# FISKARS


Annual Report 2007

*In Fiskars, Iittala encounters pioneers of creative design and expertise in functional consumer products.*


# Contents

*In Iittala, Fiskars encounters a leading designer homeware company that represents the best of modern Scandinavian design.*

# Fiskars Corporation

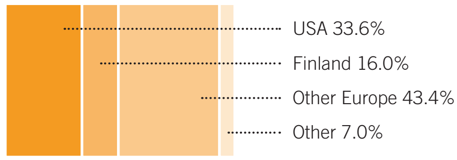
Fiskars is a leading supplier of branded consumer goods. Founded in 1649, Fiskars now consists of Fiskars Brands, Iittala Group, Inha Works, and the Real Estate Group. The associated company Wärtsilä is also an important part of the Corporation. The Corporation's major brands are Fiskars, Iittala, Gerber, and Buster.

| SUMMARY OF OPERATIONS [*)] | **2007** | 2006 |
|---|---|---|
| Net sales, M€ | **658** | 535 |
| Operating profit, M€ | **110** | 86 |
| Net profit, M€ | **110** | 82 |
| Balance sheet total, M€ | **1,047** | 707 |
| Equity ratio, % | **46** | 60 |

| SHARE DATA | **2007** | 2006 |
|---|---|---|
| Earnings per share, € | **1.42** | 1.06 |
| Equity per share, € | **6.18** | 5.45 |
| Personnel | **4,515** | 3,003 |

[*)] A complete summary is presented on page 82.

NET SALES BY MARKET AREA




NET SALES, M€

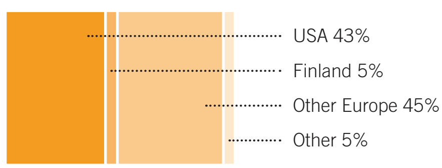


## Fiskars Brands

Branded consumer goods are offered for the garden, crafting, outdoor recreation, and cooking. Globally, the best known products are the orange-handled scissors and various garden tools. Growth is built on strong brands, innovative products, and solid client relationships. The main brand is Fiskars. Brunton, Gerber, Leborgne, Montana, Raadvad, Silva, and Werga also count among the top brands in their particular fields.

| KEY INDICATORS | **2007** | 2006 |
|---|---|---|
| Net sales, M€ | **516** | 490 |
| Share of total net sales, % | **78** | 92 |
| Operating profit, M€ | **52** | 21 |
| Personnel | **2,724** | 2,659 |

NET SALES BY MARKET AREA

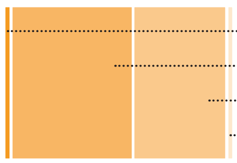


# Iittala Group

Iittala Group is a leading designer homeware company which represents the best of modern Scandinavian design. Iittala is a premium brand directed at the international market, and the network of Iittala Shops is an engine of growth. Iittala Group is the market leader in its home markets of Finland, Sweden, and Norway, and has a strong presence through brands such as Arabia, Hackman, Iittala, BodaNova, Höganäs Keramik, Rörstrand, and Høyang-Polaris.

| KEY INDICATORS | **2007 4 months** |
|---|---|
| Net sales, M€ | **87** |
| Share of total net sales, % | **13** |
| Operating profit, M€ | **9** |
| Personnel | **1,443** |

NET SALES BY MARKET AREA

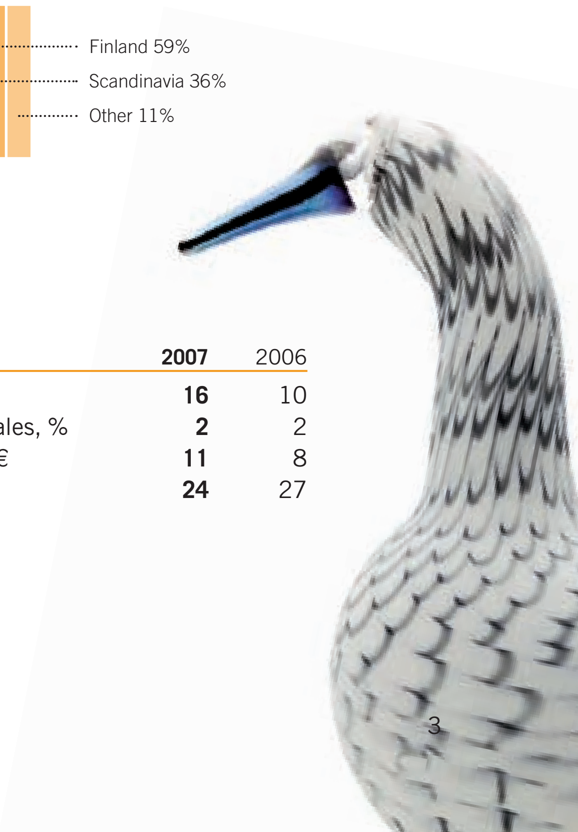



# Inha Works

Inha Works manufactures Buster boats, hinges, and forged products. Buster is the market leader in aluminum boats in the Nordic countries and the biggest brand of aluminum boats in Europe.

| KEY INDICATORS | **2007** | 2006 |
|---|---|---|
| Net sales, M€ | **42** | 37 |
| Share of total net sales, % | **6** | 7 |
| Operating profit, M€ | **3** | 4 |
| Personnel | **306** | 301 |

NET SALES BY MARKET AREA

# Real Estate

Fiskars has some 15,000 hectares of real estate and forests in Finland, including the key landholding at Fiskars Village. Through development of the land and buildings the company is actively working to build the future of Fiskars Real Estate.

| KEY INDICATORS | **2007** | 2006 |
|---|---|---|
| Net sales, M€ | **16** | 10 |
| Share of total net sales, % | **2** | 2 |
| Operating profit, M€ | **11** | 8 |
| Personnel | **24** | 27 |

# A Year of Change and Profitable Growth

The year 2007 was one of significant change and strong growth in the nearly 360-year-old history of Fiskars Corporation.

All business segments developed favorably and net sales and profitability for the entire corporation improved. Fiskars net sales reached EUR 658 million with a net profit of EUR 110 million. The earnings per share increased by 34% to EUR 1.42.

The good profitability in 2007 was the result of developing the Corporation's business operations but also of significant acquisitions, restructuring of production capacity in the United States, trading Wärtsilä shares, and a considerable increase in the price of standing timber. Restructuring done earlier paid off in 2007 and profitability improved, particularly in the United States.

In 2007, the Corporation also made two strategically important acquisitions. In May, Fiskars acquired Leborgne, a French manufacturer of hand and garden tools. In August, the acquisition of Iittala Group was completed, a significant step in Fiskars' progress as a marketer of branded consumer goods for home and recreation.

Iittala Group is a leading homeware design company which represents the best of modern Scandinavian design. It is the market leader in its home markets of Finland, Sweden, and Norway.

*"Fiskars is well positioned to face new challenges in 2008. We have excellent people, strong brands and several exciting new products to be launched."*

Iittala Group also operates a significant network of Iittala concept stores, the latest of which was opened in London in December. In total, there are 30 Iittala concept stores across Europe. The acquisition of Iittala Group further strengthens Fiskars' considerable Scandinavian know-how in the areas of home, interior design, and recreation products, makes the corporation more competitive, and further strengthens its presence in these markets.

With Leborgne, Fiskars Garden operations have gained a stronger foothold in Europe. The garden business developed favorably in Central Europe and in emerging markets. In the United States, the Garden division sales decreased due to divestments made in 2006, but profitability improved considerably.

Profitability of the Craft business built around crafting and other recreational activities in the United States improved significantly.

2007 was also a record year for the Outdoor Recreation operations. Growth was fastest in the important US market, where the Gerber and Brunton brands performed strongly. In Europe the impact of Silva, which was acquired in 2006, was visible, while new markets also began to grow.

As during previous years, the sales of Buster boats increased substantially. The development also continued favorably for forged products, despite increasingly intense competition.

Throughout the year, Fiskars Village and the entire Real Estate Group developed in their own clear direction. The determined development of Fiskars Village continued, and its importance as the source of company heritage and as a landmark was strengthened. With its artisans, designers, and artists, Fiskars Village has become an increasingly interesting tourist attraction in Finland. In 2007 the Village was awarded a significant prize, the first-ever Royal Destination Award for Sustainable Tourism. The award promotes tourist destinations which operate with a proper appreciation of their environmental and social responsibilities.

The profitable and strong growth of associate company Wärtsilä continued during 2007. Fiskars ownership in Wärtsilä totaled 32.2% of the votes and 16.5% of shares at the end of the year, which results with a corresponding share of the profits for Fiskars.

Fiskars is well positioned to face new challenges in 2008. We have strong brands, many of which are leaders in their respective areas of business. Our financial situation is very solid, we have excellent people, and many exciting new products to come on to the market in 2008. Our aim is to further improve the sales and profitability of our wholly-owned operations in 2008.

I wish to thank all our customers, employees, and shareholders for their continued good cooperation and support throughout 2007.

**Kari Kauniskangas**
*President and CEO*


*Good design pleases the eye and enhances the mood.*

# Information for Shareholders

The Annual General Meeting of the Shareholders of Fiskars Corporation will be held on March 25, 2008 at 3.00 p.m. in Helsinki Fair Centre, Messuaukio 1, Helsinki.

Shareholders registered at March 14, 2008 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 3 p.m. on March 17.

**Payment of dividends**

The Board of Directors proposes that the Annual General Meeting declare a dividend of EUR 0.80 per share of Series A and EUR 0.78 per share of Series K for the fiscal year 2007. The record date for the dividend is March 28, 2008 and the payment date April 4, 2008.

**Annual report 2007**

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 2008**

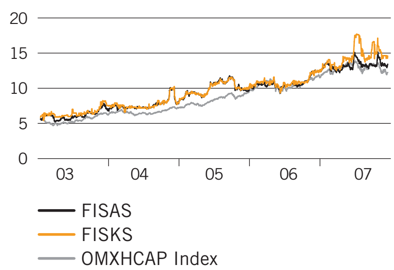
The Interim Reports will be published as follows:

January – March, May 8, 2008
January – June, August 6, 2008
January – September, October 31, 2008

The Interim Reports and Stock Exchange Releases are published in Finnish, Swedish and English on the website www.fiskars.fi.

Fiskars shares have been quoted on the Helsinki Stock Exchange since 1915. The company's shares are split into two series of shares and they are traded in the Large Cap segment of OMX Nordic Exchange Helsinki. The trading codes for the shares are FISAS (Series A) and FISKS (Series K).

TREND OF FISKARS SHARE PRICE, €



*With the scent of freshly mown grass, the hedges trimmed and the lawn raked – the garden is the perfect setting for entertaining guests.*

Fiskars strengthens its position in European gardening

# It's in to Be Out in the Garden

Fiskars garden tools are known for their fine design and ergonomics and have steadily increased their share of the world market. In 2007, Fiskars garden products made good progress in Europe. The orange-and-black garden-tool range sold very well in the UK, France, Eastern Europe and the Nordic countries. Sales also increased steadily in the United States. The 2007 acquisition of the French company Leborgne, founded in 1892, brought a significant addition to the Fiskars product range and distribution network, and has improved Fiskars' position in France.

Gardening is one of the most popular activities in the world. Amateur gardeners come in all ages and sizes; family members of any age can always find something to do in a garden. It's relaxing and rewarding to work with your hands and experience the natural cycles of life. To make a garden you don't need even a yard; growing plants on a roof terrace, balcony, or windowsill can be just as thrilling.

Gardens also have their place in the history of aesthetics. Even in the Baroque period, when formal French gardens based on strict geometric patterns were popular, good garden designers were much sought after, but heavy and clumsy tools made gardening hard work.

Today, gardening is far less strenuous. Based on the experiences of both professional and amateur gardeners, Fiskars garden tools continue to be developed to meet the varying needs of gardeners today. All gardeners need tools that are durable, easy to handle, fit for purpose, and ergonomically designed to make gardening a joy.

**GARDENS TO GROW**

- Interior design is expanding into the garden. This green extension of the home has become – weather permitting – the place to be. Now that it's so in-to-be-out there's a growing phenomenon: people want to express their individuality through their garden. Beautiful and functional design is increasingly important to them and extends even to their garden tools.
- Ecological gardening produces healthier plants and feeds the human spirit. The current get-back-to-nature trend focuses on these therapeutic benefits of gardening. And, rather than using chemicals, manual weeding respects the natural ecosystems of organic matter and bacteria in the soil that feeds the plants.

**www.fiskars.com**

*Beautiful and practical homeware makes every day a feast day.*

Stylish and extensive ranges from Fiskars and Iittala bring leading brands into the home

# A Taste for Togetherness

The year 2007 saw a big step forward for the range of products for the home. The acquisition of Iittala Group added some exceptional names to their family of brands: Iittala, Arabia, Hackman, Rörstrand, Boda-Nova, Höganäs Keramik and Høyang-Polaris, all of which are highly valued and loved by consumers. Fiskars can now offer a complete range of designer homeware, from cookware and table accessories to interior design and giftware.

Kitchens are the real living rooms. The smell of cooking and the heat of the stove create an alluring atmosphere that brings people together. Increasingly, parties are focused around the making of food – family and friends enjoy getting together to cook. The more they enjoy food the more they enjoy experimenting with new tastes. The seemingly insatiable appetite for cookery shows and celebrity-chef cookbooks is a sure sign of people's interest in their own well-being; cooking is about more than just feeding the body, it also provides food for the soul.

As more entertaining happens in the kitchen, the cooking equipment and utensils need to be functional, durable, and beautiful. Combining different foods and methods of making a meal also requires that the bowls, plates, and other utensils be both versatile and have personality. Harmony is not about conformity but combinability; different dishes can be mixed and matched to create a fabulous new whole. In no time, every day can be a feast day.

**ON THE MENU**

- *Fusion cuisine* combines ingredients and spices from different world cuisines. Having access to all the tastes of the world gives endless possibilities – and diners are the lucky benefactors.
- *Slow food* is an ideology that opposes the fast-food culture, and supports the native food culture. It puts emphasis on the value of taking time to cook real food and enjoy the eating of it. Meals are a vitally important way of being with family and friends. Good food demands good company, and vice versa!
- *Fine dining* is experienced when a top chef has made the best use of their raw ingredients.
- Local food is produced locally or regionally. The closer the food source, the sooner and fresher it will be on your table. Local food means knowing the origin of your foodstuffs, following seasonal variations, and promoting regional food traditions.
- Cooking can be a hobby for the entire family; cookery classes for children are also very popular.
- By the way, what is your first memory of food?

**www.fiskars.com** **www.iittalagroup.com** **www.m-montana.it** **www.raadvad.com**

*A successful party is worth remembering*
*– making an album will record it all for the generations to come.*

Crafting, a way of life!

# Creating a Unique Craftwork is Incomparably Rewarding

For nearly 200 years, Fiskars has produced crafting tools for all sorts of people – big and small. This long tradition and Fiskars' rigorous quality control ensure that their products are of real use to professional crafts people and hobby crafters alike.

"Me do it!" is often a child's first uttered demand, and the desire to do and make things for ourselves doesn't disappear when we grow up, not even in a world that offers everything ready-made. Craftwork is relaxing and creative.

Fiskars crafting projects also feature sewing and textile work. Quilting, always a rich seam in American cultural history, has experienced a new rise in popularity. In the mid-nineteenth century this form of needlework spread from artisan makers to become a hobby that today gives many Americans a way of freely expressing their creativity. Quilting has always united the generations, with traditional patterns and the finer points being passed from older to younger quilters.

Crafting has become increasingly popular, and not just as a fun hobby for children. Scrapbooking is about collecting memories and photographs in albums.

But the creative path is not a neat and easy one. It is a messy, ever-changing, winding way of thrilling discoveries for avid crafters and quilters. For them the process itself can be as important as the end result, whether that is a scrapbook to remember a momentous occasion or a vacation, a wedding quilt that will get handed down from generation to generation, or a handmade gift for someone special. Fiskars is proud to accompany them on their path to creative success, by providing the tools and inspiration.

**CUT AND PASTE**

- In 2007, Fiskars celebrated the 40th anniversary of their orange-handled scissors.
- The orange color itself was patented in 2003.
- Fiskars Orange® signifies excellence, durability, ergonomic comfort, and, above all, fine Finnish workmanship.
- Crafting and handicrafts are experiencing a renaissance.
- The US celebrates National Quilting Day on March 16.
- Scrapbooking is a growing craze, particularly among young people.
- The Fiskars website offers an abundance of inspiring ideas and links for scrapbookers.

**www.fiskars.com** **www.cloud9design.biz** **www.gingher.com** **www.heidigrace.com**

*Outdoor recreation, healthy living, and combining leisure with exercise are all here to stay.*

*"Get out there!"*

# Natural Exercise

Fiskars is a strong runner in the growing outdoor health and recreation business segment. In 2007, the Outdoor Recreation division had a record-breaking year; growth was strongest in the United States, and their sales results were also good in Europe where new markets are opening. The future holds great promise, as people increasingly recognize physical exercise is vital if they are to enjoy a longer and healthier life.

Getting out and about in the great outdoors offers physical activities to suit everyone: to some it's brisk pole walking in the park, to others it's a two-week hike in the Alps or climbing in the Rockies. Good equipment helps and supports all such activities. Taking exercise out of doors is becoming increasingly popular. Outdoor enthusiasts know how quickly conditions can change and the importance of their equipment. When the going gets tough it really puts to the test years of product development and professional expertise.

Being appropriately equipped for physical activity outdoors is always essential, even in areas close to home; it makes keeping fit more enjoyable, safer, and fun.

The Fiskars portfolio includes the top outdoor brands Brunton, Gerber and Silva. The ranges include various universal tools and knives, mobile lighting and orienteering products, personal pedometers and pulse monitors. But exercise is not just about subjecting one's body to physical strain, it is also about experiencing the natural world, spending time with other people, relaxing, and enjoying it all. Being outdoors with family and friends is to share real quality time. People have also become aware of the benefits of natural exercise in daily life – walking rather than driving, taking the stairs not the elevator, etc. Even small increases in such physical activity can have a significantly beneficial impact. Pedometers and heart-rate monitors encourage people to reach goals and confirm their achievements.

## OFF THE BEATEN TRACK

- National parks in North America offer a wide variety of outdoor recreational opportunities and every year they are visited by nearly 300 million nature and fitness enthusiasts.
- Hiking is the superstar of leisure pursuits in the Alpine regions of Europe. The Austrian Alpine Society (Österreichische Alpenverein) alone has some 25,000 kilometers of marked hiking routes.
- Pole walking, also known as Nordic walking, is 20% more efficient than regular walking; it engages all muscle groups, including the back!
- Get your pedometers out! To keep fit, it is recommended that we exercise equal to 10,000 steps per day.

**www.brunton.com** **www.gergergear.com** **www.silva.se**

*Buster boats are reliable and durable, an ideal combination for meeting nature on water.*

## More than 80,000 Buster boats built

# A Fair Wind for Buster Boats

Throughout the 30 years Buster boats have been manufactured they have kept their position as the most popular aluminum boats in Scandinavia and Finland. Buster's leading design criteria are practicality and safety. Boats are used for many purposes and must be adaptable to meet the varying requirements people have of them at different stages of their life. Thanks to its aluminum hull, a Buster boat is easy to care for, durable and reliable. Today, the boats still have the characteristics they had when the first Buster was manufactured in 1977: durable aluminum construction, a blunt stem that can be used when boarding or disembarking on the shore or pier, and flotation material in the gunwales.

Summer in the Northern Hemisphere is short and intense. Scandinavians long to get away to their summer houses, which are often by a lake or the sea where they need a boat for outings, going to the village shop, or to go fishing.

For many people, however, using a boat is not just a summer pastime but something they do every day, to get from one place to another, to fish, or to transport goods. Besides which, more and more people are extending their boating season beyond the summer, even year-round in ice-free seas.

Product Development at Inha Works has responded to feedback from customers by building larger and more versatile open boats than ever before. The latest to be launched is the Buster XXL, 6.35 meters in length, but weighing in at only 850 kilos. Specifically designed for day-trip boating, which has become increasingly popular, the Buster XXL has a large sheltered cockpit and plenty of storage space. The Buster XXL fulfills the desire many people have for a fast, spacious, and versatile boat for day trips. Also, the XXL range is further enhanced by the new Buster XXL AWC (All Weather Cruiser). For whatever purpose – leisure trips, transport, fishing – this covered version of the popular open boat is ideal for demanding use in any weather.

In addition to Buster boats, Inha Works also manufactures hinges and rail fasteners, export of which has increased both to Scandinavia and the Baltic countries. The company is also expecting brisk growth in the Russian market.

**ON THE WAVES**

- Buster boats are strong on safety, versatility, and durability, and are made of both easy-to-care-for and carefree materials.
- The ease and safety of boating has become increasingly important.
- Being made of marine aluminum gives Buster boats the great advantage of being light, sturdy, and corrosion-resistant.
- More and more often, the features of a boat must satisfy the expectations and needs of the whole family.

**www.inha.fi** **www.buster.fi**

FISKARS Buster


*Modern aesthetics and old crafting traditions meet in the living idyll that is Fiskars Village.*

Environment, tradition, exhibitions, sustainable development, social accountability

# Fiskars Village is Also a Center of Art and Design

Fiskars Village, where the ironworks were founded in 1649, is the company's birthplace. The village lives on, having prospered, changed, and developed throughout its nearly 360 years – sustainable development, indeed. As early as the seventeenth century the Fiskars stamp on bar iron was considered a sign of good quality. The same tradition of quality lives on and is respected in the Fiskars products of today, and Fiskars Village itself continues to be developed to the same high standards. The village is maintened as a vital place for people to live and work in.

Fiskars Village, with its new inhabitants and services, has also become attractive to tourists. The Fiskars Village art and design exhibitions were born of pride in the work of its inhabitants and a desire to show it to others. Since 1994, the exhibitions have showcased the best of various disciplines. All this brings a distinct flavor to the various sources of livelihood in the area, while also offering many of the young locals their first summer jobs. Tourism in and around Fiskars Village respects the principles of sustainable development, for which it won the first-ever Royal Award for Sustainable Tourism in 2007. The award itself was instituted to promote the environmental and social accountability of tourist destinations.

There's a lot to experience at Fiskars Village: visit artisans at their work; feel the soft surface of wood; stimulate your senses at an art show; enjoy a delicious meal at a restaurant. For seminars and meetings, the FiskarsForum conference center offers excellent facilities.

Fiskars Village was originally founded in the Fiskars River valley. Its variety of landscapes and rich flora of hardwood trees together with the built environment speak eloquently of past endeavors and of changes in our own ways of work and life. The ironworks village draws strength from its past whilst also growing into the future. In 2007, a planning project was begun in Fiskars Village to guarantee that its future growth and development will happen responsibly and accountably.

**FISKARS VILLAGE**

- Fiskars Village was founded in 1649 by Peter Thorwöste.
- Each year, some 150,000 people visit Fiskars Village. All tourist activity is consistent with sustainable development and the environmental values of the village and its inhabitants.
- The company's real estate covers 15,000 hectares in and around Fiskars Village and on the Hanko peninsula.
- The company's other real estate interests, including its forestry and agricultural operations, are managed from Fiskars Village.

IN THE SUMMER OF 2007, THE POINTS OF VIEW EXHIBITION WAS ARRANGED AT THE COPPER SMITHY IN FISKARS VILLAGE.
International exhibitions are arranged in Fiskars Village all year round. From the beginning, the exhibitions have shown high-quality art, craft, and design side-by-side. New themes challenge artists, artisans and designers to offer visitors beauty, skill, and food for thought.

**www.fiskarsvillage.fi**

WE ARE THE ENGINE OF INDUSTRY

*In 2007, the Offshore segment represented 36% of the Wärtsilä Ship Power order intake.*

# Associated Company Wärtsilä

Associate Wärtsilä Corporation is an important part of Fiskars Corporation. Fiskars is the largest single Wärtsilä stockholder: at the end of 2007 Fiskars Wärtsilä holdings totaled 16.5% of shares and 32.2% of votes.

Wärtsilä enhances the business of our 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 15,000 professionals manning 150 locations in 70 countries around the world.

## Ship power

Wärtsilä is the leading provider of ship power solutions including engines, generating sets, reduction gears, propulsion equipment, automation and power distribution systems, as well as sealing solutions for the marine industry. The customers are the global or local leading companies within the merchant, offshore, cruise and ferry, navy and special vessel industries. Wärtsilä has a strong position in all main marine segments as a supplier of highly rated ship machinery and systems.

## Services

Wärtsilä supports its customers throughout the lifecycle of their installations by optimizing efficiency and performance. Wärtsilä provides the broadest portfolio and best services in the industry for both ship power and power plants. Wärtsilä offers expertise, proximity and responsiveness for all customers, regardless of their equipment, in the most environmentally sound way.

## Power plants

Wärtsilä is a leading supplier of flexible power plants for the decentralized power generation market. Wärtsilä offers solutions for baseload power generation, grid stability and peaking, industrial self-generation as well as for the oil and gas industry. Technology leadership, a strong and broad product portfolio, high efficiency and fuel flexibility, plus the ability to offer complete turnkey deliveries worldwide puts Wärtsilä in a unique position in the power plant markets.

| KEY INDICATORS | **2007** | 2006 |
|---|---|---|
| Corporate net sales, M€ | **3,763** | 3,190 |
| Operating profit, M€ | **379** | 262 |
| Earnings/share, € (diluted) | **2.73** | 3.71 |
| Personnel | **16,336** | 14,346 |

**www.wartsila.com**

*The Fiskars River flows through Fiskars Village.*
*It supplies water power and opportunities for fishing and recreation.*

Thinking about tomorrow

# Responsibility for People and Environment

All human activity leaves a footprint. Whether through our industrial or financial activities, or our daily life and leisure, we continually shape and reshape our environment. Over the nearly 360 years of its history, Fiskars, too, has shaped its environment and continues to take responsibility for it.

Protecting nature, the environment, and people is important to Fiskars. Raw materials are tested regularly, and Fiskars expects their cooperation partners to be similarly environmentally responsible. Manufacturing and production processes are developed to minimize emissions and waste, and to make the most efficient use of materials and energy. One of the main goals in product development is to minimize the environmental and accident hazards of every product throughout its lifespan. Users appreciate Fiskars products for being both durable and long lasting.

The Corporation's care of its wide tracts of land is a good example of how seriously it takes environmental responsibility. Some 10 % of Fiskars land is included in several nature conservation plans, either through deeds or corporate ownership.

