RAPALA VMC

CORP.

FINANCIAL STATEMENT RELEASE Q4/2014

FEBRUARY 13, 2015

RAPALA VMC CORP.

RAPALA VMC CORPORATION'S ANNUAL ACCOUNTS 2014: STRONG CASH FLOW, WHILE CHALLENGES WITH SALES AND PROFITABILITY

October-December in brief:

- Net sales were 61.5 MEUR, down 3% from previous year (63.3). With comparable exchange rates sales was at last year's level.
- Operating profit was 1.2 MEUR (1.5). Comparable operating profit was -0.2 MEUR (2.7).
- Cash flow from operations was 4.6 MEUR (0.6).
- Earnings per share was -0.01 EUR (0.08).

January-December in brief:

- Net sales were 273.2 MEUR, down 5% from previous year (286.6). With comparable exchange rates sales were at last year's level.
- Operating profit was 22.9 MEUR (26.1). Comparable operating profit was 20.9 MEUR (27.1).
- Cash flow from operations was 21.6 MEUR (15.3).
- Earnings per share was 0.24 EUR (0.32).
- Outlook for 2015: The Group expects full year net sales and comparable operating profit (excluding non-recurring items and mark-to-market valuations of operative currency derivatives) to be above 2014 levels.
- Dividend proposal 0.20 EUR (0.24 EUR) per share, 83% of earnings per share.

President and CEO Jorma Kasslin: "Year 2014 has been challenging and development of our business was mixed. In several markets in Europe, Asia and North America there is good momentum and sales have developed well. At the same time some of our biggest markets, such as Russia, are suffering a lot from the economic and political uncertainties. Here in Finland lack of proper winter weathers has hurt our winter sports business this year.

This year we closed down our manufacturing operations in China and put full effort on ramping up the operations in Batam, Indonesia. This project had a major negative impact to our profitability this year. We expect a major improvement of our Batam operations in 2015, following the development of the fourth quarter.

Despite several challenges we generated strong operative cash flow showing the strength of the Group. Apart from uncertainties concerning Russia, outlook for 2015 looks cautiously positive."

Key figures

MEUR	**IV 2014**	IV 2013	**change %**	**I-IV 2014**	I-IV 2013	**change %**
Net sales	**61.5**	63.3	**-3%**	**273.2**	286.6	**-5%**
Operating profit	**1.2**	1.5	**-20%**	**22.9**	26.1	**-12%**
% of net sales	**1.9%**	2.4%		**8.4%**	9.1%	
Comparable operating profit *	**-0.2**	2.7	**-107%**	**20.9**	27.1	**-23%**
% of net sales	**-0.3%**	4.3%		**7.6%**	9.5%	
Cash flow from operations	**4.6**	0.6	**+667%**	**21.6**	15.3	**+41%**
Gearing %	**73.2%**	71.2%		**73.2%**	71.2%	
EPS, EUR	**-0.01**	0.08	**-113%**	**0.24**	0.32	**-25%**

* Excluding non-recurring items and mark-to-market valuations of operative currency derivatives.

Market environment

As the Rapala Group's direct distribution operations expand over 35 countries all around the world, the market conditions varied between different regions throughout the year. While many countries in North America, Europe and Asia showed positive economic development, in several markets the overall market conditions remained challenging with ongoing economic, political and overall uncertainties depressing consumer demand and retailers' purchasing behaviour. Similarly weathers had mixed impact on the Group's business, supporting sales in Western Europe and winter businesses in North America, but simultaneously hurting the winter sports sales in Finland. Big and sudden changes in currency exchange rates had impact on the Group's business also in 2014.

Regardless of the turbulent business environment the Group's underlying business was stable, as comparable sales were at last year's level and cash flow and balance sheet remained healthy.

Business Review October-December 2014

The Group's net sales for the fourth quarter were down 3%. Changes in translation exchange rates decreased sales by approximately 1.3 MEUR. With comparable translation exchange rates quarterly net sales were at last year's level.

North America

In the USA economic indicators are positive. The general economy and consumer sentiment improved throughout the year and fishing tackle retailers are opening new shops. Low fuel prices have historically supported the fishing tackle sales in the USA. Despite the generally positive economic development, the Group's sales in North America were down 8% with comparable exchange rates impacted by earlier timing of the ice fishing sales and customers' year-end buying behaviour, which shifted some sales to 2015.

Nordic

With comparable exchange rates Nordic net sales were 27% below last year level. Quarterly sales were negatively impacted by major decline in winter sports equipment sales in Finland following the poor winter conditions in two consecutive seasons and lower sales in Sweden due to loss of a hunting dealership.

Rest of Europe

With comparable rates net sales of Rest of Europe were up 21%. Sales in Russia and Ukraine increased in local currency even though they continued to suffer from the political and economic unrest, as fear of inflation is driving consumer demand. Strong weakening of Russian Ruble and Ukrainian Hryvnia had a major negative impact on sales in the Rest of Europe. Sales continued to develop well in many Rest of European countries, particularly in France and Spain.

