0.3
Price per earnings	A-share	**12**	11	14	neg.	9	21
	K-share	**12**	11	14	neg.	9	20
Dividend per earnings in percent		**55.4**	41.7	50.7	neg.	121.4	74.4
Dividend yield in percent	A-share	**4.7**	3.8	3.8	13.9	14.1	3.6
	K-share	**4.3**	3.5	3.5	12.2	13.1	3.6
Number of shareholders		**6,114**	5,591	5,591	4,958	3,948	3,402

*) Board proposal

**) Keyfigures adjusted for the bonus issue as per Dec. 3, 2004
Diluted and undiluted 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, 2005**			Dec. 31, 2004
	Number of shares	**Number of votes**	**€**	Number of shares	Number of votes	€
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 series A shares must exceed the corresponding dividend on series K shares by at least two percent of the dividend. The book value per share for both series A and series K is one euro.

Minimum and maximum number of shares and share capital according to the Articles of Association		**Dec. 31, 2005**		Dec. 31, 2004
	minimum number; €	**maximum number; €**	minimum number; €	maximum number; €
Total of shares of series A and series K	**35,000,000**	**140,000,000**	35,000,000	140,000,000

Taxation values of the shares in Finland

	2005	2004
Series	**€**	€
Series A share	**6.67**	5.45
Series K share	**6.90**	5.45

Number of shares, bonus issues and stock splits 1994–2005

	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, 2005	54,944,492	22,565,708	77,510,200	

Share trading volume at the Helsinki Exchanges (adjusted for the bonus issue)		**2005**		2004
Series	**M€**	**Number of shares**	M€	Number of shares
A-share	**101.9**	**10,452,401**	90.1	11,659,085
K-share	**20.0**	**2,144,442**	23.4	3,173,583
Total	**121.9**	**12,596,843**	113.5	14,832,668

Share ownership, December 31, 2005	Number of		Number of		Number of	
Ownership structure	shareholders	%	shares	%	votes	%
Private corporations	355	5.81	35,590,346	45.92	248,860,710	49.16
Financial institutions and insurance companies	35	0.57	2,504,222	3.23	25,037,424	4.95
Public entities	13	0.21	5,134,876	6.62	30,192,304	5.96
Non-profit organizations	147	2.40	10,187,785	13.14	51,190,051	10.11
Private individuals	5,501	89.97	22,823,108	29.45	148,193,943	29.27
Foreigners	62	1.01	1,211,857	1.56	2,493,996	0.49
Other(s)	1	0.02	58,006	0.07	290,224	0.06
Total	6,114	100.00	77,510,200	100.00	506,258,652	100.00

Distribution of shares on December 31, 2005 Number of shares	Number of shareholders	%	Number of shares	%	Number of votes	%
1 - 100	839	13.71	106,054	0.14	490,405	0.10
101 - 500	2,142	35.04	603,479	0.78	2,078,772	0.41
501 - 1,000	1,139	18.63	856,594	1.11	2,928,962	0.58
1,001 - 10,000	1,668	27.29	4,807,209	6.20	20,411,244	4.03
10,001 - 100,000	245	4.01	6,524,072	8.42	32,384,801	6.40
100,001 -	81	1.33	64,612,792	83.36	447,964,468	88.49
Total	6,114	100.00	77,510,200	100.00	506,258,652	100.00

Major shareholders according to the shareholder register on December 31, 2005

	Shares of series A	Shares of series K	Total	Percentage of votes	Percentage of shares
Agrofin Oy Ab	9,064,506	2,332,882	11,397,388	11.0	14.7
Virala Oy Ab	5,174,458	3,000,277	8,174,735	12.9	10.5
Hambo Oy Ab	4,023,479	2,404,137	6,427,616	10.3	8.3
Oy Holdix Ab	3,089,122	1,727,594	4,816,716	7.4	6.2
Varma Mutual Pension Insurance Company	2,001,650	1,305,878	3,307,528	5.6	4.3
I.A. von Julins Sterbhus	1,456,000	1,027,600	2,483,600	4.3	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	1,218,648	2,019,446	5.0	2.6
Sampo Life Insurance Company Limited	0	1,142,326	1,142,326	4.5	1.5
Åberg Karin Margareta Albertina	764,233	314,772	1,079,005	1.4	1.4
Fromond Elsa Margaretha Louise	825,482	260,900	1,086,382	1.2	1.4

Own shares
On December 31, 2005, the Company had 127,512 shares of series A and 420 shares of series K.

The Board of Directors' authorizations
The Annual General Meeting decided to authorize the Board of Directors to acquire at the Helsinki Exchanges, within the period of one year from March 23, 2005, a maximum of 2,619,712 of the company's own shares of series A and a maximum of 1,127,865 of series K in a proportion deviating from the shareholders' existing proportionate holdings at share prices quoted on the Helsinki Exchanges 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 23, 2005 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 2005 to acquire or sell Company's shares.

Share option program
On December 31, 2005, the company had no option program.

Management's shareholding
On December 31, 2005, the Board members, the Corporate President & CEO and the Corporate Vice President controlled a total of 31,261,965 shares corresponding to 40.3% of the Corporation's shares and 42.3% of the votes.