In Finland, Fiskars is a leader in forest certification. The Fiskars forests have Forest Stewardship Council (FSC) and Pan European Forest Council (PEFC) certificates, aiming at sustainable forestry. Part of the forests involved in the FSC pilot project are managed as park-like recreation areas, while natural diversity is preserved in the commercial forests. The Laatupuu (Quality Wood) sawmill processes lumber from Fiskars forests and specializes in supplying cabinetmakers with wood.

Fiskars cares for and preserves a valuable cultural landscape. Historically significant sites and objects are restored and preserved for future generations to visit and study. Sites of Stone Age dwellings and burial grounds are preserved on Fiskars land, and from more recent times there are the sites of the front lines of various wars.

Environmentally-friendly options for energy production are always of interest. In January 2007, a wood-pellet heating system was installed at the Inha Works. It has replaced a significant amount of the light-burner fuel that in the past has been used to heat the factory buildings.

In Fiskars Village, there are plans for a hydroelectricity plant to harness the water power of the Fiskars River.

### ACTING TO SAVE YOUR ENVIRONMENT

- Shore protection is promoted through the company's own land-use decisions. Free shorelines offer beaches for outings and recreational use in areas of scenic beauty.
- Every year, Fiskars forests provide a fabulous setting for many a scout troop camp.
- Landscape care that includes grazing animals keeps the landscape open organically and promotes diversity of nature.
- In 2007, the historic defense positions from the Finnish-Russian war, the so-called Harparskog line of 1940, were among the areas preserved on the Hanko peninsula.

Kaj-Gustaf Bergh

Alexander Ehrnrooth

Paul Ehrnrooth

# Board of Directors

**Kaj-Gustaf Bergh** (1955)
B.Sc., LL.M. Chairman, elected to the Board in 2005. Managing Director of Föreningen Konstsamfundet r.f., Chairman of the Board of Aktia Savings Bank plc, Finaref Group Ab and Hufvudstadsbladet Ab. Member of the Board of Stockmann Oyj Abp, Ramirent Group and Julius Tallberg Oy Ab. Holds 5,000 Fiskars shares.

**Alexander Ehrnrooth** (1974)
M.Sc. (Econ.) and MBA. Vice Chairman, elected to the Board in 2000. President & CEO of Virala Ltd and Atine Group Oy. Member of the Board in Tiimari Oyj Abp and Stromsdal Oyj. Holds 36,977 Fiskars shares.

**Paul Ehrnrooth** (1965)
M.Sc. (Econ.). Vice Chairman, elected to the Board in 2000. Managing Director of Turret Oy Ab, Chairman of the Board of Savox Ltd. and Finance Link Ltd. and Member of the Board of Agrofin Oy Ab. Holds 30,798 Fiskars shares.

**Ralf R. Böer** (1948)
Juris Doctor. Elected to the Board in 2007. Chairman, CEO and Partner of Foley & Lardner LLP. Member of the Board of Directors of Plexus Corp. Holds 5,677 Fiskars shares.

**David Drury** (1948)
BBA, Accounting. Elected to the Board in 2007. President & CEO and majority owner in Poblocki Sign Company. Member of the Board of Plexus Corp, Northwestern Mutual Life Insurance Company, Journal Communications Corp., and Russell Investment Group. Holds no Fiskars shares.

**Ilona Ervasti-Vaintola** (1951)
LL.M. Elected to the Board in 2004. Chief Counsel of Sampo Group and Member of the Group Executive Committee. Member of the Boards of OMX Exchanges Ltd and Finnish Literature Society. Holds 14,000 Fiskars shares.

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

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

**Clas Thelin** (1954)
M.Sc. (Mechanical Engineering). Elected to the Board in 2007. CEO in Securitas Cash Handling Services, Inc. 2004–2006. President and CEO of Zhia Holdings, Inc. and Rocky Mountain Metals, Inc. Holds no Fiskars shares.

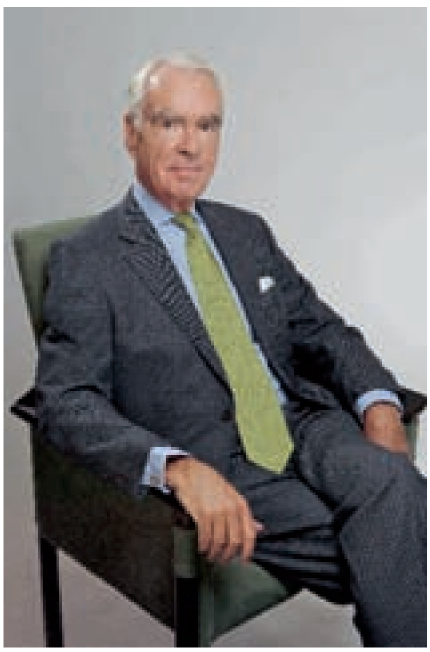
Shareholdings as of December 31, 2007


Ralf R. Böer


David Drury


Ilona Ervasti-Vaintola


Gustaf Gripenberg


Karl Grotenfelt


Clas Thelin

# Management


Kari Kauniskangas


Ingmar Lindberg


Leena Kahila-Bergh


Jutta Karlsson


Juha Rauhala

## Fiskars Corporate Management

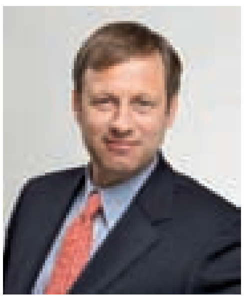
**Kari Kauniskangas** (1962)
President and CEO
M.Sc. (Econ.)
Employed 2008
Holds 8,000 Fiskars shares

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

**Leena Kahila-Bergh** (1959)
Vice President,
Corporate Communications
M.Sc. (Econ.)
Employed 1989
Holds 1,127 Fiskars shares

**Jutta Karlsson** (1963)
General Counsel
LL.M.
Employed 2006
Holds no Fiskars shares

**Juha Rauhala** (1954)
Vice President,
B.Sc. (Econ.)
Corporate Finance
Employed 1989
Holds 13,995 Fiskars shares


Francis Kint


Jason R. Landmark


Jukka Suonperä


Chad T. Vincent


Tero Vähäkylä

## Business Area Management

**Francis Kint** (1962)
President, Garden
M.Sc. (Eng.), MBA
Employed 2004
Holds 400 Fiskars shares

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

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

**Chad T. Vincent** (1961)
President, Craft
B.Sc. (Econ.) and MBA
Employed 2001
Holds no Fiskars shares

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

## Other Senior Executives

**Jerome L. Klein** (1957)
CFO, Americas
M.Sc. (Econ.)
Employed 2002
Holds no Fiskars shares

**Elly Piccart** (1957)
CFO, EMEA
M.Sc. (Econ.)
Employed 2004
Holds no Fiskars shares

Organization as of March 2008

Shareholdings as of December 31, 2007

Fiskars wants to be known for
its good personnel policies

# Behind Successful Products are Skillful People

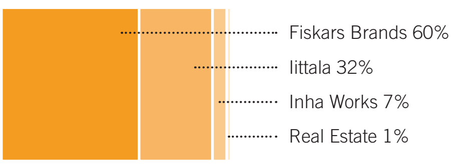
Fiskars is well known as an employer with strong traditions, which reach back to the mid-seventeenth century when the Fiskars iron-works was founded. Employing and developing the best and most professionally skilled personnel has always been one of its company goals, and to this day remains a strong guiding principle. In many places, generations of the same family have worked for Fiskars.

The Corporation intends to continue being an attractive employer, and therefore makes the professional training of staff an important part of its employee-development programs. Learning new things inspires people, and the vital commitment of its employees is what continues to ensure the successful development of Fiskars. Its strong tradition of design provides a stable and inspiring springboard for future development and renewal. A well-motivated staff is what achieves top performances.

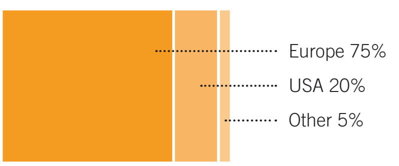
Building for the future, on the firm foundations of its past, is continuous work at Fiskars. The Corporation is always on the lookout for the professionals of the future. The demands of technology and the changes in work descriptions not only make today's recruiting processes more varied, but also increase the need for highly trained employees.

At the end of 2007, Fiskars Corporation had a staff of 4,500 people.

PERSONNEL BY BUSINESS AREA




PERSONNEL BY GEOGRAPHICAL AREA




# Fiskars Brands


FISKARS

## Design and Brand Management

Fundamental to every product is strong design and well-anchored brand management. The aim is to offer attractive products destined to become permanent essentials in the life of every consumer.

GERBER

ARABIA FINLAND · HACKMAN · Rörstrand · BodaNova · HÖGANÄS KERAMIK

HØYANG-POLARIS · KAIMANO · KITCHEN DEVILS · MONTANA · RAADVAD

heidi grace designs · CLOUD9 DESIGN · gingher a tradition of quality · leborgne · SANKEY HOME & GARDEN PRODUCTS

WERGA · Zinck-Lysbro · EBERT mit uns wird's Grün · BRUNTON · Buster

iittala

## A Tradition of Quality and Know-how

The superior look, feel, and functionality of products lifts them into a class of their own. Many chores are more pleasurable when done with the right implement.

SILVA
Get out there™

*Sharp, cutting, indulgent, practical, beautiful, warming, decorative, outdoor, useful,*

# Extensive Range



*inspiring, essential, delicious, perfect gifts, new, old, inherited… Tools and goods to cherish.*


FISKARS

# Financial Statements 2007



The consolidated financial statements in this Annual Report have been prepared in accordance with international Financial Reporting Standards (IFRS). During 2006, Fiskars divested its Power Sentry division. Power Sentry has therefore been classified as discontinued operations. The figures of the 2005 income statement have been adjusted to be comparable, but this has not been done for earlier years.

Graphics and tables for the years 2004–2007 are presented according to IFRS, and for the years to that according to the generally accepted Finnish accounting principles (Finnish GAAP). Because all figures in the Annual Report are rounded off, the sum of individual sets of figures may differ from the presented total sum.

# Report by the Board of Directors

Fiskars Corporation's net sales increased by 23% to EUR 658.1 million (534.9). The structure of Fiskars Corporation changed significantly through acquisitions: Iittala Group was consolidated as from August 31, and Leborgne S.A. as from May 1, 2007 onwards. Iittala is a separate business segment within the Corporation and Leborgne is included in Fiskars Brands. The acquisitions increased net sales by EUR 97.8 million.

The Corporation's profitability increased significantly. The operating profit for wholly-owned businesses was EUR 66.3 million (27.2) or 10.1% of net sales (5.1).

Wärtsilä A shares were purchased and the same number of Wärtsilä Series B shares were divested, resulting in a gain of EUR 23.7 million (0). The earnings per share was EUR 1.42 (1.06). The earnings per share for continuing operations was EUR 1.42 (0.86).

The key figures are available under Five Years in Figures and Information on Fiskars Shares.

## Businesses

### Fiskars Brands

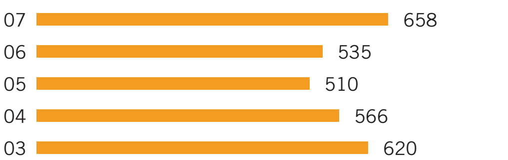
Fiskars Brands net sales increased by 5.3% and were EUR 515.7 million (489.9). The profitability of operations increased significantly, with operating profit at EUR 52.2 million (21.1), rising to 10.1% of net sales from 6.5% last year. The previous year's operating profit included non-recurring restructuring costs of EUR 10.6 million. Sales in Europe totaled EUR 256.1 million (214.3) and US sales were EUR 216.5 million (233.5). European sales constituted 49.7% of sales (43.7) with the US share being 42.0% (47.7).

Net sales increased due to acquisitions. The Silva Group acquired at the end of August 2006, increased annual sales by EUR 24.8 million. The acquisition in May 2007 of Leborgne S.A.S., the French manufacturer and seller of garden tools, increased net sales by EUR 10.5 million. Gerber's sales in the US outdoor recreation market continued its organic growth. The available outdoor recreation product range has grown, particularly in large retail chains, and early in the year Fiskars Brands received a significant supply contract to the US authorities and military. The weakening of the US dollar decreased net sales, but with constant exchange rates sales would have increased by 9.7%. Streamlining the product range in the US Garden division lowered net sales by EUR 16.9 million from the previous year, while the profitability increased.

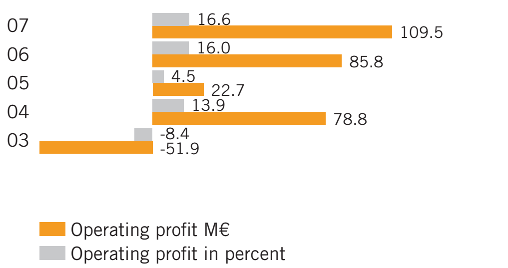
During the fiscal year, demand was stable in the main market areas for Fiskars Brands – North America and North and Central Europe – despite intense price competition in the US markets. The one-off marketing effort, at the end of 2006, to increase sales of garden tools in the United States proved a success. The large retail chains mostly make their supplier and stock-keeping-unit selections based on annual decision-making schedules and major changes are always possible. New markets have been entered in Eastern Europe and export to the region has increased. A Fiskars Brands Inc. branch has been established in China and the first shop-in-shops selling Fiskars Outdoor Recreation products have been opened in high-end department stores.

Restructuring of the Fiskars Brands own production and increased sourcing, begun in 2005 and completed early in the fiscal year, together with increased sales of Outdoor Recreation products during the year, has clearly increased profitability, particularly in the United States. Integration of the Leborgne operations within the Garden division's operations in Central Europe has proceeded

NET SALES, M€




OPERATING PROFIT, M€ AND %



according to plan and is strengthening Fiskars' share of these markets in Central Europe.

Product development costs were EUR 5.8 million (5.5) or 1.1% of net sales (1.1). Capitalized development cost were EUR 0.4 million. The new products' share of net sales continued to grow.

Capital expenditure during the fiscal period was EUR 26.6 million (37.5), of which EUR 13.2 million were acquisitions (25.6). In Poland the expansion of the production facility started. The factory will be producing garden tools mostly for the Central European markets. In Finland, investments were made at the Billnäs plant, both to develop production and to increase capacity. Most of the investments were for tooling for new products. Investments were also made in information systems for product life-cycle management.

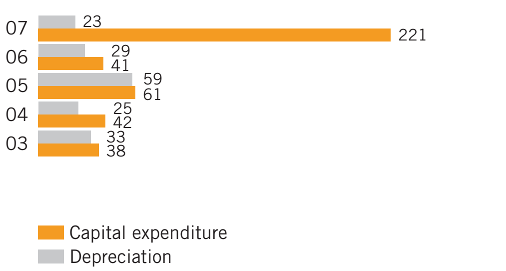
At the end of the fiscal year, Fiskars Brands employed 2,724 people (2,659). The acquisition of Leborgne S.A.S. increased the number of employees by 125, while the increase of production capacity for Gerber outdoor recreation products increased the number of employees by 42. In the company's other operations in the United States, the number of staff continued to decrease.

**Iittala Group**

The acquisition of the Iittala Group was closed on August 31, since then Iittala Group Oy Ab and its subsidiaries (Iittala Group) have been consolidated with Fiskars Corporation. Iittala Group is a leading homeware design company that represents the best of modern Scandinavian design. Iittala Group's home markets are Finland, Sweden, and Norway, and the company has strong brands in Iittala, Arabia, Hackman, BodaNova, Höganäs Keramik, Rörstrand, and Høyang-Polaris. At the time of the acquisition Iittala Group had subsidiaries in Sweden, Norway, Denmark, the Netherlands, the United States, Germany, and Estonia. The total purchase price was EUR 230.1 million including the assumption of interest bearing debt. Of the purchase price, EUR 98.1 million was allocated to trademarks, EUR 17.0 million to assets related to customer relationships, and EUR 3.9 million to inventories. The goodwill was EUR 72.5 million. The share allocated to inventories has been fully realized during the fiscal year and amortization of EUR 0.4 million has been booked for the assets related to customer relationships.

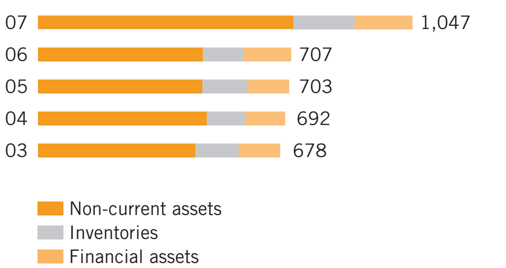
Iittala net sales consolidated to Fiskars were EUR 87.3 million and the operating profit was EUR 8.8 million. The

CAPITAL EXPENDITURE AND DEPRECIATION, M€

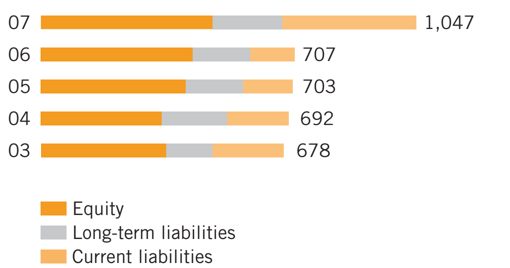



EQUITY TO ASSETS RATIO, %


BALANCE SHEET, ASSETS M€




BALANCE SHEET, EQUITY AND LIABILITIES, M€



operating profit before the impact of the purchase price allocation was EUR 13.1 million. The development of operations during the fiscal period corresponds to the projected plans on which the acquisition was based. Iittala Group's net sales for the whole year 2007 were EUR 200.3 million. Both sales and operating profit are mostly being generated towards the end of the year.

Iittala sells its products both to retailers and directly to consumers through its network of Iittala stores and factory outlets. Wholesale sales comprise 73% of net sales annually, while retail sales represent 27%. During the Fall, four new Iittala concept stores were opened. At the end of the fiscal year, Iittala had a total of 30 Iittala stores in seven countries. In addition to these, the company had a total of 38 factory outlets in Finland, Sweden, and Norway.

In 2007 Iittala Group had production plants in Helsinki, Nuutajärvi, Iittala, Sorsakoski, and Vähäkyrö in Finland; Höganäs in Sweden; and Moss in Norway. Iittala has continued to develop its production and sourcing and increased the share of sourcing. As part of this process, the closing of the factory in Moss, Norway, was completed at the end of the year.

Synergies from Iittala and the Fiskars Housewares businesses are expected both in the Scandinavian markets and in purchasing.

Iittala capital expenditure during the latter part of the fiscal year were EUR 2.1 million and were mainly related to development of production and the opening of new stores.

Product development costs were EUR 0.8 million or 0.9% of net sales. Sales of the Taika line of chinaware launched in the second half of the year exceeded expectations.

At the end of the year, Iittala employed 1,443 people. Due to the increase in demand towards the end of the year, the number of employees also increased somewhat during the fourth quarter.

**Inha Works**

Net sales from Inha Works increased by 13.1% to EUR 42.1 million (37.2). The operating profit was EUR 3.3 million (3.7). Sales of boats rose strongly, particularly in Finland and Russia. The new Buster X has become one of the most popular boat models in Finland. Production operated at full capacity throughout the entire fiscal year. Delivery of new models was delayed from the planned schedule into the year 2008. To ensure that the possibilities for growth would be fully exploited, the company invested in an enhanced production strategy.

During the year, the company developed and launched a new Buster XXL and also entered another area of the boat market with their new covered version, the Buster XXL AWC (All Weather Cruiser). Product development costs were EUR 0.8 million (0.6) or 2.0% (1.6%) of net sales and were mostly due to the development of the new boat models. Capitalized development costs were EUR 0.7 million (0.3).

Sales of the non-core products manufactured by Inha Works – hinges and forged products – remained on the same level as the previous year. Profitability for hinges weakened due to competition and demand decreased towards the end of the year.

Capital expenditure totaled EUR 3.6 million (1.2). The biggest investments were in production capacity and tooling for new boat models and renewal of the company's ERP-system.

At the end of the year, Inha Works had a staff of 306 (301). In the latter half of the year, the number of employees working with hinges decreased.

**Real Estate Group**

In addition to leasing real estate to internal and external customers, the Real Estate Group manages the Corporation's forests. The change in the fair value of biological assets is included in net sales. The price of standing timber increased until October–November and decreased in December. The value of biological assets increased by EUR 9.8 million (4.8) during the fiscal year. Net sales for the Real Estate Group, of which the increase in the value of biological assets formed the largest part, were EUR 15.6 million (10.3). The operating profit was EUR 11.3 million (7.6). Capital expenditure totaled EUR 1.8 million (1.9). The number of staff at the end of the fiscal year was 24 (27).

**Associated company Wärtsilä Corporation**

Fiskars income from associate Wärtsilä was EUR 43.3 million (58.6). Wärtsilä's 2006 year's profits included non-recurring gains, their impact to Fiskars' share of the profits being EUR 28.6 million.

At the end of the fiscal year, Fiskars share of Wärtsilä equity was 16.48% (16.55) and its share of the votes 32.17% (30.44). During the fiscal year, Fiskars acquired 607,757 Wärtsilä Series A shares and divested the same number of Series B shares, giving Fiskars an increased share of the votes. The trade in Wärtsilä shares generated a gain of EUR 23.7 million. The total cost for the acquisition of Series A shares was EUR 28.9 million.

The book value of Fiskars investment in Wärtsilä at the end of the year was EUR 278.3 million (239.1), of which EUR 61.2 million was goodwill (37.7). Fiskars received a total of EUR 27.7 million in dividends (47.5) from Wärtsilä during 2007. In December Fiskars sold the main part of its investment in Wärtsilä into its wholly owned subsidiary Avlis AB.

At the end of the year, the market value of Fiskars' shares in Wärtsilä was EUR 833.2 million.

**Corporate net sales**

Corporate net sales totaled EUR 658.1 million (534.9), an increase of 23% versus previous year. Europe's share of net sales was 59.6% (47.7) and increased due to changes in exchange rates and the acquisitions, which increased net sales particularly in Europe. The United States generated 33.6% of net sales (44.0). The change in the average rate of exchange for the US dollar compared to the year before decreased net sales by 4.8%.

**Corporate profit**

Corporate operating profit from its own operations was EUR 66.3 million (27.2). The previous year's operating profit includes non-recurring costs of EUR 10.6 million. Profitability improved to 10.1% of net sales (7.1). In the United States, the restructuring of production within the Fiskars Brands segment in 2006–07 substantially improved profitability during the fiscal year, and the new Iittala segment's operating profit, which is mainly generated during the fourth quarter, also improved profitability. Fiskars' income from associate Wärtsilä was EUR 43.3 million (58.6). The operating profit including the income from Wärtsilä was EUR 109.5 million (85.8).

Net financing costs were EUR 10.7 million (9.1). Interest costs increased as the Iittala acquisition was wholly financed by debt.

Profit before taxes improved and was EUR 122.5 million (76.7), including gains of EUR 23.7 million from the sale of Wärtsilä shares (0).

Taxes for the fiscal year were EUR 12.1 million (9.8). The effective tax rate is relatively low due to gain on the sale of Wärtsilä shares and the income from associate Wärtsilä.

The minority interest was EUR 0.3 million (0.0). The profit for the fiscal year attributable to equity holders of the parent company was EUR 110.0 million (82.0). The previous year's profit included EUR 15.2 million of profit from discontinued operations. The earnings per share attributable to equity holders of the company was EUR 1.42 (1.06).

**Balance sheet, financing and cash flow**

Acquisitions made during the fiscal year have significantly changed the structure of the balance sheet.

The Corporation's net working capital was EUR 156.2 million (104.0). Non-current assets totaled EUR 713.4 million (460.0). Of this, EUR 134.0 million were intangible assets (19.2), and EUR 99.8 million goodwill (22.4).

The Corporation's liquidity is strong. Cash and cash equivalents at the end of the fiscal year were EUR 34.5 million (44.9), in addition to which the Corporation had EUR 425 million in unused long-term credit facilities.

As Iittala and Leborgne acquisitions, totaling EUR 243.2 million, were financed with debt interest-bearing net debt increased to EUR 319.0 million (101.9). Debt includes the capital loan of EUR 45.1 million issued to shareholders in 2004.

Equity totaled EUR 478.3 million at the end of the fiscal year (421.8). The return on invested capital increased to 19.1% (18.1). The Corporation's equity to assets ratio was 46% (60) and net gearing 67% (24). Corporation's financial position continues to be good.

Cash flow from operations was EUR 82.0 million (99.0). Net cash used in investing activities totaled EUR 183.4 million (10.1), of which acquisitions comprised EUR 169.2 million (26.0).

**Personnel**

Corporate employed 4,515 people at the end of the fiscal year (3,003). The increase by 1,512 employees is due to the acquisition of Iittala (1,443) and Leborgne (125). At the same time, there was a geographical shift in personnel and the Corporation now employs 1,853 people in Finland (779).

During the fiscal year, wages, salaries, and benefits totaled EUR 140.3 million (121.3).

The key figures are available under Five Years in Figures.

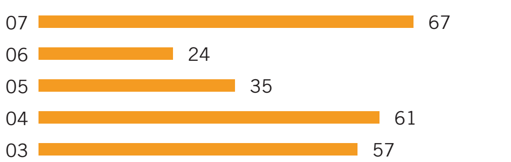
**Corporate management**

Mr. Heikki Allonen, M.Sc (Eng), was CEO and President until December 31, 2007. On August 13, 2007, Fiskars Board of Directors appointed Mr. Kari Kauniskangas, M.Sc (Econ), to become CEO and President of Fiskars Corporation at the beginning of 2008.

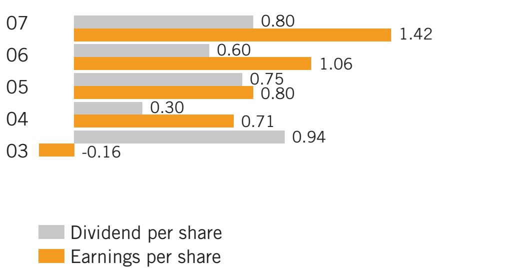
**Corporate Governance**

Fiskars complies with the Corporate Governance Recommendation for Listed Companies of the Helsinki Stock Exchange, the Central Chamber of Commerce and the

NET GEARING, %




EARNINGS PER SHARE, DIVIDEND PER SHARE, €



Confederation of Finnish Industry and Employers, which came into force July 1, 2004.

Fiskars also complies with the insider regulations of the Helsinki Stock Exchange adopted on January 1, 2006. The Corporation further applies internal insider guidelines as adopted on July 1, 2006.

