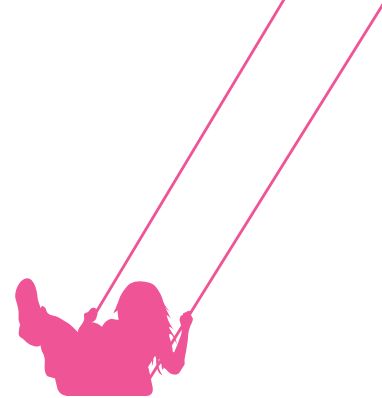




ANNUAL REPORT 2012

 **LAPPSET®**

LAPPSET'S TURNOVER REACHES A NEW HIGH



Lappset Group's turnover reached a record high in 2012. The company invested heavily in developing global business with a total of approximately EUR 5 million invested during the financial year.

Lappset Group's financial position remains strong. The Group's equity ratio was 50% last year. The Group's turnover increased by approximately EUR 7 million and came in at EUR 53.5 million. The Group's operating profit was approximately EUR 1.1 million. The company's cash flow and liquidity were stable.

Heavy investments in future growth nevertheless lowered the Group's profit. The most notable investment was the commissioning of a new factory in Estonia as part of expanding the Group's international operations. President Sauli Niinistö opened the factory on 25 April 2012. Another important step towards strengthening the Group's global competitiveness was the acquisition of a distribution business in the Netherlands. The new sub-

siary, Yalp Lappset, focuses on the development of interactive play and sports equipment.

The network of subsidiaries also underwent a change in the UK, when Lappset Group Oy bought the remaining 50% of shares in its joint venture Lappset Playworld UK Ltd. The company was renamed Lappset UK Limited, and it is now fully owned by Lappset. The Group also bought 10% of shares in the French subsidiary Lappset Citec SAS from the company's executives. At the end of the financial year, Lappset Group comprised the parent company in Finland and subsidiaries in seven different countries: Sweden, the UK, Germany, France, the Netherlands, Spain and Estonia.

The aforementioned investments and the expansion of the network of subsidiaries support the Group's growth aspirations in the long term and enable the Group to provide customers with more economically advantageous solutions.

KEY FIGURES FOR THE GROUP'S FINANCIAL POSITION AND PROFITS

	2012	2011	2010	2009
Turnover, M€	53,5	46,5	45,4	47,6
Operating profit, M€	1,1	1,1	3,6	4,7
Operating profit as a percentage of turnover	2,0	2,4	7,9	9,9
Return on equity, %	4,0	2,9	17,2	28,2
Equity ratio, %	50,0	65,8	57,9	54,4

KEY FIGURES ON PERSONNEL

	2012	2011	2010	2009
Average number of employees during the financial year	346	308	295	296
Salaries and wages for the financial year, M€	16,5	13,6	12,9	13,1

Administration

The company's Board of Directors in 2012 was comprised of Johanna Ikäheimo as chair and Torkel Tallqvist, Thomas Berfeldt and Kimmo Lautanen as members. Erkki Ikäheimo acted as the Board's secretary. Juha Laakkonen acted as the Managing Director.

The company's auditors were Authorised Public Accountants PricewaterhouseCoopers Oy (PwC).

Financial position and capital expenditure

At the end of the financial year, the Group's balance sheet total was EUR 28.3 million (EUR 20.5 million in 2011). The strong financial position inherited from the previous financial year allowed the Group to invest in future growth. Investments in Estonia and the Netherlands nevertheless required additional borrowing.

Board of Directors' proposal concerning the distribution of profits

The parent company's distributable assets are EUR 11,265,213.87, of which profit for the period accounts for EUR 627,790.27.

The Board of Directors proposes to the general meeting that the profit for the period be distributed as follows:

- dividend payment of EUR XXX/share, i.e. a total of EUR XXXXXX
- deposited in the retained earnings account EUR XXXXXX

No notable changes have taken place regarding the company's financial position since the end of the financial year. The company's liquidity is good, and the Board of Directors does not believe that the proposed distribution of profits endangers the company's solvency.

Unforgettable experiences of play and sports

The challenging situation in the public sector inspired Lappset to be more active in the search for new segments last year. Business development with regard to Angry Birds activity parks gave Lappset a brand new customer segment in the experience industry. This also meant moving forms of play and sports that have traditionally been outdoor activities, indoors.

