

- *Amer Group's performance was as expected in the first third of 1998. Operating profit amounted to FIM 21 million (1997: loss FIM 12 million).*

- *Losses before taxes and extraordinary items totalled FIM 13 million (1997: loss FIM 49 million) and losses per share were FIM 0.50 (1997: losses per share FIM 2.20).*

- *Net sales amounted to FIM 1,532 million (1997: FIM 1,477 million).*

- *The Board of Directors expects the result for the financial year to improve compared to last year. Of concern, however, is weak consumer demand in Southeast Asia and Japan and, in particular, costs relating to Atomic's reorganisation measures.*

NET SALES

Net sales for the January to April 1998 period increased by 4%. In constant currency terms and adjusting for the disposal of Time/system, comparable net sales grew by 1%. The Sports Division accounted for 90% and the Tobacco Division 10% of the Group's net sales, respectively.

LOSSES REDUCED

A three-year reorganisation program was launched a little over a year ago. Overall company performance has since improved according to plan, and losses were reduced in the period under review. However, as a result of the economic crisis in Southeast Asia, the Group's Japanese sales declined by 19% and Asia Pacific sales by 52%.

The Golf Division's performance continued to improve and its operating result moved back into the black. The Tennis Division's sales declined in the US and Japan and profitability weakened, albeit still at a good level. The Team Sports Division's profitability improved.

The measures taken to improve the Atomic Companies' performance will be reflected in late 1998 and more fully during 1999.

The Tobacco Division's profitability was unchanged compared to the first third of 1997.

The Group's net financing expenses declined, totalling FIM 34 million. Net financing expenses include extraordinary interest income of FIM 7 million.

The relative proportion of the estimated tax charge for the full financial year has been charged against the results for the period.

CAPITAL EXPENDITURE

The Group's gross capital expenditure totalled FIM 24 million during the period.

R&D

A total of FIM 25 million was invested in research and development, i.e. 2% of net sales during the period.

EQUITY RATIO

The equity ratio increased from 40% at the end of the corresponding period in 1997 to 42% at the end of April 1998 (43% as at 31 December 1997), while gearing over the same period declined from 80% to 65% (58% as at 31 December 1997).

The Group's net debt increased due to seasonal fluctuations and amounted to FIM 1.3 billion as at 30 April, compared to FIM 1.2 billion as at 31 December 1997. Liquid assets totalled FIM 203 million at the period end.

PERSONNEL

Due to seasonal fluctuations, Amer Group employed 4,132 people at the end of the period under review (4,096 at the 1997 year-end) and an average of 4,092 people during the period. Of the total, 2,195 were employed by the Group's US units, 795 in Austria, 406 in Finland and 736 in the Rest of the World.

SHARES

During the period under review, 71% of the Group's A shares in issue were traded; 8.3 million were traded on the Helsinki Stock Exchange and approximately 8.9 million on the London Stock Exchange, in total 17.2 million shares.

The Helsinki share price low during the period was FIM 97.00, the high FIM 120.00 and the average FIM 107.43, and in London GBP 10.91, 12.87 and 11.86, respectively.

There were 13,318 registered shareholders at the end of April. Foreign shareholdings totalled 50% of the shares in issue at the end of the period.

The Company's market capitalisation stood at FIM 2,730 million as at 30 April 1998.

At the end of the period under review the Board of Directors had an authorisation to issue warrants to key personnel. No other authorisations were outstanding.

AGM RESOLUTIONS

Based on the decision made by the Annual General Meeting on 18 March 1998, no dividend was distributed for the 1997 financial year.

The AGM approved the Board's proposal to issue warrants to Amer Group's key personnel. The number of warrants to be issued is 850,000, with entitlement to subscribe for a maximum of 850,000 Amer Group Plc A shares. Of these warrant certificates 255,000 will be marked with the letter A, 255,000 with the letter B and 340,000 with the letter C. The subscription period starts in three stages, on 1 January 2001, on 1 January 2002 and on 1 January 2003, respectively, and ends on 31 March 2004 for all the warrant certificates.

