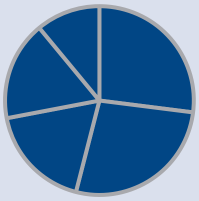
Game improvement

AMER GROUP
ANNUAL REPORT 1999

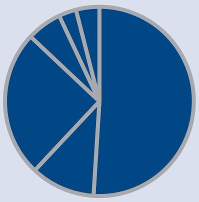
AMER


Game

THE YEAR IN BRIEF



Net sales 1999
- Golf 27%
- Racquet Sports 27%
- Team Sports 18%
- Winter Sports 17%
- Tobacco 11%



Net sales 1999
- North America 51%
- Finland 11%
- Rest of Europe 25%
- Japan 6%
- Asia Pacific 3%
- Other 4%

- Amer Group's profitability improved significantly in 1999, as a result of all businesses improving their performance. The Group's net sales were up by 11% and operating profit up by 162%.

- Atomic improved its performance considerably, with its operating results moving clearly into the black. Operating profit totalled EUR 15.1 million, compared to a loss of EUR 11.8 million in 1998. In addition to sales growth, profitability was boosted by previous measures taken to reorganise operations, especially the in-line skate business, which are now being fully reflected in the results.

- The fastest growing product categories were alpine skis (34%), premium golf clubs (24%), performance tennis racquets (20%) and baseball gloves (25%)

- In late 1999 the Group expanded its operations by acquiring Suunto, a manufacturer of in particular outdoor and diving instruments. Suunto's expertise is expected to offer Amer Group new opportunities to develop its existing products. Suunto is not included in the Group's 1999 Consolidated Statement of Income, but its balance sheet has been consolidated with Amer Group's Consolidated Balance Sheet.

- The Board of Directors is recommending to the Annual General Meeting that a dividend of FIM 3.50 (EUR 0.59) per share be paid for the 1999 financial year. 1998's dividend was FIM 1.00 (EUR 0.17) a share.

Key indicators	1999	1998	Change
EUR million			%
Net sales	825.7	745.5	11
Overseas sales	736.5	660.3	12
Operating profit	58.5	22.3	162
% of net sales	7.1	3.0	
Profit before extraordinary items	43.5	5.4	
Earnings per share, EUR	1.72	0.11	
Return on investment (ROI), %	12.0	4.6	
Return on shareholders' equity (ROE), %	11.4	0.7	
Equity ratio, %	43.9	48.7	
Personnel at year end,	4,223	3,595	
outside Finland	3,516	3,202	

CALCULATION OF KEY FIGURES, SEE PAGE 43.

BUSINESS CONCEPT & STRATEGY

Global brands

Amer Group's operations are based on strong, reliable global brands. The focus is on sporting goods and other leisure time products, which will represent approximately 90% of net sales in 2000. Of the Group's brands the best known are Wilson, Atomic and Oxygen as well as Suunto, which was acquired in late 1999. In addition, the Group includes Finland's only cigarette manufacturer, Amer Tobacco Ltd, and Suunto's Electronics Division Teletekno Oy, which operates in the telecommunications industry.

Game improvement products for average consumers

The Group is a leading global supplier of sports equipment. The strategy of all the Group's sports equipment companies is to introduce technologically advanced game improvement products targeted primarily at average consumers. While product development is based on consumer needs, top athletes also play a crucial role in R&D, as the best equipment is developed in co-operation with them, assisted by their expertise and experience. In sporting goods marketing, the focus is on a grassroots approach, i.e. through introducing products direct to sports participants.

Portfolio of sports

An essential element of the strategy is to cover a wide range of sports. The corporate portfolio includes summer and winter sports, indoor and outdoor sports as well as traditional and trend sports. This wide range of sports ensures that the Group is positioned as a major full-service supplier and promotes the establishment of lasting business contacts with the trade. The wide range of sports also benefits investors, as it balances the seasonality of Amer's business, reducing, for example, dependence on external conditions, such as the weather.

Game

Financial goals and objectives

The objective is for Amer to be a serious, competitive investment, increasing shareholder value through a combination of dividends and share price performance. It is also the Group's objective that its profitability be on a par with those of the best sporting goods companies. The target for return on equity has been set at a minimum of 5 percent higher than risk-free long-term interest rates. The targets are pursued as an average over the economic cycle. Amer Group pursues a progressive dividend policy reflecting its results. The objective is to distribute a dividend of at least one third of annual net profits, while maintaining the equity ratio at a minimum of 40%.

Wilson Sporting Goods is one of the leading global manufacturers of golf, racquet and team sports equipment. The company develops technologically advanced game improvement products for average sports participants. All products are marketed under the Wilson brand. Wilson is the No. 1 brand in tennis worldwide.

Atomic manufactures and markets alpine and cross-country skis as well as alpine ski boots and bindings under the Atomic brand. In addition, skis are marketed under the Dynamic brand. Snowboards as well as in-line skates are marketed under the Oxygen brand. Atomic is the world's second largest ski brand. Atomic also produces mountaineering boots marketed under the Koflach brand.

Suunto manufactures and markets outdoor and sports instruments with the objective of providing sports participants with information about their environment and performance, thus helping them to improve their performance. Suunto is the world's leading manufacturer of wristop computers and compasses as well as the second largest manufacturer of dive computers.

CONTENTS

"OUR GAME IMPROVEMENT PRODUCTS HELP AVERAGE SPORTS PARTICIPANTS TO PERFORM BETTER – IN ALL OUR SPORTS."

CEO´S REVIEW

Following a number of difficult years, Amer Group is again a fit and dynamic company seeking growth.

1999 passed according to plan and our results were in fact slightly better than expected. All business segments and their key product categories improved their performance, and all segments were profitable.

Our two key objectives, to build consistently our global brands, and the theme of 1999, to improve customer service, have yielded results: brand recognition and image have improved and the distribution chain is operating more efficiently than ever. As a result, the Group's profitability has improved.

Brand recognition and image have improved and the distribution chain is operating more efficiently than ever.

We have successfully launched many new game improvement products for average sports participants, thereby boosting sales. Competition in the sports equipment market remains tough, but we have kept our R&D investments at a level high enough for us to succeed. Also, by co-operating with raw material suppliers we have broken traditional boundaries, creating unique solutions for our innovative sports equipment.

Last year economic conditions were strong in the US and Europe, the Asian market stabilised and the Japanese market remained flat. As a result, there were no major surprises in our operating environment.

The sports equipment market is not yet in full swing. The golf market continues to be soft, and is in fact in decline at present. On the other hand, the tennis and alpine ski markets seem to have bottomed out and are recovering slightly.

Our clearly improved performance and our focused strategy combined with

Our clearly improved performance and our focused strategy combined with favourable economic conditions have also given a boost to Amer Group's share price.

favourable economic conditions have also given a boost to Amer Group's share price performance.

In early 1999 we stated that we would now concentrate on seeking profitable growth. In addition to organic growth, we added Suunto Corporation to our product portfolio – they are a manufacturer and marketer of outdoor and sports instruments. We believe that Suunto will offer Amer Group an exciting opportunity to enter a new – and interesting market – in wrist computers and other sports instruments. At the same time we will get the opportunity to change the traditional sports equipment industry: in the future we may be able to add information technologies to our products in order to assist athletes and sports participants still further.

Going forward, we will continue to focus on building our global brands and a wide range of sports for the trade. Customer service will also continue to play a key role in our business this year. We will continue to concentrate heavily on R&D of the back of which we expect to introduce yet more new game improvement products for average sports participants. By further improving the Group's internal effenciencies we will help to improve our performance and to reduce capital employed even further.

I would like to thank Amer Group's staff for their fine performance in the past year. By taking the steps mentioned I believe they will do their best to ensure that the company's performance will continue to improve and that shareholders will therefore receive dividends and will benefit from any increases in the value of their investment.

We want to make Amer Group the world's leading manufacturer of sports equipment, a company which both shareholders and staff can be proud of.

Roger Talermo

Key indicators	1999	1998	Change
EUR million			%
Net sales	224.9	210.3	7
Operating profit	12.2	8.8	39
% of net sales	5.4	4.2	
Return on investment (ROI), %	8.7	6.0	

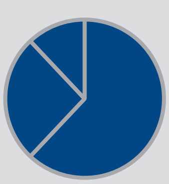
GOLF

Wilson's Golf Division's net sales grew last year despite the decline of the global golf club market. However, its performance improved, fuelled by higher sales of premium golf clubs. Operating profit amounted to EUR 12.2 million (1998: EUR 8.8 million).

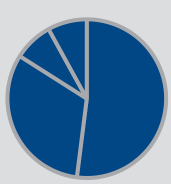
Game

Wilson's market shares	1999
Golf clubs	
Global	4%
US	4%
Europe	10%
Japan	1%
Other	8%

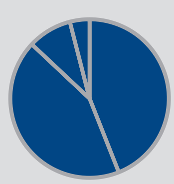
Wilson's market shares	1999
Golf balls	
Global	8%
US	9%
Europe	17%
Japan	2%
Other	13%



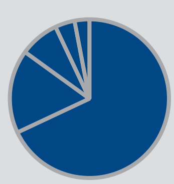
Global market
EUR 4.3 billion
(wholesale)
- Clubs 62%
- Balls 26%
- Bags and gloves 12%



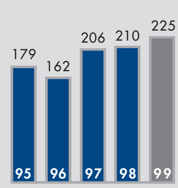
Global market
- North America 52%
- Japan 32%
- Europe 8%
- Other 8%



Wilson Golf
1999 net sales
- Clubs 44%
- Balls 43%
- Bags and gloves 9%
- Other 4%



Wilson Golf
1999 net sales
- North America 68%
- Europe 17%
- Japan 8%
- Asia Pacific 4%
- Other 3%



Wilson Golf
Net sales
EUR million

The global golf club market continued to decline throughout the year. In the US, the golf club market is estimated to have declined by some 10%, while the golf ball market remained flat compared to last year. The trade and major manufacturers continued to carry high inventories and steps taken to reduce excess inventories destabilised the market. In Europe, demand for golf equipment remained flat while in Japan the market continued to decline.

Total golf net sales grew by 7%. Premium club sales were up 24% compared to last year, driven by strong sales of Fat Shaft irons. Commercial club sales were down 5% in line with the market. In premium irons Wilson continued to gain market share in the major markets in the US, Canada and the UK.

New competitors have entered the golf ball market in spite of stagnant demand and continued intense competition. Wilson's premium ball business fell slightly as the Staff Titanium product family, which was launched three years ago, aged. Commercial ball sales grew by 22%, however, driven by several new product introductions. Overall, Wilson's share of the global golf ball market remained almost unchanged.

Two new premium products, Smart-Core golf balls and Fat Shaft Hyper Carbon irons, were introduced in August. Developed in co-operation with Goodyear, the new ball features a unique core composition of soft urethane and hard titanium. As a result, the Smart-Core ball reacts differently depending on how hard it is struck. For example, off the tee, it reacts firmer for longer distances, but more softly with shorter shots on and around the green.

With regard to the Fat Shaft Hyper Carbon irons, the most important modifications have been made to the club shaft and head. The shaft is made of Hyper Carbon®, which is stronger and lighter than regular carbon fibre. In addition, the club head's centre of gravity has been shifted and its tip diameter increased, making the golf club even more accurate. Available in selected pro and speciality shops only, both new products will be in global distribution in early spring.

In line with Group strategy, the Golf Division's focus is to develop new game improvement products, particularly premium golf balls and premium irons. Wilson continues to enforce its strict distribution policy to enhance the brand's premium image and to improve relations with the trade. In marketing, the company will focus on a grassroots approach. Product costs will be reduced through more efficient sourcing.

The global golf equipment market is unlikely to start recovering during 2000. Industry and trade consolidation is expected to continue. Competition is expected to intensify in the golf ball business as a result of new competitors entering the market. As a result of new product introductions, the Golf Division's net sales are expected to increase and profitability to improve slightly from last year. Wilson is expected to gain market share in its premium categories.

improvement

"SHIFTING THE CENTRE OF GRAVITY IN THE CLUB HEAD TOWARDS THE CENTRE TO TOE PROVIDES GREATER ACCURACY."

Key indicators	1999	1998	Change
EUR million			%
Net sales	225.1	196.3	15
Operating profit	23.5	18.6	26
% of net sales	10.4	9.5	
Return on investment (ROI), %	23.5	18.6	

RACQUET SPORTS

Wilson's Racquet Division's net sales grew by 15% compared to last year and profitability improved. Operating profit totalled EUR 23.5 million (1998: EUR 18.6 million). Wilson strengthened its global market leadership in tennis equipment.

Following several years of decline, the global tennis equipment market is growing slightly, fuelled by new racquet technologies and increased interest in professional tennis.

1999 was a good year for Wilson's Racquet Division. Net sales increased and profitability continued to improve as a result of higher sales of Hyper Carbon racquets and footwear. Performance racquet sales grew by 20% compared to 1998. Wilson further strengthened its position as the leading tennis brand. In the US, the company's market share rose to 46% and five of the ten best selling tennis racquets were Wilson's Hyper Carbon racquets. Wilson maintained its market share in the largest market, Europe, while gaining market share in Japan.

During the year, Wilson expanded the Hyper Carbon racquet family by introducing several new performance racquets including the Hyper Hammer 5.3, Hyper Hammer 2.3 and Hyper Pro Staff 5.0 racquets. The new racquets have been available to consumers since June. The Hyper Carbon family was also extended by several racquetball and badminton racquets.

The company successfully launched the new DST tennis footwear line which went into global distribution in late summer and was well received by consumers. Based on the DynoSphere technology, the shoes improve shock absorption and cushioning. Wilson's footwear sales were up 14% compared to 1998.

The Hyper Carbon racquet range received strong support from professional players. New Advisory Staff Members include Serena and Venus Williams, who both signed an agreement with Wilson in August.

In tennis balls Wilson continued to be the No. 2 brand worldwide.

In line with Group strategy, the Racquet Division concentrates on developing and introducing new game improvement products for average players. Its Hyper Carbon technology is now being applied to premium-class Hammer racquets. Wilson aims to gain market share in areas in which its market share is not yet adequate. Another aim is to cut product costs through more efficient sourcing. In marketing the emphasis is on a grassroots approach.

In 2000 the global tennis equipment market is likely to continue to grow modestly. Wilson is expected to boost its sales slightly and to improve profitability from last year. Market shares are predicted to grow in the performance tennis racquet category, fuelled by Hyper Carbon racquets.

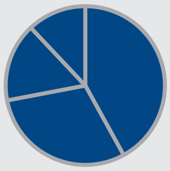
"MY NEW SUPER LIGHT WEIGHT RACQUET PROVIDES GREAT MANOEUVREBILITY WITH THE ADDED BENEFITS OF SUPERIOR STABILITY AND ENHANCED POWER."

Game improvement

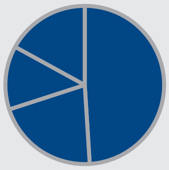
Wilson's market shares	1999
Tennis racquets	
Global	34%
US	46%
Europe	28%
Japan	29%
Other	39%

Wilson's market shares	1999
Tennis balls	
Global	22%
US	37%
Europe	15%
Japan	6%
Other	24%

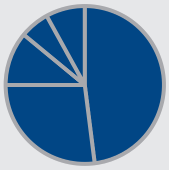
Global market
EUR 560 million
(wholesale)
• Tennis racquets 62%
• Tennis balls 38%



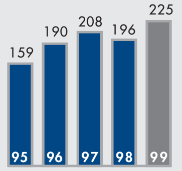
Global market
• Europe 42%
• North America 30%
• Japan 16%
• Other 12%



Wilson Racquet Sports
1999 net sales
• Tennis racquets 49%
• Tennis balls 21%
• Footwear13%
• Other 17%



Wilson Racquet Sports
1999 net sales
• North America 48%
• Europe 27%
• Japan 11%
• Asia Pacific 6%
• Other 8%



Wilson Racquet Sports
Net sales
EUR million

Key indicators	1999	1998	Change
EUR million			%
Net sales	143.1	129.2	11
Operating profit	6.7	4.0	68
% of net sales	4.7	3.1	
Return on investment (ROI), %	7.1	3.9	

TEAM SPORTS

Wilson further strengthened its already strong market position in all team sports product categories in the US, its key market. The Team Sports Division boosted its net sales and improved its profitability compared to 1998. Operating profit amounted to EUR 6.7 million (1998: EUR 4.0 million).

Game improvement

"THE UNCONVENTIONALLY HIGH SEAMS RESULTS IN GREATER FEEL AND SUPERIOR CONTROL."

The US baseball and American football markets remained flat compared to 1998. Michael Jordan's retirement was reflected in sharply falling sales of low price point basketballs. Apparel sales declined as well.

The Team Sports Division's net sales grew by 11%. The division's profitability improved significantly due to higher sales of high margin game improvement products and more efficient sourcing. Wilson further strengthened its position in its principal markets in the US, gaining market share in all key product categories.

American football sales increased by 21%, boosted in part by the adoption of Wilson as the official ball of the NCAA collegiate football association at the beginning of the year.

Basketball sales fell by 9% reflecting lower sales of low price point balls. Wilson continued to shift its focus to higher price point, game improvement balls such as Evolution and Solution.