The year 2012 goes down in Lappset Group Oy's history as a year of new, innovative partnerships, the most important involving Rovio Entertainment Oy's Angry Birds concept. News of the partnership was reported extensively in international media, which in turn increased Lappset's recognition especially in Asia and in the United States and aroused particular interest in the Group's international distribution network. Outdoor Angry Birds activity parks were opened for example in Särkänniemi amusement park in Tampere as well as in Espoo, Pori and Rovaniemi. Indoor activity parks were built in Vuokatti ski resort and in Kuusamo.

Links to well-known Finnish success stories strengthen Lappset's global competitiveness. In addition to the aforementioned partners, Lappset also signed an agreement with Marinetek Group Ltd concerning the supply of floating playgrounds globally. This is a unique concept that is not known to exist anywhere else in the world.

A record number of new concepts were created during 2012 to be launched at the beginning of 2013. In the playground industry, Lappset intends to meet customers' needs and expectations by launching a line of wooden playground equipment called Halo, which represents modern Nordic design and incorporates solar-powered light elements. With its streamlined design, the Halo line appeals especially to architects and designers. For customers who value eco-friendliness, Lappset has designed an organic line of playground equipment called Flora, which will be launched at the beginning of 2013.

All development of interactive solutions has been delegated to Lappset's Dutch subsidiary. Lappset intends to launch a new concept for teenagers next year, which incorporates music and dance and was developed in the Netherlands with inspiration from music professionals. This is a globally unique, creative innovation that puts teenagers at centre stage, using their smartphones to play and mix music. The concept has been named Lappset Fono Spot, and it complements the spectrum of solutions related to the well-being of young people and the palette of interactive play and sports solutions.

The biggest investments in product development last year involved designing active sports environments for end users of all ages. Lappset bears its corporate social responsibility by offering stimulating, practical and versatile facilities for physical activity

that have a positive impact on people's well-being. Lines of exercise equipment designed for the fitness needs of people of different ages will be launched in early 2013.

Investments in long-term global growth

With regard to export trade, investments in 2012 mostly focused on the Chinese market which is expected to grow in 2013. Lappset also signed a resale agreement with an American company for distribution in the US. The US market is one of Lappset's main points of focus next year. In addition to the above, new resale agreements were signed with partners in Malaysia and Turkey. Lappset Group Oy's network of subsidiaries and distributors covers approximately 50 countries in Europe, Asia, Australia and the US.

Lappset's market position in Finland continued to grow stronger. Domestic turnover grew by a record-breaking 23%. The success in domestic sales is evidenced not just by strong relationship with existing customers but also by an increasing number of new customers.

The Group's personnel grew by 38 people, with two subsidiaries – Yalp Lappset in the Netherlands and Lappset Estonia OÜ in Estonia – contributing the biggest increases. The parent company recruited reinforcements to its design and product development teams. During the financial year, the Group employed an average of 346 people in eight different countries.

Growing importance of socially sustainable business

In conclusion, the operating profits of both the Group and the parent company for the financial year were good. Lappset invested heavily in business development. The company's financial position remains strong.

Lappset Group Oy can be said to operate a socially sustainable business, because it designs, develops and manufactures play and sports solutions for people of all ages – from toddlers to teenagers and from adults to the elderly. Solutions designed for the different stages of the human life cycle increase well-being and can help to curb society's ever-increasing social welfare and health care costs.

The company's proactive approach to concept design and the development of activity parks and international business will boost Lappset Group Oy's market shares in 2013.



Principles for drawing up the Financial Statement

Scope of the consolidated financial statements

The consolidated financial statements cover all Group companies: Lappset Group Oy (parent), Rovaniemi, Finland; Smartus Oy, Rovaniemi, Finland; Lappset Spiel-, Park- und Freizeitsysteme GmbH, Viersen, Germany; Lappset UK Ltd, Kettering, UK; Lappset Sweden AB, Enköping, Sweden; Lappset España V R S.L., Barcelona, Spain; Lappset Estonia OÜ, Tallinn, Estonia; Lappset Citec SAS, Nanterre Cedex, France; and Yalp Lappset Holding B.V., Goor, Netherlands. Lappset Playworld UK Ltd was consolidated as a joint venture according to Chapter 6, Section 15 of the Finnish Accounting Act until 30 June 2012.

Control was shared according to the distribution of ownership and a shareholders' agreement regarding the company's administration. After a share transaction on 1 July 2012, the company's name was changed to Lappset UK Ltd, after which date the company has been consolidated as a subsidiary.

