RAPALA VMC CORP.

RAPALA VMC CORPORATION'S JANUARY TO JUNE 2013: GOOD QUARTERLY PROFITABILITY DRIVEN BY SALES OF GROUP FISHING PRODUCTS

- Net sales for the second quarter decreased from last year by 3% to 81.4 (83.7 MEUR) and the six-month net sales were at last year's level at 156.7 MEUR (157.1 MEUR). Sales of Group manufactured products developed positively, while weathers and foreign exchange rates had negative impact. With comparable currency exchange rates net sales increased slightly in the second quarter and 1% during the first six months.
- Comparable operating profit, excluding non-recurring items and mark-to-market valuation of operative currency derivatives, increased from last year to 13.1 MEUR (11.6 MEUR) for the second quarter and was close to last year's level at 21.2 MEUR (22.2 MEUR) for the six month period. Comparable operating profit margin was 16.1% (13.9%) for the quarter and 13.5% (14.1%) for the six month period.
- Net profit for the quarter increased to 7.8 MEUR (7.2 MEUR) and was 14.4 MEUR (14.7 MEUR) for the first half of the year. Earnings per share for the second quarter were 0.16 EUR (0.15 EUR) and 0.31 (0.31 EUR) for the six month period.
- Cash flow from operations was down from last year's record level at 16.2 MEUR (21.5 MEUR) for the second quarter and 8.1 MEUR (12.2 MEUR) for the first half of the year. Interest-bearing net debt decreased and consequently gearing decreased to second quarter record of 68.1% (69.7%)
- Implementation of the Rapala Group's strategy of profitable growth continued by expanding the lure manufacturing operations in Batam and setting up new ice drill manufacturing unit in Finland as well as introducing new products.
- 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 second quarter and first half of the year Rapala Group's business has developed in line with expectations. Sales were strong in North America, Russia, Finland, Australia, South America and some Asian counties. Sales were negatively impacted by foreign exchange rates in several countries. Due to late spring the beginning of the summer fishing season was delayed impacting negatively sales especially in Europe, but also in USA. Second quarter sales were also affected by floods in Central Europe and delays in shipments from suppliers as well as difficult financial position of some retail customers. The continuing economical uncertainties in some European countries and South Africa have impacted consumer behavior.

Net sales for the second quarter decreased from last year by 3% to 81.4 (83.7 MEUR) and the six-month net sales were at last year's level at 156.7 MEUR (157.1 MEUR). Changes in currency exchange rates decreased quarterly sales by 2.5 MEUR and six month sales by 2.6 MEUR. With comparable currency exchange rates net sales increased slightly in the second quarter and 1% during the first six months.

Net sales of Group Products increased by 1% from last year to 49.4 MEUR (48.8 MEUR) for the second quarter and 2% to 96.6 MEUR (94.6 MEUR) for the first half of the year. Quarter sales were supported by strong sales of lures and hooks as well as accessories but on the other hand negatively impacted by foreign exchange rates. Six month sales were also supported by new ice fishing products. Sales of Third Party Products were down 8% to 32.1 MEUR (34.8 MEUR) for the quarter and down 4% to 60.2 MEUR (62.5 MEUR) for the first half of the year, with decrease in Third Party Fishing sales impacted by late spring as well as foreign exchange rates.

Net sales in North America were up by 2% for the quarter and by 4% for the first half of the year supported by good sales Rapala lures and VMC hooks in the US. US dollar had a slight negative impact on quarter and half year sales compared to last year. With comparable exchange rates quarterly sales were up 5% and first half sales 6%. In USA the improved housing and stock markets have increased the general consumer confidence, while the increasing payroll taxes have reduced discretionary spending of lower income consumers and limited the retail growth. US retailers continued in second quarter their increased focus on sports categories other than fishing and put more emphasis on promoting their own brands.

In Nordic counties, sales were down by 4% for the quarter and down by 3% for the first half of the year impacted by delayed beginning of summer fishing season. Sales increased in Finland while in Norway the proportion of presales decreased. In addition Norway and Denmark were affected by delayed deliveries from suppliers. Second quarter sales were also negatively impacted by foreign exchange rates.

Second quarter net sales in Rest of Europe decreased by 4% and first six month sales by 3%. Sales in Central Europe were impacted by late spring and floods. Sales continued strong in France and Russia, although sales in Russia were negatively impacted by weakening of Russian Ruble and delayed deliveries from suppliers. Sales were down in UK partly due to poor weathers. Spain, Hungary and some other Eastern European countries continued to be affected by macro-economic challenges and the restructuring of operations in Switzerland continued.

