Financial Statement Release Jan-Dec 2011

- The Tulikivi Group's fourth-quarter net sales were EUR 15.5 million (EUR 16.6 million, Q4/2010), the operating result was EUR -1.0 (0.8) million and the result before taxes was EUR -1.2 (0.7) million. The result was adversely affected by the restructuring provision of EUR 1.0 million for adjustment measures.
- For the full year 2011, net sales amounted to EUR 58.8 million (EUR 55.9 million in 2010), the operating result was EUR -2.4 (-0.3) million and the result before taxes EUR -3.1 (-1.0) million. The result was adversely affected by non-recurring expenses of EUR 1.6 million caused by the centralisation and adjustment measures. Earnings per share amounted to EUR -0.07 (-0.02).
- Year-end order books were at EUR 5.7 (6.3) million.
- Cash flow from operating activities before investments was EUR 1.4 (2.9) million.
- The Board will propose to the Annual General Meeting that no dividend be paid.
- Future outlook: 2012 net sales are expected to be at the same level as 2011 The company has carried out centralisation and adjustment measures, which will bring significant savings and enable a positive operating profit to be posted.

Managing Director Heikki Vauhkonen
"2011 began in positive spirits. Strengthened consumer confidence increased demand for our products both in Finland and abroad. In the early part of the year, demand for fireplaces was also boosted by continuously rising consumer energy prices and the cold winter.

Due to the euro crisis, consumer confidence weakened substantially, and this began to show in the order flows for Tulikivi products in the autumn. As a result of the economic uncertainties, it was not possible to achieve the net sales growth and profitability targets. Net sales of Tulikivi's interior stone products and fireplaces in Finland performed positively for the year as a whole. Fireplace exports and sales of lining stone products were at the previous year's level.

At the beginning of the final quarter, consumer confidence weakened significantly, and at the same time the flow of fireplace orders decreased both on the domestic market and in exports. In the subcontracted lining stone business, demand weakened substantially in late autumn, due to the euro crisis and the exceptionally warm autumn weather.

Despite the challenges in the operating environment, however, a number of strategically significant actions were taken during the year. Tulikivi decided to divest the loss-making utility ceramics and building stone businesses. The new enterprise resource planning (ERP) system introduced at the start of 2012 will improve the efficiency of operations in Tulikivi's various processes. With the adjustment measures carried out in 2011, the company is seeking around EUR 3 million in structural savings for 2012.

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The sauna business and the Tulikivi Green products, which are well-suited to low-energy construction, were developed considerably during the year and are important for the company's growth targets.

At Tulikivi's core there is now a uniform product range: fireplaces, sauna products and interior stone products. The redesign of the corporate image also reflects the renewal of the company and its products as well as a consistent approach.

In addition to the expanded product range, the distribution network has also been enlarged. In exports, a number of new distribution outlets have been opened and imports to the Czech Republic and Slovakia were begun. In Finland, the number of Tulikivi Service Points has grown. Tulikivi Corporation signed a chain agreement with Rautakesko Oy, effective on 1 March 2012, concerning the distribution of fireplaces, sauna heaters, design fireplaces and interior stone products in Finland.

Demand during the past few weeks has been higher than in the autumn, but there are still many uncertainties related to demand. The actions taken to boost sales and profitability will enable the pursuit of a positive result in 2012."

Focusing on core businesses and need for adjustment measures

The corporate cost structure was streamlined during the year by eliminating sections outside the core business and adjusting the number of staff.

In June Tulikivi decided to concentrate on its core business. The Group's core businesses are now the manufacture of fireplaces and sauna and interior stone products, development of product concepts and their marketing to consumers.

At the end of the year, Tulikivi divested the loss-making utility ceramics and building stone businesses. As a result, the building stone business in Taivassalo was sold, and manufacture of natural stone products was concentrated at the Espoo factory. A major share of the machine work in quarrying was outsourced. As a result of these arrangements, the number of employees in the Group was reduced by 55 people, of whom 43 people were made redundant. The net cost impact of these arrangements was EUR 0.6 million. The arrangement will reduce annual net sales by slightly under EUR 3.0 million.

