October 27, 2011 at 9.30 a.m.

INTERIM REPORT FOR JANUARY TO SEPTEMBER 2011: SALES GROWTH CONTINUED AND CASH FLOW IMPROVED SIGNIFICANTLY

- Net sales for the quarter increased by 4% from last year to new third quarter record of 63.0 MEUR (60.6 MEUR). Net sales for January to September reached 218.7 MEUR (209.0 MEUR), increasing 5% from last year.
- 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 lower than last year amounting to 4.5% (5.1%) for the quarter and 12.9% (13.2%) for the nine months. Reported operating profit for the third quarter was 2.3 MEUR (2.9 MEUR) and 27.2 MEUR (27.1 MEUR) for January to September.
- Net profit for third quarter was down to 0.2 MEUR (1.4 MEUR) and was 16.1 MEUR (18.9 MEUR) for the nine-month period, heavily impacted by currency exchange rate movements. Earnings per share were -0.01 EUR (0.01 EUR) and 0.34 EUR (0.42 EUR) respectively.
- Cash flow from operating activities for third quarter improved significantly to 15.3 MEUR (7.0 MEUR) and was 16.8 MEUR (15.2 MEUR) for the nine-month period following the positive development in the amount of working capital.
- Implementation of the Group's strategy continued:
    - by closing the transaction to create a distribution joint venture with Shimano in the UK,
    - by proceeding with establishment of a lure manufacturing unit as well as a VMC hook manufacturing unit on Batam Island in Indonesia and
    - by continuing the planning and implementation of new supply chain and inventory management initiatives.
- 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.

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

A conference call on the third quarter result will be arranged today at 3.00 p.m. Finnish time (2.00 p.m. CET). Please dial +44 (0)20 7784 1038 or +1 212 444 0889 or +358 (0)9 2310 1667 (pin code: 881159#) 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: 881159#). Financial information and teleconference replay facility are available at www.rapala.com.

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Market situation and Sales

Rapala's sales growth continued in third quarter of the year, again breaking the previous third quarter sales record. The re-emerging uncertainties concerning the future development of economies globally and particularly in Europe did not significantly affect the demand for fishing tackle in any of the major markets. Weathers supported the sales, especially in Central and Western Europe. New products have been selling well. Rapala's supply chain operated smoothly enabling better and timely availability of products, thus securing fill rates and importantly promoting customer satisfaction among major customers. Changes in foreign exchange rates reduced the net sales compared to last year. Some negative impacts of the ongoing financial turmoil have been seen in some single markets and impacting certain more expensive product categories. Tight credit control as well as relocation of operations impacted sales negatively in some markets. Special sales initiatives to bring down Group's inventory levels accelerated.

Net sales for the third quarter increased by 4% from last year to 63.0 MEUR (60.6 MEUR), whereas changes in currency exchange rates reduced the sales by 1.9 MEUR. New units contributed 2.1 MEUR net sales in the third quarter. The nine-month net sales reached 218.7 MEUR (209.0 MEUR), increasing 5% from last year. With comparable exchange rates and organization structure Rapala's net sales increased by 4% in third quarter and by 3% during the nine-month period.

Net sales of Group Fishing Products increased by 11% in third quarter and by 8% for the nine months, following increased third quarter sales of fishing lines and Dynamite Baits' products. Net sales of Other Group Products was down 12% for the third quarter, following decline in sales of gift products, while for the nine-month period the sales were up 5%. Net sales of Third Party Products were down 1% for the third quarter, as the decline in hunting products was not entirely covered by the increase in outdoor products. For the nine-month period sales were at last year level.

In North-America, after slow beginning of the season, sales developed positively during third quarter by increasing 3% from last year, even though US dollar was 7% weaker year-to-date against euro than last year. Consequently the nine-month sales were 3% down from last year. US consumer confidence and general retail business is still hurt by the ongoing economical uncertainties. Rapala's North-American sales increase in third quarter was supported by good delivery performance as well as introduction of new winter fishing products and special sales programs.

