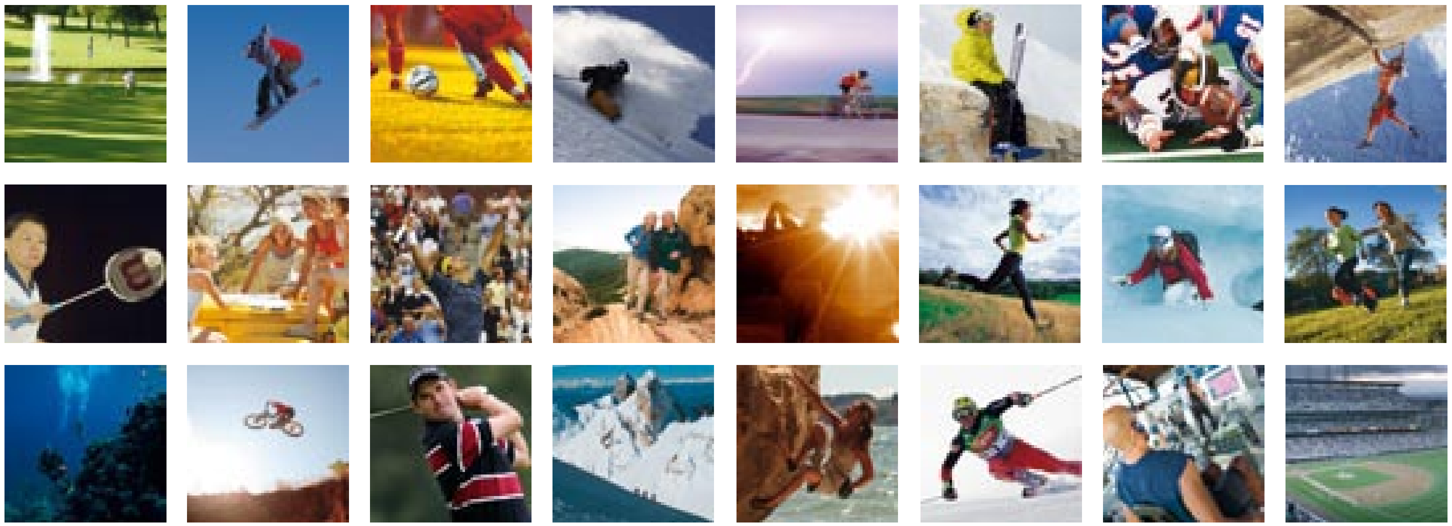
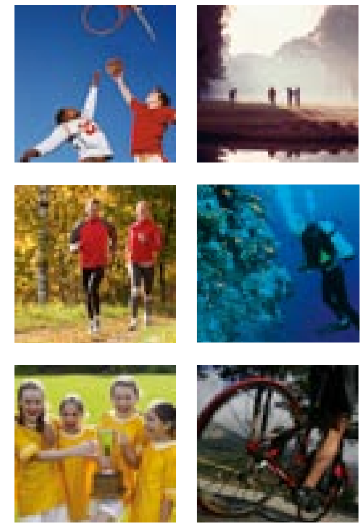
ANNUAL REPORT 2005

AMER SPORTS



PERFORMANCE PRODUCTS FOR ACTIVE SPORTS



WORLD OF AMER SPORTS

Amer Sports is the world's leading sports equipment company. Its major brands include Wilson, Atomic, Suunto, Precor, Salomon and Mavic. Amer Sports offers technically advanced equipment and products that improve the performance of active sports participants. The Group's business is balanced by its broad portfolio of sports and presence in all major markets.

ATOMIC

Atomic is the world's leading manufacturer of alpine skis. Its sports categories include alpine skiing, crosscountry skiing and snowboarding.

SALOMON

Salomon is the world leader in winter sports and is well-established in outdoor sports through footwear and technical apparel. Salomon is known for highly innovative and performance-oriented products. Salomon's sports include alpine and crosscountry skiing, snowboarding, and major outdoor sports like climbing, hiking, adventure racing and trail running.

MAVIC

Mavic is a leading manufacturer of cycling components and is notably the world's leading manufacturer of cycling wheels. The company provides components and wheels both for road cycling, mountain biking and track racing.

CONTENTS

Wilson is the world's leading manufacturer of ball sports products. Its core sports are tennis, squash, badminton, American football, baseball, basketball and golf.

Suunto is the world's leading manufacturer of sports instruments, most notably wristop computers, diving instruments and compasses.

Precor is a full-line supplier of technically advanced, premium quality fitness equipment for the commercial and home markets. Its main products are aerobic exercise equipment, strength-training systems and entertainment systems. Precor is the world's leading manufacturer of elliptical crosstrainers.

YEAR 2005 IN BRIEF

In 2005, Amer Sports' net sales were EUR 1,363.7 million and EBIT EUR 82.3 million. Earnings per share amounted to EUR 1.05. At the end of 2005, the company had 6,667 employees.

The acquisition of Salomon's business operations had a significant effect on Amer Sports' fourth-quarter development. The transaction increased net sales for 2005 by EUR 255.2 million and the number of employees by 2,607.

NEW TRADE NAME

On March 24, Amer Group Plc's name was changed to Amer Sports Corporation. Adoption of the name Amer Sports, which has been used in marketing since 2000, streamlined and unified the company's communications. The new name more aptly describes Amer Sports' operations as the world's leading sports equipment company.

ACQUISITION OF SALOMON

On May 2, Amer Sports Corporation made an agreement with adidas-Salomon AG to acquire Salomon and its business operations. Salomon's product offering fits with Amer Sports' portfolio. Furthermore, the two companies and their brands complement each other well in geographical terms, balancing out Amer Sports' operations. The transaction was concluded on October 19, 2005.

On December 8, Salomon reorganized its management structure and appointed a new Executive Team.

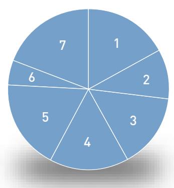
On December 20, Salomon started a three-year turnaround program to ensure Salomon's future competitiveness. The program includes the reorganization of Salomon's operations and reduction of about 400 positions, mainly in France. Other important measures include the reallocation of the production of Salomon skis and Atomic ski boots to ensure the optimization of Group benefits.

REORGANIZATION AT WILSON, NEW PRESIDENT APPOINTED

Chris Considine was appointed President of Wilson Sporting Goods effective as of November 10, 2005. He is responsible for the Golf, Racquet Sports and Team Sports Divisions, as well as Amer Sports North America Services organization,

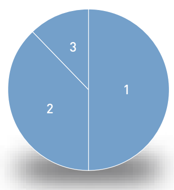
NET SALES 2005

1 RACQUET SPORTS 17%
2 GOLF 10%
3 TEAM SPORTS 15%
4 WINTER SPORTS, ATOMIC 16%
5 FITNESS EQUIPMENT 18%
6 SPORTS INSTRUMENTS 5%
7 SALOMON 19%

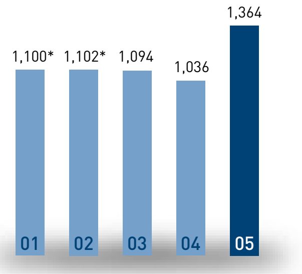


NET SALES 2005

1 AMERICAS 50%
2 EMEA 38%
3 ASIA PACIFIC 12%



NET SALES
EUR MILLION



* In accordance with FAS principles

KEY INDICATORS

EUR MILLION	2005	2004	CHANGE
CONTINUING OPERATIONS			
NET SALES	1,363.7	1,035.9	32%
GROSS PROFIT	546.6	435.8	25%
EBIT	82.3	100.5	–18%
% OF NET SALES	6.0	9.7	
FINANCIAL INCOME AND EXPENSES	–9.0	–3.5	
PROFIT BEFORE TAXES	73.3	97.0	–24%
NET RESULT, CONTINUING OPERATIONS	75.2	68.6	10%
NET RESULT, DISCONTINUED OPERATIONS	-	14.0	
NET RESULT	75.2	82.6	–9%
EARNINGS PER SHARE, CONTINUING OPERATIONS, EUR	1.05	0.96	
EARNINGS PER SHARE, DISCONTINUED OPERATIONS, EUR	-	0.20	
RETURN ON SHAREHOLDERS' EQUITY (ROE), %	15.1	18.7	
EQUITY RATIO, %	31.8	55.5	
PERSONNEL AT YEAR END	6,667	4,066	

Calculation of key indicators, see page 85

which includes logistics, IT, legal, tax and treasury.

On December 28, Wilson Golf started the realignment of its global organization to increase operational efficiency and lower costs. Changes and personnel cuts were made in management, sales and administration. In the United States, Wilson Golf will seek greater cohesion in its distribution strategy by focusing on its major customers in all distribution channels. In addition, sourcing will be stepped up in the Far East, and the operations of the golf ball factory in Humboldt, USA, will be downsized gradually.

CENTRALIZATION OF ASIAN SUBCONTRACTING

Amer Sports has established an initiative to coordinate sourcing in Asia for all its brands. Steve Millea was appointed to lead the unit on November 10. By consolidating operations, the Group seeks synergies in purchasing and greater efficiency in the management of the delivery chain.

PRESIDENT OF SUUNTO APPOINTED

Juha Pinomaa has been appointed President of Suunto Oy effective as of September 1.

CONSISTENT DIVIDEND POLICY CONTINUES

The Board of Directors proposes that a dividend of EUR 0.50 per share be paid for 2005, representing a dividend ratio of 48%. A dividend of EUR 0.50 per share was paid for 2004.

MISSION

Amer Sports' mission is to provide sports and fitness products that enable everyone from the enthusiastic beginner to the professional athlete to get the best results and most enjoyment from their sports.

OUR PLAYING FIELD
We are dedicated to active lifestyle, sports and wellness.

OUR AMBITION
At the core of our business is the passion for sports. In addition to this, our primary drive is setting and achieving targets, moving beyond our limits both in life, business and technology, thereby enabling people to achieve their highest goals in sports and increase wellbeing in life.

VISION

To be the leading company in active sports providing performance enhancing products fueled by authentic brands true to the sports.

VALUES

Amer Sports' staff consists of people of several nationalities with different business cultures. Our shared values support and guide our operations around the world. Success in competition requires determination to win, team spirit and teamwork.

DETERMINED TO WIN

Good performance is our core value. Financial success enables continuous development of our brands and products. Determination to win encourages a strong work ethic and high-quality performance.

TEAM SPIRIT

We believe in team spirit and teamwork. We want our team to consist of strong individuals who support our common goals.

FAIR PLAY

We follow the rules. We recognize and seek to remedy our faults.

INNOVATION

The prerequisite for development is innovation, and the prime mover for innovation is to always question the ways we do things.

We are real experts in all of our sports. Genuine expertise is an absolute prerequisite for the further development of our sports equipment and products. Specialist know-how in each sport is found in the business unit concerned. We have five primary centers of expertise: Chicago in the USA (Team Sports, Golf and Racquet Sports), Altenmarkt in the Austrian Alps (Winter Sports, Atomic), Seattle in the USA (Fitness Equipment) and Vantaa in Finland (Sports Instruments). Salomon's expertise is led from Annecy, France. Our product development work is based on consumer needs, and we actively participate in the creation of sports and leisure-time trends.

STRATEGY

Our strategy is based on sports, leisure-time activities and wellbeing. Rising standards of living, the greater leisure-time people now enjoy, and their growing awareness of the importance of physical and mental wellbeing open up future growth potential for the sports equipment industry.

We are the No. 1 sports equipment company in the world. Our goal is to further strengthen our position through a consumer-focused product strategy, strong brands, innovative research and product development, first-class customer service, and an efficient supply chain. In addition to profitable organic growth, we are focusing on finding and effectively harnessing synergy benefits, as well as on cooperation within our Group.

Consolidation of the sports industry continues. Our ambition is to actively participate in the consolidation by acquiring companies that fit with our chosen business strategy and strengthen our company as a whole.

GLOBAL BRANDS

Our operations are based on strong global brands. Our major brands are Wilson, Atomic, Precor, Suunto, Salomon and Mavic.

EXTENSIVE SPORTS PORTFOLIO

Amer Sports provides equipment and products for a large variety of sports – winter and summer, indoor and outdoor, individual and team, covering the core sports in the trade.

Our broad portfolio of sports makes us a year-round, full-service supplier, and makes it easier for us to establish lasting business relationships with the trade. Moreover, our wide range of sports and global presence across all markets balance Amer Sports' business as the seasons turn and the popularity of individual sports changes.

GAME IMPROVEMENT PRODUCTS FOR ACTIVE SPORTS PARTICIPANTS

We are specialists in all of our selected sports. We design and manufacture the industry's best products. Successful R&D is an important part of our business. We continuously roll out technologically advanced game improvement products that meet consumer needs. The expertise and experience of top athletes is the cornerstone of our product development. Collaboration with raw material suppliers also generates new types of solutions for our sports equipment.

CUSTOMER SERVICE AND SUPPLY CHAIN MANAGEMENT

Our portfolio and brands are supported by a strong supply chain that guarantees our customers first-rate service in all product categories and market areas. Our comprehensive sales and distribution network enables us to bring new products to market simultaneously all over the world.

We continuously develop our operations in collaboration with our partners. We offer the right kinds of products and services to ensure optimal efficiency in the sell-through of products from the trade to consumers. Our experts serve the whole spectrum of sports retailers from specialist stores to large chains.

Effective supply chain management enables us to also boost profitability and improve working capital efficiency.

FINANCIAL TARGETS

Our goal is profitable growth. Good profitability enables investments to be made in product development and marketing, which are essential to bolster our position as the global leader in the sports equipment market.

In our day-to-day operations, our primary focus is to achieve organic growth on the back of the development of innovative products, effective marketing, good customer service, and an efficient supply chain. In addition, we will continue to be an active participant in the structural changes taking place within the industry and we intend to make selective acquisitions that support our strategy, strengthen Amer Sports' position and deliver shareholder value.

AVERAGE ORGANIC GROWTH OF 5% PER ANNUM

Our objective is to deliver currency-neutral organic growth of an average 5% per annum and to at least match average annual growth in the sports equipment market.

EBIT OF AT LEAST 10% OF NET SALES

Our annual target is to achieve EBIT of at least 10% of net sales. In addition, profitability should be on a par with other leading sports equipment companies worldwide.

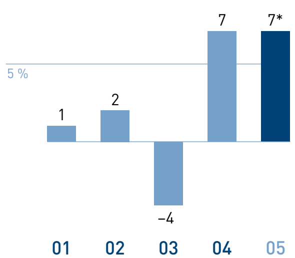
OPTIMAL BALANCE SHEET STRUCTURE

We will use our balance sheet actively, whilst avoiding excessively large financial risks.

DIVIDEND PAYOUT RATIO EQUIVALENT TO AT LEAST 1/3RD OF ANNUAL NET RESULT

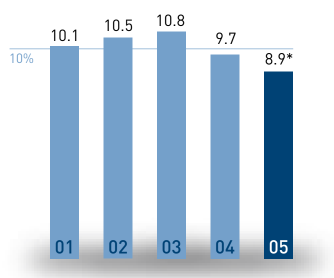
Amer Sports seeks to be viewed as a competitive investment that increases shareholder value through a combination of dividend payments and share price performance. We pursue a progressive dividend policy reflecting Amer Sports' earnings performance with the aim of distributing a dividend of at least one-third of the annual net result.

ORGANIC GROWTH, %



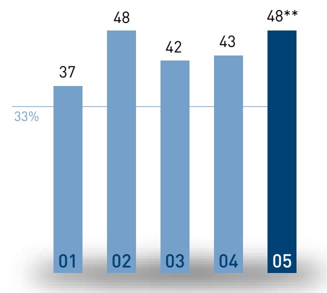
* Excluding Salomon

EBIT, %



* Excluding Salomon

DIVIDEND RATIO, %



** The Board of Directors' proposal

CEO'S REVIEW

ROGER TALERMO

2005 was a historic year for Amer Sports. We achieved our target of becoming the world's No. 1 Sports Equipment company, and maintained good profitability. Our major achievements were strong organic growth and the acquisition of Salomon.

Amer Sports is now the market leader by a good margin in the world of sporting goods equipment. We have now reached this important target that we set for ourselves a few years ago. New, more ambitious targets must now be put forward. However, before we do that, Salomon must be integrated into Amer Sports.

THE MARKET LEADER

Salomon is an important acquisition for us. First of all, it allows us to secure a robust position in all categories of the winter sports market: alpine, crosscountry and snowboards. And, secondly, Salomon gives us new opportunities for growth in the footwear and apparel categories, both with the Salomon and Arc'teryx brands, and opens up an avenue for the Group to diversify our business into the bicycle market with Mavic. All of these, Salomon, Arc'teryx and Mavic, are great brand names with a lot of upside opportunities. The improvement of Salomon's competitiveness and its integration, yielding over 40 million euros in synergies, are expected to have fully materialized by the end of 2008. Strong measures have already been taken to improve Salomon's competitiveness.

Amer Sports also achieved its important target of outpacing growth in the industry, up 7% on the previous year. Precor continued to be the fastest grower in the fitness industry, achieving growth of 20%. Racquet Sports and Team Sports also had an excellent year. In winter sports, Atomic managed to grow by 4% despite tough market conditions in North America. Sports Instruments and Golf had a very challenging year.

YEAR OF ORGANIZATIONAL CHANGES

We continued restructuring our golf business, the main focus being on profitability improvement. We will keep on introducing interesting new product lines. Suunto also went through an organizational change, with new management now in place.

In addition, Wilson's organization was realigned by unifying all Wilson business units under one management. Sourc-

ing activities were strengthened by placing them under their own management structure. The organization will be introduced in 2006 with the opening of a sourcing office in Asia.

OPERATIONAL UPGRADES

2005 was a year of organizational changes, all of which were necessary to enable us to improve our competitiveness. We have also worked hard to upgrade our operations so that we can continuously provide active sports participants, professionals as well as beginners with the best possible products to suit their needs. In many categories, special attention has been given to females with the launch of specially targeted products. In our distribution chain, we have started up new initiatives to improve customer service and quality. We continuously hope we can provide customer service that outclasses the industry standard. Supply chain management is still an important cornerstone of our strategy.

CONTINUOUS IMPROVEMENT

It has been a challenging year for our organization and I am proud of what our people all over the world have achieved. Amer Sports' country organizations have been fighting for market shares, and customer service has been a priority. I am convinced of the commitment of our people and want to thank all of them for their efforts. We are also continuing to improve the values of our brands and doing our utmost to generate long-term shareholder value. In 2006, we will continue to grow and we are soon a 2 billion euro company. Amer Sports is strong and we are committed to take further steps to bolster our company.

BRANDED PRODUCTS

Amer Sports' business is founded on strong brands that are known the world over. Its major brands are Wilson, Atomic, Precor, Suunto, Salomon and Mavic.

Amer Sports' brand strategy is based on high-quality branded products that are technically advanced and improve performance. Its aim is to create a consistent global brand experience and message for our international brands.

All of Amer Sports' brands rest on four cornerstones: authenticity, authority, attitude and aesthetics. Authenticity and authority are at the core of everything. Absolute expertise in each of our sports gives us authority. It is the task of marketing and communications to bring attitude to the brands and ensure that the core remains strong. The significance of aesthetics is growing, because demanding consumers require successful brands to not only be practical in terms of form, but also feature design that follows the current trends.

ROOTS

Internationally, Amer Sports has several strong brands that are linked by their long histories on the sports equipment market.

Wilson's roots are in Chicago in the USA. The company is the world's leading manufacturer of ball sports products and represents the definitive top in its field. There are countless revolutionary innovations and other success stories to be found in Wilson's 90-year-plus history.

Atomic comes from Austria – from the Altenmarkt village, which is surrounded by mountains. The company has focused on winter sports equipment since 1955. Nowadays, Atomic is the world's leading manufacturer of alpine skiing equipment.

Precor's home is on the west coast of the USA where the whole concept of fitness was created. For over 20 years, Precor has focused on the manufacture of high-quality, technically advanced fitness equipment. When Precor brought the world's first elliptical crosstrainer to market in 1995, it revolutionized aerobic exercise in fitness centers.

Suunto will turn 70 during 2006. Thanks to its innovation, understanding of sport and expertise in sports instruments, Suunto has become the world market leader in diving computers. Suunto represents the pinnacle of Finnish design and high-tech expertise.

Salomon was established in 1947 and has evolved into a brand which leads development in alpine skiing and outdoor equipment and accessories. Salomon has a passion to

develop and always has its eye on the future of sport – ready to challenge established ideas.

The oldest of the brands is bicycle component manufacturer Mavic, whose history reaches back to the end of the 1800's. The company is known for its road racing and mountain bike cycle rims in particular.

A PROMINENT PLACE AT MANY SPORTS EVENTS

Wilson has been the official ball of American football's professional league, the NFL (National Football League), since 1941. Every Super Bowl since 1967 has been played using a Wilson football. At university level, the NCAA (National Collegiate Athletic Association) uses Wilson balls in its basketball, American football and softball matches. Wilson also has other agreements concerning official game balls in North America, with the CFL (Canadian Football League) for example. The US professional baseball league MLB (Major League Baseball) favors Wilson gloves.

The world's best tennis players use Wilson rackets. Wilson is the official ball at the US Open, Australian Open and Davis Cup. Wilson is also the official equipment supplier for many badminton championships.

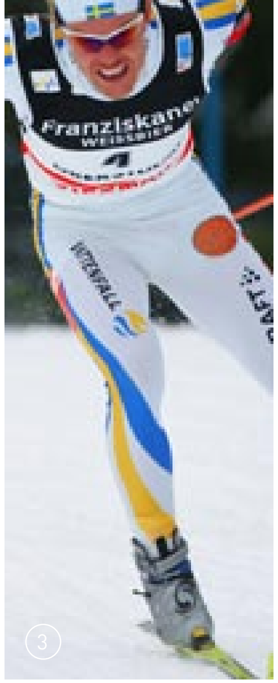
Mavic has been the official supplier of the Tour de France since 1973, assisting all the teams competing in the event. In road racing, the company has been an official supplier to many clubs and teams and partner to several top teams on the Pro Tour. Mavic also has a strong presence in the newest forms of cycling: mountain biking, BMX and the triathlon.

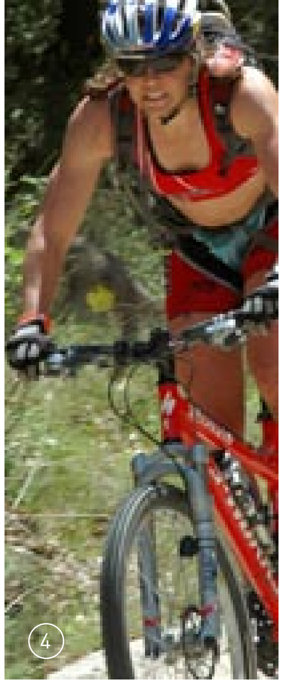
Atomic has a prominent place in various forms of skiing, such as alpine and crosscountry skiing, and also ski jumping. Atomic has brought the same kind of professionalism to alpine skiing teams that we have been more used to seeing in motor sport.

The Suunto Ambassador program consists of international top athletes and coaches who utilize Suunto's various products in sports activities. They all use the Suunto t6 and its Peripheral Observation Devices (PODs) to plan, monitor, and follow-up their training for success with the best results possible.

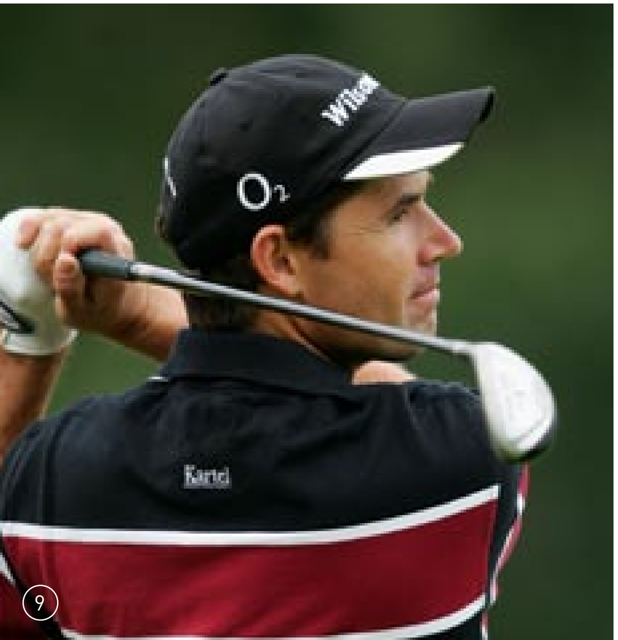
Salomon is visibly active in many winter sports, such as alpine and crosscountry skiing and snowboarding. Salomon has also devoted great efforts to creating new disciplines, including the Crossmax series and Adventure Racing.

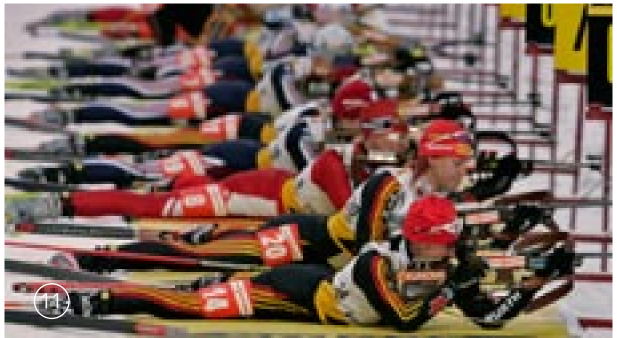
OUR PRODUCTS ARE IN THE HANDS OF THE WORLD'S BEST ATHLETES

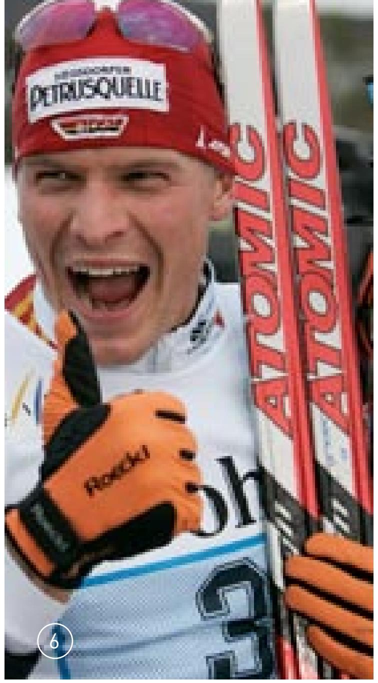




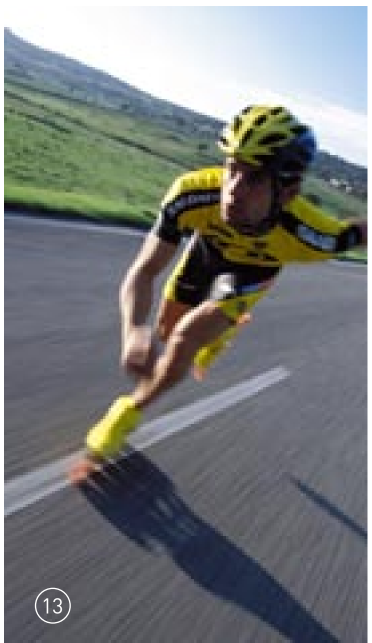
1	Tom Brady, Wilson
2	Roger Federer, Wilson
3	Mathias Fredriksson, Salomon
4	Rebecca Rush, Suunto
5	Jose Manuel Lara, Wilson
6	Tobias Angerer, Atomic
7	Paul Konerko, Wilson
8	Jarkko Nieminen, Wilson
9	Padraig Harrington, Wilson
10	Curt Schilling, Wilson
11	Andrea Henkel, Atomic
12	Janne Ahonen, Atomic
13	Massimilano Presti, Salomon
14	Ayako Uehara, Wilson
15	Jesper Parnevik, Wilson
16	Vicky Botwright, Wilson





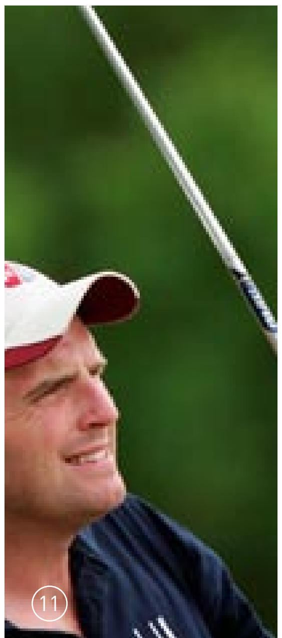


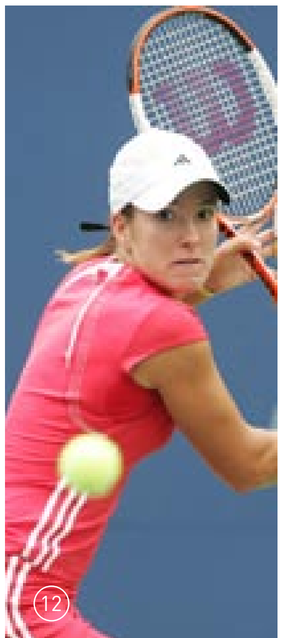
AMER SPORTS ATHLETES

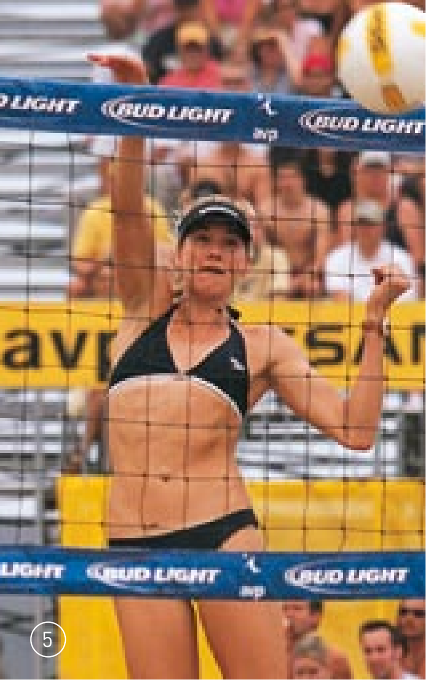


We provide sports and fitness equipment that enables everyone from the enthusiastic beginner to the professional athlete to get the best results and most enjoyment from their sports.