The share subscription price, FIM 116, was based on the trade volume weighted average price of the shares on the Helsinki Stock Exchange during the period from 11 March to 17 March 1998 with an addition of ten per cent, rounded up to the nearest full Finnish markka. From the share subscription price, as per the date when the relevant dividend is available for payment, shall be deducted the amount of dividend distributed after 18 March 1998 but before the date of subscription. The aim is for warrant subscription to take place during the summer of 1998.

The number of members of the Board of Directors was resolved to be five. Of the former Board members, Mr Tauno Huhtala was elected a member for a one-year period (1998), Mr Timo Maasilta for a two-year period (1998/99), Mr Pekka Kainulainen for a three-year period (1998/2000) and Mr Roger Talermo for a three-year period (1998/2000). As a new member, Mr Antti Lehtinen was elected for a two-year period (1998/99). At its first meeting the Board of Directors elected Mr Pekka Kainulainen as Chairman and Mr Tauno Huhtala as Vice Chairman.

DEVELOPMENTS FOLLOWING THE PERIOD END

On 27 May 1998 the Helsinki District

Court sentenced members of Amer Group's 1996 Board of Directors to pay twenty day fines due to a Securities Markets offence. The court's decision was given in relation to Amer Group's financial reporting in early 1996.

Fines were imposed on current Board members Pekka Kainulainen, Tauno Huhtala and Timo Maasilta and former Board members Olle Koskinen, Timo Peltola and Raimo Taivalkoski.

1998 PROSPECTS

The Group's 1998 net sales are expected to total FIM 4.4 billion at current exchange rates. The Board of Directors expects the result for the financial year to improve compared to last year. Of concern, however, is weak consumer demand in Southeast Asia and Japan and, in particular, costs relating to Atomic's reorganisation measures.

Wilson's net sales are expected to remain around last year's level, while profitability is forecast to continue to improve compared to 1997. The Golf Division's net sales and market share are expected to grow and profitability is expected to clearly improve. In the Racquet Division net sales are expected to decline and profitability to weaken slightly compared to 1997. On the other hand, the Team Sports Division's business is likely to remain flat.

The Atomic Companies' key objective for the current year is to improve profitability. Following the current reorganisation, the result for the financial year is expected to improve, but it will continue to be clearly in the red. Atomic Companies' net sales are expected to decline compared to last year. The Atomic brands' net sales are likely to grow slightly, whereas the Oxygen brands' net sales are forecast to decline. The trend in the in-line skate market should become clearer following this summer.

Amer Tobacco's market position is expected to remain strong. In 1998 net sales are forecast to grow and profits

are predicted to reach 1997's good levels.

The interim results for the 1 January to 31 August 1998 period will be published on 1 October 1998.

DIVISIONAL HIGHLIGHTS

SPORTS DIVISION

WILSON

Wilson's net sales totalled FIM 1,224 million. In Finnmarks net sales were up 11% and in local currency terms up 3%. The rate of growth was affected by a decline in the Racquet Division's sales mainly in the US and Japan as well as the exit from the unprofitable NFL jersey business in the US. However, profitability improved due to growth in the Golf Division's net sales and margins.

Golf

The global golf equipment market continued to grow as demand increased in the US, Canada and Europe. The Japanese market continues to decline, however. The Golf Division boosted net sales by 18% in local currency terms. Profitability improved and the operating result moved back into the black. In the key US, UK and Canadian markets, Wilson continued to gain market share in both golf clubs and golf balls. Sales in all main product categories grew worldwide with the exception of Japan and Asia Pacific.

The objective is also to regain the Wilson brand's solid market position in the premium product category. As a result, investment in premium club R&D and marketing continued to be high. Sales of Staff Titanium golf balls, Fat Shaft irons and commercial clubs were strong. Fat Shaft technology, which reduces the twisting of the club head and results in longer and straighter shots, was expanded to include woods. Shipments of the new Fat Shaft metal woods started in April in the US. These products will be available globally in 1999.