Towards the end of the year, Tulikivi decided to carry out adjustment measures as the sales outlook in Tulikivi's principal markets deteriorated due to the on-going economic crisis. As a result of the codetermination negotiations, 51 employees are to be made redundant. It was also agreed that the company may need to implement layoffs of a maximum of 90 days in 2012. Owing to the adjustment decision, a restructuring provision was recognised which decreased the year's result by approximately EUR 1 million.

Thanks to the centralisation and adjusting measures, the corporate cost structure in 2012 will be substantially lighter than last year. With the actions taken, the company is seeking around EUR 3 million in savings for 2012.

Net sales and result

The Tulikivi Group´s fourth-quarter net sales were EUR 15.5 million (EUR 16.6 million in Q4/2010), the operating result was EUR -1.0 (0.8) million and the result before taxes EUR -1.2 (0.7) million. The fourth-quarter result was adversely affected by the restructuring provision of EUR 1.0 million for adjustment measures.

The full year net sales of the Tulikivi Group totalled EUR 58.8 million (EUR 55.9 million in 2010). The net sales of the Fireplaces Segment amounted to EUR 53.5 (50.8) million, and those of the Natural Stone Segment were EUR 5.3 (5.1) million. Towards the end of the year, weakening consumer confidence resulted in lower demand and the target for net sales was not achieved. Net sales of the Natural Stone Segment include EUR 0.4 million in net sales resulting from the sale of the building stone business's inventories. Otherwise the effect of the sale of the building stone business on net sales for 2011 was EUR -0.6 million. The like-for-like net sales of the Natural Stone Segment remained at the previous year's level.

Net sales in Finland totalled EUR 31.6 (29.2) million or 53.7 (52.3) per cent. Exports accounted for EUR 27.2 (26.7) million of the net sales total. The principal export countries were Sweden, France, Germany, Belgium and Russia. The net sales of fireplaces and lining stone products remained at the previous year's level. Demand decreased towards the end of the year, in lining stone products in particular.

The consolidated operating result was EUR -2.4 (-0.3) million. The Fireplaces Segment's operating profit was EUR 0.2 (2.2) million, while the operating result for the Natural Stone Products Segment was EUR -0.6 (-0.5) million, and the expenses not allocated to segments were EUR -2.0 (-2.0) million. The operating result was adversely affected by non-recurring expenses of EUR 1.6 million net caused by the centralisation and adjustment measures. Of these expenses, EUR 1.4 million is allocated to the Fireplaces Segment and EUR 0.2 million net to the Natural Stone Products Segment. In addition to these non-recurring expenses, the operating result for the financial year was burdened by expenses of EUR 0.8 million from the launch of electric sauna heaters, the expansion of the Finnish sales network, the redesign of the corporate image and the introduction of the new ERP system.

The consolidated result before taxes was EUR -3.1 (-1.0) million and comprehensive income was EUR -2.4 (-0.7) million. The consolidated return on investment was -4.9 (-0.1) per cent. Earnings per share amounted to EUR -0.07 (-0.02).

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Financing and investments

Cash flow from operating activities before investments was EUR 1.4 (2.9) million. Working capital decreased by EUR 1.1 million during the financial year and came to EUR 6.9 million. Interest-bearing debt was EUR 24.9 (25.3) million, and net financial expenses were EUR 0.7 (0.7) million. The current ratio was 1.5 per cent (1.9). The equity ratio was 33.3 (37.0) per cent and the ratio of interest-bearing net debt to equity, or gearing, was 96.5 (68.1) per cent. The equity per share amounted to EUR 0.51 (0.60). In the consolidated balance sheet the soapstone reserves owned or controlled by the company have been recognized at cost.

At the end of the financial year, the Group's cash and other liquid assets came to EUR 6.8 (10.2) million, and the total of undrawn credit facilities and unused credit limits amounted to EUR 4.1 (2.5) million. The Group's debt financing, totalling EUR 14.5 (13.9) million, includes covenant conditions which are tied to the Group's equity. All covenant conditions were met on the balance sheet date.