Baseball glove sales were up by 25%, driven by strong sales of the 2000 series, Advisory Staff models and new Classic gloves featuring softer leather and a big sweet spot design. Baseball sales increased by 22%. In 1999 Wilson introduced new baseballs and softballs based on the new Super Seam Technology. The new balls feature higher seams which provide better control when throwing the ball.

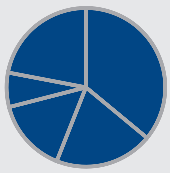
Following its exit from the NFL jersey business in 1998, Wilson now concentrates on team uniforms. During the financial year, the company introduced Ultra Flex, a new material with better stretch. Driven by the new material and improved customer service, apparel sales grew by 18% compared to 1998.

In December Wilson signed a new agreement with the US National Football League (NFL). The new contract extends until 2006. Wilson has been the official NFL ball since 1941.

The Team Sports Division's focus is on developing and introducing new game improvement products for average players. As in the other Wilson Divisions, the marketing focus is on a grassroots approach.

In 2000, sales growth in traditional team sports categories is likely to remain modest. The restructuring of the US team sports market is expected to continue and the weak profitability of major retail chains is expected to result in consolidation. The Team Sports Division's net sales are expected to grow slightly and its performance to improve through higher sales of premium products and more efficient sourcing and manufacturing.

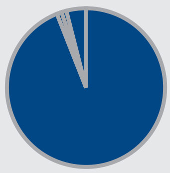
Wilson's market shares	1999
in the US	
American footballs	78%
Basketballs	28%
Baseball gloves	27%
Baseballs	20%
Volley balls	11%
Apparel	6%



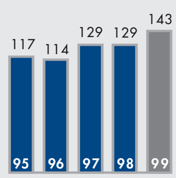
Global market
EUR 1.2 billion
(wholesale)
- Apparel 36%
- Baseballs and gloves 20%
- Basketballs 15%
- American footballs 7%
- Other 22%

Global market
- North America 54%
- Japan 26%
- Europe 4%
- Other 16%

Wilson Team Sports
1999 net sales
- American footballs 30%
- Baseballs and gloves 28%
- Basketballs 19%
- Apparel 14%
- Other 9%



Wilson Team Sports
1999 net sales
- North America 94%
- Japan 1%
- Europe 1%
- Other 4%



Wilson Team Sports
Net sales
EUR million

Key indicators	1999	1998	Change
EUR million			%
Net sales	139.1	121.4	15
Operating profit/loss	15.1	-11.8	
% of net sales	10.9	neg.	
Return on investment (ROI), %	18.0	neg.	

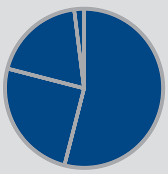
WINTER SPORTS

Atomic's alpine ski and binding sales grew more sharply than expected and market shares increased last year. The company's profitability improved clearly, reflecting sales growth as well as the benefits of operational reorganisation that was undertaken especially in the in-line-skate business over the last few years. Atomic's net results moved clearly into the black. Operating profit totalled EUR 15.1 million, compared to a loss of EUR 11.8 million in 1998.

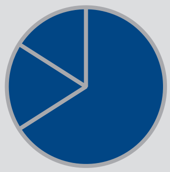
Atomic's market shares	1999
Alpine skis	
Global	16%
Europe	21%
North America	10%
Japan	9%
Other	15%

Atomic's market shares	1999
Cross-country skis	
Global	12%
Europe	14%
North America	8%
Japan	8%
Other	5%

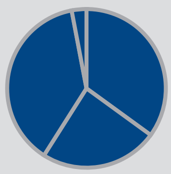
Oxygen's market shares	1999
Snowboards	
Global	4%
Europe	10%
North America	2%
Japan	1%
Other	3%



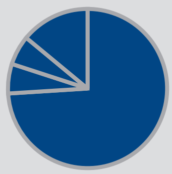
Global market, alpine ski equipment EUR 1.0 billion
(wholesale)
- Europe 54%
- North America 25%
- Japan 19%
- Other 2%



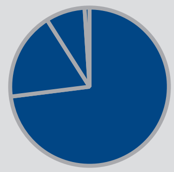
Global market, cross-country ski equipment EUR 200 million
(wholesale)
- Europe 66%
- North America18%
- Other 16%



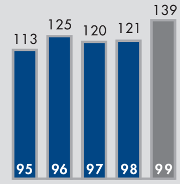
Global market, snowboards EUR 340 million
(wholesale)
- North America 35%
- Europe 24%
- Japan 38%
- Other 3%



Atomic 1999 net sales
- Alpine ski equipment 74%
- Cross-country ski equipment 6%
- Snowboards 6%
- Other 14%



Atomic 1999 net sales
- Europe 73%
- North America 18%
- Japan 8%
- Other 1%



Atomic Net sales
EUR million

Last year the alpine ski market grew in Europe, while remaining flat in North America. Signs of recovery were visible in Japan, but in Korea sales were again at a standstill.

Atomic's alpine ski success continued with sales exceeding expectations. Alpine ski sales totalled in excess of 700,000 pairs, 90% of which were Atomic branded, as a result of which net sales rose by 34%. Market shares grew significantly, especially in Europe and in North America. Globally, Atomic is the second biggest alpine ski brand. In its domestic market, Austria, Atomic is the leading brand with more than 30% market share. Last year's new product introductions, such as the new generation Wide Body and Beta V skis, successfully featured Atomic's Beta Technology.

In addition to successful new product launches, excellent test and racing performances boosted Atomic products' sales last year.

Alpine ski boot markets were flat. Sales of Atomic branded alpine ski boots declined and continued to be unprofitable regardless of their improved product performance. Sales of Atomic branded alpine ski bindings doubled for the second consecutive year, totalling approximately 300,000 pairs, and profitability clearly improved.

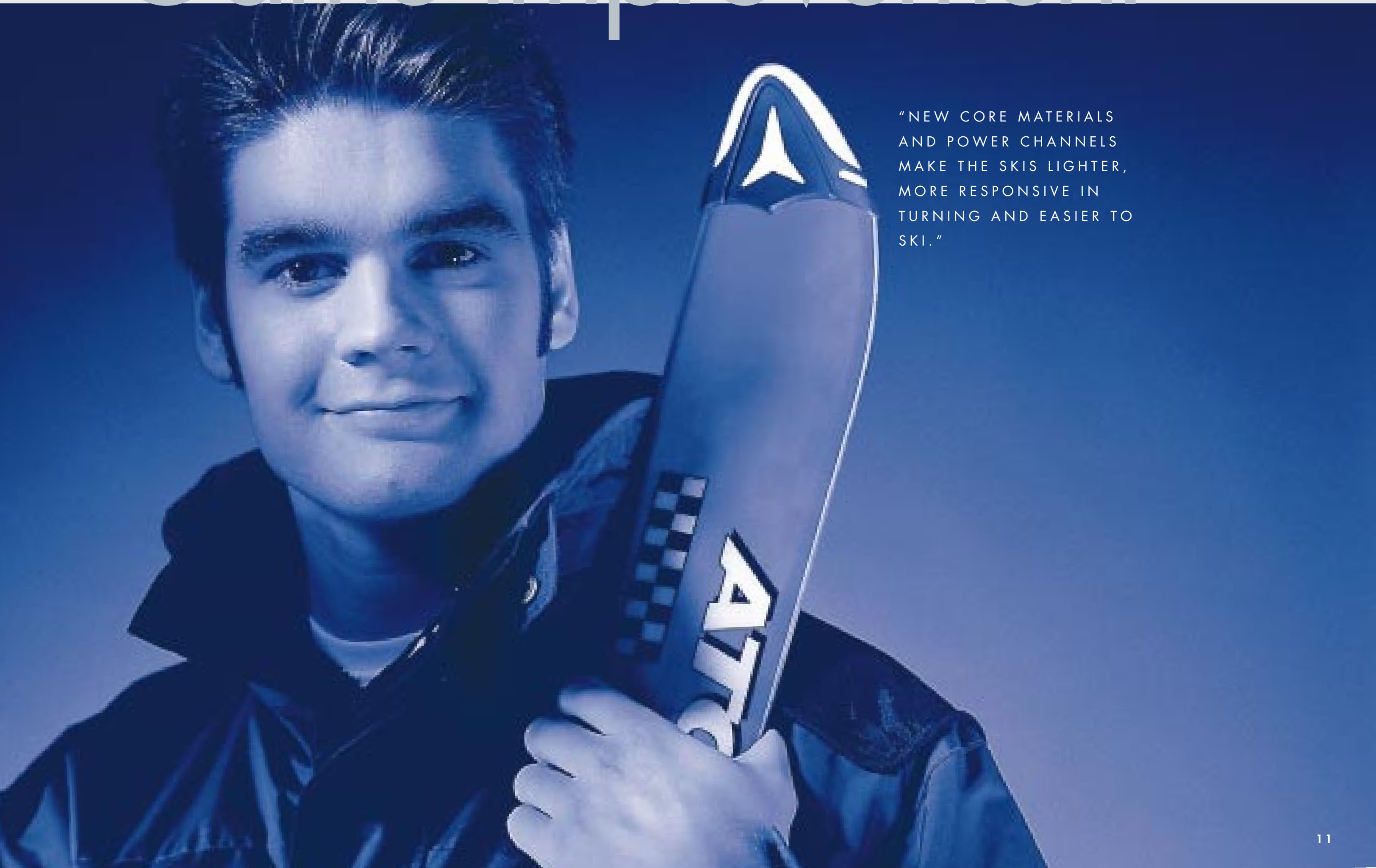
The cross-country ski market remained flat, which was reflected in Atomic's ski sales in this category. Profitability improved compared to the previous year, however. A new product, the Beta-Race skating ski featuring Beta Technology, was launched last year.

The global snowboard market was flat compared to last year. Sales of Oxygen snowboards increased slightly in its principal Central European markets, while remaining virtually unchanged in the US and in Japan. Oxygen's market shares remained at last year's level. In its home market, Austria, Oxygen maintained its position as the leading snowboard brand with a 25% market share.

Sales of Oxygen in-line skates declined last year, as expected. Following an operational restructuring, Oxygen concentrates on the fitness segment. The in-line skate business now has only a marginal impact on Atomic's results.

In 2000 Atomic continues to aim at gaining market share in alpine skis and bindings. Another objective is to boost snowboard, cross-country ski and alpine ski boot sales and to improve their profitability. In cross-country skis, Atomic is expected to gain market share as a result of the reorganisation of Nordic distribution. In the 2000-2001 season Atomic will launch a fully improved alpine ski boot line in the premium category. In the coming season the company will also launch a new Atomic branded snowboard line which has been testmarketed in the US this winter.

Game improvement



"NEW CORE MATERIALS AND POWER CHANNELS MAKE THE SKIS LIGHTER, MORE RESPONSIVE IN TURNING AND EASIER TO SKI."

GAME IMPROVEMENT PRODUCTS

At the core of Amer's business strategy are technically advanced and game improvement products for active sports participants. As a result of successful R&D programmes, new product introductions include sports equipment featuring unique solutions for the benefit and pleasure of sports participants.

1 Smart-Core golf balls, developed by Wilson in co-operation with Goodyear, have a unique core composition, which reacts firmer off the tee for longer distance, or softer around and on the green for exceptional feel. The golf ball utilises a unique blend of titanium for maximum initial velocity and polymer urethane for soft feel. The product line includes four different types of ball: Straight Distance, Women's Distance, Spin Distance and Professional Distance.

2 The Fat Shaft Hyper Carbon Iron is a new and improved version of the original Fat Shaft Iron. The club shaft is made of Hyper Carbon® – a space-age carbon fibre that is 28% stronger and 4% lighter than ordinary graphite, making the shaft 10% lighter. Realising that most golfers strike the ball more from the centre of the club head towards the toe of the club, Wilson shifted the centre of gravity in the head towards centre to toe.

3 Hyper Carbon® is the lightest, stiffest and strongest material ever used in tennis racquets. The material is four times stiffer, four times stronger and 65% lighter than other popular racquet materials. Combined with Wilson's Hammer and Sledge Hammer technologies, Hyper Carbon is a game improvement racquet with lightning-fast manoeuvrability and more power and stability for both top and average players. 1999's new additions to the product family include Hyper Hammer 2.3, Hyper Hammer 5.3 and Hyper Pro Staff 5.0.

4 Super-Seam Technology Baseballs feature the highest seams available in a baseball. A patented design and manufacturing process allows Wilson to make the seams 20% higher than conventional raised seams. The result is great feel and superior control.

5 Atomic's new Beta alpine skis feature lightweight core materials and power channels made from either Hyper Carbon or Titanium. These features make the ski lighter in weight, more responsive in turning due to consistent flex and edge grip, torsionally more rigid and easier to ski. Some of the new models have Hyper Carbon incorporated into their profile to combine for superior strength and power.

The Beta technology was also successfully implemented in Atomic's cross-country skis. Racers and sportive skiers benefit from the construction with an explosive push-off for a longer glide in skating and classic technique.

6 Atomic's new TriTech ski boots feature a system made up of three parts: shell, stabiliser and interface. The design again improves upon Atomic's integrated system of skis and bindings which allow for full-flex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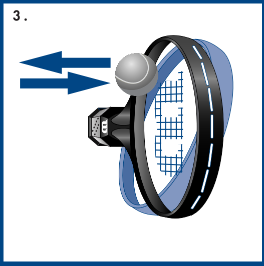
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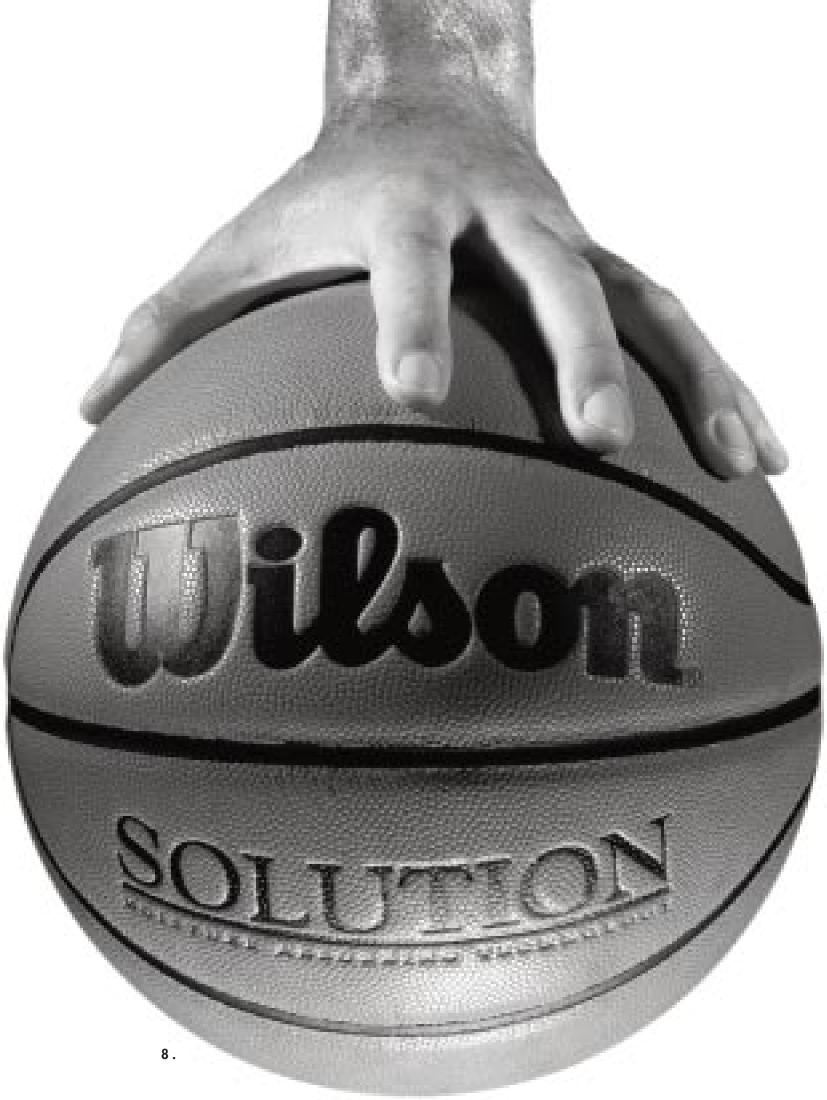


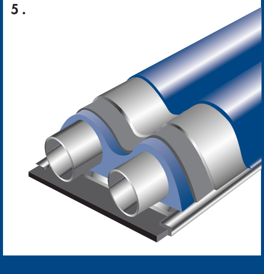
8.

when used together. With TriTech boots, the full-flex capability now extends to the ski boot itself. The sole of the boot flexes longitudinally in conjunction with the ski. Made of either Hyper Carbon or titanium, the stabiliser gives the boot a high torsional rigidity while controlling longitudinal flex. The TriTech boot provides the ultimate in lightness, support and power to make skiing easier and more enjoyable.

7 The latest development from Oxygen – Lite Tec technology – guarantees the snowboarder unsurpassed performance and comfortable board handling at the same time. Lite Tec is the combination of a special core design and the use of Hyper Carbon resulting in 15 % weight reduction and absorption of negative stresses in the center of the board.

