

July 24, 2009 at 9.30 am

INTERIM REPORT JANUARY TO JUNE 2009**Turnaround in cash flow in a tough market situation with positive signs in North America**

- Net sales for the second quarter were below last year levels at 67.7 MEUR (II/08: 74.2 MEUR). Net sales for the first six months decreased to 132.9 MEUR (I-II/08:139.4 MEUR).
- Operating profit for April to June, excluding non-recurring items, was affected by the decrease in sales and negative currency movements especially in Scandinavia and East Europe and reached 10.2 MEUR (14.1 MEUR). Comparable operating profit for the six-month period was 20.4 MEUR (23.8 MEUR). Reported operating profit was 9.4 MEUR (13.8 MEUR) for the quarter and 19.5 MEUR (24.5 MEUR) for the first half of the year.
- Net profit for the second quarter was 7.4 MEUR (9.4 MEUR) and 13.6 MEUR (16.2 MEUR) for the first half of the year. Earnings per share were 0.16 EUR (0.21 EUR) for April to June and 0.31 EUR (0.37 EUR) for January to June.
- The major working capital initiative started last November progressed on plan and the results started to gradually materialize during the second quarter. The general economic situation and simultaneous working capital actions of several customers have slowed down the speed of the change but the positive progress started in the second quarter is expected to continue until the end of the year with additional improvement continuing in 2010. Accordingly, the cash flow from operating activities for the second quarter improved to 17.8 MEUR (6.2 MEUR) and was -2.0 MEUR (-10.1 MEUR) for the first six months.
- In the second quarter, the Group continued to implement its strategy for profitable growth. The establishment of a distribution company in Romania was started and a performance improvement project initiated in Hungary. Integration of Sufix fishing line business and development of manufacturing operations in China proceeded on plan. Manufacturing volumes have been adjusted to support the ongoing working capital initiative.
- Since the beginning of the year, there has been no material change in the market situation and general outlook for 2009

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

A conference call on the second quarter result will be arranged today at 4 p.m. Finnish time (3 p.m. CET). Please dial +44 (0)20 7784 1038 or +1 347 366 9564 (pin code: 543443#) five minutes before the beginning of the event and request to be connected to Rapala teleconference. A replay facility will be available for 14 days following the teleconference. The number (pin code: 543443#) to dial is +44 (0)20 7806 1970. Financial information and teleconference replay facility are available at www.rapala.com.

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Rapala VMC Corporation

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Market Situation and Sales

Continuing weakness and uncertainty in global economy, as well as unfavorable foreign exchange movements affected the Group's net sales negatively during the second quarter. In the Nordic countries, the net sales were also affected by the late spring. In North America, the market conditions seem to have stabilized and show increasing number of positive signs although the sales volumes between different retailers seem to change significantly. The general market conditions in Australia, South Africa and in part of the Asia continued tight during the second quarter but many of the Asian distribution units improved their sales from last year. Market situation in many European countries like France and Spain as well as Eastern Europe is still under pressure. Sales in Baltic countries have clearly suffered from the bad economic situation in the area. Additional price increases introduced earlier in the year are compensating part of the weakness of local currencies and slower demand for higher price category products.

Net sales for April to June, which traditionally is the strongest quarter of the year due to seasonality, were below last year levels at 67.7 MEUR (2008: 74.2 MEUR). Net sales for the first half of the year were 132.9 MEUR (139.4 MEUR). The net effect of the strengthening of the US dollar (USD) and weakening of many other currencies like Swedish and Norwegian crowns decreased the net sales for the second quarter by 1.7 MEUR and 1.3 MEUR for the first six months.

Net sales of Group Fishing Products, supported by the sales of new Sufix fishing lines and strengthening of USD, were up 4% for the second quarter and 7% for the first half of the year. Net sales of Other Group Products decreased 32% for the quarter and 26% for the six-month period as a result of reduced sales of gift products and subcontracting services. Net sales of Third Party Products decreased 19% for April to June and 15% for January to June mainly because of the weakening of many East European and Scandinavian currencies and decreased sales of higher price category products like fishing electronics and expensive reels.