Top athletes make an especially important contribution to R&D. We partner up with them to develop the best equipment – tapping their knowhow and experience.







1 Venus Williams, Wilson
2 Anja Pärson and Renate Goetschl, Salomon
3 Anthony Ricketts, Wilson
4 Torah Bright, Salomon
5 Kerri Walsh, Wilson
6 Marlies Schild, Atomic
7 Anders Boesen, Wilson
8 Lindsay Davenport, Wilson
9 Charles Gagnier, Salomon
10 Bode Miller, Atomic
11 Anthony Wall, Wilson
12 Justine Henin-Hardenne, Wilson
13 Nicolas Kiefer, Wilson
14 Kalle Palander, Atomic
15 Serena Williams, Wilson
16 German national rowing team, Suunto
17 Aamir Ghaffar, Wilson
18 NCAA Basketball, University of Kansas, Wilson
19 Jonathan Wyatt, Suunto

RACQUET SPORTS

The Racquet Sports Division's goal is to strengthen its leading position in tennis and to increase market shares in badminton.

The Racquet Sports Division posted record earnings. Its net sales rose by 7% to EUR 225.4 million. Sales grew by 6% in the Americas, by 6% in EMEA and by 9% in Asia Pacific. EBIT increased by 22% to EUR 32.7 million. Of the product groups, sales growth was seen particularly in tennis rackets, badminton, tennis balls and performance strings.

The global tennis market grew slightly.

SALES OF TENNIS RACKETS UP

Wilson's sales of tennis rackets increased by 9%. Sales of nanotechnology nCode rackets grew across all market areas. Sales of recreational rackets saw strong growth in the United States. Wilson held a 37% share of the global tennis racket market. Its market share was 46% in the United States, 33% in Europe and 27% in Japan. Wilson was the number one brand in tennis rackets in North America and Japan, and ranked second in sales in Europe.

Wilson's nCode performance racket line remained popular also among professional players. Many of them scored victories with nCode rackets at Grand Slam Tournaments in 2005: Roger Federer (Wimbledon and US Open), Serena Williams (Australian Open), Justine Henin-Hardenne (French Open) and Venus Williams (Wimbledon).

SALES OF TENNIS BALLS ROSE

Wilson's tennis ball sales increased by 6%. In tennis balls, Wilson was one of the top three companies on the global market with a market share of 26%. In the US market, Wilson had a share of 42%.

Wilson and Tennis Australia announced an agreement in April making Wilson the official ball of the Australian Open. The agree-




ment is for 2006 and the five years following. After the new agreement comes into force, Wilson will be the official ball of two Grand Slam tournaments, the Davis Cup, and 70 ATP and WTA tour events.

GROWTH FROM BADMINTON AND ACCESSORIES

In addition to tennis, the Racquet Sports Division focuses on accessory lines and badminton. Sales of badminton equipment grew by 40%, in Asia Pacific by 61%. Accessory sales increased by 12%.

During the report year, Wilson launched nCode badminton rackets in which nanotechnology is used. The nCode badminton rackets feature a more stable and powerful frame. This makes it possible to make rackets that are light, very resilient, and boast high torsional stability. All nCode rackets are designed for competition players and skilled enthusiasts.

In September, Wilson announced that it will be the on-site stringer at the 2006 US Open. Wilson is the No. 1 string brand in the USA.

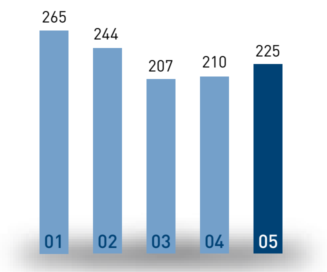
YEAR 2006

The racket sports market is expected to remain flat in 2006. The aim of the Racquet Sports Division is to increase its market shares in all key product groups. This goal is to be achieved by introducing products featuring innovative design and revolutionary firsts in technology. Tour presence remains an important marketing tool. In addition to working with the world's best players, Wilson is actively recruiting young, up-and-coming tennis players.

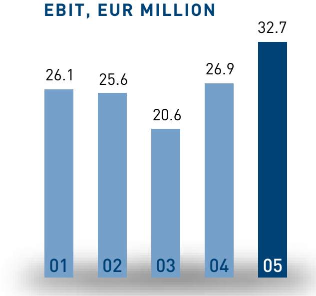
Geographically, the biggest growth opportunities for the Racquet Sports Division are in emerging markets like China, India and Russia. In local currencies, the growth of Racquet Sports is expected to level off, with profitability remaining at a good level in 2006.

Wilson is the official ball at the US Open, Australian Open and Davis Cup. Wilson is also the official equipment supplier for many badminton championships.

RACQUET SPORTS NET SALES, EUR MILLION



RACQUET SPORTS EBIT, EUR MILLION



Market shares and market information presented in this Annual Report are estimates based on external market surveys of Tennis Industry Associations, Sports Marketing Surveys and Yano Research and management opinion.

WILSON'S MARKET SHARES 2005 (2004)

TENNIS RACKETS	
GLOBAL	37% (36)
US	46% (46)
EUROPE	33% (30)
JAPAN	27% (27)

WILSON'S MARKET SHARES 2005 (2004)

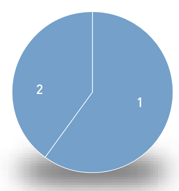
TENNIS BALLS	
GLOBAL	26% (25)
US	42% (42)
EUROPE	18% (17)
JAPAN	11% (11)

KEY INDICATORS

EUR MILLION	2005	2004	CHANGE
NET SALES	225.4	210.3	7%
EBIT	32.7	26.9	22%
% OF NET SALES	14.5	12.8	
RETURN ON CAPITAL EMPLOYED (ROCE), %	78.1	68.9	
PERSONNEL AT YEAR END	588	589	

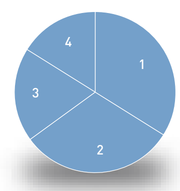
GLOBAL MARKET TENNIS RACKETS AND BALLS

EUR 460 MILLION* / USD 570 MILLION (WHOLESALE)
1 TENNIS RACKETS 60%
2 TENNIS BALLS 40%



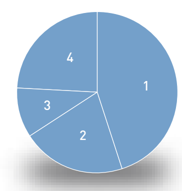
GLOBAL MARKET

1 EUROPE 34%
2 NORTH AMERICA 31%
3 JAPAN 19%
4 REST OF THE WORLD 16%



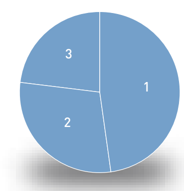
RACQUET SPORTS NET SALES 2005

1 TENNIS RACKETS 45%
2 TENNIS BALLS 21%
3 FOOTWEAR 10%
4 OTHER 24%



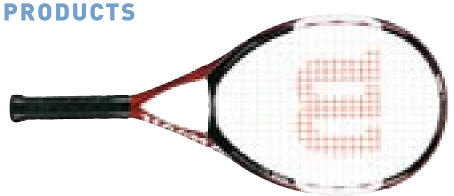
RACQUET SPORTS NET SALES 2005

1 AMERICAS 48%
2 EMEA 29%
3 ASIA PACIFIC 23%

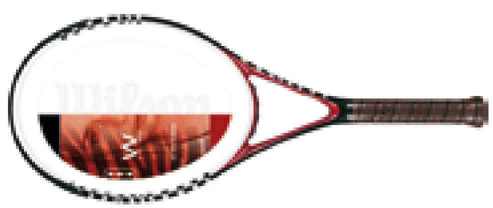


* Converted into euro at average exchange rates over the review year

NEW PRODUCTS



n5™ Force Perfect for anyone seeking versatility and comfort. The new generation of n5 features nZone™ XL technology and nanofoam resulting in quieter, softer and a better handling racket. Triad® technology to provide unmatched power, comfort and control.



W6 W6 rackets are all about control. With a 97" headsize, this is a true player racket developed in close collaboration with Barbara Schett, former WTA™ player. Whether you feel wild or have a mindset of blue steel, with the W6 the end remains the same – an opponent crashed in beauty.

Open Introducing a revolutionary concept in the footwear industry with the new 2006 Wilson Evolution Footwear Collection. Wilson's premier model, the Open highlights all tennis models as the lightest, most comfortable shoe on the planet. The Open bridges the gap from basic functionality to a more dynamic, technologically-advanced, foot-conforming performance tennis shoe.

GOLF

After the global re-launch of the Wilson Staff brand, the Golf Division is focusing on Wilson Prostaff and Ultra brands for enthusiasts. The main focus will be on profitability improvement.

In the Golf Division, net sales declined by 4%. Tough competition on the global golf equipment market was a factor in this fall in net sales. There was a good trend in sales of the new, premium Wilson Staff golf product line during the first quarter, but the remainder of the year did not develop in line with expectations.

Sales of Wilson golf clubs was 5% lower than in the previous year, and its global market share was 3%. Sales of golf balls remained at last year's level.

The global golf equipment market increased slightly in 2005. The market was up by 3% in North America, and remained at last year's level in Japan. Globally the number of rounds played was at the same level as in the previous year.

BACK TO PROFITABILITY

Tough competition on the global golf market forced equipment prices down as new products were brought to market at an ever-faster rate. Net sales by the Golf Division declined by 4% to EUR 141.2 million. Sales in Asia Pacific rose by 8%, but were down 7% in the Americas and 6% in EMEA. EBIT was down EUR 7.6 million on the corresponding period of the previous year and was EUR –7.1 million.

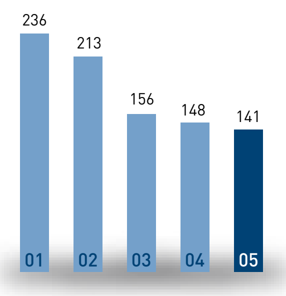
In December 2005, the Golf Division kicked off the realignment of its global organization to increase operational efficiency and lower costs. Changes and personnel cuts were made in business management, sales and administration. In the United States, Wilson Golf will seek greater cohesion in its distribution strategy by focusing on its major customers in all distribution channels. In addition, sourcing will be stepped up in the Far East, and the operations of the golf ball factory in Humboldt, Tennessee, USA, will be downsized gradually.

YEAR 2006

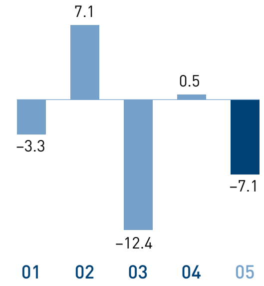
In 2006, the trend in the golf equipment market is anticipated to increase by 3–4% which is close to ordinary growth in the field. Tough competition is expected to continue. Focusing on the major customers in the United States in line with the new distribution strategy will cut into the net sales of the Golf Division in 2006 in local currency terms. The goal is to improve the Golf Division's profitability.

There are countless revolutionary innovations and other success stories to be found in Wilson's 90 year-history. Wilson Staff is a legendary brand; the series covers every type of club from putters to drivers.

GOLF NET SALES
EUR MILLION



GOLF EBIT
EUR MILLION



WILSON'S MARKET SHARES 2005 (2004)

GOLF CLUBS	
GLOBAL	3% (4)
US	3% (3)
EUROPE	7% (8)
JAPAN	2% (2)

WILSON'S MARKET SHARES 2005 (2004)

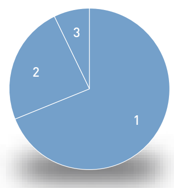
GOLF BALLS	
GLOBAL	4% (4)
US	3% (4)
EUROPE	8% (10)
JAPAN	1% (1)

Market shares and market information presented in this Annual Report are estimates based on external market surveys of National Golf Foundation, Golf Datatech and various country-specific sources and management opinion.

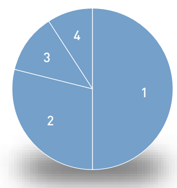
KEY INDICATORS

EUR MILLION	2005	2004	CHANGE
NET SALES	141.2	147.7	−4%
EBIT	−7.1	0.5	-
% OF NET SALES	-	0.3	
RETURN ON CAPITAL EMPLOYED (ROCE), %	−26.7	2.3	
PERSONNEL AT YEAR END	598	694	

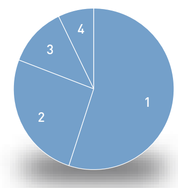
GLOBAL MARKET
EUR 3.8 BILLION* / USD 4.7 BILLION (WHOLESALE)
1 CLUBS 69%
2 BALLS 24%
3 BAGS AND GLOVES 7%



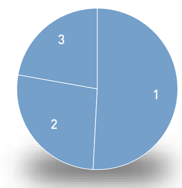
GLOBAL MARKET
1 NORTH AMERICA 50%
2 JAPAN 29%
3 EUROPE 12%
4 REST OF THE WORLD 9%



GOLF
NET SALES 2005
1 CLUBS 55%
2 BALLS 26%
3 BAGS AND GLOVES 12%
4 OTHER 7%



GOLF
NET SALES 2005
1 AMERICAS 51%
2 EMEA 27%
3 ASIA PACIFIC 22%



* Converted into euro at average exchange rates over the review year

NEW PRODUCTS

Ci6 The all new Ci6 is the mid-handicapper's new best friend. It looks and feels like a precision player's instrument, but packs in enough technology to make a Swiss army knife drool with envy. The mid-size head features thin toplines, slight off-set and a small undercut cavity. The result? Maximum control, classic look, iron envy from your foursome.

Dh6 Long iron sufferers, help has arrived. With loft selections that match their steely iron counterparts, the Dh6 series of hybrids uses a lower CG to get the ball airborne fast, whether from a tight fairway or the deep rough.

Prostaff 360 Golf Ball For more than 10 years, Wilson Prostaff has been the best selling men's and women's equipment set in the world. For 2006, Wilson expands this popular brand with the completely new Prostaff 360 golf ball series. Featuring 360 dimple aerodynamics and a unique pearlescent cover, the new Prostaff 360 is designed to appeal to the intermediate golfer looking for a branded solution to their golfing needs.

TEAM SPORTS

The goal of Team Sports is to further strengthen its position within the US and to generate growth in all market areas.

Team Sports continued to perform well and posted record earnings. Net sales were up 10% to EUR 203.8 million.

Sales of baseball and softball bats rose by 33%. Sales of American footballs increased by 8% and uniforms by 17%. Sales of basketballs declined by 7%. Of the net sales, 87% were generated by the US market. Sales outside the United States grew by 15%.

Team Sports EBIT increased by 8% to EUR 26.5 million.

The market for American footballs saw slight growth in the United States in 2005. The basketball and baseball equipment market remained at the previous year's level.

INCREASED GROWTH IN BASEBALL AND SOFTBALL BATS

The fastest growing product categories were baseball and softball bats. Leveraging of the Half & Half technology used in DeMarini bats, a line of bats for fastpitch, adult and youth baseball were developed. Sales increased in the United States and Japan. A line designed for the Japanese market also increased sales in that territory.

SALES OF AMERICAN FOOTBALLS INCREASED

Sales of American footballs increased by 8%. Wilson is the No. 1 football company in the world and is the official football of the National Football League (NFL) and the National Collegiate Athletic Association (NCAA).

In basketballs and baseball gloves, Wilson is ranked second.

THE LONGEST PARTNERSHIP IN SPORTS HISTORY

Wilson renewed its contract as the Official Football of the National Football League (NFL) through 2011. This extends the relationship between Wilson and the NFL to 70 years, making it the longest running partnership in professional sports.

GROWTH POTENTIAL OUTSIDE THE US

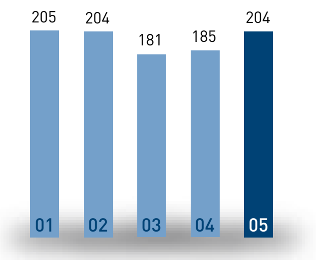
Team Sports has major growth opportunities outside the US market, particularly in Japan and Europe. The Japanese baseball market, which is dominated by local brands, is the world's second-largest market for this sport. Team Sports aims to forge Wilson into a strong brand in soccer as well, especially in Latin America, and to tap into the growing popularity of beach volleyball.

YEAR 2006

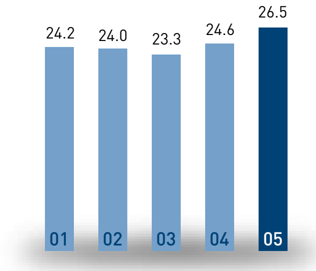
In 2006, the team sports market is expected to continue its stable development. In local currencies, the Team Sports Division's net sales and EBIT are expected to grow.

Wilson has been the official ball of American football's professional league, the NFL, since 1941. Every Super Bowl has been played with a Wilson football since it began in 1967.

TEAM SPORTS
NET SALES, EUR MILLION



TEAM SPORTS
EBIT, EUR MILLION



All market estimates presented are management estimates. There are no reliable external market statistics for team sports equipment.

WILSON´S MARKET SHARES 2005 (2004)

US	
AMERICAN FOOTBALLS	78% (78)
BASKETBALLS	31% (33)
BASEBALL GLOVES	31% (30)
BASEBALLS	23% (22)
BASE/SOFTBALL BATS	17% (13)

WILSON´S MARKET SHARES 2005 (2004)

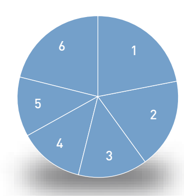
GLOBAL	
AMERICAN FOOTBALLS	78% (78)
BASKETBALLS	20% (22)
BASEBALL GLOVES	19% (18)
BASEBALLS	12% (11)
BASE/SOFTBALL BATS	13% (10)

KEY INDICATORS

EUR MILLLION	2005	2004	CHANGE
NET SALES	203.8	185.0	10%
EBIT	26.5	24.6	8%
% OF NET SALES	13.0	13.3	
RETURN ON CAPITAL EMPLOYED (ROCE), %	36.5	39.8	
PERSONNEL AT YEAR END	728	607	

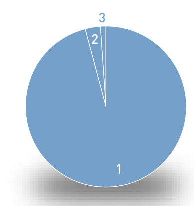
TEAM SPORTS
NET SALES 2005

1 AMERICAN FOOTBALLS 22%
2 BASEBALLS AND GLOVES 18%
3 BASE/SOFTBALL BATS 14%
4 BASKETBALLS 13%
5 APPAREL 12%
6 OTHER 21%



TEAM SPORTS
NET SALES 2005

1 AMERICAS 96%
2 ASIA PACIFIC 3%
3 EMEA 1%



NEW PRODUCTS

DeMarini Medusa DeMarini has redefined the traditional softball bottle bat with the exclusive Medusa fastpitch bat. Distinctive for its signature DeMarini Flex-Tuned™ composite handle, the Medusa minimizes vibration to give players a smooth connection and follow through.

Wilson NFL Football Wilson Sporting Goods Company renewed its contract as The Official Football of the National Football League (NFL). This creates a 70-year relationship between Wilson and the NFL, making this partnership the longest running in professional sports. The Wilson football factory in Ada, Ohio is the only dedicated football factory in the world. The skilled craftsmen and women who cut cowhide, stitch panels and lace footballs everyday, all year round are committed to making the best quality footballs.

UNAFUT Official Game Ball FIFA (Federation Internationale de Football Association) approved Game Ball designed to meet the specifications of the world soccer governing body for the highest levels of competition. Hand-sewn polyurethane cover offers a soft feel and unmatched playability. Multiple layers of poly-cotton lining ensure the ball's roundness and long-lasting durability.


WINTER SPORTS
ATOMIC

Atomic is the No. 1 alpine ski brand globally and its goal is to further strengthen its position in other winter sports product categories.

The net sales of the Winter Sports Division grew by 4% to EUR 214.0 million. Sales growth was 6% in EMEA and 26% in Asia Pacific, while sales in the Americas declined by 9% mainly due to unfavorable weather conditions during winter 2004/2005 in certain important winter sports areas on the North American continent. EBIT was down 25% and was EUR 22.2 million.

The global winter sports market remained stable in terms of volumes but declined slightly in value due to high competition on the suppliers' and retailers' side.

SALES OF SKI BOOTS GREW

The fastest growing product category was Atomic ski boots with a growth index of 42%. In addition, sales of snowboarding products increased by 13% and crosscountry products by 3%. Sales of alpine skis declined by 4%.

Atomic branded alpine skis are the No. 1 ski brand globally. A total numer of 873,000 pairs of alpine skis were shipped in 2005. Atomic's global market share in the alpine ski business was about 19%.

INVESTMENTS IN BRAND BUILDING

The alpine racing product line – featuring skis, boots and bindings in Atomic's red and white race design – was highly successful among the racing-oriented consumer audience.

The product lines specially designed for women under the Balanze line were accepted well. In ski boots, models with a rechargeable heating system were very well received, especially the models designed for female consumers.

For winter 2005/2006, Atomic launched the first ski with nanotechnology under the Izor line.

SUCCESS AND PARTNERSHIP

The Winter Sports Division continued to invest in new sales organizations, such as in Russia and Italy, to improve its presence in these markets.

Atomic joined forces with the Christian Doppler Laboratory, the world-leading institute of winter sports science, becoming an exclusive partner in a 7-year program to research biomechanics in skiing.

Atomic athletes continued to perform extremely well in the 2004/2005 season. Bode Miller won the 10th Overall World Cup in a row for Atomic. Janne Ahonen won the Overall World Cup in ski jumping.

YEAR 2006

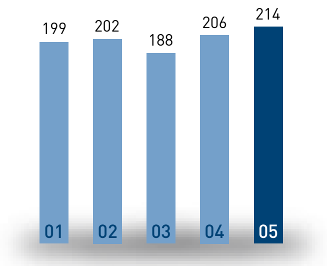
The winter sports equipment market is expected to be flat in the 2005/2006 season. High competition on prices is estimated to continue.

In order to gain market share, Atomic will be launching several new innovative products during 2006. The Winter Sports Division sees growth opportunities in all product categories.

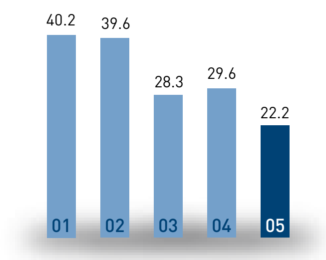
The trend in Atomic's net sales in 2006 will be weakened by the cessation of the distribution of non-core Asics products in Austria. In local currencies, net sales and profitability are anticipated to grow slightly.

Atomic dominated the Alpine World Skiing Championships in Bormio, Italy. The men's racers won 14 out of the 15 medals on offer.

WINTER SPORTS, ATOMIC NET SALES, EUR MILLION



WINTER SPORTS, ATOMIC EBIT, EUR MILLION



Market shares and market information presented are estimates based on annual reports, surveys of Federation of the European Sporting Goods Industry, various country-specific sources and management opinion.

ATOMIC´S MARKET SHARES 2005 (2004)

ALPINE SKIS	19% (19)
BINDINGS	17% (15)
SKI BOOTS	5% (4)
CROSSCOUNTRY SKI EQUIPMENT	9% (9)
SNOWBOARDS	4% (4)

GLOBAL MARKETS (WHOLESALE)*

ALPINE SKI EQUIPMENT	EUR 1.3 BILLION
CROSSCOUNTRY SKI EQUIPMENT	EUR 160 MILLION
SNOWBOARDS	EUR 300 MILLION

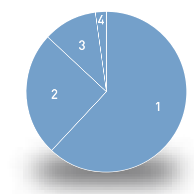
* Converted into euro at average exchange rates over the review year.

KEY INDICATORS

EUR MILLION	2005	2004	CHANGE
NET SALES	214.0	205.6	4%
EBIT	22.2	29.6	–25%
% OF NET SALES	10.4	14.4	
RETURN ON CAPITAL EMPLOYED (ROCE), %	20.6	32.1	
PERSONNEL AT YEAR END	833	847	

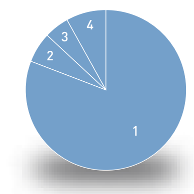
GLOBAL MARKETS

1 EUROPE 62%
2 NORTH AMERICA 25%
3 JAPAN 11%
4 OTHER 2%



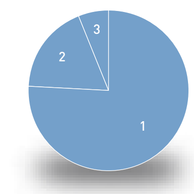
WINTER SPORTS, ATOMIC NET SALES 2005

1 ALPINE SKI EQUIPMENT 81%
2 CROSSCOUNTRY 6%
3 SNOWBOARDING 5%
4 OTHER 8%

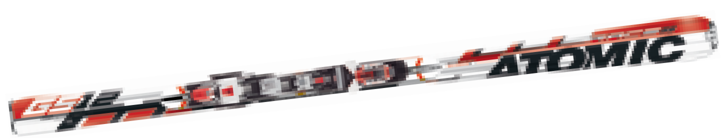


WINTER SPORTS, ATOMIC NET SALES 2005

1 EMEA 76%
2 AMERICAS 18%
3 ASIA PACIFIC 6%



NEW PRODUCTS



4tix Atomic's newly developed 4tix sets in. Taking safety to new dimensions while offering perfect riding qualities and extremely easy handling. For safety-conscious all-round skiers who are looking for excellent value for money. The Atomic 4tix is the lightest fullflex binding on the market.

GS 12 pb Newly developed World Cup racing ski for the most exacting requirements in the most technically demanding discipline: the giant slalom. High-speed enjoyment for all athletic fans of medium and large radii. Perfect ski control in all phases of a turn, precise turn control, direct transmission of power and perfect edge grip even at high speeds.

X-Series A special tuning range of skiboots developed from the key models and featuring the coolest designs, the most technical details, the coolest graphics and special badges.


FITNESS
EQUIPMENT
TIME

The goal for Precor is to become the most recognized and respected brand in fitness equipment.

The Fitness Equipment Division had a successful year, as Precor began to generate positive development from acquisitions that expanded the division's product and service offering. The integration of these companies, acquired in 2004, has been finalized.

Net sales rose by 20% on organic growth, well ahead of international industry estimates of 5% growth. Sales increased strongly across the range of cardio, strength, services and entertainment categories.

SALES UP

During the report year, Precor's net sales rose by 20% to EUR 252.1 million. Precor's growth was fueled particularly by direct sales to major commercial customers, and the company's increased ability to deliver a "Total Product" that addresses commercial facilities' business needs. EBIT rose by 30% to EUR 31.1 million.

In 2005, Precor reinforced its pre-eminence in the key elliptical category, introducing the EFX 576i Total Body Elliptical Crosstrainer for the commercial market.

Of net sales, 79% were generated in the Americas, where sales rose by 18%. New products and improved distribution drove sales in the home market.

PENETRATION INTO KEY EUROPEAN AND ASIAN MARKETS

Outside the Americas, Precor's sales rose by 23%. Despite severe price competition in Europe, Precor continued to deepen penetration, increase market share and leverage entertainment and technology services. In 2005, Precor's sales were integrated into Amer Sports' sales operations in France, Switzerland and Spain.

In Asia, Precor increased revenues by 25% over prior year, led by a 64% revenue increase in Japan.

COMPLETE FITNESS EQUIPMENT SOLUTIONS PROVIDER

In the consolidating commercial industry, facility management increasingly values suppliers that offer broader business solutions. Precor has added to its reputation as a pioneering manufacturer of fitness equipment with entertainment, technology and business services.

NEW PRODUCTS FOR THE CONSUMER MARKET

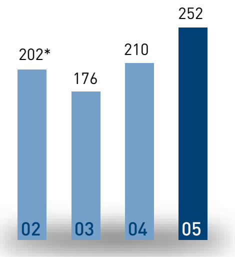
Late in 2005, Precor launched the S3.23 Functional Trainer, an attractive and innovative offering to the home products market, designed as a premium choice in one of the hottest trends in fitness. Upgrades to home treadmill and elliptical models also spurred momentum.

YEAR 2006

In 2006, the fitness sector as a whole is expected to grow, as the commercial market expands globally to meet increased consumer demands. Precor will continue to focus on major accounts, and leverage technology and entertainment products and services that have become established as a competitive advantage for commercial fitness facilities. Although Precor generates most of its net sales in the United States, in 2006 the Fitness Equipment Division will invest strongly in developing its business outside the US. In local currencies, the Fitness Equipment Division's net sales and EBIT are expected to rise in 2006.

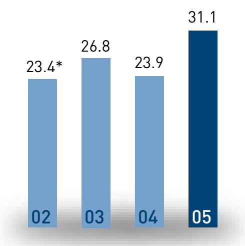
When Precor brought the world's first elliptical crosstrainer to the market in 1995, it revolutionized aerobic exercise in fitness centers. Aerobic conditioning workouts became smoother, more fluid and natural.