Insider guidelines
Fiskars applies the insider regulations approved by the Helsinki Exchanges on July 1, 2005. The holdings of permanent insiders are available through the SIRE system of the Finnish Central Securities Depository Ltd, Urho Kekkosen katu 5 C, 00100 Helsinki, Finland, tel. +358 20 770 6000.

Income Statement

		2005 M€		2004 M€	
Net sales	(4)	**19.3**	**100.0 %**	27.6	100.0 %
Cost of goods sold		**-2.8**		-2.6	
Gross profit		**16.5**	**85.6 %**	25.0	90.6 %
Administration expenses		**-6.2**		-5.6	
Other operating income	(5)	**1.5**		2.7	
Other operating expenses		**0.0**		-0.7	
Operating profit		**11.8**	**61.2 %**	21.3	77.4 %
Gain on sale of Wärtsilä shares		**52.5**			
Financial income and expenses	(6)	**16.3**		37.3	
Profit before extraordinary items		**80.6**	**417.3 %**	58.6	212.6 %
Extraordinary items	(7)	**2.3**		2.0	
Profit after extraordinary items		**82.9**	**429.1 %**	60.6	219.7 %
Appropriations		**0.1**		-0.1	
Income taxes	(8)	**-2.6**		-19.0	
Profit for the financial year		**80.3**	**415.7 %**	41.5	150.6 %

Balance Sheet

		Dec. 31, 2005 M€		Dec. 31, 2004 M€	
ASSETS					
Fixed assets and other long-term investments					
Intangible assets	(9)	**0.2**		0.2	
Tangible assets	(10)	**33.3**		31.8	
Investments	(11,12)	**319.3**		302.1	
		352.8	**64.6 %**	334.1	61.9 %
Inventories and financial assets					
Inventories	(13)	**0.2**		0.1	
Long-term receivables	(14)	**0.1**		0.0	
Avoir fiscal tax receivables	(15)	**9.0**		10.8	
Current receivables	(16,17)	**165.5**		182.6	
Cash in hand and at bank	(18)	**18.8**		12.0	
		193.5	**35.4 %**	205.4	38.1 %
		546.3	**100.0 %**	539.5	100.0 %

		Dec. 31, 2005 M€		Dec. 31, 2004 M€	
EQUITY AND LIABILITIES					
Shareholders' equity	(19)				
Share capital		**77.5**		77.5	
Revaluation reserve		**3.9**		3.9	
Own shares		**-0.9**		-0.9	
Other reserves		**3.2**		3.2	
Retained earnings		**205.3**		186.6	
Profit for the financial year		**80.3**		41.5	
		369.3	**67.6 %**	311.8	57.8 %
Capital loan	(20)	**45.1**	**8.3 %**	45.1	8.4 %
Appropriations	(21)	**2.1**	**0.4 %**	2.1	0.4 %
Provisions	(22)	**0.0**	**0.0 %**	0.0	0.0 %
Liabilities					
Long-term	(23)	**58.8**		76.8	
Current	(24,25)	**71.0**		103.7	
		129.8	**23.8 %**	180.5	33.5 %
		546.3	**100.0 %**	539.5	100.0 %

Statement of Cash Flows

	2005 M€	2004 M€
Cash flows from operating activities		
Profit before extraordinary items, appropriations and taxes	**80.6**	58.6
Adjustments for		
Depreciation	**1.4**	1.3
Devaluation of investment		0.6
Exchange differences	**-0.3**	0.1
Financial income	**-79.3**	-46.3
Financial expense	**10.9**	8.5
Cash generated before working capital changes	**13.2**	22.7
Change in current receivables	**-2.6**	0.4
Change in inventories	**0.0**	0.0
Change in current non-interest bearing liabilities	**6.2**	-0.1
Cash generated from operations	**16.8**	22.9
Financial income items received	**8.1**	8.4
Dividends received	**17.2**	23.7
Financial expense items paid	**-8.8**	-9.5
Taxes paid	**-0.9**	4.8
Group contributions	**3.6**	1.4
Net cash flow from operating activities A	**36.0**	51.7
Cash flows from investing activities		
Investments	**-72.9**	-22.5
Purchase of tangible and intangible assets	**-3.0**	-2.3
Proceeds from disposal of investments	**106.1**	25.2
Proceeds from sale of equipment	**0.1**	0.1
Net cash flow from investments B	**30.3**	0.5
Cash flow after investments	**66.3**	52.2
Cash flows from financing activities		
Purchase of own shares		-0.3
Capital loan		45.1
Change in long-term debt	**-18.0**	-59.3
Change in current interest bearing debt	**-40.6**	-10.2
Change in current receivables	**19.1**	-16.9
Change in long-term receivables	**2.8**	63.7
Dividends paid	**-22.8**	-71.8
Net cash flows from financing activities C	**-59.5**	-49.6
Change in cash (A+B+C)	**6.8**	2.6
Cash at beginning of year	**12.0**	9.4
Cash at end of year	**18.8**	12.0

Statement of Changes in Equity

	Share capital M€	Share premium account M€	Revaluation reserve M€	Own shares M€	Other reserves M€	Retained earnings M€	Total M€
Dec. 31, 2003	55.4	21.3	3.9	-0.6	3.2	259.2	342.3
Bonus issue	22.1	-21.3				-0.9	0.0
Transfer from revaluation reserve							
following sale of landholdings			0.0			0.0	0.0
Dividends						-71.8	-71.8
Own shares, change				-0.3			-0.3
Net profit						41.5	41.5
Dec. 31, 2004	**77.5**	**0.0**	**3.9**	**-0.9**	**3.2**	**228.1**	**311.8**
Transfer from revaluation reserve							
following sale of landholdings			**0.0**			**0.0**	**0.0**
Dividends						**-22.8**	**-22.8**
Net profit						**80.3**	**80.3**
Dec. 31, 2005	**77.5**	**0.0**	**3.9**	**-0.9**	**3.2**	**285.6**	**369.3**

Accounting Principles of the Parent Company, FAS

The financial statements have been prepared in accordance with regulations in force in Finland. 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.

