Steveco Group

Annual Report 1998

STEVECO

The company the expertise - linking two worlds

Year 1998

Group organization

Steveco Oy

Oy Saimaa Terminals Ab

Savosteve Oy (62.5 %)

Real estate companies (5 companies)

Participating interest undertakings

Joensuun Laivaus Oy	50.0 %
North Euroway Oy	50.0 %
Credotrans Finland Oy	49.0 %
Kotkan Vapaavarasto Oy	39.3 %
Kotkan Työterveys Oy	29.5 %
Oy Hangö Stevedoring Ab	25.0 %
Oy Finnsovtrans Ltd	15.0 %
Kotkan-Haminan Seudun Portti Oy	2.0 %

Board of Directors

Chairman:
Antti Vehviläinen
1st Deputy Chairman:
Hannu Schildt
2nd Deputy Chairman:
Asser Ahleskog
Other members:
Samppa Ahtiainen
Sverre Norrgård
Veli-Jussi Potka
Olof Weckström
Jussi Sarvikas

Managing Director

Juha Silvanto

Group management

Juha Silvanto
Jouni Ahrela
Jari Nylund
Birgitta Olsson
Ari-Pekka Saari

General Managers of units

Heikki Jääskeläinen
Jari Nylund
Lasse Koivunen
Jorma Pikkarainen
Hartmut Zimmermann

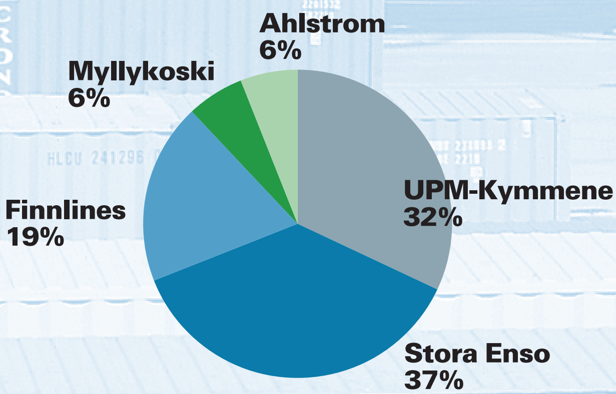
Managing Directors of subsidiaries

Oy Saimaa Terminals Ab
Auvo Muraja
Savosteve Oy
Heikki Mononen

Auditor

SVH Pricewaterhouse Coopers Oy

Shareholders



Year 1998

Contents

STEVECO

The company the expertise - linking two worlds

Year 1998

Business idea

Steveco's business idea
is to consolidate
and develop
the exports and imports
of Finnish industry and trade,
and of the wood-processing
industry in particular,
and to consolidate
and develop transit traffic,
helping to improve
our customers' competitiveness.
This includes port, terminal,
information and
total transport services.

Year 1998
Management

From the left:

Hartmut Zimmermann, General Manager

Jorma Pikkarainen, General Manager

Lasse Koivunen, General Manager

Birgitta Olsson, Director, Economics

Ari-Pekka Saari, Director, Administration

Juha Silvanto, Managing Director

Jari Nylund, General Manager

Personnel representative:
Arja Kotonen, Forwarder

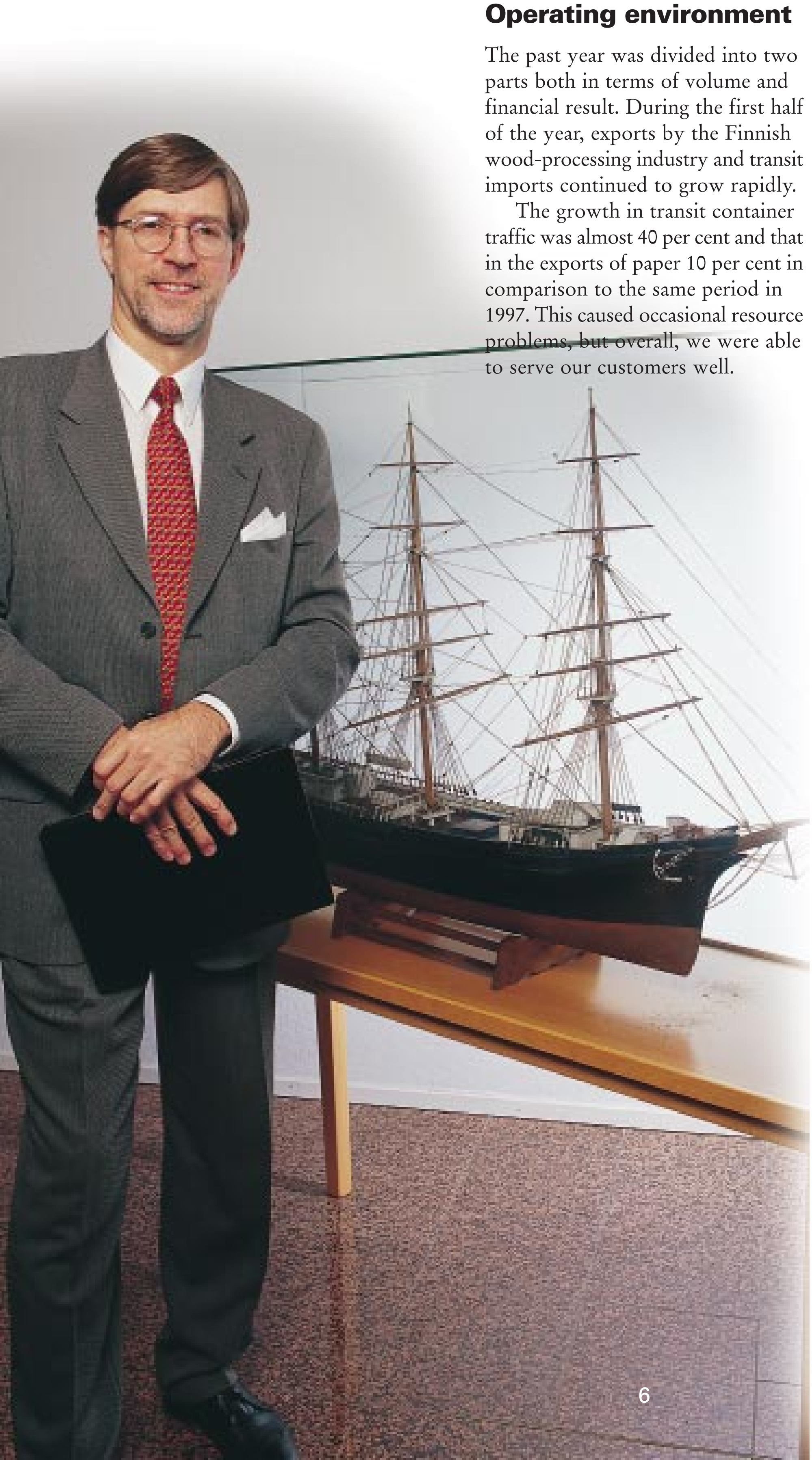
Jouni Ahrela, Marketing Director

Personnel representative:
Jorma Laine, Chief Shop Steward

Heikki Jääskeläinen, General Manager

Year 1998

Managing Director's review



Operating environment

The past year was divided into two parts both in terms of volume and financial result. During the first half of the year, exports by the Finnish wood-processing industry and transit imports continued to grow rapidly.

The growth in transit container traffic was almost 40 per cent and that in the exports of paper 10 per cent in comparison to the same period in 1997. This caused occasional resource problems, but overall, we were able to serve our customers well.

Because of market developments, the volume of work decreased significantly during the latter half of 1998. Due to the economic development in Russia, the collapse in the volumes of transit containers during the latter half of the year was dramatic. The volumes during the last six months of the year were only 40 per cent of the volumes during the first six months. In other port handling, too, the volume of exports decreased, resulting in a decrease of over 6 per cent in exports on an annual level. It was not possible to compensate for the drastic decrease in the volumes through other means, which was manifested in a poorer financial result. However, thanks to the good early part of the year and sales of securities, the Group's financial performance was good. The sales of securities brought almost FIM 40 million in profit.

During the entire summer and autumn, negotiations were conducted between the employer and stevedores on a more flexible working hour model which would better serve the customers' needs. These negotiations proceeded on a local level in good spirit, but they did not yield the desired results.