Net sales in North America increased 19% for the second quarter and 16% for the first half of the year as a result of the strengthening of the USD and increased business activity. In the Nordic countries, second quarter net sales decreased 25% as a result of weakening of Swedish and Norwegian crowns, late spring and summer as well as timing of some deliveries between the first two quarters. Accordingly, the six-month net sales in Nordics were down only 5%. Net sales in Rest of Europe were down by 19% for the quarter and 17% for the six-month period due to relatively weak sales in East Europe, which was further reduced by weakening of local currencies. Net sales in Rest of the World were in April to June on last year level and up 10% for January to June as a result of the new sales of Sufix products, good performance of many Asian distribution units and strengthening of USD.

Financial Results and Profitability

Operating profit for April to June, excluding non-recurring items, was affected by the decrease in sales and negative currency movements especially in Scandinavia and East Europe and

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reached 10.2 MEUR (14.1 MEUR). Profitability was also affected by special low-margin sales campaigns to reduce inventories. Second quarter operating profit decreased 0.4 MEUR from last year due to non-cash bookings related to share based incentive plans. Operating margin, excluding non-recurring items, was 15.1% (19.0%).

Reported operating profit for the second quarter was at 9.4 MEUR (13.8 MEUR) and it included 0.7 MEUR of write downs on lease improvements in the Chinese factory, from where the operations were partly moved to other locations and external outsourcing partners as well as 0.1 MEUR other non-recurring costs. Operating profit for April to June in 2008 included 0.3 MEUR (net) non-recurring expenses. Reported three-month operating margin was 13.9% (18.7%) and return on capital employed 18.6% (29.3%).

Key figures	II	II	I-II	I-II	I-IV
MEUR	2009	2008	2009	2008	2008
Net sales	67.7	74.2	132.9	139.4	243.0
EBITDA as reported	11.5	15.4	23.1	27.6	37.5
EBITDA excl. one-off items	11.6	15.7	23.3	26.9	36.7
Operating profit as reported	9.4	13.8	19.5	24.5	31.3
Operating profit excl. one-offs	10.2	14.1	20.4	23.8	30.5

Comparable operating profit for the first half of the year was down mainly as a result of decrease in sales, and reached 20.4 MEUR (23.8 MEUR). Operating profit for the six-month period decreased 0.3 MEUR from last year due to the non-cash bookings related to share based incentive plans. Operating margin, excluding non-recurring items, decreased to 15.3% (17.1%).

Reported operating profit for the first half of the year amounted to 19.5 MEUR (24.5 MEUR) including 0.9 MEUR of non-recurring write-downs and costs. Operating profit for January to June in 2008 included 0.7 MEUR (net) non-recurring gains. Reported six-month operating margin was 14.6% (17.6%) and return on capital employed 19.2% (25.9%).

Operating profit of Group Fishing Products decreased 24% for the second quarter as a result of non-recurring costs and write-downs as well as weakening of many currencies but was still 4% above last year level for the first half of the year as a result of strong sales. Operating profit of Other Group Products fell to a loss for both the quarter and for the six-month period as a result of the major drop in sales of gift products and subcontracting services. Operating profit of Third Party Products decreased 40% for April to June and 40% for January to June due to negative currency movements and reduced sales.

Financial (net) income was 0.4 MEUR (expense of 1.1 MEUR) for the second quarter. Net interest expenses were down to 1.0 MEUR (1.5 MEUR) and the (net) currency exchange gains booked in financial items were 1.4 MEUR (0.4 MEUR). For the first six months, financial (net) expenses were 1.2 MEUR (2.4 MEUR), net interest expenses 1.9 MEUR (2.9 MEUR) and (net) currency exchange gains 0.8 MEUR (0.5 MEUR).

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Net profit decreased for the second quarter to 7.4 MEUR (9.4 MEUR) and for the first half of the year to 13.6 MEUR (16.2 MEUR). Earnings per share were 0.16 EUR (0.21 EUR) for April to June and 0.31 EUR (0.37 EUR) for January to June.

Cash Flow and Financial Position

Cash flow from operating activities increased from last year as a result of decrease in working capital and amounted to 17.8 MEUR (6.2 MEUR) for the second quarter and -2.0 MEUR (-10.1 MEUR) for the first half of the year.

The major working capital initiative started last November progressed on plan and the results started to gradually materialize during the second quarter. Inventories decreased 9.5 MEUR (decrease of 0.0 MEUR). This initiative includes a wide variety of actions to develop the Group's internal and external supply chains, change ways of working in production planning and internal order management and, to implement supporting IT systems to facilitate the new processes. The general financial situation and simultaneous working capital actions of several customers have slowed down the speed of the change but the positive progress started in the second quarter is expected to continue until the end of the year with additional improvement continuing in 2010.

