

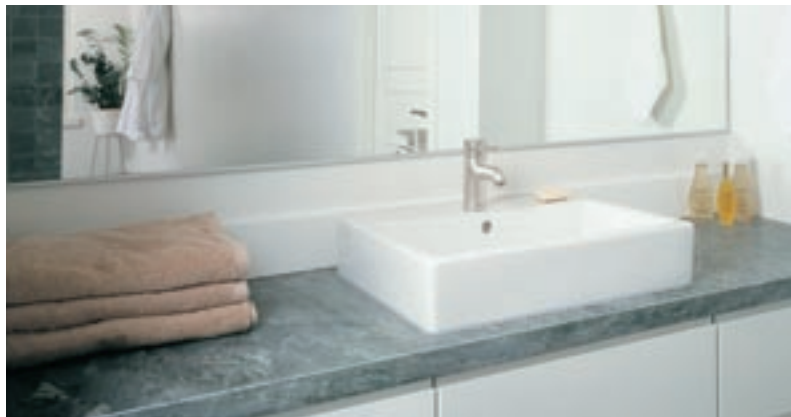


Annual Report 2002



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 11 April 2003, 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 4 March 2003. Copies of these documents will be sent upon request to interested shareholders. To be entitled to attend the Annual General Meeting, shareholders are required to be registered in the company's shareholder register maintained by the Finnish Central Securities Depository Ltd. no later than 1 April 2003. Shareholders who wish to attend the Annual General Meeting are requested to notify the company of their attendance no later than 4 April 2003. 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 2002 should be the following:

For A-series shares, EUR 1.05/share

For K-series shares, EUR 1.00/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 16 April 2003. The dividend will be paid on 25 April 2003.

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 2003:

Financial Statements for 2002

5 February 2003

Annual Report for 2002 week 12

Interim Reports

for January-March 24 April 2003

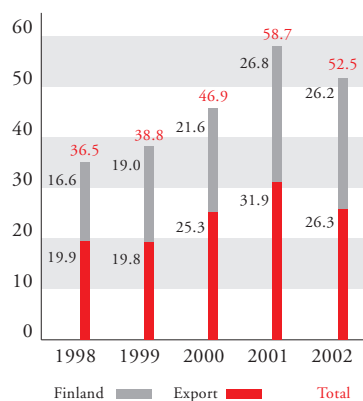
for January-June 24 July 2003

for January-September 21 October 2003

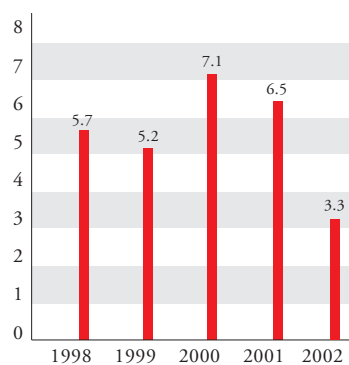
The Annual Report, Interim Reports and the company's stock exchange bulletins are available in Finnish and English. The Annual Report will be mailed to all shareholders. Starting from their date of publication, the financial reports can be found on the company's web pages at www.tulikivi.com. The financial 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 Lehtikoinen, tel. +358 13 6811 260.

The Year 2002 in Brief

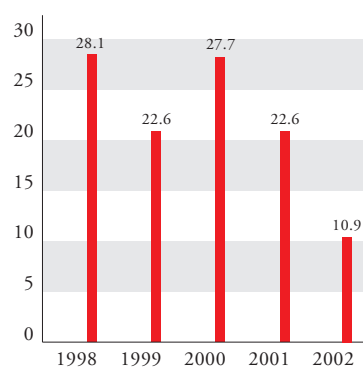
DEVELOPMENT OF NET SALES, MEUR



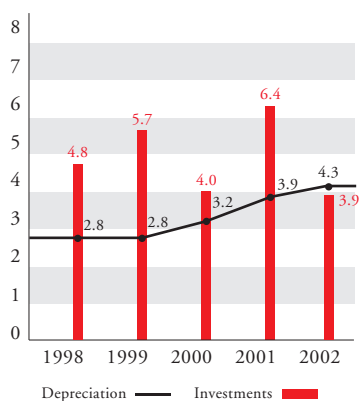
PROFIT BEFORE EXTRAORDINARY ITEMS, MEUR



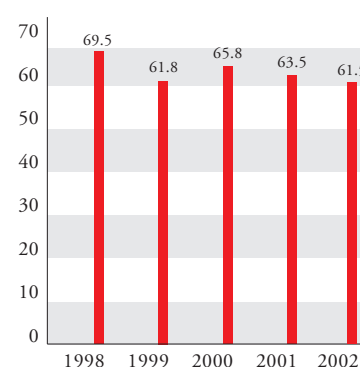
RETURN ON CAPITAL EMPLOYED, %



INVESTMENTS AND DEPRECIATION, MEUR



SOLVENCY RATIO, %



	2002	2001	Change, %
Net Sales, MEUR	52.5	58.7	-10.6
Profit before extraordinary items, MEUR	3.3	6.5	-49.2
Return on capital employed, %	10.9	22.6	
Solvency ratio, %	61.5	63.5	
Earnings per share, EUR	1.35	2.56	
Equity per share, EUR	14.25	14.75	
Payment of dividend on			
A-share, EUR	1.05	1.50	
K-share, EUR	1.00	1.45	

Calculation of key ratios, page 34

Tulikivi Group comprises of operating companies Tulikivi Corporation, Mittakivi Oy, Kiantastone Oy, Tulikivi Rakennuskivet Oy and its subsidiary AWL-Marmorio 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

The objective and vision of the Tulikivi Group is to be the leading natural stone company within select market areas by the year 2006. Tulikivi aims to be a full-service stone supplier and intends to be a leading fireplace manufacturing company. This means that the Group aims to be the market leader in the heat-retaining fireplace segment within select European market areas as well as Scandinavia's leading natural stone and interior decoration project supplier.

Mission

The mission of the Tulikivi Group is to use natural stone to manufacture useful products and services that meet the needs of the company's clientele, generate added value for their users and enhance their customers' quality of life. The environmental effects of designing, manufacturing and using 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 also provide a secure working environment and a result-based source of income for its employees.

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. 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

Business Concept and Strategy

The Tulikivi Group focuses on stone processing as well as on development and customer-oriented manufacture of natural stone products and services. The Group also focuses on the comprehensive management of soapstone reserves. Tulikivi's business areas are its heater business and its architectural stone business, and the Group takes full advantage of the synergy advantages, which emerge from these business areas. The Tulikivi brand is used in both of the Group's business areas, and a long-term effort aimed at constructing a consistent corporate identity for the Group is currently underway.

The Tulikivi Group emphasizes customer satisfaction, long-standing customer relationships, partnerships and networking. The Group handles the marketing and distribution of its products in select market areas.

Heater Business

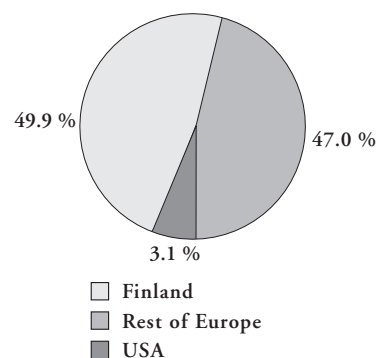
The Group's heater business area includes heat-retaining fireplaces, fireplace accessories and heater lining stones. The design and technology of these soapstone-based products is unrivalled within the sector. Other materials besides soapstone are used mainly for design reasons. The main market areas of the Group's heater business are Europe and North America. Its activities are focused on

the long-term development of a comprehensive service concept and distribution channels. Continuous efforts in the fields of product development and production are being made to ensure the availability of the required soapstone raw materials.

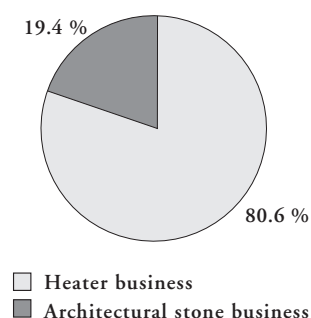
Architectural Stone Business

The Group's architectural stone business includes the manufacture of construction stones, interior decoration stones, landscaping stones and semi-finished products from materials such as granite, marble, soapstone and other natural stones. The Baltic Sea area is the principal market area for architectural stone products. The focus of Group's architectural stone business is on comprehensive construction stone project deliveries and interior decoration stone products. Tulikivi's construction stone projects aimed at contractors and builders comprise the delivery of the construction materials as well as the actual installation work involved. Interior decoration stone operations include stone product sales to consumers and customers. Natural stone products, service concepts and distribution channels aimed at small-scale constructors are still being developed. The Group's activities are geared towards actively increasing the use and appreciation of natural stone within select market areas.

Net Sales per Geographical Area, %



Net Sales per Business Area, %



Presentation of Tulikivi Products

Products	Customers	Market Position
<p>Fireplaces and fireplace accessories Tulikivi fireplaces, bakeovens, fireplace bakeoven combinations, stoves and custom-made fireplaces Mittakivi fireplaces, bakeovens, fireplace bakeoven combinations, stoves and custom-made fireplaces Light-weight 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 fireplace 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>Factories in Taivassalo and Vinkkilä 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>Firewood 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>



Stone Lasts from Father to Son

It has been estimated that in the next five years, some 50,000 family businesses in Finland will have to resolve the problems brought on by the generation transition in company management. Although many of these companies are running out of time to resolve these issues, they have yet to produce any concrete plans. Many companies do not even have a successor in mind yet. Tulikivi began preparing for its generation transition well in advance. In keeping with its principle of responsible ownership, a Tulikivi family council was established three years ago with the purpose of ensuring a smooth generation transition in the Group. This council has worked through Tulikivi's Board of Directors, which mainly consists of leading experts in Finnish business management not connected to the family. The president of the family council, also elected from outside the family, is Ph.D. (Econ. & Bus. Adm.)

Ahti Hirvonen. All the members of Tulikivi's proprietor family were unanimously in favor of continuing the Group's operations in the form of a family enterprise. There were two compelling reasons for this. Firstly, family entrepreneurship is the stone foundation on which the Tulikivi Group has been built, and secondly, Tulikivi has a strong emotional attachment to over four hundred Finnish and Central European family businesses with which it has cooperated, prospered and achieved success. There is strength in a chain of family businesses.

