RAPALA VMC CORP.

INTERIM REPORT Q1/2015

MAY 5, 2015

INTERIM REPORT
May 5, 2015
at 2:00 p.m.

RAPALA VMC CORPORATION'S JANUARY TO MARCH 2015: STRONG SALES AND SIGNIFICANT IMPROVEMENT IN PROFITABILITY

Q1 in brief:

- Net sales were 73.9 MEUR, up 12% from previous year (66.2). With comparable exchange rates sales up 8%.
- Comparable operating profit was 10.7 MEUR (6.7), up 60%.
- Cash flow from operations improved 1.0 MEUR to -7.0 MEUR (-8.0).
- Earnings per share were 0.10 EUR (0.11).
- Full year guidance unchanged.

President and CEO Jorma Kasslin: "Beginning of the year 2015 has been strong, driven by very good sales in North America, where the launch of new Rapala Shadow Rap lure has been a real success. Also in most other main markets the organic sales growth has been good. After a long time changes in foreign exchange rates are having a further positive impact on our top line.

Our comparable profitability was significantly higher than last year following the increased sales, completion of the transfer of lure manufacturing activities from China to Batam, Indonesia and improved performance of the manufacturing unit in Batam.

Apart from Russia, where situation is challenging, the outlook for the year is positive. Summer season started early in many markets and sales has continued well throughout the spring."

Key figures

MEUR	**I 2015**	I 2014	**change %**	I-IV 2014
Net sales	**73.9**	66.2	**+12%**	273.2
Operating profit	**9.1**	7.4	**+23%**	22.9
% of net sales	**12.3%**	11.2%		8.4%
Comparable operating profit *	**10.7**	6.7	**+60%**	20.9
% of net sales	**14.4%**	10.1%		7.6%
Cash flow from operations**	**-7.0**	-8.0	**+13%**	21.7
Gearing %	**76.2%**	76.5%		73.2%
EPS, EUR	**0.10**	0.11	**-9%**	0.24

* Excluding non-recurring items and mark-to-market valuations of operative currency derivatives.
** Comparative period restated, see notes.

Market environment

Year 2015 started with good growth driven by US. Sales were supported by successful launch of new products, earlier start of shipments for coming summer season and positive currency impact. All market areas, excluding Russia, contributed positively to the sales growth. Political unrest and continuing economic downturn in Russia and Ukraine continued to have a negative impact on sales.

Business Review January-March 2015

Group net sales for the first quarter were up 12%. Changes in translation exchange rates explain the net sales increase by some 2.4 MEUR. With comparable translation exchange rates quarterly net sales were 8% above last year's level.

North America

In North America start of the year was strong. Currencies had a positive impact on the quarterly sales compared to last year and with comparable rates net sales were up 9%. Good sales growth in the US were supported by successful launch of new Shadow Rap lure family and some shift of sales from last year's fourth quarter.

Nordic

Nordic sales were significantly up for the first quarter. With comparable translation exchange rates net sales were up 27% for the quarter. Winter conditions improved in the beginning of the year and replenishment sales increased from last year. However Nordic countries suffered consecutively from warm and snowless winter which impacted overall sales of winter sports and ice fishing products especially in Finland. Sales of summer fishing products started well and earlier compared to last year, supported by on-time deliveries of suppliers. Nordic net sales were also increased by exchange gains on currency nominated account receivables.

Rest of Europe

Instability in Russia and Ukraine continued to have direct and indirect impact on sales in these countries. Currencies, mainly Ruble, burdened the sales in the Rest of Europe compared to last year and with comparable exchange rates net sales were down 1% for the quarter. Excluding Russia and Ukraine the sales improved 6% from last year at comparable exchange rates. Sales were supported by early start of summer season shipments and steady growth in France, Hungary and Romania.

Rest of the World

In Rest of the World sales were also impacted positively by currencies and with comparable exchange rates quarterly sales were 3% ahead of last year driven by positive sales development in Malaysia, Chile and South Africa. Sales were suffering in Indonesia, Thailand and Japan.

External Net Sales by Area

MEUR	I 2015	I 2014	change %	I-IV 2014
North America	**25.1**	19.4	**+29%**	86.1
Nordic	**16.4**	13.2	**+24%**	54.9
Rest of Europe	**24.4**	26.6	**-8%**	98.7
Rest of the World	**8.0**	7.1	**+13%**	33.5
Total	**73.9**	66.2	**+12%**	273.2

Financial Results and Profitability

Comparable (excluding non-recurring items and mark-to-market valuation of operative currency derivatives) and reported operating profit increased markedly from last year. Change in translation exchange rates increased operating profit by 0.3 MEUR. With comparable translation exchange rates comparable operating profit was 3.6 ahead last year's level.