Cash used in investing activities amounted to 1.9 MEUR (1.4 MEUR) for the second quarter. In addition to the normal capital expenditure of 1.0 MEUR (1.4 MEUR) and 1.2 MEUR (0.1 MEUR) of acquisitions, it included 0.3 MEUR (0.0 MEUR) proceeds from sale of assets. Cash used in investing activities for the six-month period, 2.4 MEUR (3.4 MEUR), included capital expenditure of 2.5 MEUR (3.2 MEUR), acquisitions of 1.2 MEUR (0.4 MEUR) and 1.3 MEUR (0.1 MEUR) proceeds from sale of assets.

Net interest-bearing debt was up from last June at 101.0 MEUR (Dec 2008: 89.5 MEUR) due to higher level of working capital. The liquidity of the Group remained good throughout the quarter. Equity-to-assets ratio remained at the levels of last June at 37.5% (Dec 2008: 38.0%). Gearing was seasonally up from the end of 2008 (Dec 2008: 86.4%) but improved from last June from 96.1% to 91.4%.

Strategy Implementation - Growth

During the second quarter, the management continued discussions and negotiations regarding acquisitions and business combinations to further implement the Group's strategy for profitable growth. Development of organic growth also in terms of extensions of current product categories as well as special marketing, sales and brand initiatives continued.

During the quarter, the Group started the needed procedures to establish a distribution company in Romania to support the sales growth in South East Europe. Romanian population of almost 22 million and fast developing economy provide a solid basis for a distribution company while being so far served from the Hungarian distribution centre.

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Integration of the new Sufix business acquired in 2008 progressed on plan and sales of Sufix fishing lines have had a good start. Rapala aims to expand its fishing line sales in the next 2-3 years to above 20 MEUR. The strategic long-term target is to increase the fishing line sales to 30-40 MEUR and gain a significant market share of the global fishing line business.

The sales of the new Trigger X products with fish pheromones have started with selected distribution channels. These new products will be offered later on to a wider distribution in line with the ongoing increase of production capacity. A big variety of new products for 2010 season were introduced for the global fishing tackle market in June and July and the new generation lure – Max Rap – has already started to gain rewards, e.g. in the world's biggest fishing tackle show EFTTEX it was awarded in June as the most innovative lure of the year.

Strategy Implementation - Profitability

Strong emphasis on performance improvement initiatives continued in the second quarter. New performance improvement initiatives were started while the benefits from the previous initiatives have started to capitalize.

A new performance improvement initiative was initiated in Hungary to ensure continuous leadership in the fast growing South East European market as well as improved financial performance and reduced working capital.

In the USA, the custom paint shop for Luhr Jensen lures was closed and the previously outsourced production of Terminator lures was transferred to the Group's Chinese factory.

A major supply chain and logistics initiative was also started in the second quarter to shorten the lead times and further improve the service levels to customers.

The performance improvement initiatives at the Group's manufacturing facilities in China continued. As a result of streamlining the operations, increasing subcontracting and cutting the capacity to more quickly adjust to and, more accurately meet the market requirements, the Group has reduced the headcount in China by some 2 300 persons since June 2008. The selection and auditing of major subcontractors have been finalized and manufacturing agreements have been signed. With the most important subcontractors the Group entered into exclusive manufacturing agreements to secure and guarantee the high quality of products and agreed service levels. Despite the increased use of outsourcing, key manufacturing processes will be kept in-house. Further development and fine-tuning of the new operating model in the Chinese manufacturing operations will continue during the second half of 2009.

Total Group headcount at the end of June was 2 233, down 52% from June 2008. This major reduction results mainly from the changes in the operating model in the Chinese manufacturing unit but the consolidation of French operations, restructuring of European lure manufacturing and adjusting manufacturing volumes to support ongoing working capital project have also resulted in a further reduction of almost 150 employees. At the same time, new personnel have been recruited to the new Sufix business and to support sales growth in some distribution units.

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Short-term Outlook

Since the beginning of the year, there has been no material change in the market situation and general outlook for 2009, which remains challenging. There are some signs of stabilization in the North American market but the slowdown and uncertainty in European economies as well as in many Asian countries and the Southern hemisphere are expected to continue during the coming months.

