

**RAPALA VMC CORPORATION'S JANUARY TO SEPTEMBER 2013: SALES GROWTH CONTINUED. NET RESULT NEGATIVELY IMPACTED BY FOREIGN EXCHANGE RATES.**

- Net sales for the third quarter increased from last year by 2% to 66.6 (65.6 MEUR) and the nine-month net sales were slightly above last year's level at 223.3 MEUR (222.8 MEUR), reaching all time record sales for the quarter and the nine months. Sales were heavily burdened by foreign exchange rates. With comparable foreign exchange rates net sales increased by 9% in the third quarter and 3% during the nine months.
- Comparable operating profit, excluding non-recurring items and mark-to-market valuation of operative currency derivatives, declined from last year to 3.2 MEUR (3.9 MEUR) for the third quarter and to 24.4 MEUR (26.1 MEUR) for the nine-month period. Comparable operating profit margin was 4.8% (6.0%) for the quarter and 10.9% (11.7%) for the nine months.
- Net profit was down to -1.2 MEUR (1.3 MEUR) for the quarter and 13.2 MEUR (16.0 MEUR) for the nine months, impacted by foreign exchange movements on financial items. Earnings per share was down to -0.06 EUR (0.00 EUR) for the third quarter and was 0.25 EUR (0.31 EUR) for the nine-month period.
- Cash flow from operations was down from last year's at 6.7 MEUR (7.1 MEUR) for the quarter and at 14.8 MEUR (19.2 MEUR) for the nine months. Net interest bearing debt was at last year's level. Gearing was 67.7% (65.4%) and equity-to-assets ratio 43.9% (42.8%).
- Installation work for tripling the size of lure manufacturing operations in Batam is proceeding. The Group is currently evaluating all possibilities to speed-up the transfer of lure production from China to Batam, originally planned to be carried out gradually during next 6-9 months.
- Guidance remains unchanged. The Group's sales are expected to increase from last year and comparable operating profit, excluding non-recurring items and mark-to-market valuations of operative currency derivatives, to be 30 MEUR plus or minus 10%.

The attachment presents the interim review by the Board of Directors as well as the accounts.

Contact information and conference call details are at the end of the review by the Board of Directors.

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## Market Situation and Sales

During the third quarter and the nine months Rapala Group's sales continued to develop in line with expectations again breaking sales records despite heavy negative impact from foreign exchange rates. Quarterly sales growth was driven by good performance especially in North America, Russia, France, South America and some Asian countries. Third quarter sales were supported positively by new ice fishing pre-sales program in North America. Nine months sales were positively impacted by good new product introductions, while late spring and floods in Central Europe as well as delays in shipments from suppliers impacted sales negatively. Fluctuations in foreign exchange rates and continuing economical uncertainties are increasingly starting to impact consumer behavior and trading environment in several countries, putting some retailers' financial position in constraint and thereby limiting the future visibility.

Net sales for the third quarter increased from last year by 2% to 66.6 (65.6 MEUR) and the nine month net sales were slightly above last year's level at 223.3 MEUR (222.8 MEUR). Changes in foreign exchange rates decreased quarterly sales significantly by 4.6 MEUR and nine months sales by 7.2 MEUR. With comparable foreign exchange rates net sales increased 9% in the third quarter and 3% during the nine months.

Net sales of Group Products increased by 2% from last year to 38.2 MEUR (37.5 MEUR) for the third quarter and 2% to 134.7 MEUR (132.2 MEUR) for the nine months, following strong ice fishing pre-sales and improved sales of lures and hooks. Sales of Third Party Products were up 1% to 28.5 MEUR (28.1 MEUR) for the quarter and down 2% to 88.7 MEUR (90.6 MEUR) for the nine months. Quarterly sales were supported by third party ice fishing products. Sales of both operating segments suffered from changes in foreign exchange rates and late spring.

Net sales in North America were up by 20% for the quarter and by 9% for the nine months. The growth came from strong ice fishing pre-sales and positive development in sales of Rapala lures and VMC hooks. Currencies had negative impact on quarterly and nine months sales compared to last year. With comparable exchange rates North American quarterly sales were up 29% and nine months sales 12%. The US consumer and retail sentiment continued to improve slowly. US retailers continued focusing on other sports categories than fishing and putting more emphasis on promoting their own brands.

In Nordic countries, sales were down by 7% for the quarter and down by 4% for the nine months. Quarterly sales were negatively impacted by slow sales in Sweden, delayed winter sport equipment deliveries from suppliers and foreign exchange rates. With comparable exchange rates quarterly sales were down 4%. Nine months sales were also impacted by delayed start of summer fishing season and delayed deliveries of suppliers for summer fishing.

