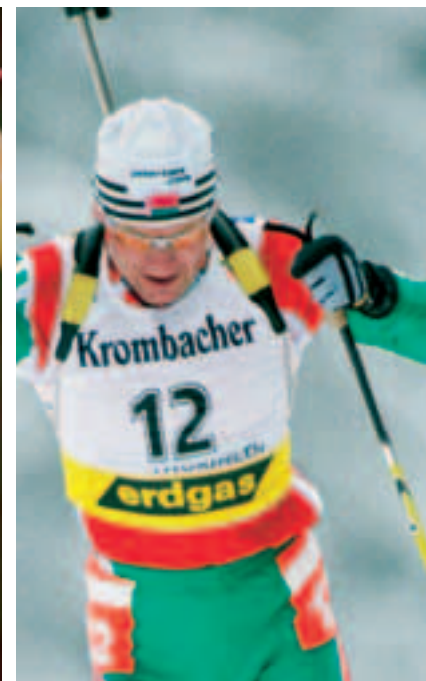




Every sport has numbers.





Here's ours.

➔ FINANCIAL STATEMENTS

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➔ REPORT OF THE BOARD OF DIRECTORS

2004 was a year of solid growth for Amer Group's sports equipment business. Comparable net sales of sports equipment in local currencies rose by 11%. Profitability was good and the balance sheet strong. The Golf Division achieved its objective for the year under review: to be back in the black.

Foreign exchange rate movements reduced Amer Group's net sales by EUR 50 million, due to the strengthening of the euro, particularly against the US dollar. Foreign exchange rate movements had a slightly negative effect on EBIT.

In 2004, Amer Group carried out small but strategically important acquisitions to strengthen its business areas' product portfolios. In January, the Company acquired Fitness Products International LLC and ClubCom Inc., which helped boost growth of the Fitness Equipment Division to 31% in local currency terms. Team Sports' growth was boosted by the acquisition of Athletic Training Equipment Company Inc. in November 2003.

Amer Group built up its sales network by setting up Amer Sports own sales and distribution companies in Italy, Russia, and Estonia. The sales activities of Precor, which offers fitness equipment, were integrated into Amer Sports' sales organization in Spain and the Netherlands. In Japan, Amer Sports' range was expanded to Precor, Atomic, and Suunto products in addition to Wilson.

In January, Amer completed an agreement to terminate its license to manufacture and sell tobacco products. Amer Group withdrew from the tobacco business on March 26, 2004, and now focuses solely on sports equipment.

NET SALES AND EBIT

Amer Group's net sales declined by 3% to EUR 1,058.8 million (EUR 1,094.1 million in 2003). The divestment of the tobacco business in March reduced net sales by 8%. Net sales of the

sports equipment business rose by 5%. The comparable net sales of this business in local currencies grew by 11%. With the exception of the Golf Division, sales of all sports business areas grew in local currency terms.

Foreign exchange rate movements reduced Amer Group's net sales by EUR 50 million, which was due to the strengthening of the euro, particularly against the US dollar.

Net sales by market area were as follows: the Americas (including Latin America), 56%, EMEA (Europe, the Middle East and Africa), 33%, and Asia Pacific (including Japan and Australia), 11%. Sales in the Americas grew by 4% and in Asia Pacific by 8%, but declined by 16% in EMEA due to the divestment of the tobacco business. Comparable net sales in local currencies rose by 14% and 15% in the Americas and Asia Pacific, respectively, and declined by 17% in EMEA.

The Group's EBIT amounted to EUR 122.0 million (117.7), including the consideration received from Philip Morris due to the premature termination of the license to manufacture and sell Philip Morris products. The divestment of the tobacco business improved EBIT by EUR 10.1 million. Exchange rate movements had a slightly negative effect on EBIT.

The Group's EBIT as a proportion of net sales was 11.5% (10.8%). Earnings before taxes amounted to EUR 118.6 million (109.5) and net result to EUR 84.5 million (78.1). Earnings per share were EUR 1.19 (1.12).

Net financing expenses were EUR 3.4 million (8.2), representing 0.3% of net sales.

Taxes for the financial year were EUR 33.8 million (31.0). The tax rate remained the same level as 2003, amounting to 28.5%.

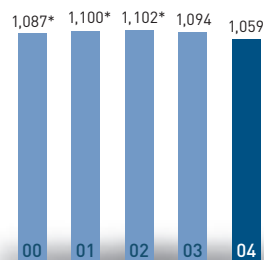
Return on capital employed (ROCE) was 21.5% (2003: 21.1%). Return on equity rose from 18.8% to 19.2%.

DIVISIONAL REVIEWS

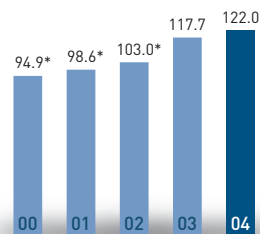
The global tennis market grew by about 2% and the average price of tennis rackets declined. Wilson's share of the global market for tennis rackets was 36% by the time of the year end. The Racquet Sports Division's net sales rose by 1% to EUR 210.3 million. Comparable net sales in local currencies were up 6%. Sales rose by 7% in the Americas, 2% in EMEA, and 12% in Asia Pacific. EBIT increased by 31% to EUR 26.9 million. Premium tennis rackets in particular boosted sales.

Competition continued to be tough in the golf equipment market and as a result prices were under pressure. Sales of

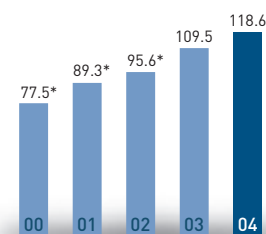
NET SALES,
EUR MILLION



EBIT,
EUR MILLION



EARNINGS BEFORE TAXES,
EUR MILLION



* In accordance with FAS principles

golf clubs were similar to last year and Wilson's global market share was 4%. Wilson also had a 4% market share in golf balls. The Golf Division's net sales declined by 5% to EUR 147.7 million. Comparable net sales in local currencies declined by 2%. Sales rose by 22% in Japan and 1% in the Americas. Sales were down 13% in EMEA. The Golf Division achieved its objective for 2004: to get back in the black. Profitability was improved by the reorganization of Wilson in the United States, a process that got under way in 2003, and by the related realignment of its cost structure to better match its business operations.

The market for American football and basketball equipment grew in the United States in 2004. The baseball equipment market remained at 2003's levels in the United States. Team Sports continued to perform well, breaking its previous earnings record. Net sales were up 2% to EUR 185.0 million. Comparable net sales in local currencies rose by 13%. The products that particularly improved sales performance were baseball and softball bats; their sales increased by 25%. Of net sales, 89% were generated in the US market. Sales outside the United States grew by 16%. EBIT increased by 6% to EUR 24.6 million. Comparable EBIT in local currencies was up 18%.

In addition to sales of racquet sports, golf, and team sports equipment, global sales of other products manufactured under license from Wilson totaled approximately EUR 115 million.

The first indications are that the total market for winter sports in the 2004/2005 season will grow by 3%, compared to 2% growth in the 2003/2004 season. Average product prices declined due to an increasing proportion of sales being derived from lower price point products. The Winter Sports Division's net sales grew by 9% to EUR 205.6 million. Comparable net sales in local currencies rose by 11%. Sales grew by 13% in EMEA and 5% in the Americas. EBIT increased by 5% to EUR 29.6 million.

During the year under review, the fitness market grew by about 5% in North America. Price competition continued intensively in Europe. The Fitness Equipment Division's net sales increased by 20% and amounted to EUR 210.1 million. Comparable net sales in local currencies were up 31%. The products that saw the greatest sales growth were elliptical fitness equipment, treadmills, and stationary cycles. Of net sales, 78% came from North America, where sales increased by 32%. EBIT declined by 11% to EUR 23.9 million. A settlement paid in a fitness equipment litigation case reduced EBIT; its non-recurring impact was EUR 2.5 million. The result was also

weakened by the rising price of steel as well as the integration of the acquired businesses.

Sales of Suunto wristop computers grew by 2% during the year under review. Sales of diving instruments remained at 2003's levels. Wristop computers and diving instruments accounted for 64% of Suunto's net sales. Suunto's net sales rose by 1% to EUR 77.2 million. Comparable net sales in local currencies increased by 3%. The Americas generated 40% of net sales and EMEA 50%. Sales grew by 13% in the Americas and declined by 6% in EMEA. EBIT grew by 4% to EUR 8.0 million.

CAPITAL EXPENDITURE

The Group's gross capital expenditure totaled EUR 16.3 million (18.4). The Group's depreciation was EUR 16.1 million (19.7).

RESEARCH AND DEVELOPMENT

R&D expenditure amounted to EUR 31.3 million (30.7), representing 3.0% of net sales.

EUR million	2004	2003
Racquet Sports	3.9	4.6
Golf	2.8	3.5
Team Sports	1.9	1.7
Winter Sports	5.2	6.1
Fitness Equipment	10.8	8.8
Sports Instruments	6.7	6.0
Total	31.3	30.7

FINANCIAL POSITION AND CASH FLOW

The Group's net financing expenses were EUR 3.4 million (8.2) during the financial period. The market valuation of interest rate swaps hedging against interest rate rises reduced net financing expenses by EUR 2.2 million.

The Group's financial position and liquidity remained good. Cash flow from operating activities after interest and taxes was EUR 33.2 million (88.6). The decline in cash flow from operating activities was due primarily to the increase in working capital caused by the strong growth of Fitness Equipment and Winter Sports. Net cash flow from investing activities, including acquisitions and the sale of the tobacco business, amounted to EUR -8.4 million (-23.8). Dividends totaling EUR 33.2 million were paid.

The Group's net debt totaled EUR 133.2 million (140.6) as at December 31, 2004. Exchange rate movements reduced net debt by EUR 11.2 million.

Most of the Group's financing was raised through the issuance of commercial paper. The Group did not initiate any significant new financing-related measures during the year.

The Group's interest-bearing long-term liabilities amounted to EUR 27.1 million. In addition, the Group had EUR 92.0 million in unused committed credit facilities, of which EUR 55.0 million will mature after 12 months.

Liquid funds amounted to EUR 17.0 million at year's end.

The equity ratio rose to 55.5% (48.4%) and gearing was 29% (33%).

PERSONNEL

The number of Amer Group employees rose by 53 during the year. At the end of 2004, the Group had 4,066 (4,013) employees. The average number of employees during the year under review was 4,174 (4,089).

	31 Dec 2004	31 Dec 2003
Racquet Sports	589	614
Golf	694	799
Team Sports	607	530
Winter Sports	847	712
Fitness Equipment	745	471
Sports Instruments	532	519
Tobacco	4	323
Headquarters	48	45
Total	4,066	4,013

The parent company, Amer Group Plc, had 48 (45) employees at the end of 2004, with an average of 47 (45) during the year.

At the end of the year, the Group had 1,782 employees in the United States, 669 in Austria, 362 in Finland, and 1,253 in the rest of the world.

THE PARENT COMPANY'S BOARD OF DIRECTORS AND AUDITOR

At the Annual General Meeting held on March 17, 2004, it was resolved that the Board of Directors would have seven members. The Board members elected for the 2004 term of office were Mr Felix Björklund, Mr Ilkka Brotherus, Mr Pekka Kainulainen,

Mr Tuomo Lähdesmäki, Mr Timo Maasilta, Mr Roger Talermo, and Mr Anssi Vanjoki as a new member. The term of office of the elected Board of Directors will end at the conclusion of the Annual General Meeting in 2005. At its first meeting after the Annual General Meeting, the Board of Directors elected Mr Pekka Kainulainen as its Chairman and Mr Ilkka Brotherus as its Vice Chairman. The members elected to the Remuneration Committee were Mr Pekka Kainulainen (Committee Chairman), Mr Ilkka Brotherus, and Mr Felix Björklund, and the members elected to the Nomination Committee were Mr Felix Björklund (Committee Chairman), Mr Pekka Kainulainen, and Mr Timo Maasilta.

The Annual General Meeting approved PricewaterhouseCoopers Oy, Authorized Public Accountants, as the auditors of the Company, with the auditor in charge being Mr Göran Lindell, A.P.A.

AGM AND EGM RESOLUTIONS IN 2004

Amer Group's Annual General Meeting, which was held on March 17, 2004, resolved to amend paragraph 3 of Article 6 of the Company's Articles of Association such that a Board member's term of office will expire at the end of the next Annual General Meeting following the member's election. Persons aged 66 years or older at the time of election may not be elected as members of the Board of Directors. The Board of Directors elects the Chairman and Vice Chairman of the Board from amongst its number.

In accordance with the Annual General Meeting's decision, the Company's share capital was decreased by EUR 3,873,200 by canceling 968,300 Amer shares owned by the Company. The lowering of the share capital was entered in the Trade Register on April 16, 2004.

Extraordinary general meeting of shareholders

Amer Group's extraordinary general meeting held on December 13, 2004, resolved to amend Article 3 of the Company's Articles of Association to the effect that the minimum share capital

of the Company is EUR 200,000,000 and the maximum share capital is EUR 800,000,000, within which limits the share capital may be increased or decreased without amending the Articles of Association.

Article 4 of the Articles of Association was amended such that the number of the Company's shares is 50,000,000 at the minimum and 200,000,000 at the maximum.

Article 13 of the Articles of Association was amended such that in paragraph 7 of Article 13, the reference to "Finnish markka" was changed to euros and the reference to the "Bank of Finland" was changed to the European Central Bank. No other changes to Article 13 were made.

In accordance with the decision of the extraordinary general meeting, the Company's share capital was increased from EUR 95,226,480 to EUR 285,679,440 by means of a bonus issue of EUR 190,452,960. Under the terms of the bonus issue, each share entitled its holder to receive two new shares, without consideration. A total of 47,613,240 new shares were issued. The increase in the share capital was entered in the Trade Register on December 16, 2004. An amount equaling the increase was transferred into the share capital from the premium fund.

In accordance with the terms and conditions of Amer Group's 2002, 2003, and 2004 warrant schemes, the ratio of the share capital to the shares that can be subscribed for as a result of an exercise of warrants, remains unchanged. Following the bonus issue, each warrant thus entitles its holder to subscribe for three Amer Group shares instead of one share.

2002 warrant scheme

Due to the amendments, the Company's number of shares in issue can increase by a maximum of 1,557,300 new shares and the share capital by a maximum of EUR 6,229,200 due to share subscriptions. The share subscription price is a third of the subscription price determined in the terms. The new subscription price is EUR 10.79 per share. The share subscription period begins on January 1, 2005, and ends on December 31, 2007.

2003 warrant scheme

Due to the amendments, the Company's number of shares in issue can increase by a maximum of 479,997 new shares and the share capital by a maximum of EUR 1,919,988 due to share subscriptions. The share subscription price is a third of the subscription price determined in the terms. The new subscription price is EUR 12.63 per share. The share subscription period begins on January 1, 2006, and ends on December 31, 2008.

2004 warrant scheme

Due to the amendments, the Company's number of shares in issue can increase by a maximum of 1,650,000 new shares and the share capital by a maximum of EUR 6,600,000 due to share subscriptions. The share subscription price is a third of the subscription price determined in the terms. The new subscription price is EUR 13.53 per share. The share subscription period begins on January 1, 2007, and ends on December 31, 2009.

Amer Group Plc's Articles of Association are posted on the Company's internet site at www.amersports.com under About us – Corporate Governance.

AMER GROUP'S SHARES AND SHAREHOLDERS

In the following section all the share amounts and share prices have been adjusted for the December 2004 bonus issue 1:2.

The Company had 13,439 registered shareholders at the end of the year. Nominees accounted for 48% (47%) of the total shares in issue.

Turnover of the Group's shares in trading on the Helsinki Stock Exchange during the 2004 calendar year amounted to 49.7 million shares at a total value of EUR 647.5 million, and turnover on the London Stock Exchange amounted to 0.5 million shares at a total value of EUR 8.6 million. Turnover was 69.7% in Helsinki and 0.9% in London to a total of 70.6%. At the turn of the year, 256,318 American Depositary Receipts were in issue.

The closing price of Amer Group Plc's shares on the Helsinki Stock Exchange on the period's last day of trading was EUR

12.85, representing a 12.2% increase during the year. The highest share price on the Helsinki Stock Exchange was EUR 14.82 and the lowest was EUR 11.49. The average price was EUR 13.06.

The Company's market capitalization at year's end was EUR 917.7 million.

The highest price of the 1998 A/B/C warrants on the Helsinki Stock Exchange was EUR 8.07 and the lowest was EUR 6.63. In 2004, total turnover of the warrants amounted to 0.3 million at a value of EUR 2.5 million.

In October, Silchester International Investors Limited announced that institutional investors and funds under their control owned 15.35% of Amer Group Plc's share capital and voting rights.

During the year under review, a total of 964,200 new shares subscribed for on the basis of the 1998 A/B/C warrants were registered. The subscription period of the warrants issued in 1998 ended on March 31, 2004. As a consequence of the shares subscribed for under the 1998 warrant scheme, the Company's number of shares in issue rose by a total of 2,092,200 new shares and the share capital by EUR 8.4 million (bonus issue-adjusted). 457,800 shares remained unsubscribed.

On December 31, 2004, the Company's share capital amounted to EUR 285,679,440 and it had a total of 71,419,860 shares in issue.

At the end of the year under review, the Board of Directors had no outstanding authorizations to issue shares.

WITHDRAWAL FROM THE TOBACCO BUSINESS

In January, Philip Morris and Amer Tobacco reached an agreement on the premature termination of the latter's license to manufacture and sell Philip Morris products as well as on the sale of certain assets. The consideration paid by Philip Morris amounted to EUR 29.0 million. The divestment of the tobacco business improved EBIT in 2004 by EUR 10.1 million compared with the corresponding period of the previous year. The exclusive right granted to Amer Tobacco Ltd to produce and sell Philip Morris products in Finland accordingly ended on March 26, 2004.

NEW AMER SPORTS SALES COMPANIES

Amer Group built up its sales network by setting up Amer Sports' own sales and distribution companies in Italy, Russia, and Estonia towards the end of 2004. The Amer Sports organization operates locally and is responsible for sales and distribution of the Group's products to the sports equipment trade in its own market area. Thanks to the new companies, Amer Sports sales and distribution organization is now represented in 31 countries.

ADOPTION OF IFRS

Amer Group adopted the International Financial Reporting Standards (IFRS) as of January 1, 2004.

CORPORATE GOVERNANCE

Amer Group complies with the Helsinki Stock Exchange's Guidelines for Insiders that came into force on March 1, 2000, and the Corporate Governance Recommendations for Listed Companies that became effective on July 1, 2004. Amer Group revised its Corporate Governance commitments in 2004. The Company's Corporate Governance system is described on the Company's internet site at www.amersports.com under About Us – Corporate Governance.

EVENTS FOLLOWING THE YEAR END

The warrants relating to Amer Group Plc's 2002 warrant scheme for key employees began trading on the Main List of the Helsinki Stock Exchange as of January 18, 2005.

On January 25, 2005, it was announced that Amer Group Plc's Board of Directors has decided to propose to the Annual General Meeting to be held on March 16, 2005, that the Company be renamed Amer Sports Corporation (Amer Sports Oyj in Finnish). The name change entails amending the Articles of Association.

OUTLOOK FOR 2005

Amer Group is now a 100% sports equipment company – and it aims to become the world's leading company in its field. Its strong cash flow from operating activities and balance sheet, coupled with its good position in the sports equipment market, mean that Amer Group has a stable platform from which to develop its operations further in line with its strategy.

2004 was a year of positive trends in the sports equipment market. Demand for sports equipment was good. In 2005, the Company expects that the growth in demand for sports equipment will plateau in the United States, while demand is anticipated to keep recovering slowly in Europe and Japan.

In 2005, Amer Group's comparable net sales in local currencies are expected to grow by 3–5% compared with last year. Earnings per share for 2005 are forecast to be EUR 0.90–1.05.

PROPOSED DIVIDEND

Amer Group seeks to be viewed as a competitive investment that increases shareholder value through a combination of dividends and share price performance ("total shareholder return"). The Company therefore pursues a progressive dividend policy reflecting its results, with the objective of distributing a dividend of at least one third of annual net result.

The Board of Directors will propose that a dividend of EUR 0.50 (2003: EUR 0.47) per share be paid for the 2004 financial year, representing 42% of the net result for the financial year.