Rest of the World

With comparable rates sales were 18% above last year's level. Rest of the World market developed overall positively, with uncertainties in some markets such as Brazil, Thailand and Indonesia. Sales volumes grew in almost all Asian and Latin countries as well as in South Africa and Australia.

External Net Sales by Area

MEUR	IV 2014	IV 2013	change %
North America	**24.7**	25.3	**-2%**
Nordic	**9.7**	13.3	**-27%**
Rest of Europe	**17.3**	16.5	**+5%**
Rest of the World	**9.8**	8.3	**+18%**
Total	**61.5**	63.3	**-3%**

Business Review January-December 2014

The Group's net sales for the year were down 5%. Changes in translation exchange rates explain approximately 12.2 MEUR of the decline in net sales. With comparable translation exchange rates full year net sales were at last year's level.

North America

During 2014 US economy recovered and economic indicators improved throughout the year. The Group's position with retailers was good. Currencies reduced North American sales compared to last year as with comparable rates net sales were down only 1%. During the first half of the year extreme winter weather, late start of spring and rainy summer delayed the sales of summer fishing products, but conversely supported the sales of ice fishing products in 2013/2014 winter season as well as pre-sales for 2014/2015 winter season. Fourth quarter sales were impacted negatively by customers' year-end buying behaviour shifting some sales to 2015.

Nordic

Nordic sales were down 8% with comparable rates. Nordic countries suffered from two consecutive late and mild winters, which impacted negatively the sales of winter sports and ice fishing products especially in Finland. Sales in Norway have developed positively whereas fishing tackle sales in other Scandinavian countries have been more difficult. Hunting sales were good except in Sweden due to loss of a hunting dealership. Sales were positively impacted by Marttiini kitchen knife sales in Finland and foreign exchange impact from currency nominated accounts receivable.

Rest of Europe

Rest of Europe sales were up 2% with comparable rates despite political and economic instability in Russia and Ukraine that had adverse impact on sales in these countries as dramatic devaluation of the currencies increased the prices of imported goods. Currencies, mainly Rouble and Hryvnia, had a clear negative impact on sales in the Rest of Europe compared to last year. Excluding Russian and Ukrainian sales the local currency sales of Rest of Europe improved 5 % from last year supported by growth in France, Poland, UK as well as Spain and Hungary where economies have improved.

Rest of the World

Despite volume growth, net sales declined due to currency impact, most of all South African Rand and Australian dollar. Local currency sales increased 6% and developed well in South Africa, Australia as well as all Asian and Latin American countries, while reduced in Japan and Brazil. Rest of the World sales were supported above all by Chilean distribution company established in 2012, growth in South Africa and improved export sales of Sufix fishing lines.

External Net Sales by Area

MEUR	**I-IV 2014**	I-IV 2013	**change %**
North America	**86.1**	88.4	**-3%**
Nordic	**54.9**	60.8	**-10%**
Rest of Europe	**98.7**	103.6	**-5%**
Rest of the World	**33.5**	33.8	**-1%**
Total	**273.2**	286.6	**-5%**

Financial Results and Profitability

Comparable (excluding non-recurring items and mark-to-market valuations of operative currency derivatives) and reported operating profit decreased from last year for the fourth quarter and full year. Changes in translation exchange rates decreased quarterly operating profit by approximately -0.7 MEUR and full year operating profit by approximately -1.3 MEUR. With comparable translation exchange rates comparable operating profit was 2.2 MEUR behind last year's level for the quarter and 4.9 MEUR behind last year for the full year.

Comparable operating profit margin was -0.3% (4.3) for the quarter and 7.6% (9.5) for the full year. Decline in profitability was driven by weaker sales and consequently lower gross margin. Development in Russia and Ukraine had significant negative impact on the Group's profitability throughout the year. Closing down manufacturing operations in China and ramp-up of the new factory in Batam was also heavily burdening the Group's full year profitability, while in fourth quarter the results of this operation improved from last year. Last year the Group's fourth quarter profitability was supported by release of accruals.

Respectively reported operating profit margin was 1.9% (2.4) for the quarter and 8.4% (9.1) for the full year. Reported operating profit included net loss of non-recurring items of 0.9 MEUR (0.9) for the quarter and 1.8 MEUR (1.3) for the full year related mainly to direct one-off costs on closing down of the manufacturing operations in China. Mark-to-market valuation of the Group's operative currency derivative position is having significant positive impact on reported operating profit resulting in 2.3 MEUR gain (0.3 loss) for the quarter, and 3.8 MEUR gain (0.3 gain) for the full year, led by movements in US Dollar, Russian Rouble and Indonesian Rupiah.

Total financial (net) expenses were 1.5 MEUR (0.3) for the quarter and 7.2 MEUR (5.5) for the full year. Financial items were negatively impacted by the (net) foreign exchange expenses of 0.6 MEUR (0.6 gain) for the quarter and 3.4 MEUR (1.7) for the full year. Net interest and other financing expenses were at last year's level at 0.8 MEUR (0.9) for the quarter and 3.8 MEUR (3.7) for the full year.

