

Interim Report, January-March 2012

- The Tulikivi Group's net sales were EUR 10.7 million (EUR 12.6 million, Q1/2011).
- The Group's operating result was EUR -1.4 (-1.5) million. Earnings per share amounted to EUR -0.03 (-0.04).
- Cash flow from operating activities before investments was EUR -3.5 (-2.2) million.
- Order books at the end of the first quarter were at EUR 7.8 million (EUR 9.7 million on 31 March 2011 and EUR 5.7. million on 31 December 2011)).
- Future outlook: Full-year net sales in 2012 are expected to be about the same as in 2011. The company has been carrying out a programme of centralisation and adjustment measures to create significant savings during 2012 and they are expexted to turn the operating result for 2012 into a profit.

Managing Director's comments:

"After a difficult autumn in 2011, it is now easier to predict the demand for our products. The slight rise in consumer confidence is also helping to support consumers' purchasing decisions. In the first quarter, demand in fireplace exports was better, especially in Central Europe.

On the Finnish market, the demand for fireplaces fell short of last year's figures. In lining stone products, customers were again cautious, and this showed in the demand at the start of the year. In sauna products, net sales were in line with what was planned. Our divestment from the utility ceramics and building stone businesses reduced net sales, by about EUR 0.6 million.

The Group's measures to achieve cost savings of EUR 3 million have proceeded as planned. We also introduced a new enterprise resource planning (ERP) system at the start of the year. This has required some additional effort from the personnel, but there have been no significant extra costs.

Net sales for the full year are expected to be about the same as for last year. A contributory factor in this is the cooperation with Rautakesko Ltd, which began in March. At the start of the year, there was a change in the personnel responsible for sales in Russia and the Nordic countries."

Net sales and result

The Group's net sales amounted to EUR 10.7 million (EUR 12.6 million in Q1/2011). The figure for the first quarter in 2011 included EUR 0.6 million from discontinued businesses. Net sales of





the Fireplaces Business were EUR 9.6 (11.4) million and of the Interior Stone Business EUR 1.1 (1.2) million.

Net sales in Finland accounted for EUR 6.5 (6.8) million, or 60.7 (54.0) per cent, of total net sales. Exports amounted to EUR 4.2 (5.8) million in net sales. The principal export countries were France, Germany, Russia, Sweden and Belgium.

The consolidated operating result was EUR -1.4 (-1.5) million. In accordance with the Group's segment reporting, the operating result in the Fireplaces Business was EUR -0.8 (-0.9) million and in the Interior Stone Business EUR -0.2 (-0.2) million, while Other Items' expenses were EUR -0.4 (-0.4) million.

The consolidated result before taxes was EUR -1.6 (-1.7) million, and net result was EUR -1.2 million (-1.3) million. Earnings per share amounted to EUR -0.03 (-0.04).

Financing and investments

Cash flow from operating activities before investments was EUR -3.5 (-2.2) million. Working capital increased by EUR 2.8 million in the period and came to EUR 9.7 million (EUR 9.2 million on 31 March 2011). Interest-bearing debt was EUR 26.4 (25.9) million. Financial expenses net were EUR 0.2 (0.2) million. The equity ratio was 31.8 (35.6) per cent. The ratio of interest-bearing net debt to equity, or gearing, was 126.7 (88.6) per cent. The current ratio was 1.7 (1.9). The equity per share amounted to EUR 0.47 (0.56).

At the end of the period, the Group's cash and other liquid assets came to EUR 4.1 (7.5) million, and the total of undrawn credit facilities amounted to EUR 1.6 million.

The Group's interest-bearing debt includes covenants which are tied to the Group's equity. The covenant conditions were met at the close of the reporting period. In addition, the Group has an annual covenant concerning its debt/EBITDA ratio.

The Group's investments in production, quarrying and development were EUR 0.8 (1.0) million. Research and development costs were EUR 0.5 (0.7) million, i.e. 4.7 (5.2) per cent of net sales. EUR 0.2 (0.2) million of this figure, after deduction of subsidies, was capitalised in the balance sheet. The focus in research and development work during the period was on the development of woodburning sauna stoves and fireplace products.

Personnel

The Group employed an average of 364 (412) people during the first quarter of the year. Salaries and bonuses during the period totalled EUR 3.5 (3.9) million.