NET SALES BY BUSINESS AREA

EUR million	2004	%	2003	Change %
Racquet Sports	210.3	20	207.4	1
Golf	147.7	14	156.1	-5
Team Sports	185.0	18	181.0	2
Winter Sports	205.6	19	188.2	9
Fitness Equipment	210.1	20	175.5	20
Sports Instruments	77.2	7	76.6	1
	1,035.9	98	984.8	5
Tobacco	22.9	2	109.3	-79
Total	1,058.8	100	1,094.1	-3

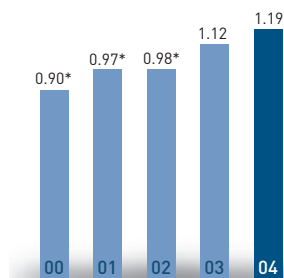
EBIT BY BUSINESS AREA

EUR million	2004	% of net sales	2003	% of net sales
Racquet Sports	26.9	13	20.6	10
Golf	0.5	-	-12.4	-
Team Sports	24.6	13	23.3	13
Winter Sports	29.6	14	28.3	15
Fitness Equipment	23.9	11	26.8	15
Sports Instruments	8.0	10	7.7	10
Headquarters	-11.1	-	-6.6	-
Patent settlement	-	-	20.5	-
	102.4	10	108.2	11
Tobacco	19.6	-	9.5	9
Total	122.0	12	117.7	11

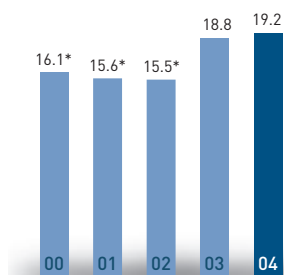
GEOGRAPHIC BREAKDOWN OF NET SALES

EUR million	2004	%	2003	Change %
Americas	597.1	56	573.2	4
EMEA	350.1	33	417.8	-16
Asia Pacific	111.6	11	103.1	8
Total	1,058.8	100	1,094.1	-3

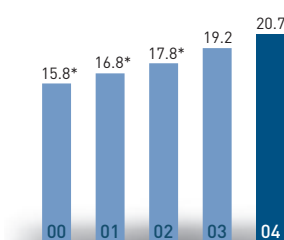
EARNINGS PER SHARE, EUR



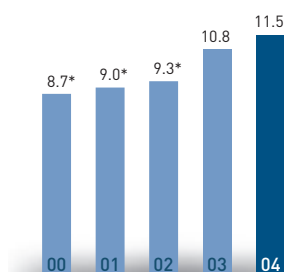
RETURN ON SHAREHOLDERS' EQUITY, %



RETURN ON INVESTMENT, %

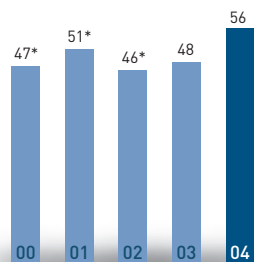


EBIT, % OF NET SALES

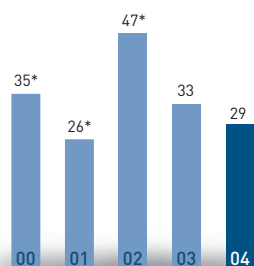


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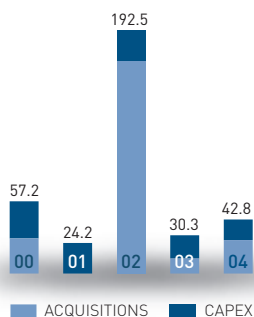
EQUITY RATIO, %



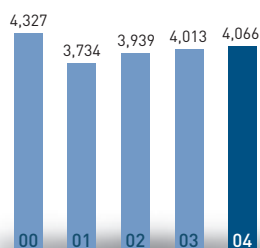
GEARING, %



CAPITAL EXPENDITURE AND ACQUISITIONS, EUR MILLION



PERSONNEL AT YEAR END



PERSONNEL BY BUSINESS AREA

	At year end		Average	
	2004	2003	2004	2003
Racquet Sports	589	614	580	583
Golf	694	799	773	841
Team Sports	607	530	653	535
Winter Sports	847	712	836	739
Fitness Equipment	745	471	674	466
Sports Instruments	532	519	543	545
Headquarters	48	45	47	45
	4,062	3,690	4,106	3,754
Tobacco	4	323	68	335
Total	4,066	4,013	4,174	4,089

PERSONNEL BY COUNTRY

	At year end	
	2004	2003
USA	1,782	1,554
Austria	669	590
Finland	362	652
Canada	174	176
Germany	173	172
UK	165	168
Japan	124	99
Mexico	92	100
Malta	54	52
Australia	52	47
Rest of the world	419	403
Total	4,066	4,013

* In accordance with FAS principles

QUARTERLY NET SALES

	2004	2004	2004	2004	2003	2003	2003	2003
EUR million	IV	III	II	I	IV	III	II	I
Racquet Sports	39.3	54.8	57.5	58.7	37.0	56.6	57.8	56.0
Golf	21.1	27.9	50.1	48.6	22.4	31.5	60.4	41.8
Team Sports	42.0	38.8	42.7	61.5	39.9	37.9	41.0	62.2
Winter Sports	80.5	88.6	7.6	28.9	72.0	83.2	7.1	25.9
Fitness Equipment	58.6	50.1	46.3	55.1	47.7	42.0	34.4	51.4
Sports Instruments	19.5	18.2	20.7	18.8	20.7	16.4	19.4	20.1
	261.0	278.4	224.9	271.6	239.7	267.6	220.1	257.4
Tobacco	-	0.3	0.8	21.8	25.7	30.3	29.5	23.8
Total	261.0	278.7	225.7	293.4	265.4	297.9	249.6	281.2

QUARTERLY EBIT

	2004	2004	2004	2004	2003	2003	2003	2003
EUR million	IV	III	II	I	IV	III	II	I
Racquet Sports	4.5	7.7	7.5	7.2	1.9	7.9	6.9	3.9
Golf	-2.9	-4.6	4.8	3.2	-11.5	-4.8	5.1	-1.2
Team Sports	5.7	3.6	3.0	12.3	4.2	3.1	4.6	11.4
Winter Sports	20.5	24.0	-9.8	-5.1	16.0	24.9	-9.0	-3.6
Fitness Equipment	7.6	4.2	2.6	9.5	7.5	7.5	2.9	8.9
Sports Instruments	2.5	2.0	1.7	1.8	1.6	2.0	1.9	2.2
Headquarters	-3.5	-2.5	-4.0	-1.1	-1.9	-1.2	-1.0	-2.5
Patent settlement	-	-	-	-	-	20.5	-	-
	34.4	34.4	5.8	27.8	17.8	59.9	11.4	19.1
Tobacco	0.7	0.0	0.0	18.9	2.0	2.8	3.2	1.5
Total	35.1	34.4	5.8	46.7	19.8	62.7	14.6	20.6

➔ FIVE YEAR REVIEW

EUR million	2004	IFRS		FAS			
		Change %	2003	2003	2002	2001	2000
Net sales	1,058.8	-3	1,094.1	1,104.4	1,101.9	1,099.8	1,086.6
Depreciation	16.1	-18	19.7	38.7	34.4	34.9	38.8
Research and development expenses	31.3	2	30.7	30.7	23.9	22.8	21.3
% of net sales	3		3	3	2	2	2
EBIT	122.0	4	117.7	101.3	103.0	98.6	94.9
% of net sales	12		11	9	9	9	9
Net financing expenses	-3.4	-59	-8.2	-8.2	-7.4	-9.3	-17.4
% of net sales			1	1	1	1	2
Earnings before taxes	118.6	8	109.5	93.1	95.6	89.3	77.5
% of net sales	11		10	8	9	8	7
Taxes	33.8	9	31.0	28.0	26.5	20.5	11.6
Capital expenditure and acquisitions	42.8	41	30.3	30.3	192.5	24.2	57.2
% of net sales	4		3	3	17	2	5
Divestments	34.1		6.2	6.2	14.7	12.7	15.1
Non-current assets	399.1	-4	414.9	439.2	509.8	435.8	448.6
Inventories	154.4	13	136.9	136.9	156.4	155.2	161.3
Current receivables	260.0	-11	293.6	309.5	308.2	282.4	282.0
Liquid funds	17.0	-37	27.1	27.1	33.1	28.5	40.6
Shareholders' equity and minority interests	461.3	9	422.5	472.9	473.4	469.3	448.8
Interest-bearing liabilities	150.2	-10	167.7	167.7	243.0	143.0	195.2
Interest-free liabilities	219.0	-22	282.3	272.1	291.1	289.6	288.5
Balance sheet total	830.5	-5	872.5	912.7	1,007.5	901.9	932.5
Return on investment (ROI), %	20.7		19.2	16.7	17.8	16.8	15.8
Return on shareholders' equity (ROE), %	19.2		18.8	14.5	15.5	15.6	16.1
Equity ratio, %	56		48	50	46	51	47
Debt to equity ratio	0.3		0.4	0.4	0.5	0.3	0.4
Gearing, %	29		33	31	47	26	35
Average personnel	4,174	2	4,089	4,089	3,827	4,015	4,379

Calculation of key indicators, see page 73.

The major differences in accounting policies between IFRS and Finnish Accounting Standards (FAS) are presented in note 27.

➔ CONSOLIDATED INCOME STATEMENT (IFRS)

EUR million	Note	2004	2003
NET SALES		1,058.8	1,094.1
Cost of goods sold	8	-620.2	-673.3
GROSS PROFIT		438.6	420.8
License income		14.3	10.3
Other operating income	5	3.3	28.5
R&D expenses	8	-31.3	-30.7
Selling and marketing expenses	8	-246.5	-231.2
Administrative and other expenses	8	-75.1	-80.0
Gain on sale of tobacco business	3	18.7	-
EARNINGS BEFORE INTEREST AND TAXES	6,7,8	122.0	117.7
% of net sales		11.5	10.8
Financing income and expenses	9	-3.4	-8.2
EARNINGS BEFORE TAXES		118.6	109.5
Taxes	10	-33.8	-31.0
Minority interests		-0.3	-0.4
NET RESULT		84.5	78.1
Earnings per share, EUR	11		
Basic		1.19	1.12
Diluted		1.18	1.11

➔ CONSOLIDATED BALANCE SHEET (IFRS)

ASSETS	EUR million	Note	2004	2003
NON-CURRENT ASSETS		12		
Intangible rights			3.9	4.2
Goodwill			284.2	275.1
Other intangible assets			0.9	0.5
Land and water			14.4	14.0
Buildings and constructions			46.7	49.8
Machinery and equipment			24.4	33.3
Other tangible assets			0.6	0.6
Advances paid and construction in progress			3.3	1.5
Available-for-sale investments	13		3.1	4.2
Deferred tax assets	14		15.1	29.6
Other non-current receivables			2.5	2.1
TOTAL NON-CURRENT ASSETS			399.1	414.9
CURRENT ASSETS				
INVENTORIES		15		
Raw materials and consumables			26.4	28.0
Work in progress			6.9	4.6
Finished goods			121.1	104.3
			154.4	136.9
RECEIVABLES				
Accounts receivable	15		222.9	236.6
Loans receivable			0.1	0.3
Current tax assets			1.0	6.8
Prepaid expenses and other receivables	16		36.0	49.9
			260.0	293.6
MARKETABLE SECURITIES		13	-	1.0
CASH AND CASH EQUIVALENTS			17.0	26.1
TOTAL CURRENT ASSETS			431.4	456.6
ASSETS			830.5	872.5

➔ CONSOLIDATED CASH FLOW STATEMENT (IFRS)

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	Note	2004	2003
SHAREHOLDERS' EQUITY			
Share capital	17	285.7	97.8
Premium fund		0.8	185.5
Fund for own shares		-	-24.9
Translation differences		-48.4	-33.8
Fair value and other reserves	25	0.1	-
Retained earnings		135.4	116.8
Net result		84.5	78.1
TOTAL		458.1	419.5
MINORITY INTERESTS		3.2	3.0
TOTAL SHAREHOLDERS' EQUITY		461.3	422.5
LIABILITIES			
LONG-TERM LIABILITIES			
Loans from financial institutions	18	22.1	25.7
Pension loans	18	3.5	4.6
Other interest-bearing liabilities	18	1.5	1.9
Deferred tax liabilities	14	8.9	22.5
Other interest-free liabilities		3.7	2.8
		39.7	57.5
CURRENT LIABILITIES			
Interest-bearing liabilities	18	123.1	135.5
Accounts payable		78.4	73.5
Accrued liabilities	19	93.6	144.7
Current tax liabilities		10.5	10.8
Provisions	20	23.9	28.0
		329.5	392.5
TOTAL LIABILITIES		369.2	450.0
SHAREHOLDERS' EQUITY AND LIABILITIES		830.5	872.5

EUR million	Note	2004	2003
CASH FLOW FROM OPERATING ACTIVITIES			
EBIT		122.0	117.7
Depreciation		16.1	19.7
Adjustments to cash flow from operating activities	21	-20.3	0.0
Cash flow from operating activities before change in working capital		117.8	137.4
Increase (-) or decrease (+) in inventories		-21.5	7.3
Increase (-) or decrease (+) in trade and other current receivables		11.3	-24.5
Increase (+) or decrease (-) in interest-free current liabilities		-48.1	3.8
Change in working capital		-58.3	-13.4
Cash flow from operating activities before financing items and taxes		59.5	124.0
Interest paid		-5.2	-12.5
Interest received		1.0	5.2
Income taxes paid		-22.1	-28.1
Financing items and taxes		-26.3	-35.4
Total cash flow from operating activities		33.2	88.6
CASH FLOW FROM INVESTING ACTIVITIES			
Company acquisitions	4	-26.5	-11.9
Company divestments	3	29.0	-
Capital expenditure		-16.3	-18.4
Proceeds from sale of tangible non-current assets		2.3	4.8
Proceeds from sale of available-for-sale investments		2.8	1.4
Interest received from non-current receivables		0.3	0.2
Dividends received from available-for-sale investments		-	0.1
Cash flow from investing activities		-8.4	-23.8
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of shares		3.2	4.9
Change in short-term borrowings		20.9	48.6
Withdrawals of long-term borrowings		2.3	28.0
Repayments of long-term borrowings		-38.0	-139.6
Change in current receivables		0.1	8.8
Dividends paid		-33.2	-33.0
Other financing items ^{*)}		10.0	13.6
Cash flow from financing activities		-34.7	-68.7
CHANGE IN LIQUID FUNDS		-9.9	-3.9
Liquid funds			
Liquid funds at year end		17.0	27.1
Translation differences		-0.2	-2.1
Liquid funds at year beginning		27.1	33.1
Change in liquid funds		-9.9	-3.9

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

➔ CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

EUR million	Share capital	Premium fund	Revaluation fund	Fund for own shares	Translation differences	Fair value and other reserves	Retained earnings	Total	Minority interests	Total shareholders' equity
Balance at 31 December 2002 (FAS)	96.8	181.8	2.9	24.9	0.0	0.0	163.8	470.2	0.0	470.2
Transition to IFRS:										
IAS 1 Presentation of financial statements			-2.9				2.9	0.0	3.2	3.2
IAS 12 Income taxes							11.4	11.4		11.4
IAS 19 Employee benefits							-18.5	-18.5		-18.5
IAS 32 Financial instruments				-49.8			24.9	-24.9		-24.9
IAS 36 Impairment of assets							-35.1	-35.1		-35.1
Balance at 31 December 2002 (IFRS)	96.8	181.8	0.0	-24.9	0.0	0.0	149.4	403.1	3.2	406.3
Warrants exercised	1.0	3.7						4.7		4.7
Translation differences					-33.8			-33.8		-33.8
Dividend distribution							-32.6	-32.6		-32.6
Change in minority interests								0.0	-0.2	-0.2
Net result for the period							78.1	78.1		78.1
Balance at 31 December 2003	97.8	185.5	0.0	-24.9	-33.8	0.0	194.9	419.5	3.0	422.5
Effects of adopting IAS 39						1.6	-1.6	0.0		0.0
Balance at 1 January 2004	97.8	185.5	0.0	-24.9	-33.8	1.6	193.3	419.5	3.0	422.5
Warrants exercised	1.3	1.9						3.2		3.2
Cancellation of own shares	-3.9	3.9		24.9			-24.9	0.0		0.0
Bonus issue	190.5	-190.5						0.0		0.0
Translation differences					-14.6			-14.6		-14.6
Cash flow hedges						-1.5		-1.5		-1.5
Dividend distribution							-33.0	-33.0		-33.0
Change in minority interests								0.0	0.2	0.2
Net result for the period							84.5	84.5		84.5
Balance at 31 December 2004	285.7	0.8	0.0	0.0	-48.4	0.1	219.9	458.1	3.2	461.3

Effects on shareholders' equity due to the transition to IFRS are explained in note 27.

Note 17 provides additional information on shareholders' equity, note 25 on the fair value and other reserves, and note 14 on the taxes charged to shareholders' equity.

Distributable earnings

EUR million	31 Dec 2004
Retained earnings	219.9
Untaxed reserves in retained earnings	-7.1
Other non-distributable earnings	-2.9
Distributable earnings	209.9

➔ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

GENERAL

Amer Group Plc is a Finnish public listed company that is domiciled in Helsinki.

Amer Group Plc and its subsidiaries ("the Group") manufacture, sell, and market sports equipment to the sports equipment trade. The core business areas are Racquet Sports, Golf, Team Sports, Winter Sports, Fitness Equipment, and Sports Instruments. In addition, the Group has a Group Headquarters and up to March 26, 2004, it had a Tobacco business.

The Group has its own operations in 31 countries and its main market areas are the United States and Europe.

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, IFRS, observing the standards and interpretations effective at December 31, 2004. Also applied in the financial statements, as permitted, are the changes, which were published in December 2003 and came into force on January 1, 2005, to the following standards: IAS 1, IAS 2, IAS 8, IAS 10, IAS 16, IAS 17, IAS 21, IAS 24, IAS 27, IAS 28, IAS 32, IAS 33, and IAS 39. In addition to these, early application has similarly been made of standard IFRS 3 (Business Combinations), which was published in March 2004, as well as the related changes to the standards IAS 36 and IAS 38. Standards IFRS 2 (Share-based Payment) and IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) will be observed as of January 1, 2005, when their application becomes mandatory. The introduction of these standards is not expected to have a material impact on the Group's financial position, but the expensing of management warrants as required under IFRS 2 will have a minor weakening effect on earnings.

The Group adopted IFRS from the beginning of 2004, the date of transition being January 1, 2003. The comparative information for 2003 has been restated in accordance with IFRS. In making the transition, the Company made use of the exemptions offered by transition standard IFRS 1 (First-time Adoption of International Financial Reporting Standards) with respect to retroactive application of standards IAS 19 (Employee Benefits), IAS 21 (The Effects of Changes in Foreign Exchange Rates), and IFRS 3 (Business Combinations). For defined benefit pension plans at the time of transition, January 1, 2003, the actuarial differences in pension liabilities according to local and IFRS principles

have been booked to the transitional balance sheet. Cumulative translation differences in shareholders' equity prior to the time of transition have been booked to retained earnings. Business combinations prior to January 1, 2003, have been recognized based on their original valuations and allocations made under the previously applied principles. Note 27 presents a discussion, including reconciliation calculations, of the changes resulting from the introduction of IFRS on the financial information for 2003, which has originally been reported in compliance with Finnish Accounting Standards (FAS).

According to the rules for transition in standards IAS 32 and IAS 39 concerning financial instruments and their accounting treatment, it is not necessary to prepare comparative information in accordance with them for 2003. Accordingly, the measurement and presentation of financial instruments in the comparative information for 2003 observes the original Finnish Accounting Standards. The effect of the introduction of standards IAS 32 and IAS 39 is presented in Note 28.

The consolidated financial statements are presented in euros and are based on historical cost conventions unless disclosed otherwise in the following accounting policies.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include all subsidiaries in which the parent company holds directly or indirectly more than half of the votes or otherwise controls as well as affiliated companies in which the Group holds 20–50% of the voting rights or in which it otherwise has considerable influence. Companies acquired during the financial year have been included in the consolidated financial statements from the date when control was obtained. Similarly, divested operations are included up to the date when control has been relinquished.

The consolidated financial statements are prepared according to the historical cost method. The acquisition cost is allocated to assets, liabilities, and contingent liabilities on the basis of their fair value at the time of acquisition. The proportion in excess of the fair value constitutes goodwill. Goodwill is not amortized, but its value is tested at least once a year by means of a cash flow-based impairment test (see impairment of assets below). Impairment losses are booked to the income statement.

Inter-company transactions as well as receivables and liabilities are eliminated. Minority interests are presented as a separate item. Minority interests are also shown under shareholders' equity in the balance sheet.

The share of affiliated companies in the consolidated results is accounted for using the equity method. The Group's share of the results of affiliated companies is included in the consolidated income statement. The Group's share of the post-acquisition accumulated net assets of affiliated companies is added to the acquisition cost of affiliated companies and to retained earnings in the consolidated balance sheet.

FOREIGN CURRENCIES

The assets and liabilities of foreign subsidiaries are translated into euros at the average rates of exchange on the balance sheet date confirmed by the European Central Bank. The income statement is translated into euros by consolidating each calendar month separately using the actual daily average rate for the month, whereby the sum of the twelve calendar months represents the whole year. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries are booked to translation differences in consolidated shareholders' equity. Inter-company long-term capital loans are treated similarly. Cumulative translation differences prior to January 1, 2003 are included in retained earnings.

