Q2 Interim Report 2007

July 26, 2007

AGENDA

- Business Organisation & Competition
- Q2 and 6-month 2007 in Brief
- Sales Analysis
- Profitability and Analysis
- Cashflow & Working Capital
- Strategy Implementation
- Outlook for 2007

Group Organizational Overview

Distribution

OWN DISTRIBUTION

- USA
- CANADA
- JAPAN
- BRAZIL
- MALAYSIA
- AUSTRALIA
- CHINA
- THAILAND
- SOUTH AFRICA
- FINLAND
- SWEDEN
- DENMARK
- NORWAY
- FRANCE
- SPAIN
- SWITZERLAND
- PORTUGAL
- SOUTH KOREA
- ESTONIA
- POLAND
- RUSSIA
- UKRAINE
- LITHUANIA
- LATVIA
- CZECH REPUBLIC
- HUNGARY

SHIMANO

- ITALY
- GERMANY
- NETHERLANDS
- BELGIUM

LOCAL IMPORTERS

- REST OF EUROPE
- REST OF WORLD

Group Brands

OWN GROUP BRANDS

Rapala, Storm, VMC, Blue Fox, Williamson, Luhr-Jensen (Since 1932 ... Where Legends Live), Ultrabite, Marttiini (The Sharpest Choice since 1928)

PRODUCT SOURCE Supply

OWN R&D AND MANUFACTURING OR SOURCING

MANUFACTURING AND R&D

HARDBAITS RAPALA STORM SPINNERS BLUE FOX	SOFTBAITS STORM OTHER LURES BLUE FOX WILLIAMSON LUHR JENSEN	HOOKS TERMINAL TACKLE KNIVES XC-SKIS
RAPALA FINLAND, IRELAND ESTONIA, RUSSIA	WILLTECH HONG KONG CHINA	VMC FRANCE WILLTECH CHINA MARTTIINI FINLAND, ESTONIA & CHINA PELTONEN FINLAND