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 profit and on productivity improvements. The incentive pay for the Managing Director and key personnel is also based on achieving personal targets.

Treasury shares

The company did not purchase or assign any of its own shares during the first quarter. 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 Group's near-term risks consist of unexpected fluctuations in the economy that can weaken the demand. More about risks is in the 2011 Board of Directors' Report and in the Notes to the Financial Statements.

Events following the end of the period

Resolutions of the Annual General Meeting Dividends

The Tulikivi Corporation Annual General Meeting of 12 April 2012 resolved not to distribute any dividend on the 2011 financial year.

Decision-making bodies

The following persons were elected to the Board of Directors of the parent company and domestic business subsidiaries: Olli Pohjanvirta, Markku Rönkkö, Pasi Saarinen, Maarit Toivanen-Koivisto, Heikki Vauhkonen and Matti Virtaala. The Board of Directors elected from among its members Matti Virtaala as Chairman. KPMG Oy Ab, Authorized Public Accountants, was appointed as auditor

Authorisation to purchase the company's own shares

The Annual General Meeting authorised the Board of Directors to acquire shares of the company in accordance with the proposals of the Board.

Authorisation to decide on share issues and on the transfer of Tulikivi Corporation shares held by the company, and on the right to issue special rights, as defined in Chapter 10, section 1, giving entitlement to shares of the Limited Liability Companies Act





The Annual General Meeting authorised the Board of Directors to decide on issuing new shares and on the transfer of Tulikivi Corporation shares held by the company in accordance with the proposals of the Board. In accordance with the proposals of the Board, the authorisation also includes the right to issue special rights, as defined in Chapter 10, section 1 of the Limited Liability Companies Act, giving entitlement to subscribe Tulikivi shares against payment or by setting off the receivable.

Future outlook

Consumers in the company's main markets are still very cautious and are considering their investment decisions carefully.

Net sales in 2012 are expected to be at about the same level as in 2011. The company has carried out centralisation and adjustment measures, and these will create significant savings in 2012 and they are expected to turn the operating result for the year 2012 into a profit.

The order books at the end of the period amounted to EUR 7.8 million (EUR 9.7 million on 31 March 2011 and EUR 5.7 million on 31 December 2011).

Segment reporting

The Group's reportable segments are the Fireplaces and the Interior Stone segments. The Fireplaces segment includes soapstone and ceramic fireplaces sold under the Tulikivi and Kermansavi brands, their accessories, sauna heaters and fireplace lining stones. The Interior Stone segment consists of interior stone products for the home. In previous financial years this segment was called Natural Stone Products. The segment name was changed when the Group discontinued its stone deliveries to construction sites in 2011. Expenses not allocated to a segment are recognised under 'Other items' in segment reporting. These expenses include expenses of the Group administration and expenses pertaining to financial administration, and also financial expenses and taxes.

Strategy

The aim in 2012 is to turn the operating result into a profit. The Group's strategy covers all key operating and financial targets to 2016. Under the strategy, the company is targeting annual organic growth of over 10 per cent in the next few years. A further aim is that in 2016 Tulikivi's profit before taxes will be 10 per cent of net sales. Corporate acquisitions in support of the strategy are also possible.

INTERIM REPORT 1-3/2012, SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



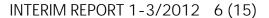


MEUR

	1-3/12	1-3/11	Change, %	1-12/11
Sales Other operating income Increase/decrease in inventories in finished goods and	10.7 0.2	12.6 0.1	-14.8	58.8 1.0
in work in progress Production for own use	0.9 0.1	-0.2 0.2		-0.5 0.8
Raw materials and consumables External services Personnel expenses Depreciation Other operating expenses	2.7 1.6 4.4 1.0 3.5	2.6 1.9 4.9 1.0 3.8		12.2 9.0 22.5 4.2 14.5
Operating profit/loss Percentage of sales Finance income Finance expense Share of the profit of associated company	-1.4 -13.1 0.0 -0.2	-1.5 -11.9 0.1 -0.3	12.3	-2.4 -4.1 0.2 -0.9
Profit before tax Percentage of sales Change in deferred tax	-1.6 -13.5 0.4	-1.7 -13.5 0.4	9.2	-3.1 -5.3 0.7
Profit/loss for the period	-1.2	-1.3	9.5	-2.4
Other comprehensive income Interest rate swaps Translation differences	0.0 0.0	0.1 -0.1		0.0 0.0
Total comprehensive income for the period	-1.2	-1.3	7.7	-2.4