8 Wilson Solution Basketball's features include a new type of composite leather cover material which absorbs moisture for superior gripability and performance. The ball has an aqua-grip laid-in channel design with wider and deeper channels, made of laid-in moisture absorbing composite leather, rather than in traditional rubber channels.

5.



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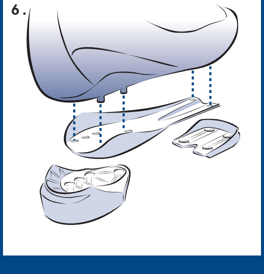

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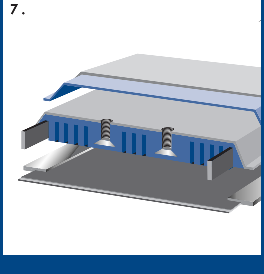


Key indicators	1999	1998	Ghange
EUR million			
Net sales*	85.5	63.7	34%
Operating profit*	5.3	2.5	112%
% of net sales	6.2	3.9	
Return on investment (ROI), %	14.5	7.2	
Personnel (average)	591	561	30

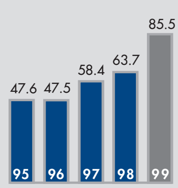
* Suunto's result is not included in the consolidated financial statements.

OUTDOOR AND SPORTS INSTRUMENTS

Suunto Corporation, which was acquired by Amer Group in late 1999, boosted its business and performance compared to last year. Net sales were up 34% at EUR 85.5 million (1998: EUR 63.7 million) and operating profit rose 112% to EUR 5.3 million (1998: EUR 2.5 million). Of Suunto's three divisions, the Outdoor Division's sales and profitability grew the most dramatically.

Suunto
1999 net sales
- Outdoor 42%
- Diving and water sports 28%
- Electronics 30%

Suunto
1999 net sales
- Finland 35%
- North America 31%
- Rest of Europe 28%
- Other 6%



Suunto
Net sales
EUR million

Suunto is not included in Amer Group's 1999 Consolidated Statement of Income, as its balance sheet was consolidated with the Group's Consolidated Balance Sheet as at 31 December 1999. Amer acquired a majority holding in Suunto through a public offer during November and December. Suunto became a part of Amer Group on 9 December 1999. The objective is to delist Suunto Oyj's shares from the Helsinki Exchanges during spring 2000.

Suunto's operations are divided into three business divisions: Outdoor, Diving and Water Sports, and Electronics. Exports and international business accounted for 65% of net sales (1998: 61%). The company is heavily focused on research and development, and spent EUR 2.7 million last year.

The Outdoor Division operates worldwide, manufacturing and marketing outdoor equipment. Suunto is the world's leading manufacturer of wristop computers and compasses with approximately a one-third market share in compasses globally. The key brands are Suunto and Recta. Wristop computers, compasses and instruments are manufactured under the Suunto brand and field compasses under the Recta brand, respectively. Wristop computers are manufactured in Finland and compasses in Finland and Switzerland. Suunto's own distribution organisation is in charge of product distribution in Europe and in North America.

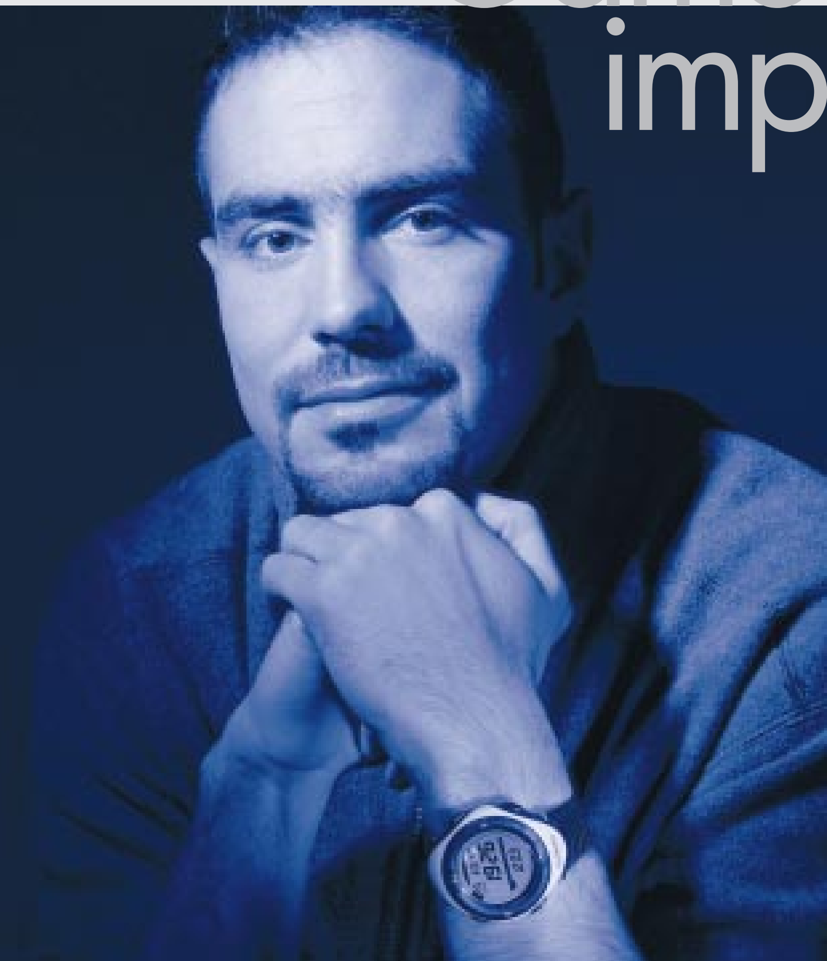
The division's net sales totalled EUR 36.5 million (EUR 19.4 million) and operating profit was EUR 5.2 million (EUR 0.8 million). Performance improved mainly due to rapidly growing demand for wristop computers. A total of 49% of net sales were generated in North America, 44% in Europe and 7% in other regions. The division employs approximately 180 people.

The Diving and Water Sports Division also operates globally. Suunto is the world's second largest manufacturer of dive computers with approximately a one-fifth market share. The company's key brands are Suunto, Bare and Ursuit. Diving instruments and other diving equipment are manufactured under the Suunto brand, and dry and wet suits for sports diving under the Bare brand. Ursuit is the brand for diving and survival suits. The division has factories in Finland, Canada and Malta and sales companies in the Netherlands, the UK, Canada and Finland.

The division's net sales were EUR 23.4 million (EUR 20.9 million) and operating loss EUR 1.2 million compared with operating profit of EUR 0.4 million in 1998. Its weak performance was due to the cost of reorganising its European distribution and the poor profitability of the diving suit business. A total of 52% of net sales were generated in Europe, 38% in North America and 10% in other regions. The division employs some 310 people.

The Electronics Division imports and markets telecommunications technology and audio/video products. The division operates in Finland, the Baltic countries and the St. Petersburg area, and holds a leading position in the market for installation systems for corporate networks and telecommunications spur networks in Finland and in the Baltic countries. In Estonia, Latvia, Lithuania and St. Petersburg, products are distributed by the company's own sales companies and branches. The Electronics Division had net sales of EUR 25.6 million (EUR 23.4 million) and an operating profit of EUR 2.4 million (EUR 2.1 million). The division employs some 100 people.

Game improvement



"A SPORTS INSTRUMENT OFFERS YOU SOPHISTICATED INFORMATION FOR MANY OUTDOOR ACTIVITIES, SUCH AS HIKING, CLIMBING, DIVING, BOATING AND ORIENTEERING."

Key indicators	1999	1998	Change
EUR million			
Gross sales	605.8	584.3	4%
Excise tax	402.5	389.1	3%
Net sales	93.5	88.3	6%
Operating profit	9.6	8.0	20%
% of net sales	10.3	9.1	
Capital expenditure	1.4	1.9	-26%
Personnel (average)	357	354	3

AMER TOBACCO

Amer Tobacco continued to strengthen its market position during 1999. At 76%, the company's Finnish market share was at an all-time high. Overall, the business made good progress, net sales increased and performance improved. Operating profit was up 20% at EUR 9.6 million (1998: EUR 8.0 million).

Cigarette deliveries to the Finnish market remained at 1998's levels, and totalled 4,798 million pieces. Overall consumption is estimated to have remained flat, whereas contraband trade continues to grow, representing more than 20% of the total market.

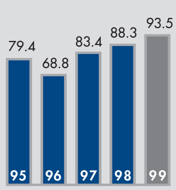
Net sales increased by 6%. Cigarette sales were up 2% at 3,658 million pieces. Amer Tobacco's market share was 76% (1998: 75%). The biggest brands were Marlboro with 32%, L&M with 31% and Belmont with 12% of the market. A new cigarette, Marlboro Ultra Lights, was launched.

Total deliveries of smoking tobacco amounted to 1,025 tons. Amer Tobacco launched a new brand, Bulldog, in the roll-your-own category. The company's market share in smoking tobacco was 12% and in cigars 4%. Sales of Rizla products declined in Finland as a result of heavy taxation of cigarette paper in Finland and, as a result, there was a significant increase in contraband trade in this category.

Retail prices of tobacco products in Finland were raised by an average of 2% in April. In December the Finnish Parliament raised the excise tax on roll-your-own tobacco and, as a result, retail prices will increase during early 2000.

The company's exports were up 14% at EUR 11 million. The most rapid increase was in exports of the company's own brands to Estonia.

Company investments totalled EUR 1.4 million. A new packaging line for hinge-lid packages was commissioned. Sales information systems were developed further and investments were concentrated on category and space management programs in a move to improve both the product category's turnover and profitability with the trade.



Net sales
EUR million

The licensing agreement with Philip Morris was renewed in January 2000. The contract, valid until year-end 2005, will continue thereafter by mutual agreement. The contents of the agreement remained otherwise unchanged.

In 2000 Amer Tobacco is expected to maintain its dominant market position. The company's performance is also expected to remain at a good level. The biggest threat to the industry continues to be the growing impact of contraband trade resulting from heavy taxation.

Social responsibility

A total of EUR 509 million in taxes on Amer Tobacco's products was paid to the state. Taxes accounted for an average of 76.2%, above the EU average, of cigarette retail prices.

Neither Amer Group Plc or Amer Tobacco Ltd are involved in any legal action concerning tobacco products. The amendment to the Finnish tobacco law regarding smoking in licensed premises, which will come into effect on 1 March 2000, is not expected to have a significant impact on the total consumption of tobacco products in Finland.

Amer Tobacco recognises that there is a substantial body of evidence which supports the judgement that smoking plays a causal role in the development of certain diseases such as lung cancer. A far greater number of smokers than non-smokers develop lung cancer. Since Finnish law dictates that educating consumers about the dangers of smoking is the duty of the Ministry of Social Affairs and Health, the company will not otherwise participate in the public debate on this issue.

The only cigarette manufacturer in the country, Amer Tobacco is the undisputed market leader in Finland. The core business is the licensed production of Philip Morris cigarettes, which are delivered to the domestic market as well as to tax-free trade and the Swedish market.

In addition to production under license, Amer Tobacco manufactures a number of cigarette and roll-your-own tobacco brands of its own for both home and export markets. In addition, the company imports and markets Clan pipe tobacco and Rizla tobacco accessories.

In Estonia, Amer Tobacco AS is responsible for distributing its own products as well as importing Rizla products.

FINANCIAL REPORTS

SHARES AND SHAREHOLDERS

Shares and share capital

Amer Group Plc has one publicly listed class of shares, A shares, all of which rank pari passu. At the end of the financial year, the number of shares in issue was 24,326,895. The nominal value of each share is FIM 20.

At the year end, the Company's paid up and registered share capital amounted to FIM 492,037,900. The Articles of Association set the minimum share capital at FIM 290 million and the maximum at FIM 1,160 million.

Amer Group shares are entered in the Finnish automated book-entry securities system.

Listings

Amer Group A shares have been listed on the Helsinki Exchanges since 1977, on the London Stock Exchange since 1984 and on London's SEAQ International since 1990. The ISIN code under the international system of numbering listed shares is FI0009000285 and the RIC code AMER.HE. In the US, the Company has established an American Depositary Receipt (ADR) facility with the Bank of New York, through which two depositary receipts equal one Amer share.

Authorisations

Amer Group Plc's Board of Directors had no outstanding authorisations to issue shares at the end of the financial year.

The Annual General Meeting on 11 March 1999 adopted a Board proposal to purchase and to dispose of the Company's own shares during the year from the date of the Annual General Meeting. The shares would be acquired to improve the Company's capital structure and to be used as payment when the Company purchases assets related to its business operations and as payment in any possible corporate acquisitions. The Board was authorised to purchase a maximum of 5% of the total number of the Company's shares in issue. The shares would be purchased at market prices during public trading on the Helsinki Exchanges.

The Board of Directors was authorised to decide to dispose of the Company's own shares during the year from the date of the Annual General Meeting. The authorisation is limited to a maximum of 5% of the Company's shares in issue. The shares would be used in payment for any purchases of assets related to the Company's business operations and any possible corporate acquisitions in the manner and to the extent decided by the Board of Directors. The Board was authorised to decide to whom and in which order the acquired shares should be disposed of. The Board may decide to place the shares in a proportion deviating from existing shareholders' pre-emptive rights.

Moreover, the Board was authorised to decide to sell the Company's own shares during public trading on the Helsinki Exchanges to raise funds for the Company to finance investments and possible corporate acquisitions. The shares would be disposed of at the minimum price quoted for them at the time of disposal. The authorisations to dispose of and sell the shares are valid for one year, i.e. until 11 March 2000.

The authorisations to purchase, to dispose of and to sell the Company's shares had not been exercised during the financial year.

1993 convertible subordinated bonds

During the financial year Amer Group purchased a total of USD 4.1 million worth of the convertible subordinated bonds issued in 1993, representing 183,468 Amer Group A shares. On 31 December 1999 the remaining total outstanding was USD 31.82 million, representing 1,430,877 A shares or 5.9% of the company's share capital.

In December the Company announced its decision to redeem the remainder of the bonds. Based on the terms of the bonds, the Company had a right to repay the bonds as of 6 July 1998 at their principal amount. There were no conversions after the Company issued a redemption call notice on 1 December 1999. Prior to redemption, the Company had purchased a total of USD 41.93 million of the bonds, representing 1,885,502 A shares. The remainder of the bonds was repurchased on 11 January 2000, and all repurchased bonds have been cancelled in accordance with the terms of the loan.

Warrant schemes

Amer Group has two warrant schemes with the objective of increasing management's commitment to work in the long-term interests of the Company and to increase shareholder value.

In 1994 the Group issued bonds with warrants totalling EUR 93,344 (FIM 555,000) to Group management. The subscription period of the underlying warrants began on 1 December 1998 and expires on 31 January 2001. The bonds were paid back to the subscribers on 2 May 1998. The subscription price is EUR 24.56 (FIM 146). At the end of 1999, the incentive scheme covered 22 individuals.

Following exercise of these warrants, the number of shares in issue may increase by a maximum of 555,000 new A shares, and the share capital by a maximum of EUR 1.9 million (FIM 11.1 million).

In 1998 the Company introduced a scheme to issue a total of 850,000 warrants. Of the total number of warrants, 255,000 were marked with the letter A, 255,000 with the letter B and 340,000 with the letter C. The subscription period starts in three stages, on 1 January 2001, 1 January 2002 and 1 January 2003. The subscription period ends on 31 March 2004. A total of 80 persons were involved in the scheme at the end of the financial year.

The subscription price was EUR 19.51 (FIM 116) a share when the warrant scheme was implemented. According to the warrant conditions, the amount of dividend distributed after 18 March 1998 but before the date of subscription will be deducted from the share subscription price. The subscription price currently stands at EUR 19.34 (FIM 115).

As a result of 1998 warrant subscriptions, the Company's share capital may increase by up to 850,000 new A shares, i.e. by a maximum of EUR 2.9 million (FIM 17 million).

The shares subscribed for by exercise of the warrants would represent 5.8% of the share capital and the total number of votes. The total number of the 1994 and 1998 warrants subscribed for by the President represent 1.0% of the shares and votes.

Share prices and trading

During 1999, share prices on the Helsinki Exchanges, measured by a portfolio index, increased by 66%. On the London Stock Exchange the FTSE100 index rose by 17%.

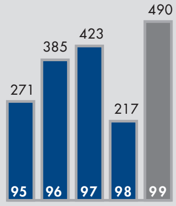
In Helsinki, Amer Group A shares ended 1999 at EUR 20.15, representing an increase of 127% during the year. The 1999 share price high in Helsinki was EUR 20.40 and the low EUR 8.50. The average share price was EUR 14.31.

On the London Stock Exchange Automated Quotation System (SEAQ), Amer Group's shares ended 1999 at GBP 12.44. The London share price high/low was GBP 12.53/GBP 6.00.

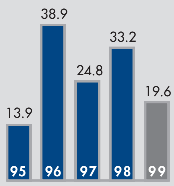
During 1999, a total of 14,744,186 Amer Group A shares valued at EUR 211 million were traded on the Helsinki Exchanges. On the London Stock Exchange the trading volume was 4,881,098 shares. The trading volume in Helsinki represented 61% and London 20%, respectively (overall 81%), of the total number of shares in issue. The number of ADRs in issue was 542,768 at the year end.

