marimekko

ANNUAL REPORT 2010

60

Joie de vivre & timeless beauty for everyday life

Marimekko is a Finnish textile and clothing design company. The core of its business is the design and manufacture of timeless and individual, practical and beautiful consumer goods. The array of Marimekko design embraces household products ranging from furnishing fabrics to tableware as well as clothing, bags and other accessories for people of all ages.

When Marimekko was founded in 1951, the unparalleled patterns and colours of its printed fabrics gave it a strong and unique identity. A heritage acquired over decades, with its values and legends, is an inexhaustible treasure from which it is good to draw courage and the strength for renewal, even today. The meaning of Marimekko design is to create aesthetic experiences for every moment in life.

In 2010, Marimekko's net sales were EUR 73.3 million, of which international sales accounted for 29.4%. Marimekko products are sold in roughly 40 countries. The number of employees at the end of 2010 was 388. The company's shares are quoted on NASDAQ OMX Helsinki Ltd.

Contents

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Marimekko's 60th anniversary!

Year 1951. For a couple of years, Armi and Viljo Ratia's fabric printing shop Printex had already been giving the world boldly patterned and coloured fabrics the like of which had never been seen before. The fabrics were admired but people didn't really know what to use them for. It was decided to show them that the fabrics could be made into garments, for instance. Riitta Immonen designed a collection of simple clothes using Printex's original fabrics, and these were featured in a fashion show for the public held at the Kalastajatorppa restaurant in Helsinki on 20 May 1951. The reception was enthusiastic, and on 25 May 1951 a new company was entered in the Trade Register – Marimekko Oy.

In 2011, 60 rich years of life with Marimekko are behind us. Those years have seen increasingly astonishing turns, stories engendered by strong and colourful personalities, breath-taking dreams – fulfilled or not – successes and near misses. A great dealof work has been done with accompanying joy and occasionally a little sadness. Always together.

Born from fabric printing, the birthday celebrant naturally needs an anniversary fabric. And this, like every Marimekko fabric, must also have a name. In this case, there seemed to be no alternatives for the name. Marimekko's 60th anniversary print, Yhdessä (Together), is a collage put together by Kristina Isola from patterns designed by her mother, Maija. Maija Isola was a master of many design idioms; her output embraces a phenomenally broad palette of different kinds of prints, strictly geometrical and both romantic and decorative, figurative and abstract, wild and subdued. They are variegated like the stages in celebrant Marimekko's life.

Marimekko started its diamond jubilee celebrations in Helsinki in February when Marimekko's flagship store moved to new premises on Pohjoisesplanadi. The totally new-look shop was ceremoniously opened by Kirsti Paakkanen as guest of honour and one of many legendary women who have made a great impact on Marimekko, as Paakkanen ran the company for sixteen years before the present CEO Mika Ihamuotila.

On 18 March an exhibition will open at the Helsinki Design Museum viewing Marimekko's 60-year history from a fresh perspective, with constant development and change as the main theme. Entitled Marimekko – A Whole Life: 60 Years of Colours, Stripes and Shapes, the exhibition will continue until 29 May. Another great salute to Marimekko is a book by Mari Savio and Kati Rapia entitled Surrur – Make your own Marimekko, which features Marimekko's contemporary designers and the products they have freely conjured out of Marimekko fabrics. Patterns and clear instructions are a part of the book. The publisher is WSOY, and it will be published in both Finnish and English versions.

The main event of the anniversary is the international Why Not Together? design completion, which Marimekko is arranging together with the Department of Design at the Aalto University School of Art and Design. The competition, which was named after the theme of Marimekko's 60th anniversary, is aimed at students of the world's leading schools of design. Taking part are Design Academy Eindhoven in the Netherlands, Konstfack in Sweden, the Royal College of Art in the UK, Parsons The New School for Design in the USA, Tama Art University in Japan, and all the schools forming part of the Aalto University. The design competition looks for solutions to match Marimekko's business environment and which bring people together across cultures and continents, in three separate categories. The first stage of the two-stage competition begins on 15 March and ends on 6 May. The finalists will be declared on 24 May and the winners will be announced on 14 September 2011.

This year Marimekko's traditional summer show open to the public will be held a little earlier than usual, on 20 May – exactly 60 years since the first ever Marimekko show. Thank you to all Marimekko's beloved and faithful friends around the world for the rewarding path we have walked together. The journey continues towards new shared experiences, thousands and yet thousands more of them...

60

60

From the CEO

Marimekko is about living, not pretending. Marimekko is about understanding and accepting the beauty of life just as we encounter it every day.

Values and beauty

I was recently talking with the manager of a Marimekko store in the United States, and she told me that people drop into the store every day who say they come just to feel good – not intending to buy anything. Many people feel they can sense life at its most authentic in our shops, entirely devoid of pretence or any attempt to ingratiate. Marimekko's colours and patterns are said to bring joy in some wonderful way to ordinary workaday life.

I constantly run into this same Marimekko spirit myself. In the morning when I come to work at Marimekko House, the colourful fabrics and my colleagues' enthusiasm simply make me feel good. Recently I have also been very impressed by the way our customers share their experiences and feelings about their beloved Marimekko products through the social media. The innumerable photos and stories don't tell about the physical characteristics of the products; they communicate something infinitely more important.

I am firmly convinced that we are living today in the midst of a great change in values. People want more and more to be genuinely themselves, to abandon empty roles, and are seeking meaning in their everyday lives. I am of course subjective, but I cannot think of another brand communicating a spirit that could match the transformation of values that I see everywhere as strongly as Marimekko. It is this spirit that Marimekko's talented designers translate into timeless beauty that makes everyday life feel good.

Earnings and the future

In 2010, we once again launched many interesting new items, of which the new glass and ceramic tableware was given the most enthusiastic welcome. We felt these products already looked great on the drawing board, but their commercial success exceeded all our expectations. We also continued our internationalisation. In the United States, we put together an experienced team with solid knowledge of and expertise in local retailing. We founded a subsidiary and we opened a shop-in-shop at the esteemed home furnishings retailer Crate and Barrel's SoHo store in New York City. South Korea's first Marimekko store opened in Seoul; in Europe, we opened retail shops of our own in Berlin, Germany, and Malmö, Sweden.

It was a productive year for Marimekko. In spite of large investments in product development and international growth, our profitability rose markedly. Our operating profit grew by 29.9% and reached EUR 8.2 million. An increase in average sales margin had a major impact on this positive trend. Other factors bearing on the improvement in profits were growth in wholesale sales and increased royalty income. Our net sales were EUR 73.3 million, 1.1% up on the previous year. In Finland, net sales declined by 1.8%, which was partly due to a downturn in income from individual promotions. By cutting down on price-driven promotions, we seek also in the future to boost the average sales margin and the pricing power of our brand. In the trend in our international sales, there was a clear change for the better last year: sales were up by 8.9% due to factors including the opening of new shops in various parts of the world.

I believe that we have now come to a stage at which we can and should have the courage to invest in future growth and the development of our company boldly, even if we may have to wait a little longer for the fruits of our work. The year 2011 – our 60th anniversary year – is likely to be the year of the biggest investments in Marimekko's history so far. We intend to triple the output capacity of our textile printing factory and in this way to prepare for higher demand in the future. By investing in maintaining profitable in-house manufacturing in Finland, we are bucking a long-prevailing trend in our sector. The fact that our designers and our product development teams are able to work close to the manufacturing is an important competitive factor for us. I believe that this opportunity will make Marimekko an even more sought-after employer for designers and other industry professionals alike. It is also easier to influence both the quality of the products and the responsibility of the production in our own plant. Investing in in-house manufacturing will also assuredly increase the prestige and attractiveness of our brand in general terms, both in Finland and abroad.

Our internationalisation continues even more dynamically than before. In the United States, our collaboration with Crate and Barrel is expanding markedly: in the course of spring 2011, Marimekko shop-in-shops will be opened in New York, Chicago, Los Angeles and San Francisco, and in addition to these, it is intended to open a further 18 shops by the end of 2013. In summer 2011, our online shop will open in the U.S., and in the autumn, we will open our own flagship store on New York's Fifth Avenue. Also in New York, the showroom we set up last year will move this spring into larger premises in the Flatiron District, close to the forthcoming store. New Marimekko stores are also scheduled to be opened in Northern Europe and the Asia-Pacific region. We have by no means forgotten our domestic market, either. Our totally made-over flagship store in Helsinki opened in new premises radiant with light and colour on Pohjoisesplanadi this February. Finland will also be the next stage in the building of our international e-commerce. We will begin online retailing in Finland at the beginning of 2012. Our long-term goal is to expand online retail operations into different countries in stages.

Thanks to the above-mentioned major investments as well as others

that are planned, we believe that our net sales will grow markedly in the years ahead. However, the planned investments, especially those for internationalisation and for expanding our distribution network, will increase our fixed costs and exert a considerable drag on our net profit in 2011. The fruits of the work now ahead of us will be seen on the bottom line only later in the future. I am convinced that this building work is justified in the long term from the perspective of the company and its shareholders. It takes patience to build the future, but our vision – to be one of the world's most fascinating design brands in the next few years – cannot be achieved with short-term hurrying.

The theme for our 60th anniversary year is "Why Not Together?". Marimekko has always believed in the power of doing things together, and we feel that this way of doing things together is even more needed in the world of today than for a long time. We want to encourage people to encounter each other, we want to incite and stimulate discussion. We will give an example by holding numerous events – some unexpected – throughout the year, throwing down the challenge to work together. Together with the Aalto University School of Art and Design, we are inviting students from the world's leading schools of design to take part in a design competition to interpret the theme of our anniversary year and to create new solutions that bring people together. Besides, in order to achieve our ambitious aims, we Marimekko employees should work together like one close-knit family. But this has already been practised for 60 years.

MIKA IHAMUOTILA

Marimekko in 2010

Marimekko

- Design company established in 1951.
- Three product lines: clothing, interior decoration, bags.
- Three manufacturing plants in Finland: a textile printing factory, a sewing factory, and a bag factory.
- A total of 84 Marimekko stores in Finland and abroad, including 28 company-owned shops.
- Subsidiaries in Germany, Sweden, the United Kingdom and the United States.
- Net sales of EUR 73.3 million.
- Personnel of 388.

The year 2010 was productive for Marimekko. The Group's net sales grew slightly, but in spite of large investments in product development and international growth, profitability was up markedly, even more than was expected. The improvement in profitability was influenced by a distinct increase in average sales margin, growth in wholesale sales, and increased royalty earnings. In Finland, net sales were down slightly, which was partly due to a decrease in revenues from individual promotions. The average sales margin and the pricing power of the brand were improved by, among other things, cutting down on price-driven promotions. In the trend in international sales, there was a clear change for the better and sales grew due to factors including the opening of new shops abroad.

The difficult market conditions which continued to prevail in the retail sector in the early months of the year eased up and consumer demand increased as the year wore on. The economic situation in Finland improved, and the global economy recovered and gradually went into an upswing. In 2010, the volume of retail sales in Finland grew by 2.9% (Statistics Finland: Turnover of trade 2010, December). The world economy is forecast to grow fairly well in 2011, but there will still be large variations between different regions and countries (Confederation of Finnish Industries EK: Business Tendency Survey, February 2011).

In 2010, the Marimekko Group's net sales grew by 1.1% to EUR 73.3 million (2009: EUR 72.5 million). Operating profit improved by 29.9%, reaching EUR 8.2 million (EUR 6.3 million). Operating profit for 2009 included a non-recurring expense of EUR 0.5 million related to personnel reductions. Operating profit excluding non-recurring items stood at EUR 8.2 million (EUR 6.8 million). At the end of 2009, the company announced that it sought cost savings of approximately EUR 1.5 million in total through personnel cutbacks and other measures; the target was almost fully achieved in 2010. Profit after taxes for the financial year was EUR 6.1 million (EUR 4.7 million) and earnings per share were EUR 0.76 (EUR 0.59). At year-end, the equity ratio was 78.8% (77.7%). The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.55 (EUR 0.45) per share be paid for 2010.

The Group's net sales are mostly generated in Finland, but the significance of international sales in boosting the company's net sales has grown markedly. Internationalisation projects were implemented in 2010 according to plan and the company was taken purposefully forwards in the direction pointed to by the strategy. Four new stores were opened outside Finland: a Marimekko shop-in-shop at Crate and Barrel's SoHo store in New York City, a concept store in Seoul and the company's own retail shops in Berlin and Malmö. In the United States, a subsidiary was founded and an experienced team with solid knowledge of the retail business was assembled to take charge of operations in the U.S. and their development.
In Finland, new concept stores were opened during the year in Jyväskylä and Porvoo; a company-owned retail shop was opened in Marimekko House in Helsinki. In addition, the sales area of some shops in Finland was reduced and the product range was streamlined to improve profitability. The development of product, store and distribution concepts was continued in 2010. The most enthusiastically welcomed new products were the new glass and ceramic tableware, which enjoyed commercial success beyond all expectations.

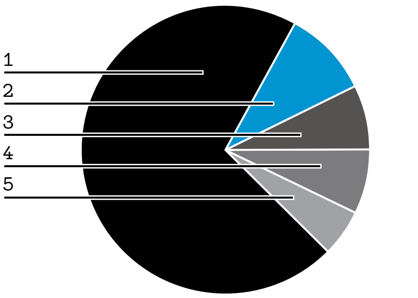
Net sales by market area

(EUR 1,000)	**2010**	2009	Change, %
Finland	**51,768**	52,711	–1.8
Other Nordic countries	**7,101**	7,042	0.8
Rest of Europe	**5,284**	4,821	9.6
North America	**3,814**	3,003	27.0
Other countries	**5,330**	4,896	8.9
Total	**73,297**	72,473	1.1

Net sales by product line

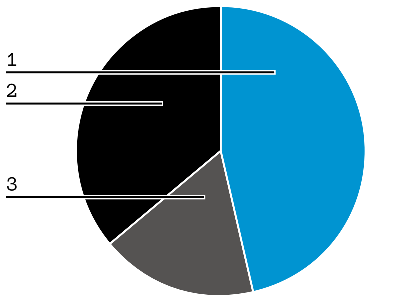
(EUR 1,000)	**2010**	2009	Change, %
Clothing	**26,384**	27,466	–3.9
Interior decoration	**34,006**	32,687	4.0
Bags	**12,907**	12,320	4.8
Total	**73,297**	72,473	1.1

Net sales by market area 2010



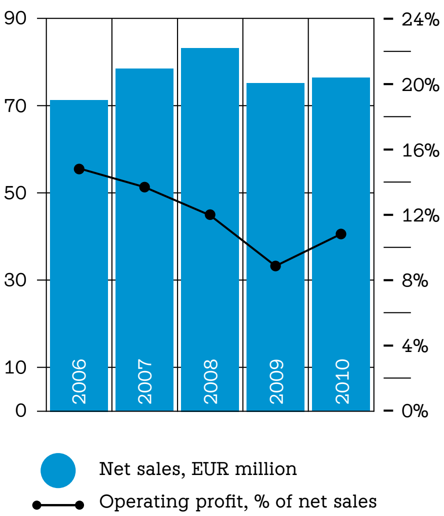
1 Finland 70.6%
2 Other Nordic countries 9.7%
3 Other countries 7.3%
4 Rest of Europe 7.2%
5 North America 5.2%

Net sales by product line 2010

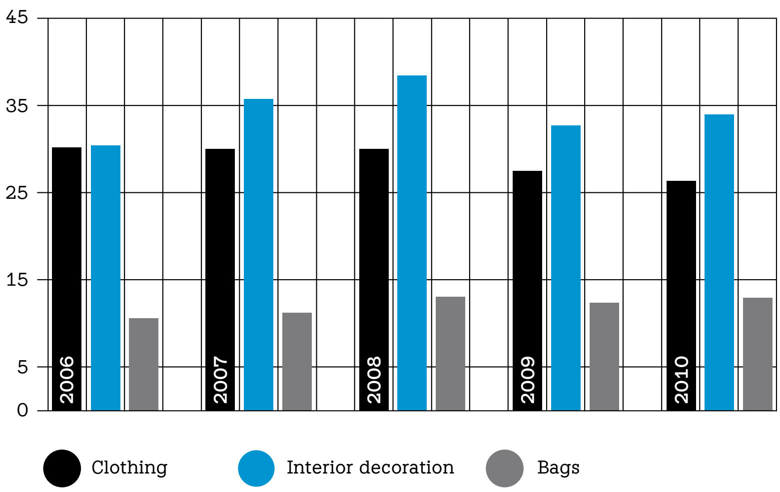


1 Interior decoration 46.4%
2 Clothing 36.0%
3 Bags 17.6%

Trend in net sales and operating profit

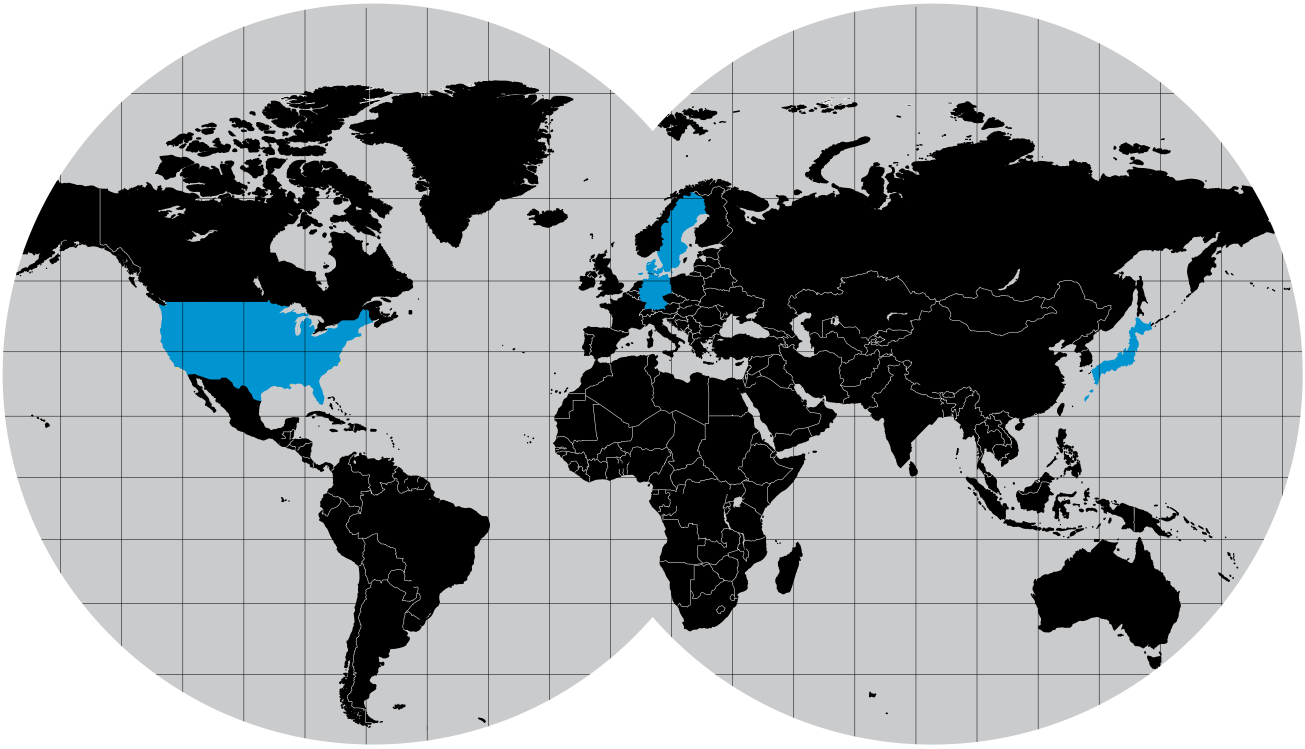


Trend in net sales by product line (EUR million)



Marimekko in 2010

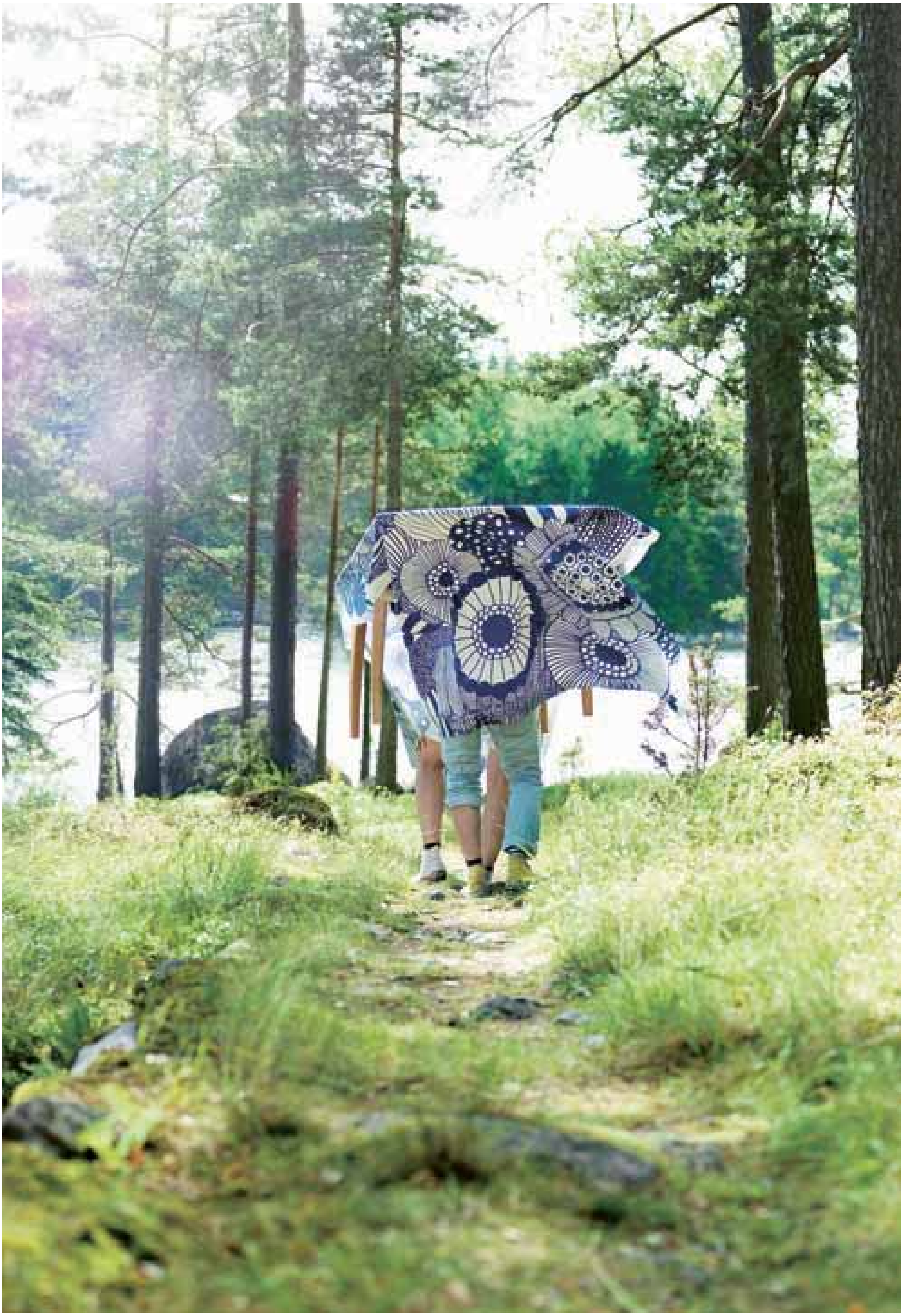
Major export countries



In 2010, Marimekko's major export countries were Japan, Sweden, the United States, Denmark and Germany.

Key figures	**2010**	2009	Change, %
Net sales, EUR 1,000	**73,297**	72,473	1.1
Operating profit, EUR 1,000	**8,169**	6,291	29.9
% of net sales	**11.1**	8.7	
Operating profit net of non-recurring items, EUR 1,000	**8,169**	6,803	20.1
Profit before taxes, EUR 1,000	**8,223**	6,354	29.4
% of net sales	**11.2**	8.8	
Net profit for the financial year, EUR 1,000	**6,072**	4,701	29.2
% of net sales	**8.3**	6.5	
Earnings per share, EUR	**0.76**	0.59	28.8
Equity per share, EUR	**4.26**	3.96	7.6
Dividend per share, EUR	***) 0.55**	0.45	
Return on equity (ROE), %	**18.4**	14.8	
Return on investment (ROI), %	**25.0**	20.1	
Equity ratio, %	**78.8**	77.7	
Share of international sales, % of net sales	**29.4**	27.3	
Personnel at year-end	**388**	370	4.9

*) Proposal by the Board of Directors.
The formulas for the key figures are given on page 86.



Marimekko in 2010

HIGHLIGHTS OF THE YEAR

Photograph: Leena Aro

1 The world tour since 2003 of the Marimekko retrospective, organised by Design Museum in Helsinki, was staged in the early part of the year in Norway. There was also a great deal of Marimekko design included in another touring exhibition arranged by Design Museum, Northern Stars, which showcased Finnish design in Brazil and Argentina.

2 The Finnish National Theatre premiered in March a version of Le Misanthrope by Molière in which Marimekko's classic fabrics were used throughout in the costumes.

3 New clothing collections were unveiled in Finland for the media and other guests at shows in March and October. The now traditional summer show for the public was held again in Helsinki's Esplanadi Park in June.