In Nordic countries sales were down by 6% in third quarter, but up 5% in the nine-month period. Third quarter drop is largely caused by timing issues relating to relocation of Rapala's Finnish distribution company. Decline in sales of more expensive hunting equipment also impacted the Nordic sales. In Rest of Europe sales were up 15% in third quarter and equally for the nine months. Growth was based on good sales performance especially in France and East Europe as well as impact of Dynamite Baits, which was acquired during third quarter last year.

In Rest of the World third quarter sales fell 4% from last year, but were 1% up for the nine-month period. In third quarter external sales grew in all markets, especially strong in Japan and Australia, while production volumes at Rapala's Asian manufacturing operations are slightly down from last year's record levels following Group's ongoing working capital management projects.

Financial Results and Profitability

Comparable operating profit, excluding non-recurring items, 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 lower than last year amounting to 4.5% (5.1%) for the quarter and 12.9% (13.2%) for the nine months. Following increased focus on cash flow, the third quarter operating profit was negatively impacted by the ongoing inventory reduction initiatives, including controlled clearance sales of slow moving items as well as timing issues relating to the relocation of the Finnish distribution operations and increase in fixed costs. Compared to last year change in currency exchange rates gave positive impact for the third quarter profitability, but for the nine months the impact of currencies is negative. Third quarter operating profit was also burdened by higher allowances for doubtful receivables, whereas last year it benefitted from positive change in fair value of share based-payment programs.

Reported operating profit for the third quarter decreased from last year and amounted to 2.3 MEUR (2.9 MEUR), but was up for the nine-month period at 27.2 MEUR (27.1 MEUR). Reported operating margin was 3.6% (4.8%) and 12.4% (13.0%) respectively. Reported operating profit for the quarter included -0.5 MEUR (-0.2 MEUR) non-recurring items consisting of restructuring and acquisition costs. For nine months non-recurring items amounted to -0.9 MEUR (-0.4 MEUR). Return on capital employed fell to 4.1% (5.7%) for the quarter and to 16.3% (17.9%) for the nine months.

Key figures MEUR	**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
EBITDA as reported	**4.1**	4.5	**32.3**	31.7	37.4
EBITDA excl. one-off items	**4.5**	4.6	**33.0**	32.1	37.9
Operating profit (EBIT)	**2.3**	2.9	**27.2**	27.1	31.3
EBIT excl. one-off items	**2.8**	3.1	**28.1**	27.5	31.8

As a result of improved profitability of fishing lines and accessories, operating profit for Group Fishing Products increased to 1.6 MEUR (0.7 MEUR) for the third quarter and to 18.0 MEUR (17.4 MEUR) for the nine-month period. Operating profit margin increased to 4.8% (2.4%) for the quarter, but was down to 15.1% (15.8%) for the nine-month period. Operating profit of Other Group Products turned negative in third quarter following the decline in sales of gift products as well as non-recurring costs and timing issues relating to relocations of the Finnish operations. Operating profit of Third Party Products was slightly lower than last year in the third quarter, but still ahead of last year in the nine-month period. In third quarter, profitability of third party fishing was at last year level, whereas outdoor products were above and hunting and winter sports equipments below last year levels.

Total financial (net) expenses increased significantly amounting to 1.9 MEUR (1.2 MEUR) for the third quarter and 4.5 MEUR (1.1 MEUR) for the nine-month period. Major negative change in financial items is resulting from (net) currency exchange expenses which amounted to 1.0 MEUR (0.4 MEUR) for the quarter and 1.6 MEUR (net gain 1.4 MEUR) for the nine-month period. Net interest and other financing expenses remained closer to last year levels at 0.9 MEUR (0.8 MEUR) for the quarter and 2.9 MEUR (2.6 MEUR) for the nine months.

As a result of lower operating profit and increased financial (net) expenses, net profit for third quarter was down to 0.2 MEUR (1.4 MEUR) and amounted to 16.1 MEUR (18.9 MEUR) for the nine-month period. After deduction of non-controlling interest, earnings per share turned negative for the quarter amounting to -0.01 EUR (0.01 EUR) and was 0.34 EUR (0.42 EUR) for the nine-month period.