Despite this challenging market situation but affected by the weakening of many local currencies in countries where the Group operates, it is expected that the net sales for 2009 will be somewhat below the previous year level. Excluding non-recurring items, the target is to maintain the operating margin quite close to the good levels reached in 2008.

While the Group continues to implement its strategy for profitable growth, reducing working capital and increasing cash flow from operating activities will be one of the key themes in the second half of 2009 together with the finalization of the ongoing performance improvement initiatives and the integration of the new fishing line business.

At the end of June 2009, the Group's order backlog was down 8% from last June to 22.6 MEUR (Dec. 2008: 34.5 MEUR).

Third quarter interim report will be published on October 23.

Helsinki, July 24, 2009

Board of Directors of Rapala VMC Corporation

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

INCOME STATEMENT	II	II	I-II	I-II	I-IV
MEUR	2009	2008	2009	2008	2008
Net sales	67.7	74.2	132.9	139.4	243.0
Other operating income	0.3	0.3	0.4	1.8	3.1
Cost of sales	38.0	39.9	73.5	74.6	135.3
Other costs and expenses	18.4	19.2	36.7	38.9	73.2
EBITDA	11.5	15.4	23.1	27.6	37.5
Depreciation and amortization	2.1	1.5	3.6	3.1	6.2
Operating profit	9.4	13.8	19.5	24.5	31.3
Finance income and expenses	-0.4	1.1	1.2	2.4	4.8
Share of results in associates	0.0	0.0	0.0	0.0	0.0
Profit before taxes	9.8	12.8	18.3	22.1	26.5
Income taxes	2.4	3.4	4.7	5.8	7.3
Net profit for the period	7.4	9.4	13.6	16.2	19.2

Attributable to:

Equity holders of the Company	6.2	8.2	12.1	14.5	17.7
Minority interest	1.3	1.2	1.5	1.7	1.6

Earnings per share for profit attributable

to the equity holders of the Company:

Earnings per share, EUR (diluted = non-diluted)	0.16	0.21	0.31	0.37	0.45
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STATEMENT OF COMPREHENSIVE INCOME

MEUR	II	II	I-II	I-II	I-IV
	2009	2008	2009	2008	2008
Net profit for the period	7.4	9.4	13.6	16.2	19.2
Other comprehensive income, net of tax					
Change in translation differences	-1.3	0.5	0.2	-3.0	-1.2
Gains and losses on cash flow hedges	0.4	0.2	0.4	-0.1	-0.2
Gains and losses on hedges of net investments	1.0	0.0	0.1	-0.1	-2.8
Fair value gains on available-for-sale investments	-	-	-	-	-0.1
Total other comprehensive income, net of tax	0.2	0.7	0.7	-3.2	-4.3
Total Comprehensive Income for the period	7.6	10.1	14.3	13.1	14.9

Total comprehensive income attributable to:

Equity holders of the Company	6.2	8.9	12.8	11.3	13.4
Minority interest	1.4	1.2	1.5	1.7	1.6

STATEMENT OF FINANCIAL POSITION MEUR	June 30 2009	June 30 2008	Dec 31 2008
ASSETS			
Non-current assets			
Intangible assets	57.6	49.4	57.6
Property, plant and equipment	26.8	27.9	28.7
Non-current financial assets			
Interest-bearing	1.0	0.6	0.5
Non-interest-bearing	7.5	7.3	7.7
	92.9	85.3	94.6
Current assets			
Inventories	103.2	89.7	98.4
Current financial assets			
Interest-bearing	0.1	0.0	0.4
Non-interest-bearing	58.2	74.9	49.5
Cash and cash equivalents	40.6	23.8	30.6
	202.0	188.5	178.9
Assets classified as held-for-sale	0.3	0.5	-
Total assets	295.2	274.2	273.4
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the Company	107.0	100.2	101.7
Minority interest	3.5	2.4	1.9
	110.5	102.7	103.7
Non-current liabilities			
Interest-bearing	43.8	48.3	42.8
Non-interest-bearing	10.0	6.3	10.5
	53.8	54.6	53.3
Current liabilities			
Interest-bearing	98.8	74.8	78.1
Non-interest-bearing	32.1	42.1	38.3
	130.9	116.9	116.4
Total equity and liabilities	295.2	274.2	273.4

