



Annual report 2011

 **LAPPSET**®



LAPPSET'S STRONG FINANCIAL POSITION CREATES A FOUNDATION FOR GROWTH

The worldwide economic downturn and especially difficult markets in Europe did affect negatively Lappset's sales during 2011. This was partly compensated by increase of sales in Finland.

The financial position for Lappset Group Ltd continues to be strong. The company's equity ratio climbed to 65.8%, which represents a growth of 7.9 percentage points. The turnover reached EUR 46.5 million, the operating profit was EUR 1.1 million. The cash flow and liquidity of the company are very good. The capital turnover rate has developed positively, and especial-

ly the capital employed in current assets has been significantly lower than in previous years.

However, major investments in future growth has brought in a heavier cost structure, resulting in an unsatisfying corporate result for 2011. Also affecting the company earnings negatively are very difficult market situations in two subsidiary countries with an own subsidiary, Spain and the UK, who closed the books with losses last year.

KEY FIGURES DESCRIBING THE FINANCIAL POSITION AND PROFITABILITY OF THE GROUP

	2011	2010	2009	2008
Turnover, M€	46,5	45,4	47,6	47,6
Operating profit, M€	1,1	3,6	4,7	2,9
Operating profit as percentage of turnover	2,4	7,9	9,9	6,1
Return on equity, %	2,9	17,2	28,2	12,4
Equity ratio, %	65,8	57,9	54,4	44,6

KEY PERSONNEL FIGURES

	2011	2010	2009	2008
Average number of employees during the financial year	308	295	296	321
Salaries and wages for the financial year, M€	13,6	12,9	13,1	13,6

Administration

During 2011, the Board of Directors for the company included the Chairman, Johanna Ikäheimo and members Ben Grass (until April 2011), Torkel Tallqvist, Thomas Berfenfeldt (as of May 2011), Kimmo Lautanen (as of May 2011) and Erkki Ikäheimo. The Executive Assistant was Irma Kuukasjärvi. The Managing Director was Juha Laakkonen.

KMPG Oy Ab, Authorised Public Accountants, acted as the auditor of the company.

Financial Position and Capital Expenditure

At the end of the review period, the consolidated asset was EUR 20.5 million (24.3 million the year before).

Lappset strengthened its financial position and especially short term bank loans came down to EUR 0.4 million from EUR 1.8 million the year before.

During 2011, the company decided on two major investments: acquisition of all remaining shares of the Dutch joint venture Lappset Yalp B.V. This transaction was concluded in the beginning of 2012. The second major investment decision was to build an own metal parts production facility in Estonia. Construction is on-going near Tallinn and production is expected to start during 2012.

The Board of Directors' proposal concerning the distribution of profits

The distributable profits of the parent company were EUR 10,150,941.20, of which EUR 784,779.49 was profit for the period.

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

- a dividend of EUR 0.30/share i.e. EUR 123,120.60
- left in the retained earnings account EUR 661,658.89.

No essential changes in the company's financial standing have occurred after the end of the financial year. The liquidity of the company is good and it is the view of the Board of Directors that the suggested distribution of profits does not endanger the company's solvency.

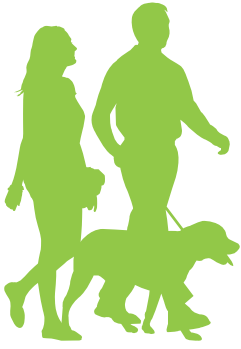
Innovations and internationalisation lead the way into the future

The past year was an active one for Lappset Group Ltd. It saw several new innovations of which cooperation with Rovio Entertainment Ltd regarding the Angry Birds universe reached wide international media attention. This increased Lappset's brand recognition especially in the Asian market and gained special attention for the Group's international distribution network.