Cash Flow and Financial Position

Following the positive development in working capital, especially change in accounts receivables and inventories, cash flow from operations improved clearly from last year to 15.3 MEUR (7.0 MEUR) for the quarter and was 16.8 MEUR (15.2 MEUR) for the nine-month period. Net change in working capital was 14.4 MEUR (5.0 MEUR) for the quarter and -5.7 MEUR (-7.8 MEUR) for the nine-month period. Group’s inventories increased 8.5 MEUR from last September to 115.2 MEUR (106.7 MEUR), while currency movements reduced the value of inventories 0.7 MEUR. However from June to September, inventories decreased with comparable currency rates 1.6 MEUR, while last year same period with comparable currency rates they increased 4.3 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 nine-month period, due to smaller business acquisitions.

Due to higher inventory levels compared to last year, net interest bearing debt was up at 93.9 MEUR (87.9 MEUR) at end of September, but was 9.5 MEUR lower than in the end of June. Equity-to-asset 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 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 (“JV”) with Shimano in the UK was closed in the beginning of September. The transaction was based on an agreement signed in June between Rapala and Shimano Inc., the leading manufacturer of rods and reels worldwide, to strengthen European distribution alliance by merging existing UK distribution activities into a true 50/50 distribution JV. This JV, Shimano Normark UK Ltd, distributes both Rapala and Shimano products in the UK on an exclusive basis. Dynamite Baits’ UK distribution activities are merged into the JV. Dynamite Baits branded bait manufacturing activities will remain fully in Rapala’s control under Dynamite Baits Ltd. JV will be consolidated into Rapala’s accounts by using the equity method.

In July Rapala also closed a deal to purchase a small UK based company Advanced Carp Equipment Ltd (“ACE”), engaged in design and sales of equipment and accessories for carp fishing. ACE will form the platform for Rapala’s fast entry into these product categories in the UK and in Europe.

Project to establish a lure manufacturing unit on Batam Island in Indonesia proceeded according to plans. The manufacturing facility will provide access to cost competitive production resources also in the future and enable manufacturing efficiencies. After the necessary renovations and equipment installations the production of PVC soft plastic lures is expected to start during the fourth quarter. At first stage the operation will employ some 150–200 people and run parallel to Group’s Chinese manufacturing operations. Possibilities to expand lure manufacturing operations in Batam further will be studied once the first stage is successfully implemented.

VMC, Rapala’s hook manufacturing branch, also made a decision to establish hook manufacturing operations on Batam Island, nearby the lure manufacturing facility. This unit will mainly produce single hooks and serve Rapala’s Asian lure manufacturing operations as well as other Asian hook customers. Operations are expected to start during the fourth quarter and within a year employ some 50 persons. Capital expenditure of this project is expected to be in the range of 0.3 MEUR.

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. The topic is high on the agenda of each Group unit and planned actions include among others special campaigns and clearance sales of slow-moving inventory as well as improving the information and product flow between Group’s manufacturing and distribution units. The implementation of these actions and planning of new initiatives will continue also next year.

Group’s new distribution company in Mexico started its operations during the third quarter. Indonesian distribution company will commence its business in October. Rapala is actively investigating possibilities to further expand its global distribution network, already largest within the industry.

Relocation of Rapala’s ski manufacturing unit Peltonen Ski Oy was finalized during the third quarter in accordance to plans. New location and investments increase the capacity significantly and enable clear improvements in manufacturing efficiencies.

Relocation of Rapala’s Finnish distribution company Normark Suomi Oy started during the second quarter and will be finalized during October. As expected, relocation has caused some delays in shipments. New location will enable more efficient warehouse and logistics operations.

The special performance improvement initiative in Rapala’s Norwegian distribution company continued.

Discussions and negotiations regarding acquisitions and business combinations continued during the third quarter.

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 2011 will be published on February 8, 2012.