4 The Socks Rolled Down glassware series designed by Anu Penttinen for Marimekko was launched in Milan during the international furniture fair in April. The new glasses also took the lead role at Marimekko's stands at the Habitare fair in Helsinki and the Maison & Objet fair in Paris in September.

5 At the World Expo 2010 in Shanghai lasting from May to the end of October, you could see Marimekko design in the Finnish pavilion in many different forms, both in the exhibition itself and in the decoration of various spaces as well as in the staff's clothing. At the exhibition's Finland Day gala, the world-famous Jin Xing Dance Theatre performed a Marimekko choreography entitled Sense of Colour by the theatre's founder and artistic director Jin Xing, and this was also seen in Helsinki in June.

6 An Unikko-pattern mobile phone, the result of licensing collaboration between Marimekko and the Japanese mobile operator NTT Docomo, came on sale in Japan at the beginning of July.

7 A subsidiary was established in the United States, and the prestigious home furnishings retailer Crate and Barrel opened a Marimekko shop-in-shop in its SoHo store in New York City in mid-October.

8 South Korea's first Marimekko concept store was opened in Seoul in October. In Finland, new concept stores were opened during the year in Jyväskylä and Porvoo.

9 Marimekko designer Mika Piirainen won the annually presented Golden Hanger Award, organised by the Finnish Fair Corporation in collaboration with Gloria magazine, Stockmann department store and Fashion-Vateva, a company owned by the Federation of Finnish Textile and Clothing Industries FINATEX.

10 Among the award-winners at the Finnish Elle Style Awards gala were three designers whose work had featured in Marimekko's 2010 collections. Maija Louekari received the Fashion Influencer of the Year award and Vuokko Eskolin-Nurmesniemi was presented with the Ethical Fashion Achievement of the Year award. Julia Lundsten won the Accessories Designer of the Year award.

11 In November, Marimekko opened two new shops of its own outside Finland, one in Berlin and the other in Malmö. In Finland, a new shop was opened in December at Marimekko House in the Herttoniemi district of Helsinki.

12 Marimekko signed a contract with Converse Inc. for the licensing of Marimekko prints on Converse sneakers. The "Converse ♥ Marimekko" women's collection, launched in spring 2011, includes Converse's most popular shoe models and three Marimekko patterns: Annika Rimala's Tarha and Pikkusuomu as well as Kirppu designed by Maija and Kristina Isola together.

12

Photograph: Converse

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5

Photograph: Timo Idänheimo

7

Photograph: Wellington Lee

Vision, goals and strategy

Our vision is to be the world's most prestigious pattern designer and one of the most fascinating design brands.

Marimekko's strengths are the uniqueness and inherent interest of the brand, the diversity of the patterns, and the originality of the design idiom. The company has a long-term international growth strategy; its goal is to grow and succeed in the international arena as a Finnish design company that has a strong identity. In business development, there is a focus on controlled organic growth in Finland and selected export markets. The geographical areas of emphasis are the regions in which the Marimekko brand is already known. The key markets in 2011 are North America, Northern Europe and the Asia-Pacific region. Substantial investments will be made in internationalisation particularly in the United States, where Marimekko will also open its first online shop. In the long run, Marimekko's objective is to expand the distribution of its products in North America through high-end department and specialty stores as well as by increasing the number of Marimekko stores. Every effort is made to boost the brand's value through the long-term development of product, store and distribution concepts. Another aim is to maintain good solvency and liquidity in all market conditions.

THE CORNERSTONES OF THE STRATEGY

Unique design and a strong brand	A more customer-driven and profitable product concept	Developing the distribution network	Creativity combined with operational efficiency
The brand is built to be more international and the profile is raised with the help of Marimekko's unique and fascinating design. Marimekko's skills as an expert in colours and patterns are accentuated more clearly as a factor of differentiation. High-quality and innovative design expertise is maintained and enhanced as a factor boosting competitiveness.	Growth is sought with new customer groups and with product innovations. The coordination of product lines and collections is improved. The share of in-house product design in the collections will be stepped up and it will be integrated better with Marimekko's strong expertise in patterns. The number of accessories and small utensils in the ranges will be increased to enhance the profitability of the product concept.	More profitable retail store and distribution concepts will be built. The brand's competitiveness and attractiveness will be reinforced in the different distribution channels. The distribution network will be expanded in a controlled manner, primarily by increasing the number of concept stores and shop-in-shops. Geographically, the focus is on areas in which the Marimekko brand is already known or where there is a natural demand.	Operational efficiency will be improved along with systematic working and coordination in all business areas. A creative corporate culture that emphasises internal entrepreneurship is encouraged and the personnel's expertise is reinforced.

FINANCIAL GOALS

Securing profitable growth	
Annual growth in consolidated net sales	over 10%
Operating profit as a percentage of net sales	10%
Return on equity (ROE)	over 15%
Equity ratio	60%

A steady dividend policy	
The intention is to pay a yearly dividend.	
Percentage of earnings per share allocated to dividends	at least 50%

Attainment of financial goals	2010	2009	2008	2007	2006
Annual trend in net sales, %	**1.1**	–10.7	5.0	8.2	6.3
Operating profit as a percentage of net sales, %	**11.1**	8.7	12.3	13.6	15.2
Return on equity (ROE), %	**18.4**	14.8	24.2	27.4	31.3
Equity ratio, %	**78.8**	77.7	78.7	72.7	70.5
Dividend per share, EUR	***) 0.55**	0.45	0.55	0.65	0.65
Dividend per profit, %	***) 72.4**	76.3	59.9	67.7	65.4

*) Proposal by the Board of Directors.

Products

FOR CLOTHING, FOR THE HOME, FOR LIVING

Perhaps the most characteristic strength of Marimekko design is its absence of definition, its surprises and its permissiveness, the things that make it human and close to life. Marimekko design is also very Finnish – it expresses Finland's location between East and West, the meeting point of two cultures. Scandinavian influences coming from the West make themselves felt in minimalistic clarity and practicality, while from the East come emotion and prolific decorativeness. Also, each designer brings a unique, personal vision to Marimekko. As Marimekko design is built of many contradictory elements and always lives in the image of who is making it at the time, it has succeeded in retaining its enigmatic essence and its interest from one decade to the next.

Marimekko has three product lines: clothing, interior decoration and bags. During 2010, all the product lines were placed under the management of a single Product Director and one Creative Director. The aim is to harmonise the design of the different product lines, to enhance efficiency in production and sourcing and to develop product assortment planning to better meet the needs of the various distribution channels. Achieving strong international growth according to plan will also make it necessary to give different market areas more consideration than previously when collections are being built up.

The supply of all the product lines is divided into seasonal collections comprised of new products and the ongoing collection consisting of classics and other in-demand products. It is intended to increase the coordination of the collections of the various product lines and to underline a variety of thematic ensembles in the formation of the collections as opposed to product-driven thinking. Efforts are made to configure the structure of collections within product lines to serve the needs of retailing better, and collaboration between the product organisation and sales is intensified to improve the predictability of demand. Substantial investments are still being made in product development.

In 2010, the Marimekko Group's net sales were broken down between product lines as follows: clothing 36.0%, interior decoration 46.4% and bags 17.6%. Net sales of clothing fell by 3.9%, whereas net sales of interior decoration products rose by 4.0% and those of bags by 4.8%. Among the market areas, the most positive trend was clearly in North America, where sales of all product lines grew. Sales of interior decoration products and bags grew very strongly, those of clothing somewhat. Initial inventory purchases and sales by the new shop-in-shop in the United States and increased royalty earnings accounted for a significant share of the growth. In the other market areas, the trend in sales was varied.

CLOTHING

Marimekko clothes are first and foremost garments in which everyone finds it good and easy to be themselves. Their liberating practicality, aesthetic qualities and individuality are prone to engender a deep and lasting attachment. This is reported unequivocally by the photos and stories posted by users of the products on Marimekko's website, which was updated in 2010. Marimekko clothes are made for both adults and children, and there is a wide range of different accessories available to alter and add finishing touches, like scarves, hats, socks and gloves.

During 2010, the expansion of sourcing expertise was continued in the clothing product line. In product development and assortment planning, much attention was paid to assessing the influences brought in by internationalisation. Towards the end of the year, operations were heavily marked by the running-in of the new product organisation and by expanded collaboration with the other product lines. Resources were beefed up at every stage.

Excellent proof of the success of the clothing line's work is the Golden Hanger Award, presented to Marimekko designer Mika Piirainen by the Finnish Fair Corporation in association with Gloria magazine, Stockmann department store and Fashion-Vateva, a company owned by the Federation of Finnish Textile and Clothing Industries FINATEX. In 2010, the award jury wanted to give recognition to a designer behind a well-known brand. The jury noted in its comments that the clothes and accessories Piirainen had designed were high in quality, suited to the spirit of the times and a hit with consumers. Piirainen has designed for Marimekko since 1994; his work is characterised by practicality, originality and minimalism combined with the use of natural materials.

Spring 2010 saw the market launch of the first Marimekko children's clothes made of cotton that meets the requirements of the Global Organic Textile Standard (GOTS). Among the new products in 2011 are baby blankets with fleece made from recycled polyester yarn from disposable plastic bottles. The bottles, which would otherwise have gone to a landfill site, are first ground up and then processed into recycled yarn. This year's Christmas collection will include jewellery made by hand of recycled materials in South Africa.

The spring and summer 2011 collections designed by Noora Niinikoski and Mika Piirainen reiterate the elements that have become characteristic of Marimekko design over the decades: stripes, polka dots and flowers, joie de vivre in rich colours, and serene storytelling. The new children's wear for the collections was created by Mika Piirainen and Anu Susi who has also designed swimwear for adults in the classic Tasaraita and Pallo patterns. In celebration of its 60th anniversary, Marimekko is bringing back into production a dress model designed by Vuokko Eskolin-Nurmesniemi, which was worn by Jacqueline Kennedy in 1960 on the cover of the Sports Illustrated magazine. The dresses will reach the shops in the early summer.

The themes for the autumn and winter 2011/12 collections are painterly quality and everyday realism. The garments were designed by Noora Niinikoski, Mika Piirainen and Mai Ohta. Among the designers of the prints are many iconic creators of Marimekko design: Maija Isola, Annika Rimala, Fujiwo Ishimoto and Katsuji Wakisaka. The autumn collection also includes clothes created by Annika Rimala in the 1970s and now updated in collaboration with the designer. The versatile illustrator and artist Jenni Rope makes her debut as a print designer for Marimekko.

One of the seven Marimekko cotton dresses that Jacqueline Kennedy bought in one go in 1960. In summer 2011, this dress style by Vuokko Eskolin-Nurmesniemi will be available again.

Products

INTERIOR DECORATION

Marimekko's fabric collection is a real treasure trove for the decorator, offering patterns and colours of different ambiences for all interior decoration applications: curtains, bedspreads, cushion covers, wall-hangings, tablecloths... The collection includes many different kinds of linen and cotton fabrics, like festive satin and velvet, beautifully translucent batiste, honest all-round cotton, upholstery fabrics and oilcloth. Also available for public spaces there are flame-retardant Trevira CS curtain fabrics. In addition to fabrics, the world of Marimekko interior decoration also features a variety of ready-made products which make homes and living beautiful and enjoyable, such as dishware and other kitchen and tabletop products, bedclothes and bathroom textiles.

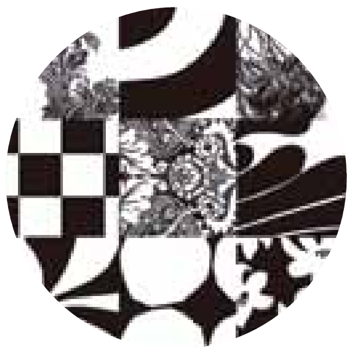
In 2010, investments continued to be made in the development of in-house product design alongside strengths in pattern designing. In the "In good company, around the table" concept launched in the previous year, the Oiva tableware designed by Sami Ruotsalainen was joined by the Socks Rolled Down glassware series created by Anu Penttinen. Oiva tableware continued to sell well, and the colourful new glasses and pitchers which hit the shops in the autumn attracted a great deal of attention and they also performed well commercially. Other new Marimekko products launched during the year were the Polku coat rack and the acrylic Lumme box, both designed by Mikko Laakkonen, plus the canvas Kanto containers designed by Sami Ruotsalainen.

In the interior decoration product line, one of the things the review of the structuring of collections in 2011 is aimed at is to examine the quantitative ratio of seasonal products to those in the ongoing collection. Design and product development will be kept as the main spheres of effort. The "In good company, around the table" concept will be augmented towards the end of the year with a glass candleholder designed by Harri Koskinen, in which two differently coloured sections overlap to form a stripe of a third colour, resembling the overlapping colours of Marimekko's printed fabrics. Anu Penttinen has designed two new products for the Socks Rolled Down glass series, destined for the shops in the spring: a serving platter and a stemmed dessert bowl. Sami Ruotsalainen's designs for the Pörkki serving and storage dish with a handle and lid and the Tonkka jug, the form of which is based on the traditional milk churn, will reach the market in the early autumn.

The 2011 interior decoration collections have printed patterns by three new international designers. Masaru Suzuki and Masashi Kondo of Japan have designed delicate, light and airy patterns for the spring and summer collections, while painterly patterns designed for Marimekko for the autumn by the Belgian-born, Swedish-resident artist Astrid Sylwan are captivating with their strength and joyous richness of colour.

The theme of Marimekko's 60th anniversary year – Why Not Together? – is expressed in exemplary style in the palette of patterns for the interior decoration collections, in which visionary contemporary design shines side by side with treasures gathered from past decades. The 2011 Marimekko interior decoration collections have patterns by the following designers: Iiro A. Ahokas, Anna Danielsson, Vuokko Eskolin-Nurmesniemi, Erja Hirvi, Pia Holm, Fujiwo Ishimoto, Kristina Isola, Maija Isola, Masashi Kondo, Harri Koskinen, Maija Louekari, Anu Luhtanen, Aino-Maija Metsola, Teresa Moorhouse, Noora Niinikoski, Tanja Orsjoki, Heikki Orvola, Annika Rimala, Sanna Annukka, Masaru Suzuki, Astrid Sylwan, Oiva Toikka, Jenni Tuominen, Katsuji Wakisaka and Miina Äkkijyrkkä.

Marimekko's 60th anniversary fabric Yhdessä (Together).



Colourful mouth-blown glass for every table. Direct in character, indirect in shape, the Socks Rolled Down glasses and pitchers designed by Anu Penttinen for Marimekko are self-assured individuals who recommend adopting the philosophy that every day is a special day deserving a cheerful setting. »

Products

BAGS

Marimekko's bags and purses have a dedicated band of users, but they are also the product group which perhaps most attracts new and particularly young customers into the world of Marimekko and inspires them to check out other products. This is no doubt encouraged by the fact that the bag collection is closely coordinated with the other product lines' collections.

The main thrust in product development for the line in 2010 was on action aimed at updating the ongoing collection. For example, the fabric purse range was augmented with new models. The streamlining of the sourcing and production processes continued. Marimekko's own factory in Sulkava, which is known for its specialist skills in making canvas bags, will concentrate in future on producing the main classic bags to ensure adequate delivery capability to meet growing demand.

It is intended to greatly enhance the development of the collections in 2011. New materials will be sought to complement printed and single-colour cotton canvas for both the ongoing collection and seasonal collections. New and interesting design is forthcoming from the internationally successful company Lumi Accessories, which was founded by Sanna Kantola and Bruno Beaugrand. The Finnish-French duo are noted for their original design and for business that emphasises responsibility.

In 2011, one of Marimekko's most popular classics joins the company in celebrating a nice, round number: the cotton-canvas Olkalaukku bag designed by Ristomatti Ratia will be 40 years old. In honour of the anniversary, the autumn collection will include leather Olkalaukku bags, and other classic bags like Matkuri will also be made of leather this year. Leather combined with canvas will also be the material for new unisex bags designed for the autumn by Mika Piirainen, the pattern for which will be Fujiwo Ishimoto's Korsi from 1990. New Unikko-pattern bag models designed by Mai Ohta will be in the shops already in the spring.

Happy birthday, Olkalaukku! The cotton-canvas classic designed by Ristomatti Ratia turns 40.

LICENSED PRODUCTS

Marimekko-patterned products made under license in various parts of the world are an inseparable part of Marimekko. This has been the case for more than forty years. Licensing arrangements create products that round out Marimekko's other range in a natural way and for which the manufacturers have specialist expertise, knowledge of markets or wider distribution channels which Marimekko lacks. By selecting as partners well-known brands that fit in with the world of Marimekko in terms of values, Marimekko has the possibility of reaching whole new groups of customers and greatly boosting the international profile of its design.

There has been a great deal of interest among internationally widely known and prestigious companies in Marimekko's pattern design for a long time. In 2010, Marimekko and one of the world's best-known lifestyle companies making men's and women's shoes and clothing, Converse Inc., signed a contract on licensing Marimekko patterns for Converse's sneakers. The "Converse ♥ Marimekko" range was launched in February 2011 and it has been received with the greatest enthusiasm by consumers and the international press. In Japan, the biggest mobile operator in the country, NTT Docomo, brought out an Unikko-patterned mobile phone in July. The Italian company Sirpi S.p.A.'s Marimekko wallpaper range was augmented in the autumn with new patterns. During 2010, Marimekko had licensing partners in Denmark, Finland, Italy, Japan, the Netherlands and the United States. The extent of the distribution of the products varies by partner. In addition to the products mentioned, Marimekko patterns were also licensed for a variety of home textiles and paper products.

In the search for new licensing partners, increasing attention is paid to corporate social responsibility and to the quality of the distribution network.

The first ”Converse ♥ Marimekko” women’s collection hit the shops across the world in February/March 2011 and attracted huge interest immediately. The collection includes Converse’s most popular shoe models and three Marimekko patterns: Annika Rimala’s Tarha and Pikkusuomu as well as Kirppu designed by Maija and Kristina Isola together.

Photographs: Converse

Sales and stores

BY WHOLESALE, BY RETAIL, JOINTLY PROVIDING THE BEST OF SERVICE

Marimekko's distribution network is comprised of the company's own retail shops, concept stores selling exclusively Marimekko products and owned by independent retailers, and other dealers, including both specialist shops and department stores. In August 2010, Marimekko's sales organisation was changed so that all sales – both wholesale and retail, in Finland and abroad – were placed under a single Sales Director. Among the chief aims of distribution network development are improved profitability, the most coherent brand image possible, and determined, excellent collaboration between the different distribution channels. In accordance with its strategy Marimekko will, in the next few years, invest strongly in internationalisation, thus weighting the expansion of the distribution network towards foreign countries, principally the United States. Country organisations will be responsible more independently than before for their area's distribution network and for the attainment of sales targets with the aid of Marimekko's international brand and marketing plan.

The development of Marimekko's new international store concept made progress in 2010. In the past few years, the concept has been tested in various shops and refined on the basis of the feedback obtained. In addition to Marimekko's in-house shop design team, the Japanese architectural firm IMA has intensively taken part in planning the concept. The gradual development work has led to a successful result. A model store of the desired looks and structures was opened in December in Marimekko House in the Herttoniemi district of Helsinki.

At the end of 2010, there were a total of 84 Marimekko stores in Finland and abroad, 28 of which were Marimekko's own shops and 56 of which were concept stores.

SALES IN FINLAND

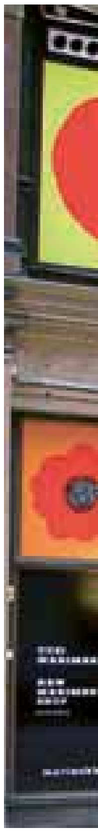
In 2010, Marimekko's net sales in Finland were down by 1.8% to EUR 51.8 million. The decline is partly explained by a sizable, price-driven promotion carried out in the first quarter of 2009 to reduce inventories. The downturn in net sales was also influenced by a decrease in revenues from deliveries for individual promotions. Total retail sales in Finland grew by 2.9% in 2010 (Statistics Finland: Turnover of trade 2010, December). According to a poll carried out by the Confederation of Finnish Industries EK in January 2011, the improvement in the economic situation in Finland has continued as expected and gradual improvement is forecast to continue in the early part of this year. The outlook for the near future is fairly good. Although selling prices have risen on average, the overall increase in costs is causing profitability pressure on companies. According to the confidence indicator made public by the Confederation of Finnish Industries EK in January 2011, the economic conditions for the Finnish retail trade were among the strongest within the EU in December, and the brisk rate of sales has continued past the turn of the year.

Retail sales

At the end of 2010, Marimekko had 23 retail shops of its own in Finland. The number of shops was the same as at the end of the previous year, but the total sales area declined during the year. This resulted in a downturn in sales, but profitability improved. The 3.8% decline in retail sales was also contributed to by the fact that considerably fewer price-driven promotions were arranged than in the previous year.

During 2010, good results were obtained in upgrading the shops' reporting systems. Constant personnel training has also borne fruit: professional skills and product knowledge have distinctly increased and customer service has been successfully developed to make it even more active and personal. During the present year, the main thrust in training is on factors boosting profitability, such as buying and improving inventory turnover.

In 2011, the development of the shops' assortment planning is being continued with the aim of a more profitable range in the various distribution channels. The shop network is not being expanded but upgraded, operations are being streamlined and better locations are being sought for shops as needed. In February 2011, Marimekko's flagship store in Helsinki moved into new premises on Pohjoisesplanadi. The move was part of a renovation and development project for the Kämp Galleria shopping mall block. Marimekko plans to open an online shop in Finland at the beginning of 2012.



Marimekko's new flagship store opened in Helsinki in February 2011. »

Photographs: Toni Rosvall

Sales and stores

Wholesale
Together with its own retail shops, Marimekko's dealer network covers the whole of Finland well, comprising 23 concept stores and more than a hundred other retailers at the end of 2010. During the year, two new concept stores were opened, one in Porvoo and the other in the Keljo mall in Jyväskylä.

Marimekko's sales to Finnish retailers in 2010 were a clear improvement on the previous year. Customer relationship management was streamlined and collaboration with different kinds of retailers took a very favourable track. Wholesale sales fell by 1.2% due to a decrease in revenues from individual promotions.

Assortment planning and reinforcing the Marimekko brand throughout the entire retailer network are the areas of emphasis for wholesale development in 2011. By further deepening collaboration between Marimekko and the retailers, both parties can make their operations more efficient and expand their expertise in various subdivisions of trading.

In business-to-business sales, possibilities are being explored for increasing sales of Marimekko products as promotional gifts to prestigious companies, which will also offer good opportunities to reach attractive new target groups both in Finland and abroad. It is also intended to examine what kinds of other collaboration projects could be started with companies which are suitable in terms of price and brand image.

INTERNATIONAL SALES
Marimekko underpinned its position on the international markets in 2010, for example by establishing a subsidiary in the United States and opening retail shops of its own in Berlin and Malmö. Marimekko already had subsidiaries in Germany, Sweden and the UK and retail shops of its own in Frankfurt, Stockholm and London. At the end of the year, there were a total of 33 retailer-owned Marimekko concept stores in eight different countries. In all, Marimekko exports its products to about 40 countries – the biggest export countries in 2010 were Japan, Sweden, the United States, Denmark and Germany. The year's sales rose to EUR 21.5 million, up by 8.9% on the previous year. International sales accounted for 29.4% of the Group's net sales.

In 2010, Marimekko's internationalisation made progress according to plan in all markets. The subsidiary established in the United States is responsible for U.S. operations and the development of these together with an experienced local team specialising in brand management. The renowned home furnishings retailer Crate and Barrel opened a Marimekko shop-in-shop in its SoHo store in New York City. South Korea's first Marimekko concept store was opened in Seoul by a subsidiary of Marimekko's Japanese distributor Look Inc. Japan's 20 concept stores continued to do well – Marimekko's enormous attraction in Japan is also shown by the fact that the publisher responsible for the book-style Brand Mook magazine, which has covered a number of world-famous iconic fashion brands, wanted to produce a Brand Mook about Marimekko as well.

North America, Northern Europe and the Asia-Pacific region will continue to be Marimekko's spheres of emphasis for international business in the next few years. In 2011, the largest investments will focus on the United States. Cooperation with Crate and Barrel will be extended: plans are afoot to open 22 new Marimekko shop-in-shops in the chain's stores by the end of 2013, the first four of which will open in spring 2011 in New York, Chicago, Los Angeles and San Francisco. In addition to this, Crate and Barrel will open an online shop specialising in Marimekko products within its website this spring. In the autumn, Marimekko will open a flagship store of its own in New York City, at 200 Fifth Avenue in the Flatiron District. The building of Marimekko's international e-commerce will begin in the United States, and the intention is to open the first online shop there in summer 2011. The long-term goal is to expand distribution in North America through high-end department and specialty stores as well as by opening new Marimekko stores.

Photograph: Mirjam Wåhlen

Photograph: Wellington Lee

1 Seoul, October 2010

2 Berlin, November 2010

3 New York City, October 2010

Production and sourcing

FLEXIBLY, EXPERTLY, RESPONSIBLY

Marimekko has three production plants of its own, all of them in Finland: a textile printing factory in Helsinki, a sewing factory in Kitee and a bag factory in Sulkava. Keeping profitable in-house manufacturing in Finland is an important competitive factor for Marimekko. In-house production also plays a crucial role in product development.

In 2010, the output of Marimekko's textile printing factory grew by 1.5%; it was running at full capacity the whole year. The Sulkava factory's production volume declined slightly on the previous year, while the output of the sewing factory in Kitee was down considerably due to changes in the production structure effected during 2009.

