Tulikivi

Interim report, Q3-2013

Tulikivi Corporation
Interim report 1-9/2013
24 October 2013, 10.30 a.m.

- The Tulikivi Group's third-quarter net sales were EUR 12.1 million (EUR 13.1 million, 7–9/2012), the operating profit in the third quarter was EUR 0.0 (0.4) million and the result before taxes was EUR -0.3 (0.2) million.
- The operating result before non-recurring expenses was EUR 0.6 (0.4) million.
- The Group's net sales during the reporting period 1-9/2013 were EUR 31.9 million (EUR 37.0 million), the operating result EUR -2.5 (-0.4) million and the result before taxes EUR -3.3 (-1.1) million. The operating result before non-recurring expenses was EUR -1.9 (-0.4) million during the 1–9/2013 review period.
- Net cash flow from operating activities was EUR 0.2 (-3.7) million in the review period.
- Order books at the end of the period were at EUR 5.3 million (EUR 5.9 million on 30 September 2012).
- Future outlook: The demand for Tulikivi products is dependent on consumer confidence. Although new products will allow us to increase our market share, net sales will decline from the 2012 figure. The operating result for 2013 is expected to show a loss. In addition, measures taken under the performance improvement programme are anticipated to cause non-recurring expenses of EUR 2.5 million in the fourth quarter.

Comments by Heikki Vauhkonen, Managing Director:

Third-quarter export demand for Tulikivi's products was similar to that of last year while domestic demand was lower.

Performance in the principal market areas of France, Germany and Russia was positive but correspondingly slower in other areas. In early October, Tulikivi opened its first consumer shop in Central Europe in Leipzig. Importers in France and Germany will also open new shops during the autumn. The Hiisi fireplace collection, launched last year, has become the best-selling product family in Central Europe.

In Finland low-rise housing construction and renovation has declined, and this has had an impact on the demand for fireplaces and interior stone products in the third quarter. However, compared to the year before, the decline was smaller than it was in the early part of this year.

Tulikivi's production and fixed costs were adjusted to meet the lower net sales, which improved profitability in the third quarter. Working capital reduced as a result and net cash flow from operating activities improved.

On 8 August 2013 Tulikivi announced its performance improvement programme which aims at increasing operating profit by EUR 7 million by the end of 2015. Plans to rationalise production, reduce costs and boost sales have proceeded as previously reported. The codetermination negotiations launched in September on the reduction of a maximum of 90 persons will be completed in early November. The performance improvement programme is anticipated to cause non-recurring expenses of EUR 2.5 million in the fourth quarter of 2013. The measures taken under the programme will have a positive impact on productivity from the beginning of 2014.

Interim report

Operating environment

The low level of low-rise housing construction and renovation projects has weakened demand for fireplaces in Finland. Demand has also been affected by a reduction in lending by banks and deteriorating consumer confidence.

The protracted European recession has reduced export sales during this year. In the second half of the year, demand for fireplaces has been satisfactory in Germany and France but weak in the Nordic countries. New construction and energy efficiency regulations based on EU regulation have given rise to uncertainty in the market and had an impact consumers’ decisions.

Order books at the end of the reporting period amounted to EUR 5.3 million (EUR 5.9 million on 30 September 2012).

Net sales and result

The Group´s third-quarter net sales totalled EUR 12.1 million (EUR 13.1 7–9/2012), the operating profit was EUR 0.0 (0.4) million and the result before taxes EUR -0.3 (0.2) million. Changes were made in Tulikivi’s management in the third quarter, resulting in a non-recurring cost of approximately EUR 0.6 million during the third quarter. The operating result before non-recurring expenses was EUR 0.6 million (0.4) in the third quarter. As a result of adjustments to production and a reduction of costs, relative profitability improved in the third quarter.

The Group’s net sales were EUR 31.9 million (37.0, 1–9/2012) during the 1–9/2013 review period. The operating result before non-recurring expenses was EUR -1.9 (-0.4) million during the period. The consolidated operating result was EUR -2.5 (-0.4) million for the period, and result before taxes was EUR -3.3 million (-1.1) million. Earnings per share amounted to EUR -0.07 (-0.02).

