

marimekko®
ANNUAL REPORT 1999



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The Marimekko logo consists of the word "marimekko" in a lowercase, white, sans-serif font, set against a solid black rectangular background. A registered trademark symbol (®) is located at the top right of the black box.

Marimekko Corporation is a Finnish textiles and clothing company that was established in 1951. Its operations are based on the original Marimekko brand and the Marimekko concept, which is derived from the brand and represents the company's lifestyle thinking. There are three product lines: clothing, interior decoration and accessories.

Marimekko has its own textile printing factory, clothing factory and bag factory in Finland, where almost half of the products sold in 1999 were manufactured. Domestic production accounted for about 80% of all the products sold in 1999. In addition to its own production and subcontracting, products designed by Marimekko are manufactured under license in Finland, the United States and Japan. The company has 27 retail stores of its own, of which 25 are located in Finland, one in Stockholm, Sweden, and one in Munich, Germany. Marimekko also has subsidiaries in Sweden and Germany. Domestic retailers number about 80 in all, foreign retailers around 700.

The company's net sales in 1999 amounted to EUR 26.4 million and it had a payroll of 254 at the end of the year. The company's shares have been listed on the I List of the Helsinki Exchanges since March 1999.

Information for shareholders

Annual General Meeting

Marimekko Corporation's shareholders are invited to attend the Annual General Meeting, which will be held on Wednesday, 1 March 2000, from 14:00 onwards at Marimekko Corporation's head office. The address is Puusepänkatu 4, 00810 Helsinki, Finland.

Shareholders who have been registered by 25 February 2000 at the latest in the Shareholder Register, which is kept by Finnish Central Securities Depository Ltd, have the right to attend the Annual General Meeting.

Shareholders who wish to attend the Annual General Meeting are requested to inform the company of their intention to do so before 16:00 on 25 February 2000 at the latest, either in writing or by telephone: Marimekko Corporation, Share Register, P.O. Box 107, 00811 Helsinki, Finland, tel. +358 9 7587 238 (Marja Korkeela), email: marja.korkeela@marimekko.fi.

Dividend payout

The Board of Directors will propose to the Annual General Meeting that the dividend to be paid for 1999 be EUR 0.44 per share. The dividend will be paid to shareholders who are registered, on the dividend payout record date of 6 March 2000, in the company's Shareholder Register kept by Finnish Central Securities Depository Ltd. The Board of Directors will propose to the Annual General Meeting that the dividend payout date be 9 March 2000.

Financial releases

Marimekko will publish the following financial releases during the 2000 financial year:

Financial statement bulletin for 1999	28 January 2000
Annual Report 1999	Week 7
Interim Report 1 Jan. – 31 Mar. 2000	9 May 2000
Interim Report 1 Jan. – 30 June 2000	25 August 2000
Interim Report 1 Jan. – 30 Sep. 2000	7 November 2000

Published in: Finnish and English

The releases can be ordered from:

Marimekko Corporation

Communications, P.O. Box 107, 00811 Helsinki, Finland

Tel. +358 9 758 71

+358 9 758 7238 (Communications)

Fax +358 9 755 3051

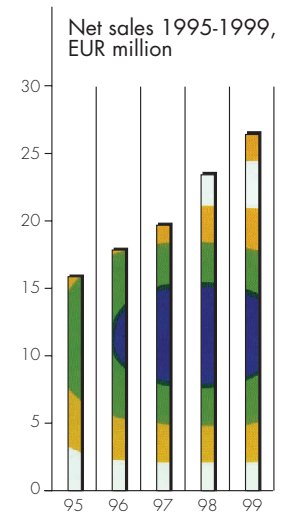
+358 9 759 1676 (Communications)

Email info@marimekko.fi

The company's financial releases are published in Finnish at the company's website, www.marimekko.fi. The company's report on operations 1999 will be posted in Finnish and English at the Internet site in March 2000, along with English versions of the financial releases.

1999 in brief

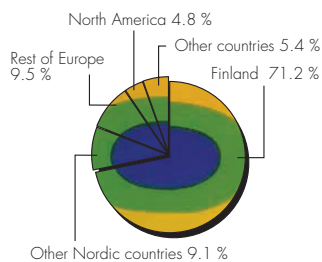
EUR million	1999	1998	Change
Net sales	26.4	23.4	+13%
Share of exports and international operations, % of net sales	28.8	29.3	
Operating profit from Marimekko's operations	2.6	¹⁾ 2.0	+31%
% of net sales	10.0	8.6	
Profit from Marimekko's operations after financial items	2.7	1.95	+37%
Earnings per share, EUR	0.74	0.61	+21%
Return on investment (ROI), %	22.4	24.7	
Equity ratio, %	62.3	66.7	
Personnel at the end of the financial year	254	238	



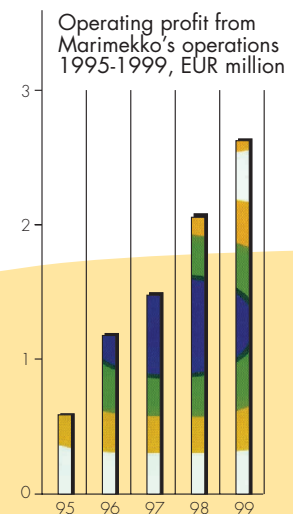
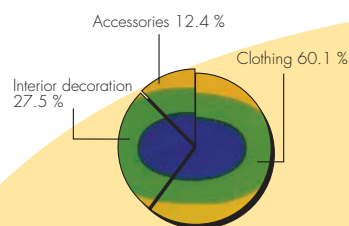
¹⁾Operating profit from Marimekko's operations = the Marimekko Group's operating profit plus the parent company Workidea Oy's operating profit

The formulas for the key figures are presented on page 23.

Net sales by market area 1999



Net sales by product line 1999



Business principles

Marimekko's mission is to design and manufacture products that are not only durable, long-lasting and of a high quality, but which are also aesthetically appealing and absolutely functional and practical. Marimekko's operations are supported by a strong, well-known and unique brand, employees who are experts at their jobs and committed to the shared goals, and a corporate culture that knows its responsibilities and emphasises compliance with ethical standards.

Market positioning

Uniqueness
Functional design
Volume (small series)
Finnish origin
Price/quality ratio

Management philosophy

Emotional management
Emotional marketing
Responsibility for personnel, social responsibility

Values

Emotions
Respect
Truth
Inspiration
Justice
Discipline
Rewards
Community spirit
Complete responsibility
Caring

Strategic objectives

- Controlled growth in Finland and on selected export markets
- Retaining a strong market position in Finland
- Increasing exports and developing the dealer network, especially in the Nordic countries and continental Europe
- Developing and increasing licensing

Financial objectives

Return on equity	over 15%
Operating profit as a share of net sales	10%
Equity ratio	60%
Dividend from net profit	at least 50%

President's review



When I became president of Marimekko in 1991, the central objectives we set for ourselves were to upgrade quality and to ensure stable, sustainable business development. Our financial results and the events of the year now ended show unambiguously, once again, that we have chosen the right path. We continued to enjoy controlled, steady growth, we became listed on the stock exchange and our work was immaculate, right

down to the finishing touches.

We have achieved a solid position in our field – however, to safeguard it, we must renew and develop the company ceaselessly, and we must have firm faith in our own know-how and future. Accordingly, in 1999 we focused on laying down a strong foundation for future operations. Our listing on the I List of the Helsinki Exchanges was the most important step in this effort. Another very important investment in the future was the purchase of our office building in Herttoniemi, Helsinki, in June. As our own landlords, we can work on and expand our various functions both freely and flexibly.

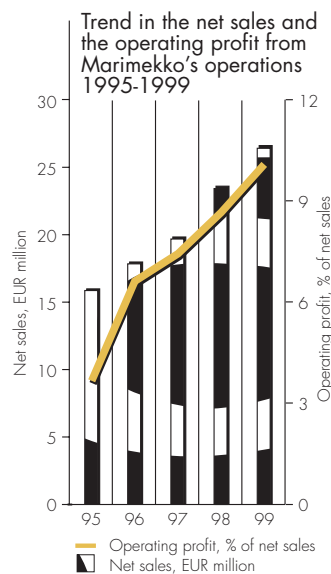
We also modernised numerous retail stores. Our flagship store on Pohjoisesplanadi street in Helsinki was transformed into a specialised department store that opens the doors to a

unique shopping experience – and it is now part of the new, high street Kämp Galleria Shopping Mall that was opened in April. Our shop in Helsinki's Forum Shopping Mall was moved to new, larger premises in a better location in the early summer. The store now features completely new, airy and modern interior decor. The new look led to significant sales increases at both stores.

This year, our operations will be vibrantly coloured with our preparations for 2001, when Marimekko will celebrate its 50th birthday. We will usher in the year in a nostalgic mood by launching a collection of fabulous classics: printed textiles designed by Maija Isola in the 50s and 60s. Then, in the autumn, we will venture into new territory by bringing to market a classically stylish menswear collection from the hand of Matti Seppänen, one of the leading names in Finnish clothing design.

Marimekko's future looks quite stable and favourable. We must remember, however, that our business is very sensitive to cyclical fluctuations. For this reason we had best keep our feet on the ground and advance wisely and conservatively, but not without far-reaching creativity, spark and boldness.