Shareholders

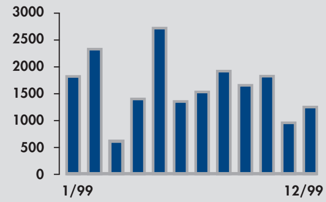
The Company had 11,877 registered shareholders at the end of 1999. Nominee registrations represented approximately 50% of the total shares in issue at the year end (1998: 48%).



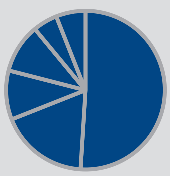
Market capitalisation
EUR million



Trading of shares series A
million shares

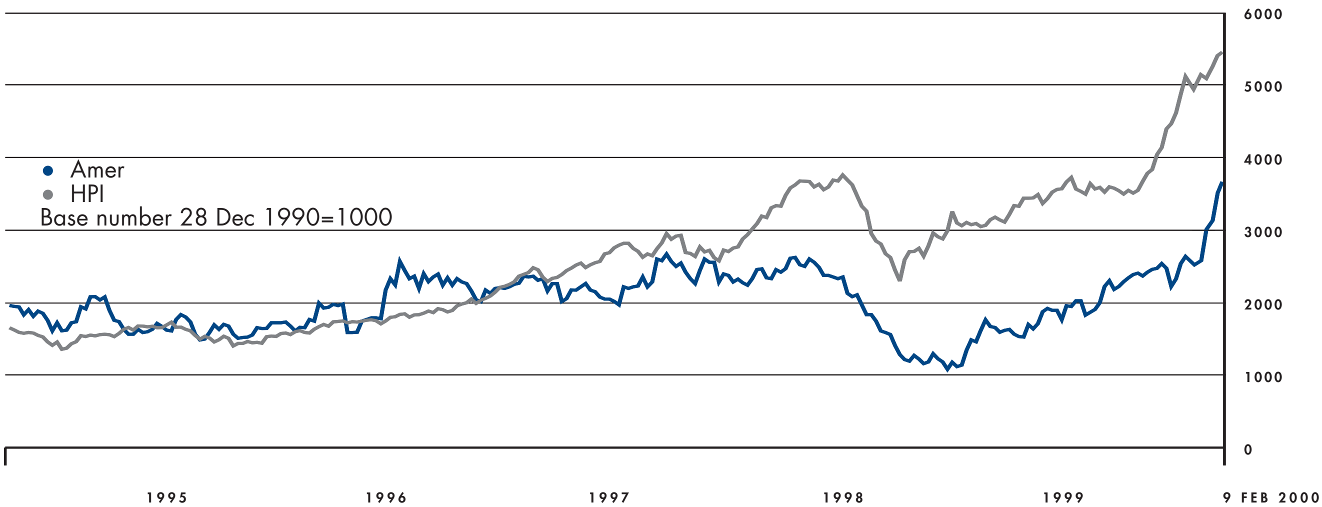


Trading of shares series A
1000 shares



Shareholding in Amer Group Plc
31 Dec 1999
- Outside Finland and nominees 51%
- Households 18%
- Non-profit organisations 10%
- Banks and insurance companies 10%
- Private companies 5%
- Public sector entities 6%

TRENDS OF SHARE PRICES SERIES A   HEX PORTFOLIO INDEX



Number of shares per shareholder	Shareholders	% shareholders	Shares	% of shares
1-100	5,432	45.8	260,204	1.1
101-1,000	5,703	48.0	1,797,861	7.4
1,001-10,000	644	5.4	1,635,582	6.7
10,001-100,000	73	0.6	2,337,789	9.6
over 100,000	17	0.1	6,048,204	24.9
Nominee registrations	8	0.1	12,247,255	50.3
Total	11,877	100.0	24,326,895	100.0

MAJOR SHAREHOLDERS ON 31 DECEMBER 1999	A shares	% of shares and votes
Land and Water Technology Foundation	754,339	3.1
Ilmarinen Mutual Pension Insurance Company	750,000	3.1
Brotherus Ilkka	527,000	2.2
Finnish Association of Graduate Engineers TEK	520,000	2.1
Tukinvest Oy	469,000	1.9
Rannila Esa	452,000	1.9
Merita Delta Ltd	451,000	1.9
Finnish Association of Graduates in Economics and Business Administration SEFE	450,000	1.8
FIM Forte	344,488	1.4
Merita Fennia Fund	289,500	1.2
LEL Employment Pension Fund	277,700	1.1
Merita Optima Fund	140,000	0.6
Alfred Berg Small Cap (stock fund)	136,400	0.6
Korpivaara Hannu	135,097	0.6
Placeringsfonden Aktia Capital	131,800	0.5
Pension-Varma Mutual Insurance Company	113,150	0.5
Korpivaara Petri	106,730	0.4
Merita Bank Plc	100,000	0.4
Amer Cultural Foundation	99,257	0.4
Alfred Berg Finland (stock fund)	96,500	0.4
Nominee registrations	12,247,255	50.3

SHARE CAPITAL AND PER SHARE DATA

	1999	1998	1997	1996	1995
EUR million					
Share capital	82.7	82.7	82.7	79.9	79.9
K shares	-	-	-	6.7	6.7
A shares	81.7	81.7	81.7	73.2	73.2
Other share capital	1.0	1.0	1.0	-	-
Number of shares in issue, million	24.3	24.3	24.3	23.7	23.7
K shares	-	-	-	2.0	2.0
A shares	24.3	24.3	24.3	21.7	21.7
Adjusted number of shares in issue, million	24.3	24.3	24.3	23.7	23.7
Adjusted average number of shares in issue, million	24.3	24.3	23.9	23.7	23.7
Share issues					
Targeted share issue	-	-	8.6	-	-
Decrease of share capital	-	-	5.7	-	-
Adjusted earnings per share, EUR	1.72 1)	0.11	-0.51	-1.24	0.53
Shareholders' equity per share, adjusted	15.38	13.90	14.17	15.00	17.80
Total dividends	14.3 2)	4.1	-	-	12.0
Dividend per share, EUR	0.59 2)	0.17	-	-	0.50
Adjusted dividend per share, EUR	0.59 2)	0.17	-	-	0.50
Dividend % of earnings	34	148	-	-	96
Effective yield, %	2.9	1.9	-	-	4.4
P/E ratio	11.7	78.5	-34.5	-12.8	21.7
Market capitalisation	490.2	217.1	423.2	384.8	271.1
Share value, EUR					
Nominal value	3.36	3.36	3.36	3.36	3.36
Share price low	8.50	7.90	14.48	11.10	10.76
Share price high	20.40	20.18	20.18	20.18	16.03
Average share price	14.31	15.55	17.18	16.15	13.29
Share price at closing date	20.15	8.86	17.58	15.98	11.42
Adjusted share price	20.15	8.86	17.58	15.98	11.42
Trading volume					
A shares	281.0	534.2	430.1	609.9	185.0
1,000s	19,625	33,206	24,827	38,923	13,921
%	81	136	102	179	64
Number of shareholders	11,877	13,051	13,109	14,827	17,968

1) Adjusted earnings per share diluted for the exercise of bonds with warrants EUR 1.69.
2) Proposal of the Board of Directors for 1999.
Calculation of key indicators, see page 43

REPORT OF THE BOARD OF DIRECTORS

In 1999, all Amer Group's businesses improved their performance and reported profits. Operating profit was up 162% at EUR 58.5 million (1998: EUR 22.3 million). Profit before extraordinary items totalled EUR 43.5 million (1998: EUR 5.4 million).

The Group's performance was mainly boosted by improved results from Atomic, whose performance returned clearly to the black and was better than expected. The Division's improved performance benefited not only from strong sales growth but also because of the operational reorganisation undertaken especially in the in-line skate business over the past few years.

Net sales and results

The Group's net sales totalled EUR 825.7 million (1998: EUR 745.5 million), up 11%. Geographically, 51% of net sales were generated in North America, 11% in Finland, 25% in other European countries and 13% in the Rest of the World.

The Group's operating profit amounted to EUR 58.5 million, up 162% compared to 1998. Profit before extraordinary items totalled FIM 43.5 million (1998: EUR 5.4 million) and net profit EUR 41.8 million (EUR 0.1 million).

Net financing expenses were down 11% at EUR 15.0 million, representing 1.8% of net sales.

Taxes for the 1999 financial year totalled EUR 1.9 million, and were reduced by EUR 3.9 million change in deferred tax.

Return on capital employed improved significantly from 4.6% in 1998 to 12.0% in 1999. This was due not only to improved results but also to measures taken to reduce working capital through improved supply chain management. Return on equity also improved considerably from last year's 0.7% to 11.4% in 1999.

Adjusted earnings per share were EUR 1.72 (1998: EUR 0.11).

Dividend

One of Amer Group's financial goals is a progressive dividend policy reflecting its results, with the objective of distributing a dividend of at least one third of annual net profits. In line with this policy, the Board of Directors is recommending to the Annual General Meeting that a dividend of FIM 3.50 (EUR 0.59) per share be paid for 1999 financial year, representing 34% of 1999's net profits.

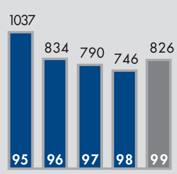
Divisional highlights

Wilson's net sales were up 11% at EUR 593.1 million. Sales increased by 10% in the US, by 7% in Europe, by 23% in Japan, by 8% in Canada and by 29% in Asia-Pacific, respectively. In Latin America net sales were up by 5%. With the exception of Europe and Latin America, the company's profitability improved in all markets. The total value of Wilson branded licensed products sold globally amounted to EUR 246.8 million.

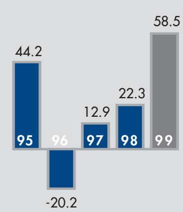
The Golf Division's net sales grew by 7% and profitability improved. Sales of premium clubs increased by 24% fuelled by strong sales of Fat Shaft irons. Operating profit amounted to EUR 12.2 million (1998: EUR 8.8 million). Wilson's commercial club sales declined in line with the market. Premium ball sales decreased slightly while commercial ball sales increased by 22%.

The Racquet Division's net sales were up 15% and its profitability improved. Operating profit amounted to EUR 23.5 million (1998: EUR 18.6 million). The improvement reflected strong sales of Hyper Carbon racquets and tennis shoes. Performance racquet sales were up 20% compared with last year. Wilson's position as the leading brand in tennis continued to strengthen and its market share in the US reached 46%. In Europe, Wilson's market share remained unchanged. Globally Wilson continues to be the No. 1 brand in tennis equipment.

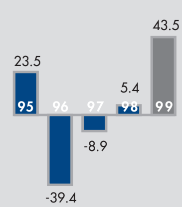
Wilson strengthened further its already strong market position in team sports product categories in the US. The Team Sports Division's net sales were up 11%. Its profitability improved



Net sales
EUR million

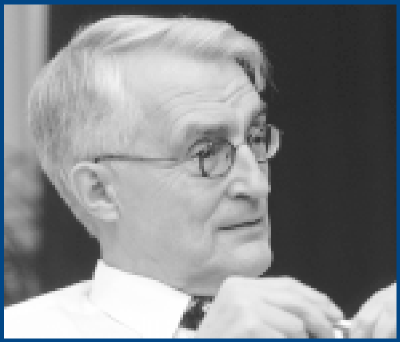


Operating profit/loss
EUR million



Profit/loss before extraordinary items
EUR million



AMER GROUP'S BOARD OF DIRECTORS (TOP FROM LEFT): PEKKA KAINULAINEN, CHAIRMAN, ROGER TALERMO, PRESIDENT AND CEO AND TIMO MAASILTA. BELOW FROM LEFT: TAUNO HUHTALA, VICE CHAIRMAN, ANTTI LEHTINEN AND FELIX BJÖRKLUND

significantly, reflecting growth in the sales of high-margin game improvement products and improved sourcing. Operating profit totalled EUR 6.7 million (EUR 4.0 million).

The Winter Sports Division's net sales increased by 15% and totalled EUR 139.1 million, and profitability improved considerably. Sales of alpine skis and bindings grew more rapidly than expected, and market shares increased. Sales of alpine skis were up 34%. The division's overall results moved clearly into the black. Operating profit totalled EUR 15.1 million, compared to a loss of EUR 11.8 million in 1998. The profitability improvement was due not only to increased sales but also to reorganisation measures carried out previously, especially at the in-line skate business. Atomic is the second largest brand in alpine skis globally.

Amer Tobacco's net sales rose 6% to EUR 93.5 million. Operating profit amounted to EUR 9.6 million, up 20% from EUR 8.0 million. Cigarette deliveries grew by 2% and the company's Finnish cigarette market share reached an all-time high of 76%. A total of EUR 402.5 million was paid in excise tax. The licensing agreement with Philip Morris was renewed in January 2000. The agreement, valid until year-end 2005, will continue thereafter by mutual agreement. The contents of the agreement remain otherwise unchanged.

Changes in corporate structure

On 1 October 1999, Amer Group acquired a 26.3% holding in Suunto Oyj and simultaneously made a public offer for the company's entire share capital. The Group offered to buy Suunto's entire share capital of 4,018,900 shares in issue for EUR 10.00 a share. A similar offer was made for Suunto's warrants and new shares subscribed for as a result of exercising the warrants.

The public offer began on 25 October and expired on 19 November 1999. On 8 November the offer was raised to EUR 11.50 a share. As a result of the public offer, the Group's ownership in Suunto reached 96.55%. The offer was extended until 30 November 1999, after which a redemption offer, valid until 10 January 2000, was made for the remaining shares. As a result of the public offer and the redemption offer, together with other Suunto shares purchased by the Group from the stock market, the Group's holding reached 99.74%. In January arbitral proceedings were instituted to redeem those shares in Suunto which were not transferred to Amer Group as a result of the redemption offer. Amer Group will, during spring 2000, apply for the cancellation of Suunto Oyj's shares' listing on the Helsinki Exchanges. The consideration for the shares acquired through the redemption offer was paid on 9 December 1999. Suunto's balance sheet has been consolidated with Amer Group's consolidated balance sheet.

At the end of December, Konalan Hankasuo Oy and Farming Oy were merged within Amer Group Plc.

In January 2000 the Group acquired the operations of DeMarini Sports Inc., based in Hillsboro, Oregon. The company develops, manufactures and markets premium baseball and softball bats. The company's operations became a part of Wilson's Team Sports Division with immediate effect.

Capital expenditure

The Group's gross capital expenditure totalled EUR 78.7 million (EUR 13.0 million), of which EUR 65 million relating to Suunto's shares. Capital expenditure in other fixed assets totalled EUR 13.7 million (EUR 13.0 million).

Wilson's gross capital expenditure amounted to EUR 8.6 million, mainly accounted for by investments in production automation systems at the company's golf ball factory in Humboldt, Tennessee. Atomic's gross capital expenditure totalled EUR 3.4 million, accounted for by new moulds and other production equipment. Relating mainly to increasing packaging capacity, Amer Tobacco's capital expenditure amounted to EUR 1.4 million.

Fixed asset disposals totalled EUR 5.2 million.

Research and development

Of the EUR 10.9 million R&D expenditure, representing 1.3% of the Group's net sales, EUR 8.5 million related to Wilson and EUR 2.4 million to Atomic.

Finance

During the financial year Amer Group purchased a total of USD 4.1 million nominal of the 1993 convertible subordinated bonds. The remaining total of USD 31.82 million was repurchased on 11 January 2000. The bonds purchased during 1999 and in early 2000 represented 1,614,345 A shares, or 6.6% of the total number of shares in issue.

Due to its strong cash flow, Amer Group took no significant new funding actions during the financial year. The company's financial position remains strong, and Suunto's shares were paid for out of cash flow. The equity ratio stood at 43.9% (1998: 48.7%) at the 1999 year-end. The decrease in the equity ratio was due to the Suunto acquisition and also to the significant strengthening of the US dollar. Gearing was 39% (1998: 38%). The Group's year-end net debt totalled EUR 151.7 million (1998: EUR 131.3 million). The Group's liquidity remained good, with liquid assets totalling EUR 69.8 million at the 1999 year-end.

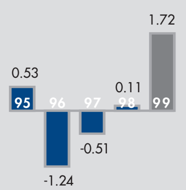
Personnel

The number of Amer Group employees increased by 628 to 4,223 at the end of the financial year (1998: 3,595), including Suunto's 614 personnel. The average number of employees during 1999 was 3,834 (1998: 3,990). At the year end Wilson had a total of 2,625 employees (1998: 2,621). Atomic's personnel totalled 591 at the end of the year (578). The parent company, Amer Group Plc, had 42 employees at the year end (1998: 45), the average for the year being 43 (1998: 47).

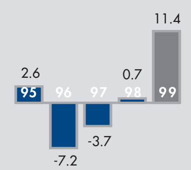
The number of employees totalled 1,927 in the US, 707 in Finland, 564 in Austria and 1,025 in the Rest of the World.

Share price

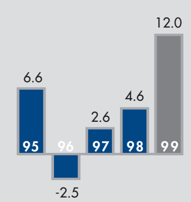
The Company had 11,877 registered shareholders at the end of the financial year. Nominees accounted for 50% of the total shares in issue (1998: 48%).