Comparable operating margin was 14.4% (10.1). Increase in profitability was driven by improved sales and recovering profitability of Batam operations. Profitability was burdened by continuing turbulence in Russia and unfavorable exchange rate impact on purchases.

Reported operating profit margin was 12.3% (11.2). Reported operating profit included loss on non-recurring items of 1.2 MEUR (0.1 gain) related to direct one-off costs on closing down of the manufacturing operations in China. Mark-to-market valuation of operative currency derivatives included in the reported operating profit was a loss of 0.3 MEUR (0.7 gain).

Total financial (net) expenses for the first quarter were 2.2 MEUR (1.9). A slight negative impact in financial items resulted from the (net) foreign exchange expenses of 1.5 MEUR (1.0). Net interest and other financing expenses decreased slightly from last year to 0.7 MEUR (0.9).

Net profit for the quarter was at last year's level and earnings per share were 0.10 EUR (0.11), impacted by non-recurring items and increase in financial items, taxes and non-controlling interest. Last year net profit included a positive tax impact of 1.0 MEUR related to an agreement with the Finnish tax authority. The share of non-controlling interest in net profit totaled 0.4 MEUR (0.0).

Key figures

MEUR	I 2015	I 2014	change %	I-IV 2014
Net sales	**73.9**	66.2	**+12%**	273.2
Operating profit	**9.1**	7.4	**+23%**	22.9
Comparable operating profit *	**10.7**	6.7	**+60%**	20.9
Net profit	**4.3**	4.3	**0%**	10.2

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

Segment Review

Group Products

First quarter sales of Group Products increased from last year. Sales were supported by foreign exchange rates and with comparable exchange rates net sales were up 9%. Sales were supported by earlier start of summer fishing product shipments, very successful launch of new Rapala Shadow Rap lure in the US as well as overall solid summer fishing tackle sales in North America.

Operating profit for Group Products improved notably compared to last year. Operating profit was supported increased sales and by improved profitability of Batam operations.

Third Party Products

Sales of Third Party Products were slightly above last year level. With comparable exchange rates net sales were up 7% driven by increase in sales of third party outdoor and fishing products, which were supported by earlier start of summer fishing season sales and improved suppliers' deliveries, but on the other hand negatively impacted by economical instabilities in Russia.

Operating profit for Third Party Products was down from last year level burdened by unfavorable exchange rates on purchases and decline of sales in Russia.

Net Sales by Segment

MEUR	**I 2015**	I 2014	**change %**	I-IV 2014
Group Products	**50.8**	**43.3**	**+17%**	171.3
Third Party Products	**23.2**	**22.9**	**+1%**	102.0
Eliminations	**-**	**0.0**		0.0
Total	**73.9**	**66.2**	**+12%**	273.2

Operating profit by Segment

MEUR	**I 2015**	I 2014	**change %**	I-IV 2014
Group Products	**7.2**	**4.9**	**+47%**	**15.0**
Third Party Products	**1.9**	**2.5**	**-24%**	**7.9**
Total	**9.1**	**7.4**	**+23%**	**22.9**

Financial position

Cash flow from operations increased from last year to -7.0 MEUR (-8.0). Net change in working capital amounted to -16.3 MEUR (-15.6).

Inventories increased seasonally by 18.4 MEUR from the end of 2014, and increased by 14.0 MEUR from last March amounting to 132.2 MEUR (118.2). Change in translation exchange rates increased inventories by some 3.4 MEUR. Increase in working capital, especially inventories, was impacted by earlier deliveries from suppliers and slowdown of sales in Russia.

Net cash used in investing activities was -1.4 MEUR (-2.1) for the first quarter, for the most part consisting of normal operative capital expenditure.

Liquidity position of the Group was good. Undrawn committed long-term credit facilities amounted to 78.1 MEUR at the end of the period. Net interest bearing debt increased seasonally from December and was higher compared to March last year. Gearing decreased slightly from last year and equity-to-assets was below last year's level. The Group fulfils all financial covenants related to its credit facilities.

Key figures

MEUR	**I 2015**	I 2014	**change %**	I-IV 2014
Cash flow from operations*	**-7.0**	-8.0	**-13%**	21.7
Net interest-bearing debt at end of period	**114.1**	106.2	**+7%**	99.9
Gearing %	**76.2%**	76.5%		73.2%
Equity-to-assets ratio at end of period, %	**42.5%**	43.9%		44.1%

* Comparative period restated, see notes.

Strategy Implementation

Execution of the Rapala Group's strategy is based on three cornerstones: brands, manufacturing and distribution, supported by strong corporate culture. During the first quarter strategy implementation continued in various areas.

