Tulikivi Corporation

INTERIM REPORT
October 20, 2011 at 3.00 p.m.

Interim report January-September 2011

- The Tulikivi Group’s third-quarter net sales were EUR 15.1 million (EUR 13.9 million, Q3/2010), the operating profit was EUR 0.5 (0.2) million and the profit before taxes was EUR 0.3 (0.1) million.
- The Group’s net sales during the reporting period were EUR 43.3 million (EUR 39.3 million, Jan-Sep 2010), the operating result was a loss of EUR -1.3 (-1.1) million and the result before taxes a loss of EUR -1.9 (-1.6) million. The operating result before expenses caused by concentration was a loss of EUR -0.7 (-1.1) million.
- Earnings per share amounted to EUR -0.04 (-0.03), and in the third quarter EUR 0.00 (0.00).
- Cash flow from operating activities was EUR -1.5 (-1.0) million.
- Order books at the end of the period were at EUR 6.7 (the comparable order books at Sept. 30, 2010 were 7.6) million.
- Despite the uncertainty caused by the economic crisis, the company’s full year like-for-like net sales will be up by slightly under 10 per cent, and the operating profit before non-recurring items is expected to improve on the previous year. The full-year operating result taking into account the non-recurring expenses is expected to be negative, however, and at the same level as the previous year.

Managing Director’s comments:
“Net sales in the third quarter grew in line with expectations. The strongest growth was in fireplace sales in Finland and fireplace exports. Demand in Finland is supported by the rising price of consumer energy and building projects in progress. Nevertheless, the decline in consumer confidence caused by the financial crisis will reduce demand for fireplaces compared with the outlook at the beginning of the year.

The expansion of the distribution channel carried out in Finland and the new fireplace and sauna products will support sales in the final part of the year. In the sauna business, the focus is on expanding the product range and the distribution channel.

In exports, growth was generated by the improved demand in the Baltic countries, Sweden and Russia. The market situation for exports has weakened since the summer. In Central Europe, consumers continue to be interested in purchasing fireplaces, but the significant weakening of consumer confidence is delaying purchasing decisions. The changed market situation is also likely to be reflected in the demand for lining stone.

The plan to focus on core business areas announced in the spring has been implemented. The loss-making product groups that did not belong to the core business were discontinued, and the Heinävesi plant can now be made into a more efficient fireplace factory. Concentrating kitchen countertop production in Espoo will improve the profitability of the Natural Stone Products Business. Measures to improve profitability will continue.”

Focusing on core businesses

The Group’s core businesses are the manufacture of fireplaces and sauna and interior stone products, development of product concepts and their marketing to consumers. Tulikivi will discontinue the manufacture of utility ceramics by the end of the year. The building stone business in Taivassalo has been sold, and manufacture of natural stone products has been concentrated at the Espoo factory. The negotiations regarding the outsourcing of machine work in quarrying have been completed. In the future, external contractors will carry out a substantial part of the machine work in quarrying.

As a result of the centralisation of functions, the number of employees in the Group is reduced by 55, of whom 43 people have been made redundant. 12 people transferred to another employer as a result of the divestment of businesses.
Net sales for the reporting period include EUR 0.4 million in net sales resulting from the sale of the building stone business’s inventories, and the result includes the non-recurring expenses from the arrangement, amounting to approximately EUR 0.6 million net. Of these expenses, the restructuring provision accounts for approximately EUR 0.5 million, impairment losses, other expenses and expense reserves account for EUR 0.3 million, and sales gains EUR 0.2 million. Of the net expenses, EUR 0.4 million is from the Fireplaces Business and EUR 0.2 million from the Natural Stone Products Business. The effect of the sale of the building stone business on net sales for 2011 is EUR -0.6 million, but this will not have a substantial impact on the result for the final part of the year.

Focusing on core businesses will enable improvement of the Group’s profitability in the 2012 financial year and beyond. The arrangement reduces annual net sales by slightly under EUR 3.0 million.