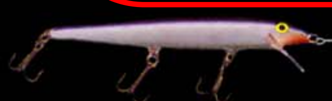
SOURCING AND R&D

KNIVES
ACCESSORIES
LINE, TERMINATOR
RODS&REELS
XC-SKIS & POLES

FINLAND SWEDEN
USA, CHINA
RUSSIA
NEW ZEALAND

THIRD PARTY SUPPLIERS

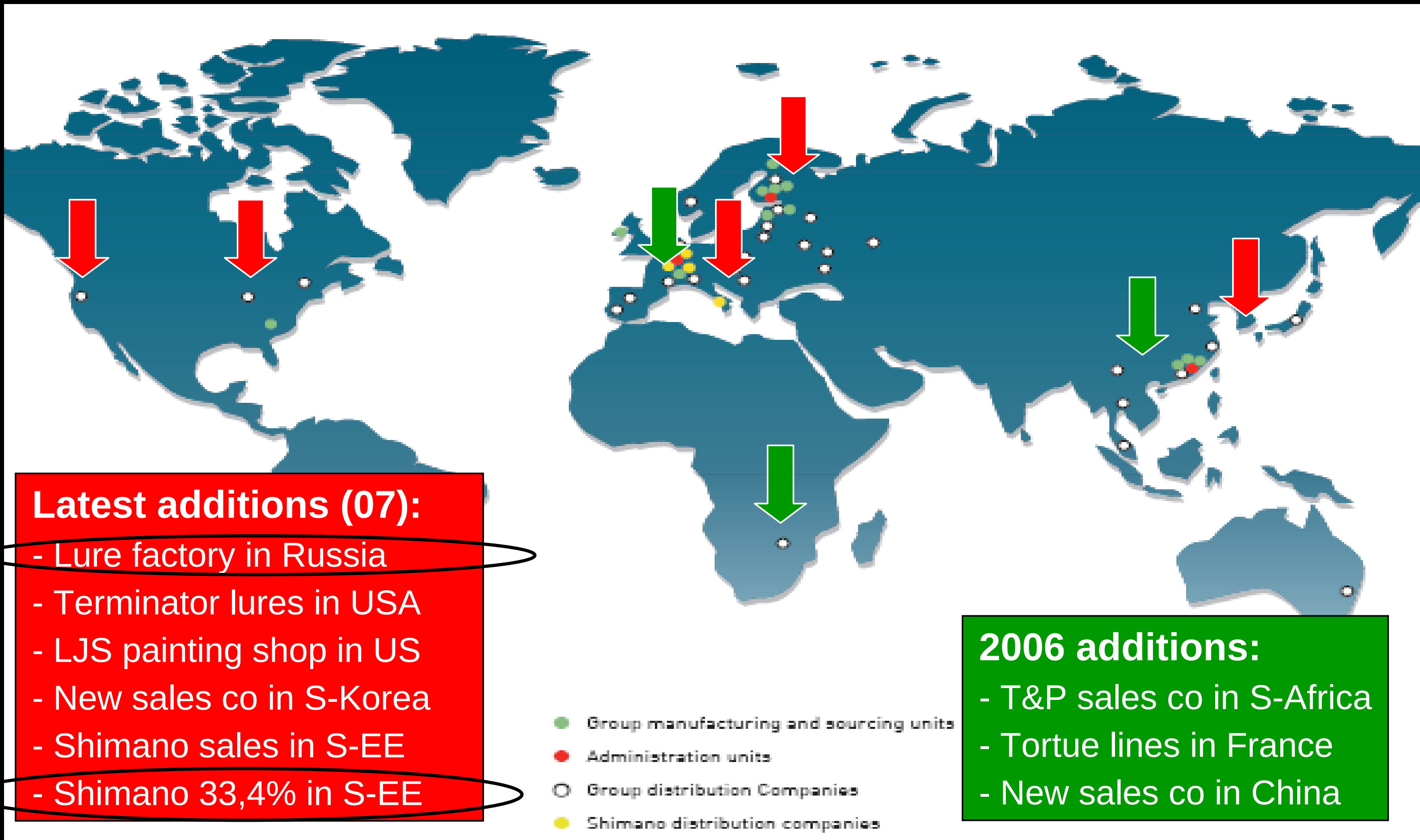
SHIMANO
OTHER FISHING
HUNTING
WINTER SPORTS
OUTDOOR



Hannu Murtonen (East-Europe) and Tom Mackin (USA) appointed to Group Executive Committee in May 2007

Rapala

Location of Business Operations – Latest Updates



Latest additions (07):
- Lure factory in Russia
- Terminator lures in USA
- LJS painting shop in US
- New sales co in S-Korea
- Shimano sales in S-EE
- Shimano 33,4% in S-EE

2006 additions:
- T&P sales co in S-Africa
- Tortue lines in France
- New sales co in China

Competition and Major Players in the Industry

Company	Worldwide sales MUSD*	Major product categories	Comments
! Jarden	450	Rods, reels, combos, line, soft plastics	Pure Fishing + Shakespeare US sales ca. 60% of sales
Daiwa	450	Rods, reels, lures	Japan ca. 80% of total sales
Shimano	380	Rods, reels, accessories	Japan almost 50% of sales
Rapala VMC	300	Lures, hooks, accessories	3rd party products 1/3 of sales
Pure Fishing (ABU) Now part of Jarden	250	Rods, reels, combos, line, soft plastics	Bough by Jarden in April 2007
K2 (Shakespeare) Now part of Jarden	200	Combos, rods, reels	Bough by Jarden in April 2007
Zebco	90	Rods & reels	USA
Gamakatsu	80	Hooks, rods, reels, accessories	Japan
Eagle Claw	60	Hooks, rods, reels, accessories	USA
Mustad	55	Hooks & accessories	Norway
Pradco	50	Lures	USA
Okuma	40	Rods & reels	Taiwan