Third quarter net sales in Rest of Europe decreased by 1% and nine months sales by 2%. Sales continued strong in France and Russia, although in Russia and Eastern Europe sales and consumer sentiment were increasingly stressed by weakening of currencies and economical uncertainties. Nine months sales in Central Europe were impacted by late spring and floods. With comparable exchange rates quarterly sales were up by 4% and nine months sales were at last year's level. Macro-economic situation continued to burden sales in Spain and Hungary and in the UK difficult market conditions and increasing competition was impacting sales negatively. The restructuring of operations in Switzerland continued.

In Rest of the World sales decreased by 11% for the quarter and by 3% for the nine months burdened by foreign exchange rates, especially weakening of South African Rand, Australian Dollar

and Japanese Yen. With comparable exchange rates quarterly sales were up 4% and nine months sales up 7%. Sales were supported by the new distribution company in Chile and good sales in Latin America as well as in some Asian countries. South Africa continues to suffer from macro-economic uncertainties and weakening of the currency.

## Financial Results and Profitability

Comparable operating profit, excluding non-recurring items and mark-to-market valuation of operative currency derivatives, declined from last year to 3.2 MEUR (3.9 MEUR) for the third quarter and to 24.4 MEUR (26.1 MEUR) for the nine-month period. Comparable operating profit margin was 4.8% (6.0%) for the quarter and 10.9% (11.7%) for the nine months. Third quarter profitability was supported by strong sales in North America and foreign exchange rate benefit on purchases. However, simultaneously quarterly profitability was burdened by negative gross margin impact of change in product and customer mix, increased fixed costs and costs related to ramping up the operations in Batam. Nine months profitability was stressed by late start of summer fishing season, foreign exchange rates and impact of inventory reduction initiatives, latter impacting especially first quarter profitability.

<b>Key figures</b>	<b>III</b>	<b>III</b>	<b>I-III</b>	<b>I-III</b>	<b>I-IV</b>
<b>MEUR</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
Net sales	<b>66.6</b>	65.6	<b>223.3</b>	222.8	290.7
EBITDA as reported	<b>4.5</b>	5.4	<b>29.9</b>	30.7	32.7
Comparable EBITDA*	<b>4.9</b>	5.6	<b>29.5</b>	31.1	33.8
Operating profit (EBIT)	<b>2.6</b>	3.7	<b>24.6</b>	25.7	25.9
Comparable EBIT*	<b>3.2</b>	3.9	<b>24.4</b>	26.1	27.1

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

Reported operating profit was 2.6 MEUR (3.7 MEUR) for the quarter and 24.6 MEUR (25.7 MEUR) for the nine months. Reported operating margin was 3.9% (5.6%) and 11.0% (11.5%) respectively. Reported operating profit included net loss of non-recurring items of 0.2 MEUR (0.3 MEUR) for the quarter and 0.4 MEUR (0.3 MEUR) for the nine months consisting mainly of restructuring costs in Switzerland. Reported operating profit included mark-to-market valuation of operative currency derivatives of 0.4 MEUR loss (0.1 MEUR gain) for the quarter and 0.6 MEUR gain (0.1 MEUR loss) for the nine months.

Operating profit for Group Products stayed in last year's level in the third quarter amounting to 2.1 MEUR (2.1 MEUR) and increased from last year to 17.4 MEUR (16.8 MEUR) in the nine-month period supported by increased sales, while negatively affected by setting up the second phase of lure production in Batam. Operating profit for Third Party Products decreased to 0.5 MEUR (1.5 MEUR) in the third quarter and 7.2 MEUR (8.8 MEUR) in the nine months burdened by change in product mix. Nine months profitability of both operating segments suffered from late spring and inventory clearances.

Total financial (net) expenses were above last year's level at 3.0 MEUR (1.7 MEUR) for the quarter and 5.2 MEUR (2.9 MEUR) for the nine months. Net interest and other financing expenses were 1.0 MEUR (1.3 MEUR) for the quarter and 2.8 MEUR (3.1 MEUR) for the nine months. A significant negative impact in financial items resulted from the (net) foreign exchange expenses of 1.9 MEUR (0.5 MEUR) for the quarter and 2.3 MEUR (0.2 MEUR gain) for the nine-month period. These were in particular caused by sharp weakening of the Indonesian Rupiah, which on the other hand will have positive impact on the labor costs of the new Batam manufacturing units.

Due to lower operating profit and increased financial foreign exchange expenses and income taxes net profit for the quarter decreased to -1.2 MEUR (1.3 MEUR) and 13.2 MEUR (16.0 MEUR) for the nine months. Earnings per share for the third quarter turned negative amounting to -0.06 EUR (0.00 EUR) and was 0.25 EUR (0.31 EUR) for the nine-month period.