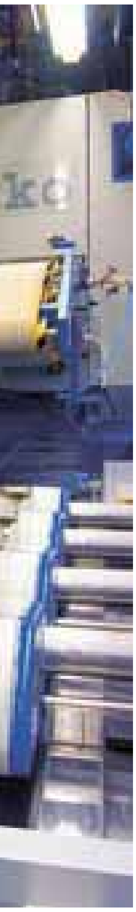
The manufacture of Marimekko products is outsourced both in Finland and abroad. The inclusion of new products and materials in the collections has expanded Marimekko's supplier network, and the proportion of foreign sourcing has grown. The decisive factor in choosing the production location is expertise in manufacturing, but many other points also make a difference; among these are production quantities, delivery lead times, manufacturing costs and responsibility aspects. Finland is still an important country of production for Marimekko; most of the foreign-made products are made in the EU. All Marimekko products bear a country-of-origin label to enhance the transparency of production. Of the products sold in 2010, by country of origin 36% were made in Finland, 47% in other EU member states and 17% in non-EU countries. The environmental and social responsibility aspects of Marimekko's production and sourcing are reported in greater detail on pages 28–32.

In 2010, all of Marimekko's three product lines were placed under the management of a single Product Director. One aim of this change was to streamline production and sourcing. Particularly in sourcing, the new product organisation facilitates attainment of synergetic advantages and operational rationalisation. During the year, quality manuals were completed for the various product lines, and these include the obligatory quality requirements and production guidelines for all Marimekko's suppliers. The multidisciplinary GlobeNet globalisation research project for Nordic universities and companies launched in 2009 continued. The subjects of the study included the impacts of changes in the business environment on the production network.

The output capacity of Marimekko's textile printing factory will be tripled in 2011 as the company is investing in a new printing machine and screen-making equipment. In 2010, it printed 1.1 million metres of fabric. The new machinery will come online towards the end of 2011; the added capacity will be deployed in stages. The acquisition of the printing machine is intended to secure sufficient capacity for foreseeable demand, to shorten delivery lead times, and to improve manufacturing efficiency. Also, the investment will enable the company to prepare for higher demand in the future and will reduce dependency on a single printing machine as well as expand possibilities for product development.

In 2011, Marimekko is aiming to boost the competitiveness of its in-house manufacturing plants. The aim is also to reduce the generation of leftover materials and waste, both in design and in production. The testing and quality control of products and materials are being systematised with the enhancement of the company's own test laboratory's work. The intention is to upgrade the entire order-delivery chain management and to make the supply chain even more transparent. The factors of uncertainty related to production and sourcing in 2011 include the trend in cotton prices and the availability of raw materials and components.


623
662
343



Personnel

SKILLED, CREATIVE, COMMITTED

During 2010, the Marimekko Group employed an average of 376 people, of whom 265 were salaried and 111 non-salaried employees. At the end of the financial year, the Group's payroll numbered 388, including 26 employees outside Finland. Of the personnel, 90.5% were women and 9.5% men. The average age of employees was 41 years. The personnel turnover rate was 15.0% for joining and 10.3% for leaving. A total of 4 employees retired.

In spring 2010, a job satisfaction survey was carried out at Marimekko on personnel in Finland; the response rate was very good. According to the survey, Marimekko employees value their employer and trust in Marimekko's future. They consider their own jobs interesting and see collaboration within their teams as working smoothly. However, improvements were hoped for in collaboration between different units. A particularly high grade was awarded in the poll for superiors' commitment to joint decisions. According to the respondents, the company management encourages independence; however, superiors provide enough support when problems arise. Most improvement in management is required, according to the respondents, in providing feedback and in communicating the present state of the unit.

The structure of Marimekko's senior management was streamlined in 2010 so that all product lines now have a single common Creative Director and a single Product Director; the Sales Director is responsible for both wholesale and retail sales in Finland and abroad. Since the change, the main thrust has been on harmonising operating methods and on developing the expertise of the different areas. Job descriptions have been diversified and resources added, particularly in sales, sourcing and product development. At the end of the year, a new HR Director was appointed for Marimekko, who started her job in January 2011.

The employees taking part in training in management, arranged by Marimekko, took their diplomas in 2010. The broad-based training leading to a qualification in sales, which was launched in 2008, continued; the last of the participants in the training will conclude their studies during spring 2011. The induction of the personnel at the shops opened in Berlin and Malmö in November was arranged by sending the shops a mentor from Finland for about a year to guide and support the new Marimekko staff. In 2011, special efforts are focused on coaching, training and developing HR tools for managers. The company is experiencing a period of strong growth, which calls for more and more expertise in international business. Employees working in various capacities with Marimekko will have increased opportunities to work in a multicultural environment and enhance their expertise.

Marimekko encourages job rotation and transfers to new duties. It is also a great asset in finding good and professionally skilled personnel that Marimekko is a much sought-after workplace. The number of open job applications has increased markedly, and more and more enquiries are coming in all the time, especially from abroad. Marimekko is also highly popular as a place for on-the-job training – during 2010 there were more trainees than usual working for the company, and from more fields than before.

Occupational health and safety and wellbeing at work are actively monitored and improved at Marimekko in cooperation with the workplace safety committee and occupational healthcare. The company purchases occupational healthcare services from external clinics or local healthcare centres. Occupational healthcare focuses on preventive care and monitoring both individual fitness for work and the wellbeing of the working community as a whole. The workplace safety committee investigates occupational safety and employee wellbeing issues, provides guidance and organises training. In autumn 2010, an in-depth study of ergonomics was started in Marimekko's textile printing factory with the aim of improving working positions and general job fitness. Collaboration between the workplace safety committees in different production plants was intensified and operations in each locality were activated. During 2010, Marimekko's personnel sick-leave absenteeism based on theoretical regular working hours was 4.8% for the Group as a whole.

Corporate social responsibility

Durability has become one of the chief benchmarks of a product's ecological acceptability. We at Marimekko firmly believe that when consumers choose a Marimekko product, they are making an ecologically sustainable purchase. A well designed, timeless, high-quality and functional product will bring joy to its user for a long time – it will not be abandoned when fashions shift. Ideally, this fondness can last a lifetime.

In 2010, Marimekko's social responsibility steering group was expanded and a Corporate Responsibility Manager was appointed for the company, starting in April. The social responsibility steering group is comprised of seven members and its duty is to assess the achievement of the objectives previously set for corporate social responsibility, to set new targets and to monitor projects which promote corporate social responsibility. The group's operations are the responsibility of the company's Product Director, who reports regularly on the results of the work to the CEO and at least once a year to the Board of Directors. Practical action is guided and coordinated by the Corporate Responsibility Manager, who also attends to convening the group. The group convenes approximately four times a year.

The objective set for Marimekko's social responsibility, based on shared values and goals, is its integration with all of the company's activities. The general principles of social responsibility, reflecting the commitment of the top management and the company's values, are available on the company's website under Social Responsibility. Business units and functions are responsible for accountability, supervision, information collection and reporting concerning their own area. The implementation of the work is coordinated by the Corporate Responsibility Manager, who reports to the Product Director. The company encourages its employees to adopt responsible working practices. Shouldering this responsibility is supported by a social responsibility training and development programme and internal guidelines.

The areas of emphasis for corporate social responsibility have been trimmed and a decision has been made within the company to concentrate primarily on improving responsibility in sourcing and designing. Designing is the core of Marimekko's business; the choices made in design and product development have a considerable influence on the product's life-cycle environmental impacts. There has been a distinct increase in interest on the part of the company's stakeholders in the origin of the products and the different stages in the supply chain. The biggest challenges in the sourcing process are linked with the manageability and transparency of the supply chain. Increasing the transparency of the supply chain has been set as the most important goal so that the company will be better able to respond to the stakeholders' expectations. The availability of the main products and alternative sourcing channels, the operational efficiency of sourcing and the expertise of purchasing personnel are subjects of continuous development in the company.

In its social responsibility reporting, Marimekko applies the G3 guidelines of the Global Reporting Initiative (GRI); the reporting of the key figures follows the guidelines' threefold division into financial, social and environmental responsibility. Marimekko regards compliance with laws and regulations and responding to the expectations of its key stakeholders as essential principles. The company's key stakeholders are the customers, personnel, shareholders, partners and the media. In 2011, a survey will be carried out in the company of different stakeholders', including customers and personnel, attitudes to responsibility. The company aims to have the social responsibility section in its annual report verified by an external party within the next two years.

FINANCIAL RESPONSIBILITY

Achieving a good financial result by responsible means is becoming increasingly important to all of the company's stakeholders. Responsible practices help to ensure the company's competitiveness and long-term profitability. By keeping its finances on a solid foundation, the company can provide steady returns to its shareholders and fulfil its obligations as a responsible company and employer. Marimekko has set clear financial objectives for its business operations. The financial responsibility indicators are associated with profitability and competitiveness and responding to the owners' profit expectations. The key figures are presented on page 8, the financial targets and their achievement on page 13. The company's dividend policy is described in more detail on page 87.

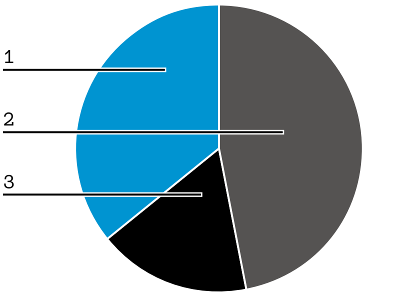
Marimekko's operations generate financial wellbeing for a number of stakeholder groups both in Finland and abroad. The company's operations also have an indirect employment impact: in 2010 the share of materials, supplies and services purchased from Finnish and international suppliers amounted to 60% of Marimekko's net sales (2009: 56%). Salaries, wages and bonuses paid to Marimekko's own personnel amounted to EUR 14 million (EUR 15 million), representing 21% (21%) of net sales. Dividends to a total of EUR 3,618,000 were paid to shareholders for 2009; the Board of Directors' proposal for dividends for the financial year 2010 is EUR 4,422,000. Taxes and social security expenses amounted to EUR 7 million (EUR 7 million), representing about 10% (9%) of net sales.

SOCIAL RESPONSIBILITY AND RESPONSIBLE SOURCING

Social responsibility includes caring for the wellbeing of Marimekko's personnel and requiring the company's partners to be socially responsible. Information on Marimekko's personnel is given on page 26. Marimekko has three production plants of its own, all located in Finland: a textile printing factory in Helsinki, a sewing factory in Kitee and a bag factory in Sulkava. In-house production has the effect of conferring a considerable competitive edge, and it is very important for Marimekko to

Did you know that in 2010 we printed 1.1 million metres of fabric at our textile printing factory in Helsinki? This year, we are increasing our manufacturing in Finland. A new printing machine will triple the output capacity of our printing factory.

Geographical breakdown of manufacturing for products sold in 2010 according to country of origin



1 Finland 36%
2 Other EU member states 47%
3 Non-EU countries 17%

Main countries for manufacturing

In 2010, Marimekko's main countries for manufacturing were Finland (36%), the Baltic countries (33%) and Portugal (13%).

have profitable in-house manufacturing in Finland today and in the future. We at Marimekko believe that pioneering in print pattern design goes hand in hand with in-house production. In 2011, the company is investing in a new printing machine and screen-making equipment with which the textile printing factory's output capacity will be tripled. The machinery will be operational towards the end of the year and the added capacity will be deployed in stages.

In addition to in-house manufacturing, Marimekko's products are also made on subcontracts. Finland is still a very important country for Marimekko's production; of the products manufactured abroad, most are made within the EU. Outsourcing to developing regions has grown gradually but it is still slight. To enhance the transparency of production processes, all of Marimekko's products are labelled with the country of origin. Of the products sold in 2010, by country of origin 36% were made in Finland, 47% in other EU member states and 17% in non-EU countries. Many of the subcontractors used by the company are long-term partners. The array of suppliers also changes with the product range. The share of in-house production has diminished over the past few years because the manufacturing of several products demands specialist skills which the company itself does not possess. The most competent manufacturer is the primary choice for each product, and the starting point is that new partners are committed to the standard Marimekko practice from the beginning. The choice of manufacturing location is also influenced by the costs and quantities of production.

Marimekko aims to use certified suppliers with valid standards or certificates that are internationally recognised or important in Marimekko's field of business. These include the ISO 9000 and ISO 14000 standards, the Social Accountability SA 8000 standard, the Öko-Tex Standard 100 certificate, and membership of the Business Social Compliance Initiative (BSCI) monitoring system. Of these, the ISO 9000 and ISO 14000 standards and the Öko-Tex Standard 100 are the most common among Marimekko's supplier companies. The validity of the standards and certificates of Marimekko's suppliers and their products, the origin of raw materials and production conditions are regularly monitored. In 2009, cooperation agreements were reviewed and updated to meet Marimekko's requirements. In the agreements, the parties commit themselves to adhering to internationally recognised social and ethical norms. Sourcing agreements require partners to follow the fundamental rules laid down by the ILO. These relate to forced labour, freedom of association, promotion of employment, social security, discrimination, minimum age and working conditions. Marimekko, or its authorised representative, has the right to check compliance with the agreed processes and the ILO's fundamental rules. Furthermore, Marimekko has the right to require a partner to correct any shortcomings found. Suppliers must also be able to ensure that their respective subcontractors operate in a responsible manner. In 2010, the company drew up a Code of Conduct based on the ethical rules of the ILO and BSCI; the signatory suppliers pledge to comply with the Code. Subcontractors are also provided with a list of prohibited chemicals which may not be used in the manufacture of products.

The impact of globalisation on Marimekko's business will increase further, constantly bringing up new challenges for the operations. Because of the complexity of supply chains, Marimekko cannot guarantee that the operating models of all suppliers in its supply chains meet the company's requirements in all respects. The management of the supply chain is the most important focus area for Marimekko's development work concerning social responsibility. In the long term, the goal is to enhance transparency throughout the supply chain, to minimise the risks associated with procurement, and further to improve the management of supplier relationships. With regard to these efforts, an exchange of information and open dialogue with the various suppliers are of key importance. As part of the development of its sourcing process, Marimekko participates in the multidisciplinary GlobeNet globalisation research project for Nordic universities and companies, launched in 2009. The subjects of the research include the impacts of changes in the business environment on the sourcing network.

PRODUCT SAFETY AND ECOLOGICAL ACCEPTABILITY

More and more consumers consider the product's ecological and ethical acceptability when they make a new purchase. The product must have meaning and purpose. A well designed, timeless, high-quality and functional product gives lasting joy to its owner and is thus a sustainable choice. In 2010, Marimekko continued a study, related to responsible product development, on the environmental impacts of materials and their recyclability, and on issues regarding the life cycle of products. Design guidelines in the form of a thesis were drawn up for the company, which the product development teams can benefit from in making manufacturing-related choices.

Marimekko bed linen and terrycloth products, almost all fabrics printed in the Herttoniemi textile printing factory, and several clothing materials and knits have been granted the Öko-Tex Standard 100 certificate, which guarantees that the products do not contain any substances that are hazardous to people or to the environment. The Öko-Tex standard has four levels: I baby clothes, II clothes worn next to the skin, III other clothes and IV other textile products. Level I has the strictest requirements. Marimekko

products comply with level I or II Öko-Tex standards.

Many raw materials are used in manufacturing Marimekko's products, the most important of which is cotton. Spring 2010 saw the launch of Marimekko's first children's clothes made of cotton whose production process meets the requirements of the Global Organic Textile Standard (GOTS). The range also includes terrycloth goods and bed linen made of organic cotton. Organic cotton is grown without any environmentally harmful pesticides or fertilisers. Its production process is certified, and the origin of the cotton is traceable. In general, the cotton production chain is wide, complex and difficult to trace. The proportions of certified and ordinary cotton used in the collections were examined in 2010. A plan was drawn up to expand the proportion of products made of organic materials in Marimekko's range more systematically in the future. The spring 2011 collection will include baby blankets with one side made of polyester fleece obtained from recycled plastic bottles.

As subcontracting increases, quality control is becoming more and more important. During the compilation of collections, materials and product structures are tested even more thoroughly at the various stages of the process. A comprehensive set of quality criteria was adopted in 2010, providing Marimekko with a practical tool for instructing its subcontractors and other partners and improving the quality and safety of its products.

The challenges related to the ecological acceptability of products are regarded as a common cause in Marimekko's field of business. In order to obtain more information and share views about responsibility issues with other companies, Marimekko takes part in the Nordic Initiative Clean and Ethical (NICE) project coordinated by the Nordic Fashion Association. The goal of NICE is to contribute to the development of Nordic fashion companies into even more responsible actors. Many well-known Nordic companies are involved in the project. Marimekko is also considering membership of a social responsibility network, for example the European auditing system BSCI. During the present year, the intention is to determine the most suitable network for the company.

THE ENVIRONMENT

Caring for the environment and nature is an integral aspect of Marimekko's business. Environmental impacts are taken into consideration in the choice of raw materials, chemicals and working methods. The materials used in the products are tested regularly. Agreements and the Code of Conduct require subcontractors and other partners to commit themselves to accepting their environmental responsibilities. In its operations, Marimekko complies with the EU's REACH Regulation (a regulation on the registration, evaluation, authorisation and restriction of chemical substances), which came into effect in 2007. The most important environmental aspects of Marimekko's operations are related to energy and water consumption and waste. In 2010, an appraisal of how environmental impacts could be mitigated was made at Marimekko's head office in Helsinki, and targets for these issues were set for the next few years. Every effort is also made to figure in environmental aspects when new shops are built.

Marimekko seeks to save energy by improving its production methods, investing in energy-efficient machinery and equipment, and monitoring energy consumption. A significant part of the machinery and equipment at the textile printing factory were replaced in 2004–2008. This included a new printing machine, a textile steamer, an automatic colour kitchen, a stenter frame, and new fabric inspection machines. In 2011, a new state-of-the-art printing machine and screen-making equipment will be brought online. Thanks to a waste heat recovery system at the Herttoniemi textile printing factory, most of the energy released during production can be used to heat the production premises. In manufacturing, direct natural gas heating is used in process heat production. In 2010, power consumption at Marimekko's Herttoniemi textile printing factory and property was 1,482 MWh (-35% compared with the previous year), heating energy consumption was 3,147 MWh (+32%) and natural gas consumption was 3,878 MWh (-6%). Water consumption was 16,395 cubic metres, which is 42% less than in the previous year. The decline in water consumption was partly attributable to the fact that only one printing machine was in operation in 2010. Water consumption is minimised in the printing process by recycling water whenever possible.

Marimekko's production processes do not generate any waste that is classified as hazardous or detrimental to health. The amount of mixed waste is minimised by recycling. The generation, recycling and sorting of wastes are monitored by means of available reports and statistics. In 2011, the aim is to further intensify waste sorting at the building in Herttoniemi and to reduce the quantity of mixed waste going to landfill. The recovery of packaging is arranged in accordance with the EU packaging directive. Increasing attention is being paid to ecological acceptability in Marimekko's product packaging.

Transport kilometres are being reduced and shipments are being rationalised, which also reduces the carbon dioxide emissions of transport. The attainment of this goal cannot currently be monitored with adequate accuracy as the arrangements for reporting on transport kilometres are incomplete.

Corporate social responsibility

ACTIVITIES IN THE LOCAL COMMUNITY

Marimekko's personnel arranged two charity drives in the run-up to Christmas: one raised funds with a bazaar for the Plan Finland's Because I am a Girl campaign, the other collected gifts for low-income families in Finland through participation in the Christmas Tree collection organised by Junior Chamber International Finland.

An Unikko-patterned Pink Ribbon bag, designed by Marimekko for the U.S. company Avon Products, Inc. in 2009 for the campaign against breast cancer, was sold during 2010 also in Finland and more than 20 other countries.

During the year, Marimekko also participated in supporting the work of the Aalto University and made donations to the Red Cross and UNICEF.

KEY FIGURES FOR CORPORATE SOCIAL RESPONSIBILITY

Financial responsibility indicators	**2010**	**2009**	**2008**
Net sales, EUR 1,000	**73,297**	72,473	81,107
Profit before taxes, EUR 1,000	**8,223**	6,354	9,964
Return on investment (ROI), %	**25.0**	20.1	32.3
Dividends paid, EUR 1,000	**4,422**[1]	3,618	4,422
Gross investments, EUR 1,000	**1,519**	1,202	1,362
Equity ratio, %	**78.8**	77.7	78.7
Salaries, wages and bonuses paid to personnel, EUR 1,000	**14,126**	15,026	14,881
Payroll taxes and social security contributions, EUR 1,000	**7,159**	6,823	7,402
Income taxes, EUR 1,000	**2,151**	1,653	2,586
Purchases from suppliers	**43,759**	40,795	48,836

Environmental responsibility indicators	**2010**	**2009**	**2008**
Power consumption[2], MWh	**1,482**	2,275	2,419
Heating energy consumption[2], MWh	**3,147**	2,392	2,979
Natural gas consumption[2], MWh	**3,878**	4,121	5,139[3]
Water consumption[2], m^3	**16,395**	28,501	37,002
Sourcing			
ISO 14000 certified suppliers	**15**	17	15

Social responsibility indicators	**2010**	**2009**	**2008**
Average number of employees	**376**	400	411
Salaried	**265**	275	274
Non-salaried	**111**	125	137
Personnel turnover rate, employees			
New	**58**	29	57
Leaving	**36**	67	51
Retired	**4**	7	6
Joining turnover rate of personnel, %	**15.0**	7.8	13.8
Leaving turnover rate of personnel, %	**10.3**	20.0	13.8
Average age of employees, years	**41**	41	40
Employees			
Women, %	**90.5**	91.1	90.3
Men, %	**9.5**	8.9	9.7
Members of the Board of Directors			
Women, %	**20.0**	20.0	20.0
Men, %	**80.0**	80.0	80.0
Members of the Management Group			
Women, %	**66.7**	71.4	77.8
Men, %	**33.3**	28.6	22.2
Sick leave absences[4], %	**4.8**	8.9	5.4
Healthcare expenses/person[5], EUR	**392**	352	365
Training expenses/person[6], EUR	**407**	339	316
Responsible procurement			
SA 8000 certified suppliers	**7**	7	6
BSCI audited suppliers	**6**	5	5

1) The Board of Directors' proposal to the Annual General Meeting.
2) Applies to the Herttoniemi textile printing factory and property.
3) The figure of 3,780 MWh indicated in the Annual Report 2008 was erroneous.
4) Calculated on theoretical regular working hours.
5) Includes investments in preventive healthcare and medical care; applies to Marimekko personnel in Finland.
6) Excluding salaries paid for training days; applies to Marimekko personnel in Finland.

Corporate Governance

Applicable provisions
Marimekko Corporation is a Finnish public limited company, which applies the Finnish Companies Act, other regulations concerning public listed companies, Marimekko Corporation's Articles of Association and NASDAQ OMX Helsinki Ltd's rules and regulations in its decision-making and administration. Marimekko Corporation also complies with the Finnish Corporate Governance Code for listed companies, effective as of 1 October 2010, in accordance with the 'comply or explain' principle.

Group Structure
The Marimekko Group comprises Marimekko Corporation and its subsidiaries. The company's registered office is in Helsinki, Finland.

GENERAL MEETING
Shareholders exercise the highest decision-making authority in Marimekko Corporation through the General Meeting. General Meetings are either Annual General Meetings or Extraordinary General Meetings. The Annual General Meeting shall be held every year within six (6) months of the close of the financial year on the day set by the Board of Directors. Extraordinary General Meetings are convened when necessary. According to the Companies Act, an Extraordinary General Meeting must be held when the Board of Directors considers it advisable or when shareholders representing at least one-tenth of the company's shares request in writing that a meeting be held to deliberate on a specified matter. Shareholders have the right to have items included on the agenda of the General Meeting, provided they present their demand in writing to the Board of Directors well in advance, so that the item can be included in the Notice of Meeting.

The Annual General Meeting deliberates on matters set out in Article 10 of the Articles of Association as being the business of Annual General Meetings, and other proposals, if any, made to the General Meeting. The company's Board of Directors prepares an agenda for the meeting. In accordance with the Finnish Companies Act, the Annual General Meeting takes decisions on matters such as:
- adopting the financial statements
- the distribution of profit
- the number of Board members, their election and remuneration
- the number of auditors, their election and remuneration
- amendments to the Articles of Association.

Convening a General Meeting
Shareholders are invited to the General Meeting through a Notice of the General Meeting published on the company's website not earlier than three (3) months and not later than three (3) weeks before the meeting, but in any case at least nine (9) days prior to the General Meeting's record date. In addition, the Board of Directors may decide to publish the Notice of the General Meeting in one or more newspapers. The Notice of the General Meeting and the Board's proposals to the General Meeting are also published in a stock exchange release.

The following information is also made available on the company's website at least three (3) weeks before the General Meeting:
- the documents to be submitted to the General Meeting
- draft resolutions to the General Meeting.

Right to attend a General Meeting
Shareholders registered in the Shareholder Register, maintained by Euroclear Finland Ltd, on the record date notified separately by the company have the right to attend a General Meeting. Shareholders wishing to attend the General Meeting must inform the company of their intention to do so by the deadline specified in the Notice of Meeting. Shareholders may attend the meeting themselves or through a representative by proxy, who must present a power of attorney or other reliable proof of their authority to represent the shareholder.

Shareholders can exercise their right to speak and to vote at a General Meeting. Shareholders are entitled to the total number of votes conferred by their shareholding as on the record date. One share confers one vote in all matters addressed at the General Meeting. Decisions are made by a simple or qualified majority of votes as provided by law and the Articles of Association.

