



**John Nurminen Group** ◀◀◀

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**John Nurminen** is a modern Group providing customer-driven logistical services. It is an international player with the Baltic region as its market area. Strong expertise, high-quality services and a pioneering spirit are the key factors in the Group's success.

# The Cornerstones of John Nurminen's Operations

John Nurminen is a modern Group producing logistical services. It is widely known in its field and it is an international operator as well as a prestigious employer. The Group's market area is the Baltic region.

The Group is comprised of subsidiaries concentrating on special logistics and shipping. Special logistics services are produced by Nurminen Prima, Nurminen Heavy, Nurminen Cargo Handling, Nurminen TransMec and Huolintakeskus. The subsidiaries in the shipping industry are Nurminen Maritime and Nurminen Deepsea. The subsidiaries' goal is to be the market and quality leaders in their segments and to be pioneers in providing new services.

## WITH PROFITABLE GROWTH AS THE AIM

The aim of the John Nurminen Group is to increase its net turnover from the present figure of approximately EUR 60 million to EUR 100 million in the next few years. Growth will be sought through acquisitions and organically, in Finland, the Baltic states and Russia. A comprehensive network of partners has great importance in international operations. This collaboration will be further deepened in the operations of John Nurminen.

## KEY FIGURES 1999–2001

EUR million	1999	2000	2001
Gross sales	298	323	310
Turnover	63	65	60
Profit after financial items	1	3	5
% of turnover	1.3	4.3	9.10
Return on investment (ROI), %	4.7	9.9	14.8
Equity ratio, %	40.9	45.59	47.24
Return on equity, %	1.85	6.86	14.47
Investments	3	1	13
Personnel (on an average during the year)	947	898	672



#### ◀ **by focusing on the strongest area of expertise**

John Nurminen concentrates on special logistics, which has been part of its operations from the very start. It is in this field that the Group has the strongest expertise and experience, both in operations and in management. Special logistics, which includes shipping operations, is a growing sector of business which constantly offers the Group new opportunities both in Finland and abroad.

#### ◀ **within the framework of Group resources**

John Nurminen has been a Finnish, family-owned company for 116 years. Continuity and managed risk-taking play an important part in its operations. The Group does not see concentrating on a single sector of business as an increase in risk, as the sector contains attractive prospects for expansion and specialisation. John Nurminen already today operates in very many subdivisions of logistics. The aim is steadily growing shareholder value, so that resources can be channelled towards sustainable, long-term development.

#### ◀ **through high-quality operations**

It is the aim of John Nurminen to be the quality and market leader in its business sector. Quality and the companies' operations are measured regularly, by methods including customer surveys. The studies have given an image of reliable operations of high standards. Effort is expended on items found to require enhancement in order to maintain constant improvement.

#### ◀ **by deepening the customer relations**

In special logistics, it is important to understand the customer's business. This is why the majority of customer relations have evolved into long-term partnerships. It is another of John Nurminen's aims to provide services with a high value-added content. The tendency towards outsourcing is continuing to gain momentum as companies specialise in their own fields of expertise, so there is plenty of growth potential in the field.

#### ◀ **by providing innovative solutions**

In order to deepen existing customer relationships and to win new customers, it is essential to produce new and innovative solutions. The objective is to provide customers with progressive products and services and to find new subdivisions in collaboration with the customers. The best solutions benefit both the customer and the service provider. It is a prerequisite for an innovative and competent organisation constantly to develop its personnel and to channel resources to planning and ideation. Resources have been channelled also to customer relations, so that the customer's needs can be detected quickly and opportunities can be exploited efficiently.

# Review by the Chairman of the Board



The John Nurminen Group has served the business community in Finland successfully in three centuries. It has gone through many various economic stages and upheavals, and it has experienced a number of transformations in its sectors of business. Throughout its history, the company has been family-owned. John Nurminen's most important interest groups have always been its customers. For Finnish companies engaging in foreign trade, it has produced services to meet their needs in transport, forwarding, travel and shipping.

Professional expertise, attention to competitiveness, and a spirit of internal enterprise have undoubtedly been major sources of energy as the company has updated its provision of services and restructured itself. Today our core competences are logistical services, the field in which we are becoming increasingly clearly specialised and in which we place our expectations of growth. In the field of logistics we have special skills conferred by our long traditions.

The pace of the changes that have taken place within the company and the operating environment has increased sharply. We started the final decade of the second millennium with an updated structure of services, small but with a healthier balance sheet. Our group structure was loose, and economic growth benefited us. As we approached the turn of the millennium, we changed the structural strategy for our services, and the tendency is now away from multi-business and towards operating in a single sector.

The targets set for the results for 2001 were not achieved. The reasons for this were the still-deepening recession in shipping that started in 2000 and last year's downturn in travel. The operational results for 2002 are expected to improve.

In attending to the company's competitiveness by demanding the adequate earnings the owners are seen as important interest group of the company. In addition to earning capacity, other values have been developed for John Nurminen which have been honed in the course of its long history. These are continuity, independence and spirit of enterprise. We believe that this foundation of values is important as we encounter times of increasing unpredictability, of which the past year with its dramatic events is a tangible example.

John Nurminen's divisional structure was dynamically streamlined in the past year as a result of the concentration in special logistics. The logistical operations of Oy Huolintakeskus Ab were acquired in September and KalevaTravel Ltd's business operations were sold off at the end of the year. However, John Nurminen retained a minority shareholding in the newly established company KohdematkatKaleva Oy. We have devoted efforts to enhancing the competitiveness of the present special logistics operations. At the same time we have launched development projects with the aim of strengthening the foundation for the implementation of our growth strategy. We are also updating our administrative and management structure. The goal is a highly responsive, learning, and healthily growing corporate configuration. The company's equity ratio is already good and its financial position is liquid.

It is inspiring to put these things into practice with the goals of attaining the position of quality leader and achieving strong product expertise in selected service sectors. I would like to express my warmest thanks to all interest groups for the good cooperation. I thank our customers and principals for their trust and partnership. I would also like to express particular thanks to the employees of KalevaTravel for the long and rewarding road we have travelled together. I welcome the new Nurminen people into our Group, and I thank all our personnel for their successful work in pursuit of our common goals.

Helsinki, March 2002

Juha Nurminen  
Chairman of the Board

# Review by the Managing Director



Operating conditions in all the business sectors of the John Nurminen Group deteriorated in 2001. The tragic events of September increased uncertainty in the business climate.

During the year under review, the Group concentrated its operations in the special logistics business. Huolintakeskus' business operations were acquired on 1 September 2001 from the Schenker Group and KalevaTravel's business operations were sold on 31 December 2001 to Kohdematkat Oy.

The Group's turnover in 2001 was EUR 60.2 million, down by roughly 7 per cent on the previous year. The change was due to the different structure of the turnover. Operational profitability declined slightly and the net profit was EUR 5.5 million. The return on invested capital developed favourably and was approximately 15 per cent.