We are building a bright future together with Marimekko's customers, shareholders, partners and other interest groups – and, of course, our dedicated and expert personnel. From the bottom of my heart, I would like to extend my thanks to you for being such sterling partners thus far!



Kirsti Paakkanen

Kirsti Paakkanen

Marimekko's business operations

Net sales by market area and product line (EUR million)

By market area

	<i>1999</i>	<i>1998</i>
Finland	18.8	16.6
Other Nordic countries	2.4	2.3
Rest of Europe	2.5	2.1
North America	1.3	1.1
Other	1.4	1.3
	<hr/>	<hr/>
	26.4	23.4

By product line

Clothing	15.8	14.2
Interior decoration	7.3	5.8
Accessories	3.3	3.4
	<hr/>	<hr/>
	26.4	23.4



Clothing

Marimekko's clothing collections are composed of outfits that have personality and lend themselves to a great many social situations – their design and production emphasises innovation and superb workmanship and materials. The collections offer functional, timeless clothes for all occasions, for work, leisure time and festivities alike. The collections include woven fabric garments, knitwear and jersey outfits that are colour co-ordinated with each other. The clothes are primarily manufactured from natural materials.

In clothing, the main target group comprises women of different ages, but the collections also include products designed for men and children. New products for new customer groups are constantly searched for and developed, in keeping with the innovative and forward-looking approach to business that is characteristic of Marimekko's operations.



Each year, Marimekko usually unveils four new sets of collections, of which the spring and autumn collections are extensive basic collections. The name of the designer of each collection is indicated on the clothes and used in marketing. In 1999, the designers of Marimekko's main collections were Ritva Falla, Jaana Parkkila, Jukka Rintala and Marja Suna. Also,

in the autumn Marimekko introduced a collection of knitwear and coats designed by Kristiina Salminen.

Among the most interesting newcomers in 2000 is a collection of classically stylish menswear designed by Matti Seppänen, one of Finland's most respected menswear designers. The "Matti by Marimekko" collection will be brought to market in the autumn. The spring will see the launch of a new collection of fresh clothing for young people, featuring the patterns of Maija Isola's impressive printed textiles from the 1960s. The clothes were designed by Juha Marttila, who studies fashion design in London. Marimekko has always worked closely with design students and young designers. This collaboration has been fruitful for all: the young get a chance to demonstrate their abilities, and Marimekko gets new impulses and a good feel for the pulse of the day.



Interior decoration

Marimekko's main interior decoration products are cotton and linen fabrics, which are printed at the company's own textile printing factory. In addition to fabrics sold by the metre, the product range includes a wealth of ready-made products, such as bed linen, terry cloth products, table-setting products and gift items. The product portfolio also features contract furnishing fabrics designed for the decoration of public premises.

The coexistence of the traditional and the modern that characterises Marimekko's product design may well be most evident in the interior decoration range: renowned classics stand side to side with new designs that mirror today's trends,

complementing each other naturally. Old and new designs and the different product groups can be combined with each other in a variety of ways to create harmonious solutions for any area of home decoration. Thanks to the continuity of certain basic designs and colours, the decoration schemes can easily be complemented with new products from time to time.

Marimekko has strongly focused on interior decoration product development, and as a consequence the share of home furnishing sales accounted for by ready-made products has grown. The Bed & Bath concept, comprising bed linen, bathroom

textiles and cosmetic bags that go together, is a good example of successful product development. The concept has brought Marimekko new customers as well as opened up new markets. In the future, the concept will be developed further by accounting for the special features and demands of each market even better.

When Marimekko was established in 1951, the company's business concept was built on printed fabrics and presenting the public with new ways of using the fabrics. For this reason, printed fabrics were the obvious choice for the first special collection to be launched in honour of Marimekko's 50th jubilee year. The collection is composed of printed patterns designed by Maija Isola in the 50s and 60s; the textiles have been available for purchase in stores since 4 February 2000, which is the name day of Marimekko's founder, Armi Ratia.

The head designers of Marimekko's interior decoration collections are Fujiwo Ishimoto and Kristina Isola. In 1999, Antti Eklund, Pekka Harni and Marjaana Virta also designed new interior decoration products for Marimekko.



©MARIMEKKO OY SUOMI-FINLAND FUJIWO ISHIMOTO



Accessories

Marimekko's main collections of accessories comprise classic bags made of nylon and canvas, leather bags and new products launched seasonally. The collections offer a wide range of bags for customers of all stripes and ages for various purposes – from casual backpacks to elegant evening handbags, from spacious suitcases to graceful mobile phone cases, purses and toiletry bags. A larger number of clothing collections by different designers now come with bags, too; these bags, designed to go with certain outfits, are usually made of the same material as the clothes.

The bulk of Marimekko's bags are manufactured at the company's own bag factory in Sulkava. The production of the leather bags is subcontracted in Italy.

The designers who have created bags for Marimekko include Ritva Falla, Bo Haglund, Jaana Parkkila, Mika Piirainen, Ristomatti Ratia, Jukka Rintala, Marja Suna and Marjaana Virta.





Retail sales

Marimekko's own retail stores comprise a key element of Marimekko's corporate image. At its own shops, Marimekko can present its extensive product range in its entirety and in precisely the desired manner. The company can also market its lifestyle thinking by presenting concrete examples to customers. The direct customer feedback received from the stores is also of crucial importance, as is receiving real-time information on the trend in sales. Marimekko's own stores number 27 in all, of which 25 are located in Finland, one in Stockholm, Sweden, and one in Munich, Germany.

Last year, Marimekko's flagship store on Pohjoisesplanadi street in Helsinki was thoroughly overhauled and expanded into a unique Marimekko department store that was opened in April 1999 as part of the new Kämp Galleria Shopping Mall. The store has three storeys featuring fabulous departments for all the product groups and a one-of-a-kind interior decoration scheme that offers up a wealth of new impressions. The interiors were designed by Professor Antti Eklund working with architect Nicolas Favet and interior designer Jaana Marttinen.

The Marimekko store in the Forum Shopping Mall in Helsinki was also given a new look and larger premises last year. The shop's target clientele is primarily young customers. The store's new, excellent location and its modern interior decoration scheme, featuring a great deal of glass, have attracted many new customers to the store, which is also clearly evident in its sales figures.

During 1999, Marimekko also refurbished its shop in the Koskikeskus Shopping Mall in Tampere and the factory stores in Humpkala and Sulkava. In November 1999, Marimekko opened a new factory store in the Paletti Shopping Mall in Kyyjärvi.

Domestic wholesale

Marimekko has about 80 retailers in Finland. Together with Marimekko's own stores, an extensive network of retailers covers all the most important regions in Finland. Thanks to long-term customer relations and close co-operation, the retailer network has grown into a distribution channel that rests on a solid foundation. Many Marimekko retailers stock products from numerous product groups; in addition, some of the stores specialise almost exclusively in the sale of Marimekko products.

During 1999, Marimekko began to work with new retailers, for example, in the towns of Kannus, Alajärvi and Kotka, where a specialised store housing both a Marimekko boutique and factory store was opened in November.

Business gifts and contract sales

Marimekko's sales to companies are divided between sales of contract furnishing textiles and sales of business gifts. Apart from companies, the organisers of various meetings and congresses are major customers. Both departments sell products from Marimekko's standard collections and products that are tailor-made to meet the customer's wishes.

In the report year, Finland's presidency of the EU resulted in numerous orders for both the business gift and the contract sales departments. For example, Marimekko delivered interior decoration textiles for various meeting facilities as well as bags and other products that were given as gifts for meeting participants. Many visitors also came to tour Marimekko, so all in all Finland's presidency of the EU raised Marimekko's profile in the rest of Europe on many levels.

Exports

Marimekko exports its products to over 20 countries. The company has a subsidiary and a retail store of its own in both Sweden and Germany. In other major export countries, the products are sold either through a local agent or an importer. Marimekko had about 700 foreign retailers in 1999. The most important export countries in 1999 were Germany, the United States, Sweden, Norway, the Netherlands, Switzerland, Japan and Denmark.

Licensing

Marimekko products are manufactured under license in Finland, the United States and Japan. In licensing, Marimekko utilises the value of the Marimekko brand and the company's design expertise.

The licensed products manufactured in Finland comprise paper tablecloths and napkins as well as glassware and notebooks. The most extensive licensed production is carried out in the United States, where children's clothing, wallpaper, bed linen, bathroom textiles and fabrics for outdoor use are manufactured. Marimekko bed linen and other home textiles are manufactured under license in Japan.



Product design

Top-quality, strong and unique product design is the cornerstone of all of Marimekko's operations and its corporate culture. Design starts out from the premise that each individual Marimekko product must prove its own value as a design and embody Marimekko's lifestyle concept. In addition to originality, design work emphasises the functionality and practicality of the products. The designers work in close interaction with the production, sales and marketing departments.

New products are developed constantly to meet the demand created by current trends and, above all, to keep up Marimekko's reputation as a trend-setter. Along with new collections, all product groups feature classic products that have been in production for a long time; of these, the longest-lived are Jokapoika cotton shirts, many fabric prints designed in the 1960s and Tasaraita cotton jerseys. Some of the classics are still being produced in their original form, and some are altered from season to season, for example with new colour schemes. Popular fabric prints are also applied in completely new product groups. In Marimekko's Bed & Bath collection for 2000, for example, the Kivet and Lokki towels sport patterns designed by Maija Isola in the 50s and 60s.