* 2006 figures, partly estimated if published information not available

THE NEXT LEVEL

Q2 AND 6-MONTH 2007 IN BRIEF

EUR million	**II/07**	II/06	**I-II/07**	I-II/06	2006
Sales	**73.4**	64.2	**136.8**	127.6	226.6
EBITDA	**12.6**	9.7	**24.9**	21.3	28.0
Operating Profit (EBIT)	**11.0**	8.1	**23.0**	18.1	21.7
Profit Before Taxes	**9.8**	6.1	**20.8**	13.9	14.6
Net Profit for the Period	**6.7**	4.5	**14.4**	10.1	11.0
EPS (basic), EUR	**0.17**	0.11	**0.37**	0.26	0.28
Equity-to-assets, %	**33.2**	32.6	**33.2**	32.6	33.4
Net Interest-bearing Debt	**101.9**	106.4	**101.9**	106.4	99.3

- Q2 2007 ***record sales and strong profitability*** (even with weak USD).
- Q2 net sales on record level and operating profit margin continues to improve.
- Strategy implementation proceeded: Shimano distribution and partnership expanded, Russian lure factory ramp-up continues, several performance improvement projects ongoing and organic growth speeds up

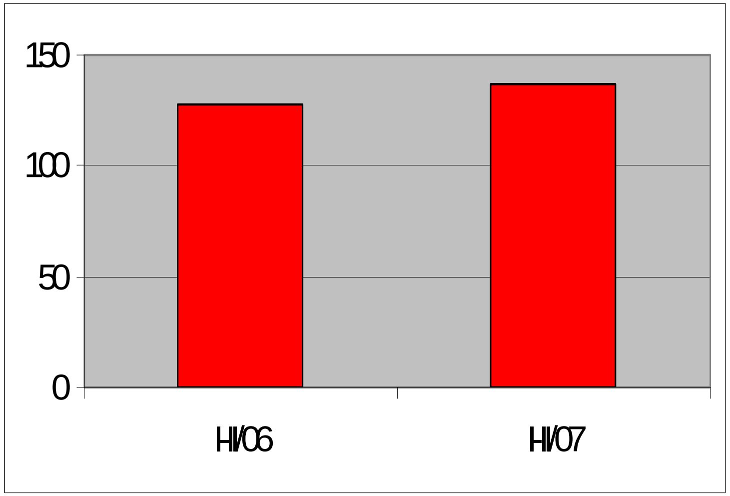
SALES ANALYSIS

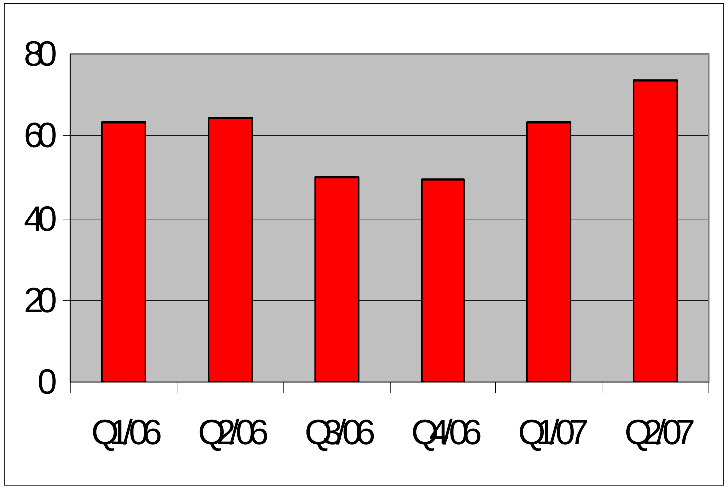
- Q2 total sales were up 14% reaching a record level at 73.4 MEUR (64.2).
- H1 sales were up 7% to 136.8 MEUR (127.6).

- With comparable fx-rates H1 sales were up 12%.