## Cash Flow and Financial Position

Cash flow from operations was down from last year's at 6.7 MEUR (7.1 MEUR) for the quarter and at 14.8 MEUR (19.2 MEUR) for the nine months. Third quarter cash flow was impacted by lower profitability and working capital required by earlier start of the ice fishing business. Simultaneously, third quarter cash flow benefitted from timing of cash flows between second and third quarter impacted by late start of summer fishing season.

The Group's inventory levels continued to develop positively. Inventories decreased by 7.8 MEUR from September 2012 to 112.8 MEUR (120.6 MEUR), even if the ice fishing business was tying more inventories in the third quarter than last year. On comparable basis, taking into account decreasing impact of foreign exchange rate movements and increasing impacts of the additional ice fishing inventory in USA and new business units, inventories reduced net of 6.3 MEUR from September 2012.

Net cash used in investing activities was 3.0 MEUR (1.6 MEUR) for the third quarter and 7.4 MEUR (12.3 MEUR) for the nine-month period. Operative capital expenditure was 3.0 MEUR (1.3 MEUR) for the quarter and 6.9 MEUR (5.5 MEUR) for the nine months due to expanding lure manufacturing operations in Batam and setting up new ice drill manufacturing unit in Finland. 2012 nine months investing activities include acquisition of the assets of Strike Master Corporation and Mora Ice brand with total of 6.4 MEUR and proceeds from the sale of a real estate in Finland of 0.3 MEUR.

The liquidity position of the Group was good. Following the increased focus on cash management, cash and cash equivalents reduced to 24.2 MEUR (32.0 MEUR) and undrawn committed long-term credit facilities amounted to 75.0 MEUR at the end of the period. Net interest-bearing debt was at last year's levels at 93.1 MEUR (93.0 MEUR) in the end of September. Gearing was slightly higher at 67.7% (65.4%) and equity-to-assets ratio improved to 43.9% (42.8%).

## Strategy Implementation

Execution of Rapala Group's strategy of profitable growth is based on three cornerstones: brands, manufacturing and distribution, supported by strong corporate culture. In 2013 strategy implementation will continue in various areas.

To strengthen its position in global ice drill business, the Group made a decision to establish own ice drill manufacturing operations in Korpilahti, Finland. Preparations to start the operations are proceeding according to plans. Installation of equipment and machinery begins in October, with a target to gradually start the manufacturing by the end of the year.

The first phase of setting up lure production in Batam was technically finalized during second quarter and bulk of the products planned to be transferred from China at the first phase have been transferred. The second phase of the project for tripling the size of lure manufacturing operations in Batam is proceeding. Additional machinery is being installed, new personnel is being trained and production of some new product categories has already started. Streamlining the production process and supply chain as well as rationalization of the product range is continuing. Lure production was originally planned to be gradually transferred from China during next 6-9 months, but in order to minimize the negative impacts of running two parallel manufacturing operations, the Group is currently evaluating all possibilities to speed-up the transfer.

The establishment of new VMC hook manufacturing unit in Batam was finalized during the first quarter and the production volumes are increasing. The unit is offering flexible production at good quality level and new products are being added to the production range.

During first quarter the Group increased its ownership in Peltonen cross country ski factory to 100%. Previously Group's ownership was 90%. The restructuring of Group's distribution company in Switzerland is proceeding.

Working capital and cash flow management was still one of the top priorities of the Group, and the Group continues to work to reduce the inventory levels. A new initiative has been launched to coordinate the purchasing and supply chain of certain third party products sourced from Asia and North America. Group's key personnel is subject to a share based incentive plan, connected to Group's inventory levels in the year-end.

Production and shipments of new products for summer season 2014 started during third quarter, including the Rapala Scatter Rap lure family, which was successfully launched this summer in USA and now expanded to other markets. Development of new products for future seasons is proceeding well.

Discussions and negotiations regarding acquisitions and business combinations continued during third quarter of 2013.

## Short-term Outlook

In general the Group's sales in the first nine months have developed well, without any major problems. Changes in foreign exchange rates have and will impact the Group's sales and profitability negatively this year and this together with continuing economic turbulence causes increasing uncertainties in several markets, which reduces the short-term visibility.

The Group's sales of ice fishing products for coming season has started positively and earlier than last year and the order book is still strong. The Group's fourth quarter and full year sales will be dependent on success of sales of this product category, which is also influenced by external factors such as the weather and timing of year-end shipments.

Expanding the lure manufacturing operations in Batam and setting up new ice drill manufacturing unit in Finland will generate some additional expenditure, while profitability of few other underperforming units is expected to improve from last year.

The guidance for 2013 remains unchanged. The Group's sales are expected to increase from last year and comparable operating profit, excluding non-recurring items and mark-to-market valuations of operative currency derivatives, to be 30 MEUR plus or minus 10%.