All of Marimekko's designers are among the best in their field, whether they are well-known and celebrated veterans, or young and promising talents who are taking the first steps of their career. Over the years, the many awards bestowed on the designers have generated positive publicity not only for them but also for Marimekko, both in Finland and abroad. In January 1999, Marimekko designer Ritva Falla received the Golden Clotheshanger Award, which was handed out for the fifth time. This very respected award is bestowed each year on a company or designer whose collection embodies excellence, high quality and au courant design. In September, Marimekko won the Grand Prix Formidable design award at the Formex fair in Stockholm with the leather bags designed by Jaana Parkkila and the mobile phone cases developed in co-operation with Nokia. The award's evaluation criteria are unique design, good quality and functionality.

Production and subcontracting

Marimekko's own production focuses on the manufacture of those products that are the most demanding from the viewpoint of quality and design. The company's own factories also provide excellent tools for versatile product development and close co-operation between designers and production staff. In 1999, over 80% of woven fabric garments were made at Marimekko's own clothing factory in Kitee, and almost 90% of the printed fabrics were produced at the company's own textile printing factory in Helsinki. Of all the products sold last year, Marimekko manufactured almost half, and about 20% were subcontracted abroad. The share of products subcontracted in Finland increased, mainly due to the strong growth in sales of Tasaraita cotton jerseys.

To ensure a high level of quality, a stable price level and delivery precision, Marimekko seeks to forge long-term and confidential relationships with its subcontractors. Marimekko also emphasises long-term co-operation with its goods suppliers in the procurement of raw materials.

Environmental and safety issues occupy a central role in Marimekko's production. The Öko-Tex Standard 100 environmental certificate has been granted to Marimekko's Tasaraita jerseys, and the same standard will soon apply to bed linen as well.



Report of the Board of Directors

General

In 1999, Marimekko's net sales grew by 13% to EUR 26.4 million (1998: EUR 23.4 million). Marimekko's comparable operating profit improved by 31%, and amounted to 10% of net sales. Profit before extraordinary items rose by 37% and was EUR 2.7 million (EUR 1.95 million). The return on investment was 22%. Adjusted earnings per share increased to EUR 0.74 (EUR 0.61). In this report, the comparison figures presented for 1998 are the figures for Marimekko operations, including the then-parent company Workidea Oy.

Net sales

In 1999, Marimekko's net sales grew by 13% and were EUR 26.4 million (EUR 23.4 million).

The 27 shops owned by Marimekko increased their sales turnover by a total of 19%; shops located in Finland increased their sales turnover by 17%. The largest growth was seen at the shops located in the Kämp Galleria and Forum shopping centres in Helsinki. Net sales of Marimekko's own shops were EUR 13.2 million in 1999 (EUR 11.2 million).

Sales to retailers in Finland grew by 16%. Clothing sales to domestic retailers were up 20%.

Net sales of clothing amounted to EUR 15.9 million in 1999 (EUR 14.2 million), representing 60% of the Group's net sales. This was an increase of 12% on the previous year. Sales of Tasaraita cotton jerseys continued to grow vigorously. Exports accounted for 28% of net sales of clothing in 1999.

In 1999, net sales of interior decoration products were up 26% compared with the previous year and totalled EUR 7.3 million (EUR 5.8 million), representing 28% of the Group's net sales. A growing share of sales of home furnishing products was due to sales of bed linen and bathroom textiles under the Bed & Bath concept. Exports accounted for 33% of net sales of interior decoration products.

Net sales of accessories in 1999 totalled EUR 3.3 million (EUR 3.4 million), or 12% of the Group's net sales. Net sales declined by 3.0% compared with the previous year. In Finland, sales fell short of the previous year, whereas exports grew. Exports accounted for 26% of net sales of accessories.

Net sales of business gifts and contract sales division declined by 16% on the figure a year earlier, coming in at EUR 1.3 million (EUR 1.6 million).

The Group's exports and income from international operations grew by 11% to EUR 7.6 million (EUR 6.9 million), accounting for 29% of the Group's net sales. The major export countries in 1999 were Germany, the United States, Sweden, Norway, the Netherlands, Switzerland, Japan and Denmark.

The strongest growth in exports took place in continental Europe. The most favourable trends were seen in Germany, where Marimekko's active approach to operations increased clothing sales in particular. Sales of interior decoration products also developed favourably.

In Sweden, Norway, and Denmark, the high growth targets that the company set for 1999 were not achieved. During the financial year, Marimekko focused on assessing the market situation and overhauling its sales channels. In Sweden, the main focus was on building the subsidiary's own sales organisation. In November, Marimekko's agent and a long-term customer of Marimekko together opened, in the Vika business and shopping center in Oslo, Norway's first store to be completely run under the Marimekko concept.

Exports to the United States matched last year's level.

In the report year, royalty earnings from sales of licensed products increased by 78%. The highest royalty earnings were seen in the United States and Japan.

All of Marimekko's own factories, the printing factory in Herttoniemi, Helsinki, the clothing factory in Kitee and the bag factory in Sulkava operated at full capacity throughout the year.

Earnings

Marimekko's operating profit rose from the previous year's figure of EUR 2.0 million to EUR 2.6 million. Operating profit represented 10% of net sales. EUR 1.7 million, or 7% of net sales, was spent on marketing. Depreciation amounted to EUR 0.6 million, or 2.2% of net sales. The Group's financial items turned into net income of EUR 0.05 million, or 0.2% of net sales.

The Group's profit before extraordinary items and the taxes for the financial year amounted to EUR 2.7 million, up 37% on the previous year.

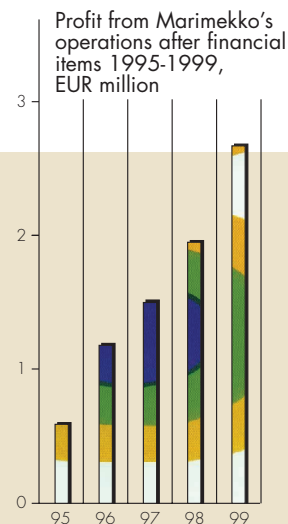
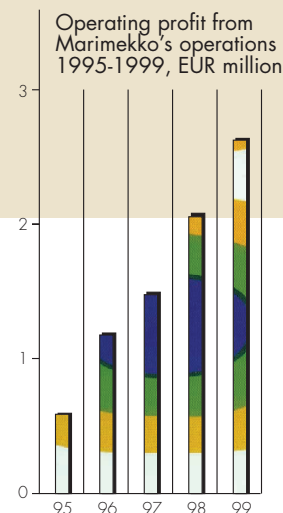
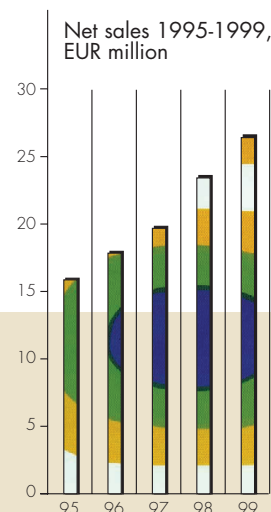
Under extraordinary items, EUR 5,000 (net), capital gains on investments and imputed tax claims for intra-Group sales margins are recorded as extraordinary income, and the costs resulting from the stock exchange listing are recorded as a one-time charge in extraordinary expenses.

Profit after taxes for the financial year was EUR 1.9 million.

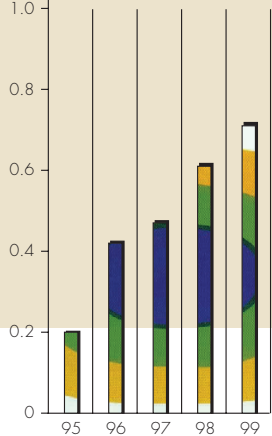
Investments

The Group's gross investments amounted to EUR 6.1 million (EUR 1.0 million). The most significant single investment was the acquisition of the Marimekko office and factory building in the Herttoniemi district of Helsinki on 23 June 1999 for a total purchase price of EUR 4.8 million.

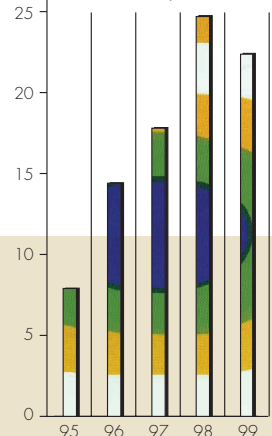
Investments in the renovation and refurbishing of the stores owned by Marimekko totalled EUR 1.0 million.



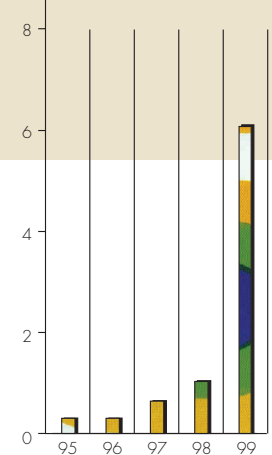
Earnings per share from Marimekko's operations 1995-1999, EUR



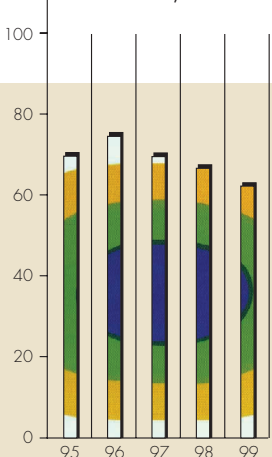
Return on investment (ROI) from Marimekko's operations 1995-1999, %



Investments 1995-1999, EUR million



Equity ratio 1995-1999, %



The largest single shop investment was the expansion of Marimekko's flagship store in the Kämp Galleria Shopping Mall in Helsinki. During the financial year, a new Marimekko store was opened in the Paletti Shopping Mall in Kyyjärvi.

