TIKKURILA

Interim Report | Q2
January–June 2012

Tikkurila Oyj
Interim Report
August 2, 2012 at 9:00 a.m. (CET+1)

Tikkurila's Interim Report for January−June 2012
– Streamlining operations improves results

April–June 2012 highlights

- Revenue increased by 5.6 percent to EUR 209.5 million (4–6/2011: EUR 198.3 million).
- Operating profit (EBIT) excluding non-recurring items was EUR 34.8 (27.5) million, i.e. 16.6 (13.8) percent of revenue.
- Operating profit (EBIT) was EUR 33.3 (27.5) million, i.e. 15.9 (13.8) percent of revenue.
- Non-recurring items for the second quarter were EUR -1.5 (0.0) million.
- EPS was EUR 0.52 (0.39).
- Tikkurila reiterates its outlook for 2012. In 2012, Tikkurila expects the revenue growth to exceed the average GDP growth in Tikkurila's main market areas. Tikkurila expects EBIT in euro to stay at the same level as in 2011.

January–June 2012 highlights

- Revenue for the first year-half increased by 7.7 percent to EUR 358.4 million (1–6/2011: EUR 332.8 million).
- Operating profit (EBIT) excluding non-recurring items was EUR 44.9 (34.0) million, i.e. 12.5 (10.2) percent of revenue.
- Operating profit (EBIT) was EUR 39.1 (34.0) million, i.e. 10.9 (10.2) percent of revenue.
- Non-recurring items for the first year-half were EUR -5.9 (0.0) million.
- EPS was EUR 0.51 (0.42).

Key figures

(EUR million)	**4–6/2012**	4–6/2011	Change %	**1–6/2012**	1–6/2011	Change %	1–12/2011
Income statement							
Revenue	**209.5**	198.3	5.6%	**358.4**	332.8	7.7%	643.7
Operating profit (EBIT), excluding non-recurring items	**34.8**	27.5	26.9%	**44.9**	34.0	32.2%	62.7
Operating profit (EBIT) margin, excluding non-recurring items, %	**16.6%**	13.8%		**12.5%**	10.2%		9.7%
Operating profit (EBIT)	**33.3**	27.5	21.3%	**39.1**	34.0	15.0%	61.2
Operating profit (EBIT) margin, %	**15.9%**	13.8%		**10.9%**	10.2%		9.5%
Profit before taxes	**31.0**	23.9	30.0%	**33.0**	27.3	21.0%	50.7
Net profit	**23.0**	17.0	35.2%	**22.5**	18.5	21.6%	35.5
Other key indicators							
EPS, EUR	**0.52**	0.39	35.2%	**0.51**	0.42	21.6%	0.80
ROCE, %, rolling	**20.6%**	18.8%		**20.6%**	18.8%		19.4%
Cash flow after capital expenditure	**-0.7**	1.7		**-23.5**	-26.0	9.6%	13.3
Net interest-bearing debt at period-end				**155.2**	137.7	12.7%	99.4
Gearing, %				**84.0%**	77.1%		51.9%
Equity ratio, %				**35.0%**	34.4%		44.1%
Personnel at period-end				**3,555**	3,794	-6.3%	3,551

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Comments by Erkki Järvinen, President and CEO:

“We can be very pleased with our second quarter result, which improved considerably. Our relative profitability was on a very good level. However, the re-escalated problems in the euro region began to show towards the end of the review period. The decrease in the oil price increased the caution among Russian consumers. Increased uncertainty related to the economic development reflected broadly in retail and in paint sales in all our markets as well at the end of the review period. In addition, reduced construction starts, slower home sales and tax deduction cuts implemented in certain markets affected sales to professionals, in particular.

Our revenue growth rate declined in the second quarter due to negative sales volume development. The volume development took a downward turn in all our markets after a promising beginning of the year. Weather conditions, which affect the exterior painting season, were not favorable in Finland and Scandinavia during the early summer. On the other hand, growth was supported by increases in sales prices, which were implemented both last year and at the beginning of this year to compensate for the increased raw material costs.

Our operating profit and relative profitability improved considerably in the second quarter as a result of revenue growth and the streamlining measures. Restructuring and cost savings were reflected in a lower fixed expenses level. The situation with raw materials seems to have stabilized. We estimate that raw material prices will remain close to the current level throughout the remainder of the year and that the availability outlook is somewhat better.

Despite the fairly favorable beginning of the year, we reiterate our outlook for the entire year. The crisis in the euro region makes the situation gloomier, and there is considerable uncertainty in the economic development in the remainder of the year."

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Press Conference today at 12:00 p.m.

Tikkurila will hold a press conference regarding its January–June 2012 Interim Report for the media and analysts today on August 2, 2012, at 12:00 p.m. (CET+1) in the Akseli Gallén-Kallela Cabinet at the Hotel Kämp (address Pohjoisesplanadi 29, 00100 Helsinki). The conference will be held in Finnish language. Attendees will be served lunch at the conference premises starting at 11:30 (CET+1). The Interim Report will be presented by **Erkki Järvinen**, President and CEO, and **Jukka Havia**, CFO.

The stock exchange release and presentation materials will be available before the event at www.tikkurilagroup.com/investors.

Tikkurila will publish its Interim Report for January−September 2012 on Wednesday November 7, 2012 at around 9:00 a.m. (CET+1).

Tikkurila Oyj
Erkki Järvinen, President and CEO

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For 150 years already, Tikkurila has provided consumers and professionals with user-friendly and sustainable solutions for surface protection and decoration. Tikkurila wants to be the leading paint company in the Nordic area as well as in Russia and other selected Eastern European countries. – Tikkurila inspires you to color your life.

www.tikkurilagroup.com

Tikkurila Oyj Interim Report January 1–June 30, 2012

This Interim Report has been prepared in accordance with the IAS 34 standard and other valid regulations. The information disclosed is unaudited except for the whole year 2011 data. The figures presented in the Interim Report are independently rounded.

Fluctuations in exchange rates in this Interim Report refer to the translation effect of the exchange rates.

In this Report all forward-looking statements in relation to the company or its business are based on the management judgment, and macroeconomic or general industry data are based on third-party sources.

If there are any discrepancies between the language versions of the Interim Report, the Finnish version shall prevail.

Tikkurila's business operations are organized in four reporting segments, or Strategic Business Units (SBU). Tikkurila's reporting segments are SBU East, SBU Scandinavia, SBU Finland, and SBU Central Eastern Europe. SBU East consists of Russia, Ukraine, Central Asian countries and Belarus. SBU Scandinavia covers Sweden, Denmark, and Norway. SBU Finland covers Tikkurila's business operations in Finland. SBU Central Eastern Europe includes Estonia, Latvia, Lithuania, Poland, China, Germany, Serbia and Macedonia. Furthermore, this SBU is responsible for the exports to approximately 25 countries that are not included in the operating areas of the other SBUs.