FITNESS EQUIPMENT
NET SALES, EUR MILLION



* Pro forma

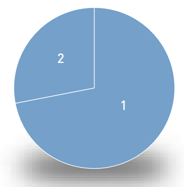
FITNESS EQUIPMENT
EBIT, EUR MILLION



* Pro forma

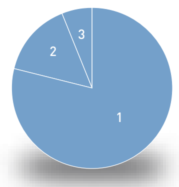
FITNESS EQUIPMENT
NET SALES 2005

1 CLUBS AND INSTITUTIONS 72%
2 HOME USE 28%



FITNESS EQUIPMENT
NET SALES 2005

1 AMERICAS 79%
2 EMEA 15%
3 ASIA PACIFIC 6%



KEY INDICATORS

EUR MILLION	2005	2004	CHANGE
NET SALES	252.1	210.1	20%
EBIT	31.1	23.9	30%
% OF NET SALES	12.3	11.4	
RETURN ON CAPITAL EMPLOYED (ROCE), %	51.2	52.2	
PERSONNEL AT YEAR END	733	745	

There are no reliable external market statistics for fitness equipment.

NEW PRODUCTS

Precor EFX 576i The Precor EFX 576i is one of the most versatile elliptical crosstrainers on the market. This total body crosstrainer uses the CrossRamp system. The advanced CrossRamp technology enables you to isolate the correct muscle groups in your training. The new crosstrainer meets the demands of total body crosstraining and is suitable for both men and women. The clear and easy-to-use display allows you to see the muscle groups that you are going to exercise, set training targets and monitor your calorie consumption.

Precor S3.23 Precor's S3.23 Functional Strength Trainer has been designed for developing muscle tone in the upper, middle and lower body. With the aid of two adjustable weight stacks, you can easily set suitable resistance for every individual muscle group. Introducing unprecedented smoothness, fluidity and natural motion in home strength equipment, the S3.23 offers true isolateral training in multiple planes of motion, building balance, coordination and strength.


SPORTS
INSTRUMENTS

Suunto aims to become the world's most desired brand of sports instruments.

Suunto's net sales declined by 7% and amounted to EUR 72.0 million. EBIT for the year declined by EUR 4.6 million and amounted to EUR 3.4 million. Of the net sales, 36% were generated in the Americas and 53% in EMEA. Sales were down 19% in the Americas, and stayed at last year's level in EMEA.

Sales of Suunto wristop computers declined by 8% during the report year. Sales of diving instruments remained at the level of the previous year. Wristop computers and diving instruments accounted for a total of 66% of Suunto's net sales.

In the second half of the year, Suunto's sales of sports instruments were worsened by component shortages resulting from a fire at a key supplier of circuit boards. Balance in the supply situation should be reached by the end of Q1/2006.

SPORT-SPECIFIC WRISTOP COMPUTERS

Suunto turned 70 in February 2006. The company started out with a patented production method for liquid-filled marching compasses invented by Tuomas Vohlonen, an enthusiastic orienteer who wanted to improve on the inexact compasses. Thanks to Suunto's innovation, understanding of sports and expertise in precision instruments, it has become the global market leader in diving computers. In November, Suunto manufactured its millionth diving computer.

Suunto designs and manufactures sport-specific wristop computers not only for diving, but also for training, outdoor pursuits, hiking, skiing, golf and sailing. Wristop computers

Heinz Zak

give active individuals information about their environment and performance, and therefore help improve performance, increase motivation and enrich the sporting experience.

Suunto's long-range heart rate monitoring system was in use for the first time in March 2005 at the Nordic Combined World Cup competitions in Lahti, Finland. With the aid of the system, TV viewers could be provided with information about athletes' heart rates during the competitions. The co-operation with FIS and Wige-Data continues in 2006.

The Suunto D9 was chosen as the official depth meter for all freediving world record attempts, world championship and international competitions organized by AIDA (International Association for the Development of Freediving).

DESIGNED FOR SAFETY

Suunto is internationally respected, especially as a maker of diving computers. For divers, complete confidence in their diving computer is a question of safety on which they won't compromise. Diving computers are also lifestyle products, so they must look desirable.

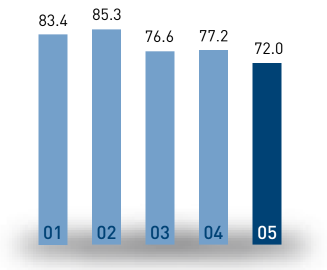
Suunto recognizes the great significance of product design – it is just as essential as technical design. Ease of use is also important for wristop computers.

YEAR 2006

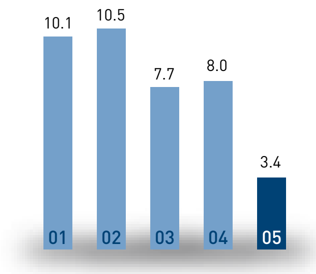
Suunto's net sales and EBIT in local currencies are estimated to increase in 2006. Central Europe is a very important area for Suunto with regard to growth. Other main market areas include North America and Japan. Sales of wristop computers in particular are expected to increase, especially in the training product group. Sales of diving instruments are also expected to grow.

Suunto represents the pinnacle of Finnish design and high-tech expertise. Suunto is the global market leader in diving computers.

SPORTS INSTRUMENTS NET SALES, EUR MILLION

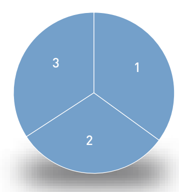


SPORTS INSTRUMENTS EBIT, EUR MILLION



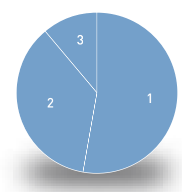
SPORTS INSTRUMENTS NET SALES 2005

1 WRISTOP COMPUTERS 35%
2 DIVING INSTRUMENTS 31%
3 OTHER 34%



SPORTS INSTRUMENTS NET SALES 2005

1 EMEA 53%
2 AMERICAS 36%
3 ASIA PACIFIC 11%



KEY INDICATORS

EUR MILLION	2005	2004	CHANGE
NET SALES	72.0	77.2	–7%
EBIT	3.4	8.0	–58%
% OF NET SALES	4.7	10.4	
RETURN ON CAPITAL EMPLOYED (ROCE), %	14.8	33.8	
PERSONNEL AT YEAR END	527	532	

There are no reliable external market statistics for sports instruments.

NEW PRODUCTS

Suunto G6 The Suunto G6 wristop computer helps golfers to find the perfect swing. This new golf device measures tempo, rhythm, backswing length and clubhead speed during the swing, without the need to fiddle with buttons between shots. The Suunto G6 is not just a training tool – it enables users to test the consistency of swings. The device improves swing technique on the range, but also measures the same variables during a round. The Suunto G6 also features electronic score-keeping and game statistics functions. The data provided by the Suunto G6 make it easy to identify the best shots, develop muscle memory and repeat only the good shots.

Suunto M3 A good start is vital for competitive sailors – and that means being in the right place at the right time. The Suunto M3 helps to determine the favored end of the start line, and also displays the time to the start line. Once out on the course, the Suunto M3 continues to provide assistance by allowing sailors to calculate the bearing to the next race marker before the turning point and compare it to the wind direction. This way, sailors can steer the correct course as soon as possible, gaining a valuable advantage of their their competitors.

Suunto D6 The new Suunto D6 is a full decompression two-mix dive computer with electronic compass. After a dive, query the memory and follow the decompression profile on the screen. The Suunto D6 can be used in Air, Nitrox and Gauge mode and incorporates the Suunto Deep Stop RGBM algorithm. The diver can choose between having traditional shallow safety stops, or switch the deep stops on to take safety stops at depth. With its stainless steel housing and elastomer strap, the Suunto D6 is designed to look as stylish out of the water as it is functional under the water.


SALOMON
SALOMON

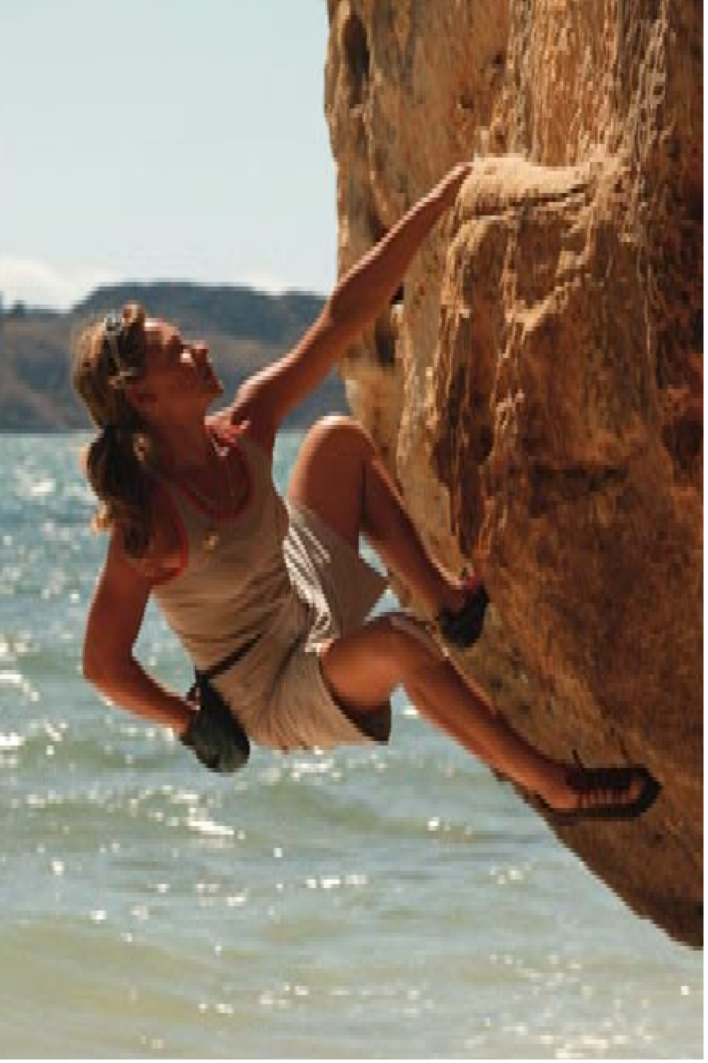
Salomon, which became part of Amer Sports in October 2005, is the world's largest brand in winter sports hard goods and a significant supplier of outdoor footwear and apparel. In addition, Salomon houses two rapidly growing brands, Mavic in cycling components and Arc'teryx in apparel and gear for serious outdoor use. In December 2005, Salomon launched a major turnaround initiative.

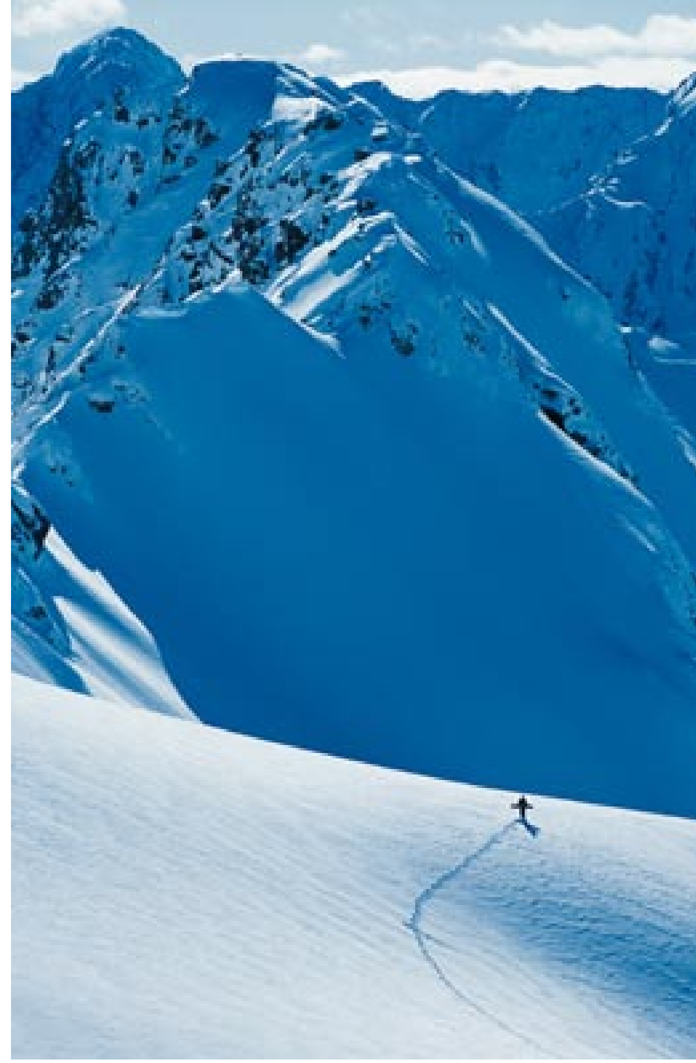
Salomon's results were consolidated into Amer Sports for the last three months of the year. Net sales for the quarter were EUR 255.2 million and EBIT exclusive of non-recurring items amounted to EUR 37.9 million. In the last quarter of 2004 pro forma net sales were EUR 244.8 million and pro forma EBIT was EUR 33.1 million. Full-year pro forma sales decreased by 1% and amounted to EUR 623.5 million. The corresponding full-year EBIT declined by 19% and was EUR 18.1 million.

TO ENSURE FUTURE COMPETITIVENESS

On December 8, Salomon appointed a new Executive Team. The aim is to efficiently integrate the business operations of Amer Sports and Salomon. The management structure changes help to identify the best way of working together in order to achieve the set synergy targets.

On December 20, 2005 Salomon launched a three-year turnaround initiative focused mainly on winter sports. The measures were taken to ensure Salomon's future competitiveness and restore the profitability of the winter sports hard goods.





The restructuring will reduce approximately 400 positions, mainly in France.

Although the restructuring is extremely demanding for the organization, it has been well understood that a more competitive structure is required.

The EUR 52.8 million cost of the Salomon reorganization is provided for in the Amer Sports 2005 financial statements.

HARNESSING SYNERGIES

Salomon and Atomic have started to collaborate closely to maximize synergies in winter sports. Salomon benefits from Atomic's expertise in skis and similarly Atomic benefits from Salomon's expertise in boots.

The major changes comprise production arrangements of alpine skis and alpine ski boots. These changes include significant reduction of ski production at Rumilly, France. The factory will still make skis for the 2006/2007 season. In future main part of Salomon skis will be manufactured by subcontractors.

Additional synergies will be generated in administrative functions, logistics and R&D.

Amer Sports expects to realize annual cost savings in excess of EUR 40 million by the end of 2008.

WINTER SPORTS

Salomon's winter sports equipment sales have been under pressure over the last years. The two main reasons are the major decrease in the Japanese market and the weakness in the US market, amplified by the reduction in the value of the dollar. Within product categories, the integration of alpine skis and bindings has reduced the sales of independent binding manufacturers.

Salomon has continued to hold its leading position in the various boot categories, with high market shares in alpine, Nordic and snowboard boots. The SNS norm in Nordic bindings is the leading standard in the crosscountry markets.

Sales of Salomon's winter sports hard goods declined by 6% in full year 2005. The main reason was the weakness in the US markets, which was seen in alpine ski and binding sales. High dealer-level inventories in the US impacted the whole snowboard category, which declined by 10%. Sales of Nordic equipment increased by 8%.

Salomon's Women Will collection covers a wide range of sports and products including skis, snowboards, helmets as well as clothes and accessories designed for women.

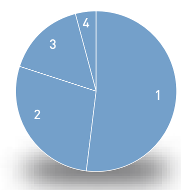
KEY INDICATORS

EUR MILLION	2005	2004	CHANGE
NET SALES *	623.5	631.6	–1
EBIT *	18.1	22.3	–19
% OF NET SALES	2.9	3.5	
PERSONNEL AT YEAR END	2,607	2,751	

* Pro forma

SALOMON'S NET SALES 2005*

1 WINTER SPORTS EQUIPMENT 52%
2 SOFT GOODS 28%
3 CYCLING 16%
4 OTHER 4%






SOFT GOODS

Soft goods (footwear, apparel, gear), including Arc'teryx's sales, account for 28% of Salomon's sales. Sales in these categories increased by 12%. All categories showed growth in 2005.

Arc'teryx, which became part of Salomon in 2002, has more than doubled its sales since. Growth at Arc'teryx continued at a brisk rate of 23% in 2005, despite the major strengthening of its home currency, the Canadian dollar.

Footwear sales were boosted by growth in the adventure running category and winter footwear. A new outdoor shoe concept has been presented at trade shows through summer 2005: Symbio softshell footwear, helping to continue to build the momentum of Salomon footwear moving into 2006.

CYCLING

Mavic is a premium supplier of wheels and rims both for specialized retailers as well as a number of important OEM customers.

Mavic's sales increased by 10% in 2005, driven by strong performance in all product categories. Its sales represented 16% of Salomon's total sales in 2005.

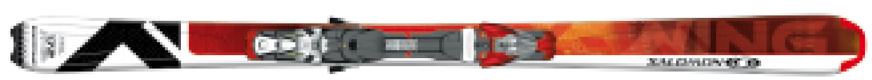
YEAR 2006

2006 will be a transitional year for Salomon with the implementation of the turnaround initiative launched in December 2005. The focus for hard goods will be on profitability improvement. Both soft goods and cycling are targeted to continue their growth in local currencies. Salomon's profitability is expected to be somewhat higher in 2006, with a major step-up expected in 2007.

The figures presented in the text are pro forma. Salomon's results were included in Amer Sports consolidated financial statements as from October 1, 2005.

Salomon was established in 1947 and has evolved into a brand which leads development in alpine skiing and outdoor equipment and accessories. Salomon is visibly active in many winter sports, such as alpine and crosscountry skiing and snowboarding. Salomon has also devoted great efforts to creating new disciplines, including Crossmax series and Adventure Racing.

NEW PRODUCTS



Symbio Salomon has created the first high-performance, softshell, cross-mountain shoe, the Symbio. It looks radical and it feels radical. It looks totally unlike traditional cross mountain shoes; it has clean, stealth lines that complement the soft fabric. The Symbio gives the same soft touch but in a shoe that can tough it out on rough mountain trails. The comfort is increased by precisely welding foam into ergonomic shapes inside the shoe.

X-Wing All Mountain range Groomers or powder, icy slopes or soft snow, skiers want to enjoy the whole mountain from peak to valley. With the X-Wing ski line Salomon renews its All Mountain offer. Cross the entire mountain range, these fat and fast skis will let you fly from resort to resort.

Ksyrium ES Lighter to let you climb higher summits. 10 years ago, Mavic introduced the world famous Helium – the first lightweight climbing specific wheel. The new Ksyrium Edition Spéciale (ES) takes all the best qualities of the Helium and adds the excellence plus the technology of the Ksyrium SL. The Ksyrium ES wheel is the Mavic flagship road product for the 2006 range. This high-end wheel won the Eurobike design award in 2006.


NCAA
Wilson
ADC


25% off tanning this month

R&D hinges on in-depth knowledge of each sport and catering to the needs of consumers. Cooperation with top athletes and raw material suppliers yields completely new types of solutions in sports equipment. Amer Sports not only keeps abreast of the development of sports, but also actively participates in sparking off new sports and leisure trends.

In 2005, Amer Sports' R&D spend amounted to EUR 39.4 million, representing 3% of net sales.

The sports equipment trade evolves continuously. The development of new products, product features and technical solutions and then effectively bringing them to market are the key success factors in the field. Design – both of form and appearance – is increasingly important.

FROM AN IDEA INTO A PRODUCT

New products and ideas are developed and tested with both top athletes and active participants. Even the smallest details can be essential for product performance. We aim to create the best possible products for all target groups – enthusiastic beginners, active sports participants and the best professionals.

Amer Sports engages in close-knit and unique cooperation with universities and research groups. Independent scientific research paves the way for new product innovations. The Group's partners include the Christian Doppler Laboratory at the University of Salzburg's Institute of Sports Science in Austria and the University of Jyväskylä in Finland.

Amer Sports' products enjoy high visibility at many top sports events. The feedback received from professional athletes is an important part of R&D. As the company's products are primarily meant for active sports participants, it is vital that we can effectively tap into the feedback from top athletes in product design. For example Wilson is counseled by the Wilson Advisory Staff, which includes respected professional coaches and athletes. First set up in 1922, it provides Wilson with feedback on its products, thereby continuously contributing to the development of Wilson's product range.

FOR SPORTY WOMEN

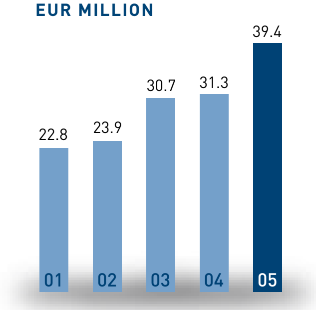
Women are accounting for a larger share of the sports equipment market. Until now, it has sometimes been problematic for women to find products to fit their own needs.

Wilson Golf revamped its product range for the 2006 season by launching a women's collection including Wilson Staff rackets, balls and accessories such as bags, towels and gloves. In addition, Wilson unveiled the world's first high-performance tennis rackets designed especially for women, along with accessories such as bags. Special attention has been paid to performance, appearance and comfort.

Atomic in turn rolled out the extensive Balanze women's collection for the 2005/2006 season. The new skis have been designed to make women's alpine downhill stance as natural as possible. The latest research was tapped in the design of the ski and ski boot line.

Salomon started up the design of its new women's collection slightly over a year and a half ago. The collection's label is 'Women Will' and it comprises a full product range that includes not only sports equipment designed for women, but also clothing and accessories.

R&D EXPENDITURE
EUR MILLION

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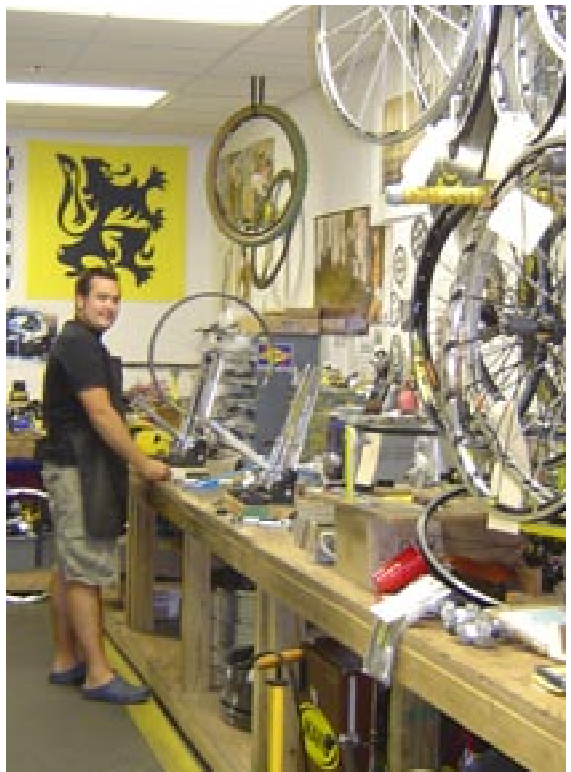



ATOMIC
ATOMIC

Amer Sports' broad portfolio of sports categories makes it a major year-round supplier to the sports equipment trade, and fosters long-term business relationships. Our comprehensive sales and distribution network enables us to bring new products to market almost simultaneously all over the world.

Amer Sports' international sales and distribution network rests on a solid foundation: a wide spectrum of sports, global brands with real appeal to consumers, close ties with the sports equipment trade and a deep understanding of the local market and how the sports equipment industry works.

FIRST RATE SERVICE IN ALL PRODUCT GROUPS

The sports equipment and products in Amer Sports' product range are sold worldwide. Sports equipment distribution is primarily handled by Amer Sports' own sales companies. The Salomon acquisition has expanded the sales organization into Hungary, Norway and Poland, and the company's own sales organization now operates in 33 countries. Elsewhere, distribution is handled through independent importers and distributors who work closely with Amer Sports' business areas. Amer Sports' own sales companies operate under the Amer Sports or Salomon name everywhere except in the US, where Wilson, Atomic, Precor and Suunto also have their own sales companies. The group's strategy has defined the objective of putting in place a network through which Amer Sports' own sales companies and the major independent importers distribute the company's full range of products.

The local Amer Sports sales companies are responsible for the sales and distribution of the group's sports equipment and products in their own markets. These companies have experience and specialized expertise for every type of sport. Furthermore, the local personnel know their own markets and the preferences of sports enthusiasts in their territory. This way, they can adapt both product ranges and marketing to the needs and conditions in each market area. This market know-how is also leveraged in research and product development work in different business areas.

The US sports equipment market is characterized by the large number of specialist stores, and this is why Wilson, Atomic, Precor, Suunto, Salomon and Mavic have their own sales companies in the United States. The ongoing consolidation in the sports equipment trade nevertheless means that a more unified approach must be adopted, with an emphasis on well-coordinated customer relationship management. To this end, the sales companies in the United States are now working together more closely.

EXTENSIVE CLIENTELE

The sports trade is consolidating and requires ever more extensive service capabilities from suppliers. In the US for example, there are a growing number of sports equipment chains with net sales of over a billion euros.

Our customer base can be divided into three worldwide segments:

- retail stores (e.g. Wal-Mart, Target)
- sports equipment chains (e.g. Intersport, Decathlon)
- specialist stores (e.g. skiing, tennis, golf, outdoor and diving stores)

Large sports equipment chains expect their suppliers to provide ever-developing and international branded products with genuine consumer appeal. The sports equipment trade places a high value on its suppliers' knowledge of the sports equipment market and their expertise in individual sports and categories. Beyond these attributes, reliability, delivery accuracy and speed have become increasingly important competitive advantages for sports equipment suppliers.

THE TRADE'S PARTNER IN COOPERATION

Developing operations with partners in cooperation is extremely important. It is essential to offer the right kinds of products and services so that sell-through of products from the trade to consumers is as good as possible. Amer Sports' experts serve the whole spectrum of retailers from sport-specific specialist stores to large chains.

Establishing a working partnership with the trade requires hard work and creative solutions. Amer Sports trains its partners in cooperation and retailers, as well as organizes customer events with retailers.

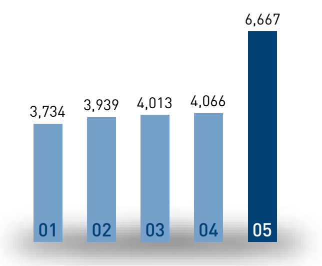
A sports store that puts the focus on expertise is the best guarantee of sales for the kind of technical sports equipment that Amer Sports manufactures. Amer Sports' extensive product range offers great opportunities to its customers. For example, a store can sell a runner the complete ensemble: shoes, apparel and a wristop computer complete with a heart rate monitor.

The core of our partnership model is to offer retailers the opportunity to make good earnings.

GEOGRAPHIC BREAKDOWN OF AMER SPORTS' NET SALES, 2004–2005

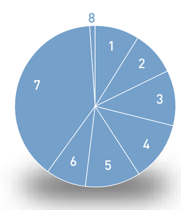
EUR MILLION	2005	2004
AMERICAS	679.9	597.1
EMEA	521.0	327.2
ASIA PACIFIC	162.8	111.6
TOTAL	1,363.7	1,035.9

**EMPLOYEES
AT YEAR END**



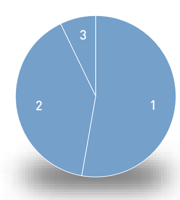
**EMPLOYEES
BY BUSINESS AREA**

1 RACQUET SPORTS 9%
2 GOLF 9%
3 TEAM SPORTS 11%
4 WINTER SPORTS, ATOMIC 12%
5 FITNESS EQUIPMENT 11%
6 SPORTS INSTRUMENTS 8%
7 SALOMON 39%
8 HEADQUARTERS 1%



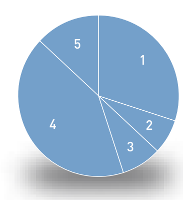
**EMPLOYEES
BY GEOGRAPHICAL AREA**

1 EMEA 53%
2 AMERICAS 40%
3 ASIA PACIFIC 7%



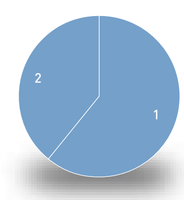
**EMPLOYEES
BY FUNCTION**

1 SALES AND DISTRIBUTION 30%
2 MARKETING 7%
3 R&D 8%
4 MANUFACTURING AND SOURCING 42%
5 SUPPORT FUNCTIONS 13%



EMPLOYEES

1 MALE 61%
2 FEMALE 39%



People value their leisure-time and well-being in life. We believe that by moving beyond our limits, we can enable people to achieve their highest goals in sports and increase wellness.

Like our customers, we are dedicated to active lifestyles, sports and satisfaction. We work passionately to provide people with the right equipment to make sports and physical exercise more fun, enjoyable and effective. We are in the people business.

AMER SPORTS AS AN EMPLOYER

Amer Sports is one of the most profitable sports equipment companies in the world. Our brands and products are well known and recognized all over the world. We are also determined to hold on to our strong position as a desirable employer.