Net sales and result

Consolidated net sales were EUR 43.3 million (EUR 39.3 million in January-September 2010). The net sales of the Fireplaces Business were EUR 39.1 (35.3) million and of the Natural Stone Products Business EUR 4.2 (4.0) million. The like-for-like net sales of the Natural Stone Products Business were EUR 3.8 million.

Net sales in Finland accounted for EUR 23.5 (20.8) million, or 54.4 (53.0) per cent, of total net sales. Exports amounted to EUR 19.8 (18.5) million in net sales. The principal export countries were Sweden, France and Germany. The growth in export net sales was from increased lining stone sales. Fireplace exports have not developed according to plan due to the lower demand.

The Group’s operating result after the above-mentioned expenses from centralisation was a loss of EUR -1.3 (-1.1) million and the operating result before expenses caused by concentration was EUR -0.7 (-1.1) million.
The Fireplaces Business had an operating profit of EUR 0.6 (0.6) million, and the Natural Stone Products Business had an operating loss of EUR -0.5 (-0.3) million, while expenses under other items were EUR -1.4 (-1.4) million. In addition to the expenses from the centralisation of functions, the operating profit during the reporting period was burdened by non-recurring expenses of EUR 0.8 million from the launch of electric sauna heaters, expansion of the Finnish distribution channel, the redesign of the corporate image and the introduction of a new information system.

The consolidated result before taxes was a loss of EUR -1.9 (-1.6) million and the consolidated result before expenses caused by concentration was EUR -1.3 (-1.6) million. The result for the reporting period was a loss of EUR -1.4 (-1.2) million and earnings per share amounted to EUR -0.04 (-0.03).

The Group’s third-quarter net sales totalled EUR 15.1 (13.9) million, the operating profit was EUR 0.5 (0.2) million and the profit before taxes EUR 0.3 (0.1) million. Earnings per share amounted to EUR 0.00 (0.00).

Financing and investments

Cash flow from operating activities before investments was EUR -1.5 (-1.0) million. Working capital increased by EUR 2.0 (3.1) million in the period and came to EUR 9.3 million (EUR 9.5 million on 30 September 2010). Interest-bearing debt was EUR 27.7 (25.8) million and net financial expenses were EUR 0.6 (0.6) million. The equity ratio was 33.3 (36.9) per cent. The ratio of interest-bearing net debt to equity, or gearing, was 101.0 (82.9) per cent. The current ratio was 1.7 (1.8). Equity per share was EUR 0.53 (0.59).

The Group has a solid financial position. At the end of the reporting period, the Group’s cash assets were EUR 7.7 (7.8) million and unused credit limits amounted to EUR 1.0 (4.0) million. The Group’s debt financing, totalling EUR 16.0 (12.5) million, includes covenants which are tied to the Group’s equity. All covenant conditions were met at the close of the reporting period.

The Group’s investments in production, quarrying and development were EUR 3.3 (2.0) million in the reporting period. Research and development costs were up, to a total of EUR 1.8 (1.4) million, i.e. 4.1 (3.4) per cent of net sales. EUR 0.5 (0.3) million of development costs was capitalised in the balance sheet.

In September, the new modular design fireplace Suvas was launched as well as ceramic fireplace models decorated with nature-themed decals. The development of the Green products has continued. In February, the Group launched its range of electric sauna heaters. Development of the heaters and sauna products is continuing, and new products will be introduced later in the year. Other major development projects include development of the Group’s processes and renewal of the enterprise resource planning system.

Personnel

The Group employed 481 (488) people at the end of the reporting period. As a result of the centralisation of functions, the number of employees in the Group is reduced by 55, of whom 43 people were made redundant. 12 people transferred to another employer as a result of the divestment of businesses. Salaries and bonuses during the reporting period totalled EUR 12.3 (11.2) million. The Group employed an average of 437 (389) people during the reporting period.

The Tulikivi Group has an incentive plan that includes an incentive pay scheme for all personnel. The incentive pay scheme is based on the Group’s earnings and productivity improvements. The incentive pay for the Managing Director and key personnel is also based on personal targets.

