February 4, 2010 at 9.30 a.m.

ANNUAL ACCOUNTS 2009: MAJOR CASH FLOW IMPROVEMENT

- Net sales for the fourth quarter increased to 51.4 MEUR (IV/08: 50.9 MEUR). Net sales for the full year decreased to 234.6 MEUR (I-IV/08: 243.0 MEUR). With comparable exchange rates, last quarter net sales increased 4% and full year net sales decreased 1%.
- Operating profit for the fourth quarter benefitted from a small capital gain but was strongly affected by negative currency movements and stock sales related to the major working capital project and amounted to 0.7 MEUR (3.2 MEUR). Comparable operating profit for the full year was 23.5 MEUR (30.5 MEUR) and comparable operating margin 10.0% (12.6%). Reported operating profit was 22.1 MEUR (31.3 MEUR) for the full year.
- Net profit for the fourth quarter was -0.8 MEUR (1.0 MEUR) and 14.3 MEUR (19.2 MEUR) for the full year. Earnings per share were -0.02 EUR (0.05 EUR) for the quarter and 0.31 EUR (0.45 EUR) for the full year.
- The major working capital initiative started in late 2008 progressed during 2009 and the results started to capitalize. Accordingly, the cash flow from operating activities for the fourth quarter increased in multiples to 6.0 MEUR (1.6 MEUR) and to 24.6 MEUR (5.4 MEUR) for the full year. This project continues and further results are expected in 2010.
- Implementation of the Group’s strategy continued in the fourth quarter with work to establish new distribution companies in Romania, Belarus, Iceland and China as well as to finalize the performance improvement initiative in Hungary. The set-up of the new operating model in China and the integration of Sufix fishing line business were also completed. In December, the fish pheromone brand Ultrabite was acquired.
- Orders for Group branded lures and winter sports equipment have recently been on a record level. Accordingly, the Group lure manufacturing facilities and the Peltonen ski factory are currently running at full capacity.
- It is expected that both the net sales and the operating margin excluding non-recurring items will increase from 2009.
- Board proposes to the Annual General Meeting that a dividend of EUR 0.19 per share to be paid. This represents 61% of earnings per share.

The attachment presents the summary of the annual review by the Board of Directors and extracts from the financial statements for 2009.

A conference call on the 2009 result will be arranged today at 3 p.m. Finnish time (1 p.m. CET). Please dial +44 (0)20 3147 4971 or +1 347 366 9564 or +358 (0)9 2310 1667 (pin code: 667611#.) five minutes before the beginning of the event and request to be connected to Rapala teleconference. A replay facility will be available for 14 days following the teleconference. The number to dial is +44 (0)20 7111 1244 (pin code: 667611#). Financial information and teleconference replay facility are available at www.rapala.com.

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Market Situation and Sales

Year 2009 started quite well although the general downturn in the world economy started to influence also fishing tackle market in the end of 2008. The strong weakening of many currencies increased the pressure on consumer confidence in East Europe and started quickly to reduce the purchase power in the region. At the same time, market situation especially in West Europe and Nordic countries continued quite weak but confidence in Asia and Australia continued to pick-up. During the third quarter, both European and North American markets started to gradually strengthen. In North America, orders especially for lures increased during the second half of the year. In the fourth quarter, sales of products for winter sports increased as a result of good snow situation in Europe. The improved sales performance in the latter part of the year was though diluted by the weak currencies in many European countries.

Net sales for 2009 decreased 3% to 234.6 MEUR (243.0 MEUR). US dollar (USD) strengthened 5% from previous year but many currencies especially in East Europe and Scandinavia weakened strongly. The net effect of the currency movements decreased the 2009 net sales by 5.0 MEUR. With comparable exchange rates, net sales decreased 1%.

Net sales of Group Fishing Products, boosted by the new sales of Sufix fishing lines, were up 6% in 2009. Net sales of Other Group Products decreased 27% as a result of reduced sales of gift products and subcontracting services while sales of Peltonen cross-country skis increased markedly. Net sales of Third Party Products decreased 9% mainly due to the weakening of many East European and Scandinavian currencies and reduced sales of higher price category products like fishing electronics and expensive reels and hunting equipments.

Supported by the strengthening of USD, the net sales in North America increased 6%. In the Nordic Countries, the net sales decreased 4% as a result of reduced distribution volumes of especially hunting products and weakening of Swedish and Norwegian crowns. Net sales in Rest of Europe were down by 11% due to difficult market situation and weakened currencies in East Europe. Net sales in Rest of the World increased 2% as a result of the new sales of Sufix products and strengthening of USD while the sales of gift products fell strongly.