Retirement benefit plans
The retirement plans for the Finnish companies' employees are funded through payments to independent insurance companies. A small part of currently retired employees receive their benefits from a trustee administered fund. Any change in the deficit in the trustee administered fund is included in net income of the parent company. The net deficit of the fund is fully covered.

Extraordinary income and expense
Group contributions, merger losses and liquidation losses are reported in extraordinary income and expenses. Only significant items unusual in nature are recognized as extraordinary income or expense.

Fixed assets and other long-term investments
Fixed 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.

Fixed 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

Revalued land and water holdings are not depreciated.

Gains and losses on disposal of fixed 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.

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.

Deferred tax assets and liabilities are calculated on temporary differences at the current enacted tax rate or, if applicable, the future enacted tax rate. Deferred tax liabilities are recognized in full whereas deferred tax assets are recognized only to the extent it is considered probable that the tax asset will realize future tax savings.

Dividends
The dividend proposed by the Board of Directors has not been included as liability in the financial statements. Dividends to be paid are taken up as a liability following the decision of the Annual General Meeting.

		2005 M€	2004 M€
Income statement			
1.	**Personnel costs**		
	Wages and salaries, for time worked	**2.4**	2.3
	Pension costs	**0.4**	0.3
	Other personnel costs	**0.7**	0.6
	Total	**3.5**	3.3
2.	**Number of employees**		
	Average	**47**	49
	End-of-period	**43**	45
3.	**Depreciation and amortization according to plan by function**		
	Cost of goods sold	**1.2**	1.1
	Administration	**0.2**	0.2
	Total	**1.4**	1.3
4.	**Net sales**		
	Lease income	**2.6**	2.4
	Royalties	**14.9**	23.4
	Other	**1.8**	1.7
	Total	**19.3**	27.6
5.	**Other operating income**		
	Net gain on sale of property, plant and equipment	**1.5**	1.3
	Other income		1.4
	Total	**1.5**	2.7

		2005 M€	2004 M€
6.	**Financial income and expenses**		
	Dividend income		
	From subsidiaries		2.0
	From associated companies	**17.1**	30.0
	From other investments	**0.1**	1.3
	Dividend income, total	**17.2**	33.2
	Interest and financial income from long-term investments		
	From subsidiaries	**1.5**	4.5
	From other investments	**0.8**	4.8
	Interest and financial income from long-term investments, total	**2.3**	9.3
	Other interest and financial income		
	From subsidiaries	**6.6**	3.8
	From other parties	**1.1**	0.2
	Other interest and financial income, total	**7.7**	4.0
	Interest and financial income, total	**10.0**	13.3
	Write down of long-term investments		
	From subsidiaries	**-1.1**	
	From other parties		-0.6
	Write down of long-term investments, total	**-1.1**	-0.6
	Interest and other financial expenses		
	To subsidiaries	**-0.3**	0.0
	To other parties	**-9.5**	-8.7
	Interest and other financial expenses, total	**-9.8**	-8.7
	Total financial income and expenses	**16.3**	37.3
	Net exchange gains and losses included in financial items	**0.3**	-0.1
7.	**Extraordinary items**		
	Gain on dissolution	**0.0**	
	Group contribution	**2.3**	2.0
	Total extraordinary income and expense	**2.3**	2.0
8.	**Income taxes**		
	Current year taxes	**-3.5**	-19.0
	Change in deferred tax asset	**0.8**	
	Income taxes per income statement	**-2.6**	-19.0

		2005 M€	2004 M€
Balance sheet, assets			
9.	**Intangible assets**		
	Original cost, Jan. 1.	**0.9**	0.8
	Capital expenditure	**0.0**	0.1
	Decrease	**0.0**	0.0
	Gross value, Dec. 31.	**0.9**	0.9
	Accumulated amortization according to plan, Jan. 1.	**0.6**	0.6
	Amortization according to plan	**0.0**	0.1
	Decrease	**0.0**	0.0
	Accumulated amortization according to plan, Dec. 31.	**0.7**	0.6
	Net book value, Dec. 31.	**0.2**	0.2
10.	**Tangible assets**		
10.1	**Land and water**		
	Original cost, Jan. 1.	**4.7**	4.6
	Capital expenditure	**0.1**	0.1
	Decrease	**0.0**	0.0
	Gross value, Dec. 31.	**4.7**	4.7
	Revaluation, Jan. 1.	**9.8**	9.8
	Decrease	**0.0**	0.0
	Revaluation, Dec. 31.	**9.8**	9.8
	Book value, Dec. 31.	**14.6**	14.5
10.2	**Buildings**		
	Original cost, Jan. 1.	**28.0**	26.1
	Capital expenditure	**1.0**	1.9
	Decrease	**0.0**	0.0
	Gross value, Dec. 31.	**29.0**	28.0
	Accumulated depreciation according to plan, Jan. 1.	**12.7**	11.8
	Depreciation according to plan	**0.9**	0.9
	Decrease	**0.0**	
	Accumulated depreciation according to plan, Dec. 31.	**13.6**	12.7
	Construction in progress	**1.3**	0.0
	Net book value, Dec. 31.	**16.7**	15.3