KEY FIGURES	II 2009	II 2008	I-II 2009	I-II 2008	I-IV 2008
EBITDA margin, %	17.1%	20.7%	17.4%	19.8%	15.5%
Operating profit margin, %	13.9%	18.7%	14.6%	17.6%	12.9%
Return on capital employed, %	18.6%	29.3%	19.2%	25.9%	16.9%
Capital employed at end of period, MEUR	211.5	201.4	211.5	201.4	193.2
Net interest-bearing debt at end of period, MEUR	101.0	98.7	101.0	98.7	89.5
Equity-to-assets ratio at end of period, %	37.5%	37.5%	37.5%	37.5%	38.0%
Debt-to-equity ratio at end of period, %	91.4%	96.1%	91.4%	96.1%	86.4%
Earnings per share, EUR	0.16	0.21	0.31	0.37	0.45
Fully diluted earnings per share, EUR	0.16	0.21	0.31	0.37	0.45
Equity per share at end of period, EUR	2.73	2.54	2.73	2.54	2.59
Average personnel for the period	2 447	4 489	2 449	4 580	4 143

STATEMENT OF CASH FLOWS

MEUR	II 2009	II 2008	I-II 2009	I-II 2008	I-IV 2008
Net profit for the period	7.4	9.4	13.6	16.2	19.2
Adjustments to net profit for the period *	4.9	3.7	10.1	8.7	13.0
Financial items and taxes paid and received	-1.3	-3.5	-3.5	-6.3	-14.0
Change in working capital	6.7	-3.4	-22.3	-28.7	-12.7
Net cash generated from operating activities	17.8	6.2	-2.0	-10.1	5.4
Investments	-1.0	-1.4	-2.5	-3.2	-7.1
Proceeds from sales of assets	0.3	0.0	1.3	0.1	2.2
Sufix brand acquisition	-1.1	-	-1.1	-	-1.5
Acquisition of subsidiaries, net of cash	-0.1	-0.1	-0.1	-0.4	-0.5
Change in interest-bearing receivables	-0.1	0.1	-0.1	0.1	0.0
Net cash used in investing activities	-1.9	-1.4	-2.4	-3.4	-6.8
Dividends paid	-7.5	-6.9	-7.5	-6.9	-6.9
Net funding	1.9	1.6	22.0	18.3	11.9
Purchase of own shares	-	-0.3	0.0	-0.3	-0.9
Net cash generated from financing activities	-5.6	-5.6	14.5	11.1	4.1
Adjustments	-0.3	-0.4	-0.1	-0.6	0.9
Change in cash and cash equivalents	10.0	-1.3	10.0	-3.1	3.6
Cash & cash equivalents at the beginning of the period	30.8	24.9	30.6	27.3	27.3
Foreign exchange rate effect	-0.3	0.2	0.0	-0.5	-0.4
Cash and cash equivalents at the end of the period	40.6	23.8	40.6	23.8	30.6

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

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								Total equity
	Share capital	Share pre-mium fund	Fair value reserve	Cumul. trans-lation diffe-rences	Fund for invested non-rest-riicted equity	Own sha-res	Re-tained earn-ings	Mino-rity inte-rest	
Equity on Jan 1, 2008	3.6	16.7	0.0	-9.8	4.9	-	80.6	0.9	96.9
Comprehensive income*	-	-	-0.1	-3.1	-	-	14.5	1.7	13.1
Purchase of own shares	-	-	-	-	-	-0.3	-	-	-0.3
Dividends paid	-	-	-	-	-	-	-6.9	-	-6.9
Share based payment	-	-	-	-	-	-	0.1	-	0.1
Other changes	-	-	-	-	-	-	0.0	-0.2	-0.2
Equity on June 30, 2008	3.6	16.7	-0.1	-12.9	4.9	-0.3	88.3	2.4	102.7
Equity on Jan 1, 2009	3.6	16.7	-0.3	-13.8	4.9	-0.9	91.5	1.9	103.7
Comprehensive Income*	-	-	0.4	0.3	-	-	12.1	1.5	14.3
Purchase of own shares	-	-	-	-	-	0.0	-	-	0.0
Dividends paid	-	-	-	-	-	-	-7.5	-	-7.5
Equity on June 30, 2009	3.6	16.7	0.1	-13.5	4.9	-0.9	96.2	3.5	110.5