I believe that this decision will also meet with the satisfaction of Tulikivi shareholders. The Group's operating strategy will remain unchanged. Tulikivi will continue to aim for a controlled growth rate and a good financial result with the objective of ensuring a stable dividend distribution for its shareholders.

EU Norm Testing Facility to be Opened at the Stone Center

The laying of the foundation stone of the Finnish Stone Center, located in the proximity of the Juuka factory and Stone Village, was celebrated in the summer of 2002. The inauguration of the Center will take place in June 2003. The establishment of the Finnish Stone Center, which is shared by the whole sector, proved to be a wise decision. EU countries will soon have to begin implementing norms governing the use of architectural stones, which include a 15-point test program. The Technical Research Center of Finland (VTT) and the Geological Survey of Finland (GTK) have concluded that the stone industry should take an active role in the development of these norms and of the whole sector. Finland's first facility for testing the compatibility of architectural stones with applicable EU norms will be housed in the Finnish Stone Center. One of the first tasks of the facility will be to develop these norms together with the leading experts and research institutions in the EU area. Networking efforts aimed at international cooperation have already begun. The Spanish body in charge of the country's EU norm compliance testing and the Technical Research Center of Finland have been closely involved in planning the testing facility located in the Finnish Stone Center.

The future of Finnish stone construction looks bright in other respects as well. We have lacked stone sector teaching at the university and college level, but Finland's first professorship in the use of architectural stones has now been established by the Geological Survey of Finland (GTK). The Finnish Stone Center, VTT, GTK and stone sector training and teaching institutions have also agreed to establish a joint research collegium. This will serve to enliven Finnish stone sector product development, education, quality thinking, design, architecture, construction technologies, and export efforts.

In short, it seems the year ahead will be an inspiring and innovative one. If we do our part well, Finland, which can be considered a developing country compared to other European countries when it comes to stone construction, will begin its ascent into the group of important stone industry countries. We have much to offer the EU market, which favors natural construction materials: stone structures based on sustainable development, know-how in arctic construction, imposing and inimitable northern stone types, and wood heating expertise.

Juuka, 8 February 2003

Warm Regards

Reijo Vauhkonen
Chairman of the Board

A Year of Challenges

After several years of growth, in 2002 the Tulikivi Group was confronted by more challenges from the economy and the market than it had experienced in years. The Group had not witnessed a decrease in its revenue, for example, for a long time. However, thanks to its financially solid foundation and its know-how, the company nonetheless deserved a fair grade for passing the tests it underwent during the year.

A Difficult Year for Fireplace Exports

The past year was especially difficult for Tulikivi fireplace exports. The economic situation in Germany was especially dire and consumer confidence low during the year under review, which resulted in a 20 per cent downturn in the fireplace market (source: HKI Industrieverband, Haus-, Heiz- und Kuchentechnik e.V.). The confusion surrounding the type approval of heat-retaining fireplaces also hindered Tulikivi fireplace sales. Although Germany's financial difficulties also had an effect on neighboring countries, Tulikivi sales in these countries either developed according to expectations or remained approximately at the level of the previous year. The economic situation and consumer confidence in Finland were more stable. According to construction researchers Rakennustutkimus RTS Oy, the construction of new small-scale houses increased by almost 10 per cent. The market for soapstone fireplaces was characterized by strong price competition during the first part of the year. The situation eased in the summer, and fall sales exceeded the corresponding level for the previous year. The first products from the new fireplace range were introduced on the market between March and April. The products are representative of a new design style and they operate using a completely new and more environmentally-friendly combustion technology. In addition, designer Ristomatti Ratia developed the Linea Alternativa series of structurally and functionally innovative light-weight fireplaces as part of the new product range.

Tulikivi's efforts to become a full-service stone company continued. The Group's architectural stone business were overshadowed by a decline in the number of new construction projects in its market areas. Architectural renovation levels, however, remained high. The revenue of the Group's architectural stone business decreased in comparison with the previous year, and its financial result decreased due to the diminished demand for natural stone. Tulikivi Rakennuskivet Oy provides its customers with the most comprehensive range of products and stone types available on the market coupled with an all-inclusive service. Project deliveries are one of our strengths, but we continuously invest in the small-scale construction sector. Our objectives are the growth of our business operations and improved profitability. Another clear objective is to increase the use and appreciation of natural stone in construction. An excellent instrument for achieving these objectives within the Finnish stone industry is the Finnish Stone Center, which will be opened in Juuka this summer.

Improving Our Operating Efficiency

A reorganization of the Group's heater sales and marketing offices was carried out in August for reasons of economization and increased operating efficiency. Mittakivi Oy, Kiantastone Oy and Tulipuu Oy were merged with the parent company, Tulikivi Corporation, at the beginning of 2003. In addition, a rationalization campaign aimed at reducing short and long-term fixed expenses was also initiated. The changes will increase our operating efficiency in the near future, and new products will improve our competitiveness. The German market environment is not expected to improve in the coming months, but the stable domestic situation and growth in our export countries will balance out the instability of the German market. Trends will also work to our advantage in the long run. Life cycle thinking and the popularity of natural materials are on the increase, as is the demand for service. The importance of product design and comfort will grow. Basic security and environmental protection will also become more important. The use of bioenergy and the need for energy conservation will also increase.

I would like to take this opportunity to thank our customers, partners and personnel for the past year.



Juuka, 28 February 2003

Juha Sivonen
Managing Director



Heater Business

Tulikivi's heater business comprise heat-retaining fireplaces, fireplace accessories, heater lining stones, as well as comprehensive delivery services associated with these products.

The heater business environment has suffered from economic instability in all its market areas. Changes in economic conditions are quickly conveyed from one market area to another, and they are also soon reflected in consumer behavior. No clear turn for the better is yet in sight. Alongside economic developments, the process of market area integration is also advancing rapidly. This creates challenges for increasing the harmonization of operating practices and products. On the other hand, wood combustion will maintain its strong position as an alternative energy source. Recent climatic and political crises also support the popularity of wood. Appreciation for natural materials is also on the increase.

Customer Groups Based on the Function of the Fireplace

Half of our customers are constructors of new houses and the other half redevelopers or renovators. The building projects of the

baby boom generation form a growing market segment. The importance of this customer group is set to increase in the future as the size of the younger generation groups involved in house construction is going to decrease. On the other hand, the customer segment is more clearly divided according to the intended use of the fireplace. Tulikivi fireplaces are still mainly acquired for heating purposes, but interior decoration and design factors have increased in importance. At the same time, the role of women in making purchase decisions has also grown. There are also increasing demands for clean combustion and product appearance.

Continuous Development of Distribution Channels

The polarization of distribution channels and their products is set to continue. European hardware stores mainly sell inexpensive and simple products that can be sold with minimum service requirements. The distribution of more expensive products continues to be concentrated in specialty stores that provide a comprehensive service package to their customers. Tulikivi's hardware-based distribu-

tion channel solution in Finland is unique. Tulikivi is involved in the long-term development of its distribution channels and service concept. Every segment of the distribution chain is focused on a specific area of expertise. Interfaces between the different distribution chain segments are taken into consideration. The opportunities offered by electronic communications are utilized in customer relationship management, and information systems are being broadened and deepened further.

In 2002, the size of Tulikivi's current market areas in Europe amounted to approximately one million fireplaces. The share of heaters was approximately 50 per cent, open fireplaces and gas ovens 35 per cent, tiled stove fireplaces approximately 8 per cent and different stove models approximately 5 per cent. Heat-retaining fireplaces accounted for approximately 2 per cent of the overall market volume. Soapstone-surfaced heaters made up about 20 per cent of all heaters.

Rearrangements in the Competitor Field

Market rearrangements continue to take



place in Tulikivi's competitor field as a result of the growing needs to invest in product development, marketing and production technology. The downturn in the economy is speeding up these developments. Tulikivi's competitors consist mainly of small or medium-sized family businesses. There are only a few larger players currently on the market.

Number One in Fireplaces

In the field of product technology, significant advances have been made in the development of clean wood combustion processes. In the case of products with otherwise similar properties, combustion technology can become a decisive factor. At the moment, soapstone is the most popular and valued natural material in fireplace production. Tulikivi develops its products based on its customers' needs and wishes. We have invested in the manufacture of modulated products, whose basic structure is suitable for all existing market areas and which can be modified in accordance with local customer requirements. Through its broad market area, Tulikivi is able to achieve greater product specific volumes and a favorable level of competitiveness.

In terms of its heater business, the objective and vision of the Tulikivi Group is to be the number one fireplace company within select European market areas by the year 2006. We emphasize customer satisfaction, long-standing customer relationships, partnerships and networking in our business activities. Our business is built around the Tulikivi brand. The strategic objectives of our heater business are organic growth, which we intend to achieve mainly through new and growing export areas, as well as improved profitability. Tulikivi is also focused on the comprehensive management of its soapstone reserves, while at the same time we are continuously working to increase the degree of utilization of stone materials through product development and production processes.

Tulikivi's marketing and public relations operations are aimed at creating a demand for our products and establishing a clear market status for heat-retaining soapstone fireplaces in accordance with the Tulikivi tale. We are also involved in the creation of a competitive product for our distribution channels, which will consequently enable

distribution channel investments. Consumers will be offered differentiated products that stand apart from the competition thanks to their technical features, design and reputation.



Architectural Stone Business

Tulikivi's architectural stone business comprises the manufacture of construction stones, interior decoration stones, landscaping stones and semi-finished products, as well as the delivery services associated with these products. The Group processes granite, marble, soapstone and other natural stones.

The expansion of the architectural stone business environment is restrained by economic instability. However, in the case of Tulikivi's operating areas, construction is expected to grow slightly or remain at its current level in the long term. The Baltic Sea area is the principal market area for architectural stone products. The market is growing in regional growth centers. The use of stone materials in construction and interior decoration is expected to increase at a faster rate than overall construction. Life cycle thinking and the popularity of natural materials also speak in favor of stone-based construction.