Net profit decreased from last year for the quarter and the full year. Earnings per share were -0.01 EUR (0.08) for the quarter and 0.24 EUR (0.32) for the full year. Full year net profit includes a positive tax impact of 1.0 MEUR relating to past years' tax assessments. The effective tax rate was increased by loss making units. The share of non-controlling interest in net profit totalled -0.6 MEUR (0.0) for the quarter and 1.0 MEUR (3.6) for the full year. Full year decline was impacted by the development in Russia and Ukraine.

Key figures

MEUR	IV 2014	IV 2013	change %	I-IV 2014	I-IV 2013	change %
Net sales	**61.5**	63.3	**-3%**	**273.2**	286.6	**-5%**
Operating profit	**1.2**	1.5	**-20%**	**22.9**	26.1	**-12%**
Comparable operating profit *	**-0.2**	2.7	**-107%**	**20.9**	27.1	**-23%**
Net profit	**-0.8**	2.9	**-128%**	**10.2**	16.1	**-37%**

* Excluding non-recurring items and mark-to-market valuations of operative currency derivatives.

Segment Review

Group Products

Fourth quarter sales of Group Products decreased 5% from last year with comparable rates burdened by lower sales of winter sports equipment. Excluding winter sports sales decline, quarterly sales were at last year's level. Full year sales were burdened by foreign exchange rates and with comparable rates net sales were at last year's level. Full year sales were hurt by lower sales of winter fishing and winter sports products in Europe due to mild winter 2013/2014 and late start of 2014/2015 winter season.

Operating profit for Group Products was below last year for the quarter burdened particularly by low winter sports sales. Also full year profitability decreased from last year. Profitability was impacted by lower sales, especially in winter sports, and losses relating to closing down of the manufacturing unit in China and ramp-up of the Batam unit.

Third Party Products

Net sales declined due to currency impact, especially weakening of Russian rouble. With comparable rates fourth quarter sales of Third Party Products increased from last year by 7%. Full year sales of Third Party Products almost at last year level assuming comparable rates. Quarterly sales increase resulted from good last quarter sales in France and Russia, where sales increased in local currency. Full year sales were negatively impacted by suppliers' delivery problems, economical instabilities in some regions, loss of a hunting dealership in Sweden and weak winter sport sales, which also impacted fourth quarter sales.

Operating profit for Third Party Products was below last year for the quarter but above for the full year supported by favourable exchange rates on purchases and UK joint venture result.

Reported profitability of both Group and Third Party Products are positively impacted by the mark-to-market valuation of operative currency derivatives.

Net Sales by Segment

MEUR	IV 2014	IV 2013	change %	I-IV 2014	I-IV 2013	change %
Group Products	**40.0**	41.5	**-4%**	**171.3**	176.3	**-3%**
Third Party Products	**21.5**	21.8	**-1%**	**102.0**	110.5	**-8%**
Eliminations	**0.0**	0.0		**0.0**	-0.1	
Total	**61.5**	63.3	**-3%**	**273.2**	286.6	**-5%**

Operating profit by Segment

MEUR	IV 2014	IV 2013	change %	I-IV 2014	I-IV 2013	change %
Group Products	**1.7**	2.0	**-15%**	**15.0**	19.4	**-23%**
Third Party Products	**-0.6**	-0.5	**-20%**	**7.9**	6.7	**+18%**
Total	**1.2**	1.5	**-20%**	**22.9**	26.1	**-12%**

Financial position

Cash flow from operations was strong for the quarter and full year cash flow increased notably from last year's levels. Full year improvement was driven by positive development in the net working capital as especially receivables released more cash in the fourth quarter.

Net change in working capital amounted to 2.5 MEUR (-2.8) for the quarter and 1.5 MEUR (-10.8) for the full year. Inventories increased by 3.5 MEUR from last December amounting to 113.8 MEUR (110.3). Currency impact decreased inventories by some 1.0 MEUR. Increase in inventories was driven primarily by lower than expected sales, transfer of production from China to Batam and timing of incoming Third Party Products.

Net cash used in investing activities was 1.6 MEUR (3.3) for the quarter and 8.0 MEUR (10.8) for the full year. Normal operative capital expenditure was 2.7 MEUR (3.8 MEUR) for the fourth quarter and 8.5 MEUR (10.7 MEUR) for the full year. Fourth quarter investing activities included 1.0 MEUR (0.5 MEUR) of proceeds received related to disposal of the gift business.

Liquidity position of the Group was good. Following an increased focus on cash management, cash and cash equivalents reduced to 12.2 MEUR (16.9) and undrawn committed long-term credit facilities amounted to 78.4 MEUR at the end of the period. Net interest-bearing debt and gearing increased from last year. Equity-to-assets ratio was slightly below last year's level. The Group fulfils all financial covenants related to its credit facilities.

Key figures

MEUR	IV 2014	IV 2013	change %	I-IV 2014	I-IV 2013	change %
Cash flow from operations	**4.6**	0.6	**+667%**	**21.6**	15.3	**+41%**
Net interest-bearing debt at end of period	**99.9**	96.3	**+4%**	**99.9**	96.3	**+4%**
Gearing %	**73.2%**	71.2%		**73.2%**	71.2%	
Equity-to-assets ratio at end of period, %	**44.1%**	44.5%		**44.1%**	44.5%	

Strategy Implementation

Execution of the Rapala Group's strategy is based on three cornerstones: brands, manufacturing and distribution, supported by strong corporate culture. During the year strategy implementation continued in various areas.