* For the period (net of tax)

SEGMENT INFORMATION*	II	II	I-II	I-II	III	IV	I-IV
Net Sales by Operating Segment	2009	2008	2009	2008	2008	2008	2008
Group Fishing Products	38.0	36.7	75.4	70.4	23.4	26.7	120.4
Other Group Products	3.8	5.6	7.7	10.4	5.8	6.5	22.7
Third Party Products	26.1	32.1	50.1	59.0	23.8	17.9	100.7
Intra-Group (Other Group Products)	-0.2	-0.2	-0.3	-0.5	-0.2	-0.2	-0.9
Total	67.7	74.2	132.9	139.4	52.7	50.9	243.0
Operating Profit by Operating Segment							
Group Fishing Products	6.1	8.0	13.9	13.4	1.7	4.0	19.1
Other Group Products	-0.1	0.2	0.0	1.7	0.4	0.2	2.2
Third Party Products	3.4	5.7	5.6	9.4	1.6	-1.0	10.0
Total	9.4	13.8	19.5	24.5	3.6	3.2	31.3
Assets by Operating Segment							
	June 30		June 30		Sept 30		Dec. 31
	2009		2008		2008		2008
Group Fishing Products	163.8		158.5		165.2		167.5
Other Group Products	9.9		11.4		12.4		9.3
Third Party Products	80.0		80.0		65.0		65.3
Intra-Group	-0.1		-0.1		-0.1		-0.1
Non-interest bearing assets total	253.6		249.8		242.5		242.0
Unallocated interest-bearing assets	41.7		24.4		28.0		31.4
Total assets	295.2		274.2		270.5		273.4
Liabilities by Operating Segment							
Group Fishing Products	27.3		29.6		33.7		30.1
Other Group Products	4.6		3.0		1.8		2.6
Third Party Products	10.3		15.9		11.9		16.1
Intra-Group (Other Group Products)	-0.1		-0.1		-0.1		-0.1
Non-interest bearing liabilities total	42.0		48.4		47.2		48.8
Unallocated interest-bearing liabilities	142.7		123.1		116.9		121.0
Total liabilities	184.7		171.5		164.1		169.7
Net Sales by Area**							
MEUR	II	II	I-II	I-II	I-II	I-II	I-IV
	2009	2008	2009	2008	2008	2008	2008
North America	18.3	15.4	37.8	32.7			57.5
Nordic	26.4	35.3	62.2	65.8			105.9
Rest of Europe	25.9	31.9	51.4	61.6			101.3
Rest of the world	12.7	12.9	29.0	26.3			54.3
Intra-Group	-15.6	-21.2	-47.6	-47.1			-76.0
Total	67.7	74.2	132.9	139.4			243.0

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

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

KEY FIGURES BY QUARTERS	I	II	III	IV	I-IV	I	II
MEUR	2008	2008	2008	2008	2008	2009	2009
Net sales	65.1	74.2	52.7	50.9	243.0	65.2	67.7
EBITDA	12.2	15.4	5.2	4.8	37.5	11.6	11.5
Operating profit	10.6	13.8	3.6	3.2	31.3	10.0	9.4
Profit before taxes	9.3	12.8	2.6	1.9	26.5	8.5	9.8
Net profit for the period	6.8	9.4	2.0	1.0	19.2	6.2	7.4

NOTES TO THE INCOME STATEMENT AND FINANCIAL POSITION

The financial statement figures included in this release are unaudited.

This report has been prepared in accordance with IAS 34. Accounting principles adopted in the preparation of this report are consistent with those used in the preparation of the Annual Report 2008, except for the adoption of the new or amended standards and interpretations. Adoption of the amended standard IAS 1 affected the presentation of Group's consolidated financial statements, especially the consolidated income statement and the statement of changes in equity. Adoption of IFRS 8 changed the presentation of segment information. Adoption of IAS 23, IAS 32, IFRS 2 and IAS 39/IFRS 7 as well as the new interpretation IFRIC 13 did not result in any changes in the accounting principles that would have affected the information presented in this interim report.

Definition of key figures

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

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 2009. Material events after the end of the interim period, if any, have been discussed in the interim review by the Board of Directors.