Organizational reforms

At the beginning of 1998, new strategic approaches were introduced, and the business ideas were redefined. The company was reorganized on the basis of the various business areas. The new profit units established are Bulk Operations, Container Operations, Hamina Storo, Roro and Lolo Operations, Kotka Storo, Roro and Lolo Operations, Shipowner Services, and Transit.

The Transit unit, which is responsible for the forwarding business, started at the beginning of 1998, and a new office was opened in Lappeenranta at the end of the year. Documentation services were also decentralized to the profit units in early 1998. Personnel administration and communications were reorganized in the summer. The basic purpose of these reforms is to go deeper into the areas of special expertise. In accordance with the strategic approach, Steveco actively assumed a broader responsibility as an active party involved in the control systems within the entire transport chain.

Development projects

Steveco Oy has an active role in several extensive development projects. Together with other enterprises and partners, we are developing the transport chain as an entity larger than port operations. The export delivery process is the most extensive of these shared projects; in this process, the entire export process applied by the wood-processing industry is reassessed in order to boost cost efficiency and delivery reliability.

Steveco's PRO2000 project, which is progressing as scheduled, does not only involve the upgrading of information systems, but it also covers the re-evaluation and development of all of Steveco's operational processes. In 1998, Steveco also focused on the control of customer relations by developing new models with our main customers. During 1998, Steveco's personnel development system was also revised, and a personnel welfare plan extending until 2003 was created.

Investments

Gross investments in machinery, buildings and equipment in 1998 were FIM 75.1 million. Net investments remained at FIM 33.1 million because of the sales of securities and equipment.

Future outlook

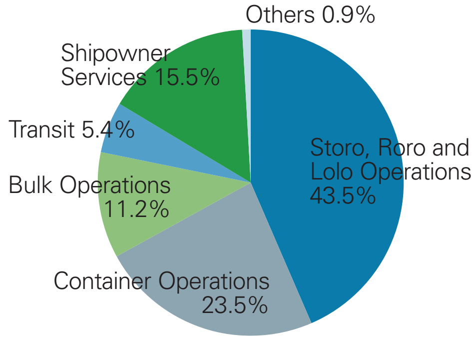
At the beginning of 1999, the Board of Directors of the Parent Company accepted the centralization plans concerning container operations, according to which Steveco's container terminal operations will be handled in Kotka.

The 1999 financial performance is estimated to be poor mainly because of the situation prevailing in Russia, the expected downturn in the wood-processing industry and weaknesses in the company's adjustment instruments.

I would like to extend my thanks to our customers for the assignments received, to our partners for beneficial co-operation and to our personnel for the work performed during 1998.

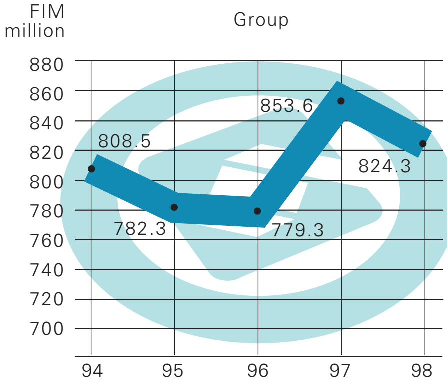
Juha Silvanto
Managing Director

Proportion of business areas of net turnover



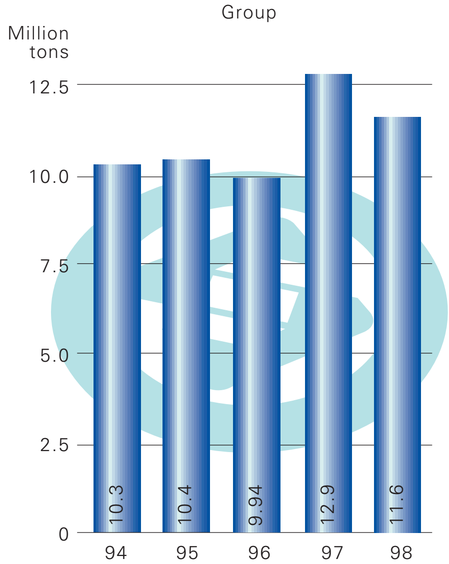
Net turnover

Group



Stevedoring output

Group



Steveco Group

FIM million	1998	1997	1996*)	1995*)	1994*)
Net turnover	824.3	853.6	779.3	782.3	808.5
Change in net turnover %	-3.4	+9.5	-0.3	-3.2	
Staff expenses	369.7	345.3	333.6	346.2	323.3
Staff expenses/net turnover %	45	41	43	44	40
Operating profit	93.7	129.7	86.2	67.5	58.9
Profit for the financial year	65.2	93.2	61.0	49.4	40.1

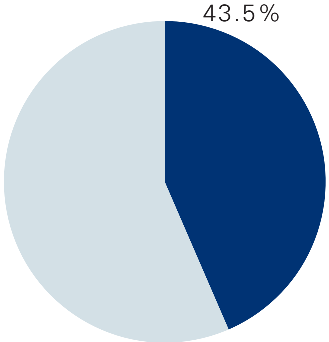
	1998	1997	1996	1995	1994
Equity ratio %	54	55	54	52	49
Return on investment (ROI) %	28	38	25	20	18

*) Calculated tax debt in closing entries has not been taken into account, incl. voluntary staff expenses.

Year 1998

Storo, Roro and Lolo Operations

Proportion of net turnover




Lasse Koivunen, General Manager of the unit Storo, Roro and Lolo Operations, Hamina


Jorma Pikkarainen, General Manager of the unit Storo, Roro and Lolo Operations, Kotka

"We integrate our own expertise and that of our customers in a manner which brings added value to all parties involved in the transport chain."

Steveco's Storo, Roro and Lolo Operations are in the hands of the company's units in Hamina and Kotka. On average, these units handled 25 scheduled vessels per week. Most of the products made by the Finnish wood-processing industry are exported by fast roro/storo vessels through the port of Hamina as well as Hietanen and Central Harbour in Kotka.
In addition to stevedoring, Steveco's services also include extensive warehousing and container stuffing services. In export stuffing, Steveco is Finland's leading company.

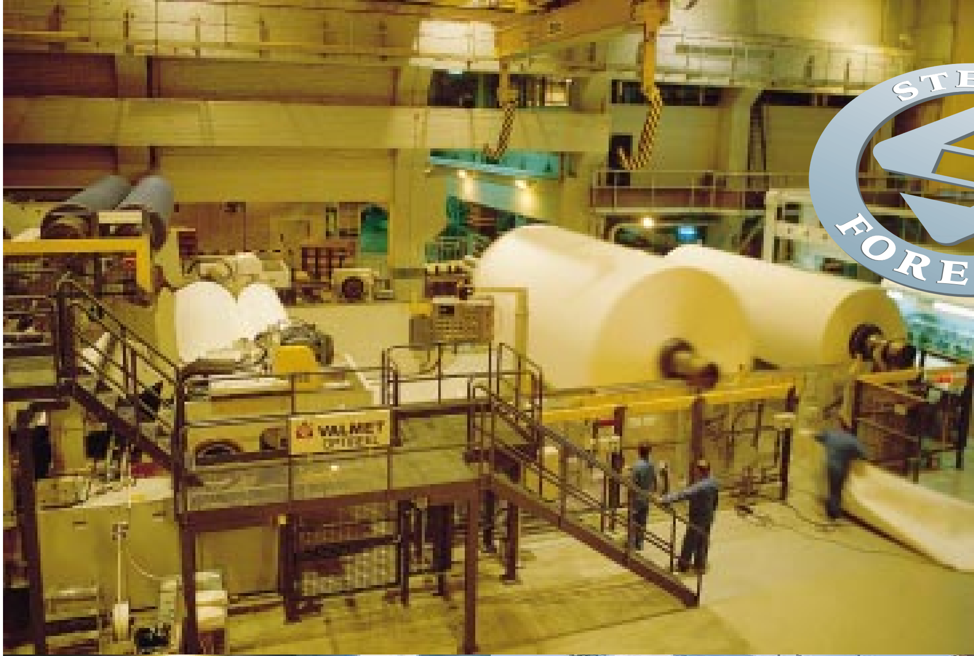
As far as Storo, Roro and Lolo Operations are concerned, 1998 was divided into two parts. The volumes handled during the first part of the year were considerably greater than the volumes during the latter part. In early 1998, overtime work was a very common phenomenon.