Our strength is our people. The ability to contribute both as an individual and as part of a team is essential to our success. We at Amer Sports believe strongly that our people add value to the business through their motivation, professional competencies and ability to operate in a constantly changing environment. Successful employees consistently demonstrate a strong work ethic and high performance.

Our values are the basis of our work. Determination to win requires high performance. As we are in the sporting goods industry, one of our key principles is team spirit. We expect our people to be strong both as individuals and as team members. Our culture is informal by nature and open dialogue is encouraged. Fair play requires our people to be accountable for following the rules and acting, under all circumstances, on the basis of our values, as well as have the humility to show respect to others both within the corporation and in our markets. We encourage our people to embrace innovation. We seek to learn from our mistakes and take a proactive approach to our own development and renewal. The ability to stay on top of changes, challenge the status quo and be innovative at work is important.

OUR PEOPLE

Performance management is our key management process to impact the performance of our people. This process ensures that the company's strategy is mobilized at the individual level. It is our core management process, whereby our managers coach and support their people.

We encourage our people to take a proactive approach to their professional growth and development. Furthermore, we recognize the importance of physical well-being and maintaining a balance between work and leisure for a healthy and rewarding personal and professional life. We provide and support opportunities for learning and professional growth and we devote considerable effort to the development of current and future leaders.

Much like the products we make, our mission is to provide our employees with the proper environment and tools to succeed and win. We understand that winners will not settle for second-best – and want to be rewarded for their performance. Our reward system supports the implementation of the business strategy and is performance based. We seek to reward success.

OUR DIVERSE TEAMS

We have people all over the world. We are represented on all the continents and in over 30 countries. The countries where we have the largest number of personnel are the United States, France, Austria, Canada, Finland, Germany and the UK.

The acquisition of Salomon has now been completed and we are ready to start out on our joint journey together with our about 3,000 new team players as the world's number one sports equipment company.

Our team is flavored with different cultures and it is committed to doing business in the international business environment by maintaining a strong local presence. We also recognize that each individual is different – and our people together will make the difference.

PREPARED FOR THE FUTURE

Our people strategy is based on the business strategy and the group's long-term objectives. Through our people strategy, we seek to ensure that our business will be successful in the future as well. We focus on having the right people in the right positions, a performance management culture at all levels of the organization, strong management & leadership competencies and other professional competencies, and rewards based on performance.




We seek to promote healthy lifestyles and sports all over the world. We wish to inspire the youth of the world to discover the fun of exercise, helping them to stay healthy and active all their lives.

Amer Sports implements its business strategy in line with its values – in an ethically acceptable and socially responsible manner, following the principles of sustainable development. Amer Sports believes that this is the only way to succeed in the long run. The sports equipment trade and consumers also expect companies to meet increasingly high standards of social responsibility.

The business areas report to their respective boards on the environmental effects of their operations and on matters of social responsibility.

RESPONSIBILITY FOR THE ENVIRONMENT

Amer Sports seeks to improve performance in health, safety, and environmental issues and to reduce the environmental impacts of its operations worldwide. In all operations and at every single facility, the baseline requirement is compliance with laws and official regulations and the observance of generally accepted practices.

All of Amer Sports' business areas try to foresee their environmental impacts and to minimize energy consumption, wastes, and emissions in an economically and technically rational manner. Amer Sports does not use significant amounts of environmentally hazardous raw materials. Emissions are minimized. Raw materials and products are recycled as far as possible.

Amer Sports' business areas are responsible for practical environmental issues.

Amer Sports supports the development of working conditions and seeks to prevent accidents.

SOCIAL RESPONSIBILITY

Amer Sports and its business areas also seek to operate in a socially responsible manner with regard to human rights, working conditions, and child labor, observing current laws, official regulations, and generally accepted principles. Amer Sports' principles concerning human rights and working conditions are based on the international standards defined in ILO Declarations, the UN Universal Declaration of Human Rights, and the Convention of the Rights of the Child.

Amer Sports aims to engage in business only with companies that follow these principles. Amer Sports' business areas purchase finished products, raw materials, and components from suppliers with whom long-term partnerships are sought. The company's sourcing personnel review all new supplier candidates before any contracts are signed. Amer Sports works only with suppliers that comply with generally accepted policies on working conditions and do not exploit child labor.

Standardization of the content of supplier agreements with regard to social responsibility throughout Amer Sports was begun in 2004. It is based on parties committing to operating ethically and respecting human rights in accordance with internationally recognized social and ethical norms. In addition, suppliers are required to monitor the ethics of their suppliers' operations.

Amer Sports' business areas seek to review all their suppliers at least once per year to ensure they operate ethically.

CHARITY

Wilson is an official supporter of The Breast Cancer Research Foundation (BCRF) in the US. Wilson's Hope tennis and golf collection has been designed especially for women. Wilson donates an extra percent from the sales revenue of Hope products to the BCRF.

In 2005, Precor began cooperation with The Austin Foundation, which offers health and fitness programs to low-income, underprivileged or marginalized young people in the US.

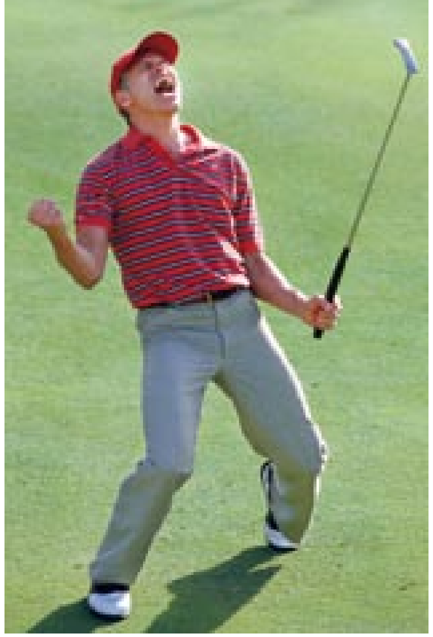
The Salomon Foundation was created in March 1999. For a long time, mountain professionals and snow racers have helped Salomon to improve sports equipment and to facilitate sports practices for users. To thank them for their contribution, Salomon has decided to support them and/or their families in cases of serious personal difficulties (accident, extended illness, death).

Atomic has donated the revenue from a tombola to Salzburger Kinder-Krebs-Hilfe, an association in Salzburg that supports children with cancer. Currently, the association assists 15–20 families. The money was gathered at the company's 50th anniversary: All the top athletes were present at the celebration, which took place in June 2005. Bode Miller and Hermann Maier were accompanied by many heroes from past years.



SETTING AND ACHIEVING TARGETS




FINANCIAL STATEMENTS AND REPORT OF THE BOARD OF DIRECTORS



Amer Sports achieved its important target of outpacing growth in the industry. Excluding Salomon, the Company grew by 7% on the previous year. Foreign exchange rates had no impact on the trend in net sales.

Amer Sports expanded significantly when it acquired Salomon's business and brands from adidas-Salomon AG. Salomon has been consolidated into the Group's figures as from October 1, 2005. Following the acquisition, Amer Sports' net sales grew by 32%, or EUR 327.8 million, to EUR 1,363.7 million (EUR 1,035.9 million in 2004).

The fastest growth was still seen in the Fitness Equipment Division and its net sales grew by 20%. The Racquet Sports Division and the Team Sports Division also had an excellent year. Winter Sports Division/Atomic grew by 4% in spite of the difficult market conditions in North America. Net sales in both the Sports Instruments Division and the Golf Division declined.

Salomon's full-year pro forma net sales amounted to EUR 623.5 million (631.6). Pro forma sales of Salomon's winter sports equipment contracted by about 6% in 2005. Net sales of apparel and footwear increased by 12%. Mavic's sales were up 10%.

There was an organizational change at Wilson in November. All of Wilson's business areas – Racquet Sports, Golf and Team Sports – were brought under the same management.

At the end of December, the Golf Division kicked off the realignment of its global organization to increase operational efficiency and lower costs. In the United States, greater cohesion will be sought in the distribution strategy by focusing on its major customers in all distribution channels. In addition, sourcing will be stepped up in the Far East, and the operations of the golf ball factory in Humboldt, USA, will be downsized gradually.

A decision was made to set up a separate, centralized structure in order to bolster sourcing. The new organization, which is to be led from Asia, will start up in 2006.

NET SALES AND EBIT

Amer Sports' net sales grew by 32% to EUR 1,363.7 million (EUR 1,035.9 million in 2004). Foreign exchange rates had no effect on the trend in net sales. Salomon increased net sales by 25%. Organic growth in net sales – not including Salomon – was 7%.

Net sales by market area were as follows: the Americas (including Latin America), 50%, EMEA (Europe, the Middle East and Africa), 38%, and Asia Pacific, 12%. Sales grew by 14% in the Americas, by 59% in EMEA and by 46% in Asia Pacific.

The Group's EBIT amounted to EUR 82.3 million (100.5). The effect of Salomon on the Group's result was EUR 16.7 million negative. This included the fourth-quarter result, which amounted to EUR 37.9 million, a EUR 52.8 million provision for reorganization and non-recurring items associated with the acquisition.

Earnings before taxes amounted to EUR 73.3 million (97.0) and net profit to EUR 75.2 million (68.6). Earnings per share were EUR 1.05 (0.96).

Net financial expenses grew due to the Salomon acquisition and amounted to EUR 9.0 million (3.5).

Taxes for the financial year were EUR 2.1 million positive (–28.1). The tax recognition of non-recurring items associated with the Salomon acquisition reduced taxes for the financial year by EUR 38.5 million.

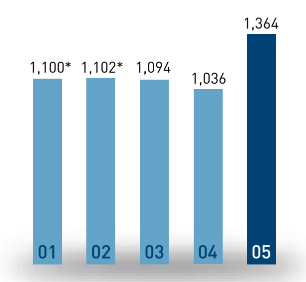
Return on equity was 15.1% (18.7).

DIVISIONAL REVIEWS

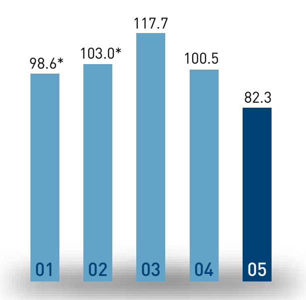
The global tennis market grew slightly. Wilson's share of the global market for tennis rackets was 37% by the time of the year-end. The Racquet Sports Division achieved the best result in its history. Its net sales rose by 7% to EUR 225.4 million. The products that particularly improved sales performance were tennis rackets, 9%, badminton equipment, 40%, and accessories, 12%. Sales rose by 6% in the Americas, by 6% in EMEA and by 9% in Asia Pacific. EBIT increased by 22% to EUR 32.7 million.

The global golf equipment market grew slightly compared with the previous year. Tough competition on the global golf market forced equipment prices down as new products were brought to market at an ever-faster rate. Net sales by the Golf Division declined by 4% to EUR 141.2 million. In Asia Pacific, sales rose by 8%, but decreased by 7% in the Americas and by 6% in EMEA. EBIT declined and was EUR 7.1 million in the red. EBIT contained a EUR 4.7 million provision for costs associated with the reorganization program. At the end of December, the Golf Division kicked off the realignment of its global organization to increase operational efficiency and lower costs.

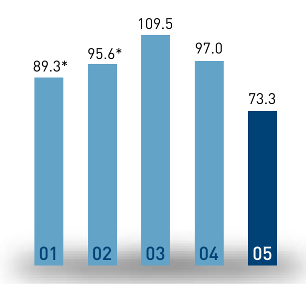
NET SALES
EUR million



EBIT
EUR million



EARNINGS BEFORE TAXES
EUR million



* In accordance with FAS principles

The market for American football equipment grew slightly in the United States in 2005. The basketball and baseball equipment markets remained at 2004's levels. Team Sports continued to perform well, breaking its previous earnings record. Net sales rose by 10% to EUR 203.8 million. The products that particularly improved sales performance were baseball and softball bats; their sales increased by 33%. Sales of American footballs rose by 8%, and game apparel by 17%. Sales of basketballs fell by 7%. Of net sales, 87% were generated in the US market. Sales outside the United States grew by 15%. EBIT increased by 8% to EUR 26.5 million.

In addition to sales of racket sports, golf, and team sports equipment, global sales of other products manufactured under license from Wilson totaled approximately EUR 112 million. These license sales are not included in the Group's reported sales.

The global winter sports market remained stable in terms of volumes but declined slightly in value due to high competition on the suppliers' and retailers' side. Atomic's net sales rose by 4% to EUR 214.0 million. The fastest growing product category was Atomic ski boots with a growth index of 42%. Sales of alpine skis contracted by 4%. Sales grew by 6% in EMEA and by 26% in Asia Pacific. Sales in the Americas declined by 9% mainly due to unfavorable weather conditions during winter 2004/05 in some important winter sports areas on the North American continent. EBIT declined to EUR 22.2 million (29.6), mainly due to weakened profitability in North America.

The Fitness Equipment Division had another successful year. Net sales rose by 20% to EUR 252.1 million. Net sales growth was fuelled primarily by direct sales to major commercial customers, and the company's increased ability to deliver a "Total Product" that addresses commercial facilities' business needs. Of net sales, 79% were generated in the Americas, where sales increased by 18%. Sales in Asia Pacific grew by 25% on the previous year. Sales rose by 64% in Japan. EBIT increased by 30% to EUR 31.1 million.

Suunto's net sales fell by 7% to EUR 72.0 million. Sales of Suunto's electronic sports instruments were weakened during the second half of the year by a lack of printed circuit boards caused by a fire at a supplier's premises. Deliveries are expected to return to normal levels by the end of the first quarter of 2006. Sales of diving instruments remained at the same level as in the previous year. Sales of Suunto wristop computers fell by 8% during the year under review. Wristop computers and diving instruments accounted for 66% of Suunto's net sales. The Americas generated 36% of net sales and EMEA 53%. Sales declined by 19% in the Americas and remained at 2004's levels in EMEA. EBIT fell to EUR 3.4 million.

Salomon's full-year pro forma net sales amounted to EUR 623.5 million (631.6). Salomon has a large market share in winter sports, in alpine, crosscountry and snowboarding boots alike. Sales of winter sports equipment contracted by about 6% in 2005. This was mainly due to the weak market in the United States, which affected sales of both alpine skis and bindings. Retailers' large inventories in the United States burdened the whole snowboarding equipment category, in which sales contracted by 10%. Sales of crosscountry skiing equipment rose by 8%. Salomon has retained its leading position in various footwear categories. Net sales of apparel and footwear, including Arc'teryx, grew by 12%. Mavic's sales increased by 10% in 2005. Full-year pro forma EBIT exclusive of non-recurring items amounted to EUR 18.1 million (22.3).

CAPITAL EXPENDITURE

The Group's capital expenditure on fixed assets totaled EUR 26.8 million (16.3). Salomon's Q4 capital expenditure on fixed assets totaled EUR 8.0 million. The Group's depreciation was EUR 20.1 million (16.1).

RESEARCH AND DEVELOPMENT

EUR 39.4 million (31.3) was invested in research and development, from which Salomon represented EUR 7.9 million. R&D totaled 2.9% of net sales.

FINANCIAL POSITION AND CASH FLOW

The Group's net financial expenses grew due to the acquisition of Salomon and amounted to EUR 9.0 million during the financial year (3.5).

Following the acquisition of Salomon, the Group's net debt rose substantially, amounting to EUR 601.0 million at the end of the financial year (EUR 133.2 million on Dec. 31, 2004). In December 2005, the Company agreed with a syndicate of 18 banks on a credit facility amounting to EUR 575 million that will mature at the end of 2010. At the turn of the year, EUR 250 million of the facility had been drawn down, and the undrawn binding credit facility amounted to EUR 325 million.

The Company raised the amount of the domestic commercial paper program utilized for short-term financing to EUR 500 million in September 2005. Commercial paper is used as the Company's main financial instrument, with long-term credit facilities ensuring the availability of financing.

Cash flow from operating activities after interest and taxes was EUR 96.4 million (33.2). Net cash flow from investing activities, including the Salomon acquisition, was EUR –471.6 million (–8.4). Dividends totaling EUR 36.0 million were paid.

Liquid assets amounted to EUR 48.7 million at year's end.

The equity ratio declined to 31.8% (55.5%) and gearing was 112% (29%).

BUSINESS RISKS AND UNCERTAINTY FACTORS

The operations of Amer Sports involve customary business and financial risks. Business risks and their management are described in the section entitled Risk Management on pages 102–103. Financial risk management is addressed in note 27 of the notes to the financial statements. The integration of Salomon represents a significant additional challenge to the Group in the next few years.

PERSONNEL

At the end of the year, the Group had 6,667 employees (4,066), of whom 2,607 worked for Salomon. The Group had an average of 4,968 employees (4,174) during the year.

EUR million	**Dec. 31, 2005**	Dec. 31, 2004
Racquet Sports	**588**	589
Golf	**598**	694
Team Sports	**728**	607
Winter Sports, Atomic	**833**	847
Fitness Equipment	**733**	745
Sports Instruments	**527**	532
Salomon	**2.607**	-
Headquarters	**53**	48
Discontinued operations	**-**	4
Total	**6.667**	4.066

At year's end, the parent company Amer Sports Corporation had 53 (48) employees, with an average of 51 (47) employees.

At the end of the year 1,938 of the personnel were employed in the United States, 1,602 in France, 655 in Austria, 373 in Finland and 2,099 elsewhere.

PARENT COMPANY'S BOARD OF DIRECTORS AND AUDITOR

In accordance with the Nomination Committee's proposal, the Annual General Meeting held on March 16, 2005, approved that the number of Amer Sports Corporation's Board members shall be seven. Felix Björklund, Ilkka Brotherus, Pekka Kainulainen, Tuomo Lähdesmäki, Timo Maasilta, Anssi Vanjoki and Roger Talermo (President and CEO) were re-elected as members of the Board of Directors until the end of the 2006 AGM.

At its meeting following the AGM, the Board of Directors elected Pekka Kainulainen as Chairman and Ilkka Brotherus as Vice Chairman. Pekka Kainulainen (Chairman of the Committee), Anssi Vanjoki and Felix Björklund were elected as members of the Remuneration Committee. Felix Björklund (Chairman of the Committee), Ilkka Brotherus and Timo Maasilta were elected as members of the Nomination Committee. Tuomo Lähdesmäki (Chairman of the Committee), Ilkka Brotherus and Timo Maasilta were elected as members of the Audit Committee.

The AGM elected PricewaterhouseCoopers Oy, Authorized Public Accountants, to act as the Company's auditor. The auditor in charge of the audit is Göran Lindell, Authorized Public Accountant.

AMER SPORTS' SHARES AND SHAREHOLDERS

At the close of 2005, the Company had 14,588 registered shareholders. 54.67% (48%) of the shares were owned by foreigners.

During the 2005 calendar year, a total of 55.9 million Amer Sports shares were traded on the Helsinki Stock Exchange to a total value of EUR 819.9 million, and 0.2 million shares were traded on the London Stock Exchange (Jan. 1 – June 24, 2005) to a total value of EUR 2.2 million. The share turnover was 78.34% in Helsinki and 0.23% in London, or a total of 78.57%. The number of ADR certificates in issue at the turn of the year was 229,996.

The listing of Amer Sports Corporation's shares on the London Stock Exchange ended on June 24, 2005.

At the close of the year on the Helsinki Stock Exchange, the last trade in Amer Sports Corporation shares was done at a price of EUR 15.73, representing a rise of 22.4% during the year. The high for the year on the Helsinki Stock Exchange was EUR 17.09 and the low EUR 12.32. The average share price was EUR 14.65.

The Company had a market capitalization at the end of the year of EUR 1,124.2 million (917.7).

In February, Franklin Resources Inc. announced that the total number of shares held by the funds and individual investors under its control represented 5.14% of Amer Sports Corporation's share capital and votes. In October, its holding fell below 5% to 4.73%.

The highest price of the 2002 warrants on the Helsinki Stock Exchange was EUR 17.00 and the lowest EUR 7.00. In 2005, a total of 0.2 million warrants were traded at a total price of EUR 2.2 million.

65,250 new shares were subscribed for with the 2002 warrants, of which 47,850 were registered during the report year at a total value of EUR 0.2 million, and the remaining 17,400 were entered in the Trade Register on February 7, 2006.

The warrants of the 2003 warrant scheme for Amer Sports Corporation's key employees were made available for trading on the Main List of the Helsinki Stock Exchange as from January 12, 2006. There are a total of 159,999 warrants. Each warrant entitles its bearer to subscribe for three Amer Sports Corporation shares. The subscription price with the warrants is EUR 12.63 per share. The share subscription period with the warrants began on January 1, 2006 and ends on December 31, 2008. A total of 479,997 shares can be subscribed for with the warrants and the share capital can be raised by a maximum of EUR 1,919,988.

The AGM approved a new warrant scheme. The warrants will be used as long-term incentives for Group management in 2005 – 2009 in accordance with the growth and profitability targets set by the Company's Board of Directors. Warrants will be granted to Group management after the publication of the 2007 financial statements. The share subscription price is EUR 14.86. The share subscription period will be from March 1, 2008 to December 31, 2009.

The AGM approved the proposal that the Board of Directors be authorized to decide on the buyback and disposal of Amer shares. The authorization concerns a maximum of 3,570,993 shares, representing 5% of the Company's registered share capital as at March 16, 2005. The Board of Directors did not use these authorizations in 2005. The authorizations will be valid until the Annual General Meeting in 2006, or for no longer than one year from the date when the Annual General Meeting made the decision. At the end of the year, the Company did not possess any of its own shares.

The Company's share capital totaled EUR 285,870,840 and the total number of shares in issue was 71,467,710 on December 31, 2005.

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

NEW TRADE NAME

The AGM adopted the Board's proposal to amend paragraph 2 in Article 1 of the Company's Articles of Association as follows: "The Company's trade name is Amer Sports Oyj in Finnish and it is domiciled in Helsinki. In English, the Company's trade name is Amer Sports Corporation."

ACQUISITION OF SALOMON

The Group expanded substantially when it acquired the operations and brands of Salomon from adidas-Salomon AG. The transaction was concluded on October 19, 2005.

Salomon has been consolidated into the Group's financial figures as from October 1, 2005. Salomon's fourth-quarter net sales amounted to EUR 255.2 million.

The debt free purchase price was EUR 496.9 million, of which EUR 460.0 million had been paid by the end of the financial year. Amer Sports financed the transaction with debt, which raised gearing to 112% at the end of 2005.

The fair value of the acquired net assets was EUR 530.9 million, of which EUR 208.1 million comprised the trademarks and patents of Salomon, Mavic and Arc'teryx. The acquisition generated EUR 55.4 million in negative goodwill, which was recognized as income in the financial year. The recognition of the difference between the fair value and cost of the inventories, as required under IFRS, reduced EBIT for the financial year by EUR 57.2 million.

The negative goodwill was due to the weak development of Salomon's winter sports business; a turn-around program has been kicked off to improve it. To this end, a provision of EUR 52.8 million was recorded during the financial year.

On December 20, 2005 Salomon launched a three-year turnaround initiative to ensure Salomon's future competitiveness. The restructuring will impact on approximately 400 jobs, mainly in France. Other measures include the reallocation of the production of Salomon skis and Atomic ski boots to ensure the optimization of Group benefits. Amer Sports expects to realize annual cost-savings in excess of EUR 40 million by the end of 2008.

If Salomon had been consolidated into Amer Sports as from the beginning of 2005, full-year pro forma net sales would have amounted to EUR 1,732.0 million and EBIT excluding non-recurring Salomon items would have been EUR 117.1 million.

WILSON RESTRUCTURES ITS ORGANIZATION

Chris Considine was appointed President of Wilson effective as of November 10, 2005. He will be responsible for the Golf, Racquet Sports and Team Sports Divisions, as well as Amer Sports North America Services organization, which includes logistics, IT, legal, tax and finance.

On December 28, 2005, Wilson Golf kicked off the realignment of its global organization to increase operational efficiency and lower costs. Changes and personnel cuts were made in management, sales and administration. In the United States, Wilson Golf will seek greater cohesion in its distribution strategy by focusing on its major customers. In addition, sourcing will be stepped up in the Far East, and the operations of the golf ball factory in Humboldt, USA, will be downsized gradually.

PRESIDENT OF SUUNTO APPOINTED

Juha Pinomaa has been appointed President of Suunto Oy effective as of September 1, 2005. He is responsible for the business operations of Sports Instruments.

OUTLOOK FOR 2006

Amer Sports is the world's No. 1 sports equipment company. Its solid position in the sports equipment market mean that Amer Sports has a stable platform from which to develop its operations further in line with its strategy.

Demand for sports equipment was good in 2005. The Company estimates that the trend in demand for sports equipment will be steady in 2006.

In 2006, Amer Sports' net sales are expected to amount to EUR 1.8 billion, with Salomon being included in the figures during the entire year (pro forma 2005: EUR 1,732.0 million). Earnings per share in 2006 are expected to come in at EUR 0.90–1.05. The tax rate will return to its ordinary level in 2006.

2006 is a transitional year for Salomon. Substantial earnings improvements are expected in 2007 and 2008.

PROPOSED DIVIDEND

Amer Sports seeks to be viewed as a competitive investment that increases shareholder value through a combination of dividends and share price performance. 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 profits.

The Board of Directors will propose that a dividend of EUR 0.50 (2004: EUR 0.50) per share be paid for the 2005 financial year, representing 48% of the profit for the financial year.