Ramp-up of the Group's new ice drill manufacturing unit in Korpilahti, Finland, was finalized in 2014 and the unit is producing and shipping Mora Ice and Rapala UR branded ice drills and related accessories.

The project to cease own manufacturing in China and transfer the operations to Batam, Indonesia, reached its peak in 2014. Chinese factory closed down its operations in second quarter and exit process continued until end of the year. The new lure manufacturing unit in Batam is intensively focusing on increasing the operative efficiencies and product development efforts, in order to capitalize the benefits of streamlined production processes and cheaper production costs.

Initiatives to streamline the Group’s supply chain continued during 2014, focusing on consolidating purchasing and logistics processes in selected third party products in Europe and setting up a new logistics hub in Asia. The Group-level supply chain organization was reorganized and strengthened by appointing Group Supply Chain and Sourcing Director. Reducing the amount of inventories, largely driven by Group’s business model, is high on the agenda of the Group.

In September, the Group rearranged its loan and credit facilities in order to decrease interest rate margins, diversify the maturity profile and strengthen the Group's capabilities to finance its strategy.

During third quarter the Group appointed management resources to develop the distribution business in hunting and outdoor distribution categories as the Group is putting more focus on seeking growth in these areas.

Discussions and negotiations regarding acquisitions and business combinations continued throughout the year, as the Group continues to seek also non-organic growth opportunities.

Product Development

Continuous product development and consistent innovation are core competences for the Group and major contributor to the value and commercial success of the brands.

New products for 2015 season were successfully presented globally in trade shows during summer 2014. Development process of next season’s novelties proceeded according to plans and a new Rapala lure innovation will be first introduced to the US market already early 2015. In addition to product development the Group has put focus on developing the manufacturing processes, in order to further improve efficiency and quality.

Organization and Personnel

Average number of personnel for the fourth quarter was 2 694 (2 387) and 2 716 (2 428) for the full year, majority of the increase relating to expansion of lure manufacturing operations in Batam and reduction of outsourcing in China. Batam unit is currently employing 1 200 people. At the end of December, the number of personnel was 2 822 (2 590).

Short-term Outlook and Risks

After challenging year 2014, the outlook for year 2015 is cautiously positive, although the uncertainties concerning development in Russia and Ukraine are shadowing the visibility.

In several markets the general economic situation as well as retail and consumer sentiment has improved, supporting the demand of Group’s products. For example in the biggest market USA start of year 2015 has been strong.

After the difficulties of transferring manufacturing from China to Batam, a clear improvement is expected from this unit, supporting Group’s profitability improvement in 2015.

Actions to reduce the Group's inventory levels may lower margins, but should support the cash flow.

The Group expects full year net sales and comparable operating profit (excluding non-recurring items and mark-to-market valuations of operative currency derivatives) to be above 2014 levels.

Short term risks and uncertainties and seasonality of the business are described in more detail in the end of this interim report.

Proposal for profit distribution

The Board of Directors proposes to the Annual General Meeting that a dividend of 0.20 EUR (0.24 EUR) per share is distributed from the Group's distributable equity and any remaining distributable funds are allocated to retained earnings. At December 31, 2014 the distributable equity totaled to 16.1 MEUR.

No material changes have taken place in the Group's financial position after the end of the financial year. The Group's liquidity is good and the view of the Board of Directors is that the distribution of the proposed dividend will not undermine this liquidity.

Financial Statements and Annual General Meeting

Financial Statements for 2014 and Corporate Governance Statement will be published in the beginning of week 10. Annual General Meeting is planned to be held on March 27, 2015.

First quarter interim report 2015 will be published on May 5, 2015.

Helsinki, February 13, 2015

Board of Directors of Rapala VMC Corporation

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A conference call on the quarter result will be arranged today at 14:00 p.m. Finnish time (13:00 p.m. CET). Please dial +44 (0) 20 3367 9433 or +1 917 286 8056 or +358 (0) 9 2310 1675 (pin code: 901066#) five minutes before the beginning of the event. A replay facility will be available for 14 days following the teleconference. The number to dial is +44 (0) 20 3427 0598 (pin code: 7708155). Financial information and teleconference replay facility are available at www.rapalavmc.com.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