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

	Income statement*		Balance sheet	
	2004	2003	12/04	12/03
USD	1.24	1.13	1.36	1.26
CAD	1.62	1.58	1.64	1.62
JPY	134.40	130.97	139.65	135.05
GBP	0.68	0.69	0.71	0.70

* Calculated average of monthly average exchange rates

Group companies record transactions in foreign currency at the exchange rate on the date of transaction or at an estimated rate that is sufficiently close to the rate on the transaction date. Assets and liabilities denominated in foreign currencies that are outstanding at the end of the financial year are translated at the average rate of exchange in effect at the balance sheet date.

Foreign exchange gains and losses related to operational transactions are treated as adjustments to sales or cost of goods sold. Exchange rate gains and losses on foreign currency-denominated loans and other receivables and liabilities connected with financing transactions are recorded at their net values as financing income and expenses.

MEASUREMENT OF FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivative financial instruments such as interest rate swaps as well as foreign exchange forward contracts and forward rate agreements are measured at their fair value and recorded as a credit or charge to earnings except for foreign exchange forward contracts related to the hedging of the Group's operational cash flows. Changes in the fair value of instruments used to hedge against currency and interest rate risks are recognized in the income statement as a credit or charge to earnings under financing income and expenses. The share of the interest related to these items is periodized as interest income and expense.

Operational cash flows are hedged using foreign exchange forward contracts when products are purchased or sold in non-local currencies. The change in the fair value of those foreign exchange forward contracts is periodized to the fair value and other reserves under shareholders' equity for those hedges which meet the documentation and effectiveness requirements set for the application of hedge accounting under IAS 39. The cumulative change in gains or losses is transferred to the income statement for the period when the hedged item is recorded in the income statement. If the hedge is not effective, the change in value of the forward contracts is recorded immediately in the income statement.

MEASUREMENT OF INVESTMENTS AND FINANCIAL ASSETS

Available-for-sale investments are measured at their fair value by applying the market prices at the balance sheet date or some other determination of value used by the Company. The change in fair value is presented in fair value and other reserves under shareholders' equity until the investment is sold, when the net result is recognized as income in its entirety in the earnings for the financial year. Available-for-sale investments whose fair value cannot be determined reliably are measured at cost or a lower value if they are impaired.

Held-to-maturity investments and loans granted by the Company are carried at amortized cost using the effective interest rate method. Current financial assets are valued at cost, except for marketable securities, such as commercial paper, which are measured at the fair value. Changes in fair values are booked as a credit or charge to earnings. Purchases and sales of investments are entered in the accounts on the transaction date.

REVENUE RECOGNITION

Revenue from the sale of goods is booked when significant risks and rewards connected with ownership of the goods have been transferred to the buyer. Net sales represent the invoiced value

of goods, less excise and value added taxes as well as discounts and adding or deducting foreign exchange differences.

Revenue obtained from other companies is booked to license income when these companies manufacture and sell products bearing the Amer Sports' trademarks. In addition, license income includes royalty payments obtained from other companies when they utilize manufacturing technology patents owned by the Group.

Other operating income comprises rental income, gains on the sale of non-current assets as well as other non-recurring income, such as patent settlements.

COST OF GOODS SOLD

The cost of goods sold includes all the direct and indirect salary and wage, material, procurement, and other cost connected with the manufacture and purchase of products.

RESEARCH AND DEVELOPMENT EXPENSES

Expenses connected with the technical development and testing of new products as well as royalties for the utilization of non-proprietary manufacturing technology patents are booked to R&D expenses. R&D expenses are not capitalized owing, notably, to the short life cycle of products.

SALES AND MARKETING EXPENSES

Expenses related to the sales, distribution, marketing, and advertising of products are booked to sales and marketing expenses. These include sales inventory, customer service, marketing and sales, media advertising expenses, and athlete endorsements.

ADMINISTRATIVE AND OTHER EXPENSES

Administrative and other expenses encompass Group Headquarters' expenses, general administration expenses, as well as minor one-off losses such as losses on disposals of non-current assets.

PENSION PLANS

The Group's pension arrangements comply with the local rules and practices of the countries where Amer operates. Pension expenses based on regularly checked calculations that are prepared by the local authorities or authorized actuaries are recognized as an expense of the financial period. Under defined contribution plans, such as principally within the Finnish TEL employment pension system, the Group's contributions are recorded as an expense in the period to which they relate. In defined benefits plans, pension expenses are recognized in the

income statement, periodizing the regular costs for the employee's years of employment according to annual pension actuarial computations, applying the projected unit credit method. The pension liability is obtained by calculating the present value of future pension contributions, applying the rate on long government treasury bills or similar instruments as the discount rate. Actuarial gains and losses are recognized in the income statement for the employees' average remaining period of service to the extent that they exceed the greater of 10% of the defined benefit obligation or 10% of the fair value of plan assets.

DISCONTINUED OPERATIONS

Capital gains and losses on the disposal of business operations are stated on their own line in the income statement as gross amounts before taxes.

BORROWING COSTS

Borrowing costs are recognized as an accrual-based expense.

INCOME TAXES

Taxes include the taxes for the financial year calculated on the basis of the net result for the period or dividend paid out and in accordance with the tax legislation of each company's local domicile as well as assessed or returned taxes for previous financial periods and the change in deferred taxes.

Deferred tax assets and liabilities are calculated on all temporary differences between the book and tax base of assets and liabilities with the tax rate at the balance sheet date or with the future tax rates prevailing when the tax is estimated to be paid. Temporary differences arise from factors such as unused tax losses, depreciation differences, provisions, defined benefit pension plans, fair valuation of derivative financial instruments, the internal inventory margin as well as measurements to fair value of assets and liabilities in connection with business combinations. The tax effect of undistributed earnings of subsidiaries is recorded as a deferred tax liability if a dividend payout is probable and it will result in tax consequences. A deferred tax asset is recognized as a result of unused tax losses and other temporary differences to the extent that it is probable that they can be utilized in future financial periods.

EARNINGS PER SHARE

The diluted earnings per share are calculated by dividing the net result for the financial year by the weighted average number of shares outstanding during the financial year. The dilutive effect of warrants is taken into account in calculating diluted earnings per share.

GOVERNMENT GRANTS

Government grants received are entered as adjustments to expenses in the result for the financial period except when they relate to investments, in which case they are deducted from the cost.

INTANGIBLE RIGHTS AND OTHER INTANGIBLE NON-CURRENT ASSETS

Intangible rights comprise trademarks and patents; software licenses are included in other intangible assets. Patents and software licenses are recognized in the balance sheet at cost and amortized on a straight-line basis during an expected useful life of from three to fifteen years. Trademarks with indefinite useful lives are not amortized, but an annual cash flow-based impairment test is carried out on them (see impairment of assets below).

TANGIBLE NON-CURRENT ASSETS

Tangible non-current assets are stated as the difference between the initial costs and accumulated depreciation less any impairment losses (see impairment of assets below).

Depreciation is calculated on a straight-line basis in order to write off the cost of the tangible assets over their expected useful lives, adjusting for any impairment. The depreciation periods are:

Buildings	25–40 years
Machinery and equipment	3–10 years

Land is not depreciated.

IMPAIRMENT OF ASSETS

The carrying amounts of non-current tangible and intangible assets are assessed by means of impairment tests on them whenever there is an indication of impairment. Any impairment of goodwill and other intangible rights having an indefinite useful life is nevertheless assessed at least once a year.

Impairment tests involve measuring the recoverable amount of said asset. The recoverable amount is the asset's net selling price or higher cash flow-based value in use. An impairment loss is recognized in the income statement when the carrying amount of an asset is higher than the recoverable amount. Impairment recognized on other assets than goodwill is reversed if a change occurs in the estimates leading to the impairment charge. An impairment loss is reversed to a maximum amount that does not exceed the carrying amount of the asset if an impairment would not have been originally recognized.

The recoverable amount of goodwill and intangible rights with indefinite useful lives is always determined via their cash

flow-based values in use. The future cash flows used in impairment calculations are based on budgets and strategic plans for the next three years as approved by the Group's Board of Directors. The cash flow for subsequent years has been estimated conservatively based on the growth assumptions made in the three-year plans.

In the cash flow-based impairment tests for other intangible and tangible assets, only the cash flows for the next five years are recognized, of which the first three are based on the budgets and strategic plans for the next three years as approved by the Group's Board of Directors. In these calculations, the fourth and fifth years are estimated conservatively according to the growth assumptions made in the three-year plans. The residual values used in the calculations are estimates of the probable net selling prices of the asset items at the end of the fifth year.

The discount rate in the calculations is based on the long-term risk-free market interest rate and a generally used standard risk premium.

INVESTMENT PROPERTIES

Investment properties are real estate that is held because of rental income or an appreciation in the property value. Investment properties are measured at cost. The Group does not have major assets that are classified as investment properties.

LEASING

Lease agreements relating to tangible assets, in which the Group bears an essential part of the ownership risks and rewards, are classified as finance lease agreements. A finance lease agreement is entered in the balance sheet at the lower of the asset's fair value or the present value of minimum lease payments, and it is depreciated. The corresponding lease obligations, net of financial charges, are included in interest-bearing liabilities. The Group does not have major finance lease agreements.

Other leasing contracts are classified as operating leases and lease payments relating to these are treated as rental expenses.

INVENTORIES

Inventories are measured at the lower of cost calculated according to the FIFO principle or the net realizable value. For self-manufactured products, the cost includes direct wage and raw materials costs as well as a portion of the indirect costs of manufacture. The net realizable value is the selling price that is obtained as the result of ordinary course of business less costs of sales.

ACCOUNTS RECEIVABLE

Accounts receivable are carried at the original invoiced amount less an allowance for doubtful receivables and credits for returns. Doubtful receivables are defined case by case by tracking outstanding accounts receivable and on the basis of historical experience.

LIQUID FUNDS

Liquid funds comprise cash in hand and deposit held at call with banks as well as other liquid funds such as marketable securities.

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities are carried at amortized cost using the effective interest rate method. Used revolving credit facilities are included in current interest-bearing liabilities.

PROVISIONS

Obligations arising as the consequence of a past event, which are legal or which the company has an obligation to settle and are considered certain or likely to occur, are booked in the income statement under an appropriate expense heading. They are presented in the balance sheet as provisions when the precise amount or timing is not known. In other cases they are presented as accrued liabilities.

The most important regular provisions are due to the repair or replacement of products during the warranty period. These provisions are determined on the basis of historical experience.

WARRANTS

Warrants have been granted to the Group's key personnel (terms and conditions, see pages 80–81). The cash payments based on exercise of the warrants are entered in the Company's share capital and premium fund.

USE OF ESTIMATES IN THE FINANCIAL STATEMENTS

When preparing the financial statements, the Group's management has to make estimates and assumptions influencing the content of the financial statements, and it must exercise its judgment regarding the application of accounting policies. The most important of these estimates and assumptions are related to any impairment of goodwill and other asset items as well as provisions. Actual results may differ from those estimates.

2. SEGMENT INFORMATION

The Group's primary form of segment reporting is according to the business segments (business areas). The business areas are based on the Group's organizational structure and reporting, and they are: Racquet Sports, Golf, Team Sports, Winter Sports, Fitness Equipment, Sports Instruments and, up to March 26, 2004, Tobacco business. There are no inter-segment business operations.

The assets and liabilities of the business areas include only items directly connected with the business as well as the goodwill related to them. Unallocated items, including Group Headquarters, include tax and financial items as well as items allocated to the Company as a whole. The average

capital employed of the business segments is the 12-month average and it includes only capital employed items directly connected with the business, excluding Group goodwill amounts.

The Group's geographical segments are the Americas, EMEA (Europe, the Middle East, Africa) and Asia Pacific (including Japan and Australia). The definition of these areas is based on their geographical risks as well as the organization of the Group's sales operations. The net sales of the geographical segments are presented according to customers' location and assets according to where the assets are located. Goodwill is not allocated to the geographical areas.

BUSINESS SEGMENTS

2004	Racquet		Team	Winter	Fitness	Sports	Amer		Unallocated	
EUR million	Sports	Golf	Sports	Sports	Equipment	Instruments	Sports	Tobacco	items	Total
Net sales	210.3	147.7	185.0	205.6	210.1	77.2	1,035.9	22.9	-	1,058.8
EBIT	26.9	0.5	24.6	29.6	23.9	8.0	113.5	19.6	-11.1	122.0
% of net sales	12.8	0.3	13.3	14.4	11.4	10.4	11.0	-	-	11.5
Average capital employed	39.0	23.6	61.7	92.1	45.9	23.7	286.0	0.8	281.0	567.8
ROCE, %	68.9	2.3	39.8	32.1	52.2	33.8	39.7	-	-	21.5
Assets	125.5	55.8	121.5	179.2	217.8	60.3	760.1	4.2	66.2	830.5
Liabilities	34.6	37.2	31.2	44.8	36.1	9.5	193.4	0.3	175.5	369.2
Capital expenditure	1.6	1.1	1.4	6.2	4.1	0.9	15.3	0.0	1.0	16.3
Depreciation	1.5	1.3	1.5	6.0	2.9	1.7	14.9	0.5	0.7	16.1
Cash flow from operating activities before financing items and taxes	18.7	-0.9	21.1	10.6	3.3	9.9	62.7	-2.2	-1.0	59.5
2003	Racquet		Team	Winter	Fitness	Sports	Amer		Unallocated	
EUR million	Sports	Golf	Sports	Sports	Equipment	Instruments	Sports	Tobacco	items	Total
Net sales	207.4	156.1	181.0	188.2	175.5	76.6	984.8	109.3	-	1,094.1
EBIT	20.6	-12.4	23.3	28.3	26.8	7.7	94.3	9.5	13.9	117.7
% of net sales	9.9	-	12.9	15.0	15.3	10.1	9.6	8.7	-	10.8
Average capital employed	40.3	30.0	58.3	80.0	17.1	27.1	252.8	4.4	300.9	558.1
ROCE, %	51.0	-41.4	40.0	35.4	156.8	28.6	37.3	-	-	21.1
Assets	123.8	48.8	124.7	152.9	173.7	64.1	688.0	67.9	116.6	872.5
Liabilities	36.2	33.1	30.2	43.1	29.2	11.0	182.8	61.9	205.3	450.0
Capital expenditure	3.2	2.3	1.8	5.3	3.1	1.1	16.8	1.2	0.4	18.4
Depreciation	2.0	3.4	1.7	5.2	3.1	1.9	17.3	1.6	0.8	19.7
Impairment of assets	-	4.1	-	-	-	-	-	-	-	-
Cash flow from operating activities before financing items and taxes	24.4	-6.5	16.2	37.6	31.8	13.8	117.3	7.8	-1.1	124.0

GEOGRAPHICAL SEGMENTS

2004		Americas	EMEA	Asia Pacific	Elimination	Amer Sports	Tobacco	Unallocated items	Total
EUR million									
External net sales		597.1	327.2	111.6	-	1,035.9	22.9	-	1,058.8
Intercompany net sales		41.7	16.1	10.9	-68.7	-	-	-	-
Assets		261.6	208.5	30.4	-24.6	475.9	4.2	350.4	830.5
Capital expenditure		7.6	7.0	0.7	-	15.3	0.0	1.0	16.3
2003									
EUR million		Americas	EMEA	Asia Pacific	Elimination	Amer Sports	Tobacco	Unallocated items	Total
External net sales		573.2	308.5	103.1	-	984.8	109.3	-	1,094.1
Intercompany net sales		37.5	11.8	3.7	-53.0	-	-	-	-
Assets		223.8	187.5	22.4	-20.8	412.9	67.9	391.7	872.5
Capital expenditure		6.9	9.6	0.3	-	16.8	1.2	0.4	18.4

3. DIVESTED BUSINESSES

In January 2004, Amer Tobacco and Philip Morris agreed on early termination of the manufacturing and sales licenses for Philip Morris products on March 26, 2004. The compensation paid by Philip Morris for Amer Group's Tobacco business was EUR 29 million, and it also included a payment for certain asset items, such as production machinery and Amer Tobacco's own trademarks. The purchase price did not include Amer Tobacco's factory property. In addition Philip Morris purchased with a separate agreement the products held in inventories at March 26, 2004. Inventories were sold at cost. A pre-tax capital gain of EUR 18.7 million was booked on the transaction. Severance compensation paid to the personnel, relating to the period after the end of their employment, is included in the capital gain.

Capital employed by tobacco business:

EUR million	31 Dec 2004	31 Dec 2003
Non-current assets	3.6	10.1
Inventories	-	13.2
Receivables	0.6	44.6
Interest-free liabilities	-0.3	-61.9
Capital employed	3.9	6.0

Tobacco's operating cash flow before financing items and taxes and capital expenditure are presented in note 2.

EUR million	Continuing operations		Tobacco	Gain on sale of tobacco business		Total Amer Group		
	2004	2003		2004	2003	2004	2003	
Net sales	1,035.9	984.8	22.9	109.3	-	-	1,058.8	1,094.1
EBIT	102.4	108.2	0.9	9.5	18.7	-	122.0	117.7
Net financing expenses	-3.5	-8.7	0.1	0.5	-	-	-3.4	-8.2
EBT	98.9	99.5	1.0	10.0	18.7	-	118.6	109.5
Taxes	-28.1	-28.1	-0.3	-2.9	-5.4	-	-33.8	-31.0
Net result	70.5	71.0	0.7	7.1	13.3	-	84.5	78.1

4. ACQUIRED BUSINESSES

In January 2004, the Fitness Equipment business was expanded by making two acquisitions. First, the operations of the strength training equipment manufacturer Fitness Products International (FPI) were acquired. The purchase price was EUR 9.5 million, the fair value of the net assets acquired EUR -1.7 million, and the goodwill arising from the transaction EUR 11.2 million. The acquired business has annual net sales of about USD 13 million. In January, ClubCom Inc. with its subsidiaries was also acquired. The company provides fitness gyms with video and audio entertainment services as well as video and audio hardware and systems. The purchase price was EUR 17.8 million, the fair value of the net assets acquired EUR 5.4 million, and the goodwill arising

from the transaction EUR 12.4 million. ClubCom has annual net sales of about USD 15 million. Both ClubCom Inc. and FPI were paid for in cash, and other substantial expenses were not included in the acquisition cost.

The Winter Sports business was rounded out in December 2003 by purchasing the Volant ski brand in North America. A purchase price of EUR 3.6 million was paid in cash, and it was allocated to patents relating to manufacture of skis, trademarks, inventories and tangible non-current assets. Volant skis has annual net sales of about EUR 4 million. In November 2003, the Team Sports business was expanded by acquiring Athletic Training Equipment Company Inc. (ATEC), which manufactures baseball and softball training equipment. The purchase price was EUR 8.3 million and it was paid in cash. Other significant expenses were

not included in the acquisition cost. The fair value of the net assets acquired was EUR 3.2 million and the goodwill arising from the transaction was EUR 5.1 million. ATEC has annual net sales of about USD 11 million and its operations are profitable.

The fair values of the asset and liability items booked on the above-described acquisitions did not differ materially from the book values prior to the business combinations. Except for Volant, the acquisition costs have not been allocated to trademarks, customer lists or other intangible rights because the main purpose of the above-mentioned acquisitions was to obtain synergy benefits for the entire business by integrating the acquired companies into mainline functions, thereby strengthening the position of the Fitness Equipment and Team Sports businesses as a full-line supplier in their respective fields.

The following assets and liabilities have been booked for the acquired businesses:

EUR million	Net fair values of identifiable assets and liabilities of the acquired businesses		Assets and liabilities immediately before the business combinations	
	2004	2003	2004	2003
Intangible rights	-	1.8	0.3	-
Tangible non-current assets	0.2	0.5	0.9	0.5
Deferred tax assets ¹⁾	5.3	-	-	-
Inventories	1.6	3.7	2.1	3.7
Receivables	3.2	2.4	3.5	2.4
Cash and cash equivalents	0.8	0.0	0.8	0.0
Total assets	11.1	8.4	7.6	6.6
Liabilities	7.4	1.6	5.6	1.4
Net assets	3.7	6.8	2.0	5.2
Acquisition cost	27.3	11.9		
Goodwill	23.6	5.1		
Acquisition cost paid in cash	27.3	11.9		
Cash and cash equivalents of acquired businesses	0.8	0.0		
Acquisition cost in cash flow statement	26.5	11.9		

¹⁾ Deferred tax assets recognized due to unused tax losses of acquired companies totaled EUR 4.6 million

5. OTHER OPERATING INCOME

EUR million	2004	2003
Rental return on real estate	0.7	1.3
Gain on sale of non-current assets	1.6	6.7
Patent settlement	-	20.5
Other	1.0	-
Total	3.3	28.5

In 2003, a settlement of EUR 20.5 million was received from Brunswick Corporation, which manufactures fitness equipment under the Life Fitness brand, in a patent litigation case concerning the proprietary technology used in Precor's elliptical fitness equipment.

