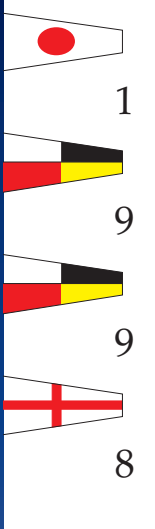
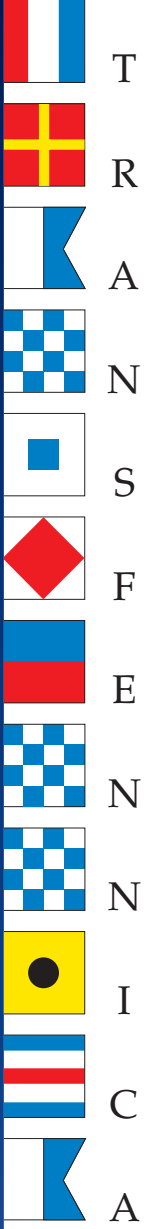
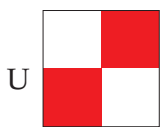
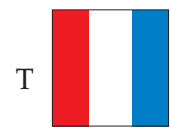
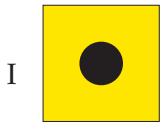
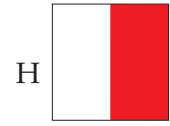
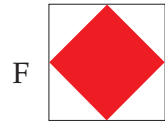


ANNUAL REPORT



International code of signals



Flags are used as international signals by ships at sea. They can be used to spell out short messages, or in combination to have special meanings. Strung end to end and hung bow to stern from the rigging, they are used to dress the ship for ceremonial and festive occasions.



# Transfennica

Seaborne speed  
your passage into

the new millennium



M/s Transgard (7,500 dwt)



M/s Serenaden (7,500 dwt)



M/s Heralden (7,500 dwt)



M/s Mistral (7,250 dwt)



M/s United Express (8,800 dwt)



M/s Trans Botnia (8,800 dwt)



M/s United Carrier (8,800 dwt)



M/s Miranda (7,250 dwt)



M/s United Trader (8,800 dwt)



M/s Friedrich Russ (7,250 dwt)

TRANSFENNICA'S FIFTH GENERATION FLEET

1998 was an eventful year for trading, starting full of promise but ending on a chilly note.

During the first half of the year we experienced an unexpectedly strong demand for shipping services, but after the long summer lull trade never really got going again. December was the worst month on record due to extensive curtailment of production at Finnish mills. The overall situation was aggravated by the collapse of the Russian transit trade via Finland after the crisis of the rouble in August.

In view of the fact that the shipping market continues to face a war over rates, our strategic aim has been to develop a new, fast and efficient service concept to support our customers in value-added logistics.

The concept is based on purpose-built ro-ro vessels capable of speeds of 20-21 knots and connecting the main European trading ports with Finland. Their overall advantage lies in the fastest total lead times coupled with extensive information technology back-up.

Our involvement in overseas trading has been cut considerably and we are now concentrating on specific niche market areas with our allies in overseas trade.

As a consequence of all the structural and market changes, our turnover for 1998 fell by 16% and we made a net loss of FIM 7 million.

Despite this unsatisfactory financial result, the company enjoyed growth in many of its main trading areas, and good progress was made in developing service performance and new products. We strengthened our service network in line with the priorities of our customers: high reliability in shipping services and a fast and accurate flow of information.



Rolf G.W. Eriksson

Our own team of people and partners in the service chain are continuously being trained for better performance.

We see ourselves as leaders in our field of shipping, and we are sincerely grateful for all the demanding business our customers have entrusted to us.

In a world dominated by whirlwind change, our sincere gratitude goes to

our customers, suppliers and own team for their immense contribution towards building a successful future.

Rolf G.W. Eriksson  
President





Efficient cargo handling



The m/s Heralden in Hanko

TRANSFENNICA 1998

**T**ransfennica's fifth generation of purpose built fast ro-ro vessels is the result of years of development work in close co-operation with customers, shipowners, shipyards and port operators. Based on this concept, new shipping routes have been opened with improved service standards for customers. Our development work is also continuing in the field of information technology, and a web contact channel has been launched.

**New vessels**

The four newbuildings in Transfennica's fifth-generation series of 8,800 dwt vessels are now in service, and the upgraded, twice-weekly service concept for ports in northern Finland is now in place. The three United Shipping vessels - the m/s United Express, the m/s United Carrier and the m/s United Trader - all sail the route between northern Finland, Antwerp, Deptford and Felixstowe. The m/s Trans Botnia (Seatrans DA) started sailings between northern Finland and Germany in January 1999. All vessels were built by Fosen Mekaniske Verksteder A/S in Norway.

The 7,500 dwt m/s Serenaden (Rederi Ab Engship) entered traffic in August 1998. She sails between Hamina and Antwerp, providing a twice weekly service with her sister vessel the m/s Heralden. Both were built by the Norwegian shipyard Umoe Sterkoder in Kristiansund and are sister vessels to the m/s Transgard, delivered in 1996 to Bror Husell Chartering Ltd. This first vessel in the series has already transported in excess of 1 million tonnes of cargo.