Adjusted earnings per share
EUR



Return on shareholders' equity
%



Return on investment
%

Amer's share price performed well, rising 127% during the financial year. Some 15 million shares or 61% of those in issue were traded on the Helsinki Exchanges and 5 million shares or 20% of those in issue on the London Stock Exchange. The share price was at its lowest in January and at its highest in December. In Helsinki, the share price high was EUR 20.40 and the low EUR 8.50, averaging EUR 14.31. In London, the prices were GBP 12.53, 6.00 and 9.36, respectively.

The Company's market capitalisation stood at EUR 490 million at the year end.

The Board of Directors had no outstanding authorisations to issue shares at the year end. The authorisations to purchase, to dispose of and to sell the Company's own shares had not been exercised during the financial year.

Euro and Y2K

As of 1 January 1999 Amer Group's domestic currency has been the Euro. In business operations the Euro has been introduced based on customer requirements. A significant number of our European customers wish to continue settling their invoices in local currencies and the shift to the Euro is therefore expected to take place only gradually.

Group Treasury adopted the Euro at the beginning of 1999. Group companies in the EMU countries will introduce the Euro as their accounting currency gradually by the end of 2001.

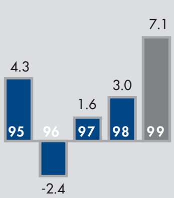
Year 2000 started according to plan and no IT problems were encountered and no significant expenses incurred.

2000 prospects

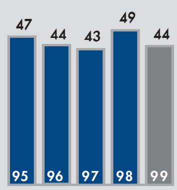
No major changes are expected in global demand for sporting goods during the current year. The US market is expected to remain stable. In Europe, there are signs of a slight improvement. The Japanese market is expected to remain at its currently depressed level, while demand for sporting goods is expected to begin recovering slowly in Asia.

Despite these relatively soft market conditions, we continue to aim at improving our performance and to seek profitable growth, principally through increasing our core products' market shares. We also have scope to improve our performance through further enhancing sourcing and supply chain management. In addition, we continue to target growth opportunities through acquisitions that are in line with Group strategy.

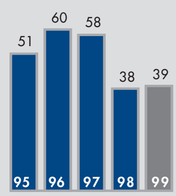
During the current year, we will also focus on integrating Suunto's operations into the Group, whilst developing their strategy.



Operating profit/loss
% of net sales



Equity ratio
%



Gearing
%

NET SALES AND GROSS SALES

EUR million	1999	%	1998	Change %
Golf	224.9	27	210.3	7
Racquet Sports	225.1	27	196.3	15
Team Sports	143.1	18	129.2	11
Wilson, total	593.1	72	535.8	11
Atomic	139.1	17	121.4	15
Tobacco	93.5	11	88.3	6
Net sales, total	825.7	100	745.5	11
Excise tax	402.5		389.1	3
Sales taxes	146.6		139.0	5
Gross sales, total	1,395.5		1,290.4	8

OPERATING PROFIT/LOSS

EUR million	1999	% of net sales	1998	% of net sales
Golf	12.2	5	8.8	4
Racquet Sports	23.5	10	18.6	9
Team Sports	6.7	5	4.0	3
Wilson, total	42.4	7	31.4	6
Atomic	15.1	11	-11.8	-
Tobacco	9.6	10	8.0	9
Corporate Headquarters	-8.6	-	-5.3	-
Group, total	58.5	7	22.3	3

GEOGRAPHIC BREAKDOWN OF NET SALES

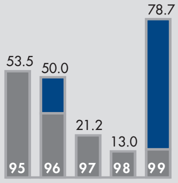
EUR million	1999	%	1998	Change %
North America	420.8	51	386.3	9
Finland	89.2	11	85.2	5
Rest of Europe	205.8	25	178.0	16
Japan	54.4	6	47.2	15
Asia Pacific	24.2	3	18.1	34
Other	31.3	4	30.7	2
Group, total	825.7	100	745.5	11

PERSONNEL BY DIVISION

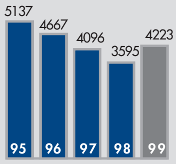
	Average		At year end	
	1999	1998	1999	1998
Wilson	2,722	2,766	2,625	2,621
Atomic	709	820	591	578
Tobacco	357	354	349	348
Suunto	-	-	614	-
Corporate Headquarters	46	50	44	48
Group, total	3,834	3,990	4,223	3,595

PERSONNEL BY COUNTRIES

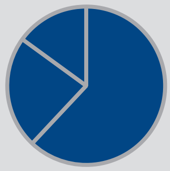
	At year end	
	1999	1998
USA	1,927	1,941
Finland	707	393
Austria	564	525
Canada	279	77
UK	120	121
Mexico	85	78
Japan	69	78
Germany	65	66
France	64	55
Malta	64	-
Other	279	261
Group, total	4,223	3,595



Capital expenditure
EUR million
● Acquisitions
● Other



Personnel at year end



Percentages of capital employed 1999*)
• Wilson 62%
• Corporate Headquarters 23%
• Atomic 15%
**) Divisional capital employed includes goodwill.*

QUARTERLY NET SALES

	1999				1998			
EUR million	I	II	III	IV	I	II	III	IV
Wilson	155.9	178.7	138.7	119.8	149.2	163.4	115.5	107.7
Atomic	19.1	12.0	47.4	60.6	20.2	14.5	40.0	46.7
Tobacco	20.6	24.5	24.7	23.7	18.6	23.6	23.8	22.3
Group, total	195.6	215.2	210.8	204.1	188.0	201.5	179.3	176.7

QUARTERLY OPERATING PROFIT

	1999				1998			
EUR million	I	II	III	IV	I	II	III	IV
Wilson	9.2	22.8	8.5	1.9	5.7	20.1	5.3	0.3
Atomic	-3.8	-3.7	8.3	14.3	-8.1	-8.1	-0.2	4.6
Tobacco	1.8	3.1	2.3	2.4	1.6	2.7	1.9	1.8
Corporate Headquarters	-2.4	-2.7	-0.7	-2.8	-2.0	-1.6	-1.4	-0.3
Group, total	4.8	19.5	18.4	15.8	-2.8	13.1	5.6	6.4

FIVE YEAR SUMMARY

EUR million	1999	Change %	1998	1997	1996	1995
Gross sales	1,395.5	8	1,290.4	1,314.3	1,308.0	1,590.4
Excise tax	402.5	3	389.1	372.2	317.9	350.0
Sales taxes	146.6	5	139.0	134.2	135.4	186.0
Net sales	825.7	11	745.5	789.5	833.9	1,037.0
Overseas sales	736.5	12	660.3	707.8	682.0	664.7
Depreciation	33.0	12	29.5	34.7	42.6	40.0
Research and development costs	10.9	-1	11.0	12.8	11.9	12.4
% of net sales	1		1	2	1	1
Operating profit/loss	58.5	-	22.3	12.9	-20.2	44.2
% of net sales	7		3	2	-	4
Net financing expenses	-15.0	-11	-16.9	-21.8	-19.2	-20.7
% of net sales	2		2	3	2	2
Profit/loss before extraordinary items	43.5	-	5.4	-8.9	-39.4	23.5
% of net sales	5		1	-	-	2
Profit/loss before taxes	43.5	-	2.7	3.8	-64.6	11.3
% of net sales	5		-	-	-	1
Taxes	1.9	-32	2.8	4.5	-10.3	11.3
Capital expenditure	78.7	-	13.0	21.2	50.0	53.5
% of net sales	10		2	3	6	5
Divestments	5.2	-52	10.8	54.3	55.8	124.0
Fixed assets	417.9	21	345.6	403.7	404.3	444.7
Inventories	141.7	7	132.5	157.6	169.2	178.8
Receivables	245.8	32	186.3	211.6	220.3	288.0
Liquid funds	69.8	38	50.4	55.3	50.3	20.0
Shareholders' equity and minority interest	384.3	10	348.1	355.0	367.5	433.6
Interest-bearing liabilities	221.5	22	181.8	260.6	269.6	239.7
Interest-free liabilities	269.4	46	184.9	212.6	207.0	258.2
Balance sheet total	875.2	22	714.8	828.2	844.1	931.5
Return on investment (ROI), %	12.0		4.6	2.6	-2.5	6.6
Return on shareholders' equity (ROE), %	11.4		0.7	-3.7	-7.2	2.6
Equity ratio, %	44		49	43	44	47
Debt to equity ratio						
(equity includes reserves)	0.6		0.5	0.7	0.7	0.6
Gearing, %	39		38	58	60	51
Average personnel	3,834	-4	3,990	4,536	5,115	5,748
Average personnel outside Finland	3,429	-4	3,587	4,115	4,571	4,668

STATEMENT OF INCOME

EUR million		Consolidated 1999	Consolidated 1998	Parent Company 1999	Parent Company 1998
GROSS SALES		1,395.5	1,290.4	-	-
Adjustments to gross sales					
Excise tax		402.5	389.1	-	-
Sales taxes		146.6	139.0	-	-
Discounts		20.7	16.8	-	-
Total adjustments to gross sales		569.8	544.9	-	-
NET SALES		825.7	745.5	-	-
Change in inventories of finished goods					
increase (+), decrease (-)		-4.6	-21.2	-	-
Production for own use		14.3	12.9	-	-
Share of the associated companies' profit		-0.9	-0.9	-	-
Other operating income		7.9	9.5	6.7	8.0
EXPENSES					
Materials and supplies:					
Purchases during the period		393.3	374.2	-	-
Increase (-) or decrease (+) in inventories		17.9	-3.0	-	-
External charges		3.0	3.5	-	-
Total materials and supplies		414.2	374.7	-	-
Wages, salaries and social expenditure	1)	167.7	164.3	3.6	3.7
Depreciation	2)	33.0	29.5	0.9	1.2
Other expenses		169.0	155.0	6.1	7.0
Total expenses		783.9	723.5	10.6	11.9
OPERATING PROFIT/LOSS		58.5	22.3	-3.9	-3.9
Financing income and expenses	3)	-15.0	-16.9	19.4	22.2
PROFIT BEFORE EXTRAORDINARY ITEMS		43.5	5.4	15.5	18.3
Extraordinary items	4)	-	-2.7	-12.2	-18.7
Group contribution		-	-	12.1	8.9
PROFIT BEFORE APPROPRIATIONS AND TAXES		43.5	2.7	15.4	8.5
Appropriations		-	-	0.3	2.0
Taxes	5)	-1.9	-2.8	-0.6	-0.2
Minority interest		0.2	0.2	-	-
NET PROFIT FOR THE PERIOD		41.8	0.1	15.1	10.3

CASH FLOW STATEMENT

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	1999	1998
EUR million				
CASH FLOW FROM OPERATIONS				
Operating profit/loss	58.5	22.3	-3.9	-3.9
Depreciation	33.0	29.5	0.9	1.2
Other income and expenses not involving cash payments	1.5	-2.4	0.2	-1.3
Cash flow from operations before change in working capital	93.0	49.4	-2.8	-4.0
Increase (-) or decrease (+) in inventories	26.5	19.1	-	-
Increase (-) or decrease (+) in short-term trade receivables	-9.1	16.5	0.1	1.1
Increase (+) or decrease (-) in interest-free short-term liabilities	29.3	-7.5	-0.1	-0.8
Change in working capital	46.7	28.1	0.0	0.3
Cash flow from operations before financing items and taxes	139.7	77.5	-2.8	-3.7
Paid interest	-21.3	-23.2	-20.4	-22.2
Interest received from operations	6.6	3.8	25.8	30.2
Paid direct taxes	-5.1	0.2	-1.7	2.2
Financing items and taxes	-19.8	-19.2	3.7	10.2
Cash flow from operations before extraordinary items	119.9	58.3	0.9	6.5
Extraordinary items	-	-3.7	-10.1	-17.8
Total cash flow from operations	119.9	54.6	-9.2	-11.3
CASH FLOW FROM INVESTMENTS				
Company acquisitions 21)	-62.9	-	-65.0	-
Company disposals	2.3	-	3.6	-
Investments in fixed assets	-13.6	-12.9	-0.3	-
Income from sale of fixed assets	2.7	8.7	1.6	6.1
Other long-term investments	-0.1	-0.1	-	-3.1
Income from sale of other long-term investments	0.2	2.0	0.2	1.9
Current repayments of loan receivables	0.5	6.3	-	15.0
Interest received from investments	0.2	0.7	-	0.6
Dividends received from investments	-	0.4	13.8	14.1
Cash flow from investments	-70.7	5.1	-46.1	34.6
CASH FLOW FROM FINANCING				
Change in short-term loans	-11.7	-19.9	34.6	-31.6
Withdrawals of long-term loans	43.0	45.5	43.0	45.5
Current repayments of long-term loans	-22.4	-93.2	-18.0	-93.2
Change in short-term receivables	-	1.4	42.1	35.7
Dividend distribution	-4.1	-	-4.1	-
Group contribution received	-	-	8.9	9.2
Other financing items*	-37.3	2.3	-37.3	-
Cash flow from financing	-32.5	-63.9	69.2	-34.4
CHANGE IN LIQUID FUNDS	16.7	-4.2	13.9	-11.1
Liquid funds				
Liquid funds at year end	69.8	50.4	41.0	27.1
Liquid funds at year beginning	53.1	54.6	27.1	38.2
Change in liquid funds	16.7	-4.2	13.9	-11.1

The above figures cannot be directly traced from the balance sheet due to acquisitions/divestments of subsidiaries and changes in rates of exchange.

* Including for example cash flow from hedging intercompany balance sheet items.

BALANCE SHEET

EUR million	Note	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
ASSETS					
FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS	9)				
INTANGIBLE FIXED ASSETS	6)				
Intangible rights		15.8	18.2	0.2	0.1
Group goodwill		201.1	143.6	-	-
Other capitalised expenditure		4.6	4.2	0.1	0.1
		221.5	166.0	0.3	0.2
TANGIBLE FIXED ASSETS	6)				
Land and water		22.4	22.5	2.4	2.7
Buildings and constructions		86.0	88.3	16.9	17.6
Machinery and equipment		48.5	47.8	0.4	0.5
Other tangible fixed assets		0.7	0.5	0.6	0.6
Advances paid and construction in progress		5.6	6.6	-	-
		163.2	165.7	20.3	21.4
OTHER LONG-TERM INVESTMENS					
Investments in subsidiaries	7)	-	-	193.2	135.7
Investments in associated companies	7)	2.3	3.1	-	-
Receivables from associated companies	10)	0.5	0.5	0.5	0.5
Other bonds and shares		7.6	7.6	6.4	6.5
Deferred tax assets	8)	20.5	-	-	-
Other receivables		2.3	2.7	-	-
		33.2	13.9	200.1	142.7
TOTAL FIXED ASSETS AND OTHER LONG-TERM INVESTMENS		417.9	345.6	220.7	164.3
CURRENT ASSETS					
INVENTORIES					
Raw materials and consumables		35.3	27.8	-	-
Work in progress		6.3	5.5	-	-
Finished goods		99.9	99.2	-	-
Advances		0.2	-	-	-
		141.7	132.5	-	-
RECEIVABLES					
Accounts receivable		208.6	166.3	0.1	0.2
Receivables from subsidiaries	10)	-	-	362.7	401.6
Loans receivable		0.3	0.2	-	-
Deferred tax assets	8)	12.9	-	-	-
Other receivables		9.7	8.5	-	-
Prepaid expenses and accrued income	11)	14.3	11.3	1.0	1.0
		245.8	186.3	363.8	402.8
MARKETABLE SECURITIES					
Other securities		18.3	5.8	18.3	5.8
CASH AND CASH EQUIVALENTS		51.5	44.6	22.7	21.3
ASSETS		875.2	714.8	625.5	594.2

BALANCE SHEET

		CONSOLIDATED		PARENT COMPANY	
		1999	1998	1999	1998
EUR million					
SHAREHOLDERS' EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	12)				
Share capital		82.7	82.7	82.7	82.7
Premium fund		183.7	183.7	183.7	183.7
Revaluation fund		2.9	3.0	-	-
Retained earnings		63.1	68.6	71.7	65.6
Net profit for the period		41.8	0.1	15.1	10.3
TOTAL SHAREHOLDERS' EQUITY		374.2	338.1	353.2	342.3
MINORITY INTEREST		10.1	10.0	-	-
ACCUMULATED APPROPRIATIONS					
Accumulated depreciation in excess of plan	13)	-	-	1.9	2.2
PROVISION FOR CONTINGENT LOSSES					
Provision for pension liability		0.4	0.5	0.4	0.5
Other provisions for contingent losses		3.7	2.9	-	-
TOTAL PROVISION FOR CONTINGENT LOSSES		4.1	3.4	0.4	0.5
LIABILITIES	14)				
Long-term liabilities	15)				
Bonds		37.4	37.4	37.4	37.4
Convertible bonds		-	30.8	-	30.8
Loans from financial institutions		63.7	31.3	57.7	31.3
Pension loans		16.1	16.3	13.6	16.3
Deferred tax liabilities	8)	30.1	-	-	-
Other long-term debt	16)	6.9	9.9	-	-
		154.2	125.7	108.7	115.8
Short-term liabilities					
Interest-bearing liabilities	17)	101.9	60.0	89.9	57.1
Advances received		0.2	-	-	-
Accounts payable		69.6	45.4	0.2	0.2
Payables to subsidiaries	18)	-	-	63.4	68.1
Other short-term liabilities	19)	79.0	66.8	0.1	1.6
Accrued liabilities	20)	81.9	65.4	7.7	6.4
		332.6	237.6	161.3	133.4
TOTAL LIABILITIES		486.8	363.3	270.0	249.2
SHAREHOLDERS' EQUITY AND LIABILITIES		875.2	714.8	625.5	594.2

NOTES TO FINANCIAL STATEMENTS

Accounting policies

The results are prepared in accordance with Finnish law. They deviate from the format prescribed by the International Accounting Standards Committee in respect to some requirements for specifications. The results are reported in Euros using the historical cost convention, modified by the revaluation of certain fixed assets.