Investments in computer software and hardware amounted to EUR 0.6 million, of which EUR 0.5 million was financed through leasing finance. The information system updates required to ensure Y2K compliance were carried out during the financial year, and the modernisation of the stores' point-of-sale system was seen to completion.

Changes in the Group structure

In connection with the initial public offering carried out in March 1999, the shareholding of Workidea Oy, Marimekko Corporation's former parent company, declined to 50% of the company's shares outstanding.

On 23 June 1999, Marimekko Corporation acquired the shares outstanding of Keskinäinen Kiinteistö Oy Marikko in their entirety. The consolidation difference of EUR 1.7 million that arose in connection with the acquisition of the shares outstanding was deducted from the value of buildings and structures in the consolidated financial statements. Rental rights with a value of EUR 0.9 million were included under intangible rights in Keskinäinen Kiinteistö Oy Marikko's separate financial statements. Unused permitted building rights on the plot in question amount to over 20,000 m².

Equity ratio and financing

The Group's equity ratio declined from last year's figure of 66.7% to 62.3%. During the financial year, the Group's interest-bearing liabilities rose by EUR 3.5 million, amounting to EUR 3.8 million at the end of the financial year. The increase in debt resulted from the fact that the acquisition of the office building in Herttoniemi was primarily financed with a long-term loan.

In spite of the exceptionally large investments that were made during the financial year, the Group's liquidity remained good. The Group's financing from operations was EUR 2.5 million. The ratio of interest-bearing liabilities minus liquid assets to shareholders' equity (gearing) weakened and was -2.0% (-18%). Liquid assets amounted to EUR 4.0 million at the end of the financial year.

Shares and share capital

Marimekko Oy's change into a public listed company was entered in the Trade Register on 17 February 1999. In March 1999, the company was listed on the I List of the Helsinki Exchanges. Marimekko's shares began trading on the Helsinki Exchanges' Pre List on 12 March 1999 and have been traded on the I List since 15 March 1999. In a share issue carried out in connection with the initial public offering, 400,000 new shares were issued. After the initial public offering and at the end of the financial year, the company's paid-in share capital, as recorded in the Trade Register, amounted to EUR 5,360,000, consisting of one series of 2,680,000 shares, each having an accounting countervalue of EUR 2.00. The company's shares have been included in the book-entry register since 17 February 1999.

In 1999, the total value of share turnover on the I List was EUR 3,996,756. During the year, the lowest price of Marimekko shares was EUR 4.90 and the highest was EUR 7.00. The average share price was EUR 5.51. At the end of 1999, the share price was EUR 5.12. The company's market capitalisation at 31 December 1999 was EUR 13,721,600.

At the end of the financial year, the Board of Directors had no valid authorisations to carry out a share issue or to acquire the company's shares.

Personnel

At the end of the financial year, Marimekko employed 254 (238) people, of whom 246 worked in Finland. The average number of employees in 1999 was 244 (232).

Outlook for 2000

Provided that there is growth in private consumption demand both in Finland and in the main export markets, Marimekko's net sales are expected to increase in these markets during the present financial year.

Net sales are estimated to grow by a good 10% and profitability to remain at the previous year's level.

Within exports, the largest growth expectations focus on Sweden and Germany, where the improved financial outlook is expected to lead to greater consumption. Moreover, the measures targeted at the aforementioned markets will contribute to building sales increases that match the targets set.

It is forecast that sales to Japan will also pick up. In January 2000, the company made a fabric import agreement with Chelsea International, a purchasing group comprising numerous retailers.

In 2000, Marimekko will venture into new territory by launching a collection named "Matti by Marimekko". This line of clothing for men is from the hand of Matti Seppänen, one of Finland's most respected designers of menswear.

Royalty earnings from sales of licensed products are expected to increase somewhat from the previous year's level.

Investments will be substantially lower than in the previous year. The largest investments that will be made during the present financial year will mainly consist of replacement investments for shops and EDP functions.

Income statement

(EUR 1 000)		GROUP		PARENT COMPANY	
		1999	1998	1999	1998
NET SALES	1.	26 412	23 380	25 902	23 317
Increase or decrease in inventories of completed or unfinished products		313	780	297	671
Other operating income	2.	58	38	57	34
Materials and services	3.	9 277	9 074	11 164	10 956
Personnel expenses	4.	7 274	6 185	4 127	3 277
Depreciation and value adjustments	5.	587	399	402	293
Other operating expenses	6.	7 016	6 961	7 961	7 807
OPERATING PROFIT		2 629	1 579	2 602	1 689
Financial income and expenses	7.	45	-52	84	-12
PROFIT BEFORE EXTRAORDINARY ITEMS		2 674	1 527	2 686	1 677
Extraordinary items	8.	5	-1 177	-198	-1 228
PROFIT BEFORE APPROPRIATIONS AND TAXES		2 679	350	2 488	449
Increase in depreciation difference	9.			-95	-151
Direct taxes	10.	747	116	678	107
NET PROFIT FOR THE PERIOD		1 932	234	1 715	191

1 Euro = FIM 5.94573

Income statement

(FIM 1 000)		GROUP		PARENT COMPANY	
		1999	1998	1999	1998
NET SALES		157 041	139 010	154 007	138 634
Increase or decrease in inventories of completed or unfinished products		1 862	4 644	1 761	3 996
Other operating income		345	224	338	204
Materials and services		55 156	53 951	66 378	65 142
Personnel expenses		43 249	36 775	24 536	19 483
Depreciation and value adjustments		3 492	2 373	2 389	1 743
Other operating expenses		41 717	41 387	47 331	46 420
OPERATING PROFIT		15 634	9 392	15 472	10 046
Financial income and expenses		269	-308	499	-74
PROFIT BEFORE EXTRAORDINARY ITEMS		15 903	9 084	15 971	9 972
Extraordinary items		29	-7 000	-1 176	-7 304
PROFIT BEFORE APPROPRIATIONS AND TAXES		15 932	2 084	14 795	2 668
Increase in depreciation difference				-566	-898
Direct taxes		4 443	692	4 034	637
NET PROFIT FOR THE PERIOD		11 489	1 392	10 195	1 133

Statement of changes in financial position

(EUR 1 000)	GROUP		PARENT COMPANY	
	1999	1998	1999	1998
FUNDING				
Income funding				
Operating profit	2 629	1 579	2 602	1 689
Depreciation	587	399	402	293
Financial income and expenses	45	-52	84	-12
Extraordinary items	5	-1 177	-198	-1 228
Taxes	-747	-116	-678	-107
	2 519	633	2 212	635
Share issue	2 879		2 879	
Increase in non-current liabilities	3 700		3 700	
FUNDING, TOTAL	9 098	633	8 791	635
APPLICATION OF FUNDS				
Investments	6 057	1 033	3 531	370
Decrease in non-current liabilities	185	336	185	336
Change in the imputed tax liability	-60	-42		
Translation differences in shareholders' equity	-4	4		
Dividend payout	185	168	185	168
	6 363	1 499	3 901	874
Change in net working capital	2 735	-866	4 890	-239
APPLICATION OF FUNDS, TOTAL	9 098	633	8 791	635
Change in net working capital				
Cash in hand and at banks	-2 290	-1 147	-2 280	-1 108
Current receivables	-110	342	-2 303	1 088
Inventories	-403	774	-355	625
Non-interest-bearing current liabilities	68	-835	48	-844
Total	-2 735	-866	-4 890	-239
Net working capital, 1 Jan.	5 958	6 824	6 569	6 808
Net working capital, 31 Dec.	8 693	5 958	11 459	6 569

Balance sheet

(EUR 1 000)

		GROUP		PARENT COMPANY	
		1999	1998	1999	1998
ASSETS					
FIXED ASSETS					
	11.				
Intangible assets	11.1	1 934	985	574	446
Tangible assets	11.2	5 907	1 361	1 820	1 118
Investments	11.3, 12.	49	75	2 528	229
		<u>7 890</u>	<u>2 421</u>	<u>4 922</u>	<u>1 793</u>
CURRENT ASSETS					
Inventories	13.	6 398	5 995	6 132	5 777
Current receivables	14.	2 049	1 966	5 102	2 799
Cash in hand and at banks		3 970	1 653	3 848	1 568
		<u>12 417</u>	<u>9 614</u>	<u>15 082</u>	<u>10 144</u>
ASSETS, TOTAL		<u>20 307</u>	<u>12 035</u>	<u>20 004</u>	<u>11 937</u>

Balance sheet

(FIM 1 000)