## Special logistics

Turnover of special logistics was up, reaching EUR 36 million. This represents an increase of EUR 14 million on the previous year. The increase was due mainly to the business brought in by Huolintakeskus during the last quarter of the year. The profitability of special logistics as a whole was satisfactory.

Demand for the Group's Russian operations was good, and new records were made in transit deliveries to Russia. The trend was also favourable in railway logistics. Official regulations may cause sudden changes in trade east of the border, which complicates forecasting and development of operations in Russia. The trend continued to be good for special and heavy transport, and the recession declined demand only at the end of the year.

## Shipping

The Shipping group's corporate and management structure was further reorganised.

Demand for the group's services was weak in its important markets of North America and the Far East, and freightage rates remained at a record low. The profitability of Finnish operations improved, however, and the operational results were marginally profitable.

## Business Travel

Demand for business travel went into decline in 2001. The deterioration was particularly sharp after the events of 11 September. KalevaTravel's sales for the end of the year were down by 20 per cent on the previous year, and in annual terms sales were down by 8.5 per cent and the company showed a loss. KalevaTravel applied major efforts to improve customer relationship management and introducing a new enterprise resource planning system. The John Nurminen Group sold KalevaTravel's business operations on 31 December to Kohdematkat Oy and has since been a minority shareholder in the newly founded company KohdematkatKaleva Oy.

## Operational development and the future

The John Nurminen Group's external operating environment changed a great deal during 2001 and the transformation continues. Unstable and changing conditions demand flexible, high-quality operations. The Group has launched a number of development projects to safeguard competitiveness also in the future. In the field of management, the main focus is on strategic work and on increasing sensitivity to change. Particular efforts are being devoted to enhancing customer relationship management. Customer relations are being increasingly deepened into partnerships in which understanding of the customer's business is central.

In the future, John Nurminen will operate only in the logistics business sector with the aim of maintaining its position as the quality and market leader. In 2002 effort will be applied to profitable growth, both organically and through acquisitions. Growth will be looked for primarily in Finland, but the Baltic states and Russia are also prospective areas for expansion.

The year 2002 will be an interesting and challenging year for John Nurminen. The Group has transformed itself from a multi-business corporation into an expert in a single sector. The cornerstones of the new logistics group are existing. In spite of instability in the operational environment, we believe that the Group's operational profitability will improve.

I would like to thank our customers, our partners and the Group's employees for their trust and for the good cooperation.

Helsinki, March 2002

Jan Lönnblad  
Managing Director

COMPTTEL

EXTENDING MEDIATION

LINKING

NETWORKS AND BILLING

SERVICES AND BUSINESS

CONTENT AND CHARGING



 **COMPTTEL**  
INTELLIGENT LINK





Nurminen Prima provides high-quality logistics solutions for exhibitions, fine art and removals. Exhibition logistics serves Finnish exporters participating in exhibitions in Finland or abroad as well as assisting foreign companies with exhibitions held in Finland. Fine art logistics comprises services for the transport, storage and presentation of works of art, ranging from the design of the packaging to conservation. Its customers include Finnish and international art museums, galleries, exhibitors and private collectors. Removal logistics provides a packaged service for companies' key employees' foreign postings as well as service products for corporate and private removals in Finland.

## CASE: Comptel Corporation

Comptel is the world's leading supplier of mediator software packages and business-to-business solutions. Comptel has been in close collaboration with Nurminen Prima in the field of exhibition logistics for several years. Comptel's growth has been dynamic, and marketing has focused on international events. On the practical level, the partnership between Comptel and Nurminen Prima has been flexible and problem-free for the customer. In the picture on the left is Comptel's Event Coordinator Minna Lehtovaara and on the right is Product Manager Anna-Liisa Ritvanen from Nurminen Prima.

## Profitable growth is the goal

Nurminen Prima is the Finnish market leader in its field of fine art and exhibition logistics and one of the leading companies in removal logistics. In implementing its worldwide logistics services, Nurminen Prima uses its extensive network of corporate partners and its memberships of international logistics organisations.

Nurminen Prima's goal is to double its turnover by 2004. Profitable growth will be sought both by international acquisitions and through organic growth. Internationalisation means in particular the expansion of operations in the Baltic states region and strengthening the market position in Russia. Achieving the objective will also require maintaining and strengthening the strong market position. A new, customer-driven operating model and updated information system, which were adopted in the autumn, will improve the quality of service as well as enhancing contact activity and cost-effectiveness.

## Customer-centredness a subject for development

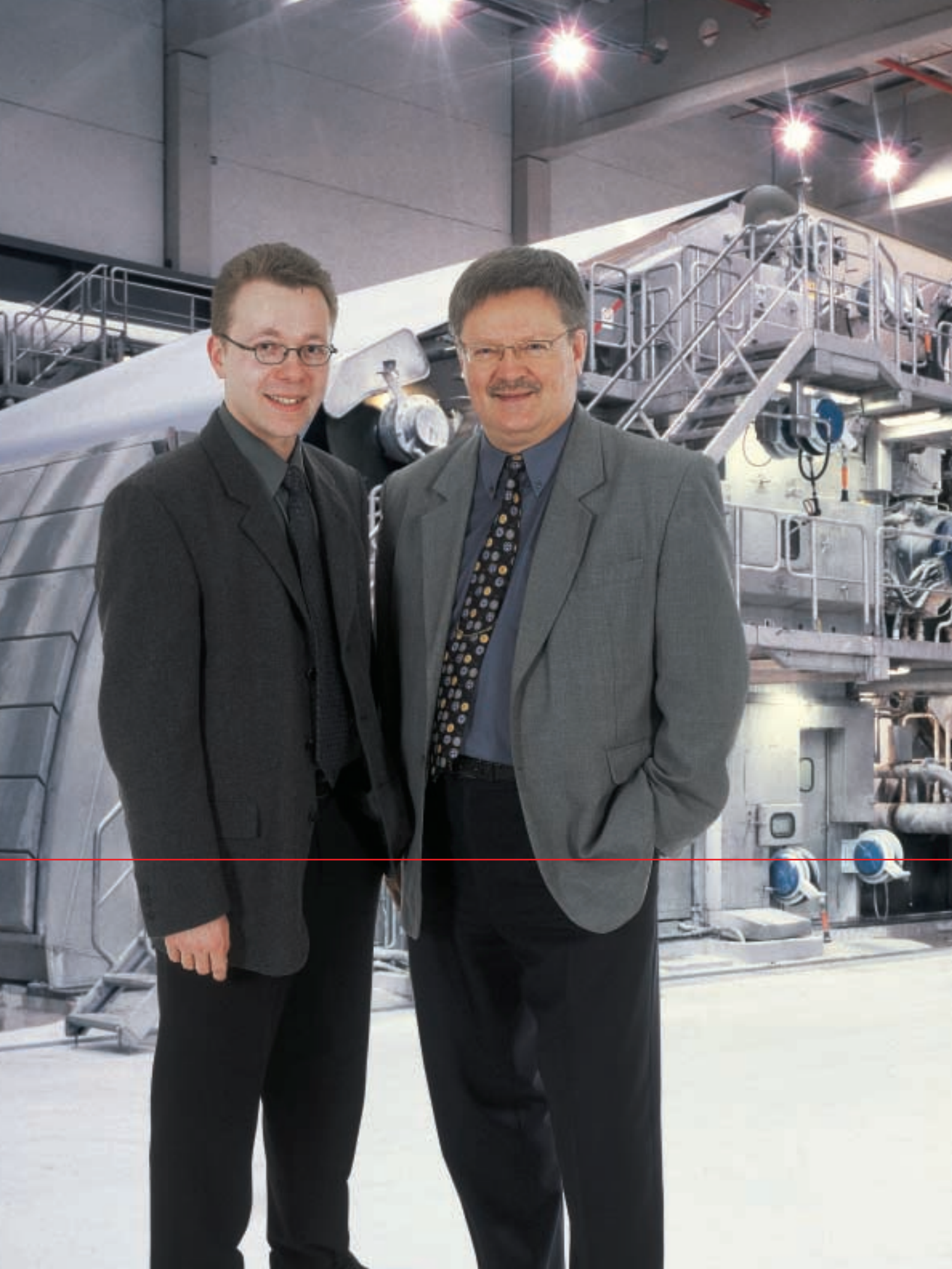
Nurminen Prima is the quality leader for its sector, which means reliable and safe service, combined with excellent skills and strong experience on the part of the personnel. The essentials for quality operations are to understand the customer's needs and to find suitable solutions. Good, continuing contact with the customer and close collaboration assure the customers of the possibility to concentrate on their own specialities. The objective behind continuing operational development is to improve price-competitiveness and the flexibility to respond rapidly to the changing needs of the customer. As a pioneer in its field, Nurminen Prima also develops its innovativeness and seeks to provide its customers with new solution models and products. The company has a high profile and its expertise in the Russian market is valued by the international clientele.