In the segment reporting, the corresponding operating result for the Fireplaces Business was EUR 29.1 (33.8) million, and for the Interior Stone Business EUR 2.8 (3.2) million. Net sales in Finland accounted for EUR 15.8 (18.7) million, or 49.5 (50.4) per cent, of total net sales. Exports amounted to EUR 16.1 (18.3) million in net sales. The principal export countries were France, Russia, Germany, Sweden and Belgium.

In the segment reporting, the corresponding operating result for the Fireplaces Business was EUR -2.4 (-0.3) million, and for the Interior Stone Business EUR -0.1 (-0.1) million.

Performance improvement programme

On 8 August 2013 Tulikivi issued a stock exchange release announcing a performance improvement programme which aims at increasing operating profit by EUR 7 million by the end of 2015. The programme includes measures to rationalise production, reduce costs and boost sales. The performance improvement programme also included changes to the company's management, which have been carried out as announced in stock exchange releases issued on 23 August 2013 and 26 August 2013. Codetermination negotiations were also initiated in September, including talks to reduce a maximum of 90 employees and temporary layoffs affecting the entire personnel. The aim is to complete the codetermination negotiations in early November; the negotiations were announced in a separate stock exchange release was issued on 17 September 2013. The performance improvement programme is anticipated to cause non-recurring expenses of EUR 2.5 million in the fourth quarter of 2013. The performance improvement programme will have a positive impact on the company's profitability from the beginning of 2014. In order to support the commitment of management and key personnel to the implementation of the performance improvement programme, the Board of Directors of Tulikivi Corporation decided on a new stock option programme, details of which are included in the stock exchange release issued on 17 September 2013.

Financing

Cash flow from operating activities before investments was EUR 0.2 (-3.7) million. Working capital decreased by EUR 0.6 (-5.5) million during the review period. Working capital was EUR 8.7 (12.0) million at the end of the review period. Interest-bearing debt was EUR 26.0 (26.0) million. Financial income was EUR 0.0 (0.1) million and financial expenses were EUR 0.8 (0.7) million. The equity ratio was 30.1 per cent (33.2 per cent on 30 September 2012). The ratio of interest-bearing net debt to equity, or gearing, was 137.3 (130.3) per cent. The current ratio was 1.4 (1.6). Equity per share was EUR 0.42 (0.49).

At the end of the reporting period, the Group's cash and other liquid assets were EUR 4.6 (2.6) million. The total of undrawn credit facilities and unused credit limits amounted to EUR 0.0 (1.0) million.

The company has several financers with which it has separate credit agreements. The company's credit agreements include financial covenants that concern the equity ratio and the ratio between the interest-bearing debt and EBITDA. The credit agreements also include repayment terms under which the breach of the terms of one credit agreement may result in the repayment of outstanding loans under other credit agreements. The company meets the covenants associated with the equity ratio as of 30 September 2013 and the management have assessed that the company will also meet the equity ratio covenants as of 31 December 2013. The management estimates that the company will not meet the covenant regarding the ratio between Group interest bearing net debt and EBITDA on 31 December 2013. In addition, the company's performance improvement programme will result in non-recurring expenses in the remaining part of 2013, and the management estimates that the company will not meet the covenant regarding the ratio between net debt and EBITDA as of 31 December 2013. Consequently, the company has negotiated a waiver from the covenant on the ratio of interest-bearing debt and EBITDA as of 31 December 2013. The company has also negotiated a waiver from the covenant on net debt and EBITDA as of 31 December 2013 under which a maximum of EUR 3 million in non-recurring expenses will not be included in covenant assessment. Negotiations with financers regarding the 2014 credit terms have been launched.

On 8 October 2013, the Board of Directors of Tulikivi Corporation decided on a share issue under the authorisation issued by the Annual General Meeting, in which the company will offer a maximum of 22,727,273 Series A shares in a directed rights issue to the public in Finland.
The subscription price of the offered shares was EUR 0.33 per share. The subscription price includes the usual discount on the market price of the company's Series A share. The subscription period of the shares offered started at 9.30 a.m. on 11 October 2013 and ended at 4.30 p.m. on 17 October 2013. The maximum number of the offered shares corresponded to approximately 61.2 per cent of the company's stock and approximately 18.5 per cent of the votes attached to them before the share issue, and to approximately 38.0 per cent of the company's total stock and approximately 15.6 per cent of the votes attached to them after the share issue, provided that the issue is subscribed in full. A number of Finnish institutional and other investors had committed to subscribe issued shares to a total maximum sum of EUR 6.1 million. The subscription commitments represented a maximum of approximately 81.74 per cent of the maximum number of the shares offered.