**Management of risks and uncertainties**

The most important operational risks for Fiskars relate to supply-chain management, the potential structural changes in the retail environment of various markets, and also in part to the development of the prices of raw materials and energy and the ability to foresee changes in demand. Particular efforts are made to improve supply-chain management and build ties with suppliers as sourcing is increased in accordance with the Corporation strategy. In order to mitigate possible problems with the supply and logistics, the Corporation has also increased inventories. The potential structural changes in distribution channels are seen to represent a risk, and operations are required to increase flexibility and the ability to plan ahead. Changes in the costs of raw materials directly influence the cost of the company's own manufacturing and indirectly purchasing costs. The price increases for energy impacts on the cost of the Corporation's own manufacturing processes as well as the cost of logistics and indirectly purchasing costs. The Corporation has not used raw-material derivative instruments, but strives to make long-term contracts with key suppliers of raw materials.

The nature of the company's industrial operations is mainly such that they pose no significant environmental risks. Changes in environmental regulations and changes in production capacity or structure may cause additional costs at some of the older production facilities. The company is committed to complying with legislation and statutes for the protection of the environment and strives to develop its production and modes of operation in ways that minimize their burden on the environment.

The development of associated company Wärtsilä's profitability has a significant impact on Fiskars' results, with the associated company's ability to pay dividends influencing Fiskars' cash flow.

Fiskars Board of Directors regularly reviews the principles for the management of financial risks and in accordance with the Corporation's investment policies, liquid assets are only invested in low-risk entities. Trade receivables are relatively widely spread both geographically and between customers, and major customers generally have a high credit rating. No significant credit losses have materialized during the review period.

The increasing share of imports from low cost countries indirectly involves a higher risk against the suppliers' currencies, mainly Chinese Renminbi (CNY). The Corporation has hedged a certain part of its most significant foreign currency net investments in its subsidiaries against exchange rate fluctuations and as from January 1, 2007, it has applied hedge accounting in accordance with the IAS 39 standard. An exchange rate gain of EUR 2.5 million on hedges of net investments is reported in Shareholders' Equity.

**Environment**

The company does not specify environmental costs as they are part of the on-going business activities and development of business operations. During the fiscal year no significant environmental investments have been made, but when production operations are being developed, or replacement or expansion investments are made, existing environmental permits and expected changes in them are always considered.

Iittala's production operations are more energy-intensive than the rest of the Fiskars production. During the fiscal year, environmental responsibility surveys were completed at all Iittala factories. On the basis of the surveys, there was no need to book provisions or contingent liabilities. All production facilities have up-to-date environmental permits and production has been organized accordingly.

**Shares**

Fiskars Corporation's A shares carry one vote per share, and Series K shares carry 20 votes per share.

The dividend per share paid out on Series A shares shall, according to the Corporation's Articles of Association, be a minimum of two (2) percentage points higher than the dividend paid out on Series K share. The shares have no nominal value. The book countervalue for both series of shares is EUR 1.00.
On December 31, 2007, the Fiskars share capital totaled EUR 77,510,200. The share capital consisted of 54,944,492 Series A shares and 22,565,708 Series K shares. The share capital and the number of shares were unchanged during the fiscal year.

The shares of Series A had 54,944,492 votes, or 10.9% of votes, and the shares of Series K had 451,314,160 votes, or 89.1% of votes. The total number of votes of both series was 506,258,652 at the end of the fiscal year.

**Purchase and sale of own shares**

The Board of Directors had an authorization to purchase and sell the Corporation's shares until the Annual General Meeting on March 21, 2007, provided that the total nominal value of such shares and the votes carried by them did not exceed ten percent (10%) of the share capital and the total votes in the company. At the Annual General Meeting on March 21, the authorization was renewed without changes. The Board did not exercise its authorization during the review period.

At December 31, 2007, 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 and 0.03% of the votes.

The EUR 0.9 million repurchase cost of the Corporation's own shares decreased the Corporation's equity.

**Share prices**

Fiskars shares are traded on the OMX Nordic Exchange Helsinki. The shares were moved to the Large Cap Helsinki segment on July 1, 2007. At the end of December, the price of one Fiskars A share was EUR 13.30 (12.29) and the price of one K share EUR 14.45 (12.11). The market value of the Corporation's share capital was EUR 1,055 million at the end of the fiscal year.

**Changes in ownership**

On September 4, 2007, Fiskars Corporation was informed that Virala Oy Ab had increased its holdings to more than 1/5 of the voting rights in Fiskars Corporation. Holdings of share capital are still more than 1/10. On September 4, 2007, the shares of votes and shares were 20.2% and 11.1% respectively. On September 4, 2007, Fiskars Corporation was informed that Varma Mutual Pension Insurance Company had decreased its holdings to less than 1/20 of the voting rights in Fiskars Corporation. On September 4, 2007, the share of votes and shares were 2.7% and 4.3% respectively.

**Annual General Meeting 2007**

The Annual General Meeting of shareholders on March 21, 2007 decided to pay a dividend of EUR 0.60 per share for Series A shares, totaling EUR 32,890,188, and EUR 0.58 per share for K shares, totaling EUR 13,087,867, the sum total for both series of shares being EUR 45,978,055.

It was decided that the number of Board members be nine. Mr. Kaj-Gustaf Bergh, Mr. Alexander Ehrnrooth, Mr. Paul Ehrnrooth, Mr. Ralf Böer, Mr. David Drury, Ms. Ilona Ervasti-Vaintola, Mr. Gustaf Gripenberg, Mr. Karl Grotenfelt, and Mr. Clas Thelin were elected to the Board. The term of the Board members will expire at the end of the Annual General Meeting in 2008.

KPMG Oy Ab was elected auditor.

The Annual General Meeting decided to authorize the Board to repurchase, of the company's own shares, no more than 5,366,937 of Series A and no more than 2,256,150 of Series K shares in a proportion other than that of the shareholders' proportional shareholdings. The share price will be no higher than the highest price paid for Fiskars Corporation shares in public trading at the time of repurchase. This authorization shall remain in force until the end of the next Annual General Meeting.

The Annual General Meeting authorized the Board to decide on the distribution of the company's repurchased shares up to a maximum of 5,494,449 Series A shares and up to a maximum of 2,256,570 Series K shares. The Board may decide on the distribution of the shares otherwise than in proportion to the shareholders' existing pre-emptive subscription rights. This authorization shall remain in force until the end of the next Annual General Meeting.

**Constitutive meeting of the Board of Directors**

Convening after the Annual General Meeting, the Board elected Kaj-Gustaf Bergh its chairman and Alexander Ehrnrooth and Paul Ehrnrooth vice chairmen. The Board decided to establish an Audit Committee, a Compensation Committee, and a Nomination Committee.

The Board appointed Gustaf Gripenberg chairman of the Audit Committee, with David Drury, Ilona Ervasti-Vaintola, Alexander Ehrnrooth, and Paul Ehrnrooth as its other members.

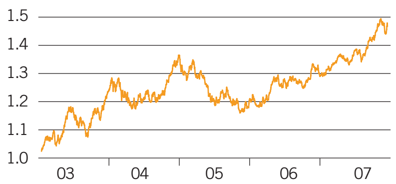
The Board appointed Kaj-Gustaf Bergh chairman of the Compensation Committee with Ralf Böer, Karl Grotenfelt, and Clas Thelin as its other members.

The Board appointed Kaj-Gustaf Bergh chairman of the Nomination Committee, with Alexander Ehrnrooth and Paul Ehrnrooth as its other members.

**The Board of Directors proposal for dividend distribution**

The distributable equity of the Parent Company at the end of the fiscal year 2007 is EUR 894.8 million (287.9).

EURO IN USD, $




EURO EXCHANGE RATES

| | **2007** | 2006 | **2007** | 2006 |
|---|---|---|---|---|
| | Income Statement | | Balance Sheet | |
| USD | **1.457** | 1.256 | **1.472** | 1.317 |
| GBP | **0.721** | 0.682 | **0.733** | 0.672 |
| DKK | **7.460** | 7.459 | **7.458** | 7.456 |
| SEK | **9.432** | 9.254 | **9.442** | 9.040 |
| NOK | **8.012** | 8.047 | **7.958** | 8.238 |
| CAD | **1.462** | 1.424 | **1.445** | 1.528 |

For 2007 the Board of Directors proposes a dividend of EUR 0.80 per share of Series A and EUR 0.78 per share of Series K. The dividend entitling shares numbered 54,832,377 Series A shares and 22,565,288 series K shares, totaling 77,397,665 shares. Thus the dividend distribution would be in total: for Shares of Series A, EUR 43,865,901.60 and for Shares of Series K EUR 17,600,924.64 for all shares in total EUR 61,466,826.24.

This leaves EUR 833,320,107.69 of unused profit funds at the Parent Company.

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

**Outlook 2008**

The general market outlook for 2008 is uncertain. Especially, the US market is expected to be weaker than in 2007. In Europe the economic climate is cautious.

Fiskars Corporations' net sales are expected to increase during 2008 largely due to the effect of the Iittala acquisition that closed in the Fall of 2007.

The underlying profitability of our wholly-owned business is expected to continue to improve but the net profit is not expected to be on the same level as the previous year due to the following reasons; 2007 results included a non-recurring capital gain of EUR 23.7 million as the company acquired Wärtsilä A shares and simultaneously sold an equal amount of Wärtsilä B shares. In addition, the Real Estate business realized a gain of EUR 9.8 million due to the price increases of standing timber.

The financial costs will increase due to the financing of Iittala and Leborgne acquisitions.

The associated company Wärtsilä will have a big impact on the Corporation's profit and cash flow.

Helsinki, February 13, 2008
Fiskars Corporation
Board of Directors

## Formulas for Calculation of Ratios

Key Figures for 2003–2007 are available on page 82 and 83.

Earnings before depreciation and amortization and income from associate = Operating profit + depreciation and amortization + impairment - income from associate

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

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

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

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

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

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

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

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

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

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

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

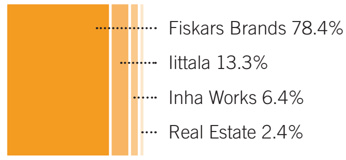
$$\text{Dividend per earnings in percent} = \frac{\text{Dividend paid}}{\text{Profit attributable to equity holders of the parent company}} \times 100$$

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

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

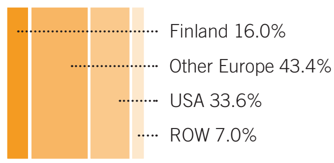
# Business Segments

| **Net sales by business segment** | **2007** | | 2006 | | 2005 | | change |
|---|---|---|---|---|---|---|---|
| | **M€** | **%** | M€ | % | M€ | % | 07/06 % |
| Fiskars Brands | **516** | **78.4** | 490 | 91.6 | 472 | 92.6 | 5 |
| Iittala | **87** | **13.3** | | | | | |
| Inha Works | **42** | **6.4** | 37 | 7.0 | 32 | 6.4 | 13 |
| Real Estate | **16** | **2.4** | 10 | 1.9 | 9 | 1.7 | 52 |
| Eliminations | **-3** | | -2 | | -3 | | |
| Corporate total | **658** | **100.0** | 535 | 100.0 | 510 | 100.0 | 23 |

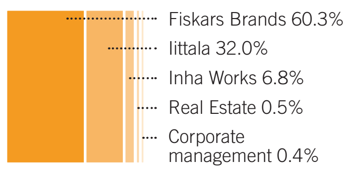



| **Operating profit by business segment** | | | | change |
|---|---|---|---|---|
| | **M€** | M€ | M€ | 07/06 M€ |
| Fiskars Brands | **52.2** | 21.1 | -5.6 | 31.1 |
| Iittala | **8.8** | | | 8.8 |
| Inha Works | **3.3** | 3.7 | 3.5 | -0.4 |
| Real Estate | **11.3** | 7.6 | 2.0 | 3.8 |
| Income from associate Wärtsilä | **43.3** | 58.6 | 28.6 | -15.3 |
| Eliminations and unallocated costs | **-9.4** | -5.2 | -5.8 | |
| Corporate total | **109.5** | 85.8 | 22.7 | 23.8 |

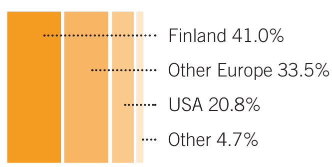
| **Net sales by market area** | | | | | | | change |
|---|---|---|---|---|---|---|---|
| | **M€** | **%** | M€ | % | M€ | % | 07/06 % |
| Finland | **105** | **16.0** | 43 | 8.1 | 44 | 8.6 | 143 |
| Other Europe | **285** | **43.4** | 208 | 38.9 | 176 | 34.5 | 37 |
| USA | **221** | **33.6** | 235 | 44.0 | 253 | 49.7 | -6 |
| ROW | **46** | **7.0** | 48 | 9.0 | 37 | 7.2 | -4 |
| Corporate total | **658** | **100.0** | 535 | 100.0 | 510 | 100.0 | 23 |
| | | | | | | | |
| Export from Finland | **79** | **11.9** | 59 | 11.0 | 55 | 10.9 | 33 |




| **Personnel by business segment** | **Dec 31, 2007** | | Dec 31, 2006 | | Dec 31, 2005 | | change |
|---|---|---|---|---|---|---|---|
| | | **%** | | % | | % | 07/06 % |
| Fiskars Brands | **2,724** | **60.3** | 2,659 | 88.5 | 2,906 | 90.2 | 2 |
| Iittala | **1,443** | **32.0** | | | | | |
| Inha Works | **306** | **6.8** | 301 | 10.0 | 271 | 8.4 | 2 |
| Real Estate | **24** | **0.5** | 27 | 0.9 | 26 | 0.8 | -11 |
| Corporate management | **18** | **0.4** | 16 | 0.5 | 17 | 0.5 | 13 |
| Corporate total | **4,515** | **100.0** | 3,003 | 100.0 | 3,220 | 100.0 | 50 |




| **Personnel by geographical area** | | | | | | | change |
|---|---|---|---|---|---|---|---|
| | | **%** | | % | | % | 07/06 % |
| Finland | **1,853** | **41.0** | 779 | 25.9 | 843 | 26.2 | 138 |
| Other Europe | **1,513** | **33.5** | 975 | 32.5 | 832 | 25.8 | 55 |
| USA | **939** | **20.8** | 1,025 | 34.1 | 1,394 | 43.3 | -8 |
| Other | **210** | **4.7** | 224 | 7.5 | 151 | 4.7 | -6 |
| Corporate total | **4,515** | **100.0** | 3,003 | 100.0 | 3,220 | 100.0 | 50 |




Personnel for 2005 stated without personnel in discontinued businesses.

# Consolidated Income Statement

| | | 2007 M€ | | 2006 M€ | |
|---|---|---|---|---|---|
| **Net sales** | | **658.1** | **100.0%** | 534.9 | 100.0% |
| Cost of goods sold | | **-437.8** | | -376.8 | |
| **Gross profit** | | **220.3** | **33.5%** | 158.1 | 29.6% |
| Other operating income | (6.1) | **5.8** | | 1.3 | |
| Sales and marketing expenses | | **-99.4** | | -71.9 | |
| Administration expenses | | **-48.8** | | -45.3 | |
| Research and development costs | | **-7.4** | | -6.1 | |
| Other operating expenses | (6.3) | **-4.2** | | -9.0 | |
| Income from associate | (9.6) | **43.3** | | 58.6 | |
| **Operating profit** | | **109.5** | **16.6%** | 85.8 | 16.0% |
| Gain on sale of Wärtsilä shares | | **23.7** | | | |
| Financial income | (6.10) | **3.0** | | 1.8 | |
| Financial expenses | (6.10) | **-13.7** | | -10.9 | |
| **Profit before taxes** | | **122.5** | **18.6%** | 76.7 | 14.3% |
| Income taxes | (6.11) | **-12.1** | | -9.8 | |
| **Profit from continuing operations** | | **110.4** | **16.8%** | 66.9 | 12.5% |
| Profit from discontinued operations | (6.12) | | | 15.2 | |
| **Profit for the period** | | **110.4** | **16.8%** | 82.0 | 15.3% |
| Attributable to: | | | | | |
| **Equity holders of the Parent Company** | | **110.0** | | 82.0 | |
| Minority interest | | **-0.3** | | 0.0 | |
| | | **110.4** | | 82.0 | |
| **Earnings for Equity holders of the Parent Company per share, euro** | | **1.42** | | 1.06 | |
| continuing operations | | **1.42** | | 0.86 | |
| discontinued operations | | | | 0.20 | |

Earnings per share is undiluted. The company has no open option programs or other earnings diluting financial instruments.

# Consolidated Balance Sheet

| | | Dec 31, 2007 M€ | | Dec 31, 2006 M€ | |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Intangible assets | (9.1) | **134.0** | | 19.2 | |
| Goodwill | (9.2) | **99.8** | | 22.4 | |
| Tangible assets | (9.3) | **121.7** | | 98.7 | |
| Biological assets | (9.4) | **44.9** | | 35.0 | |
| Investment property | (9.5) | **8.4** | | 8.7 | |
| Investments in associates | (9.6) | **278.3** | | 239.1 | |
| Shares at fair value through P/L | (9.7) | **3.0** | | 5.0 | |
| Other investments | (9.8) | **2.3** | | 1.5 | |
| Other tax receivables | (7) | **0.3** | | 5.5 | |
| Deferred tax assets | (7) | **20.6** | | 24.9 | |
| **Non-current assets total** | | **713.4** | **68%** | 460.0 | 65% |
| **Current assets** | | | | | |
| Inventories | (9.9) | **173.7** | | 114.6 | |
| Trade receivables | (9.10) | **115.2** | | 82.7 | |
| Other receivables | (9.11) | **10.4** | | 5.0 | |
| Cash and cash equivalents | (9.12) | **34.5** | | 44.9 | |
| **Current assets total** | | **333.8** | **32%** | 247.2 | 35% |
| **Assets total** | | **1,047.1** | **100%** | 707.2 | 100% |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | | | |
| Equity holders of the Parent Company | | **477.8** | | 421.7 | |
| Minority interest | | **0.5** | | 0.0 | |
| **Shareholders' equity total** | | **478.3** | **46%** | 421.8 | 60% |
| **Non-current liabilities** | | | | | |
| Interest bearing debt | (10.2) | **124.6** | | 120.7 | |
| Non-interest bearing liabilities | (10.3) | **4.7** | | 2.6 | |
| Deferred tax liabilities | (7) | **51.7** | | 20.8 | |
| Pension liability | (8) | **9.4** | | 12.8 | |
| Provisions | (10.4) | **6.2** | | 4.2 | |
| **Non-current liabilities total** | | **196.7** | **19%** | 161.1 | 23% |
| **Current liabilities** | | | | | |
| Interest bearing debt | (10.5) | **228.9** | | 26.1 | |
| Trade and other non-interest bearing payables | (10.6) | **139.4** | | 92.6 | |
| Income tax payable | (10.7) | **3.8** | | 5.7 | |
| **Current liabilities total** | | **372.1** | **36%** | 124.4 | 18% |
| **Shareholders' equity and liabilities total** | | **1,047.1** | **100%** | 707.2 | 100% |

# Consolidated Statement of Cash Flows

| | 2007 M€ | 2006 M€ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net profit before taxes | **122.5** | 76.7 |
| Adjustments for | | |
| Depreciation | **23.2** | 28.6 |
| Gain/loss on sale of non-current assets | **-26.1** | 0.0 |
| Income from associate | **-43.3** | -58.6 |
| Investment income | **-3.0** | -0.8 |
| Interest expense | **13.7** | 9.9 |
| Change in value of biological assets | **-10.0** | -5.0 |
| Cash generated before working capital changes | **77.0** | 50.8 |
| | | |
| Change in working capital | | |
| Change in interest free assets | **-9.7** | -5.4 |
| Change in inventories | **-1.5** | 7.6 |
| Change in interest free liabilities | **11.4** | 7.6 |
| Cash generated before financing and taxes | **77.2** | 60.6 |
| | | |
| Dividends received from associate | **27.7** | 47.5 |
| Dividends received, other | **0.1** | 3.6 |
| Financial items paid / received (net) | **-11.8** | -7.4 |
| Taxes paid | **-11.2** | -5.1 |
| **Net cash flow from operating activities A** | **82.0** | 99.0 |
| | | |
| **Cash flows from investing activities** | | |
| Acquisitions | **-169.2** | -26.0 |
| Net change in shares in associate | **-0.1** | 0.0 |
| Capital expenditure | **-20.5** | -19.3 |
| Proceeds from sale of fixed assets | **2.4** | 5.4 |
| Sale of other investments | **4.1** | 2.2 |
| Capital expenditure in other investments | **0.0** | -5.3 |
| Cash flows from discontinued operations | **0.0** | 33.0 |
| **Net cash used in investing activities B** | **-183.4** | -10.1 |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from long-term borrowings | **0.6** | 15.0 |
| Repayment of long-term borrowings | **-0.1** | -4.6 |
| Proceeds from (payment of) short-term borrowings | **137.6** | -21.4 |
| Payment of financial lease liabilities | **-1.8** | -2.8 |
| Cash flows from other financing items | **0.9** | 0.1 |
| Dividends paid | **-46.0** | -57.1 |
| **Net cash used in financing activities C** | **91.3** | -70.8 |
| | | |
| **Change in cash (A+B+C)** | **-10.2** | 18.2 |
| | | |
| Cash at beginning of period | **44.9** | 21.7 |
| Translation adjustment | **-0.3** | 5.0 |
| Cash at end of period | **34.5** | 44.9 |

# Statement of Changes in Consolidated Shareholders' Equity

| | Equity holders of the parent company: | | | | | | |
|---|---|---|---|---|---|---|---|
| M€ | Share capital | Own shares | Fair value reserve | Cumul. transl.diff. | Retained earnings | Minority interest | Total |
| **Dec 31, 2005** | **77.5** | **-0.9** | **24.7** | **1.2** | **300.3** | **0.0** | **402.7** |
| Translation differences | | | | -2.0 | | | -2.0 |
| Change in fair value reserve, associate | | | -3.1 | | | | -3.1 |
| Other changes in associate | | | | -0.7 | -0.1 | | -0.8 |
| **Net income recognised directly in equity** | | | **-3.1** | **-2.7** | **-0.1** | **0.0** | **-5.9** |
| Net profit for the period | | | | | 82.0 | 0.0 | 82.0 |
| **Total recognised income and expense for the period** | | | **-3.1** | **-2.7** | **81.9** | **0.0** | **76.2** |
| Dividend distribution | | | | | -57.1 | | -57.1 |
| **Dec 31, 2006** | **77.5** | **-0.9** | **21.6** | **-1.5** | **325.0** | **0.0** | **421.8** |
| Translation differences | | | | -10.4 | | 0.0 | -10.4 |
| Changes in associate | | | -0.2 | | | | -0.2 |
| Equity net investment hedges after tax | | | 2.5 | | | | 2.5 |
| Other changes | | | | | | 0.1 | 0.1 |
| **Net income recognised directly in equity** | | | **2.4** | **-10.4** | **0.0** | **0.1** | **-7.9** |
| Net profit for the period | | | | | 110.0 | 0.3 | 110.4 |
| **Total recognised income and expense for the period** | | | **2.4** | **-10.4** | **110.0** | **0.5** | **102.5** |
| Dividend distribution | | | | | -46.0 | | -46.0 |
| **Dec 31, 2007** | **77.5** | **-0.9** | **23.9** | **-11.8** | **389.1** | **0.5** | **478.3** |

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

# Disclosures to the Consolidated Financial Statements, IFRS

## 1. Accounting principles

**Basis of preparation**

Fiskars Oyj Abp is a Finnish public limited liability company listed in Finland and domiciled in Pohja. Fiskars Group comprises Fiskars Brands which manufactures and markets branded consumer products globally, Inhan Tehtaat (Inha Works) which manufactures and markets 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 Corporation ("Fiskars" or "the Corporation") are prepared in accordance with International Financial Reporting Standards (IFRS), applying the IAS and IFRS standards, and their SIC and IFRIC interpretations valid on December 31, 2007. The International Financial Reporting Standards refer to standards and related interpretations in accordance with the Finnish Accounting Act and the interpretations issued pursuant to them and which have been approved for application within the EU according to the procedures provided for in the EU regulation (EC) No. 1606/2002. The Notes to the Consolidated Financial Statements also comply with Finnish accounting and corporate legislation.

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

Fiskars has adopted the following new or revised IFRS standards and interpretations as from January 1, 2007

- IFRS 7 Financial instruments: Disclosures. The change affects the Disclosures information.
- IAS 1 Amendment, Capital disclosures. The change affects the Disclosures information.
- IFRIC 9 Reassessment of Embedded Derivatives. The change has no impact on consolidated financial statements as no company within the Corporation has changed contract stipulations as indicated by the interpretation.
- IFRIC 10 Interim Financial Reporting and Impairment. IFRIC 10 states that an entity shall not reverse an impairment loss recognized in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. The Corporation estimates that this interpretation will not influence its consolidated financial statements.

**Use of estimates**

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

**Principles of consolidation**

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

Investments in associates (voting rights 20–50% and for which Fiskars has significant influence, but not control) are accounted for using the equity method. In accordance with the exemption under IFRS 1 the investment in Wärtsilä is measured at the carrying amount on the date of transition to IFRS. Fiskars' most important associated company is Wärtsilä Oyj Abp. During the 2007 fiscal year, Fiskars has sold Wärtsilä shares of Series B and acquired the same number of shares of Series A, which carry voting rights, increasing Fiskars vote in Wärtsilä by 1.7 percentage points to 32.2%. Fiskars treats the divestment and acquisition of shares according to their fair value, as the transaction is deemed to have commercial substance.

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

**Determining the fair value of assets acquired in a business combination**

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

**Foreign subsidiaries**

In the consolidated accounts all items in the income statement accounts of foreign subsidiaries are translated into euros at the average foreign exchange rates for the period and the balance-sheet items at foreign exchange rates prevailing at the balance-sheet date. Translation differences are recognized in equity. Exchange rate differences resulting from the translation of income statement items at the average rate and the balance-sheet items at the closing rate are shown as a separate item in Shareholders' 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 recognized in the income statement. Foreign exchange gains and losses associated with financing are included under financial income and expenses.

**Net sales and revenue recognition principles**

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

The change in value of biological assets resulting from the net increase and the change in the fair value of standing timber are recognized in 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 for the Group and also other criteria in IAS 38 are met as the product is regarded technically and commercially feasible. Capitalized development costs consisting of mainly direct labor costs and external services are recognized as intangible assets.