Record of proceedings at General Meetings
The company prepares minutes of the General Meeting, which, together with voting results and the appendices of minutes that are part of a decision made by the meeting, are made available to the shareholders on the company's website within two (2) weeks of the General Meeting. The documents related to the General Meeting will be available on the company's website at least for three (3) months after the meeting. The company also announces any decisions taken at the General Meeting in a stock exchange release issued promptly after the meeting.

Presence of administrative bodies at a General Meeting
The company expects all of the members of the Board of Directors and the President to be present at the Annual General Meeting if possible. Candidates up for election to the Board for the first time should be present at the meeting in which the election is held, unless their absence is unavoidable due to particularly compelling reasons. The company's auditor also attends the meeting.

BOARD OF DIRECTORS
Composition and term of office
The members of Marimekko Corporation's Board of Directors are elected at the Annual General Meeting. The term of office of the Board of Directors expires at the close of the Annual General Meeting following their election. According to the Articles of Association, the Board of Directors comprises a minimum of four (4) and a maximum of seven (7) ordinary members. The number of Marimekko Corporation's Board members is set in proportion to the company's size. The Articles of Association do not set an upper age limit for Board members, restrict the number of their terms of office or

in any other way restrict the General Meeting's authority in the election of Board members. There is no particular order governing the appointment of Board members. The Board of Directors elects a Chairman from amongst its members. The company's President cannot be elected to serve as the Chairman of the Board of Directors.

Members of the Board of Directors
Marimekko Corporation's Annual General Meeting held on 15 April 2010 elected five members to the Board of Directors for a term beginning on 15 April 2010 and ending at the close of the 2011 Annual General Meeting. Ami Hasan, Mika Ihamuotila, Joakim Karske, Pekka Lundmark, and Tarja Pääkkönen were re-elected as members of the Board of Directors. At its constitutive meeting held after the Annual General Meeting, the Board of Directors elected Pekka Lundmark as Chairman and Mika Ihamuotila as Vice Chairman of the Board.

The Board members are presented on page 39 and on the company's website under Administration & Auditors. The up-to-date information about the board members' shareholdings in the company is available under Investors/Share Information/Shareholders/Insiders.

Independence evaluation
The Corporate Governance Code states that the majority of Board members shall be independent of the company. A person without any significant connection to the company other than Board membership is considered independent of the company. In addition, at least two (2) of the directors representing this majority shall be independent of significant shareholders of the company. The Board evaluates the independence of its members annually. Among the members of Marimekko Corporation's Board of Directors, Ami Hasan, Joakim Karske, Pekka Lundmark and Tarja Pääkkönen are independent of the company and its significant shareholders. Mika Ihamuotila assumed the position of President of Marimekko Corporation in 2008. Muotitila Ltd, a company controlled by Mr Ihamuotila, holds 13% of Marimekko Corporation's shares and voting rights.

Duties and responsibilities of the Board of Directors
The Board of Directors is responsible for the proper organisation of the company's administration, operations, accounting and asset management. In addition to the duties specified in the Finnish Companies Act and the Articles of Association, the written rules of procedure adopted by the Board contain further provisions concerning the Board's operating principles and principal duties. The Board reviews and confirms the rules of procedure annually at its constitutive meeting, held following the Annual General Meeting. The Board reviews all matters that are significant to or that have long-term effects on the company's business operations. According to the rules of procedure, the Board addresses issues such as the following:

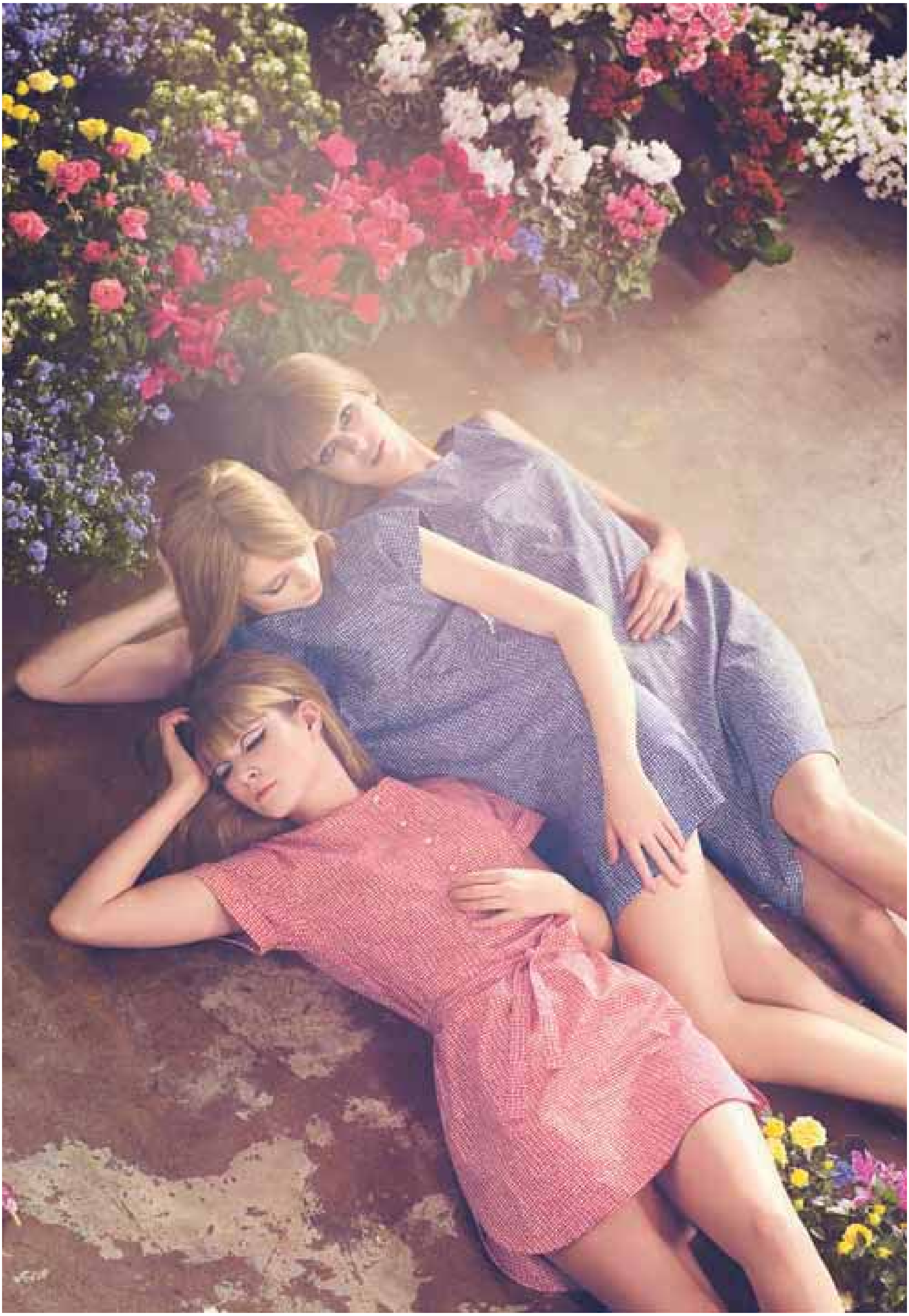
- specifying and confirming strategic objectives and policies for the Group and the various business areas
- reviewing and confirming operating plans and budgets for the Group and the various business areas
- reviewing and approving interim reports, the consolidated financial statements and the Report of the Board of Directors
- expanding and downsizing business operations
- considering mergers, acquisitions and demergers and restructuring arrangements
- deciding on investments and the acquisition and sale of assets that are either strategically or financially significant
- deciding on financial policy and contingent liabilities related to financing arrangements
- approving the Group's reporting, risk management procedures and internal control procedures and audit and control systems
- approving the audit plan
- appointing the company's President and the members of the Management Group and deciding on their remuneration
- providing instructions for the President.

Since Marimekko does not have a separate audit committee, the Board of Directors is also responsible for the duties of an audit committee. These include the following:

- monitoring the reporting process of financial statements
- supervising the financial reporting process
- monitoring the efficiency of the company's internal control and internal audit, if applicable, and risk management systems
- reviewing the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, which is included in the company's corporate governance statement
- monitoring the statutory audit of the financial statements and consolidated financial statements
- evaluating the independence of the statutory auditor or audit firm and especially the related services offered to the company
- preparation of the proposal for resolution on the election of the auditor.

Meeting procedures and decision-making
The Board of Directors convenes six times a year on average. The Chairman of the Board is responsible for convening and chairing Board meetings. The Board has not assigned responsibility for monitoring any particular aspects of the business to individual Board members. The Board evaluates its performance annually each January under the direction of the Chairman. In 2010, the Board convened eight times. The Board members' attendance rate at meetings was 100%.

Committees
Considering the nature and extent of the company's business, Marimekko's Board of Directors has not found it necessary to establish separate committees. The company's Board, therefore, manages the tasks that would belong to the audit committee.



MANAGEMENT OF THE GROUP

President

The Board of Directors elects the company's President and decides on the terms of the President's employment. The terms are specified in a written contract which is approved by the Board of Directors. The President is responsible for the day-to-day management and development of the Group in accordance with the instructions and orders of the Board of Directors. The President is also responsible for keeping the Board up to date with regard to development of the company's business and financial situation. Mika Ihamuotila has been the company's President since 2008. The shareholding of the President in Marimekko is reported on page 88 and on the company's website under Investors/Share Information/Shareholders/Insiders.

Subsidiary administration

The members of the subsidiaries' Boards of Directors are elected from amongst Marimekko Group's executive management.

Management Group

The company's business operations have been divided into a number of responsibility areas, the directors of which form the company's Management Group. The company's President acts as the Chairman of the Management Group. The Board of Directors appoints the members of the Management Group and decides on their remuneration. The Management Group has no authority based on law or the Articles of Association. The Management Group reviews business matters and procedures affecting the entire Group. The Management Group also reviews the operating plans of the various business areas and business development. The Management Group convenes every two weeks on average. Information on the members is presented on page 39 and on the company's website under Administration & Auditors.

REMUNERATION, REWARDS AND INCENTIVES

The main objectives of remuneration are to promote competitiveness and long-term financial success of the company, contribute to the favourable development of shareholder value and increase the commitment of the company's key persons.

Remuneration of the members of the Board of Directors

In accordance with the Articles of Association, the Annual General Meeting decides on the remuneration payable to the Board of Directors. The President receives no fee for Board membership. Furthermore, the President receives no fee for the membership of the Board of a Marimekko subsidiary. The Board members receive their remuneration in the form of fixed payments. The Board members have not received any shares, option rights or other special rights to shares as compensation, nor has the Board any other financial benefits in addition to the fixed annual payment. Marimekko has not issued monetary loans to the Board members or guarantees or other contingent liabilities on their behalf. In 2010, the Annual General Meeting resolved that the annual remuneration payable to the members of the Board be as follows: EUR 20,000 to the Chairman; EUR 15,000 to the other members of the Board, excluding the President; a total of EUR 65,000.

Remuneration of the President and other management

The Board of Directors of Marimekko Corporation decides on the salary and remuneration payable to the President and the members of the Management Group. Under the contract between the company and Mr Ihamuotila, the President is, in addition to his regular salary, entitled to an annual bonus, the maximum amount of which corresponds to his regular salary for six months. The principles determining the bonus are confirmed annually by the Board. The annual bonus is based on the growth of the Group's net sales, operating profit and the strategic objectives separately determined by the Board. The company has no share or share-based incentive schemes. On 7 February 2011, the Board of Directors of Marimekko Corporation agreed on establishing a new long-term bonus system targeted at the company's Management Group. Further information

The fees received by the members of Marimekko's Board of Directors 2009–2010

(EUR 1,000)	Fee for Board work		Other financial benefits		Total compensation in the financial year	
	2010	2009	2010	2009	2010	2009
Pekka Lundmark	20	20	-	-	20	20
Mika Ihamuotila	-	-	-	-	-	-
Ami Hasan	15	15	-	-	15	15
Joakim Karske	15	15	-	-	15	15
Tarja Pääkkönen	15	15	-	-	15	15
Total	65	65	-	-	65	65

The salaries and bonuses received by Marimekko's President and other management 2009–2010

(EUR 1,000)	Salary		Bonus-based salary		Other financial benefits		Total compensation in the financial year	
	2010	2009	2010	2009	2010	2009	2010	2009
President	295	279	46	69	-	-	341	348
Management group	551	662	37	35	-	-	588	697
Total	846	941	83	104	-	-	929	1 045

is available on page 50.

The President is entitled to a defined contribution pension scheme, the terms of which are decided on by the Board of Directors. The retirement age for the President is determined by the statutory employee pension plan (TyEL). If the President resigns of his own accord, his term of notice is six (6) months and he is entitled to a remuneration corresponding to his regular salary for six (6) months. If the company terminates the contract, the President's term of notice is six (6) months and he is entitled to a remuneration corresponding to his regular salary for twelve (12) months.

AUDIT

According to the Articles of Association, the company must have one auditor and, if the auditor is not an audit firm, one deputy auditor. The Auditor and Deputy Auditor must be authorised by the Finnish Central Chamber of Commerce. The auditors are appointed until further notice. The Annual General Meeting held on 15 April 2010 elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as auditor for the Marimekko Group and the Group companies, with Kim Karhu, Authorised Public Accountant, as chief auditor. The Annual General Meeting also decided that the auditor's fee will be paid by invoice. In the 2010 financial year, PricewaterhouseCoopers Oy were paid a total of EUR 45,000 in audit fees and EUR 55,000 for other assignments. An itemisation of these fees is included in the notes to the financial statements (note 21) on page 70.

The auditor issues an auditor's report in connection with the company's financial statements to the Board of Directors and, as required by law, an audit report to the shareholders. The auditor is present at the Board meeting where the annual financial statements are reviewed.

INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDIT

Internal control, risk management and internal auditing are a crucial element of Marimekko's administration and management. The Board of Directors and the President bear responsibility for organising controls.

Risk management and risks

Marimekko's risk management is based on the risk management policy confirmed by the company's Board of Directors, which defines the principles, objectives and responsibilities of risk management, as well as the organisation and control of the risk management process.

Risk management principles

Marimekko's risk management aims to safeguard the smooth continuity of business operations and ensure stable profit development for the Group. Comprehensive risk management is an ongoing, systematic process which involves identifying and evaluating risks associated with the company's operations and operating environment. The company's key risks comprise risks which could prevent Marimekko from exploiting business opportunities or jeopardise or prevent the achievement of the strategic objectives of the Group or a Group company, or the continuity of operations or would otherwise have significant consequences for the company, its personnel or stakeholders. Risk management is an integral element of the company's management and decision-making process, covering all of the Group's functions.

The report of the Board of Directors on pages 47–48 describes the most significant risks. A more detailed description of Marimekko's risk management process and the most significant risks is available on the company's website under Investors/Corporate Governance/ Risk Management.

Internal control and internal audit

Considering the nature and extent of the company's business, Marimekko has not found it necessary to establish a separate internal audit function. The Board of Directors reviews the level of the company's internal control activities at least once a year. Where necessary, the Board may purchase internal audit services from an external service provider.

Marimekko applies the internal control principles and an operating plan for the execution and monitoring of internal control. In the Marimekko Group, internal control is defined as a process effected by the Board of Directors, management and all levels of personnel. The objective of internal control is to provide reasonable assurance that:

- the company's operations are effective and aligned with strategy
- financial reporting and management information is reliable, and
- the Group is in compliance with applicable laws and regulations.

Marimekko's Board of Directors focuses on increasing shareholder value and, in accordance with good governance, ensures that principles on internal control exist within the company. The Board of Directors is also responsible for monitoring the efficiency of internal controls and risk management.

INSIDER ADMINISTRATION

Marimekko's insider guidelines

Marimekko Corporation's insider guidelines, which have been confirmed by the company's Board of Directors, are based on the insider guidelines issued by NASDAQ OMX Helsinki Ltd, effective as of 9 October 2009. The Board of Directors annually confirms the updated insider guidelines and list of insiders. The company has distributed copies of its insider guidelines to all of its insiders.

Marimekko's insider registers

Marimekko's permanent public insiders comprise the members of the Board of Directors, the President, the auditor and the company's Management Group. Permanent company-specific insiders include those who due to their position or duties regularly obtain inside information and who are consequently identified by the company as being included in the company's company-specific insiders and not public insiders. Permanent company-specific insiders include the managing directors of the subsidiaries and others who, by virtue of their duties, are identified as company-specific insiders. The company assesses whether project-specific insider registers are necessary on a case-by-case basis.

The company's insider register, which includes the lists of permanent public insiders, permanent company-specific insiders and project-specific insiders, is maintained in the SIRE register of Euroclear Finland Ltd. Up-to-date information required by law concerning Marimekko Corporation's permanent public insiders, their related parties and the corporations in which they exercise influence is presented on the company's website under Investors/Share Information/Shareholders/Insiders.

Supervision of insider guidelines
The person in charge of Group communications is responsible for maintaining the Company's insider register and for communicating on insider issues. Marimekko Corporation's insider guidelines prohibit permanent public insiders, permanent company-specific insiders, their related parties and corporations controlled by them from trading in Marimekko shares during the 21-day period preceding the publication of the company's interim reports and financial statement information. The company announces these publication dates annually in advance in a stock exchange release. The insider guidelines also prohibit project-specific insiders from trading in Marimekko shares during the project.

INVESTOR RELATIONS
The Chief Financial Officer is responsible for Marimekko Corporation's investor relations and the content of financial information. Group Communications is responsible for the company's stock exchange releases, investor and analyst meeting arrangements and the company's online investor information. Marimekko publishes all of its investor information in Finnish and English on the company's website under Investors. The company's printed Annual Report is published in Finnish and English.

CORPORATE GOVERNANCE STATEMENT
The corporate governance statement is issued separately from the company's Annual Report. It can be found on the company's website under Investors/Corporate Governance.

Board of Directors and management

BOARD OF DIRECTORS
Pekka Lundmark born 1963
Chairman of the Board
M.Sc. (Eng.)
Principal occupation: President and CEO of Konecranes Plc, 2005–

Primary work experience and key positions of trust: Managing Director of Hackman Group, 2002–2004; Managing Partner of Startupfactory, 2000–2002; several executive positions in Nokia Corporation in Finland, Denmark and the United States, 1990–2000; Chairman of the Board of The Federation of Finnish Technology Industries 2011–; Vice Chairman of the Board of the Confederation of Finnish Industries EK 2011–

Mika Ihamuotila born 1964
Vice Chairman of the Board
Ph.D. (Econ.)
Principal occupation: President and CEO of Marimekko Corporation, 2008–

Primary work experience and key positions of trust: President and CEO of Sampo Bank plc, 2001–2007; President and CEO of Mandatum Bank Plc, 2000–2001; Executive Director of Mandatum Bank Plc, 1998–2000; Partner of Mandatum & Co Ltd, 1994–1998; visiting scholar of Yale University (USA), 1992–1993; Member of the Board of Elisa Corporation, 2003–2005 and Deputy Chairman of the Board, 2006–2007

Ami Hasan born 1956
Secondary school graduate
Principal occupation: Chairman of the Board of advertising agency Hasan & Partners Finland Oy, 1997–

Primary work experience and key positions of trust: founder and Managing Director of advertising agency Hasan & Partners Finland Oy, 1991–1997; Member of the Board of Marketing Clinic Ltd; Deputy Chairman of the Board of Kiasma Museum of Contemporary Art Foundation; permanent member of the jury for Cresta International Advertising Awards

Joakim Karske born 1963
MA
Principal occupation: Director, Design Strategy & Portfolio, Nokia Corporation, 2009–

Primary work experience and key positions of trust: Design Director of Nokia Mobile Phones 2006–2008; several designer positions, e.g. at Volvo Strategic Design Barcelona, 2001–2005; DaimlerChrysler Advanced Design Centre Japan, 1999–2001; Mercedes-Benz Design Stuttgart, 1998–1999; Volvo Cars Design Sweden and the Netherlands, 1995–1998

Tarja Pääkkönen born 1962
Ph.D. (Eng., Business Strategies), M.Sc. (Tech.)
Principal occupation: Partner and Member of the Board of Boardman Ltd, 2010–

Primary work experience and key positions of trust: Senior Vice President and Member of the Executive Board of Itella Corporation, 2005–2010; several executive positions in Nokia Corporation, 1995–2004, including Director of Business Unit of Nokia Multimedia, Strategy Director and member of the Management Group of Nokia Mobile Phones, as well as Director of Technology Unit's Global Services; Management Consultant of Kienbaum GmbH (Germany), 1991–1995; Member of the Board of MJR, 2009–2010; Member of the Advisor Board of DesignStory Inc (USA); Member of the Board of HYY Group, Olvi plc, Severa, IDEAN Oy and Spinverse Ltd

Information on the Board members' shareholdings in the company on 31 December 2010 is provided on page 88.

MANAGEMENT GROUP AS OF 1 NOVEMBER 2010
Chairman:
Mika Ihamuotila born 1964
President and CEO
Employed by the company since 2007

Members:
Thomas Ekström born 1967
Finance and administration
Employed by the company since 2006

Malin Groop born 1972
Marketing
Employed by the company since 2009

Minna Kemell-Kutvonen born 1969
Design
Employed by the company since 1992

Päivi Lonka born 1962
Sales
Employed by the company since 2004

Niina Nenonen born 1965
Product lines
Employed by the company since 2008

More detailed background information on Board members and members of the Management Group as well as up-to-date information on their shareholdings in Marimekko Corporation are provided on the company's website under Administration & Auditors.

Information for shareholders

Schedule for financial reporting in 2011

– Financial statement bulletin 2010, Tuesday, 8 Feb. 2011
– Annual Report 2010, week 12
– Interim Reports
· January–March, Tuesday, 3 May 2011
· January–June, Wednesday, 17 Aug. 2011
· January–September, Thursday, 10 Nov. 2011

Summary of releases published in 2010

A summary of all stock exchange releases published by Marimekko Corporation in 2010 is provided on the company's website under Investors/ Financial Releases/Summary of Significant Releases.

Annual General Meeting

Marimekko Corporation's Annual General Meeting will be held from 2 p.m. onwards on Tuesday, 19 April 2011 at Marimekko Corporation's head office, Puusepänkatu 4, 00880 Helsinki, Finland. Shareholders who have been registered by the Annual General Meeting's record date of 7 April 2011 at the latest in the company's Shareholder Register kept by Euroclear Finland Ltd have the right to attend the Annual General Meeting. The shareholder in whose name the shares are registered is automatically entered in the company's Shareholder Register.

Shareholders who wish to attend the Annual General Meeting must notify the company of their intention to do so before 10 a.m. on 14 April 2011 at the latest:

· by filling in the registration form on the the company's website www.marimekko.com under Investors/AGM 2011
· by email to yk@marimekko.fi
· by telephone on +358 9 758 7375 (Minttu Kuoppala).

A holder of nominee-registered shares may participate in the Annual General Meeting with those shares under which the holder would be entitled to be registered in the company's Shareholder Register on 7 April 2011. Additionally, participation requires that the holder of nominee-registered shares is temporarily registered in the Shareholder Register no later than 14 April 2011 at 10 a.m. Temporary registration in the Shareholder Register shall be deemed to be a registration for the Annual General Meeting. A holder of nominee-registered shares is advised to request necessary instructions regarding the temporary registration in the Shareholder Register, the issuing of proxy documents and registration for the General Meeting from their custodian bank well in advance. The account management organisation of the custodian bank will register a holder of nominee-registered shares, who wants to participate in the Annual General Meeting, to be temporarily entered into the company's Shareholder Register by the above-mentioned date.

Any proxy documents should be sent in original to the company before the registration deadline. Notice of the Annual General Meeting and further information is provided on the company's website under Investors/ AGM 2011.

Dividends

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.55 per share be paid for 2010. The dividend will be paid to shareholders who are registered on the dividend payout record date of 26 April 2011 in the company's Shareholder Register kept by Euroclear Finland Ltd. The Board of Directors will propose to the Annual General Meeting that the dividend be paid on 3 May 2011.

Principles of investor relations

Marimekko Corporation complies with the principles of equity in its investor communications and publishes all its investor information primarily on its website in Finnish and English.

Information sessions and closed period

Information sessions are held at least twice a year for analysts and the media, always when the financial statements and half-year results are released as well as when necessary in connection with the disclosure of other significant matters. Marimekko has a three-week closed period before the publication of earnings reports.

Financial reports

Marimekko Corporation's Annual Report and Interim Reports are published in Finnish and English. Annual Report 2010 is mailed to all shareholders to the address listed in the company's Shareholder Register kept by Euroclear Finland Ltd. Thereafter, the Annual Reports will not be mailed to all shareholders automatically but they can be subscribed and will be sent to the subscriber upon request. Interim Reports are also sent upon request to the address provided by the subscriber. Financial information is also posted on the company's website.

To order publications, contact:
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Tel. +358 9 758 71, +358 9 758 7375
(Group Communications)
Fax +358 9 727 6227
info@marimekko.fi

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thomas.ekstrom@marimekko.fi

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piia.pakarinen@marimekko.fi

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Marimekko Corporation

REPORT OF THE BOARD OF DIRECTORS AND THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY TO 31 DECEMBER 2010

Contents

Report of the Board of Directors

In 2010, the Marimekko Group's net sales rose by 1.1% to EUR 73.3 million (EUR 72.5 million). Operating profit grew by 29.9% to EUR 8.2 million (EUR 6.3 million). Operating profit for 2009 included a non-recurring expense of EUR 0.5 million related to personnel reductions. Operating profit excluding non-recurring items stood at EUR 8.2 million (EUR 6.8 million). Profit after taxes for the financial year was EUR 6.1 million (EUR 4.7 million) and earnings per share were EUR 0.76 (EUR 0.59). The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.55 (EUR 0.45) per share be paid for 2010.

