Financial statements release Jan-Dec 2013

Tulikivi Corporation
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10 February 2014, 2 p.m.

- The Tulikivi Group's fourth-quarter net sales totalled EUR 11.8 million (EUR 14.2 million Q4/2012), the operating result was EUR -1.8 (0.5) million and the profit before taxes was EUR -2.0 (0.3) million.
- The fourth-quarter operating result before non-recurring expenses was EUR 0.5 (0.5) million.
- For the full year 2013, net sales totalled EUR 43.7 (51.2) million, the operating result was EUR -4.3 (0.1) million and the result before taxes was EUR -5.3 (-0.8) million. The operating result in 2013 before non-recurring expenses was EUR -1.4 (0.1) million.
- Net cash flow from operating activities at the end of the year was EUR 2.6 (0.1) million.
- The company has good liquidity owing to the share issue undertaken during the financial year, which produced EUR 7.1 million.
- Year-end order books were at EUR 4.4 million (EUR 4.6 million on 31 December 2012).
- Future outlook: The demand for Tulikivi products is in part dependent on consumer confidence. The performance improvement programme started in 2013 includes sales and production efficiency measures and cost-saving measures, the results of which will begin to show in 2014. Full-year net sales are expected to be at the same level as in 2013, and the operating result is expected to be positive.

Comments by Heikki Vauhkonen, Managing Director:

The demand for Tulikivi's products on the domestic and export markets in the fourth quarter was down on the previous year's figures. In addition to the weak condition of the market caused by the economic situation, mild weather in the autumn and early winter adversely affected sales in the principal market areas.

Demand in the main export markets, Germany and France, was lower than usual. Sales in Russia, however, were on a positive trend in the fourth quarter. In the final quarter, demand continued to be weak in Sweden as well, which was particularly reflected in the demand for lining stones.

Despite the challenging market, demand is growing for the latest product ranges: saunas, design fireplaces and the new-generation Hiisi fireplace collection.

In Finland there was a decline in low-rise housing construction and in renovations, and this had an impact on the demand for fireplaces and interior stone products. In the fourth quarter, the shortfall in relation to the 2012 figures was greater than in the first early part of the year.

Tulikivi adjusted its production and its fixed costs in line with the lower net sales, and this improved the relative profitability of operations in the fourth quarter. Working capital decreased as a result and net cash flow from operating activities improved.

On 8 August 2013 Tulikivi issued a stock exchange release announcing a performance improvement programme which aims at increasing the annual operating result, before non-recurring expenses, by EUR 7 million by the end of 2015 from the 2013 level. Plans to rationalise production, reduce costs and boost sales have proceeded as previously reported. The codetermination negotiations launched in September concerning a reduction of a maximum of 90 employees were completed in early November. The performance improvement programme caused non-recurring expenses of EUR 2.3 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 demand for fireplaces in Finland was weakened by the reduced level of low-rise housing construction and renovation projects, the restricted lending by banks and the deterioration in consumer confidence.

The protracted European recession reduced export sales in 2013. In the second half of the year, demand for fireplaces was satisfactory in Germany and France but weak in the Nordic countries. New construction and energy efficiency regulations based on EU rules gave rise to uncertainty in the market and had an impact on consumers' decisions.

In Russia, the market for fireplaces and saunas was on the wane, but sales of Tulikivi products grew despite this.

Order books at the end of the reporting period amounted to EUR 4.4 million (EUR 4.6 million on 31 December 2012).

Net sales and result

The Tulikivi Group's fourth-quarter net sales totalled EUR 11.8 million (EUR 14.2 million Q4/2012), the operating result was EUR -1.8 (0.5) million and the profit before taxes was EUR -2.0 (0.3) million. As a result of adjustments to production and a reduction of fixed costs, the relative profitability of operations improved in the fourth quarter, and the operating result before non-recurring expenses was EUR 0.5 (0.5) million. The adjustments resulted in a non-recurring cost of EUR 2.3 million for the fourth quarter.

Group net sales in 2013 totalled EUR 43.7 million (EUR 51.2 million in Jan-Dec/2012). The operating result in 2013 before non-recurring expenses was EUR -1.4 (0.1) million. The consolidated operating result in 2013 was EUR -4.3 (0.1) million, and the result before taxes was EUR -5.3 (-0.8) million. Earnings per share were EUR -0.11 (-0.02).

