



ANNUAL REPORT 2013



LAPPSET'S PROFITABILITY IMPROVED



Lappset Group clearly improved its profitability in financial year 2013, despite the challenging global economic conditions within the public sector in particular. The Group's turnover was slightly lower compared to the previous year, EUR 53.1 million (2012: EUR 53.5 million). The change is mainly due to the sale of the Group's subsidiary in Spain, as its result was not recorded in the consolidated turnover after the sale.

Profitability improved through the reduction of fixed costs and the increase of cost-efficiency throughout the organisation. The

challenging status of the public sector influenced Lappset's turnover in its core business area of playground and exercise facility equipment, but the business area of themed activity parks experienced substantial growth, especially on account of the Angry Birds activity parks.

Lappset Group's financial position remains strong. The Group's equity ratio was 54.9% last year (2012: 50%). The improved profitability is reflected in the operating profit, which was EUR 3.1 million (5.5%). Cash flow and liquidity were very strong.

KEY FIGURES FOR THE GROUP'S FINANCIAL POSITION AND PERFORMANCE

	2013	2012	2011	2010
Turnover, M€	53,1	53,5	46,5	45,4
Operating profit, M€	3,1	1,1	1,1	3,6
Operating profit as a percentage of turnover	5,8	2,0	2,4	7,9
Return on equity -%	15,1	4,0	2,9	17,2
Equity ratio -%	54,9	50,0	65,8	57,9

KEY FIGURES ON PERSONNEL

	2013	2012	2011	2010
Average number of employees during the financial year	368	346	308	295
Salaries and wages for the financial year, M€	15,8	16,5	13,6	12,9

The network of subsidiaries underwent some changes. Lappset purchased a minority share of its subsidiary in France, Lappset Citec SAS, thus obtaining full ownership of the company. The subsidiary in Spain also underwent a change of ownership, as the majority share of Lappset España was sold to the subsidiary's current management. With this acquisition, Lappset now holds 19% of the shares of Lappset España.

The production operations at Lappset's factory in Estonia stabilised during the financial year, and the application process for the ISO 9001 quality management system was initiated in 2013. The goal is to have Lappset Estonia OÜ's factory in Tallinn audited for ISO certification in 2014.

At the end of the financial year, Lappset Group comprised the parent company in Finland and subsidiaries in six countries: Sweden, the UK, Germany, France, the Netherlands and Estonia. No notable changes took place regarding the dealer network during 2013.

Financial year 2013 saw the launch of employer-employee negotiations for possible lay-offs in the company's operations in Finland. However, lay-offs were avoided as the negotiations resulted in a decision to look for other means of adjusting costs that will not affect the personnel, the key method being a campaign for highlighting the importance of cost-efficiency.

Administration

The company's Board of Directors in 2013 comprised Johanna Ikäheimo as chair and Torkel Tallqvist, Thomas Berfenfeldt and Kimmo Lautanen as members. Katja Ikäheimo-Länkinen joined the Board as a new member. The Board's Secretary was Irma Kuuskasjärvi. Juha Laakkonen acted as the Managing Director. Thomas Berfenfeldt left the Board in December 2013.

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 27.1 million (EUR 28.3 million in 2012). No significant financial arrangements were carried out during financial year 2013.

Board of Directors' proposal concerning the distribution of profits

The parent company's distributable assets are EUR 12,296,808.89, of which profit for the period accounts for EUR 2,256,801.02.

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

- dividend payment of EUR 2.00/share, i.e. a total of
EUR 820,804.00
- deposited in the retained earnings account EUR 1,435,997.02

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.

Notable changes since the end of the financial year

Juha Laakkonen resigned from his position as Managing Director on 7 January 2014. The Board of Directors appointed Tero Ylinen-pää as the new Managing Director on 14 January 2014.