In 2011, Lappset made significant investments for growth by developing the subsidiary structure. At the start of the previous year, the Group founded a new subsidiary, Lappset Citec SAS, in France. It was based on a company previously operating as a distributor. The decision to found the seventh subsidiary, Lappset Estonia OÜ, in Estonia, was made towards the end of the year. In June 2012, the company will begin manufacturing metal components and metallic product lines at a production facility near Tallinn. With the founding of this company, Lappset Group Ltd now has manufacturing in the Swedish subsidiary in Enköping along with the production units in Rovaniemi and Pello. The Enköping plant manufactures most of the yard, park and street equipment.

Of the development actions after the financial year 2011 it is worth mentioning the share transaction in the Netherlands. Through this, Lappset acquired the majority share of a company previously operating as a distributor. Lappset sold the SmartUs operations to this company thus forming there a centre of competence for interactive play solutions.

As for product solutions, the success of senior products continued in Spain. Despite the poor financial situation in the country, Catalonia ordered equipment for 300 senior parks. In addition to Spain, the poor financial situation in the public sector in Italy, Portugal and Greece has been reflected in Lappset operations as a reduced number of orders. The waves in Europe were not felt in the domestic market, for an excellent year in Finland further strengthened Lappset's position as a clear market leader in Finland. The Swedish subsidiary, Lappset Sweden AB, also finished 2011 with good results.



Investments to management and personnel are shown as well-being within the working community

The Investors in People (IIP) programme, launched in 2010, finished at the end of the financial year 2011. The final assessment for the programme showed a positive trend in developing management and expertise.

According to the end report for IIP by Excellence Finland, Lappset "possesses a strong corporate culture which manifests itself as a positive atmosphere and happy personnel. The objectives and targets are clear, well communicated and implemented. Quality and reliability are recognised as factors for success throughout the organisation. The personnel is committed to performing well and believes to be able to affect the result of the whole organisation. Employees feel their work is valuable and that it is appreciated."

The payroll system for clerical workers was renewed during the financial year, and a personnel balance sheet was produced. Responsibility and flexibility form an integral part of the value base for Lappset. This is why the company produced a report on Corporate Social Responsibility for the previous year. The report was done in accordance with internationally used and accepted GRI (Global Reporting Initiative) guidelines.

New concepts inspire the future

Lappset will launch a record number of concepts for different age groups during 2012. This will have a positive effect on the growth of the company. A new product range and the first large activity parks through partnership with Angry Birds will be ready in the spring of 2012. Several new activity parks will be opened all over the world as a result of this unique concept.

Work well-being is an integral part of management for Lappset Group Ltd. For this reason the company has invested in the development of management and expertise. Investments in personnel expertise and management will bear fruit as positive progress in the near future.

The global financial situation has had a smaller than expected effect on the company. This makes the growth prospects seem more positive in e.g. Asia and Australia. The financial situation in Europe is not expected to improve soon. This is why future growth is pursued by increasing market shares. Additionally, growth requires seeking new markets and increasing operations on the developing markets. A strong organisational culture and a fine value base at Lappset enable success in the future.

Principles for drawing up the Financial Statement

Scope of the consolidated financial statement

The financial statements of the Group include all Group companies: Lappset Group Ltd (parent), Rovaniemi, Finland; Smartus Ltd, Rovaniemi, Finland; Lappset Spiel-, Park- und Freizeitsysteme GmbH, Viersen, Germany; Lappset Playworld UK Ltd, Kettering, England; Lappset Sweden Ab, Enköping, Sweden; Lappset Play SRL, Milano, Italy; Lappset España VR SL, Barcelona, Spain; Lappset Estonia OÜ, Tallinn, Estonia and Lappset Citec SAS, Nanterre Cedex, France.

Lappset Playworld UK Ltd is consolidated as a joint venture according to the Finnish Accounting Act Chapter 6, Section 15. The shared control is based on the distribution of ownership and stakeholder agreements regarding company administration. Lappset Play SRL has ceased to exist on 15 December 2011.

A copy of the consolidated financial statements is available on request from the main office of the Group at P.O. 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.