The first in a Sietas-built quartet of 7,250 dwt vessels for the Hanko-Lübeck traffic have also entered service. The m/s Mistral (Minicarriers Ab) and the m/s Miranda (Oy Trailer-Link Ab) are both operated by Godby Shipping AB. The m/s Friedrich Russ and her sister

vessel, to be delivered at the end of April, are owned by Ernst Russ GmbH & Co.

When Transfennica's fifth-generation fleet is completed in September 1999, it will consist of altogether 14 newbuildings, offering a breakthrough service with the fastest transit times from and to Finland. Transfennica's partners arrange fast on-carriage to Russia and the CIS countries. The last trio in the fifth-generation fleet will start operating between Tilbury and Finland in May, June and September 1999.

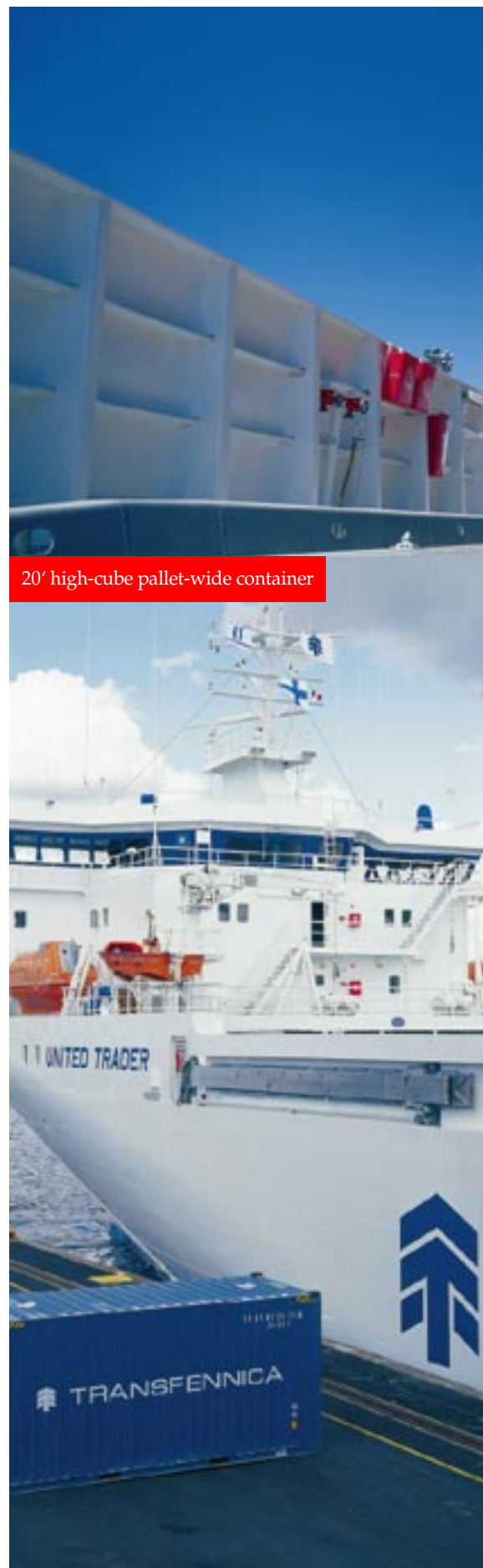
**Services**

**Finland-Antwerp**

Starting in January 1999, Transfennica is offering a twice weekly express service between Hamina and Antwerp. This new eastern Finland service concept is a challenge for Transfennica and follows the upgrading of services from western and northern Finland to Antwerp. There is also a new weekly turnaround between Hanko and Antwerp. The Antwerp services, operated by six newbuildings a week and one additional vessel from Hanko, mean that Transfennica now offers the fastest sailings between Finland and the Benelux area.

**Finland-Lübeck**

This area of trade continued to grow during 1998, and the next step will be the introduction of fast newbuildings on this route. The newbuildings for the Hanko-Lübeck line are all being built by J.J. Sietas, a feature of the yard being its very short delivery times: the first vessel was in service just 14 months after the contract was signed. Starting with the delivery of the first vessel (the m/s Mistral) in January, the service on the Hanko-Lübeck line will be steadily upgraded during spring 1999. When all the newbuildings are in service in May