STATEMENT OF INCOME MEUR	**IV** **2014**	IV 2013	**I-IV** **2014**	I-IV 2013
Net sales	**61.5**	63.3	**273.2**	286.6
Other operating income	**0.4**	0.4	**1.0**	0.8
Materials and services	**30.2**	30.1	**128.1**	134.4
Personnel expenses	**16.0**	15.5	**65.6**	64.0
Other costs and expenses	**12.5**	14.2	**50.8**	54.9
Share of results in associates and joint ventures	**-0.1**	-0.2	**0.2**	-0.5
EBITDA	**3.0**	3.7	**30.0**	33.6
Depreciation, amortization and impairments	**1.9**	2.2	**7.1**	7.5
Operating profit (EBIT)	**1.2**	1.5	**22.9**	26.1
Financial income and expenses	**1.5**	0.3	**7.2**	5.5
Profit before taxes	**-0.3**	1.2	**15.7**	20.6
Income taxes	**0.6**	-1.7	**5.5**	4.6
Net profit for the period	**-0.8**	2.9	**10.2**	16.1
Attributable to:				
Equity holders of the company	**-0.3**	3.0	**9.2**	12.5
Non-controlling interests	**-0.6**	0.0	**1.0**	3.6
Earnings per share for profit attributable to the equity holders of the company:				
Earnings per share, EUR (diluted = non-diluted)	**-0.01**	0.08	**0.24**	0.32

STATEMENT OF COMPREHENSIVE INCOME MEUR	**IV** **2014**	IV 2013	**I-IV** **2014**	I-IV 2013
Net profit for the period	**-0.8**	2.9	**10.2**	16.1
Other comprehensive income, net of tax				
Change in translation differences*	**-1.0**	-2.5	**4.7**	-7.1
Gains and losses on cash flow hedges*	**0.1**	0.1	**0.2**	0.9
Gains and losses on hedges of net investments*	**0.0**	-2.2	**0.1**	-2.3
Actuarial gains (losses) on defined benefit plan	**-0.2**	0.1	**-0.2**	0.1
Total other comprehensive income, net of tax	**-1.0**	-4.5	**4.8**	-8.4
Total comprehensive income for the period	**-1.9**	-1.6	**15.1**	7.7
Total comprehensive income attributable to:				
Equity holders of the Company	**-0.4**	-1.3	**15.3**	5.1
Non-controlling interests	**-1.5**	-0.3	**-0.2**	2.6

* Item that may be reclassified subsequently to the statement of income

STATEMENT OF FINANCIAL POSITION	**Dec 31**	Dec 31
MEUR	**2014**	2013
ASSETS		
Non-current assets		
Intangible assets	**74.4**	70.0
Property, plant and equipment	**32.0**	30.6
Non-current assets		
Interest-bearing	**3.0**	3.0
Non-interest-bearing	**11.5**	10.1
	120.8	113.7
Current assets		
Inventories	**113.8**	110.3
Current assets		
Interest-bearing	**1.1**	1.0
Non-interest-bearing	**62.3**	62.1
Cash and cash equivalents	**12.2**	16.9
	189.4	190.3
Total assets	**310.3**	304.1
EQUITY AND LIABILITIES		
Equity		
Equity attributable to the equity holders of the company	**128.3**	123.1
Non-controlling interests	**8.2**	12.0
	136.5	135.1
Non-current liabilities		
Interest-bearing	**72.3**	39.4
Non-interest-bearing	**13.3**	12.8
	85.5	52.2
Current liabilities		
Interest-bearing	**43.9**	77.8
Non-interest-bearing	**44.2**	38.9
	88.2	116.7
Total equity and liabilities	**310.3**	304.1

KEY FIGURES	**IV 2014**	IV 2013	**I-IV 2014**	I-IV 2013
EBITDA margin, %	**4.9%**	5.8%	**11.0%**	11.7%
Operating profit margin, %	**1.9%**	2.4%	**8.4%**	9.1%
Return on capital employed, %	**2.0%**	2.6%	**9.8%**	11.4%
Capital employed at end of period, MEUR	**236.5**	231.4	**236.5**	231.4
Net interest-bearing debt at end of period, MEUR	**99.9**	96.3	**99.9**	96.3
Equity-to-assets ratio at end of period, %	**44.1%**	44.5%	**44.1%**	44.5%
Debt-to-equity ratio at end of period, %	**73.2%**	71.2%	**73.2%**	71.2%
Earnings per share, EUR (diluted = non-diluted)	**-0.01**	0.08	**0.24**	0.32
Equity per share at end of period, EUR	**3.34**	3.19	**3.34**	3.19
Average personnel for the period	**2 694**	2 387	**2 716**	2 428

Definitions of key figures are consistent with those in the financial statement 2013.

STATEMENT OF CASH FLOWS MEUR	**IV** **2014**	IV 2013	**I-IV** **2014**	I-IV 2013
Net profit for the period	**-0.8**	2.9	**10.2**	16.1
Adjustments to net profit for the period *	**3.1**	0.7	**17.1**	18.6
Financial items and taxes paid and received	**-0.2**	-0.3	**-7.3**	-8.6
Change in working capital	**2.5**	-2.8	**1.5**	-10.8
Net cash generated from operating activities	**4.6**	0.6	**21.6**	15.3
Investments	**-2.7**	-3.8	**-8.5**	-10.7
Proceeds from sales of assets	**0.1**	0.1	**0.4**	0.2
Sufix brand acquisition	**-**	-	**-0.8**	-0.7
Acquisition of other subsidiaries, net of cash	**-**	-	**-0.2**	0.0
Proceeds from disposal of subsidiaries, net of cash	**1.0**	0.5	**1.0**	0.5
Change in interest-bearing receivables	**0.0**	-0.1	**0.1**	-0.1
Net cash used in investing activities	**-1.6**	-3.3	**-8.0**	-10.8
Dividends paid to parent company's shareholders	**-**	-	**-9.2**	-8.9
Dividends paid to non-controlling interest	**-**	-	**-3.6**	-
Net funding	**-2.3**	-4.4	**-4.5**	-16.0
Purchase of own shares	**-0.5**	-0.2	**-0.9**	-1.0
Net cash generated from financing activities	**-2.8**	-4.6	**-18.1**	-25.9
Adjustments	**0.0**	0.1	**0.3**	1.5
Change in cash and cash equivalents	**0.2**	-7.3	**-4.2**	-19.8
Cash & cash equivalents at the beginning of the period	**12.8**	24.4	**16.9**	38.2
Foreign exchange rate effect	**-0.9**	-0.2	**-0.5**	-1.4
Cash and cash equivalents at the end of the period	**12.2**	16.9	**12.2**	16.9