The Group´s investments in production, quarrying and development came to total of EUR 4.9 (3.4) million. The most significant investment in 2011 was the renewal of the ERP system. The new ERP (Enterprise resource planning) system was introduced on 2 January 2012. It will harmonise Tulikivi's internal processes in the various production plants and businesses. It will also make the management of the partner network and the entire delivery chain more efficient. Other major investments included replacement investments in the production plants and quarry investments.

Research and development expenses totalled EUR 2.1 (2.2) million, and their relative share of net sales was 3.8 (3.9) per cent. A total of EUR 0.6 (0.5) million of this figure, after deduction of subsidies, was capitalized. A Tulikivi range of electric sauna heaters was launched during the year, and development of a range of wood-fired sauna heaters was started. Representing a new generation of fireplaces, the new modular design Suvas fireplace was launched during 2011, as well as a range of decorated ceramic linings for fireplaces. Development of the Green products continued. With the Green products Tulikivi seeks to meet the energy efficiency and environmental requirements for future buildings.

Personnel

The Group employed an average of 427 (404) people during the financial year. The average was calculated according to the period of employment, taking account of the impact of layoffs. The number of personnel at the end of the year was 436 (497) people. Of these employees, 389

(426) were employed by the Fireplaces Segment, 24 (48) by the Natural Stone Products Segment and 23 (23) in activities not allocated to a segment. The number of personnel decreased during the year by 55 people as a result of the centralisation measures and will further increase by 51 people in 2012 as a result of the adjustment measures decided upon in December.

In all, 98.5 per cent of the employment relationships were permanent and 1.5 per cent were temporary. Salaries and bonuses during the year totalled EUR 17.4 (15.7) million. The figure includes EUR 0.9 million in restructuring costs.

The Tulikivi Group has an incentive pay scheme for all personnel. The incentive pay scheme is based on improvements in the Group's result and productivity, and the Managing Director and key personnel also have personal targets in addition to this. The 2011 result did not justify the payment of incentive pay. The cost impact of incentive pay given on the basis of personal targets was EUR 0.1 (0.1) million in the financial year.

Occupational safety during the year was good. The number of occupational accidents per million working hours was 34 (30).

Resolutions of the Annual General Meeting

Dividends

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 was paid out on 28 April 2011.

Decision-making bodies

The following persons were elected to the Board of Directors of the parent company and domestic business subsidiaries: Juhani Erma, 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 elected as the auditor.

Authorisation to repurchase the company's own shares

The Annual General Meeting authorised the Board of Directors to acquire the company's own shares as proposed by 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 giving entitlement to shares as defined in Chapter 10, section 1, 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 as proposed by 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, which give entitlement to subscribe Tulikivi shares against payment or by setting off the receivable.

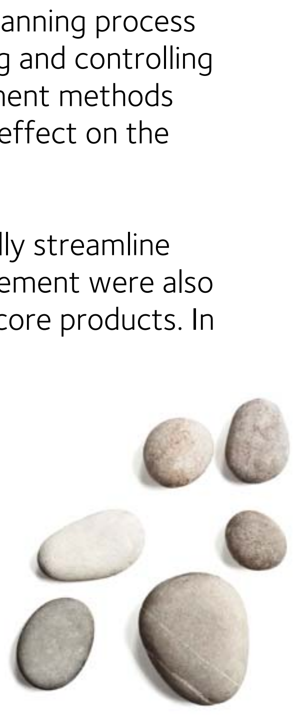
Treasury shares
At the start and end of the financial year, the total number of Tulikivi Corporation shares held by the company was 124 200 Series A shares, which corresponds to 0.3 per cent of the company's share capital and 0.1 per cent of all voting rights. The company did not purchase or assign any of its own shares during the year.

Major business risks
The Group's business risks are categorised as strategic and operational risks, damage, casualty and loss risks and financial risks. Strategic risks are related to the nature of business operations, and they concern, but are not limited to, changes in the Group's operating environment, financial markets, market situation and market position as well as consumer habits and demand factors, allocation of resources, raw material reserves, changes in legislation and regulations, business operations as a whole, the reputation of the company, its brands and raw materials, and large investments.

