Tulikivi

Half year financial report 1-6/2018

Tulikivi Corporation
Half year financial report 1-6/2018: Profitability continues to improve
10 August 2018 at 1 p.m.

- The Tulikivi Group's second-quarter net sales were EUR 7.4 million (Q2/2017: EUR 7.8 million), the operating result was EUR 0.4 (0.3) million and the result before taxes was EUR 0.2 (0.1) million.
- For the review period as a whole, the Tulikivi Group's net sales were EUR 13.5 million (EUR 13.7 million in H1/2017),
the operating result was EUR -0.2 (-0.6) million and the result before taxes EUR -0.6 (-1.0) million.
- Net cash flow from operating activities was EUR 0.5 (0.6) million in the second quarter and EUR 0.7 (0.7) million in the review period.
- Order books at the end of the review period amounted to EUR 3.4 (4.0) million.
- Sales of the new Karelia and Pielinen fireplace collections continued to develop well, both in exports and domestically
- Future outlook remains unchanged: Net sales are expected to increase in 2018, and the operating profit is expected to be positive.

Key financial ratios

	1-6/18	1-6/17	Change, %	1-12/17	4-6/18	4-6/17	Muutos, %
Sales, MEUR	13.5	13.7	-1.7 %	29.3	7.4	7.8	-5.2
Operating profit/loss, MEUR	-0.2	-0.6	66.9 %	-0.4	0.4	0.3	37.9
Profit before tax, MEUR	-0.6	-1.0	43.8 %	-1.2	0.2	0.1	227.8
Total comprehensive income for the period, MEUR	-0.6	-1.1	46.4 %	-1.3	0.2	-0.1	581.6
Earnings per share, Euro	-0.01	-0.02		-0.02	0.00	0.00	
Net cash flow from operating activities, MEUR	0.7	0.7		1.9	0.2	0.6	
Equity ratio, %	28.8	30.5		30.7			
Net indebtness ratio, %	141.4	135.7		135.3			
Return on investments, %	-1.4	-4.4		-1.2	1.6	1.1	

Comments by Heikki Vauhkonen, Managing Director:

Tulikivi's operating result continued to improve in the second quarter. This is the fifth consecutive quarter of year-on-year improvement. We also succeeded in improving profitability despite the warm weather in spring in our principal markets, which reduced customers' interest in fireplaces.

In Central Europe, the new Karelia and Pielinen collections have substantially increased dealers' and consumers' interest towards Tulikivi products. This has enabled us to open new dealer locations and reactivate old ones. Thanks to these collections, the sales outlook has improved on the previous year.

The products in the collections are based on modern Scandinavian design and feature a new soapstone surface finish technique. The Pielinen products are compact and easy to install. They are particularly well suited for the Central European market, as well as markets where there is no expertise in installing heat-retaining fireplaces.

In Russia, net sales in euros was lower in the first half than in 2017 mainly due to the weakening of the rouble against the euro.

In Finland, fireplace sales increased in the second quarter. Thanks to updated collections, changes to distribution channels and closer cooperation with the home-building industry, business has developed favourably despite a challenging market. These measures are expected to increase domestic sales in the second half of the year.

In the second quarter the company's order flow was EUR 7.1 (7.6) million. Order intake for fireplaces and saunas increased in Finland. The reduction in order intake especially concerned heater cladding but fireplace exports and orders of interior stone products also declined slightly.

Tulikivi's order books at the end of the review period amounted to EUR 3.4 (4.0) million.

In addition to efficiency measures, the focus of demand on the new Karelia collection has improved profitability. Due to improved profitability, decreased fixed costs and lower depreciation, the company's operating result for the review period improved by EUR 0.4 million compared with the previous year.

The new fireplace collections have been very well received in Finland and abroad. In Finland, the significantly improved consumer confidence is expected to increase small house construction. We are continuing our efforts to enhance sales efficiency to increase renovation sales.

Due to seasonal fluctuation in fireplace sales, the first half of the year is weaker than the second, in terms of both net sales and operating profit.

The highly successful development work on the Karelia and Pielinen collections provides an opportunity to increase net sales and profitability in 2018 in both Finland and exports.

Half year financial report 1-6/2018

Operating environment

The recovery of low-rise housing construction and renovation projects, and the improvement in consumer confidence compared with 2016, have energised demand for construction in Finland. Low-rise housing construction has begun to increase in the EU, which will boost the performance of the fireplace market in the near future. In Russia, demand for Tulikivi products is growing but dependent on the exchange rate of the rouble.

