RAPALA
VMC
CORP.

STOCK EXCHANGE RELEASE
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RAPALA VMC CORPORATION'S ANNUAL ACCOUNTS 2013: SALES DEPRESSED BY CURRENCIES, PROFIT MARGINS AND EPS IMPROVED

- Net sales for the fourth quarter decreased from last year by 7% to 63.3 MEUR (67.9 MEUR) and the full year net sales were slightly below last year's level at 286.6 MEUR (290.7 MEUR) burdened heavily by foreign exchange rates. With comparable foreign exchange rates quarterly net sales were close to last year's level and full year sales increased 2% from last year.
- Comparable operating profit, excluding non-recurring items and mark-to-market valuation of operative currency derivatives, increased from last year to 2.7 MEUR (1.0 MEUR) for the fourth quarter and reached last year's level at 27.1 MEUR (27.1 MEUR) for the full year.
- Fourth quarter net profit for the period and earnings per share increased to 2.9 MEUR (-2.1 MEUR) and 0.08 EUR (-0.05 EUR) respectively and were 16.1 MEUR (14.0 MEUR) and 0.32 EUR (0.26 EUR) for the full year.
- Cash flow from operations was down from last year's record levels to 15.3 MEUR (25.2 MEUR) and was 0.6 MEUR (6.0 MEUR) for the fourth quarter. Net interest-bearing debt increased to 96.3 MEUR (89.9 MEUR) and gearing to 71.2% (65.3%). Equity-to-assets ratio improved to 44.5% (42.2%).
- The Group's new ice drill manufacturing unit in Korpilahti, Finland started operations in the fourth quarter. Expansion of lure manufacturing operations in Batam accelerated towards the end of the year, making it the largest lure factory in the world. The Group's own manufacturing operations in China will be fully closed down by the end of Q2/2014.
- Outlook for 2014 is stable, while cautious. Assuming comparable translation exchange rates, the Group expects to maintain net sales and comparable operating profit (excluding non-recurring items and mark-to-market valuation of operative currency derivatives) at 2013 level.
- Board proposes to the Annual General Meeting a dividend of 0.24 EUR (0.23 EUR) per share. This represents 75% of earnings per share.

The attachment presents the summary of the annual review by the Board of Directors as well as extracts from the financial statements for 2013.

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

Year 2013 started on a growth trend in line with expectations. In the latter part of the year sales slowed down especially in Russia and some other East European countries, South Africa and in some Asian Pacific countries as economical uncertainties increased. In North America annual sales were supported by successful product introductions and favorable winter conditions during the fourth quarter. Full year sales were also supported by good performance in France, South America and in some Asian countries as well as in Russia despite the slowdown towards the end of the year. At the same time late spring and floods in Central Europe as well as a late start of the 2013/2014 winter season in Europe impacted sales negatively. Fluctuations in foreign exchange rates and growing economical uncertainties impacted consumer behavior and trading environment in several countries and put pressure in some retailers' financial position, as well as created some uncertainties to the coming season.

Net sales for the fourth quarter decreased from last year by 7% to 63.3 (67.9 MEUR) and the full year net sales were slightly below last year's level at 286.6 MEUR (290.7 MEUR). Sales were heavily burdened by foreign exchange rates, primarily weakening of US Dollar, Russian Ruble and South African Rand. Changes in foreign exchange rates reduced the annual net sales by some 11 MEUR compared to last year. With comparable rates quarterly net sales were close to last year's level and full year sales increased by 2% from last year.

Fourth quarter net sales of Group Products decreased by 6 % from last year to 41.5 MEUR (44.2 MEUR) and full year sales were at last year's level at 176.3 MEUR (176.4 MEUR). Sales of Group Products and Third Party Products both suffered from unfavorable changes in foreign exchange rates and late spring. Excluding foreign exchange rates, Group Products' quarterly sales were close to last year's level and full year sales above last year's level. Quarterly and full year sales were supported by strong ice fishing sales in North America and increased sales of lures, hooks and fishing accessories, while winter sports equipment sales were down.