		2005 M€	2004 M€
10.3	**Machinery and equipment**		
	Original cost, Jan. 1.	**5.1**	4.9
	Capital expenditure	**0.6**	0.3
	Decrease	**-0.3**	-0.1
	Gross value, Dec. 31.	**5.4**	5.1
	Accumulated depreciation according to plan, Jan. 1.	**3.2**	2.8
	Depreciation according to plan	**0.4**	0.4
	Decrease	**-0.2**	-0.1
	Accumulated depreciation according to plan, Dec. 31.	**3.4**	3.2
	Net book value, Dec. 31.	**2.0**	1.9
10.4	**Total tangible assets**		
	Original cost, Jan. 1.	**37.8**	35.6
	Capital expenditure	**1.7**	2.3
	Decrease	**-0.3**	-0.1
	Gross value, Dec. 31.	**39.2**	37.8
	Accumulated depreciation according to plan, Jan. 1.	**15.9**	14.7
	Depreciation according to plan	**1.4**	1.3
	Decrease	**-0.2**	-0.1
	Accumulated depreciation according to plan, Dec. 31.	**17.0**	15.9
	Revaluation, Jan. 1.	**9.8**	9.8
	Decrease	**0.0**	0.0
	Revaluation, Dec. 31.	**9.8**	9.8
	Construction in progress	**1.3**	0.0
	Net book value, Dec. 31.	**33.3**	31.8
11.	**Investments, associated companies**		
	Net book value Jan. 1.	**214.0**	0.0
	Increase	**30.2**	22.2
	Decrease	**-52.5**	
	Transfers		191.8
	Net book value Dec. 31.	**191.7**	214.0
12.	**Investments, other**		
12.1	**Holdings in subsidiaries**		
	Original cost, Jan. 1.	**71.8**	81.7
	Capital expenditure	**42.5**	0.8
	Decrease	**-16.2**	-10.8
	Gross value, Dec. 31.	**98.1**	71.8
	Devaluation, Jan. 1.	**-52.4**	-61.5
	Decrease	**16.2**	9.1
	Devaluation, Dec. 31.	**-36.3**	-52.4
	Net book value, Dec. 31.	**61.9**	19.4

		2005 M€	2004 M€
12.2	**Other shares and similar rights of ownership**		
	Original cost, Jan. 1.	**3.5**	214.6
	Capital expenditure	**0.3**	0.5
	Decrease	**-0.4**	-19.9
	Transfers		-191.7
	Gross value, Dec. 31.	**3.4**	3.5
	Devaluation, Jan. 1.	**-0.6**	-0.6
	Net book value, Dec. 31.	**2.8**	2.9
12.3	**Receivables from subsidiaries**		
	Original cost, Jan. 1.	**65.8**	129.0
	Decrease	**-2.8**	-63.2
	Net book value, Dec. 31.	**63.0**	65.8
12.4	**Other receivables**		
	Original cost, Jan. 1.		0.1
	Transfers		-0.1
	Book value, Dec. 31.		0.0
12.5	**Total other investments**		
	Original cost, Jan. 1.	**141.1**	425.4
	Capital expenditure	**42.8**	1.3
	Decrease	**-19.4**	-93.8
	Transfers		-191.8
	Gross value, Dec. 31.	**164.5**	141.1
	Devaluation, Jan. 1.	**-53.0**	-61.5
	Increase		-0.6
	Decrease	**16.2**	9.1
	Devaluation, Dec. 31.	**-36.8**	-53.0
	Net book value, Dec. 31.	**127.6**	88.1
13.	**Inventories**		
	Work in progress	**0.0**	0.0
	Finished products / Goods	**0.2**	0.1
	Total inventories, Dec. 31.	**0.2**	0.1

		2005 M€	2004 M€
14.	**Long-term receivables**		
	Loan receivables	**0.1**	0.0
	Total, Dec. 31.	**0.1**	0.0
15.	**Avoir fiscal tax receivables**		
	Avoir fiscal tax receivables	**9.0**	10.8
	Total, Dec. 31.	**9.0**	10.8
16.	**Current receivables**		
	Trade receivables, external	**0.3**	0.3
	Amounts owed by subsidiaries		
	Trade receivables	**0.5**	0.3
	Loan receivables	**148.1**	171.0
	Other receivables	**9.5**	6.0
	Prepayments and accrued income	**6.0**	3.1
		164.1	180.4
	Other external receivables		
	Loan receivables	**0.0**	0.0
	Other receivables	**0.1**	1.7
	Prepayments and accrued income	**0.9**	0.2
		1.0	1.9
	Total, Dec. 31.	**165.5**	182.6
17.	**Prepayments and accrued income**		
	Prepaid and accrued interest	**0.8**	0.1
	Other prepayments and accruals	**0.1**	0.0
	Total, Dec. 31.	**0.9**	0.2
18.	**Cash at hand and in bank**		
	Cash at hand and in bank	**18.8**	12.0
	Total, Dec. 31.	**18.8**	12.0