## The year 2001

Nurminen Prima's turnover was down by 9% and was EUR 6.4 million. It posted a net loss. The downturn in turnover was due to the ending of fur forwarding. The company launched a new service product, the conservation of valuables. In November, a partnership contract was signed with the Moscow-based air forwarding company CIS Ltd. Nurminen Prima's long-serving Managing Director Pentti Flink took part-time retirement at the end of the year, and Isto Kiviniemi was appointed as his successor. The company had an average of 33 employees during 2001.

## Growth potential in the east

The prospects for the market in the sector are promising in spite of the global recession. The outlook for fine art logistics is steady. Very moderate growth is to be expected in exhibition business. In removal logistics, the market is forecast to grow, and new potential is expected particularly as households increase their purchases of services. The companies' concentration on their core competences makes it possible to sell broader packages of services. There is particularly important potential for growth in the markets of Russia and the Baltic states.





Nurminen Heavy Oy provides special transport services for large and heavy items in Europe, Russia and the Baltic states. The customers are mostly engineering companies and forwarders. Transport is provided in the form of packages individually tailored to meet the customer's needs.

## Strong market position

Nurminen Heavy is the market leader in its sector. A wide network of partners makes it possible to provide total transport services.

Nurminen Heavy's goals are to boost its market share and attain profitable growth and improved cost-effectiveness. The market position is maintained by further focusing on attending to active customer contacts and by keeping the quality of service high. Growth is sought both by expanding the field of operations and by prospective corporate acquisitions. The dynamically developing markets of the Baltic states and Russia are attractive, but it is also possible to win new market areas in continental Europe. Efforts are made to enhance cost-effectiveness and flexibility by developing internal efficiency and the partnership network.

## Innovative solutions

Nurminen Heavy is seen by the customers as a dependable, fast, high-quality, flexible and professionally skilled partner. Special transport means greater emphasis on quality due to the highly demanding nature of the commissions. The contributory factors in the quality of Nurminen Heavy are its broad knowledge of the transport market both in Europe and in Russia, its excellent project-management skills, and its strong experience, but also its creativity in finding new solutions for the customer's changing needs. Among the company's other strong points are its stable financial condition and its highly motivated personnel.

## The year 2001

2001 was an exceptionally good year for Nurminen Heavy. The number of projects was high and the customer base expanded. The company's total turnover declined by 9.8% to EUR 6.6 million, which resulted from the transfer of trailer repair business to Nurminen TransMec Oy. The turnover from transport business increased by 27% on the previous year. The targets set were achieved and the company's net profit was good.

The company had an average of 21 employees during 2001. Modern new business premises were completed at the end of the year in Jyväskylä, in the immediate vicinity of the old business premises.

## Demand growing for total services

Nurminen Heavy's prospects for the future are steady, although the economic recession prevailing in Finland and particularly the downturn in the business climate for the engineering industry are causing uncertainty. On the other hand, the companies' focus on their own core competences is boosting the need for total transport services.

## CASE: Metso Paper, Inc.

Metso Paper, Inc. is the world's leading supplier of paper and board machinery. The partnership between Nurminen Heavy and Metso Paper has continued for almost 30 years. Nurminen Heavy transports sections of paper machines manufactured by Metso in Finland, Europe and Russia, but the partnership also embraces planning and development work. In 2001, Nurminen Heavy was in on projects including the delivery by Metso Paper of a paper machine to Verzuolo, Italy. On the right in the picture is Shipping Manager Kari Kolima of the Metso Paper Rautpohja unit and on the left Transport Manager Esa Liikanen from Nurminen Heavy.





Nurminen Cargo Handling Oy (NCH) provides forwarding companies, wholesalers, importers and exporters with goods handling and storage services. It has business premises in Hamina, Kotka, Loviisa, Mussalo and Vantaa. Nurminen Lovisa Shipping, which concentrates largely on exporting timber, was amalgamated with Nurminen Cargo Handling on 31 December 2001.

## A sought-after business partner

NCH is one of the leading companies in its field, and the service concept it provides is exceptionally broad compared to its competitors. The company has a strong position among its customers, and the researched feedback from clients proves that it is also a pioneer in quality.

NCH's goal is to grow profitably and to generate services at all the expanding ports and in logistically important centres in the future. Rapid changes in the business climate and conditions are essential to these operations, so maintaining profitability demands great flexibility. The ability to respond to the changing needs of the market is being constantly improved by working increasingly closely both with customers and with partners. Cost-effectiveness is also improved by streamlining activities with the aid of IT applications such as the new tool for customer communications.

## Good trading locations and skilled personnel

The main factors of success for NCH are having the right locations for its business premises, reliability, quality, and the high skills of the personnel. A prime emphasis in operations is the ability to listen to the customer and understand his needs, because a clear description of the commission is an essential requirement for a flawless process and correct pricing. The skills of the personnel strongly feature, in addition to industry-related expertise and information technology, profound know-how of interactivity and customer service combined with commitment and high motivation.