Transfer of Asian lure manufacturing operations from China to Batam, Indonesia, was concluded in 2014, enabling the unit management to concentrate on exploiting the strengths and capturing the benefits of this manufacturing unit. Batam-unit will form solid basis for future growth of the Group's Storm, Luhr Jensen and Williamson branded lures.

Reducing the amount of inventories, largely driven by the Group's business model, is high on the agenda of the Group and new initiatives to achieve permanent inventory reductions through structural changes are being investigated.

Discussions and negotiations regarding acquisitions and business combinations continued during the first quarter of the year, as the Group continues to seek also non-organic growth opportunities.

Product Development

Continuous product development and consistent innovation are core competences for the Group and major contributor to the value and commercial success of the brands.

New items for 2015 have been received well by the markets and finalization of 2016 novelties, which are introduced in coming summer, is proceeding well. The launch of the new Rapala Shadow Rap to the US market during first quarter was extremely successful. This product will be introduced to the other markets later this year. New Storm Arashi lures, launched earlier in the US, are now expanded to other markets. Sales of Storm lures, manufactured in the new Batam factory, is heavily supported with new marketing concepts, strong presence on local trade shows as well as expansion into new product categories.

Organization and Personnel

Average number of personnel for the first quarter was 2 841 (2 678), increase coming mainly from expansion of lure manufacturing operations in Batam and reduction of outsourcing in China. At the end of March, the number of personnel was 2 888 (2 691).

Short-term Outlook and Risks

After the strong start, the outlook for the whole year is positive. Positive market sentiment in USA, early start of the summer season in many markets and successful new product introductions are expected to support the sales this year.

Following two difficult winter seasons, the sales of winter sports products are expected to improve in Finland this year. While distribution pipeline for winter fishing equipment is expected to be rather empty, in USA termination of a third party winter fishing equipment distribution agreement will reduce sales ca. 5 MUSD during latter part of the year.

Political and economic situation in Russia and Ukraine is very challenging and it will increase the uncertainties.

Improvement in performance of the manufacturing unit in Batam is supporting the profitability of the Group this year. Actions to reduce the Group's inventory levels may lower margins, but should support the cash flow.

The Group expects full year net sales and comparable operating profit (excluding non-recurring items and mark-to-market valuations of operative currency derivatives) to be above 2014 levels.

Short term risks and uncertainties and seasonality of the business are described in more detail in the end of this interim report.

Second quarter interim report will be published on July 23.

Helsinki, May 5, 2015

Board of Directors of Rapala VMC Corporation

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A conference call on the quarter result will be arranged today at 3:00 p.m. Finnish time (2:00 p.m. CET). Please dial +44 (0)20 3367 9433 or +1 917 286 8055 or +358 (0)9 2310 1675 (pin code: 891968#) 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 3427 0598 (pin code: 2338989#). Financial information and teleconference replay facility are available at www.rapalavmc.com.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

STATEMENT OF INCOME	**I**	I	I-IV
MEUR	**2015**	2014	2014
Net sales	**73.9**	66.2	273.2
Other operating income	**0.1**	0.1	1.0
Materials and services	**33.4**	28.5	128.1
Personnel expenses	**17.4**	16.9	65.6
Other costs and expenses	**12.5**	11.8	50.8
Share of results in associates and joint ventures	**0.1**	0.0	0.2
EBITDA	**10.8**	9.1	30.0
Depreciation, amortization and impairments	**1.7**	1.7	7.1
Operating profit (EBIT)	**9.1**	7.4	22.9
Financial income and expenses	**2.2**	1.9	7.2
Profit before taxes	**6.9**	5.5	15.7
Income taxes	**2.6**	1.2	5.5
Net profit for the period	**4.3**	4.3	10.2
Attributable to:			
Equity holders of the company	**3.9**	4.3	9.2
Non-controlling interests	**0.4**	0.0	1.0
Earnings per share for profit attributable to the equity holders of the company:			
Earnings per share, EUR (diluted = non-diluted)	**0.10**	0.11	0.24

STATEMENT OF COMPREHENSIVE INCOME	**I**	I	I-IV
MEUR	**2015**	2014	2014
Net profit for the period	**4.3**	4.3	10.2
Other comprehensive income, net of tax			
Change in translation differences*	**10.4**	-1.2	4.7
Gains and losses on cash flow hedges*	**-0.1**	0.1	0.2
Gains and losses on hedges of net investments*	**-1.2**	0.6	0.1
Actuarial gains (losses) on defined benefit plan	**-**	-	-0.2
Total other comprehensive income, net of tax	**9.2**	-0.4	4.8
Total comprehensive income for the period	**13.5**	3.9	15.1
Total comprehensive income attributable to:			
Equity holders of the Company	**12.7**	4.3	15.3
Non-controlling interests	**0.8**	-0.4	-0.2