Helsinki, October 27, 2011

Board of Directors of Rapala VMC Corporation

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

STATEMENT OF INCOME MEUR	**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
Other operating income	**0.3**	0.2	**0.6**	0.4	0.7
Materials and services	**32.1**	28.7	**100.4**	96.4	123.9
Personnel expenses	**14.5**	14.1	**46.1**	43.2	59.1
Other costs and expenses	**12.6**	13.5	**40.5**	38.0	49.7
Share of results in associates and joint ventures	**0.0**	0.0	**0.0**	0.0	0.0
EBITDA	**4.1**	4.5	**32.3**	31.7	37.4
Depreciation and amortization	**1.8**	1.6	**5.0**	4.6	6.1
Operating profit (EBIT)	**2.3**	2.9	**27.2**	27.1	31.3
Financial income and expenses	**1.9**	1.2	**4.5**	1.1	1.8
Profit before taxes	**0.3**	1.7	**22.7**	26.0	29.5
Income taxes	**0.1**	0.3	**6.6**	7.0	8.7
Net profit for the period	**0.2**	1.4	**16.1**	18.9	20.7
Attributable to:					
Equity holders of the Company	**-0.5**	0.5	**13.1**	16.3	18.0
Non-controlling interests	**0.7**	0.9	**3.0**	2.6	2.8
Earnings per share for profit attributable to the equity holders of the Company					
Earnings per share, EUR (diluted = non-diluted)	**-0.01**	0.01	**0.34**	0.42	0.46

STATEMENT OF COMPREHENSIVE INCOME MEUR	**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
Other comprehensive income, net of tax					
Change in translation differences	**2.4**	-6.5	**-2.9**	5.1	7.8
Gains and losses on cash flow hedges	**-0.5**	0.0	**-0.1**	-1.5	-1.2
Gains and losses on hedges of net investments	**-0.8**	1.3	**0.0**	-0.9	-1.1
Total other comprehensive income, net of tax	**1.1**	-5.1	**-3.0**	2.7	5.5
Total comprehensive income for the period	**1.4**	-3.7	**13.1**	21.6	26.3
Total comprehensive income attributable to:					
Equity holders of the Company	**1.0**	-4.5	**10.6**	18.8	23.1
Non-controlling interests	**0.4**	0.8	**2.5**	2.9	3.2

STATEMENT OF FINANCIAL POSITION MEUR	**Sep 30 2011**	Sep 30 2010	Dec 31 2010
ASSETS			
Non-current assets			
Intangible assets	**67.2**	66.9	67.8
Property, plant and equipment	**28.9**	28.1	28.7
Non-current financial assets			
Interest-bearing	**3.2**	1.8	1.7
Non-interest-bearing	**9.3**	9.1	9.2
	108.5	105.9	107.4
Current assets			
Inventories	**115.2**	106.7	112.2
Current financial assets			
Interest-bearing	**0.1**	0.1	0.0
Non-interest-bearing	**54.7**	53.9	56.5
Cash and cash equivalents	**31.5**	31.6	27.9
	201.4	192.3	196.6
Total assets	**310.0**	298.2	304.0
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the Company	**123.4**	117.8	121.8
Non-controlling interests	**7.2**	7.1	7.4
	130.7	124.9	129.2
Non-current liabilities			
Interest-bearing	**24.0**	37.5	27.1
Non-interest-bearing	**13.4**	13.5	13.7
	37.4	51.0	40.8
Current liabilities			
Interest-bearing	**104.6**	83.9	94.6
Non-interest-bearing	**37.3**	38.5	39.4
	141.9	122.4	134.0
Total equity and liabilities	**310.0**	298.2	304.0

KEY FIGURES	**III 2011**	III 2010	**I-III 2011**	I-III 2010	I-IV 2010
EBITDA margin, %	**6.5%**	7.4%	**14.7%**	15.2%	13.9%
Operating profit margin, %	**3.6%**	4.8%	**12.4%**	13.0%	11.6%
Return on capital employed, %	**4.1%**	5.7%	**16.3%**	17.9%	15.2%
Capital employed at end of period, MEUR	**224.5**	212.8	**224.5**	212.8	221.3
Net interest-bearing debt at end of period, MEUR	**93.9**	87.9	**93.9**	87.9	92.0
Equity-to-assets ratio at end of period, %	**42.2%**	41.9%	**42.2%**	41.9%	42.6%
Debt-to-equity ratio at end of period, %	**71.8%**	70.4%	**71.8%**	70.4%	71.2%
Earnings per share, EUR	**-0.01**	0.01	**0.34**	0.42	0.46
Fully diluted earnings per share, EUR	**-0.01**	0.01	**0.34**	0.42	0.46
Equity per share at end of period, EUR	**3.17**	3.02	**3.17**	3.02	3.13
Average personnel for the period	**2 271**	2 308	**2 238**	2 365	2 317