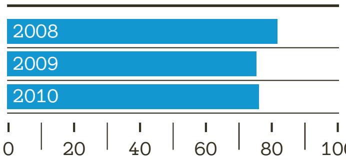
In 2011, Marimekko will continue its substantial investments in international growth. Net sales for 2011 are estimated to grow by roughly 5–10%, but operating profit is forecast to decline by some 40–60% compared with the previous year. The estimated decline in operating profit is due to the measures and considerable investments planned for 2011 in internationalisation, particularly in the United States, and in developing business operations and the distribution network. With these measures and investments, of which many occur predominantly during this year, the structure of Marimekko's business is transformed and a more solid foundation for long-term growth and improved profitability is laid. Moreover, increases in the costs of raw materials, higher overall cost levels, and fewer deliveries for promotions compared with the previous year are anticipated to have an adverse impact on earnings.

MARKET SITUATION

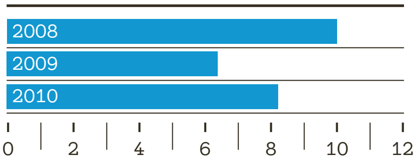
The economic situation in Finland has continued to improve as expected and is anticipated to further improve gradually in the early part of 2011. The outlook for the near future is fairly good. However, production costs have risen, and they are expected to continue to rise markedly. Although average sales prices have increased, the rise in overall cost levels creates profitability pressures for companies. The world economy is forecast to grow fairly well in 2011, but the situation varies considerably between different areas and countries. Consumer confidence in the United States is low, but economic growth is nevertheless expected to be faster than forecast in the autumn. Huge growth in China will continue, and the focus of the world economy will increasingly be on the developing economies. In Asian countries, there is a danger of the economy overheating. A strong polarisation is evident in the European economy. Optimism in Germany is at a record level, while in the crisis countries in Southern Europe, in Portugal, Spain and Greece, consumers' and businesses' confidence in the economy falters seriously. The situation is worst in Greece. (Confederation of Finnish Industries EK: Business Tendency Survey, February 2011)

Retail trade confidence indicator dropped slightly in January, but remained at a high level. In December, the economic trend in the Finnish retail trade was one of the strongest within the EU, and sales have continued to grow at a good pace in the current year. (Confederation of Finnish Industries EK: Business Confidence Indicators, January 2011) In 2010, the value of retail sales in Finland increased by 2.9% (Statistics Finland: Turnover of trade 2010, December, quick estimate). Retail sales of clothing (excluding sportswear) grew by 3.7% (Textile and Fashion Industries TMA). Retail sales of womenswear rose

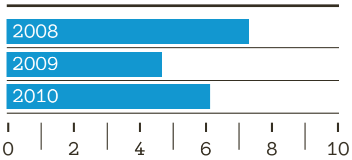
Net sales (EUR million)



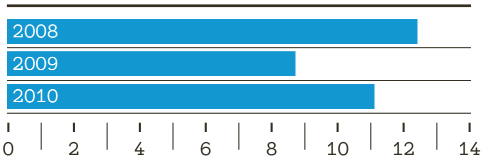
Operating profit (EUR million)



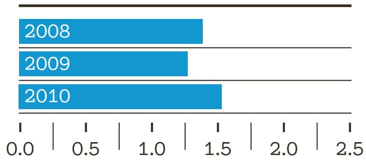
Profit after taxes (EUR million)



Operating profit (% of net sales)



Gross investments (EUR million)



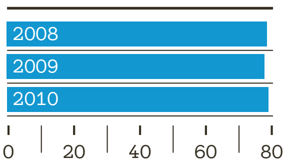
by 3.7%, sales of menswear by 5.5%, and sales of childrenswear by 0.9%. Sales of bags grew by 4.4%. From January to November 2010, exports of clothing (SITC 84) increased by 14% and imports by 9%; exports of textiles (SITC 65) decreased by 3%, while imports grew by 15% (National Board of Customs, monthly review, November 2010).

NET SALES

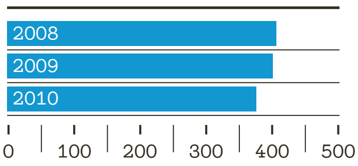
In 2010, the Marimekko Group's net sales increased by 1.1% to EUR 73.3 million (EUR 72.5 million). Net sales in Finland fell by 1.8% to EUR 51.8 million (EUR 52.7 million). The fall was partly attributable to a decrease in revenues from individual promotions. International sales rose by 8.9% to EUR 21.5 million (EUR 19.8 million). Sales grew vigorously in North America and in the market areas referred to as "the rest of Europe" and "other countries". New retail stores opened during the year increased sales in these areas. International sales represented 29.4% (27.3%) of the Group's net sales.

The breakdown of the Group's net sales by product line was as follows: clothing 36.0%, interior decoration 46.4% and bags 17.6%. Net sales by market area were: Finland 70.6%, the other Nordic countries 9.7%, the rest of Europe 7.2%, North America 5.2%, and other countries (Japan and other regions outside Europe and North America) 7.3%.

Equity ratio (%)



Average personnel



REVIEWS BY BUSINESS UNIT

Clothing

In 2010, net sales of clothing decreased by 3.9% to EUR 26.4 million (EUR 27.5 million). Sales in Finland and the market area referred to as "the rest of Europe" declined, while sales in other markets increased. International sales accounted for 24.7% of net sales of clothing.

Interior decoration

Net sales of interior decoration products increased by 4.0% to EUR 34.0 million (EUR 32.7 million). The growth came from North America and the market areas referred to as "the rest of Europe" and "other countries". In Finland and the other Nordic countries, sales remained at the same level as in the previous year. International sales accounted for 32.2% of net sales of interior decoration products.

Bags

Net sales of bags increased by 4.8% to EUR 12.9 million (EUR 12.3 million). Sales grew in Finland, North America and the market area referred to as "the rest of Europe". Sales in other market areas decreased slightly. International sales accounted for 31.4% of net sales of bags.

Sales in Finland

In 2010, Marimekko's retail sales, i.e. sales by Marimekko's own retail shops in Finland, declined by 3.8%. The decrease was partly due to changes in sales areas in the Helsinki shops. Wholesale sales in Finland fell by 1.2%. The difference relative to the previous year is due to a decrease in revenues from individual promotions. Both retail and wholesale sales in Finland were adversely affected by the extensive price-led promotion organised in the first quarter of 2009 in order to reduce inventories.

International sales

In 2010, the trend in Marimekko's international sales (previously "exports and international operations") took a marked turn for the better. Sales rose by 8.9% to EUR 21.5 million (EUR 19.8 million). In North America and in the market areas referred to as "the rest of Europe" and "other countries", sales grew vigorously. New retail stores opened during the year increased sales in these areas. The major countries for exports were Japan, Sweden, the United States, Denmark and Germany.

In the market area referred to as "the other Nordic countries", clothing sales increased, while sales of interior decoration products and bags declined. Net sales rose to EUR 7.1 million, which was 0.8% up on the previous year (EUR 7.0 million). The opening of a new company-owned retail shop in Malmö, Sweden and the rise in the value of the Swedish krona contributed to the increase in sales.

In the market area referred to as "the rest of Europe", net sales rose by 9.6% to EUR 5.3 million (EUR 4.8 million). Bag sales grew well. Sales of interior decoration products increased and sales of clothing decreased somewhat. The growth in net sales was partly attributable to the opening of a new company-owned retail shop in Berlin, Germany.

In North America, net sales rose by 27.0% to EUR 3.8 million (EUR 3.0 million). Sales of interior decoration products and bags grew extremely vigorously; clothing sales increased somewhat. Initial inventory purchases and sales by a new shop-in-shop in the United States and an increase in royalty earnings accounted for a significant share of the growth.

In the market area referred to as "other countries", net sales rose by 8.9% to EUR 5.3 million (EUR 4.9 million). Sales of clothing and interior decoration products grew well; bag sales decreased slightly. The growth was generated by Japan and South Korea where a new concept store was opened in Seoul.

Licensing

Royalty earnings from sales of licensed products increased significantly in 2010. All of the growth came from the United States and Japan.

Production

The output of the Herttoniemi textile printing factory increased by 1.5% in 2010. The production volume of the Sulkava factory decreased slightly compared to the previous year. The output of the Kitee factory declined substantially due to changes implemented in the production structure in 2009.

EARNINGS

In 2010, the Group's operating profit rose by 29.9% to EUR 8.2 million (EUR 6.3 million). Operating profit as a percentage of net sales amounted to 11.1% (8.7%). Operating profit for 2009 included a non-recurring expense of EUR 0.5 million related to personnel reductions. Operating profit excluding non-recurring items stood at EUR 8.2 million (EUR 6.8 million). At the end of 2009, the company announced that it sought cost savings of approximately EUR 1.5 million in total through personnel cutbacks and other measures. The target was almost fully achieved in 2010.

Earnings for the year were improved by a distinct increase in average sales margin as well as growth in wholesale sales and royalty earnings. On the other hand, earnings were depressed by additional investments in product development and building up the company's international distribution network. In addition, earnings were weakened by the fact that the revenues generated from deliveries for individual promotions were lower than in the previous year and that, in 2010, the company carried out considerably fewer price-led promotions than the year before. Marketing expenses were also slightly higher than in 2009. The Group's marketing expenses for the year totalled EUR 3.3 million (EUR 3.1 million), representing 4.6% (4.3%) of net sales.

The Group's depreciation amounted to EUR 1.5 million (EUR 1.4 million), representing 2.0% (1.9%) of net sales. Net financial income totalled EUR 54 thousand (EUR 63 thousand), or 0.1% (0.1%) of net sales.

Profit after taxes was EUR 6.1 million (EUR 4.7 million), representing 8.3% (6.5%) of net sales. Earnings per share were EUR 0.76 (EUR 0.59).

The Group's per-share key figures and other key financial figures for the last three years, including the formulas for the figures, are presented under Key figures of the Group on pages 85–86.

INVESTMENTS

The Group's gross investments amounted to EUR 1.5 million (EUR 1.2 million), representing 2.1% (1.7%) of net sales. The majority of investments were directed at the procurement and updating of information systems, and at the construction of new shops and the procurement of furniture.

EQUITY RATIO AND FINANCING

The Group's equity ratio was 78.8% at the end of the year (77.7% on 31 December 2009). The ratio of interest-bearing liabilities minus financial assets to shareholders' equity (gearing) was -28.2%, while it was -32.2% at the end of the previous year.

At the end of the year, the Group's financial liabilities stood at EUR 0 (EUR 0). The Group's financial assets at the end of the financial year amounted to EUR 9.7 million (EUR 10.2 million).

STRATEGIC DIRECTION

The company's long-term strategy is unchanged. The goal is to develop Marimekko as an increasingly international brand based on pattern and colour design. The company also intends to develop new products and product categories that support the brand image and promote the building of a profitable, scalable sales concept. Marimekko's objective is to maintain the company's strong market position in Finland and continue its controlled growth abroad. The distribution network will be expanded primarily by increasing the number of concept stores and shop-in-shops. The geographical areas of emphasis are the regions in which the Marimekko brand is already known. In the next few years, these areas of emphasis are North America, Northern Europe and the Asia-Pacific region. Operational efficiency will be improved along with systematic working and coordination in all business areas. There are no changes to the Group's financial objectives: annual growth in net sales, above 10%; percentage of operating profit of net sales, 10%; return on equity, above 15%; equity ratio, 60%; and percentage of earnings per share allocated to dividends, at least 50%.

SHARES AND SHARE PRICE TREND

Share capital

At the end of the financial year, the company's fully paid-up share capital, as recorded in the Trade Register, amounted to EUR 8,040,000, and the number of shares totalled 8,040,000.

Shareholdings

According to the book-entry register,

Marimekko had 6,673 (6,716) shareholders at the end of the year. Of the shares, 15.0% were registered in a nominee's name and 15.9% were in foreign ownership. The breakdown of Finnish ownership by owner group was as follows: households 35.1%, companies 17.0%, public sector entities 10.8%, financial institutions and insurance companies 4.6% and non-profit bodies 1.6%.

At the end of 2010, the number of shares owned either directly or indirectly by members of the Board of Directors and the President of the company was 1,086,440, representing 13.5% of the total share capital and of the votes conferred by the company's shares.

Further information about shareholdings is available under Shares and shareholders on pages 87–90.

Authorisations
At the end of the financial year, the Board of Directors had no valid authorisations to carry out share issues or issue convertible bonds or bonds with warrants, or to acquire or surrender Marimekko shares.

Shareholder agreements
Marimekko has neither made nor is aware of any shareholder agreements concerning the company's shares or other commitments agreeing on the company's ownership or the use of voting rights.

Flaggings
SEB Asset Management S.A.
SEB Asset Management S.A.'s share of Marimekko Corporation's share capital and voting rights rose to 5.13%, or 412,259 shares, as a result of a transaction concluded on 5 February 2010. SEB Asset Management S.A.'s share of Marimekko Corporation's share capital and voting rights fell to 0.00%, or 0 shares, due to a stock loan on 15 April 2010 and then reverted to 5.13%, or 412,259 shares, at the termination of the stock loan on 28 April 2010.

Credit Suisse Group AG
The combined share of Marimekko Corporation's share capital and voting rights held by organisations controlled by Credit Suisse Group AG rose to 5.60%, or 450,000 shares, as a result of a transaction made on 20 April 2010. After the transaction, Credit Suisse Securities (Europe) Ltd held 400,000 Marimekko shares and Credit Suisse Securities (USA) LLC held 50,000 shares. The combined share of Marimekko Corporation's share capital and voting rights held by the above-mentioned organisations controlled by Credit Suisse Group AG fell below 5.00% as a result of a transaction made on 23 April 2010.

Share trading
In 2010, a total of 1,046,014 Marimekko shares were traded, representing 13.0% of the shares outstanding. The total value of Marimekko's share turnover was EUR 11,898,520. The lowest price of the Marimekko share was EUR 10.00, the highest was EUR 14.45 and the average price was EUR 11.66. At the end of the year, the final price of the share was EUR 14.45. The company's market capitalisation on 31 December 2010 was EUR 115,776,000 (EUR 82,812,000 on 31 December 2009).

Dividend paid for the 2009 financial year
A dividend of EUR 0.45 per share was paid for 2009 to a total of EUR 3,618,000.

PERSONNEL
The number of the Marimekko Group's personnel increased by 4.9% in 2010. During the financial year, the number of employees averaged 376 (400). At the end of the year, the Group employed 388 (370) people, of whom 26 (17) worked abroad. Salaries, wages and bonuses paid to personnel amounted to EUR 14.1 million (EUR 15.0 million). The personnel turnover rate was 15.0% for joining and 10.3% for leaving. In spring 2010, a job satisfaction survey was conducted among the Group's personnel in Finland.

RISK MANAGEMENT AND MAJOR RISKS
Risk management is an integral element of the company's management and decision-making process, covering all of the Group's functions. Risk identification builds on Marimekko's strategic and operational objectives. The company's Board of Directors has confirmed the principles, responsibilities and organisation of risk management. The Board of Directors also monitors the success of risk management. According to its risk management principles, Marimekko classifies its risks as strategic, operational, economic and accident risks. Risk reporting is part of the company's regular reporting.

The risk factors described below may have a harmful impact on the company's shareholder value, business, or financial standing. However, other risks which Marimekko is currently not aware of or which are not currently considered major may become significant in the future.

Key strategic risks assessed by Marimekko are associated with the general economic development and the consequent uncertainty in the operating environment as well as the management of change. Trends in the world economy affect consumers' purchasing behaviour and buying power in all of the company's market areas. The decline in consumer demand at the end of 2008 and during 2009 had an adverse impact on the company's growth and earnings outlook. In 2010, the general economic outlook has improved gradually and this is also reflected in Marimekko's growth and earnings outlook. Simultaneously, Marimekko is going through a phase of intensive change and the company has a number of development projects in progress. With these measures, the structure of Marimekko's business is transformed and a more solid foundation for long-term growth and improved profitability is laid. In 2010, several projects related to internationalisation and product development were carried out. The company's ability to develop and commercialise new products that meet consumers' expectations has an impact on the company's sales and profitability. The management and monitoring of change and ensuring sufficient core expertise are emphasised in risk management.

Among the company's operational risks, the key factor is the operational reliability of procurement and logistics processes. Risks related to changes in raw material prices and other purchase prices are also significant. The share of in-house production has diminished, and Marimekko uses subcontractors to an increasing extent. Therefore, the company's dependence on the supply chain has increased. Any delays or disturbances in supply or fluctuations in the quality of products may have a temporary harmful impact on business. Control points and responsibilities have been determined in order to take notice of any realisation of risks related to the procurement process and to take preventive action. Risks are managed by improving the disturbance tolerance of the procurement process and by training purchasing staff. The company is continuously developing the availability of key products and alternative procurement channels, the operational efficiency of procurement, the competence of the purchasing staff and the comprehensiveness and functionality of reporting. In 2010, a comprehensive long-term project to develop logistics processes was launched.

Among the company's economic risks, those related to the structure of sales, the price trends for factors of production, customers' liquidity and changes in exchange rates may have an impact on the company's financial status. Sudden changes in the prices of raw materials may also have an impact on the company's earnings. A number of raw materials are used to manufacture Marimekko products, the most important being cotton. The company closely monitors the near-term trend in cotton prices. So far, the steep price increase of cotton has not had an effect on the companys's earnings. The risks related to raw material price fluctuations are diminished by taking the fluctuations into account in product pricing. If the price of cotton remains at its present high level or rises further and if the company fails to pass the increased raw material costs on to selling prices, the company's earnings may be affected. The company protects itself against credit risks related to trade receivables by continuously monitoring its customers' credit limits, credit history and financial situation. Credit risks are also reduced by means of advance payments, bank guarantees and letters of credit. In 2010, no significant changes took place in credit losses or the customers' payment behaviour. The company's main invoicing and purchasing currency is the euro. The other significant invoicing currencies are the Swedish krona and the US dollar. Marimekko protects itself against foreign currency risks of sales by taking exchange rate fluctuations into account when pricing its products. In 2010, changes in exchange rates did not have any material effect on the company's business.

The company strives to minimise its accident risks by means of labour protection and security training, as well as operating procedures concerning work and working methods. Group companies have taken out policies to insure their personnel, assets and operations. The scope, insurance value and excess amount of the policies are reviewed annually with the insurance companies.

INTERNAL CONTROL AND INTERNAL AUDIT

Marimekko does not have a separate internal audit function. The Board of Directors reviews the level of the company's internal audit activities at least once a year. Where necessary, the Board may purchase internal audit services from an external service provider. Marimekko applies the internal control principles and an operating plan for the execution and monitoring of internal control.

MARIMEKKO'S CORPORATE GOVERNANCE STATEMENT

The corporate governance statement is provided separate from the company's Annual Report. It can be found on the company website at Investors/Corporate Governance.

RESEARCH AND DEVELOPMENT

The company's product planning and development costs arise from the design of collections. Design costs are recorded in expenses.

THE ENVIRONMENT, HEALTH AND SAFETY

The environment

Responsibility for the environment and nature is an integral aspect of Marimekko's business. Where environmental matters are concerned, the company's business supervision is largely based on legislation and other regulations. The Herttoniemi textile printing factory has a valid environmental permit and the production operations comply with its terms. Marimekko's production processes do not generate any waste that is classified as hazardous or detrimental to health. In the interest of monitoring the environmental impact of production and other business operations, the company develops its operating models and conducts regular tests on the materials used in products. Cooperation agreements require Marimekko's subcontractors and other partners to commit themselves to shouldering their environmental responsibilities. The company seeks to save energy by developing its production methods, investing in energy-efficient machinery and equipment, and monitoring energy consumption.

Health and safety

Marimekko monitors and actively works towards enhancing occupational safety and wellbeing at work in cooperation with the workplace safety committee and occupational healthcare. The company purchases occupational healthcare services from external clinics or local healthcare centres. Occupational healthcare focuses on preventive healthcare and monitoring both individual ability to work and the wellbeing of the working community as a whole. The workplace safety committee investigates occupational safety and employee wellbeing issues, provides guidance and organises training. During the 2010 financial year, the sickness absence percentage based on theoretical regular working hours was 4.8% in the entire Group.

In 2010, Marimekko continued the long-term development of a corporate social responsibility management system. Sourcing, design, production and quality control as well as warehousing, distribution and logistics have been chosen as the key areas for the next few years. Marimekko's Annual Report contains a more extensive report on environmental, health and safety issues. A summary is also included in each interim report. The framework for reporting is provided by the G3 guidelines of the Global Reporting Initiative (GRI).

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

The members of Marimekko Corporation's Board of Directors are elected by the Annual General Meeting. According to the Articles of Association, the Board of Directors shall consist of four to seven members. Their term of office ends at the conclusion of the next Annual General Meeting. The Board elects a Chairman from amongst its members.

The duties and responsibilities of the Board of Directors are determined primarily by the Articles of Association and the Finnish Companies Act. The Board deliberates on all matters that are significant to the Marimekko Group's business operations. These include approving strategic policies, budgets and operating plans, and deciding on significant investments, mergers and acquisitions. The Articles of Association do not provide the Board of Directors or the President with any powers other than those that are customary. Decisions to amend the Articles of Association or to increase the share capital are made pursuant to the provisions of the Finnish Companies Act in force. At the Annual General Meeting held on 15 April 2010, the Board of Directors' proposal to amend Article 9 of Marimekko Corporation's Articles of Association was approved unchanged.

The Annual General Meeting appointed five members to the company's Board of Directors: Ami Hasan, Mika Ihamuotila, Joakim Karske, Pekka Lundmark and Tarja Pääkkönen were re-elected. The Board is chaired by Pekka Lundmark and vice-chaired by Mika Ihamuotila.

The Annual General Meeting resolved that the remuneration to the Chairman of the Board will be EUR 20,000 per year and the remuneration to each one of the other Board members will be EUR 15,000 per year. In addition, the Annual General Meeting resolved that the President of Marimekko Corporation will not receive remuneration for being a member of the Board.

The Board of Directors elects the President and decides on the President's salary and other remuneration. The President's duties are set down in the Finnish Companies Act. The post of Marimekko Corporation's President is held by Mika Ihamuotila.

In 2010, the following changes occurred in the company's management. On 1 July 2010, Minna Kemell-Kutvonen commenced as Creative Director of all of the Marimekko Group's product lines and as a member of the Management Group. Piia Rossi, Director for Marimekko's own retail shops in Finland and member of the Management Group, resigned on 16 August 2010. Päivi Lonka was appointed Sales Director for the Group, responsible for sales and shops, on 16 August 2010. After the retirement on 1 November 2010 of Helinä Uotila, Director for Marimekko's production, purchases and interior decoration line, all three of the company's product lines are managed by one Product Director, Niina Nenonen. The appointed persons have also previously held management positions in the company. The organisational changes aim to improve consistency in design across the different product lines, enhance efficiency in production and sourcing, and develop product assortment planning to better respond to the needs of different distribution channels.

At the end of 2010, the composition of the company's Management Group was as follows: Mika Ihamuotila as Chairman and Thomas Ekström (finance and administration), Malin Groop (marketing), Minna Kemell-Kutvonen (design), Päivi Lonka (sales) and Niina Nenonen (product lines) as members.

The Annual General Meeting re-elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as the company's auditor, with Kim Karhu, Authorised Public Accountant, as chief auditor. It was decided that the auditor's fee will be paid by invoice.

INTERNATIONAL PROJECTS

On 12 August 2010, Marimekko announced significant projects related to internationalisation to be implemented during the rest of the year 2010.

In the United States, a subsidiary, Marimekko North America LLC, was established in October 2010 to manage and develop the local operations in collaboration with the brand management firm C2Group. The renowned home furnishings retailer Crate and Barrel opened a Marimekko shop-in-shop in its SoHo store in New York in mid-October. Marimekko's long-term goal is to expand the distribution of its products in the United States through high-end department and specialty stores as well as by increasing the number of Marimekko stores.

The first Marimekko concept store in South Korea was opened in Seoul in mid-October. The store is owned by I.D. Look Co., Ltd., a subsidiary of Marimekko's Japanese distributor Look Inc. In November 2010, Marimekko opened its own retail shops in Berlin, Germany and Malmö, Sweden.

MAJOR EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR

The CEO's substitute

On 21 January 2011, Marimekko announced that the company's President and CEO Mika Ihamuotila will undergo a minor repeat neurosurgical procedure at the beginning of February 2011. After the operation, he will be on sick leave for approximately 4 to 6 weeks. During Ihamuotila's leave of absence, the duties of president will be taken over by the company's CFO Thomas Ekström.

Investment in a printing machine

On 2 February 2011, Marimekko announced that it will invest in a new printing machine and screen-making equipment at the company's textile printing factory in Helsinki. The value of the investment will be roughly EUR 1.5 million. The investment will triple the textile printing factory's output capacity compared to present levels. In 2010, Marimekko's printing factory produced 1.1 million metres of fabric. The new machinery will come online towards the end of the year 2011, and the added capacity will be deployed in stages. The investment will also enable the company to prepare for higher demand in the long term.