Annual General Meeting

Tulikivi Corporation’s Annual General Meeting, held on 14 April 2011, resolved to pay a dividend of EUR 0.0250 on A shares and EUR 0.0233 on K shares. The dividend payout date was 28 April 2011. The other decisions of the general meeting can be found in the separate release published on the date of the meeting.

Treasury shares

The company did not purchase or assign any of its own shares during the reporting period. At the end of the period, the total number of Tulikivi shares held by the company was 124,200 A shares, corresponding to 0.3 per cent of the company’s share capital and 0.1 per cent of all voting rights.

Near-term risks and uncertainties

The probability of an economic downturn in Europe has increased. The Group’s risks in the near future include negative fluctuations in the economy. Another risk is that consumer demand may be driven solely by price and not by the qualities of the product.
The renewal of the ERP system is in progress. Timetable and cost risks are often associated with such projects.

More information on risks can be found in the 2010 Board of Directors’ report and the notes to the financial statements.

Future outlook

Changes in consumer confidence will have an effect on demand for Tulikivi products in the near future. In Finland and the rest of Northern Europe, demand is expected to remain comparatively good. Moreover, sales in Finland will be supported by the new sauna and fireplace products and an expanding distribution network.

In Central Europe, the economic crisis will have a greater effect on consumers' decision-making, and thus on fireplace demand.

Despite the uncertainty caused by the economic crisis, the company's full year like-for-like net sales will be up by slightly under 10 per cent, and the operating profit before non-recurring items is expected to improve on the previous year. The full-year operating result taking into account the non-recurring expenses is expected to be negative, however, and at the same level as the previous year.

The order books at the end of the reporting period amounted to EUR 6.7 million (EUR 7.8 million on 30 September 2010 and EUR 6.3 million on 31 December 2010). The comparable order books at Sept. 30, 2010 were 7.6 million.

Segment reporting
The Group's operating segments are the Fireplaces Business and the Natural Stone Products Business. The Fireplaces Business includes soapstone and ceramic fireplaces sold under the Tulikivi and Kermansavi brands and their accessories, and utility ceramics and fireplace lining stones. The Natural Stone Products Business includes interior design stone products for households and, until 30 June 2011, stone deliveries to construction sites. Expenses not allocated to a segment are recognised under 'Other items' in segment reporting. Expenses not allocated to segments include expenses of the Group administration, expenses pertaining to financial administration and financial expenses and taxes.

Strategy
The Group strategy covers all key operating and financial targets to the end of 2015. Under the strategy, the company is targeting annual organic growth of over 10 per cent in the next few years. The profit target is for profit before taxes to be 10 per cent of net sales within the next five years. The target for return on equity is to exceed 20 per cent. Corporate acquisitions in support of the strategy are also possible.

INTERIM REPORT January – September 2011, SUMMARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
MEUR

	1-9/ 2011	1-9/ 2010	Change, %	1-12/ 2010	7-9/ 2011	7-9/ 2010	Change %
Sales	43.3	39.3	10.3	55.9	15.1	13.9	9.1
Other operating income	0.9	0.4		0.7	0.1	0.2	
Increase/decrease in inventories in finished goods and in work in progress	-0.5	0.2		0.8	-0.9	-1.0	
Production for own use	0.5	0.3		0.4	0.1	0.1	
Raw materials and consumables	9.1	8.0		11.5	2.7	2.4	
External services	6.5	6.3		9.2	2.3	2.3	
Personnel expenses	15.8	14.0		19.7	4.4	4.3	
Depreciation and amortisation	3.3	3.5		4.7	1.0	1.2	
Other operating expenses	10.9	9.4		12.8	3.4	2.9	