6. PERSONNEL EXPENSES AND RELATED PARTY TRANSACTIONS

EUR million	2004	2003
Wages and salaries	168.1	158.2
Social expenditure		
Pensions - defined contribution plans	4.8	7.0
Pensions - defined benefit plans	1.5	1.9
Other social security	29.0	27.5
Total	203.4	194.6
Salaries and remuneration of the Board of Directors and the Amer Sports Executive Board of which the salaries and remuneration of the Executive Board	3.7	5.0
	3.4	4.9

With the exception of the President, members of the Board of Directors do not have contractual retirement benefits with the Company.

In addition to the President, three Finnish members of the Amer Sports Executive Board have early retirement rights. No loans have been granted to the Group's Board of Directors and management.

Salaries and other compensation of the Board of Directors and management are presented in more detail on pages 87-88 under the section "Salaries and other compensation".

7. PENSIONS

Pension security for Group companies is based on each country's local regulations and practices. The Group has significant defined benefit pension plans for Wilson Sporting Goods Co. (The United States) and Amer Sports UK Ltd. (Great Britain). These are handled via pension funds whose assets are not included in the Group's assets. These pension funds are closed, and new members are no longer admitted to them. Contributions to the funds are made in accordance with local regulations.

The Group's Management Team has supplementary pension security through a life insurance company. This pension component is a defined benefit plan. The Group's other pension arrangements, such as the Finnish TEL statutory employment pension, are mainly defined contribution plans.

The net liability recognized in the balance sheet relating to defined benefit pension plans is defined as follows:

EUR million	2004	2003
Present value of funded obligations	72.8	68,6
Fair value of plan assets	-60.8	-58.1
Deficit/(surplus)	12.0	10.5
Unrecognized actuarial gains (-) and losses (+)	-2.9	0.1
Net liability in the balance sheet	9.1	10.6

The amounts recognized in the income statement:

EUR million	2004	2003
Current service cost	2.0	2.0
Interest cost	3.9	4.2
Expected return on plan assets	-4.4	-4.3
Total, included in personnel expenses	1.5	1.9

The actual return on plan assets	4.0	9.0
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Movements in the net liability recognized in the balance sheet:

EUR million	2004	2003
Net liability at 1 January	10.6	17.7
Expense recognized in the income statement	1.5	1.9
Contributions paid	-2.7	-6.9
Translation differences	-0.3	-2.1
Net liability at 31 December	9.1	10.6

Principal actuarial assumptions:

%	2004			2003		
	USA	UK	Finland	USA	UK	Finland
Discount rate	5.75	5.40	5.00	6.00	5.60	5.25
Expected return on plan assets	8.75	5.25	5.40	8.75	5.10	5.40
Future salary increases	4.60	3.80	4.00	4.50	3.35	4.00
Future pension increases	4.00	2.80	2.30	4.00	2.35	2.30

8. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

DEPRECIATION AND AMORTIZATION BY ASSET TYPE

EUR million	2004	2003
Intangible rights	0.6	0.9
Other intangible assets	0.3	0.1
Buildings and constructions	3.8	4.4
Machinery and equipment	11.4	14.3
Total	16.1	19.7

DEPRECIATION AND AMORTIZATION BY FUNCTION

EUR million	2004	2003
Cost of goods sold	7.6	9.7
Research and development	1.9	2.3
Selling and marketing	2.3	2.5
Administration	4.3	5.2
Total	16.1	19.7

IMPAIRMENT LOSSES BY ASSET TYPE

EUR million	2004	2003
Buildings and constructions	-	1.7
Machinery and equipment	-	2.2
CIP	-	0.2
Total	-	4.1

Impairment in 2003 is wholly related to the Golf Division's production plants in the United States. In the income statement, impairment is included in the cost of goods sold.

9. FINANCING INCOME AND EXPENSES

EUR million	2004	2003
Dividends received	-	0.1
Interest income	0.7	1.2
Impairment losses of investments	-	-1.9
Exchange rate losses	-0.1	-0.6
Interest expense	-5.7	-7.0
Other financing expenses	-0.5	-
Fair valuation of derivative financial instruments	2.2	-
Total	-3.4	-8.2

The change in the fair value of derivative contracts is primarily due to the market valuation of interest rate swaps.

10. INCOME TAXES

EUR million	2004	2003
Current taxes:		
Finland	5.9	5.2
Austria	7.2	6.2
USA	10.9	8.7
Other countries	3.7	3.6
Total	27.7	23.7
Deferred taxes	6.1	7.3
Total	33.8	31.0

A reconciliation between income taxes at local tax rates in different countries and the total tax expense in the income statement:

EUR million	2004	2003
Taxes at local rates applicable to earnings in countries concerned	44.3	40.3
Taxes for prior periods	-1.5	3.3
Deductible goodwill amortization	-5.7	-3.0
Tax credits	-4.3	-5.9
Other	1.0	-3.7
Taxes recognized in the income statement	33.8	31.0

Effective tax rate, %	28.5	28.3
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11. EARNINGS PER SHARE

	2004	2003
Net result for the period, EUR million	84.5	78.1
Weighted average number of shares outstanding during the period (1,000 pcs)	71,118	70,044
Earnings per share, EUR	1.19	1.12
Weighted average number of shares outstanding during the period, adjusted with the dilution effect of warrants (1,000 pcs)	71,318	70,297
Earnings per share, diluted, EUR	1.18	1.11

12. INTANGIBLE AND TANGIBLE NON-CURRENT ASSETS

EUR million	Intangible rights	Goodwill	Other intangible assets	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress
Initial cost, 1 January 2004	7.9	374.5	2.1	14.1	99.9	183.6	0.6	1.7
Additions	0.6	-	0.6	-	1.2	8.3	-	5.6
Company acquisitions	-	23.6	-	-	-	0.1	-	0.1
Company divestments and disposals	-1.1	-	-0.9	-	-0.1	-35.7	-	-
Transfers	-	-	0.3	0.6	0.8	-1.9	-	-3.8
Translation differences	-0.1	-20.0	-0.1	-0.2	-3.0	-6.2	-	-0.1
Balance, 31 December 2004	7.3	378.1	2.0	14.5	98.8	148.2	0.6	3.5
Accumulated depreciation and impairment losses, 1 January 2004	3.7	99.4	1.6	0.1	50.1	150.3	-	0.2
Depreciation during the period	0.6	-	0.3	-	3.8	11.4	-	-
Company divestments and disposals	-1.0	-	-0.9	-	-	-28.8	-	-
Transfers	0.1	-	0.1	-	0.1	-3.3	-	-
Translation differences	-	-5.5	-	-	-1.9	-5.8	-	-
Balance, 31 December 2004	3.4	93.9	1.1	0.1	52.1	123.8	-	0.2
Balance sheet value, 31 December 2004	3.9	284.2	0.9	14.4	46.7	24.4	0.6	3.3

Accumulated impairment losses of goodwill at 1 January 2004 totaled EUR 15.8 million.

EUR million	Intangible rights	Goodwill	Other intangible assets	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress
Initial cost, 1 January 2003	9.4	418.6	2.3	15.5	111.8	208.6	0.7	1.5
Additions	0.6	0.1	-	0.2	1.9	10.5	-	5.1
Company acquisitions	1.8	5.1	-	-	0.2	1.0	-	-
Company divestments and disposals	-	-	-	-1.7	-4.5	-2.3	-	-
Transfers	-2.9	0.1	-	0.6	-0.6	-14.5	-0.1	-4.7
Translation differences	-1.0	-49.4	-0.2	-0.5	-8.9	-19.7	-	-0.2
Balance, 31 December 2003	7.9	374.5	2.1	14.1	99.9	183.6	0.6	1.7
Accumulated depreciation and impairment losses, 1 January 2003	4.9	115.3	1.7	0.1	53.6	170.2	-	-
Depreciation during the period	0.9	-	0.1	-	4.4	14.3	-	-
Company acquisitions	-	-	-	-	-	0.7	-	-
Company divestments and disposals	-	-	-	-	-2.1	-1.9	-	-
Impairment	-	-	-	-	1.7	2.2	-	0.2
Transfers	-1.7	-	-	-	-2.1	-17.6	-	-
Translation differences	-0.4	-15.9	-0.2	-	-5.4	-17.6	-	-
Balance, 31 December 2003	3.7	99.4	1.6	0.1	50.1	150.3	-	0.2
Balance sheet value, 31 December 2003	4.2	275.1	0.5	14.0	49.8	33.3	0.6	1.5

Carrying amount of finance leases included in buildings and constructions:

2004 EUR 1.0 million
2003 EUR 1.2 million

13. AVAILABLE-FOR-SALE INVESTMENTS AND MARKETABLE SECURITIES

Available-for-sale investments consist in their entirety of shares in unlisted companies and they are measured at cost, because reliable fair values cannot be established or they do not differ materially from their initial costs.

Marketable securities include investments in commercial papers with maturities of less than a week. Because their fair values do not differ materially from their costs, they are measured at cost during the 2004 financial period.

14. RECONCILIATION OF DEFERRED TAX ASSETS AND LIABILITIES

2004 EUR million	1 Jan 2004	Charge in income statement	Translation differences	Acquisitions	Charged to equity	31 Dec 2004
Deferred tax assets:						
Provisions	12.5	-4.7	-0.9	0.0	-	6.9
Carryforward of unused tax losses	3.2	-2.6	-0.5	5.3	-	5.4
Pensions	5.0	-1.0	-0.2	0.0	-	3.8
Impairment	5.2	-1.0	-0.4	0.0	-	3.8
Other temporary differences	3.7	-1.5	-0.2	0.0	-	2.0
Total	29.6	-10.8	-2.2	5.3	-	21.9
Deferred tax liabilities:						
Fair value adjustments	-	-	-	-	0.0	-
Depreciation differences	-6.7	3.8	0.4	0.0	-	-2.5
Other temporary differences	-15.8	0.9	1.7	0.0	-	-13.2
Total	-22.5	4.7	2.1	0.0	0.0	-15.7
Net deferred tax assets	7.1	-6.1	-0.1	5.3	0.0	6.2
Deferred taxes recognized in the balance sheet at 31 December 2004:						
Deferred tax assets	EUR 15.1 million					
Deferred tax liabilities	EUR 8.9 million					
2003 EUR million	1 Jan 2003	Charge in income statement	Translation differences	Other change	31 Dec 2003	
Deferred tax assets:						
Provisions	10.4	3.9	-1.8	-	12.5	
Carryforward of unused tax losses	4.4	-1.0	-0.2	-	3.2	
Pensions	6.3	-0.5	-0.8	-	5.0	
Impairment	5.6	0.6	-1.0	-	5.2	
Other temporary differences	9.5	-2.6	-1.0	-2.2	3.7	
Total	36.2	0.4	-4.8	-2.2	29.6	
Deferred tax liabilities:						
Depreciation differences	-2.1	-4.6	-	-	-6.7	
Other temporary differences	-12.7	-3.1	-	-	-15.8	
Total	-14.8	-7.7	-	-	-22.5	
Net deferred tax assets	21.4	-7.3	-4.8	-2.2	7.1	

At 31 December 2004 there were unused tax losses carried forward and other temporary differences of EUR 16.1 million (2003: EUR 3.5 million) for which no deferred tax asset was recognized. The unrecognized deferred tax assets at 31 December 2004 totaled EUR 5.2 million (2003: EUR 1.2 million).

15. VALUATION PROVISIONS OF INVENTORIES AND ACCOUNTS RECEIVABLE

EUR million	2004	2003
Allowance for doubtful accounts	9.7	12.0
Obsolescence reserve for inventories	17.0	16.8

16. PREPAID EXPENSES AND OTHER RECEIVABLES

EUR million	2004	2003
Prepaid interest	0.5	1.2
Prepaid advertising and promotion	1.4	1.6
Other prepaid expenses	15.2	10.0
Forward contracts' exchange rate differentials	11.1	19.0
Receivables from patent settlement	-	9.9
Other receivables	7.8	8.2
Total	36.0	49.9

17. SHAREHOLDERS' EQUITY

EUR million	Number of shares	Share capital	Premium fund ¹⁾	Fund for own shares
1 January 2003	23,227,720	96.8	181.6	-24.9
Warrants exercised	257,500	1.0	3.9	-
31 December 2003	23,485,220	97.8	185.5	-24.9
Warrants exercised	321,400	1.3	1.9	-
Cancellation of own shares	-	-3.9	3.9	24.9
Bonus issue on 16 December 2004	47,613,240	190.5	-190.5	-
31 December 2004	71,419,860	285.7	0.8	-

¹⁾ Also includes unregistered share issue (31 Dec 2003: EUR 0.4 million; 31 Dec 2004: EUR 0.0 million)

The section "shares and shareholders" on pages 80–84 provides additional information on numbers of shares and share capital. The Group's warrant schemes are discussed on pages 80–81. The Board of Directors' dividend proposal is on page 85.

Translation differences

Translation differences comprise the differences arising from the elimination of net investments in non-euro Group units.

Fair value and other reserves

Fair value and other reserves include changes in the fair values of available-for-sale investments as well as derivative financial instruments used to hedge operational cash flows (hedge reserve).

18. INTEREST-BEARING LIABILITIES

INTEREST-BEARING LONG-TERM LIABILITIES

EUR million	Outstanding			Repayments			2010 and after
	31 Dec 2004	2005	2006	2007	2008	2009	
Loans from financial institutions	24.0	1.9	22.1	-	-	-	-
Pension loans	4.5	1.0	1.0	1.0	0.9	0.6	-
Other long-term debt	1.6	0.1	0.3	0.2	0.2	0.2	0.6
Total	30.1	3.0	23.4	1.2	1.1	0.8	0.6

INTEREST-BEARING CURRENT LIABILITIES

EUR million	2004	2003
Commercial papers	115.7	97.2
Current repayments of long-term loans	3.0	36.3
Other interest-bearing current debt	4.4	2.0
Total	123.1	135.5

INTEREST-BEARING LIABILITIES AT FAIR VALUE

EUR million	2004	
	Carrying amount	Fair value
Loans from financial institutions	24.0	24.0
Pension loans	4.5	4.6
Commercial papers	115.7	115.7
Other interest-bearing short-term debt	6.0	6.0
Total	150.2	150.3

Fair values have been calculated by discounting future cash flows at market based interest rates at 31 December 2004.

FINANCE LEASE LIABILITIES

EUR million	2004	2003
Finance lease liabilities are due as follows:		
Not later than one year	0.1	0.1
Later than one year but not later than five years	0.6	0.7
Later than five years	0.4	0.5
Total minimum payments	1.1	1.3

Present value of minimum lease payments is not materially different from their carrying amount.

19. ACCRUED LIABILITIES

EUR million	2004	2003
Accrued personnel costs	46.7	41.1
Accrued interest	1.2	1.6
Accrued rent	2.3	3.5
Accrued advertising and promotion	12.3	12.5
Excise tax	-	32.2
Value added tax	3.1	16.1
Other accrued liabilities	28.0	37.7
Total	93.6	144.7

20. PROVISIONS

EUR million	Product warranty	Restructuring	Environmental	Other	Total
Balance at 1 January 2004	11.8	4.7	1.5	10.0	28.0
Translation differences	-0.5	-0.3	-0.1	-0.8	-1.7
Provisions made during the year	8.5	1.3	0.4	4.4	14.6
Provisions used during the year	-6.6	-3.1	-0.4	-5.0	-15.1
Unused provisions reversed during the year	-0.7	-0.4	-0.1	-0.7	-1.9
Balance at 31 December 2004	12.5	2.2	1.3	7.9	23.9
Current provisions	21.5				
Long-term provisions	2.4				
Total	23.9				

The most important regular provisions are due to the repair or replacement of products during their warranty period.

Environmental provisions are booked in the United States, and other liabilities are not included in the Group's environmental liabilities.

Provisions for restructuring relate primarily to the reorganization of the Golf and Racquet Sports businesses in the United States.

21. ADJUSTMENTS TO CASH FLOW FROM OPERATING ACTIVITIES

EUR million	2004	2003
Impairment losses	-	4.1
Gain on sale of tobacco business	-18.7	-
Gains and losses on sale of non-current assets	-1.6	-6.7
Other	-	2.6
Total	-20.3	0.0

22. OPERATING LEASE COMMITMENTS

EUR million	2004	2003
The future minimum payments of non-cancellable operating leases:		
Not later than one year	14.4	12.6
Later than one year but not later than five years	24.9	30.7
Later than five years	1.0	1.1
Total	40.3	44.4

Total rents of non-cancellable operating leases recognized in the income statement	12.2	11.3
--	------	------

Other non-cancellable rental agreements are primarily related to the office and production premises rented by the Group.

23. CONTINGENT LIABILITIES

EUR million	2004	2003
Mortgages pledged		
Pension loans and loans from financial institutions covered	4.4	5.2
Nominal value of mortgages pledged	6.2	6.2
Other group liabilities:		
Nominal value of mortgages pledged	0.9	10.9
Total nominal value of mortgages pledged	7.1	17.1
Guarantees	2.7	3.8
Other contingent liabilities	29.4	33.7

Other contingent liabilities are primarily due to long-term endorsement contracts with several professional and other leagues, particularly in the United States, and athlete contracts.

There are no guarantees or contingencies given for the management of the Group, for the shareholders, or for the affiliated companies.

24. INVESTMENTS IN SUBSIDIARIES AT 31 DECEMBER 2004

SUBSIDIARIES	Group holding, %	Book value, EUR million
Amer Sports Company, Chicago, USA	100	156.6
Athletic Training Equipment Company, Inc., Sparks, USA	100	
Atomic Ski USA, Inc., Amherst, USA	100	
ClubCom, Inc., Pittsburgh, USA	100	
Precor Incorporated, Woodinville, USA	100	
Precor Strength Inc., Valencia, USA	100	
Wilson Sporting Goods Co., Chicago, USA	100	
Amer Sports Brazil LTDA., Sao Paulo, Brazil	100	
Amer Sports Canada Inc., Belleville, Canada	100	
Amer Sports Japan, Inc., Tokyo, Japan	100	
Amer Sports Korea, Ltd., Seoul, Korea	100	
Amer Sports Malaysia Sdn Bhd, Shah Alam, Malaysia	100	
Amer Sports Thailand Company Limited, Bangkok, Thailand	49 ¹⁾	
Grupo Wilson, S.A. de C.V., Mexico City, Mexico	100	
Amer Sports Mexico, S.A. de C.V., Mexico City, Mexico	100	
Asesoria Deportiva Especializada, S.A. de C.V., Mexico City, Mexico	100	
Wilson Sporting Goods Australia Pty Ltd, Braeside, Australia	100	
Amer Sports Europe GmbH, Neuried, Germany	100	62.3
Amer Sports Czech Republic s.r.o., Prague, Czech Republic	100	
Amer Sports Deutschland GmbH, Neuried, Germany	100	
Amer Sports Europe Services GmbH, Neuried, Germany	100	
Amer Sports France S.A.S., Villefontaine, France	100	
Amer Sports Spain, S.A., Barcelona, Spain	100	
Amer Sports UK Limited, Irvine, UK	100	
Precor Products Limited, Berkshire, UK	100	
Amer Sports International Oy, Helsinki, Finland	100	67.1
Amer Sports Suomi Oy, Vantaa, Finland	100	0.9
Amer Sports Sverige AB, Malmö, Sweden	100	
Amer Sports SA, Hagendorn, Switzerland	100	0.1
Amera Oy, Helsinki, Finland	100	
Amerintie 1 Oy, Tuusula, Finland	100	2.1
Amernet Holding B.V., Rotterdam, The Netherlands	100	62.5
Amer Sports Holding GmbH, Altenmarkt, Austria	100	
Amer Sports Italia S.p.A., Nervesa della Battaglia, Italy	100	
Atomic Austria GmbH, Altenmarkt, Austria	95	
ZAO Amer Sports, Moscow, Russia	100	
Fitz-Wright Holdings Ltd., Langley, B.C., Canada	100	
Bare Sportswear Corp., Blaine, Washington, USA	100	
Fitz-Wright Company Ltd., Langley, B.C., Canada	100	
FitzWright Europe (Malta) Ltd., Zejtun, Malta	100	
Suunto AG, Biel, Switzerland	100	
Recta AG, Biel, Switzerland	100	
Suunto Benelux B.V., Tholen, The Netherlands	60	
Suunto USA Inc., Carlsbad, USA	100	
Suunto Oy, Vantaa, Finland	100	65.4
Amerb Oy, Helsinki, Finland	100	
Amerc Oy, Helsinki, Finland	100	
Suunto Software Solutions Oy, Helsinki, Finland	70	
Ursuk Oy, Turku, Finland	60	
Varpat Patentverwertungs AG, Littau, Switzerland	100	2.0
Non-operating companies		-
Total		419.0

¹⁾ 85% of votes

25. HEDGE RESERVE OF CASH FLOW HEDGES

EUR million	
Balance at 1 January 2004	1.6
Gains and losses deferred to shareholders' equity	0.9
Gains and losses recognized in the income statement	-2.4
Deferred taxes	0.0
Balance at 31 December 2004	0.1

26. FINANCIAL RISK MANAGEMENT

The global business of Amer Group involves customary financial risks. Financial risk management is centralized within Group Treasury, which operates through the Parent Company. Risk management is governed by a financial strategy approved by the Board of Directors. This strategy includes principles and risk limits relating to its balance sheet structure, banking relations and risk management. Financial risks are reviewed by the Board of Directors at least once a year. In addition, the Group has a Financial Committee which meets as and when necessary and monitors that the principles approved by the Board are being observed. Group Treasury's management agrees with the business areas and subsidiaries on how these principles are applied to each unit's individual needs.