Copies of the consolidated financial statements are available on request from the Group's head office at PO Box 8146, FI-96101 Rovaniemi, Finland.

Accounting principles for the consolidated financial statements

Intra-Group transactions and margins

The consolidated financial statements have been prepared using the acquisition cost method. Intra-Group transactions, unrealised margins on internal deliveries, internal receivables and liabilities, along with intra-Group distributions of profit have been eliminated.

Intra-Group shareholdings

The difference between the acquisition cost of subsidiaries and the corresponding shareholders' equity has been entered as consolidated goodwill. The amortisation period for consolidated goodwill is five years.

Minority interests

Minority interests have been separated from the consolidated shareholders' equity and operating profit/loss and presented as a separate item.

Translation differences

The financial statements of foreign subsidiaries have been translated into euro according to the official exchange rate of the European Central Bank or according to the rate in effect on the closing date of the accounts. The translation difference is presented as a separate item.

Valuation principles used in the financial statements

Fixed assets have been entered in the balance sheet at their acquisition cost less planned depreciation.

Current assets have been valued at the lowest of acquisition cost, estimated net realisable value or replacement cost. Acquisition cost is determined according to the moving average method, which is related to the FIFO principle. The acquisition cost of finished and unfinished products includes variable costs.

Marketing materials are included in the assets listed in the balance sheet according to their acquisition cost.

The costs associated with the development of the Enterprise Resource Planning system have been capitalised.

Direct costs associated with product development have been capitalised according to a decision of the Finnish Ministry of Trade and Industry.

The amortisation period for the item in question is five years.

Derivatives have been recognised at acquisition cost, and changes in their value are not recognised.

Company derivatives include currency options and interest rate derivatives. Currency options are used to hedge against changes in the values of foreign currencies.

Interest rate derivatives are used to hedge against changes in interest rates.

Deferred tax liabilities and receivables have been recognised for any temporary differences between the financial statement carrying amount and its tax basis according to the tax rate confirmed for coming years on the closing date of the accounts.

PROFIT AND LOSS ACCOUNT (€)	1.1. - 31.12.2012	1.1. - 31.12.2011	1.1.-31.12.2010
Turnover	53 548 361	46 488 630	45 353 632
Increase (+)/decrease (-) in stocks of finished goods	836 189	-1 161 623	733 944
Production for own use	114 358	18 070	62 681
Other operating income	14 454	243 413	539 990
Materials and services			
Materials and supplies			
Purchases during the financial year	-19 770 842	-15 069 903	-16 116 293
Increase (+)/decrease (-) in stocks	668 586	-173 152	144 253
External services	-2 950 154	-2 620 849	-1 898 946
Total	-22 052 410	-17 863 904	-17 870 986
Personnel costs	-16 490 025	-13 565 338	-12 856 508
Amortisation and depreciation			
Planned amortisation and depreciation	-1 551 263	-1 485 239	-1 543 284
Amortisation of consolidated goodwill	-284 238	-140 336	-140 336
Total	-1 835 501	-1 625 575	-1 683 620
Other operating costs	-13 083 398	-11 431 080	-10 762 096
Operating profit	1 052 029	1 102 593	3 517 037
Financial income and expenses			
Other interest and financial income	260 626	102 018	83 914
Exchange rate differences	67 564	-10 875	157 699
Interest and other financial expenses	-328 295	-224 578	-389 322
Total financial income and expenses	-106	-133 434	-147 709
Profit before extraordinary items	1 051 923	969 159	3 369 327
Profit before appropriations and taxes	1 051 923	969 159	3 369 327
Income taxes			
For the financial year	-494 045	-574 816	-857 255
For previous financial years	-4 979	-51 050	-105 251
Change in deferred tax liability	3 743	60 261	-56 092
Minority interest	-113 629	-24 591	-342 652
Profit for the financial year	443 013	378 962	2 008 077