Net sales and result

The Tulikivi Group's second-quarter net sales totalled EUR 7.4 million (Q2/2017: EUR 7.8 million), the operating result was EUR 0.4 (0.3) million and the result before taxes was EUR 0.2 (0.1) million. Tulikivi's operating result continued to improve in the second quarter. This is the fifth consecutive quarter of year-on-year improvement. We also succeeded in improving profitability despite the warm weather in spring in our principal markets, which reduced customers' interest in fireplaces.

Due to seasonal fluctuation in fireplace sales, the first half of the year is weaker than the second, in terms of both net sales and operating profit. The Group's net sales in the review period were EUR 13.5 million (H1/2017: EUR 13.7 million), the operating result was EUR -0.2 (-0.6) million and the result before taxes was EUR -0.6 (-1.0) million. In addition to efficiency measures, the focus of demand on the new Karelia collection has improved profitability. Due to improved profitability, decreased fixed costs and lower depreciation, the company's operating result for the review period improved by EUR 0.4 million compared with the previous year.

Tulikivi's order books at the end of the review period amounted to EUR 3.4 (4.0) million. In the second quarter the company's order flow was EUR 7.1 (7.6) million. Order intake for fireplaces and saunas increased in Finland. The reduction in order intake especially concerned heater cladding but fireplace exports and orders of interior stone products also declined slightly.

Net sales in Finland increased in the review period and were EUR 5.9 (6.4) million, or 44.1% (46.9%) of total net sales. In Finland, fireplace sales increased in the second quarter. Thanks to updated collections, changes to distribution channels and closer cooperation with the home-building industry, business has developed favourably despite a challenging market. These measures are expected to increase domestic sales in the second half of the year.

Net sales in export markets were EUR 7.5 (7.3) million in the review period, or 55.9% (53.1%) of total net sales. The principal export countries were Germany, Russia, France, Sweden and Denmark. Export sales of Tulikivi products continued to increase in the second quarter. In Central Europe, the new Karelia and Pielinen collections have substantially increased dealers' and consumers' interest towards Tulikivi products. This has enabled us to open new dealer locations and reactivate old ones. Thanks to these collections, the sales outlook has improved on the previous year.

The products in the collections are based on modern Scandinavian design and feature a new soapstone surface finish technique. The Pielinen products are compact and easy to install. They are particularly well suited for the Central European market, as well as markets where there is no expertise in installing heat-retaining fireplaces.

In Russia, net sales in euros was lower in the first half than in 2017 mainly due to the weakening of the rouble against the euro.

The new fireplace collections have been very well received in Finland and abroad. In Finland, the significantly improved consumer confidence is expected to increase small house construction. We are continuing our efforts to enhance sales efficiency to increase renovation sales.

The highly successful development work on the Karelia and Pielinen collections provides an opportunity to increase net sales and profitability in 2018 in both Finland and exports.

Financing

Net cash flow from operating activities was EUR 0.5 (0.6) million in the second quarter and EUR 0.7 (0.7) million in the review period. Working capital decreased by EUR 0.4 (0.9) million during the review period. Working capital totalled EUR 1.7 (2.7) million at the end of the review period.

Loan repayments totalled EUR 0.3 (0.4) million in the review period. Interest-bearing debt was EUR 15.4 (16.0) million at the end of the review period and net financial expenses were EUR 0.4 (0.4) million in the review period. The equity ratio at the end of the review period was 28.8% (30.5%). The ratio of interest-bearing net debt to equity, or gearing, was 141.4% (135.7%). The current ratio was 0.5 (1.0). Equity per share was EUR 0.18 (0.19). At the end of the reporting period, the Group's cash and other liquid assets came to EUR 0.5 (0.6) million.

The financing agreement includes covenants concerning EBITDA, the equity ratio and the ratio of debt to EBITDA. All long-term financial liabilities have been classified as short-term financial liabilities in accordance with the IFRS standard in the 31 December 2017 financial statements because in the company management's opinion, the company would not have met its covenants concerning EBITDA and the ratio of net debt to EBITDA at 30 June 2018 according to the original financing agreement. The company gained release from its covenants and agreed with its financing providers on 29 June 2018 on new covenant limits and other terms for 2018. The company's management estimates that the company will fulfil the new 2018 covenants if the current sales growth forecast is realised. The company has already agreed with its financing providers that it will start negotiations on a new repayment programme and its terms no later than 1 September 2018. If agreement is not reached on the new repayment programme and its terms by 31 December 2018, the loans will fall due on 30 June 2019.