Tulikivi Corporation's directed rights issue of approximately EUR 7.5 million was completed successfully on 17 October 2013. According to the final result, a total of 22,920,917 of the company's Series A shares were subscribed, corresponding to some 101 per cent of the offered 22,727,273 shares. On 21 October 2013 the company's Board of Directors approved the subscriptions of 22,727,273 Series A shares under the terms of the share issue. All shares subscribed in the share issue have been paid in full. Shares subscribed in the share issue were registered in the Trade Register on 22 October 2013 and are traded on the NASDAQ OMX Helsinki Ltd exchange together with the company's existing Series A shares as of 23 October 2013. As a result of registering the new shares in the Trade Register, the number of the company's Series A shares will be 50,331,243. The number of the company's Series K shares will remain at 9,540,000. The lead manager of the share issue is Pohjola Corporation Finance Ltd.

Investments

The Group's investments in production, quarrying and development were EUR 1.1 (1.9) million in the reporting period. Research and development expenditure was EUR 1.2 (1.2) million, i.e. 3.8 (3.3) per cent of net sales. EUR 0.2 (0.4) million of this was capitalised in the balance sheet.

Product development focused on launching new models in the Hiisi product family. New wood-burning and electric sauna heaters were also introduced to market in Russia and Finland.

Personnel

The Group employed an average of 295 (364) people during the reporting period. Salaries and bonuses during the period totalled EUR 9.4 (10.3) million.

The Tulikivi Group has an incentive pay scheme for all personnel. As the incentive pay scheme is based on a positive consolidated result, no incentive pay will be paid out on 2013.

Annual General Meeting

Tulikivi Corporation's Annual General Meeting, held on 16 April 2013, resolved not to distribute a dividend on the 2012 financial year. The other resolutions of the AGM can be found in the relevant release published on the date of the meeting.

Treasury shares

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

Near-term risks and uncertainties

A substantial decline in euro zone consumer confidence is the Group's most significant risk. The decrease in new construction and renovation projects is affecting the demand for fireplaces.

The purpose of the share issue was to strengthen the company's capital structure and to gain a more solid financial position. The funds from the share issue will be used to fund the company's working capital and to rationalise production, renew and develop the product range and extend distribution in, for example, Russia and Germany under the company's performance improvement programme. The funds from the share issue will also enable the company to make its normal credit instalments in accordance with the original schedule.

Even with the completion of the share issue, maintaining the company's financing position at the present level and securing the continuation of financing will depend on an improvement in profitability in the future. The repayment of debt may cause a higher-than-anticipated burden on the company's cash flow if the company's business operations and result do not develop as well as expected. The company's management will continuously evaluate and monitor the volume of financing available to operations to ensure that the company will have sufficient liquid funds to finance its operations and repay its maturing debt. Delays in the planned schedule of the performance improvement programme will cause a significant risk to the company's profit performance.

Construction legislation is currently being revised in the EU. New country-specific energy efficiency provisions that meet the EU's energy efficiency policies will come into force during 2013 and could influence the competition between different forms of heating and thus the demand for fireplaces in different markets.

A more comprehensive explanation of the Tulikivi Group's other risks can be found under note 38: "Major risks and their management" in the Consolidated Financial Statements of the Annual Report for 2012.

Future outlook

The demand for Tulikivi products is dependent on consumer confidence. Although new products will allow us to increase our market share, net sales will decline from the 2012 figure. The operating result for 2013 is expected to show a loss. In addition, measures taken under the performance improvement programme are anticipated to cause non-recurring expenses of EUR 2.5 million in the fourth quarter.

Segment reporting

The Group's operating segments are the Fireplaces segment and the Interior Stone Products segment. The Fireplaces segment includes soapstone and ceramic fireplaces sold under the Tulikivi and Kermansavi brands, their accessories, sauna heaters and fireplace lining stones. The Interior Stone Products segment consists of interior stone products for the home. In the reporting for 2013, all Group costs have been allocated to the segments. In previous years, other items, which included Group and financial administration costs, were presented separately in segment reporting. Comparison data has been adjusted to reflect the new practice.