In Rest of the world sales decreased by 5% for the quarter and increased by 2% for the first half of the year burdened by foreign exchange rates, especially weakening of South African Rand and Japanese Yen. With comparable exchange rates quarterly sales were up 2% and first six month sales up 10%. South Africa is facing macro-economic uncertainties that have impacted customer sentiment. Sales were supported by new distribution company in Chile and good sales in Latin America as well as in some Asian countries.

Financial Results and Profitability

Comparable operating profit, excluding non-recurring items and mark-to-market valuation of operative currency derivatives, increased 13% from last year to 13.1 MEUR (11.6 MEUR) for the second quarter but was down 5% for the six month period at 21.2 MEUR (22.2 MEUR). Comparable operating profit margin was 16.1% (13.9%) for the quarter and 13.5% (14.1%) for the six month period. Improvement in second quarter profitability was supported by recovery of margins and increased sales of Group manufactured products. Six months operating profit was burdened by ongoing production transfers from China to Batam, margin and volume impacts of continuing inventory reduction initiatives impacting especially first quarter profitability, as well as foreign exchange rates.

Key figures	**II**	II	**I-II**	I-II	I-IV
MEUR	**2013**	2012	**2013**	2012	2012
Net sales	**81.4**	83.7	**156.7**	157.1	290.7
EBITDA as reported	**15.2**	13.3	**25.4**	25.3	32.7
Comparable EBITDA*	**14.8**	13.3	**24.6**	25.5	33.8
Operating profit (EBIT)	**13.4**	11.6	**22.0**	22.0	25.9
Comparable EBIT*	**13.1**	11.6	**21.2**	22.2	27.1

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

Reported operating profit was up 16% at 13.4 MEUR (11.6 MEUR) for the second quarter and on last year's level at 22.0 MEUR (22.0 MEUR) for the first half of the year. Reported operating margin was 16.5% (13.9%) and 14.1% (14.0%) respectively. Reported operating profit for the quarter and for the six months included net loss of non-recurring items of 0.1 MEUR (0.0 MEUR). Reported operating profit included mark-to-market valuation of operative currency derivatives of 0.5 MEUR gain (0.1 MEUR gain) for the quarter and 0.9 MEUR gain (0.2 MEUR loss) for six months.

Operating profit for Group Products increased from last year in the second quarter amounting to 9.1 MEUR (7.8 MEUR) and to 15.3 MEUR (14.7 MEUR) for the first six months supported by increased sales and improvement of gross margin in the second quarter. Six month profitability was negatively impacted by late spring delaying the shipments of summer fishing products, inventory clearance initiatives and setting up the second phase of lure production in Batam. Operating profit for Third Party Products increased to 4.3 MEUR (3.9 MEUR) in the second quarter supported by currency exchange impact on purchases and decreased in the first half of the year to 6.7 MEUR (7.3 MEUR). First six months profitability was burdened by decreased sales, currency exchange movements during the first quarter and inventory clearances.

Total financial (net) expenses were above last year's levels at 1.9 MEUR (1.2 MEUR) for the quarter and 2.2 MEUR (1.2 MEUR) for the first half of the year. Net interest and other financing expenses were 1.0 MEUR (0.9 MEUR) for the quarter and 1.8 MEUR (1.9 MEUR) for the first half of the year. Financial items were negatively impacted by the change in (net) currency exchange expenses of 0.8 MEUR (0.3 MEUR) for the quarter and 0.4 MEUR (gain 0.7 MEUR).

Net profit for the quarter increased to 7.8 MEUR (7.2 MEUR) and was close to last year's level at 14.4 MEUR (14.7 MEUR) for the first half of the year. Earnings per share for the second quarter increased from last year to 0.16 EUR (0.15 EUR) and were at last year's level at 0.31 (0.31 EUR) for the six month period.

Cash Flow and Financial Position

Cash flow from operations was down from last year's record level at 16.2 MEUR (21.5 MEUR) for the second quarter and at 8.1 MEUR (12.2 MEUR) for the first half of the year. During the second quarter inventories and trade receivables released less cash compared to last year, partly due to late spring and floods in Europe.

Group's inventory levels continued to develop positively. Inventories decreased by 7.0 MEUR from June 2012 to 112.5 MEUR (119.5 MEUR), even if the ice fishing business is tying more inventories in second quarter than last year. New business units and impact of foreign exchange rate movements decreased inventories by net of 3.3 MEUR compared to last year, consequently on comparable basis inventories reduced 3.8 MEUR from last year.