Financial Results and Profitability

Operating profit for 2009, excluding non-recurring items, amounted to 23.5 MEUR (30.5 MEUR). It was strongly affected by reduction of sales and negative currency movements in Scandinavia and East Europe. Profitability was also affected by liquidation campaigns arranged in several countries to reduce inventories as part of the ongoing working capital project. On the other hand, fixed costs were down 3% as a result of several performance improvement initiatives carried out during the last two years. Comparable operating margin for the year was 10.0% (12.6%).

Reported operating profit for 2009 was 22.1 MEUR (31.3 MEUR) including non-recurring costs and impairment losses of 1.9 MEUR and a non-recurring gain of 0.5 MEUR from the sale of office premises in Hong Kong (net gain of 0.8 MEUR in 2008). Most of these non-recurring costs and impairment losses relate to the restructure of the operating model in the Group's Chinese manufacturing operations and Hungarian distribution unit. Reported operating margin was 9.4% (12.9%) and return on capital employed 11.5% (16.9%).

Key figures MEUR	**IV 2009**	IV 2008	**I-IV 2009**	I-IV 2008
Net sales	**51.4**	50.9	**234.6**	243.0
EBITDA as reported	**2.5**	4.8	**28.9**	37.5
EBITDA excl. one-off items	**2.5**	4.8	**29.2**	36.7
Operating profit as reported	**0.7**	3.2	**22.1**	31.3
Operating profit excl. one-offs	**1.1**	3.2	**23.5**	30.5

Operating profit of Group Fishing Products decreased to 15.7 MEUR (19.5 MEUR) as a result of currency movements and stock-clearance sales. Operating profit of Other Group Products fell to 0.5 MEUR (1.6 MEUR) due to the strong fall in sales. Operating profit of Third Party Products decreased to 5.8 MEUR (10.3 MEUR) due to negative currency movements and reduced sales.

Financial (net) expenses were 2.1 MEUR (4.8 MEUR) including net interest expenses of 3.5 MEUR (5.1 MEUR) and (net) currency exchange gains of 1.5 MEUR (0.4 MEUR).

Net profit for the year decreased to 14.3 MEUR (19.2 MEUR) and earnings per share to 0.31 EUR (0.45 EUR).

Cash Flow and Financial Position

As a result of the strong execution of working capital management, inventories decreased 5.6 MEUR and non-interest bearing assets, mainly trade receivables, decreased 6.6 MEUR. Accordingly, the cash flow from operating activities more than fourfolded to 24.6 MEUR (5.4 MEUR).

Net cash used in investing activities amounted to 6.3 MEUR (6.8 MEUR). In addition to the normal capital expenditure of 6.7 MEUR (7.1 MEUR) and 2.1 MEUR (2.0 MEUR) of acquisitions, it included a 0.1 MEUR (0.0) change in interest-bearing receivables and 2.6 MEUR (2.2 MEUR) proceeds from sales of assets.

Net interest-bearing debt decreased to 79.4 MEUR (Dec 2008: 89.5 MEUR) as cash was released from working capital. The liquidity of the Group remained good through the year. Equity-to-assets ratio improved and reached 42.8% (Dec 2008: 38.0%). Also gearing improved and decreased to 71.1% (Dec 2008: 86.4%).

Strategy Implementation

Implementation of the Group's strategy for profitable growth continued in 2009 with high emphasis on making a positive turnaround in cash flow and finalizing the new operating model in the Chinese manufacturing operations.

The results of the major working capital initiative kicked off in late 2008 to reduce Group inventories and improve cash flow started to capitalize during the second quarter with further progress during the second half of the year. To support this development, a major supply chain and logistics initiative to shorten the lead-times, lower the inventories and further improve the service levels to customers, was started in 2009 including an implementation of a common logistics software covering the Group's manufacturing and distribution units globally. This project continues and further results are expected in 2010. The reduction of inventories started quicker in Group products and therefore, the further decrease of inventories in 2010 is expected especially in third party products for which the purchasing volumes were adjusted accordingly already during 2009.

