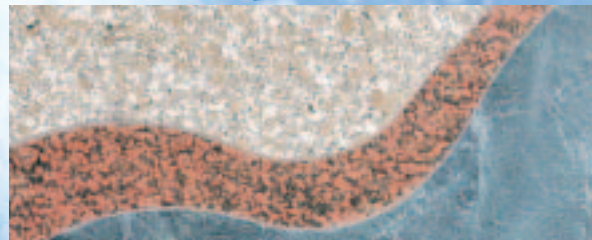


Annual Report 2001

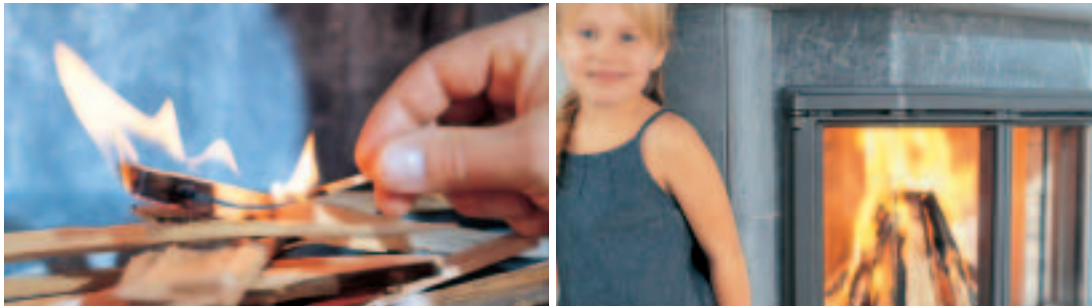


TULIKIVI
Tulikivi Corporation



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INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING

The Annual General Meeting of Tulikivi Corporation will be held in the Kivikylä auditorium in Nunnanlahti, Juuka, on 4 April 2002, commencing at 9.00 a.m. The documents pertaining to the financial statements will be available for public inspection at the company's head office in Nunnanlahti as of 12 March 2002. Copies of these documents will be sent upon request to interested shareholders. Shareholders who wish to attend the Annual General Meeting are requested to notify the company of their attendance no later than 25 March 2002. Notification of attendance should be registered either by telephone to Ms. Kaisa Toivanen tel. +358 13 6811 251 or by e-mail to kaisa.toivanen@tulikivi.fi or by posting a written registration request to the following address: Tulikivi Corporation / Annual General Meeting, FIN-83900 Juuka, Finland.

PAYMENT OF DIVIDENDS

The Board of Directors proposes to the Annual General Meeting that the distribution of dividends for the fiscal year 2001 should be the following:

For A-series shares	EUR 1.50 / share
For K-series shares	EUR 1.45 / share

Due to the transfer to a book-entry security system, dividends will be paid for shares that have been recorded on the tallying date on the list of shareholders maintained by the Finnish Central Securities Depository Ltd. The dividend payment tallying date is 9 April 2002. The Board proposes to the Annual General Meeting that dividends be paid following the expiration of the tallying period entailed in the book-entry security system, in other words, on 16 April, 2002.

SHARE REGISTER

We kindly request that any changes in the shareholder's personal details, contact information and changes in share ownership be reported to the book-entry security register in which the shareholder has a book-entry security account.

FINANCIAL REPORTS

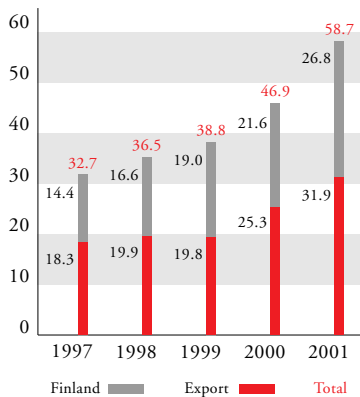
Tulikivi Corporation will publish the following financial reports in 2002:

Financial Statements for 2001	6 February 2002
Annual Report for 2001	week 11
Interim Report for January-March	24 April 2002
Interim Report for January-June	31 July 2002
Interim Report for January-September	24 October 2002

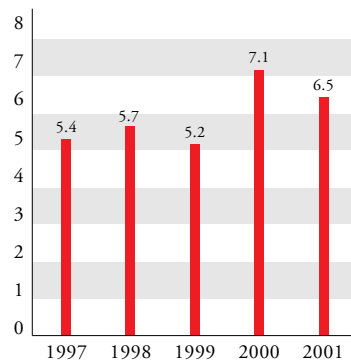
The Annual Report, Interim Reports and the company's stock exchange bulletins are available in Finnish and English. The Annual Report will be mailed to all shareholders. Starting from their date of publication, the financial reports can be found on the company's web pages at www.tulikivi.com. The financial reports can also be ordered by e-mail from tulikivi@tulikivi.fi, by post from mailing address Tulikivi Corporation / Financial Reports, FIN-83900 Juuka, Finland, or by telephone +358 13 6811 210. In matters related to investor relations, please contact the company's Financing Director Ms. Arja Lehikoinen, tel. +358 13 6811 260.

THE YEAR 2001 IN BRIEF

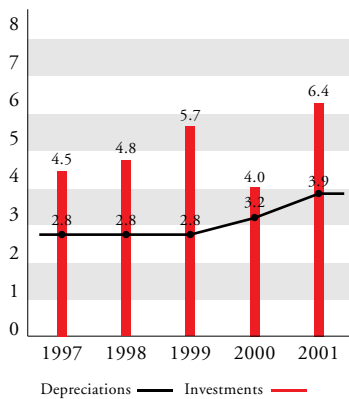
DEVELOPMENT OF NET SALES, MEUR



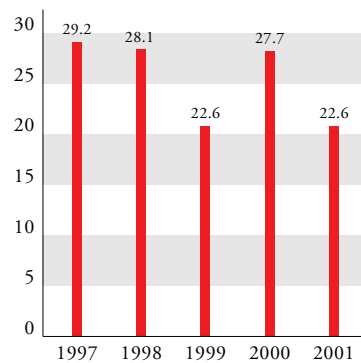
PROFIT BEFORE EXTRAORDINARY ITEMS, MEUR



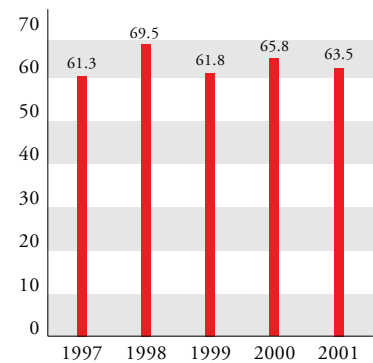
INVESTMENTS AND DEPRECIATIONS, MEUR



RETURN ON CAPITAL EMPLOYED, %



SOLVENCY RATIO, %



	2001	2000	Change, %
Net sales, MEUR	58.7	46.9	25.1
Profit before extraordinary items, MEUR	6.5	7.1	-8.9
Return on capital employed, %	22.6	27.7	
Solvency ratio, %	63.5	65.8	
Earnings per share, EUR	2.56	2.85	
Equity per share, EUR	14.75	13.25	
Payment of dividend on			
A-share, EUR	1.50	1.13	
K-share, EUR	1.45	1.09	

Calculation of key ratios, page 32

Tulikivi Group comprises of operating companies Tulikivi Corporation, Mittakivi Oy, Kiantastone Oy, Tulikivi Rakennuskivet Oy and its subsidiary AWL-Marmori Oy, Tulikivi U.S., Inc. and Tulipuu Oy and of dormant companies Tulikivi Vertriebs GmbH and The New Alberene Stone Company Inc.

TULIKIVI'S VISION, MISSION AND VALUES

VISION. Tulikivi's vision is to strengthen the global market leadership of industrially manufactured heat-retaining fireplaces and to strengthen the position of being one of the five largest stone processing companies in Europe. The company's objective is to achieve a level of growth that exceeds market growth.

MISSION. Tulikivi's mission is to use natural stone to manufacture useful products that meet the needs of the company's clientele, while generating added value for their users and enhancing their quality of life. The environmental effects of the design, manufacture and use of these products are always taken into consideration.

In order to accomplish its mission, the Group must continue to produce a good financial result, thereby ensuring that investors are able to enjoy a competitive dividend yield and an increased share value. The Group must ensure a safe working environment for its employees, which also incorporates a result-based reward system.

VALUES. Tulikivi's basic values are founded on the history of natural stone and on traditional Finnish values. Tulikivi has always believed in honesty, openness and fairness. As a consequence, the company has always divided responsibility among all those willing to assume it. This responsibility is most visible in the Tulikivi way of working in teams.

The value most characteristic of Tulikivi is entrepreneurship. The company wants to emphasize the importance of the enterprising spirit that lies within every individual. Without this spirit, it is doubtful that a small family business like Tulikivi would have evolved into an international success story. Another indication of this inner enterprising spirit is the company's wish to increase the prestige of the entire natural stone sector in Finland. We wish to continuously develop both ourselves and our working environment in a determined and persevering manner, but without losing sight of the importance of supporting and listening to others.

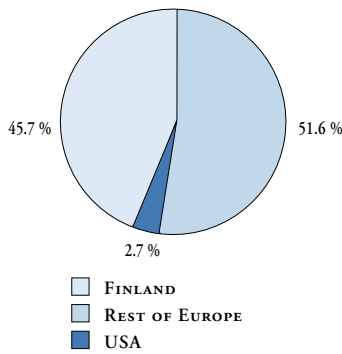
For Tulikivi, customer satisfaction is also a core value. We refer to our comprehensive customer service, with which we mean that we provide our customers with a long-term, personal and responsible range of services.

We believe that by adopting these positions, the company's vision will become a reality.

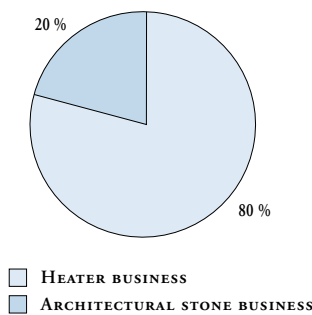


TULIKIVI'S BUSINESS CONCEPT AND STRATEGY

NET SALES PER GEOGRAPHICAL SEGMENT, %



NET SALES PER BUSINESS SEGMENT, %



BUSINESS CONCEPT AND STRATEGY. The Tulikivi Group business concept is to focus on the acquisition and processing of natural stones as well as manage large-scale soapstone deposits. The Group's objective is to improve its customers' quality of life by processing natural stone materials into high-quality finished products. The Group's core business areas are heater business and architectural stone business. The Group handles the marketing and distribution of its products in Europe and North America.

HEATER BUSINESS. The Group's heater business includes fireplaces and heater lining stones. The operations for each product group consist of product design work, manufacture and marketing. The strategy for the fireplace product group consists of the industrial production of fireplaces and fireplace accessories whose design and technology are of the highest standard. In addition, the company emphasises an all-inclusive customer service. The objective of the lining stone product group is to improve the competitiveness of heater manufacturers through intense co-operation in the fields of product design and production.

ARCHITECTURAL STONE BUSINESS. The Group's architectural stone business involves the manufacture of construction stone, interior decoration stones, landscaping stones and semi-finished goods from materials such as granite, marble, soapstone and serpentinite. Business operations within each of these product groups are concentrated around the design, manufacture, marketing and installation of natural stone products. Tulikivi is involved in active co-operation with end customers, construction companies, designers and contractors. We base our operations on a customer-oriented service concept designed to bring added value for both our partners and end customers.