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

STATEMENT OF FINANCIAL POSITION	**Mar 31**	Mar 31	Dec 31
MEUR	**2015**	2014	2014
ASSETS			
Non-current assets			
Intangible assets	**79.1**	70.1	74.4
Property, plant and equipment	**32.7**	31.0	32.0
Non-current assets			
Interest-bearing	**4.6**	3.0	3.0
Non-interest-bearing	**13.0**	10.1	11.5
	129.4	114.3	120.8
Current assets			
Inventories	**132.2**	118.2	113.8
Current assets			
Interest-bearing	**1.1**	1.0	1.1
Non-interest-bearing	**79.9**	72.1	62.3
Cash and cash equivalents	**10.3**	11.0	12.2
	223.5	202.3	189.4
Total assets	**352.9**	316.6	310.3
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the company	**140.8**	127.2	128.3
Non-controlling interests	**9.0**	11.6	8.2
	149.8	138.9	136.5
Non-current liabilities			
Interest-bearing	**76.2**	39.4	72.3
Non-interest-bearing	**14.7**	12.8	13.3
	91.0	52.2	85.5
Current liabilities			
Interest-bearing	**53.9**	81.8	43.9
Non-interest-bearing	**58.2**	43.7	44.2
	112.0	125.5	88.2
Total equity and liabilities	**352.9**	316.6	310.3

	I	I	I-IV
KEY FIGURES	**2015**	2014	2014
EBITDA margin, %	**14.6%**	13.7%	11.0%
Operating profit margin, %	**12.3%**	11.2%	8.4%
Return on capital employed, %	**14.5%**	12.4%	9.8%
Capital employed at end of period, MEUR	**264.0**	245.1	236.5
Net interest-bearing debt at end of period, MEUR	**114.1**	106.2	99.9
Equity-to-assets ratio at end of period, %	**42.5%**	43.9%	44.1%
Debt-to-equity ratio at end of period, %	**76.2%**	76.5%	73.2%
Earnings per share, EUR (diluted = non-diluted)	**0.10**	0.11	0.24
Equity per share at end of period, EUR	**3.67**	3.30	3.34
Average personnel for the period	**2 841**	2 678	2 716

Definitions of key figures are consistent with those in the financial statement 2014.

STATEMENT OF CASH FLOWS	**I**	I	I-IV
	2015	2014	2014
MEUR		Restated**	Restated**
Net profit for the period	**4.3**	4.3	10.2
Adjustments to net profit for the period *	**7.2**	3.9	17.1
Financial items and taxes paid and received	**-2.2**	-0.7	-7.1
Change in working capital	**-16.3**	-15.6	1.5
Net cash generated from operating activities	**-7.0**	-8.0	21.7
Investments	**-1.5**	-2.0	-8.5
Proceeds from sales of assets	**0.0**	0.1	0.4
Sufix brand acquisition	**-**	-	-0.8
Acquisition of other subsidiaries, net of cash	**-**	-0.2	-0.2
Proceeds from disposal of subsidiaries, net of cash	**-**	-	1.0
Change in interest-bearing receivables	**-**	0.0	0.0
Net cash used in investing activities	**-1.4**	-2.1	-8.1
Dividends paid to parent company's shareholders	**-**	-	-9.2
Dividends paid to non-controlling interest	**-**	-	-3.6
Net funding	**5.9**	4.4	-4.2
Purchase of own shares	**-0.2**	-0.1	-0.9
Net cash generated from financing activities	**5.7**	4.3	-17.9
Change in cash and cash equivalents	**-2.7**	-5.8	-4.2
Cash & cash equivalents at the beginning of the period	**12.2**	16.9	16.9
Foreign exchange rate effect	**0.9**	-0.1	-0.5
Cash and cash equivalents at the end of the period	**10.3**	11.0	12.2

* Includes reversal of non-cash items, income taxes and financial income and expenses.
** Comparative periods restated, see notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the company								
MEUR	Share capital	Share premium fund	Fair value reserve	Cumul. translation differences	Fund for invested non-restricted equity	Own shares	Retained earnings	Non-controlling interests	**Total equity**
Equity on Jan 1, 2014	**3.6**	**16.7**	**-1.4**	**-12.5**	**4.9**	**-4.4**	**116.2**	**12.0**	**135.1**
Comprehensive income *	-	-	0.1	-0.2	-	-	4.3	-0.4	**3.9**
Purchase of own shares	-	-	-	-	-	-0.1	-	-	**-0.1**
Equity on Mar 31, 2014	**3.6**	**16.7**	**-1.3**	**-12.7**	**4.9**	**-4.5**	**120.6**	**11.6**	**138.9**
Equity on Jan 1, 2015	**3.6**	**16.7**	**-1.1**	**-6.5**	**4.9**	**-5.2**	**116.0**	**8.2**	**136.5**
Comprehensive income *	-	-	-0.1	8.9	-	-	3.9	0.8	**13.5**
Purchase of own shares	-	-	-	-	-	-0.2	-	-	**-0.2**
Equity on Mar 31, 2015	**3.6**	**16.7**	**-1.2**	**2.4**	**4.9**	**-5.4**	**119.9**	**9.0**	**149.8**