The cargo volumes handled at the Central Harbour in Kotka were increased by the transfer of Lake Saimaa traffic to Kotka during the winter period. Steveco managed all traffic very well and in a manner that satisfied the customers. The efficiency objectives set for the Kotka Storo, Roro and Lolo Operations unit were mainly achieved and even exceeded in some respects. This was also reflected in the positive feedback gained from customers. Damage in cargo handling remained at the low targeted level.

In Hamina, all customers did not obtain service conforming to the agreed service guarantees during the early part of the year. The slight downturn in exports after the summer period and an increase in the resources facilitated the operations, also meaning that the service level in the units was enhanced. The stevedoring volume at the Hamina unit reached an all-time record in the history of Steveco Oy.

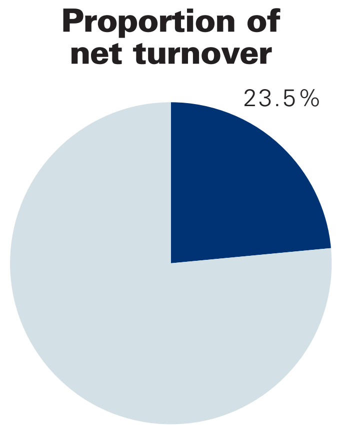
Port operations which were reorganized on the basis of the business ideas in 1998 will also provide distinct benefits through specialization in the Storo, Roro and Lolo Operations. The related development work will emphasize the entire logistics chain and factors improving competitiveness. Another objective is to provide different ports with opportunities to develop in operations which best suit them.

STEVECO FOREST



Year 1998

Container Operations



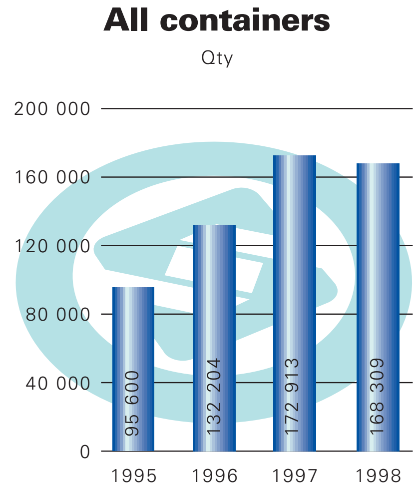
Jari Nylund, General Manager of the unit ContainerOperations

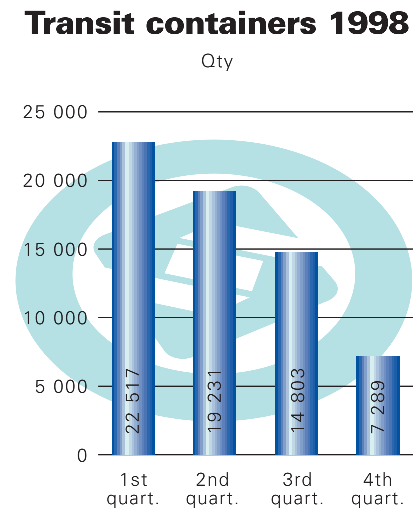
"Container terminal services of international standard supporting the transit and export route."

The Container Operations unit commenced as a separate organization in September. Before this, both Hamina and Hietanen had had their own container working groups serving the container terminals. 1998 was a very dramatic year. The rapid growth in volumes during the early part of the year fell exceptionally quickly to a level which still prevails. The development projects and the entire operation of the unit had to be reviewed because of this.

In 1998, the KOVA system with its different features was introduced at Hietanen. This unique container positioning system attracted well-earned interest also internationally. Process changes pertaining to the KOVA system were launched by the end of the year. The teamwork project, which lasted over a year, was carried out as planned. The entire personnel of Container Operations participated in two training periods which were used to lay a foundation for teamwork. Teamwork became a natural part of the operation of the entire unit, and experiences from the point of view of customers, the company and personnel have been very positive. However, the development projects in Hamina did not progress as planned. Services for ship and truck traffic developed close to the targets at both Hietanen and Hamina as indicated by the efficiency indicators used.

The biggest future challenge in Container Operations is to enhance efficiency and to improve financial performance. Partly because of this, Steveco Oy is planning to concentrate the container terminal operations in a single terminal in Kotka. Initially, container traffic would be handled at Hietanen and later at the new Container Terminal in Mussalo.

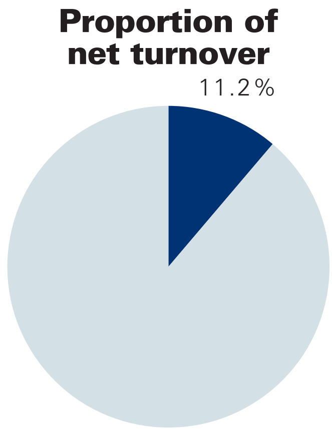




STEVECO CONTAINERS

Year 1998

Bulk Operations

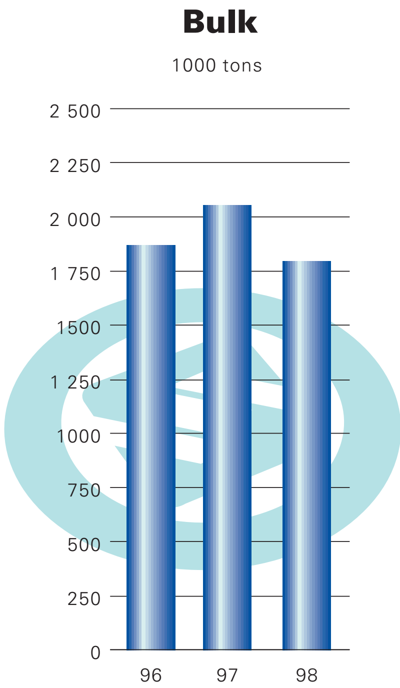


Heikki Jääskeläinen, General Manager of the unit Bulk Operations

"Completely and purely throughout the port handling chain. Bulk Operations cover bulk handling and warehousing in Hamina and Kotka."

Steveco handles bulk, such as kaolin, lime, coal, fertilizers and scrap in Hamina at the Hillo Quay and in Kotka at the Sunila Quay, Poland Quay and Mussalon Voima's Quay as well as at Mussalo. Steveco has a total of approximately 42,000 square metres of warehouses for the storage of bulk at Sunila and Mussalo.

As far as bulk is concerned, the past year very much corresponded to expectations, although great changes took place in the relative proportions of different bulk types in comparison to the budgeted volumes. The grain volumes handled were very small, and the volumes of coal and scrap were lower than in 1997. At Mussalo, a non-stop working hour model was applied during early 1998, which obtained positive feedback both from the stevedores and customers. The termination of the non-stop agreement can be regarded as the foremost failure affecting all parties as far as both personnel co-operation and customer service are concerned. The main challenge in 1998 was to retain the earlier volumes of Russian fertilizers which were subjected to a tough transport route competition. Steveco succeeded here, which is why thanks are due to both our customers and all persons and enterprises involved in the entire transport chain.

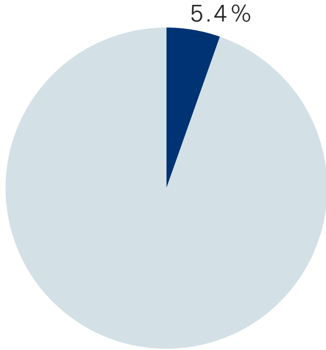


Because of increasingly stringent environmental requirements, Steveco and industries are jointly looking for a centralized handling model for bulk products. The Finnish wood-processing industry is extensively involved in this development work. Another major challenge is to maintain and improve operations pertaining to the handling of fertilizers in order to respond to the competition challenge presented by ports in the Baltic countries and Russia.


STEVECO
BULK

Transit Unit

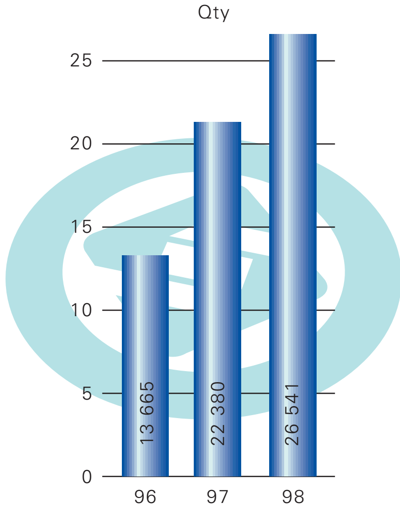
Proportion of net turnover



Marketing Director Jouni Ahrela

"Steveco Transit unit offers forwarding, warehousing and on-carriage services to Finnish import and transit customers."