## The year 2001

The combined turnover of Nurminen Cargo Handling and Nurminen Lovisa Shipping was up by 22% and was EUR 10.2 million. Turnover increased primarily through services on the Russian border. Transit business also grew vigorously. On the other hand, a downturn in timber transport was noticeable. The companies' combined net profit was reduced by investments in product development work and in upgrading data communication software. However, the net profit was satisfactory. The companies had an average of 105 employees during 2001.

Among the major events of 2001 were the amalgamation of Nurminen Lovisa Shipping into Nurminen Cargo Handling. On 1 December 2001 NCH relinquished its border services, which were merged with the operations of Huolintakeskus. On 31 October 2001 the company sold off its scrap metal handling operations. In August, the transshipment terminal at Mussalo in Kotka was completed.

## A steadier trend

The market outlook promises a favourable trend for 2002 due to an upswing both in transit business with Russia and in terminal operations. However, it is not easy to predict operations, as sudden changes may take place in trade east of the border due to official regulations. Bringing Loviisa, the main export port of timber of Finland's south coast, into operations will even out fluctuations in the business cycle, however.

## CASE: Aleborg Oy

Aleborg Oy is a logistics company operating in Europe and Russia. It became a terminal customer of Nurminen Cargo Handling in Hakkila more than two years ago. NCH provides Aleborg with office premises as well as a terminal. Aleborg has grown from a small company into a significant transport operator. Aleborg appreciates the equal status awarded to unloading, warehousing and loading operations at NCH, and it values the efficiency of the Hakkila terminal and the convenient availability of customs services. In the picture, Aleborg's Managing Director Boris Laamonen is on the right and Nurminen Cargo Handling's Customer Service Manager Timo Mahlamäki is on the left.



DANZAS

Logistics Worldwide

Nurminen  
TransMac Oy



Nurminen TransMec provides servicing and inspection of trailers as well as repair truck service and tyre services for international logistics companies. TransMec operates in Vantaa and Kotka as well as through subcontractors in Tuusula, Jyväskylä and Lahti. Nurminen TransMec went into business as an independent company in the beginning of 2001. The operations were previously a part of Nurminen Heavy Oy.

## Flexible cooperation network

TransMec is the market leader in its sector, with annual inspections of more than 1,000 trailers. TransMec's cooperation network includes the four independent entrepreneurs operating in the premises in Hakkila in addition to workshops specialising in trailers and spare-part dealers. It is TransMec's aim further to strengthen its market position and to grow profitably. There is clear potential for growth in the marketplace, but the shortage of personnel with specialised expertise limits expansion in capacity. The target for the near future is to provide customers with new services such as repairs of refrigerated trailers.

## Fast and flawless service

TransMec's success factors are understanding the customer's needs, high expertise, flexible and flawless service, and competitive pricing. The emphasis in operations is on the personnel's skills and commitment. Another essential point is speed in operations. TransMec has managed to reduce the repair time of a trailer from a week to a few days. According to the customers, the company's cost-effectiveness is good. Competitiveness and efficiency will continue to be improved by reinforcing the chain of partners. Supplying the customers with up-to-date information is a great challenge in operations. Nurminen TransMec has therefore both developed in-house electronic systems and used the customers' systems for data communications.

## The year 2001

Nurminen TransMec's first year in business was positive. The company's turnover was EUR 2.4 million and the targets set for it were attained. The workshop operated continuously at full capacity. The servicing facilities in Hakkila were extended to increase capacity from three to five trailers. Nurminen TransMec had an average of 18 full-time employees during 2001.

## Steady prospects

TransMec's prospects are also steady for the future. Its excellent total services and competitive pricing give the company strong customer loyalty and demand for its services is expected to continue to be good.

## CASE: Danzas

The Danzas Group is the world's leading logistical services provider, operating in all parts of the world. The partnership between Danzas and Nurminen TransMec, which has lasted more than ten years, today includes maintenance, repairs and annual inspections for Danzas' trailers. In the picture on the left is Danzas' Fleet Manager Ilari Aarikka and on the right is Nurminen TransMec's Managing Director Veli-Matti Töppärä.

o.i.s







Huolintakeskus provides specialised logistics services in sectors requiring extensive know-how, at 19 locations in Finland and in neighbouring regions. Huolintakeskus is divided into five separate units. **Fashionet** is the unit specialising in logistics for the clothing industry: it provides a complete chain of logistics stretching from the manufacturer to the retail outlet, embracing garment and textile transport, storage, reconditioning and distribution. Fashionet is part of the Europeanwide Fashionet partner network. **The Vehicle Logistics** unit provides logistics services for the motor industry, comprising transport of new vehicles, completion, servicing, warehousing and forwarding. **The IT Logistics** unit provides service and sales logistics for information technology companies. **Railway Logistics** unit serves trade and industry in traffic between Finland and the countries of the CIS. **Customs Clearance Services** unit is specialised in customs clearance and terminal services related to export and import trade.

## CASE: L-Fashion

The L-Fashion Group is comprised of companies specialised in clothing and textile design, marketing and production. The company's products are sold in 32 countries, and its brand names include O.I.S, Rukka, Torstai and Big-L. The collaboration between Huolintakeskus and L-Fashion embraces forwarding and warehousing in addition to many peripheral services such as product reconditioning, hanging storage services, and Pick & Pack services for dispatches sent in boxes. The picture shows L-Fashion's Logistics Manager Seija Saira and Huolintakeskus Fashionet's Director Carl-Erik Bengts.

## Sector expertise a success factor

Huolintakeskus is the market and quality leader in many of the areas it represents. Its solid market position and its high profile give it significant importance both on the Finnish market and internationally. It is the goal of Huolintakeskus to grow profitably, both organically and through acquisitions. Every effort is made to adapt the business sectors' expertise-based operating models to new areas. The market region is being expanded, particularly in the Baltic states and Russia.

## Strong utilisation of information technology

Huolintakeskus is an efficient, dynamic and expert organisation. Major emphases in its operations are understanding of the customer's sector of business and mastery of modern, IT-based control processes. Relations with customers are based on close collaboration and long-term partnership contracts. Constant development and skilled personnel, combined with efficient administration and quality-control systems, will ensure success also in the future.

## The year 2001

The trend in all the sectors of business served by Huolintakeskus was good during the year under review. Huolintakeskus' turnover for the financial period 1 September–31 December 2001 was EUR 10.3 million. The most vigorous growth in turnover was in Russian railway logistics. Profitability was good in all the main business areas. Huolintakeskus' subsidiaries in Russia and Estonia also posted a favourable financial result. Huolintakeskus had an average of 198 employees during 2001.

The most significant event of 2001 was the transfer of Huolintakeskus from the German Schenker Group to the John Nurminen Group on 1 September 2001. Nurminen Cargo Handling's railway operations were amalgamated with Huolintakeskus on 1 December 2001. In the course of the year, major investments were started in operative and financial administration data systems, and these will reach completion in 2002.