Internal share ownership

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

Minority shares

Minority shares have been separated from the consolidated shareholders' equity and operating result and presented as a separate item.

Conversion differences

The financial statements for foreign subsidiaries have been converted to euros 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 conversion difference has been presented as a separate item.

Valuation principles of the financial statements

Fixed assets have been entered in the balance sheet at their acquisition cost less planned depreciation. Current assets are valued at the lower of their acquisition cost, net realizable value and replacement cost. The acquisition cost is determined according to the moving average method, which is related to the FIFO principle. The acquisition cost of finished and unfinished production includes variable costs.

Marketing materials are included in the assets on the balance sheet at acquisition cost.

Enterprise Resource Planning system development costs have been capitalized.

Direct costs have been capitalized for product development costs according to the decision of the Ministry of Trade and Industry.

The write-off period for them is five years.

Derivatives are recognised at their acquisition cost and changes in their fair value are not recognised. Company derivatives include currency options and interest rate derivatives. The currency options are used to protect against changes in the foreign currency streams. The forward exchanges mature during 2012. Interest rate derivatives are used to protect against interest rate changes.

Depreciation difference

The depreciation difference has been divided between shareholders' equity and deferred tax liabilities. Deferred tax liabilities and receivables are recorded for all temporary differences between the tax written down values and net book values using the tax rate for the following years, confirmed at the closing date.

LAPPSET GROUP LTD / CONSOLIDATED

PROFIT AND LOSS ACCOUNT(€)	1.1. - 31.12.2011	1.1.-31.12.2010	1.1.-31.12.2009
Net turnover	46 488 630	45 353 632	47 568 971
Variation in stocks of finished goods	-1 161 623	733 944	-278 000
Production for own use	18 070	62 681	31 765
Other operating income	243 413	539 990	123 046
Raw materials and services			
Raw materials and consumables			
Purchases during the financial year	-15 069 903	-16 116 293	-15 320 639
Variation in stocks	-173 152	144 253	44 646
External services	-2 620 849	-1 898 946	-2 070 777
Together	-17 863 904	-17 870 986	-17 346 770
Staff expenses	-13 565 338	-12 856 508	-13 112 247
Depreciation and reduction in value			
Depreciation according to plan	-1 485 239	-1 543 284	-1 521 075
Depreciation of goodwill on consolidation	-140 336	-140 336	-140 336
Together	-1 625 575	-1 683 620	-1 661 411
Other operating charges	-11 431 080	-10 762 096	-10 639 369
Operating profit	1 102 593	3 517 037	4 685 984
Financial income and expenses			
Other interests- and financial income	102 018	83 914	113 952
Foreign exchange differences	-10 875	157 699	165 410
Interests and other financial expenses	-224 578	-389 322	-378 860
Financial income and expenses together	-133 434	-147 709	-99 497
Profit before extraordinary items	969 159	3 369 327	4 586 486
Profit before appropriations and taxes	969 159	3 369 327	4 586 486
Taxes			
Income taxes	-574 816	-857 255	-1 334 039
Income taxes for previous years	-51 050	-105 251	74 067
Income taxes for the financial year	60 261	-56 092	46 847
Minority share	-24 591	-342 652	-293 130
Profit for the financial year	378 962	2 008 077	3 080 231