Investments and product development

The Group's investments totalled EUR 0.7 (1.0) million during the review period. In February 2018, the company presented the new products of the Karelia fireplace collection at the Verona international trade fair for wood-burning stoves and fireplaces. The new Saramo models with wide, horizontal doors, and the Senso fireplace control unit attracted considerable interest. The control unit makes it easier to use the fireplace and reduces emissions. The new models meet the strictest European emission standards.

Research and development expenditure was EUR 0.5 (0.6) million, or 3.5% (4.3%) of net sales. EUR 0.2 (0.2) million of this was capitalised on the balance sheet.

Suomussalmi talc reserves

On 20 April 2017, Tulikivi announced its decision to study opportunities to exploit the talc reserves in the Suomussalmi deposit. Tulikivi's soapstone reserves in Suomussalmi have talc reserves that are believed to be suitable for talc production. On 13 June 2017, Tulikivi announced that according to analyses conducted by the Geological Survey of Finland, the talc grades of the deposit correspond to previous talc projects carried out in Finland in terms of talc content, yield and brightness. Based on the new test results and the drilling tests that were carried out for the purpose of soapstone production, Tulikivi estimates that there are approximately 20 million tonnes of talc ore in Suomussalmi. On 24 August 2017, Tulikivi announced that during summer 2017, it had explored potential partners' interest in exploiting the Suomussalmi talc deposit on the basis of the Geological Survey of Finland's analysis and the earlier drilling tests.

In September 2017, based on the feedback received, Tulikivi's Board of Directors launched preparations for the sale of the talc deposit. As part of this process, the company ordered an official ore study of part of the Haaponen deposit in Suomussalmi from the Geological Survey of Finland that meets the international JORC code. The initial stage of the study will cover a roughly six-million-tonne portion of the talc deposit. The purpose of the study is to verify the concentration capacity of the deposit for the purposes of talc production. Other studies will also be conducted concerning talc quarrying and concentration. The project has been granted EUR 0.1 million in EU structural funding. The goal is to complete these studies by the end of August 2018. Evaluation of the success or financial impact of sales is premature.

Personnel

The Group employed an average of 189 (205) people during the review period. Salaries and bonuses during the period totalled EUR 4.2 (4.4) million. The number of personnel will be adjusted through lay-offs in accordance with the level of demand. Apart from temporary lay-offs, no members of the office staff are currently laid off. The Tulikivi Group has an incentive pay scheme for all employees. The company also has a stock option scheme for the management that was launched in 2013.

Annual General Meeting

Tulikivi Corporation's Annual General Meeting, held on 19 April 2018, resolved not to distribute a dividend on the 2017 financial year. Jaakko Aspara, Markku Rönkkö, Paula Salastie, Reijo Svanborg, Jyrki Tähtinen and Heikki Vauhkonen were elected as members of the Board of Directors. The Board elected Jyrki Tähtinen as its Chairman. The auditor appointed was KPMG Oy Ab, Authorised Public Accountants, with Kirsi Jantunen, APA, as principal auditor.

In response to the company's equity falling below 50% of its share capital, the Annual General Meeting decided on restructuring measures. In accordance with the Board of Directors' proposal, the Annual General Meeting decided that the Board shall continue the measures it has already initiated and investigate other measures to restructure the company when the parent company's equity is below 50% of its share capital.

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 in accordance with the proposals of the Board. Tulikivi can issue new shares or transfer treasury shares as follows: a maximum of 15,656,622 Series A shares and a maximum of 2,304,750 Series K shares.

The authorisation includes the right to decide on a directed rights issue, deviating from the shareholders' right of pre-emption, provided that there is compelling financial reason for the company. The authorisation also includes the right to decide on a bonus issue to the company itself, where the number of shares issued to the company is no more than one tenth of the total number of the company's shares.

The authorisation also includes the right to issue special rights referred to in Chapter 10, section 1 of the Limited Liability Companies Act, which would give entitlement to Tulikivi shares against payment or by setting off the receivable. The authorisation includes the right to pay the company's share rewards. The Board is authorised to decide on other matters concerning share issues. The authorisation is valid until the 2019 Annual General 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 Series 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 Group's most significant risk is the decline in net sales in the principal market areas. A potential halt in the restarted growth in new construction and renovation projects would affect the demand for Tulikivi products in Finland. The slower-than-predicted recovery of the markets in Central Europe and the uncertain economic situation in Russia also have an impact on the demand for fireplaces.