A Broad Client Base

Tulikivi's architectural stone business customers consist mainly of business-to-business clients. Construction companies are the principal buyers of the Group's

architectural stone products and assembled stone structures. Constructors set the quality standards for their real estate properties. Typical constructors include cities, real estate investment companies, pension funds, trade confederations, other companies and private individuals. Architects propose and implement design solutions and material choices and, in this capacity, can have a great influence on the choices and decisions made by constructors and real estate owners. Construction consultants make bids for stone structure tenders. They know the construction sector inside and out and can provide constructors and real estate owners with information on the properties and pricing of competing materials. Other clients include Finnish shipyards that manufacture luxury cruise liners, furniture manufacturers who purchase tailor-made stone surfaces for their products based on customer specifications, carpenters and joiners involved in the interior decoration of public spaces (hotels, restaurants, banks), as well as other stone companies that buy semi-finished or finished products either for their own use or for further processing. In the future, private individuals who use stone materials in the construction and decoration of their own

home will become an increasingly important customer group.

Competition from SMEs

Tulikivi's competitors in the architectural stone sector consist mainly of small or medium-sized family enterprises. It is typical for the sector that the stone quarrying, stone processing and stone product installation functions are often carried out by different companies. Nonetheless, the largest companies have combined either quarrying and processing or processing and installation work. The sector's key source of competition has been pricing. During the past few years, low-cost Chinese and Indian products have also found their way onto the market. These products consist mainly of landscaping stones and cut-to-size construction tiles.

Low Level of Stone Use in Scandinavia

Calculated on the basis of the amount of stone materials used in construction, the size of the market has been estimated to be less than MEUR 300 per annum. The figure does not include fireplace products, gravestones or the value of quarried stone.



Compared to other construction materials, the use of stone in construction is at a very low level. When compared with construction practices in southern Europe, Scandinavia has yet to warm to the use of stone in construction. Reasons for this include an underdeveloped industry, a lack of product solutions and a scarce supply of stone products as well as cultural factors.

Typical architectural stone products include cut-to-size products based on designer specifications, which consist mainly of façades, floors, windowsills and surfacing tiles. Landscaping stone products comprise thick surfacing tiles, large-scale staircase stones, edging stones, dry wall elements and other similar products. The Group's interior decoration stone products include kitchen and furniture surface stones, tiles, edging tiles, stone borders and other decorative stone products. Tulikivi also manufactures semi-finished stone products such as cut-to-size slabs. The Group is very familiar with existing assembly technologies, but has not developed new solutions in the past few years.

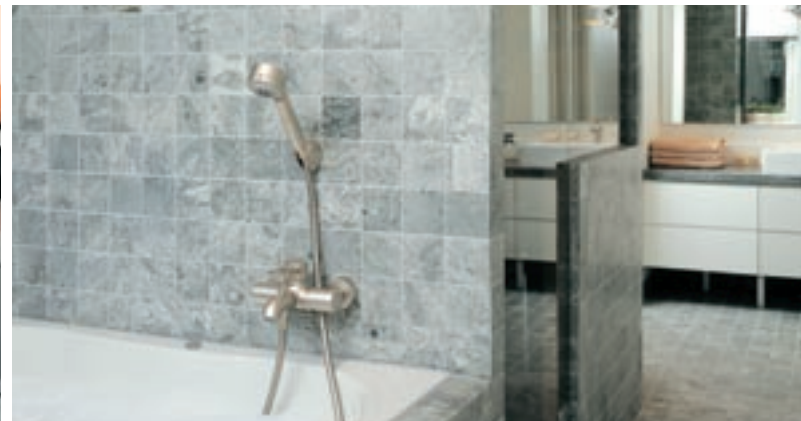
Objective: Full-Service Stone Company

In terms of its architectural stone business, the objective and vision of the Tulikivi Group is to be a leading construction stone supplier and a full-service stone company. Measured in terms of market shares, we aim to be the leading construction stone project supplier in Scandinavia and the leading interior decoration stone supplier in Finland. We emphasize customer satisfaction, long-standing customer relationships, partnerships and networking in our business activities. Our business is built around the Tulikivi brand.

The strategic objectives of our architectural stone business operations are organic growth and a clear improvement in profitability. We intend to achieve comprehensive growth by increasing the market and appreciation for architectural stones within the Nordic countries and the Baltic Sea area. Improved profitability will be based on highly developed products as well as the management of the entire distribution and service chain, beginning with the raw materials and ending with the installation of the end products.

Development of the Tulikivi service concept is one of the focal points of our operations. In the case of architectural stone projects, this service concept refers not only to material sales, but also to the management of technical support services and installation work in such a way that the designer receives all the necessary information and solutions already in the planning stage. This means that the project can be offered as a pre-installed package throughout the entire market area. In the case of Tulikivi's interior decoration business operations, the service concept refers to the provision of highly branded solutions and design services to our customers, product and solution installation and maintenance services, as well as distribution channel construction services.

Tulikivi is actively involved in trying to increase the use of natural stone. These efforts can be conducted on many levels and many fronts. The Finnish Stone Center, established through cooperation between the stone sector and various public sector entities, provides the stone field with long-awaited teaching and testing services as well as a solid foundation for future growth.



Interior Decoration Stones Transform a House into a Home

Finland has a long tradition of using natural stone in façade construction, but the use of natural stone materials in interior decoration has been less common. Tulikivi aims to develop its interior decoration stone business based on the vision that in the future, stone materials will become more and more popular in Finnish home decoration.

Natural products, such as natural stone, are timeless. They withstand the tests of passing trends and fashions. Life cycle thinking and the increasing weight given to ecological values have increased the appreciation of natural stone materials in interior decoration. Consumers value the properties of natural stone materials, which also increase the value of their homes.

Natural stone materials are stylish, durable and easy to take care of. They can easily be combined with other construction materials, such as wood and metal. The consistent use of natural stone materials in interior decoration creates an elegant and harmonious atmosphere.

With stone sector professionals involved in construction projects from the design

phase, natural stone is also an easy choice for customers. Natural stone materials have a variety of different applications. Stones are ideal for floor and wall tiling, kitchen surfaces, windowsills and even column surfacing. Stone types suitable for surfacing home interiors include granite, soapstone, marble and limestone.

Interior Decoration with Personality

Natural stone surfaces can be used to make kitchens even more functional and attractive. Granite has become an increasingly popular stone for tabletop surfacing, because it withstands moisture and hot temperatures well and serves as a good cooking and baking surface. Stone surfaces are easy to keep clean. Natural stone surfaces can also be decorated with different border designs, such as rounded edges. Different inlays and combinations of stone with wood, steel and glass are also possible.

Natural stone brings a touch of luxury to bathroom interiors. Natural stone combinations can be used to create the



dream bathroom. The beautiful surface patterns and different colors of marble give an air of individuality to floors, walls and surfaces. Patterned tiles and stripe effects can be used to enhance the desired visual effect. Thanks to its heat retention capacity, soapstone is an unbeatable material choice for interiors with heated floors. Because soapstone does not become slippery even in humid conditions, soapstone tiles are especially well-suited to bathroom interiors.

The beautiful surface patterns and different colors of natural stone add personality to floors, walls and home furnishings, and they can be used to create impressive decor solutions. Different surface treatments, tile shapes and layout styles enable you to quickly change the appearance of an interior. A specific decoration theme can be extended even further by using the same stone materials for fireplace decoration. Waterjet cutting techniques can be used to create a variety of different border designs. Natural stone furniture, including windowsills and shelves, also add character to a home interior.

Comprehensive Natural Stone Sector Services

Tulikivi provides its customers with a unique, comprehensive range of services, which includes product design, manufacture, marketing and installation. All natural stone products intended for domestic use are delivered as a single delivery based on the turnkey service principle. Tulikivi is the leading "full service stone company" in its sector.



A Busy Year in Product Development

The main emphasis of product development activities in Tulikivi's heater business area was on designing light-weight fireplaces and the new fireplace range, product definition and product launches, as well as on the systematization of the Group's product development activities.

New Technology as the Foundation for Future Products

At the beginning of the year, Tulikivi introduced a new, modern fireplace range. The development of a whirl chamber firebox model and new combustion technologies has meant a minimum reduction in flue gas emissions of 50 per cent. Thanks to the development of these new technologies, Tulikivi fireplaces easily meet the requirements of current emission norms. Even the strictest norms in the world, currently in force in Austria, are easily met by our fireplaces. Technology creates the basis for developing solutions that will enable us to meet the even stricter environmental norms of the future. The new fireplace range includes fireplace models with various

different exteriors, which means that dozens of new products were introduced. In addition to the new combustion technology, the fireplaces also feature granite and marble stones used as decorative and surfacing components. The products in the 2002 range are also examples of modern design. Their appearance means that the fireplaces can be placed equally well against a wall, in a corner or in the center of the room. A new, light-weight fireplace door model with a maximum glass surface was also developed in conjunction with the overhaul of the Tulikivi fireplace range.

We have applied for several patents and copyrights related to these new technologies. As a result of the introduction of the new fireplace range, the share of new products in the Group's revenue has grown rapidly. The new products have been tested in accordance with the European 13240 norm.

New Type-approved Flue Solutions

As part of the launch of the 2002 fireplace range, Tulikivi also renewed its soapstone-

lined flue solutions, which supplement the Group's fireplace sales, along with the corresponding type approvals. The introduction of these new flue models means that Tulikivi is now able to provide its customers with an overall solution that is even better, safer and more elegant than before.

Linea Alternativa – the Lighter Fireplace Model

In the autumn of 2002, Tulikivi introduced two new light-weight fireplace models. The products in the Linea Alternativa range are heat-retaining fireplaces that expand Tulikivi's market area to include heater-type products. These products are characterized by quick heat generation. They also store heat in their mass and then release the heat over 4-6 hours after the fire in the firebox has been extinguished. The development of the Linea Alternativa range was carried out in cooperation with designer Ristomatti Ratia, who created a light, modern exterior for the product range. Various different stone surface machining techniques were developed specifically for the new light-weight fireplace models,



giving their surface an exciting, lively appearance. Compared to traditional fireplaces, the light-weight fireplaces are also quicker and easier to install. The fireboxes inside the light-weight fireplaces consist of a fully-assembled, easy-to-use stove interior which guarantees a clean, controlled combustion process. In keeping with current trends, the Linea Alternativa models feature large fireplace doors made of glass.

Participation in National and International Development Work

Tulikivi Corporation has been actively involved in both national and international research and development work. Tulikivi has participated in the development of European CEN fireplace testing norms as well as in the establishment of European testing norms for heat-retaining fireplaces.

