

Financial Statement Release Jan-Dec 2010

- The Tulikivi Group's fourth-quarter net sales were EUR 16.6 million (EUR 15.6 million, 10-12/2009), the operating profit was EUR 0.8 (0.3) million and the result before taxes was EUR 0.7 (0.2) million.
- In 2010, the net sales of the Tulikivi Group amounted to EUR 55.9 million (EUR 53.1 million in 2009), the operating result was EUR -0.3 (-2.4) million and the result before taxes EUR -1.0 (-3.3) million. Earnings per share amounted to EUR -0.02 (-0.06).
- Year-end order books were at EUR 6.3 (4.8) million.
- Cash flow from operating activities before investments was EUR 2.9 (3.7) million.
- Future outlook: With growing sales and improved cost efficiency, the consolidated net sales are expected to be up from the previous year and the operating result is expected to improve significantly in 2011.
- The Board will propose to the Annual General Meeting that a dividend of EUR 0.0250 per share on Series A shares and EUR 0.0233 per share on Series K shares will be paid.

Managing Director Heikki Vauhkonen

"In 2010 Tulikivi operated in a divided business environment. While demand increased in Finland and the surrounding areas, the situation was more challenging in the traditional export market in Central Europe. During the year, demand for products with a lower profit margin was higher than expected. The results for the last three quarters were in the black but not sufficient enough to turn the loss of the first quarter into profit.

However, Tulikivi strengthened its foothold in the domestic fireplace market. Distribution efficiency has been increased, and the new Green products have been well received. Owing to an increase in new construction and a rise in the consumer energy price, the outlook on demand is good for the new year. Moreover, several new Tulikivi Service Points have been established, and a distribution agreement on fireplace products was made with the S Group. New points of sales will be an excellent addition to Tulikivi's existing distribution network.

Demand in Central Europe was clearly lower than expected in 2010. Consumer uncertainty reduced the number of investment decisions. Despite the positive development in sales in the surrounding areas, total fireplace exports remained below the level of 2009. The outlook on export demand for 2011 is better than a year ago, thanks to consumers' improved investment appetite and an increase in housing construction. We have been able to expand our distribution network, and the new design fireplaces have been well received in the market. The export of ceramic fireplaces is anticipated to grow in the Baltic countries and Russia.



The demand for lining stone products rose significantly last year. This was supported by the good situation in the fireplace markets in Sweden and Norway and the increase in the popularity of soapstone-lined fireplaces in the Central European markets and the improved market position of Tulikivi as a supplier of lining stone products. The outlook on demand for the next few months is also good.

The result for natural stone products was decreased by weak demand for building stones and deliveries being postponed until 2011.

In the autumn, the sauna business focused on the development of new products. Sales of the first new Tulikivi sauna heaters will be launched during the first quarter of 2011.

The measures of the centralisation and profitability programme that was started in 2009 were completed during 2010. Similar measures to boost cost efficiency will also be explored in future. The goal of the ERP project started at the turn of the year is to streamline and intensify Tulikivi's business processes in order to achieve substantial savings while increasing net sales. A new system provided by IFS Oy is well-suited for a networked business model and will replace the two systems currently used.

As a whole, the outlook on demand in all business areas is more positive than before. The increase in net sales will further enhance Tulikivi's profitability."

Segment reporting

The Group's operating segments are the Fireplaces Segment and the Natural Stone Products Segment. The Fireplaces Segment includes soapstone and ceramic fireplaces sold under the Tulikivi and Kermansavi brands and their accessories, and utility ceramics and fireplace lining stones. The Natural Stone Products Segment includes interior design stone products for households and stone deliveries to construction sites. Expenses not allocated to a segment are recognised under 'Other items', which also includes financial expenses and taxes. Expenses not allocated to segments include expenses of the Group administration and expenses pertaining to financial administration. The segment reporting has been adjusted by allocating to the operating segments the data and personnel administration expenses, which were previously included in expenses not allocated to a segment. The comparison data have been changed accordingly.