Forwarding assignments



Steveco Transit unit has offices in Kotka, Hamina and Lappeenranta. Steveco's participating interest undertakings North Euroway Oy and Kotkan Vapaavarasto Oy are a part of the service entity marketed by Steveco Transit.

1998 was the first year for Steveco Transit. The main duty of the unit is to support Steveco's core business, port operations, by attracting together with the other parties of the transport chain new cargo flows to the ports operated by Steveco. Last year, the Transit unit concentrated heavily on the development of a new operating pattern and customer service. In March, the unit introduced a new information system for forwarding purposes referred to as TransEumu. In October, a forwarding office was opened in Lappeenranta aiming at strengthening the company's services at the Mustola Harbour. Co-operation was intensified with the participating interest undertakings North Euroway Oy and Kotkan Vapaavarasto Oy with the intent to develop the product entity marketed under the name Steveco Transit.

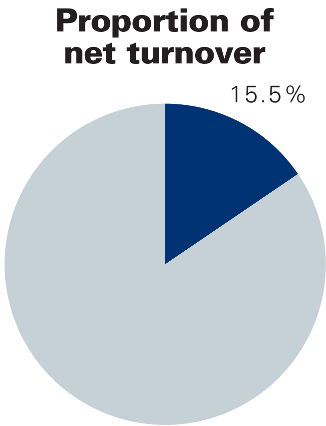
The collapse in Russian trade in September decreased the number of the unit's forwarding assignments to a half. The new market situation together with the stiffening price competition weakened the unit's financial performance expectations for 1999.

Steveco Transit will further develop its operations, aiming to reach quality leadership in selected product segments. Networking with the top names in the business and customer-focused operations will make one of the cornerstones in the unit's success also in the future.

STEVECO TRANSIT

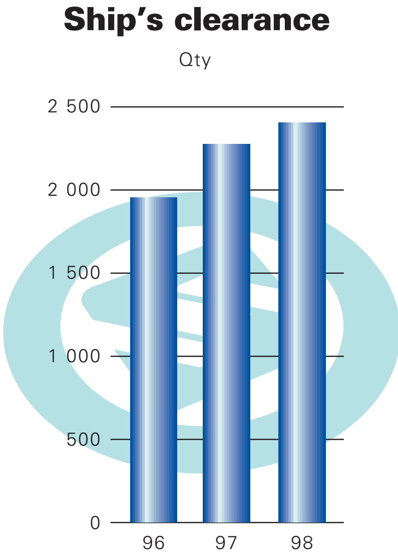
Year 1998

Shipowner Services



Hartmut Zimmermann, General Manager of the unit Shipowner Services

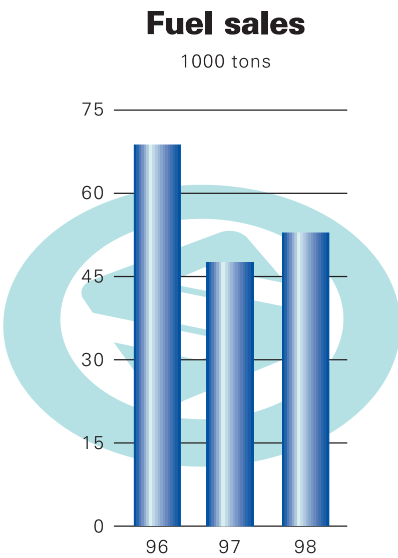
The service products of the Shipowner Services unit comprise ship's clearance and sales of oil products. In 1998, the unit cleared a total of 2408 vessels calling at Kotka and Hamina; this means an increase of 132 from 1997. The fuel unit sells all kinds of bunker oils to ships calling at Finnish and other European ports as well as heating oil for households and small enterprises.



A continuous decrease in the world market prices of oil products made oil product trade more difficult on the ever stiffening market. However, 1998 fulfilled expectations, and the budgeted operative result was achieved. On the other hand, considerable savings in Steveco Oy's own fuel consumption were attained due to more favourable purchasing terms and decreased world market prices.

Co-operation with new suppliers increased significantly in 1998. The co-operation network with several Finnish and foreign suppliers, which has expanded in recent years, improved Steveco Oy's competitiveness on the bunker markets. Co-operation with transport companies was also enhanced further. Direct contacts from sellers of oil products to tanker truck drivers and those making driving arrangements facilitate real-time data transfer concerning vessels.

In 1998, Steveco Oy was a pioneer in the marketing of environmentally benign bunker oils. In 1999, Steveco Oy will develop fuel services for small boats by opening automatic fuel stations in Kotka.




STEVECO
SHIPOWNER SERVICES

Year 1998
Administration, marketing and finances

Ari-Pekka Saari, Director, Administration

Administration

The administration unit is responsible for personnel, real estate, risk management, communications and legal issues. Personnel training and development in 1998 focused on multi-skill, apprenticeship and team work training.

Personnel administration and communications were reorganized by placing special emphasis on multi-skill expertise. A training and development system plus a welfare plan were drawn up during 1998. These are expected to improve working ability and job satisfaction. The main emphasis will be on team working, management of people and on interaction skills.

In real estate management, significant projects in 1998 included the introduction of a new waste treatment system at the Central Harbour and transfer to natural gas heating at Warehouse H1 at Hietanen.

The administration unit has also had an active role in the development of safety co-operation within Steveco and between Steveco and its interest groups. There were no serious accidents in 1998.

Marketing

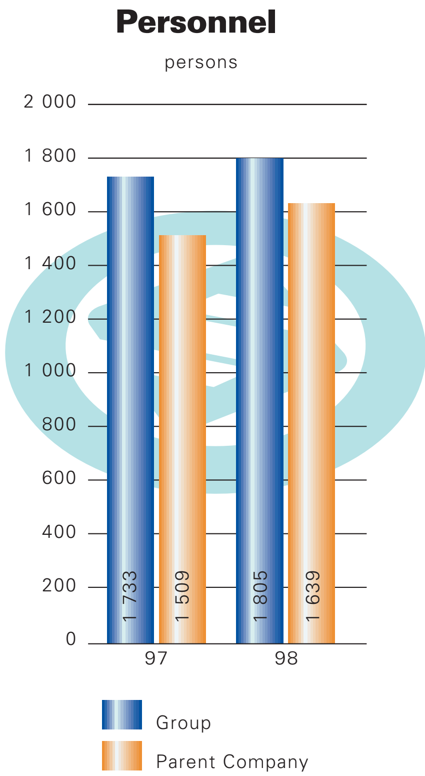
Marketing Director
Jouni Ahrela

Networking with the top names in the business together with customer-focused operations will make one of the cornerstones in the company's success also in the future.

The marketing unit is responsible for the development, sales and marketing of the Group's service products and for the development of corporate marketing communications. The marketing unit produces market, competitor and customer analyses for the Group and is responsible for the development of the Group's quality and environmental issues.

In 1998, the marketing unit concentrated especially on customer management and management of customer relationships in order to improve customer satisfaction. An analysis of the present status of customer management was completed in 1998, providing a basis for the implementation of this new procedure in the entire company.

An SFS audit was carried out in marketing in the summer.



A new customer magazine Satama was launched in 1998, and development work for the Internet and Intranet was initiated. Steveco's Internet pages were opened in the spring of 1999.

The environmental system was developed further, and the environmental policy, objectives and measured issues required by that system were drawn up. Key persons were given related training, and a pilot study of waste management at Central Harbour was carried out.

The objective is to launch a comprehensive environmental system in 1999.

Birgitta Olsson,
Director, Economics

Financial administration

Financial administration is responsible for accounting, invoicing, information technology, office services as well as machinery and equipment resources.

The objective of Steveco's PRO2000 project is to revise all information systems pertaining to the company's operations around the turn of the millennium. PRO2000 covers both process development and the modernization of data systems. The project is progressing on schedule. In 1998, a new import forwarding system was introduced. The analysis phase of the import system was completed in 1998, and the actual implementation was launched. The analysis of export processes has begun, and the implementation phase will commence in 1999. The process in port operation planning and control system will be analyzed and carried out in 2000 and 2001. By 2002, the company will have revised all of its operative systems.