**Operating profit**

IAS 1 Presentation of Financial Statements does not give a definition for operating profit. Associated company Wärtsilä is one of the business segments in Fiskars Corporation reporting. Therefore income from associate Wärtsilä is included in the operating profit in the same manner as the other business segments profits.

**Pension obligations**

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

The costs for pension schemes that are classified as defined benefit plans are calculated and recognized under the terms of the plan based on actuarial calculations. The pension obligation is measured as the present value of the estimated future cash outflows deducted by the fair value of plan assets at the balance sheet date. All actuarial gains and losses are recognized in profit or loss. Changes in the estimates in the actuarial calculations made by authorized actuaries may influence reported pension obligations and pension costs.

**Property, plant, and equipment**

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

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

The estimated useful lives are as follows:

| | |
|---|---|
| Buildings | 20–40 years |
| Property, plant, and equipment | 3–10 years |

Land areas are not depreciated.

**Leased assets**

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

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

**Investment Property**

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

**Goodwill and other intangible assets**

The excess of the purchase price for a business combination over fair value of the assets, liabilities, and contingent liabilities acquired is goodwill. Goodwill has been allocated to cash-generating units and each unit's recoverable amount is compared annually or more often if there are indications of impairment with its carrying amount to determine potential impairment. Goodwill related to the 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 such as trademarks and customer relationships acquired in a business combination. Intangible assets are stated at cost less accumulated amortization and impairment. When intangible assets are acquired related to a business combination they are stated at fair value at the acquisition date. Intangible assets are amortized on a straight-line basis over the period of their known or expected useful lives as follows:

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

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

**Biological assets**

Biological assets consist of standing timber in Finland. These assets are recognized at fair value less estimated point-of-sale costs. Measurement is based on the six-month rolling average 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 in realized point-of-sale costs. The change in fair value of standing timber, resulting from growth, felling, and fluctuation of market prices and expenses, is included in sales revenues.

**Inventories**

Inventories are carried at the lower of cost or net realizable value. The cost of inventories comprise direct costs of purchase, costs of conversion and related production overheads. Inventory valuation is primarily based on the FIFO method.

**Financial instruments**

Financial assets have been classified in the manner prescribed into the following categories: financial assets or liabilities at fair value through profit or loss; held-to-maturity investments; loans and other receivables; financial liabilities measured at amortized cost; and available-for-sale financial assets. Assets are designated a category at inception on the basis of the management's intent at the date of purchase. Transaction costs are included in the original book value of assets when an item is not measured at fair value through profit or loss. All transactions of financial assets are booked on the transaction date.

Held-to-maturity investments are measured at cost. Held-to-maturity investments are assets with fixed or determinable payments and fixed maturity, which the group has the positive intention and ability to hold until maturity.

**Investments in debt and equity securities**

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

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

**Assets available for sale**

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

**Derivatives**

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

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

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

**Trade and other receivables**

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

**Cash and cash equivalents**

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

**Financial liabilities**

Financial liabilities comprise balance-sheet liabilities other than tax liabilities, trade payables and accruals and deferred income.

The liabilities are classified as non-current and current, 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.

**Non-current assets held for sale and discontinued operations**

An operation is classified as sold or held for sale when the company has sold or, on the basis of a specific discontinuation plan, decides to discontinue - such discontinuation being held to be likely - a separate and significant division which has assets, liabilities and financial results that can be separated physically, operationally, and for financial reporting purposes. The net operational profit and the net result of the sale or discontinuation of such operations are entered as a separate item in the income statement. The income statement of the comparable period is similarly adjusted. The assets and liabilities of major operations sold, classified as held for sale or classified as to be discontinued are presented separately in the balance sheet after the decision has been made. 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 events has a present legal or constructive obligation, the counterparty is aware of the commitment, and a reliable estimate can be made of the amount of the future obligation. These include, for example, restructuring costs. A provision for restructuring is recognized when a detailed formal plan has been approved and when there is a valid expectation that the plan will be carried out.

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 they seem likely to be realized. The final results may differ from these estimates.

**Income Taxes**

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

Deferred tax 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. Temporary differences arise, inter alia, from tax loss carry-forwards, depreciation differences, provisions, defined pension benefit plans, valuation of derivative financial instruments at fair value, biological assets, eliminated inventory margins as well as the assessed fair value of assets in connection with business acquisitions. The tax effect of undistributed earnings of subsidiaries is recorded as a deferred tax liability if a dividend payout is probable and it will result in tax consequences. A deferred tax asset is recognized as a result of tax loss carry-forwards and other temporary differences to the extent that it is probable that they can be utilized in future financial periods.

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

**Dividends**

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

**Borrowing costs**

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

**New IFRS standards and interpretations**

The standards described below, together with interpretations of and amendments to them, have been issued but they have not yet come into force and the Corporation has not applied these regulations before they come into force. From 2008 and 2009, the Corporation will implement the following new or amended IASB standards and interpretations:

- IFRIC 11 IFRS 2 Group and Treasury Share Transactions (effective for annual periods beginning on or after March 1, 2007). The new interpretation clarifies the use of equity-settled transactions. The new interpretation will not influence the Corporation's consolidated financial statements.
- IFRIC 12 Service Concession Arrangements (effective for annual periods beginning on January 1, 2008). The Corporation has not entered into any contracts with the public sector of the sort covered by the interpretation, so the interpretation will not influence its consolidated financial statements. The interpretation has not yet been endorsed for use in the EU.
- IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after July 1, 2008). The Corporation does not have customer loyalty programs of the type covered by the interpretation, so the interpretation will not influence its consolidated financial statements. The interpretation has not yet been endorsed for use in the EU.
- IFRIC 14 IAS 19 The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on January 1, 2008). The interpretation is applied to post-employment defined benefit plans and other long-term benefit plans when there is a minimum funding requirement. The Corporation is currently reviewing the effects of the interpretation. According to a preliminary assessment the new interpretation will not significantly influence its consolidated financial statements.
- IFRS 8 Operating Segments (effective for annual periods beginning after January 1, 2009). IFRS 8 replaces the IAS 14 Segment Reporting standard. According to the new standard, segment reporting is based on management's internal reporting and the calculation principles used therein. The Corporation estimates that the new standard will not influence its consolidated financial statements.
- Amendment to the IAS 23 Borrowing Costs standard (effective for annual periods beginning after January 1, 2009). The amended standard requires disclosure of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, such as a production plant, as part of the cost of that asset. Until now, the Corporation has booked borrowing costs as expenditure in the fiscal year in which they were accrued. The Corporation estimates that the amendment will not significantly influence its consolidated financial statements. The amended standard has not yet been endorsed for use in the EU.
- Amendment to the IAS 1 Presentation of Financial Statements standard (effective for annual periods beginning after January 1, 2009). The amended standard changes the presentation of Financial Statements. The Corporation estimates that the amendment mainly influences the presentation of the income statement and changes in shareholders' equity. The amended standard has not yet been endorsed for use in the EU.

## 2. Segment Information

Fiskars reports its business segments as its primary segments and geographical areas as secondary segments. The reporting follows the format how the Group's management monitors business in management reporting. The Group's accounting principles are applied for calculating segment information.

**Business segments**

Fiskars Brands: The segment sells consumer goods: craft, garden, outdoor recreation and housewares to retailers. Sales are primarily generated in the North American and European markets.

Iittala: The segment's revenues comprise sales of designed homeware to retailers and also directly to consumers via its own store chain. Sales are focused in the North-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: The segment is active in Finland, with external rental income coming from the Fiskars Village area in Finland. Forestry is part of the segment's business activities.

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

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

**Geographical segments**

USA

Europe

Rest of the World (ROW)

Net sales for the segment are reported based both on the geographical location of the customers and assets.

Segment assets and liabilities are based on geographical location of the assets.

Sales between the segments are insignificant.

**Unallocated items**

The unallocated items of the Income Statement contains corporate-level costs and income.

Discontinued operations are also included in unallocated items. Unallocated assets comprise items related to corporate administration, tax receivables, loan receivables and equity instruments.

The unallocated liabilities comprise long- and short-term debt and tax liabilities.

## 2.1 Business segments

| M€ | Fiskars Brands | Iittala | Inha Works | Real Estate | Associate Wärtsilä | Unallocated and eliminations | Corporate total |
|---|---|---|---|---|---|---|---|
| **2007** | | | | | | | |
| Net Sales, external | 515.7 | 87.0 | 42.0 | 13.3 | | 0.0 | 658.1 |
| Net sales, inter-segment | 0.1 | 0.3 | 0.0 | 2.2 | | -2.6 | 0.0 |
| Net sales | 515.7 | 87.3 | 42.1 | 15.6 | 0.0 | -2.6 | 658.1 |
| Income from associate Wärtsilä | | | | | 43.3 | | 43.3 |
| Operating profit | 52.2 | 8.8 | 3.3 | 11.3 | 43.3 | -9.4 | 109.5 |
| Gain on sale of Wärtsilä shares | | | | | | 23.7 | 23.7 |
| Financial income and expenses | | | | | | -10.7 | -10.7 |
| Profit before taxes | | | | | | | 122.5 |
| Taxes | | | | | | -12.1 | -12.1 |
| Profit (loss) for the period | | | | | | | 110.4 |
| Assets | 402.8 | 309.2 | 26.0 | 96.9 | 279.7 | -67.3 | 1,047.1 |
| Liabilities | 304.5 | 298.9 | 23.3 | 19.3 | | -77.2 | 568.8 |
| Capital expenditure | 26.6 | 158.2 | 3.6 | 1.8 | 28.9 | 1.6 | 220.6 |
| Depreciations | 17.5 | 2.5 | 1.2 | 1.5 | | 0.4 | 23.2 |
| **2006** | | | | | | | |
| Net Sales, external | 489.9 | | 37.2 | 7.9 | | | 534.9 |
| Net sales, inter-segment | 0.0 | | | 2.4 | | -2.4 | 0.0 |
| Net sales | 489.9 | | 37.2 | 10.3 | | -2.4 | 534.9 |
| Income from associate Wärtsilä | | | | | 58.6 | | 58.6 |
| Operating profit | 21.1 | | 3.7 | 7.6 | 58.6 | -5.2 | 85.8 |
| Financial income and expenses | | | | | | -9.1 | -9.1 |
| Profit before taxes | | | | | | | 76.7 |
| Taxes | | | | | | -9.8 | -9.8 |
| Profit from continuing operations | | | | | | | 66.9 |
| Profit from discontinued operations | | | | | | 15.2 | 15.2 |
| Profit (loss) for the period | | | | | | | 82.0 |
| Assets | 298.3 | | 17.7 | 66.9 | 239.1 | 85.3 | 707.2 |
| Liabilities | 102.5 | | 6.4 | 1.5 | | 175.0 | 285.5 |
| Capital expenditure | 37.5 | | 1.2 | 1.9 | | 0.3 | 40.8 |
| Depreciations | 25.8 | | 1.2 | 1.4 | | 0.1 | 28.6 |
| Impairment | 0.4 | | | | | | 0.4 |
| Other non-recurring expenses | 10.2 | | | | | | 10.2 |

## 2.2 Geographical segment

| M€ | Europe | USA | Rest of the world | Unallocated and eliminations | Corporate total |
|---|---|---|---|---|---|
| **2007** | | | | | |
| Net sales | | | | | |
| - based on customer location | 391.1 | 221.3 | 45.7 | | 658.1 |
| - based on assets' location | 408.3 | 246.2 | 17.6 | -14.1 | 658.1 |
| Segment assets | 848.3 | 120.5 | 9.0 | 69.4 | 1,047.1 |
| Capital expenditure | 217.2 | 3.2 | 0.2 | | 220.6 |
| Operating profit | | | | | |
| - based on assets' location | 88.2 | 24.6 | 1.0 | -4.2 | 109.5 |
| **2006** | | | | | |
| Net sales | | | | | |
| - based on customer location | 256.2 | 235.2 | 43.5 | | 534.9 |
| - based on assets' location | 269.7 | 258.5 | 35.5 | -28.8 | 534.9 |
| Segment assets | 483.1 | 139.6 | 16.6 | 67.9 | 707.2 |
| Capital expenditure | 30.8 | 9.6 | 0.4 | | 40.8 |
| Operating profit | | | | | |
| - based on assets' location | 86.3 | -2.5 | 1.5 | 0.5 | 85.8 |

Income from associate Wärtsilä is included in operating profit for Europe.

## 3. Restructuring costs

The Board approved of a revised strategy for Fiskars Brands in 2005 and restructuring projects stretching over 2005 and 2006 were launched. During 2006 the costs booked were caused by personnel reductions and impairment of fixed assets in factories closed. The total non-recurring costs in 2006 were EUR 10.6 million. The costs were booked in marketing EUR 0.4 million and in other operating costs EUR 10.2 million.

## 4. Acquisitions of businesses and operations

**2007**

Fiskars acquired Iittala Group Plc. on August 31, 2007. Iittala designs, produces and sells homeware, its home markets are Finland, Sweden and Norway and in addition Iittala has sales companies in the United States, Denmark, Estonia, The Netherlands, Germany and Poland. Iittala's net sales in 2006 were EUR 189.8 million, operating profit was EUR 17.0 million and net profit was EUR 7.4 million. Total assets were EUR 160.5 million and personnel 1,353 at the end of 2006. Iittala forms a new segment within Fiskars and the consolidated net sales for the review period was EUR 87.3 million and the operating profit before eliminations from purchase price allocation was EUR 13.1 million. Iittala and Fiskars have not had any significant business relations before the acquisition. Iittala purchase price refinanced debt included was EUR 230.1 million. Purchase price paid in cash has been allocated to assets, liabilities and contingent, liabilities at their fair value. Valuation of trademarks is based on the "relief from royalty" method considering their qualities and significance. Intangible assets comprise trademarks, customer relationships and franchising agreements. Trademarks are not amortized as no economic lifetime can be established. Customer relationships and franchising business related assets are amortized during their esimated lifetime of 15 and 10 years respectively. The part of the purchase price that was allocated to inventory (finished goods) was fully realized during 2007. The goodwill from the acquisition relates mostly to the synergies that will be gained from integrating the businesses.

| Iittala acquisition cost, preliminary specification | 2007 M€ |
|---|---|
| Purchase price paid in cash | 116.1 |
| Acquisition related costs | 1.7 |
| Capital loans from previous owners included in the transaction | 44.7 |
| Fair value of acquired assets, liabilities and contingent liabilities | -90.2 |
| Minority interest | 0.1 |
| **Goodwill** | 72.5 |
| | |
| Acquired cash and cash equivalents | -6.3 |
| **Cash impact of the acquisition** | 156.1 |

| Acquired assets, liabilities and contingent liabilities | sellers book values | fair values |
|---|---|---|
| Non-current assets: tangible assets | 26.0 | 26.0 |
| Other non-current assets: intangibles and investments | 3.8 | 118.9 |
| Inventories | 56.7 | 60.6 |
| Receivables | 19.6 | 19.6 |
| Cash and cash equivalents | 6.3 | 6.3 |
| Deferred tax liability | -1.2 | -32.1 |
| Capital loans | -44.7 | 0.0 |
| Non-current liabilities | -8.9 | -8.9 |
| Current liabilities | -100.3 | -100.3 |
| **Total** | -42.6 | 90.2 |

Fiskars acquired the French company Leborgne S.A.S. in May 2007. The company produces garden tools in France and in addition to the French market sells them in Spain, Belgium and Italy. The net sales for Leborgne in 2006 was EUR 16 million. The consolidated net sales in 2007 were EUR 10.5 million. Leborgne is included in the business segment Fiskars Brands. The purchase price paid in cash has been allocated to assets, liabilities and contingent liabilities at fair value. The purchase price has been allocated to trademark Leborgne, customer relationships and inventory. The remaining goodwill relates to synergies within the garden business in Europe and the acquired product program.

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

| **Acquired assets, liabilities and contingent liabilities** | **sellers book values** | **fair values** |
|---|---|---|
| Non-current assets | **0.9** | **3.2** |
| Inventories | **3.2** | **3.3** |
| Receivables | **6.1** | **6.1** |
| Cash and cash equivalents | **0.1** | **0.1** |
| Deferred tax liability | **0.0** | **-0.8** |
| Non-current liabilities | **-0.9** | **-0.9** |
| Current liabilities | **-4.5** | **-4.5** |
| **Total** | **4.9** | **6.5** |

If the acquired businesses had been consolidated from the beginning of the year the proforma consolidated net sales and operating profit for Fiskars would have been EUR 780 million and EUR 115 million respectively.

**2006**

Acquisitions during the fiscal year consisted of the purchase of Silva Sweden AB and its subsidiaries, and an additional purchase price for the Superknife operations acquired in the US in 2005. The consolidated net sales of the Silva Group in 2006 was EUR 12.5 million and the operating profit EUR -0.9 million. Silva's full year pro forma net sales amounted to approximately EUR 30 million, which would make the net sales for Fiskars Corporation EUR 553 million in 2006. Calculating the pro forma operating profit is not possible because all Silva Group operations were not acquired. A significant part of the acquisition cost was allocated to immaterial rights, some of which are amortized during their estimated economical lives. The Silva and Brunton brand names will, however, not be amortized, but they will be annually tested for impairment. All of the additional purchase price EUR 0.4 million paid for the Superknife operations acquired in 2005 was goodwill.

| **Silva acquisition cost, specification** | M€ |
|---|---|
| Purchase price paid in cash | 25.6 |
| Fair value of acquired assets, liabilities and contingent liabilities | -14.6 |
| **Goodwill** | 11.1 |
| | |
| Acquired cash and cash equivalents | -0.2 |
| **Cash impact of the acquisition** | 25.4 |

| **Acquired assets, liabilities and contingent liabilities** | sellers book values | fair values |
|---|---|---|
| Non-current assets | 1.9 | 10.8 |
| Inventories | 7.9 | 8.4 |
| Receivables | 5.3 | 5.3 |
| Cash and cash equivalents | 0.2 | 0.2 |
| Minority interest | 0.0 | 0.0 |
| Deferred tax liability | | -3.1 |
| Non-current liabilities | -1.0 | -1.0 |
| Current liabilities | -6.0 | -6.0 |
| **Total** | 8.3 | 14.6 |

## 5. Divestments

**2006**

At the end of June, Fiskars divested the Power Sentry division, which marketed accessories for electronic home appliances in the US. After deducting divestment-related costs and taxes of EUR 7.4 million, the gain on sale of division was EUR 13.0 million. Power Sentry's net sales in 2006 were EUR 25.2 (41.9), the operating profit was EUR 1.5 million (2.2) and the operating cashflow was EUR 1.8 million (2.4). The divested operations were part of a legal entity, so no financial costs, taxes or interest-bearing financial items have been separately reported for the Power Sentry division. After the divestment the business was classified as discontinued operations and it is reported separately from continuing operations. Impact in the 2006 income statement is specified in 6.12.

| **The book values of the sold assets and liabilities at June 30, 2006** | M€ |
|---|---|
| Tangible assets | 0.3 |
| Intangible assets | 1.3 |
| Inventories | 7.8 |
| Receivables | 9.5 |
| Current non-interest-bearing liabilities | -8.9 |
| **Total** | 10.0 |

## 6. Disclosures for the income statement

| | | 2007 M€ | 2006 M€ |
|---|---|---|---|
| **6.1** | **Other operating income** | | |
| | Net gain on disposal of tangible assets | **2.8** | 2.0 |
| | Other income | **3.0** | -0.7 |
| | Total | **5.8** | 1.3 |
| **6.2** | **Total expenses by kind** | | |
| | Materials and supplies | **127.4** | 209.4 |
| | Change in inventory | **1.9** | 8.1 |
| | Employee benefits | **140.3** | 121.3 |
| | Depreciation and amortization | **23.2** | 28.6 |
| | Other costs | **304.8** | 144.9 |
| | Total | **597.6** | 512.3 |
| **6.3** | **Other operating expenses** | | |
| | Impairment of property, plant and equipment | **1.1** | 2.8 |
| | Other expenses and increases in provisions for future losses | **3.1** | 6.2 |
| | Total | **4.2** | 9.0 |
| **6.4** | **Employee benefits** | | |
| | Wages and salaries for time worked | **100.4** | 83.9 |
| | Other employment term benefits | **29.0** | 28.3 |
| | Pension costs, defined contribution plans | **8.8** | 7.9 |
| | Pension costs, defined benefit plans | **0.7** | 0.1 |
| | Other post employment benefits | **0.1** | 1.0 |
| | Termination benefits | **1.2** | |
| | Total | **140.3** | 121.3 |

| | | 2007 M€ | 2006 M€ |
|---|---|---|---|
| **6.5** | **Employee benefits by function** | | |
| | Cost of goods sold | **73.7** | 63.6 |
| | Sales and marketing expenses | **37.6** | 23.4 |
| | Administration expenses | **25.5** | 25.9 |
| | Research and development costs | **3.1** | 3.2 |
| | Other operating expenses | **0.4** | 5.1 |
| | Total | **140.3** | 121.3 |

| | | | |
|---|---|---|---|
| **6.6** | **Fees, wages and salaries to the Directors and Corporate management** **(EUR thousands)** | | |
| | Allonen Heikki *) | **411.1** | 357.6 |
| | Bergh Kaj-Gustaf | **75.3** | 44.5 |
| | Böer Ralf | **35.1** | n/a |
| | Drury David | **33.4** | n/a |
| | Ehrnrooth Alexander | **60.8** | 49.4 |
| | Ehrnrooth Göran J | **n/a** | 15.3 |
| | Ehrnrooth Paul | **60.8** | 49.9 |
| | Ervasti-Vaintola Ilona | **44.2** | 37.0 |
| | von Frenckell Mikael | **n/a** | 11.6 |
| | Gripenberg Gustaf | **45.3** | 38.1 |
| | Grotenfelt Karl | **44.2** | 35.9 |
| | Riikkala Olli | **9.1** | 49.8 |
| | Thelin Clas | **35.6** | n/a |
| | Total | **854.9** | 689.1 |

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

| | | | |
|---|---|---|---|
| **6.7** | **Audit fees paid to Companies' Auditors** | | |
| | Audit fees | **1.0** | 0.9 |
| | Other | **0.4** | 0.2 |
| | Total | **1.4** | 1.1 |

| | | | |
|---|---|---|---|
| **6.8** | **Depreciation and amortization according to plan by function** | | |
| | Cost of goods sold | **13.5** | 13.7 |
| | Sales and marketing expenses | **3.6** | 2.5 |
| | Administration expenses | **4.1** | 4.9 |
| | Research and development costs | **1.7** | 1.5 |
| | Other operating expenses | **0.3** | 6.1 |
| | Total | **23.2** | 28.6 |

| | | 2007 M€ | 2006 M€ |
|---|---|---|---|
| **6.9** | **Depreciation and amortization by non-current asset group** | | |
| | Buildings | **3.6** | 3.8 |
| | Machinery and equipment | **15.3** | 21.3 |
| | Intangible assets | **4.3** | 3.5 |
| | Total | **23.2** | 28.6 |
| **6.10** | **Financial income and expenses** | | |
| | Dividends received from investments at fair value through P/L | **0.1** | 3.6 |
| | Net gain (loss) from sale of investments at fair value through P/L | **0.8** | -3.0 |
| | Fair value of other shares at fair value through P/L | **0.5** | 0.3 |
| | Interest income on cash and bank | **1.5** | 0.0 |
| | Financial income total | **3.0** | 1.8 |
| | Write-down of non-current investments | | 0.0 |
| | Interest expenses on debt at amortized cost | **-11.4** | -7.8 |
| | Interest cost on financial leasing at amortized cost | **-1.1** | -1.1 |
| | Derivative revaluation gains/losses, at fair value through P/L | **0.0** | -0.1 |
| | Exchange gains and losses, net | **0.5** | -1.0 |
| | Other financial expenses | **-1.8** | -0.8 |
| | Financial expense, total | **-13.7** | -10.9 |
| **6.11** | **Income taxes from continuing operations** | | |
| | Current year taxes | **-11.2** | -9.1 |
| | Tax adjustments for prior years | **-0.1** | -0.1 |
| | Change in deferred tax from temporary differences | **-1.6** | -1.5 |
| | Change in deferred tax from change of tax rate | **-2.0** | 0.0 |
| | Change in deferred tax valuation allowance | **4.5** | 6.5 |
| | Deferred tax cost from equity hedge | **0.7** | |
| | Other changes in deferred tax | **-2.3** | -5.6 |
| | Income taxes total | **-12.1** | -9.8 |

## 6.12 Profit from discontinued operations

The corporation divested its Power Sentry division in the US in 2006.
The operations were classified as discontinued operations and are reported as such in 2006.

| | 2007 M€ | 2006 M€ |
|---|---|---|
| Profit from discontinued operations | | 2.2 |
| Gain (loss) from sale of discontinued operations before taxes | | 20.4 |
| Taxes from discontinued operations | | -7.4 |
| Profit from discontinued operations in the income statement | | 15.2 |

## 6.13 Earnings per share

The undiluted result per share is the annual net profit attributable to ordinary shareholders of the parent company divided by the weighted average number of shares outstanding during the year. Fiskars Corporation does not have any current share option programs or other diluting financial instruments, so the diluted earnings per share is the same as the undiluted. The Corporation has a minority interest from 2006 onwards. The minority interest in 2007 is 0.3 mill. euro (0).

| | **2007 M€** | 2006 M€ |
|---|---|---|
| Net Profit attributable to the ordinary shareholders of the parent company | **110.0** | 82.0 |
| 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 | **1.42** | 1.06 |
| Earnings per share (euro), continuing operations | **1.42** | 0.86 |
| Earnings per share (euro), discontinued operations | | 0.20 |