		GROUP		PARENT COMPANY	
		1999	1998	1999	1998
ASSETS					
FIXED ASSETS					
Intangible assets		11 494	5 859	3 415	2 654
Tangible assets		35 124	8 092	10 819	6 648
Investments		294	444	15 031	1 360
		<u>46 912</u>	<u>14 395</u>	<u>29 265</u>	<u>10 662</u>
CURRENT ASSETS					
Inventories		38 038	35 642	36 459	34 349
Current receivables		12 185	11 688	30 336	16 640
Cash in hand and at banks		23 606	9 830	22 876	9 321
		<u>73 829</u>	<u>57 160</u>	<u>89 671</u>	<u>60 310</u>
ASSETS, TOTAL		<u>120 741</u>	<u>71 555</u>	<u>118 936</u>	<u>70 972</u>

Balance sheet

(EUR 1 000)		GROUP		PARENT COMPANY	
		1999	1998	1999	1998
LIABILITIES					
SHAREHOLDERS' EQUITY 15.					
	Share capital	5 360	3 835	5 360	3 835
	Share premium fund	1 353		1 353	
	Reserve fund	782	782	782	782
	Retained earnings	3 226	3 173	2 921	2 915
	Profit for the period	1 932	234	1 715	191
	Shareholders' equity, total	12 653	8 024	12 131	7 723
ACCUMULATED APPROPRIATIONS 16.					
				489	394
CREDITORS 17.					
	Imputed tax liability 17.1	169	110		
	Non-current liabilities 17.2	3 374	206	3 374	206
	Current liabilities 17.3	4 111	3 695	4 010	3 614
	Creditors, total	7 654	4 011	7 384	3 820
LIABILITIES, TOTAL		20 307	12 035	20 004	11 937

Balance sheet

(FIM 1 000)		GROUP		PARENT COMPANY	
		1999	1998	1999	1998
LIABILITIES					
SHAREHOLDERS' EQUITY					
	Share capital	31 869	22 800	31 869	22 800
	Share premium fund	8 046		8 046	
	Reserve fund	4 650	4 650	4 650	4 650
	Retained earnings	19 179	18 865	17 366	17 333
	Profit for the period	11 489	1 392	10 195	1 133
	Shareholders' equity, total	75 233	47 707	72 126	45 916
ACCUMULATED APPROPRIATIONS					
				2 909	2 343
CREDITORS					
	Imputed tax liabilities	1 006	652		
	Non-current liabilities	20 059	1 227	20 059	1 227
	Current liabilities	24 443	21 969	23 842	21 486
	Creditors, total	45 508	23 848	43 901	22 713
LIABILITIES, TOTAL		120 741	71 555	118 936	70 972

NOTES TO THE FINANCIAL STATEMENTS

Accounting policy

Marimekko Corporation's financial statements and consolidated financial statements have been prepared in accordance with the legislation and regulations that are in force in Finland. The Marimekko Group's financial statements have been drawn up in Finnish markka amounts and converted to euros using a fixed conversion rate. The financial statements of foreign subsidiaries have been arranged to correspond with the Finnish Accounting Act. The financial period of all Group companies was the calendar year.

Extent of the consolidated financial statements

The consolidated financial statements comprise the parent company Marimekko Corporation together with those Finnish and foreign subsidiaries in which Marimekko Corporation holds either directly or indirectly over 50 per cent of the votes conferred by the shares at the end of the financial year. The subsidiaries included in the consolidated financial statements and the parent company's holding are listed in section 12 of the notes to the financial statements.

Consolidation policy

The consolidated financial statements are based on the separate financial statements of the Group companies and have been prepared using the acquisition cost method.

Intra-Group share ownership, internal transactions, internal margins included in inventories, intercompany receivables and liabilities, and internal distribution of profit have been eliminated.

The income statements of foreign subsidiaries have been converted using the average exchange rate for the financial period and the balance sheets have been translated into Finnish markka amounts at the exchange rate on the date of closing. Differences arising from translation and translation differences in shareholders' equity are recorded under retained earnings.

Fixed assets and depreciation

Fixed assets are recorded in the balance sheet at the original acquisition cost less depreciation according to plan. Depreciation according to plan has been calculated using straight-line depreciation on the estimated economic life of the fixed assets.

Periods for depreciation:

Intangible rights	10 years
Other long-term expenditure	5-10 years
Buildings and structures	40 years
Machinery and equipment	3-10 years

Inventories

Inventories are presented in accordance with the FIFO principle at the acquisition cost or at the lower replacement cost or the probable market price. The value of inventories does not include any share of fixed purchasing and manufacturing costs.

Pension commitments

The retirement plans of the employees of the Group's Finnish companies have been arranged as statutory employment pension through a pension insurance company. The parent company is responsible for FIM 1,164,000 in pension liabilities from the time of previous ownership, and these are presented in the notes to the financial statements. Foreign subsidiaries have handled the retirement plans of their employees in accordance with local legislation.

Items denominated in foreign currency

Receivables and liabilities denominated in foreign currency have been translated into Finnish markka amounts using the confirmed euro conversion rate.

Leasing

Direct leasing payments are treated as rental expenditures.

Appropriations

On the basis of local legislation and accounting practice, companies in Finland and Sweden can, in their separate financial statements, record in appropriations the depreciation difference and the change in voluntary reserves, which are items that mainly have an effect on taxation. The consolidated income statement and balance sheets are presented without appropriations. In the consolidated financial statements, the depreciation difference is divided between shareholders' equity and the imputed tax liability.

Taxes

Recorded as the Group's direct taxes are direct income taxes, the change in the imputed tax liability and the change in the imputed tax credit calculated from the results of Group companies. The imputed tax credit is recorded only if it is likely to materialise. In the case of the Finnish companies, the imputed tax liability on appropriations is calculated using a 29% tax base. The change in the imputed tax liability due to changes in the tax base is recorded in the income statement.

Notes to the income statement

(EUR 1 000)

	GROUP		PARENT COMPANY		GROUP		PARENT COMPANY	
	1999	1998	1999	1998	1999	1998	1999	1998
1. NET SALES BY MARKET AREA AND PRODUCT LINE								
By market area								
Finland	18 794	16 526	18 791	16 517				
Other Nordic countries	2 406	2 315	2 026	2 339				
Rest of Europe	2 505	2 125	2 378	2 047				
North America	1 272	1 074	1 272	1 074				
Other	1 435	1 340	1 435	1 340				
	<u>26 412</u>	<u>23 380</u>	<u>25 902</u>	<u>23 317</u>				
By product line								
Clothing	15 874	14 217	15 557	14 162				
Interior decoration	7 266	5 790	7 176	5 779				
Accessories	3 272	3 373	3 169	3 376				
	<u>26 412</u>	<u>23 380</u>	<u>25 902</u>	<u>23 317</u>				
2. OTHER OPERATING INCOME								
Rental income	49		49					
Capital gains from sales of fixed assets	5	3	5					
Other	4	35	3	34				
	<u>58</u>	<u>38</u>	<u>57</u>	<u>34</u>				
3. MATERIALS AND SERVICES								
Materials and supplies								
Purchases during the financial period	6 929	6 714	6 896	7 137				
Change in inventories	-58	51	-57	48				
Total	<u>6 871</u>	<u>6 765</u>	<u>6 839</u>	<u>7 185</u>				
External services	<u>2 406</u>	<u>2 309</u>	<u>4 325</u>	<u>3 771</u>				
Total	<u>9 277</u>	<u>9 074</u>	<u>11 164</u>	<u>10 956</u>				
4. PERSONNEL EXPENSES								
Salaries, wages and bonuses	5 884	5 061	3 365	2 649				
Pension and pension insurance payments	953	774	537	452				
Other personnel expenses	437	350	225	176				
Total	<u>7 274</u>	<u>6 185</u>	<u>4 127</u>	<u>3 277</u>				
Salaries and bonuses for management								
Members of the Board of Directors and presidents	193	103	76	15				
Average personnel								
Salaried employees	144	134	121	113				
Workers	100	98						
Total	<u>244</u>	<u>232</u>	<u>121</u>	<u>113</u>				
5. DEPRECIATION AND VALUE ADJUSTMENTS								
Intangible assets								
Intangible rights	19	18	15	14				
Other capitalised expenditure	241	197	157	136				
Total	<u>260</u>	<u>215</u>	<u>172</u>	<u>150</u>				
Tangible assets								
Buildings and structures	71	4						
Machinery and equipment	256	180	230	143				
Total	<u>327</u>	<u>184</u>	<u>230</u>	<u>143</u>				
Total	<u>587</u>	<u>399</u>	<u>402</u>	<u>293</u>				
6. OTHER OPERATING EXPENSES								
Rents	1 869	1 819	1 944	1 664				
Marketing	1 747	1 554	1 671	1 540				
Other expenses	3 400	3 588	4 346	4 603				
Total	<u>7 016</u>	<u>6 961</u>	<u>7 961</u>	<u>7 807</u>				
7. FINANCIAL INCOME AND EXPENSES								
Dividend income								
From Group companies								42
From others	3				3	3		
Total	<u>3</u>	<u></u>	<u></u>	<u></u>	<u>3</u>	<u>3</u>	<u></u>	<u>42</u>
Other interest and financial income								
From Group companies						2	101	2
From others	57	71			57	71	57	70
Total	<u>57</u>	<u>73</u>	<u></u>	<u></u>	<u>57</u>	<u>73</u>	<u>158</u>	<u>72</u>
Interest income and other financial income, total	60	73	161	114				
Interest expenses and other financial expenses								
For Group companies						19	2	20
For others	15	106	75	106	15	106	75	106
Total	<u>15</u>	<u>125</u>	<u>77</u>	<u>126</u>	<u>15</u>	<u>125</u>	<u>77</u>	<u>126</u>
Financial income and expenses, total	<u>45</u>	<u>-52</u>	<u>84</u>	<u>-12</u>	<u>45</u>	<u>-52</u>	<u>84</u>	<u>-12</u>
Financial interest and expenses include gains/losses on exchange rate differences (net)								
From Group companies							65	60
From others	78	62			78	62	13	2
Total	<u>78</u>	<u>62</u>	<u></u>	<u></u>	<u>78</u>	<u>62</u>	<u>78</u>	<u>62</u>
8. EXTRAORDINARY ITEMS								
Extraordinary income								
Capital gains from investments	260				260		260	
Imputed tax credit on the internal margin	46				46			
Total	<u>306</u>	<u></u>	<u></u>	<u></u>	<u>306</u>	<u></u>	<u>260</u>	<u></u>
Extraordinary expenses								
Group contribution, Workidea Oy						-1 177		-1 177
Value adjustment of the receivables of Marimekko AB and Marimekko GmbH							-157	-51
Stock exchange listing costs	-280				-280		-280	
Others	-21				-21		-21	
Total	<u>-301</u>	<u>-1 177</u>	<u>-458</u>	<u>-1 228</u>	<u>-301</u>	<u>-1 177</u>	<u>-458</u>	<u>-1 228</u>
Total	<u>5</u>	<u>-1 177</u>	<u>-198</u>	<u>-1 228</u>	<u>5</u>	<u>-1 177</u>	<u>-198</u>	<u>-1 228</u>
9. APPROPRIATIONS								
Change in depreciation difference							95	151
10. DIRECT TAXES								
Income taxes for the present year	682	83	679	90				
Income taxes for previous years	-1	17	-1	17				
Change in the imputed tax liability	59	42						
Change in the imputed tax credit	7	-26						
Total	<u>747</u>	<u>116</u>	<u>678</u>	<u>107</u>	<u>747</u>	<u>116</u>	<u>678</u>	<u>107</u>
Taxes on extraordinary items	6	-330	-49	-344				