Operational risks are related to products, distribution channels, personnel, operations, new product launches and processes. Damage, casualty and loss risks include fires, serious breakdowns of machinery and other damage to assets that may also lead to interruption of business. Damage, casualty and loss risks also include occupational health and safety risks, environmental risks and accident risks. Financial risks the Group is exposed to are liquidity risks, risks related to capital management, interest rate risks and foreign currency risks.

Risk evaluation is carried out in connection with the drawing up of the strategic planning process and the annual action plan. Following analysis of the risks, the means of preventing and controlling them have been examined on the basis of impact and probability. If risk management methods prove ineffective or cannot be used, realised risks can have a substantial adverse effect on the result, financial position, business and share value.

During the financial year, the actions taken to improve profitability will substantially streamline the corporate cost structure. Other development projects to enhance risk management were also continued. As a result, new product lines were launched to complement Tulikivi's core products. In



addition to the expanded product range, the distribution network has also been enlarged on the domestic market and in exports.

Any major downturn that might be caused by the euro area crisis could decrease the demand for the company´s products and the company's profitability and equity. The company's balance sheet assets include goodwill, the value of which is based on the management's estimates. If these estimates fail to materialise, it is possible that impairment losses would have to be recognised in connection with the impairment testing processes. Weakened profitability and a drop in equity could lead to a deterioration the company´s financial position.

Environmental obligations

Tulikivi's environmental strategy is geared towards making systematic progress in environmental matters in specified areas. All of Tulikivi Corporation's operational quarries and the ceramic production of the Heinävesi plant have the environmental permits they require. There are no ongoing permit processes.

Under the Mining Act and environmental legislation, the Tulikivi Group has landscaping obligations that must be met during operations and after the quarries and plants are eventually shut down. No hazardous or poisonous substances are left in the environment as a result of the Group's operations.

The Group's operations comply with the environmental permits, the requirements of the authorities and the environmental protection requirements. The Group is neither party to judicial or administrative procedures concerning environmental issues nor is it aware of any environmental risks that would have a significant effect on its financial position.

Events following the end of the financial year

The Group's new ERP system was introduced on 2 January 2012. The implementation has progressed as planned.

Tulikivi Corporation signed a chain agreement with Rautakesko Oy, effective on 1 March 2012, concerning the distribution of fireplaces, sauna heaters, design fireplaces and interior stone products in Finland. This will further strengthen the sales channel for fireplaces while establishing appropriate conditions for the efficient distribution of sauna heaters and interior stone products in the domestic market.

Future outlook

The substantial weakening of consumer confidence seen in the principal markets has ceased, and during the past few weeks demand has been higher than last autumn, although the outlook continues to be uncertain.

2012 net sales are expected to be at the same level as 2011. The company has carried out centralisation and adjustment measures, which will bring significant savings and enable a positive operating profit to be posted.

Order books at the end of the year amounted to EUR 5.7 (6.3) million, part of which concerns end-of-year deliveries.

Board of Directors' proposal on use of distributable equity

The parent company's distributable equity amounts to EUR 6 377 000. The Board will propose to the Annual General Meeting that no dividend be paid.

Segment reporting

The Group's operating segments are the Fireplaces Segment and the Natural Stone Products Segment. The Fireplaces Segment includes Tulikivi and Kermansavi soapstone and ceramic fireplaces, their accessories, fireplace lining stones and, until 31 December 2011, utility ceramics. The Natural Stone Products Segment 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.

As of 1 January 2012, the Natural Stone Products Segment is called the Interior Stone Products Segment.

Strategy

The Group strategy covers all key operating and financial targets to the end of 2016. Under the strategy, the company is targeting annual organic growth of over 10 per cent in the next few years. The aim is also to achieve an operating profit of 10 per cent within the next five years. The target for return on equity is that is it should exceed 20 per cent. Corporate acquisitions in support of the strategy are also possible.

Corporate Governance Statement

Tulikivi Corporation will issue its Corporate Governance Statement for 2011 separately from the Annual Report. The Corporate Governance Statement has been prepared in accordance with Recommendation 54 of the Finnish Corporate Governance Code and Chapter 2, section 6 of the Securities Markets Act. Information on corporate governance can be found on Tulikivi's website, at http://www.tulikivi.com/en/tulikivi/Corporate_governance_and_management.