LAPPSET GROUP LTD / CONSOLIDATED

BALANCE SHEET ASSETS (€)	31.12.2011	31.12.2010	31.12.2009
NON-CURRENT ASSETS			
Intangible assets			
Development costs	0	227 184	479 508
Intangible rights	384 971	419 682	612 324
Goodwill	68 333	162 876	0
Group goodwill	0	140 336	280 673
Other capitalized long term expenses	113 097	151 230	215 350
Advance payments	0	20 833	3 789
Together	566 401	1 122 141	1 591 643
Tangible assets			
Land and waters	547 741	161 163	161 789
Buildings	2 080 561	2 575 579	983 850
Machinery and equipment	1 744 435	2 030 418	2 337 074
Other tangible assets	40 482	40 323	28 890
Advance payments and acquisitions outstanding	445 604	279 119	16 588
Together	4 858 824	5 086 602	3 528 191
Investments			
Other shares and similar rights of ownership	440 063	438 463	434 463
Together	440 063	438 463	434 463
CURRENT ASSETS			
Stocks			
Raw materials and consumables	820 286	981 726	789 449
Production outstanding	72 262	109 437	130 033
Finished goods	2 407 299	3 577 301	2 724 580
Stocks together	3 299 846	4 668 464	3 644 062
Debtor			
Long-term			
Loan receivables	136 570	129 557	129 557
Trade debtors	14 952	17 497	13 552
Together	151 523	147 054	143 110
Short-term			
Trade debtors	6 624 057	8 276 658	8 608 751
Other debtors	317 819	433 211	430 031
Prepayments and accrued income	1 338 724	610 702	526 453
Together	8 280 599	9 320 572	9 565 236
Cash in hand and in banks	2 919 726	3 552 747	5 545 873
Total assets	20 516 983	24 336 044	24 452 578

BALANCE SHEET LIABILITIES (€)	31.12.2011	31.12.2010	31.12.2009
CAPITAL AND RESERVES			
Subscribed capital	814 804	814 804	814 804
Invested free equity fund	0	0	608 655
Retained earnings	10 303 426	9 114 819	7 003 699
Profit for the financial year	378 962	2 008 077	3 080 231
Together	11 497 192	11 937 700	11 507 390
Minority share	1 976 114	2 146 746	1 793 946
Obligatory reserve	0	7 500	200 000
CREDITORS			
Long-term			
Loans from credit institutions	1 179 108	1 340 660	1 294 169
Imputed tax liability	225 504	286 384	208 595
Other capitalised long-term expenses	0	0	499
Together	1 404 612	1 627 044	1 503 264
Short-term			
Loans from credit institutions	409 735	1 795 326	1 478 820
Trade creditors	1 780 412	2 341 850	2 174 517
Amounts owed to participating interest undertakings	35 002	0	10 741
Other creditors	544 855	990 279	621 557
Accruals and deferred income	2 868 061	3 489 599	5 162 344
Together	5 639 065	8 617 054	9 447 979
Total liabilities	20 516 983	24 336 044	24 452 578

LAPPSET GROUP LTD / CONSOLIDATED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS (€)	1.1. - 31.12.2011	1.1.-31.12.2010	1.1.-31.12.2009
CASH FLOW FROM OPERATING ACTIVITIES			
Cash flow from operating activities			
Operating profit	1 102 593	3 517 037	4 685 984
Adjustments to operating profit	1 603 471	1 468 104	1 858 103
Change in working capital	1 652 909	-1 368 082	1 654 710
Change in stocks	1 368 617	-1 024 402	236 718
Change in current receivables	1 588 815	366 100	1 008 571
Change in short-term loans	-1 304 523	-709 781	409 421
Interest paid	-362 498	-279 663	-382 451
Interest received	102 018	114 532	224 764
Taxes	-1 332 991	-1 776 786	-933 802
Cash flow from operating activities	2 765 502	1 675 141	7 107 308
Cash flow from investments			
Investments in tangible and intangible assets	-900 896	-2 921 847	-503 040
Proceeds from disposal of tangible and intangible assets	14 604	168 334	28 362
Granted loans	0	0	-73 300
Loan repayments	0	0	10 000
Acquisitions of subsidiaries	-173 199	0	0
Cash flow from investments	-1 059 491	-2 753 513	-537 979
Cash flow from financing activities			
Short-term loan withdrawals	26 548	0	0
Short-term loan repayments	-190 755	0	-1 218 778
Long-term loan withdrawals	124 350	1 848 145	0
Long-term loan repayments	-1 507 287	-1 485 648	-1 463 076
Dividends paid	-793 232	-1 362 864	-709 131
Cash flow from financing activities	-2 340 376	-1 000 366	-3 390 985
Translation differences	1 344	85 612	2 134
Change in liquid assets	-634 365	-2 078 738	3 180 479
Liquid assets as of 1 January	3 552 747	5 545 873	2 365 395
Liquid assets as of 31 December	2 919 726	3 552 747	5 545 874