Sales of Third Party Products were down by 8% to 21.8 MEUR (23.7 MEUR) for the fourth quarter and down by 3% to 110.5 MEUR (114.3 MEUR) for the full year resulting from decline in sales of third party fishing products. Excluding foreign exchange rates, full year sales were at last year's level and quarterly sales close to last year. Quarterly sales were supported by third party ice fishing products in North America.

Net sales in North America were down by 1% for the fourth quarter and up by 6% for the full year. Currencies had a negative impact on quarterly and full year sales compared to last year. With comparable exchange rates North American sales were up 4% for the quarter and up 10% for the full year. The growth came from strong ice fishing sales, new product launches and positive development in sales of group branded fishing products. In the US, consumer and retail sentiment is improving.

In Nordic counties, sales were down by 1% for the fourth quarter and down by 3% for the full year. Decline of currencies, mainly Swedish and Norwegian Kronas, had a negative impact on quarterly sales compared to last year and with comparable exchange rates quarterly sales were up 2%. Full year sales were impacted by a delayed start of the summer fishing season as well as suppliers' delivery problems hurting summer season sales. Fourth quarter sales were impacted by a timing of deliveries between the third and the fourth quarter.

Fourth quarter net sales in Rest of Europe decreased by 14% and full year sales by 4%. Quarterly sales were impacted by increasing economical uncertainties and thereby decreasing consumer demand in Russia as well as a delayed start of the winter season. Full year sales in Central and Eastern Europe were impacted by late spring and floods, weakening of currencies and increasing economical uncertainties. With comparable exchange rates quarterly sales were down by 9% and full year sales by 2%. Full year sales were supported by good performance in France as well as in Russia, despite slowdown towards the end of the year. Macro-economic situation continued to burden sales in Spain and Hungary, and in the UK difficult market conditions and increasing competition impacted sales negatively. The restructuring of operations had adverse impact on Swiss sales.

In Rest of the World sales decreased by 15% for the fourth quarter and by 7% for the full year burdened by foreign exchange rates, especially weakening of South African Rand, Australian Dollar and Japanese Yen. With comparable exchange rates quarterly sales were down by 2% and full year sales up by 5%. Full year and quarterly sales were supported by the new distribution company in Chile as well as good sales in some Asian countries and in Latin America. South Africa continued 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, increased from last year to 2.7 MEUR (1.0 MEUR) for the fourth quarter and reached last year's level at 27.1 MEUR (27.1 MEUR) for the full year. Comparable operating profit margin was 4.3% (1.4%) for the fourth quarter and 9.5% (9.3%) for the full year. Fourth quarter profitability was supported by strong sales in North America, foreign exchange rate benefit on purchases and year-end release of accruals. For the whole year, profitability was especially burdened by costs related to expansion and ramp-up of the lure factory in Batam as well as sales and margins lost due to a late start of the summer fishing season and increased uncertainties in several markets. Whole year profitability was also negatively impacted by unfavorable change in product and customer mix and increased fixed costs.

Key figures MEUR	**IV** **2013**	IV 2012	**I-IV** **2013**	I-IV 2012
Net sales	**63.3**	67.9	**286.6**	290.7
EBITDA as reported	**3.7**	1.9	**33.6**	32.7
Comparable EBITDA*	**4.9**	2.7	**34.4**	33.8
Operating profit (EBIT)	**1.5**	0.2	**26.1**	25.9
Comparable EBIT*	**2.7**	1.0	**27.1**	27.1

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

Reported operating profit was 1.5 MEUR (0.2 MEUR) for the fourth quarter and 26.1 MEUR (25.9 MEUR) for the full year. Reported operating margin was 2.4% (0.3%) and 9.1% (8.9%) respectively. Reported operating profit included net loss of non-recurring items of 0.9 MEUR (0.3 MEUR) for the fourth quarter and 1.3 MEUR (0.6 MEUR) for the full year consisting mainly of costs related to closing of lure manufacturing in China and restructuring in Switzerland. Reported operating profit included mark-to-market valuation loss of operative currency derivatives of 0.3 MEUR (0.5 MEUR loss) for the quarter and a valuation gain of 0.3 MEUR (0.6 MEUR loss) for the full year.