Last year, PRO2000 led to a more extensive process development project, one concerning the export delivery process. This project re-evaluates the entire export process applied to the wood-processing industry. The present operational model will be described, and a new model will be developed. This project involves, besides Steveco, Stora Enso Oyj, UPM-Kymmene Corporation, Metsä-Serla Oyj, Myllykoski Oyj, Finnlines Oyj, Oy Finncarriers Ab and VR Osakeyhtiö. The purpose of the project is to assess the export delivery process used in the wood-processing industry and to seek a new operational model so as to improve the cost efficiency and delivery reliability of the entire delivery chain.

Development

Jari Nylund,
Director, Development

Steveco's technology projects concentrated on improving automated cargo handling in the export transport chain and on developing automatic identification of transport units.

A joint project was launched in cargo handling automation with the main wood-processing companies and equipment suppliers in order to develop an automatic loading and unloading system for rail cars.

Steveco joined the OCTOPUS project, which is made up of eight other European enterprises. The objective of this project is to create an automatic cargo tracking system where automatic cargo and transport unit identification constitutes one of the cornerstones of the system. The demonstration phase of this project will take place at the end of 2000.

Steveco Oy

Review of business operations

accounting period 1 January to 31 December 1998

Corporate structure, essential events during and after the accounting period

The past year was Steveco's 11th year of operation. In 1998, the company was reorganized on the basis of the business areas. The new business units are: Bulk Operations, Container Operations, Hamina Storo, Roro and Lolo Operations, Kotka Storo, Roro and Lolo Operations, and Transit. Of the earlier units, only ship's clearance and fuel sales remained unchanged. The Transit unit, which is responsible for the forwarding business, opened a new office in Lappeenranta in the autumn.

In July, the share majority in Oy Hangö Stevedoring Ab was sold to Metsä-Serla Oyj. Steveco Oy still holds a 25 per cent ownership in the company.

During the accounting period, net turnover of the Group and the Parent Company decreased on 1997. The Group's net turnover decreased by 3.4 per cent and that of the Parent Company by 0.9 per cent. The stevedoring volume in the Group was 11.6 million tons (12.9 million tons in 1997) and that in the Parent Company 9.7 million tons (10.0 million tons in 1997). The trend in the stevedoring volumes was affected by the smaller than anticipated exports of paper and the collapse in import transit as a result of the situation in Russia.

Trend in financial result

The 1998 accounting period was unlike 1997. The financial result has clearly taken a poorer direction.

The Group's net turnover in 1998 was FIM 824.3 million (FIM 853.6 million in 1997), and profit before taxes FIM 93.3 million (FIM 130.3 million in 1997). The corresponding figures in the Parent Company were: net turnover FIM 743.9 million (FIM 750.4 million in 1997) and profit before appropriations and taxes FIM 92.3 million (FIM 124.0 million in 1997). The sales of shares (Oy Hangö Stevedoring Ab and Sampo Oy) during the accounting period yielded a profit which improved the Parent Company's financial performance by FIM 39.8 million.

Estimate of probable future development

Exports by the Finnish wood-processing industry are expected to decrease in 1999. The volumes of exports by the Finnish wood-processing industry took a downturn during the latter half of 1998. In 1999, these exports are estimated to remain a couple of per cent lower than in 1998.

The situation in Russia is still difficult. Transit traffic is not expected to grow much in 1999 from the level prevailing after the collapse in economy. The crisis in Russia appears to be deeper and longer than anticipated in the early autumn.

Because of the above external reasons and weaknesses in adjustment instruments available, the operative result of the company in 1999 will be poor.

In early 1999, Steveco's Board of Directors accepted a centralization plan concerning container traffic, according to which Steveco's container terminal operations will be handled in Kotka. Moreover, the company's forwarding business will be developed to correspond to the reduced transit traffic volumes. For these reasons, procedures for the information and consultation of employees commenced in February in order to reduce the number of employees.

Year 2000 (Y2K)

The analysis of areas affected by potential problems pertaining to year 2000 was launched within the Steveco Group in 1997. At the moment, the IT infrastructure has primarily been revised to conform to the related requirements. The incomplete parts of software and hardware will be brought to conclusion in co-operation with various suppliers.

The compatibility of purchased software and hardware to Y2K has been verified since 1998. In order to ensure our operational quality also at the turn of the millennium, we will maintain contacts with our foremost customers and partners.

Research and development

PRO2000, the modernization project for operative systems within Steveco, is progressing as scheduled. This project covers both process development and revision of information systems.

Steveco Oy has been initiating several extensive development projects in which, together with other enterprises and partners, Steveco is developing the transport chain as an entity larger than port operations.

Administrative bodies

The Board of Directors of the company during the accounting period:

Chairman	Antti Vehviläinen, Senior Vice President, Purchasing and Logistics, Stora Enso Oyj
1st Deputy Chairman	Hannu Schildt, Vice President, Magazine Publishers, UPM-Kymmene Corporation
2nd Deputy Chairman	Asser Ahleskog, Managing Director, Finncarriers Oy Ab
Members	Samppa Ahtiainen, Vice President, Materials and Supply Management, Ahlstrom Pumps Corporation
	Veli-Jussi Potka, Senior Vice President, Controller, Stora Enso Oyj
	Sverre Norrgård, Managing Director, Myllykoski Paper Oy
	Jussi Sarvikas, Vice President, Logistics, UPM-Kymmene Corporation
	Olof Weckström, Director, Finncarriers Oy Ab
Auditor	SVH Pricewaterhouse Coopers Oy, with Kim Karhu, Authorised Public Accountant, as the responsible auditor.

Consolidated
income statement

FIM 1000	Note	1.1.-31.12.98	1.1.-31.12.97
NET TURNOVER	2	**824 295**	**853 614**
Other operating income	3	**34 358**	**2 242**
Raw materials and services			
Raw materials and consumables			
Purchases during the financial year		40 264	43 504
Increase (-)/decrease (+) in stocks		-296	-25
Raw materials and services, total	4	**39 968**	**43 479**
Staff expenses			
Wages and salaries		280 419	267 869
Social security expenses			
Pension expenses		50 770	45 564
Other social security expenses		38 501	31 853
Staff expenses, total	5	**369 690**	**345 286**
Depreciation and reduction in value			
Depreciation according to plan	6	49 980	43 327
Other operating charges			
Rents		15 161	12 740
External services		209 697	202 506
Other charges		80 481	78 843
Other operating charges**, total**	7	**305 339**	**294 089**
OPERATING PROFIT		**93 676**	**129 675**
Financial income and expenses, total	8	**-354**	**610**
PROFIT BEFORE TAXES		**93 322**	**130 285**
Direct taxes	10	**-27 722**	**-36 531**
Minority interest		**-414**	**-557**
PROFIT FOR THE FINANCIAL YEAR		**65 186**	**93 197**

Consolidated
balance sheet

FIM 1 000	Note	31.12.1998	31.12.1997
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Intangible rights		858	931
Other capitalized long-term expenses		9 575	7 130
Advance payments		3 508	
Intangible assets, total	11	**13 941**	**8 061**
Tangible assets			
Land areas		3 181	3 181
Buildings		188 601	212 902
Machinery and equipment		163 455	147 121
Other tangible assets		7 228	7 892
Advance payments and work in progress		2 637	1 142
Tangible assets, total	11	**365 102**	**372 238**
Investments			
Participating interests		12 162	9 305
Other shares and similar rights of ownership		2 507	2 786
Investments, total	12	**14 669**	**12 091**
CURRENT ASSETS			
Stocks			
Raw materials and consumables		**1 396**	**1 250**
Long-term receivables	13	**2 026**	**26**
Short-term receivables	14	**88 832**	**128 274**
Cash and bank receivables		**17 949**	**19 615**
ASSETS, TOTAL		**503 915**	**541 555**

Consolidated
balance sheet

FIM 1000	Note	31.12.1998	31.12.1997
LIABILITIES AND SHAREHOLDERS' EQUITY			
CAPITAL AND RESERVES			
Share capital		30 000	30 000
Other reserves		1 074	1 074
Retained earnings		164 275	161 078
Profit for the financial year		65 186	93 197
Capital and reserves, total	15	**260 535**	**285 349**
MINORITY INTEREST		**10 900**	**10 945**
LIABILITIES			
Calculated tax debt	18	**48 988**	**50 954**
Long-term liabilities			
Loans from credit institutions	19	**67 986**	**46 648**
Short-term liabilities	20	**115 506**	**147 659**
LIABILITIES AND SHAREHOLDERS' EQUITY TOTAL		**503 915**	**541 555**