Earnings per share attributable to the





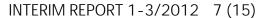


equity holders of the parent company, EUR basic and diluted

basic and diluted -0.03 -0.04 25.0 -0.07

CONSOLIDATED STATEMENT OF FINANCIAL POS MEUR ASSETS Non-current assets	ITION 3/2012	3/2011	12/2011
Property, plant and equipment Land Buildings Machinery and equipment Other tangible assets	1.0	1.0	1.0
	6.4	6.9	6.5
	5.0	6.2	5.0
	1.5	1.3	1.8
Intangible assets Goodwill Other intangible assets Investment properties Available-for-sale investments Receivables	4.2	4.2	4.2
	12.7	11.1	12.6
	0.2	0.2	0.2
	0.0	0.1	0.0
Deferred tax assets Other receivables Total non-current assets	2.5	2.0	2.1
	0.2	0.0	0.2
	33.6	33.0	33.5
Current assets Inventories Trade receivables Current income tax receivables Other receivables Cash and cash equivalents Total current assets Total assets	11.2	11.1	10.7
	5.2	5.6	4.3
	0.0	0.0	0.1
	1.3	1.3	1.1
	4.1	7.5	6.8
	21.8	25.5	23.0
	55.4	58.5	56.6
EQUITY AND LIABILITIES Equity Share capital Treasury shares Translation difference Revaluation reserve Invested unrestricted equity	6.3	6.3	6.3
	-0.1	-0.1	-0.1
	0.0	-0.1	0.0
	0.0	0.0	-0.1
	7.4	7.4	7.4

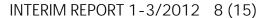






Retained earnings Total equity Non-current liabilities	4.1 17.6	7.3 20.8	5.3 18.8
Deferred income tax liabilities	1.4	1.6	1.4
Provisions	1.3	1.0	1.3
Interest-bearing debt	22.0	21.6	19.0
Other debt	0.2	0.0	0.2
Total non-current liabilities	24.9	24.2	21.9
Current liabilities	0.0	0.1	0.1
Trade and other payables	8.2	9.1	9.1
Current provisions	0.4	0.1	0.9
Short-term interest-bearing debt	4.4	4.3	5.9
Total current liabilities	12.9	13.5	15.9
Total liabilities	37.8	37.7	37.8
Total equity and liabilities	55.4	58.5	56.6
CONSOLIDATED STATEMENT OF CASH FLOWS			
CONSOLIDATED STATEMENT OF CASH FLOWS	1-3/	1-3/	1-12/
MEUR	2012	2011	2011
IVILOR	2012	2011	2011
Cash flows from operating activities			
Profit/loss for the period	-1.2	-1.3	-2.4
Adjustments:			
Non-cash transactions	0.8	1.0	3.5
Interest expenses			
and interest income and taxes	-0.2	-0.2	0.1
Change in working capital	-2.8	-1.5	1.1
Interest paid and received			
and taxes paid	-0.1	-0.2	-0.9
Net cash flow from operating	0.5	0.0	4.4
activities	-3.5	-2.2	1.4
Cash flows from investing activities			
Investment in property, plant and			
equipment and intangible assets	-0.9	-1.1	-4.7
Grants received for investments			
and sales of property, plant and			
equipment	0.3		1.1
Net cash flow from investing			

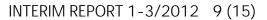






activities		-0.6	-1.	1		-3.6
Cash flows from financing activities Proceeds from non-current and current borrowings		2.5	1.!	5		5.5
Repayment of non-current and current borrowings		-1.1	-0.9	9		-5.9
Dividends paid and treasury shares						-0.9
Net cash flow from financing activities		1.4	0.0	6		-1.3
Change in cash and cash equivalents		-2.7	-2.	7		-3.4
Cash and cash equivalents at beginning of period Cash and cash equivalents at		6.8	10.2	2		10.2
end of period		4.1	7.!	5		6.8
STATEMENT OF CHANGES IN EQUITY MEUR						
Share capital	The invested unre-stricted	Re- valua- tion re-	Trea- sury share	Trans- lation diff.	Re- tained earn- ings	Total
Equity	equity fund	serve				
Jan. 1, 2012 6.3 Total comprehensive	7.4	-0.1	-0.1	0.0	5.3	18.8
income for the period Equity		0.0			-1.2	-1.2
March 31,2012 6.3	7.4	0.0	-0.1	0.0	4.1	17.6
Equity						
Jan. 1, 2011 6.3 Total comprehensive	7.4	-0.1	-0.1	0.0	8.7	22.1
income for the period Equity		0.1		-0.1	-1.3	-1.3