Operating profit for Group Products was at last year's level in the fourth quarter amounting to 2.0 MEUR (2.0 MEUR) and increased from last year to 19.4 MEUR (18.9 MEUR) for the full year supported by increased sales, while negatively affected by costs related to expansion and ramp-up of lure production in Batam. Operating profit for Third Party Products increased to -0.5 MEUR (-1.8 MEUR) for the fourth quarter supported by more favorable exchange rates on purchases and decreased to 6.7 MEUR (7.0 MEUR) for the full year burdened by change in product mix. Full year profitability of both operating segments suffered from lost sales due to late spring and growing economic uncertainties as well as increased fixed costs.

Total financial (net) expenses were below last year's level at 0.3 MEUR (2.0 MEUR) for the quarter and above last year's level at 5.5 MEUR (4.9 MEUR) for the full year. Total net interest and other financing expenses were 0.9 MEUR (0.8 MEUR) for the fourth quarter and 3.7 MEUR (4.0 MEUR) for the full year. Financial foreign exchange expenses (net) resulted in a gain of 0.6 MEUR (1.1 MEUR loss) for the quarter and in a loss of 1.7 MEUR (0.9 MEUR loss) for the full year. Quarterly foreign exchange net expenses include a reclassification of foreign exchange losses to other comprehensive income related to designation of intra-group loans as net investment in a foreign operation.

Net profit for the full year and earnings per share increased to 16.1 MEUR (14.0 MEUR) and 0.32 EUR (0.26 EUR) respectively and were 2.9 MEUR (-2.1 MEUR) and 0.08 EUR (-0.05 EUR) for the fourth quarter, impacted by improved profitability and positive adjustments to prior year taxes relating to disputes with Finnish tax authorities.

Cash Flow and Financial Position

Cash flow from operations was down from last year's record levels to 15.3 MEUR (25.2 MEUR) and was 0.6 MEUR (6.0 MEUR) for the fourth quarter driven by cash being tied up into working capital, especially inventories. Due to decreasing currency impact of 7.2 MEUR, balance sheet value of the Group's inventories remained at last year's level amounting to 110.3 MEUR (110.6 MEUR). Working capital was impacted by the increased inventories resulting from transfer of production from China to Batam and slowing down of sales during the fourth quarter as well as timing of receivables tied up into the growing ice fishing business.

Net cash used in investing activities was 3.3 MEUR (1.2 MEUR) for the fourth quarter and 10.8 MEUR (13.6 MEUR) for the full year. Operative capital expenditure was 3.8 MEUR (2.1 MEUR) for the fourth quarter and 10.7 MEUR (7.7 MEUR) for the full year, driven by investments in Batam and setting up new ice drill manufacturing unit in Finland. 2012 investing activities included acquisition of the assets of Strike Master Corporation and Mora Ice brand with a total of 6.7 MEUR.

The liquidity position of the Group was good. Following the increased focus on cash management, cash and cash equivalents reduced to 16.9 MEUR (38.2 MEUR) and undrawn committed long-term credit facilities amounted to 78.5 MEUR at the end of the period. Net interest-bearing debt increased to 96.3 MEUR (89.9 MEUR) and gearing to 71.2% (65.3%). Equity-to-assets ratio improved to 44.5% (42.2%). The Group fulfills the financial covenants imposed by the credit facilities, and does not foresee any factors impairing this ability.

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 continued 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. In-house manufacturing of Mora ICE and Rapala-UR branded ice drills started during the fourth quarter of the year. In USA Otter ice fishing products were added to "The Ice Force" distribution platform for this season.

The expansion of lure manufacturing operations in Batam, Indonesia, accelerated towards the end of the year, making it already the largest in the world as number of employees more than tripled during the year. The ramp-up and transfer of production from the Group's own and subcontractors' facilities in China has been more challenging than expected, which together with costs associated with running two parallel manufacturing operations has burdened profitability this year. During fourth quarter Group made a decision to fully close down its own manufacturing operations in China by the end of Q2/2014.