Tulikivi has also taken part in the COMBI project organized by the Technical Research Center of Finland (VTT), a national development project aimed at integrating fireplace structures with a building's heating and ventilation systems.

In 2002, Tulikivi decided to take part in a research project headed by the University of Kuopio, which studies the small particle emissions of wood combustion.

Focal Points in 2003

During 2003, Tulikivi will continue to fit the fireplaces currently available on the market with its new combustion technology. The fireplace range will be updated so that it better meets market and customer needs, but it will still be manufactured cost-effectively. Our development work will concentrate on improving the fireplaces' heating technological properties and material utilization. The Group's internal operations will be improved through the standardization of design practices and the development of our personnel's expertise in core competency areas.

Product Development in the Architectural Stone Business Area

In 2002, the Group's architectural stone unit cooperated with the University of Art and Design Helsinki (Uiah) in the development of a new natural stone decorative module concept. This involves the combination of different stone types and materials to create fresh, new kitchen and bathroom interiors using different surface types and background tiles. A soapstone wall construction stone with a lobular surface was also added to the product range.

Directors' Report

Regarding the domestic demand for Tulikivi products, it was remarkable that in 2002 the construction of housing as well as renovating increased, while the level of business space and office construction decreased. In Germany, our main export market area, the decrease in the number of construction permits continued also in 2002. The number of completed housing projects has fallen over 40 per cent from the level four years ago, which has had a direct effect on demand and the intensifying level of competition. In response to market difficulties caused by the reduction in overall demand levels, Tulikivi adjusted its production processes and increased its operative efficiency. The Group's solid financial position enabled it to carry out projects aimed at maintaining and improving competitiveness as planned. Although the Group's financial result did not meet the established target, it still remained satisfactory.

Net Sales

The Group's net sales amounted to EUR 52.5 million (EUR 58.7 million in 2001). The decrease in net sales was mainly due to the decline in exports to Germany and the architectural stone business.

The demand for heaters picked up during the last quarter of 2002, but on an annual level remained lower than during the previous financial year. The net sales of the Group's heater business amounted to EUR 42.3 (46.9) million. Growth areas included France, the United States, Russia and Estonia. The net sales of Tulikivi's fireplace lining stone business grew in comparison to the previous financial year.

The net sales of the Group's architectural stone business amounted to EUR 10.2 (11.8) million.

Exports accounted for EUR 26.3 (31.9) million, or 50.1 (54.3) percent of the Group's net sales. The most important export countries were Germany, Sweden and Denmark. Domestic net sales amounted to EUR 26.2 (26.8) million.

Financial Result

The Group's profit before extraordinary items was EUR 3.3 (6.5) million. The profit of the Group's heater business amounted to EUR 3.4 (6.3) million. The financial result of Tulikivi's architectural stone business amounted to EUR -0.1 (0.2) million. Return on capital employed stood at 10.9 (22.6) percent. Earnings per share amounted to EUR 1.35 (2.56).

Cash Flow and Financing

The Group's financial position remained good. The cash flow from operating activities before investments was EUR 5.3 (6.5) million. Own capital investment ratio was 1.5 (1.0). The current ratio was 2.3 (1.6), while the solvency ratio was 61.5 (63.5) percent. The ratio between net debt and shareholders' equity, or gearing, was 3.9 (2.5) percent. Shareholders' equity per share amounted to EUR 14.25 (14.75).

Investments and Development Activities

The Group's gross investments amounted to EUR 3.9 (6.4) million. The focus of the development activities was on designing the new product range and the new light-weight fireplace models. The Group's

development expenses amounted to EUR 1.3 (1.4) million. The most important investments consisted of investments in production machinery, stone supply research and opening of the quarries.

Repurchase and Disposal of Company's Own Shares

By virtue of the authorization given to the board of directors by the Annual General Meeting, Tulikivi Corporation acquired 10,028 company A-shares in 2002. The total value of the transactions amounted to EUR 0.2 million.

Tulikivi Corporation disposed of the aforementioned shares as well as 21,553 A-shares acquired in 2000, in other words a total of 31,581 shares, as partial payment of the purchase price of the business acquisition made in 2000. The value of these shares at the time of the disposal was EUR 0.6 million. The combined nominal value of the shares amounted to EUR 0.1 million. Their relative share of the company's share capital was 1.7 percent and their share of the combined voting rights of all the company's shares was 0.5 percent. After the transaction, the company no longer holds its own shares.

Personnel

During the reporting period, the Group employed an average of 578 (558) persons. At the close of the reporting period, the Group's personnel numbered 562 (614) persons. Of these employees, 467 (507) worked in the heater business and 95 (107) in the architectural stone business.

Board of Directors, Managing Director and Auditors

At the Annual General Meeting of the Tulikivi Corporation, held on 4 April 2002, Bishop Ambrosius, Mr. Juhani Erma, Mr. Eero Makkonen, Mr. Aimo Paukkonen, Mr. Heikki Vauhkonen, Mr. Reijo Vauhkonen and Mr. Matti Virtaala were elected to serve on the Board of Directors. The Board of Directors appointed Mr. Reijo Vauhkonen as its Chairman and Mr. Matti Virtaala as its Vice-Chairman. The Managing Director of Tulikivi Corporation is Mr. Juha Sivonen.

The auditors are PricewaterhouseCoopers Oy, Authorized Public Accountants.

Changes in the Group Structure during 2003

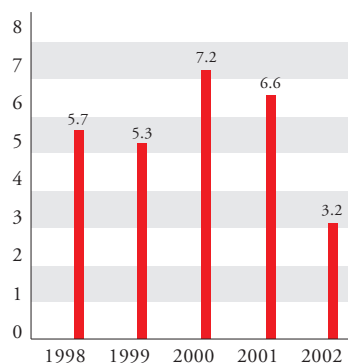
The Tulikivi Group's subsidiaries which are involved in the Group's heater business, Mittakivi Oy, Kiantastone Oy and Tulipuu Oy, were merged with the parent company, Tulikivi Corporation, effective 2 January 2003.

In its meeting held on 5 February 2003, the Board of Directors of Tulikivi Corporation decided that Tulikivi Rakennuskivet Oy, the subsidiary company involved in the architectural stone business, will be merged with the parent company Tulikivi Corporation. The objective of this merger is to gain synergy advantages from the heater business and architectural stone business, and to improve customer service.

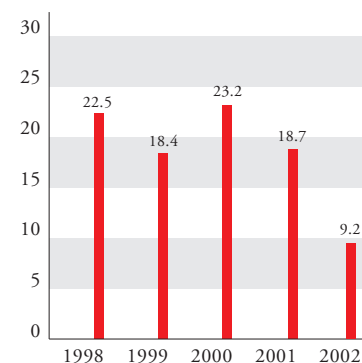
Outlook for the Future

We expect the domestic demand within the heater business to grow. The demand situation within the European export markets is still uncertain. We expect the demand within the architectural stone business to remain stable.

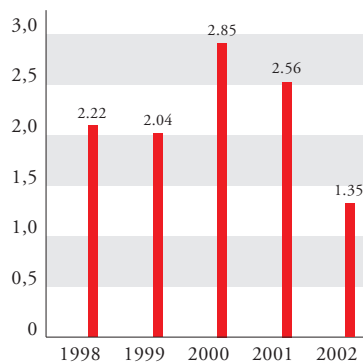
OPERATING PROFIT, MEUR



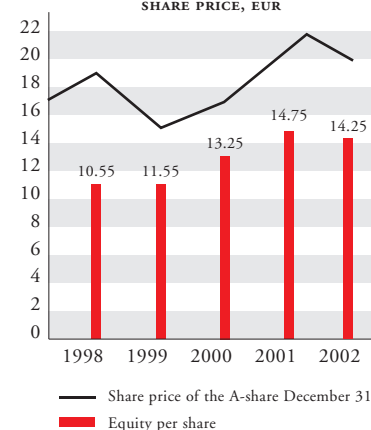
RETURN ON EQUITY, %



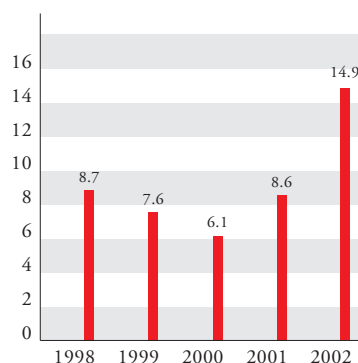
EARNINGS PER SHARE, EUR



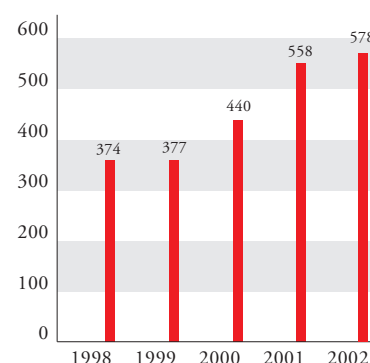
EQUITY/SHARE AND SHARE PRICE, EUR



P/E RATIO



PERSONNEL



Income Statement 1.1.–31.12.

EUR 1,000	Note	GROUP		PARENT COMPANY	
		2002	2001	2002	2001
NET SALES	1.1.	52 462	58 690	37 325	41 748
Increase (+) / decrease (-) in inventories in finished goods and in work in progress		448	377	247	351
Production for own use		674	1 179	365	630
Other operating income	1.2.	584	356	3 170	2 709
Materials and external charges	1.3.	15 348	17 864	21 048	21 898
Personnel expenses	1.4.	19 491	19 850	8 499	9 495
Depreciation and value adjustments	1.5.	4 294	3 902	2 381	2 301
Other operating expenses		11 875	12 411	8 010	8 572
OPERATING PROFIT		3 160	6 575	1 169	3 172
Financial income and expenses	1.6.	133	-107	1 574	1 023
PROFIT BEFORE EXTRAORDINARY ITEMS		3 293	6 468	2 743	4 195
Extraordinary items	1.7.			409	
PROFIT BEFORE UNTAXED RESERVES AND INCOME TAXES		3 293	6 468	3 152	4 195
Untaxed reserves	1.8.			-57	12
Income taxes	1.9.	-1 043	-1 892	-974	-1 314
PROFIT FOR THE YEAR		2 250	4 576	2 121	2 893

Balance Sheet 31.12.