Group Treasury is responsible for arranging finance on competitive terms, using appropriate equity and debt instruments. Foreign exchange and interest rate risks are managed so that changes in market rates do not unnecessarily risk shareholder value, the Company's earnings or the equity ratio. Group Treasury is also responsible for Group insurance management. 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 preserve a balanced and diverse financial structure. Excessive loan maturity concentrations are avoided. Financing is raised from various sources, and Amer Group's visibility in the capital markets is maintained by regular issuance of commercial paper and other instruments. The Group's standard credit documentation seeks to ensure the equal treatment of finance providers, and it utilizes standardized financial covenants. The Group's financial costs are optimized in relation to the goals stated for its financial structure and risk management.

All Group debt is raised through the Parent Company. Amer Group builds long-term relationships with major lenders and arrangers of finance, enabling it to react quickly in the event of significant new funding requirements.

LIQUIDITY RISK

The Group's liquidity is based on long-term financial arrangements. At the end of 2004, Group's interest bearing debt was EUR 150.2 million, from which EUR 27.1 million will mature after 12 months. In addition, the Group had EUR 92 million of unused committed credit facilities, of which EUR 55 million will mature after 2005.

Short-term liquidity is managed by issuing commercial paper. Any extra liquidity is placed in short-term debt instruments approved by the Financial Committee. The Group uses global cash pools in major currency areas.

Internal netting is used in making payments between subsidiaries.

CURRENCY RISK

The Group operates in all major currency areas, and it has subsidiaries in 22 countries. Group Treasury aims to eliminate the foreign exchange risks associated with the Group balance sheet and to hedge the commercial currency-denominated cash flows in subsidiaries. Amer Group utilizes hedge accounting for its commercial risk hedging. The amount of ineffective hedges in 2004 was not material.

The balance sheet risk of the Group is eliminated by financing each subsidiary in its home currency. According to its financial strategy, the Group may hedge 0 to 50% of subsidiaries' equity. At the end of 2004 there were no equity hedges outstanding.

The most important business risk arising from currencies is the foreign exchange risk created by cash flows in non-home currencies. This risk is primarily caused when a unit purchases goods in another currency, and then sells them in its home currency. The total foreign currency purchases were about EUR 165 million in 2004, divided into the following currency pairs:

		Sell								
		USD	EUR	GBP	CAD	JPY	AUD	CHF	SEK	CZK
Buy	USD		27	29	23	21	7			107
	EUR	41			9	6		10	9	5

In the end of year outstanding hedges for the purchases were:

		Sell								
		USD	EUR	GBP	CAD	JPY	AUD	CHF	SEK	CZK
Buy	USD		21	11	14	12	4			62
	EUR	41			6	2		4	4	2

In addition to the aforementioned currency pairs, the Group has small currency-denominated purchases in certain Asian and Latin American currencies. These cash flows were not hedged during 2004.

According to the Group's hedging policy, the units hedge their forecast 12-18 month cash flow with forward foreign exchange contracts. Based on historical evidence, the cash flows are deemed highly probable.

The hedge ratio is higher for nearby months than for later periods. The hedge ratio of the units is maintained between 30% and 70% of the cash flows forecast for the next 12 months, except for the Winter Sports Division where the ratio is 80 to 120% due to different business practices.

The Group monitors its hedge ratio daily and tests its effectiveness at three month intervals. The impact of effective hedges is booked as an adjustment to the cost of goods sold.

Forward foreign exchange contracts are the main instrument for currency hedges. The spot value of the forward contracts corresponds fully to the change in value of currency-denominated cash flows. The forward points are booked as interest.

The Group's foreign exchange position consists of currency-denominated loans, deposits and off-balance sheet items, of which forward contracts are the most important. The impact of currency movements on the Group's foreign exchange position is booked as a financial item. From time to time, the Group has intentional open positions as allowed in the financial strategy. The maximum position in 2004 did not exceed EUR 5 million.

Uncovered currency or interest rate options are not permitted.

INTEREST RATE RISK

The Group's structural interest rate position is calculated by estimating a maturity for all balance sheet items on the basis of either 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 percentage-point change

in interest rates. The Company's structural interest rate risk is minimal.

Operationally, the management of interest rate position also takes account of the duration based on forecast cash flows and the duration of financial items.

The interest rate differential between the euro and other currencies may be a significant risk for Amer Group due to hedging of the foreign currency denominated part of the balance sheet. Group Treasury uses both forward rate agreements as well as interest rate and currency swaps to manage its interest rate risk position.

Due to the adoption of IAS 39 the accounting treatment of interest rate swaps was changed. Previously periodized interest income and expenses are discounted to their present value, and the change in value is booked into financial items.

CREDIT RISK

The Group is exposed to credit risk mainly through accounts receivable. The Group has a global customer base, and there are no significant risk concentrations. The largest single customer accounts for 3% of total accounts receivable and the largest 20 combined total about 23%. The Group's use of credit insurance and factoring is slight.

Customers in the fitness equipment business often use leasing financing, and the Group takes limited recourse risk for the arrangements through repurchase agreements.

The Group seeks to minimize its cash items. Extra liquidity is placed either in deposits in core banks or in high-quality money market instruments, as decided by the Financial Committee.

Interest bearing debt by currency after foreign exchange and interest rate swaps and facility fees at 31 December 2004:

	EUR million	Interest, %
AUD	2.6	5.67
CAD	7.5	2.84
CHF	3.9	1.04
CZK	0.6	2.96
SEK	3.8	2.42
USD	131.8	2.63
Total	150.2	2.65

DERIVATIVE CONTRACTS

Foreign exchange derivatives

EUR million	Nominal value	Fair value	Maturity structure	
			2005	2006
Cash flow hedging	112.9	-0.1	112.9	
Related to financing	111.1	10.7	96.2	14.9
Total	224.0	10.6	209.1	14.9
Interest rate swaps	36.7	0.1		36.7

MATURITY STRUCTURE

EUR million	31 Dec 2004		Total	2005	2006	2007	2008 or later
	Drawn	Available					
Loans from financial institutions	24.0		24.0	1.9	22.1	-	-
Pension loans	4.5		4.5	1.0	1.0	1.0	1.5
Other interest bearing debt	6.0		6.0	4.5	0.3	0.2	1.0
Committed revolving credit facilities	-	92.0	92.0	37.0	15.0	40.0	-
Commercial papers	115.7		115.7	115.7			
Total	150.2	92.0	242.2	160.1	38.4	41.2	2.5

INTEREST FIXING PERIODS

EUR million	0-3 mths	4-6 mths	7-9 mths	9-12 mths	1-2 years	2-3 years	Over 3 years
Debt	-145.8				-0.9	-1.9	-1.6
Cash & deposits	17.0						
Loan receivables					0.1		0.9
Forward rate agreements							
Interest rate swaps		36.7			-36.7		
Net	-128.8	36.7	-	-	-37.5	-1.9	-0.7

(+ = assets, - = debt)

27. EFFECTS OF ADOPTING IFRS REPORTING ON THE COMPARATIVE FIGURES FOR 2003

Amer Group changed over from Finnish Accounting Standards (FAS) to International Financial Reporting Standards (IFRS) as of the beginning of 2004. The date of the transition was January 1, 2003. Note 1 to these financial statements, Accounting Policies, describes the IFRS standards that have been applied in making the changeover.

These notes present the essential effects which the adoption of IFRS standards has on the comparative information for 2003, including the transitional balance sheet at January 1, 2003. Amer Group has published a separate stock exchange release on the adoption of IFRS on April 15, 2004. These figures deviate from the stock exchange release as follows:

1. In accordance with a subsequent interpretation, the additional pension security of management has been classified as a defined benefit pension plan. This lowers the previous published figure for shareholders' equity at the end of 2003 by EUR 0.9 million and the equity ratio by 0.2%, but has no effect on earnings in the 2003 financial period under IFRS. The effects of pension plans are discussed in greater detail in section 8.

2. The capitalized leasehold improvement expenses of the office and production properties rented by the Group have been transferred from intangible non-current assets to buildings.

3. Share-based key indicators have been adjusted to correspond to the number of shares after the 1:2 bonus issue carried out in December 2004.

The numbers below refer to differences in the Income Statement, segment information and Balance Sheet as presented on the following pages.

1. FORMAT OF INCOME STATEMENT

In conjunction with the adoption of IFRS, a new format for the Consolidated Income Statement has been introduced. The previously used format based on a classification of expenses by nature has now been replaced by a classification of expenses by function.

Furthermore, reportable net sales have been redefined. Under FAS reporting, net sales included sales of finished goods

and license income received from third party manufacturers when they manufacture and sell products made under license from Amer Sports' own brands. In the new Income Statement format, license income is shown separately in its own line.

2. NET RESULT

The table below summarizes the effects of adopting IFRS standards on the net result for the 2003 financial year. These effects are discussed in detail in paragraphs 4, 5 and 8.

EUR million	2003
Net result under FAS	64.7
IFRS adjustments:	
IAS 12 Income Taxes	-3.0
IAS 19 Employee Benefits (pensions)	1.5
IAS 36 Impairment of Assets (golf production)	-1.6
IFRS 3 Business Combinations (cancellation of amortization)	16.5
IFRS adjustments, total	13.4
Net result under IFRS	78.1

3. SEGMENT REPORTING

Amer Group's primary segment reporting format is according to business segments as already applied in FAS reporting (see note 2).

Under FAS reporting, goodwill generated from the acquisitions of business areas ("Group goodwill") was not allocated to business segments. In order to comply with the requirements of IAS 14 (Segment Reporting), Group goodwill has now been allocated to assets of the business segments as of the transition date, January 1, 2003.

When making the transition to IFRS, the geographical segments have now been redefined based on the organizational set-up of the Group's sales operations and the diverse operational risks within different geographical areas. The new segments are:

- the Americas (incl. Latin America)
- EMEA (Europe, the Middle East and Africa)
- Asia Pacific (incl. Japan and Australia)

The previous geographical segments were North America, Finland, rest of Europe, Asia Pacific, Japan, and Other.

4. GOODWILL, OTHER INTANGIBLE AND TANGIBLE NON-CURRENT ASSETS

The major differences in accounting policies for goodwill, other intangible and tangible non-current assets between FAS and IFRS stem from two standards, IAS 36 (Impairment of Assets) and IFRS 3 (Business Combinations).

In accordance with IAS 36, the carrying amounts of assets are assessed on any indication of an impairment. If such an indication exists, a company should then estimate the recoverable amount of the asset. The recoverable amount is the higher of the asset's net selling price or cash-flow based value in use. An impairment loss is recognized when the carrying amount of an asset is higher than the recoverable amount.

At the date of transition, January 1, 2003, all goodwill as well as the non-current assets of independent cash-generating units were tested for possible impairment in accordance with IAS 36.

Impairment testing of goodwill at the date of transition, January 1, 2003

Goodwill is allocated to business segments (see paragraph 3 above).

The recoverable amount of each segment's goodwill is defined in terms of the principle described in the paragraph "Impairment of assets" in note 1.

The application of impairment tests to goodwill at the time of transition resulted in an impairment loss on the goodwill of the Golf business (EUR 19.1 million).

Wilson Sporting Goods Co. and its subsidiaries were acquired in 1989. The goodwill generated at the time of the acquisition was not allocated to Wilson's three business segments: Racquet Sports, Golf, and Team Sports. According to IAS 14 (Segment Reporting), goodwill should be allocated to the segments as a minimum requirement. If the goodwill related to the Wilson acquisition would have been tested as a whole at the date of transition, the recoverable amount of goodwill would have been considerably higher than its carrying amount.

Goodwill values in the transitional balance sheet by business segment:

EUR million	
Racquet Sports	73.3
Golf	-
Team Sports	48.8
Winter Sports	11.7
Fitness Equipment	140.4
Sports Instruments	29.1
Total	303.3

The recoverable amount of goodwill in each segment except for Golf was significantly higher than the carrying amounts above.

Impairment tests for other intangible and tangible non-current assets

As a result of impairment tests according to IAS 36, an impairment loss of EUR 16.0 million related to the Golf Division's production facilities was recognized in the transition balance sheet. This improves earnings under IFRS in 2003 by EUR 2.5 million due to lower depreciation. In addition, a further impairment loss of EUR 4.1 million associated with the Golf Division's production facilities is included in the 2003 results under IFRS. The assessment methods according to both Finnish and local practices did not lead to impairment losses for the years 2002 and 2003 in the original FAS financial statements.

Recoverable amounts of non-current assets for all other independent cash-generating units except for Golf were significantly higher than their carrying amounts.

IFRS 3 (Business Combinations)

In accordance with the IFRS 3 standard, goodwill and other intangible non-current assets with indefinite useful lives will no longer be amortized on a straight-line basis. Instead, these assets should be tested annually for impairment according to IAS 36. The cancellation of goodwill and other intangible non-current assets' amortization improves 2003 EBIT by EUR 16.5 million.

Relating to the acquisition of the Winter Sports segment in 1994, the intangible non-current asset recognized has now been reclassified to goodwill (EUR 10.3 million at January 1, 2003).

5. LONG-TERM INVESTMENTS

Own shares (treasury shares)

According to IAS 32, it is not allowed to present investments in own shares (treasury shares) as balance sheet assets. This decreases the asset value of long-term investments by EUR 24.9 million. Although standards IAS 32 and IAS 39 are not applied before the financial year commencing January 1, 2004, this classification change that is also approved by FAS has been employed in order to make the 2003 balance sheet structure as comparable as possible to 2004.

Deferred taxes

In accordance with IAS 1 (Presentation of Financial Statements), deferred tax assets (liabilities) should be classified as non-current assets (liabilities). Current deferred tax assets (liabilities) under the FAS balance sheet have now been reclassified as non-current assets (liabilities).

Under IAS 12, deferred taxes have now been recognized on all taxable IFRS adjustments impacting shareholders' equity. Related to this, in long-term investments in the transitional balance sheet at January 1, 2003, there are deferred tax assets of EUR 11.8 million (see paragraphs 7 and 8). The 2003 income statement under IFRS includes a deferred tax charge that is EUR 3.0 million higher than in the original FAS.

Available-for-sale investments

In its 2004 financial reporting, Amer Group is applying the most recent version of IAS 39. In accordance with the exemption included in the transition rules for a first-time adopter of IFRS, comparative information for 2003 need not comply with this standard. According to the basic rule of IAS 39, the subsequent measurement of an available-for-sale investment after recording it originally is based on fair value. The long-term investments in the transitional balance sheet at January 1, 2003, include shares and the like with a carrying amount of EUR 4.1 million, which could be classified as available-for-sale investments. The fair value of these assets under IFRS would not have differed significantly from their carrying amount under FAS.

6. RECEIVABLES

The largest change compared to FAS financial statements stems from the transfer of deferred tax assets to long-term investments in the manner described in paragraph 5.

7. SHAREHOLDERS' EQUITY

The table below gives a summary of the effects on shareholders' equity of the adoption of IFRS standards.

EUR million	31 Dec 2002	31 Dec 2003
Shareholders' equity under FAS	470.2	469.9
IFRS adjustments:		
IAS 1 Presentation (Minority Interest)	3.2	3.0
IAS 12 Income Taxes	11.4	6.8
IAS 19 Employee Benefits (pensions)	-18.5	-16.8
IAS 32 Financial Instruments (own shares)	-24.9	-24.9
IAS 36 Impairment of Assets		
Intangible assets (golf goodwill)	-19.1	-15.8
Tangible assets (golf production)	-16.0	-16.2
IFRS 3 Business Combinations (cancellation of amortization)		16.5
IFRS adjustments, total	-63.9	-47.4
Shareholders' equity under IFRS	406.3	422.5

8. OTHER LONG-TERM AND CURRENT LIABILITIES

Pension plans

The majority of different pension plans among Amer Group's legal entities are classified as defined contribution plans. Contributions under defined contribution plans are expensed in the period to which they relate. In terms of accounting policies, there is no difference between IAS 19 (Employee Benefits) and FAS.

Amer Group has defined benefit plans in the USA, the UK, and Finland. They have been converted to IFRS, in accordance with the exemption under IFRS 1, by recording all actuarial

differences at the time of the transition between previous local practices and IFRS policies in the transitional balance sheet at January 1, 2003. At the date of the transition to IFRS, this adjustment increased current liabilities by EUR 18.4. This transitional adjustment lowers pension costs by EUR 1.5 million in 2003 under IFRS.

The disability element of TEL (Finnish pension scheme) has no material impact on the Group's financial statements.

Deferred tax liabilities

The change in other long-term liabilities between FAS and IFRS is due to the reclassification of deferred tax liabilities from current to long-term liabilities as described in paragraph 5.

MISCELLANEOUS

In addition to the changes described above, the transition to IFRS has resulted in some other minor reclassifications in the Group's balance sheet. However, these adjustments are not analyzed further here.

Amer Group does not have materially important finance lease agreements that are to be recognized in the balance sheet according to the criteria of IAS 17 (Leases). Because the accounting practices for these leases in the USA have already met the requirements of IAS 17, no IFRS adjustments have been booked.

Additionally, accounting policies for inventories under FAS meet the requirements of IAS 2 (Inventories), and therefore no IFRS adjustments compared to the FAS financial statements have been booked for these items, either.

IFRS/FAS COMPARISON 2003

INCOME STATEMENT (1)	IFRS	FAS	
EUR million	2003	2003	DIFF.
NET SALES	1,094.1	1,104.4	-10.3
Cost of goods sold	-673.3	-671.7	-1.6
GROSS PROFIT	420.8	432.7	-11.9
License income	10.3	0.0	10.3
Other operating income	28.5	28.5	0.0
R&D expenses	-30.7	-30.7	0.0
Selling and marketing expenses	-231.2	-231.2	0.0
Administrative and other expenses	-80.0	-81.5	1.5
Goodwill amortization	0.0	-16.5	16.5
EBIT	117.7	101.3	16.4
Financing income and expenses	-8.2	-8.2	0.0
EARNINGS BEFORE TAXES	109.5	93.1	16.4
Taxes	-31.0	-28.0	-3.0
Minority interests	-0.4	-0.4	0.0
NET RESULT (2)	78.1	64.7	13.4
Earnings per share, EUR	1.12	0.92	0.19
Adjusted average number of shares in issue, million	70.0	70.0	
Equity per share, EUR	5.95	6.31	-0.36
ROCE, % ¹⁾	21.1	16.9	4.2
ROE, %	18.8	14.5	4.3
Average rates used: EUR 1.00 = USD	1.13	1.13	

¹⁾ 12 months rolling average

GEOGRAPHIC BREAKDOWN OF NET SALES (3)

EUR million	IFRS	FAS	
	2003	2003	DIFF.
Americas	573.2	581.1	-7.9
EMEA	417.8	418.8	-1.0
Asia Pacific	103.1	104.5	-1.4
Total	1,094.1	1,104.4	-10.3

NET SALES BY BUSINESS AREA (3)

EUR million	IFRS	FAS	
	2003	2003	DIFF.
Racquet Sports	207.4	210.9	-3.5
Golf	156.1	158.5	-2.4
Team Sports	181.0	183.6	-2.6
Winter Sports	188.2	188.5	-0.3
Fitness Equipment	175.5	177.0	-1.5
Sports Instruments	76.6	76.6	0.0
Tobacco	984.8	995.1	-10.3
Total	109.3	109.3	0.0
Total	1,094.1	1,104.4	-10.3

EBIT BY BUSINESS AREA (3)

EUR million	IFRS	FAS	
	2003	2003	DIFF.
Racquet Sports	20.6	20.4	0.2
Golf	-12.4	-11.4	-1.0
Team Sports	23.3	21.1	2.2
Winter Sports	28.3	28.3	0.0
Fitness Equipment	26.8	26.8	0.0
Sports Instruments	7.7	7.5	0.2
Headquarters	-6.6	-6.6	0.0
Group goodwill	0.0	-14.8	14.8
Patent settlement	20.5	20.5	0.0
Tobacco	108.2	91.8	16.4
Total	9.5	9.5	0.0
Total	117.7	101.3	16.4

CONSOLIDATED BALANCE SHEET

EUR million	IFRS	FAS		IFRS	FAS	
	31 Dec 2003	31 Dec 2003	DIFF.	31 Dec 2002	31 Dec 2002	DIFF.
Assets						
Goodwill (4)	275.1	266.7	8.4	303.3	312.1	-8.8
Other intangible non-current assets (4)	4.7	19.2	-14.5	2.1	20.9	-18.8
Tangible non-current assets (4)	99.2	110.1	-10.9	116.5	126.5	-10.0
Long-term investments (5)	35.9	43.2	-7.3	47.6	50.3	-2.7
Inventories and work in progress	136.9	136.9	0.0	156.4	156.4	0.0
Receivables (6)	293.6	309.5	-15.9	297.5	308.2	-10.7
Marketable securities	1.0	1.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	26.1	26.1	0.0	33.1	33.1	0.0
Assets	872.5	912.7	-40.2	956.5	1,007.5	-51.0
Shareholders' equity and liabilities						
Shareholders' equity (7)	422.5	469.9	-47.4	406.3	470.2	-63.9
Minority interests	0.0	3.0	-3.0	0.0	3.2	-3.2
Long-term interest-bearing liabilities	32.2	32.2	0.0	48.2	48.2	0.0
Other long-term liabilities (8)	25.3	22.1	3.2	19.5	17.3	2.2
Current interest-bearing liabilities	135.5	135.5	0.0	194.8	194.8	0.0
Other current liabilities (8)	229.0	220.5	8.5	260.9	253.9	7.0
Provisions	28.0	29.5	-1.5	26.8	19.9	6.9
Shareholders' equity and liabilities	872.5	912.7	-40.2	956.5	1,007.5	-51.0
Equity ratio, %	48.4	50.5	-2.1	42.5	45.6	-3.1
Gearing, %	33	31	2	52	47	5
EUR 1.00 = USD	1.26	1.26		1.05	1.05	

➔ CALCULATION OF KEY INDICATORS

28. ADOPTION OF STANDARDS IAS 32 AND IAS 39

Standards IAS 32 and IAS 39 have been adopted as of 1 January 2004. As compared to previously applied Finnish Accounting Standards, this has resulted in the following changes in assets, equity, and liabilities at 1 January 2004:

EUR million	
Current receivables	1.6 ¹⁾
Total assets	1.6
Fair value and other reserves	1.6 ¹⁾
Retained earnings	-1.6 ²⁾
Shareholders' equity	0.0
Current liabilities	1.6 ²⁾
Total shareholders' equity and liabilities	1.6

¹⁾ Hedge reserve of cash flow hedges

²⁾ Other derivative financial instruments measured at fair value

Other revaluations of assets and liabilities have not been made. Measurements of available-for-sale investments and marketable securities are explained in more detail in note 13.