		2005 M€	2004 M€
Balance sheet, shareholders' equity and liabilities			
19.	**Shareholders' equity**		
	Share capital		
	A-shares		
	Jan. 1.	**54.9**	39.2
	Bonus issue		15.7
	Dec. 31.	**54.9**	54.9
	K-shares		
	Jan. 1.	**22.6**	16.1
	Bonus issue		6.4
	Dec. 31.	**22.6**	22.6
	Share capital, Dec. 31.	**77.5**	77.5
	Share premium account		
	Jan. 1.		21.3
	Transfer to share capital, bonus issue		-21.3
	Share premium account, Dec. 31.		0.0
	Revaluation reserve		
	Jan. 1.	**3.9**	3.9
	Decrease following sale of fixed assets	**0.0**	0.0
	Revaluation reserve, Dec. 31.	**3.9**	3.9
	Own shares		
	A-shares		
	Jan. 1.	**-0.9**	-0.6
	Increase		-0.3
	Decrease		0.0
	Dec. 31.	**-0.9**	-0.9
	K-shares		
	Jan. 1.	**0.0**	0.0
	Dec. 31.	**0.0**	0.0
	Own shares, Dec. 31.	**-0.9**	-0.9
	Other reserves		
	Jan. 1.	**3.2**	3.2
	Other reserves, Dec. 31.	**3.2**	3.2
	Retained earnings		
	Jan. 1.	**228.1**	259.2
	Dividends	**-22.8**	-71.8
	Transfer to share capital, bonus issue		-0.9
	Transfer from revaluation reserve	**0.0**	0.0
	Net profit	**80.3**	41.5
	Retained earnings, Dec. 31.	**285.6**	228.1
	-own shares	**-0.9**	-0.9
	Distributable earnings, Dec. 31.	**284.7**	227.2

		2005 M€	2004 M€
20.	**Capital loan**	**45.1**	45.1

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 the Helsinki Exchanges.

		2005 M€	2004 M€
21.	**Appropriations (Untaxed reserves)**		
	Depreciation in excess of plan, Jan. 1.	**2.1**	2.0
	Changes during the year	**-0.1**	0.1
	Depreciation in excess of plan, Dec. 31.	**2.1**	2.1

Parent Company deferred tax liabilities EUR 0.5 million (0.6) are included above.

		2005 M€	2004 M€
22.	**Provisions**		
	Retirement benefits	**0.0**	0.0
	Total, Dec. 31.	**0.0**	0.0
23.	**Long-term liabilities**		
	Loans from credit institutions	**57.9**	75.9
	Pension loans	**0.9**	0.9
	Amounts owed to subsidiaries	**0.0**	0.0
	Total, Dec. 31.	**58.8**	76.8
24.	**Current liabilities**		
	Loans from credit institutions	**23.4**	62.3
	Advances received	**0.1**	0.0
	Trade payables	**0.3**	0.4
		23.9	62.8
	Amounts owed to subsidiaries		
	Trade payables	**0.0**	0.2
	Other liabilities	**31.7**	33.1
	Accruals and deferred income	**6.4**	0.1
		38.2	33.4
	Other liabilities	**5.3**	5.7
	Accruals and deferred income	**3.7**	1.8
	Total, Dec. 31.	**71.0**	103.7
25.	**Accruals and deferred income**		
	Interest payable	**2.8**	1.1
	Wages, salaries and social costs	**0.3**	0.3
	Purchases and other similar items	**0.6**	0.4
	Total, Dec. 31.	**3.7**	1.8

		2005 M€	2004 M€
26.	**Lease obligations**		
	Operating leases, payments next year	**0.3**	0.4
	Operating leases, payments later	**0.0**	0.0
	Total operating leases, Dec. 31.	**0.3**	0.4
27.	**Contingencies and pledged assets**		
	As security for own commitments		
	Real estate mortgages		0.3
	Other pledged assets		0.7
	Lease commitments	**0.3**	0.4
	Other contingencies	**0.8**	3.8
	Total	**1.1**	5.2
	Guarantees as security for subsidiaries' commitments	**17.7**	17.3
	Total pledged assets and contingencies, Dec. 31.	**18.8**	22.5
28.	**Debts with collateral**		
	Mortgages		
	Pension loans		
	-Amount of liability		0.3
	-Nominal value of mortgage		0.3
	Assets pledged		
	Pension loans		
	-Amount of liability		0.7
	-Book value of assets pledged		0.7