LAPPSET GROUP LTD / PARENT COMPANY

PROFIT AND LOSS (€)	1.1. - 31.12.2011	1.1.-31.12.2010	1.1.-31.12.2009
Net turnover	33 394 764	33 235 436	35 389 773
Variation in stocks of finished goods	-816 451	445 003	-258 135
Production for own use	18 070	62 681	31 765
Other operating income	47 464	148 809	99 422
Raw materials and services			
Raw materials and consumables			
Purchases during the financial year	-11 696 449	-12 705 598	-12 330 119
Variation in stocks	-233 765	52 077	-1 037
External services	-1 337 512	-842 836	-958 991
Together	-13 267 726	-13 496 357	-13 290 147
Staff expenses	-9 114 861	-9 185 676	-9 572 368
Depreciation and reduction in value			
Depreciation according to plan	-1 252 455	-1 335 298	-1 363 105
Other operating charges	-7 932 941	-7 706 940	-7 424 603
Operating profit	1 075 863	2 167 659	3 612 602
Financial income and expenses			
Income from group undertakings	44 750	114 898	117 470
Income from other undertakings	195	213	150
Other interests- and financial income			
from group undertakings	59 189	58 111	66 823
others	22 297	37 531	90 339
Other interest and financial income	7 877	138 061	112 310
Interests and other financial expenses			
for group companies	-5	-115	-62
for others	-104 842	-315 881	-317 017
Impairment losses on fixed asset investments	-1	-73 243	0
Financial income and expenses together	29 460	-40 426	70 013
Profit before extraordinary items	1 105 323	2 127 233	3 682 615
Extraordinary items			
Extraordinary expenses	-129 800	-113 200	-115 000
Profit before appropriations and taxes	975 523	2 014 033	3 567 615
Appropriations			
Change in depreciation reserve	248 500	172 243	224 715
Taxes			
Income taxes for previous years	-51 134	-105 247	74 173
Income taxes for the financial year	-388 110	-576 286	-1 024 536
PROFIT FOR THE FINANCIAL YEAR	784 779	1 504 743	2 841 968

LAPPSET GROUP LTD / PARENT COMPANY

BALANCE SHEET ASSETS (€)	31.12.2011	31.12.2010	31.12.2009
NON-CURRENT ASSETS			
Intangible assets			
Development costs	0	75 418	175 975
Intangible rights	378 748	417 085	610 872
Goodwill	0	140 336	280 673
Other capitalized long term expenses	113 097	151 230	215 350
Advance payments	0	20 832	3 789
Together	491 845	804 901	1 286 658
Tangible assets			
Land and waters	156 433	156 433	161 789
Buildings	630 071	691 318	761 479
Machinery and equipment	1 437 150	1 658 819	2 082 476
Other tangible assets	35 865	35 865	25 865
Advance payments on fixed assets	265 604	279 119	16 588
Together	2 525 123	2 821 554	3 048 198
Investments			
Holdings in group undertakings	2 354 082	1 811 217	2 066 963
Other shares and similar rights of ownership	440 063	438 463	434 463
Together	2 794 146	2 249 680	2 501 426
CURRENT ASSETS			
Stocks			
Raw materials and consumables	377 388	573 978	501 305
Production outstanding	72 262	109 437	130 033
Finished goods	1 772 606	2 589 057	2 144 054
Stocks together	2 222 256	3 272 472	2 775 391
Debtor			
Long-term			
Amounts owed by group undertakings	562 241	361 094	337 114
Loan receivables	73 300	73 300	73 300
Together	635 541	434 394	410 414
Short-term			
Trade debtors	1 883 412	2 382 406	2 636 008
Amounts owed by group undertakings	1 578 068	1 920 872	2 223 406
Other debtors	217 975	318 227	369 631
Prepayments and accrued income	1 055 719	410 254	318 721
Together	4 735 174	5 031 759	5 547 766
Cash in hand and in banks	1 087 457	1 931 975	3 916 673
Total assets	14 491 542	16 546 736	19 486 527