The performance improvement initiatives started in 2008 at the Group's manufacturing facilities in China were finalized in 2009. With the new set-up of four Group-owned factories and a network of dozens of outsourcing partners, Rapala can adjust capacity quicker and more accurately to meet the market requirements. The benefits will also include shorter lead-times and improved service levels. As a result of the new operating model, the Group has reduced its headcount in China considerably. Accordingly, the headquarters of Chinese manufacturing operations in Hong Kong moved into smaller leased premises in the end of the year and the old office was sold. This resulted in a 0.5 MEUR non-recurring gain.

The integration of Sufix fishing line business acquired in 2008 was completed in 2009. Rapala intends to increase its worldwide fishing line sales to some 20 MEUR in the next few years. The long-term strategic target for Rapala is to increase its annual fishing line sales to 30-50 MEUR.

Discussions and negotiations regarding acquisitions and business combinations continued in 2009. In December, Rapala acquired the fish pheromone brand Ultrabite and signed an exclusive agreement to commercialize this patented pheromone technology to the sport fishing market worldwide. Rapala's sales of products including pheromones were less than 2 MEUR in 2009 but it is expected that the sales will grow substantially in the future as the newly developed products will be sold through the Group's worldwide distribution network with further new products being developed and introduced.

To further expand and strengthen its distribution network, Rapala established a new distribution company in Romania in 2009. The Group also started the process to establish new distribution companies in Iceland and Belarus as well as a specialized distribution company for gift products in China. These units have started or will start their operations in the first quarter of 2010.

In addition, the Group introduced and implemented several other performance improvement initiatives like further development of lure manufacturing processes and restructuring of Hungarian distribution operations. Also development of organic growth in terms of extensions of current product categories as well as special marketing, sales and brand initiatives continued.

Personnel and R&D

Number of personnel decreased 29% during the year and was 2 271 (3 197) at the year-end. This change resulted mainly from the new operating model in the manufacturing operations in China. At the same time, the Group has further strengthened its organizations in the fastest growing markets. The average number of personnel decreased 45% to 2 259 (4 143).

Research and development expenses increased 11% to 2.0 MEUR (1.8 MEUR) in 2009.

Risk Management, Internal Controls and Corporate Responsibility

In 2009, increased attention was paid to risk management, internal controls and corporate responsibility. Both internal controls and risk management were developed and reviewed through several projects and actions during the year. In addition, the Board redefined and approved its updated Corporate Governance Statement, which will be included in the Annual Report for 2009.

The work to further develop actions and reporting within corporate responsibility progressed. In addition to the implementation and development of environmental measurements, actions were taken to widen the reporting of corporate responsibility to economic and social responsibility. The progress made in these areas is described in more detail in the Annual Report for 2009.

Short-term Outlook

While the general market situation did not change a lot during 2009, positive signs were witnessed in several countries during the second half of the year. In addition, good winter weather conditions have recently boosted the sales of winter sports equipment in the Nordic countries. The general uncertainty in the world economy may continue in 2010 through increased unemployment in many countries, which will most likely continue to affect the ordering behavior of many customers and maintain the need for quick deliveries and short lead-times. In general though, the short-term outlook is cautiously optimistic.

In this economic and market situation, it is expected that both the net sales and the operating margin excluding non-recurring items will increase from 2009 even if the Group continues to reduce its inventories.

While the Group continues to implement its strategy for profitable growth, reducing working capital and increasing cash flow continue to be the top priority for 2010 together with strong emphasis on innovation and development of new products.

At the end of 2009, the Group’s order backlog was up 13% at 43.8 MEUR (38.6 MEUR). Orders for Group branded lures and winter sports equipment have recently been on a record level. Accordingly, the Group lure manufacturing facilities and the Peltonen cross country ski factory are currently running at full capacity.

Proposal for profit distribution

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.19 for 2009 (2008: EUR 0.19) per share be paid from the Group's distributable equity and that any remaining distributable funds be allocated to retained earnings. At December 31, 2009, the parent company's distributable equity totaled 42.6 MEUR.

No material changes have taken place in the Group's financial position after the end of the financial year 2009. 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.