* For the period, (net of tax)

SEGMENT INFORMATION*

MEUR	I	I	I-IV
Net Sales by Operating Segment	**2015**	2014	2014
Group Products	**50.8**	43.3	171.3
Third Party Products	**23.2**	22.9	102.0
Eliminations	**-**	0.0	0.0
Total	**73.9**	66.2	273.2

Operating Profit by Operating Segment			
Group Products	**7.2**	4.9	15.0
Third Party Products	**1.9**	2.5	7.9
Total	**9.1**	7.4	22.9

	Mar 31	Mar 31	Dec 31
Assets by Operating Segment	**2015**	2014	2014
Group Products	**257.8**	226.7	230.4
Third Party Products	**79.1**	74.8	63.6
Non-interest-bearing assets total	**336.9**	301.5	294.0
Unallocated interest-bearing assets	**16.0**	15.0	16.3
Total assets	**352.9**	316.6	310.3

* Segments are consistent with those in the financial statements 2014. Segments are described in detail in note 2 of the financial statements 2014.

External Net Sales by Area	**I**	I	I-IV
MEUR	**2015**	2014	2014
North America	**25.1**	19.4	86.1
Nordic	**16.4**	13.2	54.9
Rest of Europe	**24.4**	26.6	98.7
Rest of the world	**8.0**	7.1	33.5
Total	**73.9**	66.2	273.2

KEY FIGURES BY QUARTERS	I	II	III	IV	I-IV	**I**
MEUR	2014	2014	2014	2014	2014	**2015**
Net sales	66.2	77.7	67.8	61.5	273.2	**73.9**
EBITDA	9.1	10.4	7.5	3.0	30.0	**10.8**
Operating profit	7.4	8.6	5.7	1.2	22.9	**9.1**
Profit before taxes	5.5	7.0	3.5	-0.3	15.7	**6.9**
Net profit for the period	4.3	4.1	2.7	-0.8	10.2	**4.3**

NOTES TO THE INCOME STATEMENT AND FINANCIAL POSITION

The financial statement figures included in this release are unaudited.

This report has been prepared in accordance with IAS 34. Accounting principles adopted in the preparation of this report are consistent with those used in the preparation of the Financial Statements 2014, except for the adoption of the new or amended standards and interpretations.

Adoption of the revised standards IFRS 10, IFRS 11, IFRS 12 as well as the amended standards IAS 36 and IAS 39, IAS 19 and interpretation IFRIC 21 did not result in any changes in the accounting principles that would have affected the information presented in this interim report.

Change in presentation of statement of cash flows

Presentation of statement of cash flows has been updated from the beginning of 2015 to better distinguish the three types of financial activities. Previously unrealized foreign exchange impact from elimination of internal transactions was presented separately under Adjustments. Also the cash flow from derivative instruments was included fully in Net cash generated from operating activities.

After the change the unrealized foreign exchange impact related to the elimination of internal transactions and cash flow from derivative instruments are presented according to their nature. This resulted in changes between the three financial activities.

Comparative periods have been restated and changes to previously reported figures are presented at the end of this interim report.

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-March 2015. 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 March 31, 2015, the book value of inventories included a provision for net realizable value of 5.2 MEUR (4.5 MEUR at March 31, 2014 and 4.1 MEUR at December 31, 2014).

Non-recurring income and expenses included in operating profit	**I**	I	I-IV
MEUR	**2015**	2014	2014
Closure of Chinese lure manufacturing *	**-1.2**	-	-1.7
Other restructuring costs	**-**	0.1	0.0
Other non-recurring items	**-**	-	-0.1
Total included in EBITDA and operating profit	**-1.2**	0.1	-1.8

* The Group classifies all exceptional income and expenses related to the closure of China manufacturing that are not related to normal business operation as non-recurring, primarily consisting of write-offs and one-off costs related to restructuring.