The establishment of new VMC hook manufacturing unit in Batam was finalized during the first quarter and the production volumes were increased during the year.

During the first quarter the Group increased its ownership in Peltonen cross country ski factory to 100%. The operations of the Group's distribution company in Switzerland were restructured during the year.

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 streamline the supply chain.

During the year the Group introduced several new products including exceptionally well received Rapala Scatter Rap and Storm Arashi lures, award winning Sufix NanoBraid fishing line and Rapala Eco Wear Reflection jacket as well as Angry Birds lures and other fishing equipment, which successfully expanded sales to new customer segments.

The Group continued to seek growth opportunities throughout the year and participated in various discussions and negotiations concerning acquisitions and business combinations.

Short-term Outlook

The Group's outlook for 2014 is stable, while cautious.

The US retail and consumer sentiment is developing positively, supporting the sales. The Group has a strong competitive position, but the late winter and lack of snow in Finland, slowing down of business in Eastern Europe during the fourth quarter, heavy fluctuations in currencies and political unrest in some countries are raising uncertainty and reducing short-term visibility.

Closing down own manufacturing operations in China and ramping up the new production in Batam will lead to improved efficiency and performance, but will still have adverse impact on profitability in 2014.

Assuming comparable translation exchange rates, the Group expects to maintain net sales and comparable operating profit (excluding non-recurring items and mark-to-market valuations of operative currency derivatives) at 2013 level.

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

Proposal for profit distribution

The Board of Directors proposes to the Annual General Meeting that a dividend of 0.24 EUR (0.23 EUR) per share is distributed from the Group's distributable equity and any remaining distributable funds are allocated to retained earnings. At December 31, 2013 the distributable equity totaled to 24.1 MEUR.

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

Financial Statements and Annual General Meeting

Financial Statements for 2013 and Corporate Governance Statement will be published in week 12. Annual General Meeting is planned to be held on April 10, 2014.

Helsinki, February 6, 2014

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: 849608#) 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: 849608#). Financial information and teleconference replay facility are available at www.rapalavmc.com.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

STATEMENT OF INCOME MEUR	**IV** **2013**	IV 2012	**I-IV** **2013**	I-IV 2012
Net sales	**63.3**	67.9	**286.6**	290.7
Other operating income	**0.4**	0.6	**0.8**	1.3
Materials and services	**30.1**	35.8	**134.4**	140.7
Personnel expenses	**15.5**	15.8	**64.0**	62.6
Other costs and expenses	**14.2**	14.8	**54.9**	55.8
Share of results in associates and joint ventures	**-0.2**	-0.2	**-0.5**	-0.3
EBITDA	**3.7**	1.9	**33.6**	32.7
Depreciation, amortization and impairments	**2.2**	1.7	**7.5**	6.8
Operating profit (EBIT)	**1.5**	0.2	**26.1**	25.9
Financial income and expenses	**0.3**	2.0	**5.5**	4.9
Profit before taxes	**1.2**	-1.7	**20.6**	21.0
Income taxes	**-1.7**	0.3	**4.6**	7.1
Net profit for the period	**2.9**	-2.1	**16.1**	14.0
Attributable to:				
Equity holders of the company	**3.0**	-2.1	**12.5**	10.1
Non-controlling interests	**0.0**	0.0	**3.6**	3.8
Earnings per share for profit attributable to the equity holders of the company:				
Earnings per share, EUR (diluted = non-diluted)	**0.08**	-0.05	**0.32**	0.26

STATEMENT OF COMPREHENSIVE INCOME MEUR	**IV** **2013**	IV 2012	**I-IV** **2013**	I-IV 2012
Net profit for the period	**2.9**	-2.1	**16.1**	14.0
Other comprehensive income, net of tax				
Change in translation differences*	**-2.5**	-1.9	**-7.1**	-0.3
Gains and losses on cash flow hedges*	**0.1**	0.1	**0.9**	-0.6
Gains and losses on hedges of net investments*	**-2.2**	0.1	**-2.3**	0.2
Actuarial gains (losses) on defined benefit plan	**0.1**	-0.3	**0.1**	-0.3
Total other comprehensive income, net of tax	**-4.5**	-2.0	**-8.4**	-1.0
Total comprehensive income for the period	**-1.6**	-4.1	**7.7**	12.9
Total comprehensive income attributable to:				
Equity holders of the Company	**-1.3**	-4.1	**5.1**	9.2
Non-controlling interests	**-0.3**	0.0	**2.6**	3.7