Short term risks and uncertainties are described in more detail in the end of this release.

Fourth quarter interim report and annual accounts 2013 will be published on February 6, 2014.

Helsinki, October 22, 2013

Board of Directors of Rapala VMC Corporation

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A conference call on the quarter result will be arranged today at 2:00 p.m. Finnish time (1:00 p.m. CET). Please dial +44 (0)20 3147 4971 or +1 212 444 0889 or +358 (0)9 2310 1667 (pin code: 677172#) 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 7111 1244 (pin code: 677172#). Financial information and teleconference replay facility are available at [www.rapalavmc.com](http://www.rapalavmc.com).

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

<b>STATEMENT OF INCOME</b>	<b>III</b>	<b>III</b>	<b>I-III</b>	<b>I-III</b>	<b>I-IV</b>
MEUR	<b>2013</b>	2012	<b>2013</b>	2012	2012
<b>Net sales</b>	<b>66.6</b>	65.6	<b>223.3</b>	222.8	290.7
Other operating income	<b>0.1</b>	0.2	<b>0.4</b>	0.7	1.3
Materials and services	<b>33.1</b>	32.3	<b>104.3</b>	104.9	140.7
Personnel expenses	<b>15.6</b>	15.1	<b>48.5</b>	46.8	62.6
Other costs and expenses	<b>13.4</b>	13.0	<b>40.7</b>	41.0	55.8
Share of results in associates and joint ventures	<b>-0.1</b>	0.0	<b>-0.2</b>	-0.1	-0.3
<b>EBITDA</b>	<b>4.5</b>	5.4	<b>29.9</b>	30.7	32.7
Depreciation, amortization and impairments	<b>1.9</b>	1.7	<b>5.3</b>	5.1	6.8
<b>Operating profit (EBIT)</b>	<b>2.6</b>	3.7	<b>24.6</b>	25.7	25.9
Financial income and expenses	<b>3.0</b>	1.7	<b>5.2</b>	2.9	4.9
<b>Profit before taxes</b>	<b>-0.4</b>	1.9	<b>19.4</b>	22.8	21.0
Income taxes	<b>0.8</b>	0.6	<b>6.3</b>	6.7	7.1
<b>Net profit for the period</b>	<b>-1.2</b>	1.3	<b>13.2</b>	16.0	14.0
<b>Attributable to:</b>					
Equity holders of the company	<b>-2.4</b>	0.0	<b>9.5</b>	12.2	10.1
Non-controlling interests	<b>1.1</b>	1.3	<b>3.6</b>	3.8	3.8
<b>Earnings per share for profit attributable to the equity holders of the company:</b>					
Earnings per share, EUR (diluted = non-diluted)	<b>-0.06</b>	<b>0.00</b>	<b>0.25</b>	0.31	0.26

<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>III</b>	<b>III</b>	<b>I-III</b>	<b>I-III</b>	<b>I-IV</b>
MEUR	<b>2013</b>	2012	<b>2013</b>	2012	2012
<b>Net profit for the period</b>	<b>-1.2</b>	1.3	<b>13.2</b>	16.0	14.0
<b>Other comprehensive income, net of tax</b>					
Change in translation differences*	<b>-1.7</b>	-0.5	<b>-4.6</b>	1.6	-0.3
Gains and losses on cash flow hedges*	<b>0.1</b>	-0.1	<b>0.8</b>	-0.7	-0.6
Gains and losses on hedges of net investments*	<b>0.0</b>	0.2	<b>-0.1</b>	0.1	0.2
Actuarial gains (losses) on defined benefit plan	-	-	-	-	-0.3
<b>Total other comprehensive income, net of tax</b>	<b>-1.6</b>	-0.4	<b>-3.9</b>	1.0	-1.0
<b>Total comprehensive income for the period</b>	<b>-2.8</b>	0.9	<b>9.3</b>	17.0	12.9
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company	<b>-3.8</b>	-0.5	<b>6.3</b>	13.2	9.2
Non-controlling interests	<b>0.9</b>	1.4	<b>2.9</b>	3.8	3.7