Focusing on three cornerstones

At the end of the financial year 2013, Lappset's key task was to draw up a new strategy that will be valid until 2016. The preparation of the new strategy highlighted the three-way division of Lappset's business operations into three cornerstones: playground and exercise facility equipment (core business), operations in Finland and themed activity parks. Other functions, such as marketing and innovations, order-delivery chain management, finances and HR and legal act in support of the three cornerstones. The new strategy was finalised by the end of the finan-

cial year, but it was launched to the staff, subsidiaries and other key stakeholders at the beginning of 2014.

The countries where Lappset experienced export growth include the Netherlands, Russia, the United Arab Emirates, Denmark and other Nordic countries. The product that Lappset exports to the United Arab Emirates the most is playground equipment for school playgrounds. There was clear growth in exports to Russia, and we are happy to announce that Lappset provided a playground system for the Sochi Winter Olympics Village, in the immediate vicinity of the newly constructed ice rink.

Our path to the future is built on customer-orientation and responsibility

In summary, the 2013 turnovers of the Group and the parent company were reasonable considering the global economic situation. Operating profits were significantly higher compared to previous years due to improved profitability. The business area that showed the most growth was themed activity parks. The company's overall financial position is excellent, as proven by its strong balance sheet total and high equity ratio.

Lappset Group's operations can be characterised as responsible business conduct, because it designs, develops and manufactures playground and exercise facility solutions and different types of activity parks that provide excellent conditions for people of all ages to experience the joy of playful and sporting activities. Today's global challenges are intrinsically related to the physical and mental well-being of people at different stages of life, and Lappset is having a positive impact on this through its creative solutions. Investing in meaningful and inspiring environments for play and exercise pays for itself in the form of significantly reduced social service and health care costs.

A dynamic approach, willingness to change and continuous benchmarking of new business opportunities form the backbone of Lappset Group's operations. The new customer orientation-based strategy, which the company will continue to implement in the coming years, enables agile solutions that exceed the needs and expectations of customers, not to mention the provision of a cost-efficient production chain and high quality products.

Principles for drawing up the Financial Statement

Scope of the consolidated financial statements

The consolidated financial statements cover all Group companies.

Intra-Group shareholdings

The consolidated financial statements have been prepared using the acquisition cost method. The difference between the acquisition cost of subsidiaries and the corresponding shareholder's equity has been entered as consolidated goodwill. The amortisation period for consolidated goodwill is five years.

Intra-Group transactions and margins

Intra-Group transactions, unrealised margins on internal deliveries, internal receivables and liabilities, along with intra-Group distributions of profit have been eliminated.

Minority interests

Minority interests have been separated from the consolidated shareholder's equity and operating profit/loss for the financial year and presented as a separate item.

Translation differences

The profit and loss accounts and balance sheets of foreign subsidiaries have been translated into the currency of Finland (Euro) according to the rate in effect on the balance sheet date. This translation difference, together with the differences concerning the shareholder's equity of foreign subsidiaries, is presented under 'Retained earnings'.

Changes in Group structure affecting the comparability of the consolidated financial statement

During the financial year, the parent company sold its majority share in Lappset España VR SL, resulting in a shareholding of 19%. The Spanish company has not been included in the consolidated financial statement since 1 April 2013.

On 1 July 2013, the parent company acquired a 100% shareholding in Lappset France SAS, of which it previously owned 70%.

Notes on the financial statements

Principles and methods concerning valuation and fiscal periods

Valuation of non-current assets

Intangible and tangible assets have been entered in the balance sheet at their acquisition cost less planned depreciation. The total acquisition costs include the variable costs arising from acquisition and manufacturing. The computing method used for the planned depreciation was straight-line depreciation based on the useful life of intangible and tangible assets. The period of depreciation commenced during the month the asset was placed in service.

Planned depreciation criteria and changes thereof

Type of asset	Depreciation period
Development costs	5 years
Other long-term expenses	5 - 10 years
Buildings	25 years
Structures	10 years
Production equipment	7 years
Machinery and equipment	4 - 7 years
Consolidated goodwill	5 years

The acquisition costs for non-current assets with a probable economic life of less than three years and minor acquisitions (less than EUR 800) have been entered in total under expenses accumulated during the financial year.