		Number of shares	Domicile		% of share capital	% of voting power	Book value (€ 1000)
29.	**Shares and Participations**						
	Shares in associated companies						
	Wärtsilä Corporation, A	8,651,676	Helsinki	FI	36.7	36.7	121,497
	Wärtsilä Corporation, B	7,165,800		FI	10.2	10.2	70,217
	Wärtsilä total	15,817,476			16.8	30.6	191,713
	Other shares						
	Elisa Corporation	14,356		FI	x	x	34
	Rautaruukki Corporation	72,916		FI	x	x	143
	Turvatiimi Oyj	1,140,000		FI	x	x	433
	Other shares owned by the parent company						2,172
							2,783
	Shares in subsidiaries						
	Fiskars Brands, Inc.	22,924,913	Wisconsin	US	100	100	42,484
	Inha Works Ltd.	5,000	Ähtäri	FI	100	100	1,199
	Ferraria Oy Ab	750,000	Pohja	FI	100	100	17,660
	Kiinteistö Oy Danskog gård	4,000	Tammisaari	FI	100	100	505
	Ab Åbo Båtvarf - Turun Veneveistämö Oy	150	Turku	FI	100	100	3
							61,851

Stock Exchange Releases and Announcements 2005

JAN 5, 2005
Notification referred to in chapter 2, section 10, of the securities markets act on a change in holdings

JAN 14, 2005
Fiskars shares not transferred into the book-entry system

FEB 4, 2005
Change of the publising date of the Fiskars 2004 Financial statement bulletin

FEB 16, 2005
Fiskars Corporation's results 2004

FEB 16, 2005
Notice of Annual General Meeting

FEB 16, 2005
Fiskars acquires Gingher, US scissors manufacturer

MARCH 11, 2005
Notification referred to in chapter 2, section 10, of the securities markets act on a change in holdings

MARCH 14, 2005
Proposal for composition of Fiskars' Board of Directors

MARCH 14, 2005
Fiskars Corporation's Annual Report 2004 is published

MARCH 21, 2005
Fiskars IFRS comparative Financial Statements 2004

MARCH 23, 2005
Annual General Meeting of shareholders 2005

APRIL 7, 2005
Slow start to Fiskars Brands spring season

MAY 11, 2005
Fiskars Corporation interim report January-March 2005

JUNE 14, 2005
Offering of 4 million Wärtsilä B-shares by Fiskars

JUNE 14, 2005
Accelerated bookbuilt offering of Wärtsilä shares by Fiskars completed

JUNE 30, 2005
Notification referred to in chapter 2, section 10, of the securities markets act on a change in holdings

AUG 12, 2005
Fiskars Corporation interim report January-June 2005

SEP 27, 2005
Fiskars Corporation - extraordinary general meeting's decisions

OCT 17, 2005
Fiskars starts codetermination negotiations as a part of a substantial reorganization of its production capacity

NOV 9, 2005
Fiskars Corporation interim report January-September 2005

NOV, 25, 2005
Fiskars Financial Information 2006

Stock exchange and press releases are available for the reader on the Fiskars Corporation website www.fiskars.fi

The Board of Directors' proposal for the Annual General Meeting

According to the consolidated balance sheet on December 31, 2005, the distributable equity amounts to 299.4 million euro (259.6 million euro). The distributable equity of the Parent Company is 284.7 million euro (227.2 million euro).

For 2005 the Board of Directors proposes a dividend of 0.45 euro per share of series A and 0.43 per share of series K.
On February 14, 2006, dividend entitling shares numbered 54,816,980 of series A and 22,565,288 of series K, totalling 77,382,268 shares. Thus the dividend distribution would be:

on 54,816,980 shares of series A 0.45 euro per share, in total	24,667,641.00 euro
on 22,565,288 shares of series K 0.43 euro per share, in total	9,703,073.84 euro
Total dividend distribution	34,370,714.84 euro

This leaves 250,336,687 euro of unused profit funds at the Parent Company.

The Board of Directors signatures to the Report by the Board of Directors and the Financial Statements 2005:
Helsinki, 14 February 2006

Göran J. Ehrnrooth

Mikael von Frenckell

Gustaf Gripenberg

Olli Riikkala

Paul Ehrnrooth

Ilona Ervasti-Vaintola

Alexander Ehrnrooth

Kaj-Gustaf Bergh

Karl Grotenfelt

Heikki Allonen
President and CEO

Auditor's Report

To the shareholders of Fiskars Corporation

We have audited the accounting records, the financial statements and the administration of Fiskars Corporation for the period 1.1. – 31.12.2005. The Board of Directors and the President and CEO of Fiskars Corporation have prepared the Report of the Board of Directors and the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU and the parent company's financial statements prepared in accordance with prevailing regulations in Finland, that include the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, the parent company's financial statements and on the administration of the parent company.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of administration is to examine that the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies Act.

Consolidated financial statements

In our opinion the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU give a true and fair view, as referred to in the International Financial Reporting Standards as adopted by the EU and defined in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position. The consolidated financial statements can be adopted.

Parent company's financial statements and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of the parent company's result of operations as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distributable funds is in compliance with the Companies Act.