Definitions of key figures in the interim report are consistent with those in the Annual Report 2010.

STATEMENT OF CASH FLOWS MEUR	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 to net profit for the period *	**3.6**	4.0	**15.4**	13.4	17.4
Financial items and taxes paid and received	**-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 generated from operating activities	**15.3**	7.0	**16.8**	15.2	13.0
Investments	**-2.2**	-1.1	**-5.7**	-4.5	-6.2
Proceeds from sales of assets	**0.1**	0.0	**0.3**	0.1	0.3
Acquisition of joint venture Shimano Normark UK	**-2.1**	-	**-2.1**	-	-
Dynamite Baits acquisition, net of cash	**-**	-4.7	**-**	-4.7	-4.8
Sufix brand acquisition	**-**	-	**-0.7**	-1.2	-1.2
Acquisition of other subsidiaries, net of cash	**0.0**	0.0	**0.0**	0.0	0.0
Change in interest-bearing receivables	**0.0**	-1.3	**0.0**	-1.3	-1.3
Net cash used in investing activities	**-4.2**	-7.2	**-8.2**	-11.6	-13.2
Dividends paid to parent company's shareholders	**-**	0.0	**-9.0**	-7.4	-7.4
Dividends paid to non-controlling interest	**-**	-	**-2.7**	-	-
Net funding	**-12.2**	-6.1	**7.5**	6.5	6.0
Purchase of own shares	**-**	-0.4	**0.0**	-0.9	-1.1
Net cash generated from financing activities	**-12.2**	-6.4	**-4.2**	-1.8	-2.5
Adjustments	**-0.8**	0.4	**-0.8**	-0.6	-0.5
Change in cash and cash equivalents	**-1.8**	-6.2	**3.7**	1.1	-3.2
Cash & cash equivalents at the beginning of the period	**32.3**	39.7	**27.9**	29.0	29.0
Foreign exchange rate effect	**1.0**	-2.0	**-0.1**	1.5	2.2
Cash and cash equivalents at the end of the period	**31.5**	31.6	**31.5**	31.6	27.9

* 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								
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, 2010	**3.6**	**16.7**	**-0.3**	**-12.3**	**4.9**	**-1.4**	**96.3**	**4.2**	**111.7**
Comprehensive income*	-	-	-1.5	4.0	-	-	16.3	2.9	**21.6**
Purchase of own shares	-	-	-	-	-	-0.9	-	-	**-0.9**
Dividends paid	-	-	-	-	-	-	-7.4	-	**-7.4**
Share based payment	-	-	-	-	-	-	-0.1	-	**-0.1**
Equity on Sep 30, 2010	**3.6**	**16.7**	**-1.9**	**-8.3**	**4.9**	**-2.3**	**105.0**	**7.1**	**124.9**
Equity on Jan 1, 2011	**3.6**	**16.7**	**-1.5**	**-6.0**	**4.9**	**-2.5**	**106.7**	**7.4**	**129.2**
Comprehensive income*	-	-	-0.1	-2.4	-	-	13.1	2.5	**13.1**
Purchase of own shares	-	-	-	-	-	0.0	-	-	**0.0**
Dividends paid	-	-	-	-	-	-	-9.0	-2.7	**-11.7**
Other changes	-	-	-	-	-	-	-	0.0	**0.0**
Equity on Sep 30, 2011	**3.6**	**16.7**	**-1.6**	**-8.4**	**4.9**	**-2.5**	**110.9**	**7.2**	**130.7**

* For the period (net of tax)

