Q3 INTERIM REPORT 2011

October 27, 2011

CORNERSTONES OF STRATEGY IMPLEMENTATION

STRATEGIC OBJECTIVE: PROFITABLE GROWTH

DISTRIBUTION COMPANY NETWORK

- Own distribution unit in 34 countries.
- Widest within the industry.
- Platform for future growth.

MANUFACTURING, SOURCING AND R&D

- Specialized and effective own manufacturing units and sourcing organization producing and supplying premium products for mass markets.

BRAND PORTFOLIO

- Rapala ® world's most recognized fishing tackle brand.
- Respected portfolio of global consumer brands.
- World class sales and marketing.

CORPORATE CULTURE

- Decentralized and flat corporate structure.
- Local decision making.
- Entrepreneurial spirit and profit responsibility.

Rapala's Unique Distribution Power

Group's own Manufacturing, Sourcing and R&D platform serving Group's own Brands

Respected 3rd Party Suppliers and with World-Class Brands

Shimano, Plano, Minn Kota, Humminbird, Okuma, Bushnell, Magellan, Remington, Beretta, Alpina etc.

Group's own expanding distribution company network in 34 countries all over the world

Australia, Belarus, Brazil, Canada, China, Czech*, Denmark, Estonia, Finland, France, Hungary*, Iceland, Indonesia, Japan, Kazakstan, Latvia, Lithuania, Malaysia, Mexico, Norway, Poland, Portugal, Romania*, Russia*, Slovakia*, South Africa, South Korea, Spain, Sweden, Switzerland, Thailand, UK*, Ukraine*, USA

** Co-owned with Shimano*

Retail Customers Globally

ranging from world's largest retailers to smallest specialist shops

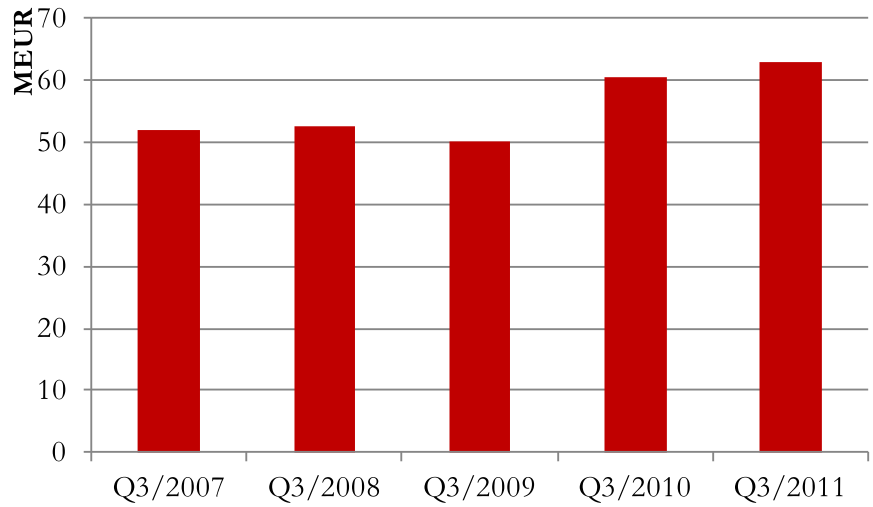
SUMMARY OF Q3 2011

EUR million	III/2011	III/2010	I-III/2011	I-III/2010	I-IV/2010
Net Sales	63.0	60.6	218.7	209.0	269.4
Operating Profit - Reported	2.3	2.9	27.2	27.1	31.3
Operating Profit - Comparable	2.8	3.1	28.1	27.5	31.8
Net Profit for the Period	0.2	1.4	16.1	18.9	20.7
EPS (basic), EUR	-0.01	0.01	0.34	0.42	0.46
Cash flow from Operations	15.3	7.0	16.8	15.2	13.0
Net Interest-bearing Debt	93.9	87.9	93.9	87.9	92.0