Valuation of current assets

Current assets have been valued at the lowest of acquisition cost, replacement cost or estimated net realisable value. 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 only comprises variable costs.



Valuation of financial instruments

The company uses derivative instruments such as foreign currency forward contracts and interest rate swaps. The foreign currency forward contract is used to hedge against changes in the estimated foreign currency cash flows. Interest rate swaps are used to change a variable interest rate to a fixed rate. The validity period for these foreign currency and interest rate instruments is five years.

Product development and long-term costs

As a rule, R&D costs have been entered as annual costs for the financial year during which they were incurred. Product development costs that have generated revenue for three years or longer have been capitalised in the balance sheet as development costs. The applicable amortisation period is five years.

Deferred taxes

Deferred tax liabilities have been recognised for any temporary difference between the financial statement carrying amount and its tax basis according to the tax rate confirmed for coming years on the balance sheet date. Total deferred tax liabilities are presented in the balance sheet.

Foreign currency items

Foreign currency receivables and liabilities are translated into the currency of Finland (Euro) according to the rate in effect on the balance sheet date. This does not include liabilities covered by a forward contract and valued according to the forward (exchange) rate.

PROFIT AND LOSS ACCOUNT (€)	1.1. - 31.12.2013	1.1. - 31.12.2012	1.1. - 31.12.2011
Turnover	53 131 995	53 548 361	46 488 630
Increase (+)/ decrease (-) in stocks of finished goods	-100 167	836 189	-1 161 623
Production for own use	137 884	114 358	18 070
Other operating income	164 247	14 454	243 413
Materials and services			
Materials and supplies			
Purchases during the financial year	-16 791 896	-19 770 842	-15 069 903
Increase (+)/ decrease (-) in stocks	-425 982	668 586	-173 152
External services	-3 429 654	-2 950 154	-2 620 849
Total	-20 647 532	-22 052 410	-17 863 904
Personnel costs	-15 803 011	-16 490 025	-13 565 338
Depreciation and amortisation			
Planned depreciation	-1 517 945	-1 551 263	-1 485 239
Amortisation of consolidated goodwill	-225 236	-284 238	-140 336
Total	-1 743 182	-1 835 501	-1 625 575
Other operating costs	-12 051 376	-13 083 398	-11 431 080
Operating profit	3 088 858	1 052 029	1 102 593
Financial income and expenses			
Income from other investments in fixed assets			
From others	195	195	195
Income from other investments in fixed assets	58 509	260 431	101 824
Exchange rate difference	0	67 564	-10 875
Interest and other financial expenses	-191 136	-328 295	-224 578
Exchange rate differences	-52 582	0	0
Total financial income and expenses	-185 014	-106	-133 434
Profit before extraordinary items	2 903 845	1 051 923	969 159
Profit before appropriations and taxes	2 903 845	1 051 923	969 159
Income taxes			
For the financial year	-778 718	-494 045	-574 816
For previous financial years	0	-4 979	-51 050
Deferred taxes	32 297	3 743	60 261
Minority interest	-146 067	-113 629	-24 591
Profit for the financial year	2 011 357	443 013	378 962