Helsinki, February 4, 2010

Board of Directors of Rapala VMC Corporation

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

INCOME STATEMENT	**IV**	IV	**I-IV**	I-IV
MEUR	**2009**	2008	**2009**	2008
Net sales	**51.4**	50.9	**234.6**	243.0
Other operating income	**0.6**	0.8	**1.2**	3.1
Cost of sales	**32.8**	29.7	**135.8**	135.3
Other costs and expenses	**16.7**	17.2	**71.1**	73.2
EBITDA	**2.5**	4.8	**28.9**	37.5
Depreciation and amortization	**1.8**	1.6	**6.9**	6.2
Operating profit	**0.7**	3.2	**22.1**	31.3
Finance income and expenses	**1.1**	1.4	**2.1**	4.8
Share of results in associates	**0.0**	0.0	**0.0**	0.0
Profit before taxes	**-0.4**	1.9	**19.9**	26.5
Income taxes	**0.4**	0.9	**5.7**	7.3
Net profit for the period	**-0.8**	1.0	**14.3**	19.2
Attributable to:				
Equity holders of the Company	**-0.9**	1.9	**12.1**	17.7
Minority interest	**0.1**	-0.9	**2.2**	1.6
Earnings per share for profit attributable to the equity holders of the Company:				
Earnings per share, EUR (diluted = non-diluted)	**-0.02**	0.05	**0.31**	0.45

STATEMENT OF COMPREHENSIVE INCOME	**IV**	IV	**I-IV**	I-IV
MEUR	**2009**	2008	**2009**	2008
Net profit for the period	**-0.8**	1.0	**14.3**	19.2
Other comprehensive income, net of tax:				
Change in translation differences	**1.5**	-1.5	**1.5**	-1.2
Gains and losses on cash flow hedges	**0.1**	-0.2	**-0.1**	-0.2
Gains and losses on hedges of net investments	**0.1**	-1.4	**0.2**	-2.8
Fair value gains on available-for-sale investments	**-**	-0.1	**-**	-0.1
Total other comprehensive income, net of tax	**1.7**	-3.1	**1.6**	-4.3
Total comprehensive income for the period	**1.0**	-2.1	**15.9**	14.9
Total comprehensive income attributable to:				
Equity holders of the Company	**0.8**	-1.2	**13.6**	13.4
Minority interest	**0.1**	-0.9	**2.3**	1.6

STATEMENT OF FINANCIAL POSITION MEUR	**Dec 31 2009**	Dec 31 2008
ASSETS		
Non-current assets		
Intangible assets	**58.3**	57.6
Property, plant and equipment	**27.5**	28.7
Non-current financial assets		
Interest-bearing	**0.5**	0.5
Non-interest-bearing	**8.0**	7.7
	94.2	94.6
Current assets		
Inventories	**94.4**	98.4
Current financial assets		
Interest-bearing	**0.2**	0.4
Non-interest-bearing	**43.5**	49.5
Cash and cash equivalents	**29.0**	30.6
	167.0	178.9
Total assets	**261.2**	273.4
EQUITY AND LIABILITIES		
Equity		
Equity attributable to the equity holders of the Company	**107.4**	101.7
Minority interest	**4.2**	1.9
	111.7	103.7
Non-current liabilities		
Interest-bearing	**36.0**	42.8
Non-interest-bearing	**10.1**	10.5
	46.0	53.3
Current liabilities		
Interest-bearing	**73.1**	78.1
Non-interest-bearing	**30.5**	38.3
	103.5	116.4
Total equity and liabilities	**261.2**	273.4

KEY FIGURES	**IV 2009**	IV 2008	**I-IV 2009**	I-IV 2008
EBITDA margin, %	**4.8%**	9.5%	**12.3%**	15.5%
Operating profit margin, %	**1.3%**	6.4%	**9.4%**	12.9%
Return on capital employed, %	**1.4%**	7.0%	**11.5%**	16.9%
Capital employed at end of period, MEUR	**191.1**	193.2	**191.1**	193.2
Net interest-bearing debt at end of period, MEUR	**79.4**	89.5	**79.4**	89.5
Equity-to-assets ratio at end of period, %	**42.8%**	38.0%	**42.8%**	38.0%
Debt-to-equity ratio at end of period, %	**71.1%**	86.4%	**71.1%**	86.4%
Earnings per share, EUR	**-0.02**	0.05	**0.31**	0.45
Fully diluted earnings per share, EUR	**-0.02**	0.05	**0.31**	0.45
Equity per share at end of period, EUR	**2.75**	2.59	**2.75**	2.59
Average personnel for the period	**2 261**	4 259	**2 259**	4 143

Definitions of key figures in the interim report are consistent with those in the Annual Report 2008.