Market Review

Some cautious positive signals were seen in the world economy in the spring, but the hopefulness generated by the more positive outlook dimmed considerably during the summer as new problems emerged in the euro region. Growth in the emerging markets slowed down as well. Confidence indicators, which strengthened in the spring in Tikkurila's key developed markets in Sweden and Finland, took a downward turn again in June. The economy in Russia grew by nearly five percent in the first quarter of the year, but economic uncertainty and reduced oil prices also started to show in Russia towards the end of the second quarter. Growth of GDP for the entire year is estimated at three to four percent in Russia. Nevertheless, this is more than in Sweden and Finland, where growth is expected to be less than one percent. Growth of the Polish GDP is estimated to reach approximately three percent in the current year.

Construction increased from last year, but growth would seem to slow down considerably in many markets. In Finland, the cubic volume of new construction permits fell by approximately 25 percent compared to the previous year during the beginning of the year, and home sales decreased. Construction, which in Russia grew favorably last year and at the beginning of the current year as well, showed signs of slowing down towards the summer.

During the first half of 2012, the average exchange rates of Russian ruble and Swedish krona strengthened slightly against the euro compared to the first half of 2011, whereas the Polish zloty weakened somewhat. After the review period euro has depreciated.

There were no significant changes in the prices of raw materials and packaging materials during the first half compared to the end of last year, and availability was at a good level.

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Financial Performance in April–June 2012

Revenue and operating result by reporting segment in April–June are presented in the table below.

April–June (EUR million)	**Revenue**		**Operating result (EBIT) excluding non-recurring items**	
	4–6/2012	4–6/2011	**4–6/2012**	4–6/2011
SBU East	**82.4**	73.5	**15.3**	10.2
SBU Scandinavia	**55.9**	56.8	**8.8**	10.2
SBU Finland	**34.3**	34.9	**7.0**	5.7
SBU Central Eastern Europe	**36.9**	33.0	**4.5**	2.1
Group common and eliminations	**0.0**	0.0	**-0.7**	-0.8
Consolidated Group	**209.5**	198.3	**34.8**	27.5

Tikkurila Group's **revenue** for April–June 2012 grew by 5.6 percent from the comparison period. The organic growth of revenue was the strongest in the SBU East region. Revenue decreased slightly in Scandinavia and in Finland. EUR 20.3 million of the total growth was due to the sales price increases and changes in the sales mix. Lower sales volumes reduced revenue by EUR 11.8 million. The negative impact of exchange rate fluctuations was EUR 0.8 million. The acquisition of the Serbian Tikkurila Zorka in July 2011 increased revenue in the second quarter of the 2012 financial period by EUR 6.0 million. The divestment of two retail stores in Sweden at the end of 2011 decreased revenue by EUR 1.5 million in the second quarter. The negative impact of the divestment of the subsidiaries in Hungary, Czech Republic, Slovakia and Romania at the end of February 2012 on revenue for the second quarter was EUR 1.0 million.

Operating profit (EBIT) excluding non-recurring items in April–June 2012 totaled EUR 34.8 (27.5) million, which accounts for 16.6 (13.8) percent of revenue.

Operating profit (EBIT) in April–June 2012 totaled EUR 33.3 (27.5) million, equaling 15.9 (13.8) percent of the revenue. Increased revenue and lower fixed costs improved profitability. Non-recurring items for the period under review totaled EUR -1.5 (0.0) million and were related to an impairment of a land area and related buildings in Russia, to the implementation of the streamlining program and to the divestments.

The net financial expenses in April–June 2012 were EUR 2.4 (3.7) million. Profit before taxes was EUR 31.0 (23.9) million. Taxes totaled EUR 8.0 (6.8) million, equaling an effective tax rate of 25.9 (28.7) percent. Earnings per share were EUR 0.52 (0.39) in the review period.

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Financial Performance in January–June 2012

Revenue and operating result by reporting segment in January–June are presented in the table below.

January–June (EUR million)	**Revenue**		**Operating result (EBIT) excluding non-recurring items**	
	1–6/2012	1–6/2011	**1–6/2012**	1–6/2011
SBU East	**122.6**	106.3	**15.5**	8.7
SBU Scandinavia	**105.7**	103.5	**13.9**	15.0
SBU Finland	**65.7**	64.5	**12.3**	9.4
SBU Central Eastern Europe	**64.3**	58.4	**4.6**	2.5
Group common and eliminations	**0.0**	0.0	**-1.3**	-1.7
Consolidated Group	**358.4**	332.8	**44.9**	34.0

Tikkurila Group's **revenue** for January–June 2012 grew by 7.7 percent from the comparison period. EUR 31.3 million of the total growth was mainly due to the sales price increases but also to changes in the sales mix. Lower sales volumes reduced revenue by EUR 8.1 million. The negative impact of exchange rate fluctuations was EUR 1.8 million. The acquisition of Tikkurila Zorka in July 2011 increased revenue at the beginning of 2012 by EUR 8.4 million. The divestment of two retail stores in Sweden at the end of 2011 decreased revenue by EUR 2.8 million during the first half of the year. The negative impact of the divestment of the subsidiaries in Central Eastern Europe on revenue at the beginning of the year was EUR 1.4 million.

Operating profit (EBIT) excluding non-recurring items in January–June 2012 totaled EUR 44.9 (34.0) million, which accounts for 12.5 (10.2) percent of revenue.

Operating profit (EBIT) in January–June 2012 was EUR 39.1 (34.0) million. Increased revenue and lower fixed costs improved the operating profit. The level of variable costs was higher than in the comparison period due to the increased raw material costs. Overall, Tikkurila managed to compensate for the increased raw materials costs well by raising its sales prices and streamlining its own operations. Non-recurring items in the review period amounted to EUR -5.9 (0.0) million. The majority of the non-recurring expenses are associated with the implementation of the streamlining program under way in the Group. In addition, an impairment of EUR 1.0 million was recognized related to a land area and related buildings in Russia.

The net financial expenses in January–June 2012 were EUR 6.1 (6.9) million. Profit before taxes was EUR 33.0 (27.3) million. Taxes totaled EUR 10.5 (8.8) million, equaling an effective tax rate of 31.8 (32.2) percent. Earnings per share were EUR 0.51 (0.42) in the review period.