NET SALES BY BUSINESS AREA

EUR million	2005	%	2004	Change %
Racquet Sports	225.4	17	210.3	7
Golf	141.2	10	147.7	–4
Team Sports	203.8	15	185.0	10
Winter Sports, Atomic	214.0	16	205.6	4
Fitness Equipment	252.1	18	210.1	20
Sports Instruments	72.0	5	77.2	–7
Salomon	255.2	19	-	-
Total	1,363.7	100	1,035.9	32

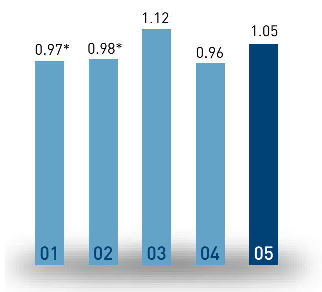
EBIT BY BUSINESS AREA

EUR million	2005	% of net sales	2004	% of net sales
Racquet Sports	32.7	15	26.9	13
Golf	–7.1	-	0.5	-
Team Sports	26.5	13	24.6	13
Winter Sports, Atomic	22.2	10	29.6	14
Fitness Equipment	31.1	12	23.9	11
Sports Instruments	3.4	5	8.0	10
Salomon	–16.7	-	-	-
Headquarters	–9.8	-	–13.0	-
Total	82.3	6	100.5	10

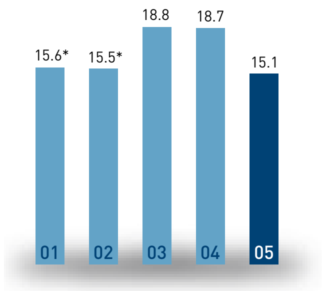
GEOGRAPHIC BREAKDOWN OF NET SALES

EUR million	2005	%	2004	Change %
Americas	679.9	50	597.1	14
EMEA	521.0	38	327.2	59
Asia Pacific	162.8	12	111.6	46
Total	1,363.7	100	1,035.9	32

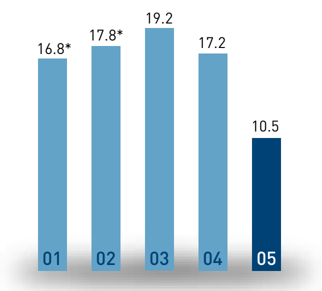
EARNINGS PER SHARE, CONTINUING OPERATIONS, EUR



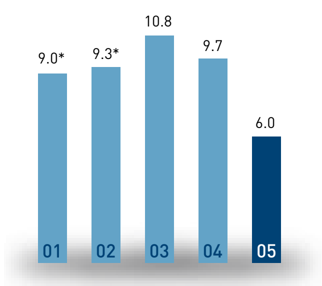
RETURN ON SHAREHOLDERS' EQUITY, %



RETURN ON INVESTMENT, %

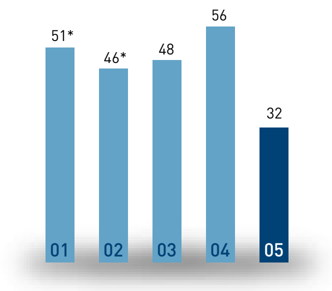


EBIT, % OF NET SALES

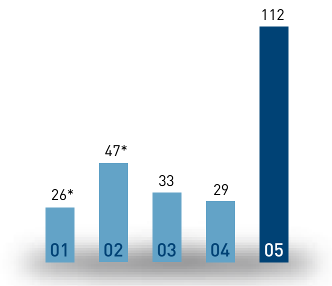


* In accordance with FAS principles

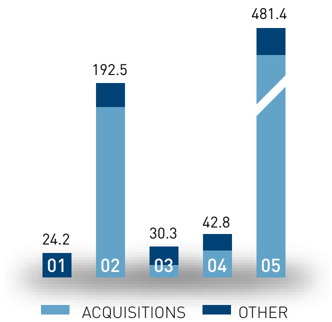
EQUITY RATIO, %



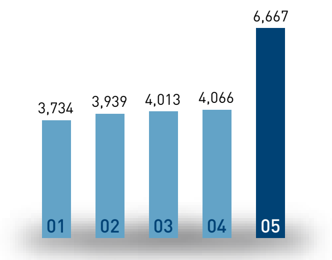
GEARING, %



CAPITAL EXPENDITURE
EUR MILLION



PERSONNEL AT YEAR END



PERSONNEL BY BUSINESS AREA

	At year end		Average	
	2005	2004	**2005**	2004
Racquet Sports	**588**	589	**594**	580
Golf	**598**	694	**733**	773
Team Sports	**728**	607	**694**	653
Winter Sports, Atomic	**833**	847	**906**	836
Fitness Equipment	**733**	745	**670**	674
Sports Instruments	**527**	532	**773**	543
Salomon	**2,607**	-	**547**	-
Headquarters	**53**	48	**51**	47
	6,667	4,062	**4,968**	4,106
Discontinued operations	**-**	4	**-**	68
Total	**6,667**	4,066	**4,968**	4,174

PERSONNEL BY COUNTRY

	At year end	
	2005	2004
USA	**1,938**	1,782
France	**1,602**	49
Austria	**655**	669
Canada	**603**	174
Finland	**373**	362
Germany	**213**	173
UK	**188**	165
Japan	**182**	124
Italy	**112**	–
Mexico	**101**	92
Switzerland	**95**	46
Taiwan	**79**	69
Australia	**60**	52
Spain	**57**	28
Malta	**55**	54
Sweden	**52**	22
Other countries	**302**	205
Total	**6,667**	4,066

*) In accordance with FAS principles

QUARTERLY NET SALES

EUR million	**2005 I**	**2005 II**	**2005 III**	**2005 IV**	2004 I	2004 II	2004 III	2004 IV
Racquet Sports	**61.0**	**62.0**	**56.6**	**45.8**	58.7	57.5	54.8	39.3
Golf	**47.4**	**44.6**	**26.5**	**22.7**	48.6	50.1	27.9	21.1
Team Sports	**63.9**	**45.7**	**43.0**	**51.2**	61.5	42.7	38.8	42.0
Winter Sports, Atomic	**26.5**	**7.8**	**93.8**	**85.9**	28.9	7.6	88.6	80.5
Fitness Equipment	**59.0**	**54.5**	**57.9**	**80.7**	55.1	46.3	50.1	58.6
Sports Instruments	**20.0**	**18.6**	**16.4**	**17.0**	18.8	20.7	18.2	19.5
Salomon	**-**	**-**	**-**	**255.2**	-	-	-	-
Net sales total	**277.8**	**233.2**	**294.2**	**558.5**	271.6	224.9	278.4	261.0
Net sales total, pro forma	**385.0**	**304.9**	**483.6**	**558.5**	390.9	293.9	476.8	505.8

QUARTERLY EBIT

EUR million	**2005 I**	**2005 II**	**2005 III**	**2005 IV**	2004 I	2004 II	2004 III	2004 IV
Racquet Sports	**9.0**	**9.7**	**7.3**	**6.7**	7.2	7.5	7.7	4.5
Golf	**4.5**	**0.8**	**–3.5**	**–8.9**	3.2	4.8	–4.6	–2.9
Team Sports	**12.6**	**5.7**	**3.1**	**5.1**	12.3	3.0	3.6	5.7
Winter Sports, Atomic	**–8.4**	**–12.1**	**23.7**	**19.0**	–5.1	–9.8	24.0	20.5
Fitness Equipment	**5.8**	**4.6**	**7.1**	**13.6**	9.5	2.6	4.2	7.6
Sports Instruments	**1.7**	**1.5**	**0.9**	**–0.7**	1.8	1.7	2.0	2.5
Salomon	**-**	**-**	**-**	**–16.7**	-	-	-	-
Headquarters	**–3.7**	**1.9**	**–3.1**	**–4.9**	–1.5	–4.5	–3.0	–4.0
EBIT total	**21.5**	**12.1**	**35.5**	**13.2**	27.4	5.3	33.9	33.9
EBIT total, pro forma	**–3.0**	**–11.2**	**63.5**	**67.8**	9.9	–23.5	69.4	67.0

FIVE YEAR REVIEW

	IFRS				FAS*)		
EUR million	**2005**	Change %	2004	2003	2003	2002	2001
Net sales	**1,363.7**	32	1,035.9	1,094.1	1,104.4	1,101.9	1,099.8
Depreciation	**20.1**	25	16.1	19.7	38.7	34.4	34.9
Research and development expenses	**39.4**	26	31.3	30.7	30.7	23.9	22.8
% of net sales	**3**		3	3	3	2	2
EBIT	**82.3**	–18	100.5	117.7	101.3	103.0	98.6
% of net sales	**6**		10	11	9	9	9
Net financing expenses	**–9.0**	157	–3.5	–8.2	–8.2	–7.4	–9.3
% of net sales	**1**			1	1	1	1
Earnings before taxes	**73.3**	–24	97.0	109.5	93.1	95.6	89.3
% of net sales	**5**		9	10	8	9	8
Taxes	**–2.1**		28.1	31.0	28.0	26.5	20.5
Net result from discontinued operations	**-**		14.0	-	-	-	-
Net result	**75.2**	–9	82.6	78.1	64.7	68.5	68.5
Capital expenditure and acquisitions	**481.4**		42.8	30.3	30.3	192.5	24.2
% of net sales	**35**		4	3	3	17	2
Divestments	**9.6**		34.1	6.2	6.2	14.7	12.7
Non-current assets	**700.9**		395.6	414.9	439.2	509.8	435.8
Inventories	**301.6**		154.4	136.9	136.9	156.4	155.2
Current receivables	**635.1**		260.0	293.6	309.5	308.2	282.4
Liquid funds	**48.7**		17.0	27.1	27.1	33.1	28.5
Non-current assets held for sale	**-**		3.5	-	-	-	-
Shareholders' equity and minority interests	**536.2**		461.3	422.5	472.9	473.4	469.3
Interest-bearing liabilities	**649.7**		150.2	167.7	167.7	243.0	143.0
Interest-free liabilities	**500.4**		219.0	282.3	272.1	291.1	289.6
Balance sheet total	**1,686.3**		830.5	872.5	912.7	1,007.5	901.9
Return on investment (ROI), %	**10.5**		17.2	19.2	16.7	17.8	16.8
Return on shareholders' equity (ROE), %	**15.1**		18.7	18.8	14.5	15.5	15.6
Equity ratio, %	**32**		56	48	50	46	51
Debt to equity ratio	**1.2**		0.3	0.4	0.4	0.5	0.3
Gearing, %	**112**		29	33	31	47	26
Average personnel	**4,968**	19	4,174	4,089	4,089	3,827	4,015

*) The major difference between IFRS and Finnish Accounting Standards (FAS) that has a bearing on earnings is that goodwill and other non-current intangible assets with indefinite useful lives are not amortized on a straight-line basis under IFRS.

Calculation of key indicators, see page 85.

CONSOLIDATED INCOME STATEMENT (IFRS)

EUR million	Note	**2005**	2004
CONTINUING OPERATIONS			
NET SALES		**1,363.7**	1,035.9
Cost of goods sold	8	**–817.1**	–600.1
GROSS PROFIT		**546.6**	435.8
License income		**16.2**	14.3
Other operating income	5	**10.4**	3.3
R&D expenses	8	**–39.4**	–31.3
Selling and marketing expenses	8	**–302.6**	–245.5
Administrative and other expenses	8,9	**–94.3**	–76.1
Non-recurring items related to the Salomon acquisition	4	**–54.6**	-
EARNINGS BEFORE INTEREST AND TAXES	6,7,8	**82.3**	100.5
% of net sales		**6.0**	9.7
Financing income and expenses	10	**–9.0**	–3.5
EARNINGS BEFORE TAXES		**73.3**	97.0
Taxes	11	**2.1**	–28.1
Minority interests		**–0.2**	–0.3
NET RESULT FROM CONTINUING OPERATIONS		**75.2**	68.6
DISCONTINUED OPERATIONS			
Net result from discontinued operations	3	**-**	14.0
NET RESULT		**75.2**	82.6
Earnings per share, EUR	12		
Continuing operations		**1.05**	0.96
Continuing operations, diluted		**1.04**	0.96
Discontinued operations		**-**	0.20
Discontinued operations, diluted		**-**	0.20

CONSOLIDATED BALANCE SHEET (IFRS)

ASSETS

EUR million	Note	**2005**	2004
NON-CURRENT ASSETS	13		
Intangible rights		**216.4**	3.9
Goodwill		**311.7**	284.2
Other intangible assets		**0.7**	0.9
Land and water		**14.2**	13.2
Buildings and constructions		**47.8**	44.4
Machinery and equipment		**46.5**	24.4
Other tangible assets		**0.8**	0.6
Advances paid and construction in progress		**4.1**	3.3
Available-for-sale investments	14	**2.0**	3.1
Deferred tax assets	15	**53.9**	15.1
Other non-current receivables		**2.8**	2.5
TOTAL NON-CURRENT ASSETS		**700.9**	395.6
CURRENT ASSETS			
INVENTORIES	16		
Raw materials and consumables		**60.3**	26.4
Work in progress		**9.6**	6.9
Finished goods		**231.7**	121.1
		301.6	154.4
RECEIVABLES			
Accounts receivable	16	**560.0**	222.9
Loans receivable		**0.1**	0.1
Current tax assets		**4.9**	1.0
Prepaid expenses and other receivables	17	**70.1**	36.0
		635.1	260.0
MARKETABLE SECURITIES	14	**-**	-
CASH AND CASH EQUIVALENTS		**48.7**	17.0
TOTAL CURRENT ASSETS		**985.4**	431.4
Non-current assets held for sale	3	**-**	3.5
ASSETS		**1,686.3**	830.5

SHAREHOLDERS' EQUITY AND LIABILITIES EUR million	Note	2005	2004
SHAREHOLDERS' EQUITY	18		
Share capital		**285.9**	285.7
Premium fund		**1.3**	0.8
Translation differences		**–14.2**	–48.4
Fair value and other reserves	26	**–0.6**	0.1
Retained earnings		**185.2**	137.3
Net result		**75.2**	82.6
TOTAL		**532.8**	458.1
MINORITY INTERESTS		**3.4**	3.2
TOTAL SHAREHOLDERS' EQUITY		**536.2**	461.3
LIABILITIES			
LONG-TERM LIABILITIES			
Loans from financial institutions	19	**249.4**	22.1
Pension loans	19	**2.5**	3.5
Other interest-bearing liabilities	19	**4.3**	1.5
Deferred tax liabilities	15	**13.8**	8.9
Other interest-free liabilities		**4.2**	3.7
		274.2	39.7
CURRENT LIABILITIES			
Interest-bearing liabilities	19	**393.5**	123.1
Accounts payable		**157.5**	78.4
Accrued liabilities	20	**196.3**	93.6
Current tax liabilities		**24.5**	10.5
Provisions	21	**104.1**	23.9
		875.9	329.5
TOTAL LIABILITIES		**1,150.1**	369.2
SHAREHOLDERS' EQUITY AND LIABILITIES		**1 686.3**	830.5

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

EUR million	Note	2005	2004
CASH FLOW FROM OPERATING ACTIVITIES			
EBIT		**82.3**	100.5
Depreciation		**20.1**	16.1
Adjustments to cash flow from operating activities	22	**–1.9**	1.2
Cash flow from operating activities before change in working capital		**100.5**	117.8
Increase (–) or decrease (+) in inventories		**84.3**	–21.5
Increase (–) or decrease (+) in trade and other current receivables		**–115.7**	11.3
Increase (+) or decrease (–) in interest-free current liabilities		**58.9**	–48.1
Change in working capital		**27.5**	–58.3
Cash flow from operating activities before financing items and taxes		**128.0**	59.5
Interest paid		**–8.9**	–5.2
Interest received		**0.4**	1.0
Income taxes paid		**–23.1**	–22.1
Financing items and taxes		**–31.6**	–26.3
Total cash flow from operating activities		**96.4**	33.2
CASH FLOW FROM INVESTING ACTIVITIES			
Company acquisitions	4	**–454.6**	–26.5
Company divestments	3	**-**	29.0
Capital expenditure		**–26.8**	–16.3
Proceeds from sale of tangible non-current assets		**8.0**	2.3
Proceeds from sale of available-for-sale investments		**1.6**	2.8
Interest received from non-current receivables		**0.2**	0.3
Cash flow from investing activities		**–471.6**	–8.4
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of shares		**0.7**	3.2
Change in short-term borrowings		**222.1**	20.9
Withdrawals of long-term borrowings		**254.3**	2.3
Repayments of long-term borrowings		**–25.9**	–38.0
Change in current receivables		**-**	0.1
Dividends paid		**–36.0**	–33.2
Other financing items [*)]		**–9.2**	10.0
Cash flow from financing activities		**406.0**	–34.7
CHANGE IN LIQUID FUNDS		**30.8**	–9.9
Liquid funds			
Liquid funds at year end		**48.7**	17.0
Translation differences		**0.9**	–0.2
Liquid funds at year beginning		**17.0**	27.1
Change in liquid funds		**30.8**	–9.9

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

The above figures cannot be directly traced from the balance sheet due to acquisitions/divestments of subsidiaries and changes in rates of exchange. Total cash flow from operating activities in 2004 includes a negative flow of EUR 7.8 million from discontinued operations.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

EUR million	Share capital	Premium fund	Fund for own shares	Translation differences	Fair value and other reserves	Retained earnings	Total	Minority interests	Total shareholders' equity
Balance at January 1, 2004	97.8	185.5	–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
Warrants						1.9	1.9		1.9
Change in minority interests							0.0	0.2	0.2
Net result for the period						82.6	82.6		82.6
Balance at December 31, 2004	285.7	0.8	-	–48.4	0.1	219.9	458.1	3.2	461.3
Warrants exercised	0.2	0.5					0.7		0.7
Translation differences				34.2			34.2		34.2
Cash flow hedges					–0.7		-0.7		–0.7
Dividend distribution						–36.0	-36.0		–36.0
Warrants						1.3	1.3		1.3
Change in minority interests							0.0	0.2	0.2
Net result for the period						75.2	75.2		75.2
Balance at December 31, 2005	285.9	1.3	-	–14.2	–0.6	260.4	532.8	3.4	536.2

Note 18 provides additional information on shareholders' equity, note 26 on the fair value and other reserves and note 15 on the taxes charged to shareholders' equity.

Distributable earnings

EUR million	Dec. 31, 2005
Retained earnings	260.4
Untaxed reserves in retained earnings	–6.5
Distributable earnings	253.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

GENERAL

Amer Sports Corporation is a Finnish public listed company that is domiciled in Helsinki.

Amer Sports Corporation 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/Atomic, Fitness Equipment, Sports Instruments and Salomon. In addition, the Group has a Group Headquarters.

The Group has its own operations in 33 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 the International Financial Reporting Standards (IFRS) as adopted by the EU, observing the standards and interpretations in force as at December 31, 2005. The effects of the new standards that were adopted on January 1, 2005 – IFRS 2 (Share-based Payment) and IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) – on the comparison information for 2004 are presented in note 28.

The Group will apply the amendments to standards IAS 19 and IAS 39 as from the beginning of 2006. These amendments are not expected to have a material effect on the Group's future assets and liabilities. IFRS 7, released in 2005, will be adopted in 2007 once the application of this standard becomes mandatory. This standard primarily affects the notes to be disclosed concerning financial instruments.

The Group adopted IFRS from the beginning of 2004, the date of transition being January 1, 2003.

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 functions 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 measured 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 confirmed by the European Central Bank on the balance sheet date. 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	
	2005	2004	12/05	12/04
USD	1.24	1.24	1.18	1.36
CAD	1.51	1.62	1.37	1.64
JPY	136.87	134.40	138.90	139.65
GBP	0.68	0.68	0.69	0.71

* Calculated average for the monthly average rates

Group companies record transactions in foreign currency at the rate on the transaction date or at an estimated rate 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

Derivative instruments used to hedge against currency and interest rate risks – such as interest rate swaps, forward contracts and forward rate agreements – are measured at fair value.

Changes in the value of derivative instruments not used in hedge accounting are recorded as a credit or charge to earnings. Forward contracts are measured at fair value using the fixing rates quoted by the European Central Bank on the closing date. The original interest rate differential on forward contracts is amortized to profit or loss. The fair value of forward rate agreements is based on the market prices quoted on the closing date. The fair values of interest rate swaps are calculated as the current value of future cash flows. The interest rate differential on interest rate swaps is amortized to profit or loss over the duration of the swaps.

HEDGE ACCOUNTING

Operational cash flows are hedged using forward contracts when products are purchased or sold in non-local currencies. The interest rate risks of floating-rate loans are hedged with interest rate swaps. The change in the measurement result of these financial instruments 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 purchaser. Net sales represent the invoiced value of goods, less value added taxes as well as discounts and adding or subtracting foreign exchange differences.

Revenue obtained from other companies is booked to license income when these companies manufacture or 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 salary and wage, material, procurement and other costs connected with the manufacture and purchase of products.

RESEARCH AND DEVELOPMENT EXPENSES

Expenses connected with the technical development and testing of products as well as royalties for the utilization of non-proprietary manufacturing technology patents are booked to research and development expenses. Research and development 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 Sports 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 based 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 benefit 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.

SHARE-BASED PAYMENT

The warrants granted to key employees of the Group are measured at fair value at the time of granting using generally accepted warrant valuation models. The fair values of warrants are periodized as expenses in the income statement in even installments over the vesting period of the rights. The expense determined at the time of granting the warrants is based on an estimate of the number of warrants that it is believed will vest at the end of the vesting period. The contra item in the balance sheet is retained earnings. The Group updates its estimate of the final number of warrants on each closing date. Changes in the estimates are recognized in the income statement.

The cash payments based on exercise of the option warrants are entered in the Company's share capital and share premium fund.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A non-current asset is categorized as held for sale when the economic benefits gained from it will be accrued primarily from its sale rather than continuous use. Non-current assets held for sale are measured at the lower of carrying amount or fair value and disclosed on a separate line in the balance sheet. These assets are not depreciated.

Discontinued operations comprise a significant part of the Company (such as a segment) that it has decided to discontinue. The net result of discontinued operations is disclosed on its own line in the income statement, separately from continuing operations.

BORROWING COSTS

Borrowing costs are recognized as an accrual-based expense. The transaction costs of borrowing are included in the periodized initial cost and are periodized as interest expenses using the effective interest method.

INCOME TAXES

Taxes include the taxes for the financial year calculated on the basis of the 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 in accordance 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, the fair valuation of derivative financial instruments, the internal inventory margin as well as measurements to fair value of assets in connection with acquisitions of businesses. 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 undiluted 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, for instance, 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 whenever there is an indication of impairment. Any impairment of goodwill and other intangible rights having an indefinite useful life are nevertheless assessed at least once a year.

Impairment tests involve measuring the recoverable amount of said 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 in the income statement when the carrying amount of an asset is greater 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 calculations for other intangible rights and property, plant and equipment, 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 the 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.

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 amortized. Lease obligations are included in interest-bearing liabilities. The Group does not have major finance lease agreements.

Other leasing payments 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 for the manufacture of the products as well as a portion of the indirect costs of manufacture. The net realizable value is the selling price that is obtained in the 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 deposits 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.

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 these 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/Atomic, Fitness Equipment, Sports Instruments and as of October 1, 2005, Salomon. There were no intersegment business operations in 2004 and 2005.

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 and 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

2005 EUR million	Racquet Sports	Golf	Team Sports	Winter Sports, Atomic	Fitness Equipment	Sports Instruments	Salomon	Business segments total	Unallocated items	Total
Net sales	225.4	141.2	203.8	214.0	252.1	72.0	255.2	1,363.7	-	1,363.7
EBIT	32.7	–7.1	26.5	22.2	31.1	3.4	–16.7	92.1	–9.8	82.3
% of net sales	14.5	-	13.0	10.4	12.3	4.7	-	6.8	-	6.0
Average capital employed	41.9	26.7	72.6	107.9	60.8	22.9	72.6	405.4	322.8	728.2
ROCE, %	78.1	–26.7	36.5	20.6	51.2	14.8	–23.0	22.7	-	11.3
Assets	141.3	53.9	148.0	191.3	253.0	59.0	693.8	1,540.3	146.0	1,686.3
Liabilities	35.0	39.9	39.2	48.8	49.6	9.3	238.9	460.7	689.4	1,150.1
Capital expenditure	1.6	1.0	1.1	9.5	3.9	1.4	8.0	26.5	0.3	26.8
Depreciation	1.3	1.3	1.6	6.0	3.5	1.7	3.9	19.3	0.8	20.1
Impairment losses	-	1.7	-	-	-	-	-	1.7	-	1.7
Cash flow from operating activities before financing items and taxes	27.7	–2.3	25.0	23.2	29.4	6.5	32.0	141.5	–13.5	128.0

2004 EUR million	Racquet Sports	Golf	Team Sports	Winter Sports, Atomic	Fitness Equipment	Sports Instruments	Salomon	Business segments total	Unallocated items	Total
Net sales	210.3	147.7	185.0	205.6	210.1	77.2	-	1,035.9	-	1,035.9
EBIT	26.9	0.5	24.6	29.6	23.9	8.0	-	113.5	–13.0	100.5
% of net sales	12.8	0.3	13.3	14.4	11.4	10.4	-	11.0	-	9.7
Average capital employed	39.0	23.6	61.7	92.1	45.9	23.7	-	286.0	281.8	567.8
ROCE, %	68.9	2.3	39.8	32.1	52.2	33.8	-	39.7	-	17.7
Assets	125.5	55.8	121.5	179.2	217.8	60.3	-	760.1	70.4	830.5
Liabilities	34.6	37.2	31.2	44.8	36.1	9.5	-	193.4	175.8	369.2
Capital expenditure	1.6	1.1	1.4	6.2	4.1	0.9	-	15.3	1.0	16.3
Depreciation	1.5	1.3	1.5	6.0	2.9	1.7	-	14.9	1.2	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	–3.2	59.5

GEOGRAPHICAL SEGMENTS

2005 EUR million	Americas	EMEA	Asia Pacific	Elimination	Unallocated items	Total
External net sales	679.9	521.0	162.8	-	-	1,363.7
Intercompany net sales	44.3	19.9	22.3	–86.5	-	-
Assets	430.6	607.0	75.5	–88.8	662.0	1,686.3
Capital expenditure	6.5	18.9	1.1	-	0.3	26.8

2004 EUR million	Americas	EMEA	Asia Pacific	Elimination	Unallocated items	Total
External net sales	597.1	327.2	111.6	-	-	1,035.9
Intercompany net sales	41.7	16.1	10.9	–68.7	-	-
Assets	261.6	208.5	30.4	–24.6	354.6	830.5
Capital expenditure	7.6	7.0	0.7	-	1.0	16.3

3. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

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, was included in the capital gain.

In the income statement for 2004 the net effect of the tobacco business on the net result is presented under discontinued operations separately from continuing operations. In the balance sheet for 2004, Amer Tobacco's factory property is shown under the heading non-current assets held for sale. The factory property was sold during 2005 (see note 5). The impacts of the introduction of the new standard IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) on the comparative information for 2004 are presented in note 28.

Tobacco business' income statement items for 2004:

EUR million	Business operations	Gain on sale	Total
Net sales	22.9	-	22.9
EBIT	0.9	18.7	19.6
Net financing expenses	0.1	-	0.1
EBT	1.0	18.7	19.7
Taxes	–0.3	–5.4	–5.7
Net result	0.7	13.3	14.0*)

*) Discontinued operations in Group's income statement

The tobacco business' operating cash flow before interest and taxes totaled EUR –2.2 million in 2004. The carrying amount of the factory property, which was classified as held for sale, amounted to EUR 3.5 million as at December 31, 2004.

4. ACQUIRED BUSINESSES

In October 2005, the Group expanded substantially when it acquired the businesses and brands of Salomon from adidas-Salomon AG:

- Salomon: winter sports equipment (alpine skiing, cross-country skiing and snowboarding), inline skates, footwear and apparel
- Mavic: bicycle components
- Bonfire: snowboard apparel
- Arc'teryx: technical outwear
- Cliché: skateboard equipment and apparel

Salomon has been consolidated into the Group's financial figures as of October 1, 2005. Salomon's full-year pro forma net sales for 2005 amounted to EUR 623.5 million and EBIT exclusive of non-recurring items to EUR 18.1 million. If Salomon had been consolidated into Amer Sports as from the beginning of 2005, full-year pro forma net sales would have amounted to EUR 1,732.0 million and EBIT excluding non-recurring items related to Salomon would have been EUR 117.1 million.

The debt-free purchase price was EUR 496.9 million, of which 460 million had been paid by the end of the year. Professional fees associated with the acquisition were EUR 5.8 million. The acquisition was financed with debt.

The fair value of acquired net assets was EUR 530.9 million, of which EUR 179.6 million was allocated to the trademarks of Salomon, Mavic and Arc'teryx, and EUR 28.5 million to patented manufacturing technologies. Allocations of the acquisition cost to other intangible assets were not made. The acquisition generated EUR 55.4 million in negative goodwill, which was recognized as income in the financial period. The negative goodwill was due to the weak development of Salomon's winter sports business in recent years. A reorganization program was introduced to improve the profitability in this line of business, thus a restructuring provision of EUR 52.8 million was recognized in the financial period. The recognition of the difference between the fair value and initial cost of the purchased inventories reduced EBIT by EUR 57.2 million.

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 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 business as a full-line supplier in its field.

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 business 2005	2004	Assets and liabilities immediately before the business combinations 2005	2004
Intangible non-current assets	**211.0**	-	**5.2**	0.3
Tangible non-current assets	**17.8**	0.2	**57.6**	0.9
Deferred tax assets	**37.8**	5.3	**17.9**	-
Inventories	**271.5**	1.6	**221.7**	2.1
Receivables	**234.1**	3.2	**234.1**	3.5
Cash and cash equivalents	**10.3**	0.8	**10.3**	0.8
Total assets	**782.5**	11.1	**546.8**	7.6
Interest-bearing liabilities	**37.5**	-	**37.5**	-
Deferred tax liabilities	**33.0**	-	**0.0**	-
Other interest-free liabilities	**181.1**	7.4	**173.8**	5.6
Total liabilities	**251.6**	7.4	**211.3**	5.6
Net assets	**530.9**	3.7	**335.5**	2.0
Debt-free purchase price	**496.9**	27.3		
Professional fees	**5.8**	0.0		
Net debt	**–27.2**	-		
Acquisition cost	**475.5**	27.3		
Negative goodwill/goodwill	**–55.4**	23.6		
Purchase price and professional fees paid in cash	**464.9**[*]	27.3		
Cash and cash equivalents of acquired businesses	**10.3**	0.8		
Acquisition cost in cash flow statement	**454.6**	26.5		

[*] Paid in 2005

Impact of the Salomon acquisition on the Group's net result in 2005:

EUR million	Salomon's business operations	Non-recurring items related to the acquisition	Total
Net sales	255.2	-	255.2
Recognition of negative goodwill generated in the acquisition [*]	-	55.4	
Recognition of the difference between fair value and initial cost of purchased inventories [*]	-	–57.2	
Provision for reorganization [*]	–	–52.8	
EBIT	37.9	–54.6	–16.7
Net financing expenses	–4.5	-	–4.5
EBT	33.4	–54.6	–21.2
Current and deferred taxes	–11.7	38.5	26.8
Net result	21.7	–16.1	5.6

[*] Non-recurring items related to the Salomon acquisition in the Group's income statement

Recognition of negative goodwill as income has no impact on deferred taxes.

5. OTHER OPERATING INCOME

EUR million	2005	2004
Rental return on real estate	0.6	0.7
Gain on sale of non-current assets	6.8	1.6
Other	3.0	1.0
Total	10.4	3.3

In 2005, a factory property and related company housing in Hyrylä, Finland were sold at a price of EUR 7.0 million. A pre-tax gain of EUR 5.9 million was recognized on the transaction.

6. PERSONNEL EXPENSES AND RELATED PARTY TRANSACTIONS

EUR million	2005	2004
Wages and salaries	189.0	168.1
Social expenditure		
Pensions - defined contribution plans	2.0	4.8
Pensions - defined benefit plans	2.9	1.5
Other social security	42.0	29.0
Total	235.9	203.4

In countries where social expenditure paid to society cannot be divided between pensions and other social security, the expenses are presented under the heading Other social security.