STATEMENT OF CASH FLOWS	IV	IV	I-IV	I-IV
MEUR	**2009**	2008	**2009**	2008
Net profit for the period	**-0.8**	1.0	**14.3**	19.2
Adjustments to net profit for the period *	**2.9**	2.8	**14.7**	13.0
Financial items and taxes paid and received	**-1.6**	-4.7	**-7.4**	-14.0
Change in working capital	**5.6**	2.5	**3.0**	-12.7
Net cash generated from operating activities	**6.0**	1.6	**24.6**	5.4
Investments	**-2.4**	-2.3	**-6.7**	-7.1
Proceeds from sales of assets	**0.9**	0.6	**2.6**	2.2
Sufix brand acquisition	**-**	-0.1	**-1.1**	-1.5
Ultrabite brand acquisition	**-0.9**	-	**-0.9**	-
Acquisition of subsidiaries, net of cash	**-**	-0.1	**-0.1**	-0.5
Change in interest-bearing receivables	**-0.1**	0.1	**-0.1**	0.0
Net cash used in investing activities	**-2.6**	-1.9	**-6.3**	-6.8
Dividends paid	**-**	-	**-7.5**	-6.9
Net funding	**-12.1**	4.1	**-12.8**	11.9
Purchase of own shares	**-0.1**	-0.3	**-0.6**	-0.9
Net cash generated from financing activities	**-12.1**	3.7	**-20.8**	4.1
Adjustments	**1.3**	0.6	**0.8**	0.9
Change in cash and cash equivalents	**-7.3**	4.1	**-1.7**	3.6
Cash & cash equivalents at the beginning of the period	**36.3**	27.0	**30.6**	27.3
Foreign exchange rate effect	**0.0**	-0.5	**0.1**	-0.4
Cash and cash equivalents at the end of the period	**29.0**	30.6	**29.0**	30.6

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

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	Minority interest	**Total equity**
Equity on Jan 1, 2008	**3.6**	**16.7**	**0.0**	**-9.8**	**4.9**	**-**	**80.6**	**0.9**	**96.9**
Comprehensive income*	-	-	-0.3	-4.0	-	-	17.7	1.6	**14.9**
Purchase of own shares	-	-	-	-	-	-0.9	-	-	**-0.9**
Dividends paid	-	-	-	-	-	-	-6.9	-	**-6.9**
Share based payment	-	-	-	-	-	-	0.1	-	**0.1**
Other changes	-	-	-	-	-	-	0.0	-0.5	**-0.5**
Equity on Dec 31, 2008	**3.6**	**16.7**	**-0.3**	**-13.8**	**4.9**	**-0.9**	**91.5**	**1.9**	**103.7**
Equity on Jan 1, 2009	**3.6**	**16.7**	**-0.3**	**-13.8**	**4.9**	**-0.9**	**91.5**	**1.9**	**103.7**
Comprehensive Income*	-	-	-0.1	1.5	-	-	12.1	2.3	**15.9**
Purchase of own shares	-	-	-	-	-	-0.6	-	-	**-0.6**
Dividends paid	-	-	-	-	-	-	-7.5	-	**-7.5**
Share based payment	-	-	-	-	-	-	0.1	-	**0.1**
Other changes	-	-	-	-	-	-	0.0	0.0	**0.0**
Equity on Dec 31, 2009	**3.6**	**16.7**	**-0.3**	**-12.3**	**4.9**	**-1.4**	**96.3**	**4.2**	**111.7**

* For the period (net of tax)

SEGMENT INFORMATION*

MEUR	IV	IV	I-IV	I-IV
Net Sales by Operating Segment	**2009**	2008	**2009**	2008
Group Fishing Products	**26.7**	26.4	**126.8**	119.6
Other Group Products	**6.3**	7.0	**17.8**	24.5
Third Party Products	**18.7**	17.7	**90.6**	99.7
Intra-Group	**-0.2**	-0.2	**-0.6**	-0.9
Total	**51.4**	50.9	**234.6**	243.0
Operating Profit by Operating Segment				
Group Fishing Products	**1.5**	3.9	**15.7**	19.5
Other Group Products	**0.3**	0.1	**0.5**	1.6
Third Party Products	**-1.2**	-0.8	**5.8**	10.3
Total	**0.7**	3.2	**22.1**	31.3