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Financial Performance by Reporting Segments

SBU East

EUR million	**4–6/2012**	4–6/2011	Change %	**1–6/2012**	1–6/2011	Change %	1–12/2011
Revenue	**82.4**	73.5	12.0%	**122.6**	106.3	15.3%	220.0
Operating profit (EBIT), excluding non-recurring items	**15.3**	10.2	50.0%	**15.5**	8.7	77.8%	25.3
Operating profit (EBIT) margin, excluding non-recurring items, %	**18.6%**	13.9%		**12.6%**	8.2%		11.5%
Operating profit (EBIT)	**14.3**	10.2	39.9%	**14.0**	8.7	60.3%	25.3
Operating profit (EBIT) margin, %	**17.3%**	13.9%		**11.4%**	8.2%		11.5%
Capital expenditure excluding acquisitions	**1.0**	0.9	9.7%	**2.2**	1.5	49.7%	3.9

Financial Performance in April–June 2012

SBU East's revenue in the second quarter of 2012 grew from the comparison period. Growth continued to be at a good level, but slowed down from the beginning of the year due to the increased economic uncertainty. EUR 10.2 million of the revenue growth was due to the sales price increases and changes in the sales mix. The sales volumes decline weakened revenue by EUR 1.4 million.

The operating profit excluding non-recurring items in the second quarter increased clearly and relative profitability improved. Profitability was improved by revenue growth and streamlining of operations. The non-recurring items of the review period amounted to EUR -1.0 million and were related to the impairment recognized on a land area and buildings in Chelyabinsk, Russia. The land area was originally purchased for a production plant site, but the construction project was canceled and the lot has been put up for sale.

Financial Performance in January–June 2012

SBU East's revenue in the first half of 2012 increased from the comparison period due to the increased sales prices and changes in the sales mix.

The operating profit in the first half of the year excluding non-recurring items increased clearly and relative profitability improved. Profitability was improved by the increase in revenue, in particular. The non-recurring items of the beginning of the year amounted to EUR -1.5 million and were related to the streamlining of operations and the impairment recognized on the land area and buildings.

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SBU Scandinavia

EUR million	4–6/2012	4–6/2011	Change %	1–6/2012	1–6/2011	Change %	1–12/2011
Revenue	**55.9**	56.8	-1.7%	**105.7**	103.5	2.1%	192.3
Operating profit (EBIT), excluding non-recurring items	**8.8**	10.2	-13.9%	**13.9**	15.0	-7.0%	24.3
Operating profit (EBIT) margin, excluding non-recurring items, %	**15.7%**	18.0%		**13.2%**	14.5%		12.6%
Operating profit (EBIT)	**8.5**	10.2	-16.9%	**13.4**	15.0	-10.3%	24.2
Operating profit (EBIT) margin, %	**15.2%**	18.0%		**12.7%**	14.5%		12.6%
Capital expenditure excluding acquisitions	**0.7**	1.0	-33.4%	**1.4**	1.2	14.9%	3.5

Financial Performance in April–June 2012

SBU Scandinavia's revenue in the second quarter of 2012 decreased slightly from the comparison period as the sales volumes decreased due to the uncertainty of the economic development and the rainy beginning of the summer. The negative impact of lower sales volumes was EUR 4.1 million. Increases in sales prices grew revenue by EUR 3.8 million and exchange rate fluctuations increased it by EUR 0.8 million. The divestment of retail stores completed at the end of December 2011 reduced SBU Scandinavia's second quarter revenue by EUR 1.5 million.

The operating profit excluding non-recurring items in the second quarter decreased and relative profitability weakened. The reduction of revenue and the sales promotion expenses which were higher than in the comparison period weakened the operating profit. The non-recurring items of the period under review were EUR -0.3 million and were related to the streamlining program under way in the Group.

Financial Performance in January–June 2012

SBU Scandinavia's revenue in the first half of 2012 grew slightly from the comparison period. The positive impact of the increased sales prices was EUR 4.4 million, and the positive impact of exchange rate fluctuations was EUR 0.9 million. Lower sales volumes reduced revenue by EUR 0.4 million. The impact of the divestment of retail stores was EUR -2.8 million.

The operating profit in the first half of the year excluding non-recurring items decreased and relative profitability weakened. Operating profit of the first half of the year was reduced by higher raw material prices, which the sales price increases were not able to compensate for in full. The non-recurring items of the beginning of the year amounted to EUR -0.5 million and were related to the streamlining of operations.

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SBU Finland

EUR million	**4–6/2012**	4–6/2011	Change %	**1–6/2012**	1–6/2011	Change %	1–12/2011
Revenue	**34.3**	34.9	-1.6%	**65.7**	64.5	1.9%	109.2
Operating profit (EBIT), excluding non-recurring items	**7.0**	5.7	21.9%	**12.3**	9.4	30.2%	10.9
Operating profit (EBIT) margin, excluding non-recurring items, %	**20.2%**	16.3%		**18.7%**	14.6%		10.0%
Operating profit (EBIT)	**7.0**	5.7	21.8%	**10.3**	9.4	9.7%	10.8
Operating profit (EBIT) margin, %	**20.2%**	16.3%		**15.7%**	14.6%		9.9%
Capital expenditure excluding acquisitions	**1.0**	0.5	81.4%	**2.9**	1.3	118.0%	4.1

Financial Performance in April–June 2012

SBU Finland’s revenue in the second quarter of 2012 decreased slightly from the comparison period. Economic uncertainty reflected in retail, and the slowdown of construction weakened sales to professionals. Sales volumes were lower than in the comparison period and reduced revenue by EUR 3.0 million. The positive impact of the sales price increases was EUR 2.5 million. Weather conditions were rainy and changed a lot during the review period, which partially contributed to the weak volume development.

The operating profit excluding non-recurring items in the second quarter increased clearly from the comparison period and relative profitability improved. Cost savings improved profitability.

Financial Performance in January–June 2012

SBU Finland’s revenue in the first half of 2012 grew slightly from the comparison period. The increase was due to sales price increases, which had an impact of EUR 4.3 million. Sales volumes were lower than in the comparison period and reduced revenue by EUR 3.0 million.

The operating profit excluding non-recurring items in the first half of the year increased clearly from the comparison period and relative profitability improved. Cost savings improved profitability. The non-recurring items of the period under review were EUR -1.9 million and were related to the streamlining program under way in the Group.

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SBU Central Eastern Europe (CEE)

EUR million	**4–6/2012**	4–6/2011	Change %	**1–6/2012**	1–6/2011	Change %	1–12/2011
Revenue	**36.9**	33.0	11.6%	**64.3**	58.4	10.1%	122.2
Operating profit (EBIT), excluding non-recurring items	**4.5**	2.1	113.4%	**4.6**	2.5	79.7%	4.4
Operating profit (EBIT) margin, excluding non-recurring items, %	**12.3%**	6.4%		**7.1%**	4.4%		3.6%
Operating profit (EBIT)	**4.3**	2.1	103.8%	**2.8**	2.5	10.2%	3.2
Operating profit (EBIT) margin, %	**11.7%**	6.4%		**4.4%**	4.4%		2.6%
Capital expenditure excluding acquisitions	**1.2**	0.7	68.2%	**2.0**	1.1	81.0%	3.3

Financial Performance in April–June 2012

SBU Central Eastern Europe's revenue in the second quarter of 2012 increased from the comparison period. The increase was due to sales price increases, which had an impact of EUR 3.7 million. The sales volumes in the area decreased, excluding the impact of the acquisition of Tikkurila Zorka in Serbia. Lower sales volumes reduced revenue by EUR 3.3 million. The negative impact of exchange rate fluctuations was EUR 1.5 million. The inclusion of Tikkurila Zorka in the consolidated financial statements from the beginning of July 2011 increased SBU Central Eastern Europe's revenue for the second quarter by EUR 6.0 million. The negative impact of the divestment of the subsidiaries in Hungary, Czech Republic, Slovakia, and Romania at the end of February 2012 on revenue of the second quarter was EUR 1.0 million.