Net cash used in investing activities was 2.4 MEUR (2.5 MEUR) for the second quarter and 4.5 MEUR (10.8 MEUR) for the first six months. Normal operative capital expenditure was 1.9 MEUR (1.9 MEUR) for the quarter and 3.9 MEUR (4.2 MEUR) for the first six months. 2012 first six 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. Cash and cash equivalents were 28.1 MEUR (45.0 MEUR) and undrawn committed long-term credit facilities amounted to 57.2 MEUR at the end of the period. Strengthening of the Group's balance sheet continued and net interest bearing debt decreased to 95.7 MEUR (98.6 MEUR) in the end of June. Gearing decreased accordingly and reached second quarter record of 68.1% (69.7%) and equity-to-assets ratio improved to 42.8% (39.9%).

Strategy Implementation

Execution of the 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, with a target to finalize the equipment installations and 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. Streamlining the production process and supply chain is continuing. The construction and installation work for tripling the size of lure manufacturing operations in Batam are proceeding. Space of the plant has been doubled, training of the personnel started and all equipment should be installed by the end of third quarter. The transfer of certain new production phases have already started and new products and production phases are added gradually during next 9-12 months as Batam operations are being further developed. As part of the project, the product range is being rationalized.

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 and develop the Group's internal supply chain as well as its purchasing processes. The evaluation period of a share based incentive plan for Group's key personnel, connected to Group's inventory levels, was prolonged until end of the year.

The Group has successfully launched various new products into the markets. Introduction of the new Rapala Scatter Rap lure family into the USA and a few other selected territories outside of Europe for summer season 2013 has been a true success and forms solid basis for entry into other markets and new product applications. New Arashi model has entered Storm-lures into new higher price-point hard bait categories, previously not reached by this brand. Group's products have continued to receive various awards.

Sufix NanoBraid was honored with the Best New Braided Line Award at the 2013 European Fishing Tackle Trade Exhibition (EFTTEX), Europe's largest and most important international fishing tackle trade show, while Rapala Eco Wear® Reflection Pants was named Runner Up in the Best New Fishing Clothing category. Eco Wear® Reflection Jacket was already earlier honored with the Red Dot Award.

Group's cooperation with Rovio Entertainment Ltd on introducing Angry Birds –branded lures and other fishing products into seven countries was successful and the program will be expanded into new countries and product categories for coming seasons. While still relatively small in scale, Angry Birds business has opened new distribution channels, generated significant amount of publicity and worked as a pilot for a multinational co-branding project.

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

Short-term Outlook

The outlook for second half of the year is confident. There are no major issues in sight significantly threatening the sales of the ongoing season.

The ice fishing business, which the Group seriously entered into in global scale last year, is expected to give positive contribution during latter part of the year. While ice fishing and winter sports equipment businesses are sensitive to weathers, the Group's pre-sales of these products has been better than last year. In North America, after difficult start of the ice fishing season last year, the winter lasted long and accordingly the retail pipeline of winter fishing products is expected to be rather empty. The Rapala Group's winter fishing program "The Ice Force" is well established among retailers in the USA for coming season, which will secure improved sales volumes during latter part of the year, while year-end shipments are always subject to uncertainties concerning the timing. For coming season the US distribution range will be further complemented with Otter winter fishing products.

Expanding the lure manufacturing operations in Batam and setting up new ice drill manufacturing unit Finland will generate some additional expenditure, while profitability of few other underperforming units is expected to improve from last year. The continuing actions to reduce the Group's inventory levels may have some negative impact on profitability.

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%.

Third quarter interim report will be published on October 22.

Helsinki, July 19, 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: 108196#) 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: 108196#). Financial information and teleconference replay facility are available at www.rapalavmc.com.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