20' high-cube pallet-wide container





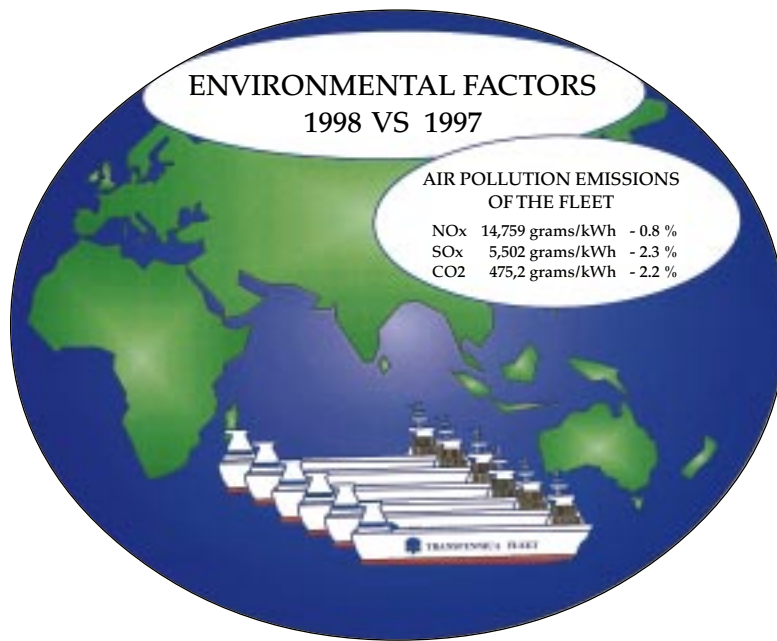
**Weather deck loading**

1999, the four vessels will provide the fastest available daily service between Finland and Germany, with a service speed in excess of 20 knots. The closing time will be at 21.00 hours with arrival at 07.00 hours - only 34 hours later - in both directions. The Port of Lübeck has quickly adapted to the growing flows by developing the Konstinkai port area. The port of Hanko has similarly enjoyed good growth to compensate for the withdrawal of Railship services. The European Railway Federation has granted the line CIM status.

**Finland-Tilbury**

The port of Tilbury has become a new focal point for forest products. The new facilities at the port feature a Finnish terminal of approx. 15 hectares, with 62,000 sq.m of covered storage and 10,000 sq.m of canopy space in three sheds. The new terminal has been erected in record time and provides a full range of services for import and export cargoes.

As from January 1999, Transfennica is offering a new service between Tilbury



and eastern and western Finland. There are now weekly services between Rauma and Tilbury and between Kotka/Hanko and Tilbury. As from June 1999, this service will be further upgraded with two fast newbuildings, which will make the first express turnarounds between Tilbury (London) and Finland. The third newbuilding will enter service in September 1999. The service speed will be 21 knots and cargo handling will be fast and efficient as three decks can be loaded simultaneously. The new vessels will be equipped with fin stabilizers to ensure a smooth passage and with a water injection system to cut NO<sub>x</sub> (nitrogen oxide) emissions.

**Changes in offices**

Transfennica UK's main office was transferred to Tilbury at the beginning of November 1998. The new office building is situated in the Finnish terminal close to Transfennica's main quay. Transfennica's Lübeck office, Transfennica Deutschland GmbH, moved into new premises at Konstinkai, where most of the services are located. In January 1999, Transfennica opened a new office in Hamina to improve contacts with customers and strengthen

the company's position in traffic to and from Russia. The office supports the operations of the shipping services to Belgium and is responsible for sales to deep-sea carriers and to customers requesting through rate arrangements beyond Europe.

**Environmental issues**

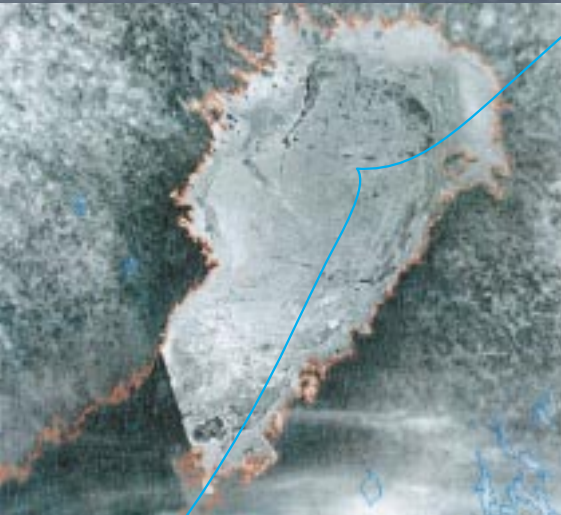
The increasing importance of environmental issues in recent years has prompted carriers to seek environmentally sound solutions for transportation. Transfennica has responded to stricter environmental demands by introducing direct water injection to cut NO<sub>x</sub> emissions from the engines in its latest generation of vessels. This important project has been successfully carried out together with Wärtsilä NSD, and altogether seven of the newbuildings will be equipped with this system. In short, Transfennica is setting totally new standards for environmentally sound marine transportation by introducing the first installations of this revolutionary method on the main engines in cargo vessels. Transfennica's aim is to continuously improve its environmental standards in accordance with the ISO 14001 environmental certificate that the company received in 1997.



Trailers







Ice map navigation in the Gulf of Bothnia

#### **Transfennica supports zooplankton research**

Transfennica's participation in a pilot project aimed at examining the state of the Baltic Sea has started successfully. The project is the first of its kind to be carried out in the Baltic Sea and is actually a pilot project for an environmental monitoring programme by the states surrounding the Baltic Sea. The idea is to use the commercial fleet to get on-line information on the state of this ecosystem, and Transfennica's vessels are being used on a regular basis to collect samples. The environmental monitoring programme is being conducted jointly by the

Finnish Institute of Marine Research, the Baltic Sea Research Institute in Warnemünde, the Southeast Regional Environmental Centre in Kouvola and Transfennica.

#### **Aid to ice navigation**

Transfennica has introduced a new map system for navigation in ice. The system has been developed by the Technical Research Centre of Finland and is the first of its kind to be used by merchant vessels. The ice map navigation system is now in use on all Transfennica's newbuildings sailing the eastern part of the Gulf of Finland and on the newbuildings sailing between ports in northern Finland and the continent.