Operating profit for the second quarter excluding non-recurring items doubled from the comparison period. Profitability improved due to revenue growth as well as based on the impact of restructuring in the area and cost savings. The non-recurring items in the second quarter of the year amounted to EUR -0.2 million and were related to the restructuring under way in the Group.

Financial Performance in January–June 2012

SBU Central Eastern Europe's revenue in the first half of 2012 increased from the comparison period. The increase was due to sales price increases, which had an impact of EUR 6.8 million. The sales volumes in the area decreased, excluding the impact of the acquisition of Tikkurila Zorka. The sales volumes were lower than in the comparison period and reduced revenue by EUR 5.0 million. The negative impact of exchange rate fluctuations was EUR 2.9 million. The consolidation of Tikkurila Zorka in the consolidated financial statements increased SBU Central Eastern Europe's revenue in the first half of the year by EUR 8.4 million. The negative impact of the divestment of the subsidiaries in Central Eastern Europe on revenue at the beginning of the year was EUR 1.4 million.

Operating profit for the first half of the year excluding non-recurring items nearly doubled from the comparison period. Profitability improved against the backdrop of revenue growth as well as the restructuring measures in the area and cost savings. The non-recurring items of the beginning of the year were EUR -1.8 million and are related to the restructuring under way in the Group.

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Cash Flow, Financing Activities, and Financial Risk Management

Tikkurila's financial position and liquidity remained at a good level during the review period.

Cash flow from operations in January–June totaled EUR -13.8 (-22.6) million. The increase in the first year-half cash flow was, in particular, based on the efficiency boosting actions carried out throughout the Group, as well as on better net working capital development than in the comparison period. Net working capital totaled EUR 145.3 (132.6) million at the end of the review period. The level of net working capital increased due to the higher level of sales receivables, in particular. Net cash flow from the investing activities was EUR -9.7 (-3.4) million, when taking into account the acquisitions and divestments. Cash flow after capital expenditure totaled EUR -23.5 (-26.0) million during the review period.

Interest-bearing debt amounted to EUR 169.6 (174.0) million and the net debt was EUR 155.2 (137.7) million at the end of the review period. Cash and cash equivalents amounted to EUR 14.4 (36.3) million at the end of the review period. The amount of Group's net debt grew by EUR 55.8 million in the review period in comparison to the end of the 2011 financial year. This was primarily due to the payment of EUR 32.2 million dividends in the second quarter and the seasonal growth in the amount of tied working capital in the first half of the year. The short-term interest-bearing debt totaled EUR 108.9 (54.6) million at the end of June. At that time, the company had issued commercial papers for a total nominal amount of EUR 40.0 (0.0) million. Moreover, at the end of June, the Group had long-term interest-bearing debt totaling EUR 60.7 (119.4) million and a total of EUR 86.4 (41.1) million of unused committed credit facilities or credit limits.

The Group's net financial expenses were EUR 6.1 (6.9) million, of which net interest expenses and other financing expenses accounted for EUR 3.3 (4.2) million. The average capital-weighted interest rate of interest-bearing debt was 3.1 (5.6) percent. The net profit was negatively affected by a total of EUR 2.9 (2.7) million during the review period due to the impact of realized and unrealized exchange rate differences recognized in net finance expenses.

At the end of June, the equity ratio was 35.0 (34.4) percent, and gearing was 84.0 (77.1) percent.

At the end of the review period, the nominal value of Tikkurila's foreign exchange rate forward agreements was EUR 54.4 (93.5) million and the corresponding market value was EUR -0.6 (0.8) million. On June 30, 2012 the average nominal hedge ratio was about 51 percent.

Capital Expenditure

In January–June 2012, the gross capital expenditure excluding acquisitions amounted to EUR 8.5 (5.1) million. No major single investments were carried out during the review period. Capital expenditures in the period under review are related to, among others, the modernization investments of packaging and labeling lines, as well as automatization of palletizing in the factories in Finland, the automatization investments in the water-borne production site in Russia, the centralization of alkyd resin production to the factory in Poland, the modernization investments of crane systems and forklifts in the production site in Sweden and the renewal of the ERP application (enterprise resource planning) in Russia.

The Group's depreciation, amortization and impairment losses amounted to EUR 11.7 (10.2) million in January−June. The Group performs impairment tests in accordance with the IAS 36 standard.

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Research and Development

In January–June 2012, Tikkurila's research and development expenses totaled EUR 5.5 (5.3) million, corresponding to 1.5 (1.6) percent of revenue.

Human Resources

At the end of June 2012, the Tikkurila Group employed 3,555 (3,794) people. The average number of employees in January–June was 3,489 (3,609).

Tikkurila Group's number of employees at the end of each quarter is presented below split by SBU, starting from the first quarter of 2011.

	Q1/2011	Q2/2011	Q3/2011	Q4/2011	Q1/2012	**Q2/2012**
SBU East	1,558	1,642	1,576	1,527	1,522	**1,534**
SBU Scandinavia	468	514	464	422	413	**447**
SBU Finland	743	825	705	688	624	**685**
SBU CEE	750	777	940	877	848	**853**
Group functions	36	36	36	37	34	**36**
Total	3,555	3,794	3,721	3,551	3,441	**3,555**

Share-based Commitment and Incentive Plan

In order to commit and motivate key personnel, the Board of Directors of Tikkurila Oyj decided on a new share-based plan in February 2012. During the second quarter the Board selected ten key persons that each has a right to participate in this share-based plan. In order to participate, each person has to buy Tikkurila Oyj's shares from the market. The maximum amount of shares under this plan has been individually defined for each participant.

Based on the commitment and incentive plan a total of EUR 0.1 million was booked as personnel expenses during the second quarter according to IFRS 2 standard into the Group income statement. Correspondingly, the estimated total value of the plan for the period of 2012–2014 totaled approximately EUR 1.6 million at the end of the review period. The total value will be expensed over a three-year period until the first quarter of 2015, when the potential payments will take place if the terms and conditions of the plan are met. Half of the payments will be in shares, and a half will be settled in cash. Share price changes as well as the terms and conditions of the plan will determine the value and corresponding liability in relation to the cash-settled portion.