PRESENTATION OF TULIKIVI PRODUCTS

Products	Customers	Market position
<p>FIREPLACES AND FIREPLACE ACCESSORIES Tulikivi fireplaces, bakeovens, fire-place bakeoven combinations, stoves and custom-made fireplaces Mittakivi fireplaces, bakeovens, fire-place bakeoven combinations, stoves and custom-made fireplaces Sauna stoves Benches and chimneys</p>	<p>CONSTRUCTORS OF SMALL-SCALE HOUSING AND RENOVATORS In Finland, distribution to hardware stores and private showrooms In export operations, specialised fire-place stores</p>	<p>WORLD'S LARGEST MANUFACTURER OF HEAT-RETAINING FIREPLACES Main market areas: domestic market and Europe Some 1,000 retailers, dealers and distributors Some 1,000 fireplace experts and installers Factories in Juuka and Suomussalmi</p>
<p>SOAPSTONE LINING STONES</p>	<p>HEATER MANUFACTURERS Business-to-business customers</p>	<p>THE LEADING MANUFACTURER OF HEATER LINING STONES Factories in Juuka and Suomussalmi</p>
<p>ARCHITECTURAL STONES Façades Floors Walls Terraces Stairs</p>	<p>CONSTRUCTION PROJECTS Building companies, constructors and architects Shipyards and shipping companies</p>	<p>THE LEADING COMPANY OF THE NORDIC COUNTRIES SPECIALISED IN THE ACQUISITION, PROCESSING AND INSTALLATION OF NATURAL STONE PRODUCTS Factories in Juuka, Suomussalmi, Taivassalo, Vinkkilä and Espoo</p>
<p>INTERIOR DECORATION STONES Furnishing surfaces Walls Floors Stairs</p>	<p>CONSTRUCTORS OF SMALL-SCALE HOUSING AND REDEVELOPERS</p>	<p>STRENGTHENING OUR MARKET POSITION IN FINLAND BY DIVERSIFYING OUR PRODUCT RANGE AND EXTENDING OUR CLIENTELE Factories in Juuka, Taivassalo and Espoo</p>
<p>LANDSCAPING STONES Surfacing stones, pavement flagstones Edging stones, dry walls, stairs Outdoor furniture stones, fountain structures and special structures</p>	<p>BUILDING COMPANIES CITIES AND MUNICIPALITIES CONSTRUCTORS OF SMALL-SCALE HOUSING AND REDEVELOPERS</p>	<p>INCREASING COOPERATION WITH OTHER STONE PROCESSING COMPANIES Factories in Taivassalo and Vinkkilä</p>
<p>SEMI-FINISHED MATERIALS Cut-to-size slabs Monumental masonry products Pre-worked materials for massive structures</p>	<p>STONE PROCESSING COMPANIES</p>	<p>THE MANUFACTURE OF SEMI-FINISHED PRODUCTS SUPPORTS THE GROUP'S OTHER BUSINESS OPERATIONS AND SERVES AS A PROJECT SALES SUPPORT FUNCTION Factories in Taivassalo and Vinkkilä</p>
<p>TULIPUU Firewood packed in consumer packages</p>	<p>FIREWOOD COMPANIES Independent firewood entrepreneurs act as distributors and manufacturers</p>	<p>Main business focus on the domestic market One of the few organised firewood distribution chains in Finland</p>

TOWARDS AN ERA OF CONCEPTUAL MARKETING



Good news is coming in from Europe. Research results indicate that Europeans are increasingly embracing values such as genuineness, individuality, togetherness and the importance of the home. The popularity of natural materials is on the increase, providing a counter-balance to the widespread use of plastic materials. Encouraged by these signals, we plan to make sure that Tulikivi is ready for the era of conceptual marketing, in which the focus is on finding solutions to customers' problems. Tulikivi is in the process of developing into an expert in managing comprehensive natural stone projects. The Tulikivi Group objective is to create architectural and interior decoration solutions that are of interest to professional builders, constructors, architects and interior decorators, and suitable for use together with other natural materials. The acquisition of granite sector companies represented the first step towards this goal. Key terms in this endeavour are the durability of natural stone, aesthetic values and the healthy radiant heat by soapstone fireplaces.

Moving to a new level calls for Tulikivi to adopt a new, creative way of thinking. It challenges the managers of the stone units to work in close co-operation with one another and to dismantle the barriers that exist between our granite, marble, soapstone and serpentine processing operations.

This challenge, in turn, requires that we search for new solutions, design our service concepts further, engage in product development work and understand customer-oriented marketing.

THE NEW MANAGING DIRECTOR WAS FOUND CLOSE TO HOME. Managing Director Reijo Svanborg's decision to step down was a loss for the company. As an African saying goes, every farewell is a small death. Fortunately the situation is not quite that bleak, as Reijo Svanborg transferred to a wood construction company. The visions for wood construction and natural stone processing are quite similar. In the future, Reijo Svanborg will act as an expert for the Tulikivi Corporation Board of Directors. The objective of this co-operation is to strengthen the symbiotic relationship between wood and stone. The position of Managing Director was filled by Juha Sivonen, a solid construction engineer and a seasoned stone expert. Juha has worked for Tulikivi for a considerable time, holding managerial positions in both production and marketing, which means that he knows the company inside out. In his latest position, he served as the director of a Tulikivi business unit.

A STONE CULTURE AND CRAFTSMANSHIP DEVELOPMENT CENTRE TO BE BUILT IN CONJUNCTION WITH THE STONE VILLAGE. Another conceptual marketing objective is to increase the degree of processing of natural stone materials, which consequently increases the importance of stone craftsmanship. In recognition of the bright outlook for natural stone processing, we have come up with a fundamental plan which will culminate in the establishment of the Finnish Stone Centre in Juuka, next to the Stone Village. The objective of the Stone Centre is to benefit the Finnish stone industry and to create new job opportunities for the depopulating countryside. The Centre will accumulate Finnish stone sector expertise and its task is to promote the use of natural stone in the domestic arena and the Baltic region. The Centre's core functions include research, product development, training and design.

A STONE HOUSE BUILT ON A SOLID ROCK FOUNDATION WEATHERS THE ELEMENTS WELL. Finally I would like to remind our shareholders that Tulikivi is an exceptionally stable investment. The company has not experienced fluctuations in exchange rating and the stock exchange development of the company's shares has followed an upward trend. Our primary objective remains to achieve a good financial result for Tulikivi Corporation, which has made favourable dividend distribution possible to date.

Juuka, 8 February 2002

A handwritten signature in blue ink, which appears to read 'Reijo Vauhkonen'. The signature is fluid and cursive.

REIJO VAUHKONEN

Chairman of the Board

A YEAR OF GROWTH

The year 2001 was one of growth and expansion for Tulikivi Group. The Group's net sales increased by some 25% and its profitability remained good. In spite of the increased insecurity of its operating environment, the Group's heater and architectural stone business operations were developed in accordance with the company's growth strategy. Growth was divided equally between the Group's heater business and architectural stone business.

THE DEMAND FOR SOAPSTONE INCREASED. A key objective for the Group's heater business has been to achieve a level of profitable growth that exceeds market growth. During the financial year, growth in the construction of small-scale housing came to a standstill and even experienced a decline in our main market areas, the domestic arena and the European market. While the level of new housing construction declined, renovation levels nonetheless remained high. Approximately half of our fireplace customers are constructors of new houses and the other half redevelopers.

Fireplace sales in 2001 remained at the level of the previous year. The Group maintained its market position by investing in its product range, distribution network and the Tulikivi brand. In the domestic arena, our customer-oriented service concept was a key contributor to the Group's success. In the export sector, the German market declined and growth was achieved in the areas where the Group had made clear investments a few years back.

In the case of heater lining stone sales, the soapstone success story continued. Growth was achieved by entering into partnerships with the largest heater manufacturers, acquiring new customers and investing in the areas of service and product development.

ARCHITECTURAL STONE BUSINESS EXPANDED. In Northern Europe, the use of natural stone materials for construction and building work increases by more than 5 % annually. The Group's key objective in terms of its architectural stone business is the strengthening of its market leadership in hard stone processing, marketing and installation in Scandinavia and to increase its profitability significantly. Tulikivi wants to be seen as a reliable and all-inclusive supplier that invests in service and distribution.

During the financial year, the Tulikivi Group architectural stone business was expanded through the acquisition of A.W. Liljeberg Oy and Marmorimestarit Oy. The company had previously acquired the business of SKT Granit Oy. The acquisition of these new companies made it possible to expand Tulikivi's operations from granite processing to import stones and installation services. The architectural stone business have been centralised under Tulikivi Rakennuskivet Oy. The Tulikivi brand is used in marketing. Tulikivi Group is a full-service natural stone business.

OUTLOOK FOR THE FUTURE. The short-term market outlook involves certain insecurity factors that have special bearing on some export market areas. In the longer term, the trends of sustainable development, the use of bioenergy and the value given to individuality will work to our benefit. Despite the temporary recession in the market, we believe that by further developing the service concept of our expanded business operations, we will be able to achieve our objectives also in the future. I would like to take this opportunity to thank our customers, partners and personnel for the past year.

Juuka, 28 February 2002

JUHA SIVONEN

Managing Director





In Tulikivi's new fireplace models, modern design meets the latest solutions in fireplace technology. The new firebox solution, advanced combustion technology, new fireplace doors, and broad range of natural stone of the latest Tulikivi models are what make our fireplaces unique, timeless gems of modern design. Our latest models feature decorative elements made of granite as well as brushed Kianta Blue soapstone.

HEATER BUSINESS

The heater business operations have been divided into the fireplace and lining stone product groups. All these products are manufactured from soapstone, known for its excellent heat-retention capacity.

THE MARKET REMAINS STABLE. In the Group's main market areas, Europe and North America, the overall value of the fireplace market is approximately EUR 2.5 billion. Approximately 8 % of the value of the overall market comes from heat-retaining fireplaces. In Finland, the corresponding figure for heat-retaining fireplaces is approximately 90 %. In the future the market is expected to grow by approximately 2-4 % annually. The lining stone market is dependent on developments in fireplace and heater sales. The number of soapstone-lined fireplaces is on the increase, as manufacturers are looking to improve the heat-retention capacity and appearance of their products.

REDEVELOPERS MAKE UP HALF OF OUR CUSTOMERS. The growing demand for Tulikivi

fireplaces is based on an increased emphasis on the quality of living as well as energy-related and environmental considerations. Heat-retaining fireplaces based on wood combustion will become increasingly important in the environmentally-friendly heating of small-scale houses. Approximately half of our customers are builders of new small-scale housing and the other half are redevelopers. An increasing number of customers have come to appreciate customised fireplace solutions and are interested in purchasing a made-to-measure fireplace that fulfils their individual requirements.

SALES AND MARKETING. Tulikivi's serial production and custom-made fireplaces are sold in Finland through various hardware chain stores under the brand names Tulikivi and Mittakivi. Sales operations are supported by the Group's district and fireplace expert organisation as well as the Group's fireplace studios. Overseas sales are executed through importers and their retailers. In export activities, only the Tulikivi brand name is



Tulikivi fireplaces also feature cloud-patterned Kianta Sky soapstone which is quarried by Kiantastone Oy, a subsidiary of Tulikivi Corporation. The fireplace bakeoven featured here has blue-toned fireplace doors. The range of Tulikivi and Mittakivi standard fireplace models is extensive, but in the event that you are unable to find a suitable fireplace model, we also manufacture custom-made fireplaces based on the individual needs of our customers. The fireplace on the right can be found in the Joensuu Science Park in Joensuu, Finland.

used. Product sales and marketing activities are conducted through the Group's heater business marketing unit, which has been divided according to domestic and export markets. In the case of lining stone production, the company co-operates with its partners in the design of fireplace stone components.

The design work takes into consideration coming design trends, the colour range and surface treatment of the stones as well as the technical structures of the stones and their feasibility for production. The soapstone-lined fireplaces provided by our partners are sold under their brand names and through their distribution channels to the end customers.