FINANCIAL STATEMENT Jan-September 2013. SUMMARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	1-9/13	1-9/12	Change. %	1-12/12	7-9/13	7-9/12
Sales	31,9	37,0	-13,8	51,2	12,1	13,1
Other operating income	0,3	0,5		0,8	0,1	0,1
Increase/decrease in inventories in finished goods and in work in progress	-0,3	1,5		1,1	-0,8	-0,7
Production for own use	0,1	0,3		0,4	0,0	0,1
Raw materials and consumables	-6,6	-7,9		-10,7	-2,3	-2,1
External services	-4,6	-5,8		-7,7	-1,7	-2,2
Personnel expenses	-11,7	-13,1		-17,6	-3,8	-3,7
Depreciation and amortisation	-2,8	-3,0		-4,1	-0,9	-1,0
Other operating expenses	-8,8	-9,9		-13,3	-2,7	-3,2
Operating profit/loss	-2,5	-0,4	-525,0	0,1	0,0	0,4
Percentage of sales	*-7,8 %*	*-1,1 %*		*0,2 %*	*0,0 %*	*3,1 %*
Finance income	0,0	0,1		0,1	0,0	0,0
Finance expense	-0,8	-0,7		-0,9	-0,2	-0,2
Share of the profit of associated company	0,0	0,0		0,0	0,0	0,0
Profit before tax	-3,3	-1,1	-200,0	-0,8	-0,3	0,2
Percentage of sales	-10,3 %	-3,0 %		*-1,6 %*	-2,5 %	1,5 %
Direct taxes	0,8	0,3		0,2	0,1	-0,1
Profit/loss for the period	-2,5	-0,8	-212,5	-0,6	-0,2	0,1
Other comprehensive income						
Items that may later have effect on profit or loss						
Interest rate swaps	0,0	0,0		0,0	0,0	0,0
Translation difference	0,0	0,0		0,0	0,0	0,0
Total comprehensive income for the period	-2,5	-0,8	-212,5	-0,6	-0,2	0,1
Earnings per share attributable to the equity holders of the parent company, EUR, basic and diluted	-0,07	-0,02	-250,0	-0,02	-0,01	0,00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (EUR million)	9/13	9/12	12/12
Non-current assets			
Property, plant and equipment			
Land	0.9	1.0	1.0
Buildings	5.6	6.1	5.9
Machinery and equipment	4.1	4.5	4.4
Other tangible assets	1.3	1.5	1.5
Intangible assets			
Goodwill	4.2	4.2	4.2
Other intangible assets	11.5	12.5	12.4
Investment properties	0.2	0.2	0.2
Available-for sale-investments	0.0	0.0	0.0
Receivables			
Other receivables	0.1	0.0	0.1
Deferred tax assets	2.9	2.3	2.2
Total non-current assets	30.8	32.3	31.9
Current assets			
Inventories	10.7	12.0	11.4
Trade receivables	5.0	6.1	3.9
Current income tax receivables	0.0	0.0	0.0
Other receivables	1.0	1.2	1.2
Cash and cash equivalents	4.6	2.6	3.3
Total current assets	21.3	21.9	19.8
Total assets	52.1	54.2	51.7

EQUITY AND LIABILITIES (EUR million)			
Equity			
Share capital	6.3	6.3	6.3
Treasury shares	-0.1	-0.1	-0.1
Translation difference	0.0	0.0	0.1
Revaluation reserve	-0.1	0.0	-0.1
The invested unstricted equity fund	7.3	7.3	7.3
Retained earnings	2.2	4.5	4.7
Total equity	15.6	18.0	18.2
Non-current liabilities			
Deffered income tax liabilities	1.3	1.4	1.4
Provisions	1.2	1.3	1.2
Interest-bearing debt	19.1	19.2	19.3
Other debt	0.0	0.2	0.0
Total non-current liabilities	21.6	22.1	21.9
Current liabilities			
Trade and other payables	7.5	7.3	7.1
Short-term interest bearing debt	0.5	0.0	0.0
Total current liabilities	6.9	6.8	4.5
Total liabilities	14.9	14.1	11.6
Total equity and liabilities	36.5	36.2	33.5
Total equity and liabilities	52.1	54.2	51.7