#### **Centralized cargo planning system**

A new centralized cargo planning system is now being installed on all newbuildings in Transfennica's fifth-generation fleet. The system is unique to Transfennica. The next step in the project, cargo pre-planning, has started in Hamina on the m/s Heralden and the m/s Serenaden and will next be introduced on the newbuildings calling at Hanko. Once the system has been completely integrated, it will offer an improved service for Transfennica's customers, in that the customer will be

receiving faster and more accurate information of the cargo, which in turn will facilitate faster cargo handling.

#### **Cargo equipment**

In order to cope with the new shipping services and the call for greater containerization of palletized cargo, Transfennica has received a total of five hundred 40' high-cube pallet-wide containers and two hundred 40' cassettes. The whole fleet of cargo units in operation is now some 3,000 units.

#### **Business partnership**

Transfennica's strategy is to broaden its business partnerships with customers and suppliers in the service chain. Five training seminars for ship's crews were arranged during 1998. The seminars were designed to establish a common service approach with deeper understanding of the business strategy between the partners involved.

### Financial performance

The Group's turnover of FIM 1,426 million was 16 % lower than in the previous year (FIM 1,700 million). Turnover declined because of a shift in business emphasis towards European trade and a decline in the relative importance of overseas shipping. On the overseas market Transfennica together with its partners focused on providing transport solutions based on the specific needs of customers. The shipping market took a turn for the worse towards the end of the year, exacerbating the seasonally typical reduction in volume. This led to the result for the financial year falling short of earlier expectations.

The Group made an operating loss of FIM 9.4 million (profit of FIM 15.1 million) and the Parent Company an operating loss of FIM 9.5 million (profit of FIM 14.4 million).

The Group's loss after taxes was FIM 6.9 million (profit of FIM 11.2 million), the corresponding result for the Parent Company being a loss of FIM 0.9 million (profit of FIM 10.3 million).

The Group's equity ratio fell from 28 % to 22 %.

### Investments and newbuildings in service

The Group's investments totalled FIM 20 million (FIM 12.7 million).

A total of FIM 16.6 million (FIM 11.3 million) was invested in equipment for the cargo units.

Transfennica uses chartered vessels to operate its shipping services. Three new vessels, namely the m/s United Carrier, m/s United Trader and m/s Serenaden, came into service during the review year. These new vessels are part of a ship renewal programme that was initiated in 1997 with the aim of achieving shorter and more reliable shipping times. The expectations of the new ships' performance have been fulfilled and the punctuality of shipments has been essentially improved.

### Research and development

The entire Transfennica Group is covered by an ISO 9002 certified quality system and an ISO 14001 certified environmental management system. The personnel have participated in business development training organised in small groups. Training was arranged for the crews of the newly introduced ships with the aim of providing them with basic information on Transfennica's operations, key customers and cargoes carried.

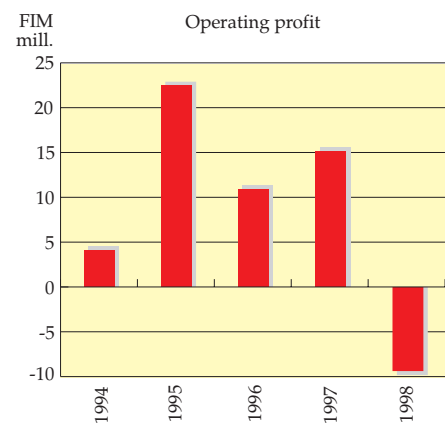
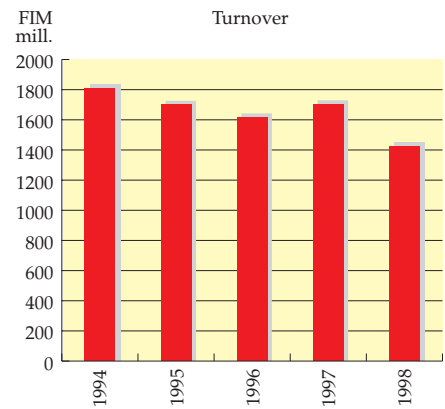
### Year 2000

Transfennica's information systems and interfaces have been surveyed and analysed from the standpoint of the 'Millennium Bug'. The IT architecture has been revised and, according to expert opinion, is now such that it will accommodate the turn of the millennium. All of the company's systems will be tested with interest groups during spring 1999. In recent years Transfennica has consistently updated its IT hardware inventory with the year 2000 in mind.