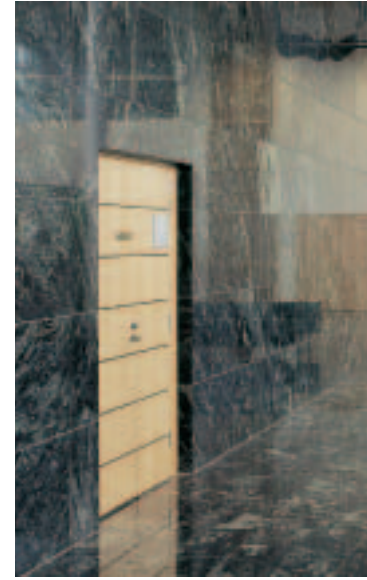
A NEW GENERATION OF FIREPLACE MODELS.

The Group's product development activities are focussed on the customer-orientation and production-friendliness of the product line. The current range of fireplace models fulfils the criteria of the world's strictest emission norms. In terms of product development, Tulikivi has been involved in the design and development of a new generation of fireplace

models, which is to be launched in the beginning of 2002. These products are representative of a new design outlook and will be decorated with soapstone as well as other stone types processed by the company. Combustion technologies have undergone further improvement in order to ensure that the products fall below the stricter emission limits of the future. The products are based on standardised firebox models and the appearance of the fireplaces is easily modified.

IN PRODUCTION, THE FOCUS IS ON IMPROVING PROFITABILITY.

Tulikivi has three soapstone processing factories, whose automated production lines represent the most advanced technology available. In the production facilities, focus has been on improving profitability by increasing the efficiency of stone use and reducing the duration of production pass-through times. Our production has the ability to diversify our serial production fireplaces and manufacture customised fireplaces according to the individual needs of the customers.



The natural stone expertise of Tulikivi Rakennuskivet Oy is evident in architectural façades and the interior of luxury cruise liners. Tulikivi Rakennuskivet Oy delivers all its natural stone projects based on the turnkey principle.

ARCHITECTURAL STONE BUSINESS

Tulikivi Rakennuskivet Oy, the leading company in the Nordic countries, specialises in the acquisition, processing and installation of natural stone products. The architectural stone business consists of the following product groups: construction stones, interior decoration stones, semi-finished materials and landscaping stones. The range of stone types used in the architectural stone business comprises all stone materials used as architectural stones. Processed architectural stone materials are granite, marble, soapstone and serpentinite.

A GROWING MARKET. In the Group's main architectural stone market area, Northern Europe, the use of natural stone for construction and building work increases by more than 5 % annually. The overall architectural stone market in this area is estimated to amount several

billion euro. In the domestic market, the use of natural stone has been small-scale. Market development has been hindered by the passive supply of natural stone. With an increase in supply, the domestic market is also expected to grow by approximately 5% annually. Growth is expected to develop fastest in the interior decoration and landscaping stone product groups. The architectural stone product group's façade and interior construction activities are largely dependent on the construction of commercial properties.

A BROAD CLIENTELE. The clientele of the architectural stone business consists of constructors, architects and designers, construction companies, shipping companies, individual consumers and, especially in the case of export operations, local stone sector businesses.



Natural stone is a versatile material for interior decoration, as it is ideally suited for a range of different applications, including kitchen counters, window boxes as well as wall and floor tiling.

Customers value the properties inherent to natural stone and the added value that using natural stone in construction generates. The limited supply of natural stone and the difficulties associated with its acquisition have nonetheless increased the sales of other materials.

NEW SALES AND MARKETING CHANNELS. The sales and marketing of architectural stones is managed from Finland in accordance with the individual characteristics of each market area and clientele. In addition to its traditional distribution channels, the Tulikivi Group's showrooms also act as distribution channels for architectural and interior decoration stones.

NEW MACHINE INVESTMENTS IN THE PRODUCTION SECTOR. The utility level of the production within the architectural stone business is

high. Machine investments aimed at increasing production capacity and removing production bottlenecks have been carried out with the objective of ensuring that the volume goals established for the coming years can be reached. Investments has been made in the production machinery especially for the purpose of strengthening the production of interior decoration stones.



Four of Tulikivi's soapstone quarries are located in Juuka and one in Suomussalmi, Finland. The texture of soapstone varies in different deposits, which gives the opportunity to choose the right stone for each product group.

ACQUISITION OF RAW MATERIALS

The acquisition and processing of raw materials are the basis for business of the Tulikivi Group. In accordance with its business concept, Tulikivi Group is focused on the acquisition and processing of natural stone. Our fireplaces and heater lining stones are made of soapstone, known for its excellent heat-retention capacity. Our architectural stones and interior decoration stones are mainly processed from granite. The Group manages large-scale soapstone deposits, which it also quarries independently. Raw materials quarried by Tulikivi are also used in manufacturing products made of serpentinite.

RAW MATERIAL STRATEGY AND GOALS. In terms of finding and managing new soapstone deposits, the Group's objective is to secure a raw material volume that corresponds to the production for several decades. The soapstone deposits currently managed by the company in Juuka and Suomussalmi are estimated to be sufficient

for decades to come. The company's strategy and business plan incorporate the principle of efficient and economical utilisation of available soapstone materials.

SEARCH FOR STONE RESERVES. Tulikivi Group has initiated a project which extends to 2006 and is aimed at studying current soapstone reserves and mapping new deposits in Finland. The project will be carried out in co-operation with the Geological Survey of Finland (GTK). For Tulikivi, the objective of the project is to ensure the sufficiency of its raw material reserves far into the future and to reinforce the company's growth strategy. In addition to mapping actual reserves, the project will involve the development of soapstone research methods and information systems. The technological applications under development are completely new within the soapstone processing industry.



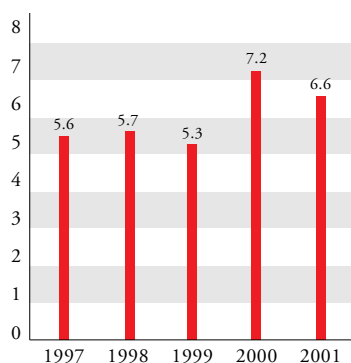
Tulikivi's production facilities are equipped with modern, highly automated production lines. The company's products have been designed to be as customer-oriented and production-friendly as possible.

SOAPSTONE QUARRYING. Tulikivi has three operative quarries and two are in test quarrying. Four of the quarries are located in Juuka and one in Suomussalmi. The soapstone is extracted from open quarries using gang saw technology. No explosives are used to remove the soapstone, but they are sometimes used in quarrying secondary stone deposits. The end result of the quarrying process is stone blocks that weigh between 5 and 10 tonnes. The stone blocks are brought directly to the factory or destined for temporary storage. The dimensions of the stone blocks have been standardised in accordance with the requirements of factory production lines. Soapstone quarrying is subject to official license and it is based on the Finnish Mining Act and environmental permits.

GRANITE ACQUISITION. Finland is a country where advanced expertise in granite quarrying is widespread. Finland also has a large number of quarries whose granite deposits are of a high quality. Almost all Finnish granite raw materials are exported for processing. Tulikivi acquires its granite raw material in blocks from both domestic and international quarries. By networking with quarrying companies, Tulikivi is able to process its granite blocks into end products destined for both the domestic and the export market. Marble and certain special stone types are imported into Finland through the company's international partners either as semi-finished products or end products.

DIRECTORS' REPORT FOR THE FISCAL YEAR 2001

OPERATING PROFIT, MEUR



During 2001, the Tulikivi Group's operating environment remained stable until the latter part of the year. Operations expanded almost exactly according to plan and the overall development of the Group's result was good. The Group invested in the future by developing its architectural stone business through corporate acquisitions and by investing in production processes, personnel, and product development.

NET SALES. The Group's net sales increased by more than 25 percent and totalled EUR 58.7 (46.9) million.

The net sales of the heater business amounted to EUR 46.9 (41.2) million. The net sales of the Group's fireplace lining stone business increased as a result of a growing number of clients. Fireplace exports to Germany decreased towards the end of the year due to economic recession. In contrast, the demand for fireplaces increased for ex. in France, Belgium and Sweden.

The net sales of the Group's architectural stone business amounted to EUR 11.8 (5.7) million. The growth of EUR 6.1 was contributed by acquisition.

Exports accounted for EUR 31.9 (25.3) million, or 54.3 (54.0) percent of the Group's net sales. The most important export countries were Germany, Denmark and Sweden. Domestic net sales amounted to EUR 26.8 (21.6) million.

RESULT. The Group's profit before extraordinary items was EUR 6.5 (7.1) million. The result of the heater business amounted to EUR 6.3 million. Its net sales did not meet the established objective, but investments into the development of operations, production and products were made in accordance with the annual plan, which is seen in increased personnel and other business expenses. In addition investments made resulted in higher depreciation.

The result of the architectural stone business amounted to EUR 0.2 million. In the architectural stone business, investments were

made in personnel, information systems and marketing communications. In addition, the result of the architectural stone business was weakened by goodwill amortizations.

The amount of capital employed within the Group increased by EUR 5.4 million. Return on capital employed was 22.6 (27.7) percent. Earnings per share amounted to EUR 2.56 (2.85).

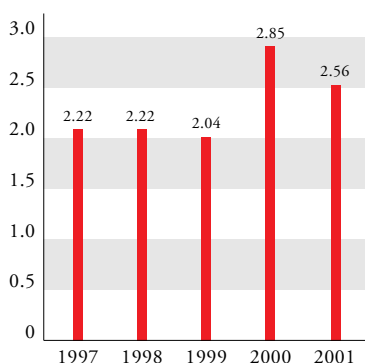
CASH FLOW AND FINANCING. The Group's financial position remained good. The cash flow of the Group's business operations amounted to EUR 6.5 (7.1) million. The current ratio was 1.6 (2.0). The solvency ratio was 63.5 (65.8) percent. The ratio between net debt and shareholders' equity, or gearing, was 2.5 (-0.9) percent. The shareholders' equity per share amounted to EUR 14.75 (13.25).

INVESTMENTS. The Group's gross investments amounted to EUR 6.4 (4.0) million. The most significant investments were made in the first quarter in order to develop the architectural stone business, and included the acquisition of the shares of A.W. Liljeberg Oy and Marmorimestarit Oy. Other significant investments were investments in machinery made in order to diversify the Group's product range and further improve its productivity.

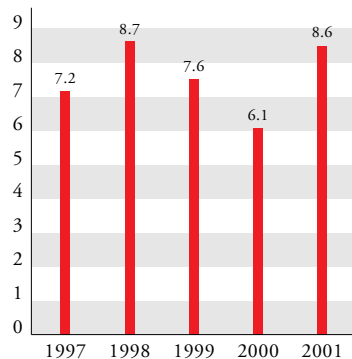
In terms of the Group's development activities, the main focus was on the development of electronic business and the new generation of fireplace products.

CHANGES IN GROUP STRUCTURE. During the financial year, Tulikivi Group established a new subsidiary, Tulikivi Rakennuskivet Oy, for its architectural stone business and incorporated the acquired architectural stone business operations and companies into a single subsidiary. The incorporation was carried out so that Tulikivi Corporation transferred the operations of SKT Granit as well as the shares of A.W. Liljeberg Oy and Marmorimestarit Oy to the newly established company through a business transfer. A.W. Liljeberg Oy and Marmorimestarit Oy were entered into

ERNINGS PER SHARE, EUR



P/E RATIO



voluntary liquidation and their business operations were transferred to Tulikivi Rakennuskivet Oy on 1 July 2001.

TRANSFER OF THE COMPANY'S OWN SHARES.

By virtue of the authorization given to it by the Annual General Meeting, Tulikivi Corporation repurchased a total of 63,153 of the company's A-shares on the Helsinki Stock Exchange during 2000. 41,600 of these shares were transferred on 19 February 2001 as partial payment of the purchase price of A.W. Liljeberg Oy. Their value at the time of the transfer was EUR 0.7 million. The total nominal value of the transferred shares amounted to EUR 0.14 million. Their relative share of the company's capital stock was 2.3 percent, and their share of the total voting rights of all the company's shares 0.7 percent.