Improving the Group's financing position and securing the continuation of financing require an improvement in profitability. If the company's business operations and result do not develop as planned, the repayment of its debts may create a greater burden on the company's cash flow than anticipated. A further risk is that the company will not succeed in negotiating a sufficient repayment programme and terms with the financing providers.

With regard to the company's foreign currency risk, the most significant currencies are the Russian rouble and the US dollar. About 90 per cent of the company's cash flow is in euros, which means the company's exposure to foreign currency risks is very low. A weakening of currencies may have an adverse effect on the sales margin.

The risks have been described in greater detail on page 82 of the 2017 annual report.

Future outlook unchanged

Net sales are expected to increase in 2018, and the operating profit is expected to be positive.

FINANCIAL STATEMENT Jan-Mar 2018. SUMMARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Eur million	1-6/18	1-6/17	Change. %	1-12/17	4-6/18	4-6/17
Sales	13.5	13.7	-1.7	29.3	7.4	7.8
Other operating income	0.2	0.1		0.3	0.1	0.1
Increase/decrease in inventories in finished goods and in work in progress	-0.4	0.2		0.2	-0.1	0.2
Production for own use	0.4	0.2		0.7	0.3	0.1
Raw materials and consumables	-3.3	-3.4		-7.0	-1.8	-1.8
External services	-1.4	-1.7		-4.1	-0.9	-0.9
Personnel expenses	-5.2	-5.6		-10.8	-2.7	-2.9
Depreciation and amortisation	-0.9	-1.0		-2.1	-0.5	-0.5
Other operating expenses	-3.0	-3.3		-7.0	-1.5	-1.7
Operating profit/loss	-0.2	-0.6	66.9	-0.4	0.4	0.3
Percentage of sales	*-1.6 %*	*-4.7 %*		*-1.3 %*	*5.3 %*	*3.6 %*
Finance income	0.0	0.0		0.0	0.0	0.0
Finance expense	-0.4	-0.4		-0.8	-0.2	-0.2
Share of the profit of associated company	0.0	0.0		0.0	0.0	0.0
Profit before tax	-0.6	-1.0	43.8	-1.2	0.2	0.1
Percentage of sales	*-4.3 %*	*-7.5 %*		*-4.0 %*	*3.2 %*	*0.9 %*
Direct taxes	0.0	0.0		-0.1	0.0	0.0
Profit/loss for the period	-0.6	-1.1	45.1	-1.2	0.2	0.1
Other comprehensive income						
Items that may later have effect on profit or loss						
Interest rate swaps	0.0	0.0		0.1	0.0	0.0
Translation difference	0.0	-0.1		-0.1	0.0	-0.1
Total comprehensive income for the period	-0.6	-1.1	46.4	-1.3	0.2	-0.1
Earnings per share attributable to the equity holders of the parent company, EUR, basic and diluted	-0.01	-0.02		-0.03	0.00	0.00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (EUR million)	6/18	6/17	12/17
Non-current assets			
Property, plant and equipment			
Land	0.8	0.8	0.8
Buildings	3.6	4.1	3.9
Machinery and equipment	2.0	2.6	2.3
Other tangible assets	0.9	0.9	0.9
Intangible assets			
Goodwill	4.2	4.2	4.2
Other intangible assets	9.8	9.5	9.6
Investment properties	0.1	0.1	0.1
Available-for sale-investments	0.0	0.0	0.0
Receivables			
Other receivables	0.2	0.1	0.2
Deferred tax assets	3.2	3.2	3.2
Total non-current assets	24.8	25.5	25.1
Current assets			
Inventories	7.6	7.9	8.1
Trade receivables	3.3	3.2	2.2
Current income tax receivables	0.0	0.0	0.0
Other receivables	1.0	0.9	0.6
Cash and cash equivalents	0.5	0.6	0.6
Total current assets	12.4	12.5	11.5
Total assets	37.2	38.0	36.6