The textile printing factory has been operating at full capacity since summer 2009, when the company's older printing machine was taken out of use. A sizable boost in capacity is needed because of both current order books and the company's longer-term growth targets. The acquisition of the printing machine is intended to secure sufficient capacity for foreseeable demand, to shorten delivery lead times, and to improve manufacturing efficiency. Also, the investment will reduce dependency on a single printing machine and open up opportunities for product development.

Collaboration with Crate and Barrel

On 4 February 2011, Marimekko announced that it will expand its distribution and reinforce its position in the United States by extending its collaboration with the home furnishings retailer Crate and Barrel. Crate and Barrel plans to open 22 new Marimekko shop-in-shops by the end of the year 2013. The first four of the new shops will be opened in spring 2011: on Madison Avenue in New York as well as in Chicago, Los Angeles and San Francisco. Crate and Barrel will have exclusive rights to retail Marimekko interior decoration products in the US and Canada in the home specialty and department store chain category; these exclusive rights will not apply to clothes, bags or accessories. In addition to furnishing products imported from Finland, the product range for Crate and Barrel's stores will also include Marimekko products made under licence such as bedding and bath textiles. During this spring, Crate and Barrel will also open an online shop specialising in Marimekko products within its website.

Management Group's long-term bonus system

The Board of Directors of Marimekko Corporation has agreed on establishing a new long-term bonus system targeted at the company's Management Group. The purpose of the bonus system is to encourage the Management Group to operate with a business mentality and to add to the company's value in the long term in particular. The aim is to combine the owners' and the Management Group's targets in order to increase the company's value and to elicit the Management Group's commitment to the company in the span of several years.

The system is composed of two earning periods, which are 1 January 2011 – 31 October 2014 and 1 January 2011 – 28 February 2015. The possible bonus for each earnings period will be based on the total yield on Marimekko Corporation's shares, including dividends. The possible bonus will be paid in cash in two batches, one in autumn 2014 and the other in spring 2015. Earning the bonus requires that the person still works for the company at the time of the payment. When receiving the bonus, the person in question commits themselves to using 50% of the net value of the bonus for acquiring the company's shares at transaction price within six months from receiving the bonus. The shares acquired with the bonus cannot be surrendered prior to two years from the time of acquiring the shares. The annual maximum value of the bonus paid to a member of the Management Group in the bonus system cannot exceed the approximate value of fixed annual salary. Marimekko's Management Group comprises six persons at the moment.

OUTLOOK FOR 2011

In 2011, sales are forecast to continue on their growth track, and openings of new shops and other actions to develop the distribution network are expected to accelerate sales, particularly in the second half of the year. The planned measures and considerable investments in internationalisation, particularly in the United States, and in developing business operations and the distribution network are so extensive that they will make themselves felt in the form of a significant increase in fixed costs and they will exert a substantial drag on earnings this year. With these measures and investments, of which many occur predominantly during this year, the structure of Marimekko's business is transformed and a more solid foundation for long-term growth and improved profitability is laid.

Moreover, increases in the costs of raw materials and in particular the record price of cotton as well as the rise in overall cost levels put the company under pressure to raise prices. Revenues generated from deliveries for individual promotions are expected to be very low. By cutting down on price-led promotions, the company aims further to improve the average sales margin and the brand's pricing power.

The total investments planned by the Marimekko Group for 2011 are estimated at roughly EUR 5 million. This includes the investment in machinery for the Helsinki textile printing factory, amounting to approximately EUR 1.5 million, the purpose of which is to secure capacity in line with currently foreseeable demand and also to prepare for higher demand in the long term.

The Marimekko Group's net sales in 2011 are estimated to grow by roughly 5–10%, but operating profit is forecast to decline by some 40–60% compared with the previous year.

THE BOARD OF DIRECTORS' PROPOSAL FOR DIVIDENDS

On 31 December 2010, the parent company's distributable funds amounted to EUR 22,373,746.84, of which EUR 6,009,618.25 was profit for the financial year. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.55 per share be paid for 2010 and that the remaining profit be retained in equity. The proposed dividends represent 72.4% of the Group's earnings per share for the financial year. The Board of Directors will propose 26 April 2011 as the dividend record date, and 3 May 2011 as the dividend payout date. No substantial changes in the company's financial position have occurred after the end of the financial year. The company's liquidity is good and, in the view of the Board of Directors, the proposed dividend payout does not jeopardise the company's solvency.

ANNUAL GENERAL MEETING

Marimekko Corporation's Annual General Meeting will be held from 2 p.m. onwards on Tuesday, 19 April 2011 at the company's head office, Puusepänkatu 4, 00880 Helsinki, Finland.

Helsinki, 7 February 2011

Marimekko Corporation
Board of Directors

Consolidated financial statements, IFRS

CONSOLIDATED BALANCE SHEET

(EUR 1,000)		**31 Dec. 2010**	31 Dec. 2009
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1.1	**9 390**	9 805
Intangible assets	1.2	**869**	409
Available-for-sale financial assets	1.3	**16**	20
		10 275	10 234
CURRENT ASSETS			
Inventories	2.1	**17 172**	15 229
Trade and other receivables	2.2	**6 437**	5 241
Current tax assets			18
Cash and cash equivalents		**9 667**	10 245
		33 276	30 733
ASSETS, TOTAL		**43 551**	40 967

The notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

(EUR 1,000)		**31 Dec. 2010**	31 Dec. 2009
SHAREHOLDERS' EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Share capital	3.1	**8 040**	8 040
Translation differences		**10**	2
Retained earnings		**26 237**	23 783
Shareholders' equity, total		**34 287**	31 825
NON-CURRENT LIABILITIES			
Deferred tax liabilities	4.1	**651**	683
		651	683
CURRENT LIABILITIES			
Trade and other payables	5.1	**8 583**	7 874
Current tax liabilities		**30**	585
		8 613	8 459
Liabilities, total		**9 264**	9 142
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		**43 551**	40 967

The notes are an integral part of the financial statements.

CONSOLIDATED INCOME STATEMENT

(EUR 1,000)		**1 Jan.–31 Dec. 2010**	1 Jan.–31 Dec. 2009
NET SALES	11.	**73 297**	72 473
Other operating income	12.	**16**	41
Increase or decrease in inventories of completed and unfinished products		**-1 173**	2 135
Raw materials and consumables	13.	**28 496**	26 890
Employee benefit expenses	14.	**17 311**	18 202
Depreciation	15.	**1 478**	1 394
Other operating expenses	16.	**19 032**	17 602
OPERATING PROFIT		**8 169**	6 291
Financial income	17.	**83**	86
Financial expenses	18.	**-29**	-23
		54	63
PROFIT BEFORE TAXES		**8 223**	6 354
Income taxes	19.	**2 151**	1 653
NET PROFIT FOR THE PERIOD		**6 072**	4 701
Distribution of net income to equity holders of the parent company		**6 072**	4 701
Basic and diluted earnings per share calculated			
on the profit attributable to equity holders			
of the parent company, EUR	20.	**0.76**	0.59

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT	**1 Jan.–31 Dec. 2010**	1 Jan.–31 Dec. 2009
Net income for the period	**6 072**	4 701
Other comprehensive income		
Change in translation difference	**8**	4
COMPREHENSIVE INCOME FOR THE PERIOD	**6 080**	4 705
Distribution of net income to equity holders of the parent company	**6 080**	4 705

The notes are an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(EUR 1,000)		2010	2009
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the period		6 072	4 701
Adjustments			
Depreciation according to plan		1 478	1 394
Financial income and expenses		-54	-63
Taxes		2 151	1 653
Cash flow before change in working capital		9 647	7 685
Change in working capital			
Decrease (+) / increase (-) in current non-interest-bearing trade receivables		-1 193	834
Decrease (+) / increase (-) in inventories		-1 943	2 055
Decrease (+) / increase (-) in current non-interest-bearing liabilities		684	108
Cash flow from operating activities before financial items and taxes		7 195	10 682
Paid interest and payments on other financial expenses		-30	-24
Interest received		81	120
Taxes paid		-2 687	-837
CASH FLOW FROM OPERATING ACTIVITIES		4 559	9 941
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in tangible and intangible assets	1.1, 1.2	-1 519	-1 202
CASH FLOW FROM INVESTING ACTIVITIES		-1 519	-1 202
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term loans repaid			-185
Dividends paid		-3 618	-4 422
CASH FLOW FROM FINANCING ACTIVITIES		-3 618	-4 607
Change in cash and cash equivalents		-578	4 133
Cash and cash equivalents at the beginning of the period		10 245	6 112
Cash and cash equivalents at the end of the period		9 667	10 245

The notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(EUR 1,000)

	Equity attributable to equity holders of the parent company			
	Share capital	Translation differences	Retained earnings	Shareholders' equity, total
Shareholders' equity 1 Jan. 2009	8 040	-2	23 504	31 542
Comprehensive income for the period		4	4 701	4 705
Dividends paid			-4 422	-4 422
Shareholders' equity 31 Dec. 2009	**8 040**	**2**	**23 783**	**31 825**
Shareholders' equity 1 Jan. 2010	8 040	2	23 783	31 825
Comprehensive income for the period		8	6 072	6 080
Dividends paid			-3 618	-3 618
Shareholders' equity 31 Dec. 2010	**8 040**	**10**	**26 237**	**34 287**

The notes are an integral part of the financial statements.

GROUP PROFILE
Marimekko Corporation is a Finnish clothing and textile company. Marimekko Corporation and its subsidiaries form a Group that designs, manufactures and markets clothing, interior decoration products and bags.

Marimekko Corporation's shares are quoted on NASDAQ OMX Helsinki Ltd. The company is domiciled in Helsinki, and its registered address is Puusepänkatu 4, 00880 Helsinki, Finland. The financial year of all Group companies is the calendar year.

Copies of the consolidated financial statements are available at www.marimekko.com and the head office of the Group's parent company at Puusepänkatu 4, 00880 Helsinki, Finland.

Marimekko Corporation's Board of Directors approved these financial statements for publication at its meeting on 7 February 2011. According to the Finnish Companies Act, shareholders have the right to accept or reject the financial statements at the Annual General Meeting held after the publication. The Annual General Meeting may also amend the financial statements.

ACCOUNTING POLICY APPLIED IN THE CONSOLIDATED FINANCIAL STATEMENTS
Accounting policy
The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), complying with the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force as at 31 December 2010. In the Finnish Accounting Act and the provisions laid down pursuant to the Act, International Financial Reporting Standards refer to the standards approved for use in the EU in accordance with the procedures laid down in IAS Regulation (EC) 1606/2002 of the European Parliament, and the interpretations of these standards. The notes to the consolidated financial statements also comply with Finnish accounting and company legislation.

The financial statements have been prepared at historical cost with the exception of available-for-sale investments in financial assets, which are measured at fair value. Financial statement information is presented in thousands of euros.

Accounting estimates and judgments
The preparation of financial statements in accordance with IFRS calls for the management to use estimates and assumptions. These estimates and assumptions mainly affect the value of tangible and intangible assets in the balance sheet and depreciation according to plan in the income statement through the determination of the useful economic life of asset items, and credit loss items and income taxes in the income statement. The final amount of the income taxes which will be confirmed after the close of the financial year may differ from the preliminary estimate in the income statement. The Group's management must also make judgments when selecting the accounting policy applied for the financial statements and its application and make estimates for provisions (including provisions for credit loss). The actual figures may deviate from these estimates.

Principles of consolidation
Marimekko's consolidated financial statements include the accounts of the parent company Marimekko Corporation and its subsidiaries. Subsidiaries are companies in which the Group has the right to determine the financial and operating principles of the undertaking or business operations, usually by virtue of a shareholding that entitles to more than half of the voting rights. Intra-Group share ownership has been eliminated using the acquisition cost method. Acquired subsidiaries are consolidated in the Group's financial statements as of the date on which the Group acquired a controlling interest and divested subsidiaries until the date when such control ceases. Intra-Group business transactions, intra-Group profit margins related to inventories and fixed assets, intra-Group receivables and liabilities and intra-Group distribution of profit have been eliminated.

Associates are entities over which the Group exercises significant influence. As a rule, significant influence occurs when the Group holds more than 20% of the voting rights or otherwise exerts significant influence but no control. The Marimekko Group does not have any associates.

Joint ventures are entities where the Group exercises joint control with other parties based on an agreement. The Group's holdings in joint ventures are consolidated proportionately item by item. The consolidated financial statements include the Group's share of the joint ventures' assets, liabilities, income and expenses. At the end of the financial year, the Group had no joint ventures.

Translation of items denominated in foreign currency
The results and financial position of Group units are measured in the currency used in the primary business environment of the unit in question (functional currency). The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company.

Transactions in foreign currencies are recognised in the functional currency at the exchange rates on the date of transaction. The foreign-currency-denominated receivables and liabilities of the parent company and Finnish subsidiaries have been converted to euro amounts using the exchange rates quoted by the European Central Bank on the closing date. The foreign-currency-denominated receivables and liabilities of foreign subsidiaries have been converted at the exchange rate of the country in question on the closing date. Foreign exchange differences in business operations are booked in the corresponding income statement accounts above operating profit and foreign exchange differences on financial items in financial income and expenses.

The foreign-currency-denominated income statements of subsidiaries are converted to euro amounts using the average exchange rate for the financial year and the balance sheets at the average rate on the closing date. Differences arising from translation and translation differences in shareholders' equity are recorded as a separate item in shareholders' equity.

Operating profit
IAS 1 Presentation of Financial Statements does not contain a definition of operating profit. The Group has defined this concept as follows: operating profit is the net amount of net sales and other operating income less the purchase expenses adjusted with the expenses incurred due to the increase or decrease in inventories or completed and unfinished products and production for own use, employee benefit expenses, possible impairment loss and other operating expenses. Any income statement items other than the above are presented below the operating profit. Foreign exchange differences and changes in the fair value of derivatives are included in the operating profit, provided they are attributable to items related to business operations. Otherwise they are recognised in financial items.

Revenue recognition
Sales of products are recognised as income when the significant risks and rewards incident to the ownership of goods have been transferred to the buyer. The Group then relinquishes oversight and control of the product. Mainly, this is the moment when the goods are handed over to the customer as set forth in the agreed delivery clause. The revenue recognition of licensing and royalty income is handled in accordance with the clauses of the agreement between Marimekko and the licensee. The clauses mainly provide for royalties payable to Marimekko for sales of products covered by the agreement, based either on a percentage rate or the number of items. At least the minimum annual royalty as stipulated in the agreement is payable by some of the licensees.

In the calculation of net sales, sales proceeds are adjusted with indirect taxes and sales adjusting items. The distribution costs of products sold are recognised in other operating expenses in the income statement.

Income taxes
Taxes on the Group companies' financial results for the period, taxes from previous periods and the change in deferred taxes are recorded as the Group's taxes. Taxes on the taxable income for the period are calculated on taxable income in accordance with the tax rate in force in the country in question. Deferred taxes are calculated on all temporary differences between the book value and the taxable value. However, a deferred tax liability is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable income. In taxation deferred tax is not recognised for non-deductible goodwill and deferred tax is not recognised for distributable earnings of subsidiaries where it is probable that the difference will not reverse in the foreseeable future. The largest temporary differences are due to the amortisation of fixed assets. Deferred taxes are calculated using the tax rates set by the closing date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit, against which the temporary difference can be utilised, will be available.

Segment reporting
The Group's business segment is the Marimekko business. Segment information is reported to the chief operational decision-maker in the same way as in internal reporting.

The President of the company acts as the chief operational decision-maker.

Tangible assets
Tangible assets mainly consist of buildings, machinery and equipment. Tangible assets are recorded in the balance sheet at original cost less depreciation. Depreciation of tangible assets is carried out on a straight-line basis over their estimated useful life.

The estimated useful lives are as follows:
- buildings and structures 40 years
- machinery and equipment 3–15 years

The residual value and useful life of assets are checked in connection with each financial statement and if necessary adjusted to reflect changes in the expectation of economic benefit.

If an item of property, plant or equipment consists of several parts with different useful lives, each part is treated as a separate asset. Significant cost of replacing a part is capitalised when the company will derive economic benefit from the asset. Other expenses such as regular maintenance, repair and servicing costs are entered as expenses in the income statement when they are incurred.

Investment aid is recognised as a reduction to investments and the aid recorded in the income statement is booked in other operating income.

Intangible assets

Intangible assets with finite useful lives are recognised in the balance sheet at original cost less depreciation. Depreciation of intangible assets is carried out on a straight-line basis over their estimated useful life.

The estimated useful lives are as follows:

- intangible rights 5–10 years
- computer software 3–5 years

The major intangible asset items are trademarks. The Group has not had any such development expenditure that should be recognised as assets under IAS 38 and recorded as amortised expense over their useful life.

Borrowing costs

Borrowing costs are recognised as expenses during the financial year in which they were incurred. Borrowing costs have not been recognised as part of the acquisition cost of the assets.

Impairment

On each closing date, asset items are assessed for indications of impairment. If there are such indications, the recoverable amount of said asset item is estimated. The impairment recognised is the amount by which the book value of the asset item exceeds its recoverable amount, which is the higher of its net selling price or value in use. Value in use is based on discounted future net cash flows as a rule.

Lease agreements

Lease agreements concerning fixed assets in which the Group is transferred a material share of the risks and rewards incident to ownership are classified as finance lease agreements. Fixed assets leased under finance lease agreements are recorded in tangible assets less accumulated depreciation, and lease commitments are included in other interest-bearing financial liabilities. Fixed assets acquired under finance lease agreements are depreciated in line with the Group's depreciation policy over their useful life or lease period, whichever is shorter. Rents payable under lease agreements are divided into financial expenses and debt repayment. Lease agreements in which the risks and rewards incident to ownership are retained by the lessor are treated as other lease agreements. Rents payable under other lease agreements are expenses in the income statement on a straight-line basis over the lease period.

Inventories

Inventories are presented in accordance with the FIFO principle at the acquisition cost or at the lower probable net realisation value. The acquisition cost of manufactured inventories includes not only purchase expenditure on materials, direct labour and other direct costs, but also a share of the fixed and variable general costs of production. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs for completion and selling expenses.

Financial assets

Financial assets are classified as loans and other receivables or available-for-sale investments in accordance with the purpose underlying their acquisition. The assets are classified upon initial recognition.

Available-for-sale financial assets comprise shares and they are included in non-current assets, unless it is intended that they will be held for less than 12 months from the closing date, in which case they are included in current assets. Available-for-sale financial assets are measured at fair value or, where the fair value cannot be reliably determined, at acquisition cost. Available-for-sale financial assets on the closing date comprise unlisted shares measured at fair value less possible impairment. The company does not intend to dispose of these shares for the present.

Loans and other receivables are initially recognised at fair value and subsequently at amortised cost using the internal rate of return. An impairment of trade receivables is recognised when there is objective evidence that the Group will not receive all of the benefits on the original terms. Indications of the impairment of trade receivables include the significant financial difficulties of the debtor, the likelihood of bankruptcy, failure to make payments, or a delay of over 90 days in paying. Impairment loss is recognised under other operating expenses in the income statement. All of the Group's loans and receivables are included in the balance sheet item trade and other receivables.

Cash and cash equivalents

The Group's cash and cash equivalents include cash at hand and at banks. The Group does not have any other items classified as cash and cash equivalents.

Financial liabilities

Financial liabilities are initially recognised at fair value including transaction costs and subsequently at amortised cost using the internal rate of return. Financial liabilities are non-current, unless they are repayable on demand or the Group intends to repay them within the next 12 months.

Interest income

Interest income is recognised on a time-proportion basis using the internal rate of return.

Dividend income
Dividend income is recognised as income when the right to dividends is established.

Employee benefits
Pension commitments
The pension security of the personnel of the Group's Finnish companies has been arranged under the Finnish statutory employee pension plan (TyEL) through an external pension insurance company. Foreign subsidiaries have arranged pensions for their personnel in accordance with local legislation. The Group's pension cover is arranged wholly under defined contribution schemes. Under a defined contribution arrangement, the Group pays contributions to publicly or privately managed pension insurances. These contributions are either compulsory, based on an agreement or voluntary. The Group does not have any payment obligations other than these contributions. The contributions are recognised as employee benefit expenses at the time when they become due. Any contributions paid in advance are included in the assets on the balance sheet, insofar as they are recoverable as future refunds or future reductions of contributions.

Provisions
Provisions are recognised when the Group incurs, due to a previous event, a legal or constructive obligation whose settlement will probably require payment whose amount can be estimated reliably. Provisions are related to the restructuring of business operations, loss-making contracts, legal proceedings and both environmental and tax risks. A restructuring provision is booked when a detailed and appropriate plan has been drafted concerning said provision and the company has announced the matter.

Dividends, shareholders' equity and treasury shares
The Board of Directors' proposal for dividend distribution has not been recognised in the financial statements; the dividends will only be recognised on the basis of the Annual General Meeting's approval.

Outstanding common shares are presented as share capital. Costs related to the granting or acquisition of the company's own equity instruments are presented as equity allowance. If the company purchases its own shares, the price including direct costs is recognised as decrease in equity.

Earnings per share
The basic earnings per share are calculated by dividing the profit for the period attributable to equity holders of the parent company by the weighted average of shares outstanding. The weighted average number of shares used to calculate the diluted earnings per share takes into account the diluting effect of the conversion of potential common shares into actual shares during the period.

New standards and interpretations
During the financial year, the Group has adopted the following new and amended standards and interpretations:

IFRS 3 (revised), "Business combinations", and the consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28, "Investments in associates", and IAS 31, "Interests in joint ventures", are applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. IAS 27 (revised) has no impact on the current period, because there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

The following standards and amendments to existing standards are mandatory for accounting periods beginning on or after 1 January 2010 but are not currently relevant for the Group:

IFRIC 17, "Distribution of non-cash assets to owners" (effective from 1 July 2009). The interpretation was published in November 2008. It provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and where distribution is highly probable.

IFRIC 18, "Transfers of assets from customers", effective for transfers of assets received on or after 1 July 2009. This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives an item of property, plant or equipment from a customer that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as supply of electricity, gas or water).

Amendments to IFRIC 9, "Reassessment of embedded derivatives", and IAS 39, "Financial instruments: recognition and measurement", effective 1 July 2009. The amendment to IFRIC 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the "fair value through profit or loss" category.

Amendment to IFRIC 16, "Hedges of a net investment in a foreign operation", effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself.

Amendment to IAS 1, "Presentation of Financial Statements". The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

Amendment to IAS 36, "Impairment of assets", effective from 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, "Operating segments" (that is, before the aggregation of segments with similar economic characteristics).

Amendments to IFRS 2, "Group cash-settled share-based payment transactions", effective from 1 January 2010. In addition to incorporating IFRIC 8, "Scope of IFRS 2", and IFRIC 11, "IFRS 2 – Group and treasury share transactions", the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.

Amendment to IFRS 5, "Non-current assets held for sale and discontinued operations". The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations.

According to the Group's assessment, the following new standards and interpretations issued but not effective for the financial year beginning on 1 January 2010 and not adopted early do not have a material effect on the Group's financial statements:

IFRS 9, "Financial instruments: Recognition and measurement", which addressed the classification and measurement of financial assets, was issued in November 2009. This was the first step in the process to replace IAS 39, "Financial instruments: recognition and measurement", with a new standard.

The second part of IFRS 9, "Financial liabilities – classification and measurement", was published in October 2010. It complements the first phase in the revision of IAS 39 that addressed the classification and measurement of financial assets and was published in November 2009.

Revised IAS 24, "Related party disclosures", issued in November 2009. The revised standard clarifies the definition of a related party and simplifies the disclosure requirements for government-related entities. The standard supersedes IAS 24 published in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011.

"Classification of rights issues" (amendment to IAS 32) was issued in October 2009. The amendment applies to financial periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer.

IFRIC 19, "Extinguishing financial liabilities with equity instruments", effective for financial periods beginning on or after 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability.

"Prepayments of a minimum funding requirement" (amendments to IFRIC 14). The amendments correct an unintended consequence of IFRIC 14, "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction". Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions.

Amendment to IFRS 7, "Disclosures – Transfers of financial assets". The amendment requires additional disclosures related to risk exposures derived from transferred assets. The amendment is effective for financial periods beginning on or after 1 July 2011. The standard has not yet been endorsed by the EU.