BALANCE SHEET ASSETS (€)	1.1. - 31.12.2012	31.12.2011	31.12.2010
NON-CURRENT ASSETS			
Intangible assets			
x kehittämismenot	0	0	227 184
Intellectual property rights	238 912	384 971	419 682
Goodwill	48 333	68 333	162 876
Consolidated goodwill	736 443	0	140 336
Other long-term expenses	162 832	113 097	151 230
x Ennakkomaksut	0	0	20 833
Total	1 186 520	566 401	1 122 141
Tangible assets			
Land and water areas	669 076	547 741	161 163
Buildings and structures	2 152 823	2 080 561	2 575 579
Machinery and equipment	4 451 779	1 744 435	2 030 418
Other tangible assets	263 971	40 482	40 323
Advance payments and acquisitions in progress	262 565	445 604	279 119
Total	7 800 214	4 858 824	5 086 602
Investments			
Other shares and similar rights of ownership	561 475	440 063	438 463
Total	561 475	440 063	438 463
CURRENT ASSETS			
Stocks			
Materials and supplies	1 392 114	820 286	981 726
Unfinished products	174 007	72 262	109 437
Finished products	3 673 797	2 407 299	3 577 301
Total stocks	5 239 917	3 299 846	4 668 464
Receivables			
Long-term			
Loan receivables	123 813	136 570	129 557
Accounts receivable	12 126	14 952	17 497
Total	135 939	151 523	147 054
Short-term			
Accounts receivable	7 856 158	6 624 057	8 276 658
Other receivables	556 528	317 819	433 211
Prepayments and accrued income	1 074 259	1 338 724	610 702
Total	9 486 945	8 280 599	9 320 572
Cash and bank balances	3 883 711	2 919 726	3 552 747
Total assets	28 294 722	20 516 983	24 336 044

LAPPSET GROUP LTD / CONSOLIDATED

BALANCE SHEET			
SHAREHOLDERS' EQUITY AND LIABILITIES (€)	31.12.2012	31.12.2011	31.12.2010
SHAREHOLDERS' EQUITY			
Share capital	814 804	814 804	814 804
Retained earnings (loss)	10 290 445	10 303 426	9 114 819
Profit for the financial year	443 013	378 962	2 008 077
Total	11 548 262	11 497 192	11 937 700
Minority interest	2 591 421	1 976 114	2 146 746
Statutory reserve	0	0	7 500
LIABILITIES			
Long-term			
Subordinated loans	157 500		
Loans from credit institutions	4 557 890	1 179 108	1 340 660
Deferred tax liabilities	237 481	225 504	286 384
Total	4 952 871	1 404 612	1 627 044
Short-term			
Loans from credit institutions	983 617	409 735	1 795 326
Accounts payable	2 680 079	1 780 412	2 341 850
Advance payments received	39 012	36 002	0
Other debts	895 610	544 855	990 279
Accruals and deferred income	4 603 850	2 868 061	3 489 599
Total	9 202 168	5 639 065	8 617 054
Total shareholders' equity and liabilities	28 294 722	20 516 983	24 336 044

LAPPSET GROUP LTD / CONSOLIDATED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS (€)	1.1. - 31.12.2012	1.1. - 31.12.2011	1.1.-31.12.2010
Cash flow from operating activities			
Operating profit	1 052 029	1 102 593	3 517 037
Adjustments to operating profit	1 832 001	1 603 471	1 468 104
Change in working capital	-437 623	1 652 909	-1 368 082
Change in stocks	-1 940 071	1 368 617	-1 024 402
Change in short-term receivables	-1 536 111	1 588 815	366 100
Change in short-term liabilities	3 038 559	-1 304 523	-709 781
Interest paid	-325 848	-362 498	-279 663
Interest received	260 626	102 018	114 532
Taxes	-137 760	-1 332 991	-1 776 786
Cash flow from operating activities	2 243 425	2 765 502	1 675 141
Cash flow from investments			
Investments in tangible and intangible assets	-4 497 741	-900 896	-2 921 847
Proceeds from disposal of tangible and intangible assets	3 500	14 604	168 334
Subsidiaries acquired	-1 489 188	-173 199	0
Cash flow from investments	-5 983 429	-1 059 491	-2 753 513
Cash flow from financing activities			
Short-term loan withdrawals	934 190	26 548	0
Short-term loan repayments	-344 239	-190 755	0
Long-term loan withdrawals	3 548 138	124 350	1 848 145
Long-term loan repayments	-27 925	-1 507 287	-1 485 648
Dividends paid	657 446	-793 232	-1 362 864
Cash flow from financing activities	4 767 610	-2 340 376	-1 000 366
Translation differences	-63 621	1 344	85 612
Change in cash and cash equivalents	963 985	-634 365	-2 078 738
Cash and cash equivalents at the start of the financial year on 1 January	2 919 726	3 552 747	5 545 873
Cash and cash equivalents at the end of the financial year on 31 December	3 883 711	2 919 726	3 552 747