## 7. Effective income tax rate and deferred tax assets

| | **2007 M€** | 2006 M€ |
|---|---|---|
| **Reconciliation of income taxes** | | |
| Tax rate for the parent company | **26%** | 26% |
| Profit before taxes | **122.5** | 76.7 |
| Income tax using the domestic corporation tax rate | **-31.8** | -19.9 |
| Tax exempt revenues | **17.5** | 17.2 |
| Non-deductible expenses | **-1.1** | -14.8 |
| Effect of tax rates in foreign jurisdictions | **-3.1** | 1.6 |
| Effect of change of tax rates | **-3.1** | 0.0 |
| Effect of tax losses not recognized as assets | **-1.3** | -1.4 |
| Change in valuation of earlier tax assets | **7.7** | 6.5 |
| Income tax for prior years | **-0.1** | -0.1 |
| Tax booked against unbooked tax assets | **3.7** | 1.2 |
| Deferred tax from equity hedge | **0.7** | |
| Other items | **-1.1** | -0.1 |
| Income taxes recognized in profit and loss | **-12.1** | -9.8 |

| **2006**<br>**Deferred tax assets** | Jan 1, 2006 | booked in income statement | booked directly into equity | translation adjustment | acquisitions and divestments | **Dec 31, 2006** |
|---|---|---|---|---|---|---|
| Tangible and intangible assets | 12.3 | -2.9 | | -0.6 | | **8.7** |
| Inventories | 4.4 | 0.5 | | -0.6 | | **4.4** |
| Pension obligations | 3.8 | 1.1 | | -0.4 | | **4.4** |
| Interest limited by thin-cap | 10.3 | -8.2 | | -1.1 | | **1.0** |
| Tax-loss carry forwards | 40.2 | 0.5 | | -7.1 | | **33.7** |
| Valuation allowance of deferred tax assets | -44.2 | 0.6 | | 7.2 | | **-36.5** |
| Other temporary differences | 8.3 | 1.6 | | -0.7 | | **9.2** |
| Total | 35.0 | -6.7 | | -3.3 | | **24.9** |
| Other non-current tax receivables | 9.0 | -3.5 | | 0.0 | | **5.5** |
| **Deferred tax liability** | | | | | | |
| Tax provisions | 1.1 | -0.3 | | 0.0 | 0.2 | **1.0** |
| Biological assets | 9.4 | 1.6 | | 0.0 | | **11.1** |
| Tangible and intangible assets | 6.3 | 2.7 | | -0.7 | 3.0 | **8.3** |
| Other temporary differences | 0.8 | -0.1 | | 0.0 | | **0.5** |
| Total | 17.6 | 3.9 | | -0.7 | 3.2 | **20.8** |
| Deferred tax assets, net | 26.4 | | | | | **9.7** |

| **2007** **Deferred tax assets** | Jan 1, 2007 | booked in income statement | booked directly into equity | translation adjustment | acquisitions and divestments | **Dec 31, 2007** |
|---|---|---|---|---|---|---|
| Tangible and intangible assets | 8.7 | 0.9 | | -0.3 | 0.0 | **9.3** |
| Inventories | 4.4 | -0.2 | | -0.4 | | **3.8** |
| Pension obligations | 4.4 | -0.2 | | -0.3 | 0.0 | **3.9** |
| Interest limited by thin-cap | 1.0 | 0.3 | | -0.1 | | **1.3** |
| Tax-loss carry forwards | 33.7 | -7.3 | | -1.2 | | **25.1** |
| Valuation allowance of deferred tax assets | -36.5 | 7.5 | | 1.4 | | **-27.5** |
| Other temporary differences | 9.2 | -4.6 | 0.7 | -0.9 | | **4.4** |
| Total | 24.9 | -3.5 | 0.7 | -1.8 | 0.0 | **20.3** |
| Other non-current tax receivables | 5.5 | -4.8 | | 0.0 | | **0.8** |
| | | | | | | |
| **Deferred tax liability** | | | | | | |
| Tax provisions | 1.0 | -0.1 | | 0.0 | 0.3 | **1.2** |
| Biological assets | 11.1 | 2.5 | | 0.0 | | **13.5** |
| Tangible and intangible assets | 8.3 | -1.8 | | 0.9 | 29.3 | **36.7** |
| Other temporary differences | 0.5 | -1.2 | | 0.0 | 1.0 | **0.3** |
| Total | 20.8 | -0.6 | 0.0 | 0.9 | 30.6 | **51.8** |
| | | | | | | |
| Deferred tax assets(+) liabilities (-), net | 9.7 | | | | | **-30.7** |

The Corporation has full control of dividend distribution. Associate Wärtsilä is a public company and its distribution is tax exempt for Fiskars. Tax exempt income consists mainly of income from associate Wärtsilä and gain on sale of Wärtsilä shares. Taxes relating to equity hedge have been booked into equity. The corporation has available tax losses and the tax loss carry forwards amounted to EUR 25.1 million at the end of the fiscal year. The deferred tax asset valuation allowance is booked against these receivables and therefore the net book value is EUR 0. The tax loss carry forwards will survive beyond the following five years. Income taxes booked in the income statement are specified in note 6.11.

## 8. Defined pension benefits and other post-employment benefits

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

| | 2007 M€ | 2006 M€ | 2005 M€ |
|---|---|---|---|
| Liabilities for post-employment benefits | **2.3** | 2.3 | 2.2 |
| Defined pension benefit liabilities | **7.0** | 10.5 | 13.2 |
| **Pension liability total** | **9.4** | 12.8 | 15.5 |
| | | | |
| **Amounts recognized in the balance sheet** | | | |
| Change in defined benefit obligation | | | |
| Defined benefit obligation at the beginning of the year | **36.0** | 28.1 | 23.1 |
| Translation difference | **-2.0** | -0.4 | 1.2 |
| Service cost | **0.6** | 0.3 | 0.4 |
| Interest cost | **1.4** | 1.3 | 1.3 |
| Actuarial (gain) or loss | **-2.5** | -1.0 | 2.6 |
| Benefits paid | **-1.1** | -0.7 | -0.6 |
| Defined benefit obligation at the end of the year | **32.4** | 27.6 | 28.1 |
| | | | |
| Changes in plan assets | | | |
| Fair value of plan assets at the beginning of the year | **24.4** | 14.8 | 13.1 |
| Translation difference | **-1.2** | 0.7 | 0.3 |
| Expected return on plan assets | **1.1** | 0.9 | 0.9 |
| Actuarial gain or (loss) | **0.2** | 0.2 | 0.6 |
| Benefits paid | **-0.9** | -0.5 | -0.6 |
| Employer contributions | **1.7** | 1.0 | 0.9 |
| Currency effects | **0.0** | | -0.4 |
| Fair value of plan assets at the end of the year | **25.4** | 17.1 | 14.8 |
| **Net defined pension benefit liability at December 31** | **7.0** | 10.5 | 13.2 |
| | | | |
| **Amounts recognized in the income statement** | | | |
| Current service cost | **0.6** | 0.3 | 0.3 |
| Interest cost | **1.5** | 1.3 | 1.3 |
| Effect of settlement and curtailments | | 0.0 | 0.0 |
| Expected return on plan assets | **-1.2** | -0.9 | -0.8 |
| Net actuarial gain(-) / loss (+) recognized during the year | **-2.6** | -1.6 | 1.7 |
| Amortization of past service cost | | -0.1 | 0.2 |
| Expense(+) income (-) in the income statement | **-1.6** | -1.0 | 2.6 |
| | | | |
| **Expenses in the Income Statement are booked in the following lines** | | | |
| Cost of goods sold | **0.2** | 0.0 | 0.0 |
| Sales and marketing expenses | **0.2** | | 0.0 |
| Administration expenses | **-2.1** | -0.8 | 2.4 |
| Other operating expenses | **0.1** | -0.2 | 0.2 |
| Total | **-1.6** | -1.0 | 2.6 |
| | | | |
| Actual gain for defined benefit plan funds | **0.9** | 0.3 | 2.1 |

Defined benefit obligation and fair value of plan assets at the beginning of year 2007 include also the opening balance values as at Aug. 31. 2007 from defined pension benefit plans in the acquired Iittala Group.

Plans in US and Germany are non-funded. Plans in Finland, Norway and the Netherlands are taken care of by local pension insurance companies. The plans in UK are funded by investments in equities and bonds totaling EUR 14.9 million, of which EUR 12.7 million are investments in equities.

The Group estimates its contributions to the plans during 2008 to be EUR 1.9 million.

| | 2007 | 2006 |
|---|---|---|
| **Principal actuarial assumptions at the balance-sheet date** | | |
| Discount rate, % | | |
| Great Britain | **5.5–5.8** | 4.9–5.1 |
| Germany | **5.0** | 4.5 |
| Finland | **5.3** | 4.75 |
| United States | **6.0** | 5.75 |
| Expected return on plan assets, % | | |
| Great Britain | **5.0–7.0** | 5.2–6.3 |
| Germany | **n/a** | n/a |
| Finland | **5.25** | 4.75 |
| United States | **n/a** | n/a |
| Future salary increases, % | | |
| Great Britain | **n/a–4.6** | n/a–5.3 |
| Germany | **n/a** | n/a |
| Finland | **2.5** | 2.5 |
| United States | **0** | 0 |
| Future pension increases, % | | |
| Great Britain | **3.4** | 3.0 |
| Germany | **1.0** | 1.0 |
| Finland | **2.1** | n/a |
| United States | **0.0** | 0 |

## 9. Balance sheet, assets disclosures

**(currency denominated balance sheets translated at closing rate of exchange)**

### 9.1 Intangible assets

| | 2007 M€ | 2006 M€ |
|---|---|---|
| Historical cost, Jan. 1 | **39.0** | 30.8 |
| Currency translation adjustment | **-1.7** | -1.8 |
| Historical cost, at the beginning of the year | **37.4** | 29.0 |
| Acquisitions | **118.4** | 8.8 |
| Capital expenditure | **1.9** | 1.5 |
| Decrease | **-1.0** | -0.2 |
| Transfers | **0.5** | 0.0 |
| Historical cost, Dec. 31 | **157.1** | 39.0 |
| | | |
| Accumulated amortization according to plan, Jan. 1 | **19.8** | 17.2 |
| Currency translation adjustment | **-0.4** | -0.7 |
| Accumulated amortization, at the beginning of the year | **19.4** | 16.5 |
| Amortization according to plan | **4.2** | 3.4 |
| Decrease | **-0.5** | -0.2 |
| Accumulated amortization according to plan, Dec. 31 | **23.2** | 19.8 |
| | | |
| Net book value, Dec. 31 | **134.0** | 19.2 |

Trademarks included in intangible assets are not amortized but tested for impairment annually.

### 9.2 Goodwill

| | 2007 M€ | 2006 M€ |
|---|---|---|
| Historical cost, Jan. 1 | **42.2** | 35.1 |
| Currency translation adjustment | **-3.6** | -3.4 |
| Historical cost, at the beginning of the year | **38.6** | 31.7 |
| Acquisitions | **79.0** | 11.7 |
| Decrease | | -1.3 |
| Historical cost, Dec. 31 | **117.5** | 42.2 |
| | | |
| Accumulated impairment, Jan. 1 | **19.8** | 22.3 |
| Currency translation adjustment | **-2.1** | -2.5 |
| Accumulated impairment, at the beginning of the year | **17.7** | 19.8 |
| Accumulated impairment, Dec. 31 | **17.7** | 19.8 |
| | | |
| Net book value, Dec. 31 | **99.8** | 22.4 |

Goodwill is not amortized but is tested regularly for impairment

**Goodwill impairment test in cash-generating units**

**Goodwill allocated to cash-generating units**

| | 2007 M€ | 2006 M€ |
|---|---|---|
| Fiskars Brands Garden / USA | **3.8** | 4.3 |
| Fiskars Brands Craft / USA | **1.2** | 1.4 |
| Fiskars Brands Outdoor Recreation | **11.3** | 11.8 |
| Iittala/homeware | **72.2** | |
| Fiskars Brands, Europe | **11.3** | 5.0 |
| Total | **99.8** | 22.4 |

Goodwill from acquisitions is linked to Cash Generating Units (CGU) in the table above. These CGUs are the lowest level of assets with goodwill for which there are separately identifiable cash flows. The recoverable amounts from CGUs are determined on a discounted cash flow method basis, derived from four-year cash flow projections from management approved strategic plans. The estimated performances are based on current business without any potential future acquisitions. Cash flows for the period extending over the planning period are calculated using the terminal value method. A steady growth rate of 2% is applied in projecting the terminal value to all CGUs. The discount rate is the weighted average pre-tax cost of capital (WACC) as defined by Fiskars,  The components of the WACC are risk-free rate, market risk premium, industry specific beta, cost of debt and debt to equity ratio. The pre-tax discount rates used in the calculations were: 11.7 (12.5)% for US and 10.3 (12.1)% for Europe. On the basis of the impairment calculations made, there has been no need for impairment of goodwill for any unit for the periods ended 31 December 2007 and 2006.

**Sensitivity analysis**

Sensitivity analyses have been carried out for the valuation of each CGU by making downside scenarios. These downside scenarios were created by changing the underlying assumptions in the valuations such as:

- Applying sales growth that is 1–5% lower
- Applying EBIT-% that are 1–3% lower
- Applying 0% steady growth rate in projecting the terminal value
- Applying a WACC that is 1–2% higher

In the management's opinion changes in the basic assumptions provided in these theoretical downside scenarios shall not be seen as an indication that these factors are likely to materialize. None of the downside scenarios led to a need for write-downs of goodwill.

## 9.3 Tangible assets

| | **2007 M€** | 2006 M€ |
|---|---|---|
| **Land and water** | | |
| Historical cost, Jan. 1 | **14.2** | 14.2 |
| Currency translation adjustment | **0.0** | 0.0 |
| Historical cost, at the beginning of the year | **14.1** | 14.2 |
| Acquisitions | **1.8** | 0.2 |
| Capital expenditure | **0.2** | 0.1 |
| Decrease | **-0.2** | -0.3 |
| Transfers | **0.0** | |
| Book value, Dec. 31 | **16.0** | 14.2 |
| | | |
| **Buildings** | | |
| Historical cost, Jan. 1 | **52.3** | 52.2 |
| Currency translation adjustment | **-1.0** | -1.6 |
| Historical cost, at the beginning of the year | **51.4** | 50.6 |
| Acquisitions | **5.2** | 0.2 |
| Capital expenditure | **0.9** | 1.6 |
| Decrease | **-1.5** | -1.3 |
| Transfers | **0.3** | 1.2 |
| Historical cost, Dec. 31 | **56.2** | 52.3 |
| | | |
| Accumulated depreciation according to plan, Jan. 1 | **26.2** | 26.2 |
| Currency translation adjustment | **-0.6** | -1.2 |
| Accumulated depreciation, at the beginning of the year | **25.7** | 25.1 |
| Depreciation according to plan | **2.3** | 2.0 |
| Decrease | **-1.5** | -0.8 |
| Transfers | **0.0** | 0.0 |
| Accumulated depreciation according to plan, Dec. 31 | **26.4** | 26.2 |
| | | |
| Net book value, Dec. 31 | **29.7** | 26.1 |

| | 2007 M€ | 2006 M€ |
|---|---|---|
| **Leased real estate** | | |
| Historical cost, Jan. 1 | **16.9** | 16.7 |
| Currency translation adjustment | **-1.9** | -1.7 |
| Historical cost, at the beginning of the year | **15.0** | 15.0 |
| Capital expenditure | | 1.9 |
| Historical cost, Dec. 31 | **15.0** | 16.9 |
| | | |
| Accumulated depreciation according to plan, Jan. 1 | **6.1** | 5.6 |
| Currency translation adjustment | **0.0** | -0.6 |
| Accumulated depreciation, at the beginning of the year | **5.3** | 5.0 |
| Depreciation according to plan | **1.0** | 1.1 |
| Accumulated depreciation according to plan, Dec. 31 | **6.3** | 6.1 |
| | | |
| Net book value, Dec. 31 | **8.7** | 10.8 |
| | | |
| **Machinery and equipment** | | |
| Historical cost, Jan. 1 | **174.7** | 211.6 |
| Currency translation adjustment | **-8.1** | -17.7 |
| Historical cost, at the beginning of the year | **166.6** | 193.9 |
| Acquisitions | **18.7** | 1.5 |
| Capital expenditure | **7.1** | 6.3 |
| Decrease | **-18.5** | -33.0 |
| Transfers | **6.8** | 6.1 |
| Historical cost, Dec. 31 | **180.8** | 174.7 |
| | | |
| Accumulated depreciation according to plan, Jan. 1 | **129.8** | 156.3 |
| Currency translation adjustment | **-5.9** | -14.7 |
| Accumulated depreciation, at the beginning of the year | **123.9** | 141.6 |
| Depreciation according to plan | **15.3** | 21.5 |
| Decrease | **-19.3** | -33.2 |
| Transfers | **0.2** | 0.0 |
| Accumulated depreciation according to plan, Dec. 31 | **120.0** | 129.8 |
| | | |
| Net book value, Dec. 31 | **60.7** | 44.8 |
| | | |
| **Construction in progress** | | |
| Historical cost, Jan. 1 | **2.8** | 4.4 |
| Currency translation adjustment | **-0.2** | -0.3 |
| Historical cost, at the beginning of the year | **2.6** | 4.1 |
| Acquisitions | **1.8** | 0.1 |
| Capital expenditure | **9.9** | 6.6 |
| Decrease | **-0.3** | -0.7 |
| Transfers | **-7.4** | -7.3 |
| Book value, Dec. 31 | **6.7** | 2.8 |

| | | 2007 M€ | 2006 M€ |
|---|---|---|---|
| | **Total tangible assets** | | |
| | Historical cost, Jan. 1 | **260.9** | 299.1 |
| | Currency translation adjustment | **-11.2** | -21.3 |
| | Historical cost, at the beginning of the year | **249.7** | 277.8 |
| | Acquisitions | **27.5** | 1.9 |
| | Capital expenditure | **18.2** | 16.5 |
| | Decrease | **-20.5** | -35.3 |
| | Transfers | **-0.3** | 0.0 |
| | Historical cost, Dec. 31 | **274.5** | 260.9 |
| | | | |
| | Accumulated depreciation according to plan, Jan. 1 | **162.2** | 188.2 |
| | Currency translation adjustment | **-7.3** | -16.5 |
| | Accumulated depreciation, at the beginning of the year | **154.9** | 171.7 |
| | Depreciation according to plan | **18.6** | 24.5 |
| | Decrease | **-20.9** | -34.0 |
| | Transfers | **0.2** | 0.0 |
| | Accumulated depreciation according to plan, Dec. 31 | **152.8** | 162.2 |
| | | | |
| | Net book value, Dec. 31 | **121.7** | 98.7 |

## 9.4 Biological assets

| | | | |
|---|---|---|---|
| | Fair value, Jan. 1 | **35.0** | 29.9 |
| | Increase due to growth | **1.3** | 1.1 |
| | Change in fair value less estimated point-of-sale costs | **9.8** | 4.8 |
| | Harvested timber | **-1.1** | -0.9 |
| | Book value, Dec. 31 | **44.9** | 35.0 |

## 9.5 Investment property

| | | | |
|---|---|---|---|
| | Historical cost, Jan. 1 | **16.5** | 17.7 |
| | Currency translation adjustment | **-0.8** | -1.4 |
| | Historical cost, at the beginning of the year | **15.8** | 16.3 |
| | Capital expenditure | **0.5** | 0.2 |
| | Decrease | **0.0** | 0.0 |
| | Transfers | **0.0** | |
| | Historical cost, Dec. 31 | **16.2** | 16.5 |
| | | | |
| | Accumulated depreciation according to plan, Jan. 1 | **7.8** | 8.3 |
| | Currency translation adjustment | **-0.5** | -1.1 |
| | Accumulated depreciation, at the beginning of the year | **7.4** | 7.2 |
| | Depreciation according to plan and impairment recognized | **0.5** | 0.7 |
| | Decrease | **0.0** | 0.0 |
| | Accumulated depreciation according to plan and impairment, Dec. 31 | **7.8** | 7.8 |
| | | | |
| | Net book value, Dec. 31 | **8.4** | 8.7 |

**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 use for production purposes. Because Fiskars Village is unique it is impossible to set a comparable market value on the properties.

## 9.6 Investments in associated companies

| | 2007 M€ | 2006 M€ |
|---|---|---|
| Net book value, Jan. 1 | **239.1** | 231.9 |
| Capital expenditure | **28.9** | 0.0 |
| Decrease | **0.0** | 0.0 |
| Adjustments to the share in equity | **15.6** | 11.1 |
| Other changes | **-5.3** | -3.9 |
| Net book value, Dec. 31 | **278.3** | 239.1 |
| | | |
| Goodwill included in the net book value | **61.2** | 37.7 |

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, EUR 27.7 million (47.5).
Other changes result from equity share adjustments caused by changes in share of ownership.
The market value of Wärtsilä shares owned by Fiskars Corporation as at Dec. 31. 2007 was EUR 833.2 million.

**Summary of financial information on associates**

| M€ | Ownership-% | Assets | Liabilities | Equity | Net sales | Net profit |
|---|---|---|---|---|---|---|
| **Wärtsilä Corporation (100%)** | | | | | | |
| 2007 | 16.5 | 3,749 | 2,424 | 1,325 | 3,763 | 265 |
| 2006 | 16.6 | 3,188 | 1,958 | 1,230 | 3,190 | 353 |

Fiskars' share in the votes of the associate were 32.17% (30.44).

| M€ | Ownership-% | Assets | Liabilities | Equity | Net sales | Net profit |
|---|---|---|---|---|---|---|
| **Kiinteistöosakeyhtiö Iittalan Lasimäki** | | | | | | |
| 2007 | 34.0 | 2.4 | 2.3 | 0.1 | | |
| **Rörstrands Kulturforum AB** | | | | | | |
| 2007 | 33.3 | 0.2 | 0.1 | 0.1 | | |

## 9.7 Other shares, at fair value through P/L

| | 2007 M€ | 2006 M€ |
|---|---|---|
| Historical cost, Jan. 1 | **5.0** | 4.8 |
| Acquisitions | **0.0** | |
| Capital expenditure | **1.0** | 0.0 |
| Decrease | **-1.1** | -0.1 |
| Change in fair value through profit and loss | **-1.9** | 0.3 |
| Book value, Dec. 31 | **3.0** | 5.0 |

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.

| | | 2007 M€ | 2006 M€ |
|---|---|---|---|
| **9.8** | **Other investments** | | |
| | Historical cost, Jan. 1 | **1.5** | 1.3 |
| | Currency translation adjustment | **-0.1** | -0.1 |
| | Historical cost, at the beginning of the year | **1.4** | 1.2 |
| | Capital expenditure | **0.1** | 0.4 |
| | Decrease | **0.0** | 0.0 |
| | Other changes | **0.9** | 0.0 |
| | Book value, Dec. 31 | **2.3** | 1.5 |

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

| | | 2007 M€ | 2006 M€ |
|---|---|---|---|
| **9.9** | **Inventories** | | |
| | Raw materials and consumables | **29.1** | 23.3 |
| | Work in progress | **15.4** | 9.8 |
| | Finished goods | **127.4** | 80.9 |
| | Other inventories | | 0.0 |
| | Advance payments | **1.7** | 0.6 |
| | Total inventories, Dec. 31 | **173.7** | 114.6 |
| **9.10** | **Current trade receivables** | | |
| | Trade receivables | **103.6** | 77.8 |
| | Trade accruals | **7.5** | 4.9 |
| | Other receivables | **3.9** | |
| | Advances paid | **0.2** | |
| | Total, Dec. 31 | **115.2** | 82.7 |
| | **Trade receivables, aging** | | |
| | Aging class., not fallen due | **75.9** | 63.1 |
| | Aging class., 0-30 days overdue | **21.8** | 14.0 |
| | Aging class., 31-60 days overdue | **3.5** | |
| | Aging class., 61-90 days overdue | **1.7** | 1.7 |
| | Aging class., 90-120 days overdue | **0.6** | |
| | Aging class., over 120 days overdue | **3.0** | 2.0 |
| | Less provision for bad debts December 31st (-) | **-2.9** | -3.0 |
| | Total, Dec. 31 | **103.6** | 77.8 |
| | **Trade receivables in currencies** | | |
| | Australian Dollars (AUD) | **2.1** | 2.4 |
| | Canadian Dollars (CAD) | **1.8** | 3.1 |
| | Danish Krones (DKK) | **8.3** | 5.0 |
| | Estonian Kroons (EEK) | **0.1** | |
| | Euros (EUR) | **40.4** | 18.4 |
| | United Kingdom Pounds (GBP) | **8.1** | 7.3 |
| | Hungarian Forints (HUF) | **0.7** | 0.6 |
| | Mexican Pesos (MXN) | **0.7** | 1.7 |
| | Norwegian Krones (NOK) | **6.2** | 2.8 |
| | Poland Zlotys (PLN) | **1.0** | 0.9 |
| | Russian Rubles (RUB) | **1.6** | 1.3 |
| | Swedish Kronas (SEK) | **9.8** | 4.1 |
| | US Dollars (USD) | **22.8** | 30.0 |
| | Total, Dec. 31 | **103.6** | 77.8 |

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.

| | | 2007 M€ | 2006 M€ |
|---|---|---|---|
| **9.11** | **Other receivables** | | |
| | Loan receivables | **0.0** | 0.0 |
| | Other receivables | **3.1** | 4.1 |
| | Derivatives | **0.5** | 0.0 |
| | Prepayments and accrued income | **6.8** | 0.8 |
| | Total, Dec. 31 | **10.4** | 5.0 |
| | | | |
| | **Prepayments and accrued income** | | |
| | Prepaid and accrued interest | **0.6** | 0.1 |
| | Prepaid income tax | **5.7** | |
| | Other prepayments and accruals | **0.4** | 0.7 |
| | Total, Dec. 31 | **6.8** | 0.8 |
| | | | |
| **9.12** | **Cash and cash equivalents** | | |
| | Cash in hand and at bank | **12.8** | 11.4 |
| | Money market investments | **21.0** | 33.5 |
| | Other short-term investments | **0.6** | |
| | Total, Dec. 31 | **34.5** | 44.9 |

## 10. Balance sheet, shareholders' equity and liabilities, disclosures

| | | 2007 pcs 1000 | 2006 pcs 1000 | 2007 M€ | 2006 M€ |
|---|---|---|---|---|---|
| **10.1** | **Share capital** | | | | |
| | A Shares | | | | |
| | Jan. 1 | **54,944** | 54,944 | **54.9** | 54.9 |
| | Dec. 31 | **54,944** | 54,944 | **54.9** | 54.9 |
| | K Shares | | | | |
| | Jan. 1 | **22,566** | 22,566 | **22.6** | 22.6 |
| | Dec. 31 | **22,566** | 22,566 | **22.6** | 22.6 |
| | Share capital, Dec. 31 | **77,510** | 77,510 | **77.5** | 77.5 |
| | | | | | |
| | **Own shares** | | | | |
| | A Shares | | | | |
| | Jan. 1 | **128** | 128 | **-0.9** | -0.9 |
| | Dec. 31 | **128** | 128 | **-0.9** | -0.9 |
| | K Shares | | | | |
| | Jan. 1 | **0** | 0 | **0.0** | 0.0 |
| | Dec. 31 | **0** | 0 | **0.0** | 0.0 |
| | Own shares, Dec. 31 | **128** | 128 | **-0.9** | -0.9 |

**Number of shares, votes and share capital**

| | Number of shares | Number of votes | Dec 31, 2007 € | Number of shares | Number of votes | Dec 31, 2006 € |
|---|---|---|---|---|---|---|
| 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 percentage points. The counter value per share for both series A and series K is one euro.

| M€ | 2007 fair value | carrying amount | 2006 fair value | carrying amount |
|---|---|---|---|---|
| **10.2 Long-term interest bearing debt** | | | | |
| Capital loan *) | **45.3** | **45.1** | 45.3 | 45.1 |
| Loans from credit institutions | **64.8** | **64.8** | 57.1 | 57.1 |
| Financial leasing debt | **15.6** | **14.7** | 18.8 | 18.5 |
| Other long-term debt | | **0.0** | | |
| Total, Dec. 31 | **125.7** | **124.6** | 121.2 | 120.7 |

*) Main characteristics of the loan:
The principal, interest and any other yield will be payable on the dissolution or bankruptcy of the company solely at a priority ranking inferior to that of all other debt.
The principal can be repaid if and only to the extent the company will retain full cover for its restricted equity and non-distributable funds in accordance with the balance sheet and consolidated balance sheet approved for the latest financial year. Interest can be paid if and only to the extent the equivalent sum is available for dividend distribution in accordance with the balance sheet and consolidated balance sheet approved for the latest financial year.
The loan will be repaid in full on June 17, 2010 and the interest rate on the loan is fixed 6.25%.
The fair value has been calculated using an estimated 6.0% interest rate.
The loan is listed on the OMX Nordic Exchanges but the trading volume is very low.