In the segment reporting, the net sales for the Fireplaces Business totalled EUR 40.0 (47.1) million, and for the Interior Stone Business EUR 3.7 (4.1) million. Net sales in Finland accounted for EUR 20.8 (24.9) million, or 47.7 (48.5) per cent, of total net sales. Exports amounted to EUR 22.9 (26.3) million in net sales. The principal export countries were France, Russia, Germany, Sweden and Belgium.

In the segment reporting, the operating result for the Fireplaces Business was EUR -4.1 (0.2) million, and for the Interior Stone Business EUR -0.2 (-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 the annual operating result, before non-recurring expenses, by EUR 7 million by the end of 2015 from the 2013 level. The programme includes measures to rationalise production, reduce costs and boost sales. The performance improvement programme also included changes to the company's management that were implemented at the end of August 2013. In addition, as a result of the codetermination negotiations completed in early November, 59 employees were made redundant and 9 employees were laid off until further notice in connection with the centralisation of fireplace production at Juuka, the closure of tile manufacturing at Heinävesi and the reorganisation of operations. The measures were carried out for economic and production-related reasons and in connection with the reorganisation of the company's operations.

The performance improvement programme caused non-recurring expenses of EUR 0.6 million in the third quarter and of EUR 2.3 million in the fourth quarter of 2013. In addition, the performance improvement programme is expected to cause non-recurring expenses of EUR 1.0 million in 2014. 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 17 September 2013 on a new stock option programme for the key personnel of Tulikivi Corporation on the basis of authorisation granted by the Annual General Meeting on 16 April 2013.

Financing

Cash flow from operating activities before investments was EUR 2.6 (0.1) million. Working capital decreased by EUR 3.9 (-3.0) million during the financial year. At the end of 2013, working capital was EUR 5.5 (9.4) million. The decrease in working capital was caused by factors such as a decrease in inventories and decline in trade receivables. Interest-bearing debt was EUR 23.0 (23.9) million, and net financial expenses were EUR 1.0 (0.8) million. The equity ratio was 38.1 per cent (35.2 per cent on 30 December 2012). The ratio of interest-bearing net debt to equity, or gearing, was 59.3 (112.9) per cent. The current ratio was 1.8 (1.7). Equity per share was EUR 0.35 (0.49).

At the end of the financial year, the Group's cash and other liquid assets were EUR 10.7 (3.3) million. The total of undrawn credit facilities and unused credit limits amounted to EUR 0.5 (4.0) 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, the ratio of interest-bearing debt to EBITDA and the ratio of net debt to EBITDA. The company met the covenant that concerns the equity ratio. In spite of the decrease in EBITDA, the company also met the covenant regarding the ratio between net debt and EBITDA excluding non-recurring items as of 31 December 2013. In addition, the company negotiated a waiver from the covenant on the ratio of interest-bearing debt and EBITDA on 31 December 2013, before the close of the financial year. The covenants will be examined again on 30 June 2014. The company has good liquidity and there will be no need for extra financing in 2014.

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, deviating from the shareholders' right of pre-emption, 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 that was set included the usual discount on the market price of the company's Series A shares that applies to a directed rights issue. 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 shares offered corresponded to approximately 61.2 per cent of the company's existing shares 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 shares and approximately 15.6 per cent of the votes attached to them after the share issue. A number of Finnish institutional and other investors had committed to subscribe issued shares to a total maximum sum of about EUR 6.1 million. The subscription commitments represented a maximum of approximately 81.74 per cent of the maximum number of shares offered.

Tulikivi Corporation's directed rights issue of up to 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 is 50,331,243 and the number of the company's Series K shares is 9,540,000. The lead manager of the share issue was Pohjola Corporation Finance Ltd.

On 4 October 2013 the company received a request to convert 1,460,000 Series K shares into Series A shares. This conversion was registered in the Trade Register on 5 November 2013, following which the number of Tulikivi Series A shares is 51,791,243 and the number of Series K shares 8,080,000.

Investments and product development

The Group's investments in 2013 in production, quarrying and development were EUR 1.6 (2.7) million.

Research and development expenditure was EUR 1.6 (1.6) million, or 3.6 (3.1) per cent of net sales. EUR 0.2 (0.6) million of this was capitalised in the balance sheet. Product development focused on launching new models in the Hiisi product family. New woodburning and electric sauna heaters were also introduced in Russia and Finland.

Personnel

The Group employed an average of 293 (351) people during the financial year. Salaries and bonuses during the review period totalled EUR 13.4 (13.9) million. The salaries during the financial year included EUR 1.6 million of non-recurring expenses.