The company still holds 21,553 A-shares. Their total nominal value is EUR 0.07 million, their relative share of the company's capital stock is 1.2 percent and their share of the total voting rights of all the company's shares is 0.3 percent.

CHANGES IN THE CAPITAL STOCK. By virtue of the option loan arrangement from 1997 the Group's management subscribed for 24,500 pcs of Tulikivi Corporation A-shares during the financial year. As a result of the subscriptions, the company's capital stock increased by EUR 83,300 and the share premium fund by EUR 211,323.

PERSONNEL. During the reporting period, the Group employed an average of 558 (440) persons and at the close of the reporting period, the Group's personnel numbered 614 (474). Of these employees, 507 (441) worked in the Group's heater business and 107 (33) in the Group's architectural stone business. The total amount of wages and salaries was EUR 15.7 (11.5) million.

BOARD OF DIRECTORS, MANAGING DIRECTOR AND AUDITORS. At Tulikivi Corporation's Annual General Meeting, held on 4 April

2001, Bishop Ambrosius, Juhani Erma, Aimo Paukkonen, Heikki Vauhkonen, Reijo Vauhkonen and Matti Virtaala were elected to serve on the Board of Directors. The Board of Directors appointed Reijo Vauhkonen as its Chairman and Matti Virtaala as its Vice-Chairman.

Reijo Svanborg served as Managing Director of Tulikivi Corporation until 31 October 2001, after which this position has been held by Juha Sivonen.

The auditors are SVH Pricewaterhouse Coopers Oy, Authorized Public Accountants.

DECISIONS MADE BY THE ANNUAL GENERAL MEETING.

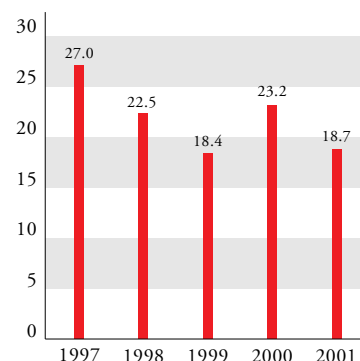
The Annual General Meeting authorized the Board of Directors to repurchase and transfer company's own shares within one year from the Annual General Meeting. The maximum amount of shares that the Board is authorized to acquire is limited to the amount, the nominal value of which together with the nominal value of the shares already held by the company, do not exceed five percent of the company's total share capital. The Board was also authorized to transfer company's shares as consideration in possible corporate acquisitions and other structural arrangements.

The paragraph in the company's Articles of Association outlining the invitation to attend the Annual General Meeting was modified to meet the requirements of the new rules of the Finnish Companies Act.

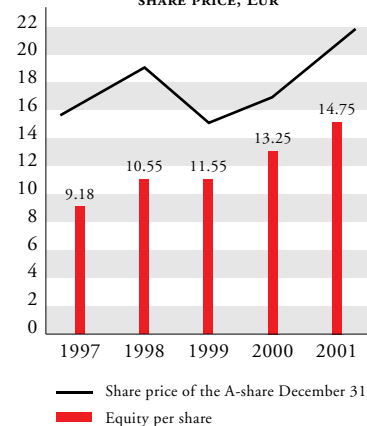
The Annual General Meeting decided that the company's A- and K-shares that have been entered in book-entry accounts in accordance with paragraph 3a:3 of the Finnish Companies Act will be sold off on behalf of the shareholders.

OUTLOOK FOR THE FUTURE. The outlook for the near future varies by market area. In Finland, demand is expected to develop satisfactorily, but there is insecurity in some export market areas. The launch of the Group's new fireplace product generation in April is expected to have a positive effect on the demand for the Group's products towards the end of the year. The annual result is expected to be good.

RETURN ON EQUITY, %

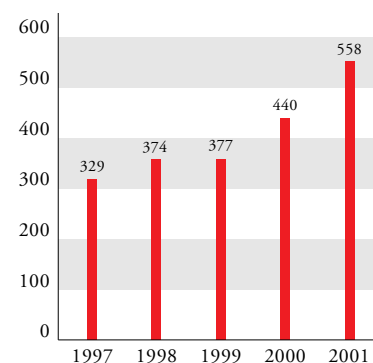


EQUITY/SHARE AND SHARE PRICE, EUR



— Share price of the A-share December 31
 ■ Equity per share

PERSONNEL



INCOME STATEMENT 1.1.–31.12.

EUR 1,000	Note	GROUP		PARENT COMPANY	
		2001	2000	2001	2000
NET SALES	1.1.	58 690	46 929	41 748	40 100
Increase (+) / decrease (-) in inventories in finished goods and in work in progress		377	465	351	615
Production for own use		1 179	831	630	632
Other operating income	1.2.	356	443	2 709	2 814
Materials and external charges	1.3.	17 864	13 389	21 898	19 688
Personnel expenses	1.4.	19 850	14 535	9 495	9 355
Depreciations and value adjustments	1.5.	3 902	3 155	2 301	2 155
Other operating expenses		12 411	10 380	8 572	8 314
OPERATING PROFIT		6 575	7 209	3 172	4 649
Financial income and expenses	1.6.	-107	-110	1 023	881
PROFIT BEFORE EXTRAORDINARY ITEMS		6 468	7 099	4 195	5 530
Extraordinary items	1.7.		3		-404
PROFIT BEFORE UNTAXED RESERVES AND INCOME TAXES		6 468	7 102	4 195	5 126
Untaxed reserves	1.8.			12	-116
Income taxes	1.9.	-1 892	-2 058	-1 314	-1 579
PROFIT FOR THE YEAR		4 576	5 044	2 893	3 431

BALANCE SHEET 31.12.

EUR 1,000	Note	GROUP		PARENT COMPANY	
		2001	2000	2001	2000
ASSETS					
Fixed assets and other non-current investments					
Intangible assets	2.1.	3 187	2 954	2 273	2 457
Goodwill	2.1.	1 467			
Tangible assets	2.2.	17 729	16 772	8 344	9 226
Investments					
Shares in group companies	2.3.			3 929	1 638
Own shares		361	1 059	361	1 059
Other investments	2.4.	76	73	72	73
FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS, TOTAL		22 820	20 858	14 979	14 453
Current assets					
Inventories	2.5.	5 726	4 632	2 392	3 289
Non-current receivables	2.6.		1	3 952	2 172
Current receivables	2.7.	10 014	6 286	5 151	5 327
Cash in hand and at banks		5 148	4 156	3 492	2 926
TOTAL CURRENT ASSETS		20 888	15 075	14 987	13 714
TOTAL ASSETS		43 708	35 933	29 966	28 167
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity					
Capital stock	2.8.	6 192	6 109	6 192	6 109
Share premium fund	2.8.	5 319	5 105	5 319	5 105
Revaluation reserve	2.8.	38	38	38	38
Reserve for own shares	2.8.	361	1 059	361	1 059
Retained earnings	2.8.	10 419	6 668	5 512	3 367
Profit for the year	2.8.	4 576	5 044	2 893	3 431
TOTAL SHAREHOLDERS' EQUITY		26 905	24 023	20 315	19 109
Untaxed reserves					
Provisions	2.10.	8		205	230
Liabilities					
Deferred tax liability	2.11.	1 088	1 023		
Non-current liabilities	2.12.	2 789	3 172	2 493	2 835
Current liabilities	2.13.	12 918	7 715	6 953	5 993
TOTAL LIABILITIES		16 795	11 910	9 446	8 828
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		43 708	35 933	29 966	28 167

CASH FLOW STATEMENT I.I.–31.I.I2.

EUR 1,000	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before extraordinary items	6 468	7 099	4 194	5 529
Adjustments for:				
Depreciations	3 902	3 155	2 301	2 155
Financial income and expenses	107	110	-1 023	-881
Other adjustments	-13	-54	-12	-38
CASH FLOW BEFORE WORKING CAPITAL CHANGES	10 464	10 310	5 460	6 765
Change in net working capital:				
Increase (-) / decrease (+) in current non-interest bearing receivables	-2 818	-582	-361	-1 180
Increase (-) / decrease (+) in inventories	214	-1 274	-355	-1 152
Increase (+) / decrease (-) in current noninterest bearing liabilities	802	915	-285	1 200
CASH GENERATED FROM OPERATIONS BEFORE FINANCIAL ITEMS AND INCOME TAXES	8 662	9 369	4 459	5 633
Interests paid and payments on other financial expenses from operations	-213	-267	-137	-203
Dividends received	34	16	663	622
Interests received	154	147	143	137
Income taxes paid	-2 095	-2 167	-1 186	-1 467
CASH FLOW BEFORE EXTRAORDINARY ITEMS	6 542	7 098	3 942	4 722
Extraordinary items paid		3		-404
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	6 542	7 101	3 942	4 318
NET CASH FLOW FROM INVESTING ACTIVITIES				
Investments in tangible and intangible assets, gross	-4 472	-3 277	-2 115	-2 328
Investment grants received		160	-19	89
Proceeds from sale of tangible and intangible assets	35	58	25	57
Loans given		-1	-441	
Other investments	-987	-12	-1 054	-13
Repayments of loan receivables	1			689
Interests received on investments			37	64
NET CASH USED IN INVESTING ACTIVITIES (B)	-5 423	-3 072	-3 567	-1 442
CASH FLOWS FROM FINANCING ACTIVITIES				
Share issue	295	295	295	295
Acquisition of own shares		-1 059		-1 059
Long-term borrowing	2 523		2 523	
Repayment of long-term loans	-952	-2 716	-636	-1 650
Dividends paid	-1 993	-1 771	-1 982	-1 771
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	-127	-5 251	200	-4 185
NET INCREASE (+) / DECREASE (-) IN CASH AND CASH EQUIVALENTS (A+B+C)	992	-1 222	575	-1 309
Cash and cash equivalents at the beginning of the financial year	4 156	5 378	2 927	4 236
Transferred in connection with the business transfer			10	
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5 148	4 156	3 492	2 927

NOTES TO THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Finnish accounting law.

VALUATION OF FIXED ASSETS. Fixed assets have been disclosed in the balance sheet at acquisition cost net of received investment grants and depreciations according to plan. The value of fixed assets includes revaluation made on buildings. Depreciations according to plan have been calculated on straightline method based on the economic life time of the assets as follows:

	Depreciation period
Intangible rights and other long-term expenditure	5 to 10 years
Goodwill	5 years
Buildings	25 to 30 years
Constructions	5 years
Process machinery	3 to 10 years
IT equipment	3 to 5 years

The acquisition cost of equipment is depreciated applying the maximum depreciation rates allowed by the corporate tax law, starting from the time of acquisition. The cost of land areas relating to quarries is depreciated on the basis of the volumes of stone quarried.

VALUATION OF INVENTORIES. Inventories are valued at cost by using the FIFO method. The cost value of inventories includes in all group companies direct costs and their proportion of indirect manufacturing and acquisition costs.

REVENUE RECOGNITION. Net sales represents sales after the deduction of discounts, indirect taxes and exchange rate differences on trade receivables. Revenue has been recognized at the time of the delivery of the goods, with the exception of construction contracts pertaining to the Group's architectural stone business, which require a long production time. The revenue generated by these contracts has been recognized on the basis of percentage of completion method. As construction contracts requiring a long production time are regarded projects whose total net sales exceed EUR 84 thousand. The stage of completion of these projects has been determined based on the costs occurred on the project in relation to its estimated total costs of the project.

RESEARCH AND DEVELOPMENT COSTS. Research and development costs have been recorded as costs when incurred.

RETIREMENT COSTS. Retirement costs are expensed for the period when earned. In Finland, pension security has been arranged by means of Tael, TEL and LEL insurance policies. Pension schemes for personnel outside Finland follow the local practices.

UNTAXED RESERVES. According to the Finnish corporate tax law untaxed reserves, such as accelerated depreciation, are tax deductible only if recorded in financial statements. In the group financial statements untaxed reserves, net of deferred tax liability, are included in shareholders' equity.