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

<b>STATEMENT OF FINANCIAL POSITION</b>	<b>Sept 30</b>	Sept 30	Dec 31
MEUR	<b>2013</b>	2012	2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	<b>70.6</b>	73.2	72.6
Property, plant and equipment	<b>30.1</b>	28.9	29.3
Non-current assets			
Interest-bearing	<b>3.4</b>	7.1	3.7
Non-interest-bearing	<b>10.3</b>	11.8	11.4
	<b>114.4</b>	121.0	117.1
<b>Current assets</b>			
Inventories	<b>112.8</b>	120.6	110.6
Current assets			
Interest-bearing	<b>1.1</b>	1.1	2.5
Non-interest-bearing	<b>60.9</b>	57.4	58.5
Cash and cash equivalents	<b>24.4</b>	32.0	38.2
	<b>199.2</b>	211.1	209.7
Assets classified as held-for-sale	-	0.3	-
<b>Total assets</b>	<b>313.6</b>	332.4	326.8
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to the equity holders of the company	<b>125.3</b>	132.8	128.3
Non-controlling interests	<b>12.3</b>	9.4	9.4
	<b>137.6</b>	142.2	137.7
<b>Non-current liabilities</b>			
Interest-bearing	<b>52.6</b>	76.7	78.7
Non-interest-bearing	<b>13.8</b>	17.5	15.6
	<b>66.4</b>	94.3	94.3
<b>Current liabilities</b>			
Interest-bearing	<b>69.4</b>	56.5	55.5
Non-interest-bearing	<b>40.1</b>	39.5	39.3
	<b>109.6</b>	95.9	94.8
<b>Total equity and liabilities</b>	<b>313.6</b>	332.4	326.8

<b>KEY FIGURES</b>	<b>III</b>	III	<b>I-III</b>	I-III	I-IV
	<b>2013</b>	2012	<b>2013</b>	2012	2012
EBITDA margin, %	<b>6.8%</b>	8.2%	<b>13.4%</b>	13.8%	11.2%
Operating profit margin, %	<b>3.9%</b>	5.6%	<b>11.0%</b>	11.5%	8.9%
Return on capital employed, %	<b>4.4%</b>	6.2%	<b>14.3%</b>	14.8%	11.4%
Capital employed at end of period, MEUR	<b>230.8</b>	235.2	<b>230.8</b>	235.2	227.5
Net interest-bearing debt at end of period, MEUR	<b>93.1</b>	93.0	<b>93.1</b>	93.0	89.9
Equity-to-assets ratio at end of period, %	<b>43.9%</b>	42.8%	<b>43.9%</b>	42.8%	42.2%
Debt-to-equity ratio at end of period, %	<b>67.7%</b>	65.4%	<b>67.7%</b>	65.4%	65.3%
Earnings per share, EUR (diluted = non-diluted)	<b>-0.06</b>	0.00	<b>0.25</b>	0.31	0.26
Equity per share at end of period, EUR	<b>3.25</b>	3.42	<b>3.25</b>	3.42	3.31
Average personnel for the period	<b>2 291</b>	2 070	<b>2 347</b>	2 081	2 127

Definitions of key figures are consistent with those in the financial statement 2012.