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

STATEMENT OF FINANCIAL POSITION	**Dec 31**	Dec 31
MEUR	**2013**	2012
ASSETS		
Non-current assets		
Intangible assets	**70.0**	72.6
Property, plant and equipment	**30.6**	29.3
Non-current assets		
Interest-bearing	**3.0**	3.7
Non-interest-bearing	**10.1**	11.4
	113.7	117.1
Current assets		
Inventories	**110.3**	110.6
Current assets		
Interest-bearing	**1.0**	2.5
Non-interest-bearing	**62.1**	58.5
Cash and cash equivalents	**16.9**	38.2
	190.3	209.7
Total assets	**304.1**	326.8
EQUITY AND LIABILITIES		
Equity		
Equity attributable to the equity holders of the company	**123.1**	128.3
Non-controlling interests	**12.0**	9.4
	135.1	137.7
Non-current liabilities		
Interest-bearing	**39.4**	78.7
Non-interest-bearing	**12.8**	15.6
	52.2	94.3
Current liabilities		
Interest-bearing	**77.8**	55.5
Non-interest-bearing	**38.9**	39.3
	116.7	94.8
Total equity and liabilities	**304.1**	326.8

	IV	IV	**I-IV**	I-IV
KEY FIGURES	**2013**	2012	**2013**	2012
EBITDA margin, %	**5.8%**	2.8%	**11.7%**	11.2%
Operating profit margin, %	**2.4%**	0.3%	**9.1%**	8.9%
Return on capital employed, %	**2.6%**	0.4%	**11.4%**	11.4%
Capital employed at end of period, MEUR	**231.4**	227.5	**231.4**	227.5
Net interest-bearing debt at end of period, MEUR	**96.3**	89.9	**96.3**	89.9
Equity-to-assets ratio at end of period, %	**44.5%**	42.2%	**44.5%**	42.2%
Debt-to-equity ratio at end of period, %	**71.2%**	65.3%	**71.2%**	65.3%
Earnings per share, EUR (diluted = non-diluted)	**0.08**	-0.05	**0.32**	0.26
Equity per share at end of period, EUR	**3.19**	3.31	**3.19**	3.31
Average personnel for the period	**2 387**	2 104	**2 428**	2 127