Operating profit/

loss	-1.3	-1.1	-25.6	-0.3	0.5	0.2	143.3
Percentage of sales	-3.1	-2.7		-0.5	3.4	1.5	
Finance income	0.1	0.2		0.2	0.0	0.0	
Finance expense	-0.7	-0.8		-1.0	-0.2	-0.2	
Share of the profit of associated company	0.0	0.0		0.0	0.0	0.0	
Profit before tax	-1.9	-1.6	-15.4	-1.0	0.3	0.1	309.9
Percentage of sales	-4.4	-4.2		-1.8	2.1	0.6	
Direct taxes	0.5	0.4		0.2	-0.1	0.0	
Profit/loss for the period	-1.4	-1.2	-16.3	-0.8	0.2	0.1	151.1
Other comprehensive income							
Interest rate swaps	0.0	0.0		0.1	0.0	0.0	
Translation differences	0.0	0.0		0.0	0.0	0.1	
Total comprehensive income for the period	-1.4	-1.2	-19.3	-0.7	0.3	0.1	70.1
Earnings per share attributable to the equity holders of the parent company, EUR basic and diluted	-0.04	-0.03	-21.2	-0.02	0.00	0.00	139.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	09/2011	09/2010	12/2010
ASSETS			
Non-current assets			
Property, plant and equipment			
Land	1.0	1.0	1.0
Buildings	6.6	7.1	7.0
Machinery and equipment	5.6	6.9	6.5
Other tangible assets	1.3	1.0	1.3
Intangible assets			
Goodwill	4.2	4.2	4.2
Other intangible assets	11.8	10.6	10.8
Investment properties	0.2	0.2	0.2
Available-for-sale investments	0.1	0.1	0.1
Receivables			
Other receivables	0.4		
Deferred tax assets	1.9	1.8	1.6
Total non-current assets	33.1	32.9	32.7
Current assets			
Inventories	10.9	10.6	10.9
Trade receivables	6.6	6.5	5.1
Current income tax receivables	0.1	0.1	
Other receivables	1.0	0.9	0.9
Cash and cash equivalents	7.7	7.8	10.2
Total current assets	26.3	25.9	27.1
Total assets	59.4	58.8	59.8
EQUITY AND LIABILITIES			
Equity			
Share capital	6.3	6.3	6.3
Treasury shares	-0.1	-0.1	-0.1
Translation difference	0.0	0.0	0.0
Revaluation reserve	-0.1	-0.1	-0.1
The invested unstricted equity fund	7.4	7.4	7.4
Retained earnings	6.3	8.2	8.7
Total equity	19.8	21.7	22.1
Non-current liabilities			
Deferred income tax liabilities	1.5	1.7	1.6
Provisions	1.0	1.0	1.0
Interest-bearing debt	21.6	20.1	20.4
Other debt	0.2	0.1	0.1

Total non-current liabilities	24.3	22.9	23.1
Current liabilities			
Trade and other payables	8.9	8.4	9.6
Current provisions	0.3	0.2	0.1
Short-term interest-bearing debt	6.1	5.6	4.9
Total current liabilities	15.3	14.2	14.6
Total liabilities	39.6	37.1	37.7
Total equity and liabilities	59.4	58.8	59.8

CONSOLIDATED STATEMENT OF CASH FLOWS

MEUR	1-9/ 2011	1-9/ 2010	1-12/ 2010
Cash flows from operating activities			
Result for the period	-1.4	-1.2	-0.8
Adjustments:			
Non-cash transactions	2.4	3.5	4.7
Interest expenses and interest income and taxes	0.1	0.2	0.5
Change in working capital	-2.0	-3.1	-0.9
Interest paid and received and taxes paid	-0.6	-0.4	-0.6
Net cash flow from operating activities	-1.5	-1.0	2.9
Cash flows from investing activities			
Investment in property, plant and equipment and intangible assets	-3.3	-2.0	-3.2
Grants received for investments and sales of property, plant and equipment	0.8	0.1	0.2
Net cash flow from investing activities	-2.5	-1.9	-3.0
Cash flows from financing activities			
Proceeds from non-current and current borrowings	5.5	5.0	8.0
Repayment of non-current and current borrowings	-3.1	-4.0	-7.4
Dividends paid and treasury shares	-0.9	-0.9	-0.9
Net cash flow from financing activities	1.5	0.1	-0.3
Change in cash and cash equivalents	-2.5	-2.8	-0.4
Cash and cash equivalents at beginning of period	10.2	10.6	10.6
Cash and cash equivalents at end of period	7.7	7.8	10.2