STATEMENT OF CASH FLOWS MEUR	III	III	I-III	I-III	I-IV
	2013	2012	2013	2012	2012
Net profit for the period	-1.2	1.3	13.2	16.0	14.0
Adjustments to net profit for the period *	7.0	4.6	17.9	15.4	20.6
Financial items and taxes paid and received	-4.2	-4.2	-8.3	-10.6	-13.6
Change in working capital	5.1	5.3	-8.0	-1.5	4.2
<b>Net cash generated from operating activities</b>	<b>6.7</b>	<b>7.1</b>	<b>14.8</b>	<b>19.2</b>	<b>25.2</b>
Investments	-3.0	-1.3	-6.9	-5.5	-7.7
Proceeds from sales of assets	0.0	0.1	0.2	0.7	0.8
Sufix brand acquisition	-	-	-0.7	-0.8	-0.8
Strikemaster and Mora Ice acquisitions	-	-0.3	-	-6.7	-6.7
Acquisition of other subsidiaries, net of cash	-	0.0	0.0	0.0	0.0
Proceeds from disposal of subsidiaries, net of cash	-	-	-	-	0.8
Change in interest-bearing receivables	0.0	0.0	0.0	0.0	0.0
<b>Net cash used in investing activities</b>	<b>-3.0</b>	<b>-1.6</b>	<b>-7.4</b>	<b>-12.3</b>	<b>-13.6</b>
Dividends paid to parent company's shareholders	-	-	-8.9	-8.9	-8.9
Dividends paid to non-controlling interest	-	-	-	-1.5	-1.6
Net funding	-7.0	-17.8	-11.5	7.1	9.1
Purchase of own shares	-0.3	-0.2	-0.8	-0.3	-0.7
<b>Net cash generated from financing activities</b>	<b>-7.3</b>	<b>-18.0</b>	<b>-21.2</b>	<b>-3.6</b>	<b>-2.2</b>
Adjustments	0.3	-0.2	1.4	0.0	0.2
Change in cash and cash equivalents	-3.3	-12.7	-12.6	3.4	9.6
Cash & cash equivalents at the beginning of the period	28.1	45.0	38.2	28.9	28.9
Foreign exchange rate effect	-0.4	-0.3	-1.2	-0.3	-0.4
<b>Cash and cash equivalents at the end of the period</b>	<b>24.4</b>	<b>32.0</b>	<b>24.4</b>	<b>32.0</b>	<b>38.2</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MEUR	Attributable to equity holders of the company								Total equity
	Share capital	Share pre-mium fund	Fair value reserve	Cumul. trans-lation diffe-rences	Fund for invested		Re-tained earn-ings	Non-contr-olling inte-rests	
					non-rest-riicted equity	Own sha-res			
<b>Equity on Jan 1, 2012</b>	<b>3.6</b>	<b>16.7</b>	<b>-1.6</b>	<b>-4.1</b>	<b>4.9</b>	<b>-2.6</b>	<b>111.8</b>	<b>7.2</b>	<b>135.8</b>
Impact of new standards	-	-	-	-	-	-	-0.1	-	-0.1
<b>Restated balance</b>	<b>3.6</b>	<b>16.7</b>	<b>-1.6</b>	<b>-4.1</b>	<b>4.9</b>	<b>-2.6</b>	<b>111.7</b>	<b>7.2</b>	<b>135.7</b>
Comprehensive income *	-	-	-0.7	1.7	-	-	12.2	3.8	17.0
Purchase of own shares	-	-	-	-	-	-0.3	-	-	-0.3
Dividends	-	-	-	-	-	-	-8.9	-1.5	-10.4
Share based payment	-	-	-	-	-	-	0.1	-	0.1
Other changes	-	-	-	-	-	-	-	0.0	0.0
<b>Equity on Sep 30, 2012</b>	<b>3.6</b>	<b>16.7</b>	<b>-2.3</b>	<b>-2.3</b>	<b>4.9</b>	<b>-2.9</b>	<b>115.2</b>	<b>9.4</b>	<b>142.2</b>
<b>Equity on Jan 1, 2013</b>	<b>3.6</b>	<b>16.7</b>	<b>-2.3</b>	<b>-4.1</b>	<b>4.9</b>	<b>-3.4</b>	<b>112.8</b>	<b>9.4</b>	<b>137.7</b>
Comprehensive income *	-	-	0.8	-4.0	-	-	9.5	2.9	9.3
Purchase of own shares	-	-	-	-	-	-0.8	-	-	-0.8
Dividends	-	-	-	-	-	-	-8.9	-	-8.9
Share based payments	-	-	-	-	-	-	0.4	-	0.4
Other changes	-	-	-	-	-	-	0.0	0.0	0.0
<b>Equity on Sep 30, 2013</b>	<b>3.6</b>	<b>16.7</b>	<b>-1.4</b>	<b>-8.1</b>	<b>4.9</b>	<b>-4.2</b>	<b>113.9</b>	<b>12.3</b>	<b>137.6</b>

\* For the period, (net of tax)

**SEGMENT INFORMATION\***

MEUR	III	III	I-III	I-III	I-IV
<b>Net Sales by Operating Segment</b>	<b>2013</b>	2012	<b>2013</b>	2012	2012
Group Products	<b>38.2</b>	37.5	<b>134.7</b>	132.2	176.4
Third Party Products	<b>28.5</b>	28.1	<b>88.7</b>	90.6	114.3
Eliminations	<b>0.0</b>	-	<b>-0.1</b>	-	-
<b>Total</b>	<b>66.6</b>	65.6	<b>223.3</b>	222.8	290.7

**Operating Profit by Operating Segment**

Group Products	<b>2.1</b>	2.1	<b>17.4</b>	16.8	18.9
Third Party Products	<b>0.5</b>	1.5	<b>7.2</b>	8.8	7.0
<b>Total</b>	<b>2.6</b>	3.7	<b>24.6</b>	25.7	25.9

<b>Assets by Operating Segment</b>	Sept 30	Sept 30	Dec 31
	<b>2013</b>	2012	2012
Group Products	<b>214.4</b>	220.6	214.0
Third Party Products	<b>70.2</b>	71.6	68.5
Non-interest-bearing assets total	<b>284.7</b>	292.2	282.5
Unallocated interest-bearing assets	<b>28.9</b>	40.2	44.3
<b>Total assets</b>	<b>313.6</b>	332.4	326.8

\* Segments are consistent with those in the financial statements 2012. Segments are described in detail in note 2 of the financial statements 2012.