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

| | | 2007 M€ | 2006 M€ |
|---|---|---|---|
| | **Financial leasing debt** | | |
| | Finance lease liabilities are payable as follows: | | |
| | Less than one year | **3.1** | 3.0 |
| | Between one and five years | **10.9** | 12.8 |
| | More than five years | **8.5** | 11.5 |
| | Minimum lease payments in total | **22.6** | 27.3 |
| | **Minimum lease payments, principal** | | |
| | Less than one year | **2.7** | 1.9 |
| | Between one and five years | **8.2** | 9.4 |
| | More than five years | **6.5** | 9.1 |
| | Present value of minimum finance lease payments | **17.4** | 20.4 |
| | Unaccrued interest | **5.2** | 6.9 |
| **10.3** | **Non-current non-interest bearing debt** | | |
| | Other non-current debt | **4.7** | 2.6 |
| | Total, Dec. 31 | **4.7** | 2.6 |
| **10.4** | **Provisions** | | |
| | Provisions Jan. 1 | **4.2** | 2.9 |
| | Translation differences | **-0.3** | 0.3 |
| | Increases | **6.1** | 2.6 |
| | Used provisions | **-3.6** | -1.0 |
| | Non Cash charges | **-0.1** | |
| | Change in estimates | **0.5** | -0.2 |
| | Reversals | **-0.7** | |
| | Provisions, Dec 31. | **6.2** | 4.2 |
| | Warranty costs | **1.3** | 1.1 |
| | Restructuring provision | **2.5** | 2.4 |
| | Onerous contracts and other provisions | **2.4** | 0.6 |
| | Total | **6.2** | 4.2 |

| | M€ | 2007 fair value | carrying amount | 2006 fair value | carrying amount |
|---|---|---|---|---|---|
| **10.5** | **Current interest bearing debt** | | | | |
| | Bank overdrafts | **2.2** | **2.2** | 3.7 | 3.7 |
| | Loans from credit institutions | **0.2** | **0.2** | 11.4 | 11.4 |
| | Commercial papers | **217.9** | **217.9** | 0.0 | 0.0 |
| | Financial leasing debt | **2.7** | **2.7** | 1.9 | 1.9 |
| | Pension loans | | | 0.1 | 0.1 |
| | Other debt | **5.9** | **5.9** | 9.0 | 9.0 |
| | Total, Dec. 31 | **228.9** | **228.9** | 26.1 | 26.1 |

| | | 2007 M€ | 2006 M€ |
|---|---|---|---|
| **10.6** | **Trade payables and other non-interest bearing debt** | | |
| | Trade payables | **49.7** | 39.4 |
| | Advances received | **0.2** | 0.2 |
| | Other debt | **8.8** | 2.2 |
| | Accruals and deferred income | **80.7** | 50.8 |
| | Total, Dec. 31 | **139.4** | 92.6 |
| | | | |
| | **Accruals and deferred income** | | |
| | Interest payable | **6.2** | 2.4 |
| | Wages, salaries and social costs | **34.8** | 17.8 |
| | Other accruals | **39.6** | 30.6 |
| | Total, Dec. 31 | **80.7** | 50.8 |

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

## 10.7 Income tax payable

| | | 2007 M€ | 2006 M€ |
|---|---|---|---|
| | Income tax liability | **3.8** | 5.7 |
| | Total, Dec. 31 | **3.8** | 5.7 |

## 11. Management of Capital

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

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

The group manages the capital structure and makes adjustments to it in light of economic conditions and the risk characteristics of the Groups business activities. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, sell assets to reduce debt or refrain from new investments.

Group monitors capital on the basis of equity to assets and gearing ratio. The capital includes the Group's total Shareholders' Equity.

| M€ | **2007** | 2006 |
|---|---|---|
| Shareholders' Equity | **478,3** | 421,8 |
| | | |
| Non-current interest bearing debt | **124,6** | 120,7 |
| Current interest bearing debt | **228,9** | 26,1 |
| Cash and cash equivalents | **-34,5** | -44,9 |
| Net interest bearing debt | **319,0** | 101,9 |

The calculation rules for the ratios are presented in Formulas for calculating ratios on page 40.

| | | |
|---|---|---|
| Equity to Assets | **46%** | 60% |
| Net gearing | **67%** | 24% |

The decrease in E/A and increase in net gearing during 2007 resulted primarily from the Iittala acquisition that was fully financed with debt.

# 12. Finance

## 12.1 Repayments of liabilities

**Dec 31, 2007**

| **Capital** | 2008 | 2009 | 2010 | 2011 | 2012 | Later years | Total |
|---|---|---|---|---|---|---|---|
| Bank overdrafts | 2.2 | | | | | | 2.2 |
| Commercial papers | 217.9 | | | | | | 217.9 |
| Other debt | 5.9 | | | | | | 5.9 |
| Capital loan | | | 45.1 | | | | 45.1 |
| Loans from credit institutions | 0.2 | 24.4 | 15.1 | 0.1 | | 25.2 | 65.0 |
| Financial leasing | 2.7 | 2.7 | 2.1 | 1.8 | 1.6 | 6.5 | 17.4 |
| Total, Dec. 31 | 228.9 | 27.2 | 62.3 | 1.9 | 1.6 | 31.7 | 353.5 |
| | 64.7% | 7.7% | 17.6% | 0.5% | 0.4% | 9.0% | 100.0% |
| **Interests** | | | | | | | |
| Commercial papers | 5.7 | | | | | | 5.7 |
| Capital loan | 2.8 | 2.8 | 2.8 | | | | 8.4 |
| Loans from credit institutions | 3.6 | 3.1 | 2.1 | 1.4 | 1.4 | 3.5 | 15.0 |
| Financial leasing | 0.9 | 0.8 | 0.7 | 0.6 | 0.5 | 1.8 | 5.2 |
| Total, Dec. 31 | 7.3 | 6.7 | 5.6 | 1.9 | 1.8 | 5.2 | 28.6 |
| Credit limit agreements | | | 20.0 | | 75.0 | 330.0 | 425.0 |
| | | | 4.7% | | 17.6% | 77.6% | 100.0% |

**Dec 31, 2006**

| Capital | 2007 | 2008 | 2009 | 2010 | 2011 | Later years | Total |
|---|---|---|---|---|---|---|---|
| Bank overdrafts | 3.7 | | | | | | 3.7 |
| Other debt | 9.0 | | | | | | 9.0 |
| Capital loan | | | | 45.1 | | | 45.1 |
| Loans from credit institutions | 11.4 | | 27.1 | 15.0 | | 15.0 | 68.5 |
| Pension loans | 0.1 | | | | | | 0.1 |
| Financial leasing | 1.9 | 2.1 | 2.3 | 2.5 | 2.6 | 9.0 | 20.4 |
| Total, Dec. 31 | 26.1 | 2.1 | 29.4 | 62.6 | 2.6 | 24.0 | 146.8 |
| | 17.8% | 1.4% | 20.0% | 42.6% | 1.8% | 16.3% | 100.0% |
| Interests | | | | | | | |
| Capital loan | 2.8 | 2.8 | 2.8 | 2.8 | | | 11.2 |
| Loans from credit institutions | 3.5 | 2.9 | 2.4 | 1.3 | 0.6 | 2.5 | 13.3 |
| Financial leasing | 1.1 | 1.0 | 0.9 | 0.8 | 0.6 | 2.5 | 7.0 |
| Total, Dec. 31 | 7.4 | 6.7 | 6.1 | 4.9 | 1.3 | 5.1 | 31.4 |
| Credit limit agreements | | | 75.0 | 85.0 | 20.0 | 20.0 | 200.0 |
| | | | 37.5% | 42.5% | 10.0% | 10.0% | 100.0% |

## 12.2 Currency exposure, average interest rate and exchange rate sensitivity analysis

| Dec 31, 2007 | EUR | USD | GBP | DKK | NOK | SEK | Other | Total |
|---|---|---|---|---|---|---|---|---|
| External loans and deposits | 271.3 | 48.8 | 0.2 | 0.6 | 0.1 | -1.6 | -0.1 | 319.6 |
| Currency swaps | -33.1 | -53.8 | 20.5 | 20.1 | 6.3 | 28.1 | 12.3 | 0.3 |
| **Currency exposure (MEUR)** | **238.3** | **-5.0** | **20.7** | **20.8** | **6.4** | **26.5** | **12.2** | **319.8** |
| **Average interest rate** | **5.0%** | **5.3%** | **6.0%** | **4.7%** | **5.6%** | **4.6%** | **5.0%** | |
| Internal loans and deposits and net investments in foreign operations | | -40.5 | -6.2 | -19.0 | 0.0 | -17.1 | | |
| Net exposure (MEUR) | | -45.5 | 14.5 | 1.7 | 6.4 | 9.4 | | |
| **10% exchange rate change impact on result** | | **4.5** | **1.4** | **0.2** | **0.6** | **0.9** | | |

| Dec 31, 2006 | EUR | USD | GBP | DKK | NOK | SEK | Other | Total |
|---|---|---|---|---|---|---|---|---|
| External loans and deposits (EUR) | 39.1 | 58.9 | | | | | | 97.9 |
| Currency swaps (EUR) | -23.4 | -36.5 | 16.4 | 9.8 | 5.1 | 7.7 | 21.1 | 0.2 |
| Currency exposure (EUR) | 15.7 | 22.3 | 16.4 | 9.8 | 5.1 | 7.7 | 21.1 | 98.1 |
| Average interest rate | 5.1% | 5.6% | 5.2% | 3.9% | 3.8% | 3.1% | | |
| Internal loans and deposits and net investments in foreign operations (EUR) | | -45.6 | -5.2 | -28.2 | 0.0 | -5.2 | | |
| Net exposure | | -23.2 | 11.2 | -18.4 | 5.1 | 2.5 | | |
| 10% exchange rate change impact on result | | 2.3 | 1.1 | 1.8 | 0.5 | 0.3 | | |

The duration of all loans and deposits (excl. capital loan) is less than 6 months.

## 12.3 Lease obligations

| | **2007 M€** | 2006 M€ |
|---|---|---|
| Operating leases, payments next year | **12.6** | 5.9 |
| Operating leases, payments later | **40.5** | 13.1 |
| Total operating leases, Dec. 31 | **53.1** | 18.9 |

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

## 12.4 Contingencies and pledged assets

| | **2007 M€** | 2006 M€ |
|---|---|---|
| As security for own commitments | | |
| Other pledged assets | | |
| Discounted bills of exchange | | 0.5 |
| Guarantees | **1.4** | |
| Lease commitments | **53.1** | 18.9 |
| Other contingencies | **7.3** | 8.6 |
| Total | **61.7** | 28.0 |
| As security for third-party commitments | | |
| Real estate mortgages | **1.8** | 1.5 |
| As security for subsidiaries' commitments | | |
| Guarantees | **12.5** | 12.4 |
| Total pledged assets and contingencies, Dec. 31 | **76.0** | 42.0 |

| | | **2007 M€** | 2006 M€ |
|---|---|---|---|
| **12.5** | **Nominal amounts of derivatives** | | |
| | Forward exchange contracts | **185.6** | 94.1 |
| | Electricity forward agreements | **0.9** | |
| | Interest rate swaps | **16.1** | |
| | Forward interest rate agreements | **60.0** | |
| | | | |
| | **Market value vs. nominal amounts of derivatives** | | |
| | (+calculatory gain, -calculatory loss) | | |
| | Forward exchange contracts | **-0.4** | -0.1 |
| | Electricity forward agreements | **0.3** | |
| | Interest rate swaps | **0.2** | |
| | Forward interest rate agreements | **0.1** | |

All derivatives, excluding the hedges of net investments of foreign operations, have been valued at market in the financial statements.

| **Maturity of derivatives** | 2008 | 2009 | Later years | Total |
|---|---|---|---|---|
| Forward exchange contracts | 185.6 | | | 185.6 |
| Electricity forward agreements | 0.3 | 0.4 | 0.1 | 0.9 |
| Interest rate swaps | | 15.0 | 1.1 | 16.1 |
| Forward interest rate agreements | 60.0 | | | 60.0 |
| Total, Dec 31 | 246.0 | 15.4 | 1.3 | 262.7 |

On Dec. 31, 2006 all derivatives were maturing in 2007.

| | | USD | SEK | DKK | CAD | PLN | MXN | Total |
|---|---|---|---|---|---|---|---|---|
| **12.6** | **Hedging of net investments in foreign operations (M€)** | | | | | | | |
| | Net investment | -96.5 | 127.0 | 48.5 | -3.5 | -9.2 | 5.0 | |
| | Hedge | 40.8 | -127.0 | -48.5 | 2.1 | 3.9 | -2.2 | |
| | Exchange gain/(loss) recognized in equity | 4.8 | -1.6 | 0.0 | -0.1 | -0.2 | -0.3 | 2.5 |

## 13. Management of Financial Risks

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

**Currency Risk**

The corporation is exposed to transaction risk through internal and external exports and imports (commercial exposure) and funding of foreign units (financial exposure) and translation risk due to net investments in foreign operations. In Europe sales and cost base is mainly in Euro and other various European currencies while the sales and costs of the North American business are mainly US dollar-nominated. However, the increasing share of imports from low cost countries indirectly involves a higher risk against the suppliers' currencies, mainly the Chinese Renminbi (CNY).

**Transaction risk**

The objective of the management of commercial exposure 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.

The Corporate net position consists of commercial exposures and foreign currency funding need (Note 12.2). Fiskars Corporate Treasury manages the corporation's net currency position and is responsible for operating in the foreign exchange and derivative market. Eligible instruments are mainly currency forwards and swaps. The Corporation does not use derivative financial instruments speculatively.

Fiskars does not apply hedge accounting for transaction risk as defined by IAS 39. All gains and losses resulting from valuation of currency derivates used for hedging future transactions are recognized in the income statement. The impact of the above-mentioned timing differences was EUR 0.0 million (-1.3 in 2006).

**Translation risk**

Fiskars has applied hedge accounting in accordance with IAS 39 and IAS 21 for investments in foreign operations from the beginning of the year 2007 (Note 12.6). The exchange gain resulting from the hedge and recognized in equity was EUR 2.5 million in 2007.

**Interest rate risk**

The Corporation's net funding need as of December 31, 2007 was EUR 320 million. The EUR 45 million capital loan and the financial leases, EUR 17 million, are fixed-rate facilities. Forward rate agreements with total face value of EUR 60 million and interest rate swaps (EUR 16 million) reduce the Corporation's exposure to fluctuations in short-term interest rates in 2008.

One percentage point change in interest rates would have an impact of approximately EUR 1.8 million on the Corporation's result in 2008.

**Liquidity and re-financing risk**

The Corporation had considerable credit facilities with different banks. The unutilized committed revolving credit facilities amounted to EUR 425 million at year-end 2007 (Note 12.1). In Finland the parent company has a commercial paper program amounting to EUR 400 million of which EUR 218 million was utilized at year-end. The day-to-day liquidity is managed by using cash pools and overdraft facilities.

Re-financing risk is managed by maintaining an appropriate maturity structure of loans and credit facilities.

**Commodity risk**

Fiskars may use commodity derivatives in order to reduce its exposure to commodity price fluctuations. At year-end 2007 the Corporation did not have commodity derivative contracts other than the EUR 0.9 million electricity forward agreement that was booked at market value in income statement. Changes in the market value of the derivative have no material impact on the result.

**Credit risk**

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

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

## 14. Related party transactions

The Corporation has no significant transactions, liabilities or receivables with its associated company, Wärtsilä. Iittala Group Oy Ab rents real estate from its associate Koy Iittalan Lasimäki and has granted a capital loan to the company at inception. Iittala AB rents real estate from its associate Rörstrands Kulturforum AB. In addition to rents and loans below the companies have small current receivables and payables relating to these posts.

| | |
|---|---|
| Rent, EUR million | 0.4 |
| Capital loan, EUR million | 0.2 |

Fiskars Corporation has booked legal service fees for EUR 1.6 million from Foley & Lardner law offices where Ralf Böer is an associate.

**Shareholdings of Directors and Corporate management, December 31**

| | **2007** | | | 2006 | | |
|---|---|---|---|---|---|---|
| **number of shares** | **A Shares** | **K Shares** | **Total** | A Shares | K Shares | Total |
| Allonen Heikki (CEO until Dec.31, 2007) | **10,155** | **11,200** | **21,355** | 10,155 | 11,200 | 21,355 |
| Bergh Kaj-Gustaf | **5,000** | | **5,000** | 5,000 | | 5,000 |
| Böer Ralf | **5,677** | | **5,677** | | | N/A |
| Ehrnrooth Alexander | **36,047** | **930** | **36,977** | 5,000 | 930 | 5,930 |
| Ehrnrooth Paul | **26,698** | **4,100** | **30,798** | 6,000 | 4,100 | 10,100 |
| Ervasti-Vaintola Ilona | **14,000** | | **14,000** | 14,000 | | 14,000 |
| Gripenberg Gustaf | **203,000** | **33,600** | **236,600** | 203,000 | 33,600 | 236,600 |
| Grotenfelt Karl | **11,680** | | **11,680** | 11,680 | | 11,680 |
| Kauniskangas Kari (CEO as from Jan.1, 2008) *) | **8,000** | | **8,000** | | | N/A |
| Lindberg Ingmar | **3,544** | | **3,544** | 3,544 | | 3,544 |
| Riikkala Olli | | | **N/A** | 2,550 | | 2,550 |

*) Kari Kauniskangas has started as Fiskars Corporate President and CEO on Jan.1, 2008. According to his employment agreement signed in Aug. 2007 the company has during Jan. 2008 provided him with 15,397 Fiskars A shares.

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.

## 15. Other disclosure information

| | **2007** | 2006 |
|---|---|---|
| **Average number of employees** | | |
| Finland | **961** | 808 |
| Other Europe | **1,165** | 908 |
| USA | **976** | 1,267 |
| Other | **222** | 183 |
| Total | **3,324** | 3,167 |
| | | |
| **Number of employees, end-of-period** | | |
| Workers | **2,803** | 1,694 |
| Salaried | **1,712** | 1,309 |
| Total | **4,515** | 3,003 |

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

| | Domicile | | % of share capital | % of voting power | Nature of activities |
|---|---|---|---|---|---|
| **Shares and Participations** | | | | | |
| **Shares in subsidiaries** | | | | | |
| **Avlis AB** | **Sollentuna** | **SE** | **100.0** | **100.0** | **H** |
| iittala bvba | Antwerpen | BE | 100.0 | 100.0 | M |
| iittala GmbH | Solingen | DE | 100.0 | 100.0 | M |
| iittala a/s | Herlev | DK | 100.0 | 100.0 | M |
| iittala a/s | Tallinn | EE | 100.0 | 100.0 | M |
| Iittala Group Oy Ab | Helsinki | FI | 97.7 | 97.7 | T |
| iittala Ltd. | Windsor Berkshire | GB | 100.0 | 100.0 | M |
| iittala b.v. | Oosterhout | NL | 100.0 | 100.0 | M |
| iittala as | Moss | NO | 100.0 | 100.0 | T |
| Hackman Polska Sp. Z.o.o. | Warsaw | PL | 100.0 | 100.0 | L |
| OOO iittala | Moscow | RU | 100.0 | 100.0 | L |
| Fastighets AB Noshörningen | Höganäs | SE | 100.0 | 100.0 | H |
| iittala ab | Höganäs | SE | 100.0 | 100.0 | T |
| Lidköpings Produktions AB | Lidköping | SE | 100.0 | 100.0 | H |
| Nilsjohan AB | Höganäs | SE | 100.0 | 100.0 | L |
| Tjörröds Fastighets AB | Höganäs | SE | 100.0 | 100.0 | H |
| iittala, Inc. | New Jersey | US | 100.0 | 100.0 | M |
| Silva Shenzhen Company | Shenzhen | CN | 70.0 | 70.0 | T |
| Silva Deutschland GmbH | Friedrichsdorf | DE | 100.0 | 100.0 | M |
| Silva France S.A.R.L. | Mantes la Ville | FR | 100.0 | 100.0 | M |
| Silva Ltd. | Livingston | GB | 100.0 | 100.0 | M |
| Silva Far East Ltd. | Hong Kong | HK | 100.0 | 100.0 | H |
| Silva Sweden AB | Sollentuna | SE | 100.0 | 100.0 | T |
| **Fiskars Brands, Inc.** | **Madison Wi** | **US** | **100.0** | **100.0** | **T** |
| Fiskars Brands (Australia) Pty Limited | Melbourne | AU | 100.0 | 100.0 | M |
| Fiskars Brands Canada, Inc. | Toronto | CA | 100.0 | 100.0 | M |
| Fiskars de Mexico, S.A. de C.V. | Mexico City | MX | 100.0 | 100.0 | M |
| Fiskars Servicios, S.A. de C.V. | Mexico City | MX | 100.0 | 100.0 | M |
| Puntomex Internacional, S.A. de C.V. | Tijuana | MX | 100.0 | 100.0 | H |
| Fiskars Brands Global Holdings LLC | Madison Wi | US | 100.0 | 100.0 | H |
| The Brunton Company | Riverton WY | US | 100.0 | 100.0 | T |
| **Fiskars Brands Europe BVBA** | **Brussels** | **BE** | **100.0** | **100.0** | **H** |

| | | Domicile | | % of share capital | % of voting power | Nature of activities |
|---|---|---|---|---|---|---|
| **Fiskars Consumer Europe ApS** | | **Silkeborg** | **DK** | **100.0** | **100.0** | **H** |
| Excalibur Management Consulting (Shanghai) Co., Ltd. | | Shanghai | CN | 100.0 | 100.0 | H |
| Fiskars Brands Germany GmbH | | Herford | DE | 100.0 | 100.0 | T |
| Fiskars Deutschland GmbH iL | | Herford | DE | 100.0 | 100.0 | L |
| Fiskars Brands Danmark A/S | | Silkeborg | DK | 100.0 | 100.0 | T |
| Fiskars Brands Spain S.L. | | Madrid | ES | 100.0 | 100.0 | M |
| Fiskars Brands Fininvest Oy Ab | | Pohja | FI | 100.0 | 100.0 | H |
| Fiskars Brands Finland Oy Ab | | Pohja | FI | 100.0 | 100.0 | T |
| Fiskars Brands France S.A.R.L. | | Wissous | FR | 100.0 | 100.0 | M |
| Leborgne S.A.S. | | Arvillard | FR | 100.0 | 100.0 | T |
| 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 Holding AS | | Oslo | NO | 100.0 | 100.0 | H |
| Fiskars Brands Norge AS | | Oslo | NO | 100.0 | 100.0 | M |
| Fiskars Brands Polska Sp. Zo.o. | | Slupsk | PL | 100.0 | 100.0 | T |
| ZAO Fiskars Brands Rus | | St. Petersburg | RU | 100.0 | 100.0 | T |
| Fiskars Brands Sverige AB | | Motala | SE | 100.0 | 100.0 | M |
| **Inha Works Ltd.** | | **Ähtäri** | **FI** | **100.0** | **100.0** | **T** |
| Inha Inwest | | Ähtäri | FI | 100.0 | 100.0 | H |
| **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 |
| Branch | S |

**Shares in associated companies**

| | | | | | |
|---|---|---|---|---|---|
| Wärtsilä Corporation | 15,817,476 | Helsinki | FI | 16.5 | 32.2 |
| Kiinteistöosakeyhtiö Iittalan Lasimäki | | Iittala | FI | 34.0 | 34.0 |
| Rörstrands Kulturforum AB | | Lidköping | SE | 33.3 | 33.3 |

**Other shares**

| | | | | | |
|---|---|---|---|---|---|
| Rautaruukki Corporation | 10,000 | | FI | x | x |
| Turvatiimi Oyj | 1,140,000 | | FI | x | x |

# Risks and Risk Management

The objective of risk management is to assess and manage, on an ongoing basis, all possible prospects, threats, and risks in order to ensure implementation of business plans, set targets, and to secure the continuance of the business.

## Customer relationships and distribution

Fiskars products are sold through its sales force, agents, and distributors to wholesalers, retailers, independent accounts, and institutions, as well as directly to consumers through its own stores. Products are distributed through company-operated and third-party distribution centers, depots, and warehouses. Sales to individual large customers are significant in some of the Corporation's businesses. Some major clients make decisions regarding product range and suppliers once a year for the whole year. The loss of a small number of major customers or a disruption in the activities of a specialized distribution channel could have an adverse effect on the Corporation's business and profits. Fiskars largest customer accounted for about 6% of sales in 2006. The biggest 20 customers represented some 30% of the sales.

## Supply chain

The Corporation's operations are developed in such a way that marketing and supply chain management becomes more important and the role of the Corporation's own production is less so. This means management of the supply chain becomes both a management and availability risk. For risk management, information systems have been developed to handle supply chain management and the level of integration has been increased within information systems. Warehousing of traded products has also been raised to ensure deliveries can be made to clients. This is the key focus for the risk management process also in the coming fiscal years, as a considerable proportion of the sales of various products is seasonal and an increasing proportion of total corporate purchases will be made in 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, aluminum, and plastic. In Finland the Corporation is a significant user of electricity. Fiskars has experience in managing fluctuations in both price and availability. However, movements outside the normal range may have an impact upon margins. Fiskars utilizes long-term contracts with suppliers of raw materials. The production facilities in Finland which use the most electricity have prepared against electricity-price fluctuations by collective purchasing.