BALANCE SHEET			
ASSETS (€)	1.1. - 31.12.2013	1.1. - 31.12.2012	31.12.2011
NON-CURRENT ASSETS			
Intangible assets			
Development costs	246 344	0	0
Intellectual property rights	156 239	238 912	384 971
Goodwill	28 333	48 333	68 333
Consolidated goodwill	552 332	736 443	0
Other long-term expenses	240 645	162 832	113 097
Total	1 223 894	1 186 520	566 401
Tangible assets			
Land and water areas	652 322	669 076	547 741
Buildings and structures	1 847 168	2 152 823	2 080 561
Machinery and equipment	4 230 175	4 451 779	1 744 435
Other tangible assets	213 748	263 971	40 482
Advance payments and acquisitions in progress	3 879	262 565	445 604
Total	6 947 292	7 800 214	4 858 824
Investments			
Other shares and participations	780 620	561 475	440 063
Total	780 620	561 475	440 063
Total non-current assets	8 951 806	9 548 209	5 865 288
CURRENT ASSETS			
Stock			
Materials and supplies	1 128 026	1 392 114	820 286
Unfinished products	117 956	174 007	72 262
Finished products	3 353 147	3 673 797	2 407 299
Advance payments	56 000	0	0
Total stock	4 655 128	5 239 917	3 299 846
Receivables			
Long-term receivables			
Loan receivables	120 900	123 813	136 570
Accounts receivable	0	12 126	14 952
Total	120 900	135 939	151 523
Short-term receivables			
Accounts receivable	5 290 086	7 856 158	6 624 057
Other receivables	471 941	556 528	317 819
Prepayments and accrued income	341 760	1 074 259	1 338 724
Total	6 103 786	9 486 945	8 280 599
Cash and cash equivalents	7 229 688	3 883 711	2 919 726
Total current assets	18 109 503	18 746 512	14 651 694
Total assets	27 061 309	28 294 722	20 516 983

BALANCE SHEET SHAREHOLDER'S EQUITY AND LIABILITIES (€)	31.12.2013	31.12.2012	31.12.2011
SHAREHOLDER'S EQUITY			
Share capital	814 804	814 804	814 804
Retained earnings (loss)	9 934 104	10 290 445	10 303 426
Profit for the financial year	2 011 357	443 013	378 962
Total shareholder's equity	12 760 265	11 548 262	11 497 192
Minority interest	1 591 485	2 591 421	1 976 114
LIABILITIES			
Long-term liabilities			
Subordinated loans	140 000	157 500	0
Loans from credit institutions	3 771 449	4 557 890	1 179 108
Deferred tax liabilities	172 599	237 481	225 504
Total long-term liabilities	4 084 048	4 952 871	1 404 612
Short-term liabilities			
Loans from credit institutions	1 048 013	983 617	409 735
Accounts payable	1 426 234	2 680 079	1 780 412
Advance payments received	936 911	39 012	36 002
Other liabilities	845 286	895 610	544 855
Accruals and deferred income	4 369 068	4 603 850	2 868 061
Total short-term liabilities	8 625 511	9 202 168	5 639 065
Total liabilities	12 709 559	14 155 039	7 043 677
Total shareholder's equity and liabilities	27 061 309	28 294 722	20 516 983

STATEMENT OF THE SOURCE AND APPLICATION OF FUNDS (€)	1.1. - 31.12.2013	1.1. - 31.12.2012	1.1. - 31.12.2011
Cash flow from operating activities			
Operating profit	3 088 858	1 052 029	1 102 593
Adjustments to operating profit	1 497 626	1 832 001	1 603 471
Change in working capital	1 553 127	-437 623	1 652 909
Change in stock	417 353	-1 940 071	1 368 617
Change in short-term receivables	1 108 658	-1 536 111	1 588 815
Change in short-term liabilities	27 116	3 038 559	-1 304 523
Interest payments	-188 742	-325 848	-362 498
Interest income	58 509	260 626	102 018
Dividends received	195	0	0
Taxes	-215 689	-137 760	-1 332 991
Cash flow from operating activities	5 793 884	2 243 425	2 765 502
Cash flow from investments			
Investments in tangible and intangible assets	-1 235 237	-4 497 741	-900 896
Proceeds from the disposal of tangible and intangible assets	243 317	3 500	14 604
Repayments of long-term loan receivables	2 913	0	0
Subsidiaries sold	80 000	0	0
Subsidiaries acquired	0	-1 489 188	-173 199
Cash flow from investments	-909 007	-5 983 429	-1 059 491
Cash flow from financing activities			
Short-term loan withdrawals	0	934 190	26 548
Short-term loan repayments	0	-344 239	-190 755
Long-term loan withdrawals	330 708	3 548 138	124 350
Long-term loan repayments	-1 070 254	-27 925	-1 507 287
Dividends paid	-410 402	657 446	-793 232
Cash flow from financing activities	-1 149 948	4 767 610	-2 340 376
Translation differences	-388 952	-63 621	1 344
Change in cash and cash equivalents	3 345 977	963 985	-634 365
Cash and cash equivalents at the start of the financial year on 1 January	3 883 711	2 919 726	3 552 747
Cash and cash equivalents at the end of the financial year on 31 December	7 229 688	3 883 711	2 919 726