Commitments	**Mar 31**	Mar 31	Dec 31
MEUR	**2015**	2014	2014
Minimum future lease payments on operating leases	**16.2**	16.6	16.4

Related party transactions MEUR	Sales and other income	Pur-chases	Rents paid	Other expen-ses	Recei-vables	Paya-bles
I 2015						
Joint venture Shimano Normark UK Ltd	**0.6**	**-**	**-**	**-**	**-**	**-**
Associated company Lanimo Oü	**0.0**	**0.1**	**-**	**-**	**0.0**	**-**
Entity with significant influence over the Group*	**-**	**-**	**0.1**	**0.1**	**0.0**	**-**
Management	**-**	**-**	**0.0**	**0.0**	**-**	**0.0**
I 2014						
Joint venture Shimano Normark UK Ltd	0.5	-	-	0.0	0.4	0.0
Associated company Lanimo Oü	-	-	-	-	0.0	-
Entity with significant influence over the Group*	-	-	0.0	0.1	0.0	-
Management	-	-	0.1	-	-	0.0
I-IV 2014						
Joint venture Shimano Normark UK Ltd	3.2	-	-	0.0	0.1	0.0
Associated company Lanimo Oü	0.0	0.1	-	-	0.0	-
Entity with significant influence over the Group*	-	-	0.2	0.1	0.0	0.0
Management	-	-	0.3	-	0.0	0.0

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

Open derivatives		**Mar 31 2015**		Mar 31 2014		Dec 31 2014
MEUR	**Nominal Value**	**Fair Value**	Nominal Value	Fair Value	Nominal Value	Fair Value
Operative hedges						
Foreign currency derivatives	**35.1**	**3.4**	53.7	0.6	44.1	3.8
Monetary hedges						
Foreign currency derivatives	**38.9**	**-0.6**	25.6	-0.4	30.6	-0.7
Interest rate derivatives	**104.2**	**0.7**	69.5	-1.9	101.4	-0.7

The changes in the fair values of derivatives that are designated as hedging instruments but do not qualify for hedge accounting are recognized based on their nature either in operative costs, if the hedged item is an operative transaction, or in financial income and expenses if the hedged item is a monetary transaction. Some derivatives designated to hedge monetary items are accounted for according to hedge accounting. Financial risks and hedging principles are described in detail in the financial statements 2014.

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

	I 2015	I 2014	I-IV 2014
Included in operating profit	**-0.3**	0.7	3.8

Operative foreign currency derivatives that are marked-to-market on reporting date cause timing differences between the changes in derivative's fair values and hedged operative transactions. Changes in fair values for derivatives designated to hedge future cash flow but are not accounted for according to the principles of hedge accounting impact the Group's operating profit for the accounting period. The underlying foreign currency transactions will realize in future periods.

Fair values of financial instruments

		Mar 31 2015		**Mar 31 2014**		**Dec 31 2014**
MEUR	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Assets						
Available-for-sale financial assets (level 3)	**0.3**	**0.3**	0.3	0.3	0.3	0.3
Derivatives (level 2)	**6.6**	**6.6**	1.0	1.0	5.4	5.4
Total	**6.9**	**6.9**	**1.3**	**1.3**	**5.7**	**5.7**
Liabilities						
Non-current interest-bearing liabilities (excl. derivatives)	**76.2**	**76.7**	39.3	39.8	72.3	72.7
Derivatives (level 2)	**3.0**	**3.0**	2.6	2.6	3.1	3.1
Total	**79.3**	**79.7**	**42.0**	**42.4**	**75.3**	**75.8**

Fair values of other financial instruments do not differ materially from their carrying value.

Shares and share capital

On March 27, 2015 The Annual General Meeting (AGM) updated Board's authorization on repurchase of shares. A separate stock exchange release on the decisions of the AGM was given, and up to date information on the Board's authorizations and other decision of the AGM are available also on the corporate website.

In the beginning of the financial year, the share capital fully paid and reported in the Trade Register was 3.6 MEUR and the total number of shares was 39 000 000. The average number of shares during the financial year was 39 000 000.

During the financial year, the company bought back a total of 32 864 own shares. At the end of the year the company held 639 671 own shares, representing 1.6% of the total number of shares and the total voting rights. The amount of outstanding shares at the end of the financial year was 38 360 329. The average share price of all repurchased own shares held by the company was 4.87 EUR.

During the reporting period, 913 220 shares (197 086) were traded at a high of 5.45 EUR and a low of 4.72 EUR. The closing share price at the end of the period was 5.11 EUR.

Short term risks and uncertainties

The objective of Rapala VMC Corporation's risk management is to support the implementation of the Group's strategy and execution of business targets. The importance of risk management has increased as Rapala VMC Corporation has continued to expand its operations. Accordingly, Group management continuously develops it's risk management practices and internal controls. Detailed updated descriptions of the Group's strategic, operative and financial risks as well as risk management principles are included in the Financial Statements 2014.

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. Weathers impact consumer demand and may have impact on the Group's sales for current and following seasons. The Group is more affected by winter weathers after the expansion into winter fishing business, while the impacts on summer and winter seasons are partly offsetting each other.