SEGMENT INFORMATION*

MEUR Net Sales by Operating Segment	III 2011	III 2010	I-III 2011	I-III 2010	I-IV 2010
Group Fishing Products	**32.9**	29.7	**119.3**	110.1	139.5
Other Group Products	**5.1**	5.8	**15.5**	14.8	25.2
Third Party Products	**25.1**	25.3	**84.4**	84.7	105.6
Intra-Group (Other Group Products)	**-0.1**	-0.2	**-0.6**	-0.6	-0.9
Total	**63.0**	60.6	**218.7**	209.0	269.4
Operating Profit by Operating Segment					
Group Fishing Products	**1.6**	0.7	**18.0**	17.4	21.4
Other Group Products	**-0.2**	1.1	**0.7**	1.7	2.0
Third Party Products	**0.9**	1.1	**8.5**	8.0	7.8
Total	**2.3**	2.9	**27.2**	27.1	31.3

Assets by Operating Segment	Sep 30 2011	Sep 30 2010	Dec 31 2010
Group Fishing Products	**190.3**	185.3	190.5
Other Group Products	**17.8**	10.2	12.7
Third Party Products	**67.1**	69.3	71.1
Intra-Group (Other Group Products)	**-**	-0.1	-
Non-interest-bearing assets total	**275.2**	264.7	274.3
Unallocated interest-bearing assets	**34.7**	33.4	29.7
Total assets	**310.0**	298.2	304.0
Liabilities by Operating Segment			
Group Fishing Products	**33.4**	35.9	35.1
Other Group Products	**4.2**	2.4	2.9
Third Party Products	**13.0**	13.8	15.1
Intra-Group (Group Fishing Products)	**-**	-0.1	-
Non-interest-bearing liabilities total	**50.7**	52.0	53.1
Unallocated interest-bearing liabilities	**128.6**	121.4	121.7
Total liabilities	**179.3**	173.3	174.8

Net Sales by Area**	III 2011	III 2010	I-III 2011	I-III 2010	I-IV 2010
North America	**13.1**	12.7	**50.4**	51.8	68.5
Nordic	**20.5**	21.7	**90.2**	85.5	110.4
Rest of Europe	**27.9**	24.3	**98.5**	85.3	104.6
Rest of the world	**18.7**	19.4	**55.5**	54.8	69.6
Intra-Group	**-17.2**	-17.6	**-76.1**	-68.4	-83.8
Total	**63.0**	60.6	**218.7**	209.0	269.4

* The operating segments 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 gift products and 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 MEUR	I 2010	II 2010	III 2010	IV 2010	I-IV 2010	**I 2011**	**II 2011**	**III 2011**
Net sales	70.8	77.6	60.6	60.4	269.4	**74.7**	**80.9**	**63.0**
EBITDA	13.1	14.1	4.5	5.7	37.4	**13.7**	**14.4**	**4.1**
Operating profit	11.7	12.5	2.9	4.2	31.3	**12.1**	**12.8**	**2.3**
Profit before taxes	12.1	12.1	1.7	3.5	29.5	**11.1**	**11.3**	**0.3**
Net profit for the period	9.1	8.4	1.4	1.8	20.7	**7.9**	**8.0**	**0.2**

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 2010, except for the adoption of the new or amended standards and interpretations. Adoption of amendments of IAS 24 and IAS 32 as well as the new interpretations, IFRIC 14 and IFRIC 19 did not result in any changes in the accounting principles that would have affected the information presented in this interim report.

Presentation of financial statements has been changed regarding the share of results in associates and joint ventures, which are presented in the consolidated income statement before the operating profit. Previously the share of profit or loss was presented after operating profit. Comparable periods have been restated to reflect the change, which did not have any significant effect on the figures presented in this interim report. Associated companies and joint ventures are closely and essentially related to Group’s businesses and therefore including the share of profit or loss in the Group’s operating profit gives a more fair view on the Group’s performance.

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-September 2011. 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 September 30, 2011, the book value of inventories included a provision for net realizable value of 2.9 MEUR (3.3 MEUR at September 30, 2010 and 3.0 MEUR at December 31, 2010).