(EUR 1,000)

1.1 Tangible assets

2010	Land and leasehold interests	Buildings and structures	Machinery and equipment	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2010	911	7 705	10 323	93	19 032
Increases		570	241	435	1 246
Decreases				-435	-435
Acquisition cost, 31 Dec. 2010	911	8 275	10 564	93	19 843
Accumulated depreciation, 1 Jan. 2010		2 521	6 706		9 227
Depreciation		531	695		1 226
Accumulated depreciation, 31 Dec. 2010		3 052	7 401		10 453
	911	5 223	3 163	93	9 390
Book value, 1 Jan. 2010	911	5 184	3 617	93	9 805
Book value, 31 Dec. 2010	911	5 223	3 163	93	9 390
Book value of production machinery and equipment, 31 Dec. 2010					2 288

2009	Land and leasehold interests	Buildings and structures	Machinery and equipment	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2009	911	7 096	9 835	113	17 955
Increases		609	494	225	1 328
Decreases			-6	-245	-251
Acquisition cost, 31 Dec. 2009	911	7 705	10 323	93	19 032
Accumulated depreciation, 1 Jan. 2009		2 013	5 994		8 007
Depreciation		508	712		1 220
Accumulated depreciation, 31 Dec. 2009		2 521	6 706		9 227
	911	5 184	3 617	93	9 805
Book value, 1 Jan. 2009	911	5 083	3 841	113	9 948
Book value, 31 Dec. 2009	911	5 184	3 617	93	9 805
Book value of production machinery and equipment, 31 Dec. 2009					2 615

1.2 Intangible assets

2010	Intangible rights	Computer software	Total
Acquisition cost, 1 Jan. 2010	612	3 168	3 780
Increases	112	600	712
Acquisition cost, 31 Dec. 2010	724	3 768	4 492
Accumulated depreciation, 1 Jan. 2010	408	2 963	3 371
Depreciation	66	186	252
Accumulated depreciation, 31 Dec. 2010	474	3 149	3 623
	250	619	869
Book value, 1 Jan. 2010	204	205	409
Book value, 31 Dec. 2010	250	619	869

(EUR 1,000)

1.2 Intangible assets

2009	**Intangible rights**	**Computer software**	**Total**
Acquisition cost, 1 Jan. 2009	493	3 162	3 655
Increases	119	6	125
Acquisition cost, 31 Dec. 2009	612	3 168	3 780
Accumulated depreciation, 1 Jan. 2009	354	2 843	3 197
Depreciation	54	120	174
Accumulated depreciation, 31 Dec. 2009	408	2 963	3 371
	204	205	409
Book value, 1 Jan. 2009	139	319	458
Book value, 31 Dec. 2009	204	205	409

1.3 Available-for-sale financial assets

	2010	**2009**
Available-for-sale shares		
Acquisition cost, 1 Jan.	20	20
Decreases	-4	
Acquisition cost, 31 Dec.	16	20
Book value, 31 Dec.	16	20
Financial assets, total	16	20

Available-for-sale financial assets comprise unlisted shares, which are presented at cost because their fair values are not reliably known.

2.1 Inventories

	2010	2009
Raw materials and consumables	5 472	5 035
Incomplete products	77	78
Finished products/goods	11 019	9 612
Advance payments	604	504
Total	17 172	15 229

No impairment was recognised on inventories.

2.2 Trade and other receivables

	2010	2009
Trade receivables	5 084	3 886
Other reveivables	30	37
Prepaid expenses and accrued income	1 323	1 336
Total	6 437	5 259

	2010	2009
Prepaid expenses and accrued income		
Interest receivables	2	
Royalty receivables	549	446
Other prepaid expenses and accrued income	772	890
Total	1 323	1 336

	2010	2009
Impairment of trade receivables	-6	124

(EUR 1,000)

Analysis of trade receivables by age

	2010	Impairment loss	Net 2010	2009	Impairment loss	Net 2009
Undue trade receivables	3 329		3 329	3 141		3 141
Overdue						
less than 30 days	901		901	319		319
30–60 days	558		558	200		200
more than 60 days	290	6	296	350	-124	226
Total	5 078	6	5 084	4 010	-124	3 886

	SHAREHOLDERS' EQUITY	Number of shares	Share capital EUR	Total EUR
3.1	1 Jan. 2009	8 040 000	8 040 000	8 040 000
	31 Dec. 2009	8 040 000	8 040 000	8 040 000
	1 Jan. 2010	8 040 000	8 040 000	8 040 000
	31 Dec. 2010	8 040 000	8 040 000	8 040 000

Marimekko Corporation's Articles of Association do not specify maximum share capital. Marimekko Corporation has one series of shares; the shares do not have a nominal value. All shares in issue have been paid in full. The Group does not posses any of its own shares. The Group does not have any share option schemes. After the closing date, the Board of Directors has proposed that a dividend of EUR 0.55 per share be paid for 2010 (2009: EUR 0.45).

4.1 Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset against each other where the Group has a legally enforceable right to offset deferred tax assets and liabilities based on taxable earnings for the period against each other and where they relate to income taxes levied by the same taxation authority on the same taxpayer or different taxpayers and the intention is to settle on a net basis. The amounts offset against each other are as follows:

Changes in deferred taxes in 2010

	1 Jan. 2010	Recognised in the income statement	31 Dec. 2010
Deferred tax assets			
Internal margin of inventories	45	11	56
Total	45	11	56
Deferred tax asset	45	11	56
Deferred tax liabilities			
Accumulated depreciation difference	-584	39	-545
Fixed costs included in inventories	-144	-18	-162
Total	-728	21	-707
Deferred tax liability	-728	21	-707
Deferred tax liability, net			-651

(EUR 1,000)

Changes in deferred taxes in 2009	1 Jan. 2009	Recognised in the income statement	31 Dec. 2009
Deferred tax assets			
Internal margin of inventories	51	-6	45
Total	51	-6	45
Deferred tax asset	51	-6	45
Deferred tax liabilities			
Accumulated depreciation difference	-580	-4	-584
Fixed costs included in inventories	-175	31	-144
Total	-755	27	-728
Deferred tax liability	-755	27	-728
Deferred tax liability, net			-683

	FINANCIAL LIABILITIES	**2010**	**2009**
5.1	Trade and other payables		
	Trade payables	3 049	2 408
	Other payables	2 584	2 176
	Accrued liabilities and deferred income	2 980	3 875
	Total	8 613	8 459
	Accrued liabilities and deferred income		
	Employee benefits	2 696	3 133
	Other accrued liabilities and deferred income	284	742
	Total	2 980	3 875

6. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

	Book value 2010	Fair value 2010	Book value 2009	Fair value 2009
Trade and other receivables	6 437	6 437	5 259	5 259
Cash and cash equivalents	9 667	9 667	10 245	10 245
Trade and other payables	8 613	8 613	8 459	8 459

(EUR 1,000)

7.	GUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS	2010	2009
	For the liabilities of other companies		
	Guarantees	317	482
	Other own liabilities and commitments		
	Lease liabilities for machinery and equipment	413	497
	Liabilities relating to lease agreements for business premises	10 417	10 327
	Commitments, total	11 147	11 306
	Other lease agreements		
	The Group as lessee		
	Minimum lease payments under other non-cancellable lease agreements		
	No later than 1 year	3 483	3 288
	Later than 1 year – no later than 5 years	6 522	6 682
	Later than 5 years	825	854
	Total	10 830	10 824

The Group has leased many of its store and some of its office and warehouse premises. Lease agreements are valid either for a fixed period or for the time being. The index, renewal and other terms of the agreements differ. The 2010 income statement includes EUR 3,486 thousand in rental expenses paid on the basis of other non-cancellable lease agreements.

8. ACQUISITIONS

On 21 October 2010, the Group established a subsidiary in the United States. The company's name is Marimekko North America LLC. The operations of the company will start in 2011.

(EUR 1,000)

9. RELATED PARTY TRANSACTIONS

The relationships of the Group's parent company and subsidiaries are as follows:

Group companies

Company and domicile

Parent company

Marimekko Corporation, Helsinki, Finland

Subsidiaries	Group's holding, %	Share of voting rights, %
Decembre Oy, Helsinki, Finland	100	100
Keskinäinen Kiinteistö Oy Marikko, Helsinki, Finland	100	100
Marimekko AB, Stockholm, Sweden	100	100
Marimekko GmbH, Frankfurt am Main, Germany	100	100
Marimekko Kitee Oy, Kitee, Finland	100	100
Marimekko North America LLC, Delaware, United States	100	100
Marimekko Tuotanto Oy, Helsinki, Finland	100	100
Marimekko UK Ltd, London, United Kingdom	100	100

Sales of goods and services between related parties are based on fair market prices.

Employee benefits of management	2010	2009
Salaries and bonuses of the President		
Mika Ihamuotila	341	348
Salaries and bonuses of the Board of Directors		
Ami Hasan	15	15
Mika Ihamuotila		
Joakim Karske	15	15
Pekka Lundmark	20	20
Tarja Pääkkönen	15	15

In 2004, Marimekko Corporation granted a loan guarantee on behalf of a related-party company (Gemmi Furs Oy) as part of business operations. At 31 Dec. 2010, the guarantee amounted to EUR 317 thousand. Gemmi Furs Oy has given a counter-obligation and corporate mortgages amounting to EUR 1,177 thousand as a counter-guarantee.

(EUR 1,000)

10. EVENTS AFTER THE CLOSING DATE

The management of the company is not aware of any significant events after the closing date that would have affected the financial statement calculations.

11. SEGMENT INFORMATION

The operational segments are reported to the chief operational decision-maker in the same way as in internal reporting. The chief operational decision-maker monitors Marimekko's business as a whole. The company is domiciled in Finland. Net sales from external customers in Finland totalled EUR 51,768 thousand and from external customers in other countries EUR 21,529 thousand.

The total amount of non-current assets in Finland excluding financial instruments and deferred tax liabilities (the Group has no assets arising from employee benefits or insurance contracts) was EUR 10,275 thousand (2009: EUR 10,234 thousand) and the total amount of corresponding non-current assets in other countries was EUR 862 thousand (2009: EUR 940 thousand).

	2010	2009
Net sales		
Finland	51 768	52 711
Other countries	21 529	19 762
Total	73 297	72 473
Assets		
Finland	40 232	39 084
Other countries	5 224	2 898
Eliminations	-1 905	-1 015
Total	43 551	40 967
Investments		
Finland	1 172	911
Other countries	347	291
Total	1 519	1 202

12. OTHER OPERATING INCOME

Other income	16	41
Total	16	41

13. RAW MATERIALS AND CONSUMABLES

Materials and supplies		
Purchases during the financial year	21 797	19 171
Change in inventories	-627	278
Total	21 170	19 449
External services	7 326	7 441
Total	28 496	26 890

(EUR 1,000)

14.	EMPLOYEE BENEFIT EXPENSES	2010	2009
	Salaries, wages and bonuses	14 126	15 026
	Pension expenses – defined contribution plans	2 434	2 453
	Other indirect social expenditure	751	723
	Total	17 311	18 202
	Average number of employees		
	Salaried employees	265	275
	Non-salaried employees	111	125
	Total	376	400

15.	DEPRECIATION		
	Intangible assets		
	Intangible rights	66	54
	Computer software	186	120
	Total	252	174
	Tangible assets		
	Buildings and structures	531	508
	Machinery and equipment	695	712
	Total	1 226	1 220
	Total	1 478	1 394

No impairment was recognised on non-current assets.

16.	OTHER OPERATING EXPENSES		
	Leases	3 769	3 697
	Marketing	3 341	3 137
	Management and maintenance of business premises	1 547	1 656
	Administration	3 560	2 527
	Other expenses	6 815	6 585
	Total	19 032	17 602
	Exchange rate differences included in other operating expenses		
	Exchange rate differences of sales	-193	24

17.	FINANCIAL INCOME		
	Interest income on loans and other receivables	83	86
	Total	83	86
	Financial income includes gains on exchange rates	14	

(EUR 1,000)

18. FINANCIAL EXPENSES	2010	2009
Other financial expenses	-29	-23
Total	-29	-23
Financial expenses include gains/losses on exchange rates		2

19. INCOME TAXES		
Taxes on taxable earnings for the period	2 185	1 674
Deferred taxes	-34	-21
Total	2 151	1 653
Reconciliation statement of taxes calculated on the basis of tax expenses		
in the income statement and the Group's Finnish tax rate (26%)		
Profit before taxes	8 223	6 354
Taxes calculated at the Finnish tax rate	2 138	1 652
Different tax rates of foreign subsidiaries	3	-2
Non-deductible expenses	10	3
Taxes in the income statement	2 151	1 653

20. EARNINGS PER SHARE		
Net profit for the period, EUR 1,000	6 072	4 701
Weighted average number of shares, 1,000	8 040	8 040
Basic and diluted earnings per share, EUR	0.76	0.59

21. AUDITOR'S FEE		
PricewaterhouseCoopers Oy, Authorised Public Accountants		
Audit	45	36
Other services	55	33
Total	100	69
Others		
Audit	14	3
Total	14	3

(EUR 1,000)

22. FINANCIAL RISK MANAGEMENT

During the normal course of its business operations, the Marimekko Group is exposed to financial risks. The principal financial risks are liquidity risk, credit risk, foreign currency risk and interest rate risk.

The company's Board of Directors has confirmed the principles, responsibilities and organisation of risk management for the Group. The Board of Directors also monitors the success of risk management. According to its risk management principles, Marimekko classifies its risks as strategic, operational, economic and accident risks. Economic risks include financial risks. Responsibility for the implementation of risk management measures concerning financial risks lies with the Group's CFO. The main objective of risk management is to minimise the unfavourable effects, if any, on the Group's financial performance. Marimekko has not used derivative instruments when hedging against risks.

Liquidity risk

The Group continuously seeks to assess and monitor the amount of funding required by the business operations to ensure that sufficient liquid funds are available for the daily business and repayment of maturing debts. The assessment is based on monthly cash flow and liquidity forecasts. The Group aims to maintain a high liquidity level at all times in order to eliminate liquidity risk. At their present level, the Group's liquidity risks are relatively small. The equity ratio is high, the Group's net debt is negative and the financial situation good. The need for external funding mainly concerns short-term financing.

Maturity analysis for the Group's financial liabilities; the figures are not discounted, and they include both interest payments and capital repayments

31 Dec. 2010	Less than 1 year	1–2 years	2–5 years	More than 5 years
Trade and other payables	8 583			
Deferred tax liability on taxable earnings for the period	30			
Total	8 613			

31 Dec. 2009	Less than 1 year	1–2 years	2–5 years	More than 5 years
Trade and other payables	7 874			
Deferred tax liability on taxable earnings for the period	585			
Total	8 459			

Credit risk

The trade receivables generated in the Group's wholesale operations are associated with a credit risk, which is reduced by the Group's broad and geographically diverse clientele. Marimekko continuously monitors the credit limits, credit history and financial situation of its customers. The Group has a centralised process in place for this purpose. Responsibility for the credit monitoring process lies with the Group's CFO. The credit risk related to the wholesale business is also reduced by means of advance payments, bank guarantees and letters of credit. During the 2010 financial year, credit loss recognised through profit or loss amounted to EUR -6 thousand (EUR 124 thousand in 2009).

Retail customers pay for their purchases using cash or the most common credit cards.

Note 2.2 (Trade and other receivables) to the consolidated financial statements includes an analysis of trade receivables by age.

(EUR 1,000)

Foreign currency risk

The Group's principal invoicing currency is the euro. The other significant invoicing currencies are the Swedish krona and the US dollar. Customers in the euro area are invoiced in euros, as are some of the customers located outside this area. Customers in North America and part of the customers in other non-European regions are invoiced in US dollars. Customers operating in the Nordic countries, excluding Finland, and in the United Kingdom are invoiced in their national currency. The principal currencies used for purchases are the euro and, to a lesser extent, the US dollar.

Thus, foreign currency risks mainly involve purchases and sales in the US dollar and sales in the Swedish krona. Marimekko protects itself against foreign currency risks of sales by taking exchange rate fluctuations into account when pricing its products. Hence, the balance sheet items that involve a foreign currency risk are trade receivables, trade payables and net investments in the Swedish subsidiary.

The foreign-currency-denominated assets and liabilities converted to euro amounts using the exchange rates quoted on the closing date are as follows:

	2010		2009	
	USD	SEK	USD	SEK
Non-current assets	-	-	-	-
Non-current liabilities	-	-	-	-
Foreign exchange difference on non-current items	-	-	-	-
Current assets	990	1 447	623	1 374
Current liabilities	56	1 166	76	782

The following table shows the effects on the Group's profit after taxes if the euro were to weaken or strengthen against the US dollar or the Swedish krona, provided that all other factors would remain unchanged:

	2010		2009	
	USD	SEK	USD	SEK
Change in exchange rate[1], %	10	10	10	10
Effects on profit after taxes	-64	2	-34	-19
Shareholders' equity	-	-	-	-

[1] Strengthening (+) / weakening (-) of the euro

Interest rate risk

The Group's interest rate risk primarily results from changes in the interest on cash and cash equivalents and on current interest-bearing liabilities due to changes in market rates. Their combined effect on the Group's profit is not significant, and thus the interest rate risk is not a material financial risk for the Group.

	2010	2009
Cash and cash equivalents	9 667	10 245
Interest-bearing liabilities	-	-

(EUR 1,000)

23. CAPITAL MANAGEMENT

The purpose of capital management is to maintain a capital structure that optimally supports the Group's strategic objectives. Efficient capital management measures ensure normal operating conditions for the business and increase the shareholder value in the long term. The principal factors affecting the capital structure are profitability, dividend distribution and investments. The capital managed equals the shareholders' equity shown on the consolidated balance sheet. No external capital requirements are applied to the Group.

The Group continuously monitors the development of its capital structure by means of the equity ratio and gearing. The Group's strategic objective is to maintain the equity ration at the minimum of 60%. At the end of 2010, the Group's net liabilities amounted to EUR -9,667 thousand (EUR -10,245 thousand on 31 December 2009) and gearing was -28% (-32% on 31 December 2009).

Gearing	**2010**	**2009**
Interest-bearing liabilities	-	-
deducting cash and cash equivalents	-9 667	-10 245
Net liabilities	-9 667	-10 245
Shareholders' equity, total	34 287	31 825
Equity, total	24 620	21 580
Gearing, %	-28.2	-32.2

Assessment of fair value

From 1 January 2009, the Group has applied the amendment to IFRS 7 concerning financial instruments measured at fair value. In accordance with the new requirements, fair values are presented according to the following hierarchy levels based on the determination of fair value:

– quoted prices in active markets for identical assets and liabilities (Level 1)
– inputs other than quoted prices included in Level 1 that are observable for the asset or liability (Level 2)
– inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

Group's assets and liabilities measured at fair value on 31 December 2010

	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
Equity securities			16	16
Assets, total			16	16

Group's assets and liabilities measured at fair value on 31 December 2009

	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
Equity securities			20	20
Assets, total			20	20

Parent company financial statements, FAS

PARENT COMPANY BALANCE SHEET

(EUR 1,000)			**31 Dec. 2010**		31 Dec. 2009
ASSETS					
FIXED ASSETS	1.				
Intangible assets	1.1		**1 866**		1 342
Tangible assets	1.2		**2 063**		2 585
Investments	1.3				
Participations in Group companies		2 477		2 477	
Other shares and participations		9	**2 486**	17	2 494
FIXED ASSETS, TOTAL			**6 415**		6 421
CURRENT ASSETS					
Inventories	2.		**15 864**		14 342
Current receivables	3.		**9 138**		7 049
Cash in hand and at banks			**9 251**		9 808
CURRENT ASSETS, TOTAL			**34 253**		31 199
			40 668		37 620

PARENT COMPANY BALANCE SHEET

(EUR 1,000)		**31 Dec. 2010**	31 Dec. 2009
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	4.		
Share capital		**8 040**	8 040
Retained earnings		**16 364**	15 399
Net profit for the period		**6 010**	4 583
SHAREHOLDERS' EQUITY, TOTAL		**30 414**	28 022
ACCUMULATED APPROPRIATIONS	5.	**1 006**	1 122
LIABILITIES	6.		
Current liabilities	6.1	**9 248**	8 476
LIABILITIES, TOTAL		**9 248**	8 476
		40 668	**37** 620

PARENT COMPANY INCOME STATEMENT

(EUR 1,000)		**1 Jan.–31 Dec. 2010**	1 Jan.–31 Dec. 2009
NET SALES	7.	**72 629**	71 476
Increase or decrease in inventories of completed and unfinished products		**984**	-1 914
Other operating income	8.	**5**	24
Materials and services	9.	**30 711**	29 497
Personnel expenses	10.	**12 088**	12 329
Depreciation and impairment	11.	**1 008**	933
Other operating expenses	12.	**21 631**	20 413
OPERATING PROFIT		**8 180**	6 414
Financial income and expenses	13.	**67**	93
PROFIT BEFORE EXTRAORDINARY ITEMS		**8 247**	6 507
Extraordinary items	14.	**-229**	-320
PROFIT BEFORE APPROPRIATIONS AND TAXES		**8 018**	6 187
Appropriations	15.	**116**	21
Income taxes	16.	**-2 124**	-1 625
NET PROFIT FOR THE PERIOD		**6 010**	4 583

PARENT COMPANY CASH FLOW STATEMENT

(EUR 1,000)	2010	2009
CASH FLOW FROM OPERATIONS		
Net profit for the period	6 010	4 583
Adjustments		
Depreciation according to plan	1 008	933
Change in depreciation difference	-116	-21
Financial income and expenses	-67	-93
Taxes	2 125	1 625
Cash flow before change in working capital	8 960	7 027
Change in working capital		
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	-2 086	743
Increase (-) / decrease (+) in inventories	-1 522	1 901
Increase (-) / decrease (+) in current non-interest-bearing liabilities	1 338	593
Cash flow from operations before financial items and taxes	6 690	10 264
Paid interest and payments on other operational financial expenses	-32	-23
Interest received	95	148
Taxes paid	-2 689	-798
CASH FLOW FROM OPERATIONS	4 064	9 591
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	-1 002	-723
CASH FLOW FROM INVESTMENTS	-1 002	-723
CASH FLOW FROM FINANCING		
Lont-term loans repaid		-185
Dividends paid	-3 618	-4 422
CASH FLOW FROM FINANCING	-3 618	-4 607
Change in cash and cash equivalents	-556	4 261
Cash and cash equivalents at the beginning of the financial year	9 807	5 546
Cash and cash equivalents at the end of the financial year	9 251	9 807

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

ACCOUNTING POLICY

Marimekko Corporation's financial statements have been prepared in accordance with the legislation and regulations that are in force in Finland. The financial year of the company is the calendar year.

Measurement of fixed assets

Fixed assets are recorded in the balance sheet at the original acquisition cost less depreciation according to plan. Depreciation according to plan has been calculated using straight-line depreciation on the estimated useful life of the fixed assets.

Periods of depreciation:

- intangible rights 5–10 years
- other capitalised expenditure 3–10 years
- machinery and equipment 5–15 years

Inventories

Inventories are presented in accordance with the FIFO principle at the acquisition cost or at the lower replacement cost or the probable market price. The value of inventories does not include any share of fixed purchasing and manufacturing costs.

Pension commitments

The pension security of the company's personnel has been arranged under the statutory employee pension plan (TyEL) through a pension insurance company.

Items denominated in foreign currency

The foreign-currency-denominated receivables and liabilities of the company have been converted to euro amounts using the exchange rate quoted by the European Central Bank on the closing date.

Leasing

Leasing payments are treated as rental expenditures.

Appropriations

On the basis of local legislation and accounting practices, companies in Finland and Sweden can, in their separate financial statements, record in appropriations the depreciation difference and the change in voluntary reserves, which are items that mainly have an effect on taxation.

Taxes

Recorded as direct taxes are the direct taxes calculated from the taxable result of the company.