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

STATEMENT OF CASH FLOWS MEUR	**IV 2013**	IV 2012	**I-IV 2013**	I-IV 2012
Net profit for the period	**2.9**	-2.1	**16.1**	14.0
Adjustments to net profit for the period *	**0.7**	5.2	**18.6**	20.6
Financial items and taxes paid and received	**-0.3**	-2.9	**-8.6**	-13.6
Change in working capital	**-2.8**	5.7	**-10.8**	4.2
Net cash generated from operating activities	**0.6**	6.0	**15.3**	25.2
Investments	**-3.8**	-2.1	**-10.7**	-7.7
Proceeds from sales of assets	**0.1**	0.1	**0.2**	0.8
Sufix brand acquisition	**-**	-	**-0.7**	-0.8
Strikemaster and Mora Ice acquisitions	**-**	-	**-**	-6.7
Acquisition of other subsidiaries, net of cash	**-**	-	**0.0**	0.0
Proceeds from disposal of subsidiaries, net of cash	**0.5**	0.8	**0.5**	0.8
Change in interest-bearing receivables	**-0.1**	0.0	**-0.1**	0.0
Net cash used in investing activities	**-3.3**	-1.2	**-10.8**	-13.6
Dividends paid to parent company's shareholders	**-**	-	**-8.9**	-8.9
Dividends paid to non-controlling interest	**-**	-0.1	**-**	-1.6
Net funding	**-4.4**	2.1	**-16.0**	9.1
Purchase of own shares	**-0.2**	-0.5	**-1.0**	-0.7
Net cash generated from financing activities	**-4.6**	1.4	**-25.9**	-2.2
Adjustments	**0.1**	0.2	**1.5**	0.2
Change in cash and cash equivalents	**-7.3**	6.3	**-19.8**	9.6
Cash & cash equivalents at the beginning of the period	**24.4**	32.0	**38.2**	28.9
Foreign exchange rate effect	**-0.2**	-0.1	**-1.4**	-0.4
Cash and cash equivalents at the end of the period	**16.9**	38.2	**16.9**	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	0.0	-	-	9.8	3.7	**12.9**
Purchase of own shares	-	-	-	-	-	-0.7	-	-	**-0.7**
Dividends	-	-	-	-	-	-	-8.9	-1.5	**-10.4**
Share based payment	-	-	-	-	-	-	0.3	-	**0.3**
Other changes	-	-	-	-	-	-	0.0	0.0	**0.0**
Equity on Dec 31, 2012	**3.6**	**16.7**	**-2.3**	**-4.1**	**4.9**	**-3.4**	**112.8**	**9.4**	**137.7**
Equity on Jan 1, 2013	**3.6**	**16.7**	**-2.3**	**-4.1**	**4.9**	**-3.4**	**112.8**	**9.4**	**137.7**
Comprehensive income *	-	-	0.9	-8.4	-	-	12.6	2.6	**7.7**
Purchase of own shares	-	-	-	-	-	-1.0	-	-	**-1.0**
Dividends	-	-	-	-	-	-	-8.9	-	**-8.9**
Share based payments	-	-	-	-	-	-	-0.3	-	**-0.3**
Other changes	-	-	-	-	-	-	0.0	0.0	**0.0**
Equity on Dec 31, 2013	**3.6**	**16.7**	**-1.4**	**-12.5**	**4.9**	**-4.4**	**116.2**	**12.0**	**135.1**

*For the period, net of tax

SEGMENT INFORMATION*

MEUR	**IV**	IV	**I-IV**	I-IV
Net Sales by Operating Segment	**2013**	2012	**2013**	2012
Group Products	**41.5**	44.2	**176.3**	176.4
Third Party Products	**21.8**	23.7	**110.5**	114.3
Eliminations	**0.0**	-	**-0.1**	-
Total	**63.3**	67.9	**286.6**	290.7

Operating Profit by Operating Segment				
Group Products	**2.0**	2.0	**19.4**	18.9
Third Party Products	**-0.5**	-1.8	**6.7**	7.0
Total	**1.5**	0.2	**26.1**	25.9

	Dec 31	Dec 31
Assets by Operating Segment	**2013**	2012
Group Products	**215.7**	214.0
Third Party Products	**67.4**	68.5
Non-interest-bearing assets total	**283.1**	282.5
Unallocated interest-bearing assets	**21.0**	44.3
Total assets	**304.1**	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.

External Net Sales by Area	**IV**	IV	**I-IV**	I-IV
MEUR	**2013**	2012	**2013**	2012
North America	**25.3**	25.6	**88.4**	83.6
Nordic	**13.3**	13.4	**60.8**	62.7
Rest of Europe	**16.5**	19.1	**103.6**	108.2
Rest of the world	**8.3**	9.8	**33.8**	36.2
Total	**63.3**	67.9	**286.6**	290.7

KEY FIGURES BY QUARTERS	I	II	III	IV	I-IV	**I**	**II**	**III**	**IV**	**I-IV**
MEUR	2012	2012	2012	2012	2012	**2013**	**2013**	**2013**	**2013**	**2013**
Net sales	73.5	83.7	65.6	67.9	290.7	**75.3**	**81.4**	**66.6**	**63.3**	**286.6**
EBITDA	12.0	13.3	5.4	1.9	32.7	**10.3**	**15.2**	**4.5**	**3.7**	**33.6**
Operating profit	10.4	11.6	3.7	0.2	25.9	**8.6**	**13.4**	**2.6**	**1.5**	**26.1**
Profit before taxes	10.4	10.5	1.9	-1.7	21.0	**8.3**	**11.6**	**-0.4**	**1.2**	**20.6**
Net profit for the period	7.5	7.2	1.3	-2.1	14.0	**6.6**	**7.8**	**-1.2**	**2.9**	**16.1**

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.