INCOME TAXES. Income taxes include the income taxes pertaining to the profits of the financial year of the group companies as well as the change in deferred tax liabilities. The deferred tax liability has been determined by using the tax rate enacted at the balance sheet date.

DIVIDENDS. The financial statements do not include the dividend proposed by the board of directors to the Annual General Meeting. Dividends are recorded on the basis of the decision made by the Annual General Meeting.

FOREIGN CURRENCY ITEMS. Foreign currency balance sheet items have been valued at the average exchange rate prevailing on the balance sheet date as indicated by the European Central Bank.

ACCOUNTING PRINCIPLES USED IN THE CONSOLIDATED FINANCIAL STATEMENTS. The parent company of the Tulikivi Group is Tulikivi Corporation, domiciled in Juuka. The consolidated financial statements include all the Group companies. Internal shareholding has been eliminated using the purchase method. Acquisition costs generate elimination differences insofar as the acquisition cost exceeds the subsidiary's shareholders' equity at the time of acquisition. Elimination differences or goodwill on consolidation is depreciated according to plan over a period of five years. Business transactions between Group companies, unrealized internal profits, intercompany receivables and liabilities as well as internal profit distribution have been eliminated. The balance sheets of the foreign group companies have been translated into euros using the average exchange rates prevailing on the balance sheet date as indicated by the European Central Bank, and the income statements using the average exchange rates for the financial year. Translation differences have been recorded directly to retained earnings.

EUR 1,000	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
Notes to the Income Statement				
1.1. NET SALES				
1.1.1. NET SALES PER BUSINESS SEGMENT				
Heater business	46 924	41 169	40 243	31 847
Architectural stone business	11 766	5 760	1 505	8 253
TOTAL NET SALES PER BUSINESS SEGMENT	58 690	46 929	41 748	40 100
1.1.2. NET SALES PER GEOGRAPHICAL SEGMENT				
Finland	26 848	21 575	14 674	15 392
Rest of Europe	30 267	23 835	25 462	23 835
USA	1 575	1 519	1 612	873
TOTAL NET SALES	58 690	46 929	41 748	40 100
The consolidated net sales includes EUR 4.3 million relating to net sales recognized based on percentage of completion method. The revenue not yet recognized on these projects amounts to EUR 0.4 million.				
1.2. OTHER OPERATING INCOME				
Rental income	50	51	25	35
Charges for intergroup services			2 486	2 351
Government grant	133	245	129	242
Other	173	147	69	186
TOTAL OTHER OPERATING INCOME	356	443	2 709	2 814
1.3. MATERIALS AND EXTERNAL CHARGES				
Materials and supplies (goods)				
Purchases during the fiscal year	10 296	8 344	17 831	16 037
Inventories transferred in connection with the business transfer	1 314		726	
Change in inventories according to balance sheet	-721		-730	
Increase (-) or decrease (+) in inventories	593	-1 226	-4	-942
External charges	6 975	6 271	4 071	4 593
TOTAL MATERIALS AND EXTERNAL CHARGES	17 864	13 389	21 898	19 688
1.4. PERSONNEL EXPENSES AND NUMBER OF EMPLOYEES				
1.4.1. PERSONNEL EXPENSES				
Salaries and wages	15 714	11 517	7 513	7 419
Pension expenses	2 619	1 854	1 295	1 203
Other social security expenses	1 517	1 164	687	733
TOTAL PERSONNEL EXPENSES	19 850	14 535	9 495	9 355
1.4.2. SALARIES AND FEES PAID TO THE DIRECTORS				
The fees paid to the members of the board of directors amounted to 69,069 (68,440 in 2000) euro in the Group. Salaries and fees paid to the managing directors amounted to 320,972 (198,794) euro in the Group.				

EUR 1,000	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
1.4.3. AVERAGE NUMBER OF EMPLOYEES DURING THE FISCAL YEAR				
Clerical employees	117	95	77	71
Workers	441	345	194	209
TOTAL NUMBER OF EMPLOYEES	558	440	271	280
1.5. DEPRECIATIONS ACCORDING TO PLAN				
Intangible rights	31	33	30	32
Other long-term expenditure	1 117	835	1 000	782
Buildings and constructions	408	380	228	242
Machinery and equipment	2 023	1 822	1 038	1 026
Other tangible assets	17	17	5	5
Land areas		68		68
Goodwill	306			
DEPRECIATIONS ACCORDING TO PLAN IN TOTAL	3 902	3 155	2 301	2 155
1.6. FINANCIAL INCOME AND EXPENSES				
Dividend income				
From group companies			900	841
From others	35	23	35	23
Interest income from non-current investments				
From group companies			153	98
Interest income				
From group companies			18	4
From others	124	121	107	110
Interest expenses	244	217	178	158
Other financial income and expenses	22	37	12	37
FINANCIAL INCOME AND EXPENSES IN TOTAL	-107	-110	1 023	881
1.7. EXTRAORDINARY ITEMS				
Extraordinary expenses				
Group contribution				404
Extraordinary income		3		
EXTRAORDINARY ITEMS IN TOTAL		3		404
1.8. UNTAXED RESERVES				
Change in accelerated depreciation			12	-116
1.9. INCOME TAXES				
Income taxes on extraordinary items				-117
Income taxes on ordinary operations	1 827	2 016	1 314	1 696
Change in deferred tax liability	65	42		
TOTAL INCOME TAXES	1 892	2 058	1 314	1 579

EUR 1,000	GROUP	PARENT COMPANY
	2001	2001
Notes to the balance sheet		
2.1. INTANGIBLE ASSETS		
2.1.1. INTANGIBLE RIGHTS		
Acquisition cost January 1	421	410
Acquisition cost December 31	421	410
Accrued depreciation according to plan January 1	268	262
Depreciation for the financial year	31	30
Accrued depreciation December 31	299	292
BALANCE SHEET VALUE OF INTANGIBLE RIGHTS, DECEMBER 31	122	118
2.1.2. GOODWILL		
Additions	1 773	
Depreciation for the financial year	306	
BALANCE SHEET VALUE OF GOODWILL DECEMBER 31	1 467	
2.1.3. OTHER LONG TERM EXPENDITURE		
Acquisition cost January 1	7 207	6339
Additions	1 381	849
Decrease caused by the business transfer		3
Acquisition cost December 31	8 588	7 185
Accrued depreciation according to plan January 1	4 406	4 030
Depreciation for the financial year	1 117	1 000
Accrued depreciation December 31	5 523	5 030
BALANCE SHEET VALUE OF LONG TERM EXPENDITURE, DECEMBER 31	3 065	2 155
TOTAL INTANGIBLE ASSETS	4 654	2 273
<p>The balance sheet value of other long term expenditure includes EUR 2.4 million for costs relating to the opening of new soapstone quarries and of quarries not yet taken into production use. It also includes costs relating to construction of roads and asphaltting of yards.</p>		
2.2. TANGIBLE ASSETS		
2.2.1. LAND		
Acquisition cost January 1	1 018	801
Additions	83	8
Decrease caused by the business transfer		35
Depreciation	68	68
BALANCE SHEET VALUE OF LAND, DECEMBER 31	1 033	706

EUR 1,000	GROUP	PARENT COMPANY
	2001	2001
2.2.2. BUILDINGS AND CONSTRUCTIONS		
Acquisition cost January 1	10 873	6 608
Additions	588	100
Decrease caused by the business transfer		350
Acquisition cost December 31	11 461	6 358
Accrued depreciation according to plan January 1	4 217	2 657
Accumulated depreciation relating to assets transferred in connection with the business transfer		44
Depreciation for the financial year	408	228
Accrued depreciation December 31	4 625	2 841
Revaluation 1.1. and 31.12.	933	933
BALANCE SHEET VALUE OF BUILDINGS AND CONSTRUCTIONS, DECEMBER 31	7 769	4 450
2.2.3. MACHINERY AND EQUIPMENT		
Acquisition cost January 1	24 794	16 930
Additions	2 712	1 164
Disposals	110	108
Decrease caused by the business transfer		616
Acquisition cost December 31	27 396	17 370
Accrued depreciation according to plan January 1	16 695	13 380
Accrued depreciation on disposals	95	95
Accumulated depreciation relating to assets transferred in connection with the business transfer		97
Depreciation for the financial year	2 023	1 038
Accrued depreciation December 31	18 623	14 226
BALANCE SHEET VALUE OF MACHINERY AND EQUIPMENT, DECEMBER 31	8 773	3 144
2.2.4. OTHER TANGIBLE ASSETS		
Acquisition cost January 1	172	58
Additions	17	17
Acquisition cost December 31	189	75
Accrued depreciation according to plan January 1	76	26
Depreciation for the financial year	17	5
Accrued depreciation December 31	93	31
BALANCE SHEET VALUE OF OTHER TANGIBLE ASSETS, DECEMBER 31	96	44
2.2.5. ADVANCE PAYMENTS	58	
TOTAL TANGIBLE ASSETS	17 729	8 344
Amount of machinery and equipment included in balance sheet value	7 768	2 522

EUR 1,000	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
2.3. SHARES IN GROUP COMPANIES				
			Ownership, %	
	Group		Parent company	
Mittakivi Oy, Juuka, Finland	100		100	
Tulikivi U.S. Inc., USA	100		100	
Tulikivi Rakennuskivet Oy, Juuka, Finland	100		100	
AWL-Marmorio Oy, Turku, Finland	100			
Kiantastone Oy, Suomussalmi, Finland	100		100	
Tulipuu Oy, Juuka, Finland	100		100	
Beryllium Oy, former A.W. Liljeberg Oy *)	100			
Hafnium Oy, former Marmorimestarit Oy *)	100			
The New Alberene Stone Company Inc., USA	100		90	
Tulikivi Vertriebs GmbH, Germany	100		100	
*) The voluntary liquidation of the companies has been completed on September 30, 2001.				
2.4. OTHER INVESTMENTS				
Helsinki Exchange Group Ltd.	25	25	25	25
Others	51	48	47	48
TOTAL OTHER INVESTMENTS	76	73	72	73
2.5. INVENTORIES				
Raw materials and consumables	3 286	2 565	1 126	1 856
Finished products / goods	2 440	2 067	1 266	1 433
TOTAL INVENTORIES	5 726	4 632	2 392	3 289
2.6. Non-current receivables				
Receivables from group companies				
Trade receivables				341
Loan receivables			3 671	1 736
Prepayments and accrued income			281	95
Receivables from others				
Loan receivables		1		
TOTAL NON-CURRENT RECEIVABLES		1	3 952	2 172
2.7. CURRENT RECEIVABLES				
Receivables from group companies				
Trade receivables			341	221
Receivables from others				
Trade receivables	7 327	5 443	3 858	4 365
Loan receivables		2		
Other receivables	544	402	520	401
Prepayments and accrued income				
Receivables relating to projects recognised as revenue on percentage of completion method	1 493			
Other prepayments and accrued income	650	439	432	340
Total receivables from others	10 014	6 286	4 810	5 106
TOTAL CURRENT RECEIVABLES	10 014	6 286	5 151	5 327

EUR 1,000	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
2.8. SHAREHOLDERS' EQUITY				
Capital stock January 1	6 109	5 963	6 109	5 963
Share issue	83	82	83	82
Bonus issue		64		64
Capital stock December 31	6 192	6 109	6 192	6 109
Share premium fund January 1	5 105	4 957	5 105	4 957
Share issue	211	212	211	212
Bonus issue		-64		-64
Gain on sale of own shares	3		3	
Share premium fund December 31	5 319	5 105	5 319	5 105
Revaluation reserve January 1 and December 31	38	38	38	38
Reserve for own shares January 1	1 059		1 059	
Acquisition (+) / transfer (-) of own shares	-698	1 059	-698	1 059
Reserve for own shares December 31	361	1 059	361	1 059
Retained earnings January 1	11 711	9 516	6 798	6 197
Dividends paid	-1 995	-1 771	-1 984	-1 771
Transfer to (+) / from (-) reserve for own shares	698	-1 059	698	-1 059
Change in translation difference	5	-7		
Other		-11		
Retained earnings December 31	10 419	6 668	5 512	3 367
Net profit for the year	4 576	5 044	2 893	3 431
TOTAL SHAREHOLDERS' EQUITY	26 905	24 023	20 315	19 109
2.9. STATEMENT OF DISTRIBUTABLE EARNINGS				
Profit for the previous years	10 419	6 668	5 512	3 367
Net profit for the year	4 576	5 044	2 893	3 431
Translation difference	-180	-176		
The proportion of untaxed reserves included in shareholders' equity -1 745		-1 602		
TOTAL DISTRIBUTABLE EARNINGS	13 070	9 934	8 405	6 798