Consolidated
financing report

FIM 1 000	**1998**	**1997**
Operations		
Operating profit	93 675	129 675
Adjustments to operating profit	15 672	40 615
Change in net working capital	4 517	8 134
Interests and other financing items	-1 370	39
Dividends received	1 576	1 058
Taxes	-29 687	-37 703
Net cash flow from operations	**84 384**	**141 817**
Investments		
Purchases of shares		-707
Purchases of other fixed assets	-66 401	-79 332
Sales of shares		
Holdings in group undertakings	21 786	
Other shares and similar rights of ownership	26 087	
Sales of other fixed assets	627	1 065
Cash flow from investments, total	**-17 902**	**-78 973**
Cash flow before financial items	**66 482**	**62 844**
Financing		
Withdrawals of long-term loans	40 000	20 000
Instalments of long-term loans	-16 035	-13 080
Increase/decrease in long-term receivables	-2 000	0
Dividends paid	-90 113	-60 113
Financing, total	**-68 147**	**-53 193**
Increase/decrease in liquid assets	-1 666	9 651
Liquid assets 1.1.	19 615	9 964
Liquid assets 31.12.	**17 949**	**19 615**

Parent company
income statement

FIM 1 000	Note	1.1.-31.12.98	1.1.-31.12.97
NET TURNOVER	2	**743 924**	**750 431**
Other operating income	3	**40 026**	**783**
Raw materials and services			
Raw materials and consumables			
Purchases during the financial year		39 837	42 693
Increase (-)/decrease (+) in stocks		-317	45
Raw materials and services, total	4	**39 520**	**42 738**
Staff expenses			
Wages and salaries		251 930	228 854
Social security expenses			
Pension expenses		45 956	38 745
Other social security expenses		35 458	28 081
Staff expenses, total	5	**333 344**	**295 680**
Depreciation and reduction in value			
Depreciation according to plan	6	**46 964**	**40 165**
Other operating charges			
Rents		14 825	10 525
External services		188 154	179 337
Other charges		71 469	68 298
Other operating charges, total	7	**274 448**	**258 160**
OPERATING PROFIT		**89 674**	**114 471**
Financial income and expenses, total	8	**2 587**	**2 510**
PROFIT BEFORE EXTRAORDINARY ITEMS		**92 261**	**116 981**
Extraordinary items			
Extraordinary income		**0**	**6 974**
PROFIT BEFORE APPROPRIATIONS AND TAXES		**92 261**	**123 955**
Appropriations			
Increase (-)/decrease (+) in depreciation reserve		3 315	-25 693
Increase (-)/decrease (+) in untaxed reserves			29 756
Appropriations, total	9	**3 315**	**4 063**
Direct taxes	10	**-26 959**	**-36 015**
PROFIT FOR THE FINANCIAL YEAR		**68 617**	**92 003**

Parent company balance sheet

FIM 1000	Note	31.12.1998	31.12.1997
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Intangible rights		649	655
Other capitalized long-term expenses		9 562	7 092
Advance payments		3 508	
Intangible assets, total	11	**13 719**	**7 747**
Tangible assets			
Land areas		1 688	1 688
Buildings		151 048	157 433
Machinery and equipment		161 308	143 115
Other tangible assets		7 082	7 327
Advance payments and work in progress		2 562	1 115
Tangible assets, total	11	**323 688**	**310 678**
Investments			
Holdings in group undertakings		20 889	22 718
Participating interests		3 501	3 000
Other shares and similar rights of ownership		2 077	2 383
Investments, total	12	**26 467**	**28 101**
CURRENT ASSETS			
Stocks			
Raw materials and consumables		**1 396**	**1 079**
Long-term receivables	13	**8 549**	**20 549**
Short-term receivables	14	**89 874**	**121 096**
Cash and bank receivables		**16 440**	**17 489**
ASSETS, TOTAL		480 133	506 739

Parent company
balance sheet

FIM 1000	Note	31.12.1998	31.12.1997
LIABILITIES AND SHAREHOLDERS' EQUITY			
CAPITAL AND RESERVES			
Share capital		30 000	30 000
Retained earnings		27 257	25 254
Profit for the financial year		68 617	92 003
Capital and reserves, total	15	**125 874**	**147 257**
APPROPRIATIONS			
Accumulated depreciation reserve	17	**175 772**	**179 088**
LIABILITIES			
Long-term liabilities			
Loans from credit institutions	19	**67 300**	**45 700**
Short-term liabilities	20	**111 187**	**134 694**
LIABILITIES AND SHAREHOLDERS' EQUITY, TOTAL		480 133	506 739

Parent company
financing report

FIM 1 000	**1998**	**1997**
Operations		
Operating profit	89 674	114 471
Adjustments to operating profit	6 939	39 381
Change in net working capital	4 771	11 298
Interests and other financing items	-388	744
Dividends received	2 974	1 766
Taxes	-26 959	-36 015
Net cash flow from operations	**77 011**	**131 645**
Investmens		
Purchases of shares		-690
Purchases of other fixed assets	-66 079	-64 514
Sales of shares	41 392	27
Sales of other fixed assets	400	919
Cash flow from investments, total	**-24 287**	**-64 259**
Cash flow before financial items	**52 724**	**67 386**
Financing		
Withdrawals of long-term loans	40 000	20 000
Instalments of long-term loans	-15 773	-12 773
Increase/decrease in long-term receivables	12 000	-11 523
Dividends paid	-90 000	-60 000
Group subsidies received		6 970
Financing, total	**-53 773**	**-57 326**
Increase/decrease in liquid assets	-1 049	10 060
Liquid assets 1.1.	17 489	7 429
Liquid assets 31.12.	**16 440**	**17 489**

Notes to the **financial statements**

Steveco Oy, domicile in Hamina, Finland is the parent company of the Steveco Group. A copy of the consolidated financial statements is available at the main office of the company at Kirkkokatu 1, FIN-48101 KOTKA

1 ACCOUNTING PRINCIPLES

1.1 Preparation of consolidated financial statements

The consolidated financial statements include all subsidiary and participating interest undertakings. The financial statements of subsidiary companies have been consolidated in the Group accounts according to the acquisition cost method.
All intra-Group transactions, internal receivables and liabilities, and margins have been eliminated.
Participating interest undertakings have been consolidated according to the equity accounting method.
The Group share of the profits of participating interest undertakings according to the Group's shareholdings has been entered under other income from operations.
Minority shareholdings have been separated from the shareholders' equity and profits.
The figures have been given in FIM 1000 unless otherwise indicated.

1.2 Valuation of fixed assets

Fixed assets have been capitalized at acquisition cost. Planned depreciation has been calculated on a straight-line basis according to the estimated economic lives of the assets.
With buildings, and machinery and equipment, the present figures are shown. With other items, only those assets with undepreciated balance sheet value are shown.

1.3 Planned economic lives are as follows

	years
Intangible assets	10
Other long-term assets	5 - 10
Buildings and structures	10 - 40
Machinery and equipment	3 - 10
Other tangible assets	10 - 40

1.4 Valuation of inventories

Inventories have been valued at variable costs on a first-in-first-out basis.

1.5 Foreign currency items

Balances denominated in foreign currencies have been translated into Finnish marks at the average rate quoted by the Bank of Finland on the balance sheet date.
Exchange rate differences related to the acquisition of fixed assets have been shown as adjustments to the acquisition cost of fixed assets.

1.6 Pension arrangements

The Group pensions are arranged through the statutory Employees' Pension Act (TEL) and the Temporary Employees' Pension Act (LEL).

1.7 Adjustments of the notes to the financial statements of the previous financial year

The consolidated financial statements have been prepared according to the new Finnish Accounting Act valid from 31 December 1997.
Costs for forwarding of payments, except customs duties, to be charged on as such, have been transferred from net turnover adjustment items to other operating expenses.
The comparison notes of the previous year have been changed to match the grouping according to the new financial statements.
In the consolidated financial statements, the accumulated depreciation difference and optional reserves have been divided into capital and reserves, and calculated tax debt.
The comparison notes of the previous year have been changed accordingly.
The influence of the change in the accounting praxis on the result of the previous financial year and on capital and reserves have been entered in note 15 to the financial statements.