* Includes reversal of non-cash items, income taxes and financial income and expenses.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the company								
MEUR	Share capital	Share premium fund	Fair value reserve	Cumul. translation differences	Fund for invested non-restricted equity	Own shares	Retained earnings	Non-controlling interests	**Total equity**
Equity on Jan 1, 2013	**3.6**	**16.7**	**-2.3**	**-4.1**	**4.9**	**-3.4**	**112.8**	**9.4**	**137.7**
Comprehensive income *	-	-	0.9	-8.4	-	-	12.6	2.6	**7.7**
Purchase of own shares	-	-	-	-	-	-1.0	-	-	**-1.0**
Dividends	-	-	-	-	-	-	-8.9	-	**-8.9**
Share based payment	-	-	-	-	-	-	-0.3	-	**-0.3**
Other changes	-	-	-	-	-	-	0.0	0.0	**0.0**
Equity on Dec 31, 2013	**3.6**	**16.7**	**-1.4**	**-12.5**	**4.9**	**-4.4**	**116.2**	**12.0**	**135.1**
Equity on Jan 1, 2014	**3.6**	**16.7**	**-1.4**	**-12.5**	**4.9**	**-4.4**	**116.2**	**12.0**	**135.1**
Comprehensive income *	-	-	0.2	6.1	-	-	9.0	-0.2	**15.1**
Purchase of own shares	-	-	-	-	-	-0.9	-	-	**-0.9**
Dividends	-	-	-	-	-	-	-9.2	-3.6	**-12.8**
Equity on Dec 31, 2014	**3.6**	**16.7**	**-1.1**	**-6.5**	**4.9**	**-5.2**	**116.0**	**8.2**	**136.5**

* For the period, (net of tax)

SEGMENT INFORMATION*

MEUR **Net Sales by Operating Segment**	**IV 2014**	IV 2013	**I-IV 2014**	I-IV 2013
Group Products	**40.0**	41.5	**171.3**	176.3
Third Party Products	**21.5**	21.8	**102.0**	110.5
Eliminations	**0.0**	0.0	**0.0**	-0.1
Total	**61.5**	63.3	**273.2**	286.6

Operating Profit by Operating Segment

Group Products	**1.7**	2.0	**15.0**	19.4
Third Party Products	**-0.6**	-0.5	**7.9**	6.7
Total	**1.2**	1.5	**22.9**	26.1

Assets by Operating Segment	**Dec 31 2014**	Dec 31 2013
Group Products	**230.4**	215.7
Third Party Products	**63.6**	67.4
Non-interest-bearing assets total	**294.0**	283.1
Unallocated interest-bearing assets	**16.3**	21.0
Total assets	**310.3**	304.1

* Segments are consistent with those in the financial statements 2013. Segments are described in detail in note 2 of the financial statements 2013.

External Net Sales by Area MEUR	**IV 2014**	IV 2013	**I-IV 2014**	I-IV 2013
North America	**24.7**	25.3	**86.1**	88.4
Nordic	**9.7**	13.3	**54.9**	60.8
Rest of Europe	**17.3**	16.5	**98.7**	103.6
Rest of the world	**9.8**	8.3	**33.5**	33.8
Total	**61.5**	63.3	**273.2**	286.6

KEY FIGURES BY QUARTERS MEUR	I 2013	II 2013	III 2013	IV 2013	I-IV 2013	**I 2014**	**II 2014**	**III 2014**	**IV 2014**	**I-IV 2014**
Net sales	75.3	81.4	66.6	63.3	286.6	**66.2**	**77.7**	**67.8**	**61.5**	**273.2**
EBITDA	10.3	15.2	4.5	3.7	33.6	**9.1**	**10.4**	**7.5**	**3.0**	**30.0**
Operating profit	8.6	13.4	2.6	1.5	26.1	**7.4**	**8.6**	**5.7**	**1.2**	**22.9**
Profit before taxes	8.3	11.6	-0.4	1.2	20.6	**5.5**	**7.0**	**3.5**	**-0.3**	**15.7**
Net profit for the period	6.6	7.8	-1.2	2.9	16.1	**4.3**	**4.1**	**2.7**	**-0.8**	**10.2**

NOTES TO THE INCOME STATEMENT AND FINANCIAL POSITION

The financial statement figures included in this release are unaudited.