Inventories

At June 30, 2009, the book value of inventories differed from its net realizable value by 2.2 MEUR (2.2 MEUR at June 30, 2008 and 2.4 MEUR at December 31, 2008).

Assets held-for-sale and sale of assets

As part of the consolidation of French operations, Rapala sold few warehouses and office buildings in France in 2008. This resulted in a capital gain of 1.4 MEUR in 2008. Rapala is in the process of disposing its old office premises in Hong Kong, which are recognized as assets held-for-sale in June 2009.

Non-recurring income and expenses included in operating profit	II	II	I-II	I-II	I-IV
MEUR	2009	2008	2009	2008	2008
Consolidation of French operations	0.0	-	0.0	-0.1	-0.1
Closure of Irish lure factory	0.0	0.0	-0.1	0.0	0.0
Sale of French warehouse and office building	-	-0.1	-	1.2	1.4
Other restructuring costs	-0.1	0.0	-0.1	-0.2	-0.3
Other non-recurring items	-	-0.2	-	-0.2	-0.2
Total included in EBITDA	-0.1	-0.3	-0.2	0.7	0.8
Non-recurring impairment of tangible assets in China	-0.7	-	-0.7	-	-
Total included in operating profit	-0.8	-0.3	-0.9	0.7	0.8

Commitments MEUR	June 30 2009	June 30 2008	Dec 31 2008
On own behalf			
Business mortgage	16.1	16.1	16.1
Guarantees	0.7	0.6	0.3
Minimum future lease payments on operating leases	9.9	7.9	11.3

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

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

Open derivatives MEUR	Nominal amount	Positive fair values	Negative fair values	Net fair values
June 30, 2009				
Foreign currency forwards	2.6	0.1	0.0	0.0
Interest rate swaps	140.4	0.4	0.3	0.1
Total	143.1	0.5	0.3	0.1
June 30, 2008				
Foreign currency forwards	6.5	0.0	0.3	-0.3
Interest rate swaps	14.3	0.0	0.1	-0.1
Total	20.8	0.0	0.4	-0.4
Dec 31, 2008				
Foreign currency forwards	7.2	0.3	-	0.3
Interest rate swaps	14.1	0.0	0.4	-0.4
Total	21.3	0.3	0.4	-0.1

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

Share-based payments

The Group had two separate share-based payment programs in place on June 30, 2009: one stock option program and one synthetic option program settled in cash. Terms and conditions of the option program are described in detail in the Annual Report 2008. The options are valued at fair value on the grant date by using the Black-Scholes option-pricing model. The total estimated value of the programs in place is 1.4 MEUR. Share-based payment programs are valued at fair value on the grant date and recognized as an expense in the income statement during the vesting period with a corresponding adjustment to the equity or liability.

Grant date is the date at which the entity and another party agree to a share-based payment arrangement, being when the entity and the counterparty have a shared understanding of the terms and conditions of the

arrangement. Regarding the option programs in place, 454 750 share options (2004B) were granted on June 8, 2004, 46 250 share options (2004B) on February 14, 2006 and 978 500 synthetic options (2006A and 2006B) on December 14, 2006. On March 31, 2009, the exercise period for the 2004A stock option program expired. The 2004B stock option program is exercisable between March 31, 2008 and March 31, 2010 at an exercise price of 6.09 EUR, the 2006A synthetic option program is exercisable between March 31, 2009 and March 31, 2011 at an exercise price of 6.14 EUR and the 2006B synthetic option program is exercisable between March 31, 2010 and March 31, 2012 at an exercise price of 5.95 EUR. The exercise prices have been reduced by the amount of dividends distributed after the subscription period for option rights has ended and before the commencement of the subscription period. Applying of IFRS 2 increased operating profit with 0.3 MEUR in January-December 2008 and 0.2 MEUR in January-June 2008 and reduced operating profit 0.1 MEUR in January-June 2009 mainly due to change in fair value of the synthetic option program.

In March 2009, Rapala announced that its Board had approved a new share-based incentive plan (Plan) for the Group's key personnel. The aim of the Plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of the Company, to commit the key personnel to the Company, and to offer them a competitive reward plan based on holding the Company shares. The Plan includes one earning period, which commenced on January 1, 2009 and will end on December 31, 2010. The potential reward from the Plan will be based on the Rapala's earnings per share (EPS) in 2010. The potential reward from the Plan will be paid as the Company's shares in 2011. The target group of the Plan consists of some 50 key employees. The gross rewards to be paid on the basis of the Plan will correspond to the value of a maximum total of 200 000 Rapala shares. Since the grant date of the Plan was June 23, 2009 it had not a material impact on operating profit in January-June 2009.