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 the first quarter interim report. The change impacted also key figures, which have been restated in this interim report. The adjustments on income statement and other comprehensive income were 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-December 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 December 31, 2013, the book value of inventories included a provision for net realizable value of 4.5 MEUR (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.

In January 2014, the Group acquired 100% of the shares and voting rights of a French coarse fishing attractant manufacturer Mystic s.a.r.l.. The consideration amounted to 0.2 MEUR and is subject to finalization of the closing accounts. The acquisition does not have material impact on the result or financial position of the Group.

Non-recurring income and expenses included in operating profit MEUR	**IV 2013**	IV 2012	**I-IV 2013**	I-IV 2012
Costs related to business acquisitions	**-**	0.0	**-**	0.0
Sale of gift manufacturing unit in China	**-**	-0.3	**-**	-0.7
Gain on disposal of real estate in Finland	**-**	-	**-**	0.1
Closure of Chinese lure manufacturing	**-0.8**	-	**-0.8**	-
Other restructuring costs	**-0.1**	-	**-0.2**	-
Other non-recurring items	**-0.1**	0.0	**-0.1**	0.0
Total included in EBITDA and operating profit	**-0.9**	-0.3	**-1.1**	-0.6
Other non-recurring impairments	**-**	-	**-0.2**	-
Total included in operating profit	**-0.9**	-0.3	**-1.3**	-0.6

Commitments MEUR	**Dec 31 2013**	Dec 31 2012
On own behalf		
Guarantees	**-**	0.1
Minimum future lease payments on operating leases	**16.8**	16.6

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

	Dec 31	Dec 31

Open derivatives	**2013**		2012	
MEUR	**Nominal Value**	**Fair Value**	Nominal Value	Fair Value
Operative hedges				
Foreign currency derivatives	**49.4**	**0.0**	35.1	-0.4
Monetary hedges				
Foreign currency derivatives	**24.6**	**0.1**	27.2	0.0
Interest rate derivatives	**69.5**	**-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 and will be updated in financial statements 2013.

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

	IV 2013	IV 2012	**I-IV 2013**	I-IV 2012
Included in operating profit	**-0.3**	-0.5	**0.3**	-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		**Dec 31 2013**
MEUR	**Carrying value**	**Fair value**
Financial assets		
Loans and receivables	**77.8**	**77.8**
Available-for-sale financial assets (level 3)	**0.3**	**0.3**
Derivatives (level 2)	**0.8**	**0.8**
Financial liabilities		
Financial liabilities at amortized cost	**138.1**	**138.7**
Derivatives (level 2)	**2.8**	**2.8**

Share based incentive plan resolved in June 2012

The Group had 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 and the fair value of the program was reassessed. The potential reward was based on the development of Rapala Group's inventory levels and EBITDA. The program ended at the end of December and no rewards materialized. The gross value of the program corresponded 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 205 908 own shares. At the end of the reporting period the company held 907 308 own shares, representing 2.3% 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 4.80 EUR.

During the reporting period, 3 122 353 shares (5 679 621) were traded at a high of 5.50 EUR and a low of 4.56 EUR. The closing share price at the end of the period was 5.20 EUR.

Short term risks and uncertainties

The objective of Rapala VMC Corporation's risk management is to support the implementation of the Group's strategy and execution of business targets. The importance of risk management has increased as Rapala VMC Corporation has continued to expand its operations. Accordingly, Group management continuously develops it's risk management practices and internal controls. Detailed descriptions of the Group's strategic, operative and financial risks as well as risk management principles will be included in the Financial Statements 2013.

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. 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.

Closing down lure manufacturing operations in China and ramping up and expanding 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 main credit facilities in 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, sudden fluctuations in foreign exchange rates 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 have an impact on the Group's reported operating profit. The Group is closely monitoring market development as well as its cost structure and considering possibility and feasibility of price increases, hedging actions and cost rationalization.

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