- Net sales for the quarter increased by 4% from last year to new third quarter record of 63.0 MEUR (60.6 MEUR). YTD Net sales increased by 5% to 218.7 MEUR (209.0 MEUR).
- Comparable operating profit decreased from last year to 2.8 MEUR (3.1 MEUR) for third quarter, but was up for the nine-month period at 28.1 MEUR (27.5 MEUR).
- Comparable operating margin was impacted by the inventory clearance sales and was 4.5% (5.1%) for the quarter and 12.9% (13.2%) for the nine months.
- EPS were -0.01 EUR (0.01 EUR) for the quarter and 0.34 EUR (0.42 EUR) YTD.
- Cash flow from operating activities for the quarter improved significantly to 15.3 MEUR and was 16.8 MEUR YTD following the positive development in the amount of working capital.
- It is expected that in 2011 the net sales will increase from 2010. Following the increased uncertainties in business environment, Group's focus on cash flow and consequent impacts of the inventory cleaning initiatives, profitability estimate is specified. The comparable operating profit is expected to remain close to last year's level although comparable operating profit margin is expected to be slightly lower.

ANALYSIS OF NET SALES

Net Sales Development	Q-on-Q	Y-on-Y
Group Total	**4 %**	**5 %**
Group Fishing Products	11 %	8 %
Other Group Products	-12 %	5 %
Third Party Products	-1 %	0 %
North America	3 %	-3 %
Nordics	-6 %	5 %
Rest of Europe	15 %	15 %
Rest of the World	-4 %	1 %

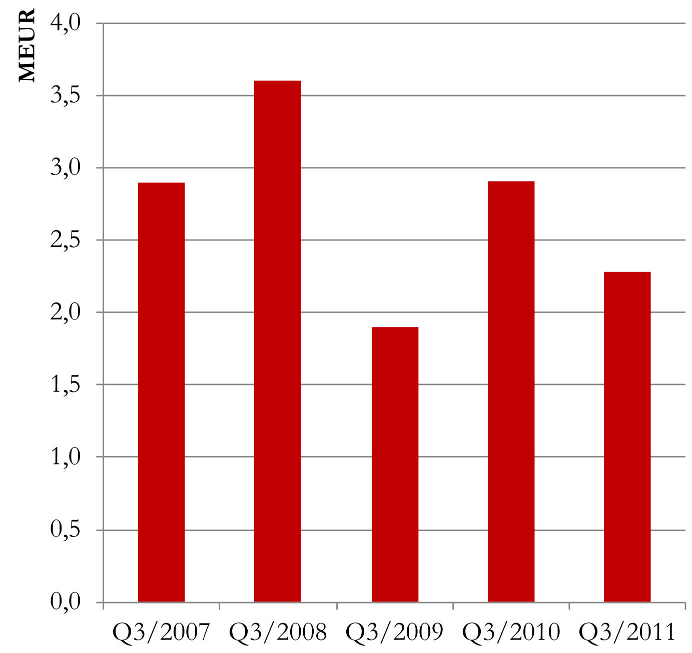


- Q3 net sales increased by 4% to 63.0 MEUR (60.6 MEUR). YTD net sales increased by 5% to 218.7 MEUR (209.0 MEUR).
- With comparable exchange rates and organization structure net sales increased 4% in the third quarter and by 3% during the nine-month period.
- Net sales of Group Fishing Products were driven by fishing lines and Dynamite Baits' products. Other Group Products were down for the quarter following decline in sales of gift products. In Third Party Products decline in hunting products was not entirely covered by the increase in outdoor products.
- North American sales developed positively after slow beginning of the season. YTD sales still affected by weak USD. In Nordics relocation affected sales. Rest of Europe supported by new sales generated by Dynamite Baits Ltd and good sales in France and East Europe. In Rest of the World external sales up in all markets, but impacted by lower production volumes at Group's Asian manufacturing units.