Net sales and result

The 2010 net sales of the Tulikivi Group totalled EUR 55.9 million (EUR 53.1 million in 2009). The net sales of the Fireplaces Segment amounted to EUR 50.8 (47.8) million, and those of the Natural Stone Segment were EUR 5.1 (5.3) million.



Net sales in Finland totalled EUR 29.2 (25.9) million or 52.3 (48.9) per cent. Exports accounted for EUR 26.7 (27.2.) million of the net sales. The principal export countries were France, Sweden and Germany. The export of lining stones increased, but Fireplace exports did not perform as anticipated.

The consolidated operating result was EUR -0.3 (-2.4) million. The Fireplaces Segment's operating profit was EUR 2.2 (-0.2) million, while the operating result for the Natural Stone Products Segment was a loss of EUR -0.5 (-0.3) million, and the expenses under "Other items" were EUR -2.0 (-1.9) million. The profit target of Fireplaces Segment was not reached as demand focused on products with a lower profit margin. During the fourth-quarter non-recurring expenses of EUR 0.1 million had a negative effect on profit resulting from the dismantling of the production machinery at Kuhmo. The programme of profitability and centralisation measures launched in 2009 was completed during the first half of 2010. Most of the targets set for the programme, such as relative cost savings, were achieved. The result for natural stone products was decreased by weak demand for building stones and deliveries being postponed until 2011. The consolidated result before taxes was EUR -1.0 (-3.3) million and comprehensive income was EUR -0.7 (-2.4) million. The consolidated return on investment was -0.1 (-4.3) per cent. Earnings per share amounted to EUR -0.02 (-0.06).

Tulikivi Group's fourth-quarter net sales were EUR 16,6 million (EUR 15,6 million in 10-12/2009), the operating profit was EUR 0,8 (0,3) million and the profit before taxes EUR 0,7 (0,2) million.

Financing and investments

Cash flow from operating activities before investments was EUR 2.9 (3.7) million. Working capital increased by EUR 0.9 million in the period and came to EUR 7.2 (6.3) million. Interest-bearing debt was EUR 25.3 (24.7) million and net financial expenses were EUR 0.7 (0.9) million. The current ratio was 1.9 (1.9), and the equity ratio was 37.0 (39.4) per cent. The ratio of interest-bearing net debt to equity, or gearing, was 68.1 (59.4) per cent. The equity per share amounted to EUR 0.60 (0.64). The Group has a solid financial position. At the end of the financial year, the Group's cash and other liquid assets came to EUR 10.2 (10.6) million, and the total of undrawn credit facilities and unused credit limits amounted to EUR 2.5 (6.0) million. The Group's debt financing totalling EUR 13.9 (13.0) million includes covenants 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 3.4 (2.1) million. Major investments made during the year comprised the conversion and replacement



investments made in fireplace production, development projects and the opening of new quarries and quarrying sites.

Research and development expenses totalled EUR 2.2. (1.6) million, and their relative share of net sales was 3.9 (3.1) per cent. A total of EUR 0.5 (0.4) million of this figure after subsidies had been deducted was capitalized.

Product development focused on productisation of the Tulikivi Green products and an interior design fireplace collection and other new products. These products will complement and expand the uses of fireplaces in household heating. In addition to fireplace and natural stone products, the Group's sauna business will also be extended by launching a broad selection of electric and wood-fired sauna heaters onto the market. The new products will be launched on the market in March.

Other large development projects include the development of the Group's processes and renewal of the enterprise resource planning system.

Personnel

The Group employed an average of 404 (417) people during the financial year and 497 (484) at the end of the year. Of these employees, 426 (406) were employed by the Fireplaces Segment, 48 (52) by the Natural Stone Products Segment and 23 (26) in activities not allocated to a segment. In all, 96.4 per cent of the employment relationships were permanent and 3.6 per cent were temporary. Salaries and bonuses during the review period totalled EUR 15.7 (15.9) million.