Principles of consolidation

The consolidated results include all Finnish and foreign subsidiaries in which the Parent Company owns directly or indirectly more than 50% of the voting rights and associated companies in which the Group holds 20 to 50% of the voting rights. The results of companies acquired during the financial year under review are included in the Group's accounts from the date of acquisition. The results of discontinued operations are included up to the date of disposal.

Subsidiaries' results are consolidated using the acquisition accounting method. The difference between the acquisition cost and the underlying value of net assets of subsidiaries acquired is partly written off against the subsidiaries' fixed assets. The proportion exceeding current values is stated as a separate goodwill item. The goodwill arising on acquisitions is amortised over its useful life. This varies from five to twenty years depending on the strategic significance of the asset. However, the goodwill of Wilson Sporting Goods Co. is amortised, as originally planned, according to American principles over a period of 40 years.

All intercompany transactions are eliminated. Minority interests are separated from profits and are presented in the statement of income. Minority interests are also shown as a separate balance sheet item.

Associated companies are accounted for in the consolidated results using the equity accounting method. The Company's share of its associated companies' profit is included in the consolidated statement of income taking into account dividends received and goodwill amortised. The Group's share of post acquisition net reserves is added to the cost of associated company investments and to retained earnings in the consolidated balance sheet.

Net sales

Net sales represents the invoiced value of goods sold and services provided, less excise tax, sales taxes, discounts and currency differences.

Inventories and work in progress

Inventories and work in progress are stated at the lower of cost or realisable value. Cost is determined on a first-in-first-out basis. The cost of manufactured products includes direct labour and an appropriate proportion of production overheads.

Realisable value is the amount, which can be realised in the normal course of business after allowing for selling costs.

Foreign currencies

The Parent Company and its Finnish subsidiaries record foreign currency transactions at the rates of exchange prevailing at the transaction date. Assets and liabilities, which are denominated in foreign currencies outside the euro zone are translated at the average rate of exchange confirmed by the European Central Bank in effect at the balance sheet date. Foreign currency items denominated in the national currencies of states in the euro zone are translated at the irrevocable conversion rates confirmed by the European Central Bank as at 31 December 1998.

Exchange rate gains and losses related to financing operations are reported at their net values as financing income and expenses.

Changes in the value of instruments used to hedge against currency and interest rate risks are recognised in the statement of income and accrued interest is reported as financing income and expenses. Open hedging instruments are valued at the average rate of exchange prevailing at the balance sheet date. They are presented in the statement of income at that date except for forward contracts relating to the Group's net cash flow, which are presented in the statement of income when the cash flow is received.

Financial risk management, see page 44.

Foreign Group companies

Foreign subsidiaries' assets and liabilities are translated into euros at the rates of exchange confirmed by the European Central Bank in effect at the balance sheet date. Foreign subsidiaries' income statements have been translated into euros using average exchange rates during the financial year. Exchange rate differences arising on the translation of foreign subsidiaries' opening equity are charged to retained earnings.

Foreign subsidiaries' equity is partly hedged applying the equity hedging method using currency-denominated financial instruments. Exchange rate differences from these operations are matched against each subsidiary's translated equity.

The following exchange rates have been used in the Group's consolidated accounts:

	Statement of Income		Balance Sheet	
	1999	1998	31 Dec 99	31 Dec 98
USD	1.07	1.11	1.00	1.17
CAD	1.58	1.65	1.46	1.81
YEN	120.68	145.10	102.69	132.81
GBP	0.66	0.67	0.62	0.71

Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Certain land, building and other investment balance sheet values also include revaluation, which are presented in the notes to the statement of income.

Depreciation is calculated on a straight-line basis in order to write off the cost or revalued amounts of fixed assets over their expected useful lives, which are as follows:

Intangible rights and other capitalised expenditure	5-15 years
Buildings	40 years
Machinery and equipment	3-10 years

Land is not depreciated.

Provision for contingent losses

Future costs and losses which the company has an obligation to settle and which are certain or likely to occur are disclosed in the statement of income under the appropriate expense heading. They are presented in the balance sheet as provisions for contingent losses when the precise amount and timing is not known. In other cases they are presented as accrued liabilities.

Leasing

The Group has neither significant finance nor operating leasing agreements. Operating leasing payments are treated as rentals.

Research and development

Research and development costs are charged as expenses in the statement of income in the period that they are incurred.

Pension liabilities

The Parent Company's and its domestic subsidiaries' employees pension and related fringe benefit arrangements are administered by a pension insurance company and recorded as determined by actuarial calculations and payments to the insurance company.

A minor part of the cost of supplementary pensions is borne directly by the Parent Company. Such costs are expensed, and pension liabilities are included in provision for contingent losses.

Foreign subsidiaries administer their pension schemes and record pension obligations according to local practice.

Extraordinary items

Extraordinary income and expenses arise from other than normal course of business, the items being material and non-recurring, for example profits and costs from sold operations.

Appropriations

Changes in voluntary provisions and in depreciation differences comprised of appropriations in subsidiaries accounts are presented in the consolidated financial statements as a change in deferred tax liability and as an adjustment to profit in accordance with each subsidiary's effective domestic tax rate.

The accumulated appropriations are presented in the consolidated balance sheet as a deferred tax liability and as retained earnings, and an allocation is made taking into account any minority interest.

Taxes

Taxes include taxes for the period calculated on the basis of profit for the period or the dividend distribution and in accordance with each company's domestic tax law. They also include paid or received taxes for prior periods.

As of 1 January 1998 the revised IAS 12 was adopted in the consolidated financial statements. Deferred tax assets or liabilities arising from temporary differences between the tax basis of an asset or liability and its carrying amount on the balance sheet are determined by applying the tax rate at the end of financial period or at the estimated date of tax payment.

The most significant temporary differences arise from losses carried forward, depreciation differences, provisions for contingent losses, revaluation and intercompany profits in inventory. The deferred tax assets and liabilities arising from consolidation are recognised in the Group's balance sheet if it is probable that they will occur. A deferred tax liability is recognised in relation to taxes that would be payable on unremitted earnings from subsidiaries if a profit distribution is likely to take place. A deferred tax asset arising from losses is recognised to the extent that it is probable that the losses can be utilised in future years. Changes in deferred tax assets and liabilities are charged to the statement of income.

NOTES TO THE STATEMENT OF INCOME

EUR million	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
1. WAGES, SALARIES AND SOCIAL EXPENDITURE				
Wages and salaries	135.8	131.7	2.7	2.7
Social expenditure				
Pensions and pension fees	7.5	9.0	0.6	0.7
Other social security	24.4	23.6	0.3	0.3
	167.7	164.3	3.6	3.7
Salaries and remuneration of the Board of Directors and the Presidents,	4.5	3.6		
of which salaries and remuneration of the Presidents	4.3	3.5		

With the exception of the President, members of the Board do not have contractual retirement benefits with the Company. The Parent Company's President and the Finnish subsidiary's President have retirement benefits with 60 years' retirement age.

EUR million	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
2. DEPRECIATION				
Depreciation according to plan				
Intangible rights	1.9	1.9	-	-
Group goodwill	4.3	4.9	-	-
Other capitalised expenditure	0.4	0.5	-	0.1
Buildings and constructions	8.3	5.4	0.7	0.9
Machinery and equipment	18.1	16.8	0.2	0.2
	33.0	29.5	0.9	1.2
3. FINANCING INCOME AND EXPENSES				
Dividends received from subsidiaries	-	-	13.7	13.7
Dividends received from associated companies	-	-	-	0.3
Other financing income on long-term investments	0.2	0.7	0.1	0.6
Exchange rate gains	-	2.2	-	1.1
Other interest and financing income from subsidiaries	-	-	22.0	26.0
Other interest and financing income	7.3	3.7	4.2	3.1
Exchange rate losses	-0.5	-0.2	-0.6	-
Interest and other financing expenses to subsidiaries	-	-	-2.3	-4.9
Other interest and financing expenses	-22.0	-23.3	-17.7	-17.7
	-15.0	-16.9	19.4	22.2
4. EXTRAORDINARY ITEMS				
Gain/loss on mergers	-	-	0.3	-0.9
Debt forgiveness	-	-	-	-8.6
Cost of divested operations	-	-2.7	-12.5	-9.2
	-	-2.7	-12.2	-18.7
5. TAXES				
Income taxes for the period	-5.5	-2.8	-0.3	-0.1
Other direct taxes	-0.3	-	-0.3	-0.1
Change in deferred tax liabilities	3.9	-	-	-
	-1.9	-2.8	-0.6	-0.2

NOTES TO THE BALANCE SHEET

6. FIXED ASSETS

GROUP

EUR million	Intangible rights	Group goodwill	Other capital-ised expen-diture	Land and water	Buildings and con-structions	Machin-ery and equip-ment	Other tangible fixed assets	Advances paid and construc-tion in progress
Initial cost or revaluation, 1 January 1999	26.6	190.2	11.1	22.5	138.1	162.0	0.5	6.6
Additions	0.3	-	0.1	-	0.5	6.8	-	6.0
Company acquisitions	0.4	54.3	0.9	0.6	6.3	10.9	0.2	0.1
Disposals	-0.9	-	-0.4	-0.9	-8.5	-3.6	-	-
Transfers	-0.1	-12.9	-1.9	-	-2.3	-0.2	-	-7.8
Exchange differences	-	30.7	1.2	0.2	6.1	14.7	-	0.7
Balance, 31 December 1999	26.3	262.3	11.0	22.4	140.2	190.6	0.7	5.6
Accumulated depreciation, 1 January 1999	8.4	46.6	6.9	-	49.9	114.2	-	-
Depreciation during the period	1.9	4.3	0.4	-	8.3	18.1	-	-
Company acquisitions	0.3	5.1	0.5	-	0.9	6.6	-	-
Disposals	-	-	-0.2	-	-3.4	-2.8	-	-
Transfers	-0.1	-2.6	-1.9	-	-3.2	-4.8	-	-
Exchange differences	-	7.8	0.7	-	1.7	10.8	-	-
Balance, 31 December 1999	10.5	61.2	6.4	-	54.2	142.1	-	-
Balance sheet value, 31 December 1999	15.8	201.1	4.6	22.4	86.0	48.5	0.7	5.6

PARENT COMPANY

EUR million	Intangible rights	Group goodwill	Other capital-ised expen-diture	Land and water	Buildings and con-structions	Machin-ery and equip-ment	Other tangible fixed assets	Advances paid and construc-tion in progress
Initial cost or revaluation, 1 January 1999	0.1	-	2.2	2.7	26.4	4.5	0.6	-
Additions	0.1	-	-	-	-	0.2	-	-
Disposals	-	-	-	-0.7	-	-0.1	-	-
Transfers	-	-	-1.9	0.4	-	-1.8	-	-
Balance, 31 December 1999	0.2	-	0.3	2.4	26.4	2.8	0.6	-
Accumulated depreciation, 1 January 1999	-	-	2.1	-	8.8	4.0	-	-
Depreciation during the period	-	-	-	-	0.7	0.2	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-1.9	-	-	-1.8	-	-
Balance, 31 December 1999	-	-	0.2	-	9.5	2.4	-	-
Balance sheet value, 31 December 1999	0.2	-	0.1	2.4	16.9	0.4	0.6	-

7. INVESTMENTS IN SUBSIDIARIES AND GROUP HOLDINGS IN ASSOCIATED COMPANIES 31 DECEMBER 1999

AMER GROUP PLC SUBSIDIARIES	Percentage of shares owned	Book value, EUR million
Amer Holding Company, Chicago, USA	100.0	64.1
Atomic Ski USA Inc., Amherst, USA	100.0	
Wilson Sporting Goods Co., Chicago, USA	100.0	
Amer Sports Canada Inc., Belleville, Canada	100.0	
Amer Sports Deutschland GmbH, Gräfelfing, Germany	100.0	
Wilson Sporting Goods CS Ltd., Prague, Czech Republic	100.0	
Amer Sports France S.A., Paris, France	100.0	
Wilbras LTDA., Sao Paulo, Brazil	100.0	
Wilson Japan, Inc., Tokyo, Japan	100.0	
Wilson Sporting Goods Asia Pacific Pte Ltd, Singapore	100.0	
Wilson Sporting Goods Australia Pty Ltd, Braeside, Australia	100.0	
Wilson Sporting Goods Company Limited, Irvine, Scotland	100.0	
Grupo Wilson, S.A. de C.V., Mexico City, Mexico	100.0	
Asesoria Deportiva Especializada, S.A. de C.V., Mexico City, Mexico	100.0	
Wilson Sporting Goods Co. de Mexico, S.A. de C.V., Mexico City, Mexico	100.0	
Wilson Sporting Goods Espana, S.A., Barcelona, Spain	100.0	
Wilson Sporting Goods HK Limited, Hong Kong	100.0	
Wilson Sporting Goods Korea Ltd., Seoul, Korea	100.0	
Wilson Sporting Goods Malaysia Sdn Bhd, Kuala Lumpur, Malaysia	100.0	
Wilson Sporting Goods (Thailand) Inc., Bangkok, Thailand	49.0 [1]	
Amer Sport AG, Littau, Switzerland	100.0	0.1
Amer Sport Oy, Helsinki, Finland	100.0	0.9
Amer Sports Sverige AB, Malmö, Sweden	100.0	
Amer Tobacco Ltd, Tuusula, Finland	100.0	2.1
Amer Tobacco As, Tallinn, Estonia	100.0	
Amera Oy, Helsinki, Finland	100.0	
Amernet Holding B.V., Rotterdam, The Netherlands	100.0	15.4
Atomic Austria GmbH, Altenmarkt, Austria	90.0	30.0
Kiinteistö Oy Autoprint, Helsinki, Finland	100.0	0.2
Kiinteistö Oy Maistraatinportti 4, Helsinki, Finland	50.8	7.5
Kiinteistö Oy Mannerheimintie 40, Helsinki, Finland	52.8	5.5
Koflach Sport GmbH, Köflach, Austria	100.0	0.2
Konemuovi Oy, Rymättylä, Finland	100.0	0.2
Suunto Oyj, Espoo, Finland	99.4	65.0
Ilotulitus Oy, Tuusula, Finland	100.0	
Nores Oy, Espoo, Finland	100.0	
Suunto Benelux B.V., Roosendaal, The Netherlands	60.0	
Suunto Holding B.V., Rotterdam, The Netherlands	100.0	
FitzWright Holdings Ltd., Langley, B.C., Canada	100.0	
FitzWright Company Ltd., Langley, B.C., Canada	100.0	
FitzWright Europe (Malta) Ltd., Malta	100.0	
Bare Sportwear Corp., Wellington, USA	100.0	
Suunto AG, Biel, Switzerland	100.0	
Recta AG, Biel, Switzerland	100.0	
Suunto France S.A., Marseille, France	100.0	
Suunto Europe S.a.r.l, Strasbourg, France	100.0	
Suunto Inc., Carlsbad, USA	100.0	
Suunto USA Inc., Carlsbad, USA	100.0	
Teletekno Oy, Helsinki, Finland	100.0	
Teletekno Balti AS., Tallinn, Estonia	100.0	
Ursuk Oy, Turku, Finland	60.0	
VARPAT Patentverwertungs AG, Littau, Switzerland	100.0	2.0
Non-operating companies		-
Total		193.2

INVESTMENTS IN ASSOCIATED COMPANIES, SUBSIDIARIES		
Stronghold Paper Group B.V., Amersfoort, The Netherlands	35.0	2.3
Viking Optical Ltd, Suffolk, England	25.0	

[1] 85.0% of votes

8. DEFERRED TAX ASSETS AND TAX LIABILITIES

	CONSOLIDATED
	1999
Deferred tax assets	
Losses carried forward	22.3
Provisions for contingent losses	0.4
Other	10.7
	33.4
Deferred tax liabilities	
Accumulated appropriations	7.0
Other	23.1
	30.1
Deferred tax in the consolidated balance sheet	
Long-term receivables	20.5
Short-term receivables	12.9
Long-term liabilities	30.1

At 31 December 1999 the Group's losses carried forward and other temporary differences amounted to EUR 125.1 million for which no deferred tax asset was recognised due to uncertainty about utilisation in future years.