STATEMENT OF INCOME	**II**	II	**I-II**	I-II	I-IV
MEUR	**2013**	2012	**2013**	2012	2012
Net sales	**81.4**	83.7	**156.7**	157.1	290.7
Other operating income	**0.2**	0.2	**0.3**	0.5	1.3
Materials and services	**36.0**	40.5	**71.2**	72.6	140.7
Personnel expenses	**16.7**	15.9	**32.9**	31.6	62.6
Other costs and expenses	**13.7**	14.2	**27.3**	28.0	55.8
Share of results in associates and joint ventures	**0.0**	0.0	**-0.2**	0.0	-0.3
EBITDA	**15.2**	13.3	**25.4**	25.3	32.7
Depreciation, amortization and impairments	**1.7**	1.7	**3.4**	3.3	6.8
Operating profit (EBIT)	**13.4**	11.6	**22.0**	22.0	25.9
Financial income and expenses	**1.9**	1.2	**2.2**	1.2	4.9
Profit before taxes	**11.6**	10.5	**19.8**	20.8	21.0
Income taxes	**3.8**	3.3	**5.4**	6.1	7.1
Net profit for the period	**7.8**	7.2	**14.4**	14.7	14.0
Attributable to:					
Equity holders of the company	**6.2**	6.0	**11.9**	12.2	10.1
Non-controlling interests	**1.6**	1.2	**2.5**	2.5	3.8
Earnings per share for profit attributable to the equity holders of the company:					
Earnings per share, EUR (diluted = non-diluted)	**0.16**	0.15	**0.31**	0.31	0.26

STATEMENT OF COMPREHENSIVE INCOME	**II**	II	**I-II**	I-II	I-IV
MEUR	**2013**	2012	**2013**	2012	2012
Net profit for the period	**7.8**	7.2	**14.4**	14.7	14.0
Other comprehensive income, net of tax					
Change in translation differences*	**-4.9**	3.9	**-2.9**	2.0	-0.3
Gains and losses on cash flow hedges*	**0.4**	-0.6	**0.7**	-0.6	-0.6
Gains and losses on hedges of net investments*	**0.2**	-0.4	**-0.1**	-0.1	0.2
Actuarial gains (losses) on defined benefit plan	**-**	-	**-**	-	-0.3
Total other comprehensive income, net of tax	**-4.4**	2.8	**-2.3**	1.4	-1.0
Total comprehensive income for the period	**3.4**	10.0	**12.1**	16.1	12.9
Total comprehensive income attributable to:					
Equity holders of the Company	**2.3**	9.1	**10.1**	13.7	9.2
Non-controlling interests	**1.1**	0.9	**2.0**	2.4	3.7

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

STATEMENT OF FINANCIAL POSITION	**June 30**	June 30	Dec 31
MEUR	**2013**	2012	2012
ASSETS			
Non-current assets			
Intangible assets	**71.8**	73.9	72.6
Property, plant and equipment	**29.6**	29.5	29.3
Non-current assets			
Interest-bearing	**3.4**	6.6	3.7
Non-interest-bearing	**10.3**	11.7	11.4
	115.0	121.7	117.1
Current assets			
Inventories	**112.5**	119.5	110.6
Current assets			
Interest-bearing	**2.3**	1.1	2.5
Non-interest-bearing	**70.8**	67.2	58.5
Cash and cash equivalents	**28.1**	45.0	38.2
	213.7	232.8	209.7
Assets classified as held-for-sale	**-**	0.3	-
Total assets	**328.7**	354.8	326.8
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the company	**129.1**	133.3	128.3
Non-controlling interests	**11.4**	8.1	9.4
	140.5	141.4	137.7
Non-current liabilities			
Interest-bearing	**70.1**	84.1	78.7
Non-interest-bearing	**13.8**	17.5	15.6
	83.9	101.7	94.3
Current liabilities			
Interest-bearing	**59.5**	67.2	55.5
Non-interest-bearing	**44.9**	44.6	39.3
	104.3	111.8	94.8
Total equity and liabilities	**328.7**	354.8	326.8

	II	II	**I-II**	I-II	I-IV
KEY FIGURES	**2013**	2012	**2013**	2012	2012
EBITDA margin, %	**18.6%**	15.9%	**16.2%**	16.1%	11.2%
Operating profit margin, %	**16.5%**	13.9%	**14.1%**	14.0%	8.9%
Return on capital employed, %	**22.3%**	19.1%	**19.0%**	18.9%	11.4%
Capital employed at end of period, MEUR	**236.2**	239.9	**236.2**	239.9	227.5
Net interest-bearing debt at end of period, MEUR	**95.7**	98.6	**95.7**	98.6	89.9
Equity-to-assets ratio at end of period, %	**42.8%**	39.9%	**42.8%**	39.9%	42.2%
Debt-to-equity ratio at end of period, %	**68.1%**	69.7%	**68.1%**	69.7%	65.3%
Earnings per share, EUR (diluted = non-diluted)	**0.16**	0.15	**0.31**	0.31	0.26
Equity per share at end of period, EUR	**3.34**	3.43	**3.34**	3.43	3.31
Average personnel for the period	**2 183**	2 025	**2 235**	2 058	2 127