Analysis of operating profit

Operating profit (MEUR)	Q3/2011		Q3/2010		Q3/2011 YTD		Q3/2010 YTD	
	M€	%	M€	%	**M€**	%	M€	%
Group Total (comparable)	**2.8**	*4.5%*	3.1	*5.1%*	**28.1**	*12.9%*	27.5	*13.2%*
Group Fishing Products	**1.6**	*4.8%*	0.7	*2.4%*	**18.0**	*15.1%*	17.4	*15.8%*
Other Group Products	**-0.2**	*-3.7%*	1.1	*19.4%*	**0.7**	*4.3%*	1.7	*11.5%*
Third Party Products	**0.9**	*3.5%*	1.1	*4.2%*	**8.5**	*10.1%*	8.0	*9.4%*
Group Total (as reported)	**2.3**	*3.6%*	2.9	*4.8%*	**27.2**	*12.4%*	27.1	*13.0%*

- Comparable operating profit amounted to 2.8 MEUR (3.1) for Q3 and 28.1 MEUR (27.5) YTD. Comparable operating margin was 4.5% (5.1%) and 12.9% (13.2%) YTD.
- Non-recurring costs of 0.9 MEUR (0.4) YTD relate to restructurings and acquisition costs.
- Reported operating profit was 2.3 MEUR (2.9). Reported operating margin was 3.6% (4.8) and 12.4 % (13.0) YTD.
- The margin was negatively impacted by inventory reduction initiatives, relocation of Finnish distribution unit, increase in fixed costs, impact of currencies, and by bad debt allowances.
- Margin of Group Fishing Products benefited from improved profitability of fishing lines and accessories. Other Group Products suffered from decline in sales of gift products.
- Q3 ROCE was 4.1% (5.7) and YTD 16.3% (17.9).



NET RESULT AND CASH FLOW

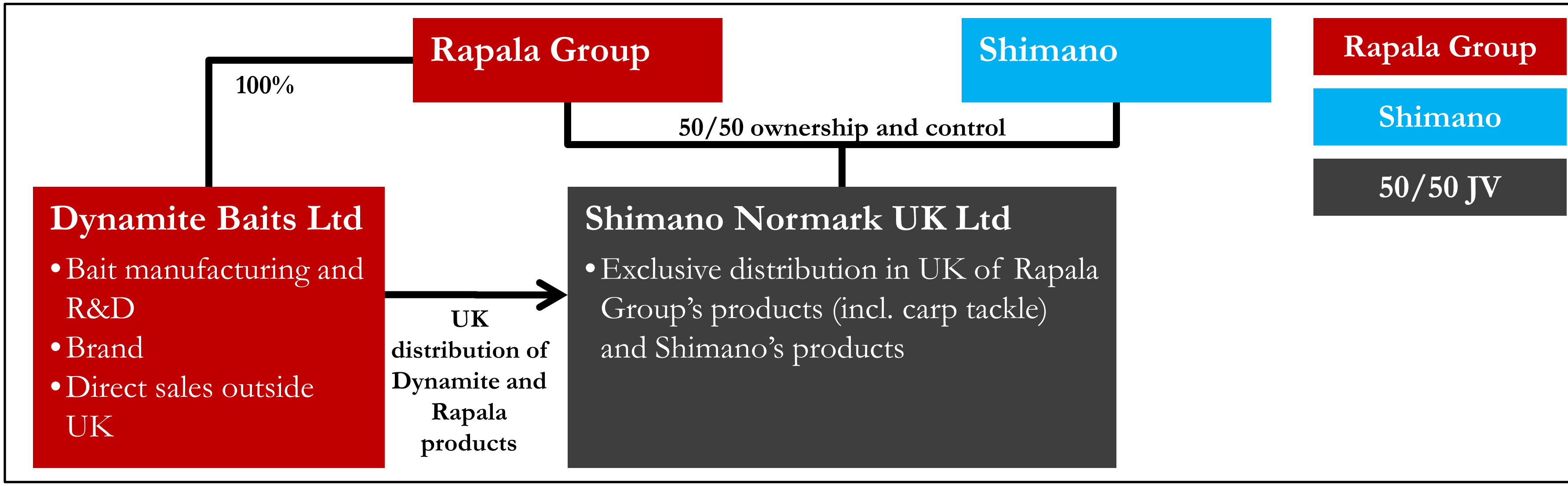
EUR million	III/2011	III/2010	I-III/2011	I-III/2010	I-IV/2010
Net profit for the period	0.2	1.4	16.1	18.9	20.7
Adjustments (reversal of non-cash items)	3.6	4.0	15.4	13.4	17.4
Financial items and taxes paid/rec	-2.9	-3.4	-9.0	-9.4	-12.1
Change in working capital	14.4	5.0	-5.7	-7.8	-13.0
Net cash from operating activities	**15.3**	**7.0**	**16.8**	**15.2**	**13.0**