EARNINGS PER SHARE:

Net result

Average number of shares adjusted for the bonus element of share issues

EQUITY PER SHARE:

Shareholders' equity ¹⁾

Number of shares at year end adjusted for the bonus element of share issues

DIVIDEND PER SHARE:

Total dividend

Number of shares at year end adjusted for the bonus element of share issues

DIVIDEND % OF EARNINGS:

100 x $\frac{\text{Adjusted dividend}}{\text{Net result}}$

EFFECTIVE YIELD, %:

100 x $\frac{\text{Adjusted dividend}}{\text{Adjusted share price at closing date}}$

P/E RATIO:

Adjusted share price at closing date

Earnings per share

MARKET CAPITALIZATION:

Number of shares at year end multiplied by share price at closing date

RETURN ON CAPITAL EMPLOYED (ROCE), %:

100 x $\frac{\text{EBIT}}{\text{Capital employed}^{2)}$

RETURN ON INVESTMENT (ROI), %:

100 x $\frac{\text{Earnings before taxes + interest and other financing expenses}}{\text{Balance sheet total less interest-free liabilities}^{3)}$

RETURN ON SHAREHOLDERS' EQUITY (ROE), %:

100 x $\frac{\text{Earnings before taxes - taxes}}{\text{Shareholders' equity}^{4)}$

EQUITY RATIO, %:

100 x $\frac{\text{Shareholders' equity}}{\text{Balance sheet total less advances received}}$

DEBT TO EQUITY RATIO:

Interest-bearing liabilities

Shareholders' equity

GEARING, %:

100 x $\frac{\text{Interest-bearing liabilities - liquid funds}^{5})}{\text{Shareholders' equity}}$

¹⁾ Excluding minority interests ²⁾ Fixed assets + working capital excluding receivables and payables relating to interest and taxes, monthly average of the financial period ³⁾ Monthly average of the financial period ⁴⁾ Average of the financial period ⁵⁾ Cash, cash equivalents, and marketable securities

➔ PARENT COMPANY INCOME STATEMENT

EUR million	Note	2004	2003
Other operating income	1	141.6	4.1
EXPENSES			
Personnel expenses	2	5.6	3.6
Depreciation	3	0.7	0.7
Other expenses		7.0	5.8
Total expenses		13.3	10.1
EARNINGS BEFORE INTEREST AND TAXES		128.3	-6.0
Financing income and expenses	4	23.7	30.6
EARNINGS BEFORE EXTRAORDINARY ITEMS		152.0	24.6
Group contribution		28.8	14.7
EARNINGS BEFORE APPROPRIATIONS AND TAXES		180.8	39.3
Appropriations		0.1	-0.2
Taxes	5	-5.0	-4.5
NET RESULT		175.9	34.6

➔ PARENT COMPANY BALANCE SHEET

EUR million	Note	2004	2003
ASSETS			
NON-CURRENT ASSETS			
INTANGIBLE ASSETS			
	6		
Intangible rights		0.3	0.0
Other intangible assets		0.0	0.0
		0.3	0.0
TANGIBLE ASSETS			
	6		
Land and water		1.8	1.8
Buildings and constructions		12.6	12.9
Machinery and equipment		0.6	0.5
Other tangible assets		0.6	0.6
		15.6	15.8
OTHER NON-CURRENT INVESTMENTS			
	7		
Investments in subsidiaries	8	419.0	402.2
Other bonds and shares		3.8	4.7
Other non-current receivables		1.5	1.5
Investments in own shares	9	-	24.9
		424.3	433.3
TOTAL NON-CURRENT ASSETS		440.2	449.1
CURRENT ASSETS			
RECEIVABLES			
Accounts receivable		0.1	0.1
Receivables from subsidiaries	10	411.2	225.1
Loans receivable		0.1	0.2
Other receivables		0.4	0.4
Prepaid expenses	11	12.5	22.7
		424.3	248.5
MARKETABLE SECURITIES			
Other securities		-	1.0
CASH AND CASH EQUIVALENTS		0.1	9.0
TOTAL CURRENT ASSETS		424.4	258.5
ASSETS		864.6	707.6

➔ PARENT COMPANY CASH FLOW STATEMENT

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	Note	2004	2003
SHAREHOLDERS' EQUITY			
Share capital	12	285.7	97.8
Share issue		-	0.4
Premium fund		0.8	185.1
Fund for own shares		-	24.9
Retained earnings		127.8	126.2
Net result		175.9	34.6
TOTAL SHAREHOLDERS' EQUITY		590.2	469.0
ACCUMULATED APPROPRIATIONS			
Accumulated depreciation in excess of plan	13	0.9	1.0
PROVISION FOR CONTINGENT LOSSES			
Provision for pension liability		0.1	0.1
LIABILITIES			
LONG-TERM LIABILITIES			
Loans from financial institutions	14	22.0	25.8
Pension loans		3.3	4.2
		25.3	30.0
CURRENT LIABILITIES			
Interest-bearing liabilities	15	121.7	134.0
Accounts payable		0.7	0.2
Payables to subsidiaries	16	122.7	69.0
Other current liabilities		0.2	0.2
Accrued liabilities	17	2.8	4.1
		248.1	207.5
TOTAL LIABILITIES		273.4	237.5
SHAREHOLDERS' EQUITY AND LIABILITIES		864.6	707.6

EUR million	2004	2003
CASH FLOW FROM OPERATING ACTIVITIES		
EBIT	128.3	-6.0
Depreciation	0.7	0.7
Adjustments to cash flow from operating activities	-140.9	-5.2
Cash flow from operating activities before change in working capital	-11.9	-10.5
Increase (-) or decrease (+) in trade and other current receivables	-0.4	-0.1
Increase (+) or decrease (-) in interest-free current liabilities	3.3	0.1
Change in working capital	2.9	0.0
Cash flow from operating activities before financing items and taxes	-9.0	-10.5
Interest paid	-5.0	-5.2
Interest received	0.9	4.9
Income taxes paid	-6.3	-1.8
Financing items and taxes	-10.4	-2.1
Total cash flow from operating activities	-19.4	-12.6
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	-0.9	-0.4
Proceeds from sale of tangible non-current assets	-	3.4
Other non-current investments	-47.1	-41.3
Proceeds from sale of other non-current investments	2.8	1.2
Loans granted	-	-0.2
Repayments of loans	0.1	-
Interest received from non-current receivables	0.2	0.1
Dividends received from non-current investments	21.3	27.0
Cash flow from investing activities	-23.6	-10.2
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of shares	3.2	4.9
Change in short-term borrowings	70.0	55.9
Withdrawals of long-term borrowings	-	27.9
Repayments of long-term borrowings	-36.4	-139.4
Change in current receivables	16.4	102.6
Dividends paid	-33.0	-32.6
Group contribution paid	-0.3	-5.1
Group contribution received	15.0	17.0
Other financing items [†]	-1.8	-3.5
Cash flow from financing activities	33.1	27.7
CHANGE IN LIQUID FUNDS	-9.9	4.9
Liquid funds		
Liquid funds at year end	0.1	10.0
Liquid funds at year beginning	10.0	5.1
Change in liquid funds	-9.9	4.9

[†] Including, for example, cash flow from hedging intercompany balance sheet items

➔ PARENT COMPANY ACCOUNTING POLICIES

The results are prepared in accordance with Finnish law. The results are reported in euros using the historical cost convention, modified by the revaluation of certain fixed assets.

Foreign currencies

The Parent Company records foreign currency transactions at the rates of exchange prevailing at the transaction date. Assets and liabilities denominated in foreign currencies are translated at the average rate of exchange confirmed by the European Central Bank in effect at the balance sheet date.

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 recognized in the income statement 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 income statement at that date except for forward contracts relating to the Group's net cash flow, which are presented in the income statement when the cash flow is received.

Intangible and tangible non-current assets

Intangible and tangible non-current assets are stated at cost less accumulated depreciation. The balance sheet values of certain investments also include revaluation, which is presented in the notes to the balance sheet.

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

Intangible rights and other intangible assets	5–10 years
Buildings	40 years
Machinery and equipment	4–10 years

Land is not depreciated.

Provision for contingent losses

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

Leasing

Leasing payments are treated as rental expenses.

Pension liabilities

The pension and related fringe benefit arrangements of the Parent Company's employees 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. Annual payments are expensed, and pension liabilities are included in the provision for contingent losses.

Taxes

Taxes include the taxes for the financial year calculated on the basis of the net result for the period or dividend paid out as well as assessed or returned taxes for previous financial periods.

➔ NOTES TO THE PARENT COMPANY INCOME STATEMENT

EUR million	2004	2003
1. OTHER OPERATING INCOME		
Rental return on real estate	0.7	1.3
Gain on sale of non-current assets	140.9	2.8
Total	141.6	4.1
2. PERSONNEL EXPENSES		
Wages and salaries	4.5	3.0
Social expenditure		
Pensions	0.8	0.3
Other social security	0.3	0.3
Total	5.6	3.6
With the exception of the President, members of the Board do not have contractual retirement benefits with the Company. The President has retirement rights with 60 years' retirement age.		
3. DEPRECIATION		
Depreciation according to plan		
Buildings and constructions	0.6	0.6
Machinery and equipment	0.1	0.1
Total	0.7	0.7
4. FINANCING INCOME AND EXPENSES		
Dividends received from subsidiaries	21.3	27.0
Other financing income on non-current receivables	0.2	0.2
Other interest and financing income from subsidiaries	6.8	7.9
Other interest and financing income	0.2	0.6
Value adjustments of non-current investments	3.4	7.6
Exchange rate losses	-1.7	-4.6
Interest and other financing expenses to subsidiaries	-1.9	-1.8
Other interest and financing expenses	-4.6	-6.3
Total	23.7	30.6
5. INCOME TAXES		
Income taxes for the period	-4.9	-1.2
Income taxes for prior periods	-	-3.2
Other direct taxes	-0.1	-0.1
Total	-5.0	-4.5
Income taxes on ordinary operations	3.4	-0.3
Income taxes on extraordinary items	-8.4	-4.2
Total	-5.0	-4.5

➔ NOTES TO THE PARENT COMPANY BALANCE SHEET

6. INTANGIBLE AND TANGIBLE NON-CURRENT ASSETS

EUR million	Intangible rights	Other intangible assets	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets
Initial cost or revaluation,						
1 January 2004	0.2	0.1	1.8	23.4	2.7	0.6
Additions	0.3	-	-	0.3	0.3	-
Disposals	-	-	-	-	-0.1	-
Transfers	-	-	-	-	-0.1	-
Balance, 31 December 2004	0.5	0.1	1.8	23.7	2.8	0.6
Accumulated depreciation,						
1 January 2004	0.2	0.1	-	10.5	2.2	-
Depreciation during the period	-	-	-	0.6	0.1	-
Disposals	-	-	-	-	-0.1	-
Balance, 31 December 2004	0.2	0.1	-	11.1	2.2	-
Balance sheet value,						
31 December 2004	0.3	0.0	1.8	12.6	0.6	0.6

EUR million	Intangible rights	Other intangible assets	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets
Initial cost or revaluation,						
1 January 2003	0.2	0.1	3.2	26.1	2.6	0.6
Additions	-	-	0.1	0.1	0.2	-
Disposals	-	-	-1.5	-2.8	-	-
Transfers	-	-	-	-	-0.1	-
Balance, 31 December 2003	0.2	0.1	1.8	23.4	2.7	0.6
Accumulated depreciation,						
1 January 2003	0.2	0.1	-	11.2	2.3	-
Depreciation during the period	-	-	-	0.6	0.1	-
Disposals	-	-	-	-1.3	-	-
Transfers	-	-	-	-	-0.2	-
Balance, 31 December 2003	0.2	0.1	-	10.5	2.2	-
Balance sheet value,						
31 December 2003	0.0	0.0	1.8	12.9	0.5	0.6

EUR million 2004 2003

7. REVALUATION INCLUDED IN NON-CURRENT ASSETS

Bonds and shares	0.6	0.6
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8. INVESTMENTS IN SUBSIDIARIES AT 31 DECEMBER 2004

See note 24 of consolidated financial statements.

9. INVESTMENTS IN OWN SHARES

Number	-	968,300
Accounted counter-value	-	3.9
Cost	-	24.9

10. RECEIVABLES FROM SUBSIDIARIES

Accounts receivable	-	0.1
Loans receivables	208.9	210.0
Prepaid expenses	202.3	15.0
Total	411.2	225.1

11. PREPAID EXPENSES

Prepaid interest	0.5	1.2
Forward contracts' exchange rate differentials	10.5	20.7
Other prepaid expenses	1.5	0.8
Total	12.5	22.7

12. SHAREHOLDERS' EQUITY

EUR million	Share capital	Share issue	Premium fund	Fund for own shares	Retained earnings	Total
1 January 2003	96.8	0.2	181.6	24.9	160.5	464.0
Warrants exercised	1.0	0.2	3.5			4.7
Write-down of revaluation					-1.7	-1.7
Dividend distribution					-32.6	-32.6
Net result for the period					34.6	34.6
31 December 2003	97.8	0.4	185.1	24.9	160.8	469.0
Warrants exercised	1.3	-0.4	2.3			3.2
Cancellation of own shares	-3.9		3.9	-24.9		-24.9
Bonus issue	190.5		-190.5			0.0
Dividend distribution					-33.0	-33.0
Net result for the period					175.9	175.9
31 December 2004	285.7	-	0.8	-	303.7	590.2

13. ACCUMULATED DEPRECIATION IN EXCESS OF PLAN

EUR million	2004	2003
Buildings and constructions	0.8	0.9
Machinery and equipment	0.1	0.1
Total	0.9	1.0

14. INTEREST-BEARING LONG-TERM LIABILITIES

EUR million	Outstanding		Repayments				2010 and after
	31 Dec 2004	2005	2006	2007	2008	2009	
Loans from financial institutions	23.9	1.9	22.0	-	-	-	-
Pension loans	4.2	0.9	0.9	0.9	0.9	0.6	-
Total	28.1	2.8	22.9	0.9	0.9	0.6	-

15. INTEREST-BEARING CURRENT LIABILITIES

EUR million	2004	2003
Commercial papers	115.7	97.2
Current repayments of long-term loans	2.8	36.0
Other interest-bearing current debt	3.2	0.8
Total	121.7	134.0

EUR million	2004	2003
16. PAYABLES TO SUBSIDIARIES		
Current liabilities	122.1	68.7
Accrued liabilities	0.6	0.3
Total	122.7	69.0
17. ACCRUED LIABILITIES		
Accrued personnel costs	1.2	0.9
Accrued interest	1.1	1.6
Other accrued liabilities	0.5	1.6
Total	2.8	4.1
CONTINGENT LIABILITIES		
Mortgages pledged		
Pension loans and loans from financial institutions covered	4.2	5.2
Nominal value of mortgages pledged	5.7	5.7
Other group liabilities		
Nominal value of mortgages pledged	0.9	0.9
Total nominal value of mortgages pledged	6.6	6.6
Guarantees		
Subsidiaries	9.6	8.5
Operating lease commitments		
Not later than one year	0.1	0.1
Later than one year but not later than five years	0.2	0.2
Total	0.3	0.3

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

EUR million	2004	2003
DERIVATIVE FINANCIAL INSTRUMENTS		
Nominal value		
Foreign exchange forward contracts	337.0	361.9
Forward rate agreements	-	100.0
Interest rate swaps	36.7	99.0
Fair value		
Foreign exchange forward contracts ¹⁾	10.5	20.7
Forward rate agreements ²⁾	-	-0.1
Interest rate swaps ²⁾	0.1	-1.7

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

SHARES AND SHAREHOLDERS

SHARES AND SHARE CAPITAL

Amer Group Plc has one publicly listed series of shares. The shares have no par value, but the counter book value of each share is EUR 4.00.

According to the Articles of Association, the Company's minimum share capital is EUR 200 million and the maximum share capital EUR 800 million. The Company's paid in share capital recorded in the Trade Register as of December 31, 2004, was EUR 285,679,440 and the number of shares outstanding was 71,419,860.

The Company's share capital was increased three times during the year through subscriptions with the A/B/C warrants: in January by EUR 461,400, in February by EUR 631,800 and in May by EUR 2,763,600. The corresponding bonus issue-adjusted subscriptions were for 115,350; 157,950 and 690,900 shares. The increases in share capital were entered in the Trade Register on January 21, February 13 and May 25, 2004, respectively.

Because of subscriptions under the 1998 warrant scheme, the number of the bonus issue-adjusted Company's shares rose by a total of 2,092,200 new shares and the share capital by EUR 8.4 million. The number of unexercised warrants was 457,800. At the close of the subscription period on March 31, 2004, the subscription price was EUR 13.85.

In accordance with a resolution passed at the Annual General Meeting of Amer Group on March 17, 2004, the Company's share capital was lowered by EUR 3,873,200 (bonus issue-adjusted 11,619,600) by canceling 968,300 (bonus issue-adjusted 2,904,900) treasury shares without consideration. The lowering of the share capital was entered in the Trade Register on April 16, 2004. The Company's restricted shareholders' equity did not decrease as a consequence of the lowering, because the counter book value of the cancelled shares was transferred from the share capital account to the share premium fund. The lowering of the share capital did not have an effect on the distribution of shareholdings or voting rights in the Company, because the cancelled shares were in the Company's possession.

By a resolution of an extraordinary meeting of Amer Group's shareholders on December 13, 2004, the Company's share capital was increased through an EUR 190,452,960 bonus issue from EUR 95,226,480 to EUR 285,679,440. In the bonus issue, a shareholder received two new shares for one old share without consideration. A total of 47,613,240 new shares were issued. The

increase in share capital was entered in the Trade Register on December 16, 2004. A total amount equaling the increase of the share capital in the shareholders' equity was transferred from the premium fund.

The shares of Amer Group Plc have been registered within the book-entry system that is maintained by Finnish Central Securities Depository Ltd (APK). APK is also the official keeper of Amer Group Plc's Shareholder Register.

REDEMPTION OBLIGATION

A shareholder whose proportional holding of all Company shares or whose proportional entitlement to votes conferred by the Company's shares reaches or exceeds 33 1/3% or 50% is obliged on demand by other shareholders to redeem the shares of such shareholders, and securities giving entitlement to them under the Companies Act, in the manner stipulated in the Articles of Association.

LISTINGS

Amer Group shares are listed on the Helsinki and London stock exchanges. In the United States, the Company has an American Depositary Receipt (ADR) program with the Bank of New York, through which two depositary receipts are equivalent to one Amer share.