Shares and Shareholders

At the end of June 2012, Tikkurila's share capital was EUR 35.0 million, and the total number of registered shares was 44,108,252. At the end of June 2012, Tikkurila held no treasury shares.

According to Euroclear Finland Oy's register, Tikkurila had a total of some 22,400 shareholders on June 30, 2012. A list of the largest shareholders registered in the book-entry account system is regularly updated and is available on Tikkurila's website at www.tikkurilagroup.com/investors/share_information/shareholders.

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At the end of June, the closing price of Tikkurila's share was EUR 13.45. In January–June, the volume-weighted average share price was EUR 14.44, the highest price EUR 15.45, and the lowest EUR 12.89. At the end of June, the market value of Tikkurila Oyj's shares was EUR 593.3 million. During January–June, a total of 3.3 million Tikkurila shares, corresponding to approximately 7.6 percent of the number of registered shares, were traded on NASDAQ OMX Helsinki Ltd. The value of the traded volume was EUR 48.1 million.

Mergers and Acquisitions

At the end of the review period the assets and liabilities of Kujot Sp.z.o.o (former Tikkurila Coatings Sp.z.o.o), a Polish subsidiary of Tikkurila, were classified as held for sale.

Members of the Nomination Board of Tikkurila

Tikkurila Oyj's three largest registered shareholders on May 31, 2012, named their representatives for Tikkurila's Nomination Board. The members of the Nomination Board are Pekka Paasikivi, Chairman of the Board of Directors of Oras Invest Oy; Timo Ritakallio, Deputy CEO of Ilmarinen Mutual Pension Insurance Company; and Risto Murto, Executive Vice President of Varma Mutual Pension Insurance Company. The fourth member of the Nomination Board is Jari Paasikivi, the Chairman of the Board of Directors of Tikkurila Oyj, who acts as an expert member.

Short-term Risks and Uncertainties

Tikkurila's business involves a number of strategic, operational, financial and hazard risks. Tikkurila strives to recognize, assess and react to risks as proactively as possible, and restrict their possible adverse effects.

Macroeconomic outlook weakened considerably at the beginning of the summer, as speculations on the disintegration of the euro region increased and the problems of the banking system in Spain became apparent. The situation will have an impact on, among other things, investment planning, construction activity, and private consumption, and, further, on the demand of Tikkurila's products and services in all of its market areas. The challenging economic situation may also increase the probability of bad debt risks.

Based on the revised strategy that was published in October 2011, Tikkurila is evaluating various restructuring alternatives in its production and logistics set-up. It is possible that the roles and responsibilities of production sites will change. As part of this process, a decision was made during the second quarter that a Russian lot, which originally was acquired with a target to build a factory on it, was put on sale. As a consequence of this, a EUR 1.0 million impairment loss was recognized during the second quarter in relation to this site. In case the Group would in the future implement additional similar restructuring measures, there is a risk that they cause either impairment or environmental obligations or requirements for restoration.

Weather conditions have an impact on demand for paint and the painting activity. If the weather in the rest of the summer and fall continues to be equal to the weather during the early summer, the volume development of the sales of Tikkurila's products may be adversely affected.

Tikkurila's Financial Statement Release for the 2011 financial year describes the key short-term risk areas, where no significant changes have taken place compared to the situation stated in the release. In addition, the 2011 Annual Report describes the Group's risk management principles and provides a more detailed description of matters related to financial risk management, among others. Furthermore, Tikkurila's Corporate Governance Statement describes the Group's key risks in a greater detail from a longer term

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perspective. The Corporate Governance Statement and Annual Report are available on Tikkurila's website at www.tikkurilagroup.com.

Outlook for 2012

Tikkurila reiterates its outlook for 2012.

In 2012, the GDP is expected to remain close to the 2011 levels or the GDP growth is expected to be low in the key market areas of Tikkurila. Further raw material cost increases are predicted, even though it is assumed that the raw material and packaging material cost inflation will be clearly lower than in 2011.

In 2012, Tikkurila expects the revenue growth to exceed the average GDP growth in Tikkurila's main market areas. Tikkurila expects EBIT in euro to stay at the same level as in 2011.

The estimates presented above are based on internal assessment reflecting management's most recent forecasts for full-year 2012 financial performance. These estimates are based on the assumption that foreign exchange rates would stay at the same level as the actual exchange rates on December 31, 2011. The estimates are also based on Tikkurila's current distribution network and business structure. The main market areas referred above include Russia, Sweden, Finland and Poland. Moreover, as announced during the fourth quarter of 2011, a group-wide efficiency program aiming at increasing competitiveness was launched in 2011 and it will be continued in 2012, and therefore the impact of the non-recurring expenses linked to the implementation of the efficiency program or of any potential major restructuring actions, regardless of their timing, are not taken into account in the guidance.

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Summary Financial Statements and Notes

This interim financial report is prepared in accordance with IAS 34 Interim Financial Reporting standard. The same accounting policies have been applied in this interim financial report as in the annual financial statement for 2011, with the exception of the following new or revised or amended standards and interpretations which have been applied from the beginning of 2012.

This interim financial report is unaudited.

As a result of rounding differences, the figures presented in the tables may not add up to the total.

The Group applies the following new or revised or amended standards and interpretations from January 1, 2012:

- Amendment to IFRS 7 Financial Instruments: Disclosures - Transfer of Financial Assets
- Amendment to IFRS 1 First Time Adoption

- Amendment to IAS 12 – Income Taxes. This has not yet been approved to be applied in the EU. The Group shall apply this amendment after it has been endorsed by the EU.

The Group's view is that the adoption of the standards and interpretations above did not have any material effect on the financial statements of the reporting period.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	4-6/2012	4-6/2011	1-6/2012	1-6/2011	1-12/2011
Revenue	**209,465**	198,310	**358,393**	332,793	643,729
Other operating income	**469**	526	**899**	922	1,793
Expenses	**-170,308**	-166,316	**-308,477**	-289,510	-562,645
Depreciation, amortization and impairment losses	**-6,322**	-5,059	**-11,736**	-10,213	-21,666
Operating profit	**33,304**	27,461	**39,079**	33,992	61,211
Total financial income and expenses	**-2,362**	-3,658	**-6,064**	-6,857	-10,832
Share of profit or loss of associates	**78**	53	**30**	177	294
Profit before taxes	**31,020**	23,856	**33,045**	27,312	50,673
Income taxes	**-8,021**	-6,848	**-10,516**	-8,781	-15,186
Net profit for the period	**22,999**	17,008	**22,529**	18,531	35,487
Other comprehensive income					
Available-for-sale financial assets	**-225**	60	**-3**	354	342
Foreign currency translation differences for foreign operations	**-3,042**	-119	**3,208**	710	-4,261
Income taxes related to components of other comprehensive income	**-16**	-18	**-100**	-100	54
Total comprehensive income for the period	**19,716**	16,931	**25,634**	19,495	31,622
Net profit attributable to:					
Owners of the parent	**22,999**	17,008	**22,529**	18,531	35,487
Non-controlling interest	**-**	-	**-**	-	-
Net profit for the period	**22,999**	17,008	**22,529**	18,531	35,487
Total comprehensive income attributable to:					
Owners of the parent	**19,716**	16,931	**25,634**	19,495	31,622
Non-controlling interest	**-**	-	**-**	-	-
Total comprehensive income for the period	**19,716**	16,931	**25,634**	19,495	31,622
Earnings per share of the net profit attributable to owners of the parent					
Basic earnings per share (EUR)	**0.52**	0.39	**0.51**	0.42	0.80
Diluted earnings per share (EUR)	**0.52**	0.39	**0.51**	0.42	0.80