FINACIAL STATEMENT Jan-Dec 2011, SUMMARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
EUR million

	Jan-Dec 2011	Jan-Dec 2010	Change %	Q4 2011	Q4 2010	Change %
Sales	58.8	55.9	5.2	15.5	16.6	-6.6
Other operating income	1.0	0.7		0.1	0.2	
Increase/decrease in inventories in finished goods and in work in progress	-0.5	0.8		0.0	0.6	
Production for own use	0.8	0.4		0.3	0.2	
Raw materials and consumables	12.2	11.5		3.1	3.5	
External services	9.0	9.2		2.5	2.9	
Personnel expenses	22.5	19.7		6.7	5.7	
Depreciation and amortisation	4.2	4.7		1.0	1.2	
Other operating expenses	14.5	12.8		3.6	3.4	
Operating profit/loss	-2.4	-0.3	-700.0	-1.0	-0.8	-225.0
Percentage of sales	-4.1	-0.5		-6.5	4.8	
Finance income	0.2	0.2		0.1	0.1	
Finance expense	-0.9	-1.0		-0.2	-0.2	
Share of the profit of associated company	0.0	0.0		0.0	0.0	
Profit before tax	-3.1	-1.0	-210.0	-1.2	0.7	-271.4
Percentage of sales	-5.3	-1.8		-7.7	4.2	

Income tax expenses	0.7	0.2		0.2	-0.2	
Profit/loss for the year	-2.4	-0.8	-200.0	-1.0	0.4	-350.0
Other comprehensive income						
Interest rate swaps	0.0	0.1		0.0	0.1	
Translation differences	0.0	0.0		0.0	0.0	
Total comprehensive income for the year	-2.4	-0.7	-242.9	-1.0	0.5	-280.0
Earnings per share attributable to the equity holders of the parent company, EUR basic and diluted	-0.07	-0.02	-250.0	-0.03	0.01	-400.0

CONSOLIDATED BALANCE SHEET

EUR million	12/11	12/10
ASSETS		
Non-current assets		
Property, plant and equipment		
Land	1.0	1.0
Buildings	6.5	7.0
Machinery and equipment	5.4	6.5
Other tangible assets	1.4	1.3
Intangible assets		
Goodwill	4.2	4.2
Other intangible assets	12.6	10.8
Investment properties	0.2	0.2
Available-for-sale investments	0.1	0.1
Receivables		
Other receivables	0.2	
Deferred tax assets	2.0	1.6
Total non-current assets	33.6	32.7

Current assets		
Inventories	10.7	10.9
Trade receivables	4.3	5.1
Current income tax receivables	0.1	
Other receivables	1.1	0.9
Cash and cash equivalents	6.8	10.2
Total current assets	23.0	27.1
Total assets	56.6	59.8
EQUITY AND LIABILITIES		
Equity		
Share capital	6.3	6.3
Treasury shares	-0.1	-0.1
Translation difference	0.0	0.0
Revaluation reserve	-0.1	-0.1
Invested unrestricted equity	7.4	7.4
Retained earnings	5.3	8.7
Total equity	18.8	22.1
Non-current liabilities		
Deferred income tax liabilities	1.4	1.6
Provisions	1.3	1.0
Financial liabilities	19.0	20.4
Other debt	0.2	0.1
Total non-current liabilities	21.9	23.1
Current liabilities		
Trade and other payables	9.1	9.6
Current provisions	0.9	0.1
Current financial liabilities	5.9	4.9
Total current liabilities	15.9	14.6
Total liabilities	37.8	37.7
Total equity and liabilities	56.6	59.8