LAPPSET GROUP LTD / PARENT COMPANY

BALANCE SHEET LIABILITIES (€)	31.12.2011	31.12.2010	31.12.2009
CAPITAL AND RESERVES			
Subscribed capital	814 804	814 804	814 804
Other reserves			
Invested free equity fund	0	0	608 655
Retained earnings	9 366 162	8 682 223	6 894 988
Profit for the financial year	784 779	1 504 743	2 841 968
Together	10 965 745	11 001 770	11 160 415
APPROPRIATIONS			
Depreciation reserve	0	248 500	420 743
Obligatory reserve	0	7 500	200 000
CREDITORS			
Long-term			
Loans from credit institutions	124 350	2 196	1 294 169
Together	124 350	2 196	1 294 169
Short-term			
Loans from credit institutions	28 654	1 291 973	1 460 102
Trade creditors	1 013 738	1 167 742	1 257 162
Amounts owed to group undertakings	164 620	8 338	458 685
Other creditors	182 673	445 578	189 541
Accruals and deferred income	2 011 763	2 373 139	3 045 710
Together	3 401 446	5 286 770	6 411 199
Total liabilities	14 491 542	16 546 736	19 486 527

LAPPSET GROUP LTD / PARENT COMPANY

STATEMENT OF SOURCE AND APPLICATION OF FUNDS (€)	1.1. - 31.12.2011	1.1.-31.12.2010	1.1.-31.12.2009
CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit	1 075 863	2 167 659	3 612 602
Adjustments to operating profit	1 230 351	1 121 782	1 559 797
Change in working capital	1 169 406	-535 856	393 888
Change in stocks	1 050 216	-497 081	259 172
Change in current receivables	626 025	192 014	-265 782
Change in short-term loans	-506 836	-230 789	400 498
Interest paid	-240 682	-206 408	-329 584
Interest received	82 462	126 261	267 973
Dividends received	44 945	115 111	117 620
Taxes received	-1 110 351	-1 287 380	-667 149
Cash flow from operating activities	2 251 994	1 501 170	4 955 146
Cash flow from investments			
Investments in tangible and intangible assets	-644 569	-646 568	-276 026
Proceeds from disposal of tangible and intangible assets	14 604	39 500	13 475
Granted loans	0	0	-73 300
Acquisitions of subsidiaries	-303 431	0	0
Loan repayments	-201 147	-23 980	361 970
Cash flow from investments	-1 134 542	-631 048	26 119
Cash flow from financing activities			
Short-term loan withdrawals	26 548	0	0
Long-term loan withdrawals	124 350	0	0
Short-term loan repayments	0	0	-115 254
Long-term loan repayments	-1 292 063	-1 460 102	-1 460 102
Dividends paid	-820 804	-1 394 718	-615 603
Group contribution income and expenses	0	0	-171 000
Cash flow from financing activities	-1 961 969	-2 854 820	-2 361 958
Change in liquid assets	-844 518	-1 984 698	2 619 307
Liquid assets as of 1 January	1 931 975	3 916 673	1 297 371
Liquid assets as of 31 December	1 087 457	1 931 975	3 916 678

Auditor's Report

TO THE ANNUAL GENERAL MEETING OF LAPPSET GROUP LTD

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, 2011. 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 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 be adopted. The proposal by the Board of Directors regarding the 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 be discharged from liability for the financial period audited by us.

Rovaniemi March 2, 2012
KPMG Oy Ab

Tapio Raappana
Authorized Public Accountant

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.

KPMG OY AB

Tapio Raappana
Authorized Public Accountant



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