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
EUR 1,000

ASSETS	Jun 30, 2012	Jun 30, 2011	Dec 31, 2011
Non-current assets			
Goodwill	**68,548**	68,403	68,696
Other intangible assets	**28,834**	28,858	30,155
Property, plant and equipment	**110,891**	110,454	112,570
Investment in associates	**1,016**	826	971
Available-for-sale financial assets	**3,033**	3,061	3,028
Non-current receivables	**12,715**	6,543	7,564
Defined benefit pension assets	**366**	292	491
Deferred tax assets	**6,969**	5,045	4,932
Total non-current assets	**232,372**	223,482	228,407
Current assets			
Inventories	**96,610**	96,261	94,690
Interest-bearing receivables	**620**	670	63
Non-interest-bearing receivables	**183,164**	162,841	96,023
Cash and cash equivalents	**14,414**	36,298	10,426
Assets classified as held for sale	**598**	-	4,894
Total current assets	**295,406**	296,070	206,096
Total assets	**527,778**	519,552	434,503

EQUITY AND LIABILITIES	Jun 30, 2012	Jun 30, 2011	Dec 31, 2011
Share capital	**35,000**	35,000	35,000
Other reserves	**359**	359	359
Fair value reserve	**1,634**	1,612	1,636
Reserve for invested unrestricted equity	**40,000**	40,000	40,000
Translation differences	**-10,983**	-11,428	-16,281
Retained earnings	**118,705**	113,114	130,786
Equity attributable to owners of the parent	**184,715**	178,657	191,500
Non-controlling interest	**-**	-	-
Total equity	**184,715**	178,657	191,500
Non-current liabilities			
Interest-bearing non-current liabilities	**60,683**	119,445	60,345
Other non-current liabilities	**1,306**	-	2,382
Pension obligations	**17,239**	16,377	16,743
Provisions	**931**	240	534
Deferred tax liabilities	**11,062**	10,840	10,980
Total non-current liabilities	**91,221**	146,902	90,984
Current liabilities			
Interest-bearing current liabilities	**108,913**	54,596	49,504
Non-interest-bearing current liabilities	**142,615**	139,204	101,675
Provisions	**272**	193	222
Liabilities classified as held for sale	**42**	-	618
Total current liabilities	**251,842**	193,993	152,019
Total equity and liabilities	**527,778**	519,552	434,503

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CONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS

EUR 1,000	4-6/2012	4-6/2011	1-6/2012	1-6/2011	1-12/2011
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit for the period	**22,999**	17,008	**22,529**	18,531	35,487
Adjustments for:					
Non-cash transactions	**7,727**	5,345	**16,293**	11,240	25,437
Interest and other financial expenses	**2,582**	5,125	**6,568**	8,698	12,051
Interest income and other financial income	**-218**	-1,467	**-502**	-1,841	-1,219
Income taxes	**8,021**	6,848	**10,516**	8,781	15,185
Funds from operations before change in net working capital	**41,111**	32,859	**55,404**	45,409	86,941
Change in net working capital	**-29,188**	-26,629	**-49,261**	-60,384	-25,421
Interest and other financial expenses paid	**-2,356**	-2,159	**-4,143**	-5,812	-12,700
Interest and other financial income received	**-574**	155	**332**	529	1,070
Income taxes paid	**-6,263**	181	**-16,157**	-2,343	-12,790
Total cash flow from operations	**2,730**	4,407	**-13,825**	-22,601	37,100
CASH FLOW FROM INVESTING ACTIVITIES					
Business combinations	**-**	-	**-**	-	-11,930
Other capital expenditure	**-3,686**	-3,129	**-9,973**	-5,579	-15,600
Proceeds from sale of assets	**74**	82	**239**	1,796	3,335
Change in non-current loan receivables decrease (+), increase (-)	**43**	196	**-91**	258	263
Dividends received	**132**	120	**132**	120	120
Net cash used in investing activities	**-3,437**	-2,731	**-9,693**	-3,405	-23,812
Cash flow before financing	**-707**	1,676	**-23,518**	-26,006	13,288
CASH FLOW FROM FINANCING ACTIVITIES					
Change in non-current borrowings, increase (+), decrease (-)	**-**	-112	**-**	-20,199	-80,000
Current financing, increase (+), decrease (-)	**33,832**	44,156	**57,780**	44,272	40,008
Dividends paid	**-32,199**	-30,876	**-32,199**	-30,876	-30,876
Other	**-1,181**	-905	**698**	-641	-1,264
Net cash used in financing activities	**452**	12,263	**26,279**	-7,444	-72,132
Net change in cash and cash equivalents	**-255**	13,939	**2,761**	-33,450	-58,844
Cash and cash equivalents at the beginning of period	**13,472**	21,564	**10,426**	69,328	69,328
Effect of exchange rate fluctuations on cash held	**-70**	415	**236**	790	-278
Cash and cash equivalents transferred in assets held for sale	**138**	-	**-198**	-	336
Cash and cash equivalents at the end of period	**13,149**	35,088	**13,149**	35,088	10,426
Net change in cash and cash equivalents	**-255**	13,939	**2,761**	-33,450	-58,844

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
EUR 1,000

	Equity attributable to the owners of the parent							Non-controlling interest	Total equity
	Share capital	Other reserves	Fair value reserve	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Total		
Equity at Jan 1, 2011	35,000	359	1,350	40,000	-12,130	125,459	190,038	-	190,038
Total comprehensive income for the period	-	-	262	-	702	18,531	19,495	-	19,495
Dividends paid	-	-	-	-	-	-30,876	-30,876	-	-30,876
Equity at Jun 30, 2011	35,000	359	1,612	40,000	-11,428	113,114	178,657	-	178,657
Equity at Jan 1, 2012	**35,000**	**359**	**1,636**	**40,000**	**-16,281**	**130,786**	**191,500**	**-**	**191,500**
Total comprehensive income for the period	**-**	**-**	**-2**	**-**	**5,298**	**20,338**	**25,634**	**-**	**25,634**
Share-based compensation	**-**	**-**	**-**	**-**	**-**	**63**	**63**	**-**	**63**
Adjustment arising from hyperinflation	**-**	**-**	**-**	**-**	**-**	**-283**	**-283**	**-**	**-283**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-32,199**	**-32,199**	**-**	**-32,199**
Equity at Jun 30, 2012	**35,000**	**359**	**1,634**	**40,000**	**-10,983**	**118,705**	**184,715**	**-**	**184,715**