<b>External Net Sales by Area</b>	III	III	I-III	I-III	I-IV
MEUR	<b>2013</b>	2012	<b>2013</b>	2012	2012
North America	<b>19.4</b>	16.1	<b>63.1</b>	58.0	83.6
Nordic	<b>12.5</b>	13.4	<b>47.4</b>	49.3	62.7
Rest of Europe	<b>25.7</b>	26.0	<b>87.2</b>	89.1	108.2
Rest of the world	<b>9.0</b>	10.1	<b>25.6</b>	26.5	36.2
<b>Total</b>	<b>66.6</b>	65.6	<b>223.3</b>	222.8	290.7

<b>KEY FIGURES BY QUARTERS</b>	I	II	III	IV	I-IV	I	II	III
MEUR	2012	2012	2012	2012	2012	<b>2013</b>	<b>2013</b>	<b>2013</b>
Net sales	73.5	83.7	65.6	67.9	290.7	<b>75.3</b>	<b>81.4</b>	<b>66.6</b>
EBITDA	12.0	13.3	5.4	1.9	32.7	<b>10.3</b>	<b>15.2</b>	<b>4.5</b>
Operating profit	10.4	11.6	3.7	0.2	25.9	<b>8.6</b>	<b>13.4</b>	<b>2.6</b>
Profit before taxes	10.4	10.5	1.9	-1.7	21.0	<b>8.3</b>	<b>11.6</b>	<b>-0.4</b>
Net profit for the period	7.5	7.2	1.3	-2.1	14.0	<b>6.6</b>	<b>7.8</b>	<b>-1.2</b>

## 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 2012, except for the adoption of the new or amended standards and interpretations.

Presentation of comparative periods has been adjusted following the reclassification of interest-bearing and non-interest bearing items as announced on stock exchange release on January 4, 2013.

Adoption of amendment of IFRS 7 did not result in any changes in the accounting principles that would have affected the information presented in this interim report. The adoption of IFRS 13 added notes related to fair values. The amendment to IAS 1 standard changed the grouping of items presented in other comprehensive income. Items that would be reclassified to profit or loss at future point of time are presented separately from items that will never be reclassified.

The revised IAS 19 standard removed the option for corridor approach in recognizing the actuarial gains and losses from defined benefit plans. Under the revised standard, actuarial gains and losses are required to be recognized immediately and in full in other comprehensive income and they are excluded permanently from the consolidated income statement. Previously, actuarial gains and losses were deferred in accordance with the corridor method.

The amendments to IAS 19 have been applied retrospectively. The impact on comparative figures presented in the statement of financial position, statement of income and statement of other comprehensive income in this interim report are presented in first quarter interim report. The change impacted also key figures, which have been restated in this interim report. The adjustment on income statement and other comprehensive income was booked in the fourth quarter.

### 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-September 2013. 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 September 30, 2013, the book value of inventories included a provision for net realizable value of 4.4 MEUR (3.6 MEUR at September 30, 2012 and 4.4 MEUR at December 31, 2012).

### Impact of business acquisitions on the consolidated financial statements

In March 2013, the Group purchased a 10% share of the Finnish ski manufacturing unit. This acquisition raised the Group's ownership to 100%. Acquisition has no significant impact on the Group's consolidated financial statements.

In September, the escrow deposit of 1.3 MEUR relating to the acquisition of Dynamite Baits in 2010 was released to the sellers.

Non-recurring income and expenses included in operating profit MEUR	III	III	I-III	I-III	I-IV
	2013	2012	2013	2012	2012
Costs related to business acquisitions	-	0.0	-	0.0	0.0
Sale of gift manufacturing unit in China	-	-0.3	-	-0.4	-0.7
Gain on disposal of real estate in Finland	-	-	-	0.1	0.1
Other restructuring costs	0.0	-	-0.1	-	-
Other non-recurring items	-	0.0	0.0	0.0	0.0
<b>Total included in EBITDA and operating profit</b>	<b>0.0</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.3</b>	<b>-0.6</b>
Other non-recurring impairments	-0.2	-	-0.2	-	-
<b>Total included in operating profit</b>	<b>-0.2</b>	<b>-0.3</b>	<b>-0.4</b>	<b>-0.3</b>	<b>-0.6</b>

Commitments MEUR	Sept 30 2013	Sept 30 2012	Dec 31 2012
<b>On own behalf</b>			
Guarantees	-	0.1	0.1
<b>Minimum future lease payments on operating leases</b>	<b>15.1</b>	<b>15.8</b>	<b>16.6</b>

Related party transactions MEUR	Sales and other income	Pur- chases	Rents paid	Other expen- ses	Recei- vables	Payab- les
<b>I-III 2013</b>						
Joint venture Shimano Normark UK Ltd	2.7	-	-	-	0.4	-
Associated company Lanimo Oü	0.0	0.1	-	-	0.0	-
Entity with significant influence over the Group*	-	-	0.1	0.1	0.0	0.0
Management	-	-	0.2	-	-	0.0
<b>I-III 2012</b>						
Joint venture Shimano Normark UK Ltd	3.4	-	-	-	0.5	0.0
Associated company Lanimo Oü	-	0.0	-	-	0.0	-
Entity with significant influence over the Group*	-	-	0.1	0.1	0.0	-
Management	-	-	0.3	-	0.0	0.0
<b>I-IV 2012</b>						
Joint venture Shimano Normark UK Ltd	3.9	-	-	-	0.1	0.0
Associated company Lanimo Oü	-	0.0	-	-	0.0	-
Entity with significant influence over the Group*	-	-	0.2	0.1	0.0	-
Management	0.0	-	0.4	-	-	0.0