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 for 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 AGM approved the proposals of the Board on authorising the Board to repurchase the company's own shares, to decide on share issues, to transfer Tulikivi Corporation shares held by the company and to issue rights giving entitlement to shares.

Extraordinary General Meeting

The Extraordinary General Meeting of Tulikivi Corporation on 8 October 2013 approved the proposals of the Board on authorising the Board to decide on share issues and on the transfer of Tulikivi Corporation shares held by the company. In addition, the General Meeting approved the proposal by the Board to discontinue the Nomination Board and to appoint a new Member to the Board of Directors.

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 0.2 per cent of the company's share capital and 0.1 per cent of all voting rights.

Near-term risks and uncertainties

The ongoing 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 loan repayments in accordance with the original schedule.

Maintaining the company's financing position at the present level and securing the continuation of financing, however, 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 has sufficient liquid funds to finance its operations and repay its maturing debt. As regards the company's foreign currency risk, the most significant currencies are the U.S. dollar and Russian rouble. Over 90 per cent of the company's cash flow is in euros, which makes the foreign currency risk rather low. The foreign currency risk is protected with foreign exchange forward contracts as regards Russian rouble. 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 2014 and could influence the competition between different forms of heating and thus the demand for fireplaces in different markets.

Future outlook

The demand for Tulikivi products is in part dependent on consumer confidence. The performance improvement programme started in 2013 includes sales and production efficiency measures and cost-saving measures, the results of which will begin to show in 2014. Full-year net sales are expected to be at the same level as in 2013, and the operating result is expected to be positive.

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. Owing to the performance improvement programme, the organisation has been streamlined and the Fireplace and the Interior Stone businesses integrated. This is why the company will no longer report these segments separately as of the beginning of 2014.

FINANCIAL STATEMENT Jan-Dec 2013. SUMMARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Eur million	1-12/13	1-12/12	Change. %	10-12/13	10-12/12
Sales	43.7	51.2	-14.6	11.8	14.2
Other operating income	0.4	0.8		0.1	0.2
Increase/decrease in inventories in finished goods and in work in progress	-0.6	1.1		-0.3	-0.4
Production for own use	0.2	0.4		0.1	0.1
Raw materials and consumables	-9.1	-10.7		-2.5	-2.8
External services	-6.0	-7.7		-1.4	-1.9
Personnel expenses	-17.0	-17.6		-5.3	-4.5
Depreciation and amortisation	-3.8	-4.1		-1.0	-1.1
Other operating expenses	-12.2	-13.3		-3.4	-3.4
Operating profit/loss	-4.3	0.1	-7318.6	-1.8	0.5
Percentage of sales	-0.1	0.0		-0.2	0.0
Finance income	0.1	0.1		0.1	0.0
Finance expense	-1.0	-0.9		-0.2	-0.2
Share of the profit of associated company	0.0	0.0		0.0	0.0
Profit before tax	-5.3	-0.8	-575.1	-2.0	0.3
Percentage of sales	-0.1	0.0		-0.2	0.0
Direct taxes	0.9	0.2		0.1	-0.1
Profit/loss for the period	-4.4	-0.6	-604.8	-1.9	0.2
Other comprehensive income					
Items that may later have effect on profit or loss					
Interest rate swaps	0.0	0.0		0.0	0.0
Translation difference	0.0	0.0		0.0	0.0
Total comprehensive income for the period	-4.5	-0.6	-589.9	-2.0	0.2
Earnings per share attributable to the equity holders of the parent company, EUR, basic and diluted	-0.11	-0.02	0.0	-0.04	0.00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (EUR million)	12/13	12/12
Non-current assets		
Property, plant and equipment		
Land	0.9	1.0
Buildings	5.5	5.9
Machinery and equipment	4.0	4.4
Other tangible assets	1.2	1.5
Intangible assets		
Goodwill	4.2	4.2
Other intangible assets	11.3	12.4
Investment properties	0.2	0.2
Available-for sale-investments	0.0	0.0
Receivables		
Other receivables	0.0	0.1
Deferred tax assets	2.8	2.2
Total non-current assets	30.1	31.9
Current assets		
Inventories	10.3	11.4
Trade receivables	2.6	3.9
Current income tax receivables	0.0	0.0
Other receivables	1.0	1.2
Cash and cash equivalents	10.7	3.3
Total current assets	24.6	19.8
Total assets	54.7	51.7