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OPERATING SEGMENTS

Tikkurila's business activities are organized in four reporting segments based on its strategy to be the leading provider of paint-related architectural solutions for consumers and professionals in the Nordic area as well as in Russia and other selected Eastern European countries. The differences in these operating environments and overall management of each area have been taken into account while establishing these reporting segments. Segments' revenue arises from the sales of various paints and related products that are sold to retailers, industrial customers and for professional use. Insignificant revenue is received from the sales of auxiliary services related to paints. Tikkurila common section includes the items related to the Group headquarters.

The evaluation of profitability and decision making concerning resource allocation are based on segmental operating profit. Segment assets are items of the statement of financial position that the segment employs in its business activities or which can reasonably be allocated to a segment. Segments' revenue is presented based on the location of the customers, whereas reportable segment assets are presented according to the location of the assets. Inter-segment pricing is based on market prices. External revenue accumulates from a large number of customers.

Revenue by segment	**4-6/2012**	4-6/2011	**1-6/2012**	1-6/2011	1-12/2011
EUR 1,000					
SBU East	**82,392**	73,542	**122,645**	106,344	220,041
SBU Scandinavia	**55,855**	56,821	**105,720**	103,535	192,347
SBU Finland	**34,346**	34,916	**65,723**	64,488	109,182
SBU Central Eastern Europe	**36,873**	33,030	**64,305**	58,426	122,158
Total	**209,465**	198,310	**358,393**	332,793	643,729

EBIT by segment	**4-6/2012**	4-6/2011	**1-6/2012**	1-6/2011	1-12/2011
EUR 1,000					
SBU East	**14,276**	10,201	**13,981**	8,723	25,343
SBU Scandinavia	**8,476**	10,205	**13,424**	14,970	24,237
SBU Finland	**6,951**	5,707	**10,334**	9,423	10,804
SBU Central Eastern Europe	**4,320**	2,120	**2,803**	2,543	3,166
Tikkurila common	**-718**	-757	**-1,462**	-1,653	-2,340
Eliminations	**0**	-15	**0**	-14	0
Total	**33,304**	27,461	**39,079**	33,992	61,211
Non-allocated items:					
Total financial income and expenses	**-2,362**	-3,658	**-6,064**	-6,857	-10,832
Share of profit or loss of associates	**78**	53	**30**	177	294
Profit before taxes	**31,020**	23,856	**33,045**	27,312	50,673

Assets by segment	**Jun 30, 2012**	Jun 30, 2011	Dec 31, 2011
EUR 1,000			
SBU East	**153,437**	140,422	125,048
SBU Scandinavia	**176,880**	176,674	163,710
SBU Finland	**87,911**	100,896	78,708
SBU Central Eastern Europe	**101,897**	99,498	88,872
Assets, non-allocated to segments	**99,109**	80,834	41,280
Eliminations	**-91,456**	-78,772	-63,115
Total assets	**527,778**	519,552	434,503

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Non-recurring items by segment
EUR 1,000

	SBU East	SBU Scandinavia	SBU Finland	SBU Central Eastern Europe	Tikkurila common	Total 1-6/2012
Personnel related	-507	-501	-1,937	-579	-124	**-3,648**
Divestments	-	-	-	-1,189	-	**-1,189**
Impairment losses	-1,019	-	-	-	-	**-1,019**
Total	**-1,526**	**-501**	**-1,937**	**-1,768**	**-124**	**-5,856**

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR 1,000	**1-6/2012**	1-6/2011	1-12/2011
Carrying amount at the beginning of period	**112,570**	114,736	114,736
Business combinations	**-**	-	3,273
Additions	**6,804**	4,479	13,422
Disposal of subsidiaries and businesses	**-111**	-	-145
Disposals	**-293**	-216	-604
Depreciation, amortization and impairment losses	**-9,093**	-7,740	-15,389
Exchange rate differences and other changes	**1,014**	-805	-2,723
Carrying amount at the end of period	**110,891**	110,454	112,570

Tikkurila Group had contractual commitments for purchase of property, plant and equipment EUR 1.9 (3.3) million at the end of June 2012.

CHANGES IN INTANGIBLE ASSETS

EUR 1,000	**1-6/2012**	1-6/2011	1-12/2011
Carrying amount at the beginning of period	**98,850**	98,930	98,930
Business combinations	**-**	-	7,787
Additions	**1,666**	608	1,460
Disposal of subsidiaries and businesses	**-1**	-	-2,440
Disposals	**-3**	-	-
Depreciation, amortization and impairment losses	**-2,643**	-2,473	-6,278
Exchange rate differences and other changes	**-487**	195	-609
Carrying amount at the end of period	**97,382**	97,260	98,850

Tikkurila Group had contractual commitments for intangible assets EUR 0.9 million at the end of June 2012.

INVENTORIES

Write-down of inventory for a total amount of EUR 1.2 (0.8) million was recognized until end of June 2012.

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RELATED PARTY TRANSACTIONS

Tikkurila Group has related party relationships amongst the parent company, the subsidiaries, the associates and the joint ventures. Related parties also include members of Board of Directors and the Group's Board of Management, including the President and CEO.

Related party transactions are presented below

EUR 1,000	**1-6/2012**	1-6/2011	1-12/2011
Joint ventures			
Sales	**1,133**	1,107	2,248
Receivables	**243**	305	125
Liabilities	**30**	20	13
Associates			
Sales	**12,036**	11,392	20,229
Purchases	**653**	662	1,244
Receivables	**11,407**	11,304	3,780
Liabilities	**-**	-	-

According the letter of intent announced in November 2011, Tikkurila has concluded the divestment of its three sales subsidiaries in Hungary, Czech Republic and Slovakia. The companies were transferred to Dejmark Group, a company established by Tikkurila's local management, on February 29, 2012. Moreover, Tikkurila agreed on selling all the shares in its Romanian subsidiary to the same buyer.

More information is presented in the first quarter interim report published on April 26, 2012 under headline " Disposal of group companies".