- 1% came from Terminator, the rest was organic growth

- All product lines and geographical areas increased their sales Q2.
- Sales in Nordic countries were up 16% for Q2 and 6% for H1.
- European sales were up 14% for Q2 & 9% for H1.
- Sales in new markets like Asia, Africa & Australia continued to grow fast for both Q2 and H1.
- North American sales were up 2% for Q2 and on last year levels for H1, due to weakening of USD. With comparable fx-rates H1 sales were up 9%.
- Q2 is traditionally the strongest quarter for sales.
- 2008 products well received at EFFTEX & ICAST





PROFITABILITY ANALYSIS

- Q2 operating profit up to 11.0 MEUR (8.1) as a result of strong sales of Group branded fishing tackle and negative goodwill of Terminator acquisition
- Q2 operating margin to 15.0% (12.6), H1: 16.8%
- Q2 ROCE was up to 23.6% (18.0), H1 24.7% (20.1)
- Operating profit for H1 up to 23.0 MEUR (18.1)

  - Strong sales of Group branded fishing tackle

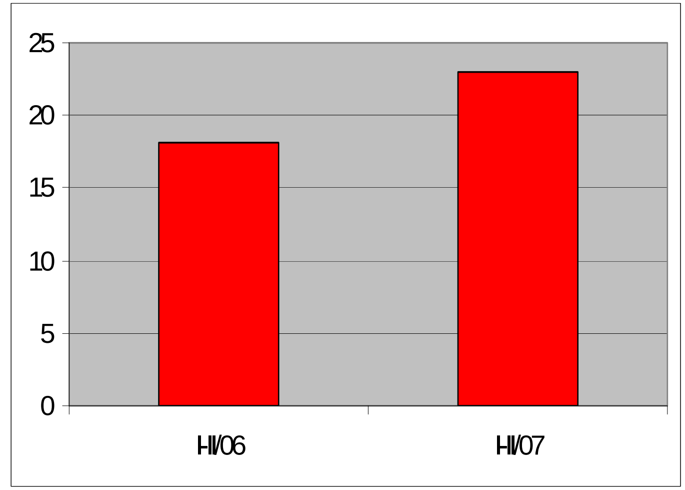
  - First results of performance improvement initiatives

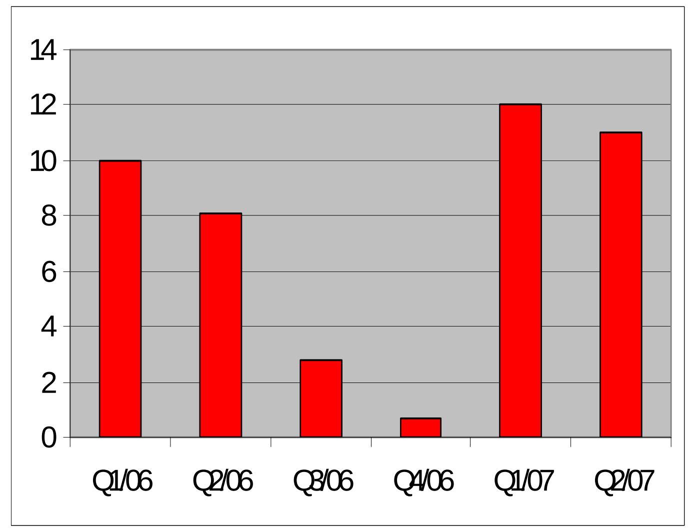
  - Negative goodwill from Terminator deal

- H1 operating profit up in all areas but Rest of the World: strongly increased metal prices reduced the profitability of the Chinese factory
- Fx-impact on operating profit was -0.6 MEUR while the hedging result +0.8 MEUR was in financial items
- Comparable operating margin above 2006 levels
- Financial net expenses decreased

- Q2 interest expenses 1.5 MEUR (1.2), H1: 3.0 MEUR (2.5)

- Q2 fx-gains 0.4 MEUR (0.8 loss), H1: 0.8 MEUR (1.7 loss)