PROFIT AND LOSS ACCOUNT (€)	1.1. - 31.12.2013	1.1. - 31.12.2012	1.1. - 31.12.2011
Turnover	39 256 287	36 532 746	33 394 764
Increase (+)/ decrease (-) in stocks of finished goods	-65 479	877 881	-816 451
Production for own use	137 884	114 358	18 070
Other operating income	19 178	55 898	47 464
Materials and services			
Materials and supplies			
Purchases during the financial year	-14 222 187	-15 064 785	-11 696 449
Increase (+)/ decrease (-) in stocks	-583 537	534 702	-233 765
External services	-2 550 978	-1 997 608	-1 337 512
Total	-17 356 703	-16 527 690	-13 267 726
Personnel costs	-10 078 146	-9 902 106	-9 114 861
Depreciation and amortisation			
Planned depreciation	-720 759	-882 902	-1 252 455
Other operating costs	-8 576 479	-9 924 501	-7 932 941
Operating profit	2 615 784	343 683	1 075 863
Financial income and expenses			
Income from participations in group companies	308 917	139 991	44 750
From others	195	195	195
Other interest and financial income			
From group companies	115 934	128 949	59 189
From others	15 338	95 046	22 297
Exchange rate differences	0	57 364	7 877
Interest and other financial expenses			
From group companies	0	-38	-5
To others	-131 940	-238 027	-104 842
Exchange rate differences	-38 674	0	0
Impairments from investments in fixed assets	0	0	-1
Total financial income and expenses	269 771	183 479	29 460
Profit before extraordinary items	2 885 554	527 163	1 105 323
Extraordinary items			
Extraordinary income	0	348 567	0
Extraordinary expenses	0	0	-129 800
Profit before appropriations and taxes	2 885 554	875 729	975 523
Income taxes			
For the financial year	-628 753	-247 939	-388 110
PROFIT FOR THE FINANCIAL YEAR	2 256 801	627 790	784 779

BALANCE SHEET ASSETS (€)	31.12.2013	31.12.2012	31.12.2011
NON-CURRENT ASSETS			
Intangible assets			
Development costs	246 344	0	0
Intellectual property rights	148 686	224 667	378 748
Other long-term expenses	83 606	67 529	113 097
Advance payments	7 058	9 604	0
Total intangible assets	485 694	301 800	491 845
Tangible assets			
Land and water areas	156 433	156 433	156 433
Buildings and structures	529 144	582 519	630 071
Machinery and equipment	1 752 529	1 517 719	1 437 150
Other tangible assets	35 865	35 865	35 865
Advance payments and acquisitions in progress	3 879	274 586	265 604
Total tangible assets	2 477 850	2 567 122	2 525 123
Investments			
Participations in group companies	3 763 266	3 707 289	2 354 082
Other shares and participations	780 620	561 475	440 063
Total investments	4 543 885	4 268 764	2 794 146
Total non-current assets	7 507 429	7 137 686	5 811 114
CURRENT ASSETS			
Stock			
Materials and supplies	302 445	821 070	377 388
Unfinished products	98 369	163 282	72 262
Finished products	2 585 009	2 650 984	1 772 606
Total stock	2 985 823	3 635 336	2 222 256
Receivables			
Long-term receivables			
Receivables from group companies	2 507 764	2 527 134	562 241
Loan receivables	73 300	73 300	73 300
Total long-term receivables	2 581 064	2 600 434	635 541