EUR 1,000	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
2.10. PROVISIONS				
Warranty reserve in a subsidiary company	8			
2.11. DEFERRED TAX LIABILITY				
On untaxed reserves	814	749		
On revaluations	274	274		
TOTAL DEFERRED TAX LIABILITY	1 088	1 023		
2.12. NON-CURRENT LIABILITIES				
Loans from credit institutions	1 308	2 011	1 049	1 674
Trade payables	37			
Other non-current liabilities	1 355	1 161	1 355	1 161
Accrued liabilities	89		89	
TOTAL NON-CURRENT LIABILITIES	2 789	3 172	2 493	2 835
Other non-current liabilities include the unpaid amount of the acquisition price of SKT-granit's business operations.				
2.12.1. LOANS BECOMING DUE AFTER 5 YEARS				
Loans from credit institutions	40	67		
2.13. CURRENT LIABILITIES				
Liabilities to group companies				
Trade payables			552	865
Liabilities to others				
Loans from credit institutions	3 318	796	2 307	628
Advances received	1 525	12	5	12
Trade payables	1 548	1 294	920	949
Other current liabilities	1 357	884	318	336
Accrued liabilities				
Salaries, wages and social costs	3 176	2 745	1 414	1 874
Discounts and marketing expenses	1 046	928	866	700
External charges	700	609	471	393
Other accrued liabilities	248	447	100	236
TOTAL CURRENT LIABILITIES	12 918	7 715	6 953	5 993

EUR 1,000	GROUP		PARENT COMPANY	
	2001	2000	2001	2000
Other notes				
2.14. GIVEN QUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS				
DEBTS WITH RELATED MORTGAGES				
Loans from credit institutions	2 929	715	1 752	210
Real estate mortgages given	2 303	1 611	907	804
Company mortgages given	2 997	3 165	2 207	2 207
Other non-current liabilities	1 153	1 153	1 153	1 153
Real estate mortgages given	1 177	1 177	1 177	1 177
GIVEN MORTGAGES IN TOTAL	6 477	5 953	4 291	4 188
LIABILITIES FOR WHICH SHARES HAVE BEEN PLEDGED				
Loans from credit institutions	91			
As pledge have been given the shares of AWL-Marmorio Oy, the carrying value of which is EUR 8,000.				
INSTALLMENT LIABILITIES FOR WHICH THE OBJECT OF THE CONTRACT GIVEN AS PLEDGE	41			
OTHER QUARANTEES GIVEN ON BEHALF OF THE COMPANY				
Company mortgages given	505			
Real estate mortgages given	284	17	17	17
Pledges given	46	8	8	8
OTHER QUARANTEES GIVEN ON BEHALF OF THE COMPANY IN TOTAL	835	25	25	25
PLEDGES GIVEN ON BEHALF OF GROUP COMPANIES				
Mortgaged promissory notes			1 074	
LEASING COMMITMENTS				
Due during the financial year 2002	6	25	1	25
Due later	9	1		1
LEASING COMMITMENTS IN TOTAL	15	26	1	26
The leasing contracts have been made for a period of three to six years and do not include redemption clauses.				
OFF-BALANCE SHEET FINANCIAL INSTRUMENTS				
The impact of off-balance sheet financial instruments is insignificant.				

PROFIT DEVELOPMENT KEY INDICATORS 1997 - 2001

EUR 1,000	1997	1998	1999	2000	2001
INCOME STATEMENT					
Net sales	32 709	36 482	38 779	46 929	58 690
Change (%)	24.7	11.5	6.3	21.0	25.1
Operating profit	5 616	5 740	5 270	7 209	6 575
(%) of net sales	17.2	15.7	13.6	15.4	11.2
Financial items	-181	-83	-102	-110	-107
Profit before extraordinary items	5 435	5 657	5 169	7 099	6 468
(%) of net sales	16.6	15.5	13.3	15.1	11.0
Profit before taxes	5 632	5 657	5 084	7 102	6 468
(%) of net sales	17.2	15.5	13.1	15.1	11.0
Income taxes	1 504	1 715	1 558	2 058	1 892
Minority interest	1				
Profit for the year	4 129	3 942	3 526	5 044	4 576
CONSOLIDATED BALANCE SHEET					
Assets					
Fixed assets	15 677	17 338	19 100	20 858	22 820
Inventories	2 271	3 020	2 952	4 632	5 726
Financial assets	8 576	6 546	11 092	10 443	15 162
Liabilities and shareholders' equity					
Shareholders' equity	16 263	18 705	20 474	24 023	26 905
Provisions					8
Interest bearing liabilities	4 166	2 416	5 522	3 959	5 818
Non-interest bearing liabilities	6 095	5 783	7 148	7 951	10 977
The balance sheet total	26 524	26 904	33 144	35 933	43 708

FINANCIAL RATIOS

	1997	1998	1999	2000	2001
Return on equity, %	27.0	22.5	18.4	23.2	18.7
Return on capital employed, %	29.2	28.1	22.6	27.7	22.6
Net indebtedness ratio, %	2.3	-0.1	0.7	-0.9	2.5
Solvency ratio, %	61.3	69.5	61.8	65.8	63.5
Current ratio	1.6	1.6	2.0	2.0	1.6
Gross investments, (EUR 1,000)	4 487	4 842	5 667	4 037	6 360
Investments / net sales, %	13.7	13.3	14.6	8.6	10.8
Own capital investment ratio	1.9	1.5	1.3	1.9	1.0
Research and development expenditures, (EUR 1,000)	675	994	1 033	1 069	1 407
Research and development / net sales, %	2.1	2.7	2.7	2.3	2.4
Personnel, on average	329	374	377	440	558
KEY INDICATORS PER SHARE					
Earnings per share, EUR	2.22	2.22	2.04	2.85	2.56
Equity per share, EUR	9.18	10.55	11.55	13.25	14.75
Nominal dividend / share, EUR					
A-share	0.84	0.87	1.01	1.13	1.50*)
K-share	0.81	0.84	0.98	1.09	1.45*)
Dividend / earnings, %	37.5	38.9	49.1	39.2	58.1
Effective dividend yield, %					
A-series	5.3	4.5	6.5	6.5	6.8
P/E ratio	7.2	8.7	7.6	6.1	8.6
Issue-adjusted share prices of the A-share, EUR					
- average	13.75	19.17	15.10	15.99	17.51
- lowest	8.07	13.81	12.05	13.20	15.00
- highest	18.50	24.39	20.50	17.99	21.99
- the closing price	15.98	19.32	15.50	17.45	21.99
Market capitalization, (EUR 1.000)					
(supposing that the market price of the K-share is the same as that of the A-share), all shares	28 317	34 249	27 470	31 353	40 050
Number of A-shares traded (1000 pcs)	1 149.1	543.4	425.2	535.5	267.3
- % of the total amount	88.7	42.0	32.8	40.6	19.9
The average issue-adjusted number of the shares for the financial year	1 772 277	1 772 277	1 772 277	1 767 152	1 788 414
Number of outstanding shares on December 31	1 772 277	1 772 277	1 772 277	1 733 624	1 799 724

*) According to the proposal of the board of directors.

CALCULATIONS OF KEY RATIOS

RATIOS

Return on equity (ROE) =	100 x	$\frac{\text{profit before extraordinary items - income taxes}}{\text{shareholders' equity (average during the financial year)}}$
Return on capital employed (ROI) =	100 x	$\frac{\text{profit before extraordinary items + interest expenses and other financial costs}}{\text{balance sheet total - non-interest bearing liabilities (average during the financial year)}}$
Equity ratio, % =	100 x	$\frac{\text{shareholders' equity}}{\text{balance sheet total - advances received}}$
Net indebtedness ratio, % =	100 x	$\frac{\text{interest-bearing net debt}}{\text{shareholders' equity}}$
Current ratio =		$\frac{\text{financial assets + inventories}}{\text{current liabilities}}$
Own capital investment ratio =		$\frac{\text{net cash flow from operating activities + change in net working capital}}{\text{net investments}}$

KEY INDICATORS PER SHARE

Earnings per share =		$\frac{\text{profit before extraordinary items - income taxes for at the financial year}}{\text{average issue-adjusted number of shares for the financial year}}$
Equity per share =		$\frac{\text{shareholders' equity}}{\text{issue-adjusted number of shares at balance sheet date}}$
Dividend / share, % =		$\frac{\text{dividend paid for the year}}{\text{issue-adjusted number of shares at balance sheet date}}$
Dividend / earnings, % =	100 x	$\frac{\text{dividend / share}}{\text{earnings / share}}$
Effective dividend yield =	100 x	$\frac{\text{issue-adjusted dividend / share}}{\text{the closing price of A-share at balance sheet date}}$
P/E =		$\frac{\text{the closing price of A-share at balance sheet date}}{\text{earnings / share}}$

Company shares entered under balance sheet assets have been deducted from the total number of shares, shareholders' equity and the balance sheet total when calculating the key ratios.

CAPITAL STOCK AND SHAREHOLDERS

CAPITAL STOCK. The company's capital stock paid and entered in the Trade Register amounted to EUR 6,192,341.80 on December 31, 2001. The minimum and maximum capital stock are EUR 2,550,000 and EUR 10,200,000, respectively. The capital stock comprises of the following types of shares:

Types	Number of shares	Nominal value	Proportion % of shares	Proportion % of votes	Proportion of capital stock
K-shares (10 votes)	477 000	3.40	26.19	78.01	1 621 800.00
A-shares (1 vote)	1 344 277	3.40	73.81	21.99	4 570 541.80
Total	1 821 277		100.00	100.00	6 192 341.80

According to the Articles of Association, the dividend payable for A-shares is at least one percentage point greater than the dividend payable for K-shares.

Tulikivi Corporation's A-share is listed on the Helsinki Stock Exchange and its trading code is TULAV. In the year 2001, a total of 267,287 of the company's A-shares were traded on the Helsinki Stock Exchange, a volume equivalent to EUR 4.7 million. The top share rating was EUR 21.99 and the lowest rating was EUR 15.00. At the closing date of the reporting period, the share rating was EUR 21.99.

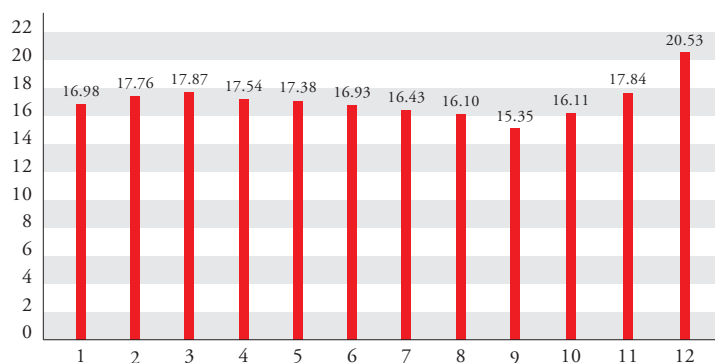
At the closing of the financial year, Tulikivi Corporation had 1,932 shareholders. Foreign shareholders held 4.66 percent of the total number of shares.

The Board of Directors does not have any existing authorization for organizing an issue of shares or for issuing convertible securities or option loans.