CASHFLOW AND WORKING CAPITAL

STATEMENT OF CASH FLOWS	**II**	II	**I-II**	I-II	**I-IV**
EUR million	**2007**	2006	**2007**	2006	**2006**
Net profit for the period	**6.7**	4.5	**14.4**	10.1	**11.0**
Adjustments	**3.5**	4.0	**6.3**	8.3	**7.1**
Change in working capital	**3.4**	1.1	**-14.4**	-18.5	**-8.1**
Net cash from operating activities	**13.6**	9.5	**6.2**	-0.1	**10.0**
Net cash used in investing activities	**-1.9**	-1.1	**-4.9**	-7.3	**-14.7**
Cash flow before financing activities	**11.6**	8.5	**1.3**	-7.3	**-4.6**

- Cash flow from operating activities improved in Q2 clearly from last year and from Q1.
- Working capital decreased moderately from March (decrease in inventories and trade receivables). Comparable inventories (excl. acquired & new businesses) at last year levels.
- Q2 capex was 1.9 MEUR (1.1). H1 capex was 4.9 MEUR (7.3) including Terminator deal (January), Hungarian distribution centers ownership restructuring (May), first settlement of the final payment of Freetime acquisition (2005) and final payment of Guigo acquisition (2004).
- Net interest-bearing debt decreased from March to 101.9 MEUR (Dec: 99.3).
- From March, equity-to-asset ratio up to 33.2% (Dec: 33.4%) and gearing down to 112.3% (Dec: 122.2%).

STRATEGY IMPLEMENTATION IN Q2 2007

- Rapala's strategic objective is profitable growth.
- During the second quarter, management continued discussions and negotiations regarding acquisitions and business combinations to implement the Group's strategy.
- In Q2, focus was on performance improvement initiatives to turn around the declining trend in operating profit margin and development of organic growth. These have started to capitalize in earnings.
- Manufacturing and distributing of Terminator products is proceeding on plan. Manufacturing of Luhr Jensen product's at Group's Chinese factory in on full speed while the high demand for these lures continues. The ramp-up of the lure assembly factory at Russia is proceeding on plan.
- In Q2, the Group strengthened its distribution alliance with Shimano in South East Europe. Shimano owns now 33,4% of the Group Hungarian distribution company.
- In early July, the Group announced its plans to consolidate its operations in France. Major savings and efficiency improvements would take place with this plan. If this plan is realized costs will start to materialize and provisions will be booked during the second half of the year.
- Several other performance improvement and cost cutting actions have been made in different distribution and production units.

OUTLOOK FOR 2007

- Market outlook for H2 looks quite stable. Fishing tackle sales in North America and Europe are developing well but Q3 is traditionally the slowest period in those areas. Australia and South Africa are heading for their spring season, which will boost their business for Q3 & Q4. The distribution of third party products for hunting and towards the end of the quarter also winter sports is relatively the highest in Q3. Since the margins of these products are on average lower than those of fishing tackle, this will traditionally affect the profitability of Q3.
- It is expected that the Group's net sales for 2007 will increase 7-12% assuming 2006 average exchange rates. Possible acquisitions and business combinations during 2007 would further increase the sales.
- Business development and integration expenses and start-up costs will continue in 2007. These costs, excluding the possible non-recurring costs for the plans to consolidate operations in France, are not expected to exceed the comparable costs in 2006.
- With comparable exchange rates and excluding non-recurring items during H2, full year operating profit is expected to increase in double digit and operating profit margin to improve from 2006.
- The benefit of the completed acquisitions and development initiatives implemented since 2005 will continue to capitalize gradually while full effect will be seen from H2 2008 onwards.
- Project to reduce working capital will continue. The target is to see an improvement on ongoing operations while the new acquisitions and start-ups will tie new working capital.
- Group management continues planning and negotiations regarding further acquisitions and business combinations to implement the Group's strategy.
- The third quarter interim report will be published on October 25th.

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