The Tulikivi Group has an incentive plan that includes an incentive pay scheme for all personnel and a share-based incentive plan for the Management Group and certain key personnel nominated by the Board.

The incentive pay scheme is based on the improvement of the Group's result and productivity, and the Managing Director, Management Group and other key personnel also have personal targets in addition to this. The improvement in the 2010 result and productivity did not justify the payment of an incentive bonus in 2010. The cost-impact of incentive pay based on personal targets was EUR 0.1 (0.1) million in the financial period.

The share-based plan, implemented in 2008, comprised three earning periods, which were the calendar years 2008, 2009 and 2010. No incentive plan bonus was accumulated on the 2010 earnings period. Under the plan, the bonus would be based on the Group's result after financial items and on cash flow from operating activities after investing activities, and in 2010 could have amounted to a maximum of 218 750 Tulikivi Corporation Series A shares and a cash payment corresponding to the value of the shares.



Occupational safety has been good. The number of accidents per 1 000 000 working hours was 30 (25).

Resolutions of the Annual General Meeting Dividends

Tulikivi Corporation's Annual General Meeting, held on 14 April 2010, resolved to pay a dividend of EUR 0.0250 on Series A shares and EUR 0.0233 on Series K shares. The dividend was paid out on 26 April 2010.

Board of Directors, Managing Director and auditor

Tulikivi Corporation's Annual General Meeting elected the following persons to the Board of Directors of the parent company and domestic business subsidiaries: Bishop Ambrosius, Juhani Erma, Olli Pohjanvirta, Markku Rönkkö, Maarit Toivanen-Koivisto, Heikki Vauhkonen and Matti Virtaala. The Board of Directors elected from among its members Matti Virtaala as Chairman. The auditor was KPMG Oy Ab, Authorized Public Accountants.

Authorisation to repurchase the company's own shares

The Annual General Meeting authorised the Board 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. 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 shares against payment or by setting off the receivable.

Transfer of the funds of the share premium account to the reserve for invested unrestricted equity

As decided by the Annual General Meeting held on 14 April 2010, the share premium account, which is part of the equity, has been reduced by transferring all the funds in the share premium account on the balance sheet as of 31 December 2009, i.e. EUR 7,334,116.06 in total, to the reserve for invested unrestricted equity.

The National Board of Patents and Registration of Finland issued a public notice on 6 May 2010 regarding the transfer of the funds in the share premium account to the reserve for invested un-



restricted equity. By the due date for creditors, which was 19 August 2010, none of the creditors had opposed the reduction of the share premium account.

Treasury shares

At the start and end of the period, the total number of Tulikivi shares held by 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 period.

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 concern, but are not limited to, changes in the Group's operating environment, market situation and market position, targeting of resources, raw material reserves, legislative changes, 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 foreign currency risks, interest rate risks, credit risks and liquidity 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, we conducted a number of market surveys and several development projects to further enhance our risk management. As a result, we launched new product lines that complement our core products. In Finland, distribution channels and sales tools were developed further. This development will expand into exports in 2011. Clarifying the product group strategy and its management model are part of risk management.



The Group's near-term risks are unexpected negative fluctuations in certain market areas. The renewal of the enterprise resource planning system is being launched. A schedule and cost risk is often associated with such projects.

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 have the environmental permits they require. Permit renewals are also in progress.

Under the Mining Act and environmental legislation, the Tulikivi Group has landscaping obligations that must be met when operating its quarries 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

Tulikivi's product groups

In addition to the essential operative and financial targets, the revamped Group strategy introduced at the beginning of the financial year also covers the new product group division. As a part of Tulikivi's growth strategy the company's products groups have been reorganised as of 1 January 2011. The main target of the product group division is to increase market orientation in Tulikivi's operations and thus support an increase in net sales. At the same time, control of product development has been transferred to the product groups. Tulikivi has seven product groups: Heat-retaining fireplaces, Tulikivi Green products, Design fireplaces, Lining stones, Utility ceramics, Saunas and Interior design stones. This division will not change the Group's current segment reporting.