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COMMITMENTS AND CONTINGENT LIABILITIES

EUR 1,000	**Jun 30, 2012**	Jun 30, 2011	Dec 31, 2011
Mortgages given as collateral for liabilities in the statement of financial position			
Loans from pension institutions	**-**	20,000	-
Mortgages given	**-**	53,000	-
Other loans	**-**	-	-
Mortgages given	**102**	102	102
Total loans	**-**	20,000	-
Total mortgages given	**102**	53,102	102
Contingent liabilities			
Guarantees			
On behalf of own commitments	**282**	969	946
On behalf of others	**2,967**	3,417	2,899
Lease obligations	**44,254**	41,028	39,290
Total contingent liabilities	**47,503**	45,414	43,135

In addition, Tikkurila Group has some commitments which are related to personnel's years in service as well as retiring. These commitments are not mandatory, but are rather established by a pattern of past practice. The amount of the obligation cannot be measured with sufficient reliability.

Group's production facility in Poland is located on land on which the Polish subsidiary has a long-term use of right, until 2089. Nominal future payments for this right of the use of land have been added on to the lease obligations as of June 30, 2012, even though technically these are not rental payments.

During the second quarter a claim has been raised at the District Court of Vantaa, where an ex-customer of SBU Finland requires a total of about EUR 0.3 million for damages. In Tikkurila's opinion, the claim has no grounds.

DERIVATIVE INSTRUMENTS

EUR 1,000	**Jun 30, 2012**		Jun 30, 2011		Dec 31, 2011	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Currency derivatives						
Currency forwards	**54,445**	**-617**	93,478	795	96,237	351
Interest rate derivatives						
Interest rate swaps	**-**	**-**	30,000	60	-	-

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KEY PERFORMANCE INDICATORS

	4-6/2012/ Jun 30, 2012	4-6/2011/ Jun 30, 2011	**1-6/2012/ Jun 30, 2012**	1-6/2011/ Jun 30, 2011	1-12/2011/ Dec 31, 2011
Earnings per share / basic and diluted, EUR	**0.52**	0.39	**0.51**	0.42	0.80
Cash flow from operations, EUR 1,000	**2,730**	4,407	**-13,825**	-22,601	37,100
Cash flow from operations / per share, EUR	**0.06**	0.10	**-0.31**	-0.51	0.84
Capital expenditure, EUR 1,000	**3,686**	3,129	**9,973**	5,579	27,530
of revenue %	**1.8%**	1.6%	**2.8%**	1.7%	4.3%
Shares (1,000), average	**44,108**	44,108	**44,108**	44,108	44,108
Shares (1,000), at the end of the reporting period	**44,108**	44,108	**44,108**	44,108	44,108
Equity attributable to the owners of the parent / per share, EUR	**4.19**	4.05	**4.19**	4.05	4.34
Equity ratio, %	**35.0%**	34.4%	**35.0%**	34.4%	44.1%
Gearing, %	**84.0%**	77.1%	**84.0%**	77.1%	51.9%
Interest-bearing financial liabilities (net), EUR 1,000	**155,182**	137,743	**155,182**	137,743	99,423
Return on capital employed (ROCE), % p.a.	**20.6%**	18.8%	**20.6%**	18.8%	19.4%
Personnel (average)	**3,516**	3,704	**3,489**	3,609	3,676

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DEFINITIONS OF KEY FIGURES

Earnings per share (EPS)

$$\frac{\text{Net profit of the period attributable to the owners of the parent}}{\text{Shares on average}}$$

Equity per share

$$\frac{\text{Equity attributable to the owners of the parent at the end of the reporting period}}{\text{Number of shares at the end of the reporting period}}$$

Cash flow from operations / per share

$$\frac{\text{Cash flow from operations}}{\text{Shares on average}}$$

Equity ratio, %

$$\frac{\text{Total equity x 100}}{\text{Total assets - advances received}}$$

Gearing, %

$$\frac{\text{Net interest-bearing financial liabilities x 100}}{\text{Total equity}}$$

Interest-bearing financial liabilities (net)

Interest-bearing liabilities - money market investments - cash and cash equivalents

Net working capital

Inventories + interest-free receivables, excluding current tax assets, accrued interest income and other prepaid financial items - interest-free liabilities, excluding current tax liabilities, accrued interest expenses and other accrued financial items

Return on capital employed (ROCE), % p.a. **

$$\frac{\text{Operating profit + share of profit or loss of associates x 100}}{\text{(Net working capital + property, plant and equipment ready for use + intangible assets ready for use + investments in associates)*}}$$

* average during the period
** actual operating profit and share of profit or loss of associates taken into account for a rolling twelve month period ending at the end of the review period

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SEGMENT INFORMATION BY QUARTER

Revenue by segment **EUR 1,000**	1-3/2011	4-6/2011	7-9/2011	10-12/2011	1-3/2012	4-6/2012
SBU East	32,803	73,542	74,635	39,061	40,254	82,392
SBU Scandinavia	46,713	56,821	50,480	38,332	49,865	55,855
SBU Finland	29,572	34,916	27,001	17,693	31,378	34,346
SBU Central Eastern Europe	25,396	33,030	39,708	24,025	27,432	36,873
Total	134,483	198,310	191,824	119,112	148,928	209,465

EBIT by segment **EUR 1,000**	1-3/2011	4-6/2011	7-9/2011	10-12/2011	1-3/2012	4-6/2012
SBU East	-1,478	10,201	14,920	1,700	-296	14,276
SBU Scandinavia	4,766	10,205	9,688	-422	4,948	8,476
SBU Finland	3,716	5,707	3,221	-1,840	3,383	6,951
SBU Central Eastern Europe	423	2,120	3,344	-2,720	-1,517	4,320
Tikkurila common	-896	-757	-182	-505	-744	-718
Eliminations	0	-15	-12	26	0	0
Total	6,531	27,461	30,980	-3,761	5,775	33,304
Non-allocated items:						
Total financial income and expenses	-3,200	-3,658	-2,287	-1,688	-3,702	-2,362
Share of profit or loss of associates	125	53	-39	156	-48	78
Profit / loss before taxes	3,456	23,856	28,654	-5,293	2,025	31,020

Assets by segment **EUR 1,000**	Mar 31, 2011	Jun 30, 2011	Sep 30, 2011	Dec 31, 2011	Mar 31, 2012	Jun 30, 2012
SBU East	125,682	140,422	129,011	125,048	137,800	153,437
SBU Scandinavia	167,683	176,674	166,685	163,710	165,299	176,880
SBU Finland	94,612	100,896	92,029	78,708	92,392	87,911
SBU Central Eastern Europe	79,429	99,498	101,086	88,872	96,104	101,897
Assets, non-allocated to segments	69,638	80,834	40,131	41,280	88,232	99,109
Eliminations	-70,289	-78,772	-58,601	-63,115	-88,012	-91,456
Total assets	466,755	519,552	470,342	434,503	491,816	527,778

Vantaa, August 1, 2012

TIKKURILA OYJ
BOARD OF DIRECTORS

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