## Innovation

Growth of business depends significantly on Fiskars' ability to generate and commercialize a stream of new products and product improvements that fulfill consumer expectations. The skill of combining design and 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 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 a detrimental impact on the Corporation's business. Fiskars therefore continues to closely monitor the performance of our leading brands and will take appropriate action to mitigate any threat to brand value.

## Weather and seasonal dependence

In the short term, demand for some product groups as in particular garden tools in the spring season, 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.

## Environment

The nature of most of the company's industrial operations is such that they pose no significant environmental risks. Production facilities have up-to-date environmental permits, which determine the limits for the environmental impact of the operations. Changes in environmental directives may affect existing environmental permits. Adapting to changing directives may require changes in existing production methods or investment in new equipment. Changes in production capacity or structure at some of the older production facilities may cause additional costs as environmental requirements change.

## Pensions and corresponding obligations

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

## 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.

# Five Years in Figures

| | | IFRS 2007 | IFRS 2006 | IFRS 2005 | IFRS 2004 | FAS 2004 | FAS 2003 |
|---|---|---|---|---|---|---|---|
| Net sales | M€ | **658** | 535 | 510 | 566 | 597 | 620 |
| of which outside Finland | M€ | **553** | 487 | 466 | 523 | 556 | 583 |
| in percent of net sales | % | **84.1** | 91.0 | 91.5 | 92.5 | 93.2 | 93.9 |
| export from Finland | M€ | **79** | 59 | 55 | 56 | 56 | 53 |
| Percentage change of net sales | % | **23.0** | 4.9 | -9.8 | -8.8 | -3.7 | -14.5 |
| Earnings before depreciation and amortization and income from associate | M€ | **89** | 56 | 53 | 77 | 64 | -19 |
| in percent of net sales | % | **13.6** | 10.4 | 10.3 | 13.6 | 10.7 | -3.0 |
| Income from associate Wärtsilä | M€ | **43** | 59 | 29 | 27 | | |
| Operating profit | M€ | **110** | 86 | 23 | 79 | 39 | -52 |
| in percent of net sales | % | **16.6** | 16.0 | 4.5 | 13.9 | 6.5 | -8.4 |
| Financial items net | M€ | **-11** | -9 | 43 | -4 | -3 | 22 |
| in percent of net sales | % | **-1.6** | -1.7 | 8.4 | -0.7 | -0.5 | 3.5 |
| Profit before taxes | M€ | **122** | 77 | 65 | 75 | 57 | -30 |
| in percent of net sales | % | **18.6** | 14.3 | 12.8 | 13.3 | 9.5 | -4.8 |
| Income tax (continuing operations) | M€ | **12** | 10 | 7 | 15 | 12 | -17 |
| Profit from discontinued operations | M€ | | 15 | 4 | -5 | | |
| Profit for the period attributable to the equity holders of the parent company | M€ | **110** | 82 | 62 | 55 | 45 | -13 |
| in percent of net sales | % | **16.7** | 15.3 | 12.2 | 9.6 | 7.5 | -2.1 |
| Minority interest | M€ | **0** | 0 | | | | |
| Employee benefits | M€ | **140** | 121 | 126 | 138 | 146 | 151 |
| Depreciation and write-offs | M€ | **23** | 29 | 59 | 25 | 25 | 33 |
| in percent of net sales | % | **3.5** | 5.3 | 11.5 | 4.4 | 4.2 | 5.4 |
| Capital expenditure (incl. acquisitions) | M€ | **221** | 41 | 61 | 42 | 41 | 38 |
| in percent of net sales | % | **33.5** | 7.6 | 12.0 | 7.5 | 6.9 | 6.1 |
| Research and development costs | M€ | **7** | 6 | 5 | 5 | 5 | 4 |
| in percent of net sales | % | **1.1** | 1.1 | 1.0 | 0.8 | 0.8 | 0.7 |
| Capitalized development costs | M€ | **1** | 1 | 1 | 1 | | |
| Shareholders' equity attributable to equity holders of the parent company | M€ | **478** | 422 | 403 | 336 | 319 | 348 |
| Minority interest | M€ | **0** | 0 | | | | |
| Shareholders' equity total | M€ | **478** | 422 | 403 | 336 | 319 | 348 |
| Interest bearing debt | M€ | **354** | 147 | 162 | 222 | 200 | 216 |
| Non-interest bearing debt | M€ | **215** | 139 | 138 | 134 | 116 | 115 |
| Balance sheet total | M€ | **1,047** | 707 | 703 | 692 | 635 | 678 |
| Return on investment | % | **19** | 18 | 14 | 14 | 12 | -3 |
| Return on equity | % | **25** | 20 | 17 | 16 | 13 | -3 |
| Equity ratio | % | **46** | 60 | 57 | 49 | 50 | 51 |
| Net gearing | % | **67** | 24 | 35 | 61 | 58 | 57 |
| Persons employed, average | | **3,324** | 3,167 | 3,426 | 3,782 | 3,782 | 3,633 |
| Persons employed, Dec 31 | | **4,515** | 3,003 | 3,220 | 3,448 | 3,448 | 3,877 |
| of which outside Finland | | **2,662** | 2,224 | 2,377 | 2,533 | 2,533 | 3,004 |

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

Formulas for calculations are shown on page 40.

# Information on Fiskars Shares

| | | IFRS 2007 | | IFRS 2006 | IFRS 2005 | IFRS 2004 | FAS 2004 | FAS 2003 |
|---|---|---|---|---|---|---|---|---|
| Share capital | M€ | **77.5** | | 77.5 | 77.5 | 77.5 | 77.5 | 55.4 |
| Earnings per share **) (diluted and undiluted) | € | **1.42** | | 1.06 | 0.80 | 0.71 | 0.58 | -0.16 |
| continuing operations | | **1.42** | | 0.86 | 0.75 | 0.77 | | |
| discontinued operations | | | | 0.20 | 0.05 | -0.07 | | |
| Nominal dividend per share **) | €/A Share | **0.80** | *) | 0.60 | 0.75 | 0.30 | 0.30 | 0.94 |
| | €/K Share | **0.78** | *) | 0.58 | 0.71 | 0.28 | 0.28 | 0.91 |
| Dividend | M€ | **61.5** | *) | 46.0 | 57.1 | 22.8 | 22.8 | 71.8 |
| Equity per share **) | € | **6.18** | | 5.45 | 5.20 | 4.34 | 4.12 | 4.50 |
| Adjusted average price per share | €/A Share | **13.33** | | 10.71 | 9.75 | 7.60 | 7.60 | 6.36 |
| | €/K Share | **13.84** | | 10.83 | 9.32 | 7.40 | 7.40 | 6.39 |
| Adjusted lowest price per share | €/A Share | **11.92** | | 9.00 | 7.91 | 6.58 | 6.58 | 5.18 |
| | €/K Share | **11.83** | | 9.25 | 8.00 | 6.57 | 6.57 | 5.34 |
| Adjusted highest price per share | €/A Share | **15.40** | | 12.55 | 12.00 | 10.07 | 10.07 | 7.86 |
| | €/K Share | **17.99** | | 12.53 | 11.50 | 10.21 | 10.21 | 8.93 |
| Adjusted price per share, Dec. 31 | €/A Share | **13.30** | | 12.29 | 9.60 | 7.90 | 7.90 | 6.71 |
| | €/K Share | **14.45** | | 12.11 | 9.90 | 7.90 | 7.90 | 7.46 |
| Market value of shares | M€ A Shares | **729.1** | | 673.7 | 526.2 | 433.1 | 433.1 | 368.3 |
| | M€ K Shares | **326.1** | | 273.3 | 223.4 | 178.3 | 178.3 | 168.4 |
| | Total, M€ | **1,055.1** | | 947.0 | 749.6 | 611.3 | 611.3 | 536.8 |
| Number of shares, 1,000 **) | A Shares | **54,944.5** | | 54,944.5 | 54,944.5 | 54,944.5 | 54,944.5 | 54,944.5 |
| | K Shares | **22,565.7** | | 22,565.7 | 22,565.7 | 22,565.7 | 22,565.7 | 22,565.7 |
| | Total | **77,510.2** | | 77,510.2 | 77,510.2 | 77,510.2 | 77,510.2 | 77,510.2 |
| Number of own shares, 1,000 **) | A Shares | **127.5** | | 127.5 | 127.5 | 127.5 | 127.5 | 87.1 |
| | in % of total | **0.2** | | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| | K Shares | **0.4** | | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| | in % of total | **0.0** | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Number of shares traded, 1,000 **) | A Shares | **10,397.3** | | 5,901.9 | 10,452.4 | 11,659.1 | 11,659.1 | 6,243.5 |
| | in % of total | **18.9** | | 10.7 | 19.0 | 21.2 | 21.2 | 11.4 |
| | K Shares | **2,250.9** | | 663.2 | 2,144.4 | 3,173.6 | 3,173.6 | 631.9 |
| | in % of total | **10.0** | | 2.9 | 9.5 | 14.1 | 14.1 | 2.8 |
| Price per earnings | A Share | **9** | | 12 | 12 | 11 | 14 | neg. |
| | K Share | **10** | | 11 | 12 | 11 | 14 | neg. |
| Dividend per earnings in percent | | **55.9** | | 56.1 | 92.0 | 41.7 | 50.7 | neg. |
| Dividend yield in percent | A Share | **6.0** | | 4.9 | 7.8 | 3.8 | 3.8 | 13.9 |
| | K Share | **5.4** | | 4.8 | 7.2 | 3.5 | 3.5 | 12.2 |
| Number of shareholders | | **8,356** | | 6,592 | 6,114 | 5,591 | 5,591 | 4,958 |

*) Board proposal.
**) Key figures 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, 2007 Number of shares | Number of votes | € | Dec. 31, 2006 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 shares of Series A must exceed the corresponding dividend on shares of Series K by at least two percentage points. The book value per share for both Series A and Series K is EUR 1.00.

**Minimum and maximum number of shares and share capital according to the Articles of Association**

The shares in the Company are divided into Series K and A, the total number of shares being minimum 35,000,000 and maximum 140,000,000. The number of shares of Series K may not exceed 140,000,000 and the number of shares of Series A may not exceed 140,000,000.

The Company's minimum share capital is EUR 35,000,000 and its maximum authorized capital is EUR 140,000,000, within which limits the share capital may be increased or decreased following a resolution of the Shareholders' Meeting without amending the articles of association.

**Number of shares, bonus issues and stock splits 1994–2007**

| | 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, 2007 | 54,944,492 | 22,565,708 | 77,510,200 | |

**Share trading volume at OMX Nordic Exchange**

| Series | 2007 M€ | 2007 Number of shares | 2006 M€ | 2006 Number of shares |
|---|---|---|---|---|
| A Share | **137.5** | **10,397,274** | 63.2 | 5,901,939 |
| K Share | **31.5** | **2,250,902** | 7.2 | 663,241 |
| Total | **169.0** | **12,648,176** | 70.4 | 6,565,180 |

**Share ownership, December 31, 2007**

| Ownership structure | Number of shareholders | % | Number of shares | % | Number of votes | % |
|---|---|---|---|---|---|---|
| Private corporations | 407 | 4.87 | 36,744,195 | 47.41 | 290,406,203 | 57.36 |
| Financial institutions and insurance companies | 30 | 0.36 | 1,194,380 | 1.54 | 1,509,248 | 0.30 |
| Public entities | 16 | 0.19 | 6,276,661 | 8.10 | 16,652,865 | 3.29 |
| Non-profit organizations | 143 | 1.71 | 10,073,763 | 13.00 | 50,630,137 | 10.00 |
| Private individuals | 7,685 | 91.97 | 21,691,908 | 27.99 | 143,836,847 | 28.41 |
| Foreigners | 74 | 0.89 | 1,512,746 | 1.95 | 3,140,495 | 0.62 |
| Other(s) | 1 | 0.01 | 16,547 | 0.02 | 82,857 | 0.02 |
| Total | 8,356 | 100.00 | 77,510,200 | 100.00 | 506,258,652 | 100.00 |

**Distribution of shares on December 31, 2007**

| Number of shares | Number of shareholders | % | Number of shares | % | Number of votes | % |
|---|---|---|---|---|---|---|
| 1–100 | 1,872 | 22.40 | 136,880 | 0.18 | 475,061 | 0.09 |
| 101–500 | 3,204 | 38.34 | 884,056 | 1.14 | 2,675,300 | 0.53 |
| 501–1,000 | 1,256 | 15.03 | 959,705 | 1.24 | 2,700,276 | 0.53 |
| 1,001–10,000 | 1,705 | 20.40 | 4,815,117 | 6.21 | 19,356,881 | 3.82 |
| 10,001–100,000 | 248 | 2.97 | 6,673,955 | 8.61 | 30,464,919 | 6.02 |
| 100,001– | 71 | 0.85 | 64,040,487 | 82.62 | 450,586,215 | 89.00 |
| Total | 8,356 | 100.00 | 77,510,200 | 100.00 | 506,258,652 | 100.00 |

**Major shareholders according to the shareholder register on December 31, 2007**

| | Shares of Series A | Shares of Series K | Total, number of shares | 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 | 3,313,677 | 4,926,566 | 8,240,243 | 20.1 | 10.6 |
| Turret Oy Ab | 5,074,313 | 2,805,078 | 7,879,391 | 12.1 | 10.2 |
| Oy Holdix Ab | 3,089,122 | 1,727,594 | 4,816,716 | 7.4 | 6.2 |
| Varma Mutual Pension Insurance Company | 2,444,326 | 544,878 | 2,989,204 | 2.6 | 3.9 |
| 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 | 1,230,198 | 2,030,996 | 5.0 | 2.6 |
| Ilmarinen Mutual Pension Insurance Company | 1,516,990 | 0 | 1,516,990 | 0.3 | 2.0 |
| Fromond Elsa Margaretha Louise | 851,159 | 260,900 | 1,112,059 | 1.2 | 1.4 |
| Åberg Karin Margareta Albertina | 764,233 | 314,772 | 1,079,005 | 1.4 | 1.4 |
| Stiftelsen för Åbo Akademi | 969,241 | 0 | 969,241 | 0.2 | 1.3 |
| Wrede Sophie | 593,378 | 190,344 | 783,722 | 0.9 | 1.0 |
| Lindsay von Julin & Co Ab | 583,800 | 124,600 | 708,400 | 0.6 | 0.9 |
| Hartwall Peter | 415,801 | 277,208 | 693,009 | 1.2 | 0.9 |
| Therman Anna | 417,034 | 254,502 | 671,536 | 1.1 | 0.9 |
| Tapiola Mutual Pension Insurance Company | 630,030 | 0 | 630,030 | 0.1 | 0.8 |
| Gripenberg Margaretha | 269,332 | 299,702 | 569,034 | 1.2 | 0.7 |
| Mutual Insurance Company Pension-Fennia | 538,700 | 0 | 538,700 | 0.1 | 0.7 |
| Inez och Julius Polins Fond | 462,000 | 0 | 462,000 | 0.1 | 0.6 |

**Own shares**

On December 31, 2007, the Company had 127,512 shares of Series A and 420 shares of Series K corresponding to 0.17% of the Corporation's shares and 0.03% of the votes. The Company has acquired the shares at the Helsinki Stock Exchange in accordance with the authorization of the general meeting of the shareholders. The acquisitions have been made from December 10, 2003 through January 1, 2004.

**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 21, 2007, a maximum of 5,494,449 of the company's own shares of Series A and a maximum of 2,256,570 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 20, 2006 to sell a maximum of 5,494,449 Fiskars shares of Series A and a maximum of 2,256,570 Fiskars shares of Series K acquired pursuant to the Board's authorization.

The Board has not exercized the authorization given by the AGM 2007 to acquire the Company shares.

**Share option program**

On December 31, 2007, the Company had no option program.

**Management's shareholding**

On December 31, 2007, the Board members, the Corporate President & CEO and the Corporate Vice President controlled a total of 20,489,695 shares corresponding to 26.4% of the Corporation's shares and 38.8% of the votes.

**Insider guidelines**

Fiskars applies the insider regulations approved by the Helsinki Exchange 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, and on the website www.fiskars.fi.

# Parent Company Income Statement

| | | 2007 M€ | | 2006 M€ | |
|---|---|---|---|---|---|
| **Net sales** | (4) | **21.9** | **100%** | 22.2 | 100% |
| Cost of goods sold | | **-3.4** | | -3.1 | |
| **Gross profit** | | **18.6** | **85%** | 19.1 | 86% |
| Administration expenses | | **-8.3** | | -6.6 | |
| Other operating income | (5) | **0.6** | | 2.0 | |
| **Operating profit** | | **10.9** | **50%** | 14.5 | 65% |
| Gain on sale of Wärtsilä shares *) | | **608.7** | | | |
| Financial income and expenses | (6) | **32.3** | | 47.7 | |
| **Profit before extraordinary items** | | **651.9** | | 62.2 | 280% |
| Extraordinary items | (7) | **6.9** | | 1.8 | |
| **Profit after extraordinary items** | | **658.7** | | 64.0 | 288% |
| Appropriations | | **0.0** | | 0.0 | |
| Income taxes | (8) | **-5.9** | | -3.8 | |
| **Profit for the financial year** | | **652.9** | | 60.3 | 271% |

*) Fiskars Oyj Abp sold 8,500,000 Wärtsilä A shares and 6,500,000 Wärtsilä B shares to its wholly owned subsidiary Avlis AB in December 2007 at OMX Nordic Exchange. The gain from the sale was EUR 583.7 million.

# Parent Company Balance Sheet

| | | Dec 31, 2007 M€ | | Dec 31, 2006 M€ | |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Intangible assets | (9) | **0.7** | | 0.2 | |
| Tangible assets | (10) | | | | |
| Land and water | | **14.8** | | 14.5 | |
| Buildings | | **17.1** | | 17.2 | |
| Machinery and equipment | | **1.9** | | 1.9 | |
| Construction in progress | | **0.2** | | 0.0 | |
| | | **33.8** | | 33.6 | |
| Investments | (11) | | | | |
| Holding in subsidiaries | | **133.5** | | 133.3 | |
| Receivables from subsidiaries | | **988.1** | | 48.5 | |
| Shares in associates | | **33.3** | | 191.7 | |
| Other shares | | **2.5** | | 2.7 | |
| | | **1,157.5** | | 376.2 | |
| **Non-current assets total** | | **1,192.0** | **85%** | 410.0 | 71% |
| **Current assets** | | | | | |
| Inventories | (12) | **0.2** | | 0.2 | |
| Non-current loan receivables | | **0.0** | | 0.1 | |
| Avoir fiscal tax receivables | | **0.3** | | 5.5 | |
| Current receivables | | | | | |
| Trade receivables | | **0.5** | | 0.1 | |
| Receivables from subsidiaries | (13) | **179.1** | | 118.2 | |
| Loan receivable | | **0.0** | | 0.0 | |
| Other receivables | | **0.1** | | 0.0 | |
| Prepayments and accrued income | (14) | **0.5** | | 0.9 | |
| | | **180.3** | | 119.2 | |
| Cash and cash equivalents | (15) | **24.3** | | 39.6 | |
| **Current assets total** | | **205.1** | **15%** | 164.6 | 29% |
| **Assets total** | | **1,397.1** | **100%** | 574.6 | 100% |

| | | Dec 31, 2007 M€ | | Dec 31, 2006 M€ | |
|---|---|---|---|---|---|
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | | | |
| | | | | | |
| **Shareholders' equity** | (16) | | | | |
| Share capital | | **77.5** | | 77.5 | |
| Revaluation reserve | | **3.8** | | 3.8 | |
| Own shares | | **-0.9** | | -0.9 | |
| Other reserves | | **3.2** | | 3.2 | |
| Retained earnings | | **242.8** | | 228.5 | |
| Profit for the financial year | | **652.9** | | 60.3 | |
| **Shareholders' equity total** | | **979.3** | **70%** | 372.4 | 65% |
| | | | | | |
| **Appropriations** | (17) | **2.0** | **0%** | 2.1 | 0% |
| | | | | | |
| **Liabilities** | | | | | |
| Non-current | | | | | |
| Capital loan | (18) | **45.1** | | 45.1 | |
| Loans from credit institutions | | **64.4** | | 57.1 | |
| Amounts owed to subsidiaries | | **0.0** | | 0.0 | |
| | | **109.5** | | 102.2 | |
| Current | | | | | |
| Loans from credit institutions | | **219.6** | | 15.1 | |
| Pension loans | | | | 0.1 | |
| Advances received | | **0.1** | | 0.1 | |
| Trade payables | | **1.9** | | 0.4 | |
| Amounts owed to subsidiaries | (19) | **72.5** | | 73.0 | |
| Other payables | | **2.7** | | 5.4 | |
| Accruals and deferred income | (20) | **9.3** | | 3.8 | |
| | | **306.2** | | 97.9 | |
| | | | | | |
| **Liabilities total** | | **415.7** | **30%** | 200.1 | 35% |
| | | | | | |
| **Shareholders' equity and liabilities total** | | **1,397.1** | **100%** | 574.6 | 100% |

# Parent Company Statement of Cash Flows

| | 2007 M€ | 2006 M€ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before extraordinary items, appropriations and taxes | **651.9** | 62.2 |
| Adjustments for | | |
| Depreciation and amortization | **1.6** | 1.6 |
| Gains and losses for non-current assets sold | **-611.9** | |
| Exchange differences | **-3.6** | -0.2 |
| Financial income | **-35.3** | -56.5 |
| Financial expense | **14.0** | 8.9 |
| Cash generated before working capital changes | **16.6** | 16.1 |
| Change in current receivables | **-2.2** | 2.4 |
| Change in inventories | **0.0** | 0.0 |
| Change in current non-interest bearing liabilities | **3.8** | -5.1 |
| Cash generated from operations | **18.1** | 13.3 |
| Financial income items received | **8.7** | 8.7 |
| Dividends received | **27.8** | 51.0 |
| Financial expense items paid | **-7.0** | -8.8 |
| Taxes paid | **-0.6** | -0.3 |
| Group contributions | **1.8** | 0.7 |
| **Net cash flow from operating activities A** | **48.9** | 64.6 |
| **Cash flows from investing activities** | | |
| Investments | **-30.1** | -76.6 |
| Purchase of tangible and intangible assets | **-2.4** | -2.1 |
| Proceeds from disposal of investments | **800.3** | 2.1 |
| Proceeds from sale of tangible and intangible assets | **0.1** | 0.2 |
| Change in receivables from subsidiaries | **-990.6** | 59.3 |
| **Net cash flow from investments B** | **-222.7** | -17.0 |
| **Cash flow after investments** | **-173.8** | 47.6 |
| **Cash flows from financing activities** | | |
| Change in non-current debt | **0.0** | -1.7 |
| Change in current interest bearing debt | **204.4** | 32.1 |
| Change in current receivables | **0.0** | 0.0 |
| Change in non-current receivables | **0.0** | 0.0 |
| Dividends paid | **-46.0** | -57.1 |
| **Net cash flows from financing activities C** | **158.4** | -26.8 |
| **Change in cash (A+B+C)** | **-15.3** | 20.8 |
| Cash at beginning of year | **39.6** | 18.8 |
| Cash at end of year | **24.3** | 39.6 |

# Statement of Changes in Parent Company Shareholders' Equity

| M€ | Share capital | Revaluation reserve | Own shares | Other reserves | Retained earnings | Total |
|---|---|---|---|---|---|---|
| Dec 31, 2005 | 77.5 | 3.9 | -0.9 | 3.2 | 285.6 | 369.3 |
| Transfer from revaluation reserve following sale of landholdings | | 0.0 | | | 0.0 | 0.0 |
| Dividends | | | | | -57.1 | -57.1 |
| Net profit | | | | | 60.3 | 60.3 |
| **Dec 31, 2006** | **77.5** | **3.8** | **-0.9** | **3.2** | **288.8** | **372.4** |
| Transfer from revaluation reserve following sale of landholdings | | **0.0** | | | **0.0** | **0.0** |
| Dividends | | | | | **-46.0** | **-46.0** |
| Net profit | | | | | **652.9** | **652.9** |
| **Dec 31, 2007** | **77.5** | **3.8** | **-0.9** | **3.2** | **895.7** | **979.3** |

# Parent Company Accounting Principles, 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.

### Pension benefit plans

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

### Extraordinary income and expense

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

# Disclosures to the Financial Statements of Parent Company, FAS

## Income statement

| | | 2007<br>M€ | 2006<br>M€ |
|---|---|---|---|
| **1.** | **Personnel costs** | | |
| | Wages and salaries | **4.8** | 2.5 |
| | Pension costs | **0.4** | 0.3 |
| | Other personnel costs | **0.4** | 0.7 |
| | Total | **5.5** | 3.5 |

| | | 2007 | 2006 |
|---|---|---|---|
| **2.** | **Number of employees** | | |
| | Average | **47** | 47 |
| | End-of-period | **42** | 43 |

| | | 2007<br>M€ | 2006<br>M€ |
|---|---|---|---|
| **3.** | **Depreciation and amortization according to plan by function** | | |
| | Cost of goods sold | **1.4** | 1.4 |
| | Administration | **0.2** | 0.2 |
| | Total | **1.6** | 1.6 |
| **4.** | **Net sales** | | |
| | Royalties | **17.3** | 17.5 |
| | Lease income | **2.8** | 2.8 |
| | Other | **1.8** | 1.9 |
| | Total | **21.9** | 22.2 |
| **5.** | **Other operating income** | | |
| | Net gain on sale of property, plant and equipment | **0.6** | 2.0 |
| | Other income | **0.0** | 0.0 |
| | Total | **0.6** | 2.0 |

| | | 2007 M€ | 2006 M€ |
|---|---|---|---|
| **6.** | **Financial income and expenses** | | |
| | Dividend income | | |
| | From associated companies | **27.7** | 47.5 |
| | From other investments | **0.1** | 3.6 |
| | Dividend income, total | **27.8** | 51.0 |
| | Interest and financial income from non-current investments | | |
| | From subsidiaries | **5.6** | 1.4 |
| | From other investments | **3.1** | -3.0 |
| | Interest and financial income from non-current investments, total | **8.8** | -1.6 |
| | Other interest and financial income | | |
| | From subsidiaries | **5.1** | 6.4 |
| | From other parties | **4.5** | 0.9 |
| | Other interest and financial income, total | **9.7** | 7.3 |
| | Interest and financial income, total | **18.4** | 5.7 |
| | Write down of non-current investments | | |
| | From other parties | | 0.0 |
| | Write down of non-current investments, total | | 0.0 |
| | Interest and other financial expenses | | |
| | To subsidiaries | **-1.5** | -0.8 |
| | To other parties | **-12.4** | -8.1 |
| | Interest and other financial expenses, total | **-14.0** | -8.9 |
| | Total financial income and expenses | **32.3** | 47.7 |
| | Net exchange gains and losses included in financial items | **3.6** | 0.2 |
| **7.** | **Extraordinary items** | | |
| | Group contribution | **6.9** | 1.8 |
| | Total extraordinary items | **6.9** | 1.8 |
| **8.** | **Income taxes** | | |
| | Current year taxes for profit before extraordinary items | **-4.1** | -3.0 |
| | Tax for extraordinary items | **-1.8** | -0.5 |
| | Income tax for previous periods | | -0.3 |
| | Income taxes per income statement | **-5.9** | -3.8 |