EQUITY AND LIABILITIES (EUR million)	6/18	6/17	12/17
Equity			
Share capital	6.3	6.3	6.3
The invested unstricted equity fund	14.4	14.4	14.4
Revaluation reserve	0.0	-0.1	0.0
Treasury shares	-0.1	-0.1	-0.1
Translation difference	0.1	0.1	0.1
Retained earnings	-10.1	-9.3	-9.5
Total equity	10.5	11.3	11.2
Non-current liabilities			
Deffered income tax liabilities	0.8	0.8	0.8
Provisions	0.3	0.6	0.3
Interest-bearing debt	0.0	12.7	0.0
Other debt	0.0	0.1	0.1
Total non-current liabilities	1.0	14.1	1.1
Current liabilities			
Trade and other payables	10.3	9.2	8.7
Short-term interest bearing debt	0.0	0.0	0.0
Current liabilities	15.4	3.3	15.7
Total current liabilities	25.6	12.5	24.4
Total liabilities	26.6	26.6	25.5
Total equity and liabilities	37.2	38.0	36.6

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR million)

	1-6/18	1-6/17	1-12/17
Cash flows from operating activities			
Profit for the period	-0.6	-1.1	-1.2
Adjustments			
Non-cash transactions	0.9	0.9	1.6
Interest expenses and interest income and taxes	0.4	0.4	0.9
Change in working capital	0.4	0.9	1.5
Interest paid and received and taxes paid	-0.4	-0.4	-0.8
Net cash flow from operating activities	0.7	0.7	1.9
Cash flows from investing activities			
Investment in property, plant and equipment and intangible assets	-0.5	-0.6	-1.5
Grants received for investments and sales of property, plant and equipment	0.0	0.0	0.0
Net cash flow from investing activities	-0.5	-0.6	-1.5
Cash flows from financing activities			
Proceeds from non-current and current borrowings	0.0	0.0	0.0
Repayment of non-current and current borrowings	-0.3	-0.4	-0.7
Dividends paid and treasury shares	0.0	0.0	0.0
Net cash flow from financing activities	-0.3	-0.4	-0.7
Change in cash and cash equivalents	-0.1	-0.3	-0.3
Cash and cash equivalents at beginning of period	0.6	0.9	0.9
Cash and cash equivalents at end of period	0.5	0.6	0.6

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, 2018	6.3	14.4	0.0	-0.1	0.1	-9.5	11.2
Adoption of IFRS 15						0.0	0.0
Equity Jan. 1, 2018	6.3	14.4	0.0	-0.1	0.1	-9.5	11.1
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 Jun. 30, 2018	6.3	14.4	0.0	-0.1	0.0	-10.1	10.5
Equity Jan. 1, 2017	6.3	14.4	-0.1	-0.1	0.2	-8.3	12.4
Total comprehensive income for the period			0.0		-0.1	-1.0	-1.1
Transactions with the owners							
Dividends paid						0.0	0.0
Equity Jun. 30, 2017	6.3	14.4	-0.1	-0.1	0.1	-9.3	11.3

Key financial ratios and share ratios

	1-6/18	1-6/17	4-6/18	4-6/17	1-12/17
Earnings per share, EUR	-0.01	-0.02	0.00	0.00	-0.02
Equity per share, EUR	0.18	0.19	0.18	0.19	0.19
Return on equity, %	-10.7	-17.7	2.2	0.5	-10.5
Return on investments, %	-1.4	-4.4	1.6	1.1	-1.2
Equity ratio, %	28.8	30.5			30.7
Net debtness ratio, %	141.4	135.7			135.3
Current ratio	0.5	1.0			0.5
Gross investments, MEUR	0.7	1.0			1.5
Gross investments, % of sales	4.8	7.1			5.1
Research and development costs, MEUR	0.5	0.6			1.0
%/sales	3.5	4.3			3.6
Outstanding orders, MEUR	3.4	4.0			2.9
Average number of staff	189	205			208
Rate development of shares, EUR					
Lowest share price, EUR	0.16	0.20			0.18
Highest share price, EUR	0.21	0.26			0.26
Average share price, EUR	0.18	0.23			0.22
Closing price, EUR	0.16	0.22			0.19
Market capitalization at the end period, 1000 EUR	9 440	12 846			11 591
(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)	5 383	10 689			28 244
% of total amount of A-shares	10.4	20.6			54.5
Number of shares average	59 747 043	59 747 043	59 747 043	59 747 043	59 747 043
Number of the shares at the end of period	59 747 043	59 747 043	59 747 043	59 747 043	59 747 043

Notes to the financial statements

The information presented in the half year report has not been audited.