9. REVALUATION INCLUDED IN FIXED ASSETS

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	1999	1998
Land and water	1.4	1.6	0.4	0.5
Buildings and constructions	1.7	1.8	0.8	0.9
Investments	2.3	2.4	2.3	2.4
	5.4	5.8	3.5	3.8

10. RECEIVABLES FROM SUBSIDIARIES/ ASSOCIATED COMPANIES

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Loans	-	-	350.6	392.7
Prepaid expenses	-	-	12.1	8.9
Receivables from subsidiaries	-	-	362.7	401.6
Loans	0.5	0.5	0.5	0.5
Receivables from associated companies	0.5	0.5	0.5	0.5

11. PREPAID EXPENSES AND ACCRUED INCOME

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Prepaid taxes	2.9	1.2	0.3	0.7
Prepaid interest	0.6	-	0.5	-
Prepaid advertising and promotion	2.9	3.2	-	-
Other	7.9	6.9	0.2	0.3
	14.3	11.3	1.0	1.0

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
12. SHAREHOLDERS' EQUITY				
Share capital at beginning/end of period				
A shares	81.7	81.7	81.7	81.7
Other share capital	1.0	1.0	1.0	1.0
	82.7	82.7	82.7	82.7
Premium fund at beginning/end of period	183.7	183.7	183.7	183.7
Revaluation fund at beginning of period	3.0	3.4	-	-
Write-down of revaluation	-0.1	-0.4	-	-
Revaluation fund at end of period	2.9	3.0	-	-
Retained earnings at beginning of period	68.7	74.9	75.9	67.9
Dividends	-4.1	-	-4.1	-
Exchange differences	3.1	-1.1	-	-
Write-down of revaluation	-	-2.4	-0.1	-2.3
Other	-4.6	-2.8	-	-
Net profit for the period	41.8	0.1	15.1	10.3
Retained earnings at end of period	104.9	68.7	86.8	75.9
Shareholders' equity at end of period	374.2	338.1	353.2	342.3
Distributable earnings	104.9	68.7		
13. ACCUMULATED DEPRECIATION IN EXCESS OF PLAN				
Buildings and constructions	-	-	1.7	1.9
Machinery and equipment	-	-	0.2	0.3
	-	-	1.9	2.2

14. THE CURRENCY MIX OF LOANS AT 31 DECEMBER 1999 WITH ANNUAL REPAYMENTS

USD	CAD	JPY	GBP	Other
76%	8%	6%	5%	5%

15. LONG-TERM LIABILITIES (INTEREST-BEARING)

	Outstanding	Repayment dates			
	31 Dec 99	2000	2001	2002-2004	2005 and after
Bonds	37.4	-	37.4	-	-
Loans from financial institutions	88.9	25.2	27.2	36.5	-
Pension loans	19.2	3.1	2.3	4.4	9.4
Other long-term debt	34.1	31.7	0.2	0.1	2.1
	179.6	60.0	67.1	41.0	11.5

The 1998 EUR 84.1 million 5% bonds: The loan was subscribed as to EUR 37.4 million.
The loan period is 23 June 1998 to 15 September 2001.

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998

16. OTHER LONG-TERM DEBT

	1999	1998	1999	1998
Interest-bearing	2.4	6.0	-	-
Interest-free	4.5	3.9	-	-
	6.9	9.9	-	-

17. INTEREST-BEARING SHORT-TERM LIABILITIES

	1999	1998	1999	1998
Commercial Papers	26.6	30.1	26.6	30.1
Current repayments of long-term loans	60.0	14.8	57.0	14.8
Other interest-bearing short-term debt	15.3	15.1	6.3	12.2
	101.9	60.0	89.9	57.1

18. PAYABLES TO SUBSIDIARIES

	1999	1998	1999	1998
Short-term liabilities	-	-	63.4	68.1

19. OTHER SHORT-TERM LIABILITIES

	1999	1998	1999	1998
Excise tax	41.1	35.2	-	-
Sales taxes	20.2	18.8	-	-
Income tax	-	1.5	-	1.5
Other interest-free liabilities	17.7	11.3	0.1	0.1
	79.0	66.8	0.1	1.6

20. ACCRUED LIABILITIES

	1999	1998	1999	1998
Accrued personnel costs	31.9	24.3	1.8	1.2
Accrued taxes	2.7	4.2	-	-
Accrued interest	6.2	4.9	5.0	4.7
Accrued rent	6.8	6.1	-	-
Accrued advertising and promotion	11.5	8.6	-	-
Other	22.8	17.3	0.9	0.5
	81.9	65.4	7.7	6.4

21. COMPANY ACQUISITIONS

During the financial year the Group acquired 99.4 percent of the shares in Suunto Oyj at the price of EUR 65 million. Suunto's assets and liabilities, which were consolidated with the Group's balance sheet, and the group goodwill are as follows:

Cash and cash equivalents	2.1
Inventories	18.1
Receivables	19.7
Group goodwill	46.3
Other fixed assets	14.0
Short-term liabilities	-24.1
Long-term liabilities	-11.1
Acquisition cost	65.0
./. Cash	-2.1
Investment in subsidiary	62.9

CONTINGENT LIABILITIES AND SECURED ASSETS

EUR million	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Charges on assets				
Pension loans covered	16.5	19.5	16.5	19.5
book value of charges on assets	12.6	12.4	12.6	12.4
Other group liabilities:				
book value of charges on assets	9.5	5.6	1.3	1.3
Other liabilities: book value of charges on assets	-	0.2	-	0.2
Total book value of charges on assets	22.1	18.2	13.9	13.9
(Pension loans also covered by pledging mortgages)				
Mortgages pledged				
Pension loans covered	17.6	19.5	16.5	19.5
nominal value of mortgages pledged	19.7	20.1	13.7	13.7
Other group liabilities:				
nominal value of mortgages pledged	19.3	3.2	2.7	2.7
Total nominal value of mortgages pledged	39.0	23.3	16.4	16.4
(Pension loans also covered by charges on assets)				
Guarantees				
Subsidiaries	-	-	15.6	17.4
Other	2.6	2.9	1.6	2.1
	2.6	2.9	17.2	19.5
Liabilities for leasing and rental agreements				
Business premises in 2000/1999	6.7	5.7	0.3	0.5
Other in 2000/1999	2.3	0.8	0.1	0.1
Business premises for later years	30.8	26.7	1.5	3.1
Other for later years	3.1	1.9	-	-
	42.9	35.1	1.9	3.7
Other contingent liabilities	46.0	26.1	-	0.3

There are no guarantees or contingencies given for the management of the Company, for the shareholders or for the associated companies.

NOTIONAL AMOUNTS OF DERIVATIVE FINANCIAL INSTRUMENTS

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Nominal value				
Foreign exchange forward contracts	330.7	454.8	412.0	545.8
Forward rate agreements	100.0	471.4	100.0	471.4
Fair value				
Foreign exchange forward contracts [1)]	-6.4	4.2	-5.9	5.2
Forward rate agreements [2)]	0.0	-0.3	0.0	-0.3

[1)] Foreign exchange gains and losses on forward contracts are calculated by valuing the forward contract at the average spot rate at the closing date and comparing that with the original amount calculated by using the spot rate prevailing at the beginning of the contract. The interest rate differential of the forward contract is accrued over the life of the contract as a part of financial income or expenses. Foreign exchange contracts intended to hedge forecast currency flows are not valued at the closing date.

[2)] The realised interest rate differentials of closed forward rate agreements are accrued over the life of the contracts and booked to interest income or expense. The revaluation of open forward rate agreements is not booked to the statement of income. The valuation difference at closing is shown as a liability in the notes to the balance sheet. The forward rate agreement is valued by comparing the agreed interest rate with a corresponding market rate at closing.

CALCULATION OF KEY INDICATORS

ADJUSTED EARNINGS PER SHARE:

$$\frac{\text{Profit/loss before extraordinary items - taxes +/- minority interest}}{\text{Average number of shares adjusted for the bonus element of share issues}}$$

SHAREHOLDERS' EQUITY PER SHARE:

$$\frac{\text{Shareholders' equity}}{\text{Number of shares at year end adjusted for the bonus element of share issues}}$$

ADJUSTED DIVIDEND PER SHARE

Total dividend divided by the number of shares at
year end adjusted for the bonus element of share issues

DIVIDEND % OF EARNINGS:

$$100 \times \frac{\text{Adjusted dividend}}{\text{Adjusted earnings}}$$

EFFECTIVE YIELD, %:

$$100 \times \frac{\text{Adjusted dividend}}{\text{Adjusted share price}}$$

P/E RATIO:

$$\frac{\text{Adjusted share price}}{\text{Adjusted earnings per share}}$$

MARKET CAPITALISATION:

Number of shares at year end multiplied by share price at the same date

ADJUSTED SHARE PRICE:

Share price at year end adjusted for the bonus element of share issues

RETURN ON INVESTMENT (ROI), %:

$$100 \times \frac{\text{Profit/loss before extraordinary items + interest and other financing expenses}}{\text{Balance sheet total less interest-free liabilities*)}}$$

RETURN ON SHAREHOLDERS' EQUITY (ROE), %:

$$100 \times \frac{\text{Profit/loss before extraordinary items - taxes}}{\text{Shareholders' equity + minority interest**)}}$$

EQUITY RATIO, %:

$$100 \times \frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total}}$$

GEARING, %:

$$100 \times \frac{\text{Interest-bearing liabilities - liquid funds***)}}{\text{Shareholders' equity + minority interest}}$$

*) Monthly average of the financial period
**) Average of the financial period
***) Cash, cash equivalents and marketable securities

FINANCIAL RISK MANAGEMENT

Amer Group's financial risk management is governed by a financial strategy approved by the Board of Directors, including principles and risk limits relating to its balance sheet structure, banking relations and risk management. Financial risks are discussed by the Board of Directors at least once a year. In addition, the Group has a Financial Committee which meets once a month and monitors that the principles accepted by the Board are being followed. Group Treasury's management agrees with the divisions and subsidiaries on how these principles are applied to each unit's individual needs.

Group Treasury is in charge of arranging finance at competitive terms using appropriate equity and debt instruments. Foreign exchange and interest rate risks are managed so that they do not unintentionally risk shareholder value, the Company's results or the equity ratio. Group Treasury is also responsible for Group insurance. While Group Treasury is not a profit centre as such, various benchmarking methods are used to assess its performance.

Financial structure

The Group aims to sustain a balanced and varied financial structure. Excessive loan maturity concentrations are avoided. Financing is raised from various sources, and Amer Group's visibility in capital markets is maintained by regular issuance of, for example, commercial paper. The Group's financial agreements include covenants pertaining to for example the use of pledges, equal treatment of all financiers and certain key financial ratios. The Group's financial costs are optimised in relation to the goals stated for its financial structure and risk management.

All Group debt is raised through the parent company. The Group's intention is to build long-term relationships with major financiers and financial arrangers extending over business and economic cycles to ensure that it is able to react rapidly in the event of unanticipated funding requirements.

Liquidity risk

Short-term liquidity is managed through commercial paper programs and short-term bank facilities. Any extra liquidity is placed according to defined counter-party limits. In order to manage liquidity risk, the Group has to maintain sufficient reserves to be able to finance fluctuations in its short-term needs.

Currency risk

The Group's foreign exchange position consists of internal and external foreign currency denominated assets and liabilities, forward foreign exchange and currency option contracts, the share capital of various subsidiaries, currency accounts and other currency denominated items.

Amer Group's most significant currency risks result from the fact that products are sold in local currencies, while purchasing takes place mainly in US dollars. The Group purchases approximately USD 100 million worth of products a year, the most important currencies being the Euro, the British pound and the Japanese yen. The majority of its products are manufactured in the Far East. Thus the value of currencies in this region has an impact on the cost of purchases, although sourcing agreements are mainly denominated in US dollars.

In addition to its main currencies, the Group is also exposed to several Asian and Latin American currencies. In the past few years the cost of actively hedging these risks has been high due to high local interest rates caused by unrest in currency markets.

The Group's foreign exchange management is centralised within the parent company. Subsidiaries hedge their forecast currency flows in partnership with Group Treasury. Hedge maturities may vary case by case, but most subsidiaries use forward foreign exchange contracts on a rolling 12-month basis so that hedged volumes represent 50-80% of the forecast currency purchases or sales in the next 12 months. Each major subsidiary has its own foreign exchange policy. Limits have been defined for Group Treasury's foreign exchange position and market value and risks are monitored on a daily basis. Uncovered currency or interest rate options are not permitted.

All balance sheet items denominated in foreign currencies and off-balance-sheet items related thereto are revalued at the average spot rate at closing and the foreign exchange differences are booked to the profit and loss account.

Financing the subsidiaries in local currencies creates a currency risk in the parent company, which is hedged. The cost of hedging may be significant if Euro interest rates are considerably lower than those of a subsidiary's domestic currency. The interest differential between the Euro and the US dollar is particularly important to Amer Group. In 1999 this differential led to a cost of approximately EUR 5 million.

The risk inherent in subsidiaries' equity is hedged as to 0-50% as decided by the Financial Committee.

Most payments between subsidiaries are executed through internal netting. The Company has begun to review possibilities to improve cash management in the Euro area.

Interest rate risk

The Group's structural interest rate position is calculated by estimating a maturity for all balance sheet items either based on their contractual maturity or their intended or estimated economic lifetime. A position's risk is estimated by calculating the duration and net present value of assets and liabilities and calculating their sensitivity to a one percent change in interest rates. The Company's structural interest rate risk is minor.

Insurance

Group insurance is covered by global property and liability insurance. Local insurance arrangements are used to cover local needs arising from, for example, country-specific legal requirements.

CORPORATE GOVERNANCE

The work of Amer Group's Board of Directors and the Company's administrative practices are largely in compliance with the corporate governance guidelines for the administration of listed companies as recommended by the Helsinki Exchanges, and prepared jointly by the Finnish Central Chamber of Commerce and the Confederation of Industry and Employers.

The duties and responsibilities of the Board of Directors

The Board of Directors' duties and responsibilities are primarily based on the Finnish Companies Act and the Company's Articles of Association. All matters of key importance to the Group are decided by the Board of Directors. These include approving and confirming strategic guidelines, confirming annual budgets and business plans as well as deciding on major investments and disposals.

Election and terms of Board members

The Articles of Association provide that the Group's Board consists of no less than five and no more than seven members. The current Board comprises six members: the Group's President and five expert members not primarily employed by the Group.

Board members are elected by the Annual General Meeting, which generally takes place in March. According to the Articles of Association, the Annual General Meeting shall convene annually before the end of June. The term of a Board member is three years so that one third of the members, or the number nearest to that, shall resign each year. The date for the beginning or expiration of a member's term is the date of the Annual General Meeting.

The Board of Directors elects a Chairman and a Vice-Chairman for a term of one year. The Board meets on average once a month during the year. While most meetings are held at the Company's headquarters in Helsinki, a number of Board meetings take place at the Group's other offices when the Board is visiting the Group's divisions.

President

The President is appointed by the Board of Directors. Since 1996 Mr Roger Talermo has acted as the Company's President and Chief Executive Officer and as a member of the Board.

Business organisation and responsibilities

In addition to the Parent Company, Amer Group comprises Wilson Sporting Goods Company, Atomic Austria GmbH and Amer Tobacco Ltd along with their subsidiaries and, as of 9 December 1999, Suunto Oyj and its subsidiaries.

Wilson, Atomic, Amer Tobacco and Suunto are all managed by Boards of Directors comprising the Group's President and CFO as well as the subsidiary's President. In addition, they have management teams of their own. Responsibilities and duties are detailed on page 52.

For reporting purposes, the Group has been organised into five business areas: golf, racquet sports, team sports, winter sports and Amer Tobacco. Three new business areas, Suunto's outdoor and diving instruments and electronics division, were introduced at the beginning of the year.

Product distribution is organised through the sales companies which the Group has in 26 countries. In other countries, independent importers and distributors are in charge of product distribution. The Group's own distribution organisation operates under the name Amer Sports mainly in Europe. In line with Group strategy, both sales companies and major independent importers distribute a full range of the Group's products.

Salaries and remuneration

In 1999 the aggregate salaries, remuneration and bonuses received by the members of the Board including the Presidents were EUR 4.5 million (1998: EUR 3.6 million). Of the sum total, EUR 0.2 million was paid in remuneration to the current Board of Directors, elected on 11 March 1999.

With the exception of the President, members of the Board do not have contractual retirement benefits with the Company. The Parent Company's President has supplemental retirement benefits with a retirement age at 60, as have a number of employees in Group Headquarters and executives in the Finnish subsidiary. The overseas subsidiaries have local pension arrangements.

The Group has a long-term incentive plan covering 25 persons in executive and senior positions in the Parent Company and its subsidiaries as at 31 December 1999. In addition, the Group has an annual bonus scheme which includes a large number of employees.

The Group's management incentive schemes, dated 1994 and 1998 respectively, are detailed on page 18. With the exception of the President, members of the Board are not included in these incentive schemes.

Board members held a total of 7,343 (1998: 2,843) shares or 0.03% (0.01%) of the total shares in issue as at 31 December 1999.

Insider register

In 1996 Amer Group adopted a set of guidelines on insider shareholdings based on the Financial Inspection Authority's 1996 regulations relating to the application of the Securities Markets Act with regard to listed companies. At the beginning of 2000 the guidelines were amended to achieve full compliance with the new regulations on insider shareholdings, prepared by the Helsinki Exchanges, the Central Chamber of Commerce and the Confederation of Industry and Employers. The Group's insider register is maintained on the Finnish Central Securities Depository Ltd's SIRE system.