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

STATEMENT OF CASH FLOWS	**II**	II	**I-II**	I-II	I-IV
MEUR	**2013**	2012	**2013**	2012	2012
Net profit for the period	**7.8**	7.2	**14.4**	14.7	14.0
Adjustments to net profit for the period *	**7.5**	6.1	**10.8**	10.7	20.6
Financial items and taxes paid and received	**-1.2**	-3.9	**-4.1**	-6.4	-13.6
Change in working capital	**2.1**	12.1	**-13.0**	-6.8	4.2
Net cash generated from operating activities	**16.2**	21.5	**8.1**	12.2	25.2
Investments	**-1.9**	-1.9	**-3.9**	-4.2	-7.7
Proceeds from sales of assets	**0.1**	0.1	**0.1**	0.6	0.8
Sufix brand acquisition	**-0.7**	-0.8	**-0.7**	-0.8	-0.8
Strikemaster and Mora Ice acquisitions	**-**	-	**-**	-6.4	-6.7
Acquisition of other subsidiaries, net of cash	**-**	-	**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
Net cash used in investing activities	**-2.4**	-2.5	**-4.5**	-10.8	-13.6
Dividends paid to parent company's shareholders	**-8.9**	-8.9	**-8.9**	-8.9	-8.9
Dividends paid to non-controlling interest	**-**	-1.5	**-**	-1.5	-1.6
Net funding	**-7.1**	6.6	**-4.5**	24.9	9.1
Purchase of own shares	**-0.2**	-	**-0.5**	-0.1	-0.7
Net cash generated from financing activities	**-16.3**	-3.8	**-14.0**	14.5	-2.2
Adjustments	**1.0**	0.0	**1.1**	0.2	0.2
Change in cash and cash equivalents	**-1.5**	15.1	**-9.3**	16.1	9.6
Cash & cash equivalents at the beginning of the period	**30.8**	29.3	**38.2**	28.9	28.9
Foreign exchange rate effect	**-1.2**	0.6	**-0.8**	0.0	-0.4
Cash and cash equivalents at the end of the period	**28.1**	45.0	**28.1**	45.0	38.2

* 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, 2012	**3.6**	**16.7**	**-1.6**	**-4.1**	**4.9**	**-2.6**	**111.8**	**7.2**	**135.8**
Impact of new standards	-	-	-	-	-	-	-0.1	-	**-0.1**
Restated balance	**3.6**	**16.7**	**-1.6**	**-4.1**	**4.9**	**-2.6**	**111.7**	**7.2**	**135.7**
Comprehensive income *	-	-	-0.6	2.0	-	-	12.2	2.4	**16.1**
Purchase of own shares	-	-	-	-	-	-0.1	-	-	**-0.1**
Dividends	-	-	-	-	-	-	-8.9	-1.5	**-10.4**
Share based payment	-	-	-	-	-	-	0.0	-	**0.0**
Equity on Jun 30, 2012	**3.6**	**16.7**	**-2.2**	**-2.1**	**4.9**	**-2.7**	**115.1**	**8.1**	**141.4**
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 *	-	-	0.7	-2.5	-	-	11.9	2.0	**12.1**
Purchase of own shares	-	-	-	-	-	-0.5	-	-	**-0.5**
Dividends	-	-	-	-	-	-	-8.9	-	**-8.9**
Share based payments	-	-	-	-	-	-	0.2	-	**0.2**
Other changes	-	-	-	-	-	-	0.0	0.0	**0.0**
Equity on Jun 30, 2013	**3.6**	**16.7**	**-1.5**	**-6.6**	**4.9**	**-3.9**	**116.0**	**11.4**	**140.5**

* For the period, (net of tax)

SEGMENT INFORMATION*

MEUR **Net Sales by Operating Segment**	**II 2013**	II 2012	**I-II 2013**	I-II 2012	I-IV 2012
Group Products	**49.4**	48.8	**96.6**	94.6	176.4
Third Party Products	**32.1**	34.8	**60.2**	62.5	114.3
Eliminations	**-0.1**	-	**-0.1**	-	-
Total	**81.4**	83.7	**156.7**	157.1	290.7