This report has been prepared in accordance with IAS 34. Accounting principles adopted in the preparation of this report are consistent with those used in the preparation of the Financial Statements 2013, except for the adoption of the new or amended standards and interpretations.

Adoption of the revised standards IFRS 10, IFRS 11, IFRS 12 as well as the amended standards IAS 36 and IAS 39, IAS 19 and interpretation IFRIC 21 did not result in any changes in the accounting principles that would have affected the information presented in this interim report.

Use of estimates and rounding of figures

Complying with IFRS in preparing financial statements requires the management to make estimates and assumptions. Such estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the amounts of revenues and expenses. Although these estimates are based on the management's best knowledge of current events and actions, actual results may differ from these estimates.

All figures in these accounts have been rounded. Consequently, the sum of individual figures can deviate from the presented sum figure. Key figures have been calculated using exact figures.

Events after the end of the interim period

The Group has no knowledge of any significant events after the end of the interim period that would have a material impact on the financial statements for January-December 2014. Material events after the end of the interim period, if any, have been discussed in the interim review by the Board of Directors.

Inventories

On December 31, 2014, the book value of inventories included a provision for net realizable value of 4.1 MEUR (4.5 MEUR at December 31, 2013).

Impact of business acquisitions on the consolidated financial statements

In January 2014, the Group acquired 100% of the shares and voting rights of a French coarse fishing attractant manufacturer Mystic s.a.r.l.. The consideration amounted to 0.2 MEUR. The closing accounts were finalized during the first quarter and goodwill of 0.3 MEUR was recognized. The acquisition does not have material impact on the result or financial position of the Group.

Non-recurring income and expenses included in operating profit MEUR	**IV** **2014**	IV 2013	**I-IV** **2014**	I-IV 2013
Closure of Chinese lure manufacturing *	**-0.8**	-0.8	**-1.7**	-0.8
Other restructuring costs	**0.0**	-0.1	**0.0**	-0.2
Other non-recurring items	**-0.1**	-0.1	**-0.1**	-0.1
Total included in EBITDA and operating profit	**-0.9**	-0.9	**-1.8**	-1.1
Other non-recurring impairments	**-**	-	**-**	-0.2
Total included in operating profit	**-0.9**	-0.9	**-1.8**	-1.3

* The Group classifies all exceptional income and expenses related to the closure of China manufacturing that are not related to normal business operation as non-recurring, primarily consisting of write-offs and one-off costs related to restructuring.

Commitments MEUR	**Dec 31** **2014**	Dec 31 2013
Minimum future lease payments on operating leases	**16.4**	16.8

Related party transactions MEUR	Sales and other income	Pur-chases	Rents paid	Other expen-ses	Recei-vables	Paya-bles
I-IV 2014						
Joint venture Shimano Normark UK Ltd	**3.2**	**-**	**-**	**0.0**	**0.1**	**0.0**
Associated company Lanimo Oü	**0.0**	**0.1**	**-**	**-**	**0.0**	**-**
Entity with significant influence over the Group*	**-**	**-**	**0.2**	**0.1**	**0.0**	**0.0**
Management	**-**	**-**	**0.3**	**-**	**0.0**	**0.0**
I-IV 2013						
Joint venture Shimano Normark UK Ltd	3.0	-	-	-	0.1	-
Associated company Lanimo Oü	0.0	0.1	-	-	0.0	-
Entity with significant influence over the Group*	-	-	0.2	0.1	0.0	-
Management	-	-	0.3	-	-	0.0

* Lease agreement for the real estate for the consolidated operations in France and a service fee.

Open derivatives		**Dec 31 2014**		Dec 31 2013
MEUR	**Nominal Value**	**Fair Value**	Nominal Value	Fair Value
Operative hedges				
Foreign currency derivatives	**44.1**	**3.8**	49.4	0.0
Monetary hedges				
Foreign currency derivatives	**30.6**	**-0.7**	24.6	0.1
Interest rate derivatives	**101.4**	**-0.7**	69.5	-2.0

The changes in the fair values of derivatives that are designated as hedging instruments but do not qualify for hedge accounting are recognized based on their nature either in operative costs, if the hedged item is an operative transaction, or in financial income and expenses if the hedged item is a monetary transaction. Some derivatives designated to hedge monetary items are accounted for according to hedge accounting. Financial risks and hedging principles are described in detail in the financial statements 2013 and will be updated in financial statements 2014.

Changes in unrealized mark-to-market valuations for operative foreign currency derivatives

	IV 2014	IV 2013	**I-IV 2014**	I-IV 2013
Included in operating profit	**2.3**	-0.3	**3.8**	0.3

Operative foreign currency derivatives that are marked-to-market on reporting date cause timing differences between the changes in derivative's fair values and hedged operative transactions. Changes in fair values for derivatives designated to hedge future cash flow but are not accounted for according to the principles of hedge accounting impact the Group's operating profit for the accounting period. The underlying foreign currency transactions will realize in future periods.