Helsinki, February 14, 2006

KPMG OY AB

Sixten Nyman
Authorized Public Accountant

Addresses

CORPORATE HEAD OFFICE

Fiskars Corporation
P.O.Box 235
(Mannerheimintie 14 A)
FIN-00101 Helsinki, Finland
Tel +358 9 618 861
Fax +358 9 604 053
info@fiskars.fi
firstname.lastname@fiskars.fi
www.fiskars.fi

VAT FI0214036-5

FISKARS BRANDS

Fiskars Brands, Inc.
Headquarters
2537 Daniels Street
Madison, WI 53718, USA
Tel +1 608-259-1649
Fax +1 608-294-4790
corpinfo@fiskars.com
www.fiskarsbrands.com

USA

Fiskars Garden & Outdoor Living
780 Carolina Street
Sauk City, WI 53583, USA
Tel +1 608-643-2380
Fax +1 608-643-4812
consumeraffairs@fiskars.com
www.fiskarsbrands.com

Power Sentry
17300 Medina Road, Suite 800
Plymouth, MN 55447, USA
Tel +1 763-557-8889
Fax +1 763-557-8868
klesch@powersentry.com
www.fiskarsbrands.com

Gerber Legendary Blades
14200 SW 72nd Avenue
Portland, OR 97224, USA
Tel +1 503-639-6161
Fax +1 503-620-3446
sales@gerberblades.com
www.fiskarsbrands.com

Fiskars School, Office & Craft
2537 Daniels Street
Madison, WI 53718, USA
Tel +1 715-842-2091
Fax +1 715-845-5001
Consumeraffairs@fiskars.com
www.fiskarsbrands.com

EUROPE

Fiskars Brands Europe SPRL
Kleine Kloosterstraat 6
1932 Zaventem
Brussels, Belgium
Tel +32 2 709 85 80
Fax +32 2 709 85 88
corpinfo@fiskars.com
www.fiskarsbrands.com

Fiskars Brands Danmark A/S
PO Box 360
Vestre Ringvej 45
DK 8600 Silkeborg, Denmark
Tel +45 87 2011 00
Fax +45 86 8159 68
reb@fiskars.dk
www.fiskarsbrands.com

Fiskars Brands Finland Oy Ab
FIN-10330 Billnäs, Finland
Tel +358 19 277 721
Fax +358 19 230 986
info@fiskarsbrands.fi
www.fiskarsbrands.com

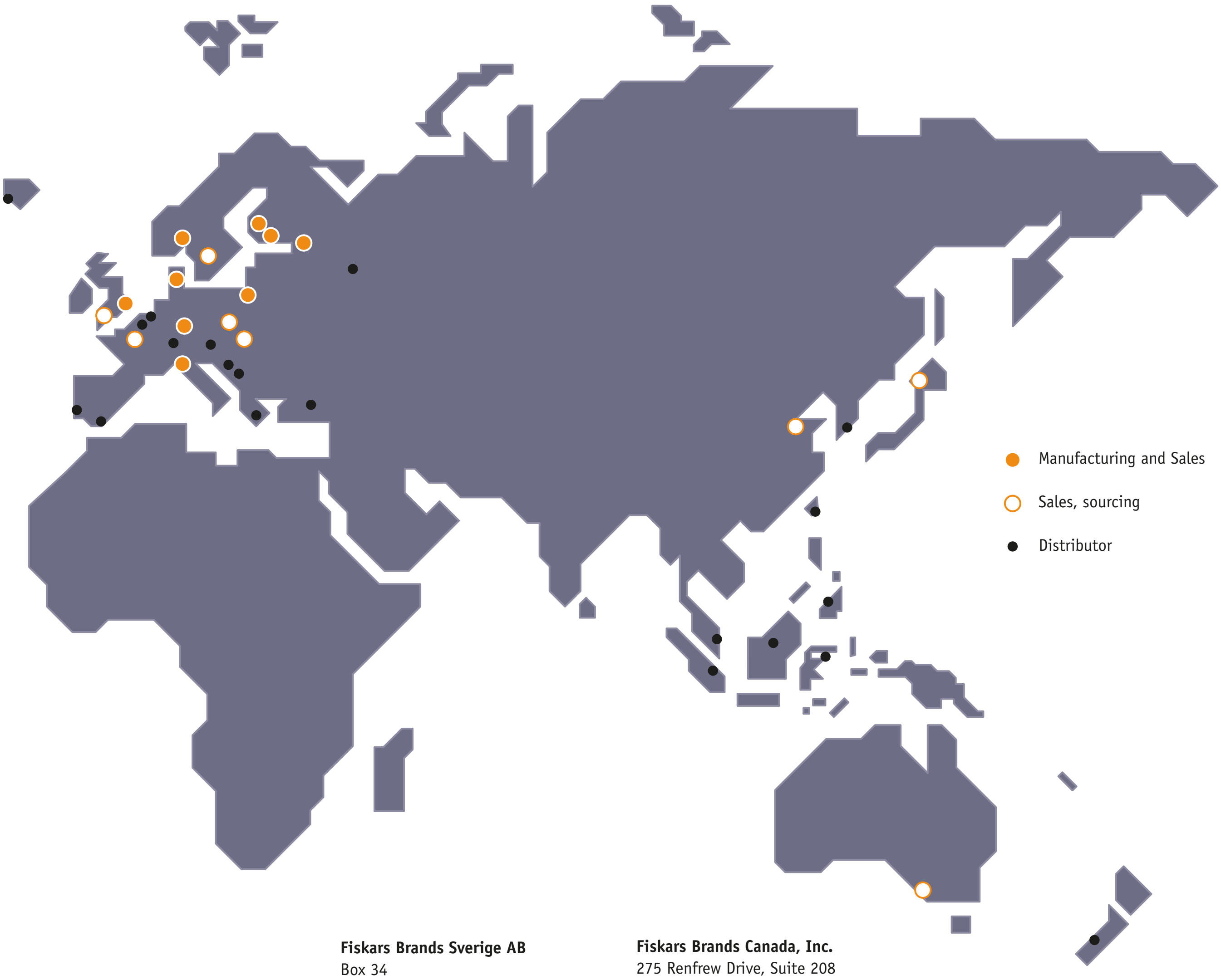
Fiskars Brands Finland Oy Ab
Itälahdenkatu 25
FIN-00210 Helsinki, Finland
Tel +358 9 350 9000
Fax +358 9 350 900 90
exports@fiskarsbrands.fi
info@fiskarsbrands.fi
www.fiskarsbrands.com