Racquet

The tennis market continued to decline particularly in the US where the market fell by more than 10% compared to the corresponding period in 1997.

Wilson's Racquet Division's net sales declined by 8% in local currency terms compared to the first interim period of 1997. Profitability declined, while remaining at a good level. The company maintained its position as the number one worldwide brand in tennis equipment. In the US, Wilson racquets represented 44% of total performance racquets sold. In tennis balls Wilson maintained its 41% market share. During the period under review, Wilson introduced the Hammer 6.4 and Hammer 3.2 Titanium racquets in the performance racquet category.

Team Sports

The American football, basketball and apparel markets were flat compared to the corresponding period in 1997, while the baseball market grew slightly.

Wilson's Team Sport Division's net sales declined by 1% in local currency terms, mainly due to the exit from the unprofitable NFL jersey business. Profitability improved compared to the first interim period of 1997. Basketball sales increased, whereas sales in other key product categories declined mainly due to the timing of shipments. Wilson maintained its leading market position in all team sports product categories in the US: American footballs' market share was 70%, basketballs' 24% and baseball gloves' 23%, respectively. A new, upgraded version of the popular A2000 baseball glove was introduced.

ATOMIC COMPANIES

Atomic products' net sales increased by 16% in local currency terms, while Oxygen products' net sales fell by 40%. Overall net sales fell by 15% in Finnmarks and by 18% in local currency terms. Atomic branded products accounted for 54% and Oxygen products

46% of the Atomic Companies' net sales.

The reorganisation measures aimed at cutting the Atomic Companies' heavy losses were continued. At the Köflach and Altenmarkt factories overlapping operations have been eliminated especially in administration and non-productive areas. As a result, the number of positions in these areas declined by 85 during the first interim period. In the past twelve months, the number of employees has declined by approximately 230 in total.

In addition, steps have been taken to discontinue production of unprofitable marginal products in all product categories as well as to increase efficiency in own production and to increase international sourcing.

The worldwide market for alpine skis is in slight decline primarily due to Asian market conditions. In the US and Europe demand remains flat, however. Atomic's alpine ski sales grew compared to the first interim of 1997, but as a result of seasonal fluctuations, deliveries will be mainly made over the remainder of the year. As a result of its new Beta technology, Atomic's carving skis performed well in key markets, margins are up and 1998 sales are forecast to grow slightly compared to last year. A new Atomic brand alpine ski binding was introduced at a trade fair in spring 1998 and initial orders are encouraging.

The snowboard market is declining worldwide. The objective for the Oxygen brand is to maintain its leading position in Austria and to expand distribution in the US.

The in-line skate market continues to shrink, and the shift to soft models is evident in all key markets. Market developments will be monitored during the summer, and measures will be taken accordingly in the autumn.

AMER TOBACCO

Total cigarette deliveries to retailers increased by 8% in Finland, partly due to changes in trade inventories.

Amer Tobacco's net sales grew by

9%, driven by increased sales of cigarettes and a price increase at the beginning of the year. The company's dominant position in the Finnish cigarette market was maintained; Amer Tobacco's market share was 74% (75%) during the period under review. Cigar market share grew slightly, whereas roll-your-own tobacco market share declined to an extent.

With 30% market shares, L&M and Marlboro are the best selling cigarette brands in Finland. Belmont continued to be the third most popular cigarette with 13% market share. With the help of Optima, a newly introduced brand, Amer Tobacco expects to strengthen its position in the roll-your-own tobacco category.

The Finnish Government is in the process of preparing an amendment to its tobacco laws in order to restrict smoking in licensed premises. The amendment is scheduled to come into force during 1999 at the earliest. The European Union's decision to ban tobacco advertising will not change the situation in Finland, as tobacco advertising is already prohibited by current law.