Fair values of financial instruments		**Dec 31 2014**		**Dec 31 2013**
MEUR	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Loans and receivables	**71.5**	**71.5**	77.8	77.8
Available-for-sale financial assets (level 3)	**0.3**	**0.3**	0.3	0.3
Derivatives (level 2)	**5.4**	**5.4**	0.8	0.8
Total financial assets	**77.2**	**77.2**	78.9	78.9
Other assets	**233.0**	**233.0**	225.2	225.2
Total assets	**310.3**	**310.3**	**304.1**	**304.1**
Financial liabilities				
Financial liabilities at amortized cost	**140.6**	**141.1**	138.1	138.7
Derivatives (level 2)	**3.1**	**3.1**	2.8	2.8
Total financial liabilities	**143.7**	**144.1**	141.0	141.5
Other liabilities	**30.0**	**30.0**	27.9	27.9
Total liabilities	**173.7**	**174.2**	**168.9**	**169.4**

Shares and share capital

On April 10, 2014 The Annual General Meeting (AGM) updated Board's authorization on repurchase of shares. A separate stock exchange release on the decisions of the AGM was given, and up to date information on the board's authorizations and other decision of the AGM are available also on the corporate website.

In the beginning of the financial year, the share capital fully paid and reported in the Trade Register was 3.6 MEUR and the total number of shares was 39 468 449. On April 10, 2014 the Board decided to cancel 468 449 treasury shares. The cancellation did not have an effect on the share capital. The cancellation was registered with the Trade Register on April 28, 2014. After the cancellation, the number of Rapala VMC Corporation's shares is 39 000 000. The average number of shares during the financial year was 39 151 030.

During the financial year, the company bought back a total of 167 948 own shares. At the end of the year the company held 606 807 own shares, representing 1.6% of the total number of shares and the total voting rights. The amount of outstanding shares at the end of the financial year was 38 393 193. The average share price of all repurchased own shares held by the company was 4.85 EUR.

During the financial year, 1 065 880 shares (3 122 353) were traded at a high of 6.00 EUR and a low of 4.69 EUR. The closing share price at the end of the period was 4.71 EUR.

Short term risks and uncertainties

The objective of Rapala VMC Corporation's risk management is to support the implementation of the Group's strategy and execution of business targets. The importance of risk management has increased as Rapala VMC Corporation has continued to expand its operations. Accordingly, Group management continuously develops it's risk management practices and internal controls. Detailed updated descriptions of the Group's strategic, operative and financial risks as well as risk management principles will be included in the Financial Statements 2014.

Due to the nature of the fishing tackle business and the geographical scope of the Group's operations, the business has traditionally been seasonally stronger in the first half of the year compared to the second half. Weathers impact consumer demand and may have impact on the Group's sales for current and following seasons. The Group is more affected by winter weathers after the expansion into winter fishing business, while the impacts on summer and winter seasons are partly offsetting each other.

The biggest deliveries for both summer and winter seasons are concentrated into relatively short time periods, and hence a well functioning supply chain is required. The uncertainties in future demand as well as the length of the Group's supply chain increases the challenges in supply chain management. Delays in shipments from internal or external suppliers or unexpected changes in customer demand upwards or downwards may lead to shortages and lost sales or excess inventories and subsequent clearance sales with lower margins.

The transfer of lure manufacturing operations from China to Batam have increased certain production cost and supply chain risks temporarily, while this risk is now significantly reduced as Chinese operations have ceased and transfer project is finalized .

The Group rearranged its main credit facilities in September 2014. These credit facilities include some financial covenants, which are actively monitored. The Group's liquidity and refinancing risks are well under control.

The fishing tackle business has not traditionally been strongly influenced by increased uncertainties and downturns in the general economic climate. They may however influence, at least for a short while, the sales of fishing tackle, when retailers reduce their inventory levels and face financial challenges. Also quick and strong increases in living expenses, sudden fluctuations in foreign exchange rates and governmental austerity measures may temporarily affect consumer spending. However, the underlying consumer demand has historically proven to be fairly solid. Political tensions, such as the conflict between Russia and Ukraine, may have effects on the Group's business negatively and the Group is following this development closely.

The truly global nature of the Group's sales and operations spreads the market risks caused by the current uncertainties in the global economy. The Group is cautiously monitoring the development both in the global macro economy as well as in the various local markets it operates in.

Cash collection and credit risk management is high on the agenda of local management and this may affect sales to some customers. Quality of the accounts receivables is monitored closely and write-downs are initiated if needed.

The Group's sales and profitability are impacted by the changes in foreign exchange rates and the risks are monitored actively. To fix the exchange rates of future foreign exchange denominated sales and purchases, the Group has entered into several currency hedging agreements according to the foreign exchange risk management policy set by the Board of Directors. As the Group is not applying hedge accounting in accordance to IAS 39, the unrealized mark-to-market valuations of currency hedging agreements have an impact on the Group's reported operating profit. The Group is closely monitoring market development as well as its cost structure and considering possibility and feasibility of price increases, hedging actions and cost rationalization.

No significant changes are identified in the Group's strategic risks or business environment, except in Russia were uncertainties have increased.