EQUITY AND LIABILITIES (EUR million)	12/13	12/12
Equity		
Share capital	6.3	6.3
The invested unstricted equity fund	14.4	7.3
Revaluation reserve	-0.1	-0.1
Treasury shares	-0.1	-0.1
Translation difference	0.0	0.1
Retained earnings	0.3	4.7
Total equity	20.8	18.2
Non-current liabilities		
Deffered income tax liabilities	1.0	1.4
Provisions	1.6	1.2
Interest-bearing debt	18.0	19.3
Other debt	0.0	0.0
Total non-current liabilities	20.6	21.9
Current liabilities		
Trade and other payables	7.0	7.1
Short-term interest bearing debt	1.3	0.0
Current liabilities	5.0	4.5
Total current liabilities	13.3	11.6
Total liabilities	33.9	33.5
Total equity and liabilities	54.7	51.7

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR million)

	1-12/13	1-12/12
Cash flows from operating activities		
Profit for the period	-4.4	-0.6
Adjustments		
Non-cash transactions	3.8	3.8
Interest expenses and interest income and taxes	0.1	0.7
Change in working capital	3.9	-3.0
Interest paid and received and taxes paid	-0.8	-0.8
Net cash flow from operating activities	2.6	0.1
Cash flows from investing activities		
Investment in property, plant and equipment and intangible assets	-1.7	-2.9
Grants received for investments and sales of property, plant and equipment	0.2	0.6
Net cash flow from investing activities	-1.5	-2.3
Cash flows from financing activities		
Proceeds from non-current and current borrowings	8.8	4.1
Repayment of non-current and current borrowings	-9.6	-5.3
Dividends paid and treasury shares	0.0	0.0
Net cash flow from financing activities	6.3	-1.2
Change in cash and cash equivalents	7.4	-3.4
Cash and cash equivalents at beginning of period	3.3	6.8
Cash and cash equivalents at end of period	10.7	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	-4.4	-4.5
Transactions with the owners							
Dividends paid						0.0	0.0
Equity Dec. 31, 2013	6.3	14.4	-0.1	-0.1	0.0	0.3	20.8
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	-0.6	-0.6
Transactions with the owners							
Dividends paid						0.0	0.0
Equity Dec. 31, 2012	6.3	7.3	-0.1	-0.1	0.1	4.7	18.2

Segment reporting (EUR million)

Operating segments	1-12/2013	1-12/2012
Sales	43.7	51.2
Fireplaces	40.0	47.1
Interior Stone	3.7	4.1
Operating profit/loss	-4.3	0.1
Firepalces	-4.1	0.2
Interior Stone	-0.2	-0.1

Operating segments quarterly

Operating segments	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Sales	11.8	12.1	10.6	9.2	14.2	13.1	13.2	10.7
Fireplaces	10.9	11.3	9.5	8.3	13.3	12.2	12.0	9.6
Interior Stone	0.9	0.8	1.1	0.9	0.9	0.9	1.2	1.1
Operating profit/loss	0.0	0.0	-0.8	-1.7	0.5	0.4	0.6	-1.4
Fireplaces	-1.7	0.0	-0.8	-1.6	0.5	0.4	0.5	-1.2
Interior Stone	-0.1	0.0	0.0	-0.1	0.0	0.0	0.1	-0.2

Key financial ratios and share ratios

	1-12/13	1-12/12	10-12/13	10-12/12
Earnings per share, EUR	-0.11	-0.02	-0.04	0.00
Equity per share, EUR	0.35	0.49	0.35	0.49
Retrun on equity, %	-22.6	-3.4	-10.45	8.9
Return on investments, %	-9.8	0.3	-3.98	3.4
Equity ratio, %	38.1	35.2		
Net debtness ratio, %	59.3	112.9		
Current ratio	1.8	1.7		
Gross investments, MEUR	1.6	2.7		
Gross investments, % of sales	3.7	5.2		
Research and development costs, MEUR	1.6	1.6		
%/sales	3.7	3.1		
Outstanding orders (31 Dec), MEUR	4.4	4.6		
Average number of staff	293	351		
Rate development of shares, EUR				
Lowest share price, EUR	0.31	0.47		
Highest share price, EUR	0.63	0.92		
Average share price, EUR	0.44	0.60		
Closing price, EUR	0.34	0.57		
Market capitalization at the end period, 1000 EUR	20 314	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)	10 493	4 051		
% of total amount of A-shares	33.5	14.7		
Number of shares average	41 378 425	37 019 770	54 312 260	37 019 770
Number of the shares at the end of period	59 747 043	37 019 770	59 747 043	37 019 770