Salaries and remuneration of the Board of Directors and the Amer Sports Executive Board	5.1	3.7
of which the salaries and remuneration of the Executive Board	4.9	3.4

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, two 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 101–102 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's most significant defined benefit pension plan is for Wilson Sporting Goods Co. in USA. Other countries where the Group has defined benefit plans include Switzerland, UK and Finland. These are handled via pension funds or pension companies whose assets are not included in the Group's assets. Contributions to the funds are made in accordance with local regulations. In USA and UK pension funds are closed, and new members are no longer admitted to them. 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	2005	2004
Present value of funded obligations	91.0	72.8
Fair value of plan assets	–82.5	–60.8
Deficit/(surplus)	8.5	12.0
Unrecognized actuarial gains (–) and losses (+)	–3.3	–2.9
Net liability in the balance sheet	5.2	9.1

The amounts recognized in the income statement:

EUR million	2005	2004
Current service cost	2.3	2.0
Interest cost	4.9	3.9
Expected return on plan assets	–5.3	–4.4
Recognised actuarial gains (–) and losses (+)	–0.5	-
Past service cost	1.5	-
Total, included in personnel expenses	2.9	1.5

The actual return on plan assets	5.7	4.0

Movements in the net liability recognized in the balance sheet:

EUR million	2005	2004
Net liability at January 1	9.1	10.6
Expense recognized in the income statement	2.9	1.5
Contributions paid	–7.5	–2.7
Acquired subsidiaries	0.3	-
Translation differences	0.4	–0.3
Net liability at December 31	5.2	9.1

Principal actuarial assumptions:

	2005		2004	
%	USA	Europe	USA	Europe
Discount rate	5.5	3.0 – 5.3	5.8	5.0 – 5.4
Expected return on plan assets	8.0	2.5 – 5.4	8.8	5.3 – 5.4
Future salary increases	4.5	1.0 – 4.0	4.6	3.8 – 4.0
Future pension increases	4.0	0.0 – 2.1	4.0	2.3 – 2.8

8. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

DEPRECIATION AND AMORTIZATION BY ASSET TYPE

EUR million	**2005**	2004
Intangible rights	**3.5**	0.6
Other intangible assets	**0.2**	0.3
Buildings and constructions	**3.6**	3.8
Machinery and equipment	**12.8**	11.4
Total	**20.1**	16.1

IMPAIRMENT LOSSES BY ASSET TYPE

EUR million	**2005**	2004
Buildings and constructions	**1.1**	-
Machinery and equipment	**0.6**	-
Total	**1.7**	-

Impairment in 2005 is wholly related to the Golf Division's production plant in the United States.

DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES BY FUNCTION

EUR million	**2005**	2004
Cost of goods sold	**8.6**	7.6
Research and development	**3.9**	1.9
Selling and marketing	**2.3**	2.3
Administration	**7.0**	4.3
Total	**21.8**	16.1

9. SHARE-BASED PAYMENT

General terms and conditions as well as exercise prices of warrant schemes given to the Group's key employees are presented on pages 93–94 and 96. Fair values of warrant schemes granted after November 7, 2002 have been expensed to the Group's income statement in accordance with IFRS 2 (Share-based Payment). Fair values of warrant schemes have been recognized by using the trinomial model. Granting of the 2005 scheme's warrants to the Group's Management Team is dependent on the meeting of long-term financial targets that are set until the end of 2007. The achievement of these targets was not probable at the end of the financial period and therefore no expense in accordance with IFRS 2 has been recognized in the Group's 2005 earnings.

EUR million	**2005**	2004
Expense of warrant schemes recognized in earnings	**1.3**	1.9

Inputs to pricing model:

		Warrant scheme	
	2005	2004:1	2004:2
Grant date	**-**	Apr. 28, 2004	Feb. 3, 2005
Number of warrants granted	**-**	147,001	114,649
Share price at grant date, EUR	**-**	13.57	13.80
Exercise price, EUR	**-**	13.53	13.53
Vesting period, years	**-**	5.7	4.9
Expected volatility, %	**-**	32	30
Expected dividends, %	**-**	3.44	3.62
Risk-free interest rate, %	**-**	3.57	3.10
Departure rate, %	**-**	0	0
Fair value per warrant at grant date, EUR	**-**	10.54	9.39

Following the 1:2 bonus issue in December 2004, one warrant entitles its bearer to subscribe for three shares.

The expected volatility has been estimated using the daily data on rates during the three years preceding the issue.

	2005		2004	
	Weighted avarage exercise price, EUR	**Number of warrants (1,000 pcs)**	Weighted avarage exercise price, EUR	Number of warrants (1,000 pcs)
Outstanding at the beginning of the period	**12.00**	**576.2**	11.48	429.2
Granted during the period	**13.53**	**114.6**	13.53	147.0
Forfeited during the period	**13.08**	**–21.4**	-	-
Expired during the period [*)]	**-**	**-**	-	-
Exercised during the period [*)]	**-**	**-**	-	-
Outstanding at the end of the period	**12.23**	**669.4**	12.00	576.2
Exercisable at the end of the period	**10.79**	**269.2**	-	-

[*)] No warrants of the schemes granted after November 7, 2002 have expired or been exercised.

10. FINANCING INCOME AND EXPENSES

EUR million	2005	2004
Interest income	**1.4**	0.7
Exchange rate gains	**0.2**	-
Exchange rate losses	**-**	–0.1
Interest expenses	**–10.8**	–5.7
Other financing expenses	**0.0**	–0.5
Fair valuation of derivative financial instruments	**0.2**	2.1
Total	**–9.0**	–3.5

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

11. INCOME TAXES

EUR million	2005	2004
Current taxes:		
Finland	**5.5**	0.2
Austria	**3.2**	7.2
USA	**11.6**	10.9
Japan	**4.8**	0.5
Other countries	**8.3**	3.2
Total	**33.4**	22.0
Deferred taxes *)	**–35.5**	6.1
Total	**–2.1**	28.1

*) Deferred taxes recognized on non-recurring items related to the Salomon acquisition reduced tax expenses for the period by EUR 38.5 million. Note 4 presents the impact of the Salomon acquisition on the Group's financial position and earnings. The reconciliation of deferred tax assets and liabilities is presented in Note 15.

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

EUR million	2005	2004
Taxes at local rates applicable to earnings in countries concerned	**25.6**	38.6
Taxes for prior periods	**–1.7**	–1.5
Deductible goodwill amortization	**–1.8**	–5.7
Tax credits	**–6.4**	–4.3
Recognition of negative goodwill generated in the Salomon acquisition	**–19.4**	-
Other	**1.6**	1.0
Taxes recognized in the income statement	**–2.1**	28.1
Effective tax rate, %	**–**	29.0

12. EARNINGS PER SHARE

	2005	2004
Net result from continuing operations, EUR million	**75.2**	68.6
Net result from discontinued operations, EUR million	**-**	14.0
Weighted average number of shares outstanding during the period (1,000 pcs)	**71,425**	71,118
Earnings per share, continuing operations, EUR	**1.05**	0.96
Earnings per share, discontinued operations, EUR	**-**	0.20
Weighted average number of shares outstanding during the period, adjusted with the dilution effect of warrants (1,000 pcs)	**71,974**	71,318
Earnings per share, diluted, continuing operations, EUR	**1.04**	0.96
Earnings per share, diluted, discontinued operations, EUR	**-**	0.20

13. 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, January 1, 2005	7.3	378.1	1.8	13.3	91.3	148.2	0.6	3.5
Additions	3.9	-	0.3	-	0.4	13.3	0.1	8.8
Company acquisitions	224.2	-	0.3	1.2	54.3	169.3	0.1	1.8
Company divestments and disposals	-	-	-	–0.6	–1.3	–10.4	-	–0.8
Transfers	1.2	-	–0.7	0.0	3.3	9.6	-	–9.4
Translation differences	0.4	38.5	0.1	0.4	6.2	13.4	-	0.4
Balance, December 31, 2005	237.0	416.6	1.8	14.3	154.2	343.4	0.8	4.3
Accumulated depreciation and impairment losses, January 1, 2005	3.4	93.9	0.9	0.1	46.9	123.8	-	0.2
Depreciation during the period	3.5	-	0.2	-	3.6	12.8	-	-
Company acquisitions	13.2	-	0.2	-	50.1	158.9	-	-
Company divestments and disposals	-	-	-	-	–0.1	–9.5	-	-
Impairment losses	-	-	-	-	1.1	0.6	-	-
Transfers	0.3	-	–0.3	-	0.8	–1.5	-	-
Translation differences	0.2	11.0	0.1	-	4.0	11.8	-	-
Balance, December 31, 2005	20.6	104.9	1.1	0.1	106.4	296.9	-	0.2
Balance sheet value, December 31, 2005	216.4	311.7	0.7	14.2	47.8	46.5	0.8	4.1
Carrying amount of finance leases included	-	-	-	1.2	1.2	0.3	-	-

Accumulated impairment losses of goodwill at January 1, 2005 totaled EUR 14.7 million. Carrying amount of non-current intangible assets with indefinite useful lives totaled EUR 181.3 million at the end of the financial year.

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, January 1, 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 to non-current assets held for sale[*]	-	-	–0.2	–1.2	–7.5	-	-	-
Other 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, December 31, 2004	7.3	378.1	1.8	13.3	91.3	148.2	0.6	3.5
Accumulated depreciation and impairment losses, January 1, 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 to non-current assets held for sale[*]	-	-	–0.2	-	–5.2	-	-	-
Other transfers	0.1	-	0.1	-	0.1	–3.3	-	-
Translation differences	-	–5.5	-	-	–1.9	–5.8	-	-
Balance, December 31, 2004	3.4	93.9	0.9	0.1	46.9	123.8	-	0.2
Balance sheet value, December 31, 2004	3.9	284.2	0.9	13.2	44.4	24.4	0.6	3.3

[*] A factory property in Hyrylä, included in discontinued operations

Carrying amount of finance leases included	-	-	-	-	1.0	-	-	-

Accumulated impairment losses of goodwill at January 1, 2004 totaled EUR 15.8 million. Carrying amount of non-current intangible assets with indefinite useful lives totaled EUR 1.7 million at the end of the financial year.

14. 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 2005 financial period.

15. RECONCILIATION OF DEFERRED TAX ASSETS AND LIABILITIES

2005 EUR million	Jan. 1, 2005	Charge in income statement	Translation differences	Acquisitions	Charged to equity	Dec. 31, 2005
Deferred tax assets:						
Provisions	6.9	16.0	0.2	17.8	-	40.9
Carryforward of unused tax losses	5.4	–4.9	0.3	2.3	-	3.1
Pensions	3.8	–2.1	0.2	0.7	-	2.6
Impairment	3.8	–1.2	0.1	14.4	-	17.1
Other temporary diffrences	2.0	0.6	0.1	0.0	0.2	2.9
Total	21.9	8.4	0.9	35.2	0.2	66.6
Deferred tax liabilities:						
Fair value adjustments	-	20.6	-	–36.7	-	–16.1
Depreciation differences	–2.5	0.2	0.0	–0.1	-	–2.4
Other temporary differences	–13.2	6.3	0.0	–1.1	-	–8.0
Total	–15.7	27.1	0.0	–37.9	-	–26.5
Net deferred tax assets	6.2	35.5	0.9	–2.7	0.2	40.1

Deferred taxes recognized in the balance sheet at December 31, 2005:

Deferred tax assets	EUR 53.9 million
Deferred tax liabilities	EUR 13.8 million

2004 EUR million	Jan. 1, 2004	Charge in income statement	Translation differences	Acquisitions	Charged to equity	Dec. 31, 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 diffrences	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	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 December 31, 2004:

Deferred tax assets	EUR 15.1 million
Deferred tax liabilities	EUR 8.9 million

At December 31, 2005 there were unused tax losses carried forward and other temporary differences of EUR 18.1 million (2004: EUR 16.1 million) for which no deferred tax asset was recognized. The unrecognized deferred tax assets at December 31, 2005 totaled EUR 6.1 million (2004: EUR 5.2 million).

16. VALUATION PROVISIONS OF INVENTORIES AND ACCOUNTS RECEIVABLE

EUR million	2005	2004
Allowance for doubtful accounts	**21.0**	9.7
Obsolescence reserve for inventories	**42.4**	17.0

17. PREPAID EXPENSES AND OTHER RECEIVABLES

EUR million	2005	2004
Prepaid interest	**2.3**	0.5
Prepaid advertising and promotion	**2.4**	1.4
Other prepaid expenses	**22.4**	15.2
Forward contracts' exchange rate differentials	**-**	11.1
Other receivables	**43.0**	7.8
Total	**70.1**	36.0

18. SHAREHOLDERS' EQUITY

EUR million	Number of shares	Share capital	Premium fund*)	Fund of own shares
January 1, 2004	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 December 16, 2004	47,613,240	190.5	–190.5	-
December 31, 2004	71,419,860	285.7	0.8	-
Warrants exercised	47,850	0.2	0.5	-
December 31, 2005	71,467,710	285.9	1.3	-

*) Also including unregistered share issue (Dec. 31, 2004: EUR 0.0 million; Dec. 31, 2005: EUR 0.1 million)

The section "shares and shareholders" on pages 92–98 provides additional information on numbers of shares and share capital. The Group's warrant schemes are discussed on pages 93–94. The Board of Directors' dividend proposal is on page 99.

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 and derivative financial instruments used for hedging cash flows.

19. INTEREST-BEARING LIABILITIES

INTEREST-BEARING LONG-TERM LIABILITIES

EUR million	Outstanding Dec. 31, 2005	2006	2007	Repayments 2008	2009	2010	2011 and after
Loans from financial institutions	252.8	3.4	-	-	-	249.4	-
Pension loans	3.6	1.1	1.1	1.0	0.4	-	-
Other long-term debt	6.1	1.8	1.8	1.4	1.1	-	-
Total	262.5	6.3	2.9	2.4	1.5	249.4	-

The Group's recent financial arrangements are presented in note 27.

EUR million	Outstanding Dec. 31, 2004	2005	2006	Repayments 2007	2008	2009	2010 and after
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	**2005**	2004
Commercial papers	**308.2**	115.7
Current repayments of long-term loans	**6.3**	3.0
Other interest-bearing current debt	**79.0**	4.4
Total	**393.5**	123.1

INTEREST-BEARING LIABILITIES AT FAIR VALUE

EUR million	**2005** Carrying amount	**2005** Fair value	2004 Carrying amount	2004 Fair value
Loans from financial institutions	**252.8**	**252.8**	24.0	24.0
Pension loans	**3.6**	**3.7**	4.5	4.6
Commercial papers	**308.2**	**308.2**	115.7	115.7
Other interest-bearing short-term debt	**85.1**	**85.1**	6.0	6.0
Total	**649.7**	**649.8**	150.2	150.3

Fair values have been calculated by discounting future cash flows at market based interest rates at the end of financial period.

FINANCE LEASE LIABILITIES

EUR million	**2005**	2004
Finance lease liabilities are due as follows:		
Not later than one year	**1.5**	0.1
Later than one year but not later than five years	**2.6**	0.6
Later than five years	**0.4**	0.4
Total minimum payments	**4.5**	1.1

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

20. ACCRUED LIABILITIES

EUR million	**2005**	2004
Accrued personnel costs	**86.7**	46.7
Accrued interest	**4.7**	1.2
Accrued rent	**1.5**	2.3
Accrued advertising and promotion	**17.7**	12.3
Value added tax	**7.4**	3.1
Other accrued liabilities	**78.3**	28.0
Total	**196.3**	93.6

21. PROVISIONS

EUR million	Product warranty	Restructuring	Environmental	Other	Total
Balance at January 1, 2005	12.5	2.2	1.3	7.9	23.9
Translation differences	1.3	0.3	0.2	0.7	2.5
Provisions made during the year	10.8	55.8	-	5.8	72.4
Provisions used during the year	–9.0	–4.5	–0.1	–5.0	–18.6
Unused provisions reversed during the year	–1.0	–0.4	-	–1.4	–2.8
Acquired subsidiaries	3.9	22.5	-	0.3	26.7
Balance at December 31, 2005	18.5	75.9	1.4	8.3	104.1

Current provisions	101.8
Long-term provisions	2.3
Total	104.1

During the financial period, a restructuring provision of EUR 52.8 million associated with Salomon's operations in France was recognized. A provision of EUR 3.0 million was made for the Golf Division's restructuring. 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.

22. ADJUSTMENTS TO CASH FLOW FROM OPERATING ACTIVITIES

EUR million	**2005**	2004
Impairment losses	**1.7**	-
Recognition of negative goodwill generated by the Salomon acquisition	**–55.4**	-
Fair value adjustment on purchased inventories in the Salomon acquisition	**57.2**	-
Expensed warrants	**1.3**	1.9
Gains and losses on sale of non-current assets	**–6.8**	–1.6
Other	**0.1**	0.9
Total	**–1.9**	1.2

23. OPERATING LEASE COMMITMENTS

EUR million	**2005**	2004
The future minimum payments of non-cancellable operating leases:		
Not later than one year	**23.1**	14.4
Later than one year but not later than five years	**32.9**	24.9
Later than five years	**4.4**	1.0
Total	**60.4**	40.3
Total rent expense of non-cancellable operating leases recognized in the income statement	**15.9**	12.2

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

24. CONTINGENT LIABILITIES

EUR million	**2005**	2004
Charges on assets		
Nominal value of charges on assets	**2.8**	-
Mortgages pledged		
Pension loans and loans from financial institutions covered	**3.3**	4.4
Nominal value of mortgages pledged	**3.7**	6.2
Other group liabilities: Nominal value of mortgages pledged	**0.9**	0.9
Total nominal value of mortgages pledged	**4.6**	7.1
Guarantees	**7.1**	2.7
Other contingent liabilities	**52.9**	29.4

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.

25. INVESTMENTS IN SUBSIDIARIES AT DECEMBER 31, 2005

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	
Bonfire Snowboarding, Inc., Portland, USA	100	
ClubCom, Inc., Pittsburgh, USA	100	
Mavic, Inc., Haverhill, USA	100	
Precor Incorporated, Woodinville, USA	100	
Precor Strength Inc., Valencia, USA	100	
Salomon North America, Inc., Portland, USA	100	
Wilson Sporting Goods Co., Chicago, USA	100	
Amer Sports Australia Pty Ltd, Braeside, Australia	100	
Amer Sports Brazil LTDA., Sao Paulo, Brazil	100	
Amer Sports Canada Inc., Belleville, Ontario, 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	
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 Spain, S.A., Barcelona, Spain	100	
Amer Sports UK Limited, Irvine, UK	100	
Precor Products Limited, Berkshire, UK	100	
Amer Sports Finance Oy, Helsinki, Finland	100	508.8
Amer Sports Luxembourg S.a r.l., Luxembourg	100	
Amer Sports Finance S.P.R.L., Brussels, Belgium	100	
Amer Sports Sverige AB, Malmö, Sweden	100	
Amer Sports Holding S.A.S., Villefontaine, France	100	27.0
Amer Sports France S.A.S., Villefontaine, France	100	
Salomon S.A., Annecy, France	100	
Cliché S.A.S., Villeurbanne, France	100	
Salomon Italy S.p.A., Bergamo, Italy	100	
Salomon Nordic AB, Borås, Sweden	100	
Salomon Norge A/S, Sandvika, Norway	100	
Salomon Romania Srl, Timisoara, Romania	100	
Salomon San Giorgio S.p.A., Maser (Treviso), Italy	100	
Salomon Schweiz AG, Cham, Switzerland	100	
Salomon Sport Finland Oy, Helsinki, Finland	100	
Salomon Österreich GmbH, Viktring, Austria	100	
Amer Sports International Oy, Helsinki, Finland	100	67.1
Amer Sports SA, Hagendorn, Switzerland	100	0.1
Amer Sports Suomi Oy, Vantaa, Finland	100	0.9
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 Canada Inc., Victoria, B.C., Canada	100	
Arc'teryx Equipment, Inc., Vancouver, B.C., Canada	100	
Amer Sports Holding GmbH, Altenmarkt, Austria	100	
Amer Sports Italy S.p.A., Nervesa della Battaglia, Italy	100	
Amer Sports Poland Sp. z o.o., Krakow, Poland	100	
Atomic Austria GmbH, Altenmarkt, Austria	95	
Salomon Danmark A.p.S., Kokkedal, Denmark	100	
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		0.0
Total		954.8

[1] 85% of votes

26. HEDGE RESERVE OF CASH FLOW HEDGES

EUR million	
Balance at January 1, 2005	0.1
Gains and losses deferred to shareholders' equity	
Hedging of operating cash flows	–1.9
Hedging of interest cash flows	–0.6
Gains and losses recognized in the income statement	
Hedging of operating cash flows	1.6
Deferred taxes	0.2
Balance at December 31, 2005	–0.6
Balance at January 1, 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 December 31, 2004	0.1

The 2004 value adjustments relate to the hedging of cash flows from operating activities.

27. FINANCIAL RISK MANAGEMENT

The global business of Amer Sports 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 that monitors the realization of the financial strategy. Group Treasury's management agrees with the business areas and subsidiaries on how the financial principles are to be applied.

Amer Sports' Group Treasury is responsible for arranging adequate finance on competitive terms, using equity and debt instruments. Foreign exchange and interest rate risks are managed so that changes in market rates do not risk shareholder value, the Company's annual result or the equity ratio. Group Treasury is also responsible for Group insurance management. While Group Treasury is not a profit center as such, and no annual profit target is set for it, various benchmarking methods are used to assess its performance.

FINANCIAL STRUCTURE

Amer Sports aims to preserve a balanced and diverse financial structure. Excessive loan maturity concentrations are avoided. Financing is raised from various sources, and the 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 insure 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.

Amer Sports' debt is raised through the Parent Company as a rule. The 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

Amer Sports' liquidity is based on long-term financial arrangements. In December 2005, the Company agreed with a syndicate of 18 banks on a credit facility amounting to EUR 575 million that will mature at the end of 2010. At the turn of the year, EUR 250 million of the facility had been drawn down, and the undrawn binding credit facility amounted to EUR 325 million.

The Company raised the amount of the domestic commercial paper program utilized for short-term financing to EUR 500 million in September 2005. Commercial paper is used as the Company's main financial instrument, with long-term credit facilities ensuring the availability of financing. Any extra liquidity is placed in short-term securities 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 33 countries. Group Treasury aims to eliminate the foreign exchange risks associated with the Group's balance sheet and to hedge the commercial foreign exchange risks of subsidiaries. Amer Sports utilizes hedge accounting for its commercial risk hedging. The amount of ineffective hedges in 2005 was not material.

The balance sheet risk of the Group is hedged by financing each subsidiary in its home currency. According to its financial strategy, the Company may hedge 0 to 50% of subsidiaries' equity. In 2004 and 2005, the Group did not hedge subsidiaries' equity translation risks.

The most important business risk arising from currencies is the foreign exchange risk created by cash flows in non-home currencies. This risk arises when a unit sells, in its home currency, goods whose acquisition costs are denominated in a foreign currency, or sells goods in a non-home currency.

At the end of the year, the breakdown of the total amount of Group's net cash flows for the next 12 months were forecast as follows:

Buy \ Sell	USD	EUR	GBP	CAD	JPY	AUD	CHF	SEK	NOK	DKK	CZK	PLN	RUB
USD		27	26	18	31	8							
EUR	58		4	22	33		37	28			12	6	3
SEK									70	70			

At the turn of the year, the cash flows were hedged as follows:

Buy \ Sell	USD	EUR	GBP	CAD	JPY	AUD	CHF	SEK	NOK	DKK	CZK	PLN	RUB
USD		8	11	11	14	3							
EUR	33		3	20	25		20	24			6	3	2
SEK									66	40			

In addition to the aforementioned currency pairs, the Group has small currency-denominated purchases in certain Asian and South American currencies. These cash flows were not hedged during 2005.

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 100% 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 above EBIT.

Forward 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, which makes the hedges effective. The forward points are booked as interest expenses and income.

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 risk policy. The maximum position in 2005 did not exceed the EUR 25 million limit set by the Board of Directors.

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 economic lifetime. A position's risk is estimated by calculating the duration of receivables and liabilities and calculating the sensitivity of the present value of estimated flows to a one percentage-point change in interest rates.

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 Sports 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 swaps to manage its interest rate risk position.

The Company's structural interest risk changed significantly following the Salomon acquisition. Interest rate swaps have been used to hedge interest exposure. Cash flow hedge accounting as per IAS 39 has been applied to the swaps.

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 banks or in high-quality money market instruments within the limits approved by the Financial Committee.

Interest-bearing debt by currency after foreign exchange and interest rate derivatives and facility fees at the end of the financial period:

	Dec. 31, 2005 EUR million	Dec. 31, 2004 EUR million	Dec. 31, 2005 Interest, %	Dec. 31, 2004 Interest, %
AUD	4.1	2.6	5.82	5.67
CAD	50.1	7.5	3.49	2.84
CHF	4.1	3.9	1.18	1.04
CZK	1.2	0.6	2.53	2.96
EUR	338.6		2.65	
HUF	0.3		6.07	
JPY	15.3		0.47	
KRW	2.5		4.04	
MXN	9.4		8.00	
NOK	1.4		2.77	
PLN	3.2		4.78	
RUB	2.8		7.80	
SEK	8.8	3.8	1.86	2.42
SKK	0.3		3.07	
USD	207.7	131.8	4.26	2.63
Total	649.7	150.2	3.29	2.65

DERIVATIVE CONTRACTS

EUR million	Dec. 31, 2005 Nominal value	Dec. 31, 2005 Fair value	Maturity structure 2006	Maturity structure 2007	Maturity structure 2008 or later	Dec. 31, 2004 Nominal value	Dec. 31, 2004 Fair value
Hedge accounting-related							
Forward contracts hedging cash flow from operations	377.7	–0.2	376.7	1.0	-	112.9	–0.1
Interest rate swaps hedging interest cash flow	234.8	–0.6	-	-	234.8	-	-
Other derivative contracts							
Forward contracts	26.5	–5.3	13.8	12.7	-	111.1	10.7
Interest rate swaps	42.4	0.5	42.4	-	-	36.7	0.1
Forward rate agreements	200.0	0.1	200.0	-	-	-	-

MATURITY STRUCTURE

EUR million	Dec. 31, 2005 Drawn	Dec. 31, 2005 Available	Dec. 31, 2005 Total	2006	2007	2008	2009	2010	Dec. 31, 2004 Drawn	Dec. 31, 2004 Available	Dec. 31, 2004 Total
Loans from financial institutions	252.8		252.8	3.4				249.4	24.0		24.0
Pension loans	3.6		3.6	1.1	1.1	1.0	0.4		4.5		4.5
Other interest-bearing debt	85.1		85.1	80.8	1.8	1.4	1.1		6.0		6.0
Committed revolving credit facilities	-	325.0	325.0					325.0	-	92.0	92.0
Commercial papers	308.2		308.2	308.2					115.7		115.7
Total	649.7	325.0	974.7	393.5	2.9	2.4	1.5	574.4	150.2	92.0	242.2

INTEREST FIXING PERIODS

EUR million	Dec. 31, 2005 0–3 mo	4–6 mo	7–9 mo	10–12 mo	1–2 yr	2–3 yr	Over 3 yr	Dec. 31, 2004 0–1 yr	Over 1 yr
Debt	–320.7	–306.2	–19.5		–1.1	–2.2		–145.8	–4.4
Cash & deposits	48.7							17.0	
Loan receivables					0.5				1.0
Forward rate agreements		100.0		–100.0					
Interest rate swaps		277.2		–42.4			–234.8	36.7	–36.7
Net	–272.0	71.0	–19.5	–142.4	–0.6	–2.2	–234.8	–92.1	–40.1

(+=assets, –=debt)

28. IMPACT OF ADOPTION OF STANDARDS IFRS 2 AND IFRS 5 ON THE COMPARATIVE INFORMATION FOR 2004

As from January 1, 2005, Group has applied new IFRS standards IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) and IFRS 2 (Share-based payment). The application of IFRS 5 affects the income statement reported last year such that the net effect of the tobacco business – which was sold last year – on the result of the period is presented on a single line as a separate item from continuing operations. The 2004 income statement for continuing operations does not include any items related to the tobacco business. In the balance sheet of December 31, 2004, the tobacco's factory property has been transferred under the heading non-current assets held for sale (see note 3). Adoption of IFRS 5 has no other effects on the balance sheet.

According to IFRS 2, warrants granted to the Group's management must be expensed in the income statement. The retroactive application of this standard reduces the previously reported net result for the 2004 financial period by EUR 1.9 million. Adoption of IFRS 2 has no impact on the 2004 balance sheet, because the contra item for expense booking is in retained earnings.