## Close relationships with customers for stable business

Huolintakeskus has promising future prospects and, in spite of the recession, its profit-making capacity is likely to remain good in times to come. Long-term customer relationships are a pointer to stable business in the future as well. The business sectors of Huolintakeskus' customers mostly have favourable market prospects. A stable trend is expected in the clothing industry. However, a downturn is expected in sales of cars in 2002. A positive trend is expected in railway transport and customs clearance.





The Shipping group provides high-quality sea transportation and shipping agency services for companies engaged in foreign trade and for ship-owners. Its products include liner shipping in other words overseas and shortsea traffic as well as shipping agency services or port agency. The main areas are the Far East, South and North America, Australia and the Baltic region. The Shipping group has business locations at seven ports in Finland plus associated companies and subsidiaries in Tallinn, Riga, St Petersburg and Kaliningrad. The Shipping group is the leading producer of shipping agency services and one of the foremost producers of liner shipping services in Finland. In liner shipping services, the companies are agents for some of the leading shipping companies abroad.

## CASE: Pirelli Cables & Systems Oy

Pirelli Cables & Systems is the world's biggest cable manufacturer and a part of the international Pirelli Group. The long-term, project-based collaboration between Pirelli Cables & Systems and John Nurminen's Shipping group includes overseas functions in cable deliveries from the Pikkala district of Kirkkonummi to the Far East and South America. The latest shipment was to Korea, where Pirelli supplied cables to the port city of Kwangyang. The picture shows International Logistics Manager Matti Elovirta of Pirelli Cables & Systems (left) and General Manager Niklas Strömberg of Nurminen Maritime (right).

## Innovative solutions

The aim of the Shipping group is to maintain its market position, to grow profitably and to internationalize its operations. In recent years it has devoted particular efforts to its in-house operating processes. The main emphasis for 2002 will be to concentrate on external efficiency and to increase customer satisfaction. Other subjects for development are the companies' sensitivity to change and innovativeness. The Shipping group intends to act as a pioneer of its sector by bringing to the marketplace new products and services, developed from a customer-driven perspective. At the same time, the group's cost-effectiveness is being improved by utilising the opportunities afforded by the latest technology in respect of operations and by developing information systems in cooperation with customers and principals.

The Shipping group's image and credibility in the industry have been shown by research to be good. Long-term success is based on the personnel's strong expertise, understanding of the customer's needs, and high-quality products.

## The year 2001

The Shipping group's turnover was EUR 6.0 million. Demand for the group's services was weak in its important markets of North America and the Far East, and freighting rates remained at record low. The profitability of Finnish operations improved, however, and operational results were marginally profitable. The group had an average of 75 employees during 2001.

In 2001 the entire Shipping group went through a profound change in the business structure and in operating methods. The main areas of emphasis were put together in a business development programme launched in 2000, the Uljas project. The subdivisions of this plan are the enhancement of internal operating processes, internationalization, developing expertise, and dynamic exploitation of information technology. Also, the Customer Excellence concept – which serves as a tool for customer satisfaction management – was developed. As a result of the project, it was decided to pull out of charterage and ship-management operations. As a part of the process of change, Finnish Maritime Agencies Oy FIMAG changed its name to Nurminen Maritime Oy.

## The changing market

Shipping industry will change dynamically in the future and this will present opportunities, but it will also bring a lot of uncertainty factors into the sector. The companies will outsource their operations and look for suitable partners as service producers. Furthermore, the growing markets of the Baltic states and Russia will create new opportunities. The current downturn in world trade is forecast to ease in the second half of 2002. Finnish exports are expected to grow a little in the main business areas of the Shipping group. In overseas traffic, levels of freight are forecast to rise from the current record low level during 2002, and shortsea traffic is expected to remain at roughly the same level. A slight decline is expected in port agency operations because of unstable market prospects for cruise traffic.





The John Nurminen Group, in accordance with its strategy, is increasingly focusing its business operations on the sector of special logistics, as a result of which the Group sold the business operations of KalevaTravel to Kohdematkat Oy on 31 December 2001. The new company which started its operations on 1 January 2002 is called KohdematkatKaleva and it is part of the Juuranto Group. The merger of KalevaTravel and Kohdematkat resulted in the formation of a strong, privately owned business and special travel agency in Finland, with a market share exceeding 30 per cent. KalevaTravel belonged to the John Nurminen Group for the entire year 2001.

## Quality leader

In the John Nurminen Group, KalevaTravel was a travel agency specialising in business travel. Its clientele consisted primarily of Finnish and international companies engaged in foreign trade. KalevaTravel operated in 14 locations and it had 17 full-service travel agencies and 22 travel service offices in leading Finnish companies.

KalevaTravel was the only leading travel agency in Finland, which had been awarded ISO 9002 quality certification. Its partnership with the worldwide Carlson Wagonlit Travel chain of business travel agencies ensured KalevaTravel's customers of the necessary travel services around the world.

## A challenging sector of business

Important aspects of the travel agency business are optimally flexible and efficient operations and far-reaching customer relationships. Customerships are based on close collaboration and partnership contracts, which give the customer clear added value.

The operations of business travel agencies have changed dynamically in the past few years. In addition to traditional customer service, demand focuses increasingly on comprehensive travel management.

KalevaTravel has constantly developed IT solutions and reporting systems of high standards. During 2001 the new ACE enterprise resource planning system was brought in use, further enhancing cost-effectiveness and customer service.

## The year 2001

The year 2001 was gloomy for the entire travel industry. KalevaTravel's sales were down by 8.5 per cent on the previous year to EUR 193.0 million. The company's turnover declined to EUR 18.0 million and it posted a net loss. This was due to the almost worldwide recession and a substantial downturn in demand for business travel in the wake of terrorist attacks in September. The running-in costs of the new enterprise resource planning system also exerted a drag on profits. KalevaTravel initiated remedial action in line with the new situation. The company had an average of 337 employees during 2001.

## Outlook for the future

The merger of KalevaTravel and Kohdematkat started a substantial internal concentration in the Finnish travel agency market, a process which continues. This has been forced by the worldwide economic recession in a sector which is sensitive to cyclic changes, combined with intensifying competition and changing needs in the market.

KohdematkatKaleva has strong professional expertise and enough resources to develop business travel operations to meet the needs of the changing market. Also, the new company's prestige with customers and principals is greater than it was when the two companies operated as competitors. KohdematkatKaleva works in the spirit of the quality certification awarded to KalevaTravel, with the aim of further strengthening its position on the Finnish business travel market.

## CASE: Ahlstrom Corporation

Ahlstrom is a leading supplier of fibre-based materials, serving the market for speciality products all over the world. The collaboration between KalevaTravel and Ahlstrom has been a form of partnership in which the travel agency is familiar with the company's operations and needs. Ahlstrom has outsourced its travel management to KalevaTravel. Since the beginning of 2002, the partnership has continued with KohdematkatKaleva. The picture shows Ahlstrom's Personnel Director Timo Vuorio and KohdematkatKaleva's Sales Manager Hanna Tuominen.