Assets by Operating Segment	Dec. 31 2009	Dec. 31 2008
Group Fishing Products	**159.6**	167.5
Other Group Products	**10.2**	10.2
Third Party Products	**61.9**	64.3
Intra-Group	**-0.0**	-0.1
Non-interest bearing assets total	**231.6**	242.0
Unallocated interest-bearing assets	**29.6**	31.4
Total assets	**261.2**	273.4
Liabilities by Operating Segment		
Group Fishing Products	**30.8**	30.1
Other Group Products	**2.5**	2.7
Third Party Products	**7.2**	16.0
Intra-Group	**-0.0**	-0.1
Non-interest bearing liabilities total	**40.5**	48.8
Unallocated interest-bearing liabilities	**109.1**	121.0
Total liabilities	**149.6**	169.7

Net Sales by Area**	IV	IV	I-IV	I-IV
MEUR	**2009**	2008	**2009**	2008
North America	**13.1**	14.8	**61.1**	57.5
Nordic	**23.2**	18.5	**102.0**	105.9
Rest of Europe	**17.4**	18.0	**89.7**	101.3
Rest of the world	**13.7**	14.6	**55.3**	54.3
Intra-Group	**-15.9**	-15.1	**-73.5**	-76.0
Total	**51.4**	50.9	**234.6**	243.0

* The new operating segments (IFRS 8) include the following product lines: Group Fishing Products include Group Lures, Fishing Hooks, Fishing Lines and Fishing Accessories, Other Group Products include Group manufactured and/or branded products for winter sports and some other businesses and Third Party Products include non-Group branded fishing products and third party products for hunting, outdoor and winter sports.

**Geographical sales information has been prepared on source basis i.e. based on the location of the business unit. Each area shows the sales generated in that area excluding intra-Group transaction within that area, which have been eliminated. Intra-Group line includes the eliminations of intra-Group transactions between geographical areas.

KEY FIGURES BY QUARTERS	I	II	III	IV	I-IV	I	II	III	**IV**	**I-IV**
MEUR	2008	2008	2008	2008	2008	2009	2009	2009	**2009**	**2009**
Net sales	65.1	74.2	52.7	50.9	243.0	65.2	67.7	50.2	**51.4**	**234.6**
EBITDA	12.2	15.4	5.2	4.8	37.5	11.6	11.5	3.3	**2.5**	**28.9**
Operating profit	10.6	13.8	3.6	3.2	31.3	10.0	9.4	1.9	**0.7**	**22.1**
Profit before taxes	9.3	12.8	2.6	1.9	26.5	8.5	9.8	2.1	**-0.4**	**19.9**
Net profit for the period	6.8	9.4	2.0	1.0	19.2	6.2	7.4	1.5	**-0.8**	**14.3**

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 Annual Report 2008, except for the adoption of the new or amended standards and interpretations. Adoption of the amended standard IAS 1 affected the presentation of Group's consolidated financial statements, especially the consolidated income statement and the statement of changes in equity. Adoption of IFRS 8 changed the presentation of segment information. Adoption of IAS 23, IAS 32, IFRS 2 and IAS 39/IFRS 7 as well as the new interpretations, IFRIC 13, IFRIC 15 and IFRIC 16 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 2009. 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, 2009, the book value of inventories included a provision for net realizable value of 3.0 MEUR (2.4 MEUR).

Non-recurring income and expenses included in operating profit	**IV**	IV	**I-IV**	I-IV
MEUR	**2009**	2008	**2009**	2008
Sale of Hong Kong office premises	**0.5**	-	**0.5**	-
Restructuring of Chinese manufacturing operations *	**-0.3**	-	**-0.4**	-
Consolidation of French operations	**-**	0.1	**0.0**	-0.1
Closure of Irish lure factory	**-**	-	**-0.1**	0.0
Sale of French warehouse and office building	**-**	-	**-**	1.4
Other restructuring costs	**-0.2**	-0.1	**-0.4**	-0.3
Other non-recurring items	**-0.1**	-	**-0.1**	-0.2
Total included in EBITDA	**0.0**	0.0	**-0.3**	0.8
Non-recurring impairment of non-current assets in China	**0.0**	-	**-0.7**	-
Non-recurring impairment of non-current assets in Hungary	**-0.3**	-	**-0.3**	-
Total included in operating profit	**-0.4**	0.0	**-1.4**	0.8

*) Includes redundancy and other costs as well as gains and losses from the sale of fixed assets.