This half year report release has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The company has applied the IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) standards as of 1 January 2018. The company has chosen cumulative effect as its IFRS 15 approach, which means that the accumulated effect is recognised on 1 January 2018, the initial date of applying the standard. The changes to standards do not have a material impact on the company's net sales or operating profit. Otherwise Tulikivi has applied the same IFRS accounting principles in this interim report release as in the previous consolidated financial statements. The key figures presented in the half year report have been calculated using the same formulas as the 2017 financial statements. As there are no non-recurring expenses in this or the preceding review period, no figures based on non-recurring expenses are presented. The formulas can be found on page 86 of the Annual Report 2017.

	1-6/2018	1-6/2017	1-12/2017
Sales, MEUR			
Finland	5.9	6.4	13.4
Other european countries	7.1	6.8	15.0
North America	0.5	0.5	0.9
Total	13.5	13.7	29.3

Income taxes (EUR million)

	1-6/18	1-6/17	1-12/17
Taxes for current and previous reporting periods	0.0	0.0	0.1
Deferred taxes	0.0	0.0	0.0
Total	0.0	0.0	0.1

Commitments (EUR million)

	6/18	6/17	12/17
Loans from credit institutions and other long term debts and loan guarantees, with related mortgages and pledges	15.4	16.0	15.7
Mortgages granted and collaterals pledged	35.8	35.8	35.8
Other given guarantees and pledges on behalf of own liabilities	0.5	0.5	0.5
Derivates			
Interest rate swpas: nominal value	0.0	6.3	1.9
Interest rate swaps; 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 half year report's balance sheet date. Derivatives contracts belong to level 2 of the fair value hierarchy. Available-for-sale financial assets are investments in unlisted shares. They are valued at acquisition cost because their fair value cannot be reliably determined.

Provisions (EUR million)

	Environmental provision	Warranty provision
	6/18	6/18
Provisions Jan. 1.	0.2	0.1
Increase in provisions	0.0	0.0
Used Provisions	0.0	0.0
Discharge on reserves	0.0	0.0
Provisions Jun. 30.	0.2	0.1

	6/18
Non-current provisions	0.3
Current provisions	0.0
Total	0.3

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

	1-6/18	1-6/17	1-12/17
Acquisition costs	0.1	0.5	0.5
Proceeds from sale	0.0	0.0	-0.1
Total	0.1	0.5	0.4

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

	1-6/18	1-6/17	1-12/17
Acquisition costs, net	0.6	0.4	1.0
Amortisation loss	0.0	0.0	0.0
Total	0.6	0.4	1.0

Share capital
Share capital by share series

	Shares, number	Percentage, % shares capital	Percentage, % votes	Percentage, EUR share capital
Series K shares (10 votes)	7 682 500	12.8	59.5	810 255
Series A shares (1 vote)	52 188 743	87.2	40.5	5 504 220
Total 30 June 2018	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 on Series A shares shall be EUR 0.0017 higher than the dividend paid on Series K shares. The A share is listed on NASDAQ OMX Helsinki. At the end of the review period, the company held 124,200 series A shares.

Related party transactions (EUR 1 000)
There are no transactions with associated companies.

Transactions with other related parties
Tulikivi Corporation is a founder member of the Finnish Stone Research Foundation. The company has leased offices and storage facilities from a property owned by the Foundation and the North Karelia Educational Federation of Municipalities. The rent paid for these facilities was EUR 17 (18) thousand in the period. The rent corresponds to market rents. The company's sales of services and land leases from the Foundation came to EUR 2 (2) thousand.

Management benefits (EUR 1 000)

	1-6/18	1-6/17
Salaries and other short-term employee benefits of the members of the Board of Directors and the Managing Director	142	134

Principal shareholders on 30 June 2018

Name of shareholder	Shares	Percentage of votes
1. Vauhkonen Heikki	6 873 839	45.9%
2. Elo Mutual Pension Insurance Company	4 545 454	3.5%
3. Ilmarinen Mutual Pension Insurance Company	3 720 562	2.9%
4. Elo Eliisa	3 108 536	5.7%
5. Toivanen Jouko	2 531 259	2.7%
6. Finnish Cultural Foundation	2 258 181	2.4%
7. Mutanen Susanna	1 643 800	6.8%
8. Fennia Mutual Insurance Company	1 515 151	1.2%
9. Nikkola Jarkko	1 386 001	1.1%
10. EVK-Capital Oy	1 000 000	0.8%
Others	31 289 960	27.0%

The companies included in the Group are the parent company Tulikivi Corporation, Tulikivi U.S. Inc. and OOO Tulikivi. Group companies also include Tulikivi GmbH and The New Alberene Stone Company, Inc., which are dormant.

TULIKIVI CORPORATION

Board of Directors

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