March 31, 2010	6.3	7.4	0.0	-0.1	-0.1	7.3	20.8
SEGMENT REPORTII MEUR	NG		1-3/ 2012	1-3/ 2011			1-12/ 2011
Operating segments Sales Fireplaces Interior Stone			10.7 9.6 1.1	12.6 11.4 1.2			58.8 53.5 5.3
Operating profit/los Fireplaces Interior Stone Other items	S		-1.4 -0.8 -0.2 -0.4	-1.5 -0.9 -0.2 -0.4)		-2.4 0.2 -0.6 -2.0
OPERATING SEGME			Q1/ 2012	Q4/ 2011	Q3/ 2011	Q2/ 2011	Q1/ 2011
Operating segments Sales Fireplaces Interior Stone			10.7 9.6 1.1	15.5 14.4 1.1	15.1 14.2 0.9	15.6 13.5 2.1	12.6 11.4 1.2
Operating profit/los Fireplaces Interior Stone Other items	S		-1.4 -0.8 -0.2 -0.4	-1.0 -0.4 -0.1 -0.6	0.5 1.2 -0.2 -0.5	-0.3 0.3 -0.1 -0.5	-1.6 -0.9 -0.2 -0.4





ASSETS AND LIABILITIES BY SEGMENT ON MARCH 31, 2012					
	Fire- places	Interior Stone	Other items	Total	
Assets by segment	43.2	2.8	9.4	55.4	
Liabilities by Segment	10.1	0.7	27.0	37.8	
Investments Depreciation and amortisation	0.5	0.0	0.3	0.8	
expenses	0.8	0.0	0.2	1.0	
KEY FINANCIAL RATIOS AND					
SHARE RATIOS		0.44.0	0.44.4		
Earnings per share, EUR		3/12 -0.03	3/11 -0.04	1-12/11 -0.07	
Equity per share, EUR		-0.03 0.47	0.56	0.51	
Return on equity, %		-26.3	-24.6	-11.9	
Return on investments, %		-12.3	-12.7	-4.8	
Equity ratio, %		31.8	35.6	33.3	
Net indebtness ratio, % Current ratio		126.7 1.7	88.6 1.9	96.5 1.5	
Gross investments, MEUR		0.8	1.0	4.9	
Gross investments, % of sales		7.4	7.8	8.3	
Research and development costs, MEUR		0.5	0.7	2.1	
%/sales		4.7 7.8	5.2 9.7	3.8 5.7	
Outstanding orders (31 March), MEUR Average number of staff		7.8 364	412	427	
g The state of the					
Rate development of shares, EUR Lowest share price, EUR		0.63	1.06	0.61	
Highest share price, EUR		0.92	1.40	1.40	
Average share price, EUR		0.74	1.22	1.00	
Closing price, EUR		0.70	1.17	0.63	
Market capitalization at the					
end of period, 1000 EUR (Supposing that the market price of the K-share is the same as that of the A-share)		25 913.8	43 313.1	23 322.5	





Number of shares traded, (1000 pcs)	770	1427	3849
% of total amount of A-shares	2.8	5.2	14.0
Number of shares average	37019770	37019770	37019770
Number of shares 31 March	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 2011 financial statements, with the exception of the following new/amended standards that the group has adopted as from January 1, 2012:

- Amendments to IFRS 7 *Financial Instruments: Disclosures* (effective for financial years beginning on or after 1 July 2011): The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial instruments and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.
- Amendments to IAS 12 *Income Taxes* (effective for financial years beginning on or after 1 January 2012): The amendments deal with the underlying assumption related to the recognition of deferred tax. Based on the amendments the carrying amounts of certain assets carried at fair value, e.g. those of investment properties, are expected to be recovered primarily through sale in future rather than through use.

The management's view is that adaption of the standards 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 2011. The calculations rules can be found in the 2011 annual report, page 86.