Notes to the balance sheet

(EUR 1 000)

	GROUP		PARENT COMPANY	
	1999	1998	1999	1998
11. FIXED ASSETS				
11.1 Intangible assets				
Intangible rights				
Acquisition cost, 1 Jan.	205	235	153	184
Increases +	875	18	20	18
Acquisition cost, 31 Dec.	1 080	253	173	202
Accumulated depreciation, 1 Jan.	104	135	69	103
Depreciation during financial period	19	18	15	15
Accumulated depreciation, 31 Dec.	123	153	84	118
Book value, 31 Dec.	957	100	89	84
Other capitalised expenditure				
Acquisition cost, 1 Jan.	1 954	2 079	1 292	1 921
Increases +	280	632	280	82
Acquisition cost, 31 Dec.	2 234	2 711	1 572	2 003
Accumulated depreciation, 1 Jan.	1 016	1 628	931	1 505
Depreciation during financial period	241	198	156	136
Accumulated depreciation, 31 Dec.	1 257	1 826	1 087	1 641
Book value, 31 Dec.	977	885	485	362
Intangible assets, total	1 934	985	574	446
11.2 Tangible assets				
Land and water				
Acquisition cost, 1 Jan.	19	19		
Acquisition cost, 31 Dec.	19	19		
Book value, 31 Dec.	19	19		
Buildings and structures				
Acquisition cost, 1 Jan.	155	155		
Increases +	3 892	0		
Acquisition cost, 31 Dec.	4 047	155		
Accumulated depreciation, 1 Jan.	76	76		
Depreciation during financial period	71	0		
Accumulated depreciation, 31 Dec.	147	76		
Book value, 31 Dec.	3 900	79		
Machinery and equipment				
Acquisition cost, 1 Jan.	2 417	4 391	2 234	4 322
Increases +	966	429	916	290
Decreases -	-20	-25	-20	
Acquisition cost, 31 Dec.	3 363	4 795	3 130	4 612
Accumulated depreciation, 1 Jan.	1 192	3 394	1 154	3 393
Depreciation during financial period	256	180	229	143
Accumulated depreciation, 31 Dec.	1 448	3 574	1 383	3 536
Book value, 31 Dec.	1 915	1 221	1 747	1 076
Book value of production machinery and equipment, 31 Dec.	190	179	57	63
Advance payments and incomplete projects				
Acquisition cost, 1 Jan.	42	63	42	63
Increases +	82	42	82	42
Decreases -	-51	-63	-51	-63
Book value, 31 Dec.	73	42	73	42
Tangible assets, total	5 907	1 361	1 820	1 118

11.3 Investments

	GROUP		PARENT COMPANY	
	1999	1998	1999	1998
Shares in Group companies				
Acquisition cost, 1 Jan.			375	375
Increases +			2 325	
Acquisition cost, 31 Dec.			2 700	375
Accumulated depreciation, 31 Dec.			218	218
Book value, 31 Dec.			2 481	157
Other shares and participations				
Acquisition cost, 1 Jan.	145	145	142	142
Decreases -	-25		-25	
Acquisition cost, 31 Dec.	120	145	117	142
Accumulated depreciation, 31 Dec.	71	71	71	71
Book value, 31 Dec.	49	75	47	72
Investments, total	49	75	2 528	229

12. INVESTMENTS

Group companies Company and domicile	Group's holding, %	Parent company's holding, %
Decembre Oy, Helsinki	100	100
Keskinäinen Kiinteistö Oy Marikko, Helsinki	100	100
Marimekko AB, Stockholm	100	100
Marimekko GmbH, Frankfurt am Main	100	100
Marimekko International Oy, Helsinki	100	100
Marimekko Kitee Oy, Kitee	100	100
Marimekko Tuotanto Oy, Helsinki	100	100

13. INVENTORIES

	1999	1998	1999	1998
Raw materials and consumables	1 831	1 774	1 814	1 758
Incomplete products	99	77	20	52
Finished products/goods	4 333	4 011	4 163	3 834
Advance payments	135	133	135	133
Total	6 398	5 995	6 132	5 777

14. CURRENT RECEIVABLES

	1999	1998	1999	1998
Sales receivables	1 573	1 468	1 568	1 464
Receivables from Group companies				
Sales receivables			324	249
Loan receivables			2 271	50
Prepaid expenses and accrued income			605	663
Total			3 200	962
Other receivables	34	54	3	27
Prepaid expenses and accrued income	442	444	331	346
Total	2 049	1 966	5 102	2 799
Prepaid expenses and accrued income				
Interest receivables	6	1	6	1
Royalty receivables	108	90	108	90
Social security contribution insurance	12	58	6	40
Tax assets	57	82	21	56
Imputed tax credit	64	26		
Other prepaid expenses and accrued income	195	187	190	159
Total	442	444	331	346

	GROUP		PARENT COMPANY	
	1999	1998	1999	1998
15. SHAREHOLDERS' EQUITY				
Share capital, 1 Jan.	3 835	3 835	3 835	3 835
Rights issue	1 525		1 525	
Share capital, 31 Dec.	5 360	3 835	5 360	3 835

Share premium fund, 1 Jan.				
Issue premium	1 353		1 353	
Share premium fund, 31 Dec.	1 353		1 353	
Reserve fund, 1 Jan.	782	782	782	782
Reserve fund, 31 Dec.	782	782	782	782
Retained earnings, 1 Jan.	3 407	3 345	3 106	3 083
Dividend payout	-185	-168	-185	-168
Translation difference +/-	1	-2		
Other change +/-	3	-2		
Retained earnings, 31 Dec.	3 226	3 173	2 921	2 915
Net profit for the period	1 932	234	1 715	191

SHAREHOLDERS' EQUITY, TOTAL	12 653	8 024	12 131	7 723
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Share of accumulated appropriations recorded in shareholders' equity	414	285		
Distributable funds in shareholders' equity	4 744	3 122	4 635	3 106

16. ACCUMULATED APPROPRIATIONS

Accumulated depreciation difference				
Intangible rights	3	4	3	4
Other capitalised expenditure	-13	-13	-13	-13
Buildings and structures	73			
Machinery and equipment	520	403	499	403
Total	583	394	489	394
Imputed tax liability	169	110	142	110
Share recorded in shareholders' equity	414	285		

The imputed tax liability of the Finnish companies has been calculated using a 29% tax base. The imputed tax liability of foreign subsidiaries has been calculated using the local tax base.

17. LIABILITIES

Interest-bearing liabilities				
Non-current	3 374	207	3 374	207
Current	387	39	387	39
Total	3 761	246	3 761	246
Non-interest-bearing liabilities				
Non-current	169	110		
Current	3 724	3 655	3 623	3 574
Total	3 893	3 765	3 623	3 574

17.1 Imputed tax liability

From appropriations	169	110		
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17.2 Non-current liabilities

Pension loans	3 374	207	3 374	207
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Non-current liabilities include debts that fall due more than five years from now.