	Group 1998	Group 1997	Parent company 1998	Parent company 1997
2. Net turnover by line of business				
Operations	787 475	814 826	706 512	710 693
Fuel sales	36 820	38 788	37 412	39 738
Total	**824 295**	**853 614**	**743 924**	**750 431**
3. Other operating income				
Profit from sales of fixed assets				
Machinery and equipment	485	789	268	783
Shares	32 549		39 758	
Share of participating interest undertakings' earnings	1 324	1 453		
Total	**34 358**	**2 242**	**40 026**	**783**
4. Raw materials and services				
Purchases during the financial year	40 264	43 504	39 837	42 693
Variation in stocks	-296	-25	-317	45
Total	**39 968**	**43 479**	**39 520**	**42 738**
5. Staff expenses and average number of personnel				
Staff expenses				
Wages and salaries	280 418	267 869	251 930	228 855
Pension expenses	50 770	45 564	45 956	38 745
Other staff expenses	38 501	31 853	35 457	28 081
Total	**369 689**	**345 286**	**333 343**	**295 681**
Salaries of management				
Managing Directors and the Board of Directors	**1 664**	**2 031**	**957**	**880**
The **Group and parent company employed during the financial year on average**				
Permanent employees	1 625	1 568	1 507	1 397
Temporary employees	180	165	132	112
Total	**1 805**	**1 733**	**1 639**	**1 509**
6. Depreciation and reduction in value				
Depreciation according to plan				
Intangible rights	5	9	5	9
Other capitalized long-term expenses	3 400	2 568	3 373	2 530
Buildings	10 519	10 307	8 495	8 415
Machinery and equipment	34 654	29 100	33 743	27 936
Other tangible assets	1 403	1 343	1 348	1 274
Total	**49 981**	**43 327**	**46 964**	**40 164**

	Group 1998	Group 1997	Parent company 1998	Parent company 1997
7. Other operating charges				
Fixed assets' maintenance	40 890	42 642	35 958	36 611
Property insurances	2 289	2 338	2 015	1 984
Communication and office expenses	8 712	8 082	7 776	6 893
Data services	9 223	5 385	9 070	5 200
Staff expenses	6 066	6 111	5 404	5 278
Others	13 301	14 285	11 246	12 332
Other operating charges, total	**80 481**	**78 843**	**71 469**	**68 298**
8. Financial income and expenses				
Dividend income				
From group undertakings			1 650	960
From participating interest undertakings			309	235
From others	1 015	571	1 015	570
Dividend income, total	**1 015**	**571**	**2 974**	**1 765**
Other interest and financial income				
From group undertakings			1 112	962
From others	2 364	2 043	2 234	1 913
Other interest and financial income, total	**2 364**	**2 043**	**3 346**	**2 875**
Interest and other financial expenses				
Owed to group undertakings			94	241
Owed to others	3 734	2 004	3 640	1 890
Interest and other financial expenses, total	**3 734**	**2 004**	**3 734**	**2 131**
Financial income and expenses, total	**-355**	**610**	**2 586**	**2 509**
Item interest and financial income/expenses includes losses/profits on currency exchange	**-690**	**122**	**-690**	**122**
9. Closing entries				
Difference between depreciation according to plan and depreciation in taxation				
Buildings			4 519	2 651
Machinery and equipment			-1 203	-28 345
Closing entries, total			**3 316**	**-25 694**
10. Direct taxes				
Income tax from extraordinary items				1 953
Income tax from primary operations	29 687	37 703	26 959	34 062
Calculated change in tax debt	-1 966	-1 172		
Direct taxes, total	**27 721**	**36 531**	**26 959**	**36 015**

	Group 1998	Group 1997	Parent company 1998	Parent company 1997
11. Intangible and tangible assets				
Intangible rights				
Acquisition cost 1.1.	2 062	2 032	1 786	1 756
Increases 1.1.-31.12.		30		30
Decreases 1.1.-31.12.	-1 166		-1 099	
Acqusition cost 31.12.	**896**	**2 062**	**687**	**1 786**
Accumulated depreciation 1.1.	1 132	1 123	1 132	1 123
Accumulated depreciation of decreases	-1 099		-1 099	
Depreciation of the financial year	5	9	5	9
Accumulated depreciation 31.12.	**38**	**1 132**	**38**	**1 132**
Book value 31.12.	**858**	**930**	**649**	**654**
Other capitalized long-term expenses				
Acquisition cost 1.1.	13 914	9 314	13 713	9 123
Increases 1.1.-31.12.	5 847	6 360	5 843	6 350
Decreases 1.1.-31.12.	-1 102	-1 760	-1 027	-1 760
Acquisition cost 31.12.	**18 659**	**13 914**	**18 529**	**13 713**
Accumulated depreciation 1.1.	6 785	5 977	6 621	5 851
Accumulated depreciation of decreases	-1 097	-1 760	-1 027	-1 760
Depreciation of the financial year	3 395	2 568	3 373	2 530
Accumulated depreciation 31.12.	**9 083**	**6 785**	**8 967**	**6 621**
Book value 31.12.	**9 576**	**7 129**	**9 562**	**7 092**
Buildings				
Acquistion cost 1.1.	339 372	325 628	265 861	264 204
Increases 1.1.-31.12.	2 110	13 744	2 110	1 657
Decreases 1.1.-31.12.	-16 706			
Acquistion cost 31.12.	**324 776**	**339 372**	**267 971**	**265 861**
Accumulated depreciation 1.1.	126 470	116 163	108 428	100 013
Accumulated depreciation of decreases	-533			
Depreciation of the financial year	10 238	10 307	8 495	8 415
Accumulated depreciation 31.12.	**136 175**	**126 470**	**116 923**	**108 428**
Book value 31.12.	**188 601**	**212 902**	**151 048**	**157 433**
Machinery and equipment				
Acquisition cost 1.1.	388 997	334 824	378 197	326 346
Increases 1.1.-31.12.	52 339	58 371	52 069	55 862
Decreases 1.1.-31.12.	7 001	4 198	1 645	4 011
Acquisition cost 31.12.	**434 335**	**388 997**	**428 621**	**378 197**
Accumulated depreciation 1.1.	241 876	216 698	235 082	211 022
Accumulated depreciation of decreases	-5 309	-3 922	-1 513	-3 876
Depreciation of the financial year	34 314	29 100	33 743	27 936
Accumulated depreciation 31.12.	**270 881**	**241 876**	**267 312**	**235 082**
Book value 31.12.	**163 454**	**147 121**	**161 309**	**143 115**

	Group 1998	Group 1997	Parent company 1998	Parent company 1997
Other tangible assets				
Acquisition cost 1.1.	15 547	15 845	14 536	15 030
Increases 1.1.-31.12.	1 102	1 426	1 102	1 230
Decreases 1.1.-31.12.	-1 420	1 724	808	1 724
Acquisition cost 31.12.	**15 229**	**15 547**	**14 830**	**14 536**
Accumulated depreciation 1.1.	7 656	8 035	7 209	7 658
Accumulated depreciation of decreases	-1 026	-1 724	-809	-1 724
Depreciation of the financial year	1 371	1 345	1 348	1 275
Accumulated depreciation 31.12.	**8 001**	**7 656**	**7 748**	**7 209**
Book value 31.12.	**7 228**	**7 891**	**7 082**	**7 327**

12. Investments

Group	Shares Group undertakings	Shares participating interest undertakings	Shares others	**Total**
Book value 1.1.1998		6 896	2 827	9 723
Increases		5 266		5 266
Decreases			-320	-320
Book value 31.12.1998		**12 162**	**2 507**	**14 669**
Parent company				
Book value 1.1.1998	22 718	3 000	2 383	28 101
Increases		501		501
Decreases	-1 829		-307	-2 136
Book value 31.12.1998	**20 889**	**3 501**	**2 076**	**26 466**

Group undertakings	**Group holding %**	**Parent company holding %**
Oy Saimaa Terminals Ab, Lappeenranta	100.0	100.0
Savosteve Oy, Varkaus	62.5	50.0
Kiinteistö Oy Kotkan Kipparinkulma, Kotka	66.3	66.3
Kiinteistö Oy Laivausrinne, Hamina	100.0	100.0
Oy Satamakulma, Kotka	100.0	100.0
Oy Rinnepolku 4, Kotka	100.0	100.0
Kiinteistö Oy Kotkan Kirkkokatu 2, Kotka	100.0	100.0
Participating interest undertakings		
Oy Hangö Stevedoring Ab, Hanko	25.0	25.0
Joensuun Laivaus Oy, Joensuu	50.0	22.7
Kotkan Vapaavarasto Oy, Kotka	39.3	39.3
North Euroway Oy, Kouvola	50.0	50.0
Kotkan Työterveys Oy, Kotka	29.5	29.5
Credotrans Finland Oy, Lappeenranta	49.0	