PROFIT AND LOSS ACCOUNT (€)	1.1. - 31.12.2012	1.1. - 31.12.2011	1.1.-31.12.2010
Turnover	36 532 746	33 394 764	33 235 436
Increase (+)/decrease (-) in stocks of finished goods	877 881	-816 451	445 003
Production for own use	114 358	18 070	62 681
Other operating income	55 898	47 464	148 809
Materials and services			
Materials and supplies			
Purchases during the financial year	-15 064 785	-11 696 449	-12 705 598
Increase (+)/decrease (-) in stocks	534 702	-233 765	52 077
External services	-1 997 608	-1 337 512	-842 836
Total	-16 527 690	-13 267 726	-13 496 357
Personnel costs	-9 902 106	-9 114 861	-9 185 676
Amortisation and depreciation			
Planned amortisation and depreciation	-882 902	-1 252 455	-1 335 298
Other operating costs	-9 924 501	-7 932 941	-7 706 940
Operating profit	343 683	1 075 863	2 167 659
Financial income and expenses			
Income from Group undertakings	139 991	44 750	114 898
Income from other undertakings	195	195	213
Other interest and financial income			
From Group companies	128 949	59 189	58 111
From others	95 046	22 297	37 531
Exchange rate differences	57 364	7 877	138 061
Interest and other financial expenses			
For Group companies	-38	-5	-115
For others	-238 027	-104 842	-315 881
Impairments from investments in fixed assets	0	-1	-73 243
Total financial income and expenses	183 479	29 460	-40 426
Profit before extraordinary items	527 163	1 105 323	2 127 233
Extraordinary items			
Extraordinary income	348 567	0	
Extraordinary expenses	0	-129 800	-113 200
Profit before appropriations and taxes	875 729	975 523	2 014 033
Appropriations			
Increase (-)/decrease (+) in depreciation reserve	0	248 500	172 243
Income taxes			
For previous financial years	-5 933	-51 134	-105 247
For the financial year	-242 006	-388 110	-576 286
PROFIT FOR THE FINANCIAL YEAR	627 790	784 779	1 504 743

BALANCE SHEET ASSETS (€)	31.12.2012	31.12.2011	31.12.2010
NON-CURRENT ASSETS			
Aineettomat hyödykkeet			
x kehittämismenot	0	0	75 418
Intellectual property rights	224 667	378 748	417 085
x Liikearvo	0	0	140 336
Other long-term expenses	67 529	113 097	151 230
Advance payments	9 604	0	20 832
Total	301 800	491 845	804 901
Tangible assets			
Land and water areas	156 433	156 433	156 433
Buildings and structures	582 519	630 071	691 318
Machinery and equipment	1 517 719	1 437 150	1 658 819
Other tangible assets	35 865	35 865	35 865
Advance payments and acquisitions in progress	274 586	265 604	279 119
Total	2 567 122	2 525 123	2 821 554
Investments			
Holdings in Group undertakings	3 707 289	2 354 082	1 811 217
Other shares and similar rights of ownership	561 475	440 063	438 463
Total	4 268 764	2 794 146	2 249 680
CURRENT ASSETS			
Stocks			
Materials and supplies	821 070	377 388	573 978
Unfinished products	163 282	72 262	109 437
Finished products	2 650 984	1 772 606	2 589 057
Total stocks	3 635 336	2 222 256	3 272 472
Receivables			
Long-term			
Receivables from Group companies	2 527 134	562 241	361 094
Loan receivables	73 300	73 300	73 300
Total	2 600 434	635 541	434 394
Short-term			
Accounts receivable	3 142 905	1 883 412	2 382 406
Receivables from Group companies	2 122 449	1 578 068	1 920 872
Other receivables	235 911	217 975	318 227
Prepayments and accrued income	774 678	1 055 719	410 254
Total	6 275 944	4 735 174	5 031 759
Cash and bank balances	694 518	1 087 457	1 931 975
Total assets	20 343 917	14 491 542	16 546 736