Shares and share capital

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

On June 30, 2009, the share capital fully paid and reported in the Trade Register was 3.6 MEUR and the total number of shares was 39 468 449. The average number of shares in January-June 2009 was 39 468 449. On February 6, 2009 the Board decided to continue buying back own shares in accordance with the authorization granted by the Annual General Meeting on April 3, 2008. The repurchasing of shares ended on March 30, 2009. At June 30, 2009 Rapala held 221 936 of its own shares, representing 0.6% of the total number of Rapala shares and the total voting rights. The average price for the repurchased own shares in January-March 2009 was EUR 3.82. No Rapala shares were bought after March 2009.

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

During the first six months of 2009, 3 006 603 shares (2 184 117) were traded. The shares traded at a high of 4.46 EUR and a low of 3.50 EUR during the period. The closing share price at the end of the period was 4.25 EUR.

Short term risks and uncertainties

The objective of Rapala's risk management is to support the implementation of the Group's strategy and execution of business targets. The importance of risk management has increased when Rapala has continued to expand its operations fast. Accordingly, Group management has continued to develop risk management practices and this work continues also in 2009. Detailed description of Group's strategic, operative and financial risks and risk management principles are included in the Annual Report 2008, see www.rapala.com.

Due to the nature of the fishing tackle business and the geographical scope of Group's operations, Group's deliveries and sales as well as operating profit have traditionally been seasonally stronger in the first half of the financial year compared to the second half. In 2008 even if more than 40% of the net sales were generated during the second half of the year, almost 80% of the operating profit was still generated in the first six months. In the first half of 2009, deliveries to customers realized mostly according to plan. A major supply chain and logistics initiative was started in the second quarter to shorten the lead times and further improve the service levels to customers.

Group's sales are also to some extent affected by the weather. In several areas, last winter season was longer than previously. This supported the sales of winter sports equipment but simultaneously delayed the beginning of the summer season sales, which led to higher than anticipated inventory levels in the end of March. During the second quarter, inventory levels started to decrease mostly as a result of the major working capital initiative started last November. Further reduction in inventory levels is expected for the second half of the year. The Group also renegotiated its bank covenants during the second quarter and gained flexibility to its cash flow covenant for the rest of the year together with some other benefits at the expense of a moderate increase in interest margins and slight tightening of two less critical covenants. Further reduction of inventory levels and improvement of cash flow remains a top priority in the Group.

Even if the fishing tackle business has traditionally not been strongly influenced by the increased uncertainties and downturns in the general economic climate, this may influence, at least for a short while, the sales of fishing tackle when retailers reduce their inventory levels and face financial challenges. While continuing, these uncertainties may also affect the amount retailers invest in advertising and promotions, which may affect consumer spending at least temporarily. Also quick and strong increases in living expenses and uncertainties concerning employment may temporarily affect consumer spending also in fishing tackle, even though historically the underlying consumer demand has proven to be fairly solid.

The truly global nature of Group's sales and operations is spreading the market risks caused by the current uncertainties in the global economy. Already in 2007, the Group started initiatives to improve the performance of its own operations and actively monitors the performance of its customers and other counterparties. Especially, the importance of cash collection and credit risk management has increased and this may affect sales to some customers.

Group's sales and profitability are impacted by the changes in foreign exchange rates, especially US dollar. Group is actively monitoring the currency position and risks and using e.g. foreign currency nominated loans to manage the natural hedging. In order to fix the exchange rate of some of the future USD-nominated purchases, the Group has entered into currency hedging agreements. As the Group is not applying hedge accounting in accordance to IAS 39, also the change in fair value of these unrealized currency hedging agreements have an impact on the Group's operating profit. In some countries and especially in Eastern Europe, the local currency weakened dramatically during the second half of last year. This weakening was taken into account in price setting, which has together with the general economic downturn somewhat negatively impacted the number of units sold in these countries.

The integration of the new Suffix-fishing line business to the Group's distribution network in 27 countries has progressed well but will still require special attention of the management.

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