The Management Group led by the Managing Director is responsible for ensuring that the strategic and financial goals are reached. A further task of the Management Group is to ensure the accurate targeting of the company's resources and to ensure the implementation of product group synergies.



The new logo

Tulikivi's new logo was taken into use in marketing communications as of 1 January 2011. The new logo represents the present day and the new product range. The actual logo contains the name and a grey, irregularly shaped background.

Future outlook

In Finland, the demand outlook for fireplace products are good as a result of increasing new construction and rising consumer energy prices. In exports, the revival in new construction and increasing consumer confidence will increase the demand for fireplaces during the financial year. The demand for lining stone products will remain good.

New and innovative solutions in sauna and fireplace products and expanding distribution network will all increase net sales.

With growing sales and improved cost efficiency, the consolidated net sales are expected to be up from the previous year and the operating result is expected to improve significantly in 2011.

Order books at the end of the year amounted to EUR 6.3 (4.8) million.

The Board's proposal for the distribution of profits

The parent company's distributable equity amounts to EUR 10 116 thousand made up of EUR 7334 thousand in the reserve for invested unrestricted equity and EUR 2 782 thousand of equity distributable as dividends. The results for the year made up EUR - 1010 thousand of the distributable equity. The Board will propose to the Annual General Meeting that the distributable equity be used as follows:

- Dividend distribution

EUR 0.0250/share for Series A shares

EUR 0.0233/share for Series K shares

in total approximately EUR 909 thousand.

- EUR 9207 thousand will be retained in equity.

It is the Board's opinion that the proposed distribution of profits will not endanger the company's solvency.

Monitoring of strategy implementation



The revised strategy put in place in the Group at the beginning of the financial period covers all key operating and financial targets to the end of 2015. Under the strategy, the company's organic growth target is an annual growth of over 10 per cent over the next few years, and the target for result before taxes is 10 per cent of net sales over the next five years. The target for return on equity is to exceed 20 per cent. Corporate acquisitions in support of the strategy are also possible. The Group's increase in net sales, return on investment and improvement in profitability remained below these targets and the main reasons were weak demand during the recession and demand focusing on products with a lower profit margin.

Corporate Governance Statement

Tulikivi Corporation will issue its Corporate Governance Statement for 2010 separately from the Annual Report. The Corporate Governance Statement has been prepared in accordance with Recommendation 54 of the 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 [www.tulikivi.com/Investors/Corporate Governance and Management](http://www.tulikivi.com/Investors/Corporate_Governance_and_Management).

STATEMENTS Jan-Dec 2010, SUMMARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million

	Jan-Dec 2010	Jan-Dec 2009	Change %	Q4 2010	Q4 2009	Change %
Sales	55.9	53.1	5.3	16.6	15.6	6.4
Other operating income	0.7	0.6		0.2	0.1	
Increase/decrease in inventories in finished goods and in work in progress	0.8	-1.0		0.6	0.1	
Production for own use	0.4	0.3		0.2	0.1	
Raw materials and consumables	11.5	10.2		3.5	3.1	
External services	9.2	7.6		2.9	2.3	
Personnel expenses	19.7	20.0		5.7	5.3	
Depreciation and amortisation	4.7	5.5		1.2	1.4	
Other operating expenses	12.8	12.1		3.4	3.5	
Operating profit/loss	-0.3	-2.4	87.5	0.8	0.3	166.7
Percentage of sales	-0.5	-4.5		4.8	2.2	