- Q3 financial (net) expenses were 1.9 MEUR (1.2) and 4.5 MEUR (1.1) YTD, negatively impacted by change in (net) currency exchange expenses.
- EPS at -0.01 EUR (0.01) for Q3 and 0.34 EUR (0.42) YTD.
- Cash flow from operating activities for the quarter improved clearly from last year to 15.3 MEUR (7.0 MEUR) following the positive development in working capital, especially in account receivables and inventories. YTD cash flow from operating activities was 16.8 MEUR (15.2 MEUR).
- Net cash used in investing activities was down to 4.2 MEUR (7.2 MEUR) for the quarter and 8.2 MEUR (11.6 MEUR) for the first nine months, due to smaller business acquisitions.
- Net interest bearing debt was up at 93.9 MEUR (Q3/2010: 87.9 & Q4/2010: 92.0) but was 9.5 MEUR lower than in the end of June.
- Equity-to-assets ratio improved from last year to 42.2% (41.9). Gearing was slightly higher than last year at 71.8% (70.4), still at low levels historically.

Strategy implementation

- Implementation of Rapala's strategy of profitable growth continued during the third quarter of the year by taking several actions relating to manufacturing and distribution activities as wells as Group's internal supply chain and inventory management.
- The transaction to create a joint venture distribution company with Shimano in the UK was closed in the beginning of September.
- In July Rapala also closed a deal to purchase a small UK based company Advanced Carp Equipment Ltd ("ACE"). ACE will form the platform for Rapala's fast entry into carp fishing equipment and accessories product categories in the UK and in Europe.
- Project to establish a lure manufacturing unit on Batam Island in Indonesia proceeded according to plans. VMC, Rapala's hook manufacturing branch, also made a decision to establish operations on Batam. Both units are expected to start operations during fourth quarter.
- Group's new distribution company in Mexico started its operations during the third quarter. Indonesian distribution company will commence its business in October.
- Relocation of Peltonen Ski factory was finished during the quarter. Relocation of Finnish distribution operations will be finalized during October.
- The planning and implementation of actions and changes in Group's internal supply chain, inventory and product life-cycle management continued during the third quarter, targeting to permanently bring down Group's inventories to lower levels, while simultaneously improving service levels to customers. Implementation of these actions will continue also next year.
- The special performance improvement initiative in Norwegian distribution company continued.
- Discussions and negotiations regarding acquisitions and business combinations continued.