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR million)

	1-9/13	1-9/12	1-12/12
Cash flows from operating activities			
Profit for the period	-2.5	-0.8	-0.6
Adjustments			
Non-cash transactions	2.8	2.8	3.8
Interest expenses and interest income and taxes	-0.1	0.4	0.7
Change in working capital	0.6	-5.5	-3.0
Interest paid and received and taxes paid	-0.6	-0.6	-0.8
Net cash flow from operating activities	0.2	-3.7	0.1
Cash flows from investing activities			
Investment in property, plant and equipment and intangible assets	-1.2	-2.2	-2.9
Grants received for investments and sales of property, plant and equipment	0.1	0.6	0.6
Net cash flow from investing activities	-1.1	-1.6	-2.3
Cash flows from financing activities			
Proceeds from non-current and current borrowings	8.8	4.1	4.1
Repayment of non-current and current borrowings	-6.6	-3.0	-5.3
Dividends paid and treasury shares	0.0	0.0	0.0
Net cash flow from financing activities	2.2	1.1	-1.2
Change in cash and cash equivalents	1.3	-4.2	-3.4
Cash and cash equivalents at beginning of period	3.3	6.8	6.8
Cash and cash equivalents at end of period	4.6	2.6	3.3

Consolidated statement of changes in equity (EUR Million)

	Share capital	The invested unstricted equity fund	Revaluetion reserve	Treasury shares	Translations diff.	Retained earnings	Total
Equity Jan. 1, 2013	6.3	7.3	-0.1	-0.1	0.1	4.7	18.2
Total comprehensive income for the period			0.0		-0.1	-2.5	-2.6
Transactions with the owners							
Dividends paid						0.0	0.0
Equity June 30, 2013	6.3	7.3	-0.1	-0.1	0.0	2.2	15.6
Equity Jan. 1, 2012	6.3	7.3	-0.1	-0.1	0.1	5.3	18.8
Total comprehensive income for the period			0.0		0.0	-0.8	-0.8
Transactions with the owners							
Dividends paid						0.0	0.0
Equity June 30, 2012	6.3	7.3	-0.1	-0.1	0.1	4.5	18.0

Segment reporting (EUR million)

Operating segments	1-9/2013	1-9/2012	1-12/2012
Sales	31.9	37.0	51.2
Fireplaces	29.1	33.8	47.1
Interior Stone	2.8	3.2	4.1
Operating profit/loss	-2.5	-0.4	0.1
Firepalces	-2.4	-0.3	0.2
Interior Stone	-0.1	-0.1	-0.1

Operating segments quarterly

Operating segments	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Sales	12.1	10.6	9.2	14.2	13.1	13.2	10.7
Fireplaces	11.3	9.5	8.3	13.3	12.2	12.0	9.6
Interior Stone	0.8	1.1	0.9	0.9	0.9	1.2	1.1
Operating profit/loss	0.0	-0.8	-1.7	0.5	0.4	0.6	-1.4
Fireplaces	0.0	-0.8	-1.6	0.5	0.4	0.5	-1.2
Interior Stone	0.0	0.0	-0.1	0.0	0.0	0.1	-0.2

Key financial ratios and share ratios

	1-9/13	1-9/12	7-9/13	7-9/12	1-12/12
Earnings per share, EUR	-0.07	-0.02	-0.02	0.00	-0.02
Equity per share, EUR	0.42	0.49	0.42	0.49	0.49
Retrun on equity, %	-19.6	-5.8	-1.3	6.5	-3.4
Return on investments, %	-7.9	-1.0	-0.1	3.6	0.3
Equity ratio, %	30.1	33.2			35.2
Net debtness ratio, %	136.9	130.3			112.9
Current ratio	1.4	1.6			1.7
Gross investments, MEUR	1.1	1.9			2.7
Gross investments, % of sales	3.4	5.9			5.3
Research and development costs, MEUR	1.2	1.2			1.6
%/sales	3.8	3.2			3.1
Outstanding orders (30 June), MEUR	5.3	5.9			4.6
Average number of staff	295	364			351
Rate development of shares, EUR					
Lowest share price, EUR	0.33	0.47			0.47
Highest share price, EUR	0.63	0.92			0.92
Average share price, EUR	0.48	0.61			0.60
Closing price, EUR	0.36	0.64			0.57
Market capitalization at the end period, 1000 EUR	13 327	23 693			21 101
(Supposing that the market price of the K-share is the same as that of the A-share)					
Number of the shares traded, (1000 pcs)	5 914	3 129			4 051
% of total amount of A-shares	21.5	11.4			14.7
Number of shares average	37 019 770	37 019 770	37 019 770	37 019 770	37 019 770
Number of the shares at the end of period	37 019 770	37 019 770	37 019 770	37 019 770	37 019 770