## Balance sheet, assets

| | | 2007 M€ | 2006 M€ |
|---|---|---|---|
| **9.** | **Intangible assets** | | |
| | Historical cost, Jan. 1 | **0.9** | 0.9 |
| | Capital expenditure | **0.5** | 0.1 |
| | Decrease | | -0.1 |
| | Historical cost, Dec. 31 | **1.4** | 0.9 |
| | Accumulated amortization according to plan, Jan. 1 | **0.7** | 0.7 |
| | Amortization according to plan | **0.1** | 0.0 |
| | Decrease | | -0.1 |
| | Accumulated amortization according to plan, Dec. 31 | **0.7** | 0.7 |
| | Net book value, Dec. 31 | **0.7** | 0.2 |

| | 2007 M€ | Land and water | Buildings | Machinery and equipment | Constr. in progress | Total |
|---|---|---|---|---|---|---|
| **10.** | **Tangible assets** | | | | | |
| | Historical cost, Jan. 1 | **4.8** | **31.6** | **5.2** | **0.0** | **41.7** |
| | Capital expenditure | **0.2** | **1.0** | **0.5** | **0.2** | **1.9** |
| | Decrease | **0.0** | **0.0** | **-0.2** | | **-0.3** |
| | Transfers | | **0.0** | | **0.0** | **0.0** |
| | Historical cost, Dec. 31 | **5.0** | **32.7** | **5.5** | **0.2** | **43.3** |
| | Accumulated depreciation according to plan, Jan. 1 | | **14.5** | **3.4** | | **17.9** |
| | Depreciation according to plan | | **1.1** | **0.5** | | **1.6** |
| | Decrease | | **0.0** | **-0.2** | | **-0.2** |
| | Accumulated depreciation according to plan, Dec. 31 | | **15.6** | **3.6** | | **19.3** |
| | Revaluation, Jan. 1 | **9.8** | | | | **9.8** |
| | Decrease | **0.0** | | | | **0.0** |
| | Revaluation, Dec. 31 | **9.8** | | | | **9.8** |
| | Book value, Dec 31, 2007 | **14.8** | **17.1** | **1.9** | **0.2** | **33.9** |
| | 2006 M€ | | | | | |
| | Historical cost, Jan. 1 | 4.8 | 28.9 | 5.2 | 1.3 | 40.1 |
| | Capital expenditure | 0.0 | 1.5 | 0.4 | 0.0 | 2.0 |
| | Decrease | 0.0 | 0.0 | -0.4 | | -0.4 |
| | Transfers | | 1.3 | | -1.3 | 0.0 |
| | Historical cost, Dec. 31 | 4.8 | 31.6 | 5.2 | 0.0 | 41.7 |
| | Accumulated depreciation according to plan, Jan. 1 | | 13.5 | 3.2 | | 16.7 |
| | Depreciation according to plan | | 1.1 | 0.4 | | 1.5 |
| | Decrease | | 0.0 | -0.3 | | -0.3 |
| | Accumulated depreciation according to plan, Dec. 31 | | 14.5 | 3.4 | | 17.9 |
| | Revaluation, Jan. 1 | 9.8 | | | | 9.8 |
| | Decrease | 0.0 | | | | 0.0 |
| | Revaluation, Dec. 31 | 9.8 | | | | 9.8 |
| | Book value, Dec 31, 2006 | 14.5 | 17.1 | 1.9 | 0.0 | 33.6 |

| 2007 M€ | | Holdings in subsidiaries | Receivables from subsidiaries | Shares in Associates | Other shares | Total |
|---|---|---|---|---|---|---|
| **11.** | **Investments** | | | | | |
| | Historical cost, Jan. 1 | **169.6** | **48.5** | **191.7** | **3.3** | **413.1** |
| | Additions | **0.2** | **1,188.1** | **28.9** | **1.0** | **1,218.2** |
| | Disposals | | **-248.4** | **-187.4** | **-1.1** | **-436.9** |
| | Historical cost, Dec. 31 | **169.8** | **988.1** | **33.3** | **3.2** | **1,194.4** |
| | Write-downs, Jan. 1 | **-36.3** | | | **-0.6** | **-36.9** |
| | Write-downs, Dec. 31. | **-36.3** | | | **-0.6** | **-36.9** |
| | Net book value, Dec 31, 2007 | **133.5** | **988.1** | **33.3** | **2.5** | **1,157.5** |
| | 2006 M€ | | | | | |
| | Historical cost, Jan. 1 | 98.1 | 63.0 | 191.7 | 3.4 | 356.2 |
| | Additions | 71.4 | 25.8 | | 5.1 | 102.3 |
| | Disposals | | -40.3 | | -5.1 | -45.4 |
| | Historical cost, Dec. 31 | 169.6 | 48.5 | 191.7 | 3.3 | 413.1 |
| | Write-downs, Jan. 1 | -36.3 | | | -0.6 | -36.8 |
| | Decrease | | | | 0.0 | 0.0 |
| | Write-downs, Dec. 31. | -36.3 | | | -0.6 | -36.9 |
| | Net book value, Dec 31, 2006 | 133.3 | 48.5 | 191.7 | 2.7 | 376.2 |

| | Number of shares | Domicile | | % of share capital | % of voting power | Book value (€ 1000) |
|---|---|---|---|---|---|---|
| **Shares and Participations** | | | | | | |
| **Shares in associated companies** | | | | | | |
| Wärtsilä Corporation, A | 759,433 | Helsinki | FI | x | x | 32,558 |
| Wärtsilä Corporation, B | 58,043 | | FI | x | x | 716 |
| Wärtsilä total | 817,476 | | | 0.9 | 2.5 | 33,274 |
| **Shares in subsidiaries** | | | | | | |
| Avlis AB | | Sollentuna | SE | 100.0 | 100.0 | 110 |
| Fiskars Brands, Inc. | 22,924,913 | Madison, WI | US | 100.0 | 100.0 | 42,484 |
| Fiskars Brands Europe ApS | 1,251,250 | Silkeborg | DK | 100.0 | 100.0 | 71,338 |
| Fiskars Brands Europe BVBA | 199 | Brussels | BE | 100.0 | 100.0 | 239 |
| Inha Works Ltd. | 5,000 | Ähtäri | FI | 100.0 | 100.0 | 1,199 |
| Ferraria Oy Ab | 750,000 | Pohja | FI | 100.0 | 100.0 | 17,660 |
| Kiinteistö Oy Danskog gård | 4,000 | Tammisaari | FI | 100.0 | 100.0 | 505 |
| Ab Åbo Båtvarf - Turun Veneveistämö Oy | 150 | Turku | FI | 100.0 | 100.0 | 3 |
| | | | | | | 133,538 |
| **Other shares** | | | | | | |
| Rautaruukki Corporation | 10,000 | | FI | x | x | 20 |
| Turvatiimi Oyj | 1,140,000 | | FI | x | x | 433 |
| Other shares owned by the parent company | | | | | | 2,091 |
| | | | | | | 2,544 |

| | | 2007 M€ | 2006 M€ |
|---|---|---|---|
| **12.** | **Inventories** | | |
| | Work in progress | **0.0** | 0.0 |
| | Finished goods | **0.2** | 0.2 |
| | Total inventories, Dec. 31 | **0.2** | 0.2 |
| **13.** | **Receivables from subsidiaries** | | |
| | Trade receivables | **0.0** | 0.3 |
| | Loan receivables | **156.6** | 101.8 |
| | Other receivables | **7.0** | 11.0 |
| | Prepayments and accrued income | **15.4** | 5.0 |
| | Total, Dec. 31 | **179.1** | 118.2 |
| **14.** | **Prepayments and accrued income** | | |
| | Prepaid and accrued interest | **0.5** | 0.7 |
| | Other prepayments and accruals | **0.0** | 0.2 |
| | Total, Dec. 31 | **0.5** | 0.9 |
| **15.** | **Cash and cash equivalents** | | |
| | Cash and cash equivalents | **3.3** | 6.1 |
| | Money market investments | **21.0** | 33.5 |
| | Total, Dec. 31 | **24.3** | 39.6 |

## Balance sheet, shareholders' equity and liabilities

| | | 2007 M€ | 2006 M€ |
|---|---|---|---|
| **16.** | **Shareholders' equity** | | |
| | Share capital | | |
| | A Shares | | |
| | Jan. 1 | **54.9** | 54.9 |
| | Dec. 31 | **54.9** | 54.9 |
| | K Shares | | |
| | Jan. 1 | **22.6** | 22.6 |
| | Dec. 31 | **22.6** | 22.6 |
| | Share capital, Dec. 31 | **77.5** | 77.5 |
| | Revaluation reserve | | |
| | Jan. 1 | **3.8** | 3.9 |
| | Decrease following sale of fixed assets | **0.0** | 0.0 |
| | Revaluation reserve, Dec. 31 | **3.8** | 3.8 |
| | Own shares | | |
| | A Shares | | |
| | Jan. 1 | **-0.9** | -0.9 |
| | 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 | **288.8** | 285.6 |
| | Dividends | **-46.0** | -57.1 |
| | Transfer from revaluation reserve | **0.0** | 0.0 |
| | Net profit | **652.9** | 60.3 |
| | Retained earnings, Dec. 31 | **895.7** | 288.8 |
| | -own shares | **-0.9** | -0.9 |
| | Distributable earnings, Dec. 31 | **894.8** | 287.9 |
| | Restricted equity | **83.6** | 83.7 |
| | Non-restricted equity | **895.7** | 288.8 |
| | Shareholders' equity total | **979.3** | 372.4 |

| | | 2007 M€ | 2006 M€ |
|---|---|---|---|
| **17.** | **Appropriations (Untaxed reserves)** | | |
| | Depreciation in excess of plan, Jan. 1 | **2.1** | 2.1 |
| | Changes during the year | **0.0** | 0.0 |
| | Depreciation in excess of plan, Dec. 31 | **2.0** | 2.1 |

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

## 18. Capital loan

**Main characteristics of the loan**

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

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

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

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

The loan is listed on OMX Nordic Exchange.

| | | 2007 M€ | 2006 M€ |
|---|---|---|---|
| **19.** | **Amounts owed to subsidiaries** | | |
| | Trade payables | **0.2** | 0.1 |
| | Other liabilities | **71.3** | 71.9 |
| | Accruals and deferred income | **1.0** | 1.0 |
| | Total, Dec. 31 | **72.5** | 73.0 |
| **20.** | **Accruals and deferred income** | | |
| | Interest payable | **6.0** | 2.7 |
| | Wages, salaries and social costs | **0.3** | 0.3 |
| | Other items | **3.0** | 0.8 |
| | Total, Dec. 31 | **9.3** | 3.8 |
| **21.** | **Lease obligations** | | |
| | Operating leases, payments next year | **0.3** | 0.3 |
| | Operating leases, payments later | **0.0** | 0.0 |
| | Total operating leases, Dec. 31 | **0.3** | 0.3 |
| **22.** | **Contingencies and pledged assets** | | |
| | As security for own commitments | | |
| | Lease commitments | **0.3** | 0.3 |
| | Other contingencies | **6.8** | 8.6 |
| | Total | **7.0** | 8.9 |
| | Guarantees as security for subsidiaries' commitments | **11.4** | 12.4 |
| | Total pledged assets and contingencies, Dec. 31 | **18.4** | 21.3 |

# Annual Review of Information Published in 2007

Fiskars Corporation has published in 2007 the releases listed below. The bulletins include a release for year 2006 result and three interim reports. In addition the company has published on 12 March 2007 an Annual Report for 2006.

All the releases and reports are available on the Fiskars Corporation's website www.fiskars.fi

## Changes in Group structure

DEC 20, 2007
Fiskars clarifies corporate structure

## Notifications of changes in ownership

JAN 4, 2007
Notification referred to in chapter 2, section 10, of the securities markets act on a change in holdings
JAN 10, 2007
Notification referred to in chapter 2, section 10, of the securities markets act on a change in holdings
SEP 4, 2007
Notification referred to in chapter 2, section 10, of the securities markets act on a change in holdings
SEP 5, 2007
Notification referred to in chapter 2, section 10, of the securities markets act on a change in holdings

## Financial reporting

FEB 15, 2007
Fiskars Corporation results 2006
MAY 8, 2007
Fiskars Corporation interim report January-March 2007
AUG 8, 2007
Fiskars Corporation interim report January-June 2007
SEP 20, 2007
Fiskars updates its financial outlook for 2007
NOV 1, 2007
Fiskars Corporation interim report January-September 2007

## Development of business operations

MAY 10, 2007
Fiskars strengthens its position in the European garden business
MAY 21, 2007
Fiskars acquisition of Leborgne finalized
JUNE 29, 2007
Fiskars acquires Iittala Group
JUNE 29, 2007
Additional information to the stock exchange release concerning the Iittala Group acquisition, published 29 June, 2007 at 8.30 a.m.
AUG 2, 2007
Fiskars received approval from the competition authorities for purchase of Iittala Group
AUG 31, 2007
Iittala Group becomes important part of Fiskars
DEC 19, 2007
New Iittala stores in London, Hamburg, Stockholm

## Annual General Meeting

FEB 15, 2007
Notice of Annual General Meeting
MARCH 21, 2007
Fiskars Annual General Meeting of shareholders 2007

## Board, management and personnel

MARCH 7, 2007
Proposal for composition of Fiskars' Board of Directors
AUG 13, 2007
New President and CEO for Fiskars from 2008

## Other releases

MARCH 12, 2007
Fiskars Corporation's Annual Report 2006 is published
APRIL 11, 2007
Change of the publishing dates of Fiskars interim reports
DEC 11, 2007
Fiskars financial information in 2008

# The Board of Directors' Proposal for the Annual General Meeting

The distributable equity of the Parent Company at the end of the fiscal year 2007 is EUR 894.8 million (EUR 287.9 million).

For 2007 the Board of Directors proposes a dividend of EUR 0.80 per share of Series A and EUR 0.78 per share of Series K. The dividend entitling shares numbered 54,832,377 Series A shares and 22,565,288 Series K shares, totaling 77,397,665 shares. Thus the dividend distribution would be:

| | number of shares | EUR per share | total |
|---|---|---|---|
| Shares of Series A, | 54,832,377 | 0.80 | 43,865,901.60 |
| Shares of Series K, | 22,565,288 | 0.78 | 17,600,924.64 |
| Dividend distribution in total | | | 61,466,826.24 |

This leaves EUR 833,320,107.69 of unused profit funds at the Parent Company.
No material changes have taken place in the financial position of the Company after the end of the fiscal year. The financial standing of the Company is good and according to the Board of Directors assessment the proposed dividend distribution does not compromise the Company's solvency.
The Board of Directors signatures of the Report by the Board of Directors and the Financial Statements 2007:

Helsinki, February 13, 2008

| | |
|---|---|
| Kaj-Gustaf Bergh | Ralf Böer |
| David Drury | Alexander Ehrnrooth |
| Paul Ehrnrooth | Ilona Ervasti-Vaintola |
| Gustaf Gripenberg | Karl Grotenfelt |
| Clas Thelin | Kari Kauniskangas<br>President and CEO |

# Auditor's Report

## To the shareholders of Fiskars Corporation

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Fiskars Corporation for the period January 1, 2007–December 31, 2007. The Board of Directors and the President and CEO have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, containing the consolidated balance sheet, income statement, cash flow statement, statement on the changes in equity and notes to the financial statements, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing 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, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report and 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 the administration is to examine whether the members of the Board of Directors and the President and CEO of the parent company have complied with the rules of the Limited Liability 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 defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

**Parent company's financial statements, report of the Board of Directors and administration**

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the President and CEO of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Limited Liability Companies Act.

Helsinki, February 13, 2008
KPMG OY AB

Sixten Nyman
Authorized Public Accountant

# 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 Industries EK, which came into force July 1, 2004.

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

**Annual General Meeting**

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

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

## The Board of Directors

**Composition of the Board of Directors**

According to the Articles of Association, the Board of Directors consists of a minimum of five and maximum of nine members. The 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 21, 2007, appointed nine members. Chairman of the Board is Mr. Kaj-Gustaf Bergh, and Vice Chairmen are Mr. Alexander Ehrnrooth and Mr. Paul Ehrnrooth. The other members of the Board are Mr. Ralf Böer, Mr. David Drury, Ms. Ilona Ervasti-Vaintola, Mr. Gustaf Gripenberg, Mr. Karl Grotenfelt, and Mr. Clas Thelin.

None of the members are employed by the company.

The current Board of Directors is presented on the company website and on pages 24–25 of the Annual Report.

**Responsibilities and Working Charter of the Board of Directors**

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

According to the charter approved by the Board of Directors, the Board is responsible for the management and proper arrangement of the operations of the company.

The Board appoints the Managing Director and a sufficient number of other directors and determines their remuneration. The Board may also appoint committees and determine their duties. The task for each committee is to prepare matters within their specific area to be decided upon at meetings of the Board. The Board also regularly evaluates its own work and its cooperation with the management.

The Board of Directors convened seventeen times during 2007. With a few exceptions, the members of the Board attended all meetings.

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

**Board Committees 2007**

In 2007 the Board of Directors has appointed three committees: Audit Committee, Compensation Committee and Nomination 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. David Drury, Mr. Alexander Ehrnrooth, Mr. Paul Ehrnrooth, and Ms. Ilona Ervasti-Vaintola, members. The Audit Committee convened four times in 2007.

2. The Compensation Committee prepares matters connected with corporate remuneration and award systems. Its members are Mr. Kaj-Gustaf Bergh, Chairman, and Mr. Ralf Böer, Mr. Karl Grotenfelt, and Mr. Clas Thelin, members. The Compensation Committee convened four times during 2007.

3. The Nomination Committee prepares proposals regarding the composition of the Board to the General Meeting of the Shareholders, after consulting the major shareholders, prepares proposals to the Board regarding the composition of the committees of the Board and prepares the proposal on the election of the Auditors as well as confirms criteria and processes for evaluation of the Board. Its members are Mr. Kaj-Gustaf Bergh, Chairman, and Mr. Alexander Ehrnrooth and Mr. Paul Ehrnrooth, members. The Nomination Committee convened twice during 2007.

**President and CEO**

The Board of Directors appoints and, if necessary, dismisses the Managing Director, who is also the Chief Executive Officer of the Corporation. The CEO runs the operations of the Corporation and is in charge of its administration in accordance with the Articles of Association, the Finnish Companies Act, and the instructions of the Board. The CEO is assisted in his duties by the Management Team. The CEO was Mr. Heikki Allonen until December 31, 2007, and as from January 1, 2008 is Mr. Kari Kauniskangas.

**Executive Vice President**

If necessary, the Board appoints one or more Executive Vice Presidents. At present, the Corporation has one Executive Vice President, 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, economics, communications, legal issues, development of personnel and information technology, and any 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 26 of the Annual Report.

**Subsidiaries**

Each of the subsidiaries has its own Board of Directors, which oversees its operations.

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

**Remuneration**

The Annual General Meeting determines the remuneration of the Board of Directors. In 2007, the Annual General Meeting set the annual fee of the Chairman of the Board at EUR 65,000, and the fee paid to the Vice Chairman at EUR 50,000 per annum; with fees for ordinary members at EUR 35,000 per annum. In addition, the Annual General Meeting determined that Board members are paid a fee of EUR 550 per Board and Committee meeting, 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 bonus fee. Remuneration on dismissal by the company is twelve months basic salary in addition to a six-month notice period. The Managing Director's agreement for Mr. Kari Kauniskangas, who began his duties on January 1, 2008, ends when he turns 60. In addition to his statutory pension a voluntary supplementary pension is granted to him, whereby the company pays 20% of his annual salary.

CEO Heikki Allonen's salary, including benefits and bonuses, was EUR 411,160.18 in 2007. EUR 114,000 of this consisted of bonuses. The financial statements also contain an allocation for a three-year incentive program for the CEO. The Board of Directors created the bonus program at the end of 2006 and it is tied to the value of the Corporation's shares. The incentive will be paid in cash and the CEO has undertaken to use the net proceeds to purchase Fiskars shares. There is a cap limiting the incentive payment.

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 the proper management and organization of operations. In practise it is the responsibility of the CEO together with the management to among other things put in place and administer accounting and control mechanisms.

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

Each of the business operations is run by and through their own Board of Directors. With the support of the Corporation, each subsidiary is responsible for the daily risk management of running its business.

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

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

**Insiders of the Corporation**

Fiskars applies the insider regulations of the Helsinki Stock Exchange that came into force January 1, 2006. In addition, the company has its own insider regulations that came into force on July 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, the Board members, and the President and CEO of Fiskars Brands, Inc.

The Company-specific 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 of Fiskars Brands, Inc.; and the President of Inha Works Ltd as well as other persons in similar positions as separately decided by the CEO.

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

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

**Audit**

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

# Contact Information

## CORPORATE HEAD OFFICE

**Fiskars Corporation**
P.O.Box 235
(Mannerheimintie 14 A)
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 Gardening**
780 Carolina Street
Sauk City, WI 53583, USA
Tel +1 608-643-2380
Fax +1 608-643-4812
consumeraffairs@fiskars.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

**The Brunton Company**
2255 Brunton Court
Riverton, WY 82501, USA
Tel +1 307-857-4700
Fax +1 307-857-4702
info@brunton.com
www.brunton.com

**Fiskars 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
8600 Silkeborg, Denmark
Tel +45 87 2011 00
Fax +45 86 8159 68
reb@fiskars.dk
www.fiskarsbrands.com

**Fiskars Brands Finland Oy Ab**
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
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
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
32051 Herford, Germany
Tel +49 5221 935 0
Fax +49 5221 935 199
info.garten@fiskars.de
www.fiskarsbrands.com

**Fiskars Brands Finland Oy Magyarországi Fióktelepe**
Csillaghegyi út 13
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
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
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, Russia, 191119
Tel +7 812 320 4323
Fax +7 812 320 4323
sales@fiskarsco.ru

**Fiskars Brands Spain SL**
Isabel Colbrand 6, 5a planta,
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, Björnvägen 4
591 21 Motala, Sweden
Tel +46 161 472 50
Fax +46 161 465 94
info@fiskars.se
www.fiskarsbrands.com

**Leborgne S.A.S**
21 Nord
73110 La Rochette
France
Tel +33 (0)4 79 25 51 22
Fax +33 (0)4 79 25 78 92
commercial@leborgne.fr

**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

*Every moment is yours to design.*

**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

**Silva Sweden AB**
Box 998
191 29 Sollentuna
Sweden
Tel +46 8 623 43 00
Fax +46 8 92 76 01
info@silva.se
www.silva.se

**Silva Ltd**
Unit 7, Elphinstone Square
Deans Industrial Estate,
Livingston EH54 8RG
United Kingdom
Tel +44 1506 419 555
Fax +44 1506 415 906
info@silva.ltd.uk

**Silva France**
12, Rue de la Cellophane
Parc de la Vaucouleurs
78711 Mantes La Ville
France
Tel +33 1 30 92 66 22
Fax +33 1 34 78 49 83
silva.france@wanadoo.fr

**Silva Deutschland GmbH**
In der Au 25
61440 Oberursel
Germany
Tel +49 6171 9128501
Fax +49 6171 9128502
info@silva-outdoor.de
www.silva-outdoor.de

## 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

**Silva Shenzen Company**
Tower 1, Xiang Wu Road,
Xin Xiang Village, Liu Lian,
Ping Di Town, Long Gang District,
Shenzhen, China
Tel +86 755 89941989
Fax +86 755 89941929

**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
lfisher@fiskars.com
www.fiskarsbrands.com

**Fiskars de México, S.A. de C.V.**
Masaryk No.111 Piso 1
Col. Chapultepec Morales
C.P. 11560 México, D.F.
Tel +52 55 3300 5903
www.fiskarsbrands.com

## IITTALA GROUP

firstname.lastname@iittala.com
www.iittalagroup.com

**Iittala Group Ltd.**
Iittala Group Headquarters
Hämeentie 135
P.O.Box 130
00561 Helsinki
Finland
Tel +358 204 39 10
Fax +358 204 39 5180
iittala.info@iittala.com

**iittala ab**
Norregatan 4
P.O.Box 23
263 21 Höganäs
Sweden
Tel +46 4236 1100
Fax +46 4234 9823
info.sweden@iittala.com

**iittala as**
Rosenholmveien 25
P.O. Box 284
1411 Kolbotn
Norway
Tel +47 6923 5050
Fax +47 6682 1500

**iittala a/s**
P.O.Box 360
Vestre Ringvej 45
8600 Silkeborg
Denmark
Tel +45 8720 1100
Fax +45 8681 5968

**iittala b.v.**
The Netherlands, Belgium
Germany, Austria, Luxembourg
Hoevestein 19
P.O.Box 474
4900 AL Oosterhout
The Netherlands
Tel +31 162 488 188
Fax +31 162 488 180
service.nl@iittala.com

**iittala inc.**
USA, Canada
51 Haddonfield Road, Suite 320
Cherry Hill
New Jersey 08002-4805
USA
Tel +1 856 910 1873
Fax +1 856 910 8279

**iittala as**
Pärnu mnt. 154
11317 Tallinn
Estonia
Tel +372 650 0749
Fax +372 650 0762

## INHA WORKS

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

## REAL ESTATE

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

In 2007 there were 30 Iittala stores, seven of which were located in Finland and the rest in the Netherlands, Belgium, Germany, Denmark, and Sweden. The newest store was opened in London, England, in December. There are more than 50 Iittala departments in department stores and speciality stores around the world.