The biggest deliveries for both summer and winter seasons are concentrated into relatively short time periods, and hence a well functioning supply chain is required. The uncertainties in future demand as well as the length of the Group's supply chain increases the challenges in supply chain management. Delays in shipments from internal or external suppliers or unexpected changes in customer demand upwards or downwards may lead to shortages and lost sales or excess inventories and subsequent clearance sales with lower margins.

The transfer of lure manufacturing operations from China to Indonesia has increased certain production cost and supply chain risks temporarily, while this risk is now significantly reduced as Chinese operations have ceased and transfer project is finalized.

The Group rearranged its main credit facilities in September 2014. These credit facilities include some financial covenants, which are actively monitored. The Group's liquidity and refinancing risks are well under control.

The fishing tackle business has not traditionally been strongly influenced by increased uncertainties and downturns in the general economic climate. They may however 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, sudden fluctuations in foreign exchange rates and governmental austerity measures may temporarily affect consumer spending. However, the underlying consumer demand has historically proven to be fairly solid. Political tensions, such as the conflict between Russia and Ukraine, may have negative effects on the Group's business. The development in geopolitical situation is followed closely by the Group.

The truly global nature of the Group's sales and operations spreads the market risks caused by the current uncertainties in the global economy. The Group is cautiously monitoring the development both in the global macro economy as well as in the various local markets it operates in.

Cash collection and credit risk management is high on the agenda of local management and this may affect sales to some customers. Quality of the accounts receivables is monitored closely and write-downs are initiated if needed.

The Group's sales and profitability are impacted by the changes in foreign exchange rates and the risks are monitored actively. To fix the exchange rates of future foreign exchange denominated sales and purchases as well as financial assets and liabilities, the Group has entered into several currency hedging agreements according to the foreign exchange risk management policy set by the Board of Directors. As the Group is not applying hedge accounting in accordance to IAS 39, the unrealized mark-to-market valuations of operative currency hedging agreements have an impact on the Group's reported operating profit. Some of Group's currency positions are not possible or feasible to be hedged, and therefore may have impact on Group's net result. The Group is closely monitoring market development as well as its cost structure and considering possibility and feasibility of price increases, hedging actions and cost rationalization.

No significant changes are identified in the Group's strategic risks or business environment, except in Russia were uncertainties have increased.

Change in presentation of statement of cash flows – effect to comparative periods

STATEMENT OF CASH FLOWS MEUR	I 2014 Reported	*Adjust-ment*	**I 2014 Restated**	II 2014 Reported	*Adjust-ment*	**II 2014 Restated**	I-II 2014 Reported	*Adjust-ment*	**I-II 2014 Restated**	III 2014 Reported	*Adjust-ment*	**III 2014 Restated**
Net profit for the period	4.3		**4.3**	4.1		**4.1**	8.4		**8.4**	2.7		**2.7**
Adjustments to net profit for the period *	3.9		**3.9**	6.8		**6.8**	10.7		**10.7**	3.3		**3.3**
Financial items and taxes paid and received	-0.5	*-0.1*	**-0.7**	-2.2	*-0.1*	**-2.4**	-2.8	*-0.2*	**-3.0**	-4.3	*1.5*	**-2.8**
Change in working capital	-16.0	*0.4*	**-15.6**	13.6	*-0.6*	**13.0**	-2.4	*-0.2*	**-2.6**	1.4	*-0.3*	**1.1**
Net cash generated from operating activities	-8.3	*0.3*	**-8.0**	22.3	*-0.8*	**21.5**	14.0	*-0.5*	**13.5**	3.0	*1.2*	**4.3**
Investments	-2.0		**-2.0**	-1.8		**-1.8**	-3.8		**-3.8**	-2.1		**-2.1**
Proceeds from sales of assets	0.1		**0.1**	0.1		**0.1**	0.2		**0.2**	0.1		**0.1**
Sufix brand acquisition	-		**-**	-0.7		**-0.7**	-0.7		**-0.7**	0.0		**-**
Acquisition of other subsidiaries, net of cash	-0.2		**-0.2**	-		**-**	-0.2		**-0.2**	-		**-**
Proceeds from disposal of subsidiaries, net of cash	-		**-**	-		**-**	-		**-**	-		**-**
Change in interest-bearing receivables	0.0	*0.0*	**0.0**	0.0	*0.0*	**0.0**	0.0	*0.0*	**-**	0.0	*0.0*	**0.0**
Net cash used in investing activities	-2.1	*0.0*	**-2.1**	-2.4	*0.0*	**-2.4**	-4.5	*0.0*	**-4.5**	-2.0	*0.0*	**-2.0**
Dividends paid to parent company's shareholders	-		**-**	-9.2		**-9.2**	-9.2		**-9.2**	-		**-**
Dividends paid to non-controlling interest	-		**-**	-		**-**	-		**-**	-3.6		**-3.6**
Net funding	4.0	*0.5*	**4.4**	-5.5	*0.1*	**-5.4**	-1.6	*0.6*	**-0.9**	-0.6	*-1.0*	**-1.7**
Purchase of own shares	-0.1		**-0.1**	-0.1		**-0.1**	-0.3		**-0.3**	-0.1		**-0.1**
Net cash generated from financing activities	3.8	*0.5*	**4.3**	-14.9	*0.1*	**-14.8**	-11.1	*0.6*	**-10.5**	-4.3	*-1.0*	**-5.3**
Adjustments	0.8	*-0.8*	**-**	-0.6	*0.6*	**-**	0.1	*-0.1*	**-**	0.2	*-0.2*	**-**
Change in cash and cash equivalents	-5.8		**-5.8**	4.3		**4.3**	-1.4		**-1.4**	-3.0		**-3.0**
Cash & cash equivalents at the beginning of the period	16.9		**16.9**	11.0		**11.0**	16.9		**16.9**	15.6		**15.6**
Foreign exchange rate effect	-0.1		**-0.1**	0.2		**0.2**	0.1		**0.1**	0.2		**0.2**
Cash and cash equivalents at the end of the period	11.0		**11.0**	15.6		**15.6**	15.6		**15.6**	12.8		**12.8**