CONSOLIDATED CASH FLOW STATEMENT

EUR million	Jan-Dec 2011	Jan-Dec 2010
Cash flows from operating activities		
Profit for the period	-2.4	-0.8
Adjustments:		
Non-cash transactions	3.5	4.7
Interest expenses		

and interest income and income taxes	0.1	0.5
Change in working capital	1.1	-0.9
Interest paid and received and taxes paid	-0.9	-0.6
Net cash flow from operating activities	1.4	2.9
Cash flows from investing activities		
Investment in property, plant and equipment and intangible assets	-4.7	-3.2
Grants received for investments and sales of property, plant and equipment	1.1	0.2
Net cash flow from investing activities	-3.6	-3.0
Cash flows from financing activities		
Loans taken	5.5	8.0
Repayment of loans	-5.9	-7.4
Dividends paid and treasury shares	-0.9	-0.9
Net cash flow from financing activities	-1.3	-0.3
Change in cash and cash equivalents	-3.4	-0.4
Cash and cash equivalents at beginning of period	10.2	10.6
Cash and cash equivalents at end of period	6.8	10.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million

	Share capital	Share premium fund	Reserve for invested unrestrict.	Revalu-ation reserve	Trea-sury shares	Trans-lation diff.	Re-tained earnings	Total

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			equity					
Equity Jan. 1,2010	6.3	7.4		-0.1	-0.1	-0.1	10.4	23.8
Total comprehensive income for the period						0.1	-0.8	-0.7
Transactions with the owners								
Dividends paid							-0.9	-0.9
Fund transaction		-7.4	7.4					
Equity Dec. 31,2010	6.3	0.0	7.4	-0.1	-0.1	0.0	8.7	22.1
Total comprehensive income for the period							-2.4	-2.4
Transactions with the owners								
Dividends paid							-0.9	-0.9
Equity Dec. 31, 2011	6.3		7.4	-0.1	-0.1	0.0	5.3	18.8

SEGMENT REPORTING	Jan-Dec	Jan-Dec
EUR million	2011	2010
Sales	58.8	55.9
Fireplaces	53.5	50.8
Natural Stone Products	5.3	5.1
Other items	-	-
Operating profit	-2.4	-0.3
Fireplaces	0.2	2.2
Natural Stone Products	-0.6	-0.5
Other items	-2.0	-2.0

BUSINESS SEGMENTS QUARTERLY
EUR million

	Q4/ 2011	Q3/ 2011	Q2/ 2011	Q1/ 2011	Q4/ 2010	Q3/ 2010	Q2/ 2010	Q1/ 2010
Sales	15.5	15.1	15.6	12.6	16.6	13.9	14.7	10.7

Fireplaces	14.4	14.2	13.5	11.4	15.6	12.8	13.0	9.5
Natural stone products	1.1	0.9	2.1	1.2	1.1	1.1	1.7	1.2
Other items					-	-	-	-
Operating profit/loss	-1.0	0.5	-0.3	-1.6	0.8	0.2	0.4	-1.7
Fireplaces	-0.4	1.2	0.3	-0.9	1.6	0.9	0.8	-1.1
Natural stone products	-0.1	-0.2	-0.1	-0.2	-0.2	-0.2	0.1	-0.2
Other items	-0.6	-0.5	-0.5	-0.4	-0.6	-0.5	-0.5	-0.4

ASSETS AND LIABILITIES BY SEGMENT ON DECEMBER 31, 2011

	Fire-places	Natural stone products	Other items	Total
Assets by segment	42.5	2.9	11.2	56.6
Liabilities by segment	9.7	0.7	27.3	37.7
Investments (net)	2.7	0.0	1.8	4.5
Depreciation and amortisation expenses	3.7	0.1	0.4	4.2