Notes to the Consolidated Financial Statements

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

This financial statement release has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The IFRS accounting principles applied in preparation of these interim financial statements are the same as those applied by Tulikivi in its consolidated financial statements as at and for the year ended December 31, 2012, with the exception of the following new or amended standards and interpretations which have been applied from January 1, 2013. This has not had a significant impact on the consolidated financial statements. The key performance ratios and share ratios are calculated using the same methods as for the consolidated financial statements for 2012. The calculations rules can be found in the 2012 annual report, page 90.

· Amendments to IAS 1 Presentation of Financial Statements: The major change is the requirement to group items of other comprehensive income as to whether or not they will be reclassified subsequently to profit or loss when specific conditions are met.

· Amendment to IAS 19 Employee Benefits: The amendments of IAS 19 related to defined benefit pension plan accounting have not had an impact on the consolidated financial statements as all Group's pension plans are defined contribution plans. The other amendments made to the standard relate to termination benefits, among others.
· IFRS 13 Fair Value Measurement: IFRS 13 establishes a single source for all fair value measurements and disclosure requirements for use across IFRSs. The new standard also provides a precise definition of fair value. IFRS 13 does not extend the use of fair value accounting, but it provides guidance on how to measure fair value under IFRSs when fair value is required or permitted. IFRS 13 will expand the disclosures to be provided for non-financial assets measured at-fair value.
· Annual Improvements to IFRSs 2009-2011: 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 five standards.
· IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine: The interpretation provides guidance to the accounting treatment of stripping costs in the production phase of a surface mine, when benefit from the stripping activity is realized in two ways: in the form of mineral ores to the production of inventory, and on the other hand in the form of improved access to further quantities of material that will be mined in future periods.

Income taxes (EUR million)

	1-9/13	1-9/12	1-12/12
Taxes for current and previous reporting periods	0.0	0.0	0.0
Deferred taxes	0.8	0.3	0.2
Total	0.8	0.3	0.2

Commitments

	9/13	9/12	12/12
Loans from credit institutions and other long term debts and loan guarantees, with related mortgages and pledges	26.0	27.1	23.8
Mortgages granted and collaterals pledged	34.1	27.3	29.3
Other given guarantees and pledges on behalf of own liabilities	0.5	1.0	0.5
Derivates			
Interest rate swpas: nominal value	8.0	5.1	2.3
Interest rate swaps; fair value	-0.1	-0.1	-0.1
Foreign exchange forward contracts; nominal value	0.5	0.2	0.4
Foreign exchange forward contracts; fair value	0.0	0.0	0.0

The fair value of derivatives is the gain or loss for closing the contract based on market rates at the balance sheet date. Derivatives are classified as level 2 in the fair value hierarchy. Financial assets for sale are investments in unlisted companies. They are valued at acquisition cost because their fair value cannot be reliably determined.

Provisions (EUR million)

	Environmental provision	Warranty provision	Restructuring Provision
	9/13	9/13	9/13
Provisions January 1.	0.7	0.3	0.3
Increase in provisions	0.0	0.0	0.8
Used Provisions	0.0	0.0	0.4
Discharge on reserves	0.0	0.0	0.0
Provisions June 30.	0.7	0.3	0.7

	9/13
Non-current provisions	1.2
Current provisions	0.5
Total	1.7

Changes in tangible assets are classified as follows (EUR million):

	9/13	9/12	12/12
Acquisition costs	0,7	0,8	1,2
Proceeds from sale	0.0	-0.2	-0.2
Total	0.7	0.6	1.0