# Profit and Loss Account

<b>EUR 1,000</b>	<b>1.1.-31.12.2001</b>		<b>1.1.-31.12.2000</b>	
Net turnover		60,185		64,932
Other operating income		9,656		9,390
Materials and services				
Raw materials and consumables				
Purchases during the financial year	1,001			
External charges	17,936	18,937	8,693	8,693
Staff expenses				
Wages and salaries	20,321		24,874	
Other staff expenses	5,258	25,579	6,278	31,152
Depreciation and reduction in value				
Depreciation according to plan		4,057		10,448
Other operating costs		16,009		20,772
<b>OPERATING PROFIT</b>		<b>5,259</b>		<b>3,257</b>
Financial income and expenses				
Other interest and financial income	1,227		879	
Interest and other financial expenses	1,007	220	1,369	-490
<b>PROFIT BEFORE EXTRAORDINARY ITEMS, APPROPRIATIONS AND TAXES</b>		<b>5,479</b>		<b>2,767</b>
Extraordinary items				
Extraordinary expenses	-500	-500	-1,470	-1,470
<b>PROFIT BEFORE APPROPRIATIONS AND TAXES</b>		<b>4,979</b>		<b>1,297</b>
Income taxes		-1,104		-800
<b>PROFIT BEFORE MINORITY SHARE</b>		<b>3,875</b>		<b>497</b>
Minority share		33		18
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>3,908</b>		<b>515</b>

# Balance Sheet



EUR 1,000	31.12.2001		31.12.2000	
<b>ASSETS</b>				
Non-current assets				
Intangible assets				
Goodwill	7,423		2,216	
Intangible rights	141		122	
Intangible assets	865		1,384	
Advance payments		8,429		3,722
Tangible assets				
Land and water	315		109	
Buildings	15,514		10,944	
Machinery and equipment	2,798		3,607	
Advance payments and construction in progress	9			
Other tangible assets	702	19,338	43	14,703
Investments				
Shares in associated companies	1,808		817	
Other bonds and shares	638	2,446	894	1,711
<b>CURRENT ASSETS</b>				
Inventories	54	54		
Receivables	18,092		33,709	
Cash in hand and at banks	18,513	36,605	9,473	43,182
<b>ASSETS TOTAL</b>		<b>66,872</b>		<b>63,318</b>
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	431		431	
Reserve fund	4,261		4,261	
Retained earnings	22,108		22,746	
Profit for the period	3,908	30,708	515	27,953
<b>MINORITY SHARE</b>	<b>880</b>	<b>880</b>	<b>913</b>	<b>913</b>
<b>ACCUMULATED APPROPRIATIONS</b>				
Obligatory provisions	44	44		
<b>LIABILITY</b>				
Deferred tax liability	1,033		855	
Non-current liabilities	11,440		5,476	
Current liabilities	22,767	35,240	28,121	34,452
<b>EQUITY AND LIABILITIES TOTAL</b>		<b>66,872</b>		<b>63,318</b>

# Cash Flow Statement

<b>EUR 1,000</b>	<b>2001</b>	<b>2000</b>
Cash flow from operating activities		
Operating profit	5,259	3,257
Depreciation	4,057	10,448
Change in working capital	10,378	-7,640
Financial income and expenses	220	-490
Extraordinary items	-500	-1,470
Taxes	-1,104	-1,006
Cash flow from operating activities	18,310	3,100
Cash flow from investing activities		
Investments in fixed assets	-13,548	7,147
Cash flow from financing activities		
Change in loans	5,494	-2,702
Dividends paid	-1,261	
Change in reserves	44	656
Cash flow from financing activities	4,276	-2,046
Change in liquid assets	9,040	8,201
Liquid assets 1 Jan.	9,473	1,270
Liquid assets 31 Dec.	18,512	9,472





## Accounting conventions

Standard accounting conventions complying with Finnish accounting legislation are applied by all the companies of the John Nurminen Group.

## Consolidated financial statements

### Scope

The consolidated financial statements include, in addition to the parent company John Nurminen Oy, those Group companies in which at year-end John Nurminen Oy held, directly or indirectly, more than 50% of all voting rights conferred by shares. Companies acquired during the financial year are included as of the acquisition date and those sold during the financial year are included until the date of sale. Of the associated companies, GlobeGround is included in the consolidation by the equity method. A proportion of the associated companies' profits/losses for the financial year equal to the Group's holdings in them has been included in the item for financing income and expenses.

The effect of the non-consolidated associated companies on the Group's net profit and shareholders' equity is not significant.

### Intra-Group shareholdings

The consolidated financial statements have been drawn up using the acquisition cost method. The acquisition cost of subsidiaries and the difference in shareholders' equity proportionate to the holding acquired has been partly allocated to fixed assets and partly shown as goodwill on consolidation. Items allocated to buildings are depreciated according to the depreciation plan for the relevant fixed asset item and goodwill on consolidation is depreciated over 5 years.

### Intra-Group transactions

Intra-Group transactions, internal receivables and debts have been eliminated, as has internal distribution of profit.

### Minority interest

Minority interests have been separated from the Group's shareholders' equity and net profit and are given as a separate item.

### Valuation of fixed assets

Fixed assets are entered on the balance sheet at cost less planned depreciation. Planned depreciation is calculated on a straight-line basis for the economic life of the fixed assets in question.