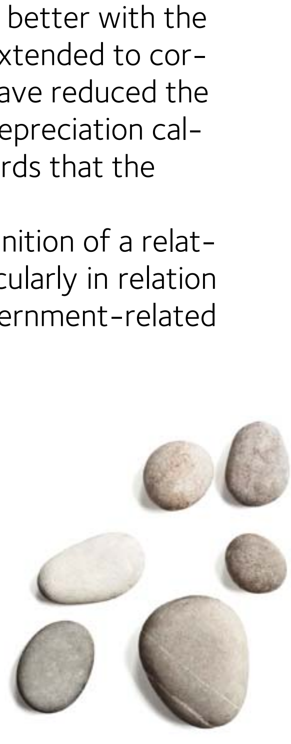
KEY FINANCIAL RATIOS AND SHARE RATIOS	Jan-Dec/11	Jan-Dec/10	Q4/11	Q4/10
Earnings per share, EUR	-0.07	-0.02	-0.03	0.01
Equity per share, EUR	0.51	0.60	0.51	0.60
Return on equity, %	-11.9	-3.6	-0.2	7.6
Return on investments, %	-4.8	-0.1	-8.6	7,3
Equity ratio, %	33.3	37.0		
Net indebtness ratio, %	96.5	68.1		
Current ratio	1.5	1.9		
Gross investments, EUR million	4.9	3.4		
Gross investments, % of sales	8.3	6.0		
Research and development costs, EUR million	2.1	2.2		
%/sales	3.8	3.9		
Outstanding orders (31.Dec.), EUR million	5.7	6.3		
Average number of staff	427	404		

Rate development of shares, EUR				
Lowest share price, EUR	0.61	1.07		
Highest share price, EUR	1.40	1.79		
Average share price, EUR	1.00	1.31		
Closing price, EUR	0.63	1.16		
Market capitalization at the end of period, 1000 EUR	23322.5	42942.9		
(Supposing that the market price of the K-share is the same as that of the A-share)				
Number of shares traded, (1000 pcs)	3848.7	4647.2		
% of total amount of A-shares	14.0	16.9		
Number of shares average	37019770	37019770	37019770	37019770
Number of shares 31 December	37019770	37019770	37019770	37019770

In the consolidated balance sheet the soapstone reserves owned by the company have been recognized at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

This financial statement release has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The key performance ratios and share ratios are calculated using the same methods as for the consolidated financial statements for 2010. The formulas can be found in the 2010 annual report, page 76. 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:
- Revised IAS 24 *Related Party Disclosures*: The revised standard clarifies the definition of a related party in order to simplify the identification of related party relationships particularly in relation to significant influence and joint control. Certain disclosures in respect of government-related entities have changed.



- Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*: The amendment relates to the accounting treatment (classification) of issues of rights, options or warrants in a currency other than the issuer's functional currency.
- 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*: The amended interpretation allows prepayments of certain voluntary contributions being recognised as an asset when there is a minimum funding requirement (MFR).
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*: The interpretation clarifies the accounting treatment when an entity renegotiates the terms of a financial liability with its creditor and as a result issues equity instruments to a creditor of the entity to settle the financial liability fully or partially.
- *Improvements to IFRSs* (May 2010): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover in total seven standards. Their impacts vary standard by standard but are not significant.

Use of estimates
When preparing the financial statements certain assumptions and estimates regarding future have to be made. The outcomes might differ from these assumptions and estimates. In addition judgements have to be made in the application of accounting principles. The estimates affect the amounts of assets and liabilities at the balance sheet date, reporting of contingent liabilities and income and expenses for the reporting period. Estimates are used i.a. when determining realisability of certain assets, useful lives of property, plant and equipment and intangible assets, income taxes, provisions and impairment of goodwill.

Income taxes

EUR million	Jan-Dec/2011	Jan-Dec/2010
Taxes for the current and previous reporting periods	0.0	0.0
Deferred taxes	0.7	0.2
Total	0.7	0.2

Collaterals given

EUR million	12/2011	12/2010
Loans from credit institutions and other long term debts and loan guarantees, with related mortgages and pledges	25.9	25.6
Mortages granted and		

collaterals pledged	27.2	29.6
Other given guarantees and		
pledges on behalf of own liabilities	*0.8*	*1.0*
Rental obligations		
Rental obligations payable in 2012	1.3	1.1
Rental obligations payable after 2012	0.6	0.9
Derivatives		
Interest rate swaps		
Nominal value	3.2	5.8
Fair value	-0.1	-0.1
Foreign exchange forward contracts		
Nominal value	0.1	0.1
Fair value	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

EUR million	Environ-mental provisions	Warranty provisions	Restruc-turing provision
Provisions, Jan. 1, 2011	0.6	0.4	0.1
Increase in provisions	0.0	0.1	1.5
Effect of discounting	-0.0		
Used provisions		0.1	-0.4
Provisions, Dec. 31, 2011	0.6	0.4	1.2

The environmental and warranty provisions are non-current provisions. From the amount recognized as a restricting provision 0,9 million is presented under current provisions and 0,3 million under non-current provisions.