AUTHORIZATIONS OF THE BOARD OF DIRECTORS

During the report year, the Board of Directors of Amer Group Plc did not have valid share issue authorizations or an authorization to issue convertible bonds or bonds with equity warrants.

WARRANT SCHEMES

As of December 31, 2004, Amer Group had in use three warrant schemes for the purpose of strengthening the commitment of the Group's key employees and giving them an incentive to work for the long term to increase Amer's shareholder value. The subscription period for the warrants issued in 1998 ended on March 31, 2004.

The extraordinary meeting of shareholders on December 13, 2004, passed a resolution on a bonus issue whereby the Company's share capital was tripled. In accordance with the terms and conditions of Amer Group 2002, 2003, and 2004 warrant schemes, the ratio of the share capital to the shares that can be

subscribed for as a result of an exercise of the warrants, remains unchanged. Each warrant entitles its holder to subscribe for three Amer Group shares instead of the previous one share.

2002 warrant scheme

On March 21, 2002, the Annual General Meeting approved a warrant scheme in which a total of 900,000 warrants were issued. The 2003 Annual General Meeting resolved to reduce the maximum amount of 2002 warrants to 572,500 warrants and to cancel the undistributed 327,500 warrants. The 2004 Annual General Meeting resolved to reduce the maximum amount to 519,100 warrants and to cancel the 53,400 warrants that were in the possession of Amer Group's subsidiary Amera Oy.

The extraordinary meeting of shareholders on December 13, 2004, passed a resolution that as a consequence of share subscriptions, the Company's shares outstanding can be increased by a maximum of 1,557,300 new shares and the share capital by a maximum of EUR 6,229,200. The share subscription price is a third of the subscription price determined in the terms. The new subscription price is EUR 10.79 per share.

The 2002 warrants were registered within the book-entry system in January 2005. The 2002 warrants were accepted for public trading on the Main List of the Helsinki Stock Exchange as of January 18, 2005. The share subscription period commenced on January 1, 2005 and will end on December 31, 2007. At the close of the report period, 20 persons were covered by the 2002 warrant scheme.

2003 warrant scheme

In the 2003 warrant scheme, the number of warrants at the start of the program was 550,000, of which 159,999 warrants were granted to key employees of the Group in 2003 by decisions of the Board of Directors in accordance with the terms and conditions of the warrants. The 2004 Annual General Meeting passed a resolution to reduce the maximum amount of the 2003 warrants to 159,999 warrants and to cancel the undistributed 390,001 warrants.

The extraordinary meeting of shareholders on December 13, 2004, passed a resolution that as a consequence of share subscriptions, the Company's shares outstanding can be increased by a maximum of 479,997 new shares and the share capital by a maximum of EUR 1,919,988. The share subscription price is the

subscription price defined in the terms and conditions divided by three, or EUR 12.63 per share.

The share subscription period will commence on 1 January 2006, and end on 31 December 2008. At the close of the report period, 15 persons were covered by the 2003 warrant scheme.

2004 warrant scheme

The 2004 warrant scheme comprised 550,000 warrants.

By the end of 2004, 147,001 warrants under the 2004 warrant scheme had been granted to key employees of the Group in accordance with the terms and conditions of the warrants. The remainder of the warrants are in the possession of the Amer Group subsidiary Amera Oy, so that warrants can be given at a later date to key employees and officers designated by the Company's Board of Directors.

The extraordinary meeting of shareholders on December 13, 2004, passed a resolution that as a consequence of share subscriptions, the Company's shares outstanding can be increased by a maximum of 1,650,000 new shares and the share capital by a maximum of EUR 6,600,000. The share subscription price is a third of the subscription price determined in the terms, or EUR 13.53 per share.

The share subscription period will commence on January 1, 2007, and end on December 31, 2009. At the close of the report period, 22 persons were covered by the 2004 warrant scheme.

General information on warrants

The warrants of the warrant schemes would have corresponded to 4.9% of the Company's shares and votes as of December 31, 2004.

The warrant schemes were approved at Amer Group shareholder meetings in the year when each scheme started.

In all of Amer Group's current warrant schemes, one warrant can be exercised to subscribe for three Amer Group Plc shares.

The Company's Board of Directors decides on the number of warrants to be issued.

The warrants issued under all the warrant schemes may not be transferred to a third party or pledged as security before the beginning of the share subscription period without the consent of the Company's Board of Directors. Warrants will be transferred automatically to Amera Oy in the event that a warrant holder's

employment of position with Amer Group comes to an end before the start of the share subscription period, as set out in detail in the terms and conditions of the warrants. As of December 31, 2004, Amera Oy held 400,332 of the 2004 warrants.

Shares subscribed for on the basis of the warrant scheme entitle the shareholder to a dividend for the fiscal year during which the subscription was made. Other shareholder rights commence when the increase in share capital corresponding to the share subscription has been entered in the Trade Register.

The terms and conditions of the warrant schemes are posted on Amer Group's website at the address www.amersports.com under Investor Relations – Share Information.

SHARES AND WARRANTS HELD BY MEMBERS OF THE BOARD

The members of Amer Group's Board of Directors held a total of 2,430,822 Amer Group shares as of December 31, 2004 (December 31, 2003, bonus issue-adjusted: 2,419,209), or 3.4% (3.3%) of the shares outstanding and votes.

At the end of 2004, the President held 306,300 warrants entitling him to a total of 918,900 shares. Of these, 630,900 were under the 2002 warrant scheme, 180,000 under 2003 warrant scheme and 108,000 under the 2004 scheme. As of December 31, 2004, the President's warrants would have corresponded to 1.3% of the Company's shares and votes. Apart from the President, the members of the Company's Board of Directors do not come within the scope of the warrant schemes.

SHARE TURNOVER AND PRICE TREND

During 2004 calendar year, a total of 49.7 million Amer Group shares were traded on the Helsinki Stock Exchange to a total value of EUR 647.5 million, and 0.5 million shares were traded on the London Stock Exchange to a total value of EUR 8.6 million. The share turnover was 69.7% of the Company's total shares in Helsinki and 0.9% in London, or a total of 70.6%. The number of ADR certificates in issue was 256,318 (bonus issue-adjusted 1:2).

At the close of the year on the Helsinki Stock Exchange, the last trade in Amer Group Plc shares was done at a price of EUR 12.85, representing a rise of 12.2% during the year. The bonus issue-adjusted high for the year on the Helsinki Stock Exchange was EUR 14.82 and the low EUR 11.49. The average share price was EUR 13.06.

The Company had a market capitalization at the end of the year of EUR 917.7 million.

The share issue-adjusted highest price of the 1998 A/B/C warrants on the Helsinki Stock Exchange was EUR 8.07 and the low was EUR 6.63. A total of 0.3 million warrants were traded during 2004, to a total value of EUR 2.5 million.

SHAREHOLDERS

At the close of 2004, Amer Group Plc had 13,493 registered shareholders. Nominee registrations represented 48% of the total shares outstanding (47%). Only shares that have been recorded in the Shareholder Register have the right to vote at general meetings of shareholders.

NOTIFICATIONS OF CHANGES IN PROPORTIONAL SHAREHOLDINGS

Silchester International Investors Limited notified the Company in October that the holding of Amer Group Plc shares and votes by institutional investors and funds under its control had risen to 15.35%.

PEER GROUP

Amer Group has defined for itself an international peer group and developed an index, the Sporting Goods Index (SGI), based on it. The index enables the Company to track the trend in the market capitalization of companies in the sporting goods industry compared to the Dow Jones Industrial Average and the Helsinki Stock Exchange's Portfolio Index.

SGI is a general industry index that monitors the trend of the following companies: Amer Group, Callaway, Rossignol, K2, Nike, Reebok, Adidas-Salomon, The Sports Authority, Foot Locker and Head. SGI can be found on the internet at the address www.amersports.com under Share Information – Share Monitor.

Also on the Company's website is the Sports Equipment Index (SEI), a component of SGI, which tracks the development of companies operating in the sports equipment industry. The index comprises Amer Group, Callaway, Rossignol, K2 and Head.

INVESTOR RELATIONS

The objective of Amer Group's investor relations work is to provide open and reliable information to investors on the Company's financial position and the outlook for the future. To this end, the Company arranges regular meetings with analysts and investors in all the main markets. The Group's financial management is in charge of investor relations, and senior executives participate actively in meetings with the investment community. The Company furthermore arranges annual Capital Market Days offering the most active market participants a chance to hear and meet the management of the Company's businesses and functions.

Investor relations are handled in accordance with the Finnish Securities Market Act. The information released must be equal for all market participants, and all essential information must be generally available at the same time. The Company observes two-week silent period before releasing each set of financial results, and during this time the Company's management does not discuss matters with market participants.

Trading codes:

HEX:	AMEAS
Reuters:	AMEAS.HE
Bloomberg:	AMEAS.FH
ADR:	AGPDY, 023512205
ISIN:	F10009000285
Trading lot:	50

Key indices:

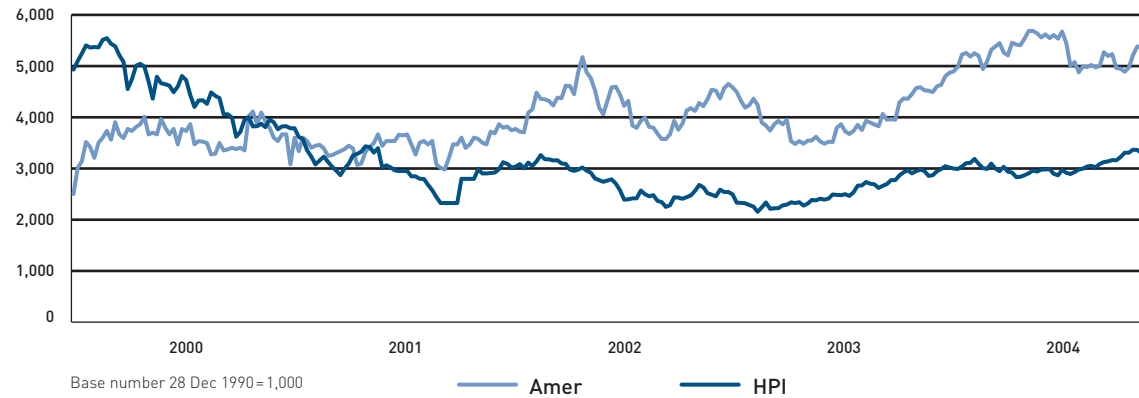
HEX All Share Index
HEX Portfolio Index
OMXH25
HEX Other Industry

MAJOR SHAREHOLDERS AT 31 DECEMBER 2004

	Shares	% of shares and votes
The Land and Water Technology Foundation	3,000,000	4.2
Brotherus Ilkka	2,401,182	3.4
Varma Mutual Pension Insurance Company	1,460,350	2.0
Ilmarinen Mutual Pension Insurance Company	1,118,250	1.6
Odin Forvaltning AS	1,112,700	1.6
Tapiola Mutual Pension Insurance Company	968,700	1.4
The State Pension Fund	905,000	1.3
Orkla AS	825,000	1.2
Etera Mutual Pension Insurance Company	649,000	0.9
Tapiola General Mutual Insurance Company	539,355	0.8
OP-Delta Mutual Fund	466,300	0.7
The Local Government Pensions Institution	427,200	0.6
Suomi Mutual Life Assurance Company	380,000	0.5
Tukinvest Oy	370,017	0.5
Odin Finland	327,000	0.5
Tapiola Mutual Life Assurance Company	322,710	0.5
Finnish Cultural Foundation	300,000	0.4
Amer Cultural Foundation	297,771	0.4
Pension Fund Polaris	270,000	0.4
Mutual Fund Evli Select	244,350	0.3
Nominee registrations	34,257,699	48.0

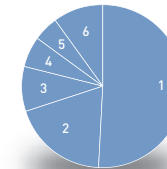
Number of shares per shareholder at 31 December 2004	Share-holders	% of shareholders	Shares	% of shares
1-100	2,138	15.9	109,804	0.2
101-1,000	8,338	61.8	3,401,148	4.8
1,001-10,000	2,729	20.2	7,138,762	10.0
10,001-100,000	234	1.7	6,486,194	9.0
over 100,000	42	0.3	20,026,253	28.0
Nominee registrations	12	0.1	34,257,699	48.0
Total	13,493	100.0	71,419,860	100.0

TRENDS OF SHARE PRICES, HEX PORTFOLIO INDEX

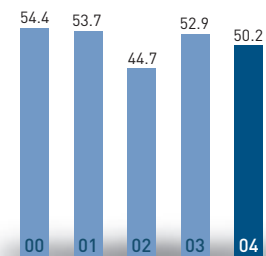


SHAREHOLDING IN AMER GROUP PLC, 31 DEC 2004

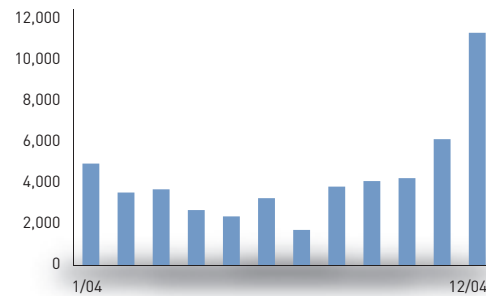
1 OUTSIDE FINLAND AND NOMINEES	51%
2 HOUSEHOLDS	19%
3 NON-PROFIT ORGANIZATIONS	9%
4 BANKS AND INSURANCE COMPANIES	6%
5 PRIVATE COMPANIES	5%
6 PUBLIC SECTOR ENTITIES	10%



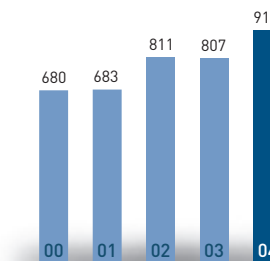
TRADING OF SHARES MILLION SHARES



TRADING OF SHARES 1,000 SHARES



MARKET CAPITALIZATION EUR MILLION



SHARE CAPITAL AND PER SHARE DATA

EUR million	IFRS		FAS			
	2004	2003	2003	2002	2001	2000
Share capital	285.7	97.8	97.8	96.8	96.5	98.8
Number of shares in issue, million	71.4	73.4	73.4	72.6	72.3	74.1
Adjusted number of shares in issue less own shares, million	71.4	70.5	70.5	69.6	69.3	72.9
Adjusted average number of shares in issue less own shares, million	71.1	70.0	70.0	69.6	70.8	72.9
Share issues						
Bonus issue	190.5	-	-	-	-	14.6
Targeted share issue	1.3	1.0	1.0	0.3	0.2	1.5
Decrease of share capital	3.9	-	-	-	2.5	-
Earnings per share, EUR	1.19	1.12	0.92	0.98	0.97	0.90
Earnings per share, diluted, EUR	1.18	1.11	0.92	0.97	0.96	0.89
Equity per share, EUR	6.41	5.95	6.31	6.39	6.24	5.84
Total dividends	35.7¹⁾	33.0	33.0	32.6	25.5	23.9
Dividend per share, EUR	0.50¹⁾	0.47	0.47	0.47	0.37	0.33
Dividend % of earnings	42¹⁾	42	51	48	37	37
Effective yield, %	3.9¹⁾	4.1	3.9	4.0	3.7	3.6
P/E ratio	10.8	10.3	12.4	11.8	10.2	10.4
Market capitalization	917.7	806.7	806.7	810.6	682.9	679.5
Share value, EUR						
Accounted counter-value	4.00	4.00	4.00	4.00	4.00	4.00
Share price low	11.49	8.68	8.68	8.61	7.00	6.03
Share price high	14.82	12.17	12.17	13.33	9.83	10.67
Average share price	13.06	10.02	10.02	10.49	8.54	9.19
Share price at closing date	12.85	11.45	11.45	11.63	9.83	9.33
Trading volume	656.1	530.7	530.7	469.5	458.3	499.2
1,000s	50,232	52,872	52,872	44,709	53,697	54,405
%	71	75	75	62	74	74
Number of shareholders	13,493	12,314	12,314	10,689	10,520	10,932

The comparison figures for 2000–2003 have been adjusted for the December 2004 bonus issue.

¹⁾ Proposal of the Board of Directors for 2004

Calculation of key indicators, see page 73

➔ BOARD OF DIRECTORS' DIVIDEND PROPOSAL

As stated in the consolidated balance sheet dated 31 December 2004, the Group's distributable earnings amount to EUR 209,931,000. Distributable earnings as stated in the Parent Company balance sheet dated 31 December 2004 total EUR 303,706,542.74.

The Board of Directors recommends to the Annual General Meeting that a dividend of EUR 0.50 per share, totaling EUR 35,709,930, to be paid for the 2004 financial year.

Helsinki, 3 February 2005

Pekka Kainulainen Ilkka Brotherus Felix Björklund

Tuomo Lähdesmäki Timo Maasilta Anssi Vanjoki

Roger Talermo
President & CEO

➔ AUDITORS' REPORT

TO THE SHAREHOLDERS OF AMER GROUP PLC

We have audited the accounting records, the financial statements and the administration of Amer Group Plc for the period 1 January – 31 December 2004. The financial statements prepared by the Board of Directors and the President include the report of the Board of Directors, consolidated financial statements of the Amer Group prepared in accordance with International Financial Reporting Standards (IFRS), and parent company's financial statements prepared in accordance with prevailing rules and regulations in Finland (FAS). Based on our audit, we express an opinion on these financial statements and on the parent company's administration.

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

In our opinion, the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) give a true and fair view of the consolidated result of operations, as well as of the financial position of the Amer Group. The consolidated financial statements have been prepared in accordance with prevailing rules and regulations in Finland and can be adopted.

The parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of the financial statements. The parent company's financial statements give a true and fair view, as defined in the Finnish Accounting Act, of the Company's result of operations and financial position. The parent company's 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 us. The proposal by the Board of Directors regarding the distributable earnings is in compliance with the Finnish Companies' Act.

Helsinki, 3 February 2005

PricewaterhouseCoopers Oy
Authorised Public Accountants

Göran Lindell
Authorised Public Accountant

CORPORATE GOVERNANCE

The keystones of Amer Group's corporate governance are high-caliber administration, transparency and effective communications. The Company observes the recommendations on the corporate governance system of listed companies issued by the Helsinki Stock Exchange, the Central Chamber of Commerce and the Confederation of Finnish Industries EK.

The Articles of Association of Amer Group Plc can be viewed on the Company's website at the address www.amersports.com under About Us – Corporate Governance.

DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

All matters of wide-ranging importance for Amer Group's operations are dealt with by the Board of Directors. These include approving the Group's strategy, adopting budgets and action plans and tracking their implementation as well as deciding on major capital expenditure or divestments. The Board of Directors draws up an annual plan and each year assesses its own activities by carrying out an internal self-appraisal.

The Board of Directors elects from among its number a Nomination Committee, which prepares proposals on Board members and their remuneration for discussion by the Board of Directors and presentation for a resolution of the Annual General Meeting. The chairman of the Nomination Committee discusses the proposals with the largest shareholders. The Nomination Committee has three non-executive members of the Board of Directors.

The Board of Directors also elects from among its number a Compensation Committee, which has the task of preparing proposals for decisions on the compensation and reward system for the Company's top management as well as assessment of the President's performance and his total compensation package. Three non-executive Directors sit on the Compensation Committee.

All members of the Board of Directors are part of the audit committee except the President and CEO.

The duties and guiding principles of the Board of Directors and the committees are set out in greater detail on the Company's website at www.amersports.com under About us – Corporate Governance.

ELECTION AND TERMS OF OFFICE OF BOARD MEMBERS

The Board of Directors is responsible for duly organizing the administration and operations of Amer Group. The Annual General Meeting elects a minimum of five and a maximum of seven Directors for a term of one year. A person who has reached the age of 66 at the time of election may not become a member of the Board of Directors. Terms of office are not otherwise restricted. The Board of Directors elects from among its number a Chairman and a Vice Chairman.

The Board's Nomination Committee prepares a proposal on the members of the Board. The composition of the Board must be in line with the Company's size, market position and industry, and the Directors must have the requisite expertise concerning the Company's line of business and international operations.

The members of the Board of Directors for the 2004 term of office were Pekka Kainulainen (Chairman), Ilkka Brotherus (Vice Chairman), Felix Björklund, Tuomo Lähdesmäki, Timo Maasilta, Anssi Vanjoki and Roger Talermo (President & CEO). Of the seven members for the term of office, one was the Company's President and the other six members were non-executive expert members who were not in the Company's employ. Senior Vice President & CFO Pekka Paalanne acted as secretary to the Board.

The Board members who comprised the Compensation Committee were Pekka Kainulainen (Committee Chairman), Ilkka Brotherus and Felix Björklund. The Compensation Committee met 12 times in 2004. The members of the Nomination Committee were Felix Björklund (Committee Chairman), Pekka Kainulainen and Timo Maasilta. The Nomination Committee met five times in 2004.