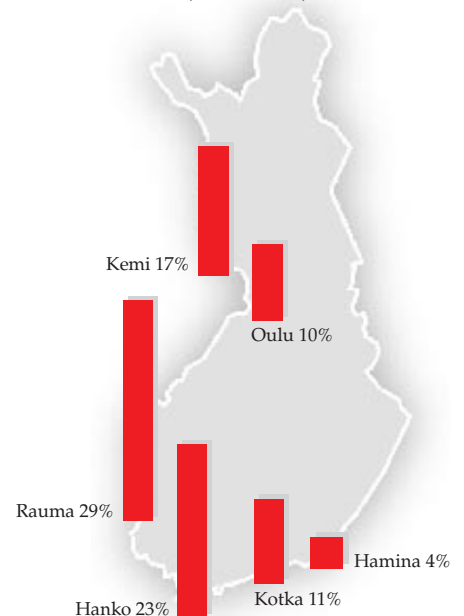
### Finnish ports

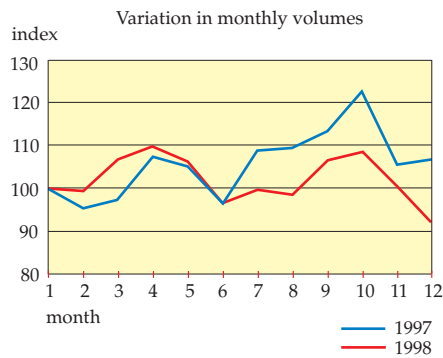
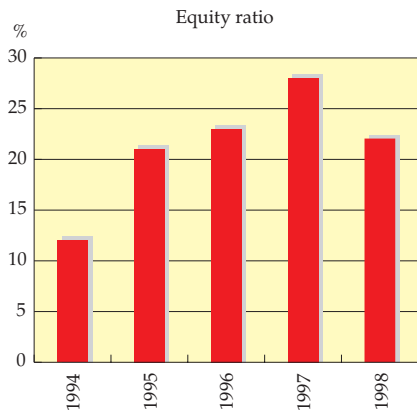
Transfennica's ships mainly operate between ports in Finland and ports in other EU countries.

Rauma was the most-used port measured in terms of volumes carried during the review year. The second most-used port, Hanko, enjoyed the biggest proportional increase in volume over the same period.



TRANSPORTED QUANTITIES  
VIA FINNISH PORTS 1998  
6,080 tonnes (1,000)





**Business outlook**

Turnover in 1999 is expected to be lower than in the review year.

**Shareholders**

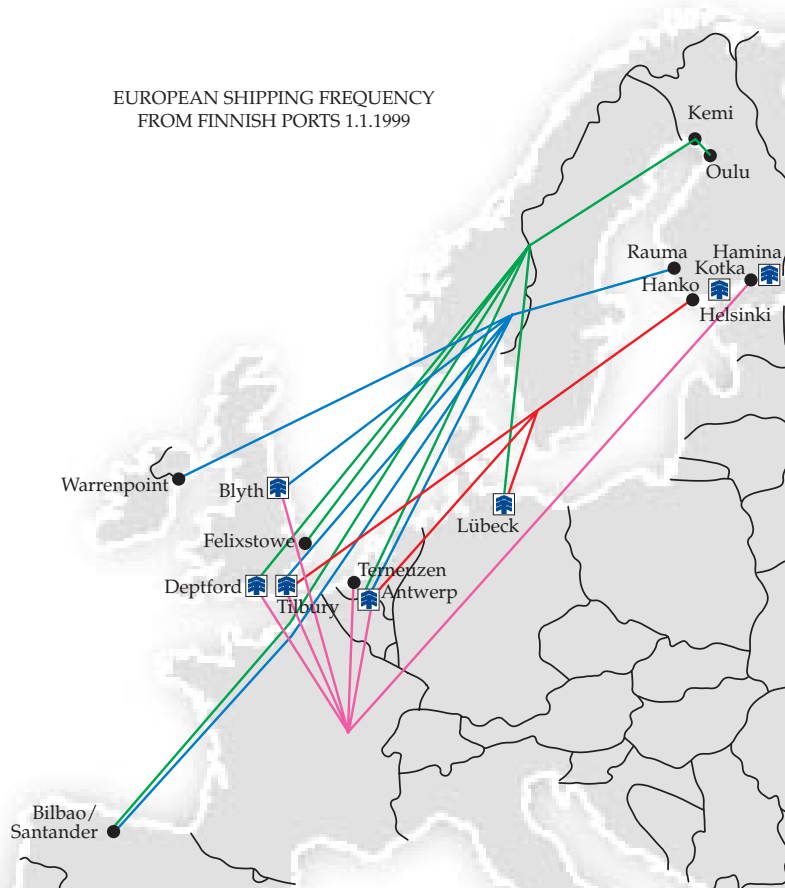
There were no changes in the ownership of Transfennica Ltd during the review year. The company's shareholders at 31.12.1998 were:

UPM-Kymmene Corporation	43.8 %
Metsä-Serla Corporation	27.3 %
Stora Enso Oyj	16.6 %
Myllykoski Paper Oy	7.5 %
Oy Metsä-Botnia Ab	4.8 %
	<hr/>
	100.0 %

**Pay and personnel**

	Group		Parent Company	
	1998	1997	1998	1997
Wages, salaries and other remuneration (FIM 1,000):				
President and Board Members	927	1 042	927	1 042
Other employees	19 896	19 166	16 630	15 573

The average number of employees in the Group and Parent Company was 93 (94) and 76 (77), respectively.