Helsinki, 4 June 1998

AMER GROUP PLC
Board of Directors

All forecasts and estimates mentioned in this report are based on management's current judgment of the economic environment and the actual results may be significantly different.

CONSOLIDATED RESULTS

(Unaudited. Figures in FIM million)

	Jan-Apr 98	Jan-Apr 97	Change %	Jan-Dec 97
NET SALES	1,532	1,477	4	4,694
Depreciation	62	68		206
OPERATING PROFIT/LOSS	21	- 12		77
Net financing expenses	- 34	- 37		- 130
LOSS BEFORE TAXES AND EXTRAORDINARY ITEMS	- 13	- 49		- 53
Taxes	-	- 2		- 27
Minority interest	-	- 1		7
LOSS BEFORE EXTRAORDINARY ITEMS	- 13	- 52		- 73
Extraordinary items	-	-		76
LOSS/PROFIT	- 13	- 52		3
Adjusted losses per share, FIM	-0.50	-2.20		-3.00
Adjusted losses per share, diluted, FIM	-	-		-
Adjusted equity per share, FIM	83.60	87.10		84.30
Adjusted average number of shares (million shares)	24.3	23.7		23.9
Average rates used:				
USD 1.00 = FIM	5.51	4.99		5.19
AVERAGE PERSONNEL	4,092	4,458		4,536

NET SALES BY DIVISION

(Figures in FIM million)

	Jan-Apr 98	Jan-Apr 97	Change %	Jan-Dec 97
Golf	498	393		1,225
Racquet	432	445		1,235
Team Sports	294	269		769
Wilson	1,224	1,107	11	3,229
Atomic	82	70		440
Oxygen	69	108		271
Atomic	151	178	-15	711
Sports Division	1,375	1,285	7	3,940
Tobacco Division	157	144	9	496
	1,532	1,429	7	4,436
Discontinued operations	-	48		258
Net sales, total	1,532	1,477	4	4,694
Gross sales, total	2,511	2,387		7,814

GEOGRAPHIC BREAKDOWN OF NET SALES

(Figures in FIM million)

	Jan-Apr 98	Jan-Apr 97	Change %	Jan-Dec 97
North America	878	796	10	2,343
Finland	152	139	9	485
Rest of Europe	330	322	2	1,154
Japan	88	108	-19	325
Asia Pacific	32	67	-52	196
Other	52	45	16	191
Group, total	1,532	1,477	4	4,694

CONSOLIDATED BALANCE SHEET

Assets	30 Apr 98	30 Apr 97	31 Dec 97
Group goodwill	933	1,000	940
Fixed assets and other long-term investments	1,431	1,586	1,460
Inventories and work in progress	1,005	1,061	937
Financial assets	1,588	1,594	1,587
Assets	4,957	5,241	4,924
Shareholders' equity and liabilities			
Shareholders' equity	2,033	2,067	2,050
Minority interest	60	70	61
Provision for contingent losses	76	47	91
Long-term liabilities	935	980	1,074
Short-term liabilities	1,853	2,077	1,648
Shareholders' equity and liabilities	4,957	5,241	4,924
Equity ratio	42%	40%	43%
USD 1.00 = FIM	5.44	5.21	5.42

**CONTINGENT LIABILITIES AND SECURED ASSETS,
CONSOLIDATED**

	30 Apr 98	30 Apr 97	31 Dec 97
Charges on assets	110	110	111
Mortgages pledged	186	189	186
Guarantees	20	25	22
Liabilities for leasing and rental agreements	258	269	247
Other contingent liabilities	205	381	277

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

**NOTIONAL AMOUNTS OF DERIVATIVE
FINANCIAL INSTRUMENTS**

	30 Apr 98	30 Apr 97	31 Dec 97
Foreign exchange forward contracts	3,222	2,370	3,241
Interest rate contracts	3,265	1,042	4,337
Interest options, call	–	521	–