Impact of acquisition on the consolidated financial statements

In July Rapala acquired 100% of the shares and voting rights of a small UK based company Advance Carp Equipment Ltd (“ACE”), engaged in design and sales of equipment and accessories for carp fishing. The consideration paid in cash totaled 0.0 MGBP. ACE will form the platform for Rapala’s fast entry into these product categories in UK and in Europe. The acquisition has no significant effect on the Group’s consolidated financial statements.

In September, Rapala acquired 50% of the share capital and voting rights of Shimano UK Ltd, forming a true 50/50 joint venture company, Shimano Normark UK Ltd, to distribute both Rapala and Shimano products in the UK on an exclusive basis. The preliminary consideration paid upon closing totaled to 1.8 MGBP. The total consideration, still subject to finalization of the closing accounts, is based on the net assets upon closing and is estimated to be some 1.4 MGBP. The acquisition does not have a significant impact on the Group's consolidated financial statements.

Non-recurring income and expenses included in operating profit MEUR	**III** **2011**	III 2010	**I-III** **2011**	I-III 2010	I-IV 2010
Costs related to business acquisitions	**0.0**	-0.2	**-0.1**	-0.2	-0.2
Restructuring of Hungarian operations	**-**	0.0	**-**	-0.2	-0.2
Relocation of Finnish operations	**-0.2**	-	**-0.3**	-	-
Other restructuring costs	**-0.2**	-	**-0.4**	-	-0.1
Other non-recurring items	**-**	0.0	**-**	0.0	-0.1
Total included in EBITDA	**-0.4**	-0.2	**-0.7**	-0.4	-0.5
Non-recurring impairment of non-current assets in China	**-**	0.0	**-**	0.0	-0.0
Impairment of non-current assets relating to relocation of Finnish operations	**-0.2**	-	**-0.2**	-	-
Total included in operating profit	**-0.5**	-0.2	**-0.9**	-0.4	-0.5

Commitments MEUR	**Sep 30** **2011**	Sep 30 2010	Dec 31 2010
On own behalf			
Business mortgage	**16.1**	16.1	16.1
Guarantees	**0.1**	0.1	0.1
Minimum future lease payments on operating leases	**16.8**	9.6	9.3

Related party transactions MEUR	Sales and other income	Pur-chases	Rents paid	Other expen-ses	Recei-vables	Paya-bles
I-III 2011						
Joint venture Shimano Normark UK Ltd	**0.8**	**-**	**-**	**-**	**1.0**	**-**
Associated company Lanimo Oü	**-**	**0.1**	**-**	**-**	**0.0**	**-**
Entity with significant influence over the Group*	**-**	**-**	**0.1**	**0.1**	**0.0**	**0.0**
Management	**-**	**-**	**0.3**	**-**	**0.1**	**0.0**
I-III 2010						
Associated company Lanimo Oü	-	0.1	-	-	0.0	-
Entity with significant influence over the Group*	-	-	0.1	0.1	0.0	-
Management	-	-	0.2	-	0.0	0.1
I-IV 2010						
Associated company Lanimo Oü	-	0.1	-	-	0.0	-
Entity with significant influence over the Group*	-	-	0.2	0.1	0.0	-
Management	-	-	0.3	-	0.0	0.1

* 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
September 30, 2011				
Foreign currency options	**3.9**	**0.1**	**0.0**	**0.1**
Interest rate swaps	**86.1**	**-**	**2.2**	**-2.2**
Total	**90.0**	**0.1**	**2.2**	**-2.1**
September 30, 2010				
Foreign currency options and forwards	10.7	0.1	0.5	-0.4
Interest rate swaps	85.8	-	2.5	-2.5
Total	96.5	0.1	3.0	-2.9
December 31, 2010				
Foreign currency options and forwards	9.1	0.0	0.3	-0.3
Interest rate swaps	86.3	-	2.0	-2.0
Total	95.4	0.0	2.3	-2.3

The Group's financial risks and hedging principles are described in detail in the Annual Report 2010.