KEMI	Freq
Lübeck	1/7
Antwerp	2/7
Deptford	1/7
Felixstowe	1/7
Bilbao	1/14
<hr/>	
OULU	
Lübeck	1/7
Antwerp	2/7
Deptford	1/7
Felixstowe	1/7
Bilbao	1/14
<hr/>	
RAUMA	
Antwerp	1/7
Tilbury	1/7
Blyth	1/7
Warrenpoint	1/14
Santander	1/7
<hr/>	
HANKO	
Lübeck	8/7
Antwerp	1/7
Tilbury	1/7
<hr/>	
KOTKA	
Tilbury	2/7
Deptford	1/7
Blyth	1/7
Terneuzen	1/7
<hr/>	
HAMINA	
Antwerp	2/7



**BOARD OF DIRECTORS**

During the review year the Board members and their deputies were:

**Ordinary members**

Aarre Metsävirta	Metsä-Serla Corporation, Chairman
Seppo Hietanen	Stora Enso Oyj, Vice Chairman
Sverre Norrgård	Myllykoski Paper Oy
Heikki Sara	UPM-Kymmene Corporation

**Deputy members**

Raimo Mansukoski	Metsä-Serla Corporation, up to 12.3.1998
Jussi Jusélius	Metsä-Serla Corporation, from 12.3.1998
Veli-Jussi Potka	Stora Enso Oyj
Heikki Rätty	Myllykoski Oy
Jussi Sarvikas	UPM-Kymmene Corporation

**AUDITORS**

Oy Joe Sundholm & Co Ab (Authorised Public Accountants) acted as the company's auditors.

**EXECUTIVES**

Rolf G. W. Eriksson	President
Arto Jantunen	Director
Harri Mäkitie	Director
Holger Stubb	Director

**PROPOSAL BY THE BOARD OF DIRECTORS FOR THE DISTRIBUTION OF PROFITS FOR 1998**

The consolidated balance sheet shows distributable shareholders' equity of FIM 8,502,000, and the Parent Company's balance sheet shows shareholders' equity of FIM 8,310,380.

The Board of Directors proposes that no dividend be paid for the 1998 financial year.



Transfennica's Board of Directors: From left: Sverre Norrgård, Aarre Metsävirta, Rolf Eriksson, Heikki Sara and Seppo Hietanen.

# PROFIT AND LOSS ACCOUNT

January 1 – December 31, 1998  
thousand FIM



11

	Group		Parent company	
	1998	1997	1998	1997
Net turnover	1 425 760	1 699 743	1 423 697	1 698 803
Other operating income	419		419	
Expenses <sup>1)</sup>	<u>-1 426 623</u>	<u>-1 678 603</u>	<u>-1 425 088</u>	<u>-1 678 558</u>
Profit from operations before depreciation	-444	21 140	-972	20 245
Depreciation <sup>2)</sup>	<u>-8 940</u>	<u>-6 014</u>	<u>-8 522</u>	<u>-5 797</u>
Operating loss (profit)	-9 384	15 126	-9 494	14 448
Financial income and expenses <sup>5)</sup>	<u>348</u>	<u>788</u>	<u>350</u>	<u>762</u>
Loss (profit) before appropriations and taxes	-9 036	15 914	-9 144	15 210
Change in depreciation reserve <sup>4)</sup>			8 272	-4 954
Change in untaxed reserves				4 340
Income taxes <sup>6)</sup>	<u>2 172</u>	<u>-4 738</u>	<u>0</u>	<u>-4 286</u>
Loss (profit) for the financial year	<u><u>-6 864</u></u>	<u><u>11 176</u></u>	<u><u>-872</u></u>	<u><u>10 310</u></u>