Audit

Responsible for the audit of the Group companies globally is Pricewaterhouse Coopers. The auditors of Amer Group Plc, SVH Pricewaterhouse Coopers Ltd, are responsible for instructing and co-ordinating the audit in all Group companies. The auditor in charge of the audit of Amer Group Plc is Mr Göran Lindell. The fact that the Group has no separate internal audit function of its own is reflected on the scope and content of the audit.

ENVIRONMENT AND SOCIAL RESPONSIBILITY

Environmental issues and social responsibilities are taken very seriously by Amer Group in the Company's day to day activities. Responsibility for implementing environmental policies is carried by the Group's individual business areas. They are responsible for ensuring that all the company's operations and facilities not only meet the requirements set by authorities but also comply with all applicable environmental laws and publicly approved practices. A further aim is to take into account the risks associated with environmental hazards in the business planning process.

At Wilson, potential environmental risks are minimised through regular reviews of its manufacturing operations both by management and outside consultants. Overall, the company does not use significant amounts of environmentally hazardous raw materials in its manufacturing processes. The company recycles raw materials and products whenever it is feasible.

At Atomic, environmental measures are aimed at avoiding production of waste materials and reducing energy consumption to a minimum. As for recycling and disposal of old skis, Atomic prefers incineration as the best method of waste disposal both ecologically and economically, as opposed to separation and recycling of ski parts.

Wilson purchases raw materials, components and a significant part of its finished products from third party suppliers. All suppliers' manufacturing facilities are inspected regularly by the company's sourcing personnel. The inspections cover working conditions, salary levels and hiring procedures to ensure that suppliers are in compliance with the applicable US and local laws and public policies. The company does not use any facility which does not comply with Wilson's working conditions policy or that exploits children in its workforce.

At Amer Tobacco, the focus in environmental terms is on optimising the use of raw materials and energy as a result of which pollution and waste are clearly below the industry average.

As to tobacco related risks, a company's statement appears on page 17.

PROPOSAL OF THE BOARD OF DIRECTORS

As stated in the consolidated balance sheet as at 31 December 1999, the Group's unrestricted shareholders' equity amounts to FIM 623,361,000 (EUR 104,842,000). Unrestricted shareholders' equity as stated in the Parent Company balance sheet as at 31 December 1999 totals FIM 515,864,241.69 (EUR 86,762,137.15).

The Board of Directors is recommending to the Annual General Meeting that a dividend of FIM 3.50 (EUR 0.59) per share, totalling FIM 85,144,132.50 (EUR 14,320,215.10), be paid for the 1999 financial year.

Helsinki, 9 February 2000

P. Kainulainen	Tauno Huhtala	Felix Björklund
Antti Lehtinen	Timo Maasilta	Roger Talermo President & CEO

AUDITOR'S REPORT

To the Shareholders of Amer Group Plc

We have audited the accounting, the financial statements and the corporate governance of Amer Group Plc for the period from 1 January to 31 December 1999. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President. Based on our audit we express an opinion on these accounts and on corporate governance.

We have conducted the audit in accordance with Finnish Standards of Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. The purpose of the audit of corporate governance is to examine that the members of the Board of Directors and the President have legally complied with the rules of the Companies' Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position.

The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the President of the Parent Company can be discharged from liability for the financial period audited by us. The proposal of the Board of Directors concerning the disposition of the distributable earnings is in accordance with the Companies' Act.

Helsinki, 9 February 2000

SVH Pricewaterhouse Coopers Ltd.
Authorised Public Accountants

Göran Lindell
Authorised Public Accountant

NEWS IN 1999 IN BRIEF

January

Amer Group purchased USD 640,000 of the convertible subordinated bonds issued in 1993, representing 28,780 class A shares. During the year Amer Group purchased a total of USD 4.1 million worth of the bonds, representing a total of 183,467 A shares.

February

Atomic skiers won every medal in the opening event of the World Alpine Ski Championship in Vail.

Atomic introduced a new cross-country ski model based on its successful Beta Technology, a construction originally developed for alpine skiing.

The results for the 1998 financial year were published on 10 February. Operating profit totalled EUR 22.4 million (FIM 133 million), up from EUR 13 million (FIM 77 million) in 1997. Net sales amounted to EUR 745 million (FIM 4,432 million), compared to EUR 789.5 million (FIM 4,694 million). The Board of Directors proposed to the Annual General Meeting that a dividend of EUR 0.17 (FIM 1.00) a share be distributed.

The Board of Directors decided to propose to the Annual General Meeting an authorisation to purchase and to dispose of the company's own shares. According to the proposal the shares to be acquired can represent a maximum of 5% of the total number of the Company's shares in issue. The shares would be acquired to improve the Company's capital structure and to be used as payment when the Company purchases assets related to its business operations and as payment in any possible corporate acquisitions.

Based on a proposal made by the Board of Directors, Amer Group reported that the record date for dividend payment would be 16 March and that dividends would be paid on 23 March.

The Atomic Racing Team captured a total of ten medals, including four gold ones, in the World Alpine Ski Championships.

March

Atomic was the No. 1 brand in the World Alpine Ski Championships in Vail, USA and the Nordic Ski World Championships in Ramsau, Austria. Atomic's Racing Team won the most gold medals in both alpine and Nordic events, capturing 42 medals in all.

The Annual General Meeting adopted the Report of the Board of Directors and the financial statements for the year ended 31 December 1998. The AGM further approved the Board's proposal to distribute a dividend of FIM 1.00 a share and the proposal to purchase and to dispose of the company's own shares. A new member, Mr Felix Björklund, was elected. Mr Tauno Huhtala was re-elected for a new term 1999-2001. Mr Pekka Kainulainen was elected Chairman and Mr Tauno Huhtala Vice Chairman of the Board.

Atomic finished the Alpine Skiing World Cup with three titles, including one overall title. Of the overall Top Ten male racers, six used Atomic equipment. In the competition between ski manufacturers, Atomic ranked first with the highest score of world cup points.

Atomic's Racing Team claimed a total of 31 victories in the 1998-99 Nordic World Cup.

April

No news reported.

May

Amer Group reported that institutional investors and funds who have given full discretion over their investments to Silchester International Investors Limited held 8.26% of the company's shares in issue.

June

The interim results for the period 1 January to 30 April were released on 1 June. As expected performance continued to improve. Net sales were up 4% and operating profit totalled EUR 12.8 million (1998:EUR 3.6 million).

Fidelity International Limited and its direct and indirect subsidiaries held 10.2% of the company's shares in issue.

Amer Group reorganised Wilson, Atomic and Oxygen's distribution in the Nordic countries in a move to boost their market share through improved logistics and customer service. Amer established a new subsidiary in Sweden, Amer Sports Sverige AB.

July

Luke Reese, General Manager of Amer Sports Europe, was appointed Vice President & General Manager of Wilson Golf.

Paul Lawrie won the British Open with Wilson irons in Carnoustie.

August

Wilson Golf introduced a new generation of golf balls and irons. Due to its unique core composition, the Smart-Core golf ball will react differently to soft and hard strikes. The New Fat Shaft irons feature a breakthrough new material, Hyper Carbon®, which further enhances their accuracy.

The Land and Water Technology Foundation and Tukinvest Oy, a company in its direct control, held 5.44% of Amer Group's shares in issue on 1 April 1999. Their holdings had previously been reported separately.

Professional tennis players Venus and Serena Williams signed endorsement contracts with Wilson to use Wilson racquets.

September

Based on preliminary sales figures, Amer Group's net sales grew by 7% in the first eight months of 1999. Sales growth was mainly accounted for by Wilson tennis racquets and Atomic alpine skis.

Four out of the eight semi-finalists at the US Open played with Wilson tennis racquets, and two of them made it to the finals. Serena Williams won the women's competition.

Fidelity International Limited and its direct and indirect subsidiaries' share of Amer Group's shares in issue was reduced to 9.51%.

October

Amer Group reported that it would make a public offer to buy Suunto Oyj's entire share capital, offering EUR 10.00 a share. Amer had already purchased 26.3% of Suunto shares at the same price. The offer was subject to acceptance by shareholders holding a minimum of 90% of Suunto's shares in issue and that can be issued as a result of exercising the company's warrants.

Interim results for the period January to August 1999 were released on 5 October. Performance continued to improve significantly, and the positive trend in Amer's results was expected to continue in the last third of the year. Operating profit amounted to EUR 32.9 million, compared to EUR 12.5 million in the corresponding period the year before. Net sales were EUR 538.0 million (1998: EUR 504.6 million).

The Company's financial reporting dates for the year 2000 were announced: the results for the 1999 financial year are to be released on 9 February, the Annual Report is to be published during week 8 and the interim results are to be issued for the periods January to March on 4 May, January to June on 3 August and January to September on 2 November, respectively.

The offer document related to the public offer for Suunto Oyj's shares was published. The public offer period commenced on 25 October and expired on 19 November 1999.

November

Amer Group raised its public offer for Suunto Oyj's shares to EUR 11.50.

Amer's offer for Suunto was accepted by MeritaNordbanken and Pohjola Group Insurance Corporation.

A total of 96.55% of Suunto's shareholders accepted Amer Group's offer. The public offer period was extended until 30 November 1999.

December

Amer announced its intention to pay back the remainder of the convertible subordinated bonds issued in 1993. The date of redemption was 11 January 2000.

Amer's ownership of Suunto rose to 98.7%.

An appeals court confirmed the decision to sentence members of Amer Group Board of Directors based on a Securities Markets offence. Members of the Board were sentenced to pay twenty day fines, as the Board was found guilty of a delay in reporting its weakening performance in 1996.

Amer reported that Atomic is rapidly becoming the leading brand in winter sports. The company will launch a new line of Atomic branded snowboards. Amer also reported that the Atomic Group would clearly return to the black in 1999.

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Fax +1-760-931 9875
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E-mail: azimut@rmcnet.fr

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Langley, B.C. V3A 4N4
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Fax +1-604-530 8812

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Fax +31-165-529 542

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Fax +358-9-275 5627
E-mail: atinfo@amertobacco.fi

Amer Tobacco AS
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Fax +372-6-271 071

Other addresses:

The contact information of all Group locations and importers is kept up-to-date on the companies' websites. Contact information can also be requested by telephone (+358-9-7257 8309), by fax (+358-9-791 385) or by e-mail (amer.communications@amer.fi).

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ORGANISATION

BOARD OF DIRECTORS

Chairman:
Pekka Kainulainen, 58
Management Training Centre Ltd,
President
Member since 1985, Vice Chairman
1995-97, Chairman since 1997
Term 1998-2000

Vice Chairman:
Tauno Huhtala, 61
LHX Consulting Oy, Partner
Member since 1986,
Vice Chairman since 1997
Term 1999-2001

Members:

Felix Björklund, 56
Nordic Capital, Partner
Member since 1999
Term 1999-2001

Antti Lehtinen, 60
Member since 1998
Term 1998-1999

Timo Maasilta, 45
The Land and Water
Technology Foundation
Chairman
Member since 1986
Term 1998-1999

Roger Talermo, 44
Amer Group Plc,
President & CEO since 1996
Member since 1996
Term 1998-2000

GROUP HEADQUARTERS

PRESIDENT & CEO
Roger Talermo

SENIOR VICE PRESIDENT & CFO
Pekka Paalanne

TREASURY &
INVESTOR RELATIONS
Jari Melgin

FINANCE
Disa Söderman

COMMUNICATIONS
Marja-Leena Simola

CORPORATE PLANNING
Eero Alperi

WILSON

PRESIDENT
Jim Baugh

FINANCE & ADMINISTRATION
Steve Millea

GOLF
Luke Reese

RACQUET SPORTS
John Embree

TEAM SPORTS
Chris Considine

INTERNATIONAL MARKETS
Steve Millea

EUROPE & AMER SPORTS
Kari Kauniskangas (acting)

JAPAN
Matt Gold

ATOMIC

PRESIDENT
Michael Schineis

FINANCE & ADMINISTRATION
David Taylor

R&D AND PRODUCTION
Rupert Huber

MARKETING & SALES
Thomas Zettler

SUUNTO

PRESIDENT (acting)
Heikki Kunnas

FINANCE & ADMINISTRATION
Heikki Kunnas

OUTDOOR
Hans-Aage Moustgaard

DIVING & WATER SPORTS
Ari Lähteenmäki

R&D AND PRODUCTION
Ari Nikkola

TELETEKNO
Paul-Erik Sjöman

AMER TOBACCO

PRESIDENT
Jukka Ant-Wuorinen

MARKETING
Jan-Erik Grönlund

PRODUCTION
Veijo Rosimo

FINANCE & ADMINISTRATION
Timo Levänen

LEGAL & CORPORATE AFFAIRS
Kalle Soikkanen

FINANCIAL CALENDAR

Results for 1999	9 February 2000
Annual Report published	Week 8
Interim Reports in 2000 for	
January - March	4 May 2000
January - June	3 August 2000
January - September	2 November 2000

Available in both English and Finnish, the reports can be ordered by writing to:

Amer Group Plc
Communications Department
P.O. Box 130
FIN-00601 Helsinki
Finland

by telephone:	+358 9 7257 800
	+358 9 7257 8309 (Communications)
by facsimile:	+358 9 7257 800
	+358 9 791 385 (Communications)
or by e-mail:	amer.communications@amer.fi

The annual and interim reports as well as press releases published since 1997 can be accessed on Amer's website at http://www.amer.fi.

In 1999 forecasts and research on Amer Group have been published by the following brokers:

AG Private Bankers Ltd, Helsinki
Alfred Berg Finland Oy Ab, Helsinki
Aros Securities Oy, Helsinki
Cazenove & Co., London
Cheuvreux de Virieu, London
Conventum Securities Limited, Helsinki
D. Carnegie AB Finland Branch, Helsinki
Enskilda Securities, Helsinki
Evli Fixed Income Securities Ltd, Helsinki
FIM Securities Ltd, Helsinki
Mandatum Stockbrokers Ltd, Helsinki
Merita Securities Ltd, Helsinki
Merrill Lynch, London
Opstock Securities, Helsinki
Svenska Handelsbanken AB (Publ.), Branch Operation in Finland, Helsinki
Swedbank Markets, Stockholm

ANNUAL GENERAL MEETING

Annual General Meeting

The shareholders of Amer Group Plc are hereby invited to attend the Company's Annual General Meeting to be held on Wednesday, 8 March 2000 at 2:00pm at Amer Group Plc's headquarters in Helsinki, located at Mäkelänkatu 91.

Shareholders who have been entered into Amer Group Plc's shareholder register, administered by the Finnish Central Securities Depository Ltd, no later than 3 March 2000 have the right to attend the Annual General Meeting.

A shareholder whose shares have not been entered into the book-entry system also has the right to attend the Annual General Meeting if the shareholder has been entered into the Company's share register before 1 March 1993. In this case the shareholder must at the Annual General Meeting present his share certificates or other evidence that the right of ownership to the shares has not been entered into a book-entry account.

Notification of intended participation at the Annual General Meeting must be given to the Company no later than 4:00pm local time on 6 March 2000 either by writing to:

Amer Group Plc
Share Register
P.O. Box 130
FIN-00601 Helsinki

or by telephone (+358 9 7257 8261/ Ms Raija Virtanen). Proxies should be forwarded to the above address together with notice of attendance.

Dividend Payment

The Board of Directors propose that a dividend of FIM 3.50 (EUR 0.59) per share be paid for the 1999 financial year. Dividends will be paid to shareholders whose shares have been entered into Amer Group Plc's shareholder register, administered by the Finnish Central Securities Depository Ltd, before the record date. The record date is 13 March 2000. The Board of Directors proposes that the dividends be paid on 20 March 2000.

"TOP ATHLETES PLAY A CRUCIAL ROLE IN PRODUCT DEVELOPMENT, AS THE BEST SPORTING GOODS PRODUCTS ARE DEVELOPED IN CO-OPERATION WITH THEM, ASSISTED BY THEIR EXPERTISE AND EXPERIENCE."

MICHAEL JORDAN

LINDSAY DAVENPORT
PETE SAMPRAS
1999 WIMBLEDON CHAMPIONS

HERMANN MAIER
TWO GOLD MEDALS IN
1999 WORLD ALPINE
SKI CHAMPIONSHIPS

JOHN HOUSTON

VENUS WILLIAMS

SHERYL SWOOPES

GLEN DAY

IVAN RODRIGUES

MANUELA RIEGLER

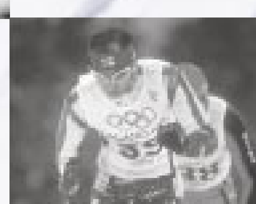
LASSE KJUS
OVERALL CHAMPION IN
1998-99 ALPINE SKIING
WORLD CUP

SERENA WILLIAMS
1999 US OPEN
CHAMPION

GRANT HILL

TODD MARTIN

PADRAIG HARRINGTON



MIKA MYLLYLÄ
THREE GOLD MEDALS IN
NORDIC SKI WORLD
CHAMPIONSHIPS

AMER GROUP PLC
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DOMICILE HELSINKI
TRADE REGISTER NO. 116.698

AMER