Commitments MEUR	**Dec 31 2009**	Dec 31 2008
On own behalf		
Business mortgage	**16.1**	16.1
Guarantees	**0.2**	0.3
Minimum future lease payments on operating leases	**10.3**	11.3

Related party transactions MEUR	Purchases	Rents paid	Other expenses	Receivables	Payables
I-IV 2009					
Associated company Lanimo Oü	**0.1**	**-**	**-**	**0.0**	**-**
Entity with significant influence over the Group*	**-**	**0.2**	**0.1**	**0.0**	**-**
Management	**-**	**0.3**	**0.0**	**0.0**	**0.0**
I-IV 2008					
Associated company Lanimo Oü	0.1	-	-	0.0	-
Entity with significant influence over the Group*	-	0.2	0.1	0.0	0.0
Management	-	0.2	0.0	0.0	0.0

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

Open derivatives MEUR	**Nominal amount**	Positive fair values	Negative fair values	**Net fair values**
Dec 31, 2009				
Foreign currency forwards	**7.1**	**0.1**	**-**	**0.1**
Interest rate swaps	**98.0**	**0.0**	**0.5**	**-0.5**
Total	**105.0**	**0.2**	**0.5**	**-0.3**
Dec 31, 2008				
Foreign currency forwards	7.2	0.3	-	0.3
Interest rate swaps	14.1	0.0	0.4	-0.4
Total	21.3	0.3	0.4	-0.1

Group's financial risks and hedging principles are described in detail in the Annual Report 2008.

Share-based payments

The Group had three separate share-based payment programs in place on December 31, 2009: one share option program, one synthetic option program settled in cash and one share reward program settled in shares.

Share-based payment programs are valued at fair value on the grant date and recognized as an expense in the income statement during the vesting period with a corresponding adjustment to the equity or liability. Grant date is the date at which the entity and another party agree to a share-based payment arrangement, being when the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement.

Options are valued at fair value on the grant date by using the Black-Scholes option-pricing model. Regarding the option programs in place, 454 750 share options (2004B) were granted on June 8, 2004, 46 250 share options (2004B) on February 14, 2006 and 978 500 synthetic options (2006A and 2006B) on December 14, 2006. On March 31, 2009, the exercise period for the 2004A stock option program expired. The 2004B stock option program is exercisable between March 31, 2008 and March 31, 2010 at an exercise price of 6.09 EUR, the 2006A synthetic option program is exercisable between March 31, 2009 and March 31, 2011 at an exercise price of 6.14 EUR and the 2006B synthetic option program is exercisable between March 31, 2010 and March 31, 2012 at an exercise price of 5.95 EUR. The exercise prices have been reduced by the amount of dividends distributed after the subscription period for option rights has ended and before the commencement of the subscription period.

In March 2009, the Board approved a new share-based incentive plan (Plan) for the Group's key personnel. The aim of the Plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of the Company, to commit the key personnel to the Company, and to offer them a competitive reward plan based on holding the Company shares. The Plan includes one earning period, which commenced on January 1, 2009 and will end on December 31, 2010. The potential reward from the Plan will be based on the Rapala's earnings per share (EPS) in 2010. The potential reward from the Plan will be paid as the Company's shares in 2011. The target group of the Plan consists of 50 key employees. The gross rewards to be paid on the basis of the Plan will correspond to the value of a maximum total of 200 000 Rapala shares.

The IFRS accounting effect on operating profit was -0.1 MEUR (0.0 MEUR) for the fourth quarter and -0.3 MEUR (+0.3 MEUR) for the financial year. Terms and conditions of the share-based payment programs are described in detail in the Annual Report 2008 and the descriptions will be updated in the Annual Report 2009.

Shares and share capital

Based on authorization given by the Annual General Meeting in April 2007, the Board can decide to issue shares through issuance of shares, options or special rights entitling to shares in one or more issues. The number of new shares to be issued including the shares to be obtained under options or special rights shall be no more than 10 000 000 shares. This authorization includes the right for the Board to resolve on all terms and conditions of the issuance of new shares, options and special rights entitling to shares, including issuance in deviation from the shareholders’ preemptive rights. This authorization is in force for a period of 5 years from the resolution by the Annual General Meeting. The Board is also authorized to resolve to repurchase a maximum of 2 000 000 shares by using funds in the unrestricted equity. This amount of shares corresponds to less than 10% of all shares of the company. The shares will be repurchased through public trading arranged by NASDAQ OMX Helsinki at the market price of the acquisition date. The shares will be acquired and paid in pursuance of the rules of NASDAQ OMX Helsinki and applicable rules regarding the payment period and other terms of the payment. This authorization is effective until the end of the next Annual General Meeting.