Impact of the adoption of IFRS 5 and IFRS 2 on the 2004 income statement and earnings per share:

EUR million	2004 before adjustments	Impact of IFRS 5	Impact of IFRS 2	2004
CONTINUING OPERATIONS				
NET SALES	1,058.8	–22.9	-	1,035.9
Cost of goods sold	–620.2	20.1	-	–600.1
GROSS PROFIT	438.6	–2.8	-	435.8
License income	14.3	-	-	14.3
Other operating income	3.3	-	-	3.3
R&D expenses	–31.3	-	-	–31.3
Selling and marketing expenses	–246.5	1.0	-	–245.5
Administrative and other expenses	–75.1	0.9	–1.9	–76.1
Gain on sale of tobacco business	18.7	–18.7	-	-
EARNINGS BEFORE INTEREST AND TAXES	122.0	–19.6	–1.9	100.5
% of net sales	11.5			9.7
Financing income and expenses	–3.4	–0.1	-	–3.5
EARNINGS BEFORE TAXES	118.6	–19.7	–1.9	97.0
Taxes	–33.8	5.7	-	–28.1
Minority interests	–0.3	-	-	–0.3
NET RESULT FROM CONTINUING OPERATIONS	84.5	–14.0	–1.9	68.6
DISCONTINUED OPERATIONS				
Net result from discontinued operations	-	14.0	-	14.0
NET RESULT	84.5	-	–1.9	82.6
Earnings per share, EUR				
Continuing operations	1.19	–0.20	–0.03	0.96
Discontinued operations	-	0.20	-	0.20

CALCULATION OF KEY INDICATORS

EARNINGS PER SHARE:

$$\frac{\text{Net result}}{\text{Average number of shares adjusted for the bonus element of share issues}}$$

EQUITY PER SHARE:

$$\frac{\text{Shareholders' equity}^{1)}}{\text{Number of shares at year end adjusted for the bonus element of share issues}}$$

DIVIDEND PER SHARE:

$$\frac{\text{Total dividend}}{\text{Number of shares at year end adjusted for the bonus element of share issues}}$$

DIVIDEND % OF EARNINGS:

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

EFFECTIVE YIELD, %:

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

P/E RATIO:

$$\frac{\text{Adjusted share price at closing date}}{\text{Earnings per share}}$$

MARKET CAPITALIZATION:

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

RETURN ON CAPITAL EMPLOYED (ROCE), %:

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

RETURN ON INVESTMENT (ROI), %:

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

RETURN ON SHAREHOLDERS' EQUITY (ROE), %:

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

EQUITY RATIO, %:

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

DEBT TO EQUITY RATIO:

$$\frac{\text{Interest-bearing liabilities}}{\text{Shareholders' equity}}$$

GEARING, %:

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

1) Excluding minority interests 2) Non-current 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	2005	2004
Other operating income	1	**12.3**	141.6
EXPENSES			
Personnel expenses	2	**5.9**	5.6
Depreciation	3	**0.7**	0.7
Other expenses		**7.5**	7.0
Total expenses		**14.1**	13.3
EARNINGS BEFORE INTEREST AND TAXES		**–1.8**	128.3
Financing income and expenses	4	**10.9**	23.7
EARNINGS BEFORE EXTRAORDINARY ITEMS		**9.1**	152.0
Extraordinary items	5	**15.3**	28.8
EARNINGS BEFORE APPROPRIATIONS AND TAXES		**24.4**	180.8
Appropriations		**0.0**	0.1
Taxes	6	**–4.6**	–5.0
NET RESULT		**19.8**	175.9

PARENT COMPANY BALANCE SHEET

ASSETS

EUR million	Note	2005	2004
NON-CURRENT ASSETS			
INTANGIBLE ASSETS	7		
Intangible rights		**0.4**	0.3
Other intangible assets		**0.1**	0.0
		0.5	0.3
TANGIBLE ASSETS	7		
Land and water		**1.2**	1.8
Buildings and constructions		**12.0**	12.6
Machinery and equipment		**0.6**	0.6
Other tangible assets		**0.6**	0.6
		14.4	15.6
OTHER NON-CURRENT INVESTMENTS	8		
Investments in subsidiaries	9	**954.8**	419.0
Other bonds and shares		**2.7**	3.8
Other non-current receivables		**1.0**	1.5
		958.5	424.3
TOTAL NON-CURRENT ASSETS		**973.4**	**440.2**
CURRENT ASSETS			
RECEIVABLES			
Accounts receivable		**0.1**	0.1
Receivables from subsidiaries	10	**397.6**	411.2
Loans receivable		**-**	0.1
Other receivables		**0.3**	0.4
Prepaid expenses	11	**2.5**	12.5
		400.5	424.3
CASH AND CASH EQUIVALENTS		**3.6**	0.1
TOTAL CURRENT ASSETS		**404.1**	424.4
ASSETS		**1,377.5**	864.6

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	Note	2005	2004
SHAREHOLDERS' EQUITY	12		
Share capital		**285.9**	285.7
Premium fund		**1.3**	0.8
Retained earnings		**267.5**	127.8
Net result		**19.8**	175.9
TOTAL SHAREHOLDERS' EQUITY		**574.5**	590.2
ACCUMULATED APPROPRIATIONS			
Accumulated depreciation in excess of plan	13	**0.8**	0.9
PROVISION FOR CONTINGENT LOSSES			
Provision for pension liability		**0.1**	0.1
LIABILITIES			
LONG-TERM LIABILITIES	14		
Loans from financial institutions		**249.3**	22.0
Pension loans		2.3	3.3
		251.6	25.3
CURRENT LIABILITIES			
Interest-bearing liabilities	15	**341.7**	121.7
Accounts payable		**1.1**	0.7
Payables to subsidiaries	16	**191.3**	122.7
Other current liabilities		**0.2**	0.2
Accrued liabilities	17	**16.2**	2.8
		550.5	248.1
TOTAL LIABILITIES		**802.1**	273.4
SHAREHOLDERS' EQUITY AND LIABILITIES		**1,377.5**	864.6

PARENT COMPANY CASH FLOW STATEMENT

EUR million	2005	2004
CASH FLOW FROM OPERATING ACTIVITIES		
EBIT	**–1.8**	128.3
Depreciation	**0.7**	0.7
Adjustments to cash flow from operating activities	**–8.4**	–140.9
Cash flow from operating activities before change in working capital	**–9.5**	–11.9
Increase (–) or decrease (+) in trade and other current receivables	**–2.8**	–0.4
Increase (+) or decrease (–) in interest-free current liabilities	**–1.4**	3.3
Change in working capital	**–4.2**	2.9
Cash flow from operating activities before financing items and taxes	**–13.7**	–9.0
Interest paid	**–7.4**	–5.0
Interest received	**0.1**	0.9
Income taxes paid	**–0.2**	–6.3
Financing items and taxes	**–7.5**	–10.4
Total cash flow from operating activities	**–21.2**	–19.4
CASH FLOW FROM INVESTING ACTIVITIES		
Company divestments	**180.4**	-
Company acquisitions	**–535.8**	-
Capital expenditure	**–0.3**	–0.9
Proceeds from sale of tangible non-current assets	**0.8**	0.0
Other non-current investments	**0.0**	–47.1
Proceeds from sale of other non-current investments	**1.6**	2.8
Repayments of loans	**0.6**	0.1
Interest received from non-current receivables	**0.1**	0.2
Dividends received from non-current investments	**0.0**	21.3
Cash flow from investing activities	**–352.6**	–23.6
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of shares	**0.7**	3.2
Change in short-term borrowings	**291.0**	70.0
Withdrawals of long-term borrowings	**249.3**	-
Repayments of long-term borrowings	**–25.9**	–36.4
Change in current receivables	**–140.1**	16.4
Dividends paid	**–35.7**	–33.0
Group contribution paid	**–0.5**	–0.3
Group contribution received	**35.3**	15.0
Other financing items *)	**3.2**	–1.8
Cash flow from financing activities	**377.3**	33.1
CHANGE IN LIQUID FUNDS	**3.5**	–9.9
Liquid funds		
Liquid funds at year end	**3.6**	0.1
Liquid funds at year beginning	**0.1**	10.0
Change in liquid funds	**3.5**	–9.9

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

PARENT COMPANY ACCOUNTING POLICIES

The Parent Company's financial statements are presented in accordance with Finnish law. The results are reported in euros using the historical cost convention, modified by the revaluation of certain tangible non-current 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.

DERIVATIVE INSTRUMENTS

The Company's derivative instruments include foreign exchange forward contracts, forward rate agreements and interest rate swaps. Foreign exchange forward contracts are used to hedge against changes in the value of receivables and liabilities denominated in a foreign currency and the forward rate agreements and interest rate swaps to hedge against the interest rate risk.

Foreign exchange forward contracts are measured at fair value by recognizing the exchange rate difference in the income statement. The original interest rate differential on foreign exchange forward contracts is amortized to profit and loss. Forward rate agreements and interest rate swaps are not measured at fair value, but their fair values are presented in the notes. The fair value of forward rate agreements is based on the market prices quoted on the closing date. The fair values of interest rate swaps are calculated as the current value of future cash flows. The interest rate differential on interest rate swaps is periodized over the duration of the swaps on a net basis in interest expenses.

TANGIBLE NON-CURRENT ASSETS

Tangible non-current assets are stated at cost less accumulated depreciation. The balance sheet values of shares in real-estate ownership companies 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 capitalized expenditure	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 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 PLANS

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 taxes for the period calculated on the basis of the net result for the period as well as assessed or returned taxes for prior periods.

NOTES TO THE PARENT COMPANY INCOME STATEMENT

EUR million	2005	2004

1. OTHER OPERATING INCOME

Rental return on real estate	**0.7**	0.7
Gain on sale of non-current assets	**8.5**	140.9
Management fees	**3.1**	-
Total	**12.3**	141.6

2. PERSONNEL EXPENSES

Wages and salaries	**4.7**	4.5
Social expenditure		
Pensions	**0.8**	0.8
Other social security	**0.4**	0.3
Total	**5.9**	5.6

The wages, salaries, bonuses and retirement benefits of the CEO and other members of the Board of Directors are explained on pages 101–102.

3. DEPRECIATION

Depreciation according to plan		
Intangible rights	**0.1**	0.0
Buildings and constructions	**0.5**	0.6
Machinery and equipment	**0.1**	0.1
Total	**0.7**	0.7

4. FINANCING INCOME AND EXPENSES

Dividends received from subsidiaries	**0.0**	21.3
Other financing income on non-current receivables	**0.1**	0.2
Other interest and financing income from subsidiaries	**19.8**	6.8
Other interest and financing income	**0.9**	0.2
Exchange rate gains	**3.4**	-
Value adjustments of non-current investments	**-**	3.4
Value adjustments of receivables from subsidiaries	**–0.5**	-
Exchange rate losses	**-**	–1.7
Interest and other financing expenses to subsidiaries	**–2.1**	–1.9
Other interest and financing expenses	**–10.7**	–4.6
Total	**10.9**	23.7

5. EXTRAORDINARY ITEMS

Group contribution received	**15.1**	29.3
Cancellation of the write-doan of loan receivables	**0.2**	-
Group contribution paid	**-**	–0.5
Total	**15.3**	28.8

EUR million	2005	2004

6. INCOME TAXES

Income taxes for the period	**–4.6**	–5.0
Income taxes on ordinary operations	**–0.6**	3.4
Income taxes on extraordinary items	**–4.0**	–8.4
Total	**–4.6**	–5.0

NOTES TO THE PARENT COMPANY BALANCE SHEET

7. INTANGIBLE AND TANGIBLE NON-CURRENT ASSETS

EUR million	Intangible rights	Other intangible assets	Land and water	Buildings and con-structions	Machinery and equipment	Other tangible assets
Initial cost, January 1, 2005	0.5	0.1	1.8	23.7	2.8	0.6
Additions	0.2	0.1	-	-	0.1	-
Disposals	0.0	0.0	–0.6	–0.1	0.0	-
Balance, December 31, 2005	0.7	0.2	1.2	23.6	2.9	0.6
Accumulated depreciation, January 1, 2005	0.2	0.1	-	11.1	2.2	-
Depreciation during the period	0.1	0.0	-	0.5	0.1	-
Balance, December 31, 2005	0.3	0.1	-	11.6	2.3	-
Balance sheet value, December 31, 2005	0.4	0.1	1.2	12.0	0.6	0.6

EUR million	Intangible rights	Other intangible assets	Land and water	Buildings and con-structions	Machinery and equipment	Other tangible assets
Initial cost, January 1, 2004	0.2	0.1	1.8	23.4	2.7	0.6
Additions	0.3	0.0	-	0.3	0.3	-
Disposals	-	-	-	0.0	–0.1	-
Transfers	-	-	-	-	–0.1	-
Balance, December 31, 2004	0.5	0.1	1.8	23.7	2.8	0.6
Accumulated depreciation, January 1, 2004	0.2	0.1	-	10.5	2.2	-
Depreciation during the period	0.0	0.0	-	0.6	0.1	-
Disposals	-	-	-	0.0	–0.1	-
Balance, December 31, 2004	0.2	0.1	-	11.1	2.2	-
Balance sheet value, December 31, 2005	0.3	0.0	1.8	12.6	0.6	0.6

EUR million	2005	2004

8. REVALUATION INCLUDED IN NON-CURRENT ASSETS

Bonds and shares	**0.0**	0.6

9. INVESTMENTS IN SUBSIDIARIES AT DECEMBER 31, 2005

See note 25 of consolidated financial statements.

10. RECEIVABLES FROM SUBSIDIARIES

Accounts receivable	**1.9**	0.0
Loans receivable	**385.4**	208.9
Prepaid expenses	**10.3**	202.3
Total	**397.6**	411.2

11. PREPAID EXPENSES

Prepaid interest	**1.3**	0.5
Forward contracts' exchange rate differentials	**-**	10.5
Other prepaid expenses	**1.2**	1.5
Total	**2.5**	12.5

12. SHAREHOLDERS' EQUITY

EUR million	Share capital	Share issue	Premium fund	Fund for own shares	Retained earnings	Total
January 1, 2004	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
December 31, 2004	285.7	-	0.8	-	303.7	590.2
Warrants exercised	0.2	0.0	0.5			0.7
Dividend distribution					−35.7	−35.7
Write-down of revaluation					−0.5	−0.5
Net result for the period					19.8	19.8
December 31, 2005	285.9	0.0	1.3	-	287.3	574.5

13. ACCUMULATED DEPRECIATION IN EXCESS OF PLAN

EUR million	2005	2004
Buildings and constructions	**0.7**	0.8
Machinery and equipment	**0.1**	0.1
Total	**0.8**	0.9

14. INTEREST-BEARING LONG-TERM LIABILITIES

	Outstanding	Repayments					
EUR million	Dec. 31, 2005	2006	2007	2008	2009	2010	2011 or after
Loans from financial institutions	249.3	-	-	-	-	249.3	-
Pension loans	3.3	1.0	0.9	0.9	0.5	-	-
Total	252.6	1.0	0.9	0.9	0.5	249.3	-

15. INTEREST-BEARING CURRENT LIABILITIES

EUR million	2005	2004
Commercial papers	**308.2**	115.7
Current repayments of long-term loans	**1.0**	2.8
Other interest-bearing current debt	**32.5**	3.2
Total	**341.7**	121.7

EUR million	2005	2004

16. PAYABLES TO SUBSIDIARIES

Current liabilities	**191.2**	122.1
Accrued liabilities	**0.1**	0.6
Total	**191.3**	122.7

17. ACCRUED LIABILITIES

Accrued personnel costs	**1.6**	1.2
Accrued interest	**4.5**	1.1
Forward contracts' exchange rate differentials	**5.3**	-
Other accrued liabilities	**4.8**	0.5
Total	**16.2**	2.8

CONTINGENT LIABILITIES

Mortgages pledged		
Pension loans and loans from financial institutions covered	**3.3**	4.2
Nominal value of mortgages pledged	**3.7**	5.7
Other liabilities		
Nominal value of mortgages pledged	**0.9**	0.9
Total nominal value of mortgages pledged	**4.6**	6.6
Guarantees		
Subsidiaries	**23.0**	9.6
Operating lease commitments		
Not later than one year	**0.1**	0.1
Later than one year but not later than five years	**0.1**	0.2
Total	**0.2**	0.3

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

EUR million	2005	2004

DERIVATIVE FINANCIAL INSTRUMENTS

Nominal value		
Foreign exchange forward contracts	**781.9**	337.0
Forward rate agreements	**200.0**	-
Interest rate swaps	**277.2**	36.7
Fair value		
Foreign exchange forward contracts	**–5.3**	10.5
Forward rate agreements	**0.1**	-
Interest rate swaps	**–0.1**	0.1

SHARES AND SHAREHOLDERS

SHARES AND SHARE CAPITAL

Amer Sports Corporation has one 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, 2005, was EUR 285,870,840 and the number of shares outstanding was 71,467,710.

The Company's share capital was increased three times during the year through subscriptions with the 2002 warrants: in October by EUR 67,800, in November by EUR 81,600 and in December by EUR 42,000. In total, the Company's number of shares rose by 47,850 new shares and the share capital by EUR 191,400. The increases in share capital were entered in the Trade Register in October 18, November 24 and December 29, respectively.

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

The right to receive funds distributed by the Company and subscription rights when the Company raises its share capital are held only by parties:

- entered as shareholders in the Shareholder Register on the record date,
- whose right to payment is recorded in the Shareholder Register and in the book-entry account of the shareholder entered in the Shareholder Register, or,
- if the share is nominee-registered, on whose book-entry account the share has been recorded on the record date and whose custodian has been entered as the custodian of the shares in the Shareholder Register on the record date.

REDEMPTION OBLIGATION

A shareholder whose proportional holding of all the Company's shares or whose proportional entitlement to votes conferred by the Company's shares reaches or exceeds 33⅓% 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 Sports shares are listed on the Helsinki Stock Exchange. The quotation of Amer Sports Corporation's shares on the London Stock Exchange ended on June 24, 2005. In addition, the Company has a Level II American Depositary Receipt (ADR) program on the New York Stock Exchange, which does not entail SEC reporting (the U.S. Securities and Exchange Commission). Two depositary receipts are equivalent to one Amer Sports share. In 2005, share turnover on the New York Stock Exchange represented only about 0.4% of the total turnover of Amer Sports shares.

AUTHORIZATIONS OF THE BOARD OF DIRECTORS

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

DIVIDEND POLICY AND DIVIDENDS FOR 2005

Amer Sports seeks to be viewed as a competitive investment that increases shareholder value through a combination of dividend payments and share price performance. Amer Sports pursues a progressive dividend policy reflecting the Company's earnings performance with the aim of distributing a dividend of at least one-third of the annual net result.

Amer Sports Corporation's Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.50 per share be paid for fiscal 2005 (2004: EUR 0.50), representing a dividend ratio of 48%. The effective dividend yield is thus 3.2%. On average, dividends of 44% have been paid out during the past five years.

TAXABLE VALUE OF THE SHARE 2005

The taxable value of the Amer Sports share for 2005 is EUR 11.10.

TREASURY SHARES

The Annual General Meeting held on March 16, 2005, authorized the Board of Directors to decide on the buyback of Amer shares with distributable funds. The Board of Directors may also propose that the shares bought back be cancelled by decreasing the share capital. The Company's own shares can be used to develop the Company's capital structure and as consideration in possible acquisitions. The maximum number of shares that can be bought back on the basis of the authorization is 5% of the Company's registered share capital. The shares will be purchased in public trading on the Helsinki Stock Exchange at the market price of the shares at the time of purchase.

The Annual General Meeting authorized the Board of Directors to dispose of shares bought back for the Company. No more than 5% of the Company's registered share capital can be disposed of under the authorization. The shares will be disposed of as consideration when the Company purchases business assets and as consideration in possible acquisitions in such a manner and scope as decided upon by the Board of Directors. The Board of Directors was authorized to decide to whom and in which order shares will be conveyed. The Board of Directors can also decide on the conveyance of own shares in disproportion to shareholders' pre-emptive right to acquire shares. In addition, the Board of Directors was authorized to decide on the sale of the Company's own shares in public trading on the Helsinki Stock Exchange to acquire funding for the Company's investments or possible acquisitions. The shares will be transferred at the market price at the time of transfer.

These authorizations will be valid until the Annual General Meeting in 2006, or for no longer than one year from the date when the Annual General Meeting approved the resolution.

The Company did not buy back or dispose of any of its own shares during the report year.

WARRANT SCHEMES

At December 31, 2005, Amer Sports had in use four 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 Sports' shareholder value.

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 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 Sports' 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 and conditions, or 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, 16 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 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 commenced on January 1, 2006, and will end on December 31, 2008. At the close of the report period, 14 persons were covered by the 2003 warrant scheme. The stock options related to the year 2003 stock option arrangement were subject to trading on the Helsinki Stock Exchange main list as of January 12, 2006.

2004 warrant scheme

The 2004 warrant scheme comprises 550,000 warrants.

By the end of 2005, 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 Sports' 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 1,650,000 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 and conditions, or EUR 13.53 per share.

On February 3, 2005, Amer Sports Corporation's Board of Directors decided to grant additional warrants under the 2004 scheme to key employees of the Amer Sports. The total number of warrants granted to key employees rose to 261,650. The additional warrants were transferred because the growth and profitability targets set by the Board of Directors were achieved. In accordance with the terms and conditions of the warrants, the 188,350 warrants remaining unexercised were automatically cancelled on December 31, 2005. 100,000 warrants remain to be used in connection with possible future acquisitions and other M&A arrangements.

The share subscription period will commence on January 1, 2007, and end on December 31, 2009. At the close of the report period, 19 persons were covered by the 2004 warrant scheme.

2005 warrant scheme

The 2005 warrant scheme comprises 500,000 warrants.

Waiving the pre-emptive subscription right of shareholders, the warrants under the 2005 scheme are granted to the Group management of Amer Sports Corporation and Amera Oy, a fully-owned subsidiary of Amer Sports Corporation. They will be used as long-term incentives for Group management in 2005-2009 in accordance with the growth and profitability targets set by the Board of Directors. Warrants will be granted to Group management after the publication of the 2007 financial statements.

As a result of the share subscriptions, the share capital of the company may be increased by a maximum of 500,000 shares corresponding to EUR 2,000,000. The share subscription price is EUR 14.86.

The share subscription period will begin on March 1, 2008, and end on December 31, 2009. At the close of the report year, nine persons were covered by the 2005 warrant scheme.

General information on warrants

The warrants of the warrant schemes would have corresponded to 4.3% of the Company's shares and votes as of December 31, 2005 (cancellation of 188,350 warrants has been taken into account).

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

In Amer Sports' current 2002, 2003 and 2004 warrant schemes, one warrant entitles its holder to subscribe for three Amer Sports Corporation shares. In the 2005 warrant scheme, one warrant can be exercised to subscribe for one Amer Sports Corporation share.

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 warrantholder's employment or position with Amer Sports 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, 2005, Amera Oy held 100,000 of the 2004 warrants and 10,000 of the 2003 warrants.

Shares subscribed for on the basis of the warrant schemes 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 Sports' website at the address www.amersports.com.

SHARES AND WARRANTS HELD BY MANAGEMENT

The members of Amer Sports' Board of Directors held a total of 2,056,910 Amer Sports shares as of December 31, 2005 (December 31, 2004: 2,430,822), or 2.9% (3.4%) of the shares outstanding and votes.

On December 31, 2005, the President and CEO (also a Board member) owned 15,500 Amer Sports shares (Dec. 31, 2004: 0). At the end of 2005, the President held 333,650 warrants, entitling him to subscribe for a maximum of 1,000,950 shares in the Company. Of these, 206,800 were under the 2002 warrant scheme, 60,000 under the 2003 warrant scheme and 66,850 under the 2004 warrant scheme. As of December 31, 2005, the President's warrants would have corresponded to 1.4% 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.

Management of Amer Sports (including President and CEO) owned a total of 32,200 Amer Sports shares on December 31, 2005 (Dec. 31, 2004: 16,350), representing 0.05% (0.02%) of the shares and votes. At the end of 2005, management owned a total of 759,417 warrants, entitling them to subscribe for 2,278,251 shares. Of these, 395,300 were from the 2002 warrant scheme, 136,667 from the 2003 warrant scheme and 227,450 from the 2004 warrant scheme. As of December 31, 2005, the warrants held by the management would have corresponded to 3.2% of the Company's shares and votes. The management of Amer Sports is presented on page 105.

SHARE TURNOVER AND PRICE TREND

During the 2005 calendar year, a total of 55.9 million of the Company's shares were traded on the Helsinki Stock Exchange to a total value of EUR 819.9 million, and 0.2 million shares were traded on the London Stock Exchange (Jan. 1 – June 24, 2005) to a total value of EUR 2.2 million. The share turnover was 78.34% in Helsinki and 0.23% in London, or a total of 78.57%. The number of ADR certificates in issue at the turn of the year was 229,996.

At the close of the year on the Helsinki Stock Exchange, the last trade in Amer Sports Corporation shares was done at a price of EUR 15.73, representing a rise of 22.4% during the year. The high for the year on the Helsinki Stock Exchange was EUR 17.09 and the low EUR 12.32. The average share price was EUR 14.65.

The Company had a market capitalization at the end of the year of EUR 1,124.2 million.

A total of 0.2 million warrants were traded during 2005, to a total value of EUR 2.2 million.

SHAREHOLDERS

At the close of 2005, Amer Sports Corporation had 14,588 registered shareholders. 54.67% (51.4%) of the shares were owned by foreigners, or a total of 39.1 million. Each nominee register is entered in the Share Register as a single shareholder. Only shares that have been recorded in the Shareholder Register have the right to vote at general meetings of shareholders.

SHAREHOLDER AGREEMENTS

The Company's Board of Directors is not aware of any agreements concerning the ownership of the Company's shares and the use of their voting rights.

NOTIFICATIONS OF CHANGES IN HOLDINGS

In February, Franklin Resources Inc. announced that the total number of shares held by the funds and individual investors under its control represented 5.14% of Amer Sports Corporations' share capital and votes. In October, its holding fell below 5% to 4.73%.

PEER GROUP

Amer Sports 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 OMX Helsinki CAP.

SGI is a general industry index that monitors the trend of the following companies: Amer Sports, Callaway, K2, Nike, adidas, The Sports Authority and Head. SGI can be found on the Internet at the address www.amersports.com.

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 Sports, Callaway, K2 and Head.

INVESTOR RELATIONS

The objective of Amer Sports' 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 a 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:	FI0009000285
Trading lot:	50

Key indices:
OMX Helsinki
OMX Helsinki CAP
OMX Helsinki 25
Consumer Discreationary

MAJOR SHAREHOLDERS AT DECEMBER 31, 2005

	Shares	% of shares and votes
The Land and Water Technology Foundation	3,000,000	4.2
Brotherus Ilkka	2,002,304	2.8
Varma Mutual Pension Insurance Company	1,430,350	2.0
Odin Norden	1,133,730	1.6
Ilmarinen Mutual Pension Insurance Company	1,055,078	1.5
Tapiola Mutual Pension Insurance Company	968,700	1.4
Etera Mutual Pension Insurance Company	903,490	1.3
OP-Delta Mutual Fund	755,800	1.1
The State Pension Fund	425,000	0.6
Tapiola General Mutual Insurance Company	401,805	0.6
Odin Forvaltning AS	384,100	0.5
Tukinvest Oy	370,017	0.5
Finnish Cultural Foundation	350,000	0.5
Amer Cultural Foundation	297,771	0.4
Tapiola Mutual Life Assurance Company	271,310	0.4
Pension Fund Polaris	270,000	0.4
Nordea Fennia Fund	260,670	0.4
OMX Helsinki 25 Exchange Traded Fund (ETF)	251,776	0.4
Mutual Fund Evli Select	241,500	0.3
Mutual Insurance Company Pension-Fennia	227,200	0.3
Nominee registrations	37,365,901	52.3

WARRANTS

Warrant scheme	Personnel Dec. 31, 2005	Subscription ratio	Subscription price, EUR	Increase of share capital at the most, shares	Subscription period
2005	9	1:1	14.86	500,000	Mar. 1, 2008 – Dec. 31, 2009
2004	19	1:3	13.53	1,084,950 *)	Jan. 1, 2007 – Dec. 31, 2009
2003	14	1:3	12.63	479,997	Jan. 1, 2006 – Dec. 31, 2008
2002	16	1:3	10.79	1 557,300	Jan. 1, 2005 – Dec. 31, 2007

*) Cancellation of 188,350 warrants has been taken into account.

SHAREHOLDINGS AND WARRANTS OF THE BOARD OF DIRECTORS AND MANAGEMENT AT DECEMBER 31, 2005

	Shares	2002 Warrants	2003 Warrants	2004 Warrants
Board of Directors *)				
Pekka Kainulainen, Chairman	11,840	-	-	-
Ilkka Brotherus, Vice Chairman	2,002,304	-	-	-
Felix Björklund	11,729	-	-	-
Tuomo Lähdesmäki	7,729	-	-	-
Timo Maasilta	3,679	-	-	-
Anssi Vanjoki	4,129	-	-	-
Roger Talermo, President and CEO	15,500	206,800	60,000	66,850
Group Headquarters				
Max Alfthan, Communications	0	10,500	8,000	11,150
Eero Alperi, Supply Chain Development	3,000	14,000	6,000	5,950
Christel Berghäll, Human Resources	350	0	0	5,950
Paul Byrne, Fitness Equipment	0	30,000	0	17,850
Chris Considine, Racquet Sports, Team Sports and Golf	0	0	10,000	17,850
Jean-Luc Diard, Salomon	0	0	0	0
Thomas Henkel, Information Technology	0	0	0	0
Kari Kauniskangas, Sales & Distribution	1,650	20,000	6,667	22,300
Heikki Koponen, Legal Affairs	0	0	0	5,950
Jari Melgin, Treasury & Investor Relations **)	3,600	14,000	6,000	5,950
Steve Millea, Sourcing	0	0	10,000	17,850
Pekka Paalanne, CFO	7,800	56,100	16,000	26,000
Juha Pinomaa, Sports Instruments	0	0	0	0
Michael Schineis, Winter Sports/Atomic	0	33,400	10,000	17,850
Kai Tihilä, Business Planning & Control	300	10,500	4,000	5,950

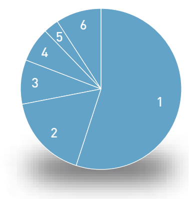
*) The members of the Board of Directors, excluding the President and CEO, are not covered by the warrant schemes.