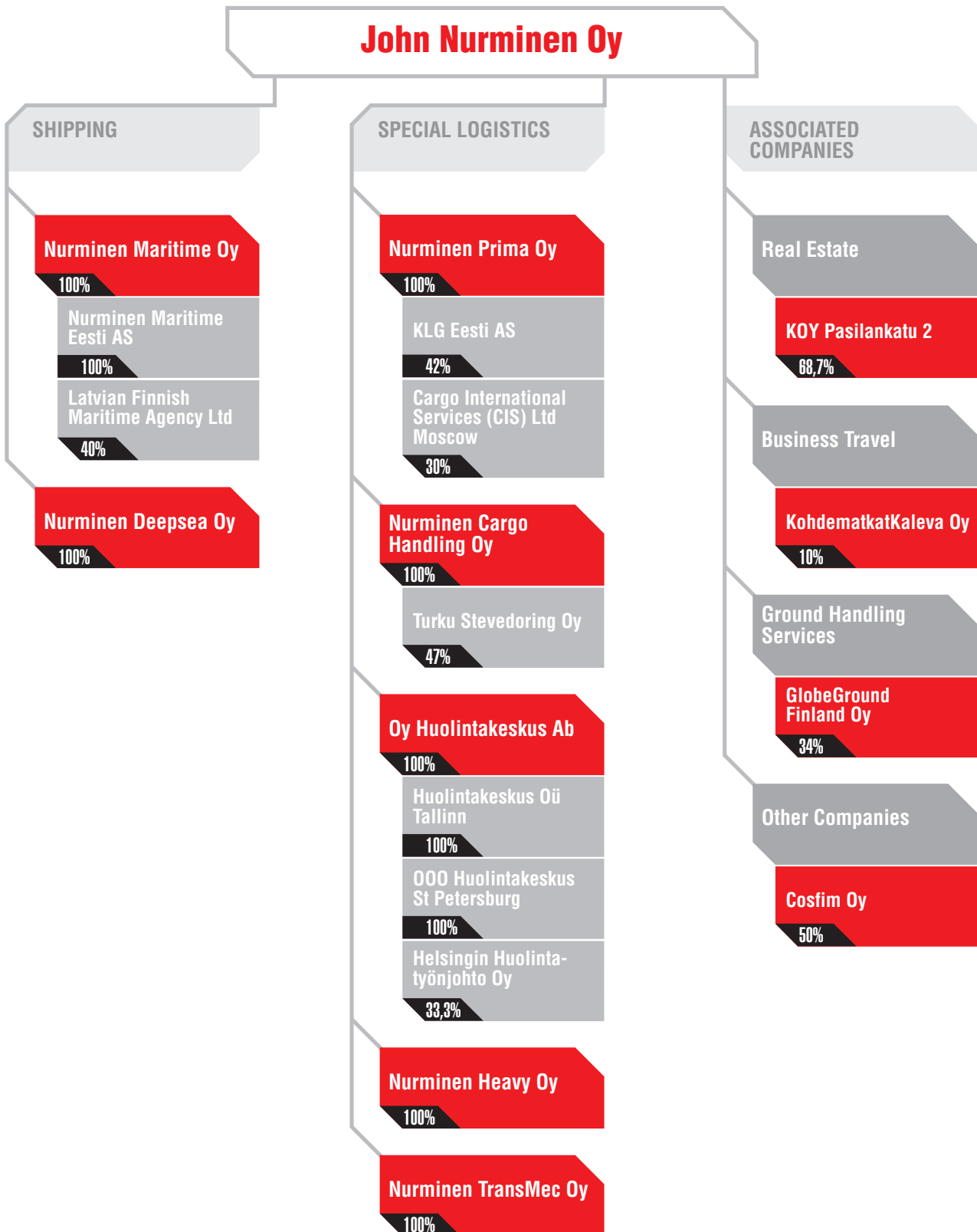
### The depreciation periods

Buildings	25–40 years
Machinery and equipment	5–10 years
Other long-term expenditure	5–10 years
Goodwill on consolidation	5–10 years

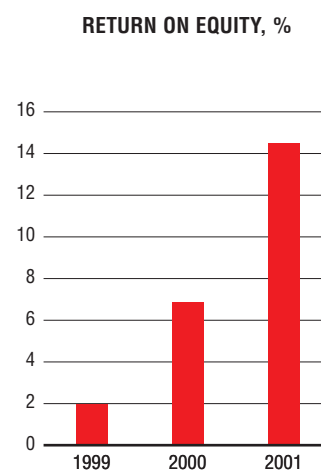
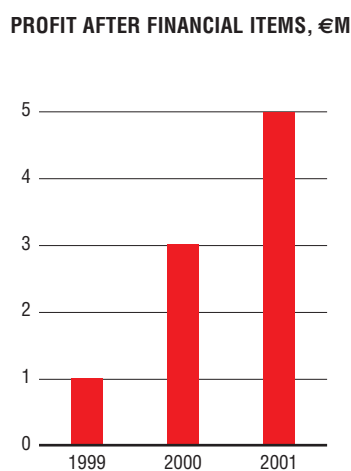
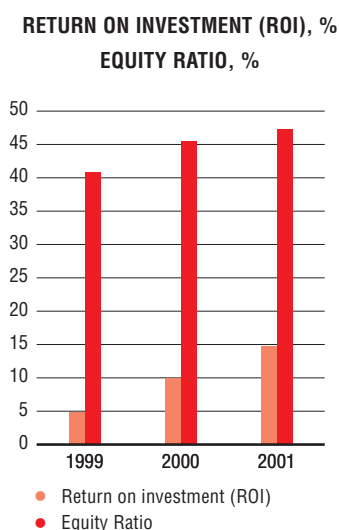
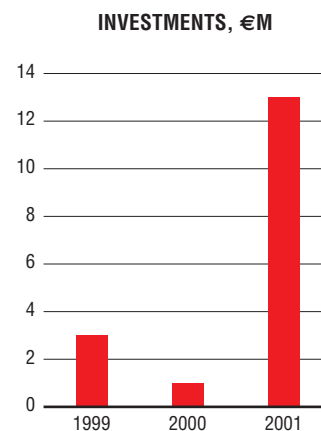
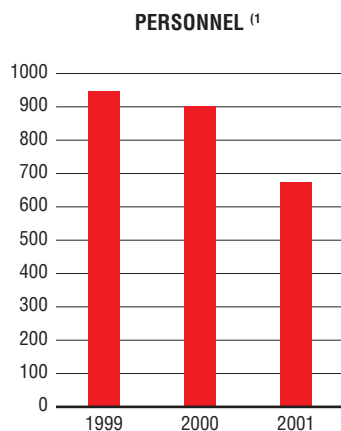
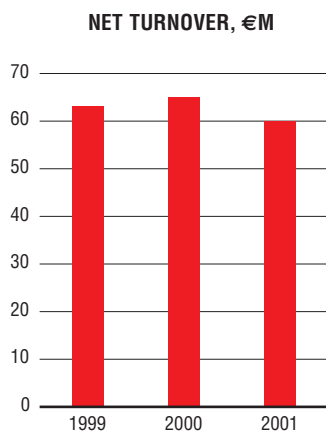
### Turnover per division

(EUR 1,000)	2001	2000
Special logistics	36,112	22,246
Airline ground handling services	0	13,756
Travel	17,996	20,371
Shipping	6,030	7,445
Other turnover	47	1,114
	60,185	64,932

# The Most Significant Shares and Holdings by Branch 1.1.2002



# Key Figures



ROI, % = 
$$\frac{\text{Profit before extraordinary items, appropriations and taxes} + \text{Financing costs}}{\text{Balance sheet total}^{(1)} - \text{Interest-free liabilities}^{(1)}} \times 100$$

Equity ratio, % = 
$$\frac{\text{Shareholders' equity} + \text{Minority interest}}{\text{Balance sheet total}} \times 100$$

Return on equity, % = 
$$\frac{\text{Profit after financial items}}{\text{Shareholders' equity}^{(1)} + \text{Minority interest}^{(1)}} \times 100$$

<sup>(1)</sup> on the average during the year

# Decades of Travel



**1935** Kaleva Travel Bureau's meeting of incorporation was held at the Helsinki Crafts and Manufactory Association's premises at 7 p.m. on 29 April 1935.



**1952** Kaleva Travel advertising in the year of the Helsinki Olympics.

**1938** Students buying tickets at the company's office, Heikin-katu 9 (later Mannerheimintie 5). This office sold travel services for 32 years.