STRATEGIC DISTRIBUTION ALLIANCE WITH SHIMANO IN UK



- Deal to create a distribution Joint Venture with Shimano in the UK was closed during Q3.
- Rapala and Shimano decided to strengthen their European distribution alliance by merging their existing UK distribution activities into a 50/50 owned true Joint Venture and agreed on European-wide co-operation in the carp business.
- The JV is consolidated to Rapala Group by using the equity method.
- Dynamite Baits Ltd (manufacturing and sourcing of Dynamite and ACE branded carp baits and accessories) stays in full ownership of Rapala Group and made a distribution agreement of UK market with the JV.
- Already before this transaction, Rapala Group distributes Shimano rods and reels in South Africa and 27 countries in Europe. Rapala and Shimano have shared ownership in distribution companies in six East European countries. These companies are controlled by Rapala. Shimano distributes Rapala branded products (now including Dynamite carp baits and accessories) in four countries in Europe.

EXPANSION OF PRODUCTION TO INDONESIA

Location of Batam, Indonesia

Rapala lure factory

Key facts of Batam

- Part of a Special Economic Zone with Singapore
- One hour ferry-ride from Singapore
- Low unit labor cost
- Good labor availability
- Multi-ethnic workforce
- Government support from Indonesia and Singapore
- Free trade area
- Material supplies platform developed

Rapala expansion to Batam

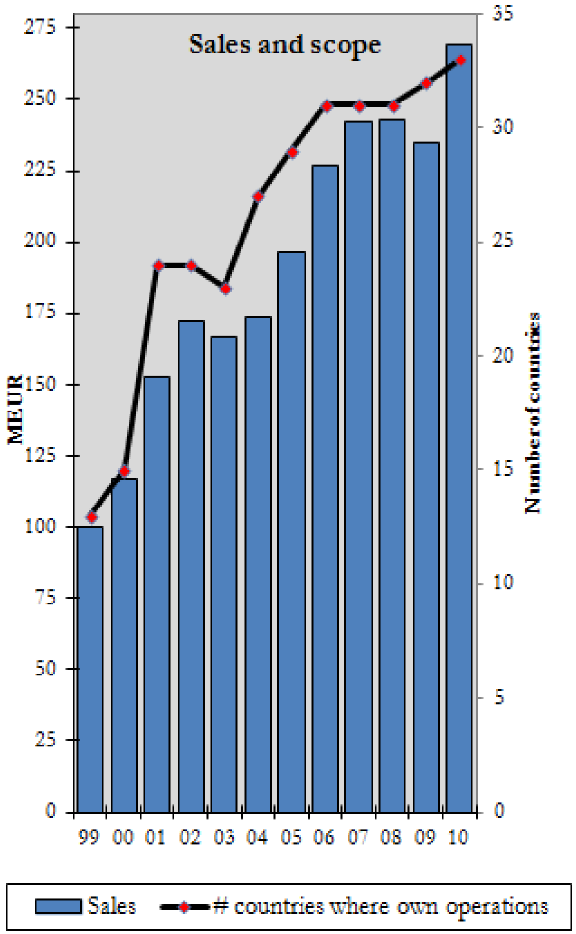
- New lure and hook (VMC) manufacturing operations will be opened in Batam to secure access to cost competitive production resources. Chinese labor costs are increasing and labor availability is becoming more challenging. Additionally currency appreciation is widely anticipated in China.
- Lure manufacturing will start with PVC soft plastic lures, will employ some 150-200 people at first stage and run parallel to the Chinese manufacturing operations. Future steps analyzed later.
- VMC will produce mainly single hooks and employ some 50 people.
- Both operations are expected to start during Q4.