CONSILIDATED STATEMENT OF CHANGES IN EQUITY
MEUR

	Share capital	The invested unre-stricted equity fund	Re-value-tion re-serve	Trea-sury shares	Trans-lation diff.	Re-tained earn-ings	Total
Equity Jan. 1,2011	6.3	7.4	-0.1	-0,1	0.0	8.7	22.1
Total comprehensive income for the period						-1.4	-1.4
Dividends paid						-0.9	-0.9
Equity Sept. 30, 2011	6.3	7.4	-0.1	-0.1	0.0	6.4	19.8
Equity Jan. 2,2010	6.3		-0.1	-0.1	0.1	10.4	23.8

Total comprehensive income for the period					0.1	-1.2	-1.1
Dividends paid						-0.9	-0.9
Fund transaction		7.4					
Equity Sept. 30, 2010	6.3	7.4	-0.1	-0.1	0.0	8.2	21.7

SEGMENT REPORTING MEUR	1-9/ 2011	1-9/ 2010	1-12/ 2010
Operating segments			
Sales	43.3	39.3	55.9
Fireplaces	39.1	35.3	50.8
Natural Stone Products	4.2	4.0	5.1
Other items	-	-	-
Operating profit/loss	-1.3	-1.1	-0.3
Fireplaces	0.6	0.6	2.2
Natural Stone Products	-0.5	-0.3	-0.5
Other items	-1.4	-1.4	-2.0

OPERATING SEGMENTS QUARTERLY

	Q3/ 2011	Q2/ 2011	Q1/ 2011	Q4/ 2010	Q3/ 2010	Q2/ 2010	Q1/ 2010
Operating segments							
Sales	15.1	15.6	12.6	16.6	13.9	14.7	10.7
Fireplaces	14.2	13.5	11.4	15.5	12.8	13.0	9.5
Natural Stone Products	0.9	2.1	1.2	1.1	1.1	1.7	1.2
Other items	-	-	-	-	-	-	-
Operating profit/loss	0.5	-0.3	-1.5	0.8	0.2	0.4	-1.7
Fireplaces	1.2	0.3	-0.9	1.6	0.9	0.8	-1.1
Natural Stone Products	-0.2	-0.1	-0.2	-0.2	-0.2	0.1	-0.2
Other items	-0.5	-0.5	-0.4	-0.6	-0.5	-0.5	-0.4

ASSETS AND LIABILITIES BY SEGMENT ON SEPTEMBER 30, 2011

	Fire- places	Natural Stone Products	Other items	Total
Assets by segment	43.6	3.1	12.8	59.4
Liabilities by Segment	8.6	1.0	30.1	39.7
Investments, net	2.0	0.0	1.3	3.3
Depreciation and amortisation expenses	2.9	0.1	0.3	3.3

KEY FINANCIAL RATIOS AND SHARE RATIOS

	1-9/11	1-9/10	7-9/11	7-9/10	1-12/10
Earnings per share, EUR	-0.04	-0.03	0.00	0.00	-0.02
Equity per share, EUR	0.53	0.59	0.53	0.59	0.60
Return on equity, %	-9.2	-7.2	0.0	0.4	-3.6
Return on investments, %	-3.5	-2.5	0.9	0.5	-0.1
Equity ratio, %	33.3	36.9			37.0
Net indebtness ratio, %	101.0	82.9			68.1
Current ratio	1.7	1.8			1.9
Gross investments, MEUR	3.3	2.0			3.4
Gross investments, % of sales	7.6	5.0			6.0
Research and development					