Notes to the Consolidated Financial Statements

The figures contained in the financial statements 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)

	1-12/13	1-12/12
Taxes for current and previous reporting periods	0.0	0.0
Deferred taxes	0.9	0.2
Total	0.9	0.2

Commitments (EUR million)

	12/13	12/12
Loans from credit institutions and other long term debts and loan guarantees, with related mortgages and pledges	23.0	23.8
Mortgages granted and collaterals pledged	33.2	29.3
Other given guarantees and pledges on behalf of own liabilities	0.5	0.5
Derivates		
Interest rate swpas: nominal value	7.8	2.3
Interest rate swaps; fair value	-0.1	-0.1
Foreign exchange forward contracts; nominal value	0.3	0.4
Foreign exchange forward contracts; 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. 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 value cannot be reliably determined.

Provisions (EUR million)

	Environmental provision	Warranty provision	Restructuring Provision
	12/13	12/13	12/13
Provisions January 1.	0.7	0.3	0.3
Increase in provisions	0.0	0.1	2.1
Used Provisions	0.0	-0.2	-0.5
Discharge on reserves	0.0	0.0	0.0
Provisions June 30.	0.7	0.2	1.9

	12/13
Non-current provisions	1.5
Current provisions	1.3
Total	2.8

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

	12/13	12/12
Acquisition costs	1.0	1,2
Proceeds from sale	-0.1	-0.2
Total	0.9	1.0

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

	12/13	12/13
Acquisition costs, net	0.6	1.5
Amortisation loss	0.0	0.0
Total	0.6	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)	8 080 000	13.5	60.9	852 178
A shares (1 vote)	51 791 243	86.5	39.1	5 462 297
Total 31 Dec, 2013	59 871 243	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 has issued a stock exchange releases on the flagging announcements on 21 August, 9 October, 10 October and 22 October, 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	12/13	12/12
Sales of goods and services to associated companies and related parties	-	5
Purchases related companies	87	303
Leases from related parties	101	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 236(233) thousand in the period. The rent corresponds with the market rents. The service charges and land lease from the Foundation were 12(18) thousand Euros. Outstanding receivables from the Foundation amounted EUR 4 (9) thousand.

Key management compensation
EUR 1000

	12/12	12/13
Salaries and other short-term employee benefits of the Board of Directors and Managing Directors	494	430
Other long term employee benefits	4	26

Largest shareholders on December 31, 2013

Name of shareholder	Shares	Proportion of total vote
Vauhkonen Heikki	6 857 310	44.6 %
Eläke-Fennia	4 545 454	3.4 %
Mutual Pension Insurance Ilmarinen	3 720 562	2.8 %
Elo Eliisa	3 108 536	5.6 %
Investment Fond Taaleritehdas Taaleri Finland Value	2 878 787	2.2 %
Varma Mutual Pension Company	2 813 948	2,1 %
Finnish Cultural Foundation	2 258 181	2.4 %
Investment Fond Phoebus	1 797 811	1.4 %
Mutanen Susanna	1 643 800	6.7 %
Fennia Mutual Insurance Company	1 515 151	1.1 %
Other shareholders	28 731 703	27.7 %

The companies included in the Tulikivi Group are the parent company Tulikivi Corporation, AWL-Marmori Oy, Tulikivi U.S. Inc. and OOO Tulikivi, as well as Tulikivi GmbH, established during the financial year. The New Alberene Stone Company, Inc, which currently has no business operations, is also a Group company. The parent company has a permanent office in Germany, Tulikivi Oyj Niederlassung Deutschland. The Group has interests in associated companies Stone Pole Oy and Rakentamisen MALL Oy. (Stone Pole Oy had no business activities during 2013; liquidation proceedings have begun.)

TULIKIVI CORPORATION

Board of Directors

Distribution: NASDAQ OMX Helsinki
Key media
www.tulikivi.com

Additional information: Tulikivi Corporation, FIN-83900 Juuka, Finland,
tel. +358 207 636 000, www.tulikivi.com
- Harri Suutari, Chairman of the Board, tel. +358 400 384 937
- Heikki Vauhkonen, Managing Director, tel. +358 207 636 555