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Finance income	0.2	0.2		0.1	0.0	
Finance expense	-1.0	-1.1		-0.2	-0.2	
Share of the profit of associated company	0.0	0.0		0.0	0.0	
Profit before tax	-1.0	-3.3	69.7	0.7	0.2	250.0
Percentage of sales	-1.8	-6.2		3.9	1.4	
Income tax expenses	0.2	1.0		-0.2	0.2	
Profit/loss for the year	-0.8	-2.4	66.7	0.4	0.5	-20.0
Other comprehensive income						
Interest rate swaps	0.1	0.0		0.1	0.0	
Translation differences	0.0	0.0		0.0	0.0	
Total comprehensive income for the year	-0.7	-2.4	70.8	0.5	0.5	0.0
Earnings per share attributable to the equity holders of the parent company, EUR basic and diluted	-0.02	-0.06	66.7	0.01	0.01	0.0

CONSOLIDATED BALANCE SHEET

EUR million	12/10	12/09
ASSETS		
Non-current assets		
Property, plant and equipment		
Land	1.0	1.0
Buildings	7.0	7.4
Machinery and equipment	6.5	8.1
Other tangible assets	1.3	1.1
Intangible assets		
Goodwill	4.2	4.2
Other intangible assets	10.8	10.6





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Investment properties	0.2	0.2
Available-for-sale investments	0.1	0.1
Receivables		
Deferred tax assets	1.6	1.6
Total non-current assets	32.7	34.3
Current assets		
Inventories	10.9	10.2
Trade receivables	5.1	4.1
Current income tax receivables		0.3
Other receivables	0.9	0.9
Cash and other liquid assets	10.2	10.6
Total current assets	27.1	26.1
Total assets	59.8	60.4
EQUITY AND LIABILITIES		
Equity		
Share capital	6.3	6.3
Share premium fund		7.4
Treasury shares	-0.1	-0.1
Translation difference	0.0	-0.1
Revaluation reserve	-0.1	-0.1
Invested unrestricted equity	7.4	
Retained earnings	8.7	10.4
Total equity	22.1	23.8
Non-current liabilities		
Deferred income tax liabilities	1.6	1.9
Provisions	1.0	1.0
Financial liabilities	20.4	19.9
Other debt	0.1	0.1
Total non-current liabilities	23.1	22.9
Current liabilities		
Trade and other payables	9.6	8.7
Current provisions	0.1	0.2
Current financial liabilities	4.9	4.8
Total current liabilities	14.6	13.7
Total liabilities	37.7	36.6
Total equity and liabilities	59.8	60.4



CONSOLIDATED CASH FLOW STATEMENT

EUR million	Jan-Dec 2010	Jan-Dec 2009
Cash flows from operating activities		
Profit for the period	-0.8	-2.4
Adjustments:		
Non-cash transactions	4.7	5.5
Interest expenses and interest income and income taxes	0.5	0.0
Change in working capital	-0.9	1.8
Interest paid and received and taxes paid	-0.6	-1.2
Net cash flow from operating activities	2.9	3.7
Cash flows from investing activities		
Investment in property, plant and equipment and intangible assets	-3.2	-2.0
Grants received for investments and sales of property, plant and equipment	0.2	0.2
Net cash flow from investing activities	-3.0	-1.8
Cash flows from financing activities		
Loans taken	8.0	5.1
Repayment of loans	-7.4	-7.0
Dividends paid and treasury shares	-0.9	-1.1
Net cash flow from financing activities	-0.3	-3.0
Change in cash and cash equivalents	-0.4	-1.1
Cash and cash equivalents at beginning of period	10.6	11.7





Cash and cash equivalents at
end of period 10.2 10.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
EUR million

	Share capital	Share premium fund	Reserve for invested unrestrict. equity	Revalu- ation reserve	Trea- sury shares	Trans- lation diff.	Re- tained earnings	Total
Equity								
Jan. 1,2009	6.3	7.4		-0.1	-0.1	0.0	13.8	27.2
Total comprehensive income for the period						-0.1	-2.4	-2.4
Transactions with the owners								
Dividends paid							-1.0	
Acquisition of own shares					0.0			
Disposal of own shares					0.0			
Transact. with the owners, total					0.0		-1.0	-1.0
Equity								
Dec. 31,2009	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