Income taxes			
EUR million	1-3/12	1-3/11	1-12/11
Taxes for the current and previous			
reporting periods	0.0	0.0	0.0
Deferred taxes	0.4	0.4	0.7
Total	0.4	0.4	0.7





Collaterals given			
EUR million	3/12	3/11	12/11
Loans from credit institutions and			
other long term debts and loan			
guarantees, with related mortgages			
and pledges	26.4	26.3	25.9
Mortgages granted and			
collaterals pledged	29.1	29.5	27.2
Other given guarantees and			
pledges on behalf of own			
liabilities	0.7	1.0	0.8
Derivatives			
Interest rate swaps			
Nominal value	3.2	3.2	3.2
Fair value	-0.1	-0.1	-0.1
Foreign exchange forward contracts			
Nominal value	0.2	0.2	0.1
Fair value	0.0	0.0	0.0

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

Provisions

Restructuring provisions used in the Group during the review period totalled EUR 0.5 million. At the end of the period, the restructuring provision stood at EUR 0.7 million, the environmental provision at EUR 0.6 million and the warranty provision at EUR 0.4 million. Non-current provisions were EUR 1.3 million and current provisions EUR 0.4 million.

Provisions are itemized in greater detail in notes 26. Provisions and 34. Contingent liabilities in the consolidated financial statements in Annual Report 2011. Contingent liabilities have not changed after the end of the financial period.

Changes in tangible assets are classified as follows:

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EUR million	1-3/12	1-3/11	1-12/11
Acquisition costs	0.3	0.3	1.7
Proceeds from sale	-0.2	0.0	-0.3
Total	0.1	0.3	1.4





Changes	in intar	naihle	assets	are	classifies	as follows:
CHARACS	III III tai	MIDIC	assets	ai C	Classifics	as rollovvs.

EUR million	1-3/12	1-3/11	1-12/11
Acquisition costs	0.4	0.6	3.1
Proceeds from sales			-0.0
Total	0.4	0.6	3.1

Share capital

Share capital by share series

	Number of	% of	% of	Share,
	shares	shares	voting	EUR of
			rights	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 March 31, 2012	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 12, 2012 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 2013.

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 2013.

Related party transactions





The following transactions with related parties tool	k place:		
EUR 1000	3/12	3/11	12/11
Sales to associated companies			
and related parties	11	_	8
Purchases from associated			
companies	168	52	310
Leases from related parties	27	27	108
Fixed assets acquired from associated companies			115
Receivables from the related parties	-	-	1
Outstanding receivables from the related parties	41		263

Transactions with other related parties

Tulikivi Corporation is a founder member of the Finnish Stone Research Foundation. The company has leased offices, storages and show rooms from the property owned by the Foundation and North Karelia Educational Federation of Municipalities. The rent paid for these facilities was EUR 58 thousand (33 thousand) in the period. The rent corresponds with the market rents.

Key management compensation			
EUR 1000	3/12	3/11	12/11
Salaries and other short-term employee			
benefits of the Board of Directors			
and Managing Directors	85	82	446
Other long term employee			
benefits	36	40	51

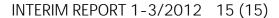
Largest shareholders on March 31, 2012 Name of shareholder	Shares	Pro- portion of total vote
Vauhkonen Reijo	4 189 827	24.3 %
Vauhkonen Heikki	3 020 953	24.1 %
Elo Eliisa	2 957 020	5.9 %
Virtaala Matti	2 436 116	12.6 %
Mutual Pension Insurance		
Ilmarinen	1 902 380	1.5 %
Mutanen Susanna	1 643 800	7.2 %

769 310



3.5 %

Vauhkonen Mikko





Paatero Ilkka	718 430	0.6 %
Nuutinen Tarja	674 540	3.5 %
Investment Fond Phoebus	585 690	0.5 %
Other shareholders	18 245 904	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 and Rakentamisen MALL Oy.

TULIKIVI CORPORATION

Board of Directors Matti Virtaala Chairman of the Board

Distribution: NASDAQ OMX Helsinki Ltd Central Media www.tulikivi.com

Additional information: Tulikivi Corporation, 83900 Juuka, +358 207 636 000 www.tulikivi.com

- Chairman of the Board of Directors Matti Virtaala
- Managing Director Heikki Vauhkonen