On December 31, 2009, 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. The average number of shares in 2009 was 39 468 449. On February 6, 2009 the Board decided to continue buying back own shares in accordance with the authorization granted by the Annual General Meeting on April 3, 2008. The repurchasing of shares ended on March 30, 2009 when Rapala held 221 936 own shares. Based on the Board’s decision on July 24, 2009 the repurchasing of own shares continued until September 18, 2009 and on September 30, 2009 Rapala held 321 867 own shares. Based on the Board’s decision on October 23, 2009, the repurchasing of own shares continued until December 30, 2009. At the end of December 2009, Rapala held 340 344 own shares, representing 0.9% of the total number and the total voting rights of Rapala shares. The average price for the repurchased own shares in 2009 was EUR 4.31.

As a result of the share subscriptions with the 2004B stock option program, and if all stock options are fully exercised, the Group’s share capital may still be increased by a maximum of 38 970 EUR and the number of shares by a maximum of 433 000 shares. The shares that can be subscribed with these share options correspond to 1.1% of the Company's shares and voting rights.

During the year 2009, 3 138 597 shares (4 144 626) were traded. The shares traded at a high of 5.16 EUR and a low of 3.50 EUR during the period. The closing share price at the end of the period was 4.97 EUR.

Short term risks and uncertainties

The objective of Rapala'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 when Rapala has continued to expand its operations fast. Accordingly, Group management also continued to develop risk management practices and internal controls during 2009. Detailed description of Group's strategic, operative and financial risks and risk management principles are included in the Annual Report 2008 and will be updated in the Annual Report 2009.

Due to the nature of the fishing tackle business and the geographical scope of Group's operations, Group's deliveries and sales as well as operating profit have traditionally been seasonally stronger in the first half of the financial year compared to the second half. In 2009, although more than 40 % of the net sales were generated during the second half of the year, almost 90 % of the operating profit was still generated in the first six months. In 2009, deliveries to customers realized mostly according to plan. A major supply chain and logistics initiative was started in the second quarter of 2009 to shorten the lead-times and further improve the service levels to customers.

Group's sales are also to some extent affected by the weather. Weather has supported the sales of winter sports equipment especially in the Nordic countries during the on-going winter season but may simultaneously delay the beginning of the coming summer fishing season. Last year such delay partly led to higher than anticipated inventory levels, which subsequently started to decrease mostly as a result of the major ongoing working capital initiative. Further reduction of inventory levels, even at the risk of losing some profit margin, and improvement of cash flow remains a top priority in the Group also in 2010.

The Group renegotiated its bank covenants during the second quarter of 2009 and as one of the results has now more flexibility to the most critical cash flow covenant also for 2010.

Even if the fishing tackle business has traditionally not been strongly influenced by the increased uncertainties and downturns in the general economic climate, this may 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 and uncertainties concerning employment may temporarily affect consumer spending also in fishing tackle, even though historically the underlying consumer demand has proven to be fairly solid.

The truly global nature of Group's sales and operations is spreading the market risks caused by the current uncertainties in the global economy. Despite some positive signals received during the second half of 2009, the Group is still cautiously monitoring the development in the various markets in order to avoid hasty conclusions. Especially, the importance of cash collection and credit risk management increased during 2009 and this may affect sales to some customers. The good sales for winter sports supports financially many retailers especially in the Nordic countries and reduces the risks related to cash collection and orders for summer fishing.

Group's sales and profitability are impacted by the changes in foreign exchange rates, especially US dollar and other currencies connected to it. Group is actively monitoring the currency position and risks and using e.g. foreign currency nominated loans to manage the natural hedging. In order to fix the exchange rate of some of the future USD-nominated purchases, the Group has entered into currency hedging agreements. As the Group is not applying hedge accounting in accordance with IAS 39, also the change in fair value of these unrealized currency hedging agreements have an impact on the Group's operating profit. As the Group has material amount of Chinese renminbi nominated expenses, the Group is closely monitoring the on-going discussions on the potential future appreciation of the renminbi and considering feasibility of hedging possibilities.

Especially in East Europe, local currencies weakened dramatically during the second half of 2008 and have not significantly appreciated since. This weakening was taken into account in price setting, which has together with the general economic downturn somewhat negatively impacted the number of units sold in these countries. The market price of some commodity raw materials have started to increase again and this may put pressure on pricing of some products in the future.

The integration of the new Sufix-fishing line business to the Group's distribution network was completed in 2009.

No significant changes are identified in the Group's strategic risks or business environment.