# BALANCE SHEET

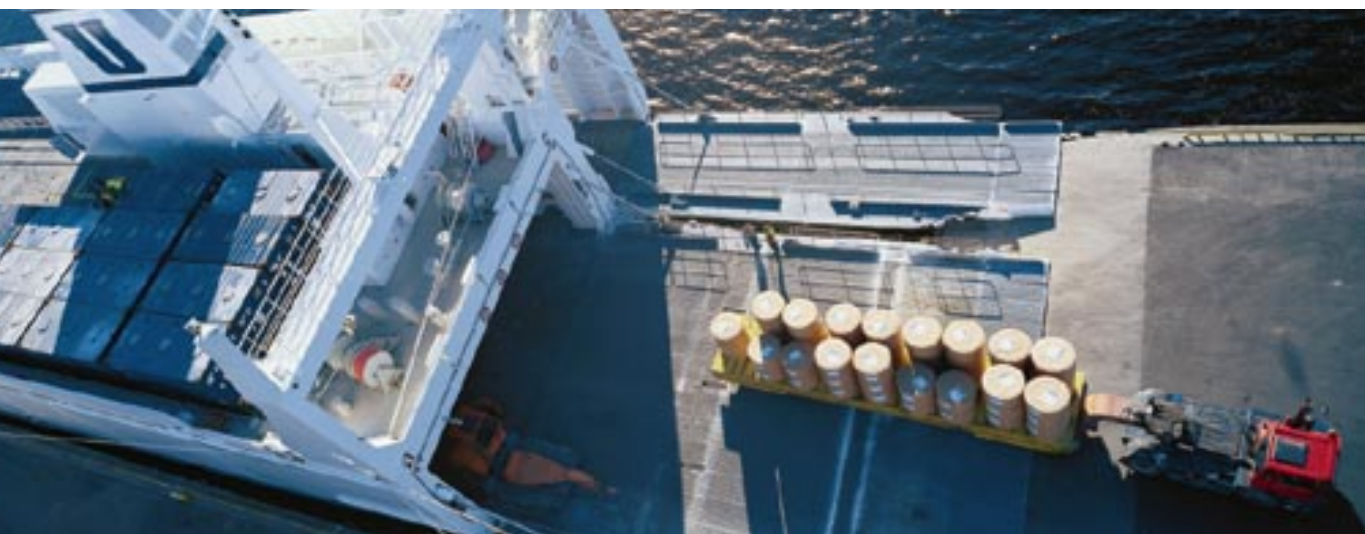
December 31, 1998  
thousand FIM

	Group		Parent company	
	1998	1997	1998	1997
<b>Assets</b>				
<b>Fixed assets and other non-current investments</b>				
Tangible assets				
Machinery and equipment <sup>3)</sup>	35 666	24 622	34 388	24 002
Advance payments	639		639	
Non-current investments				
Shares and holdings <sup>7,8)</sup>	408	408	1 624	1 624
Loan receivables	243	653	243	653
	<u>651</u>	<u>1 061</u>	<u>1 867</u>	<u>2 277</u>
	<u>36 317</u>	<u>25 683</u>	<u>36 894</u>	<u>26 279</u>
<b>Current assets</b>				
Debtors				
Trade debtors <sup>9)</sup>	65 672	86 491	69 601	86 299
Pre-paid expenses and accrued income	14 873	6 045	14 274	5 870
	<u>80 545</u>	<u>92 536</u>	<u>83 875</u>	<u>92 169</u>
Cash in hand and at banks	12 629	27 599	9 486	26 919
	<u>130 130</u>	<u>145 818</u>	<u>130 255</u>	<u>145 367</u>
<b>Liabilities</b>				
<b>Capital and reserves<sup>10)</sup></b>				
Restricted shareholders' equity				
Subscribed capital	10 000	10 000	10 000	10 000
Legal reserve	9 596	9 596	9 596	9 596
	<u>19 596</u>	<u>19 596</u>	<u>19 596</u>	<u>19 596</u>
Unrestricted shareholders' equity				
Retained earnings	16 129	9 985	9 183	3 872
Loss (profit) for the financial year	-6 864	11 176	-872	10 310
	<u>9 265</u>	<u>21 161</u>	<u>8 311</u>	<u>14 182</u>
	<u>28 861</u>	<u>40 757</u>	<u>27 906</u>	<u>33 778</u>
Appropriations				
Depreciation reserve <sup>4)</sup>			952	9 224
<b>Creditors</b>				
Non-current				
Loans from credit institutions	2 997		2 997	
Current				
Loans from credit institutions	11 238	129	11 446	129
Trade creditors <sup>8)</sup>	51 425	60 362	51 432	60 963
Accruals and deferred income <sup>11)</sup>	35 609	44 570	35 522	41 273
	<u>98 272</u>	<u>105 061</u>	<u>98 400</u>	<u>102 365</u>
	<u>130 130</u>	<u>145 818</u>	<u>130 255</u>	<u>145 367</u>





## SOURCES AND APPLICATION OF FUNDS



	<b>Group</b>		<b>Parent company</b>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
<b>Sources of funds</b>				
From operations				
Net loss (profit)	-6 864	11 176	-872	10 310
Depreciation	8 940	6 014	8 522	5 796
Change in reserves			<u>-8 272</u>	<u>614</u>
Total from operations	<u>2 076</u>	<u>17 190</u>	<u>-622</u>	<u>16 720</u>
From non-current financial assets	410	242	410	242
From the sale of fixed assets	47	45	75	45
Increase in non-current creditors	2 997		2 997	
Change in translation difference	<u>-32</u>	<u>75</u>		
	<u><u>5 498</u></u>	<u><u>17 552</u></u>	<u><u>2 860</u></u>	<u><u>17 007</u></u>
 <b>Application of funds</b>				
Investments				
- containers and cassettes	16 590	11 332	16 590	11 332
- other	4 080	1 432	3 031	1 137
Dividend distribution	<u>5 000</u>	<u>6 000</u>	<u>5 000</u>	<u>6 000</u>
	<u>25 670</u>	<u>18 764</u>	<u>24 621</u>	<u>18 469</u>
 Change in net working capital	<u>-20 172</u>	<u>-1 212</u>	<u>-21 761</u>	<u>-1 462</u>
	<u><u>5 498</u></u>	<u><u>17 552</u></u>	<u><u>2 860</u></u>	<u><u>17 007</u></u>
 Cash in hand and at banks	-14 970	-28 407	-17 433	-28 796
Current financial assets	-11 991	16 109	-8 294	15 919
Current creditors	<u>6 789</u>	<u>11 086</u>	<u>3 966</u>	<u>11 415</u>
	<u><u>-20 172</u></u>	<u><u>-1 212</u></u>	<u><u>-21 761</u></u>	<u><u>-1 462</u></u>
 Net working capital, Jan. 1	15 074	16 286	16 723	18 185
Net working capital, Dec. 31	<u><u>-6 098</u></u>	<u><u>15 074</u></u>	<u><u>-5 038</u></u>	<u><u>16 723</u></u>