SEGMENT REPORTING

EUR million	Jan-Dec 2010	Jan-Dec 2009
Sales	55.9	53.1
Fireplaces	50.8	47.8
Natural Stone Products	5.1	5.3
Other items	-	-





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Operating profit	-0.3	-2.4
Fireplaces	2.2	-0.2
Natural Stone Products	-0.5	-0.3
Other items	-2.0	-1.9

BUSINESS SEGMENTS QUARTERLY

EUR million

	Q4/ 2010	Q3/ 2010	Q2/ 2010	Q1/ 2010	Q4/ 2009	Q3/ 2009	Q2/ 2009	Q1/ 2009
Sales	16.6	13.9	14.7	10.7	15.6	13.5	13.0	11.0
Fireplaces	15.6	12.8	13.0	9.5	14.4	12.4	11.4	9.6
Natural stone products	1.1	1.1	1.7	1.2	1.2	1.1	1.6	1.4
Other items	-	-	-	-	-	-	-	-
Operating profit/loss	0.8	0.2	0.4	-1.7	0.3	0.6	-0.6	-2.7
Fireplaces	1.6	0.9	0.8	-1.1	1.0	1.2	-0.2	-2.2
Natural stone products	-0.2	-0.2	0.1	-0.2	-0.2	0.0	0.0	-0.1
Other items	-0.6	-0.5	-0.5	-0.4	-0.5	-0.6	-0.4	-0.4

ASSETS AND LIABILITIES BY SEGMENT ON DECEMBER 31, 2010

	Fire- places	Natural stone products	Other items	Total
Assets by segment	43.4	3.7	12.7	59.8
Liabilities by segment	9.3	0.7	27.7	37.7
Investments (net)	2.6	0.0	0.6	3.2
Depreciation and amortisation expenses	4.3	0.2	0.3	4.7

KEY FINANCIAL RATIOS AND
SHARE RATIOS

	Jan-Dec/10	Jan-Dec/09	Q4/10	Q4/ 09
Earnings per share, EUR	-0.02	-0.06	0.01	0.01
Equity per share, EUR	0.60	0.64	0.60	0.64
Return on equity, %	-3.6	-9.2	7.6	7.7





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Return on investments, %	-0.1	-4.3	7.3	3.2
Equity ratio, %	37.0	39.4		
Net indebtness ratio, %	68.1	59.4		
Current ratio	1.9	1.9		
Gross investments, EUR million	3.4	2.1		
Gross investments, % of sales	6.0	4.0		
Research and development costs, EUR million	2.2	1.6		
%/sales	3.9	3.1		
Outstanding orders (31.Dec.), EUR million	6.3	4.8		
Average number of staff	404	417		
Rate development of shares, EUR				
Lowest share price, EUR	1.07	0.67		
Highest share price, EUR	1.79	1.30		
Average share price, EUR	1.31	0.96		
Closing price, EUR	1.16	1.06		
Market capitalization at the end of period, 1000 EUR				
(Supposing that the market price of the K-share is the same as that of the A-share)	42942.9	39241.0		
Number of shares traded, (1000 pcs)				
	4647.2	3959.0		
% of total amount of A-shares				
	16.9	14.4		
Number of shares average				
	37019770	37023708	37019770	37019770
Number of shares 31 December				
	37019770	37019770	37019770	37019770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing of this interim report, Tulikivi has applied same accounting policies as in the 2009 financial statements, with the exception of the following new/amended standards that the group has adopted as from January 1, 2010:



- Revised IFRS 3 *Business Combinations* (effective for financial periods beginning on or after 1 July 2009). Significant changes have been made to the standard.
- Amended IAS 27 *Consolidated and Separate Financial Statements* (effective for financial periods beginning on or after 1 July 2009). The amendments affect the accounting for business combinations and disposals achieved in stages.
- Amendment to IAS 39 *Financial instruments: Recognition and measurement – Designation of items as hedged items* (effective for financial periods beginning on or after 1 July 2009).
- IFRIC 17 *Distributions of Non-cash Assets to Owners* (effective for financial periods beginning on or after 1 July 2009).
- IFRIC 18 *Transfers of assets from customers* (effective for financial periods beginning on or after 1 July 2009).
- Improvements to IFRSs (April 2009, mainly effective for financial periods beginning on or after 1 January 2010).
- Amendment to IFRS 2 *Share-based Payment – Intra-group cash-settled share-based payment transaction* (effective for financial periods beginning on or after 1 January 2009).

The key performance ratios and share ratios are calculated using the same methods as for the consolidated financial statements for 2009. The formulas can be found in the 2009 annual report, page 76.

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/2010	Jan-Dec/2009
Taxes for the current and previous reporting periods	-0.0	0.1
Deferred taxes	0.2	0.6
Total	0.2	0.7

Collaterals given



EUR million	12/2010	12/2009
Mortgages granted and collaterals pledged	30.6	29.1
Derivatives		
Interest rate swaps		
Nominal value	5.8	7.3
Fair value	-0.1	-0.3
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, 2010	0.6	0.4	0.3
Increase in provisions	0.0	0.1	
Effect of discounting	-0.0		
Used provisions		0.1	0.2
Provisions, Dec. 31, 2010	0.6	0.4	0.1

The environmental and warranty provisions are non-current provisions. The environmental provision before discounting amounts to EUR 0.9 (0.9) million. The discount factor used in determining the present value is 4 (4) per cent. The restructuring provision comes under current provisions.

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.





Changes in tangible assets are classified as follows:

	12/2010	12/2009
Acquisition costs	1.6	1.1
Proceeds from sales	0.0	-0.1
Total	1.6	1.0

Changes in intangible assets are classified as follows:

	12/2010	12/2009
Acquisition costs	1.7	0,6

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, 2010	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. 4.9 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 2011.



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 2011.

At the end of the period, 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	12/2010	12/2009
Sales of goods and services to associated companies	6	7
Purchases of goods and services from associated companies	240	148
Leases from related parties	111	109
Sales to related parties	2	30
Receivables from related parties	1	1

Transactions with other related parties

Tulikivi Corporation is a founder member of the Finnish Stone Research Foundation. In 2010 the company has donated EUR 10 thousand (in 2009 EUR 30 thousand) for the 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 132 (131) thousand in the period. The rent corresponds with the market rents. The company has sold services amounting to EUR 9 (41) thousand to the foundation and has leased land, amounting to EUR 2 (2) thousand. Outstanding receivables from the Foundation amounted EUR 9 thousand.





Key management compensation
EUR 1000

	12/2010	12/2009
Salaries and other short-term employee benefits of the Board of Directors and Managing Directors	421	426
Other long term employee benefits	63	62

Largest shareholders on December 31, 2010

Name of shareholder	Shares	Proportion of total vote
Vauhkonen Reijo	4 186 827	24.3 %
Vauhkonen Heikki	3 014 724	24.1 %
Elo Eliisa	2 957 020	5.9 %
Virtaala Matti	2 429 887	12.6 %
Mutual Pension Insurance Ilmarinen	1 902 380	1.5 %
Mutanen Susanna	1 643 800	7.2 %
Vauhkonen Mikko	782 310	3.5 %
Paatero Ilkka	718 430	0.6 %
Nuutinen Tarja	674 540	3.5 %
Investment Fond Phoebus	585 690	0.5 %
Other shareholders	18 248 362	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 14.

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





TULIKIVI CORPORATION

Board of Directors
Matti Virtaala Chairman of the Board

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- Managing Director Heikki Vauhkonen