NOTES TO THE BALANCE SHEET

(EUR 1,000)

1. FIXED ASSETS

1.1 Intangible assets

2010	Intangible rights	Other capitalised expenditure	Total
Acquisition cost, 1 Jan. 2010	570	4 172	4 742
Increases	112	877	989
Acquisition cost, 31 Dec. 2010	682	5 049	5 731
Accumulated depreciation, 1 Jan. 2010	366	3 034	3 400
Depreciation during the financial year	66	399	465
Accumulated depreciation, 31 Dec. 2010	432	3 433	3 865
Book value, 31 Dec. 2010	250	1 616	1 866

2009	Intangible rights	Other capitalised expenditure	Total
Acquisition cost, 1 Jan. 2009	451	3 971	4 422
Increases	119	201	320
Acquisition cost, 31 Dec. 2009	570	4 172	4 742
Accumulated depreciation, 1 Jan. 2009	312	2 713	3 025
Depreciation during the financial year	54	321	375
Accumulated depreciation, 31 Dec. 2009	366	3 034	3 400
Book value, 31 Dec. 2009	204	1 138	1 342

1.2 Tangible assets

2010	Machinery and equipment	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2010	7 830	4	93	7 927
Increases	21		435	456
Decreases			-436	-436
Acquisition cost, 31 Dec. 2010	7 851	4	92	7 947
Accumulated depreciation, 1 Jan. 2010	5 341			5 341
Depreciation during the financial year	543			543
Accumulated depreciation, 31 Dec. 2010	5 884			5 884
Book value, 31 Dec. 2010	1 967	4	92	2 063

(EUR 1,000)

1.2 Tangible assets

2009	Machinery and equipment	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition cost, 1 Jan. 2009	7 407	4	113	7 524
Increases	423		225	648
Decreases			-245	-245
Acquisition cost, 31 Dec. 2009	7 830	4	93	7 927
Accumulated depreciation, 1 Jan. 2009	4 784			4 784
Depreciation during the financial year	558			558
Accumulated depreciation, 31 Dec. 2009	5 342			5 342
Book value, 31 Dec. 2009	2 488	4	93	2 585

Book value of production machinery and equipment	
31 Dec. 2009	1 564
31 Dec. 2010	1 325

1.3 Investments

2010	Shares in Group companies	Other shares and participations	Total
Acquisition cost, 1 Jan. 2010	2 767	17	2 784
Decreases		-8	-8
Acquisition cost, 31 Dec. 2010	2 767	9	2 776
Accumulated depreciation, 31 Dec. 2010	290		290
Book value, 31 Dec. 2010	2 477	9	2 486

2009	Shares in Group companies	Other shares and participations	Total
Acquisition cost, 1 Jan. 2009	2 766	17	2 783
Increases	1		1
Acquisition cost, 31 Dec. 2009	2 767	17	2 784
Accumulated depreciation, 31 Dec. 2009	290		290
Book value, 31 Dec. 2009	2 477	17	2 494

Group companies Company and domicile	Parent company's holding, %
Decembre Oy, Helsinki, Finland	100
Keskinäinen Kiinteistö Oy Marikko, Helsinki, Finland	100
Marimekko AB, Stockholm, Sweden	100
Marimekko GmbH, Frankfurt am Main, Germany	100
Marimekko Kitee Oy, Kitee, Finland	100
Marimekko North America LLC, Delaware, United States	100
Marimekko Tuotanto Oy, Helsinki, Finland	100
Marimekko UK Ltd, London, United Kingdom	100

(EUR 1,000)

		2010	2009
2.	**INVENTORIES**	**2010**	**2009**
	Raw materials and consumables	5 465	5 026
	Incomplete products	74	59
	Finished products/goods	9 722	8 753
	Advance payments	603	504
	Total	15 864	14 342
3.	**CURRENT RECEIVABLES**		
	Trade receivables	5 023	3 816
	Receivables from Group companies		
	Trade receivables	1 848	1 092
	Loan receivables	480	720
	Prepaid expenses and accrued income	888	478
	Total	3 216	2 290
	Other receivables	30	37
	Prepaid expenses and accrued income	869	906
	Total	9 138	7 049
	Prepaid expenses and accrued income		
	Interest receivables	2	
	Royalty receivables	549	446
	Statutory employee pension plan accrual		34
	Other prepaid expenses and accrued income	318	426
	Total	869	906
4.	**SHAREHOLDERS' EQUITY**		
	Share capital, 1 Jan.	8 040	8 040
	Share capital, 31 Dec.	8 040	8 040
	Retained earnings, 1 Jan.	19 982	19 821
	Dividends paid	-3 618	-4 422
	Retained earnings, 31 Dec.	16 364	15 399
	Net profit for the period	6 010	4 583
	SHAREHOLDERS' EQUITY, TOTAL	**30 414**	28 022
	Calculation of distributable funds, 31 Dec.		
	Retained earnings	16 364	15 399
	Net profit for the period	6 010	4 583
	Total	22 374	19 982
5.	**ACCUMULATED APPROPRIATIONS**		
	Accumulated depreciation difference		
	Intangible rights	40	32
	Other capitalised expenditure	181	156
	Machinery and equipment	785	934
	Total	1 006	1 122

(EUR 1,000)

6.	LIABILITIES	2010	2009
	Non-interest-bearing liabilities		
	Current	9 248	8 476
	Total	9 248	8 476
6.1	Current liabilities		
	Advances received	14	14
	Trade payables	2 972	2 344
	Debts to Group companies		
	Trade payables	1 946	1 348
	Other current liabilities	94	88
	Accrued liabilities and deferred income	232	320
	Total	2 272	1 756
	Other current liabilities	1 969	1 707
	Accrued liabilities and deferred income	2 021	2 655
	Total	9 248	8 476
	Accrued liabilities and deferred income		
	Wages and salaries with social security contributions	1 911	2 029
	Accrued income tax liabilities	14	578
	Other accrued liabilities and deferred income	96	48
	Total	2 021	2 655

	GUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS		
	For the liabilities of the Group company		
	Guarantees	54	146
	For the liabilities of other companies		
	Guarantees	317	482
	Other own liabilities and commitments		
	Leasing liabilities		
	Payments due in the following financial year	173	203
	Payments due later	240	294
	Total	413	497
	Liabilities relating to lease agreements		
	Payments due in the following financial year	2 824	2 703
	Payments due later	6 956	7 043
	Total	9 780	9 746

The parent company has no liabilities from derivative contracts.

RELATED PARTY TRANSACTIONS

In 2004, the parent company granted a loan guarantee on behalf of a related-party company (Gemmi Furs Oy) as part of business operations. At 31 Dec. 2010, the guarantee amounted to EUR 317 thousand. As a counter-guarantee, Gemmi Furs Oy has given the parent company a counter-obligation and corporate mortgages amounting to EUR 1,177 thousand.

NOTES TO THE INCOME STATEMENT

(EUR 1,000)

7. NET SALES BY MARKET AREA	2010	2009
Sales in Finland	51 621	52 726
Exports	21 008	18 750
Total	72 629	71 476

8. OTHER OPERATING INCOME		
Other income	5	24
Total	5	24

9. MATERIALS AND SERVICES		
Materials and supplies		
Purchases during the financial year	21 597	19 162
Change in inventories	-438	221
Total	21 159	19 383
External services	9 552	10 114
Total	30 711	29 497

10. PERSONNEL EXPENSES		
Salaries, wages and bonuses	9 888	10 215
Pension and pension insurance payments	1 688	1 649
Other indirect social expenditure	512	465
Total	12 088	12 329
Salaries and bonuses for management		
Members of the Board of Directors and the President	406	413
Itemised in the note 9 to the consolidated financial statements.		
Average number of employees		
Salaried employees	227	237
Total	227	237

11. DEPRECIATION AND IMPAIRMENT		
Intangible assets		
Intangible rights	66	54
Other capitalised expenditure	399	321
Total	465	375
Tangible assets		
Machinery and equipment	543	558
Total	543	558
Total	1 008	933

(EUR 1,000)

12. OTHER OPERATING EXPENSES	2010	2009
Leases	3 910	3 988
Marketing	3 883	3 515
Other expenses	13 838	12 910
Total	21 631	20 413

13. FINANCIAL INCOME AND EXPENSES		
Other interest and financial income		
From Group companies	15	31
From others	82	84
Total	97	115
Interest and other financial expenses		
To Group companies	1	3
To others	29	19
Total	30	22
Financial income and expenses, total	67	93
Financial income and expenses include exchange rate differences (net)		
From others	14	3
Total	14	3

14. EXTRAORDINARY ITEMS		
Group contributions	229	320

15. APPROPRIATIONS		
Change in depreciation difference	116	21

16. INCOME TAXES		
Income taxes on extraordinary items	-59	-83
Income taxes on operations	2 183	1 708
Total	2 124	1 625

17. AUDITOR'S FEE		
PricewaterhouseCoopers Oy, Authorised Public Accountants		
Audit	45	36
Other services	55	33
Total	100	69

Key figures of the Group

Per-share key figures

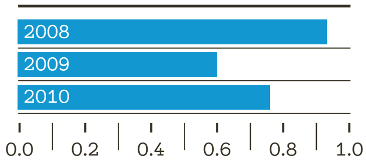
	2010	2009	2008
Earnings per share (EPS), EUR	0.76	0.59	0.92
Equity per share, EUR	4.26	3.96	3.92
Dividend per share, EUR	*) 0.55	0.45	0.55
Dividend per profit, %	*) 72.8	76.3	59.9
Effective dividend yield, %	3.8	4.0	6.6
P/E ratio	19.0	17.5	9.1
Adjusted average number of shares, 1,000	8,040	8,040	8,040
Adjusted number of shares at the end of the period, 1,000	8,040	8,040	8,040

*) The Board of Directors' proposal to the Annual General Meeting.

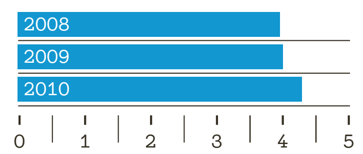
Key financial figures

	2010	2009	2008
Net sales, EUR 1,000	73,297	72,473	81,107
Change in net sales, %	1.1	-10.7	5.0
Operating profit, EUR 1,000	8,169	6,291	9,956
% of net sales	11.1	8.7	12.3
Financial income, EUR 1,000	83	86	205
Financial expenses, EUR 1,000	-29	-23	-197
Profit before taxes, EUR 1,000	8,223	6,354	9,964
% of net sales	11.2	8.8	12.3
Taxes, EUR 1,000	2,151	1,653	2,586
Profit after taxes, EUR 1,000	6,072	4,701	7,378
Balance sheet total, EUR 1,000	43,551	40,967	40,201
Interest-bearing liabilities, EUR 1,000			185
Shareholders' equity and reserves, EUR 1,000	34,287	31,825	31,542
Return on equity (ROE), %	18.4	14.8	24.2
Return on investment (ROI), %	25.0	20.1	32.3
Equity ratio, %	78.8	77.7	78.7
Gearing, %	-28.2	-32.2	-18.8
Gross investments, EUR 1,000	1,519	1,202	1,362
% of net sales	2.1	1.7	1.7
Employee salaries, wages and bonuses, EUR 1,000	14,126	15,026	14,881
Average personnel	376	400	411
Personnel at the end of the financial year	388	370	414

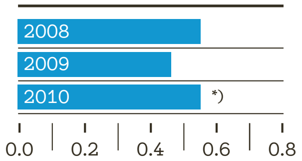
Earnings per share (EUR)



Equity per share (EUR)

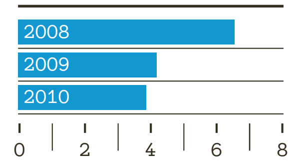


Dividend per share (EUR)

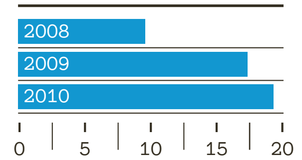


*) Proposal by the Board of Directors

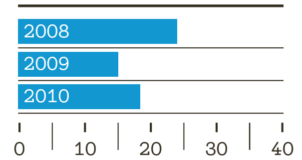
Effective dividend yield (%)



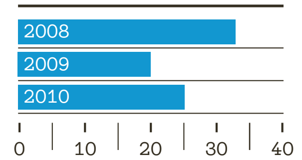
P/E ratio



Return on equity (ROE, %)



Return on investment (ROI, %)



Formulas for the key figures

RETURN ON EQUITY (ROE), %	$\frac{\text{Profit before taxes}}{\text{Shareholders' equity (average for the financial year)}} \times 100$
RETURN ON INVESTMENT (ROI), %	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Balance sheet total – non-interest-bearing liabilities (average for the financial year)}} \times 100$
EQUITY RATIO, %	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total – advances received}} \times 100$
EARNINGS PER SHARE (EPS), EUR	$\frac{\text{Profit before taxes}}{\text{Number of shares (average for the financial year)}}$
EQUITY PER SHARE, EUR	$\frac{\text{Shareholders' equity}}{\text{Number of shares, 31 Dec.}}$
DIVIDEND PER SHARE, EUR	$\frac{\text{Dividend paid for the financial year}}{\text{Number of shares, 31 Dec.}}$
DIVIDEND PER PROFIT, %	$\frac{\text{Dividend paid for the financial year}}{\text{Profit (as in the key figure for earnings per share)}} \times 100$
EFFECTIVE DIVIDEND YIELD, %	$\frac{\text{Dividend per share}}{\text{Adjusted share price, 31 Dec.}} \times 100$
P/E RATIO	$\frac{\text{Adjusted share price, 31 Dec.}}{\text{Earnings per share (EPS)}}$
INTEREST-BEARING NET DEBT	Interest-bearing liabilities – cash in hand and at banks – interest-bearing loan receivables
GEARING, %	$\frac{\text{Interest-bearing net debt}}{\text{Shareholders' equity}} \times 100$

Shares and shareholders

Shares
Marimekko Corporation's share is quoted in the Consumer Discretionary sector of NASDAQ OMX Helsinki Ltd. Marimekko Corporation was listed on the I List of the Helsinki Stock Exchange in March 1999 and on the main list on 27 December 2002.

The company has one series of shares, each conferring the same voting rights to their holders. The company's shares have been included in the book-entry register since 17 February 1999.

Share capital
Marimekko Corporation's paid-in share capital, as recorded in the Trade Register, amounts to EUR 8,040,000, consisting of 8,040,000 shares.

Authorisations
At the end of 2010, the Board of Directors did not have any valid authorisations to carry out a share issue or issue of convertible bonds or bonds with warrants, or to acquire or transfer the company's shares. Marimekko Corporation does not own any Marimekko shares.

Shareholder agreements
Marimekko has neither made nor is aware of any shareholder agreements concerning the company's shares or other commitments agreeing on the company's ownership or the use of voting rights.

Dividends policy
Marimekko aims to pay a regular dividend every year. The dividends to be paid and their amount and the payout date depend on the company's financial result, financial situation, equity ratio, need for working capital and other factors. Marimekko intends to follow a stable and active dividends policy that by and large reflects the company's earnings trend. Marimekko's goal is to distribute as dividends at least half of earnings per share annually.

Dividends for 2009
A dividend of EUR 0.45 per share to a total of EUR 3,618,000 was paid for 2009 in accordance with the decision of the Annual General Meeting held on 15 April 2010. The dividend was paid out on 27 April 2010.

Proposal for the dividend for 2010
The Board of Directors will propose to the Annual General Meeting that the dividend to be paid for the 2010 financial year be EUR 0.55 per share to a total of EUR 4,422,000. The proposed dividends amount to 72.4% of the Group's earnings per share for 2010. The Board will propose 26 April 2011 as the dividend record date and 3 May 2011 as the dividend payout date.

Shareholders
According to the book-entry register, Marimekko Corporation had 6,673 registered shareholders at the end of the 2010 financial year. At the turn of the year, 15.0% of the shares were registered in a nominee's name and 15.9% were in foreign ownership.

Flaggings
SEB Asset Management S.A.
SEB Asset Management S.A.'s share of Marimekko Corporation's share capital and voting rights rose to 5.13%, or 412,259 shares, as a result of a transaction concluded on 5 February 2010. SEB Asset Management S.A.'s share of Marimekko Corporation's share capital and voting rights fell to 0.00%, or 0 shares, due to a stock loan on 15 April 2010 and then reverted to 5.13%, or 412,259 shares, at the termination of the stock loan on 28 April 2010.

Credit Suisse Group AG
The combined share of Marimekko Corporation's share capital and voting rights held by organisations controlled by Credit Suisse Group AG rose to 5.60%, or 450,000 shares, as a result of a transaction made on 20 April 2010. After the transaction, Credit Suisse Securities (Europe) Ltd held 400,000 Marimekko shares and Credit Suisse Securities (USA) LLC held 50,000 shares. The combined share of Marimekko Corporation's share capital and voting rights held by the above-mentioned organisations controlled by Credit Suisse Group AG fell below 5.00% as a result of a transaction made on 23 April 2010.

Management's shareholding
At the end of 2010, members of the Board of Directors and the President of the company either directly or indirectly owned 1,086,440 shares, i.e. 13.5% of the company's total share capital and votes.

Largest shareholders according to the book-entry register, 31 December 2010

		Number of shares and votes	Percentage of holding and votes
1.	Muotitila Ltd	1,045,200	13.00
2.	Semerca Investment Ltd	850,377	10.58
3.	ODIN Finland	406,992	5.06
4.	Varma Mutual Employment Pension Insurance Company	385,920	4.80
5.	Nordea Nordic Small Cap Fund	269,204	3.35
6.	Ilmarinen Mutual Pension Insurance Company	265,419	3.30
7.	Veritas Pension Insurance Company	220,000	2.74
8.	Mutual Fund Tapiola Finland	66,395	0.83
9.	FIM Bank Ltd.	60,000	0.75
10.	Foundation for Economic Education	50,000	0.62
11.	Scanmagnetics Oy	40,000	0.50
12.	Fromond Elsa	37,000	0.46
13.	Haapanala Auvo	35,000	0.43
14.	Westerberg Olof	33,600	0.42
15.	Karvonen Eero	27,900	0.34
Total		3,793,007	47.18
Nominee-registered		1,207,281	15.01
Others		3,039,712	37.81
Total		8,040,000	100.00

Monthly updated information about the largest shareholders is available on the company's website under Investors/Share Information/Shareholders.

Marimekko shares owned directly or indirectly by members of the Board of Directors and the President, 31 December 2010

	Number of shares and votes	Percentage of holding and votes
Pekka Lundmark	0	0.00
Mika Ihamuotila	1,045,200	13.00
Ami Hasan	23,230	0.29
Joakim Karske	0	0.00
Tarja Pääkkönen	18,010	0.22
Total	1,086,440	13.51

Up-to-date information on the shareholdings of the members of the Board of Directors and the President and their related parties is presented on the company's website under Investors/Share information/Shareholders/Insiders.

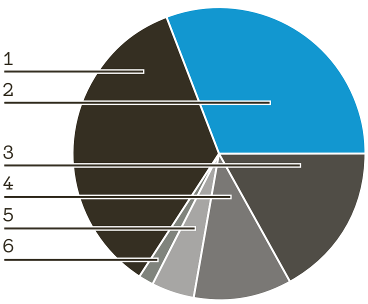
Ownership by size of holding, 31 December 2010

Number of shares	Number of shareholders	%	Number of shares and votes	%
0–100	2,927	43.86	183,554	2.28
101–1,000	3,188	47.77	1,206,244	15.00
1,001–10,000	517	7.74	1,279,820	15.91
10,001–100,000	32	0.47	751,927	9.35
100,001–1,000,000	8	0.11	3,573,255	44.44
1,000,001–	1	0.01	1,045,200	13.00
Total	6,673	100.00	8,040,000	100.00

Breakdown of ownership by owner group, 31 December 2010

Owner	Number of shareholders	%	Number of shares and votes	%
Companies	204	3.05	1,366,543	16.99
Financial institutions and insurance companies	10	0.14	371,434	4.61
Public sector entities	3	0.04	871,339	10.83
Non-profit bodies	33	0.49	128,292	1.59
Households	6,379	95.59	2,819,521	35.06
Foreigners and nominee-registered	44	0.65	2,482,871	30.88
Total	6,673	100.00	8,040,000	100.00

Breakdown of ownership by owner group
31 December 2010



1 Households 35.1%
2 Foreigners and nominee-registered 30.9%
3 Companies 17.0%
4 Public sector entities 10.8%
5 Financial institutions and insurance companies 4.6%
6 Non-profit bodies 1.6%

Share turnover and market capitalisation

	2010	2009	2008
Share turnover, no. of shares	1,046,014	1,620,304	1,652,527
Share turnover, % of the shares outstanding	13.0	20.2	20.6
Market capitalisation, EUR	115,776,000	82,812,000	67,134,000

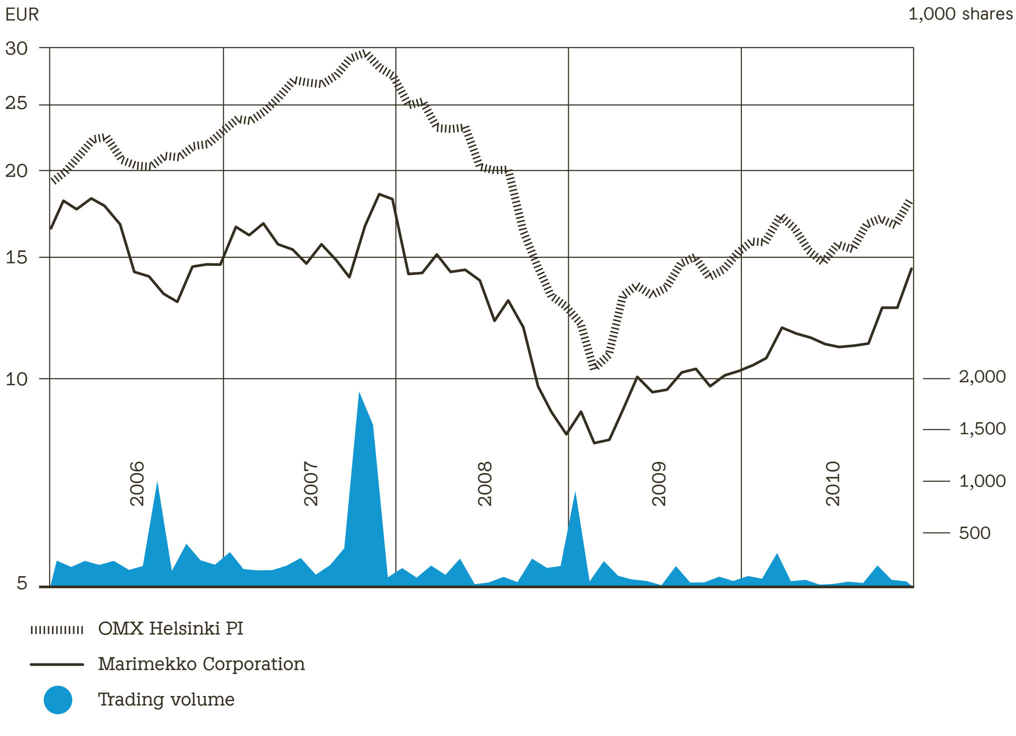
Share price trend

	2010	2009	2008
Low, EUR	10.00	7.50	7.41
High, EUR	14.45	11.44	18.20
Average, EUR	11.66	9.70	12.41
Closing price (31 Dec.), EUR	14.45	10.30	8.35

Share data

Exchange:	NASDAQ OMX Helsinki Ltd
Trading code:	MMO1V
ISIN code:	FI0009007660
List:	Nordic List
Sector:	Consumer Discretionary
Listing date:	I list, 12 March 1999
	Main list, 27 December 2002

Share price trend



Signatures to the financial statements and the report of the Board of Directors

HELSINKI, 7 FEBRUARY 2011

Pekka Lundmark
Chairman of the Board

Mika Ihamuotila
Vice Chairman of the Board
President and CEO

Ami Hasan
Member of the Board

Joakim Karske
Member of the Board

Tarja Pääkkönen
Member of the Board

Auditor's report

TO THE ANNUAL GENERAL MEETING OF MARIMEKKO CORPORATION

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Marimekko Corporation for the financial period of 1 January – 31 December 2010. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, 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 consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the 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 and 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 on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

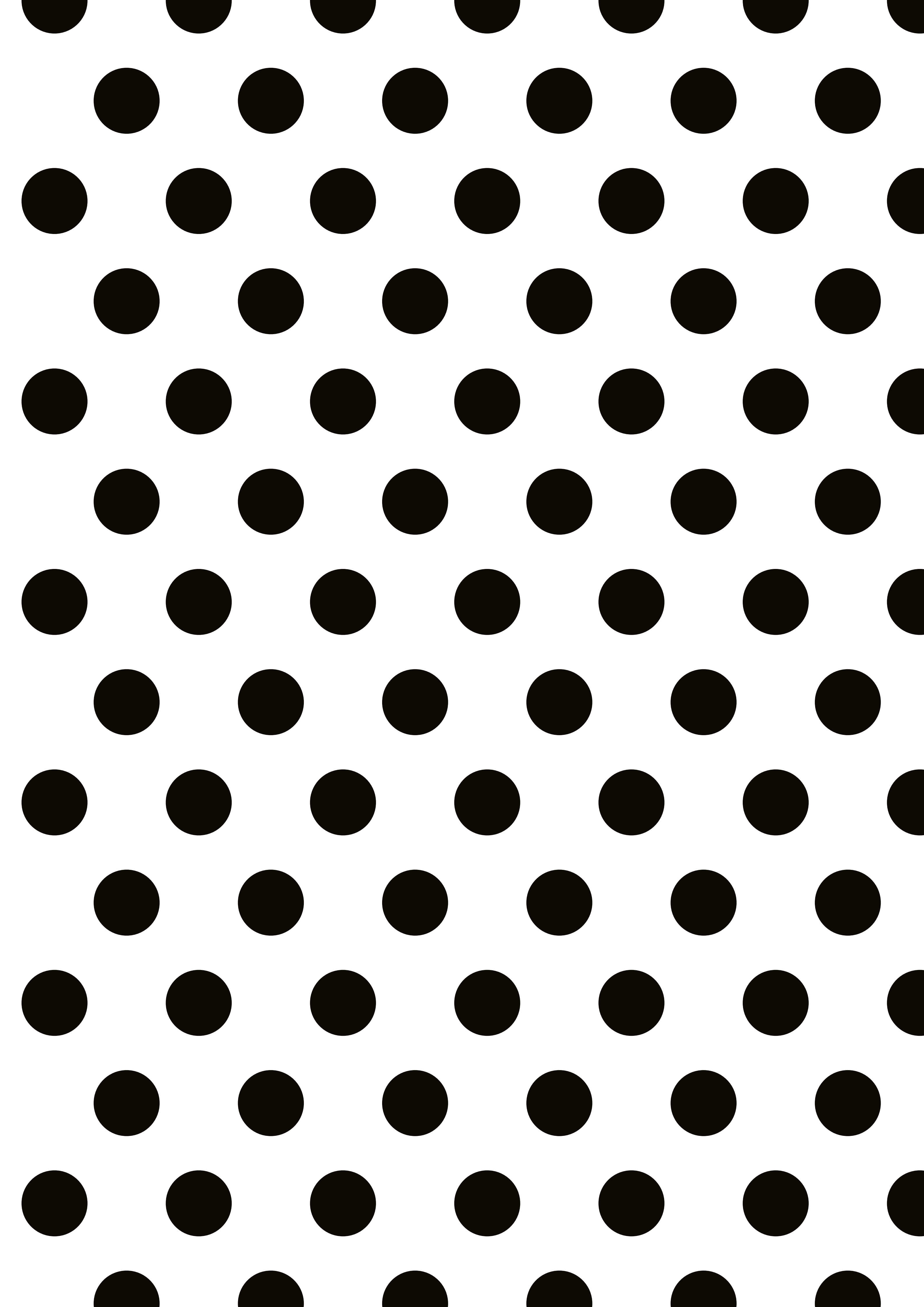
Opinion on the Company's Financial Statements and the Report of the Board of Directors

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.

Helsinki, 17 February 2011

PricewaterhouseCoopers Oy
Authorised Public Accountants

Kim Karhu
Authorised Public Accountant



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