The Board of Directors meets on average once a month. In 2004, the Board of Directors met 14 times. While most meetings of the Board are held at the Company's headquarters in Helsinki, some meetings are arranged elsewhere in connection with visits by the Directors to familiarize themselves with operations of the Group and business partners. The attendance rate of Directors at meetings of the Board was 94.7% in 2004.

The Board of Directors meets at least once a year when representatives of the Company's management are not in at-

tendance. In addition, the Board of Directors holds a meeting with the Company's auditors at least once a year.

PRESIDENT AND GROUP MANAGEMENT

The President is appointed by the Board of Directors. Roger Talermino has served as President and Chief Executive Officer since 1996, from which time he has also held a seat on the Board of Directors. Senior Vice President & CFO Pekka Paalanne acts as deputy to the President & CEO.

The Amer Sports Executive Board comprises representatives from the business areas and key corporate functions. In addition to the President, there are eight other Executive Board members, who are presented on page 91. The Executive Board meets three times a year, and its task is to insure that the Amer Sports' Group strategy is implemented consistently across all the business areas.

The President attends to the Company's daily operations in accordance with the guidelines issued by the Board of Directors. The Group has an Executive Team that assists the President in handling these duties. The Executive Team comprises the President along with Pekka Paalanne, Senior Vice President & CFO, Max Alfthan, Senior Vice President, Communications, and Kari Kauniskangas, Senior Vice President, Sales & Distribution.

Group headquarters is rounded out by an extended executive team known as the Management Team, whose members are presented on page 91.

BUSINESS ORGANIZATION

The Group is divided into six business areas: Racquet Sports, Golf, Team Sports, Winter Sports, Fitness Equipment, and Sports Instruments.

Each business area has a board of directors, that generally comprises the President and CEO, the CFO and the President of the business in question.

The distribution of sports equipment is mainly handled through the Group's own sales organization, which operates in 31 countries. Elsewhere, products are distributed through independent import and distribution companies. Apart from the United States, the Group's own sales companies operate under

the name Amer Sports. The Group's strategy has defined the objective of putting in place a network through which Amer's own sales companies and the major independent importers distribute the Group's full range of products.

SALARIES AND OTHER COMPENSATION

Compensation of directors

The Annual General Meeting passes a resolution on the compensation paid to members of the Board of Directors each year. The Annual General Meeting held in March 2004 resolved to set the annual emolument of the Chairman of the Board at EUR 50,000, that of the Vice Chairman at EUR 40,000 and the emoluments of the other members at EUR 30,000. The emoluments of Board members consist of a 40% component paid in the Company's shares and 60% in cash. A member of the Board of Directors is not allowed to sell or transfer said shares during his or her directorship. The restriction on sale and transfer is nevertheless in effect for a maximum of five years from acquisition of the shares. Additional remuneration is not paid for meetings and work as a committee member.

In 2004, the members of the Board of Directors were paid total compensation of EUR 0.25 million, of which EUR 0.16 million was in cash. The following bonus issue-adjusted shares were transferred: Pekka Kainulainen, 1,479 shares; Ilkka Brotherus, 1,182 shares; Felix Björklund, 888 shares; Tuomo Lähdesmäki, 888 shares; Timo Maasilta, 888 shares; and Anssi Vanjoki, 888 shares. The President and CEO was not paid an emolument for his work as a member of the Board.

Management salaries and compensation

The salaries and compensation paid to the President and his immediate subordinates is decided by the Board of Directors. The Board's Compensation Committee is responsible for preparing proposals to the incentive system. No separate compensation is paid to the members of the Management Team and the Amer Sports Executive Board for their participation in these management bodies.

In 2004, Amer Group's management incentive system consisted of the following components:

- An annual bonus system for key personnel, which is tied to achievement of the units' business strategy, annual plan and budget. The purpose of the annual bonus system is to drive the Company's growth and profitability and to support realization of the Group's strategy. The annual bonus system is the most extensive incentive system in terms of personnel covered.

- A long-term cumulative incentive plan, which is tied to cumulative achievement of the units' strategy and annual plans over the three-year period 2002–2004. The purpose of the cumulative incentive system is to promote the Company's growth and profitability, and to support implementation of the Group's strategy over the long term. The cumulative incentive system covered 54 people at the end of 2004. Bonuses will be paid in 2005.

- Warrant schemes for key employees and officers, which are designed to support the achievement of long-term strategic objectives and to build shareholder value. The number of people in management and expert tasks within the Parent Company and its subsidiaries who came within the scope of warrants at the end of 2004 was 20 under the 2002 scheme, 15 under the 2003 scheme and 22 under the 2004 scheme.

The salaries, benefits and other compensation paid to the members of Amer Group's Board of Directors, the President and CEO and the Amer Sports Executive Board amounted to about EUR 3.7 million in 2004. Total compensation paid to the President and CEO in 2004 was EUR 0.8 million, of which bonuses tied to profits and other objectives accounted for EUR 0.2 million. Salaries, benefits and other compensation paid to the other members of the Amer Sports Executive Board totaled EUR 2.6 million, of which bonuses amounted to EUR 0.4 million.

The Group's warrant schemes for the years 2002, 2003 and 2004 are presented on pages 80–81. Share subscription with the 1998 warrants ended on March 31, 2004. At the end of 2004 the President & CEO held warrants entitling him to a total of 918,900 shares. Of these, 630,900 were under the 2002 warrant scheme, 180,000 under the 2003 scheme and 108,000 under the 2004 scheme. Apart from the President and CEO, the members of the Board of Directors are not included within the scope of the warrant schemes.

President and CEO's executive agreement

The terms and conditions of the President's employment are defined in a written executive agreement that has been approved by the Board of Directors. Under the agreement, the President can take early retirement at the age of 60, with pension payable at the rate of 60% of salary. The other members of the Board of Directors do not have pension agreements with the Company.

The President's period of notice is six months on both the Company's and the President's side. Should the Company give the President notice, he is to be paid salary for the duration of the notice period and severance pay of 24 months' fixed salary.

AUDIT

PricewaterhouseCoopers is generally responsible for auditing the Group companies worldwide. The independent public accountants of Amer Group Plc, PricewaterhouseCoopers Oy, are in charge of directing and coordinating the audit work for the entire Group. The principal auditor is Göran Lindell, Authorized Public Accountant. The Annual General Meeting elects the Company's auditor for one year at a time.

The scope and content of the audit reflects the fact that the Company does not have a separate internal audit organization. The auditors examine the efficiency of the Company's systems, internal control, reporting and accounting. The Group's financial management together with the auditors determines one or more audit themes over and above the statutory auditing requirements. The themes change each year and separate reports on them are prepared for Group management. This insures that the Company's operations are efficient and profitable, that information is reliable and that the relevant rules and operating principles are observed.

Amer Group Plc's auditors, the Presidents of the business areas and the Presidents and CFOs of the largest subsidiaries meet together at least once a year. The President and the CFO of each subsidiary meet with the local auditor at least twice a year.

The auditors of subsidiaries present their audit observations annually to the company concerned, to the auditors of Amer Group Plc and to the Group's financial management. In addition, they report in greater detail to the subsidiaries concerning observations made in the course of the audit.

The auditors submit a written report on their audit to the Board of Directors once a year. The principal auditor takes part in a meeting of the Board of Directors at which the financial statements for the fiscal year are discussed, and he gives a summary of the audit for the year.

In 2004, Amer Group paid to PricewaterhouseCoopers firms total fees of about EUR 1.5 million worldwide. Approximately EUR 0.9 million of this sum was for the statutory audit and about EUR 0.6 million went for other services.

FINANCIAL REPORTING

Amer Group prepares its financial statements and interim reports in accordance with International Financial Reporting Standards (IFRS) and publishes them in Finnish and English.

Amer Group's primary reporting segments are the business areas: Racquet Sports, Golf, Team Sports, Winter Sports, Fitness Equipment and Sports Instruments. Geographical areas are secondary reporting segments: The Americas (including Latin America), EMEA (Europe, the Middle East and Africa) and Asia Pacific (including Japan and Australia).

At all meetings of the Board of Directors, Group management goes through the financial survey of the operations of the entire Group and the reporting segments.

In overseeing the operations of the business areas, the Chief Executive and other Group management make use of weekly sales reports, monthly financial reports and regular meetings with boards of directors of the business areas.

RISK MANAGEMENT

Once a year, the Board of Directors analyzes risks connected with the Company's operations.

Responsibility for the risk management related to line operations rests with the Group's business areas, which report regularly to the business area's board of directors on the main risks connected with their operations.

The property, loss-of-profits and liability risks arising from the Group's operations are covered by taking out the appropriate insurance policies. In addition to worldwide insurance programs, local policies are used to supplement cover, for example, when there are special legislation-related needs.

The management of financial risks is centralized within the Parent Company's Group Treasury function. The guidelines for risk management are set out in the financing strategy, which is approved by the Board of Directors and encompasses the principles and risk limits connected with the balance sheet structure, relations with finance providers and other financing risks. In addition, corporate headquarters has a financing group that monitors implementation of the financing strategy. The Group's treasury management agrees with the business areas and subsidiaries on application of financing principles. The management of financial risks is presented in greater detail on pages 66–68.

A large part of the Group's production is outsourced. The business areas use a number of different suppliers, and strive to establish long-term cooperation with them. The aim is to minimize the supply, quality and price risks associated with purchasing. The business areas audit major and new suppliers before undertaking cooperation with them and continue to do so regularly thereafter. Suppliers' factories are located primarily in China.

The most important of the Group's own production facilities are the Atomic factory in Austria, Precor in Seattle, United States, and the Suunto factory in Finland. In addition, Amer Group has its main distribution centers in Germany (Überherrn) and the United States (Nashville). The main raw materials used in production are steel, various plastic products, carbon fiber, rubber, and leather.

A characteristic feature of the sporting goods industry is the need to protect intellectual property rights and disputes connected with them. The material impacts on the Company's financial position and operational result arising from the business areas' pending litigation and decisions of the authorities are assessed regularly and current estimates are presented publicly when necessary.

INSIDERS

Amer Group observes the insider guidelines laid down by the Helsinki Stock Exchange. In addition, the Company employs its own insider rules based on the stock exchange's insider guidelines. Amer Group's permanent insiders are the members

of the Board of Directors, the President & CEO, the President's deputy and the auditors. Other permanent insiders include the members of the Amer Sports Executive Board and the Management Team as well as Group employees who are responsible for treasury, financial reporting and communications. Permanent insiders are prohibited from trading in Amer Group shares 14 days prior to the publication of an interim report or the Annual Report.

Amer Group's insider rules and a list of permanent insiders as well as their shareholdings in the Company can be found on the Company's website at the address www.amersports.com under About Us – Corporate Governance – Insiders.

The Company's Director, Legal Affairs, is responsible for the due disclosure of information on insider matters. The Director, Legal Affairs, is in charge of maintaining an insider register. Amer Group keeps its insider register within the SIRE system operated by Finnish Central Securities Depository Ltd.

Salaries, benefits and bonuses in 2004

	Salaries, benefits and other compensation, EUR	Bonuses, EUR	Total, EUR	Shares, pcs
Members of the Board of Directors* ¹	247,850	-	247,850	2,430,822
President & CEO	634,110	196,221	830,331	-
Members of the Amer Sports Executive Board** ¹	2,162,654	426,478	2,589,132	16,350

*¹ Does not include the President's salary, benefits and bonuses. The Group's President is not paid an emolument and fees for serving as a Director on the Board.

**¹ Members of the Amer Sports Executive Board, Pekka Paalanne, Kari Kauniskangas and Dan Colliander, have early retirement agreement.



PEKKA KAINULAINEN
Chairman

- Lic. Tech., born 1941.
- Member of the Board since 1985, Chairman of the Board since 1997.
- Member of the Boards of Helsinki Business College and the Management Training Center. Member of the Supervisory Board of Kemira Oyj. Chairman of the Board of the Foundation for the Support of Commercial and Technical Sciences in Finland.
- Managing Director of the Management Training Institute, 1971–1998. Managing Director of the Management Training Center, 1972–2004.
- Shareholding: 9,738 Amer shares.



ILKKA BROTHERUS
Vice Chairman

- M.Sc.(Econ.), born 1951.
- Managing Director of Sinituote Oy.
- Member of the Board since 2000.
- Chairman of the Board of YIT Corporation. Member of the Board of Veho Group Oy Ab. Chairman of the Supervisory Board of Tapiola Mutual Pension Insurance Company.
- Marketing and management positions with Mestarikustannus Oy, 1977–1980, Managing Director of Havi Oy, 1981–1986, Managing Director of Hackman Housewares Oy, 1987–1988, Deputy Managing Director of Hackman Group, 1988–1989.
- Shareholding: 2,401,182 Amer shares.



FELIX BJÖRKLUND

- B.Sc. (Econ.), born 1943.
- Nordic Capital, Partner.
- Member of the Board since 1999.
- Chairman of the Board of Kelsen Holding A/S. Member of the Boards of Marioff Corporation Oy, Oy Snellman Ab, and Paloheimo Oy.
- Sales and management positions with IBM Finland and Sweden, 1966–1977, Managing Director of IBM Finland, 1978–1988, management positions with IBM Europe, 1989–1991, Managing Director of Oy Karl Fazer Ab, 1992–1998.
- Shareholding: 6,888 Amer shares.



TUOMO LÄHDESMÄKI

- M.Sc. (Eng.), MBA, born 1957.
- Boardman Oy, Senior Partner.
- Member of the Board since 2000.
- Chairman of the Boards of Aspocomp Group Oyj, VTI Technologies Oy, and Turku University Foundation. Vice Chairman of the Board of Citycon Oyj. Member of the Board of Metsä Tissue Corporation.
- Management and specialist positions with Nokia Corporation, 1983–1989, management positions with Swatch Telecommunications, 1990–1991, Managing Director of Leiras Oy, 1991–1997, Managing Director of Elcoteq Network Oyj, 1997–2001.
- Shareholding: 6,888 Amer shares.



TIMO MAASILTA

- M.Sc. (Eng.), born 1954.
- Managing Director and Chairman of the Board, The Land and Water Technology Foundation. Managing Director of Tukinvest Oy.
- Member of the Board since 1986.
- Member of the Board of Tukinvest Oy. Chairman of the Board of Tuen Kiinteistöt Oy.
- Water engineer with Helsinki Water District, 1979–1980, specialist positions with Vesi-Pekka Oy in Libya and in Finland, 1980–1984.
- Shareholding: 2,838 Amer shares.



ANSSI VANJOKI

- M.Sc. (Econ.), born 1956.
- Executive Vice President & General Manager, Multimedia; Member of the Group Executive Board; Nokia Corporation.
- Member of the Board since 2004.
- Executive Vice President, Nokia Mobile Phones, 1998–2003, Senior Vice President, Nokia Mobile Phones, Europe and Africa, 1994–1998, Vice President, Sales, Nokia Mobile Phones, 1991–1994, positions at 3M Corporation, 1980–1991.
- Shareholding: 3,288 Amer shares.



ROGER TALERMO

- M.Sc. (Econ.), born 1955.
- President & CEO, Amer Group Plc.
- Member of the Board since 1996.
- Member of the Board of TeliaSonera AB.
- Commercial Director with Salomon S.A., 1988–1991, CEO/Chairman of Taylor Made Golf Company Inc., 1991–1993, General Manager/Chairman of Salomon S.A. - North Europe, 1993–1995, President & CEO of the Atomic Companies, 1995–1996.
- Shareholding: No Amer shares.
- 210,300 2002 warrants; 60,000 2003 warrants; 36,000 2004 warrants.

EXECUTIVES

GROUP HEADQUARTERS

PRESIDENT & CEO

Roger Talermo

Born 1955. Company employee since 1995.
Chairman of Amer Sports Executive Board. ^{†††}
Shares: 0
Warrants: 2002: 210,300, 2003: 60,000, 2004: 36,000

SENIOR VICE PRESIDENT & CFO

Pekka Paalanne

Born 1950. Company employee since 1997. ^{†††}
Shares: 7,800
Warrants: 2002: 56,100, 2003: 16,000, 2004: 14,000

COMMUNICATIONS

Max Alfthan

Born 1961. Company employee since 2001. ^{†††}
Shares: 0
Warrants: 2002: 10,500, 2003: 8,000, 2004: 6,000

SALES & DISTRIBUTION

Kari Kauniskangas

Born 1962. Company employee since 1984. ^{†††}
Shares: 1,650
Warrants: 2002: 20,000, 2003: 6,667, 2004: 12,000

HUMAN RESOURCES

Christel Berghäll

Born 1969. Company employee since 2003. ^{†††}
Shares: 0
Warrants: 2004: 3,200

MIS & SUPPLY CHAIN DEVELOPMENT

Eero Alperi

Born 1958. Company employee since 1997. ^{†††}
Shares: 3,600
Warrants: 2002: 14,000, 2003: 6,000, 2004: 3,200

LEGAL AFFAIRS

Heikki Koponen

Born 1962. Company employee since 2003. ^{†††}
Shares: 0
Warrants: 2004: 3,200

TREASURY & INVESTOR RELATIONS

Jari Melgin

Born 1960. Company employee since 1997. ^{†††}
Shares: 3,600
Warrants: 2002: 14,000, 2003: 6,000, 2004: 3,200

BUSINESS PLANNING & CONTROL

Kai Tihilä

Born 1962. Company employee since 2000. ^{†††}
Shares: 300
Warrants: 2002: 10,500, 2003: 4,000, 2004: 3,200

BUSINESS AREAS

GOLF & RACQUET SPORTS

Steve Millea

Born 1958. Group company employee since 1984. [†]
Shares: 0
Warrants: 2002: 20,000, 2003: 10,000, 2004: 8,333

TEAM SPORTS

Chris Considine

Born 1960. Group company employee since 1982. [†]
Shares: 0
Warrants: 2002: 20,000, 2003: 10,000, 2004: 8,333

WINTER SPORTS

Michael Schineis

Born 1958. Company employee since 1996. [†]
Shares: 0
Warrants: 2002: 33,400, 2003: 10,000, 2004: 8,333

FITNESS EQUIPMENT

Paul Byrne

Born 1951. Group company employee since 1985. [†]
Shares: 0
Warrants: 2002: 30,000, 2004: 8,333

SPORTS INSTRUMENTS

Dan Colliander

Born 1961. Company employee 2000–4 Feb 2005. [†]
Shares: 0
Warrants: 2002: 26,700, 2003: 10,000, 2004: 8,333

[†] Member of Amer Sports Executive Board
^{††} Member of Executive Team and Management Team
^{†††} Member of Management Team

Personal information on the executives as well as more detailed information on the areas of responsibility can be found on the Company's website at www.amersports.com under About us – Management.



Amer Sports Executive Board. From left to right: Max Alfthan, Kari Kauniskangas, Michael Schineis, Steve Millea, Chris Considine, Pekka Paalanne, Dan Colliander, Roger Talermo, Paul Byrne

INFORMATION FOR INVESTORS

FINANCIAL REPORTS

Amer Group will publish its interim reports in 2005 on April 28, August 4, and October 26. The financial statement bulletin for 2005 will be published in February 2006.

Amer publishes its annual and interim reports in both Finnish and English. Publications can be ordered from Amer Group's Communications:

Amer Group Plc, Communications, P.O. Box 130, FIN-00601 Helsinki
Tel. +358 9 7257 800; +358 9 7257 8309 (Communications)
Fax +358 9 7257 8200; +358 9 791 385 (Communications)
Email: amer.communications@amersports.com

The annual and interim reports as well as stock exchange releases are available on the Company's website at www.amersports.com.

INVESTOR RELATIONS

Jari Melgin, Director, Treasury & IR, is responsible for Amer Group Plc's investor relations. Tel. +358 9 7257 8233, email: jari.melgin@amersports.com.

INVESTMENT ANALYSTS

The following companies, among others, published investment analyses and research on Amer Group during 2004:

Alfred Berg Finland
CAI Chevreux
Conventum Securities
D. Carnegie Ab Finland Branch
Danske Bank
Deutsche Bank
Dresdner Kleinwort Wasserstein
Enskilda Securities
Evli Securities
FIM Securities
Handelsbanken
Kaupthing Bank
Mandatum Stockbrokers
Nordea Securities
Opstock Securities

ANNUAL GENERAL MEETING

Date: Wednesday, March 16, 2005 at 2:00 pm

Place: Amer Group Plc's Headquarters, Mäkelänkatu 91, Helsinki

Shareholders who have been entered in Amer Group Plc's shareholder register, which is administered by Finnish Central Securities Depository Ltd, no later than March 4, 2005, have the right to attend the Annual General Meeting.

Notification of intended participation in the Annual General Meeting must be given to the Company no later than 4:00 pm local time on 14 March, 2005, either in writing to Amer Group Plc, Share Register, P.O. Box 130, FIN-00601 Helsinki, by telephone (+358 9 7257 8261/Ms Mirja Vatanen) or by email: mirja.vatanen@amersports.com. Proxies should be forwarded to the above address together with notice of attendance.