Operating Profit by Operating Segment					
Group Products	**9.1**	7.8	**15.3**	14.7	18.9
Third Party Products	**4.3**	3.9	**6.7**	7.3	7.0
Total	**13.4**	11.6	**22.0**	22.0	25.9

Assets by Operating Segment	**Jun 30 2013**	Jun 30 2012	Dec 31 2012
Group Products	**217.8**	224.6	214.0
Third Party Products	**77.1**	78.2	68.5
Non-interest bearing assets total	**294.9**	302.9	282.5
Unallocated interest-bearing assets	**33.8**	51.9	44.3
Total assets	**328.7**	354.8	326.8

Net Sales by Area MEUR	**II 2013**	II 2012	**I-II 2013**	I-II 2012	I-IV 2012
North America	**21.9**	21.4	**43.7**	41.9	83.6
Nordic	**19.8**	20.7	**34.9**	35.9	62.7
Rest of Europe	**31.9**	33.3	**61.4**	63.1	108.2
Rest of the world	**7.8**	8.2	**16.6**	16.3	36.2
Total	**81.4**	83.7	**156.7**	157.1	290.7

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

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

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-June 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 June 30, 2013, the book value of inventories included a provision for net realizable value of 5.0 MEUR (3.4 MEUR at June 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.

Non-recurring income and expenses included in operating profit MEUR	**II 2013**	II 2012	**I-II 2013**	I-II 2012	I-IV 2012
Costs related to business acquisitions	**-**	0.0	**-**	0.0	0.0
Net gain from sale of gift manufacturing unit in China*	**-**	0.0	**-**	-0.1	-0.7
Gain on disposal of real estate in Finland	**-**	-	**-**	0.1	0.1
Other restructuring costs	**-0.1**	-	**-0.1**	-	-
Other non-recurring items	**-**	0.0	**0.0**	0.0	0.0
Total included in EBITDA and operating profit	**-0.1**	0.0	**-0.1**	0.0	-0.6

* Including an adjustment to sales price and costs related to the disposed business.

Commitments MEUR	**June 30 2013**	June 30 2012	Dec 31 2012
On own behalf			
Guarantees	**0.1**	0.1	0.1
Minimum future lease payments on operating leases	**14.2**	14.0	16.6

Related party transactions MEUR	Sales and other income	Pur-chases	Rents paid	Other expen-ses	Recei-vables	Paya-bles
I-II 2013						
Joint venture Shimano Normark UK Ltd	**1.5**	**-**	**-**	**-**	**0.5**	**-**
Associated company Lanimo Oü	**0.0**	**0.1**	**-**	**-**	**-**	**-**
Entity with significant influence over the Group*	**-**	**-**	**0.1**	**0.1**	**0.0**	**0.0**
Management	**-**	**-**	**0.1**	**-**	**-**	**0.0**
I-II 2012						
Joint venture Shimano Normark UK Ltd	2.0	-	-	-	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	-	-	0.2	-	0.0	0.1
I-IV 2012						
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		**Jun 30 2013**		Jun 30 2012		Dec 31 2012
MEUR	**Nominal Value**	**Fair Value**	Normal Value	Fair Value	Nominal Value	Fair Value
Operative hedges						
Foreign currency derivatives	**44.1**	**0.6**	3.0	0.1	35.1	-0.4
Monetary hedges						
Foreign currency derivatives	**20.7**	**0.0**	-	-	27.2	0.0
Interest rate derivatives	**80.0**	**-3.1**	70.4	-2.1	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

	II 2013	II 2012	**I-II 2013**	I-II 2012	I-IV 2012
Included in operating profit	**0.5**	0.1	**0.9**	-0.2	-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		**Jun 30 2013**
MEUR	**Carrying value**	**Fair value**
Financial assets		
Loans and receivables	**97.4**	**97.4**
Available-for-sale financial assets (level 3)	**0.3**	**0.3**
Derivatives (level 2)	**1.1**	**1.1**
Financial liabilities		
Financial liabilities at amortized cost	**152.1**	**152.7**
Derivatives (level 2)	**3.7**	**3.7**

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 has modified the conditions and term of the program. Earning period has been 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 112 276 own shares. At the end of the reporting period the company held 813 676 own shares, representing 2.1% 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 4.78 EUR.

During the reporting period, 2 052 824 shares (2 513 753) were traded at a high of 5.20 EUR and a low of 4.56 EUR. The closing share price at the end of the period was 4.80 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 sale 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 the 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 production transfers and ramp-up phase of the new production facilities 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 during the latter part of the year.

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 the 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 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.