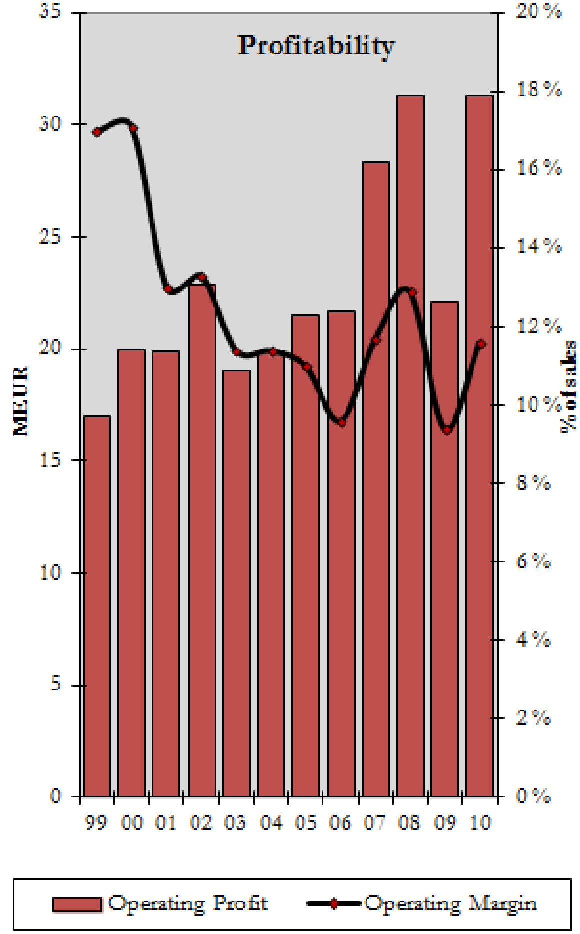
Rapala RESPECTED BRANDS

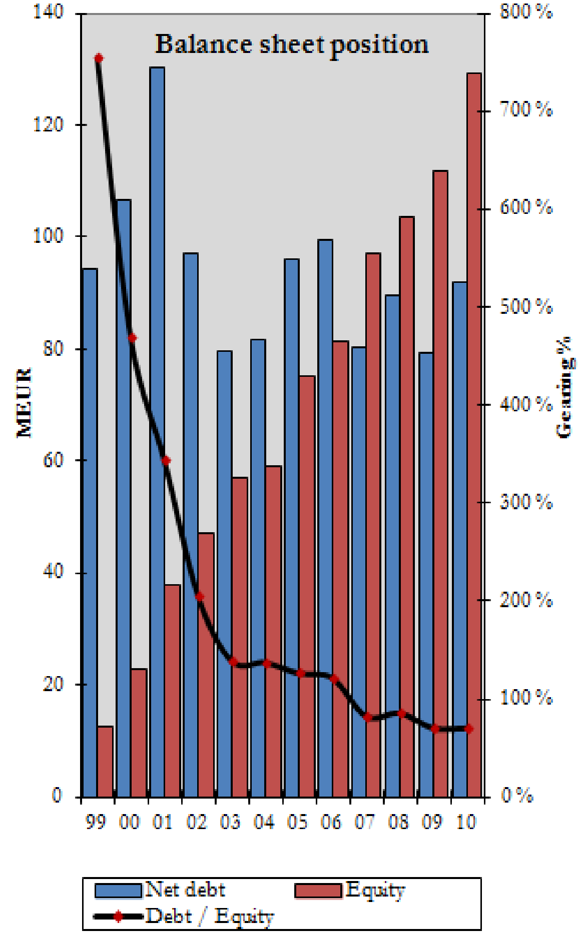
Short-term outlook

- The re-emerging uncertainties concerning the future development of world economies and the impacts these may have on consumer and retailer behavior limit the visibility to the future.
- So far the recent economic turbulences have only had limited impact on demand for Rapala's products and even historically the fishing tackle business has not been too strongly influenced by the downturns in the general economic climate.
- The uncertainties in business environment will anyhow increase the emphasis on prudent credit, inventory and liquidity management.
- The presales of winter sports equipment for coming winter season have been better than last year and the supply chain has functioned well.
- In the USA order book for the fourth quarter is strong and should materialize in good sales still this year.
- Fourth quarter deliveries are always subject to uncertainties relating to weathers and timing, which together with year-end accounting accruals may cause fluctuation to the fourth quarter sales and operating profit.
- It is expected that in 2011 the net sales will increase from 2010. Following the increased uncertainties in business environment, Group's focus on cash flow and consequent impacts of the inventory cleaning initiatives, profitability estimate is specified. The comparable operating profit is expected to remain close to last year's level although comparable operating profit margin is expected to be slightly lower.
- Fourth quarter interim report and annual accounts will be published on February 8, 2012.