**) Jari Melgin started to work at Salomon in January 1, 2006.

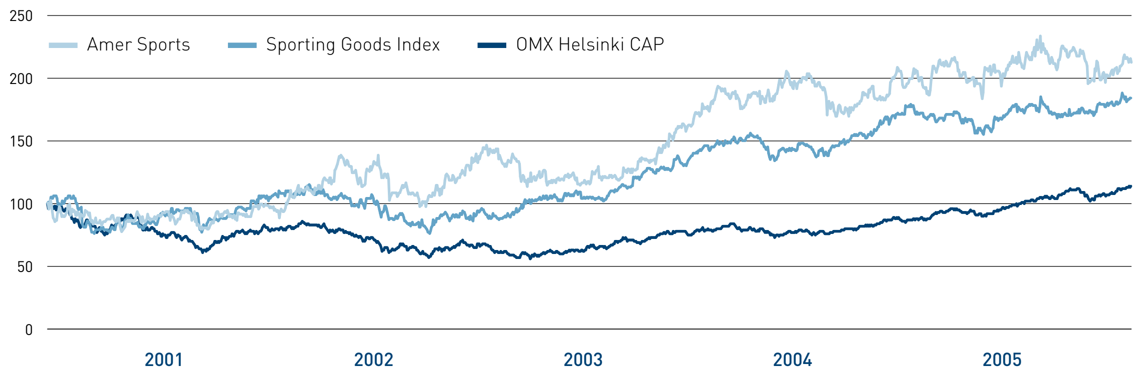
Number of shares per shareholder at Dec. 31, 2005	Shareholders	% of shareholders	Shares	% of shares
1 – 100	2,852	19.5	164,165	0.2
101 – 1,000	8,987	61.6	3,684,960	5.2
1,001 – 10,000	2,488	17.1	6,386,215	8.9
10,001 – 100,000	203	1.4	5,519,381	7.7
yli 100,000	42	0.3	18,347,088	25.7
Nominee registrations	16	0.1	37,365,901	52.3
Total	14,588	100.0	71,467,710	100.0

SHAREHOLDING IN AMER SPORTS CORPORATION DEC 31, 2005

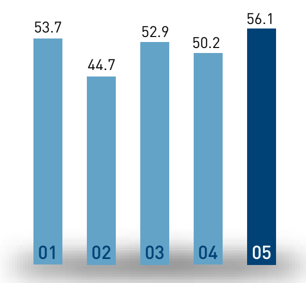
1	OUTSIDE FINLAND AND NOMINEES	55%
2	HOUSEHOLDS	17%
3	NON-PROFIT ORGANIZATIONS	9%
4	BANKS AND INSURANCE COMPANIES	7%
5	PRIVATE COMPANIES	3%
6	PUBLIC SECTOR ENTITIES	9%



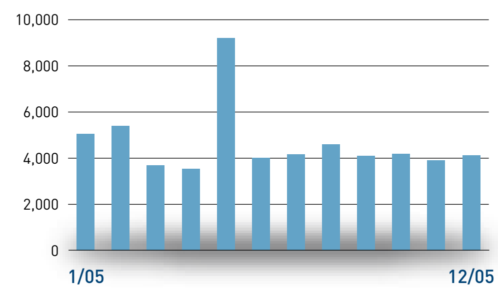
TRENDS OF SHARE PRICES



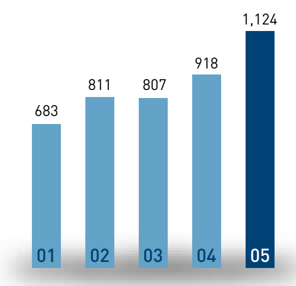
TRADING OF SHARES
million shares



TRADING OF SHARES
1,000 shares



MARKET CAPITALIZATION
DEC 31, EUR million



SHARE CAPITAL AND PER SHARE DATA

	IFRS			FAS		
EUR million	**2005**	2004	2003	2003	2002	2001
Share capital	**285.9**	285.7	97.8	97.8	96.8	96.5
Number of shares in issue, million	**71.5**	71.4	73.4	73.4	72.6	72.3
Adjusted number of shares in issue less own shares, million	**71.5**	71.4	70.5	70.5	69.6	69.3
Adjusted average number of shares in issue less own shares, million	**71.4**	71.1	70.0	70.0	69.6	70.8
Share issues						
Bonus issue	**-**	190.5	-	-	-	-
Targeted share issue	**0.2**	1.3	1.0	1.0	0.3	0.2
Decrease of share capital	**-**	3.9	-	-	-	2.5
Earnings per share, continuing operations, EUR	**1.05**	0.96	1.12	0.92	0.98	0.97
Earnings per share, continuing operations, diluted, EUR	**1.04**	0.96	1.11	0.92	0.97	0.96
Earnings per share, discontinued operations, EUR	**-**	0.20	-	-	-	-
Earnings per share, discontinued operations, diluted, EUR	**-**	0.20	-	-	-	-
Equity per share, EUR	**7.46**	6.41	5.95	6.31	6.39	6.24
Total dividends	**35.7**[1]	35.7	33.0	33.0	32.6	25.5
Dividend per share, EUR	**0.50**[1]	0.50	0.47	0.47	0.47	0.37
Dividend % of earnings	**48**[1]	43	42	51	48	37
Effective yield, %	**3.2**[1]	3.9	4.1	3.9	4.0	3.7
P/E ratio	**14.9**	11.1	10.3	12.4	11.8	10.2
Market capitalization	**1,124.2**	917.7	806.7	806.7	810.6	682.9
Share value, EUR						
Counter book value	**4.00**	4.00	4.00	4.00	4.00	4.00
Share price low	**12.32**	11.49	8.68	8.68	8.61	7.00
Share price high	**17.09**	14.82	12.17	12.17	13.33	9.83
Average share price	**14.65**	13.06	10.02	10.02	10.49	8.54
Share price at closing date	**15.73**	12.85	11.45	11.45	11.63	9.83
Trading volume	**822.1**	656.1	530.7	530.7	469.5	458.3
1,000s	**56,119**	50,232	52,872	52,872	44,709	53,697
%	**79**	71	75	75	62	74
Number of shareholders	**14,588**	13,493	12,314	12,314	10,689	10,520

[1] Proposal of the Board of Directors for 2005.

The comparison figures for 2001–2003 have been adjusted for the December 2004 bonus issue.
Calculation of key indicators, see page 85.

BOARD OF DIRECTORS' DIVIDEND PROPOSAL AND THE SIGNATURES OF FINANCIAL STATEMENTS AND REPORT OF THE BOARD OF DIRECTORS

As stated in the consolidated balance sheet dated December 31, 2005, the Group's distributable earnings amount to EUR 253,866,000. Distributable earnings as stated in the Parent Company balance sheet total EUR 287,260,912.94.

The Board of Directors recommends to the Annual General Meeting that a dividend of EUR 0.50 per share, totaling EUR 35,742,555.00, to be paid for the 2005 financial year.

Helsinki, February 10, 2006

Pekka Kainulainen	Ilkka Brotherus	Felix Björklund
Tuomo Lähdesmäki	Timo Maasilta	Anssi Vanjoki

Roger Talermo
President and CEO

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AMER SPORTS CORPORATION

We have audited the accounting records, the financial statements and the administration of Amer Sports Corporation for the period January 1 – December 31, 2005. The Board of Directors and the President and CEO have prepared the report of the Board of Directors and the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU and the parent company's financial statements prepared in accordance with prevailing regulations in Finland, that include the parent company's balance sheet, income statement, cash flow statement and the notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, the parent company's financial statements and on the administration of the parent company.

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

CONSOLIDATED FINANCIAL STATEMENTS

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

PARENT COMPANY'S FINANCIAL STATEMENTS AND ADMINISTRATION

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

Helsinki, February 10, 2006

PricewaterhouseCoopers Oy
Authorised Public Accountants

Göran Lindell
Authorised Public Accountant

The keystones of Amer Sports Corporation'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.

GENERAL MEETING

Amer Sports Corporation's highest power of authority is exercised by the company's shareholders at the General Meeting, which is convened by the company's Board of Directors. Shareholders can exercise their right to make decisions concerning the company at a properly convened General Meeting by either being present themselves or through authorized representatives.

In addition to the matters specified as being the business of Annual General Meetings, as set forth in the Finnish Companies Act, a shareholder can submit a written request to the Amer Sports' Board of Directors that a certain matter be dealt with at the General Meeting. The written request must be submitted to the Board of Directors early enough that the matter can be included in the Notice of Meeting. The Board of Directors must convene a General Meeting without delay to deliberate on a certain matter if requested by the auditor or a shareholder or shareholders owning at least 10% of all the shares in the company.

DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The duties and responsibilities of Amer Sports' Board of Directors are defined on the basis of the Finnish Companies Act and other applicable legislation. The Board of Directors has general authority in all such matters that the law or the Articles of Association do not stipulate to be decided or performed by other bodies. The Board of Directors is responsible for attending to the administration of the company and duly organizing its operations. The Board of Directors must act in the company's interests in all circumstances. The Board of Directors has set as its goal guiding the company's operations with a view to generating maximum enduring added value to shareholders without neglecting other interest groups.

The Board of Directors draws up an annual plan and each year assesses its own activities by carrying out an internal self-appraisal. All matters of wide-ranging importance for the company's operations are dealt with by the Board of Directors.

The decision of the Board of Directors is the position supported by more than half of the members present. When voting is split, the Chairman has the deciding vote.

The Board of Directors convenes at least once a year when representatives of the company's management are not in attendance.

The major tasks of the Board of Directors are to:

Direct the Amer Sports' business operations and strategies

- Confirm the company's strategy and ensure that it is up to date
- Confirm the business plan on the basis of the strategy and the annual budget and monitor their achievement
- Adopt the annual investment plan
- Decide on significant, strategically important investments or acquisitions and the sale of assets

Organization of Amer Sports' administration and functions

- Appoint and dismiss the President and CEO
- Appoint and dismiss the immediate subordinates of the President and CEO
- Decide on the terms of the employment of the President and CEO and his immediate subordinates, including incentive reward schemes, if any
- Set the CEO's personal targets for each year and monitor their achievement
- Keep track of issues related to succession in management
- Adopt the duties and responsibilities of the Board and evaluate its performance once a year

Supervision of financial administration and risk management

- Approve interim reports, annual reports and financial statements
- Hold a meeting with the company's auditors at least once a year
- Supervise significant risks connected with the company's operations and risk management

Preparation of matters to be decided on at a General Meeting of Shareholders

- Draft the company's dividend payout policy and submit a proposal on the dividend to the General Meeting
- Submit other proposals to the General Meeting

The Board of Directors prepares an annual plan that always extends until the subsequent Annual General Meeting, which includes:

- the schedule of meetings
- the major issues to be discussed at each meeting
- the schedule of the dates when the Board members are to familiarize themselves with the operations of the company and its partners as well as
- the annual evaluation of its own performance at the end of the period.

BOARD COMMITTEES

The Board of Directors has set three permanent committees from amongst its number and defined Rules of Procedure for them. The committees report on their work to the entire Board of Directors on a regular basis.

The Nomination Committee 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 comprises three non-executive members of the Board of Directors. In 2005 they were: Felix Björklund (Committee Chairman), Ilkka Brotherus and Timo Maasilta. The Committee convened four times in 2005.

The task of the Compensation Committee is to prepare proposals for decisions on the compensation and reward system for the top management of Amer Sports. The Compensation Committee comprises three non-executive Directors: Pekka Kainulainen (Committee Chairman), Anssi Vanjoki and Felix Björklund. The Committee convened five times in 2005.

The task of the Audit Committee is to assist the Board of Directors in the monitoring of the reporting and accounting processes. In order to fulfill its task, the committee assesses compliance with laws and regulations and supervises the financial situation. "Reporting" refers to financial statements, interim reports and monthly profit-and-loss reporting. The committee evaluates the adequacy and appropriateness of internal control and risk management. The committee prepares the auditor selection decision that is made at the General Meeting of the parent company and maintains contact with the auditor. Three non-executive Directors sit on the Audit Committee. In 2005 they were: Tuomo Lähdesmäki (Committee Chairman), Ilkka Brotherus and Timo Maasilta. The Committee convened three times in 2005.

ELECTION AND TERMS OF OFFICE OF BOARD MEMBERS

The Board of Directors is responsible for duly organizing the administration and operations of Amer Sports. 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 Amer Sports' line of business and international operations.

The members of the Board of Directors for the 2005 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 Amer Sports' President and CEO 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 of Directors meets once a month as a rule. In 2005, the Board of Directors convened 14 times. While most meetings of the Board were held at the Amer Sports' headquarters in Helsinki, some meetings were arranged elsewhere in connection with visits by the Directors to familiarize themselves with the operations of Amer Sports. The attendance rate of Directors at meetings of the Board was 95.9% in 2005.

PRESIDENT AND GROUP MANAGEMENT

Amer Sports' President is appointed by the Board of Directors. Roger Talermo has served as President and Chief Executive Officer and also as a Board member since 1996. 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 nine other Executive Board members, who are presented on page 105. The Executive Board meets three times a year, and its task is to insure that the 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 and CEO along with Pekka Paalanne, Senior Vice President & CFO, Max Alfthan, Senior Vice President, Corporate Communications, and Kari Kauniskangas, Senior Vice President, Sales & Distribution.

BUSINESS ORGANIZATION

In 2005, Amer Sports' operations were divided into seven business areas, which were Racquet Sports, Golf, Team Sports, Winter Sports/Atomic, Fitness Equipment, Sports Instruments and Salomon.

Each business area has a Board of Directors that generally comprises Amer Sports' President and CEO, the CFO and the President of the business in question.

Amer Sports mainly handles the distribution of its sports equipment and products through its own sales companies. The company's own sales organization operates in 33 countries. Elsewhere, products are distributed through independent import and distribution companies. The company's own sales companies operate under the name of Amer Sports or Salomon, except in the United States, where Wilson, Atomic, Precor and Suunto have their own sales companies. The Group's strategy has defined the objective of putting in place a network through which Amer Sports' own sales companies and the major independent importers distribute Amer Sports' 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 2005 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 other members at EUR 30,000. The emoluments of Board members consist of a 40% component paid in the Amer Sports' 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 2005, the members of the Board of Directors were paid total compensation of EUR 0.21 million, of which EUR 0.13 million was in cash. The following shares were transferred: Pekka Kainulainen, 1,402 shares, Ilkka Brotherus, 1,122 shares, Felix Björklund, 841 shares, Tuomo Lähdesmäki, 841 shares, Timo Maasilta, 841 shares, and Anssi Vanjoki, 841 shares. The President and CEO is 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 are 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 for their participation in management bodies.

In 2005, the 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 and annual plan. The purpose of the annual bonus system is to drive the company's growth and profitability and to support the realization of the company's strategy. The annual bonus system is the most extensive incentive system in terms of personnel covered.

- Long-term incentive schemes for key personnel

• Warrant schemes 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 2005 was 16 under the 2002 scheme, 14 under the 2003 scheme, 19 under the 2004 scheme and 9 under the 2005 scheme. The 2005 warrant scheme seeks to provide long-term incentives for corporate management in 2005–2009 in accordance with the growth and profitability targets set by the Board of Directors. The warrants, if any, will be granted to corporate management after the publication of the 2007 financial statements.

• A transferred cash bonus scheme that seeks to elicit commitment from key employees. The scheme spurs the achievement of the annual plan. Its result is tied to the three-year trend in shareholder value. In 2005, 72 people in management tasks at subsidiaries came within the scope of the scheme.

The salaries, benefits and other compensation paid to the members of Amer Sports' Board of Directors, the President and CEO and the Executive Board amounted to about EUR 5.1 million in 2005. Total compensation paid to the President and CEO in 2005 was EUR 1.1 million, of which bonuses tied to profits and other objectives accounted for EUR 0.3 million. Salaries, benefits and other compensation paid to the other members of the Amer Sports Executive Board totaled EUR 3.8 million, of which bonuses amounted to EUR 1.6 million.

Amer Sports' warrant schemes for the years 2002, 2003, 2004 and 2005 are presented on pages 93–94. At the end of 2005, the President and CEO held warrants entitling him to a total of 1,000,950 shares. Of these, 620,400 were under the 2002 warrant scheme, 180,000 under the 2003 scheme and 200,550 under the 2004 scheme. Apart from the President, the members of the Amer Sports' Board of Directors do not come within the scope of the warrant schemes.

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 percent of salary. The other members of the Board of Directors do not have pension agreements with the company.

The President and CEO's period of notice is six months on both the company's and the President's side. Should Amer Sports 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. The other Board members do not have a period of notice and do not receive severance pay.

AUDIT

PricewaterhouseCoopers is generally responsible for auditing the Group companies worldwide. The independent public accountants of Amer Sports Corporation, 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 Amer Sports' auditor for one year at a time.

The scope and content of the audit reflects the fact that Amer Sports does not have a separate internal audit organization. The auditors examine the efficiency of the company's systems, internal control, reporting and accounting. The Audit Committee and the Group's financial management, together with the auditors, determine 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 Amer Sports' operations are efficient and profitable, that information is reliable and that the relevant rules and operating principles are observed.

Amer Sports Corporation'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 Sports Corporation 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 2005, Amer Sports paid to PricewaterhouseCoopers firms total fees of about EUR 5.0 million worldwide. Approximately EUR 1.5 million of this sum was for the statutory audit, of which Salomon companies accounted for about EUR 0.4 million. About EUR 3.5 million went for other services, of which around EUR 3.2 million for services related to the Salomon acquisition and about EUR 0.3 million for other services.

FINANCIAL REPORTING

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

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

At all meetings of the Board of Directors, the company's management deliberates on the financial survey of the business operations of both Amer Sports and the reporting segments.

In overseeing the operations of the business areas, the President and CEO and other Group management make use of weekly sales reports, monthly financial reports and regular meetings with the business areas.

RISK MANAGEMENT

Once a year, the Board of Directors analyzes risks connected with Amer Sports' operations.

Responsibility for the risk management related to line operations rests with the Amer Sports' business areas, which report regularly on the main risks connected with their operations to the business area's Board of Directors.

The property, loss-of-profits and liability risks arising from Amer Sports' 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. Amer Sports' 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 82–83.

A large part of Amer Sports' 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.

The most important of Amer Sports' own production facilities are the Atomic factory in Austria, Precor's factory in the United States, the Suunto factory in Finland as well as Salomon's factory in France. In addition, Salomon has major factories in Romania that are owned by subcontractors and whose production equipment and inventories are owned by Salomon.

In addition, Amer Sports' most important distribution centers are located in Germany, Austria, the United States and France.

The main raw materials used in production are steel, various plastic products, carbon fiber, rubber, leather and various high-quality fabrics.

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 Amer Sports' 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 Sports' insider rules are based on the Guidelines for Insiders of the Helsinki Stock Exchange and the Securities Market Act, as amended on July 1, 2005.

The members of the Board of Directors, the President and CEO and the Vice President as well as the auditors are Amer Sports' public insiders. Furthermore, the members of the management are also public insiders. They are presented on page 105.

Persons who are in charge of Amer Sports' finances, results reporting and communications as well as the secretaries to the senior management and the principal users of the IT system are included in the company-specific register of insider holdings. Similarly, other persons who are responsible for the key operations of the company and regularly receive insider information in the course of their duties are included in the company-specific register of insider holdings.

If a person has inside information, they may not issue commissions concerning the purchase, sale, etc. of Amer Sports securities or directly or indirectly advise another person in such transactions. An insider may not trade in Amer Sports shares during the fourteen days that precede the publication of an interim or annual report.

Insider rules also include provisions prohibiting temporary trade in shares. Persons who are party to the preparation of a project or are aware of a confidential project which, when implemented, is likely to have a substantial impact on the value of the Amer Sports' securities, are project-specific insiders. Similarly, any persons outside the company who in the course of their duties or otherwise acquire the aforementioned information are included in the project-specific register of insider holdings. Amer Sports defines on a case-by-case basis the projects under preparation that are subject to insider rules.

Amer Sports' Director, Legal Affairs, is responsible for the due disclosure of information on insider matters. The Director, Legal Affairs also sees to the maintenance of the insider register. Amer Sports keeps its insider register within the SIRE system operated by Finnish Central Securities Depository Ltd.

Amer Sports' insider rules and a list of public insiders as well as their shareholdings in the company can be found on the Amer Sports' website at the address www.amersports.com.

SALARIES, BENEFITS AND BONUSES IN 2005

EUR	Salaries and compensation	Bonuses	Total
Members of the Board of Directors:*) **)			
Pekka Kainulainen	50,000	-	50,000
Ilkka Brotherus	40,000	-	40,000
Felix Björklund	30,000	-	30,000
Tuomo Lähdesmäki	30,000	-	30,000
Timo Maasilta	30,000	-	30,000
Anssi Vanjoki	30,000	-	30,000
President & CEO Roger Talermo**)	729,985	344,808	1,074,793
Other members of the Executive Board ***)	2,141,997	1,632,950	3,774,947

*) Members of the Board of Directors are not paid bonuses.
**) The emoluments of Board members consist of a 40% component paid in Amer Sports' shares and 60% in cash. The President and CEO is not paid an emolument and fees for serving as a Director on the Board.
***) Members of the Executive Board Pekka Paalanne and Kari Kauniskangas have an early retirement agreement.

SHAREHOLDINGS AND WARRANTS AT DECEMBER 31, 2005

Pcs	Members of the Board of Directors	President and CEO	Other management	Total
Shares	2,041,410	15,500	16,700	2,073,610
Warrants 2002	-	206,800	188,500	395,300
Warrants 2003	-	60,000	76,667	136,667
Warrants 2004	-	66,850	160,600	227,450
Warrants 2005	-	-	-	-

The shareholdings and warrants owned by the Board of Directors and the management at December 31, 2005 are presented on pages 104–105. The terms of the warrant schemes are presented in greater detail on pages 93–94.

BOARD OF DIRECTORS

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: 11,840 Amer Sports 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. Member 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: 2,002,304 Amer Sports shares.

FELIX BJÖRKLUND

- B.Sc. (Econ.), born 1943.
- Nordic Capital, Partner.
- Member of the Board since 1999.
- Member of the Boards of Kelsen Holding A/S, 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: 11,729 Amer Sports 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. Member of the Boards of Citycon Oyj, Scanfil Oyj and 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: 7,729 Amer Sports 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: 3,679 Amer Sports shares.

ANSSI VANJOKI

- M.Sc. (Econ.), born 1956.
- Member of the Group Executive Board, Executive Vice President, Nokia Corporation. General Manager, Multimedia.
- Member of the Board since 2004.
- Member of the Boards of Koskisen Oy and Kansiopalvelu Oyj.
- 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. Specialist positions at 3M Corporation, 1980 – 1991.
- Shareholding: 4,129 Amer Sports shares.

ROGER TALERMO

- M.Sc. (Econ.), born 1955.
- President & CEO, Amer Sports Corporation.
- Member of the Board since 1996.
- President of the Finnish Olympic Committee since 2004.
- 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: 15,500 Amer Sports shares.
- 206,800 2002 warrants; 60,000 2003 warrants; 66,850 2004 warrants.

Shareholdings at December 31, 2005

EXECUTIVES

PRESIDENT & CEO
Roger Talermo
Born 1955. Company employee since 1995.
Chairman of Amer Sports Executive Board.[*][**]
Shares: 15,500
Warrants: 2002: 206,800, 2003: 60,000, 2004: 66,850

TREASURY AND FINANCE
Pekka Paalanne
Born 1950. Company employee since 1997.[*][**]
Shares: 7,800
Warrants: 2002: 56,100, 2003: 16,000, 2004: 26,000
Main responsibilities: deputy to the President & CEO, Secretary of the Board, Finance, Treasury, Human Resources Management, Corporate Counsel, Investor Relations, Information Systems, Sales and Distribution.

COMMUNICATIONS AND BRAND MANAGEMENT
Max Alfthan
Born 1961. Company employee since 2001.[*][**]
Shares: 0
Warrants: 2002: 10,500, 2003: 8,000, 2004: 11,150
Main responsibilities: Internal and External Communications, Brand Management.

SALES & DISTRIBUTION
Kari Kauniskangas
Born 1962. Company employee since 1984.[*][**]
Shares: 1,650
Warrants: 2002: 20,000, 2003: 6,667, 2004: 22,300
Main responsibilities: Amer Sports Worldwide Subsidiary and Distribution Network, Customer Relations.

BUSINESS PLANNING & CONTROL
Kai Tihilä
Born 1962. Company employee since 2000.
Shares: 300
Warrants: 2002: 10,500, 2003: 4,000, 2004: 5,950

SUPPLY CHAIN DEVELOPMENT
Eero Alperi
Born 1958. Company employee since 1997.
Shares: 3,000
Warrants: 2002: 4,000, 2003: 6,000, 2004: 5,950

INFORMATION TECHNOLOGY
Thomas Henkel
Born 1966. Company employee since 2000.
Shares: 0
Warrants: 0

HUMAN RESOURCES
Christel Berghäll
Born 1969. Company employee since 2003.
Shares: 350
Warrants: 2004: 5,950

LEGAL AFFAIRS
Heikki Koponen
Born 1962. Company employee since 2003.
Shares: 0
Warrants: 2004: 5,950

SOURCING
Steve Millea
Born 1958. Company employee since 1984.[*]
Shares: 0
Warrants: 2003: 10,000, 2004: 17,850

Amer Sports Executive Board
First row from left to right: Roger Talermo, Pekka Paalanne, Max Alfthan, Kari Kauniskangas, Paul Byrne.
Second row from left to right: Chris Considine, Michael Schineis, Juha Pinomaa, Jean-Luc Diard, Steve Millea

BUSINESS AREAS

WILSON, RACQUET SPORTS, TEAM SPORTS & GOLF
Chris Considine
Born 1960. Company employee since 1982.[*]
Shares: 0
Warrants: 2003: 10,000, 2004: 17,850

ATOMIC, WINTER SPORTS
Michael Schineis
Born 1958. Company employee since 1996.[*]
Shares: 0
Warrants: 2002: 33,400, 2003: 10,000, 2004: 17,850

PRECOR, FITNESS EQUIPMENT
Paul Byrne
Born 1951. Company employee since 1985.[*]
Shares: 0
Warrants: 2002: 30,000, 2004: 17,850

SUUNTO, SPORTS INSTRUMENTS
Juha Pinomaa
Born 1961. Company employee since 2005.[*]
Shares: 0
Warrants: 0

SALOMON, ACTION & OUTDOOR
Jean-Luc Diard
Born 1957. Company employee since 1982.[*]
Shares: 0
Warrants: 0

[*] Member of Amer Sports Executive Board
[**] Member of Executive Team

Shareholdings at December 31, 2005

INFORMATION FOR INVESTORS

FINANCIAL REPORTS

Amer Sports will publish its interim reports in 2006 on May 2, August 3 and October 25. The 2006 financial statement bulletin will be published in February 2007.

Amer Sports publishes its annual and interim reports in both Finnish and English. The publications can be ordered from:

Amer Sports Corporation, Communications,
P.O. Box 130, FI-00601 Helsinki, Finland
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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

Mr Pekka Paalanne, Senior Vice President & CFO, is responsible for Amer Sports Corporation's investor relations,
tel. +358 9 7257 8212,
e-mail: pekka.paalanne@amersports.com.

INVESTMENT ANALYSTS

The following companies, among others, published investment analyses and research on Amer Sports during 2005:

Alfred Berg Finland
CAI Chevreux
eQ Securities
D. Carnegie Ab Finland Branch
Danske Bank
Deutsche Bank
Dresdner Kleinwort Wasserstein
Enskilda Securities
Evli Securities
FIM Securities
Handelsbanken
Kaupthing Bank Oyj
Mandatum Securities
Merrill Lynch
Opstock Securities

ANNUAL GENERAL MEETING

Date and time: Wednesday, March 15, 2006 at 2:00 p.m.
Venue: Amer Sports Corporation's Headquarters, Mäkelänkatu 91, Helsinki.

Shareholders who have been entered in Amer Sports Corporation's shareholder register, administered by Finnish Central Securities Depository Ltd, no later than March 3, 2006, 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 p.m. local time on March 13, 2006 either in writing to Amer Sports Corporation, Share Register, P.O. Box 130, FI-00601 Helsinki, by telephone (+358 9 7257 8261/Ms Mirja Vatanen) or by e-mail: mirja.vatanen@amersports.com. Proxies should be forwarded to the above address together with notice of attendance.

CONTACT INFORMATION

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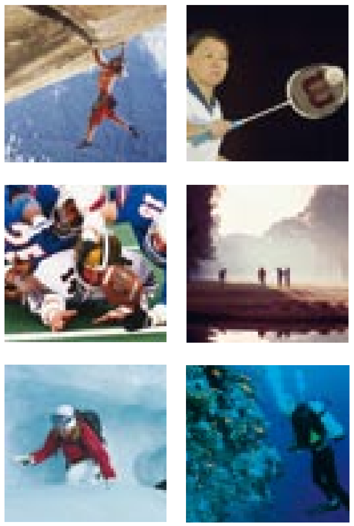
The contact information for the Group's locations is kept up-to-date on Amer Sports' website at www.amersports.com. The contact information for importers can be found on the websites of the business areas. Contact information can also be requested by telephone +358 9 7257 8309, by fax +358 9 791 385, or by e-mail amer.communications@amersports.com.



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