Changes in intangible assets are classifies as follows (EUR million):

	9/13	9/12	12/12
Acquisition costs, net	0.4	1.1	1.5
Amortisation loss	0,0	0,0	0.0
Total	0.4	1.1	1.5

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 30 Sept, 2013	37 143 970	100.0	100.0	6 314 475

There have been no changes in Tulikivi Corporation´s share capital during the period. According to the articles of association the dividend paid for Series A shares shall be 0.0017 EUR higher than the dividend paid on Series K shares. The Series A share is listed on the NASDAQ OMX Helsinki Ltd. The company issued a stock exchange release on the flagging announcement concerning Heikki and Reijo Vauhkonen on 21 August 2013. The number of the shares in the company´s possession at the end of period was 124 000 series A shares.

Board authorizations

The Annual General Meeting of April 16, 2013 authorized the Board of Directors to acquire the company's own shares. A maximum of 2 760 397 Series A shares in the company and 954 000 Series K shares in the company can be bought back. The authorization is valid until the Annual General Meeting 2014.

The Board of Directors has further an authorization to decide on share issues and the conveyance of the company's own shares in the possession of the company.
New shares can be issued or own shares held by the company conveyed amounting to a maximum of 5 520 794 Series A shares and 1 908 000 Series K shares. The authorization is valid until the Annual General Meeting 2014.

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

EUR 1000	9/13	/12	12/12
Sales of goods and services to associated companies and related parties	-	5	5
Purchases related companies	54	286	303
Leases from related parties	82	81	108
Sales of goods and services to related parties	-	-	2
Outstanding receivables from related parties	-	-	1
Sales to related parties	-	-	1
Debts owed to related parties	-	-	-

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 176(176) thousand in the period. The rent corresponds with the market rents. The service charges from the Foundation were 10(8) thousand Euros. Outstanding receivables from the Foundation amounted EUR 0 (0) thousand.

Key management compensation
EUR 1000

	9/13	9/12	12/12
Salaries and other short-term employee benefits of the Board of Directors and Managing Directors	309	363	430
Other long term employee benefits	49	47	62

Largest shareholders on September 30, 2013

Name of shareholder	Shares	Proportion of total vote
Vauhkonen Heikki	6 835 353	48.1 %
Elo Eliisa	2 957 020	5.9 %
Mutual Pension Insurance Ilmarinen	1 902 380	1.5 %
Virtaala Matti	1 756 124	12.1 %
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	19 301 323	17.1 %

Events after the review period
The company has received a request to convert Series K shares to Series A shares. A stock exchange release was issued on the matter on 7 October 2013.
Resolutions of the Extraordinary General Meeting of Tulikivi Corporation. A stock exchange release was issued on the matter on 8 October 2013.
Tulikivi's Board of Directors has decided on a share issue to a maximum amount of EUR 7.5 million. A stock exchange release was issued on the matter on 8 October 2013.
Tulikivi Corporation's prospectus has been approved. A stock exchange release was issued on the matter on 9 October 2013.
Tulikivi Corporation made flagging announcements on 9 October 2013 and 10 October 2013.
Decision of the Varsinais-Suomi District Court. A stock exchange release was issued on the matter on 11 October 2013.

Supplement to Tulikivi Corporation's prospectus dated 9 October 2013. A stock exchange release was issued on the matter on 11 October 2013.
A release on the preliminary results of the share issue on 18 October 2013 and a release on the results of the share issue on 21 October 2013.
Tulikivi Corporation made flagging announcements on 22 October 2013. A stock exchange release was issued on the matter on 22 October 2013.

The companies included in the Group are the parent company Tulikivi Corporation, AWL-Marmori Oy, Tulikivi U.S. Inc., OOO Tulikivi and Tulikivi GmbH. Group companies also include The New Alberene Stone Company Inc., which no longer has any business activities. The parent company has a fixed place of business in Germany, Tulikivi Oyj Niederlassung Deutschland. The Group has interests in associated companies Stone Pole Oy and Rakentamisen MALL Oy. (Stone Pole Oy has had no business activities during 2013; liquidation proceedings have begun).

TULIKIVI CORPORATION

Board of Directors

Distribution: NASDAQ OMX Helsinki
Key media
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