EUR 1,000	Note	GROUP		PARENT COMPANY	
		2002	2001	2002	2001
ASSETS					
Fixed assets and other non-current investments					
Intangible assets	2.1.	2 994	3 187	1 921	2 273
Goodwill	2.1.	1 108	1 467		
Tangible assets	2.2.	17 054	17 729	8 223	8 344
Investments					
Shares in group companies	2.3.			3 923	3 929
Own shares			361		361
Other investments	2.4.	47	76	43	72
FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS, TOTAL		21 203	22 820	14 110	14 979
Current assets					
Inventories	2.5.	6 304	5 726	2 700	2 392
Non-current receivables	2.6.			3 091	3 952
Current receivables	2.7.	8 388	10 014	5 219	5 151
Cash in hand and at banks		7 229	5 148	5 459	3 492
TOTAL CURRENT ASSETS		21 921	20 888	16 469	14 987
TOTAL ASSETS		43 124	43 708	30 579	29 966
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity					
Capital stock	2.8.	6 192	6 192	6 192	6 192
Share premium fund	2.8.	5 351	5 319	5 351	5 319
Revaluation reserve	2.8.		38		38
Reserve for own shares	2.8.		361		361
Retained earnings	2.8.	12 169	10 419	5 631	5 512
Profit for the year	2.8.	2 250	4 576	2 121	2 893
TOTAL SHAREHOLDERS' EQUITY		25 962	26 905	19 295	20 315
UNTAXED RESERVES				263	205
PROVISIONS	2.10.	8	8		
Liabilities					
Deferred tax liability	2.11.	880	1 088		
Non-current liabilities	2.12.	6 571	2 789	5 497	2 493
Current liabilities	2.13.	9 703	12 918	5 524	6 953
TOTAL LIABILITIES		17 154	16 795	11 021	9 446
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		43 124	43 708	30 579	29 966

Cash Flow Statement 1.1.–31.12.

EUR 1,000	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before extraordinary items	3 293	6 468	2 743	4 194
Adjustments for:				
Depreciation	4 294	3 902	2 381	2 301
Financial income and expenses	35	107	-1 574	-1 023
Other adjustments	-223	-3	-6	-12
CASH FLOW BEFORE WORKING CAPITAL CHANGES	7 399	10 474	3 544	5 460
Change in net working capital:				
Increase (-) / decrease (+) in current non-interest bearing receivables	1 588	-2 818	-61	-361
Increase (-) / decrease (+) in inventories	-577	214	-308	-355
Increase (+) / decrease (-) in current non-interest bearing liabilities	-1 855	802	-642	-285
CASH GENERATED FROM OPERATIONS BEFORE FINANCIAL ITEMS AND INCOME TAXES	6 555	8 672	2 533	4 459
Interest paid and payments on other financial expenses from operations	-536	-213	-485	-137
Dividends received	10	24	940	663
Interest received	202	154	216	143
Income taxes paid	-981	-2 095	-577	-1 186
CASH FLOW BEFORE EXTRAORDINARY ITEMS	5 250	6 542	2 627	3 942
Extraordinary items paid			409	
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	5 250	6 542	3 036	3 942
NET CASH FLOW FROM INVESTING ACTIVITIES				
Investments in tangible and intangible assets, gross	-4 235	-4 472	-3 027	-2 115
Investment grants received	66		66	-19
Proceeds from sale of tangible and intangible assets	79	35	15	25
Loans given				-441
Other investments	-37	-987	-37	-1 054
Repayments of loan receivables	8	1	835	
Capital gains on other investments	225		225	
Interest received on investments			255	37
NET CASH USED IN INVESTING ACTIVITIES (B)	-3 894	-5 423	-1 668	-3 567
CASH FLOWS FROM FINANCING ACTIVITIES				
Share issue		295		295
Acquisition of own shares	-189		-189	
Long-term borrowing	7 785	2 523	6 785	2 523
Repayment of long-term loans	-4 199	-952	-3 325	-636
Dividends paid	-2 672	-1 993	-2 672	-1 982
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	725	-127	599	200
NET INCREASE (+) / DECREASE (-) IN CASH AND CASH EQUIVALENTS (A+B+C)	2 081	992	1 967	575
Cash and cash equivalents at the beginning of the financial year	5 148	4 156	3 492	2 927
Transferred in connection with the business transfer				10
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7 229	5 148	5 459	3 492

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 depreciation according to plan. The value of fixed assets includes revaluation made on buildings. Depreciation 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 on the basis of fifo principle at the lower of the acquisition cost or the net realisable value. The cost value of inventories includes 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 gains/losses 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 with revenues in excess of 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 Cost

Research and development costs have been recorded as costs when incurred.

Retirement Cost

Employee pension schemes have been arranged with external pension insurance companies. Pension costs are expensed for the year when occurred. 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 current 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. The deferred tax liability has been fully provided in the financial statements.

Dividends

The financial statements do not include the dividend proposed by the Board of Directors to the annual shareholders' 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

EUR 1,000	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
Notes to the Income Statement				
1.1. NET SALES				
1.1.1. NET SALES PER BUSINESS AREA				
Heater business	42 293	46 924	37 005	40 243
Architectural stone business	10 169	11 766	320	1 505
TOTAL NET SALES PER BUSINESS AREA	52 462	58 690	37 325	41 748
1.1.2. NET SALES PER GEOGRAPHICAL AREA				
Finland	26 196	26 848	13 641	14 674
Rest of Europe	24 628	30 267	22 803	26 211
USA	1 638	1 575	881	863
TOTAL NET SALES PER GEOGRAPHICAL AREA	52 462	58 690	37 325	41 748
<p>The consolidated net sales includes EUR 3,3 (3,6) million relating to net sales recognized based on percentage of completion method. Out of these uncompleted projects represent EUR 1,0 (1,4) million. The revenue not yet recognized on these projects amounts to EUR 0,2 (0,4) million.</p>				
1.2. OTHER OPERATING INCOME				
Rental income	55	50	17	25
Charges for intergroup services			2 735	2 486
Government grant	129	133	129	129
Other	400	173	289	69
TOTAL OTHER OPERATING INCOME	584	356	3 170	2 709
1.3. MATERIALS AND EXTERNAL CHARGES				
Materials and supplies (goods)				
Purchases during the fiscal year	9 347	10 296	17 203	17 831
Inventories transferred in connection with the business transfer		1 314		726
Change in inventories according to balance sheet	-129	-721	-61	-730
Increase (-) or decrease (+) in inventories	-129	593	-61	-4
External charges	6 130	6 975	3 906	4 071
TOTAL MATERIALS AND EXTERNAL CHARGES	15 348	17 864	21 048	21 898
1.4. PERSONNEL EXPENSES AND NUMBER OF EMPLOYEES				
1.4.1. PERSONNEL EXPENSES				
Salaries and wages	15 578	15 714	6 826	7 513
Pension expenses	2 575	2 619	1 103	1 295
Other social security expenses	1 338	1 517	570	687
TOTAL PERSONNEL EXPENSES	19 491	19 850	8 499	9 495
1.4.2. SALARIES AND FEES PAID TO THE DIRECTORS				
<p>The fees paid to the members of the Board of Directors amounted to 118,752 EUR (69,069 EUR in 2001) in the Group. Salaries and fees paid to the managing directors amounted to 280,628 (320,972) EUR in the Group. The annual remuneration of the Board members has been paid in the form of Tulikivi Corporation's A-shares which were purchased on the Helsinki Exchanges and the value of which corresponds the net payable amount of the remuneration.</p>				

EUR 1,000	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
1.4.3. AVERAGE NUMBER OF EMPLOYEES DURING THE FISCAL YEAR				
Clerical employees	114	117	72	77
Workers	464	441	179	194
TOTAL NUMBER OF EMPLOYEES	578	558	251	271
1.5. DEPRECIATION ACCORDING TO PLAN				
Intangible rights	33	31	33	30
Other long-term expenditure	1 194	1 117	1 020	1 000
Buildings and constructions	447	408	230	228
Machinery and equipment	2 242	2 023	1 085	1 038
Other tangible assets	17	17	5	5
Land areas	8		8	
Goodwill	353	306		
DEPRECIATION ACCORDING TO PLAN IN TOTAL	4 294	3 902	2 381	2 301
1.6. FINANCIAL INCOME AND EXPENSES				
Dividend income				
From group companies			1 310	900
From others	219	35	219	35
Interest income from non-current investments				
From group companies			221	153
Interest income				
From group companies			43	18
From others	162	124	136	107
Interest expenses	-338	-244	-285	-178
Exchange rate gains/losses	121	1	-51	1
Other financial income and expenses	-31	-23	-19	-13
FINANCIAL INCOME AND EXPENSES IN TOTAL	133	-107	1 574	1 023
1.7. EXTRAORDINARY ITEMS				
Extraordinary expenses				
Group contribution			180	
Extraordinary income				
Settlement by Group company of receivables previously written-off			589	
EXTRAORDINARY ITEMS IN TOTAL			409	
1.8. UNTAXED RESERVES				
Change in accelerated depreciation			-57	12
1.9. INCOME TAXES				
Income taxes on extraordinary items			119	
Income taxes on ordinary operations	1 106	1 827	855	1 314
Change in deferred tax liability	-63	65		
TOTAL INCOME TAXES	1 043	1 892	974	1 314

EUR 1,000	GROUP 2002	PARENT COMPANY 2002
Notes to the balance sheet		
2.1. INTANGIBLE ASSETS		
2.1.1. INTANGIBLE RIGHTS		
Acquisition cost January 1	421	410
Additions	46	45
Acquisition cost December 31	<u>467</u>	<u>455</u>
Accumulated depreciation according to plan January 1	299	292
Depreciation for the financial year	34	33
Accumulated depreciation December 31	<u>333</u>	<u>325</u>
BALANCE SHEET VALUE OF INTANGIBLE RIGHTS, DECEMBER 31	134	130
2.1.2. GOODWILL		
Acquisition cost January 1	1 773	
Disposals	6	
Acquisition cost December 31	<u>1 767</u>	
Accumulated depreciation according to plan January 1	306	
Depreciation for the financial year	353	
Accumulated depreciation December 31	<u>659</u>	
BALANCE SHEET VALUE OF GOODWILL DECEMBER 31	1 108	
2.1.3. OTHER LONG TERM EXPENDITURE		
Acquisition cost January 1	8 588	7 185
Additions	989	656
Acquisition cost December 31	<u>9 577</u>	<u>7 841</u>
Accumulated depreciation according to plan January 1	5 523	5 030
Depreciation for the financial year	1 194	1 020
Accumulated depreciation December 31	<u>6 717</u>	<u>6 050</u>
BALANCE SHEET VALUE OF LONG TERM EXPENDITURE, DECEMBER 31	2 860	1 791
TOTAL INTANGIBLE ASSETS	4 102	1 921
<p>The balance sheet value of other long term expenditure includes EUR 2.2 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	1 101	774
Additions	31	31
Depreciation	76	76
BALANCE SHEET VALUE OF LAND, DECEMBER 31	1 056	729