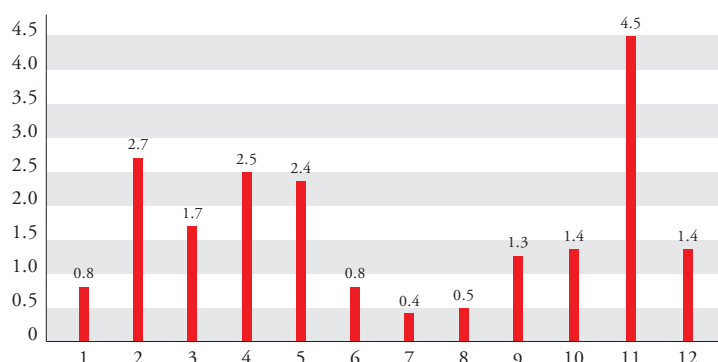
The Company holds 21,553 Tulikivi A-shares, which it repurchased in 2000. The Board of Directors is authorized to purchase a maximum of 65,988 of the company's A-shares and a maximum of 23,850 of the company's K-shares, however so that the nominal value of the shares held by the company does not exceed five per cent of the company's combined capital stock. The authorization is valid until the Annual General Meeting of 2002, i.e. until 4 April 2002. The Board is also authorized to transfer company shares as consideration in possible corporate acquisitions or other structural arrangements.

The Annual General Meeting decided that the shares entered in the company's book-entry account in accordance with paragraph 3a:3 of the Finnish Companies Act will be sold off on behalf of the shareholders. The shareholders were informed of the decision through an announcement published on 10 December 2001, which means that the sale of the shares can be initiated on 11 December 2002.

MONTHLY DEVELOPMENT OF THE AVERAGE PRICE OF A-SHARE, EUR



MONTHLY DEVELOPMENT OF THE EXCHANGE OF A-SHARE, %



SHAREHOLDERS AND MANAGEMENT OWNERSHIP.

Shares registered in the name of a nominee are not included.

10 MAJOR SHAREHOLDERS ACCORDING TO NUMBER OF SHARES	K-shares	A-shares	Proportion, %
1. Vauhkonen Reijo	192 625	184 715	20.72
2. Virtaala Matti	55 000	52 600	5.91
3. Vauhkonen Heikki	94 875	4 518	5.46
4. Mutanen Susanna	39 875	50 000	4.93
5. Investment fund Conventum Finland Value		54 000	2.96
6. Vauhkonen Mikko	19 875	20 160	2.20
7. Hietala Pekka		39 200	2.15
8. Fondita Nordic Small Cap Placfond		35 100	1.93
9. Nuutinen Kyösti	19 875	14 800	1.90
10. Vauhkonen Eliisa	19 875	3 976	1.30

10 MAJOR SHAREHOLDERS ACCORDING TO NUMBER OF VOTES	K-shares	A-shares	Proportion, %
1. Vauhkonen Reijo	192 625	184 715	34.53
2. Vauhkonen Heikki	94 875	4 518	15.59
3. Virtaala Matti	55 000	52 600	9.86
4. Mutanen Susanna	39 875	50 000	7.34
5. Vauhkonen Mikko	19 875	20 160	3.58
6. Nuutinen Kyösti	19 875	14 800	3.49
7. Vauhkonen Eliisa	19 875	3 976	3.32
8. Insurance institution Henki-Sampo	13 000		2.13
9. Suomen Kulttuurirahasto	5 000	17 000	1.10
10. Investment fund Conventum Finland Value		54 000	0.88

The members of the Board and the managing director control 342,500 K-shares and 243,783 A-shares representing 60 % of votes.

BREAKDOWN OF SHARE OWNERSHIP

Number of shares	Shareholders		Shares	
	pcs	Proportion %	pcs	Proportion %
1 -100	937	48.50	52 142	2.86
101 -1000	854	44.20	314 274	17.26
1001 - 5000	106	5.49	236 283	12.97
5001 - 10000	16	0.83	103 835	5.70
10001 -	19	0.98	1 111 344	61.02
Total	1 932	100.00	1 817 878*)	99.81

*) As per the company's list of shareholders December 31, 2001 3,399 shares had not been transferred to the book entry register.

ON DECEMBER 31, 2001 THE COMPANY'S SHAREHOLDERS WERE BROKEN DOWN BY SECTOR AS FOLLOWS:

Sector	Holding, %	Votes, %
Enterprises	5.63	2.12
Financial and insurance institutions	11.08	5.66
Public organizations	1.64	0.49
Non-profit organizations	2.45	1.47
Households	78.67	89.97
Foreign	0.33	0.10
In joint accounts	0.20	0.19
Total	100.00	100.00

THE PROPOSAL BY THE BOARD FOR DISTRIBUTION OF THE DIVIDEND

The earnings of the parent company eligible for dividend distribution amount to EUR 8.4 million, and that of the Group, EUR 13.1 million.

The board of directors shall propose at the Annual General Meeting that the dividend to be paid will be EUR 1.50 per A-share and EUR 1.45 per K-share, totalling EUR 2.7 million.

In Nunnanlahti, February 6, 2002

Reijo Vauhkonen

Bishop Ambrosius

Aimo Paukkonen

Juhani Erma

Heikki Vauhkonen

Matti Virtaala

Juha Sivonen
Managing Director

AUDITORS' REPORT

TO THE SHAREHOLDERS OF TULIKIVI CORPORATION. We have audited the accounting records, the financial statements and the corporate governance of Tulikivi Corporation for the financial period 1.1. - 31.12.2001. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and the corporate governance.

We have conducted our audit in accordance with the Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies' Act.

In our opinion the financial statements, which show a profit for the period of EUR 4,575,889.04 for the group, have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of the result of operations as well as the financial position of the group and the parent company. The financial statements including the consolidated financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the financial period audited by us. The proposal by the Board of Directors regarding the handling of the distributable earnings is in compliance with the Companies' Act.

Nunnanlahti, February 22, 2002

SVH Pricewaterhouse Coopers Oy
Authorised Public Accountants

Hannele Seesuvuo
Authorised Public Accountant



Members of the Board of Directors in the back, from left to right are Aimo Paukkonen, Matti Virtaala, Bishop Ambrosius and Juhani Erma. In the front from left to right are Reijo Vauhkonen and Heikki Vauhkonen.

TULIKIVI CORPORATION'S ADMINISTRATION

Tulikivi Corporation follows the recommendations of the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers concerning the administration of publicly registered corporations as recommended by the Helsinki Stock Exchange. In addition, the company's Board of Directors has confirmed a written corporate governance code for the company, which includes a definition of the tasks and responsibilities of the Board of Directors, the full-time Chairman of the Board and the Managing Director.

Ultimate responsibility for the administration and operation of the Group is in the hands of the following bodies of Tulikivi Corporation: the Annual General Meeting, the Board of Directors and the Managing Director. The Board members of the parent company also serve as members of the Board of Directors of the Group's operating subsidiaries.

REIJO VAUHKONEN (b. 1939).

Construction Engineer, Industrial Alderman, founder of the company. Member of the Board of Directors of Kiviteollisuusliitto Ry (an association for the stone industry), Rakennustuoteteollisuus Ry (an association for the building industry) and Vuorimiesyhdistys Ry. Chairman of the Board of Directors of Juuka Stone Museum and Stone Village Foundation. Managing Director of Tulikivi Corporation from 1980 to 1989. Full-time Chairman of the Board since 1990.

MATTI VIRTALA (b. 1951).

Engineer, Managing Director of Abloy Oy, Group Vice President of ASSA ABLOY AB. Member of the Board of Directors since 1994. Deputy Chairman of the Board since 2001.

BISHOP AMBROSIOUS (b. 1945).

Bishop for the City of Helsinki Orthodox congregation. Member of the Board of Directors since 1992.

JUHANI ERMA (b. 1946).

Licentiate of Laws, Court training, Attorneys at law Borenium & Kemppinen. Member of the Board of Directors since 2000.

AIMO PAUKKONEN (b. 1941).

Engineer. Managing Director of Olena Oy. Member of the Board of Directors since 1999.

HEIKKI VAUHKONEN (b. 1970).

Bachelor of Laws and BBA. Marketing Director of the Tulikivi Group heater business. Member of the Board of Directors since 2001.

SALLI HARA-HAIKKALA Master of Laws. Has served as the secretary of the Board of Directors since 1996.

TASKS AND RESPONSIBILITIES. The tasks and responsibilities of the Tulikivi Company's Board of Directors are determined by The Finnish Companies Act and other applicable legislation. The Board is responsible for the practical organisation of the company's administration and operations. It is the objective of the Board to direct the company's operations in such a manner that the operations in the long run yield the maximum possible amount of added value for the capital employed, while simultaneously taking into consideration the needs of the company's various interest groups. In order to fulfil the requirements established for the Board of Directors by the Companies Act and to realise the aforementioned objective, the Board reinforces the visions and values of the company and approves the company's strategy. In addition, the Board has decision-making responsibility in unusual and far-reaching issues and agreements, taking into account the scope and nature of the company's operations. The Board approves the company's budget, investments and the grounds on which the company's action plans are based. Tulikivi Corporation's dividend payment policy is determined by the Board.

SELECTION OF BOARD MEMBERS, PRESENT COMPOSITION OF THE BOARD, AND BOARD MEETINGS. The Annual General Meeting of Tulikivi Corporation selects 5 to 7 members to serve on the Board. Their term of office continues until the next AGM. The Board appoints the Chairman and Deputy Chairman from among the Board members. In 2001, the Board consisted of six members. Reijo Vauhkonen served as the Board's Chairman and Matti Virtaala as Deputy Chairman during the period under review. The Managing Director of Tulikivi Corporation is not a member of the Board. During 2001, the Tulikivi Corporation Board of Directors held 15 meetings, 9 of which were telephone meetings. The Annual General Meeting confirms the remuneration payable to the Board members. In 2001, each Board member received a compensation of EUR 6,728 for serving on the Board.

MANAGING DIRECTOR. The tasks and responsibilities of the Managing Director are determined on the basis of the Companies Act and other applicable

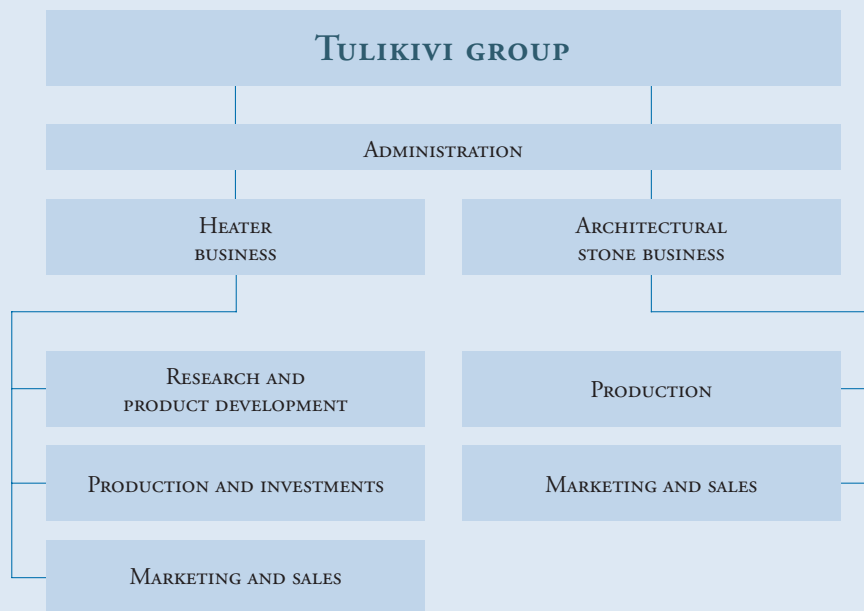
legislation. To fulfil the requirements established for the position, the Managing Director is responsible for the management and supervision of the company's business operations in accordance with instructions provided by the Board of Directors. Moreover, the Managing Director is also responsible for the implementation of the budget, the company's financial result and for keeping the Board of Directors fully informed about the company's financial situation and operating environment. The Tulikivi Corporation Board of Directors selects and appoints the Managing Director. Reijo Svanborg served as Managing Director from 1 July 1997 to 31 October 2001. Juha Sivonen has served as Managing Director as of 1 November 2001. The Managing Director is assisted by the company's management team, whose Chairman he also is.