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

Open derivatives	Sep 30 2013		Sep 30 2012		Dec 31 2012	
	Nominal Value	Fair Value	Nominal Value	Fair Value	Nominal Value	Fair Value
MEUR						
<b>Operative hedges</b>						
Foreign currency derivatives	<b>53.1</b>	<b>0.2</b>	39.3	0.1	35.1	-0.4
<b>Monetary hedges</b>						
Foreign currency derivatives	<b>13.9</b>	<b>-0.1</b>	12.8	-0.1	27.2	0.0
Interest rate derivatives	<b>79.7</b>	<b>-2.3</b>	90.2	-2.0	85.0	-3.0

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 2012.

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

	III 2013	III 2012	I-III 2013	I-III 2012	I-IV 2012
Included in operating profit	<b>-0.4</b>	0.1	<b>0.6</b>	-0.1	-0.6

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

MEUR	Sept 30 2013	
	Carrying value	Fair value
<b>Financial assets</b>		
Loans and receivables	<b>82.4</b>	<b>82.4</b>
Available-for-sale financial assets (level 3)	<b>0.3</b>	<b>0.3</b>
Derivatives (level 2)	<b>0.6</b>	<b>0.6</b>
<b>Financial liabilities</b>		
Financial liabilities at amortized cost	<b>142.3</b>	<b>142.9</b>
Derivatives (level 2)	<b>2.9</b>	<b>2.9</b>

**Changes to share based incentive plan resolved in June 2012**

The Group has one share based incentive plan for the Group's key personnel. In line with the terms of the share-based payment program, the Board modified the conditions and term of the program during the second quarter. Earning period was prolonged to December 31, 2013. The potential reward from the plan remains to be based on development of Rapala Group's inventory levels and EBITDA. The Group has reassessed the fair value of the program.

The target group of the plan consists of 20 key employees. The gross rewards to be paid on the basis of the plan will correspond to the value maximum total of 235 000 company shares.

**Shares and share capital**

On April 11, 2013 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.

At the end of the reporting period 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 during the reporting period was 39 468 449. During the reporting period, company bought back a total of 172 338 own shares. At the end of the reporting period the company held 873 738 own shares, representing 2.2% of the total number of shares and the total voting rights. The average share price of all repurchased own shares held by the company was 4.79 EUR.

During the reporting period, 2 400 379 shares (2 823 789) were traded at a high of 5.40 EUR and a low of 4.56 EUR. The closing share price at the end of the period was 5.32 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 continues to develop risk management practices and internal controls during 2013. Detailed descriptions of the Group's strategic, operative and financial risks as well as risk management principles are included in the Financial Statements 2012.

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, although this seasonality pattern may partly change as the Group has increased its role in winter fishing business. 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.

Working capital and inventory management is still a top priority for the Group and initiatives to improve the Group's inventory turnovers and shorten factory lead-times continue in 2013. Inventory clearance sales supporting the inventory reduction targets may have some short-term negative impacts on sales and profitability of some product groups. The uncertainties in future demand as well as the length of the Group's supply chain increases the importance of supply chain management. Strong and rapid increases in consumer demand may put challenges on the Group's

supply chain to meet the demand. Management balances between the risk of shortages and the risk of excess production and purchasing, which would lead to excess inventories in the Group.

The lure production transfer from China and ramp-up phase of the new production facility in Batam, Indonesia, may increase certain production cost and supply chain risks temporarily. The same applies to establishment of the new ice drill manufacturing unit in Finland.

The Group successfully refinanced its credit facilities in April, 2012. These credit facilities include some financial covenants, which are actively monitored. The Group's liquidity and refinancing risks are well in control.

The fishing tackle business has not traditionally been strongly influenced by increased uncertainties and downturns in the general economic climate. They may influence, however, 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, such as gasoline price, uncertainties concerning employment and governmental austerity measures may temporarily affect consumer spending also in the fishing tackle business. However, the underlying consumer demand has historically proven to be fairly solid.

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 has an impact on the Group's reported operating profit. The continuing strengthening of the Chinese Yuan coupled with the possible strengthening of the US Dollar increases cost pressures. Additionally, certain inflationary trends increase this pressure. The Group is closely monitoring market development and 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.