Fiskars Brands France S.A.R.L.
21-23 Boulevard Arago
F-91325 Wissous Cedex, France
Tel +33 1 69 75 15 15
Fax +33 1 69 75 15 19
ctouret@fiskars.fr
www.fiskarsbrands.com

Fiskars Brands Germany GmbH
Oststrasse 23
D-32051 Herford, Germany
Tel +49 5221 935 0
Fax +49 5221 935 199
info.garten@fiskars.de
www.fiskarsbrands.com

Fiskars Magyarorxzág Ltd.
Csillaghegyi út 13
H-1037 Budapest, Hungary
Tel +36 1 453 0945
Fax +36 1 453 2375
fiskars@fiskars.hu
www.fiskarsbrands.com

Fiskars Brands Italia S.r.L.
Via Provinciale 15
I-23862 Civate (Lecco), Italy
Tel +39 0341 215 111
Fax +39 0341 551 654
mailbox@fiskars.it
www.fiskarsbrands.com



Fiskars Brands Norge AS
Postboks 4215 Nydalen
(Nydalsveien 32 B)
N-0401 Oslo, Norway
Tel +47 23 00 64 40
Fax +47 23 00 64 50
epost@fiskars.no
www.fiskarsbrands.com

Fiskars Brands Polska Sp. Zo.o.
Biuro Handlowe
Ul. Marywilska 22
03-228 Warszawa, Poland
Tel +48 22 676 0400
Fax +48 22 676 0404
warsaw.office@fiskars.pl

ZAO Fiskars Brands Rus
Office 5/1, Building 93A
Obvodniy Canal
St. Petersburg, 191119, Russia
Tel +7 812 320 4323
Fax +7 812 320 4323
sales@fiskarsco.ru

International Business Centre
C/ Isabel Colbrand nº 6, 5th floor
28050 Madrid, Spain
Tel +34 91 344 67 03
Fax +34 91 344 69 11
gallego.fiskars@telefonica.net

Fiskars Brands Sverige AB
Box 34
(Ringtrastvägen 4)
S-591 21 Motala, Sweden
Tel +46 161 472 50
Fax +46 161 465 94
info@fiskars.se
www.fiskarsbrands.com

Richard Sankey & Son Ltd.
Bennerly Road, Bullwell
Nottingham NG6 8PE
United Kingdom
Tel +44 1 159 277 335
Fax +44 1 159 770 197
info@rsankey.co.uk
www.rsankey.co.uk

Fiskars Brands UK Ltd.
Brackla Industrial Estate
Bridgend, Mid-Glamorgan
Wales CF31 3XJ
United Kingdom
Tel +44 1 656 655 595
Fax +44 1 656 659 582
anthonyl@fiskars.demon.co.uk

OTHERS

Fiskars Brands (Australia) Pty Ltd.
16 Rocklea Drive
Port Melbourne, Victoria 3207
Australia
Tel +61 3 8645 2400
Fax +61 3 9646 1722
Australia@fiskars.com

Fiskars Brands Canada, Inc.
275 Renfrew Drive, Suite 208
Markham, Ontario L3R 0C8
Canada
Tel +1 905-940-8460
Fax +1 905-940-8469
canadaweb@fiskars.com

Excalibur Management Consulting (Shanghai) Co., Ltd.
3F, Building #6
879 Zhongjiang Road
Putou District, Shanghai, 200333,
China
Tel +8621 6265-1687
Fax +8621 5282-7136
corpinfo@fiskars.com

Fiskars Brands Japan, K.K.
ASO Bldg. 5F
4-8-20 Akasaka
Minato-ku, Tokyo 107-0052, Japan
Tel +81 3-5413-4561
Fax +81 3-5413-2766
Ifisher@fiskars.com
www.fiskarsbrands.com

Fiskars de México, S.A. de C.V.
Prol. Paseo del Reforma #61
Col Paseo de las Lomas
Santa Fe C.P. 01330
Mexico, D.F.
Tel +525 55 258 5667
Fax +525 55 258 5666
aeyssautier@fiskars.com.mx
www.fiskarsbrands.com

INHA WORKS

Inha Works Ltd
Saarikyläntie 21
FIN-63700 Ähtäri, Finland
Tel +358 6 535 5111
Fax +358 6 533 4125
www.inha.fi

REAL ESTATE

Fiskars Corporation
Real Estate
FIN-10470 Fiskars, Finland
Tel +358 19 2771
Fax +358 19 277 7630
www.fiskars.fi

Ferraria Oy Ab
FIN-10470 Fiskars, Finland
Tel +358 19 2771
Fax +358 19 277 7630

FISKARS