SUPERVISORY SYSTEM. According to the Finnish Companies Act, a company's Board of Directors has supreme responsibility for organising the supervision of the company's accounting records and financial management. Supreme responsibility for the organisation of Tulikivi Corporation's accounting records and financial management lies with the company's Managing Director. The accounting firm selected by the Annual General Meeting is responsible for the statutory audit of Tulikivi Group companies. In 2001, the accounting firm selected was SVH Pricewaterhouse Coopers Oy and the responsible auditor was Hannele Selesvuo, Authorised Public Accountant.

The company's auditor will issue the statutory auditor's report to the company's shareholders on the company's annual financial statements. The audit memorandas prepared on the basis of the examination carried out during the financial year are addressed to the board of directors.

The Board has appointed an audit committee for internal audit and reinforced its guidelines. D. Sc. (Econ.), Authorised Public Accountant Veijo Riistama and the Chairman of Tulikivi's Board of Directors Reijo Vauhkonen have been selected to serve on the audit committee.

ORGANISATION CHART



THE BUSINESS OPERATIONS OF TULIKIVI'S SUBSIDIARIES IN BRIEF

MITTAKIVI OY, JUUKA. The company manufactures customized and small-scale production fireplaces as well as fireplace lining stones and different stone processing products made of soapstone. The strength of Mittakivi's production operations lies in the company's efficient machinery as well as its flexibility and skilled craftsmanship.

KIANTASTONE OY, SUOMUSSALMI. The company manufactures fireplace lining stones as well as architectural stone products made of different types of soapstone and serpentinite.

TULIKIVI RAKENNUSKIVET OY focuses on providing comprehensive customer services, which include the design, manufacture and installation of natural stone products. The company's product range encompasses architectural stones, interior decoration stones, semi-finished products and landscaping stones. It processes stone materials such as granite, marble and other natural stone types.

TULIPUU OY maintains a firewood production and distribution system in Finland, through which it also promotes the growth of fireplace-based heating. The company works in cooperation with firewood businesses and entrepreneurs. Tulipuu products are sold in large quantities directly from manufacturer to customer and, in the case of smaller volumes, through hardware stores and service stations.

TULIKIVI U.S. INC., NEW YORK, (DOMICILE VIRGINIA), USA. The company markets Tulikivi products in North America.

AWL MARMORI OY, TURKU. Real Estate Company.

SUBSIDIARIES NOT ENGAGED IN BUSINESS OPERATIONS. The New Albrene Stone Company Inc., Virginia, USA, and Tulikivi Vertriebs GmbH, Germany, are also subsidiaries of the Tulikivi Group, but they are no longer engaged in actual business operations.

TULIKIVI CORPORATION MANAGEMENT TEAM



JUHA SIVONEN (b. 1962).
Construction Engineer. Managing Director of Tulikivi Corporation. Director of the Tulikivi Group heater business. Member of the Tulikivi Group management team since 1987. Chairman of the management team as of 1 November 2001.



LASSE PULLI (b. 1949).
Construction Engineer. Managing Director of Tulikivi Rakennuskivet Oy. Director of the Tulikivi Group architectural stone business. Member of the Tulikivi Group management team since 2000.



HEIKKI VAUHKONEN (b. 1970).
Bachelor of Laws and BBA. Marketing Director of the Tulikivi Group heater business. Member of the Tulikivi Group management team since 2001.



KYÖSTI NUUTINEN (b. 1950).
Production and Investment Director of the Tulikivi Group heater business. Managing Director of Mittakivi Oy. Member of the Tulikivi Group management team since 1984.



MARTTI PURTO (b. 1966).
M.Sc. (Tech). Director of the Tulikivi lining stone product group. Member of the Tulikivi Group management team since 2000.



TIMO VUORINEN (b. 1951).
Engineer. Export Director of the Tulikivi Group heater business. Member of the Tulikivi Group management team since 1986.



PEKKA HORTTANAINEN (b. 1963).
M.Sc. (Tech). Product Development Director of the Tulikivi Group heater business. Member of the Tulikivi Group management team since 2001.



PENTTI KÄHKÖLÄ (b. 1948).
M.Sc. (Tech). Director in charge of quarrying activities. Member of the Tulikivi Group management team since 1997.



ARJA LEHTO (b. 1954).
Economist. Financing Director of Tulikivi Group. Member of the Tulikivi Group management team since 1984.



JOUKO TOIVANEN (b. 1967).
D.Sc. (Tech). Financial Director of Tulikivi Group. Member of the Tulikivi Group management team since 1995.



ELIISA VAUHKONEN (b. 1945).
Design Director of Tulikivi Group. Member of the Tulikivi Group management team since 1984.



ANU VAUHKONEN (b. 1972).
M.A. Corporate Communications Director of Tulikivi Group. Member of the Tulikivi Group management team since 2001.



SALLI HARA-HAIKKALA (b. 1966).
Bachelor of Laws, Court training. Legal and Human Resources Director of Tulikivi Group. Member of the Tulikivi Group management team since 1999.



PAAVO TUONONEN (b. 1961).
Economist. Information Management Director of Tulikivi Group. Member of the Tulikivi Group management team since 2001.



A professional, competent and motivated personnel is an important resource for Tulikivi.

PERSONNEL AN IMPORTANT TULIKIVI RESOURCE

Processing natural stone into fireplaces, walls or floors requires the work and input of several people. The company's personnel, therefore, holds a key position in ensuring the efficient, uninterrupted operation of the processing chain.

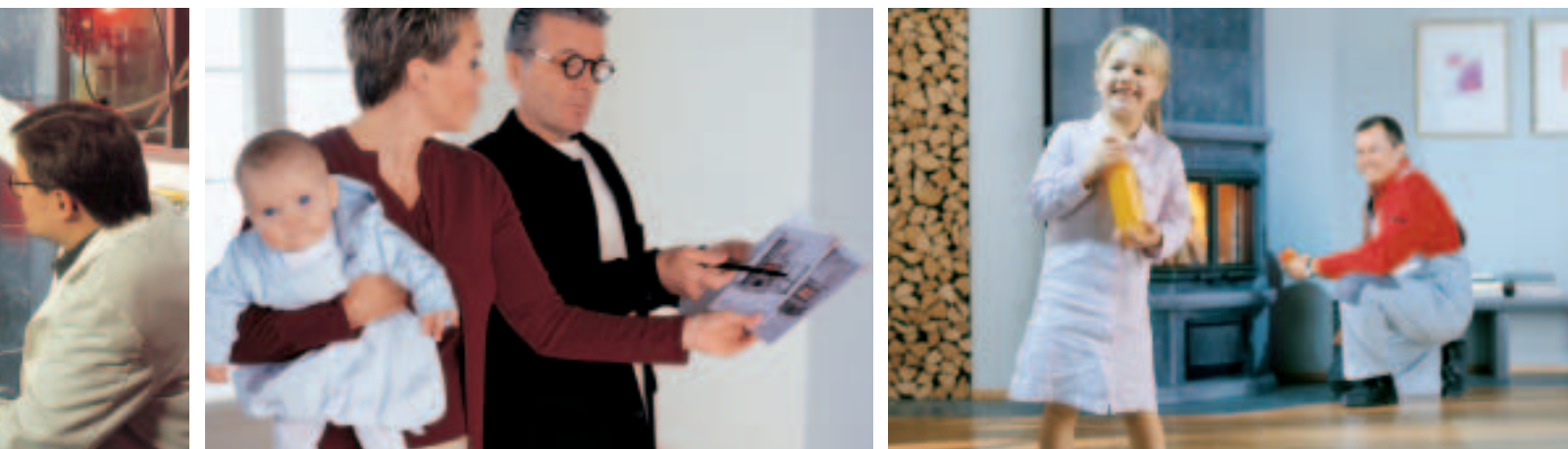
The objective of Tulikivi's personnel strategy is to direct and develop the company's human resources in a manner that guarantees the profitable growth and success envisioned in Tulikivi's business strategy. The purpose of the Group's operations is to create a working environment for Tulikivi employees that both encourages them and further develops their competence. To achieve this objective, the Group strives to create an open and equitable organisational culture. In view of developing its organisational culture, Tulikivi has established a common objective outlined in its Group level performance measures.

OPERATIONAL MANAGEMENT USING PERFORMANCE MEASURES. In its operational management, Tulikivi uses Balanced Scorecard (BSC) performance measures to direct and monitor the company's operations, to establish its objectives and to quantify the causal relationships related to its business activities. The performance indicators are one of the most popular management tools currently in use. They help communicate and carry out companies' corporate

strategies. The performance measures involve the examination of corporate functions through core processes at Group level. Short-term operational management is incorporated into the company's vision and strategy. With the help of the Balanced Scorecard approach, these strategies can be employed within the organisation and the implementation of the strategies monitored.

The Balanced Scorecard system was originally developed with the American corporate environment in mind. Tulikivi's Financial Director Jouko Toivanen became interested in the system and began to develop the model further to meet Finnish requirements. The subject of his doctoral dissertation, submitted to the Lappeenranta University of Technology, was the implementation and current use of the Balanced Scorecard management approach in Finland. Jouko Toivanen received his doctorate in technology on 5 October 2001.

TEAMWORK. Tulikivi has also invested considerably in the area of teamwork. Within a team, each employee has the opportunity to influence his or her own work, which results in increased work motivation and efficiency. This teamwork is backed by a series of performance indicators that allow the team members to monitor the fulfillment of the objectives jointly established on the basis of the Tulikivi strategy. The



While Tulikivi provides training opportunities for the company's own personnel, it also trains members of its important interest groups such as authorised dealers, importers and retailers.

indicators help the team and its members to develop and increase the efficiency of their activities independently. Once a year, the teams evaluate their own functions through a change motor measurement. The results of the measurement are analysed during a guided team day, and the team then uses the feedback obtained to manage its own work output. Teamwork will continue to be a focus for the company in the future. The current reward system will be geared towards the achievement of the objectives established for the teams' operation.

Working in teams assists the implementation of Tulikivi's common values and objectives throughout the whole organisation and the harmonisation of the company's management culture. Now that the company has become involved in a new business area and incorporated new units into the Group, commitment to common values and objectives has become especially important. For this reason, the Group is paying more and more attention to internal communication.

IMPROVING EXPERTISE A KEY CONCERN. In addition to investing in the development of its team organisation, Tulikivi has also emphasized the need to establish a basic level of professional expertise. No basic vocational training has previously existed to prepare employees for working in the stone processing industry. For this reason, Tulikivi has cooperated with the

sector's educational institutions in developing a vocational degree in stonemasonry, aimed at providing production personnel with a basic education in the field. The degree improves the capacity of production personnel to assume responsibility for the many different work phases involved in the stone production process. To date, more than 70 people have obtained the degree at Tulikivi. In 2001, the first students participated in a training program aimed at providing them with a special vocational degree in stone processing technology. The training program has been designed to take into consideration the special characteristics of Tulikivi's business operations, and in addition to a professional mastery of the stone sector, the training places special emphasis on the managerial skills required in production management.

While Tulikivi provides training opportunities for the company's own personnel, it also trains members of its interest groups, authorised fireplace dealers, importers and retailers. This helps ensure that the company's chain of expertise remains intact all the way to the end customer.

In addition to developing its organisation and engaging in training activities, Tulikivi has also focused on personnel well-being, for example by promoting employees' engagement in physical and cultural activities in their leisure time.



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