costs, MEUR	1.8	1.4			2.2
%/sales	4.1	3.4			3.9
Outstanding orders (30 Sept.), MEUR	6.7	7.8			6.3
Average number of staff	437	389			404
Rate development of shares, EUR					
Lowest share price, EUR	0.70	1.07			1.07
Highest share price, EUR	1.40	1.79			1.79
Average share price, EUR	1.09	1.38			1.31
Closing price, EUR	0.77	1.29			1.16
Market capitalization at the end of period, 1000 EUR	28 505.2	47 755.5			42 942.9
(Supposing that the market price of the K-share is the same as that of the A-share)					
Number of shares traded, (1000 pcs)	2 958.2	3 037.0			4 647.2
% of total amount of A-shares	10.8	11.1			16.9
Number of shares average	37019770	37019770	37019770	37019770	37019770
Number of shares 30 June	37019770	37019770	37019770	37019770	37019770

NOTES TO THE CONSOLIDATED FINANCIALS STATEMENTS

This financial statement release has been prepared in accordance with the IAS 34 Interim Financial Reporting standard.

In preparing of this interim report, Tulikivi has applied same accounting policies as in the 2010 financial statements. In the Group, the depreciation period for the roads and dams in the new quarry area has been extended from 5 years to 15 years, which corresponds better with the quarry's working life. The useful life of one of the production lines has also been extended to correspond with the working life of the production line in question. These changes have reduced the depreciation in the reporting period by EUR 0.1 million compared to the level of depreciation calculated using the previous useful life figures.

The following new/amended standards that the group has adopted as from January 1, 2011:

- Amendments to IAS 32 Financial instruments: Presentation – Classification of Rights Issues (effective as of 1 February 2010).
- Revised IAS 24 Related Party Disclosures (effective as of 1 January 2011).
- Amendments to IFRIC 14 (IAS 19*) The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - Prepayments of a Minimum Funding Requirement* (effective as of 1 January 2011).
- IFRIC *19 Extinguishing Financial Liabilities with Equity Instruments* (effective as of 1 July 2010). IFRIC 19 requires retrospective application.
- Improvements to IFRSs (April 2009, mainly effective as of 1 January 2010).

The management´s view is that adaption of the standards and interpretations mentioned above has not had any effect on the figures presented above.

The key performance ratios and share ratios are calculated using the same methods as for the consolidated financial statements for 2010. The calculations rules can be found in the 2010 annual report, page 76.

Income taxes

EUR million	1-9/11	1-9/10	1-12/10
Taxes for the current and previous reporting periods	0.0	0.0	0.0
Deferred taxes	0.5	0.4	0.2
Total	0.5	0.4	0.2

Collaterals given

EUR million	9/11	9/10	12/10
Loans from credit institutions and other long term debts and loan guarantees, with related mortgages and pledges	27.1	24.2	25.6
Mortgages granted and collaterals pledged	27.3	29.7	29.6
Other given guarantees and pledges on behalf of own liabilities	1.0	0.7	1.0
Derivatives			
Interest rate swaps			
Nominal value	5.1	6.5	5.8
Fair value	-0.1	-0.2	-0.1
Foreign exchange forward contracts			
Nominal value	0.2	0.1	0.1
Fair value	-	-	-

The fair value of derivatives is the gain or loss for closing the contract based on market rates at the balance sheet date.

Provisions

The Group’s non-current provisions are an environmental provision of EUR 0.6 million and a warranty provision of EUR 0.4 million. Current provisions include a restructuring provision which was raised by EUR 0.5 million during the review period, and of which EUR 0.2 million was used. The total amount of the restructuring provision at the end of the review period was EUR 0.3 million. The restructuring provision consists of additional expenses caused by the concentration of operations.

Non-current provisions are itemized in greater detail in notes 26. Provisions and 34. Contingent liabilities in the consolidated financial statements in Annual Report 2010.

Contingent liabilities have not changed after the end of the financial period.