EUR 1,000	GROUP	PARENT COMPANY
	2002	2002
2.2.2. BUILDINGS AND CONSTRUCTIONS		
Acquisition cost January 1	11 461	6 358
Additions	370	126
Acquisition cost December 31	11 831	6 484
Accumulated depreciation according to plan January 1	4 625	2 841
Depreciation for the financial year	447	230
Accumulated depreciation December 31	5 072	3 071
Revaluation January 1	933	933
Revaluation December 31	433	433
BALANCE SHEET VALUE OF BUILDINGS AND CONSTRUCTIONS, DECEMBER 31	7 192	3 846
2.2.3. MACHINERY AND EQUIPMENT		
Acquisition cost January 1	27 396	17 370
Additions	2 232	1 560
Disposals	122	50
Acquisition cost December 31	29 506	18 880
Accumulated depreciation according to plan January 1	18 623	14 226
Accumulated depreciation on disposals	70	40
Depreciation for the financial year	2 242	1 085
Accumulated depreciation December 31	20 795	15 271
BALANCE SHEET VALUE OF MACHINERY AND EQUIPMENT, DECEMBER 31	8 711	3 609
2.2.4. OTHER TANGIBLE ASSETS		
Acquisition cost January 1	189	75
Additions	1	
Acquisition cost December 31	190	75
Accumulated depreciation according to plan January 1	93	31
Depreciation for the financial year	17	5
Accumulated depreciation December 31	110	36
BALANCE SHEET VALUE OF OTHER TANGIBLE ASSETS, DECEMBER 31	80	39
2.2.5. ADVANCE PAYMENTS	15	
TOTAL TANGIBLE ASSETS	17 054	8 223
Amount of machinery and equipment included in balance sheet value	8 057	3 119

EUR 1,000	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
2.3. SHARES IN GROUP COMPANIES				
			Ownership, %	
	Group		Parent company	
Mittakivi Oy, Finland	100		100	
Tulikivi U.S. Inc., USA	100		100	
Tulikivi Rakennuskivet Oy, Finland	100		100	
AWL-Marmori Oy, Finland	100			
Kiantastone Oy, Finland	100		100	
Tulipuu Oy, Finland	100		100	
The New Alberene Stone Company Inc., USA	100		90	
Tulikivi Vertriebs GmbH, Germany	100		100	
2.4. OTHER INVESTMENTS				
Helsinki Exchange Group Ltd	5	25	5	25
Others	42	51	38	47
TOTAL OTHER INVESTMENTS	47	76	43	72
2.5. INVENTORIES				
Raw materials and consumables	3 218	3 286	1 187	1 126
Finished products / goods	3 086	2 440	1 513	1 266
TOTAL INVENTORIES	6 304	5 726	2 700	2 392
2.6. NON-CURRENT RECEIVABLES				
Receivables from group companies				
Loan receivables			2 844	3 671
Prepayments and accrued income			247	281
TOTAL NON-CURRENT RECEIVABLES			3 091	3 952
2.7. CURRENT RECEIVABLES				
Receivables from group companies				
Trade receivables			316	341
Receivables from others				
Trade receivables	6 051	7 327	3 766	3 858
Other receivables	463	544	458	520
Prepayments and accrued income				
Receivables relating to projects recognised as revenue on percentage of completion method	988	1 493		
Other prepayments and accrued income	886	650	679	432
Total receivables from others	8 388	10 014	4 903	4 810
TOTAL CURRENT RECEIVABLES	8 388	10 014	5 219	5 151

EUR 1,000	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
2.8. SHAREHOLDERS' EQUITY				
Capital stock January 1	6 192	6 109	6 192	6 109
Share issue		83		83
Capital stock December 31	6 192	6 192	6 192	6 192
Share premium fund January 1	5 319	5 105	5 319	5 105
Share issue		211		211
Gain on sale of own shares	32	3	32	3
Share premium fund December 31	5 351	5 319	5 351	5 319
Revaluation reserve January 1	38	38	38	38
The reversal of revaluation	-38		-38	
Revaluation reserve December 31	0	38	0	38
Reserve for own shares January 1	361	1 059	361	1 059
Acquisition (+) / transfer (-) of own shares	-361	-698	-361	-698
Reserve for own shares December 31	0	361	0	361
Retained earnings January 1	14 995	11 711	8 405	6 798
Dividends paid	-2 674	-1 995	-2 674	-1 984
Transfer to (+) / from (-) reserve for own shares	361	698	361	698
Change in translation difference	-203	5		
The reversal of revaluation	-316		-461	
Other	6			
Retained earnings December 31	12 169	10 419	5 631	5 512
Net profit for the year	2 250	4 576	2 121	2 893
TOTAL SHAREHOLDERS' EQUITY	25 962	26 905	19 295	20 315
2.9. STATEMENT OF DISTRIBUTABLE EARNINGS				
Profit for the previous years	12 169	10 419	5 631	5 512
Net profit for the year	2 250	4 576	2 121	2 893
Translation difference	23	-180		
The proportion of untaxed reserves included in shareholders' equity-1 813		-1 745		
TOTAL DISTRIBUTABLE EARNINGS	12 629	13 070	7 752	8 405

EUR 1,000	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
2.10. PROVISIONS				
Warranty reserve in a subsidiary company	8	8		
2.11. DEFERRED TAX LIABILITY				
On untaxed reserves	751	814		
On revaluations	129	274		
TOTAL DEFERRED TAX LIABILITY	880	1 088		
2.12. NON-CURRENT LIABILITIES				
Loans from credit institutions	5 777	1 308	4 705	1 049
Pension loans	630		630	
Trade payables	2	37		
Other non-current liabilities	162	1 355	162	1 355
Accrued liabilities		89		89
TOTAL NON-CURRENT LIABILITIES	6 571	2 789	5 497	2 493
2.12.1. LOANS BECOMING DUE AFTER 5 YEARS				
Loans from credit institutions	167	40		
2.13. CURRENT LIABILITIES				
Liabilities to group companies				
Trade payables			321	552
Liabilities to others				
Loans from credit institutions	1 645	3 318	1 300	2 307
Pension loans	180		180	
Advances received	944	1 525		5
Trade payables	996	1 548	577	920
Other current liabilities	593	1 357	223	318
Accrued liabilities				
Salaries, wages and social costs	3 175	3 176	1 560	1 414
Discounts and marketing expenses	900	1 046	740	866
External charges	658	700	457	471
Other accrued liabilities	612	248	166	100
TOTAL CURRENT LIABILITIES	9 703	12 918	5 524	6 953

EUR 1,000	GROUP		PARENT COMPANY	
	2002	2001	2002	2001
Other notes				
2.14. GIVEN GUARANTEES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS				
DEBTS WITH RELATED MORTGAGES				
Loans from credit institutions	5 292	2 929	4 956	1 752
Real estate mortgages given	4 492	2 303	4 105	907
Company mortgages given	2 213	2 997	2 129	2 207
Other non-current liabilities		1 153		1 153
Real estate mortgages given		1 177		1 177
Given mortgages in total	6 705	6 477	6 234	4 291
LIABILITIES FOR WHICH SHARES HAVE BEEN PLEDGED				
Loans from credit institutions	81	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 OWN LIABILITIES FOR WHICH GUARANTEES HAVE BEEN GIVEN				
Credit account limit	84			
Letter of credit limit	24			
Production and warranty guarantees	505			
Guarantees given				
Company mortgages given	916	505		
Real estate mortgages given	151	284	117	17
Pledges given	47	46	8	8
Other guarantees given on behalf of own liabilities	1 114	835	125	25
PLEDGES GIVEN ON BEHALF OF GROUP COMPANIES				
Mortgaged promissory notes				1 074
LEASING COMMITMENTS				
Due during the financial year 2003	13	6		1
Due later	44	9		
Leasing commitments in total	57	15		1

The leasing contracts have been made for a period of three to six years and do not include redemption clauses.

ENVIRONMENTAL COMMITMENTS

On the basis of mining act and environmental legislation Tulikivi Corporation has landscaping commitments which will have to be fulfilled at the time of closing the quarry. As the amount of the commitments can not yet be reliably estimated they have not been accounted for in the financial statements.

OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The impact of off-balance sheet financial instruments is insignificant.