Environmental provision

Under the Mining Act and environmental legislation, the Tulikivi Group has landscaping obligations which must be met during operations and when the quarries are shut down in the future. The environmental provision takes into account the costs of environmental monitoring after the closure of a quarry and the costs of landscaping obligations in so far as it has been possible to determine these reliably. The lining work carried out in stacking areas is based on a long-term quarrying plan, according to which surface material from new quarries is to be used in lining work. No provision is recognised for the lining work because this particular landscaping work is not expected to increase the costs of normal quarrying activity. The environmental provision before discounting

amounts to EUR 1.0 (0.9) million. The discount factor used in determining the present value is 4 (4) per cent.
Warranty provision
Tulikivi gives a five-year warranty for certain products. Any defects covered by the terms of warranty and detected during the warranty period will be repaired at Tulikivi´s expense.
Restructuring provision
The restructuring provision comprises the payments arising from the redundancies decided in the codetermination negotiations in 2011 and the estimated costs of the reorganisation of premises.

Changes in tangible assets are classified as follows:

	12/2011	12/2010
Acquisition costs	1.7	1.7
Proceeds from sales	-0.3	0.0
Total	1.4	1.7

Changes in intangible assets are classified as follows:

	12/2011	12/2010
Acquisition costs	3.1	1.2
Proceeds from sales	0.0	0.0
Total	3.1	1.2

Impairment of property, plant and equipment, intangible assets and other assets
Based on impairment tests, there was no need to recognise impairment loss charges.

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 Dec. 31, 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. Each Series K shares confers 10 votes at a general meeting, while each Series A shares confers one vote. The Series A share is listed on the NASDAQ OMX

Helsinki Ltd. 4.5 per cent of all shares were nominee registered or in foreign ownership. No flagging notifications were made to the company during the review period.

Board authorizations
The Board of Directors has an authorization 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 an authorization to decide on share issues and the conveyance of the company's own shares in the possession of the company and the granting of special rights that give entitlement to shares as set forth in Chapter 10, Article 1 of the Companies Act.
The Annual General Meeting authorized the Board of Directors to decide on issuing new shares and the conveyance of own shares in the company's possession. 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 also includes the right to issue special rights, as defined in Chapter 10, Article 1 of the Companies Act, entitling the right holder to subscribe for shares against payment or by setting off the receivable. The authorization is valid until the Annual General Meeting 2012.

At the end of the year, the company hold 124 200 of its own A-series shares, corresponding to 0.3 per cent of share capital and 0.1 per cent of total voting rights.

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

EUR 1000	12/2011	12/2010
Sales of goods and services to associated companies	6	6
Purchases of goods and services from associated companies	310	240
Fixed assets acquired from associated companies	115	
Debts owed to associated companies	263	
Leases from related parties	108	111
Sales to related parties	2	2
Receivables from related parties	1	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 139 (132) thousand in the period. The rent corresponds with the market rents. The company has sold services amounting to EUR 9 (10) thousand to the foundation and has leased land, amounting to EUR 2 (2) thousand. Outstanding receivables from the Foundation amounted EUR 2 (9) thousand.

Key managent compensation
EUR 1000

	12/2011	12/2010
Salaries and other short-term employee benefits of the Board of Directors and Managing Directors	446	421
Other long term employee benefits	51	63

Largest shareholders on December 31, 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	769 310	3.5 %
Paatero Ilkka	718 430	0.6 %
Nuutinen Tarja	674 540	3.5 %
Investment Fond Phoebus	585 690	0.5 %
Other shareholders	18 243 904	16.3 %

The figures contained in the financial statement release have not yet been audited.

The financial statements and Board of Directors´report will be published on the company´s website (www.tulikivi.com/Investors/Financial reports) during the week beginning March 19.

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 (until November 18, 2011) and Rakentamisen MALL Oy.

TULIKIVI CORPORATION

Board of Directors
Matti Virtaala Chairman of the Board

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

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