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

Change in presentation of statement of cash flows – effect to comparative periods (cont.)

STATEMENT OF CASH FLOWS MEUR	I-III 2014 Reported	*Adjust-ment*	**I-III 2014 Restated**	IV 2014 Reported	*Adjust-ment*	**IV 2014 Restated**	I-IV 2014 Reported	*Adjust-ment*	**I-IV 2014 Restated**
Net profit for the period	11.1		**11.1**	-0.8		**-0.8**	10.2		**10.2**
Adjustments to net profit for the period *	14.0		**14.0**	3.1		**3.1**	17.1		**17.1**
Financial items and taxes paid and received	-7.1	*1.3*	**-5.8**	-0.2	*-1.0*	**-1.2**	-7.3	*0.2*	**-7.1**
Change in working capital	-1.0	*-0.5*	**-1.5**	2.5	*0.4*	**2.9**	1.5	*-0.1*	**1.5**
Net cash generated from operating activities	17.0	*0.7*	**17.8**	4.6	*-0.6*	**4.0**	21.6	*0.2*	**21.7**
Investments	-5.8		**-5.8**	-2.7		**-2.7**	-8.5		**-8.5**
Proceeds from sales of assets	0.3		**0.3**	0.1		**0.1**	0.4		**0.4**
Sufix brand acquisition	-0.7		**-0.7**	-		**-**	-0.8		**-0.8**
Acquisition of other subsidiaries, net of cash	-0.2		**-0.2**	-		**-**	-0.2		**-0.2**
Proceeds from disposal of subsidiaries, net of cash	-		**-**	1.0		**1.0**	1.0		**1.0**
Change in interest-bearing receivables	0.0	*0.0*	**0.0**	0.0	*0.0*	**0.0**	0.1	*-0.1*	**0.0**
Net cash used in investing activities	-6.4	*0.0*	**-6.4**	-1.6	*0.0*	**-1.6**	-8.0	*0.0*	**-8.1**
Dividends paid to parent company's shareholders	-9.2		**-9.2**	-		**-**	-9.2		**-9.2**
Dividends paid to non-controlling interest	-3.6		**-3.6**	-		**-**	-3.6		**-3.6**
Net funding	-2.2	*-0.4*	**-2.6**	-2.3	*0.6*	**-1.6**	-4.5	*0.2*	**-4.2**
Purchase of own shares	-0.4		**-0.4**	-0.5		**-0.5**	-0.9		**-0.9**
Net cash generated from financing activities	-15.4	*-0.4*	**-15.8**	-2.8	*0.6*	**-2.1**	-18.1	*0.2*	**-17.9**
Adjustments	0.3	*-0.3*	**-**	0.0	*0.0*	**-**	0.3	*-0.3*	**-**
Change in cash and cash equivalents	-4.4		**-4.4**	0.2		**0.2**	-4.2		**-4.2**
Cash & cash equivalents at the beginning of the period	16.9		**16.9**	12.8		**12.8**	16.9		**16.9**
Foreign exchange rate effect	0.3		**0.3**	-0.9		**-0.9**	-0.5		**-0.5**
Cash and cash equivalents at the end of the period	12.8		**12.8**	12.2		**12.2**	12.2		**12.2**

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