Profit Development Key Indicators 1998–2002

EUR 1,000	1998	1999	2000	2001	2002
INCOME STATEMENT					
Net sales	36 482	38 779	46 929	58 690	52 462
Change (%)	11.5	6.3	21.0	25.1	-10.6
Operating profit	5 740	5 270	7 209	6 575	3 160
(%) of net sales	15.7	13.6	15.4	11.2	6.0
Financial items	-83	-102	-110	-107	133
Profit before extraordinary items	5 657	5 169	7 099	6 468	3 293
(%) of net sales	15.5	13.3	15.1	11.0	6.3
Profit before taxes	5 657	5 084	7 102	6 468	3 293
(%) of net sales	15.5	13.1	15.1	11.0	6.3
Income taxes	1 715	1 558	2 058	1 892	1 043
Profit for the year	3 942	3 526	5 044	4 576	2 250
CONSOLIDATED BALANCE SHEET					
Assets					
Fixed assets	17 338	19 100	20 858	22 820	21 203
Inventories	3 020	2 952	4 632	5 726	6 304
Financial assets	6 546	11 092	10 443	15 162	15 617
Liabilities and shareholders' equity					
Shareholders' equity	18 705	20 474	24 023	26 905	25 962
Provisions				8	8
Interest bearing liabilities	2 416	5 522	3 959	5 818	8 251
Non-interest bearing liabilities	5 783	7 148	7 951	10 977	8 903
The balance sheet total	26 904	33 144	35 933	43 708	43 124

Financial Ratios

	1998	1999	2000	2001	2002
Return on equity, % ¹⁾	22.5	18.4	23.2	18.7	9.2
Return on capital employed, %	28.1	22.6	27.7	22.6	10.9
Net indebtedness ratio, %	-0.1	0.7	-0.9	2.5	3.9
Solvency ratio, %	69.5	61.8	65.8	63.5	61.5
Current ratio	1.6	2.0	2.0	1.6	2.3
Gross investments, (EUR 1,000)	4 842	5 667	4 037	6 360	3 923
Investments/net sales, %	13.3	14.6	8.6	10.8	7.5
Own capital investment ratio	1.5	1.3	1.9	1.0	1.5
Research and development expenditures, (EUR 1,000)	994	1 033	1 069	1 407	1 310
Research and development/net sales, %	2.7	2.7	2.3	2.4	2.5
Personnel, on average	374	377	440	558	578
KEY INDICATORS PER SHARE					
Earnings per share, EUR ¹⁾	2.22	2.04	2.85	2.56	1.35
Equity per share, EUR	10.55	11.55	13.25	14.75	14.25
Nominal dividend/share, EUR					
A-share	0.87	1.01	1.13	1.50	1.05 ²⁾
K-share	0.84	0.98	1.09	1.45	1.00 ²⁾
Dividend/earnings, %	38.9	49.1	39.2	58.1	77.0
Effective dividend yield, %					
A-series	4.5	6.5	6.5	6.8	5.3
P/E ratio	8.7	7.6	6.1	8.6	14.9
Issue-adjusted share prices of the A-share, EUR					
- average	19.17	15.10	15.99	17.51	20.71
- lowest	13.81	12.05	13.20	15.00	17.00
- highest	24.39	20.50	17.99	21.99	23.50
- the closing price	19.32	15.50	17.45	21.99	20.00
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	34 249	27 470	31 353	40 050	36 426
Number of A-shares traded (1,000 pcs)	543.4	425.2	535.5	267.3	262.6
- % of the total amount	42.0	32.8	40.6	19.9	19.5
The average issue-adjusted number of the shares for the financial year	1 772 277	1 772 277	1 767 152	1 788 414	1 798 671
Number of outstanding shares on December 31	1 772 277	1 772 277	1 733 624	1 799 724	1 821 277

1) Income taxes amounting to EUR 171 thousand, relating to the parent company's extraordinary income, has been eliminated from the income taxes reported in the current year's income statement.

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

Calculations of Key Ratios

RATIOS

$$\text{Return on equity (ROE)} = 100 \times \frac{\text{profit before extraordinary items - income taxes}}{\text{shareholders' equity (average during the financial year)}}$$

$$\text{Return on capital employed (ROI)} = 100 \times \frac{\text{profit before extraordinary items + interest expenses and other financial costs}}{\text{balance sheet total - non-interest bearing liabilities (average during the financial year)}}$$

$$\text{Equity ratio, \%} = 100 \times \frac{\text{shareholders' equity}}{\text{balance sheet total - advances received}}$$

$$\text{Net indebtedness ratio, \%} = 100 \times \frac{\text{interest-bearing net debt}}{\text{shareholders' equity}}$$

$$\text{Current ratio} = \frac{\text{financial assets + inventories}}{\text{current liabilities}}$$

$$\text{Own capital investment ratio} = \frac{\text{net cash flow from operating activities + change in net working capital}}{\text{net investments}}$$

KEY INDICATORS PER SHARE

$$\text{Earnings per share} = \frac{\text{profit before extraordinary items - income taxes for the financial year}}{\text{average issue-adjusted number of shares for the financial year}}$$

$$\text{Equity per share} = \frac{\text{shareholders' equity}}{\text{issue-adjusted number of shares at balance sheet date}}$$

$$\text{Dividend/share, \%} = \frac{\text{dividend paid for the year}}{\text{issue-adjusted number of shares at balance sheet date}}$$

$$\text{Dividend/earnings, \%} = 100 \times \frac{\text{dividend/share}}{\text{earnings/share}}$$

$$\text{Effective dividend yield} = 100 \times \frac{\text{issue-adjusted dividend/share}}{\text{the closing price of A-share at balance sheet date}}$$

$$\text{P/E} = \frac{\text{the closing price of A-share at balance sheet date}}{\text{earnings/share}}$$

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, 2002. The minimum and maximum capital stock are EUR 2,550,000 and EUR 10,200,000 respectively. The capital stock is divided into two series of shares according to the table below.

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 2002, a total of 262,560 of the company's A-shares were traded on the Helsinki Stock Exchange, a volume equivalent to EUR 5.4 million. The top share price was EUR 23.50 and the lowest price was EUR 17.00. At the closing date of the reporting period, the share price was EUR 20.00.

At the closing of the financial year, Tulikivi Corporation had 2,039 shareholders. Foreign shareholders held 5.8 percent of the total number of shares.

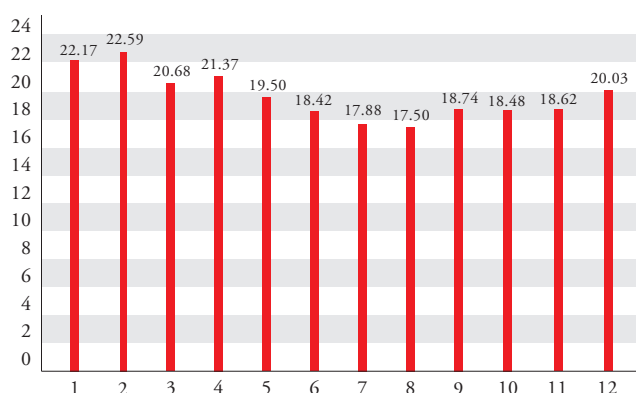
The Board of Directors does not have any existing authorization for organizing an issue of shares or for issuing convertible securities or option loans.

The Board of Directors is authorized to purchase a maximum of 67 213 of the Company's A-shares and a maximum of 23 850 of the Company's K-shares, however so that the nominal value held by the company does not exceed five per cent of the Company's combined capital stock and the number of votes of all shares. The authorization is valid until April 4, 2003. The Board of Directors has been authorized to dispose of the Corporation's own shares in conjunction with acquisitions and other structural arrangements respectively. Based on the aforementioned authorizations, Tulikivi Corporation repurchased a total of 10 028 A-shares during the period of September 2 through September 27, 2002 and consequently disposed of all own shares in its possession i. e. total 31 581 A-shares on December 30th 2002.

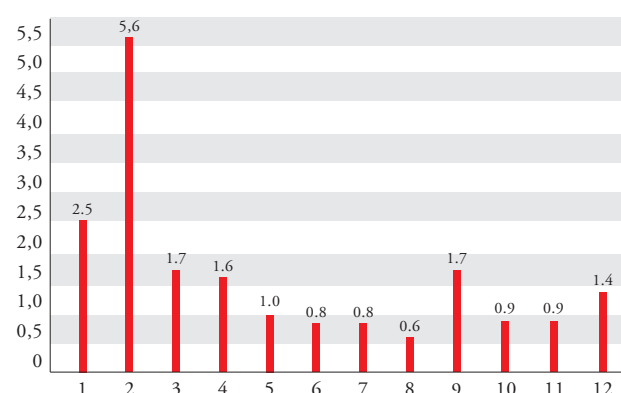
It has been decided that the shares entered in the Company's book-entry account or so called joint account in accordance with paragraph 3a:3 of the Finnish Companies Act will be sold of in 2003 on behalf of the shareholders. The shareholders were informed of the decision through an announcement published on 10 December 2001.

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

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



MONTHLY DEVELOPMENT OF THE TRADING VOLUME 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	142 625	184 906	17.98
2. Vauhkonen Heikki	144 875	4 859	8.22
3. Virtaala Matti	68 000	52 541	6.62
4. Mutanen Susanna	39 875	50 000	4.93
5. Ilmarinen Mutual Pension Insurance Company		70 538	3.87
6. Vauhkonen Mikko	19 875	20 160	2.20
7. Hietala Pekka		39 200	2.15
8. Fondita Nordic Small Cap Placfond		34 200	1.88
9. Nuutinen Kyösti	19 875	13 800	1.85
10. Outokumpu Ecomills Oy		31 581	1.73

10 MAJOR SHAREHOLDERS ACCORDING TO NUMBER OF VOTES	K-shares	A-shares	Proportion %
1. Vauhkonen Reijo	142 625	184 906	26.35
2. Vauhkonen Heikki	144 875	4 859	23.77
3. Virtaala Matti	68 000	52 541	11.98
4. Mutanen Susanna	39 875	50 000	7.34
5. Vauhkonen Mikko	19 875	20 160	3.58
6. Nuutinen Kyösti	19 875	13 800	3.48
7. Vauhkonen Eliisa	19 875	3 976	3.32
8. Ilmarinen Mutual Pension Insurance Company		70 538	1.15
9. Suomen Kulttuurirahasto	5 000	17 000	1.10
10. Laakkonen Reino	5 000		0.82
10. Sivonen Juha	5 000		0.82

The members of the Board and the managing director control 360,500 K-shares and 244,870 A-shares representing 63 % of votes. Two disclosures of changes in holdings were made during 2002. In March, Mr. Matti Virtaala's share of the Company's voting rights rose to 10.67 per cent. As a result of the transfer of the shares to the main shareholder's next generation, the shareholdings of Mr. Heikki Vauhkonen and Mr. Reijo Vauhkonen changed in April in the following manner: Mr. Heikki Vauhkonen's share of the Company's share capital rose to 8.20 per cent and his share of the voting rights to 23.77 per cent, while Mr. Reijo Vauhkonen's shareholding after the transition stood at 17.97 per cent of the Company's share capital and 26.35 per cent of the voting rights.

BREAKDOWN OF SHARE OWNERSHIP

Numbers of shares	Shareholders	Proportion	Shares	Proportion
	pcs	%	pcs	%
1 -100	1 009	49.49	57 239	3.14
101 -1000	898	44.04	339 076	18.62
1001 - 5000	104	5.10	231 315	12.70
5001 - 10000	11	0.54	74 655	4.10
10001 -	17	0.83	1 115 867	61.27
Total	2 039	100.00	1 818 152 *)	99.83

*) As per the company's list of shareholders December 31, 2002. 3,125 shares had not been transferred to the book entry register.