Changes in tangible assets are classified as follows:

EUR million	9/11	9/10	1-12/10
Acquisition costs	1.2	1.0	1.6
Proceeds from sale	-0.7	-0.0	0.0
Total	0.5	1.0	1.6

Changes in intangible assets are classifies as follows:

EUR million	9/11	9/10	1-12/10
Acquisition costs, net	2.1	0.5	1.7
Proceeds from sale	0.0		
Total	2.1	0.5	1.7

Impairment of inventories

The impairment of inventories recognized during the reporting period was EUR 0.2 million. Thus, the book value of inventories was lowered to correspond with their net realization value. The impairment was related to the ending of ceramic utensil production.

Share capital

Share capital by share series

	Number of shares	% of shares	% of voting rights	Share, EUR of share capital
K shares (10 votes)	9 540 000	25.7	77.6	1 621 800
A shares (1 vote)	27 603 970	74.3	22.4	4 692 675
Total Sept. 30, 2011	37 143 970	100.0	100.0	6 314 475

There have been no changes in Tulikivi Corporation´s share capital during the period. According to the articles of association the dividend paid for Series A shares shall be 0.0017 EUR higher than the dividend paid on Series K shares. The Series A share is listed on the NASDAQ OMX Helsinki Ltd. No flagging notifications were made to the company during the review period.
The number of the shares in the company´s possession at the end of period was 124 200 series A shares.

Board authorizations
The Annual General Meeting of April 14, 2011 authorized the Board of Directors to acquire the company’s own shares. A maximum of 2 760 397 Series A shares in the company and 954 000 Series K shares in the company can be bought back. The authorization is valid until the Annual General Meeting 2012.
The Board of Directors has further an authorization to decide on share issues and the conveyance of the company’s own shares in the possession of the company. New shares can be issued or own shares held by the company conveyed amounting to a maximum of 5 520 794 Series A shares and 1 908 000 Series K shares. The authorization is valid until the Annual General Meeting 2012.

Related party transactions
The following transactions with related parties took place:

EUR 1000	9/11	9/10	12/10
Sales to associated companies and related parties	6	16	8
Purchases from associated companies	178	133	240
Leases from related parties	81	83	111
Receivables from the related parties	0	0	1

Transactions with other related parties
Tulikivi Corporation is a founder member of the Finnish Stone Research Foundation. The company has leased offices and storages from the property owned by the Foundation and North Karelia Educational Federation of Municipalities. The rent paid for these facilities was EUR 104 thousand (98 thousand) in the period. The rent corresponds with the market rents. The service charges from the Foundation were 8(7) thousand Euros.

Key management compensation

EUR 1000	9/11	9/10	12/10
Salaries and other short-term employee benefits of the Board of Directors and Managing Directors	377	354	421
Other long term employee benefits	47	66	63

Largest shareholders on Sept. 30, 2011

Name of shareholder	Shares	Proportion of total vote
Vauhkonen Reijo	4 191 827	24.3 %
Vauhkonen Heikki	3 020 953	24.1 %
Elo Eliisa	2 957 020	5.9 %
Virtaala Matti	2 436 116	12.6 %
Mutual Pension Insurance Ilmarinen	1 902 380	1.5 %
Mutanen Susanna	1 643 800	7.2 %
Vauhkonen Mikko	782 310	3.5 %

Paatero Ilkka	718 430	0.6 %
Nuutinen Tarja	674 540	3.5 %
Investment Fond Phoebus	585 690	0.5 %
Other shareholders	18 230 904	16.3 %

The information in the interim report is unaudited.

The companies included in the Group are the parent company Tulikivi Corporation, Kivia Oy, AWL-Marmori Oy, Tulikivi U.S. Inc. and OOO Tulikivi. Group companies include also The New Alberene Stone Company, Inc., which is dormant. The parent company has a fixed place of business in Germany, Tulikivi Oyj Niederlassung Deutschland. The Group has interests in associated companies Stone Pole Oy, Leppävirran Matkailukeskus Oy and Rakentamisen MALL Oy.

TULIKIVI CORPORATION

Board of Directors
Matti Virtaala Chairman of the Board

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