In the Gulf of Bothnia



The Thames Barrier



The m/s Mistral





## 7 Group undertakings

	Parent Company's shareholding	Number of shares	Currency	Nominal value 1 000	Book value FIM 1 000	Profit/loss according to accounts for the last financial year
Transfennica Belgium B.V.B.A	100 %	2 699	BEF	2 699	397	11
Transfennica Deutschland GmbH	100 %		DEM	130	403	-95
Transfennica (UK) Ltd	100 %	60 000	GBP	60	416	48
					<u>1 216</u>	<u>-36</u>

8 Shares and holdings of  
the Parent Company

	Shareholding	Number of shares	Nominal value, FIM 1 000	Book value, FIM 1 000	Taxation value, FIM 1 000
Rederiaktiebolaget Linden	4 %	400	200	200	182
Helsinki Telephone Co-operative		30	69	99	357
Sampo Insurance Company		2 916	15	0	379
Others			19	109	100
			<u>303</u>	<u>408</u>	<u>1 018</u>

9 Amounts receivable from and payable  
to group undertakings / Parent Company

	1998	1997
Trade debtors	4 445	67
Trade creditors	2 226	934

## 10 Changes in capital and reserves

	Group		Parent Company	
	1998	1997	1998	1997
Restricted shareholders' equity				
Subscribed capital 1.1	10 000	10 000	10 000	10 000
Legal reserve 1.1	9 596	9 596	9 596	9 596
Unrestricted shareholders' equity				
Unrestricted equity 1.1	21 161	15 910	14 182	9 872
Dividend distribution	-5 000	-6 000	-5 000	-6 000
Change in translation difference of shareholders' equity in subsidiary undertakings	-32	75		
Change in untaxed reserves	-5 956	442		
Distributable result for the financial year	-908	10 734	-872	10 310
Unrestricted equity 31.12	<u>9 265</u>	<u>21 161</u>	<u>8 310</u>	<u>14 182</u>
Distributable funds	8 502	14 410	8 310	14 182

## 11 Group's tax liability in respect of untaxed reserves

Accumulated up to 1.1	2 583	2 411
For the financial year	-2 316	172
	<u>267</u>	<u>2 583</u>

## 12 Contingent liabilities

Commitments and pledges given	
Own liability	3 570

Helsinki, 10 March 1999

Aarre Metsävirta

Sverre Norrgård

Rolf G.W. Eriksson  
President

Seppo Hietanen

Heikki Sara

Safe Sailings



17



The m/s Miranda

# AUDITOR'S REPORT

to the shareholders of Oy Transfennica Ab

**W**e have audited the accounting records, the financial statements and the administration of Oy Transfennica Ab 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 auditing standards. These standards require that we perform the audit to obtain reasonable assurance that 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 ensure 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 disposal of profits proposed by the Board of Directors is in compliance with the Companies Act.

Helsinki, 12 March 1999

OY JOE SUNDHOLM & CO AB  
Authorised Public Accountants

Joe Sundholm  
Authorised Public Accountant







Heading north



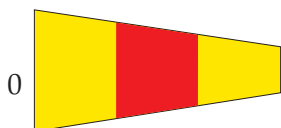
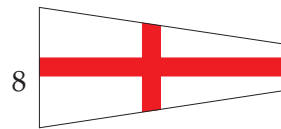
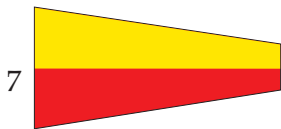
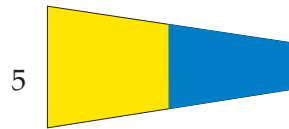
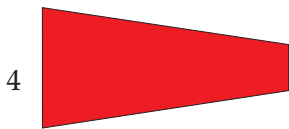
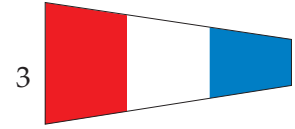
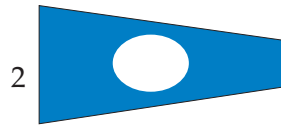
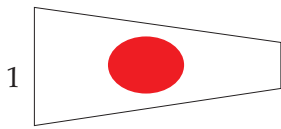
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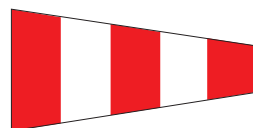
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Patrik Lindström  
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Numeric pennants

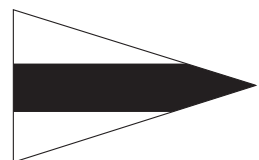
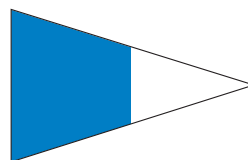
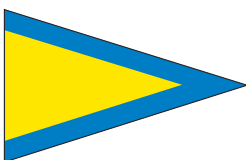


Code and answering pennant



Flags are used as international signals by ships at sea. They can be used to spell out short messages, or in combination to have special meanings. Strung end to end and hung bow to stern from the rigging, they are used to dress the ship for ceremonial and festive occasions.

Substitute pennants





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