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Short-term receivables			
Accounts receivable	2 295 672	3 142 905	1 883 412
Receivables from group companies	1 269 098	2 122 449	1 578 068
Other receivables	181 575	235 911	217 975
Prepayments and accrued income	116 483	774 678	1 055 719
Total short-term receivables	3 862 827	6 275 944	4 735 174
Cash and cash equivalents	4 180 128	694 518	1 087 457
Total current assets	13 609 842	13 206 231	8 680 428
Total assets	21 117 272	20 343 917	14 491 542

BALANCE SHEET SHAREHOLDER'S EQUITY AND LIABILITIES (€)	31.12.2013	31.12.2012	31.12.2011
SHAREHOLDER'S EQUITY			
Share capital	814 804	814 804	814 804
Retained earnings (loss)	10 040 008	9 822 620	9 366 162
Profit for the financial year	2 256 801	627 790	784 779
Total shareholder's equity	13 111 613	11 265 214	10 965 745
LIABILITIES			
Long-term liabilities			
Loans from credit institutions	2 731 661	3 348 306	124 350
Total long-term liabilities	2 731 661	3 348 306	124 350
Short-term liabilities			
Loans from credit institutions	910 290	844 148	28 654
Accounts payable	844 623	1 621 826	1 013 738
Liabilities towards group companies	34 200	20 706	164 620
Other liabilities	379 425	520 127	182 673
Accruals and deferred income	3 105 461	2 723 589	2 011 763
Total short-term liabilities	5 273 998	5 730 397	3 401 446
TOTAL LIABILITIES	8 005 659	9 078 703	3 525 796
Total shareholder's equity and liabilities	21 117 272	20 343 917	14 491 542

STATEMENT OF SOURCE AND APPLICATION OF FUNDS (€)	1.1. - 31.12.2013	1.1. - 31.12.2012	1.1. - 31.12.2011
Cash flow from operating activities			
Operating profit	2 615 784	343 683	1 075 863
Adjustments to operating profit	-716 455	879 402	1 230 351
Change in working capital	1 746 245	-1 075 251	1 169 406
Change in stock	649 512	-1 413 080	1 050 216
Change in short-term receivables	1 858 309	-1 308 469	626 025
Change in short-term liabilities	-761 576	1 646 297	-506 836
Interest payments	-169 222	-209 372	-240 682
Interest income	138 059	274 125	82 462
Dividends received	309 112	140 186	44 945
Taxes	-58 088	-504 741	-1 110 351
Cash flow from operating activities	3 865 435	-151 968	2 251 994
Cash flow from investments			
Investments in tangible and intangible assets	486 016	-856 268	-644 569
Proceeds from the disposal of tangible and intangible assets	0	3 500	14 604
Loss from the disposal of tangible and intangible assets	-4 305	0	0
Subsidiaries acquired	-1	-1 353 206	-303 431
Subsidiaries sold	80 000	0	0
Repayments of loan receivables	19 369	-1 964 892	-201 147
Cash flow from investments	581 080	-4 170 866	-1 134 542
Cash flow from financing activities			
Short-term loan withdrawals	0	845 976	26 548
Long-term loan withdrawals	330 708	3 223 956	124 350
Short-term loan repayments	0	-30 482	0
Long-term loan repayments	-881 212	0	-1 292 063
Dividends paid	-410 402	-328 322	-820 804
Group contributions received and paid	0	218 767	0
Cash flow from financing activities	-960 906	3 929 895	-1 961 969
Change in cash and cash equivalents	3 485 609	-392 939	-844 518
Cash and cash equivalents at the start of the financial year on 1 January	694 518	1 087 457	1 931 975
Cash and cash equivalents at the end of the financial year on 31 December	4 180 128	694 518	1 087 457

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, 2013. 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, 24th February 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Sami Posti
Authorised Public Accountant

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

Johanna Ikäheimo
Chairman of the Board

Tero Ylinenpää
Managing Director

Torkel Tallqvist
Member of the Board

Kimmo Lautanen
Member of the Board

Katja Ikäheimo-Länkinen
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



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