13 Long-term receivables

	Group 1998	Group 1997	Parent company 1998	Parent company 1997
Amounts owed by group undertakings				
Loan receivables			6 523	20 523
Amounts owed by participating interest undertakings				
Loan receivables	2 000		2 000	
Loan receivables	26	26	26	26
Long-term receivables, total	**2 026**	**26**	**8 549**	**20 549**

	Group 1998	Group 1997	Parent company 1998	Parent company 1997
14. Short-term receivables				
Trade debtors	54 784	83 027	49 929	72 044
Amounts owed by group undertakings				
Group receivable			6 402	4 974
Amounts owed by participating interest undertakings				
Trade debtors	470	33	470	32
Other debtors	9 297	24 502	9 219	24 487
Prepayments and accrued income	24 279	20 713	23 854	19 559
Short-term receivables, total	**88 830**	**128 275**	**89 874**	**121 096**
Prepayments and accrued income				
Tax refund for the financial year	9 526		9 526	
VAT refund	5 560	9 374	5 240	8 514
Traffic fee refund	3 699	3 568	3 699	3 568
Matching of operations	4 401	2 352	4 401	2 352
Others	1 093	5 419	988	5 125
Prepayments and accrued income, total	**24 279**	**20 713**	**23 854**	**19 559**
15. Capital and reserves				
Share capital 1.1 and 31.12.	**30 000**	**30 000**	**30 000**	**30 000**
Other reserves 1.1 and 31.12.	**1 074**	**1 074**		
Retained earnings 1.1.	254 275	221 078	117 257	85 254
Dividend distribution	-90 000	-60 000	-90 000	-60 000
Retained earnings 31.12.	**164 275**	**161 078**	**27 257**	**25 254**
Profit for the financial year	**65 187**	**93 197**	**68 617**	**92 003**
Capital and reserves, total	**260 536**	**285 349**	**125 874**	**147 257**

Influence of the change in the accounting praxis on the comparison notes:

	Group 1998	Group 1997	Parent company 1998	Parent company 1997
Capital and reserves in the financial statements 31.12.1997		152 679		
Dividing of untaxed reserves and depreciation difference into capital and reserves, and tax debt				
accumulative influence on accrued profit 1.1.1997		135 762		
influence on the result of the financial year 1997		-3 092		
Capital and reserves in the comparison notes 31.12.1997		285 349		

	Group 1998	Group 1997	Parent company 1998	Parent company 1997
16. Calculation of distributable funds 31.12.				
Retained earnings	164 275	161 078	27 257	25 254
Profit for the financial year	65 187	93 197	68 617	92 003
- Share of accumulated depreciation difference and untaxed reserves entered in capital and reserve	125 769	130 861		
Total	**103 693**	**123 414**	**95 874**	**117 257**
17. Appropriations				
Accrued depreciation reserve, buildings			95 381	99 900
Accrued depreciation reserve, machinery			80 391	79 188
Appropriations, total			**175 772**	**179 088**
18. Calculated tax debt and refunds				
Calculated tax debt				
From closing entries	**48 988**	**50 954**		
19. Long-term liabilities				
Loans from credit institutions	**67 986**	**46 648**	**67 300**	**45 700**
Debts due in five years or more				
Loans from credit institutions	**33 485**	**10 536**	**33 000**	**10 000**
20. Short-term liabilities				
Loans from credit institutions	17 662	15 035	17 400	14 773
Advances received	10	228		224
Accounts payable	25 141	49 611	23 375	45 689
Amounts owed to group undertakings				
Group debt			1 054	293
Amounts owed to participating interest undertakings				
Accounts payable	369	25	326	25
Other debts	6 896	8 392	6 500	6 806
Accruals and deferred income	65 427	74 368	62 532	66 884
Short-term liabilities, total	**115 505**	**147 659**	**111 187**	**134 694**
Accruals and deferred income				
Holiday pay outstanding	38 107	37 833	36 828	34 381
Other staff expenses outstanding	25 399	18 797	24 487	16 165
Tax debt for the financial year	176	15 702		14 765
Others	1 745	2 036	1 216	157
Accruals and deferred income, total	**65 427**	**74 368**	**62 531**	**66 884**

	Group		Parent company	
	1998	1997	1998	1997
21. Securities, contingent liabilities and other liabilities				
Debt with mortgages on real estate				
Financing loans	85 648	61 309	84 700	60 100
Mortgages	103 819	91 619	99 100	86 900
Mortgages as surety for payment of rent	4 960	4 960	4 960	4 960
Guarantees				
For Group undertakings			750	750
For others	5 149	4 332	5 075	3 767
Other liabilities				
Pension liabilities	1 079	1 043	1 079	1 042
Leasing liabilities	476	495	283	80
Rent liabilities	5 992	8 642	5 992	8 568
Total	**121 475**	**111 091**	**117 239**	**106 067**

Proposal by the Board of Directors **for the distribution of profits**

Group figures from the consolidated balance sheet at 31 December 1998 are as follows:

Retained earnings from previous years	FIM	164,274,543.70
Profit for the financial year	FIM	65,186,604.91
Proportion of accumulated depreciation difference and untaxed reserves entered in capital and reserves	FIM	-125,769,126.17
Distributable capital and reserves	**FIM**	**103,692,022.44**
The Parent Companys capital and reserves are	**FIM**	**95,873,949.31**
The Board of Directors proposes that the above profits be appropriated as follows:		
- that a dividend of FIM 1,300 per share be paid to the shareholders	FIM	39,000,000.00
- that the remainder be left in the retained earnings account	FIM	56,873,949.31
	FIM	**95,873,949.31**

Helsinki, 16 March 1999

Antti Vehviläinen	Jussi Sarvikas	Samppa Ahtiainen
Asser Ahleskog	Hannu Schildt	Veli-Jussi Potka
Sverre Norrgård	Juha Silvanto Managing Director	Olof Weckström

Auditors' **report**

To the shareholders of Steveco Oy

We have audited the accounting records, the financial statements and the administration of Steveco Oy for the financial year 1998. 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 on the administration.

We have conducted the audit in accordance with generally accepted 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. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Companies' Act.

In our opinion the financial statements 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 prescribed in the Accounting Act, of both the consolidated and Parent Company's result of operations, as well as of the financial position. 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 be discharged from liability for the financial year audited by us. The appropriation of profits proposal by the Board of Directors is in compliance with the Companies Act.

Kotka, 18 March 1999

SVH Pricewaterhouse Coopers Oy
Authorised Public Accountants

Kim Karhu
Authorised Public Accountant

Subsidiaries

Oy Saimaa Terminals Ab

As a subsidiary wholly owned by Steveco Oy, the company provides stevedoring, forwarding and ship's clearance services at the ports of southern Lake Saimaa. The company's registered office is in Lappeenranta.

In its core business area, 1998 was a poorer year than 1997 for Oy Saimaa Terminals Ab. Waterway traffic at the Mustola Harbour dwindled, and container traffic decreased by more than 50 per cent. Profitability was just satisfactory. The focus in operations was shifted to expanded year-round warehousing by converting the terminal partly into a heated warehouse. The positive trend in ship's clearance continued. The stevedoring volume was 545,494 tons, which was 4 per cent less than in 1997.

The vessel traffic volumes are expected to decrease, but a growth is anticipated in traffic brought about by terminal services rendered to Russian traffic. In 1999, the company will especially concentrate on improving its own operational efficiency by upgrading cargo handling technology and procedures.

Savosteve Oy

The company provides stevedoring, forwarding and ship's clearance services in Varkaus, Kuopio and Savonlinna.

The stevedoring volume of Savosteve Oy in 1998 was 208,443 tons, which was 10.6 per cent more than in 1997. The biggest increase was experienced in the export of sawn goods, where efficiency and performance have been improved extensively over the past three years. In 1998, the average loading efficiency was 300 cubic metres per hour. This has been possible because of technical developments in handling machinery and also thanks to a motivated personnel.

Further growth in traffic volumes is restricted by the poorer competitiveness of traffic on Lake Saimaa. This is because the competitiveness of sea traffic has improved considerably and because the public charges levied on Lake Saimaa have been raised.

The overall traffic volumes in 1999 are expected to grow especially as far as sawn goods are concerned.

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STEVECO
The company – the expertise - linking two worlds