Pension loans	1 836		1 836	
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17.3 Current liabilities

Pension loans	387	39	387	39
Advances received		5		5
Trade payables	1 080	708	1 061	702
Debts to Group companies				
Trade payables			632	589
Other current liabilities			39	33
Accrued liabilities and deferred income			108	20
Total			779	642

Other current liabilities	941	885	602	531
Accrued liabilities and deferred income	1 703	2 058	1 181	1 695
Total	4 111	3 695	4 010	3 614

Accrued liabilities and deferred income

Interest	28	28	28	28
Annual holiday pay, with social security contributions	851	762	487	437
Taxes	580		580	
Other accrued liabilities and deferred income	244	50	86	12
Workidea Oy		1 218		1 218
Total	1 703	2 058	1 181	1 695

18. GUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

For own liabilities

Pledges given	29	356	9	331
Guarantees	541	331	424	331
Corresponding commitments	570	356	433	331

Corporate mortgage and mortgaged promissory notes	4 205	336	4 205	336
Corresponding pension loan	3 761	246	3 761	246

For the liabilities of the Group company

Pledges given			21	21
Guarantees			117	

Other liabilities and commitments

Leasing liabilities				
Payments due in the following financial year	162	98	154	98
Payments due later	385	28	369	28
Total	547	126	523	126
Pension liabilities	196	204	196	204

The Group has no liabilities resulting from derivative contracts and there are no outstanding guarantees or any other contingent liabilities which have been granted on behalf of the management of the company or its shareholders.

Five-year review

	1995	1996	1997	1998	1999
Net sales, EUR million	15.86	17.84	19.68	23.38	26.41
Change in net sales, %	4.4	12.5	10.3	19.0	13.0
Operating profit, EUR million 1)	0.59	1.18	1.45	2.00	2.63
% of net sales	3.7	6.6	7.4	8.6	10.0
Financial income and expenses, EUR million	0.00	0.02	0.05	-0.05	0.05
Profit before extraordinary items, reserves and taxes, EUR million 2)	0.59	1.18	1.50	1.95	2.67
% of net sales	3.7	6.6	7.6	8.3	10.1
Taxes, EUR million 3)	0.13	0.22	0.40	0.57	0.75
Profit after taxes, EUR million	0.45	0.96	1.09	1.38	1.93
Balance sheet total, EUR million	10.71	10.78	11.44	12.04	20.31
Interest-bearing liabilities, EUR million	1.61	1.04	0.59	0.25	3.76
Shareholders' equity and reserves, EUR million	7.47	8.04	7.96	8.02	12.65
Return on equity (ROE), %	6.2	12.4	13.5	17.3	18.6
Return on investment (ROI), %	7.9	14.4	17.8	24.7	22.4
Equity ratio, %	69.7	74.6	69.6	66.7	62.3
Gross investments, EUR million	0.30	0.30	0.64	1.03	6.08
Average personnel 4)	158	164	188	232	244

Per-share key figures

	1995	1996	1997	1998	1999
Earnings per share (EPS), EUR 5)	0.20	0.42	0.47	0.61	0.74
Equity/share, EUR	3.27	3.53	3.49	3.52	4.72
Dividend/share, EUR	0.09	0.12	0.07	0.08	*)0.44
Dividend/profit, %	44.4	28.9	15.4	13.4	59.5
Issue-adjusted average number of shares, 1,000	2,280	2,280	2,280	2,280	2,602

*) Proposal by the Board of Directors

1) 1995-1998: the Marimekko Group's operating profit + Workidea Oy's operating profit

2) 1995-1998: profit from Marimekko's operations = the Marimekko Group's profit before extraordinary items, reserves and taxes + Workidea Oy's operating profit

3) Taxes paid during the financial period and the change in the imputed deferred tax liability in 1997, 1998 and 1999

4) Personnel employed in Marimekko operations

5) 1995-1998: from earnings from Marimekko operations

Formulas for the key figures

Operating profit from Marimekko's operations	1995-1998: the Marimekko Group's operating profit + the parent company Workidea Oy's operating profit, 1999: the Marimekko Group's operating profit
Return on equity (ROE), %	$\frac{\text{Profit before extraordinary items} - \text{taxes (excl. of taxes on extraordinary items)}}{\text{Shareholders' equity (average for the year)}} \times 100$
Return on investment (ROI), %	$\frac{\text{Profit before extraordinary items} + \text{interest and other financial expenses}}{\text{Balance sheet total} - \text{non-interest-bearing liabilities (average for the year)}} \times 100$
Equity ratio, %	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total} - \text{advances received}} \times 100$
Earnings per share (EPS), EUR	$\frac{\text{Profit before extraordinary items} - \text{taxes (excl. of taxes on extraordinary items)}}{\text{Average number of shares for the financial year}}$
Equity per share, EUR	$\frac{\text{Shareholders' equity}}{\text{Number of shares, 31 December}}$
Dividend per share, EUR	$\frac{\text{Dividend paid for the financial year}}{\text{Number of shares, 31 December}}$
Dividend/profit, %	$\frac{\text{Dividend paid for the financial year}}{\text{Profit (as in the key figure for earnings per share)}} \times 100$
Interest-bearing net debt	Interest-bearing liabilities – cash at hand and in banks – interest-bearing loan receivables
Net gearing	$\frac{\text{Interest-bearing net debt}}{\text{Shareholders' equity}}$

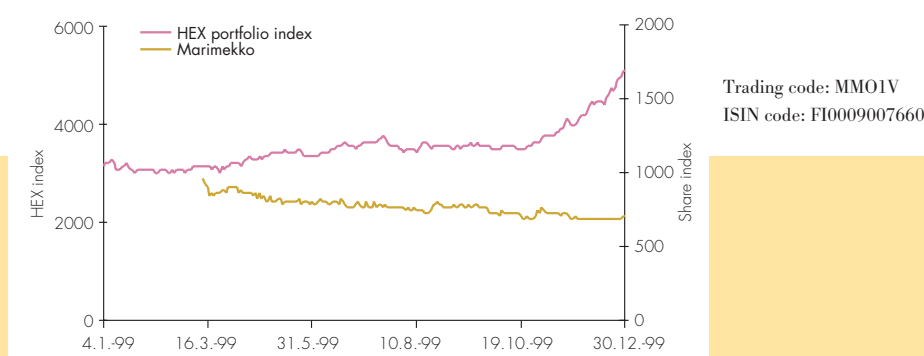
Information on Marimekko's shares

Shares and share capital

In March 1999, the company was listed on the I List of the Helsinki Exchanges. The sale and subscription price for the share offering was EUR 7.25 per share. Marimekko's shares began trading on the Helsinki Exchanges' Pre List on 12 March 1999 and have been traded on the I List since 15 March 1999.

During 1999, a total of 725,299 shares were traded, representing 27.9% of the shares. The total value of share turnover on the I List was EUR 3,996,756. In 1999, the lowest price of Marimekko shares was EUR 4.90 and the highest was EUR 7.00. The average share price was EUR 5.51. At the end of 1999, the share price was EUR 5.12. The company's market capitalisation at 31 December 1999 was EUR 13,721,600.

Share price trend



Marimekko Oy was changed into a public listed company in February 1999. The amendments to the Articles of Association were entered in the Trade Register on 17 February 1999. In a share issue carried out in connection with the initial public offering, 400,000 new shares were issued. At the end of the financial year, the company's paid-in share capital, as recorded in the Trade Register, amounted to EUR 5,360,000, consisting of one series of 2,680,000 shares, each having an accounting countervalue of EUR 2.00. According to the Articles of Association, the minimum share capital is EUR 3,000,000 and the maximum share capital is EUR 12,000,000. The company's shares have been included in the book-entry register since 17 February 1999.

At the end of the financial year, the Board of Directors had no valid authorisations to carry out a share issue or issue of convertible bonds or bonds with warrants or to acquire the company's shares.

According to the book-entry register, the company had 1,700 registered shareholders at the end of the financial year. About 0.4% of the shares were registered in a nominee's name.

Breakdown of ownership, 31 December 1999

	%
Private companies	56.6
Financial institutions and insurance companies	13.8
Public sector entities	1.2
Non-profit bodies	1.3
Households	27.0
Foreigners	0.1
Total	100.0

Ownership by size of holding, 31 December 1999

Shares	Number of shareholders	Percentage of shareholders	Total number of shares	Percentage of holding
1-100	472	27.8	42,925	1.6
101 – 1,000	1,051	61.8	459,413	17.1
1,001 – 10,000	159	9.3	395,670	14.8
10,001 – 100,000	17	1.0	441,992	16.5
100,001 – 1,000,000	0	0.0	0	0.0
1,000,001 – 9,999,999	1	0.1	1,340,000	50.0
Total	1,700	100.0	2,680,000	100.0

Shareholders

According to the book-entry register, the largest shareholders on 31 December 1999 were:

Percentage of holding and votes

Workidea Oy	50.0
Enterprise Fennia Mutual Insurance Company	2.2
Leonia Kasvuosake Investment Fund	2.0
Ålands Ömsesidiga Försäkringsbolag	1.7
Sampo Insurance Company plc	1.3
Finanssi-Sampo Oy	1.3
Fennia Life Insurance Company	0.9
Opstock Securities Ltd	0.9
Alko Pension Fund S.R.	0.9
Optiomi Oy	0.8
Other	37.6
Nominee registered	0.4
	100.0

Management's shareholding

At the end of the financial period, the total number of shares owned either directly or indirectly by members of the Board of Directors and the president was 1,354,000, representing 50.5% of the total votes.

The company has neither made nor is aware of any shareholder agreements concerning the company's shares or other commitments agreeing on the company's ownership or the use of voting rights.