ON DECEMBER 31, 2002 THE COMPANY'S SHAREHOLDERS WERE BROKEN DOWN BY SECTOR AS FOLLOWS:

Sector	Holding, %	Votes, %
Enterprises	5.64	2.12
Financial and insurance institutions	8.16	2.87
Public organizations	3.88	1.16
Non-profit organizations	2.51	1.48
Households	79.47	92.12
Foreign	0.17	0.05
In joint accounts	0.17	0.20
Total	100.00	100.00

The Proposal by the Board for Distribution of the Dividend

The earnings of the parent eligible for dividend amount to EUR 7.8, and that of the Group, EUR 12.6 million. The board of directors shall propose at the Annual General Meeting that the dividend to be paid will be EUR 1.05 per A-share and EUR 1.00 per K-share totalling EUR 1.9 million.

In Nunnanlahti, February 5, 2003

Reijo Vauhkonen

Bishop Ambrosius

Aimo Paukkonen

Eero Makkonen

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. - 31.12.2002. 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 of the parent company.

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 of the parent company have legally complied with the rules of the Companies' Act.

In our opinion the financial statements 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.

In Nunnanlahti, February 17, 2003

PricewaterhouseCoopers Oy
Authorised Public Accountants

Hannele Selesvuo
Authorised Public Accountant



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

Tulikivi Corporation's Administration

Reijo Vauhkonen Chairman of the Board (b. 1939). Construction Engineer, Industrial Alderman, founder of the company. Managing Director of Tulikivi Corporation from 1980 to 1989. Chairman of the Board since 1990. Other key positions of trust: Member of the Supervisory Board of Fennia Mutual Insurance Company, Chairman of the Board of Directors of Juuka Stone Museum and Stone Village Foundation, Member of the Board of Directors of Kiviteollisuusliitto Ry (an association for the stone industry), Product Industry Divisions Board Member of Confederation of Finnish Construction Industries. Tulikivi Corporation share ownership:
142 625 K-shares
184 906 A-shares

Matti Virtaala Vice-Chairman of the Board (b. 1951). Engineer, Managing Director of Abloy Oy, Group Vice President of Assa Abloy AB. Member of the Board of Directors of Tulikivi Corporation since 1994, Vice-Chairman of the Board since 2001. Other key positions of trust: Board Member of Etteplan Oyj, a Member of the Supervisory Board of the OKO Bank Group. Tulikivi Corporation share ownership:
68 000 K-shares
52 541 A-shares

Bishop Ambrosius (b.1945). Bishop for the City of Helsinki Orthodox congregation. Member of the Board of Directors of Tulikivi Corporation since 1995. Other key positions of trust: Member of the Board of Directors of Finnish Orthodox Church, Member of the Board of Finnish 3 C Corporation. Tulikivi Corporation share ownership:
191 A-shares

Juhani Erma (b.1946). Licentiate of Laws, Court training, Senior Advisor for Law firm Borenus & Kempainen. Member of the Board of Directors of Tulikivi Corporation since 2000. Other key positions of trust: Chairman of the Board of Menire Corporation, Chairman of the Board of Endero Plc, Chairman of the Board of Privanet Capital Corporation, Member of the Board of Directors of Mortgage Society of Finland, Member of Hallitus-ammattilaiset ry (Association of Finland's Board Professionals). Tulikivi Corporation share ownership:
791 A-shares

Eero Makkonen (b.1946). Engineer. Member of the Board of Directors of Tulikivi Corporation since 2002.

Other key positions of trust: Chairman of the Board of Rapala VMC Corporation, Vice-Chairman of the Board of Skanska Oy. Tulikivi Corporation share ownership:
191 A-shares

Aimo Paukkonen (b. 1941). Engineer. Managing Director, Chairman of the Board of Olena Oy. Member of the Board of Directors of Tulikivi Corporation since 1999. Other key positions of trust: Member of the Board of Lujatalo Oy, Member of the Board of Tripot Oy, Member of the Board of Fodesco Oy. Tulikivi Corporation share ownership:
1391 A-shares

Heikki Vauhkonen (b. 1970). Bachelor of Laws and BBA. Marketing Director of the Tulikivi Group heater business unit. Member of the Board of Directors of Tulikivi Corporation since 2001. Tulikivi Corporation share ownership:
144 875 K-shares
4859 A-shares

Salli Hara-Haikkala Master of Laws. Has served as the secretary of the Board of Directors since 1996.

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.

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. The Tulikivi Corporation dividend payment policy is determined by the Board.

Selection of Board Members, Board Meetings and Compensation

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 Vice-Chairman from among the Board members. In 2002, the Board consisted of seven members. Reijo Vauhkonen served as the Board's Chairman and Matti Virtaala as Vice-Chairman during the period under review. The Managing Director of Tulikivi Corporation is not a member of the Board. During 2002, the Tulikivi Corporation Board of Directors held 18 meetings, 11 of which were telephone meetings. The Annual General Meeting confirms the remuneration payable to the Board members. In 2002, each Board member received a compensation of EUR 10,000 for serving on the Board. Sixty percent of the compensation was paid in cash and forty percent as Tulikivi A-shares.

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. Juha Sivonen is the Managing Director. A written Managing Director Agreement has been prepared for the Managing Director. 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 auditing of the companies that make up Tulikivi Group. In 2002, the accounting firm selected was PricewaterhouseCoopers Oy and the responsible auditor Authorised Public Accountant Hannele Selesvuo.

The company's auditor will issue the statutory auditor's report to the company shareholders in conjunction with the company's annual financial statements. The audit memorandum prepared on the basis of examinations carried out during the financial year are addressed to the Board of Directors.

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

Insider Issues

On 1 June 2000, Tulikivi Corporation adopted insider guidelines prepared by the Helsinki Exchanges, the Finnish Central Chamber of Commerce and the Confederation of Finnish Industry and Employers TT. The Tulikivi Corporation Board of Directors has approved the Group's own insider guidelines, which include instructions for permanent as well as project-specific insiders. The Board has also defined the organization and procedures applicable to the administration of Tulikivi's insider issues. Permanent Tulikivi Corporation insiders include the lawful insiders defined in the Finnish Securities Act as well as other insiders in Tulikivi Corporation who have regular access through their work to information which might substantially affect the value of the Group's securities. The Group's insider register is maintained by the Finnish Central Securities Depository Ltd.

Financial Risk Management

The Group's financing and financial risk management functions have been concentrated under the Group management's financial department. The objective of Tulikivi's financing operations is to support the implementation of the Group's strategy by ensuring the Group enjoys adequate and cost-effective financing. The financial risks involved in the Group's operations consist of liquidity risks, interest rate and currency exposures as well as credit risks.

Liquidity Risks

The management of the Group's liquid assets is based on financial budgeting and short-term cash flow planning. The Group's long-term financing has been arranged through the parent company, and the subsidiaries' financing through intra-

Group loans. Short-term financing has been arranged through credit-bearing corporate accounts and binding credit lines.

Interest Rate and Currency Exposures

The effect of interest rate differences on the value of interest-bearing liabilities and receivables is minimal. If necessary, the interest rate exposures associated with loans from financial institutions can be adjusted by modifying the composition of the loan portfolio.

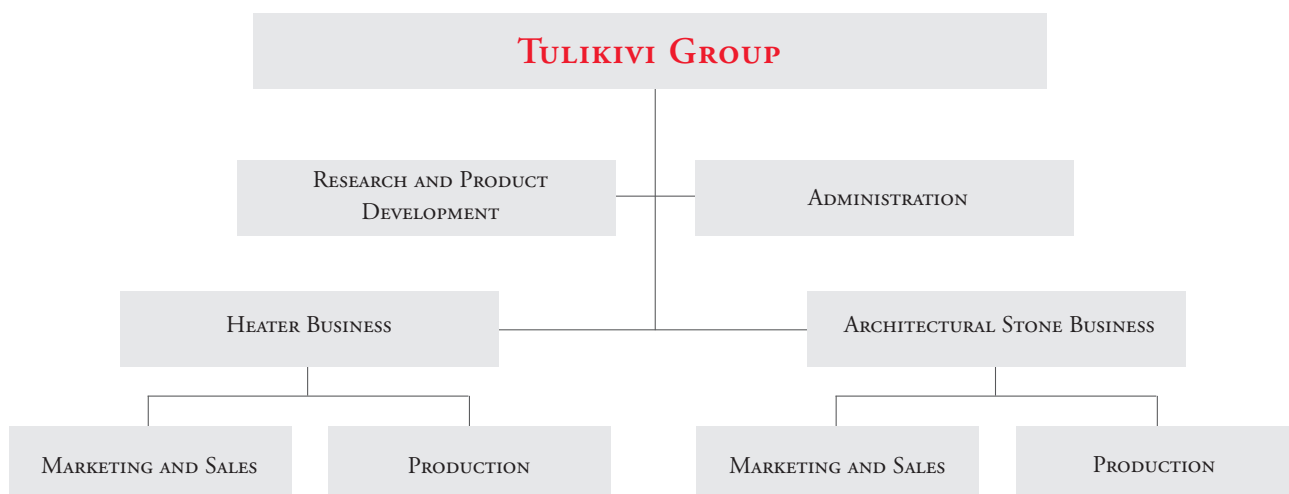
In the year 2002 approximately 92,8 per cent of the Group's net sales was generated in euros. The Group maintains a small open net position in United States dollars and Swedish krona. Tulikivi hedges

its foreign currency sales mainly through forward currency contracts, but the degree of protection varies from one hedging transaction to another.

Credit Risks

The Group does not have significant credit risk concentrations. Tulikivi has prepared operating instructions to insure that its products and services are only sold to customers who are able to produce the required credit information. The Group only uses financial institutions which have received a high credit rating for its futures contracts and cash transactions.

Organisation Chart





Members of the management team in the back, from left to right are Jouko Toivanen, Lasse Pulli, Juha Sivonen, Heikki Vauhkonen and Kyösti Nuutinen. In the front, from left to right are Arja Lehtikoinen, Salli Hara-Haikkala and Anu Vauhkonen.

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.

Arja Lehtikoinen (b. 1954).

Economist, MBA. 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.

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.



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