Share-based payments

On March 31, 2011, the Group's synthetic option plan (2006) expired. The reward totaling to 0.3 MEUR was disbursed during the second quarter. Currently, the Group does not have any share-based payment programs.

The IFRS accounting effect of share based payment programs on operating profit was 0.1 MEUR (-0.0 MEUR) in January-September due to change in fair value of programs. Terms and conditions of the share-based payment programs are described in detail in the Annual Report 2010.

In June the Board has made a principal decision to establish a new share-based long term retention and incentive program for key management for years 2011-2016. Program will be launched during second half of the year, once all details have been determined.

Shares and share capital

Based on authorization given by the Annual General Meeting (AGM) 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 AGM. 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 AGM.

On September 30, 2011, 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-September 2011 was 39 468 449. At the end of September 2011, Rapala held 540 198 own shares, representing 1.4% of the total number and the total voting rights of Rapala shares. The average share price of all repurchased own shares held by Rapala was EUR 4.71.

During the first nine months, 5 667 519 shares (2 542 189) were traded at a high of 7.38 EUR and a low of 4.86 EUR. The closing share price at the end of the period was 5.42 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 as Rapala has continued to expand its operations. Accordingly, Group management also continues to develop risk management practices and internal controls during 2011. Detailed descriptions of the Group's strategic, operative and financial risks as well as risk management principles are included in the Annual Report 2010.

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. 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. The Group's sales are to some extent affected by weather as it impacts consumer demand and the timing and length of the seasons. In northern hemisphere summer fishing season is approaching its end and the success of the coming season for winter sports equipment is partly dependent on the timing and length of the winter weathers.

A major supply chain and logistics initiative to improve the Group’s inventory turnovers and shorten the factory lead-times continues in 2011, including planning of new initiatives. Before fully implemented, these initiatives may temporarily have negative impact on the Group’s inventory levels. The possible product life-cycle initiatives as well as inventory clearance sales supporting the inventory reduction targets may have some short-term negative impacts on sales and profitability of some product groups. The ramp-up phase of the new production facility in Batam, Indonesia, may increase certain production and supply chain risks temporarily.

The increased sales and accordingly increased working capital levels have put pressure on the cash flow covenant of the Group‘s financing facilities. Covenants are monitored closely on a monthly basis.

Even though the fishing tackle business has not traditionally been strongly influenced by the increased uncertainties and downturns in the general economic climate, these may influence at least for a short while, the sales of fishing tackle when retailers reduce their inventory levels and face financial challenges. Also quick and strong increases in living expenses, such as gasoline price, uncertainties concerning employment and governmental austerity measures may temporarily affect consumer spending also in the fishing tackle business. However the underlying consumer demand has historically proven to be fairly solid.

The truly global nature of the Group's sales and operations spreads the market risks caused by the current uncertainties in the global economy. The Group is cautiously monitoring the development both in the global macro economy as well as in the various local markets it operates in. The uncertainties in future demand as well as the length of the Group’s supply chain increases the importance of supply chain management. Management balances between risk of shortages and risk of excess production and purchasing, which would lead to excess inventories in the Group. Special attention is currently given to this topic as the purchases to fill consumer demand for the summer season 2012 have started. Also the importance of cash collection and credit risk management has increased 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, especially US dollar and other currencies connected to it. The disturbances in global economy may cause heavy and unexpected fluctuations in foreign exchange rates. The Group is actively monitoring the currency position and risks and using e.g. foreign currency denominated loans to generate natural hedges. In order to fix the exchange rates of some of the future USD-denominated purchases, the Group has entered into currency hedging agreements. As the Group is not applying hedge accounting to currency hedging agreements in accordance to IAS 39, the change in fair value of these unrealized currency hedging agreements has an impact on the Group's operating profit. Development of oil price may impact value of Russian rouble, which has become a significant inflow currency to the Group. The continuing strengthening of the Chinese yuan coupled with the possible strengthening of the US dollar increases cost pressures. Additionally, certain inflationary trends increase this pressure. The Group is closely monitoring market development and considering possibility and feasibility of price increases and hedging actions.

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