FINANCIAL TRENDS IN RAPALA







- It is expected that in 2011 the net sales will increase from 2010. The comparable operating profit is expected to remain close to last year's level although comparable operating profit margin is expected to be slightly lower.
- Financial position getting even stronger allowing headroom for new acquisitions.

SHARES AND SHAREHOLDERS

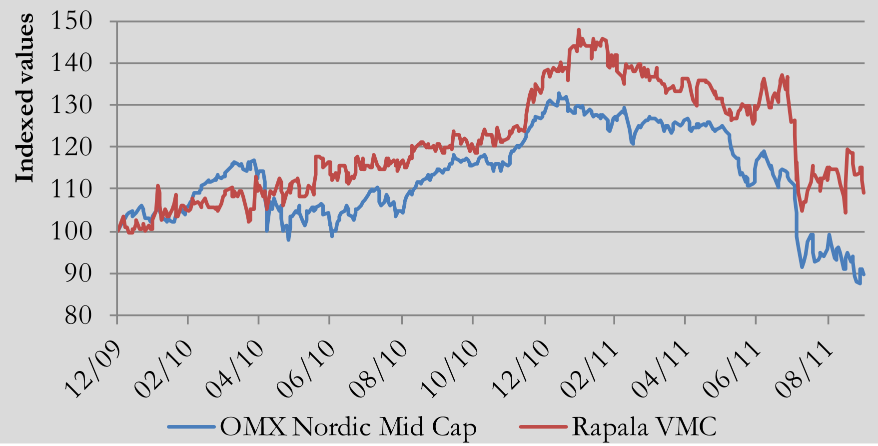
SHARE RELATED DATA (09/2011)

• Market capitalization	211.0 MEUR
• 12-month high/low	7.38/4.86 EUR
• All-time high/low	8.40/2.50 EUR

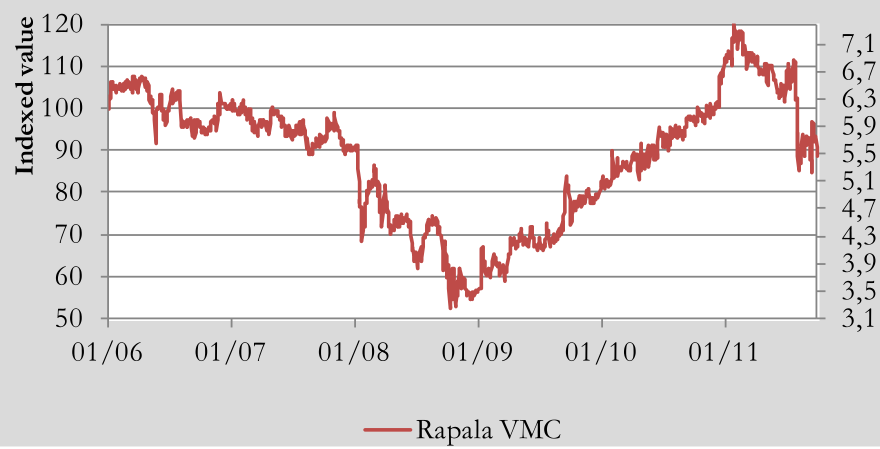
MAJOR SHAREHOLDERS (09/2011)

• VMC Holdings	30 %
• Sofina	19 %
• Odin Funds	8 %
• Ilmarinen	5 %
• OP Funds	5 %
• Nordea Funds	4 %
• State Pension fund	3 %
• Shimano	2 %
• Pension Fennia	2 %

Share price index performance in Jan 2010 – Sep 2011



Share price performance in Jan 2006 – Sep 2011



END OF PRESENTATION

Tight lines!