**1962** Ticketing clerk Maija Appelqvist dangling the first round-the-world flight tickets bought from Kaleva Travel. The other end is being held by office manager Bo Gadolin. Taken at the office on Mannerheimintie 5.





**1971** The main prize of a Mid-night Party lottery at the Hotel Kalastajatorppa – a KalevaTravel gift voucher – is won by the President of Finland, Urho Kekkonen.



**1999** Managing Director Marcus Weintraub of KalevaTravel being presented by Veli Kouvalainen with an ISO 9002 quality certificate issued by Det Norske Veritas. KalevaTravel was the only certified Finnish travel agency.

**1987** Maritime Counsellor Matti Nurminen passes on the duties of chairman of the Board of Kaleva Travel to Jan Heikkilä. Matti Nurminen served as chairman for 34 years.



**2001** Finland's two leading privately owned business travel agencies joined forces when Kohdematkat Oy acquired KalevaTravel's business operations on 31 December 2001. The new company was named KohdematkatKaleva Oy.



# The John Nurminen Foundation

The John Nurminen Foundation was founded in 1992. It concentrates on preserving the history and cultural heritage of international seafaring. The Foundation has a considerable collection of maritime antiquities which has been made available for viewing for researchers and enthusiasts. The John Nurminen Foundation has published a number of books and publications on the history of shipping.

The John Nurminen Foundation's main event of 2001 was the publication of the book *Ultima Thule, Arctic Explorations* and the opening of an exhibition of the same name at the Museum of Cultures in Helsinki.

The exhibition *Ultima Thule, Arctic Explorations* was preceded by a whole year of planning. The exhibition was opened at the Museum of Cultures in the Tennis Palace building on 17 October 2001, and it will be on until 30 March 2002. The exhibition was opened by the President Lennart Meri and it has been given a lot of publicity from the very beginning. In 2001 the exhibition attracted roughly 20,000 visitors, and in all over 50,000 are expected.

The exhibition pieces have been lent by parties including the Finnish Museum of Natural History, the Museum of Cultures, the Maritime Museum of Finland, the University of Helsinki, the Arctic Centre, the Swedish National Maritime Museum (Stockholm), the Andréemuseet (Gränna, Sweden), the Norwegian Maritime Museum (Oslo), the Rijksmuseum (Amsterdam), the Arctic and Antarctic Museum (St Petersburg), the Central Naval Museum (St Petersburg) and the Peter the Great Museum of Anthropology and Ethnography (St Petersburg).

The *Ultima Thule* exhibition was sponsored by John Nurminen Oy, Nordea, SAS, Helsingin Sanomat and the Nordic Cultural Fund. In 2002 the exhibition will move on to the Swedish National Maritime Museum in Stockholm and in 2003 to the Norwegian Maritime Museum in Oslo.

Together with WSOY, the Foundation published the book *Ultima Thule, Arctic Explorations*. The book tells the 2,500-year story of expeditions in the northern regions – from Pytheas to Peary – from ancient times through the age of the Vikings and the great voyages of discovery and on to the conquest of the North Pole. It also recounts the history of cartography and navigation related to the northern regions. The unique illustrations of the *Ultima Thule* book were collected from many different museums, private collections and archives in Europe.

The editor-in-chief of the book is Juha Nurminen, and it was written by Matti Lainema and Juha Nurminen. It is in three language versions, English, Swedish and Finnish.

The 344-page book *Ultima Thule* was awarded top marks by critics as a unique work of historical nonfiction and as a beautifully illustrated art book.

All the books previously published by the Foundation – *The Northeast Passage*, *Mare Balticum*, *Suomenlahden albumi* and *Taide ja meri* –





were still on sale. The Foundation had a stand of its own at the Boat Fair (9–18 February 2001) and the Book Fair (26–28 November 2001) at Helsinki Fair Centre.

The Foundation has built up its collection by acquiring antique literature, maps and objects, and it has commissioned the construction of scale models of important ships in the history of exploration. The collection was shown to numerous enthusiasts during the year. Interviews with seafarers who sailed on the schooner *Uljas* were recorded on video.

The Foundation operates in the West Pasila district of Helsinki. At the end of the year under review, the Foundation had four employees, two of whom were on permanent staff and two were on projects. A total of EUR 5,880 was disbursed in grants for maritime research.

A considerable amount of support was received from John Nurminen Oy in 2001, which strengthened the capital structure of the John Nurminen Foundation. This action assisted the completion of the *Ultima Thule* exhibition and book.



*The President of Finland Tarja Halonen and her spouse Pentti Arajärvi were escorted around the *Ultima Thule* exhibition by Juha Nurminen on 23 October 2001.*

# Board Members



Front row from right:

**Juha Nurminen, b. 1946**

Chairman of the Board  
M.Sc. (Econ. & Bus.Adm.)

Chairman of the Board:  
John Nurminen Foundation

Board member:  
Finnish Medical Foundation  
Finnish Life-boat Society  
Consultative Committee of  
the Naval Reserve

Back row from left:

**Matti Lainema, b. 1939**

D.Sc.(Econ. & Bus.Adm.)

Chairman of the Board:  
Evia Oyj  
Tamglass Ltd Oy  
Rakennustoimisto Pohjola Oy

Board member:  
Hakaniemen Metalli Oy  
KohdematkatKaleva Oy  
Reka Oy

**Jan Heikkilä, b. 1936**

M.Sc.(Econ. & Bus.Adm.),  
Commercial Councillor

Board member:  
John Nurminen Foundation

Member of the Supervisory Board:  
The Eye and Tissue Bank  
Foundation, Finland

**Rolf Saxberg, b. 1944**

M.Sc.(Econ. & Bus.Adm.)

Chairman of the Board:  
Esbogård Aktiebolag  
Kuljetusliike Hakonen Oy

Board member:  
AG-Partners Corporate Finance Oy  
Indoor-Group Oy  
Skanska eLVIS Oy  
Exceed Finland Oy  
Sail Training Association, Finland

**Kenneth Huomo, b. 1949**

Board Secretary, not a member  
M.Sc (Econ. & Bus. Adm.)

Financial Director:  
John Nurminen Oy



# Managing Directors



Back row from left:

**Tapani Raunio**

Nurminen Cargo Handling Oy and  
Nurminen Lovisa Shipping Oy

**Heikki Laine**

Oy Huolintakeskus Ab

**Veli-Matti Töppärä**

Nurminen TransMec Oy

**Hannu Vuorinen**

Nurminen Heavy Oy

**Jouni Ahrela**

Shipping group

Front row from left:

**Jan Lönnblad**

John Nurminen Oy

**Marcus Weintraub**

KalevaTravel Ltd until  
31 December.

**Pentti Flink**

Nurminen Prima Oy  
Took part-time retirement and  
became a member of the Board  
on 31 December.

**Isto Kiviniemi**

Nurminen Prima Oy  
as of 1 January 2002.

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