LAPPSET GROUP LTD / PARENT COMPANY

BALANCE SHEET SHAREHOLDERS' EQUITY AND LIABILITIES (€)	31.12.2012	31.12.2011	31.12.2010
SHAREHOLDERS' EQUITY			
Share capital	814 804	814 804	814 804
Retained earnings (loss)	9 822 620	9 366 162	8 682 223
Profit for the financial year	627 790	784 779	1 504 743
Total	11 265 214	10 965 745	11 001 770
ACCUMULATED APPROPRIATIONS			
Depreciation reserve	0	0	248 500
Statutory reserve	0	0	7 500
LIABILITIES			
Long-term			
Loans from credit institutions	3 348 306	124 350	2 196
Total	3 348 306	124 350	2 196
Short-term			
Loans from credit institutions	844 148	28 654	1 291 973
Accounts payable	1 621 826	1 013 738	1 167 742
Liabilities towards Group companies	20 706	164 620	8 338
Other debts	520 127	182 673	445 578
Accruals and deferred income	2 723 589	2 011 763	2 373 139
Total	5 730 397	3 401 446	5 286 770
Total shareholders' equity and liabilities	20 343 917	14 491 542	16 546 736

STATEMENT OF SOURCE AND APPLICATION OF FUNDS (€)	1.1. - 31.12.2012	1.1. - 31.12.2011	1.1.-31.12.2010
CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit	343 683	1 075 863	2 167 659
Adjustments to operating profit	879 402	1 230 351	1 121 782
Change in working capital	-1 075 251	1 169 406	-535 856
Change in stocks	-1 413 080	1 050 216	-497 081
Change in short-term receivables	-1 308 469	626 025	192 014
Change in short-term liabilities	1 646 297	-506 836	-230 789
Interest paid	-209 372	-240 682	-206 408
Interest received	274 125	82 462	126 261
Dividends received	140 186	44 945	115 111
Taxes	-504 741	-1 110 351	-1 287 380
Cash flow from operating activities	-151 968	2 251 994	1 501 170
Cash flow from investments			
Investments in tangible and intangible assets	-856 268	-644 569	-646 568
Proceeds from disposal of tangible and intangible assets	3 500	14 604	39 500
Subsidiaries acquired	-1 353 206	-303 431	0
Repayments of loan receivables	-1 964 892	-201 147	-23 980
Cash flow from investments	-4 170 866	-1 134 542	-631 048
Cash flow from financing activities			
Short-term loan withdrawals	845 976	26 548	0
Long-term loan withdrawals	3 223 956	124 350	0
Short-term loan repayments	-30 482	0	0
Long-term loan repayments	0	-1 292 063	-1 460 102
Dividends paid	-328 322	-820 804	-1 394 718
Group contributions received and paid	218 767	0	0
Cash flow from financing activities	3 929 895	-1 961 969	-2 854 820
Change in cash and cash equivalents	-392 939	-844 518	-1 984 698
Cash and cash equivalents at the start of the financial year on 1 January	1 087 457	1 931 975	3 916 673
Cash and cash equivalents at the end of the financial year on 31 December	694 518	1 087 457	1 931 975



Auditor's Report (Translation)

To the Annual General Meeting of Lappset Group Oy

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Lappset Group Oy for the year ended 31 December, 2012. The financial statements comprise the consolidated balance sheet, income statement and cash flow statement and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of financial statements and report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

We recommend that the financial statements with consolidated financial statements are adoptable. The proposal of the Board of Directors regarding distribution of the parent company's result for the period is in compliance with the Finnish Limited Liability Companies Act. We recommend that the Members of the Board of Directors of the parent company and the Managing Director can be discharged from liability regarding financial period by us.

In Rovaniemi, 1st March 2013

PricewaterhouseCoopers Oy
Authorised Public Accountants

Sami Posti
Authorised Public Accountant

PricewaterhouseCoopers Oy, Authorised Public Accountants, Kirkkokatu 14 A, FI-90100 OULU
Phone +358 8 562 4800, Fax: +358 8 311 7040, www.pwc.com/fi
Reg. Domicile Helsinki, Business ID 0486406-8

Signatures of the Chairman of the Board of Directors and the Managing Director

Johanna Ikäheimo
Chairman of the Board

Juha Laakkonen
Managing Director

Erkki Ikäheimo
Member of the Board

Torkel Tallqvist
Member of the Board

Kimmo Lautanen
Member of the Board

Thomas Berfenfeldt
Member of the Board

NOTATION OF THE ANNUAL REPORT

Auditors' report of the completed auditing has been handed out today.

PriceWaterhouseCoopers Ltd

Sami Posti
Authorized Public Accountant





Lappset Group Oy LTD
P.O. BOX 8146, FI-96101 ROVANIEMI

Tel. +358 207 750 100, Fax +358 207 750 101
lappset@lappset.com, www.lappset.com

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