The Board of Directors' proposal for the distribution of profit

The Group's distributable funds on 31 December 1999 amounted to EUR 4,744,000.

Marimekko Corporation's distributable funds on 31 December 1999 amounted to EUR 4,635,425.83, of which the profit for the financial period accounts for EUR 1,714,667.53.

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.44 be paid per share for the financial period to a total of EUR 1,179,200 and that the rest be retained as earnings.

Helsinki, 29 January 2000

Kari Miettinen

Matti Kavetvuo

Kirsti Paakkanen
President

Auditor's report

To the shareholders of Marimekko Corporation

I have audited the accounting, the financial statements and the corporate governance of Marimekko Corporation for the financial year ended 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 the audit, I express an opinion on these financial statements and on the corporate governance.

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

In my 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 period audited by me. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies Act.

Helsinki, 1 February 2000

Anneli Lindroos

Authorised Public Accountant

Administration and auditors

Board of Directors

Kari Miettinen, born 1951

M.Sc. (Econ.), Authorised Public Accountant

Chairman of the Board since 1991

Term of office 1999

Matti Kavetvuo, born 1944

M.Sc. (Eng.), M.Sc. (Econ.)

Member since 1997

Term of office 1999

Kirsti Paakkanen

President

Marimekko Corporation's president since 1991

Member since 1991

Term of office 1999

Auditors

Anneli Lindroos, Authorised Public Accountant, regular auditor

Matti Hartikainen, Authorised Public Accountant, deputy auditor

Management group, 1 January 2000

Chairman:

Kirsti Paakkanen, President

Employed by the company since 1991

Members:

Raija Anjala, Chief Financial Officer, M.Sc. (Econ.)

Employed by the company since 1999

Hilkka Rahikainen-Haapman, Design Director, textiles and clothing designer

Employed by the company since 1961

Sari Rytökoski, Director/Exports and Licensing, M.Sc. (Econ.)

Employed by the company since 1998

Helinä Uotila, Production Director, M.Sc. (Eng.)

Employed by the company since 1972

Addresses

Marimekko Corporation
Puusepäinkatu 4, FIN-00810 Helsinki, Finland

P.O. Box 107, FIN-00811 Helsinki, Finland Corporate site: <http://www.marimekko.fi>
Tel. +358 9 758 71, fax +358 9 755 3051 Email: info@marimekko.fi

Marimekko stores

FINLAND

Helsinki:

Kämp Galleria, Pohjoisesplanadi 31,
tel. +358 9 6860240
Eteläesplanadi 14, tel. +358 9 170704
Pohjoisesplanadi 2, tel. +358 9 6222317
Forum Shopping Mall,
Mannerheimintie 20, tel. +358 9 6941498
Hakaniemi Market Hall,
tel. +358 9 7536549
Itäkeskus Shopping Mall, Itäkatu 1-5 a 27,
tel. +358 9 331772
Factory shop, Kirvesmiehenkatu 7,
tel. +358 9 7587244

Espoo:

Kulttuuriauukio, Tapiola,
tel. +358 9 463230

Vantaa:

Helsinki-Vantaa Airport,
tel. +358 9 8702110

Hummppila:

Factory shop, Humppilan Lasi,
tel. +358 3 4378702

Joensuu:

Metropol Shopping Mall, Torikatu 29,
tel. +358 13 224141

Jyväskylä:

Kauppakuu 39, tel. +358 14 617558

Kitee:

Factory shop, Karhutie 1,
tel. +358 13 414761

Kyyjärvi:

Factory shop, Paletti Shopping Mall,
Vaasantie 2, tel. +358 14 471784

Lahti:

Trio Aleksanteri Shopping Mall,
Aleksanterinkatu 18, tel. +358 3 7829455

Rovaniemi:

Sampokeskus, Koskikatu 17,
tel. +358 16 346844
Factory shop, Napapiirin Lasi, Napapiiri,
tel. +358 16 3561186

Sulkava:

Factory shop, Alanteentie 3,
tel. +358 15 676283

Tampere:

Koskikeskus Shopping Mall,
tel. +358 3 2237627
Aleksanterinkatu 25, tel. +358 3 2229909
Sokos Department Store, Hämeenkatu 21,
tel. +358 10-7652262

Turku:

Aurakatu 10, tel. +358 2 2740900
Kristiinankatu 9, tel. +358 2 2740915

Vaasa:

Rewell Center, tel. +358 6 3124488

Virrat:

Factory shop, Palmroth Center,
Pirkantie 26, tel. +358 3 4753490

SWEDEN

Stockholm:

Norrmalmstorg 4, tel. +46 8 4403275

GERMANY

Munich:

Arcade, Neuhauser Strasse 5,
tel. +49 89 267907

Subsidiaries

Sweden

Marimekko AB
Norrmalmstorg 4, 11146 Stockholm
Tel. +46 709-905453 / +46 8 4403275
Fax +46 8 4403276
Email: salesoffice@marimekko.se
www.marimekko.se

Germany

Marimekko GmbH
Rheinstrasse 19, 60325 Frankfurt/Main
Tel. +49 69 749084
Fax +49 69 742643

Agents and importers

Australia

Ordal Australia Pty Ltd
362 Eastern Valley Way
Chatswood NSW 2067
Tel. +61 2 94170241
Fax +61 2 94170924
Importer: bed linen, bathroom textiles,
cosmetic bags

Austria

Stoffe & So
Jägerhausgasse 9, 2340 Mödling
Tel. +43 2236 864864
Fax +43 2236 864777
Agent: interior textiles, bags

Belgium

BVBA Walter Rottiers
Benedenstraat 58, 2880 Bornem
Tel. +32 3 8991545
Fax +32 3 8992677
Agent: clothing, bags, interior textiles

Denmark

Match Interiør
Hovedgaden 69, 8220 Brabrand
Tel. +45 86 26 16 11
Fax +45 86 26 16 31
Agent: bags, interior textiles

Japan

Chelsea International, Inc.
1-28-3, Higashi-Nakano, Nakano-ku,
Tokyo 164-0003
Tel. +81 3 33644136
Fax +81 3 33644138
Importer: interior fabrics

M-aalto Corporation
Suzuki Honten Bldg. 2F
5-14-8, Ginza, Chuo-ku, Tokyo 104
Tel. +81 3 35411022
Fax +81 3 35411711
Importer: clothing, bags

The Netherlands

Bineke de Vries Agenturen
Westereems 11, 8602 CR Sneek
Tel. +31 515 430670
Fax +31 515 430735
Agent: clothing, bags, interior textiles

Norway

Artinterior A/S
Box 57, Skøyen, 0212 Oslo 2
Tel. +47 22 51 61 50
Fax +47 22 52 31 45
Agent: clothing, bags, interior textiles

Switzerland

Schatulle
Rosshofgasse 15, 4051 Basel
Tel. +41 61 2614611
Fax +41 61 2610696
Agent: clothing, bags
Importer: interior textiles

U.K.

Scott Ranch Designs Ltd.
'Black Fridays'
Fridays Hill
Kingsley Green
Fernhurst, West Sussex GU27 3LL
Tel. +44 1428 652959
Fax +44 1428 645002
Importer: interior textiles

U.S.A.

DelGreco Textiles, Inc.
232 East 59th Street, Ground Floor
New York, N.Y. 10022
Tel. +1 212 6885310
Fax +1 212 6885207
Importer: interior fabrics

Licensing partners**Finland**

Designor Oy Ab
Hämeentie 135
00560 Helsinki
Tel. +358 2043911
Fax +358 204395180
Glassware

JL-Lasi Oy
Puhaltajankatu 55
11910 Riihimäki
Tel. +358 19 724050
Fax +358 19 720669
Glassware

Lindegaard Paperisto Oy
P.O. Box 36
42301 Jämsänkoski
Tel. +358 204166911
Fax +358 204166999
Notebooks

Suomen Kerta Oy
Runeberginkatu 25
48200 Kotka
Tel. +358 5 213880
Fax +358 5 213882
Paper tablecloths and napkins

Japan

Nishikawa Sangyo Co. Ltd.
8-8 Tomizawa-cho
Nihonbashi, Chuo-ku
Tokyo 103
Tel. +81 3 36648161
Fax +81 3 36639829
Bed linen, home textiles

U.S.A.

Crate & Barrel
725 Landwehr Road
Northbrook, IL 60062
Tel. +1 847 2722888
Fax +1 847 2723607
Towels, table linen, umbrellas

DelGreco Textiles, Inc.
232 East 59th Street, Ground Floor
New York, N.Y. 10022
Tel. +1 212 6885310
Fax +1 212 6885207
Fabrics for outdoor use

Imperial Home Decor Group
23645 Mercantile Road
Cleveland, OH 44122
Tel. +1 1800-5376849
Fax +1 216 3785226
Wallpaper

Revman Industries, Inc.
1211 Avenue of the Americas 30th Floor
New York, N.Y. 10036
Tel. +1 212 2780300
Fax +1 212 8408446
Bed linen, bathroom textiles

Sweet Potatoes, Inc.
2890 Fourth Street
Berkeley, CA 94710-2402
Tel. +1 510 9824600
Fax +1 510 9824651
Children's clothing

Representative in the United States

Donna Gorman, Inc.
1115 Weed Street
New Canaan, CT 06840
Tel. +1 203 9723685
Fax +1 203 9723281

